



ANNUAL REPORT 2021-22



TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC

PEAK POINTS

27.98%

PROFIT after tax

2021-22 : BDT 121.59 Million

2020-21 : BDT 95.01 Million

1.42%

EPS

2021-22 : BDT 1.43

2020-21 : BDT 1.41

2.63%

NAV

2021-22 : BDT 1096.38 Million

2020-21 : BDT 1068.29 Million

Dividend payout (Cash)

2021-22 : 12%

2020-21 : 11%

3.75%

NOCF

2021-22 : BDT 178.22 Million

2020-21 : BDT 171.77 Million

12.88%

Sales

BDT 960.38 Million

Consist of

17 Depot



**CHOCO
BLAST**
Double Chocolate
Ice Cream Bar



Greetings

The Board of Directors of Taufika Foods and Lovello Ice Cream PLC is delighted to present the Annual Report of the Company comprising the Directors' Report, the Integrated Report, the Independent Auditors' Report on the Financial Statements conforming to all applicable statutory requirements, and the Audited Financial Statements of the Company for the year ended 30 June 2022. This Report, where applicable, is presented according to the Guiding Principles and Content Elements as stipulated by the International Integrated Reporting Framework issued by the Value Reporting Foundation (VRF) and presents a multi-dimensional view of the Company's performance over the financial year 2021-22.

ACHIEVEMENT FOR SUSTAINABILITY

Since it is seen the centennial sustainable operations in Bangladesh, we know that our journey is just adjacent to the pillar of success. Advancing our sustainability agenda, we are setting our sights on the next century, re-aligning our business to meet the government priorities and the needs of the future, while revitalizing our commitment towards championing sustainable change across Bangladesh.

As our steps set to approach to the next stage of our journey, this Annual Report details our plans for the years ahead, encircling areas of climate action, sustainable livelihood and excellence in corporate governance. We are ruthless to build a diverse and engaging culture for our employees and reinforcing our commitment to our suppliers and business partners. We continue to align our strategy to ensure resilience in the fast-paced new world.

SYNOPSIS OF OUR ANNUAL REPORT

Aiming to provide a balanced, concise and accurate reflection of our corporate governance practices, regulatory compliance initiatives, strategy, performance, opportunities and future outlook including Environmental, Social and Governance (ESG) matters, the key imperative of this report is chiefly to address value-creation considerations of long-term investors, but also provides appropriate information for all our other key stakeholders. This report while discussing our long-term future is based on our performance for the period 1 July 2021 to 30 June 2022.

INTEGRATED THOUGHTS AND REPORTING PROCEDURE

Our integrated operations and the prominence on reporting our performance across each major segment of our value chain- that spans from crop to consumer- facilitates our integrated reporting process and expands our ability to communicate our value creation plans, strategies and upshots. Further, while our integrated reporting process is monitored by the Board Audit Committee, our internal and external audit teams cover key controls and accounting matters in the course of their audits, thus ensuring information precision and accuracy. Other levels of external assurance are obtained as and when required from the relevant Government authorities,

regulators and professional bodies. An important pillar of this report is our corporate governance framework, which exemplifies the commitment of our employees to achieve performance with integrity and ethics through faster, stronger and simpler decision-making process and effective management systems under the guidance of our Board and Leadership team.

ACCOUNTABILITIES FOR OUR SUSTAINABILITY PRACTICES

The Managing Director along with other leading members of the company is responsible for the sustainability practices and disclosures made in this report. They have actively betrotted with the external assurance providers on the report content. The Company's Independent Auditors have audited the Company's Financial Statements and other high officials of the company have checked the governance process of the Company as compliance auditors.

INFORMATION ASSURANCE

Five qualitative strategies were taken into cognizance in the production of both text and visual elements of this report:

Completeness: Inclusion of material impacts, external impacts and broader sustainability initiatives.

Comparability: Discussion of performance in the current and previous reporting periods, together with our approach to long-term value creation.

Uniformity: Integration of report information with internal controls to facilitate verifiability of information.

Lucidity: Incorporation of both text and visual elements to enhance readability, facilitates understanding, and maintains concision.

Reliability: Disclosure of financial and governance information, vetted by reputed external assurance service providers.

The annual assessment of our material topics enable the Company to identify and understand the issues that could positively or negatively impact our ability to create value over the short, medium and long-term. These issues consist of factors that could directly impact our financial performance, as well as ESG priorities and opportunities, which in turn could enable us to transform our triple bottom-line over time. This report provides information on all those matters that we believe could materially affect value creation at Taufika Foods and Lovello Ice Cream PLC.

A.K.M Zakaria Hossain FCMA
Company Secretary

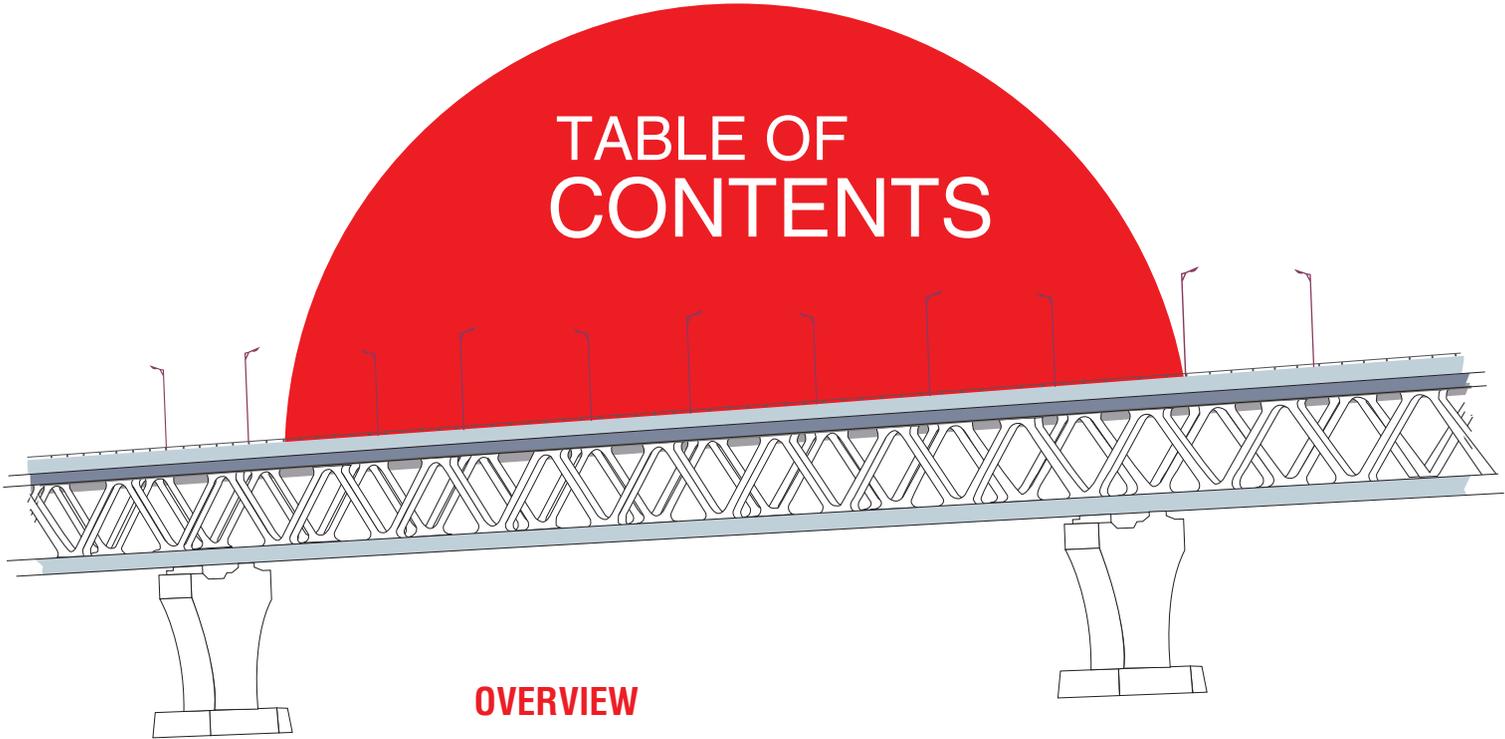


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SECOND GENERATION LEADERS



Welcome

note from our Chairman



The year under review was one of the most exigent periods we have gone through as a global community. At the same time, it was also an incredible year that demonstrated the core strengths of the Company, including our engaging and inclusive culture, brand influence, distribution scale, balance sheet resilience and corporate responsibility.

To unleash our potential through our commitment, we rose to the challenges presented by COVID-19 for a second year with our company spirit which allowed us to adapt and respond with agility to a rapidly changing environment.

Though the current year will also remain challenging, we will continue to prioritize our principles of making a difference in the lives of our consumers and other stakeholders, while driving a positive and progressive agenda in mounting together with our people, products and the country.

Datin' Shamima Nargis Haque
Chairman

NOTICE OF THE 11th ANNUAL GENERAL MEETING

Notice is hereby given for the 11th Annual General Meeting of the Shareholders of TAUFIKA FOODS AND LOVELLO ICE CREAM PLC which will be held on Tuesday the 20th December, 2022 at 11:30 a.m. by using “Digital Platform” (in pursuant to the Bangladesh Securities and Exchange Commission Order No. SEC/SRMIC/94-231/25 dated 08 July 2020) to transact the following business:

Agenda -1. To receive, consider and adopt the Audited Financial Statement for the financial year ended June 30, 2022.

Agenda -2. To approve dividend for the year ended June 30, 2022.

Agenda -3. To elect/re-elect Directors in terms of the relevant provision of Articles of Association.

Agenda -4. To appoint/ re-appoint statutory auditors for the financial year ended on June 30, 2023 and to fix their remuneration.

Agenda -5. To rectify and extension of time of IPO use of proceeds.

Agenda -6. To appoint Compliance Auditors for the financial year 2022-2023 and to fix their remuneration.

By order of the Board

sd/-

A.K.M Zakaria Hossain, FCMA
Company Secretary

21 November, 2022

Notes: The proxy form must be affixed with requisite revenue stamp and be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

1. Members whose names appeared on the Depository Register as on the “Record Date” i.e. November 14, 2022, are eligible to attend the Annual General Meeting (AGM) and receive the dividend.
2. A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. A copy of the “Proxy Form”, duly filled and stamped requires emailing at lovello@lovello.club not later than 48 hours before the AGM.
3. According to the Bangladesh Securities & Exchange Commission Notification No. BSEC/CMRRC-D/2016-158/208/Admin/81 dated June 20, 2018, the Company will send the Annual Report 2021-22 in soft-copy format to the e-mail of the shareholders available in their Beneficial Owners (BO) accounts maintained with the CDBL.
4. In case of non-receipt of Annual Report 2021-22 of the Company that will be sent through email, Members may download the same from the Investors Information section of the Company website: www.lovello.club. Login process along with the joining link of the 11th AGM will be available at the Investors Information section of the Company website; members are requested to check the login details. Members may also send an email at lovello@lovello.club for queries or assistance to join the AGM.

LETTER OF TRANSMITTAL

To

All Shareholders
Bangladesh Bank
Registrar of Joint Stock Companies & Firms
Bangladesh Securities & Exchange Commission
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Limited PLC.

Annual Report for the year ended June 30, 2022

Dear Sir's,

We are pleased to enclose a copy of the Annual Report containing the Directors' Report and Auditors' Report along with Audited Financial Statements including the Statement of Financial Position as at June 30, 2022, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended June 30, 2022 along with notes thereon for your record and necessary measures.

Thank you.

Sincerely yours,

A.K.M Zakaria Hossain FCMA
Company Secretary

TOGETHER WE ARE STRONGER



Board of Directors

| | |
|-------------------------------|----------------------|
| Dato' Engr. Md. Ekramul Haque | Managing Director |
| Datin' Shamima Nargis Haque | Chairman |
| Muhsinina Taufika Ekram | Director |
| Muhsinina Sharika Ekram | Director |
| Imtiaz Lutful Baset FCMA, FCA | Independent Director |



Operational Management Team

| | |
|-------------------------------|-------------------------|
| Dato' Engr. Md. Ekramul Haque | Managing Director |
| Engr. Md. Kamruzzaman | Chief Operating Officer |
| Mustaque Ahmad | Chief Financial Officer |
| Muhammad Razib Hasan | Chief Strategic Officer |
| A.K.M Zakaria Hossain FCMA | Company Secretary |
| Md. Didarul Alam FCMA | Head of Internal Audit |



Audit Committee

| |
|--|
| Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| Muhsinina Taufika Ekram, Director, Member of the Committee |
| Muhsinina Sharika Ekram, Director, Member of the Committee |



Nomination and Remuneration Committee

| |
|--|
| Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| Muhsinina Taufika Ekram, Director, Member of the Committee |
| Muhsinina Sharika Ekram, Director, Member of the Committee |

* The company secretary shall act as the secretary of the Committee.

Auditors

Islam Quazi Shafique & Co.

Chartered Accountants
Al-Haj Shamsuddin Mansion (4th Floor) 17,
New Eskaton Road, Maghbazar, Dhaka-1000.

Compliance Auditors

Khalil & Associates

Cost and Management Accountant
73 Kakrail, Eastern Commercial Complex
Room # 1/1 (1st Floor), Dhaka-1000
Cell: +8801974-004231, +8801884-600008
E-mail: Khalilpfi@yahoo.com

Legal Adviser

Md. Iftabul Kamal Ayan

Advocate, Bangladesh Supreme Court

Md. Humayun Kabir

Advocate, Bangladesh Supreme Court

Bankers

Trust Bank Ltd

Millennium Branch Jahangir Gate, Dhaka Cantonment
Dhaka.

Pubali Bank Ltd

Delta Life Tower ,(2nd floor), Plot #37, Road # 45 North
& 90 South, Gulshan Circle-2, Dhaka-1212

Premier Bank Ltd

Address: Banani Branch, Plot#, 76/A Rd No. 11, Dhaka

Prime Bank Ltd

Address: 62 Block - E, Kemal Ataturk Avenue, Banani,
Dhaka 1213

Brac Bank Ltd

Address: Borak Mehnur, 51/B Kamal Ataturk Avenue 4th
and 5th Floor, Dhaka 1213
Islami Bank Ltd
Gulshan Branch, Gulshan Circle-2, Dhaka

Dutch Bangla Bank Ltd

Address: Borak Mehnur 51/B Kamal Ataturk Avenue 1st
and 2nd Floor, Dhaka 1213

Union Bank Ltd

Banani Branch, Assurance Nazir Tower, Plot-65, Block: B,
Kamal Ataturk Banani

Mercantile Bank Ltd

Mohakhali Branch, Address: 51-52, Green Delta Aims
Tower, Mohakhali C/A, Dhaka 1212

UCBL

Gulshan Branch

NRB Bank

Corporate Head Office. Uday Sanz; Block: SE (A), Plot:
2/B, Road: 134, South Avenue; Gulshan – 1, Dhaka-1212.
Old Corporate Head Office.

Shimanto Bank Limited

Shimanto Shamvar (Level-7), Bir Uttam M. A. Rob Sarak
(Road No. 2), Shimanto Square, Dhanmondi

City Bank Ltd

Gulshan Branch, City Bank Center, 136 Gulshan Avenue,
Gulshan 2, Dhaka 1212

AB Bank Ltd

Address: Banani Branch, House no: 88, Road No. 11,
House 50, Block C, (1st-2nd Floor, 54 Rd No. 11,
Dhak1213

Shimanto Bank

Limited

Shimanto Shamvar (Level-7), Bir Uttam M. A. Rob Sarak
(Road No. 2), Shimanto Square, Dhanmondi, Dhaka- 1205

Trust Bank Ltd

Millennium Branch Jahangir Gate, Dhaka Cantonment
Dhaka.

Dutch Bangla Bank Ltd

Seed Store Bazar Branch, Mymensingh

Shimanto Bank

Limited

Shimanto Shamvar (Level-7), Bir Uttam M. A. Rob Sarak
(Road No. 2), Shimanto Square, Dhanmondi

Trust Bank

Millennium Branch Jahangir Gate, Dhaka Cantonment
Dhaka.

Shimanto Bank Limited

Shimanto Shamvar
(Level-7), Bir Uttam M. A.
Rob Sarak (Road No. 2),
Shimanto Square, Dhanmondi

Insurer

Karnaphuli Insurance Company Limited
Eastern Insurance Company Limited
Met Life Insurance



CHAIRMAN'S MESSAGE

“

DESPITE THE CHALLENGES ESPECIALLY, IN POLITICS BEING FACED IN THE FINANCIAL SECTOR, INFLATION HAS REMAINED STEADY. IN SUCH A BUSINESS ENVIRONMENT, OUR COMPANY HAS BEEN PERFORMING STEADILY AND QUITE UP TO THE MARK, WITH REGARD TO QUALITY CREDIT GROWTH.

CHAIRMAN'S MESSAGE

Dear Shareholders

Assalamu Alaikum,

I am immensely pleased to present the Annual Report 2021-2022 of Taufika Foods and Lovello Ice Cream PLC as well as to demonstrate our growth and success to our partners, without whom this journey would not have been possible.

Even after many losses due to pandemic situation, we have successfully, achieved a symbol of national pride: The Padma Multipurpose Bridge. This bridge is a keystone of direct communication as well as vast business opportunities between the capital city and the South-West region of the country. Under the spirited and proficient leadership of Prime Minister Sheikh Hasina, the dream bridge is a reality today which will add 1.5 per cent to the country's overall GDP. Besides, this bridge might act as a channel for agriculture-based regional economy, particularly in Khulna region, education and healthcare as a whole over the entire region that would see a revolutionary change. Indeed, the land ports will draw huge benefits from the Padma Bridge. The ports are likely to handle an increased trade between India and Bangladesh while export-import business through Benapole land port has already gained pace after opening the bridge.

Moreover, the bridge would help in balanced distribution of telecommunication and internet systems between the two banks of the Padma while new industries would grow centering information sharing, data processing and outsourcing, software development and training, and product manufacturing etc. all of which would enhance economic activities and employment.

Despite the challenges especially, in politics being faced in the financial sector, inflation has remained steady. In such a business environment, our company has been performing steadily and quite up to the mark, with regard to quality credit growth.

Our company's risk management landscape has successfully, adapted itself to the fluctuating global markets and regulatory

frontiers, throughout the cycle. Despite all the challenges faced by our company I must emphasize with great pleasure, on numerous positive outcomes from financial year 2021-22.

Also, I want to thank our good corporate governance policy because corporate governance reflects the built in value system of the company in conducting its day to day affairs. LOVELLO emphasizes and honors the critical importance of effective corporate governance for the safe functioning of the company and lays emphasis on ensuring that structures, processes and systems are put in place to establish strategic objectives, through vigilant monitoring, to serve the interest of the company and its stakeholders.

The Board provides policy guidelines & directions to the management, approves strategic and major policy decisions and oversees the higher management to attain business goals. For the sake of providing strategic support to the Board, different committees, namely the Executive Committee, Audit committee and Risk Management Committee are actively performing and providing the best support.

I must thank the government of Bangladesh and other regulatory authorities of Bangladesh and categorically, the members of the Board for their precious and stanch support and wise direction as the company continues to face challenging times. I thank all our valued customers for their continued trust in our services and assure them that the customer satisfaction is our primary objective and we crave to continuously work to improve their experience even further.

Thank you.

Best Regards

Datin' Shamima Nargis Haque
Chairman

MANAGING DIRECTOR'S MESSAGE



ACCORDING TO AN ADB SOURCE, THE PADMA BRIDGE WILL CARRY AN AVERAGE OF 24,000 VEHICLES PER DAY IN 2024 AND 67,000 BY 2050 WHICH IS A RESONANT FACT FOR THE INDUSTRY. LOVELLO IS GOING ON WITH ITS OWN STRENGTH BECAUSE THE GROWTH WILL BE ELEVATED MORE DUE TO OPENING THE PADMA BRIDGE.





MANAGING DIRECTOR'S MESSAGE

Dear Shareholders
Assalamu Alaikum,

Taufika Foods and Lovello Ice Cream PLC is thrilled for your constant support and contribution to our company. It was inconceivable to imagine when we started few years back that we might come this far and grow this huge. LOVELLO being one of the leading and reputed brands of ice cream in the country, feels great delight to gratify you for your unending trust and buoyancy.

Taufika Foods and Lovello Ice Cream PLC has made a significant progress during last couple of years. Our teams have contributed to the growth of the company by their hard and sincere efforts. Innovative strategies are introduced along with launching of new products considering the contemporary market demand. These have established a good platform for the business avenue for next decade and beyond as we continue to make progress as a sustainable business enterprise.

Our growth in the industry has been noteworthy as well and we have retained our dominance in this sector. We have already diversified our portfolios and recorded highest ever net profit after tax since last year and also trying to automate more our production process, adding energy effluent machineries & focusing less carbon emission & bad impact in production.

Distinguished shareholders, as you are aware of the adverse impact of Corona virus around the world in both social and economic aspects in everyone's life, we have come out successfully, in this most difficult time which is unfamiliar in human civilization. Bangladesh has now, become a pictogram of economic growth due to the successful implementation of the dream project- the Padma Multipurpose Bridge in June, 2022. An industrial revolution is going to take place in the country's south-west region for the impact of the Padma bridge as it happened in northern region of the country for the Bangabandhu Bridge. The changes in the economy of North Bengal as a result of Bangabandhu Bridge have contributed about 1.5% to the GDP growth of Bangladesh.

According to an ADB source, the Padma Bridge will carry an average of 24,000 vehicles per day in 2024 and 67,000 by 2050 which is a resonant fact for the industry. LOVELLO is going on with its own strength because the growth will be elevated more due to opening the Padma Bridge. It is like a revolution for us that business communication has become so easier that many other industries will be growing in south-western part of the country. As a result of this bridge, communication, transportation, agriculture, industrialization, and employment will increase, which will improve the living standards of the people of this region.

Moreover, LOVELLO will have many more new plans and projects to be implemented for developing communications throughout the country and it is now, possible because of the Padma Bridge.

Various installations of our company will be built on both sides of the Padma Bridge. We believe the country's overall standing in the poverty index will improve and there will be a lot of progress in the human development index also.

I hope, for the Padma Multipurpose Bridge, there will be a sharp rise in entrepreneurial minds as well. The human development will touch the micro level growth and so will LOVELLO.

Since we have been able to overcome the economic downfall, we cordially request our shareholders to be patient as always and keep trusting LOVELLO. Our teams are working relentlessly, to make sure LOVELLO remains competitive, innovative and profitable.

I am delighted to place before you the "Annual Report 2021-2022" along with the Audited Financial Statements, the Auditors' Report & the Directors' Report thereon for the year ended 30th June, 2022.

The management of LOVELLO always considered its employees, suppliers, buyers as "Family Members". Though we have overcome the threat of COVID-19, its impact is getting bit increased day by day and so to mitigate the further risk of COVID-19 spread-out, the company has taken much initiatives like ensuring facemask, goggles, gloves, sanitization, medicine support, test assistance, oxygen cylinder supply, timely salary, transport facilities etc. to continue its production and enhance value creation of the company.

Our long term aim is to achieve stable progress and sustainable growth. We will look forward to achieving this through maximizing our production efficiency and controlling all uncontrollable expenses through Efficient Management Techniques (EMT). Furthermore, our company has diversified its investment and always focusing on new projects to enhance stakeholder's values.

We aim to be a truly sustainable business – environmentally, socially, and financially. From the very beginning, this is how we have built our business. I am confident that we have a solid formula for delivering on our purpose, contributing to national sustainable development, and sustaining commercial success.

Finally, thanks to our reverend Prime Minister Sheikh Hasina for the much-needed gift -the Padma Bridge to the business community of southern Bangladesh for which the investors would be more motivated to expand their businesses as the

bridge would boost the ease of doing business and reduce travel time between the capital city and to the south-western part of the country.

Last but not the least, I would like to take this opportunity on behalf of the Board of Directors to express my sincere appreciation to all our valued customers for their confidence in our products. I earnestly hope our combined efforts will definitely, result in attaining success of the company and all its stakeholders.

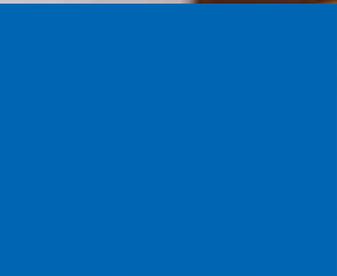
I want to conclude by thanking our shareholders for your kind and continual support!

With best wishes for all of us

Dato' Engr. Md. Ekramul Haque
Managing Director



WHO WE ARE



PRESENCE IN BANGLADESH



VISION

To be the rhythmic beats of love winning the heart of all Bangladeshis so that people may utter the word 'Lovello' like a symphony of chirping birds.

MISSION

Taufika Foods and Lovello Ice-Cream PLC aims to produce and deliver standard and quality products with continuous innovation in products, operation, communication and management without compromising tastes and qualities.

CORE VALUES

Customers are the prime priority of Lovello. We believe in simplicity and standardization. Freshness, perfect tastes, innovation are our core values.

PRIME FOCUS AND STRATEGIES

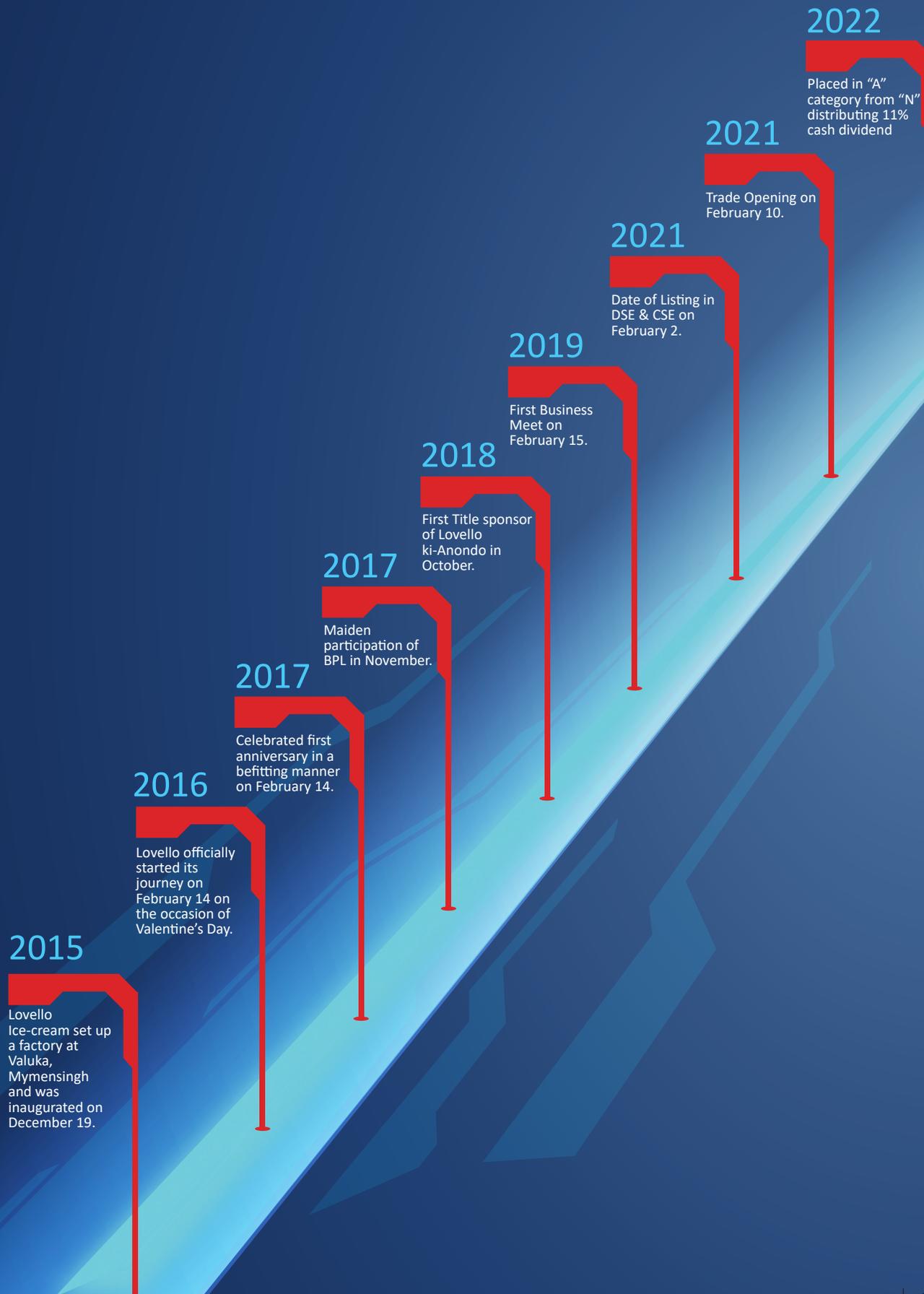
Lovello knowing well to create customer's dignity and demand, has made its leading perambulation in ice-cream industry. Maintenance of total quality management (TQM) in every sphere is another prominent motto of the company. In this regard, Lovello has introduced an extensive choice of ice-cream to its consumers compared with other competitors in the market. A total of 58 items have so far been introduced and with all those Lovello is giving the indication of being a leading ice cream seller in this industry. Quality control and hygienic production are one of the focal targets for Lovello. Moreover, the company keeps offering value for money products with 100% satisfaction by ensuring right products in the right market in right time.

Market segmentation with customized products is Lovello's unique policy whilst retaining and maintaining a consistent growth is its finest strategy. Sustainable business growth is always in favor of the company. Besides, good corporate governance, transparency and accountability, maintaining regulatory compliance, improvement of products with continual expansion are the best clues for Lovello.

To come up with the subsequent strategy for Lovello in the launching of its ice cream products, we should first analyze the market environment for this type of product, such as its consumers, its competitors and the market penetration of ice cream products. However, since we are only focusing on Lovello's ice cream distribution strategy at the moment, we can attain an overall picture of the barriers, challenges, and competition in market size of the industry.



COMPANY'S MILESTONES



Hidden Heart



BUSINESS PRINCIPLES

Though not stringent but genuine principles are the maiden priority for Taufika Foods and Lovello Ice-cream PLC and the company is the connoisseur of maintaining unique principles strictly. The corporate business principles being at the focal point of its company reflect the basic ideas of justice, sincerity and a concern for folks and families, communities including quality, innovation, commitment, health and safety, delectability. LOVELLO's internal rules run on strict compliance with the law and guide the actions even if the law is more indulgent or where there is no applicable law at all. Upholding compliance goes beyond keeping checklists. It requires steadfast principles that apply across the whole company and provide clear guidance for all employees.

