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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, 2019.**

Dear Sir/Madam (s):

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements comprising of Financial Position as at June 30, 2019 and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2019 along with notes thereon 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 24<sup>th</sup> Annual General Meeting

Notice is hereby given that the **24<sup>th</sup> Annual General Meeting** of the Shareholders of **ALIF MANUFACTURNIG COMPANY LTD.** will be held on the **Wednesday, 18<sup>th</sup> December 2019 at 1.30 PM** at **"Gulshan Club Ltd."**, House no. NWJ-2/A, Bir Uttam Sultan Mahmud Road, Gulshan-2, Dhaka-1212 to transact the following business.

## **AGENDA :**

01. To receive, consider and adopt the Audited Financial Statements for year ended June 30, 2019 and reports of Auditors and Directors thereon.
02. To approve 2% (Two Percent) cash dividend i.e Tk. 0.20 for each ordinary share and 8%(Eight Percent) stock dividend as recommended by the board of directors.
03. To elect and confirm the appointment of Directors by rotation
04. To appoint Statutory Auditors for the year 2019-20 (till holding of next AGM) and fix their remuneration
05. To appoint corporate governance compliance auditor for the year 2019-20(till holding of next AGM) and fix their remuneration
06. Any other business with the permission of the chair.

Dated, Dhaka  
December 03, 2019

By the order of the Board



Company Secretary

## **NOTES :**

- a. The Record Date for 24<sup>th</sup> AGM is fixed on November 20, 2019
- 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 member entitled and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf.
- d. For appointing a Proxy, Proxy form duly stumped must be deposited at the company's registered office no later than 48 hours before the time appointed for the meeting.
- e. Admission on the meeting venue will be strictly on production of the attendance slip sent with the Annual Report.
- f. **No gift, cash or kind will be given for attending the meeting according to the circular of BSEC. (SEC/CMRRCD/2009-193/154 dated October 24,2013)**

# 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. Shafiqul 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. Shafiqul 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, (1st 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

Name of the Company	:	ALIF MANUFACTURNIG 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 2,406,731,690
Date of Name Change	:	October 10, 2017

## Short Profile of the Directors

### **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 is 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**, 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 AlifOutwear 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 AlifBengal 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 AlifTextiles Ltd) :

Mr. Niaz Morshed completed MBA (Finance) from IUC 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. RAFIQUUL ISLAM**, Nominated Director (Represented by AlifReal 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 MOSTAFA**, 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. SHAFIQUAL ISLAM**, Independent Director :

Mr. Md. Shafiqua Islam completed the LLB (Hon's) and LLM from Rajshahi University. He started his professional career from 1991 in the garments industry. He is expert in administrative and commercial business operation.



## Message from the Chairman

### Dear Valued Shareholders

Assalamu Alaikum

It is indeed a great pleasure and honor for me to welcome you on this **24<sup>th</sup> Annual General Meeting of Alif Manufacturnig 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, 2018 to June 30, 2019.

Last year (2018-19) was very remarkable year for the country. GDP growth was over 7% - a very remarkable progress for the country. Inflation was well managed under 6%. All other economic indicators indicated that the country is in continuous good pace. On the other hand, country's political condition was very stable during that period. Despite such remarkable progress of the country's economy, the yarn market has been passing a very tough competition from china and India. The USA-China trade war, devaluation of Indian Rupee against USD, high cotton price in the international market and low yarn price in the domestic market were the main reasons for such adverse market condition in local yarn business. If the government does not come up with proper initiatives, the condition might go worse in the upcoming years as well. I expect this adverse business condition for yarn market will turn around with the government's proper initiative in the upcoming years.

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 24th 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, 2018 to June 30, 2019 of the company containing director's report along with financial statements and notes to the accounts for your review and evaluation.

The prices of yarn fell drastically in the local market due to multiple reasons, including currency devaluation and a buoyant grey market, leaving yarn manufacturers in a dire situation. As a consequence, unsold yarn worth around Tk1,500 crore is piling up at warehouses. This was because the devaluation of Taka against the US dollar, misuse of bonded warehouse facility, smuggled yarn, and cheap Indian yarn that is often imported through trade mis invoicing. 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, local manufacturers are suffering and struggling to survive. If the present situation persists, spinners will be left in dire situation and will become bank defaulters. Meanwhile, illegal import of Indian and Pakistani clothing products and misuse of bonded warehouse trade facility are causing serious problems

Our export continues in this year. This year we have export yarn worth of BDT449.38mn compared to BDT101.5 million in previous year, which is a very remarkable performance. Your company has made significant performance of local sales Export sales. On the other hand, the company has decided to discontinue of CMT sales. As a result, despite we have been operating near full capacity from the last year, turnover increased by 33.29% in this year comparative to that of the previous year.

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 CompanyLtd (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

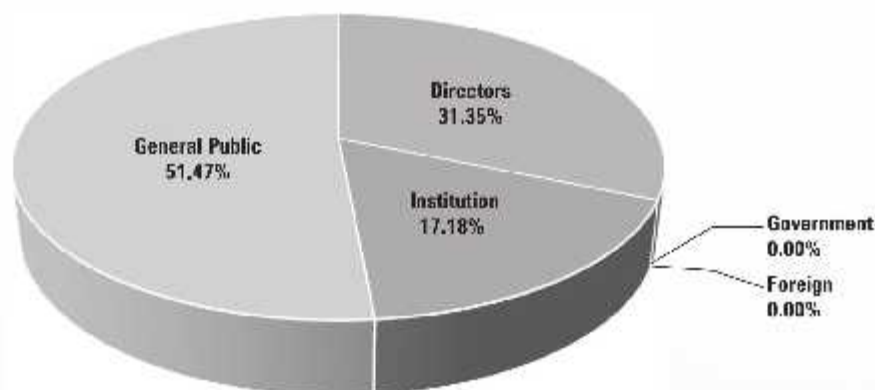


**Md. Azizul Islam**  
Managing Director

## Composition of Shareholders (As on June 30, 2019)

<b>A</b>	<b>Sponsors/Directors:</b>	<b>No of Shares</b>	<b>% of Total holding</b>
1	Mr. Md. Azizul Islam	10,234,792	4.25%
2	Mr. Md. Azimul Islam	23,476,321	9.75%
3	Mrs. Lutfun Nessa Islam	5,950,045	2.47%
4	M/s Alif Apparels Ltd	4,876,830	2.03%
5	M/s Alif Textile Mills Ltd	16,331,913	6.79%
6	M/s Alif Bengal Holdings Ltd	4,876,830	2.03%
7	M/s Alif Outwear Ltd	4,835,886	2.01%
8	M/s Alif Real Estate Ltd	4,876,830	2.03%
	<b>Sub Total</b>	<b>75,459,447</b>	<b>31.35%</b>
<b>B</b>	<b>Government</b>	<b>-</b>	<b>0.00%</b>
<b>C</b>	<b>Foreign</b>	<b>-</b>	<b>0.00%</b>
<b>D</b>	<b>Institution:</b>	<b>41,347,650</b>	<b>17.18%</b>
<b>F</b>	<b>General Public</b>	<b>123,866,072</b>	<b>51.47%</b>
	<b>Total</b>	<b>240,673,169</b>	<b>100.00%</b>

### Shareholding Pattern





## 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. Two 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, 2018 to June 30, 2019. 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. 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 oversee 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
- 
- a. Review and ensuring fairness of any Related Party Transaction
  - b. Review and ensuring of due compliance with the relevant laws and regulations
  - c. Review of strategies, methodologies plans for internal auditing and the extent of co-ordination with external auditors
  - d. Any other responsibilities shall be determined by the Board from time to time

**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. Azizul 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 centers 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.

