



# DIRECTORS' REPORT TO THE SHAREHOLDERS



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Dear Valued Shareholders,

Assalamu-alikum,

The Directors have pleasure in submitting Directors' Report together with the Auditors Report and Audited Financial Statements of your Company for the year ended 30 June 2024. They also placed before you the overall business scenario for the year 2023-2024.

The Directors' Report is prepared as per companies act 1994 u/s 184 and in compliance with the Corporate Governance of the Bangladesh Securities and Exchange Commission's notification no SEC/CMRRCD/2006-158/207/Admin/80: dated 03 June 2018, the Directors' report that:

## Business Operations

The company has aim to maintain uninterrupted production in the factory. As a result, during the year it has produced total 6,158 MT Yarn of which Carded Yarn 4,308 MT, Combed Yarn 1,850 MT and aggregate earning revenue of Tk. 1,922,869,489. The production capacity utilized in 2023-2024 remained almost stable which is approximately 90.83 % of its install capacity.

## Financial Results

During the year the company achieves gross profit of TK. 153,385,273 and net profit during the year at Tk. (25,259,385). The earnings per share (EPS) and net asset value per share (NAV) is Tk. (0.25) and Tk. 33.74 respectively.

## Dividend

The Board of Directors recommend 10% Cash Dividend to the general shareholders other than Sponsors and Directors Shareholders of the company for the year ended 30th June 2024, subject to the approval of the shareholders in the 19th Annual General Meeting. The dividend will be paid to the shareholders whose names appear in the Central depository system (CDS) as on 27th November, 2024 on record date.

## Directors' Appointment & Re-appointment

The name of the present Directors are mentioned in this report. As per section 91(2) and regulation 79 of first schedule of the Companies Act 1994 and Articles 130 of Articles Association of the company, Mr. Md. Shofiquil Islam Chairman of the company shall retire in the 19th Annual General Meeting by rotation and being eligible, offer himself for re-appointment as per Articles 132 of the Articles of Association of the company. A brief resume, nature of expertise, the name of company in which Mr. Md. Shofiquil Islam hold directorship is also presented on this report (Page 55).



### **Independent Director's appointment:**

As the tenure of Mr. Md. Iftikhar-Uz-Zaman and Mr. Md. Mizanur Rahman elapsed during the last fiscal year. For that reason, there were several communications with the BSEC for the NOC for the independent Director's appointment. The applications were not responded on time despite several reminders and physical communications.

### **The Following letters were submitted to BSEC:**

#ACFL/CS/2022/180 dated 31st October, 2022 was the first letter we served to appoint an independent Director

#ACFL/CS/2023/60 dated 9th May, 2023 we served 1st reminder letter on the first proposal

#ACFL/CS/2023/102 dated 29th August, 2023 we served the 2nd reminder letter on the same issue.

#ACFL/CS/2023/128 dated 18th October, 2023 we served third reminder letter to BSEC

#ACFL/CS/2023/151; dated 07th November 2023 we submitted a new proposal for appointment of Brig. Gen. Tanvir Hassan Majumder (Retd.)

# ACFL/CS/2023/162 dated 09 December 2023 we submitted the proposal of A.K.M. Delwer Hussain

#ACFL/CS/2024/18 dated 10th January, 2024 for appointment of (1) Mr. Mohammad Ariful Islam Chowdhury (2) Lieutenant General Mollah Fazle Akbar (Retired).

