

# ANNUAL REPORT

2019-20



**ALIF MANUFACTURING COMPANY LIMITED**



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## LETTER OF TRANSMITTAL

To

All Shareholders  
Bangladesh Securities and Exchange Commission (BSEC)  
Registrar of Joint Stock Companies & Firms (RJSC)  
Dhaka Stock Exchange Limited (DSE)

**Subject: Annual Report for the year ended June 30, 2020**

Dear Sir/Madam (s):

We are pleased to enclose a copy of the Annual Report containing Directors' Report, Auditors' Report along with the Audited Financial Statements comprising the Statement of Financial Position as at 30 June 2020, the Statement of Profit or Loss and other Comprehensive Income, statement of Changes in Equity and statement of Cash Flows for the year ended 30 June 2020 along with notes thereon, and Corporate Governance Compliances Reports of Alif Manufacturing Company Ltd. (Previous CMC-Kamal Textile Mills Ltd.) for your kind information and records.

Sincerely



Company Secretary  
Alif Manufacturing Company Ltd  
(Previous CMC-Kamal Textile Mills Ltd)

## **Notice of the 25<sup>th</sup> Annual General Meeting**

As per the judgment and order of the honorable High Court Division of the Supreme Court of Bangladesh, dated October 19, 2021, notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Shareholders of **ALIF MANUFACTURING COMPANY Ltd.** will be held on Sunday, the 12<sup>th</sup> December 2021 at 12.00 P.M under virtual platform through the link (<http://alif2020.digitalagmbd.net>) to transact the following business

### **AGENDA:**

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1. To receive, consider and adopt the Audited Financial Statements for year ended June 30, 2020 and reports of Auditors and Directors thereon
2. To approve 1.5% (One and half percent) cash dividend i.e Tk. 0.15 for each ordinary share only for the general shareholders other than Sponsors/Directors.
3. To elect Directors in terms of the relevant provision of Articles of Associations
4. Ratification appoint of Statutory Auditors for the year 2020-21 and fix their remuneration
5. To appoint corporate governance compliance auditor for the year 2020-21 (till holding of next AGM) and fix their remuneration
6. Any other business with the permission of the chair.

By the order of the Board



Company Secretary

**Dated, Dhaka**

December 07, 2021

### **NOTES:**

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- a. The Record Date for 25th AGM is fixed on November 30, 2021
- b. The shareholders whose name appeared in the Register of Members of the Company or in the depository (CDBL) on the record date shall be entitled to attend the meeting as well as qualify for dividend to be approved at the AGM
- c. A shareholder entitled to attend and vote at the AGM may appoint a proxy to attend and vote in his/her behalf. The Proxy Form, duly filled, signed and stamped of Tk. 20.00 must be sent through email to the Company at [alifmanufacturing@gmail.com](mailto:alifmanufacturing@gmail.com) not later than 48 hours before the time fixed for the meeting.
- d. The concern stock broker, merchant banker and portfolio manager are requested to submit hard copy or through mail to the Company at [alifmanufacturing@gmail.com](mailto:alifmanufacturing@gmail.com) on or before **December 09, 2021**; the statement along with detail of their margin client or customer who has debit balance or margin loan, who are entitled to receive cash dividend of the Company for the year ended June 30, 2020. The statement should include shareholder's name, BO ID number, client-wise shareholding position, gross dividend receivable, applicable tax rate, net dividend receivable etc. along with the Consolidated Customers' Bank Account number, routing number and contact person.
- e. The shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging in to the system, the shareholders need to put their 16 digit Beneficial Owner (BO) ID number and other credential as proof of their identity by visiting the link <http://alif2020.digitalagmbd.net>
- f. Shareholders are requested to log-in to the system prior to the meeting start time of 12:00 p.m. on December 12, 2021.





## CORPORATE DIRECTORY

### Board of Directors

#### Chairman:

Mr. Md. Azimul Islam

#### Managing Director:

Mr. Md. Azizul Islam

#### Directors:

Mrs. Lutfun Nessa Islam

#### Nominated Directors:

Mrs. Lubna Islam- nominated by Alif Apparels Ltd

Mrs. Nabila Salam- nominated by Alif Outwears Ltd.

Ms. Rezwana Islam- nominated by Alif Bengal Holdings Ltd.

Mr. Niaz Morshed- nominated by Alif Textiles Ltd.

Mr. Rafiqul Islam- nominated by Alif Real Estate Ltd.

#### Independent Director:

Mr. Golam Mostafa

Mr. Md. Azharul Islam

#### Chief Financial Officer:

Mr. Mohammad Hanif

#### Company Secretary:

Mr. Md. Mahfuzur Rahman

#### Head of Internal Audit:

Mr. Bijoy Chandra Sarkar

#### Audit Committee:

Mr. Md. Azharul Islam (Chairman)

Mr. Niaz Morshed

Mr. Rafiqul Islam

Mr. Mahfuzur Rahman (Secretary)

### Management Committee:

Mr. Md. Azimul Islam (Chairman)

Mr. Niaz Morshed

Mr. Md. Rafiqul Islam

Mr. Mohammad Hanif

Mr. Mahfuzur Rahman (Secretary)

### Auditors:

M/s Mahfel Huq & Co.

Chartered Accountants

BGIC Tower (4th floor)

34, Topkhana Road, Dhaka-1000

### Corporate Governance Compliance Auditor:

Huda Hossain & Co

Chartered Accountants

House No # 91/D (1<sup>st</sup> floor), Road No: 7/A,

Dhanmondi R/A, Dhaka-1209

### Bankers:

Exim Bank Limited

### Registered & Share Office:

Bilquis Tower (9th floor), Road # 46, House # 06,

Gulshan # 02, Dhaka-1212. Ph: 02-58815226-7, Fax:

02-58815228.

### Factory:

Kaichabari, Bashbari, Ashulia, Savar, Dhaka

### Listing Status:

Listed in Dhaka Stock Exchange Ltd.



## OTHER KEY INFORMATION

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Name of the Company	: ALIF MANUFACTURING COMPANY LTD.
Date of Incorporation	: May 25, 1995
Date of Commencement of Business	: May 25, 1995
Started Trial Operation	: February, 1998
Started Commercial Operation	: July, 1998
Factory Address	: Kaichabari, Bashbari, Ashulia (Savar), Dhaka
Business Line	: Manufacturing of cotton yarn of different counts
Nature of the Company	: Public Limited Company
Listing Status	: Listed in Dhaka Stock Exchange Ltd. (DSE)
Land (Freehold)	: 20 Bigha
Authorized Capital	: BDT 5,000 million
Paid -Up Capital	: BDT 2,599,270,220
Date of Name Change	: October 10, 2017



## SHORT PROFILE OF THE DIRECTORS:

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➤ **Mr. Md. Azimul Islam, Chairman:**

Mr. Md. Azimul Islam obtained his MBA from USA. He is also the Managing Director of Alif Group, and the honorable Chairman of Alif SSL Sports Holdings Ltd (A concern of Alif Group). Sylhet Superstars was a franchise cricket team of The Bangladesh Cricket Board (BCB) operated by Alif SSL Sports Holdings Ltd. He started in career in yarn manufacturing and export-oriented business since 2009.

➤ **Mr. Md. Azizul Islam, Managing Director:**

Mr. Md. Azizul Islam has a reputation to be a Commercially Important Person (CIP) for the last 19 years. He is the honorable chairman of Alif Group that has been awarded the National Export Trophy Gold for 4 years being the highest exporters by the Bangladesh Export promotion Bureau. He has been operating on of the largest export-oriented business in the country since 1984.

➤ **Mrs. Lutfun Nessa Islam, Director:**

Mrs. Lutfun Nessa Islam is a director of Alif Group. She has completed her B.A (Hon's) and M.A with an outstanding result being first class first. She is the wife of the honorable chairman of Alif Group.

➤ **Mrs. Lubna Islam, Nominated Director (Represented by Alif Apparels Ltd)**

Dr. Lubna Islam is the eldest daughter of Mr. Azizul Islam, honorable chairman of the Alif Group. Dr. Lubna Islam is an MBBS doctor by profession. She has also completed her MBA.

➤ **Mrs. Nabila Salam, Nominated Director: (Represented by Alif Outwear Ltd)**

Mrs. Nabila Salam has completed O' levels from Scholastica and then she went to University College of London (UCL) for pursuing higher studies, completed graduation on economics and statistics as major. She came back to country in 2008. Worked in HSBC and Green Delta Insurance. She represents in the board of directors of also Alif Group concerns. Travelled more than 25 countries worldwide with great exposure to international culture and business trade. Also have keen interest in retail business and development. Mrs. Nabila Salam is married to Mr. Azimul Islam, Managing Director of Alif Group.

➤ **Ms. Rezwana Islam, Nominated Director: (Represented by Alif Bengal holdings Ltd)**

Mrs. Rezwana Islam is the youngest daughter of Mr. Azizul Islam, honorable chairman of the Alif Group. She has completed her MBA from USA.

➤ **Mr. Niaz Morshed, Nominated Director: (Represented by Alif Textiles Ltd)**

Mr. Niaz Morshed completed MBA (Finance) from IIUC and obtained the Chancellor Award (Gold Medal). He started his professional career from industry and then worked at IT, Media, Power Sector & Textile Industry. He has the expertise in operation and business development.

➤ **Mr. Md. Rafiqul Islam, Nominated Director: (Represented by Alif Real Estate Ltd)**

Mr. Md. Rafiqul Islam completed the Masters in Accounting from the Rajshahi University. He started his professional career from 1992 in the Garments Industry. He is expert in Business Accounting and Management Development

➤ **Mr. Golam Mustafa- Independent Director, Independent Director:**

Mr. Golam Mustafa has completed MBA from Dhaka University. He started his professional career from Dhaka Bank Limited- Bangladesh. Subsequently, worked for ICB Islamic Bank Limited-Bangladesh, IDLC finance Limited-Bangladesh and joined in Garments Industries in 2015. He is expert in business accounting and management development and his leadership capabilities contributing greatly to the company.

➤ **Mr. Md. Azharul Islam, Independent Director:**

Mr. Md. Azharul Islam has completed the post Graduation in political science from Dhaka University. He started his professional career from 2000 in the textile sector. He is the most proficient in Administration and management development in business organization.

## MESSAGE FROM THE CAHIRMAN

**Dear Valued Shareholders**

AssalamuAlaikum

It is indeed a great pleasure and honor for me to welcome you on this 25<sup>th</sup> Annual General Meeting of Alif Manufacturing Company Ltd. (Previous CMC-Kamal Textile Mills Ltd.) It is also a great privilege for me to place before you the annual report along with audited financial statements of the company, auditors report and Directors report there on for the period from July 01, 2019 to June 30, 2020

As you are aware of, Textiles Sector, especially its main component sub-sector-RMG (Ready Made Garments), is the prime mover of our economy and has the highest contribution to our GDP, Foreign Exchange Reserves, employment, economic/social development including health, education, poverty-alleviation, social security, food security and ethnical integration etc. Despite the sudden attack by CORONA during the Fourth Quarter of the reporting period, the total export earning had succeeded to grow despite turmoil in the main importing Countries. As the leading economics are at trade war, new opportunities are showing things of light for new niche in the international market that offer us wide scope of a bright smile on the face of our bloody-war-won Nation.

Despite the continuous threat of CORONA on the back and front lines of Suppliers and Buyers, and likely declining level of profit in the few years ahead, I believe, in the long-term, our Shareholders, the stakeholders and our Nation shall withstand the storms and win and stay stronger.

I sincerely believe that good governance is very vital for success and improvement for the company. I also glad to report that the company has an audit committee, which regularly review the financial transaction. The management is fully aware of risk factors of the economy and the industry as well and take measures to address risk. The company has also internal financial control system that gives reasonable measures to the Board of Directors for their guidance.

Finally, I would like to take the opportunity on behalf of Board of Directors and express my deepest appreciation to all our valued shareholder, customers, and clients, well-wishers for their heartiest support and interest for the betterment of the company. I sincerely hope that the same support would continue in the future to come.

With best Wishes



Md. Azimul Islam  
Chairman



## MESSAGE FROM THE MANAGING DIRECTOR

**Dear Shareholders, Colleagues, Ladies and Gentleman!!!**

I feel grateful to all of you for making time to attend this 25<sup>th</sup> Annual General Meeting of the Company. While I welcome you on my behalf, I assume you all have received copies of Annual Report for the period from July 01, 2019 to June 30, 2020 of the company containing director's report along with financial statements and notes to the accounts for your review and evaluation.

A study of the Directors' Report would show that despite the disorders during the Fourth Quarter of the period under report due to CORONA, the company had succeeded to increase installation/operational capacity by additional investment, and the result of those additional investment is yet to come. Management efforts, thereby, led to a reduction in unit cost including percentage of Raw material costs of total unit costs. Due to pandemic situation and ongoing lockdown, the company had little operation on the last quarter of 2019-20. Unit export prices had fallen at a higher rate diminishing the gross profit, operating income, Net Profit, and lastly the EPS.

In the end, we are thankful and grateful to you, shareholders, for keeping trust and confidence on us. It is required to mention here that your valued suggestions, advices and continuous support definitely worked crucially for the continuous development and growth of the business. We want to express our recognition providing thanks to the commitment, dedication and hard work on the employees of Alif Manufacturing Company Ltd (Previous CMC-Kamal Textile Mills Ltd.) who are core strength of our success.

I wish all the best for the better and more productive future for our shareholders, employees and the country.

Sincerely



Md. Azizul Islam  
Managing Director

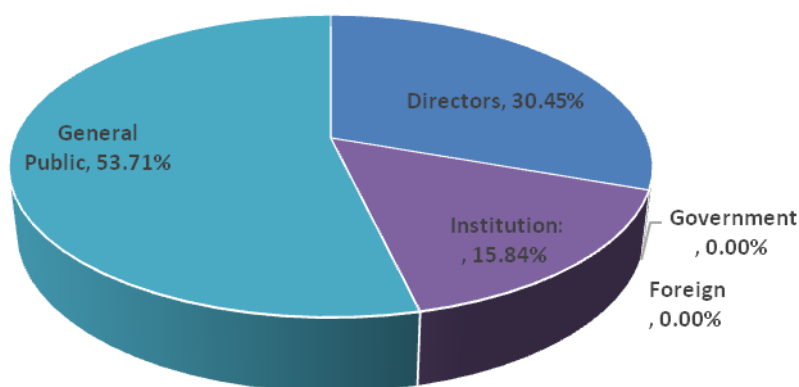


## COMPOSITION OF SHAREHODING POSITION

(As on June 30, 2020)

A	Sponsors/Directors:	No of Shares	% of Total holding
1	Mr. Md. Azizul Islam	11,053,570	4.25%
2	Mr. Md. Azimul Islam	25,354,423	9.75%
3	Mrs. Lutfun Nessa Islam	6,426,048	2.47%
4	M/s Alif Apparels Ltd	5,266,976	2.03%
5	M/s Alif Textile Mills Ltd	15,299,705	5.89%
6	M/s Alif Bengal Holdings Ltd	5,266,976	2.03%
7	M/s Alif Outwear Ltd	5,222,756	2.01%
8	M/s Alif Real Estate Ltd	5,266,976	2.03%
	<b>Sub Total</b>	<b>79,157,441</b>	<b>30.45%</b>
B	Government	-	-
C	Foreign	-	-
D	Institution:	41,173,220	15.84%
F	General Public	139,596,361	53.71%
	<b>Total</b>	<b>259,927,022</b>	<b>100.00%</b>

Share Holding %



## CORPORATE GOVERNANCE

ALIF MANUFACTURING COMPANY LTD (previous CMC-Kamal textile Mills Ltd) is 100% committed to operate business with trust, confidence, integrity, transparency through high degree of corporate governance standards. The Company believes that high standards of corporate governance are keys to success and best serve the shareholders' interests. The Company is a law abiding responsible corporate citizen of the country. The Company gives highest priority to absolute transparency in conducting business and in its dealings and communications with its suppliers, customers, business partners, as well as with the local communities wherever it operates. At the same time the Company expects that its shareholders, Board of Directors, employees and suppliers would act in compliance with applicable laws and with honesty, integrity and openness. The Company also ensures compliance with the accounting and reporting standards in consonance with the requirements of Bangladesh Securities and Exchange Commission and applicable laws of the countries in which the Company operates

### Rules of the Board:

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors, The Top Management tier is responsible for overall control and supervision of the entire affairs of the Company primarily through strategic planning & budgetary control mechanisms. The present Board of the Company consists of ten (10) Directors headed by the Chairman of the Company. The Managing Director leads the management of the Company. He is also a member of the Board of Directors. He works as the bridge between the Board and the management of the Company.

