



# ***Directors' Report***



# Directors' Report to The Shareholders

## Dear Members,

Assalamu Alaikum Wa Rahmatullah.

The Board of Directors of Meghna Cement Mills Plc wishes to express its sincere gratitude and welcome you all in the 32nd Annual General Meeting of your beloved company. We take the privilege to present you the Directors' Report along with the Audited Financial Statements for the FY 2023-2024 ended on 30 June 2024, Notes to the Accounts, Statutory Auditors' Report thereon and the Audit Committee's Report, Nomination & Remuneration Committee's Report, Corporate Governance Statement and Compliance Report before you for your consideration, adoption and kind approval.

## A Brief on Economy and Cement Sector of Bangladesh

Bangladesh has witnessed commendable economic growth and poverty reduction since its independence. It attained the lower-middle income country's status in 2015. Now it is in the crossroads to become an upper middle-income country and facing intertwined challenges in the short and medium terms.

The country's economic growth over the past decade has been facing significant challenges in the recent years. Real GDP growth of the country is estimated to have reduced to 5.2 percent in FY24 down from 5.8 percent of FY23. For the last few years the inflation has increased, financial sector vulnerabilities get worsened, and pressure on the external sector persisted. As to achieve its vision of attaining upper middle-income status, the country is trying to creating competitive business environments, increase human capital and build skilled labor forces, build efficient infrastructure, and establish an environment to attract private investments, execute big projects in private-public partnerships. The country has been trying to bring diversity in exports beyond the RMG sector; trying to resolve financial sector vulnerabilities; making urbanization more sustainable and strengthening public institutions, including fiscal reforms to generate more domestic revenue for its development. It has been trying to address the infrastructural gaps and vulnerability to climate changes as to accelerate its growth. Pivoting towards green growth would support this country for the sustainability of development outcomes for the next generation. Bangladesh needs to remove the barriers towards industrialization including continued power generation and supply at affordable

rate for the industrial sector, static infrastructural development and urbanization process, reduce risks of climate change and natural disasters etc.

The country has been facing big challenges as it already hit by tighter state investment, inflation, and sluggish industrialization since the wars on different corners of the globe, high foreign currency exchange rates, decline in the foreign currency supply within this country. These issues have cumulative effects on this country's construction materials industries as it is affected severely which resulted faster slump in the consumption of key construction materials including cement. The steady rising of the construction sector of this country has been bent down in the FY 2023-2024 as the rate of decline geared up while country's mega projects and large building constructions projects had been decreased significantly.

The cement sales of this country experienced continued sluggishness for the third straight year of lower sales, while other construction materials consumption followed by the trend, raising the industry is concern about capacity utilization. The big government projects, which previously accounted for nearly 40% of the cement used a few years ago, have dwindled to 20%-25% in the year under report due to tightening of the development budgets. GoB's annual development program (ADP) implementation rate has fell to a four year low in the fiscal year under report and the development spending was almost flat resulting significant fall in building material sales to the construction sector.

The real estate developers, the major buyer of construction materials beside the state projects, went conservative in building new infrastructures as material prices shot too high-up to 85% since pandemic, which pushed apartment prices almost beyond the reach of the middle class in the fiscal year under report. Apartment prices have rose more than double in the past four-five years to compensate for the higher cost of land and materials resulted slower pace of clearing off of the ready apartments by the realtors. Due to the slower pace in clearing off of the ready apartments, realtors' construction was at its slowest pace in the last few years including FY

2023-2024. And the builders are hit by uncertainty about the sale of new projects and the spiked up interest rates against bank loans for the construction industry which also hurt all in the construction businesses. Another blow that hit the construction industry of Bangladesh was the high foreign currencies (FC) rate and lower supply of foreign currencies as well. The dollar price surged to around Tk 118/- on average in FY 2023-2024 from around Tk 85/- on average of the FY 2022-2023 and all the materials import costs in terms of local currency surged accordingly.

The decade-long trend of 8% plus compound annual growth of demand for cement, the most consumed construction material, had reversed in FY2022-2023 and the slump continued for the third straight year in the FY 2023-2024. The sales data as compiled by the Bangladesh Cement Manufacturers Association (BCMA) revealed that the country's annual demand for cement had peaked to nearly 4 crore tons in 2021 and fell to around 3.8 crore tons in FY2023-2024. According to the experts in this sector the national cement consumption fell by 1% in FY2022-2023 followed by a 1.5% slump in FY2023-2024.

When the economy is doing great, credit is easily available and both the public and private sectors take on new infrastructure projects, this leads to a higher demand for cement, and the products sales of in the cement sector shoot up. And the reverse happens when the economy falls into the doldrums. This leads to ups and downs in this sectoral industry's periodic earnings.

Bangladesh's economy has faced number of challenges in recent past years, and as also in the FY 2023-2024, these challenges continue to persist. Despite some progress, the country's significant portion of population living in inadequate access to basic services including healthcare, education etc. Additionally, the country is highly vulnerable to natural disasters like floods and cyclones, which disrupt economic activities and cause significant damages.

