



সিভিও পেট্রোক্যামিকেল রিফাইনারী পিএলসি CVO Petrochemical Refinery PLC

Report of the Board of Directors to the Shareholders

Dear Valued Shareholders,

Assalamualaikum Warahmatullahi Wabarakatuh,

Alhamdulillah, on behalf of the Board of Directors of CVO Petrochemical Refinery PLC, I extend a warm welcome to the 40th Annual General Meeting (AGM) of the Company. I also convey sincere appreciation for your continued support and confidence.

It is an honour for the Board of Directors to present the Directors' Report along with the Audited Financial Statements, comprising the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the financial year ended June 30, 2025.

2.1) Petroleum Product Market in Bangladesh

In Bangladesh, the demand for petroleum products continues to be driven by the industrial sector, the agricultural industry, and the steady increase in automobile usage for transportation. However, despite this underlying demand, overall sales of petroleum products during the reporting period were comparatively quite higher than in the previous year.

The year-wise sales of petroleum products by Bangladesh Petroleum Corporation (BPC) over the last five years are presented in the following table:

Particulars	Financial Year				
	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Total Sales of BPC (in MT)	6,299,730	6,887,344	7,346,095	6,727,601	6,794,770
Increase/(Decrease) (in %)	14.48%	9.33%	6.66%	-8.42%	1.00%

2.1.1) Analytical Summary

The sales performance of Bangladesh Petroleum Corporation (BPC) over the last five years reflects both periods of growth and subsequent contraction. From FY 2020–2021 to FY 2022–2023, total sales increased consistently, reaching a peak of **7.35 million MT** in FY 2022–2023. However, in FY 2023–2024, sales declined by **8.42%**, primarily due to adverse market conditions and external challenges. In FY 2024–2025, sales exhibited a marginal recovery of **1.00%**, indicating a stabilization trend following the previous year's downturn. This suggests a cautious but positive outlook for future demand.

As a result of overall economic growth, the number of vehicles for both personal and commercial use has increased significantly. At the same time, the fast-growing industrial sector—particularly the power, energy, agricultural, manufacturing, and processing industries—is further accelerating the demand for petroleum products.

2.2) Solvent Market in Bangladesh

The solvent market in Bangladesh is expanding rapidly; however, there are no official government statistics available to determine its exact demand. What is evident is its extensive usage across a wide range of industries, including gum, pasting, tyre, pesticide, sanitizer, glue, paint, garment washing, and many others. CVO Petrochemical Refinery PLC (CVOPRL) is the only domestic company supplying this essential product to support the country's growing industrial demand. By ensuring a reliable local supply, CVOPRL not only reduces the need for costly imports and foreign currency expenditure but also helps curb dependence on black market sources. In doing so, the Company plays a strategic role in strengthening industrial growth and contributing to the national economy.

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

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2.3) Industrial Outlook & Possible Future Developments

CVO Petrochemical Refinery PLC (CVOPRL) is the only publicly listed company among the private condensate fractionation plants in Bangladesh. The Company utilizes Naphtha as a raw material to produce SBPS in compliance with Bangladesh Standards and Testing Institution (BSTI) requirements. To this end, Bangladesh Petroleum Corporation (BPC) has entered into a 5-year agreement with CVOPRL for the supply of Naphtha and a 3-year agreement for the purchase of SBPS. The Company commenced its sales operations under these agreements on September 15, 2022.

The management of CVOPRL successfully introduced this new product line without altering the existing condensate fractionation plant's operational procedures. The plant continues to operate as before, ensuring stability in production.

On January 28, 2024, BPC supplied one consignment of Diesel Riched Condensate to CVOPRL for testing purposes, to assess the plant's overall capacity and capability to deliver products that meet BSTI standards. Alhamdulillah, the test run was successful, and the Company produced BSTI-compliant products which were subsequently delivered to Padma Oil Company Limited.

In addition, BPC has granted approval for the Company to import up to 20,000 metric tons of diesel-Riched condensate per annum under its own commercial arrangements. In line with this approval, management has initiated preliminary sourcing activities, including evaluation of potential suppliers and assessment of logistical and storage requirements. However, prevailing high international condensate prices, coupled with relatively lower realizable prices for refined petroleum products in the domestic market, have rendered such imports economically unviable at present. Consequently, import operations are progressing at a limited pace.

Management continues to monitor global condensate market dynamics, including fluctuations in benchmark prices, freight rates, and refining margins, alongside domestic price adjustments. Should international price levels decline and domestic product pricing structures become more favorable, the Company plans to proceed with condensate imports. This would enable higher utilization of existing refinery facilities, improvement in product slate optimization, and an overall increase in production capacity to meet the steadily rising demand in the local energy market.

Looking ahead, CVOPRL remains dedicated to sustainable growth by expanding production capacity, delivering premium-quality products that align with evolving industry benchmarks, and strengthening its long-term strategic position as a key enabler of Bangladesh's energy independence and industrial advancement.

