



# DIRECTORS' REPORT TO THE SHAREHOLDERS





Dear Respected Members,  
Assalamualaikum Warahmatullah.

It is the immense pleasure and privilege on the part of the Board of Directors of Meghna Cement Mills Ltd to welcome you all in the 30th Annual General Meeting of your beloved company. It is our pleasure to present you the Report of the Board of Directors of this company along with the Audited Financial Statements for the financial year ended on 30 June 2022, notes to the Accounts as well as the Statutory Auditors' Report thereon and the Board Audit Committee's Report, Nomination & Remuneration Committee's Report, Corporate Governance Statement and Compliance Report to you for your kind consideration, adoption and approval.

### **A Summary on Economy of Bangladesh and Cement Sector**

Aim of Bangladesh is to become one of the middle income countries. In recent years our economy has grown up remarkably over the last few decades despite all odds and obstacles by execution of economic reforms process. The Economy of Bangladesh is characterized as a developing market economy. It is classified among the Next Eleven emerging market middle income economies and a frontier market. In the first quarter of 2022, Bangladesh has become the world's seventh fastest growing economy with a rate of 8.3% real GDP annual growth. Some development policies to transform this country to an "aspiring tiger economy" are under way. We are now been regarded as the inspiration to other countries for commendable progress in poverty reduction, static economic growth, per capita food production, substantial growth in literacy rates, health and sanitation, increase in life expectancy, etc. The gradual economic growth enabled this country to attain lower middle income country status. But for sustainable growth, it needs to raise industrial productivity, implement structural reforms, expand investments opportunities, attain and maintain socio-economic balance, etc. By reducing infrastructural gaps and improvement of the business climate, the productive sectors to be developed and to generate more jobs. This country also needs to remove the barriers towards industrialization, continuous power supply at affordable rates specially to industrial sector, static infrastructural development and urbanization process, reduce risks of climate change and natural disasters etc.

The demand for construction materials including cement showed a significant uptrend as the country's construction and urbanization process. Bangladesh has been experiencing an upward trend in use of cement since the last decade of the 20th Century

resulting growing demand for construction related materials including cement and allied products. In consequence of which a positive growth of the cement sector of Bangladesh has been visualized since the nineties of the last century. Before that, the country had to import almost entire volume of cement and other construction materials from outside of the country. The reason behind the static growth is due to wider range of residential and industrial constructions which had been experienced all over this country. Moreover, some big infrastructural projects were in the implementation stage supporting the growth agenda of this country.

The large-scale infrastructural and public development projects, industrialization, rapid urbanization, construction of high rise commercial and residential buildings pushed demand for cement to increase and this growth is expected to continue. This resulted in placing the cement sector of Bangladesh as the 37th largest market in the world. And this country has attained self-reliance in cement production as a good number of industries were set up since the early nineties of the 20th century who are now producing quality cement. At present, the local industries and multinationals are producing considerable quantity of cement which meet the local demand and also a considerable portion of cement product are being exported.

Bangladesh has been facing considerable numbers of challenges including competitiveness in its export, trade and remittances as some global issues have negative impact on exports and remittance earnings of this country in consequence of changing global scenario. It has been influencing the plan of this country for expansion of exports, trade and remittances linked with its Vision 2030 significantly. The declining scenario in foreign exchange remittances inflow to this country was in decreasing trend as manpower export to mid-eastern countries had been decreased considerably, fund inflow and export of goods and services were not commendable during the period under review. The infrastructure development sectors of this country were adversely affected by all these factors.

The cement industry is cyclical in nature with respect to supply and demand as cement is very closely linked to the growth of the infrastructural building and construction sector as real estate and constructions are the major drivers of cement consumption.

Bangladesh's cement industry has been experienced some of the fastest growth in recent years, the industry experienced an approximately 11.5% growth rate



over the last decade. It has been forecasted that the GDP growth rate of Bangladesh will reach 7.1% per year up to 2030 and the size of economy to grow by 2.5 times in the meantime. It was being observed that when the construction sector of Bangladesh become stronger, consequently the demands for cement also rise significantly. The economic growth of Bangladesh requires concerted developments of rural and urban areas as well as industrial sector by establishment of more and more industries; operation and expansions thereto, along with undertaking of construction of roads and highways, public utilities, facilities, and services as well as residential quarters, apartments, private and public commercial blocks, big public infrastructures buildup projects, etc.

### MARKET COMPETITION

We belong to a global village wherein business and industries have been facing huge competitions. When reviewed regularly and challenges are faced on time at the right direction the handling of competition become easier. Our country's cement sector is of no exception. There had been no cement factory under private ownership in Bangladesh till 1990. The state policy laid out some positive schemes and due to those initiatives multinational manufacturers and local entrepreneurs came forward to establish cement industries in this country. And since the establishment of small numbers of private cement mills in the private sector, within the next ten years the aggregate production of cement in Bangladesh exceeded the total local demand for cement, making the country self-sufficient in cement production by fulfilling local demand for cement. The main ingredients for infrastructural development and constructions is cement- an industrial product and most of the cement producers of our country follow almost same technology. It pushed the local market to become challenging, difficult and critical. In the short run, the cement sector's total capacity is under utilized and local consumption varies very frequently. But the scenario is about to change due to initiation, execution and implementation of some big public infrastructural projects of our country.

Currently, more than 32 cement manufacturing companies, 7 are currently listed with Stock Exchanges and 4 of them multinationals, produce around 58 million tons of cement per annum. Large government infrastructure projects and increased urbanization are boosting the local cement industries. Local companies hold more than 80% of market share, beating the multinationals by their attractive prices and quality. Higher per capita incomes and sustained

period of political stability helped grow the sector amid

huge construction works in both public and private sectors, studies observed. "Demand for cement has registered a robust the Compound Annual Growth Rate (CAGR) of 12.67% over the last five years. Now Bangladesh expects a 15% growth in Cement Exports in FY-2022-2023. This is significantly higher than the country's GDP growth, according to a recent study. Average per capita cement consumption in the world is 563 kg while that of Bangladesh is only 187kg, the study said referring to the World Bank. According to another study, nearly 30% of total cement used in a single year is consumed in the construction of private homes followed by 35% in government buildings and infrastructure, 35% is used to build real estate and commercial buildings. consumption to 30.19 million MT during this calendar year.

