

PRAGOTI INDUSTRIES LIMITED

CHATTOGRAM.

Annual Report of the Board of Directors for the FY 2018-19

Bismillahir Rahmanir Rahim.

Hon'ble Directors, Shareholders & Officials

Assalamu Alaikum warahmatullahe Wabarakatuhu.

The Guest of Honor, on behalf of the Board of Directors, I welcome all of you to the 48th Annual General Meeting of Pragoti Industries Limited. In this month of our great victory, I would like to express my heartiest gratitude to the father of the nation and the greatest leader and the greatest Bangali of all times Bangabandhu Sheikh Mujibur Rahman who paid his highest attention to establish a worker friendly management in industries as a part of building Sonar Bangla. At present, under the dynamic & efficient leadership of the daughter of Bangabandhu & our honorable Prime Minister Sheikh Hasina, Bangladesh is moving forward towards an unparalleled achievement. To meet the dream of Prime Minister, our honorable Minister of Industries Mr. Nurul Majid Mahmud Humayun & honorable State Minister of Industries Mr. Kamal Ahmed Mojumder are still working relentlessly for the betterment of Public Industries in Bangladesh and I am grateful to them for their unbreakable effort for PIL. I congratulate the company's honorable Directors, Shareholders and officials-employees. I extend warm felicitation to all of you for attending this AGM.

Brief History of Pragoti Industries Limited :

PIL, a pioneer of Automobile Industries in Bangladesh, was established in 1966 as 'Gandhara Industries Limited' at Barabakund in Sitakund Upazilla, 40 K.M away from Chattogram Port belonging private ownership and having technical collaboration with General Motors Overseas Distributors Corporation (GMODC) of England. After liberation of Bangladesh in 1972, during the regime of the father of the Nation Bangabandhu Sheikh Mujibur Rahman, it was nationalized and named Pragoti Industries Ltd. and placed under the administrative control of Bangladesh Steel and Engineering Corporation (BSEC) under the Ministry of Industries, Govt. of the Peoples Republic of Bangladesh. As a result, PIL becomes only 100% state-owned automobile assembling industry in Bangladesh.

The factory is designed for assembling various kinds of vehicles (such as Truck, Bus, Micro-Bus, Ambulance, Jeep, Car, Tractor, Commercial vehicles, etc.) from Complete Knock Down (CKD) kits. During the last 48 years of Nationalization, PIL has assembled and marketed about 60,000 vehicles of different categories as well as able to obtain CKD kits from world renowned manufacturers. In the pillaged transport sector of the war-torned Bangladesh, PIL is playing a unique role for the development of road transport sector by supplying various kinds of assembled vehicles. PIL has made itself a way mark in the road transport sector of the country. PIL exported 10 units 'Mitsubishi Pajero' Jeep to Bhutan in the year 1991. At present it desires and efforts to enter into the progressive manufacturing phase through technical assistance with world famous Automobile Manufacturers aiming to meet the rapid increasing need of the Transport vehicles of the Country. The company has reached the current stage with the dynamic guidance of the Board of Directors and the continuation of workflow of all employees by exceeding many adversities. PIL is the key players for supplying transport vehicles to Govt. Transport pool since inception of Bangladesh and still the main supplier of vehicle in Government Sectors.

Current Status of PIL :

You are aware that Pragoti Industries Ltd (PIL) is a consecutive of profitable organisation for the last few years under the leadership of the Bangladesh Steel & Engineering Corporation (BSEC), Ministry of Industries. The company has earned a record profit in the fiscal year 2018-19.

Vission :

Aiming to establish a progressive manufacturing plant with establishing automatic modern assembling plant.

Mission :

A name of reliability in the sector of road transport and communication of our country.

Objectives of PIL:

- Increasing production capacity, ensuring the highest utilization of skill & experience of engaged labor force.
- Ensuring international standard of manufacturing/integrated vehicles.
- To acquire maximum satisfaction of the customers with door to door after sales service.
- In addition to meeting local needs of vehicle, earning foreign currency through vehicle exports, contributing to the country's socio-economic & economic development.
- Improving production, efficiency of human resources & working environment by imparting intensive training and strong efforts.