The positions of Chairman and Managing Director are held by separate persons. The Chairman is responsible for functions of the Board while the Managing Director serves as the Chief Executive of the Company.

Two (2) Independent Directors are members of the Board of Directors as per the requirements of Bangladesh Securities and Exchange Commission notification dated June 3, 2018. The business of the Company is managed by the Board of Directors. The Board of Directors is responsible to ensure that the business activities are soundly administrated and effectively controlled. At the same time the Board of Directors provides the management of the Company necessary guidance and directors ensure and uphold the highest interest of the shareholders

### Audit Committee:

In compliance with the Notification of the Bangladesh Securities and Exchange Commission dated June 3, 2018, the Board of Directors of the Company has formed an Audit Committee as the sub-committee of the Board of Directors. The present Audit Committee of the Company is comprised of four (4) members. Three of them are members of the board, out of them, one (1) members are the Independent Directors. The Chairman of the Audit Committee is an Independent Director. With an aim to ensure a true and fair view of the financial statements and good monitoring system within the business, Audit Committee assists the Board of Directors to discharge its responsibilities by reviewing and/or overseeing the financial reporting, internal control, risk management process, auditing activities and compliances with applicable laws and regulations and the Code of Business Conduct. The members of the Audit Committee attended in four (4) meetings held during the last twelve (12) months from July 01, 2019 to June 30, 2020. The company secretary is also the





member of the audit committee. The Company Secretary acts as the secretary of the Committee and the Head of Internal Audit and the representatives of the Statutory Auditors, when applicable, attend the meetings as invitees.

**Scope of Work:**

As delegated by the board, the Audit Committee seeks to satisfy itself, by means of suitable steps and appropriate information that proper and satisfactory internal control system are in place. Specific areas of work are to ensure that there in due process for:

- a. Efficiency and effectiveness of operational control
- b. Safeguarding of Assets
- c. Reliability of financial and other management information
- d. Compliance with company policies and relevant laws and regulations

**Duties & Responsibilities:**

- a. To oversee the financial reporting process
- b. To monitor Internal Control Risk Management Process
- c. To monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report
- d. To oversee hiring and performance of external auditors
- e. hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- f. To review along with the management, the annual financial statements before submission to the Board for approval;
- g. To review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- h. To review the adequacy of internal audit function;
- i. To review the Management's Discussion and Analysis before disclosing in the Annual Report;
- j. To review statement of all related party transactions submitted by the management;
- k. To review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- l. To oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
- m. To oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission



### Management Committee:

The Management Committee comprises of top senior officials headed by Managing Director. The management committee deals with entire organizational matter. The members of the management committee are:

Mr. Md. Azimul Islam (Chairman of the committee)

Mr. Niaz Morshed

Mr. Md. Rafiqul Islam

Mr. Mohammad Hanif

Mr. Mahfuzur Rahman (Secretary)

### Executive Management

The Managing Director is the head of the Executive Management Team which comprises senior members of the Management Apparatus. Within the limits of delegated authority and responsibility by the Board of Directors, executive management operates through further delegation of authority at every echelon of the line management. The Executive Management operates within the frame work of policy & Planning strategies set by the Top Management with periodic performance reporting for guidance. The Executive Management is responsible for preparation of segment plans/ sub-segment plans for every profit center with budgetary targets for every items of goods & services and are held accountable for deficiencies, with appreciation for outstanding and exceptional performances. These operations are continuously carried out by the Executive Management through series of Committees, Sub-Committees, Adhoc Committees and Standing Committees assisting the line management.

### Internal Audit:

Internal Audit assures the existence and pertinence of process controls and the integrity of information. Internal Audit operates under the direct supervision of the Audit Committee. Having unrestricted access all over the Company, Internal Audit plays independent roles to evaluate the effectiveness and efficiency of the Company's overall performances in terms of internal control structure, governance and risk management processes. Internal Audit performs operational audits on the business processes, and reliability of financial reporting and acts as the management consultant and strategic partner in designing and improving the reporting & control systems, policies and procedures and business processes where necessary.

### Delay for Holding 25th Annual General Meeting

We could not hold the 25th AGM of the Company for the financial year 2019-2020 which was due on December 2020 due to abnormal COVID 19 situation in the country. Upon failure to hold the said AGM within the stipulated time and finding no other alternative we applied to the Supreme Court, High Court Division for condonation of delay in holding 25th AGM of the company. Accordingly the Hon'ble High Court issued Verdict on 07 September 2021 (certified copy received on 19.10.2021) giving us time for holding the 25th AGM for the year 2020 within 8 (eight ) weeks from the date drawing up of the Judgment and order.



### Statutory Audit:

Statutory audit of the Company is governed by the Companies Act 1994 of Bangladesh and Bangladesh Securities and Exchange Commission dated June 3, 2018, which explicitly provide guidelines for the appointment, scope of work, and retirement of auditors. Shareholders appoint auditors in the Annual General Meeting (AGM). In addition to the annual audit, they review the quarterly financial reports.

### Legal and Compliance:

Compliance is the key to build stakeholders trust. The Company has adopted clearly defined Compliance Policy. Following the national law is core to the business. The regulatory bodies like Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies & Firms maintain a close monitoring process on the Company. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

### Chief Financial Officer, Head of Internal Audit and Company Secretary

As per the requirements of Bangladesh Securities and Exchange Commission (BSEC), Mr. Mohammad Hanif is working as Chief Financial Officer, Mr. Bijoy Chandra Sarkar is working as Head of Internal Audit and Mr. Mahfuzur Rahman is working as Company Secretary



## FINANCIAL HIGHLIGHTS

Particulars	1-Jul-19	1-Jul-18	1-Jul-17	1-Jul-16	1-Jul-15
	to	to	to	to	to
	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16
Period	(12 Months)	(12 Months)	(12 Months)	(12 Months)	(12Months)
Authorized Capital	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	2,000,000,000
Paid-up Capital	2,599,270,220	2,406,731,690	2,187,937,900	1,093,968,950	968,114,120
No of Shares (Face value 10 Tk each)	259,927,022	240,673,169	218,793,790	109,396,895	96,811,412
Reserve & Surplus	970,787,462	1,083,176,422	1,122,594,567	987,214,696	903,826,851
Current Assets	1,348,672,947	1,350,455,380	1,567,443,758	704,814,474	474,568,005
Current Liabilities	282,022,321	77,634,746	140,788,842	121,269,055	106,905,802
Total Assets	3,983,157,870	3,679,957,927	3,521,729,898	2,269,519,516	2,009,887,119
Net Fixed Assets	2,629,360,469	2,324,531,772	1,949,490,335	1,560,075,241	1,530,846,812
Book Value of Equity	3,570,057,682	3,489,908,113	3,310,532,467	2,081,183,646	2,081,183,646
Turnover	780,415,087	960,158,235	720,369,383	687,563,854	473,341,841
Gross Profit	194,068,589	256,001,815	322,124,920	287,247,379	186,566,113
Operating Profit	162,585,612	227,254,389	285,167,818	259,299,485	162,355,774
Net Profit	124,688,665	178,958,853	266,862,111	210,521,682	132,220,414
Earnings per Share (EPS)	0.48	0.74	1.73	1.92	1.21
Net Asset Value per Share (NAV/Share)	13.73	14.5	15.13	19.02	17.1
Gross Margin	24.87%	26.66%	44.72%	41.80%	39.40%
Operating Margin	20.83%	23.67%	39.59%	37.70%	34.30%
Net Profit Margin	15.98%	18.64%	37.05%	30.60%	27.90%
Current Ratio	4.78	17.39	11.13	5.81	4.44
Acid Test Ratio	3.98	14.96	9.85	0.77	0.62
Return on Assets	3.13%	4.97%	9.22%	9.30%	6.60%
Return on Equity	3.49%	5.26%	9.90%	10.10%	6.40%
Dividend (%)	Cash 1.5%* (Other than Sponsor/Directors)	Cash 2% Stock 8%	Stock 10%	Cash 11%	Stock 13%

**\*\*Proposed**



## DIRECTORS' REPORT

### Dear Valued Shareholders:

AssalamuAlaikum

On behalf of the board of directors, I am pleased to welcome you to the 25<sup>th</sup> Annual General meeting of Alif Manufacturing Company Ltd (previous CMC-Kamal Textile Mills Ltd) and it is my privilege to present before you the Annual Report and Financial Statements of the company for the 12 months from July 01, 2019 to June 30, 2020.

### OPERATIONAL OVERVIEW

Textiles Sector produce yarn and fabrics for production of varieties of Textile goods that are used by people of World at large. However, most of them suffered huge financial losses due to the sudden appearance of CORONA pandemic with its devastating effects on the Socio-economic lives of all the nationalities of the World for almost a year.

Due to CORONA pandemic, the activities of the textiles sector of the World including Bangladesh had caused a decline in GDP in major economics. USD 3.20 billion RMG order was cancelled/suspended from Bangladesh with resultant loss of export earnings and financial losses by export-oriented spinning and weaving mills amounting to USD 1.40 billion. It may be mentioned that during 2016- 2017, total export earnings by using local yarns and fabrics was USD 18,121 million which had increased to USD 21,950 million in 2018-2019 and retention was USD 12,683 million which had risen to USD 15,365 million. Due to CORONA pandemic about 55 lac of the country's industrial employment, of which 80% are females and about 150 lakh of peoples in support industries who depend on this trade have been suffering. In the face of the grave situation, it is heartening to note, the Government of Bangladesh took significant steps and initiatives in time through various stimulus package to protect the textiles sector from the adverse situation caused by the COVID-19 which is appreciable indeed. We are looking forward for the better situation which will alleviate the pains from pandemic.

We have no doubt that the clarity and consistency of our strategy, our discipline to remain focused, and a firm commitment to our culture and values have been crucial to your Company's performance growth. More than anything else, your Company has developed agility to change and transform; to respond to challenges and tackle the twin objective of improving value creation from current assets and paving the path to grow and become more efficient.

### Right Share Fund utilization

The meeting of the Board of Directors of the Company held on October 31, 2016 Proposed to raise paid-up capital by BDT 1,093,968,950.00/- through issuance of Rights share of 109,396,895 ordinary shares of BDT 10.00 each at par at a ratio of 1(R):1 (one right share for one existing share) on the basis of existing paid-up capital to raise it to BDT 2,187,937,900.00/-

In the 22<sup>nd</sup> AGM the honorable shareholders approved Rights Offer of 109,396,895 ordinary Shares at an offer price of BDT 10.00 each on the basis of 1(one) rights share for every 1 (one) existing share held on the record date.



Bangladesh Securities and Exchange Commission (BSEC) approved the proposed right share issue vide their letter (BSEC/CI/RI-111/2017/697 dated December 19, 2017. The Subscription period for the right issue was from January 30, 2018 to February 15, 2018.

**The Right Share Fund Utilization status as on June 30, 2020 as under.**

	<b>Right Share</b>
	<b>Utilization</b>
	<b>Up to June 30, 2020</b>
<b>Purpose Mentioned in the ROD</b>	
Building Extension of 50000 Sft. (Civil cost for Washing & Yarn Dyeing Facilities)	39,781,238
New ETP construction cost	-
Underground Ducting	3,555,971
Humidification Room-01, Room-02 and Room-03	4,373,107
Overhead Air Ducting	14,090,000
Electrification & Others	15,606,297
Expenditure for capital machineries expansion:	-
Spinning Machinery Expenditure	536,328,585
Washing Machinery	91,051,660
ETP Machine	8,951,000
Yarn Dyeing	-
Covered Van	-
BMRE Spare Parts	23,498,580
Spinning, Washing, ETP & Yarn Dyeing Machinery Erection & Commissioning	5,028,445
Right Issue Expense	11,562,448
<b>Sub Total</b>	<b>753,827,331</b>

**The Company has applied to Bangladesh Securities and Exchange Commission (BSEC) for time extension of Right Share Fund Utilization of Alif Manufacturing Company Ltd. up to December 31, 2020.**

**Bangladesh Securities and Exchange Commission (BSEC) has kindly accorded time extension of Right Share Fund utilization up to December 31, 2019 vide their letter no SEC/CFD/12.41/99/93 dated October 01, 2019**

#### **Production Performance:**

Since the main business of the company was to produce 100% cotton yarn, the company attained remarkable performance in production in cotton yarn. Your company has installed capacity of producing 4.32 million kg of cotton yarn per year. In the reporting period (July 01, 2019 –June 30, 2020), your company has produced 3.83 million kg in the year under review that is 88.62% of capacity utilization.



Particulars	1-Jul-19	1-Jul-18
	to	to
	30-Jun-20	30-Jun-19
Installed Capacity	4,320,000	4,320,000
Production (Kg)	3,824,480	4,017,600
Capacity Utilization	88.62%	93.00%

The capacity utilization decreased in FY 2019-20 compared to previous year due to ongoing BMRE.

#### Sales Performance:

The company's net sales decreased by 18.72% from July 01, 2019 to June 30, 2020 compared to that of the same previous period i.e. July 01, 2018 to June 30, 2019.

Particulars	1-Jul-19	1-Jul-18	Increase/Decrease	% Increase/Decrease
	to	to		
	30-Jun-20	30-Jun-19		
Local Sales	140,074,374	402,578,308	(262,503,934)	-65.21%
CMT Sales	-	87,000,000	(87,000,000)	-100.00%
Export Sales	641,211,077	449,386,290	191,824,787	42.69%
Sales of Waste Cotton	-	22,933,760	(22,933,760)	-100.00%
<b>Sub Total</b>	<b>781,285,451</b>	<b>961,898,358</b>	<b>(180,612,907)</b>	<b>-18.78%</b>
Less: VAT	870,364	1,740,123	(869,759)	-49.98%
<b>Grand Total</b>	<b>780,415,087</b>	<b>960,158,235</b>	<b>(179,743,148)</b>	<b>-18.72%</b>

The reason behind declining sales growth was due to:

- Raw Material Price Higher than Regular Price in the International Market.
- Very Lower Price & Demand of yarn in the National & International Market.
- Material impact on the RGM Sectors for China and USA Trade War.
- Indian subsidized low-price yarn dumping strategy.
- Corona Pandemic
- Ongoing BMRE hampered production



### Financial Performance:

The directors took pleasure in reporting the Financial Results of your Company for the 12 months period starting from July 01, 2019 to June 30, 2020 as follows:

Particulars	1-Jul-19	1-Jul-18	Increase/Decrease	% Increase/Decrease
	to	to		
	30-Jun-20	30-Jun-19		
Gross Profit	194,068,589	256,001,815	-61,933,226	-24.19%
Operating Profit	162,585,612	227,254,389	-64,668,777	-28.46%
Profit Before Tax	155,711,444	226,182,915	-70,471,471	-31.16%
Net Profit	124,688,665	178,958,853	-54,270,188	-30.33%

Company's gross profit, operating profit, profit before tax and net profit after tax has decreased by 24.19%, 28.46%, 31.16% and 30.33% respectively compared to that of the previous years. The reasons behind such decline is due to:

- Raw Material Price higher than Regular Price in the International Market.
- Very lower price & demand of yarn in the National & International Market.
- Material impact on the RGM Sectors for China and USA Trade War.
- Indian subsidized low-price yarn dumping strategy.
- Corona Pandemic
- Ongoing BMRE hampered production

### Key Facts:

**NAV-** Total NAV of the company as on June 30, 2020 was BDT 3,570 million compared to BDT 3,489.90 million in 2019-20. Net Asset Value (NAV) per Share has been stood up at BDT 13.73 per share as on June 30, 2020. It was BDT 13.43 as on June 30, 2019. Thus, the NAV per share increased by BDT 0.31 per share in 2019-20 compared to that of the previous year.

