

Directors' Report

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors of Mozaffar Hossain Spinning Mills Limited and on my own behalf I welcome you all to 19th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the FY 2023-2024, Auditors' Report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies Act, 1994, Listing regulation of DSE and CSE, the guideline issued by Bangladesh Securities and Exchanges Commission (BSEC) and International Accounting Standards and other applicable rules & regulations.

BACKGROUND

Mozaffar Hossain Spinning Mills Limited (here in after referred to as "MHSML" or "the Company" was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) vide registration no. C-59784(1791)/05 dated November 29, 2005 as a Private Limited Company by shares namely Mozaffar Hossain Textile Mills Limited. Subsequently the company renamed as Mozaffar Hossain Spinning Mills Limited in December 14, 2011 and the company was emerged as a Public Limited Company on the same date and year. The Authorized capital of the company is Tk. 3,000,000,000 (Three Hundred Crore only) and paid up capital 1,009,933,740 (One Hundred Crore Ninety Nine Lac Thirty Three Thousand & Seven Hundred Forty only). The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the month of January 2014.

REVENUE

As you are aware that the company is a manufacturer of 100% export oriented woven fabrics cotton yarns, the sale proceeds from yarn stood at 297.84 crore.

The operating financial results of the Company for the year 2023-2024 as compared to previous year are summarized hereunder:

Particulars	2023-2024	2022-2023
Turnover	2,978,369,024	2,844,162,504
Gross profit	596,180,306	460,451,043
Financial Expenses	351,946,981	308,496,137
Net profit Before Tax(NPBT)	145,912,261	62,906,782
Provision for Taxation	63,287,636	40,245,702
Net Profit After Tax (NPAT)	82,624,625	22,661,080
Gross Margin (Turnover)	20.02%	16.19 %
Net Margin Before Tax	4.90%	2.21 %
Net Margin After Tax	2.77%	0.80%
Earnings Per Share (EPS) BTD.	0.82	0.22
Number of Shares Used to Computer EPS	100,993,374	100,993,374

Industry outlook and possible future developments in the industry

The company works as a Primary Textile Sector (PTS) for the Export Oriented Textile Industries. Mozaffar Hossain Spinning Mills Limited produces the 100% export oriented woven fabrics cotton yarn and delivers to the Textile Industries. The company has been operated in the market for long with reputation and commitment. Having long experience in yarn marketing we are confident of this value added yarn and believe that we can hold our reputation as a quality yarn supplier.

With the inception of the company has become one of the very few spinning mills in Bangladesh where the Fabrics manufacturer can really rely for various types of yarns. We believe this will add great value to the company in the coming days.

Mozaffar Hossain Spinning Mills Limited

Segment Reporting

Company operates in single product segment.

Risk and concerns

Mozaffar Hossain Spinning Mills Limited being a yarn manufacturer and catering as the backward linkage industry its risk is always associated with the global supply and demand chain. Any economic downturn in the western world has a direct impact on the business. With the demand increasing from the emerging countries of Bangladesh has become a market which is very vibrant and growing every day.

Moreover, risks and concern of the industry solely depends on the upcoming Government policy as well. However, Textile being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future.

A discussion on cost of goods sold, gross margin and net profit margin

Profit from Operation	30 June 2024		30 June 2023	
	Amount	Percentage	Amount	Percentage
Turnover	2,978,369,024	100%	2,844,162,504	100%
Cost of Goods Sold	2,382,188,719	79.98%	2,383,711,461	83.81%
Gross Profit	596,180,306	20.02%	460,451,043	16.19 %
Net profit for the year	82,624,625	2.77%	22,661,080	0.80 %

Discussion on Continuity of extraordinary gain or loss

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. As for the Company, there was no such Significant gain or loss during the year under reporting.

Related party transactions

The company has transactions with its mother company which have been disclosed in related party transaction in page no. 76 of the annual report.

Significant variance of financial statements

There is no significant variance in the financial statements during the year ended on 30th June 2024.

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

1.1 Board Size:

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

Independent Directors

Md. Anwarul Hoque & Md. Mijanur Rahman as an Independent Director of the company on 29 October 2022 subject to approval BSEC and shareholders in 17th Annual General Meeting of the company

Qualification of New Independence Director:

01.Mr.Anwarul Hoque is an retired judge, serve the judicial of law Government of Bangladesh. He was an BCS cadre and serve the nation from 1983 to 2017 .His wisdom experience , dedication towards the courts . He will help Mozaffar Hossain Spinning Mills Limited to get a new Director in the more efficient ethical business process.

02. Mr. Md. Mijanur Rahman is an advocate by profession currently serving at Bangladesh Supreme court. He has a long experience more than 22 year with very good track record.

