DIRECTORS' REPORT

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Dear Members,

Assalamu Alaikum Wa Rahmatullah.

The Board of Directors of Meghna Cement Mills Plc express its sincere appreciation to all the valued shareholders and warmly welcomes you all to the 33rd Annual General Meeting of your Beloved company. It is our privilege to present the Directors' Report together with the Audited Financial Statements for the FY 2024–2025, ended 30 June 2025, along with the accompanying Notes to the Accounts, the Statutory Auditors' Report, the Audit Committee Report, the Nomination & Remuneration Committee Report, and the Corporate Governance Statement and Compliance Report for your review, consideration and kind approval.

A BRIEF ON THE ECONOMY AND CEMENT SECTOR OF BANGLADESH - IN BRIEF

Our country achieved sustainable progress in growth and poverty reduction and maintaining its lower-middle-income status since 2015, now stands at a critical juncture where its long-term development aspirations toward upper-middle-income status are being tested by an extended period of economic slowdown, prolonged macroeconomic pressures and heightened political and external uncertainties.

The economy in FY 2024–25 operated under one of the most challenging environments in recent years, with multiple domestic and global factors combining to weaken growth momentum, depressed investment sentiment, and disruptedd industrial activity. Real GDP growth of the country dropped further to 3.97% from and well below the levels required for the country's targeted growth trajectory. This subdued performance caused by a broad-based weakening of industrial output, a marked decline in private investment due to tightened credit conditions and higher borrowing costs, persistent inflationary pressures, and an overall cautious approach adopted by businesses and households amid ongoing political transitions and policy uncertainty. Inflation remained stubbornly high throughout the fiscal year, with consumer prices recorded at 8.36% year-on-year, confirming the persistence of this macroeconomic headwind, driven by elevated food prices, supply-chain disruptions, and rising utility and energy costs; although slightly lower than the double-digit inflation seen in the preceding year, it continued to erode real incomes and deepen the cost-of-living challenges for a large portion of the population.

The financial sector, which plays a critical role in supporting business expansion, showed continued vulnerabilities as non-performing loans remained elevated, banks faced liquidity shortages, and the ability to extend credit, particularly for large industrial imports, was constrained by a persistent shortage of foreign currency. Bangladesh's foreign exchange reserves, under pressure for nearly three consecutive years, showed signs of gradual recovery and were projected to exceed USD 26 billion, supported by an uptick in remittances and improving merchandise exports, particularly from the ready-made garments (RMG) sector, which continues to contribute more than 80% of the country's total export earnings. However, despite the modest improvement, the import-export gap remained wide, external payments pressures persisted, and many banks continued to struggle to open letters of credit (LCs) for essential industrial raw materials due to insufficient foreign currency holdings, leading to periodic interruptions in manufacturing and construction supply chains.

While the economy faces significant headwinds, Bangladesh continues its medium-term efforts to diversify exports beyond the RMG sector by promoting higher value addition in leather goods, jute products, shrimp, and engineering items, though the scale of diversification remains modest relative to national requirements. At the same time, the government has been pursuing institutional reforms aimed at enhancing transparency, improving the efficiency of public service delivery, modernizing tax administration, and increasing domestic revenue mobilization to support development expenditure. However, fiscal pressures intensified during the year due to rising government debt, which surpassed Tk 21 trillion, and the increasing cost of interest payments, limiting the fiscal space available for development investments. These constraints were reflected in the implementation of the Annual Development Programme (ADP), which recorded an execution rate of only 67.85% in FY 2024–25, the lowest in at least two decades, compared to 80.63% in the previous fiscal year. The sharp decline in development spending had an immediate and profound impact on the construction sector, which historically relies heavily on public infrastructure projects. Mega-projects that once anchored national economic activity experienced delays, reduced work volumes, or slowed procurement processes due to budgetary constraints, contributing significantly to the broader decline in demand for construction materials.

The construction sector, after experiencing nearly a decade of rapid growth driven by urban expansion, industrial development, and state-led infrastructure modernization, faced a pronounced slowdown during the year. High inflation, soaring costs of construction materials, elevated lending rates, and political uncertainty collectively discouraged new investments. The sharp rise in raw-material costs since the pandemic, estimated at up to 85% for some items, has pushed apartment prices beyond the affordability range of a large segment of consumers in the middle-income groups. As a result, sales of ready apartments slowed, prompting real-estate developers to postpone new projects and making delay over ongoing construction projects. The private sector, which typically complements public infrastructure demand, therefore contributed less to the overall consumption of building materials during the period under review. Coupled with costlier bank financing for construction loans and reduced investor confidence, the real-estate market's contraction added to the downward pressure on cement and steel consumption across the country.

The cement industry, which is fundamentally linked to the performance of the construction and infrastructure sectors, consequently endured one of its most difficult time in recent years. Cement demand nationally remained subdued at around 3.8 crore tonnes in FY 2024–25, representing less than 40% of the country's total installed cement manufacturing capacity of approximately 8.3 crore tonnes. As a result, most cement plants operated at below 30% capacity utilization, significantly lower than the global benchmark of 70–80%, creating severe pressure on operational efficiency, cost structures, and working-capital management. The slowdown in public infrastructure activities was particularly impactful, as government mega-projects, which previously accounted for nearly 40% of total cement consumption, contributed only about 20–25% during the fiscal year due to reduced development allocations. Similarly, the private construction sector's sluggish performance further constrained demand, stripping the industry of a crucial source of consumption. The volatility in the foreign exchange market also compounded these challenges: the average exchange rate was around Tk 118 per USD significantly raised the local-currency cost of imported clinker, gypsum, slag, fly ash, and other essential raw materials. Input-cost pressures intensified further as banks struggled to open LCs owing to inadequate foreign currency reserves, disrupting import cycles and adding unpredictability to production planning.

The broader industrial environment also faced headwinds from energy shortages and intermittent power supply disruptions, which affected both large and small manufacturers and increased operating costs through higher reliance on alternative energy sources. During a period when domestic demands were already constrained high global commodity prices, particularly the fuel and raw materials, further strained the import-dependent manufacturing industries of this country, including cement manufacturing. The combination of reduced demand, increased production costs, lower capacity utilization, and financial-sector instability resulted a challenging year for this country's cement producers, compelling them to prioritize operation process, cost minimization, and prudent financial management to match with the downtrend.

The industry's difficulties were further compounded by external uncertainties, including the ongoing geopolitical tensions all over the globe including in Europe and the Middle East, global inflationary pressures, and the broader slowdown in major export markets such as the United States and the European Union. These global dynamics affected domestic consumption indirectly by weakening export-sector earnings, reducing liquidity, slowing remittance flows at the start of the fiscal year, and ultimately lowering domestic purchasing power across various segments of the economy. Although remittances improved in the latter part of the year under review and the exports showed signs of slight recovery, the overall economic environment remained fragile, with investment sentiment still subdued and households prioritizing essential spending over property purchases or construction activities.