This country, during the year under review, faced hard challenges especially in the context of a global economic crisis, Russia-Ukraine war, the national election, forex reserve shortages, restricted capacity of the banking systems to facilitate import and export through opening LCs etc. The country is dependent on both imports and exports, on export side - particularly on the readymade garments (RMG) sector, which accounts for around 80 per cent of total exports, and on import side - commodity, raw materials and capital machineries etc. The RMG sector has been hit hard by the ongoing trade tensions and economic slowdown in major

markets including in the United States and Europe. This has already led to a decline in export revenues and a slowdown in economic growth.

The currency flow of export and import since 2013 up to 2023-2024 shows that the amount of money Bangladesh spent each year on import is higher than that earned through export. However, it is worth noting that though the country's import-export gap during the year under review rose sharply to more than \$4 billion from just US\$ 2 billion in 2021.

Additionally, the country has also faced slowdown in inward remittances, which was a major source of foreign exchange and a key driver of the country's economic growth. The decline in remittances was mainly due to the economic crisis in the Middle East and Gulf countries, which are major destinations for Bangladeshi migrant workers. These workers faced job losses and reduced wages due to the economic crisis there, which had led to a decline in remittances into Bangladesh.

Commercial banks in Bangladesh also faced difficulties in fulfilling their import payment obligations due to a rapid depletion of the foreign currency holdings due to the persistent dollar crisis in the country. The decreased foreign currency holdings by the banks made it difficult for them to open Letters of Credit for importing essential products, industrial raw materials and capital goods, etc. The inter-bank foreign exchange market has nearly collapsed, and banks have been unable to meet their own demand in recent months. The Bangladesh central bank's decision not to sell dollar from its reserves to private commercial banks has exacerbated the crisis. Over 40 per cent of commercial banks with negative balance in foreign currency holdings are currently struggling to pay their import payments against their issued LCs. These banks have fallen into a dollar deficit after paying large amounts against LCs. Many banks have delayed paying their import payment obligations, and the crisis has prompted other banks to refuse to open LCs, as they do not have enough dollars to meet the high demand in the market.

The rate of inflation in Bangladesh increased to 6.2 per cent during the year under review, up from 5.6 per cent the previous year. This uptick in inflation is primarily due to strong domestic demand and rising global prices of oil, gas, and other commodities as a result of supply disruptions caused by the Russia-Ukraine war. Additionally, the depreciation of the Bangladeshi Taka against the US dollar also contributed to trigger the inflation.

The economic fallout and uncertainty over the wars in different corners of the global slowed down exports to the key export

destinations and substantially reduce export momentum and growth.

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. It was being observed that when the construction sector of Bangladesh become stronger, consequently the demands for cement 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

Now-a-days all are connected across the globe and on the other hand we are more apart then ever. This is a competitive market where businesses have big options, spaces to introduce and improve the quality of products and services, to provide more options for the buyers. The cement sector of Bangladesh is of no exception. There had been no cement factory under private ownership in Bangladesh till 1990. The GoB executed some policies and undertaken several positive schemes and as a result of those initiatives multinational manufacturers and local entrepreneurs came forward and established cement manufacturing industries in Bangladesh. Since the establishment of considerable numbers of private cement mills in the private sector, at present the aggregate production of cement in this country has exceeded the total local demand for cement. And the country has attained the self-sufficiency in cement production and local demand for cement is being fulfilled. Cement is the main ingredients for almost all infrastructural development and constructions. It is an industrial product and most of the cement producers of this country follow more or less same technology. As a result the local market has become very challenging and critical. The cement sector's total production capacity in experienced under utilized as local consumption of cement varies very frequently.

Currently, as many as 71 cement manufacturing companies have been registered and out of which 30 large, medium and small cement producing companies are currently operating. 7 of them are listed with the Stock Exchanges and 4 of them are multinationals which produce around 60 million tons of cement per annum. Some big public infrastructure projects as undertaken by the Government and urbanization being

boosted up in this country resulted to establish the local cement industrial units. Local companies hold more than 75% of market share, against the products of the multinational cement industries popular for their attractive prices and quality. Higher per capita income and sustained period of social stability helped to grow the cement sector amid huge construction works in both public and private sectors, as revealed studies. However, the country is far behind the average per capita cement consumption in the world which is 576kg while that of Bangladesh is only 230 kg, according to a recent study. An another study reposted that, nearly 25% of total cement used in a single year is consumed in the construction of private homes followed by 40% in government process including buildings and infrastructures, 35% is used to build real estate and commercial buildings and consumption.

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. The reputation of our locally produced cement has been established and acclaimed as one of the most competitive cement markets in the world.

### 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 manufacturers 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, conferences, workshop, seminars and outdoor marketing 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.

Although 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 cement raw materials from abroad.

