



DIRECTOR'S REPORT

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Dear Shareholders,

On behalf of the Board of Directors and Management, It is indeed a great privilege for me to place herewith the Directors' Report for your valued consideration, adoption and approval. These were approved by the Board of Directors on October 27, 2020. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and good governance practices.

Bangladesh Economy

World Bank, in June 2020, published the Global Economic Prospects describing both the immediate and near-term outlook for the impact of the pandemic and the long-term damage has dealt with prospects for growth. The baseline forecast envisages a 5.2 percent contraction in global GDP in 2020. Bangladesh's Per capita GDP was 8.2 in FY19 but during this fiscal year-FY20; Per capita GDP in Bangladesh is radically fell down from 8.2 to 3.8, says the IMF in its World Economic Outlook. Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, a corrosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages.

Economic activities portrayed a mixed picture in Q3FY20, amid global supply disruptions and looming economic recession originating from the global outbreak of the COVID-19. The impact of COVID-19 upon the Bangladesh economy has been no less dramatic in the first two months of lockdown. The economic impact has been felt in two main avenues: first, a drop in domestic economic activity, after the shutdown announced on March 26; the second is a decline in exports, which have been strongly impacted.

However, the Prime Minister has announced a large package of the assistance to support the country's large scale industries as well as encourage industrialists.

Fast Moving Consumer Goods Industry

The Food & Beverage Industry, particularly the packaged food is getting impetus due to the changing life style of the consumers; gradually for all the segments of urban, semi-urban & rural consumers. The demand for packaged & processed food is increasing dramatically like never before.

In general, the performance of the FMCG industry serves as a powerful indicator of economic progress in any country. This is particularly evident in Bangladesh, where the economy is largely consumption driven. In 2020 as the local FMCG industry experienced a tough year, as demand for non-essential goods fell amidst lower disposable incomes brought about by a culmination of factors, including weak economic conditions and higher unemployment. Demand for such commodities has been declining since the very beginning of the lockdown situation.

During this period, industrial production dropped significantly, driven mostly by a precipitous fall in manufacturing output, while the service sector activities stalled by the partial and often complete shutdown of transportation, trade, and hospitality industries. In addition, because schools are closed from mid-March, most goods do not have any demand since they are mostly used as school tiffin's. Moreover, Bangladesh's ice cream industry is not comparable to any other industry, nor to any other region. In Bangladesh, a vested interest group raised a false alarm against the consumption of ice cream by circulating that the consumption of ice cream triggers the possibility of COVID-19.

In short, the volumes of Taufika Foods and Lovello Ice-Cream PLC were directly affected by the lock-down steps imposed by the Government. In the meantime, the output of our subsidiaries and the important part of our business were below expectations; this challenging situation was reflected by the unfavorable situation in the country.

However, this pandemic severely weakened global trade, consumption, services, and the labour market in both developed and emerging markets. Global trade contracted by nearly 3.5 percent (year over year) in the first quarter, reflecting weak demand, collapse in cross-border tourism, supply chain disruptions, and supply dislocations triggered by shutdowns across the world. Several policy measures taken by the government will help the economy to recuperate from lost investment and consumption and bounce back to the economic growth momentum observed in the last decade. A pragmatic agricultural and rural credit policy has been adopted by relaxing terms and conditions for inclusive loan disbursement. In view of the importance of the agriculture sector in terms of employment generation, food security, and poverty reduction in the country, the target disbursement of agricultural credit is set at BDT 262.92 billion for FY21 which is about 9 percent higher than that of FY19. It is expected that policy measures and strategy taken by the government such as easy monetary, fiscal, and financial policies shall facilitate the rapid recovery of the economy to the pre-COVID-19 level.

Lovello Ice-cream

The company got its brand name 'LOVELLO' under the Taufika Foods and Lovello Ice-Cream PLC. Initially, the brand grew quickly and soon established itself as a popular ice cream brand in the country, securing one of the topper positions in the industry. Soon, in spite of facing stiff competition over the years, its market position rose to better position. This was possible due to the company introducing a large product line consisting of premium and regular segment of stick, cone, cup, tub, and mini-series of ice cream, the latter of which has generated sales both from urban areas as well as rural areas.

Performance of Taufika Foods and Lovello Ice-cream PLC in 2020-21.

