



## DIRECTORS' REPORT TO THE SHAREHOLDERS

**Dear Shareholders,  
Assalamu Alaikum,**

We have the pleasure to welcome you on behalf of the Board of Directors of Aftab Automobiles Limited at the 43<sup>rd</sup> Annual General Meeting of the Company and present before you to receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 30 June 2023 together with the Auditors' Report and Directors' Report thereon, for your valuable guidance, opinion and consideration.

### **PRINCIPAL ACTIVITIES**

Due to covid-19 pandemic in worldwide and Russia-Ukraine War, the global economy continues to be weakened significantly. Disruptions occurred in trade, food and fuel price shocks, all of which are contributing to high inflation and subsequent tightening in global & local financing conditions. As a result, Aftab Automobiles Limited could not achieve its desire goal as assumed. However, we are optimistic that the Company has taken necessary steps to increase production and sales. We have summarized herewith Industry outlook and segment wise activities of the company during the year under review:

### Vehicle Assembling Unit

In the Vehicle Assembling Unit of the company a total of 181 chassis of Hino Diesel Bus were sold and DGDP Modification Toyota Jeep 236 units. The Unit has contributed an amount of Tk. 91.46 crore to the Company's turn-over.

### Bus Body Fabrication Unit

Bus Body Fabrication unit sold total of 46 units Hinsonon-air-conditioned bus body. An amount of Tk.7.07 crore has been contributed to the sales of the Company.

### Navana Batteries Limited

Various types of batteries produced during the year; an amount of Tk. 19.94 crore added as sales of the company.

### Industry Outlook and Possible Future Development

Over the years, Bangladesh achieved considerable economic growth and rise in foreign investments. As a result, the purchasing power of individuals has risen along with the demand for automobiles. To cover the market demand activities of Aftab Automobiles Limited and Navana Batteries Limited (a subsidiary of Aftab Automobiles Limited) are narrated hereunder:

#### Bus

The demand for Buses is growing rapidly in the country as well as increased economic activities in the last decade. Bus Operators are controlled mainly by large fleet owners throughout the country and demand is dominated by non-air-conditioned buses. However, there is a growing demand for luxury air-conditioned buses owing to the air pollution, environmental change and change of customers' choice.

#### Batteries

Navana Batteries Limited a subsidiary of Aftab Automobiles Limited has produced various types of Batteries as per market demand.

#### Risk and Concern

Due to global effect of Covid-19 pandemic and Russia-Ukraine War our business also affected by risk and uncertainties. However, we think uncertainties may be overcome in next year.

#### Related party transactions

During the year the Company carried out several transactions with related parties in the normal course of business. The name of related parties, nature of transactions and total transaction value have been set out following the provisions of 'BAS 24: Related Party Disclosure' disclosed in the note 34 of the notes to the financial statements.

#### A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin (Consolidated).

Particulars	Amount in taka	
	30 June 2023	30 June 2022
Revenues (Turnover)	1,184,911,272	710,591,300
Cost of goods sold	966,055,971	536,403,861
Gross profit	218,855,301	174,187,439
Net profit for the year after tax	4,116,866	1,092,907

#### Margin Analysis

Gross profit margin and Net profit margin compared with the previous year as hereunder:

Particulars	30 June 2023	30 June 2022
Gross Profit	18.47%	24.51%
Net Profit	0.34%	0.15%

**Extra-Ordinary Events**

No events of extra ordinary gain or loss reported in the financial statements which would require to adjust and/or disclose during the reporting period.

**The Variance between the Quarterly and Annual Financial Statements**

Variance in financial performance from quarter to quarter has been considered usual based on the variation of economic activities.

**Fairness of Financial Statements**

The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and other related laws fairly present the Company's state of affairs, the results of its operations, cash flow, and changes in equity. Managing Director and Chief Financial Officer have given the declaration about the fairness of the financial statements for the year ended 30 June 2023 which is shown on page no. 21 of the report.

**Books of Accounts**

Proper books of accounts of the Company were maintained.

**Accounting Policies**

Appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

**Application of IAS and IFRS**

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) have been followed in the preparation of the financial statements and any deviation therefrom has been adequately disclosed.

**Internal Control**

The systems of internal controls were sound in design and has been effectively implemented and monitored. The Company has an internal Audit Department to ensure effective internal control mechanism. The Audit Committee always gives their suggestion and recommendation as and when required.

**Minority Shareholders' Interest Protection**

Rights and interests of the minority shareholders have been duly protected by means of transparent operations and proper disclosure of material information of the Company.

**Going Concern**

There are no doubts about the Company's ability to continue as a going concern. The Board of Directors has reviewed the Company's business plan and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

**Five Years key Operating and Financial Data**

The Key operating and financial data for the last five years have been disclosed at page no. 16.

**Declaration by the Managing Director and the CFO**

Declaration by the Managing Director and CFO has been given on Annexure- A (Page 21)

**Consolidated Financial Result and Appropriation of Profit:**

The consolidated financial results for the year ended 30 June 2023 is given hereunder comparing with the previous year ended on 30 June 2022.