The domestic cement industry of Bangladesh is fully import based as almost of the required raw materials, including clinkers and limestones, are readily available in the country. As a result, the cost of producing cement depends on raw material prices in the international market. The situation had worsened due to the devaluation of the local currency against the US dollar, with importers had to pay BD Taka 122/- per greenback for opening LCs while it was Tk.118/- previously. As a result, the cost price of a 50-kg bag of cement had increased by Tk 50/- to Tk 60/- over the past year. Still though, the higher prices are not making up due to the increased production cost as there is no scope to pass the burden onto consumers.

Bangladesh imports cement producing raw materials mainly from Vietnam, Indonesia, Thailand, Pakistan, India, the UAE,

Oman, Saudi Arabia and Japan.

In the cement manufacturing industry of Bangladesh constant power supply for production of cement is very essential. It requires huge supply of electricity in its process. The maximum of the power as required in the cement industries are met by the national power grid but interruption to power supply and fluctuation thereto result disruption in production process as well as increase of the production costs.

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 cement industries unique feature 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 with caution. For raw-materials and other commodities this company used five different types of high-quality machines. For supplying the produced commodities all over in the country your company used cargo-vessels and trucks as well most of which were owned by the company.

Meghna Cement Mills PLC mainly used paper made cement sacks for packaging of its products considering the issue of environment protection.

### **Cement Consumers Segmentation**

Our country has a tropical monsoon climate characterized by wide seasonal variations in rainfall, temperature and climate differences. Cement although is a low demand product but a faster growth in demand for cement has been observed in recent years after a shift in the choice abilities and capabilities of the people of the country. The rural people having financial abilities now prefer modern houses, increased urbanization process, construction of big apartments, multistoried shopping complexes and implementation of large infrastructure projects over the country are the main players in the cement consumer segments.

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 of the product to the consumers required to be in time. The consumers of cement of our country can be segmented by location, behavior, purchasing approaches, seasonal variation, volume and frequency, characteristics, brand preferences etc.

Cement consumers could be segmented into the following categories i.e. price sensitive customers; quality conscious customers; quality and price tolerance customers etc.

Cement consumers' segmentation combines with behavior and costs of products aspects. It is noteworthy to mention here 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:



Previously individual home builders occupied the highest position in terms of contribution towards demand for cement of this country but recently mega projects were undertaken in the public sector which helped this sector to become as the biggest consumer segment of cement. According to a recent report, individual home builders and commercial real estate developers consumed nearly 25% and 35% respectively of the total cement produced while the public sector consumed almost 40% 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 has been executing several mega infrastructure projects including various flyovers in the city areas, construction of wider roads in the urban areas, highways and bridge, mega metro rail projects, 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 230 kg, which was 200 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 1882 kg in China, 800 kg in Malaysia, 780 kg in Iran and 1,820 kg in Saudi Arabia.

Sales of cement nearly halved in the couple of months during the financial year under review. The demand and supply gap in cement sector in the country has been widened. The real estate developers had to shelve their further new construction plans as their already finished projects faced set back due to lower demands caused by crisis of purchases. The economic condition of the consumers was hit by inflation, crisis in the supply of foreign currency, rationing in bank financing, uncertainties & unrests in the country and lower inflow of remittances from middle-east countries - caused due to mishandling of the wage earners' critical issues by the policy makers of the country. This recession was seen and

prevailed in the country's economy for the entire financial year under review. As such, demand for cement from the private sector, which accounts for 35 percent of annual cement consumption, had plummeted. However, it has been, forecasted that the demand for cement in Bangladesh would come to its normal position soon. It is also expected that our real estate sector would recover if the favorable socio-economic scenario is brought back and prevailed. The country's infrastructure development process has to be geared up, urban constructions to be continued and housing in the rural areas of Bangladesh to be encouraged.

### Transportation

The performance of industries producing bulk products are dependent on transportation factors in both ways. Cement has been considered as the bulk industrial product and cost of transportation is very vital for bulk products like cement. By considering it this company 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 waterways experienced significant increase. This company had to incur additional costs for transportation of raw materials as well as finished goods due to higher cost in transportation.

The cement producers are dependent on import raw materials in bulk quantity from abroad 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 this report, fuel costs and water transportation costs increased to great extent and high inflation rate of the country also played adverse role on the cost hike of products and services.

## Seasonality

The geographical location of Bangladesh is unique. The country is a captivating blend of diverse landscapes. It 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 varied six seasons in a year. It has been found that a critical driver for demand of cement in this country is weather and on the cement sector it has visible effect. Every year the cement sector faces seasonal variations e.g., during the monsoon, the cement sector used to experience 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 seasonal variations the country faces in the use of cement are as follows:

<b>Peak Season</b>	<b>January to April/ May</b>
<b>Dull Season</b>	<b>June to September</b>
<b>Off Season</b>	<b>October to December</b>

The construction sector's growth in our country is closely linked 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. During January to April months of every year which sometimes also stretches till May, are considered as the peak season for construction activities when the demand of cement in the market become very high. As in the climate of Bangladesh, changing this period there is no rainfall or little rainfall over the country. It is considered an ideal time for construction of buildings, infrastructural development and implementation of real estate projects in this season.