The cement sector of Bangladesh plays a vital role in its infrastructure build up. The unique feature of the cement sector of this country is that the local industries require to import almost all its required raw materials including clinker, gypsum, fly ash and iron slag etc, for manufacturing of cement. Bangladesh is regarded as the largest clinkers' importer of the world. Due to intensity in urbanization and big infrastructural developments despite various odds there existed high demand for cement in recent years. It pushed up the construction and real estate sector which resulted big demands for cement in this country. Bangladesh now became the hub for quality cement production and product diversification. The medium and big cement companies have been using advanced modern technologies in cement production and the demand for quality cement has been created. It is a matter of pride that the reputation of our locally produced cement has already been established and acclaimed as one of the most competitive cement markets in the world. At present the producers of this country meet major portion of local demand for cement.

### MARKETING ENVIRONMENT

Market promotional activities are considered multi dimensional which helps a number of activities and is a technique for gearing up sales of a company. It plays as a force that affect the ability of a company to build and maintain successful relationships with its consumers and clientele, fulfill and satisfy their demand on time. Market promotional activities result to increase the selling of products, as well as increase of the consumers' knowledge about the products, and also help the consumers to save their time in choosing and purchasing of products from many choices. It helps the manufac- turers to sell their products and quick selling is also possible which leads to more production at less cost.



The relation between intermediaries is improved through these activities and is the key to marketing communication of any product or brand. It helps to create awareness as well as to show the product attributes and benefits of the brand to the mass consumer level.

This company operates its promotional programs through involvement of continuous innovative activities and campaigns aimed for the consumers, sellers of various levels and users as well. The promotional activities of this company had been carried out through wide range of promotional activities aimed for the target customers and construction activities. It had been carried out by the teams of creative and energetic personnel who launched public relations and direct marketing programs, frequent promotional programs including advertising, personal selling, sales promotion activities, training of activists and knowledge sharing with dealers and consumers, workshop and seminars, etc.

#### **RAW MATERIALS SUPPLY & PRODUCTION**

The raw materials for production of cement specially clinker play vital role for ensuring strength as well as quality of cement. The raw materials for cement production or manufacturing are bulk in nature. The constituents for manufacturing of cement are delicate as well.

Bangladesh is self-sufficient in cement production but it needs to import almost all of the raw materials used in cement manufacturing. This country has big scarcity for mineral resources e.g., clinkers, limestones, and hence, is not capable for meeting demand for clinker, the prime material of cement. In this country, only two companies have clinker production facilities at their own plants. As a result, the cement manufacturers have to import their required raw materials from abroad. Most of the manufacturers of Bangladesh import clinker from Vietnam, Indonesia, Philippines, China, Hong Kong, India, Thailand, Japan, Korea, Malaysia, etc. Very few manufacturers could use local limestone collected from Sylhet. Majority portion of imported fly ash is sourced from India; slag is imported from China, India, Japan and Singapore while Gypsum is sourced from China, India, Indonesia and Japan.

#### **Total imports declined by 13% percent YoY to US\$**

64.81bn between July 2019 and January 2022. The fall is due to a number of factors, including the corona virus pandemic. Due to its extensive grinding capacity but limited clinker capacity, Bangladesh has become one of the largest clinker importers in the world. Another major factor in the cement manufacturing

industry of Bangladesh is power, as production of cement requires huge supply of electricity. The maximum of this power supply is met by the national power grid but interruption to power supply and fluctuation thereto result disruption in production and increase of production costs as well.

Moreover, the transportation cost is considered as a big factor in the cement manufacturing industry as through this system voluminous products on both the ways i.e., import of raw materials and supply of finished products are carried on and incur huge expenses for it. The most interesting feature of this industry is that the cement producers are located mostly around Dhaka, Chittagong and Mongla Port areas. This Company has its own supply and distribution system which has been operated and monitored cautiously. For raw-materials and other commodities elevating this company used five various types of high-quality atomized machines. For supplying the produced commodities all over in the country this company used cargo-vessels and trucks as well most of which were owned by the company.

Meghna Cement Mills Ltd mainly used paper made cement sacks for packaging of its products keeping the issue of environment protection matter in the fore front. It may be mentioned here that, the paper sacks used by this company being manufactured by the sack plant of a concern under Bashundhara Group at a competitive price.

#### **CEMENT CONSUMERS SEGMENTATION**

Bangladesh as a tropical country its economy was Agro based. For this reason, the construction sectors did not get momentum in the earlier period. And the infrastructure development was selective too. Cement although was a low demand product but a faster growth in demand for cement has been observed in recent years after a shift in the taste of capable rural people having financial abilities for modern houses, increased pace of urbanization, construction of apartment buildings and multistoried shopping complexes and implementation of large infrastructure projects over the country.

The Commodities like cement, require consumers' confidence and competitive price is not the sole factor for ensuring the demand. Branding is important and the customers want to find trustworthy brands within their affordable prices and supply to be in time. Cement consumers of our country can be segmented by location, purchasing approaches, behavior, seasonal variation, volume and frequency, personal characteristics, brand preferences etc. Cement customer's

characteristics could also be segmented into price sensitive customers, quality conscious customers and quality and price tolerance customers etc.

Cement sector's consumer segmentation combines with behavior and costs of products aspects. It noteworthy to mention that cement is an industrial product and most of the manufacturers in this country follow almost same type of technology. So, it is more challenging, difficult and critical for understanding the segmentation of cement consumers. The consumers of cement of our country can be grouped into two larger segments public and private. And the private sectors can be grouped in another two sub segments (Commercial Real Estate Developers and individual home builders). There are three main groups of cement consumers of Bangladesh are:

- a) Government/Public Sector;
- b) Commercial Real Estate Developers;
- c) Individual Home Builders.

Previously individual home builders made highest contribution towards demand for cement of this country but recent mega projects undertaken in the public sector have helped this sector to become as the biggest consumer of cement. According to a recent report, individual home builders and commercial real estate developers consumed nearly 30% and 35% respectively of the total cement produced while the public sector consumed almost 35% of cement manufactured in this country. The real estate developers and public projects continued as the key users of cement in this country. The GoB also started several ambitious mega infrastructure projects including various flyovers in the city areas, Padma Bridge, construction of some wider roads, highways and bridge MRT, metro rail project, construction of by-pass roads, etc. These have created an increased demand for cement. Out of total production, 45 per cent of the cements are consumed in Dhaka region and 23 percent of the cements are consumed in Chittagong divisions and the rest in other divisions. Bangladesh is one of the lowest consumers of cement in the world with its per capita cement consumption only 187 kg, although it was 182 kg in the earlier year. While it is 270 kg in Myanmar, 312 kg in India, Thailand 500 kg, and .435 kg in Sri Lanka. The per capita cement consumption in South Korea is 1250 kg and 1,700 kg in China, 800 kg in Malaysia, 780 kg in Iran and 1,820 kg in Saudi Arabia.