2.4) Risks & Concerns with Mitigation Measures

Risk Category	Description	Mitigation Measures
Raw Material Supply Risk	Naphtha, the Company's only raw material for producing Hydrocarbon Solvent, is sourced solely from Eastern Refinery Limited. Any unexpected shutdown or disruption at ERL could affect supply, though the risk is low given ERL's strategic importance and continuous operations.	Close coordination with ERL management, monitoring production schedules, and exploring potential diversification of supply sources as permitted by BPC policy.
Energy Risk	Operations depend on continuous energy supply. Dual-fuel burners run on gas and diesel; in case of gas shortages, reliance on diesel significantly increases production costs.	Investment in dual-fuel technology, maintaining contingency fuel reserves, monitoring energy efficiency, and pursuing energy optimization initiatives.



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Interest Rate Risk	The Company benefits from a flat and sustainable interest rate structure. Any upward adjustment in rates could increase financing costs and pressure profitability.	Prudent financial planning, maintaining strong relationships with lenders, and exploring refinancing opportunities for favorable terms.
International Fuel Price Volatility	Naphtha prices are tied to international benchmarks (e.g., Platts), exposing the Company to global price fluctuations caused by supply–demand dynamics, geopolitical developments, and volatility in energy markets.	Regular monitoring of global markets, aligning procurement with favorable pricing windows, and optimizing inventory levels to minimize exposure.
Political Risk	Political unrest, including blockades and transport disruptions, may hinder delivery of finished products. Prolonged instability can negatively impact operations and sales.	Flexible logistics arrangements, engagement of multiple transport providers, and close coordination with distributors to minimize supply chain disruptions.
Seasonal Risk	Demand for Hydrocarbon Solvent declines during winter and monsoon seasons due to weather-related slowdowns in downstream industries, leading to seasonal revenue fluctuations.	Diversification of customer base, forward sales planning, and effective inventory management to stabilize sales across seasons.

2.5) Business Performance

The Company is engaged in the production and sale of **Hydrocarbon Solvent (SBPS)** from Naphtha, utilizing its existing **Condensate Fractionation Plant**. The installed production capacity of the plant is **100 metric tons per day**, and commercial sales commenced on **15 September 2022**.

During the reporting year, the Company utilized **34.05%** of its total production capacity, reflecting an improvement of **11.33%** over the previous year. This increase in capacity utilization was achieved through improved operational efficiency, optimized raw material management, and enhanced production planning.

The Company successfully processed **10,214 Metric Tons of Naphtha** during the year, which represents a **49.88% growth** compared to the last fiscal year. This rise in processing volume demonstrates the Company's efforts toward maximizing throughput while maintaining stringent quality and safety standards.

As a result of these operational improvements and effective cost management, the Company recorded a **63.08% increase in net profit** compared to the previous year. This growth is considered a very satisfactory outcome, reflecting the Company's resilience, efficient resource utilization, and commitment to sustainable financial performance.

2.6) Financial Result at a glance of the Year 2024–2025 and 2023–2024

Particulars	2024–2025	2023–2024	Growth/Change	Remarks
Gross Turnover	1,326,168,490	704,923,440	+88.13%	Higher selling prices and increased sales volume.
Net Turnover	1,153,189,991	612,976,904	+88.13%	Driven by higher selling prices and sales volume.
Gross Profit	179,912,174	116,062,711	+55.01%	Increase due to improved sales performance.
Gross Profit Ratio	15.60%	18.93%	-3.33%	Decline due to higher purchase costs & factory overheads.
Net Profit After Tax	105,994,827	64,997,172	+63.08%	Reflects for higher turnover & stronger profitability.
Net Profit Ratio	9.19%	10.60%	-1.41%	Ratio declined despite higher net profit.

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Finance Cost	21,417,246	24,116,673	-11.19%	Lower due to improved customer collections, reducing borrowings.
Contribution to WPPF	5,803,204	3,702,004	+56.76%	Higher contribution is aligned with improved performance.
Earnings Per Share (EPS)	3.82	2.34	+63.25%	Increase due to higher turnover and profitability.
Net Asset Value (NAV) per Share (with Revaluation)	30.29	10.31	+193.79%	Increase reflects land revaluation & stronger business performance.
Net Operating Cash Flow (NOCF) per Share	7.65	2.77	+176.17%	Improved collections from customers vs. payments.
Contribution to National Exchequer	178,757,898	98,158,605	+82.11%	Driven by higher turnover.

2.6.1) Turnover

Turnover represents the total sales of the Company during the reporting period. During FY 2024-25, both gross and net turnover increased by approximately **88.13%** compared to the previous year, reflecting strong market demand and enhanced sales performance.