Bangladesh's structural need for infrastructure development, industrial expansion and rapid urbanization facing big challenge. The completion and operationalization of some major national projects are expected would stimulate the economic activities in the coming years. The country's demographic dividend, characterized by a large and young workforce, presents long-term opportunities for industrial growth, urban development, and rising housing demand once macroeconomic stability is restored. However, the recovery of the cement sector will depend on the improvements in the macroeconomic environment, including the easing of inflation, stabilization of the financial sector, enhancement of foreign-exchange liquidity, restoration of political stability, and the revival of both public and private investment confidence.

MARKET COMPETITION

The competitive landscape within the wide global market scenario continues to intensify, offering businesses some opportunities for product and service innovation, a trend to which the Bangladesh cement sector is no exception as it evolves from a nascent, import-dependent industry to a capacity-surplus, self-sufficient manufacturing hub following the GoB's policy-driven initiatives since the early 1990s. The entry of both multinational manufacturers and local entrepreneurs has significantly expanded national production capacity, now exceeding domestic demand and confirming Bangladesh's self-reliance in this essential infrastructure material. As major producers employ largely similar technologies, competition has become increasingly challenging, with persistently underutilized capacity driven by fluctuating consumption patterns. This structural oversupply status has been further compounded by macroeconomic pressures and prolonged political and social instability during the fiscal year, which have slowed progress on government-led mega-projects and dampened private construction activity, resulting in a notable drop in overall cement demand.

Consequently, companies have been compelled to pursue market share more aggressively, intensifying price competition among dominant players and exerting considerable pressure on profit margins, particularly as many manufacturers operate at utilization rates below 40% while contending with high interest costs and elevated prices of imported raw materials such as clinker, gypsum, fly ash, and iron slag. At present, of the 76 registered cement manufacturing companies in the country, approximately 42 large, medium, and small producers remain active, including seven listed entities, with local companies collectively maintaining more than 75% of total market share despite competition from multinational brands. Although sustained development needs and the ongoing pace of urbanization support a favourable long-term outlook, the immediate market environment is defined by intense competition, margin compression, and demand volatility, necessitating continued focus on operational efficiency, cost management, and product diversification to maintain resilience in the current economic landscape.

MARKETING ENVIRONMENT

Market promotional activities are considered multi-dimensional and instrumental in navigating challenging commercial environments, serving as the essential force that enables a company to build and maintain relationships with consumers and clientele, thereby facilitating demand fulfillment; however, the latest fiscal year has forced us to confront a tempest of depressed consumption and fierce price competition, born from severe industry overcapacity, compelling a deliberate tactical pivot in the marketing strategy. We have moved beyond the pursuit of mere broad volume growth, focusing instead on a fortified market share defense and the cultivation of unwavering brand loyalty within the critical market scenario.

Consequently, this company has been trying to sustain through its promotional activities, innovative, targeted trade marketing initiatives and Below-the-Line (BTL) campaigns, which are fundamentally aimed at forging an unbreakable bond with our dealers, distributors, and the architects of construction, the key specifiers. Our energetic personnel have executed a tapestry of wide-ranging activities, revitalizing the advertising narrative and personal selling efforts, a heightened emphasis on specialized technical training, immersive workshops, and knowledge-sharing seminars for masons, engineers, and contractors. This educational approach serves as the powerful antidote to market skepticism, transforming our product's consistent quality and technical attributes from a mere claim into a validated construction truth in a landscape where cut-throat pricing attempts to render every cement bag identical. Likewise previous year the company 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

Clinker is a vital component for cement strength and quality largely depending on imported raw materials as Bangladesh has limited domestic limestone reserves and very modest in-house clinker production capacity. Indeed, only a very small number of local players produce clinker, rendering the broader industry heavily dependent on foreign sources such as Vietnam, Thailand, China, and Malaysia. This import reliance exposed us to foreign-exchange risk, exacerbated by fiscal year-over-year taka depreciation, which, in combination with tighter LC availability, constrained our working-capital flexibility. The broader cement industry has been under strain: capacity utilization has declined sharply, with many plants reportedly operating at under 30 percent, reflecting overcapacity, weak demand, and tight financial conditions. Imports of clinker also declined in FY 2023–24: inbound clinker shipments dropped by approximately 24 percent (by value) compared to the prior year, in part due to weak demand and constraints on foreign-exchange liquidity.

In this challenging backdrop, we have to pursue operational strategies to protect our cost base and safeguard production continuity. We remain committed to diversifying our raw-material mix, and are gradually increasing our use of supplementary cementitious materials, such as slag and fly ash, in line with industry trends and in response to both cost pressures and sustainability imperatives. Moreover, we closely manage power supply risks: although the national grid continues to supply most of our electricity, intermittent disruptions and voltage fluctuations remain a risk to output and cost stability, a reality we tried to mitigate through proactive planning and procurement practices.

Logistics remain a significant cost driver. The import of raw materials and the distribution of finished cement across Bangladesh incur high transport costs, exacerbated by port congestion and inland transport bottlenecks. In response, we continue to optimize our own distribution network: our system of company-owned trucks and vessels enables us to maintain control over delivery schedules and minimize third-party dependency, thereby reducing risks associated with external logistics.

We also tried to retain our commitment to eco-friendly packaging. Our products are packaged in paper-based cement sacks, reinforcing our dedication to reducing environmental impact while meeting the functional and safety requirements of our customers.

Despite the challenging macroeconomic and policy-driven headwinds in the raw-materials supply chain, Meghna Cement Mills Plc has been following the strategy to secure clinker and other inputs, manage cost pressures, and maintain stable production — all while aligning with sustainability goals and safeguarding shareholder value.

CEMENT CONSUMERS SEGMENTATION

Our country continues to experience wide seasonal fluctuations in rainfall and temperature due to its tropical monsoon climate, which strongly influences construction activity and thereby cement demand. In recent years, a shift in consumer preferences has become evident: rural households with growing financial means are increasingly choosing modern, multistorey homes, and rapid urbanization is driving the construction of large apartment complexes, multistorey commercial buildings, and major infrastructure projects — all of which are now major pillars of cement demand. A key development is the growing preference for concrete road construction over traditional bitumen, driven by superior durability and lower lifecycle costs, which further intensifies bulk cement demand from public works.

Simultaneously, the proliferation of Ready-Mix Concrete (RMC) manufacturers has created a specialized, crucial intermediary segment whose technical purchasing requirements and volume-driven logistics needs are distinct from those of traditional contractors.