Dear Shareholders,

This is Annual Report & Financial Statements of the Company for the year ended 30th June, 2019. Now, I am presenting the Audited statement of Profit or Loss and other comprehensive Income and expenditure statement and financial position in the financial year 2018-19. In this regard, you are requested to give your kind consideration as well as your well-thought-out opinions and suggestions which will be helpful for the management of the company in future.

Share Capital :

- Authorized Share Capital: Tk. 1,200,000,000.00 (Tk. One hundred Twenty Crore) which is divided into 1,20,000,000 shares of Tk.10/- each.
- Paid up Capital: Tk. 200,000,000.00 (Tk. Twenty Crore) which is divided into 20,000,000 shares of Tk.10/- each including 19,750,000 bonus shares of Tk.197,500,000.00 which was declared in 2009-10 FY.

Production :

The comparative details of targets and actual production of FY 2018-19 and FY of previous year are as follows:

Particulars	2018-2019 (Figure in Lac)				2017-2018 (Figure in Lac)	
	Target		Actual		Actual	
	Unit	Value	Unit	Value	Unit	Value
Production	900	41977.45	1473	64058.25	1219	48247.95

Note that in the financial year 2018-19, actual achievement against the production target of different models of vehicles is 163.67% where as actual achievement in the previous financial year was 135.44%.

Sales:

The comparative details of targets and actual Sales of FY 2017-18 and FY of previous year are as follows:

Particulars	2018-2019 (Figure in Lac)				2017-2018 (Figure in Lac)	
	Target		Actual		Actual	
	Unit	Value	Unit	Value	Unit	Value
Production	900	50033.01	1448	73392.08	1246	59366.55

Note that in the financial year 2018-19, actual achievement against the sales target of different models of vehicles is 160.89% where as actual achievement in the previous financial year was 138.44 %

Profit:

In the financial year 2018-19, actual profit Tk. 10133.17 lac has been earned against the targeted amount of Tk.9156.58 lac which is 110.67 % of the target.

Deposited in National Exchequer :

In the financial year 2018-19, PIL has deposited Tk.56244.00 lac only in the National Exchequer where as the amount was Tk. 29396.00 lac in the past financial year.

Audited accounts of the Company :

Nasir Mohammad & Co. Chartered Accountants, CDA Building 5th floor, Court Road, Chattogram has been appointed as the auditor for auditing statement of Profit or Loss and other comprehensive Income and statement of financial position of the company in the financial year 2018-19. Summary of audited accounts are as follows:

Particulars	2018-2019 (Fig.inTK)	2017-2018 (Fig.inTK)
Sales proceeds/Revenue	841,89,21,089.00	676,58,35,740.00
Less VAT	(-)107,97,12,747.00	(-)82,91,80,827.00
Net income/Sales	733,92,08,342.00	593,66,54,913.00
Less Cost of sales	(-)626,53,43,290.00	(-)494,59,56,270.00
Gross profit	107,38,65,052.00	99,06,98,643.00
Less operating expenses	(-)10,95,29,132.00	(-)10,08,76,566.00
Operating profit	96,43,35,920.00	88,98,22,107.00
Add.other income/ Revenue	(+)10,23,13,622.00	(+)11,53,90,205.00
Less other expenses	5,33,32,477.00	(-)5,02,60,616.00
Net profit (Before Tax)	101,33,17,065.00	95,49,51,696.00

Company's Loan details :**a. Company's Loan details :**

a. Government Man Power Rationalisation Scheme(Interest free loan) :

Under the government Man Power Rationalisation Scheme, from 1993-94 to 1997-98 FY in total 95 employees of the company willingly took their retirement from service. In the case of their final settlement, Government allocated an amount of Tk.2,35,23,194.00 as interest free loan against the amount of Tk.2,35,30,888.00 spent by the company, which is currently unpaid.

b. Leave Pay, Gratuity & Pension :

Provision is made to leave pay & gratuity at 25% of the basic salary of workers, staff & junior officers and at the rate of 35% for retirement benefits of officers of BSEC's central cadre and pensioner in every year. As on 01-07-2018 opening balance was Tk. 1,98,16,115.00 only. In this FY, Tk. 2,50,44,583.00 has been made provision in this regard. In the same financial year, the amount of Tk.2,16,85,010.00 already been paid against final settlement of retired workers, staff & officers. As a result, the company's debt of Tk. 2,31,75,688 only which is unpaid as on 30-06-2019.