2.6.2) Cost of Goods Sold (COGS)

COGS reflects the direct cost of manufacturing the products sold, including raw materials, carrying costs, fuel, and factory overheads. COGS varies proportionally with production—higher production requires higher raw materials and components.

2.6.3) Gross Profit and Gross Profit Margin

Gross Profit = Net Turnover – Cost of Goods Sold

The **Gross Profit Margin** indicates the proportion of revenue retained after covering production costs:

$$\text{Gross Profit Margin (\%)} = \frac{\text{Gross Profit}}{\text{Net Turnover}} \times 100$$

During FY 2024-25, the gross profit margin was **15.60%**, indicating improved operational efficiency and a strong financial result.

2.6.4) Net Profit and Net Profit Margin

Net Profit = Gross Profit – Operating Expenses (including Tax & WPPF)

The **Net Profit Margin** stood at **9.19%** for FY 2024-25, reflect better cost management, higher sales volume & effective control over administrative & financial expenses.

2.6.5) Earnings per Share (EPS)

EPS for FY 2024-25 was **Tk. 3.82**, up from **Tk. 2.34** in 2023-24, representing a **63.25% increase**, based on the current **27,769,500 ordinary shares** of Tk. 10 each.

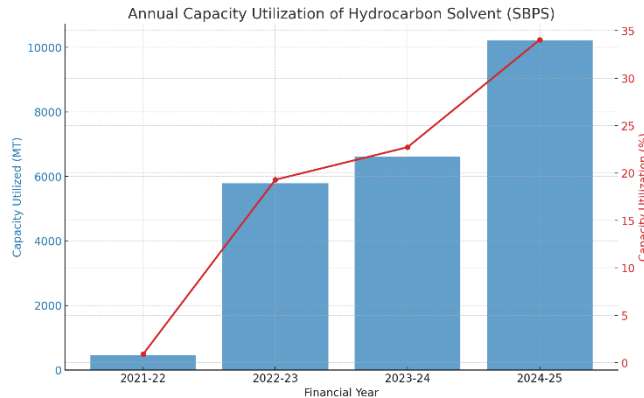


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2.7) Capacity Utilization

Financial Year	Actual Capacity Utilized (MT)	Capacity Utilization (%)
2024-2025	10,214	34.05%
2023-2024	6,815	22.72%
2022-2023	5,787	19.29%
2021-2022	450	0.90%



Annual Capacity Utilization:

- The bar chart shows the actual production (MT) for each financial year.
- The overlaid line chart represents the capacity utilization percentage.
- This clearly illustrates the growth in production and efficiency over four years.

The Company has demonstrated a steady growth in capacity utilization, reflecting operational efficiencies, improved raw material supply, and increased market acceptance of its products.

2.8) Product Wise Performance

The Company produces **two grades of Hydrocarbon Solvent (SBPS)** from Naphtha supplied by BPC:

- **BSTI Grade 40-115**, manufactured according to Bangladesh Standards and Testing Institution (BSTI) specifications; and
- **Industrial Grade Solvent**, used in various downstream industrial applications.

2.19) Monthly Received and Sales

Month	ERL Received (Liters)	ERL (MT)	POCL Sales (Liters)	Industrial Grade Sales (Liters)	Total Sales (Liters)
Jul-24	-	-	62,000	821,000	883,000
Aug-24	2,353,289	1,591.81	71,000	872,000	943,000
Sep-24	1,187,770	809.11	126,000	1,270,500	1,396,500
Oct-24	1,247,061	842.64	168,000	1,383,000	1,551,000
Nov-24	1,230,213	826.95	115,000	1,635,500	1,750,500
Dec-24	1,295,724	899.49	105,000	1,686,400	1,791,400
Jan-25	1,117,101	750.92	44,000	885,900	929,900
Feb-25	-	-	-	1,061,800	1,061,800
Mar-25	2,015,565	1,358.89	-	1,290,500	1,290,500
Apr-25	1,040,246	699.25	-	780,500	780,500

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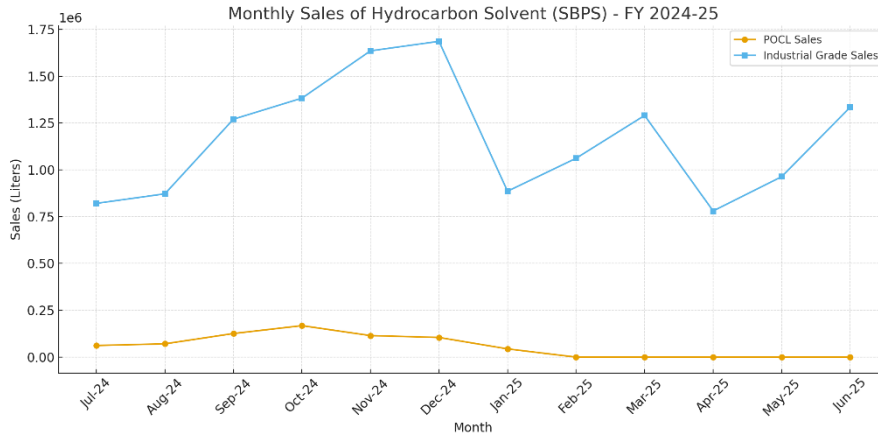
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May-25	2,130,865	1,427.53	-	963,500	963,500
Jun-25	1,488,441	1,007.53	-	1,334,500	1,334,500
Total	15,106,275	10,214.11	691,000	13,985,100	14,676,100