**EPS-** Earning per Share was BDT 0.48 from July 01, 2019 to June 30, 2020 and BDT 0.69 per share from July 01, 2018 to June 30, 2019. Thus, Earnings per Share (EPS) decreased by BDT 0.21 per share over the last year. The Corona Pandemic, ongoing nationwide lockdown from the 4<sup>th</sup> quarter and adverse international market for both cotton and yarn and ongoing BMRE was among the main reasons for decline in EPS.

**NOCFPS-** Net Operating Cash Flow per Share (NOCFPS) stood BDT 0.11 per share from July 01, 2019 to June 30, 2020 and BDT 0.65 from July 01, 2018 to June 30, 2019.

### Human Resources:

Success in business largely depends on the quality of the employees. Employees are the assets, who drive the Company to its goal to better serve the shareholders' interests. Recognizing the differences that the efficient employees can contribute into the business, your Company's focus is to recruit the right talent for the right job, identifying the successors for the key positions and most importantly, improve the efficiency of employees with right Learning & Development initiatives.





### Appropriation of Profit:

Total Retained Earnings of your company stood at BDT 354,939,373 as on June 30, 2020. The Company has made net profit BDT 124,688,665 from July 01, 2019 to June 30, 2020. The Board of Directors are pleased to show the profit available for appropriation as on June 30, 2020.

Particulars	1-Jul-19 to 30-Jun-20	1-Jul-18 to 30-Jun-19
Retained Earnings Beginning	464,966,508	502,022,827
Add: Profit during the period	124,688,665	178,958,853
Less: Bonus shares issued	(192,538,530)	(218,793,790)
Less: Cash Dividend	(48,134,634)	-
Gas bill Provision Adjustment	4,355,727	-
Unrealized Exchange Gain	(1,176,981)	-
Adjustment for depreciation of re-valued assets	2,778,618	2,778,618
<b>Profit Available for Appropriation</b>	<b>354,939,373</b>	<b>464,966,508</b>

### Dividend:

Considering the overall financial position, the board of directors is pleased to recommend 1.5% (One and half percent) Cash i.e. Tk 0.15 for each ordinary share only for general shareholders other than sponsors/Directors. The recommended 1.5% (one and half percent) cash dividend only for general shareholders other than sponsors/Directors, if approved in the annual general meeting, will require disburse Tk. 27,115,437 to general shareholders other than sponsors/Directors. The calculation is as follows:

Particulars	(In BDT)
Profit Available for Appropriation (as per Retained Earnings Statements)	354,939,373
Less: 1.5% Cash Dividend (Other than Sponsor/Directors)	(27,115,437)
<b>Closing Retained Earning</b>	<b>327,823,936</b>

### Paid up Capital:

Particulars	(In BDT)
Paid up capital as on June 30, 2019	2,599,270,220
Add: Transfer from retained earnings	0
<b>Paid up capital as 30 June 2020</b>	<b>2,599,270,220</b>

Shareholders whose name will appear in the register of members of the company or in the depository (CDBL) on the record date shall be entitled for dividend to be approved in the AGM.

### Statutory Auditors:

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditor's M/s Mahfel Huq & Co. Chartered Accountants, retire at the 25<sup>th</sup> Annual General Meeting. He has completed three years and not eligible for re-appointment.

Since the 25th Annual General Meeting of the company for financial year 2019-20 ( AGM due for 2020 ) could be not held within stipulated time due to the reasons explained earlier, our Board of Directors have appointed Messrs. Kazi Zahir Khan & Co., Chartered Accountants as auditor of the company for the financial year 2020-21 and accordingly the audit of the company was completed by them.



Ratification of appointment of auditor for the year 2020-21 is therefore required to be made by the shareholders in the 25th Annual General Meeting which is scheduled to be held on December 12, 2021.

#### **Compliance of Corporate Governance Auditor:**

As per section 9 (2) of BSEC notification (BSEC/CMRRCD/2006-158/207/Admin/80), dated June 10, 2018, the company shall appoint a practicing professional for the audit of compliance of corporate governance.

M/s. Huda Hossain & Co., chartered accountants, have expressed their willingness to be appointed as a compliance of corporate governance auditor for the year 2020-21 (till holding the next AGM).

Therefore, the board of directors proposed M/s. Huda Hossain & Co., to be appointed as a compliance of corporate governance auditor for 2020-21 (till holding the next AGM)

#### **Directors:**

The Company has ten (10) Directors in the Board including the Chief Executive Officer. Pursuant to the provisions of the Companies Act, 1994, one third of the Directors, except the Chief Executive Officer, shall retire by rotation in every ordinary general meeting. The Companies Act 1994 also provides that any Director appointed by the Board of Directors shall retire from office at the next ordinary general meeting but shall be eligible for election by the Company. Accordingly, three (3) Directors of the Company will retire at the 25<sup>th</sup> Annual General Meeting. The retiring Directors are:

1. Mr. Md. Azizul Islam
2. Mr. Md. Azimul Islam
3. Mr. Md. Rafiqul Islam- represented by Alif Real Estate Ltd.

Being eligible, they offer themselves for re-election.

As per notification dated June 3, 2018 from the Bangladesh Securities Exchange Commission, the directors made additional statements and furnish compliance report in Annexure attached herewith.

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 whole hearted co-operation and active support in discharging the responsibilities vested on me and the Board during the year under review. I also thank business associates including our foreign and local customers, dealers, suppliers, government agencies, bankers, financial institutions, and auditors, office of the Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, and Central Depository Bangladesh Limited for their co-operation, wholehearted support and faith reposed in the Company. I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers, and employees of the company at all levels without which our success could not have been achieved.

Thanks, are also due to all directors, all executives, officers, staffs and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review. We look forward for your continuous support and best wishes for meeting the future challenges awaiting us in the competitive market and satisfying ever increasing expectation of our customers' partners and well-wishers

**On behalf of the Board of Directors**



**Md. Azimul Islam**

**Chairman**

**Dated: December 03, 2021**

**Dhaka,**



**AMCL**

# ANNEXTURE

## ADDITIONAL STATEMENTS BY THE BOARD OF DIRECTORS AS NOTIFICATION DATED JUNE 3, 2018 FROM THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION:

### i. Industry outlook and possible future developments in the industry:

As one is acutely aware, the country's readymade garments (RMG) sector has endured passing challenges for the past two decades. Fast-paced changes, in terms of buyer's requirements, required factory modifications, workers safety issues environmental compliance requirements and growing market and design trends, have all been major stressors of the sector. Some of the challenges are macro-economic challenges are specific to individual factories, while many of the industry as a whole, which is in large part due to the high cost of doing business in the country. While the above were on-going struggles, the Covid-19 pandemic hit and overhauled the entire world, including Bangladesh and its economy. For the RMG sector, the adverse effects were tremendous. From the beginning of March 2020, many orders were spinning sub-sector remains crucial to RMG value chain helping to stabilize supply chain, while controlling costs.

Unlike any other time, the world apparel trade is going through an extremely challenging and uncertain time not seen before in the recent past due to the pandemic COVID 19. The world economic irrespective of bigger and smaller economy, all suffered largely at the second half of the year. This pandemic type situation was in addition to the big economic superpower USA and China trade war that was affecting the global scenario earlier.

It is extremely difficult to predict any possible future outcome during a pandemic situation. The whole world is in literal stand still with lockdown resulting out from the COVID 19, as such the economic activities are totally disrupted. The company went through a very challenging time due to the pandemic COVID 19. The operation of the mill was halted for an extended period of time. Business activity was paralyzed due to the lockdown imposed throughout the country.

### ii. Segment-wise or product-wise performance:

The company produce only one type of product that is cotton yarn. The company produces cotton yarn ranges from 10 to 62 count.

### iii. Risk and Concerns:

All sectors of textile industry face many similar challenges. The main problems, regardless of the sector within the industry are lack of power, labor unrest causing disruption of production, high price of electricity. The price of raw materials in both local and international market are not stable. Keep in this mind, the company's management perceive operational risk, market risk, and new investment risk, foreign exchange fluctuation risk within the national and international perspective and the risk of any abrupt changes of the policies made by the regulatory authorities that may adversely affect the business of the company. The management is skilled and experienced enough to deal with such risk that could have affected the business

#### 1. Industry Risk

Textile is the largest industrial sub-sector in Bangladesh. It contributes highest in the country's total export earnings, gives employment to over four million people meets the second basic need for clothing of the country and contributes around 50% of the industrial value addition. But after phasing out of the, Multi Fiber Agreement (MFA) the global textile trade is now free from quota restriction.

#### Management Perception

The textile industry has successfully coped with the post Multi Fiber Agreement (MFA) competitive situation. The force, which is helping the sector for its strong existence is emergence of backward linkage industry. Backward linkage industries are supporting for minimizing lead- time and cost of production. The company is a first state of backward linkage industry of yarn production that facilitates for better existence.



## **2. Interest Rate Risks**

Interest / Financial charges are paid against any kind of borrowed fund. Volatility in money and increased demand for loan presses on interest rate structure to be fixed in high. Raising of interest rate increases the cost of fund for a company, which have borrowed fund, and consequently profit is squeezed.

### **Management Perception**

The management of the Company is always aware of interest rate, which is concerned to the cost of fund the company. The Management prefers in procuring of the long- term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand, management of the company is emphasizing on equity-based financing.

## **3. Exchange Rate Risk**

The Company is export oriented. The products of the company are sold against foreign currency and payments for raw material are also made in foreign currency. If exchange rate is increased against local currency opportunity is created for getting more revenue against sale in local currency. On the hand if exchange rate goes down margin is squeezed in local currency.

### **Management Perception**

The exchange rate of the country is traditionally witnessed of upward trends, which markets ample opportunity of export. On the other hand, management perceives revaluation of local currency i.e. down trend of exchange rate will have little impact on profitability of the company.

## **4. Market and Technology related Risk**

Among the functional areas in a yarn company, marketing exerts the sheet part of the importance. Proper implementation of the marketing tools as well as identifying new client will ensure the success of the project. The continuous changes on performance in the garment and textile market will force company to catch the trend. For which the company has to produce yarn for international demand.

### **Management Perception**

The company set its focus only in countries export Market through inland back-to-back letter of credits. The management is trying to sell through direct contact with the customers (RMG &Knitting industries) in the selected regions understanding their needs. The company also has established relationship with potential buyers across the country and expects to find market for its capacity despite competition prevailing in the sector. Further the commercial bank and financial institutors provide a thrust in the textile sector as they provide credit facilities to RMG & knitting industries to acquire the yarn for their final products.

## **5. Changes in Economic & Political Condition**

Changing economic conditions may affect the demand for the product offered by the company. Downturn of economic activity or uncertainty may result in a downturn in demand for loan funds for industry.

### **Management Perception**

Social unrest due to political reasons may cause downturn the economic activity which will have impact on demands of textile. But as elected Government is in place, we can expect that political rivalry within democratic environment will not affect the manufacture sector

## **6. Energy costs may rise**

Due to the adverse power situation in the country, production may be hampered and wastage might rise.

### **Management Perception**

The Company itself sufficient in generating power by its own generators. However, in case of gas shortfall and subsequent rationing if any, then the productivity will be reduced. In that scenario, the overall sector will be affected.

## **7. Operational risks**

Shortage of power supply, labor unrest unavailability or price increase of raw material, natural calamities like flood, cyclone, earth quack etc. May disrupt the production of the Company and can adversely impact the profitability of the Company.

### **Management Perception**

The compensation as well the benefit package will restrain the employees to leave their assignment and got for any employee movement for higher benefit packages. The project of the company is situated at a high land where less record of flood. The factory building has strong RCC foundation, RCC floor, pre- fabricated



steel structure to withstand wind, storm rain etc. along with good drainage facility. The risks from these factors are also covered through insurance. The Company is also facilitated to keep a rational reserve for any future price escalation of the raw material.

#### iv. Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

Cost of goods sold decreased by 16.72% in June 30, 2020 compared to that of the previous period. The decrease of Cost of Goods Sold in comparable period was due to decrease in export sales.

Particulars	1-Jul-19	1-Jul-18	Increase/Decrease	% Increase/Decrease
	to	to		
	30-Jun-20	30-Jun-19		
Revenue	780,415,087	960,158,235	-179,743,148	-18.72%
Cost of Goods Sold	586,346,498	704,156,420	-117,809,922	-16.73%
Gross Profit	194,068,589	256,001,815	-61,933,226	-24.19%

From the last quarter of 2020, the country witnessed Corona Pandemic situation, which results countrywide locked down, As a result, the company's sales decreased, which resulted decrease to Cost of Goods Sold (COGS) and Gross Profit as well.

Margins decreased in 2019-20 compared to that of 2018-19 due to Corona pandemic, adverse market condition and ongoing BMRE.

Particulars	1-Jul-19	1-Jul-18
	to	to
	30-Jun-20	30-Jun-19
Gross Profit Margin	24.87%	26.66%
Operating Profit Margin	20.83%	23.67%
Net Profit Margin	15.98%	18.64%

Cotton prices in the international markets were high. The prices of yarn suddenly fell as India is offering lower prices due to devaluation of the Rupee against USD. Besides, huge amounts of yarn are being imported illegally from India through land ports, which are increasing supply at lower prices as taxes are not paid. As a result, the margins are squeezed.

#### v. Discussion on continuity of any Extra-Ordinary gain/loss:

No Extra-ordinary gain or loss during the year.

#### vi. Basis for related party transactions:

Related party transactions disclosed in the page (Note- 30) of the audit Report.

#### vii. Utilization of proceeds from public issues, rights issues and/or through any others

Bangladesh Securities and Exchange Commission (BSEC) approved the proposed right share issue vide their letter (BSEC/CI/RI-111/2017/697 dated December 19, 2017. The Subscription period for the right issue was from January 30, 2018 to February 15, 2018. The utilization of right share fund as on June 30, 2020 is reported on page 18.



**viii. An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.**

No financial results deteriorate after the Right Offer. However, due to spread of pandemic from the last quarter of the financial year, adverse market condition for yarn and cotton in the international market, and ongoing BMRE, the company's revenue, earnings were affected in 2019-2020

**ix. If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.**

Due to spread of pandemic from the last quarter of the financial year, adverse market condition for yarn and cotton in the international market, and ongoing BMRE, significant variance occurred between Quarterly Financial performance and Annual Financial Statements

**x. Remuneration to directors including independent directors.**

As per the Articles of Association of the Company (Article 17: Remuneration of Directors), the Directors shall not be entitled to any remuneration except for extra services rendered to the Company and as decided by the Board. The Company may bear all such reasonable expenses as the Director may incur for the purpose of attending meetings of the Directors or general meeting. Details of Remuneration to directors are given in note 30(B).

**xi. That, the Financial Statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.**

The Financial Statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Commission Rules, 1987. These statements present fairly the Company's State of Affairs, the result of its Operations, Cash Flow and Changes in Equity for the year ended on 30 June, 2020.

**xii. That, proper books of account of the company have been maintained.**

The company ensures that proper Book of Accounts of the Company has been maintained.

**xiii. That, 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.**

The management ensures that appropriate Accounting Policies have been consistently applied in preparation of the Financial Statements and that the Accounting estimates are based on reasonable and prudent judgments.

**xiv. That, the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.**

The management ensures that the International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.

