

**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**For the Year Ended 30<sup>th</sup> June 2020.**

Dear Valued Shareholders,

Assalamu-Alikum,

On behalf of the Board of Directors and Management, I welcome you all to the 15<sup>th</sup> Annual General Meeting (AGM) of Aman Feed Limited. 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 ended 30<sup>th</sup> June 2020 for your Valued Consideration, approval and adoption.

The Directors' Report is prepared as per companies act 1994 u/s 184 and in compliance with the Corporate Governance of the Bangladesh Securities and Exchange Commission's notification no SEC/CMRRCD/2006-158/207/Admin/80: dated 03 June 2018, the Directors' report that:

### **Business Operations**

The company has aim to maintain uninterrupted production in the factory. As a result, during the year it has produced total 167,239 MT feed of which Broiler Feed 69,617 MT, Layer Feed 64,305 MT, Fish Feed 27,659 MT and Cattle Feed 5,658 MT and aggregate earning revenue of Tk. 6,502,031,547. The production capacity utilized in 2019-20 remained almost stable which is approximately 97.80% of its install capacity.

### **Financial Results**

During the year the company achieves gross profit of TK. 1,086,847,602 and earlier it was Tk. 1,177,775,698. The Company also recorded the net profit before tax during the year at Tk. 407,121,110 over the last year profit at Tk. 562,943,885. The earnings per share (EPS) and net asset value per share (NAV) is Tk. 2.71 and Tk. 34.80 respectively.

### **Dividend**

The Board of Directors of your company are pleased to recommended 10.00 % Cash Dividend and 2.50% Stock Dividend to the Shareholders of the Company for the year ended 30<sup>th</sup> June 2020, subject to the approval of the shareholders in the 15<sup>th</sup> Annual General Meeting.

### **Directors' Retire & Re-Elected**

The name of the present Directors are mentioned in this report. As per section 91(2) and regulation 79 of first schedule of the Companies Act 1994 and Articles 130 of Articles Association of the company, Mr. Md. Rafiqul Islam and Mr. Md. Shofiqul Islam, Director of the company shall retire in the 15<sup>th</sup> Annual General Meeting by rotation and being eligible, offer himself for re-appointment as per Articles 132 of the Articles of Association of the company. A brief resume, nature of expertise, the name of company in which Mr. Rafiqul Islam and Mr. Md Shofiqul Islam hold directorship is also presented on this report.

## Directors' remuneration and related party transactions:

The details of related party transactions during the year alongwith the relationship is illustrated below in accordance with IAS 24 :

			Jul'19-Jun'20	Jul'18-Jun'19
Name of the party	Relationship with Company	Nature of transaction	Transacted amount in BDT	Transacted amount in BDT
Md. Rafiqul Islam	Chairman & Shareholder	Remuneration	2,400,000	2,400,000
		Board meeting fee	55,000	55,000
Md. Shofiqul Islam	Managing Director & Shareholder	Remuneration	2,400,000	2,400,000
		Board meeting fee	55,000	55,000
Md. Toufiqul Islam	Director & Shareholder	Remuneration	2,400,000	2,400,000
		Board meeting fee	55,000	55,000
Md. Toriqul Islam	Director & Shareholder	Remuneration	2,400,000	2,400,000
		Board meeting fee	55,000	55,000
Md. Azizul Haque	Nominee Director	Board meeting fee	-	-
Mr. Khondker Fowze Muhammed Bin Farid	Independent Director	Board meeting fee	30,000	30,000
Mr. A.F.M. Shamsul Islam	Independent Director	Board meeting fee	25,000	25,000
Mr. Md. Rabiul Haque	Nominated Director	Board meeting fee	15,000	10,000
Anwara Mannan Textiles Mills Limited	Common Director	Inter-company	20,000,000	-
Aman Chicks Limited	Common Director	Inter-company	10,950,000	-
Anwara Poultry and Hatchery Limited	Common Director	Inter-company	22,057,000	-
Aman Food and Beverage Limited	Common Director	Inter-company	654,000	-
MS. R S & T International	Common Director	Inter-company	1,000,000	-
Aman Breeders Limited	Common Director	Inter-company	14,302,824	-
Aman Cotton Fibrous Limited	Common Director	Inter-company	1,500,000	-
Aman Trading Corporation	Common Director	Inter-company	20,642,219	-
MS. Islam Brothers & Co.	Common Director	Inter-company	40,941,383	-
Aman Packaging and Accessories Limited	Common Director	Inter-company	12,200,000	-
Aman Packaging Limited	Common Director	Inter-company	56,700,000	-
Aman Poultry and Hatchery Limited	Common Director	Inter-company	61,069,143	-
Juvenile Trade International	Common Director	Inter-company	6,640,000	-
Aman Cement Mills Limited	Common Director	Inter-company	22,852,159	-
Aman Cement Mills Unit-2 Limited	Common Director	Inter-company	25,998,130	-

## FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
<b>ASSETS EMPLOYED</b>					
Total Assets	8,555,379,615	7,847,079,942	7,564,392,402	5,454,567,769	4,930,193,178
Total Current Assets	7,068,383,363	6,303,774,688	5,960,917,724	3,852,730,873	3,651,416,169
Property Plant & Equipment	1,482,145,253	1,598,623,678	1,538,454,254	1,598,623,678	1,598,623,678
Inventories	2,380,823,940	2,361,229,583	2,557,987,621	1,168,598,151	1,209,430,944
Accounts Receivable	2,770,656,345	2,507,001,730	2,260,787,392	1,754,922,824	1,681,946,640
<b>FINANCED BY</b>					
Share Capital	1,277,760,000	1,277,760,000	1,161,600,000	1,056,000,000	960,000,000
Revaluation Reserve	128,536,485	128,536,485	128,536,485	128,536,485	111,485,727
Retained Earnings	2,519,693,451	2,232,105,195	2,101,869,956	1,881,298,846	1,690,267,255
<b>REVENUE AND PROFIT</b>					
Revenue Earned	6,502,031,547	6,216,861,396	5,280,184,252	4,053,598,905	3,654,092,037
Gross Profit	1,086,847,602	1,177,775,698	1,082,979,536	871,772,912	813,821,344
Net Profit Before Tax	407,121,110	562,943,885	628,874,303	563,310,875	545,816,350
Net Profit After Tax	346,265,556	478,715,239	537,371,110	479,031,591	429,926,122

## Board of Directors Meeting

During the year ended 30 June 2020 nine board meetings were held. The attendance of the Board of Directors' Meeting by each director is shown as follows:

Name of the Directors	Attendance	Remarks
Md.Rafiqul Islam	11	
Md.Shofiqul Islam	11	
Md.Toufiqul Islam	11	
Md.Toriqul Islam	11	
Mr. Khondker Fowze Muhammed Bin Farid	6	
Mr. A. F. M. Shamsul Islam	5	
Mr. Md. Rabiul Haque	3	

## Auditors

The present auditor of the company, Ahmed Zaker & Co., Chartered Accountants, has completed audit for the year 2019-20 and they will retire in the 15<sup>th</sup> Annual General Meeting. Ahmed Zaker & Co., Chartered Accountants not expressing their interested for continuing a statutory auditor of the company for the financial year 2020-2021. G. KIBRIA & Co., Chartered Accountants expressing their interest of the Company for the financial year 2020-2021. The audit committee has proposed the name of G. KIBRIA & Co., Chartered Accountants for appointment as statutory auditor of the company with remuneration of Tk. 3,00,000(Three Lac) only including tax and Excluding VAT which approved by the shareholder in the 15<sup>th</sup> Annual General Meeting.

