

DIRECTORS REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Assalamu alaikum

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules 1987, BSEC Order No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 and IAS – 1 (International Accounting Standards – 1) as adopted by the ICAB(The Institute of Chartered Accountants of Bangladesh), it is a pleasure of the Board of Directors to submit its report to the Shareholders for the year ended 30 June 2023 in the following paragraphs:

A) COMPANY OPERATIONS

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.

1. CAPACITY / PRODUCTION

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

Particulars	2022-23	2021-22	2020-21
Knitting (Per day):			
Installed Capacity	12.00 ton	12.00 ton	10.00 ton
Actual Production	7.99 ton	9.44 ton	6.33 ton
Utilization	67%	79%	63%
Over/ (Under-utilized)	(4.01 ton)	(2.56 ton)	(3.67 ton)
Dyeing (Per day):			
Installed Capacity	27.00 ton	27.00 ton	25.00 ton
Actual Production	20.14 ton	24.47 ton	19.20 ton
Utilization	75%	91%	77%
Over/ (Under-utilized)	(6.85 ton)	(2.53 ton)	(5.80 ton)
Sewing (Per day):			
Installed Capacity	65,000 Pcs	65,000 Pcs	65,000 Pcs
Actual Production	32,311 Pcs	38,514 Pcs	41,913 Pcs
Utilization	50%	59%	64%
Over/ (Under-utilized)	(32,688 Pcs)	(26,485 Pcs)	(23,086 Pcs)

* 300 days have been considered as working days for the period of 1 year

2. COST OF PRODUCTION

The cost of production has varied during the past years primarily pandemic situation, Russia & Ukraine war, import price hike, dollar crisis resulting in increased finance cost, exchange fluctuation loss, increased freight charges & others adverse effect around the world which were beyond the control of the Management. The level of costs and their incidences are given below:

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
a) Volume of Production:					
Knitting (Ton)	2,397	2,832	1,900	1,913	2,015
Dyeing (Ton)	6,043	7,341	5,759	4,033	2,550
Sewing (Pcs)	9,693,331	11,554,380	12,573,920	5,027,251	6,153,641
b) Cost of Major Items (BDT in Million)					
Raw Material Consumed	3,138.06	3,299.98	1,671.78	1,036.42	912.05
Gas & Fuel	160.78	77.92	58.28	48.04	50.52
Electricity	37.99	91.98	80.00	56.48	55.99
Wages and Allowance	302.13	367.52	279.16	209.38	195.63
Bonus Festival	41.70	51.77	29.98	26.60	20.81
Other Factory Overhead	1,041.52	982.27	648.75	493.24	445.85
Total Cost of Production	4,722.18	4,871.44	2,767.95	1,870.16	1,680.85

B) MARKETING OPERATIONS

Market Exposure

The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
a) Sales Volume					
RMG (Pcs)	11,793,302	13,984,951	13,937,760	5,027,251	6,083,295
Deemed Export (BDT in Million)	1,208.02	858.79	346.90	436.38	279.73
b) Sales Revenue (BDT in Million)					
	5,109.32	4,905.73	3,007.15	1,956.72	1,958.49

C) FINANCIAL RESULTS AND APPROPRIATION OF PROFIT (BDT IN MILLION)

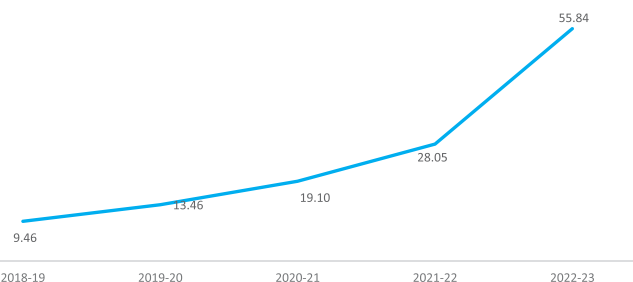
Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Profit before tax	134.50	162.11	81.08	(152.64)	65.57
Less: Income tax expenses	63.70	52.81	38.30	37.61	57.78
Profit after tax	70.80	109.30	42.78	(190.25)	7.79
Add:	391.00	314.86	272.08	468.32	522.55
Un-appropriated profit b/d	391.00	314.86	272.08	468.32	522.55
Profit available for appropriation	461.80	424.16	314.86	278.07	530.34
Less:	20.39	33.16	-	6.63	63.16
Proposed Dividend	20.39	33.16	-	6.63	63.16
Transfer from Revaluation surplus to Retained earnings	15.82	-	-	0.64	1.16
Un-appropriated profit	457.23	391.00	314.86	272.08	468.32

D) CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Tk. 55.84 million during 2022-2023 to the National Exchequer. Last five years comparative data are as follows (figures in million BDT):

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Contribution to National Exchequer (Current tax expense)	55.84	28.05	19.10	13.46	9.46

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



E) MANAGEMENT DISCLOSURE ON EMPHASIS OF MATTER (AUDITORS OPINION ON AUDITORS REPORT FOR THE YEAR ENDED ON 30 JUNE 2023)

Without modifying our opinion, we draw attention to the note # 24 of the financial statements regarding "Provision for WPPF and Welfare Fund". As per section-234 of Bangladesh Labor Act, 2006, a company is to pay 5% of net profit of the year within 9 months of following the close of year at the proportion of 80:10:10 to the Participatory Fund, Welfare Fund and Workers Welfare Foundation Fund respectively. However, the company has not yet distributed the amount of provision for WPPF and Welfare Fund for the year ended 30 June 2022 with the above proportion to the Participatory Fund, Welfare Fund and Workers' Welfare Foundation Fund respectively complying with the above provision of the Labor Act 2006 as amended in 2013.

MANAGEMENT REPLY

As disclosed in Note # 24 WPPF fund BDT 14,830,773 which includes prior years amount of BDT 8,105,686 has not disabuse timely particular period due to fund crisis and remarkable negative cash flow. As per section 234 of Labor Act 2006 as amended in 2013 we are always obey to law owing to fund crisis arise that situation & we already pay off prior years amount of BDT 8,105,686 and balance outstanding amount will be paid within the timeframe.

F) 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 December 25, 2023.

G) 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 Tosrif Industries Ltd., the company has taken a various activities for the betterment of the people as well as society.

H) 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 43-44 the report.

I) 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.

J) PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION AND PRICE SENSITIVE INFORMATION

To protect the interest of minority shareholders and other stakeholders getting them notified with the significantly changed information as disclosure, the Board of Directors of Tosrifa Industries Limited has formulated "Principles of Disclosure of Material Information and Price Sensitive Information" pursuant to the Bangladesh Securities and Exchange Commissions' (BSEC) rule vide ref: BSEC / CMRRCD / 2021-396 / 52 / Admin / 140, dated: 28.12.2022. This is disclosed in the Company's website at www.til.com.bd as a guiding framework for the shareholders to allow the Stakeholders making them informed about the principles of disclosure policy of material information and price sensitive information.

Material information and price sensitive information means those significantly changes information relating to decision, occasion, circumstances, situation, conditions, events, financials or otherwise, any other changes in the affairs of the Company and its defined insiders that can have impact on investment decision of the holders of the securities or potential investors or otherwise users of such material information/significant changes.

K) AUDITORS

MABS & J Partners, Chartered Accountants, have offered their willingness to be re-appointed as statutory auditors of the Company. The Board recommends their re-appointment as the statutory auditor of the Company for the year 2023-2024.

L) MANAGEMENT APPRECIATION

The Board of Directors appreciate the performance of management, the officers, staff and workers whose efforts helped to maintain the desired level of productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing during the year. It is expected that employees and management will continue to improve the results in the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The Directors express their gratitude and acknowledge with keen interest the cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, StockExchanges, CDBL, RJSC, National Board of Revenue and other agencies of the public and private sector.