Particulars	Amount in taka	
	30 June 2023	30 June 2022
Retained Earnings Brought Forward	2,494,875,777	2,579,223,560
Add: Net Profit for the year after tax	4,116,866	1,092,907
Recommended for appropriations:		
	<u>2023</u>	<u>2022</u>
Cash Dividend @ 10% 5%	(7,45,95,464)	(35,181,170)
Stock Dividend @ - 5%	-	(50,259,520)
Un appropriated profit carried forward	2,424,397,179	2,494,875,777

#### Aftab Automobiles Limited (AAL)

The operating results of AAL for the year ended 30 June 2023 is given hereunder compared to the previous year ended on 30 June 2022.

Particulars	Amount in taka	
	30 June 2023	30 June 2022
Turnover	985,465,143	421,726,379
Gross Profit	162,842,911	92,680,814
Net Profit for the year after tax	4,116,866	1,092,907
Earnings Per Share (EPS)	0.04	0.01
Net Assets Value Per Share (NAVPS)	51.76	54.88
Net Operating Cash Flow Per Share (NOCFPS)	1.88	2.02

#### Navana Batteries Limited (NBL), subsidiary of Aftab Automobiles Limited

Navana Batteries Limited is a fully owned subsidiary company of Aftab Automobiles Limited. The operating results of NBL for the year ended 30 June 2023 comparing with previous year ended on 30 June 2022 are given below:

Particulars	Amount in taka	
	30 June 2023	30 June 2022
Revenues	199,446,129	288,864,921
Gross Profit	56,012,389	81,489,884
Net Profit After Tax	(1,852,427)	(5,152,951)
Earnings Per Share (EPS)	(0.10)	(0.28)
Net Assets Value Per Share (NAVPS)	40.53	40.64

#### Investment in the associated company

##### Navana Real Estate Limited

Aftab Automobiles Limited is holding 60,00,000 shares of Tk.10/- each of Navana Real Estate Limited. The acquisition cost of the said shares was Tk.3.33 per share. As Navana Real Estate Limited is not listed, its market price cannot be determined. However, Navana Real Estate Limited's Earning per share (EPS) and Net asset value (NAV) as on 30 June 2022 stood at Tk. 1.78 and Tk. 70.27 per share respectively.

## Board of Directors Meetings

Total 14 (fourteen) meetings held by the Board of Directors during the year 30 June 2023.

Amount in taka		
Name of Directors	Position	Board Meeting attended
Mr. Shafiul Islam	Chairman	11
Mrs. Khaleda Islam	Director	9
Mr. Saiful Islam	Managing Director	13
Mr. Sajedul Islam	Director	14
Ms. Farhana Islam	Director	4
Md. Mustafizur Rahman	Independent Director	4
Md. Dilwar Hossain Bhuiyan	Independent Director	3
Md. Abul Layes Afsary	Independent Director	-

\* Mr. Md. Dilwar Hossain Bhuiyan, Independent Director has resigned on 3 April 2023.

\* Mr. Md. Abul Layes Afsary appointed as Independent Director on 15 June 2023.

### Independent Directors

Mr. Md. Mustafizur Rahman, currently serving as an Independent Director of Aftab Automobiles Limited, brings a wealth of expertise to his role.

**Mr. Rahman** is an experienced banker. He completed his graduation in Accounting and post-graduation in Finance from the University of Dhaka. Later on, he completed his DAIBB from The Institute of Bankers, Bangladesh (IBB). Mr. Rahman had started his career as a Financial Analyst at Sonali Bank Limited. He served the Bank over 35 years in different capacities across the country and abroad and retired from the Bank in 2014 as a Deputy Managing Director.

**Mr. Rahman** attended various training courses on Banking & Finance, Basel II, Entrepreneurship development, Credit management, Bank management, Managerial Planning & Control, Project Appraisal & Evaluation, Urban Branch Management in Bangladesh and abroad.

**Mr. Abul Layes Afsary** appointed as Independent Director of Aftab Automobiles Limited vide Board resolution dated 15.06.2023 for three years up to 14.06.2026 subject to approval by the shareholders in the ensuing Annual General Meeting.

Mr. Abul Layes Afsary is a seasoned corporate leader who has more than 35 years of experience in Banking. In his academic attainments, he completed his graduation and post-graduation from the University of Dhaka. Later on, he completed his Banking Professional Examination JAIBB and DAIBB from the Institute of Bankers Bangladesh. Mr. Afsary had started his career as Senior Officer at Sonali Bank Limited and served the Bank till 2018 in different capacities across the country and abroad. Along with various career accomplishment Mr. Afsary achieved all business/remittance targets of about 200% in 2002 and 2003, and received letter of appreciation from the Chairman of the Board of Directors of Sonali Exchange Co. Inc. New York, USA & Managing Director of Sonali Bank Limited. He attended various training programs at home and abroad.