**xv. That, the system of internal control is sound in design and has been effectively implemented and monitored.**

The management ensures that the Internal Control System is sound in design and effectively implemented and monitored



**xvi. Regarding protection of minority shareholders:**

There was no such situation raised to protect the interest of minority shareholders.

**xvii. That, there are no significant doubts upon the company's ability to continue as a going concern.**

The management ensures there are no significant doubts upon the company's ability to continue as a going concern.

**xviii. Significant deviations from last year's operating results of the company shall be highlighted and the reasons thereof should be explained.**

No significant deviation from last year's operating results have been occurred.

**xix. Summary of key operating and financial data of preceding five years:**

Summary of key operating and financial data of preceding five years are given in page ....

**xx. Reasons for non-declaration of dividend.**

**Not Applicable.** Board of Directors has recommended 1.5% (One and half percent) Cash Dividend i.e. Tk. 0.15 per Share of Tk. 10.00 each only for general shareholders other than Sponsors/Directors. Upon the approval in this General Meeting, the dividend will be paid to the Shareholders whose names appear in the Share Registers of the Company or in the Depository as on record date i.e. 30<sup>th</sup> November 2021 at the close of office.

**xxi. Interim Dividend:**

No Bonus share or stock dividend has been declared by Board of Directors for interim period.

**xxii. The number of Board meetings held during the year and attendance by each Director.**

Six (6) meetings of the Board of Directors were held during the year ended on 30<sup>th</sup> June, 2020. The attendance records of the Directors are given below:

Name of the Directors	Official Status	Meeting Attended
Mr. Md. Azimul Islam	Chairman	6
Mr. Md. Azizul Islam	Managing Director	4
Mrs. Lutfun Nessa Islam	Director	4
Mrs. Lubna Islam	Nominated Director of M/s Alif Apparels Ltd	4
Mr. Niaz Morshed	Nominated Director of M/s Alif Textile Mills Ltd	6
Ms. Rezwana Islam	Nominated Director of M/s Alif Bengal Holdings Ltd	4
Mr. Md. Rafiqul Islam	Nominated Director of M/s Alif Real Estate Ltd	6
Mrs. Nabila Salam	Nominated Director of M/s Alif Outwear Ltd	6
Mr. Golam Mostafa	Independent Director	6
Mr. Md. Shafiqul Islam	Independent Director	5
Mr. Md. Azharul Islam	Independent Director	1

Company Secretary and Chief Financial Officer has also attended the Board Meetings held during the financial year 2019-2020.





### xxiii. Pattern of Shareholding:

a) Parent/Subsidiary/Associated companies and other related parties (name wise details):

Name of Parent /Subsidiary/	Status	Share held	Share held %
NA	NA	NA	NA

b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details):

SL	Name	No of Shares	% of Holding
1	<b>Mr. Md. Azimul Islam</b> Chairman	25,354,423	9.75%
2	<b>Mr. Md. Azizul Islam</b> Managing Director	11,053,570	4.25%
3	<b>Mrs. Lutfun Nessa Islam</b> Director	6,426,048	2.47%
4	<b>Mrs. Lubna Islam</b> Nominated Director	NIL	NIL
5	<b>Ms. Rezwana Islam</b> Nominated Director	NIL	NIL
6	<b>Mr. Niaz Morshed</b> Nominated Director	NIL	NIL
7	<b>Mr. Md. Rafiqul Islam</b> Nominated Director	NIL	NIL
8	<b>Mrs. Nabila Salam</b> Nominated Director	NIL	NIL
9	<b>Mr. Golam Mostafa</b> Independent Director	NIL	NIL
10	<b>Mr. Md. Shafiquel Islam</b> Independent Director	NIL	NIL
11	<b>Mr. Mohammad Hanif</b> Chief Financial Officer	NIL	NIL
12	<b>Mr. Mahfuzur Rahman</b> Company Secretary	NIL	NIL
13	<b>Mr. Bijoy Chandra Sarkar</b> Head of Internal Audit	NIL	NIL

c) Executives (top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

Name	Position	No of shares held
Mr. Md. Moniruzzaman	Senior GM, Production	NIL
Mr. Harlal Sikder	AGM, Production	NIL
Mr. Md. Azizul Haque	Senior Manager,	NIL





Mr. Kohinoor Islam	Manager, Admin	NIL
Mr. Md. Nazmul Islam	Senior Civil Engineer	NIL

**d) Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details):**

NA

**xxiv. Appointment/Re-Appointment of Directors:**

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Company Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the 25<sup>th</sup> Annual General Meeting and will be eligible for re-appointment.

1. Mr. Md. Azizul Islam
2. Mr. Md. Azimul Islam
3. Mr. Md. Rafiqul Islam- represented by Alif Real Estate Ltd.

Brief resume of the Directors, nature of their expertise in specific functional areas and names of companies in which they also hold the directorship and membership of committees of the board are given at page 7-8 of the Annual Report, which fulfill the condition 1.5 (xxii) of the corporate governance guidelines of BSEC.



## Managing Director's Statement

Management's Discussion and Analysis of the Company's position and operations along with a brief discussion of changes in the financial statements as per condition no. 1.5(XXV) of Corporate Governance Code dated June 03, 2018:

### **(a) Accounting policies and estimation for preparation of financial statements;**

These Financial Statements have been prepared under the Historical Cost Convention, Accrual and Going Concern basis in accordance with applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) which does not vary from the requirements of the Companies Act, 1994 and the Listing Regulations of the Stock Exchanges, The Securities & Exchange Rules, 1987 and other laws and rules applicable in Bangladesh. The following IASs & IFRSs are applicable for the financial statements for the year under review

- IAS 1 Presentation of Financial Statements
- IAS 2 Inventories
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 12 Income Taxes
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 23 Borrowing Costs
- IAS 24 Related Parties Disclosure
- IAS 33 Earnings Per Share
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers

### **(b) Changes in accounting policies and estimation:**

There was no change in accounting policies and estimation during the year under review.

(c) Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons:

(Figure in million BDT except per share)

Particulars	1-Jul-19 to 30-Jun-20	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18	1-Jul-16 to 30-Jun-17	1-Jul-15 to 30-Jun-16	1-Jan-16 to 30-Jun-16
Revenue	780.42	960.16	720.37	687.56	473.34	206.96
Gross profit	194.07	256.00	322.12	287.25	186.57	85.30
Operating profit	162.59	227.25	285.17	259.30	162.36	74.03
Net profit	124.69	178.96	266.86	210.52	132.22	60.01
Total Assets	3,983.16	3,679.96	3,521.73	2,269.52	2,009.89	2,009.89
Current Assets	1,348.67	1,350.46	1,567.44	704.81	474.57	474.57
Net Fixed Assets	2,629.36	2,324.53	1,949.49	1,560.08	1,530.85	1,530.85
Reserve & Surplus	970.79	1,083.18	1,122.59	987.21	903.83	903.83
Shareholder's Equity	3,570.06	3,489.91	3,310.53	2,081.18	2,081.18	1,870.66
EPS	0.48	0.69	1.73*	1.92	1.21	0.62
NAVPS	13.73	13.43	15.13	19.02	17.1	17.1
NOCFPS	0.11	0.65	1.29	2.26	0.51	0.58

d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario

	ALIF MANUFACTURING COMPANY LTD.	ZAHIN SPINNING LIMITED	SIMTEX INDUSTRIES LTD
<b>Comparative Figure</b>	<b>2019-20</b>	<b>2019-20</b>	<b>2019-20</b>
Revenue	780.42	608.5	995.95
Gross profit	194.07	34.02	199.9
Operating profit	162.59	-270.46	134.5
Net profit	124.69	-385.83	44.46
EPS	0.48	-3.39	0.56

(e) Briefly explain the financial and economic scenario of the country and the globe:

The Economic growth of Bangladesh slowed to an over 8-year low in Financial Year 2019-2020, reflecting disruptions related to the pandemic. The unprecedented shutdown of the global economy led industrial production and exports, especially of ready-made garments, to nosedive in the final quarter of FY 2020. In turn, remittances, a key source for consumer spending, dropped in April and May, although they rebounded in June and July following the easing of restrictions in the Gulf region. Meanwhile, the reopening of the economy in May is expected to have supported domestic activities, while the upcoming Christmas season could reinvigorate demand for Bangladeshi goods. The fiscal stimulus plan unveiled in April and a looser monetary policy should also support the economy. In that regard, the government is considering unveiling fresh stimulus, particularly to support the vital ready-made garments sector. ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under booth normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial



obligations through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. After the recent capital raising, even in extreme stressed conditions it is unlikely that the Company would require further financing at least within next couple of years

(f) Risk and concerns including internal and external factors and its mitigation plan of the company is stated below:

Backward linkage factories – spinning, weaving, and knitting – in Bangladesh are running their businesses at a loss because of yarn dumping from India, and fabrics from China and Pakistan. Although apparel industries seem to benefit more from dumping, it makes them more dependent and vulnerable as a supplier of low-priced garments for export. Due to the U.S. – China ‘trade war,’ yarn and fabric from China are exported to Bangladesh at a lower price. Textile industries are facing hard challenges and incurring business losses, as they can’t compete with imported yarn and fabric at very low prices. China is providing direct cash returns to exporters of about 15 to 20% on their export of fabric to Bangladesh. In March 2019, the price of cotton yarn reduced due to lower cotton prices in the international market, along with ample supply of yarn and fabric from China, India, and Pakistan. The local textile millers are facing uneven competition due to abundant imports of cheap yarn and fabrics. Some of them are about to leave the market and are facing a challenge dealing with a huge stockpile of unsold fabric. The phenomena is attributed to low-priced yarn and fabric imports increased through bonded warehouse import “leakage,” improper utilization declaration (UD) certification facilities of readymade garment (RMG) manufacturers, false declaration of product specification, and smuggling through the border with India. Local RMG manufacturers are importing yarn and fabric from China, India, and Pakistan using a bonded warehouse (zero tariffs on import of raw materials for export value-added product) privilege. “The imported yarn and fabric with zero tariffs are then illegally sold to the local market which forces down prices in the domestic market and makes local weaving mills and spinners more competitive. Bangladesh has import duties of 32.4 percent for man-made fiber, 91.37 percent for fabric, 38.47 percent for yarn, and 32.4 percent for textile chemical dyes. Export-oriented RMG factories can import yarn and fabric under a duty draw back incentive, which reimburses all customs duties paid on imported yarn, and fabric (but not taxes such as the VAT and Advanced Income tax). Imports of all textile raw materials, including fabrics, have no quotas. As a result of yarn oversupply in the domestic market, prices fell nearly 15-20 percent, while some textile millers and spinners suffered as a result. Some millers planned to cut overseas purchases of cotton for yarn and fabric production as they were struggling in the market due to the flood of imported yarn and fabric from China and India. Textile millers have urged the government to take necessary action in order to protect the textile industry. Of 2.1 million metric tons of Bangladesh’s yearly yarn demand, 70 percent is met by local millers, while the rest is imported mainly from India, China, Vietnam and Pakistan. More foreign buyers of value-added apparel are purchasing from Bangladesh due to cheap labor cost, competitive prices, and an appreciated US dollar versus the Bangladesh Taka. Some high-end millers have increased production capacity to satisfy higher domestic and international demand. Bangladesh currently has 430 spinning mills, 802 weaving mills, 244 dyeing and finishing mills, 32 denim fabric mills, 22 home textile mills, and a total of 6,502 registered and 527 un-registered garment factories. Sixty-five percent of these factories are located in Dhaka district. Approximately 4,296 Bangladesh Garment Manufacturers and Exporters Association (BGMEA) members employ four million workers, of which 80 percent are women. In first eight months of the current fiscal, ready-made garment (RMG) exports fetched Bangladesh approximately US\$23 billion, up nearly 15 percent from last year. In previous financial year, the country earned US\$ 31.6 billion from RMG exports, an increase of 8.77 percent compared to 2016-17 FY, and contributed 83 percent of total export earnings. Ministry of Textile and Jute has projected that the RMG sector earnings would grow to US\$35.62 billion and US\$38.73 billion in 2019-20 FY and 2020-21 FY respectively. The export growth was partially contributed to by improved workers’ wages, compliance maintenance investment, workers’ skill development, diversified value addition, increased domestic and foreign direct investment, and more international brands involved in the trade.



Since the main problem is misuse of duty-free trade facilities and illegal imports, mill owners want strong monitoring to stop misuse of the bonded warehouse facility. They urged the government to ban yarn import through land ports

**(g) Future plan:**

Alif Manufacturing Company Ltd. is committed towards continuing improvement in infrastructure, capital assets up gradation and modification. We are continuously focusing towards reduction in operating cost and wastage, for this the company introducing energy and water monitoring design and improvement in efficiency of human resources by proper. We have also taken various steps towards strengthening our human resources capabilities and IT infrastructure.



Managing Director

Alif Manufacturing Company Ltd.

Dated: 03 November, 2021

# AUDIT COMMITTEE REPORT 2019-20

The Audit Committee, appointed by and responsible to the Board of Directors of Alif Manufacturing Company Ltd is constituted as per the internal control framework of the company Policy and conditions imposed by the Bangladesh Securities and Exchange Commission (BSEC). The present committee comprises of 4 (four) members of whom one is

Independent Director. The Company secretary functions as the secretary of the committee as well. Meetings of the committee are attended by Managing Director, Head of Internal Audit, engagement partner of External Audit, as necessary by invitation. All members of the committee are financially literate and able to interpret financial statements and assess the adequacy of the internal control process.

The present committee members, nominated by the Board, are:

- Mr. Md. Azharul Islam (Chairman)
- Mr. Niaz Morshed
- Mr. Rafiqul Islam
- Mr. Mahfuzur Rahman (Secretary)

A total of 4 (four) meetings were held within this twelve-month period.

## **Duties & Responsibilities:**

- a. To oversee the financial reporting process
- b. To monitor Internal Control Risk Management Process
- c. Periodic review of the effectiveness of the accounting and internal control systems and report to board if necessary
- d. Verification of the reliability and adequacy of Internal Control in the organization including management reporting to the board
- e. Verification of Quarterly Financial Statements in compliance with the relevant standards and BSEC Rules and guidance
- f. Review of the Annual Financial Statements in compliance with the relevant standards and BSEC Rules and guidance
- g. To oversees hiring and performance of external auditors and compliance auditors of the company
- h. Review the reports of Internal Auditors as well as External Auditors of the company
- i. Consultation with the External Auditors of the company on the adequacy of the accounting and internal control of the company
- j. Review and ensuring fairness of any Related Party Transaction
- k. Review and ensuring of due compliance with the relevant laws and regulations
- l. Review of strategies, methodologies plans for internal auditing and the extent of co-ordination with external auditors
- m. Any other responsibilities shall be determined by the Board from time to time



#### Activities of the Committee on Company's affairs for the year under report

In accordance with Audit Committee Charter, governed by the BSEC notifications on Corporate Governance Code, the committee carried out its duties to work on the areas that were raised for consideration and discussed to evaluate issues related to key events of financial reporting cycles. During the current financial period under report activities of the committee include, among others:

- Reviewed the quarterly and half yearly financial statements of the Company and recommended to the Board for adoption and circulation as per the requirement of Bangladesh Securities and Exchange Commission(BSEC).
- Assessed the report of the external auditors on critical accounting policies, significant judgments and practices used by the company in preparation of financial statements.
- Committee recommended the new statutory auditor M/s Kazi Zahir Khan & Co to the Board for appointment as the statutory Auditors of the Company as post facto basis for the next financial year ending on 30th June 2021. Since M/s Mahfeel Huq & Co has completed the three years term as statutory auditor,
- Committee reviewed the effectiveness of internal financial control system and the internal audit procedures.
- Reviewed the recurrent related party transactions during the year under report.
- Reviewed the external auditors' findings arising from audit, particularly comments and responses of the management.
- Reviewed the matters of compliance as per requirements of the Bangladesh Securities and Exchange Commission(BSEC) and ensured corrections, as appropriate, to remain compliant.

