

A M I F E E D



***DIRECTORS'***  
***REPORT TO THE***  
***SHAREHOLDERS***

Dear Valued Shareholders,

Assalamualaikum,

On behalf of the Board of Directors, I welcome you all to the 1<sup>th</sup> Annual General Meeting (AGM) of Aman Feed Ltd. (AFL). We have the pleasure to place herewith the Directors' Report and the Auditors' Report, together with the Audited Financial Statements of the Company, for the year ending June 30, 2016 for your valued consideration, approval and adoption.

### **Business Operations**

2016 was another excellent year for Aman Feed Ltd. despite fierce market competition, incremental tax burden and a difficult operating environment. The Company continued its enviable track record as one of the market leaders in Bangladesh whilst maintaining its position as the most reliable for manufacturing and distributing high quality Poultry Feed, Fish Feed, Shrimp Feed and Cattle Feed to its customers or consumers throughout the Country.

The company focused to maintain steady production in the factory. As a result, during the year it has sold total 96,796 MT feed of which Broiler Feed 42,240 MT, Layer Feed 33,567 MT, FishFeed 17,893 MT and CattleFeed 3,096 MT and aggregate sales of BDT 3,654.09 million. The production capacity utilized in 2015-16 remained almost stable which is approximately 83% of its installed capacity. The Initial Public Offering (IPO) of the Company was made in 2015 and the fund raised thereby is yet to be utilized completely as reported to the regulators. There will be a positive business impact after full utilization of IPO fund.

### **Financial Results**

Total sales of the Company increased to BDT 3,654.1 million in 2016 from BDT 2,839.8 million in 2015 registering around 28.7% growth following the increased price and quantity. The Company has posted net profit after tax BDT 429.9 million during the year 2016 which was BDT 305.6 million during the previous year. The profitability position of the Company remained uptrend compared to previous year. Net profit margin is approximately 11.8% which reveals sound business performance of the Company which provides a cushion in the event of adverse price movement and mitigates its risk to some extent. Moreover, business risk is partly mitigated by AFL's entry into diversified products such as broiler feed, layer feed, fish feed and cattle feed. The earnings per share (EPS) and net asset value per share (NAV) are BDT 4.48 and BDT 34.18 respectively against paid up capital of BDT 960 million.

