

DIRECTORS REPORT

Dear Shareholders,
Assalamualaikum

On behalf of the Board of Directors and on my own behalf I warmly welcome all of you to the 20th Annual General Meeting of your company. The Board of Directors is pleased to take the opportunity to present you the Directors Report for the year ended 30th June, 2022 according to section 184 of the Companies Act, 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules, 1987, BSEC Order No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated June 03, 2018 and IAS-1 codes as adopted by the Institute of Chartered Accountants of Bangladesh in the following paragraphs:

PRINCIPAL ACTIVITIES:

The principal activities of the company continued to be manufacturing and marketing of readymade garments to its foreign customers. Besides that the Company also carried out knitting & dyeing facilities business as well.

CAPACITY AND USAGE:

The company has been trying to enhance its production capacity through diversifying its investment. The comparative production capacity last three year is given below

Particulars	2021-22	2020-21	2019-20
Knitting (Per day):			
Installed Capacity	12.00 ton	10.00 ton	8.50 ton
Actual Production	9.44 ton	6.34 ton	6.37 ton
Utilization	79%	63%	75%
Dyeing (Per day)			
Installed Capacity	27.00 ton	25.00 ton	22.00 ton
Actual Production	24.47 ton	19.20 ton	13.44 ton
Utilization	91%	77%	61%
Sewing (Per day)			
Installed Capacity	65,000 Pcs	65,000 Pcs	34,500 Pcs
Actual Production	38,515 Pcs	41,913 Pcs	16,758 Pcs
Utilization	59%	64%	49%

* 300 days have been considered as working days

COST OF PRODUCTION:

The cost of production has varied during the past years primarily pandemic situation, import price hike & others adverse effect around the world which were beyond the control of the Management. The level of costs and their incidences are given below:

COST OF MAJOR ITEMS (BDT IN MILLION)

Particulars	2021-22	2020-21	2019-20	2018-2019	2017-18
Raw Material Consumed	3,299.98	1,671.78	1,036.42	912.05	526.30
Gas & Fuel	77.92	58.28	48.04	50.52	33.26
Electricity	91.98	80.00	56.48	55.99	27.64
Wages and Salaries	367.52	279.16	209.38	195.63	145.96
Bonus Festival	51.77	29.98	26.60	20.81	16.69
Other Factory Overhead	982.27	648.75	493.24	445.85	325.11
Cost of Production	4,871.44	2,767.95	1,870.16	1,680.85	1,074.96

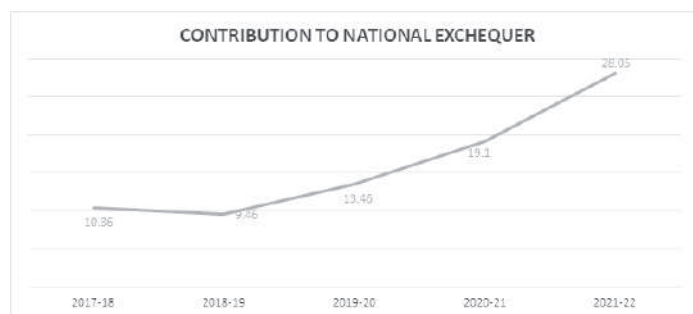
FINANCIAL RESULTS AND APPROPRIATION OF PROFIT (BDT IN MILLION)

Particulars	2021-22	2020-21	2019-20	2018-2019	2017-18
Profit before tax	162.11	81.08	(152.64)	65.57	90.28
Less: Income tax expenses	52.81	38.30	37.61	57.78	10.36
Profit after tax	109.30	42.78	(190.25)	7.79	79.92
Add:	314.86	272.08	468.32	522.55	504.14
Un-appropriated profit b/d	314.86	272.08	468.32	522.55	504.14
Profit available for appropriation	424.16	314.86	278.07	530.34	584.06
Less:	33.16	-	6.63	63.16	63.17
Proposed Dividend	33.16	-	6.63	63.16	63.17
Transfer from Revaluation surplus to Retained earnings	-	-	0.64	1.16	1.66
Un-appropriated profit	391.00	314.86	272.08	468.32	522.55