Thanking you,

For and on behalf of the Board of Director



Rafiq Hassan
Chairman

ANNEXURE TO DIRECTORS' REPORT

Additional statements by the Board of Directors as per the Corporate Governance Code dated 3 June 2018 from the Bangladesh Securities and Exchange Commission:

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

RMG sector has already occupied a unique position in the economy of Bangladesh which experienced phenomenal growth during last 40 years. This sector created huge number of employment over the years especially for women for whom the employment. In 2022-23 RMG sector has contribution to 84.58% of total export in Bangladesh. In recent years, the economy of Bangladesh has performed well in its development path. Bangladesh has an impressive track record for growth and development, aspiring to be a middle-income country. However, the economy is currently experiencing pressure on foreign exchange reserves. Several austerity measures taken to control the depletion of the reserve are likely to hinder the GDP growth of the economy in the current fiscal.

Import of non-essential products is being discouraged to prioritize the uninterrupted supply of fuel and food items. The International Monetary Fund has projected Bangladesh's gross domestic product growth forecast for the current fiscal year (FY22-23) at 5.5%. On the other hand, high inflation rate has curbed consumer purchasing power.

The global economic situation has become unstable and difficult due to the Russia-Ukraine war, which is also affecting Bangladesh. RMG industry faced severe challenges in 2022-23 due to import price hike in the international market, rapid devaluation of Taka against US Dollar, rising operating costs, L/C restrictions, and supply chain disruptions. As long as these external vulnerabilities persist, these will pose tough challenges to Bangladesh in achieving the desired GDP growth.

Readymade garment (RMG) exports from Bangladesh witnessed an increase of 10.27 per cent to \$46.99 billion in the last fiscal year 2022-23 compared to exports of \$42.61 billion in the fiscal year 2021-22.

Despite these challenges, the RMG exports from Bangladesh increased by 13.07 per cent to \$11.62 billion in the first 3 months July –September 2023 of fiscal year 2022-23 compared to exports of \$10.27 billion in July-September 2022, as per provisional data by the Export Promotion Bureau. Exports were decreased 1.49 per cent more than the target of \$11.79 billion for July-September 2023.

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 readymade garments for its buyers export to different foreign countries. Beside from this the company also produces knitting & dyeing facilities business as well.

Revenue are generating from different sources but core revenue coming from export RMG to foreign buyers against Master LC.

Segment-wise performance

Particulars	2022-23		2021-22		2020-21		2019-20		2018-19	
	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)
Export of RMG	-4%	3,901.30	52%	4,046.94	75%	2,660.25	-9%	1,520.34	43%	1,678.76
Deemed Export	41%	1,208.02	148%	858.79	-21%	346.90	56%	436.38	254%	279.73
Total	4%	5,109.32	63%	4,905.73	54%	3,007.15	0%	1,956.72	57%	1,958.49

Product-wise performance

Particulars	2022-23		2021-22		2020-21		2019-20		2018-19	
	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)	Growth	Tk.(MM)
Polo Shirt	-13%	174.26	9%	199.44	-58%	182.34	4%	437.38	44%	420.36
T-shirt	-14%	762.47	4%	891.52	62%	854.21	1%	526.12	42%	518.57
Tank Top	93%	100.26	-10%	52.07	-68%	57.64	-16%	178.92	68%	212.36
Others	-1%	2,864.31	85%	2,903.91	314%	1,566.06	-28%	377.92	35%	527.47
Deemed Export	41%	1,208.02	148%	858.79	-21%	346.90	56%	436.38	254%	279.73
Total	4%	5,109.32	63%	4,905.73	54%	3,007.15	0%	1,956.72	57%	1,958.49

Segment-wise revenue

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Export of RMG	76%	82%	88%	78%	86%
Deemed Export	24%	18%	12%	22%	14%
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, workers strike, civil commotion, dollar crisis 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 (Tosrifalnd.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, Tosrifa 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	2022-23	2021-22	2020-21	2019-20	2018-19
Cost of Goods Sold	4,631.05	4,428.57	2,660.03	1,815.21	1,658.73
Gross Profit	478.27	477.16	347.12	141.51	299.76
Net Profit	70.80	109.30	42.78	-190.25	7.79

The Costs of Goods Sold increased by 4.57% compare to last year due to increase of production. Moreover, the Gross Profit also has increased by 0.23 % due to increase of sales volume. Net Profit after Tax has decreased by 35.22% owing to increase of finance cost almost 34% compare to last year thus NPAT stood at BDT 70.80 million.

