

## REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Under section 184 of the companies Act, 1994 and Notification  
dated February 20, 2006 from the security and exchange commission;



Honorable Shareholders ,

Assalamu Alaikum Wa-Rahmatullah,

It is the pleasure of the Board of Directors of M.I.Cement Factory Limited (The "Company") to welcome you to the 17<sup>th</sup> Annual General Meeting and present their report in the state of the company's affairs and the audited financial statement of the company for the year ended on 30<sup>th</sup> June, 2011.

#### State of the Company Affairs:

The fiscal year 2010-2011 has been yet another years of impressive growth in the company's history in everyway and we succeeded to increase market share and position while maintaining price leadership. Due to its quality strong brand "Crown cement" the company took advantage of the production line in Mukterpur to keep up with the market growth. The total income of your company in 2011 has reached to Tk 435,935,820, showing an increase of about 31.26% over the previous year. By increasing sale volume and keeping cost increases under control and improved realization, the gross profit has increase by about 9.51 %. The net profit has increased compared to the previous year showing a robust growth of Earning Per Share from BDT 4.08 to 5.36. The performance of the last year has encouraged Directors to recommend a maiden dividend of 35% stock and 15% cash.

Moreover, we have been maintaining high standard in corporate responsibilities, health, safety, security and environment & employee welfare.



#### Business Activities and success:

M.I. Cement Factory has grown in 2010-2011, but had to encounter a challenging environment. The partial negative effect has been apparent in Bangladesh economy due to increase the cost of concrete and other relevant raw materials in internationally market. Due to higher cost of daily necessities purchasing power of common men are decreases. In limitation of electricity, Gas and infrastructure development, the Company's dynamic leadership and timely alternative actions combined with boldness and an environment of trust helped in overcoming the situation.



## RAW MATERIALS

Cement is mainly a binding material, when it is hydrated it begins to set and get hardened. Portland cement is widely used among various types of cements. Except Chhatak Cement in public sector and Lafarge Surma Cement Mills Ltd. in private sector which are limestone based basic plants, all other cement factories of our country are clinker based plant i.e. clinker is the main raw material, Gypsum is mixed with it to a small proportion. The ratio of these two materials clinker and gypsum may be around 97:03. Gypsum helps to retard the cement from immediate setting so that builders get enough time to get their work done. All the factories depend on imported raw materials.



Clinker



Calcium Sulphate (Gypsum)

High quality clinker and gypsum are used in M. I. Cement Factory Limited as its raw materials. These materials are imported directly from Japan, Indonesia, Thailand, Malaysia and Korea where large deposits of limestone rich in chemical properties for cement are available. The imported raw materials are preserved in a weather protected place to maintain the quality of the materials intact. The SGS, the Lloyd and other world famous testing organizations, as the case may be, certify the quality of the raw materials before import. The same are also tested in our own laboratory to ensure quality.



Limestone



Fly-ash



Blast Furnace slag



## MODERN TECHNOLOGY

Crown Cement is being produced in the Close Circuit technology. In addition to this, the O'Sepa Separator System (Japanese technology) included in machinery, assures the fineness of the cement. The whole production system is computerized.



## QUALITY CONTROL

M. I. Cement Factory Limited has the most modern quality control system. It is equipped with modern machinery and tests are conducted by qualified and foreign trained chemists and experienced technicians. They examine the samples before importing the raw materials and post landing test perform. The chemists perform hourly test of the cement produced in the factory. Apart from this, Crown Cement is being tested regularly through BUET and LGED to ensure quality.

For quality assurance cement is tested on various parameters. For this, the chemists of M. I. Cement Factory Limited conduct the compressive strength test making concrete / mortar cubes of different test age – 3 days, 7 days and 28 days, as per ASTM C-150 or other international methods at its own laboratory. Recently more equipments have been added to test in accordance with European norms EN procedure.





Presently it follows Bangladesh Standard & Testing Institution (BSTI) method of BDS-EN 197-1:2003 in testing Crown Cement. To control quality a cement factory has to carry out both chemical and physical test to find out different parameters. In chemical tests of clinker it tries to find out at what percentage the different oxides & compounds such as CaO, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub>, MgO, SO<sub>3</sub>, LOI, C<sub>3</sub>S, C<sub>2</sub>S, C<sub>2</sub>A, C<sub>4</sub>AF are present and whether they can satisfy and the desired requirement.



#### Setting Time

An ideal setting time always helps to gain the strength of Cement. Certain time is required for mixing, transporting, placing and finishing. During this time the cement paste, mortar or concrete mixture should be in plastic condition. The time interval during which the cement products / mortar remains in plastic condition is known as the setting time...

Our laboratory personally tests this parameter in every shift. We consider the initial setting time (180 min – 220 min) to ensure quality of Crown Cement.



#### Strength Test

Compressive strength is the most important test of cement. High quality of Cement means high strength of the cement. We regularly test this parameter on Crown Cement at laboratory for 3 days, 7 days and 28 days test block maturity as per ASTM / EN method. We maintain the temperature of mixing and curing water and the humidity of room during test.