The committee is of the opinion that adequate controls and procedures are in place to provide reasonable assurance that the company's assets are safeguarded and the financial position of the Company is adequately managed. On behalf of the Committee

On behalf of the Audit Committee

Sd/

Md. Azharul Islam  
Chairman, Audit Committee

Dated:03 November 2021



## NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee of **Alif Manufacturing Company Limited** is a sub-committee of the Board of Directors and appointed and authorized by the Board in pursuance of BSEC notification to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executives.

The Board of Directors of **Alif Manufacturing Company Limited** has established the Nomination and Remuneration Committee comprises of three members on February 05, 2019 headed by the Independent Director, Mr. Golam Mostafa. The other members of the committee are, Mr. Niaz Morshed and Mr. Rafiqul Islam Nominated Directors of the company.

During the year 2019-20, one meeting of the Nomination and Remuneration Committee was held on 18th March 2020, the details of attendance of each member at the NRC meetings are as follows

Name of the Member	Position	Number of Meeting held	Attended
Mr. Golam Mostafa	Chairperson	1	1
Mr. Niaz Morshed	Member	1	1
Mr. Rafiqul Islam	Member	1	1

During the year the Nomination and Remuneration Committee oversee the following matters:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.
- The relationship of remuneration to performance is clear and meets appropriate performance benchmark.
- Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.
- Identifying person who may be appointed in top level executive position in accordance with the criteria laid down, and recommended their appointment and removal to the Board.
- Formulating the criteria for evaluation of performance of independent directors and the Board.
- Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria and.
- Developing, recommending and reviewing annually the company's human resources and training policies

The Nomination and Remuneration Committee overall reviewed the Terms of Reference (ToR) of the NRC of the company. On the other hand, the committee also observe the transparent selection process for recruitment of the potential candidates on the basis of role profile and yearly evaluation process of the company.

On behalf of the Nomination and Remuneration Committee

  
Golam Mostafa  
Chairman

Date: 03 November, 2021





## MD & CFO's Declaration to the Board of Directors

The Board of Directors

**ALIF MANUFACTURNIG COMPANY LTD**

(Previous CMC-Kamal Textile Mills Ltd)

Bilquis Tower (9th Floor), House #6, Road # 46

Gulshan Circle-2, Dhaka-1212

**Subject: Declaration on Financial Statements for the year ended on June 30, 2019.**

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that

- 1) The Financial Statements of Alif Manufacturing Company Ltd. for the year ended on June 30, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**In this regard, we also certify that: -**

- i) We have reviewed the financial statements for the year ended on June 30, 2020 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

**Sincerely yours,**



**Md. Azizul Islam**  
Managing Director



**Mohammad Hanif**  
Chief Financial Office

**Dated: 03 November, 2020**



**AMCL**

## CORPORATE GOVERNANCE COMPLIANCE REPORT



**HUDA HOSSAIN & CO.**  
CHARTERED ACCOUNTANTS

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info@hudahossain.com  
www.hudahossain.com



**REF-12/21/347/1**

### **Annexure-B**

**[Certificate as per condition No. 1(5)(XXVII)]**

**Report to the Shareholders of Alif Manufacturing Company Limited on compliance of Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Alif Manufacturing Company Limited for the year ended on June 30, 2020. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange commission.

Such compliance with the corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The company has complied with the conditions of the Corporate Governance Code as stipulated on the above mentioned Corporate Governance Code issued by the commission;
- (b) The company has complied with the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws;
- (d) The governance of the Company is satisfactory.

Place: Dhaka

Dated: November 09, 2021

MD. AMINUL ISLAM FCA

**HUDA HOSSAIN & CO.**  
CHARTERED ACCOUNTANTS



## **Corporate Governance Code Compliance Status**

*Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance 1969.*

**(Report under Condition No.9)**

<b>Condition No.</b>	<b>Title</b>	<b>Compliance Status (Put in the appropriate column )</b>		<b>Remarks (if any)</b>
		<b>Complied</b>	<b>Not Complied</b>	
<b>1</b>	<b>Board of Directors:</b>			
1.1	Size of the Board of Directors: The total number of members of a company's Board of Directors shall not be less than 5 (Five) and more than 20 (Twenty).	✓		
<b>1.2</b>	<b>Independent Directors:</b>			
1.2 (a)	Independent Directors: At least 1/5th (We have four Directors and One Independent Director)	✓		
1.2 (b)(i)	Independent Director does not hold any shares in the company or holds Less than one percent (1%) Shares of the total paid-up shares of company	✓		
1.2 (b)(ii)	Not a Sponsor of The Company or is not connected with the Company's any sponsor or Director or Nominated Director or Shareholder	✓		
1.2 (b)iii)	Not been an executive of the Company immediate preceding 2 financial years	✓		
1.2 (b)iv)	Does not have other relationship	✓		
1.2 (b)v)	Not a Member or TREC holder, Director or Officer of any Stock Exchange	✓		
1.2 (b)vi)	Not a Shareholder, Director excepting independent director or Officer of any member TREC holder of Stock Exchange or an intermediary of the capital market	✓		
1.2 (b)vii)	Not a Partner or an Executive or was not a partner or an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm	✓		
1.2 (b)viii)	Not an Independent Director more than five listed Companies.	✓		
1.2 (b)ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI)	✓		
1.2 (b)x)	Not convicted for a Criminal offence	✓		
1.2 (c)	Appointment by the Board and approved in AGM.	✓		
1.2 (d)	Post cannot remain vacant for more than 90 days	✓		
1.2 (e)	Tenure of the Independent Director	✓		
<b>1.(3)</b>	<b>Qualification of Independent Director:</b>			
1.3 (a)	Independent Director shall be knowledgeable individual with integrity	✓		
1.3 (b)i)	Should be a Business Leader	✓		

1.3 (b)ii)	Should be a Corporate Leader	✓		
1.3(b)iii)	Former official of government or statutory or autonomous or regulatory body.	✓		
1.3 (b)iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law.		✓	
1.3 (b)v)	An advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification		✓	
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1.3 (d)	Special cases for relaxation of qualifications.			Not applicable
<b>1.(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:</b>			
1.4(a)	The position of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1.4(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or chief Executive Officer;	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting.	✓		
<b>1.(5)</b>	<b>The Directors' Report to Shareholders</b>			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra Ordinary gain or loss	✓		
1.5 (vi)	Discussion and Basis of related party transactions- a statement of all related party transactions.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering		✓	



	(IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc			
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.		✓	
1.5 (x)	Statement of Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Statement of Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Statement of 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	✓		
1.5 (xiv)	Statement of IAS/IFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	Statement of system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	Statement of minority shareholders have been protected from abusive actions.			Not Applicable
1.5 (xvii)	Statement of no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xviii)	An explanation that Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.		✓	
1.5 (xix)	Statement of Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Not Applicable
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend.	✓		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each Director	✓		
<b>1.5 (xxiii)</b>	<b>A report on the pattern of the shareholding:</b>			
1.5 (xxiii)a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5 (xxiii)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal	✓		

	Audit & Compliance and their spouses and minor children (name wise details);			
1.5 (xxiii)c)	Executives;	✓		
1.5 (xxiii)d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxiv)a)	A brief resume of the director;	✓		
1.5 (xxiv)b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxiv)c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
<b>1.5 (xxv)</b>	<b>Management Discussion and Analysis signed by MD:</b>			
1.5 (xxv)a)	Accounting policies and estimation for preparation of financial statements.	✓		
1.5 (xxv)b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1.5(xxv)c)	Comparative analysis (including effects of inflation) of financial performance or result and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1.5 (xxv)d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5 (xxv)e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5 (xxv)f)	Risks and concerns issues related to the financial statements, explaining such risk and concern mitigation plan of the company.	✓		
1.5 (xxv)g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM.	✓		
1.5 (xxvi)	Declaration or certification by the CEO and CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	✓		
1.5(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1.6	Meeting of the Board of Directors: The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		



<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company:</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not Applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			Not Applicable
2(c)	The minutes of the Board Meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			Not Applicable
<b>3</b>	<b>MANAGING DIRECTOR (MD) or CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS):</b>			
<b>3.1</b>	<b>Appointment</b>			
3.1(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO), a Head of Internal Audit and Compliance (HIAC);	✓		
3.1(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3.1(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;		✓	
3.1(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3.1(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the	✓		

	Commission and stock exchange(s).			
3.2	Requirement to attend Board of Director' Meetings: The MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board: Provided that CS, CFO and HIAC shall not attend such part of a meeting if the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3.3	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3.3(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief;	✓		
3.3(a)i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3.3(a)ii)	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;	✓		
3.3(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3.3(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4</b>	<b>Board of Directors' Committee:-</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
<b>5</b>	<b>AUDIT COMMITTEE:</b>			
5.1	Responsibility to the Board of Directors	✓		
5.1(a)	The company shall have an Audit Committee as a sub-committee of the Board.	✓		
5.1(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		
5.1(c)	The Audit Committee shall be responsible to the Board. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5.2</b>	<b>Constitution of the Audit Committee</b>			
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members	✓		
5.2(b)	The Board shall appoint members of the Audit Committee who shall be non executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5.2(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member	✓		



	shall have accounting or related financial management background and 10 (ten) years of such experience			
5.2(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
5.2(e)	The company secretary shall act as the secretary of the Committee	✓		
5.2(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director	✓		
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
5.3(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director.	✓		
5.3(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
5.3(c)	Chairperson of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
5.4(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	✓		
5.4(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
<b>5.5</b>	<b>Role of Audit Committee</b>			
5.5(a)	Oversee the financial reporting process	✓		
5.5(b)	Monitor choice of accounting policies and principles	✓		
5.5(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		

5.5(d)	Oversee hiring and performance of external auditors	✓		
5.5(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5.5(f)	Review along with the management, the annual financial statements before submission to the board for approval	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
5.5(h)	Review the adequacy of internal audit function	✓		
5.5(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5.5(j)	Review statement of significant related party transactions submitted by the management	✓		
5.5(k)	Review Management Letters or Letter of Internal Control weakness issued by Statutory auditors		✓	
5.5(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5.5(m)	Over see whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:		✓	
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
5.6(a)	Reporting to the Board of Directors	✓		
5.6.a(i)	The Audit Committee shall report on its activities to the Board.	✓		
5.6.a(ii)a)	report on conflicts of interests;			There was no such event to report
5.6.a(ii)b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			There was no such event to report
5.6.a(ii)c)	Suspected infringement of laws, including securities related laws, rules and regulations;			There was no such event to report
5.6.a(ii)d)	Any other matter which shall be disclosed to the Board Immediately.			There was no such event to report
5.6(b)	Reporting to the Authorities			There was no such event to report
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors.</b>			There was no such

				event to report
<b>6</b>	<b>Nomination and Remuneration Committee(NRC)</b>	✓		
<b>6.1</b>	<b>Responsibilities to the Board of Directors:</b>	✓		
6.1(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6.1(c)	The terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
<b>6.2</b>	<b>Constitution of the NRC</b>			
6.2(a)	The Committee shall comprise of at least three members including an independent director	✓		
6.2(b)	All members of the Committee shall be non-executive directors;	✓		
6.2(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6.2(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6.2(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other case of Vacancies, the boards shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6.2(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting member, if the Chairperson feels that advice or suggestion from such external expert and/or or member(s) of staff shall be required or valuable for the Committee;	✓		
6.2(g)	The company secretary shall act as the secretary of the Committee;	✓		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6.2(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company	✓		
<b>6.3</b>	<b>Chairperson of the NRC</b>			
6.3(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6.3(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as		✓	

	Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			
6.3(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	✓		In next AGM
6.4	Meeting of the NRC	✓		1st Meeting of NRC held on 20 January, 2019.
6.4(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6.4(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		✓	There was no such event with in the report period
6.4(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6.4(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
<b>6.5</b>	<b>Role of the NRC</b>			
6.5(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6.5(b)i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6.5(b)i)a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	✓		
6.5(b)i)b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmark;	✓		
6.5(b)i)c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals	✓		
6.5(b)ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity,	✓		

	educational background and nationality;			
6.5(b)iii)	Identifying person who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommended their appointment and removal to the Board;	✓		
6.5(b)iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6.5(b)v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6.5(b)vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6.5(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
<b>7</b>	<b>EXTERNAL OR STATUTORY AUDITORS:</b>			
7.1	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely:	✓		
7.1(i)	Appraisal or valuation services or fairness opinions	✓		
7.1(ii)	Financial information systems design and implementation	✓		
7.1(iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
7.1(iv)	Broker-dealer services	✓		
7.1(v)	Actuarial services.	✓		
7.1(vi)	Internal audit services	✓		
7.1(vii)	Any service that the Audit Committee determines	✓		
7.1(viii)	Audit or certification services on compliance of corporate governance as required under condition No 9(1); and	✓		
7.1(ix)	Any other service that creates conflict of interest.	✓		
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in law and daughter-in-law shall be considered as family members.	✓		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8.1	The company shall have an official website linked with the website of the stock exchange.	✓		
8.2	The company shall keep the website functional from	✓		

	the date of listing.			
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
9.1	The company shall obtain a certificate from a practicing professional Accountant or Secretary (Chartered Accountant or Cost & Management Account or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		





**Mahfel Huq & Co.**

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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## Independent Auditor's Report

### To the Shareholders of Alif Manufacturing Company Limited

#### Report on the Audit of the Financial Statements

##### Qualified Opinion

We have audited the financial statements of Alif Manufacturing Company Limited., which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### Basis for Qualified Opinion

a) The Company has reported Tk. 227,574,952 as Inventories in note # 7.00 to the financial statements. The Company provided us detail inventory schedule and register but the Company didn't made any counting by the third party during our audit, neither we could physically count inventory on test basis due to COVID-19 and as such we could not confirm the Inventory amount physically.

b) The Company has reported PPE in the financial position on cash basis rather than accrual basis, as such the PPE understated in the statement of financial position. Consequently, the depreciation was understated and profit in the financial performance overstated. In absence of relevant documents the quantum of financial impact could not be ascertained by us.

c) The Company has reported Tk. 7,054,307 as WPPF in note # 20.00 to the financial statements. But as per labor act 2006 section 234, the Company didn't establish Participation Fund and Welfare Fund which lead the non-compliance of Labor Act.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.