In today's market, competitive pricing alone no longer suffices; customers also value brand trust, consistent quality, and timely availability. Consequently, cement consumers in Bangladesh can be segmented not just by geographic location and purchase volume, but also by consumer behaviours, purchasing frequency, and brand loyalty. We identify three principal groups of cement consumers:

Government/ Public Sector	Commercial Real Estate Developers	Domestic/ Individual Home Builders

While individual homebuilders previously held the largest share of demand, in FY 2024–25 the public sector gained prominence, as many private developers scaled back activity due to macroeconomic stress and financing constraints. According to industry reports, most cement plants in the country are now operating at below 30 percent capacity.

Percapita consumption in Bangladesh remains relatively low at approximately 230 kg per person, compared with 400 kg in India, 270 kg in Myanmar, 500 kg in Thailand, 435 kg in Sri Lanka, 800 kg in Malaysia, 750 kg in Iran, 1,250 kg in South Korea, 1,470 kg in Saudi Arabia, and 1,700 kg in China. Total domestic consumption was about 38 million tonnes in 2024, which is 47.50% of the industry's installed capacity of around 80 million tonnes per annum.

Meanwhile, cement sales have come under severe pressure, with a reported 35–40 percent decline in certain periods, driven by political instability, suspended public-sector projects, inflation, and tighter credit conditions. This slowdown has weakened demand across all three consumer segments, with the private sector being particularly affected. However, it is forecasted that cement demand in Bangladesh will gradually return to normal levels when the country's economy might become bacck. It is also expected that the real estate sector will recover once a favorable socio-economic environment is restored. The country's infrastructure development process must be accelerated, urban construction projects continued, and housing initiatives in rural areas encouraged to support sustainable growth in cement demand.

TRANSPORTATION

The performance of industries producing bulk products is highly dependent on the efficiency of transportation. Cement is considered a bulk item. Being a bulk industrial product, cement is particularly sensitive to transport costs. This company continues to give priority to the optimization of its distribution network by balancing water and road transportations to maintain cost-effective delivery channels. During FY 2024–25, transportation costs for both raw materials and finished goods experienced a significant increase due to high inflation, rising of fuel prices, higher shipping costs.

This particular sector's reliance on imported raw materials, including clinker, affected by international freight rates and, domestically, to the perennial challenge of port inefficiencies at key maritime hubs such as Chittagong and Mongla. Delays in unloading bulk raw materials contribute to higher demurrage charges, further increasing production costs. The combination of road and inland waterway transport within the country is employed, with approximately 85 percent of cement transported by road and 15 percent via waterways. Meghna Cement Mills Plc's distribution system uses the country's extensive inland water transport (IWT) network, recognized as the most energy-efficient and cost-effective mode for moving bulk cargo over long distances, particularly as nearly 80 percent of manufacturing and key distribution points are located near riverbanks.

The Company tried to maintain close monitoring and management of its transport operations to mitigate the impact on production as efficiency and ensure timely supply to its customers of the country.

SEASONALITY

Our country's geographical position, characterized by its low-lying deltaic plains, flat terrain, and subtropical monsoon climate, subjects the cement sector to visible seasonal effects. This is a critical driver for cement demand, a pattern that persists and has been slightly amplified by recent macroeconomic and policy developments in the latest fiscal year. The inherent seasonality in the construction industry directly impacts the cement consumers' purchase patterns, a trend clearly supported by our sales data analysis across different periods of the year. Our country's traditional six seasons consolidate into three dominant periods governing cement demand:

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

The period which is considered as the Peak Season, historically spans from January to April/May, remains the most dominant period for construction activities. The dry weather with little to no rainfall during this time makes it ideal for major infrastructural development, real estate projects, and building construction. In the current environment, construction demand, despite facing headwinds from high inflation, Taka depreciation, and foreign exchange constraints that affect imported raw material costs (like clinker), is still bolstered by the government's continued focus on strategic infrastructure and energy projects, often backed by multilateral development bank financing. Projects like the Dhaka Metro Rail and other urban development schemes continue to drive demand in this peak dry window, offering a vital uplift to sector sales.

During the Dull Season, generally from June to September, corresponds with heavy monsoon time. This period witnesses the lowest overall cement sales as construction activities slow down considerably due to persistent rainfall. Instead, this time is primarily utilized for curing—a vital step in concrete construction that ensures strength and durability, where the natural moisture from the rainfall aids the hydration process. While private sector construction, especially in housing, often sees a significant drop, government execution of pre-monsoon projects also slows, necessitating strategic inventory management and a focus on alternative distribution channels to maintain a baseline performance.

In the seasonality of the cement sector the Off Season, spanned over October to December, serves as the preparatory phase leading into the peak demand period. While traditionally characterized by reduced activity due to factors like material procurement and festival breaks, the construction sector's inherent long-term growth (projected to be robust, driven by rapid urbanization) and the public sector's push to resume work post-monsoon offers a positive outlook. Meghna Cement Mills Plc remains alert to opportunities presented by early project restarts or government tenders to capitalize on the upcoming peak. By taking into careful consideration these seasonal variations and the current industry's sensitivity to both weather and macroeconomic policy, this company tried to maintain and continues to follow the season-responsive approach in its production, inventory, and supply chain processes to optimize efficiency and secure market share across all cycles.

PRODUCTION - SUPPLY MANAGEMENT

The production of finished cement to require a highly coordinated cross-functional approach involving the uninterrupted flow of imported raw materials, precise conversion processes within the plant and the timely distribution of finished products to an expanding national market. The supply chain framework within the industrial sector has continued to grow increasingly complex during the latest fiscal year and for a bulk commodity such as cement, the efficiency of production remains intrinsically linked to the robustness of supply management systems. The year under review faced additional challenges, as global freight volatility, longer lead times for clinker and other key inputs, port congestion, and frequent fluctuations in foreign exchange rates as well as availability which had influenced procurement planning and necessitated more stringent inventory management. As cement remains a high-volume, low-value commodity, any increase in transportation or handling costs directly affects production economics, particularly in a market environment where margins remain under pressure due to overcapacity and heightened competition.

There are variations in the demand for cement in this country. In cement consumption, regional variation persisted across the country, reaffirming the industry's long-standing characterization of cement as a regionally sensitive commodity. The demand for cement is geographically grouped into Division/Region-wise distribution as follows:

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

Demand the for cement concentrated monthly in Dhaka Division, followed by Chattogram, Khulna, Rajshahi and Rangpur, Sylhet, and Barishal divisions. These structural demand patterns, combined with uneven construction activity across divisions, influenced distribution planning and stock allocation throughout the year. The Company's plant location in the Mongla Industrial Area of Bagerhat District provided a distinct logistical advantage, enabling cost-effective distribution through both road and river routes to Dhaka as well as the southern and northern regions, including Barishal, Khulna, Rajshahi, and Rangpur. Through the continued use of multimodal logistics and its own transportation fleet, Meghna Cement Mills Plc timed to mitigate delays, enhanced delivery reliability and maintained competitive landed costs despite rising fuel prices and intermittent disruptions within national transport corridors.

