

Directors' Report

Respected Shareholders,

On behalf of the Board of Directors of Bangladesh Steel Re-Rolling Mills Limited, I am honored, delighted, and eager to present to you the 58th Report of the Board of Directors for the year ended June 30, 2020.

Industry outlook and potential future developments in the industry:

The economy of Bangladesh is a developing market economy. It's the 35th largest in the world in nominal terms, and 30th largest by purchasing power parity. It is classified among the next eleven emerging market middle income economies and a frontier market. In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth.

However, presently the world's economy is undergoing an unprecedented crisis due to the ongoing coronavirus pandemic. We believe our struggle is gradually coming to an end, however, in the case of a virus resurgence, we will be better placed to handle the challenges this time around.

According to the Bangladesh Bureau of Statistics, the economy of Bangladesh grew by 5.24% in the FY 2019-2020 despite the devastating impacts of the global pandemic, securely surpassing the projections of 3.8% from IMF and 1.6% from World Bank. Owing to the resilience of the private sector in the domestic economy, a 20% year-on growth in remittances, and a strong late recovery in the garment industry, Bangladesh's economic boom as was prior to the pandemic remains largely unfazed, laying the foundation for an unprecedented economic rebound in the upcoming fiscal years.

For the economy to ricochet even further, the government needs to invest in power, textile and infrastructure, all of which

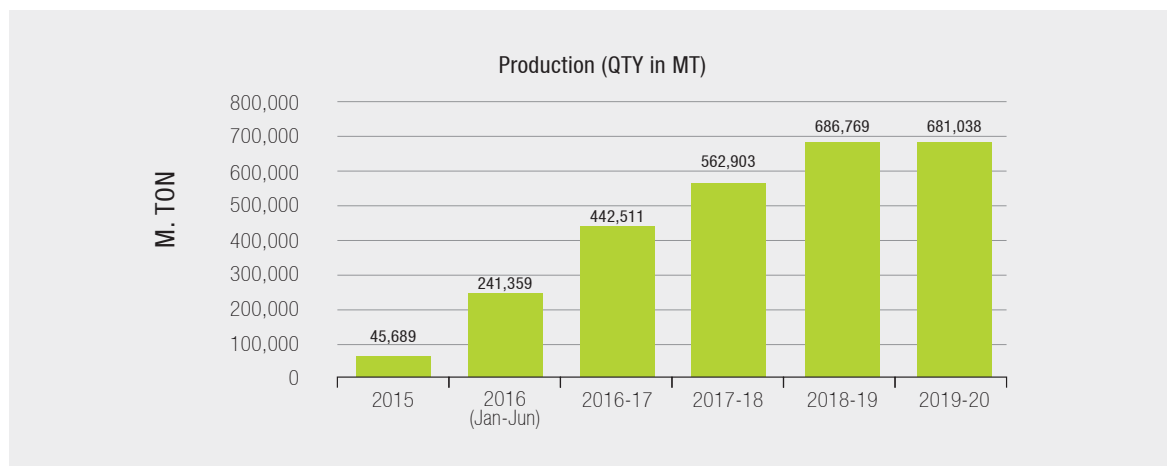
will contribute to the vision of Bangladesh becoming a global force and gaining the status of a 'developed nation' by 2030.

The steel industry is at the forefront of this meteoric rise in domestic demand and consumption, and now is a 52,000 crore industry with 7 million MT of annual production capacity. Now around 45 rolling mills are active in Bangladesh. In the past few years a good number of steel and re-rolling mills were set up in Bangladesh. BSRM stands atop as the market leader, accounting for about 25% of the total market share amongst other players in the market, like AKS, KSRM, GPH Ispat and RSRM.

Per capita steel consumption of Bangladesh stands at just 45 kg as of now, but is projected to grow by 62% by 2022, which shows that the industry does have immense room to grow. In addition to the colossal long-term potential in steel demand, the adoption of mega projects by the government like Padma Bridge, Rooppur Power Plant and Karnaphuli Tunnel, has been instrumental to the boom in steel production and consumption and BSRM is proud to lead and contribute to the infrastructural and economic upsurge of Bangladesh.

Operating and financial performance of Bangladesh Steel Re-Rolling Mills Limited:

During the year 2019-2020, the rolling plant produced 681,038 M. ton of MS products from billets, which are sourced from the company's own subsidiary BSRM Steel Mills Limited. The stagnation and mere decrease in the production quantity was a result of the lockdown due to the COVID-19 crisis. However, the production did pick up some steam after the restrictions were lifted. The rolling unit's production have been depicted by the graph below:



The melting unit produces MS billets mainly for internal consumption. The Steel Melting Works (SMW) worked under installed capacity for the first time in three years as a result of the impact of the pandemic and the interrupted production process. Moreover for up gradation of machineries, the plant was shut down for two months.

Rolling and Melting Unit Production over the years:

Rolling Unit

Particulars	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
Installed Capacity (M. Ton)	750,000	540,000	540,000	450,000	225,000	120,000
Production (M. Ton)	680,157	686,769	562,903	442,511	241,359	45,689
Capacity Utilization (%)	91%	127%	104%	98%	107%	38%
Sales of Own Product (M. Ton)	730,832	651,935	536,864	470,937	192,631	54,433

Melting Unit

Particulars	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
Installed Capacity (M. Ton)	150,000	150,000	150,000	135,000	67,500	135,000
Production (M. Ton)	102,735	174,657	150,331	152,702	66,422	128,022
Capacity Utilization (%)	68%	116%	100%	113%	98%	95%
Sales & Consumed in Re-Rolling Unit (M. Ton)	102,609	174,533	150,947	152,901	66,122	127,553

Sales:

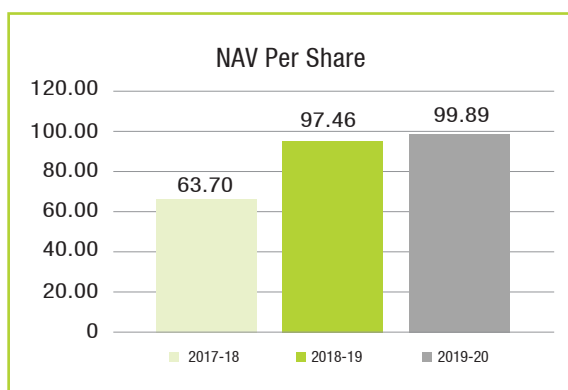
The sales for BSRMLTD were 742,621 M. ton, which is an 11.14% increase in year-on sales. The sale of the previous year 2018-19 were reported 668,189 M. ton. The sales and production (segment-wise) are represented below:

Segment wise or product wise performance:

Particulars	Production & Procurement (M. Ton)				Sales (M. Ton)			
	2019-20	2018-19	2017-18	2016-17	2019-20	2018-19	2017-18	2016-17
Xtreme 500W, Angle, Channel (Owned Product)	681,038	686,769	562,903	442,511	730,832	651,935	536,864	470,937
Imported & Locally Procured Items	13,248	21,977	11,437	37,275	11,789	16,254	13,113	32,768
Total	694,286	708,746	574,340	479,786	742,621	668,189	549,977	503,705

Financial performance:

The company recorded sales of Tk. 45,722 million in 2019-20 compared to Tk. 44,409 million in the prior year, representing a slight increase from last year. The gross profit stood at Tk. 3,674 million in 2019-20, a significant 25.3% decrease from last year which was Tk. 4,992 million due to higher COGS and the Covid-19 crisis. Moreover, the selling prices are declining against the increasing raw scrap prices, which was also an important factor contributing to the lower gross profits. Subsequently, the gross profit ratio stood 8.04% against 11.24% of last year.



If we review the profit and loss statement, we can note that the sales of products were higher as compared to last year, primarily due to an increase in volumes. But the net profit has been decreased significantly to Tk. 922 million as opposed to an impressive Tk. 1,861 million in the previous year. This decrease in net profits can again be attributed to the impacts of the COVID-19 crisis and the increase in the cost of the procurement of raw materials.

As shown below, the Net Asset Value (NAV) per share has again increased to 99.89, primarily due to the revaluation of the company's properties in the year 2018-2019 as per BSEC guidelines. The steady increase in NAV per share is a prosperous sign for the company as it means that the value of our investments is increasing. In addition to that, the Earnings per share (EPS) of the company decreased to 3.90 taka per share from Tk. 7.88 last year owing to the decrease in operating income, a decline in share of profits from accounted investees, and instability stemming from the pandemic. However, one of the huge positives is that the Net operating cash flow of per share of the company increased to Tk. 40.47 from Tk. 2.81, which is because of the improvement in the operating cash flows from Tk. 664 million in 2018-19 to Tk. 9,554 million in 2019-20.