### Other Information

Management is responsible for the other information. The other information comprises the information including Director's report included in the annual report but does not include in the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence or confirm with compliance about inventory, PPE addition, WPPF. Accordingly we are unable to conclude whether or not other information is materially misstated with respect to this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our responses to the risk
<p><b>Revenue recognition</b></p> <p>Revenue recognition has significant and wide influence on financial statements.</p> <p>The Company has reported revenue of BDT 780.42 million in the financial statements for the year ended 30 June 2020. (30th June, 2019: BDT 960.16 million).</p> <p>Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is complete through passing of control to the customers. Revenue from the sale of goods is recognized at the time when the goods are dispatched for delivery to the customers.</p>	<p>We read the assessed compliance of Company's revenue recognition policy in terms of IFRS 15: Revenue from Contracts with Customers'. Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>▪ We have evaluated and validated the key controls related to the Company's sales process from end to end, from contracts approval and sign-off, recording of sales through to bank receipt, cash receipts and customers' outstanding balances.</li><li>▪ We assessed the design and implementation of relevant controls. We tested a sample of individual sales transactions and traced to dispatch notes and subsequent bank receipt, cash receipt and other supporting documents;</li><li>▪ Assessed the invoicing and measurement systems up to entries in the general ledger;</li></ul>



Risk	Our responses to the risk
We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	<ul style="list-style-type: none"> <li>Examined customer invoices and receipts of payment on test basis;</li> <li>Assessed the design of the processes set up to account for the transactions in accordance with the Company policy;</li> <li>Assessed whether any adjustments are required.</li> </ul>
Refer to <b>note 22.00</b> to the financial statements	

<p><b>Valuation of trade receivables</b></p> <p>The Company has reported Trade Receivables value of BDT 593.1 million in the financial statements for the year ended 30 June 2020. (30th June, 2019: BDT 450.56 million).</p> <p>Due to the nature of the business trade receivables is material to the Company.</p> <p>The possible insolvency of the clients may increase credit losses to the Company and the effect on the profit of the Company may be material.</p> <p>Valuation of trade receivables is a key audit matter in the audit due to the size of the trade receivable balance.</p>	<p>Audit procedures related to the key audit matter are as follows:</p> <ul style="list-style-type: none"> <li>We obtained trade receivables balance confirmations.</li> <li>We analyzed the aging of trade receivables.</li> <li>We have obtained trade receivable confirmations from the third parties. In addition, sample of the trade receivables have been reconciled to subsequent payments.</li> <li>We have assessed the appropriateness of presentation in the financial statement.</li> </ul>
Refer to <b>note 08</b> to the financial statements	

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgments and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Mahfel Huq & Co.**  
Chartered Accountants  
An independent member firm of AGN International



#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

**Md. Mahmudul Ambia, FCA**  
**ICAB Enrollment No. 1067**  
**For and on behalf of**  
**Mahfel Huq & Co.**  
**Chartered Accountants**  
**DVC: 2112091067AS981457**

Place: Dhaka  
Dated: November 10, 2021


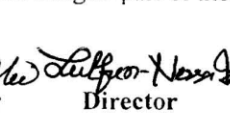
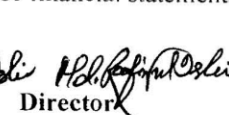






**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>2,629,360,469</b>	<b>2,324,531,772</b>
Property, Plant & Equipment	4.00	2,629,360,469	2,324,531,772
<b>Other Non- Current Asset</b>		<b>5,124,454</b>	<b>4,970,774</b>
Long Term Deposit	5.00	5,124,454	4,970,774
<b>Current Assets:</b>		<b>1,348,672,947</b>	<b>1,350,455,381</b>
Advance & Prepayment	6.00	2,361,942	2,080,524
Inventories	7.00	227,574,952	188,916,421
Trade Receivable	8.00	593,065,999	450,563,271
Sister Concerns / Related Party	9.00	520,013,696	-
Cash & Cash Equivalents	10.00	5,656,358	708,895,165
<b>Total Assets</b>		<b>3,983,157,870</b>	<b>3,679,957,927</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>3,570,057,682</b>	<b>3,489,908,113</b>
Share Capital	11.00	2,599,270,220	2,406,731,690
Reserve & Surplus	12.00	615,848,089	618,209,915
Retained Earnings	13.00	354,939,373	464,966,508
<b>Non Current Liabilities</b>		<b>131,077,867</b>	<b>112,415,068</b>
Deferred Tax Liabilities	14.00	131,077,867	112,415,068
<b>Current Liabilities</b>		<b>282,022,321</b>	<b>77,634,746</b>
Accrued Expense	15.00	19,703,176	24,728,654
Sundry Creditors	16.00	4,315,273	-
Dividend Payable	17.00	45,093,898	1,567,138
Short Term Loan	18.00	170,251,418	-
Provision for Income Tax	19.00	31,626,042	40,475,643
Provision for WPPF	20.00	11,032,514	10,863,311
<b>Total Equity and Liabilities</b>		<b>3,983,157,870</b>	<b>3,679,957,927</b>
<b>Net assest Value (NAV) per share</b>	21.00	<b>13.73</b>	<b>13.43</b>


The annexed notes form integral part of these financial statements

 Managing Director
  Director
  Director
  CFO

 Company Secretary

Signed in terms of our separate report of even date.



  
**Md. Mahmudul Ambia, FCA**  
 ICAB Enrollment No. 1067  
 For and on Behalf of  
 Mahfel Huq & Co.  
 Chartered Accountants  
 DVC: 2112091067AS981457

Place: Dhaka  
 Dated: November 10, 2021



**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
Turnover	22.00	780,415,087	960,158,235
Less: Cost of goods sold	23.00	586,346,498	704,156,420
<b>Gross Profit</b>		<b>194,068,589</b>	<b>256,001,815</b>
<b>Less: Operating Expense</b>		<b>31,482,977</b>	<b>28,747,426</b>
Administrative Expense	24.00	28,748,070	28,038,112
Financial Expenses	25.00	2,734,907	709,314
<b>Operating Profit</b>		<b>162,585,612</b>	<b>227,254,389</b>
<b>Add: Non Operating Income</b>	26.00	<b>180,139</b>	<b>10,237,672</b>
<b>Profit Before WPPF &amp; Taxes</b>		<b>162,765,751</b>	<b>237,492,061</b>
Less: Workers Profit Participation fund	20.00	7,054,307	11,309,146
<b>Profit Before Taxes</b>		<b>155,711,444</b>	<b>226,182,915</b>
<b>Less: Provision for Income Tax</b>		<b>31,022,779</b>	<b>47,224,062</b>
Deferred Tax	14.00	19,079,592	42,423,271
Current Tax	19.00	11,943,187	4,800,791
Other Comprehensive Income			
<b>Net Profit After Tax for the year</b>		<b>124,688,665</b>	<b>178,958,853</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>124,688,665</b>	<b>178,958,853</b>
<b>Basic Earnings Per Share (EPS)</b>	27.00	<b>0.4797</b>	<b>0.6885</b>

The annexed notes form integral part of these financial statements

Managing Director

Director

Director

CFO

Company Secretary

Signed in terms of our report of even date annexed



Md. Mahmudul Ambia, FCA  
ICAB Enrollment No. 1067  
For and on Behalf of  
Mahfel Huq & Co.  
Chartered Accountants  
DVC: 2112091067AS981457

Place: Dhaka  
Dated: November 10, 2021

**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
Balance as at July 01, 2019	2,406,731,690	271,847,108	346,362,806	464,966,508	3,489,908,112
Bonus Share Issue	192,538,530	-	-	(192,538,530)	-
Cash Dividend	-	-	-	(48,134,634)	(48,134,634)
Net Profit for the year	-	-	-	124,688,665	124,688,665
Adjustment for Depreciation of revalued Assets	-	-	(2,778,618)	2,778,618	-
Deferred Tax Adjustment	-	-	416,793	-	416,793
Gas bill Provision Adjustment	-	-	-	4,355,727	4,355,727
Unrealized Exchange Gain	-	-	-	(1,176,981)	(1,176,981)
Balance at June 30, 2020	2,599,270,220	271,847,108	344,000,981	354,939,373	3,570,057,682

Balance as at July 01, 2018	2,187,937,900	271,847,108	348,724,632	502,022,827	3,310,532,467
Bonus Share Issue	218,793,790	-	-	(218,793,790)	-
Proceeds from Right Share	-	-	-	-	-
Net Profit for the year	-	-	-	178,958,853	178,958,853
Adjustment for Depreciation of revalued Assets	-	-	(2,778,618)	2,778,618	-
Deferred Tax Adjustment	-	-	416,793	-	416,793
Balance at June 30, 2019	2,406,731,690	271,847,108	346,362,806	464,966,508	3,489,908,113

The annexed notes form integral part of these financial statements

*M. Loziumul Haque*  
Managing Director

*Sulphon-Nessa Huq*  
Director

*Hafizul Karim*  
Director

*M. P. Haque*

Chief Financial Officer

*[Signature]*

Company Secretary



Place: Dhaka

Dated: November 10, 2021









**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Particulars	Notes	Amount in Taka	
		30-Jun-2020	30-Jun-2019
<b>A. Cash Flows from Operating Activities</b>	28.00	<b>29,826,189</b>	<b>169,037,660</b>
Collection against Local Sale		140,074,374	423,771,945
Collection against CMT Sale		-	283,009,625
Advance Payment		-	166,510,000
Collection against Export Sale		497,531,368	32,066,865
Non-Operating Income		180,139	9,059,548
Payment against Purchase		(481,720,581)	(563,143,243)
Payment against Operating Expense		(97,365,352)	(111,925,581)
VAT Paid		(934,764)	-
Tax Paid		(21,053,891)	(55,311,499)
Payment against WPPF		(6,885,104)	(15,000,000)
<b>B. Cash Flows from Investing Activities</b>		<b>(375,997,935)</b>	<b>(437,307,181)</b>
Acquisition of Property Plant & Equipment		(375,823,940)	(437,132,212)
Realized Interest Re-Invested in FDR for Bank Gurantee		(173,995)	(174,969)
<b>C. Cash Flows from Financing Activities</b>		<b>(357,067,061)</b>	<b>(14,019,747)</b>
Payment of Dividend		(4,607,874)	(14,019,747)
Short Term Loan		167,554,509	-
Sister Concerns		(520,013,696)	-
<b>Net Cash Inflow for the year (A+B+C)</b>		<b>(703,238,807)</b>	<b>(282,289,268)</b>
<b>D. Opening balance of Cash &amp; Cash Equivalents</b>		<b>708,895,165</b>	<b>991,183,289</b>
<b>E. Effect of exchange rate on cash and cash equivalents</b>		<b>-</b>	<b>1,143</b>
<b>F. Closing balance of Cash &amp; Cash Equivalents</b>		<b>5,656,358</b>	<b>708,895,165</b>
<b>Net operating cash inflow per share</b>	28.00	<b>0.1147</b>	<b>0.6503</b>

The annexed notes form integral part of these financial statements

     
 Managing Director      Director      Director      CFO      Company Secretary

Place: Dhaka

Dated: November 10, 2021



## ALIF MANUFACTURING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS AS AT FOR THE YEAR ENDED JUNE 30, 2020

#### 1.00 BACKGROUND AND ACTIVITIES OF THE COMPANY:

##### 1.01 Background of the Company:

The company was incorporated on 25 May 1995 as a 'Public' company limited by shares registered under the Companies Act 1994 vide registration No.C-28468(2314)/95 dated 25 May 1995. The Company went for Initial Public Offering (IPO) in August 1997. The company is a publicly traded company and is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited since December 1997. At present the company is maintaining listing status with only Dhaka Stock Exchange Limited. The name of the Company has been changed from **CMC-Kamal Textile Mills Limited** to **Alif Manufacturing Company Limited** on dated 10<sup>th</sup> October 2017.

##### 1.02 Address of the Registered and Corporate Office:

The registered office of the company is located at Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46, Gulshan Circle - 2, Dhaka – 1212.

##### 1.03 Nature of Business Activities:

The principal activities of the company are to carry on the business of Textile Spinning Mills to produce various counts of yarn ranging from 10/1 to 80/1 for the apparel industry.

##### 1.04 Production Unit:

Production unit of the company is situated at Kaichabari, Ashulia (Savar), Dhaka.

#### 2.00 SIGNIFICANT ACCOUNTING POLICIES:

##### 2.01 Basis of Preparation and Presentation of the Financial Statements:

The Financial Statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange as applicable and IAS's adopted by the institute of Chartered Accountants of Bangladesh (ICAB), International Financial Reporting Standard (IFRS) as applicable to the company. The Statement of Financial Position and Statements of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 'Presentation of Financial Statements' based on accrual basis of accounting consistent applied following going concern assumption under generally accepted accounting principles and practices in Bangladesh. Cash Flow Statement of the company has been prepared direct method in accordance with IAS 7.





## **2.02 Accounting Convention and Assumption:**

The Financial Statements are prepared under the Historical Cost Convention. On accrual Basis of accounting following going concern assumption. Cash Flow Statement of the company has been prepared under direct method in accordance with IAS 7.

## **2.03 Principle Accounting Policies:**

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with applicable IASs. This year's figures are re-arranged where necessary. There are no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the company. However, changes (as applicable) made to the presentation are explained into the note for the respective items.

## **2.04 Going Concern:**

The company has adequate resources to continue in operation for the foreseeable future. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business. For this reason the directors continue to adopt going concern assumption in preparing Financial Statements.

## **2.05 Application of accounting Standards:**

The following IAS are applicable to the financial statements for the year under review:

IAS 1 Presentation of Financial Statements

IAS 2 Inventories

IAS 7 Statement of Cash Flows

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10 Events after the Balance Sheet Date

IAS 12 Income Taxes

IAS 16 Properties, Plant and Equipment

IAS 19 Employee Benefits

IAS 21 The Effects of Changes of Foreign Exchange Rates

IAS 23 Borrowing Costs

IAS 24 Related Parties Disclosure

IAS 33 Earning Per Share

IAS 36 Impairment of Assets

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

IFRS 8 Operating Segments

IFRS 9 Financial Instruments

IFRS 15 Revenue from contracts with customers



## 2.06 Valuation of Inventories:

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of IAS 2. Inventories are valued at the lower of cost and net realizable value as per IAS 2 initial costs of inventories consist of purchase price cost of conversion import duties and other non-refundable taxes and other costs incurred in bringing the inventories to their present location and condition subsequent cost of inventory is assigned by using FIFO (First In First Out) cost formula. Net realizable value is based on estimated selling price less estimated cost for completion and selling expenses.

### Category of Stocks

Raw Materials, Packing Materials and Work in Process

Finished Goods at Factory

Store Items

### Basis of Valuation

: Weighted Average cost

: At lower of cost or net realizable value

: Weighted Average cost

Cost comprises of the value of materials and attributable direct labor, depreciation and production overheads. The management conducted annual physical verification of inventories on the closing date of business as at June 30, 2020 in presence of the representative from audit firm and made valuation thereof on the basis stated above.

## 2.07 Cash Flow Statements:

Statement of Cash Flow is prepared principally in accordance with IAS 7 'Cash Flow Statement' and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and Considering the provisions that "Enterprises are Encouraged to Report Cash Flow From Operating Activities Using the Direct Method". Reconciliation of cash flows from operating between indirect methods has been made and disclosed in the notes.

## 2.08 Accounting Policies, Changes in Accounting Estimates and Errors:

As per IAS 8 The preparation of financial Statements in conformity with the International Accounting Standards requires management to make judgment to estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the financial statement.

## 2.09 Income Tax:

The company makes provision for income tax as per requirement of the Income Tax Ordinance 1984. The applicable tax rate for the Company is 15% as per SRO/LAW/IT/2008 dated June 30, 2008 or 0.60 percent of Gross Receipt as per provision of section 82/C of the Income Tax Ordinance 1984 whichever is higher. Provision for Deferred Tax as per requirement by IAS 12 is done in the financial statements.



## 2.10 Property, Plant and Equipment:

Tangible fixed assets are accounted for according to IAS 16 Property, Plant and Equipment at historical cost less accumulated depreciation. Tangible assets are depreciated according to Straight-line method of depreciation.

## 2.11 Revaluation of Property, Plant and Equipment:

The Company made revaluation of its land and land developments and buildings on October 13, 2010 reflect fair value property in terms of the prevailing market price of the properties. Details of revaluation are shown below:-

Particulars of the Assets	Name of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after Revelation	Revaluation Surplus
Land and Land Developments	M/S Commodity	October 13, 2010	15,598,031	330,000,000	314,401,969
Building and Civil Construction	Inspection Services (BD) Ltd.	October 13, 2010	61,306,609	200,823,600	139,516,991
<b>Total</b>			<b>76,904,640</b>	<b>530,823,600</b>	<b>453,918,960</b>

## 2.12 Revenue Recognition:

As per IFRS-15: "Revenue from contracts from customers" the company accounts for a contract with a customer only when all the following criteria are met:

- i) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- ii) The company can identify each party's rights regarding the goods or services to be transferred;
- iii) The company can identify the payment terms for the goods or services to be transferred;
- iv) The contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- iv) It is probable that the company will collect the consideration to which it will be entitled in exchange for the goods services that will be transferred to the customer.

## 2.13 Employee Benefits (IAS 19):

### Workers' Profit Participation Fund:

The company operates Workers' profit participation fund. Provision for the Fund has been made @ 5% of net profit after charging the contribution and such contribution is provided as per provision of the Labor Act 2006.