During the year under review, the Company tried to maintain its distribution channels. Its supply chain focused on reinforcing dealer networks, optimizing warehouse operations, and maintaining adequate stock levels in alignment with seasonal variations and regional demand for cement this integrated, season-responsive, and region-aligned production–supply system continues to support the Company's market presence.

PRODUCTION AND SALES

The primary cement consumption hubs of this country continued to be the Dhaka and Chattogram divisions, together accounting for approximately three-fourths of the national volume. During the last fiscal year it has seen the continuation of a strategically important shift in demand, with fall in consumption witnessed in both private and public sectors of Bangladesh. This is due to slow pace with Government initiatives to infrastructure development projects, coupled with the and rural urbanization by downward inward remittance flows.

The demand for cement across the market is fundamentally dependent on three major pillars: the development of public infrastructure projects, substantial industrial and commercial constructions, the vitality of the real estate sector, and the continuous activity of individual home builders spread throughout the country. While the industry has established a significant installed capacity, positioning it favorably for future national development, the period under review was characterized by macroeconomic pressures, including Taka depreciation and elevated costs for essential imported raw materials such as clinker and gypsum. These factors have placed considerable strain on private sector constructions, resulting in overall subdued demand and intense market competition. The Company tried to align its operations to maintain its presence in public and industrial segments while maintaining relationships across its customer base.

The customer categories served by the Company are as follows:

Distributors	Industrial units/Bodies
Dealers	Real Estate Companies & Developers
Retailers	Individual Home Builders
Contractors	Other Customers.

PRODUCTION:

During FY 2024-2025, the Company produced 24,929 MT of Cement compared to 2.32 Lac MT of cement in the FY 2023-2024 registering a decrease of 89% in production of cement.

During the year under review, the Company faced unprecedented challenges across multiple fronts that significantly impacted production and sales. These included acute difficulties in the timely import of essential raw materials due to global supply chain disruptions and port congestion, limited access to bank financing, and persistent foreign currency shortages. The Company also encountered a substantial rise in import costs for clinker, gypsum, and other key inputs, while domestic market prices for cement remained under pressure due to overcapacity and heightened competition. Weak demand from both public infrastructure projects and private construction, coupled with high inflation and escalating energy costs, further constrained sales. Additionally, intermittent political uncertainties and regulatory changes, alongside rising logistics and operational expenses, added to the overall business challenges, while slow recovery in rural and regional markets affected consumption patterns. These combined factors created a highly challenging operating environment, directly impacting production efficiency, cost management, and overall revenue performance.

In the FY 2024-2025 under review, the net sales revenue amounted to Tk. 31.371 crore compared to Tk. 214.95 crore of the last FY 2024-2025, registering a decrease in sales of Tk. 183.579 crore in comparison with the previous year's sales.

PERFORMANCE OF THE COMPANY

During the year under review, the Company operated in an exceptionally strained business environment, marked by a convergence of domestic and global disruptions that weighed heavily on both production and sales performance. Persistent constraints in securing essential raw materials—driven by prolonged supply chain instability, delays in international shipping schedules, and congestion at key ports—limited the Company's ability to maintain optimal production levels. These operational pressures were compounded by tightened liquidity conditions within the banking sector and continued scarcity of foreign currency, which affected the timing and cost of import settlements.

At the same time, sharp increases in the landed cost of clinker, gypsum, and other critical inputs further eroded margins, while excess industry capacity and aggressive pricing competition kept local cement prices subdued. Demand conditions also remained weak, reflecting slower progress in major public infrastructure works, deferment of private construction activities, and the broader impact of sustained inflation on household purchasing power. Rising energy tariffs, transportation expenses, and periodic regulatory uncertainties added layers of additional operational complexity. Collectively, these factors created a challenging landscape, exerting downward pressure on production efficiency, cost control, and overall revenue generation for the Company.

In this context, the Company undertook careful resource management, periodic review of business performance, and adjustments to its marketing and distribution strategies to align operations with prevailing market realities. Emphasis was placed on maintaining production continuity within available working capital limits, optimizing cost structures, and supporting key customers across all regions to preserve market presence.

For FY 2024–2025, the Company incurred a net loss of Tk. 115.53 crore, compared to a net loss of Tk. 22.61 crore in FY 2023–2024. The cost of goods sold for the year amounted to Tk. 26.24 crore, compared to Tk. 145.31 crore in the preceding year, reflecting significantly lower production volumes due to raw material import constraints and reduced market demand. The detailed cost components for the year under review are presented below:

Particulars	Amount in Tk.
Opening Stock of raw and packing material	548,437,917
Raw and Packing material Purchased	79,881,372
Closing Stock of Raw and Packing material	(529,978,779)
Raw and Packing material Consumed (Note-31)	98,340,509
Factory Expenses (Note-31.02)	138,879,941
Opening stock of finished goods	26,609,051
Closing stock of finished goods	(1,423,120)

PREFERENCE SHARES

The Board of Directors of Meghna Cement Mills Plc, in 2020, approved the issuance of Fully Redeemable Preference Shares amounting to BDT 100 crore through private placement as part of the Company's long-term capitalisation plan; the issuance was duly sanctioned by the Bangladesh Securities and Exchange Commission and the subscribed preference share capital was contributed by the following investors:

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 and records relating to the Preference Shares are maintained at the Company's head office. An amount of BDT 5.00 crore was paid to the preference shareholders during FY 2022–2023; no payment was made during FY 2023–2024 and likewise no payment could be made during FY 2024–2025.

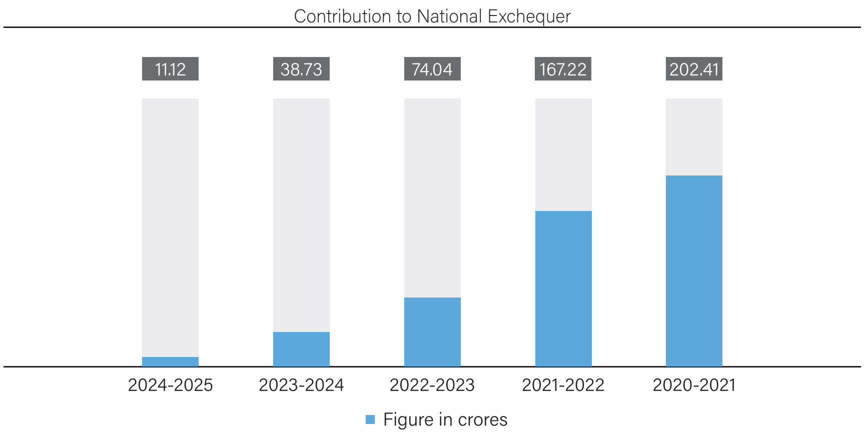
DIVIDEND

During the FY 2024–2025, the Board of Directors did not recommend any dividend for the shareholders, taking into account the Company's financial performance and the prevailing economic conditions. It is also noted that no dividend was declared in the preceding financial year.