The company believes the key to its success is Lovello's Six Principles of Quality, Liability, Mutuality, Modernization, Commitment and Freedom.

- **Quality:**

The consumers are the boss of our company and we will not compromise on our standards. Lovello's Quality Policy creates a shared platform for quality standards in both the Pharmaceutical and Diagnostics businesses. Consumers recognize and appreciate our commitment to quality. Quality is a common interest and an important factor in our success – one that guarantees satisfied customers. Lovello's quality policy is a commitment to our customers and other interest groups.

- **Liability:**

All our coworkers take liability for results and exercise scheme and verdict while making decisions. As part of our commitment to the industry, our management team in the meantime met with congressional leaders to discuss our responsibility in leading important industry issues as part of the Annual General Meeting.

- **Mutuality:**

We believe the standard by which our business relationships should be measured is the degree to which mutual benefits are created. We assemble strong partnerships with our suppliers, customers, consumers and acquaintances. Persistently we look for ways to improve effectiveness and efficiency, and to reduce waste. We are proud to say that our manufacturing facility is now 100% pure and fresh. We use problem solving as a way to identify opportunities for improvement and focus resources where needed.

- **Modernization:**

Growth of ice-cream production for different weather is no longer urged nowadays. So modernization and innovation are the brotherly facts inscribed at the heart of Lovello. To keep the markets stocked, Lovello is stepping up and able to expand sales of its ice cream across the country. LOVELLO becoming the most demanding ice cream in the market, it has taken initiatives in increasing its distribution and logistics capabilities in line with its strategies through sincere innovation. We do not mislead our customers about our products and the customers, we do believe, have no complaints against our delectable products.

- **Commitment:**

Stern commitment is making Lovello successful over time. We never deviate to earn the trust of our employees, consumers, customers, suppliers, shareholders and wider society. This depends on us acting with integrity at all times and upholding our commitments. Trust in our company, products, services and brands can only be built consistently step by step. This is why we take decisions with a long-term view, while ensuring we meet our commitments today. Our commitment is to never compromise on the safety of any product.

- **Freedom:**

To shape our future, Lovello believes in freedom and as one of the world's largest family-owned corporations, this independence enables our company to achieve growth and prosperity. Lovello is dreaming of building a business based on the philosophy of a "mutual benefits" for all stakeholders and this vision helps us continuously improve our management systems to guarantee product quality and safety aiming for zero defects. Lovello teams put the principles in action every day, making a difference for people and the planet through our performance.

ETHICAL PRINCIPLES

LOVELLO is always in belief that business ethics practices provide a foundation for the strength and sustainable growth of the company, and supports the company's efforts in achieving its stipulated goals. Lovello, therefore, persuades all parties to conduct business and perform their duties in accordance with business ethics practices. We, on the underpinning of strong business ethics and compliance, accomplish business sustainably and in a way that creates shared value. We accomplish business in an ethical and principles based manner even in the absence of legal or regulatory frameworks. Where our own principles and policies are stricter than local legislation, the higher standard applies.

According to our business ethics, Lovello acts legally and honestly, disclosing and resolving conflicts of interests in a fair and transparent manner because Lovello competes in full compliance with all applicable antitrust, competition and fair dealing laws, systematically rejecting anticompetitive activities. We continue working to generate trust as an ethical and sustainable business: to inspire industry, collaborate with our peers and encourage consumers to make changes that all help in the shift toward more regenerative food systems.

- **Respect for others:**

No matter the relationship between anyone and what they agree or disagree upon, people within an organization should always respect each other. This includes management team and subordinates, peers and clients as well. We are much enthusiast to maintain this value to others. When there is a base level of respect established, people take criticism less personally, are able to communicate more openly and can see and value the other person's perspective.

- **Openness in Communication:**

A successful business runs with openness in communication. When the lines of communication are open and employees are willing to have conversations with one another, misunderstandings are avoided. Having constant conversations and reminders makes it less likely for an employee to break a rule or have a low-quality output.

- **Lovello Squad:**

No alternative to create sustainable network unless a perfect band remains in business is belived by Lovello. Lovello, from management team to production team, loves to step forward hand in hand. Our dedicated teams from various departments disseminate best services to the customers. The company is run by a professional team and its sponsors possess adequate business experience, knowledge and acumen.

- **Customers:**

Lovello serves its customers with a wide variety and ranges of products and also with some unique and noble items like Mini cone, Mini Chocobar and Kulfi. Even Lovello has positioned themselves at no. 3 in the market through their products and service in less than 3 years of time. Their products are made of using finest raw materials from Denmark and European sources along with some quality local supply.

- **Code of Business Conduct:**

Lovello's code of business conduct specifies certain non-negotiable minimum standards in key areas of employee behavior, including integrity, compliance with laws, conflicts of interests, antitrust and fair dealing, bribery, corruption, discrimination and harassment, and accurate reporting and accounting. We are visible to both employees and clients so that it can be held to those standards. We want to build trust and credibility amid us and create a culture of open and honest communication. We forbid our employees, service providers and agents from engaging in bribery and corruption, along with conduct that could give rise to the appearance or suspicion of such illicit activities. Even we ensure the accuracy of financial records and alignment with company's accounting standards to fulfill our obligations to shareholders, regulators and other stakeholders.

- **Equality:**

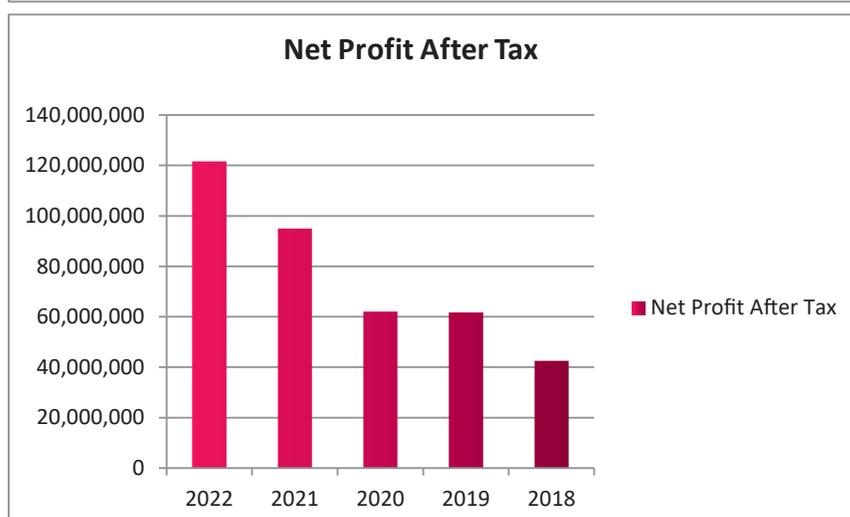
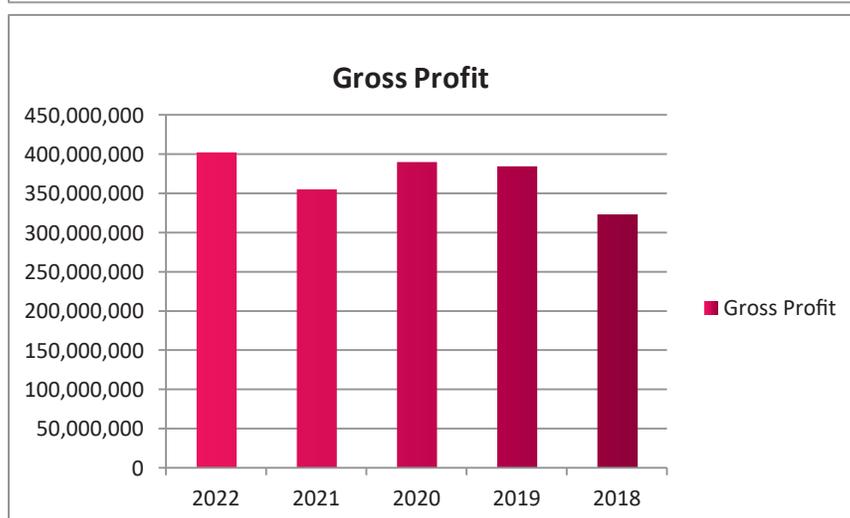
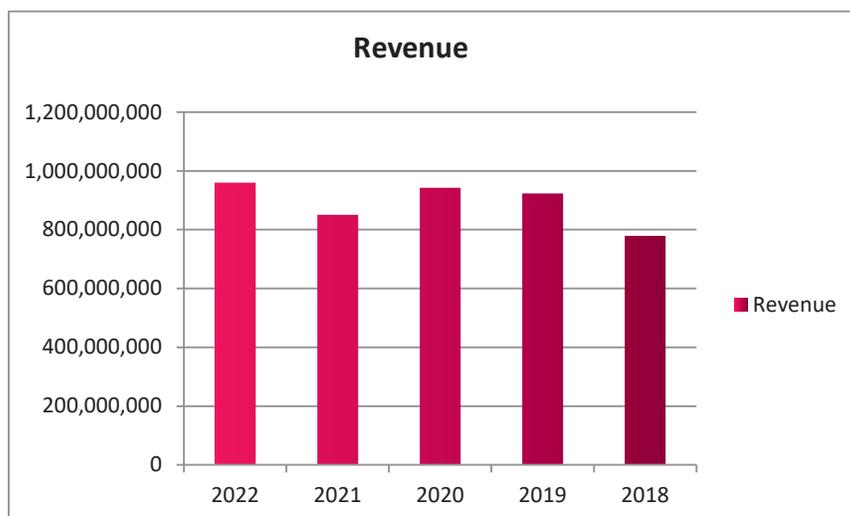
We are primarily committed in equality because we strive to be fair and just in all dealings. We do not exercise power arbitrarily nor do we use overreaching or indecent means to gain or maintain any benefit nor take undue advantage of another's mistakes or difficulties. Our executives manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity.



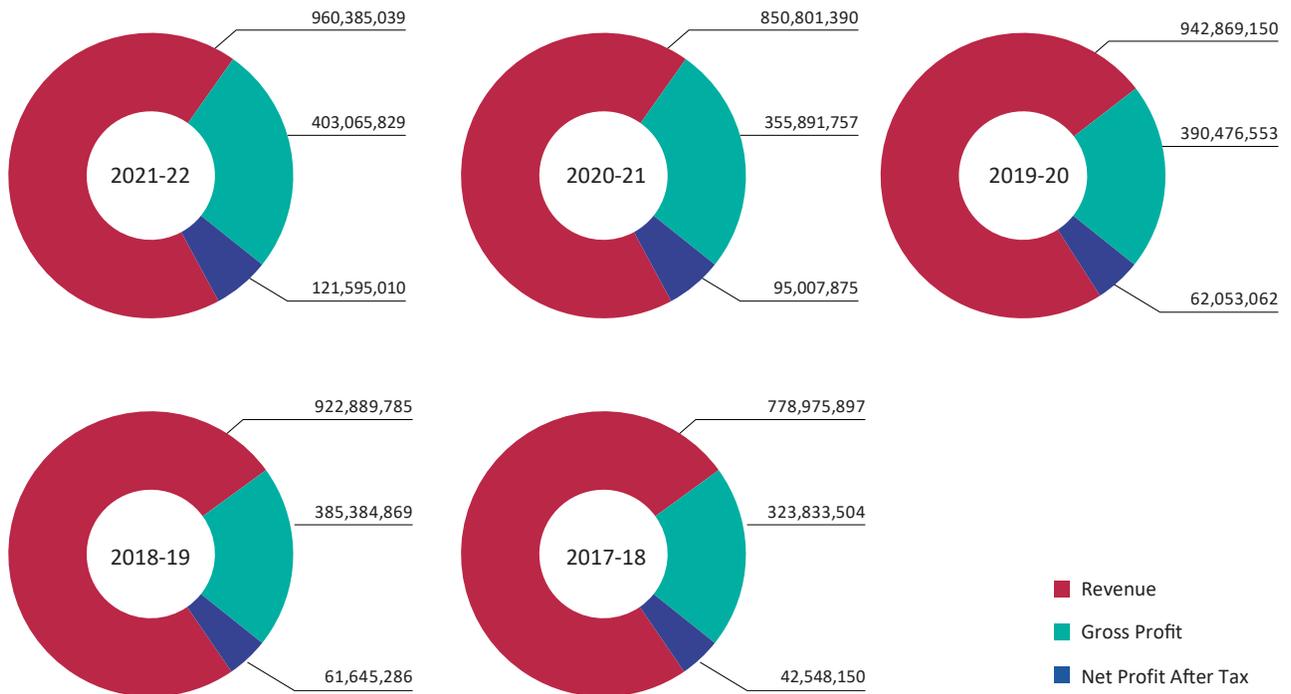
FIVE YEARS FINANCIAL SUMMARY

| Particulars | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| (A) Sales | 960,385,039 | 850,801,390 | 942,869,150 | 922,889,785 | 778,975,897 |
| (B) Cost of Goods Sold | 557,319,210 | 494,909,633 | 552,392,597 | 537,504,916 | 455,142,393 |
| (C) Gross Profit (A-B) | 403,065,829 | 355,891,757 | 390,476,553 | 385,384,869 | 323,833,504 |
| (D) Operating Expenses | 141,143,960 | 139,688,077 | 149,280,037 | 134,508,705 | 115,779,050 |
| Administrative Expenses | 17,101,509 | 16,231,797 | 18,701,781 | 13,564,960 | 9,185,457 |
| Marketing Expenses | 124,042,451 | 123,456,281 | 130,578,256 | 120,943,746 | 106,593,593 |
| (E) Operating Income (C-D) | 261,921,869 | 216,203,680 | 241,196,516 | 250,876,164 | 208,054,454 |
| (F) Financial Expenses | 120,022,392 | 118,035,700 | 155,147,618 | 161,134,907 | 126,213,752 |
| (G) Profit Before Other Income (E-F) | 141,899,478 | 98,167,980 | 86,048,898 | 89,741,257 | 81,840,702 |
| (H) Other Income | 12,051,004 | 3,598,895 | 3,455,781 | 6,102,220 | 5,192,925 |
| (I) Net Profit Before WPPF | 153,950,482 | 101,766,875 | 89,504,679 | 95,843,477 | 87,033,627 |
| (J) Provision for WPPF | 7,330,975 | 4,846,042 | 4,262,128 | 4,563,975 | 4,144,458 |
| (K) Net Profit Before Tax (I-J) | 146,619,507 | 96,920,833 | 85,242,551 | 91,279,502 | 82,889,168 |
| (L) Income Tax Expense | 25,024,497 | 1,912,957 | 23,189,490 | 29,634,215 | 40,341,018 |
| Current Tax | 13,362,639 | 18,794,777 | 21,733,994 | 23,173,852 | 8,748,255 |
| Deferred Tax | 11,661,858 | (16,881,820) | 1,455,496 | 6,460,363 | 31,592,763 |
| (M) Net Profit After Tax (K-L) | 121,595,010 | 95,007,875 | 62,053,062 | 61,645,286 | 42,548,150 |

Financial Graph: Financial graph will show our Revenue, GP & NPAT five years.



Our Performance: Revenue Growth Show of Last five years.



RISK MANAGEMENT OUTLINE

Taking risks is a central part of any business activity. In careful balance with our objectives against the risks we get prepared to take, we strive to conduct business operations in a socially responsible and sustainable manner. Risk management in the corporate world is the process of identification, analysis, and acceptance or mitigation of uncertainty in investment decisions.

Effective risk management is the key to achieving LOVELLO's objectives with regard to efficacy and efficiency of operations, consistency of financial reporting, and compliance with applicable laws and regulations.

The Board of Directors watches over the risk management process, approving the risk appetite and evaluating the key risks on an annual basis, or more commonly in the event of unprecedented changes to the risk environment. This serves to ensure that risk exposure remains consistent with LOVELLO's strategy, business and regulatory environment, and stakeholder requirements.

The ice-cream companies like ours include Operational risk, liquidity risk, price fluctuation risk, credit risk, market risk and sustainability & environment impact. These risks are divided as internal and external risk factors.

- **Operational Risk:**

Business operations may be adversely affected by strikes, work stoppages or increase in wage demands by employees and in such case, company's business operation will be hampered.

And so our company always focuses on ensuring a peaceful work environment so that maximum output from the employees can be generated. The pay package is designed in such a manner so that, every employee finds it attractive and remains satisfied with it. So, the risk related to worker/ employee unrest is well mitigated.

- **Liquidity Risk:**

Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit. It arises from the mismatch of maturities of assets and liabilities.

So, management mitigates liquidity risk by careful cash flow management including optimizing working capital and by maintaining unused, committed financing facilities or a liquidity buffer. These allow the business to easily meet its future requirements or contingencies. The way to recover liquidity crisis management deals accounts payable, inventory and accounts receivable efficiently. The company ensures of having sufficient cash and cash equivalents to meet expected operational expenses including financial obligations through preparation of forecasted cash flow with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient fund to make the expected payment with due date.

- **Price Fluctuation Risk:**

Price risk is the risk that the value of a security or investment will decrease. Factors that affect price risk include earnings volatility, poor business management, and price changes.

Our company is highly active for these risk management procedures. Mechanism comes first because the mechanism involves costs, so the benefits of hedging need to be evaluated in order to assess its usefulness for producers. It emerges that the main benefit lies in producers being able to allocate resources more efficiently in the production of ice-creams. The easiest solution is to invest in hedged investments such as hedged ETFs. The fund manager of a hedged ETF can hedge forex risk at a relatively lower cost.

- **Credit Risk:**

Credit risk is the risk of loss which may arise from the non-repayment of credit facilities by a borrower. It is the risk of loss associated with client's inability to fulfill its payment obligation. Policies, applicable laws and regulations of Bangladesh require extensive risk analysis which includes evaluation of the purpose of the credit and the ability and willingness of repayment of the client.

In this regard, management operates business effectively and efficiently which is not excluded from credit Risk. From the inception of the business management offers credit facilities to the dealers to get the product penetrated into the competitive market for achieving more and more market shares gradually as the company is in its raising states. To mitigate this credit risk, management holds personal security from dealer's end to accomplish the control policies.

In addition, management of the company is used to taking and giving loan from and to intercompany as a part of the business. There are no control policies followed in those intercompany transactions other than the agreement. It is being informed that without any interest any more transaction would not be occurred in near future in the perspective of business.

- **Risk in Second Hand or Reconditioned:**

There is obsolescence risk relating to plant and machinery If the machinery is purchased in second hand or reconditioned, there high risk of repair and maintenance which has impact on profitability of the company.

The primary capital machinery for the project of the Company has been imported directly from Tetra Pak South East Asia Pte. Ltd., which is a concern of Tetra Pak, a multinational food packaging and processing company of Swedish origin with its Head Offices in Lund, Sweden, and Lausanne, Switzerland. Tetra Pak operates globally through 40 market companies, which are subsidiaries to Tetra Pak International SA, doing business in over 170 countries. The economic life of the plant and machinery is minimum 15 years.

- **Adverse Effect on Future Cash Flow:**

If company gives such loan without interest to related party, there is interest burden for the company if the money was taken as loan. On the other hand, if such loans are taken from directors, it will have an impact on the cash flow to pay off the loan to the Directors.

So to deal with intercompany to operate business becomes the part of this competitive era. Taufika Foods and Lovello Ice-cream PLC gets used to taking and giving loan from and to intercompany since the inception of the business and during this period both were not habituated to charge interest. Management has decided to charge interest from the financial year 2020 -2021 and it would be reflected in the financial statement for the financial year ended June 30, 2021. As paying off and taking loan is the continuous process in the process of business it shall not have adverse effect on future cash flow.

- **Financial Weakness Risk:**

Financial weakness and poor performance of the issuer have negative impact on the company. As a result, it will be tough to pay loan interest, debt service and dividend. Future growth will be hampered.

Sales growth is a key indicator for any Company to conclude that, the Company's performance is good. Since beginning of commercial operation the Issuer Company's sales is recorded to be on the increase always with a good profit margin. The products of the Company have earned great popularity among the mass people within a comparatively short period of time due to the quality and taste of its ice cream product the brand name of which is LOVELLO.

- **Investment Risk:**

If any price goes down after floating, there is investment risk for the prospective investors.

The profit margin of the company is on the increase along the years since start of business. As the company is having continual sales growth every year so TFAIL firmly believe that investing in the company's securities will be lucrative in comparison with other available investment options.

- **Interest Rate Risk:**

Interest rate risk as an external risk is the risk that company faces due to unfavorable movement in the interest rates. Changes in the government's monetary policy along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans.

Moreover, our company has taken loan from banks having fixed interest rate. The company has been repaying their bank loan on a continuous basis which reduces the interest rate risk.

- **Industry Risk:**

Industry risk is the possibility that a specific industry will not perform to the level or at par. When problems plague one industry, they affect the individual organization of that particular industry. They may also cross over into other industries. Industry risk also refers to the risk of the increased competition from foreign and domestic sources leading to lower revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and result of operation.

Since the present established market size for ice cream industry in Bangladesh is for Tk.2000.00 crore among which only Tk.1200.00 crore has been covered by mainly 05 (five) existing companies, the existing gap in the ice cream market is for around Tk.800.00 crore. Besides, there is an increasing demand of ice cream of 20% per year. No abnormal competition among the individual organization, be it either local or foreign, is found in the present ice cream industry. Besides, no individual organization will dare to lower the price of its products drastically, much beyond the average market price with an intention to secure more market share, because it will then become a threat for that particular company to survive.

Ice cream industry is growing gradually, due the following phenomena:

- * Present weather is very favorable for Ice cream business
- * Expert Human recourses are available for Ice Cream Industries
- * Ice cream is becoming more and more popular among the people of all ages as the days go by

- **Technology Related Risks:**

Technology always plays a vital role for each and every type of business. Better technology can increase productivity and reduce costs of production. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the company which may cause technological obsolescence and negative operational efficiency.

We always keep in touch with technological changes in the world ice cream industry and has adopted new technology according to its need. Furthermore, regular and proper maintenance of the equipment and machinery is carried out by the Company to ensure longevity of the same.

- **Market Risk:**

Market Risk refers to the risk of adverse market condition affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong market and brand management would help the company increase their customer base.

However, ice-cream is becoming a popular food item in our country day by day and so there is less possibility of any adversity in the ice cream market. On the other hand considering the demand and taste of the consumers of all classes and segments the LOVELLO has come out with a variety of extra ordinary mouthwatering ice creams of different design and flavors. The company is spreading its sales and distribution network all over the country gradually but very smartly.

The brand name of ice cream of the Company is LOVELLO, the visibility of which is unfolding fast. LOVELLO strives to preserve and enhance its brand value, build resilience, and create emotionally connected customers, employees, and stakeholders, while complying with all industry, regulatory, and other general standards of significance.

VALUE CREATION AND LONG TERM SUSTAINABILITY:

We create value by acting on opportunities, environmental and social developments. It focuses on using our company's resources to push profitability while creating value for society and ensuring sustainability is observed. If unable to create any value for the customers, any business might struggle to maintain its position in the market. So companies need to rethink the way they create value and grow their business to thrive in tomorrow's volatile and uncertain business environment. Where sustainability and profitability goes hand in hand, it should be the business interest to venture against tomorrow's risks of climate change.

Focus and Brand Perception, Environment and High-quality Employment Practices are our three core pillars to create value for long term sustainability.

FOCUS AND BRAND PERCEPTION:

Customers may more be likely to buy from brands that represent the same morals and core values they do. So we focus on our brands that give back to the community or advocate for causes can connect with our audience and help customers feel good about supporting the brand. The ultimate goal of our brand perception is to develop brand value and brand equity. Brand equity is the extra value a company gets from a product with a recognizable name, as opposed to a generic equivalent. We want to get a high level of brand equity so that our customers, when confronted with a buying decision choice, feel more confident and comfortable to proceed with LOVELLO brand. As a result, we do believe that customers who are influenced by a product with a higher level of brand equity will also purchase the product, even if the brand-name product is more expensive than the generic equivalent.

ENVIRONMENT:

Running a business like ours, value creation with sustainability is our focal area. In this case environment plays a significant role in creating values responding proactively towards the energy and challenges of the company.

• Water and Chemical Management:

By framing water investments as contributing to business growth the private sector might be more actively engaged in solving water challenges. We maintain that nothing is as important as reframing water as a business issue and opportunity to engage the private sector in solving water challenges more fully. Besides, LOVELLO has an effective Effluent Treatment Plant (ETP) which is operated by Vietnam Technology. It's a Bio-Chemical Type and Capacity 10000 Litre per hour. This ETP is designed to maintain ecological balance and overall development through the protection and improvement of the environment. The Department of Environment (DOE) of Bangladesh Government visits this ETP three times in a year. After evaluation of the process and discharged water quality, DOE provides Environmental Clearance Certificate (ECC). Chemical management is not a compulsion which we have to follow because of pressure of the regulatory authorities and fear of huge fines and brand image. It is important because it is our duty of protecting our planet and its resources from the long term and short term harmful chemical effects. Chemical management is necessary for ensuring regulatory compliance that is a must for any organizations to deal with chemical usage, storage and their discarding. Chemical may be dangerous or safe in use but it is important to control and manage the risk associated with it.

• Reservation of Energy:

Energy efficiency is a top priority for our company. Ice cream is refreshing. And with its proteins and carbohydrates are considered a source of energy. However, it also takes a lot of energy to mix ingredients like milk, dairy chocolate, sugar, and vanilla beans into the finished product. Electricity and compressed air play an important role in the thermal and kinetic processes for everything from mixing and extruding the ingredients, deep-freezing to -13°F (-25°C), dipping into various chocolate coatings through to final packaging. Energy efficiency is therefore right at the top of Lovello. In this regard, the Energy Savings Scheme (ESS) is important fact for a company like ours. ESS provides NSW businesses with financial incentives to invest in projects which will reduce their energy consumption. Incentives are available to install new equipment or modify a current system.

- **Waste Management Procedures:**

Waste management is the activities and actions required to manage waste from its inception to its disposal. This includes the collection, transport, treatment and disposal of waste, together with monitoring and regulation of the waste management process. Waste management is an important element of environmental protection. Its purpose is to provide hygienic, efficient and economic solid waste storage, collection, transportation and treatment or disposal of waste without polluting the atmosphere, soil or water system.

For the purposes of this review these sources are defined as giving rise to three major categories of waste: municipal solid waste, industrial waste, agricultural waste.

- **Industrial solid waste:**

This solid waste in the Asian and Pacific Region, as elsewhere, encompasses a wide range of materials of varying environmental toxicity. Typically this range would include paper, packaging materials, waste from food processing, oils, solvents, resins, paints and sludges, glass, ceramics, stones, metals, plastics, rubber, leather, wood, cloth, straw, abrasives, etc. As with municipal solid waste, the absence of a regularly up-dated and systematic database on industrial solid waste ensures that the exact rates of generation are largely unknown.

Expansion of agricultural production has naturally resulted in increased quantities of livestock waste, agricultural crop residues and agro-industrial by products. The proper management of waste from agricultural operations can contribute in a significant way to farm operations. This helps to maintain a healthy environment for farm animals and can reduce the need for commercial fertilizers while providing other nutrients needed for crop production.

HIGH-QUALITY EMPLOYMENT PRACTICES:

Taufika Foods and Lovello Ice-cream PLC is praiseworthy for maintaining best employment practices. Our recruitment style has its fantastic way. We select our employees according to merit irrespectively so that all the recruited employees get the equal opportunities in order of their merit. Our remuneration policy is smart enough no doubt. According to the rules and regulations we maintain salary review, festival bonus, performance bonus and of course we give salaries to our employees timely. In brief, we have a fair remuneration policy. The work environment is stunning comparing other ones in the industry. Our employees have great talents and they can show them perfectly. We are positive in thinking and our working environment is positive as well. Besides, we organize internal training for our new members on department basis because we believe a trained employee is more suitable than a meritorious student.

Finally, LOVELLO is grateful to the contributing companies for allowing us to learn from their own personal strategic challenges around disruption versus linear thinking, demands from society versus those of the shareholders, and their own experiences of what makes for success or failure.

MARKET VALUE ADDED STATEMENT

The Market Value Added (MVA) provides a measurement of a company's external performance in relation to its equity. It compares the market value of shares and their book value. A positive MVA indicates that the company could add to the value to the shareholders' wealth.

| Particulars | Notes | Amount in Taka | |
|--|--------|----------------------|----------------------|
| | | 30-Jun-2022 | 30-Jun-2021 |
| Market Value of Shares Outstanding | Note A | 3,540,250,000 | 2,358,750,000 |
| Book Value of Shares Outstanding | Note B | 1,096,389,086 | 1,068,294,076 |
| Market Value Added | | 2,443,860,914 | 1,290,455,924 |
| Market Value Added per Share (with regard to Share Capital as existing) | | 28.75 | 15.19 |
| Note A - Market Price per Share (as quoted in the stock exchanges): | | | |
| Dhaka Stock Exchange Ltd | | 41.90 | 28.00 |
| Chittagong Stock Exchange Ltd | | 41.40 | 27.50 |
| Average Rate | | 41.65 | 27.75 |
| No. of Shares Outstanding | | 85,000,000 | 85,000,000 |
| Market Value of Shares Outstanding | | 3,540,250,000 | 2,358,750,000 |
| Note B - No. of Shares Outstanding at June 30, 2022 | | 85,000,000 | 85,000,000 |
| Book Value of Shares (Tk. 10 per value) | | 850,000,000 | 850,000,000 |
| Retained Earnings at June 30, 2022 | | 246,389,086 | 218,294,076 |
| Book Value of Shares Outstanding | | 1,096,389,086 | 1,068,294,076 |

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As its core business Lovello has been taking different steps in mainstreaming CSR. We are passionate enough to create meaningful societal changes using our values. As a key priority, we use the concept of Social Responsibility in an analytic structure and so we start implementing actions that meet a tremendous range of vital requirements by improving overall contributions to the society. We have accepted CSR practices in a structured manner through our administrative vision so that our poor population cannot become helpless.