**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-18 to 30-Jun-19 (12 Months)	1-Jul-17 to 30-Jun-18 (12 Months)	1-Jul-16 to 30-Jun-17 (12 Months)	1-Jul-15 to 30-Jun-16 (12 Months)	1-Jan-16 to 30-Jun-16 (6 Months)	1-Jan-15 to 31-Dec-15 (12 Months)
Authorized Capital	5,000,000,000	5,000,000,000	5,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Paid-up Capital	2,406,731,690	2,187,937,900	1,093,968,950	968,114,120	968,114,120	968,114,120
No of Shares (Face value 10 Tk each)	240,673,169	218,793,790	109,396,895	96,811,412	96,811,412	96,811,412
Reserve & Surplus	1,083,176,422	1,122,594,567	987,214,696	903,826,851	903,826,851	843,077,768
Current Assets	1,350,455,380	1,567,443,758	704,814,474	474,568,005	474,568,005	389,125,803
Current Liabilities	77,634,746	140,788,842	121,269,055	106,905,802	106,905,802	100,789,849
Total Assets	3,679,957,927	3,521,729,898	2,269,519,516	2,009,887,119	2,009,887,119	1,944,823,923
Net Fixed Assets	2,324,531,772	1,949,490,335	1,560,075,241	1,530,846,812	1,530,846,812	1,551,225,818
Book Value of Equity	3,489,908,113	3,310,532,467	2,081,183,646	2,081,183,646	1,870,661,964	1,811,191,888
Turnover	960,158,235	720,369,383	687,563,854	473,341,841	206,956,026	461,350,017
Gross Profit	256,001,815	322,124,920	287,247,379	186,566,113	85,296,655	194,317,789
Operating Profit	227,254,389	285,167,818	259,299,485	162,355,774	74,026,571	172,641,268
Net Profit	178,958,853	266,862,111	210,521,682	132,220,414	60,011,427	140,525,353
Earnings per Share (EPS)	0.74	1.73*	1.92	1.21	0.62	1.45
Net Asset Value per Share (NAV/Share)	14.5	15.13	19.02	17.1	17.1	18.71
Gross Margin	26.66%	44.72%	41.80%	39.40%	41.20%	42.12%
Operating Margin	23.67%	39.59%	37.70%	34.30%	35.80%	37.42%
Net Profit Margin	18.64%	37.05%	30.60%	27.90%	29.00%	30.46%
Current Ratio	17.39	11.13	5.81	4.44	4.44	3.86
Acid Test Ratio	14.96	9.85	0.77	0.62	1.43	2.06
Return on Assets	4.97%	9.22%	9.30%	6.60%	3.00%	7.41%
Return on Equity	5.26%	9.90%	10.10%	6.40%	6.40%	8.07%
Dividend (%)	Cash 2% Stock 8%**	Stock 10%	Cash 11%	Stock 13%		

\*Weighted Average

\*\*\*Proposed



## Report of the Board of Directors to the Shareholders

### **Dear Valued Shareholders :**

Assalamu Alaikum

On behalf of the board of directors, I am pleased to welcome you to the 24th 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, 2018 to June 30, 2019.

### **State of the Company Affairs :**

In the twelve month reporting period (July 01, 2018 to June 30, 2019), despite stiff competition and adverse market condition, your company has earned moderate progress in production, sales and profit. Two and half years back, the company made some strategic decision and went in to some restructure on the business process. A part of the strategy was to do business through CMT (Cutting, Making and Trim) sales. Under this strategy, the buyer provide us raw materials for production of yarn. We charge the overhead and profit. From this year onward, we have decided to discontinue such strategy and focused fully on export. 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 ability 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 22nd 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, 2019 as under :**

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, 2019, vide the letter dated June 30, 2019.

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.

# Report on Utilization of Fund of RI Proceeds for the 6th quarter starting from April 01, 2019 to June 30, 2019

Name of the Company  
Amount (RDT) of Capital Raised through RI  
Date of Close Subscription  
Date of Opening Subscription  
Date of Right Share Credit  
Last Date of Full Utilization of Fund as per ROD

: Alif Manufacturing Company Limited (former name: CMC-Karnal Textile Mills Limited)  
: Tk. 1,093,968,950  
: February 15, 2018  
: January 30, 2018  
: March 04, 2018  
: Within 15 (fifteen) months from receipt of Right Issue fund

Sl. No.	Purpose Mentioned in the ROD	Time Line as per ROD	Revised time line (up to .....)	Amount as per ROD	Utilization up to June 30, 2019	Status of Utilization		
						Utilized %	Total Un-Utilized Amount	Un-Utilized %
A)	Building Extension of 50000 S.L. (Civil cost for Washing & Yarn Dyeing Facilities)	Within 1 year from receipt of Right Issue fund	-	101,302,915	100,381,442	99.98%	21,473	0.02%
B)	New ETP construction cost	Within 1 year from receipt of Right Issue fund	-	20,131,120	20,131,120	100.00%	-	0.00%
C)	Underground Ducting	Within 1 year from receipt of Right Issue fund	-	50,127,038	50,015,427	99.78%	111,611	0.22%
D)	Humidification Room-01, Room-02 and Room-03	Within 1 year from receipt of Right Issue fund	-	16,716,000	16,716,000	100.00%	-	0.00%
E)	Overhead Air Ducting	Within 1 year from receipt of Right Issue fund	-	19,112,500	19,112,500	100.00%	-	0.00%
F)	Electrification & Others	Within 1 year from receipt of Right Issue fund	-	5,323,230	5,300,000	101.32%	(16,710)	-1.32%
G)	Expenditure for capital machineries expansion:				-			
G-1)	Spinning Machinery Expenditure	Within 15 months from receipt of Right Issue fund	-	446,493,156	208,303,651	49.71%	224,541,872	50.29%
G-2)	Washing Machinery	Within 15 months from receipt of Right Issue fund	-	59,113,045	70,257,218	118.85%	(11,144,173)	-18.85%
G-3)	ETP Machine	Within 15 months from receipt of Right Issue fund	-	14,260,825	14,440,825	101.26%	(180,000)	-1.26%
G-4)	Yarn Dyeing	Within 15 months from receipt of Right Issue fund	-	296,540,340	51,825	0.02%	296,618,515	99.99%
H)	Covered Van	Within 3 months from receipt of Right Issue fund	-	15,397,120	-	0.00%	15,397,120	100.00%
I)	BMRE Spare Parts	Within 6 months from receipt of Right Issue fund	-	13,230,640	13,230,640	100.00%	-	0.00%
J)	Spinning, Washing, ETP & Yarn Dyeing Machinery Erection & Commissioning	Within 15 months from receipt of Right Issue fund	-	18,187,765	-	0.00%	18,187,765	100.00%
K)	Right Issue Expense	As and when required	-	17,703,196	11,362,448	65.31%	6,140,748	34.69%
	<b>Total</b>			<b>1,093,968,950</b>	<b>531,303,096</b>	<b>49.76%</b>	<b>549,618,221.33</b>	<b>50.24%</b>

Note: the projection has been made on estimated cost and may vary from 5% to 10%.

Un-Utilized RI Proceeds	549,618,221.33
Interest Income	5,880,308.07
<b>Total Un-Utilized RI Proceeds (Including Interest Income)</b>	<b>555,498,529.40</b>
<b>Percentage:</b>	<b>50.24%</b>



### 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, 2018 –June 30, 2019), your company has produced 4.01 million kg in the year under review that is 93% of capacity utilization.

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18
Installed Capacity	4,320,000	4,320,000
Production	4,017,600	4,173,469
Capacity Utilization	93.00%	96.61%

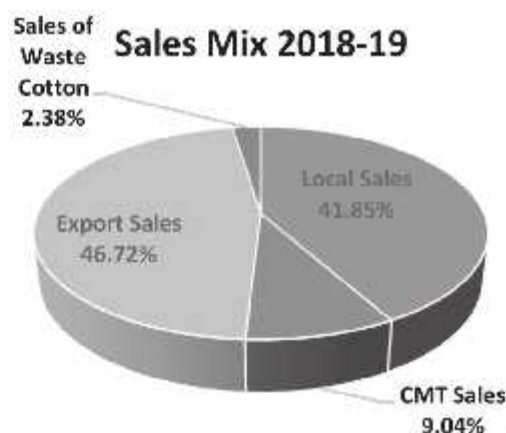
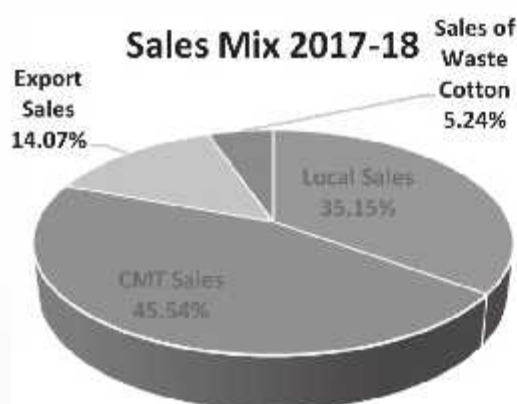
The capacity utilization decreased in FY 2018-19 compared to previous year due to on going BMRE.

### Sales Performance :

The company's net sales increased by 33.29% from July 01, 2018 to June 30, 2019 compared to that of the same previous period i.e. July 01, 2017 to June 30, 2018. The reason behind sales growth was due to increase in local and export sales, and discontinuation of CMT Sales.

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18	Increase/ Decrease	% Increase/ Decrease
Local Sales	402,578,308	253,647,097	148,931,211	58.72%
CMT Sales	87,000,000	328,650,720	(241,650,720)	-73.53%
Export Sales	449,386,290	101,518,745	347,867,545	342.66%
Sales of Waste Cotton	22,933,760	37,842,552	(14,908,792)	-39.40%
<b>Sub Total</b>	<b>961,898,358</b>	<b>721,659,114</b>	<b>240,239,244</b>	<b>33.29%</b>
Less: VAT	1,740,123	1,289,731	450,392	34.92%
<b>Grand Total</b>	<b>960,158,235</b>	<b>720,369,383</b>	<b>239,788,852</b>	<b>33.29%</b>

Net sales revenue increased by 33.29% in 2018-19 compared to that of previous year. The reasons for such sales growth was that the company has discontinued the CMT sales and focused more on local and export sales. In CMT sales, the buyer provides the company raw materials for production of yarn, and the company charge the overhead and profit. Therefore, in CMT sales, only net proceeds from CMT are recorded as revenue. On the other hand, in case of local and export sales, gross revenue is recorded as sales.





