



# সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড CVO Petrochemical Refinery Limited

## Report of the Board of Directors to the Shareholders for the Year 2015-16

Bismillahir Rahmanir Rahim

Dear shareholders

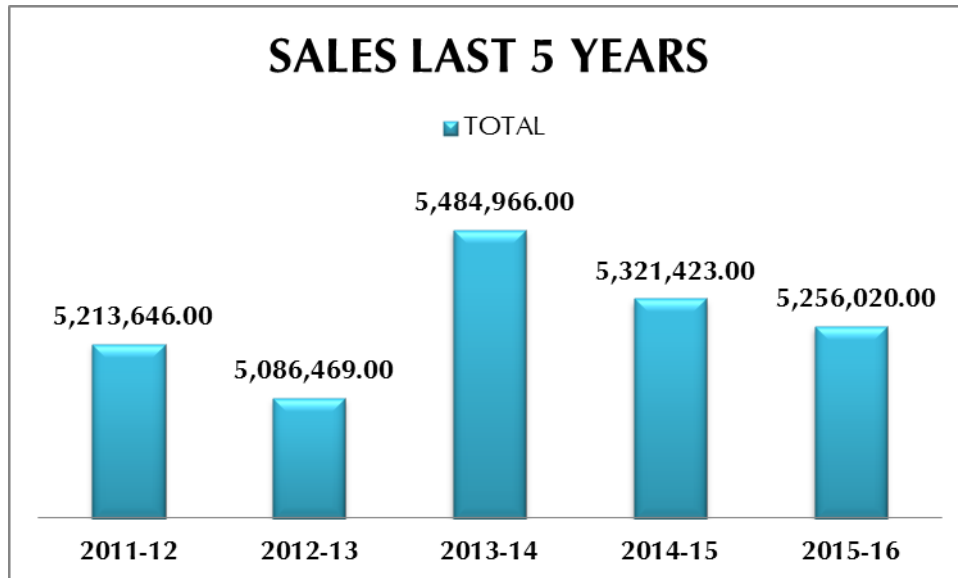
Assalamualaikum Warahmatullahi Wabarakatuh

I, on behalf of the Board of Directors of CVO Petrochemical Refinery Ltd. extend a very warm welcome to you all on the occasion of 31<sup>th</sup> Annual General Meeting of the Company. At the same time I would also like to express my heartfelt thanks and gratitude to all of you for your continuous support and trust reposed on us. I take this occasion to share with you the pleasure of success as well as highlight the business performance of the Company.

It is an honor for the Board of Directors to present the Directors' Report together with the Audited Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of cash Flows and Statement of Changes in Equity for the year ended June 30, 2016.

### **Petroleum Product Market in Bangladesh**

The Petroleum Product market has been growing very rapidly for the last couple of years driven by strong demand from industrial sector, agro and increase of automobile. This is evident from the under mentioned graph showing the rise of sector wise sales of petroleum products during the year 2015-2016



Note: Data from BPC.

This growth in economy has led to increase in vehicle for personal as well as commercial use. The fast growing industrial sector, which includes the power, energy sector, agro, manufacturing & processing sector is accelerating the demand for Petroleum Products.

