

DIRECTORS' REPORT TO THE SHAREHOLDERS
For the Year Ended 30th June 2021.

Dear Valued Shareholders,

Assalamu-Alikum,

On behalf of the Board of Directors and Management, I welcome you all to the 16th 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 30th June 2021 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 173,767 MT feed of which Broiler Feed 70,246 MT, Layer Feed 65,888 MT, Fish Feed 32,217 MT and Cattle Feed 5,417 MT and aggregate earning revenue of Tk. 7,285,684,348. The production capacity utilized in 2020-2021 remained almost stable which is approximately 98.22% of its install capacity.

Financial Results

During the year the company achieves gross profit of TK. 1,106,988,125 and earlier it was Tk. 1,086,847,603. The Company also recorded the net profit before tax during the year at Tk. 386,783,502 over the last year profit at Tk. 407,121,111. The earnings per share (EPS) and net asset value per share (NAV) is Tk. 2.53 and Tk. 32.23 respectively.

Dividend

The Board of Directors of your company are pleased to recommended 15.00 % Cash Dividend for general shareholders other than sponsors shareholders of the Company for the year ended 30th June 2021, subject to the approval of the shareholders in the 16th 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. Toufiqul Islam and Mr. Md. Toriqul Islam, Director of the company shall retire in the 16th 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. Md. Toufiqul Islam and Mr. Md. Toriqul 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'20-Jun'21	Jul'19-Jun'20
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
Mr. Khondker Fowze Muhammed Bin Farid	Independent Director	Board meeting fee	35,000	30,000
Mr. A.F.M. Shamsul Islam	Independent Director	Board meeting fee	30,000	25,000
Mr. Md. Rabiul Haque	Nominated Director	Board meeting fee	20,000	15,000
Anwara Mannan Textiles Mills Limited	Common Director	Inter-company	21,800,000	20,000,000
Aman Chicks Limited	Common Director	Inter-company	11,935,500	10,950,000
Anwara Poultry and Hatchery Limited	Common Director	Inter-company	24,042,130	22,057,000
Aman Food and Beverage Limited	Common Director	Inter-company	712,860	654,000
MS. R S & T International	Common Director	Inter-company	1,090,000	1,000,000
Aman Breeders Limited	Common Director	Inter-company	15,590,078	14,302,824
Aman Cotton Fibrous Limited	Common Director	Inter-company	1,635,000	1,500,000
Aman Trading Corporation	Common Director	Inter-company	22,500,019	20,642,219
MS. Islam Brothers & Co.	Common Director	Inter-company	44,626,107	40,941,383
Aman Packaging and Accessories Limited	Common Director	Inter-company	13,298,000	12,200,000
Aman Packaging Limited	Common Director	Inter-company	61,803,000	56,700,000
Aman Poultry and Hatchery Limited	Common Director	Inter-company	66,565,366	61,069,143
Juvenile Trade International	Common Director	Inter-company	7,237,600	6,640,000
Aman Cement Mills Limited	Common Director	Inter-company	24,908,853	22,852,159
Aman Cement Mills Unit-2 Limited	Common Director	Inter-company	28,337,962	25,998,130

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017
ASSETS EMPLOYED					
Total Assets	8,967,082,833	8,156,475,218	7,422,843,070	7,564,392,402	5,454,567,769
Total Current Assets	7,527,920,513	6,669,478,965	5,879,537,816	5,960,917,724	3,852,730,873
Property Plant & Equipment	1,434,311,319	1,482,145,253	1,538,454,254	1,538,454,254	1,598,623,678
Inventories	2,113,106,430	1,956,587,068	1,936,992,711	2,557,987,621	1,168,598,151
Accounts Receivable	3,192,971,440	2,770,656,345	2,507,001,730	2,260,787,392	1,754,922,824
FINANCED BY					
Share Capital	1,309,704,000	1,277,760,000	1,277,760,000	1,161,600,000	1,056,000,000
Revaluation Reserve	127,224,889	127,224,889	127,224,889	128,536,485	128,536,485
Retained Earnings	2,264,599,496	2,092,833,386	1,805,245,129	2,101,869,956	1,881,298,846
REVENUE AND PROFIT					
Revenue Earned	7,285,684,348	6,502,031,547	6,216,861,396	5,280,184,252	4,053,598,905
Gross Profit	1,106,988,125	1,086,847,603	1,177,775,698	1,082,979,536	871,772,912
Net Profit Before Tax	386,783,502	407,121,111	562,943,885	628,874,303	563,310,875
Net Profit After Tax	331,486,110	346,265,557	478,715,239	537,371,110	479,031,591

