



NATIONAL FEED MILL LTD.

Corporate Office : ABC North Ridge, Apartment # A/5, (5th Floor), House # 51, Road # 15, (Rabindra Soroni), Sector # 03, Uttara Model Town, Dhaka-1230, Bangladesh.
Telephone: +88 02 48950746, Fax: +88 02 58955257
E-mail: general@nationalgroup-bd.com, Web : nationalgroup-bd.com

Registered Office : Baniarchala
Member Bari, Bhabanipur
Gazipur, Bangladesh

Director's Report

Dear Shareholders,
AssalamuAlaikum,

The Board of Directors of National Feed Mill Limited is pleased to present the Audited Financial Statements of the Company for the year ended 30th June 2022, Notes of Accounts, the Statutory Auditors' Report thereon along with Company's Performance, Corporate Governance Statement, Compliance Report, Nomination and Remuneration Committee Report and other matters in terms of Companies Act 1994, International Accounting Standards, the guideline issued by Bangladesh Securities and Exchange Commission, Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and other applicable Rules and regulations for your valued consideration, approval and adoption.

BACKGROUND

National Feed Mill Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) on December 22, 1999 [Registration No. C-39289(1247)/99] and has been converted into a Public Limited Company on June 22, 2011 under the Companies Act, 1994. The Authorized capital of the company is Tk. 2,000.00 million and paid up taka 933.61 million.

INDUSTRY OUTLOOK

As per Ministry of Fisheries & Livestock of Bangladesh, the per capita meat consumption for an average Bangladesh is amounted to be 45.62 Kg. More than six million people in our country are directly or indirectly involved in poultry and fish production.

The growth opportunity for the feed sector in our country is immense. This industry can provide various opportunities to increase GDP growth rate and equitable distribution through arranging food security as well as ensuring self-employment, creating purchasing power and reducing poverty at a large scale.

As Bangladesh in one of the high density Countries of the world with a population of 160 million, the demand of feed products will increase continuously to meet the huge protein requirement of the people. The major portion of this increasing demand for feed items will have to be met by mechanized feed millers whereas the home mix producers will have to take care of the rest. However, the industry is going through a stress test because of the currency devaluation, increasing raw material and finished goods price, which has contracted demand momentarily for this year, but we remain optimistic as we operate in an essential industry which plays a vital role in providing the fund security of the country.

Financial results

The Company reported sales of Taka 645,628,451 in 30th June 2022, against Taka 1,207,557,628 reported in 30th June 2021. Gross profit Taka 69,297,574 in 30th June 2022 against Taka 182,201,641 reported in 30th June 2021. Net profit after tax Taka 7,656,743 in 30th June 2022 stood against Taka 16,804,050 achieved in 30th June 2021.



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The company's financial performances for the year period from 1st July 2021 to 30th June 2022 as compared to previous year are summarized hereunder:

Particulars	1 st July 2021 to 30 th June 2022	1 st July 2020 to 30 th June 2021
Turnover	645,628,451	1,207,557,628
Gross Profit	69,297,574	182,201,641
Provision for Tax	2,869,085	3,420,391
Net Profit After Tax	7,656,743	16,804,050
Gross Profit Margin	10.73	15.09%
Net Profit Margin	1.19	1.39%
Earnings Per Share	0.08	0.18
Number of Shares used to compute EPS	93,361,324	92,436,955

During this year, EPS has decreased significantly against the prior period, due to Company's negative revenue growth. After the years long COVID-19 pandemic, a new threat i.e Russia – Ukraine war, has disrupted global supply chain, which has created instability within the forex market, and caused an unprecedented power crisis in Bangladesh. Earnings per Share (EPS) are Tk. 0.08 & Tk. 0.18 for the financial year 2021-2022 & 2020-2021 the current year's EPS existing has decreased significantly against the last Year but fourth quarter EPS was positive compared to with the last three quarters.

NOCFPS has also been decreased due to decreased Sales and collection against Sales was Lower than the payment to suppliers, Tax paid and loan installments were higher than previous year.

Net Asset Value Per Share has also been decreased due to declining net profit and no unrealized gains during the year

Segment- wise Revenue Earning.

Particulars	1st July 21 – June'22	1st July 20 – June'21
Broiler Feed	281,751,367	565,426,814
Layer Feed	221,571,066	419,368,889
Fish Feed	49,728,627	98,714,952
Cattle Feed	31,562,745	35,049,497



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Feed Processing	25,760,237	13,226,914
Floating Feed	35,254,409	75,770,562

Risk and concerns

The company is always identifying the key business risks and ensures the mitigation plans of those risks. The management of the company reviewed and adopted the best practices of the industry that enable the company to achieve its ultimate objectives. We gave a detailed discussion regarding various types of risk & the mitigating procedures of risk and action taken in line with that in Page No 26-27 of the Annual Reports.