# ACFL/CS/2024/19 dated 14 January 2024 reminder about appointment of A.K.M. Delwer Hussain

# ACFL/CS/2024/98 Dated 08 June 2024 regarding reminder of appointment of

- a). Mohammad Ariful Islam Chowdhury
- b). Lieutenant General Mollah Fazle Akbar (Retird)
- c). Tanvir Hasan majumder
- d). Md. Iftekhhar uz Zaman
- e). A.K.M. Delwer Hussain FCMA

# ACFL/CS/2024/116, dated 15 September 2024

Further request for appointment of A.K.M Delwer Hussain FCMA

# ACFL/CS/2024/119, Dated 23september 2024

Re-submission of the appointment proposal of A.K.M. Delwer Hussain FCMA

Only one appointment proposal for the appointment of A.K.M. Delwer Hussain FCMA was accepted by the Commission and BSEC has given us the consent through issued a vide letter no. BSEC/ICA/CG/2023/107/331 dated 29 October 2024 for appointment of A. K. M. Delwer Hussain, FCMA. The proposal for appointment of A. K. M. Delwer Hussain, FCMA has been submitted before the shareholders for their kind approval. His short Bio is on page 58.



## Directors' remuneration and related party transactions

The party is related to the company if the party cast significant influence over the subject matters and also holding the controlling power of the management affairs of the company and any transaction made during the year with the party related therewith is termed as related party transaction as per IAS-24 "Related Party Disclosure". During the year under audit related party transactions were made that which has influenced the company's business. The details of related party transactions during the year along with the relationship is illustrated below in accordance of IAS 24:

Particulars			June 30,2024	June 30,2023
Name of the party	Relationship with Company	Nature of transaction	Transacted amount in BDT	Transacted amount in BDT
Md. Rafiqul Islam	Managing Director & Shareholder	Board Meeting Fee	25,000	2,400,000
		Remuneration	-	-
Md. Shofiqul Islam	Director & Shareholder	Board Meeting Fee	5,000	
Md. Toufiqul Islam	Director & Shareholder	Board Meeting Fee	-	
Md. Toriqul Islam	Director & Shareholder	Board Meeting Fee	-	
Mr. Md. Rabiul Haque	Nominated Director	Board meeting fee	25,000	15,000
Mr. Md. Iftikhar-Uz-Zaman	Independent Director	Board meeting fee	5,000	25,000
Mr. Md. Mizanur Rahman	Independent Director	Board meeting fee	10,000	15,000
Aman Group	Common Director	Office Rent	-	981,000
Aman Tex Ltd.	Common Director	Sales	1,529,481,897	1,529,481,897
		Receivables	37,590,356	37,590,356
Aman Packaging & Accessories Ltd	Common Director	Purchase	258,100	258,100
		Payable	3,458,345	3,200,245
Aman Packaging Ltd	Common Director	Purchase	1,999,133	1,999,133
		Payable	4,418,369	4,418,369
Anwara Mannan Textile Mills Ltd	Common Director	Loan	-	16,511,375
		Interest Receivable	106,339,293	106,339,293
Aman Cement Mills unit-2 Ltd	Common Director	Loan	-	37,476,176
		Interest Receivable	42,509,575	42,509,575
Aman Jute Fibrous Ltd	Common Director	Loan	-	79,615,000
		Interest Receivable	29,444,918	29,444,918
Aman Feed Ltd.	Common Director	Loan from	-	1,500,000
		Interest Payable	2,165,750	665,750
Aman Cold Storage Ltd	Common Director	Loan	-	37,045,000
		Interest Receivable	10,400,915	10,400,915
Akin Carrier Ltd	Common Director	Loan from	-	82,449,198
		Interest Payable	27,839,939	27,839,939
Aman Food Limited	Common Director	Loan	-	31,198,967
		Interest Receivable	6,659,662	6,659,662
Aman Tex Ltd.	Common Director	Loan	-	53,859,051
		Interest Receivable	23,486,259	23,486,259
Islam Brothers & Co.	Common Director	Loan from	-	(72,391,936)
		Interest Payable	7,517,604	7,517,604
Aman Food & Beverage Ltd.	Common Director	Loan	-	3,770,507
		Interest Receivable	-	198,107