The financial results of the Company for the year 2020-21 with a comparison of 2019-20 are summarized below:

(BDT in millions except per share data)	2020-21	2019-20
Revenue	850.8	942.87
Gross profit	355.89	390.48
Operating profit	216.2	241.2
Profit before tax	96.92	85.24
Tax	1.91	23.19
Profit after tax	95.01	62.05
Earnings per Share (EPS)	1.41	1.31

Statement of utilization of Proceeds raised through public offerings.

Taufika Foods and Lovello Ice-cream PLC. has received Taka. 300,000,000 (Taka Thirty Crore) only as Initial Public Offering (IPO) proceeds through subscription from January 03, 2021 to January 07, 2021 in the separate Bank Account with Trust Bank Ltd. Millennium Branch, Jahangir Gate, Dhaka Cantonment, Dhaka. Bank Account number is 0022-0320000775. In line with the condition number 4, Part C of the consent letter number BSEC/CI/IPO-301/2019/278 dated on November 30, 2020 of Bangladesh Securities and Exchange Commission (BSEC), fund utilization status as on June 30, 2021 is as follows:

Sl. No.	Purpose of Utilization	Allotment as per IPO (Tk.)	Total Utilization of Fund up to June 30, 2021	Unspent Balance (Taka)
1	Acquisition of plant & machinery	90,365,003	53,294,735	37,070,268
2	Freezer purchase	57,849,847	38,045,200	19,804,647
3	Vehicle's purchase	20,564,250	13,041,752	7,522,498
4	Investment in depot to increase	13,220,900	-	13,220,900
5	To meet up IPO expenses	28,000,000	27,764,472	235,528
6	Bank loan repayment	90,000,000	90,000,000	-
	Total IPO proceeds	300,000,000	222,146,159	77,853,841
7	Interest income	303,036	-	303,036
8	Source Tax	(30,304)	-	(30,304)
9	Foreign exchange loss & Bank charges	-	84,411	(84,411)
	Total IPO Proceeds & Interest Income/ (Bank Charges)	300,272,732	222,230,570	78,042,162

Significant deviation in operating results & significant variance between quarterly and annual results

Despite the devastating impact of COVID-19 Taufika Foods and Lovello Ice-Cream PLC able to conclude the year with satisfactory turnover. There was no significant deviation from the last year's operating result and between quarterly and annual financial results.

Five years data

Key operating and financial data of preceding 5 (five) years of the Company has been summarized on 26 page of this Annual Report.

Related party transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definition of IAS. A statement of related party transactions has been presented in note no. 33 on 138 page of the Annual Report.

Events occurring after the reporting date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year 2020-21 that has significantly affected or may significantly affect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report other than the following:

On October 18, 2021, Taufika Foods and Lovello Ice-Cream PLC recommended 11 percent cash dividend. Details of the recommended dividend during the financial year are disclosed in Note 36 of the Financial Report.

Dividend

The Company will be paying 11% cash dividend for the year ended 2020-21. The Board of Directors in its meeting held on 27 October 2020 recommended "11% cash" dividend for the year 2020-21. As per Article-89, Schedule-1 of the Companies Act 1994, dividend shall be declared out of profit i.e. from current year's profit and from previous years' retained profit. During the year ended the company has registered profit of BDT 95.00 mn.

Taufika Foods and Lovello Ice-cream aims to provide commendable and sustainable rate of dividend to its shareholders.

The Board of Directors affirm that no bonus share or stock dividend has been or shall be declared as interim dividend.

Contribution to the National exchequer and the economy

During the year 2020-21, the company contributed a total amount of BDT 10.77 million as Corporate Tax, BDT 36.45 million as SD and BDT 150.96 million as VAT, in total BDT 198.19 million was paid to the national exchequer.

Management Discussion and Analysis

A management discussion and analysis signed by Managing Director regarding the Companies operation and position along with a brief discussion of changes in the financial statements has attached in the page no 66 to 69

Directors' Responsibilities for Financial Statements

The Board is responsible to present a fair, balanced and understandable assessment of the Company's position and prospect as part of good corporate governance and to that end the directors confirm to the best of their knowledge 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;
- proper books of account as required by the law 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 judgements;
- the Financial Statements prepared in accordance with IAS//IFRS;

- the Financial Statements prepared on going concern basis;
- the minority shareholders have been protected from abusive action by or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress;

Accounting policies and maintenance of books of accounts

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that the International Accounting Standards have been followed. In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

Observance of IAS, BAS, BFRS & applicable laws

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable to ensure that the financial statements comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws. The Directors also confirm that the financial statements have been prepared in accordance with the International Accounting Standards and other applicable rules and regulations.