Explanation on any reservation, qualification or adverse remarks above Matter of Emphasis

In the Audited Financial Statements for the Years 2021-2022 Auditor express emphasis of matter as under

1. We draw attention in the notes # 8 of the financial statements as the company had written off Tk. 95,627,134 against receivable amount as at June 30, 2021 but during the financial year the company has not written off any amount against the uncollectable receivable amount according to IFRS -9 Para-5.5.1 & 5.5.9.
2. In the notes # 9.01 Advance, Deposit & Prepayment includes Tk. 38,840,770 out of which Tk. 3,032,641 relates to Karnopur Agro Industries Ltd. and Tk. 35,808,129 to National Hatchery Ltd. which is given as advance without business consideration.
3. The Bangladesh Labor (amended) act 2013 requires the company to contribute 5% of its net profit to WPPF. The management has ascertained the amount and made necessary provision but not made any payment which is apparent as noncompliance of the said act. The company shall pay to the Participation fund, the welfare fund, and fund established under section 14 of Bangladesh Workers Welfare Foundation Act, 2006, not later than six months from the close of that year, five percent (5%) of its net profits during such year, the proportion of the Payment to above mentioned funds shall be 80:10:10 respectively.
4. During the year the company has not disclosed its contingent liabilities against income Tax liabilities.

A discussion on Cost of Goods Sold, Gross Profit and Net Profit

Particulars	1 st July 21 – 30 th June'22	1 st July 20 – 30 th June'21
Cost of Goods Sold	576,330,877	1,025,355,988
Gross Profit	69,297,574	182,201,641
Net Profit	7,656,743	16,804,050



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Discussion on continuity of extraordinary gain or loss

Extraordinary gains or losses refer to infrequent and unusual gain or loss. As for the Company, there was no such gain or loss during the year under reporting.

Related Party Transaction

Related party transactions are presented in note no.9.01 of the financial statements.

Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

Board Size:

The number of members of the Board of Directors stands at 07 (including Two Independent Director) which are within the limits given by BSEC.

Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance as follows:

Company Secretary	: Md. Arifur Rahman
Chief Financial Officer	: Md. Firoj Alam
Head of Internal Audit & Compliances	: Mahamudullah

External Statutory Auditors

The BSEC guidelines are being strictly followed in engaging statutory Auditors for the company.

Maintaining a website

The company has been maintaining an official website, i.e. www.nationalgroup-bd.com which is linked with the website of the stock exchange.

Subsidiary Company

The company has no subsidiary company.

Duties of CEO & CFO

The provision of BSEC regulations have been compiled in the Annual Report.

Directors' Appointment and 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 in the annual general meeting and both are eligible for re-appointment. The directors are:

1. Mrs. Farida Jahan Babul
2. Mrs. Lipy Sultana Karim



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The Pattern of Shareholding

As per condition 1(5)(xxiii) of the corporate governance code issued by BSEC, the shareholding pattern as on 30 June, 2022 is shown as below:

Name of the shareholders	Position	Shares Held	%
A. Parent/Subsidiary/Associated companies and other related parties			
B. Directors Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit & Compliances and their Spouse and Minor Children			
Farida Jahan Babul	Chairman	4,005,157	4.29%
Akther Hossain Babul	Managing Director	16,283,330	17.44%
Adib Hossain Babul	Director	4,324,370	4.63%
Rezaul Karim	Director	1,884,530	2.02%
Lipy Sultana Karim	Director	1,884,530	2.02%
Md. Ziaur Rahman Mazumder	Independent Director	Nil	-
Mahbub Hasan	Independent Director	Nil	-
Md. Firoj Alam	Chief Financial Officer	Nil	-
Md. Arifur Rahman	Company Secretary	Nil	-
Mahamudullah	Head of internal Audit & Compliances	Nil	-
C. Executives (Top 5 Salaried employees)			
Md. Khalequzzaman	Nil	Nil	Nil
Md. Anower Hossain	Nil	Nil	Nil
Mirza Nurul Amin	Nil	Nil	Nil
Nur Muhammad Nayeem Siddique	Nil	Nil	Nil
Md. Abu Bakar Siddeque	Nil	Nil	Nil
D. Shareholders holding 10% or more voting interest in the company:			
Akther Hossain babul	Managing Director	16,283,330	17.44%

Board Meeting and Attendance

During the year 7 (Eight) Board Meetings were held. The attendance record of the directors is as given below.



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Name of the Directors	Attendance
Mrs. Farida Jahan Babul	7
Mr. Akther Hossain Babul	7
Mr. Adib Hossain Babul	6
Mr. Rezaul Karim	7
Mrs. Lipi Sultana Karim	7
Mr. Md. Ziaur Rahman Mazumder	6
Mr. Mahbub Hasan	6

Code of conduct

In compliance with the conditions of corporate governance code, the Board has laid down a code of conduct for the Chairman of the Board and other Board members of the Company and annual compliance of the code is recorded accordingly. The code of conduct on Page 28-29 of this annual report.