**Financial Performance :**

The directors took pleasure in reporting the Financial Results of your Company for the 12 months period starting from July 01, 2018 to June 30, 2019 as follows :

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18	Increase/ Decrease	% Increase/ Decrease
Gross Profit	256,001,815	322,124,920	-66,123,105	-20.53%
Operating Profit	227,254,389	285,167,818	-57,913,429	-20.31%
Profit Before Tax	226,182,915	275,827,783	-49,644,868	-18.00%
Net Profit	178,958,853	266,862,111	-87,903,258	-32.94%

Company's gross profit, operating profit, profit before tax and net profit after tax has decreased by 20.53%, 20.31%, 18.00% and 32.94% respectively compared to that of the previous years. The reasons behind such decline is to discontinuation of CMT sales, adverse market condition for cotton and yarn and stiff competition as explained above.

**Key Facts:**

**NAV-** Total NAV of the company as on June 30, 2019 was BDT 3,489.90 million compared to BDT 3,310.53 million in 2018-19. Net Asset Value (NAV) per Share has been stood up at BDT 14.50 per share as on June 30, 2019. It was BDT 15.13 as on June 30, 2018. Thus the NAV per share decreased by BDT 0.63 per share in 2018-19 compared to that of the previous year. The reason behind the decrease of NAV/share was due to issuance of 10% stock dividend in last year. Therefore, despite, the total NAV increased, the NAV per share decreased.

**EPS-** Earning per Share was BDT 0.74 from July 01, 2018 to June 30, 2019 and 1.51 per share (weighted average re-stated) from July 01, 2017 to June 30, 2018. Thus, Earning per Share (EPS) decreased by BDT 0.77 per share over the last year. The right share issued in 2017-18 affected the calculation of weighted average earning per share of that period.

Particulars:	2018-19	2017-18
<b>Profit After Tax</b>	<b>178,958,853</b>	<b>266,862,111</b>
<b>No of Share used to calculate EPS:</b>		
109,396,895 Ordinary shares X 246 days X 1.13		83,067,562
109,396,895 Ordinary shares X 119 days X 2		71,332,770
10% stock dividend for 2017-2018		21,879,379
Opening number of ordinary shares (109,396,895 X 2)	218,793,790	
10% stock dividend for 2017-2018	21,879,379	
<b>No of Share applied to calculate EPS:</b>	<b>240,673,169</b>	<b>176,279,711</b>
<b>Earnings Per Share (EPS)</b>	<b>0.74</b>	<b>1.51</b>

**NOCFPS-** Net Operating Cash Flow per Share (NOCFPS) stood BDT 0.70 per share from July 01, 2018 to June 30, 2019 and BDT 1.13 from July 01, 2017 to June 30, 2018.

**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 464,966,508 as on June 30, 2019. The company has made net profit BDT 178,958,853 from July 01, 2018 to June 30, 2019. The Board of Directors are pleased to show the profit available for appropriation as on June 30, 2019.

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18
Retained Earnings Beginning	502,022,827	364,281,131
Add: Profit during the period	178,958,853	266,862,111
Less: Bonus shares issued	(218,793,790)	-
Less: Cash Dividend		-120,336,585
Less: Right Issue Expense		-11,562,448
Adjustment for depreciation of re-valued assets	2,778,618	2,778,618
<b>Profit Available for Appropriation</b>	<b>464,966,508</b>	<b>502,022,827</b>

**Dividend :**

Considering the overall financial position, the board of directors is pleased to recommend 2% (Two) Cash i.e. Tk 0.20 for each ordinary share and Eight Percent (8%) Stock Dividend. The recommended 2% (two percent) cash and 8% (eight percent) stock dividend, if approved in the annual general meeting, will require disburse Tk. 48,134,634/- to all shareholders and transfer of BDT 192,538,535.20 from retained earnings to paid-up capital. The calculation is as follows :

Particulars	In BDT
Profit Available for Appropriation (as per Retained Earnings Statements)	464,966,508
Less: 2% Cash Dividend	(48,134,634)
Less: 8% Stock Dividend	(192,538,535)
<b>Closing Retained Earning</b>	<b>224,293,339</b>

Particulars	In BDT
Paid up capital as on June 30, 2019	2,406,731,690
Add: Transfer from retained earnings (8% stock dividend)	192,538,535
<b>Total paid up capital after approval of dividend in the AGM</b>	<b>2,599,270,225</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 auditors M/s Mahfel Huq & Co. Chartered Accountants, retire at the 24th Annual General Meeting. Being eligible, they have expressed their intention to be re-appointed with slight increase of fees for the year 2019-20.



**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 2019-20 (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 2019-20 (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 24th Annual General Meeting. The retiring Directors are :

1. Mrs. Lubna Islam- represented by Alif Apparels Ltd.
2. Mrs. Rezwana Islam- represented by Alif Bengal Holdings Ltd.
3. Mr. Niaz Morshed (represented by Alif Textiles Ltd )

Being eligible, they offer themselves for re-election..

As per notification dated June3, 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 aboard 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: Dhaka, December 03, 2018



## Audit Committee Report 2018-19

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. Shafiqul 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 retiring auditor, M/s Mahfeel Huq & Co, to the Board for appointment as the statutory Auditors of the Company for the next financial year ending on 30th June 2020.
- 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.

Dated, Dhaka  
December 03, 2019

On behalf of the Audit Committee

**Sd/-**

**Md. Shafiqul Islam**  
Chairman, Audit Committee



## 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 2018-19, one meeting of the Nomination and Remuneration Committee was held on 14th March 2019, 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	Chair person	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: December 03, 2019



## 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 :

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, it adds. 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. Reportedly, some high-end millers have increased production capacity to satisfy higher domestic and international demand says USDA report. 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 (2017-18), 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. USDA also predicts, Bangladesh's cotton import to rise from 8 million bales (projected for 2018-19) to 8.5 million bales in 2019-20, on expectations of increased export market demand for value-added apparel products, increased capacities of existing mills, stable international prices of cotton, and favorable weather for world production. Bangladesh imported cotton from 41 countries around the world in 2017-18. Among them, India (25%) and the U.S. (10%) take the largest share of volume, followed by Australia (9%), Mali (9%), Burkina Faso (8%), Benin (8%), Brazil (7%), Uzbekistan (6%), and others. Nearly 80 percent of garments made in Bangladesh are sourced from cotton; the rest are made from viscose, polyester and other materials. Local spinners supply 90 percent of raw materials for knitwear and 40 percent for the woven garments sector.

**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 faces 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.

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

Cost of goods sold increased by 76.82% in June 30, 2019 compared to that of the previous period. The increase of Cost of Goods Sold in comparable period was due to changing mix in CMT sales with local and export sales.

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18	Increase/ Decrease	% Increase/ Decrease
Revenue	960,158,235	720,369,383	239,788,852	33.29%
Cost of Goods Sold	704,156,420	398,244,463	305,911,957	76.82%
Gross Profit	256,001,815	322,124,920	-66,123,105	-20.53%

As we previously mentioned, under CMT sales, buyer provide us the raw materials, overhead expenses and part of profit. Since, raw materials are provided by the buyer, the company does not need to purchase of raw materials for production under CMT sales. Only the net proceeds from CMT sales are included in sales revenue. Therefore, the cost of goods sold under CMT sales does not included purchases of raw materials. Since the company did small amount (1 million kg CMT) of CMT sales and focused more on local and export sales, the cost of goods sold increased as purchase of raw materials for local and export sales included in cost of goods sold.



Margins decreased in 2018-19 compared to that of 2017-18 due to change in mixes of local and CMT sales, and adverse market condition.

Particulars	1-Jul-18 to 30-Jun-19	1-Jul-17 to 30-Jun-18
Gross Profit Margin	26.66%	44.72%
Operating Profit Margin	23.67%	39.59%
Net Profit Margin	18.64%	37.05%

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- 26) of the Annual 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, 2019 is reported on page no. 16
- 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, to compare with 2018-19, the Earnings per Shares (EPS) and Net Operating Cash flow Per Share (NOCFPS) in 2017-18 was calculated on weighted average basis and restated accordingly.
- ix. **If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report**  
No 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 26(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, 2019.