Key Hand over moment to Combined Military Hospital authority

BOARD & COMMITTEES

Board of Directors

| Sl. No. | Name | Designation |
|---------|-------------------------------|----------------------|
| 1 | Dato' Engr. Md. Ekramul Haque | Managing Director |
| 2 | Datin' Shamima Nargis Haque | Chairman |
| 3 | Muhsinina Taufika Ekram | Director |
| 4 | Muhsinina Sharika Ekram | Director |
| 5 | Imtiaz Lutful Baset FCMA, FCA | Independent Director |

Operational Management Team

| Sl. No. | Name | Designation |
|---------|-------------------------------|-------------------------|
| 1 | Dato' Engr. Md. Ekramul Haque | Managing Director |
| 2 | Engr. Md. Kamruzzaman | Chief Operating Officer |
| 3 | Mustaque Ahmad | Chief Financial Officer |
| 4 | Muhammad Razib Hasan | Chief Strategic Officer |
| 5 | A.K.M Zakaria Hossain FCMA | Company Secretary |
| 6 | Md. Didarul Alam FCMA | Head of Internal Audit |

Audit Committee

| Sl. No. | Name & Position |
|---------|---|
| 1 | Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee |
| 3 | Muhsinina Sharika Ekram, Director, Member of the Committee |

Nomination and Remuneration Committee

| Sl. No. | Name & Position |
|---------|---|
| 1 | Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee |
| 3 | Muhsinina Sharika Ekram, Director, Member of the Committee |

* The company secretary shall act as the secretary of the Committee.

PROFILE OF THE BOARD OF DIRECTORS

PROFILE OF THE BOARD OF DIRECTORS



Datin' Shamima Nargis Haque is a multitalented business personality and also an entrepreneur. She holds an academic degree in Economics. She has more than 21 years' experience in business sector. She has been involved with Taufika Foods and Lovello Ice-cream PLC as its Chairman. She is also the Managing Director of Taufika Engineering Ltd. a sister concern of Taufika Foods and Lovello Ice-cream PLC. She plays a vital role for the advancement of the company as a Director. She contributes significantly, in formulation of company's operational policies and implementation process. As part of her fiduciary responsibility to represent and protect the investor's interests in the company, she is profoundly involved to ensure that, assets as well as the human resources of the company are in good order. She always plays a vital role in taking crucial decision for the interest of the company on operational or managerial issues.

PROFILE OF THE BOARD OF DIRECTORS



Dato' Engr. Md. Ekramul Haque
Managing Director

Dato' Engr. Md. Ekramul Haque, aged 54, is a Civil Engineer, MBA possesses more than 31 years' experience in different business sector of Bangladesh and Malaysia, where he moved in early 90's as a Director of BEL Construction Sdn Bhd, a company incorporated in Malaysia. The company has great contribution to the development of telecommunication and energy sector in Malaysia. More than 2000 km of High Tension Transmission Line and few hundreds of Telecommunication Base Station projects were successfully implemented in Malaysia as well as in Bangladesh under the dynamic leadership of Dato' Engr. Md. Ekramul Haque. The in depth knowledge and expertise in the management of large turnkey construction project, development of telecommunication infrastructure, power Generation plant etc. have made Dato' Haque a successful entrepreneur.

Dato' Haque is now, the Managing Director of Taufika Group consisting of Taufika Engineering Limited, Taufika Energy Co. Ltd, Taufika Foods and Lovello Ice-cream PLC, Deltamarge Sdn Bhd. Dato' Haque has introduced the brand Again "LOVELLO" is the new brand in the ice cream industry in Bangladesh and LOVELLO is being produced and marketed by Taufika Foods and Lovello Ice-cream PLC. "LOVELLO" has earned good name and reputation within a very short period of time after its penetration in the market.

Taufika Group has an annual turnover of BDT 700 crore having 2000 staff in various departments under the leadership of Dato' Haque.

Dato' Engr. Md. Ekramul Haque is also involved in several community development and social welfare activities. He is the founder of a few educational institutions, which offer free education to under privileged children of the Bangladesh. He was bestowed with the Gold Medal for two consecutive years in 2009 and 2010 by Ishwar Chandra Bidya Shagore and Lalon Academy for his outstanding achievement in the area of commerce and industry. He has received a title "Dato" conferred to him by the Sultan of Pahang state of Malaysia as recognition to his contribution society and to the development of Malaysia in telecommunication & transmission industry.

Dato' Haque is one of the Sponsor Directors and shareholder of NRB Bank Limited, a well reputed fourth generation schedule bank in Bangladesh and served as the Chairman of the Executive committee of the bank.

Dato' Engr. Md. Ekramul Haque is a genuine businessman having vast experience in the line of businesses he is engaged in. He possesses excellent business acumen and the capability to run any business ventures; he intends to get involve in, with much efficiency and the capacity towards accomplishment.

PROFILE OF THE BOARD OF DIRECTORS



Muhsinina Taufika Ekram

Director

Muhsinina Taufika Ekram, aged 23 years and having dual citizenship of Canada and Bangladesh is the eldest daughter of Dato' Engr. Md. Ekramul Haque and Datin' Shamima Nargis Haque, the Managing Director and Chairman of Taufika Foods and Lovello Ice-cream PLC, respectively.

Muhsinina Taufika Ekram is now, pursuing her graduation degree in the field of Life Science at the University of Toronto (UoFT), Canada. Before she got admitted herself in UoFT, she completed her grade 11 and 12 from The York School, Toronto under IB (International Baccalaureate) curriculum where she scored distinction mark and been achieved "The York School Award" commonly known as the student of the year.

Muhsinina Taufika Ekram is closely involved in the company's strategic policies and regulations. She along with other

members of the board reviews and evaluates the executive decisions and coordinates the activities related to environmental factors, like natural resources, human resources, forms of economic system, economic policies, technological development, capital formation and investment, monetary and fiscal policies and situations of the market, where the company is in operation.

She oversees the process to obtain information from external environmental factors and redirect the same to the key individuals of the company in order to surmount possible hurdles and unwanted mistakes in the process of achieving organizational goals. She is willing to engage herself more effectively in the company's affair after completion of higher study.

PROFILE OF THE BOARD OF DIRECTORS



Muhsinina Sharika Ekram
Director

Ms. Muhsinina Sharika Ekram, having dual citizenship of Canada and Bangladesh, is the younger daughter of Dato' Engr. Md. Ekramul Haque and Datin Shamima Nargis Haque, the Managing Director and Chairman of Taufika Foods and Lovello Ice Cream PLC, respectively. Ms. Sharika has been appointed as Director of the board recently upon getting her interest to be involved into it. Prior to her appointment in the Board her elder sister, Muhsinina Taufika Ekram also became a Director of Taufika Foods and Lovello Ice cream PLC, a concern of under Taufika Group which is named under her name "Taufika".

Ms. Sharika is now, pursuing her graduation degree in the field of Life Science at the McGill University, Montreal, Canada. Before she got admitted herself at McGill University, she completed her schooling from The York School, Toronto under IB (International Baccalaureate) curriculum where she scored distinction mark and was a top scorer.

Ms. Sharika is willing to be engaged herself more effectively in the company after completion of her higher degree and desires to introduce her thoughts for the growth of the business.

PROFILE OF THE BOARD OF DIRECTORS



Imtiaz Lutful Baset
FCMA, FCA.
Independent Director

Imtiaz Lutful Baset FCMA, FCA received his Master of Business Administration with major in Marketing; passed in 2004 from the City University, Dhaka and secured CGPA 3.86 in the scale of 4. Qualified as a Chartered Accountant in 1992 from The Institute of Chartered Accountants of Bangladesh. He Conducted and finalized audit of financial statements/reporting of various MNCs, Autonomous bodies/corporation, non-profitteering organizations. Led audit discussions with various clients in order to finalize audit. Carried out consultancy relating to tax, designing accounting and control system Carried out cost, management and self-audit for various organizations. He is a fellow member of the Institute of Cost and Management Accountants of Bangladesh (F — 139) and a fellow member of the Institute of Chartered Accountants of Bangladesh {Enrol. #663}.

Crunchy Bar



SENIOR MANAGEMENT PROFILE



Dato' Engr. Md. Ekramul Haque

Managing Director

Dato' Engr. Md. Ekramul Haque, aged 54, is a Civil Engineer, MBA possesses more than 31 years' experience in different business sector of Bangladesh and Malaysia, where he moved in early 90's as a Director of BEL Construction Sdn Bhd, a company incorporated in Malaysia. The company has great contribution to the development of telecommunication and energy sector in Malaysia. More than 2000 km of High Tension Transmission Line and few hundreds of Telecommunication Base Station projects were successfully implemented in Malaysia as well as in Bangladesh under the dynamic leadership of Dato' Engr. Md. Ekramul Haque. The in depth knowledge and expertise in the management of large turnkey construction project, development of telecommunication infrastructure, power Generation plant etc. have made Dato' Haque a successful entrepreneur.

Dato' Haque is now, the Managing Director of Taufika Group consisting of Taufika Engineering Limited, Taufika Energy Co. Ltd, Taufika Foods and Lovello Ice-Cream PLC, Deltamarge Sdn Bhd, Dato' Haque has introduced the brand "LOVELLO" is the new brand in the ice cream industry in Bangladesh and LOVELLO is being produced and marketed by Taufika Foods and Lovello Ice-Cream PLC. "LOVELLO" has earned good name and reputation within a very short period of time after its penetration in the market.

Taufika Group has an annual turnover of BDT 700 crore having 2000 staff in various departments under the leadership of Dato' Haque.

Dato' Engr. Md. Ekramul Haque is also involved in several community development and social welfare activities. He is the founder of a few educational institutions, which offer free education to under privileged children of the Bangladesh. He was bestowed with the Gold Medal for two consecutive years in 2009 and 2010 by Ishwar Chandra Bidya Shagore and Lalon Academy for his outstanding achievement in the area of commerce and industry. He has received a title "Dato" conferred to him by the Sultan of Pahang state of Malaysia as recognition to his contribution society and to the development of Malaysia in telecommunication & transmission industry.

Dato' Haque was one of the Sponsor Directors and shareholder of NRB Bank Limited, a well reputed fourth generation schedule bank in Bangladesh and served as the Chairman of the Executive committee of the bank.

Dato' Engr. Md. Ekramul Haque is a genuine businessman having vast experience in the line of businesses he is engaged in. He possesses excellent business acumen and the capability to run any business ventures; he intends to get involve in, with much efficiency and the capacity towards accomplishment.

SENIOR MANAGEMENT PROFILE



Engineer Md. Kamruzzaman

Chief Operating Officer

Engineer Md. Kamruzzaman is the Chief Operating Officer (COO) at Taufika Foods And Lovello Ice-Cream PLC. He has over 32 years of practical experience in the field of Ice-cream, Food & Beverage industries. He worked for Modern Industries (BD) Ltd. as Asst. Manager (Engineering) and Igloo Ice Cream and Milk Pasteurization Plant as Manager (Engineering and Production). He also served as General Manager of Dhaka Ice Cream Industries, Bangladesh. A reliable and well-organized person with great experience in teaching of HVAC & Engineering courses.

Engineer Md. Kamruzzaman has Bachelor's degree in Mechanical Engineering from Khulna University of Engineering and Technology (KUET) and obtained his Post-Secondary Higher Diploma at HVAC and Refrigeration Technology, George Brown College, Toronto, Canada, and Strategic Management, Indian Institute of Technology (IIT), Kharagpur, India. He also acquired a Professional Course in Master of Business Administration (Marketing), Asian University of Bangladesh, Dhaka, Bangladesh. He is the License holder of HRAI & TSSA(Canada) and he is also the Life Fellow of The Institution of Engineers, Bangladesh (IEB).

SENIOR MANAGEMENT PROFILE



Mustaque Ahmad

Chief Financial Officer

Mustaque Ahmad is the Chief Financial Officer of Taufika Foods and Lovello Ice-cream PLC. He has become a part of the Taufika family since January 2012. He is overseeing the Group's financial activities and operations as Group CFO.

Mr. Ahmad obtained his BSS (Honors) and MSS in International Relations from the University of Dhaka. He started his career in banking with the first private commercial bank in Bangladesh in June, 1994 as Probationary Officer. He has gathered vast knowledge in banking operation in all respects during his thirteen and half years' banking career.

Mr. Ahmad has over 26 years of extensive experience in finance & accounts as a result of working in different renowned commercial Banks and business conglomerates.

His key responsibilities as CFO, include looking after all relevant aspects of the Group's financing, financial performance, stakeholder reporting, internal audit, tax matters, strategic development of the company, liaison with the external auditor and other corporate functions.

He believes that, there is no end of self improvement, which he always focuses on. He aspires to contribute significantly, to the growth of the company with his proficiency in the days to come.

SENIOR MANAGEMENT PROFILE



Muhammad Razib Hasan

Chief Strategic Officer

Muhammad Razib Hasan is the Chief Strategic Officer (CSO) at Taufika Foods and Lovello Ice-cream PLC. He has an impressive track record of business development in his credentials. He joined Taufika Foods and Lovello Ice-cream PLC on November 2017. His skills and experience have facilitated him to generate significant sales numbers through analyzing the market trends, setting strategies for product-mix and distribution network development, short-term tactics for penetrating into different market-segments etc.

Mr. Hasan, an MBA along with a specialization in information system, business analysis and decision-making process, has a progressive and dynamic corporate career with 21+ years of experience in the field of Marketing and Sales. Prior to joining LOVELLO, he worked in Taufika Energy Company Limited as Chief Operating Officer (COO). In his long corporate journey he was a part of distribution business of Nokia Mobile in Grameen Telecom and business development of Maximus Mobile in Union Group.

He has extensive and diversified training in the sales of Mobile Phone devices and team-building process. With his innate experience in relationship building, he leads the LOVELLO sales team to provide excellent channel services for enhancement of value propositions. His in-depth knowledge, experience and skills have contributed to the advancement of the company.

SENIOR MANAGEMENT PROFILE



A.K.M Zakaria Hossain FCMA

Company Secretary

A.K.M Zakaria Hossain FCMA is a progressive and dynamic corporate leader and also the ex-chairman of DBC of the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He is well-known in the supply chain sector of Bangladesh. He joined Taufika Foods and Lovello Ice-cream PLC in January 2015 as Head of Supply Chain. Mr. Hossain, a competent professional, brings with him inclusive knowledge and extensive applied experience in the field of Supply Chain, Strategic Planning, Internal Control, Finance, Costing, Accounting, Taxation, VAT etc. of Manufacturing and Marketing oriented company.

Mr. Hossain has 21+ years of experience of which seven years as Head of ICP & Supply Chain of Dhaka Ice Cream Industries Limited, two years of Kohinoor Chemicals Company (Bangladesh) Limited as Assistant Vice President, three years of The ACME Laboratories Ltd. as manager, two years as manager of Shamsul Alamin Group a Leading Spinning Mills, Textile Mills and Garments Manufacturer of Bangladesh.

He Visited Australia, Denmark, Sweden, Turkey, France, Spain, Lithuania, Singapore, Malaysia, China, India, Vietnam, Indonesia etc. for training & sourcing. He qualified as a CMA from The Institute of Cost & Management Accountants of Bangladesh (ICMAB) in the year of 2002.

During his 8 years journey with the Lovello, Mr. Hossain helped grow the company's value and was closely supervised Initial Public Offering which resulted in Lovello becoming a publicly-traded company. Specializing in fast-growing, listed companies, Mr. Hossain has a proven track record in change Management, Integration, Mergers, Strategic Planning and Internal Control for the company.

SENIOR MANAGEMENT PROFILE



Md. Didarul Alam FCMA

Head of Internal Audit

Md. Didarul Alam FCMA is a progressive and dynamic corporate leader with 15+ years of experience in the field of Planning, Costing, Budgeting and Reporting. He has an impressive track record of designing organizational control process & implementation in the FMCG industry. He joined Taufika Foods and Lovello Ice-cream PLC on December 2017. Mr. Alam completed Master of Commerce in Accounting in 2001. He is the Fellow member of the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

He is an experienced executive with financial and strategic focus, financial services and commercial background and driving corporate transformation programs. His key responsibilities include all aspects of the company's financing, financial performance, and stakeholder reporting; board accountability for internal audit, tax and strategic development; leading the executive relationship with the external auditor; and leadership of the company's Finance & Accounts and other corporate functions.

During his 5 years with the Lovello, Mr. Alam helped grow the company's value and was closely supervised Initial Public Offerings. Mr. Alam skills and expertise have played a significant role in the progress of the company. Mr. Alam was previously at Partex Group where he served for more than 5 years. Before left the Partex Group he was the General Manager-Finance & Accounts. Before joining Partex Group he worked with Dhaka Ice Cream Industries Limited. He was also worked at Abul Khair Group for two years.

Black Forest

Ice Cream





DIRECTOR'S REPORT



DIRECTOR'S REPORT

Dear Shareholders,

it is indeed a great privilege for me to place the Directors' Report on behalf of the Board of Directors and Management, for your valued consideration, adoption and approval. The report was approved by the Board of Directors on October 23, 2022. Relevant disclosures and explanations relating to certain issues have been given by the Directors, which they consider important to ensure transparency and practice of good governance.

Global Economy

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed.

International organizations' revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication 'World Economic Situation and Prospect 2022', the global economy grew by 5.5 percent in 2021, the highest growth rate since 1976, after contracting 3.4 percent in 2020. Global economy is expected to grow by 4.0 percent in 2022 and 3.5 percent in 2023. In the World Bank's Global Economic Prospect, January 2022, the global economic growth is projected 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021.

Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023. This growth rate will be sufficient to restore output and investment to their pre-pandemic trend in these economies. In emerging and developing economies, however, growth is expected to drop from 6.3 percent in 2021 to 4.6 percent in 2022 and 4.4 percent in 2023. The report stressed that by 2023, all advanced economies will have achieved a full output recovery; yet output in emerging and developing economies will remain 4 percent below its pre-pandemic trend. For many vulnerable economies, the setback is even larger: output of fragile and conflict-affected economies will be 7.5 percent below its pre-pandemic trend, and output of small island states will be 8.5 percent below.

In the World Economic Outlook (WEO) April 2022, International Monetary Fund (IMF) projected that the global economy will grow by 3.6 percent both in 2022 and 2023. The projections for 2022 and 2023 are 0.8 and 0.2 percentage points lower than in the January 2022 WEO update. Global growth is forecast to decline to about 3.3 percent over the medium term beyond 2023.

Macro-economic Situation: Bangladesh Context

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05 percentage point higher than the target rate and 0.31 percentage point higher than the previous fiscal year.

According to provisional estimate of Bangladesh Bureau of Statistics (BBS), per capita GDP and per capita national income stood respectively at US\$ 2,723 and US\$ 2,824 in FY 2021-22 compared to US\$ 2,462 and US\$ 2,591 respectively in FY 2020-21. The consumption increased to 78.44 percent of GDP in FY 2021-22 from 74.66 percent in FY 2020-21. The gross investment stood at 31.68 percent of GDP in FY 2021-22, where public investment and private investment accounted for 7.62 percent and 24.06 percent of GDP respectively. Medium-term forecasts for GDP growth rates are 7.5 percent in FY 2022-23, 7.8 percent in FY 2023-24 and 8.0 percent in FY 2024-25.

Inflation in FY 2020-21 stood at 5.56 percent, which is 0.09 percentage point lower than FY 2019-20. Of which food and non-food inflation accounted for 5.73 percent and 5.29 percent respectively. Like all other countries of the world, an upward trend of price level is being observed in Bangladesh as the economic damages created by COVID-19 pandemic which is triggered by war in Ukraine. The point-to-point inflation in March 2022, stood at 6.22 percent, compared to the inflation rate 5.47 percent in March 2021.

The revised revenue mobilisation target was set at Tk. 3,89,000 crore in FY 2021-22, which is 9.78 percent of the GDP. Of them, revenue receipt from NBR sources was marked at Tk. 3,30,000 crore (8.30% of GDP), tax revenue from non-NBR sources at Tk. 16,000 crore (0.40% of GDP) and non-tax revenue at Tk. 43,000 crore (1.10% of GDP). As per provisional data from iBAS++, total revenue mobilisation up to February 2022 stood at Tk. 2,25,116 crore, up by 16.39 percent of the same period of previous fiscal year, achieving 57.87 percent of the target.

According to the revised budget, the total expenditure target for FY 2021-22 has been set at Tk. 5,93,500 crore (14.93% of GDP), which is 10.11 percent higher compared to FY 2020-21. The revised Annual Development programme (ADP) size for FY 2021-22

stood at Tk. 2,07,550 crore (excluding autonomous/agencies/ corporations' own funded projects), which is 5.01 percent higher than the previous fiscal year.

The government is highly concerned of maintaining the budget deficit within 5 percent of GDP by increasing efficiency in revenue management. However, due to the increase in government expenditure for COVID-19 pandemic, target set at 5.1 percent of current fiscal year. The actual budget deficit for FY 2019-20 and FY 2020-21 stood at 4.7 percent and 4.3 percent of GDP respectively. The inflow of foreign grants and loans in the first eight months of FY 2021-22 (up to February 2022) amounted to US\$ 5,899 million, up by 6.63 percent from the same period of the previous fiscal year. The country's external debt outstanding at the end of February 2022 was US\$ 55,826 million or 12.23 percent of GDP.

The purpose of this policy stance is to outline monetary and credit programme for FY 2021-22 based on the evolving internal and external macroeconomic and financial developments. The programmed growth of broad money (M2) was set at 15.0 percent and domestic credit growth 17.8 percent, which was consistent with the targeted GDP growth and CPI based average inflation. The broad money and domestic credit actually grew by 9.45 percent and 13.32 percent respectively in February 2022 compared to 13.35 percent and 9.06 percent respectively in the same month of the previous year. However, the public and private sector credit experienced 28.1 percent and 10.9 percent growth respectively in February 2022 against the actual growth of 8.3 percent and 8.9 percent respectively in February 2021.

The recent trends in weighted average lending and deposit rates show downward movement. The weighted average lending rate decreased to 7.10 percent at the end of February 2022 from 7.48 percent of end February 2021. Similarly, the deposit rate continuously decreased to 4.02 percent in February 2022 from 4.44 percent in February 2021. The reduction in market-based interest rates has been due to the increase in excess liquidity available to banks and the reduction in interest rates, bank rate and refinancing scheme policies adopted by Bangladesh Bank.

In FY 2021-22, both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some volatility, however, both the price index and market capitalisation increased moderately. The market capitalisation and the broad index of DSE increased by 4.41 percent and 6.59 percent respectively at the end of April 2022 compared to end June 2021. Similarly, the market capitalisation and CSE All Share Price Index increased by 6.03 percent and 11.67 percent respectively, at the end of April, 2022, compared to end June 2021.

Although global trade has turned around in 2021 after the effects of COVID-19 pandemic, the Russia-Ukraine conflict has been showing significant negative impact on world trade. As a result, food supply chains have been disrupted and Western sanctions on Russia have led to global trade instability. At the same time, the prices of petroleum along with commodity prices are rising, which is also creating inflationary pressures on the economies. However, Bangladesh's export growth is on a positive trend. During July-April of FY 2021-22, total export earnings increased by 35.14 percent to US\$ 43,344.34 million compared to the same period of previous fiscal year. The total import payments (c&f) stood at US\$ 66,898.70 million in FY 2021-22 (July-March), which is 43.84 percent higher than the import payments of the same period of the preceding fiscal year. The deficit of trade balance widened and stood at US\$ 22,306 million in FY 2021-22 (July-February) which was US\$ 12,359 million in FY 2020-21 (July-February). This deficit mainly occurred by the high growth in import payments relative to the growth in export earnings.

During the time, current account balance showed a deficit of US\$ 12,834 million due to expansion of trade deficit and a fall of workers' remittances. At the same time, the surplus of capital account balance and financial account balance both increased due to substantial amount of term loans received from the global development partner agencies. The net outcome of all these made the overall balance a deficit of US\$ 2,222 million in FY 2021-22 (July-February) compared to US\$ 6,879 million surplus in the same period of previous fiscal year. Due to the deficit of the overall balance, the foreign exchange reserve decrease slightly. The foreign exchange reserve stood at US\$ 46 billion at the end of February 2022. At the latest on 18 May 2022, the foreign exchange reserve stood at US\$ 42.33 billion. During July-April, 2022, the exchange rate of Taka depreciated by 1.9 percent against US dollar.

Sector-wise Economic Progress

In response to the effects of the global COVID-19, extreme floods, and natural disasters, GOB has adopted short, medium, and long-term action plans to maintain food security for the people of the country by continuing the expansion in agricultural productivity. The target of food production is 465.83 lakh metric tonne (MT) in FY 2021-22, which was 466.35 lakh MT in FY 2020-21. Revised budget target for food collection from internal market is 19.50 lakh MT. By February 2022, 10.59 lakh MT food grain was imported through government channel and 27.69 lakh MT (3.04 lakh MT rice and 24.65 lakh MT wheat) through private channel. With a view to increase in agricultural production, Tk. 9,500 crore has been allocated for subsidising fertilisers and other agricultural activities and Tk. 150 crore has been allocated for seed production activities to support the farmers in the budget of FY 2021-22. A total of 46.21 lakh MT of fish was produced from inland water bodies and marine sources in FY 2020-21, which is

targeted 46.64 lakh MT in FY 2021-22. In FY 2020-21, 31.16 crore dose vaccines for 17 diseases have been produced and applied for cattle and poultry.

To overcome the shock of COVID-19 as well as to revitalise, GOB has provided different supports under incentives packages to its industry sector. Special fund for export oriented industries, working capital for the affected industries and service sector institutions, working capital to SMEs, credit guarantee skims for SMEs are mentionable programmes of the GOB. As a result, industry sector has rebounded. According to the 'Quantum Index of Medium and Large Scale Manufacturing Industry' (Base Year: 2005-06), the average general index of industrial production (large and medium scale manufacturing) increased by 18.52 percent to 507.65 points during July-December of FY 2021- 22 over that of FY 2020-21.

The capacity of power generation reached at 22,066 megawatts in January 2022. The volume is 25,284 megawatts including renewable energy and captive. The maximum generation level 13,792 MW were achieved in 27 April 2021. Total net electricity production was 80,423 million kilowatt-hours (kWh) in FY 2020-21 and in the first six months of FY 2021-22 (up to December 2021) total net electricity production stood at 42,395 million kWh. Out of total net generation, 40.02 percent power was generated by the public sector, 4.10 percent by joint venture, 47.39 percent power from the private sector and 8.50 percent from power import from India. At present, the total distribution line is 6.19 lakh kilometer and total consumer is 4.19 crore. The construction of Ruppur Atomic Power Plant unit is ongoing.

Natural gas met almost 62 percent of the country's total commercial use of energy. A total of 28 gas fields have been discovered from which about 19.11 trillion cubic feet gas has been produced cumulatively (up to December 2021). 9.30 trillion cubic feet of recoverable gas by January 2022. Besides, the country has about 13.60 lakh metric tonne of reserve fuel oil. In order to meet the growing demands for natural gas and fuel oil and to secure energy supply of the country in the long term, the highest emphasis is given on the diversification of energy sources, particularly on the efficient and optimum use of energy, construction of power plant based on coal, LNG, dual fuel, atomic and renewable energy.

The development efforts to build a developed and integrated communication and transport infrastructure is going on. At present, the total length of highways in the country is 22,433 km as of February 2022. Parallel to the roads, development projects like Padma Bridge, Metro- rail, BRT, Dhaka Elevated Express way, Karnaphuli tunnel and some other mega-projects are being implemented which are contributing to GDP growth of the country. At present, the total length of railway is 3,093 km. Several measures have already been undertaken for the development and maintenance of navigability of different river routes, ensuring safe movement of water crafts, development of inland river ports, creating infrastructure facilities to carry container goods in inland waterways etc. As the national flagship carrier Biman Bangladesh Airlines Limited is operating 7 national and 19 international flights in different routes. The total number of mobile phone subscribers and internet users exceed 18.15 crore and 12.28 crore in February 2022 respectively. At present Bangladesh Submarine Cable Company Ltd. (BSCCL) alone satisfying about 60 percent demand in the case of country's overall internet bandwidth, whose amount is 2,060 (Gigabyte per second) up to 28 February 2022.

The government is committed to ensure the basic needs of the people as well as human resource development through economic reform focusing on life and livelihoods to combat the long-term effects of the COVID-19 pandemic. In FY 2021- 22, the government has spent about 24.93 percent of the sectors related to human resource development such as education and technology, health and family welfare, women and children, social welfare, youth and sports development, culture, labour and employment etc. In order to build a skilled manpower to meet the challenges of the Fourth Industrial Revolution, maximum emphasis has been laid on technical education. Through The National Deployment and Vaccination Plan work is underway to vaccinate 70 percent of the population against COVID-19 to protect lives and prevent deaths from the COVID-19. Various reform initiatives, including as financial sector reform, anti-corruption and preventative actions are being adopted and executed in order to promote balanced development and establish good governance.

Bangladesh undoubtedly has accomplished an extraordinary and substantial advancement in poverty mitigation amid last decade, consequence of the devoted endeavors of the government and the appropriate and successful execution of numerous public and private development activities. It is worth mentioning that according to Household Income and Expenditure Survey (HIES) 2016, poverty rate declined to 24.3 percent in 2016, which was 40.0 percent in 2005. Several poverty alleviation programmes in Bangladesh meant to address poverty alleviation directly or indirectly have been launched by the incumbent government. Apart from these, different government along with non-government institutions, autonomous bodies carried out various activities involving introducing microcredit in order to expedite the government's efforts of poverty reduction. The ubiquitous COVID-19 pandemic had detrimental consequences on economic activities in Bangladesh to some extent while the country was in a position to achieve commendable progress on various economic and social indicators. Nevertheless, with regard to adaption of pragmatic and prudent economic policies anything could hardly hinder the celerity of overall economic development in Bangladesh. Therefore, the poverty situation in Bangladesh did no longer worsen to a scale of catastrophe during the pandemic.

During January-September in 2021, the amount of FDI was US\$ 1,803.4 million. A total 763 projects were registered in FY 2021-22 (July- February period) under joint venture investment (local and foreign) and the amount involved with the proposal was Tk. 1,08,022 crore. Total 454 business institutions are ongoing with production in the existing 8 EPZs of the country. Additional 77 industries are in to the process of operation. Up until now, the total investment amount in the EPZs is US\$ 5,858.02 million. Total number of employment generation is 4,80,140 up to February 2022 in the EPZs where 66 percent workers are female. By this time, the location and the land for 97 economic zones have been approved, 68 will be public and 29 will be private. Under public-private partnership modality, 78 projects are approved in principle covering 10 sectors.