Due to shifting of choice for traditional low rise buildings to high rise ones have pushed up the use of cement in the country. Increase in demand for cement

has soared up mainly due to the boom in the real estate sector and infrastructure development concentrated in Dhaka city and other major urban areas of the country. With the implementation of large-scale public infrastructure projects, accelerated pace of urbanization, construction of apartment buildings and multi-storied shopping complexes in urban areas, changes in the taste and economic condition of large numbers of urban and rural people with the aspiration for modern houses, the demand for cement has been gaining momentum day by day. The urbanization of Bangladesh has been experiencing an increasing trend keeping pace with economic and population growth of the country. It was forecasted that the demand for cement in Bangladesh would be around 31+ million MT per year by the FY 2035 balancing with the prevailing installed capacity of the local cement manufacturers. It is also expected that our real estate sector would boom day by day. If the favorable socio-economic scenario is prevailed, the country's infrastructure development process would increase to a greater height, urban constructions be geared up and housing in the rural areas to be converted into improved structures.

#### TRANSPORTATION

Cement has been considered as the bulk industrial product and cost of transportation is very vital for bulk products including cement. Considering this MCML pays special attention on trading off between river and road transportations as well as maintaining of cost effective cement distribution channels. During the period under review the transportation costs in both road and water- ways were increased very significantly for which the company had to incur additional costs for raw materials as well as finished goods transportation.

It is to be noted here that cement producers usually import raw materials in bulk quantity by sea. The cement sector of Bangladesh widely uses various types of transportation modes within the country which included road and waterways for its bulk nature. Around 85% of finished cement in this country is transported by road and the remainder by waterways. However, delays in unloading of raw materials in the ports had negative effects on the cost of production. And during the year under reporting, fuel costs and water transportation costs increased to some extent and inflation of the country also raised.

#### SEASONALITY

Bangladesh is a low lying plain situated on deltas of large rivers. Our country has primarily flat land and, with the exception of CHT, rarely exceeds few meters above sea level, making it susceptible to climate



changes. The country experiences sub-tropical monsoon climate having six seasons in a year. It has been found that a critical driver for demand of cement in Bangladesh is weather and it has visible effect on the cement sector. Every year the cement sector faces seasonal variations e.g., during the monsoon, the cement sector used to suffer from low demand; and the seasonal variation has a deep-rooted effect on cement consumers' purchase pattern. Sales data analysis of different periods of a given year also supports this. There are some dominant period/seasons in terms of demand of cement in the country's cement industry. The cement sector of this country in every year faces the seasonal variation as follows:

Peak Season : January to April/ May; Dull Season : June to September; Off Season : October to December.

The growth of construction sector of our country has close link with the demand for cement, as when the construction sector found strong, then demand of cement is increased. Moreover, like most capital incentive commodity industries, the cement industry is cyclical in nature with respect to its supply in the market. In the cement sector, January to April months, which sometimes also stretches till May, are considered as the peak season for construction when the demand of cement in the market become very high and which can be as high as 60%. As during this period in the climate of Bangladesh, there is little or no rainfall over the country. Thus, it is considered an ideal time for construction of buildings, infrastructural development and implementation of other real estate projects during this season.

The period, June to September months of a calendar year, is considered as the dull season in our cement industry during which period the overall sale of cement touch the almost bottom line. This is the time of the year when rainfall is most evident in our country. Rather than constructing of buildings, this time of the year is mostly used for curing which is the most important steps in concrete based construction work as it mainly increases the strength and durability of concrete to a great extent. The rainfall in this dull season helps the concrete surface to stay moist naturally and allows the hydration process to take place.

Generally, the off season for the cement industry starts from October and ends in December. This is also the time just before the peak season. It was observed that usually the other related materials used for constructions are not available during this time of the year. By taking into consideration of the seasonal variation factors in

the cement sector, this company has developed and

following a season responsive approach in production and supply of its products to the targeted consumers and users.

### PRODUCTION - SUPPLY MANAGEMENT

The efficiency of production of a bulk product like cement is closely dependent on the effective supply management system. The process of manufacturing of finished products in a cement manufacturing company, like Meghna Cement Mills Ltd, is very complex. It is a cross-functional approach that includes managing the movement of raw materials, processing of materials into finished goods, and the movement of finished goods toward the end consumer. As cement is a high-volume, low-value commodity so the transportation of the raw materials as well as the finished goods over distances adds more to the costs. The special feature of the cement sector is that it brings lower margins to the producers' way.

In our country, cement consumption has the region wise variation for which cement is considered as the regional commodity where lower distribution costs make it remunerative to its producers. It was due to the non-existence of balance of demand and supply; difference of per capita income of the population and level of industrial developments of the regions. The demand for cement is geographically grouped into Division/ Region wise as follows:

Dhaka division	- 45%
Rajshahi and Rangpur divisions	- 10%
Chittagong division	- 23%
Sylhet division	- 7%
Khulna division	- 10%
Barisal division	- 5%

The location of the factory of Meghna Cement Mills Ltd is Mongla Industrial Area, Bagerhat District under Khulna Division. It was the first big industrial unit of that locality. Due to its factory location it has been enjoying some advantages in supply of cement to Dhaka regions as well as to the southern and northern part of Bangladesh- Barisal, Khulna, Rajshahi and Rangpur divisions through both roads and river ways using its own transportations.

MCML has its own finished products distribution channels spread over the country and engaged it's all out efforts to cover up the local cement market of Bangladesh and every possible point of the country has been brought under its own distribution network and channel.



## PRODUCTION AND SALES

In Bangladesh, the cement consumption varies regionally and approximately three-fourth of the cement produced is consumed in Dhaka and Chittagong divisions alone. In recent years the growing income level in rural economy results major shift. Now-a-days the cement demand is growing fast in northern, western and southern parts of Bangladesh. The production and sale of cement are closely dependent on each other. The demand of cement in this market is mainly dominated by development of the public infrastructure projects, industrial constructions, real estate business and individual home builders spread all over the country. The categories of cement customers of this company are as follows:

- i. Distributors
- ii. Industrial units/Bodies
- iii. Dealers
- iv. Real Estate Companies & Developers
- v. Retailers
- vi. Individual Home Builders
- vii. Contractors
- viii. Other Customers

The production as well as the overall financial performance of this company during the period has significantly increased comparing it to the previous year.