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

There was no extraordinary gain or loss in the financial statements under report.

(vi) Basis of related party transactions:

Related party transactions are depicted in the Note-36 of the notes to the Financial Statements.

(vii) Current Status and Utilization of proceeds from Public Issue

The Company's IPO was issued in the year 2015. No further issue of any instrument was made in the FY 2022-23.

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

No IPO was made in the financial year 2022-2023.

(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 (BDT in million)	18.20	40.10	66.69	70.80
EPS	0.27	0.59	0.98	1.04
Net Asset Value (BDT in million)	2,057.75	2,059.25	2,085.84	2089.94
NAV Per Share	30.27	30.29	30.68	30.74
NOCFPS	3.50	2.68*	7.73**	2.23

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

Quarterly significant variance in EPS, NOCFPS and NAVPS:

Q1, Q2 & Q3: EPS has increased due to increase of revenue of the company. **NOCFPS** has been increased during the period over earlier period due to less amount paid to supplier & better collection of export proceeds during the period. **NAVPS** has been increased due to making profit during the period.

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

EPS has decreased due to increase financial expenses and income tax expenses. **NOCFPS** has been increased during the period over earlier period due to less amount paid to supplier & better collection of export proceeds during the period. **NAVPS** has been increased due to making profit during the period.

(x) Remuneration to Directors including Independent Directors:

Remuneration of Directors has been shown in Note- 38 in the Notes to the financial statements of the Report. No such remuneration is given to the Independent Directors.

(xi) Fairness of Financial Statements:

The financial statements prepared by the management of the Company present fairly its state of affairs, result of its operations, cash flows, and changes in equity.

(xii) Maintenance of proper books of accounts:

Proper books of account of the Company have been maintained.

(xiii) Adoption of appropriate accounting policies and estimates:

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

(xiv) Compliance with IAS and IFRS in preparation of Financial Statements:

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

(xv) Soundness of Internal Control System:

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

(xvi) Minority Shareholders interest:

The interests of the minority shareholders are duly protected in the company.

(xvii) Ability to continue as a going concern:

There are no significant doubts upon the Company's ability to continue as a going concern.

(xviii) Significant deviations in Operating Results compared to last year:

Operating result showing in net profit after tax to BDT 70.80 million during 2022-23 from BDT 109.30 million for the year 2021-22 are mainly due to reducing of profit margin by 35% over the last year.

(xix) Key operating & financial data of at least preceding 5 (five) years:

The Company's operating financial results as compared to the previous years are summarized below. Numbers presented in SL# 1-12 are in "BDT in Million."

SL	Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
1	Revenue	5,109.32	4,905.73	3,007.15	1,956.72	1,958.49
2	Cost of Sales	4,631.05	4,428.57	2,660.03	1,815.21	1,658.73
3	Gross Profit	478.27	477.16	347.12	141.51	299.76
4	Operating Expenses	249.88	246.62	202.32	170.09	184.01
5	Finance Cost	134.25	100.25	111.38	141.00	76.07
6	Operating Profit	228.39	230.54	144.81	(28.55)	115.75
7	Other Income	47.09	39.93	51.71	16.92	29.17
8	Profit before WPPF	141.23	170.22	85.14	(152.64)	68.85
9	Worker's profit participation	6.73	8.11	4.05	-	3.28
10	Profit before income tax	134.50	162.11	81.08	(152.64)	65.57
11	Income Tax	63.70	52.81	38.30	37.61	57.78
12	Profit (loss) after income tax	70.80	109.30	42.78	(190.25)	7.79
13	Gross Margin (%)	9.36	9.73	11.54	7.23	15.31
14	Net Margin after tax (%)	1.39	2.23	1.42	(9.72)	0.40
15	Outstanding Shares	67,985,120	67,985,120	66,326,946	66,326,946	66,326,946
16	Face Value per share (Taka)	10.00	10.00	10.00	10.00	10.00
17	Earnings per share	1.04	1.61	0.63	(2.87)	0.12
18	Return on Equity (ROE)	3.39	5.36	2.20	(9.99)	0.37

(xx) Reasons for not declaring dividend:

Not applicable.