**KEY OPERATING AND FINANCIAL DATA OF AT LEAST PRECEDING 5 (FIVE) YEARS:**

	2024	2023	2022	2021	2020
<b>ASSETS EMPLOYED</b>					
Total Assets	5,604,338,341	5,377,234,732	5,651,568,039	5,862,975,551	5,205,956,091
Total Current Assets	3,833,783,985	3,585,472,694	3,810,096,316	3,966,382,479	3,269,377,399
Property Plant & Equipment	1,769,809,890	1,791,075,072	1,841,471,723	1,896,593,072	1,652,058,614
Inventories	1,841,956,530	1,556,733,285	1,827,697,536	1,379,263,067	960,003,645
Accounts Receivable	497,380,379	509,380,890	227,524,768	672,816,338	269,262,504
<b>FINANCED BY</b>					
Share Capital	1,008,333,330	1,008,333,330	1,008,333,330	1,008,333,330	1,008,333,330
Revaluation Reserve	265,382,238	265,382,238	265,382,238	265,382,238	265,382,238
Retained Earnings	1,553,568,841	1,629,633,659	1,693,726,075	1,651,987,377	1,554,102,384
<b>REVENUE AND PROFIT</b>					
Revenue Earned	1,922,869,489	2,201,134,850	1,665,266,413	1,624,746,802	981,683,483
Gross Profit	153,385,273	175,435,843	183,339,364	327,747,295	160,785,249
Net Profit Before Tax	7,077,447	(64,881,904)	104,370,898	149,525,566	62,268,751
Net Profit After Tax	(25,231,485)	(95,207,841)	76,411,658	125,918,326	48,739,648



## UNCLAIMED/UNSETTLED Dividend

2017 TO 2023

The unclaimed/unsettled cash dividend for the year from 2017 to 2020 has been deposited to the Capital Market Stabilization (CMS) Fund as instructed by the Bangladesh Securities and Exchange Commission.

Summary of unclaimed/unsettled cash dividend transferred to CMS Fund (year-wise):

Deposited to CMS Fund:	Amount in Taka
2017-2018	390,480.75
2018-2019	503,794.05
2019-2020	540,396.70
<b>Total Deposited to CMS Fund</b>	<b>1,434,671.50</b>

Unclaimed/unpaid or Undistributed Cash Dividend hold by company (year- wise) :

SL#	Financial Year	Sponsor Directors/Directors Unclaimed/Undistributed Cash Dividend Amount (BDT.)	General Shareholders Unclaimed/Undistributed Cash Dividend Amount (BDT.)	Unclaimed/Undistributed Cash Dividend Amount (BDT.)
01	2018-2019	17,280,000.00		17,280,000.00
02	2019-2020	3,240,000.00		3,240,000.00
03	2020-2021	-	467,249.86	467,249.86
04	2021-2022	-	289,930.95	289,930.95
05	2022-2023	-	231,484.95	231,484.95
<b>Grand Total:</b>		<b>20,520,000.00</b>	<b>988,665.76</b>	<b>21,508,665.76</b>

Note: Details shown in the company website: [www.amancotton.com](http://www.amancotton.com)



### Number of Board meeting held in 2023-2024 (1st July 2023 to 30th June 2024)

During the year ended 30 June 2024 five board meetings were held. The attendance of the Board of Directors' Meeting by each director is shown as follows:

Name of the Directors	Attendance	Remarks
Md. Rafiqul Islam	5	
Md. Shofiqul Islam	1	
Md. Mizanur Rahman	2	
Md. Rabiul Haque	5	
Mr. Md. Iftikhar-Uz-Zaman	2	

### Number of Audit Committee meeting held in 2023-2024 (1st July 2023 to 30th June 2024)

The number of meetings of the audit committee held during the accounting year, and the attendance of members at those meeting is disclosed in the as follows:

Name of the Members	Attendance	Remarks
Md. Iftikhar-Uz-Zaman	1	
Md. Rafiqul Islam	4	
Md. Rabiul Haque	4	
Md. Mizanur Rahman	2	
Mr. Shariful Islam Member Secretary	4	