#### Water for Normal Consistency

This test is performed to determine the quantity of water required for normal consistency cement paste for:

Preparing standard mortar to test tensile and compressive strength.  
Preparing cement paste for setting time and soundness test.

#### Blaine (Sp-surface)

It is an important test for cement to determine cementing value. Higher Blaine higher early strength.

This parameter is tested at our laboratory at every alternative hour.







# TEST REPORT & CERTIFICATE

[illegible]



# Test Report

BUET

## BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY (BUET)



### DEPARTMENT OF CIVIL ENGINEERING

Mobile: 01819557964, PABX: 966 5650-80 Ext. 7226

### CONCRETE LABORATORY



BRTC No. : 3513A/08-09/CE; 22/10/2008  
Sent by : Mridha Rezaul Karim, Major, G.E ( Army), Mirpur Cantt.  
Ref. No. : Memo no: 3007/151/E-3; 22/10/2008  
Project : Const. work of MES  
Sample : Cement [ Brand name: CROWN, ID: Nil ] Our ID: 37(B)  
Date of Casting : 27/10/2008

#### Test Results of Ordinary Portland Cement (OPC Type-I)

| ASTM C 109                             | Age Date              | 3 days<br>30-Oct-08   | 7 days<br>3-Nov-08  | 28 days<br>24-Nov-08  |
|--|-----------------------|---|---|---|
| Compressive strength, psi (MPa)        | In figure<br>In words | <b>3140 psi</b><br>(21.6 MPa)<br>Three thousand one hundred forty | <b>3760 psi</b><br>(25.9 MPa)<br>Three thousand seven hundred sixty | <b>4960 psi</b><br>(34.2 MPa)<br>Four thousand nine hundred sixty |
| Standard Requirements for OPC          |                       | 1740 psi<br>12.0 MPa  | 2760 psi<br>19.0 MPa  | 4080 psi<br>28.0 MPa  |
| Standard Requirements for PCC/C555 (P) |                       | 1890 psi<br>(13.0 MPa)  | 2900 psi<br>(20.0 MPa)  | 3620 psi<br>(25.0 MPa)  |
| Making water temperature               |                       | 22 °C   | Curing water temperature  | 20.5-25°C   |

| Water for Normal Consistency | Initial setting time (minutes)<br>ASTM C191 |             | Final Setting Time (minutes)<br>ASTM C191 |             |
|------------------------------|---|-------------|---|-------------|
|                              | Standard requirement, ASTM C150             | Test result | Standard requirement, ASTM C 150          | Test result |
| <b>26%</b>                   | Not less than 45 min                        | <b>133</b>  | Not more than 375 min                     | <b>347</b>  |

| Fineness (specific surface), m <sup>2</sup> /kg<br>ASTM C 204 (or permeability method) |                           |
|--|---------------------------|
| Standard requirement, ASTM C150<br>Minimum 280 m <sup>2</sup> /kg                      | Test result<br><b>437</b> |

Wt. of Cement Bag = \*\*\*\*

Note: Sample was received in sealed condition.

Countersigned by:

Test performed by:

*[Signature]*  
Dr. Md. Shamsul Hossain, Professor

*[Signature]* 25.11.08  
Dr. Md. Hossain Ali, Professor

Warning: Samples supplied to us have been tested in our laboratory. BRTC does not have any responsibility as to the representative character of the samples required to be tested. It is recommended that samples are sent in a secure and sealed cover/packet/container under signature of the competent authority. In order to avoid fraudulent fabrication of test results, it is recommended that all test reports are collected by duly authorized person, and not by the Contractor/Supplier.

## Certificate of REGISTRATION

### Certificate of Registration



This is to certify that the  
Quality Management System of:

**M I CEMENT FACTORY LTD.**

**(DHAKA - BANGLADESH)**

has been assessed and found compliant with the requirements of

**ISO 9001:2000**

Approval is hereby granted for registration providing the  
certification rules and conditions are observed at all times.

**Certification Scope:**

**MANUFACTURER OF ORDINARY PORTLAND CEMENT AND PORTLAND  
COMPOSITE CEMENT.**

**Certificate No. 02116**

**Issue Date: 11<sup>th</sup> September 2008**

**Expiry Date: 25<sup>th</sup> June 2009**

A handwritten signature in black ink.

**Authorised Signature**  
Moody International Certification Ltd.



The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the Accreditation Certificate 014.  
The certificate remains the property of Moody International Certification Limited to whom it must be returned on request.