### **Remuneration paid to Directors and Independent Directors**

An amount of Tk.2,55,000/- paid to Directors and TK.35,000/- paid to Independent Directors for attending at Board of Directors meeting held during the financial year ended on 30 June 2023.

### **Recommendations for Re-election**

In terms of Article 125 and 126 of the Articles of Association of the Company, Mr. Sajedul Islam and Ms. Farhana Islam, Directors retire by rotation from the Board in the 43<sup>rd</sup> Annual General Meeting. Being eligible under Article 127 of the Articles of Association of the Company, the retiring Directors have offered themselves for re-election.

### **Disclosure of information of the directors who are willing to be re-elected:**

#### **Mr. Sajedul Islam**

Mr. Sajedul Islam he joined Navana Group in 1998. He is very active in the management and operation of the Navana Group flagship Company, Navana Limited and other Companies.

#### **Names of companies in which Mr. Sajedul Islam also holds the directorship:**

Navana Limited., Navana Real Estate Limited, Navana Construction Ltd., Navana CNG Limited, Navana Engineering Limited, Navana Welding Electrode Limited, Navana LPG Limited, Navana Foods Ltd., Navana Building Products Ltd., Navana Electronics Ltd., Navana Furniture Ltd., Navana Interlinks Ltd., Navana Logistics Limited.

Membership in committees of the Board -Audit Committee and NRC.

#### **Ms. Farhana Islam**

Ms. Farhana Islam a BBA is a young enthusiastic entrepreneur of the country, joined the Navana Group in 2007. In the early years, she gained valuable experience by being involved in the management of the Group's diversified business operations. She took various business-related professional courses at home and abroad. She traveled to many countries in the world.

#### **Names of companies in which Mrs. Khaleda Islam also holds the directorship:**

Navana Limited, Aftab Automobiles Limited, Navana Real Estate Limited, Navana Construction Ltd., Navana Foods Ltd., Navana Electronics Ltd., Navana Toyota Service Center Ltd., Navana Engineering Limited, Navana Welding Electrode Limited, Navana Interlinks Ltd., The Essential Industries Ltd., Biponon Ltd., Navana Logistics Ltd., Navana Renewable Energy Ltd., Navana Building Products Ltd. and Navana LPG Ltd.,

Membership in committees of the Board of other Companies-None.

### **Corporate Governance Compliance**

The Company complies with the requirements of Corporate Governance Code.

- a. Compliance Certificate on Corporate Governance Code in page no. 22 (Annexure-B)
- b. Corporate Governance Compliance Report in page no. 23 (Annexure-C)
- c. Pattern of shareholding in page no. 15

### **Next Year Plan**

Aftab Automobiles Limited could not achieve its target as expected due to covid-19 pandemic in worldwide and Russia-Ukraine War. However, the management of the Company has taken plan to grow its business significantly.

### **Dividend**

The Board of Directors of Aftab Automobiles Limited in its meeting held on 29 November 2023 has recommended dividend 10% Cash Dividend for the general shareholders only excluding Sponsors and Directors. The Sponsors and Directors are holding 3,0949,531 shares out of total 1,05,544,995 shares of Aftab Automobiles Limited. Dividend amount payable to the general shareholders only is Tk. 7,45,95,464/- for shares 7,45,95,464; and The general shareholders whose names appeared in the share register of the Company and/or Depository Register of CDBL as on Record Date i.e., 19 December 2023 will be entitled to have the cash and stock dividend, subject to approval in the ensuing Annual General Meeting of the Company scheduled to be held on 30 December 2023.

### **Appointment of External Auditors**

Being illegible the existing auditors of the Company M.Z. Islam & Co., Chartered Accountants, expressed their willingness to continue as External Auditors of the Company for the year ended 30 June 2023. The Board of Directors of the Company in a meeting dated 29 November 2023 recommended for re-appointment of M.Z. Islam & Co., Chartered Accountants for conducting audit as external an auditor of the Company for the year 30 June 2024. Matter to be placed for approval in the ensuring Annual General Meeting scheduled to be held on 30 December 2023.

### **Appointment of Corporate Governance Compliance Auditors**

Existing Corporate Governance Compliance Auditors Snehasish Mahmud & Co., Chartered Accountants have completed their work as compliance Auditors for year ended 30 June 2023. The Board of Directors in a meeting dated 29 November 2023 recommended to appoint MNA Associates for the year ending on 30 June 2024, Subject to approval by the shareholders of the Company in the ensuing Annual General Meeting scheduled to be held on 30 December 2023.

### **Acknowledgement**

On behalf of the Company, we would like to record our sincere thanks to all shareholders for their continued confidence in us, and employees of Aftab Automobiles Limited and its subsidiary for their contribution and at the same time thanks to all the stakeholders and other concern for their continuous support.

Best regards to all the shareholders. May you all have a healthy, peaceful and progressive life.

On behalf of the Board of Directors



**(Saiful Islam)**  
Managing Director