Corporate Social Responsibility:

Pragoti Industries Ltd. has been contributing to the development of the business as well as contributing to the development of social and work environment, such as employment generation, assistance to various social and religious activities, organizing annual picnic and cultural programs for the employees entertainment, funding of government funds in national disaster, planting of trees in the factory premises, celebrating national days and on this occasions help the government financially for decorating highways, squares and nationally important structures, giving jobs to in heirs of the employees who has been died during their working period, providing scholarships to the talented children of the employees etc. As an example in the fiscal year 2018-19, total amount of Tk. 1,99,800.00 has been given to 44 students based on their merit. Besides, we have provided nutritious food to ensure good health of the worker and ensured environment friendly better work place.

Human resource development:

According to the approved set-up the number of manpower of the company was 495, out of which 346 employees including 04 persons of casual/daily basis workers were employed as on 30th June,2019. As a part of the human resource development program, all the workers, staff and officers of the company have been trained on profession, health and safety issues and the issue of personal protection equipment. At the same time, initiatives have been taken to introduce informal training for mechanics. In addition, in house training for the staffs and officers at Bangladesh Steel & Engineering Corporation and other essential trainings have been arranged at various local & foreign training institutes. The trained workers, staffs and officers of the company have made important contributions to the company's growth through the development of professional work.

Officer-Employee Relation:

Relation between worker and officer in the company was remained harmonious and peaceful during the year. The Company has been taking initiatives for exploring the inherent strengths of its people and improving the work culture and operating practices.

Selection or Rotation of Directors :

As per Companies Act 1994 and under the section 105 of the Memorandum & Articles of Association of the Company, the company's governing body consist 9(Nine) Directors. Its a matter of pleasure that out of 9 Board Members 5 Members are senior high officials of the Govt. from different ministries and they are trying their level best to bring PIL into a world standard company. According to the article 117 of the Memorandum & Articles of Association of the company, one third of the Directors retire by rotation from the office of directors and retired directors are eligible for re-appointment. According to that 3(Three) directors will retire from the Board in the ensuing Annual General Meeting and they will be re-elected if they are eligible or newly appointed as per decision & approval of AGM.

Appointment of Auditor:

M/S. Nasir Mohammad & Co. Chartered Accountants, CDA Building (5th floor), Court Road, Chattogram was appointed as a auditor of the company to audit work of the company's accounts for the year ended 2018-19. Auditors fee was fixed at a Tk. 56,000.00 (Fifty Six thousand) only excluding VAT. The firm has completed audit work satisfactorily. Appointment of the Auditor to audit the company's accounts for the year ended 2019-20 has been presented in this Annual General Meeting.

Future Plan:

PIL is assembling and marketing branded companies vehicles like Mitsubishi, Toyota, Nissan and Isuzu from Japan & other countries like India, Korea and China by importing CKD kits & CBU vehicles. With the kind directive of the Hon'ble Prime Minister during visit to the Ministry of Industries earlier and long-awaited public intension is to self-reliant in Automobile Manufacturing locally. Recently PIL has taken the following steps for developing itself:

1.0 Become a Progressive manufacturer through establishing modern Automatic assemble plant :

At present local market has a demand of different kinds of vehicles more than 70,000 per year which is increasing day by day. Unfortunately no modern automatic vehicle assembling plant established in the country for long. By using existing manual facility, PIL is able to assemble maximum 1300 units of mixed product of vehicles per year. To meet the increasing demand & considering Government desire, PIL has already taken a plan to establish a modern automatic vehicle assembling plant with the capacity of 60000 to 70000 units of vehicles per year on the existing 24.75 acres land of PIL factory. A South African Company Bokamosa Automotive Investment Holding group (AIH) has already been appointed as a consultant. They have started feasibility study, detail drawing, design, layout and cost estimation with modern Press shop, Paint shop, Machine shop, Body shop, Repair and Maintenance shop & Assemble lines etc. Work is expected to be completed within 6(Six) months. PIL expects that a new automatic assemble plant will be completed within next two years. After successful completion of this project, PIL will achieve the ability to assemble adequate quantity of product mix of vehicle i.e. SUV Jeep, Mid level SUV Jeep, Sedan Car, Bus, Mini Bus, Truck, Mini Truck etc. Afterwards PIL will become a progressive manufacturer gradually and be able to move export oriented industry for neighbor countries like Bhutan, Maldwip, Nepal & Myanmar after fulfilling the local market demands. In this connection PIL has taken an initiative to setup a Motor vehicle's Parts manufacturing Plant at Mirshani Economic Zone & an other one at Bangladesh Can Company Ltd, Nasirabad, Chattogram with the technical and investment assistance of renowned Manufacturer like MMC, Toyota, Isuzu, Suzuki etc.

2.0 Double Cabin Pickup CKD assembling project :

Under the long Term CSA agreement PIL started assembling Mitsubishi L-200 Double Cabin Pick up by importing CKD Kits. The trial production of the same is underway with the technical assistance of MMC experts. It is expected that commercial production will be launched in March, 2020. This model is widely appreciated to the Govt, Semi-govt and Autonomous sectors. After successful completion of Double cabin Pickup CKD assembling project and establishing a new automatic assemble plant, PIL will be able to assemble more than 60000 units of double Cabin Pickup out of 60000 to 70000 units of product mix and be able to meet up the maximum demand of local market with lower price.

3.0 Extending business through trading system :

Now, PIL is assembling and marketing branded companies vehicles like Mitsubishi, Toyota, Nissan and Isuzu from Japan & other countries like India, Korea and China by importing CKD kits & CBU vehicles. PIL has been marketing a large number of various kinds of vehicles in CBU condition such as Microbus, Ambulance, Double/Single cabin pickup, Sedan Car, Truck and Mini Truck etc. through local trading system from the last few years. Accordingly a supply agreement was signed last year between PIL & Navana Ltd. (Local agent of Toyota) for supplying Toyota Microbus, Ambulance, Single cabin pickup, & Sedan 1.3L Car. Under this agreement a large number of vehicles are sold out by PIL to the Govt./semi Govt. and Autonomous bodies. As a result, PIL customers are rapidly increased. PIL will welcome Toyota to introduce and launch an assembling project at PIL factory for our customers felicitated Toyota brand vehicles like Microbus, Double Cabin pickup & Sedan Car from CKD Kits.

3.0 Establishing Show room & Service center :

To provide after sales service to the door step of the customers & to expand business, PIL has taken a plan which is under implementation for setting up regional offices, showrooms along with sophisticated workshops/service centers by own funding to all the divisional cities including Dhaka, Chattogram, Rajshahi, Khulna, Barishal, Sylhet, Rangpur, Mymensingh & Bogra.

4.0 Establishing Battery & Tire manufacturing Plant.

PIL Management has taken a Plan to set up Battery Manufacturing Plant at Dhaka/ Chattogram in order to meet local market demand. PIL does not have enough own land to set up Battery & Tire factory. That is why an initiative has been taken to lease 50 acres of land from Mirshari Economic Zone.

Acknowledgements:

We are grateful to you for keeping confidence on us. Your continued support is the driving force behind the growth and development of PIL business. On behalf of the Board of Directors, I would also like to take opportunity to recall with appreciations for the support and continuous co-operation received from Ministry of Industries to the Government of the people's republic of Bangladesh, Bangladesh Steel & Engineering Corporation, Registrar of Joint Stock Companies & Firms, our valued customers and to every one of the company connected to, in conducting its business. Thanks to the commitment, dedication and hard work of the employees of the company who played core role to our success. It is for 2nd time that PIL has published their Annual Report in English. In this regard any unwilling omissions/errors will be corrected in future and we welcome your kind valuable suggestion and hope that PIL will go ahead towards the success in future with your immense support and cooperation.

Allah Hafez

For and on behalf of the Board of Directors.

Date : 29 December 2019



(Shek Mizanur Rahman)
Chairman