CONTRIBUTION TO NATIONAL EXCHEQUER (BDT IN MILLION)

Particulars	2021-22	2020-21	2019-20	2018-2019	2017-18
Contribution to National Exchequer (Current tax expense)	28.05	19.10	13.46	9.46	10.36

The contributions to the national exchequer by the company are shown graphically:



RESERVES:

In FY 2021-22 total reserves of the company stood at BDT 1,359.69 million whereas Share Premium of the Company stood at BDT 433.06 million, Retained earnings stood at BDT 391.00 million, Revaluation surplus stood at BDT 535.63 million against BDT 433.06 million, 314.86 million and 535.63 million respectively as on the corresponding previous period.

DECLARATION OF DIVIDEND:

The board of directors has recommended 3% cash dividend and 2% stock dividend i.e. total 5% dividend in its meeting 27th October, 2022 for the shareholders for the year June 30, 2022 (subject to the final approval in the forthcoming AGM) whose names will be appear in depository Register of CDBL as on Record date i.e. November 30, 2022.

Discloses In Regard To Recommendation Of Bonus Shares (Stock Dividend):

- Bonus shares have been recommended in view to utilize its retained amount as capital for BMRE as well as working capital.
- Bonus shares are declared out of accumulated profit or retained earnings.
- Bonus shares are not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance.

MANAGEMENT DISCLOSURE ON EMPHASIS OF MATTER (AUDITORS OPINION ON AUDITORS REPORT FOR THE YEAR ENDED ON 30 JUNE 2022)

Auditors has drawn below opinion on Emphasis of Matter:

Without modifying our opinion, we draw attention to note # 21.02 of the financial statements, the company has translated its unsettled foreign currency liabilities (USD) except trade & other payable (note # 19) and EDF loan (note # 21) at the exchange rate (BC Selling rate of Bangladesh Bank) of BDT 93.5/\$1 on 30 June 2022 as per the requirements of IAS 21.

MANAGEMENT REPLY:

Being a 100% export oriented Company all of its export proceeds comes in foreign currency and keep it in foreign currency margin account in order to settle BTB and EDF liabilities. Since, proceeds come in foreign currency, keep it in foreign currency and settle it in foreign currency and we did not converted foreign currency amount and its loan as per spot rate.

CREDIT RATING:

The Company promoted to AA- rating in long term and ST-3 for short term with stable outlook which is rated by Credit Rating Information and Services Ltd (CRISL) valid up to February 28, 2023.

CONTRIBUTION TO CSR:

Social responsibility is an ethical framework and suggest that an entity, be it an organization or individual, has an obligation to act for the benefits of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and ecosystem. Corporate Social responsibility (CSR) is tantamount with responsible business practices of a body corporate. An active CSR practice shall put emphasis and focus on social, environmental and economic sustainability of a body corporate. It is a form of corporate self-regulation which reflects the responsibility of it towards the impact on the society and its own prosperity. Since the inception of Tosrifa Industries Ltd., the company has taken a various activities for the betterment of the people as well as society.

HUMAN RESOURCES:

As a part of commitment to have a well trained work force, the Company has given more emphasis to develop management skills to suit today's business environment. We are given a comprehensive statement regarding our workforces in Page No 39 of this Annual report.

COMPLIANCE WITH LAWS AND REGULATIONS:

The Company was not engaged in any activities contravening the laws and regulations. All those responsible for ensuring compliance with the provision in various laws and regulations did so within the stipulated time.

