

ANNUAL REPORT 2017-18



Operational Excellence  
Maximising Value

**MJL Bangladesh Limited**



AMMR STOCK



# Operational Excellence Maximising Value

MJL Bangladesh Limited  
Annual Report, 2017-18

# It is often said that the best advice delivers the most benefits.

At MJL Bangladesh Limited (MJLBL), our purpose is unambiguous and clear: We want to help businesses prosper.

Our commitment to our purpose is visibly reflected in the fact that we have always believed that delivering improvements to our customers' business requires much more than just the best lubricant products. In fact, we believe that the implementation of lubrication best practices, supported by a team of world-class technical support staff, is critical for our customers to achieve significant process improvements and cost savings in their businesses, over time.

Our long standing presence in the lubrication industry and rich experience accrued out of engaging with clients across the industrial, manufacturing, engineering, mobility and transportation spectrum has shown that knowledge is what makes the real difference. Today, our team of technical personnel, field-based engineers and product application specialists assist in our customers' business requirements, enabling them to meet their objectives with reference to operational excellence, which helps in maximising value and leads to sustainable and profitable growth.

Unequivocally hence, our combined wealth of industrial experience, product insights, technical expertise and operational know-how in best lubrication practices makes Mobil the right choice for our customers' businesses. This is abundantly reflected in the fact that MJLBL enjoys a 26% share of the lubricants market in Bangladesh, which is larger than the combined share of the next two players in the industry.



**Abu Hena Md. Rahmatul Muneem**  
Chairman

**32** years of diversified experience

“The strong, underlying message that we wish to put forth is of steady growth and value-building. We derive enormous benefits from the way our diversified customer base responds to our Mobil products, services and solutions and in the way we are engaging in strategic complementary business broadening initiatives, which helps open up newer revenue streams, reinforces cash flow generation and enables risk optimization. This is the true essence of sustainable value creation at our Company.”

**Azam J Chowdhury**  
Managing Director

**35** years of business experience

“By helping our customers to improve the lubrication and maintenance practice of their assets, equipment and machinery, we enable them to achieve substantial benefits in terms of enhanced productivity and minimum downtime, ultimately providing them with a robust competitive advantage. This embodies a classic example of anchoring our customers’ business on operational excellence, enabling continuous value maximisation.”

**M. Mukul Hossain**  
Chief Executive Officer

**21** years of business experience

“In our quest to transform the culture and habits with respect to lubricant use in Bangladesh, we have always advocated the importance of the right Mobil lubricant for the right machinery and our solid technical support has gained respect from a wide gamut of our clients. Today, our robust technical competence can be gauged from the fact that we have segmented the market such that our suite of services has been designed to offer different levels of support to different business sizes and applications. To me, this is the true index of excellence in customer value creation.”

# MJL Bangladesh Limited: Committed to meeting the interests of the nation

An unforeseen industrial breakdown can have a crippling impact, especially an asset that directly feeds downstream customers, like a power plant. At MJL Bangladesh Limited, we help our customers at these moments that matter the most to them. Through our wide range of cutting-edge Mobil lubricant products and solutions, we champion Bangladeshi businesses and help them to achieve operational excellence, maximise shop-floor value and grow sustainably. At the heart of our business is our customer focus that enables us to develop more loyal and enduring relationships.

## Core numeric information

MJL Bangladesh Limited is a strategic alliance partner and sole distributor of ExxonMobil products in Bangladesh.

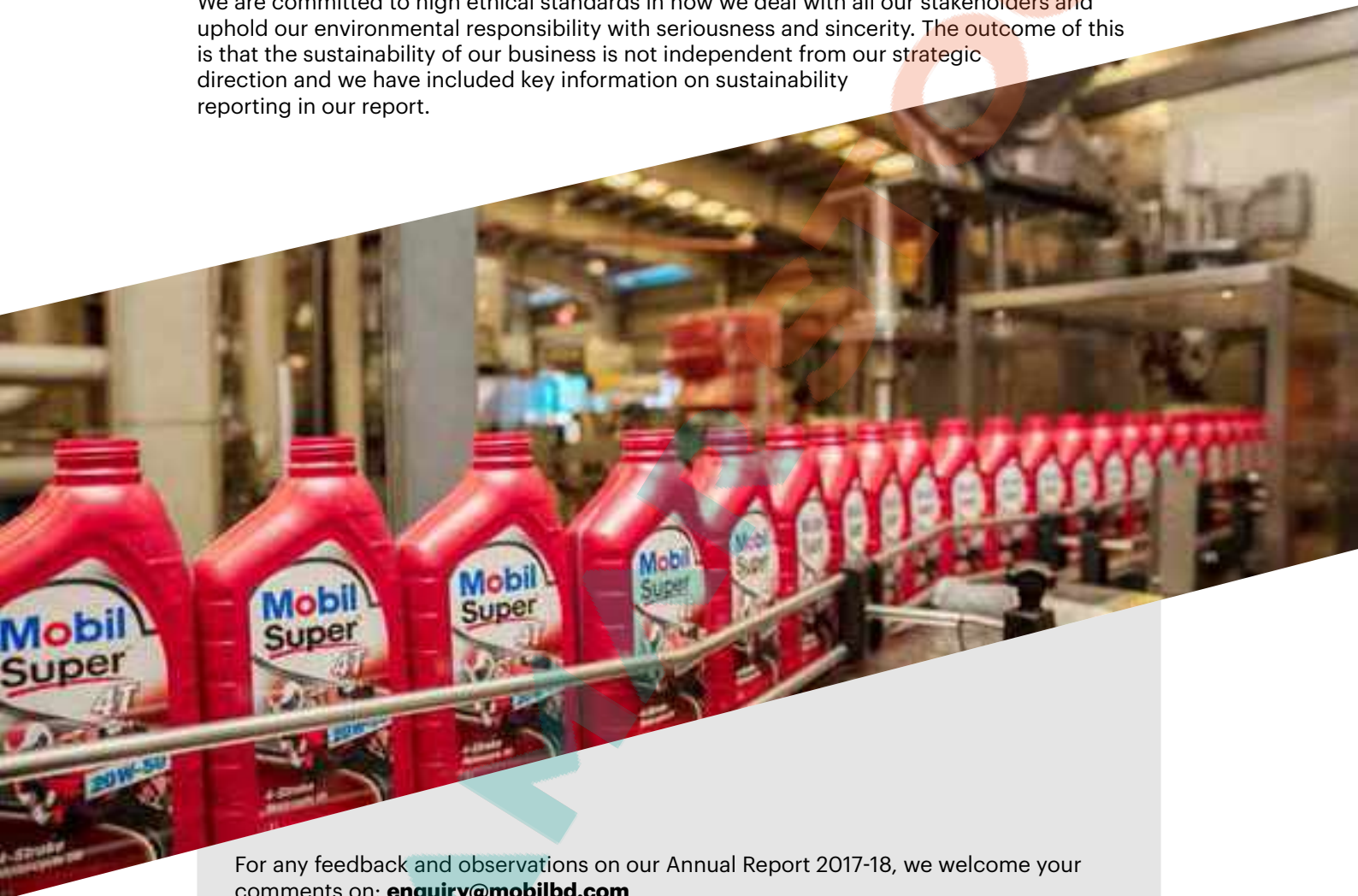


The numbers pertain to the year 2017-18 (July-June) on solo basis

## About this report

This Annual Report 2017-18 outlines the key elements of our business, our operating context, our financial and operational performance and our outlook and forward-looking initiatives. We produce this report to help our readers more easily assess our performance and future prospects. It also explains our business model today and our positioning in Bangladesh lubricant market.

We are committed to high ethical standards in how we deal with all our stakeholders and uphold our environmental responsibility with seriousness and sincerity. The outcome of this is that the sustainability of our business is not independent from our strategic direction and we have included key information on sustainability reporting in our report.



For any feedback and observations on our Annual Report 2017-18, we welcome your comments on: [enquiry@mobilbd.com](mailto:enquiry@mobilbd.com)



For more information on our products and services and for accessing our latest investor presentations and updates, please visit our website: [www.mjlbl.com](http://www.mjlbl.com)

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In a highly competitive industry prone to malpractices and derelictions, we strive to stand for a model example of ethics and integrity, upholding the highest standards of governance and disclosure.

*Read more about this in our 'Business philosophy'*

The year 2017-18 was a challenging one. Yet, we reported respectable performance anchored on stronger operational controls, wider customer outreach and healthy volume growth.

*Read more about this in our 'Our performance review'*

Our relentless focus on operational excellence enabled us to achieve a global ExxonMobil rating of 3.8/4, which is among the highest in their ecosystem.

*Read more about this in our 'Our performance review' and 'Value creation enablers'*

## Welcome!

We extend a cordial welcome to all our shareholders to attend the Company's 20th Annual General Meeting to be held on 22 November 2018 at 11:00 am at the auditorium of Krishibid Institution Complex Bangladesh, Krishi Khamar Sarak, Farmgate, Dhaka-1215.

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Our tactical diversification strategies focus on meeting national interests that give us scale to catalyse economic transformation through energy-led resurgence.

*Read more about this in our 'Our performance review' and 'Review of subsidiaries'*

# Business Philosophy

## Living the philosophy

*"At MJLBL, our business philosophy is enshrined in our motto that articulates the fact that our business in life is not to get ahead of others but to get ahead of ourselves. We are a people-driven business and thrive in a culture where we consider ourselves to be our biggest competitors and believe that constant change is a journey and not a destination."*

**Nagma Mahmood**

Head of HR-Admin & Company Secretary



### OUR VISION

To retain market leadership, focusing on long-term business sustainability and selling productivity with consistent growth potential.

### OUR MISSION

To support our customers with unsurpassed technical expertise for continuous value-addition, while ensuring timely delivery and maintaining product integrity.





## OUR VALUES

- Safety is our top priority
- Our people, including our technical experts, are our core assets

## OUR GUIDING PRINCIPLES

**Growing ambition:** We have the ambition and the drive to sustain our leadership position as the leading provider of high-quality lubricants and expand our market share through capturing the untapped segments of the lubricating oil industry.

**Customer focus:** We strive to provide our customers with the best quality products and services, according to their schedules, budgets and application areas.

**Flawless execution:** When it comes to providing our customers with the requisite goods and services, we thrive in delivering what we promise.

**Team-building:** Our ability to collaborate and work together as one team has enabled us to create a motivated, loyal and highly productive workforce.

**Nurturing talent:** With our people central to the success of our enterprise, we believe in nurturing and developing talent and creating an aspirational career growth journey for our employees.



# Aligning with our ethics

## Code of conduct and ethics



### Statement of purpose

At MJLBL, our code of conduct and ethics sets forth the basic principles we are committed to with respect to our dealings with all our stakeholders and also acts as a guide to assist our employees in meeting the ethical standards reflected in the code. Our Company has adopted this code of conduct and ethics to highlight our commitment and adherence to a culture that is rooted in fairness, integrity, honesty, transparency and concern for people.



### Personal and professional behavior

Employees always act in a professional, responsible, conscientious and ethical manner for the best interests of MJLBL. Employees deal professionally with clients, customers, suppliers, prospects, contractors and fellow employees. MJLBL expects compliance with its standards of integrity, legislative, regulatory and administrative policies throughout the organization and does not tolerate any violation of its well-defined and strongly articulated guidelines.



### Commitment to quality

We recognise customer satisfaction is of prime importance. We serve directly to our customers who resell our products, even as we strive to understand their requirements and concerns and to merit their business by responding effectively to their needs.



### Product safety

MJLBL is committed to supplying quality products to its consumers and to understanding all the issues involving safety associated with its products. We believe that product safety is fundamental to the integrity of our businesses, to sound and ethical business practices and to our responsibility as a blending operator of quality consumer products. MJLBL will actively promote the responsibility and concern for the safety of our customers,



### Open door communication

MJLBL always discusses and resolves employee concerns, problems and ideas with their immediate supervisor and, if required, involves/informs the next level(s) of the management for fair and timely resolution.



### Use of facilities and equipment

Employees take all possible care when using MJLBL property, goods, intellectual capital and services and ensure they are used efficiently, carefully and honestly and not for any personal use.



### Data integrity assurance framework

MJLBL employees ensure and maintain compliance and integrity in Company information, prospects and documents at all levels within and outside of the Company.



### Confidentiality

Employees are strictly discouraged to discuss or release to any unauthorized person and/or anyone outside of the organization, any confidential or sensitive or material information relating to the Company, its business and/or its operations under the non-disclosure process.



### Conflict of interest

If an employee becomes aware of the potential for conflict of interest, then he/she must notify his/her supervisor/manager of the potential or actual conflict of interest. The Company expects all employees to:

- Declare all conflict of interest to supervisors
- Avoid any detrimental outcome as a result of the conflict of interest



### Professional development

MJLBL encourages all employees to continually strive to improve their professional competence, enhance knowledge as per job requirements and augment the skills and competence of associates. We foster a culture of learning and knowledge-building for sharpening our positioning in a competitive industry environment.



### Accepting and paying commissions, gifts or benefits

As a general rule, no employee should accept a gift or benefit if it could be seen as intended or likely to cause that person to:

- Perform their job in a particular way, which the person would not normally do
- Deviate from the proper or usual course of duty



### Drug, alcohol and substance abuse or misuse

MJLBL is committed to a safe, healthy and productive workplace for all employees. The Company recognizes that alcohol, drug or other substance abuse/misuse by employees will impair their ability to perform properly and will have serious adverse effects on the safety, efficiency and productivity of other employees and the Company as a whole. Hence, alcohol, drug or any other such substance use, possession, distribution or sale of illicit substances or use of drugs on Company business or premises is strictly prohibited.



### Bullying

Bullying is unreasonable behaviour that is directed against an individual or group by another individual or group through verbal abuse, shouting, exclusion or isolation, deliberately withholding information vital for effective work performance or physical abuse, which is strictly prohibited on Company business or premises.



### Discrimination and equal employment opportunity

MJLBL does not treat people differently on the basis of personal characteristics. The following are examples of such

discriminatory attributes, i.e. age, industrial activity, parental status, political beliefs, personal association, race, ethnic background, career status, marital status, pregnancy/potential, lawful sexual activity, unrelated criminal record, impairment, religious belief/activity, physical features, gender identity and disability. Discrimination is an unacceptable conduct and is always prohibited at Company premises or business.



### Harassment

MJLBL prohibits harassment and discrimination in its programs and activities. Harassment and discrimination form a part of a continuum of unacceptable behavior that can include sexual assault, stalking and harassment over phone calls, which are also against criminal law, which means that the authorities may prosecute anyone who commits such acts.



### Public conduct and media contact

Employees are not entitled to make comments in a public forum on any matter relating to the Company and must act in a way that is aligned with the values of the organization. Only authorized personnel are permitted to speak with media representatives.



### Health, safety and environment (HSE)

MJLBL regards HSE as the top most business priority. The Company conducts its business in a manner that protects the safety of employees, their health and, above all, the environment, wherein its operations, customers and the public are involved and eliminates or manages associated risks of the business and operational hazards in a safe and prudent manner.

# Who we are, what we do

## MJL Bangladesh Limited at a glance

We are a large customer-focused industrial enterprise and with our Mobil and Omera lubricant brands, we serve a large cross-section of customers across the business spectrum.

230

**Product SKUs**

4,500

**Industries catered to**

13,500

**Retail touch-points**

At MJL Bangladesh Limited, we are the largest lubricant Company of the nation in terms of capacity, market share, revenues and profits. With our omni-channel sales approach, alongside a network of distributors and retailers located across the country, we have also taken bold steps to grow our digital presence with the result that our products are available online too.

We play an important role in Bangladesh economy, especially in the country's industrial sector, by ensuring high asset uptime and shop-floor productivity through supplying world-class products and lubricant advisory services. Though lubricants constitute only a small part of the aggregate operating costs of an industrial company, they have a disproportionate influence and impact on the proper functioning of the machinery. Hence, the use of the right lubricants in the right equipment represents a profitability-enhancing solution that customers cannot afford to disregard.

Furthermore, we also help in keeping the wheels of the nation in motion, considering that our products are used in a wide range of transportation sectors, thereby ensuring the efficient and safe carriage of people and goods.

We continuously explore the opportunities to go beyond serving national interests. As a part of this broad initiative, we commenced lubricant oil exports to Nepal since 2007. We feel honored for being the first Bangladeshi Company to export lubricants to the untapped markets of Nepal.

We also secure our license to operate by engaging in a number of social development activities that have been conceived to positively impact those subsisting at the bottom of the pyramid. We also sincerely uphold our environmental responsibility, reflected in the fact that our facilities are zero-discharge units and communities around our plants co-exist in peace and harmony.

We employ over 166 people and provide indirect employment opportunities to several hundreds more.

In effect, we are a straightforward, governance-driven lubricant Company that creates value by serving customers with world-class products and top-notch solutions. While we serve most of the blue-chip manufacturing, engineering and industrial groups of Bangladesh, we also cater to the growing needs of small and medium enterprises (SMEs) that form the backbone of the nation's economy. Furthermore, our deeply-embedded ground presence enables us to create grassroots awareness among our retail customers on the importance of high-quality branded lubricants, even as we educate roadside mechanics to influence the culture of using branded lubricant products only.

We are here to help businesses and retail customers prosper and by doing so, we create sustainable value for all our stakeholders.



45%

**Proposed cash  
dividend for  
2017-18**



5%

**Proposed stock  
dividend for  
2017-18**

### **Living our purpose**

*"At MJLBL, we draw strength from our purpose of enabling our customers' business to prosper by providing cutting-edge lubrication products and highly-effective industrial solutions. At our Company, we are also engaging in strategic diversification into businesses that share a common theme – they strengthen our nationalistic credentials, they provide us scalability and they enable maximum shareholder value creation. Hence, while our core lubricant business is strong, secure and predictable, our focus on new businesses is one that fulfills our aspirations in the new economy, led by logistics and clean energy."*

**Azam J Chowdhury**  
Managing Director

## Our time-tested core business strategies provide the context to deliver on our commitments and create shareholder value throughout the commodity price cycle.

### Our background

The Company is a joint venture between government-owned Jamuna Oil Company Limited and EC Securities Limited, a concern of the diversified East Coast Group.



### Our product portfolio

We offer the largest product portfolio in the lubricant space in the country, catering to diverse applications and businesses. Broadly, our products are used in the transportation industry (passenger and commercial vehicles), industrials sector, marine industry and aviation sector.



### Our brands

Through our Mobil and Omera lubricant brands, we have ensured a strong presence across the demand spectrum, facilitating customer affordability by providing access to top-class branded lubricants across multiple price-points.



### Our people

We are proud of our ambitious, experienced, professional and motivated staff who have been the key drivers of our business. We reward them with enriching career prospects, exposure to cutting-edge skills development platforms and industry-leading compensation and other benefits.



### Our customer outreach initiatives

Our customer outreach programs include technical activities, including lubricant seminars for factory workers, lube clinics, lube surveys and inspection activities. Through this expansive coverage, we are able to provide holistic customer service that constitutes raising awareness on the importance of using the right lubricant for the right equipment, the superior characteristics of Mobil products and the benefits of using Mobil lubricants.



### Our oil-tanker business

Our oil-tanker business within MJLBL serves as a crucial link in the global petrochemicals logistics value chain even as the business owns and operates the largest ocean-going Aframax capacity in Bangladesh. In a major development in 2017-18, the Company acquired its second Aframax vessel, doubling capacity.

213,638 DWT

Consolidated Aframax oil-tanker capacity

### Our subsidiaries

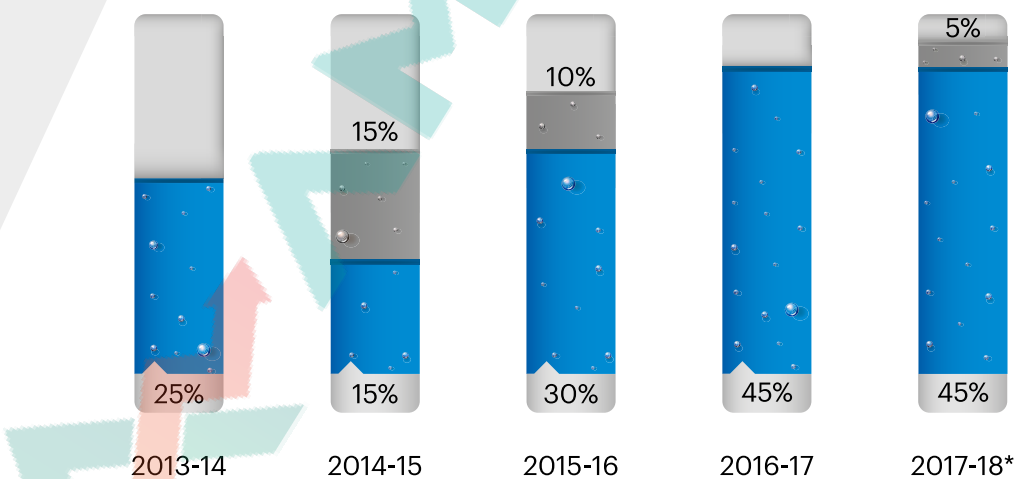
MJLBL possesses significant ownership in two companies, which are its subsidiaries – Omera Petroleum Limited (62.50% share) and Omera Cylinders Limited (98.77% share). Both of these companies are engaged in the clean energy business of LPG that also enjoys a strong regulatory push. Our other subsidiary, Myanmar-based MJL & AKT Petroleum Company Limited (51% share) is the exclusive distribution arm of ExxonMobil for Mobil products in Myanmar. A step-down subsidiary, Omera Gas One (subsidiary of Omera Petroleum), a joint venture with Japan’s energy giant, Saisan Co. Limited, took small but firm steps in the direction of chalking out its blueprint for supplying LPG to residential and commercial complexes and the industrial and automotive sectors of Bangladesh.

Taka 2,270 mn

Equity investments by MJLBL in its subsidiaries

### Dividend History of MJLBL

■ Cash ■ Stock



\* Proposed

# LOBP- The heart of our business

Our state-of-the-art lube oil blending plant (LOBP) is the nerve centre of our operations and is a showpiece industrial establishment in the global ExxonMobil ecosystem.

## Living our quality commitment

*“Our lube oil testing lab, located within our LOBP, is a one-of-its-kind facility in the country and reflects our deep-rooted commitment to quality. Our lab is equipped with the latest technology, supplied by the world’s most reputed testing and measuring equipment makers, such as Koehler, Metrohm, Perkin-Elmer, Cannon and Anton Paar etc. Maintenance and calibration works of all lab equipment are carried out under Annual Maintenance Contract by respective service provider authorized by the OEM. We validate the performance of both the equipment and chemists by participating in ASTM Inter Laboratory Cross Check Program thrice in a year. The lab can conduct lube checks across as many as 80 parameters and over 40,000 tests are conducted every year, empowering our customers with convenience and peace-of-mind.”*

**Engr. Salah Uddin Ahmed**  
General Manager and In-Charge  
of Plant

## Overview

Our lube oil blending plant (LOBP) is the only such ExxonMobil-certified facility in Bangladesh (located in East Patenga, Chittagong). The LOBP procures base stock (raw materials) from integrated ExxonMobil-mandated facilities around the world in order to blend proprietary formulations of lubricants and greases. LOBP also processes highly refined Napthenic based Transformer oil to improve break down voltage above 65. Products are then packaged and distributed across Bangladesh. We optimize the transport of raw materials and finished products to ensure reliable supplies to our customers, while monitoring key LOBP parameters that aim to reduce energy, minimize waste and preserve the environment. Our LOBP possesses a strong nationalistic identity and supports local economic growth and development.

## Ratings

In 2017, LOBP team had set up a milestone by achieving an outstanding score of 3.8 out of 4 in both QP&G and 3PIMS audits conducted by ExxonMobil Global Auditors from November 5 to 9, 2017. As a part of continuous improvement and quality management, MJLBL continues to maintain world class standards in the total process of the production and distribution. MJLBL’s LOBP has been earning one of the best audit scores from the auditors among other similar type of plants of ExxonMobil.

## LOBP upstream/downstream assets

### Storage tank facility

As many as 46 tanks store base oils, bulk additives and preparations and include pre-blend tanks, holding tanks and finished products tanks. Several special features incorporated in the tank design include:

0

Accidents reported  
in 2017-18

Taka 133 mn  
Capex investments in  
LOBP over the last  
3 years

- Internal heating coils for day tanks and additive tanks enable pre-set temperature levels
- A hot-oil system that facilitates in maintaining the supply of hot oil for heating the contents (base stock and other raw materials) in different raw material tanks
- Drum heating oven that enables heating additive drums for facilitating content unloading

Furthermore, an independent 10" pigged pipeline has been constructed at Dolphin Oil Jetty, seamlessly located opposite the LOBP, for receiving and transferring base oils from ships directly into the storage tanks. As a strong safety measure, the tank farm area is surrounded by a bund or low wall to contain any accidental spillage.

### In-line blending system

A fully computerized in-line blending system (ILB) has been installed at the LOBP. The process leverages sophisticated blend control systems and state-of-the-art software. The ILB system controls the preparation of raw materials and automatically and instantaneously makes all necessary adjustments to ensure that products comply precisely with the mandated specifications 100% of the time. The ILB facility also comprises four pre-mix tanks that produce

specific grades of high-quality lubricants that are required by our customers in small quantities. These tanks are equipped with agitator and drum decanting systems as well.

### Our focus on HSE

Our HSE policy provides a broad, yet detailed directional framework in enabling us to adopt and uphold our health, safety and environmental standards. Importantly, our HSE policy has been endorsed by ExxonMobil. We carry out safety toolbox meetings, emergency evacuation drill on regular interval. From the inception of the plant, we have achieved following milestone:

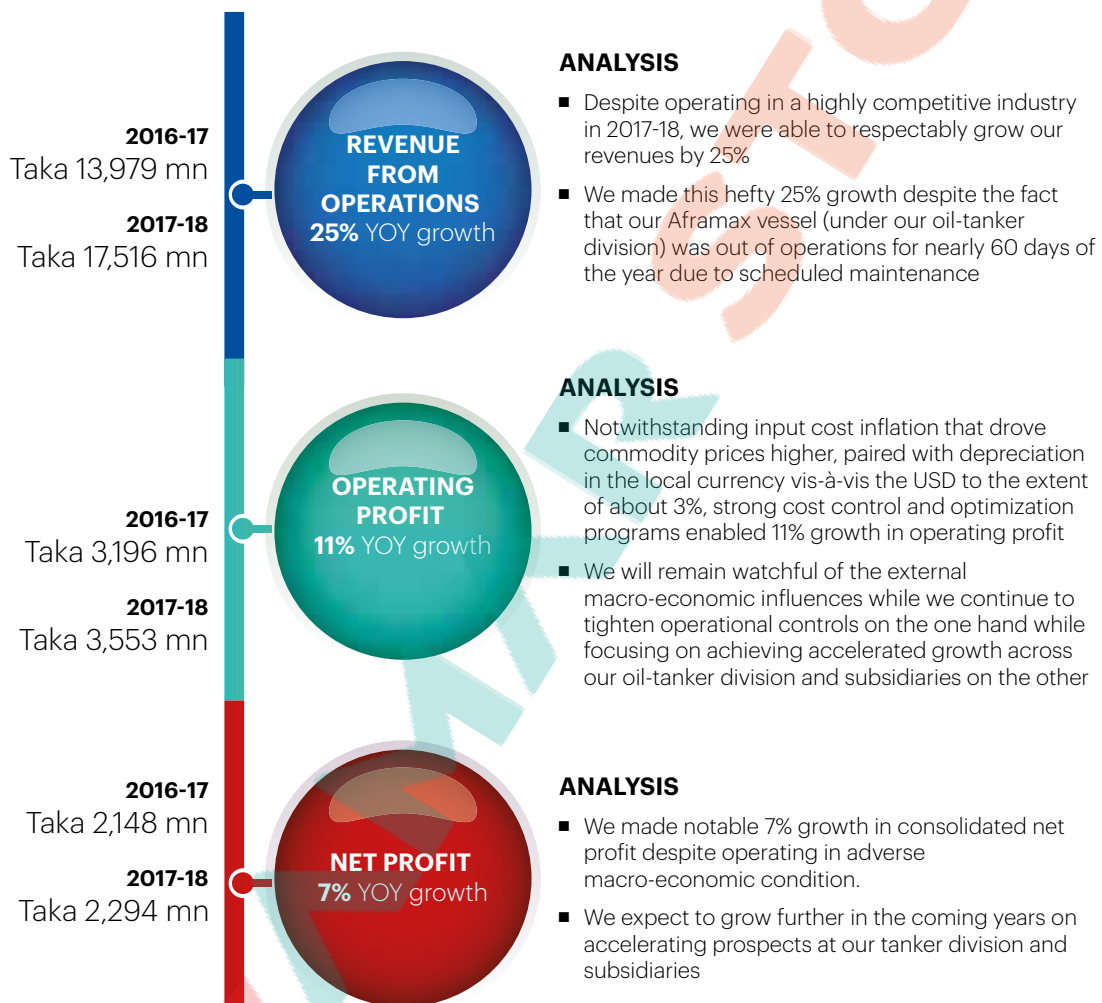
- A total of 1,162,123 man-hours work without any Lost Time Incident (LTI)

Furthermore, in accordance with our HSE policy, we have incorporated the following into our plant:

- Dry slop tank system to collect any spillage from the plant
- API separator to separate all the oil contents from the drain water before it is discharged from the plant
- Modern fire-fighting capabilities comprising fire water tank complete with sprinklers, fire hydrants and other equipment for enabling four hours of continuous fire-fighting

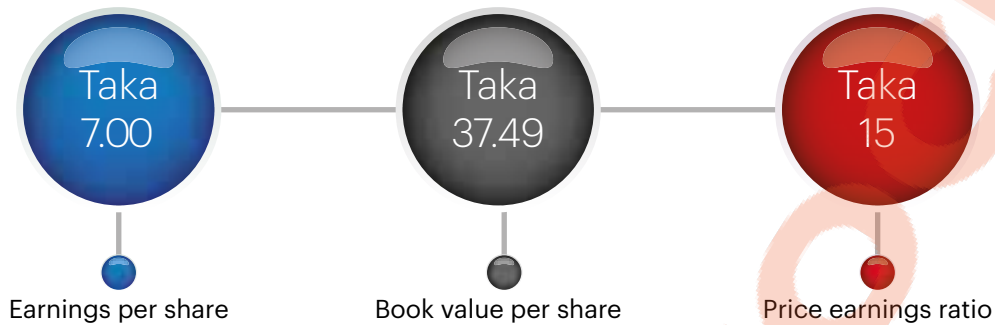
# Financial progress

With a proven business model, we are able to face industry challenges with surety while also facing the dynamic operating environment with a spirit of resilience and confidence.

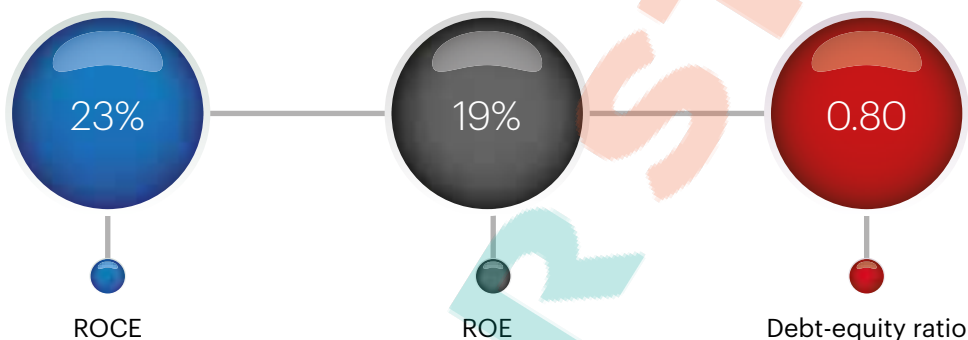


\* All financial numbers and derivatives have been presented on a consolidated basis to reflect more accurately our performance as MJLBL Group.

## SHAREHOLDER DATA POINTS



## STRATEGIC DATA POINTS



\* All financial numbers and derivatives have been presented on a consolidated basis to reflect more accurately our performance as MJLBL Group.

## Living our commitment to financial prudence and conservatism

*“At MJLBL, we are focused on market outperformance across our core lubricants business in the context of the industry, which is growing at a tepid pace of about 3-3.5% per annum. However, the opportunity to grow the share of branded lubricants in Bangladesh is immense, considering the growth of downstream consumption on the one hand and increasing preference for branded products on the other. We also expect to achieve accelerated growth in our oil-tanker business, as well as our subsidiaries, Omera Petroleum and Omera Cylinders, which are poised to capitalize on scale benefits and regulatory impetus towards clean alternate fuel. Despite the changing business scenario, where we expect to remain consistent in our financial prudence and conservatism for achieving long-term sustainable growth, pegged on consistent shareholder value creation.”*

**Sabbir Ahmed, FCA**  
Head of Finance & Planning

## Annual highlights, 2017-18

In 2017-18, we continued to reinforce our 'moat', which has empowered us with a robust competitive advantage that helps protect profits and market share over time.

Our major initiatives	How did it help enhance our business	Probable future impact
Launched a mid-market lubricant brand under our Omera portfolio	Enabled us to fill a crucial portfolio gap	Expected to help shore-up volumes, while helping create awareness about branded lubricants
Acquired our second and Bangladesh's largest ocean-going Aframax oil-tanker of 107,091 DWT	Acquired in Q2FY18, the full value of this acquisition will be realised starting from 2018-19 onwards	More than doubling Aframax oil-tanker capacity will help accelerate business momentum, reflected in revenues and profitability
Introduced multi-compartment delivery truck for the first time in Bangladesh	With two compartments capable of storing 4,500 litres each, the asset helped strengthen customer service in terms of opening up volume flexibility and operational efficiency	Assessing the impact of this revolutionary lubricant delivery solution, we expect to scale-up our fleet of these trucks
Engaged in land acquisition of 53-bighas with a 1,100-ft river frontage, which has an 5-8 m draft, about 15-km from Dhaka	Helped us secure a strategic land parcel	Discussions are ongoing on ways to optimally utilise the land resource
Rights share issuance by Omera Petroleum (OPL)	Subscription to the rights issue of OPL, held at a premium of Taka 15 per share, helped shore-up our capital base in the subsidiary	The funds received by OPL will be invested in capacity expansion initiatives
Participated in an institutional investor meet in Sri Lanka	The participation in the meet helped showcase our business and future plans to a cross-section of investors from India, Nepal and the host country	Will help enhance international investor exposure, while enhancing the quality of our reporting as well as disclosure standards
Ventured into our maiden e-commerce play	Achieved our ambitions of having an omni-channel network with our products now available on our website and mobile app	Aligned with the country's Digital Bangladesh initiatives, thousands of customers are expected to come online, a possible scenario for which we are preparing now
Received the prestigious 'ICSB National Award 2016 for Corporate Governance Excellence (Gold Award)' in the engineering, fuel & power companies category	This award recognizes our well-established corporate governance framework and encourages us to continue to uphold the highest standards of governance	The endorsement of our corporate governance structure will reinforce investor comfort while helping build a favourable recall among our shareholders and other stakeholders

# Letter of Transmittal

All Shareholders  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission  
Dhaka Stock Exchange Limited  
Chattogram Stock Exchange Limited  
Registrar of Joint Stock Companies & Firm

Dear Sir (s):

ANNUAL REPORT FOR THE PERIOD FROM JULY 01, 2017 TO JUNE 30, 2018

The undersigned on behalf of the Board of Directors and Management of MJL Bangladesh Limited is pleased to present herewith the Annual Report for the period of July 1, 2017 to June 30, 2018 along with the audited financial statements (Statement of Financial Position as at June 30, 2018, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Notes Thereon) and all related consolidated Financial Statements for above mentioned period of the company.

Thank you.

Very truly yours:



**Nagma Mahmood**  
Head of HR-Admin & Company Secretary



# 20<sup>TH</sup> ANNUAL GENERAL MEETING OF **MJL Bangladesh Limited**

## **Venue**

Auditorium of Krishibid Institution Complex Bangladesh  
Krishi Khamar Sarak (Khamarbari)  
Farmgate, Dhaka-1215

## **Date & Time**

Thursday, November 22, 2018 at 11.00 am

**MJL BANGLADESH LIMITED**

Mobil House, CWS ( C ) 9 Gulshan-1, Dhaka-1212

**Notice of The 20<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 20th Annual General Meeting of MJL Bangladesh Limited will be held on November 22, 2018 at 11.00 am at the Auditorium of Krishibid Institution Complex Bangladesh, Krishi Khamar Sarak, (Khamarbari) Farmgate, Dhaka-1215, to transact the following businesses:

**Agenda:**

1. Submission of the Minutes of 19th Annual General Meeting for information
2. To receive and adopt the Directors' and Auditors' Report and the Audited Financial Statements of the company for the year ended June 30, 2018
3. To declare/approve 45% Cash Dividend and 5% Stock dividend for the year ended June 30, 2018 as recommended by the Board of Directors
4. To re-appoint Managing Director
5. To elect Directors of the Company
6. To appoint Independent Director
7. To appoint Auditors and to fix their remuneration for the year 2018-19
8. To appoint Certified Compliance Professionals and to fix their remuneration for the year 2018-2019

Date: November 07, 2018

By order of the Board


**Nagma Mahmood**

Head of HR-Admin &amp; Company Secretary

**Notes:**

1. The record date of the company is November 04, 2018. The Shareholders whose name will appear in the Share Register of the Company or in the Depository Register on the record date i.e. November 04, 2018 will be entitled to receive 45% Cash Dividend and 5% Stock Dividend.
2. A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy Form, duly stamped with revenue stamp of Tk. 20 must be deposited at the company's Registered Office, not later than 48 hours before the meeting.
3. Admission into the meeting room will only be allowed on production of the attendance slip and upon verification of signature of member(s) and/or proxy holder(s).

**Other Information:**

- The concerned brokerage houses & merchant bankers are requested to provide us with a statement with the details (shareholders name, BO ID number, e-TIN number, gross dividend receivable, applicable tax rate, and net dividend receivable) of their margin loan holders who hold shares of the Company as on the Record Date, along with the name of the contact person in this connection
- The brokerage houses & merchant bankers are also requested to provide us with their Bank Account Name, number, routing number etc. on or before November 22, 2018 (minimum 5 days before AGM date)
- Shareholders bearing BO ID are requested to update their respective BO ID with 12 Digit Taxpayer's Identification Number (e-Tin) and address through their Depository Participant (DP); failing which Income Tax at source will be deducted from cash dividend @15% instead of 10%
- The concerned Trusty Board of approved superannuation fund or pension fund or gratuity fund or recognize provident fund or workers participation fund are requested to provide us update tax rebate certificate on or before November 22, 2018. (minimum 7 days before AGM date)
- PDF copy of Annual report 2018 sent to respective shareholders email address available in their beneficial owner (BO) accounts with the depository as per BSEC notification No. EC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018
- Soft copy of the Annual Report is available in Investor relation section of the company's website: [www.mjlbl.com](http://www.mjlbl.com)

*As per directive of Bangladesh Securities and Exchange Commission (BSEC) no gift or benefit in cash or kind shall be offered to the shareholders in the Annual General Meeting*

# Mobil

# 1

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performing like new.

- Outstanding protection against high temperature and deposits
- Friction reduction to deliver increased horsepower
- Excellent engine cleanliness



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**MJL Bangladesh Limited**

# Corporate Information

## Registered & Corporate Office

MJL Bangladesh Limited  
Mobil House, CWS (C) 9  
Gulshan-1,  
Dhaka-1212, Bangladesh.  
Tel: +88 (02) 58815895,  
58813597,9899636  
Fax: +88 (02) 9885269,988271

## Tejgaon Warehouse & Customer Services office

241, Tejgaon, Dhaka-1208,  
Bangladesh.  
Tel: +88 (02) 8813601, 8878651  
Fax: +88 (02) 8878660

## Kathgor Warehouse & Customer Services office

Sea Beach Road, Charpara,  
South Patenga,  
Kathgor, Chottogram,  
Bangladesh  
Tel: +88 (031)  
2502257&2502258  
Fax:+88(031)2502256

## Chattogram Sales & Marketing office

Mobil House  
House-2 (7th Floor), Road - 3,  
Block - K  
Halishahar H/E,  
Chattogram-4216.  
Tel:+88(31)-716997,714640  
Fax: +88(031)716998

## Lube Oil Blending Plant

Guptakhal, East Patenga  
Chattogram-4205, Bangladesh.  
Tel: +88 (031) 2501093,  
2500937, 2501090  
Fax: +88 (031) 2501094

## Bogura Warehouse, Sales & Marketing & Customer Services Office

Bogura-Dhaka Highway  
Betgari,  
Banani, Bogura-5800,  
Bangladesh  
Tel: 051-63933, Fax: 051-  
65909

## Sylhet Sales & Marketing Office

Central Bus Terminal Road  
Kodomtoli, Sylhet-3100  
Sylhet-3100, Bangladesh  
Tel: 0821-2830358

## Jashore Warehouse, Sales & Marketing & Customer Services Office

House-1010, Dhaka Road,  
Dharmotala, Jashore.  
Tel: 0421-68343  
Fax: +88-0421-68343

## Rangpur Sales & Marketing Office

House # 60/1, Road # 1,  
Mulatol, Pukurpar,  
Rangpur-5400, Bangladesh.  
Cell: 01730-335598.

## Faridpur Sales & Marketing Office

House # 013, Road # 01,  
Goalchamot,  
Faridpur-7800, Bangladesh.  
Tel: 01730 342480

## Cumilla Sales & Marketing Office

House No - 845 (2nd Floor),  
Road No-01,  
BSCIC Road, Comilla-3500,  
Bangladesh.  
Cell: 01730-336963

## Barishal Sales & Marketing Office

Apon Nibash, Holding-794,  
New College Road,  
West Boiddo Para,  
Mothullabad,  
Barisal, Bangladesh.  
Cell: 01799-985459

## Khulna Sales & Marketing Office

House -171, Road-11,  
Sonadanga R/S, Phase-1,  
Khulna, Bangladesh.  
Cell: 01708-457752

## Tangail Sales & Marketing Office

Holding-21 (1st Floor), Block-E,  
Purbo Adalat Para,,  
Tangail Sadar, Tangail,  
Bangladesh.  
Cell: 01708-457751

## Narayanganj Sales & Marketing Office

Fatima Manjil(1st Floor),  
Maddha Shostapur,  
Link Road.Fotulla,  
Narayanganj,Bangladesh.  
Cell: 01708-457755

## Kushtia Sales & Marketing Office

House: 23 (Ground Floor),  
Ambica Charon Mukharjee  
Street, Thanapara,  
Kushtia-7000, Bangladesh.  
Cell: 01708-457753

## Share Office

House 73, Block-K, Suhrawardy  
Avenue  
Baridhara, Dhaka-1212,  
Bangladesh.  
Tel: +88 (02) 9849510  
Cell: 01713436364  
Fax: +88(02)9893962

## Statutory Auditor

ACNABIN Chartered  
Accountants  
BDBL Bhaban (Level-12,13)  
Kazi Nazrul Islam Avenue,  
Dhaka 1215  
Bangladesh

## Legal Advisor

C. T. Karim & Partners  
Suite # 7D, Paramount Height  
(7th Floor)  
65/2/1 Culvert Road, Purana  
Paltan,  
Dhaka-1000, Bangladesh

## Bankers

The Hongkong and Shanghai  
Banking Corporation  
Standard Chartered Bank  
Citibank, N.A  
Commerical Bank of Ceylon  
Prime Bank Limited  
Eastern Bank Limited  
Jamuna Bank Limited  
BRAC Bank Limited

## Business Hours

9.00 AM to 6.00 PM

## Case study

### Mobil Inspection Report

### **Fire Hazard of Thermal Boiler's Expansion Tank**

**MJL Bangladesh Limited**

August 17, 2017



## SITUATION

One of our most prominent clients, observed firing hazard in their boiler's expansion tank when oil spilled out from it. The equipment was operated with Mobiltherm 605. Client wanted to make sure that, the oil is fine and in working condition. So they collect an oil sample and send to BUET lab for specific testing.

## INSPECTION



Damaged expansion tank



Three more expansion tanks placed separately together.



These tanks are unharmed and no fire hazard happened while oil spilled out.



Oil stain marks are visible which is quite normal.

### OBSERVATIONS

MJLBL team has inspected the site thoroughly. Based on our inspection, findings are listed below.

- As stated by factory personnel, pressure and temperature of the oil expansion tank is 1 bar and around 180 deg C respectively. So, in such condition there is no chance for the oil to have fire by itself.



- Fire point of Mobiltherm 605 is above 220 deg C. It will require some external source of fire with the help of some flammable substance (like paper, cloth, plastic etc) to ignite the oil after reaching at such high temperature.
- As stated, factory personnel witnessed a vast fire spread-out all over at the bottom of the expansion tank and it took lot of effort to subdue it. This kind of fire hazard is possible in case of fuel ignition.
- No ash content was found at the oil vent line and on the top of the platform. It indicates, no fire incident took place at the tank or the surrounded area.

From circumstantial evidences we can say, the fire incident took place due to some fire source and may be some fuel presence. Fire propagation in such large scale is not possible only with Mobiltherm 605.

### RECOMMENDATIONS

- Roof-top should be covered with functional CCTV surveillance to find out the actual cause if any incident happens in future.
- Expansion tank should be placed under shade. It will prevent the tanks from getting extra heat from sunlight and also moisture/water contamination in rainy season.
- Expansion tank size/volume should be re-consider if oil spills regularly. This tank is to accommodate the expanded volume of the oil not to spill it out.

Thanks and regards

**Nirupam Mustafi**  
Manager - Industrial Lubricant

# OUR OPERATING CONTEXT



At MJLBL, we are an integral part of the nation's economic wheels and operate in an exciting and opportunity-filled environment.

# Key megatrends shaping our business landscape

We foresee six major forces that can have a structural impact on the Bangladesh lubricant/LPG industries

## Changing customer behaviour

Customer expectations and behaviours are evolving as digital technologies are more widely adopted and Bangladesh's demographic profile changes.



### The opportunity

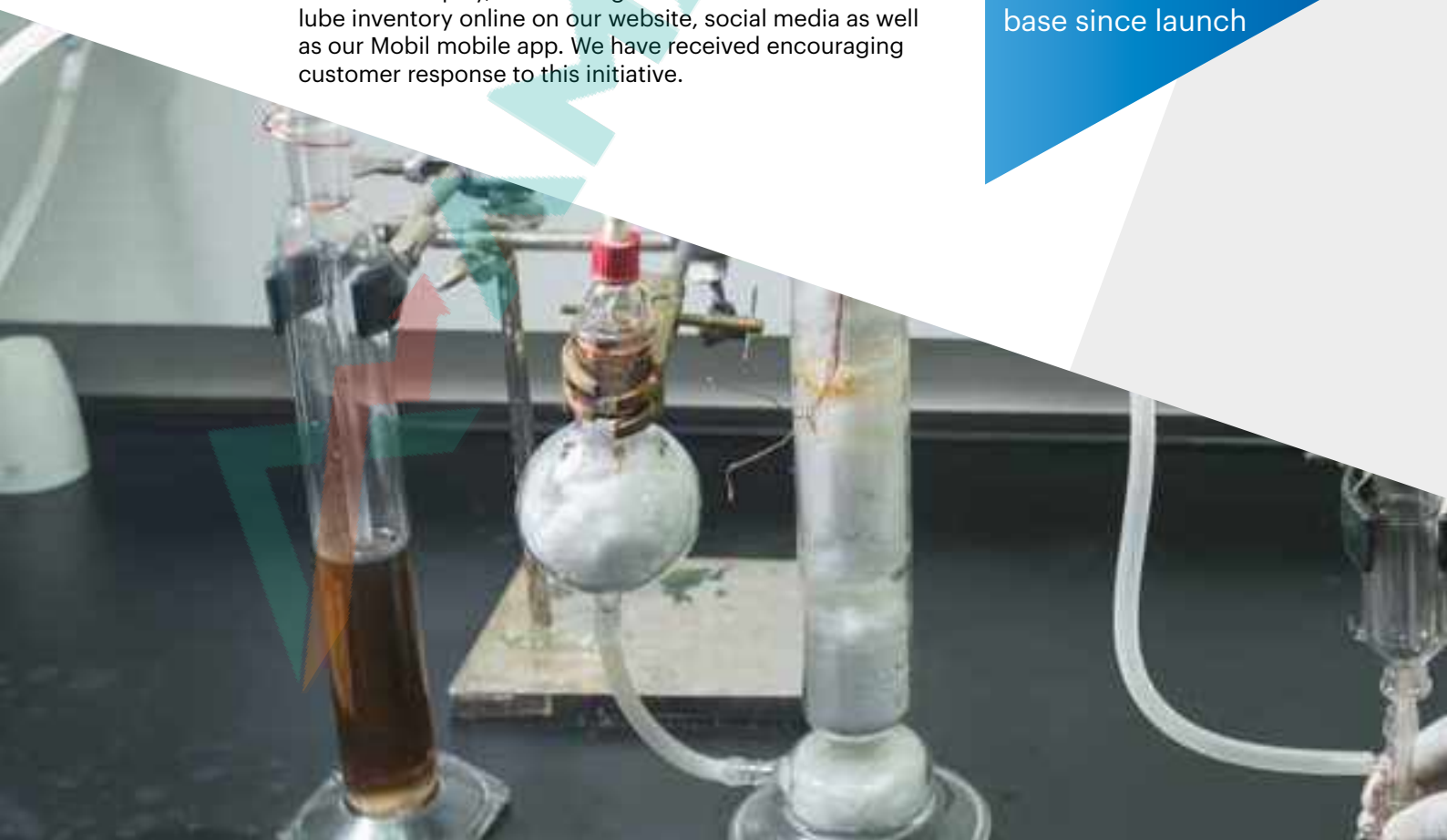
Millennials are taking an increasingly important position in the society today. The Bangladeshi demographic dividend has come to be accepted as a significant consumption driver across categories, with almost 65% of the 165-mn-strong population expected to be in the working-age group, giving rise to growth in per capita income and disposable cash.



### Our response

We continue to advocate the importance of branded high-quality lubricant products for asset efficiency maximization and we have witnessed customers increasingly shifting purchase preferences from unbranded to branded products. We have also taken the lead in the country to launch our e-commerce play, showcasing for sale a wide automotive lube inventory online on our website, social media as well as our Mobil mobile app. We have received encouraging customer response to this initiative.

1,000+  
Our fast-growing  
online customer  
base since launch



## Steady economic growth

According to the World Bank classification, Bangladesh has shifted from being a 'low-income' to a 'middle-income' country.



### The opportunity

The IMF has indicated that the Bangladesh economy continues to perform well with robust and stable growth. GDP expansion has averaged more than 6% over the last decade, significantly lifting GDP per capita. Besides, the economy has also become more broad-based, diversifying away from an agrarian to a more manufacturing-based economy, supported by abundant low-cost labour.



### Our response

Strong and sustained economic growth has helped transform lifestyles with growing demand for consumer products, mobility solutions, energy, etc. Since we cater to these industries, we have intensified our focus and efforts on customer education and awareness, while also offering a full-scale portfolio of lubricants under our Mobil and Omera brands, thereby comprehensively catering to the demands of the market.

2.8%  
Volume CAGR  
over the last 3  
years

## Rising vehicular density

With growing incomes and increasing banking loan sanctions, the passenger vehicular density is increasing, with 200-250 cars hitting the roads in Dhaka every day.



### The opportunity

The number of registered vehicles in Bangladesh has increased at a 12.1% CAGR (from 2010 to March 2018). Moreover, the completion of large infrastructure projects, like the Padma bridge, metro railway, elevated expressway and several flyovers and bridges, will facilitate the growth of transportation vehicles.



### Our response

We launched a critical mid-market portfolio brand under Omera during the year, which was received well by our customers. Into the mid-term, we also expect to launch a few mass-market brands that will help us reinforce our presence, especially in serving the transportation and mobility industries. Going forward, the growing number of registered vehicles is expected to play a key role in driving lubricant demand for our Company.

3  
Products  
launched in the  
last 3 years

## Industrial expansion

Industries, including the engineering, manufacturing and energy sectors, are direct beneficiaries as well as catalysts of an economic boom.



### The opportunity

The demand for industrial lubricants, which are critical to keep industrial assets in peak efficiency, rides on power plant projects and industrial expansion. The Government has planned to increase electricity generation capacity up to 55,000 MW by 2030. This capacity stood at 13,555 MW at the end of 2017. Notably, the country's electricity generation capacity has been expanding at an average rate of 14.4% during FY10-FY17.



### Our response

As a direct corollary, the rapid expansion in power plant capacity bodes well for lubricant demand. Besides, with power being a central resource, the increase in power generation will also help cater to downstream demands, encouraging industrial expansion (both brownfield/greenfield). Catering to over 4,500 industries and enjoying strong and sustained relationships with them, we expect to directly benefit from the industrial capacity augmentation in the country.

## Regulatory push towards LPG

With depleting natural gas (NG) reserves, there exists an urgent regulatory push in the direction of liquefied petroleum gas (LPG)



### The opportunity

The Bangladesh government has planned to bring as many as 70% of households in the country under LPG coverage within 2021. As a result, the demand for this clean fuel is expected to surge to 680,000 MT in 2018, reflecting a 36% upswing over the previous year.



### Our response

By the end of 2018, Omera Petroleum (OPL) is expected to double its LPG capacity to 300,000 MTPA, also enabling balancing of the downstream LPG cylinder manufacturing unit under Omera Cylinders (OCL). This capacity expansion will enable us to more comprehensively capitalise on growing demand for LPG, aiding sustainable business prospects.

The structural opportunities in our core industries remain intact, driven by a growing population base, demand transfer from the unorganised to the organised sector, increasing customer awareness, shift to cleaner alternative fuels, etc.

## Sustained competitive intensity

Bangladesh lubricant market remains highly competitive, with pressure on pricing and an ongoing focus on sustainable customer relationships.



### The opportunity

The local power and fuel market is highly fragmented. However, the capital-intensive nature of the business, strong emerging regulatory compliance standards and rising sophistication in customer service is expected to lead to eventual consolidation with stronger pricing discipline returning to the market.



### Our response

Being a major player in the Bangladesh lubricant market with an unassailable 26% market share and 70% share of the industrial lubricant sector, we remain confident of our business prospects in the face of competition, considering our longstanding association with ExxonMobil that is at the cutting-edge of the global lubrication market, our robust operational standards, our highly pervasive distribution network and our deep knowledge of lubricants that facilitates beneficial customer service.



## Bangladesh economy review in brief

With a huge and favourable demographic and fast-transforming economic prospects, Bangladesh is widely perceived to be among the last large-scale opportunities anywhere in the world.



According to the UN's World Economic Situation and Prospects 2018 report, Bangladesh is set to emerge as one of the fastest-growing LDCs in the world.

## Overview

Bangladesh has made substantial progress in growing its economy, lifting its citizens out of poverty and improving the lives of its people. Today, employment has increased, more people have access to proper healthcare and education and basic infrastructure has improved.

Since the mid-1990s, economic growth in Bangladesh has averaged 5.7% per year, reaching 7.28% in FY17 and a high of 7.86% in FY18. Few developing countries have been able to maintain these levels of growth consistently over such a long period. Sustained economic growth has also led to the rise in average incomes. Since the mid-2000s, per capita gross domestic product has increased by 4–6% every year. With this backdrop, Bangladesh is now working to reach the 'upper-middle-income country' status by 2021, the historic year that marks the country's 50th anniversary of independence.

## Performance

According to the statistics of government, Bangladesh has achieved 7.86% GDP growth in the last fiscal year 2017-18, which is higher than the budgetary target of 7.40%. In the last fiscal year (2016-17), the GDP growth rate was 7.28%. Notably, sustained economic expansion has led to the country's per capita income increasing to USD\$1,752 from USD\$1,610, representing a healthy 9% YOY growth.

The provisional estimates of GDP growth were concluded on the basis of three main sectors: agriculture, industry and services.

- The services sector's contribution to the GDP growth augmented from at 52.18% in 2016-17 to 53.85% in 2017-18
- The industrial sector's contribution to the GDP growth moderated marginally from 33.71% in 2016-17 to 32.42% in 2017-18
- The agricultural sector's contribution to the GDP growth expanded from 14.10% in 2016-17 to 14.74% in 2017-18

For FY2017-18, the growth rate in the agricultural sector is pegged at 3.06%, while

that in the industrial sector is 11.99% and in the services sector it is 6.33%. Furthermore, the investment ratio-to-GDP has increased to 31.47% in FY2017-18, from 30.51% in FY2016-2017. Overall, the GDP has increased to US\$275 bn in FY2017-18, from US\$249 bn in FY2016-2017. In terms of GDP, Bangladesh is now the 43rd largest economy in the world, as opposed to being the 58th largest economy in 2010.

## Prospects

According to the United Nation's World Economic Situation and Prospects 2018 report, Bangladesh is set to emerge as one of the fastest-growing least developed countries (LDCs) in 2018. The report states that the Bangladeshi economy is set to continue expanding at a rapid pace, underpinned by strong domestic demand, with large infrastructure projects and new initiatives in the energy sector driving sustained economic growth.

Furthermore, ADB estimated that the GDP growth rate will be 7.50% in 2018-19. The fact that Bangladesh is breaking the six-plus percent growth threshold means that the economy is on the right track to lift per capita incomes higher and ensure a comfortable and decent standard of living for its citizens.


While Bangladesh appears set for meeting its near- and mid-term economic development goals, the country will have to put special emphasis on economic diversification, reducing inequality, supporting long-term investments and tackling institutional deficiencies. Moreover, the need for export market diversification for the RMG sector has to happen fast enough, especially in the context of growing trade barriers being imposed between some of the large nations of the world. Moreover, the general elections expected by the end of the year 2018 might also have a short-term disruptive impact, which is expected to quickly give way to stability once the new government comes to power.

Sources: *adb.org, Dhaka Tribune, UN's World Economic Situation and Prospects 2018 report*



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**MJL Bangladesh Limited**

# Case study

## Mobil Inspection Report

### **Mobil DTE 746**

**MJL Bangladesh Limited**

May 20, 2018





## SITUATION

As per the letter issued by one of our clients on April 29, 2018 we came to know their findings about the TAN value of the supplied Mobil DTE 746. In accordance with their regular practice, they have randomly tested a fresh oil bearing the batch number J770886. In the test (based on titrimetric method), they have found the TAN value 0.35 which is far more than declaration made by Exxon Mobil.

## INSPECTION

Based on your requested raised on May 03, 2018, a joint team of MJLBL and our client have inspected the site and collated the samples of Mobil DTE 746 from suspected drum (Sample 1) and also from an intact drum (Sample 2). In addition, we have also collect a used oil sample of Mobil DTE 732 from the stopped turbine.

## USED OIL REPORT

We have tested all the samples and found the TAN value within a satisfactory range (~0.14). These findings are similar to the claim as on Product Data Sheet (PDS) of Exxon Mobil. In PDS, values are mentioned upto one decimal place. But for more accuracy we plotted upto two decimal places in our test parameter.

## RECOMMENDATIONS

- Please, advice the client to test at least three samples when they check the TAN as per your regular procedure. It will help us to reduce all the confusions in future.
- If possible, they can upgrade the testing procedure to an automated system.
- All the drums should be kept in a shaded place which is free from rain water or moisture.

In the light of the above discussion, we can conclude that, the supplied oil Mobil DTE 746 is fit for use without any hesitation.

Thanks and Regards

**Nirupam Mustafi**  
Manager - Industrial Lubricant

# OUR PERFORMANCE OVERVIEW



At MJLBL, we leverage our expertise, knowledge and insights to competently navigate our business towards generating sustainable stakeholder value.

# Statement from our Chairman

## Dear MJLBL family,

It is indeed a pleasure to address you through the pages of our Annual Report 2017-18 that is anchored on the concept of 'Operational excellence maximising value'. The relevance of this positioning platform can be gauged from the fact that in times of constant change, the only constant remains our ability to serve our customers with passion, excellence and integrity, and the year under report was no different as we remained committed to this philosophy.

At our Company, we have always believed that consistency, more than anything else, helps build pedigree and today, I'm not just proud of the fact that we remain the leaders in Bangladesh's highly competitive, highly fragmented lubricant industry but have been so over a long stretch of time. This is a visible showcase of our commitment to the industry and a testimony of our world-class operational practices with our LOBP at the heart of our operations, our persistent focus on raising customer awareness, our relentless emphasis on our unmatched knowledge-driven service capabilities and, in no small measure, in the quality of our portfolio that helps unleash unrivalled operational value for our customers.

I would like to thank the Managing Director, our CEO, the management team and all our people who have together delivered

this performance. Impressively, they have at the same time continued to make good progress in the transformation of our culture, capabilities and systems that have become crucial for building an organisation that is fit for the future.

Before I outline the performance of our core lubricant business and the business of our subsidiaries, it would be pertinent to explain the backdrop within which this performance was achieved. Hence I begin by providing you with an overview of the lubrication industry and the clean fuel industry.

## Industry overview

On a macro-level, the world has become volatile, fraught with uncertainties, driven by rising crude prices, tariff-based trade protectionist tendencies, tightening monetary policies, depreciating currencies vis-à-vis the greenback, economic rebalancing activities in China and rising geopolitical tensions. In the context of this predominant landscape, the world lubricant industry continued to remain under pressure as it is highly sensitive to economic developments and prospects.

The global lubricants market was valued at about US\$90bn in 2016 and is forecasted to reach a size of about US\$103 bn by 2021, reporting a moderate 2.7% CAGR

*"At MJL Bangladesh Limited, we delivered a respectable business performance in 2017-18, meeting our business objectives, despite significant headwinds in the external environment. This gives me further confidence of the inherent resilience of our business model that is well-positioned to deliver sustainable value across price cycles."*

**Abu Hena Md. Rahmatul Muneem**  
Chairman

during the forecast period of 2016-21. This growth is projected on the back of the rising number of on-road vehicles and a growing transportation and logistics industry. Across the developing world, industrialisation and rapid infrastructure construction are considered to be the key drivers of lubricant growth.

Like elsewhere in the developing world, the lubricant market in Bangladesh is growing at a faster pace than the global average at about 3-3.5% per annum. The key themes accelerating the growth prospects of the national lubrication industry include a vibrant transportation and mobility sector served by infrastructure-led rejuvenation and ease in the availability of finance; a rising power sector with investments lined up for capacity expansion, aided by the rise in economic activities and a favourable demand outlook; growth of the industrial sector, driven by a large domestic consumption pool as well as exports and the historic opportunity created out of demand shift from the unorganised to the organised sector.

With annual lubricant demand pegged at more than 1 lakh MT in Bangladesh, the average growth rates will push annual demand up by about 10,000 MT over the next three years and here is where I foresee our Company to capitalise the most on this incremental demand, owing to the structural-foundational competitive advantages that we built for ourselves in the lubricant industry.