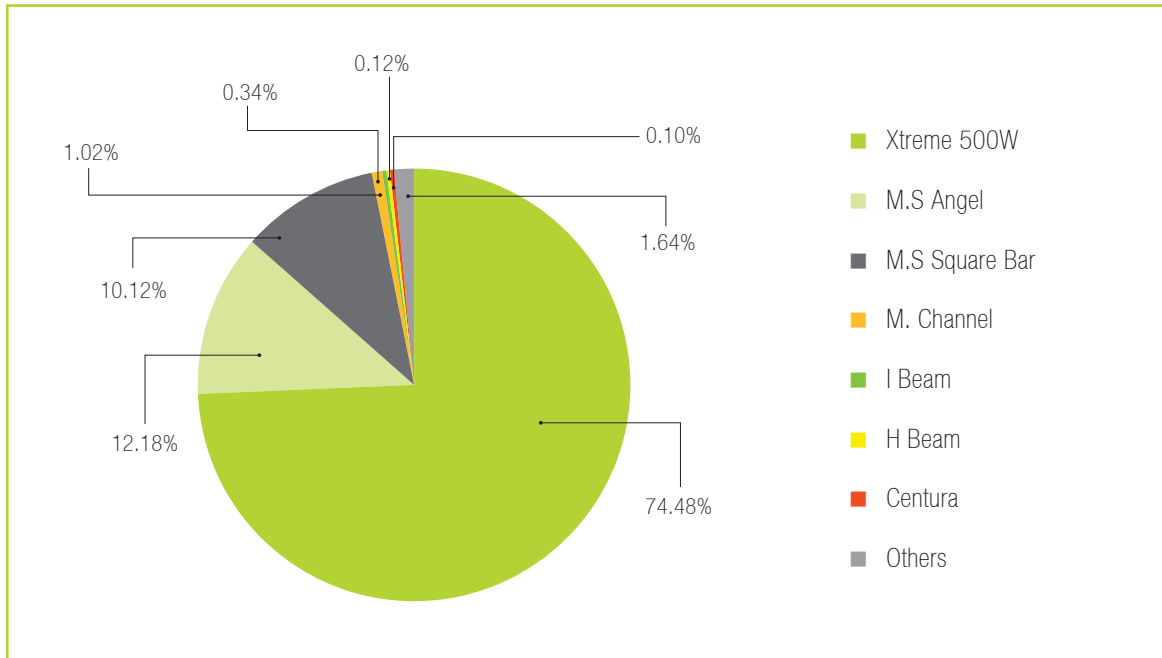
Financial Performance:	Amount in BDT in million					
	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
Particulars	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Sales	45,722.36	44,408.89	33,238.37	23,648.93	9,713.86	7,801.98
Gross Profit	3,674.29	4,992.24	4,828.32	3,236.93	1,362.03	458.01
Profit before non-operating income, interest, taxes, WPPF & WWF	2,059.03	3,637.90	3,864.96	2,571.90	1,057.78	207.15
Non Operating Income	16.11	41.30	123.21	113.90	472.73	1,357.07
Less: Interest, WPPF & WWF	(1,249.09)	(1,999.85)	(1,950.19)	(1,618.89)	(636.77)	(627.63)
Add/(Less): Tax expenses & Provision for income tax	(413.78)	(879.43)	(242.75)	(440.75)	(305.08)	(108.92)
Net Profit	921.84	1,860.63	2,778.78	756.52	588.65	827.67
Earnings Per Share (EPS) (Tk.)	3.90	7.88	11.77	3.53	3.02	4.78
Net Asset Value Per Share (Tk.)	99.89	97.46	63.70	55.75	52.84	55.28
Net operating Cash Flow Per Share (Tk.)	40.47	2.81	(8.78)	(11.38)	(3.53)	(10.16)

Other Financial Performance:	Amount in BDT in million					
Particulars	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Paid Up Capital	2,360.68	2,360.68	2,146.07	1,950.98	1,950.98	1,773.62
Share Holders' Equity	23,581.64	23,007.37	13,671.41	10,876.80	10,309.79	9,803.66
Current Liabilities	18,125.19	22,883.32	19,310.98	20,107.12	16,865.68	11,999.23
Non-current Liabilities	5,343.79	6,662.92	6,962.32	3,566.99	4,549.52	5,137.16
Addition to Fixed Assets & CWIP	1,373.56	314.89	701.34	756.02	813.34	8,421.03
Operating Cash Flow	9,554.44	664.16	(1,884.73)	(2,220.57)	(688.88)	(1,801.95)

Product-wise Performance:

Xtreme 500W reported sales of 553,109 M. Ton, which represents 74.48% of the total sales of 742,621 M. Ton. Additionally, M.S. Angel, M.S. Square Bar and M. Channel collectively reported 173,150 M. Ton of sales, which represent 23.32% of total sales. The increase in sales for products other than Xtreme 500W depict the increased diversification in sources of product sales. Lastly, during the year, imported products like I Beam, H Beam and MS plate were also sold by the company. The product-wise sales are portrayed below:

Product Performance Breakdown:	M. Ton	Percentage
Xtreme 500W	553,109	74.48%
M.S Angel	90,433	12.18%
M.S Square Bar	75,168	10.12%
M. Channel	7,549	1.02%
I Beam	2,535	0.34%
H Beam	894	0.12%
Centura	729	0.10%
Others	12,204	1.64%
Total	742,621	100%



New Product: BSRM Xtreme B500 DWR:

In 2008 BSRM changed the reinforcing steel map of the country. It introduced the first weldable grade high strength steel for the country's construction industry. It was the country's first Grade 500 steel and branded as BSRM Xtreme500W.

12 years later, in another epochal development, BSRM celebrates the extension of the original as BSRM Xtreme500DWR.

It is the first reinforcing steel in the country with 7 unique features:

- A guaranteed Tensile strength to Yield strength ratio at least equal to or greater than 1.25.
- This magic ratio of T/Y: 1.25 in steel is the most sought-after property by veteran civil engineers and designers of high-rise structures. It ensures Toughness of the Buildings.
- Guaranteed conformity to Carbon Equivalent ratio below 0.61 to ensure welding as per American Welding Society AWS D1.4 / D1.4 M
- Guaranteed bending properties for easy site fabrication into shapes required in civil construction as per British Standards BS 4466
- It fulfills all the requirements of Chapter 18 of the seismic design of Buildings of the American Concrete Institute ACI 318-19
- It is fully compliant to Bangladesh National Building Code (BNBC) 2018
- It is also fully compliant to BDS ISO 6935-2:2016 which is the official Reinforcing Steel standard of Bangladesh

Operations of Subsidiary Companies:

- BSRM Steel Mills Limited
- BSRM (Hong Kong) Limited

BSRM Steel Mills Limited:

Currently, BSRMLTD holds a 44.97% stake in this subsidiary company, which started its commercial production in June 2016. Annual capacity of BSRM Steel Mills Ltd is 862,500

Particulars	Unit	2019-20	2018-19	2017-18
Production Qty	MT	605,726	913,241	860,543
Capacity utilization	%	70.27%	106%	99.83%
Net Profit after Tax	Taka	598,719,417	1,175,311,103	938,269,829
EPS	Taka	1.52	2.98	2.38
NAV	Taka	36.09	34.57	15.63

BSRM (Hong Kong) Limited:

BSRM (Hong Kong) Limited is the subsidiary company of Bangladesh Steel Re-Rolling Mills incorporated in Hong Kong to assist the parent company in the following ways:

- Procuring raw materials/ spare parts from China
- Carrying out prompt inspection of spare parts, machineries, etc. to be imported from China to Bangladesh for BSRM Group
- Trading of steel and other related goods

Mr. Aameir Alihussain and Mr. Zohair Taherali have been appointed as the Directors of this company. The company

M. Ton, and it worked under capacity in July'19 to June'20 period producing 605,726 M. ton due to supply chain disruptions and less demand caused by the pandemic. A summary of BSRM Steel Mill Limited's operational and financial performance has been included below:

has begun its operations with limited arena, and aims to expand significantly in the next fiscal year 2020-21.

Operations of Associated Company:- BSRM Steels Limited

BSRM Steels Limited, the associate company of Bangladesh Steel Re-Rolling Mills, is also public limited company listed in both Dhaka and Chittagong Stock Exchanges. Currently, BSRMLTD holds 31.19% shares in BSRM Steels Limited.