### Auditors

Aziz Halim Khair Choudhury, Chartered Accountants as the external auditor of the company for the year ended 30th June 2024 which approved by the shareholders in its 18th Annual General Meeting. The present auditor of the company, Aziz Halim Khair Choudhury, Chartered Accountants, has completed audit for the year 2023-2024 and they will retire in the 19th Annual General Meeting. The present auditors expressing their interest to carry the office of auditor of the company for the financial year 2024-2025. The audit committee has reviewed and recommended the re-appointment of Aziz Halim Chowdhury Company, Chartered Accountants and the board of Directors decided to appoint the auditor with a remuneration of Tk. 450,000.00 only for the year ended 30th June 2025 and Rahman Sayd Zillur & Co., Chartered Accountants recommended to appoint as Corporate Governance Auditor with a remuneration of Tk. 90,000.00 only for the year ended 30th June 2025 of the company, both the appointments are subject to the approval of the shareholders in its upcoming Annual General Meeting.



## The Pattern of Shareholding

Name wise details	No. of Shares
<b>(a) Parent/subsidiary/Associated Companies and other related parties :</b>	
Aman Seeds Storage Limited	32,00,000
<b>(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit:</b>	
Md. Rafiqul Islam, Director	15,600,000
Md. Shofiqul Islam, Director	15,600,000
Md. Toufiqul Islam, Director	15,600,000
Md. Rabiul Haque, Nominated Director	Nil
Mr. Md. Iftikhar-Uz-Zaman, Independent Director	Nil
Md. Mizanur Rahman, Independent Director	Nil
Mr. Md. Mamun-Ur-Rashid Chowdhury, FCMA, CFO	Nil
Mr. Shariful Islam, CMA (Inter), Company Secretary	Nil
Senior Corporate Executives	Nil
<b>C) Shareholders holding ten percent (10%) or more voting interest in the company:</b>	
Md. Rafiqul Islam	15,600,000
Md. Shofiqul Islam	15,600,000
Md. Toufiqul Islam	15,600,000
Md. Toriqul Islam	22,800,000

## INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS

Aman Cotton Fibrous Limited (ACFL) is primarily engaged in manufacturing of high-quality cotton yarn in Bangladesh and marketing and selling of product in the domestic market as deemed export. The installation of a high-capacity air conditioning and filtration plant has enabled the mill to meet the international standards. The Company manufactures 100% cotton Carded, Combed & Semi-combed ring spun grey yarn for knitting as well as weaving. From the beginning of operation of ACFL, it has managed to comply with the international standards of management, which was reflected to attain of ISO 9001:2008 Certificate. Man Cotton Fibrous Limited possesses an installed capacity of producing 5,321 MT of cotton yarn per year. All the machinery imported from Germany, Switzerland, Italy, Japan & China are contemporary, hi-tech and high-speed most modern machines to spin the finest quality cotton yarn conforming to global standards. The management has a plan to expansion its existing project by acquisition & installation of brand-new European machineries and increasing its existing production capacity.

## Product-wise Performance

The Company mainly produces 2 (Two) categories of yarn such as Carded Yarn and Combed Yarn. The mentioned categorized yarn productions are varied on the market demand and it is determined by the management of the company. Among the total sales, the following yarn products contribute largely:

Product Name	Sales During the Year 2023-2024 (MT)	Percentage (%)
Yarn-Carded	4007	81.33%
Yarn-Combed	920	18.67%
<b>Total</b>	<b>4,927</b>	<b>100.00</b>



### **Risk and Concern**

Aman Cotton Fibrous Limited (ACFL) is operating in a locally competitive industry involved in both external and internal factors having direct as well as indirect effects on the investments. The management of Aman Cotton Fibrous Limited carefully considers all risk factors such as interest rate risks, exchange rate risks, currency crisis, industry & market risks and operation risks etc. To consider these risks the management has taken some initiatives to erase risks. The company is emphasis to minimize the dependence on bank borrowing. Since ACFL borrows for long term from Banks with interest rate and has a strong equity base, the management perceives that fluctuation of interest rate on borrowing would have little impact upon the performance of the company.