# Certificate of BIS

## भारतीय मानक ब्यूरो BUREAU OF INDIAN STANDARDS मानक चिह्न लगाने की अनुमति (लाइसेंस) Licence for the use of STANDARD MARK

अनुमति (लाइसेंस) नं. सीएमएल - 4006840  
LICENCE NO. CML- 4006840

1. यह अनुमति, भारतीय मानक ब्यूरो अधिनियम, 1986 (1986 का 62) द्वारा जारी अधिनियम के अन्तर्गत

मैसर्स एम. आई. सिमेंट फैक्टरी लिमिटेड  
पश्चिम मुकतेपुर  
मुकतेपुर, झरना  
बांग्लादेश

भारतीय मानक ब्यूरो  
श्री सायनंदी स्टोर  
मैसर्स हारा सुंदरी स्टोर  
71/4, सेंट्रल रोड  
अगोला 799001

को (जिस द्वारा इसे 'अनुमति' कहा गया है), इसकी शर्तों के अन्तर्गत ही मानक चिह्न का प्रयोग करने की अनुमति (लाइसेंस) प्रदान की गई है। इस मानक चिह्न का प्रयोग केवल पद/उत्पादों के संदर्भ में किया जाना चाहिए जो कि इस अनुमति के तहत मानक चिह्न के तहत प्रयोग में लाए गए हैं। यह अनुमति केवल तभी मान्य रहेगी जब तक कि इस अनुमति के तहत मानक चिह्न के प्रयोग के अन्तर्गत निम्नलिखित शर्तों के अन्तर्गत हो।

1. By virtue of the power conferred on it by the BUREAU OF INDIAN STANDARDS ACT, 1986 (63 of 1986) the BUREAU hereby grants to

M/s M.I. Cement Factory Ltd.  
West Muktepur  
Munshigonj  
Dhaka  
Bangladesh

Indira Liaison Office:  
Shri Satyaji Saha  
M/s Hara Sundari Store  
71/4 Central Road  
Agartala 799001

(hereinafter called 'the licensee') this licence to use the Standard Mark set out in the first column of the First Schedule hereto, upon or in respect of the article/process set out in the second column of the said Schedule which is manufactured in accordance with/conforms to the related Indian standard(s) referred to in the third column of the said Schedule as from time to time amended or revised.

2. इस अनुमति (लाइसेंस) के अन्तर्गत ही मानक चिह्न का प्रयोग करने की अनुमति (लाइसेंस) प्रदान की गई है। इस मानक चिह्न का प्रयोग केवल पद/उत्पादों के संदर्भ में किया जाना चाहिए जो कि इस अनुमति के तहत मानक चिह्न के तहत प्रयोग में लाए गए हैं। यह अनुमति केवल तभी मान्य रहेगी जब तक कि इस अनुमति के तहत मानक चिह्न के प्रयोग के अन्तर्गत निम्नलिखित शर्तों के अन्तर्गत हो।

2. This licence carries the rights and obligations stipulated in the Regulations made under the above mentioned Act. In pursuance of his obligations, the licensee shall pay in due manner and time the scheduled Marking Fee set out in the Second Schedule hereto and maintain to the satisfaction of the BUREAU the Scheme of Testing and Inspection a copy of which is attached hereto.

3. यह अनुमति (लाइसेंस) 8 अगस्त 2007 से 7 अगस्त 2008 तक वैध रहेगी और निम्नलिखित शर्तों के अन्तर्गत ही मानक चिह्न का प्रयोग करने की अनुमति (लाइसेंस) प्रदान की गई है।

3. This licence shall be valid from Eighth August Two Thousand and Seven to Seventh August Two thousand and Eight and may be renewed as prescribed in the Regulations.

अपने दस्तावेजों के अन्तर्गत ही मानक चिह्न का प्रयोग करने की अनुमति (लाइसेंस) प्रदान की गई है।

Signed, Sealed and Dated this Tenth day of August Two Thousand and Seven.

भारतीय मानक ब्यूरो की ओर से  
For BUREAU OF INDIAN STANDARDS

अध्यक्ष, भारतीय मानक ब्यूरो  
अध्यक्ष, भारतीय मानक ब्यूरो  
Addl Dy. Director General

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लाइसेंस नं. सी. एम. एल-4006840 के साथ संलग्नक  
ATTACHMENT TO LICENCE NO. CML-4006840

| लाइसेंस नं.<br>CML NO. | लाइसेंसधारियों का नाम और पता<br>NAME OF THE LICENSEE<br>WITH THE ADDRESS  | उत्पाद का नाम<br>NAME OF THE PRODUCT | आई एस नं.<br>IS NO. |
|------------------------|---|--------------------------------------|---------------------|
| 4006840                | M/s M.I. Cement Factory Ltd.<br>West Muktepur<br>Munshigonj<br>Bangladesh | Ordinary Portland Cement - 43 Grade  | 8112:1989           |

ENDORSEMENT NO. 1 DATED 11-08-2008

Renewed for a further period of Two years from Eighth August Two Thousand and Eight to Seventh August Two Thousand and Ten. Other terms and conditions of the licence remain the same.

Head (Central Mark-II)





# Certificate of MANUFACTURER'S



राष्ट्रीय इस्पात निगम लिमिटेड  
(Rashtriya Ispat Nigam Limited)  
(A Government of India Undertaking)



Ref: VSP/Msg/Dy-prod/08-09/SD6601695/23.03.09/MB-01

DT: 06.04.2009

## MANUFACTURER'S CERTIFICATE

For M. I. Cement Factory Ltd.

