



RANGPUR FOUNDRY LTD

DIRECTORS' REPORT
TO THE SHAREHOLDERS

For the year ended 30 June 2021

WELCOMING SHAREHOLDERS

The Board of Directors of Rangpur Foundry Limited (RFL) welcomes all of you to the 41th Annual General Meeting (AGM) of the company. We are delighted to submit before you the operational activities, audited financial statements with auditor's report of the company for the year ended on 30 June 2020 for your consideration and approval. We have tried to describe briefly the present scenario of the business in the global context and comparing present economic condition of the country.

REVIEW OF CURRENT BUSINESS OPERATION

Bangladesh is a land of opportunities to grow of consumer as well as light ongoing business. Low production costs, a large and growing home market with huge consumers encourage the business houses. This prospects encourage the competitors to capture the market and newer challenges come. Our motto is to provide safe and standard household and other products at a reasonable cost. Therefore, various components like Production, Sales, Marketing, Distribution of company's business worked together to achieve success. Considering all the business, regulatory and compliance factors for our business nature net revenue increase to taka 136.85 crore from taka 127.95 crore. It's higher than the previous year.

This year the production capacity was 14,820 MT and actual production increased from 11965 MT to 12580 MT which is 5.14% higher than that of last year. At the same time capacity utilization was 85% in this year.

The percentage of Sales Quantity for the products of the company is listed below:

Product Category	(Qty in MT.)		
	Jul 20-Jun21	Jul'19-Jun20	Sales Increase/ Decrease
Tubewell & Spares (CI Products)	11,982	11,387	5.23%
Irrigation Pumps & Others (CI products)	766.53	215	256.52%

	(Qty in MT)		
	Jul 20-Jun21	Jul'19-Jun20	Increase/Decrease (%)
Installed Capacity	14,820	14,760	0.41%
Actual Production	12,580	11,965	5.14%
Utilization of Capacity	85%	81%	

EXPORT OF GOODS

The export earnings increased by 24.6 percent in the fiscal year 2020-21. Due to COVID-19 Pandemic, export couldn't achieve its target. Economists and exporters all over the world are hopeful about overcoming the crisis, but it would require diversifying products and markets along with sufficient raw-materials with lower price. It also depends on the improvement of Covid-19 situation across the export destinations. Moreover, making products according to the market demand is required to achieve that goal. But RFL has significantly increased its export proceeds during the worldwide lockdown situation.

This year company earned foreign currency of Tk. 3.90 cr. from its export proceeds, where it was BDT 3.13 cr in the last fiscal year.



PRAN-RFL GROUP
Since 1981



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SALES & DISTRIBUTION

A good sales picture mostly depends on a strong and prompt distribution network. Without the help of such distribution team the sales force could not achieve such target. To accelerate the sales revenue, distribution channel has been developed. More carriers' have been deployed to accomplish the logistic support for the distribution points and dealers. As a result of giving importance more on distribution & sales revenue volume and value has increased for the year 2020-21. Though sales & distribution lost its rhythm due to country wise lock down by Government decision. Company expected more growth on sales, but couldn't reach due to stiff competition and consumers' choice. But the sales force tried to reach the undeveloped areas to ensure our products available each and every corner of the country.

SOCIO-ECONOMIC POSITION OF COUNTRY: INDUSTRY PERSPECTIVE

Last couple of years our industry passing through some challenges. As a result small industries in this sector cannot survive in this competition. Power and gas shortage, insufficiency of investment and weak infrastructure are among the major obstacles to growth, as they disrupt industrial production and discourage new investment. The favorable natural factors and strong government support in terms of timely availability of inputs and finance is essential. The sector couldn't achieve the growth rate as like the previous years due to COVID-19 effect. Loss of job has made an impact of the purchase power of the consumers on household goods. As a result economic activities was little bit slow during this period.

OPERATIONAL PERFORMANCE

This year RFL made a gross sale of Tk. 136.85 Crores as against Tk. 127.95 Crores during the previous year. This is approx. 6.95 % Higher than that of last year. The Cost of Production, Administrative & Other expenses also increased proportionately. Cost of Goods sold increased 6.95% in this year. The sales team worked hard to keep cash inflow positive during the lockdown. In the face of the adverse situations company earned Tk. 8.83 Cr. operating profit and Tk. 3.68 Cr. net profit, after deducting Workers Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF), Workers' Welfare Foundation Fund (WWFF) and Corporate Tax.

The comparatives on the financial performance of the Company for twelve-month period to June 30, 2021 are presented below:

Particulars	30-Jun-21	30-Jun-20	% of change
	(Taka)	(Taka)	
Revenue	1,368,536,463	1,279,550,305	6.95%
Cost of Sales	1,089,034,666	1,018,257,719	6.95%
Gross Profit	279,501,797	261,292,586	6.97%
Operating Expense	191,123,878	174,792,258	9.34%
Financial Expense	38,538,300	42,500,917	-9.32%
Net Profit (Before Tax)	47,466,304	41,904,201	13.27%
Provision for Tax	10,660,865	10,851,050	-1.75%
Net Profit after Tax	36, 805,439	31,053,151	18.52%

In addition to that Earning per Share (EPS) of the company for this year is Tk. 3.68 based on outstanding 1,00,00,000 shares of Tk.10 each and last year it was Tk. 3.11 per share. Net profit after tax was 18.52 percent higher than that of last year.