Board of Directors Meeting

During the year ended 30 June 2021 Eleven 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	7	
Mr. A. F. M. Shamsul Islam	6	
Mr. Md. Rabiul Haque	4	

Auditors

The present auditor of the company, G. Kibria & Co., Chartered Accountants, has completed audit for the year 2020-2021 and they will retire in the 16th Annual General Meeting. G. Kibria & Co., Chartered Accountants expressing their interested for continuing a statutory auditor of the company for the financial year 2021-2022. The audit committee has proposed the name of G. KIBRIA & Co., Chartered Accountants for re-appointment as statutory auditor of the company with remuneration of Tk. 3,50,000(Three Lac Fifty Thousand) only including tax and Excluding VAT which approved by the shareholder in the 16th 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
Eight Allotment(Bonus Share)	29.04.2021		3,194,400	31,944,000
Total			20,200,000	1,309,704,000.00

Explanation of Qualified Opinion:

1. Aman Feed Limited (AFL) calculated the interest on loans at industry standard rate of 9% and recognized the same in the annual Financial Statements, whereas the financial institutions calculated it @ 14.96% on an average. The rate used by the financial institutions is above the industry standard from AFL's point of view. Therefore, to protect the interest of our valued shareholders the Company decided to remain firm to its interest rate applied at 9% which is in conformity with the generally accepted policy/regulation in this respect. The consequential effect of this is the understatement of the corresponding liability by the finance cost BDT 3,856,777 in total as compared to what has been shown in the books of financial institutions
2. The purchase of goods/stores and payment of advances to the suppliers are continuous process throughout the years by any industry like ours. The adjustments of such advances by procurement of goods/stores are made periodically from time to time. Analyses of transactions with various suppliers with whom the related activities were made would give the aging of the advances. There was lacking/lapses on our part to make proper documentations of all transactions including adjustments in the suppliers' accounts during initial period of COVID-19.

We however assure you all of our required attentions in days ahead to ascertain aging of this advance.

3. We are aware of the provisions of labor laws relating to WPPF for which we made provisions of WPPF in the annual financial statements for its subsequent disbursement to the recipients. But due to time-to-time lockdown for COVID-19, non-availability of the concerned employees and non- availability of liquid fund in time, the documentation and disbursing process has been delayed inordinately.

The recognition of this liability in the financial statements shall ensure payments/disbursements in future upon situation being favorable to the Company. There is no dearth of our commitments.

4. Aman Feed Limited declared 10% of cash dividends in FY 2019-2020 and made payments to the shareholders in all the categories except to the members constitute the Board of Directors including sponsor directors. Thus, core public interest in the company was been fully secured and performed.

The Board members decided to not withdraw the dividend to meet the working capital during the hard time of the Company following severe outbreak of COVID-19 across the country which could

have adversely affected the country's business activities. However, the due dividend will be paid when liquidity becomes favorable after ensuring necessary working capital and supply chain requirements.

It is for the reasons stated above the fund could not be placed in the separate Dividend Bank Account.

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:

Product Name	Sales During the Year 2020-2021 (MT)	Percentage (%)
Broiler Feed	70,647	40.45%
Layer Feed	66,157	37.88%
Fish Feed	32,375	18.54%
Cattle Feed	5,457	3.13%
Total	174,636	100.00

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 12.05% growth in sales revenue to BDT 7,285,684,348. The cost of Goods sold increased by 14.10% 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