Management Dissuasion and Analysis:

A detailed management's discussion and analysis is given in page no. 23-25 of the annual report.

Declaration by MD and CFO

In accordance with the conditions of corporate governance code, a declaration on financial statements for the yearended June 30, 2022 duly signed by the MD and CFO is included on Annexure-A of this annual report.

Reporting and Compliance of Corporate Governance

The company has complied with the condition of the corporate governance code 2018 of the Bangladesh Securities and Exchange Commission Dated June 03, 2018. Details Compliance Status on Corporate governance code along with the corporate governance code Certificate is shown as corporate governance Annexure B & C of this annual report.

Directors Remuneration

Directors Remuneration shown in accounts note # 35.02 (Managing Director remuneration and Director Remuneration). During the year ended 30 June 2022, the Company did not pay any remuneration to the independent director except Board meeting attendance fees.



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Directors statements on Financial reports:

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June,2018, the Directors are pleased to confirm the following:

- i. The financial statements together with notes thereon have been drawn up in conformity with the Companies Act. 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the companies state of affairs, the result of its operations, cash flow and changes in equity.
- ii. Proper books and accounts of the company have been maintained.
- iii. Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- iv. The International Financial Reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- v. The system of internal control is sound and has been implemented and monitored effectively.
- vi. No bonus shares or stock dividend has been or shall be declared as interim dividend.
- vii. Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

Internal Control

The Board has ultimate responsibilities to establish the effective system of internal control. To ensure internal control regarding risk management, financial control and compliance legislation, the company already has a strong internal audit department to ensure internal control and compliance.

Going Concern

While approving the financial statements, the directors have made appropriate enquiries and analyzed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resource to continue its operation consistently for the foreseeable future 'In Shaa Allah'. Therefore, the company adopted the going concern basis in preparing the financial statements.

Significant deviation of Operating Result

Significant deviation from the last year's operating result of the Company has been discussed in the accounts note No. 2.13 & 2.14.



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Dividend

The board of directors pleased to recommend @1% Cash dividend for general public shareholders other than Sponsors/Directors for the year ended June 30, 2022, which 'In Shaa Allah' will be disbursed upon approval of shareholders at the ensuing Annual General Meeting.

Statutory Auditors

The Auditors of the Company, M/s. Ahmed Zaker & Co. Chartered Accountants, Green City Edge (Level-10), 89 Kakrail, Dhaka-1000, were appointed as Auditor of the Company in the 21st Annual General Meeting of the Company has carried out the audit for the year ended 30 June 2022

M/s. Ahmed Zaker & Co. Chartered Accountants, Green City Edge (Level-10), 89 Kakrail, Dhaka-1000, the auditor of the Company retires at this meeting and already completed three years Audit i.e. 2019-2020, 2020-2021 & 2021-2022. So in the year 2022-2023 they are not eligible. M/s. Islam Quzi Shafique & Co, Chartered Accountant, Al-Haj Shamsuddin Mansion, 4th Floor, Room # C, 17 New Eskaton Road, Mogbazar, Dhaka-1000, submit proposal to Audit Financial Statement of 2022-2023. The Board after due consideration of the proposal made by the Audit Committee recommends for appointment to M/s. M/s. Islam Quzi Shafique & Co, Chartered Accountant, Al-Haj Shamsuddin Mansion, 4th Floor, Room # C, 17 New Eskaton Road, Mogbazar, Dhaka-10000, as statutory audit for the year 2022-2023

Professionals for Compliance of Corporate Governance Code

The board has appointed M/s Dewan Nazrul Islam Chartered Accountants, Hasan Court (10th floor), 23/A Motijheel C/A, Dhaka-1000 who were appointed as professional as for Report on Compliance of Corporate Governance Codes of the company in the 21st Annual General Meeting of the Company has carried out for the year ended 30 June 2022. They also expressed their willingness for Report on Compliance of Corporate Governance Codes of the company for the financial year 2022-2023. The Board after due consideration of the proposal made by Audit Committee recommends for appointment M/s Dewan Nazrul Islam Chartered Accountants, Hasan Court (10th floor), 23/A Motijheel C/A, Dhaka-1000 as a professional for Report on Compliance of Corporate Governance Codes of the company for the financial year 2022-2023

Acknowledgment

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to our entire valued clients, shareholders and well-wishers home and abroad for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year.

I also thank Registrar of Joint Stock Companies & Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE),



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Government and private sector Organization and many others for their sincere support and whole hearted co-operation to our 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 we could not have achieved this result. Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year. To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I would like to appeal to the valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Financial Statements for the year of 1st July 2021 to 30th June 2022 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors,

Farida J. Babul

Farida Jahan Babul
Chairman