The period, spanned over June to September months of a calendar year, is considered as the dull season for the cement industry of the country 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 its production and supply process.

## Production - Supply Management

The supply chain system in the industrial sector is increasingly become complex. 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 PLC, 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:



Areas	%
Dhaka Division	- 45%
Rajshahi and Rangpur Divisions	- 10%
Chattogram Division	- 23%
Sylhet Division	- 7%
Khulna Division	- 10%
Barishal Division	- 5%

The location of the factory of Meghna Cement Mills Plc is in Mongla Industrial Area, Bagerhat District under Khulna Division. It was the first big industrial unit of that locality and in that industrial area too. 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- Barishal, Khulna, Rajshahi and Rangpur divisions through both roads and river ways using its own transportations.

The company has its own finished products distribution channels spread over the country and the company engaged all out efforts to cover up the domestic cement market of the country and every possible point of the country has been brought under its own distribution channel and network.

### Production and Sales

The cement consumption of the country varies regionally and approximately three-fourth of the cement as being produced is consumed in Dhaka and Chattogram divisions. The growing income level in rural economy results a 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 inter dependent. The demand of cement in this market is mainly dependent on the development of the public infrastructure projects, industrial constructions, real estate business and individual home builders which are spread all over the country. The categories of cement customers of this company are as follows:



### Production

In FY 2023-2024, the Company produced 2.32 Lac MT of Cement compared to 12.26 Lac MT of cement in the FY 2022-2023 registering a decrease of 81% in production of cement.

During the year under review, this Company faced huge crisis in import of raw materials, bank finances, foreign currency arrangements, big rise in import costs of raw materials, lower prices of finished goods in the local market, lower demand of products, high inflationary effect in country's economy resulting the rise in the consumers living cost etc.

In the FY 2023-2024 under review, the net sales revenue amounted to Tk. 214.95 crore compared to Tk. 352.35 crore of the last FY 2022-2023, registering a decrease in sales of Tk.137.41 crore in comparison with the previous year's sales.

### Performance of the Company

This company is concerned about its responsibilities towards its stakeholders. MCMPlc tried to execute its business plans through its business operations by proper utilization of its resources. During the year under review, this Company faced huge crisis in import of raw materials, bank finances, foreign currency arrangements, big rise in import costs of raw materials, lower prices of finished goods in the local market, lower demand of products, high inflationary effect in country's economy resulting the rise in the consumers living cost etc. The management of this company has to set its strategy to accomplish its objectives



and business plans within those barriers. 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 FY 2023-2024 the company incurred net loss of Tk 22.61 crore and in the FY 2022-2023 it was net profit of Tk 1.72 crore.

During the FY under review the cost of goods sold was Tk. 145.31 crore whereas in the previous FY it was Tk.286.04 crore.

<b>Summary of Performances (in BDT):</b>	
<b>Particulars</b>	<b>Amount in Tk.</b>
Opening Stock of raw and packing material	39,05,48,606
Raw and Packing material Purchased	118,32,34,485
Closing Stock of Raw and Packing material	(54,84,37,917)
Raw and Packing material Consumed (Note-31)	102,53,45,173
Factory Expenses (Note-30.02)	43,53,59,097
Opening stock of finished goods	1,90,43,847
Closing stock of finished goods	(2,66,09,051)

### Preference Shares

The Board of Directors of Meghna Cement Mills Plc in 2020 has issued Fully Redeemable Preference Share of BDT 100 crore to raise its capital through Private Placement. The Company has obtained permission from the Bangladesh Securities Exchange and Commission in this regard. The Fully Redeemable Preference Shares were subscribed by the following Subscribers:

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%)**

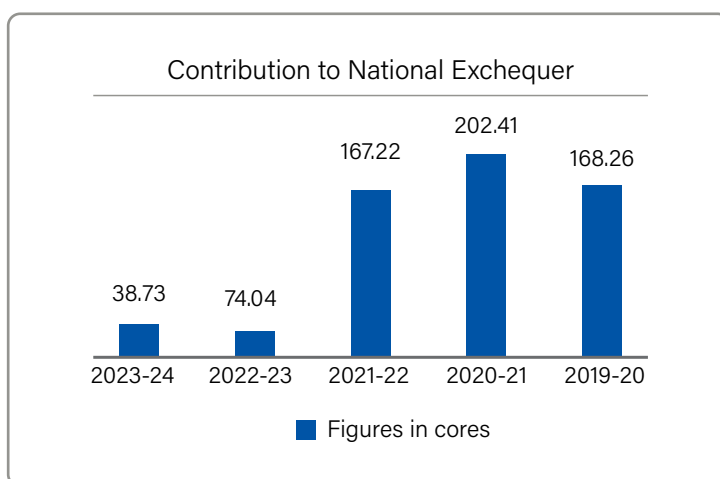
All statutory books were maintained and preserved at the head office of the Company. 5.00 crore preference share money was paid to the preference shareholders in the FY-2022-2023 and no payment was made during the FY 2023-2024.