2.0 Company Secretary, Chief Financial Officer, Head of Internal Audit

As per corporate governance of BSEC, the company has allocated the responsibilities as follows:

Company Secretary	: Haris Alam
Chief Financial Officer	: Biplob Kumar Mondol
Head of Internal Audit	: Md. Atiqur Rahman Bhuiyan, FCMA

3.0 Audit Committee

The Audit Committee, as a sub-committee of the Board of Director has been constituted with Two Independent Director and One Nominee Director as Member. The company Secretary acts as Secretary to the Audit Committee. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been started in the annual audit committee report..

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, as a sub-committee of the Board of Director has been constituted with the Independence Director as Chairman and two other Member. The company Secretary acts as Secretary to the Committee. The Nomination and Remuneration Committee assists 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 of the company. NRC is responsible to the Boar of Directors and its roles and responsibilities are clearly set forth. Since the corporate governance code has been adopted on 03 June, 2018, we have been taking necessary steps to comply with.

External Statutory Auditors

The BSEC guidelines are being strictly followed in engaging Statutory Auditors for the Company.

Maintaining a website

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

Subsidiary Company

The company hold 30% share of "Suntech Energy Limited"

Duties of CEO & CFO

The provision of BSEC regulations has been complied in the Annual Report.

Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re-appointment of directors, the company is governed by its Articles of Association, the Companies Act. 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the annual general meeting: Md. Mozaffar Hossain, Managing Director, Mrs. Rahima Hossain, Chairman & A.S.M. Raisul Hasan Shoaib, Director are retirement and re-appointment.

Mozaffar Hossain Spinning Mills Limited

Share holding pattern

The share holding of directors at the end of 30th June 2024 is shown as below:

Name of the shareholders	Status(Sponsor/promoter/Director/Sponsor Director/Nominated Director/Independent Director/Depositor Director.	Shares Held	%
01.Sim Fabrics Limited	Nominees A.S.M Rakibul Hasan & Md. Sonwar Hossain.	33,300,736	32.97%
02. Mrs. Rahima Hossain	Chairman	2,188,389	2.17%
03. Md. Mozaffar Hossain	Managing Director	2,036,840	2.02%
04. A.S.M. Raisul Hasan	Director	2,246,990	2.22%
05. A.S.M Rakibul Hasan	Nominee Director	227,122	0.22%
06. Mr. Anwarul Hoque	Independent Director	Nil	-
07. Mr. Md. Mijanur Rahman	Independent Director	Nil	-
Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouse and Children:			
Md. Mozaffar Hossain	Managing Director, his Spouse and Children.	2,036,840	2.02%
Mrs. Rahima Hossain		2,188,389	2.17%
A.S.M. Raisul Hasan		2,246,990	2.22%
A.S.M Rakibul Hasan		227,122	0.22%
Haris Alam	Company Secretary	Nil	-
Biplob Kumar Mondol	Chief Financial Officer	Nil	-
Md. Atiqur Rahman Bhuiyan (FCMA)	Head of Internal Audit	Nil	-
Executives:	-	Nil	-
Shareholders holding 10% or more.	SIM Fabrics Limited	33,300,736	32.97%

Board Meeting and Attendance

During the year 10 (ten) Board Meetings were held. The attendance record of the directors is as given Belo

Name of Directors	Attendance
Mrs. Rahima Hossain	09
Md. Mozaffar Hossain	08
A.S.M. Raisul Hasan Shoaib	09
ASM Rakibul Hasan	08
Md. Sonwar Hossain	10
Mr. Anwarul Hoque	09
Mr. Md. Mijanur Rahman	10

Director's remuneration

Director's remuneration is shown in the page no. 72 of the notes to the Financial Statements.

Directors Responsibilities for the Financial Statements

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

01. The financial statements together with notes thereon have been drawn up in conformity with the Companies Act. 1994 and Bangladesh Securities and Exchange Rules 1987. These statements present fairly the companies state of affairs, the result of its operations, cash flow and changes in equity.

- Proper books and accounts of the company have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of the financial statements and the accounting estimates are based on reason able and prudent judgment.
- The International Accounting Standards, (IAS) / International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- The systems of internal control are sound and have been implemented and monitored effectively.
- The key operating and financial data for the last five years are shown on page 5.
- The pattern of shareholding is provided in Annexure-II of the annual report.

No partner or employees of the external audit firm possess any share of the company.

Mozaffar Hossain Spinning Mills Limited

Internal Control

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

Going Concern

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

Significant deviation of Operating Result

During the year, revenue has grown reasonably. Hence, EPS has increased due to a decrease in the cost of goods sold and the price of raw materials compared to the previous year. Net operating Cash Flow per Share (NOCFPS) has increased due to increased revenue and collection.