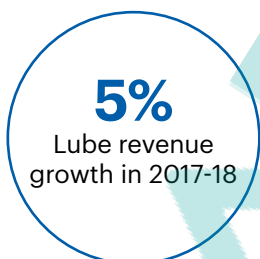
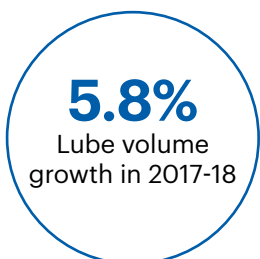
**3-3.5%**  
Growth rate  
of Bangladesh  
lubricants market

More than  
**100,000 MT**  
Annual lubricants  
demand in Bangladesh

### Business performance – Lubes

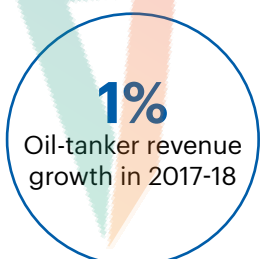
To the credit of our teams, especially our sales and marketing departments, they overcame the challenges of the market, explained our position in detail and received broad-scale consent, the result of which was evident in a 5.8% volume jump YOY, which is an expression of our market outperformance despite having a lot of impediments. Revenue growth of lube division reached to about 5% during the year, which is higher than the local and global lube market standard growth rate. We expect to continue to report substantive revenue growth in 2018-19 too.

The year 2017-18 was a challenging one with input cost inflation raised due to global price hike of base oil and finished lubricants. Depreciation of the local currency to the extent of about 3% vs the USD also increased import costs during the year. The combined effect of those resulted 4% de-growth in profit before tax for the lube oil segment.



### Business performance – Oil-tanker division

Our oil-tanker business, though an integral part of the global shipping chain, enriches our nationalistic credentials as it carries essential fuel resources for the country. During the year, our Aframax tanker, Omera Queen, had to be pulled out of service for scheduled regulatory maintenance, with the result that revenues of 60 days was lost. Notably, in a significant move to capitalise on our oil-tanker business, we acquired our second Aframax vessel of slightly higher capacity than our Omera Queen. Hence, we expect 2018-19 to be a much better year for this division.



### Diversification – At the core of our operating strategy

Our focus on diversification is enunciated by a view anchored on:

- Entrenched presence in the lube oil business
- Emphasis on complementary businesses that give us scale and a sufficient moat against competitive pressures
- The desire to maximise value for our shareholders

Identifying LPG (liquefied petroleum gas) as a substantial business of the future, we have made significant investments in our subsidiaries associated with the LPG business – Omera Petroleum and Omera Cylinders. In Bangladesh, the demand for LPG rides on a regulatory push, which positions the business on a structural demand driver that helps take the cyclicity out to some extent, though pricing pressures continue to remain with the advent of new players. We are most excited looking at the prospects of the LPG sector, considering that the government is focusing on replacing natural gas with LPG as it considers the increasing depletion of natural gas reserves and urgently enforces the shift in fuel consumption to LPG.

Omera Petroleum’s expanded capacity of 300,000 MT is expected to come on-stream by end-2018, making the company among the largest in the LPG downstream sector. This capacity has been integrated and balanced with the cylinder manufacturing capacity under Omera Cylinders and with the large number of on-ground and on-air activation programs, the brand finds strong resonance among its customers.

With Japan recognising the immense potential of the Bangladeshi LPG industry, and in an endorsement certifying our credibility, we welcome Saisan Co. Limited, Japan’s energy giant, as our joint venture partner in Omera Gas One that is mandated with the B2B supply of LPG across Bangladesh. Omera Gas One is a step-down subsidiary of MJLBL. A number of bulk fuel consumers in the country, including large power plants, are mulling shifting to LPG, which will open up replacement demand, while fresh investments in the power generation sector are being conceived considering LPG as the primary fuel. Omera Gas One also looks to establish autogas stations across the country, efficiently

powering mobility with a clean and green fuel.

Our Myanmar business is also making firm progress under MJL & AKT Petroleum and it is a matter of pride that ExxonMobil selected us to be their exclusive Mobil distribution partner in the country. Myanmar is witnessing an economic transformation with the opening up of its markets and we expect to have a first-mover's advantage in this scenario.

**53%**

Contribution of OPL and OCL to consolidated revenues, 2017-18

**26%**

Contribution of OPL and OCL to consolidated PBT, 2017-18

### Our people – Our true assets

I would be remiss in not acknowledging the untiring efforts, commitment, focus, integrity and loyalty of our 166 employees located across the country. We aim to attract, retain and reward the most talented and committed people and offer first-rate development schemes and a workplace that empowers them, encourages individuality, promotes collaboration and prioritises diversity.

In our bid to help our people prosper and enable them to realise their full potential, we provide a comprehensive range of skills, development, training and career support. Furthermore, our approach is to provide our people with a competitive

package of pay and benefits and to reward them for their contribution to the business and our sustainable performance. We act in accordance with all relevant and applicable legislative and regulatory rules and guidelines, regularly engaging in benchmarking practices.

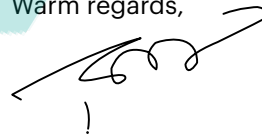
It is our holistic human resource approach that has enabled us to retain our core talent in an industry that sees shifting loyalties.

### Acknowledgements

In closing, I extend a sincere thanks to our Board for their wisdom, insights and leadership. I extend gratitude to all our shareholders for their belief in us and support in our strategy and plans. I extend appreciation to the government and other regulatory institutions for their cooperation and guidance. Finally, I extend my recognition to all our other stakeholders who have been associated with us while making a positive difference to our business.

Hope you have a great year ahead!

Warm regards,



**Abu Hena Md. Rahmatul Muneem**  
Chairman

*Certain industry-related data in this Statement has been extracted from [www.reuters.com](http://www.reuters.com)*

## Business review with our Managing Director

**Q**. What have been the highlights of 2017-18?

**A**. MJL Bangladesh Limited continues to perform well in its core business as well as its corporate investments. It has been able to register growth in its sale & profitability. MJLBL maintained its leadership role in quality and performance of products. Today, it is a Key Petroleum Installation proudly serving the nation in its march to become self reliant in lubricant solution.

We have invested further in building capacity & application of technology, something for which our shareholders will take pride. We have set standard in this market for others to compete in quality, service & performance. With new technology & innovation we should be able to remain a partner in robust growth of our power generation across the country. I am confident we shall continue to deliver best solution in the industry meeting the expectations of our shareholders, our employees and our communities, going forward.

In addition to lubricants, MJLBL's investment in state of the art facilities in OMERA brand LPG and product terminal emerged as yet another KPI which will keep the wheel of progress running.

So though 2017-18 was a challenging year, I'm confident that we are in a prime position to generate stable returns and remain the industry leader, leveraging our strengths and outperforming our competition in growing stakeholder value.

**Q**. On an industry-level, what are the main issues that the lube/LPG sector is facing today?

**A**. Loose regulations have enabled certain market constituents to identify loopholes, which has distorted pricing discipline and impacted the long-term viability of the sector. However, we are confident that the government will look into the matter and enforce regulation against the violators. As a Company with a deep-rooted legacy of embracing the highest levels of integrity and ethics, we believe that transparency is the best policy and it is adherence to this philosophy that has empowered us with operational sustainability – we are among the longstanding companies in the lube oil sector, growing stronger every day.

In the LPG industry where we have significant business interests, it is commendable that the government is enforcing a strong demand-side regulatory push to LPG as replacement

*“As a Group, we have made inclusive growth in 2017-18, concentrating our focus and efforts on safety, health & environment. The group will continue to invest in down stream sector of Oil & Gas, building further capacity, scaling up existing portfolio with more application of automation both in process and in sales. We will continue to do so in future to harness energy and align it with the rapid growth in Bangladesh economy.”*

**Azam J Chowdhury**  
Managing Director

of natural gas and CNG. Moreover, with a view to invite more participants into the sector, the government, on January 29, 2017, published a gazette notification on the LPG policy, required for LPG import, minimum storage requirements, etc. However, considering the capital-intensive nature of the business, paired with fluctuating raw material prices – the prices of butane and propane are positively correlated with global oil prices, operators may find survival challenging over the long-term. Considering this, we expect some kind of consolidation to happen in the next few years and we are hopeful of more stability in the industry. Besides, demand for LPG was only 80,000 M/tons 3 years ago but it has now grown to about 700,000 M/tons. The demand for LPG will continue to increase in geometric progression.

**Q.** What are the opportunities that you see today?

**A.** Bangladesh is the next big frontier of opportunity as per-capita incomes reach an inflection point to drive consumption across a vast swathe of industries. The key themes of urbanization, monetization and digitalization are in their nascent stages and with the expansion of economic opportunities, full-scale implementation of Digital Bangladesh and growing retail credit culture, all supported by proactive government policies, will ensure an imminent lifestyle change as more and more people rise up the economic ladder.



**80,000 MT**  
Demand of LPG 3  
years ago

**700,000 MT**  
Current demand of LPG  
in Bangladesh

For our retail lube customers, purchasing Mobil lube oils is aspirational and rising awareness embedded with growing discretionary spends have the potential to take the brand to the masses. For our institutional customers, the benefits of using Mobil lubricant solutions is well-known and we hope to be their point of reference as they expand production capacities and venture into newer businesses. The benefits of LPG are well-known as a clean and green fuel. We see a long term opportunity and will continue to invest in LPG infrastructure.

**Q**. Your purpose is enshrined in helping businesses prosper – what does this mean to you?

**A**. Lubrication practices within a plant have a direct impact on plant and equipment performance. When a lubricant works effectively in a machine with no chemical degradation and with no contamination, wear-and-tear is reduced with the resultant increase in equipment performance. Permit me to explain further. As part of an analysis, many investigations were conducted as to why bearings fail. It was found that over 60% of the damages were lubrication-related. The bearing is the rotating core of the machine and if lube-related failures are reduced, it can have a dramatic impact on equipment reliability and bearing consumption.

The industrial sector of Bangladesh is vibrant and dynamic with most of the units importing state-of-the-art machinery to improve productivity. In most cases however, it has been found that there is negligence in lubrication management and practices, which negatively impacts asset performance. At MJLBL, as part of our purpose in helping businesses prosper, we have advocated for and articulated a detailed lubrication reliability strategy that has enabled our customers to integrate their lubrication practices as a part and parcel of industrial

maintenance, hence helping them save hundreds of thousands of dollars every year.

**Q**. How is the Company leveraging technology for differentiation and sustainable business growth?

**A**. I'm excited by the opportunities that new technology offers us and optimistic about our future. The world is moving at a fast pace and we will move with it. We can already see today how technology can help us to develop new ways of engaging with our customers and our digital e-commerce initiatives are a strong step in that direction. Today, we have showcased for sale a wide range of our automobile lube products that our customers can either buy from our website or our mobile app or through popular social media sites. We have recently launched mobile app for MJLBL which is very friendly for business transaction either by an individual or by an organization. Our customer can avoid the hassle of physical purchase & delivery of products.

I'm also excited about our LOBP (lube oil blending plant) that has received a rating of 3.8 out of 4 (QP&G 3PIMS) that is even higher than the average ExxonMobil benchmark. Our LOBP and fully-automated in-line blending system enable us to process proprietary formulations matching exactly with the mandated specifications without any deviations whatsoever. With our cutting-edge technology, we have emerged as an important part of the ExxonMobil ecosystem, supplying lube oils in Bangladesh that are precisely the same as available elsewhere in the world.

**Q**. How are you preparing a culture that will strengthen the Company's position in the future?

**A**. We want MJL Bangladesh Limited to be an organisation that is rooted in faith of our customer, fairness and competence. These behaviours reflect our values and will

## ExxonMobil Affiliate Partnership

ExxonMobil is one of the world's largest fuels and lubricants businesses. The Company's portfolio includes refining and lubricant blending facilities in 25 countries. It is also one of the largest integrated refiners and manufacturers of fuels and lube base stocks, as well as a leading manufacturer of petroleum products and finished lubricants.

hold us in a strong position well into the future. Today, these behaviours continue to underpin everything we do and are integral in our interactions with colleagues, customers, communities and shareholders. Our colleagues reflect passion, embrace change, give support and engage in active collaboration to solve customer challenges and reinforce the value of our brands. I am grateful for the hard work of all our people who are making our organisation a true partner for our customers and our communities.

### Our behaviour

Our behaviour describes how we should interact with our colleagues, customers, shareholders and communities, to bring our characteristics of being simple, fair and competent to life.

- We bring passion and energy and give our best in everything we do
- We embrace change and continually look for better ways to do things
- We show respect to all those who we interact with
- We speak up and challenge the status quo
- We keep our assurances and make decisions that are equitable, unbiased and rightful
- We support our colleagues and actively collaborate to get the best outcome for our customers

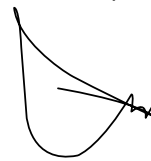
**Q.** What are the Company's future plans and how are we strengthening the organisational foundations for achieving sustainable growth?

**A.** In 2018-19, we expect to roll out new product range in this emerging market. This will also help our product hungry customers to get access to all range of our products at their door step. Considering this, we expect business as usual in our lube oil with the market settling in competitively. At our oil-tanker unit, we are excited about the new Aframax oil-tanker acquisition that will strengthen our fleet in the global crude & product shipping value chain while supplying Bangladesh's state-run oil company with critical energy resources.

At Omera Petroleum Limited, considering the strong demand outlook for LPG, we are doubling bottling capacity to 300,000 MT that is expected to be completed by end-2018. Expanded capacity will enable us to play a more meaningful role in catering to LPG demand in the country. We are also expecting another milestone with Omera Gas One in the bulk LPG supply business even as we leverage the rich technology, know-how and insights of our Japanese partner in this sector.

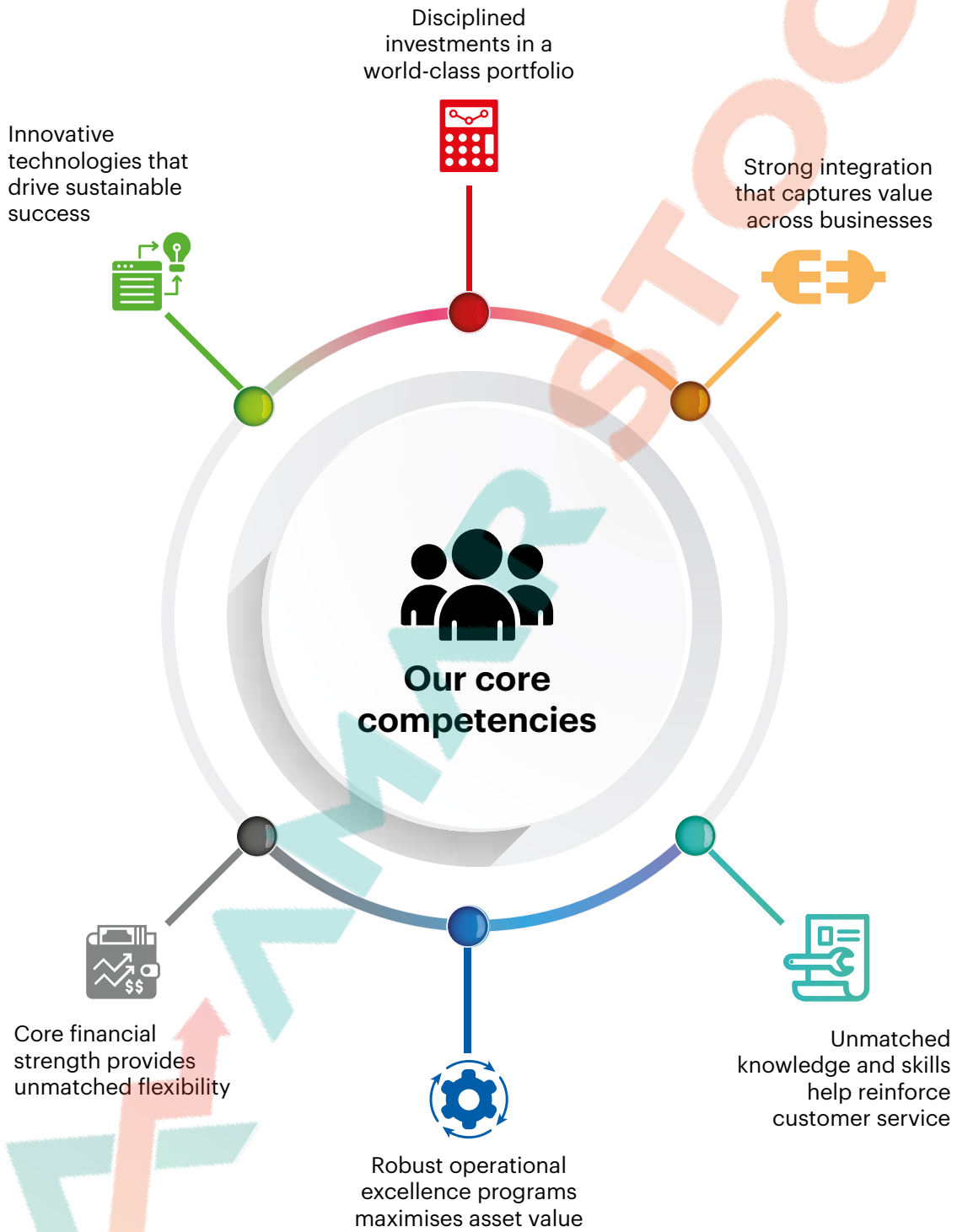
In all, we are confident of accelerating business moment and building platforms for continuous value enhancement for our shareholders and other stakeholders in 2018-19 and beyond.

Sincerely,



**Azam J Chowdhury**  
Managing Director

## Our core competencies



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1

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MJL Bangladesh Limited

## Operations review with our Chief Executive Officer

**Q.** What was unique about the performance of our lube oil business in 2017-18?

**A.** Despite a sluggish industry environment, our lube oil portfolio continued to receive a strong response from the market with steady growth of 5.8% in volumes. Furthermore, despite heightening competitive intensity, we continued to remain the lubricant of choice among a vast range of industrial as well as retail consumers. This clearly reflects the strength of the Mobil brand.

**Q.** In what other metric is the strength of our lube brands really evident?

**A.** Our strong marketing and branding initiatives have ensured that our lube oil revenues have gone up from Taka 6,847 mn in 2016-17 to Taka 7,183 mn in 2017-18. This reflects the fact that demand works favourably with respect to our sales initiatives, the quality of our marketing programs as well as the inherent trust and respect that our brands widely enjoy in the market.

**Q.** What was the benefit of launching the multi-compartment delivery truck?

**A.** This type of a delivery solution really enhances logistical support to our industrial customers by opening up bulk volume flexibility, while simultaneously reducing unit costs slightly that can straightaway boost profitability. Notably, the launch of this truck also reflects our continual spirit of innovation for customer benefit. The asset was designed and manufactured with in-house support and, considering the strong customer response, we expect to launch a fleet of such vehicles in the near future.

**Q.** What was the rationale for launching a lube oil product under Omera?

**A.** Omera represents a strategy anchored on portfolio augmentation, enabling us to cater to demand across all grades and price-points. Omera also helps create a laddering effect with consumers eventually moving to our more aspirational Mobil products as one point shop. We launched a product under Omera in 2017-18 to bring-to-market a product that was earlier missing

in our product portfolio. We received good response for this product.

**Q.** What is the idea behind our focus on digital lube oil sales?

**A.** We cannot afford to not have a presence in the e-commerce-led digital world, especially considering the fact that hundreds of thousands of Bangladeshis will become online consumers in a few years from now. We strengthened our website capabilities and integrated our website, mobile app and social media digital sales platforms for providing our customers with a seamless purchase experience. We have received encouraging response to our online sales initiatives and we expect momentum to grow over time.

**Q.** What are the expectations out of our lube oil business in 2018-19?

**A.** We are preparing for launching few more products under both our Mobil and Omera brands and are in the process of establishing our supply chain for these. We are also focusing on the enlistment of a few logistics providers that will help optimise our freight rates by fostering healthy competition. Overall, we expect to continue to tap into new customer/geographic segments, while reinforcing our relationships with our existing customers across both the B2B and B2C segments.

**Q.** What was the reason behind the subdued performance at our oil-tanker division?

**A.** Omera Queen, our Aframax oil-tanker, was subjected to dry-docking for scheduled regulatory maintenance (usually done in 2.5 years interval) for around 60 days. Revenue loss because of asset non-utilisation plus costs of about Taka 165 mn incurred in the ship refurbishment restrained performance at the division. However, the asset is now pressed back into operations and we expect healthy growth in revenues and profitability, going forward.

**Q.** What was the thought process behind the acquisition of our second Aframax oil-tanker?

**A.** We acquired our second Aframax oil-tanker and the country's largest ocean-going oil-tanker vessel with a capacity of

107,091 DWT. With this, we have doubled our oil-tanker capacity and have also reinforced our presence in the global petrochemicals logistics space. Traditionally, our oil-tanker business is a profitability and cash-flow driver and doubling capacity will augur well for our financials.

**Q.** Can you throw more light on the 53-bigha land acquisition?

**A.** We signed an agreement for acquiring a 53-bigha land parcel, including an old industrial complex (erstwhile jute mill) located strategically at the intersection of Murapara, Rupganj, Narayangonj, at a total consideration value of Taka 970 mn. The complex is equipped with gas connection and is located near the banks of the Shitalakshya River, which has a draft of around 6-8 m. The land acquisition has enhanced our preparedness for undertaking expansion either at MJLBL or our subsidiaries.

**Q.** What was the key highlight at Omera Petroleum (OPL)?

**A.** OPL has achieved significant business results in just three years of commencement of operations. MJLBL, as a shareholder in OPL, additionally invested an amount of US\$9.375 mn in OPL against the issuance of right shares by the company during the third quarter of the year. OPL intends to utilise these funds towards expansion of its LPG capacity, including the purchase of cylinders, storage equipment, filling equipment, barges, road tankers and also repayment of high-cost borrowings.



*“Our all-round performance reflected the success of our strategies and, during the year 2017-18, we also focused on preparing ourselves for the long-term through embracing some foundational initiatives.”*

**M. Mukul Hossain**  
Chief Executive Officer

The doubled capacity of 300,000 MTPA is expected to be commercialised by the end of 2018. Our growth initiatives, paired with a strong demand outlook for LPG, have positioned OPL well for the future.

**Q.** What was the update at Omera Cylinders (OCL)?

**A.** Our cylinder capacity of 600,000 units per year under OCL is one the largest such in Bangladesh, even as OCL is a backward integration initiative to OPL, enabling us to supply bottled LPG in convenient sizes to customers across Bangladesh. During the year, we engaged in selective price increases, considering a cost-push driven by rising prices of steel, which is one of the principal inputs in cylinder manufacture.

**Q.** What was the progress with respect to Omera Gas One (OGL)?

**A.** OGL is the first-ever Bangladesh-Japan JV in the petroleum sector of Bangladesh. As a subsidiary of OPL, the JV is with Japan's top-ranked energy company, Saisan Co. The business under OGL has been conceived to leverage the technology knowhow of Saisan in LPG safety control technologies and introduce industrial LPG solutions, LPG storage, LPG autogas stations and conversion kits, reticulated systems and bulk LPG supply in Bangladesh. OGL will also provide large-scale LPG engineering solutions through which it will supply bulk LPG to large-scale sectors. It will also focus on the construction, operations and management of LPG autogas stations for sale of LPG in the country. In a strong step forward, the company installed its maiden autogas station in March 2018 and plans to install 30 such stations throughout the country in 2018 with a plan to reach to a scale of 200 stations by the year 2020.

**Q.** What were the key developments on the human resources (HR) front during the year?

**A.** Our initiatives under HR revolved around four aspects:

- Improve performance through drawing-up 'smart' KPIs for each employee
- Enhance people engagement to promote the feeling of 'one company one team'
- Augment the quality of our training platforms and initiatives and ensure adherence to our annual training plan

- Engage in succession planning by reinforcing our talent pipeline

In all, we continued to focus on fostering a culture of learning and skills development to be able to improve our customer service standards and our response to customers' challenges. Our structured HR practices also ensured very low attrition.

**Q.** What was the motive behind designing the business continuity plan (BCP)?

**A.** Since our operations are a critical part of the nation's economy and also we are an integral part of the ExxonMobil global value chain, it was essential for us to articulate our initiatives for ensuring operational continuity, irrespective of extreme external events. Hence, our BCP is our holistic approach to business sustainability as it details, among other aspects, operational integration, data storage and protection, redundancies in the face of natural calamities like earthquakes, environmental and safety compliance, etc. As much as our BCP is about integration, it is also about building resilience in our systems and processes.

**Q.** How are we furthering our emphasis on governance?

**A.** In a substantial endorsement of our governance standards and practices, we were bestowed with the prominent ICSB National Award 2016 for Corporate Governance Excellence (Gold Award) in the engineering, fuel & power companies category. This recognition is a strong encouragement for our teams to uphold the highest standards of integrity and ethics in everything that we do.

From the year 2017-18 onwards, we have also commenced our earnings disclosure practice in a bid to engage more closely with our analyst/shareholder community, while also keeping this constituency abreast of key developments at our Company. We believe that our commitment to timely information disclosure and dissemination will have a material impact in enabling us to reinforce market participants' interest in our Company, while also enabling us to showcase our performance in a responsible way.

With best wishes,



**M. Mukul Hossain**  
Chief Executive Officer



MJL Bangladesh Limited feels honored to be the proud owner of the two largest Aframax oil tankers in the country

# Financial review with our Head of Finance

*"I'm pleased to report encouraging 2017-18 financial results with continued progress towards our strategic and operational goals."*

**Sabbir Ahmed** FCA  
Head of Finance & Planning

## Business performance in 2017-18

We delivered sustainable business performance in 2017-18, while progressing on our strategic and operational goals. Consolidated profit before tax was Taka 3,156 mn for the year, as compared to Taka 2,925 mn in 2016-17. Consolidated operating income increased by 11% to Taka 3,553 mn. Our consolidated net profit stood at Taka 2,294 mn in 2017-18, as compared with Taka 2,148 mn in 2016-17, despite increased raw materials and imported finished goods price, plus local currency depreciation of about 3% vis-à-vis the USD.

Our Aframax oil-tanker had to be taken off service for regulatory maintenance, which created a revenue and profitability loss of about 60 days, in addition to costs of about Taka 165 mn incurred for vessel refurbishment. With this regulatory maintenance, we have secured asset operationability for the next three years.

Our strong treasury management practices also helped yield Taka 310 mn of other income in 2017-18, over Taka 244 mn in the previous year. Our treasury practices are anchored on safety of our capital as well as liquidity, even as most of these temporary surplus funds are placed in fixed deposits.

## Foundation-building activities and debt management

We engaged in several foundation-building activities across the Group. The three chief developments included:

- Acquisition of our second Aframax oil-tanker of capacity of 107,091 DWT, which doubles our petrochemicals shipping capacity
- Acquisition of a strategic land parcel of 53-bighas, which has secured our future expansion initiatives

- Subscription to Omera Petroleum's rights shares, which has enabled the company to meet its expansion objectives

With these acquisitions and subscription, the quantum of debt has gone up by 30% to Taka 9,078 mn during the year. In addition to this, external developments also pushed up interest rates, including liquidity challenges in the banking system, with the result that our average interest rates increased by about 4% during the year. Total interest expenses increased to Taka 589 mn from Taka 510 mn in 2016-17. With a view to optimise our debt profile, we increasingly mobilised foreign currency loans of lower interest cost that created an arbitrage of almost 4% vis-à-vis domestic loan cost.

Going forward, we are particularly excited about our oil-tanker business with 2x capacity now being introduced in the market. The oil-tanker business has PBT margins in excess of 35%. We are also excited about the performance of our subsidiaries, especially those in the LPG sector, with Omera Petroleum expanding capacity to 300,000 MTPA by end of 2018. LPG prices are expected to remain stable in the near-term with governmental intervention, despite increased competition.

## Outlook

We expect a stronger performance in 2018-19, considering the following:

- The price hike of raw materials and local currency devaluation is being absorbed by stable volume growth and sequential price increase of our products
- Launch of new lube products straddling the mid- and premium-market, strengthening revenues

- Doubling of our oil-tanker capacity and secured customer contracts for most part of this year
- Increased debt repayments for optimising interest costs
- Stronger cost controls, driven by enlistment of newer vendors and select substitution of raw material resources
- Growing share of subsidiary contributions

In an important step forward, during the year under review, we also introduced our quarterly earnings disclosure, which is a strong measure in transparency in communication and provides us with a robust engagement platform with our analyst/equity market community. During the year, we also participated in an investor conference in Sri Lanka, showcasing our Company and our business prospects to a large institutional investor audience. We expect to sustain our investor engagement programs into the future

Thank you for your interest in us.

With best wishes,



**Sabbir Ahmed FCA**  
Head of Finance & Planning



## 2017-18 results and highlights

Taka 17,516 mn  
Revenue from  
operations

Taka 3,461 mn  
Net cash flows from  
operations

23%  
Return on capital  
employed (avge)

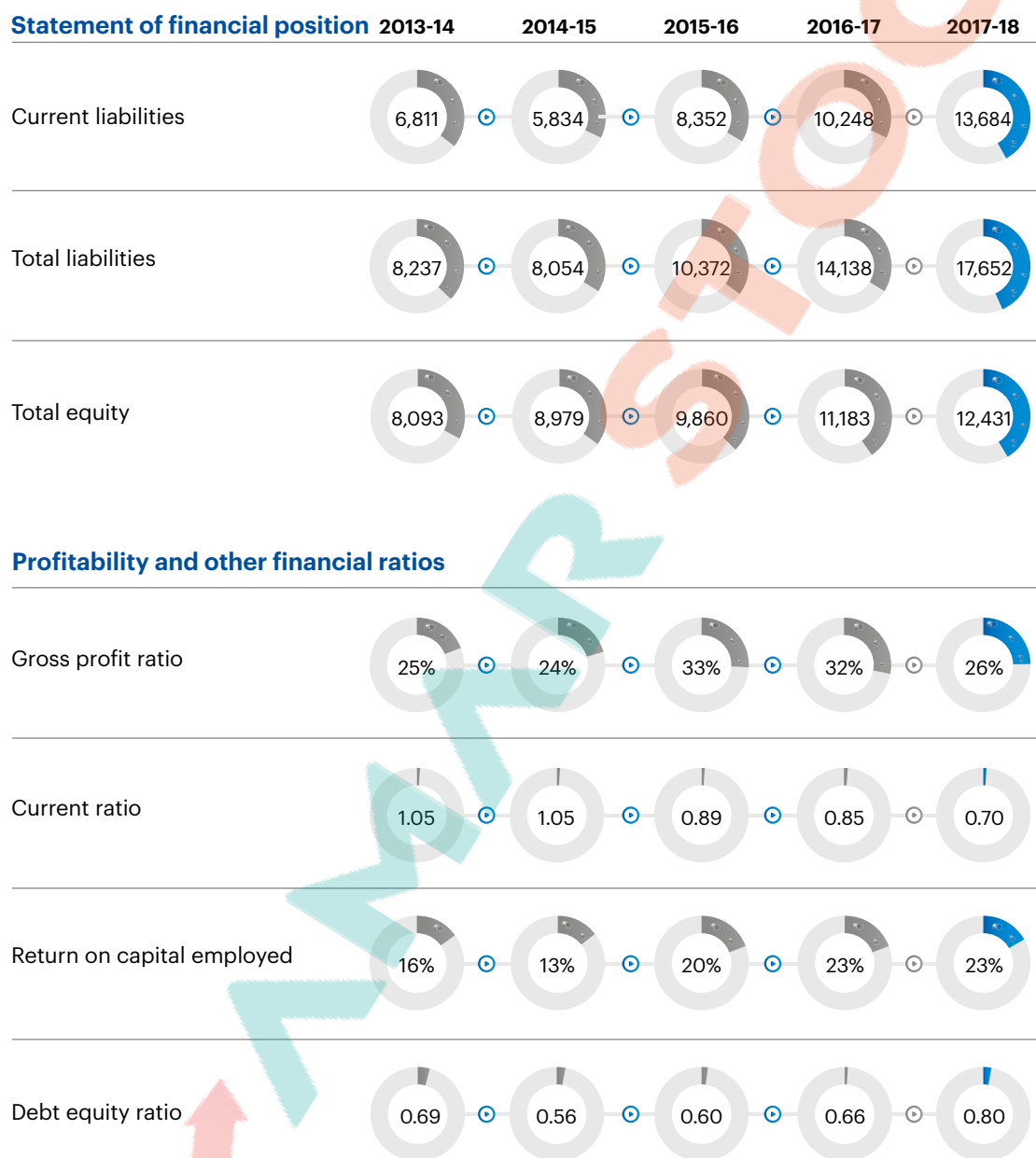
# Historical financial data

Figures are in BDT million except ratios

Operating performance	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue from operations	7,748	8,546	10,046	13,979	17,516
Operating profit	1,302	1,168	2,275	3,196	3,553
Profit before tax	1,301	1,141	2,002	2,925	3,156
EBITDA	1,692	1,723	2,919	4,207	4,856
Net profit after tax	884	829	1,715	2,148	2,294
Earnings per share	3.77	3.61	5.71	6.95	7.00
<b>Statement of financial position</b>					
Current assets	7,124	6,108	7,471	8,752	9,578
Total assets	16,329	17,032	20,233	25,321	30,084
Property, plant and equipment	5,237	10,580	12,175	15,105	18,730

\* All financial numbers and derivatives have been presented on a consolidated basis to reflect more accurately our performance as MJLBL Group.

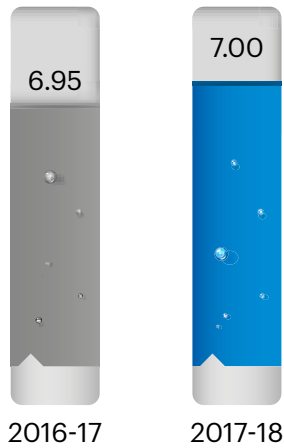
Figures are in BDT million except ratios



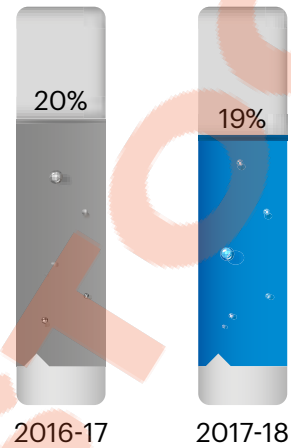
\* All financial numbers and derivatives have been presented on a consolidated basis to reflect more accurately our performance as MJLBL Group.

# Graphical representations

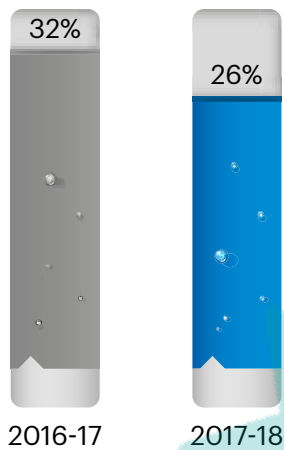
**EPS (BDT)**



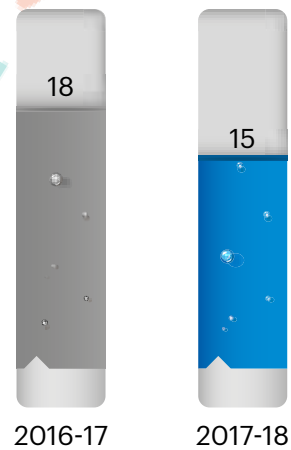
**RETURN ON EQUITY**



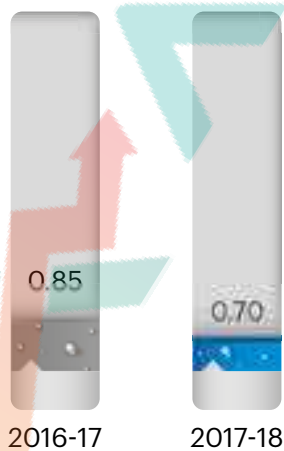
**GROSS PROFIT RATIO**



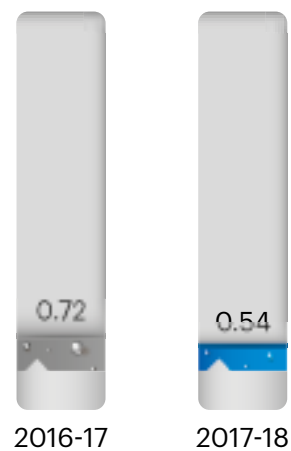
**PRICE EARNINGS RATIO**



**CURRENT RATIO**



**QUICK RATIO**



\* All financial numbers and derivatives have been presented on a consolidated basis to reflect more accurately our performance as MJLBL Group.

Case study

## Mobil Inspection Report

### Gas Engine

MJL Bangladesh Limited

August 17, 2017



## SITUATION

One of our most prominent clients, observed erosion at the tip of the exhaust valve and corresponding rocker arm. They equipment was lubricated by Mobil Pegasus 1005 which was converted from Pegasus 805. Client wanted to make sure that, the oil is fine and in working condition. So they collect an oil sample and send to our lab for testing.

## INSPECTION

All the damaged parts were replaced by OEM and all were running at the time of inspection. We checked the eroded parts as below.



*Metal chips came off from the valve tip*



*Corresponding eroded rocker arm*



## USED OIL REPORT

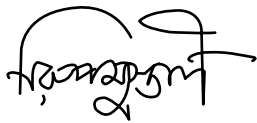
As per the test report, Mobil Pegasus 1005 was declared fit for further use and no abnormality was detected.

## RECOMMENDATIONS

- Please make sure exhaust valves are properly closed to prevent hot gas flow upwards.
- Tappet can be re-adjusted for that purpose and monitor the condition later on.
- If necessary, take the assistance from engine experts or OEM for thorough examination of engine.
- Mobil Pegasus 1005 can be used further.

This report is generated based on our physical inspection and findings and as far lube oil is concern. Please consult with OEM for expert opinion.

Thanks and Regards




**Nirupam Mustafi**  
Manager - Industrial Lubricant



AMR STOCK

# LEADERSHIP



At MJLBL, our business is anchored on the foundations of the experience, skills and know-how of our core navigators, assuring accelerated long-term growth momentum.

## Our Board of Directors

Strong governance is an essential part in delivering our purpose to help businesses and people prosper

At MJL Bangladesh Limited, we make continuous progress in striving to be the best-governed energy and fuel enterprise, improving both our effectiveness and efficiency. To enable us to realise our vision, our Board is responsible for the adoption of strategic plans, monitoring of operational performance and the development of appropriate and effective risk mitigation policies and processes with an overall supervisory responsibility. Our Board comprises a balanced mix of Executive, Non-Executive and Independent Directors. Our Board met ten times during the year 2017-18.

### Living our commitment to a well-governed organisation

*“Our distinguished Board brings forth a wealth of information and insights that help enrich the quality of Board discussions. During 2017-18, the Board spent its meeting time on business and customer priorities, the importance of developing further plans for succession, talent management and to equip the organisation with the necessary skills to deliver our medium- and long-term vision in the face of market changes. The Board also spent time during the year on risk and control and emerging regulatory requirements. Notably, the overall output helped create a strong platform to take the Board’s agenda forward in 2018-19 and beyond.”*

**Azam J Chowdhury**

Managing Director & Board Member



**From the left (sitting)**

Md. Aminur Rahman

Abu Hena Md. Rahmatul Muneem

Azam J Chowdhury

Abdul-Muyeed Chowdhury

**From the left (standing)**

Dr. Ijaz Hossain

Quazi Mohammad Shariful Ala

Md. Gias Uddin Ansary

Tanjil Chowdhury

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**MJL Bangladesh Limited**

# Brief Profile of the Board of Directors



**Abu Hena Md. Rahmatul Muneem**  
Chairman

**A**bu Hena Md. Rahmatul Muneem is the Chairman of the Board of Directors of MJL Bangladesh Limited (MJLBL). He joined the MJLBL Board on 21 June, 2018 and assumed charge as Chairman of the Board on the same date.

Abu Hena Md. Rahmatul Muneem, Secretary, Energy and Mineral Resources Division is a highly accomplished and professional civil servant with 32 years experience in both central and field administration. Having a diverse administrative broad-based knowledge and experience, he joined the Bangladesh Civil Service (Administration) on 21 January 1986. Prior to assuming this post on 9 May 2018, he was Chairman (in the rank of Secretary) of Bangladesh Petroleum Corporation under Energy and Mineral Resources Division.

In his academic attainments, he realized his Bachelor and Master degree in Geology from the University of Dhaka. Later on, he did an MBA (Finance) degree under Northern University Bangladesh.

Professionally, he worked in the field Administration as Upazila Nirbahi Officer (UNO), Additional District Magistrate, Charge Officer (Zonal Settlement Office) and Divisional Commissioner. During his responsibilities in the field administration, he played a pivotal role to steer the smooth implementation of Sustainable Development

Goals (SDGs), Social Safety Network, Digital Bangladesh through ICT expansion, co-ordination among the different departments, monitoring local government activities, disaster management, fast-track and priority projects of Honorable Prime Minister. He also served in the central administration of the Ministry of Power, Energy and Mineral Resources, Ministry of Public Administration, Ministry of Home Affairs, Ministry of Civil Aviation and Tourism and other departments in different capacities. He has been actively involved in monitoring and overseeing the implementation of vision 2021 and vision 2041.

After joining the civil service, Mr. Muneem took part in different training programmes that encompasses Foundation Training Course, special course on Law and Administration, Advanced Course on Administration and Management (ACAD), Managing at the Top-2 (MATT-2), Energy Management Training Course and Diploma in Development Planning. As part of the official duty, he attended in different negotiation meetings, workshops, summits, seminars, study tours and visits.



**Azam J Chowdhury**  
Managing Director

**A**zam J. Chowdhury is an elite industrialist and entrepreneur in Bangladesh. He is the Chairman and owner of East Coast Group. In addition, he is the Chairman of The Consolidated Tea & Lands Company Bangladesh Limited (formerly, James Finlay Limited) and also the Chairman of Prime Bank Limited, a private sector leading commercial bank. Mr. Chowdhury is also the Managing Director of MJL Bangladesh Limited, Distributor of ExxonMobil Corporation in Bangladesh.

In the past Mr. Chowdhury also served as the Chairman of Green Delta Insurance Company Limited (2001-2005), one of the most successful general insurance companies in Bangladesh. He is also the Director of Central Depository Bangladesh Limited (CDBL) and President of Bangladesh Association of Publicly Listed Companies (BAPLC).

Mr. Chowdhury also serving as President of Bangladesh Energy Companies Association and a Member of Advisory Council of Government of the People's Republic of Bangladesh on Power, Energy & Mineral Resources. In recognition of his performance, The Hungarian Government nominated him as the Honorary Consul of Hungary in Bangladesh. Mr. Chowdhury is the President of Bangladesh Ocean Going Ship Owner's Association (BOGSOA).

He is a renowned golfer and achieved laurels several times in this sporting arena.



**Abdul-Muyeed Chowdhury**  
Director

**A**bdul-Muyeed Chowdhury is a nominee Director representing EC Securities Limited in the Board of Directors of MJLBL since December 14, 2003. He is also a nominee Director in the Board of Omera Fuels Limited, a sister concern of MJLBL and in the boards of Omera Petroleum Limited and Omera Cylinders Limited, two subsidiaries of MJLBL.

He obtained a Bachelor of Arts (Honors) in History in 1964 and a Master of Arts (1st class) in Modern History from the University of Dhaka in 1965. He also attended University of Tennessee (Knoxville, USA) as a Fulbright scholar in 1980-81 and studied Public Administration.

He is the Founder and CEO of Tiger Tours Limited ([www.tigertoursbd.com](http://www.tigertoursbd.com)); only joint venture tourism company registered with the Bangladesh Investment Development Authority (BIDA). He is an Independent Director of Summit Alliance Port Limited since 2012.

He is actively associated with social welfare and human development activities. He is on the board of the Society for Assistance to Hearing Impaired Children (SAHIC), Governing Board of Bangladesh Institute of Governance and Management (former Civil Service College), Bangladesh Youth Enterprise Advice and Helpcentre (B'Yeah), Sajida Foundation, ENT & Head-Neck Cancer Hospital and Institute and the Board of Trustees of BRAC University.

Mr. Chowdhury was an Adviser in the Caretaker Government of Bangladesh in 2001 when he held charge of five ministries. He was a career civil servant for 33 years having joined the then Civil Service of Pakistan (CSP) in 1967. He was a Secretary to the Government in various ministries from 1994 to 2000. He was Secretary of the Internal Resources Division (IRD) of the Ministry of Finance and ex-officio Chairman of the National Board of Revenue (NBR) from 1998 till his retirement in July, 2000.

Earlier in his career, he was Deputy Commissioner of greater Faridpur district (1975 – 1978), greater Dhaka district (1978 - 1980) and Commissioner of Chittagong Division (1984-1986). He was Executive Director of Jamuna Multipurpose Bridge Authority and Secretary Jamuna Bridge Division from 1996-98 when he successfully steered the construction work of the Bangabandhu Bridge to completion in record time. His hard work and efficient handling of this mega civil engineering project was recognized by the Institution of Civil Engineers (ICE) UK by making him an FICE (Fellow of the Institution of Civil Engineers).

After retirement from government services Mr. Chowdhury joined the world famous home grown NGO BRAC ([www.brac.net](http://www.brac.net)) as its Executive Director and COO and held that position from 2000 to 2006 with a three month interregnum for the Caretaker government in 2001.

He was:

1. Founding Chairman of the SME Foundation, Bangladesh when it was set up by the government as a non-profit organization under public-private partnership for promoting and developing the SME sector in Bangladesh. He was also Chairman of its predecessor SME Advisory Panel.
2. Vice President of Bangladesh Olympic Association and acted as Chef de Mission of the Bangladesh contingent to the SAF 9th Games held in Islamabad, Pakistan (28 March – 06 April, 2004)
3. President of the Sports Shooting Federation of Bangladesh (1998 – 2006).
4. Global Councilor of International Union for Conservation of Nature ([www.iucn.org](http://www.iucn.org)) during 2005-2008.



**Md. Aminur Rahman**  
Director

**M**d. Aminur Rahman is a nominee Director, representing EC Securities Limited in the Board of Directors of MJLBL since September 2008. Mr. Rahman joined the Civil Service of Bangladesh in November 1969. During his long service tenure with the Government, he served in a number of ministries at various important levels, as secretary of the Ministry of Housing and Public works, Secretary-in-Charge of

the Ministry of Textile and as Secretary of the Ministry of Commerce of Government of Bangladesh till January 2005. Mr. Rahman obtained a Bachelor of Science degree from the University of Dhaka and a Post-graduate Diploma in Economics & Social Studies from the University of Manchester, U.K.



**Tanjil Chowdhury**  
Director

**T**anjil Chowdhury is the Managing Director of East Coast Group, a diversified conglomerate with more than 30 years of experience in Oil & Energy sector. Mr. Chowdhury is former Board Director and Chairman of the Executive Committee of Prime Bank Limited (PBL).

Mr. Chowdhury served as President of Bangladesh Merchant Bankers Association (BMBA) for 2014 & 2015 and he is the Former President of Solar Module Manufacturers Association of Bangladesh (SMMAB). He is also Chairman of the Prime Exchange Singapore Pte Ltd., Prime Bank's remittance arm in Singapore. He is the Secretary General of Prime Bank Cricket Club, a social initiative of Prime Bank Foundation (PBF).

Mr. Chowdhury has served as Convenor of the Standing Committee on Financial Institutions, Capital Market and Services-2014 and Co-Convenor of the Standing Committee on National Energy Strategy for Private Sector Development-2013, Dhaka Chamber of Commerce & Industries (DCCI).

Mr. Chowdhury is an elected Director of Bangladesh Cricket Board (BCB) and Former Chairman of its Facilities Committee. He is currently Chairman of BCB's Age-Group Tournament Committee.

He is a regular speaker of various private universities. His lecture topic ranges from Financial Derivatives and Investment strategy to Ship Management and Organizational Behavior.

Mr. Chowdhury completed his BA (Hons) in Accounting and Finance and went on to completing MSc in International Management (Finance), from King's College London, University of London.

Mr. Chowdhury is an active member of BBC Film Society and King's College Business Society. He is also a keen golfer and has achieved many laurels in this sporting arena.



**Md. Gias Uddin Ansary**  
Director

**M**d. Gias Uddin Ansary is the Managing Director of Jamuna Oil Company Limited. He joined at MJL Bangladesh Limited Board on 14 October, 2018 as a Nominee Director of Jamuna Oil Company Limited (a Subsidiary of Bangladesh Petroleum Corporation).

Mr. Ansary joined Bangladesh Petroleum Corporation (BPC) as a 1st Class Officer in 1991. He worked for BPC for 27 years in various positions among which during the last 12 years he worked as General Manager

and Senior General Manager at the Accounts, Finance, Audit, Commercial and Operations. Besides he performed as additional in-charge of the Secretary BPC. During his tenure he visited various countries representing BPC.

He comes from a respectable Muslim family of Chandanaish, Chattogram and his father Mr. Md. Osman Ansary is a renowned businessman. Mr. Md. Gias Uddin Ansary completed B.Com (Hons), M.Com (Masters) in Accounting from University of Chittagong and MBA from a Private University.



**Dr. Ijaz Hossain**  
Independent Director

**H**armonizing business endeavors with benevolent efforts by being responsible to Petroleum Industry is the principle of Dr. Ijaz Hossain. His prodigy is widely recognized and accredited in this arena since 1987 when he completed PhD in Chemical Engineering from University College London. He is a recognized energy and sustainable development expert in the country. With a vision to contribute to the Petroleum Sector, he started his journey with MJLBL from 21 June, 2018.

He has expertise on energy efficiency, value chain analysis and energy planning & modeling. He started his career from BUET in 1980 as a Lecturer and is now working as the Head of Chemical Engineering Department. He possesses more than 20 years' experience in the field of chemical engineering with an emphasis on energy and environment both as a teacher/researcher and as a consultant engineer.

From the beginning of his career, Dr. Ijaz has gathered knowledge on different techno-commercial analysis on the Oil, Gas and Petroleum Sector through his study, research, publication, training and consultancy work throughout the world. Innovation, continuous development of people, process and system

and utter professionalism have equipped him with a strong set of valuable competencies which are appreciated by all.

He has significant contribution in the petroleum sector of Bangladesh. He has overseen several project works and has recommended those for further development. He has vast experience in greenhouse gas (GHG) mitigation, energy efficiency improvement, energy gap analysis, risk management, energy production & disbursement, environmental impact assessment and energy policy development both in government and non-government sectors.

He is a Director of the Governing Boards of Grameen Communication and Training Institute of Chemical Industries, (TICI). He is an ex-director of Small & Medium Enterprise Foundation (SMEF), Bangladesh Petroleum and Exploration Corporation Limited (BAPEX) and Gas Transmission Company Limited (GTCL). He is also a member of different government organizations and NGOs working on the power development sector. He was appointed as an expert member of Regional 3R Forum managed by UNCRD, Tokyo, Japan in 2007.



**Quazi Mohammad Shariful Ala**  
Independent Director

**Q**uazi Mohammad Shariful Ala is an Independent Director of MJL Bangladesh Limited. He joined the MJLBL Board on 28 June 2014. Mr. Ala is currently the Managing Director & CEO of Delta BRAC Housing Finance Corporation Ltd (DBH). DBH is the pioneer, largest and specialist in Housing Finance in the private sector of the country with total assets currently in excess of USD 500 million.

Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE), University of London in 1981. He worked in the London office of Price Waterhouse for seven years and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984. Whilst working at Price Waterhouse, he

had exposure to several large multinationals, including Shell Oil and JP Morgan. He is also a fellow of the Institute of Chartered Accountants of Bangladesh. Prior to joining DBH, he was the Finance Director of Green Delta Insurance Company Limited, one of the leading insurance groups in Bangladesh and also corporate sponsor of DBH.

Mr. Ala has more than 30 years of corporate management experience, primarily in the financial services sector, both in Bangladesh and in the United Kingdom. He has served as a non-executive Director on the Boards of several prominent companies, including BRAC Bank Limited. Mr. Ala has been leading the executive management team of DBH as the Managing Director & CEO, since 1997.

## Our Senior Management Team

Our veteran senior management team continues to collaborate to deliver on our strategic objectives with their strong and well-diversified experience



### From left to right

Nagma Mahmood

Head of HR-Admin & Company Secretary

Engr. Salah Uddin Ahmed

General Manager & In-charge of plant

M. Mukul Hossain

Chief Executive Officer

Sabbir Ahmed, FCA

Head of Finance & Planning

# Our core team



## From the left (sitting)

Engr. Md. Ashraful Alam	AGM- Industrial Lubricant
Engr. Md. Rasheduzzaman	DGM- Industrial Lubricant
Syed Atiqur Rahman	Senior Accounts Controller
S M Shahed Hossen	Head of Tax & VAT Affairs
Syed Ghulam Dastagir	Head of Brands and Market Communications
Shafquat Mahmud Fahmi	Chief Technology Officer
Engr. Salah Uddin Ahmed	General Manager & In-Charge of Plant
M. Mukul Hossain	Chief Executive Officer
Sabbir Ahmed, FCA	Head of Finance & Planning
Nagma Mahmood	Head of HR-Admin and Company Secretary
Syed Muhammad Rahmatul Mujeeb, FCA	Senior Finance Controller
Mohammad Hamidul Islam	DGM - Head of Supply Chain
Engr. Md. Shahin Alom	DGM- Industrial Lubricant
Mohammad Monirul Islam	AGM – Customer Service

Our core team comprises senior members across functional departments and they bring their experience, energy and efficiency in maximising day-to-day operations.



**From the left (standing)**

Engr. Sheikh Ashiqur Rahman	Manager – Industrial Lubricant
Abu Sadat Khan	Manager – Export
Md. Zamiur Rahman	Treasury Controller
Mohammad Jaman	Manager – Automotive Lubricant
Syed Tanbir Hassan	Manager -Business Analysis & Planning
Mohammad Zahidul Islam	Manager – Industrial Lubricant
Md. Bani Amin, ACA, ACMA (UK), CGMA	Manager – F&P
Arif Hossain, ACA	Manager – Internal Audit & Compliance
Suruzzaman Liton	Head of Govt. Relations
Nargis Sultana	Manager-Treasury
Engr. Md. Masum Rabbani	Manager- Project Engineering
Abdullah Hel Aziz	Manager – Import
Ashraf Ul Haque Bhuiyan	AGM – HR/Admin
Shams Uddin Ahmed	Manager – VAT & Tax
Engr. Nirupam Mustafi	Manager - Industrial Lubricant
S.M. Zeeshan Saad, ACA (England & Wales)	Manager – Internal Audit & Compliance
Sheikh Md. Javed Hasan	Manager – IT
Kajal Kumar Addya	Finance Controller
Mir Md. Rokibul Kabir	Assistant Company Secretary
Engr. Taslim Ahmed	Manager – Industrial Lubricant

## Our LOBP team

Our LOBP team embraces the ownership of operating our lube blending plant to world-class levels, while manufacturing certified products that help our customers achieve superior, superlative and strengthened performance.



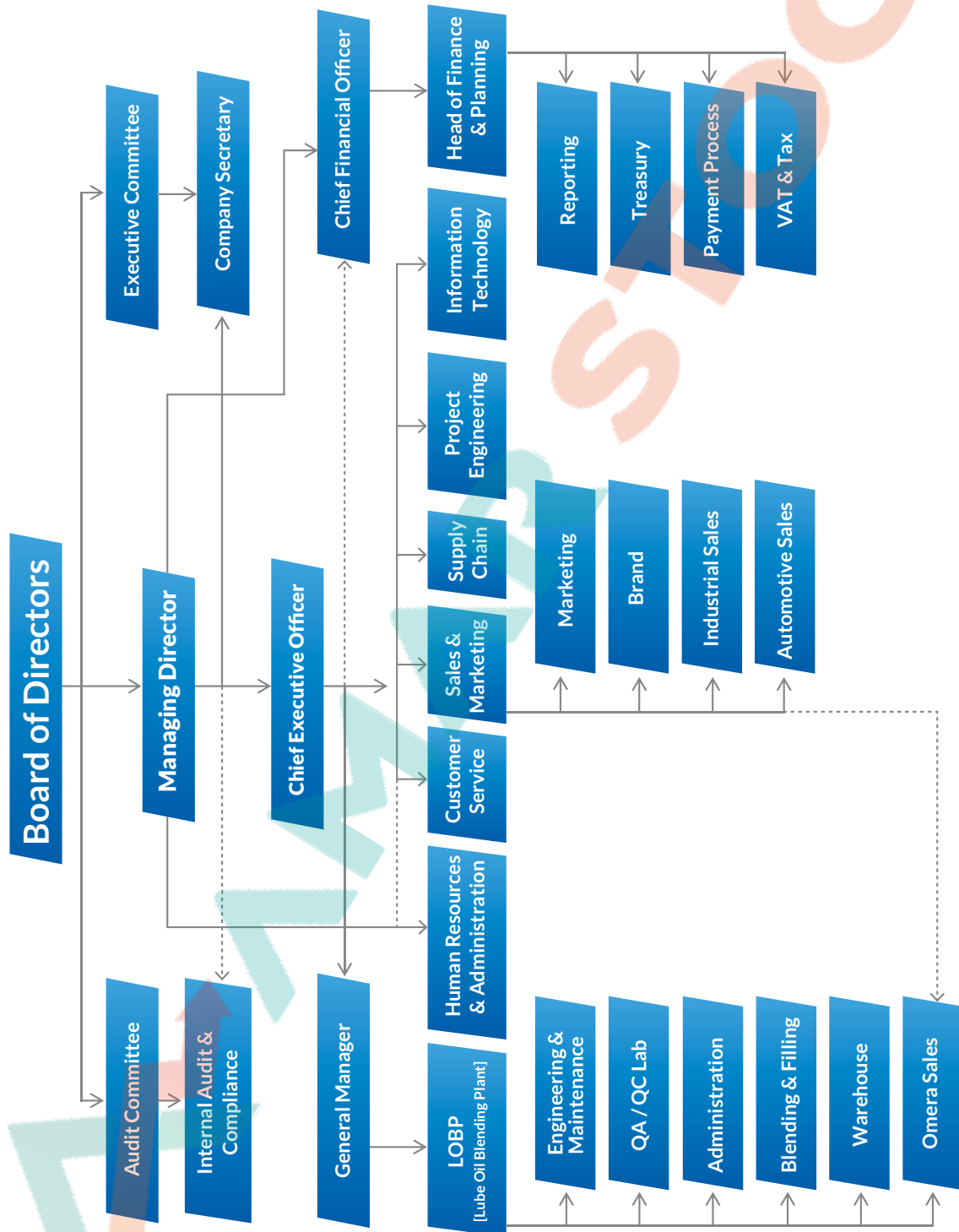
### From the left (sitting)

Md Ahsan Ullah	Manager-Admin
Mohammed Anwar Sadat	Manager-Filling
Engr. Abu Zafar Md. Aurangazeb	Head of Engineering & Maintenance
Engr. Salah Uddin Ahmed	General Manager & In-Charge of Plant
Md. Akramul Hoque	Head of QA-QC Lab
Dipankar Kumar Das	Manager- Blending & Filling Operations
Md. Jahangir Alam	Head of Warehouse

### From the left (standing)

Farzana Naim Chowdhury	Executive-Admin & Accounts
A.K.M Razaul Karim	Assistant Manager - System Engineer
Muhammad Shariful Islam Mollah	Deputy Technical Manager
Mohammed Shihab Uddin	Assistant Manager - Electrical
Abdulla Al Mamun	Deputy Quality Manager
Mohammed Ali Kaiser	Assistant Manager-VAT & Tax
Md. Naiem Hossain	Procurement & Production Planner

# Organizational Chart



# Awards and Recognition

Yet another satisfying milestone in our journey



*M. Mukul Hossain, CEO of MJLBL is receiving 'Corporate Governance Excellence Award 2016' from the Honorable Commerce Minister of Bangladesh*

In a proud moment for MJL Bangladesh Limited, our Company won the prestigious '4th ICSB National Award for Corporate Governance Excellence, 2016' in the Engineering, Fuel & Power Companies category. This is the second time that our Company has been conferred with this prominent award, having been bestowed with the '2nd ICSB National Award for Corporate Governance Excellence' under the Fuel and Power category in 2014.

The Institute of Chartered Secretaries of Bangladesh (ICSB) introduced the Corporate Governance Excellence Award in 2014, representing the first such instance and an active encouragement to companies to embrace the highest standards of governance. Instituted under different categories, the awards are conferred to deserving companies on the basis of comprehensive evaluation done by independent technical committees. The jury board is presided by the country's eminent personae who review the recommendations of the technical committees before making their final judgment.

Importantly, the basis of our evaluation was anchored on our Annual Report, 2015-16.

Mr. Tofail Ahmed, MP, Hon'ble Minister, Ministry of Commerce, Government of the People's Republic of Bangladesh, graced the occasion as the Chief Guest and handed over the trophy to our CEO, Mr. M.

Mukul Hossain, in a grand ceremony held on 30 November 2017 at Bangabandhu International Conference Center, Sher-e-Bangla Nagar, Dhaka. Mr. Shubhashish Bose, Hon'ble Secretary, Ministry of Commerce, Government of the People's Republic of Bangladesh, and Dr. M. Khairul Hossain, Hon'ble Chairman, Bangladesh Securities and Exchange Commission (BSEC), graced the occasion as special guests.

At MJL Bangladesh Limited, this award represents a validation of our quest for excellence in everything we do. As a premier lubricant solutions-driven enterprise with a large and growing customer base, we consider it to be our responsibility to set a benchmark in adhering to the highest standards of governance, as stipulated by the regulatory authorities, and to consistently update our practices in line with the evolving requirements that are expected of us. Our Board of Directors, enriched with diverse and robust experience, helms and oversees our governance practices, while also providing a broad direction to our efforts. With the spirit of compliance embedded into the culture of our organisation, each of our team members is cognizant of their responsibilities which together ensure that we observe, document and report compliance – embracing the law in both letter and spirit. With such a culture and commitment, we reaffirm our pledge to making corporate governance an integral part of our business.

## Performance Recognition Award 2018–Distributor Field Marketing Coordinator



*Mohammad Mosfequn Kaiser, Assistant Manager- Field Marketing is receiving 'Distributor Field Marketing Coordinator Award' from the representatives of ExxonMobil*

The objective of the Performance Recognition Award program is to recognize distributors' performance by ExxonMobil Asia Pacific Pte Ltd (EM) through sales, marketing and field engineering staff. EM intends to recognize outstanding performance in specific marketing programs and new initiatives for efforts in driving the business forward.

In 2018, MJL Bangladesh Limited was recognized for a substantive and far-reaching marketing campaign that helped achieve significant business growth through successful promotions, full-cycle execution and excellent implementation of the marketing campaign on the occasion comprising the launch of a new commercial vehicle lubricant product, Mobil Delvac Super 1400, during the period from December 2016 to June 2017. Under the campaign, a comprehensive BTL program was initiated throughout Bangladesh, targeting major bus and truck stations and adjacent major lubricant markets of the country and

was further enriched with a consumer promotion offer for every user. The campaign represented an unmatched team effort consisting of field marketing and sales team members. The campaign was led by Mr. Mohammad Mosfequn Kaiser, Assistant Manager - Field Marketing who was awarded under the DFMC (Distributor Field Marketing Coordinator) category out of all the fully distributor served markets of EM in the Asia Pacific North Zone. Interestingly, the 'Winner's Circle' for 'Performance Recognition Award' was one of the most contested awards selected by ExxonMobil for the Asia Pacific region.

Mr. Kaiser coordinated the launch campaign, including product launch through road shows, activation inside bus and truck terminals and consumer promotion and merchandising. Field marketing and sales teams executed the project seamlessly in each territory, which created a strong buzz in the lubricant market. The attempts were appreciated by stakeholders and thus the product orientation to the channel was achieved smoothly and with much success.

Md. Shariar Shahadat Bulbul, Manager-Sales & Marketing, MJL Bangladesh Limited, was also among the 15 winners of the award in the Distributor Sales Representative category. He won the award for his outstanding sales performance, driving customer awareness and high volume sales of Mobil lubricants.