CONTRIBUTIONS TO THE NATIONAL EXCHEQUER

Economic development is a gradual process that requires consistent contributions from all sectors of the economy, including businesses. Meghna Cement Mills Plc has always prioritized its role in supporting national progress by ensuring that its operations are conducted with the highest standards of integrity and transparency. The Company diligently complies with all applicable laws and regulations, including timely payment of taxes, VAT, customs duties and other statutory levies. By doing so, the Company continues to play a meaningful role in strengthening the national exchequer and contributing to the sustainable growth of Bangladesh.

In the FY 2024–2025, the Company contributed Tk. 11.12 crores to the national exchequer through taxes, duties, and VAT, which accounted for approximately 35.43% of the Company's total sales revenue. The decrease in contribution compared to previous years reflects the lower production and sales volumes during the fiscal year.



ENVIRONMENT PROTECTION

Environmental protection encompasses the careful preservation and sustainable management of natural resources, ecosystems, and biodiversity to ensure their continued availability for present and future generations. A key objective in this regard is the conservation of biodiversity, which helps safeguard species from extinction, maintain ecosystem balance, and sustain essential services such as clean air, potable water, and fertile soil. In an era characterized by rapid industrialization, urbanization, and population growth, the need for proactive environmental stewardship has become increasingly critical, particularly in Bangladesh where industrial expansion and infrastructure development pose significant environmental challenges.

The management of Meghna Cement Mills Plc recognizes its responsibility in this area and has implemented policies to integrate environmental considerations into its production processes and business operations. The Company complies with all applicable environmental regulations and guidelines, including those issued by the Department of Environment (DoE), and continuously monitors its operations to mitigate environmental impacts.

Within the factory premises, modern technology and high-capacity equipment have been installed to enhance efficiency while reducing emissions, dust, and other forms of pollution. The Company has also adopted measures for proper waste management, water recycling, and energy efficiency, contributing to lower carbon emissions and a reduced environmental footprint. These initiatives not only optimize production output but also improve workplace safety and overall operational sustainability.

Furthermore, the Company actively engages employees and contractors in environmental awareness programs, emphasizing the importance of sustainable practices and compliance with environmental protocols. Operational procedures are designed to align with internationally recognized environmental standards, ensuring that ecological and social sustainability remain integral to the Company's strategy and decision-making. Through these efforts, Meghna Cement Mills Plc demonstrates its continued commitment to environmental protection while supporting sustainable industrial growth and contributing positively to Bangladesh's broader environmental objectives.

CERTIFICATION

Meghna Cement Mills Plc has established, implemented, and continues to maintain effective Environmental and Quality Management Systems, reflecting the Company's commitment to sustainable and responsible operations in cement manufacturing and distribution. In recognition of these efforts, the Company has been awarded ISO 14001:2015 certification for Environmental Management Systems and ISO 9001:2015 certification for Quality Management Systems. These internationally recognized certifications demonstrate the Company's adherence to global best practices, ensuring environmental compliance, operational efficiency, and consistent product quality. By maintaining these standards, Meghna Cement Mills Plc reinforces its commitment to sustainability, continuous improvement, and excellence in both environmental stewardship and quality assurance across all aspects of its operations.

RISK FACTORS AND ITS MANAGEMENT

All companies, regardless of size, face inherent business risks arising from uncertainties related to strategy, profitability, regulatory compliance, operational efficiency, environment, health, and safety. Such risks can affect both a company's financial performance and its reputation among stakeholders. In Bangladesh, the cement sector presents significant growth potential but is also exposed to a range of risk factors that require careful management. These include inflationary pressures, economic slowdowns, fluctuations in domestic and international raw material prices, foreign currency supply constraints, volatility in finished goods pricing, regulatory changes, tax and VAT adjustments, and other unforeseen operational or market disruptions.

Meghna Cement Mills Plc places strong emphasis on identifying, assessing, and managing these risks as an integral part of its business planning and operations. The Company's risk management framework is designed to anticipate potential threats, categorize controllable and uncontrollable risks, and implement strategies to mitigate their impact. By proactively monitoring economic, financial, and operational indicators, and by embedding risk-awareness in decision-making processes, the Company seeks to minimize adverse outcomes and safeguard its long-term sustainability and stakeholder value.

RELATED PARTY TRANSACTIONS

Since its inception, the Company has adhered to policies and practices designed to ensure full compliance with all applicable laws, rules, and regulations. In conducting its business, Meghna Cement Mills Plc places particular emphasis on protecting and preserving the interests of its stakeholders by upholding the highest standards of ethical conduct, accountability, and transparency. All transactions with related parties are carried out in accordance with these principles, and full disclosure of such transactions has been provided in Note No. 50 of the Financial Statements.

SHAREHOLDERS

Shareholders are the true owners of a company, providing the foundation for its financing, governance, and strategic growth. Their support and confidence empower the Company to pursue its objectives, and their interests remain at the forefront of the Board of Directors' priorities. The Board is committed not only to protecting shareholder value but also to fostering long-term growth, transparency, and sustainable returns, ensuring that every decision aligns with their expectations.

As of the Record Date, 20 November 2025, the total number of shareholders stood at 5,845 slightly lower than 5,868 recorded on the previous year's record date (FY 2023–2024), reflecting ongoing market dynamics and portfolio adjustments.

The issued, subscribed, and paid-up share capital of the Company is Tk. 31,58,85,297 contributed by a diverse mix of Sponsors, Banks, Financial Institutions, and the General Public. The Company continues to strengthen engagement with its shareholders, maintaining open communication, safeguarding their rights, and pursuing initiatives designed to enhance value and confidence across its investor base.

PROTECTION OF MINORITY SHAREHOLDERS' INTEREST

Since its incorporation, the Board of Directors of Meghna Cement Mills Plc has been committed to achieving the Company's objectives while expanding its business horizons. Ensuring fair and equitable treatment of all shareholders, including minority shareholders, remains a key priority. The Board is attentive to the interests of all stakeholders and has implemented measures to safeguard the rights of minority shareholders through transparency, accountability, and timely communication.

The Company actively ensures that strategic and operational information is shared promptly in compliance with regulatory directives, and minority shareholders are provided access to information and assistance whenever required. To further support minority shareholders, the Company disseminates relevant updates and decisions through widely accessible and reliable channels, ensuring they are informed about business activities, developments, and strategic initiatives. By maintaining these practices, Meghna Cement Mills Plc reinforces its commitment to fairness, inclusiveness, and the protection of shareholder rights.