- 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 no. 14
- xx. Reasons for non-declaration of dividend**  
Not Applicable. Board of Directors has recommended 2% (Two percent) Cash Dividend i.e. Tk. 0.2 per Share of Tk. 10.00 each and 8% stock dividend for the year 2018-19. Upon your 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. 20th November 2019 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**  
Eight(8) meetings of the Board of Directors were held during the year ended on 30th June, 2019. The attendance records of the Directors are given below :

Name of the Directors	Official Status	Meeting Attended
Mr. Md. Azimul Islam	Chairman	8
Mr. Md. Azizul Islam	Managing Director	6
Mrs. Lutfun Nessa Islam	Director	6
Mrs. Lubna Islam	Nominated Director of M/s Alif Apparels Ltd	5
Mr. Niaz Morshed	Nominated Director of M/s Alif Textile Mills Ltd	8
Ms. Rezwana Islam	Nominated Director of M/s Alif Bengal Holdings Ltd	5
Mr. Md. Rafiqul Islam	Nominated Director of M/s Alif Real Estate Ltd	8
Mrs. Nabila Salam	Nominated Director of M/s Alif Outwear Ltd	8
Mr. Golam Mostafa	Independent Director	8
Mr. Md. Shafiqul Islam	Independent Director	8

Company Secretary and Chief Financial Officer has attended all the Board Meetings held during the financial year 2018-19.

### 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. No.	Categories	No. of Shares	% of Holding
1	Mr. Md. Azimul Islam Chairman	23,476,321	9.75%
2	Mr. Md. Azizul Islam Managing Director	10,234,792	4.25%
3	Mrs. Lutfun Nessa Islam Director	5,950,045	2.47%
4	Mrs. Lubna Islam Nominated Director	NIL	NIL
5	Ms. Rezwana Islam Nominated Director	NIL	NIL



Sl. No.	Categories	No. of Shares	% of Holding
6	Mr. Niaz Morshed Nominated Director	NIL	NIL
7	Mr. Md. Rafiqul Islam Nominated Director	NIL	NIL
8	Mrs. Nabila Salam Nominated Director	NIL	NIL
9	Mr. Golam Mostafa Independent Director	NIL	NIL
10	Mr. Md. Shafiqul Islam Independent Director	NIL	NIL
11	Mr. Mohammad Hanif Chief Financial Officer	NIL	NIL
12	Mr. Mahfuzur Rahman Company Secretary	NIL	NIL
13	Mr. Bijoy Chandra Sarkar 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 24th Annual General Meeting and will be eligible for re-appointment.

1. Mrs. Lubna Islam- represented by Alif Apparels Ltd.
2. Mrs. Rezwana Islam- represented by Alif Bengal Holdings Ltd.
3. Mr. Niaz Morshed (represented by Alif Textiles 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 no. 6 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-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	1-Jan-15 to 31-Dec-15
Revenue	960.16	720.37	687.56	473.34	206.96	461.35
Gross profit	256.00	322.12	287.25	186.57	85.30	194.32
Operating profit	227.25	285.17	259.30	162.36	74.03	172.64
Net profit	178.96	266.86	210.52	132.22	60.01	140.53
Total Assets	3,679.96	3,521.73	2,269.52	2,009.89	2,009.89	1,944.82
Current Assets	1,350.46	1,567.44	704.81	474.57	474.57	389.13
Net Fixed Assets	2,324.53	1,949.49	1,560.08	1,530.85	1,530.85	1,551.23
Reserve & Surplus	1,083.18	1,122.59	987.21	903.83	903.83	843.08
Shareholder's Equity	3,489.91	3,310.53	2,081.18	2,081.18	1,870.66	1,811.19
EPS	0.74	1.73*	1.92	1.21	0.62	1.45
NAVPS	14.5	15.13	19.02	17.1	17.1	18.71
NOCFPS	0.7	1.29	2.26	0.51	0.58	0.84

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

	Alif Manufacturing Company Ltd	Paramount Textile Ltd	Rahim Textile Mills Ltd
<b>Comparative Figure</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2017-18</b>
Revenue	960.16	411.6	995.95
Gross profit	256.00	692.54	157.2
Operating profit	227.25	328.73	61.94
Net profit	178.96	277.53	50.78
EPS	0.74	2.15	6.5

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

There are some economies, including Bangladesh, Bhutan, and India, where economic conditions are largely positive, with GDP growth projected to remain robust in the near term. Bangladesh will stand out by growing at record 8% in 2019 and 2020, making it the fastest-growing economy in Asia-Pacific. The growth is happening at a time when the global economic outlook remains challenging, and growth is expected to moderate across most of developing Asia at 5.7% in 2019 and 5.6% in 2020.

Global economic growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019. Growth is projected to pick up to 3.4 percent in 2020, reflecting primarily a projected improvement in economic performance in several emerging markets in Latin America, the Middle East, and emerging and developing Europe that is under macroeconomic strain. Momentum in manufacturing activity has weakened substantially, to levels not seen since the global financial crisis.



**(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 (2017-18), 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 upgradation 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.

Dated :  
December 03, 2019

  
Managing Director  
Alif Manufacturing Company Ltd.



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

The Board of Directors

**ALIF MANUFACTURING COMPANY LTD**

(Previous CMC-Karnal 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 200 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, 2019 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 judgements 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.

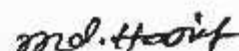
**In this regard, we also certify that: -**

- i) We have reviewed the financial statements for the year ended on June 30, 2019 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 Officer

## **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, 2019. 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 highly satisfactory.

Place : Dhaka

Dated : November 25, 2019

  
**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)

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1	Board of Directors:			
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).	✓		
1.2	Independent Directors:			
1.2 (a)	Independent Directors: At least 1/5th (We have four Directors and One Independent Director)	✓		
1.2 (b)(i)	Less than 1% Shares			
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	✓		
1.(3)	Qualification of Independent Director:			
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.		✓	

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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.		✓	
<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.	✓		
<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.	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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.		✓	There was no such situation arise to protect the interest of minority shareholders
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.		✓	Dividend declared
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	✓		
1.5 (xxiii)	<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.	✓		
1.5 (xxv)	<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;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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;		✓	
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;		✓	
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;		✓	



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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;		✓	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company		✓	
<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.	✓		
<b>3.3</b>	<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	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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 nonexecutive 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.	✓		
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).	✓		Was present in the AGM of 2017-18.
<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.	✓		



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
<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

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
5.7	Reporting to the Shareholders and General Investors.		✓	There was no such event to report
6	Nomination and Remuneration Committee(NRC)	✓		
6.1	Responsibilities to the Board of Directors:	✓		
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).	✓		
6.2	Constitution of the NRC			
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	✓		
6.3	Chairperson of the NRC			
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;		✓	



Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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;	✓		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
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).	✓		
<b>9</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
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.**  
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## **Independent Auditor's Report**

### **To the Shareholders of Alif Manufacturing Company Limited**

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

##### **Opinion**

We have audited the financial statements of Alif Manufacturing Company Limited, which comprise the statement of financial position as at June 30, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### **Basis for Opinion**

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 opinion.

##### **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.

Sn.	Risk	Our response to the risk
1.	<p><b>Valuation of Inventories</b> Refer to note 07 to the financial statements.</p> <p>Inventories are carried at Tk 188.92 million which represent about 5% of the total assets of the Company, inventories are thus a material item to the Financial statements.</p> <p>As described in the accounting policy note 2.06 to the financial statements, inventories are valued at the lower of cost or net realizable values. As such, management is required to make judgments in determining whether inventories are being appropriately valued.</p> <p>Volume of inventories being held by the company at the reporting date and the complexities involved in the accounting and presentation thereof, Inventories has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Tested the operating effectiveness of key controls over Inventories; including observing the process of management's Year-end inventory count.</li> <li>• Verified a sample of inventory items to ensure that costs have been appropriately recorded.</li> <li>• Tested on a sample basis the net realizable value by comparing costs to recent selling prices and assessing the reasonableness of any resulting write down of inventory items.</li> <li>• Performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period.</li> <li>• Reviewed the historical accuracy of inventory provisions and the level of write-downs.</li> </ul>
2.	<p><b>Addition to Property, Plant and Equipment</b> Refer to note 04 to the financial statements.</p> <p>The Company made significant addition to Property Plant &amp; Equipment amounting Tk. 437.13 million. There is therefore a risk that the assets and depreciation charge may be misstated.</p>	<p>Our audit procedures included, among others, considering the risk of addition to Property, Plant and Equipment associated with the different types of asset:</p> <ul style="list-style-type: none"> <li>• We critically assessed and verified the Company's policy of asset addition.</li> <li>• We assessed the appropriateness of the value of the assets.</li> <li>• We also recalculated the depreciation to assess the sensitivity of the key assumptions including depreciation rate.</li> </ul>

#### 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.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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. We have nothing to report in this regard.

