



সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড CVO Petrochemical Refinery Limited

Report of the Board of Directors to the Shareholders for the Year 2014-15

Bismillahir Rahmanir Rahim
Dear Shareholders
Assalamu Alaikum

I, on behalf of the Board of Directors of CVO Petrochemical Refinery Ltd. extend a very warm welcome to you all on the occasion of 30th Annual General Meeting of the Company. At the same time I would also like to express my heartfelt thanks and gratitude to all of you for your continuous support and trust reposed on us. I take this occasion to share with you the pleasure of success as well as highlight the business performance of the Company.

It is an honor for the Board of Directors to present the Directors' Report together with the audited Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of changes in Equity for the year ended 30th June 2015.

Petroleum Product Market in Bangladesh

The Petroleum product market has been growing very rapidly. For the last couple of years driven by strong demand from industrial sector, agro and increase of automotive. This growth in economy has led to increase in vehicle for personal as well as commercial use. The fast growing industrial sector, which includes the power, energy sector, agro, manufacturing & processing sector is accelerating the demand for Petroleum Products.

In Bangladesh, annual domestic demand is around 55 Lac MT (apprx) of Petro product. Out of this demand, Bangladesh state owned only Refinery "Eastern Refinery Limited" is producing 15 Lac MT (apprx) per year and other government & private condensate fractionation plants are producing approximately 3 lac MT of Petro Product. Remaining gap has been filled up by import. In this regards government is spending a huge amount of foreign currency for import of Petro product.

CVO Petrochemical Refinery Limited is that kind of company who is producing petroleum product as import substitute for local consumption and we are saving a huge amount of foreign currency and contributing a lot at national exchequer.

Industrial Outlook, Production, Sales, Risk & Concern

CVO Petrochemical Refinery Limited is the only public limited company in Bangladesh among 10 others non-government condensate fractionation plant listed in Bangladesh Share Market. It's a very potential company because the raw materials used by the company are procured locally & also finished products are selling at the domestic market. We are producing Motor Sprit (MS), Special Solvent 1 (SS1), Mineral Turpentine (MTT), High Speed Diesel (HSD), Kerosene Superior Oil (KSO). As per agreement with Bangladesh Petroleum Corporation we



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have to sell MS & HSD to BPC and remaining product we are selling on our own at Local Market. The Main buyer of our product is Bangladesh Petroleum Corporation (BPC), Paint Manufacturing Company, Tannery Industry & Chemical Industries etc.

As per agreement, we are procuring raw materials from Sylhet Gas Fields Limited (SGFL) who is the main condensate supplier. They have enough stock of Gasoline and they are looking for new well. Therefore, we think that there will be no scarcity of condensate for the next 15 to 20 years minimum.

If any time there will be any shortage of condensate, CVOPRL can import it from abroad.

Business Performance

As Per directive of Energy and Mineral Resources Division (EMRD) an amendment agreement between Sylhet Gas Fields Limited (SGFL) and CVO Petrochemical Refinery Limited has been signed for sale and purchase of 90,000 M.T. for next 02 (two) years.

Agreement has been signed between Bangladesh Petroleum Corporation (BPC) and CVO Petrochemical Refinery Limited for sale and supply of our manufactured products to Meghna Petroleum Limited, Padma Oil Company Limited and other companies. The Board expressed great satisfaction to observe that the financial position of the Company shows good result during the year.

In view of the above prospective trading agreement the Board of Directors expects a bright business activity of the Company for the coming year.

It is also mentionable that the Company has been awarded Tax Holiday for five years from 2nd April 2014 to 1st April 2019.

Related Party Transactions

A Statement of related party transactions is shown in note 26 of financial statements of this Annual Report:

Contribution to National Exchequer

CVOPRL is regularly paying the Vat on time. We have deposited Tk. 7,16,19,906 as VAT in this financial year.

Corporate & Financial Reporting Frame work

The Board of Directors comply with the Bangladesh Securities & Exchange Commission's notification No # SEC/CMRRCD/2006-158/134/Admin/44, dated: 7th August 2012, confirm compliance with the financial reporting frame work for the following:

- i) The financial statements prepared by the management of CVO Petrochemical Refinery Limited presents fairly its state of affairs, the result of operations, cash flow & changes in equity.
- ii) Company have been maintaining proper books of account.



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- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements.
- iv) International Accounts Standards (IAS), International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been applied in preparation of financial statements and disclosures have been given properly.
- v) There is no significant doubt upon the issue of the company's ability as going concern.

Shareholders Pattern

The shareholders pattern of the company at the year ended on 30th June 2015 is shown as follows:

Particulars	Position	Physical	Demated	Total	%
Directors/Sponsors					
Mr. Shamsul Alam Shamim	Chairman	-	891,000	891,000	4.50
Mr. A. H. M. Habib Ullah	MD & CEO	-	891,000	891,000	4.50
Mr. Md. Nurul Alam Ansari	Director	-	891,000	891,000	4.50
Mr. Md. Amin	Director	-	891,000	891,000	4.50
Mr. Md. Emranul Hoque	Director	-	891,000	891,000	4.50
Mr. Md. Mohsin Saky	Director	-	891,000	891,000	4.50
Mr. Md. Mansur Alam	Sponsor	-	891,000	891,000	4.50
Mr. Md. M. H. Mobin	Sponsor	-	891,000	891,000	4.50
Mr. Md. Ali Mortuza	Sponsor	-	891,000	891,000	4.50
Mr. Md. N. H. Noman	Sponsor	-	891,000	891,000	4.50
Mrs. Zobeda Khatoon	Sponsor	-	396,000	396,000	2.00
Mrs. Zainab Rifat	Sponsor	-	396,000	396,000	2.00
Mrs. Fazilatun Nahar	Sponsor	-	198,000	198,000	1.00
Total Director/Sponsors (A)		-	9,900,000	9,900,000	50.00
Others					
General Public		891,100	5,804,528	6,695,628	33.82
Institutions		15,800	3,188,572	3,204,372	16.18
Total Others (B)		906,900	8,993,100	9,900,000	50.00
Total Share holdings (A+B)		906,900	18,893,100	19,800,000	100.00
Key Management Team					
Mr. Nizam Uddin Mahmood Hossain	Dy. Managing Director	-	-	-	-
Mr. Ahmadul Haq Hasan	Executive Director & Chief Auditor	-	-	-	-
Mr. Kaikobad Ahmed	Company Secretary	-	-	-	-
Mr. Mizanur Rahman Zaved	Chief Financial Officer	-	-	-	-
Mr. Md. Adbus Samad	Deputy General Manager - Shares	-	-	-	-

Registered & Corporate Office: 37, Katalgonj, Panchlaish, Chittagong.

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Board Meeting & Attendance

Name Of Directors	Position	No of Board Meeting	
		Held	Present
Mr. Shamsul Alam Shamim	Chairman	9	9
Mr. A. H. M. Habibullah	MD & CEO	9	8
Mr. Md. Nurul Alam Ansari	Director	9	9
Mr. Md. Amin	Director	9	9
Mr. Md. Emranul Hoque	Director	9	9
Mr. Md. Mohsin Saky	Director	9	9
Professor Hossain Imam Chowdhury	Independent Director	9	6
Captain (Retd.) Hasan Sayeed Monirul Alam, Psc, BN	Independent Director	9	5

Audit Committee

Name Of Directors	Position	No of Meeting	
		Held	Present
Professor Hossain Imam Chowdhury	Chairman	4	4
Mr. A.H.M. Habib Ullah	Member	4	4
Mr. Md. Emranul Hoque	Member	4	4

Report of Audit Committee enclosed in Annexure III.

Going Concern

The Financial statement of the company has been prepared on a going concern basis.

Director's Remuneration

All the Directors of the Company including Managing Director from the inception date did not receive any remuneration/ Board Meeting attendance fees as a mode of austerity and they also declared that till the next two years up to June 2016 no such remuneration/ fees will be enjoyed by them for the same reason. The Independents Directors are however entitled to receive a remuneration of Tk. 8000/- for every Board Meeting attendance.

Prof. Md. Hossain Imam Chowdhury, Chairman of the Audit Committee is sanctioned to receive a remuneration of Tk. 5000/- for attending and conducting every Audit Committee Meeting with effect from 1st January 2014.

Director's Election & Re-appointment

The Board of Directors of the Company consists of 8 members including 2 independent directors. In accordance with the article of association of the company, 1/3rd of the total no of



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directors is to retire by rotation every year. Accordingly, two directors namely **Mr. Nurul Alam Ansari & Mr. Md. Amin** shall retire from the board on the 30th Annual General Meeting and being eligible offered themselves for re-election. Their short resume stated in Annexure II.

Dividend

The Board of Directors is continuously making effort to uphold and protect the interest of shareholders. Keeping in view the interest of shareholders, performance, of current year, future projections and Capital outlaying, the Directors are pleased to recommend 15% Cash Dividend i.e. Tk. 1.50 per share and 25% Stock Dividend i.e. 25 shares for every 100 shares from the profit of 2014-2015 financial year. Dividend will be payable subject to approval of the shareholders in 30th AGM.

Appointment of Statutory Auditor

Company's statutory auditors Shafique Mizan Rahman & Augustine, Chartered Accountant shall retire at 30th AGM. The firm, being eligible, has expressed their interest for re-appointment. The Board recommends their re-appointments for the year 2015-16 and will continue till the next AGM. The shareholders therefore have to approve their re-appointment to hold office as external Auditors till next AGM.

Status of Compliance

The directors hereby report that the condition imposed by BSEC notification no # SEC/CMRRCD/2006-158/134/Admin/44, dated: 7th August 2012 and subsequent amendment thereof have been duly Complied with as per status of Compliance set forth the Annexure:-1

Appreciation

The Board of Directors of the company express their deepest gratitude to respected shareholders and all stakeholders of the company for continuing their support which has paved the way for success of the company The Board is grateful to the Government of Bangladesh, Ministry of Power, Energy, Mineral Resources, Board of Investment (BOI), National Board of Revenue (NBR), PetroBangla, Sylhet Gas Fields Limited (SGFF), Bangladesh Petroleum Corporation (BPC), Department of Environment (DOE), Department of Explosive, Bangladesh Fire Service & Civil Defense, Bangladesh University of Engineering & Technology (BUET), Eastern Refinery Limited, Bangladesh Energy Regulatory Commission. Bangladesh Standard and Testing Institute (BSTI). Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Central Depository Bangladesh Limited (CDBL), The Registrar of Joint Stock Companies & Firms (RJSC), our bankers, auditor and legal advisors.

On behalf of The Board of Directors

Shamsul Alam Shamim

Chairman

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