Apart from those the Directors are pleased to confirm the following, In accordance with Bangladesh Securities and Exchange Commission's Notification BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018:

(i) Industry outlook and possible future developments in the industry:

The economy of Bangladesh has performed well in its path to recovery from impact of pandemic. Through rapid and systematic vaccination program launched throughout the country, Bangladesh is gradually recovering from the setback posed by COVID pandemic in the last two years. Bangladesh has an impressive track record for growth and development, aspiring to be a middle-income country. Bangladesh Bureau of Statistics has projected 7.2% GDP growth for 2021-22. With the inauguration of landmark mega projects like Padma Bridge in June 2022, the economic activities will enhance in 2022-23. The global economic situation has become unstable and difficult due to the Russia-Ukraine war, which is also affecting Bangladesh. As long as these external vulnerabilities persist, these will pose tough challenges to Bangladesh in achieving the desired GDP growth.

As we indicated last year, various industries including RMG Industry faced severe challenges in 2021-22 due to supply chain disruption, import price hike in international market and uncertainty of availability of containers.

Readymade garment (RMG) exports from Bangladesh witnessed an increase of 35.47 per cent to \$42.613 billion in the last fiscal 2021-22 compared to exports of \$31.456 billion in the fiscal 2020-21.

Despite these challenges, the RMG exports from Bangladesh increased by 13.41 per cent to \$10.274 billion in the first 3 months of fiscal 2022-23 (July-June) compared to exports of \$9.059 billion in July-September 2021, as per provisional data by the Export Promotion Bureau. Exports were 2.52 per cent more than the target of \$10.021 billion for July-September 2022.

The companies are focused on diversified product offerings and introduction of premium products with enhanced features, technology driven solutions and sourcing new buyers, delivered highest quality product within shorter lead time at a very competitive price compared to other exporting company.

(ii) Segment-wise or Product-wise Performance:

The Company is producing and marketing high quality of ready-made garments for its buyers export to different foreign countries. Beside from this the company also produces knitting & dyeing facilities business as well.

Particulars	2021-22		2020-21		2019-20		2018-19		2017-18	
	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)
Export of RMG	52%	4,046.94	75%	2,660.25	-9%	1,520.34	43%	1,678.76	-3%	1,172.32
Deemed Export	148%	858.79	-21%	346.90	56%	436.38	254%	279.73	100%	78.99
Total	63%	4,905.73	54%	3,007.15	0%	1,956.72	57%	1,958.49	4%	1,251.31

Product-wise Performance

Particulars	2021-22		2020-21		2019-20		2018-19		2017-18	
	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)	Growth	Tk(MM)
Polo Shirt	9%	199.44	-58%	182.34	4%	437.38	44%	420.36	-9%	291.47
T-shirt	4%	891.52	62%	854.21	1%	526.12	42%	518.57	0%	364.16
Tank Top	-10%	52.07	-68%	57.64	-16%	178.92	68%	212.36	5%	126.78
Others	85%	2,903.91	314%	1,566.06	-28%	377.92	35%	527.47	-3%	389.91
Deemed Export	148%	858.79	-21%	346.90	56%	436.38	254%	279.73	100%	78.99
Total	63%	4,905.73	54%	3,007.15	0%	1,956.72	57%	1,958.49	4%	1,251.31

Segment-wise revenue

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
Export of RMG	82%	88%	78%	86%	94%
Deemed Export	18%	12%	22%	14%	6%
Total	100%	100%	100%	100%	100%



(iii) Risk and Concerns

The major risk factors and concerns for the company are as follows:

Macro Economy

The level of activity within the general economy is of fundamental importance given its influence on buyer's consumption, fashion, and other activity levels, which in turn are key market segments for the RMG manufacturing industry.

External factors

The Company's results may be affected by factors outside its control such as political unrest, strike, civil commotion and act of terrorism.

Changes in income tax and value added tax

Changes in income tax and VAT laws and sudden unpredictable changes in other business related laws may adversely impact results of operations and cash flows.

Changes in environmental, health and safety laws and regulations

In line with global practice, the government has been initiating notable changes in environmental, health and safety laws and regulations. The Company may require additional investment and expenditure to ensure conformity with future changes.

Exchange rate fluctuation

Since a major proportion of RMG raw materials are imported through given BTB LC, changes in currency exchange rates influence the result of the Company's operations.