Fairness of the accounts

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of Companies Act, 1994. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profits for the year ended June 30, 2021.

Responsibility to Internal Control System

The Board of Directors is responsible to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. In this regard, the board has taken proper steps and sufficient care in building a system of internal control, which is reviewed, evaluated and updated regularly. The internal audit department of the Company conducts periodic audit to provide reasonable assurance that the established policies and procedures of the Company are consistently followed. The Audit Committee consists of three members from the Board of Directors. The Chairman of the Audit Committee is an Independent Director.

Risk and concerns:

The Board of Directors is in charge of determining the Company's fundamental attitude toward risk while setting out the risk principles as well as the level of risk exposure. The Board of Directors are responsible for formulating risk policies, determining methods to measure and manage risk, setting commensurate risk limits and monitoring their performance.

Fundamental principles of Taufika Foods and Lovello Ice-Cream PLC risk management philosophy are:

- Effectively managing and monitoring credit, interest rate, liquidity, market and operational risk and providing for appropriate allocation of capital among the types of risk.
- Managing risk in a forward-looking manner and identifying and analyzing risks from the beginning with the help of steering risk strategies, models and parameters.
- Creating maximum value for the shareholders, depositors and employees in long term.
- Being financially reliable and strong and establishing business relations with the stakeholders that will last for many years by creating the image of a profound institution that will stay in business permanently.
- Complying with Companies Act, Rule and Regulations of BSEC, Listing Regulations of Stock Exchanges and other guiding principles of BSEC.

Going concern

The Board of Directors has reviewed the Company's overall business plans, strategies and is satisfied that the Company has

adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements of the Company are prepared based on the going concern concept.

Corporate governance

Fundamentally, the conduct of the Company is guided by our core values, our code of ethics and a commitment to openness and transparency. LOVELLO's Board of Directors endeavors always to provide learned and strategic direction for the Company through applying the highest standards of corporate governance practice. To this end, we comply with all reporting regulations and requirements as defined in the Code of Corporate Governance issued by the Bangladesh Securities and Exchange Commission. Strengthening the policies and procedures by accommodating the changes in legislation and perspectives is our routine application to protect the Company from risk and introduce new policies necessary to steer the company on right and clear strategic direction. We work to ensure all governance matters are transparent to stakeholders as well as shareholders through channels such as the Annual General Meeting (AGM), quarterly financial statements and this annual report. The Board of Directors of the Company has always committed to maintain and practice an effective corporate governance structure. A detailed report on corporate governance has been set out on page 70 to 88 of this Annual Report.

Directors to retire, re-appointment and biographies of the Directors-

As per Article 104 of the Articles of Association of the Company, one-third of the Directors of the Company are required to retire by rotation at each Annual General Meeting (AGM). The retiring Directors are eligible to stand for re-election. The Company Secretary informed that there is no issues to elect or reelect of directors in terms of the relevant provision of Articles of Association in this AGM.

Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated June 3, 2018, the Board of Directors are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern and a statement on the compliance with the BSEC's conditions is given on Annexure-II of this annual report.

Pattern and distribution of shareholding-

As on June 30, 2021 the paid up capital of the Company is Tk. 850,000,000.00 subdivided by 85,000,000 shares of Tk. 10 each where the Sponsor/Directors Shareholders holding is 58.24%. The overall shareholding patterns of the Company as at the end of the year 2020-21 is shown in page 40 of this Annual Report.

Corporate responsibility

Taufika Foods and Lovello Ice-Cream PLC defines corporate responsibility as operating with veracity at all the times, sustaining the Company's long-term viability while contributing to the present and future well-being of all stakeholders.

We, at the company, recognize that we have certain responsibilities to our clients, shareholders, employees and to the communities in general. But the biggest contribution of the Company has to make the long-term sustainability of its business.

We value our shareholders and their rights. We are always committed towards our shareholders to preserve their rights and to enhance their return as much as possible. Considering this fact the management of Taufika Foods and Lovello Ice-cream PLC gives its best effort to:

- Keep standard operating performance that ranks among the best in the industry;
- Ensure effective corporate governance;
- Provide full and complete financial information;
- Give striking dividend.