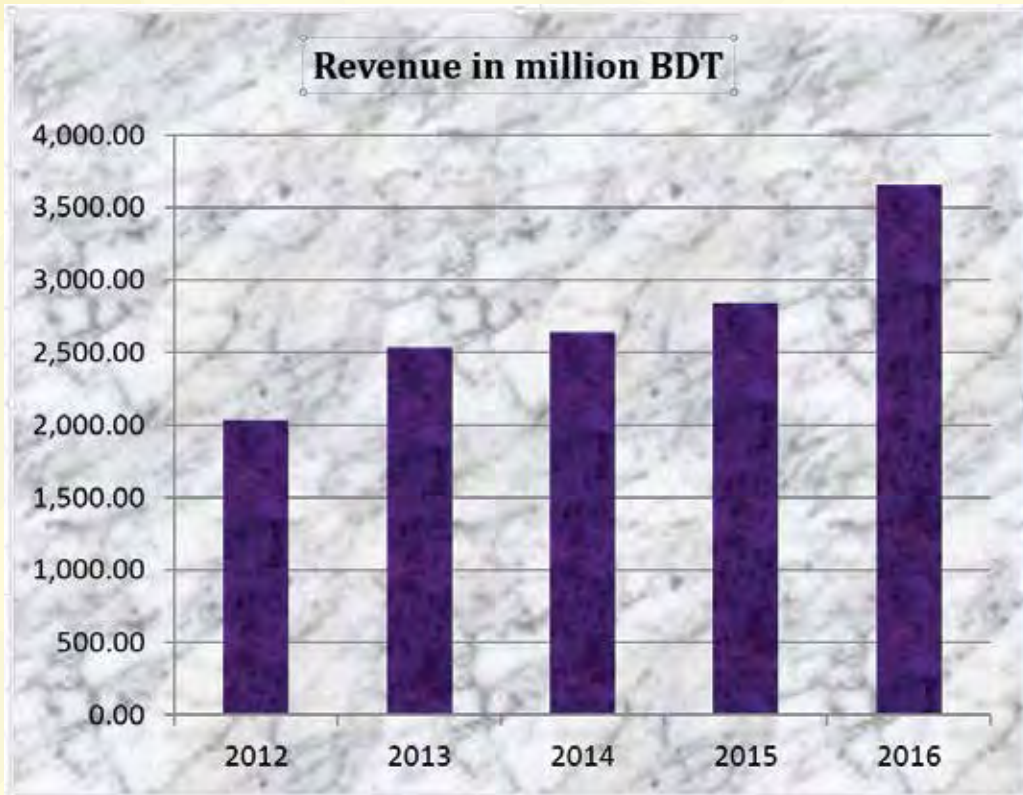


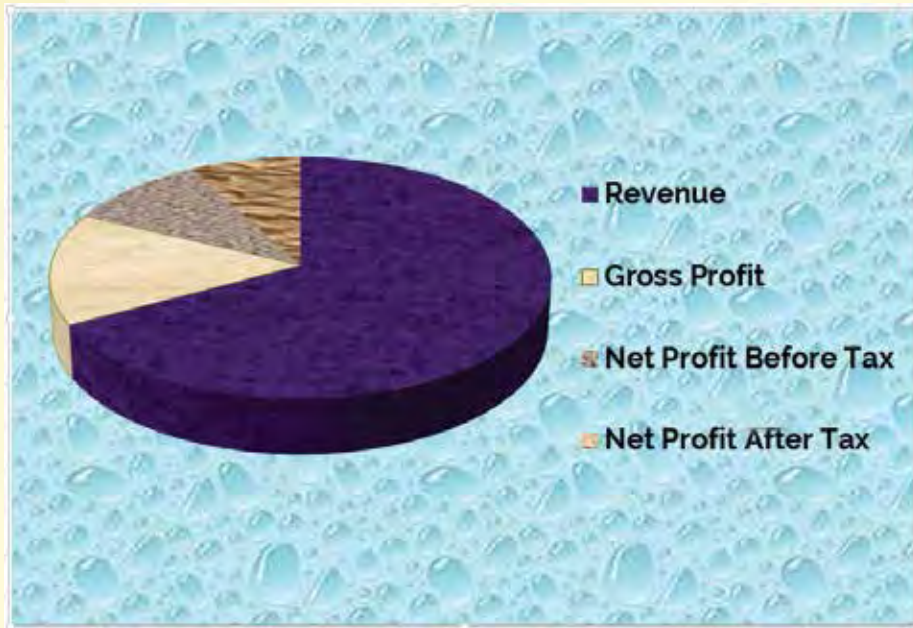
## Comparative Financial Performance

Particulars/Year	2016	2015	2014	2013	2012
<b>Assets Employed</b>					
Total Assets	4,930,193,178	4,670,320,776	3,198,244,350	2,905,447,704	2,119,183,864
Total Current Assets	3,651,416,169	3,592,316,234	2,376,526,485	2,071,087,821	1,538,978,004
Property Plant & Equipment	1,068,043,434	963,718,986	821,717,865	668,147,254	522,605,860
Inventories	1,209,430,944	1,227,703,169	951,697,925	926,683,574	874,354,543
Accounts Receivable	1,681,946,640	1,329,532,060	1,242,960,176	995,760,213	609,325,263
<b>Financed By</b>					
Share Capital	960,000,000	80,000,000	60,000,000	60,000,000	60,000,000
Revaluation Reserve	111,485,727	111,485,727	111,485,727	111,485,727	-
Retained Earnings	1,690,267,255	1,440,341,133	1,134,774,813	836,594,333	542,822,783
<b>Revenue and Profit</b>					
Revenue Earned	3,654,092,037	2,839,770,808	2,641,647,263	2,536,309,939	2,032,447,735
Gross Profit	813,821,344	612,532,502	564,803,634	586,762,694	459,126,053
Net Profit Before Tax	545,816,350	315,703,280	305,513,050	309,518,196	318,955,817
Net Profit After Tax	429,926,122	305,566,321	298,180,480	293,771,550	298,395,541



### Financial performance 2015-16





### Dividend

For the year ended June 30, 2016, the Board of Directors of the Company are pleased to recommend a Final Cash Dividend @ 20% and Stock Dividend @ 10% of the paid-up capital for the year 2015-16 out of the divisible profits of the Company for consideration and approval of the Shareholders for distribution and allotment respectively. The total recommended dividend is 30% of the paid up capital of the Company.