## Patterns of Shareholding Position

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(subscription to the Memorandum & Articles of Association at the time of incorporation)	07.02.2005	200,000	---	2,000,000.00
Second Allotment(Bonus Share)	01.01.2012	---	98,00,000	98,000,000.00
Third Allotment (Bonus Share)	28.06.2012	---	50,000,000	500,000,000.00
Forth Allotment (IPO Subscription)	24.06.15	20,000,000	---	200,000,000.00
Forth Allotment(Bonus Share)	14.12.15		16,000,000	160,000,000.00
Fifth Allotment(Bonus Share)	15.12.16		9,600,000	96,000,000.00
Sixth Allotment(Bonus Share)	27.12.2017		10,560,000	105,600,000
Seventh Allotment(Bonus Share)	19.12.2018		11,616,000	116,160,000
<b>Total</b>		<b>20,200,000</b>	<b>107,576,000</b>	<b>1,277,760,000.00</b>

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS

The 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 1,48,200 MT. The management has a plan to expand its business through construction of floating feed plant, purchase land and construction of Silo's, construction cost 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 feeds productions are varied on the market demand and it is determined by the management of the company. Two products havetenpercentormorecontributiontowardstherevenueoftheCompany.Amongthetotalsale s,the following feed products contribute largely:

<b>Product Name</b>	<b>Sales During the Year 2019-2020 (MT)</b>	<b>Percentage (%)</b>
Broiler Feed	69,617	41.63%
Layer Feed	64,305	38.45%
Fish Feed	27,659	16.54%
Cattle Feed	5,658	3.38%
<b>Total</b>	<b>167,239</b>	<b>100.00</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 erase risks. The company is emphasis to minimize the dependence on bank borrowing. Since AFL borrows for long term from Banks with 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 materials 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 we make our decision 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 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 of 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 with industry best practice and takes account of lessons learned from publicized operational failures within the Feed manufacturing industry.

### **Cost of Goods sold and Sales Revenue:**

Revenue increased due to product mix. Your company was able to translate most of the revenue into profit, resulting in a 4.59% growth in sales revenue to BDT 6,502,031,547. The cost of Goods sold increased by 7.46% due to volume increase and significant product mix, which was off-set through effective cost control and productivity savings initiatives across the company.

### **Going Concern:**

The Directors are of the opinion that the company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.

### **The system of Internal Control:**

As there is always degree of uncertainty ahead of our operation, the Board of Directors assures its shareholders that the company has a competent risk management process to ensure that the system of internal control is sound in design and has effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the company takes reasonable steps to identify material risks that may hamper business results. The company then systematically reviews these risks in light of the changing internal and external environmental in order to assess that control that are in place are adequate to address those risks. This report further encloses a detailed discussion on the internal control framework under the statement of Internal Control.

## **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 good work environment and the company also believes that a skills and committed work force 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.

## **Directors Declaration as to Financial Statements:**

The Directors are responsible for the governance of the company an as part of preparation and presentation of the financial statements, the Directors confirm, to the best of their knowledge that:

- The financial statements, prepared by the Management of the company which was scrutinized by the external auditors, present fairly its state of affairs, the result of its operation, cash flows and changes in equity:
- Proper books of account of the company have been maintained
- 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 International Accounting Standards, as applicable in Bangladesh have been followed in preparation of the financial statements and any departure from there has been adequately disclosed
- The system of internal control is sound in design and has been effectively implemented and monitored
- There is no doubt whatsoever upon the company's ability to continue as a going concern
- As required under the BSEC directives the Directors further confirm that:
  - The MD and CFO have certified to the Board that they have reviewed the financial statements and affirmed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - The MD and CFO have certified to the Board that they have reviewed the financial statements and affirmed that 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.

- The MD and CFO have further certified to the Board that there are, to the best of their knowledge and belief no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's codes of conduct.

### **A Note of Thanks**

The Board of Directors firmly believes that Aman Feed Limited has the necessary Strength, resources and commitments to enable the Company to grow and future contribution to Bangladesh. The performance of the Company during period under review demonstrates the resolves and determination of the Board, Management and our employees to empower Society. On this occasion, the Board express on record its appreciation to the partners of AFL, Shareholders, suppliers, Customers, Bankers, Regulators, media and all other well- wishers for their support and patronage to bring the Company to this level.

For and on behalf of the Board of Directors of Aman Feed Limited.

**Md.Rafiqul Islam**  
Chairman