



# DIRECTORS' REPORT

# Directors' Report

## TO THE MEMBERS

The Directors of the Company are pleased to present their Report together with the Audited Accounts of the Company for the year ended December 31, 2008

## BUSINESS ACTIVITIES

Turnover during 2008 was Taka 3,089.7 million registering a growth of 21.9% over last year's turnover of Taka 2,534.2 million. Profit after tax was Taka 433.1 million – a growth of 28.9%. Earnings per Share (EPS) stood at Taka.374.4 against Taka 290.4 of 2007.

### Gross Sales Contribution by Business Units in 2008

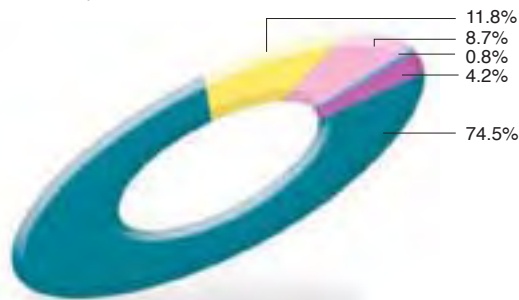


Fig. in million

	2008	2007
Pharmaceutical	2,635	2,119
Animal Health	418	408
Animal Nutrition	307	248
Contract Manufacturing	28	22
Potent Products	149	87

The following products were introduced during the year 2008:

### Pharmaceutical Products

Trade name	Therapeutic Class
1. Xanita 500 mg. F.C Tablet	Anti-Protozoal
2. GABA 300 mg. Tablet	CNS
3. Calciferol Injection 1 ML	Vitamin Supplement
4. MEZ IV Injection 100 ML	Antibiotic
5. Rapidol IM/IV Injection	Non Narcotic Analgesic
6. KIDDI Syrup 200 ML	Vitamin
7. Sperid 1 mg & 2 mg. Tablet	CNS
8. Cabretol 200 mg. Tablet & Susp.	CNS
9. Levoking 750 mg. Tablet	Antibiotic
10. Gestrenol 5 mg. Tablet	Progesterone
11. Rolac 60mg. Injection 2ML	NSAID
12. Orcef 200mg. Capsule	Antibiotic
13. Flontin 10mg. F.C Tablet	Antibiotic
14. Fenadin Suspension 50ML	Antihistamine
15. Tiramin 10 mg. F.C Tablet	Antihistamine



**FINANCIAL RESULTS**

The Directors take pleasure in reporting the following financial results of the Company for the year 2008:

	2008 Taka	2007 Taka
Profit before tax	609,919,968	466,618,826
Less: Provision for tax	176,774,164	130,695,719
Net Profit after tax	433,145,804	335,923,107
Add: Un-appropriated profit brought forward	911,310,878	642,278,182
Less : Tax holiday reserve	(6,000,000)	588,839
	1,338,456,682	978,790,128
<b>APPROPRIATION RECOMMENDED:</b>		
Dividend proposed:		
a) Cash dividend @ Taka 50/- per Share of Taka 100 each	57,839,350	48,199,450
b) Stock dividend (Bonus Share) in the ratio of one bonus share for every four (4:1B) Shares held	28,919,700	19,279,800
	86,759,050	67,479,250
Balance Un-appropriated profit carried forward	1,251,697,632	911,310,878
	1,338,456,682	978,790,128

**DIVIDEND**

Renata continues have a very aggressive investment strategy. During 2008 investments made for upgrading the General Facility at Mirpur, and Cephalosporin and Penicillin Facilities at Rajendrapur amounted to Taka 549.5 million. The entire amount was financed through internal cash generation. Investments of this magnitude are to be expected every year for the foreseeable future. Hence the Directors deem it necessary to retain adequate funds for financing capital expenditures.

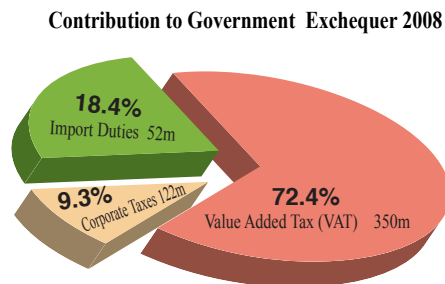
The Board of Directors is pleased to recommend a cash dividend of Taka 50 per ordinary share of Taka 100. This dividend will entail a payment of Taka 57,839,350. The Board of Directors also recommend for declaration of Stock Dividend (Bonus Shares) in the ratio of one Bonus Share for every four shares held (4:1B) for which an amount of Taka 28,919,700 will have to be transferred to Share Capital Account. The appropriation, if approved by the shareholders at the Annual General Meeting.