Like other developing countries, bio-diversity rich Bangladesh is combating against environmental degradation, a crucial challenge for Bangladesh. Efforts are continuing to integrate issues pertaining to environment with mainstream development policies to ensure economic growth and environmental sustainability. A number of policies and development plans have been adopted and are being implemented to encounter environmental hazards and to ensure a pollution-free eco- friendly environment. Furthermore, a detailed work plan has been formulated with a view to achieving environmental targets of Sustainable Development Goals (SDG's). 'Bangladesh Climate Change Strategy and Action Plan, 2009 (BCCSAP 2009)' is being implemented to address the impact of climate change where both adaptation and mitigation activities have been considered. National Environmental Policy, 2018, Bangladesh Biodiversity Act 2018, Environmental Crisis Management Rules, 2017 have been promulgated to take into account the challenges of environment, biodiversity conservation and management. The government is also implementing various programmes/ projects in order to tackle eventualities emanating from natural disasters. A masterplan for coming 20 years with the objectives of maintaining environmental sustainability and achieving self- sufficiency in forest resource is under preparation. Bangladesh Economy

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 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.

However, the pandemic severely weakened global trade, consumption, services, and the labor 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 brand name of ice cream of Taufika Foods and Lovello Ice-cream PLC is "LOVELLO". Initially, the brand grew quickly and soon established itself as a popular ice cream brand in the country, securing one of the top positions in the industry. Soon, in spite of

facing stiff competition over the years, its market position reached at a higher standing. This was possible due to the company introduced a large product line consisting of premium and regular segment of stick, cone, cup, tub, and mini-series of ice cream.

Performance of Taufika Foods and Lovello Ice-cream PLC in 2021-22.

The financial performance of the Company during the year 2021-22 with a comparison with that of 2020-21 are summarized below:

| (BDT in millions except per share data) | 2021-22 | 2020-21 |
|---|---------|---------|
| Revenue | 960.38 | 850.80 |
| Gross profit | 403.06 | 355.89 |
| Operating profit | 261.92 | 216.20 |
| Profit before tax | 146.61 | 96.92 |
| Tax | 25.02 | 1.91 |
| Profit after tax | 121.59 | 95.01 |
| Earnings per Share (EPS) | 1.43 | 1.41 |

Statement of utilization of Proceeds raised through public offerings as on June 30, 2022.

| Sl. No | Purpose of Utilization | Allotment as per IPO (Tk.) | Total Utilization of Fund up to May 31, 2022 | Fund utilized for the month of June 30, 2022 | Total Utilization of Fund up to June 30, 2022 | Unspent Balance (Taka) |
|--------|---|----------------------------|--|--|---|------------------------|
| 1 | Acquisition of plant & machinery | 90,365,003 | 65,134,138 | - | 65,134,138 | 25,230,865 |
| 2 | Freezer purchase | 57,849,847 | 40,227,279 | 2,993,500 | 43,220,779 | 14,629,068 |
| 3 | Vehicles purchase | 20,564,250 | 27,005,948 | - | 27,005,948 | (6,441,698) |
| 4 | Investment in depot to increase | 13,220,900 | - | - | - | 13,220,900 |
| 5 | To meet up IPO expenses | 28,000,000 | 27,764,472 | - | 27,764,472 | 235,528 |
| 6 | Bank loan repayment | 90,000,000 | 90,000,000 | - | 90,000,000 | - |
| | Total IPO proceeds | 300,000,000 | 250,131,837 | 2,993,500 | 253,125,337 | 46,874,663 |
| 7 | Interest income | 772,158 | - | - | - | 772,158 |
| 8 | Source Tax | (77,216) | - | - | - | (77,216) |
| 9 | Foreign exchange loss & Bank charges | - | 126,160 | - | 126,160 | (126,160) |
| | Total IPO Proceeds & Interest Income/ (Bank Charges) | 300,694,942 | 250,257,997 | 2,993,500 | 253,251,497 | 47,443,445 |

Total unutilized fund excluding Interest Income/(Bank Charges) Taka 46,874,663/- (Four Crore Sixty Eight Lac Seventy four Thousand Six Hundred Sixty Three) only and including foreign exchange loss & Bank charges and Interest income Taka 47,443,445/- as on June 30, 2022 is lying with Trust Bank Ltd. Millennium Branch, Jahangir Gate, Dhaka Cantonment, Dhaka (Account number 0022-0320000775).

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 has been 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.

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.

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 2021-22 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 23, 2022, Taufika Foods and Lovello Ice-cream PLC recommended 12 percent cash dividend. Details of the recommended dividend during the financial year are disclosed in Note 39 of the Financial Report.

Dividend

The Company will be paying 12% cash dividend for the year ended 2021-22. The Board of Directors in its meeting held on 23 October 2022 recommended "12% cash" dividend for the year 2021-22. 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 121.59 mn.

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

The Board of Directors confirms 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 2021-22, the company contributed a total amount of BDT 15.96 million as Corporate Tax, BDT 61.36 million as SD and BDT 156.84 million as VAT, in total BDT 234.16 million was paid to the national exchequer

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 judgments;
- 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 applica-

tion 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

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. In this connection the following Directors will retire in the 11th Annual General Meeting and being eligible offered themselves for re-election;

- i) Dato' Engr. Md. Ekramul Haque
- ii) Newly appointed Mr. Ruhul Ameen M.Com. FCMA as Independent Director in replace of Imtiaz Lutful Baset FCA, FCMA.

The Nomination and Remuneration Committee reviewed the nomination of the above retiring and newly appointed directors and recommended the board for appointment. Accordingly, the board recommended appointment of retiring directors for re-election as well as newly appointed director.

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 report.

Pattern and distribution of shareholding-

As on June 30, 2022 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 44.65%. The overall shareholding patterns of the Company as at the end of the year 2020-21 is shown on Annexure-II of this 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 them aware of any relevant information and to establish that the company's Auditors are aware of that information.

Auditors

Ahmed Zaker & Co. Chartered Accounts have expressed their willingness to become the statutory auditor of the company for the FY-2022-2023. In this regard the Audit Committee scrutinized and reviewed their proposals and recommended to the Board to appoint Ahmed Zaker & Co, Chartered Accounts as the external auditor of the Company for the FY-2022-2023.

The Board in its meeting held on October 23, 2022 recommended the shareholders to appoint Ahmed Zaker & 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 23, 2022 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 2022-23.

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, 2022 total 05 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 this Report.

Signing of Report

The Board in its meeting on June 2022 authorized the Chairman, Ms. 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 Sock 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,

A handwritten signature in blue ink, appearing to read 'Shamima'.

Datin' Shamima Nargis Haque
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

Impression of Business:

Bangladesh is now on an aloft flight in attaining many of the targets set under the Sustainable Development Goals. With this momentum, the country is now working for developing economy by 2026 towards the journey of joining in the club of Advanced Economy by year 2041. In the face of Covid -19 pandemic Bangladesh economy has demonstrated economic resilience registering GDP growth of 6.9% in fiscal year 2020 - 2021.

The Board of Directors of Taufika Foods and Lovello Ice-cream PLC recognizes the magnitude of good corporate governance and is committed to ensuring the sustainability of the company's business and operations by integrating good governance ethics and business integrity into the strategies and operations of the company. Taufika Foods and Lovello Ice-cream PLC also strongly believe that such high standards allow the company to earn the respect and trust of the stakeholders which translates into sustainable growth in the share value.

Taufika Foods and Lovello Ice-cream PLC is now in set up of its achievement and is expected to play the vital role in the days to come. The company has its presence in different important subsectors of economy of Bangladesh, which includes, but not limited to.

Taufika Foods and Lovello Ice-cream PLC under The Companies Act, 1994 vide Registration No. C-94700/11 dated August 07, 2011 was incorporated in Bangladesh as a Private Limited Company. The Company being transformed into a public limited Company dated 22 August, 2019, commenced its commercial operation on January 02, 2016. The company got a chance to take its corporate head office at Plot-80, Road-2, Banani (Chairman Bari), Dhaka-1213, Bangladesh and factory at Bashile, Kathali, 6 No. Valuka Union Parishad Valuka, Mymensingh. The Company is an Ice-cream manufacturer and supplier in Bangladesh.

Strategy in Business:

Taufika Foods and Lovello Ice-cream PLC gets a set of of competitive moves and actions so that the business can use to attract customers, compete successfully, strengthening performance, and achieve organizational goals. Lovello's strategy is a scheme of corporate intent and action, which is carefully planned and flexibly designed with the purpose of:

- Achieving effectiveness.
- Perceiving and utilizing opportunities.
- Using modern machineries and manufacturing technology.
- Maintaining Total Quality Management (TQM) in every aspect.
- Establishing Service Excellence.
- Ensuring right products in the right market in right time.
- Market segmenting with customized products.
- Focusing with customers need.
- Meeting challenges and threats.
- Continuous expansion and improvement of product.
- Offering value for money products with 100% satisfaction.
- Retaining and maintaining a consistent growth.
- Securing an advantageous position.
- Taking necessary precautions to reduce environmental impact to a minimum level.

Company uses different media like Facebook, Twitter, Instagram, TV Advertisement, attend fair to introduce the product to consumer. Sponsorship at key events to promote sales. Live telecast of TV programs. Package offers with leading customers of the country. On the other hand, company has its own Sales team and Marketing team to provide the best service to final consumer. Lovello equips the top management with an integrated framework, to discover, analyze and exploit beneficial opportunities, to sense and meet potential threats, to make optimum use of resources and strengths, to counterbalance weakness.

1. SWOT Analysis:

SWOT is actually a business analysis occurred internally and externally. SWOT of a company actually shows 4 major categorical analyses:

- S – Strength
- W – Weakness
- O – Opportunities
- T – Threats

Strengths:

Though established recently, the company is used to producing quality product with good taste. Besides, the company believes in employee diversity and inclusion, training and development, and employee engagement with the brand. Our people are one of our core strengths. We believe in connecting with people to win loyalty, employee engagement and motivation leading to strong corporate culture. We have established warmth of openness in our work culture, which helps our team to stay motivated in a high-performance environment. We are striving to produce good product range including various flavors, party pack, sticks, cones, mini product etc. Basically, the good management team is the highly motivation for us.

Weaknesses:

Since the company started newly, it is going on having less market share and crossing so many difficulties to penetrate into a new market. The company goes with the tough competition in the market from international and national ice cream products. Moreover, the four major facts are:

- Size of market is limited as the supply of the product is very difficult.
- Seasonal sales of the product.
- General problem faced by ice cream manufacturing companies like load shedding problem, damage return and untimely delivery to retailers.
- Credit facilities is not secured by land and building.

Opportunities:

The company in major cities is expanding its business. The consumption of ice cream and frozen dessert is increasing in hotels, restaurant, parties and various other occasions. As the company is catering quality product with good taste in reasonable price, there is high demand of product and company has good opportunities to grow in the future. Since national GDP is growing rapidly, we are thinking luxurious product like ice cream consumption will be increase day by day. As ice cream market is on the rise, the biggest opportunities for the company are

- Rising income, change in lifestyle party cultures.
- Large young population
- Hot summer.
- High economic growth and market liberalization.

Threats:

Business without threat can be compared to the ship without rudder. There is threat of competition from international and national brands like Polar, Igloo, Baskin Robbins, etc. and even country's prolonged political transitions, uncertain economic situation, labor pricing and load shedding have adversely affected the business environment of the country. Through analysis we have found some other threats in business:

- Low income population and threat of infrastructure.
- Economical and regulatory changes.
- Threat of substitutes.
- Local ice creams and sweet dishes.
- Health conscious people refraining from sweets.

2. Analysis of the financial statements of last five years with reason(s) of fluctuating revenue or sales, other income, total income, cost of material, finance cost, depreciation and amortization expense, other expense; changes of inventories, net profit before & after tax, EPS etc.

| Particulars | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 960,385,039 | 850,801,390 | 942,869,150 | 922,889,785 | 778,975,897 |
| Other Income | 12,051,004 | 3,598,895 | 3,455,781 | 6,102,220 | 5,192,925 |
| Total Income | 972,436,043 | 854,400,285 | 946,324,931 | 928,992,005 | 784,168,822 |
| Cost of Material | 557,319,210 | 494,909,633 | 552,392,597 | 537,504,916 | 455,142,393 |
| Finance Cost | 120,022,392 | 118,035,700 | 155,147,618 | 161,134,907 | 126,213,752 |
| Depreciation Expenses | 130,893,694 | 126,693,974 | 119,517,521 | 109,641,705 | 94,753,347 |
| Inventory | 364,927,361 | 299,734,955 | 264,612,631 | 218,927,157 | 171,287,614 |
| Net profit before tax | 146,619,507 | 96,920,833 | 85,242,551 | 91,279,503 | 82,889,168 |
| Net Profit after tax | 121,595,010 | 95,007,875 | 62,053,062 | 61,645,286 | 42,548,150 |
| Earnings per Share (EPS) | 1.43 | 1.41 | 1.31 | 10.05 | 7.87 |

Annexure-1

Board Meetings and Attendance by the Directors

Attendance by the Directors in the Board of Directors' Meeting in 2021-2022 are summarized and given below:

| Sl. No | Name | Number of Meeting | Number of Attendance | (%) |
|--------|--|-------------------|----------------------|------|
| 1 | Datin' Shamima Nargis Haque, Chairman | 5 | 5 | 100% |
| 2 | Dato' Engr. Md. Ekramul Haque, Managing Director | 5 | 5 | 100% |
| 3 | Muhsinina Taufika Ekram, Director | 5 | 5 | 100% |
| 4 | Md. Kawser Ahmed (Nominee Director of Taufika Engineering Limited) | 5 | 3 | 60% |
| 5 | Muhsinina Sharika Ekram, Director | 5 | 2 | 40% |
| 6 | Imtiaz Lutful Baset, FCMA, FCA Independent Director | 5 | 5 | 100% |

Audit Committee Meetings and Attendance by the Directors

Attendance by the Directors in the Audit Committee Meeting in 2021-2022 are summarized and given below:

| Sl. No | Name | Number of Meeting | Number of Attendance | (%) |
|--------|--|-------------------|----------------------|------|
| 1 | Imtiaz Lutful Baset, FCMA, FCA Independent Director, Chairman of the Committee | 4 | 4 | 100% |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee | 4 | 4 | 100% |
| 3 | Md. Kawser Ahmed (Nominee Director of Taufika Engineering Limited), Ex-Member of the Committee | 4 | 2 | 50% |
| 4 | Muhsinina Sharika Ekram, Director, Member of the Committee | 4 | 2 | 50% |

NRC Meetings and Attendance by the Directors

Attendance by the Directors in the NRC Meeting in 2021-2022 are summarized and given below:

| Sl. No | Name | Number of Meeting | Number of Attendance | (%) |
|--------|--|-------------------|----------------------|------|
| 1 | Imtiaz Lutful Baset, FCMA, FCA Independent Director, Chairman of the Committee | 1 | 1 | 100% |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee | 1 | 1 | 100% |
| 3 | Muhsinina Sharika Ekram, Director, Member of the Committee | 1 | 1 | 100% |

Annexure-2

Shareholder Information

Position of shareholding of ordinary shares as on June 30,2022

| Sl. No. | Shareholder's Group | Number of Shares | % of holding June 30, 2022 | % of holding June 30, 2021 |
|---------|----------------------------------|-------------------|----------------------------|----------------------------|
| 1 | Sponsors | 37,950,000 | 44.65 | 58.24 |
| 2 | Foreign Investors | Nil | Nil | Nil |
| 3 | Financial and other Institutions | 16,987,414 | 20 | 5.52 |
| 4 | General Public | 30,062,586 | 35.35 | 36.25 |
| | Total | 85,000,000 | 100 | 100 |

Distribution schedule of each class of equity security setting out the number of holders and percentages as on June 30,2022

| Sl. No. | Range of Holdings | As per BO ID | | |
|---------|----------------------------|----------------|-------------------|----------------|
| | | No. of holders | holdings | percentage(%) |
| 1 | Less than 500 shares | 3403 | 375,132 | 0.44% |
| 2 | 501 to 5,000 shares | 2093 | 3,863,343 | 4.55% |
| 3 | 5001 to 10,000 shares | 366 | 2,850,518 | 3.35% |
| 4 | 10,001 to 20,000 shares | 231 | 3,447,354 | 4.06% |
| 5 | 20,001 to 30,000 shares | 86 | 2,218,380 | 2.61% |
| 6 | 30,001 to 40,000 shares | 48 | 1,682,146 | 1.98% |
| 7 | 40,001 to 50,000 shares | 61 | 2,068,050 | 2.43% |
| 8 | 50,001 to 100,000 shares | 36 | 2,588,205 | 3.04% |
| 9 | 100,001 to 1000,000 shares | 42 | 10,522,444 | 12.38% |
| 10 | Over 1,000,000 shares | 9 | 55,384,428 | 65.16% |
| | Total | 6375 | 85,000,000 | 100% |

Shareholding Pattern

Shareholding Position as on 30th June 2022

| Group Name | No. of Shares | Shareholding (%) |
|--------------------|-------------------|------------------|
| Sponsor / Director | 37,950,000 | 44.65% |
| Institute | 16,987,414 | 20.00% |
| General Public | 30,062,586 | 35.35% |
| Total | 85,000,000 | 100% |

A. Parent or Subsidiary or Associated Companies and other parties

| Name | No. of Shares | Shareholding (%) |
|-----------------------------------|---------------|------------------|
| Taufika Engineering Limited (TEL) | 12,100,964 | 14.24% |

B. Director's and their spouses and minor children

| Name | Status | No. of Shares | Shareholding (%) |
|---|----------------------|---------------|------------------|
| Datin' Shamima Nargis Haque | Chairman | 2,900,000 | 3.41% |
| Dato' Engr. Md. Ekramul Haque | Managing Director | 30,000,000 | 35.29% |
| Muhsinina Taufika Ekram | Director | 2,050,000 | 2.41% |
| Muhsinina Sharika Ekram | Director | 3,000,000 | 3.53% |
| Imtiaz Lutful Baset FCMA, FCA | Independent Director | - | |
| Their minor children do not have shareholding | | | |

Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their Spouses and Minor children

| Name | Status | No. of Shares | Shareholding (%) |
|---|--|---------------|------------------|
| Mustaque Ahmad | Chief Financial Officer | - | - |
| A.K.M Zakaria Hossain, FCMA | Company Secretary & Compliance Officer | - | - |
| Mohammad Didarul Alam, FCMA | Head of Internal Audit | - | - |
| Their Spouses and minor children do not have shareholding | | | |

C. Executives and their spouses and minor children: Nil

D. Shareholders holding ten percent or more voting interest in the company

| Name | Status | No. of Shares | Shareholding (%) |
|-------------------------------|-------------------|---------------|------------------|
| Dato' Engr. Md. Ekramul Haque | Managing Director | 30,000,000 | 38.82% |
| Taufika Engineering Ltd. | Institute | 12,100,964 | 14.24% |

লাভেলো শাহীখাজুর





CORPORATE GOVERNANCE



Certificate of BAPLC



CERTIFICATE OF COMPLIANCE

Report to the Shareholders of Taufika Foods and Lovello Ice-cream PLC on Compliance of the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Taufika Foods and Lovello Ice-cream PLC as on 30 June, 2022. This Code relates to the Notification No: BSEC/CMRRCD 2006-158/207/Admin/80, dated - 3rd June, 2018, of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission complied;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code complied;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws complied; and
- (d) The Governance of the company is highly satisfactory.

Place: Dhaka
Date: October 27, 2022

Sd/-
Md. Ibrahim Khalil FCMA
Principal & CEO Khalil & Associates
Cost and Management Accountant

TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC COMPLIANCE REPORT ON CORPORATE GOVERNANCE CODE

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006- 158/207/Ad-min/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

| Condition No | Title | Compliance Status | | Remarks (If any) |
|-----------------|--|-------------------|--|---|
| 1. | Board of Directors:- | | | |
| 1 (1) | Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty). | √ | | TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC Board is comprised of 05 Directors. |
| 1 (2) | Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:- | | | |
| 1 (2) (a) | At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s); | √ | | The number of independent director of the company is 01 (one) |
| 1 (2) (b) | For the purpose of this clause "independent director" means a director | | | |
| 1 (2) (b) (i) | who either does not hold any share in the company or holds less than one percent (1%) shares of the total paidup shares of the company; | √ | | |
| 1 (2) (b) (ii) | who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | √ | | |
| 1 (2) (b) (iii) | who has not been an executive of the company in immediately preceding 2(two) financial years; | √ | | |
| 1 (2) (b) (iv) | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | √ | | |

| | | | | |
|------------------|--|---|---|---------------------|
| 1 (2) (b) (v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | √ | | |
| 1 (2) (b) (vi) | who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market | √ | | |
| 1 (2) (b) (vii) | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | √ | | |
| 1 (2) (b) (viii) | who is not independent director in more than 5 (five) listed companies; | √ | | |
| 1 (2) (b) (ix) | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and | √ | | |
| 1 (2) (b) (x) | who has not been convicted for a criminal offence involving moral turpitude; | √ | | |
| 1 (2) (c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | √ | | |
| 1 (2) (d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and | √ | | No vacancy Occurred |
| 1 (2) (e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the $\text{Kv}\mu\text{v}\beta$ AvBb, 1994 (1994 m β i 18bs AvBb) Companies Act, 1994). | √ | | |
| 1 (3) | Qualification of Independent Director.- | | | |
| 1 (3) (a) | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business; | √ | | |
| 1 (3) (b) | Independent director shall have following qualifications: | | | |
| 1 (3) (b) (i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | - | - | N/A |

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| 1 (3) (b) (ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or | - | - | N/A |
| 1 (3) (b) (iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or | √ | | |
| 1 (3) (b) (iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | - | - | N/A |
| 1 (3) (b) (v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | √ | | |
| 1 (3) (c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | √ | | |
| 1 (3) (d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | - | - | N/A |
| 1 (4) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | | |
| 1 (4) (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive (CEO) of the company shall be filled by different individuals; | √ | | |
| 1 (4) (b) | The Managing Director (MD) and/or Chief Executive (CEO) of a listed company shall not hold the same position in another listed company; | √ | | |
| 1 (4) (c) | The Chairperson of the Board shall be elected from among the non -executive directors of the company; | √ | | |
| 1 (4) (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive ; | √ | - | |

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| 1 (4) (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non -executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | √ | | |
| 1 (5) | The Directors' Report to Shareholders The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994): - | | | |
| 1 (5) (i) | An industry outlook and possible future developments in the industry; | √ | | |
| 1 (5) (ii) | The segment -wise or product -wise performance; | √ | | |
| 1 (5) (iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | √ | | |
| 1 (5) (iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | √ | | |
| 1 (5) (v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | - | - | N/A |
| 1 (5) (vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions | √ | | |
| 1 (5) (vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments | - | - | N/A |
| 1 (5) (viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.; | - | - | N/A |
| 1 (5) (ix) | An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements; | - | - | N/A |
| 1 (5) (x) | A statement of remuneration paid to the directors including independent directors; | √ | | |
| 1 (5) (xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | √ | | |
| 1 (5) (xii) | A statement that proper books of account of the issuer company have been maintained | √ | | |
| 1 (5) (xiii) | A statement that 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 | √ | | |

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| 1 (5) (xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | √ | | |
| 1 (5) (xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored; | √ | | |
| 1 (5) (xvi) | A statement that 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; | √ | | |
| 1 (5) (xvii) | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | √ | | |
| 1 (5) (xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained; | - | - | N/A |
| 1 (5) (xix) | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized; | √ | | |
| 1 (5) (xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | √ | | N/A |
| 1 (5) (xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | √ | | |
| 1 (5) (xxii) | The total number of Board meetings held during the year and attendance by each director; | √ | | |
| 1 (5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:- | | | |
| 1 (5)(xxiii) (a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | - | - | N/A |
| 1 (5)(xxiii) (b) | Directors, Chief Executive, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details) | √ | | All directors other than Independent directors hold shares of the company. |
| 1 (5) (xxiii)(c) | Executives; and | - | - | N/A |
| 1 (5) (xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); | √ | | |
| 1(5)(xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:- | | | |
| 1(5)(xxiv)(a) | a brief resume of the director | √ | | |

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| 1(5)(xxiv)(b) | nature of his or her expertise in specific functional areas; and | √ | | |
| 1(5)(xxiv)(c) | names of companies in which the person also holds the directorship and the membership of committees of the Board; | √ | | |
| 1(5)(xxv) | A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |
| 1(5)(xxv)(a) | accounting policies and estimation for preparation of financial statements; | √ | | |
| 1(5)(xxv)(b) | changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | - | - | N/A |
| 1(5)(xxv)(c) | comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | √ | | |
| 1(5)(xxv)(d) | compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | √ | | |
| 1(5)(xxv)(e) | briefly explain the financial and economic scenario of the country and the globe; | | | |
| 1(5)(xxv)(f) | risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | √ √ | | |
| 1(5)(xxv)(g) | future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | √ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure - A; and | √ | | |
| 1(5)(xxvii) | (xxvii) The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure -B and Annexure - C . | √ | | |
| 1(6) | Meetings of the Board of Directors The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code | √ | | |

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| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive | | | |
| 1(7) (a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive of the company; | √ | | |
| 1(7) (b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | √ | | |
| 2 | Governance of Board of Directors of Subsidiary Company.- | | | |
| 2 (a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company | - | - | N/A |
| 2 (b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | - | - | N/A |
| 2 (c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company; | - | - | N/A |
| 2 (d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also; | - | - | N/A |
| 2 (e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | - | - | N/A |
| 3 | Managing Director (MD) or Chief Executive (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS). | | | |
| 3 (1) | Appointment | | | |
| 3 (1) (a) | The Board shall appoint a Managing Director (MD) or Chief Executive (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | √ | | |
| 3 (1) (b) | The positions of the Managing Director (MD) or Chief Executive (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | √ | | |
| 3 (1) (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | √ | - | N/A |

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| 3 (1) (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | √ | | |
| 3 (1) (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | √ | | |
| 3 (2) | Requirement to attend Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters | √ | | |
| 3 (3) | Duties of Managing Director (MD) or Chief Executive (CEO) and Chief Financial Officer (CFO) | | | |
| 3 (3) (a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | √ | | |
| 3 (3) (a) (i) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | √ | | |
| 3 (3) (a) (ii) | 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; | √ | | |
| 3 (3) (b) | The MD or CEO and CFO shall also certify that 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 or its members; | - | - | N/A |
| 3 (3) (c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report | √ | | |
| 4 | Board of Directors' Committee.- For ensuring good governance in the company, the Board shall have at least following subcommittees: | | | |
| 4 (i) | (i) Audit Committee; and | √ | | |
| 4 (ii) | (ii) Nomination and Remuneration Committee. | √ | | |
| 5 | Audit Committee.- | | | |
| 5 (1) | Responsibility to the Board of Directors. | | | |
| 5 (1) (a) | The company shall have an Audit Committee as a subcommittee of the Board; | √ | | |
| 5 (1) (b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; | √ | | |

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| 5 (1) (c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing | √ | | |
| 5 (2) | Constitution of the Audit Committee | | | |
| 5 (2) (a) | The Audit Committee shall be composed of at least 3 (three) members; | √ | | |
| 5 (2) (b) | The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | √ | | |
| 5 (2) (c) | All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | √ | | |
| 5 (2) (d) | When the term of service of any Committee member expires or there is any circumstances causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | √ | | |
| 5 (2) (e) | The company secretary shall act as the secretary of the Committee; | √ | | |
| 5 (2) (f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | | |
| 5 (3) | Chairperson of the Audit Committee | | | |
| 5 (3) (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | √ | | |
| 5 (3) (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | √ | | |
| 5 (3) (c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | √ | | |

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| 5 (4) | Meeting of the Audit Committee | | | |
| 5 (4) (a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | √ | | |
| 5 (4) (b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | √ | | |
| 5 (5) | Role of Audit Committee The Audit Committee shall: - | | | |
| 5 (5) (a) | Oversee the financial reporting process; | √ | | |
| 5 (5) (b) | monitor choice of accounting policies and principles; | √ | | |
| 5 (5) (c) | monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | √ | | |
| 5 (5) (d) | oversee hiring and performance of external auditors; | √ | | |
| 5 (5) (e) | hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | √ | | |
| 5 (5) (f) | review along with the management, the annual financial statements before submission to the Board for approval; | √ | | |
| 5 (5) (g) | review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval; | √ | | |
| 5 (5) (h) | review the adequacy of internal audit function; | √ | | |
| 5 (5) (i) | review the Management's Discussion and Analysis before disclosing in the Annual Report; | √ | | |
| 5 (5) (j) | review statement of all related party transactions submitted by the management; | √ | | |
| 5 (5) (k) | review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | √ | | |
| 5 (5) (l) | oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | √ | | |

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| 5 (5) (m) | <p>oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:</p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee</p> | - | - | N/A |
| 5 (6) | Reporting of the Audit Committee | - | | |
| 5 (6) (a) | Reporting to the Board of Directors | | | |
| 5 (6) (a) (i) | The Audit Committee shall report on its activities to the Board. | √ | | |
| 5 (6) (a) (ii) | The Audit Committee shall immediately report to the Board on the following findings, if any:- | | | |
| 5 (6) (a) (ii) (a) | report on conflicts of interests; | - | - | N/A |
| 5 (6) (a) (ii) (b) | suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | - | - | N/A |
| 5 (6) (a) (ii) (c) | suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | - | - | N/A |
| 5 (6) (a) (ii) (d) | any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | - | - | N/A |
| 5 (6) (b) | <p>Reporting to the Authorities</p> <p>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier</p> | - | - | N/A |
| 5 (6) (7) | <p>Reporting to the Shareholders and General Investors</p> <p>Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.</p> | √ | | |

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| 6 | Nomination and Remuneration Committee (NRC).- | | | |
| 6 (1) | Responsibility to the Board of Directors | | | |
| 6 (1) (a) | The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board; | √ | | |
| 6 (1) (b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | √ | | |
| 6 (1) (c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b). | √ | | |
| 6 (2) | Constitution of the NRC 6 | | | |
| 6 (2) (a) | The Committee shall comprise of at least three members including an independent director; | √ | | |
| 6 (2) (b) | All members of the Committee shall be non-executive directors; | √ | | |
| 6 (2) (c) | Members of the Committee shall be nominated and appointed by the Board; | √ | | |
| 6 (2) (d) | The Board shall have authority to remove and appoint any member of the Committee; | √ | | |
| 6 (2) (e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | √ | | |
| 6 (2) (f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | √ | | |
| 6 (2) (g) | The company secretary shall act as the secretary of the Committee; | √ | | |
| 6 (2) (h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | √ | | |
| 6 (2) (i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | √ | | |
| 6 (3) | Chairperson of the NRC | | | |
| 6 (3) (a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | √ | | |

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| 6 (3) (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: | √ | | |
| 6 (3) (c) | Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | √ | | |
| 6 (4) | Meeting of the NRC | | | |
| 6 (4) (a) | The NRC shall conduct at least one meeting in a financial year; | √ | | |
| 6 (4) (b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | √ | | |
| 6 (4) (c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6 (2) (h); | √ | | |
| 6 (4) (d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | √ | | |
| 6 (5) | Role of the NRC | | | |
| 6 (5) (a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | √ | | |
| 6 (5) (b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | √ | | |
| 6 (5) (b) (i) | formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to 13 the remuneration of the directors, top level executive, considering the following: | √ | | |
| 6 (5) (b) (i) (a) | the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | √ | | |
| 6 (5) (b) (i) (b) | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | √ | | |
| 6 (5) (b) (i) (c) | remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | √ | | |

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| 6 (5) (b) (ii) | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | √ | | |
| 6 (5) (b) (iii) | identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | √ | | |
| 6 (5) (b) (iv) | formulating the criteria for evaluation of performance of independent directors and the Board; | √ | | |
| 6 (5) (b) (v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and | √ | | |
| 6 (5) (b) (vi) | developing, recommending and reviewing annually the company's human resources and training policies; | √ | | |
| 6 (5) (c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | √ | | |
| 7 | External or Statutory Auditors. - | | | |
| 7 (1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: - | | | |
| 7 (1) (i) | appraisal or valuation services or fairness opinions; | √ | | |
| 7 (1) (ii) | financial information systems design and implementation; | √ | | |
| 7 (1) (iii) | book -keeping or other services related to the accounting records or financial statements; | √ | | |
| 7 (1) (iv) | broker -dealer services; | √ | | |
| 7 (1) (v) | actuarial services; | √ | | |
| 7 (1) (vi) | internal audit services or special audit services; | √ | | |
| 7 (1) (vii) | any service that the Audit Committee determines; | √ | | |
| 7 (1) (viii) | audit or certification services on compliance of corporate governance as required under condition No. 9(1); and | √ | | |
| 7 (1) (ix) | any other service that creates conflict of interest. | √ | | |
| 7 (2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | √ | | |

| | | | | |
|-------|---|---|---|--|
| 7 (3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | | |
| 8 | Maintaining a website by the Company.- | | | |
| 8 (1) | The company shall have an official website linked with the website of the stock exchange. | √ | | |
| 8 (2) | The company shall keep the website functional from the date of listing. | √ | | |
| 8 (3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | √ | | |
| 9 | Reporting and Compliance of Corporate Governance.- | | | |
| 9 (1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | √ | | |
| 9 (2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | √ | | |
| 9 (3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | √ | - | |

Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.