### Dividend

During the FY 2023-2024 the Board of Directors could not recommend any dividend for the shareholders. This is to be mentioned here that in the previous financial year 2021-2022 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.

### Contributions to the National Exchequer

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 very inception. 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 2023-2024, this company contributed an amount of Tk. 38.73 crore in the form of tax, customs duty, VAT etc. The contributions to the national exchequer was equivalent to 18.02% of the total sales revenue of the company during the period under review.

## Environment Protection

Environment protection refers to preservation and management of natural resources, ecosystems, and biodiversity to ensure their sustainability for present as well as future generations. One of the primary objectives of environmental protection is the conservation of biodiversity. By safeguarding biodiversity, we can protect countless species from extinction, maintain ecosystem stability, and ensure the continued provision of ecosystem services including clean air, water, and fertility of soil. We are living in an era marked by industrialization and urbanization in consequence of population growth, the importance for environmental protection needs greater attention.

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

In the factory area and in its production and operation process as well the company had installed adequate modern technology and equipment having higher capacity and undertaken considerable measures to reduce various types of pollutions. It enhanced the output as well as upgraded the working environment of the factory.

With a view to environmental protection this company carried out its operations and management following environmentally responsible procedures, keeping both ecological and social sustainability as its integral components.

## Certification

MCMPLC has implemented and maintaining an effective Environmental Management System and Quality Management System, emphasizing sustainability in cement manufacturing and distribution activities in alignment with international standards. In recognition of this achievement, the company has attained ISO 14001:2015 certification for Environmental Management Systems and ISO 9001:2015 certification for Quality Management Systems. These certifications underscore the company's commitment to maintaining excellence in environmental responsibility and quality assurance across all operations.

## Risk Factors and Its Management

Every company, whether big or small no matter, faces business risks in continuing its operations when there is potential

uncertainty around strategy, profitability, compliance, environment, health and safety and so on. Business operation risks can impact a company's bottom line and its reputation among its stakeholders, and risk management plans can help mitigate them. In this country, the cement sector has potential on the other hand also have some risk factors. 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, adverse pricing economic recession, price fluctuations in the import of raw materials of finish products, crisis in foreign currency supply, higher price of raw materials in local & international market, currency fluctuations, loss, catastrophe, other undesirable outcome, absence of complete certainty, changes in the taxation laws provisions & regulatory directives, increase in the Tax & VAT rates etc.

While setting up its business plan and operation as well this company has put emphasis on 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 measures either to remove and/or as far as possible to limit those risks.

## Related Party Transactions

The company from its inception following the policy to comply with the laws, rules and regulations. The company in its business efforts and practices put special care to protection and preservation of the interests of its 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. 50 of the financial statements.

## 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 number of shareholders of this company were 5,868 nos. on the Record Date of the Company i.e., 20 November 2024, which was 6581 nos. of shareholders on the previous year's record date (of the FY 2022-2023).

The issued, subscribed and paid-up share capital of the Company is Tk. 31,58,85,297 which has been participated by the Sponsors, Banks, Financial Institutions and General Public.

### Protection of Minority Shareholders' Interest

Since incorporation the Board of Directors dedicated itself to attain the objectives of this company and to develop its business horizon. To ensure the fair and equal treatment to every shareholder including the minority shareholders it has engaged all its efforts. The Board of Directors of this Company is concerned about the interest of the stakeholders including the minority shareholders. For protection of the interest of minority shareholders, the company has taken various measures for establishment of transparency and 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 further 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 –

- 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 2023-2024. The resume of the Chairman and the Managing Director are appended at the Directors' Profiles of this Annual Report.
- The Board of Directors of this company is fairly independent and they play their due roles, discharge their duties and responsibilities freely and without any interferences as 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 there was no matter of interference is discharging of their duties.
- The Board of Directors' of MCMPLC 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, board 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 Directors 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 04 (Four) nos. of directors, out of which 03 (Three) are from the part of Sponsor Shareholders/Members elected by the members of the company in the general meetings. The names of the Directors of the company and summary of their resume have been shown in page no. 46 to 50 of this report. The shareholding position of the Directors as on 30.06.2024 were as follows:

Sl. No.	Name of Directors	Position in Company	No. of Shares	% of Holding
01.	Mrs. Afroza Begum	Chairman	26,40,376	8.36%
02.	Mr. Ahmed Akbar Sobhan	Managing Director	40,14,056	12.71%
03.	Mr. Md. Imrul Hassan	Director	6,31,770	2.00%
04.	Mr. Md. Nurul Karim	Independent Director	Nil	Nil

### Roles and Responsibilities of the Board

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

- Setting company's values and standards;
- Setting of goals and objectives for the company;
- Providing entrepreneurial leadership;
- Ensuring human and financial resources be available to achieve objectives;



- Constructive challenges mitigation and help in developing proposals on business strategy;
- 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.
- Reviewing management teams' performance and monitoring of performance reports;

### Directors' Board Meeting Attendance

The Board of Directors of this company has conducted its meetings according to the rules and procedures contained in its governing documents. 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. 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 08 (Eight) numbers of meetings of the Board of Directors were held.