**DIRECTORS**

The Directors retiring by rotation under Articles 109, 115 and 116 of the Articles of Association of the Company are Mr. A. Hasanat Khan, Mrs. Sajida Humayun Kabir and Mr. Manzoor Hasan will retire during the year. All of them being eligible, offer themselves for re-election.

**CONTRIBUTION TO NATIONAL EXCHEQUER**

During the year under review your Company paid Taka 617.6 million to the National Exchequer in the form of Corporate Income Tax, Import Duties and Value Added Tax (VAT)



**AUDITORS**

The Company's Auditors Messrs Rahman Rahman Huq Chartered Accountants retire at the thirty sixth Annual General Meeting and being eligible offer themselves for reappointment as Auditors for the year 2009 with re-fixation of their remuneration.

**CAPITAL EXPENDITURE**

The following capital expenditure made by the Company during the year amounted to Tk.549.50 million.

	<u>Taka in Millions</u>
Freehold Land	16.49
Factory Building	67.30
Plant and Machinery	159.03
Office Equipment, Furniture & Fixture	8.70
Automobile	33.60
Cephalosporin & Penicillin Facilities	264.38
	<u><b>549.50</b></u>

The entire investment was made from internally generated funds.

**CONSOLIDATION OF ACCOUNTS**

The Company is consistently following the code of International Accounting Standard as adopted by the Institute of Chartered Accountants of Bangladesh. According to Bangladesh Accounting Standard-27, (BAS-27) the Company has presented all the relevant consolidated financial statements with those of its subsidiaries.

**ADDITIONAL STATEMENT**

The Directors are pleased to recount on the following additional statements in respect of Report prepared under section 184 of the companies Act 1994.

In our opinion,

- a) The financial statements prepared by the management for the year 2008 give a true and fair view of the state of company about the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained by the company as required by applicable Laws, Rules and Standard.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that accounting estimates are based on reasonable and prudent judgement.
- d) In preparation of the financial statement, the International Accounting Standards, as applicable in Bangladesh has been followed and there has been no departure from the policies.
- e) The system of internal control and internal check are in effect and monitored properly.
- f) The company has sound and strong operational strengths and ability to continue as a going concern. As such, there is no doubt of its continuity.

- g) There is no significant deviation from last year in operating results.
- h) The key operating and financial data for preceding five years have been shown in the Financial Highlights. (Annexure-I)
- i) The Directors, have recommended a cash dividend of TK. 50 per share of TK. 100 each and Stock dividend (bonus share) in the ratio of one share for every four shares are held (4:1B).
- j) During the year four Board Meetings were held and attendance by each Director are given below:

1. Mr. Syed Humayan Kabir	Chairman of the Board	4 times
2. Mr. Syed S. Kaiser Kabir	CEO & Managing Director	4 times
3. Mrs. Sajida Humayun Kabir	Director	4 times
4. Dr. Sarwar Ali	Director	4 times
5. Mr. Md. Ziaul Haque Khondker	Director	4 times
6. Mr. A. Hasanat Khan	Director	4 times
7. Mr. Manzoor Hasan	Independent Director	4 times

- k) The pattern of Shareholding

- (i) Parent/ Subsidiary / Associated companies:

The Shareholding information as on 31 December 2008 and other related information are set out in note- 12.

- (ii) Directors:

1. Mr. Syed Humayun Kabir	507 Shares
2. Mr. Syed S. Kaiser Kabir	907 Shares
3. Mrs. Sajida Humayun Kabir	0 Share
4. Dr. Sarwar Ali	64 Shares
5. Mr. Md. Ziaul Haque Khondker	0 Share
6. Mr. A. Hasanat Khan	0 Share
7. Mr. Manzoor Hasan	0 Share

Chief Financial Officer & Company Secretary

Mr. Md. Shafiul Alam 2,829 Shares

(iii) Head of Internal Audit 0 Share

- (iv) Executives:

1. Mr. M. Alamgir Hossain	26 Shares
2. Dr. Manzur Aziz	110 Shares
3. Dr. Sayma Ali	0 Share
4. Mr. Khalil Musaddeq	0 Share
5. Dr. Md. Iqbal Hossain	0 Share

- (vi) Shareholders holding 10% or more voting interest :

1. Sajida Foundation	589,958 Shares
2. Business Research International Corp.Inc.	292,977 Shares

**STATUS OF COMPLIANCE :**

Status of compliance as stated in SEC order dated 20<sup>th</sup> February 2006 annexed. (Annexure-II)

**PERSONNEL**

The Directors record their appreciation for the contribution made by the employees to the operation of the Company.