### IN FY 2021-2022, THE COMPANY WAS ABLE TO PRODUCE

12.26 Lac MT of Cement compared to 15.05 Lac MT of cement in the FY 2021-2022 registering an decrease of 18.53% in production of cement.

During the year, under review, this Company arranged a good number of assemblies, seminars, conferences, view sharing meetings, workshops for the sellers, dealers, masons, technicians, professionals and the consumers to scale up the sales of this company.

In the FY 2021-2022, under review, the net sales revenue amounted to Tk. 82.95 crore compared to Tk. 96.46 crore decrease in the last FY 2020-2021, registering an decrease in sales of Tk.13.51 crore in comparison with the previous year's sales registering an decrease of

A discussion on Cost of Goods sold-

13.39% in sales of this company during the year, under review.

### PERFORMANCE OF THE COMPANY

This company is concerned about its responsibilities towards its stakeholders. MCML has designed the

business plans for attaining positive results from the business operations and proper execution of the plans as well. The management of this company has also set its strategy to accomplish its objectives and business plans. In the pursuit the company reviewed its periodic business performances, customer base, market positioning and also adjusted its marketing plans from time to time.

During the year, under review, the Company's distribution network and marketing management were strengthened further with a view to increase sales of products. This helped to fortify our position in the local cement market. Due to these timely steps the sales outcome of this company remained positive during the Financial Year 2021-2022 sales revenue amounted to Tk. 82.95 crore compared to Tk. 96.46 crore in the last FY 2021-2022, registering an decrease in sales of Tk. 13.5 crore from the previous financial year's sales marking 13.99 increase. Although the production costs had increased to a significant extent and the selling and distribution expenses were also increased remarkably.

And by careful handling of the pertinent issues and negotiating with outside as well as inside challenges and risks. This company was able to earn net profit of TK. 5.58 crore during the period under review as compared to the net profit of the FY 2020-2021 of TK. (2.34) crore.

During the FY under review the cost of goods sold was Tk. 736.08 crore whereas in the previous FY it was Tk. 885.15 crore, marking declared of cost of goods sold by 16.80%

Opening Stock of raw and packing material	354,361,899
Raw and packing material Purchased	6,404,627,344
Closing Stock of raw and packing material	(266,620,104)
Raw and packing material Consumed (Note-30.01)	6,492,369,139
Factory Expenses (Note-30.02)	868,704,671
Opening stock of finished goods	19,703,773
Closing stock of finished goods	(19,974,231)
	7,360,803,352

### ISSUANCE OF PREFERENCE SHARES

Utilization of proceedings & explanations in this regard and declaration on maintenance of statutory accounts books as you already know that, The Board of Directors of Meghna Cement Mills Ltd in its meeting held on 12 August 2018 has recommended and then obtain shareholders' approval in 26th AGM of the Company accordingly to issue Fully Redeemable Preference Share of BDT 100 crore only to raise its capital through Private Placement. The Company has obtained permission



from Bangladesh Securities Exchange and Commission on 15th June 2020. AAA Finance & Investment Ltd worked as the Issue Manager and South East Bank Ltd acted as the Lead arranger for the subscription. Fully Redeemable Preference Share investors of the Company stated below-

1. Mr. Sayem Sobhan (Directors' part) - BDT 30,00,00,000/- (30%)
  2. Bank Asia Limited (General Investor) - BDT 70,00,00,000/- (70%)
- Total Redeemable Preference Share Capital BDT 100,00,00,000/- (100%)

No significant deterioration of the financial results after public offer. No significant variance occurs between Quarterly Un-audited and Audited (Annual) Financial Statements. All statutory books maintained and preserved at the head office of the Company.

#### **DIVIDEND POLICY**

The Board of this company maintained a static dividend policy over the periods. The company set the dividend policy for ascertainment of its divisible profit and declaration of the dividends for the shareholders of the company following the set guidelines uniformly. The Board of Directors of this company, by considering and accommodating all the issues including the commitment to the members, fund arrangements, operational performances and liquidity position of this company, has been pleased to recommend for payment of 5% Cash Dividend and 5% Stock Dividend for all the ordinary shareholders of this company for the period ended on 30 June 2022. The Members whose names appeared in the Members Register on the Record Date of this company on 01/12/2021 will be entitled for the Dividends.

This is to be mentioned here that in the previous financial year 2020-2021 this company had declared 5% Cash and 5% Stock Dividend too.

Statement on declaration of Bonus shares Company follows strictly all the rules and regulations of all Laws,

Rules and Regulations of the Country. As no company allowed to declare stock dividend as interim dividend as per BSEC rules and regulations, we always abide by all the rules applicable to the Company. MCML never declared any stock dividend as interim dividend.

#### **CONTRIBUTIONS TO THE NATIONAL EXCHEQUER**

It is known to all that development is a continuous process and it never takes place overnight. Without accelerating growth of all the sectors of a country's economy and contributions of its citizens towards the national exchequer it could never be attained. This

company considers and values the benefits of the nation as a whole from the beginning. This company's activities and business operations maintain integrity and transparency in setting and execution of the strategy, policy and practices, including paying all applicable taxes, VAT and duties properly and duly. We are a regular payer to the national exchequer by which this company has been contributing significantly towards the development and growth of Bangladesh.

During the FY 2021-2022, this company contributed an amount of TK. 8.85 crore in the form of tax, customs duties, VAT etc. The contribution to the national exchequer was equivalent to 10.70% of the total sales revenue of the company during the period under review. On the other hand, in FY 2020-2021 the contributions of this company to the national exchequer were Tk. 1.99 crore. It recorded an increase of 53% in the contribution to national exchequer.

#### **ENVIRONMENT PROTECTION**

Protecting the environment allows future generations to grow and live better. Environment activists regard that everyone has to do something positive to protect environment to stop climate changes. The management of this company is very much concerned about its responsibilities in the protection of the environment. This company has designed and following the static policy in its production process and business operations as to maintain and protect the mother nature.

In the factory area and in its production and operation process as well the company have installed adequate modern equipment having higher capacity and undertaken considerable measures to reduce various types of pollutions related thereto during the FY 2021-2022. It enhanced the output as well as upgraded the working environment of the factory.

#### **ENVIRONMENT CERTIFICATION**

We are pleased to inform all our stakeholders that MCML has implemented an effective quality management system towards environmental management in its cement manufacturing and distribution activities. In recognition to this the T V Austria (Bureau of Inspection & Certification (Pvt.) Ltd.) has issued the ISO 14001: 2015 Quality Management System Certification to MCML in June 2020.