Aman Cotton Fibrous Limited has to import some of its raw materials from foreign market, but those raw materials are also available in local market. Depending on the price of raw materials in foreign and local market, foreign currency rate, lead time, foreign currency rate movement etc. We make our decision for procurement of raw materials. However, as a highly profitable company the foreign exchange fluctuation risk is not vital in case of LC retirement.

Operational risk arises time to time out of company's business. This risk can also be summarized as human risk, which occurs due to human error.

The Company manages this risk through a control-based environment. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the Company stays in line which industry best practice and takes account or lessons learned from publicized operational failures within the textile industry.

### **Analysis of Cost of Goods sold, Gross Profit Margin and Profit Margin:**

#### **(a) Cost of Goods Sold :**

Current period's cost of goods sold was Tk. 1,769,484,215 as compared to last year cost of goods sold of Tk. 2,025,699,007. This is due to the fact that there has been decreased in the cost of goods sold during the reporting period. During the reporting period total 6,158 MT Yarn of which Carded Yarn 4,308 MT, Combed Yarn 1,850 MT. Production capacity was utilized during the reporting period 90.83 %.

#### **(b) Gross Profit :**

The company has achieved a turnover Tk. 1,922,869,489 during the year ended 30th June 2024 and gross profit earned Tk. 153,385,273.

#### **(c) Net Profit :**

Net profit (after tax) earned during the period was Tk. (25,259,385).

### **STATEMENTS OF UTILIZATION OF PROCEED RAISED THROUGH PUBLIC ISSUES:**

The company has already been utilized IPO proceeds fund for meet up of IPO expenses, partial loan repayment and acquisition & installation of machinery is under process of purchasing up to 2024. The Board of Directors in its meeting was held on 28th October 2024 and the boards have recommended to extend the time for Utilization of the same fund within the AGM of 2028 or 31st December 2028 (which even comes earlier), subject to the approval of the shareholders in its 19th Annual General Meeting (AGM).

### **Going Concern:**

The Directors are of the opinion that the company is a going concern. Accordingly, Financial Statements are prepared on a going concern basis.



### **The system of Internal Control:**

As there is always degree of uncertainty ahead of our operation, the Board of Directors assures its shareholders that the company has a competent risk management process to ensure that the system of internal control is sound in design and has effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the company takes reasonable steps to identify material risks that may hamper business results. The company then systematically reviews these risks in light of the changing internal and external environmental in order to assess that control that are in place are adequate to address those risks. This report further encloses a detailed discussion on the internal control framework under the statement of Internal Control.

### **Human Resource**

Development of human resource continues to be a fundamental part of our policy and strength. We arrange periodic training sessions both in house and outdoor for upgrading the skills of our personnel. The company committed to the staff to create a harmonious, comfortable and good work environment and the company also believes that a skills and committed work force can surely improve the company's profitability. .

### **Environmental policies and practices**

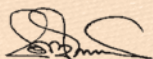
Aman Cotton Fibrous Limited has formulated its environmental and occupational health and safety policies to ensure sustainable and environmentally responsible utilization of resources. The management of ACFL has been giving the top priority to effective use of raw materials and reducing air and water pollution. The company continues to stay committed to 'Fresh Air' by taking water treatment plan, cleaning and safety measures, planting trees and giving in house training sessions to our employees on environmental awareness and conservation.

### **Directors Declaration as to Financial Statements:**

Declaration has been given Annexure-A [As per condition No. 1(5)(xxvi)]. Please see the Annexure-A. page no 47.

### **Acknowledgement**

The Board would like to thank all stakeholders, including investors, suppliers, banks, insurance companies, Registrar of Joint Stock Companies & Firms, Stock exchanges, CDBL, Bangladesh Securities and Exchange Commission and various government authorities for their continued support to Aman Cotton Fibrous Limited.



**Md.Shofiqul Islam**  
Chairman