### Board of Directors

The composition of the Board of Directors who held office during the year was as below:

- Md. Rafiqul Islam, Director and Chairman
- Md. Shofiqul Islam, Director and Managing Director
- Md. Toufiqul Islam, Director
- Md Toriqul Islam, Director
- Md. Azizul Haque, Nominated Director (Aman Agro Industries Ltd.)
- Abdul Matin Bhuiyan, Independent Director
- A. F. M. Shamsul Islam, Independent Director

### Board of Directors Meeting

During the year ended 30 June 2016, (9) nine board meetings were held which met the regulatory requirements in this respect. The attendance of the Board of Directors' Meeting by each director is shown as follows:

Name of Director	Attendance	Leave of absence	Remarks
Md. Rafiqul Islam	9	-	-
Md. Shofiqul Islam	9	-	-
Md. Toufiqul Islam	8	1	Granted leave of absence
Md Toriqul Islam	8	1	Granted leave of absence
Md. Azizul Haque	8	1	Granted leave of absence
Abdul Matin Bhuiyan	8	1	Granted leave of absence
A. F. M. Shamsul Islam	8	1	Granted leave of absence

### Directors' Appointment & Re-Appointment

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act. 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at this Annual General Meeting. They are, however, eligible for re-appointment:

1. Mr. Md. Shofiqul Islam
2. Mr. Md. Azizul Haque

Brief profiles of the Directors being proposed for re-appointment are given under the head Directors' profile of the Annual Report, which fulfill condition 1.5 (xxii) of the Corporate Governance Guidelines of BSEC.

**Directors' remuneration and related party transactions**

The Company carried out a number of transactions with related parties in the normal course of business. Details of related parties and related party transactions have been disclosed in note 31 to the Financial Statements as per requirements of relevant IFRS.

Particulars Name of the party	Relationship	Nature of Transaction	Amounts in Taka	
			Year ended 30 June 2016	Year ended 30 June 2015
Md. Rafiqul Islam	Chairman & Shareholder	Remuneration	1,200,000	-
		Board meeting fee	45,000	50,000
Md. Shofiqul Islam	Managing Director & Shareholder	Remuneration	2,400,000	2,600,000
		Board meeting fee	45,000	50,000
Md. Toufiqul Islam	Director & Shareholder	Remuneration	1,200,000	-
		Board meeting fee	40,000	50,000
Md Toriqul Islam	Director & Shareholder	Remuneration	1,200,000	-
		Board meeting fee	40,000	50,000
Md. Azizul Haque	Nominee Director	Board meeting fee	40,000	45,000
Abdul Matin Bhuiyan	Independent Director	Board meeting fee	40,000	25,000
A.F.M. Shamsul Islam	Independent Director	Board meeting fee	40,000	25,000
Aman Cement Mills Ltd.	Common Director	Office rent	120,000	120,000
Aman Group Ltd.	Common Director	Office rent	1,920,000	1,200,000



### Appointment of Auditors

The present auditor of the company, Ahmed Zaker & Co. Chartered Accountants, has completed audit for the year 2015-16 and they will retire in the 11<sup>th</sup> Annual General Meeting. The present auditors are eligible and expressed their interest to perform audit for the year 2016-17. The audit committee has also proposed the name of Ahmed Zaker & Co., Chartered Accountants for appointment as statutory auditor of the company to perform audit for the year 2016-17. The Board recommends their re-appointment for the year 2016-17 and continuation till the next AGM.

### Capital raising phases

Allotment-wise total capital

Particulars of Allotment	Date of Allotment	Number of shares issued		Amount of Share Capital (Taka)
		No. of Share Consideration in Cash	No. of Share Consideration other than Cash	
First (During Incorporation)	07.02.2005	200,000	---	2,000,000
Second Allotment (Bonus Share)	01.01.2012	---	98,00,000	98,000,000
Third Allotment (Bonus Share)	28.06.2012	---	50,000,000	500,000,000
Fourth Allotment (IPO Subscription)	24.06.2015	20,000,000	---	200,000,000
Fifth Allotment (Bonus Share)	14.12.2015	---	16,000,000	160,000,000
<b>Total</b>		<b>20,200,000</b>	<b>66,000,000</b>	<b>960,000,000</b>

### Industry Outlook and Possible Future Developments

The Aman Feed Limited operates its business in an industry which is one of the fastest growing and most promising industries in Bangladesh since 1995. Feed mill plays an important role in the supply of commercial feed to poultry, livestock and fish farming. Feed mills generally distribute their products as complete feed to poultry, fish and livestock industry. In the immediate past, commercial poultry, livestock and fish farming expanded at a faster rate in Bangladesh resulting in a large scale demand for commercial feed round the year. Though the feed industry is increasing but it is unable to meet the demand of feed supplies which the poultry farms presently require.