BOARD OF DIRECTORS

We are pleased to report to you that-

i. The roles and responsibilities of the Chairman and Managing Director are playing distinct roles and the positions are held by two different individuals. This separation has been in place since the company's inception and continued throughout FY 2024-2025. Detailed résumés for both the Chairman and the Managing Director are included in the Directors' Profiles section of this Annual Report.

ii. The Board of Directors operates with a high degree of independence, fulfilling its responsibilities and obligations in line with its defined Terms of Reference. During the year under review, the Board members executed their duties and discharged their responsibilities without any interference, ensuring decisions as were made freely and for the best interest of this company.

iii. The Board of Directors of MCMPlc continues to function independently, with its primary mandate to guide the company's affairs as well as operations through collective decision-making while safeguarding the interests of shareholders and stakeholders. Beyond business and financial matters, the Board addresses broader issues relating to corporate governance, compliance, and operational challenges. It oversees management performance, ensures timely and appropriate decision-making, and acts to enhance long-term value for stockholders. The Board has established clear Terms of Reference for its members and remains committed to ensuring full adherence.

DIRECTORS' SHAREHOLDING STATUS

The Board of the company comprises 04 (four) directors, of whom 03 (three) represent the Sponsor Shareholders and are elected by the company's members at the general meetings. The names of the Directors along with a summary of their resumes are presented on pages 28 to 30 of this report. The shareholding positions of the Directors as of 30.06.2025 are as follows:

Sl. No.	Name of Directors	Position in Company	No. of Shares	% of Holding
01.	Ms. Afroza Begum	Chairman	32,72,146	10.36%
02.	Mr. Ahmed Akbar Sobhan	Director	40,14,056	12.71%
03.	Mr. Md. Imrul Hassan	Director	-	-
04.	Mr. Md. Nurul Karim	Independent Director	-	-

ROLES AND RESPONSIBILITIES OF THE BOARD

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

- Providing entrepreneurial leadership;
- Setting of goals and objectives for the company;
- Setting company's values and standards;
- 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 of the management team members' performance and monitoring of performance reports;

DIRECTORS' BOARD MEETING ATTENDANCE

The Board of Directors conducts its meetings in accordance with the rules and procedures set forth in the company's governing documents. Regular meetings are essential to enable directors to effectively oversee the company's overall operations, strategy, and policies, as well as to monitor the exercise of any delegated authority. These meetings also provide individual directors with an opportunity to report on their specific areas of responsibility.

It is the company's long established practice to make collective decision making through during Board meetings. As a unified body, the directors address matters requiring the Board's attention. During the period under review, the Board of Directors convened meeting at regular intervals, holding a total of 08 (eight) meetings.

DIRECTORS' REMUNERATION

Consistent with previous years, during FY 2024-2025, the Directors of the company, including the Independent Director, did not receive any remuneration from the Company.

APPOINTMENT & RETIREMENT OF DIRECTORS/RECONSTITUTION OF THE BOARD OF DIRECTORS

The Board of Directors of this company since its Commencement of Business faced many big challenges in different time and has maintained compliances, corporate governance, corporate social responsibility and corporate ethics. It is committed to guiding the company's development, progress and long-term prosperity through collective decision-making, while safeguarding the interests of all stakeholders.

During the year under review, this company could not declare any dividend likewise previous year. In view of this, the DSE and CSE has placed this company in 'Z Category' with effect from 29 October 2025. The bourses also issued some guidelines for this Company as to comply and follow. In compliance with the stated regulatory directives, the current Board of Directors has to be reconstituted.

This is mentionable that the current Board of Directors was constituted in the Financial Year 2023-2024 consisting of following members:

1. **Mrs. Afroza Begum** – Chairman;
2. **Mr. Ahmed Akbar Sobhan** – Managing Director;
3. **Mr. Md. Imrul Hassan** – Director.

Earlier of the above, the status of the Board of Directors was as follows:

1. **Mr. Ahmed Akbar Sobhan** – Chairman;
2. **Mrs. Afroza Begum** – Director;
3. **Mr. Sadat Sobhan** -Director ;
4. **Mr. Shafiat Sobhan** – Director;
5. **Mr. Safwan Sobhan** – Director;
6. **Mr. Sayem Sobhan** - Managing Director.

This is to mention here that, some of the Directors of the aforementioned Board of Directors by tendering their resignations had left the Board and the Board of Directors accepted the resignations of the outgoing Directors and the matter was submitted duly to the RJSC for their recording and certifications.

After the acceptance of the resignations the new Board of Directors of Meghna Cement Mills Plc was as follows:

1. **Mrs. Afroza Begum** – Chairman
2. **Mr. Ahmed Akbar Sobhan** - Managing Director
3. **Mr. Md. Imrul Hassan** – Director
4. **Mr. Md. Nurul Karim** – Independent Director

And the matter had been pending in RJSC as the required 'NOC' from the Banks did not reach to the RJSC.

In the meantime, as this company has been placed in the 'Z Category', hence the regulators directed to reconstitute the Board of Directors of this Company.

In view of the said directives, all the Directors of the current Board of Directors as well as the outgoing Members/ Directors who were in the previous Board of Directors (being the matter was pending at the RJSC) had resigned and the Board of Directors has newly been constituted as follows:

1. **Mr. Ahmed Akbar Sobhan** – Chairman
2. **Mrs. Afroza Begum** – Director
3. **Mr. Md. Imrul Hassan** – Director
4. **Mr. Md. Nurul Karim** – Independent Director

The matter of appointment of directors/ reconstitution of the Board has been placed before the shareholders for their approval at the 33rd Annual General Meeting .

INDEPENDENT DIRECTOR

In accordance with the Bangladesh Securities and Exchange Commission's Corporate Governance Code, issued under Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018, every listed company is required to appoint Independent Directors as members of the Board. As per the Code this company has to appointment at least two Independent Directors, including one female and that they collectively shell constitute of the Board and strengthen the governance.

Independent Directors are expected to possess adequate knowledge, integrity, and professional competence to ensure compliance with all applicable financial, regulatory, and corporate laws. They must be capable of making significant and meaningful contributions to the company's business operations and must have a minimum of twelve (12) years of corporate management or professional experience. Additionally, they should not have any material or pecuniary relationship with the company or its related parties.

In compliance with these provisions, Meghna Cement Mills Plc had earlier appointed Mr. Md. Nurul Karim, an experienced corporate professional, as an Independent Director. The Board is also actively considering to appoint a female professional as the Independent Director which is under process.

AUDIT COMMITTEE

The CG code as was issued by Bangladesh Securities and Exchange Commission (BSEC) mandates that every listed company constitute an Audit Committee in accordance with the CG Code provisions. In line with this requirement, the Board of Directors of Meghna Cement Mills Plc has established the Audit Committee in compliance with BSEC's CG Code (vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018) and has defined the Committee's Terms of Reference consistent with the Code.