Management perception of the risks

While many of the risk areas are beyond control of any single company, TIL (Tosrifa Ind.Ltd.) is closely watching the trends and developments in each of the risk areas and takes the best possible measures to mitigate them through product and market diversification, efficient sourcing of materials, use of latest technology and investment in research and development to gain sustained competitive advantage. Being a strictly compliant company, TIL is aware of the global best practices in environment friendly manufacturing process. TIL played pioneer role installing Effluent Treatment Plant and Incinerator of global standard at its plants in conformity with environment related regulation. There is no threat to the sustainability of the business.

(iv) Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin: (BDT IN MILLION)

Particulars	2021-22	2020-21	2019-20	2018-2019	2017-18
Cost of Goods Sold	4,428.57	2,660.03	1,815.21	1,658.73	1,010.06
Gross Profit	477.16	347.12	141.51	299.76	241.25
Net Profit	109.30	42.78	-190.25	7.79	79.92

The Costs of Goods Sold increased by 66% compare to last year due to increase of production. Moreover, the Gross Profit also has increased by 37% due to increase of sales volume as a result Net Profit after Tax has increased by 156% to stood BDT 109.30 million for efficient management.

v) Discussion on continuity of any Extra-Ordinary gain or loss:

Extraordinary gain or loss of a company refers to infrequent and unusual gain or loss by the company which is not a part of the Company's ordinary/day to day operations. There was no extraordinary gain or loss during the financial year.

(vi) Related Party Transactions:

During the year the company had carried out considerable numbers of transaction in carrying out its operation with the related parties in its normal courses of business. The name of the related parties, nature of transaction as well as information about the transaction, the amount of transaction, the amount of outstanding balance at the financial year ending have been monitored, disclosed and set out in the Notes No- 36 [36.01 & 36.02] of the Notes to the Financial Statements in accordance with the provisions of IAS-24 "Related Party Disclosures".

(vii) A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments:

The Company's Initial Public Offering (IPO) was in the year 2015. No further issue of any instrument was made during the year.

(viii) Explanation if the financial result deteriorate after the company goes for IPO:

No IPO was made in the financial year 2021-2022.

(ix) An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements:

Particulars	Q1	Q2	Q3	Annual Financial Statements
Profit after tax (Tk. in million)	10.80	18.30	23.49	109.30
EPS	0.16	0.27	0.35	1.61
Net Asset Value (Tk. in million)	1957.62	1942.77	1982.84	2039.54
NAV Per Share	29.51	28.58	29.17	30.00
NOCFPS	-3.66	-8.02*	-13.09**	-12.60

* NOCFPS Q2 -Half-yearly shown **NOCFPS Q3 -9 month shown

Quarterly significant variance NOCFPS:

Internationally yarn market price was volatile throughout the year. In this situation, for smooth running the business operation at optimum level we had procured more raw materials specially yarn by creation of EDF loan and payment at sight to suppliers which was directly impact on Company's cash flow from operating activities and cash flow from short term loan and resulting in NOCFPS has decreased Q1 to Q3 respectively.

Annual Financial Statements: Reasons for deviation in EPS, NOCFPS and NAVPS:

EPS has increased due to increase in sales revenue and net profit during the period. NOCFPS has decreased due to increase payment of raw materials and others payment compared to collection against sales. NAVPS has increased due to increase net profit in the current year.

(x) Remuneration to Directors:

The remuneration of Directors has shown in note no. 38 in the Notes of Financial Statements of the Report.

(xi) Fairness of Financial Statements:

The Financial Statements together with the Notes thereon of the Company present true and fair view of the Company's state of affairs result of its operation, cash flows and changes in equity.

(xii) Books of Accounts:

Proper books of account of the Company have been maintained.

(xiii) Appropriate Accounting Policies:

The company has been following appropriate accounting policies in formulating the financial statements and accounting estimates which are reasonable and prudent.