NAME OF VESSEL: M.V. BIBEL-E-RAHMAT

FOLLOWING IS THE AVERAGE ANALYSIS OF BLAST FURNACE GRANULATED SLAG IN  
BULK FROM FRESH SLAG STORAGE YARD:

### SPECIFICATIONS:

CAO : 30 - 38 PCT

SiO<sub>2</sub> : 30 - 40 PCT

AL<sub>2</sub>O<sub>3</sub> : 15 - 22 PCT

FeO : 5 PCT MAX

MGO : 8 - 11 PCT

MNO : 2 PCT MAX

MOISTURE: 12 PCT MAX

QUANTITY LOADED AS PER BILL OF LADING: 1,800 M. TONS

For Rashtriya Ispat Nigam Limited,  
Visakhapatnam Steel Plant,

(O. V. KISHORE)  
MANAGER (MKTG)

O. V. KISHORE  
Manager (MKTG) B. S. Prasad  
Rashtriya Ispat Nigam Ltd.  
Visakhapatnam Steel Plant  
VISACHAPATNAM-530031

हिन्दी के प्रयोग का साधन है, यह वर उत्तर जति हिन्दी ज्ञानेय ।

Please send your reply to :



विशाखपट्टणम इस्पात संयंत्र, विशाखपट्टणम - 530 031

Visakhapatnam Steel Plant, Visakhapatnam - 530 031

Phones : +91 891 -

Fax : +91 891 -

E-mail :

website : www.vizagsteel.com

Regd. Office : Visakhapatnam Steel Project, Administrative Building, Visakhapatnam - 530 031, INDIA.  
संकेतित कार्यालय : विशाखपट्टणम इस्पात परियोजना, प्रशासनिक भवन, विशाखपट्टणम - 530 031, भारत.

## Certificate of GOLD TROPHY





## HEALTH AND SAFETY

Health and safety is the number one priority in the company as a core value, safety is also considered to the best tools to achieve organizational excellence.

The emphasis on safety comes from the top management of your company. we are all working together to ensure that we never have further accidents. Your company is working to ensure that every employee including those who work for the company through contractors at the end of the work goes back to their family life safely.

Your company expects to be a leader in health & safety and in line with that an annual health & safety plan for 2012 is under implementation. We are committed to ensuring the best possible health & safe work environment for the employee & contractors.

## SALES AND PRODUCTION

In this year cement production 719,745.46 MT which was in last year 571,388.40 MT. production 25.96% growth over the last year. In 2010-2011 net sales Tk. 4,022,271,063 which was in 2009-2010 Tk.3,127,352,627. Sales volume increase MT.148,392 and 25.97% and sales value increase Tk.894,918,436 and 28.62% growth over the last year.



#### LOGISTIC PERFORMANCE

In your company has continued to improve the distribution system by taking proactive steps to optimize number of dealers & vehicles and reduce distribution cost without affecting the performance. Your company reduces freight to dedicated trucks as well as increase shipments by barges to further reduce the logistics costs.

Your Company will continue to implement other efficiency and safety measures to further improved the logistics performance.

The Expansion work of 4th unit of M.I. Cement Factory Limited has been completed and test run start from 15th November, 2011 and Commercial production start from 26th November, 2011.







## PROGRESS REPORT UNDER IMPLEMENTATION PROJECT

The Expansion work of 4th unit of M.I. Cement Factory Limited has been completed and test run start from 15th November, 2011 and Commercial production start from 26 November, 2011.



## FINANCIAL RESULTS

The operating financial results of the Company for the ended on 30th June, 2011 as compared to previous years are summarized hereunder:

| Particulars                   | 2011<br>Taka  | 2010<br>Taka  | 2009<br>Taka  | 2008<br>Taka  |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net turnover                  | 4,022,271,063 | 3,127,352,627 | 2,290,358,000 | 1,927,191,900 |
| Gross profit                  | 768,256,755   | 701,546,367   | 397,128,228   | 209,908,832   |
| Net profit/ (loss) before tax | 680,785,428   | 531,372,679   | 300,370,888   | 148,621,790   |
| Provision for taxation        | 244,849,608   | 199,264,755   | 112,639,083   | 53,306,907    |
| Net profit / (loss) after tax | 435,935,820   | 332,107,924   | 187,731,805   | 95,314,883    |
| Gross profit to Turnover      | 19.10         | 22.43         | 17.33         | 10.89         |
| Net profit to Turnover        | 10.84         | 10.62         | 13.11         | 7.71          |
| Earning per shares (EPS)      | 5.36          | 4.08          | 94.00         | 48.00         |