The production of BSRM Steels Ltd was 643, 917 M. ton in 2019-20, utilizing approximately 86% of the total capacity, while the sales was 635,911 M. tons.

Operational Performance of BSRM Steels Limited

Particulars	2019 to 2020	2018 to 2019	2017 to 2018	2016 to 2017	2016 (Jan-Jun)	2015
Installed Capacity (M. Ton)	750,000	700,000	700,000	700,000	700,000	700,000
Production (M. Ton)	643,917	758,405	727,034	681,061	362,254	602,832
Capacity Utilization (%)	85.90%	108.34%	103.9%	97.3	103.50	99.5
Sales (M. Ton)	635,911	756,820	710,995	692,504	373,747	604,513

Financial Performance of BSRM Steels Limited

Particulars	Amount in BDT in million					
	2019 to 2020	2018 to 2019	2017 to 2018	2016 to 2017	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Sales	38,681.38	61,060.15	48,289.93	37,996.41	17,265.18	32,316.10
Gross Profit	5,172.54	5,051.91	4,879.17	4,557.30	3,114.69	4,368.65
Profit before interest, taxes, WPPF & WWF	3,573.15	3,369.05	3,180.65	3,273.60	2,379.86	3,257.93
Less: Interest, WPPF & WWF	(1,899.24)	(1,328.76)	(1,120.19)	(417.23)	(246.38)	(739.29)
Add/(Less): Profit on Bargain Purchase	-	-	10.20	-	-	-
Add/(Less): Share of profit/(loss) of associate	151.79	297.97	237.88	(225.87)	(18.56)	75.31
Less: Tax expenses & Provision for income tax	(1,083.43)	(610.13)	(507.74)	(655.07)	(801.61)	(512.07)
Net Profit	742.28	1,728.12	1,800.80	1,705.41	1,313.32	2,081.88
Actuarial (Loss)/Gain	-	-	(3.40)	-	-	-
Total Comprehensive Income	740.76	8,425.54	1,797.40	1,705.41	1,313.32	2,081.88
EPS (Tk.)	1.97	4.60	4.79	4.98	3.84	6.09

Sales of BSRM Steels Limited reduced to Tk. 38,682 million in 2019-20, however, the gross profit did increase from last year which is a testament to the company's increased emphasis on reducing selling and administrative expenses. Additionally, BSRM Steels Limited earned net profits of Tk. 742 million in 2019-20.

BSRM Service center:

BSRMLTD has commissioned a state-of-the-art reinforcement processing plant. Total estimated annual capacity of the project is 14,400 MT of Cut & Bent Rebar, 2,880 MT of Stirrup & 48,000 MT of Mesh. This customized solution will decrease wastage significantly in addition to reducing extra space requirements for the customers for storing construction materials. It will also reduce delay in construction, faulty fabrication, pilferage and laborious works at customer's site and will increase quality of the construction works. This new plant will have positive impact on the profitability of the Company.

Risks & Concerns:

Risk assessment and mitigation is the integral part of any business. The Board of Directors are regularly monitoring, assessing and identifying potential risk and threats to our profitability and sustainable growth. Our Risk Management capabilities are supported by a strong management structure, information system, and regular analysis of market, economic scenario and robust policies to cope with the challenges.

BSRM Group has developed Enterprise Risk Management (ERM) Frame work and Guidelines. Under this policy a Risk Register has been prepared and a dedicated team is regularly monitoring potential risks, assess them, ensure precautionary and corrective measures to address them.

A summary of the significant risks and the way of managing risks adopted by our company is included in Annexure-1 and Note -50 of the Financial Statements.

Risk Management & Control Environment:

Details discussed in Annexure 1A.

A Discussion on Cost of Goods Sold, GP Margin and NP Margin:

It has been discussed in Annexure 2.

Extra-ordinary gain or loss:

We encountered extraordinary circumstances because of the COVID-19 crisis, which serves as the most prominent factor in the significant reduction in our Net Profit Margin after Tax (NPAT) in the year 2019-20. For instance, in the April-May

period 2020, our sales totaled 123,099 M. ton, while for the same two-months period of last year, our sales equaled 248,505 M. tons, which is a whole 50% drop. The plunge in sales specifically during this period and the volatility of raw material prices are primary components of the decline in our profitability.

Related Party Transactions:

All transactions with related parties have been made on a commercial basis. Details of the related party transactions have been disclosed under note 26 & 37 of the financial statements as per IFRS/BFRS.

Significant variance in the quarterly and Annual Financial Statements:

Particulars	Unit	For the Year		For the Period			
		July'19 to June'20	July'18 to June'19	April'20 to June'20	Jan'20 to March'20	Oct'19 to Dec'19	July'19 to Sept'19
Production-Rod	M. Ton	681,038	686,769	133,946	198,937	198,733	149,422
Sales	M. Ton	742,621	668,189	139,203	272,320	204,632	126,466
Revenue	Tk In Million	45,722	44,409	8,194	16,591	12,466	8,472
Cost of sales	Tk In Million	(42,048)	(39,417)	(7,503)	(15,316)	(11,658)	(7,570)
Gross profit	Tk In Million	3,674	4,992	690	1,274	808	901
Profit before tax	Tk In Million	1,336	2,740	284	545	184	323
Income tax expenses:							
Current year	Tk In Million	(274)	(317)	(55)	(97)	(73)	(50)
Previous year	Tk In Million	(13)	(39)	(0)	(13)	-	-
Deferred tax	Tk In Million	(126)	(523)	(50)	(54)	9	(32)
Total income tax expense	Tk In Million	(414)	(879)	(105)	(164)	(63)	(82)
Profit after tax	Tk In Million	922	1,861	179	381	121	241
Basic earnings per share	Taka	3.90	7.88	0.76	1.61	0.51	1.02

Due to fluctuation in raw material prices, less demand and disruptions in the supply chain due to the pandemic, the production and sales fluctuated from quarter to quarter. The reduction in gross and net profits were a result of these factors.

Remuneration of Directors including the Independent Director:

Directors were remunerated as per the decision of the Board and a detailed report of the Directors' Remuneration is attached in the Annexure 3 and Note 8.02 of Financial Statements.

Board of Directors:

i. Composition and size of the Board:

On June 30th 2020, there were 5 members on the Board panel, comprising of the Chairman, the Managing Director, two Directors, and an Independent Director.

ii. Board Meeting and attendance:

The Board met 8 (eight) times during the period July 1, 2019 to June 30, 2020. The following table shows the attendance of the directors in the meeting.

Name of the Directors	Position	No. of meeting held during the Period	No. of Meeting Attended
Mr. Alihussain Akberali, FCA	Chairman	8	8
Mr. Aameir Alihussain	Managing Director	8	8
Mr. Zohair Taherali	Director (Nominated Director of H. Akberali & Co. Limited)	8	8
Mrs. Sabeen Aameir	Director	8	8
Mr. Mono Ranjan Dey FCA	Independent Director	8	6

The Board members who were unable to attend the meeting were granted leave or were outside the country at the time of the meeting.

iii. Details of Directors being re-appointed:

Mr. Alihussain Akberali FCA and **Mr. Aameir Alihussain** will retire as per the rotation policy at the conclusion of this AGM as per Articles of Association of the Company and being eligible, they will offer themselves for re-appointment.

iv. Appointment of Independent Director:

Pursuant to the BSEC's directive and on discussion, Board Members have recommended to appoint **Mr. Gobinda Chandra Paul FCA** as the Independent Director of the Company with effect from 1st November, 2020 for a period of next 3 (three) years. Mr. Gobinda Chandra Paul FCA born in 1951. He possesses more than 3 decades of experience in internal & external audit and assurance, developing internal control, Tax and VAT matters. He is a qualified Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Currently, he is a Managing Partner of the reputed Chartered Accountancy firm - Basu Banerjee Nath & Co.

iv. A brief resume of directors, independent director and the

name of the companies in which the Directors hold their respective positions and memberships have been disclosed in the Board of Directors segment.

Significant deviations in operating results compared to last year:

The reasons for decline in profitability:

- Less Production & less Sales due to pandemic COVID-19.
- "Share of profit of equity accounted investees" stood Tk. 509.57 Million which was Tk. 1060.71 Million in 2019, as income of subsidiaries and associates has declined due to minimum tax imposed by the government on the steel industry in Section 82 C of Income tax ordinance.
- Selling and distribution cost has also increased by 231.29 Million to maintain and increase the market share.