### **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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

### **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.

Dhaka, Bangladesh  
Dated : 28 October, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants



**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at June 30, 2019

Particulars	Notes	Amount in (Taka)	
		30-Jun-2019	30-Jun-2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4.00	2,324,531,772	1,949,490,335
<b>Other Non- Current Asset</b>		<b>4,970,774</b>	<b>4,795,805</b>
Long Term Deposit	5.00	4,970,774	4,795,805
<b>Current Assets:</b>		<b>1,350,455,381</b>	<b>1,567,443,758</b>
Advance & Prepayment	6.00	2,080,524	167,757,167
Inventories	7.00	188,916,421	180,426,812
Trade Receivable	8.00	450,563,271	228,076,490
Cash & Cash Equivalents	9.00	708,895,165	991,183,289
<b>Total Assets</b>		<b>3,679,957,928</b>	<b>3,521,729,898</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>3,489,908,113</b>	<b>3,310,532,467</b>
Share Capital	10.00	2,406,731,690	2,187,937,900
Reserve & Surplus	11.00	618,209,914	620,571,740
Retained Earnings		464,966,508	502,022,827
<b>Non Current Liabilities</b>		<b>112,415,068</b>	<b>70,408,590</b>
Deferred Tax Liabilities	12.00	112,415,068	70,408,590
<b>Current Liabilities</b>		<b>77,634,746</b>	<b>140,788,842</b>
Accrued Expense	13.00	24,728,654	19,972,940
Dividend Payable		1,567,138	15,586,885
Provision for Income Tax	14.00	40,475,643	90,674,852
Provision for WPPF	15.00	10,863,311	14,554,165
<b>Total Equity and Liabilities</b>		<b>3,679,957,927</b>	<b>3,521,729,898</b>
<b>Net assest Value (NAV) per share</b>	16.00	<b>14.50</b>	<b>15.13</b>

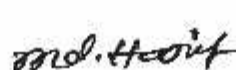
The annexed notes from 1 to 31 form an integral part of these Financial Statements.



Managing Director



Director



Chief Financial Officer



Company Secretary

Signed in terms of our separate report of even date.

Dated : Dhaka  
28 October, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants

**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the year ended June 30, 2019

Particulars	Notes	Amount in (Taka)	
		2017-2019	2016-2018
Turnover	17.00	960,158,235	720,369,383
Less: Cost of goods sold	18.00	704,156,420	398,244,463
<b>Gross Profit</b>		<b>256,001,815</b>	<b>322,124,920</b>
<b>Less: Operating Expense</b>		<b>28,747,426</b>	<b>36,957,102</b>
Administrative expense	19.00	28,747,426	36,957,102
Right Share Issue Expense	20.00	-	-
<b>Operating Profit</b>		<b>227,254,389</b>	<b>285,167,818</b>
<b>Add: Non Operating Income</b>	21.00	<b>10,237,672</b>	<b>4,451,354</b>
<b>Profit Before WPPF &amp; Taxes</b>		<b>237,492,061</b>	<b>289,619,172</b>
Less: Workers Profit Participation fund	15.00	11,309,146	13,791,389
<b>Profit Before Taxes</b>		<b>226,182,915</b>	<b>275,827,783</b>
<b>Less: Provision for Income Tax</b>		<b>47,224,062</b>	<b>8,965,673</b>
Deferred Tax	12.00	42,423,271	3,758,568
Current Tax	14.00	4,800,791	5,207,105
<b>Net Profit After Tax for the year</b>		<b>178,958,853</b>	<b>266,862,111</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>178,958,853</b>	<b>266,862,111</b>
<b>Basic Earnings Per Share (EPS)</b>	22.00	<b>0.74</b>	<b>1.51</b>

The annexed notes from 1 to 31 form an integral part of these Financial Statements.

  
**Managing Director**

  
**Director**

  
**Chief Financial Officer**

  
**Company Secretary**

Signed in terms of our separate report of even date.

Dated : Dhaka  
28 October, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants



**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended June 30, 2019

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
<b>Balance as at July 01, 2018</b>	<b>2,187,937,900</b>	<b>271,847,108</b>	<b>348,724,632</b>	<b>502,022,827</b>	<b>3,310,532,467</b>
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
Right Issue Expenses (Note-20)	-	-	-	-	-
<b>Balance at June 30, 2019</b>	<b>2,406,731,690</b>	<b>271,847,108</b>	<b>346,362,806</b>	<b>464,966,508</b>	<b>3,489,908,113</b>

**For the year ended June 30, 2018**

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
<b>Balance as at July 01, 2017</b>	<b>1,093,968,950</b>	<b>271,847,108</b>	<b>351,086,457</b>	<b>364,281,131</b>	<b>2,081,183,646</b>
Cash Dividend	-	-	-	(120,336,585)	(120,336,585)
Proceeds from Right Share	1,093,968,950	-	-	-	1,093,968,950
Net Profit for the year	-	-	-	266,862,111	266,862,111
Decrease of revaluation	-	-	-	-	-
Adjustment for Depreciation of revalued Assets	-	-	(2,778,618)	2,778,618	-
Deferred Tax Adjustment	-	-	416,793	-	416,793
Right Issue Expenses (Note-20)	-	-	-	(11,562,448)	(11,562,448)
<b>Balance at June 30, 2018</b>	<b>2,187,937,900</b>	<b>271,847,108</b>	<b>348,724,632</b>	<b>502,022,827</b>	<b>3,310,532,467</b>

  
**Managing Director**

  
**Director**

  
**Chief Financial Officer**

  
**Company Secretary**

Signed in terms of our separate report of even date.

Dated : Dhaka  
28 October, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants

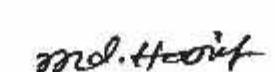
**ALIF MANUFACTURING COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2019

Particulars	Notes	Amount in (Taka)	
		2018-2019	2017-2018
<b>A. Cash Flows from Operating Activities</b>	24.00	<b>169,037,660</b>	<b>199,344,597</b>
Collection against Local Sale		423,771,945	290,199,918
Collection against CMT Sale		283,009,625	329,575,000
Advance Payment		166,510,000	(166,510,000)
Collection against Export Sale		32,066,865	160,287,080
Non-Operating Income		9,059,548	3,234,087
Payment against Purchase		(563,143,243)	(265,465,938)
Payment against Operating Expense		(111,925,581)	(137,485,694)
Tax Paid		(55,311,499)	(1,112,856)
Payment against WPPF		(15,000,000)	(13,377,000)
<b>B. Cash Flows from Investing Activities</b>		<b>(437,307,181)</b>	<b>(434,222,073)</b>
Acquisition of Property Plant & Equipment		(437,132,212)	(434,056,069)
Realized Interest Re-Invested in FDR for Bank Gurantee		(174,969)	(166,004)
<b>C. Cash Flows from Financing Activities</b>		<b>(14,019,747)</b>	<b>989,132,365</b>
Payment of Dividend		(14,019,747)	(104,836,585)
Right Share Proceed		-	1,093,968,950
<b>Net Cash Inflow for the year (A + B + C)</b>		<b>(282,289,268)</b>	<b>754,254,889</b>
<b>D. Opening balance of Cash &amp; Cash Equivalents</b>		<b>991,183,289</b>	<b>236,928,400</b>
<b>E. Effect of exchange rate on cash and cash equivalents</b>		<b>1,143</b>	<b>-</b>
<b>F. Closing balance of Cash &amp; Cash Equivalents</b>		<b>708,895,165</b>	<b>991,183,289</b>
<b>Net operating cash inflow per share</b>	23.00	<b>0.70</b>	<b>1.13</b>

The annexed notes from 1 to 31 form an integral part of these Financial Statements.

  
**Managing Director**

  
**Director**

  
**Chief Financial Officer**

  
**Company Secretary**

Signed in terms of our separate report of even date.

Dated : Dhaka  
28 October, 2019

  
**Mahfel Huq & Co.**  
Chartered Accountants



# **ALIF MANUFACTURING COMPANY LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2018**

#### **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 10th October 2017.

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

The registered office of the company is located at Bilquis Tower (9th 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 Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 'Presentation of Financial Statements'.

##### **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 the 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 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

### 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.

Category of Stocks	Basis of Valuation
Raw Materials, Packing Materials and Work in Process	: Weighted Average cost
Finished Goods at Factory	: At lower of cost or net realizable value
Store Items	: 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, 2019 in presence of the representative from audit firm and made valuation thereof on the basis stated above.

#### **2.07 Statement of Cash Flows :**

Statement of Cash Flows is prepared principally in accordance with IAS 7 'Statement of Cash Flows' 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 method 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 Revenue Recognition :**

As per IFRS-15: "Revenue from Contracts form Customers" the company accounts for a contract with a customer only when all of 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
- v) It is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer,

**2.12 Employee Benefits (IAS 19) :**

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 all employees every year.

**2.13 The Effects of Changes in 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.

**2.14 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.

**2.15 Related Party 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. During the year the company did not have any transactions with related party.

**2.16 Earnings per Shares :**

The company calculates Earnings Per Shares (EPS) in according with IAS 33 'Earnings Per Shares' which has been shown on the face of Profit or Loss and Other Comprehensive 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.