(xxi) Interim Dividend:

No bonus or stock dividend was declared during the period under review as interim dividend.

(xxii) Number of Board meetings held during the year and attendance:

This has been narrated in Note-41 in the notes to the Financial Statements.

(xxiii) Shareholding Pattern:

Pattern of Shareholding as on 30 June 2023:

Sl. No.	Particulars	Status	Share holding	Percentage (%)
(a)	Parent/ Subsidiary/Associated Companies and other related parties	-	N/A	-
(b) (i)	Shares held by Directors & their Spouses and Minor Children			
	Mr. Rafiq Hassan	Chairman	2,174,830	3.20%
	Mr. Mohim Hassan	Managing Director	3,326,681	4.89%
	Mr. Naim Hassan	Director	8,156,581	12.00%
	Ms. Lyra Rizwana Quader (W/o Mr. Mohim Hassan)	Director	6,127,501	9.01%
	Mr. Hasibuddin Ahmed	Nominated Director	10,637,762	15.65%
	Mr. Ariful Islam	Independent Director	Nil	-
	Mr. Md. Aminul Islam	Independent Director	Nil	-
	Mr. Sayeed Hassan	Sponsor Shareholder	562,162	0.83%
	The Minor Children of all the Directors and spouses		Nil	-
(b)(ii)	Company Secretary, CFO, Head of Internal Audit & Compliance & their Spouses & Minor Children			
	Mr. Hayder Ali	Company Secretary	Nil	-
	Mr. AbulHasnat Mohammad Quamruzzaman, FCMA	CFO	Nil	-
	Mr. Md. Khalekuzzaman Khan	HIAC	Nil	-
	Their Spouses & Minor Children		Nil	-
(c)	Executives (Top 5 Salaried Employees)			
	ArmanulAzim	COO	Nil	-
	Md. Ataur Rahman	GM	Nil	-
	ABM Farhad Uddin Chowdhury, FCMA	DGM A&F	Nil	-
	Md. Jakir Hossain	AGM M&PD	Nil	-
	Md. Mizan Rahman	AGM HR	Nil	-
(d)	Shareholders holding 10% (Ten Percent) or more voting interest in the Company			
	Northern Corporation Ltd.	Director	10,637,762	15.65%
	Mr. Naim Hassan	Director	8,156,581	12.00%

(xxiv) Appointment/re-appointment of Directors:

The Directors retiring as per Article 129 of the Company's Articles of Association are Mr. Naim Hassan, and Mr. Hasibuddin Ahmed being eligible to offer themselves for re-appointment in the forthcoming 21st Annual General Meeting. A brief resume of the director's has been provided in the "Board of Directors Profile" section.

(xxv) Management Discussion and Analysis:

Management's discussion and analysis has been highlighted in the Managing Director's Statement and in the Director's Report.

(xxvi) Declaration by the CEO and the CFO:

Declaration by the Managing Director and CFO has been given on page 76 [Annexure-A].

(xxvii) Report on Compliance of the Corporate Governance Code:

TIL adheres to appropriate good Corporate Governance practices, as described on pages 78 [Annexure-C]

The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in Annexure - B & C.

Further in compliance with the BSEC notification dated June 3, 2018 Podder & Associates, Cost and Management Accountants in practice issued the Corporate Governance Compliance Certificate which is shown on page 77 of this report [Annexure-B].

(xxviii) Directors' Compliance on Corporate Governance

This has been narrated in Statement on Corporate Governance part of the Annual Report.



Rafiq Hassan
Chairman of the Board