Highlights:

- Total production for FY 2024–25 reached **10,214 MT**, representing **34.05% of installed capacity**.
- Total sales reached **14,676,100 liters**, with demand consistently strong across both BSTI and Industrial Grade products.
- Variations in monthly production and sales reflect operational adjustments, raw material availability, and market-driven sales optimization.

Outlook

The Company remains focused on:

- Increasing **production efficiency** and optimizing plant utilization;
- Expanding **market penetration** for both BSTI and Industrial Grade Solvents;
- Supporting **Bangladesh's industrial and energy sectors** by ensuring a stable supply of high-quality hydrocarbon solvents;
- Exploring opportunities to **enhance capacity and diversify products** to meet growing domestic and regional demand.

2.10) Extra-Ordinary Gain/Loss

No extra-ordinary gains or losses were recorded during the reporting period under review.



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2.11) Related Party Transactions

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

Related Party Name	Opening Balance (Tk.)	Received/Adj . during the year (Tk.)	Payment/Adj . during the year (Tk.)	Closing Balance (Tk.)	Nature of Transaction
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	225,000	900,000	(900,000)	225,000	Office Rent/Security money of Dhaka Office
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	-	15,106,275	(15,106,275)	-	Carriage Inward-Oil Tanker
Mr. Shamsul Alam Shamim, Chairman of the Board of Directors	28,866,611	-	(28,866,611)	-	Short Term Loan

Remuneration of Directors, Including Independent Directors

Name	Position	Attendance Fees (tk)	Remuneration (tk)	Bonus	Total Paid
Mr. Shamsul Alam Shamim	Chairman	35,000/-	60,00,000/-	500,000	65,35,000
Mr. A.H.M. Habib Ullah	Managing Director	35,000/-	12,00,000/-	100,000	13,35,000
Mr. Md. Amin	Director	5,000/-	2,00,000/-	-	2,05,000
Mr. Md. Ali Mortuza	Director	35,000/-	12,00,000/-	100,000	13,35,000
Mr. Md. Emranul Hoq	Director	35,000/-	12,00,000/-	100,000	13,35,000
Mr. Mohammad Mohsin Saky	Director	35,000/-	12,00,000/-	100,000	13,35,000
Mr. Nure Habib Noman	Director	35,000/-	12,00,000/-	100,000	13,35,000
Mr. Engr. A.F.M. Ishaque	Independent Director	15,000/-			15,000
Mr. Engr. Md. Mizbahur Rahman	Independent Director	35,000/-			35,000
Mr. Chowdhury Mohammed Haroon	Independent Director	5,000/-			5,000

The details of the remuneration paid to the Directors during the financial year 2024-25 are given in **Note No. 37.1.3** in the Financial Statements (Page No.97)

2.12) Internal Control System

The internal audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company on a regular basis. Based on the report of the internal audit team, the management undertakes necessary action in their respective functions.

2.13) Management Discussion & Analysis

Details are discussed in **Annexure-E**.

2.14) Protection of Minority Shareholders' Interest

The Board of Directors of **CVO Petrochemical Refinery PLC** places the highest priority on safeguarding the interests of minority shareholders. In line with this commitment, decisions are proposed by the Board and approved by shareholders through their voting rights. Minority shareholders retain the following rights:



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- To exercise their voting power,
- To receive dividends,
- To access relevant company information, and
- To review any amendments to the Memorandum and Articles of Association.

2.15) Significant Variance Between Quarterly and Annual Financial Statements

Particulars	1st Quarter	2nd Quarter	3rd Quarter	Annual
Net Turnover	256,821,296	398,574,782	256,867,826	1,153,189,991
Gross Profit	44,956,335	42,307,958	33,612,197	179,912,174
Net Profit	25,528,967	26,675,947	18,945,160	105,994,827
EPS	0.92	0.96	0.68	3.82
NAV	11.22	11.19	11.87	30.29
NOCFPS	0.48	2.00	7.69	7.65

Note: It has been seen that the company has shown a consistent financial performance during the year, and there is no significant variation between quarterly financial performance and annual financial performance. However, minor variances were noted in changes of purchase price, sales price, sales volume, and year-end adjustments or provisions, which slightly affected the quarterly financial outcomes.