**2.17 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.

**2.18 Depreciation of Fixed Assets :**

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



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

<b>Category of Fixed Assets</b>	<b>Rate %</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 Equipments	5.0

#### **2.19 Provision :**

The preparation of financial statements in conformity with International 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.

#### **2.20 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.

#### **2.21 Fixed Deposit :**

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

#### **2.22 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 insignificant risk of change in value of the same.

#### **2.23 Trade and Other Payable :**

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

**2.24 Repairs and Maintenance Charges :**

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

**2.25 Bad and doubtful debts :**

No provision for bad and doubtful debts has been made since sales/export are based on 100% confirmed Letter of Credit basis.

**2.26 Promotional Expenses :**

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

**2.27 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 IAS/IFRS :**

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

**3.05 Reporting Period :**

The Financial year of the company covers period from July 01, 2018 to June 30, 2019.

**3.06 Events after the Reporting Period :**

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



#### 04.00 PROPERTY, PLANT AND EQUIPMENT: Tk. 2,324,531,772

Schedule of property, plant and equipment as at June 30, 2019

PARTICULARS	C O S T			RATE (%)	D E P R E C I A T I O N			Written Down Value as at (30-06-2019)
	Opening Balance (01-07-2018 )	Addition during the year	Closing Balance ( 30-06-2019)		Opening Balance (01-07-2018)	Charged during the year	Closing Balance ( 30-06-2019)	
<b>At Cost</b>								
Land and Land Development	67,198,031	-	67,198,031		-	-	-	67,198,031
Building and Civil Constructions	414,574,606	126,443,927	541,018,533	2.5	59,612,697	12,552,370	72,165,067	468,853,466
Plant and Machinery	1,407,769,975	291,557,645	1,699,327,620	2.5	395,609,708	40,308,617	435,918,325	1,263,409,295
Furniture and Fixtures	4,410,623	-	4,410,623	5.0	1,870,069	220,531	2,090,600	2,320,023
Vehicle and Transport	4,771,190	-	4,771,190	7.5	4,787,335	-	4,787,335	(16,144,501)
Electrical Installation	107,686,936	5,900,000	113,586,936	5.0	9,321,583	5,505,597	14,927,179	98,659,757
Office Equipment	1,857,193	-	1,857,193	5.0	988,284	92,860	1,081,144	776,049
Tools and Equipments	1,472,009	13,230,640	14,702,649	5.0	1,368,494	404,366	1,772,860	12,929,789
Gas Line Installation	5,112,610	-	5,112,610	2.5	2,068,941	127,815	2,196,756	2,915,854
<b>Sub-Total</b>	<b>2,014,853,173</b>	<b>437,132,212</b>	<b>2,451,985,385</b>		<b>475,627,110</b>	<b>59,312,157</b>	<b>534,939,266</b>	<b>1,917,046,118</b>

<b>B)</b>	<b>At Revaluation</b>							
Land and Land Development	314,401,969	-	314,401,969		-	-	-	314,401,969
Building and Civil Constructions	111,144,702	-	111,144,702	2.5	15,282,399	2,778,618	18,061,017	93,083,685
<b>Sub-Total</b>	<b>425,546,671</b>	<b>-</b>	<b>425,546,671</b>		<b>15,282,399</b>	<b>2,778,618</b>	<b>18,061,017</b>	<b>407,485,654</b>
<b>Grand Total</b>	<b>2,440,399,844</b>	<b>437,132,212</b>	<b>2,877,532,056</b>		<b>490,909,509</b>	<b>62,090,775</b>	<b>553,000,283</b>	<b>2,324,531,772</b>
<b>Previous Period</b>	<b>2,006,343,775</b>	<b>434,056,069</b>	<b>2,440,399,844</b>	<b>-</b>	<b>446,268,535</b>	<b>44,640,974</b>	<b>490,909,509</b>	<b>1,949,490,335</b>

#### Allocation of Depreciation:

Factory Overhead	58,986,236
Administrative Expenses	3,104,539
	<b>62,090,775</b>

Amount in Taka	
June 30, 2019	June 30, 2018

<b>5.00</b>	<b>Long Term Deposits</b>				
	Security for Electricity			437,856	437,856
	Security for Gas			1,117,782	1,117,782
	FDR for Margin on Bank Guarantee	5.01		3,415,136	3,240,167
				<b>4,970,774</b>	<b>4,795,805</b>
<b>5.01</b>	<b>FDR for Margin on Bank Guarantee</b>				
	Opening Balance			3,240,167	3,074,163
	Add: Interest			174,969	166,004
				<b>3,415,136</b>	<b>3,240,167</b>

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

<b>6.00</b>	<b>Advance &amp; Prepayment</b>				
	VAT Current Account			460,739	862
	Advance to Alif Unitex against Raw Cotton			-	122,210,000
	Advance to Alif Unitex for factory Rent			-	44,300,000
	Advance Income Tax			176,730	114,749
	Advance Income Tax on Export Sales			1,443,055	1,131,556
				<b>2,080,524</b>	<b>167,757,167</b>

<b>7.00</b>	<b>Inventories</b>				
	<b>Particulars</b>	<b>Quantity (Kg)</b>		<b>Rate</b>	
	Raw Materials	416,732	171	70,011,014	65,169,906
	Packing Materials	-	-	1,255,480	1,015,818
	Work in Process	92,563	171	15,550,470	16,458,750
	Stores & Spares	-	-	20,000	455,165
	Finished Goods	358,174	205	102,079,457	97,327,173
				<b>188,916,421</b>	<b>180,426,812</b>

<b>8.00</b>	<b>Trade Receivables &amp; Others</b>				
	Receivable against Export			449,386,290	30,849,598
	Receivable against local sales			-	-
	Unrealized Foreign Currency Exchange Gain/(Loss)			1,176,981	1,217,267
	Alif LK Unitex Co. Ltd.			-	196,009,625
				<b>450,563,271</b>	<b>228,076,490</b>

The aging of trade receivables is as follows:

	Below 60 Days	135,163,631	29,649,944
	Within 61-120 Days	90,115,329	61,580,652
	Within 121-180 Days	54,060,102	88,949,831
	Over 180 Days	171,224,209	47,896,063
		<b>450,563,271</b>	<b>228,076,490</b>



Amount in Taka	
June 30, 2019	June 30, 2018

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.	450,563,271	228,076,490
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Receivable considered good in respect of which the company holds no security other than the debtor personal security.	-	-
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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.	-	-
	<b>450,563,271</b>	<b>228,076,490</b>

#### 9.00 Cash & Cash Equivalents

Cash in Hand		6,209,036	2,635,753
Cash at Bank	9.01	702,686,129	988,547,536
		<b>708,895,165</b>	<b>991,183,289</b>

#### 9.01 Cash at Bank

Break up of the amount is given below:

##### Particulars

The City Bank Ltd	CD-3102025419002	3,720	3,720
The City Bank Ltd	CD-3102025419001	87,542	87,542
The City Bank Ltd	CD-1101008203001	52,450	52,450
EXIM Bank Ltd.	CD-03511100048316	114,591,314	58
EXIM Bank Ltd.	CD-03911100266472	31,408	1,057,788
EXIM Bank Ltd.	FC-03519500159385	32,016,320	-
EXIM Bank Ltd.	CD-007111006578842	787	193,208
EXIM Bank Ltd.	CD-00711100642919	2,297	-
EXIM Bank Ltd.	CD-3513100166891	555,497,954	986,750,433
Sonali Bank Ltd.	CD-000236001903	15,113	15,113
Sonali Bank Ltd.	CD-000233059226	17,449	17,449
Dutch Bangla Bank Ltd.	CD-1161100000910	359,643	359,643
Dutch Bangla Bank Ltd.	CD-1161200001460	3,181	3,181
Sonali Bank Ltd.	CD-0116433003565	6,951	6,951
		<b>702,686,129</b>	<b>988,547,536</b>

Amount in Taka	
June 30, 2019	June 30, 2018

## 10.00 Share Capital

This is made up as follows:

### i Authorized Capital:

500,000,000 Ordinary Share of TK 10 each 5,000,000,000    2,000,000,000

### ii Issued, Subscribed & Paid-up

The company raised its paid up capital through right issue of 1 share against 1(1:1) during the year vide BSEC permission dated 20.12.2017. Break up is given below;

109,396,895 Ordinary Share of TK 10 each Right Share Issue	1,093,968,950	1,093,968,950
109,396,895 Ordinary Share of TK 10 each	1,093,968,950	1,093,968,950
10% Stock Dividend for 2017-18	218,793,790	-
	<b>2,406,731,690</b>	<b>2,187,937,900</b>

### iii Composition of Share Holding:

Particulars	June 30, 2019		June 30, 2018	
	No. of Share	% of Shares	No. of Share	% of Shares
Sponsor/ Directors	75,459,447	31.35%	68,599,498	31.35%
Institutions	41,347,650	17.18%	7,880,190	3.60%
General Public	123,866,072	51.47%	142,314,102	65.04%
	<b>240,673,169</b>	<b>100%</b>	<b>218,793,790</b>	<b>100%</b>