(xiv) Application of IAS/BAS & IFRS/BFRS:

The company has been following International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh in preparation of the financial statements and any departure there from has been adequately disclosed.

(xv) Internal Control:

The Company's internal control system is designed at Board, Management and individual level to provide reasonable assurance regarding the achievement of Company's objectives in respect of effectiveness and efficiency of operations, reliability of financial reporting, risk management, compliance with applicable laws, rules, regulations and Company's policies. The company has strong Internal Audit Department to ensure effective internal control mechanism. The Audit Committee always give their suggestion and recommendation for efficiently accomplishment of their work as and when required.

(xvi) Minority Shareholders Protection:

The minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress. The Company maintains effective investor relations and shareholder management processes, through which the management, in particular, the Company Secretary, the Chief Financial Officer and the Managing Director, continuously interacts with its shareholders across various channels.

(xvii) Going Concern

While approving the financial statements, the directors have made appropriate enquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operations

consistently for the foreseeable future. Therefore the company adopted the going concern basis in preparing the financial statements.

(xviii) Significant variance over the last year's operating profit:

Production and Sales revenue has increased compare to last year that's why we have found a significant variance between this year operating results compare to last year results.

(xix) Key Operating & Financial data:

Key operating and financial data of last five years have been presented in summarized form in page no. 7 in the report.

(xx) Reason for not declared dividend (Cash or Stock) for the year:

Not applicable.

(xxi) Board statement regarding Interim Dividend:

No bonus or stock dividend has been declared as interim dividend during the year.

(xxii) Board and Committee Meetings & Attendance:

The number of Board meetings hold during the year and attendance of directors thereof has disclosed in page no. 34 of this Annual Report.

(xxiii) Pattern of Share Holding of Directors:

The patterns of share holdings of the Directors as on 30th June 2022 are shown in page no. 34 of this Annual report.

(xxiv) Director's Appointment, Retirement & Re-appointment:

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association & the Companies Act, 1994 and other related Rules & Legislations issued time to time by various Regulators. Accordingly, Mr. Rafiq Hassan & Ms. Lyra Rizwana Quader -two Directors of the Board will retire from the office of the Company and Being they are eligible for re-election as per clause No: 129 of the Articles of Association of the Company, they applied for re-election in the ensuing 20th Annual General Meeting.

(xxv) Management Dissuasion and Analysis:

A detailed management's discussion and analysis is given in page no. 31 as per condition no. 1(5)(xxv) of Bangladesh Securities and Exchange Commission Notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 which is signed by Managing Director of the company.

(xxvi) Declaration by the MD and the CFO:

The declaration by the MD and the CFO disclosed in Annexure-A & page no. 57 of this Annual Report.

(xxvii) Reporting and Compliance of Corporate Governance:

Pursuant to the provisions of BSEC Notification No. BSEC/CM-RRD/2006-158/207/Admin/80, Dated: 3 June, 2018, the Board

of Directors has appointed Podder & Associates, Cost and Management Accountants regarding compliance of conditions of Corporate Governance Guidelines of BSEC for the financial year 2021-2022.

The Corporate Governance Compliance Audit Report is annexed herewith as Annexure-B & page no. 58 The report does not contain any qualification, reservation or adverse remark. Compliance of condition under condition No. 9 is annexed herewith as Annexure-C & page no. 59 of this Annual Report.

MANAGEMENT APPRECIATION:

The Board expresses gratitude to the Almighty Allah for the success of the Company in 2021-22. The Board extends thanks to the Board members for their wholehearted support and wisdom in providing strategic & operational direction to the Company even such amid worldwide turbulent business situation and economic downturn.

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well-wishers home and abroad for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year under review.

I am also giving thanks to the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE), CDBL, Government and Private Sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board also put on record my deep appreciation for the dedicated services, commitment, devotion and hard work of the management team and all the executives, officers and workers of the company at all levels to achieve the goal of the Company.

To ensure financial security we always welcome your suggestion and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2021-2022 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Director



Rafiq Hassan
Chairman