2.16) Corporate and Financial Reporting Framework

The Board of Directors affirms full compliance with the **Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018**, ensuring adherence to the financial reporting framework:

1. Financial statements prepared by management fairly present the Company's state of affairs, results of operations, cash flows, and changes in equity.
2. Proper books of accounts are maintained.
3. Accounting policies are appropriately selected and consistently applied in the preparation of financial statements.
4. **International Accounting Standards (IAS)** and **International Financial Reporting Standards (IFRS)**, as applicable in Bangladesh, have been duly applied, and necessary disclosures provided.
5. There is no significant doubt regarding the Company's ability to continue as a going concern.

2.17) Going Concern

The Company has sufficient resources to continue its operations for the foreseeable future. Accordingly, the financial statements have been prepared on a **going concern basis**. Management's assessment confirms that no material uncertainty exists that may cast significant doubt on the Company's ability to continue its operations.

2.18) Significant Deviation in Operating Results Compared to the Previous Year

The operating results arising from the statements of profit or loss and other comprehensive income shows what the company has earned from its core business activities. During the year under review, the company achieved a net turnover of Taka 1,153,189,991/-, reflecting a significant increase compared to Taka 612,976,904/- in the previous year. Gross Profit of the company recorded of Taka 179,912,174, compared to Taka 116,062,711 in the previous year, reflecting a significant increase of Tk. 63,849,463. The company earned a net profit after tax of Tk. 105,994,827 during the year, compared to Tk. 64,997,172 in the previous

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year, reflecting a significant increase of Tk. 40,997,655. The Earnings per Share (EPS) increased to Taka 3.82 during the year, compared to Taka 2.34 in the previous year.

A significant deviation in the operating results was observed due to an increase in turnover, selling prices, and sales volume.

2.19) Code of Conduct

The Board of Directors of the Company has adopted a Code of Conduct for the Chairperson, other Board members, and MD/CEO of the Company based on the recommendation of the Nomination and Remuneration Committee (NRC). All the Directors have signed as acceptance to its compliance.

2.20) Board Meeting & Attendance

Name of Directors	Position	No. of Board Meeting	
		Held	Present
Mr. Shamsul Alam Shamim	Chairman	07	07
Mr. A.H.M. Habib Ullah	MD & CEO		07
Mr. Md. Amin	Director		01
Mr. Md. Ali Mortuza	Director		07
Mr. Md. Emranul Hoq	Director		07
Mr. Mohammad Mohsin Saky	Director		07
Mr. Nure Habib Noman	Director		07
Mrs. Jubeda Khanam Safi	Director		07
Mr. Engr. A.F.M. Ishaque	Independent Director		03
Mr. Engr. Md. Mizbahur Rahman	Independent Director		07
Mr. Chowdhury Mohammed Haroon	Independent Director		01

Note:

- 1) **Mr. Md. Amin:** ceased from directorship due to his demise on 29th September 2024.
- 2) **Mr. Engr. A.F.M. Ishaque :** retired from the position of Independent Director effective from 31st December 2024.
- 3) **Mr. Chowdhury Mohammed Haroon:** appointed as Independent Director by the Bangladesh Securities and Exchange Commission (BSEC) on 25th May 2025.



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2.21) Key Operating and Financial Data of Last 05 (five) years

Particulars	Financial Year				
	2024-25	2023-24	2022-23	2021-22	2020-21
Authorized Capital	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Paid up Capital	277,695,000	277,695,000	277,695,000	277,695,000	252,450,000
Net Turnover	1,153,189,991	612,976,904	390,140,916	-	34,376,509
Gross Profit/(Loss)	179,912,174	116,062,711	58,367,454	(33,008,033)	(30,910,792)
Operating Profit/(Loss)	142,654,007	96,728,144	41,676,617	(47,718,659)	(44,464,963)
Profit Before Tax	116,064,087	74,040,082	17,462,546	(70,666,980)	(62,627,650)
Net Profit/(Loss) after Tax	105,994,827	64,997,172	12,901,586	(72,971,044)	(62,946,210)
Non-Current Assets	994,499,053	465,453,472	476,808,841	451,128,384	439,031,866
Current Assets	251,370,343	355,384,793	386,999,707	177,936,949	147,433,754
Current Liabilities	274,052,033	483,479,447	581,436,940	362,207,723	249,375,446
Shareholders' Equity	841,093,622	286,294,550	229,598,356	215,003,773	291,638,408
Dividend	11% Cash & 9% Stock	10% Cash	5% Cash	No Dividend	10% Stock
EPS	3.82	2.34	0.46	(2.63)	(2.49)
NAV Per Share	30.29	10.31	8.27	7.74	11.55
NOCF Per Share	7.65	2.77	1.42	(3.31)	0.91
Number of Shares	27,769,500	27,769,500	27,695,500	27,769,500	25,245,000
Market Price (DSE)	133.10	142.90	191.00	186.80	88.20
Market Price (CSE)	133.00	142.30	189.60	188.20	88.10
Sponsors'/Directors' shareholding	45.31%	45.31%	45.31%	45.31%	45.31%
Other shareholders holding	54.69%	54.69%	54.69%	54.69%	54.69%