#### **RISK FACTORS AND ITS MANAGEMENT**

Cement is a booming sector in this country with wide potentiality, but there has also some risk factors involved with this sector. It is ubiquitous in all areas of business and the risk management is considered must to do, in the managing of an organization. In every business there are uncertainties where some of the





possibilities involve inflation, economic recession, price fluctuations, currency fluctuations, loss, catastrophe, other undesirable outcome, absence of complete certainty, changes in the taxation laws & regulatory directives, etc.

This company in setting its business plan and operation as well has put its special emphasis on the risk management issues. The risk management system has been designed to face the challenges of the risk factors involved in this sector. In designing of the operational plan, it has put special care in identifying and characterizing of the areas of controllable risks and threats at early stages and to set business strategies, take adequate measures on proper time either to remove, or as far as possible limit those risks.

### RELATED PARTY TRANSACTIONS

The company in its business efforts and practices put special care to compliances to laws, protection and preservation of interests of the stakeholders by following the code of conduct for ethical behavior, accountability and transparency. The information on the related party transactions has been disclosed in the Note no. 39 of the financial statement on Page no. 155 here in after in this report.

### SHAREHOLDERS

The Shareholders are the real owners of companies and play most important role in the financing, operations, governance and control aspects of a company. The Shareholders play both direct and indirect roles in a company's operations. The first and foremost consideration of the Board of your Company was the protection and value addition to the interests of the valued shareholders.

The total numbers of shareholders of this company were 4,478 nos. as of 30 June 2022 and the Record Date of the Company on 01.12.2022 which was 2022

nos. on the last record date (of FY 2021-2022).

The issued, subscribed and paid-up share capital of the Company is Tk. 28,65,17,280 which has been participated by the Sponsors, Banks, Financial Institutions and General Public.

### MINORITY SHAREHOLDERS' INTEREST:

Since incorporation the Board of Directors dedicated itself to attain the objectives of this company and to develop its business horizon. The Board of this Company is also concerned about the interest of the stakeholders including the minority shareholders. To ensure the fair and equal treatment to every shareholder including the minority shareholders it has engaged all its sincere efforts. For protection of the

interest of minority shareholders, the company has taken various measures for establishment of transparency, accountability and established a practice to serve minority shareholders including small investors promptly. The company communicated all its strategic information as required in its operation under the regulatory directives without any delay and tried to serve the minority shareholders as and when they required so from time to time. With a view to serving the minority shareholders better, the Company disseminates all strategic decision through most popular and well accessed channels/options to make them aware of the activities of this Company and developments as well.

### BOARD OF DIRECTORS

We take the pleasure to report you that -

- i. The Chairman and the Managing Director of this company are two separate persons. These positions were filled in by two separate persons since the inception of this company. And the practice was also been followed during the FY 2021-2022. The resume of the Chairman and the Managing Director are appended at the Directors' Profiles of this Annual Report.
- ii. The Board of Directors of this company is fairly independent and they play role, discharge their duties and responsibilities freely and without any interferences. clearly defined in their Terms of References, During the year under review the Members of the Board of Directors of this company had discharged their duties and responsibilities freely and no matter of interference was occurred.
- iii. The board of directors' of MCML is fairly independent and key responsibility is to ensure the company's affairs and operation on right direction by collective decision making and direction, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, boards of directors' deal with challenges and

issues relating to business affairs, compliance and governance issues. It oversees the management of the Company, making appropriate decisions on timely basis, taking other necessary actions and optimizing long-term value on stockholders' behalf. The Board of the company had laid down the terms of reference for its members and compliance thereto.

### DIRECTORS' SHAREHOLDING STATUS

The Board of this company is consisting of 08 (eight) nos. of directors, out of which 06 (six) are from the part of Sponsor Shareholders/Members elected by the members of the company in the general meetings, and



02 (two) are Independent Directors. The names of the Directors of the company and summary of their resume have been shown in page no. 42 to 46 of this report.

The shareholding position of the Directors as on 30.06.2022 were as follows:

Sl. No.	Name of Directors	No. of shares	% of Holding
01.	Mr. Ahmed Akbar Sobhan, Chairman	36,40,868	12.71
02.	Mrs. Afroza Begum, Director	29,67,934	10.36
03.	Mr. Sadat Sobhan, Director	28,06,201	9.8
04.	Mr. Shafiat Sobhan, Director	25,83,359	9.02
05.	Mr. Safwan Sobhan, Director	15,28,065	5.33
06.	Mr. Sayem Sobhan, Managing Director	7,25,830	2.53
07.	Mr. Md. Nurul Karim, Independent Director	-	-
08.	Mr. Alhaj Rafiqul Islam, Independent Director	-	-

#### ROLES AND RESPONSIBILITIES OF THE BOARD

The major roles of the directors of the company were as follows:

- Providing entrepreneurial leadership;
- Setting of goals and objectives for the company;
- Setting company's values and standards;
- Ensuring human and financial resources be available to achieve objectives;
- Constructive challenges mitigation and help in developing proposals on business strategy;
- Reviewing management teams' performance and monitoring of performance reports;
- Satisfying themselves on integrity of financial information and reporting, controls and risk management systems and measures;
- Determining appropriate levels of remuneration and compensation issues;
- Appointment and removal of executive directors, and succession planning;
- Ensuring that obligations to shareholders and other stakeholders are understood and met.

#### DIRECTORS' BOARD MEETING ATTENDANCE

It is important that the meetings of the Board of Directors are held periodically so that directors can discharge their responsibilities to have control on the company's overall operation, strategy and policy, and to monitor the exercise of any delegated authority, and so that individual directors can report on their particular areas of responsibility. The Board of Directors of this company has conducted its meetings according to the rules and procedures contained in its governing documents. It is the practice of the company to take collective decisions in the board meetings. As a body, the directors deal with the affairs of the company those

needed its attention. The meetings of the Board of Directors of this Company were held at regular

intervals. During the period under review 06 (Six) numbers of meetings of the Board of Directors were held.

#### DIRECTORS' REMUNERATION

Likewise the previous years during the FY 2020-2021, the Directors of the company including the Independent Directors did not receive any remuneration from the Company.

#### APPOINTMENT & RETIREMENT OF DIRECTORS

The board of directors' of this company is concerned to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its stakeholders. During the year under review, the board of directors of this company, in addition to dealing with the business and financial issues, dealt with the challenges, compliances, corporate governance, corporate social responsibility and corporate ethical issues.