### Short Term Employee Benefits:

The company pays two festival bonuses to its employees every year.





#### **2.14 The Effects of Changes of Foreign Exchange Rates:**

Foreign currency transactions are recorded at the rates applicable on the date of transaction in accordance with IAS-21 (The Effects of Changes in Foreign Exchange Rates). Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

#### **2.15 Borrowing Costs:**

In compliance with the requirements of IAS-23 'Borrowing Costs' borrowing costs of operational period on short-term loan and overdraft facilities from Banks was charged off as revenue expenditure as those were incurred.

#### **2.16 Related Parties Disclosure:**

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

#### **2.17 Earning per Shares:**

The company calculates earning of share (EPS) in according with IAS 33 'Earning per Shares' which has been shown on the face of Income Statement. The same has been calculated dividing surplus available for ordinary shareholders by weighted number of ordinary shares outstanding at the end of the period.

#### **2.18 Diluted Earnings per Share:**

No diluted Earnings per Share was required to be calculated for the year under review as there is no scope for dilution of Earnings Per Share for the year.

#### **Impairment of Assets:**

In compliance with the requirements of IAS 36, Impairment of Assets, the carrying amount of non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated and impairment losses are recognized in profit and loss account.

#### **2.19 Depreciation of Fixed Assets:**

Depreciation is charged on all fixed assets except land and land development on straight-line method. Depreciation has been charged on assets when the assets are available for use.



**The depreciation /amortization rate(s) are as follows:**

<b><u>Category of Fixed Assets</u></b>	<b><u>Rate %</u></b>
Factory Building and civil Constructions	2.5
Plant and Machinery	2.5
Electrical Installation	5.0
Gas Line Installation	2.5
Office Equipment	5.0
Furniture and Fixture	5.0
Transport and Vehicles	7.5
Tools and Equipment's	5.0

## **2.20 Provision:**

The preparation of financial statements in conformity with Bangladesh Accounting Standards (IAS) 37 provides that, Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expense, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS 37 provisions were recognized in the following situations:

- ↓ When the company has a present obligation as a result of past event.
- ↓ When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- ↓ Reliable estimate can be made of the amount of the obligation.

Provisions in the financial statements at an appropriate level with regard to an adequate provision of risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required fulfilling the current obligation on the balance sheet date.

## **2.21 Intangible Assets:**

In compliance with requirements of IAS 38 intangible assets are usually absorbed as revenue charges as and when incurred. The Company has no intangible assets written off during the period under review.

## **2.22 Fixed Deposit:**

Interest on fixed Deposit are calculated as cash basis of accounting.



### **2.23 Cash and Cash Equivalents:**

Cash and Cash Equivalents include cash in hand, cash at banks, etc. which are available for use by the company without any restrictions and there is an insignificant risk of change in value of the same. A number of transactions entered into by the company were cash transactions with prior board approval. This was due to suppliers' demand.

### **2.24 Trade and Other Payable:**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

### **2.25 Repairs and Maintenance Charges:**

These are usually charged out as revenue expenditure in the period in which it is incurred.

### **2.26 Bad and doubtful debts:**

No provision for bad and doubtful debts have been made since sales/export are based on 100% confirm of cash received and Letter of Credit based.

### **2.27 Promotional Expenses:**

All costs associated with promotional activities are charged in the period those were incurred like sample issued.

### **2.26 Insurance Coverage:**

Fixed Assets and Inventories of the company are not covered by general insurance policies.

## **3.00 COMPLIANCE AND OTHERS:**

### **3.01 Compliance with Local Laws:**

The Financial Statements have been prepared in compliance with requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant local laws and rules.

### **3.02 Compliance with International Accounting Standards IAS/IFRS:**

The Financial Statements have been prepared in compliance with requirements of IAS/IFRS adopted by the Institute of Chartered Accounts of Bangladesh (ICAB) as IAS and as applicable in Bangladesh.

### **3.03 Reporting Currency and Level of Precision:**

The figures in the Financial Statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicated otherwise.



#### **3.04 Comparative Information:**

Comparative information have been disclosed in respect of the period previous for all numerical information in the Financial Statements and also for the narrative and descriptive information when it is relevant for understanding of the current period's Financial Statements. The Comparative information of profit or Loss and Other Comprehensive Income is taken from financial year July 01, 2018 to June 30, 2019.

#### **3.05 Reporting Period:**

The Financial year of the company covers period from July 01, 2019 to June 30, 2020 consistently.

#### **3.06 Events after the Balance sheet date:**

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Event after the reporting date that are not adjusting events are disclosed in the notes when material.

#### **3.07 Date of Authorization**

These Financial Statements have been authorized for issue by the Board of Directors on November 10, 2021.





#### 4.00 PROPERTY, PLANT AND EQUIPMENT: Tk. 2,629,360,469

Schedule of property, plant and equipment as at June 30, 2020:

Sl. No.	Particulars	Cost		Rate (%)	Depreciation			Written Down Value as at 30.06.2020
		Opening Balance (01-07-2019)	Addition during the period		Closing Balance (30-06-2020)	Opening Balance (01-07-2019)	Addition during the period	Closing Balance (30-06-2020)
A)	At Cost							
01	Land and Land Development	67,198,031	-		67,198,031	-	-	67,198,031
02	Building and Civil Constructions	541,018,533	9,523,760	2.50	550,542,293	72,165,067	13,763,557	85,928,624
03	Plant and Machinery	1,699,327,620	363,406,450	2.50	2,062,734,070	435,918,325	51,568,352	487,486,677
04	Furniture and Fixtures	4,410,623		5.00	4,410,623	2,090,600	220,531	2,311,131
05	Vehicle and Transport	4,771,190		7.50	4,771,190	4,787,335	(16,146)	4,771,189
06	Electrical Installation	113,586,936	7,209,002	5.00	120,795,938	14,927,179	6,039,797	20,966,976
07	Office Equipment	1,857,193		5.00	1,857,193	1,081,144	92,860	1,174,004
08	Tools and Equipments	14,702,649		5.00	14,702,649	1,772,860	735,132	2,507,992
09	Gas Line Installation	5,112,610		2.50	5,112,610	2,196,756	127,815	2,324,571
	Sub-Total	2,451,985,385	380,139,212		2,832,124,597	534,939,266	72,531,898	607,471,164
B)	At Revaluation							
01	Land and Land Development	314,401,969	-		314,401,969	-	-	314,401,969
02	Building and Civil Constructions	111,144,702	-	2.50	111,144,702	18,061,017	2,778,618	20,839,635
	Sub-Total	425,546,671	-	2.50	425,546,671	18,061,017	2,778,618	20,839,635
	Grand Total	2,877,532,056	380,139,212		3,257,671,268	553,000,283	75,310,516	628,310,799

Previous Period	2,440,399,844	437,132,212	2,877,532,056		490,909,509	62,090,775	553,000,284	2,324,531,772
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#### Allocation of Depreciation:

Factory Overhead  
Administrative Expenses



71,544,990  
3,765,526  
75,310,516



Amount in taka	
2019-2020	2018-2019

#### 5.00 Long Term Deposits

This is made up as follows:

Security for Electricity

Security for Gas

FDR for Margin on Bank Guarantee

	437,856	437,856
	1,117,782	1,117,782
5.01	3,568,816	3,415,136
	<b>5,124,454</b>	<b>4,970,774</b>

#### 5.01 FDR for Margin on Bank Guarantee

Opening Balance

Add: Interest

	3,415,136	3,240,167
	153,680	174,969
	<b>3,568,816</b>	<b>3,415,136</b>

FDR included Tk. 22,36,000 as 100% Margin on Bank Guarantee and balance are interest.

#### 6.00 Advance & Prepayment

This is made up as follows:

VAT Current Account

Advance Income Tax

Advance Income Tax on Export Sales

	460,739	460,739
	281,418	176,730
	1,619,785	1,443,055
	<b>2,361,942</b>	<b>2,080,524</b>

#### 7.00 Inventories

This is made up as follows:

**Particulars**

**Quantity (Kg)**

**Average Rate**

Raw Materials

445,900

165.49

73,790,560

70,011,014

Packing Materials

637,568

1,255,480

Work in Process

90,080

139.43

12,559,829

15,550,470

Stores & Spares

1,632,702

20,000

Finished Goods

434,900

319.51

138,954,293

102,079,457

**227,574,952**

**188,916,421**

The management conducted annual physical verification of inventories on the closing date of business as at June 30, 2020

#### 8.00 Trade Receivables

This is made up as follows:

Receivable against Export- LK Unitex Co. Ltd.

Unrealized Foreign Currency Exchange Gain/(Loss)

	593,065,999	449,386,290
	-	1,176,981
	<b>593,065,999</b>	<b>450,563,271</b>

The aging of trade receivables is as follows:

Below 60 Days

Within 61-120 Days

Within 121-180 Days

Over 180 Days

	147,307,209	135,163,631
	173,388,601	90,115,329
	146,767,804	54,060,102
	125,602,385	171,224,209
	<b>593,065,999</b>	<b>450,563,271</b>

The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:

Receivable considered good in respect of which the company is fully secured.

Receivable considered good in respect of which the company holds no security other than the debtor personal security.



-	-
-	-



Receivables considered doubtful bad.  
Receivable to Directors.  
Receivables due by common management.  
The maximum amount of receivable due by any director or other officer of the company.

2019-2020	2018-2019
-	-
-	-
593,065,999	450,563,271
-	-
<b>593,065,999</b>	<b>450,563,271</b>

#### 9.00 Sister Concerns/ Related Party

This is made up as follows:

Alif Apperals Ltd.  
Alif Outwear Ltd.  
Alif Textiles Ltd.  
Alif Unitex Co. Ltd.  
Lotus Kamal Knitwear Ltd.  
Shadhin Dyeing Ltd.

8,951,000	-
25,560,672	-
51,359,040	-
323,358,429	-
19,732,895	-
91,051,660	-
<b>520,013,696</b>	<b>-</b>

#### Subsequent Position:

Above loan realized on 27 January 2021 through Exim Bank Ltd  
AC No 035131-166891 as follows:

Alif Apperals Ltd.  
Alif Outwear Ltd.  
Alif Textiles Ltd.  
Alif Unitex Co. Ltd.  
Shadhin Dyeing Ltd.

8,951,000	-
25,560,672	-
51,359,040	-
236,357,948	-
91,051,660	-
<b>413,280,320</b>	<b>-</b>

#### 10.00 Cash & Cash Equivalents

Cash in Hand

Cash at Bank

	5,052,256	6,209,036
10.01	604,102	702,686,129
	<b>5,656,358</b>	<b>708,895,165</b>

#### 10.01 Cash at Bank

Break up of the amount is given below:

#### Particulars

The City Bank Ltd CD-3102025419002  
The City Bank Ltd CD-3102025419001  
The City Bank Ltd CD-1101008203001  
EXIM Bank Ltd. CD-03511100048316  
EXIM Bank Ltd. CD-03911100266472  
EXIM Bank Ltd. FC-03519500159385  
EXIM Bank Ltd. CD-007111006578842  
EXIM Bank Ltd. CD-00711100642919  
EXIM Bank Ltd. CD-3513100166891  
Sonali Bank Ltd. CD-000236001903  
Sonali Bank Ltd. CD-000233059226  
Dutch Bangla Bank Ltd. CD-1161100000910  
Dutch Bangla Bank Ltd. CD-1161200001460  
Sonali Bank Ltd. CD-0116433003565

3,134	3,720
89,024	87,542
51,071	52,450
24,435	114,591,314
1,488	31,408
12,934	32,016,320
13,121	787
1,147	2,297
3,991	555,497,954
16,534	15,113
17,449	17,449
359,643	359,643
3,181	3,181
6,950	6,951
<b>604,102</b>	<b>702,686,129</b>



2019-2020	2018-2019
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#### 11.00 Share Capital

This is made up as follows:

##### i Authorized Capital:

500,000,000 Ordinary Share of TK 10 each

**5,000,000,000**      **5,000,000,000**

##### ii Issued, Subscribed & Paid-up

86,054,589 Ordinary Share of TK 10 each

The company raised its

109,396,895 Ordinary Share of TK 10 each Right Share Issue

240,673,169 Ordinary Share of TK 10 each

8% Stock Dividend for 2018-19

-	1,093,968,950
2,406,731,690	1,093,968,950
192,538,530	218,793,790
<b>2,599,270,220</b>	<b>2,406,731,690</b>

##### iii Composition of Share Holding:

Particulars	June 30, 2020		June 30, 2019	
	No. of Share	% of Shares	No. of Share	% of Shares
Sponsor/ Directors	79,157,441	30.45%	75,459,447	31%
Institutions	41,173,220	15.84%	41,347,650	17%
General Public	139,596,361	53.71%	123,866,072	51%
	<b>259,927,022</b>	<b>100%</b>	<b>240,673,169</b>	<b>100%</b>

##### iv The Share holding position of the company are as follows:

Particulars	June 30, 2020		June 30, 2019	
	No. of Share	Value of shares	No. of Share	Value of shares
Mr. Md. Azizul Islam	11,053,570	110,535,700	10,234,792	102,347,920
Mr. Md. Azimul Islam	25,354,423	253,544,230	23,476,321	234,763,210
Mrs. Lutfun Nessa Islam	6,426,048	64,260,480	5,950,045	59,500,450
M/s Alif Apparels Ltd	5,266,976	52,669,760	4,876,830	48,768,300
M/s Alif Textile Mills Ltd	15,299,705	152,997,050	16,331,913	163,319,130
M/s Alif Bengal Holdings Ltd	5,266,976	52,669,760	4,876,830	48,768,300
M/s Alif Outwear Ltd	5,222,756	52,227,560	4,835,886	48,358,860
M/s Alif Real Estate Ltd	5,266,976	52,669,760	4,876,830	48,768,300
Institutions	41,173,220	411,732,200	41,347,650	413,476,500
General Public	139,596,372	1,395,963,720	123,866,072	1,238,660,720
<b>Total</b>	<b>259,927,022</b>	<b>2,599,270,220</b>	<b>240,673,169</b>	<b>2,406,731,690</b>





2019-2020	2018-2019
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v Classification of Shares by holding as on 30.06.2020

Slabs by No of Shares	As on June 30, 2020		As on June 30, 2019	
	No of Shareholders	Shareholder's %	No of Shareholders	Shareholder's %
Less than 500 Shares	5600	32.29%	3,250	19%
500 to 5,000 Shares	7162	41.31%	2,360	14%
5,001 to 10,000 Shares	1685	9.72%	2,659	16%
10,001 to 20,000 Shares	1365	7.87%	1,549	9%
20,001 to 30,000 Shares	551	3.18%	2,667	16%
30,001 to 40,000 Shares	243	1.40%	1,650	10%
40,001 to 50,000 Shares	186	1.07%	1,857	11%
50,001 to 100,000 Shares	328	1.89%	512	3%
100,001 to 1,000,000 Shares	195	1.12%	359	2%
Over 1,000,000 Shares	26	0.15%	8	0%
	<b>17,341</b>	<b>100.00</b>	<b>16,871</b>	<b>100%</b>

12.00 Reserve & Surplus

Revaluation Reserve	11.01	344,000,982	346,362,807
Share Premium		271,847,108	271,847,108
		<b>615,848,089</b>	<b>618,209,915</b>

12.01 Revaluation Reserve

Land & Land Development	267,241,674	267,241,674
Building & Civil Construction	79,121,133	81,482,958
Less: Depreciation on Building & Civil Construction	2,361,825	2,361,825
	<b>344,000,982</b>	<b>346,362,807</b>

13.00 Retained Earnings:

This is made up as follows:

Particulars

Opening Balance	464,966,508	502,022,827
Profit after Income Tax during the year	124,688,665	178,958,853
Depreciation on revaluation surplus	2,778,618	2,778,618
Stock dividend	(192,538,530)	(218,793,790)
Cash dividend	(48,134,634)	-
Adjustment of Gas bill Provision	4,355,727	-
Adjustment of Unrealized Exchange Gain	(1,176,981)	-
<b>Closing Balance:</b>	<b>354,939,373</b>	<b>464,966,508</b>