#### Attendance status of board of meetings:

Sl. No	Name of Members	Designation	Nos. of Meeting Held	Nos. of Meeting Attendance
1.	Mrs. Afroza Begum	Chairman	08	08
2.	Mr. Ahmed Akbar Sobhan	Managing Director	08	08
3.	Mr. Md. Imrul Hassan	Director	08	04
4.	Mr. Md. Nurul Karim	Independent Director	08	08

### Directors' Remuneration

Likewise the previous years during the FY 2023-2024, the Directors of the company including the Independent Director did not receive any remuneration from the Company.

### Appointment & Retirement of Directors

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. The Board of directors' of this company is concerned to ensure the company's development, progress & prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its stakeholders.

In accordance with the provisions of the Article no. 131 of the Articles of Association of the Company the following 01 (One) of the Directors of this company - Mr. Ahmed Akbar Sobhan is retiring by rotation in the 32nd Annual General Meeting and is eligible under the Article no. 133 of the Articles of Association for reappointment as Director in this Annual General Meeting of the company.

The Board of Directors of this company has recommended for the election of the retiring Directors and placed the matter before shareholders in this 32nd Annual General Meeting for their consent. The brief resumes of the above noted 01 (One) Director has been appended along with the other directors' resume herein before this report.

### Independent Director

BSEC as the guardian of the capital market of this country 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/Ad- min/80 dated 03/06/2018 every listed company is required to appoint the Independent Directors, to be 1/3rd 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 Plc had appointed one experienced retired Bureaucrat having proven professional experiences as its independent directors under the directives of the Corporate Governance Code of BSEC.

Mr. Md. Nurul Karim has continued as the Independent Director of this Company under the BSEC's Corporate Governance Code. 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 after the term of the present Independent Director(s) is being completed.

### Audit Committee

The Bangladesh Securities and Exchange Commission issued the Corporate Governance Code (CG Code). It has provided that every listed company is required to constitute the Audit Committee in accordance with the CG Code into his framework. In view of this the Board of Directors of Meghna Cement Mills Plc 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 set the Audit Committee's Terms of Reference in the light of the CG Code. The audit committee of MCMPlc 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 understanding 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 audits and meets with the management and external auditors, resolve the matters, communicate to the committees under generally accepted auditing practices.

The audit committee of this company is responsible to the Board of Directors. During the year under review 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 01 was the Independent Director and one member was the Sponsor Director. The Company Secretary of the Company has discharged the duties as the Secretary of the Audit Committee. MCMPlc's Audit Committee comprised by 01 Independent Director - Mr. Md. Nurul Karim and Mr. Md. Imrul Hassan, Director and Mr. M. Mazedul Islam, Company Secretary (CC) who discharged the duties 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 M. Mazedul Islam, Company Secretary (CC) functioned as the Secretary of the Committee under the directives of the Corporate Governance Code during the period under review. The Audit Committee Members have required qualifications, adequate experience and knowledge on business and trade, corporate laws, financial 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 MCMPlc has constituted the Nomination & Remuneration Committee (NRC). 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. Md. Imrul Hassan, Director and M. Mazedul Islam, Company Secretary (CC),. The Board of Directors has designated Mr. Md. Nurul Karim as the Chairman of the Nomination & Remuneration Committee and M. Mazedul Islam, Company Secretary (CC), functioned as the Secretary of the Nomination & Remuneration Committee as per the Corporate Governance code during the FY 2023-2024. Earlier Mr. Safwan Sobhan, Director had resigned as the member of the NRC. In view of which the Board of Directors of MCMPlc appointed Mr. Md. Imrul Hassan, Director as the member of the NRC w.e.f. 09.10.2023 in the casual vacancy.

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 remuneration;
- 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 appoint Mr. Ahmed Akbar Sobhan, as the Director of this company as the will retire by rotation in the 32nd Annual General Meeting.

## Financial Year

This company has adopted the July - June period as its financial year 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.

## Statutory Auditors

M/S. T. Hussain & Co, Chartered Accountants have completed their responsibilities as the statutory auditors of this company. They were appointed as the statutory auditors in the casual vacancy while M/S. G Kibria & Co., Chartered Accountants expressed their unwillingness to continue as the auditors of the MCMPlc after their appointment in the 31st AGM of this company.

M/S. T. Hussain & Co, Chartered Accountants have requested for their appointment being they are eligible for the Financial Year 2024-2025.