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

Particulars	June 30, 2019		June 30, 2018	
	No. of Share	Value of Shares	No. of Share	No. of Share
Mr. Md. Azizul Islam	10,234,792	102,347,920	9,304,356	4,652,178
Mr. Md. Azimul Islam	23,476,321	234,763,210	21,342,110	10,671,055
Mrs. Lutfun Nessa Islam	5,950,045	59,500,450	5,409,132	2,704,566
M/s Alif Apparels Ltd	4,876,830	48,768,300	4,433,482	2,216,741
M/s Alif Textile Mills Ltd	16,331,913	163,319,130	14,847,194	7,423,597
M/s Alif Bengal Holdings Ltd	4,876,830	48,768,300	4,433,482	2,216,741
M/s Alif Outwear Ltd	4,835,886	48,358,860	4,396,260	2,198,130
M/s Alif Real Estate Ltd	4,876,830	48,768,300	4,433,482	2,216,741
Institutions	41,347,650	413,476,500	7,880,190	3,940,095
General Public	123,866,072	1,238,660,720	142,314,102	71,157,051
	<b>240,673,169</b>	<b>2,406,731,690</b>	<b>218,793,790</b>	<b>109,396,895</b>



Amount in Taka	
June 30, 2019	June 30, 2018

**v Classification of Shares by holding as on 30.06.2019**

Particulars	June 30, 2019		June 30, 2018	
	No.of Share	% of Shares	No.of Share	% of Shares
Less than 500 Shares	3250	19.26%	774	5.22%
500 to 5,000 Shares	2360	13.99%	710	4.79%
5,001 to 10,000 Shares	2659	15.76%	1732	11.69%
10,001 to 20,000 Shares	1549	9.18%	4171	28.15%
20,001 to 30,000 Shares	2667	15.81%	2499	16.87%
30,001 to 40,000 Shares	1650	9.78%	2111	14.25%
40,001 to 50,000 Shares	1857	11.01%	1857	12.53%
50,001 to 100,000 Shares	512	3.03%	512	3.46%
100,001 to 1,000,000 Shares	359	2.13%	443	2.99%
Over 1,000,000 Shares	8	0.05%	7	0.05%
	<b>16,871</b>	<b>100%</b>	<b>14,816</b>	<b>100%</b>

**11.00 Reserve & Surplus**

Revaluation Reserve	11.01	346,362,806	348,724,632
Share Premium		271,847,108	271,847,108
		<b>618,209,914</b>	<b>620,571,740</b>

**11.01 Revaluation Reserve**

Land & Land Development	267,241,674	267,241,674
Building & Civil Construction	81,482,958	83,844,783
Less: Depreciation on Building & Civil Construction	2,361,825	2,361,825
	<b>346,362,806</b>	<b>348,724,632</b>

**12.00 Deferred Tax Liability**

**a) For revaluation**

Opening Balance of Deferred Tax Liability	61,539,640	61,956,433
Less: Adjustment for Depreciation	(416,793)	(416,793)
Closing Balance of Deferred Tax Liability	<b>61,122,848</b>	<b>61,539,640</b>

**b) For Normal Operation**

Opening Balance of Deferred Tax (Assets)	8,868,949	5,110,382
Add: Deferred tax expenses/(income) during the year	42,423,271	3,758,568
Closing Balance of Deferred Tax Liability/(Assets)	<b>51,292,220</b>	<b>8,868,949</b>
<b>Total Deferred Tax Liabilities (a+b)</b>	<b>112,415,068</b>	<b>70,408,590</b>

		Amount in Taka		
		June 30, 2019	June 30, 2018	
13.00	Accrued Expenses			
	Salary & Allowance	1,833,295	1,210,895	
	Listing Fees	2,994,079	1,822,159	
	CDBL FEES	38,070	414,638	
	Factory Wages & Overtime	6170326	3,530,400	
	Electricity Bill	6310437	353,356	
	VAT	1,010,680	1,510,680	
	Audit Fee	450,000	345,000	
	Gas Bill	4776016	9,640,061	
	Insurance	1,145,751	1,145,751	
		<u>24,728,654</u>	<u>19,972,940</u>	
14.00	Provision for Income Tax			
	Opening Balance	90,674,852	85,467,747	
	Add: Addition made during the year	4,800,791	5,207,105	
		<u>95,475,643</u>	<u>90,674,852</u>	
	Less: Payment	55,000,000	-	
		<u>40,475,643</u>	<u>90,674,852</u>	
15.00	Workers Profit Participation Fund (WPPF)			
	Beginning balance	14,554,165	13,961,925	
	Add: During the year	11,309,146	13,791,389	
		<u>25,863,311</u>	<u>27,753,314</u>	
	Less: Payment	15,000,000	13,377,000	
		<u>10,863,311</u>	<u>14,376,314</u>	
	Add: Interest	-	177,851	
		<u>10,863,311</u>	<u>14,554,165</u>	
16.00	Net assest Value per share (NAVPS)			
	The calculation is as follows:			
	Share Capital	Note 10	2,406,731,690	2,187,937,900
	Share Premium	Note 11	271,847,108	271,847,108
	Reserve & Surplus	Note 11.01	346,362,806	348,724,632
	Retained Earnings	Note	464966508.5	502022827
			<u>3,489,908,113</u>	<u>3,310,532,467</u>
	No of share applied to calculate NAVPS	Note 16.01	240,673,169	218,793,790
	Net Asset Value Per Share (NAVPS)		14.50	15.13



**16.01 No of share used to calculate**  
 Date of Right Share Approval  
 Right Share Issue  
 No of Existing share  
 No of Right Share  
 10% Stock dividend for 2017-2018  
 Total No of Share

20-Dec-18  
 1R:1

Amount in Taka	
June 30, 2019	June 30, 2018
218,793,790	109,396,895
-	109,396,895
21,879,379	-
<b>240,673,169</b>	<b>218,793,790</b>

**17.00 Turnover**

**Yarn Sales:**

Local Sales

Export Sales

CMT Sales

**Sales of Waste Cotton**

Less: VAT

<b>938,964,598</b>	<b>683,816,562</b>
402,578,308	253,647,097
449,386,290	101,518,745
87,000,000	328,650,720
<b>22,933,760</b>	<b>37,842,552</b>
(1,740,123)	(1,289,731)
<b>960,158,235</b>	<b>720,369,383</b>

**18.00 Cost of Goods Sold**

This is made up as follows:

**i Raw Materials Consumed**

Opening Stock

Add: Purchase

Less: Closing stock

65,169,906	82,153,713
552,354,452	244,779,869
70,011,014	65,169,906
<b>547,513,344</b>	<b>261,763,676</b>

**ii Packing Materials**

Opening Stock

Add: Purchase

Less: Closing Stock

1,015,818	945,870
10,639,471	14,125,220
1,255,480	1,015,818
<b>10,399,809</b>	<b>14,055,272</b>

**iii Store & Spares**

Opening Stock

Add: Purchase

Less: Closing Stock

455,165	385,650
149,320	6,560,849
20,000	455,165
<b>584,485</b>	<b>6,491,334</b>

**iv Factory Overhead**

Factory Wages

Electricity & Gas

Oil & Lubricants

Repair & Maintenance

Depreciation Expense

47,821,897	56,181,099
41,982,368	26,948,255
294,918	1,219,200
417,367	7,626,440
58,986,236	42,408,925
<b>149,502,786</b>	<b>134,383,919</b>

		Amount in Taka	
		June 30, 2019	June 30, 2018
<b>v</b>	<b>Work In Process</b>		
	Beginning Work In Process	16,458,750	14,685,730
	Closing Work in Process	15,550,470	16,458,750
		<b>908,280</b>	<b>(1,773,020)</b>
<b>vi</b>	<b>Cost of Goods Manufactured (i+ii+iii+iv+v)</b>	708,908,704	414,921,181
	Add: Beginning Finished Goods	97,327,173	80,650,455
	Less: Closing Finished Goods	102,079,457	97,327,173
	<b>Cost of Goods Sold</b>	<b>704,156,420</b>	<b>398,244,463</b>
<b>19.00</b>	<b>Administrative Expense</b>		
	AGM Expense	320,000	424,350
	Annual Listing Fees	1,690,714	1,822,159
	Audit Fees	450,000	890,000
	BTMA	126,820	2,700
	Board Meeting Fees	95,000	80,000
	Car Maintenance	1,170,245	724,461
	Credit Rating	53,500	-
	CDBL	38,070	414,638
	Directors Remuneration	1,200,000	1,200,000
	Eid Bonus	1,325,821	1,328,560
	EGM Expense	-	327,000
	Entertainment	776,364	1,112,878
	Fire License	4,750	65,120
	Misc. Expense	-	570,000
	postage & Courier	53,040	68,995
	Printing & Stationary	320,557	565,236
	Rent, Rates and Taxes	1,135,200	1,535,000
	Office Maintenance	62,110	6,409
	Salary and Allowance	15,087,534	15,942,713
	Telephone, Fax & Internet	158,700	154,080
	Travelling & Conveyance	865,148	586,526
	Legal Expense	-	4,723,923
	Depreciation	3,104,539	2,232,049
	Interest on WPPF	-	177,851
	Bank Charges & L/C Commission	709,314	2,002,454
		<b>28,747,426</b>	<b>36,957,102</b>