Management Discussion and Analysis:

A management discussion and analysis signed by Managing Director regarding the Companies operation and position along with a brief discussion of changes in the financial statements has been attached in Annexure D.

Credit Rating:

The Credit Rating Information and Services Limited (CRISL) assigned rating as below:

Long Term	Short Term
AA	ST-2

The entities were rated AA, which are adjudged to be of high quality, offer higher safety, and have a high credit quality. This rating also indicates that the loan/facilities enjoyed by the entity has a sound credit profile with modest risks.

Additionally, our short-term outlook was increased to ST-2 from ST-3 in 2019-20, which itself is an evidence of our strong capacity and certainty of timely payment. Moreover, the liquidity factors remain strong and supported by good fundamental protection factors, while the risks remain small.

Our company in the evaluation of credit rating company was placed as "Stable Outlook".

Internal Control system:

The Board of Directors ensures that the company places a high priority in an effective internal control system so that the assets of the company are safeguarded and that appropriate systems are in place to minimize and detect fraud, errors, and other irregularities. The company has adopted the Standard Operating Procedures (SOP) for a superior internal control

system. Moreover, Enterprise Resource Planning (ERP) has been implemented in the company to consolidate the process of gathering and organizing business data through an integrated software suite. The company has also established an Internal Audit department, which plays a vital role in ensuring that internal control and compliance is maintained. In addition to that, the Audit Committee regularly monitors and reviews the reports presented by the internal audit department and takes corrective measures.

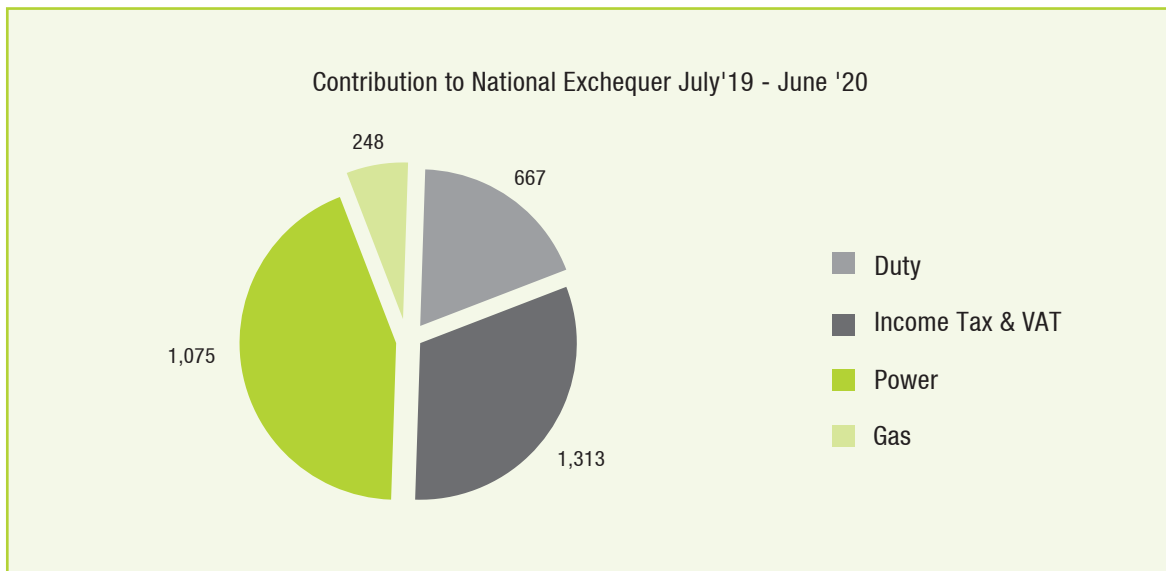
Contribution to National Exchequer:

BSRM has contributed significantly to the country's growth and development through the payment of substantial taxes, making investments and job creation in the steel industry. During the period of July'19 to June'20, the collective contribution of BSRM to the National Exchequer (including

Dividend:

- The Directors of your Company recommended 15% cash dividend for the year ended June 30, 2020. In the previous year the Company declared 25% cash dividend
- The retained fund will be utilized to pay off high rated loans and to meet working capital and operational expenses.

utility bill) was Tk. 3,303 million, which is an increase of Tk. 194 million from the previous year. The majority of the contribution was through the payment of income taxes, VAT, etc. which amounted to Tk. 1,313 million. Additionally, BSRMLTD collected and contributed through mediums like power, duties, and gas, which helped the company deposit a significant sum to the government exchequer.



BSRM Group has also generated direct and indirect employment for a large number of people over the years. Currently, BSRM Group collectively employs 3,736 people, including management and non-management, making it a notable contributor to the workforce and employment of our nation. BSRM is proud to contribute significantly to the national exchequer and aims to continue assisting the government in all its ventures in future as well.

Corporate Social Responsibilities:

BSRM's commitment to connect business decisions to ethical, social, and environmental concerns remains to be one of the core values of the company. During the year 2019-20, the company has been contributing to the welfare of the community by investing in R&D to come up with

innovative solutions to environmental and social issues. Details of CSR activities have been described in detail on page no. 85 of the Annual Report.

Award and Recognition:

It is our great pleasure to let you know that, we have achieved some prestigious awards during last few years. A few of them are mentioned below:

- 1) Third Highest Taxpayer Award in engineering category for the tax period 2018-19.
- 2) ICAB National Award for Best presented Annual Report (second prize) in 2018.
- 3) Certificate of Merit ICAB Award 2018.
- 4) Certificate of Merit Award from SAFA in 2018.

- 5) National Productivity and Quality Excellence Award-2017.
- 6) National Export Trophy – (BSRM Steels Ltd.) for 2013-14, 2014-15, 2016-17.
- 7) Certificate of admiration from Ministry of Expatriates Welfare and Overseas Employment of Government Republic of Bangladesh at 4th National Development Fair 2018.
- 8) President's Award for Industrial Development 2014 in the category of Large Scale Industry.
- 9) Prestigious award for "Excellence in Supply Chain Relationship Management & Logistic Management" from Bangladesh Supply Chain Management Society.
- 10) ICAB National Awards for Best Presented Annual Reports for the year 2012, 2013, 2015 & Certificate of Merit for the year 2014, 2015.
- 11) Certificate of Merit from South Asian Federation of Accountants (SAFA) in 2012, 2013 & 2015 – (BSRM Steels Limited).
- 12) ICSB National Gold Award for best Corporate Governance Excellence 2015 – (BSRMLTD).
- 13) Awarded Tax Card from NBR for highest tax payment in 2016-17 – (BSRM Steels Ltd.)
- 14) Best Brand of Bangladesh in Steel Category in 2011, 2013, 2014, 2015 & 2016, 2017 & 2018.
- 15) Best Enterprise of the year 2010 – (BSRM Group).
- 16) D & B Corporate Awards 2010 & 2012 – (BSRM Steels Limited).
- 17) Pride of Chittagong (Chattagramer Ahonkar) 2012 (Mr. Alihussain Akberali FCA).
- 18) Divisional Environment Award 2013 – (BISCO Ltd.).
- 19) 5th Standard Chartered-Financial Express CSR Award – (BSRM Group).
- 20) Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Awards in 2014 – (BSRM LTD).
- 21) ICSB National Award (Silver Award) for Corporate Governance Excellence 2014. – (BSRM Steels Limited).

Information Technology:

Standing on the age of digitalization and technological advancement, engagement to customers and stakeholders requires greater emphasis on mastering Information Technology. BSRM has implemented a strong and up-to-date IT set up, that continuously ensures required information to be

extracted from E-business solution at any point of time to mitigate risks and develop financial performance. Our IT team has developed customer-friendly windows that allow them to order, complain, query through an automated system within the shortest possible time. Details of Information technology are set out in the Chapter 'Sustainable Growth' in page no. 89 in this report.

Human Resource Management:

As one of the visions of BSRM is "Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization", BSRM takes pride in developing a successful, dynamic and competent set of human assets. As we believe our visions and values are only achievable through the placement of the right person at the right place, we have effectively established a sound Human Resource saga that consists of mind-blowing stories of equal opportunity, continuous learning and development, relentless industry relation and molding skilled workforce. Details of Human Resource are set out in the Chapter 'Sustainable Growth' in page no. 88 in this report.

Code of Conduct:

The Nomination & Remuneration Committee (NRC) determined the code of conducts for Board of Directors of the Company which have been posted on the web site of the company. All the Directors have signed as acceptance to its compliance.