In accordance with the provisions of the Article no. 131 of the Articles of Association of the Company the following 02 (two) of the Directors of this company are retiring by rotation in this 29th Annual General Meeting and all of them are eligible under the Article no. 133 of the Articles of Association for reappointment as Directors in this Annual General Meeting of the company:

1. Mr. Ahmed Akbar Sobhan, and
2. Mr. Safwan Sobhan.

The Board of Directors of this company has recommended for the election of the retiring Directors and placed the matter before shareholders in this 30th



Annual General Meeting for their consent. The brief resumes of the above noted 02 (Two) Directors have been appended along with the other directors' resume hereinbefore this report.

### REAPPOINTMENT OF THE MANAGING DIRECTOR

In accordance with section 110 and schedule Reappointment of Managing Director period of tenure has been expired on May 09, 2022. Before expinction the Board of Directors has been felt that Mr. Sayem Sobhan in dynamic and eligible to continue as Managing Director for nest five Years. In this company on May 08, 2022. That present Board of Directors by ensuring quorum recommended to reappoint him as Managing Director for next five years. In this regards the agenda will be approved in the ensuing Annual Geranial Meeting of the Company.

### INDEPENDENT DIRECTORS

As the guardian of the capital market of this country the Bangladesh Securities and Exchange Commission has issued the Corporate Governance Code in 2018. It was aimed to enhance corporate governance for the greater interest of the stakeholders and the capital market. In pursuance to the provisions laid down by the Bangladesh Securities and Exchange Commission's Corporate Governance Code as issued under the Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018 every listed company is required to appoint the Independent Directors, to be 1/5th of the Board of Directors size, as the members of the Board of Directors.

The Independent Directors so appointed should not have material or pecuniary relationship with the appointing company or related persons. It is prescribed in the said Notification that the independent directors shall be knowledgeable with integrity to ensure compliance with financial, regulatory and corporate laws and can make significant and meaningful contributions to business operations and shall have at least 12 (twelve) years of corporate management or professional experiences. Meghna Cement Mills Ltd. had appointed one experienced retired Bureaucrat and one corporate leader having proven professional experiences as its independent directors under the directives of the Corporate Governance Code of BSEC.

Mr. Md. Nurul Karim and Mr. Alhaj Rafiqul Islam appointed as Independent Directors of this Company under the BSEC's Corporate Governance Code on 27th July 2020 and 21st March 2020 respectively. The Board has decided to fill the aforementioned vacant positions within the stipulated time frame stated in the same code issued by Bangladesh Securities and

Exchange Commission.

The Nomination and Remuneration Committee of this company had been assigned to search and prepare a panel of the prospective Independent Directors under the Corporate Governance Code as to be considered and to be appointed subsequently as the Independent Director(s) on completion of the respective terms of the present ID. After Judging few profile of Corporate leaders, the Committee has decided to recommend two persons' profile to the Board of Directors of the Company. The Board then decided to appoint the following individuals as Independent Directors of the Company subsequently. They are-

1. Mr. Md. Nurul Karim
2. Mr. Alhaj Rafiqul Islam

The resume of the present Independent Directors are appended hereinbefore in this report.

### AUDIT COMMITTEE

The Corporate Governance Code (CG Code) of the Bangladesh Securities and Exchange Commission has provided that every listed company is required to constitute the Audit Committee in accordance with the CG Code. In view of this the Board of Directors of Meghna Cement Mills Limited has constituted the Audit Committee in accordance with the directives of the Bangladesh Securities and Exchange Commission's Corporate Governance Code (vide Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018) and has revised the Audit Committee's Terms of Reference. The audit committee of MCML is responsible to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. An under standing of how management develops internal interim financial information is necessary to assess whether reports are complete and accurate. The committee reviews the results of the audit and meets the management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards.

The audit committee of this company is responsible to the Board of Directors and during the year the committee assisted the Board to fulfill its corporate governance responsibilities and to oversee financial reporting system, internal control system, risk management system and internal and external audit functions, provide advice and recommendations to the



board within the scope of its terms of reference. The members of the Audit Committee were appointed by the Board of Directors, out of them two were Independent Directors and one member was the Sponsor Director. The Company Secretary of the Company has discharged the duties as the Secretary of the Audit Committee.

MCML's Audit Committee comprised by 02 Independent Directors - Mr. Md. Nurul Karim, Mr. Alhaj Rafiqul Islam, and Mr. Safwan Sobhan, Director and Md. Asaduzzaman ACS, CS who continued during the period under review as the audit committee members.

The Board of Directors also designated Mr. Md. Nurul Karim as the Chairman of the Audit Committee and Md. Asaduzzaman ACS, Company Secretary, functioned as the Secretary of the Committee considering the Corporate Governance Code. The Audit Committee Members have required qualifications, adequate experience and knowledge on business and trade, corporate laws, financially literacy, ability to analyze and interpret the financial statements for effective discharging of the duties and responsibilities as the members of the Audit Committee.

Key responsibilities of the audit committee of this company include:

- To monitor accounting policies and principles.
- To oversee financial reporting and disclosure process.
- To oversight of regulatory compliance matters;
- To monitor internal control system;
- To oversee performance of internal audit function;
- To oversee hiring, performance and independence of the external auditors;
- To discuss risk management policies and practices with management.

The Report of the Audit Committee is appended herewith this report.

#### **NOMINATION & REMUNERATION COMMITTEE**

The Corporate Governance Code, under the Notification no. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03/06/2018 of the Bangladesh Securities and Exchange Commission, has provided that every listed company is required to constitute the Nomination & Remuneration Committee in accordance with the CG Code. In compliance with the said directives of the BSEC the Board of Directors of MCML has constituted the Nomination & Remuneration Committee. The Nomination & Remuneration Committee's Terms of Reference has been set by the Board of Directors and followed accordingly.

The Nomination & Remuneration Committee comprising of 03 members - Mr. Md. Nurul Karim, Independent Director, Mr. Safwan Sobhan, Director, and Md. Asaduzzaman ACS, Company Secretary. The Board of Directors has designated Mr. Md. Nurul Karim as the Chairman of the Nomination & Remuneration Committee and Md. Asaduzzaman ACS, Company Secretary functioned as the Secretary of the Nomination & Remuneration Committee as per the Corporate Governance code.