In accordance with the currently accepted Best Practice and Corporate Governance Code adopted by Bangladesh Securities and Exchange Commission (BSEC), the Board appointed Audit Committee and Nomination and Remuneration Committee (NRC) comprises of the following:

Audit Committee Members Name

| SL No. | Name & Position |
|--------|---|
| 1 | Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee |
| 3 | Muhsinina Sharika Ekram, Director, Member of the Committee |

** The company secretary shall act as the secretary of the Committee.*

Nomination and Remuneration Committee (NRC) Members Name

| SL No. | Name & Position |
|--------|---|
| 1 | Imtiaz Lutful Baset, FCMA, FCA, Independent Director, Chairman of the Committee |
| 2 | Muhsinina Taufika Ekram, Director, Member of the Committee |
| 3 | Muhsinina Sharika Ekram, Director, Member of the Committee |

** The company secretary shall act as the secretary of the Committee.*

The terms of reference of the audit committee has been agreed upon as follows:

- To review all internal and external audit report.
- To recommend the statutory annual audited financial statements to the Board of Directors for approval.
- To review the finding of the internal and external auditors.
- To review and approve the Annual "Audit Plan" of the Internal Audit Department.
- To monitor the implementation of the recommendations of the Internal and External auditors.
- To review the performance of the external auditors and make recommendations to the Board regarding their appointment and fees.
- To review the quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on.
- To review the company's statement on internal control systems prior to endorsement by the Board.
- The company secretary shall be the secretary of the audit committee.

The terms of reference of the Nomination and Remuneration Committee (NRC) has been agreed upon as follows:

- To assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company
- Determining the remuneration packages
- Review the Annual Confidential Report (ACR) of senior management of the company
- Review and oversee the Company's overall human resources strategy.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee is a sub-committee of the Board of Directors of the Company and its role is to assist the Board in fulfilling their oversight responsibilities defined in the BSEC's Corporate Governance Code.

The NRC, in compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), is comprised of three Directors of the Board of which one is Independent Director. The Independent Director is the Chairman of the Committee.

The terms of reference of the Nomination and Remuneration Committee (NRC) have been adopted by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as to develop policy for formal process of considering remuneration of directors, top level executives.

Imtiaz Lutful Baset, FCMA, FCA, Chairman of the Committee is an Independent Director. Detailed qualifications of the existing members of the Committee are set out on pages 42 to 44. of this Annual Report. The Committee formally met once during the year under review. The NRC of Taufika Foods and Lovello Ice-cream PLC observed the following activities:

- To assist the Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of directors and senior management of the Company
- Determining the remuneration packages.
- Review the Annual Confidential Report (ACR) of senior management of the company
- Formulated Nomination and Remuneration Policy
- Formulated Board Evaluation Policy
- Reviewed Training and Development Policy
- Reviewed nomination of the directors to be re-elected in retire by rotation.
- Reviewed reappointment of Managing Director.

Nomination and Remuneration Committee (NRC) expressed their sincere thanks to the members of the Board of Directors, management of the Company for their support and co-operation.

Imtiaz Lutful Baset, FCMA, FCA

Chairman

September 27, 2022

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is a sub-committee of the Board of Directors of the Company and its role is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Lovello's financial statements, risk management, internal control & compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence and the performance of the internal audit function.

The Audit Committee, in compliance with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), is comprised of three Directors of the Board of which one is Independent Director. The Independent Director is the Chairman of the Committee.

For the purposes of the Corporate Governance Code, all the members of Committee are financially literate and Imtiaz Lutful Baset, FCMA, FCA, and Chairman of the Committee is the financial expert. During the financial year under review the Committee met five times.

During the year 2021-22, the Audit Committee of the Company met five and reviewed the following:

- Reviewed the financial statements of the company for the year ended on June 30, 2022
- Reviewed the Company's 1st Quarterly Un-Audited Financial Statements- Statement of Financial Position, Statement of Comprehensive Income, statement of Changes in Equity, statement of Cash Flows and related explanatory notes as on 30 September 2021.
- Reviewed the Company's Half Yearly Un-Audited Financial Statements- Statement of Financial Position, Statement of Comprehensive Income, and Statement of Changes in Equity, statement of Cash Flows and related explanatory notes as on 31 December 2021.
- Reviewed the Company's 3rd Quarterly Un-Audited Financial Statements- Statement of Financial Position, Statement of Comprehensive Income, statement of Changes in Equity, statement of Cash Flows and related explanatory notes as on 31 March 2022.
- Recommended for appointment of External Auditors and fixation of their remuneration.
- Recommended for appointment of compliance auditor.
- Reviewed the management discussion and analysis.
- Reviewed the Internal Audit Report and Compliance plan.
- Reviewed the adequacy of internal control and systems.
- Reviewed the financial reporting process
- Reviewed the choice of accounting policies and principles
- Reviewed the management letter issued by the statutory auditor
- Reviewed the effectiveness and independence of the statutory auditors.
- Evaluate the performance of statutory auditor.
- Reviewed the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.

The Audit Committee expressed its sincere thanks to the members of the Committee, Board, Management and the auditors for their support in carrying out their duties and responsibilities.

Sd/-
Imtiaz Lutful Baset, FCMA, FCA
Chairman
Audit Committee

TERMS OF PREFERENCE OF NRC

Regulatory Framework:

Clause 6 (1) (c) read with the applicable Clauses of Corporate Governance Code of Bangladesh Securities and Exchange Commission require the Board to clearly set forth in writing the duties of the Nomination and Remuneration Committee (NRC).

This Terms of Reference of the Nomination and Remuneration Committee is framed as per the requirements of the aforesaid governance code.

Constitution

The Board has resolved to establish a Committee of the Board to be known as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee assists the Board in fulfilling its oversight responsibilities in respect of:

- Formulation of nomination criteria for appointment of directors, chief executives and other top level executives;
- Formulation of remuneration policy for the directors and top level executives;
- Devising policy on Boards diversity;
- Formulation of Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors;

Membership

- The membership of the Committee is as appointed by the Board from time to time from amongst the non-executive directors;
- The Committee comprises of three members including Independent Directors;
- The Independent Directors will be appointed by the Board and approved by the shareholders for a term of three years and term can be extended for another three years. A former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years];
- Except Independent Director the membership of other directors is subject to annual re-election by the shareholders;
- The Committee has a Chairman selected by the Board who shall be an Independent Director.
- When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 180 days from the date of vacancy(ies) in the Committee.
- The members of the committee can be changed/removed at the discretion of the Board of Directors at any time.

Secretary

The Company Secretary shall act as the Secretary of the Committee.

Meetings

- The Committee meets at least once in a year, with authority to convene additional meetings as circumstances require;
- Meetings are convened by written notice served on each of the members by the Secretary of the Nomination and Remuneration Committee, such notice to be served at least two days prior to the meeting;
- All members of the Committee are expected to attend each meeting;
- The quorum necessary for the transaction of business shall be two Committee members, the quorum of the Nomination and Remuneration Committee meeting shall not constitute without presence of at least 1(one) independent director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee;
- Meetings of the Committee may be attended by the Chairman, MD, HR executives and outside expert at the invitation of the Committee;
- In the absence of the Committee Chairman the remaining members shall elect any of them present to chair the meeting;
- Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote; and
- The Secretary shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary will also be responsible for liaising with the Executive Team to ensure that all papers, reports etc. required by the Committee are forwarded to them in a timely manner.

Minutes of Meetings

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- Conflicts of interest must be declared by Committee members at the beginning of meetings and the Secretary should record any such declaration in the minutes.
- The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board.

Annual General Meeting

The Committee Chairman shall present at the Annual General Meeting and respond to any questions regarding the Committee's activities at the Annual General Meeting of the Company's Shareholders.

Duties & Responsibilities

NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

- (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending and reviewing annually the company's human resources and training policies;

Reporting Responsibilities

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

Others

The Committee shall also:

- Review annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

Authority

The Committee is authorized by the Board:

- To seek any information it requires from any employee of the company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- To call any employee to be questioned at a meeting of the Committee as and when required; and
- To gain unrestricted access to all books and records of the Company.

TERMS OF PREFERENCE OF THE AUDIT COMMITTEE

Regulatory Framework:

Clause 5 (1) (c) read with the applicable Clauses of Corporate Governance Code of Bangladesh Securities and Exchange Commission require the Board to clearly set forth in writing the duties of the Audit Committee.

This Terms of Reference of the Audit Committee is framed as per the requirements of the aforesaid governance code.

Constitution

The Board has resolved to establish a Committee of the Board to be known as the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight responsibilities in respect of:

- the integrity of Company's financial statements;
- Company's risk management and internal control arrangements;
- Company's compliance with legal and regulatory requirements;
- the performance, qualifications and independence of the external auditors; and
- the performance of the internal audit function.

Membership

- The membership of the Committee is as appointed by the Board from time to time from amongst the non-executive directors except Chairman;
- The Committee comprises of three members including Independent Directors;
- Each member of the Committee should be 'financially literate'. One member of the Committee should be a 'financial expert' who shall have accounting correlated financial management background and 10 (ten) years of such experience. The 'financial expertise' of this member is adjudged by the Board in accordance with the requirements of current legislation and regulation, and in the light of relevant codes of practice;
- The Independent Directors will be appointed by the Board and approved by the shareholders for a term of three years and term can be extended for another three years. A former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years];
- Except Independent Director the membership of other directors is subject to annual re-election by the shareholders;
- The Committee has a Chairman selected by the Board who shall be an Independent Director.
- When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee.
- The members of the committee can be changed/removed at the discretion of the Board of Directors at any time.

Secretary

The Company Secretary shall act as the Secretary of the Committee.

Meetings

- The Committee meets at least four times a year, with authority to convene additional meetings as circumstances require;
- Meetings are convened by written notice served on each of the members by the Secretary of the Audit Committee, such notice to be served at least two days prior to the meeting;
- All members of the Committee are expected to attend each meeting;
- The quorum necessary for the transaction of business shall be two Committee members, the quorum of the Audit Committee meeting shall not constitute without presence of at least 1(one) independent director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee;
 - Meetings of the Committee may be attended by the Chief Executive Officer, Chief Financial Officer, Chief Auditor, Chief

Legal Officer, the lead partner of the external auditors, and other Directors and executives at the invitation of the Committee;

- In the absence of the Committee Chairman, if there is more than one Independent Directors, the remaining members shall elect the other Independent Director present to chair the meeting;
- Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote; and
- The Secretary shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary will also be responsible for liaising with the Executive Team to ensure that all papers, reports etc. required by the Committee are forwarded to them in a timely manner.

Minutes of Meetings

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- Conflicts of interest must be declared by Committee members at the beginning of meetings and the Secretary should record any such declaration in the minutes.
- The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board.

Annual General Meeting

The Committee Chairman shall present at the Annual General Meeting and respond to any questions regarding the Committee's activities at the Annual General Meeting of the Company's Shareholders.

Duties & Responsibilities

1. Risk Management and Internal Control

The Committee shall:

- Evaluate whether:
 - the Management has been able to build up the appropriate administration culture regarding the importance of internal control system and risk management;
 - employees have been provided clear instruction on their duties & responsibilities and full control on their work.
- Review the recommendations as provided time to time by the internal and external auditors to build a strong internal control frame work have been administered by the Management or not;
- Review the existing Risk Management process to ensure effective mitigation & control system;
- Inform the Board regularly after review of the steps taken against findings of forgery, limitations of internal control system or identification of similar sectors by the internal, external and inspection team, if any, of regulatory authority;
- Monitor the effectiveness of the Company's risk based internal control system, make such recommendations as the Committee considers desirable. Among other things the Committee shall have access to all reports of the Head of Internal Audit and Control and the External Auditors and information relating to policy and management responsibilities with regard to risk management and internal control, the adequacy of disclosure controls and procedures (including related certification and attestation processes), the avoidance of illegal payments and improper accounting practices, and identified weaknesses in the effectiveness of risk and control management.

2. Financial Reporting

The Committee shall:

- Review whether the financial statements are contained with full & applicable disclosures and are prepared in accordance with the policies and procedures and in compliance with accounting and reporting standards required by law and regulators;
- Oversee the financial reporting process
- Monitor choice of accounting policies and principles;
- Discuss with the external auditors and management before finalization of financial statements;
- Review and discuss the integrity of annual audited Company financial statements and quarterly financial statements

with management and the External Auditors, including the financial contents of (and the notes to) the financial statements and management's commentary or discussion and analysis of the financial information and recommend to the Board for approval;

- Monitor and recommend interim results announcements and any other formal announcement relating to its financial performance;
- Review statement of all related party transactions submitted by the management.
- Review the Management's Discussion and Analysis before disclosing in the Annual Report;

3. Internal Audit

The Committee shall:

- Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- Review and monitor management's responsiveness to the findings and recommendations of the internal auditor;
- Review and assess the annual internal audit plan;
- Review the adequacy of internal audit function;
- Monitor and review the expertise & effectiveness of the company's internal audit function in the context of the company's overall risk management system;
- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- Approve the appointment and removal of the head of the internal audit function. The Committee shall consider, at least annually, the standards employed by the internal audit function, quality assurance procedures and auditor competence.
- Recommend to the Board for changing accounting principles, if any.
- The Chief Internal Auditor shall have direct access to the Committee Chairman and to the Committee as a whole, and any member of the Committee shall also have direct access to the Chief Internal Auditor.

4. External Audit

The Committee shall:

- Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- Review the annual audit activities and audit report;
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business);
- Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.
- Review the management's response to the auditor's findings and recommendations.

5. Compliance with existing Laws & Regulations

Review compliance with existing laws & regulations of the relevant regulators and policies approved by the Board.

6. Reporting Responsibilities

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

- The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-
 - a) report on conflicts of interests;
 - b) suspected or presumed fraud or irregularity or material defect in the internal control system;
 - c) suspected infringement of laws, including securities related laws, rules and regulations;
 - d) any other matter which shall be disclosed to the Board of Directors immediately.

7. Reporting to the Authority

- If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Securities and Exchange Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.

8. Others

The Committee shall also:

- Review annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- Report to the Board quarterly, regarding corrective measures taken against error, fraud, deceit, or other irregularities identified by the auditors (internal or external) or regulatory authority;
- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

9. Authority

The Committee is authorized by the Board:

- To seek any information it requires from any employee of the company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- To call any employee to be questioned at a meeting of the Committee as and when required; and
- To gain unrestricted access to all books and records of the Company.

POLICY OF NOMINATION:

For the Board of a Company to be effective and efficient, it should comprise of individuals who have professional qualifications and proven experience in their respective fields of specialization.

The Nomination and Remuneration committee evaluates the Directors and recommends the Board for their appointment and ensures optimum composition of Board. While recommending appointment of an Individual as a Director on the Board, the committee has to review the following factors including the others:

- Diversity of the Board
- Qualification and positive attributes
- Independence of Directors (in the case of Independent Directors)

Regulatory Framework:

Clause 6 (5) (b) read with the applicable Clauses of Corporate Governance Code of Bangladesh Securities and Exchange Commission require the Nomination and Remuneration Committee of a company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, top level executives and to devise a policy on Board diversity.

The said governance code also require NRC to lay down the evaluation criteria for performance evaluation of Board, its Committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

This nomination policy is framed as per the requirements of the aforesaid governance code.

Criteria for Board Nominations:

The Nomination and Remuneration Committee (NRC) of the Board is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The following are the qualifications, positive attributes and independence criteria laid down by the NRC of aamra technologies limited in terms of Corporate Governance Code, Notification of BSEC and Companies Act, 1994 to be considered for nominating candidates for Board positions/appointment of directors.

Qualifications:

Personal Traits

- Highest personal and professional ethics, integrity and values
- Shares the values and beliefs of the Company.
- Inquisitive and objective perspective, practical wisdom and mature judgment
- Demonstrates intelligence, maturity, wisdom and independent judgment
- Self-confidence to contribute to board deliberations, has a stature that other board members will respect his or her views.

Experience and Background

- Well accomplished in his / her respective field.
- Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession)
- Typically first level leadership position (i.e., Chair, MD &CEO or equivalent) or second level (i.e., COO, CFO or other CXO's) unless the Board is seeking a particular skill set (e.g., technology, human resources management or financial expert)
- Leadership role- at the time a potential director's initial candidacy is evaluated must either be current or very fresh and recent, and incumbent directors should continue to demonstrate a sophisticated understanding and current knowledge of complex business issues
- A mastery of a broad knowledge area (e.g., engineering, finance, marketing, corporate affairs, technology, law, human

resources management, executive leadership) that complements the skills of current board members and proposed board role

- Absence of adverse events (e.g., bankruptcy affiliations, disqualifications under Companies Act 1994 or other applicable laws etc.) that either disqualify or require adverse disclosures

Fit and proper

- The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the board of directors “team” in a major company setting
- Should act on fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its stakeholders
- Should be able to exercise objective independent judgment on corporate affairs
- Special skills, expertise and background that contribute to the diversity of views and perspective of the board as a whole
- with respect to Directors being nominated for Independent position, the candidate should comply with the “Independence qualifications” as defined by applicable laws
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings
- Willingness to undertake appropriate induction and regularly update and refresh his/ her skills, knowledge and familiarity with the Company
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust
- Adhere to the code of conduct of the Company
- Protecting the legitimate interests of the Company, its shareholders and employees and maintain confidentiality
- Meets the age criteria and applicable tenor restrictions placed by the Board
- Absence of an unacceptable number of other board commitments
- Absence of personal and business relationships/directorship that would pose a conflict of interest to the Board position
- Absence of unfair obstruction in the functioning of the Board/Committees

Positive Attributes

The positive attributes for a director would encompass:

- Ethical Integrity & transparency
- Has/acquires sufficient knowledge in the Company’s business and operations
- Demonstrate sound judgement gained through experience & expertise in management/ technical/ financial /governance or regulatory matters
- Foresight - ability to see and prepare for future, anticipate needs, opportunities and threats
- Managerial abilities required to lead and guide the management such as effective communication skills, cultural sensitivity, flexibility, team player, strategic thinking, and balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

Independence Standards:

A Director is independent if the Board affirmatively determines that he/she meets the Independence criteria provided under the applicable laws. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director’s independence.

Two core objectives in selecting board members and continued board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and the collective talent should blend together to be as effective as possible.

Independence of Directors (only in the case of Independent Directors):

Any relationship between the Company and Directors other than in the normal course will affect the Independence of Directors in many ways. The Committee shall assure that the candidate proposed for the position of Independent Director meets the minimum criteria for Independence set out in the Corporate Governance Code of BSEC.

POLICY ON REMUNERATION:

The principles and criteria for the director, MD & COO, Senior Management employee remuneration policy will be annually reviewed by the Nominations and Remuneration Committee and the Board of Directors within the framework of their powers to maintain the alignment of the Company's remuneration policy with the best practices and trends in the market.

Therefore, the directors' remuneration for exercising their supervision and decision-making functions is based on the following main principles:

- The remuneration must be sufficient and conform to the directors' dedication, qualification and responsibilities but it must not compromise their independent criteria.
- The remuneration must be sufficient to attract and retain directors with the talent and profile desired by the Company.
- The remuneration must be competitive, which is achieved by establishing a remuneration package in line with market standards of comparable sectors and companies.

The MD & Chief Executive's remuneration for exercising his/her functions is based on the following main principles:

- Making sure that the compensation package can attract, retain and motivate the Chief Executive thanks to its structure and overall amount and be competitive with respect to the similar trend business standards, so that the Company can meet its strategic objectives within the increasingly competitive environment in which it operates.
- The MD & Chief Executives remuneration will necessarily be approved by the shareholders and disclosed in annual report.

The Nomination and Remuneration Committee shall recommend to the Board, remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to the managing director, the whole-time director, the executive directors, the chief executive officer and other senior management employee.

The remuneration to be paid to the managing director, the whole-time director, the executive directors, the chief executive officer and other senior management employee shall be determined keeping in view the market practice, the relative performance of the Company to the industry performance and individual performance and shall be subject to approval of appropriate authorities, as and when required.

Independent and non - executive directors may be paid such sitting fees for attending the meeting of the Board and its committees, as approved by the Board time to time.

BOARD EVALUATION POLICY

Purpose

This policy is intended to provide a framework for inclusion to promote diversity in the Board of Taufika Foods and Lovello Ice-cream PLC.

The Board of Directors of Taufika Foods and Lovello Ice-cream PLC. believes in the benefits diversity brings and it recognizes that diversity of thought makes prudent business sense. Having a board composed of men and women with diverse skills, experience, backgrounds and perspectives means:

- competitive advantage;
- robust understanding of opportunities, issues and risks;
- inclusion of different concepts, ideas, and relationships;
- enhanced decision-making and dialogue; and
- Heightened capacity for oversight of the organization and its governance.

Principles

The Board of Directors of Taufika Foods and Lovello Ice-cream PLC believes that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organisational changes and less likely to suffer from group thinking. We recognise that board diversity is an essential element contributing to the sustainable development of the Company.

In applying this Policy we recognise that directors are appointed by shareholders, not the Board or the Company. The right to appoint directors is one of the most important rights exercisable by shareholders and is not sought to be fettered by this Policy.

Objectives

The objectives of this Policy are, with the support of our shareholders, to have a Board which

- a) is characterized by a broad range of views arising from different experiences when discussing business;
- b) facilitates the making of informed and critical decisions; and
- c) has sustainable development as its core value, and thus promotes the interests of all our stakeholders, particularly the long term interests of our shareholders, fairly and effectively.

Scope

For purposes of Board composition, diversity includes, but is not limited to, business and industry skills and experience, age, educational background, gender, and ethnicity. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board.

Independence

The Board shall have an optimum balanced composition of Executive, Non-executive Directors and Independent Non-executive Directors as required by applicable laws so that there is a strong element of independence in the Board. The Independent Non-executive Directors shall be of sufficient calibre and stature for their views to carry weight. In so far as the independence of each of the Directors is concerned, this is a question of fact and the Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned.

Gender

LOVELLO is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment or discrimination on the basis of gender, physical or mental state, race, nationality, religion, age, family status, or any other attribute recognised by the laws of the country. The same principle is applied to the selection of potential candidates for appointment to the Board and thus the Board intends to ensure at least 30% female representation.

Nationality and Ethnicity

LOVELLO shall encourage of having a board of directors of different nationality or ethnic backgrounds, subject to fulfilment of required qualifications, who can contribute their knowledge and understanding of the environment, in which the com operates.

Skills and Experience

The Board shall possess a balance of skills appropriate for the requirements of the business of the Company. The Directors will have a mix of finance, marketing, legal and management backgrounds that taken together provide the Company with considerable experience in a range of activities.

Age

The Board shall comprise of directors with a range of ages and tenure on the Lovello Board that can enhance diversity and minimise succession risks. In support of that objective, Non-executive Directors (excluding the Chairman) will not be considered for re-election at an Annual General Meeting ("AGM") of the Company if, as at the date of the relevant AGM, they will have reached the age of 72 years. The Board may from time to time determine to relax or waive this guideline in relation to any director whom the Board considers has skills, experience or capabilities that cannot be replaced at the relevant time.

Board Size

The size of the Board can have a significant impact on board diversity. The Board shall ensure that the total number of members shall not be less than 5 (five) and more than 20 (twenty).

Implementation

The Nomination and Remuneration Committee (NRC) has been delegated with the overall responsibility for implementation, monitoring and periodic review of this Policy. In assessing potential candidates for the Board, the NRC will consider the diversity perspectives, as set out in this policy.

The shareholders shall provide required information about the qualifications, experience, and other engagement etc. of each individual Board member so that the shareholders are aware of the composition of their Board, including diversity.

Publication and Revision

A summary of this Policy will be included annually in the Annual Report. This Policy is will also available on the company's website.

Any revisions to the Policy as recommended by the Nomination and Remuneration Committee will be submitted to the Board for consideration and approval.

- Human Resource Metaphysics

Human Resource Management is a philosophy of people management based on the belief that human resources are uniquely important to grow and sustain business success. HR philosophy of Lovello refers its leadership style of the top management, the current corporate culture and practicing values. It is about the vision of the leader of the organization. Lovello believes in modern HR Management approach and builds the environment suitable for the evolution of the modern HR Management. Lovello respects and values the opinions of the main stakeholders. Lovello management and HR division puts continuous effort to change and develop the corporate culture for its stakeholders.

Importance of Human Resources

Understanding and responding to the trends shaping the future of work enables us to create the best possible environment for our workforce. In 2020-21, Lovello built on a number of initiatives to improve existing HR systems and processes as well as develop new tools to enhance the employee experience. These efforts will span recruitment and employer brand; development; engagement; performance and recognition; leadership and succession.

Recruitment and Employer Brand: Entry level candidates now respond to different approaches, for example through social media and virtual reality, as well as look for an authentic Employee Value Proposition. We have employed a number of these approaches. At the same time, in line with our focus on internal mobility, we have continued our efforts to retain expertise and experience by providing attractive career opportunities. Internal mobility also helps us turn necessary restructuring into an opportunity.

Development: As we adopt digital tools and new ways of working, we also need to ensure our employees are equipped with the right skills. To support this objective, we provide access to learning available anywhere and anytime via our digital learning

platform. This covers the entire range of mandatory training and available learning at Lovello. Furthermore, reflecting commitment to help employees develop professionally and personally and advance their careers, we are pursuing a cross-divisional approach to talent acceleration.

Engagement: It is crucial for us to understand what motivates and engages our employees and how they perceive their work environment. Therefore, we encourage open and regular dialogue between managers and their team members.

Performance and Recognition: Reflecting the ambitions and needs of our employees, we have adopted a holistic approach to performance management, which includes providing regular meaningful feedback and recognition, while holding people accountable and promoting continuous development. This approach is directly linked to our compensation framework and promotion process. In addition, to ensure our employees' financial, social, mental and physical wellbeing throughout all stages of their lives while employed at Lovello. The company provides various benefit packages to its employees in addition to monthly benefit of salary, wages and allowances. Lists of benefits provided for the employees are as follows:

| | |
|--|--|
| Festival Bonus | The Company pays two festival bonus @ 100% of gross salary. |
| Yearly Increment/Promotions | Employees are awarded with a minimum increment of at least 10-20% of salary and promotion for extra ordinary performances. |
| Contribution to Workers' Profit Participation and Welfare Funds | The company makes a regular allocation of 5% on net profit after charging such contribution but before tax to this fund as per provision of Bangladesh Labour Law, 2006 and The company will transfer the fund to the trustee board and the trustee of the fund will take decision of disbursement and investment within the stipulated time. |
| Group Insurance | Employees of Taufika Foods and Lovello Ice-Cream PLC. receive group insurance facility from Metlife Insurance for any kind of injury during the course of their service in the company. |
| Provident Fund | Taufika Foods and Lovello Ice-Cream PLC. has established this Employees' Provident Fund by way of trust deed dated 05 day of June 2012 and recognized under the provisions of Part B, Paragraph – 2 (1) of the first schedule of the Income Tax Ordinance 1984 by the Commissioner of Income Tax having jurisdiction and to be known as the "Taufika Foods and Agro Industries Limited Employees' Provident Fund" effective from 1st January of 2019. This Provident fund is approved as per Income Tax Ordinance. Every member so admitted to the fund shall be bound to subscribe to the fund in each month during the period of his service a sum equal to 10% (ten percent) of his basic salary for that month to the nearest Taka & contributions are to be deducted from Members salary when it is disbursed and shall be paid by the company to the Trustees. |

Leadership and Succession: To ensure we develop future leaders for the Lovello, we provide a number of cross-divisional programs to foster management and leadership skills. The purpose is to equip our people with the necessary capabilities to lead the organization through change, develop their teams, manage performance and ensure business success in line with the Lovello's strategy and our values and beliefs.