We are committed to be equal opportunity employer, adhering to the highest social standards, the company seeks to provide a superior working environment for its employees based on diversity and respect for the importance of the individual.

Business ethics

Our customer welfare comes first. We ensure understanding our client's need, extending facilities to the right clients at just terms. We care our clients to enjoy consistent continuous service wherever we operate. We have complain box for taking care of

customer complaints with highest priority. All our Board, Management and employees strictly follows regulatory guidelines, instructions and all applicable laws, rules and regulations of the country.

Audit information

The Directors who held office at the date of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the company's Auditors are aware of that information.

Auditors

Islam Quazi Shafique & Co. Chartered Accounts have expressed their willingness to become the statutory auditor of the company for the FY-2020-2021. In this regard the Audit Committee scrutinized and reviewed their proposals and recommended to the Board to appoint Islam Quazi Shafique & Co, Chartered Accounts as the external auditor of the Company for the FY-2020-2021.

The Board in its meeting held on October 18, 2021 recommended the shareholders to appoint Islam Quazi Shafique & Co., Chartered Accounts at a remuneration of Tk. 200,000 plus VAT.

The Audit Committee scrutinized and reviewed the proposals of Khalil & Associates, Cost and Management Accountant to be compliance auditor of the company and recommended to the Board for appointment.

The Board in its meeting held on October 18, 2021 also recommended the shareholders to Khalil & Associates, Cost and Management Accountant at a remuneration of Tk. 25,000 plus VAT as the compliance auditor for the year 2021.

Our employees and environment

The Management of Taufika Foods and Lovello Ice-cream PLC believes that Human Resources of any organization can make the difference in the Industry. Considering this thought the company recruits competent people, develop them as per the demand of the time and situation, and retain them with competitive and standard motivation-award and retention policies and practices.

The Company is committed to creating a working environment based on the values of equal opportunity, diversity and meritocracy. All the Company's activities are reinforced by its governance structure, which complies with the leading codes of best practices.

Product Responsibility and Customer Health & Safety

The Company believes that the modern day Consumers demand quality, convenience and value for money from the brands they choose and all our products sold under the brand names of LOVELLO score high in this regard. The Company complies with stringent international standards/ ISO certifications for hygiene and food safety.

Furthermore, our prime focus on the highest quality standards run through all the functions in the Company from sourcing and quality standard are maintaining from end-to-end covering to product innovation, manufacturing, marketing and are embedded in the genes of our staff. Our well-equipped Quality Assurance and Research and Development laboratories help us to deliver our promise of high quality products to our consumers.

Directors' meeting, attendance & remuneration

During the year ended June 30, 2021 total 08 meetings were held. During this year, all of the Directors serving on the Board attended were more than 80 percent of the aggregate of the total number of meetings of the Board of Directors. The attendance in the Board and Committee meetings by each Director is given in Annexure-I on page 63 of this Annual Report. Please note that the amount of total remuneration which has paid to the Directors including Independent Directors is given on page 139 of this Annual Report.

Signing of Report

The Board in its meeting on June 2021 authorized the Chairman, Datin' Shamima Nargis Haque to sign Director's report and any addendum thereto.

Acknowledgement

We would like to concede and place on record our appreciation to our valued clients, depositors and shareholders for the confidence in Taufika Foods and Lovello Ice-Cream PLC. Our sincere gratitude to the Bangladesh Telecommunication Regulatory Commission, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, NBR, Banks and Financial Institutions, Other government bodies and statutory auditors for their positive suggestions and supports. We also express our pleasure for the commitment and efforts put in by the employees at all levels of the Company.

For and on behalf of the Board,



Datin' Shamima Nargis Haque
Chairman





Annexure-A
[As per condition No. 1(5)(xxvi)]

Taufika Foods and Lovello Ice-cream PLC
Declaration by MD and CFO

The Board of Directors
Taufika Foods and Lovello Ice-cream PLC
Plot - 80, Road - 02, Banani (Chairman Bari),
Banani, Dhaka-1213.

Subject: Declaration on Financial Statements for the year ended on 30 June, 2021

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 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Taufika Foods and Lovello Ice-cream PLC for the year ended on 30 June 2021 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 judgments 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 30 June 2021 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,



Dato' Md. Ekramul Haque
Managing Director



Mustaque Ahmad
Chief Financial Officer