Dividend Policy

The Board of Directors has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Mozaffar Hossain Spinning Mills Limited, to draw up a long-term and predictable dividend policy. The Board has approved the following dividend policy:

Important highlights of the Dividend Distribution Policy are as follows:

Procedure for payment of dividends

Dividend would be recommended by the Board of Directors based on the Audited Financial Statements of the Company. All requisite approvals and clearances, where necessary shall be obtained before the declaration of dividend. Dividend shall be approved by the Shareholders at the Annual General Meeting (AGM) on the basis of recommendation of the Board of Directors, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be paid from any source outside of the Company's Retained Earnings for the year, or any other unrealized profits. No dividend shall be declared out of the capital reserve account, or the revaluation reserve account, or any unrealized gain, or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

Final dividend

The Board of Directors of the company shall recommend final dividend for the shareholders on the basis of annual audited financial statements and declare to the shareholders who shall be entitled to such dividend. The decision about recommending or not recommending final dividend and entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the AGM. In case of declaration of stock dividend for the year, the company shall explain the reason for declaring stock dividend and utilization of such retained amount as capital (stock dividend) shall be disclosed in the annual report.

Entitlement to dividend

The Shareholders whose names would appear in the Register of the company and/or in the Depository participant (DP) on the 'Record Date' would be entitled to receive the dividend and would be eligible to join the AGM and entitled to receive the annual/final dividend.

Payment of dividend

Mozaffar Hossain Spinning Mills Limited, shall pay off the final dividend to the entitled shareholders, within 30 (thirty) days from the date of approval by shareholders in AGM.

Cash dividend

Cash dividend shall be distributed in the following manner and procedures:

- Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of Mozaffar Hossain Spinning Mills Limited

Mozaffar Hossain Spinning Mills Limited

- Mozaffar Hossain Spinning Mills Limited, shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN).
- Mozaffar Hossain Spinning Mills Limited., may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN.
- Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, Mozaffar Hossain Spinning Mills Limited, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN or electronic payment system MHSML shall issue cash dividend warrant and shall send it by post to the shareholders.

Mozaffar Hossain Spinning Mills Limited, shall maintain detailed information of unpaid or unclaimed cash dividend, as per BO account (number-wise or name-wise or folio number-wise) of the shareholders, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item 'Unclaimed Dividend Account'. MHSML shall publish the year-wise summary of its unpaid or unclaimed cash dividend in the website.

Stock dividend

Mozaffar Hossain Spinning Mills Limited, shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholders, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL). MHSML shall follow the provisions of Regulation 46 of the Depository Regulation, 2003 for issuance of bonus shares. MHSML shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the issuer.
- Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.
- Mozaffar Hossain Spinning Mills Limited, shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an intimation to the Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholders is established.

Policy Approval

The Board of Directors of Mozaffar Hossain Spinning Mills Limited (the Company) has approved this Dividend Distribution Policy to comply with the requirements.

Dividend

The Board of Directors has recommended 3% cash dividend to all shareholders for the year ended June 30, 2024 (subject to the approval in the forthcoming AGM) whose names will appear in the share register of the company and/or depository register of CDBL as on record date i.e. 27th November, 2024.

Unclaimed or Undistributed or Unsettled Dividend

Bangladesh Securities and Exchange Commission issued a directive no.BSEC/CMRRCD/2021-386/03 dated 14 January'2021 and Bangladesh Securities and Exchange Commission (Capital Market Stabilization Fund) Rules, 2021 to transfer unclaimed or undistributed dividend to the capital market stabilization fund. In compliance with the circular, Mozaffar Hossain Spinning Mills Ltd has deposited unclaimed dividend amount for the financial year 2019-2020 to Capital Market Stabilization Fund. Remaining unclaimed dividend BO wise details of shareholder disclosed in our website : www.simgroup-bd.com .Year wise summery are given below :

Mozaffar Hossain Spinning Mills Limited

Year of Dividend	Amounts in Taka
2022-2023	142,566.12
2021-2022	238,571.61
2020-2021	218,640.68
Total	599,778.41

Submission of Dividend Distribution Compliance Report

Mozaffar Hossain Spinning Mills Ltd shall submit a dividend distribution compliance report to BSEC, DSE and CSE in Specified format issued by the regulator within stipulated time of completion of dividend distribution to the entitled shareholder.

Statutory Auditors

The Auditors of the Company, M.Z.ISLAM & Co. Chartered Accountants, Eastern View (10th Floor) 50 D.I.T. Extension, Road, Nayapaltan Dhaka-1000. has carried out the audit of the company for the year ended 30 June 2024. They were appointed as Statutory Auditor in 18th AGM. As per regulation 15(2) & (3) of DSE and CSE (Listing) regulations, 2015.

Professionals for Compliance of Corporate Governance Code

The board has appointed Mujibur Rahman & Co. ,Cost & Management Accountants Saj Bhaban, Suite#B-2(1st Floor), 27 Bijoy Nagar, Dhaka-1000. as professional for report on Compliance of Corporate Governance Code for the Financial Year 2023-2024

Acknowledgment

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

I also thank Registrar of Joint Stock Companies (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Government and Private sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2023-2024 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors,



Mrs. Rahima Hossain
Chairman