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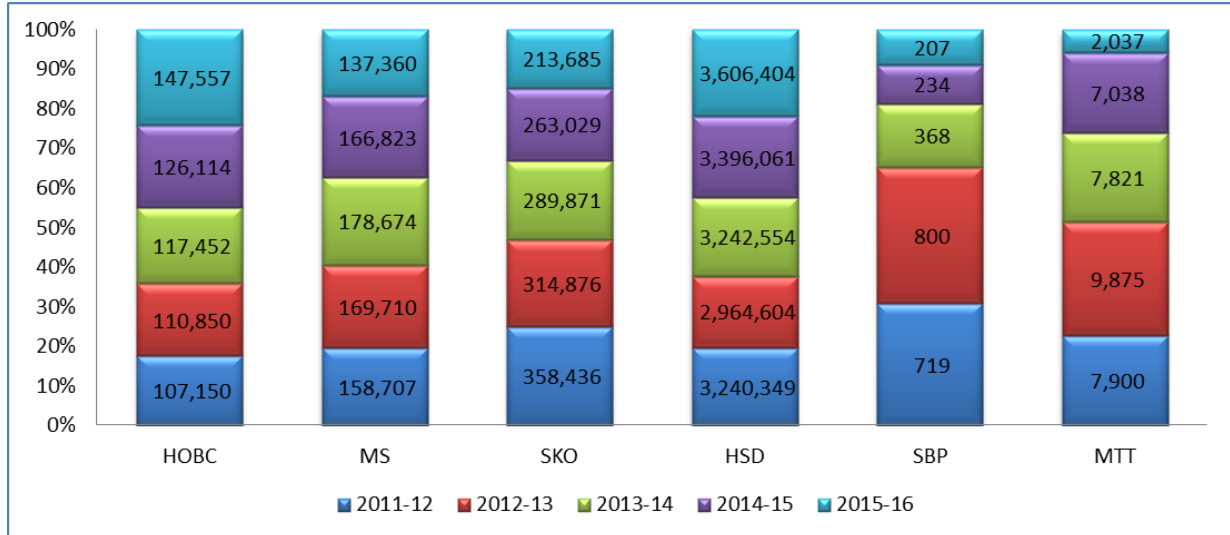
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## CVO Petrochemical Refinery Limited



“Eastern Refinery Limited” the only state owned refinery in Bangladesh is producing only 15 Lac MT (apprx) per year and other government & private condensate fractionation plants are producing approximately 3 Lac MT of Petro Products. Remaining gap has been filled up by import. In this regards government is spending a huge amount of foreign currency for import of Petro Products.

CVO Petrochemical Refinery Limited is that kind of Company which is producing petroleum products as import substitute for local consumption and the Company is saving a huge amount of foreign currency contributing a lot to national exchequer.

### Industrial outlook, Production, Sales, Risk & Concern

CVO Petrochemical Refinery Limited is the only public limited company in Bangladesh among other private Condensate Fractionation Plants listed in Bangladesh Share Market. It's a very potential company because the raw materials used by the company are procured locally & also the finished products are selling in the domestic market. We are producing Motor Sprit (MS), Special Solvent 1 (SS1), Mineral Turpentine (MTT), Kerosene Solvent Oil (KSO). As per instruction from Ministry of Energy and Mineral Resource Division we have to sell all products to BPC. The Main buyer of our product is Bangladesh Petroleum Corporation (BPC).

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

Financial Risk Management are mentioned in the Financial Statement Note no. 4

If any time there will by any shortage of Condensate, CVOPRL can import it from abroad with the permission of Govt.

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## CVO Petrochemical Refinery Limited

### Business Performance

As per directive of Energy and Mineral Resources Division (EMRD) an amended agreement between Sylhet Gas Fields Limited (SGFL) and CVO Petrochemical Refinery Limited has been signed for sale and purchase of 90,000 M.T. in August 2015 which will be renewable after August 2017.

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

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

It is also mentionable that the Company has been awarded Tax Holiday for five years from April 02, 2014 to April 01, 2019.

### Related Party Transactions

The related party's transaction is given below during the financial year:

Related Party Name	Opening Balance	Received During the Year	Payment During the year	Closing Balance
M/S. Haji Md. Younus & Co.	444,065,238	2,757,,022	(303,695,643)	143,126,617

### Contribution to National Exchequer

CVOPRL is regularly paying the VAT and Source Tax on time. The company has deposited Tk. 190,130,275.00 (Nineteen Crore One Lac Thirty Thousand Two Hundred Seventy Five) as VAT and Tk. 53,408,746.28 (Five Crore Thirty Four Lac Eight Thousand Seven Hundred Forty Six Taka Twenty Eight Paisa) as Source Tax in this financial year. Whereas Tk. 72,069,342.00 (Seven Crore Twenty Lac Sixty Nine Thousand Three Hundred Forty Two) as VAT and Tk. 20,949,065.00 (Two Crore Nine Lac Forty Nine Thousand Sixty Five) as Source Tax were deposited during the year 2014-15.