The Board of Director MCMPlc has recommended for the appointment of M/S. T. Hussain & Co., Chartered Accountants as the Statutory Auditors for the Financial Year 2024-2025 at a fee of Taka BDT 4,50,000/- (Four Lac Fifty Thousand taka only) excluding AIT & VAT and placed the matter before the shareholders of this company for their approval in the 32nd Annual General Meeting.

## Executives' Shareholding Status

The shareholding position of the top executives, governance officers, their spouses and children (minor) as on 30.06.2024 has been appended below:



Name of the Executives	Nos. of Share holding		
	Self	Spouse	Children
Mr. KM Zahid Uddin, Deputy Managing Director	Nil	Nil	Nil
Mr. M. Naseemul Hye FCS, DMD & Chief Compliance Officer	10	Nil	Nil
Mr. Mohammad Kamrul Hassan, Chief Financial Officer	Nil	Nil	Nil
Mr. Mohammad Eleas Hossain, Head of Internal Audit & Compliance	Nil	Nil	Nil
Mr. Mohammad Nurul Huda, Head of Banking Finance	Nil	Nil	Nil
Mr. Shah Jamal Sikder, Chief Marketing Officer	Nil	Nil	Nil
Mr. Imran Bin Ferdous, Head of Division (HR)	Nil	Nil	Nil
Mr. Eng. Gyana Jyoti Chakma, Head of Plant	Nil	Nil	Nil
Mr. Mohammad Mostafa Kamal Bhuiya ACMA, DGM (Finance & Accounts Division)	Nil	Nil	Nil
Mr. M. Mazedul Islam, Company Secretary (CC)	Nil	Nil	Nil

## Corporate Governance

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 2023 -2024 as required under the BSEC's corporate governance code has been appended hereinafter this report.

## Corporate Governance Framework

Being a manufacturing business entity, Meghna Cement Mills Plc (MCMPlc) emphasizes on transparency, accountability and compliance, which are the essence of corporate governance. High standards of corporate governance play an important part towards the Company's continued growth and success. The Company has always endeavored to maintain the highest standards of corporate governance and business conduct so as to generate and maintain sustainable shareholders' value, safeguard stakeholders' interest and maintain investors' trust and confidence. The Company, at the same time, expects acts of honesty and integrity from its Board of Directors, employees and suppliers.

## Corporate Governance Practices

MCMPlc is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders while promoting integrity, transparency and accountability. The Board and the Management Team also put their best efforts to comply with all the laws of the country and all internal regulations, policies and procedures to build MCMPlc a thoroughly transparent Company.

## Corporate Governance Report 2024

MCMPlc is listed with the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. The Company has complied with all the applicable conditions set out in the Corporate Governance Code 2018 "the Code" issued by the Bangladesh Securities

and Exchange Commission (BSEC). The Board continues to monitor and review the Company's Corporate Governance practices and makes necessary changes at an appropriate time. Our actions are always governed by our values and principles, which actually reason behind the key to ensure sustainable success of the Company. The disclosures in this report set out our corporate governance framework, practices and policies for FY 2023-2024 with reference to the Code.

## Board Matters

### a. Role of the Board

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and are accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled. The Directors keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate monitoring and control. The Board also ensures that MCMPlc Policies & Procedures and Code of Conduct are understood, implemented and maintained at all levels and the Company adheres generally accepted principles of good governance and effective control of Company activities.

### b. Rules of Procedure for the Board

In addition to other regulatory guidelines, the Board has also adopted the ToR (Terms of Reference) for the Board of Directors' to ensure better governance in the work and administration of the Board.

### c. Salient features of the ToR for the Board

- Providing entrepreneurial leadership
- Setting up the strategy
- Ensuring the human and financial resources are available to achieve objectives
- Reviewing management performance
- Setting up the company's values and standards
- Ensuring that obligations to shareholders and other stakeholders are understood and met adequately.

### d. Key Features of the Board

- Except Managing Director all Board Members are Non-Executive Directors;
- Separate posts for the roles of Chair of the Board and the Managing Director;
- No Independent Director has served more than six (6) years;
- Chair of the Audit Committee and NRC is Independent Director;
- Management do not sit on the Board;

- Audit Committee comprised by 01 independent director and one non-executive director and CS. NRC comprised by one independent director and one non-executive director and the CS.

### e. Board Composition

As at the date of this Annual Report, the Board of MCMPlc is comprising of Four (4) Directors, with One (1) Non-Executive Directors, One (1) Independent Director and one (1) Managing Director.

### f. Board's Contribution

The Non-Executive Directors contribute diversified qualifications and experience to the Company by expressing their views in an independent, constructive and informed manner, and actively participating in Board and Committee meetings.

The Directors provide independent judgement and advice on issues relating to the Company's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management processes, with the shareholders' interests being the utmost important factor. The Company has also received from each Independent Director a confirmation annually of his/her independence taking into account the independence guidelines set out in BSEC Corporate Governance Code-2018.