## APPROPRIATION OF PROFIT

Considering the financial results of the Company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

|                                       | 2011<br>Taka       | 2010<br>Taka       |
|---------------------------------------|--------------------|--------------------|
| Profit before income tax              |                    | 531,372,679        |
| Provision for income tax              | 680,785,428        |                    |
| Current                               | 238,284,672        | 183,374,365        |
| Deferred                              | 6,564,936          | 15,890,390         |
| Profit after income tax               | 438,870,227        | 332,107,924        |
| Profit brought forward                | 364,500,643        | 32,392,719         |
| Profit available for appropriation    | <b>803,370,870</b> | <b>364,500,643</b> |
| <b>Appropriations proposed:</b>       |                    |                    |
| Proposed dividend-                    |                    |                    |
| Cash dividend@ 15 % in 2010-2011      | 150,000,000        | -                  |
| Stock dividend @ 35% in 2010-2011     | 350,000,000        | -                  |
| Total dividend                        | 500,000,000        | -                  |
| Un-appropriate profit carried forward | 303,370,870        | -                  |
| Profit available for appropriation    | <b>803,370,870</b> | <b>364,500,643</b> |

## **DIVIDEND**

The Board of Directors are pleased to recommend cash dividend 15 % i.e Tk. 1.5 for each share and Stock dividend 35% i.e. 35 shares for 100 shares for the year ended June 30, 2011 to those shareholders whose name will be appeared in the Share Register of Members of the Company or in the Depository on the Record Date which is 17th November, 2011.

## **CONTRIBUTION TO THE NATIONAL EXCHEQUER**

During July, 2010 to June, 2011, the Company contributes Tk. 977,686,290 to the National Exchequer in the form of corporate tax, custom duty, VAT etc. This is the equivalent to 24.31% percent of our sales revenue for the year 2010-2011.

## **HUMAN RESOURCE**

The vision of the HR Department of the Company is recruiting the right talent, developing them with the right skills in a safe working environment and retaining the talents. Your Company believes that the employees are our most important asset and the Company is committed to develop the local talents to take over the senior roles by replacing the expatriates where and when appropriate. As such, priority is given to create among the employees through appropriate trainings.

A rigorous recruitment process is being followed to recruit the appropriate talent from the market and extensive development plan is ensured. A succession planning process has been rolled out to identify the successors for the key positions and a proper development plan is formed for them. Retention strategies are also in place for the employees of your Company so that they stay and grow with us.

The Company continues to benchmark the compensation and other benefit with the market and offers competitive remuneration packages to attract new talents and to keep the existing internal resources motivated.

## **ELECTION OF DIRECTOR**

By operation of Article 81 of the Company's Articles of Association Mr. Mohammed Jahangir Alam and Al Haj Md. Khabiruddin Molla retire by rotation and being eligible, offer them for re-elected.

## **INDEPENDENT DIRECTOR**

The Board in its meeting held on Saturday, 22nd October, 2011 appointed Mr.Wali-UI-Marroof Matin as independent Director of the Company in terms of the provision of SEC guidelines.

#### AUDITORS

Our Auditors Messrs ACNABIN Chartered Accountant has sought re-appointment for the year 2011-2012 and the Directors recommend their re-appointment.

#### RECOGNITION AND COMPLIMENTS

The Board of Directors extends heart-felt congratulations for the business of M.I. Cement Factory Ltd. to all levels of officers, employees, workers, Dealers, Retailers, Corporate Customers, buyers and consumers

### A. STATUTORY INFORMATION

In compliance with the SEC guidelines' condition no. -1.4 the Directors confirm that:

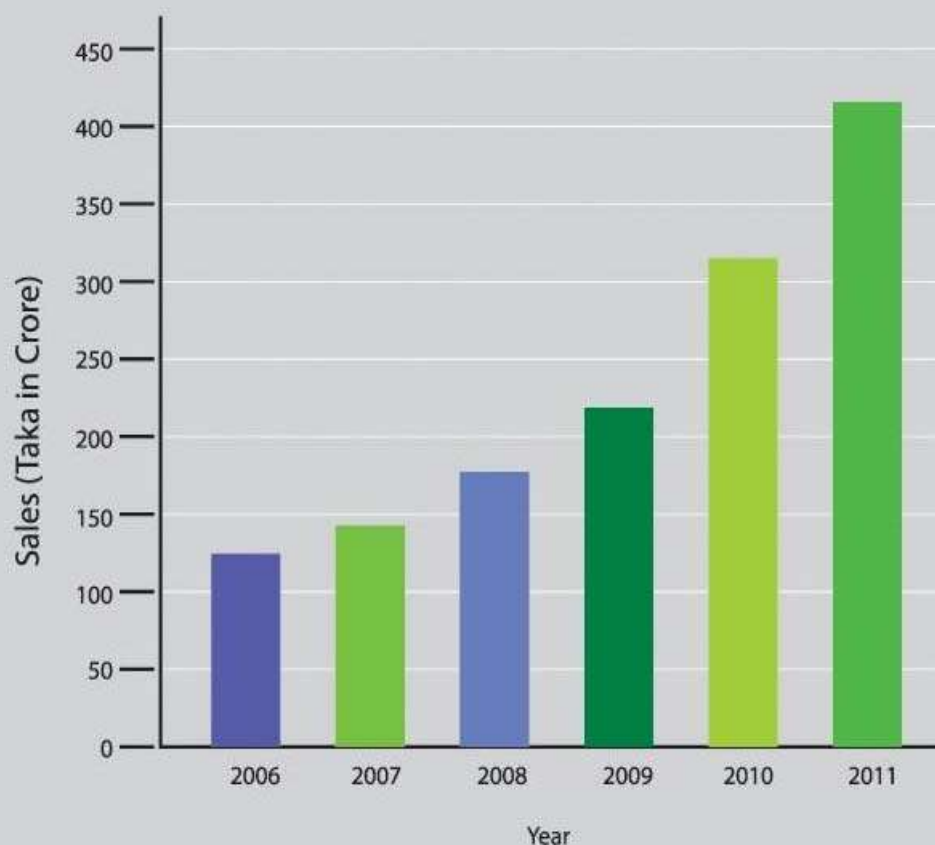
- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of accounts of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- (d) International accounting standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) Significant deviations from last year in operating results of the Company have been highlighted in the Report and reasons thereof have been explained.
- (h) Summary of key operating and financial data of preceding six years