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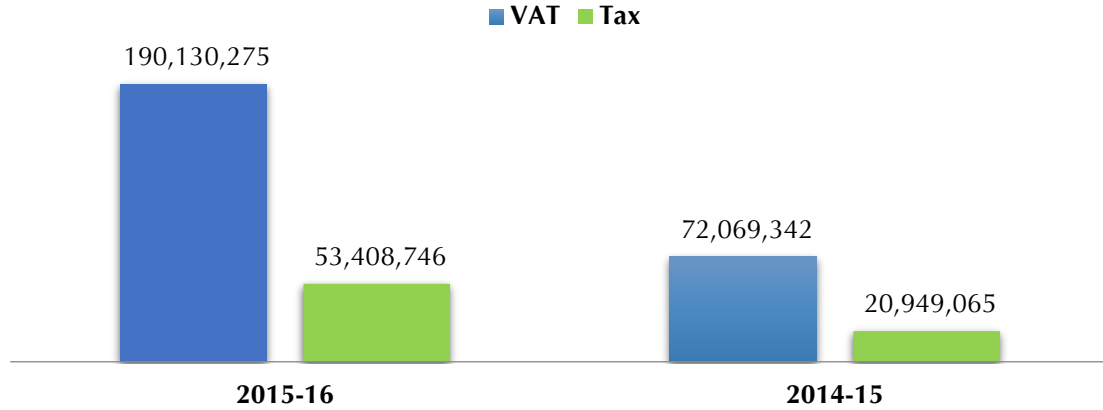
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## CVO Petrochemical Refinery Limited



### Corporate & Financial Reporting Frame Work

The Board of Directors comply with the Bangladesh Securities & Exchange Commission's notification No # SEC/CMRRC/2006-158/134/Admin/44, dated: August 07, 2012, and confirm compliance with the financial reporting frame work for the following:

- i) The financial statements prepared by the management of CVO Petrochemical Refinery Limited presents fairly its state of affairs, the result of operations, cash flow & changes in equity.
- ii) Company have been maintaining proper books of accounts.
- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements.
- iv) International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been applied in preparation of financial statements and disclosures have been given properly.
- v) There is no significant doubt upon the issue of the company's ability to continue as going concern.



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## CVO Petrochemical Refinery Limited

### Shareholders Pattern

The Shareholders pattern of the company at the year ended on June 30, 2016 is shown as follows:

Directors/Sponsors					
Particulars	Position	Physical	Demated	Total	%
Mr. Shamsul Alam Shamim	Chairman	-	1,113,750	1,113,750	4.50
Mr. A. H. M. Habib Ullah	MD & CEO	-	1,113,750	1,113,750	4.50
Mr. Md. Nurul Alam Ansari	Director	-	1,113,750	1,113,750	4.50
Mr. Md. Amin	Director	-	1,113,750	1,113,750	4.50
Mr. Md. Emranul Hoq	Director	-	1,113,750	1,113,750	4.50
Mr. Md. Mohsin Saky	Director	-	1,113,750	1,113,750	4.50
Mr. Md. Mansur Alam	Sponsor	-	1,113,750	1,113,750	4.50
Mr. Md. M.H. Mobin	Sponsor	-	1,113,750	1,113,750	4.50
Mr. Md. Ali Mortuza	Sponsor	-	1,113,750	1,113,750	4.50
Mr. Md. N. H. Noman	Sponsor	-	1,113,750	1,113,750	4.50
Mrs. Zobeda Khatoon	Sponsor	-	495,000	495,000	2.00
Mrs. Zainab Rifat	Sponsor	-	495,000	495,000	2.00
Mrs. Fazilatun Nahar	Sponsor	-	247,500	247,500	1.00
Professor Hossain Imam Chowdhury	Independent Director	-	0	0	0.00
Captain (Retd) Hasan Sayeed Monirul Alam, Psc, BN	Independent Director	-	0	0	0.00
<b>Total Directors/Sponsors(A)</b>			<b>12,375,000</b>	<b>12,375,000</b>	<b>50.00</b>
<b>Others:</b>					
General Public		339,300	7,885,270	8,224,570	33.23
Institutions			3,857,349	3,857,349	15.59
Foreign (NRB)			293,081	293,081	1.18
<b>Total Others (B)</b>		<b>339,300</b>	<b>12,035,700</b>	<b>12,375,000</b>	<b>50.00</b>
<b>Total Shareholdings (A+B)</b>		<b>339,300</b>	<b>24,410,700</b>	<b>24,750,000</b>	<b>100.00</b>
<b>Key Management Team</b>					
Particulars	Position	Physical	Demated	Total	%
Mr. Nizam Uddin Mahmood Hossain	DMD	-	0	0	0
Mr. Ahmadul Haq Hasan	ED & Chief Auditor	-	0	0	0
Mr. Kaikobad Ahmed	Company Secretary	-	0	0	0
Mr. Mizanur Rahman Zaved	CFO	-	0	0	0
Mr. Md. Abdus Samad	DGM -Shares	-	0	0	0
Mr. Md. Idrish Meah Talukder	Sr. AGM -O&P	-	0	0	0
Mr. Jamal Hossain	AGM - O&P	-	0	0	0
Mr. Mowin Hossain	Manager -HR & IT	-	0	0	0
Mr. Abu Taleb	Manager -Tax	-	0	0	0
Mr. Serajul Islam	Manager - PR	-	0	0	0
Mr. Mohammed Saiful Islam	Manager - QC	-	0	0	0

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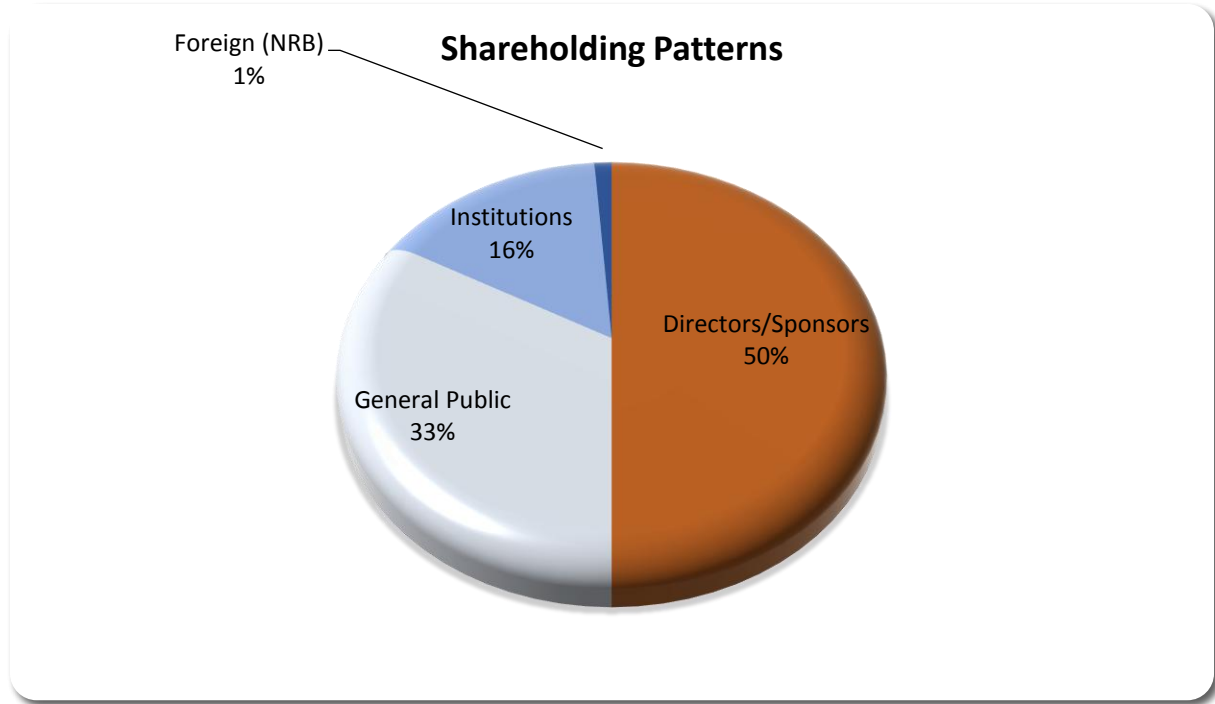
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## CVO Petrochemical Refinery Limited