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2.22) Shareholders Pattern

The Shareholders pattern of the Company at the year ended on June 30, 2025, is shown as follows:

Name of the Shareholders	Status	Share Held	% of Shareholding	
A) Sponsors & Directors				
Mr. Shamsul Alam Shamim	Chairman	2,585,184	9.31	
Mr. A.H.M. Habib Ullah	MD & CEO	1,943,866	7.00	
Mr. Md. Amin	Director	1,319,049	4.75	
Mr. Md. Ali Mortuza	Director	1,319,049	4.75	
Mr. Md. Emranul Hoq	Director	1,319,049	4.75	
Mr. Mohammad Mohsin Saky	Director	1,319,050	4.75	
Mr. Nure Habib Noman	Director	1,319,051	4.75	
Mrs. Jubeda Khanam Safi	Director	590,101	2.12	
Mr. Md. Mansur Alam	Sponsor	149	0.00	
Mrs. Joynab Rifat	Sponsor	590,101	2.12	
Mrs. Fazilatun Nahar	Sponsor	277,695	1.00	
Mr. Engr. A.F.M Ishaque	Independent Director	-	-	
Mr. Engr. Md. Mizbahur Rahman	Independent Director	-	-	
Mr. Chowdhury Mohammed Haroon	Independent Director	-	-	
Total Sponsors & Directors (A)		12,582,344	45.31	
B) Others				
General Public		10,417,661	37.52	
Institutions		4,724,745	17.01	
Foreign (NRB)		44,750	0.16	
Total Others (B)		15,187,156	54.69	
Total Shareholdings (A+B)		27,769,500	100.00	
Name of the Shareholders	Status	Share Held	% of Shareholding	
i) Parent/Subsidiary/Associated Companies & Other Related Parties				
NOT APPLICABLE				
ii) Sponsors & Directors		Details are mentioned at above table	12,582,344	45.31
iii) Chief Financial Officer, Head of Internal Audit & Company Secretary				
Mr. Ahmadul Haq Hasan	ED & Chief Auditor	0	0	
Mr. Khwaza Mowin Uddin Hossain	DMD & Company Secretary	0	0	
Mr. Mohammad Abu Taleb	Chief Financial Officer	0	0	
iv) Executives (Top Five Employees other than CFO, HIA & CS)				
Mr. Md. Abdus Samad	DGM – Shares	0	0	
Mr. Mohammed Faruk	AGM – F&A	0	0	
Mr. Iqbal Hossain Chowdhury	Manager-Admin	0	0	
Mr. Md. Serajul Islam	Manager – Public Relations	0	0	
Mr. Md. Arifur Rahman	Manager – VAT	0	0	
Mr. Sontu Kumar Sen	Manager – Process & Op	0	0	
v) Shareholders holding 10% or more				
NOT APPLICABLE				

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2.23) Contribution to the National Exchequer

The Company is regularly paying VAT and Tax on time. The deposits of VAT and Tax to the National Exchequer for the last 03 (three) years are shown below:

Particulars	Financial Year		
	2024-25 (Tk.)	2023-24 (Tk.)	2022-23 (Tk.)
Sales VAT	172,978,499	91,946,536	58,687,021
Income Tax	5,779,399	6,212,069	3,604,817
Total	178,757,898	98,158,605	62,291,838

During the financial year, the Company has contributed an amount of Tk. 178,757,898 (Including VAT & Tax) to the national exchequer as against Tk. 98,158,605 in the previous financial year.

2.24) Dividend

The Board of Directors remains steadfast in its commitment to safeguarding the interests of our esteemed shareholders. During the financial year, the Company achieved a remarkable increase in turnover, driven by higher selling prices and increased sales volumes. This growth translated into a positive Earnings Per Share (EPS), reflecting the Company's strengthened profitability.

As of 30th June 2025, the Company's retained earnings stood at Taka 65,117,890, a significant improvement from the negative balance of Taka 2,507,954 in the previous year—a truly remarkable performance. Considering the overall financial position for the year 2024-25, the Board has resolved to recommend a 11% Cash Dividend and 9% Stock Dividend from the current year's profit. This proposal will be submitted for approval at the 40th Annual General Meeting (AGM). The Board has also decided that no interim dividend will be issued.

The Board expresses its sincere gratitude to all shareholders for their continued trust and support and remains committed to creating sustainable value while fostering long-term growth for all stakeholders.