14.00 Deferred Tax Liability

a) For revaluation

Opening Balance of Deferred Tax Liability  
Less: Adjustment for Depreciation  
Closing Balance of Deferred Tax Liability



61,122,848	61,539,641
(416,793)	(416,793)
<b>60,706,055</b>	<b>61,122,848</b>



2019-2020	2018-2019
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**b) For Normal Operation**

Opening Balance of Deferred Tax (Assets)  
Add: Deferred tax expenses/(income) during the year  
Closing Balance of Deferred Tax Liability/(Assets)

51,292,220	8,868,949
19,079,592	42,423,271
<b>70,371,812</b>	<b>51,292,220</b>

**Total Deferred Tax Liabilities (a+b)**

<b>131,077,867</b>	<b>112,415,068</b>
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**15.00 Accrued Expenses**

Salary & Allowance  
Listing Fees  
CDBL FEES  
Factory Wages & Overtime  
Electricity Bill  
VAT  
Audit Fee  
Gas Bill  
Insurance

1,329,328	1,833,295
3,976,392	2,994,079
106,000	38,070
4,386,495	6,170,326
6,310,437	6,310,437
946,280	1,010,680
450,000	450,000
1,052,493	4,776,016
1,145,751	1,145,751

**19,703,176**      **24,728,654**

**16.00 Sundry Creditors:**

This is made up for payable against Civil Construction to M/s. Kawser Trading:

Opening Balance

**Add:** Total Bill Amount

**Less:** Paid during the year

**Total:**

-	-
5,315,273	-
1,000,000	-
<b>4,315,273</b>	<b>-</b>

Subsequent position: Amount paid on 08.08.2020 Tk. 25,00,000/- balance amount due Tk. 18,15,273.00

**17.00 Dividend Payable:**

This is made up as follows:

**Particulars**

Opening Balance

**Add:** Cash Dividend 2018-2019

**Less:** Dividend Paid during the year

**Total:**

1,567,138	15,586,885
48,134,634	-
4,607,874	14,019,747
<b>45,093,898</b>	<b>1,567,138</b>

The above represents the cash dividend payable to the shareholders' against which dividend warrant already issued but not presented to bank by them for collection. Subsequently, the company paid Tk. 399,36,980/- during the year 2020-21. Dividend payable on 30.06.2021 Tk. 51,56,918/- which was declared for the year 2018-19.



**18.00 Short Term Loan**

This is made up as follows:

Beginning balance

Add: Received During the year

Less: Payment

2019-2020	2018-2019
-	-
175,004,496	-
<b>175,004,496</b>	-
4,753,078	-
<b>170,251,418</b>	-

**19.00 Provision for Income Tax**

This is made up as follows:

Opening Balance

Add: Addition made during the year

Less: Payment

40,475,643	90,674,852
11,943,187	4,800,791
<b>52,418,830</b>	<b>95,475,643</b>
20,792,788	55,000,000
<b>31,626,042</b>	<b>40,475,643</b>

**20.00 Workers Profit Participation Fund (WPPF)**

This is made up as follows:

Beginning balance

Add: During the year

Less: Payment

Add: Interest

10,863,311	14,554,165
7,054,307	11,309,146
<b>17,917,618</b>	<b>25,863,311</b>
6,885,104	15,000,000
<b>11,032,514</b>	<b>10,863,311</b>
-	-
<b>11,032,514</b>	<b>10,863,311</b>

**21.00 Net assest Value per share (NAVPS)**

The calculation is as follows:

Share Capital Note 11  
Share Premium Note 12  
Revaluation Reserve Note 12.01  
Retained Earnings Note 13

2,599,270,220	2,406,731,690
271,847,108	271,847,108
344,000,982	346,362,807
354,939,373	464,966,509
<b>3,570,057,682</b>	<b>3,489,908,114</b>

No of share applied to calculate NAVPS

**Net Asset Value Per Share (NAVPS)**

<b>259,927,022</b>	<b>259,927,022</b>
<b>13.73</b>	<b>13.43</b>



		Amount in taka	
		2019-2020	2018-2019
<b>22.00 Turnover</b>			
<b>Yarn Sales:</b>		<b>781,285,451</b>	<b>938,964,598</b>
Local Sales		140,074,374	402,578,308
Export Sales		641,211,077	449,386,290
CMT Sales		-	87,000,000
<b>Sales of Waste Cotton</b>		<b>-</b>	<b>22,933,760</b>
		<b>781,285,451</b>	<b>961,898,358</b>
Less: VAT		(870,364)	(1,740,123)
		<b>780,415,087</b>	<b>960,158,235</b>

\* Due to some unresolved issues the company was not able export through its own name until June 30, 2020. For this reason, the company exported its produced yarn in the name of Alif Unitex Co. Ltd, a sister concern of Alif Group. Finally the company has been able to resolve all previous unresolved issues and started export by its own name from July 1, 2020.

### 23.00 Cost of Goods Sold

This is made up as follows:

#### i Raw Materials Consumed

Opening Stock	70,011,014	65,169,906
Add: Purchase	467,264,292	552,354,452
Less: Closing stock	73,790,560	70,011,014
	<b>463,484,746</b>	<b>547,513,344</b>

#### ii Packing Materials

Opening Stock	1,255,480	1,015,818
Add: Purchase	11,522,972	10,639,471
Less: Closing Stock	637,568	1,255,480
	<b>12,140,884</b>	<b>10,399,809</b>

#### iii Store & Spares

Opening Stock	20,000	455,165
Add: Purchase	2,933,317	149,320
Less: Closing Stock	1,632,702	20,000
	<b>1,320,615</b>	<b>584,485</b>

#### iv Factory Overhead

Factory Wages	55,076,427	47,821,897
Electricity & Gas	14,144,159	41,982,368
Oil & Lubricants	162,640	294,918
Repair & Maintenance	2,356,232	417,367
Depreciation Expense	71,544,990	58,986,236
	<b>143,284,448</b>	<b>149,502,786</b>

#### v Work In Process

Beginning Work In Process	15,550,470	16,458,750
Closing Work in Process	12,559,829	15,550,470
	<b>2,990,641</b>	<b>908,280</b>

#### vi Cost of Goods Manufactured (i+ii+iii+iv+v)

Add: Beginning Finished Goods	623,221,334	708,908,704
Less: Closing Finished Goods	102,079,457	97,327,173
	138,954,293	102,079,457
<b>Cost of Goods Sold</b>	<b>586,346,498</b>	<b>704,156,420</b>





		Amount in taka	
		2019-2020	2018-2019
<b>24.00 Administrative Expense</b>			
AGM Expense	329,500	320,000	
Annual Listing Fees ( DSE)	593,505	1,690,714	
Initial Listing Fee ( DSE)	388,808	-	
Audit Fees	450,000	450,000	
BTMA	47,160	126,820	
Board Meeting Fees	115,000	95,000	
Car Maintenance	941,377	1,170,245	
Credit Rating	104,450	53,500	
CDBL	212,000	38,070	
Directors Remuneration	1,200,000	1,200,000	
Eid Bonus	1,354,700	1,325,821	
Entertainment	630,880	776,364	
Fire License	25,463	4,750	
postage & Courier	24,729	53,040	
Printing & Stationary	186,853	320,557	
Office Rent	1,135,200	1,135,200	
Office Maintenance	342,589	62,110	
Mis Expenses	126,035		
Electricity - Office	120,000		
Salary and Allowance	15,822,427	15,087,534	
Telephone, Fax & Internet	36,253	158,700	
Travelling & Conveyance	590,615	865,148	
Legal Expense	205,000	-	
Depreciation	3,765,526	3,104,539	
	<b>28,748,070</b>	<b>28,038,112</b>	
<b>25.00 Financial Expenses</b>			
Bank Charges	37,998	709,314	
Interest on Short Term Loan	2,696,909	-	
	<b>2,734,907</b>	<b>709,314</b>	
<b>26.00 Non Operating Income</b>			
Bank Interest	180,139	6,562,092	
Sales of Scrap	-	685,000	
Realized Foreign Currency Exchange Gain	-	1,812,456	
Unrealized Foreign Currency Exchange Gain	-	1,178,124	
	<b>180,139</b>	<b>10,237,672</b>	
<b>27.00 Earnings Per Share (EPS)</b>			
The calculation is as follows:			
Profit After Tax	124,688,665	178,958,853	
No of shares applied for calculation	259,927,022	259,927,022	
<b>Earnings per Share</b>	<b>0.4797</b>	<b>0.6885</b>	
<b>28.00 Net Operating Cashflow Per Share (NOCFPS)</b>			
The calculation is as follows:			
Cash Receipt from Operation	637,785,881	914,417,984	
Cash used in Operation	(607,959,692)	(745,380,323)	
Net Cash Flow from Operation	<b>29,826,189</b>	<b>169,037,661</b>	
No of share applied to calculate NOCFPS	<b>259,927,022</b>	<b>259,927,022</b>	
<b>Net Operating Cashflow Per Share (NOCFPS)</b>	<b>0.1147</b>	<b>0.6503</b>	





Amount in taka	
2019-2020	2018-2019

### 29.00 Reconciliation of Profit/Loss before tax with cash flows from operating activities

Net Profit/(Loss) before Tax	155,711,444	226,182,915
Add: Depreciation	75,310,516	62,090,775
(Increase)/Decrease in Advance and Prepayment	(281,418)	165,676,643
(Increase)/Decrease in Trade Receivable	(142,502,728)	(222,487,924)
(Increase)/Decrease in Inventory	(38,658,531)	(8,489,609)
Increase/(Decrease) in Accrued Expenses	870,491	4,755,714
Increase/(Decrease) in Provision for WPPF	169,203	(3,690,854)
Increase/(Decrease) in Provision for tax	(20,792,788)	(55,000,000)
	<b>29,826,189</b>	<b>169,037,660</b>

### 30.00 Related party disclosures

The company has entered into transaction with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". The company opines that terms of related party transaction do not significantly differ from those that could have been obtained from third parties. Total transactions of the significant related parties as at June 30, 2020 are as follows :

#### A. Transaction with related company

i) Balance with related party.

Name of the Party	Nature of Relationship	Nature of Transaction	Transaction during the year -
Alif Unitex Co. Limited	Common Management	Sale of Yarn	593,065,999
Alif Apperals Ltd.	Common Management	Inter Company Loan	8,951,000
Alif Outwear Ltd.	Common Management	Inter Company Loan	25,560,672
Alif Textiles Ltd.	Common Management	Inter Company Loan	51,359,040
Alif Unitex Co. Ltd	Common Management	Inter Company Loan	323,358,429
Lotus Kamal Knitwear Ltd.	Common Management	Inter Company Loan	19,732,895
Shadhin Dyeing Ltd.	Common Management	Inter Company Loan	91,051,660
<b>Total</b>			<b>1,113,079,695</b>

\* The total amount of related party transactions divided in two types. First is receivable from Alif Unitex Ltd. BDT. 593,065,999 as sale of yarn and this receivable realized within specified time period as per oral sale commitment. Secondly, Alif Manufacturing Company Limited provided BDT. 520,013,696 as inter Company loan to the number of common management Companies which mentioned above table. However, the Company realized a full amount from these common management Companies in the next financial year 2020-2021 which also reflected in the audited financial statements 2020-2021. The management also decided that they will take prior approval from the shareholders in their AGM for their any kind of related party transaction as per company act 103 and BSEC Notification - BSEC/CMRRCD/2009-193/2/Admin/103 published on 5 February 2020.



Amount in taka	
2019-2020	2018-2019

**B. Payment / Perquisites to directors:**

The aggregate amounts paid / provided during the year in respect of directors are disclosed below :

Managerial remuneration	1,200,000
Board Meeting fees	80,000
	<b>1,280,000</b>

Managerial remuneration paid to the directors for their full time services, rendered are :

Mr. MD. AZIZUL ISLAM	<b>1,200,000</b>
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(a) No compensation was made to the Managing Director of the company except as stated in above.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated in above.

There is no other related party except as stated in ( 30 ) above

**31.00 Key Management Personnel:**

Particulars	Transaction during the year - Net
(a) managerial remuneration paid or payable during the year to the	
(b) expenses reimbursed to Managing Agent	Nil
(c) commission or Remuneration payable separately to a managing	Nil
(d) commission received or receivable by the managing agent or his	Nil
(e) the money value of the contracts for the sale or purchase of	Nil
(f) any other perquisite or benefits in cash or in kind stating,	Nil
(g) other allowances and commission including guarantee commission	Nil
(h) pensions etc.	Nil
(i) pensions	Nil
(ii) gratuities	Nil
(iii) Payments from a provident funds, in excess of own	Nil
(iv) compensation for loss or office	Nil
(iv) consideration in connection with retirement from office	Nil

**32.00 key management personnel compensation in total and for each of the following categories:**

**Particulars:**

(a) Short - term employee benefits;	Nil
(b) Post - employment benefits;	Nil
(c ) Other long-term benefits	Nil
(d) Termination benefits; and	Nil
(e ) Share -based payment.	Nil



Amount in taka	
2019-2020	2018-2019

**33.00** This company not taken any services from the external auditor except statutory audit.

**34.00 Value of material consumption:**

Value of consumption of raw materials, spare parts and components and percentage of consumption are as follows :

Particular	Raw Cotton	Spare Parts	Packing Materials	Total
Opening Stock	70,011,014	20,000	1,255,480	71,286,494
Purchase	467,264,292	2,933,317	11,522,972	481,720,581
Closing Stock	73,790,560	1,632,702	637,568	76,060,830
Consumption	463,484,746	1,320,615	12,778,452	476,946,245
% of Consumption	97.18%	0.28%	2.55%	100%

**35.00 Number of employees :**

The company paid an aggregate amount more than Taka 8,000 per month to all the 523 employees who were in employment for the year.

**36.00 Events After the Reporting Period :**

The Board of Directors in its meeting held on 10 November, 2021 has approved the Financial Statements for the year ended 30 June 2020 and recommended @ 1.5% cash dividend and @ 0.15/= cash dividend per share for the year ended to the General shareholders and Institutions (except Sponsor / Directors) only subject to all necessary approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Company.



# ALIF MANUFACTURING COMPANY LIMITED

Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46  
Gulshan Circle- 2, Dhaka – 1212

Revenue  
Stamp of  
Tk. 20.00

## PROXY FORM

I/We.....of  
.....being Shareholder(s) of Alif Manufacturing Company Limited  
hereby appoint Mr./Mrs./Miss  
.....of.....as my  
/our proxy to attend company and vote for me/us and on my/our behalf at the 25<sup>th</sup> Annual General  
Meeting of the company to be held on 12<sup>th</sup> December, 2021 at 12:00 pm at under virtual platform through  
the link (<http://alif2020.digitalagmbd.net>) and or any adjournment thereof. As witness my/our hand this  
.....day of .....2021.

Signature of Proxy .....Signature of  
Shareholder(s).....

Register Folio No./B.O. ID  
No.....

N.B.: Proxy form must be deposited at the registered office of the company at least 48 hours before  
AGM.

# ALIF MANUFACTURING COMPANY LIMITED

Bilquis Tower (9<sup>th</sup> Floor), House # 06, Road # 46  
Gulshan Circle- 2, Dhaka – 1212

## ATTENDANCE SLIP

I/We.....  
.....hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting of Alif Manufacturing  
Company Ltd on 12<sup>th</sup> December, 2021 at 12:00 pm at under virtual platform through the link  
(<http://alif2020.digitalagmbd.net>)

Signature of Shareholder (s)

Folio No./B.O. No.....

No. of Share held.....

N.B: Please present the slip at the meeting. Signature of Shareholder(s) must be in accordance with  
specimen signature kept with the company