### Shareholders Pattern in Graph:



### Board Meeting & Attendance

Name of Directors	Position	No of Board meeting	
		Held	Present
Mr. Shamsul Alam Shamim	Chairman	6	6
Mr. A. H. M. Habib Ullah	MD & CEO		6
Mr. Md. Nurul Alam Ansari	Director		6
Mr. Md. Amin	Director		6
Mr. Md. Emranul Hoq	Director		6
Mr. Md. Mohsin Saky	Director		6
Professor Md. Hossain Imam Chowdhury	Independent Director		6
Captain (Retd.) Hasan Sayeed Monirul Alam, Psc, BN	Independent Director		3

### Audit Committee

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



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## Report of Audit Committee enclosed in Annexure iii

### Going Concern

The Financial Statement of the Company has been prepared on going concern basis.

### Directors' Remuneration

Directors are taking the Remuneration from this financial year.

### Rotation of Directors

The Board of Directors of the Company consists of 8 (eight) members including two Independent Directors. As per Article 119 of the Articles of Association of the Company one third of the Directors retire by rotation from the Board at AGM.

Accordingly at this 31<sup>st</sup> Annual General Meeting the retiring Directors are Mr. Md Emranul Hoq and Mr. Md Mohsin Saky who being eligible offered themselves for re-election. Their short resume is stated in Annexure-II

### Dividend

The Board of Directors is continuously making effort to uphold and protect the interest of shareholders. Keeping in view the interest of shareholders, performance of current year, future projections and Capital outlaying, the Directors are pleased to recommend 25% Cash Dividend i.e Tk. 2.50 per share from the profit of 2015-2016 financial year. Dividend will be payable subject to approval of the shareholders in 31<sup>th</sup> AGM.

### Appointment of Statutory Auditor

Company's statutory auditors **K.M. Hasan & Co. Chartered Accountant** shall retire at 31<sup>st</sup> AGM. The firm, being eligible, has expressed their interest for re-appointment. The Board recommends their re-appointments for the year 2016-17 and will continue till the next AGM. The shareholders therefore have to approve their re-appointment to hold office as External Auditors till next AGM.

### Approval for appointment of Independent Director

As a result of completion of tenure of office of the existing Independent Directors for the period of three years the post has fallen vacant in this AGM. In order to fill up the vacancy the Board have nominated Mr. Morshedul Alam Quaderi who is a versatile and knowledgeable individual in social and economic activities for appointment as Independent Director. He shall be the defacto Chairman of the Audit Committee. This appointment now requires the approval of the shareholders at this Annual General Meeting.



# সিভিও পেট্রোক্যামিকেল রিফাইনারী লিমিটেড

## CVO Petrochemical Refinery Limited

### Status of Compliance

The directors hereby report that the condition imposed by BSEC notification no # SEC/MRRCD/2006-158/134/Admin/44, dated: August 07, 2012 and subsequent amendment thereof have been duly complied with as per status of Compliance set forth in Annexure:-I

### Appreciation

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

On behalf of The Board of Directors

**Shamsul Alam Shamim**  
Chairman