2.25) Unclaimed Dividend

Year-wise unclaimed Dividend:

Financial Year	Declaration (%)	Types of Dividend	2025 Taka
2022-2023	5%	Final	269,807
2023-2024	10%	Final	454,794
Total			724,601

The company has transferred the Unclaimed Dividend period from the beginning, FY 1990-91 to FY 2020-21 to "Capital Market Stabilization Fund (CMSF)" according to the directive no. BSEC/CMRRCD/2021-386/03- dated 14 January 2021 of Bangladesh Securities and Exchange Commission. Details of unclaimed dividends have been disclosed on the Company's website www.cvopetro.com.

2.26) Dividend Policy

Ethics refers to principles that distinguish right from wrong and good from bad. In the corporate context, **good governance** is an extension of ethics, encompassing the systems, principles, and processes that guide public service organizations and businesses alike.

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Ethics guides how an organization manages its environment, balancing the needs of current stakeholders while preserving the company's ability to thrive for future generations. Since a corporation is, in theory, an entity that exists beyond the lifespan of individual shareholders, governance must ensure efficiency, sustainability, and equity. Decisions made today should generate value for the present without compromising the welfare of future shareholders. For instance, prioritizing immediate dividend payouts without considering long-term consequences may benefit current shareholders but could disadvantage future cohorts.

At **CVO Petrochemical Refinery PLC**, the Board of Directors upholds the highest standards of **business ethics**, emphasizing **Commitment, Goodwill, Reliability, and Transparency**. In line with this principle, the company has published its **Dividend Disbursement Policy** on its website (www.cvopetro.com) to ensure clarity and informed decision-making for shareholders.

The Company is committed to a **Balanced Distribution Policy**, sharing accretional wealth (profits) between current and future shareholders. This approach not only enhances shareholder value but also ensures the long-term sustainability and growth of the Company, benefiting both present and future generations.

2.27) Dividend Equalization Reserve

In order to ensure stability in dividend distribution and strengthen shareholders' confidence, the Board of Directors has approved the **Dividend Equalization Reserve** during the year. Dividend payments often vary due to fluctuations in annual profits, which may affect shareholder expectations and market confidence. Furthermore, the Company retains the option to use the fund as working capital, if needed.

Considering this, the Board has deemed it prudent to set aside **10% of the profit of the current financial year** to establish the said reserve. The purpose of this reserve is to stabilize dividend payments in future years and maintain consistency in dividend declarations.

The *Dividend Equalization Reserve* will be presented separately in the Statement of Changes in Owners' Equity and managed in compliance with the provisions of the *Companies Act*, applicable *Accounting Standards*, and relevant *regulatory guidelines*. The Company may, if required, utilize the fund as working capital in the ordinary course of business.

2.28) Rotation of Directors

The Company's Board of Directors now consists of 10 (ten) members, including 02 (two) Independent Directors. As per Article 119 of the Articles of Association of the Company, one-third (1/3) of the directors retire by rotation from the Board every year at an Annual General Meeting (AGM).

Accordingly, the 03 (three) directors, Mr. Md. Ali Mortuza, Mr. Mohammad Mohsin Saky & Mr. Nure Habib Noman, retiring from the Board this year in the 40th Annual General Meeting (AGM), who have been the longest in office since their last election and are eligible, offers themselves for re-election. Their short resume is stated in **Annexure-D**.

2.29) Audit Committee

The Audit Committee has been constituted by the Board of Directors of the Company with the following members:

- Mr. Engr. Md. Mizbahur Rahman, Independent Director - Chairman
- Mr. Chowdhury Mohammed Haroon, Independent Director - Member
- Mrs. Jubeda Khanam Safi, Director - Member
- Mr. Khwaza Mowin Uddin Hossain, DMD & Company Secretary - Member Secretary

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The detailed roles & responsibilities, activities carried out and the number of the meetings of the Audit Committee have been provided in the Report of Audit Committee enclosed in **Annexure-G**.

2.30) Nomination & Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) has been formed by the Board of Directors of the Company with the following members:

- Mr. Chowdhury Mohammed Haroon, Independent Director - Chairman
- Mr. Engr. Md. Mizbahur Rahman, Independent Director - Member
- Mrs. Jubeda Khanam Safi, Director - Member
- Mr. Khwaza Mowin Uddin Hossain, DMD & Company Secretary - Member Secretary

The detailed roles & responsibilities, activities carried out and the number of the meeting of the NRC has been provided in the Policy of NRC enclosed in **Annexure-H**.