Keeping the above in mind, Aman Feed Limited aims to produce the quality product of Broiler Feed, Layer Feed, Fish Feed and Cattle Feed. To consider the focal point, the factory has established with the most modern plant & machineries that are imported from Germany to reach their optimal level. At present, the yearly production capacity of the Company is 105,000 MT. The management has a plan to expand its business through construction of floating feed plant, purchase land and construction of Silo's for storage of raw materials and purchase plant and machineries for enhancement of production capacity.

### Product-wise Performance

The Company mainly produces 4 (four) categories feed such as Broiler Feed, Layer Feed, Fish Feed and Cattle Feed. The mentioned categorized feed productions are varied on the market demand and it is determined by the management of the company. Three products have more than 10% contribution towards the revenue of the Company. Among the total sales, the four feed products contribute in the following proportion:

Product Name	Sales in MT (2015-2016)	Percentage
Broiler Feed	42,240	43.64
Layer Feed	33,567	34.68
Fish Feed	17,893	18.49
Cattle Feed	3,096	3.20
<b>Total</b>	<b>96,796</b>	<b>100</b>

### Risk and Concern

Aman Feed Limited (AFL) is operating in a locally competitive industry involving both external and internal factors having direct as well as indirect effects on the investments. The management of Aman Feed Limited carefully considers all risk factors such as interest rate risks, exchange rate risks, industry and market risks and operation risks etc. To consider these risks, the management has taken some initiatives to minimize risks. The company put emphasis on minimizing the dependence on bank borrowing. Since AFL borrows for long term from Banks with fixed interest rate and has a strong equity base, the management perceives that fluctuation of interest rate on borrowing would have little impact upon the performance of the company.

Aman Feed Limited has to import some of its raw materials from foreign market, but those raw material are also available in local market. Depending on the price of raw materials in foreign and local market, foreign currency rate, lead time, foreign currency rate movement etc., our decision is made for procurement of raw materials. However, as a highly profitable company, the foreign exchange fluctuation risk is not vital in case of LC retirement.

Industry risks refer to the impact that the country's industrial policy can have on the performance of a specific industry. Due to a rapid development in the poultry & fish farming and maintaining of strict product quality, efficient management of ingredient of production, utilization of developed technology, timely decision for expansion of production capacity, development of strong marketing network with skilled human resources etc., the future of AFL is expected to be bright. Since the feed market is gradually expanding with the demand for protein for the increasing population, there are chances off further occupying the market share.

Operational risk arises from improper execution of company's business. This risk can also be summarized as human risk, which occurs due to human error.

The Company manages this risk through a control based environment. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the company stays in line which industry best practice and takes account or lessons learned from publicized operational failures within the Feed manufacturing industry.

### **Human Resource**

Development of human resource continues to be a fundamental part of our policy and strength. We arrange periodic training sessions both in house and outdoor for upgrading the skills of our personnel. The company committed to the staff to create a harmonious, comfortable and congenial working environment and the company also believes that a skilled and committed workforce can surely improve the company's profitability.

### **Environmental policies and practices**

Aman Feed Limited has formulated its environmental and occupational health and safety policies to ensure sustainable and environmentally responsible utilization of resources. The management of AFL has been giving the top priority to effective use of raw materials and reducing air and water pollution. The company continues to stay committed to 'Fresh Air' by taking water treatment plan, cleaning and safety measures, planting trees and giving in house training sessions to our employees on environmental awareness and conservation.



## Acknowledgement

The performance of the Company in 2016 results from the pledge, promise, energy and hard work of our Directors, Management and employees. Our employees are the heart of our Company, while our customers are the driving force that helps us stay competitive and to go beyond expectations. The Board of Directors also recognizes that the outstanding achievement of the year was possible also because of the support of all stakeholders particularly – the shareholders, partners, vendors, collaborators and media who have kept the Company on the right track through their continuous feedback, motivation and close engagement. On this auspicious occasion, the Board profoundly acknowledges the cooperation and assistance that it has received from investors, suppliers, banks, insurance companies, Registrar of Joint Stock Companies & Firms, Bangladesh Securities and Exchange Commission, stock exchanges and various government authorities for their continued support to Aman Feed Limited. It is because of their support and inspiration that Aman Feed Ltd. has been able to attain the lofty heights in its industry.

Md. Rafiqul Islam  
Chairman