		Amount in Taka	
		June 30, 2019	June 30, 2018
<b>20.00</b>	<b>Right Share Issue Expense</b>		
	Bank Charges by EXIM Bank	-	1,089,489
	Bank Charges by ICB	-	79,445
	Printing, Advertising & Courier	-	1,299,328
	Issue Management Fees	-	3,025,346
	Underwriters' Commission	-	6,017,521
	Other Bank Charges	-	51,319
		-	<b>11,562,448</b>
<b>21.00</b>	<b>Non Operating Income</b>		
	Bank Interest	6,562,092	186,885
	Sales of Scrap	685,000	465,000
	Realized Foreign Currency Exchange Gain	1,812,456	2,582,202
	Unrealized Foreign Currency Exchange Gain	1,178,124	1,217,267
		<b>10,237,672</b>	<b>4,451,354</b>
<b>22.00</b>	<b>Earnings Per Share (EPS)</b>		
	The calculation is as follows:		
	Profit After Tax	178,958,853	266,862,111
	<b>No for share applied to calculate EPS Note 22.01</b>	240,673,169	176,279,711
	<b>Earnings Per Share (EPS)</b>	<b>0.74</b>	<b>1.51</b>
<b>22.01</b>	<b>Calculation of Weighted Average Number of share:</b>		
	The company raised its paid up capital through right issue of 1 share against 1(1:1) vide BSEC permission dated 20.12.2017.		
	Adjusting factor:		
	Fair value before right issue	1	12.9
	Exercise price	1	10
		<b>2</b>	<b>22.9</b>
	Theoretical Ex-right price(22.90/2)	11.45	
	Adjusting factor for right issue (12.90/11.45)	1.13	
	Weighted Average Number of share:		
	<b>For 2018: Right Issue date, 04 March 2018</b>		
	109,396,895 Ordinary shares X 246 days X 1.13		83,067,562
	109,396,895 Ordinary shares X 119 days X 2		71,332,770
	10% stock dividend for 2017-2018		21,879,379
	<b>For 2019</b>		
	Opening number of ordinary shares (109,396,895 X 2)	218,793,790	
	10% stock dividend for 2017-2018	21,879,379	
		<b>240,673,169</b>	<b>176,279,711</b>

Amount in Taka	
June 30, 2019	June 30, 2018

## 23.00 Net Operating Cashflow Per Share (NOCFPS)

The calculation is as follows:

Cash Receipt from Operation	914,417,984	783,296,085
Cash used in Operation	(745,380,323)	(583,951,488)
Net Cash Flow from Operation	<b>169,037,660</b>	<b>199,344,597</b>
No fo share applied to calculate NOCFPS Note 22.01	240,673,169	176,279,711
Net Operating Cashflow Per Share (NOCFPS)	<b>0.70</b>	<b>1.13</b>

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

Net Profit/(Loss) before Tax	226,182,915	275,827,783
Add: Depreciation	62,090,775	44,640,974
(Increase)/Decrease in Advance and Prepayment	165,676,643	(167,623,125)
(Increase)/Decrease in Trade Receivable	(222,487,924)	60,854,124
(Increase)/Decrease in Inventory	(8,489,609)	(1,605,394)
Increase/(Decrease) in Accrued Expenses	4,755,714	(1,779,557)
Increase/(Decrease) in Provisoin for WPPF	(3,690,854)	592,240
Increase/(Decrease) in Provisoin for tax	(55,000,000)	-
Right Issue Expenses (Note-20)	-	(11,562,448)
	<b>169,037,660</b>	<b>199,344,597</b>

## 25.00 Utilization of Right Issue Proceeds

Utilization position of Right Issue proceeds up to 30 June 2019 was as under;

SL. No.	Purpose as per prospectus	Amount as per ROD	Utilized during the year	Total unutilized
A	Building Extension of 50,000 sft (Civil cost for washing & yarn dyeing facilities)	101,002,915	40,600,000	100,981,442
B	New ETP construction cos	20,131,120	-	20,131,120
C	Underground ducting	50,127,038	50,015,427	50,015,427
D	Humidification Room-01,02 & 03	16,716,000	16,716,000	16,716,000
E	Overhead air ducting	19,112,500	19,112,500	19,112,500
F	Electrification & others	5,823,290	5,900,000	5,900,000
G	Expenditure for capital machineries	-	-	-
G-1	Spinning machinery expenditure	446,493,156	221,451,409	221,951,859
G-2	Washing machinery	59,113,045	70,106,236	70,257,218
G-3	ETP machine	14,260,825	-	14,440,825
G-4	Yarn dyeing	296,670,340	-	51,825
H	Covered Van	15,397,120	-	-
I	BMRE spare parts	13,230,640	13,230,640	13,230,640
J	Spinning, washing, ETP & Yarn dyeing machinery erection & commissioning	18,187,765	-	-
K	Right issue expense	17,703,196	-	11,562,448
	<b>Total</b>	<b>1,093,968,950</b>	<b>437,132,212</b>	<b>544,351,304</b>

The company raised Tk. 1,093,968,950 divided into 109,396,895 right shares of Tk. 10 each through ROD on March 04, 2018. The company utilized Tk. 531,303,096 in total up to June 30, 2019 for the purposes described above as certified by independent auditor, Ashraf Uddin & Co, Chartered Accountants.



Amount in Taka	
June 30, 2019	June 30, 2018

## 26.00 Capacity utilization :

The names and nature of the related parties, the nature of these transaction and their total value are as follows:

	Particulars	Relationship	Nature of transaction	Value of Transaction	Closing Balance
A.	Alif-Unitex Co. Ltd.	Sister Concern	Trade Receivable	87,000,000	-
			Advance for Raw Cotton	-	-
			Advance for Factory Rent	-	-

## 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	1,200,000
Board Meeting fees	95,000	80,000
	<b>1,295,000</b>	<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>	<b>1,200,000</b>
----------------------	------------------	------------------

- (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 ( 22 ) above

## 28.00 Capacity utilization :

Particulars	Installed Capacity (Kg)	Actual Production (Kg)	Utilization (%)*
Spinning	4,320,000	4,017,600	93.00%

## 29.00 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	65,169,906	455,165	1,015,818	66,640,889
Purchase	552,354,452	149,320	10,639,471	563,143,243
Closing Stock	70,011,014	20,000	1,255,480	71,286,494
Consumption	547,513,344	584,485	10,399,809	558,497,638
% of Consumption	98.03%	0.10%	1.86%	100%

## 30.00 Number of employees :

The company paid an aggregate amount more than Taka 3,000 per month to all the 650 employees who were in employment for the year.

## 31.00 Events After the Reporting Period :

The Board of Directors in its meeting held on 28 October 2019 has approved the Financial Statements for the year ended 30 June 2019 and recommended @ 2% cash dividend and @ 8% stock dividend per share for the year ended to all the shareholders only subject to all necessary approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Company.

## ALIF MANUFACTURING COMPANY LTD.

Bilquis Tower (9th Floor), Road # 46,  
House # 06, Gulshan # 02, Dhaka-1212  
Ph: 02-58815226-7, Fax: 02-58815228

Revenue  
Stamp of Tk.  
20.00

### PROXY FORM

I/We..... of.....

being shareholder of **Alif Manufacturnig Company Ltd.** hereby appoint Mr./Mrs.....  
..... of.....

..... as my/ our proxy to attend and vote for me/ us and on my/ our behalf at  
the **24<sup>th</sup> Annual General Meeting** of the company to be held on 18<sup>th</sup> December 2019 at 1.30 pm. at  
"**Gulshan Club Ltd.**" House no. NWJ-2/A, Bir Uttam Sultan Mahmud Road, Gulshan-2, Dhaka-1212  
and or any adjournment thereof. As witness my/our hand this.....day of.....2019.

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 LTD.

Bilquis Tower (9th Floor), Road # 46, House # 06, Gulshan # 02, Dhaka-1212  
Ph: 02-58815226-7, Fax: 02-58815228

### ATTENDANCE SLIP

I/We hereby record my/ our presence at the **24<sup>th</sup> Annual General Meeting** of **Alif Manufacturnig Company Ltd.** on 18<sup>th</sup> December 2019 at 1.30 pm. at "**Gulshan Club Ltd.**" House no. NWJ-2/A, Bir Uttam Sultan Mahmud Road, Gulshan-2, Dhaka-1212

Signature of Shareholder(s).....

Register Folio No./B.O. ID 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.