2.31) Qualified Opinion from the Statutory Auditor and Directors' Response

S.N.	Qualified Opinion Details	Directors' Response
01	There is no business relation with Sylhet Gas Fields Limited for more than 5(Five) years. But the security deposit with them amounting to taka 45,00,000 remained outstanding till date. In our opinion, the recovery of this amount has become doubtful but no provision has provided for in these financial statements.	<p>The Company has communicated with Sylhet Gas Fields Limited (SGFL) regarding the recovery of the Security Deposit. Management is actively pursuing the matter to realize the amounts at the earliest.</p> <p>Additionally, the Statutory Auditor of SGFL, M/S. Khan Wahab Shafique Rahman & Co., Chartered Accountants has sent a balance confirmation letter regarding the "Security Money" of Tk. 45,00,000, issued on 17-08-2025, which clearly confirms that our security deposit has been properly recorded in their books of accounts.</p> <p>The Management of the Company is making every effort to recover the amount held in SGFL's account and aims to realize the receivable at the earliest possible time.</p>



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02	<p>Advance against raw materials to Sylhet Gas Fields Limited amounting to Taka 17,53,444 remained outstanding for more than 5(five) years. The agreement in this respect with Sylhet Gas Fields Limited expired in 30 June 2020. Hence, the recovery of the amount has become doubtful but no provision has been provided for in these financial statements.</p>	<p>Director's Reply: The Company has communicated with Sylhet Gas Fields Limited (SGFL) regarding the recovery of the Advance Deposit against Condensate. Management is actively pursuing the matter to realize the amounts at the earliest.</p> <p>Additionally, the Statutory Auditor of SGFL, M/S. Khan Wahab Shafique Rahman & Co., Chartered Accountants has sent a balance confirmation letter regarding the "Security Money" of Tk. 17,53,444, issued on 07-08-2025, which clearly confirms that our advance has been properly recorded in their books of accounts.</p> <p>The Management of the Company is making every effort to recover the amount held in SGFL's account and aims to realize the receivable at the earliest possible time.</p>
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2.32) Declaration by the CEO & the CFO

Declaration or certification by the CEO and the CFO to the Board of Directors of the Company as required under condition No. 3(3)(c) enclosed in **Annexure-A**.

2.33) Status of Compliance

The directors hereby report that the conditions imposed by the BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: June 03, 2018 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 have been duly complied with as per status of Compliance outlined in **Annexure-C**.

2.34) Appointment of Statutory Auditor

K.M. Hasan & Co., Chartered Accountants, has completed its 2nd year services with the Company as a statutory auditor. As per BSEC rules, they shall retire at the 40th Annual General Meeting (AGM). **K.M. Hasan & Co., Chartered Accountants**, has expressed interest in being re-appointed as Statutory Auditor for the financial year 2025-26. The Company's Board of Directors was satisfied with their profile and recommended to appoint as Statutory Auditor **K.M. Hasan & Co., Chartered Accountants** for the next financial year 2025-26, subject to approval by the shareholders in the 40th Annual General Meeting.

2.35) Appointment of Compliance Auditor

Rahman Mostafa Alam & Co., Chartered Accountants, has completed 2024-2025 financial year compliance audit services with the Company as the compliance auditor. **Rahman Mostafa Alam & Co., Chartered Accountants**, has expressed their interest to be re-appointed as Compliance Auditors for the financial year 2025-26. The Board of Directors of the Company was satisfied with their profile and recommended to appoint as Compliance Auditor **Rahman Mostafa Alam & Co., Chartered Accountants** for the next financial year 2025-26 subject to approval by the shareholders in the 40th Annual General Meeting (AGM). Certificate on the compliance of Corporate Governance Code issued by the Compliance Auditor **Rahman Mostafa Alam & Co., Chartered Accountants** required under condition No. 9(1) enclosed in **Annexure-B**.



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2.36) Website

The Company maintains an official website namely www.cvopetro.com which is linked with the websites of the stock exchanges and the Company keeps its website functional from the date of listing. All detailed disclosures of the Company are available on its website according to the listing regulations of the concerned stock exchanges.

2.37) Appreciation

The Board of Directors of **CVO Petrochemical Refinery PLC** extends its profound appreciation to the esteemed shareholders and all stakeholders for their continued trust, confidence, and support, which have been instrumental in the Company's sustained growth and achievements.

The Board also wishes to acknowledge the invaluable guidance, cooperation, and support provided by a wide range of institutions, regulatory bodies, and partners, without which the Company's operational and strategic successes would not have been possible. These include **Government of Bangladesh, Ministry of Power, Energy & Mineral Resources, Board of Investment (BOI), National Board of Revenue (NBR), Bangladesh Petroleum Corporation (BPC), Padma Oil Company Limited (POCL), Meghna Petroleum Limited (MPL), Jamuna Oil Company Limited (JOCL), Department of Environment (DOE), Department of Explosives, Bangladesh Fire Service & Civil Defense, Department of Inspection for Factories and Establishments (DIFE), Bangladesh University of Engineering & Technology (BUET), Eastern Refinery Limited (ERL), Bangladesh Energy Regulatory Commission (BERC), Bangladesh Standards and Testing Institute (BSTI), Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange PLC (DSE), Chittagong Stock Exchange PLC (CSE), Central Depository Bangladesh Limited (CDBL), Registrar of Joint Stock Companies & Firms (RJSC), Our bankers, auditors, legal advisors, and other partners.**

On behalf of the Board of Directors,

Shamsul Alam Shamim
Chairman