Key responsibilities of the Nomination & Remuneration Committee of this company included:

- To be independent, responsible and accountable;
- To set the qualifications and attributes for appointment, remuneration of suitable persons for appointment as directors and top level executives;
- To devise policy for Board's diversity;
- To identify suitable qualified persons as directors and top level executives in accordance with the devised policy and recommend for their remunerations;
- To formulate the criteria for evaluation of the performance of Independent Directors, Non- Executive Directors and Board's function;
- To assess the need for employees and determination of selection criteria as well as transfers/ replacements/promotions matters;
- To develop and recommend the human resources and training policies and review of those annually.

The report of the Nomination & Remuneration Committee is appended herewith this report.

The Nomination & Remuneration Committee has recommended to re-appoint Mr. Sadat Sobhan and Mr. Shafiat Sobhan as the Directors of this company as both of them will retire by rotation in the 29th Annual General Meeting.

#### **FINANCIAL YEAR**

This company has adopted the July - June period as its financial year commencing from the FY 2015-2016 in accordance with the directives of the National Board of Revenue (NBR) of Bangladesh and it is being followed during the financial year under review.

#### **AUDITORS**

Islam Aftab Kamrul Co. Chartered Accountants were appointed in the 29th AGM for the Financial Year 2021-2022 and have completed their responsibilities during the period.

After wards the Board of Director has requested to continue Islam Aftab Kamrul Co. Chartered Accountants as statutory auditor for the Financial Year 2022-2023. In this situation M/S. Islam Aftab Co. Chartered Accountant replied to discontinue due to her personal problem.

In view of this, the Board of Directors has requested to the Audit Committee and Nomination and Remuneration Committee to find the competent Chartered Accountants for conducting statutory audit of the company for the financial year 2022-2023. They

have recommended to ARTISAN Chartered Accounts to appoint as statutory Auditor for the year ended June 30,2023. The agenda has been placed before the 30th Annual General Meetings for the approved from the shareholders. New Auditor fees has recommended 3,50,000 (Three Lac Fifty Thousand taka only) excluding Tax & VAT which is subject to approval in the ensuing AGM-2022.

#### EXECUTIVES' SHAREHOLDING STATUS

The shareholding position of the top executives, governance officers, their spouses and children

Name of the Executives	No of Shares		
	Self	Spouse	Children (minor)
Mr. A.R. Rashidi, Sr. Advisor	11	Nil	Nil
Mr. Maynal Hossain Chowdhury, Advisor	Nil	Nil	Nil
Major General Mohammad Mahboob Haider Khan ndc, psc (Retd), Advisor	Nil	Nil	Nil
Mr. Md. Fakhruddin, Chief Operating Officer	Nil	Nil	Nil
Mr. Md. Tariqul Islam Chowdhury, HIAC	Nil	Nil	Nil
Mr. Md. Razib Samad COO, Banking & Business Development	Nil	Nil	Nil
Mr. Md. Maksudur Rahman Secretary to MD and HoD, Recovery Cell	Nil	Nil	Nil
Mr. Khandokar Kingshuk Hossain Chief Marketing Officer	Nil	Nil	Nil
Engr. Nabarun Kumar Saha HoD, Plant Operations	Nil	Nil	Nil
Mr. Nore Alam Seddeke Chief Financial Officer	Nil	Nil	Nil
Mr. Md. Rabiul Islam, HoD (A&F)	Nil	Nil	Nil
Mr. Md. Anisuzzaman Talukdar GM, HR & Admin	Nil	Nil	Nil
Md. Asaduzzaman ACS, Company Secretary	Nil	Nil	Nil



(minor) as

on 30.06.2021 has been appended below:

Brief resumes of the senior executives of this company have been appended in page no. 93 and 94 of this Annual Report.

### CORPORATE GOVERNANCE

For economic development and progress the establishment of good governance, smooth policies implementation and proper utilization of resources (money, manpower etc.) are necessary. The corporate governance is aimed to increase the accountability of a body corporate by ensuring of transparency within a company. Corporate governance is set of rules, policies, procedures and practices by which a board ensures its accountability, fairness, and transparency. A company has to recognize the rights and privileges of its stakeholders, preserve the interests of the stakeholders including financiers, customers, management, employees, government, and the society, establish board's responsibilities by clearly outlining it, establish code of conduct for ethical behavior, establish and practice the business

transparency for promoting shareholders' trust towards establishment of the good governance.

Under Corporate governance (CG) system a company is directed, guided and controlled by its Board and which is accountable to its stakeholders. It focuses on establishment of better management and fewer legal or ethical problems rather than mere policies, rules and procedures. It includes instituting of policies in compliance with rules, regulations and laws and for internal governance as well. CG removes conflicts of interest by instituting rules and brings down the irregularities as it is a multi faceted system. By encom- passing policies and processes which serve the needs of stakeholders by monitoring, directing and controlling corporate activities with good business savvy, objectivity, accountability and integrity it ensures the accountability. It is used for operating, controlling and structuring of a company as a tool with a view to achieve long term strategic goals to meet environmental and local community needs as well as to satisfy shareholders, creditors, employees, customers and suppliers, complying with the legal and regulatory requirements.

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATION

Corporate Governance is now regarded as important in operation of a company. During the financial year

under review this company has complied with all the requirements of corporate governance issues as are required under the provisions of the Bangladesh Securities and Exchange Commission's Corporate Governance Code. In compliance with the requirements of the Corporate Governance Code vide Notification no. BSEC/ CMRRCD/ 2006-158 /207/ Admin/80 dated 03/06/2018, the Board of Directors of this Company has appointed M/S. Suraiya Parveen & Associates, Chartered Secretaries in Practice, for the purpose of Compliance Certification of the corporate governance by this company under the BSEC directives.

The certificate on the corporate governance compliance by this company during the FY 2021 -2022 as required under the BSEC's corporate governance code has been appended hereinafter this report.

The Corporate Governance Compliance Report of this company during the period under review has been prepared and presented hereinafter, in pursuance to the Corporate Governance Code as issued by the Bangladesh Securities and Exchange Commission, in Annexure-B.

### APPOINTMENT FOR CORPORATE GOVERNANCE COMPLIANCE CERTIFICATION

In compliance of the corporate governance code issued by the BSEC vide Notification no. BSEC/CMR-RCD/2006-158/207/Admin/80 dated 03/06/2018 M/S. Suraiya Parveen & Associates, Chartered Secretaries in Practice, had conducted the corporate governance compliance investigation work in this company and certification thereto for the FY 2021-2022.