The winners were awarded with stunning crests, exclusive passes to the Grand Stand of the Singapore Grand Prix, 2018, and were also exposed to some entertaining team-building exercises.



*Md. Shariar Shahadat Bulbul, Manager- Sales & Marketing is receiving award under 'Distributor Sales Representative Category' from the representatives of ExxonMobil*

## OPL honored with the 'Best Private LPG Operator Award' of Bangladesh, 2018



Mr. Azam J Chowdhury, Director of Omera Petroleum Limited is receiving 'Best Private LPG Operator Award' from the Honorable Prime Minister, Government of the People's Republic of Bangladesh, Sheikh Hasina

Ministry of Power, Energy and Mineral Resources of Bangladesh organized the National Power & Energy Fair 2018 at the International Convention Centre Bashundhara (ICCB) from 6-8 September as part of celebrations under the 'National Power & Energy Week 2018'.

The objective of the fair was to encourage the power and energy sector personnel for rendering better services to consumers and also to raise awareness among the general public about renewable energy, energy efficiency and conservation, use of advanced technology, the sector's achievements and ongoing and future development plans and activities for providing better services to consumers. Hon'ble Prime Minister, Sheikh Hasina inaugurated the fair on 6th September 2018. Omera Petroleum Limited (OPL) participated

in this prestigious event as the main objective of this event aligned well with the Company's vision. Furthermore, the platform helped OPL showcase its strengths, products and services to key stakeholders in the energy sector and general visitors.

In the fair, OPL had created its own customized pavilion (as per internal brand guidelines) to foster a stronger identity for our Company and brands. In a landmark achievement, OPL received the 'Best Private LPG Operator Award' of Bangladesh. This is the second consecutive time OPL received such a prestigious honor. Indeed, the award has set a benchmark in the LPG industry and is a vindication of the Company's achievements as the country's best private-sector LPG Company and its ambitious future plans.

In a landmark achievement, OPL received the 'Best Private LPG Operator Award' of Bangladesh. This is the second consecutive time OPL received such a prestigious honor.

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**MJL Bangladesh Limited**

**Mobil**™

## Case study

**Mobil Inspection Report**  
**Mobil Industrial Lube Survey Report**  
**MJL Bangladesh Limited**  
July 8, 2017



## Mobil Industrial Lube Survey

<b>Surveyed Units</b> Denim Manufacturing Company	<b>Lube Survey Conducted by</b> Nirupam Mustafi, Manager – Industrial Lube Md. Mofakkirul Islam – Lube Engineer MJL Bangladesh Limited
<b>Location</b> Hobigonj, Sylhet	
<b>Survey Date</b> July 3, 2017	<b>Factory Contact</b> AGM – Engineering Dept.
<b>Reporting Date</b> July 10, 2017	

**Dear Sir,**

As per the request from your esteemed good company, we have conducted lube survey on July 3, 2017. All the equipments have been physically inspected to find out the appropriate recommendations/specifications of lube oil/grease. We could not locate some of the manuals due to time constrain but find that they were operated by erectors'/equipment suppliers' recommended lube oil. Please find, lube chart that has been developed equipment wise. Please note, we have developed this chart based on ExxonMobil's current product line. Please follow the makers' manual's instruction for selecting proper lubricants. Also consult with maker prior using the oil into your machine.

For any further query, feel to free to contact us.

Thanks and best regards,



**Nirupam Mustafi**  
Manager - Industrial Lubricant



### Mobil products for all units

SN	Application Point	Current Brand	Equivalent Mobil Brand	Remarks
1	Bearing	Mobilith SHC 460	Mobilith SHC 220	
2	Bearing	Mobilith SHC 460	Mobilith SHC 220	
	Belt	Kluber NBU 12	Mobilith SHC 220	Bearing housing must be cleaned completely
3	Bearing	Mobilith SHC 460	Mobilith SHC 220	
4	Bearing	Mobilgrease XHP 222	Mobilux EP 3	
5	Bearing	Mobilux EP 2	Carry On	
6	Brake-Clutch	Mobil Brakefluid DOT 4	Carry On	
7	Bearing	Mobilgrease XHP 222	Carry On	
8	Hydraulic	Mobil DTE 24	Carry On	
9	Various	Mobil SHC 629/630, Mobilgear 600 XP 150/320	Carry On	
10	Cam Motion	Shell Gadus S2 V220 2	Mobilgrease XHP 222	
		Fuchs Gelitmo 585M	Not Available	Solid lubricants

### Technical Service

Since inception, Mobil believes in Quality and Performance. That is why, we sell the solution to our values clients not the lubricants. We arrange training seminar and workshops in a regular interval. Your kind participation is highly appreciated. Moreover, we also perform machinery inspection regarding the lubricants issue. MJLBL management is pleased to inform you that, you will be entitled to get 06 (six) free used oil tests in a year subject to lifting the full range products used in your enterprises.

For any further technical support/query feel free to contact us.

Thanks and best regards,



**Nirupam Mustafi**  
Manager - Industrial Lubricant

# VALUE CREATION



At MJLBL, our value creation philosophy shines the brightest when we focus on keeping our customers at the center of our universe.

# About our Integrated Report

As a Company with a strong global pedigree, we believe that a community-minded worldview is integral to our long-term success and represents a consistent level of integrated thinking, which we continue to deepen within our organisation.

## Integrated thinking and reporting

With globalisation blurring geography and businesses integrating with the global economy, integrated thinking is as much a macro-phenomenon as it is an intra-organisation micro-occurrence. At MJL Bangladesh Limited, our Group strategic construct corresponds to the capitals model of value creation, adopted by the International Integrated Reporting Council (IIRC). Adopting the six capitals categorisation based on our understanding of the IIRC's guidance, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long-term. We have structured this report using the capitals to enable us to plot the inter-relationships between them in relation to our corporate and business unit strategies.

With our 2017-18 Annual Report, we aim to provide a concise and transparent appraisal of our material value-creation issues. This report should be read in conjunction with the full financial statements as our report seeks to provide an account of our Company's leadership position and strategic performance, its use of capitals for value creation and risks, opportunities and prospects.

We remain committed to ensuring maximum and relevant disclosure on our most material issues and our strategic performance. As a leader in the Bangladesh lubricant industry and aligned with our pedigree that is enshrined in our status as a strategic alliance partner of ExxonMobil and the sole distributor of Mobil products in Bangladesh, our report captures considerable detail that is structured to help our investors, analysts, equity market participants and all other interested parties to understand our business and our prospects in greater detail.

## Scope and boundary of this report

This report covers the period from 1 July 2017 to 30 June 2018. It concerns the leadership and operations of MJL Bangladesh Limited

and its subsidiaries, whose business model and operations are described in this report.

Certain statements in this document constitute forward-looking statements, which involve known and unknown risks and opportunities, other uncertainties and important factors that could turn out to be materially different following the publication of our actual results. These statements speak only as of the date of this document and the Company or its subsidiaries undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document.

## Management responsibility

Management together with our internal audit team and risk committee, takes responsibility for this report. All our concerned management members were given several opportunities to review and comment on the contents and to ensure the report's integrity. The management is satisfied that this report addresses the material issues and accurately presents the integrated performance of the Company and its subsidiaries.

## Report enhancements

Every year, we work towards enhancing our reporting suite in our annual report. Improvements this year include:

- A more comprehensive discussion on each of the six capitals and their impact
- Relationships and trade-offs between our various capitals
- Ground-level perspectives of our different team members across their departments/ area of expertise

Thank you for your interest in our 2017-18 Annual Report and in our business.



**M. Mukul Hossain**  
Chief Executive Officer

# Our operating business model

## Our business

At MJL Bangladesh Limited, we manufacture and market a wide range of lubricant products that are essential resources for a large number of industries. Going beyond the apparent however, we bring to Bangladesh the world-class Mobil lubricants portfolio and, in doing so, serve our customers with top-notch products and solutions, provide a knowledge-driven and inspiring workplace environment for our employees, contribute meaningfully to the nation's exchequer for sustaining socio-economic progress and offer our resources and ideas for improving the living conditions of communities living at the grassroots.

## Our relationships are at the heart of our business model

At MJL Bangladesh Limited, we believe that relationships drive returns. As a result, we are focused on strengthening the quality of relationships with all the constituents of our stakeholder ecosystem. For our shareholders, we have come to represent a sustainable long-term value enhancement platform as our business provides them with a direct exposure to Bangladesh's strong and growing economic prospects. For them, we have also come to represent a model of governance and disclosure as we regard ethics above everything else. For our employees, we have come to represent an exciting workplace where they can build and advance their careers. We provide them with rich exposure to cutting-edge industry practices, helping them sharpen their skills and providing them with performance-linked rewards. Furthermore, our products not only keep the wheels of progress in motion, but our exchequer contributions also ensure resource availability for the government to meet its fundamental constitutional objectives. Notably, our exchequer contributions stood at Taka 1,653 mn in 2017-18. Our business also enables us to sustainably generate resources that we invest in community development. During the year under report, our CSR expenditure stood at Taka 27 mn, which is up 418% YoY.

## The various facets of our business model

At MJL Bangladesh Limited, we operate an integrated business model that enables us to strengthen customer service on the one hand, while also allowing us to capture value across each point of the operational chain on the other. The various facets of our operating business model is described below.

**Sourcing:** We source a large number of high-quality base oils that represent the core stock in the production of lubricants. In an essential differentiator from the usual industry practices, we source our key resources only from the ExxonMobil-mandated global vendor ecosystem, which assures us of quality and timely delivery. This enables us to produce superior high-performing lubricants that strongly benefit our customers' operational activities.

**Production:** We operate a state-of-the-art lube oil blending plant (LOBP) that has been ranked among the best in Asia by ExxonMobil. Located in Patenga, Chattogram, the plant conforms to the highest standards of our parent and the fully-automated processes ensure that lubricant products are manufactured exactly as per the mandated specifications and without any deviations whatsoever. Our LOBP represents a major differentiator and a significant competence driver in a crowded industry with duplicitous practices.

**Branding and marketing:** Our Mobil range of branded lubricants offer well-defined qualitative as well as quantitative benefits across a wide range of core sectors and other industries. Moreover, our well-structured marketing activities help boost awareness on the importance of using quality lube oils and our expansive on-ground presence enable maximum outreach among influencers as well as end-users.

**Distribution:** Our extensive and expansive distribution network spanning the length and breadth of the country is able to facilitate next-day delivery to customers. Our network comprises national distribution hubs and regional/ local distribution centres. The network has a cumulative warehouse capacity of approximately 40,000 barrels, ensuring speedy and cost-effective customer delivery.

**Customer service:** We offer our customers the complementing set of world-class products backed by knowledge-driven services. Our robust technical personnel and product specialists enable world-class lube oil investigation with suggestions and implementations that directly benefit our customers. Our robust technical knowledge, insights and understanding are unparalleled in the industry.

**Customer outreach:** All our efforts are directed towards providing our customers

with strong tangible benefits. Towards this extent, our world-class research and development activities, our robust innovation programs and our dedicated customer service teams help our customers strengthen their business competence and advantages. By ensuring gold standard in customer service, we are able to meet their expectations, which enables us to emerge as a reference point for a vast range of industries of Bangladesh.



**Living our focus on competency enhancement**

*“To me, if there is one distinguishing aspect of our business model, it has to be our people. The strength of our intellectual capital, the relevance of our human resource practices, the quality of our training programs and the transparency that we share among our people are unmatched in the industry. Unquestionably, our people are fundamental to our long-term growth and success.”*

**M. Mukul Hossian**  
Chief Executive Officer

# Our competitive advantages

Our competitive advantages are a fundamental part of our business model and our value creation aspirations. Today, our several structural competitive advantages have allowed us to build a strong 'moat' around our businesses, enabling us to thwart competitive pressures on the one hand while successfully capitalising on industry-level opportunities on the other.

## Competitive Advantages

## Sources of Competitive Advantage



Brands

- Status as ExxonMobil strategic partner and exclusive distributor of Mobil in Bangladesh
- Strong portfolio of Omera brands helping capture value across the demand spectrum
- Sustained addition to brand portfolio



Scale

- Enduring relationships with over 4,500 customers across the country's industrial landscape
- Strong 1,500-point on-ground presence, paired with several retail brand and activation programs
- Emphasis on targeting new customers



Integration

- Well-integrated operational chain enabling stability in a volatile industry
- Robust value chain also enables maximum value capture across the price cycle



Diversification

- Well-diversified businesses across the lubricants, logistics, clean energy and lube oil trading sectors
- Continuous exploration of synergistic and complementary business opportunities



Human resources

- Rich promoter experience in the global fuel, energy and petrochemicals businesses
- Highly experienced, professional and committed human resources
- Continual emphasis on training and skills development with exposure to best business practices



Strategic ventures

- Strong capital base supports strategic diversification
- LPG businesses have created the requisite scale for reinforcing industry presence
- Strategic 53-bigha land acquisition strengthens future preparedness for expansions, etc.



Compliances

- We have emerged as an industry reference for adherence to all regulatory/statutory compliances, which has reinforced our license to operate
- Our solid market reputation based on trust and transparency represents an unmatched intangible asset

# Value creation using our capitals

We operate our business model in a social, environmental and human context from which we derive our sustainability. We create meaningful value for a broad range of our stakeholders, while doing everything possible to minimise our environmental impact

## Introduction to our six capitals

Our capitals model of value creation is anchored on our six capitals, described below.

### Financial capital

This capital relates to the funds we obtain from capital providers that we use to support our business activities and invest in our strategy. Financial capital, which materially includes reserves generated through share capital and retained profits generated from our operations, is used to fund our business activities and our growth plans.

### Manufactured capital

This capital relates to the output generated out of our operations. Through the prudent use of our financial capital, we invest in and sustain globally-benchmarked operations that also help protect and preserve our natural capital.

### Natural capital

This capital relates to the natural resources on which we depend to create value. As a group engaged in the fuel and energy businesses, we focus on our manufacturing

capital in such a way that it promotes the preservation/sustenance of the environment while minimizing the reduction of our natural capital.

### Human capital

This capital relates to our people and our recruitment and retention strategies. Our undivided focus on our human capital enables us to grow and utilise their skills, capabilities, knowledge and experience to improve and develop products and services that meet the needs of our customers across diverse industries and regions.

### Social and relationship capital

This capital relates to the cooperative relationships we have with our customers, capital providers, regulators and other stakeholders that helps us remain socially-relevant and operate as a responsible corporate.

### Intellectual capital

This capital relates to the knowledge of our people and our intellectual property, brand and reputation and is linked with our financial, human, natural and manufacturing capital, given the nature of our business.

## Value creation chart leveraging our capitals

### Inputs:

*Natural capital*

### Resource consumption

	2016-17	2017-18
Electricity consumed (KWh)	115,498	133,238
Water intake (Cubic meter)	2,368	2,700

*Human capital***Employees**

	2016-17	2017-18
Permanent staff base	157	166
Training spends (Taka mn)	11	9

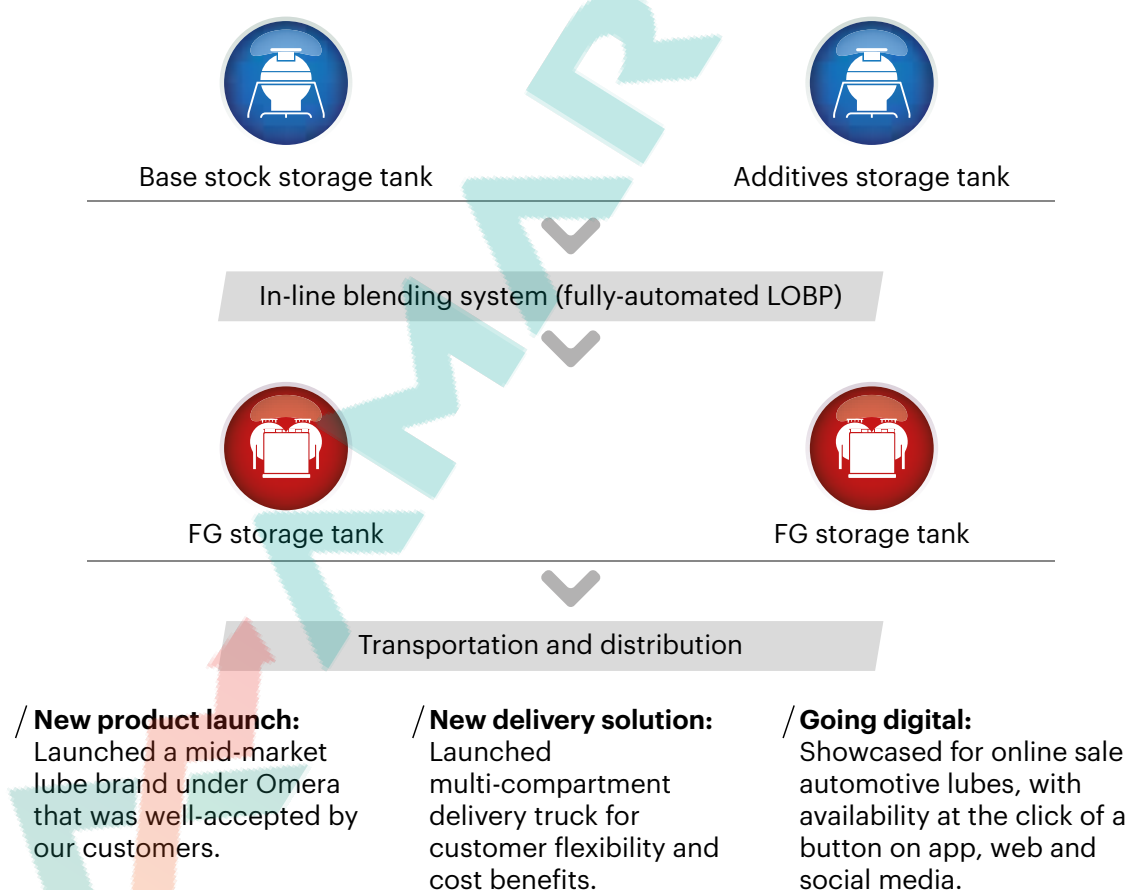
*Financial capital***Funds**

	2016-17	2017-18
Equity (Taka mn)	10,619	10,216
Borrowings (Taka mn)	3,285	1,340

\* All the numbers have been presented on solo basis

**Our working business model:**

We produce a large portfolio of lubricants based on proprietary formulations and supply them to a vast range of industries for use in multi-fold applications. This is the heart of our business model and, in sustaining it, we provide direct as well as indirect employment opportunities, while making consistent contributions to the exchequer.

**Our value chain**

**Outputs and outcomes:***Financial capital***Shareholders, investors**

	2016-17	2017-18
Revenue (Taka mn)	8,079	8,431
EBIDTA (Taka mn)	2,726	2,498
Net profit (Taka mn)	1,985	1,761
Earnings per share (Taka)	6.58	5.84
Cash dividend (%)	45	45*
Stock dividend (%)	-	5*

\* Proposed

*Human capital***Employees**

	2016-17	2017-18
Injuries and accidents (major)	Nil	Nil
Salaries and wages (Taka mn)	351	339
Benefits and welfare expenses (Taka mn)	7.1	6.9

*Manufactured capital***Customers**

	2016-17	2017-18
Major industrial customers	4,000	4,500

*Social and relationship capital***Local communities, suppliers, exchequer**

	2016-17	2017-18
CSR beneficiaries	2,000	3,000
CSR expenses (Taka mn)	5.2	27
Procurement spends (Taka mn)	4,399	5,683
Taxes contributed (Taka mn)	688.7	522.5

\* All the numbers have been presented on solo basis

**Trade-offs:**

In 2017-18, we mobilised significant long-term debt for funding vessel acquisition under our oil-tanker unit, for procuring a 53-bigha land parcel and for subscribing to a subsidiary company's rights issue (OPL).

**Manufactured capital**

Our end-consumption markets had to absorb the price hike, which had a trade-off on our manufactured capital. However, the fact that lube oil expenses in a manufacturing establishment are only a small part of the overall operational expenses, there was no major impact on our large industrial customers.

**Financial capital**

Increased debt mobilisation had a trade-off on our financial capital, increasing our consolidated debt-equity ratio to almost 0.80 during the year. However, with strengthening repayment capacities, we expect normalisation in our debt levels in the medium-term.

**Natural capital**

Increasing commercial production had a trade-off on our natural capital, though we are focusing on reinforcing our operational capabilities to minimise wastages and strengthening our environmental compliances.

**Tactical priorities:****People**

Rise up to the expectations of our customers through living our preferred behaviours

**Communities**

Support communities through extending help for social and societal development

**Customers**

Grow customer loyalty and market share; focus on delivering operational and digital excellence

**Shareholders**

Achieve growing profitability and a strong balance sheet and maintaining consistent dividend payment track record

# Strategy and resource allocation

The prudent allocation of our resources is driven by our inherent focus on strengthening efficiencies, pruning costs and optimising productivity. We also enhance our resources to differentiate ourselves and for maximising long-term value creation.

Resources	Allocation/utilisation	Success indicators	Quantitative impact
<p><b>BRAND</b></p> <p>A strong brand is an important business driver and allows us to compete locally as well as regionally.</p> <p><b>READ MORE ABOUT THIS IN OUR VALUE CREATION ENABLERS SECTION</b></p>	<p>Strategic brand extensions under the Mobil as well as Omera lube oil brands have found strong acceptance.</p> <p>Our modern LOBP, ExxonMobil-certified operations and vendor ecosystem and world-class proprietary formulations has enabled us to win brand trust and loyalty.</p>	<p>Brand recall anchored on strengthening asset efficiency and durability with premium pricing. Our Mobil Delvac 1, Mobil SHC and Mobil 1 brands are among the reputed lube oil brands in the country.</p>	<p><b>3.5%</b></p> <p>Lube oil sales volumes CAGR over the past five years</p>
<p><b>CUSTOMER RELATIONSHIPS</b></p> <p>Putting customers at the heart of everything we do helps differentiate ourselves in a commoditised industry, enabling us to build long lasting relationships and deepen share of wallet.</p> <p><b>READ MORE ABOUT THIS IN OUR VALUE CREATION ENABLERS SECTION</b></p>	<p>Our knowledgeable technical personnel and application specialists help solve customer lubrication issues, strengthening our service orientation. Furthermore, our ongoing technical programs, including lube oil surveys and clinics, helps in reinforcing customer relationships.</p>	<p>Our year-long customer visits and interactions, technical programs and various lube oil services has helped us create enduring relationships with over 4,500 industries in Bangladesh.</p>	<p><b>99%</b></p> <p>Of our major industrial customers have been with us for the past few years</p>
<p><b>EMPLOYEES</b></p> <p>A lean, agile and engaged workforce enables us to react quickly to opportunities. Besides, our employees are the face of our brands.</p> <p><b>READ MORE ABOUT THIS IN OUR HUMAN RESOURCE REPORT</b></p>	<p>One of our key priorities is to future-proof our organisation and, towards achieving this goal, we equip our people with the necessary skills and tools for reinforcing organisational competitiveness.</p>	<p>Our employee capital truly reflects an invaluable asset as the knowledge, experience, commitment and energy of our people has helped create strong value enhancement foundations.</p>	<p><b>6%</b></p> <p>Our average attrition rate, much lower than the industry average</p>

\* All the numbers have been presented on solo basis

Resources	Allocation/utilisation	Success indicators	Quantitative impact
<p><b>FINANCIAL</b></p> <p>Our strong capital base has enabled sustained operational continuity that has helped in consistent stakeholder value creation.</p> <p><b>READ MORE ABOUT THIS IN OUR STRATEGIC PERFORMANCE OVERVIEW</b></p>	<p>Our prudent and conservative financial approach has helped preserve the quality and strength of our balance sheet, while ensuring operational sustainability, despite our businesses being capital-intensive in nature.</p>	<p>Our net worth has grown consistently, our ROCE is among the industry's highest and we have the track record of never having defaulted on our liabilities.</p>	<p><b>4%</b></p> <p>Net worth growth YoY</p>
<p><b>NATURAL CAPITAL</b></p> <p>Being in the energy business, we impact the natural environment directly in terms of our operations, as well as indirectly through our customers and suppliers.</p> <p><b>READ MORE ABOUT THIS IN OUR SECTION ON VALUE CREATION USING OUR CAPITALS</b></p>	<p>We recognise the importance of climate change and are committed to reducing our environmental footprint as well as influencing our customers towards more sustainable operations.</p>	<p>We work with the ExxonMobil supplier ecosystem, that have audited operations with world-class environmental management systems. We also operate a showpiece industrial plant (LOBP) that is a visible indication of our high-quality environmental governance standards.</p>	<p><b>0</b></p> <p>Discharge and emission levels at our LOBP</p>
<p><b>SOCIAL RELATIONSHIPS</b></p> <p>We recognise that not all returns can be found in the financial statements and our licence to operate comes from the society.</p> <p><b>READ MORE ABOUT THIS IN OUR SUSTAINABILITY REPORTING SECTION</b></p>	<p>We endeavour to play a meaningful role in the communities residing around our operations and beyond.</p>	<p>We engage in holistic societal developmental activities, extending a helping hand to communities that need it the most.</p>	<p><b>418%</b></p> <p>Growth of our CSR expenditure YOY</p>
<p><b>DIGITAL CAPITAL</b></p> <p>We created an additional sales platform during the year by venturing online.</p> <p><b>READ MORE ABOUT THIS IN OUR VALUE CREATION ENABLERS SECTION</b></p>	<p>We took the lead in improving customer service and experience by creating an integrated online sales platform across our website, mobile app and social media.</p>	<p>We received a promising response to our online presence during the year.</p>	<p><b>28</b></p> <p>Mobil SKUs offered in online platform</p>

\* All the numbers have been presented on solo basis

# Michael Porter's five forces of competitive analysis

## Overview

Michael Porter's five forces of competitive position analysis was developed in 1979 by Michael E. Porter of Harvard Business School as a straightforward framework for assessing and evaluating the competitive strengths and position of a business organisation. Notably, this theory is anchored on the concept that there are five forces that determine the competitive intensity and desirability of a market.

Porter's five forces help to identify the typical levers of a business that is useful both in understanding the strengths of an organisation's current competitive position and the strengths of a position that an organisation may look to move into in the future. By understanding the position of the power balance, the theory can also be used to identify areas of strength and to also improve weaknesses.

## The five forces of competitive position analysis

**1. Supplier power:** This force of competitive position analysis represents an assessment of how easy it is for suppliers to drive-up prices. This is driven by the following:

- The number of suppliers of each essential input
- The uniqueness of the company's products or services
- The relative size and strength of the supplier
- The cost of switching from one supplier to another

**2. Buyer power:** This force represents an assessment of how easy it is for buyers to drive prices down. This is driven by:

- The number of buyers in the market
- The importance of each individual buyer to the organisation
- The cost to the buyer of switching from one supplier to another

**3. Competitive rivalry:** The principal driver of this force is the number and capability

of competitors in the market. As a natural explanation, many competitors offering undifferentiated products and services will reduce market attractiveness, also impacting the long-term viability of the industry.

**4. Threat of substitution:** This force is especially expedient in the analysis of commodity industries and businesses operating within it. Close substitute products might increase the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of the suppliers as well as the attractiveness of the market.

**5. Threat of new entry:** Profitable markets attract new entrants that tend to reduce the pricing power of incumbents and subsequently erodes profitability. Unless incumbents have strong and durable barriers to entry, which has also been often described as a businesses' competitive 'moat', then profitability will decline to a competitive rate.

In today's times when most large-scale organisations are impacted by the effects of globalisation, specifically governmental trade policies, this is yet another force that needs to be reckoned with in the competitive analysis framework.

## Michael Porter's analysis with respect to MJL Bangladesh Limited

As an organisation that is anchored on the disclosure of information that can be valuable for our investors, we have presented below the Porters' framework with respect to our Company. This representation will help our stakeholders understand our competitive strategies that have an impact on our profitability as well as the factors that can influence the position of our business in the industry.

At MJLBL, we are focused on sharpening our differentiation by complementing our products with strong knowledge-driven solutions that has helped us beat the commodity trap on the one end while also enabling us to thwart competitive pressures on the other.

Furthermore, some of our other core advantages that have enabled us to reinforce

our competitive position, include:

- ExxonMobil heritage
- Our leadership positioning with a 26% share of the country's lube market and over 70% share in industrial lubricants in the country
- One of the world's most sophisticated technology-driven lube blending plants
- ExxonMobil audited and specified global base stock suppliers, helping take out supply and pricing risks to a large extent
- Pervasive retail presence across over 1,500 POS with ongoing training on the superior characteristics of our products
- Strategic and complementary diversification into other businesses, including global petrochemicals shipping logistics, LPG bottling and cylinder manufacture and bulk LPG supply, including auto-gas, while also creating an exploratory presence in lube oils in other fast-growing nations like Myanmar (some of these businesses are under subsidiaries/step-down subsidiaries)
- A strongly-experienced, committed and motivated team with unparalleled insights into the various aspects of the lube oil/ LPG value chain
- Transparent and rigorous stand on governance, compliance, ethics and our code of conduct

**SUPPLIER POWER:**



- Existence of a large number of chemical and base stock suppliers
- Supplier pricing power as much related to crude prices as to competitive pressures
- In the LPG business, supplier power is relatively high as LPG supply is almost monopolistic; however, LPG prices are linked to crude
- Steel is also an essential input in LPG cylinder manufacture and supplier pricing is almost neutral, it driven by raw material/market forces

**THREAT OF NEW ENTRANTS:**



- Relatively high, especially for lube oils
- For LPG, this is relatively high as entry is being encouraged by the government
- Barriers to entry include high capital investments, technical knowledge, strong distribution network, environmental clearances and customer service

**BUYER POWER:**



- High, as though lubes/LPG are non-substitutable products, there are a large number of players facilitating easy switchover
- Influence of dealers/distributors at the retail level is also high as they are the primary influencers to end-customers
- Retail large-scale unawareness of branded lubes presents challenges for the organised sector

**THREAT OF SUBSTITUTES:**



- This threat is low as lubes are non-substitutable products
- This threat is moderate for LPG as the preference for this fuel resource is government driven as of now; however, the depleting natural gas reserves make a compelling case for sustained LPG demand in the future

**COMPETITIVE RIVALRY:**



- Several competitors
- Commoditised product
- Relatively low customer loyalty

**Competitive force gradient:**

High Moderate Low

# Technology and operations

At MJLBL, our relentless focus on operational excellence enables us to get the most out of each of our assets, while enabling higher levels of sustainability across the commodity cycle.

## Operational excellence

Our operations skills are a major competitive advantage, especially in a complex environment. We use proven systems, technologies and processes to guide the planning, design and execution of our operations, enabling us to reduce costs and cycle times, while ensuring the highest levels of customer reliability. Our lube oil blending plant (LOBP) is a showpiece industrial facility located in the port city of Chattogram and is one of the best such industrial plants anywhere in the world. Our LOBP was awarded a 3.8/4 ranking (QP&G 3PIMS) in the 2017 ExxonMobil audit, which certified our adherence to best-in-class processes and practices in processing proprietary lubrication formulations in our state-of-the-art and fully-computerised in-line blending system. Our environment compliance is also reflected in our zero discharge and nil emissions plant, which is also equipped



## Living our operational excellence assurance

*“Our integrated lubricants organization provides high-value products and services to our customers, underpinned by our world-class manufacturing and supply chain, which empowers customer efficiency. Our commitment to technology, operational excellence, brand and sustainability continues to deliver greater value for our customers and shareholders.”*

### Engr. Salah Uddin Ahmed

General Manager and In-Charge of Plant

**READ MORE ABOUT OUR LOBP IN OUR BUSINESS SECTION: LOBP – THE HEART OF OUR BUSINESS**

with highly responsive emergence response technologies and systems. One example of this is our modern dyke system that enables effective oil spillage control as well as the monitoring of waste oil.

Our subsidiaries that are engaged in LPG businesses also embrace the most modern safety control systems and processes. Moreover, Omera Gas One (OPL's subsidiary), has a JV with Japanese energy behemoth, Saisan Co., which will enable state-of-the-art technology transfer for LPG bulk handling and storage that will further enable us to enrich our insights into the business.

### Vibrant supply chain

The principal objectives of our supply chain is to enable sourcing diversification and cost control on the one hand, while ensuring supply-side reliability for operational sustainability. Our global base stock suppliers have been certified and endorsed by ExxonMobil. During the year under review, we engaged in the diversification of group 3 base oils, as well as entered into agreement with a few major base oil suppliers in Korea for our Omera & Mobil products. We also launched an innovative logistical solution for our customers in the form of a multi-compartment delivery truck that opened up the procurement flexibility for them while also optimising unit costs. The asset has been designed in-house and we expect to add more such vehicles in the future. Going forward, we intend to enlist new logistics partners in our supply chain while also engaging in global discussions with base stock suppliers in light of the expected upcoming lube launches.

### Customer service

We have a full-fledged team of engineering field staff, technical experts and product application specialists that ensure strong customer service and help in our customer management and retention strategies. This team not only dependably responds to customer issues but also conducts technical activities in the form of large-scale multi-year lube seminars for industrial workers, lube clinics at factory premises for raising awareness and showcasing the importance of branded Mobil lube oils in operations and lube surveys that comprises a comprehensive inspection of industrial units and report generation for defining the future course of action for the company management. The LOBP facility also houses our modern oil testing facility that checks products through 17 parameters using state-of-the-art equipment and processes.

### Our emphasis on safety

Our robust safety track record is a reflection of the way we run our business. Achieving safe and environmentally-responsible operations across our locations is the outcome of significant commitment from all our employees at all levels of the organization. Notably, our success in safety is the result of a disciplined and rigorous approach, which also helps drive operational reliability with a positive impact of financial sustainability. During the year, we continued to have no significant/life-threatening injuries. This result is drawn out of our relentless focus on identifying and eliminating high-potential-consequence events, anchored on time-tested and integrated safety processes.

# Brand and marketing

At MJLBL, our vision for responsibly and ethically serving the interests of our nation is realised by our Mobil lube oil brands that have come to be respected for efficiency and superiority with a strong value connotation.

## Brand origin

When we ventured into the Bangladeshi lube oil market, we saw unparalleled opportunities in terms of introducing superior quality branded lube oils in a market that was crowded with unbranded and generic branded products with questionable product claims. Through our association with ExxonMobil as their strategic partner and exclusive distributor of Mobil products in Bangladesh, we have brought to the country lube brands that are comparable with anywhere else in the world. With such a strong product pedigree, we not only cater to the largest industrial customer base vis-à-vis any other player in the market but also occupy an unmatched share of 26% of the lube oil market in Bangladesh. Today, we are also on a mission to educate our customers and our users on the beneficial importance of using branded Mobil products and we see tremendous opportunity in doing so.

## Hello digital

Taking a clear lead in the lube oil market, we launched our focused digital e-commerce strategy by putting our automotive lube oil portfolio for sale on our website, mobile app and social media. This initiative is

underpinned by the fact that the large working age population of the country will turn into a huge online consumer pool with growing smart devices penetration, rising high-speed internet connectivity and increasing payments integration within the ecosystem. This initiative is also a part of our omni-channel sales strategy where we provide our customers the convenience of purchasing our products from the comfort of their homes or offices.

## Brand highlights

During the year, we focused our efforts on widening the Mobil and Omera brand recall and, towards this extent, extended branding support to our technical services team when they visited customer premises. We also helped our automotive sales and field marketing teams to tailor structured and occasion-based trade-marketing communication materials, POSMs and Mobil merchandise items to enable sales conversion. We also launched a mid-market lube oil product under our Omera brand and provided extensive branding and marketing support with a view to enhance customer awareness about the new launch. This product received a good response from our customers.

## Living our brand

*"We are very proud of the fact that Mobil is the only lubricant brand in Bangladesh which is offering online sale of the products across all major digital platforms of the country. The response from the customers looks very promising and this is where the future lies. Constant innovation is the key to market leadership. Introducing the online sales across all digital platforms is an important milestone for us. We hope to bring more pleasant surprises for our customers in the future."*

## Syed Ghulam Dastagir

Head of Brands and Market Communications

# Human resource report

The engagement, efficiency and energy of our people is vital for us to achieve our purpose of helping businesses and customers prosper.

## Statement of human capital

At MJL Bangladesh Limited, we believe that our employees are the key to our success and nothing can be achieved without their active engagement. Our Company has always been passionate about human capital management while embracing initiative to them explore their potential and nurture their talent to enable them to perform to the best of their abilities. Hence, we always stay focused on improving employee motivation, competence, skills and commitment to deliver all that is necessary to get positive results on sustainable basis.

## Employee empowerment

People managers have the prime responsibility for building and sustaining an environment where people have a sense of personal commitment to their work and give their best to ensure our Company's success. They care for and develop leaders for tomorrow. MJLBL's Human Resources (HR) Department enables and empowers managers across the organisation in establishing business needs and their corresponding people requirements. Such thoughtful and insightful practices have helped us create better people leaders and significantly low turnover rates.

Therefore, the mission for HR managers and their teams is to provide professional

guidance to people managers aiming to deliver superior business results by optimizing the performance of our people, while ensuring exemplary working conditions and having a good relationship between all levels of employees.

## Fostering a culture of employee engagement

MJLBL provides ample opportunities to employees and all its workers for their refreshment and rejuvenation through providing various sports facilities, such as the Annual Badminton Tournament, Last Man Standing, which is a corporate cricket tournament where various other corporate houses participate, ECG Cup, which is yet another cricket tournament played among the member organizations of the East Coast Group, etc. The Company also organizes a 'Family Day' once every year for all employees and their family members to join and enjoy a day full of fun and activities, by participating in different types of games and cultural shows.

Furthermore, MJLBL also conducts a well-structured employee orientation program for new recruits to introduce them to the senior management and familiarise them with organizational values, vision processes, strategy and employment conditions.

## Key employee metrics

67%  
Post-graduates  
and above

38  
Average age  
(years)

## Growth through training and development

Learning is an integral part of our Company's culture. Employees at all levels are systematically encouraged to consider enhancement of their knowledge and skills. The responsibility for turning these into material action is shared between employees, their respective managers and the Human Resources team. Experience and on-the-job training are the primary source of learning. Managers are responsible for guiding and coaching each employee to succeed in their current positions, while also ensuring progressive career development opportunities for their teams.

Training and development needs are annually identified through the preparation and endorsement (signing) of an Annual Training Plan (ATP) to address current and future competency requirements. Based on this plan, the management sets on-the-job and off-the-job training programs, offered by both ExxonMobil and local training providers, which creates a positive impact on the individual employee's skills, knowledge and efficiency. In 2017-18 alone, almost 11% of our employees participated in 9 foreign training programs and over 24% participated in 49 local training programs, where they were provided with comprehensive learning and skills-enrichment opportunities over single and multiple programs.

Such a steadfast importance on the development of our people, both in terms of their skills and knowledge, is essential for the sustained progress of our organisation and as a Company, we plan to proceed forward with the same culture and mind-set of nurturing an environment of growth, training and development.

## Equal opportunity employment

MJLBL believes in providing equal employment opportunities to attract, retain, develop and promote its most qualified and competent employees, regardless of their race, ethnicity, religion, gender, age, disability, veteran status, or any other such characteristics. This policy is applicable to all our recruitment and placement, promotion, training and retention practices, as well as in employment terms and conditions. Equal opportunity employment supports us in eliminating gender bias, while enabling us to prioritise equality and diversity.

## Health, safety and security

At MJLBL, the health, safety, and security of our employees and individuals likely to be affected by our business, is considered with utmost importance. As a responsible employer, we provide our employees with a secure working environment where all departments maintain their safety standards driven by specific rules and regulations. Our health and safety policy, which is endorsed by ExxonMobil, is tailored to each of our business operations and the circumstances in which they operate. It is periodically updated to reflect changes in procedures and processes that may arise in the course of time. Our management teams are also encouraged to create a supportive health, safety and security culture that recognizes the value of employee participation and engagement.

Health, safety and security also represents an important part of our employee induction process, during which we ensure that all new employees are made aware of our policies and commitment towards them as an organization. From an organizational point

5.88  
Average years  
with MJL BL

6%  
Representation  
of women in  
our workforce

of view, we maintain a strong relationship with health, safety, and environmental health regulators who regularly guide us with any findings or observations, following compliance inspections.

Containment and inspection regimes in higher risk areas, such as fuel and lubrication stores, are kept under constant review. Even though we maintain state-of-the-art fire protection equipment, fire risk protection continues to be improved at all of our plants and manufacturing facilities on an ongoing basis.

### **Living our adherence to sustain employee value**

*“Our strategy for managing our people is anchored on five core themes that include fostering a common shared culture, enhancing employee experience, nurturing target fulfilment and aligning remuneration and benefits with these, engaging in proactive talent management through sharpening our KPI framework and leveraging technology for more seamless HR management. More than anything else, we believe that our values express what we stand for and captures the individual and collective behaviours we expect from everyone who works for us.”*

#### **Nagma Mahmood**

Head of HR-Admin & Company Secretary

### **Code of conduct**

We believe growth and prosperity brings forward extra responsibilities towards the society. To pay our small part in ensuring a fairer and equal society, we have taken assertive actions like employing women in growing portions. We also implement stringent policies to remove work place discrimination. We strictly adhere to government regulations, the Labor Act, 2006, and guidelines provided by other concerned regulatory authorities from time to time.

# Information systems & technology

At MJL Bangladesh Limited we are committed to providing organization-wide secure computing environment. We try to ensure effective use of technology to integrate resources enabling efficient decision-making.

## IT Core drivers for shaping today's information to meet tomorrow's challenges

Data Security, efficient operability and administration and seamless solution integrated and sustainable IT are among the key considerations for IT operations at MJLBL. Reducing environmental impact and social risks by using energy efficient IT products, effective facilities management are few of our key focuses.

## Data Security & Data Centers

The under construction multi-storied corporate office will house the centralized Data Center which is expected to come into operation next year. While providing seamless data access to our users, this Data Center focuses on green IT by using renowned environmental compliant technologies that ensure optimum cooling and power requirement. 'Data' being key element to our business, MJLBL is also deploying a secured and modern Data Recovery center at Jashore in line with our Business Continuity and Disaster Recovery Plans.

## Living our emphasis on tech-based security

*"At MJLBL, we consider technology as an essential part of our enterprise and a key business driver. Our emphasis here is to wrap the highest levels of security around our businesses and operations and create awareness among our teams on the safe use of data, while formulating usage guidelines and building organizational resilience. Today, we are also appraising business intelligence for gathering customer insights and tailoring our go-to market strategies."*

**Shafquat Mahmud Fahmi**  
Chief Technology Officer

**Mobil™**

MJL Bangladesh Limited

Now buy Mobil™ online



\* condition apply

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# Case study

## Mobil Inspection Report Mobil Industrial Lube Survey Report MJL Bangladesh Limited July 9, 2018



## Mobil Industrial Lube Survey

<b>Unit under Survey</b> Factory Site	<b>Lube Survey Conducted by</b> Nirupam Mustafi, Manager Field Engineering Service  Mohammad Zahidul Islam, Manager Sales and Marketing  MJL Bangladesh Limited
<b>Survey Date</b> 17 July 2018	<b>Location</b> Munshigonj
<b>Reporting Date</b> 9 August 2018	<b>Site Contact</b> Advisor

**Dear Sir,**

First of all, let us thank you for all your supports and hospitality we received at site. As per schedule, we have conducted a lube survey on July 17, 2018 as a part of exclusive service for our valued clients. All the equipment have been physically inspected and consulted with the designated personnel to identify the appropriate recommendations /specifications of lube oils/greases.

We hereby submitting our lube chart separately.

Please note, lube chart is developed equipment wise and based on ExxonMobil's current product lines and information received from your factory site. We suggest you to consult with equipment's maker for acceptance of below listed Mobil products prior using into equipment.

Product Data Sheets (PDSs) are attached for our Mobil brand and for your easy reference and comparison.

For any further query, feel to free to contact us.

Thanks and best regards,



**Nirupam Mustafi**  
Manager - Industrial Lubricant

# REVIEW OF SUBSIDIARIES



At MJLBL, we have always believed that the sum of parts is greater than the whole, and present a detailed review of our subsidiaries to help our readers evaluate our performance as a Group.

# Omera Petroleum Limited

Omera Petroleum is engaged in building the popularity of LPG usage across Bangladesh and, in doing so, contributes to the energy security of the country.

## About the business

Omera Petroleum Limited (OPL), a 62.50% subsidiary of MJL Bangladesh Limited, is the largest LPG business in Bangladesh and is actively fostering the shift towards LPG in the face of depleting natural gas reserves in the country on the one hand and growing energy demand on the other, driven by growth in economic activities.

To ensure pan-Bangladesh uninterrupted LPG distribution, which is a critical part of the value chain, OPL has made significant investments in European-standard bottling and storage facilities in Mongla, Ghorashal, Bogra and Mirasharai regions of Bangladesh, with a consolidated capacity of 1 lac MTPA. Furthermore, OPL enjoys a strong competitive edge in addressing growing LPG demand in the country as it owns and operates the largest LPG bottling and storage complex in Bangladesh.

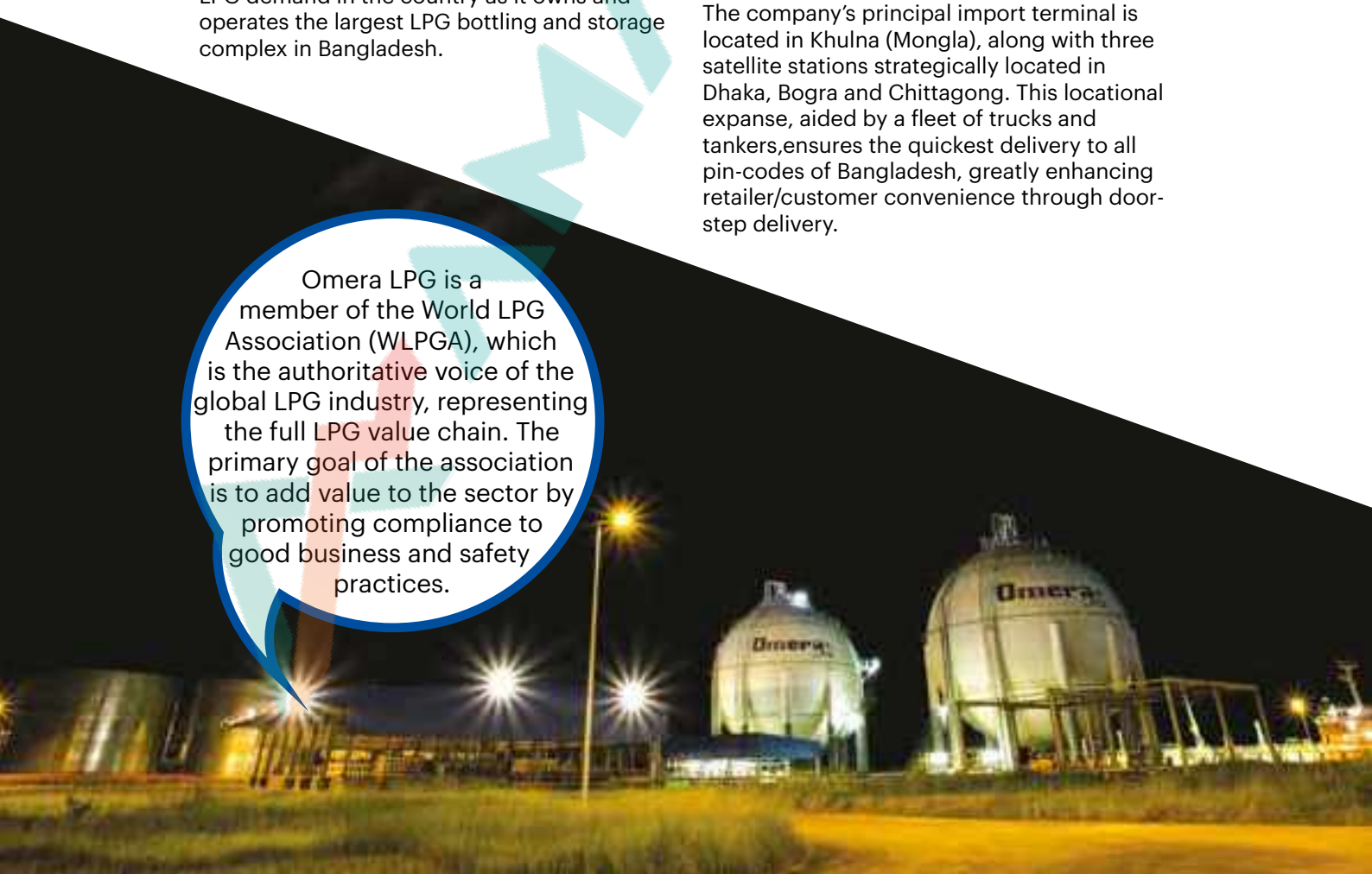
With a view to support the logistics-intensive nature of the business, OPL has significantly invested in building a LPG-carrying barge, 'Omera Princess', based on Japanese navigation and communication devices and European technology. Omera Princess is in itself a revolution in the industry, with the vessel having a capacity of 300 MT of LPG carrying capacity via river ways and coastal areas of the country.

## Focus on all-round excellence

As a frontline LPG enterprise, OPL's business model complies with the highest safety, health and environmental standards on the back of its sophisticated large-scale LPG storage and distribution facilities, including LPG storage, LPG cylinder filling centre and LPG truck loading bays.

The company's principal import terminal is located in Khulna (Mongla), along with three satellite stations strategically located in Dhaka, Bogra and Chittagong. This locational expanse, aided by a fleet of trucks and tankers, ensures the quickest delivery to all pin-codes of Bangladesh, greatly enhancing retailer/customer convenience through door-step delivery.

Omera LPG is a member of the World LPG Association (WLPGA), which is the authoritative voice of the global LPG industry, representing the full LPG value chain. The primary goal of the association is to add value to the sector by promoting compliance to good business and safety practices.



## Industry environment

The LPG industry of Bangladesh has witnessed rapid growth over the last couple of years. The demand that was under 100,000 MT in 2013, rose sharply to 500,000 MT in 2017 and is expected to touch 680,000 MT by 2018. This robust growth has largely been on the back of a strong regulatory push with the government imposing a ban on the provision for new gas lines in households across the country.

Bangladesh has an estimated 40 million households and commercial units that require cooking gas and of them, demand from only 3.7 million is met by supplying natural gas through pipeline. The demand is expected to reach 3,000,000 MT by 2025. The central government issued several licenses for LPG distribution in 2016 to promote the popularity of LPG as an alternative to natural gas, especially for cooking. The fast depletion of natural gas reserves act as a natural catalyst in the growth of LPG demand in the country.

The government targets to bring as many as 70% of families of the country under LPG coverage by 2021. The government also plans to encourage the use of LPG as autogas and replace CNG completely, which will further boost demand for LPG since the automotive industry is one of the largest consumers of fuel in the country.

## Advantages of LPG

Liquefied petroleum gas (or LPG) refers to a gaseous hydrocarbon mix of compounds primarily containing propane (C3) and butane (C4). These gases are compressed into liquid form for better transportability. The liquefied state can be achieved through processing at ambient temperature, refrigeration at atmospheric pressure, or a combination of both. Although, the pressure required to liquefy the vapour is relatively low, it allows easy storage of the liquid gas in pressurized vessels at ambient temperature.

When released, LPG reverts back to its gaseous state. Since LPG is an odourless and colourless substance, a potent odorant (ethyl mercaptan) is added in small quantities for easier detectability.

One of the significant advantages of LPG is that it is a clean and efficient fuel that emits 20% less CO<sub>2</sub> than heating oil, 50% less CO<sub>2</sub> than coal and 70% less CO<sub>2</sub> than wood. In effect, LPG makes cooking, heating and electricity generation an environmentally-friendly process.

Some of the key advantages/benefits of LPG include:

- **LPG is clean:** Clean burning with no soot production and low sulphur emissions
- **LPG is green:** When burnt, the amount of CO<sub>2</sub> produced per kWh is 81% that of oil and less than 70% that of coal
- **LPG is efficient:** It has a higher calorific value of 94 MJ/m<sup>3</sup> over liquefied natural gas (38 MJ/m<sup>3</sup>), thereby imparting greater efficiency
- **LPG is convenient:** LPG offers good storability and transportability in cylinders of various sizes to cater to demand from various consumers (bulk, household, etc.)

As a versatile fuel, LPG finds application in a number of purposes:

- **Cooking:** LPG is a preferred fuel on account of its high flame intensity and good flame controllability
- **Heating:** It provides an eco-friendly alternative to electricity and heating oil
- **Auto gas:** LPG is non-toxic, non-corrosive and clean and extends the lifespan of vehicles, while contributing to environmental preservation
- **Power generation:** LPG enables highly-efficient, decentralized power generation through self-contained generators

Parameter	CNG	LPG	Verdict
Fuel quality	Varying composition as it is not processed and supplied directly from the source (wells)	Stable, since produced in refineries under controlled conditions	LPG
Filling process	~5-10 minutes	~3-4 minutes	LPG
Vehicle performance	15-20% drop as compared with petrol-powered vehicles	3-5% drop as compared with petrol-powered vehicles	LPG
Ease of transportation	Requires a pipeline for transportation	Can be made available anywhere	LPG
Cost of dispensing infrastructure	X*	1/4X (75% cheaper than CNG)	LPG

Source: [iac.org.in](http://iac.org.in)

\* Representation purposes

## Key 2017-18 developments

During the year, we focused on making further in-roads into the country's LPG market through organising a number of trade/customer events that helped strengthen Omera LPG brand visibility, while also deepening our relationships with the consumer ecosystem, as also scouting for new customers in newer regions. During the year, we also worked on our capacity expansion plans and are on track to double our capacity to 300,000 MTPA by the end of CY2018. One of the other notable achievements was the fact that the company recorded Omera LPG sales of 123,419 MT during 2017-18 (up 42% YOY), which corresponded to revenues of Taka 8,989 mn (up 63% YOY).

On the supply-side, the year 2017-18 witnessed the entry of as many six new players with the government intention of granting new licenses clear in encouraging the overall push towards LPG. However, we believe that the LPG market will consolidate in the next few years, considering the volatility in the business, large capex requirements and growing competitive intensity.

## Key business strengths

### Location:

Strategically-located plants in four locations in Bangladesh that greatly reinforce delivery in terms of time and costs

### Wide-scale footprint:

- Only company in the country's LPG sector to possess multiple storage and bottling

## Living our commitment to LPG

*"Though the competitive intensity is rising every day, at Omera LPG, we believe we have created the foundations of a strong and sustainable business model on the back of our rich industry experience, secure value chain and the integrated nature of our operations that helps curb volatility, while also enabling direct control on quality, which is the most significant aspect of the brand. We are confident that multiplying our capacity two-fold is a strong step in the direction of our securing the growing energy needs of Bangladesh and also further securing our future in the LPG industry."*

### Shamsul Haque Ahmed

Chief Executive Officer, Omera Petroleum Limited

capacities, reflecting our commitment to LPG and our seriousness in scaling-up the business

- Unmatched distribution coverage across 100% of the country's retail outlets

### Dedicated infrastructure:

- Captive self-propelled barge (Omera Princess) ensuring cost-effective logistics with strong schedule controls
- Adaptive dolphin jetty (at Mongla) that ensures easy loading/unloading of LPG cargo

### High-quality safety practices:

- Best-in-class plant safety ratings with several compliance certifications
- Fully PLC-controlled equipment that can easily detect leakages and automatically shut-off systems as a safety protocol

### Strong brand:

Growing recognition of the Omera LPG brand with the recall of safety, reliability, quality and compliance

### Security:

- Raw material security through a diversified global LPG supplier base with long-term contracts, assuring price and supply-side benefits
- Downstream LPG cylinder manufacturing capacity under Omera Cylinders, ensuring secured LPG evacuation (sales)

## Key marketing events

### Platinum sponsorship of 5th Asia LPG Summit, 2018



The two-day long 5th Asia LPG Summit 2018 was held at International Convention City Bashundhara (ICCB) on 16-17 January 2018. The summit was organized to support Bangladesh's explosives and LPG industry through focusing on safety, forward-looking policies and infrastructure investments to advance distribution channels.

The summit was organized by WLPGA, All Event Group, Singapore, and Global Event Management Services Ltd. The two-day conference also included training sessions and exhibition of technologies. More than 250 foreign delegates attended the summit.

Omera Petroleum was the platinum sponsor, enabling the Company to widely display its sustainable production processes and practices to a large global audience. The Ministry of Power, Energy and Mineral Resources partnered this global event. Mr. Md Tajul Islam, MP, Chairman of the Parliamentary Standing Committee for Power, Energy and Mineral Resources, inaugurated the event as chief guest.

Mr. Md Shaiful Islam (Mohiuddin), President of the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), Mr. Salman F. Rahman, President of LPG Operators Association of Bangladesh (LOAB), Mr. Azam J. Chowdhury, Vice President of LPG Operators Association of Bangladesh (LOAB) and Mr. Michael Kelly, Deputy Managing

Director of World LPG Association, were present as special guests and Mr. Mohammed Riyadh Ali, former Vice President of Bangladesh CNG Filling Station and Conversion Workshop Owners Association and Mr. Vincent Choy, Director of All Event Group, Singapore, were also present at the grand opening ceremony of the event.

More than 15 local and 70 internationally-renowned companies showcased their technologies and benefits of LPG as an alternative energy to meet the rising energy demand of Bangladesh. The Asia LPG Summit has been instrumental in bringing together investors, global LPG players, governments, NGOs and technology providers in helping to develop and grow the LPG industry in Asia as well as Bangladesh in a sustainable and safe manner.

Bangladesh's LPG market is primed for significant growth, with the industry projected to grow over 500% in response to the country's rising energy requirements, as well as the projected shortage of natural gas with fast depletion of resources. This unique event brought together 2,400+ business representatives and government and other officials, creating a platform for industry-government discussions, while opening up robust opportunities for LPG business development in Asia.



#### *LPG business development in Asia.*

Overall, the event received an overwhelming response and was a grand success for Omera LPG. This platform helped Omera LPG to widely showcase its strengths and competitive advantages and its strong portfolio of products and services to the external key stakeholders in the energy sector and also got the opportunity to exchange experiences with international industry experts.

#### **Interaction with the Group Chairman**

This event was a full-day session between Mr. Azam J. Chowdhury, Chairman of the

East Coast Group, and all the trade partners (distributors) of Omera LPG. It was held in Utshab Banquet Hall, Radisson Blu Dhaka Water Garden, on 5th April 2018. The Group Chairman interacted with more than 200 distributors and projected his vision of the LPG industry and motivated them with growth strategies and other industry priorities. Some distributors were also invited on-stage to share their views and suggestions



for Omera LPG. Furthermore, several top achievers received certificates and gifts from the Group Chairman.

This session was followed by a strategy and execution workshop for internal sales and marketing teams. All members of the Omera LPG sales-force attended the session, where

our Group Chairman guided and devised strategy-building for achieving the next set of business goals. Mr. Shamsul Haque Ahmed, CEO of Omera LPG, Mr. Tanzeem Chowdhury, GM-Corporate Planning & Business Development of Omera LPG, and Mr. Tanjil Chowdhury, Director of Omera LPG were also present in both the sessions.



### Retail engagement

Signage is often designed to help individuals recognize or identify a place or brand.



Omera LPG is leading the industry in outdoor visibility share, as compared to competitors. We have covered all our exclusive/non-exclusive distributor and retailer stores with Omera LPG signage throughout the country with a total of 210 backlit and 4,500 non backlit Omera signage. This coverage has ensured that Omera LPG enjoys the highest brand visibility over its competitors.

#### Introduction of Market Feedback System v 1.00

It is essential to receive feedback and insights from the market to activate significant business decisions.

With this understanding, we introduced a comprehensive Market Feedback System v1.00. We have developed an app by which we can aggregate information of our 4,000 retailers and their feedback through

smartphones. The target is to progressively integrate 20,000 LPG retailers' feedback throughout the whole country. All the information is based on different regions and market needs with real-time results.

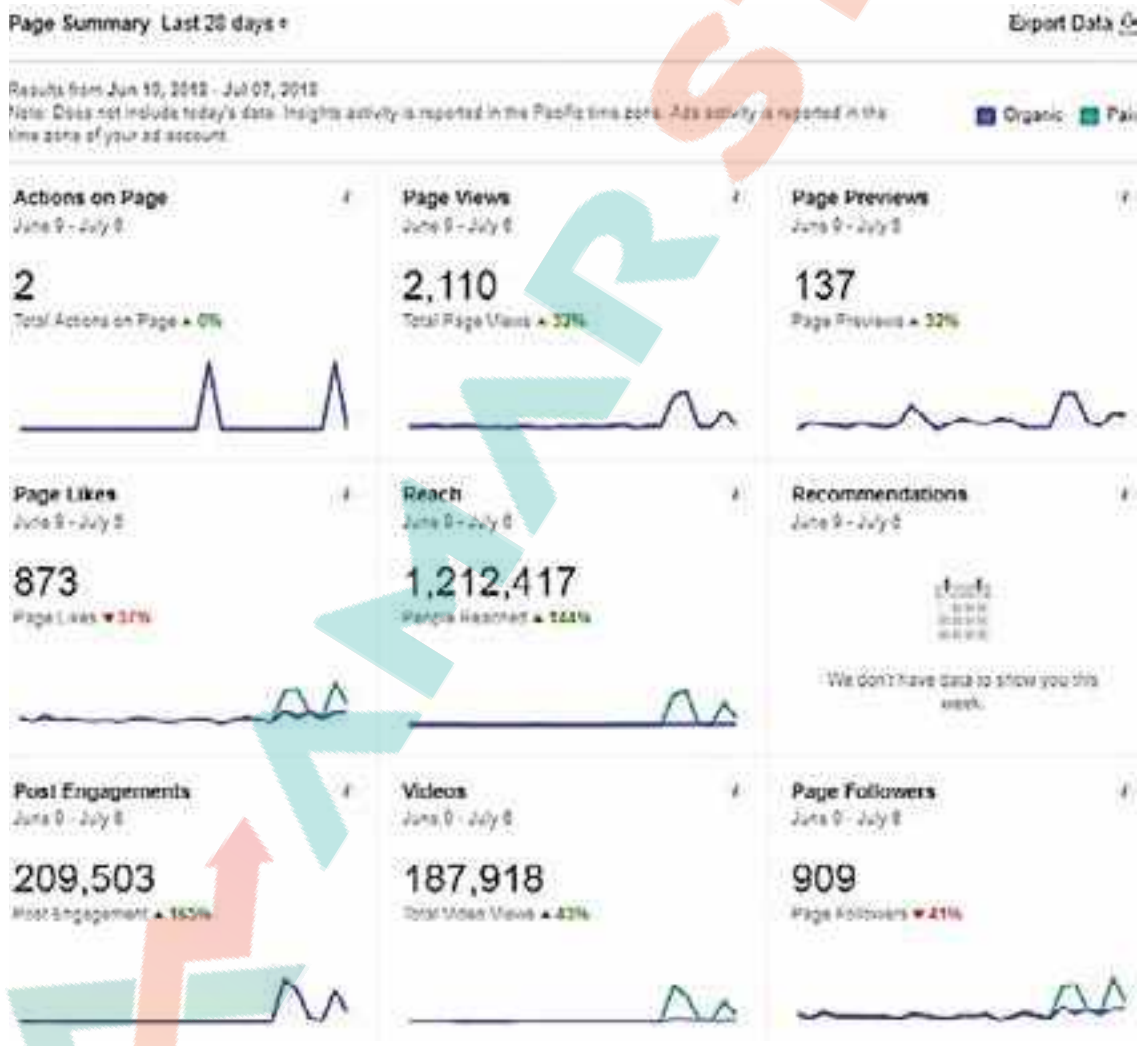
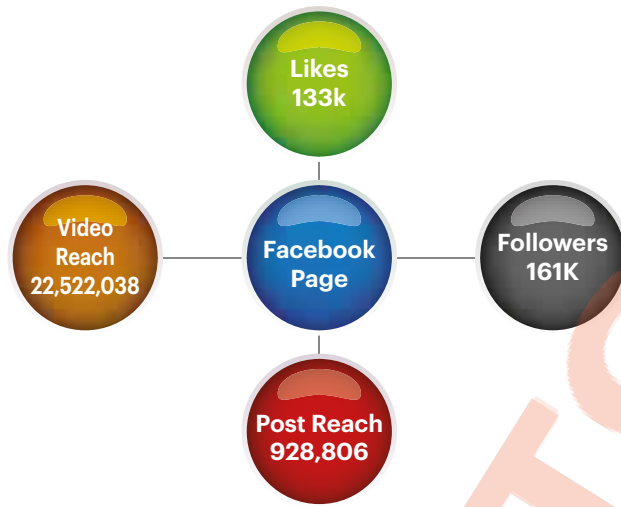
Process improvement through smartphone based data entry system:

- To capture all relevant information about the retail market with real-time results, region-wise
- MFS database currently has 4,000 retailers and the goal is to capture the universe of 20,000 retailers
- Stand-alone mobile application with automated reports and user-friendly dashboard (under development)



### Reinforcing our digital presence

At Omera, we anchored our digital strategies on the most preferred social media platform, Facebook.