Diversity and Inclusion: Diversity and inclusion are vital to business success and are integral to all of our people practices and culture. Last year, we made further progress in our integrated, multi-dimensional approach.

Code of Conduct: Acting in accordance with our Code of Conduct is vital for us to be a socially responsible company that achieves sustainable success. The Code sets out our standards of behavior and conduct to which we expect our people to adhere. Our Code of Conduct should be at the heart of everything we do. Its success depends on all employees using their judgment to navigate what is sometimes a complex regulatory environment and seeking advice as appropriate. It also highlights that critical matters should be escalated promptly and appropriately. The Code is designed to ensure that we conduct ourselves ethically – with

integrity, and in accordance with Lovello's policies and procedures as well as the laws and regulations that apply to us

We are committed to advocating a "speak up" culture, an environment where all employees feel comfortable in voicing their concerns about misbehavior or any issues that they may come across in their daily work. "Speak up" is about supporting an open and honest dialogue across the organization. This includes providing feedback when things are going well and alerting management to potential problems and scope for improvements.

Rewarding Employees

A fair, transparent and sustainable approach to employee remuneration remains of crucial importance to the company. Our compensation strategy is focused on supporting a competitive and sound compensation practices. Our compensation framework aims to promote and reward sustainable performance and contributions at all levels of the organization. It provides a clear structure of compensation composition across the company.

Wellbeing

Our employees are our most important resource and we rely on them to help us shape the future of the company. For our people to stay healthy and engaged, perform well and thrive in their professional and personal lives we provide a comprehensive offering. In addition to competitive compensation, we offer provident fund which complement social security and private savings.

We provide a range of benefits to help our employees manage professional and personal commitments and achieve a healthy work-life balance. We believe that we can make a positive contribution to the good health of our people.

Employee Turnover & Retention

Lovello has an effective employee retention program which includes employee compensation, recognition and reward system, work-life balance, communication and feedback, effective teamwork etc. The Company also has the best practices in developing workplace culture for its employees. The company experiences minimum employee turnover.

Senior Leadership Development

We continue to place leadership and culture at the core of our transformation and change efforts. This includes intensified support for senior talent who drive performance, innovation and culture at Lovello. This phase of corporate talent management builds on existing executive practices by amplifying focus on board readiness, senior talent development and team effectiveness.

Workforce Management

Our workforce management concept enables us to achieve cost savings, while managing organizational change, strengthening our corporate culture and facilitating cross-divisional collaboration through a consistent approach to planning and defining roles.

Equal Employment Opportunity

Lovello believes to provide equal opportunity in all aspects of employment for all persons, to prohibit discrimination in employment because of age, disability, marital status, race, religion, personal appearance, family responsibilities, matriculation, political affiliation, sex or veteran status or other unlawful factors; to prohibit sexual, racial and other forms of unlawful harassment; and to promote the full realization of equal employment opportunity through a positive, continuing, result-oriented program of affirmative action throughout the Organization.

As a large and diverse organization, Lovello offers these policies as a framework within which to make human resources decisions in a competitive environment. Although progressive and flexible, the policies provide sufficient framework in a climate where our best employees can excel and we can address the deficiencies of those who cannot meet legitimate job performance standards.

Working Environment

Lovello companies offers a wonderful and friendly environment in the office. The company has conducive and safe working

environment. The company's intent is to establish a good relationship through a mutual understanding of expectations. Lovello believes in working in a team and demonstrate team spirit to maximize and excel in standard quality service to our valued customers in the area of business. Employees work in an environment where they feel valued, responsible, and supported by the authority as well as their colleagues. Lovello also takes preventive and safety measures to avoid all sorts of hazardous situations that might take place in some areas of technical functions. With the present status, the company aims to expand and grow at a faster pace by utilizing the best possible opportunities and expansion of network, distribution channels throughout the whole country. This enormous task requires dedicated, devoted, and committed manpower.

Safety at Work

We are committed to promoting accident prevention and providing safe places to work and conduct business for our employees, clients and other visitors. We believe that integrating sound environment, health and safety practices into our business has multiple positive effects, including contributing to improving quality and productivity in the workplace and increasing employee job satisfaction.

Health, Safety and Environment

Lovello is a safe and attractive place to work. The main principle of this policy is that injury, discomfort in the job and work related diseases, can be prevented. This can be achieved through systematic work, awareness of dangers and common sense. Lovello strives to maintain all the employees' motivated and educated work force.

Health, safety and environment issues must have high priority and must also be managed by objectives. All concerned are encouraged to reduce workplace hazards and implement new or improve existing safety and health programs. It is an important issue that all concerned employee and officials give great importance to HSE. The working environment has to be evaluated as a company issue and all efforts should be given for a good working environment. If all demonstrates a cooperative attitude and plays their active role concerning HSE issues, then it is expected that Lovello will become an attractive place to work having a good atmosphere and low injuries figures.

A good and safe working environment in the company will enable all employees to render a high level of services to customers and ensure high productivity and efficiency.

DIVIDEND DISTRIBUTION POLICY

1.00 Introduction

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

The Board of Directors (the Board) will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for declaring/recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

2.00 Definitions

“the Act” means Companies Act 1994

“the Company” means **Taufika Foods and Lovello Ice-cream PLC.**

“AGM” means Annual General Meeting

“Board” means Board of Directors of Square Pharmaceuticals Ltd.

“Shareholders” means Members whose name is registered in the Member Register of the Company.

“Shares” means Ordinary Equity Shares.

3.00 Concept of Dividend

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid-up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

4.00 Types of Dividend

The Act deals with two types of dividend - Interim and Final.

- **Interim** dividend is the dividend declared by the Board between two AGMs as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.
- **Final** dividend is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company. Dividend recommended by the Board of Directors cannot be changed prior to holding of the AGM.

5.00 Declaration of Dividend

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- a. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- b. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- c. Out of a & b both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

6.00 Factors Governing Declaration of Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business.

The circumstance for dividend pay-out decision depends on various external and internal factors which the Board of Directors shall consider while recommend/ declaring dividend including the following:

6.01 External Factors:

- The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of Adverse Economic Scenario.
- The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- The Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.
- Dividend distribution tax or any tax deduction at source as required by tax regulations, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.
- Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

6.02 Internal Factors:

- Profitability
- Availability and Liquidity of Funds
- Capital Expenditure needs for the existing businesses
- Expansion/Modernization of the business
- Additional investments in subsidiaries/associates of the Company
- Cost of raising funds from alternate sources
- Cost of servicing outstanding debts
- Funds for meeting contingent liabilities
- Mergers and Acquisitions
- Any other factor as deemed appropriate by the Board.

Apart from the above factors, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

7.00 Financial Parameters for Declaring Dividend

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board shall endeavor to maintain a dividend pay-out.

8.00 Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilized as under:

- Issue of fully paid-up bonus shares
- Declaration of dividend-Interim or Final

- Augmenting internal resources
- Funding for capital expenditure/expansion plans/acquisition;
- Repayment of debt
- Any other permitted use as may be decided by the Board.

9.00 Parameters for Various Classes of Shares

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity Shareholders of the Company with respect to dividend distribution.

10.00 Circumstances Impacting Dividend Payment

The Company has been paying dividend to its shareholders around three decades and shall endeavor to continue with the dividend payment.

Given here in below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

10.01 May Expect Dividend:

- Adequate profits and liquidity
- Accumulated profits not warranted for immediate business needs.

10.02 May Not Expect Dividend:

- Non availability of profits for dividend distribution
- Funds available for dividend but need to be conserved due to:
 - Business needs;
 - Adverse economic /market scenario expected in near future;
 - Augmenting internal resources.

11.00 Disclosure

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website: www.lovello.club

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12.00 Effective Date

This Policy has been approved by the Board of Directors of the Company at its meeting held on 6th April, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

13.00 Review/Amendment

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

UNCLAIMED/UNSETTLED DIVIDEND

Summary of unclaimed/unsettled cash dividend for the FY 2020-21

| Particulars | Amount |
|--|------------------|
| Dividend declared for the FY 2020-21 | 93,500,000 |
| Dividend disbursement | 87,991,382 |
| Total Dividend lying with the Company | 5,508,618 |

| Particulars | Amount |
|-------------------------|------------------|
| Dividend Warrant Return | 4,524,126 |
| BEFTN Return | 973,889 |
| TBL to TBL Return | 10,603 |
| Total | 5,508,618 |





FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TAUFIKA FOODS AND LOVELLO ICE CREAM PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Taufika Foods and Lovello Ice-Cream PLC** which comprise the Statement of Financial Position as at 30 June 2022 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended 30 June 2022 in accordance with International Financial Reporting Standards (IFRSs), the company Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in the audit of the financial statement for 2022. These matters were addressed in the context of the audit of the financial statement as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statement section of our report, including in relation to those matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the financial statement. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statement.

Appropriateness of revenue recognition and disclosures.

At year end the Company reported total revenue of BDT 960,385,039. Revenue is measured net of discounts, VAT, incentives and rebates earned by customers on the Company's sales. Within a number of the Company's markets, the estimation of discounts, incentives and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives, rebates. There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance.

How our audit addresses the key audit matter

We have tested the design and operating effectiveness of key controls focusing on the following:

- Segregation of duties in invoice creation and modification
- Authorization of credit terms and credit limits to customers
- Approval of Price list
- Calculation of discounts, incentives and rebates;
- Timing of revenue

Our substantive procedures in relation to the revenue recognition comprises the following:

- Performed substantive analytical procedure to calculated expected revenue booked.
- Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;
- Examine the sample sales transaction with source documents including the credit limit, VAT, Credit notes etc.
- Performed cut off test to assure the completeness and accuracy of booking revenue in the reporting period and revenue has been recognized as per policy.
- Critically assessing manual journals posted to revenue to identify unusual or irregular items; and
- Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.

Inventory Valuation

The company had inventory of BDT 364,927,361 at 30 June 2022, held in distribution centers, warehouses and numerous branches, and across multiple product lines. Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgement in determining the appropriate values for slow-moving or obsolete items.

How our audit addresses the key audit matter

We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:

- Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches;
- Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;
- Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;
- Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year;

Long-term loan

At reporting date, the position of Long-term Loan including current portion outstanding was BDT 579,672,006 for the Company. In other words, approximately 48.61% of total liabilities are represented by loans for the Company Evidently, the Company is using loan to operate the business and also, to acquire non-current assets. Loan, therefore, has been considered as key audit area.

How our audit addresses the key audit matter

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans. Our audit procedures included, among others, the followings:

- Understanding and reviewing the nature or types of loans;
- Reviewing the board meeting minutes on arrangements of the loans;
- Obtaining the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans;
- Recalculating the interest related to loans;
- Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.

Our procedures above did not identify any issues with regard to loans.

Information Other than the Financial Statement and Auditors Report Thereon

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs) and the company Act 1994 and other applicable laws and regulations for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicates with those charged with governess, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) The Expenditure incurred was for the purpose of the company's business.

Dated: Dhaka
October 23, 2022
DVC: 2210230165AS571529



Sd/-
Quazi Shafiqul Islam, FCA
Enrolment No. 0165
Islam Quazi Shafique & Co.
Chartered Accountants

Taufika Foods and Lovello Ice-Cream PLC
Statement of Financial Position
As at 30 June 2022

| Particulars | Notes | Amount in Taka | |
|--|--------------|----------------------|----------------------|
| | | 30-Jun-2022 | 30-Jun-2021 |
| ASSETS: | | | |
| A. Non-current Assets | | 1,267,601,299 | 1,275,443,445 |
| Property, Plant & Equipments | 4.00 | 1,041,217,250 | 986,583,283 |
| ROU Assets | 4.01 | 212,247,197 | 240,328,113 |
| Intangible Assets | 5.00 | 633,610 | 839,720 |
| Capital Work-in-progress | 6.00 | - | 34,784,052 |
| Investment | 7.00 | 13,503,241 | 12,908,277 |
| B. Current Assets | | 1,021,372,111 | 875,465,334 |
| Inventories | 8.00 | 364,927,361 | 299,734,955 |
| Trade & Other Receivables | 9.00 | 355,518,907 | 298,843,538 |
| Inter-company Receivables | 10.00 | 2,500,000 | - |
| Advance, Deposits & Prepayments | 11.00 | 173,060,217 | 103,735,987 |
| Cash and Cash Equivalents | 12.00 | 125,365,626 | 173,150,854 |
| TOTAL ASSETS (A+B) | | 2,288,973,410 | 2,150,908,778 |
| EQUITIES & LIABILITIES: | | | |
| C. Shareholders' Equity | | 1,096,389,086 | 1,068,294,076 |
| Share Capital | 13.00 | 850,000,000 | 850,000,000 |
| Retained Earnings | 14.00 | 246,389,086 | 218,294,076 |
| D. Non-current Liabilities | | 746,779,741 | 680,293,494 |
| Deferred Tax Liability | 15.00 | 59,436,286 | 47,774,428 |
| Long-term Loan | 16.00 | 450,856,005 | 418,249,653 |
| Lease Liability | 17.00 | 236,487,451 | 214,269,413 |
| E. Current Liabilities | | 445,804,583 | 402,321,209 |
| Current Portion of Long-term Loan | 16.00 | 128,816,001 | 119,499,901 |
| Current Portion of Lease Loan | 17.00 | 86,673,649 | 78,530,644 |
| Short-Term Loan | 18.00 | 86,522,537 | 51,246,072 |
| Trade & Other Payables | 19.00 | 29,608,177 | 62,971,350 |
| Liabilities for Expenses | 20.00 | 21,537,447 | 18,384,654 |
| Provision for WPPF | 21.00 | 7,759,281 | 5,672,354 |
| Provision for Income Tax | 22.00 | 79,378,873 | 66,016,234 |
| Unclaimed Dividend | 23.00 | 5,508,618 | - |
| Total Equity & Liabilities: | | 2,288,973,410 | 2,150,908,778 |
| Net Asset Value Per Share | 31.00 | 12.90 | 12.57 |

The accompanying notes form an integral part of this financial statements are to be read in conjunction therewith

Sd/-
Company Secretary

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Sd/-
Chairman

Dated: Dhaka
October 23, 2022
DVC: 2210230165AS571529

Signed in terms of our separate report of even date annexed.

Sd/-
Quazi Shafique Islam FCA
Enrolment No. 0165
Islam Quazi Shafique & Co.
Chartered Accountants

Taufika Foods and Lovello Ice-Cream PLC
Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2022

| Particulars | Notes | Amount in Taka | |
|--|--------------|--------------------|--------------------|
| | | 2021-2022 | 2020-2021 |
| Sales | 24.00 | 960,385,039 | 850,801,390 |
| Less: Cost of Goods Sold | 25.00 | 557,319,210 | 494,909,633 |
| Gross Profit | | 403,065,829 | 355,891,757 |
| Operating Expenses: | | 141,143,960 | 139,688,077 |
| Administrative Expenses | 26.00 | 17,101,509 | 16,231,797 |
| Marketing Expenses | 27.00 | 124,042,451 | 123,456,281 |
| Operating income | | 261,921,869 | 216,203,680 |
| Financial Expenses | | 120,022,392 | 118,035,700 |
| Finance cost | 28.00 | 120,022,392 | 118,035,700 |
| Profit before other income | | 141,899,478 | 98,167,980 |
| Other Income | 29.00 | 12,051,004 | 3,598,895 |
| Net profit before WPPF | | 153,950,482 | 101,766,875 |
| Provision for WPPF | 21.00 | 7,330,975 | 4,846,042 |
| Net Profit Before Tax | | 146,619,507 | 96,920,833 |
| Income Tax Expense | | 25,024,497 | 1,912,957 |
| Current Tax | 22.00 | 13,362,639 | 18,794,777 |
| Deferred Tax | 15.00 | 11,661,858 | (16,881,820) |
| Net Profit after Tax | | 121,595,010 | 95,007,875 |
| Other Comprehensive Income | | | |
| Total Comprehensive Income | | 121,595,010 | 95,007,875 |
| Earnings per Share (Per value Tk. 10) | 30.00 | 1.43 | 1.41 |

The accompanying notes form an integral part of this financial statements are to be read in conjunction therewith

Sd/-
Company Secretary

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Sd/-
Chairman

Dated: Dhaka
October 23, 2022
DVC: 2210230165AS571529

Signed in terms of our separate report of even date annexed.

Sd/-
Quazi Shafique Islam FCA
Enrolment No. 0165
Islam Quazi Shafique & Co.
Chartered Accountants

Taufika Foods and Lovello Ice-Cream PLC
Statement of Changes in Equity
For the year ended 30 June 2022

Amount in Taka

| Particulars | Share Capital | Share Money Deposit | Retained Earnings | Total |
|------------------------------------|--------------------|---------------------|--------------------|----------------------|
| Balance as on July 01, 2021 | 850,000,000 | - | 218,294,076 | 1,068,294,076 |
| Share Capital | | - | - | - |
| Net Income for the year | | - | 121,595,010 | 121,595,010 |
| Less: Dividend for FY 2020-21 | | - | (93,500,000) | (93,500,000) |
| Balance as on June 30, 2022 | 850,000,000 | - | 246,389,086 | 1,096,389,086 |

For the year ended 30 June 2021

Amount in Taka

| Particulars | Share Capital | Share Money Deposit | Retained Earnings | Total |
|------------------------------------|--------------------|---------------------|--------------------|----------------------|
| Balance as on July 01, 2020 | 550,000,000 | - | 151,050,672 | 701,050,672 |
| Share Capital | 300,000,000 | - | | 300,000,000 |
| Net Income for the year | | - | 95,007,875 | 95,007,875 |
| Less: IPO Expenses | | - | (27,764,472) | (27,764,472) |
| Balance as on June 30, 2021 | 850,000,000 | - | 218,294,076 | 1,068,294,076 |

Sd/-
Company Secretary

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Sd/-
Chairman

Signed in terms of our separate report of even date annexed.

Dated: Dhaka
October 23, 2022

Taufika Foods and Lovello Ice-Cream PLC
Statement of Cash Flows
For the year ended 30 June 2021

| Particulars | Notes | Amount in Taka | |
|---|--------------|----------------------|----------------------|
| | | 2021-2022 | 2020-2021 |
| A. Cash Flows from Operating Activities : | | | |
| Cash Received from Customers | | 903,709,670 | 820,732,878 |
| Cash Received from other Sources | | 12,051,004 | 3,598,895 |
| Cash Paid to Suppliers and Creditors | | (675,418,200) | (562,876,990) |
| Cash Paid for Operating Expenses | | (46,159,701) | (78,902,908) |
| Cash paid for Income Taxes | | (15,962,639) | (10,777,994) |
| Net cash inflow/(outflow) from operating activities | | 178,220,134 | 171,773,881 |
| B. Cash flow from Investing Activities: | | | |
| Acquisition of Property, Plant & Equipment | | (157,240,635) | (177,431,751) |
| Increase Investment | | (594,965) | (856,777) |
| Capital Work in Progress | | 34,784,052 | (34,784,052) |
| Net cash inflow/ (outflow) in Investing Activities | | (123,051,548) | (213,072,580) |
| C. Cash flow from Financing Activities: | | | |
| Paid up capital | | - | 300,000,000 |
| Bank Loan | | 77,198,917 | (72,089,615) |
| Lease Loan | | 30,361,042 | - |
| Dividend Paid | | (87,991,382) | - |
| Inter-Company Receivables | | (2,500,000) | - |
| Financial Expenses | | (120,022,392) | (118,035,700) |
| Net cash inflow/(outflow) in financing activities | | (102,953,814) | 109,874,685 |
| D. Increase (Decrease) in Cash and Cash Equivalent (A+B+C) | | (47,785,228) | 68,575,987 |
| E. Opening of Cash and Cash Equivalent | | 173,150,854 | 104,574,867 |
| | | 125,365,626 | 173,150,854 |
| F. Ending Cash and Cash Equivalent (D+E) | | | |
| Net Operating Cash Flow Per Share (NOCFPS) | 32.00 | 2.10 | 2.55 |

Sd/-
Company Secretary

Sd/-
Chief Financial Officer

Sd/-
Managing Director

Sd/-
Chairman

Dated: Dhaka
October 23, 2022

Signed in terms of our separate report of even date annexed.

Taufika Foods and Lovello Ice-Cream PLC

Explanatory Notes to the Financial Statement

As at and for the year ended 30 June 2022

1.00 Corporate History of the Reporting Entity

1.01 Legal Status of the Entity

Taufika Foods and Lovello Ice-Cream PLC, The Company (Former Taufika Foods and Agro Industries Limited) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-94700/11 dated August 07, 2011. Subsequently, the Company was converted into a public limited Company dated 08 July 2019 and the company has been enlisted with DSE & CSE on February 02, 2021. And the company also change its name Taufika Foods and Agro Industries Limited to Taufika Foods and Lovello Ice-Cream PLC on 20th June 2021.

The Company started its commercial operation on January 02, 2016. Its Corporate Head Office located at Plot-80, Road-02, Banani, Dhaka-1213 and Factory is located at Bashil, Kathali, Valuka, Mymensingh.

1.02 Corporate Business

The Company is an Ice-cream manufacturer and supplier in Bangladesh.

2.00 Basis of preparation, presentation and disclosures of financial statements

2.01 Statement of Compliance

The financial statements have been prepared under historical cost convention on a going concern basis following accrual basis of accounting in accordance with the International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), The Companies Act 1994 and Securities and Exchange Rules 1987.

2.02 Regulatory Compliances

The financial statements of the company under reporting have been prepared in accordance with Generally Accepted Accounting Principles and Practice in Bangladesh in compliance with The Companies Act 1994, The Securities and Exchange Rules 1987, The Listing Regulations of Dhaka Stock Exchange Ltd (DSE) & Chittagong Stock Exchange Ltd. (CSE), International Accounting Standards (IAS) as adopted by Financial Reporting Council (FRC), International Financial Reporting Standards (IFRS) as adopted by Financial Reporting Council (FRC) and other applicable rules and regulations.

2.03 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention method.

2.04 Fundamental Accounting Concepts/ Assumption

The Financial Statements have been prepared based on Going Concern, Consistency and Accrual Concepts and such other convention as required by IAS-1 for Fair Presentation of Financial Statements.

2.05 Other regulatory compliances

In addition, the Company is also required to comply with the following major legal provisions:

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Tax Rules, 1991

The Value Added Tax (Amendment) Act, 2012

The Value Added Tax (Amendment) Rules, 2012

The Customs Act 1969

The Company Act 1994

The Bangladesh Labour Act 2006, and

Bangladesh Labour (Amendment) Act 2013

2.06 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1 'Presentation of Financial Statements'. The Financial Statement comprises

- a) a statement of financial position;
- b) a statement of profit or loss and other comprehensive income;
- c) a statement of changes in equity;
- d) a statement of cash flows; and
- e) notes, comprising a summary of significant accounting policies and explanatory information.

2.07 Preparation and Presentation of Financial Statements of the Company

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

2.08 Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.09 Reporting Period

The period of the financial statements covers period from July 01, 2021 to June 30, 2022.

2.10 Provisions

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. reliable estimates can be made of the amount of the obligation.

2.11 Events after the Reporting Period

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period there are adjusting events those are disclosed as follows:

- i. VAT payables are settled within July 28, 2022
- ii. The company has been declared 12% cash dividend in this financial year (2021-2022)

2.12 Functional and Presentational (Reporting) Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

Figures in brackets indicated negative balance.

2.13 Comparative Information and Rearrangement Thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

2.14 Principal Accounting Policies

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect in preparation and presentation of financial statements within the framework of IAS-1 "Presentation of Financial Statements", have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation:

| | |
|---------|--|
| IAS 1 | Presentation of Financial Statements |
| IAS 2 | Inventories |
| IAS 7 | Statement of Cash Flows |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors |
| IAS 10 | Events After the Reporting Period |
| IAS 12 | Income Taxes |
| IAS 16 | Property, Plant & Equipment |
| IAS 19 | Employees Benefits |
| IAS 23 | Borrowing Costs |
| IAS 24 | Related Party Disclosures |
| IAS 33 | Earnings Per Share |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets, |
| IAS 38 | Intangible Assets |
| IFRS 01 | First-time Adoption of International Financial Reporting Standards |
| IFRS 07 | Financial Instruments: Disclosures |
| IFRS 09 | Financial Instruments |
| IFRS 13 | Fair Value Measurement |
| IFRS 15 | Revenue from Contracts with Customers |
| IFRS 16 | Leases |

3.00 Summary of Significant Accounting Policies

For a proper understanding of the financial statements , these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating the format of financial statements were also taken into full consideration for fair presentation.

3.01 Property, Plant & Equipment (PPE)

i) Recognition of Property, Plant & Equipment

These are capitalized at cost of acquisition and revalued amount and subsequently stated at cost less accumulated depreciation. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its working condition for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the PPE, the expenditure is capitalized as an additional cost of the PPE.

On retirement or otherwise disposal of PPE, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of PPE and the net sales proceeds.

ii) Depreciation

Depreciation on all PPE other than Land & Land development has been charged when the PPE was available for use and is computed using the Reducing balance method so as to write off the assets over their expected useful life. Office space is depreciated as per lease contract.

After considering the useful life of PPE as per IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

| Particulars | 30 June, 2022 | 30 June, 2021 |
|-------------------------|---------------|---------------|
| Land & Land Development | 0% | 0% |
| Building & Civil Works | 5% | 5% |
| Plant and Machinery | 10% | 10% |
| Furniture and Fixtures | 10% | 10% |
| Freezer | 10% | 10% |
| Office Equipment | 10% | 10% |
| Motor Vehicles | 20% | 20% |
| Office Space | 20% | 20% |
| Computer Software | 50% | 50% |

3.02 Capital Work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of the period 30 June 2022 and these are stated at cost.

3.03 Impairment of assets

All Fixed assets have been reviewed and it was confirmed that no such fixed assets have been impaired during the year and for this reasons, no provision has been made for impairment of assets.

3.04 Revenue Recognition

As per IFRS-15 "Revenue from Contracts with Customers", Revenue is too recognized when it is probable that the economic benefits associated with the transaction will flow to the organization and the amount of revenue can be measured reliably. The Company recognizes revenue at the point of raising invoices to the customers/clients. Turnover is shown net of return and discount. Sales revenue is recognized on accrual basis as and when goods are delivered.

Other Income

All other income is recognized when the Company's right to receive such income has been reasonably determined and all conditions precedent is satisfied.

3.05 Long Term Loan

Long Term loans are non-current liabilities arising from loans taken from different banks which are not repayable within one year.

3.06 Short term loan and bank overdraft

Short term loans are current liabilities arising from loans taken from different banks which are repayable within one year. Bank overdrafts are repayable on demand which were taken to meet up the working capital requirement.

3.07 Liability for expenses

Liabilities are recognized for amounts to be paid in future for goods and services, whether or not billed by the suppliers.

3.08 Advances, deposits and pre-payments

Advances, Deposits & Pre-payments are unsecured but considered good.

i) Advances

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or changes to other accounts heads.

ii) Deposits

Deposits are measured at payment value.

iii) Prepayments

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charge to profit and loss accounts.

3.09 Inventories

Inventories comprise Raw Materials, Packaging Material, Finished Goods and Work in process. They are stated at the lower of cost or net realizable value in accordance with IAS 2 “Inventories” after making due allowance for any obsolete or slow moving item. The costs of inventories are assigned by using weighted average cost method. Net realizable value of Work in Process is determined after deducting the estimated cost of completion and estimated cost necessary to make the sale from estimated selling price.

3.10 Basis of valuation of inventories

| <u>Category</u> | <u>Basis of Valuation</u> |
|---------------------------------------|--|
| Finished products and work-in-process | At the lower of cost and net realizable value. The cost includes allocation of production overheads that relate to bringing the inventories to their present condition and location. |
| Raw and packaging materials | At the lower of cost and net realizable value. |
| Goods in transit | At cost including related charges. |

3.11 Finance Costs:

Finance costs comprise interest expense on bank loan and other borrowings and are recognized in the income statement using effective interest method.

3.12 Finance Income:

Finance income comprise of interest income receivable from FDR from Trust Bank Ltd. and Shimanto Bank Ltd. And also interest received from bank current accounts.

3.13 Employees' benefit schemes**i) Defined contribution fund (Provident fund)**

The Company maintains an equal contributory recognized provident fund @10% for its eligible permanent employees. The provident fund is being considered as defined contribution plan being managed by a separate Board of Trustees.

ii) Workers' profit participation and welfare fund

The Company recognizes a provision for workers' profit participation and welfare fund (WPPF) @ 5% of income before tax and it has been managing, disbursing and investing as per provisions of the Bangladesh Labour (Amendment) Act, 2013. The Company is making the payment within nine months at the end of the relevant financial year. 80% of the Fund is being paid to eligible employees, 10% to Government Workers Welfare Foundation and remaining 10% to Taufika Foods and Lovello Ice-Cream PLC Employees Welfare Fund as per provision of Bangladesh Labour (Amendment) Act, 2013.

iii) Group insurance scheme

The Company operates a group insurance scheme for its permanent employees as per provision of the Bangladesh Labor (Amendment) Act, 2013. The permanent employees include full time permanent employees and workers of the Company. Payment in this regard has been accounted for in the accompanying financial statements

3.14 Statement of Cash flows

Cash Flow Statement is prepared in accordance with IAS-7: Statement of Cash Flows under Direct Method as prescribed by Bangladesh Securities and Exchange (BSEC) rule 1987

3.15 Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, cash in hand and cash equivalents like demand draft, pay orders etc in hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Trade receivables

Trade receivables are recognized and stated at original invoiced amounts and carried at anticipated realizable values. Bad debts are written off when it is established that they are irrecoverable. No bad debt incurred in the period.