Auditors:

The existing external Auditors of the Company Rahman Rahman Huq, Chartered Accountants, will retire on conclusion of 58th AGM being completion of 3rd year of their appointment and will not be eligible to conduct audit for the year 2020-21 as per directive of Bangladesh Securities and Exchange Commission (BSEC).

The Audit Committee has recommended the Board to appoint A. Qasem & Co. Chartered Accountants as the auditors of the Company for the year 2020-2021.

The Board endorsed the recommendation of the Audit Committee for the appointment of A. Qasem & Co., Chartered Accountants (a member firm of Ernst & Young Global Limited), Faruk Mahal (3rd Floor), Plot # 93, Agrabad C/A, Chattogram as the statutory auditors for the year ended on June 30, 2021 subject to the approval of shareholders in the next Annual General Meeting.

Professional Accountant for Compliance of Corporate Governance:

Pursuant to the BSEC's directive, Board has recommended Mr. Sidhartha Barua FCA, Managing Partner of M/s M.A. Mallik & Co., Chartered Accountants, Aziz Chamber (2nd Floor), 6 Jubilee Road, Chattogram to appoint as a Professional Accountant to issue Certificate on Compliance of Corporate Governance Code enacted by Bangladesh Securities and Exchange Commission for the year ended on June 30, 2020 subject to approval of the shareholders in the next Annual General Meeting.

Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements / conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June, 2018 on corporate governance has been included in the Report in Annexure C.

Subsequent Events:

There is no reportable subsequent event after the date of Financial Position and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Directors' Responsibilities Statements:

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 the Directors confirm that:

- a) The Financial Statements prepared by the management of BSRM LTD fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper Books of Account of the 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 Standard (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.
- e) The system of internal controls sounds in design and has been effectively implemented and monitored.

f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

g) There are no doubts upon the company's ability to continue as a going concern and the annual accounts have been prepared as a going concern basis.

h) The key operating and financial data for the last six years is disclosed in Annexure 4.

i) The pattern of shareholding is disclosed in Annexure 5.

j) A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report segment.

k) Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.

l) There was no declaration of bonus share or stock dividend as interim dividend.

Acknowledgements:

I, on behalf of the board, express my heartiest gratitude to all the honorable shareholders, bankers, Registrar of Joint Stock Companies, National Board of Revenue, BSEC, DSE, CSE and other Governing bodies for their continuous support throughout our journey, specially the government of Bangladesh who encourages us enhancing their numerous supportive measures to overcome the current crisis caused by COVID-19 pandemic. We believe that the more the supports you are providing us continue the faster we will progress.

I am also delighted to offer my sincere appreciations and respect to our management team and workforces for their commitment and hard work. It's the excellent exemplary team work that kept us moving beyond possibilities. We always welcome your effective suggestion, advice and guideline with newer ideas.

We are endlessly pushing our limits to achieve efficiency and profitability to the maximum level. We need your support and association to build a better and safer nation.

Stay safe,



Alihussain Akberali FCA
Chairman

Bangladesh Steel Re-Rolling Mills Limited Declaration of CEO and CFO

Date: October 15, 2020

The Board of Directors
Bangladesh Steel Re-Rolling Mills Limited
Ali Mansion, 1207/1099 Sadarghat Road,
Chattogram.

Subject: Declaration on Financial Statements for the year ended on 30th June 2020.

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the commission's notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, Dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance 1969, we do hereby declare that:

1. The Financial Statements of **Bangladesh Steel Re-Rolling Mills Limited** for the year ended on **30th June 2020** have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to 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 materials 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 financial statements for the year ended **30th June 2020** 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 financial 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 our 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,



Aameir Alihussain
Managing Director



Mohammed Reazul Kabir FCA
Assistant General Manager & CFO

Certificate on Compliance with Conditions of Corporate Governance Code

M.A.MALLIK & Co. CHARTERED ACCOUNTANTS

Head Office :
Aziz Chamber (2nd Floor)
6, Jubilee Road, Chattogram
Phone: 613331, 2853523

Branch Office :
Room No. 6, First Floor
Dost Building, H.S.Surhwady Road
Chattogram Phone No.: 622176
Date:.....

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of Bangladesh Steel Re-Rolling Mills Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Bangladesh Steel Re-Rolling Mills Limited** for the year ended on **30th June, 2020**. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 3rd June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission subject to the comments mentioned by star marks in remarks column;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is highly satisfactory.

Place: Chattogram
Dated: October 22, 2020




(Shidhartha Barua FCA)
Managing Partner
M.A. Mallik & Co.
Chartered Accountants

Corporate Governance Compliance Report

Status of compliance with the condition imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition No: 9)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: -			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b)	For the purpose of this clause 'Independent directors' means a director-			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
1(2)(b)(viii)	Who shall not be an independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFII);	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1(2)(d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) tenure only.	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirement and corporate laws and can make meaningful contribution to business.	✓		
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of k. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals.	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company			N/A**
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			N/A*
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
1(5)(ii)	The segment-wise or product-wise performance	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that 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;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that 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	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt 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 there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director	✓		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		
1(6)	Meetings of the Board of Directors			
	The company shall conduct 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	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		
2	GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	✓		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	✓		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
3	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		**
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	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;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that 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 or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4	BOARD OF DIRECTORS' COMMITTEE			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	AUDIT COMMITTEE			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board 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;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee.			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		*
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)	Role of Audit Committee			
	The Audit Committee shall:-	√		
5(5)(a)	oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	NOMINATION AND REMUNERATION COMMITTEE (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall 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;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).	✓		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;			N/A*
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	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 following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	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;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	EXTERNAL OR STATUTORY AUDITORS			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	✓		
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)(ix)	any other service that creates conflict of interest.	✓		
7(2)	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; his or her family members also shall not hold any shares in the said company:	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	MAINTAINING A WEBSITE BY THE COMPANY			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

* We do not have any non-executive Directors in the Board

** Permission have been taken from Ministry of Commerce of People's Republic of Bangladesh under section 109 of Companies Act 1994 to hold the position as Managing Director in other some companies

Management Discussion and Analysis on Company's Position and Operation

Bangladesh Steels Re-Rolling Mills Limited has anchored this position based on its market-leading capacities, world-class manufacturing process, high production capacity utilization, optimized cost structures, vibrant sales and distribution network, superior post-sales support and robust customer engagement programs. The overall Company's position has been reflected in the Financial Statements which has prepared following all International Financial Reporting Standards and International Accounting Standards. The company's position and future planning, methods of financial statement preparation have been summarized below:

Accounting Policies and Estimates for preparation of Financial Statements:

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh as per requirements under the Financial Reporting Act 2015. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 1987. These financial statements have been prepared ongoing concern basis under the historical cost convention except for some classes of property, plant and equipment which are measured at revalued amount. On 14 December 2017, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward. Detail of significant accounting policies and Estimates are disclosed in "Note no. 3 and 4 of the Financial Statements" of 2019-2020.

Changes in that accounting Policies and Estimates:

The Company has consistently applied the accounting policies to all periods presented in these financial statements. The Company applied IFRS 16 from 01 July 2019. As a result, the Company has changed its accounting policy for lease contracts. The Company applied IFRS 16 using the modified retrospective approach, under which the effect of initial application is recognized from July 01, 2019 in the financial statements. The details of the changes in accounting policies are disclosed in "Note no. 4 and 42 of the Financial Statements" of 2019-2020.

The company has not early adapted any standards, interpretations or amendments that have issued but are not yet effective.

Comparative analysis on financial performance of the Company:

Particulars	Amount in BDT in million					
	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Sales	45,722.36	44,408.89	33,238.37	23,648.93	9,713.86	7,801.98
Cost of Goods Sold	42,048.07	39,416.65	28,410.05	20,412.00	8,351.84	7,343.97
Gross Profit	3,674.29	4,992.24	4,828.32	3,236.93	1,362.03	458.01
Selling & Distribution Expenses	1,223.32	992.03	638.54	434.75	179.76	80.84
Administrative Expenses	419.39	389.52	358.90	242.08	128.49	186.05
Net Finance Cost	1,205.61	1,905.85	1834.51	1551.52	591.81	627.64

Financial Performance:

Amount in BDT in million

Particulars	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Income Tax Expenses	413.78	879.43	242.75	440.75	305.08	108.92
Net Profit After Tax	921.84	1,860.63	2,778.78	756.52	588.65	827.67
Earnings Per Share (EPS)	3.90	7.88	12.95	3.53	3.02	4.78

The following operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company for the Financial Year 2019-20. During the year under review, the Company recorded a profit after tax of Tk. 921.84 Million against previous years of Tk. 1,860.63 Million. Net profit decreased as GP declined, Selling and Marketing expenses increased as well as Other Non-operating income also declined in this year. The basic earnings per share for the Financial Year 2019-20 were at Tk. 3.90 against Tk. 7.88 per share of previous year.