Facebook is the most popular site in Bangladesh, making it the ideal platform to reach the maximum audience. We created a Facebook page and invested in it to target and reach as many individual as possible. The outcome was that we reached a huge audience and the numbers are rising gradually.

### Consumer promotion campaign

Omera LPG is the first company in the LPG industry in Bangladesh to introduce a consumer promotional campaign. The following were some of the key aspects of the campaign:

- More than 20,000 customers participated every day during the campaign period
- This helped us create a customer database of 3,50,000 unique consumers



The campaign was held from 16th December 2017 to 31st January 2018.

Prizes included return tickets for such destinations as Bali, Bangkok, Kolkata, Kuala Lumpur, Kathmandu and Cox's Bazar, single-stove burners and mobile recharges. To participate in the competition, an individual had to give a missed call to a given number, after which she/he would receive an instant automated call. Following instructions, the individual had to type the number that was engraved on the cylinder. If the lucky number matched, she/he would then get a message announcing the prize they won. The

campaign was a huge success and has given us the confidence to design such impactful campaigns in the future too.

HoReCa development program

A comprehensive development program to enhance association and stimulate direct interactions between the management, distributors and commercial HoReCa (hotels, restaurants, caterers) operators was launched by Omera LPG during the year.





A total of 18 sessions out of 55 planned were held across the country till June 2018 under the first phase. We collected and created a database of 3,000 operators in this phase.

**CSR campaign**

*Winter Wonderland Carnival*

Under our Winter Wonderland Carnival, we focused on inclusion by making attendance free for 200 urban slum dwellers of Korail Bosti, Dhaka. We imparted further training and education and made healthcare provisions for women from the proceeds generated from ticket sales. We also facilitated some of the empowered girls from Korail Bosti to showcase their talent with electronics and various projects at interactive stalls in the carnival.



**Iftar with JAAGO**

Under this platform, we enhanced the exposure of Omera LPG among the JAAGO community, sponsor parents, well-wishers and renowned personalities of the country. Through this, we were able to differentiate and enhance social prestige of Omera LPG locally and internationally.

We have the opportunity to add value to Omera LPG’s CSR reputation by supporting such an event.

### ICDDR, Bangladesh association

ICDDR, Bangladesh, in collaboration with The University of Chicago, has undertaken a study on household air pollution and its impact on human health. The findings of this study will be shared with government agencies and ministries.

- Initially, 200 families have been selected (100 families each from Narayanganj and Chadpur) for the study.
- For LPG supply, ICDDR has chosen Omera LPG from Bangladesh



### Trade loyalty program

Distributors and retailers of a consumer goods company are critical aspects of its value chain. So it is essential to sustain strong bonds of relationship with them. At Omera LPG, we always try to come up with unique ideas to keep our distributors and retailers satisfied, including sending them greetings and gifts on various occasions, like Pohela Boishakh, Eid, etc.



*Noboborsho gift handover (saree for the distributor's wife)*



*Eid-ul-Fitr gift handover  
(food and grocery items for all distributors)*

# Omera Cylinders Limited

Omera Cylinders is engaged in manufacturing certified cylinders and is a critical downstream link in the LPG value chain.

## About the business

Omera Cylinders Limited (OCL) manufactures world-class LPG cylinders with DOT4BA 240 and DOT4BW 240 design code with European technology and European automated machinery. OCL produces LPG cylinders in convenient multiple sizes and supplies to OPL and LPG operations in the country and abroad. The company's annual cylinder manufacturing production capacity stands at 600,000 cylinders.

## Focus on all-round excellence

Omera Cylinders stands for quality, longevity, safety and accuracy because cylinders are manufactured in a state-of-the-art plant located in Habiganj, Sylhet, using the highest levels of technology, like world-class forming machines, automated welding lines, heat treatment facilities, hydrostatic leak testing equipment, zinc and electrostatic powder coating, etc. Furthermore, OCL is the only cylinder manufacturing plant in Bangladesh to be equipped with European machinery with full automation.

## Key 2017-18 developments

The business achieved sales of 325,763 cylinder units (218,281 cylinders sold in 2016-17), leading to a turnover of Taka 747 mn, which was up from Taka 485 mn in the previous year. A number of shop-floor initiatives were also undertaken with a view to strengthen processes and optimise costs. Emphasis continued to remain anchored on quality and testing.

## Living our commitment to our LPG customers

*"During the year 2017-18, we continued to build on our foundations for our cylinder business and one of the important ways by which we did so was by increasingly showcasing the safety and utility aspects of our cylinders that are available in three convenient sizes, to our customers. With increasing capacity at OPL, we are gearing-up our manufacturing capabilities to cater to the increased demand. Cylinder manufacturing is a volume business and we possess a cylinder production scale that is unparalleled in the industry. This has also strengthened the confidence of our upstream customer, OPL."*

## Shamsul Haque Ahmed

Chief Executive Officer, Omera Cylinders Limited

## Key business strengths

### Location:

Strategically located plant in Habiganj that reinforces supply access

### Technology:

Only company in the industry to use European technology with 100% automation that ensures stronger operational controls in terms of quality and costs

### Cylinder range:

Three cylinder sizes of 5.5kg, 12kg and 35kg that has enabled us to cater to a broad demand spectrum, including households as well as bulk users

### Customer base:

Growing institutional as well as retail customers. Special focus on the HoReCa segment (hotels, restaurants, catering services) has made our cylinders their preferred choice

### Capacity ramp-up:

Strong flexibility has made possible capacity ramp-up to 600,000 cylinders per annum at relatively low capex

### Assured demand:

Assured demand for cylinders by Omera Petroleum has secured revenues and the order book

# MJL & AKT Petroleum Company Limited

MJLBL is the first company in the country to get permission from the Central Bank of Bangladesh to invest in the downstream petroleum business in Myanmar through opening of a subsidiary by the name of MJL & AKT Petroleum Company Limited. Sourcing Mobil branded products from ExxonMobil, the JV markets and distributes this world-class lubricant in Myanmar. Leveraging the longstanding heritage and rich expertise of MJLBL in the lubricant industry, along with the deep local knowledge of AKT, the JV is positioned to emerge as a unique example of a successful foreign investment made by a Bangladeshi company.

Myanmar's economy is projected to stay on a steady growth path over the next two years, supported by economic reforms, strong global growth, and higher foreign direct investment flows, according to a new Asian Development Bank (ADB) report launched on April 11, 2018. Encouragingly, the progress in December 2017 toward enacting a new company law will assure foreign investors that corporate reform will continue. Similarly, a government initiative to formulate a 238-point economic policy agenda, set out in the draft Myanmar Sustainable Development Plan, will likely keep investors engaged.

Building on these initiatives, policymakers is trying to implement reforms expeditiously and effectively to buoy investor confidence and attract sizable foreign direct investments in the years to come.

Lubricants market in Myanmar is growing at the rate of around 4% annually compared to around 2% worldwide growth. The automotive lubricants market in Myanmar has changed over the past few years, according to a market study published by consulting firm Solidance, the market share of low-grade lubricants is falling – from 90% in 2010 to 60% in 2014. Increasing purchasing power along with awareness of the people are encouraging the end users to use the quality lubricating oil phasing out the adulterated segments gradually from the lube market of Myanmar. This has prompted the quality lubricant providers to invest in Myanmar.

To grab those opportunities, we invested in Myanmar back in 2013. We feel honored for being selected by ExxonMobil Asia Pacific Pte Ltd (EMAPPL) to invest in Myanmar beating the five competitors of three countries in a bidding offered by EMAPPL. EMAPPL has selected MJLBL due to their expertise and Technical Knowhow that they have shown over the years.

# SUSTAINABILITY REPORTING



At MJLBL, our sustainability emphasis goes well beyond our factory gates and deep into the heart of several communities and societies, as we aim to align our social responsibility with the UN's Sustainable Development Goals (SDGs).

# Our social and environmental impact

Being an affiliated partner of ExxonMobil, we help deliver the lubricants a fast-developing country like Bangladesh needs. In doing so, we also consider the impact of our operations on local communities and societies and the environment.



## Overview and context of our social responsibility activities

As a partner in some key community development and capacity building initiatives, including healthcare, education, sports and outdoors, social infrastructure development, clean energy and extending help during catastrophes, we aim to support many of the areas set forth in the United Nations Sustainable Development Goals (SDGs). Though Bangladesh has undertaken a number of initiatives that has resulted in economic prosperity for the country, including lifting tens of thousands out of poverty, there is still much to be done as a large swathe of the population still subsists at meagre income levels that could be below the poverty line index. Lack of education, conservative social structures and absence of large-scale economic opportunities beyond the metropolitan peripheries has subjected many to insufficiency and destitution. Furthermore, the country also suffers from

unforeseen calamities that lead to further economic and livelihood loss. In recognition of these realities, we believe we have to fulfill a meaningful role in the society that leaves a positive enduring impact.

### Health and wellbeing

#### Aligned with SDG #3: GOOD HEALTH AND WELL-BEING



Healthcare services are deficient in Bangladesh, a situation that has strengthened our resolve to improve healthcare, while also ensuring access for all. During the year, we organised free health check-up camp across our vicinity, while also making sustained contributions to hospitals and other healthcare institutions. As part of social well-being initiatives, we have contributed to Sylhet Sixers and Bangladesh Shooting Federation to patronize sports in grassroot level.



## Education

### Aligned with SDG #4: QUALITY EDUCATION



With the educational curriculum and syllabus not keeping pace with the fast-changing developments in the real-world, there is often witnessed a mismatch in the skills of students vis-à-vis industry requirements. To effectively bridge this gap, as well as to ensure a pipeline of talent readily available in the lubricant industry, we introduced a module on lubricant in a few colleges/universities that was well-received by both academicians as well as students. We intend to take this module across a larger number of educational institutions in Bangladesh, going forward.

### Sports and outdoors

### Aligned with SDG #11: SUSTAINABLE CITIES AND COMMUNITIES



It is often witnessed that in the hectic lifestyles of today, health suffers, especially due to inactivity over long periods. At MJLBL, we are focused on correcting this lifestyle imbalance and encourage our employees to take to sports and the outdoors. As a measure to do so, we encouraged our members to participate in two T20 cricketing tournaments held during the year. We also organised an outdoor 'Family Day' event (that we do so every year) that helps in employee bonding along with their families.



## Social infrastructure creation

### Aligned with SDG #9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Social infrastructure is often considered as a community hub that brings people together and fosters the sense of peace and harmony. At MJLBL, we extend our support in social infrastructure development through participating in the construction of mosques, etc.

### Clean energy

### Aligned with SDG #7: AFFORDABLE AND CLEAN ENERGY



We recognise that clean energy is a prerequisite for growth and while we catalyse this through the production and supply of world-class lube oils and clean and green LPG fuel, we are cognizant of our own energy consumption and focused on minimising these, while reducing our reliance on non-renewable energy. Furthermore, our upcoming new office building in Dhaka embraces the 'Platinum' LEED rating standards and is a visible showcase of our intent in reducing fossil fuel consumption, while increasingly shifting to renewable energy, like solar.

### Restoration after catastrophes

### Aligned with SDG #10: REDUCED INEQUALITIES



Natural calamities can have a devastating impact and Bangladesh is prone to such catastrophes, being located in a fragile delta ecosystem. Such disasters can have a disruption on lives. At our Company, we engage in regular relief activities by supplying aid materials that can help mitigate the impact of natural disasters.



## Our environmental focus

### Aligned with SDG #13: CLIMATE ACTION



We conduct our business in a manner that addresses the environmental needs of the communities in which we operate, and our approach to mitigate risks and improve our environmental performance is anchored on continual benchmarking and training. Providing affordable fuel solutions to support prosperity, while simultaneously reducing environmental impacts is a challenge that faces our industry today, and we are responding by supplying low-emission solutions while doing everything possible to minimise our carbon footprint. Furthermore, we are also deploying energy-efficient technologies as well as exploring next-generation energy sources and implementing best practices as per the guidance of our parent. In doing so, we continue to take action to strengthen our environmental compliance standards and have moved to a stage where our LOBP is a zero-emission zero-discharge plant.



### Living our commitment to local economic aspirations

*“Providing sustainable economic benefits and ensuring active local participation in our business are important elements in creating shared value. Our approach focuses on training and employing a local workforce, supporting local suppliers to the extent possible and improving the livelihood of communities through local investments. This enables us to live by our commitment of ensuring local economic growth and development.”*

**Md. Ahsan Kabir**

DGM – Head of Marketing

## Responsible construction

### Aligned with SDG #12: RESPONSIBLE CONSUMPTION AND PRODUCTION



As an enterprise upholding the highest standards of environmental and resource consumption compliance, we are in the process of constructing our state-of-the-art 15-storey (corresponding to an expansive 1.05 lac sft) Mobil corporate center in Dhaka, which will consolidate all our activities under one-roof. The building has been conceptualised for a ‘Platinum’ LEED certification and this reflects our strong intent in reducing our carbon footprint.

Some of the key measures embraced across our new office headquarters will include:

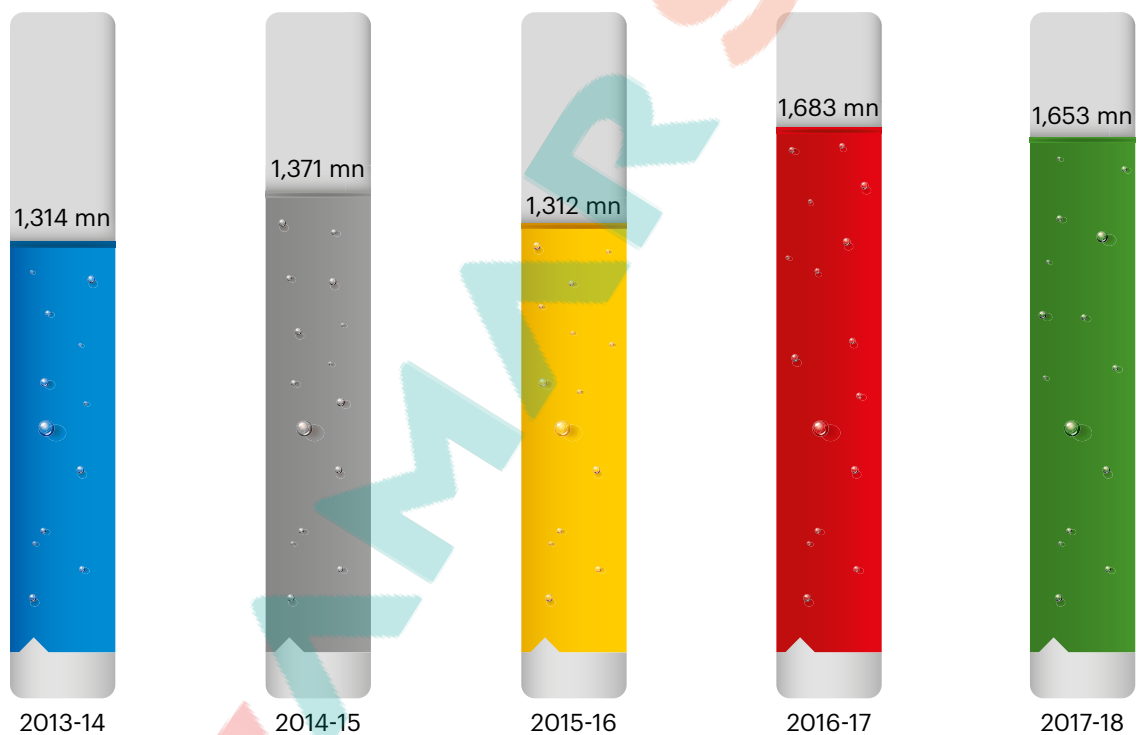
- Roof-top solar panels installation that will enable us to meet almost 3% of our total building energy requirements every year
- Extensive use of natural lighting to moderate consumption of electricity
- Use of energy-saving LED light bulbs only
- RCC construction for enabling sound-proofing and heat insulation, keeping the ambient temperatures cool and comfortable
- VRV-led air-conditioning that will optimise energy consumption while also improving the ambient air quality
- Use of lithium ion batteries at our data center housed in the building to moderate energy use

# Contribution to the national economy

As an enterprise that is deeply-rooted in Bangladesh's soil, we are not only focused on lubricating the wheels of the national economy through our focus on the supply of world-class products and solutions, but also emphasise on the most fundamental humanitarian principal – raising the quality of living. Towards this extent, through our operations, we fulfill our national duty in terms of adhering to both local as well as national laws and regulations – in both letter and spirit, and also meet our obligations with

respect to paying duties, taxes and other dues on time. Hence, in effect, we are among the unique businesses where our products and services help strengthen the fabric of the nation while running our operations successfully enable us to make increasing contributions to build the country in terms of discharging our statutory responsibilities. This enables us to fulfill our purpose of being a trustee to the nation's economic growth and progress in our own small way.

## Year wise VAT & Tax paid by MJLBL



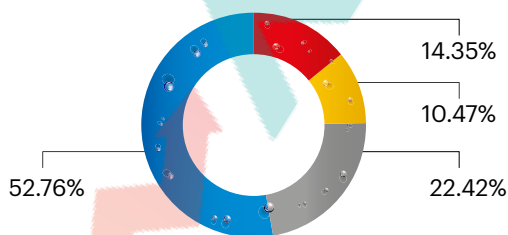
\* All numbers have been presented on a solo basis.

# Value-added statement

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. MJLBL contributes positively to socio-economic development by empowering employees through the payment of salaries and allowance by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and growth.

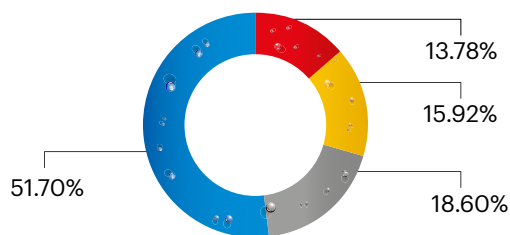
	Jul 17 - Jun 18		Jul 16 - Jun 17		Growth
	(Taka)	%	(Taka)	%	%
<b>Value Addition</b>					
Revenue	8,430,650,476		13,978,990,238		25.30%
Cost of Revenue	5,256,025,649		8,531,432,484		35.87%
<b>Value Added</b>	3,174,624,827		5,447,557,754		8.76%
Operation Expenses	1,243,698,351		1,365,516,141		-8.92%
Less Employees Remuneration & Depreciation					
	4,680,919,519		4,082,041,613		14.67%
Add: Other Income	309,514,844		244,290,269		26.70%
<b>Gross Value Added</b>	<b>4,990,434,363</b>	<b>100%</b>	<b>4,326,331,882</b>	<b>100%</b>	<b>15.35%</b>
<b>Distribution of Value Addition</b>					
Remuneration and other benefits to Employees	715,992,379	14.35%	596,310,271	13.78%	20.07%
Government as Income Tax	522,537,612	10.47%	688,653,905	15.92%	-24.12%
Depreciation	1,118,923,874	22.42%	804,576,748	18.60%	39.07%
Value retained in Business	2,632,980,498	52.76%	2,236,790,958	51.70%	17.71%
	<b>4,990,434,363</b>	<b>100%</b>	<b>4,326,331,882</b>	<b>100%</b>	<b>15.35%</b>
Number of employees at the end of the year	<b>466</b>		<b>435</b>		
Value added per employee	<b>10,709,087</b>		<b>9,945,591</b>		<b>7.68%</b>

July 17 - June 18



- Value retained in Business
- Depreciation
- Government as Income Tax
- Remuneration and other benefits to Employees

July 16 - June 17



- Value retained in Business
- Depreciation
- Government as Income Tax
- Remuneration and other benefits to Employees

\* All numbers have been presented on consolidated basis.

# Market value-added statement

Market value added statement reflects the company's performance evaluated by the market through the share price of the company. This amount is derived from the difference between market capitalization and book value of the shares outstanding. Market value added is one of the market indicators of value creation. The greater market value

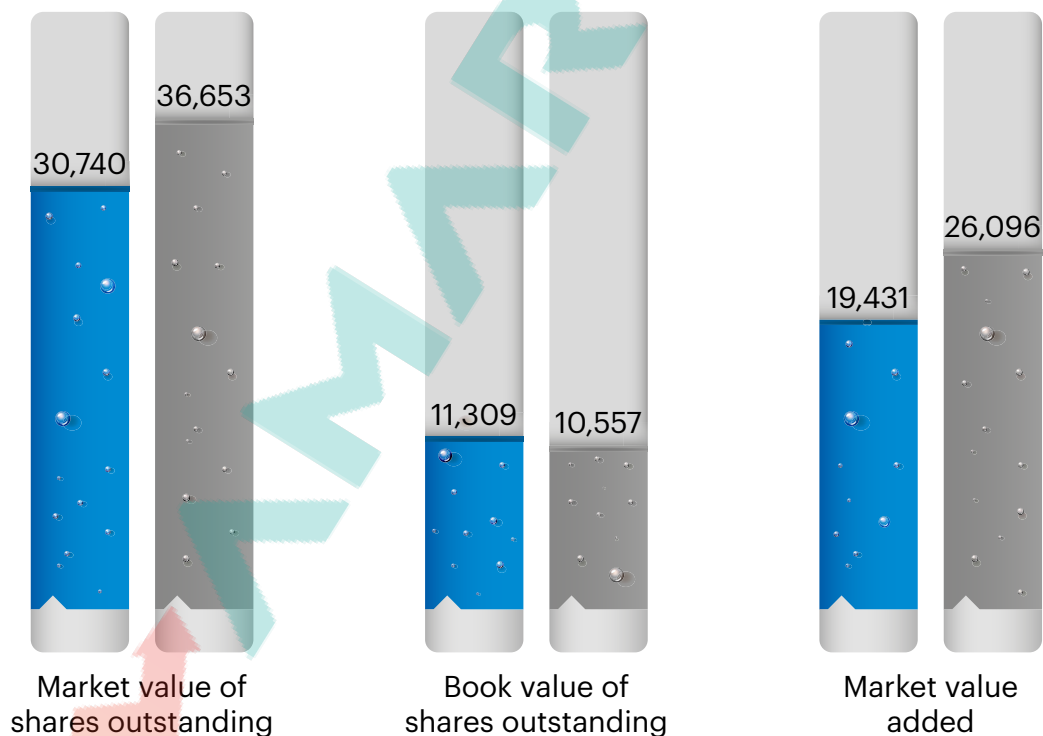
added indicates the company has created substantial wealth for the shareholders. A negative market value added means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market.

## Market value added statement as of June 30, 2017 and June 30, 2018

Figures are in BDT million

	June 30, 2018	June 30, 2017
Market value of shares outstanding	30,740	36,653
Book value of shares outstanding	11,309	10,557
Market value added	19,431	26,096

● June 30, 2018 ● June 30, 2017



\* All numbers have been presented on consolidated basis.

# Economic value-added statement

Economic value added (EVA) is a measure of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit,

adjusted for taxes on a cash basis. EVA can also be referred to as economic profit, and it attempts to capture the true economic profit of a company.

Description	Jul 17 - Jun 18	Jul 16 - Jun 17
Operating profit	3,552,964,202	3,196,119,962
Provision for Income Tax	811,041,217	657,151,247
<b>Net Operating profit after tax (NOPAT)</b>	<b>2,741,922,985</b>	<b>2,538,968,715</b>
<b>Charges for capital</b>		
Capital Employed*	16,400,127,598	10,571,874,107
WACC	6.30%	7.78%
Capital Charges	1,033,668,526	822,094,733
<b>Economic Value added</b>	<b>1,708,254,459</b>	<b>1,716,873,983</b>
<b>*Capital Employed</b>		
Total Assets	30,083,847,834	25,320,938,780
Less: Current Liabilities	13,683,720,236	10,248,415,076
	<b>16,400,127,598</b>	<b>15,072,523,704</b>

\* All numbers have been presented on consolidated basis.

# Our branding activities

## Mobil lubricant is now available online in Bangladesh

MJL Bangladesh Limited, the strategic alliance partner and exclusive distributor of ExxonMobil, has launched the online sales of Mobil Lubricants in Bangladesh. Mobil is the pioneer in Bangladesh to do so across all major digital platforms in the country, keeping up with the global trend.

Under this initiative, Mobil lubricants are now available through MJL Bangladesh Limited's website, Android & iOS mobile applications, Facebook page and through call center. MJL Bangladesh Limited also intends to expand its horizon by making its products available in popular multi-brand e-Commerce platforms in Bangladesh. For now, the online sales are only applicable for Mobil automotive products.

In addition to online purchase, the new 'Mobil Bangladesh' mobile app of MJL Bangladesh Limited will also work as a

vehicle maintenance app with features like: oil change service at home, finding the nearest Mobil lubricant store, region specific workshop contacts for appointments, on-call mechanic supports, vehicle annual tax reminders etc.

MJLBL believes that constant innovation is the key to market leadership. Introducing the online sales across all digital platforms is an important milestone for the organization. It plans to bring more innovative digital marketing initiatives for its customers in the future.

This service is currently available for the customers of the capital city - Dhaka only. However in the next phase, this service will be available in other major cities in Bangladesh. Customers will be able to order by visiting [www.mobilbd.com](http://www.mobilbd.com), downloading "Mobil Bangladesh" app from Google Play and Apple App Store, messaging through "Mobil Bangladesh" Facebook page or by calling directly to 09 678 66 77 88.



## Mobil holds two major Golf Tournaments in 2018

MJL Bangladesh Limited organized the Mobil Cup Golf Tournament 2018 at Kurmitola Golf Club Dhaka and at Shaheen Golf and Country Club Patenga, Chattogram during February-March 2018.

Azam J. Chowdhury, Chairman of East Coast Group & Managing Director of MJL Bangladesh Limited participated in the Mobil Cup Golf Tournament along with other respected golfers in Dhaka.

M. Mukul Hossain, CEO, MJL Bangladesh Limited; Senior Department Head of MJL Bangladesh Limited and other golfers attended both the tournaments.





Glimpses of Mobil Cup Golf Tournament 2018

### Successful participation in Dhaka Motor Show 2018

13th Dhaka Motor Show took place at International Convention City Bashundhara from 22nd-24th March 2018. It is one of the most fascinating events of the country as this is the only international automotive exhibition in Bangladesh where vehicle manufacturers and complementary industries showcase their products and services.

With the country growing a strong middle-class segment, the rise in sales of motor vehicles has surged to newer heights in Bangladesh. Dhaka Motor Show has also been a platform for all these years in launching of latest models of cars, buses, trucks,

motorcycles, lubricants and other auto-parts. This year, more than 80,000 people visited the Dhaka Motor Show. The motor show is the ideal place for creating awareness among customers. MJL Bangladesh Ltd. had two Mobil stalls in this year's Dhaka Motor Show, one with full automotive product range and another with only motorcycle lubricants.

The brand team also had lot of engagement programs this year, which created a major buzz in the exhibition. Some of the programs were: two photo-booths, gifts for new Mobil Bangladesh Facebook page followers, gifts with every purchase of Mobil products, interaction with the brand promoters, customer query handling and many more.



Glimpses of Dhaka Motor Show 2018

## Mobil participates in 25th US Trade show

The 25th US Trade Show 2018, co-sponsored by the American Chamber of Commerce in Bangladesh (AmCham) and the Embassy of the United States of America in Bangladesh, took place from 1st-3rd March, 2018 at the Pan Pacific Sonargaon Hotel, Dhaka. It was a special exhibit to celebrate success of American Businesses in Bangladesh. The show had 43 exhibitors representing over 150 US companies or affiliates which appealed to a large number of visitors. Just like previous

years, MJL Bangladesh Limited (MJLBL) – the strategic alliance partner of Exxon Mobil Corporation, participated in this event to create awareness about Mobil lubricants among the fast growing automotive and industrial sector customers. This year, MJLBL introduced consumer offer on every purchase of Mobil lubricants at US Trade Show. The offer was highly appreciated by the customers.

The response of the US Trade Show was encouraging and it was an excellent brand building exercise for Mobil.



*Glimpses of US Trade Show 2018*

## Divisional Lube Oil Conference

MJLBL organized a Divisional Lube Oil Conference for Jamuna Oil Company Limited (JOCL) in Bogura. Around 250 dealers/distributors from North Bengal Division participated in the program. Higher officials of both MJLBL and JOCL were present at the conference. MJLBL regularly organizes these programs in order to strengthen the relationship with JOCL.



*Mr. Md. Quamrul Hassan, Managing Director of JOCL delivering his speech at the conference*

## Mobil Delvac Super 1400 Field Activations & Award Giving Ceremonies

Mobil Delvac Super 1400 was launched in Bangladesh in December 2016. Since then it has been grabbing the attention of customers with its new appearance and introductory consumer offer. The offer has been promoted to the end customers through different BTL activities which included visiting the customers and educating them about the new product. MJLBL personnel have been doing the same since its introduction.



*Mr. Md. Rezwan Ullah Khan, Assistant Manager-Product Management is seen making customer contact to promote Mobil Delvac Super 1400 in Khulna*



*Mr. Md. Ariful Alam Khan, Assistant Manager-S&M and Mr. Mahmud Hasan Ahmed, Senior Executive-Field Marketing are seen promoting the new product to the fleet customers in Cumilla*



*Mr. M. Mukul Hossain, CEO-MJLBL is seen presenting a brand new motorcycle to the Mobil Delvac Super 1400 Super Offer's 'Super Winner' in an informal ceremony held at Mobil House*

টেক্সনেট বড়টি  
সুতর্স্বাত জন্য এলা নতুন  
Omera Ultra V



TBN এতৎ Viscosity'ত মান পতিষ্টিত থাকাত কাতৃণে Omera Ultra V নতুন 3 পূতাতন  
হেতানো গাড়িত জন্যটে কার্হকতী টেক্সনেট অহেল যা টেক্সনেটে তৃখে সচল সাতিলেত পত সাতিল

API: CF/SF সান্টিগ্রেড টেক্সনেট অহেল

ডিজেল এতৎ পেট্রোল/অকটেন চালিত সকল টেক্সনেট ব্যতথাত উপহোগী

# Event highlights



Board of Directors at the 19th Annual General Meeting



One of the shareholders is speaking to the audience at the 19th Annual General Meeting



Shareholders registering their name at the 19th Annual General Meeting



Head of Finance & Planning of MJLBL Mr. Sabbir Ahmed, FCA is speaking to the audience at the Q3 2017-18 earnings disclosure



Senior management of MJLBL and OPL is seen at the Q2 2017-18 earnings disclosure



M. Mukul Hossain, CEO, MJLBL; Syed Ghulam Dastagir, Head of Brands and Market Communications are seen in Dhaka Motor Show 2018 along with other MJLBL Officials



M. Mukul Hossain, CEO, MJLBL; Syed Ghulam Dastagir, Head of Brands and Market Communications are seen in 25th US Trade Show 2018 along with other MJLBL Officials



Azam J Chowdhury, Managing Director, MJLBL and M. Mukul Hossain, CEO, MJLBL are seen with other MJLBL officials and golfers in 12th Mobil Cup Golf Tournament at KGC



M. Mukul Hossain, CEO, MJLBL is seen with other MJLBL officials and golfers in 10th Mobil Cup Golf Tournament at SGCCP



Higher officials of MJLBL is handing over a motorcycle to one of the grand prize winners of the Mobil Delvac Super 1400 super offer in Dhaka



The highest achievers, among the channel partners of JOCL, are being awarded at Divisional Lube Oil Conference



Sales & Marketing Team of MJLBL is handing over prize bond as a reward to the achievers of LCC program in Dhaka



Sales & Marketing Team of MJLBL is handing over prize bond as a reward to the achievers of LCC program in Dhaka



CEO of MJLBL is handing over a crest to one of the distributors of JOCL at Divisional Lube Oil Conference in Khulna



Representatives of Field Marketing Team activating the Motorcycle LCC Used Can Redemption Program, one of the biggest BTL activities of MJLBL



Representatives of Field Marketing Team is activating the Motorcycle LCC Used Can Redemption Program, one of the biggest BTL activities of MJLBL



Officials of MJLBL are seen in a Road Show Program under Dhaka Center Territory



Representatives of Field Marketing Team are seen during the activation of Lube Change Center Program in Dhaka



Ahmed Sheeper Khan Chowdhury, AGM-S&M is conducting a road show program in Jashore territory



Members of S&M team is handing over umbrellas to Chattogram Metropolitan Police in Chattogram



M Mukul Hossain, CEO, Engr. Salah Uddin Ahmed, GM, Md. Akramul Hoque, Head of QA/QC-Lab of MJLBL and the auditors & representatives of ExxonMobil are seen during ExxonMobil global audit



LOBP team members with ExxonMobil auditors after the outstanding achievement in Global Audit

# CORPORATE GOVERNANCE



At MJLBL, we believe that governance is always a collaborative approach as we gain insights from best practices and implement them in our vision of creating an enterprise that is a bellwether of our industry and nation.

# Fostering a transparent governance culture

At MJL Bangladesh Limited, we ensure that we evolve and follow the corporate governance guidelines and best practices sincerely, not only to boost long-term shareholder value, but also to respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our operations and performance, as well as the leadership and governance of the Company.

## Corporate Governance Framework

Corporate Governance framework of MJL Bangladesh Limited has been developed and enhanced based on the basic principles and best practices outlined in the following:

1. Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance;
2. The Companies Act 1994 and other applicable regulations of Bangladesh; Dhaka and Chittagong Stock Exchanges Listing Regulations;
3. Laws of the land;
4. Standards of Business Conduct, Policies and Guidelines of the Company;
5. Statement of Risk Management;
6. Internal Control Systems of the Company;
7. Statement of Delegated Authorities of the Company; and
8. Local and global best practices.

The Board continuously reviews its corporate governance frameworks to ensure its relevance, effectiveness and sustainability in addressing future business challenges.

The conducts of all employees of the Company, including the Board of Directors, are governed by the Company's policies, guidelines and Standards of Business Conduct. Each and every employee, including Directors, is expected to live up to the structure of Business Conduct and required to confirm their commitment and compliance by executing a declaration of compliance annually.

## Code of Conduct

The Code of Conduct has been prepared to provide guidance as well as assist the Board and the Management to focus the roles and responsibilities of Board members and Management to facilitate the board's and management's accountability to the Company and shareholders as well as ensuring effective communication between the Board and Management. Being a publicly listed company, MJL Bangladesh Limited has set the scope of the authority in the laws of the country as well as in the Memorandum and Articles of Association of the company reflecting to maintain its business operations with highest standard of the Corporate Governance. The Board and the Management team are committed to practice strong compliance and transparent business ethics and integrity at all levels of internal and external business conducts.

## Board Structure

### Board Size and Composition

The size of the Board will provide for sufficient diversity among non-employee directors while also facilitating substantive discussions in which each director can participate meaningfully. The Board size will be within the limits prescribed by applicable laws, which currently provide that the Board may have no fewer than five and no more than twenty members. Currently the Board consists of eight Directors, comprising five Non-Executive Directors, two Independent Directors and one Executive Director, who is the Managing Director.

### Roles of the Board

The business and affairs of MJLBL are managed by or under the direction of its Board in accordance with laws and regulations of the Country. The directors' fiduciary duty is to exercise their business judgment in the best interests of MJLBL's 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 control. The Board also ensures that company's Policies and Procedures, Codes of Conduct and Corporate Governance Code are implemented and maintained and the Company adheres to generally accepted principles for good governance and effective control of business activities. The Board is appraised by the presentation on finance, sales, marketing, major business segments and operations of the Company and other matters, as the members require from time to time.

The Managing Director along with the Company Secretary finalises the agenda papers for the Board meeting in consultation with the other person concerned. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's ethics, values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

### **Chairman**

The Chairman is appointed by the Board in accordance with the Memorandum and Articles of Association of the Company. The Chairman of the Company is elected by the Board of Directors from among the non-executive Directors of the Company. The Board considers the Chairperson being independent. Position of Chairman and Managing Director is filled by different persons.

### **Managing Director**

The Managing Director (MD) is appointed by the Board in accordance with the Memorandum and Articles of Association of the Company. The MD of the Company is elected by the Board of Directors. Position of Chairman and MD is filled by different persons. The MD does not hold the same position in any other listed company.

### **Non-Executive Directors**

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors

ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders.

None of the Directors of the Board, except the Managing Director, are involved in the day-to-day operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees.

One of the Non-Executive and Independent Directors, Mr. Quazi Mohammad Shariful Ala is a member of the Institute of Chartered Accountants in England & Wales. He provides guidance in matters applicable to accounting and audit related issues to ensure compliance and reliable financial reporting.

### **Independent Directors**

At least one-fifth of the Board will consist of directors whom the Corporate Governance Code has determined to be independent. In general, an independent director must have no material relationship with MJLBL, directly or indirectly, except as a director. The Board will determine independence on the basis of the standards specified in the Corporate Governance Code of Bangladesh Securities and Exchange Commission; and other facts and circumstances the Board considers relevant.

### **Nomination of Directors**

Nominated Non-Executive Directors are nominated by the Sponsor shareholders. Recommendation for Non-Executive Independent Directors are received from various sources for highly capable and seasoned professionals aligned with the businesses of the Company.

### **Election of Directors**

Board of Directors regularly review the size and composition of the Board and mix of expertise, skills, experiences and perspectives that may be desirable to permit the Board to execute its functions. The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Managing Director is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with Companies Act, 1994.

### Term Limits

The Board believes that experience as an MJLBL Director is a valuable asset, especially in light of the size and scope of the Company's operations. Therefore, directors are not subject to term limits except for the Independent Directors. The tenure of office of an Independent Director is for a period of 3 (three) years, which may be extended for 1 (one) tenure only. A former Independent Director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures i.e. six years.

### Retirement

Not less than one third of the whole number of Directors are persons whose period of office is liable to determination of at any time by retirement of Directors rotation. The Independent Directors are not subject to retirement by rotation.

### Orientation

New directors will receive a comprehensive orientation from appropriate executives regarding MJLBL's business and affairs.

### Continuing Education

Reviews of aspects of MJLBL's operations will be presented by appropriate executives from time to time as part of the agenda of regular Board meetings. The Board will also normally conduct an on-site visit to an MJLBL facility other than the corporate headquarters in conjunction with a regular Board meeting. It is also expected that each director will remain well informed regarding current developments and best practices in corporate governance. In that regard, the Board considers it desirable that directors participate in continuing education opportunities and considers such participation an appropriate expense to be reimbursed by the Company.

### Number of Regular Meetings

The Company conducts its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial

Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this

Code. The Board normally holds four regular meetings per year. Additional meetings are also be scheduled as and when required.

### Agenda and Briefing Material

An agenda for each Board meeting and briefing materials will, to the extent practicable in light of the timing of matters that require Board attention, be distributed to each director approximately seven days prior to each meeting. The Managing Director along with the Company Secretary normally set the agenda for Board meetings. Any Director may request the inclusion of specific items.

### Meeting Attendance

It is expected that each Director makes every effort to attend each Board meeting and each meeting of any committee on which he or she sits. Board meetings and attendance during the year ended on June 30, 2018 has been attached to this annual report as Annexure II.

### Confidentiality

The proceedings and deliberations of the Board and its committees are confidential. Each director will maintain the confidentiality of information received in connection with his or her service as a director, including internal discussions and information on processes of the Board and its Committees.

### Committees

The Board will appoint from among its members committees it determines are necessary or appropriate to conduct its business. Currently, the standing committees of the Board are the Audit Committee, Executive Committee and Nomination and Remuneration Committee. The Company will form Nomination and Remuneration Committee within 31 December 2018.

### Committee Reports

The Chair of each Board committee reports to the full Board on the activities of his or her committee and any recommended changes to the committee's charter.

### Access to Employees

Directors have full access to senior management of the Company and other employees on request to discuss the business and affairs of the Company. The Board expects that there will be regular

opportunities for directors to meet with the CEO and other members of management in Board and committee meetings and in other formal or informal settings.

## Roles and Responsibilities

### The Board

1. Review and approve strategic business plans, financial objectives, major capital and operating budget and matters of policy proposed by senior management.
2. Monitor senior management's performance to implement the adopted strategies and provide relevant direction and advice where necessary to senior management to ensure the achievement of the Company's objectives.
3. Review and approving performance objectives for senior management team and monitor senior management's performance on a regular basis to ensure high standard performance.
4. Appoint MD, CEO and ensure management team of the highest caliber is in place to manage the Company.
5. Ensure, there is in place a succession planning strategy to replace senior management, when necessary.
6. Ensure that the Company is adequately capitalized to support the risks undertaken and to meet regulatory requirements,
7. Review the adequacy and integrity of the Company's internal control system on a regular basis.
8. Ensure that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance so that the Board and Management will receive relevant and reliable information on a timely basis.

### The Chairman

1. Providing leadership to the Board in matters relating to the effective execution of all Board responsibilities. He or she is expected to spend whatever time necessary to fulfil his or her duties.
2. Presiding over Board and General Meetings of the Company. He or she is expected to ensure that the Board is well informed and effective; that members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company. Additionally, the Chairman must ensure that General Meetings too are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.
3. Providing effective leadership in formulating the strategic direction for the Company and the Board. He or she has overall responsibilities in the execution of the strategic, financial and operating plans and policies and the annual and long term business and financial results of the Company.
4. Monitoring workings of the Board especially the conduct of Board meeting. This includes work with the Company Secretary to schedule Board and Board Committee meetings, liaise with the MD/CEO and the Company Secretary on the agenda, ensure that all relevant issues for the effective running of the Company's business are on the agenda and ensure that Directors receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide sensible advice to achieve the Company's objectives.
5. Working with the Board in establishing appropriate Board Committee structures including the assignment of Directors to Board Committees and the appointment of Chairman of each Board Committee and Code of Conduct. The Code of Conduct should set out matters relating to the authority (in particular whether the Board Committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation), functions, membership, operations and responsibilities of such Board Committees, and other matters that the Board may consider appropriate.
6. Ensuring the independence of the Board in discharging its duties. This includes encouraging Non-Executive Directors of the Board to meet regularly to deliberate on matters of concern and ensuring that the Board may engage independent advisors as required (subject to the proper approval process).

7. Ensuring that the Board and individual Directors fully exercise their responsibilities and fully comply with applicable policies, laws, regulations, rules, directives and guidelines.
  8. Considering and addressing the development needs of individual directors and the Board as a whole; maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board as a team.
  9. Working with the Board in establishing the performance criteria and evaluation for the Board, the various Board Committees, individual Directors, the MD/ CEO and the senior management team. Within the evaluation framework, the Chairman shall encourage regular Board discussions and assessments of the MD/ CEO and the senior management team's performance.
  10. Promoting effective relationships and open communication between the Board and senior management team, in relation to corporate governance matters and corporate performance.
  11. Representing the Company and the collective views of the Board externally and overseeing the public relations, including relations with key clients, government officials, other public organizations and the public generally. In addition, the Chairman is encouraged to use his or her best endeavors to promote the Company's business in Bangladesh and overseas.
  12. Besides, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the company.
- process to develop and recommend strategic plans to the Board in order to ensure Company's profitable growth and achievement of its business objectives and secure Board's approval for the business plan annually.
3. The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to create shareholder value.
  4. Authorizing commitment of corporate resources in the ordinary course of business in order to pursue the approved strategic plans and objectives of the Company provided that major commitments, and exposures will be reported to the Board on a regular and timely basis.
  5. The MD's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans.
  6. The Managing Director acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of the Management.
  7. The MD also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

### The Directors

### The Managing Director

1. Liaison between Management and the Board. Work closely with the Chairman to ensure that Board and Board Committee meetings are focused on the right issues, and that information provided to the Board is timely and complete in order to enable them to discharge their responsibilities. Participate in Board discussions as a director of the Company.
2. Developing the long-term vision for the Company, guides strategic planning
3. Confidential information acquired by the members in the course of exercise of directorial duties shall remain the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company or legally mandated.
4. The members of the Board shall make every effort to attend all Board and

- Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence.
5. Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.
  6. Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.
  7. Board Members shall always maintain 'Fit and Proper Test Criteria', clean CIB status and other obligations declared by the Primary and other Regulators.
  8. Directors must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chairman of the Board or the Chairman of the Audit Committee.
  9. Directors are prohibited from: (a) taking for themselves personal opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; and/or (c) competing with the Company for business opportunities, provided, however, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may do so.
  10. Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company, including insider trading laws. The Directors will follow the rules and regulations of Dhaka/Chittagong Stock Exchanges and that of Bangladesh Securities and Exchange Commission for dealing in the securities of the Company. Directors shall oversee fair dealing by employees and officers with the Company's customers, suppliers, competitors and employees.
  11. Directors should promote ethical behaviour and take steps to ensure the Company: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the Company's HR Policies including Code of Conduct to appropriate personnel; and (c) informs employees that the Company will not allow retaliation for reports made in good faith.
  12. Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.
  13. The Directors will be indemnified against any liability incurred by them in defending any civil or criminal proceedings in which judgment is given in their favor or in which they are acquitted. Indemnification is also permitted where the court grants relief because the Director acted honestly and reasonably and ought fairly to be excused.
  14. Any question on interpretation of any clause in this Code or an amendment to any provision of this Code shall be handled only by the Board of Directors.
  15. All Directors shall issue an annual declaration confirming compliance with this Code. The Annual Report of the Company shall carry a certificate to this effect duly signed by the concerned.

#### Chief Executive Officer

The primary function of the CEO is to direct and supervise the business and affairs of the Company. In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.

The specific duties and responsibilities of the CEO are as follows:

1. Take full accountability for the setting and achievement of the Company's objectives and one-year budgetary targets for all key performance indicators. Successfully implement the business and operational plans of the Company including ensuring that resource allocation is correct, day-to-day operations run effectively and that financial monitors and controls are in place to measure progress towards stated efficiency and productivity goals.
2. Review and report regularly to the Board on the overall progress and results against operating and financial objectives and initiate courses of action for improvement.
3. Continuously collect and analyze information on the current business and economic climate and trends, and on conditions in markets, technologies, products and people which may present risk or opportunity to the Company.
4. Ensure that this intelligence is communicated appropriately and influences the Company short-term behavior and long-term directions. Foster a culture which enables the Company to respond to new developments.
5. Ensure that processes and systems are in place to enable the CEO to keep the Board fully informed on all material undertakings and activities of the Company and any material external factors emanating from industry, financial markets, governments and regulators.
6. Ensure effective disclosure policy, internal controls and risk management systems are in place.
7. Manage and oversee the required disclosure and other communications between the Company, shareholders, stakeholders and the public.
8. Act as the principal spokesperson for the Company for the financial and investment community and shareholders.
9. Ensure effective communications and appropriate relationships are maintained with all stakeholders, including shareholders, the Board, management, employees, customers, suppliers, regulators and public bodies.
10. Development and succession to provide the continuity of leadership required by the Company in future.
11. Create a positive work climate that is conducive to attract, retain and motivate.
12. Top-quality employees at all levels and foster a culture of personal accountability in balance with an acceptance of the importance of teamwork.
13. Together with the management team, identify strategic opportunities for the company, including strategic collaboration, alliances, mergers, acquisitions and
14. Dispositions and pursue and negotiate the same.

Besides, the CEO may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Bank.

#### **Head of Finance & Planning**

The Head of Finance & Planning of the company has to be a graduate from a recognized university or equivalent, having at least 5 years experiences in handling financial and corporate affairs of a listed company and member of recognized body of professional accountants. Head of Finance & Planning is responsible to prepare financial statements, budgets, operational reporting and interpreting, evaluating operating results, establishing internal control procedures to safe-guard company's assets. Head of Finance & Planning presents the financial position relating to the period which has been over, and the period which has to come that is the financial position attained and the financial projection i.e., where the company will be. Therefore Head of Finance & Planning plays a very important role as he controls the reflection of performance, which is reported to different authorities and the organization is assessed by them, and he must perform his job with professional competency and integrity, so that the financial statements give credible information to its users. The corporate governance code provides the regulations and opportunity to do this.

Head of Finance & Planning is required to furnish necessary and classified information to the Board of Directors along with his analysis and suggestions. As the Head of Finance & Planning attends the board meetings, any issue with financial implications is being discussed, the person likely to be most in command of these implication is on the spot and immediately available for questions.

In order to strengthen and formalize corporate decision-making process, significant issues are required to be placed for the information, consideration and decision of the boards of directors by the Head of Finance & Planning. These are:

1. Annual business plans, cash flow projection, forecasts and long term plans.
2. Budgets include capital, manpower and overhead budgets along with variance analyses.
3. Quarterly operating results of the company as a whole and in terms of its operating divisions or business segments.
4. Details of joint ventures or collaboration agreements or agreements with distributors, agents, etc.
5. Default in payment of principal and/ or interest, including penalties on late payments and other dues, to a creditor, bank or financial institution, or default in payment of public deposit.
6. Failure to recover material amounts of loans, advances, and deposits made by the company, including trade debts and inter-corporate finances.
7. Significant public or product liability claims likely to be made against the company, including any adverse judgment or order made on the conduct of the company.

#### **Responsibilities towards Shareholders**

The Head of Finance & Planning is required to provide all the necessary data to be presented in the Director's Report. For this purpose Head of Finance & Planning must ensure the following:

- The financial statement, prepared by the management of company, present fairly its states of affairs, the results of its operation, cash flows and changes in equities.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation in financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Bangladesh, have been

followed in preparation of financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.
- There has been no material departure from the best practice of corporate governance as detailed in the listing regulations.

#### **Internal and External Reporting**

Head of Finance & Planning has extensive responsibilities for internal and external reporting. All the information required for decision-making by the Board of Directors, Managing Directors and Chief Executive Officer is processed and furnished by the Head of Finance & Planning. Apart from this, external reporting requirement is fulfilled by Head of Finance & Planning, the accounts and financial statements are signed by the Head of Finance & Planning before they are sent to concerned authorities.

#### **Head of Internal Audit & Control**

Head of Internal Audit & Control must be professionally qualified and suitably experienced and member of recognized body of professional accountants Head of Internal Audit & Control is widely responsible to examine and evaluate Company's financial and internal control systems, management procedures to ensure that records are accurate and controls are adequate to protect against fraud and waste. He plays an important role to appraise company operations, evaluating its efficiency, effectiveness, and compliance with corporate policies and procedures, laws, and government regulations. He is also responsible to submit reports to management on how well accounting policies are working and where changes should be made.

1. The main responsibilities of the Head of internal Audit & Control is to carry out an independent appraisal of the effectiveness of the policies, procedures and standards by which the Company's financial, physical and information resources are managed. Ensure an independent audit mechanism to monitor the effectiveness of the organizational and procedural controls. Examine and

evaluate the financial system of the Company to ensure that it is being run efficiently and economically.

2. Examine and evaluate the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure and the quality of performance to achieve the company goals and objectives.
3. Reviewing the reliability and integrity of financial and operating information and the means to identify measure, classify and report such information.
4. Review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports and whether the company is in compliance.
5. Review specific operations at the request of the Audit Committee or management, as appropriate.
6. Monitor and evaluate the effectiveness of the organization's risk management system.
7. Reviewing the quality of performance of external auditors and the degree of coordination with internal audit.
8. Review the internal control statement by the senior management used by the external auditor for audit planning.
9. Prepare the audit plan on annual basis to cover all key functions based on risk rating subject to approval by Audit Committee. Leading the comprehensive and risk based teams to perform audit checks across different sections and conduct physical audit based on the audit plan. Prepare reports through compilation of findings and recommendations thereon and advising management of appropriate remedial action.
10. Responsible for monitoring/reviews and surveillance, identifying the corrective course of action to management. The significant deficiencies identified by the audit team should be reported to the board on a periodic basis. The Audit Committee of the board should be the cell to whom such report should be forwarded for review. Contribute to the overall work of the Internal Audit department with respect

to implementation of policies and procedures.

11. The deficiencies identified during the audits should be notified to the appropriate level and significant audit findings should be reported to the Managing Director level. At the end of the year there should be a summary report on the audit findings and corrective actions taken which should be forwarded to the Audit Committee of the board and the Managing Director.
12. Monitoring and evaluating the effectiveness of the organization's risk management system.
13. Reviewing the quality of performance of external auditors and the degree of coordination with internal audit.

Assumes any other responsibilities when deemed necessary and/or advised by the competent authority. Also accountable for adherence to Company policies and procedures.

### **Company Secretary**

The Company Secretary is responsible for ensuring the compliance of the company in relation to financial and legal practices, as well as issues of corporate governance. S/he acts as a point of communication between the management, board of directors, company shareholders, reporting in a timely and accurate manner on company procedures and developments. The appointment of the company secretary is a matter for the board approval as a whole and his/her removal is also a decision of the board.

The Company Secretary is responsible for:

1. Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.
2. Acts as a quality assurance representative in all information streams towards the Shareholders/Board.
3. Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.

Acts as the Disclosure Officer of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by

BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

1. Support the chairperson in the smooth functioning of the Board. Receive agenda items from other Directors/staff and ensure appropriate agenda items are tabled at Board meetings. This is done in consultation with the Chief Executive and the Chair who is responsible for preparing Board meeting agendas.
  2. The company secretary is closely involved in preparing the schedule of board and committee meetings for the year. The company secretary prepares the agendas for these meetings in conjunction with the chairperson and key executives. The company secretary should ensure that information is dispatched timorously to all directors to enable them to prepare adequately for these meetings. The company secretary
- takes the minutes of these meetings and should ensure that they are distributed as soon as possible thereafter to aid directors in implementing the decisions. He/ She confirms that Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) are run effectively .This includes checking that a quorum is present. Also make sure that agendas and minutes of AGMs and EGMs are circulated timely.
3. The company secretary must ensure that the directors and management operate within an authority framework approved by the board and reviewed and updated from time to time.
  4. Maintain strict confidentiality of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.
  5. Maintain liaise with various corporate bodies Chambers/other bodies, Regulators.

# Committees

## 1. Board Committees

### 1.1 Audit committee

Chairman	Qazi Mohammad Shariful Ala
Member Secretary	Nagma Mahmood
Members	Md. Aminur Rahman
	Tanjil Chowdhury
	Md. Gias Uddin Ansary

### 1.2 Nomination and Remuneration Committee

Chairman	Dr. Ijaz Hossain
Member Secretary	Nagma Mahmood
Member	Tanjil Chowdhury
	Md. Gias Uddin Ansary

### 1.3 Executive Committee

Chairman	Mr. Md. Aminur Rahman
Member Secretary	Nagma Mahmood
Member	Mr. Tanjil Chowdhury
	Mr. Md. Gias Uddin Ansary

## 2 Management Committees

### 2.1 Management Committee

Chairman	Azam J Chowdhury
Member Secretary	Md. Akramul Hoque
Members	M. Mukul Hossain
	Engr. Salah Uddin Ahmed
	Sabbir Ahmed, FCA
	Nagma Mahmood
	Syed Muhammad Rahmatul Mujeeb, FCA
	Shafquat Mahmud Fahmi
	Mohammad Hamidul Islam
	Md. Ahsan Kabir

### 2.2 Product Quality Committee

Chairman	Azam J Chowdhury
Vice Chairman	M. Mukul Hossain
Member Secretary	Md. Akramul Hoque
Members	Engr. Salah Uddin Ahmed
	Mohammad Hamidul Islam
	Md. Monirul Islam

### 2.3 Purchase Committee

Chairman	M. Mukul Hossain
Members	Mohammad Hamidul Islam
	Syed Muhammad Rahmatul Mujeeb, FCA

### 2.4 Risk Committee

Chairman	Sabbir Ahmed, FCA
Member Secretary	Md. Bani Amin, ACA, ACMA (UK), CGMA
Members	Shafquat Mahmud Fahmi
	Mohammad Hamidul Islam
	Md. Monirul Islam
	Md. Akramul Hoque

### 2.5 Compliance Audit Committee

Management Representative	Engr. Salah Uddin Ahmed
Member Secretary	Md. Akramul Hoque
Members	Dipankar Kumar Das
	Md. Kamrul Islam

### 2.6 Business Continuity Planning (BCP) Core Committee

BCP Sponsor	M. Mukul Hossain
BCP Coordinator	Shafquat Mahmud Fahmi
Members	Engr. Salah Uddin Ahmed
	Mohammad Hamidul Islam
	Md. Monirul Islam
	Syed Muhammad Rahmatul Mujeeb, FCA

# Directors' Report to Shareholders

## Dear shareholders,

The Board of Directors of MJL Bangladesh Limited are privileged and pleased to present the Audited Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the reporting period ending June 30, 2018, along with the Auditor's Report thereon, for your valued consideration.

## Global economic overview & outlook

### Overview

As the global cyclical upswing approaches its two-year mark, the pace of economic expansion in some economies appears is noticed to have peaked and growth has become less synchronized across countries.

Among advanced economies, growth divergences between the United States on the one side and Europe and Japan on the other, are widening. Growth is also becoming more uneven among emerging market and developing economies, reflecting the combined influences of rising oil prices, higher yields in the United States, sentiment shifts following escalating trade tensions and domestic political and policy uncertainty.

While financial conditions remain generally benign, these factors have resulted in capital inflow reductions, higher financing costs and exchange rate pressures, more acute in countries with weaker fundamentals or higher political risks. High-frequency data present a mixed picture of near-term global activity. Industrial production, however, appears to have softened and survey data of purchasing managers in manufacturing point to a weakening of new export orders.

During 2018, the core themes influencing the world economy include:

- Rising oil prices putting pressure on the twin deficits of especially oil-importing countries
- Tariffs imposition by the United States on imports and retaliatory tariffs, notably by the Chinese government that point to the beginning of a protracted trade war
- High currency volatility
- Continued geopolitical tensions and pressures with sanctions imposed on Iran

- Economic rebalancing, most notably by China and Saudi Arabia

### Commodity prices and inflation

Largely reflecting supply shortfalls, global oil prices increased 16 percent between February 2018 and early June 2018. In June 2018, the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC oil producers agreed to raise oil production by about 1 million barrels per day from the current levels, correcting the recent undershooting of the November 2016 group target. Market expectations indicate that declining capacity in Venezuela and US sanctions on Iran may pose difficulties for the group to deliver the agreed-upon production increase consistently. The increase in fuel prices has lifted headline inflation in advanced and emerging market economies. Core inflation has strengthened in the United States as the labour market has tightened further and inched up in the Euro area. Core inflation in emerging markets has also increased, reflecting pass-through effects from currency depreciation in some cases and second-round effects of higher fuel prices in others. Futures markets, however, indicate prices are likely to decline over the next 4-5 years (in part due to increased US shale production).

### Financial conditions in advanced economies

With firmer control on inflation and strong job creation, the US Fed continued the course of gradual policy normalization. It raised the target range for the Federal Funds rate by 25 basis points in June 2018, while signaling two additional rate hikes in 2018 and three in 2019, representing a steeper-than-indicated schedule. The ECB indicated that it would taper its monthly asset purchases from the current €30 billion to €15 billion in October 2018. Consequently, financial conditions in advanced economies remain generally accommodative.

### Financial conditions in emerging markets

Central banks in key emerging market economies, including Argentina, India, Indonesia, Mexico and Turkey, have raised policy rates, responding to inflation and exchange rate pressures, coupled with capital flow reversals in some cases. Long-term yields have also increased in recent months and spreads have generally widened.

Most emerging market equity indices have declined modestly, reflecting, in some cases, concerns about imbalances and, more generally, rising downside risks to the outlook.

### Exchange rates and capital flows

As of early July 2018, the US dollar has strengthened by over 5 percent in real effective terms since February (the reference period for the April 2018 WEO), while the Euro, Japanese Yen and British Pound Sterling are broadly unchanged. In contrast, some emerging market currencies have depreciated sharply. The Argentine Peso, for instance, has weakened by over 20 percent and the Turkish Lira by around 10 percent, due to concerns about financial and macro-economic imbalances. The Indian Rupee has dropped over 13% since the beginning of the year.

### Global growth forecasts

Global growth for 2018 and 2019 is projected at 3.9 percent, as forecast in the April 2018 WEO. While headline numbers indicate a broadly unchanged global outlook relative to the April WEO, underlying revisions point to differing prospects across economies. The baseline forecast assumes gradually tightening but still favourable financial conditions with regional pressures based on differences in fundamentals. Notably, monetary policy normalization in advanced economies is forecast to proceed in a steady manner.

### Advanced economy projections

Advanced economy growth is expected to remain above trend at 2.4 percent in 2018 (at similar levels to 2017), before easing to 2.2 percent in 2019. The forecast for 2018 is lower by 0.1 percentage point compared to the April 2018 WEO, largely reflecting greater-than-expected growth moderations in the Euro area and Japan after several quarters of above-potential growth. The near term challenges related to 'Brexit' (exit of the United Kingdom from the EU grouping), which is expected by March 2019, is anticipated to add further pressures to the regional as well as to the broader world economy.

### United States projections

In the United States, near-term momentum in the economy is expected to strengthen temporarily in line with the April 2018 WEO forecast, with growth projected at 2.9 percent in 2018 and 2.7 percent in 2019. Substantial fiscal stimulus, together with already-robust private final demand, is expected to lift output further above potential and lower the unemployment rate below levels last registered 50 years ago, creating additional inflationary pressures. Imports are set to pick-up with stronger domestic demand, increasing the US current account deficit and widening excess global imbalances.

Moreover, the recent President Trump's administration imposing tariffs on, most notably, Chinese imports and China responding with retaliatory tariffs speaks of a protracted trade war that will not only have a consequential impact on two of the world's largest economies but also on the world's economic prospects with most major supply chains integrated with those of the US and China. The spill-over effects of these could positively impact countries exporting to the US (including Bangladesh) as they could shore-up trade by filling in the potential Chinese trade vacuum.

### Euro area projections

Growth in the Euro area economy is projected to slow gradually from 2.4 percent in 2017 to 2.2 percent in 2018 and to 1.9 percent in 2019 (a downward revision of 0.2 percentage point for 2018 and 0.1 percentage point for 2019, compared with the April 2018 WEO). Forecasts for 2018 growth have been revised downwards for Germany (the largest EU economy) and France after activity softened more than expected in the first quarter of 2018.