The Audit Committee of MCMPlc is entrusted with overseeing the company's financial reporting process, audit procedures, internal control systems, and compliance with applicable laws and regulations. The Committee reviews significant accounting and reporting matters, considers recent professional and regulatory pronouncements, and evaluates their potential impact on financial statements. An understanding of how management prepares interim financial information enables the Committee to assess the completeness and accuracy of reports. It also reviews audit results, meets with management and external auditors to resolve issues, and communicates findings in accordance with generally accepted auditing practices.

The Audit Committee reports directly to the Board of Directors. During the year under review, it assisted the Board in fulfilling its corporate governance responsibilities, overseeing the financial reporting system, internal control and risk management systems, and internal and external audit functions, while providing advice and recommendations within the scope of its Terms of Reference.

Members of the Audit Committee as was appointed by the Board, comprising 01 Independent Director and 01 Sponsor Director. The Company Secretary served as the Secretary of the Committee. During FY 2024-2025, the Audit Committee consisted of:

- **Mr. Md. Nurul Karim** – Independent Director & Chairman of the Audit Committee
- **Mr. Md. Imrul Hassan** – Director & Member of the Committee
- **Mr. M. Naseemul Hye FCS** – Company Secretary & Secretary of the Committee

The Committee members possess the necessary qualifications, experience, and knowledge in business, corporate law, financial literacy and analysis of financial statements, enabling them to effectively discharge their duties and responsibilities. The key responsibilities of the audit committee of this company include:

- To oversight of regulatory compliance matters;
- To monitor internal control system;
- To oversee performance of internal audit function;
- To monitor accounting policies and principles;
- To oversee financial reporting and disclosure process;
- 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

Under the Corporate Governance Code (CG Code) issued by the Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018, every listed company is required to constitute a Nomination & Remuneration Committee (NRC). In compliance with the regulatory directives, the Board of Directors of Meghna Cement Mills Plc has established the NRC and approved its Terms of Reference, which are being followed accordingly.

The Nomination & Remuneration Committee comprises of three members:

- **Mr. Md. Nurul Karim** – Independent Director & Chairman
- **Mr. Md. Imrul Hassan** – Director
- **Mr. M. Naseemul Hye, FCS** – Company Secretary & Secretary of the Committee

During FY 2024-2025, Mr. Md. Nurul Karim served as the Chairman, and Mr. M. Naseemul Hye, FCS, Company Secretary, functioned as Secretary of the NRC in accordance with the CG Code.

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

- To devise policy for Board's diversity;
- To set the qualifications and attributes for appointment, remuneration of suitable persons for appointment as directors and top level executives;
- 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 be independent, responsible and accountable;
- To develop and recommend the human resources and training policies and review of those annually.

The report of the Nomination & Remuneration Committee is appended to this Annual Report.

During the year under review, the Committee recommended the following appointments accordingly which was considered by the Board:

- **Mr. Mohammad Kamrul Hassan** was relieved from the position of Chief Financial Officer, and **Mr. Mohammad Mostafa Kamal Bhuiya, ACMA** was appointed as Chief Financial Officer;
- **Mr. Mohammad Eleas Hossain** was relieved from the position of Head of Internal Audit and Compliance, and **Mr. Simanto Biswas** was appointed as the Head of Internal Audit and Compliance of Meghna Cement Mills Plc.

The matter of appointment of a female Independent Director is under process.

FINANCIAL YEAR

The Company has adopted the period from July to June as its financial year, in accordance with the directives of the National Board of Revenue (NBR) of Bangladesh in the past. This financial year framework also has been followed consistently during the year under review.

STATUTORY AUDITORS

The existing statutory auditors, M/S. T. Hussain & Co., Chartered Accountants, have successfully completed their responsibilities and are concluding their consecutive two-year tenure. They were appointed at the 32nd Annual General Meeting of the company. M/S. T. Hussain & Co.

have expressed their willingness to continue as statutory auditors for the Financial Year 2025-2026, being fully eligible for reappointment.

The Board of Directors of MCMPlc has recommended the reappointment of M/S. T. Hussain & Co., Chartered Accountants as Statutory Auditors for the Financial Year 2025-2026, at a fee of BDT 4,50,000/- (Four Lac Fifty Thousand Taka only), exclusive of AIT and VAT. The matter has been placed before the shareholders for approval at the 33rd Annual General Meeting.

EXECUTIVES' SHAREHOLDING STATUS

The shareholding positions of the Company's top executives, governance officers, and their immediate family members (spouses and minor children) as of 30.06.2025 are as follows:

Name of the Executives	Nos. of Share holding		
	Self	Spouse	Children
Mr. KM Zahid Uddin Deputy Managing Director (Sales)	Nil	Nil	Nil
Mr. M. Naseemul Hye FCS DMD/ Company Secretary	10	Nil	Nil
Mr. Mohammad Mostafa Kamal Bhuiya, ACMA Chief Financial Officer	Nil	Nil	Nil
Mr. Simanto Biswas Head of Internal Audit & Compliance	Nil	Nil	Nil
Mr. Mohammad Nurul Huda Chief Banking Operations Officer	Nil	Nil	Nil
Mr. Shah Jamal Sikder (Sales) Chief Marketing Officer	Nil	Nil	Nil
Mr. Imran Bin Ferdous Chief Human Resources Officer	Nil	Nil	Nil
Mr. Eng. Gyana Jyoti Chakma Head of Plant (Mongla Factory)	Nil	Nil	Nil

CORPORATE GOVERNANCE

The Company has complied with all corporate governance requirements as prescribed under the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Code. In accordance with Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 03/06/2018, the Board of Directors of Meghna Cement Mills Plc appointed M/s. Suraiya Parveen & Associates, Chartered Secretaries in Practice, to certify the Company's compliance with the Corporate Governance Code as mandated by the BSEC.

The certificate confirming the Company's compliance with the Corporate Governance Code for FY 2024-2025 has been appended to this Annual 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 upholding the highest standards of corporate governance to safeguard the interests of all stakeholders while promoting integrity, transparency, and accountability. The Board of Directors and the Management Team diligently ensure compliance with all applicable laws, internal regulations, policies, and procedures, fostering a fully transparent and well-governed organization.

Corporate Governance Report 2024

MCMPlc is listed on both the Dhaka Stock Exchange Ltd and the Chittagong Stock Exchange Ltd. The Company has fully adhered to all applicable requirements of the Corporate Governance Code 2018 ("the Code") issued by the Bangladesh Securities and Exchange Commission. The Board of Directors continuously monitors and evaluates the Company's corporate governance practices, implementing enhancements as necessary and at appropriate intervals. All actions are guided by the Company's core values and principles, which form the foundation for achieving sustainable success.