## INCOME AND EXPENSES:

(All amount in Taka, 000)

| Particulars                         | 2011             | 2010             | 2009             | 2008             | 2007             | 2006             |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>REVENUE</b>                      | <b>4,022,271</b> | <b>3,127,352</b> | <b>2,290,358</b> | <b>1,927,192</b> | <b>1,433,980</b> | <b>1,156,373</b> |
| Cost of sales                       | 3,254,014        | 2,425,806        | 1,893,230        | 1,717,283        | 1,257,600        | 1,014,139        |
| <b>GROSS PROFIT</b>                 | <b>768,256</b>   | <b>701,546</b>   | <b>397,128</b>   | <b>209,909</b>   | <b>176,380</b>   | <b>142,234</b>   |
| a. Administrative Expenses          | 68,181           | 47,717           | 14,743           | 14,675           | 55,232           | 23,116           |
| b. Selling & distribution Expenses  | 152,221          | 127,073          | 39,345           | 24,852           | 14,068           | 34,674           |
| c. a+b                              | 220,402          | 174,790          | 54,088           | 39,527           | 69,300           | 57,790           |
| Other income                        | 62,782           | 44,174           | 57,805           | 30,891           | -                | -                |
| <b>OPERATING PROFIT/(LOSS)</b>      | <b>610,636</b>   | <b>570,930</b>   | <b>400,845</b>   | <b>201,274</b>   | <b>107,079</b>   | <b>84,444</b>    |
| Finance cost                        | 92,431           | 48,483           | 103,137          | 55,082           | 52,087           | 48,417           |
| Other non-operating income          | 196,619          | 8,926            | 2,663            | 430,599          | -                | -                |
| Contribution to WPPF                | 34,039           | -                | -                | -                | -                | -                |
| <b>NET PROFIT/(LOSS) BEFORE TAX</b> | <b>680,785</b>   | <b>531,373</b>   | <b>300,371</b>   | <b>148,622</b>   | <b>54,992</b>    | <b>36,027</b>    |
| Income tax                          | 244,850          | 199,265          | 112,639          | 53,307           | -                | -                |
| <b>NET PROFIT/(LOSS) AFTER TAX</b>  | <b>435,935</b>   | <b>332,108</b>   | <b>187,732</b>   | <b>95,315</b>    | <b>54,992</b>    | <b>36,027</b>    |
| Earning per share(Taka)             | 5.36             | 4.99             | 9.39             | 47.66            | 27.50            | 18.01            |



## ASSETS AND LIABILITIES

(All amount in Taka, 000)