### Emerging and developing Asia projections

Emerging and developing Asia is expected to maintain its robust performance, growing at 6.5 percent in 2018-19. Growth in China is projected to moderate from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019, as regulatory tightening of the financial sector takes hold and external demand softens. India's growth rate is expected to rise from 6.7 percent in 2017 to 7.3 percent in 2018 and 7.5 percent in 2019, as drags from the currency exchange initiative

and the introduction of the goods and services tax (GST) fade.

## Bangladesh economy overview & outlook

### Overview

Bangladesh, widely considered to be the 'Asian Tiger', has had years of strong economic growth and development, despite its vulnerability to climate change and natural disasters. Since 2010, the country's annual GDP growth averaged 6.4 percent. Notably, GNI per capita increased from USD 100 in 1972 to USD 1,480 in 2017. Poverty has been declining and between 1991 and 2010, the number of poor fell by 14 million – from 42 million to 28 million people. The country's economic growth continued to be healthy, driven by industrial production and services. Most credible predictions point to Bangladesh continuing to report among the fastest economic growth rates in the world.

### Bangladesh economy in a nutshell:

- Population: 164.9 million
- GDP (current): USD 248.8 billion
- GDP per capita (current): USD 1,480
- Per capita income: USD 1,751
- Poverty rate (USD 1.90/day 2011PPP): 18.5%
- GINI coefficient: 32.1

Bangladesh's economy (GDP) grew a healthy 7.86 percent in 2017-18, riding on the agriculture sector, especially an increase in rice production. Remarkably, the GDP growth is up from the provisional estimate of 7.65 percent. While the agriculture sector grew 4.19 percent in 2017-18, up from 3.06 percent in the provisional estimate, industry grew 12.06 percent against the preliminary estimate of 11.99 percent and the services sector rose 6.39 percent, up from the previous figure of 6.33 percent. Notably, the government has undertaken various infrastructure projects that will accelerate the economic growth momentum, going into the future.

### GDP growth rate (%)

Year	GDP growth (%)
2013-14	6.06%
2014-15	6.55%
2015-16	7.11%
2016-17	7.28%
2017-18	7.86%

Bangladesh has made remarkable progress in reducing poverty, supported by sustained economic growth. Based on the international poverty line of USD 1.90 per person per day, it reduced poverty from 44.2 percent in 1991 to 13.8 percent in 2016-17. In parallel, life expectancy, literacy rates and per capita food production have increased significantly. Progress was underpinned by 6 percent plus growth over the decade. This rapid growth enabled Bangladesh to reach the lower middle-income country status in 2015. In 2018, Bangladesh fulfilled all three eligibility criteria for graduation from the UN's Least Developed Countries (LDC) list for the first time and is on track for graduation in 2024.

Continued economic growth has played a key role in urbanization, which has rapidly increased the demand for energy and transportation services. However, insufficient planning and investments have resulted in severe infrastructure bottlenecks. To achieve its growth aspiration of becoming an upper-middle income country by its 50th year of independence in 2021, the country needs to urgently implement structural reforms, expand investments in human capital, increase female labour force participation (importantly, almost 50% of the country's population comprises women) and raise productivity through increased global value chain integration. Improving infrastructure as well as the business climate would allow new productive sectors to develop and generate jobs.

### Countering challenges

Bangladesh is both an inspiration and a challenge for policymakers and practitioners of development. While the income growth, human development indices and vulnerability reduction efforts to date have had a strong positive impact, Bangladesh faces daunting challenges with about 22 million people still living below the poverty line. Today, the country is at an important juncture and with the right policies and timely action, it can move up within the middle-income bracket relatively quickly. The World Bank has identified job creation as the country's top development priority. Bangladesh needs to create more and better jobs for the 2 million youths entering the job market every year.

Also, with the national elections poised for December 2018, some economic disruptions can be expected in the run-up to the polls and during transition. However, matters are expected to normalize and settle down quickly with a business-as-usual approach.

### Bangladesh growth forecasts

Placing the National Budget on 7 June 2018, the government rolled out a BDT 4,64,573 crore budget for fiscal year 2018-19, setting the GDP growth target at 7.8 percent for the current year and outlining a set of strategic plans to build a prosperous, happy and peaceful country. The size of the budget for FY19 was BDT 64,307 crore or 16.07 percent higher than the original budget size of BDT 4,00,266 crore of the outgoing fiscal year (FY18).

The government articulated that regional parity, human resources development, infrastructure development as well as

assuring quality of expenditure were the moot points in the allocation of resources with the proposed budget for FY19 themed along the lines of 'Bangladesh on a Pathway to Prosperity'.

According to the budget, BDT 2,91,573 crore was allocated for non-development and other expenditures while the development expenditure has been estimated at BDT 1,73,000 crore. Furthermore, BDT 7,869.17 crore was allocated for projects to be implemented through self-finance of autonomous bodies. The target for containing inflation in the next fiscal year was set at 5.6 percent.

### Quote unquote

*"I believe that if we can use the huge external resources in the pipeline, we will be able to largely reduce our dependence on domestic sources and we shall, therefore, persistently make efforts to scale up the use of foreign assistance."*

### Bangladesh Finance Minister Mr. AMA Muhith in his June 2018 Budget speech

However, the World Bank has indicated that downside risks remain elevated, including political uncertainty from the upcoming general elections. The developmental institution indicates that remittances are projected to recover somewhat as GCC economies benefit from higher oil prices and private investments picking-up following lower interest rates and improvements in trade logistics infrastructure. Recovery in exports and remittances would help restore poverty reduction rates. Bangladesh is especially poised to remain in a strong position as US businesses will continue to diversify sourcing away from China with the imposition of tariffs making procurements from that country unviable. In response to US imposing tariffs, China has also imposed retaliatory tariffs on US imports.

Furthermore, inflation is projected to increase due to a pick-up in global commodity prices, combined with an expansionary fiscal policy and supply disruptions from natural disasters. Investment-related imports combined with low single-digit export and remittance growth could be expected to keep the current account in deficit over the medium term.

Sources: World Economic Outlook (WEO), International Monetary Fund (IMF), World Bank, Bangladesh Bureau of Statistics (BBS)

### Global lubricants industry

The global lubricant industry, which is highly sensitive to economic prospects, is forecasted to reach a size of about USD 162 billion by 2019, continuing to grow at an annual pace of 2.5 percent between 2014 and 2019, according to a recent report by Markets and Markets. Notably, Asia-Pacific is the fastest-growing lubricants market with an annual growth rate of 3 percent between 2014 and 2019. Asia-Pacific, the Middle East and Africa are the regions expected to drive the lubricants materials market. These markets together account for nearly 50 percent of the total market.

The growth of end-user industries in key countries such as China, India, South Africa, Brazil, Iran and Bangladesh is driving the growth of the lubricants market. China is the largest lubricants market, comprising more than 56 percent of the total Asia-Pacific market. The Chinese market is estimated to grow at a high rate over the next five years due to increasing industrial activities in the country. It surpassed the top lubricants market — the United States — in the recent past and is projected to continue to dominate the worldwide lubricants sector.

The growing automotive sector and rising industrial production have resulted in enhanced demand for lubricants. In terms of volume, the transportation segment accounts for the largest share at nearly 57 percent of the total lubricants market. Particularly, the lubricants market is driven by the growing automotive industry in the Asia-Pacific region. The increasing demand of automobiles in emerging economies such as China, India and Japan is fuelling the growth of the lubricants market in the region.

### Asia-Pacific to be the largest market during the forecast period

The lubricants market is broadly segmented into five regions: Asia-Pacific, Europe, North America, the Middle East & Africa and South America. Asia-Pacific is the largest market for lubricants, followed by Europe. The Middle East & Africa is projected to be the fastest-growing market during the forecast period. Growing industrialization has offered enormous opportunity for the various manufacturing industries to use lubricants in the Middle East & Africa. Moreover, the increasing number of passenger and commercial vehicles in the region is also accelerating the growth of the lubricants market.

In a notable forward-looking trend, the adoption of bio-based lubricants to reduce harmful environmental effects is currently gaining currency in the lubricants market and is boosting the overall growth of the market.

Sources: *machinerylubrication.com, marketsandmarkets.com, Reuters*

### Bangladesh lubricants industry

Bangladesh lubricant industry is an inherent part of the country's core sectors and hence its demand is principally influenced by the country's economic growth. Lubricants are non-substitutable products and are used across a wide range of industries, including railways, power plants, marine, aviation, process and manufacturing plants and across most other major industrial facilities. Broadly, the lubricant industry can be segmented into two categories:

- Automotive lubricants
- Industrial lubricants

The country's lubricants market is growing at about 3%-3.5% a year, which is slightly higher than the global average annual growth rate of 2.5%, and the annual demand currently stands little above 100,000 tonnes. Notably, the market for lubricants has nearly doubled over the last decade to more than BDT 22,000 million from BDT 11,000 million on increasing customer awareness leading to strong and sustainable demand. This demand is serviced by over 75 brands, which points to the fragmented nature of the market. However, the industry is also consolidated in the sense that currently, about 8 brands account for around 54% of the total market.

### Demand drivers

The major demand of lubricants emanates from private and commercial vehicles, which account for more than 67% of the lubricant market in Bangladesh. The rest of the demand is attributed to the industrial sector. The power sector contributes most to the growth in the industrial segment as the country's power generation capacity is expected to record a CAGR of 21.4% from 2017 to 2022.

### Attractive demographics

Bangladesh, since 2007, has had more people in the working-age group than in the non-working age pool with more than 65 percent of the population in the working age pool, being in the age group of between 15-64 years. As much as 33% of total population of the country, which stands at over 165-million, is set to reach the middle-class status by 2030, thereby significantly boosting the economy and making way for further growth of the lubricant industry.

**20.8 mn** Youth labour force (15-29 years)

**58.5%** Labour force participation rate

**2.7 mn** Potential labour force

Source: *Bangladesh Bureau of Statistics*

## Bangladesh's ultra-rich

Bangladesh recorded the highest growth in the population of ultra-high net worth (UHNW) individuals between 2012 and 2017, according to Wealth-X. The country registered a compounded annual growth rate of 17% in its UHNW population during the period, higher than India and China.

### Top-10 fastest-growing UHNW countries

Country	CAGR (%)
Bangladesh	17.3%
China	13.4%
Vietnam	12.7%
Kenya	11.7%
India	10.7%
Hong Kong (semi-autonomous)	9.3%
Ireland	9.1%
Israel	8.6%
Pakistan	8.4%
United States	8.1%

### Growing vehicular population

The rising number of registered vehicles is expected to play a key role in driving the growth of lubricant demand in Bangladesh. The number of registered vehicles has increased at a substantive 12.1% CAGR from 2010 to 2018 (March). According to Bangladesh Road and Transport Authority (BRTA), the number of registered vehicles stood at 3,419,884 at the end of March 2018. The sale of private cars has increased sharply in the country due to easy access to auto loans and increasing vehicle availability.

The demand for private vehicles is greater in urban areas compared to rural areas. The urban population of Bangladesh stood at 35.6% in May 2017 and grew at 2.2% CAGR during 2010-17 (up to May 2017). The World Bank anticipates that urban population in Bangladesh will reach 40% within 2019. It is expected that increasing urbanization will boost private sector vehicles demand over the mid-term.

Furthermore, it is also estimated that heavy-duty vehicles will become the largest energy-consuming segment of the transport sector by 2030.

### Fast-growing two-wheeler industry

Motorcycles, which account for over 60% of the total registered vehicles in Bangladesh, is a major user of branded lubricants. The number of registered motorcycles in the

country increased at a CAGR of 15.4% from 2010 to March 2018 and stood at 2,145,659 units at the end of March 2018, sharply up from 759,257 units in 2010. Going forward, the industry is expected to register sustainable growth as the government has chalked out a number of structural initiatives to aid the growth of the sector.

### Government's infrastructure thrust

The completion of the government's large infrastructure development projects like the Padma Bridge, metro rail, elevated expressway and some others flyovers and bridges will facilitate the growth of transportation, leading to growth in demand for lubricants in the country.

### Increasing acceptance of ride-sharing apps

The rising popularity of ride-sharing apps like Pathao, Uber, etc., is also adding to the growth of on-road vehicles in Bangladesh. Interestingly, a large number of people have switched to earning livelihoods from these ride-sharing apps, specifically motorcycles-based ones, due to their popularity because of the challenging traffic situation in Dhaka.

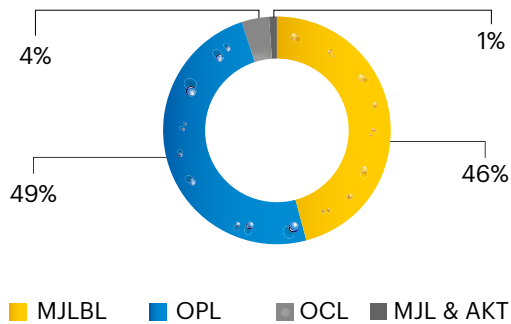
### Industrial growth

Industrial lubricant demand typically rides on power plant projects and industrial expansion. The government plans to augment electricity generation capacity up to 55,000 MW by 2030. The country's power generation capacity stood at 13,555 MW at the end of 2017. The generation capacity has been experiencing an average growth rate of 14.4% during FY10-FY17, which indicates the government's priority status accorded to electricity generation. The rapid expansion of power plants will drive industrial production growth as well as the use of lubricants in industrial machineries. Moreover, the government's plan to build new economic zones represents a major catalyst in supporting industrial growth, which will, in turn, augment demand for lubricants.

### Our performance

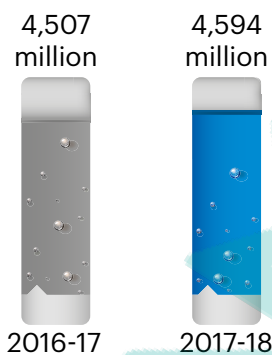
We, at MJLBL have been able to achieve remarkable financial performance for the period ended June 30, 2018, at a time when the overall economy faced several challenges. Consolidated revenue for the same period was surged by 25% to reach BDT 17,516 million. This has been possible due to our adherence to our customer needs and delivering high-performance products in a

highly competitive market. MJLBL, OPL, OCL and MJL & AKT contribute 46%, 49%, 4%, and 1% of consolidated revenue respectively.

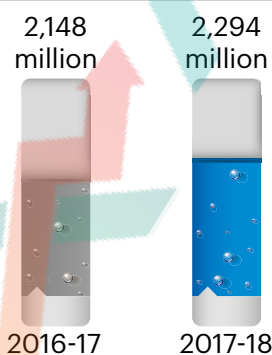


Consolidated cost of goods sold has been increased by 36% mainly due to increased sales volume and input cost inflation that drove commodity prices higher and significant depreciation in the local currency vis-à-vis the USD to the extent of about 3%. Increased COGS resulted in a decreased consolidated gross profit margin of 26.23% in 2017-18 compared to 32.24% in 2016-17. Consolidated profit after tax increased by 7% to reach BDT 2,294 million.

**Gross Profit**



**Profit after tax**



Consolidated earnings per share stood at BDT 7.00 in 2017-18 compared to BDT 6.95 of the previous reporting period. Market capitalization decreased by 16% to reach BDT

30,740 million (as on 30 June 2018) on the Dhaka Stock Exchange.

**Parent/Subsidiary/Associated Companies**

MJL Bangladesh Limited is a Public Limited company listed on the Dhaka and Chattogram Stock Exchanges. The major shareholders of the company are EC Securities Limited and Jamuna Oil Company Limited owning 52.062% and 19.454% stakes respectively. The rest of the shares are owned by general public.

MJL Bangladesh Limited is the parent company of Omera Petroleum Ltd (OPL), Omera Cylinders Ltd (OCL) and MJL AKT Petroleum Company Limited. Details of these subsidiaries are reported in page no 110-122 of this annual report.

MJL Bangladesh Limited has also formed an associate company incorporated in Singapore by the name of MJL (S) PTE LTD on May 18, 2016. It has been operating for principal activities being wholesale of solid, liquid and gaseous fuels and related products. It is also acting as a trading and investment arm of MJL Bangladesh Limited.

**Related Party Transaction**

A statement on related party transactions is shown in page no 230 of this annual report.

**Protection of Minority Shareholder**

MJL Bangladesh Limited always aims to strike a proper balance between the rights and interest of majority and minority shareholders. To protect the interest of minority shareholders the company has some effective means like representation of minority shareholders on Board, minority shareholders' contract in the form of put option, effective representation of independent directors on Board, redressal of investors' complaints shown in the page no 192 of this report, internal appraisal in the form of internal audit and compliance, ISO certification, standard business policies, process and procedure to support business decisions in the larger interest of the company as a whole.

**Corporate and financial reporting framework**

The members of the board, in accordance with the Bangladesh Securities and Exchange Commission's Notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated

03 June 2018, confirm compliance with the financial reporting framework for the following:

- a. The financial statements prepared by the management of MJLBL present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the issuer company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the issuer company's ability as a going concern.

### **Management discussion and analysis**

Management's Discussion and Analysis signed by CEO and Head of Finance and Planning presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements is given in page no. 50-55 of this annual report.

### **Certification by CEO and Head of Finance & Planning**

The certification of the CEO and Head of Finance & Planning to the Board on the correctness and fair presentation of financial statement is shown in page no. 178 of this annual report.

### **Reporting and Compliance of Corporate Governance Code**

The Company obtained a certificate of compliance regarding corporate governance from Howladar Yunus and Co. The certificate of compliance and compliance report are shown in page no. 180-188 of this annual report.

### **Risk factors**

Different risk factors and management perception about their mitigation is reported in page no. 166-177 of this annual report.

### **Key operating and financial data of last five years**

Key operating and financial data of last five years is shown in page no. 56-57 of this annual report.

### **Dividend**

The Board has recommended 45% cash dividend i.e. Taka 4.50 per share and 5% stock dividend recommended by the Board of Directors of the company on October 14, 2018, having record date of November 4, 2018. The company did not declare any stock dividend as interim dividend.

### **Contribution to the national exchequer**

MJLBL regularly pays its corporate tax, withholding tax and VAT on time. We have deposited BDT 594 million to the government exchequer as withholding tax and corporate tax in the reporting period of 2017-18. We have also deposited BDT 1,058 million as VAT in the same period.

### **Shareholding pattern**

The shareholding pattern of the company at the end of June 2018 is shown in page no. 190 of this annual report.

### **Board meetings and attendance**

During the period ended June 30, 2018, ten meetings of the Board of Directors were held. The attendance of the Directors is shown in page no. 162 of this annual report.

### **Audit committee**

During the period ended June 30, 2018, four meetings of the Board of Audit Committee were held. The attendance of the members is shown in page no. 162 of this annual report.

### **Going concern**

The financial statements of the company have been prepared on a going concern basis, which encompasses the realization of assets and the satisfaction of liabilities in the normal course of business. The Board of Directors of MJLBL has made an annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the company's ability to continue as a going concern and confirms the entity as a going concern.

### Human resources

Details on human capital of the company are shown in page no. 102-104 of this annual report

### Directors' Profile

Directors' profile along with their representation in other company is shown in page no. 67-74 of this annual report.

### Directors' remuneration

Directors' are not entitled for any remuneration other than the fees for attending the meeting of the Board and its Committee. The amount of remuneration paid to directors is also disclosed in page no. 228 of this annual report.

### Re-Appointment of Managing Director:

In accordance with the Company Act 1994, "Any Individual holding the office of the Managing Director in a company shall, unless his term expires earlier, be deemed to have vacated his office immediately on the expiry of five years." Accordingly Mr. Azam J Chowdhury will be completed the tenure of his office as Managing Director of the company on December 13, 2018. He was reappointed as Managing Director of the company for a further period of five years effective from December 14, 2018 by the Board of Directors (BOD) of the company in the BOD meeting held on October 14, 2018. His re-appointment as Managing Director has been placed for the approval by the shareholders in the 20th Annual General Meeting.

### Directors' election and re-appointment

In accordance with Company Act 1994 and BSEC Corporate Governance Code 1(2) (e), one third of the total number of Directors, except Independent Director(s) is to retire by rotation every year. Accordingly two existing Directors of the company, namely Mr. Abdul-Muyeed Chowdhury and Mr. Md. Aminur Rahman shall retire from the Board at the 20th Annual General Meeting and, being eligible, offer themselves for re-election.

### Appointment of Independent Director

Dr. Ijaz Hossain has been appointed as the Independent Director of the company in place of Dr. M. Tamim in the BOD meeting held on June 21, 2018 (subject to approval of the shareholders of the company at the 20th Annual General Meeting to be held on November 22, 2018) for the period of three years.

### Re-appointment of Auditors:

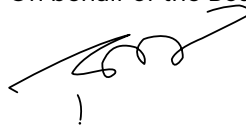
The auditors, ACNABIN Chartered Accountants, will retire at the conclusion of the ensuing Annual General Meeting. As per Bangladesh Securities and Exchange Commission notification no. SEC/CMRRCD/2009-193/104/Admin dated July 27, 2011; every public listed company shall not appoint any firm of Chartered Accountants as its statutory auditors for a consecutive period exceeding three years. Since ACNABIN is eligible for re-appointment, they have expressed their interest to perform the audit of the company's financial statements for the year 2018-2019. Therefore, the Board of directors has proposed, ACNABIN Chartered Accountants to engage as statutory auditors (subject to approval at the 20th Annual General Meeting to be held on November 22, 2018 by members of the company) up to 21st Annual General Meeting to be held in 2019.

### Appreciation

Finally, on behalf of the Board, I would like to take this opportunity to thank all the employees of MJLBL for their tremendous efforts, passion and resilience in delivering results in a fiercely competitive environment. I would also like to express sincere gratitude to the shareholders and all stakeholders of the company for their continued support that has paved the way for sustainable success. The Board is also grateful to the Government of Bangladesh, Ministry of Energy and Mineral Resources Division, Ministry of Commerce and Industries, Bangladesh Bank (BB), Bangladesh Investment Development Authority (BIDA), National Board of Revenue (NBR), Bangladesh Securities & Exchange Commission (BSEC), Dhaka Registrar of Joint Stock Companies and Firms (RJSC), Dhaka Stock Exchange (DSE), Chattogram Stock Exchange (CSE), Central Depository Bangladesh Limited (CDBL), Chief Controller of Export and Import, MJLBL's bankers and financial institutions, vendors and other business partners for their cooperation extended to the company during the year.

Thank you all.

On behalf of the Board of Directors



**Abu Hena Md. Rahmatul Muneem**  
Chairman

# Annexure I

Pattern of shareholding on June 30, 2018 as required by the revised Corporate Governance Guidelines issued by BSEC

i) Parent/Subsidiary/Associated companies and other related party:

Name of Shareholder	Percentage	Shares held
EC Securities Limited	52.062	157,054,113
Jamuna Oil Company Limited	19.454	58,687,524

ii) Shareholding status of Directors/CEO/CS/CFO/Head of Internal Audit and their spouses and minor children:

Name	Relation	Shares held
Abu Hena Md. Rahmatul Muneem	Nominated Director of Jamuna Oil Company Ltd.	
Abdul-Muyeed Chowdhury	Nominated Director of EC Securities Ltd.	Nil
Md. Aminur Rahman	Nominated Director of EC Securities Ltd.	Nil
Md. Gias Uddin Ansary	Nominated Director of Jamuna Oil Company Ltd.	Nil
Tanjil Chowdhury	Nominated Director of EC Securities Ltd.	6,691
Azam J Chowdhury	Nominated Director of EC Securities Ltd.	6,691
Dr. Ijaz Hossain	Independent Director	Nil
Quazi Mohammad Shariful Ala	Independent Director	Nil
M. Mukul Hossain	Chief Executive Officer	Nil
Sabbir Ahmed, FCA	Head of Finance & Planning	6,000
Nagma Mahmood	Head of HR-Admin & Company Secretary	Nil
S.M. Zeeshan Saad, ACA (England & Wales)	Manager-Internal Audit & Compliance	Nil

iii) Top-five salaried persons other than CEO, CFO, CS and HIA

Designation	Name	Shares held
General Manager & In-charge of plant	Engr. Salah Uddin Ahmed	Nil
Senior Finance Controller	Syed Muhammad Rahmatul Mujeeb, FCA	3,440
DGM - Supply Chain	Mohammad Hamidul Islam	Nil
Head of Brands & Market Communications	Syed Ghulam Dastagir	Nil
Chief Technology Officer	Shafquat Mahmud Fahmi	Nil

iv) Shareholders holding ten percent or more voting interest in the Company:

Name of Shareholder	Percentage	Shares held
EC Securities Limited	52.062	157,054,113
Jamuna Oil Company Limited	19.454	58,687,524

## Annexure II

Board meeting and attendance during the period ended June 30, 2018

Name of Directors	Number of meetings held whilst a Board member	Meetings Attended	Remarks
Abu Hena Md. Rahmatul Muneem	1	1	Appointed on June 21, 2018
Nazimuddin Chowdhury	10	10	Nomination withdrawn on June 21, 2018
Md. Quamrul Hasan	10	7	Nomination withdrawn on October 14, 2018
Abdul-Muyeed Chowdhury	10	9	
Md. Aminur Rahman	10	10	
Azam J Chowdhury	10	7	
Tanjil Chowdhury	10	10	
Dr. Mohammad Tamim	10	10	Nomination withdrawn on June 21, 2018
Quazi Mohammad Shariful Ala	10	7	
Dr. Ijaz Hossain	1	-	Appointed on June 21, 2018
Md. Gias Uddin Ansary	-	-	Appointed on October 14, 2018

Audit Committee meeting and attendance during period ended June 30, 2018

Name of Members	Number of meetings held whilst an Audit Committee Member	Meetings Attended	Remarks
Dr. Mohammad Tamim	4	4	Nomination withdrawn on June 21, 2018
Mr. Md. Aminur Rahman	4	4	
Mr. Tanjil Chowdhury	4	4	
Mr. Quazi Mohammad Shariful Ala	4	3	
Mr. Md. Quamrul Hasan	4	3	Nomination withdrawn on October 14, 2018
Md. Gias Uddin Ansary	-	-	Appointed on October 14, 2018

# Report of Audit Committee

MJL Bangladesh Limited established an Audit Committee as a sub-committee of the Board of Directors. The Audit Committee is responsible to the Board and they assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The duties and responsibilities of the Audit Committee are clearly set forth in writing by the Board in the Audit Committee Charter.

## Composition of Audit Committee:

In accordance with the requirements of Corporate Governance Code of BSEC, the Audit Committee of MJL Bangladesh Limited appointed by the Board of Directors comprised of four members including one Independent Director. Following are the members of the Audit Committee:

1. Quazi Mohammad Shariful Ala	Independent Director	Chairman
2. Md. Aminur Rahman	Non-Executive Director	Member
3. Tanjil Chowdhury	Non-Executive Director	Member
4. Md. Gias Uddin Ansary	Non-Executive Director	Member

Quazi Mohammad Shariful Ala (Independent Director) is an Economics graduate from the London School of Economics (LSE), University of London and a member of the Institute of Chartered Accountants of England & Wales having more than thirty years of corporate management experience primarily in financial management sector. Ms. Nagma Mahmood, Company Secretary is the member secretary of the audit committee.

## Major Responsibilities of the Audit Committee:

The authority, roles and responsibilities of the Audit Committee are delineated in the Audit Committee Charter. The Board has assigned authority and responsibilities to the Committee to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

Some of the major responsibilities of the Audit Committee are as follows:

- Review the periodic financial reporting and other financial results, and upon getting satisfactory review outcome recommend the same for submission to the Board for approval.
- Review the effectiveness and appropriateness of accounting policies and principles, financial reporting process and guidelines, internal control system, risk management framework, and overall company's processes for monitoring compliance with laws and regulations.
- Review the adjustments, disagreements and key issues of external auditors. Meet with management and external auditors to review critically the financial statements, accounting policies and assumptions as well as its corresponding financial effect on audited financial statement.
- Recommend appointment, reappointment and termination of external auditors to the Board. Review the scope of work and evaluate the works performed by external auditors.
- Review the effectiveness of internal audit functions including performance, structure, adequacy of resources and compliance with professional standards. Verify audit findings and material weaknesses and monitor timely implementation of management action plans of the open audit issues.
- Review the Management's Discussion and Analysis before disclosing in the Annual Report;
- Review statement of all related party transactions submitted by the management;

- Review Management Letters or Letter of Internal Control Weakness issued by statutory auditors;
- Carry out other tasks as mentioned in the Charter approved by the Board of Directors.

### Committee Meetings:

According to the requirement of approved charter, committee needs to sit for at least four (04) meetings in a year. Audit Committee may hold special meeting as and when required. A total of four (04) meetings were held for the period from July 2017 to June 2018. The committee reviewed different issues related to company's risk management, internal control system, accounting policies, principles and reporting process and periodic financial statements. Key officials as relevant to the matters discussed were present in the meeting as mandated by the Committee.

### Committee's Report Summary:

During the year, Audit Committee conducted the following major activities:

- Reviewed the audited accounts for the year ended June 30, 2017 and recommended for submission to the Board for approval.
- Reviewed the quarterly accounts for the year ended September 30, 2017, December 31, 2017, March 31, 2018 and recommended for submission to the Board for approval.
- Reviewed the draft audited accounts of the company for the year ended June 30, 2018 and recommended for submission to the Board for approval.
- Reviewed and approved the Annual Internal Audit Plan Outlook for the year 2018.
- Reviewed and approved the MJLBL Financial Reporting Audit report.
- Reviewed and recommended action plans for all previous open audit issues.

All meeting proceedings including the observations and recommendations of the Audit Committee were properly documented and reported to the Board of Directors for information, approval and necessary action.



**Quazi Mohammad Shariful Ala**  
Chairman  
Board Audit Committee

# Statement on Nomination and Remuneration Committee

MJL Bangladesh Limited established a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board of Directors. The NRC is responsible to the Board and they assist the Board of Directors in ensuring that assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

## Composition of NRC:

In accordance with the requirements of Corporate Governance Code of BSEC, the NRC of MJL Bangladesh Limited appointed by the Board of Directors comprised of 3 (three) non-executive directors as members including an independent director. Following are the members of the Nomination and Remuneration Committee:

- |    |                       |                        |          |
|----|-----------------------|------------------------|----------|
| 1. | Dr. Ijaz Hossain      | Independent Director   | Chairman |
| 2. | Tanjil Chowdhury      | Non-Executive Director | Member   |
| 3. | Md. Gias Uddin Ansary | Non-Executive Director | Member   |

Nagma Mahmood, Company Secretary is the member secretary of the NRC.

## Major Responsibilities of the NRC:

The key roles of NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive considering the fixed guidelines as directed in the notification
- Devising a policy on Board's diversity taking into consideration of age, gender, experience ethnicity, educational background and nationality
- Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board.
- Formulating the criteria for evaluation of performance of independent directors and the Board.
- Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria
- Developing, recommending and reviewing annually the company's human resources and training policies.

## Committee Meetings:

According to the requirement of Corporate Governance Code, committee needs to sit for at least one (01) meeting in a year. NRC Committee may hold special meeting as and when required. The Board of Directors have established NRC in its meeting on 14 October 2018 in compliance with the newly introduced Corporate Governance Code. No meeting of the NRC has so far been held.

# Statement on risk management and business continuity

MJLBL is focused on building a sustainable future through forward-looking management of all risks, protecting the present through a robust control environment and securing the future through enforcing tested mitigation frameworks.

MJL Bangladesh Limited operates a unified business strategy that includes the manufacturing, branding and marketing of Mobil lubricants in Bangladesh. The Company also markets the Omera brand of lubricants that has enabled it to expand the scope of the business, while also ensuring that products are available across the largest number of price-points. As a frontline enterprise that occupies almost 30% share of the organised lubricants market, representing its industry-leading position, melded with the fact that it is a part of the ExxonMobil ecosystem, the Company has adopted risk frameworks of the highest order that compare with the best-in-class standards.

As a business providing lubricant products and services that are core to the growth of the national economy, managing risk is a key part of our day-to-day activities. This has

strengthened our ability to ensure operational sustainability, leading to our continued ability to service our downstream customers, some of which operate assets (like power plants) that are essential for continuous economic, social and societal progress. At our Company, we have always believed that to be able to manage our business effectively, it is critical that we understand and control risk in everything we do. Towards this extent, we aim to embrace a prudent approach and advanced risk management strategies and techniques to facilitate us to deliver robust financial performance and build sustainable value for our shareholders and all other stakeholders.

Overall, we aim to maintain a predictable medium-low risk profile, consistent with our business model. We believe that this is key to achieving our strategic objectives.

## Living a risk-aware culture

*“Consider the statistic that the cost of lubricants is just about 3-4% of running any operations, but the use of proper lubricants can save as much as 25-30% of the operational cost. Hence, being in a business in which our chief products, lubricants, mitigate operational risk across a vast swathe of industries, at MJL Bangladesh Limited, we also aim to prudently and comprehensively address the risks facing our business. In meeting this objective, we continually enhance our disclosures and their usefulness to our readers, in the light of developing market practices and areas of focus. As a result, our disclosures go beyond the minimum required by accounting standards and other regulatory requirements. Furthermore, we have robust risk identification, management, mitigation and documentation practices that help us live a unique culture that can be best described as one that is ‘risk-aware.’”*

**M. Mukul Hossian**  
Chief Executive Officer

## Risk framework

At MJL Bangladesh Limited, our risk framework sets out how we manage and control risk. It is anchored on essential elements that include our risk appetite, our risk identification techniques, our risk response tools, our risk mitigation strategies and our risk documentation/archival practices.

During the year under report, as a part of our ongoing efforts in ensuring that our risk framework is our organisational bulwark, we updated our framework to ensure that it remains comprehensive and that it also improves our focus on key risk issues:

- We enhanced the quality of discussions in our risk committee meetings. These discussions reviewed risks relating to conduct, compliance, competition and legal matters, among others. It also provided advice and oversight while continuing to maintain a supportive/enabling risk culture throughout the business.
- We included legal risk as an important part of our framework to reflect its importance and to also enable us to give it a higher level of focus.
- We broadened the scope of commercial risk to counterbalance rising input costs on the one hand and managing end-product prices on the other.

- We enhanced our focus on information technology (IT) risks and are in the process of detailing data management strategies with backups and security standards, while also planning for reinforcing our IT systems through including state-of-the-art infrastructure at our new upcoming office headquarters in Dhaka.

## Our approach to risk – our culture and principles

The complexity and importance of the lubricant industry in a fast-growing economy demands a strong risk culture. At MJL Bangladesh Limited, though we have extensive systems, controls and safeguards in place to manage and control the risks we face, we also foster the fact that it is crucial that everyone takes personal responsibility in managing risk with the appropriate levels of ownership and accountability.

Notably, our risk culture plays a key role in our aim to be the most preferred lubricants brand and it is vital that everyone in our business understands that. To achieve this, our people have a strong, shared understanding of what risk is and what their role is in helping to control it. This ethos finds expression in our risk culture statement, which is enunciated below.

## Risk culture statement

At our Company, we will only take risks that we fully understand and will always remain conservative and prudent in identifying, assessing, managing and reporting all risks. These efforts are integrated in our approach to create a risk-mitigated and risk-aware enterprise.

At our Company, our embedded risk culture represents a robust competitive advantage as it proactively encourages our people to take personal responsibility for doing the right thing and to challenge without fear. Furthermore, we ensure that decisions and actions take into account the best interests of all our stakeholders and are in line with our values, ethics and Code of Conduct.

The CEO reviews our risk culture and practices on an ongoing basis and provides guidance and oversight. Notably, other senior executives are responsible for promoting our risk culture from the top. They drive cultural change and increased accountability and ownership across the business. Moreover, we reinforce and embed our risk culture in all our business units through our risk framework and other initiatives. This includes underpinning such factors as:

- It is everyone's personal responsibility to play their part in managing and mitigating risk
- We identify, assess, manage and report risk quickly with accurate disclosure, emphasizing prudence and conservatism
- We make risk an integral part of how we assess our people's performance and how we recruit, develop and reward them
- Our internal control system is essential to ensure that we manage and control risk in line with our principles, standards, appetite and policies

Furthermore, we certify our risk practices via regular third-party audits to confirm how we manage and control risks in line with our risk framework and within our risk appetite. Since our risk management agenda is top-driven, this is a very clear sign of the importance we accord to managing, mitigating and controlling risk, while also ensuring personal accountability that is a principal part of our risk culture.

Notably, our risk culture is also characterised by our risk certifications, policies, frameworks and governance and in all our risk-related communications. We also include it in mandatory training and induction courses for our staff, in our Code of Conduct and in rewards and incentives. Additionally, we embed the behaviours we want to encourage in key processes and documents. Furthermore, we make risk management a part of everyone's life as a MJL BL employee - from how we recruit them and manage their

performance to how we develop and reward them. It is also how we encourage people to take personal responsibility for risk, speak up and come up with ideas that help us change. We also include mandatory risk objectives for all our people - from our risk committee to the staff at our industrial facilities.

In 2017-18, we made substantive progress in continuing to entrench personal accountability for managing risk across the business. For all new and existing employees, we provided substantive risk training and also ensured that the updated performance management risk objectives were used across the business.

## Risk governance

### Stress-testing

Stress-testing helps us understand how different events and economic conditions could affect our business plan, earnings and risk profile. This helps us to plan and manage our business better with strong contingencies, backups and redundancies.

### Stress-testing scenarios

To see how we might cope with difficult conditions, we regularly develop challenging scenarios that we might face. We consult a broad range of internal stakeholders when we design and choose our most important scenarios. These scenarios cover a wide range of outcomes, risk factors, time horizons and market conditions. Importantly, these are designed to test:

- The impact of shocks affecting the economy as a whole or the particular industries that we serve
- Key potential vulnerabilities of our business model
- Potential impacts on specific risk types and the most suitable risk mitigation protocols

We describe each scenario using a narrative, setting out how events might unfold, as well as taking into cognizance market/economic contexts. We use a comprehensive range of stress scenarios to explore sensitivities to market risk, including those based on historic market events. Particularly, we track crude prices closely and frame various scenarios in the context of the volatility that has historically marked this commodity's prices.

### Using stress-testing

We use stress-testing to estimate the effect and probable impact of these scenarios on our business model and financial performance, including our business plan and its assessment against our risk appetite. We also deploy a wide range of models, approaches and assumptions in framing various scenarios. These help us interpret the links between factors in markets and the economy and link it with our financial performance. Overall, these practices help us reinforce our preparedness in the face of various known as well as unknown eventualities.

Importantly, we embrace a multi-layered and integrated approach to stress-testing to capture risks and their potential impacts at various levels. This ranges from sensitivity analysis of a single factor to a portfolio, representing a wider exercise that covers all risks across our entire business. Importantly, we use stress-testing outputs to design action plans that aim to mitigate damaging effects. Furthermore, our stress-testing modules are subject to a formal review and independent validation and approval process.

We also conduct reverse stress-tests. These are tests in which we identify and assess scenarios that are most likely to cause our business model to fail, which assure us with the highest levels of readiness in 'black swan' events.

**Note:** A black swan is an event or occurrence that deviates beyond what is normally expected of a situation and is extremely difficult to predict. The term was popularized by Nassim Nicholas Taleb, a finance professor, writer and former Wall Street trader, after the 2008 financial crisis. Taleb argued that black swan events are impossible to predict, yet have catastrophic ramifications.

### Our risk governance structure

At our Company, we are committed to the highest standards of corporate governance in every part and every facet of our business. This includes risk management. For details of our governance, including the Board and its Committees, see the 'Corporate Governance' section of this Annual Report.

The Board delegates responsibilities to Board-level committees as needed and where appropriate. Our risk governance structure reinforces our ability to identify, assess, manage and report risks, as follows:

- **Risk Committee:** A management committee is responsible for specific parts of our risk framework
- **Roles with well-defined risk management responsibilities:** Senior roles have specific and well-defined responsibilities for risk
- **Risk organizational structure:** We have three solid 'lines of defence' built into the way we operate our business

Broadly, the Risk Committee responsibilities for risk include the following factors:

- Overall responsibility for business execution and for managing/mitigating/controlling risk
- Review and approval of the risk framework and risk appetite
- Assess the risk framework and approves it
- Consultation with the CEO on our overall risk appetite, tolerance limits and control strategies
- Oversee organizational exposure to key risks and devise mitigation strategies and advise the CEO on both of these
- Review the effectiveness of our risk management systems and internal controls
- Ensure that adequate and effective control processes are in place to identify and manage reputational risks
- Oversee our reputation and how this impacts our market positioning

### Roles with risk management responsibilities

#### Chief Executive Officer

At MJLBL, Chief Executive Officer (CEO) is responsible for our business activities and managing risk on a day-to-day basis. The core risk responsibilities of the CEO include the following:

- To propose our strategy and business plans, put them into practice and manage the risks involved in the most appropriate way.
- To ensure we have a suitable systems of control to manage risk with strong reporting mechanisms to the interested parties.
- To foster a culture that promotes ethical practices and social responsibility.

- To ensure that all our staff members are aware of the policies and corporate values approved by the Board.

### **Head of Finance & Planning**

The main risk responsibilities of the Head of Finance & Planning include the following:

- To deliver the strategy approved by the Board, aligned with the authority delegated to him by the CEO.
- To manage the day-to-day financial operations, in line with the agreed business plans, delegating appropriate authority prudently.
- To manage and control effectively the relevant risk types and within our predefined activity framework.
- To prudently manage and mitigate financial risks, such as liquidity risk, working capital risk, interest rate risk, etc.
- To carry out appropriate contingency planning and balance risk impact with delivery to ensure a 'business-as-usual' approach.

### **Risk organisational structure**

At our Company, with a view to ensure that we minimise risk downsides, while also simultaneously expand our appetite for growth through embracing a risk-controlled approach, we use the three 'lines of defence' model to manage risk. Importantly, this model has a clear set of principles to put in place a cohesive operating model across the organisation. Furthermore, it also activates risk awareness by ensuring the separation of risk management, risk control and risk assurance.

#### **Line 1**

##### **Risk management**

Business divisions and support units share the accountability for identifying, assessing and managing the risks that originate and exist in their area, within the framework of our risk tolerance levels and as per our organisational risk culture.

#### **Line 2**

##### **Risk control**

Our risk control units are independent monitoring and control functions. They are principally tasked with the responsibility of overseeing the first line of defence. They

ensure that business divisions and support units manage risks effectively and within the purview our risk appetite.

#### **Line 3**

##### **Risk assurance**

At our Company, internal audit is a permanent and independent corporate function. Its role is to provide assurance on how well designed and effective our risk management and internal control processes are.

Together, our three lines of defence ensure that risks are comprehensively and timely identified and mitigated on the one hand, while also providing us with the perimeter within which it is considered to be safe for our organisation to embrace risks on the other.

### **Internal control systems**

Our risk framework is an overarching view of our internal control systems that helps us manage risk across the business. It sets out the principles, standards, roles and responsibilities and governance for internal control, as per the following categories:

**Risk frameworks:** Sets out how we should manage and control risk for the Group and subsidiaries, key risk types and core risk activities

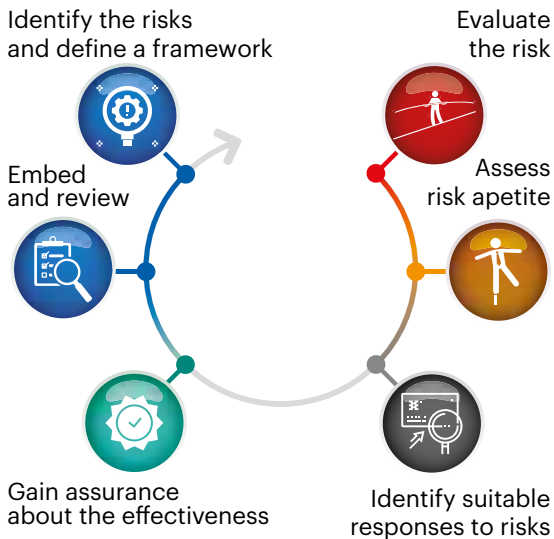
**Risk management responsibilities:** Sets out the first line risk management responsibilities for business divisions and support units

**Risk appetite statement:** Defines the type and the level of risk that we are willing and able to take to achieve our business plans and objectives

**Delegated authorities:** Defines who can do what under the authority delegated by the CEO (and as mandated to him by the Board)

**Risk certifications:** Business divisions and support functions/risk control units set out how they have managed/controlled risk in line with the organisational risk framework and risk appetite

## Risk Management Cycle



## Risk identification

The first stage of risk management is the identification of risk and a consistent and systematic approach must be applied across MJLBL. By identifying key risks, steps are taken to either prevent the event occurring or to minimise the impact. There are several factors which it may be of assistance to consider when identifying risks:

- Any Previous Risk Assessments which may have been undertaken in relation to the organisational Aims and Business objectives.
- Any areas which have been subject to significant recent change.
- Any new or innovative practice/business areas.
- Risk History Information – this will indicate which incidents have occurred in the past, how often they have occurred and what the consequences were.
- Organisational aims and business objectives.
- Consideration of all the key activities of the business.
- Key Questions List
- The financial categories of risk
- Risk Publications
- Common Risk Documents

## Risk evaluation

Once the key risks within the organisation have been identified, they must be evaluated in order to allow decisions to be made about the areas of risk in which action is required to be taken and their relative priority. Criteria which are used for the evaluation of risk include:

- Financial/ Value for Money issues
- Service Delivery/ Quality of Service issues
- Reversibility or otherwise of realisation of the risk
- The quality or reliability of evidence surrounding the risk
- The impact of the risk on the organisation / clients / partners / others
- Defensibility of the realisation of the risk.

## Risk appetite

### Controlling the risks that we are willing/ prepared to take

When the Board sets the organisation's strategic objectives, it is important that we are clear about the risks we are willing/ prepared to take to achieve them. We express this through our risk appetite statement that outlines the quantum and kind of risk we are willing to take. Notably, our risk appetite and strategy are closely interlinked and our strategy must be achievable within the limits prescribed in our risk appetite.

### The core principles of our risk appetite

Our risk appetite statement lists several principles that we use to set/define our risk appetite.

- We always aim to have enough financial resources to survive possible stressed economic and business conditions
- We indicate our preparedness to predict how our income and losses might vary (that is demonstrate the extent of their volatility)
- Our dividend payments should be stable and in line with the long-term returns that we aspire to achieve and distribute among our shareholders
- We always aim to have strong capital and liquidity resources

- We set pre-defined controls on large concentrations of risk, such as to single customers or specific industries
- We always aim to earn the trust of our people, customers, shareholders and communities

At our Company, we embed our risk appetite by setting forth more detailed risk limits for the business functions and subsidiary companies. These are set in a way so that if we stay within each pre-defined limits, we will stay within our overall risk appetite. Furthermore, we provide a programme of ongoing communication and training to our staff, which helps ensure that our risk framework, including our risk appetite, is well-understood and implemented.

### Risk mitigation

Risks with a high probability and impact are addressed whilst lesser risks that are less critical and therefore be within the risk appetite of the organisation.

The majority of risks are within the risk appetite of the organisation and therefore are tolerated. Some risks identified require treatment in order to bring the level of the risk down to a tolerable level. Few risks are transferred and very few, if any will have the option of the activity causing the risk being terminated.

When deciding the response to a risk, the response must offer value for money in relation to the risk which it is controlling. The responses to risk are in proportion with the risk which they address. Over control of any minor risks are avoided as well as the under control of serious risks.

### Risk mitigation drivers

- Integration of the risk culture with a collaborative approach to decisions and management
- Management of risks with a forward-looking lens at all levels of the organisation
- Separation of risk functions from business functions
- Monitoring of the risk appetite, deployment of scenario analysis with models and metrics and transparency in escalation and reporting
- Best-in-class risk management systems and processes

### Risk reporting

Assurance must be gained regarding the effectiveness of the risk management policy. Assurance must also be gained about the effectiveness of any risk responses to determine that they have been implemented and are having the desired effect of reducing the exposure to risk to within the risk appetite. There are two main ways of this being done:

#### Reporting

An effective reporting system allows the management structure to report upwards about how effective the risk management and the controls applied in response to risk are.

Each level of management is regularly reviewing the risks and controls for which it is responsible and report upwards on the outcome of this review. If there is any need to change priorities or controls, this is clearly recorded and the necessary action is taken. Concerned officers are designated responsible for all activity risks in their area of responsibility and as such provide assurance on all to the Risk Committee.

When controls are being reviewed, it is insured that any additional actions required have not been subject to slippage. If there are any significant digressions from the agreed action plans for the implementation of risk responses they are noted.

The concerned officers complete an annual assurance statement which provides assurance that the risk is being managed in accordance with the risk management policy. These statements are in turn provide assurance to the Chairperson of Risk Committee when making the annual statement on internal control.

#### Internal audit

The other main source of gaining assurance on the effectiveness the risk management process is through the Internal Audit function of the Company.

Internal Auditors undertake periodic reviews of the risk management activities as part of their audit plan. They provide independent assurance on the process of risk identification, evaluation and control. They review the risk management processes and procedures which are in place and report on their effectiveness to the audit Committee.

## Business continuity and disaster management

Business continuity planning (BCP) is the process of creating strategies of prevention and recovery to deal with potential threats and risks facing by a company. Business Continuity ensures that we have plans in place for our organisation that ensure human and assets are protected and we can continue to offer a level of service to our customers during an emergency and return to full service within a short while. On this notion, MJL Bangladesh Limited implemented BCP that aims to provide with policy and guidelines to respond, recover, resume, and restore the essential services to its normal level of operation within quickest possible timeframe following the disruption.

During inception of BCP, the BCP Coordination Team of the company identified critical business functions involving products, critical customers and potential threats and risks that may affect business and customers by identifying possible impact scenarios. MJLBL BCP considers risks and threats associated with nature, human, business

processes disruptions including supply chain, systems and infrastructures (machinery and technology failures), power and utilities disruptions and also local emergencies. The guiding principles to protect personnel and assets, the process flows, the risk matrix and the responsibilities of the BCP Response Team are well documented to enable the company to face challenges in the event of an emergency. Continual improvements of the Business Continuity processes and procedures are ensured by evaluating and analyzing biannual mock drills results. Established emergency management activities and protocols and IT Disaster Recovery procedures are interwoven into the BCP process.

At MJLBL, we ensure that interconnected and well communicated business continuity plans must take place before an emergency event so that there is a coordinated and effective response that can protect our organization and minimize damages to facilitate quick recovery and better supports & services to the customer even during BCP situation.



### Living our commitment to a risk-mitigated environment

*“At MJLBL, we are committed to risk mitigation through a prudent, insightful and forward-thinking approach. This risk overview contains extensive information on the risks faced by the Group, how we manage and control these and the way they affect our activity and results. The report also provides details of the actions taken by us to minimise the occurrence of such risks and mitigate their severity.”*

**Syed Muhammad Rahmatul Mujeeb, FCA**  
Senior Finance Controller

#### Risk management report

Risk head	Severity	Explanation	Impact on capital/s	Mitigation measures	Mitigation impact
<b>COMPETITION RISKS</b>	■	The lube and LPG industries are highly competitive with the unorganised sector enforcing a non-level playing field	<ul style="list-style-type: none"> <li>&gt;Financial</li> <li>&gt;Manufactured</li> <li>&gt;Human</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Full-scale brand portfolio straddling price-points</li> <li>&gt; Large capacities enabling go-to-market strengths</li> <li>&gt; Robust brand strength and recall</li> <li>&gt; High compliance levels that builds trust</li> </ul>	> 1.8% overall revenue CAGR (over the past five years), which is among the highest in the industry
<b>PRODUCT RISKS</b>	■	Rapid technological developments or product substitution might lead to subsiding demand	<ul style="list-style-type: none"> <li>&gt;Financial</li> <li>&gt;Manufactured</li> <li>&gt;Natural</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Lube oils are critical non-substitutable industrial products that have a direct impact on a machine’s efficiency and operations</li> <li>&gt; LPG is the answer to safeguarding Bangladesh’s energy security as the fuel finds a strong regulatory push</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 3.5% CAGR lube sales volumes (past five years)</li> <li>&gt; 42% Growth YoY in LPG sales volumes</li> </ul>

Risk head	Severity	Explanation	Impact on capital/s	Mitigation measures	Mitigation impact
<b>INDUSTRY RISKS</b>	■	Both lube oils and LPG is influenced by downstream demand and any slowdown can have an impact on sales and profitability	<ul style="list-style-type: none"> <li>&gt; <b>Manufactured</b></li> <li>&gt; <b>Financial</b></li> </ul>	<ul style="list-style-type: none"> <li>&gt; Bangladesh's GDP is recording among the fastest growth rates in the world with projections of over 7% growth estimated in the next few years</li> <li>&gt; The country's economy is also fast industrialising with growing entrepreneurialism and sustained governmental incentives</li> <li>&gt; With sustained efforts in infrastructure creation, the transportation and mobility industries are set to witness strong growth rates</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Over 4,500 industrial customer base</li> <li>&gt; LPG presence in 100% of Bangladesh's overall districts</li> </ul>
<b>WORKING CAPITAL RISKS</b>	■	Our businesses are working capital-intensive in nature and an inability to mobilise funds could have an adverse impact on the day-to-day operations	<ul style="list-style-type: none"> <li>&gt; <b>Financial</b></li> <li>&gt; <b>Manufactured</b></li> <li>&gt; <b>Human</b></li> <li>&gt; <b>Natural</b></li> </ul>	<ul style="list-style-type: none"> <li>&gt; A strong parentage and credible balance sheet empowers our low-cost fund mobilisation capabilities</li> <li>&gt; Unutilised working capital drawdown limits provide financial comfort</li> <li>&gt; Robust credibility of meeting liabilities on time has strengthened market reputation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Our average working capital debt cost is among the lowest in the industry</li> </ul>

Risk head	Severity	Explanation	Impact on capital/s	Mitigation measures	Mitigation impact
<b>DIVERSIFICATION RISKS</b>	■	Increasing reliance on a few businesses can lead to a subdued performance	> <b>Financial</b>	<ul style="list-style-type: none"> <li>&gt; We have well-diversified business operations with interests in lube oil, shipping and logistics, clean energy and trading, among others</li> <li>&gt; This diversified profile has enabled revenue acceleration</li> <li>&gt; Our strategic land acquisition during the year helps strengthen our growth aspirations</li> </ul>	> 13% Contribution of our non-lube oil businesses in 2017-18 (14% in 2016-17)
PEOPLE RISKS	■	Attrition can lead to a negative impact on business performance and stability	> <b>Human</b> > <b>Intellectual capital</b>	<ul style="list-style-type: none"> <li>&gt; Our HR policies and practices are well-structured, underpinned by employee engagement</li> <li>&gt; We offer robust training and career enhancement opportunities</li> <li>&gt; Our compensation packages are among the best-in-class</li> </ul>	> As many as 16% of our employees have been with the Company for more than three years and 45% for more than five years
OPERATIONAL RISKS	■	Increasing regulatory complexity and below-par operating standards could have a negative operational impact	> <b>Financial</b> > <b>Manufactured</b> > <b>Human</b> > <b>Natural</b>	<ul style="list-style-type: none"> <li>&gt; Our LOBP is at the cutting-edge of technology and our operating practices have been certified by ExxonMobil</li> <li>&gt; Our strong parentage continually helps in incorporating global best practices</li> <li>&gt; We have a no-compromise stance on regulatory adherence, which has build trust of our regulators in our operations</li> </ul>	> 3.8/4: Our ranking (QG&P 3PIMS) by ExxonMobil audit in 2017, which is higher than the global ExxonMobil benchmark

Risk head	Severity	Explanation	Impact on capital/s	Mitigation measures	Mitigation impact
FINANCIAL RISKS	■	Enhanced debt mobilisation in 2017-18 might be a cause of balance sheet concern	>Financial	<ul style="list-style-type: none"> <li>&gt; Consolidated debt mobilisation to the extent of Taka 9,078 mn was essential to secure our business expansion and shareholder value creation plans</li> <li>&gt; We expect our repayment capacities to improve from the increased cash flow generation from business expansion</li> <li>&gt; Towards this extent, the impact of these investments on the capital employed is expected to be materially higher than the cost of capital</li> </ul>	> Our debt service coverage ratio in 2017-18 is respectable
SOCIAL RISKS	■	Our inability to reconcile social expectations might have an adverse business impact	>Social and relationship capital	<ul style="list-style-type: none"> <li>&gt; We are deeply aware of our responsibilities towards the communities around our operational areas</li> <li>&gt; Our social aspirations are supported by a dedicated CSR budget that is used for social and societal development</li> <li>&gt; We operate a zero-emissions zero-discharge plant that helps reinforce environmental sustenance</li> </ul>	> Our CSR expenses has grown by 418% YoY

**Risk severity gradation:**

- High
- Moderate
- Low

# Report on financial statements by CEO and Head of Finance & Planning

October 14, 2018

The Board of Directors  
MJL Bangladesh Limited  
Mobil House, CWS (C) 9  
Gulshan-1, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on June 30, 2018

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80, Dated: June 3, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of MJL Bangladesh Limited for the year ended on June 30, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on June 30, 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal, or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**M. Mukul Hossain**  
Chief Executive Officer



**Sabbir Ahmed, FCA**  
Head of Finance & Planning

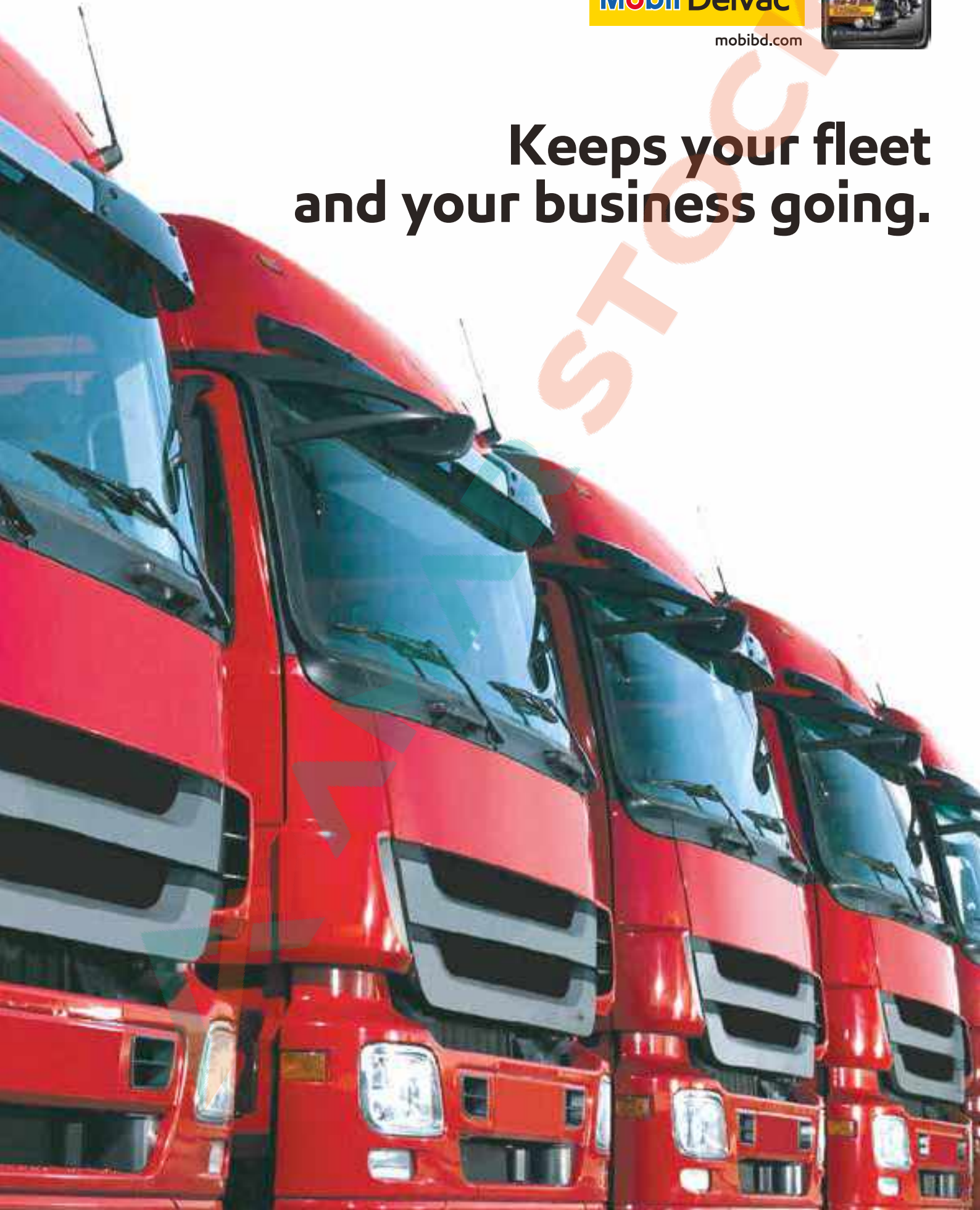
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## Certificate on Compliance of Conditions of Corporate Governance Guidelines

*[Issued under condition #7(i) of Corporate Governance Guidelines of BSEC vide notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and subsequent amendment made thereon]*

We have reviewed the compliance with the conditions of the Corporate Governance Guidelines by MJL Bangladesh Limited (“the Company”) for the year ended 30 June 2018. These conditions of Corporate Governance were issued by Bangladesh Securities & Exchange Commission (BSEC) vide its notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and subsequent amendment made thereon.

### The Company’s Responsibility

The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the management of the Company.

### Our Responsibility

Our responsibility is to provide a certificate about whether the company is in compliance with the said conditions of Corporate Governance based on our examination. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance of the conditions of Corporate governance and correct reporting of the status of compliance on the attached statement on the basis of evidence gathered and representation received. It is neither an audit nor an expression of opinion on the financial statements of the Company.

### Conclusion

To the best of our information and according to the explanations given to us by the Company, we hereby certify that MJL Bangladesh Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC’s notification dated 07 August 2012 and subsequent amendment made thereon.