3.17 Trade payables

Trade payables are stated at cost which approximates the fair value of the consideration to be paid for goods and services received.

3.18 Provisions

All provision is recognized on the balance sheet date if, as a result of a past event. The company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.19 Borrowing Costs

Financial Expenses (Borrowing Costs) incurred during the year was recognized as revenue expenses in accordance with IAS-23 "Borrowing Costs". No borrowing cost incurred during the period.

3.20 Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

i) Current Tax

Necessary provision for tax has been made as per Income Tax Ordinance 1984. Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or subsequently enacted after the reporting date and any adjustment to tax payable in respect of previous years. Provision for taxation is calculated on the basis of applicable current tax rate and in compliance with Finance Act on the accounting profit made by the company as per ITO 1984 in compliance with IAS-12 "Income Taxes".

ii) Deferred Tax

Deferred Tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities for the year ended June 30, 2022 has been recognized in the statement of Profit or Loss and other comprehensive income as per IAS-12 "Income Taxes".

3.21 Contingent Liabilities and Assets

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non- occurrence of one or more uncertain future events, which are not within the control of the company. In accordance with IAS 37 provisions, contingent liabilities and contingent assets, there were no contingent liabilities and assets.

- i. the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. the amount of revenue can be measured reliably;
- iv. it is probable that the economic benefits associated with the transaction will flow to the company; and
- v. the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.22 VAT

The Company's net sales is considered with 15% applicable VAT and 5% supplementary duty.

3.23 Statement of Changes in Equity

Statement of changes in equity is prepared in accordance with IAS-1 "Presentation of Financial Statements". This statement reflects information about the increase or decrease in net assets or wealth.

3.24 Related party disclosures

The Company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The information as required by IAS-24: "Related Party Disclosures" has been disclosed in a separate note to the financial statements.

3.25 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.26 Segment information

The Company is primarily engaged in the manufacturing and selling of similar type of products. The Company's business is not organized in such a way which may identify different products/ geographical components structurally. Hence segmentation within a wide portfolio of products/ geographical location is not a part of the regular internally reported financial information to the operating decision makers. Therefore, it is not possible to segment the Company's results by products/ geographic location which might involve a high degree of estimation.

3.27 Earnings per Share

This has been calculated in compliance with the requirements of IAS 33: "Earnings Per share" by dividing the basic earnings by the number of ordinary shares outstandings during the year.

3.28 Basic Earning

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax has been considered as fully attributable to the ordinary shareholders.

3.29 Changes in significant accounting policies - IFRS 16 Leases**IFRS 16 Leases****Nature and effect of Changes**

Previously, LOVELLO determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, LOVELLO assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, LOVELLO evaluated all types of contracts to assess whether a contract is or contains, a lease at the date of initial application.

As a Lessee

As a lessee, LOVELLO previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to LOVELLO. Under IFRS 16, LOVELLO recognises right-of-use assets and lease liabilities for all leases.

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | | Amount in Taka | |
|-------------|---|----------------------|----------------------|
| | | 30-Jun-22 | 30-Jun-21 |
| 4.00 | Property, Plant & Equipment | | |
| | At Cost: | | |
| | Opening Balance | 1,377,424,500 | 1,200,619,949 |
| | Addition During the Year | 156,955,635 | 176,804,551 |
| | Closing balance | 1,534,380,136 | 1,377,424,500 |
| | Accumulated Depreciation: | | |
| | Opening Balance | 390,841,217 | 296,327,876 |
| | Addition During the Year | 102,321,668 | 94,513,342 |
| | Closing Balance | 493,162,885 | 390,841,217 |
| | Written Down Value | 1,041,217,250 | 986,583,283 |
| | (Details of Property, Plant & Equipment are provided in the Annexure-A) | | |
| 4.01 | ROU Assets | | |
| | At Cost: | | |
| | Opening Balance | 407,384,234 | 407,384,234 |
| | Addition During the Year | - | - |
| | Closing balance | 407,384,234 | 407,384,234 |
| | Accumulated Depreciation: | | |
| | Opening Balance | 167,056,121 | 135,401,609 |
| | Addition During the Year | 28,080,916 | 31,654,512 |
| | Closing Balance | 195,137,037 | 167,056,121 |
| | Written Down Value | 212,247,197 | 240,328,113 |
| | (Details of Property, Plant & Equipment are provided in the Annexure-A) | | |
| 5.00 | Intangible Assets | | |
| | At Cost: | | |
| | Opening Balance | 3,323,633 | 2,696,433 |
| | Addition During the Year | 285,000 | 627,200 |
| | Closing Balance | 3,608,633 | 3,323,633 |
| | Accumulated Depreciation: | | |
| | Opening Balance | 2,483,913 | 1,957,793 |
| | Addition During the Year | 491,110 | 526,120 |
| | Closing Balance | 2,975,023 | 2,483,913 |
| | Written Down Value | 633,610 | 839,720 |
| | (Details Intangible Assets are provided in the Annexure-A) | | |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
For the year ended June 30, 2022

| | | | Amount in Taka | |
|---|--------------------------------------|-----------------|--------------------|--------------------|
| | | | 30-Jun-22 | 30-Jun-21 |
| 6.00 | Capital Work in Progress | | | |
| | Storage Box | | - | 9,146,752 |
| | Plant & Machinery | | - | 25,637,300 |
| | | | <u>-</u> | <u>34,784,052</u> |
| 7.00 | Investment | | | |
| | FDR Investment | 7.01 | 13,503,241 | 12,908,277 |
| | | | <u>13,503,241</u> | <u>12,908,277</u> |
| 7.01 | FDR Investment | | | |
| | Name of Bank | FDR No. | | |
| | Trust Bank | 0022-0330059006 | 11,264,502 | 10,747,500 |
| | Shimanto Bank | 1001-343000092 | 2,238,739 | 2,160,777 |
| | | | <u>13,503,241</u> | <u>12,908,277</u> |
| 8.00 | Inventories | | | |
| | Raw Materials | | 125,733,318 | 184,056,096 |
| | Work in Progress | | 17,019,365 | 17,619,365 |
| | Finished Goods | | 222,174,678 | 98,059,494 |
| | | | <u>364,927,361</u> | <u>299,734,955</u> |
| At the end of the year physical verification of Inventories were carried out. | | | | |
| 9.00 | Trade & Other Receivables | | | |
| | Trade Receivables | 9.01 | 355,518,907 | 298,843,538 |
| | | | <u>355,518,907</u> | <u>298,843,538</u> |
| 9.01 | Trade Receivables | | | |
| | Bogra Territory | | 20,136,953 | 19,742,376 |
| | Khulna Territory | | 19,852,849 | 14,702,821 |
| | Barisal Territory | | 19,689,045 | 14,997,432 |
| | Rangpur Territory | | 19,690,385 | 19,875,438 |
| | Chittagong Territory | | 24,846,671 | 24,334,369 |
| | Cumilla Territory | | 24,937,919 | 24,683,450 |
| | Uttara Territory | | 25,799,404 | 25,543,740 |
| | Rampura Territory | | 32,608,095 | 31,956,859 |
| | Jatrabari Territory | | 24,889,638 | 19,515,968 |
| | Sylhet Territory | | 19,821,612 | 18,730,134 |
| | Faridpur Territory | | 19,663,183 | 15,049,649 |
| | Bosilla Territory | | 29,243,477 | 29,541,880 |
| | Cox's Bazar Territory | | 19,433,477 | 15,406,385 |
| | Noaykhali Territory | | 16,171,406 | 8,032,752 |
| | Jessore Territory | | 15,246,715 | 8,313,788 |
| | Mymensingh Territory | | 17,459,446 | 8,416,497 |
| | Rajshahi Territory | | 6,028,632 | - |
| | | | <u>355,518,907</u> | <u>298,843,538</u> |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|------------------------------------|--------------------|--------------------|
| | 30-Jun-22 | 30-Jun-21 |
| Ageing of Trade receivables | | |
| Due for 3 months | 220,421,722 | 185,282,993 |
| Due for 3 to 6 months | 117,321,239 | 98,618,367 |
| Due for above 6 months | 17,775,945 | 14,942,177 |
| | 355,518,907 | 298,843,538 |

Full information as per requirements of the Para 4 Part I, schedule XI, of the Companies Act, 1994 regarding Trade receivables as on June 30, 2022 are as follows:

| Sl. | Particulars | 30 June, 2022 | 30 June, 2021 |
|------|--|--------------------|--------------------|
| i. | Receivables considered good in respect of which the company is fully secured. | | |
| ii. | Receivables considered good in respect of which the company holds no security other than the debtor personal security. | 355,518,907 | 298,843,538 |
| iii. | Receivable considered doubtful or bad. | | |
| iv. | Accounts Receivable due by any director or other officer of the company or any of them either severally or jointly with any other person or debts due firm or private companies respectively in which any director is a partner or a director or a member to be separately stated. | | |
| v. | Receivables due by companies under the same management to be disclosed with the names of the companies; | | |
| vi. | The maximum amount of receivable due by any director or other officer of the company at any time during the year to be shown by way of a note. | | |

- i) Debt considered good and in respect of which the company can realize it fully.
- ii) Debts considered good for which the company holds no security other than the debtors personal security
- iii) Management considered the trade receivables are collectible and thus no provision had been made.
- iv) There is no such trade receivables due by or to director or other officers of the company.

10.00 Inter-company Receivables

| | |
|------------------|----------|
| 2,500,000 | - |
| 2,500,000 | - |

This represent temporary advance and short term in nature, and repayable on demand.. Management has obtained confirmation from the aforesaid entities and assessed recoverability, upon which satisfied that all these balances are recoverable in full.

11.00 Advance, Deposits & Pre-payments

| | | | |
|-------------------------------|-----------------|--------------------|--------------------|
| Advance | 11.01 | 149,835,592 | 62,584,422 |
| Deposit | 11.02 | 19,501,835 | 38,508,579 |
| Pre-payments | 11.03 | 3,722,791 | 2,642,986 |
| | | 173,060,217 | 103,735,987 |
| 11.01 Advance | | 118,299,036 | 64,937,444 |
| AIT & Source Tax | 11.01.01 | 54,761,182 | 38,798,543 |
| Advance to BSTI & Halal Sonod | | 1,933,446 | - |
| Advance for Office Rent | | 1,150,000 | 1,150,000 |
| Advance to Supplier | | 91,444,115 | 22,635,879 |
| Advance for Listing Fees | | 546,849 | - |
| | | 149,835,592 | 62,584,422 |
| 11.02 Deposit | | 19,501,835 | 38,508,579 |
| L/C margin | 11.02.01 | 19,501,835 | 38,508,579 |
| | | 19,501,835 | 38,508,579 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|--------------------------------------|-------------------|-------------------|
| | 30-Jun-22 | 30-Jun-21 |
| 11.03 Pre-payments | | |
| Karnahuli Insurance Co. Ltd. | 3,530,251 | 2,487,164 |
| Metlife Insurance Co. Ltd. | 192,540 | 155,822 |
| | 3,722,791 | 2,642,986 |
| 11.01.01 AIT & Source Tax | | |
| Opening Balance | 38,798,543 | 28,020,549 |
| Addition During the Year | 15,962,639 | 10,777,994 |
| | 54,761,182 | 38,798,543 |
| Adjustment During the Year | | - |
| Closing Balance | 54,761,182 | 38,798,543 |
| 11.02.01 L/C margin | | |
| Opening Balance | 38,508,579 | 19,882,424 |
| Addition during the year | 19,501,835 | 38,508,579 |
| Net Adjustment During the Year | (38,508,579) | (19,882,424) |
| Closing Balance | 19,501,835 | 38,508,579 |

11.04 Disclosure as per Schedule-XI, Part -I, of The Companies Act, 1994

| | | |
|--|--------------------|--------------------|
| Advance, deposits & prepayments considered good & secured | 173,060,217 | 103,735,987 |
| Advance, deposit & prepayments considered Good without security | | |
| Advance, deposit & prepayments considered doubtful & bad | | |
| Advance, deposit & prepayments due by directors or other officers & staffs | | |
| Advance, deposit & prepayments due from companies under same management | | |
| Maximum advance due by directors or officers & staffs at any time | | |
| Total | 173,060,217 | 103,735,987 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | | | | Amount in Taka | |
|--------------|----------------------------------|--------------|-------------------|--------------------|--------------------|
| | | | | 30-Jun-22 | 30-Jun-21 |
| 12.00 | Cash and Cash Equivalents | | | | |
| | Cash in Hand | 12.01 | | 66,312,921 | 19,987,598 |
| | Cash at Bank | 12.02 | | 59,052,705 | 153,163,256 |
| | | | | <u>125,365,626</u> | <u>173,150,854</u> |
| 12.01 | Cash in Hand | | | | |
| | Factory Office | | | 110,000 | 5,972,533 |
| | Corporate Office | | | 5,080,819 | 4,295,599 |
| | Depot Office | | | 61,122,102 | 9,719,466 |
| | | | | <u>66,312,921</u> | <u>19,987,598</u> |
| 12.02 | Cash at Bank | | | | |
| | Trust Bank Ltd | CD | 0022-0210012550 | 101,402 | 78,278 |
| | Pubali Bank Ltd | CD | 0565901028140 | 17,680 | 891,577 |
| | Premier Bank Ltd | CD | 010411100078610 | 15,394 | 881,819 |
| | Prime Bank Ltd | CD | 2132113001637 | 6,460 | 477,246 |
| | Brac Bank Ltd | CD | 1507203439665001 | 1,384,900 | 51,544 |
| | Islami Bank Ltd | CD | 20501770100435601 | 123,062 | 1,477,778 |
| | Dutch Bangla Bank Ltd | CD | 1031100033118 | 583,502 | 102,272 |
| | Union Bank Ltd | CD | 0291010001239 | 41,338 | 49,603 |
| | Mercantile Bank Ltd | CD | 111311118966001 | 4,298 | 692,676 |
| | UCBL | CD | 541101000005430 | 6,974 | 504,370 |
| | NRB Bank | CD | 1022070063031 | - | 550,980 |
| | Shimanto Bank Limited | CD | 1001241000258 | - | 66,461,687 |
| | City Bank Ltd | CD | 1402538242001 | 47,234 | 47,234 |
| | AB Bank Ltd | SND | 4033-761383-430 | 17,198 | 564,935 |
| | Shimanto Bank Limited | SND | 1001441001020 | - | 198,162 |
| | Trust Bank Ltd | SND | 0022-0320000775 | 47,453,191 | 78,051,906 |
| | National Bank Limited | CD | 1106003604218 | 150,932 | 789,200 |
| | Dutch Bangla Bank Ltd | CD | 2811100002179 | 143,721 | 1,132,311 |
| | Shimanto Bank Limited | SND | 1003441000029 | - | 63,898 |
| | Shimanto Bank Limited | CD | 1001241001122 | 18,190 | 95,781 |
| | NRB Bank | CD | 1022010104230 | 3,378,762 | - |
| | Shimanto Bank Limited | CD | 1005241000030 | 28,555 | - |
| | Shimanto Bank Limited | SND | 1005441000036 | 13,697 | - |
| | Trust Bank Ltd | CD | 7022-0212003722 | 9,371 | - |
| | Trust Bank Ltd | SND | 0022-0320000962 | 5,506,845 | - |
| | | | | <u>59,052,705</u> | <u>153,163,256</u> |

All bank balances are reconciled with bank statements and bank book and reconciled balance extracted here.

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | | Amount in Taka | |
|--------------|---|----------------------|----------------------|
| | | 30-Jun-22 | 30-Jun-21 |
| 13.00 | Share Capital | | |
| 13.01 | Authorized Capital | | |
| | (100,000,000 Ordinary shares of Tk.10 each) | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| 13.02 | Issued, Subscribed and Paid-up | | |
| | 85,000,000 shares of Tk.10 each | <u>850,000,000</u> | <u>850,000,000</u> |
| | Shareholding Position is as follows: | | |

| Sl. No. | Name of shareholders | Percentage of Shareholdings | | Percentage of Shareholdings | |
|---------|-------------------------------|-----------------------------|-------------|-----------------------------|-------------------|
| | | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| 1 | Dato' Engr. Md. Ekramul Haque | 35.29% | 38.82% | 30,000,000 | 33,000,000 |
| 2 | Datin' Shamima Nargis Haque | 3.41% | 3.41% | 2,900,000 | 2,900,000 |
| 3 | Muhsinina Sharika Ekram | 3.53% | 0.00% | 3,000,000 | |
| 4 | Taufika Engeneering Limited | 14.24% | 13.59% | 12,100,964 | 11,550,000 |
| 5 | Muhsinina Taufika Ekram | 2.41% | 2.41% | 2,050,000 | 2,050,000 |
| 6 | Abu Taher Muhammed Amanullah | 1.18% | 1.18% | 1,000,000 | 1,000,000 |
| 7 | Md. Abdus Sultan | 0.85% | 0.85% | 725,000 | 725,000 |
| 8 | Zakir Hossain | 0.12% | 0.12% | 100,000 | 100,000 |
| 9 | Kazi Amdadul Haque | 1.25% | 1.25% | 1,060,000 | 1,060,000 |
| 10 | Rizvi Kaiser | 0.01% | 0.01% | 10,000 | 10,000 |
| 11 | Md. Saiful Islam Helaly | 1.23% | 1.23% | 1,045,000 | 1,045,000 |
| 12 | Md. Mizanur Rahman | 0.01% | 0.01% | 5,000 | 5,000 |
| 13 | Tahmina Chowdhury | 0.24% | 0.24% | 205,000 | 205,000 |
| 14 | Masuma Khatun | 0.30% | 0.30% | 255,000 | 255,000 |
| 15 | Hosne Ara Begum | 1.29% | 1.29% | 1,095,000 | 1,095,000 |
| 16 | Initial Public Offering | 34.65% | 35.29% | 29,449,036 | 30,000,000 |
| | Total | 100% | 100% | 85,000,000 | 85,000,000 |

| | | | |
|--------------|-----------------------------------|--------------------|--------------------|
| 14.00 | Retained Earnings | | |
| | Opening Balance | 218,294,076 | 151,050,672 |
| | Add: Profit During the Period | 121,595,010 | 95,007,875 |
| | Less: Dividend for FY 2020-21 | (93,500,000) | - |
| | Less: Adjustment for IPO Expenses | - | (27,764,472) |
| | Closing Balance | <u>246,389,086</u> | <u>218,294,076</u> |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | | Amount in Taka | |
|--------------|--|--------------------|--------------------|
| | | 30-Jun-22 | 30-Jun-21 |
| 15.00 | Deferred Tax Liability | | |
| | Opening Balance | 47,774,428 | 64,656,247 |
| | Add: During the Year | 11,661,858 | (16,881,820) |
| | Closing Balance | 59,436,286 | 47,774,428 |
| | As on 30 June 2022 | | |
| | WDV as per Accounts | 1,169,736,567 | 1,227,751,116 |
| | WDV as per 3rd Schedule | 872,555,140 | 1,015,420,327 |
| | Temporary Difference | 297,181,428 | 212,330,789 |
| | Applicable Tax Rate | 20.00% | 22.50% |
| | Deferred Tax Liability | 59,436,286 | 47,774,428 |
| | Deferred Tax Liability | 59,436,286 | 47,774,428 |
| 16.00 | Long -term Loan | | |
| | Long-term Loan from Shimanto Bank Limited | 579,672,006 | 537,749,554 |
| | 16.01 | 579,672,006 | 537,749,554 |
| | Current Portion Classification | | |
| | Due within one year | 128,816,001 | 119,499,901 |
| | Due after one year | 450,856,005 | 418,249,653 |
| | | 579,672,006 | 537,749,554 |
| 16.01 | Long-term Loan from Shimanto Bank Limited | | |
| | 1001741000052 | 13,331,747 | 14,443,760 |
| | 1001741000061 | 1,912,446 | 1,977,896 |
| | 1001741000070 | 2,449,882 | 2,542,051 |
| | 1001741000089 | 5,079,687 | 5,275,724 |
| | 1001741000098 | 1,701,629 | 1,765,131 |
| | 1001741000105 | 1,498,507 | 1,554,265 |
| | 1001741000114 | 15,118,581 | 15,418,596 |
| | 1001741000123 | 14,016,584 | 14,233,704 |
| | 1001741000141 | 4,726,936 | 4,800,191 |
| | 1001741000150 | 5,317,421 | 5,287,153 |
| | 1001741000187 | 514,518,586 | 470,451,085 |
| | | 579,672,006 | 537,749,554 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| Amount in Taka | |
|----------------|-----------|
| 30-Jun-22 | 30-Jun-21 |

Nature of Security of Loans:

| Particulars | Details |
|------------------------------------|---|
| Name of Bank & Financial Institute | Shimanto Bank Limited |
| Type of Facility | Long Term Loan |
| Limit | BDT TK 69.50 Crore |
| Repayment | Monthly |
| Interest Rate | 9% p.a with monthly rest or as revised from time to time by SMBL |
| Period of Loan | 60 months |
| Expiry Date | 5 Years from the the date of 1st disbursement. |
| Renewal Status | Renewed |
| Securities | i. Joint Registration and comprehensive insurance of vehicles ii. Postdated Cheque covering each EMI |
| Purpose | To purchase glass top deep freezer, storage box for cold room, pick up, Refrigerated van, auto vehicles, office car, motorcycle etc |

17.00 Lease Liability

| | | | |
|---------------------------------------|--------------|--------------------|--------------------|
| Lease Loan from Lankabangla | 17.01 | 318,202,609 | 285,671,418 |
| Office Space | 17.02 | 4,958,491 | 7,128,640 |
| | | 323,161,100 | 292,800,058 |
| Current Portion Classification | | | |
| Due within one year | | 86,673,649 | 78,530,644 |
| Due after one year | | 236,487,451 | 214,269,413 |
| | | 323,161,100 | 292,800,058 |

17.01 Lease Loan from Lankabangla

| | | |
|------------------|--------------------|--------------------|
| 0013 71400000025 | 15,690,226 | 14,314,163 |
| 0013 71400000026 | 37,750,375 | 34,461,537 |
| 0011 71400000131 | 150,834,025 | 137,660,648 |
| 0011 72200000070 | 113,927,983 | 99,235,070 |
| | 318,202,609 | 285,671,418 |

Nature of Security of Loans:

| Particulars | Details |
|---|--|
| Name of Bank & Financial Institute | Lanka Bangla Finance Limited |
| Type of Facility | Lease Finance |
| Limit | BDT 316,200,725 |
| Repayment | Quarterly |
| Interest Rate | 14.00% |
| Period of Loan | 60 months |
| Expiry Date | June, 2026 |
| Renewal Status | Renewal |
| Securities | i. Subsequent Charges/Hypothecation on all the Fixed Assets of TFAIL ii. Ownership of Leased Assets iii. Personal Guarantee of Directors iv. Corporate Guarantee of Taufika Engineering Limited (TEL) |
| Purpose | To procure Glass Top Deep Freezer and Try Cycle, Ref. Van & Cold Store |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | | Amount in Taka | |
|--------------|---|-------------------|-------------------|
| | | 30-Jun-22 | 30-Jun-21 |
| 17.02 | Lease Liability (Office Space) | | |
| | Office Space | 7,128,640 | 9,054,537 |
| | Less: Adjustment for IFRS 16 for Current year | (2,170,149) | (1,925,897) |
| | | <u>4,958,491</u> | <u>7,128,640</u> |
| | Current Portion Classification | | |
| | Due within one year | 2,445,378 | 2,170,149 |
| | Due after one year | 2,513,113 | 4,958,491 |
| | | <u>4,958,491</u> | <u>7,128,640</u> |
| 18.00 | Short-term Loan | | |
| | Short-term Loan Trust Bank | 86,522,537 | 51,246,072 |
| | | <u>86,522,537</u> | <u>51,246,072</u> |
| | 18.01 | | |
| | Loan Against Trust Receipt (LTR) | 55,868,387 | 40,878,988 |
| | Overdraft (Working Capital) | 30,654,150 | 10,367,084 |
| | | <u>86,522,537</u> | <u>51,246,072</u> |
| 19.00 | Trade & Other Payables | | |
| | Trade Payables | 10,063,146 | 11,893,177 |
| | Others Payables | 19,545,031 | 51,078,172 |
| | | <u>29,608,177</u> | <u>62,971,350</u> |
| 19.01 | Trade Payables | | |
| | Siam Chemical | 424,156 | 719,997 |
| | Noorani Agro & Food Complex Ltd | - | 949,058 |
| | Jahanara Plastic Product | - | 291,495 |
| | Emkay Enterprise | 193,291 | 130,420 |
| | Mais Industries Ltd | - | 395,910 |
| | PremiaFlex Plastic Ltd | 840,890 | 840,890 |
| | International Television Channel LTD. | 1,615,541 | 1,463,579 |
| | Maasranga Communications Ltd. | 7,200 | 7,200 |
| | MMX advertising communication | 421,684 | 148,239 |
| | RTR Traders | 4,758,246 | 5,378,856 |
| | Opus Sign | 1,464,207 | 1,109,308 |
| | Rivers Sign | 337,932 | 458,227 |
| | | <u>10,063,146</u> | <u>11,893,177</u> |

This represents amount payable to suppliers of raw materials, packing materials and finished goods. All suppliers were paid on a regular basis.

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|---------------------------------------|-------------------|-------------------|
| | 30-Jun-22 | 30-Jun-21 |
| Ageing of Trade Payables | | |
| Due for 3 months | 8,553,674 | 10,109,201 |
| Due for 3 to 6 months | 1,006,315 | 1,189,318 |
| Due for above 6 months | 503,157 | 594,659 |
| | <u>10,063,146</u> | <u>11,893,177</u> |
| | | |
| 19.02 Others Payables | | |
| Payable for PPE | 7,718,798 | 7,876,325 |
| VAT payable | 11,826,233 | 43,201,848 |
| | <u>19,545,031</u> | <u>51,078,172</u> |
| | | |
| 20.00 Liabilities for Expenses | | |
| Audit Fees | 240,000 | 230,000 |
| Electricity Bill Payable | 5,960,735 | 4,724,479 |
| Salary & Wages Payable | 5,836,310 | 4,955,112 |
| Payable for PF | 9,350,402 | 8,325,063 |
| Remuneration Payable | 150,000 | 150,000 |
| | <u>21,537,447</u> | <u>18,384,654</u> |

All these payables are temporary in nature and repayable in demand. No interest/profit is charged for these payables. Its derived from taking different types of service.

21.00 Provision for WPPF :

| | | |
|-------------------------------|-------------------|-------------------|
| Opening Balance | 5,672,354 | 8,775,549 |
| Add: Addition During the year | 7,330,975 | 4,846,042 |
| | <u>13,003,329</u> | <u>13,621,591</u> |
| Less: Paid During the year | (5,244,048) | (7,949,237) |
| Closing Balance | <u>7,759,281</u> | <u>5,672,354</u> |

The management of Taufika Foods and Lovello Ice-Cream PLC have already taken all necessary steps to maintain compliance and they take decision to deposit all amounts within one year.