| ASSETS                                       | 2011             | 2010             | 2009             | 2008             | 2007           | 2006           |
|--|------------------|------------------|------------------|------------------|----------------|----------------|
| <b>NON CURRENT ASSETS</b>                    |                  |                  |                  |                  |                |                |
| Property, Plant and Equipments               | 1,118,456        | 1,069,098        | 814,682          | 780,286          | 484,033        | 332,634        |
| Capital work-in-progress                     | 1,113,579        | 78,069           | 188              | 24,343           | 1,687          | -              |
| Investments in Associates                    | 376,368          | 192,129          | 89,422           | 58,199           | -              | -              |
| Total Non -Current Assets                    | 2,608,403        | 1,339,296        | 904,292          | 862,828          | 485,720        | 332,634        |
| <b>CURRENT ASSETS</b>                        |                  |                  |                  |                  |                |                |
| Inventories                                  | 587,645          | 352,650          | 187,204          | 196,215          | 42,388         | 71,839         |
| Trade Receivable                             | 343,048          | 316,069          | 251,503          | 318,776          | 46,176         | 43,858         |
| Other Receivable                             | 304              | 4,813            | 3,021            | 9,133            | -              | -              |
| Advance, Payments and deposits               | 273,873          | 48,674           | 51,521           | 99,041           | 110,952        | 122,582        |
| Advance Income Tax & VAT                     | 323,817          | 160,756          | 96,296           | 97,488           | 55,352         | 21,361         |
| Cash and Bank Balance                        | 2,867,368        | 60,178           | 27,522           | 23,910           | 4,572          | 3,888          |
| Total Current Assets                         | 4,396,055        | 943,140          | 617,067          | 744,563          | 259,440        | 263,528        |
| <b>TOTAL ASSETS</b>                          | <b>7,004,458</b> | <b>2,282,436</b> | <b>1,521,359</b> | <b>1,607,391</b> | <b>745,160</b> | <b>596,162</b> |
| <b>EQUITY AND LIABILITIES</b>                |                  |                  |                  |                  |                |                |
| <b>Share Holders Equity</b>                  |                  |                  |                  |                  |                |                |
| Share Capital                                | 1,000,000        | 700,000          | 200,000          | 200,000          | 200,000        | 200,000        |
| Deposit Against Share                        | -                | -                | 84,456           | 84,456           | -              | -              |
| Share premium                                | 2,956,560        |                  |                  |                  |                |                |
| Revolution Reserve                           | 268,563          | 271,497          | -                | -                | -              | -              |
| General Reserve                              | -                | -                | 28,338           | 28,338           | -              | -              |
| Retained Earnings                            | 803,371          | 364,501          | 427,525          | 239,794          | 144,478        | 86,078         |
| Reserve for tax holiday                      | -                | -                | -                | -                | 28,338         | 28,338         |
| Total Shareholders equity                    | 5,028,494        | 1,335,998        | 740,319          | 552,588          | 372,816        | 314,416        |
| <b>NON -CURRENT LIABILITIES</b>              |                  |                  |                  |                  |                |                |
| Long term borrowing net off current maturity | 513,434          | 15,805           | 70,782           | 183,527          | 72,726         | -              |
| Liabilities for gratuity and WPPF            | 37,934           | -                | -                | -                | -              | -              |
| Deferred tax liability                       | 55,419           | 48,854           | 32,964           | 9,662            | -              | -              |
| Total Non - Current Liabilities              | 606,787          | 64,659           | 103,746          | 193,188          | 72,726         | -              |
| <b>CURRENT LIABILITIES &amp; PROVISION.</b>  |                  |                  |                  |                  |                |                |
| Trade Payables                               | 110,538          | 359,116          | 93,883           | 82,640           | -              | -              |
| Other Payables                               | 38,518           | 31,038           | 22,500           | 14,983           | 6,518          | 4,417          |
| Current portion of long term loan            | 26,076           | 12,817           | 89,788           | 85,788           | -              | -              |
| Short Term Loan                              | 607,876          | 162,452          | 338,141          | 634,558          | 293,100        | 277,329        |
| Provision for tax liability                  | 554,641          | 316,356          | 132,982          | 43,645           | -              | -              |
| Payable to IPO applicants                    | 31,528           |                  |                  |                  |                |                |
| Total Current Liabilities & Provision        | 1,369,177        | 881,779          | 677,294          | 861,615          | 299,618        | 281,746        |
| <b>TOTALEQUITY AND LIABILITIES</b>           | <b>7,004,458</b> | <b>2,282,436</b> | <b>1,521,359</b> | <b>1,607,391</b> | <b>745,160</b> | <b>596,162</b> |

- (i) The Company is declaring the dividend regularly.
- (j) The number of Board meeting held during the year and attendance by each Director is given in annexure – I.
- (k) The pattern of share holding is given in annexure –II.

## B. STATUS OF COMPLIANCE

The status of the compliance as per SEC guidelines, condition no.-5.0 is given in annexure-III.

Annexure - I: Attendance of the Board meetings

During the year Seven Board Meeting were held and the attendance by each Director were as follow:

| Name                         | No. of Meeting Attended |
|------------------------------|-------------------------|
| Mr. Mohammed Jahangir Alam   | 07                      |
| Al Haj Md. Khabiruddin Molla | 07                      |
| Mr. Md. Alamgir Kabir        | 07                      |
| Mr. Molla Mohammed Maznu     | 07                      |
| Mr. Almas Shimul             | 07                      |
| Mr. Mizanur Rahman Molla     | 07                      |

### Annexure – II: Pattern of Shareholding

As per SEC guideline condition no. – 1.4(K), the pattern of the share holding status as on 17-11-2011 is given below:

1.4(K)(i) Held by Parent/ Subsidiary/ Associated companies and other related parties :n/a

1.4(K)(ii) Held by Directors, Chief Executive Officer, Company Secretary, CFO etc:

| Name                         | Position          | No. of shares |
|------------------------------|-------------------|---------------|
| Mr. Mohammed Jahangir Alam   | Chairman          | 13,540,000    |
| Al Haj Md. Khabiruddin Molla | Managing Director | 12,110,000    |
| Mr. Md. Alamgir Kabir        | Director          | 8,470,000     |
| Mr. Molla Mohammed Maznu     | Director          | 6,070,000     |
| Mr. Almas Shimul             | Director          | 4,340,000     |
| Mr. Mizanur Rahman Molla     | Director          | 6,070,000     |
| Mr. Mukter Hossain Talukder  | CFO               | -             |
| Mr. Md. Shah Alam Miah       | Company Secretary | -             |

Note: The Directors deposited 55,00,000 shares to DSE and 20,00,000 shares to CSE as per Securities and Exchange Commission letter No. SEC/CI/IPO (Lottery)-126/2010/321 & 322 dated April 26, 2011



1.4(K) (iii) Held by Executive: No shares held by such executive.