Place: Dhaka,  
 Date : October 17, 2018



**Hussain Farhad & Co.**  
 Chartered Accountants

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

**(Report under condition no. 7.00)**

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>1</b>	<b>Board of Directors</b>			
<b>1.1</b>	<b>Board's Size</b>			
	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		
<b>1.2</b>	<b>Independent Directors</b>			
(i)	At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	✓		
(ii)	For the purpose of this clause "Independent Director" means a director-	✓		
(a)	Does not hold any share or holds less than 1% share of the total paid-up capital.	✓		
(b)	Who or his family members are not connected with the company's any sponsor or Director or shareholder who holds 1% or more shares.	✓		
(c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
(d)	Who is not a member, director or officer of any Stock Exchange.	✓		
(e)	who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market.	✓		
(f)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	✓		
(g)	who shall not be an Independent Director in more than 3 (three) listed companies.	✓		
(h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		
(i)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		
(iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	✓		
7 (iv)	The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.	✓		
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(vi)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.			
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
(ii)	Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	-	-	Not Applicable
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer</b>			
	The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the Board shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	✓		
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>			
(i)	Industry outlook and possible future developments in the industry.	✓		
(ii)	Segment-wise or product-wise performance.	✓		
(iii)	Risks and concerns.	✓		
(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	✓		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	-	-	Not Applicable
(vi)	Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report.	✓		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	-	-	Not Applicable
(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc	-	-	Not Applicable

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	-	-	Not Applicable
(x)	Remuneration to Directors including Independent Directors.	✓		
(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
(xii)	Proper books of account of the issuer company have been maintained.	✓		
(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
(xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	-	-	Not Applicable
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
(xix)	If the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	-	-	Not Applicable
(xx)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	✓		
(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
(xxi) a)	Parent / Subsidiary / Associated Companies and other related parties (name wise details);	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
(xxi) c)	Executives; (top five salaried employees of the company, other than the Director, CEO, CS, CFO and Head of Internal Audit).	✓		
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
(xxii)	In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders:			
(xxii) a)	A brief resume of the Director.	✓		
(xxii) b)	nature of his/her expertise in specific functional areas.	✓		
(xxii) c)	names of companies in which the person also holds the Directorship and the membership of committees of the Board.	✓		
<b>2.0</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
<b>2.1</b>	<b>Appointment</b>			
	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
<b>2.2</b>	<b>Requirement to attend the Board Meetings</b>			
	Attendance of (CFO) and the Company Secretary in the Board meetings.	✓		
<b>3.0</b>	<b>Audit Committee</b>			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
(ii)	The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>3.1</b>	<b>Constitution of Audit Committee</b>			
(i)	The Audit Committee shall be composed of at least 3 (three) members	✓		
(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	✓		
(iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience: -The term Financially literate means the ability to read and understand the Financial Statement i.e Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have Accounting or related Financial Management expertise if she/he possesses professional qualification or accounting/finance graduate with at least 12 (twelve) years of corporate management / professional experiences.	✓		
(iv)	Casual vacancy in Audit Committee (AC) shall be filled by the Board.	-	-	Not Applicable
(v)	The company secretary shall act as the secretary of the Committee.	✓		
(vi)	The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	✓		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	✓		
(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>3.3</b>	<b>Role of Audit Committee</b>			
(i)	Oversee the financial reporting process.	✓		
(ii)	Monitor choice of accounting policies and principles.	✓		
(iii)	Monitor Internal Control Risk management process.	✓		
(iv)	Oversee hiring and performance of external auditors.	✓		
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
(vii)	Review the adequacy of internal audit function.	✓		
(viii)	Review statement of significant related party transactions submitted by the management.	✓		
(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	-	-	Not Applicable
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings,if any:			
(ii) a)	Conflicts of interests.	-	-	Not Applicable
(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	-	-	Not Applicable
(ii) c)	Audit committee report,Audit committee minutes	-	-	Not Applicable
(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	-	-	Not Applicable
<b>3.4.2</b>	<b>Reporting to the Authorities:</b>			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	-	-	Not Applicable
<b>3.5</b>	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>4.0</b>	<b>External /Statutory Auditors</b>			
(i)	Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.	✓		
(ii)	Non-engagement of external/ statutory auditors in financial information systems design and implementation.	✓		
(iii)	Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.	✓		
(iv)	Non-engagement of external/ statutory auditors in broker-dealer services.	✓		
(v)	Non-engagement of external/ statutory auditors in actuarial services.	✓		
(vi)	Non-engagement of external/ statutory auditors in internal audit services.	✓		
(vii)	Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.	✓		
(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
(ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	✓		
<b>5.0</b>	<b>Subsidiary Company</b>			
(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
(ii)	At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.	✓		
(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		
(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	✓		
(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		

Condition No.	Title	Compliance status Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not complied	
<b>6.0</b>	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
	The CEO and CFO shall certify to the Board that:-			
	(i)	The CEO and CFO will certify to the Board:		
	(i) a)	That they have reviewed the financial statement and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓	
	(i) b)	That they have reviewed the financial statement and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓	
	(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓	
<b>7.0</b>	<b>Reporting and Compliance of Corporate Governance</b>			
	(i)	The company shall obtain a certificate from practicing a Professional Chartered Secretary/ Accountants (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓	
	(ii)	The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	✓	

# Communication to shareholders and stakeholders

At MJLBL, we believe that our success depends not only on embracing the highest standards of performance and service delivery that our stakeholder ecosystem has come to expect of us, but also on our ability to understand, influence and manage the expectations of this ecosystem. This represents the cornerstone of our focus on communication to shareholders and other stakeholders

At our Company, we take into cognizance the interests of all our external and internal stakeholders. These include current as well as potential shareholders, clients, colleagues, government regulators, media, professional bodies and trade associations and the communities around our manufacturing facilities and distribution centres. We recognise that consistent, effective, open, transparent, honest and timely communication is important to help us convey our aims, objectives, policies and other key corporate developments on an ongoing basis and to endorse our integrity and trustworthiness as a publicly-listed company.

In this regard, we provide information through a number of channels including traditional media and through digital channels, such as our website and social media sites. We ensure at all times that our communication conveys our beliefs and values while explaining in some detail the core rationale behind the update/s. We are also prompt to issue notifications that might be price-sensitive, to the concerned authorities and regulatory bodies. Importantly, we pursue our commitment of open and honest communication through:

- Shareholders and potential investors – We communicate with shareholders

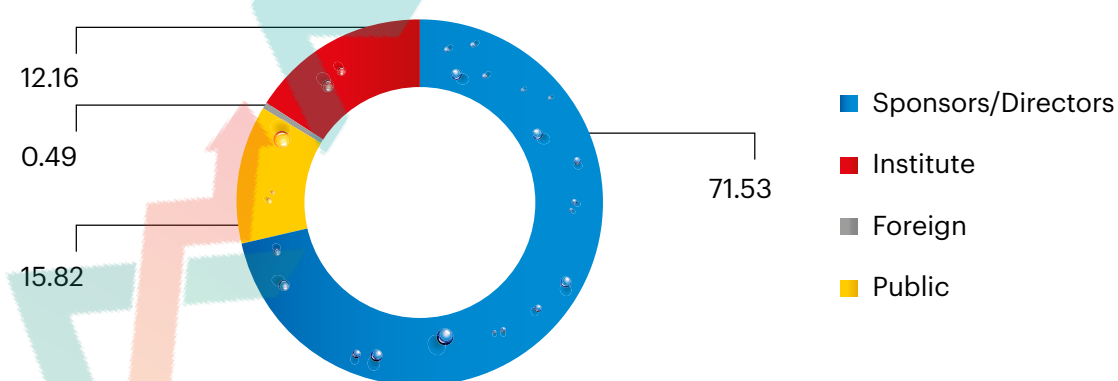
and potential investors via our investor relations page on our website and share information about the Company's performance through a comprehensive and information-rich Annual Report, at our Annual General Meeting and through full-year and quarterly results presentations. We also engage with analysts and other investment management firms to share updates while providing them with a contextual reference on our progress and aspirations.

- External stakeholders – We deploy a range of media to communicate with external stakeholders. These include face-to-face meetings and events as well as sharing marketing materials such as brochures, case studies and newsletters, especially with our customers. We operate a proactive programme of communication to share information with the media and ensure we provide timely and accurate information about our achievements, performance and successes, on our website and social media channels.
- Internal stakeholders – We communicate with our colleagues across Bangladesh through both informal and formal communication channels, with a particular emphasis on ensuring we have feedback mechanisms in place to promote open and active dialogue and communication between colleagues. These communication channels include webinars, staff notices, newsletters, posters and conferences to ensure colleagues understand the Company's overarching aims and objectives and know where they fit in to help achieve these. This also provides a mechanism for knowledge exchange throughout the Group.

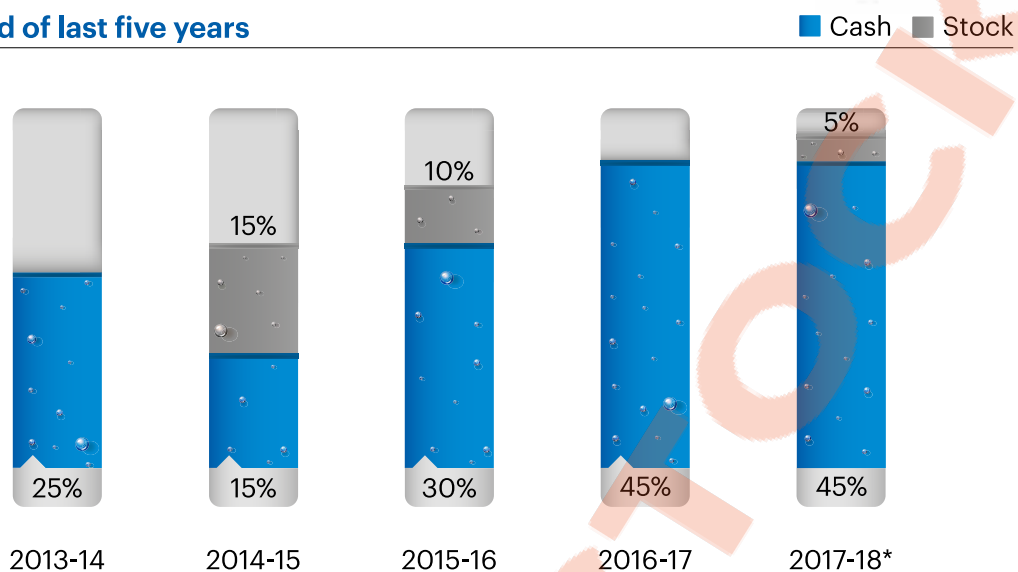
# Useful investor information

## Shareholding composition of June 30, 2018

Sl. No.	Name of Shareholders	Number of Shares	% of total Shares
<b>1</b>	<b>SPONSORS/DIRECTORS:</b>		
	EC Securities Limited	157,054,113	52.0618
	Jamuna Oil Company Limited	58,687,524	19.4544
	Mr. Azam J Chowdhury	6,691	0.0022
	Tanjil Chowdhury	6,691	0.0022
	Dilruba Chowdhury	6,691	0.0022
	Marina Yasmin Chowdhury	6,691	0.0022
	Parkesine Products Limited	6,691	0.0022
	<b>Sub-Total</b>	<b>215,775,092</b>	<b>71.5272</b>
<b>2</b>	<b>GENERAL:</b>		
	<b>Institutions:</b>		
	Investment Corporation of Bangladesh	4,057,509	1.3450
	Pubali Bank Securities Limited	2,248,561	0.7454
	Pubali Bank Limited	1,076,838	0.3570
	Agrani Bank Limited	942,920	0.3126
	DBL Securities Limited	681,241	0.2258
	Sonali Bank	600,000	0.1989
	Union Capital Limited	526,220	0.1744
	Other Institutions	37,578,079	12.4567
	<b>Sub-Total</b>	<b>47,711,368</b>	<b>15.8158</b>
	<b>Individuals:</b>		
	Public (Individuals)	36,675,527	12.1576
	<b>Sub-Total</b>	<b>36,675,527</b>	<b>12.1576</b>
<b>3</b>	<b>FOREIGN:</b>		
	Both Institutions & Individuals	1,506,611	0.4994
	<b>Sub-Total</b>	<b>1,506,611</b>	<b>0.4994</b>

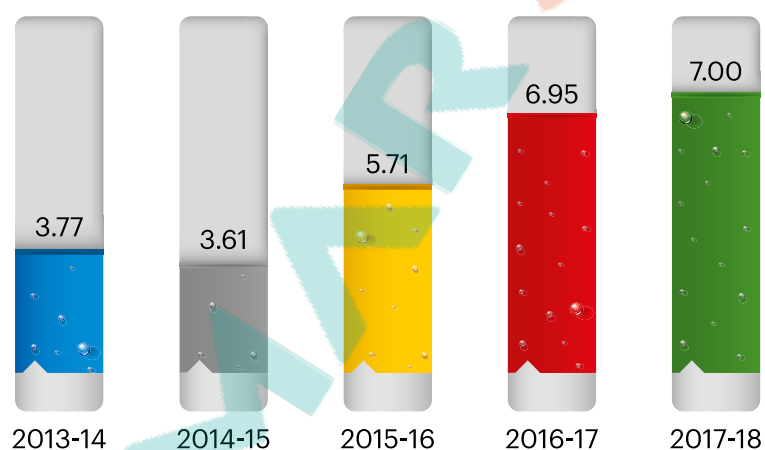


### Dividend of last five years



\*Proposed

### EPS of last five years (consolidated basis)



### Trend of Share Price

Date	Lowest Price	Highest Price	Closing Price	Average Price	Weighted Average Price	Turnover (BDT mn)
31 Jul 2017	120.70	121.70	121.20	121.07	121.07	127.36
31 Aug 2017	121.80	123.70	123.00	122.41	122.38	157.85
28 Sep 2017	116.90	120.00	119.30	118.18	117.77	72.65
31 Oct 2017	114.70	116.50	116.00	115.52	115.56	45.60
30 Nov 2017	109.00	110.80	109.80	110.10	110.04	15.68
28 Dec 2017	103.40	109.70	109.10	107.44	107.63	17.89
31 Jan 2018	106.60	113.70	108.80	108.59	108.97	27.05
28 Feb 2018	107.30	110.30	108.50	109.08	109.24	24.49
29 Mar 2018	99.60	102.00	101.70	101.43	101.63	7.98
30 Apr 2018	99.10	103.00	100.80	101.13	101.31	24.65
31 May 2018	99.50	100.50	100.00	99.95	99.94	7.21
28 Jun 2018	100.90	103.30	101.90	102.17	102.01	16.13

## Redressal of Investor's Complaints

Strong investor grievance redressal mechanisms and protection of retail investor interests go hand-in-hand. In ensuring the existence of a transparent, time-bound, easier and simpler grievance redressal mechanism for retail investors, their protection will be substantially ensured and they will be able to increasingly mobilize and place their investments – and trust – in the capital markets and thus contribute towards national economic development by channelizing their savings into investments and facilitating stronger capital formation. In this context, systems must offer adequate checks and balances in which corporate efforts towards value creation are backed by investor confidence in company operations and managements.

At MJLBL, we have a formal investor grievance management procedure to redress investor complaints with speed, sensitivity and surety. The Company receives complaints from investors in written format, over the phone or via email. A dedicated department headed by the Company Secretary has been set up to deal with all investor issues on a forthcoming basis and to provide prompt and efficient services to our shareholders. Investors can send their queries and comments on [enquiry@mobilbd.com](mailto:enquiry@mobilbd.com).



# FINANCIAL STATEMENTS



At MJLBL, our financial statements are riveted on conservatism and prudence, providing an accurate and fair view of our present performance as well as insights and acuties into our future potential.



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## Independent Auditor's Report

### To the Shareholders of MJL Bangladesh Limited

We have audited the accompanying consolidated financial statements of MJL Bangladesh Limited and its subsidiaries ("the Group"), as well as the financial statements of MJL Bangladesh Limited ("the Company"), which comprise the consolidated and the separate statements of financial Position as at 30 June 2018, and consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of subsidiaries disclosed in note # 34 to these consolidated financial statements were audited by other auditors and we have relied on those audited financial statements for the purpose of consolidation.

#### Management's Responsibilities for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements of the Group and also the separate financial statements of the Company that give a true and fair view in accordance with International Financial Reporting Standards, the Companies Act 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and the separate financial statements of the Company that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Company based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and the separate financial statements of the Company. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of consolidated financial statements of the Group and the separate financial statements of the Company, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the consolidated financial statements of the Group and the separate financial statements of the Company that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the group and also the separate financial statements of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for Qualified Opinion

The Bangladesh Labour (Amendment) Act 2013 requires a company when fulfills certain conditions to set up a Workers' Profit Participation Fund (WPPF) and to disburse an amount equivalent to 5% of net profit before tax to that fund in each year. As disclosed in note # 2.15(iii) to the financial statements, none of MJL Bangladesh Limited and its subsidiaries has made any provision for the said fund. Had the provision for WPPF been made in these financial statements the net profit after tax of the Group as well as of the Company would have been decreased by Tk. 157,775,905 and Tk. 116,464,872 respectively.

#### Qualified Opinion

In our opinion, except for the matters described in the Basis for Qualified Opinion paragraph, the consolidated



financial statements of the Group and the separate financial statements of the Company referred to above give a true and fair view of the financial position of the Group and the financial position of the Company as on 30 June 2018, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Report on Other Legal and Regulatory Requirements

We also report that the consolidated and separate financial statements comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations. We, as required by law, further report that:

- i) we have obtained all the information and explanations which to the best of our knowledge

and belief were necessary for the purposes of our audit and made due verification thereof;

- ii) in our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- iii) the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income of the Group and the Company dealt with by the report are in agreement with the books of account maintained by the Company and examined by us; and
- iv) the expenditure incurred was for the purpose of the Group and the Company.

Dhaka,  
30 August 2018

**ACNABIN**  
Chartered Accountants

## MJL Bangladesh Limited and its Subsidiaries

### Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30.06.2018	30.06.2017
		Taka	Taka
<b>ASSETS</b>			Restated
Property, plant and equipment	3	18,729,778,999	15,105,398,399
Intangible assets	4	7,793,021	15,529,349
Capital work-in progress	5	1,576,191,855	1,051,877,448
Deferred tax asset	6	-	200,160,699
Investment in Subsidiaries and Associates	7	182,889,812	171,243,081
Investment in bonds and shares	8	8,943,071	24,392,763
<b>Total Non-Current Assets</b>		<b>20,505,596,758</b>	<b>16,568,601,739</b>
Inventories	9	2,217,792,197	1,367,434,202
Trade and other receivables	10	1,283,148,674	1,345,783,855
Investment in bonds and shares	8.1	70,770,633	79,774,772
Inter Group/company receivables	11	1,510,757,526	1,813,987,117
Advances, deposits and prepayments	12	1,118,370,553	831,608,255
Advance income tax	13	2,567,539,312	2,093,163,457
Investments in fixed deposits	14	302,336,023	706,997,471
Cash and Bank Balances	15	507,536,158	513,587,912
<b>Total Current Assets</b>		<b>9,578,251,076</b>	<b>8,752,337,041</b>
<b>TOTAL ASSETS</b>		<b>30,083,847,834</b>	<b>25,320,938,780</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	16	3,016,685,980	3,016,685,980
Share premium		4,589,200,000	4,589,200,000
Retained earnings	17	3,703,262,183	2,951,590,685
		<b>11,309,148,163</b>	<b>10,557,476,665</b>
Non-controlling interest	18	1,122,259,306	625,274,616
<b>Total Equity</b>		<b>12,431,407,469</b>	<b>11,182,751,281</b>
<b>Liabilities</b>			
Deferred tax liabilities	19	464,296,170	355,657,536
Long term loan (Net off current portion)		808,893,908	1,048,233,375
Obligation under finance lease (Net off current portion)		114,114,037	354,076,602
Advance lease rental against cylinder - Net off current maturity		2,581,416,014	2,131,804,910
<b>Total Non-Current Liabilities</b>		<b>3,968,720,129</b>	<b>3,889,772,423</b>
Long term loan (Current portion)		488,855,729	609,870,007
Obligation under finance lease (Current portion)		39,197,781	71,890,306
Advance lease rental against cylinder - Current maturity		475,014,859	522,491,754
Short term loan	20	7,489,911,387	4,871,639,827
Bank overdraft	21	136,957,508	934,772
Trade creditors	22	1,116,242,673	593,183,828
Provision for income tax	23	3,327,327,748	2,781,882,182
Subscription money payable		15,173,185	15,023,185
Dividend payable		39,021,759	34,110,217
Other liabilities	24	556,017,607	747,388,998
<b>Total Current Liabilities</b>		<b>13,683,720,236</b>	<b>10,248,415,076</b>
<b>Total Liabilities</b>		<b>17,652,440,365</b>	<b>14,138,187,499</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,083,847,834</b>	<b>25,320,938,780</b>
<b>Net Asset Value (NAV) - Consolidated</b>	32	<b>37.49</b>	<b>34.93</b>
<b>Net Asset Value (NAV) - Consolidated - Restated</b>	32.1		<b>35.00</b>

The annexed notes form an integral part of these consolidated financial statements.

Chairman

Managing Director

Head of Finance &amp; Planning

Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018
  
**ACNABIN**  
 Chartered Accountants

## MJL Bangladesh Limited

### Statement of Financial Position

As at 30 June 2018

	Note	30.06.2018	30.06.2017
		Taka	Taka
<b>ASSETS</b>			Restated
Property, Plant and Equipment	3A	6,363,406,050	4,816,486,535
Intangible assets	4A	600,398	2,062,268
Capital work-in progress	5A	476,984,106	370,536,438
Investment in Subsidiaries and Associate	7A	2,280,414,414	2,280,414,413
Investment in Bonds and Shares	8A	8,943,071	24,392,763
<b>Total Non-Current assets</b>		<b>9,130,348,038</b>	<b>7,493,892,418</b>
Inventories	9A	1,420,945,122	1,072,978,481
Receivables	10A	1,151,647,340	1,122,810,150
Investment in Bonds and Shares	8A.1	70,770,633	79,774,772
Inter company receivables	11A	2,967,811,508	2,484,659,024
Advances, deposits and prepayments	12A	332,144,968	201,616,642
Advance income tax	13A	2,567,539,312	2,093,163,457
Investments in fixed deposits	14A	302,336,024	706,997,471
Cash and cash equivalents	15A	331,545,252	92,260,029
<b>Total Current Assets</b>		<b>9,144,740,160</b>	<b>7,854,260,026</b>
<b>TOTAL ASSETS</b>		<b>18,275,088,198</b>	<b>15,348,152,443</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	3,016,685,980	3,016,685,980
Share premium		4,074,000,000	4,074,000,000
Retained earnings	17A	3,528,751,389	3,125,530,590
<b>Total equity</b>		<b>10,619,437,369</b>	<b>10,216,216,570</b>
<b>Liabilities</b>			
Deferred tax liabilities	19A	401,687,885	355,657,536
<b>Total Non-Current liabilities</b>		<b>401,687,885</b>	<b>355,657,536</b>
Short term loan	20A	3,147,677,334	1,338,868,967
Bank overdraft	21A	136,957,508	934,772
Trade creditors	22A	337,236,322	274,656,326
Provision for income tax	23A	3,283,559,447	2,761,021,835
Subscription money payable		15,173,185	15,023,185
Unpaid dividend		39,021,759	34,110,217
Other liabilities	24A	294,337,389	351,663,035
<b>Total current liabilities</b>		<b>7,253,962,944</b>	<b>4,776,278,337</b>
<b>Total liabilities</b>		<b>7,655,650,829</b>	<b>5,131,935,873</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,275,088,198</b>	<b>15,348,152,443</b>
<b>Net asset value (NAV)</b>	32A	<b>35.20</b>	<b>33.87</b>

The annexed notes form an integral part of these financial statements.



Chairman



Managing Director




Head of Finance & Planning



Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018




**ACNABIN**  
Chartered Accountants

**MJL Bangladesh Limited and its Subsidiaries****Consolidated Statement of Profit or Loss and Other comprehensive income**

For the period ended 30 June 2018

	Notes	Jul'17-Jun'18	Jul'16-Jun'17
		Taka	Taka
			Restated
<b>Revenue</b>		18,659,743,619	15,051,557,730
Less: VAT		1,143,598,769	1,072,567,492
Net revenue	26	17,516,144,850	13,978,990,238
Less: Cost of revenue	27	12,922,011,242	9,471,918,769
Gross profit		4,594,133,608	4,507,071,469
Add: Other income	28	309,514,844	244,290,269
		4,903,648,452	4,751,361,738
Less: Administrative and selling expenses	29	1,041,169,407	1,310,951,507
Income from operation		3,862,479,045	3,440,410,231
Less: Financial charge	30	706,960,934	514,965,369
Profit before tax		3,155,518,111	2,925,444,863
Less: Provision for income tax			
Current tax	23	552,689,811	701,415,661
Deferred tax		308,799,334	75,898,074
		861,489,145	777,313,735
<b>Net profit after tax</b>		<b>2,294,028,966</b>	<b>2,148,131,128</b>
Other comprehensive income		(1,989,086)	(29,206,725)
<b>Total comprehensive income</b>		<b>2,292,039,880</b>	<b>2,118,924,403</b>
Non Controlling Interest (Share of operating profit/(loss))		182,859,691	30,628,060
Comprehensive income attributable to ordinary shareholders		2,109,180,189	2,088,296,343
		<b>2,292,039,880</b>	<b>2,118,924,403</b>
<b>Consolidated Earnings Per Share (EPS) - Basic</b>	31	<b>7.00</b>	<b>6.91</b>
<b>Consolidated Earnings Per Share (EPS) - Restated</b>	31.1		<b>6.95</b>

The annexed notes form an integral part of these consolidated financial statements.



Chairman



Managing Director



Head of Finance &amp; Planning



Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018
  
**ACNABIN**  
Chartered Accountants

## MJL Bangladesh Limited

### Statement of profit or loss and other comprehensive income

For the period ended 30 June 2018

	Note	Jul'17-Jun'18			Jul'16-Jun'17
		Oil Tanker Unit	Manufacturing Unit	Trading Unit	
Revenue		1,247,539,003	4,295,976,244	3,945,395,319	9,488,910,566
Less: VAT		-	551,978,963	506,281,127	1,058,260,090
Net revenue	26A	1,247,539,003	3,743,997,281	3,439,114,192	8,430,650,476
Less: Cost of revenue	27 A	734,892,862	2,297,601,576	2,622,921,172	5,655,415,610
Gross profit		512,646,141	1,446,395,705	816,193,020	2,775,234,866
Add: Other income	28A	-	140,620,564	129,169,478	269,790,042
		512,646,141	1,587,016,269	945,362,498	3,045,024,908
Less: Administrative and selling expenses	29A	53,719,467	261,594,716	240,292,402	555,606,585
Financial charges	30A	263,480	83,321,224	76,536,167	160,120,871
Profit before tax		53,982,947	344,915,940	316,828,569	734,351,683
Less: Provision for income tax:	23A 19A	458,663,194	1,242,100,329	628,533,929	2,329,297,453
<b>Net Profit after tax</b>					688,653,905 (24,945,956)
Other comprehensive income					663,707,949
<b>Total comprehensive income</b>					<b>1,985,143,069</b>
<b>Earnings per share (EPS) - Basic</b>	31A				11,914,391
					<b>1,997,057,460</b>
					<b>5.84</b>

The annexed notes form an integral part of these financial statements.

  
Chairman

Managing Director

  
Head of Finance & Planning

  
Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018

  
ACNABIN  
Chartered Accountants

## MJL Bangladesh Limited and its Subsidiaries

### Consolidated statement of changes in equity

For the period ended 30 June 2018

Particulars	Share Capital	Share Premium	Retained Earnings	Non Controlling Interest	Total
<b>Balance as on 01 July 2017</b>	<b>3,016,685,980</b>	<b>4,589,200,000</b>	<b>2,951,590,685</b>	<b>625,274,616</b>	<b>11,182,751,281</b>
Share Capital issued to NCI by OCL	-	-	-	250,000	250,000
Share money deposit	-	-	-	313,875,000	313,875,000
Dividend for the period of 2016-17	-	-	(1,357,508,691)	-	(1,357,508,691)
Consolidated net profit after tax during the year	-	-	2,109,180,189	182,859,691	2,292,039,880
<b>Balance at 30 June 2018</b>	<b>3,016,685,980</b>	<b>4,589,200,000</b>	<b>3,703,262,183</b>	<b>1,122,259,306</b>	<b>12,431,407,469</b>
<b>Balance as on 01 July 2016</b>	<b>2,742,441,800</b>	<b>4,589,200,000</b>	<b>1,960,271,062</b>	<b>594,646,556</b>	<b>9,886,559,418</b>
Dividend for the year 2015-2016	274,244,180	-	(1,096,976,720)	-	(822,732,540)
Total Comprehensive Income for the year	-	-	2,088,296,343	30,628,060	2,118,924,403
<b>Balance at 30 June 2017</b>	<b>3,016,685,980</b>	<b>4,589,200,000</b>	<b>2,951,590,685</b>	<b>625,274,616</b>	<b>11,182,751,281</b>

The annexed notes form an integral part of these consolidated financial statements.

  
Chairman

  
Managing Director

  
Head of Finance & Planning

  
Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018

**ACNABIN**  
Chartered Accountants

**MJL Bangladesh Limited**  
Statement of changes in equity  
For the period ended 30 June 2018

(Amount in Taka)

Particulars	Share Capital	Share Premium	Retained Earnings	Equity Total
<b>Balance as on 01 July 2017</b>	<b>3,016,685,980</b>	<b>4,074,000,000</b>	<b>3,125,530,590</b>	<b>10,216,216,570</b>
Dividend for the period of 2016-17	-	-	(1,357,508,691)	(1,357,508,691)
Total Comprehensive Income for the year	-	-	1,760,729,491	1,760,729,491
<b>Balance at 30 June 2018</b>	<b>3,016,685,980</b>	<b>4,074,000,000</b>	<b>3,528,751,389</b>	<b>10,619,437,369</b>
<b>Balance as on 01 July 2016</b>	<b>2,742,441,800</b>	<b>4,074,000,000</b>	<b>2,225,449,850</b>	<b>9,041,891,650</b>
Dividend for the year 2015-2016	274,244,180	-	(1,096,976,720)	(822,732,540)
Total comprehensive income for the year	-	-	1,997,057,460	1,997,057,460
<b>Balance at 30 June 2017</b>	<b>3,016,685,980</b>	<b>4,074,000,000</b>	<b>3,125,530,590</b>	<b>10,216,216,570</b>

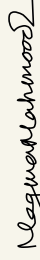
The annexed notes form an integral part of these financial statements.

  
Chairman

Managing Director



Head of Finance & Planning



Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018

  
ACNABIN  
Chartered Accountants

## MJL Bangladesh Limited and its Subsidiaries Consolidated statement of cash flows

For the period ended 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>A. Cash flows from operating activities</b>		
Cash received from revenue	18,779,549,595	15,900,649,848
Payroll and other payments to employees	(622,599,626)	(4,466,021,403)
Payment to suppliers	(13,061,877,928)	(5,529,903,270)
Payment for admin & selling expenses	(566,972,874)	(384,638,670)
Finance expenses paid	(630,692,887)	(407,701,048)
Income tax paid	(481,625,309)	(397,992,511)
Other business income	45,119,533	15,074,178
<b>Net cash flow from operating activities</b>	<b>3,460,900,508</b>	<b>4,729,467,124</b>
<b>B. Cash flow from investing activities</b>		
Payment against Capital work-in progress	(2,042,318,253)	(832,814,864)
Proceeds from sale of fixed assets	189,199	3,482,584
Advance for land	(265,790,858)	(125,734,390)
Investment in FDR	404,661,447	(205,234,322)
Investment in Subsidiary	-	(159,200,000)
Inter-Company payment	(468,745,658)	(376,861,824)
Investment in bond and shares	17,556,051	(41,527,713)
Investment income received	252,728,110	118,344,283
Acquisition of fixed assets	(3,081,704,671)	(3,343,673,635)
<b>Net cash used in investing activities</b>	<b>(5,183,424,632)</b>	<b>(4,963,219,881)</b>
<b>C. Cash flows from financing activities</b>		
Share capital issued	-	61,455,660
Share Money Received	1,099,281,250	(61,455,660)
Long term debt	(360,353,745)	(512,121,797)
Proceed from finance lease	(272,655,090)	-
Subscription money paid	(14,960)	(91,326)
Dividend paid	(1,352,597,149)	(1,083,065,041)
Short term loan	2,466,789,328	1,416,046,011
Bank overdraft	136,022,737	(27,328,313)
<b>Net cash used in financing activities</b>	<b>1,716,472,371</b>	<b>(206,560,466)</b>
<b>D. Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(6,051,753)</b>	<b>(440,313,223)</b>
<b>E. Cash and cash equivalent at beginning of the year</b>	<b>513,587,912</b>	<b>953,901,134</b>
<b>F. Cash and cash equivalent at end of the year</b>	<b>507,536,158</b>	<b>513,587,912</b>
<b>Consolidated Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>11.47</b>	<b>15.68</b>

The annexed notes form an integral part of these Consolidated financial statements.



Chairman



Managing Director



Head of Finance & Planning



Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018



**ACNABIN**

Chartered Accountants


## MJL Bangladesh Limited Statement of Cash Flows


For the period ended 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>A. Cash flows from operating activities</b>		
Cash received from revenue	8,495,854,025	7,866,743,467
Payroll and other payments to employees	(387,448,307)	(322,035,437)
Payment to Suppliers	(5,682,709,785)	(4,399,242,204)
Payment for admin & selling expenses	(331,913,746)	(304,065,634)
Finance expenses Paid	(118,431,256)	(33,954,812)
Income tax paid	(474,375,855)	(397,992,511)
Other Business Income	21,888,433	15,074,178
<b>Net cash flow from operating activities</b>	<b>1,522,863,511</b>	<b>2,424,527,045</b>
<b>B. Cash flows from investing activities</b>		
Payment against capital work-in progress	(1,613,556,488)	(190,061,814)
Proceeds from sale of fixed assets	189,199	2,912,584
Advance for land	(265,790,858)	(125,734,390)
Investment in FDR	404,661,447	(205,234,322)
Inter-Company payment	(483,152,483)	(373,534,377)
Investment in bond and shares	17,556,051	(41,527,713)
Investment income received	252,728,110	118,344,283
Acquisition of fixed assets	(188,432,261)	(23,419,778)
<b>Net cash used in investing activities</b>	<b>(1,875,797,283)</b>	<b>(838,255,528)</b>
<b>C. Cash flows from financing activities</b>		
Subscription Money Paid	(14,960)	(91,327)
Dividend paid	(1,352,597,149)	(1,083,065,041)
Short term loan	1,808,808,367	(790,346,974)
Bank Overdraft	136,022,737	(27,328,312)
<b>Net cash used in financing activities</b>	<b>592,218,995</b>	<b>(1,900,831,654)</b>
<b>D. Net cash decrease in cash and cash equivalents (A+B+C)</b>	<b>239,285,223</b>	<b>(314,560,137)</b>
<b>E. Cash &amp; Cash equivalents at beginning of the year</b>	<b>92,260,029</b>	<b>406,820,166</b>
<b>F. Cash &amp; Cash equivalents at end of the year</b>	<b>331,545,252</b>	<b>92,260,029</b>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>5.05</b>	<b>8.04</b>

The annexed notes form an integral part of these financial statements.

  
Chairman


  
Managing Director

  
Head of Finance & Planning

  
Company Secretary

This is the Consolidated Statement of Financial Position referred to in our separate report of even date.

Dhaka,  
30 August 2018

  
**ACNABIN**  
Chartered Accountants

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 1. Background of the company

#### 1.1 Company profile

Mobil Jamuna Lubricants Limited was incorporated on 03 December 1998 as a private limited company. The company went into commercial operations on 20 May 1999. The Company converted into Public Limited Company on 03 December 2009 and changed its name to MJL Bangladesh Limited. The shares of the company are publicly traded in Dhaka and Chittagong Stock Exchanges from June 2011.

##### 1.1.1 Registered office

The address of the Company's registered office is Mobil House, CWS (C) 9, Gulshan-1, Dhaka-1212.

##### 1.1.2 Nature of Business

The Company owns the State-of-the-art lube Oil blending plant and blending and sells lubricants in local market and exports some of its products in international market.

##### 1.1.3 Vessel - MT Omera Queen

MT Omera Queen (MTOQ) is a Crude Oil Tanker previously named as Okeanis which had Greece flag, Port of Registry was Pireaus. Building of this ship was completed on 26th November 1997 by the TSU Works Universal Shipbuilding, Japan under Lloyds Register class. According to IPO declaration, MTOQ was purchased by MJL Bangladesh Limited under a Memorandum of Agreement dated 21st January 2011 and delivered to the owner on 21st March 2011. She took flag of Bangladesh on September 2011 and got Port of Registry at Chittagong under the Technical Management of Timur Ship Management Pte Ltd, Singapore and Commercial Management of EC Bulk Carriers Limited, Dhaka, Bangladesh. She is the 2nd largest AFRAMAX Oil Tanker by a Bangladeshi Ship Owner and Bangladeshi Flagged vessel. Her present trading route is Persian Gulf and Arabian Sea.

##### Vessel - MT Omera Legacy

MT Omera Legacy (MTOL) is a Crude Oil Tanker previously named as AKTEA (IMO Number: 9291236) which had Greece flag, Port of Registry was CHIOS. Building of this ship was completed on 25th May 2005 by the Daewoo Ship building & Marine Engineering Co. Ltd, South Korea under Lloyds Register class. MTOL was purchased by MJL Bangladesh Limited under a Memorandum of Agreement dated 12 October 2017. She took flag of Bangladesh on August 2018 and got Port of Registry at Chittagong under the Technical Management of Timur Ship Management Pte Ltd, Singapore and Commercial Management of EC Bulk Carriers Limited, Dhaka, Bangladesh. She is the largest AFRAMAX Oil Tanker in Bangladeshi Flagged vessel. Her present trading route is Persian Gulf and Arabian Sea.

#### 1.1.4 Description of subsidiaries and Associates

##### i. Omera Petroleum Limited (OPL):

Omera Petroleum Limited is a subsidiary of MJL Bangladesh Limited. MJL Bangladesh possesses 62.5% share of its shares. The company built an LPG (Liquefied Petroleum Gas) plant to import, store, bottle and distribute LPG through a strong marketing channel in the country. The main LPG Terminal is located in Mongla (Bagerhat) in one of its industrial plot on the westside of 100 Feet wide Khulna-Mongla main road and East side of Pussur River. Primarily, the project with three satellite LPG bottling plant in three different locations of the country. The actual capacity of the plant is 300,000 MT.

##### ii. Omera Cylinders Limited (OCL):

Omera Cylinders Limited (OCL), a subsidiary of MJL Bangladesh Limited has set up a LPG Cylinder manufacturing Plant to cater the ever increasing market demand for LPG as alternative fuel power requirement of the country. Having the technical expertise and a good professional people, the company has the potentiality to deliver quality LPG Cylinder at an affordable rate to the intended segment of the market which eventually plays a significant role in the process of industrialization of the country. The particulars of the LPG cylinder manufacturing plant is as follows:

Cylinder Sizes:

12.5 kg cylinders- 80% of total production

5.5 kg cylinders- 10% of total production

35 kg cylinders- 10% of total production

MJL Bangladesh possesses 98.77% share of its capital structure.

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### iii. MJL & AKT Petroleum Limited

MJL & AKT Petroleum Limited is a subsidiary Company of MJL Bangladesh Limited, incorporated in Myanmar to carry out business as the authorized importer, dealer and distributor of ExxonMobil Engine Oil. MJL Bangladesh Limited possesses 51% share of its capital structure.

### iv. MJL (S) PTE. LTD.

MJL (S) PTE. LTD. is an associate company of MJL Bangladesh Limited, a limited liability company incorporated and domiciled in the Republic of Singapore, engaged in the business of wholesale and trading of petroleum and related products. MJL Bangladesh possesses 25% share of its capital structure.

### v. Omera Logistics Limited (OLL)

OLL is an associate company of MJL Bangladesh Limited. MJL Bangladesh possesses 15% share of its capital structure. The principal activities of the company is to carry on the business of providing logistics service as a transport service provider.

## 2. Basis of accounting

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), and the Companies Act, 1994 and Securities Exchange Rules 1987. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from those prescribed by the Companies Act 1994. However, such differences are not material and management views IFRS titles and formats which give better presentation to the shareholders.

### 2.2 Reporting period

The financial period of the company covers one year from 01 July 2017 to 30 June 2018

### 2.3 Inventories

Inventories are valued in accordance with IAS-2: Inventories i.e. at cost or estimated net realizable value whichever is lower. The cost of inventories includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion of considering the selling. When the inventories are used, the carrying amounts of those inventories are recognized in the period in which the related revenue is recognized.

### 2.4 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS-7: Statement of Cash Flows and the cash flows from operating activities have been presented under direct method as per part III of Securities & Exchange Rules, 1987.

### 2.5 Use of estimates and judgments

In the preparation of the financial statements management required to make judgments, estimates and assumptions as per IAS 8 : "Accounting Policies, Changes in Accounting Estimates and Errors" that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### 2.6 Events after reporting date

All material events occurring after the reporting date are considered and where necessary, adjusted for or disclosed. Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. Dividend payable to the company's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

### 2.7 Taxation

Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2018 on the accounting profit made by the company after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS-12 "Income Taxes".

#### Provision for deferred taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the statement of comprehensive income as per IAS-12 "Income Taxes".

### 2.8 Property, plant and equipment

#### Recognition and measurement

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the company and the cost of the assets can be reliably measured. All fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

#### Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

#### Depreciation

Depreciation is charged for the period at the following rates on straight line method on all property, plant and equipment and no depreciation is charged on land and Work in progress:

Category of fixed assets	Rate of depreciation
Land	Nil
Building	5-10%
IT equipment	33%
Motor Vehicle	20%
Office equipment	20%
Plant and machinery	4-10%
Furniture and fixture	20%
Oil tanker	7.69-33.33%
Software	20%

For additions during the period, depreciation is charged on monthly basis from the month of acquisition and no depreciation is charged during the month when disposed of. On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the statement of comprehensive income, which is determined with reference to the net book value of the assets and net sale proceeds.

### 2.9 Intangible assets

- i. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.
- ii. Software represents the value of computer application software licensed for the use of the company. Intangible assets are carried at its cost, less accumulated amortization and impairment loss (if any).
- iii. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.
- iv. Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.
- v. ERP software named Lubes Enterprise Information Systems (LENISYS) purchased from Technovista as local vendor is amortized using the straight line method over the estimated useful life of 15 (fifteen) years & other Software is amortized over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

### 2.10 Revenue recognition

#### i. Sales revenue

In accordance with the provisions of the IAS-18 "Revenue"; revenue represents the invoice value of goods

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

supplied and service provided to customers during the period. Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is exclusive of VAT. Revenue from sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership are transferred to the buyer. Transfer of risks and rewards occurs for the sale of goods when delivery certificate is raised against confirmed orders. Revenue of freight from the Vessel (M.T. Omera Queen) is recognized at invoice date.

### ii. Interest income

The interest income is recognized on accrual basis as agreed terms and conditions with the banks.

### iii. Dividend income on shares

Dividend income on shares is recognized when the shareholders' right to receive payment is established which is usually when dividend is declared and ascertained.

### iv. Other Comprehensive Income

Revenues, expenses, gains and losses appear in other comprehensive income when they have not yet been realized. It is particularly valuable for understanding ongoing changes in the fair value of a company's assets. Foreign currency translations loss and gain on investment in MJL & AKT Petroleum Co. Ltd. has been recorded as other comprehensive income.

## 2.11 Benefits to the employees

The retirement benefits accrued for the employees of the company as on reporting date have been accounted for in accordance with the provisions of IAS-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the company are outlined below:

### i. Provident fund

Provident fund benefits are given to the permanent employees of the company in accordance with company's service rules. Accordingly a trust deed and provident fund rules were prepared. The provident fund has been approved as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. All confirmed employees of the company are contributing 10% of their basic salary as subscription to the Fund. The company also contributes equal amount of the employees' contribution. Interest or profit earned from the investments is credited to the members' account on yearly basis. The company introduced contributory Provident Fund Scheme from September 2009.

### ii. Gratuity fund

The company operates a gratuity scheme, in respect of which provision is made annually covering all its permanent eligible employees. Actuarial valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employee Benefits". The company introduced Gratuity Scheme from June 2010.

### iii. Workers Profit Participation Fund

According to amended Labour Act 2013, the company is required to set up "Worker's Profit Participation Fund" and transfer 5% of the net profits to this fund to be disbursed and/or utilized in accordance with the provision of the Act. The Bangladesh Energy Companies Association, on behalf of our Company and other member companies, has filed an appeal with the Government of Bangladesh for amendment/ waiver of the application of the "Worker Participation Fund" in respect of the energy companies in Bangladesh. The matter is at appeal stage now pending before the concerned government authority for decision. In absence of satisfactory response from the government authority and/or any claim from competent authorities such as the Directorate of Labour/ National Board of Revenue, the company may proceed on with filing writ petition in this matter for appropriate relief from the High Court Division, Supreme Court of Bangladesh. The company expects to finalize this matter very soon. Accordingly no provision has been made in the financial statements for this obligation.

## 2.12 Foreign currency transaction

### i. Foreign currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates, i.e. the functional currency. The financial statements of the company are presented in Taka which is the company's functional and presentation currency.

### ii. Foreign currencies translation gains and losses

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of statement of financial position. Differences arising on conversion are charged or credited to the statement of comprehensive income.

## MJL Bangladesh Limited

# Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 2.13 Basic earnings per share

Basic earnings per share have been calculated in accordance with IAS 33 "Earnings per Share" which has been shown on the face of the statement of comprehensive income. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

### 2.14 Provision for liabilities

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

### 2.15 Share premium

Share premium is the capital that the company raises upon issuing shares that is in excess of the nominal value of the shares. The share premium may be applied by the company in paying up unissued shares to be allotted to members as fully paid bonus shares or writing-off the preliminary expenses of the company or the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the company or in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company. Share premium was shown in accounts after deduction of income tax @3% on share premium as per Finance Act-2011.

### 2.16 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand and at banks.

### 2.17 Capital work in progress

Capital work in progress is reported on the basis of the report prepared by the construction company.

### 2.18 Allocation of common costs between trading and manufacturing units

Common costs from 01 July 2017 to 30 June 2018 have been allocated between trading, manufacturing and shipping units on the basis of proportionate sales revenue.

### 2.19 Determination and presentation of operating segment

Details of product-wise segment reporting as required by IFRS 8-"Operating segments" is followed.

### 2.20 Contingencies

#### Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

There are certain pending tax and VAT claims made against the Company, which will be settled through the legal process in due course. These are being vigorously defended by the Company. The management has not considered it necessary at the reporting date to make provisions in the financial statements in respect of any of these claims.

#### Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognized. Only when the realization of the related economic benefits is virtually certain recognition should take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

### 2.21 Approval of financial statements

The financial statements were approved by the Board of directors on 14 October 2018.

### 2.22 General

- i. Figures have been rounded off to the nearest Taka.
- ii. Previous period's/year's figures have been rearranged wherever considered necessary to conform to the current period's presentation.
- iii. The number of employees drawing Tk.3,000 or more per month during the year ended 30 June 2018 was 219 (June 2017: 182).

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>3 Consolidated Property, plant and equipment</b>		
<b>A. Cost</b>		
Opening Balance	17,372,763,668	13,688,156,101
Add: Addition during the year	4,727,934,904	3,697,938,918
	22,100,698,572	17,386,095,019
Less: Disposal/adjustment during the year	(1,275,338)	(9,438,115)
Adjustment of exchange rate	(230,576)	(3,893,236)
Total (A)	22,099,192,658	17,372,763,668
<b>B. Accumulated depreciation</b>		
Opening Balance	2,267,365,269	1,513,624,233
Add: Addition during the year	1,103,321,840	763,957,325
	3,370,687,109	2,277,581,558
Less: Adjustment/disposal during the year	(1,191,034)	(8,827,777)
	3,369,496,075	2,268,753,781
Adjustment of exchange rate	(82,416)	(1,388,512)
Total (B)	3,369,413,659	2,267,365,269
<b>C. Written Down Value (A-B)</b>	<b>18,729,778,999</b>	<b>15,105,398,399</b>

A schedule of consolidated property, plant & equipment is given in Annexure-A.

### 3A Property, Plant & Equipment

<b>A. Cost</b>		
Opening balance	6,093,544,351	5,705,174,940
Add: Addition during the year	1,823,979,966	397,142,324
	7,917,524,317	6,102,317,264
Less: Adjustment/ Disposal during the year	(1,195,160)	(8,772,913)
Total (A)	7,916,329,157	6,093,544,351
<b>B. Accumulated depreciation</b>		
Opening balance	1,277,057,815	1,067,899,106
Add: Charged during the year	277,008,865	217,835,784
	1,554,066,680	1,285,734,890
Less: Adjustment/ Disposal during the year	(1,143,573)	(8,677,075)
Total (B)	1,552,923,107	1,277,057,815
<b>C. Written down value (A-B)</b>	<b>6,363,406,050</b>	<b>4,816,486,535</b>

A schedule of property, plant & equipment is given in Annexure-A.

### 4 Consolidated Intangible assets

<b>A. Cost</b>		
Opening balance	30,833,105	12,041,043
Add: Addition during the year	206,250	18,792,062
Total (A)	<b>31,039,355</b>	<b>30,833,105</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>B. Accumulated Amortization</b>		
Opening balance	15,303,756	7,562,821
Add: Charged during the year	7,942,578	7,740,935
<b>Total (B)</b>	<b>23,246,334</b>	<b>15,303,756</b>
<b>C. Written down value (A-B)</b>	<b>7,793,021</b>	<b>15,529,349</b>
A schedule of consolidated intangible assets is given in Annexure-B.		
<b>4A Intangible assets</b>		
<b>A. Cost</b>		
Opening balance	11,438,794	11,438,794
Add: Addition during the year	-	-
<b>Total (A)</b>	<b>11,438,794</b>	<b>11,438,794</b>
<b>B. Accumulated Amortization</b>		
Opening balance	9,376,526	7,362,072
Add: Charged during the year	1,461,870	2,014,454
<b>Total (B)</b>	<b>10,838,396</b>	<b>9,376,526</b>
<b>C. Written down value (A-B)</b>	<b>600,398</b>	<b>2,062,268</b>
A schedule of intangible assets is given in Annexure-B.		
<b>5 Consolidated capital work in progress</b>		
Opening balance	1,051,877,448	273,019,954
Add: Addition during the year	4,878,142,546	4,039,722,807
	5,930,019,995	4,312,742,761
Less: Transferred during the year	<b>4,353,828,140</b>	<b>3,260,865,313</b>
	<b>1,576,191,855</b>	<b>1,051,877,448</b>
<b>5A Capital work in Progress</b>		
Opening balance	370,536,438	234,431,995
Add: Addition during the year	1,621,628,754	201,161,720
	1,992,165,192	435,593,715
Less: Transferred during the year	1,515,181,087	65,057,276
	<b>476,984,106</b>	<b>370,536,438</b>
<b>6 Consolidated Deferred Tax Assets</b>		
Deferred tax asset - OPL	-	185,486,754
Deferred tax asset - OCL	-	14,673,945
	-	<b>200,160,699</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>7 Consolidated investment in subsidiaries &amp; Associates</b>		Restated
Investment in Omera Petroleum Ltd	1,073,333,332	1,073,333,332
Investment in MJL & AKT Petroleum Co. Ltd	78,687,000	78,687,000
Investment in Omera Cylinders Ltd	1,118,176,831	1,118,176,831
Investment in -Omera Gas One (Note: 7.1)	151,357,201	153,443,351
Investment in Omera Logistics Ltd.	8,250,000	8,250,000
Investment in MJL (S) Pte.Ltd. (Note: 7.2)	23,282,611	9,549,730
	<b>2,453,086,975</b>	<b>2,441,440,244</b>
Less: Inter-company transaction	<b>(2,270,197,163)</b>	<b>(2,270,197,163)</b>
	<b>182,889,812</b>	<b>171,243,081</b>
<b>7.1</b>	<p>MJL Bangladesh Limited holds 62.5% shares of Omera Petroleum Limited. Omera Petroleum Limited has investment in 50% share of Omera Gas One Limited (OGL) which is a joint venture of OPL and Saisan Co., Ltd.(A Japanese company founded in 1945). The carrying amount of Investment in Omera Gas One was reported as Tk.159,200,000 in the prior year i.e. on 30 June 2017. The information about share of post acquisition loss against the said investment amounting to Tk. 5,756,649 calculated under equity method in accordance with IAS-28 was not available with MJL Bangladesh Limited till the date of report for the prior year. As such, the reported balance of the prior year has been restated for necessary correction as per IAS-8 along with the corresponding restatement of Retained Earnings as disclosed in Note # 17.</p>	
<b>7.2</b>	<p>MJL (Singapore) Pte. Ltd., a limited liability company incorporated and domiciled in the Republic of Singapore, is an associate company of MJL Bangladesh Limited, which is engaged in the business of wholesale and trading of petroleum and related products. MJL Bangladesh acquired 25% shares of MJL(S) Pte. Ltd. for Tk. 1,967,250 on 15 July 2016 but the return of allotment of shares for the said acquisition reached MJL Bangladesh Limited after the date of issue of report for the prior year. Therefore, the said investment amount was reported under Inter-company Receivables. Further, relating to this investment there was share of post acquisition profit of Tk.7,582,480 for the prior year which could not be recognized due to unavailability of information from MJL(S) Pte. Ltd.. Hence, Investment in Associates for the prior year has been restated for correcting the above along with corresponding restatement of both Inter-company Receivables (Note - 11) and Retained Earnings (Note - 17)</p>	
<b>7A Investment in Subsidiaries</b>		
Investment in Omera Petroleum Ltd	1,073,333,332	1,073,333,332
Investment in MJL & AKT Petroleum Co. Ltd	78,687,000	78,687,000
Investment in Omera Cylinders Ltd	1,118,176,831	1,118,176,831
Investment in Omera Logistics Ltd.	8,250,000	8,250,000
Investment in MJL (S) Pte.Ltd.	1,967,250	1,967,250
	<b>2,280,414,414</b>	<b>2,280,414,413</b>
<b>8 Consolidated investment in Zero Coupon Bond (Non Current Portion)</b>		
MJL Bangladesh Limited	8,943,071	24,392,763
<b>8.1 Consolidated investment in Bonds and Shares (Current Portion)</b>		
MJL Bangladesh Limited	70,770,633	79,774,772
<b>8A Investment in Bonds and Shares</b>		
Non Current Portion	8,943,071	24,392,763
Current Portion	15,449,692	16,871,450
	<b>24,392,763</b>	<b>41,264,213</b>
<b>8A.1 Investment in Bonds and Shares</b>		
Investments in Zero Coupon Bond (Current portion)	15,449,692	16,871,450
Investment in Portfolio	20,816,629	21,899,010
Investment in Prime Bank Securities Ltd	4,312	4,312
Investments in Mutual Funds	34,500,000	41,000,000
	<b>70,770,633</b>	<b>79,774,772</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

		30.06.2018	30.06.2017
		Taka	Taka
<b>9</b>	<b>Consolidated inventories</b>		
	MJL Bangladesh Limited (Note: 9A)	1,420,945,122	1,072,978,479
	Omera Petroleum Ltd	496,300,256	171,583,833
	Omera Cylinders Ltd	300,546,819	122,871,890
		<b>2,217,792,197</b>	<b>1,367,434,202</b>
<b>9A</b>	<b>Inventories</b>		
	Raw materials (Note: 9A.1)	296,624,854	408,469,345
	Goods in transit (Note: 9A.2)	218,557,573	139,540,852
	Work-in-progress (Note: 9A.3)	33,600,040	31,939,803
	Finished goods (Note: 9A.4)	705,838,639	463,344,738
	Vessel stocks (Note: 9A.5)	166,324,016	29,683,744
		<b>1,420,945,122</b>	<b>1,072,978,481</b>
<b>9A.1</b>	<b>Raw materials</b>		
	Opening balance	408,469,345	239,176,377
	Add: Purchase during the year	1,359,229,249	1,420,113,110
		1,767,698,594	1,659,289,487
	Less: Consumption during the year	1,471,073,740	1,250,820,142
		<b>296,624,854</b>	<b>408,469,345</b>
<b>9A.2</b>	<b>Goods in transit</b>		
	Opening balance	139,540,852	253,803,109
	Add: Addition during the year	3,911,297,020	2,164,341,624
		4,050,837,872	2,418,144,733
	Less: Transferred during the year	3,832,280,299	2,278,603,882
		<b>218,557,573</b>	<b>139,540,852</b>
<b>9A.3</b>	<b>Work-in-progress</b>		
	Opening balance	31,939,803	21,495,599
	Add: Addition during the year	276,743,965	149,763,547
		308,683,768	171,259,146
	Less: Transferred during the year	275,083,728	139,319,343
		<b>33,600,040</b>	<b>31,939,803</b>
<b>9A.4</b>	<b>Finished goods</b>		
	Opening balance	463,344,738	625,412,205
	Add: Addition during the year	2,525,734,621	3,968,888,996
		2,989,079,359	4,594,301,202
	Less: Cost of revenue during the year	2,283,240,720	4,130,956,464
		<b>705,838,639</b>	<b>463,344,738</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

		30.06.2018	30.06.2017
		Taka	Taka
<b>9A.5</b>	<b>Vessel stocks</b>		
	Opening balance	29,683,745	29,368,449
	Add: Addition during the year	323,535,576	169,506,052
		353,219,321	198,874,501
	Less: Consumption during the year	186,895,305	169,190,757
		<b>166,324,016</b>	<b>29,683,744</b>
<b>10</b>	<b>Consolidated trade and other receivables</b>		Restated
	Accounts receivables	407,025,950	294,796,016
	Receivable from Vessel	525,433,842	226,300,409
	Accrued interest receivable	12,238,015	10,139,390
	Other receivables (Note: 10.1)	308,967,497	813,622,826
	Bank guarantee margin	101,683,893	925,214
		<b>1,355,349,197</b>	<b>1,345,783,855</b>
	Less: Set-off of subsidiaries' balance	72,200,523	-
		<b>1,283,148,674</b>	<b>1,345,783,855</b>
<b>10.1</b>	Other receivables as on 30 June 2017 was reported at Tk.796,034,655 which did not include foreign exchange gain of Tk. 17,588,171 on account of AKT Petroleum Co. Ltd. a subsidiary of MJL Bangladesh Limited due to unavailability of information from that company till the date of report for the last year. In the year 2017-18 the information has been received and Other receivables have been restated for prior year for the said foreign exchange gain of Tk. 17,588,171 on account of AKT Petroleum Co. Ltd along with restatement of Foreign Exchange Gain for last year as shown in Note # 28.11		
<b>10A</b>	<b>Receivables</b>		
	Accounts receivables	334,825,427	198,236,601
	Receivable from vessel freight	525,433,842	226,300,409
	Accrued interest receivables	12,238,015	10,139,390
	Other receivables	178,391,378	688,133,750
	Bank guarantee margin	100,758,678	-
		<b>1,151,647,340</b>	<b>1,122,810,150</b>
<b>11</b>	<b>Consolidated inter company receivables</b>		Restated
	Omera Fuels Limited	1,245,926,534	1,192,156,451
	Omera Home Appliance	56,248,124	82,833,670
	Omera Cylinders Limited	58,790,900	58,790,900
	Omera Petroleum Limited	1,398,848,503	613,653,638
	MJL (Singapore) PTE. LTD	133,994,405	496,916,223
	Omera Gas Stove Limited	585,420	-
	Omera Logistics Ltd	19,766,070	15,202,867
	Omera Steels Ltd	46,038,366	19,406,669
	Omera Chemicals Ltd	8,198,606	5,707,316
	Omera Gas One	-	1,763,919
		<b>2,968,396,928</b>	<b>2,486,431,653</b>
	Set-off of subsidiaries' balance	(1,457,639,403)	(672,444,536)
	<b>Inter Company receivables-Group Company</b>	<b>1,510,757,526</b>	<b>1,813,987,117</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

		30.06.2018	30.06.2017	
		Taka	Taka	
<b>11.1</b>	Receivable from MJL (Singapore) Pte. Ltd. was shown as Tk.498,883,473 in the prior year. But this company became an associate company of MJL Bangladesh Limited upon acquiring 25% shares thereof by MJL Bangladesh Limited for Tk. 1,967,250 on 15 July 2016. But the return of allotment of shares for the said acquisition reached MJL Bangladesh Limited after the date of issue of report for the prior year. Therefore, the said investment amount was included in Inter-company Receivables. Hence, the prior period's Inter-company Receivables from MJL (Singapore) Ltd. has been restated for recognizing Investment in Associates as disclosed in Note # 7.2.			
<b>11 A</b>	<b>Inter company receivables</b>			
	Omera Fuels Limited	Group Company	1,245,926,534	1,192,156,451
	Omera Home Appliance	Group Company	56,248,124	82,833,670
	MJL (Singapore) PTE. LTD	Associate of MJLBL	133,994,405	496,916,223
	Omera Petroleum Limited	Subsidiary of MJLBL	1,398,848,503	613,653,638
	Omera Cylinders Limited	Subsidiary of MJLBL	58,790,900	58,790,900
	Omera Logistics Ltd	Group Company	19,766,070	15,202,867
	Omera Steels Ltd	Group Company	46,038,366	19,406,669
	Omera Chemicals Ltd	Group Company	8,198,606	5,698,606
			<b>2,967,811,508</b>	<b>2,484,659,024</b>
<b>12</b>	<b>Consolidated advances, deposits and prepayments</b>			
	Advance to employees		24,706,848	21,986,689
	Advance to suppliers		177,772,061	263,981,164
	Advance for Land		246,285,965	108,933,992
	Prepaid expenses		14,742,639	15,571,157
	Security deposits		26,659,929	22,036,784
	Deferred Expenses- MTOQ		-	25,317,500
	Prepaid insurance premium		7,851,155	3,499,771
	Prepaid rent		33,526	19,000
	Prepayment		19,887,868	10,141,244
	VAT current account		2,837,992	2,526,252
	Advance income tax deducted at source		580,039,828	339,360,580
	Prepaid rent-leasehold land-mongla port		17,552,741	18,234,122
			<b>1,118,370,553</b>	<b>831,608,255</b>
<b>12A</b>	<b>Advances, deposits and prepayments</b>			
	Advance to employees		22,349,404	18,658,497
	Advance to suppliers		49,279,553	32,058,746
	Advance for Land		246,285,965	108,933,992
	Prepaid expenses		11,256,600	15,571,157
	Security deposits		2,973,446	1,076,750
	Deferred expenses- MTOQ		-	25,317,500
			<b>332,144,968</b>	<b>201,616,642</b>
<b>13</b>	<b>Consolidated advance income tax</b>			
	<b>MJL Bangladesh Limited</b>		<b>2,567,539,312</b>	<b>2,093,163,457</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>13A Advance income tax</b>		
Opening balance	2,093,163,457	1,695,170,946
Add: Paid during the year	474,375,855	397,992,511
	<b>2,567,539,312</b>	<b>2,093,163,457</b>
<b>14 Consolidated investment in fixed deposits</b>		
Prime Bank Limited	125,563,325	108,543,024
Union Capital Limited	14,678,389	13,654,328
One Bank Limited	92,225,348	11,599,791
AB Bank Limited	69,868,962	65,805,328
LankaBangla Finance	-	207,395,000
Delta Brac Housing Limited	-	300,000,000
	<b>302,336,023</b>	<b>706,997,471</b>
<b>14A Investments in fixed deposits</b>		
<b>Name of the bank</b>		
Prime Bank Limited	125,563,325	108,543,024
Union Capital Limited	14,678,389	13,654,328
One Bank Limited	92,225,348	11,599,791
AB Bank Limited	69,868,962	65,805,328
LankaBangla Finance	-	207,395,000
Delta Brac Housing Limited	-	300,000,000
	<b>302,336,024</b>	<b>706,997,471</b>
<b>15 Consolidated Cash and Bank Balances</b>		
Cash in hand	3,511,518	4,203,451
Cash at bank	504,024,640	509,384,461
	<b>507,536,158</b>	<b>513,587,912</b>
<b>15A Cash and Bank Balances</b>		
Cash in hand	183,796	226,283
Cash at bank (Note 15A.1)	331,361,456	92,033,746
	<b>331,545,252</b>	<b>92,260,029</b>
<b>15A.1 Cash at bank</b>		
<b>Bank name and type of account</b>		
The Hongkong & Shanghai Banking Corporation Ltd- CD	23,775,407	5,273,916
The Hongkong & Shanghai Banking Corporation Ltd- STD	52,587,999	3,147,825
The Hongkong & Shanghai Banking Corporation Ltd- USD	126,169,044	2,827,508
The Hongkong & Shanghai Banking Corporation Ltd- -DIV'12	4,872,349	5,590,979
Standard Chartered Bank-STD	201,611	202,302
Standard Chartered Bank-STD	4,530,185	1,934,876
Standard Chartered Bank-CD	2,788,698	-

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
Trust Bank Limited-CD	920	22,261
Commercial Bank of Ceylon PLC-STD	7,770,694	3,080,823
Dhaka Bank Limited-STD	219,021	219,021
Prime Bank Limited-CD	9,054,556	4,316,505
Prime Bank-2129111011021-CD Bogra	19,138	-
Premier Bank Limited-CD	958,930	958,930
CITI Bank NA-CD	-	-
CITI Bank N.A.-STD	2,146,951	2,122,377
CITI Bank N.A.-USD	17,291,417	10,047,049
AB Bank Limited-CD	-	2,778
Brac Bank Limited (EIL)	1,610,711	1,604,179
Brac Bank Limited (IPO)	10,326,604	177,102
Brac Bank Limited (\$)	4,276,388	4,139,440
Brac Bank Limited (€)	245,105	233,185
Brac Bank Limited (£)	394,672	376,691
BracB-1501201831146005 (Plus)	4,944,434	16,961,006
BracB-1501201831146006-CD A/c	230	1,336
BracB-1520201831146001(DIV-10)	5,287,325	758,278
BracB-1520201831146003(DIV-11)	4,546,975	6,369,500
BracB-1501201831146007-DIV-15	7,228,604	7,616,332
BracB-1526201831146001-DIV-Final 15	2,811,540	2,836,659
BracB-1510201831146001-DIV-16-17	5,553,051	-
BracB-1520201831146002- Fractn	113,664	114,208
EBL-1011360164857 (HPA Corp)	-	230,763
EBL -1041360356022-STD A/c	21,367,934	-
AB Bank-4009-774675-430 SND	233,251	227,388
BK-HSBC-MJLL-001-012087-070-DIV*13	5,158,059	5,368,522
BK-HSBC-MJLL-001-0120807-932-DIV*14	3,515,147	3,874,077
Bank Alfalah-0702-01701493-CD	261	1,411
Jamuna Bank Limited - CD 00010210015507	1,360,580	1,396,530
	<b>331,361,456</b>	<b>92,033,746</b>
<b>16 Share Capital</b>		
<b>Authorised Share Capital</b>		
1,000,000,000 ordinary shares of Tk.10 each	10,000,000,000	10,000,000,000
<b>Issued, called and paid-up:</b>		
26,330,000 ordinary shares of Tk.10 each fully paid-up in cash	263,300,000	263,300,000
105,240,000 ordinary shares of Tk.10 each fully paid-up for Stock Dividend	1,052,400,000	1,052,400,000
8,750,000 ordinary shares of Tk.10 each fully paid-up for consideration other than cash	87,500,000	87,500,000
40,000,000 shares of Tk.10 each fully paid-up in cash	400,000,000	400,000,000
27,048,000 shares of Tk.10 each fully paid-up -Stock Dividend for 2010	270,480,000	270,480,000
31,105,200 shares of Tk.10 each fully paid-up -Stock Dividend for 2011	311,052,000	311,052,000
35,770,980 shares of Tk.10 each fully paid-up -Stock Dividend for 2014	357,709,800	357,709,800
27,424,418 shares of Tk.10 each fully paid-up -Stock Dividend for 2015-2016	274,244,180	274,244,180
	<b>3,016,685,980</b>	<b>3,016,685,980</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

			30.06.2018	30.06.2017
			Taka	Taka
Details of shareholdings are as under:				
Name of the shareholder	No. of share	% of holding		
EC Securities Limited	157,054,113	52.062	1,570,541,130	1,570,541,130
Jamuna Oil Company Limited	58,687,524	19.454	586,875,240	586,875,240
Parkesine Products Ltd.	6,691	0.002	66,910	66,910
Azam J. Chowdhury	6,691	0.002	66,910	66,910
Marina Yasmin Chowdhury	6,691	0.002	66,910	66,910
Tanjil Chowdhury	6,691	0.002	66,910	66,910
Dilruba Chowdhury	6,691	0.002	66,910	66,910
Others	85,893,506	28.473	858,935,060	858,935,060
	<b>301,668,598</b>	<b>100</b>	<b>3,016,685,980</b>	<b>3,016,685,980</b>

Slab wise number of shares	No. of shareholders	No. of shares	% of holding	% of holding
Less than 500	52,028	5,632,932	1.87	2.10
From 500 to 5,000	4,091	6,931,920	2.30	2.85
From 5,001 to 10,000	534	3,915,495	1.30	1.67
From 10,001 to 50,000	510	11,430,625	3.79	4.72
From 50,001 to 1,000,000	100	7,430,103	2.46	11.07
Above 1,000,000	124	266,327,523	88.28	77.59
	<b>57,387</b>	<b>301,668,598</b>	<b>100</b>	<b>100</b>

### 17 Consolidated retained earnings

		Restated
Opening Balance as reported as per last year's accounts	2,931,920,590	1,952,790,070
Add/(Less) for prior year's restatements:		
Foreign exchange gain (Note - 28.11)	17,588,171	7,480,992
Share of post acquisition loss - Omera Gas One (Note - 7.1)	(5,756,649)	-
Share of post acquisition profit - MJL (S) Ltd. (Note - 7.2)	7,582,480	-
Effect of translation gain/loss (Note - 17.1)	256,093	-
Restated/adjusted opening balance	2,951,590,685	1,960,271,062
Add: Consolidated net profit after tax during the year	2,109,180,189	2,088,296,343
	5,060,770,874	4,048,567,405
Less: Dividend for the period 2016-2017	1,357,508,691	1,096,976,720
	<b>3,703,262,183</b>	<b>2,951,590,685</b>

**17.1** Gain/loss on account of translation of transactions in foreign currencies is separately reported under Other Comprehensive Income by the MJL Bangladesh Limited. As such, the amounts calculated and shown under Notes - 28.11, 7.1 and 7.2 have not included the translation gain/loss associated with the respective amounts. Therefore the net effect of the translation gain/loss has been shown here.