This year Revenue from sale of products was higher as compared to the previous year. Cost of goods sold was also higher in line with the increasing revenue as compared to the previous year by 7%. The Company's operating expenses (Selling, Distribution, Marketing, Administrative, Net Finance Cost and Income Tax expenses) decreased by 22 % to BDT 3,262 Million in 2019-20 from BDT 4,166 Million in 2018-19.

Comparative Analysis on Financial position of the Company:**Financial Positions:**

Amount in BDT in million

Particulars	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Paid Up Capital	2,360.68	2,360.68	2,146.07	1,950.98	1,950.98	1,773.62
Share Holders' Equity	23,581.64	23,007.37	13,671.41	10,876.80	10,309.79	9,803.67
Current Liabilities	18,125.19	22,883.33	19,310.98	20,107.12	16,865.68	11,999.23
Non-current Liabilities	5,343.79	6,662.93	6,962.32	3,566.99	4,549.52	5,137.16
Addition to fixed assets & CWIP	982.93	192.12	327.70	525.46	577.02	2273.12
Net Asset Value Per Share	99.89	97.46	63.70	55.75	52.84	55.28

Shareholders' equity increased by 2.50 % to BDT 23,582 Million in 2019-20, from BDT 23,007 Million in 2018-19. The major additions to the fixed assets were land, building, purchase of plant and machinery etc. **Inventory** comprises finished goods of BDT 4,767 Million, raw materials of BDT 2,941 Million, stores and consumables spares of BDT 2,114 Million. The Company has a policy of maintaining adequate inventory to ensure uninterrupted operations. **Trade and other receivables** comprises of trade receivables where in average receivables cycle is maintained at 90 days. **Cash and bank balances** include cash in hand of BDT 1.54 Million, balances in bank accounts of BDT 205.38 Million and fixed deposits of BDT 402.55 Million. Liquid balances of cash and bank are necessary for the smooth functioning of the business.

Equity capital comprised 23,60,68,236 no equity shares of BDT 10 each. The market value of the share is BDT 53.50 (as on 30 June 2020, DSE) resulting in a market capitalization of BDT 12,630 Million. **Non-Current borrowings** include current portion of long term borrowings of BDT 2,008.39 Million and noncurrent portion of BDT 2,323.14 Million in 2019-20. **Current liabilities** decreased by 20% to BDT 18,125.19 Million in 2019-20 from BDT 22,883.33 Million in 2018-2019.

Comparative Analysis on Cash Flow of the Company:

Particulars	Amount in BDT in million					
	2019-20	2018-19	2017-18	2016-17	2016 (Jan-Jun)	2015
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Cash generate from operating activities	10,961.80	2,914.99	13.28	(1,741.06)	152.17	(896.10)
Interest Paid	(1,205.61)	(1,897.63)	(1,823.27)	(388.86)	(678.59)	(640.54)
Income Tax Paid	(201.75)	(353.20)	(74.77)	(90.65)	(162.45)	(265.31)
Net Cash Flow from operating activities	9,554.44	664.16	(1,884.73)	(2,220.57)	(688.88)	(1,801.95)
Net Cash Flow used in investing activities	(868.95)	(173.13)	(197.56)	(322.39)	(1,438.33)	(1,507.65)
Net Cash Flow used in financing activities	(8,818.39)	(435.42)	2,275.67	2,760.56	2,151.43	3,507.47
Net Increase/(Decrease) in Cash & Cash Equivalent	(132.90)	55.61	193.38	217.60	24.22	197.88

Cash flow from operating activities:

Due to smooth collection trade receivables have decreased by BDT 224.23 Million and cash inflow increased. Net operating cash flow per share increased to BDT 40.47 in 2019-20 from BDT 2.81 in 2018-19.

Cash flow from investing activities:

Net cash used in investing activities have increased to BDT (868.95) Million in 2019-20 from BDT (173.13) Million in 2018-19.

Cash flow from financing activities:

Net cash used in financing activities have increased to BDT (8,818.39) Million in 2019-20 from BDT (435.42) Million in 2018-19 due to increase in payment of loan. The company also paid cash dividend (i.e. @ 25%) in 2019-20 against 10% in 2018-2019.

Financial Performance of Peer Industry:

Operational Results:	Taka in Million					
	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17	Jan'16- June'16	2015
Revenue	38,681.38	61,060.15	48,289.93	37,996.41	17,265.18	32,316.10
Gross Profit	5,172.54	5,051.91	4,879.17	4,557.30	3,114.69	4,368.65
Profit after Tax	742.28	1,728.13	1,800.80	1,705.41	1,313.32	2,081.88
EPS	1.97	4.60	5.27	4.98	3.84	6.09

BSRM Steels Limited

Taka in Million

Operational Results:	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17	Jan'16- June'16	2015
Net Assets Value (NAV)	56.84	55.58	37.48	34.03	27.42	26.57
Net Operating Cash Flow	5.81	(12.43)	2.90	1.07	9.05	16.87

GPH Ispat Limited (GPH)

Taka in Million

Operational Results:	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Revenue	9,406	11,111	9,814	7,839	5,743	5,988
Gross Profit	1,553	2,158	1,603	1,373	960	901
Profit after Tax	299	806	644	571	289	292
EPS	0.79	2.24	1.97	1.83	2.65	2.34
Net Assets Value (NAV)	17.01	17.59	16.89	16.15	15.45	16.40
Net Operating Cash Flow	(8.10)	1.44	1.12	3.83	0.41	4.67

Global and Local Economic Scenario:

Before the pandemic, Bangladesh's economy was booming with a constant growth rate. The World Bank and IMF forecast that our GDP growth would be below 3.0 per cent. As per the Bangladesh Bureau of Statistics, or BBS, Bangladesh has reported 5.24 per cent GDP growth in FY 2019-20 after almost everything was closed for four months from March to June. Where the economy grew by a record 8.15 percent in FY 2018-19. With the economy almost fully reopened, the government has kept the annual GDP growth target for 2020-21 fiscal year unchanged at 8.2 per cent.

The steel industry plays a fundamental role in not only driving economic growth, but also other complementary industries such as transportation, energy, heavy engineering and construction. Considering that the government's lofty goals of achieving double digital growth in the economy and simplifying its foreign direct investment (FDI) policy, measures being taken to better facilitate the ease of doing business, and several mega projects, economic processing zones, and incentives for foreign investment, the macroeconomic factors to stimulate growth. Given all these measure with a growing capacity of producers and technological enhancement of operations currently being undertaken, the steel industry in Bangladesh looks to be strong in the next fiscal years.

Risk and Mitigation:

Though the economy in Bangladesh is growing very fast and it creates an opportunity for steel industries, there are also some risks. Global warming and green house effects, makes Bangladesh cyclone prone area. Moreover, energy crisis, port congestion, poor infrastructure etc. creates obstacles for prospect of steel industry. However, now some positive steps have been taken by the Government. LNG supply, Rooppur N. Plants will hopefully reduce energy crisis. Now construction of deep sea ports are in government agenda. Number of roads and bridges have been constructed. Government is going to set up some Exclusive Economic zones. Industry favorable policies and rules have been enacted. We have set up a separate department to identify and assess the internal potential risks and to find a way out how to mitigate those risks. The enterprise risk management policy has been enforced. A dedicated team is regularly monitoring the Enterprise Risk and take corrective measures.

Future Planning:

BSRM Group is planning to sell 16.35 lac M. Ton in the coming year. Out of this around 8 lac M. Ton will be supplied by BSRM LTD. Moreover, we are looking forward to introduce high quality steel products like the recently launched "BSRM Xtreme B500DWR" and plan to extend maximum support to our valued customers.



Aameir Alihussain
Managing Director

Risk Factors and Concerns

1. Business Risks

a) Risks associated with sourcing of Raw Materials

Bangladesh Steel Re-Rolling Mills Limited (BSRMLTD) was heavily dependent for its basic raw material, MS Billets, on the international market up to June 2016. In case of billet price fluctuation in the international market, the company suffered and its profitability was also affected.