1.4(K) (iv) Held by Shareowners holding ten percent or more voting right:

| Name                          | Position | % of shares |
|-------------------------------|----------|-------------|
| Mohammed Jahangir Alam        |          | 13.54       |
| Al- Haj Md. Khabiruddin Molla |          | 12.11       |

## ANNEXURE – III: STATUS OF COMPLIANCE

Status of compliance with the imposed by the Commission's Notification No. SEC/CMRRCD/2006 -158/ Admin dated 20th February, 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969

| Condition No. | Title  | Compliance Status<br>(Put in the appropriate column) |              | Explanation for non-Compliance with the condition |
|---------------|--|--|--------------|---|
|               |  | Complied   | Non Complied |   |
| 1.1           | Board directors should not be less than 5(five) and more than 20(Twenty)             | √  |              |   |
| 1.2(i)        | 1/10 <sup>th</sup> of the total Directors, minimum of one to be Independent Director | √  |              |   |
| 1.2(ii)       | Elected Directors to appoint Independent Director                                    | √  |              |   |
| 1.3           | Chairman and Chief Executive Officer to preferably be different individual etc       | √  |              |   |
| 1.4(a)        | Financial statements present fairly the state of affairs etc                         | √  |              |   |
| 1.4(b)        | Proper book of accounts maintained   | √  |              |   |
| 1.4(C)        | Appropriate accounting policies consistently applied                                 | √  |              |   |
| 1.4(d)        | International Accounting Standards followed  | √  |              |   |
| 1.4(e)        | The system of internal controls is sound in Design                                   | √  |              |   |
| 1.4(f)        | No significant doubts to continue as a going concern                                 | √  |              |   |
| 1.4(g)        | Significant deviations from last year in operating results                           | √  |              |   |
| 1.4(h)        | Key operating and financial data for preceding three years                           | √  |              |   |
| 1.4(i)        | Declaration of dividend  | √  |              |   |
| 1.4(j)        | Number of Board Meetings and attendance by Directors                                 | √  |              |   |
| 1.4(k)        | Pattern of shareholding  | √  |              |   |
| 2.1           | Appointment of CFO, Head of Internal Audit and Company Secretary                     | √  |              |   |
| 2.2           | CFO and Company Secretary to attend Board Meetings                                   | √  |              |   |
| 3.0           | Audit Committee  | √  |              |   |

| Condition No. | Title  | Compliance Status<br>(Put ✓ in the appropriate column) |              | Explanation for non-Compliance with the condition |
|---------------|--|--|--------------|---|
|               |  | Complied   | Non Complied |   |
| 3.1(i)        | Audit Committee to have at least three member  | ✓  |              |   |
| 3.1(ii)       | Board to appoint Directors as members of Audit Committee with at least one independent Director                              | ✓  |              |   |
| 3.1(iii)      | Board to immediately fill up vacancy in Audit Committee  | ✓  |              |   |
| 3.2(i)        | Board to select one member of Audit Committee as Chairman  | ✓  |              |   |
| 3.2(ii)       | Chairman of the Audit Committee should have a professional qualification or experience                                       | ✓  |              |   |
| 3.3.1(i)      | Audit Committee report on its activities to the Board  | ✓  |              |   |
| 3.3.1(ii)(a)  | Report on conflicts of interests   |  |              | No Such Incidence                                 |
| 3.3.1(ii)(b)  | Suspected or presumed fraud or irregularity  |  |              |   |
| 3.3.1(ii)(c)  | Suspected infringement of laws   |  |              |   |
| 3.3.1(ii)(d)  | Any other matter which should be disclosed   |  |              |   |
| 3.3.2         | Report to the Authorities  | ✓  |              |   |
| 3.4           | Reporting to the shareholders and General Investors  | ✓  |              |   |
| 4.0(i)        | No appraisal or valuation services or fairness opinion by external / Statutory Auditors                                      | ✓  |              |   |
| 4.0(ii)       | No financial information system design and implementation by external / Statutory Auditors                                   | ✓  |              |   |
| 4.0(iii)      | No book keeping or other services related to the accounting records or financial statements by external / Statutory Auditors | ✓  |              |   |
| 4.0(iv)       | No broker- dealer services by external / Statutory Auditors  | ✓  |              |   |
| 4.0(v)        | No actual services by external / Statutory Auditors  | ✓  |              |   |
| 4.0(vi)       | No internal audit services by external / Statutory Auditors  | ✓  |              |   |
| 4.0(vii)      | No other service, that the Audit Committee determines to be performed by external / Statutory Auditors                       | ✓  |              |   |

For and on behalf of the Board of Directors

  
(Mohammed Jahangir Alam)  
Chairman