### g. Board Meetings

The Companies Act 1994, BSEC rules and regulations, DSE/ CSE Listing regulations and Articles of Association ("AoA") of the Company requires the Board members to meet at least four (4) times in a year or when duly called in writing by any Board member. The Board accordingly met 08 (Eight) times during the year FY 2023-24. The notice contains the detailed statement of business to be transacted at each meeting. By following Bangladesh Securities and Exchange Commission's order no. SEC/ SRMIC /0.4-231/ 932 the Board of Directors already start convening hybrid and virtual meetings along with physical conventional meetings to facilitate the decision making process.

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 Compliance Auditors

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 certification work in this company for the FY 2023-2024. M/S. Suraiya Parveen & Associates, Chartered secretaries in Practice has requested for their appointment as the corporate governance compliance auditors for the FY 2024-2025.

The Board of Directors of this Company Meanwhile the company has received a request from one of the valued shareholders to appoint M/S. Haruner Rashid & Associates, Chartered Secretaries in practice to appoint them for the purpose of compliance certification of the corporate governance. In view of this the Board of Directors is placing the matter before the Members of this company in the 32nd Annual General Meeting for its selection and approval of the appointment of the corporate Governance Compliance Auditors for the Financial Year 2024-2025 with same remunerations.

### 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 Plc., is a venture under 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.

MCMPlc 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 2023-2024 and continuing are mentioned below -

- MCMPlc 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.
- MCMPlc has been maintaining necessary preparation to help the local people living 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 a leading national level sports club for the last several years.
- 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 MCMPlc medical teams have given supports to more than three thousand masons.
- It has arranged good number of 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:

- Statement of Financial Position;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash flows; and
- Notes to the Financial Statements

### Statement on Sound Internal Control

The Board of Directors recognizes the importance of sound internal controls and risk management practices for good corporate governance. The 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 Company. 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 the lines of accountability and delegated authority.



## Nature of MCMPIC as a Going Concern

Significant deviations in Financial Performance owing to recover from economic recession situation of this country we found a significant deviation in cash flow of the company. And NAV per share has increased.

## Certification by the Managing Director & Chief Financial Officer

The Certification of the Managing Director and the Chief Financial Officer of this Company on the correctness and fair presentation of the financial statements is appended herewith this Annual Report.

## Acknowledgments

MCMPIC has come a long way since its commencement of operation. It was possible by the overwhelming support of its stakeholders. We express our sincere thanks to all our customers for their extending support, cooperation and confidence on us. We fervently acknowledge our indebtedness to them and believe that their support and cooperation are to be continued in the days to come.

The Board of Directors of MCMPIC 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 MCMPIC also expresses 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 Counter party 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 PLC., Southeast Bank PLC., First security Islami Bank PLC., IFIC Bank PLC., Shahajalal Islami Bank PLC., Arab Bangladesh Bank PLC., Mutual Trust Bank PLC., Agrani Bank PLC., Bank Asia PLC., Janata Bank PLC., Basic Bank PLC., Dhaka Bank PLC., Trust Bank PLC., Premier Bank PLC, Sonali Bank PLC, Islami Bank Bangladesh PLC., Mercantile Bank PLC., Pubali Bank PLC., National Bank PLC., NCC Bank PLC., Social Islami Bank PLC., Standard Bank PLC., Union Bank PLC., United Commercial Bank PLC., 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 2023-2024.

The Board also expresses its gratitude to the management of this company for their cooperation, support and teamwork and to all the employees of MCMPIC for their exceptional services over the past years without which this company could not come across this challenging time.

## Conclusion

MCMPIC is a cement manufacturing company and it is a very sensitive sector of this country. The consumers of this sector are very conscious about quality and sensitive to the products price as well. The sector is very competitive and most of the companies are producing almost same quality of products. All of these companies are facing regulatory pressures. This is to inform you that the authorities has increased the gas prices, the import cost of raw materials also increased and power price has also been increased. Due to these price hikes, high rate of inflation, foreign currency crisis and adverse changes in the tax provisions of this country the production costs of cement raised significantly. But due to the intense competitions prevailing in the cement sector this company could to increase the sales price of its finished products and increase the volume of production. The lower inflow of remittances into the country also adversely effected over the sales of all types of construction materials including cement.

## Dear Members,

We expect that the economic recession as we experienced in this country will be contained and removed in the days to come. It is expected that higher inflow of remittances may bring some positive impact on the construction sector in the coming days.

More residential houses are expected to be built in the coming days. We hope this company will overcome all the obstacles in the days to come with your support. We also hope that very soon the newly formed government of this country will implement again the ambitious big infrastructural construction projects and give scopes for the businesses to operate in business friendly environment, inflow of foreign remittances will rise and come to a higher level with its help we could cope with the obstructions and shall bring positive results in the coming days.

Thanking you all.

On behalf of the Board of Directors

Sd/-

**Afroza Begum**  
Chairman