**ACKNOWLEDGEMENT:**

The Board wishes to thank the Shareholders, Officials of the Drug Administration and other Government officials, Doctors, Chemists, Medical Institutions, Bankers, the Securities and Exchange Commission, the Dhaka Stock Exchange Limited and all well-wishers for their continued support. The year 2009 is expected to be challenging for the Company. By the grace of Almighty, we hope to successfully counter the difficulties that lie ahead.

On behalf of the Board of Directors



Syed S. Kaiser Kabir  
Managing Director  
April 28, 2009

**Annexure to Directors' Report to Shareholders**

Status of compliance with the conditions imposed by the Commission's Order No. SEC/CMRRCD/2006-158/Admin/02-06 dated 09/01/2006, Condition No. 5 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition No. 5.00)

Condition No.	Title	Compliance status (put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.00	BOARD OF DIRECTORS			
1.1	Board's Size: (number of directors in the board minimum.5 and maximum. 20)	✓		
1.2(i)	At least 1/10 <sup>th</sup> of the total number of directors should be independent directors.	✓		
1.2(ii)	The independent director/(s) should be appointed by the elected directors.	✓		
1.3	Chairman of the Board and Chief Executive Officer should preferably be filled by different individual.	✓		
1.4	THE DIRECTORS' REPORT TO SHAREHODERS			
1.4(a)	The financial statements prepared by the management present fairly its state of affairs the result of its operations, cash flows and changes in equity.	✓		
1.4(b)	Proper books of account of the company have been maintained.	✓		
1.4(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 judgement.	✓		
1.4(d)	International Accounting Standards as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.	✓		
1.4(e)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.4(f)	There are no significant doubts upon the Company's ability to continue as a going concern.	✓		
1.4(g)	Significant deviations from the last year's operating result of the Company should be highlighted and reasons thereof should be explained.	✓		
1.4(h)	Key operating and financial data of at least last preceding three years should be summarized.	✓		
1.4(i)	Reason for not declaring Dividend.			Not applicable
1.4(j)	The number of board meeting held during the year and attendance by each director should be disclosed.	✓		
1.4(k)	Disclosure of pattern of shareholding share holding.	✓		
2.00	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY:			
2.1	Appointment of a Chief Financial Officer, Head of Internal Audit and Company Secretary and define their respective roles, responsibilities and duties.	✓		
2.2	The CFO and the Company Secretary should attend meetings of the Board of Directors..	✓		

## ANNEXURE-II

Condition No.	Title	Compliance status (put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
3.00	AUDIT COMMITTEE			
3.1(i)	The Audit Committee should be composed of at least 3 members.	✓		
3.1(ii)	The Board of Directors should appoint members of the Audit Committee from the members of the Board with at least one independent director.	✓		
3.1(iii)	Filling up of vacancy caused in the Audit Committee.	✓		No such case
3.2(i)	The Board of Director should select 1 member of Audit Committee to be the Chairman of the Audit Committee.	✓		
3.2(ii)	Qualification of the Chairman of the audit committee.	✓		
3.3.1(i)	Audit Committee should report on the activities to the Board of Directors.	✓		
3.3.1(ii)(a)	Report on conflict of interest.	✓		Does not arise
3.3.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	✓		No such incidence
3.3.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations.	✓		Does not arise
3.3.1(ii)(d)	Any other matter which should be disclosed to the Board of Directors immediately.	✓		
3.3.2	Reporting of any material impact on financial condition and result of operation, unreasonably ignored by the management should report such findings to the Commission.	✓		No such case
3.4	Reporting to the Shareholders though Annual Report the activities of the Audit Committee under the signature of the Chairman of the Audit Committee.	✓		Annexure-III
4.00	EXTERNAL /STATUTORY AUDITORS			
4.00(i)	No appraisal or valuation services or fairness opinions done by external/statutory auditors.	✓		
4.00(ii)	No financial information system design and implementation done by the external/statutory auditors.	✓		
4.00(iii)	No Bookkeeping or other services related to the accounting records or financial statements done by external/statutory auditors.	✓		
4.00(iv)	No Broker dealer services done by the external/statutory auditors.	✓		
4.00(v)	No Actuarial services carried out by the external/statutory auditors.	✓		
4.00(vi)	No Internal audit services done by the external/statutory auditors.	✓		
4.00(vii)	No other service that the Audit Committee determines done by the external/statutory auditors.	✓		