To meet the challenge, a separate company “BSRM Steel Mills Limited” was commissioned in June 2016 to produce 862,000 M. Ton MS Billets per year, which significantly reduces outside dependency. Steel Melting Unit of BSRMLTD can also supply 150,000 M. Ton Billet per year. Now BSRMLTD is also procuring billets from BSRM Steels Limited (unit BISCO). Moreover, a new billet producing unit under BSRM Steels Limited with capacity of 430,000 M. Ton per annum has already started operations.

b) Risks associated with Power Supply

Presently the primary constraint on the economic development of Bangladesh is the shortage of power for which new industrial investments proposal from home and abroad have failed to materialize.

For ensuring uninterrupted power supply BSRM Group has made a deal with PGCB and installed a substation for tapping power from the 230 KV national grids. Today, more than 10,000 MW power can be produced in Bangladesh. The government is also planning for setting up some big power stations. There is an additional regular risk of having an adequate and regular supply of gas. The Company is also aware of such risks and its mitigation through the alternative supply of fuel.

2. Market Risks

Like other industry, trade, and commerce, we are also exposed to market risks arising from adverse changes in:

- Interest Rate;
- Currency Rate (foreign exchange rates)
- Competition
- Economic conditions

To manage these risks, we undertake various risks specific measures and strategies on regular basis

Interest Rates

Interest rate risk refers to the risk that increases cost of capital which will have an adverse impact on consolidated net financial income.

The business of BSRMLTD requires huge working capital. Although the company closely monitors and manages requirement of capital investment, the actual capital requirement may deviate from the projected one due to factors beyond its control, thus potentially affecting the borrowing costs. Interest rate on working capital and term loan has increased during last six months of this year which also impact the net income of the company.

Prudent financial management and active negotiation with the lenders and timely collection from customers are few of significant steps to reducing funding cost.

Foreign Exchange Fluctuations

Foreign currency risk is the risk of changes in exchange rates that adversely affect the company's earnings, equity, and competitiveness.

We are hugely involved with Foreign Trade i.e. Import & Export and thus we are also exposed to Foreign Currency Risks. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains and losses in our income statement as incurred. We also maintain foreign currency account in which export collection is directly deposited and we can meet foreign currency payment requirements. In the year 2018-19 company has not been affected due to Foreign Currency fluctuation. Further, as a mitigation plan we plan to purchase USD in advance based on the market situation.

Competition and Economic conditions

Competition refers to the risks of decreasing present market share by new entrants. We try to mitigate this risk through active brand management and customer relationship and by ensuring timely supply of quality product.

As we continuously explore any untapped opportunity and also to adopt customer's needs, we believe we would be able to cope with any situation in the industry we are working.

3. Technology Related Risks

Highly automated and competitive types of machinery are available with the Company for the manufacture of various steel products. The Company has so far been one of the pioneers in Bangladesh in setting up mills with State-of-the-Art European Technology for further processing of the input materials. The Company also implemented Oracle e-Business Suite to integrate the operation of basic functions namely, Finance and Accounts, Sales and Marketing, Supply Chain, Inventory, Maintenance, and Manufacturing. Business Intelligence (BI) Analytics Tool for BSRM Group started in May 2018 which help senior management and Board members to have information from one central point.

4. Environmental Risks

BSRM is proud to be ZERO in factory emissions and effects on environment. To reduce pollution in our plants and protect human and nature alike, BSRM Has undertaken environment friendly initiatives which are as follows:

- i. BSRM Cleans 31,584,000 Cubic Meters of air every day. We are using Japanese air pollution control technology for this purpose.
- ii. BSRM Recycles 373,700 Cubic Meters of water every day. We have invested in technologically superior European Water Treatment Plant in its steel plants which has helped BSRM to recycle every drop of used water and achieve zero water wastage.
- iii. BSRM plants 10,000 trees in its factories. We have undertaken a plan for reforestation efforts in collaboration with partner organizations, and conduct tree plantation programs around main steel plants.

We firmly believe that ZERO can save lives.

Enterprise Risk Management and Control Environment

Enterprise Risk Management framework

The Enterprise Risk Management framework (ERM framework) refers to a set of components that provide the foundation for designing, implementing, monitoring, reviewing and continually improving risk management throughout BSRM Group of Companies. The ERM framework for the Group has been developed keeping in mind the needs of internal and external stakeholders. The BSRM Group's ERM framework is based on the 'Risk Management - Principles and Guidelines' developed by the International

Organization for Standardization (ISO 31000:2009 – Risk Management Principles and Guidelines).

In addition, several good practices recommended by the Committee of Sponsoring Organizations (COSO) for ERM have incorporated in BSRM Group's endeavor to build world class ERM framework and processes.

BSRM Enterprise Risk Management ("ERM") Framework provides guidance to implement a consistent, efficient, and economical approach to identify, evaluate and respond to key risks that may impact business objectives.

BSRM's enterprise risk management framework is directed to enable management to effectively deal with uncertainty and associated risks and opportunities, enhancing the capacity to build value. The Steps are:

- Promoting risk awareness throughout the BSRMLTD as well as BSRM Group of Companies.
- Defining risk appetite
- Identifying and managing multiple and cross-enterprise risks
- Identifying risk management team with clearly defined roles and responsibilities
- Formalizing risk response decisions
- Reducing operational surprises and losses

- Formalising a process for identifying opportunities arising out of risk situations
- Improving deployment or more efficient use of capital and resources

ERM helps BSRMLTD in managing risks in a proactive manner towards achieving its business objectives,

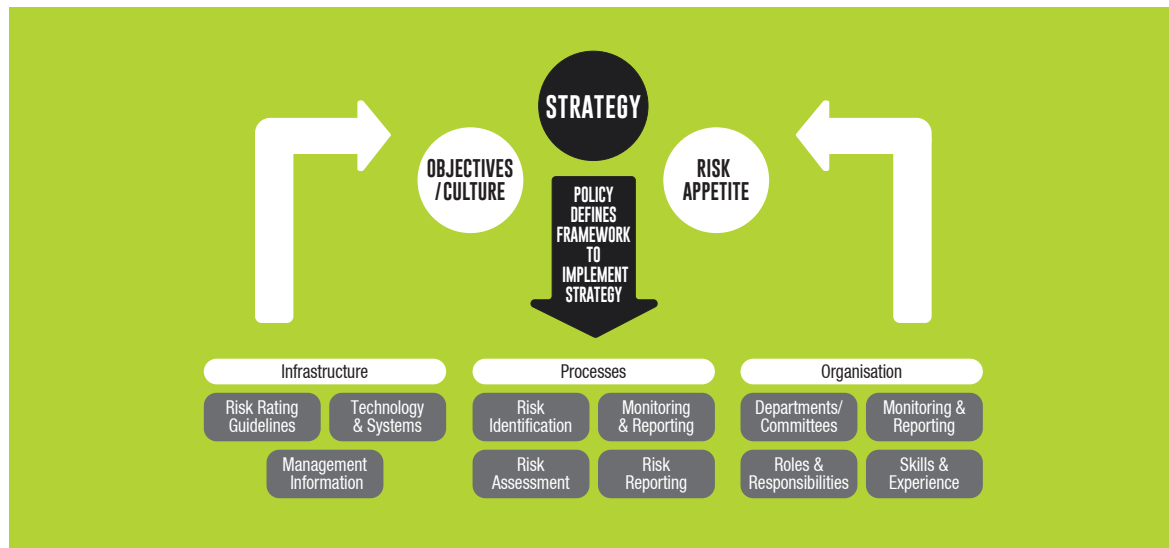
performance & profitability targets and prevent loss of resources. BSRM's ERM is directed to help ensure effective reporting and compliance with laws and regulations, avoid damage to the entity's reputation and its consequences.

Key principles of ERM Framework

The guiding principles of BSRM's Risk Management Framework are as follows:

- Risk Management should be a continuous process
- Risk Management principles should be kept in mind during the strategy and objective setting processes as well as the day-to-day activities and decision-making
- Risks should be understood and prioritized based on the event frequency and impact to one or more objectives
- The same metrics used to measure objectives e.g., revenue, customer satisfaction metrics, are to be preferably leveraged during risk management activities
- Risk response strategies are to be evaluated for those risks deemed to be high or medium priority
- Key risk management information (e.g., key events, results of risk assessments, risk responses) is to be documented in a timely and structured manner
- Policies, procedures and practices should be in synchronisation with risks
- A portfolio view of risks is to be reviewed by the Board, Audit Committee, Management Team and Chief Risk Officer on a regular basis

BSRM's Risk Management Framework comprises of:



Risk Management Methodology of BSRM:

Risk

Simply stated risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risks can be thought of as threats, uncertainty or lost opportunity.