### 17A Retained earnings

Opening retained earnings	3,125,530,590	2,225,449,850
Add: Net profit after tax during the year	1,760,729,491	1,997,057,460
	4,886,260,081	4,222,507,310
Less: Dividend for the period 2016-2017	1,357,508,691	1,096,976,720
	<b>3,528,751,389</b>	<b>3,125,530,590</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017	
	Taka	Taka	
<b>18 Non-Controlling Interest</b>			
Ordinary share capital	625,274,616	719,424,090	
Share of net Profit/(loss) of the subsidiaries	182,859,691	94,149,474	
Share Capital Issued	250,000	-	
Share money deposit	313,875,000	-	
	<b>1,122,259,306</b>	<b>625,274,616</b>	
<b>19 Deferred tax liabilities</b>			
MJL Bangladesh Ltd.	401,687,885	355,657,536	
Omera Petroleum Ltd	61,282,137	-	
Omera Cylinder Limited	1,326,148	-	
	<b>464,296,170</b>	<b>355,657,536</b>	
<b>19 A Deferred tax liabilities</b>			
	<b>Carrying Amount</b>	<b>Tax Base</b>	
		<b>Taxable/ (Deductable) Temporary Difference</b>	
<b>Manufacturing and trading unit</b>			
Property, plant and equipment	585,130,560	352,806,148	232,324,412
Intangible assets	600,398	249,978	350,420
Investment in share	55,316,629	76,310,634	(20,994,005)
Gratuity	(671,575)		(671,575)
	<b>640,376,012</b>	<b>429,366,760</b>	<b>211,009,252</b>
<b>Shipping unit</b>			
Oil Tanker	<b>2,631,672,880</b>	<b>1,235,930,593</b>	<b>1,395,742,287</b>
			<b>1,606,751,539</b>
Applicable rate			<b>25.00%</b>
Deferred Tax Liability/(Asset) as on 30 June 2018- Manufacturing and Trading Unit			52,752,313
Deferred Tax Liability/(Asset) as on 30 June 2018 - Shipping Unit			348,935,572
			<b>401,687,885</b>
<b>Manufacturing and trading unit:</b>			
Deferred Tax Liability/(Asset) as on 30 June 2018			52,752,313
Deferred Tax Liability/(Asset) as on 30 June 2017			67,331,742
<b>Deferred Tax Expenses/(Income) for the period ended 30 June 2018</b>			<b>(14,579,429)</b>
<b>Shipping unit:</b>			
Deferred Tax Liability/(Asset) as on 30 June 2018			348,935,572
Deferred Tax Liability/(Asset) as on 30 June 2017			288,325,794
<b>Deferred Tax Expenses/(Income) for the period ended 30 June 2018</b>			<b>60,609,778</b>
<b>Total deferred tax income during the year</b>			<b>46,030,349</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2017		
	Taka		
	Carrying Amount	Tax Base	Taxable/ (Deductable) Temporary Difference
<b>Manufacturing and Trading Unit:</b>			
Property, plant and equipment	645,019,637	366,281,283	278,738,354
Intangible assets	2,062,268	499,956	1,562,312
Investment in share	64,329,345	74,724,469	(10,395,124)
Gratuity	(578,575)	-	(578,575)
	<b>710,832,675</b>	<b>441,505,708</b>	<b>269,326,967</b>
<b>Shipping unit:</b>			
M.T. Omera Queen	<b>1,153,303,174</b>	-	<b>1,153,303,174</b>
			<b>1,422,630,141</b>
Applicable rate			25.00%
Deferred Tax Liability/(Asset) as on 30 June 2017- Manufacturing and Trading Unit			67,331,742
Consolidated basic Earnings per share (CEPS) - Restated			288,325,794
			<b>355,657,536</b>
<b>Manufacturing Unit:</b>			
Deferred Tax Liability/(Asset) as on 30 June 2017			67,331,742
Deferred Tax Liability/(Asset) as on 30 June 2016			69,402,695
<b>Deferred Tax Income for the year ended 30 June 2017</b>			<b>(2,070,953)</b>
<b>Shipping Unit:</b>			
Deferred Tax Liability/(Asset) as on 30 June 2017			288,325,794
Deferred Tax Liability/(Asset) as on 30 June 2016			311,200,797
<b>Deferred Tax Income for the year ended 30 June 2017</b>			<b>(22,875,004)</b>
			<b>(24,945,956)</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>	
	Taka	Taka	

### 20 Consolidated short term loan

#### Loan against trust receipt:

Liability for import supply	34,192,885	50,316
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#### Uses payment at sight loan (UPAS):

The Hong Kong and Shanghai Banking Corporation Limited	1,846,579,774	519,597,803
Standard Chartered Bank	488,790,175	134,785,810
Citibank NA	171,385,852	154,032,841
Commercial Bank of Ceylon Limited	862,137,128	716,326,649
BRAC Bank Limited	91,455,389	270,959,950
Dhaka Bank Limited	183,813,289	688,323,815

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
Jamuna Bank Ltd	195,104,469	300,771,870
Trust Bank	81,414,296	79,032,624
Eastern Bank Ltd	819,503,048	557,760,108
Bank Alfalah Ltd	84,135,082	-
	<b>4,824,318,502</b>	<b>3,421,591,470</b>
<b>Other facilities (revolving loan and post import financing):</b>		
The Hong Kong and Shanghai Banking Corporation Limited	301,400,000	-
Standard Chartered Bank	910,000,000	400,000,000
Citibank NA	665,000,000	200,000,000
Commercial Bank of Ceylon Limited	310,000,000	450,000,000
Short term loan-EBL	145,000,000	-
Bank Alfalah Ltd	300,000,000	200,000,000
Jamuna Bank Ltd	-	199,998,041
	<b>2,631,400,000</b>	<b>1,449,998,041</b>
	<b>7,489,911,387</b>	<b>4,871,639,827</b>
<b>20A Short term loan</b>		
Loan against trust receipt:		
Liability for import supply	34,192,885	50,316
	<b>34,192,885</b>	<b>50,316</b>
Uses payment at sight loan (UPAS):		
Standard Chartered Bank	112,466,556	134,785,810
The Hong Kong and Shanghai Banking Corporation Limited	928,232,041	-
Citibank NA	171,385,852	154,032,841
	<b>1,212,084,449</b>	<b>288,818,651</b>
Other facilities (revolving loan and post import financing)11-10-2018:		
The Hong Kong and Shanghai Banking Corporation Limited	251,400,000	-
Standard Chartered Bank	810,000,000	400,000,000
Citibank N.A.	665,000,000	200,000,000
Short Term Loan- STL- Eastern Bank Ltd	95,000,000	-
Commercial Bank of Ceylon Limited	80,000,000	450,000,000
	<b>1,901,400,000</b>	<b>1,050,000,000</b>
	<b>3,147,677,334</b>	<b>1,338,868,967</b>

The interest and security details of these facilities are as follows:

Sl.	Type of facility	Interest rate (%)	Nature of security
a.	Loan against trust receipts		*Promissory note and letter of continuation. *Registered first charge over stocks and book debts on pari-passu basis.
b.	Other facilities (revolving loan and post import financing)	6.00 - 9.00 p.a.	
c.	UPAS loan (FC Loan)	3.60%+LIBOR	* Against Letter of Credit

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>21 Bank overdraft</b>		
Trust Bank Limited-CD	-	798,067
CITI Bank N.A.	136,957,508	136,704
Commercial Bank of Ceylone PLC	-	1
	<b>136,957,508</b>	<b>934,772</b>
<b>21 A Bank overdraft</b>		
Standard Chartered Bank-CD	-	798,067
CITI Bank N.A.	136,957,508	136,704
Commercial Bank of Ceylone PLC	-	1
	<b>136,957,508</b>	<b>934,772</b>
<b>22 Consolidated trade creditors</b>		
Accounts payable	1,000,179,641	415,603,954
Exxon Mobil Asia Pacific Pte. Limited-blending fees Payable	188,263,556	151,578,244
Accounts payable for Bunker Purchase	-	26,001,630
	1,188,443,197	593,183,828
Less: Set-off of subsidiaries' balance	(72,200,523)	-
	<b>1,116,242,673</b>	<b>593,183,828</b>
<b>22A Trade creditors</b>		
Accounts payable	148,972,766	97,076,452
Exxon Mobil Asia Pacific Pte. Limited-blending fees payable	188,263,556	151,578,244
Accounts payable for Bunker Purchase	-	26,001,630
	<b>337,236,322</b>	<b>274,656,326</b>
<b>23 Consolidated provision for income tax</b>		
Opening Balance	2,781,882,182	2,080,693,353
Add: Provision during the period	552,689,811	701,415,662
	3,334,571,994	2,782,109,014
Less: Adjustment during the period	(7,244,246)	(226,832)
	<b>3,327,327,748</b>	<b>2,781,882,182</b>
<b>23A Provision for income tax</b>		
Opening Balance	2,761,021,835	2,072,367,930
Add: Provision for the period	522,537,612	688,653,905
	3,283,559,447	2,761,021,834
Adjustment during the period	-	-
	<b>3,283,559,447</b>	<b>2,761,021,835</b>
<b>24 Consolidated other liabilities</b>		
Tax payable-deduction from suppliers	42,163,455	68,730,087
VAT payable-deduction from suppliers	5,613,930	4,300,924
Provision for project payments	103,278,745	171,768,418
Advance against sale	96,549,983	105,366,546

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
Petty cash payable	-	9,860
BB Energy (Asia) Pte Ltd	1,416,221	370,514
Advance received from customers	-	100,338,172
Gratuity payable	671,575	578,575
Others Payable	130,480,652	93,441,086
Accrued Interest on LATR & STL & OD	51,179,599	9,489,984
Salary and other Payable	63,802,444	76,906,147
Accruals of operating expenses	50,394,970	102,397,593
Accrued Contract Labor	10,466,033	11,590,151
Interest Payable	-	2,100,941
	556,017,607	747,388,998
Less: Set-off of subsidiaries' balance	-	-
	<b>556,017,607</b>	<b>747,388,998</b>

### 24A Other liabilities

Tax payable-deduction from suppliers	28,477,881	25,378,228
VAT payable-deduction from suppliers	-	162,109
VAT payable	1,197,611	19,793,702
Advance against sale	96,549,983	105,366,546
Gratuity payable	671,575	578,575
Accrued interest on LTR , STL & OD	51,179,599	9,489,984
Salary and other Payable	55,802,445	76,906,147
Accruals of operating expenses	49,992,263	102,397,593
Accrued contract labour	10,466,033	11,590,151
	<b>294,337,389</b>	<b>351,663,035</b>

### 25 Segment Reporting

Segment information is presented in accordance with BFRS 8, Operating Segments. This standard is based on a management approach, which requires segmentation based upon the Company's internal organization and disclosure of revenue and operating income based upon internal accounting methods. The Company's financial reporting systems present various data for management to run the business, including profit and loss statements (P&Ls).

Revenue attributable to MJL Bangladesh Limited operation includes running an Oil tanker and distribution of lubricants through blending and importing. In order to understand the entity's performance, assess the risks and make more informed judgements about the entity in decision-making, Management has decided to present the financial information in such structured like oil tanker, manufacturing unit and trading unit. Revenue from Oil tanker is BDT 1,248 M which accounted for 13% of total revenue. Revenue from locally blending lubricant is BDT 4,296 M and imported lubricant is BDT 3,945 M which accounted for 45% and 42% of total revenue respectively.

(Amount in Taka)

	Jul'17-Jun'18				Jul'16-Jun'17
	MJL	OPL	OCL	MJL & AKT PT. LTD	Total
26 Consolidated revenue					
Revenue	9,488,910,567	9,073,985,729	746,655,088	96,847,324	19,406,398,707
Less: VAT	1,058,260,090	85,338,679	-	-	1,143,598,769
	8,430,650,477	8,988,647,050	746,655,088	96,847,324	18,262,799,938
Adjustment of inter-company sales	-	-	(746,655,088)	-	(746,655,088)
	8,430,650,477	8,988,647,050	-	96,847,324	17,516,144,850
					13,978,990,238

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	Jul'17-Jun'18				Jul'16-Jun'17
	MJL	OPL	OCL	MJL & AKT PT. LTD	Total
<b>Lubricants (Excluding VAT)</b>					
Locally blended lubricants	3,679,461,179	-	-	-	3,679,461,179
Imported Lubricants local Sales	3,374,814,098	-	-	-	3,374,814,098
Export Sales of Lubricants	128,836,196	-	-	-	128,836,196
<b>Oil Tanker</b>					
Voyage Freight Earning	1,142,159,676	-	-	-	1,142,159,676
Demurrage Earning	105,379,327	-	-	-	105,379,327
Sales Revenue - Cylinder	-	-	746,655,088	-	746,655,088
Sales Revenue - LPG	-	8,344,443,734	-	-	8,344,443,734
Service revenue	-	-	-	96,847,324	96,847,324
Rental income	-	644,203,316	-	-	644,203,316
Adjustment of inter-company sales	-	-	(746,655,088)	-	(746,655,088)
	<b>8,430,650,476</b>	<b>8,988,647,050</b>	-	<b>96,847,324</b>	<b>17,516,144,849</b>
					<b>13,978,990,238</b>

(Amount in Taka)

### 26A Net Revenue

	Oil Tanker	Manufacturing Unit	Trading Unit	Total	Total
Revenue	1,247,539,003	4,295,976,244	3,945,395,319	9,488,910,567	9,092,306,505
Less: VAT	-	551,978,963	506,281,127	1,058,260,090	1,013,167,996
	<b>1,247,539,003</b>	<b>3,743,997,281</b>	<b>3,439,114,192</b>	<b>8,430,650,477</b>	<b>8,079,138,509</b>

### Lubricants (Excluding VAT)

Locally blended lubricants local sales		3,679,461,179		3,679,461,179	3,507,454,278
Imported lubricants local sales	-	-	3,374,814,098	3,374,814,098	3,246,433,110
Export sales of lubricants	-	64,536,101	64,300,094	128,836,196	93,551,754
<b>Oil tanker</b>					
Voyage freight earning	1,142,159,676	-	-	1,142,159,676	1,120,291,626
Demurrage earning	105,379,327	-	-	105,379,327	111,407,739
	<b>1,247,539,003</b>	<b>3,743,997,281</b>	<b>3,439,114,192</b>	<b>8,430,650,477</b>	<b>8,079,138,509</b>

### 27 Consolidated Cost of revenue

	MJL	OPL	OCL	MJL & AKT PT. LTD	Total	Total
Consolidated Cost of revenue	5,655,415,610	7,347,823,889	665,426,831	-	13,668,666,330	9,956,980,148
Adjustment of inter-company sales	-	(746,655,088)	-	-	(746,655,088)	(485,061,379)
Net Consolidated cost of revenue	<b>5,655,415,610</b>	<b>6,601,168,801</b>	<b>665,426,831</b>	-	<b>12,922,011,242</b>	<b>9,471,918,769</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>27 A Cost of revenue</b>		
<b>Oil Tanker unit:</b>		
Opening stock of bunker & other oil	29,683,745	29,368,449
Add: Purchase	323,535,576	169,506,052
	353,219,321	198,874,501
Less: Closing stock	166,324,016	29,683,744
	186,895,305	169,190,758
Add: Other direct expenditure-		
Port expenditure	57,240,870	38,992,884
Ship running expenditure	179,473,764	106,859,784
Technical operational expenditure	39,463,500	28,399,500
Salary of crew	98,647,164	63,782,520
Depreciation	173,172,260	142,135,012
	547,997,557	380,169,700
	<b>734,892,862</b>	<b>549,360,458</b>
<b>Manufacturing unit:</b>		
Opening stock of raw material	408,469,345	239,176,378
Add: Purchase	1,359,229,249	1,420,113,110
	1,767,698,594	1,659,289,488
Less: Closing stock	296,624,854	408,469,345
Raw material used in production	1,471,073,740	1,250,820,143
Overhead and operating expenses (Note27A.1)	583,863,120	532,353,910
	2,054,936,860	1,783,174,053
Add: Opening stock of work-in-progress	31,939,803	21,495,599
	2,086,876,663	1,804,669,652
Less: Closing stock of work-in-progress	33,600,040	31,939,803
Cost of goods manufactured	2,053,276,623	1,772,729,849
Add: Opening stock of finished goods	148,667,139	143,956,427
Locally blended lubes available for sale	2,201,943,762	1,916,686,276
Less: Closing stock of finished goods	189,126,685	148,667,140
	2,012,817,077	1,768,019,137
Add : Other OH & expenses/(Duty Draw back and Other)	267,126,453	249,722,700
Depreciation	17,658,046	17,756,511
	<b>2,297,601,576</b>	<b>2,035,498,348</b>
<b>Trading unit:</b>		
Opening stock	314,677,598	481,455,777
Add: purchase	2,824,097,796	2,196,159,149
	3,138,775,394	2,677,614,926
Less: closing stock	516,711,954	314,677,598
Consumption	2,622,063,440	2,362,937,329
Add : Other OH & expenses/(Duty Draw back and Other)	857,732	(1,999,581)
	<b>2,622,921,172</b>	<b>2,360,937,748</b>
	<b>5,655,415,610</b>	<b>4,945,796,554</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 27A.1 Overhead and operating expenses

The following figures are directly connected to production.

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
Packaging materials	262,190,578	245,656,512
Blending fees	152,413,615	117,727,892
Depreciation	78,142,361	75,812,450
Factory expenses	16,881,501	22,842,970
Employee compensation	33,134,030	34,407,848
Gratuity Expenses	1,746,159	784,208
PF Employer's Contribution	1,391,880	1,200,660
Traveling expenses	738,241	349,449
Employee Welfare	1,852,447	1,745,104
Daily refreshments	773,857	774,419
Training expenses	25,000	-
Utilities	7,958,105	-
Postage	170,176	6,825,602
Printing and stationery	801,245	123,633
Maintenance and repairing expenses	6,837,845	416,528
Govt Fees & Charges	1,946,313	5,888,804
Jetty usage charges	1,179,195	2,417,599
Contract labour	13,156,106	12,435,754
Insurance expenses	2,524,468	1,789,344
	<b>583,863,120</b>	<b>532,353,910</b>

### 28 Consolidated other income

Financial income	(Note 28.1)	266,497,034	183,284,762
Other business income	(Note 28.2)	36,999,808	35,693,386
Rent Income	(Note 28.3)	3,783,600	1,767,000
Share of profit/(loss) from JV and associates	(Note 28.4)	11,646,731	1,825,831
Income from investments	(Note 28.5)	(9,412,329)	21,719,291
		<b>309,514,844</b>	<b>244,290,269</b>

### 28.1 Consolidated financial income

Interest on deposit		222,809,473	203,067,656
Foreign exchange gain	(Note 28.1.1)	36,815,910	(26,005,184)
Dividend income		4,357,101	5,260,335
Investment income- Zero Coupon Bond		2,514,550	961,955
		<b>266,497,034</b>	<b>183,284,762</b>

**28.1.1** Foreign Exchange Gain was reported as Tk.43,593,355 in prior year. But foreign exchange gain of Tk. 17,588,171 on account of AKT Petroleum Co. Ltd. a subsidiary of MJL Bangladesh Limited was not accounted for in that year's Consolidated Statement of Profit or Loss and Other Comprehensive Income i.e. for the year ended 30 June 2017. Hence the figure of prior year's Foreign Exchange Gain has been restated for reflection of the above mentioned exchange gain along with corresponding restatement of Other Receivables as shown in Note # 10.

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	30.06.2018	30.06.2017
	Taka	Taka
<b>28.2 Consolidated other business income</b>		
Gain on sale of non-current assets	(4,061)	2,816,747
Technical Commercial Fees	-	9,674,584
Sale of drums	1,859,750	1,870,386
Delivery charges	-	-
Testing fee	-	915,958
Other income	17,093,603	18,263,033
Sale of Slop Oil	-	846,250
Other business income	18,050,516	1,306,428
	<b>36,999,808</b>	<b>35,693,386</b>
<b>28.3 Non Operational Income</b>		
Rent Income	3,783,600	1,767,000
	<b>3,783,600</b>	<b>1,767,000</b>
<b>28.4 Share of profit/(loss) from JV and associates</b>		
MJL (S) Pte. Ltd.	13,732,881	7,582,480
Omera Gas One	(2,086,150)	(5,756,649)
	<b>11,646,731</b>	<b>1,825,831</b>
<b>28.5 Income from investments</b>		
Gain/(Loss) on Investment	(9,412,329)	21,719,291
	<b>(9,412,329)</b>	<b>21,719,291</b>

(Amount in Taka)

	Jul'17-Jun'18			Jul'16-Jun'17
	Manufacturing Unit	Trading unit	Total	Total
<b>28A Other income</b>				
Financial income (Note : 28A.1)	134,046,015	123,130,312	257,176,327	210,250,530
Other business income (Note : 28A.2)	9,508,368	8,734,077	18,242,444	16,123,925
Non Operational Income: (Note : 28A.3)	1,972,096	1,811,504	3,783,600	1,767,000
Income from investments (Note : 28A.4)	(4,905,915)	(4,506,414)	(9,412,329)	21,719,291
	<b>140,620,564</b>	<b>129,169,478</b>	<b>269,790,042</b>	<b>249,860,746</b>
<b>28A.1 Financial income</b>				
Interest on deposits	113,371,694	104,139,553	217,511,247	193,432,397
Foreign exchange (loss)/gain	17,092,664	15,700,765	32,793,429	10,595,843
Dividend income	2,271,018	2,086,083	4,357,101	5,260,335
Investment income- zero coupon bond	1,310,639	1,203,911	2,514,550	961,955
	<b>134,046,015</b>	<b>123,130,312</b>	<b>257,176,327</b>	<b>210,250,530</b>
<b>28A.2 Other business income</b>				
Gain/loss on sale of assets	71,727	65,886	137,612	2,816,747
Technical Commercial Fees	3,216,434	2,954,512	6,170,946	9,674,584
Sale of drums	969,343	890,407	1,859,750	1,870,386
Testing fee	365,355	335,604	700,959	915,958
Sale of slop oil	4,885,508	4,487,669	9,373,177	846,250
	<b>9,508,368</b>	<b>8,734,077</b>	<b>18,242,444</b>	<b>16,123,925</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	Jul'17-Jun'18			Jul'16-Jun'17
	Manufacturing Unit	Trading unit	Total	Total
<b>28A.3 Non Operational Income:</b>				
Rent Income	1,972,096	1,811,504	3,783,600	1,767,000
<b>28A.4 Income from investments</b>				
Gain/(Loss) on Investment	(4,905,915)	(4,506,414)	(9,412,329)	21,719,291

(Amount in Taka)

	Jul'17-Jun'18					Jul'16-Jun'17
	MJL	OPL	OCL	MJL & AKT PT. LTD.	Total	Total
<b>29 Consolidated administrative and selling expenses</b>						
Employee compensation	171,145,766	170,526,581	10,437,682	39,968,139	392,078,168	341,470,873
Gratuity expenses	8,131,862	-	-	-	8,131,862	4,170,138
Provident fund-Employer's contribution	7,022,199	-	-	-	7,022,199	6,219,211
Directors' fees	2,183,837	587,778	44,722	-	2,816,337	6,617,627
AGM related expenses	4,885,001	-	-	-	4,885,001	6,096,125
Traveling expenses	13,087,128	11,711,066	1,247,147	2,010,223	28,055,565	29,928,585
Entertainment	2,449,307	2,179,520	627,961	-	5,256,788	5,336,110
Employee training and welfare	10,398,245	9,832,339	182,009	75,189	20,487,783	17,870,852
Transportation, storage and handling	57,441,054	11,591,246	33,118	3,850,539	72,915,957	61,284,789
Utilities	4,285,672	1,696,882	-	430,595	6,413,149	5,197,618
Telephone, cable and postage expenses	9,291,656	3,274,840	302,435	1,250,070	14,119,000	13,701,909
Membership/Subscription fees	2,539,274	11,626,438	-	-	14,165,712	10,590,993
Govt Fees & Charges	634,786	-	-	-	634,786	265,524
Office supplies	5,992,203	-	-	-	5,992,203	5,763,913
Office repairs and renovation	37,723,577	13,906,338	-	1,589,133	53,219,048	23,364,780
Office Rent	21,679,526	7,346,228	223,105	13,503,317	42,752,176	41,472,751
Legal and professional fees	903,705	15,256,370	1,775,312	218,754	18,154,141	9,518,743
Audit fees and charges	1,432,350	-	230,000	125,922	1,788,272	1,611,750
Other contract services	28,754,480	-	-	-	28,754,480	30,312,795
Indirect Ship running expenses	12,100,965	-	-	-	12,100,965	6,556,591
Insurance expenses	43,038,815	846,756	-	-	43,885,571	31,785,174
Advertisement and publications	1,125,672	69,940,201	792,266	11,135,576	82,993,715	78,794,321
Sales promotion	73,713,484	-	-	19,735,750	93,449,234	204,243,832
Land and city corporation tax	830,450	-	-	-	830,450	337,293
Depreciation	33,353,700	19,146,705	1,821,858	6,180,440	60,502,704	70,486,781
Amortization- Software	1,461,870	6,463,292	17,417	-	7,942,578	7,740,935
Miscellaneous expenses	-	-	-	(3,178,725)	(3,178,725)	8,201,447
Vehicle Running Expenses	-	-	-	9,667,480	9,667,480	5,334,693
Consulting fees	-	-	-	-	-	1,185,420
Social security board Contribution	-	-	-	-	-	2,524,181
Sales incentive expenses	-	-	-	-	-	268,953,059
Miscellaneous expenses	-	235,433	-	772,262	1,007,695	2,008,080
Donation, Gift & Contribution	-	3,933,090	-	-	3,933,090	294,913
Trade VAT	-	392,024	-	-	392,024	1,709,701
	<b>555,606,585</b>	<b>360,493,127</b>	<b>17,735,032</b>	<b>107,334,664</b>	<b>1,041,169,407</b>	<b>1,310,951,507</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 29A Administrative and selling expenses

	Jul'17-Jun'18			Jul'16-Jun'17	
	Oil Tanker	Manufacturing Unit	Trading unit	Total	
Employee compensation	-	89,204,975	81,940,791	171,145,766	187,563,077
Gratuity expenses	-	4,238,507	3,893,355	8,131,862	4,170,137
Provident fund - employer's contribution	-	3,660,126	3,362,073	7,022,199	6,219,211
Directors' fees	187,294	1,040,643	955,900	2,183,837	1,535,251
AGM related expenses	418,956	2,327,802	2,138,243	4,885,001	6,096,125
Traveling expenses	-	6,821,302	6,265,826	13,087,128	15,613,732
Entertainment	210,062	1,167,144	1,072,101	2,449,307	1,905,087
Employee training and welfare	-	5,419,796	4,978,449	10,398,245	9,546,153
Transportation, storage and handling	-	29,939,553	27,501,501	57,441,054	47,932,143
Utilities	-	2,233,787	2,051,885	4,285,672	3,801,581
Telephone, cable and postage expenses	-	4,843,018	4,448,638	9,291,656	9,472,991
Membership/subscription fees	-	1,323,526	1,215,748	2,539,274	3,621,603
Govt fees & charges	-	330,865	303,921	634,786	265,525
Office supplies	513,914	2,855,406	2,622,884	5,992,203	5,763,912
Office repairs and renovation	-	19,662,367	18,061,211	37,723,577	17,387,914
Rent for Property	-	11,299,851	10,379,675	21,679,526	21,877,566
Sales incentive expenses	-	-	-	-	788,944
Legal and professional fees	-	471,031	432,674	903,705	(266,809)
Audit fees and charges	122,844	682,544	626,963	1,432,350	1,381,750
Other contract services	-	14,987,474	13,767,006	28,754,480	30,312,796
Indirect ship running expenses	12,100,965	-	-	12,100,965	6,556,591
Insurance expenses	40,094,211	1,534,793	1,409,810	43,038,815	30,085,763
Advertisement and publications	-	586,725	538,947	1,125,672	1,976,711
Sales promotion	-	38,421,105	35,292,378	73,713,484	178,755,441
Land and city corporation tax	71,222	395,726	363,501	830,450	337,294
Depreciation	-	17,384,689	15,969,011	33,353,700	32,766,811
Amortization- software	-	761,959	699,911	1,461,870	2,014,454
	<b>53,719,467</b>	<b>261,594,716</b>	<b>240,292,402</b>	<b>555,606,585</b>	<b>627,481,755</b>

### 30 Consolidated financial charges

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
Interest on short term Loan	589,203,107	509,601,943
Bank charges	13,208,102	5,363,426
Foreign Exchange Loss/(gain)	104,549,725	-
	<b>706,960,934</b>	<b>514,965,369</b>

### 30A Financial charges

	Jul'17-Jun'18			Jul'16-Jun'17	
	Oil Tanker	Manufacturing Unit	Trading unit	Total	
Interest on short term Loan	-	78,635,379	72,231,903	150,867,282	103,454,796
Bank charges	263,480	4,685,845	4,304,264	9,253,589	3,415,131
Foreign Exchange Loss/(gain)	-	-	-	-	-
	<b>263,480</b>	<b>83,321,224</b>	<b>76,536,167</b>	<b>160,120,871</b>	<b>106,869,927</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>31 Consolidated Earnings per share (CEPS) - Basic</b>		
Comprehensive income attributable to ordinary shareholders	2,109,180,189	2,076,107,240
Other comprehensive income/(Loss)	(1,014,434)	(8,291,937)
Net Profit after tax attributable to ordinary shareholders	2,110,194,623	2,084,399,177
Number of ordinary shares outstanding (Denominator)	301,668,598	301,668,598
Earnings per share (EPS)	<b>7.00</b>	<b>6.91</b>
<b>31.1 Consolidated Earnings per share (CEPS) - Restated</b>		
Comprehensive income attributable to ordinary shareholders		2,088,296,343
Other comprehensive income/(Loss)		(9,057,378)
Net Profit after tax attributable to ordinary shareholders		2,097,353,721
Number of ordinary shares outstanding (Denominator)		301,668,598
<b>Restated Earnings per share (EPS)</b>		<b>6.95</b>
<b>31A Earnings per share (EPS) - Basic</b>		
Net profit after tax (numerator)	1,760,729,491	1,985,143,069
Number of ordinary shares outstanding (denominator)	301,668,598	301,668,598
	<b>5.84</b>	<b>6.58</b>
<b>32 Consolidated Net Asset Value (NAV)</b>		
Net assets (total assets-liabilities-Non controlling interest)	11,309,148,163	10,537,806,570
Number of ordinary shares outstanding (Denominator)	301,668,598	301,668,598
Net asset value (NAV) per share	<b>37.49</b>	<b>34.93</b>
<b>32.1 Consolidated Net Asset Value (NAV) - Restated</b>		
Net assets (total assets-liabilities-Non controlling interest)		10,557,476,665
Number of ordinary shares outstanding (Denominator)		301,668,598
Net asset value (NAV) per share		<b>35.00</b>
<b>32A Net asset value (NAV)</b>		
Net assets (Total assets- liabilities)	10,619,437,369	10,216,216,570
Number of ordinary shares outstanding (denominator)	301,668,598	301,668,598
Net asset value (NAV) per share	<b>35.20</b>	<b>33.87</b>
<b>33 Consolidated Net Operating Cash Flow Per Share (NOCFPS)</b>		
Net operating cash flows	3,460,900,508	4,729,467,124
Number of ordinary shares outstanding (Denominator)	301,668,598	301,668,598
Net operating cash flow per share	<b>11.47</b>	<b>15.68</b>
<b>33A Net operating cash flow per share (NOCFPS)</b>		
Net operating cash flow	1,522,863,511	2,424,527,045
Number of ordinary shares outstanding (denominator)	301,668,598	301,668,598
Net operating cash flow per share	<b>5.05</b>	<b>8.04</b>

### 34 Name of the Auditor of group Companies

Name of the Company	Relationships	Name of the auditors
Omera Cylinder Limited	Subsidiary	Hussain Farhad & Co.
Omera Petroleum Limited	Subsidiary	Howladar Yunus & Co.
MJL & AKT Petroleum Company Limited	Subsidiary	Myat and Associates

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 35. Related party disclosures

#### i) Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of IAS 24: Related Party Disclosure.

Name of the party	Nature of Transactions	Nature of Relationship	(Outstanding)/ Receivable balance on 01.07.2017 (Taka)	Transaction value (Taka)	(Receives) / Payments (Taka)	(Outstanding)/ Receivable balance on 30.06.2018 (Taka)
EC Distribution Ltd.	Additive purchase	Group company	(23,687,938)	(193,760,373)	185,622,094	(31,826,217)
	Sale of finished products		6,939,887	43,426,982	(43,011,750)	7,355,119
East Coast Trading (Pvt) Ltd.	Additive purchase	Group company	(17,480,839)	(317,987,826)	335,468,665	-
Jamuna Oil Company Ltd.	Sale of finished products	Shareholder	(20,518,182)	1,058,718,798	(1,000,207,692)	37,992,924
	Diessel Purchase		-	(8,486,099)	8,486,099	-
Omera Fuels Ltd.	Payments borne by MJLBL	Group company	1,192,156,451	103,937,015	(50,166,932)	1,245,926,534
Parkesine Products Ltd.	Supplying of Molds and Sub - Molds for Grease Plant	Group company	(6,195,474)	(87,152,738)	87,708,580	(5,639,632)
	Sale of finished products		(733)	6,999,228	(7,512,234)	(513,739)
Omera Petroleum Limited	Payments borne by MJLBL	Subsidiary Company	613,653,638	840,372,241	(55,177,377)	1,398,848,503
Omera Cylinders Limited	Payments borne by MJLBL	Subsidiary Company	58,790,900	1,126,125	(1,126,125)	58,790,900
MJL & AKT Petroleum Limited	Income by MJLBL	Subsidiary Company		4,027,162		4,027,162
Omera Logistics Ltd.	Payments borne by MJLBL	Group company	15,202,867	5,363,203	(800,000)	19,766,070
Omera Chemicals Ltd.	Payments borne by MJLBL	Group company	5,698,606	2,500,000	-	8,198,606
Omera Steels Ltd.	Payments borne by MJLBL	Group company	19,406,669	201,050	-	19,607,719
Clean Fuel Filling Station Ltd.	Sale of finished products	Group company	238,854	68,955,806	(69,117,252)	77,408
	Payments for fuel purchase		(116,779)	(2,252,574)	2,063,926	(305,427)
Prime Bank Ltd.	Income by MJLBL	Common Control	(7,590,000)	3,357,300	(1,977,300)	(6,210,000)
East Coast Shipping Lines Ltd.	Payments for Chittagong office	Group company	(98,734)	(42,040,301)	42,139,034	-
EC Bulk Carrier Ltd.	Payments for MTOQ	Group company	-	36,350,375	(31,145,497)	5,204,878
Radiant Alliance Ltd.	Payments for Solar power system	Group company	80,000	(160,000)	(80,000)	(160,000)

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### ii) Particulars of directors of MJL Bangladesh Ltd. as at 30 June 2018

Name	BOD of MJL Bangladesh Ltd.	Entities where they have interests	Directorship/ Sponsorship/Ownership with other companies
Mr. Abu Hena Md. Rahmatul Muneem	Chairman	Jamuna Oil Company Ltd.	Titas Gas Transmission & Distribution Company Ltd. Karnaphuli Fertilizer Co. Ltd. Bangladesh Gas Fields Co. Ltd. Bangladesh Petroleum Exploration & Production Co. Ltd. (BAPEX) Bangladesh Infrastructure Finance Fund Ltd. (BIFFL) Gas Transmission Co. Ltd. Bangladesh Petroleum Institute (BPI) Meghna Petroleum Ltd. (POCL) Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director) Omera Gas One Ltd. (Nominee Director)
Mr. Azam J Chowdhury	Managing Director	EC Securities Ltd. Prime Bank Ltd.	Prime Bank Ltd. East Coast Shipping Lines Ltd. East Coast Trading (Pvt.) Ltd. EC Distribution Ltd. EC Holdings Ltd. Bangladesh Trade Syndicate Ltd. The Consolidated Tea and Lands Company (Bangladesh) Ltd. Baraooora (Sylhet) Tea Company Ltd. Consolidated Tea and Plantation Ltd. Nordic Woods Ltd. EC Bulk Carriers Ltd. Radiant Alliance Ltd.. Clean Fuel Filling Station Ltd. Omera Food and Beverage Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Fuels Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director) MJL & AKT Petroleum Company Ltd. (Nominee Director) MJL (S) Pte. Ltd. (Nominee Director)

## MJL Bangladesh Limited Notes to the Financial Statements

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Name	BOD of MJL Bangladesh Ltd.	Entities where they have interests	Directorship/ Sponsorship/Ownership with other companies
Mr. Abdul -Muyeed Chowdhury	Director	EC Securities Ltd.	Tiger Tours Ltd. Summit Alliance Port Ltd. (Independent Director) Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director) Omera Chemicals Ltd. (Nominee Director)
Mr. Md. Quamrul Hasan	Director	Jamuna Oil Company Ltd.	Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director)
Mr. Md. Aminur Rahman	Director	EC Securities Ltd.	Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director)
Mr. Tanjil Chowdhury	Director	EC Securities Ltd.	Parkesine Products Ltd. East Coast Trading (Pvt.) Ltd. East Coast Shipping Lines Ltd. EC Securities Ltd. EC Distribution Ltd. Bangladesh Trade Syndicate Ltd. EC Bulk Carriers Ltd. Radiant Alliance Ltd. ASP Omera Crew Management Ltd. Clean Fuel Filling Station Ltd. Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Nominee Director) Omera Cylinders Ltd. (Nominee Director) Omera Chemicals Ltd. (Nominee Director) Omera Gas One Ltd. (Nominee Director) Clean Fuel Filling Station
Dr. Ijaz Hossain	Independent Director		Training Institute for Chemical Industry under BCIC (Nominee Director)
Mr. Q. M. Shariful Ala	Independent Director		Delta Brac Housing Finance Corporation Ltd. Unicap Securities Ltd. Omera Fuels Ltd. (Nominee Director) Omera Petroleum Ltd. (Independent Director) Omera Cylinders Ltd. (Independent Director)

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

### 36. Capital Expenditure Commitment

As of 30 June 2018 MJL Bangladesh Ltd. has the following material commitments for capital expenditures:

Particulars	Amount in Taka
Corporate Office Head Office	640,000,000

### 37. Other Commitments and Contingencies

#### 37.1 Commitments

As of 30 June 2018 the company had commitments of BDT 48.841 million in respect of outstanding letter of credit and bill acceptance.

### 38. Capacity Utilization

	Capacity	Jul' 17- Jun '18 Utilization	Jul' 16- Jun '17 Utilization
Lube Oil (Mobil+Omera)	150 kB	61.01%	56.70%
Omera Grease	850 MT	4.87%	3.25%
Viscosity Improver (VI)	800 MT	64.68%	58.96%
Omera Transfer Oil	2000 MT	4.83%	15.79%

Note: 159 Ltr.= 1 Barrel and 1000 kg=1 MT

Omera Queen	DWT -MT	106,547
Omera Legacy	DWT -MT	107,091

### 39. Disclosure on Managerial Remuneration:

Particulars	Jul' 17- Jun '18			Jul' 16- Jun '17		
	Managing Director	Other Managers	Total	Managing Director	Other Managers	Total
Basic Salary	7,200,000	87,056,102	94,256,102	7,200,000	75,868,671	83,068,671
House Rent	3,000,000	38,368,794	41,368,794	3,000,000	33,568,334	36,568,334
Conveyance	600,000	7,098,076	7,698,076	600,000	5,771,103	6,371,103
Medical	1,200,000	7,361,236	8,561,236	1,200,000	7,317,353	8,517,353
Bonus/Incentives	7,200,000	67,181,632	74,381,632	7,200,000	63,019,714	70,219,714
Other Allowances	1,200,000	7,026,192	8,226,192	1,200,000	5,097,403	6,297,403
<b>Total salaries and allowances</b>	<b>20,400,000</b>	<b>214,092,032</b>	<b>234,492,032</b>	<b>20,400,000</b>	<b>190,642,578</b>	<b>211,042,578</b>

### 40. Blending Fees in Foreign Currency

Particulars	As of 30 June 18			As of 30 June 17		
	BDT	USD \$	Beneficiary	BDT	USD \$	Beneficiary
Blending Fee	188,263,556	\$2,248,192	Exxon Mobil Asia Pacific Pte. Ltd., Singapore	151,578,244	\$1,864,660	Exxon Mobil Asia Pacific Pte. Ltd., Singapore

### 41. Gross Profit Ratio

	Jul'17-Jun'18 Taka	Jul'16-Jun'17 Taka
Sales (Denominator)	8,430,650,475	8,079,138,509
Gross profit (Numerator)	2,775,234,863	3,133,341,956
Gross Profit Ratio	<b>32.92%</b>	<b>38.78%</b>

### 42. Net Profit Ratio

	Jul'17-Jun'18 Taka	Jul'16-Jun'17 Taka
Sales (Denominator)	8,430,650,475	8,079,138,509
Net profit after tax (Numerator)	1,760,729,486	1,985,143,070
Net Profit Ratio	<b>20.88%</b>	<b>24.57%</b>

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

Jul'17-Jun'18	Jul'16-Jun'17
Taka	Taka

### 43. Financial Risk Management

The management of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies have been established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

#### 43.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a client or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

The company has practice to give credit to customers on a very few occasions and the exposure to credit risk is monitored on an ongoing basis to ensure collection within stipulated time. Debtors are categorized according to their risk profile; i.e. frequency of payment, legal status, financial condition etc. Trade and other receivables consist of domestic receivable, export receivable, inland export receivables and interest receivable. As of 30 June 2018, substantial part of the receivables are those from Jamuna oil Company Limited and other clients and are subject to insignificant credit risk. Risk exposures from other financial assets, i.e. cash at bank and inter company receivables are also nominal.

##### (a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade & Other Receivables	(Note: 9)	1,151,647,340	1,122,810,150
Inter Company Receivables		2,967,811,508	2,484,659,024
Investment in Zero Coupon Bond		8,943,071	24,392,763
Investment in Bond and Shares		70,770,633	79,774,772
Cash and Cash Equivalents		331,545,252	92,260,029
		<b>4,530,717,804</b>	<b>3,805,863,988</b>

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic regions was:

Domestic	3,271,721,379	2,191,810,901
Foreign	847,737,469	1,417,625,523
	<b>4,119,458,848</b>	<b>3,609,436,424</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>
	<b>Taka</b>	<b>Taka</b>

##### b) Aging of trade receivables

The aging of gross trade receivables as at the statement of financial position date was:

Past due 0-90 days	334,431,213	197,075,786
Past due 91-180 days	2,648	222
Past due 181 -365 days	172,253	848,273
Past due more than 365 days	219,313	312,320
	<b>334,825,427</b>	<b>198,236,601</b>

#### 43.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they falls due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

The following are the contractual maturities of financial liabilities of the company:

## MJL Bangladesh Limited Notes to the Financial Statements

As of and for the period from 01 July 2017 to 30 June 2018

As of 30 June 2018	Contractual cash flows (Taka)	1 year or less Taka	More than 1 year Taka
Short Term Loan	3,147,677,334	3,147,677,333	-
Bank Overdraft	136,957,508	136,957,509	-
Sundry Creditors	337,236,322	337,236,323	-
Provision for Income Tax	3,283,559,447	3,239,461,196	-
Subscription Money Payable	15,173,185	15,173,185	-
Dividend Payable	39,021,759	39,021,759	-
Other Liabilities	294,337,389	304,035,519	-
	<b>7,253,962,944</b>	<b>7,219,562,822</b>	-
As of 30 June 2017	Contractual cash flows (Taka)	1 year or less Taka	More than 1 year Taka
Short Term Loan	1,338,868,967	1,338,868,967	-
Bank Overdraft	934,770	934,770	-
Sundry Creditors	274,656,326	274,656,326	-
Provision for Income Tax	2,761,021,834	2,761,021,834	-
Subscription Money Payable	15,023,186	15,023,186	-
Dividend Payable	34,110,217	34,110,217	-
Other Liabilities	351,663,037	351,663,037	-
	<b>4,776,278,338</b>	<b>4,776,278,338</b>	-

### 43.3 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

#### a) Currency risk

The company is exposed to currency risk on payment for the import of raw materials, finished goods and blending fee to Exxon Mobil and repayments relating to borrowings incurred in foreign currencies. All of the company's foreign currency transactions are denominated in USD.

#### i) Exposure to currency risk

The company's exposure to foreign currency risk was as follows based on notional amounts:

	30.06.2018 Taka	30.06.2017 Taka
<b>Foreign currency denominated assets</b>		
Trade Receivables-Export Sale	14,313,583	13,629,912
Other Receivables	699,429,481	905,112,138
MJL (Singapore) PTE. LTD	133,994,405	496,916,223
	<b>847,737,469</b>	<b>1,415,658,273</b>
<b>Foreign currency denominated liabilities</b>		
Accounts payable	67,069,134	12,943,107
Exxon Mobil Asia Pacific Pte. Limited-blending fees Payable	188,263,556	151,578,244
Accounts payable for Bunker Purchase	-	26,001,630
Short term loan-UPAS Loan	1,212,084,449	288,818,651
	1,467,417,138	479,341,633
Net exposure	<b>(619,679,669)</b>	<b>936,316,640</b>
The following rate has been applied:		
US Dollar (\$)	82.75	80.10

#### b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The company is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as of 30 June 2017.



**MJL Bangladesh Limited**  
**Consolidated Schedule of Property, Plant & Equipments**  
AS For 30 June 2018

ANNEXURE- A

Name of assets	Cost				Rate %	Depreciation				Written Down Value as at 30 Jun 18	
	Balance as at 01 Jul 2017	Addition during the year	Adjustment/ Disposal during the period	Adjustment for Foreign Exchange Rate		Balance as at 30 Jun 18	Charged during the year	Adjustment/ (Disposal) during the year	Adjustment for Foreign Exchange Rate		Balance as at 30 Jun 18
<b>Manufacturing and Trading unit</b>											
Land	3,585,698,090	129,707,505	-	-	3,715,405,595	-	-	-	-	-	3,715,405,595
Land Development	364,428,274	10,090,319	-	-	374,518,593	-	-	-	-	-	374,518,593
Building	819,969,698	4,052,146	(415,893)	(39,139)	823,982,705	41,957,184	(341,596)	(21,132)	258,745,100	(18,490,031)	565,237,605
Office Equipments	75,589,125	12,110,127	(346,501)	(17,203)	87,266,156	9,561,741	(346,495)	(4,494)	47,026,148	(9,561,741)	40,240,008
Computer and IT Equipment	60,405,013	6,993,939	(24)	(13,672)	67,038,779	11,276,500	-	(8,729)	55,085,730	241,481,545	11,953,049
Plant and Machinery	4,532,539,563	457,501,684	(24)	(147,270)	4,990,041,223	43,101,574	(502,943)	(44,002)	145,459,562	(44,002)	4,011,367,099
Motor Vehicle	293,410,267	75,934,966	-	(13,292)	369,197,963	11,722,976	-	(4,058)	56,051,282	10,217,131	223,738,401
Furniture and Fixtures	74,620,301	9,811,000	(512,920)	(13,292)	83,995,089	10,217,131	-	-	33,198,065	559,507,616	27,853,807
Barge	306,513,938	261,445,592	-	-	567,959,530	7126,150	-	-	989,465,039	4,640,616	534,761,465
Cylinders	5,336,192,612	2,132,973,965	-	-	7,469,166,577	3,510,167	-	-	10,636,317	-	6,479,701,538
Jetty and Pontoon	175,508,372	-	-	-	175,508,372	9,260,499	-	-	13,901,115	-	164,872,055
Office Decoration	22,710,166	1,089,196	-	-	23,799,362	-	-	-	-	-	9,898,247
<b>Shipping Unit</b>											
M. T. Omera Queen	1,725,178,249	1,626,224,465	-	-	3,351,402,714	147,854,759	-	-	719,729,834	-	2,631,672,880
<b>Total as of 30 Jun 2018</b>	<b>17,372,763,668</b>	<b>4,727,934,904</b>	<b>(1,275,338)</b>	<b>(230,576)</b>	<b>22,099,192,658</b>	<b>2,267,365,269</b>	<b>1,103,321,840</b>	<b>(1,191,034)</b>	<b>(82,416)</b>	<b>3,369,413,659</b>	<b>18,729,778,999</b>
<b>Total as of 30 June 2017</b>	<b>13,688,156,101</b>	<b>3,697,938,918</b>	<b>(9,438,115)</b>	<b>(3,893,236)</b>	<b>17,372,763,668</b>	<b>1,513,624,233</b>	<b>763,957,325</b>	<b>(8,827,777)</b>	<b>(1,388,512)</b>	<b>2,267,365,269</b>	<b>15,105,398,399</b>

**MJL Bangladesh Limited**  
**Schedule of Property, Plant & Equipments**  
 As of 30 June 2018

ANNEXURE- A

Name of assets	Cost					Depreciation				Written Down Value as at 30 Jun 18	
	Balance as at 01 Jul 2017	Addition during the year	Adjustment/ Disposal during the Year	Adjustment for Foreign Exchange Rate	Balance as at 30 Jun 18	Rate %	Charged during the year	Adjustment/ disposal during the year	Adjustment for Foreign Exchange Rate		Balance as at 30 Jun 18
<b>Manufacturing and Trading unit</b>											
Land	3,018,163,725	128,438,885	-	-	3,146,602,610	-	-	-	-	-	695
Building	398,411,672	-	-	-	398,411,672	-	19,720,781	-	-	187,646,614	210,765,058
Office Equipment	28,521,101	8,816,641	(349,063)	-	36,988,679	-	3,219,989	(297,542)	-	25,222,941	11,765,738
IT Equipment	33,791,138	3,273,252	(346,501)	-	36,717,889	-	4,473,658	(346,495)	-	31,895,262	4,822,627
Machinery	732,327,176	46,976,834	(24)	-	779,303,986	-	76,308,911	-	-	459,563,764	319,740,222
Motor Vehicle	99,954,939	2,366,805	-	-	102,321,744	-	15,528,111	-	-	78,128,622	24,193,122
Furniture	57,196,351	7,883,084	(499,572)	-	64,579,863	-	9,902,656	(499,536)	-	50,736,070	13,843,793
<b>Shipping Unit</b>											
Oil Tanker	1,725,178,249	1,626,224,465	-	-	3,351,402,714	-	147,854,759	-	-	719,729,834	2,631,672,880
<b>Total as of 30 Jun 2018</b>	<b>6,093,544,351</b>	<b>1,823,979,966</b>	<b>(1,195,160)</b>	<b>-</b>	<b>7,916,329,157</b>	<b>1,277,057,815</b>	<b>277,008,865</b>	<b>(1,143,573)</b>	<b>-</b>	<b>1,552,923,107</b>	<b>3,216,803,447</b>
<b>Total as of 30 June 2017</b>	<b>5,705,174,940</b>	<b>397,142,324</b>	<b>(8,772,913)</b>	<b>-</b>	<b>6,093,544,351</b>	<b>1,067,899,106</b>	<b>217,835,784</b>	<b>(8,677,075)</b>	<b>-</b>	<b>1,277,057,815</b>	<b>4,816,486,536</b>

**MJL Bangladesh Limited**  
**Consolidated Schedule of Intangible Assets**  
AS For 30 June 2018

ANNEXURE- B

Name of assets	Cost					Amortization			Written down value as of 30 Jun 18
	Balance as of 01 Jul 2017	Addition during the year	Adjustment/ (Disposal) during the year	Balance as of 30 Jun 18	Balance as of 01 Jul 2017	Charged during the year	Adjustment/ (Disposal) during the year	Balance as of 30 Jun 18	
Intangible Assets									
Software	30,833,105	206,250	-	31,039,355	15,303,756	7,942,578	-	23,246,334	7,793,022
<b>Total as of 30 June 2018</b>	<b>30,833,105</b>	<b>206,250</b>	<b>-</b>	<b>31,039,355</b>	<b>15,303,756</b>	<b>7,942,578</b>	<b>-</b>	<b>23,246,334</b>	<b>7,793,022</b>
<b>Total as of 30 June 2017</b>	<b>12,041,043</b>	<b>18,792,062</b>	<b>-</b>	<b>30,833,105</b>	<b>7,562,821</b>	<b>7,740,935</b>	<b>-</b>	<b>15,303,756</b>	<b>15,529,349</b>

**MJL Bangladesh Limited**  
**Schedule of Intangible Assets**  
AS For 30 June 2018

Name of assets	Cost					Amortization			Written down value as of 30 Jun 18
	Balance as of 01 Jul 2017	Addition during the year	Adjustment/ (Disposal) during the year	Balance as of 30 Jun 18	Balance as of 01 Jul 2017	Charged during the year	Adjustment/ (Disposal) during the year	Balance as of 30 Jun 18	
Intangible Assets									
Software	11,438,794	-	-	11,438,794	9,376,526	1,461,870	-	10,838,396	600,398
<b>Total as of 30 June 2018</b>	<b>11,438,794</b>	<b>-</b>	<b>-</b>	<b>11,438,794</b>	<b>9,376,526</b>	<b>1,461,870</b>	<b>-</b>	<b>10,838,396</b>	<b>600,398</b>
<b>Total as of 30 June 2017</b>	<b>11,438,794</b>	<b>-</b>	<b>-</b>	<b>11,438,794</b>	<b>7,362,072</b>	<b>2,014,454</b>	<b>-</b>	<b>9,376,526</b>	<b>2,062,268</b>

# Omera Petroleum Limited

## Financial Statements



## Omera Petroleum Limited Report from the CEO

For the year ended on 30 June 2018

### Dear Shareholders,

I am privileged to have the opportunity to present overall operation and financial performance of Omera Petroleum Limited along with the Statement of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows and a summary of significant accounting policies and other explanatory information for the year ended on 30 June 2018 at the Annual General Meeting.

#### 1. Operation:

With the vision of strengthening the downstream gas industry and contributing to the nation's energy diversity, Omera Petroleum Limited (OPL), in partnership with European energy giant BB Energy and Dutch Development Bank FMO, has started its venture in Bangladesh with utmost commitment of convenience of availability, functionality and safety.

To ensure uninterrupted distribution throughout the country, OPL has made robust investment for European standard storage and bottling facilities that are strategically located in Mongla, Ghorashal, Bogra and Miresarai. OPL has a competitive edge of addressing the growing demand as it has the largest storage and bottling complex in Bangladesh. Bangladesh is abundant with rivers posing ample opportunities & challenges for distribution service in river-route through

traditional transport. To leverage the opportunity, OPL has significantly invested in building LPG carrying Barges named "Omera Princess", "Omera Glory" and "Omera King" - built on European & Japanese technologies. These barges are revolutionary in the industry, considering cost benefit analysis and shorter lead time for carrying LPG. OPL also has a massive fleet of LPG road-tankers to move the LPG from Mongla to its satellite plants.

OPL is also involved in regular CSR activities like promoting LPG instead of firewood or other traditional cooking fuels for rural people and helping the underprivileged school going children to differentiate and enhance its social prestige locally and internationally. OPL is dedicated to running a safe and environmentally responsible operation and making significant contribution to Bangladesh's sustainable economic prosperity as well as energy equilibrium.

OPL's triumph in the LPG industry is not a short story. Its key success factors have been the visionary thinking of its leadership and most importantly, continuous investment for unified growth. OPL, as a proud member of the WLPGA and LPG Operator Association of Bangladesh (LOAB), considers it as a responsibility to set a benchmark for the best practices to make the growth of this industry sustainable, scalable and a success story globally.

#### 2. Financial Position:

The Financial Status during the year ended on 30 June 2018 and 2017:

Particulars	2018	2017
Property, plant and equipment	11,376,557,702	9,346,660,448
Intangible assets	7,162,143	13,419,185
Capital Work-in-progress	1,086,166,035	665,933,008
Deferred Tax Asset	-	185,486,754
Investment in shares	151,357,211	153,443,361
Current Assets	1,237,035,491	1,076,121,079
<b>Total Assets</b>	<b>13,858,278,582</b>	<b>11,441,063,835</b>

The above investments have been financed as follows:

Particulars	2018	2017
Shareholders' Equity	3,568,032,274	1,969,091,966
Long term liability	4,179,398,349	4,147,768,522
Short Term Loan	4,024,246,864	3,412,262,781
Current Liabilities	2,086,601,095	1,911,940,566
<b>Total equity and liabilities</b>	<b>13,858,278,582</b>	<b>11,441,063,835</b>

### 3. Shareholdings

The present shareholding pattern of the company is as follows:

Name of the Shareholders	No of Share	% of Holding
MJL Bangladesh Limited	107,333,333	62.5
B.B. Energy (Asia) Pte. Limited	42,933,333	25
Nederlandse Financierings-Maatschappijvoor Ontwikkelingslanden N.V. (FMO)	21,466,667	12.5

### 4. Board of Directors:

The following persons are the members of the Board of Directors of the Company:

Name	Designation
Mr. Abu Hena Md. Rahmatul Muneem	Director (Nominated by MJL Bangladesh Limited)
Mr. Azam J. Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Mr. Abdul-Muyeed Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Mr. Tanjil Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Mr. Md. Quamrul Hasan	Director (Nominated by MJL Bangladesh Limited)
Mr. Bahaeddine Mohamed Aboul Nasr Bassatne	Director (Nominated by BB Energy (Asia) Pte. Ltd.)
Mr. Raed Aboul Nasr Bassatne	Director (Nominated by BB Energy (Asia) Pte. Ltd.)
Mr. Richard Varbove	Director (Nominated by Nederlandse Financierings-Maatschappijvoor Ontwikkelingslanden N.V. (FMO))
Prof. Dr. Mohammad Tamim	Independent Director
Mr. Q. M. Shariful Ala	Independent Director

### 5. Appointment of the Auditors:

Howlader Yunus & Co. Chartered Accountants, Auditors of the Company will retire at this Annual General Meeting and being eligible have offered them for reappointment as auditor for the year ended 30 June 2019.