This report provides a comprehensive overview of MCMPlc's corporate governance framework, practices, and policies for FY 2024-2025, in alignment with the provisions of 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 2024-25. The notice contains the detailed statement of business to be transacted at each meeting. By following the 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 for the period under review has been prepared in accordance with the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission and is presented in Annexure-B of this report.

APPOINTMENT OF COMPLIANCE AUDITORS

In compliance with the Corporate Governance Code issued by BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018, the existing Compliance Auditors, M/S. Suraiya Parveen & Associates, Chartered Secretaries in Practice, were appointed at the 32nd Annual General Meeting and have completed their responsibilities during the period under review. The existing compliance auditors since Financial Year 2025-2026 has been engaged with this company and for consecutive last 06 (Six) years they have preformed the compliance audit work. Meanwhile an honourable shareholder have proposed the name of M/S. Itrat Husain & Co., Chartered Secretaries in Practice as to be appointed as the Compliance Auditors. So, the Board of Directors of this Company have recommended the proposal of appointment of MS. Itrat Husain & Co, Chartered Secretaries in Practice for approval by the shareholders in the 33rd Annual General Meeting for the Financial Year 2025-2026 at a fee of TR 75,000/- (Seventy Five thousand only) exclusive of AIT and VAT to ;perform the compliance Audit work of this company. The matter has been placed before the shareholders at the 33rd Annual General Meeting of their approval.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) represents a company's commitment to operating responsibly and ethically, ensuring that its actions positively influence society while supporting long-term organizational sustainability. Effective CSR emphasizes social, environmental, and economic well-being and reflects the broader responsibilities of corporate citizenship.

Since its inception, MCMPlc has consistently engaged in CSR activities that contribute to community welfare and national development, and the year under review was no exception. The key CSR initiatives as were undertaken by MCMPlc, along with ongoing efforts, include:

- MCMPlc continues to operate a school near its factory, providing education to more than 275 underprivileged students in the Apa Bari, Digraj, Mongla, Bagerhat area.
- The Company maintains readiness to support local communities during natural disasters. Past assistance has included providing medicines, dry food, warm clothing, saline water removal from ponds, installation of deep tube wells for safe drinking water in saline-prone areas, and financial support for cyclone-affected families.
- Scholarships were awarded to poor but meritorious students across various regions of the country.
- Donations have been made to initiatives promoting the spirit of the Liberation War and supporting war veterans.
- Financial support has been extended to patients suffering from various medical conditions.
- Significant quantities of educational materials have been donated to different educational institutions.
- MCMPlc has been sponsoring a prominent national-level sports club for several years.
- The Company continues to sponsor the Bashundhara Kings football team, a leading national team.
- More than 30 health camps have been sponsored nationwide, with special focus on the northern region, targeting masons. Through these camps, MCMPlc's medical teams have provided services to over two thousand masons.
- Numerous workshops have been arranged for prospective private home builders, offering guidance on construction-related matters. More than 200 individuals have benefited from these awareness programs.

PRESENTATION OF FINANCIAL STATEMENTS

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: Presentation of Financial Statements, The Financial Statements comprises:

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

STATEMENT ON SOUND INTERNAL CONTROL

The Board of Directors recognizes that effective internal controls and robust risk management practices are essential components of good corporate governance. The Company's internal control system is designed to manage risks within an acceptable risk appetite, rather than to eliminate all risks of failure to achieve its policies, strategic objectives, and business goals. Therefore, the system can provide only reasonable, not absolute, assurance against material misstatements in management and financial information.

To ensure this, the Board has established a well-defined organizational structure with clear lines of accountability and appropriately delegated authorities, enabling effective oversight and operational efficiency.

NATURE OF MCMPlc AS A GOING CONCERN

Significant deviations in Financial Performance owing to recover from economic recession situation of this country we found a notable deviation in NAV; however, the net cash flow per share has increased.

CERTIFICATION BY THE MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER

The certification by the Managing Director and the Chief Financial Officer of the Company, confirming the accuracy and fair presentation of the financial statements, is appended to this Annual Report.

ACKNOWLEDGMENTS

Since its commencement of operations, MCMPlc has progressed steadily, thanks to the unwavering support of its stakeholders. We extend our heartfelt gratitude to all our customers for their continued trust, cooperation, and confidence in the Company. We sincerely acknowledge our indebtedness to them and remain confident that their support and collaboration will continue in the years ahead.

The Board of Directors of MCMPlc expresses special thanks to all valued shareholders for their steadfast support, cooperation, and patronage, without which the Company could not have carried out its operations effectively. We also extend our heartfelt gratitude to stakeholders, well-wishers, and regulators, including the Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Central Depository Bangladesh Limited, Central Counterparty Bangladesh Limited, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., various Ministries of the Government of the People's Republic of Bangladesh, National Board of Revenue, Bangladesh Investment Development Authority, and banking and non-banking financial institutions such as 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, as well as other government and semi-government agencies, vendors, media, and business partners, for their continued cooperation and support during FY 2024-2025.

The Board also conveys its sincere appreciation to the management team for their dedication, support, and teamwork, and to all employees of MCMPlc for their exceptional services, without which the Company could not have navigated the challenges of the past year.

CONCLUSION

MCMPlc operates its business in the country and playing in the cement sector, a critical and highly sensitive industry in Bangladesh. Consumers in this sector are very sensitive and concious about product quality and pricing, while the market continues to be intensely competitive, with most companies producing comparable quality products. The industry is also subject to evolving regulatory requirements. During the fiscal year under review, cement manufacturers faced continued pressure due to increased costs of production, including higher gas tariffs, rising import costs of raw materials, and elevated power prices. These factors, coupled with sustained inflationary pressures, fluctuations in foreign currency, and changes in applicable tax provisions, contributed to a significant rise in production costs. Despite these challenges, intense competition in the market constrained the ability to proportionately increase the sales prices of finished products, while overall demand growth remained moderated. Lower remittance inflows also continued to adversely impact on the construction activities and demand for all types of building materials, including cement.

Hon'ble Members,

Looking ahead, we remain cautiously optimistic that the economic challenges experienced in recent years will gradually ease. A sustained increase in remittance inflows is expected to provide a positive boost to the construction sector, supporting higher demand for residential and commercial infrastructure. The Company anticipates that ongoing and upcoming government-led infrastructure projects will further create a business-friendly environment, facilitating growth opportunities for the sector. MCMPlc is committed to navigating these challenges effectively, leveraging its operational strengths, market position, and stakeholder support to maintain performance and deliver sustainable value.

We remain confident that, with the continued support of our shareholders, customers, employees, and other stakeholders, the Company will overcome current market constraints and achieve positive outcomes in the coming time.

Thanking you all.

On behalf of the Board of Directors

Sd/-
Afroza Begum
Chairman