Risk Management as a process

The process of Risk Management deals with how the organization

- Identifies risks that affect achievement of goals & objectives
- Measures the significance of each identified risk
- Determines the most appropriate business response to each risk
- Evaluates and reports on how well the chosen responses are being implemented

Risk Management Guidelines

The ERM guidelines provide supporting information to assist Management in the execution of the ERM processes.

ERM process is the systematic application of management policies, procedures and practices to the activity of communicating, consulting and establishing the context for ERM in BSRM Group of Companies. The ERM process comprises of risk identification & assessment, risk treatment and risk monitoring applies across the organizational lifecycle.

Against the given background, the key process constituents of ERM are:



Disclosure of Risk Reporting:

We are following the below process for risk reporting in BSRM Group of Companies:

Documentation	Description	Monitored by
Risk Register and Profile	Record identified Risks and detailed description of risk which needs to be prioritized	Designated Risk Manager.
Risk response and mitigation	Detailed current risk response and details of Management actions with timelines	Designated Mitigation owner and Risk Manager.
Risk Report at Business unit and corporate level	A report/form of communication intended to inform particular stakeholders by providing information regarding the current state of key risks and its management. It is represented by a "Heat Map" where key risks are plotted and is supported by the detailed risk profiles	Risk Managers, Chief Risk Officer and Risk Steering Committee.
Risk report at group level	Executive Summary Report with the selected top risks and responses at group level	Chief Risk Officer.

Discussion on Cost of Goods Sold, GP Margin and NP Margin

COST OF GOODS SOLD COGS

Cost of goods sold (COGS) is the expense a company incurs in order to manufacture, create, and sell a product. It includes the purchase price of the raw material as well as the expenses of turning it into a finished product.

COGS vary directly with sales and production, the more items we sell or make, the more stock or components we need to buy.

During the year 2019-2020 Cost of goods sold (COGS) was Tk. 42,048 million against Tk. 39,416 million of 2018-2019.

GROSS PROFIT MARGIN RATIO

Gross profit is the difference between sales and the cost of goods sold.

Gross Profit=Sales–Cost of Goods Sold

The gross profit margin is one indicator of the financial health of a business. Larger gross profit margins are better for business– the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin %= (Gross Profit ÷ Sales) x 100

During the year 2019-20 Gross Profit Margin was 8.04% which was 11.24% in 2018-19. Due to increase in billet price and other cost of production gross profit margin has declined.

NET PROFIT MARGIN RATIO

Net Profit is calculated by subtracting expenses including Tax and WPP & WF from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit=Gross Profit–Expenses with Tax & WPP & WWF

Net profit has stood Tk. 921.84 Million which was Tk. 1,860.63 Million in 2018-19. Net profit decreased as Selling and Marketing expenses increased as well as Other Non-operating income also declined in this year. This decrease in net profits can again be attributed to the impacts of the COVID-19 crisis.

Remuneration Paid to Directors in 2019-20

Members of the Board of Directors were entitled and paid as follows:
Remuneration Paid to Directors in 2019-20

Name	2019-20			2018-19		
	Attendance Fee	Gross Remuneration	Total Paid	Attendance Fee	Gross Remuneration	Total Paid
Mr. Alihussain Akberali FCA	22,250	36,000,000	36,022,250	17,250	28,800,000	28,817,250
Mr. Aameir Alihussain	22,250	28,500,000	28,522,250	23,000	22,800,000	22,823,000
Mr. Zohair Taherali	22,250	16,500,000	16,522,250	28,750	13,200,000	13,228,750
Mrs. Sabeen Aameir	22,250	7,500,000	7,522,250	17,250	6,000,000	6,017,250
Mr. Mono Ranjan Dey FCA	178,000	-	178,000	276,000	-	276,000
Total	267,000	88,500,000	88,767,000	362,250	70,800,000	71,162,250

Key Operating and Financial Data of Preceding 6 Years

Particulars	Unit	2019-20	2018-19	2017-18	2016-17	2016 Jan-Jun	2015	2014
Production (Qty)	MT	681,038	686,769	562,903	442,511	241,359	45,689	42,116
% of Production Growth	%	(0.83%)	22.00%	27.21%	83.34%	-	8.48%	(60.57%)
Sales (Qty)	MT	742,621	668,189	549,977	503,705	192,631	54,433	76,818
% of Sales Growth (Qty)	%	11.14%	21.49%	9.19%	161.49%	-	(29.14%)	(39.38%)
Turnover	MLN Tk	45,722.36	44,408.88	33,238.37	23,648.93	9,713.86	7,801.98	8,049.89
Gross Profit	MLN Tk	3,674.29	4,992.24	4,828.32	3,236.93	1,362.03	458.01	188.25
Gross Profit %	%	8.04%	11.24%	14.53%	13.69%	14.02%	5.87%	2.34%
Earnings before Non Operating Income, interest, WPP&WF and Tax	MLN Tk	2059.03	3,637.90	3,864.96	2,571.90	1,057.78	207.15	(66.17)
	%	4.50%	8.19%	11.63%	10.88%	10.89%	2.66%	(0.82%)
Non-Operating Income	MLN Tk	16.11	41.30	123.21	113.90	359.36	1,357.07	567.28
Net Profit after tax	MLN Tk	921.84	1,860.63	2,778.78	756.52	588.65	827.67	109.09
	%	2.02%	4.19%	8.36%	3.20%	6.06%	10.61%	1.36%
Earnings Per Share (EPS)	Tk	3.90	7.88	11.77	3.53	3.02	4.78	0.70
Current Ratio (Times)		0.97	1.04	1.04	0.75	0.78	0.73	1.09
Net Asset Value	MLN Tk	23,581.64	23,007.37	13,671.41	10,876.80	10,309.79	9,803.67	8,431.80
Net Asset Value Per Share	Tk	99.89	97.46	63.70	55.75	52.84	55.28	54.10
Net operating Cash Flow Per Share	Tk	40.47	2.81	(8.78)	(11.38)	(3.53)	(10.16)	(5.43)
Paid -up Capital	Crone Tk	236.06	236.06	214.60	195.09	195.09	177.36	155.851

The Pattern of Shareholdings

a) Parent/Subsidiary/Associated companies and other related parties

Name	No of Shares Held	
	As on 30 th June 2020	As on 30 th June 2019
H. Akberali & Co. Limited	31,786,839	31,786,839
Karnafully Engineering Works Limited	5,325,130	5,325,130
Total	37,111,969	37,111,969

b) Directors /CEO/CS/CFO/Head of Internal Audit and their spouses and minor children.

Name	Relation	No of Shares Held	
		As on 30 th June 2020	As on 30 th June 2019
Mr. Alihussain Akberali FCA	Chairman	29,238,249	29,238,249
Mr. Aameir Alihussain	Managing Director	22,720,109	22,720,109
Mr. Zohair Taherali (Nominated Director of H.Akberali & Co. Ltd)	Director	31,786,839	31,786,839
Mrs. Sabeen Aameir	Director	5,330,122	5,330,122
Mrs. Tehseen Zohair Taherali	Wife of Mr. Zohair Taherali	8,182,750	8,182,750
Mrs. Bilkis Alihussain	Wife of Mr. Alihussain Akberali FCA	21,870,449	21,493,760
Mr. Abdul Qadir Zohair	Son of Mr. Zohair Taherali	6,122	6,122
Mr. Shekhar Ranjan Kar FCA	Group CFO & CS	23,310	23,310
Mr. Mohammed Reazul Kabir FCA	CFO & Head of A&F	2,442	2,442

c) Shareholding status of top 5 salaried employees other than CEO, CS, CFO& HIAC

Name	Relation	No of Shares Held	
		As on 30 th June 2020	As on 30 th June 2019
Mr. Tapan Sengupta	Deputy Managing Director	43,610	24,610
Mr. Mohindar Singh Hanspal	General Manager-Rolling	Nil	Nil
Mr. Jayant M. Lakra	Assistant General Manager Plant Operation-Rolling	Nil	Nil
Mr. Kazi Anwar Ahmed	General Manager-Corporate Affairs & Dhaka Corporate Office	4,640	13,310
Mr. Mohammad Imtiaz Uddin Chowdhury	Deputy General Manager Sales & Marketing	Nil	Nil

d) Shareholders holding 10% or more voting interest in the company

Name	Relation	No of Shares Held	
		As on 30 th June 2020	As on 30 th June 2019
Mr. Alihussain Akberali FCA	Chairman	29,238,249	29,238,249
H. Akberali & Co. Limited	Affiliated Company	31,786,839	31,786,839