The Board of Directors of this Company has recommended to appoint M/S. Suraiya Parveen & Associates, Chartered Secretaries in Practice, for the purpose of compliance certification of the corporate governance under the BSEC CG Code for the FY 2022-2023 and their remuneration to be fixed at Tk. 80,000/- Excluding Tax & Vat now placing the matter before the Members of this company in this 30th Annual General Meeting for its approval.

### CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a form of corporate self-regulation which reflects the responsibility

of it towards the impact it causes on the society and its own prosperity. It is synonymous with responsible business practices of a company. Effective CSR



practice put emphasis and focus on social, environmental and economic sustainability issues.

Meghna Cement Mills Ltd., is a venture under the canopy of Bashundhara Group. It is the first manufacturing unit of the Bashundhara Group - a reputed conglomerate of this country. It is noteworthy to mention here that the Bashundhara Group is committed to its endeavors that unite the goals of customer value and sustainable development with the motto - For the People, for the Country.

MCML from the very inception has been practicing to serve the community as well the country as a whole and the year under review is no exception. The company has undertaken various activities for the betterment of the society. The notable CSR activities of this company during the FY 2018-2019 and continuing are mentioned below -

- MCML has been running a school, near to its factory, wherein more than 250 under privileged students are attending in the Apa Bari, Digraj, Mongla, Bagerhat area.
- MCML has been maintaining necessary preparation to help the local people near its factory in the urgent calls during the natural disasters and calamities. This company has preparedness to extend its cooperation to distressed people, In previous instances it provided medicines, dry food items, warm clothes, saline water removal from ponds, installation of deep tube well for drinking water to the saline-water prone local people around Mongla area and also extended financial assistances to cyclone affected people.
- It has continued to facilitate scholarships to the poor meritorious students of different areas of the country.
- It has donated to the campaign to upheld the spirit of the liberation war and welfare to the liberation war veterans.
- It has donated for treatment of patients of different physical ailments.
- It has donated considerable quantity of education materials at different educational institutes;
- It has been sponsoring 'Sheikh Russel Krira Chakra Ltd.', a leading national level sports club.
- It has been sponsoring the "Bashundhara Kings" football team - a national level team.
- It has sponsored more than .43 health camps, specially to northern part of Bangladesh as well as all over the country, aimed for the masons. By these health camps MCML medical teams have given supports to more than four thousand

masons.

- It has arranged 7 workshops for the prospective private home builders to make them aware about building and constructions related issues and sharing of various related information with them. By these workshops more than 500 prospective private home builders were benefitted.

#### **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 Statements comprises:

- a. Statement of Financial Position;
- b. Statement of Profit or Loss and Other Comprehensive Income;
- c. Statement of Changes in Equity;
- d. Statement of Cash flows; and
- e. Notes to the Financial Statements

#### **STATEMENT ON SOUND INTERNAL CONTROL**

The Board of Directors (Board) recognizes the importance of sound internal controls and risk management practices to good corporate governance. However, such system of internal control is designed to manage the Company's risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, it can only provide reasonable assurance against misstatement of management and financial information and records.

To this end, the Board has established an organization structure which clearly defined lines of accountability and delegated authority.

#### **NATURE OF MCML IS A GOING CONCERN**

Significant deviations in Financial Performance owing to recover from COVID 19 situation we found a significant deviation in cash flow of the company. And NAV per share also boosted up during the year. Other than cash flow and NAV per share we found no significant deviation in EPS etc.

Declaration on Audited Accounts by Managing Director and Chief (inancial Officer- find in page no.121

#### **ACKNOWLEDGMENTS**

We express our sincere thanks to all our customers for their astounding support, cooperation and confidence on us. We fervently acknowledge our indebtedness to them. We believe that their support and cooperation to be continued in the coming days.

The Members of Board of Directors would like to express its special thanks and gratitude to all the



valued shareholders, for extending their commendable support, co-operation and patronage to this company without which our objectives could not have been attained. The Board of Directors of MCML also express its heartfelt gratitude to the stakeholders and well wishers and regulators including the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Central Depository Bangladesh Limited (CDBL), Central Counterparty Bangladesh Limited (CCBL), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE), different Ministries of the Govt. of the People's Republic of Bangladesh, National Board of Revenue (NBR), Bangladesh Investment Development Authority (BIDA), and banking and non-banking financial institutions including Dutch Bangla Bank Ltd., Southeast Bank Ltd., First Security Islami Bank Ltd., IFIC Bank Ltd., Shahjalal Islami Bank Ltd., AB Bank Ltd., Mutual Trust Bank Ltd., Agrani Bank Ltd., Bank Asia Ltd., Janata Bank Ltd., BASIC Bank Ltd., Dhaka Bank Ltd., Trust Bank Ltd., Farmers' Bank Ltd., Islami Bank Bangladesh Ltd., Mercantile Bank Ltd., Pubali Bank Ltd., National Bank Ltd., NCC Bank Ltd., Social Islami Bank Ltd., Standard Bank Ltd., Union Bank Ltd., United Commercial Bank Ltd., IDCOL, and various other government and semi-government agencies, vendors, press and media and other business partners their continued support and cooperation towards this company during the FY 2021-2022.

We express our special gratitude to the management of this company for their extra-ordinary cooperation, support and excellent teamwork and to all the employees of MCML for their outstanding dedication and relentless services without which this company could not accomplish its objectives.

## CONCLUSION

We are a cement manufacturing company which is in a very sensitive sector of this country. The consumers of this sector are quality conscious and very sensitive to commodity price too. Moreover, the cement sector is very competitive as there are more than 127 nos. of cement companies under this sector. About half of these cement companies are in operations and most of which are producing almost same quality of products. All of these companies facing regulatory pressures too. This is to inform you that the govt, has increased gas price by 38% and power price has also been increased by 41% recently. Due to these price hikes and adverse changes in the tax provisions of this country the production costs of cement has raised considerably. But due to the intense competitions prevailing in cement sector this company could to increase the sales price of its products.

We expected that the higher inflow of remittance shall bring some positive impact on the construction sector including cement as more private houses are to be built. The ongoing big infrastructural constructions and urbanization projects in the public as well as public private partnerships to continue consuming big portions of the constructions materials including cement. However CORONA Virus pandemic had created obstacles between reality and our vision, we are hoping that, we will overcome all barriers and already we managed to make significant change in profit ratio. We hope very soon government will implement again business friendly budget to cope with the opportunity loss (production and profit) incurred last year.

On behalf of the Board of Directors

**Ahmed Akbar Sobhan**  
Chairman