22.00 Provision for Income Tax

| | | |
|-------------------------------------|-------------------|-------------------|
| Opening Balance | 66,016,234 | 47,221,457 |
| Current Year Provision | 13,362,639 | 18,794,777 |
| Total Current Year Provision | <u>13,362,639</u> | <u>18,794,777</u> |
| | <u>79,378,873</u> | <u>66,016,234</u> |
| Adjustment During the year | - | - |
| Closing Balance | <u>79,378,873</u> | <u>66,016,234</u> |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|-----------------------------|--------------------|-------------------|
| | 30-Jun-22 | 30-Jun-21 |
| Tax Computation | | |
| Business Income | 134,568,502 | 93,321,938 |
| Other Income | 12,051,004 | 3,598,895 |
| Total Income | 146,619,507 | 96,920,833 |
| Acc. Dep | 130,893,694 | 126,693,974 |
| Tax Dep | 215,744,333 | 140,082,464 |
| Total Taxable Income | 61,768,868 | 83,532,343 |
| Applicable tax Rate | 20.00% | 22.50% |
| Current Year Tax | 12,353,774 | 18,794,777 |

| | | | |
|-------------|------------------------|------------------|------------------|
| Minimum TAX | 0.60% on Gross receipt | 5,834,616 | 5,133,885 |
| | | <u>5,834,616</u> | <u>5,133,885</u> |

| | | | |
|---|--|-------------------|-------------------|
| Advance Income Tax considered for minimum TAX | | 13,362,639 | 10,777,994 |
| | | <u>13,362,639</u> | <u>10,777,994</u> |

| | | | |
|---------------------------------|--|------------------|----------|
| 23.00 Unclaimed Dividend | | | |
| Dividend for the FY 2020-21 | | 93,500,000 | - |
| Disbursement | | (87,991,382) | - |
| Closing Balance | | <u>5,508,618</u> | <u>-</u> |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|--------------------|--------------------|--------------------|
| | 30-Jun-22 | 30-Jun-21 |
| 24.00 Sales | | |
| Gross Sales | 1,159,664,935 | 1,027,342,679 |
| Less: (SD+VAT) | 199,279,896 | 176,541,289 |
| Net Sales | 960,385,039 | 850,801,390 |

Quantity wise Sales Information:

| Item | 2021-22 | 2020-21 |
|---|--------------------|--------------------|
| Lolly (All Kinds) 62 MI Ice Cream | 9,673,811 | 8,569,992 |
| Chocobar 72 MI | 81,507,743 | 72,207,394 |
| Hidden Heart Single 50 MI | 127,289,901 | 112,765,631 |
| Cruncy Bar Mega 82 MI | 7,330,684 | 6,494,224 |
| Cruncy Bar Mini 52 MI | 33,596,220 | 29,762,761 |
| Sheel & Core 62 MI | 4,369,707 | 3,871,106 |
| Malai Ice Cream 55 MI | 12,036,352 | 10,662,958 |
| Cup Regular 100 MI (All Flav.) | 140,259,303 | 124,255,174 |
| Cup Regular 50 MI (All Flav.) | 5,144,536 | 4,557,525 |
| 1 Ltr. Container Ice Cream | 43,324,384 | 38,380,904 |
| 750 MI Container Ice Cream | 2,392,404 | 2,119,421 |
| 500 MI Container Ice Cream | 52,040,828 | 46,102,768 |
| 250 MI Container Ice Cream | 40,593,165 | 35,961,328 |
| Hazel Beats 80 MI Ice Cream | 4,489,273 | 3,977,029 |
| Toffe Beats 80 MI Ice Cream | 3,692,468 | 3,271,143 |
| Chocoblast 100ML | 8,634,260 | 7,649,057 |
| Cone Maxi 121 MI (All Flav.) | 131,865,534 | 116,819,166 |
| Cone Mini 72 MI (All Flav.) | 135,220,835 | 119,791,615 |
| Round Shape Cake 1 Ltr. | 1,434,040 | 1,270,410 |
| Heart Shape Cake 1.5 Ltd. | 288,631 | 255,697 |
| Swirly Sundae 100 MI | 3,868,542 | 3,427,127 |
| Kulfi 50 MI Ice Cream | 80,725,330 | 71,514,258 |
| Double Sundy 1 Ltr. Ice Cream | 9,878,156 | 8,751,020 |
| Shahi Khajur Malai | 3,165,474 | 2,804,281 |
| Bulk Liter 9 per 1 Ltr | 2,372,375 | 2,101,678 |
| Lovello Swing Ball 100 ML Ice Cream | 5,839,155 | 5,172,885 |
| Lovello Ambrisia 1 Ltr. Ice Cream | 249,747 | 221,250 |
| Lovello Doi, Kheer Premium 1 Ltr Ice Cream | 2,864,539 | 2,537,684 |
| Lovello Shahi Shondesh, Black Forest Premium 1 Ltr. | 797,754 | 706,727 |
| Lovello Double Sundy Premium 500 ML Ice Cream | 3,096,578 | 2,743,247 |
| Lovello Doi, Kheer Premium 500 ML Ice Cream | 2,343,310 | 2,075,930 |
| Total | 960,385,039 | 850,801,390 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|--|--------------------|--------------------|
| | 30-Jun-22 | 30-Jun-21 |
| 25.00 Cost of Goods Sold | | |
| Raw Materials Consumed: Note- 25.01 | 526,540,444 | 365,386,241 |
| Add: Factory Overhead Charges Note- 25.02 | 154,293,950 | 146,060,695 |
| Cost of Production | 680,834,394 | 511,446,936 |
| Add: Opening Work in Process | 17,619,365 | 15,544,814 |
| | 698,453,759 | 526,991,750 |
| Less: Closing Work in Process | (17,019,365) | (17,619,365) |
| Cost of Goods Manufactured | 681,434,394 | 509,372,385 |
| Add: Opening Stock of Finished Goods | 98,059,494 | 83,596,742 |
| Cost of Goods available for Sale | 779,493,888 | 592,969,127 |
| Less: Closing Stock of Finished Goods | (222,174,678) | (98,059,494) |
| Cost of Goods Sold | 557,319,210 | 494,909,633 |
| 25.01 Raw Materials Consumed | | |
| The break-up of the amount is given below: | | |
| Opening Stock | 184,056,096 | 165,471,075 |
| Purchase During the year | 468,217,665 | 383,971,262 |
| Raw Materials available for Use | 652,273,761 | 549,442,337 |
| Less: Closing Stock | (125,733,318) | (184,056,096) |
| Raw Materials Consumed | 526,540,444 | 365,386,241 |
| 25.02 Manufacturing Overhead | | |
| Electricity Bill | 34,492,180 | 30,051,499 |
| Fuel & Lubricants | 12,087,137 | 12,333,814 |
| Wages & Salary | 49,917,041 | 47,540,040 |
| Festival Bonus | 5,695,816 | 5,424,587 |
| Overtime and Other Allowance | 1,979,028 | 1,884,789 |
| Tour and Travles | 1,119,940 | 1,317,577 |
| Pool Car Expenses | 286,798 | 196,629 |
| Telecommunication Expenses(Tracking) | 103,664 | 90,142 |
| Factory Supplies | 1,097,442 | 1,371,802 |
| Loading & Unloading Expenses | 148,925 | 175,206 |
| Postage & Courier | 27,766 | 29,610 |
| Printing & Stationary | 568,724 | 670,407 |
| Food and Entertainment | 710,904 | 836,358 |
| Repair & Maintenance | 2,162,814 | 2,276,646 |
| Spare Parts | 4,325,986 | 4,407,483 |
| Insurance Expenses | 4,285,475 | 3,359,556 |
| Licenses Renewal Fees | 1,466,130 | 1,361,426 |
| Depreciation | 33,818,179 | 32,733,124 |
| | 154,293,950 | 146,060,695 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|---|--------------------|--------------------|
| | 30-Jun-22 | 30-Jun-21 |
| 26.00 Administrative Expenses | | |
| Salary & Allowance | 7,578,153 | 7,429,561 |
| Festival Bonus | 1,028,797 | 1,008,625 |
| Meeting Allowance | 125,000 | 130,000 |
| Provident Fund Expenses | 1,642,075 | 1,323,981 |
| Utility Charge | 531,702 | 389,390 |
| Director Remuneration | 1,800,000 | 1,800,000 |
| Office Vehicles expense | 595,150 | 570,706 |
| Entertainment Expense | 205,099 | 205,367 |
| Vehicle Insurance & Others | 455,950 | 632,748 |
| Audit Fees | 405,000 | 275,000 |
| Listing Fees | 353,151 | - |
| Telephone, Mobile & Internet Bill | 206,267 | 360,314 |
| Postage & Couriers | 122,570 | 136,759 |
| Printing & Stationery | 163,357 | 204,477 |
| Legal & Statutory Expenses | 244,853 | 399,133 |
| Repair Maintenance of Head office | 280,895 | 226,119 |
| Health Safety Measure Expenses | 61,890 | 133,005 |
| Consultancy Fees | 480,000 | 50,000 |
| Depreciation | 821,599 | 795,238 |
| | 17,101,509 | 16,231,797 |
| 27.00 Marketing & Selling Expenses | | |
| Salary & Allowance | 12,540,522 | 11,921,309 |
| Festival Bonus | 1,045,044 | 1,379,749 |
| Provident Fund Expenses | 1,722,661 | 1,589,541 |
| Fuel & Toll for Vehicles | 4,096,679 | 4,377,789 |
| TA/DA and Other Allowances | 1,485,542 | 1,982,991 |
| Repair Maintenance & Others Vehicles Exp | 1,242,038 | 1,922,717 |
| Tour and Travles | 701,171 | 589,384 |
| Postage & Couriers | 253,445 | 128,377 |
| Incentive and Commision | 337,799 | 29,262 |
| Event Management Expenses | 359,114 | 378,015 |
| Health Safety Measure Expenses | 36,437 | 48,583 |
| Trade Promotion Expenses | 503,758 | 382,709 |
| Advertisement Expenses | 3,464,325 | 5,560,243 |
| Depreciation | 96,253,915 | 93,165,611 |
| | 124,042,451 | 123,456,281 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|----------------------------------|--------------------|--------------------|
| | 30-Jun-22 | 30-Jun-21 |
| 28.00 Finance Cost | | |
| Bank Service Charges | 1,487,568 | 1,233,002 |
| Interest on Bank Loan | 75,293,782 | 76,049,469 |
| Interest on Lease Loan | 42,531,191 | 39,799,126 |
| Interest Expense on Office Space | 709,851 | 954,103 |
| | 120,022,392 | 118,035,700 |

Consistent with prior periods banks charges and others bank loan interest expenses are included as finance costs

| | | |
|-------------------------------|-------------------|------------------|
| 29.00 Others Income | | |
| Scrap Sale | 6,534,942 | 1,089,413 |
| Rent Received against Freezer | 4,362,550 | 1,363,297 |
| Interest income | 1,153,513 | 1,146,185 |
| | 12,051,004 | 3,598,895 |

| | | |
|---|----------------|-------------|
| 30.00 Earning per Share (EPS) | | |
| The Computation of EPS is given below: | | |
| Earning attributable to the Shareholders (net profit after tax) | 121,595,010.06 | 95,007,875 |
| Total number of Shares | 85,000,000.00 | 67,246,575 |
| Adjusted/Basic Earnings per Share (EPS)(Per value Tk. 10) | 1.43 | 1.41 |

| For Current Year | | | | |
|-------------------|-------------------|------------------|-------------------|-------------------|
| Total Share | No of shares | No. of Days Used | Total No. of Days | Weighted Average |
| 85,000,000 | 85,000,000 | 365 | 365 | 85,000,000 |
| 85,000,000 | 85,000,000 | | | 85,000,000 |

| For Previous Year | | | | |
|--------------------|-------------------|------------------|-------------------|-------------------|
| Total Share | No of shares | No. of Days Used | Total No. of Days | Weighted Average |
| 550,000,000 | 55,000,000 | 365 | 365 | 55,000,000 |
| 300,000,000 | 30,000,000 | 149 | 365 | 12,246,575 |
| 850,000,000 | 85,000,000 | | | 67,246,575 |

| | | |
|--|-------------------|-------------------|
| 31.00 Net Asset Value (NAV) per Share | | |
| The Computation of NAV is given below: | | |
| Net Assets | 1,096,389,086 | 1,068,294,076 |
| Total number of Shares | 85,000,000 | 85,000,000 |
| Net Asset Value (NAV) per Share | 12.90 | 12.57 |
| Total number of shares | | |
| Paid-up-capital | 850,000,000 | 850,000,000 |
| Share money deposit | - | - |
| Total | 850,000,000 | 850,000,000 |
| Number of shares (Per value Tk. 10) | 85,000,000 | 85,000,000 |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|--|----------------|-------------|
| | 30-Jun-22 | 30-Jun-21 |
| 32.00 Net Operating Cash Flows per Share (NOCFPS) | | |
| The Computation of NOCFPS is given below: | | |
| Net Cash Generated from Operating Activities | 178,220,134 | 171,773,881 |
| Total number of Shares | 85,000,000 | 67,246,575 |
| Net Operating Cash Flows per Share (NOCFPS) | 2.10 | 2.55 |

33.00 Reconciliation of Net Operating Cash Flow

| Particulars | Amount in Taka | |
|---|--------------------|--------------------|
| | 30.06.2022 | 30.06.2021 |
| Net Profit after Tax | 121,595,010 | 95,007,875 |
| Adjustment to reconcile netcash provided by operating activities: | | |
| Depreciations | 130,893,694 | 126,693,974 |
| Provision for Income Tax | 13,362,639 | 18,794,777 |
| Provision for WPPF | 7,330,975 | 4,846,042 |
| Deferred Tax | 11,661,858 | (16,881,820) |
| Loan Interest | 120,022,392 | 118,035,700 |
| Increase in Inventories | (65,192,406) | (35,122,324) |
| Increase in Trade & Other Receivables | (56,675,369) | (30,068,512) |
| Increase in Advance, Deposits & Prepayments | (69,324,230) | (48,102,765) |
| Increase/Decrease in Trade & Other Payables | (33,363,172) | (28,253,387) |
| Increase in Liabilities for Expenses | 3,152,792 | 2,538,028 |
| Adjustments for WPPF | (5,244,048) | (7,949,237) |
| Adjustments for IPO Expenses | - | (27,764,472) |
| Net cash inflow/(outflow) from operating activities | 178,220,134 | 171,773,881 |

34.00 Related Party Transactions

The company has related party transactions as per IAS-24 "Related Party Disclosures".

Related party transactions are as follows:

| Sl. | Name of the Related Party | Relationship | Nature of transaction | Opening Balance | Transaction during the year | Payment/ Recieved | Closing Balance |
|-----|--|----------------------|------------------------------------|-----------------|-----------------------------|-------------------|-----------------|
| 1 | Taufika Engineering Limited | Intercompany | Advance | - | 2,500,000 | - | 2,500,000 |
| 2 | Datin' Shamima Nargis Haque | Chairman | Meeting Allowance | - | 25,000 | 25,000 | - |
| 3 | Dato' Engr. Md. Ekramul Haque | Managing Director | Remuneration and Meeting Allowance | 150,000 | 1,825,000 | 1,825,000 | 150,000 |
| 4 | Md. Kawsar Ahmed (Nominee Director of Taufika Engineering Limited) | Director | Meeting Allowance | | 15,000 | 15,000 | |
| 5 | Muhsinina Taufika Ekram | Director | Meeting Allowance | - | 25,000 | 25,000 | - |
| 6 | Muhsinina Sharika Ekram | Director | Meeting Allowance | - | 10,000 | 10,000 | - |
| 7 | Imtiaz Lutful Baset FCMA, FCA | Independent Director | Meeting Allowance | | 25,000 | 25,000 | |

35.00 Attendance Status of Board Meeting of Directors

During the year ended 2021-22 there were Five Board Meetings were held. The attendance status of all the meetings is as follows:

| Name of the Directors | Designation | Meeting held | Attendance |
|--|----------------------|--------------|------------|
| Datin' Shamima Nargis Haque | Chairman | 5 | 5 |
| Dato' Engr. Md. Ekramul Haque | Managing Director | 5 | 5 |
| Md. Kawsar Ahmed (Nominee Director of Taufika Engineering Limited) | Director | 5 | 3 |
| Muhsinina Taufika Ekram | Director | 5 | 5 |
| Muhsinina Sharika Ekram | Director | 5 | 2 |
| Imtiaz Lutful Baset FCMA, FCA | Independent Director | 5 | 5 |

36.00 General:

All the figures in the financial statements represent Bangladeshi taka currency (BDT) rounded off to the nearest figure. The comparative information has been disclosed of 2021-2022 for all numerical information in the financial statements and also the narrative and descriptive information as found relevant for understanding of the current years financial statements. To facilitate comparison, certain relevance balances pertaining to the previous year have been rearranged or reclassified whenever considered necessary to conform to current year presentation.

37.00 Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994:

A. Disclosure as per requirement of Schedule XI, Part II, Note 5 of Para 3:

Employee position of the company as at 30 June, 2022:

| Salary (Monthly) | Factory | Head Office | Sales & Marketing | Total Employees |
|------------------|------------|-------------|-------------------|-----------------|
| Below BDT 6,000 | - | - | - | - |
| Above BDT 6,000 | 203 | 20 | 25 | 248 |
| Total | 203 | 20 | 25 | 248 |

B. Disclosure as per requirement of Schedule XI, Part II, Para 4:

| Name of Directors | Designation | Meeting allowance | Total Remuneration for the year ended 2021-22 |
|---|----------------------|-------------------|---|
| Datin' Shamima Nargis Haque | Chairman | 25,000 | - |
| Dato' Engr. Md. Ekramul Haque | Managing Director | 25,000 | 1,800,000 |
| Kawsar Ahmed (Nominee Director of Taufika Engineering Limited) | Director | 15,000 | - |
| Muhsinina Taufika Ekram | Director | 25,000 | - |
| Imtiaz Lutful Baset FCMA, FCA | Independent Director | 25,000 | - |
| Muhsinina Sharika Ekram | Director | 10,000 | - |

Taufika Foods and Lovello Ice-Cream PLC
Explanatory Notes to the Financial Statements
 For the year ended June 30, 2022

| | Amount in Taka | |
|---|----------------|-----------|
| | 30-Jun-22 | 30-Jun-21 |
| 37.00 As per IAS- 24: | | |
| An entity shall disclose key management personnel compensation in total and for each of the following benefits: | | |
| (a) Short-term employee benefits | - | - |
| (b) Post-employee benefits | - | - |
| (c) Other long term benefits | - | - |
| (d) termination benefits and | - | - |
| (e) Share- based payment | - | - |
| | - | - |

38.00 Events after Reporting Period:

In compliance with the requirements of IAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period there are adjusting events those are disclosed as follows:

- i. VAT payables are settled on July 28, 2022.
- ii. The company has been declared 12% cash dividend in this financial year (2021-2022)

39.00 Disclosure as per requirements of Schedule XI, Part-II., Para-3 of the Companies Act. 1994

| Requirements under condition No. | Compliance status of Disclosure Schedule XI, Part II, Para 3 |
|--|--|
| 3(i)(a) The turnover | Complied |
| 3(i)(b) Commission paid to selling agents | Not Applicable |
| 3(i)(c) Brokerage and discount of sales, other than the usual trade discount | Not Applicable |
| 3(i)(d)(i) The value of the raw materials consumed, giving item-wise as as possible | Complied |
| 3(i)(d)(ii) The opening and closing stocks of goods produced | Complied |
| 3(i)(e) In the case of trading companies, the purchase made and the opening and closing stocks | Not Applicable |
| 3(i)(f) In the case of Companies rendering or supplying services, the gross income derived from services rendered | Not Applicable |
| 3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Company, which falls under one or more categories i.e. manufacturing and/or trading | Complied |
| 3(i)(h) In the case of other companies, the gross income derived under different heads | Not Applicable |
| 3(i)(i) Work-in-progress, which have been completed at the commencement and at the end of the accounting period | Complied |
| 3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets | Complied |
| 3(i)(k) Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager | Not Applicable |
| 3(i)(l) Charge for income tax and other taxation on profits | Complied |
| 3(i)(m) Reserved for repayment of share capital and repayment of loans | Not Applicable |
| 3(i)(n)(i) Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up. | Not Applicable |
| 3(i)(n)(ii) Amount withdrawn from above mentioned reserve | Not Applicable |
| 3(i)(o)(i) Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments. | Not Applicable |
| 3(i)(o)(ii) Amount withdrawn from above mentioned provisions, as no longer required. | Not Applicable |
| 3(i)(p) Expenditure incurred on each of the following items, separately for each item: | Complied |
| (i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve. | |

Taufika Foods and Lovello Ice-Cream PLC
Schedule of Property, Plant & Equipment
As at 30 June 2022

Annexure - A

| Particulars | Cost | | Rate of Dep. (%) | Depreciation | | Written Down Value as on 30-06-2022 |
|-------------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|-------------------------------------|
| | Balance as on 01-07-2021 | Addition during the year | | Balance as on 30-06-2022 | Charged during the year | |
| Land & Land Development | 84,361,490 | - | 0% | - | - | 84,361,490 |
| Building & Civil Works | 91,694,977 | - | 5% | 3,490,326 | 25,378,781 | 66,316,196 |
| Plant and Machinery | 414,437,939 | 76,871,386 | 10% | 31,268,752 | 171,454,863 | 319,854,462 |
| Furniture and Fixtures | 9,425,340 | 401,458 | 10% | 738,407 | 2,980,405 | 6,846,393 |
| Freezer | 628,974,033 | 49,738,654 | 10% | 50,634,335 | 198,134,348 | 480,578,338 |
| Office Equipment | 8,360,012 | 882,950 | 10% | 705,782 | 2,449,449 | 6,793,513 |
| Motor Vehicles | 140,170,710 | 29,061,187 | 20% | 15,484,066 | 92,765,039 | 76,466,858 |
| Total as on 30.06.2022 | 1,377,424,500 | 156,955,635 | | 102,321,668 | 493,162,885 | 1,041,217,250 |
| Total as on 30.06.2021 | 1,200,619,949 | 176,804,551 | - | 94,513,342 | 390,841,217 | 986,583,283 |

| Particulars | Cost | | Rate of Dep. (%) | Depreciation | | Written Down Value as on 30-06-2022 |
|-------------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|-------------------------------------|
| | Balance as on 01-07-2021 | Addition during the year | | Balance as on 30-06-2022 | Charged during the year | |
| Plant and Machinery | 4,079,499 | | 10% | 282,526 | 1,536,768 | 2,542,731 |
| Freezer | 324,745,500 | | 10% | 20,610,273 | 139,253,046 | 185,492,454 |
| Motor Vehicles | 67,662,134 | | 20% | 5,008,697 | 47,627,345 | 20,034,789 |
| Office Space | 10,897,101 | | 20% | 2,179,420 | 6,719,879 | 4,177,222 |
| Total as on 30.06.2022 | 407,384,234 | - | - | 28,080,916 | 195,137,037 | 212,247,197 |
| Total as on 30.06.2021 | 407,384,234 | - | - | 31,654,512 | 167,056,121 | 240,328,113 |

Intangible assets

| Particulars | Cost | | Rate of Dep. (%) | Depreciation | | | Written Down Value as on 30-06-2022 |
|-------------------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|--------------------------|-------------------------------------|
| | Balance as on 01-07-2021 | Addition during the year | | Balance as on 30-06-2022 | Charged during the year | Balance as on 30-06-2022 | |
| Computer Software | 3,323,633 | 285,000 | 50% | 2,483,913 | 491,110 | 2,975,023 | 633,610 |
| Total as on 30.06.2022 | 3,323,633 | 285,000 | | 2,483,913 | 491,110 | 2,975,023 | 633,610 |
| Total as on 30.06.2021 | 2,696,433 | 627,200 | | 1,957,793 | 526,120 | 2,483,913 | 839,720 |
| Grand Total as on 30.06.2022 | 1,788,132,367 | 157,240,635 | | 560,381,251 | 130,893,694 | 691,274,945 | 1,254,098,057 |
| Total as on 30.06.2021 | 1,610,700,616 | 177,431,751 | | 433,687,278 | 126,693,974 | 560,381,251 | 1,227,751,116 |

Amount in Taka
30.06.2022
Allocation of depreciation

| | |
|------------------------------|--------------------|
| Manufacturing Overhead | 33,818,179 |
| Administrative Expenses | 821,599 |
| Marketing & Selling Expenses | 96,253,915 |
| Total | 130,893,694 |

Taufika Foods and Lovello Ice-Cream PLC
Schedule of Property, Plant & Equipment
 As at 30 June 2021

| Particulars | Cost | | | Rate of Dep. (%) | Depreciation | | | Written Down Value as on 30-06-2021 |
|-------------------------------|--------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|--------------------------|-------------------------------------|
| | Balance as on 01-07-2020 | Addition during the year | Balance as on 30-06-2021 | | Balance as on 01-07-2020 | Charged during the year | Balance as on 30-06-2021 | |
| | Land & Land Development | 84,361,490 | - | | 84,361,490 | - | - | |
| Building & Civil Works | 91,694,977 | - | 91,694,977 | 5% | 18,214,428 | 21,888,455 | 69,806,522 | |
| Plant and Machinery | 371,972,040 | 42,465,899 | 414,437,939 | 10% | 112,072,902 | 140,186,111 | 274,251,828 | |
| Furniture and Fixtures | 6,738,763 | 2,686,577 | 9,425,340 | 10% | 1,593,103 | 2,241,998 | 7,183,342 | |
| Freezer | 506,733,380 | 122,240,653 | 628,974,033 | 10% | 100,794,048 | 147,500,014 | 481,474,019 | |
| Office Equipment | 7,062,732 | 1,297,280 | 8,360,012 | 10% | 1,080,589 | 1,743,667 | 6,616,345 | |
| Motor Vehicles | 132,056,568 | 8,114,142 | 140,170,710 | 20% | 62,572,806 | 77,280,972 | 62,889,737 | |
| Total as on 30.06.2021 | 1,200,619,949 | 176,804,551 | 1,377,424,500 | | 296,327,876 | 390,841,217 | 986,583,283 | |

Annexure - A

Right of Use Assets

| Particulars | Cost | | | Rate of Dep. (%) | Depreciation | | | Written Down Value as on 30-06-2021 |
|-------------------------------|--------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|--------------------------|-------------------------------------|
| | Balance as on 01-07-2020 | Addition during the year | Balance as on 30-06-2021 | | Balance as on 01-07-2020 | Charged during the year | Balance as on 30-06-2021 | |
| | Plant and Machinery | 4,079,499 | - | | 4,079,499 | 10% | 940,325 | |
| Freezer | 324,745,500 | - | 324,745,500 | 10% | 95,742,470 | 118,642,773 | 206,102,727 | |
| Motor Vehicles | 67,662,134 | - | 67,662,134 | 20% | 36,357,776 | 42,618,647 | 25,043,487 | |
| Office Space | 10,897,101 | - | 10,897,101 | 20% | 2,361,039 | 4,540,459 | 6,356,643 | |
| Total as on 30.06.2021 | 407,384,234 | - | 407,384,234 | | 135,401,609 | 167,056,121 | 240,328,113 | |

Intangible assets

| Particulars | Cost | | Rate of Dep. (%) | Depreciation | | | Written Down Value as on 30-06-2021 |
|-------------------------------|--------------------------|--------------------------|------------------|--------------------------|-------------------------|--------------------------|-------------------------------------|
| | Balance as on 01-07-2020 | Addition during the year | | Balance as on 30-06-2021 | Charged during the year | Balance as on 30-06-2021 | |
| Computer Software | 2,696,433 | 627,200 | 50% | 1,957,793 | 526,120 | 2,483,913 | 839,720 |
| Total as on 30.06.2021 | 2,696,433 | 627,200 | | 1,957,793 | 526,120 | 2,483,913 | 839,720 |
| Total as on 30.06.2021 | 1,610,700,616 | 177,431,751 | | 433,687,278 | 126,693,974 | 560,381,251 | 1,227,751,116 |

Amount in Taka
30.06.2021
Allocation of depreciation
 Manufacturing Overhead
 Administrative Expenses
 Marketing & Selling Expenses
Total

 32,733,124
 795,238
 93,165,611
126,693,974

SOUVENIR TO STAKEHOLDERS



LOVELLO EVENTS AND ACTIVATIONS



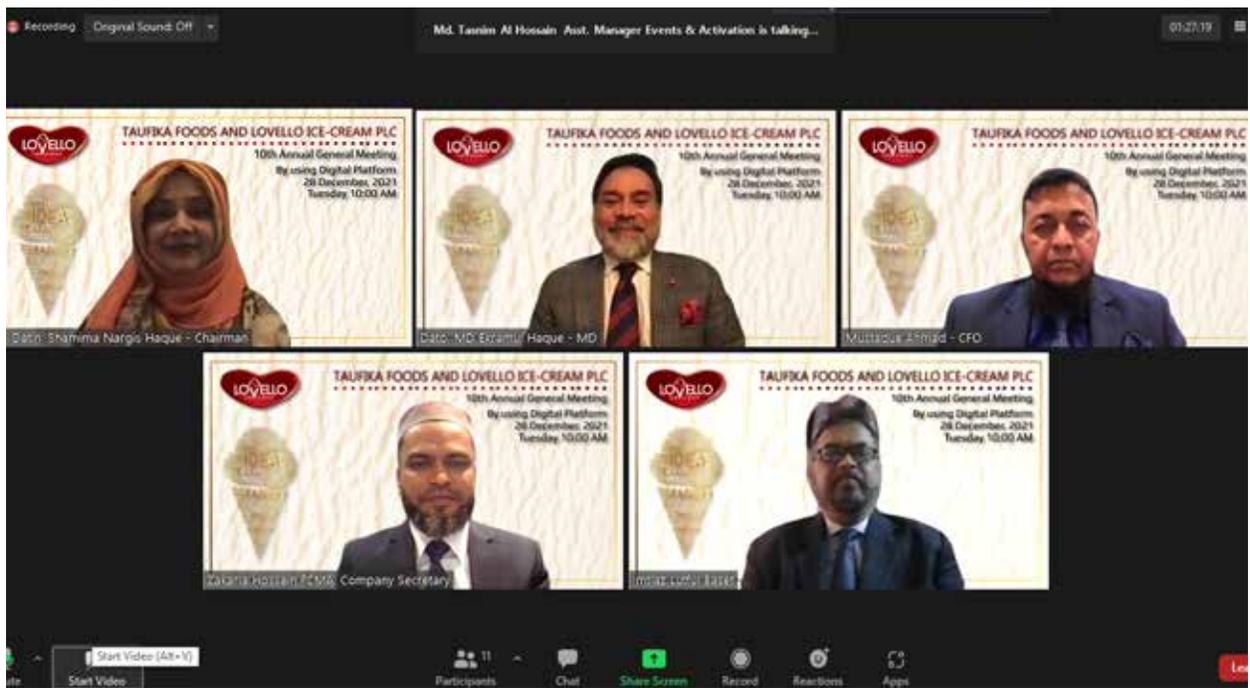
Half Yearly Business Meet



Lovello Business Meet



LOVELLO Annual Dinner 2022



Annual General Meeting (AGM) 2021



TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC
Plot: 80, Road: 2, Banani (Chairman Bari), Dhaka-1213, Bangladesh

PROXY FORM

I/We of
..... being a member of Taufika Foods And Lovello Ice-Cream PLC and entitled to vote, do hereby appoint Mr./Ms. of as my/our Proxy to attend and vote on my/our behalf in the 11th Annual General Meeting (AGM) of the Company to be held on using Digital platform on Tuesday, Dec 20, 2022 at 11.30 AM

As witness I put my/our hand(s) this day of 2022

REVENUE
STAMP
TK. 20.00

1.

Signature of the PROXY

2.

Signature of the Shareholder

Signature of the Shareholder

| | | | | | | | | | | | | | | | | | | | |
|----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Folio/BO ID No | | | | | | | | | | | | | | | | | | | |
|----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Note: This Proxy Form, duly completed, must be deposited at the Company's Registered Office not later than 48 (forty-eight) hours before the commencement of meeting. Proxy shall be invalid if not signed and stamped as explained above. Signature of the Shareholders should agree with the Specimen Signature registered with the Company/Depository Participants.



TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC
Plot: 80, Road: 2, Banani (Chairman Bari), Dhaka-1213, Bangladesh

ATTENDANCE SLIP

I/We hereby record my/our attendance in the 11th Annual General Meeting (AGM) being held on using Digital platform on Tuesday, Dec 20, 2022 at 11.30 AM or at any adjournment thereof.

| | | | | | | | | | | | | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Name of the Member/ | | | | | | | | | | | | | | | | | | | |
| Proxy (in Block Letter) | | | | | | | | | | | | | | | | | | | |
| Folio/BO ID No | | | | | | | | | | | | | | | | | | | |

Signature Verified by

Signature of the Shareholder/PROXY

Authorized Signature of the Company

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the reception desk. Any friend or children accompanying with the honorable Member/ Shareholders/ Proxy will not be allowed to the meeting.



TAUFIKA FOODS AND LOVELLO ICE-CREAM PLC

Plot: 80, Road: 2, Banani (Chairman Bari), Dhaka-1213, Bangladesh

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E-mail: info@taufikagroup.com

www.taufikagroup.com



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www.lovello.club