### 6. Acknowledgment

The CEO record with deep appreciation the contribution made and support & co-operation given by the staff, officer, workers, suppliers, customers, bank, insurance companies, utility providers, and the government in particulars and look forward to the global role of the company.



Chief Executive Officer



## Independent Auditor's Report To the Shareholders of Omera Petroleum Limited

We have audited the accompanying financial statements of Omera Petroleum Limited, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards and the Companies Act, 1994 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation

of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Omera Petroleum Limited as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards, the Companies Act, 1994 and other applicable laws and regulations.

### We also report that:

- (a) we have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the Company's statement of financial position and statement of profit or loss & other comprehensive income dealt with by the report are in agreement with the books of account.

Dhaka,  
07 October 2018

*Harun Javed Farooq*  
Chartered Accountants


**Omera Petroleum Limited**  
**Statement of Financial Position**  
as at 30 June 2018

	Note	30.06.2018 Taka	30.06.2017 Taka
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	11,376,557,702	9,346,660,448
Intangible assets	5	7,162,143	13,419,185
Capital work-in-progress	6	1,086,166,035	665,933,008
Deferred tax asset	7	-	185,486,754
Investment in subsidiaries	8	10	10
Investment in joint venture	9	151,357,201	153,443,351
<b>Total non-current assets</b>		<b>12,621,243,091</b>	<b>10,364,942,756</b>
<b>Current assets</b>			
Advances, deposits and prepayments	10	609,963,957	538,553,680
Inter-company receivable	11	585,420	2,232,629
Inventory	12	496,300,256	171,583,833
Other receivable	13	968,652	1,082,434
Cash and cash equivalents	14	129,217,206	362,668,503
<b>Total current assets</b>		<b>1,237,035,490</b>	<b>1,076,121,079</b>
<b>Total assets</b>		<b>13,858,278,581</b>	<b>11,441,063,835</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	15	1,717,333,330	90,000,000
Share premium	16	515,200,000	515,200,000
Share money deposits	17	1,099,031,250	1,627,333,333
Retained earnings	18	236,467,694	(263,441,367)
<b>Total equity attributable to the equity holders of the company</b>		<b>3,568,032,274</b>	<b>1,969,091,966</b>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Long term debt - Net off current maturity	19	1,288,231,846	1,661,887,010
Obligation under finance lease - Net of current maturity		114,114,037	354,076,602
Advance lease rental against cylinder - Net off current maturity	20	2,581,416,014	2,131,804,910
Deferred tax liability	7	61,282,137	-
<b>Total non-current liability</b>		<b>4,045,044,033</b>	<b>4,147,768,522</b>
<b>Current liabilities</b>			
Advance lease rental against cylinder - Current maturity	19	475,014,859	522,491,754
Trade and other payable	21	851,206,875	418,865,674
Inter company payable	22	1,416,221	830,514
Short term loan	23	4,024,246,864	3,412,262,781
Long term debt - Current maturity	24	623,210,044	609,870,008
Obligation under finance lease - Current maturity		39,197,781	71,890,306
Accrued Interest	25	73,379,362	58,461,271
Other liabilities	26	119,913,949	217,587,163
Provision for corporate tax	27	37,616,319	11,943,876
<b>Total current liabilities</b>		<b>6,245,202,274</b>	<b>5,324,203,347</b>
<b>Total liabilities</b>		<b>10,290,246,307</b>	<b>9,471,971,869</b>
<b>Total equity and liabilities</b>		<b>13,858,278,581</b>	<b>11,441,063,835</b>

The accompanying notes form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Director

  
Company Secretary

Signed in terms of our report of even date annexed

  
Chartered Accountants

Dhaka,  
07 October, 2018

**Omera Petroleum Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
for the year ended 30 June 2018

	Note	Jul'17-Jun'18	Jul'16-Jun'17
		Taka	Taka
Revenue	28	8,988,647,050	5,523,725,106
Less: Cost of sales	29	7,347,823,889	4,599,377,381
<b>Gross Profit</b>		<b>1,640,823,161</b>	<b>924,347,725</b>
Add: Other operating income/(expense)	30	21,286,236	27,808,565
		<b>1,662,109,397</b>	<b>952,156,290</b>
Less: Administrative and selling expenses	31	360,493,130	303,765,292
Share of loss/(profit) of joint venture	9	2,086,150	5,756,649
Financial charges	32	527,179,722	451,951,052
		889,759,002	761,472,993
<b>Profit/(loss) before tax</b>		<b>772,350,395</b>	<b>190,683,297</b>
Less: Taxation			
Current tax expense	27	25,672,443	8,232,355
Deferred tax expense/(income)	7	246,768,891	85,900,423
		272,441,334	94,132,778
<b>Net profit/(loss) after tax</b>		<b>499,909,061</b>	<b>96,550,519</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss)</b>		<b>499,909,061</b>	<b>96,550,519</b>
<b>Earning per share (EPS) - Basic</b>	33	<b>2.91</b>	<b>11.37</b>
<b>Earning per share (EPS) - Restated</b>	33	<b>2.91</b>	<b>0.56</b>

The accompanying notes form an integral part of these financial statements.



Chief Executive Officer

Signed in terms of our report of even date annexed




Director



Director



Company Secretary



Chartered Accountants

Dhaka,  
07 October, 2018

**Omera Petroleum Limited**  
**Statement of Changes in Equity**  
 for the year ended 30 June 2018

(Figures in Taka)

Particulars	Share Capital	Share Premium	Share Money Deposit"	Retained Earnings	Total Equity
<b>Balance as at 01 July 2016</b>	<b>90,000,000</b>	<b>515,200,000</b>	<b>1,627,333,333</b>	<b>(359,991,886)</b>	<b>1,872,541,447</b>
Total comprehensive income	-	-	-	96,550,519	96,550,519
<b>Balance at 30 June 2017</b>	<b>90,000,000</b>	<b>515,200,000</b>	<b>1,627,333,333</b>	<b>(263,441,367)</b>	<b>1,969,091,966</b>
<b>Particulars</b>	<b>Share Capital</b>	<b>Share Premium</b>	<b>Share Money Deposit"</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance at 01 July 2017</b>	<b>90,000,000</b>	<b>515,200,000</b>	<b>1,627,333,333</b>	<b>(263,441,367)</b>	<b>1,969,091,966</b>
Transfer to share capital from share money deposit	1,627,333,330	-	(1,627,333,330)	-	-
Rounding off adjustment	-	-	(3)	-	(3)
Share money deposit received	-	-	1,099,031,250	-	200,000,000
Total comprehensive income	-	-	-	499,909,061	499,909,061
<b>Balance at 30 June 2018</b>	<b>1,717,333,330</b>	<b>515,200,000</b>	<b>1,099,031,250</b>	<b>236,467,694</b>	<b>2,669,001,024</b>



Chief Executive Officer



Director



Director



Company Secretary

Signed in terms of our report of even date annexed

  
 Chartered Accountants

Dhaka,  
 07 October, 2018

**Omera Petroleum Limited**  
**Statement of Cash Flows**  
 for the year ended 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>A. Cash flows from operating activities</b>		
Cash receipts from customers	8,373,076,035	5,509,256,605
Advance lease rental receipt against Cylinders	1,046,337,525	1,620,719,253
Payment for raw material	(6,775,017,800)	(4,074,205,170)
Payment for other expenses	(266,359,550)	(543,005,822)
Finance expenses paid	(512,261,631)	(398,085,168)
Cash receipts from other sources	21,290,297	27,698,064
<b>Net cash generated from operating activities</b>	<b>1,887,064,877</b>	<b>2,142,377,762</b>
<b>B. Cash flows from investing activities</b>		
Investment in Subsidiaries	-	(159,200,000)
Acquisition of property, plant and equipment	(2,780,561,178)	(3,299,879,981)
Payment against capital work-in progress	(420,233,027)	(627,345,049)
Proceeds from sale of property, plant and equipment	-	570,000
<b>Net cash used in investing activities</b>	<b>(3,200,794,205)</b>	<b>(4,085,855,030)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from share money deposit	1,099,031,250	-
Proceed/(payment) from long term loan	(360,353,745)	(512,121,796)
Proceed from finance lease	(272,655,090)	375,141,626
Proceed from short term loan	611,984,083	2,346,867,603
Inter-company borrowings	2,271,533	(436,470,516)
<b>Net cash from financing activities</b>	<b>1,080,278,031</b>	<b>1,773,416,917</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>	<b>(233,451,298)</b>	<b>(170,060,351)</b>
<b>Cash &amp; cash equivalent at beginning of the year</b>	<b>362,668,503</b>	<b>532,728,854</b>
<b>Cash &amp; cash equivalent at end of the year</b>	<b>129,217,205</b>	<b>362,668,503</b>



Chief Executive Officer

Signed in terms of our report of even date annexed



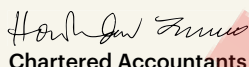
Director



Director



Company Secretary



**Chartered Accountants**

Dhaka,  
07 October, 2018

# Omera Cylinders Limited

## Financial Statements



## Omera Cylinders Limited

### Report from the CEO

For the year ended on 30 June 2018

#### Dear Shareholders,

I am privileged to have the opportunity to present overall operation and financial performance of Omera Cylinders Limited along with the Statement of Financial Position and Statement of Profit or loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and a summary of significant accounting policies and other explanatory information for the year ended on 30 June 2018 at the Annual General Meeting.

#### 1. Operation:

To ensure product quality and meet the growing demand, Omera has its own cylinder manufacturing factory named Omera Cylinders Limited (OCL) in Habiganj. OCL maintains the highest international standard quality as

per DOT 4BA 240 and DOT 4BW 240 for its cylinders which is approved by the Department of Explosive of the Government of Bangladesh. The LPG cylinders are manufactured in absolute compliance using European technology with fully automated cutting-edge machines. The cylinders come in three different types with the capacity of 5.5 kg, 12 kg and 35 kg and are available in two different color sets of Glossy Lemon Yellow plus red and Glossy Window Grey plus red.

After completion of the process optimization project with incorporation of some capital machineries, OCL now has increased production capacity of 43% than previous year. Production capacity will be further increased upto 85% after completion of the incremental production project this year. Along with this, modernization of the QC lab will also commence.

#### 2. Financial Position:

The Financial Status during the year ended on 30 June of 2018 and 2017:

Particulars	2018	2017
Property, plant & equipment	957,133,019	918,984,692
Intangible Assets	30,479	47,896
Capital Work-in-progress	13,041,712	15,408,000
Deferred Tax Assets	-	14,673,945
Total Current Assets	586,291,330	349,276,861
<b>Total Assets</b>	<b>1,556,496,541</b>	<b>1,298,391,393</b>

The above investments have been financed as follows:

Particulars	2018	2017
Shareholders' Equity	1,124,493,366	1,096,474,852
Non-Current Liabilities	1,326,148	-
Short Term Loan	317,987,190	120,508,080
Other Current Liabilities	112,689,838	81,408,462
<b>Total Equity &amp; Liabilities</b>	<b>1,556,496,541</b>	<b>1,298,391,393</b>

#### 3. Shareholdings:

The present shareholding pattern of the company is as follows:

Name of the Shareholders	No of Share	% of Holding
MJL Bangladesh Limited	1,999,999	98.76538
EC Bulk Carriers Limited	5,000	0.24691
Nordic Woods Limited	5,000	0.24691
Radiant Alliance Limited	5,000	0.24691
EC Holdings Limited	5,000	0.24691
Parkesine Products Limited	5,000	0.24691
Omera Petroleum Limited	1	0.00005

#### 4. Board of Directors:

The following persons are the members of the Board of Directors of the Company:

Name	Designation
Mr. Abu Hena Md. Rahmatul Muneem	Director (Nominated by MJL Bangladesh Limited)
Mr. Azam J. Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Mr. Abdul-Muyeed Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Mr. Md. Aminur Rahman	Director (Nominated by MJL Bangladesh Limited)
Mr. Md. Quamrul Hasan	Director (Nominated by MJL Bangladesh Limited)
Mr. Tanjil Chowdhury	Director (Nominated by MJL Bangladesh Limited)
Prof. Dr. Mohammad Tamim	Independent Director
Mr. Q. M. Shariful Ala	Independent Director

#### 5. Appointment of the Auditors:

Hussain Farhad & Co. Chartered Accountants, Auditors of the Company will retire at this Annual General Meeting and being eligible have offered them for reappointment as auditor for the year ended 30 June 2019.

#### 6. Acknowledgment

The CEO record with deep appreciation the contribution made and support & co-operation given by the staff, officer, workers, suppliers, customers, bank, insurance companies, utility providers, and the government in particulars and look forward to the global role of the company.



Chief Executive Officer

## Independent Auditor's Report To the Shareholders of Omera Cylinders Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Omera Cylinders Limited ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs); Bangladesh Accounting Standards (BASs); the Companies Act, 1994; and other applicable laws and regulations; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs); Bangladesh Accounting Standards (BASs); the Companies Act, 1994; and other applicable laws and regulations.

### Emphasis of Matter

We draw attention to Note 3.5.2 to the financial statements which states that the company took a legal opinion as to the applicability of Workers' Profit Participation Fund (WPPF) for the company. Considering the legal opinion, the company did not create provision for Workers' Participation Fund and Workers' Welfare Fund in accordance with the Bangladesh Labour (Amendment) Act, 2013, chapter XV, section 232. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

Subject to the matters described in the aforesaid paragraphs, we also report the following in accordance with the Companies Act, 1994:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- the statement of financial position, and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dhaka,  
07 October, 2018

  
**Hussain Farhad & Co.**  
 Chartered Accountants

## Omera Cylinders Limited Statement of Financial Position

As at 30 June 2018

	Note	30.06.2018	30.06.2017
		Taka	Taka
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipments	4	95,713,019	91,894,692
Intangible assets	5	30,479	47,896
Capital work in progress	6	13,041,712	15,408,000
Deferred tax asset	7	-	14,673,945
<b>Total non-current assets</b>		<b>970,205,211</b>	<b>949,114,533</b>
<b>Current assets</b>			
Inventories	8	300,546,819	122,871,890
Trade and other receivables	9	72,200,523	95,406,913
Advances, deposits and prepayments	10	168,320,807	86,736,814
Cash and cash equivalents	11	45,223,181	44,261,243
<b>Total current assets</b>		<b>586,291,330</b>	<b>349,276,861</b>
<b>Total assets</b>		<b>1,556,496,541</b>	<b>1,298,391,393</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	12	20,250,000	20,000,000
Share money deposits		1,098,176,841	1,098,176,841
Retained earnings	13	6,066,525	(21,701,989)
<b>Total equity attributable to equity holders of the company</b>		<b>1,124,493,366</b>	<b>1,096,474,852</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liability	7	1,326,148	-
		<b>1,326,148</b>	-
<b>Current liabilities</b>			
Trade and other payables	14	93,287,661	69,948,617
Short term loan	15	317,987,190	120,508,080
Accrued interest payables	16	5,250,193	2,100,941
Other Liabilities	17	7,999,999	5,212,000
Income tax provision	18	6,151,984	4,146,903
<b>Total current liabilities</b>		<b>430,677,027</b>	<b>201,916,541</b>
<b>Total liabilities</b>		<b>432,003,175</b>	<b>201,916,541</b>
<b>Total equity and liabilities</b>		<b>1,556,496,541</b>	<b>1,298,391,393</b>

The accompanying notes 1-25 form an integral part of these financial statements.

  
Chief Executive Officer


  
Company Secretary

  
Director

  
Director

Signed in terms of our report of even date annexed

Dhaka,  
07 October, 2018

  
**Hussain Farhad & Co.**  
Chartered Accountants

## Omera Cylinders Limited

### Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	Jul'17-Jun'18	Jul'16-Jun'17
		Taka	Taka
Sales	19	746,655,088	485,061,379
Cost of sales	20	(665,426,831)	(416,135,281)
<b>Gross profit/(loss)</b>		<b>81,228,257</b>	<b>68,926,098</b>
Other Operating income/ (expenses)	21	1,940,803	1,189,608
		83,169,060	70,115,706
Administrative expenses	22	(17,735,032)	(15,134,807)
Financial charges	23	(19,660,341)	(10,433,833)
		<b>(37,395,373)</b>	<b>(25,568,639)</b>
<b>Profit/(loss) before income tax</b>		<b>45,773,687</b>	<b>44,547,066</b>
Current tax expenses	18	(2,005,081)	(485,061)
Deferred tax income/(expense)	7	(16,000,093)	(14,943,608)
<b>Net Profit/(loss) after tax</b>		<b>27,768,514</b>	<b>29,118,397</b>
<b>Other comprehensive income</b>			-
			-
<b>Total comprehensive income</b>		<b>27,768,514</b>	<b>29,118,397</b>

The accompanying notes 1-25 form an integral part of these financial statements.



Chief Executive Officer



Company Secretary



Director



Director

Signed in terms of our report of even date annexed

Dhaka,  
07 October, 2018



**Hussain Farhad & Co.**  
Chartered Accountants

**Omera Cylinders Limited**  
**Statement of Changes in Equity**  
 For the year ended 30 June 2018

(Figures in Taka)

Particulars	Share Capital	Share Premium	"Share Money Deposit"	Retained Earnings	Total Equity
<b>Balance at 01 July 2017</b>	<b>20,000,000</b>	-	<b>1,098,176,841</b>	<b>(21,701,989)</b>	<b>1,096,474,852</b>
Capital raised through new share issue	250,000	-	-	-	250,000
Total Comprehensive Income for the period	-	-	-	27,768,514	27,768,514
<b>Balance at 30 June 2018</b>	<b>20,250,000</b>	-	<b>1,098,176,841</b>	<b>6,066,524</b>	<b>1,124,493,366</b>

Particulars	Share Capital	Share Premium	"Share Money Deposit"	Retained Earnings	Total Equity
<b>Balance at 01 July 2016</b>	<b>20,000,000</b>	-	<b>1,098,176,841</b>	<b>(50,820,387)</b>	<b>1,067,356,455</b>
Capital raised through new share issue	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	29,118,397	29,118,397
<b>Balance at 30 June 2017</b>	<b>20,000,000</b>	-	<b>1,098,176,841</b>	<b>(21,701,989)</b>	<b>1,096,474,852</b>



Chief Executive Officer



Director



Director



Company Secretary

Signed in terms of our report of even date annexed

Dhaka,  
07 October, 2018

**Hussain Farhad & Co.**  
Chartered Accountants

## Omera Cylinders Limited Statement of Cash Flows

For the year ended 30 June 2018

	Jul'17-Jun'18	Jul'16-Jun'17
	Taka	Taka
<b>A. Cash flows from operating activities:</b>		
Cash receipts from customers	769,861,478	529,025,472
Cash paid to employees	(65,754,622)	(48,166,391)
Payment for expenses	(41,696,250)	(40,371,853)
Payment to other suppliers	(73,069,213)	(44,749,921)
Payment for material purchase	(531,071,271)	(262,635,777)
Cash receipts from other income	1,940,803	1,189,608
<b>Net cash flows from operating activities</b>	<b>60,210,925</b>	<b>134,291,137</b>
<b>B. Cash flows from investing activities:</b>		
Payments for property, plant and equipment	(96,967,129)	(8,166,347)
Payments for Intangible assets	-	(52,250)
Payment against capital work-in progress	(8,528,737)	(15,408,000)
<b>Net cash used in investing activities</b>	<b>(105,495,866)</b>	<b>(23,626,597)</b>
<b>C. Cash flows from financing activities:</b>		
Short term loan	45,996,879	23,399,603
Receipts from issuing new shares	250,000	-
Inter company loan	-	(102,545,332)
<b>Net cash flows from financing activities</b>	<b>46,246,879</b>	<b>(79,145,729)</b>
<b>D. Net increase/(decrease) in cash and cash equivalents</b>	<b>961,937</b>	<b>31,518,810</b>
<b>E. Cash &amp; cash equivalent at beginning of the year</b>	<b>44,261,243</b>	<b>12,742,433</b>
<b>F. Cash &amp; cash equivalent at end of the year</b>	<b>45,223,181</b>	<b>44,261,243</b>

Chief Executive Officer

Company Secretary

Director

Director

Signed in terms of our report of even date annexed

Dhaka,  
07 October, 2018

**Hussain Farhad & Co.**  
Chartered Accountants

# MJL & AKT Petroleum Company Limited

## Financial Statements



## MJL & AKT PETROLEUM COMPANY LIMITED

# REPORT FROM THE CEO TO SHAREHOLDERS

For the period ended 30 June 2018

### Dear Shareholders,

In terms of the provisions of section 184 of the Companies Act 1994 and International Accounting Standards codes, as adopted by the Institute of Chartered Accountants of Bangladesh, I am pleased to submit to you on behalf of the Board of Directors their report along with audited accountants containing only statement of Financial Report, Comprehensive income, Changes in equity and Cash Flows for the period ended 30 June 2018 at the Annual General Meeting.

MJL & AKT Petroleum Company Limited is a limited liability company, incorporated under the Myanmar Companies Act and domiciled in the Union of Myanmar.

The registered office of the company is located at No. 4(A), Maykha Street, Mayangone Township, Yangon.

### 1. Operation:

The principle activities of the company consist of business consultancy services for Mobil Brand Lubricant related activity.

### 2. Financial Position:

The Financial position as on 30 June 2018 and 30 June 2017 as follows:

Particulars	30 June 2018		30 June 2017	
	MMK	BDT	MMK	BDT
Property, plant and equipment	551,090,001	32,682,227	390,252,769	23,266,724
Current Assets	2,361,094,824	140,024,024	2,422,377,714	145,573,760
<b>Total Assets</b>	<b>2,912,184,825</b>	<b>172,706,251</b>	<b>2,812,630,483</b>	<b>168,840,484</b>

The above investments have been financed as follows

Particulars	30 June 2018		30 June 2017	
	MMK	BDT	MMK	BDT
Shareholders' Equity	2,588,032,903	153,482,519	2,724,439,813	163,582,589
Current Liabilities	324,151,922	19,223,732	88,190,670	5,257,895
<b>Total Assets</b>	<b>2,912,184,825</b>	<b>172,706,251</b>	<b>2,812,630,483</b>	<b>168,840,484</b>

### 3. Shareholdings:

The present shareholding pattern of the company is as follows:

Name of the shareholders	Share capital (MMK)	% of holding
MJL Bangladesh Limited	427,998,976	51%
Aung Kyun Thar Company Limited	411,214,703	49%

### 4. Board of Directors:

The following persons are the members of the Board of Directors of the Company:

- 1 Mr. Azam J Chowdhury
- 2 Mr. M. Mukul Hossain
- 3 Mr. S M Rahmatul Mujeeb, FCA
- 4 Mr. U Soe Kyin
- 5 Mr. U Pye Sone
- 6 Mrs. Daw Yi Mon Aye
- 7 Mr. Md. Shahin Alom

### 5. Appointment of the Auditors:

Myat and Associates, Certified Public Accountant, Auditor of the Company, will retire at this Annual General Meeting and being eligible have offered them for reappointment as Auditor for the year 2018-19.

### 6. Acknowledgment

The Board of Directors record with deep appreciation the contribution made and support & co-operation given by the staff, officer, workers, suppliers, customers, bank, insurance companies, utility providers, and the government in particulars and look forward to the global role of the company.

Sd/-

Chief Executive Officer

## Independent Auditor's Report To the Shareholders of MJL & AKT PETROLEUM CO., LTD.

For the year ended 30 June 2018

We have audited the financial statements of MJL & AKT Petroleum Co., Ltd. which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 24.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Myanmar Companies Act ("Act") and Myanmar Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) Devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets;
- (b) Selecting and applying appropriate accounting policies; and
- (c) Making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion:

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Myanmar Companies Act and applicable standards of Myanmar Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2018 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provision of Section 130 of the said Act.



**Myat Myat Chit**  
(PA-1000)

Managing Partner  
**Myat and Associates**  
Certified Public Accountants

Date: 20 September 2018

**MJL & AKT PETROLEUM CO., LTD.**  
**Statement of Financial Position**  
 (Company Reg. No. 405 FC / 2012-2013)  
 (Incorporated in the Republic of the Union of Myanmar)  
 as at 30 June 2018

	June 30, 2018		June 30, 2017	
	MMK	BDT	MMK	BDT
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	551,090,001	32,682,227	390,252,769	23,266,724
<b>Total Non-Current Assets</b>	<b>551,090,001</b>	<b>32,682,227</b>	<b>390,252,769</b>	<b>23,266,724</b>
<b>Current assets</b>				
Other current assets	133,898,676	7,940,821	78,851,849	4,701,118
Other receivables	-	-	-	-
Amount due from related parties	2,201,051,194	130,532,684	2,102,191,241	126,484,362
Cash and cash equivalents	26,144,954	1,550,519	241,334,624	14,388,280
<b>Total Current assets</b>	<b>2,361,094,824</b>	<b>140,024,024</b>	<b>2,422,377,714</b>	<b>145,573,760</b>
<b>Total assets</b>	<b>2,912,184,825</b>	<b>172,706,251</b>	<b>2,812,630,483</b>	<b>168,840,484</b>
<b>EQUITY</b>				
<b>Equity</b>				
Share capital	839,213,679	66,555,706	839,213,679	66,555,706
Shares money deposit	1,106,236,321	87,555,381	1,106,236,321	87,555,381
Retained earnings	642,582,903	(628,568)	778,989,813	9,471,502
<b>Total Shareholders Equity</b>	<b>2,588,032,903</b>	<b>153,482,519</b>	<b>2,724,439,813</b>	<b>163,582,589</b>
<b>Current liabilities</b>				
Other Liabilities	324,151,922	19,223,732	88,190,670	5,257,895
<b>Total Current liabilities</b>	<b>324,151,922</b>	<b>19,223,732</b>	<b>88,190,670</b>	<b>5,257,895</b>
<b>Total Equity and liabilities</b>	<b>2,912,184,825</b>	<b>172,706,251</b>	<b>2,812,630,483</b>	<b>168,840,484</b>



S M Rahmatul Mujeeb, FCA  
 Director



Yi Mon Aye  
 Director

**MJL & AKT PETROLEUM CO., LTD.****Statement of Profit or Loss and Other Comprehensive Income**

(Company Reg. No. 405 FC / 2012-2013)

(Incorporated in the Republic of the Union of Myanmar)

For the period ended 30 June 2018

	Jul 2017 to Jun 2018		Jul 2016 to Jun 2017	
	MMK	BDT	MMK	BDT
Revenue	1,628,733,256	96,847,324	1,695,976,657	107,173,566
Add: Other income	81,582,247	4,851,032	283,180,296	17,894,964
	<b>1,710,315,503</b>	<b>101,698,356</b>	<b>1,979,156,953</b>	<b>125,068,529</b>
Less: Administrative and selling expenses	1,792,116,919	106,562,402	1,444,586,810	91,287,534
Financial charges	-	-	-	-
	<b>1,792,116,919</b>	<b>106,562,402</b>	<b>1,444,586,810</b>	<b>91,287,534</b>
Profit /(Loss) before income Tax	<b>(81,801,416)</b>	<b>(4,864,046)</b>	<b>534,570,143</b>	<b>33,780,996</b>
Income Tax	54,605,493	3,246,938	64,000,000	4,044,341
<b>Net Profit after Tax</b>	<b>(136,406,909)</b>	<b>(8,110,984)</b>	<b>470,570,143</b>	<b>29,736,654</b>
<b>Other Comprehensive Income</b>	-	(1,989,086)	-	(41,121,116)
<b>Total Comprehensive Income</b>	<b>(136,406,909)</b>	<b>(10,100,070)</b>	<b>470,570,143</b>	<b>(11,384,462)</b>



S M Rahmatul Mujeeb, FCA  
Director



Yi Mon Aye  
Director

## MJL & AKT PETROLEUM CO., LTD. Statement of Cash Flows

(Company Reg. No. 405 FC / 2012-2013)

(Incorporated in the Republic of the Union of Myanmar)

For the period ended 30 June 2018

	Jul 2017 to Jun 2018		Jul 2016 to Jun 2017	
	MMK	BDT	MMK	BDT
<b>Cash flows from operating activities:</b>				
Cash received from revenue	1,587,920,612	94,420,533	1,676,645,750	105,951,993
Payroll and other payments to employees	(594,165,575)	(35,330,123)	(342,038,900)	(21,614,406)
Payment to suppliers	(1,026,335,458)	(61,069,906)	(872,063,824)	(56,066,403)
Tax Paid	(121,917,948)	(7,249,454)	-	-
<b>Net cash flow from operating activities</b>	<b>(154,498,369)</b>	<b>(9,228,950)</b>	<b>462,543,026</b>	<b>28,271,184</b>
<b>Cash flows from investing activities:</b>				
Acquisition of fixed assets	(264,777,000)	(15,744,103)	(192,352,180)	(12,155,279)
Proceeds from sale of fixed assets				
<b>Net cash (used in)/flow from investing activities</b>	<b>(264,777,000)</b>	<b>(15,744,103)</b>	<b>(192,352,180)</b>	<b>(12,155,279)</b>
<b>Cash flows from financing activities:</b>				
Share Capital Issued				
Inter Company Loan	204,085,698	12,135,292	(52,655,445)	(3,327,447)
Short term loan				
<b>Net cash flow from/(used in) financing activities</b>	<b>204,085,698</b>	<b>12,135,292</b>	<b>(52,655,445)</b>	<b>(3,327,447)</b>
<b>Net cash (deficit)/surplus for the year (A+B+C)</b>	<b>(215,189,670)</b>	<b>(12,837,761)</b>	<b>217,535,401</b>	<b>12,788,459</b>
Cash & cash equivalent at beginning of the period	241,334,624	14,388,280	23,799,223	1,599,821
<b>Cash &amp; cash equivalent at end of the period</b>	<b>26,144,954</b>	<b>1,550,519</b>	<b>241,334,624</b>	<b>14,388,280</b>

**MJL & AKT PETROLEUM CO., LTD.**  
**Statement of Changes in Equity**  
 (Company Reg. No. 405 FC / 2012-2013)  
 (Incorporated in the Republic of the Union of Myanmar)  
 for the year ended 30 June 2018

Particulars	Share Capital		Share Money Deposit		Retained Earnings		Total	
	MMK	BDT	MMK	BDT	MMK	BDT	MMK	BDT
<b>Balance as at 01 July 2016</b>	<b>2,000,000</b>	<b>134,443</b>	<b>1,943,450,000</b>	<b>130,641,915</b>	<b>308,419,669</b>	<b>20,855,964</b>	<b>2,253,869,669</b>	<b>151,632,322</b>
Issuance of new shares	837,213,679	66,397,273.31	(837,213,679)	(66,397,273)	-	-	-	-
Share money deposit	-	-	-	-	-	-	-	-
Translation adjustment	-	23,989	-	23,310,739.10	-	-	-	23,334,728
Total Comprehensive Income for the period	-	-	-	-	470,570,143	(11,384,462)	470,570,143	(11,384,462)
<b>Balance as at 30 June 2017</b>	<b>839,213,679</b>	<b>66,555,706</b>	<b>1,106,236,321</b>	<b>87,555,381</b>	<b>778,989,813</b>	<b>9,471,502</b>	<b>2,724,439,813</b>	<b>163,582,589</b>
<b>Balance as at 01 July 2017</b>	<b>839,213,679</b>	<b>66,555,706</b>	<b>1,106,236,321</b>	<b>87,555,381</b>	<b>778,989,813</b>	<b>9,471,502</b>	<b>2,724,439,813</b>	<b>163,582,589</b>
Issuance of new shares	-	-	-	-	-	-	-	-
Share money deposit	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	-	-	(136,406,909)	(10,100,070)	(136,406,909)	(10,100,070)
<b>Balance as at 30 June 2018</b>	<b>839,213,679</b>	<b>66,555,706</b>	<b>1,106,236,321</b>	<b>87,555,381</b>	<b>642,582,903</b>	<b>(628,568)</b>	<b>2,588,032,903</b>	<b>153,482,519</b>

# SAFA Corporate Governance Disclosure Checklist

Items		Page No.
<b>1.</b>	<b>BOARD OF DIRECTORS, CHAIRMAN AND CEO</b>	
1.1	Company's policy on appointment of directors disclosed.	141, 160
1.2	Adequate representation of non executive directors i.e. one third of the Board, subject to a minimum of two	141
1.3	At least one independent director on the board and disclosure / affirmation of the Board on such director's independence.	141,181
1.4	Chairman to be independent of CEO	141
1.5	Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non Executive Directors	143-149
1.6	Existence of a scheme for annual appraisal of the boards performance and disclosure of the same.	165
1.7	Disclosure of policy on annual evaluation of the CEO by the Board.	165
1.8	Disclosure of policy on training (including details of the continuing training program) of directors and type and nature of training courses organized for directors during the year Existence of a scheme for annual appraisal of the boards performance	165
1.9	At least one director having thorough knowledge and expertise in finance and accounting to provide guidance in the matters applicable to accounting and auditing standards to ensure reliable financial reporting.	141
1.10	Disclosure of number of meetings of the board and participation of each director (at least 4 meetings are required to be held)	162
1.11	Directors issue a report on compliance with best practices on Corporate Governance that is reviewed by the external auditors	180-188
<b>2.</b>	<b>VISION / MISSIONS AND STRATEGY</b>	
2.1	Company's vision / mission statements are approved by the board and disclosed in the annual report.	8-9
2.2	Identification of business objectives and areas of business focus disclosed	
2.3	General description of strategies to achieve the company's business objectives	
<b>3.</b>	<b>AUDIT COMMITTEES</b>	
3.1	Appointment and Composition	163-164
3.1.1	Whether the Audit Committee Chairman is an independent Non - Executive Director	
3.1.2	Whether it has specific terms of reference and whether it is empowered to investigate / question employees and retain external counsel	
3.1.3	More than two thirds of the members are to be Non Executive Directors	
3.1.4	All members of the audit committee to be financially literate and at least one member to have expert knowledge of finance and accounting.	
3.1.5	Head of internal audit to have direct access to audit committee	
3.1.6	The committee to meet at least four times a year and the number of meetings and attendance by individual members disclosed in the annual report.	162, 164
<b>3.2</b>	<b>Objectives &amp; Activities</b>	
3.2.1	Statement on Audit Committee's review to ensure that internal controls are well conceived properly administered and satisfactorily monitored	163-164
3.2.2	Statement to indicate audit committees role in ensuring compliance with Laws, Regulations and timely settlements of Statutory dues	

Items		Page No.
3.2.3	Statement of Audit committee involvement in the review of the external audit function	163-164
	<ul style="list-style-type: none"> <li>- Ensure effective coordination of external audit function</li> <li>- Ensure independence of external auditors</li> <li>- To review the external auditors findings in order to be satisfied that appropriate action is being taken</li> <li>- Review and approve any non audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditors.</li> <li>- Recommend external auditor for appointment/ reappointment</li> </ul>	
3.2.4	Statement on Audit committee involvement in selection of appropriate accounting policies that are in line will applicable accounting standards and annual review.	
3.2.5	Statement of Audit Committee involvement in the review and recommend to the Board of Directors, annual and interim financial releases	
3.2.6	Reliability of the management information used for such computation	
<b>4.</b>	<b>INTERNAL CONTROL &amp; RISK MANAGEMENT</b>	
4.1	Statement of Director's responsibility to establish appropriate system of internal control	166-177
4.2	Narrative description of key features of the internal control system and the manner in which the system is monitored by the Board, Audit Committee or Senior Management.	
4.3	Statement that the Director's have reviewed the adequacy of the system of internal controls	
4.4	Disclosure of the identification of risks the company is exposed to both internally & externally	
4.5	Disclosure of the strategies adopted to manage and mitigate the risks	
<b>5.</b>	<b>ETHICS AND COMPLIANCE</b>	
5.1	Disclosure of statement of ethics and values, covering basic principles such as integrity, conflict of interest, compliance with laws and regulations etc..	10-11
5.2	Dissemination / communication of the statement of ethics & business practices to all directors and employees and their acknowledgement of the same	
5.3	Board's statement on its commitment to establishing high level of ethics and compliance within the organization	
5.4	Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers, establishing a hot line reporting of irregularities etc.	
<b>6.</b>	<b>REMUNERATION COMMITTEE</b>	
6.1	Disclosure of the charter (role and responsibilities) of the committee	165
6.2	Disclosure of the composition of the committee (majority of the committee should be non-executive directors, but should also include some executive directors)	
6.3	Disclosure of key policies with regard to remuneration of directors, senior management and employees	
6.4	Disclosure of number of meetings and work performed	
6.5	Disclosure of remuneration of directors, chairman, chief executive and senior executives.	228, 233
<b>7.</b>	<b>HUMAN CAPITAL</b>	
7.1	Disclosure of general description of the policies and practices codified and adopted by the company with respect to Human Resource Development and Management, including succession planning, merit based recruitment, performance appraisal system, promotion and reward and motivation, training and development, grievance management and counseling.	93, 102-104
7.2	Organizational Chart	79
<b>8.</b>	<b>COMMUNICATION TO SHAREHOLDERS &amp; STAKEHOLDERS</b>	
8.1	Disclosure of the Company's policy / strategy to facilitate effective communication with shareholders and other stake holders	189
8.2	Disclosure of company's policy on ensuring participation of shareholders in the Annual General Meeting and providing reasonable opportunity for the shareholder participation in the AGM.	
<b>9.</b>	<b>ENVIRONMENTAL AND SOCIAL OBLIGATIONS</b>	
9.1	Disclosure of general description of the company's policies and practices relating to social and environmental responsibility of the entity	124-126
9.2	Disclosure of specific activities undertaken by the entity in pursuance of these policies and practices	

# Integrated Reporting Checklist

Items		Page No.
<b>1.</b>	<b>Elements of an Integrated Report</b>	
1.1	Organizational overview and external environment	
	An integrated report should disclose the main activities of the organization and the environment of which it operates.	12-17
	An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as: <ul style="list-style-type: none"> <li>The organization's:</li> <li>Culture, ethics and values</li> </ul>	10-11
	<ul style="list-style-type: none"> <li>Ownership and operating structure including size of the organization, location of its operations)</li> </ul>	25, 79, 161, 190
	<ul style="list-style-type: none"> <li>Principal activities and markets</li> </ul>	12-17
	<ul style="list-style-type: none"> <li>Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)</li> </ul>	97-98
	<ul style="list-style-type: none"> <li>Position within the value chain</li> </ul>	90, 93
	<ul style="list-style-type: none"> <li>Key quantitative information</li> </ul>	
	e.g., the number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	12, 56-57, 93
	<ul style="list-style-type: none"> <li>Significant factors affecting the external environment and the organization's response (include aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term) Eg:</li> </ul>	
	<ul style="list-style-type: none"> <li>The legitimate needs and interests of key stakeholders</li> <li>Macro and micro economic conditions stability, globalization, and industry trends</li> <li>Market forces, such as the relative competitors and customer demand</li> <li>The speed and effect of technological change</li> <li>Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems</li> <li>Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached</li> <li>The legislative and regulatory environment in which the organization operates</li> <li>The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy</li> </ul>	34-35, 97-98, 152-157
1.2	<b>Governance</b> An integrated report should how does the organization's governance structure support its ability to create value in the short, medium and long term. An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value: <ul style="list-style-type: none"> <li>The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure</li> <li>Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues</li> <li>Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management</li> <li>How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders</li> <li>Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies</li> <li>The responsibility those charged with governance take for promoting and enabling innovation</li> <li>How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.</li> </ul>	140-149

Items	Page No.
<p>1.3 <b>Stakeholder Identification/ relationships</b>                      An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization’s relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.</p> <p><b>Capitals</b>                      An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term                      An integrated report need to identify the various forms of capitals which are essential for the success of its business operations.                      Eg: financial, manufactured, intellectual , human, social and relationship,and natural,                      However an entity can do its own classification of capitals based on its business activities.                      An entity needs to ensure that it does not overlook a capital that it uses or affects.</p>	<p>92-94</p>
<p>1.4 <b>Business model</b></p> <p><b>An integrated report should describe the organization’s business model</b>                      An integrated report need to describe the business model, including key:</p> <ul style="list-style-type: none"> <li>• Inputs</li> <li>• Business activities</li> <li>• Outputs</li> <li>• Outcomes</li> </ul> <p>Features that can enhance the effectiveness and readability of the description of the business model include:</p> <ul style="list-style-type: none"> <li>• Explicit identification of the key elements of the business model</li> <li>• A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization</li> <li>• Narrative flow that is logical given the particular circumstances of the organization</li> <li>• Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment</li> <li>• Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).</li> </ul> <p><b>Inputs</b>                      An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.                      Business activities                      An integrated report describes key business activities. This can include:</p> <ul style="list-style-type: none"> <li>• How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)</li> <li>• The extent to which the business model relies on revenue generation after the initial point of sale (e.g., extended warranty arrangements or network usage charges)</li> <li>• How the organization approaches the need to innovate</li> <li>• How the business model has been designed to adapt to change.</li> </ul> <p>When material, an integrated report discusses the contribution made to the organization’s long term success by initiatives such as process improvement, employee training and relationships management.</p>	<p>89-94</p>
<p><b>Outputs</b>                      An integrated report identifies an organization’s key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.</p> <p><b>Outcomes</b>                      An integrated report describes key outcomes, including:</p> <ul style="list-style-type: none"> <li>• Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects)</li> <li>• Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).</li> </ul> <p><b>Organizations with multiple business models</b>                      Some organizations employ more than one business model (e.g., when operating in different market segments). This requires a distinct consideration of each material business model as well as commentary on the extent of connectivity between the business models (such as the existence of synergistic benefits)</p>	<p>89-94</p>

Items	Page No.
<p>1.5 <b>Performance</b> An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals</p>	
<p>An integrated report should contain qualitative and quantitative information about performance that may include matters such as:</p> <ul style="list-style-type: none"> <li>Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them</li> <li>The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain</li> <li>The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests</li> <li>The linkages between past and current performance, and between current performance and the organization's outlook.</li> </ul> <p>KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use). Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.</p>	89-96, 124-130
<p>1.6 <b>Risks and opportunities</b> An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them? This can include identifying:</p> <ul style="list-style-type: none"> <li>The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.</li> <li>The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.</li> <li>The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.</li> </ul>	166-177
<p>1.7 <b>Strategy and resource allocation</b> <b>An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)</b> An integrated report need to identify:</p> <ul style="list-style-type: none"> <li>The organization's short, medium and long term strategic objectives</li> <li>The strategies it has in place, or intends to implement, to achieve those strategic objectives</li> </ul> <p>The resource allocation plans it has to implement its strategy</p> <p>How it will measure achievements and target outcomes for the short, medium and long term.</p> <p><b>This can include describing:</b></p> <ul style="list-style-type: none"> <li>The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans:</li> <li>relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change</li> <li>are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals</li> <li>What differentiates the organization to give it competitive advantage and enable it to create value, such as: <ul style="list-style-type: none"> <li>the role of innovation</li> <li>how the organization develops and exploits intellectual capital</li> <li>the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage</li> </ul> </li> <li>Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.</li> </ul>	95-96

Items	Page No.
<p>1.8 <b>Outlook</b>  <b>An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</b>  An integrated report should highlight anticipated changes over time and provides information on</p> <ul style="list-style-type: none"> <li>The organization's expectations about the external environment the organization is likely to face in the short, medium and long term</li> <li>How that will affect the organization</li> <li>How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.</li> </ul> <p>The discussion of the potential implications, including implications for future financial performance may include:</p> <ul style="list-style-type: none"> <li>The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives</li> <li>The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labour or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time.</li> </ul> <p>An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook.</p> <p>Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.</p>	34-35, 152-157
<p>1.9 <b>Basis of preparation and presentation</b>  <b>An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?</b>  An integrated report describes its basis of preparation and presentation, including:</p> <ul style="list-style-type: none"> <li>A summary of the organization's materiality determination process</li> <li>Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters</li> <li>Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.</li> <li>A description of the reporting boundary and how it has been determined  Eg: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity</li> <li>A summary of the significant frameworks and methods used to quantify or evaluate material matters (e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks).</li> </ul>	88
<b>2. Responsibility for an integrated report</b>	
<p>An integrated report should include a statement from those charged with governance that includes:</p> <ul style="list-style-type: none"> <li>An acknowledgement of their responsibility to ensure the integrity of the integrated report</li> <li>An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report</li> <li>Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework</li> </ul> <p>or, if it does not include such a statement, it should explain:</p> <ul style="list-style-type: none"> <li>What role those charged with governance played in its preparation and presentation</li> <li>What steps are being taken to include such a statement in future reports</li> <li>The time frame for doing so, which should be no later than the organization's third integrated report that references this Framework.</li> </ul>	88
<b>3. Other Qualitative Characteristics of an Integrated Report</b>	
3.1 <b>Conciseness</b>	
<p><b>An integrated report should be concise.</b>  An integrated report need to include sufficient context to understand the organization's strategy, governance, performance and prospects without being burdened with less relevant information</p>	Qualitative

Items	Page No.
3.2 <b>Reliability and completeness</b> An integrated report should include all material matters, both positive and negative, in a balanced way and without material error	Qualitative
3.3 <b>Consistency and comparability</b> The information in an integrated report should be presented: <ul style="list-style-type: none"> <li>• On a basis that is consistent over time</li> <li>• In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.</li> </ul> Eg: <ul style="list-style-type: none"> <li>• Using benchmark data, such as industry or regional benchmarks</li> <li>• Presenting information in the form of ratios (e.g., research expenditure as a percentage of sales, or carbon intensity measures such as emissions per unit of output)</li> <li>• Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization (e.g., an industry body).</li> </ul>	Qualitative
3.4 <b>Connectivity of information</b> An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time. Eg: Connectivity between – Capitals <ul style="list-style-type: none"> <li>- Content elements</li> <li>- Past , Present &amp; Future</li> <li>- Finance and other information</li> </ul>	Qualitative
3.5 <b>Materiality</b> An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	Qualitative
3.6 <b>Assurance on the Report</b> <ul style="list-style-type: none"> <li>• The policy and practice relating to seeking assurance on the report,</li> <li>• The nature and scope of assurance provided for this particular report</li> <li>• Any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers</li> </ul>	88

# SAFA Standard Disclosure Index

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Clarity, simplicity and lucidity in presentation of Financial Statements	Qualitative
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<ul style="list-style-type: none"> <li>3 months time to produce the Annual Report and hold AGM are considered reasonable for full marks</li> </ul>	AGM on November 22, 2018
<ul style="list-style-type: none"> <li>Delay after the initial period of 3 months -deduction of 2 marks is to be made for each month</li> </ul>	
<ul style="list-style-type: none"> <li>If the period is over 6 months - no marks shall be awarded</li> </ul>	
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## MJL Bangladesh Limited

Mobil House, CWS (C) 9, Gulshan-1, Dhaka-1212  
Tel:+88(02) 9899636, 58813661, Fax:+88(02) 9885269  
Share Department: House 73, Block-K, Suhrawardy Avenue, Baridhara, Dhaka-1212.

### ATTENDANCE SLIP

I/We do hereby record my/our attendance at the **20<sup>th</sup> Annual General Meeting** of the Company to be held on November 22, 2018 at the Auditorium of Krishibid Institution Complex Bangladesh, Krishi Khamar Sarak, (Khamarbari) Farmgate, Dhaka-1215 at 11:00 AM.

Name of the Member(s) .....

BO ID No.  No. of shares being held .....

Signature of the Shareholder(s)/Proxy ..... Date .....

Note: Shareholders attending the meeting in person or by proxy are requested to complete Attendance Slip and deposit the same at the entrance of the meeting hall.

## MJL Bangladesh Limited

Mobil House, CWS (C) 9, Gulshan-1, Dhaka-1212  
Tel:+88(02) 9899636, 58813661, Fax:+88(02) 9885269  
Share Department: House 73, Block-K, Suhrawardy Avenue, Baridhara, Dhaka-1212.

### PROXY FORM

I/We, .....  
of .....  
being a member of MJL Bangladesh Ltd., do hereby appoint Mr./Mrs./Ms. ....

of .....  
as my/our proxy to attend and vote in my/our behalf at the **20<sup>th</sup> Annual General Meeting** of the company to be held on November 22, 2018 at the Auditorium of Krishibid Institution Complex Bangladesh, Krishi Khamar Sarak, (Khamarbari) Farmgate, Dhaka-1215 at 11:00 AM at any adjournment thereof.

As witness my/our hand this ..... day of ..... 2018.

(Signature of Proxy) Revenue Stamp of Tk.20.00 (Signature of Shareholder)

BO ID No.  BO ID No.

Notes:  
I) A member entitled to attend and vote in the AGM may appoint a Proxy to attend and vote in his/her behalf.  
II) This Proxy Form, duly filed and stamped must be deposited at the Registered Office of the Company, no later than 48 hours before the time fixed for the meeting.  
III) Signature of the Member(s) must be in accordance with Specimen Signature recorded with the Company.

(Authorized Signature) (Signature Verified)

**MJL Bangladesh Limited**

- Shareholders bearing BO ID are requested to update their respective BO ID with 12 Digit Taxpayer's Identification Number (e-Tin) and address through their Depository Participant (DP); failing which, Income Tax at source will be deducted from cash dividend @15% instead of 10%
- As per directive of Bangladesh Securities and Exchange Commission (BSEC) no gift or benefit in cash or in kind shall be offered to the shareholders in the Annual General Meeting.



AMMR STOCK

## ১৯তম বার্ষিক সাধারণ সভার কার্যবিবরণী

২৪শে ডিসেম্বর, ২০১৭ খ্রি. তারিখে সকাল ১১:০০ ঘটিকায় কৃষিবিদ ইনস্টিটিউশন বাংলাদেশ কমপ্লেক্স, কৃষি খামার সড়ক (খামারবাড়ী), ফার্মগেট, ঢাকা ১২১৫-এর মিলনায়তনে অনুষ্ঠিত এম জে এল বাংলাদেশ লিমিটেড-এর শেয়ারহোল্ডারদের ১৯তম বার্ষিক সাধারণ সভার কার্যবিবরণী।

নিম্নরূপ পরিচালকগণ সভায় উপস্থিত হন।

জনাব নাজিমুদ্দিন চৌধুরী	যমুনা অয়েল কোম্পানি লি:-এর প্রতিনিধি
জনাব মো: কামরুল হাসান	যমুনা অয়েল কোম্পানি লি:-এর প্রতিনিধি
জনাব আজম জে. চৌধুরী	ইসি সিকিউরিটিজ লি:-এর প্রতিনিধি
জনাব আব্দুল মুয়িদ চৌধুরী	ইসি সিকিউরিটিজ লি:-এর প্রতিনিধি
জনাব মো: আমিনুর রহমান	ইসি সিকিউরিটিজ লি:-এর প্রতিনিধি
জনাব তানজিল চৌধুরী	ইসি সিকিউরিটিজ লি:-এর প্রতিনিধি
ড. মোহাম্মদ তামিম	স্বতন্ত্র পরিচালক

### উপস্থিতি:

মীর মো: রকিবুল কবির, কোম্পানি সেক্রেটারি (ভারপ্রাপ্ত)

জনাব ফয়েজ আহমেদ, অডিটর, একনাবিন চার্টার্ড অ্যাকাউন্ট্যান্ট

সংযুক্ত তালিকা অনুসারে মোট ১৪৬ শেয়ারহোল্ডার সভায় উপস্থিত হন।

শুরুতেই মীর মো: রকিবুল কবির, কোম্পানি সেক্রেটারি শেয়ারহোল্ডারদের স্বাগত জানান এবং ডায়াসের উপর আসন গ্রহণ করার জন্য বোর্ডের সদস্যদের অনুরোধ করেন। কোম্পানি সেক্রেটারি শেয়ারহোল্ডারদের সাথে পরিচালক মহোদয়গণকে পরিচয় করিয়ে দেন।

উক্ত সভাটি মাওলানা মিজানুর রহমান কর্তৃক পবিত্র কুরআন পাঠের মাধ্যমে শুরু করা হয় এবং তিনি মুনাজাত করেন।

কোম্পানি সেক্রেটারি কোরাম পূর্ণ হওয়ায় চেয়ারম্যানকে সভা শুরু করার জন্য অনুরোধ করেন।

জনাব নাজিমউদ্দিন চৌধুরী, পরিচালকমন্ডলীর চেয়ারম্যান, সভায় সভাপতিত্ব করেন এবং কোরাম পূর্ণ হওয়ায় সভার আনুষ্ঠানিক সূচনা ঘোষণা করেন।

চেয়ারম্যান সম্মানিত শেয়ারহোল্ডারদের কোম্পানির ১৯তম বার্ষিক সাধারণ সভায় তাঁদের সদয় উপস্থিতির জন্য এবং তাঁদের চলমান সমর্থনের জন্য ধন্যবাদ জানান। শেয়ারহোল্ডারদের সম্মতিতে, সভার নোটিশ পঠিত হিসাবে নেওয়া হয়। তারপর চেয়ারম্যান পরিচালনার অধীন বছরের জন্য কোম্পানির কার্যাবলী, কর্মক্ষমতা সম্পর্কে একটি সংক্ষিপ্ত রূপরেখা দিয়ে তাঁর বক্তৃতা শুরু করেন।

তারপর চেয়ারম্যান কোম্পানির ব্যবস্থাপনা পরিচালক, জনাব আজম জে. চৌধুরীকে আলোচ্যসূচী তোলার জন্য এবং সভার বাকী প্রক্রিয়া পরিচালনা করার জন্য অনুরোধ করেন।

ব্যবস্থাপনা পরিচালক শেয়ারহোল্ডারদের সম্ভাষণ জানান এবং আইটেম ভিত্তিক নিম্নরূপ আলোচ্যসূচী তোলেন:

### আলোচ্যসূচী ১

২০১৭ সালের ৩০ জুন সমাপ্ত বছরে কোম্পানির পরিচালকমণ্ডলীর প্রতিবেদন, নিরীক্ষকবৃন্দের প্রতিবেদন, নিরীক্ষিত আর্থিক বিবরণী গ্রহণ ও অনুমোদন।

ব্যবস্থাপনা পরিচালক শেয়ারহোল্ডারগণের সমীপে ডাইরেক্টরস্, অডিটরস্ রিপোর্ট এবং অডিটকৃত আর্থিক বিবৃতি অনুমোদনের জন্য পেশ করেন এবং সম্মানিত শেয়ারহোল্ডারগণকে ইহাতে তাদের মন্তব্য প্রদানের জন্য আমন্ত্রণ জানান।

নিচের শেয়ারহোল্ডারগণ পর্যায়ক্রমিক এজেন্ডাগুলোর ওপর আলোচনায় অংশ নেন:

শেয়ারহোল্ডারদের নাম	বিও নাম্বার
প্রোফেসর আবু আহমেদ	১২০২১৫০০০০২০৮২৫৩
জনাব গোলাম ফারুক	১২০২৪১০০০০১৯৫১৬০

শেয়ারহোল্ডারদের বক্তব্যের সংক্ষিপ্তসার নিচে তুলে ধরা হলো:

শেয়ারহোল্ডাররা তাদের বক্তব্যে কোম্পানির অসাধারণ দক্ষতার জন্য পরিচালনা পর্ষদের সদস্যদের প্রতি ধন্যবাদ এবং কৃতজ্ঞতা জ্ঞাপন করেন। পাশাপাশি, ৪৫ শতাংশ নগদ লভ্যাংশ ঘোষণায় সন্তোষ প্রকাশ করেন।

শেয়ারহোল্ডাররা বিগত বছরে কোম্পানির কার্যক্রমে দক্ষতার তুলনামূলক মূল্যায়ন করেন এবং বিবেচ্য বছরে উন্নত কর্মদক্ষতায় সন্তোষ প্রকাশ করেন।

পরবর্তীতে, কোম্পানির ব্যবস্থাপনা পরিচালক জনাব আজম জে. চৌধুরী শেয়ারহোল্ডারদের অভিনন্দন জ্ঞাপন এবং বিভিন্ন বিষয়ে খোঁজখবর এবং মূল্যবান পরামর্শ প্রদানের জন্য তাদের ধন্যবাদ জানান। এরপর তিনি উত্থাপিত প্রায় প্রতিটি প্রশ্নে শেয়ারহোল্ডারদের সন্তোষজনক জবাব দেন।

বিগত বছরের তুলনায় কোম্পানির আয় ৩.০৫% শতাংশ বৃদ্ধি পেয়েছে বলে শেয়ারহোল্ডারদের অবহিত করেন ব্যবস্থাপনা পরিচালক। পাশাপাশি, বিক্রিয় সংশ্লিষ্ট পরিচালনা ব্যয়ও বেড়ে গেছে। উপরন্তু, মুদ্রাস্ফীতি এবং ডলারের বিপরীতে টাকার অবমূল্যায়নের কারণেও বিবেচ্য বছরে পরিচালনা ব্যয় বেড়েছে উল্লেখযোগ্য পরিমাণে। মুদ্রার অবমূল্যায়নের উপর কোম্পানির কোনো ধরনের নিয়ন্ত্রণ ছিল না।

ব্যবস্থাপনা পরিচালক কোম্পানির অয়েল ট্যাঙ্কার ক্রয় সম্পর্কে এবং সাবসিডিয়ারি কোম্পানি ওমেরা পেট্রোলিয়াম লি: এবং ওমেরা সিলিভারস লি: এর কর্মদক্ষতা সম্পর্কে শেয়ারহোল্ডারবৃন্দকে অবগত করেন।

এ ধরনের বিভিন্ন প্রশ্নের জবাবে ব্যবস্থাপনা পরিচালকের দেয়া উত্তরে সন্তোষ প্রকাশ করেন চেয়ারম্যান।

যেহেতু আর কোন প্রশ্ন আবির্ভূত হয়নি, শেয়ারহোল্ডারগণ সর্বসম্মতিক্রমে নিম্নরূপ সিদ্ধান্ত অনুমোদন ও গ্রহণ করেন।

সিদ্ধান্ত গৃহীত হল যে, পরিচালক, অডিটরস্ রিপোর্ট এবং ৩০শে জুন, ২০১৭ খ্রি. তারিখে সমাপ্ত কোম্পানির অডিটকৃত আর্থিক বিবৃতি এই মর্মে গৃহীত ও স্বীকৃত হল।

### আলোচ্যসূচী # ২

২০১৭ সালের ৩০ জুন সমাপ্ত বছরের জন্য ৪৫% নগদ লভ্যাংশ ঘোষণা/অনুমোদন

ব্যবস্থাপনা পরিচালক অবহিত করেন যে, পরিচালনা পর্ষদ ৩০শে জুন, ২০১৭ খ্রি. তারিখে সমাপ্ত বছরের জন্য শেয়ারহোল্ডারগণের জন্য ৪৫% নগদ লভ্যাংশ সুপারিশ করেছেন।

ব্যবস্থাপনা পরিচালক শেয়ারহোল্ডারগণের সমীপে উপরোক্ত আলোচ্যসূচী অনুমোদনের জন্য পেশ করেন

শেয়ারহোল্ডারগণ সর্বসম্মতিক্রমে নিম্নরূপ সিদ্ধান্ত অনুমোদন ও গ্রহণ করেন।

সিদ্ধান্ত গৃহীত হল যে, কোম্পানি ৩০শে জুন, ২০১৭ খ্রি. তারিখে সমাপ্ত বছরের জন্য ইহার বিভাজ্য আয় হতে ৪৫% নগদ লভ্যাংশ প্রদান করবে।

### আলোচ্যসূচী # ৩

পরবর্তী বার্ষিক সাধারণ সভার সমাপ্তি পর্যন্ত সময়ের জন্য কোম্পানির অডিটর নিয়োগ এবং তাদের পারিতোষিক নির্ধারণ করা।

ব্যবস্থাপনা পরিচালক অবহিত করেন যে, একনাবিন চার্টার্ড অ্যাকাউন্ট্যান্ট ২০১৬-২০১৭ সালের কোম্পানির নিরীক্ষক হিসেবে দায়িত্ব পালন করেছে এবং পুনরায় নিরীক্ষক হিসেবে দায়িত্ব পালনের আশ্রয় প্রকাশ করেছে। এ কারণে পরিচালনা পর্ষদ, ২০১৮ সালে ২০তম বার্ষিক সাধারণ সভা অনুষ্ঠান পর্যন্ত সংবিধিবদ্ধ নিরীক্ষক হিসেবে একনাবিন চার্টার্ড অ্যাকাউন্ট্যান্টকে বার্ষিক পারিতোষিক হিসাবে বিগত বছরের মত ৬,৬৫,০০০/- টাকায় ভ্যাট বাদে নিয়োগের জন্য সুপারিশ করেছেন।

ব্যবস্থাপনা পরিচালক উপস্থিত শেয়ারহোল্ডারদের বিবেচনার জন্য উপরোক্ত আলোচ্যসূচী পেশ করেন।

শেয়ারহোল্ডারগণ সর্বসম্মতিক্রমে নিম্নরূপ সিদ্ধান্ত অনুমোদন ও গ্রহণ করেন।

সিদ্ধান্ত গৃহীত হল যে, একনাবিন চার্টার্ড একাউন্টেন্টকে ৬,৬৫,০০০.০০ (ভ্যাট ব্যতীত) টাকায় ফি- এ ৩০শে জুন, ২০১৮ সমাপ্ত বছরের জন্য কোম্পানির হিসাব অডিট এর জন্য পরবর্তী বার্ষিক সাধারণ সভার সমাপ্তি পর্যন্ত অফিস করার জন্য কোম্পানির অডিটর হিসাবে এই মর্মে নিয়োগ করা হল।

## আলোচ্যসূচী # ৪

### কোম্পানির পরিচালক নির্বাচন/ পুনর্নির্বাচন

শেয়ারহোল্ডারদের অবগতির জন্য জানানো হয় যে, কোম্পানির পরিচালনা পর্ষদ দুইজন স্বতন্ত্র পরিচালকসহ আটজন সদস্যের সমন্বয়ে গঠিত।


কোম্পানি আইন অনুসারে পরিচালকদের মোট সংখ্যার এক তৃতীয়াংশ প্রত্যেক বছর পর্যাক্রমে অবসর গ্রহণ করতে হয়। সে মোতাবেক কোম্পানির ২ জন পরিচালক জনাব তানজিল চৌধুরী এবং জনাব মো: কামরুল হাসান ১৯তম বার্ষিক সাধারণ সভায় পরিচালক পর্ষদ থেকে অবসর নিচ্ছেন এবং উপযুক্ততা বিধায় পুনর্নির্বাচিত হবার জন্য আবেদন করেছেন।

ব্যবস্থাপনা পরিচালক উপস্থিত শেয়ারহোল্ডারদের বিবেচনার জন্য উপরোক্ত আলোচ্যসূচী পেশ করেন।

শেয়ারহোল্ডারগণ সর্বসম্মতিক্রমে নিম্নরূপ সিদ্ধান্ত অনুমোদন ও গ্রহণ করেন।

সিদ্ধান্ত গৃহীত হল যে, জনাব তানজিল চৌধুরী এবং জনাব মো: কামরুল হাসান এই মর্মে কোম্পানির পরিচালক হিসাবে পুনর্নির্বাচিত হলেন।

সভায় আলোচনার অন্য কোন বিষয়বস্তু না থাকায়, চেয়ারম্যানের উদ্দেশ্যে এবং তাঁর পক্ষ থেকে ধন্যবাদের পর সভার সমাপ্তি হয়।

  
নাজিমউদ্দিন চৌধুরী  
চেয়ারম্যান









**AMMR STOCK**

