

DIRECTORS' REPORT

Respected Shareholders,

Assalamualikum.

On behalf of the Board of Directors of Bangladesh Steel Re-Rolling Mills Limited, I am privileged to present the Directors' Report along with the Audited Financial Statements of the Company and Auditors Report thereon for the year ended on 30 June 2022.

The year 2021-22 was a mixed year of opportunity and challenges. In spite of several wave of Covid-19 pandemic, the severity and casualties was significantly reduced in this year. The lives and economic activities were heading to normalization. But still due to transportation and shipping cost, volatile international market, disruption in the global supply chain, high finance cost the profitability of this year was not as expected.

Let me focus on the global and domestic economic situation and industrial outlook.

Global and domestic economic situation:

The Russian-Ukraine conflict that started in February, 2022 has left a dark shadow on the world economy. International food supply chain was severely affected and fuel price reached record-high level. Sanctions on the Russian economy makes the thing even worse. The third world countries like India, Bangladesh, and Sri Lanka were badly affected. Moreover, uptrend of dollar price against local currency has created a major obstacle in doing international trade. For country like Bangladesh, it has created trade deficit, put huge pressure on foreign currency reserve and inflation in the domestic market. Many developing countries including Bangladesh has become the worst victim of the Russian-Ukraine conflict. These countries are suffering from power, fuel and food crises and slow economic activities.

We fear this situation will continue for next few months.

However, the government of Bangladesh has undertaken some effective measure like food distribution at subsidized rate, office timing, scheduled load shedding, curbing un-necessary cost to save foreign currency, incentives for inward foreign remittances etc. We hope these measures will ease the situation.

Industry outlook and future planning:

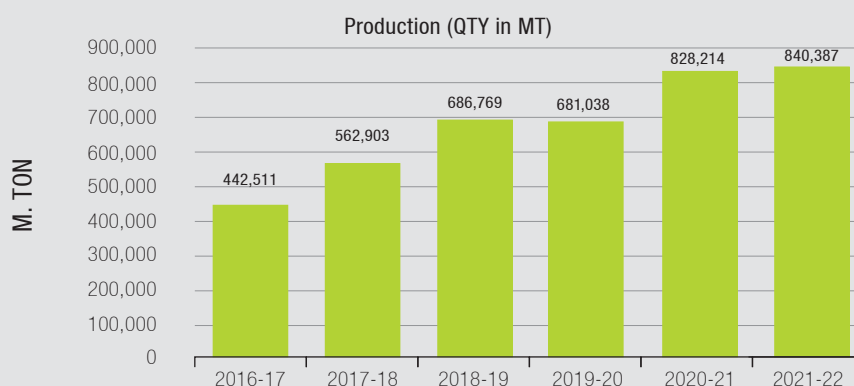
Bangladesh economy has grown @ 7.25% in 2021-22. The economy begun rebounding after the opening of Lock Down and reduction of COVID-19 infection and death. Many industrial and infrastructural development projects have been undertaken in both private and public sectors newly. Government is planning to set up 100 Export Processing Zone. So the government put emphasis on power plant, enhancing roads and infrastructure. Due to intense economic and development activities rapid urbanization is highly expected. For this, demand for quality steels will definitely be increased.

Steel industry of Bangladesh have contributed immensely in the country's infrastructure development by providing MS Rod, angle, beam, channel etc. Demand for quality steels is in rising trend. Per capita steel consumption stood 45 Kg which was only 25 kg in 2012. We projected it will further raise and will reach to 73 Kg per capita.

To cater the growing demand, we are going to set up a rolling mill with a capacity of 6 lac M. Ton of rod and 2.50 lac M. Ton MS billets. These two plants will be under BSRM Steels Limited- an associated company of Bangladesh Steel Re-Rolling Mills Limited.

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

During the year 2021-22, the rolling plant produced 840,387 M. Ton of MS products registering 1.47% growth. The rolling unit's production has been depicted in the graph below:



BSRMLTD has two melting units, one is SMW with an annual capacity of 150,000 M. Ton and another one is Melting -2 (former BSRM Steel Mills Limited) with an annual capacity of 862,000 M. Ton. The melting unit produces MS billets for its own consumption. However, the surplus billets have been sold to BSRM Steels Limited.

BSRMLTD is also producing Ribbed Wire. The installed capacity of which is 24,000 M. Ton. During this year the company produced 20,375 M. Ton.

Rolling and Melting Unit Production over the years are appended below:

Rolling Unit

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Installed Capacity (M. Ton)	800,000	800,000	750,000	540,000	540,000	450,000
Production (M. Ton)	840,387	828,214	681,038	686,769	562,903	442,511
Capacity Utilization (%)	105%	104%	91%	127%	104%	98%
Sales of Own Product (M. Ton)	813,085	865,218	730,832	651,935	536,864	470,937

Melting Unit

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Installed Capacity (M. Ton)	1,010,000	508,333	150,000	150,000	150,000	135,000
Production (M. Ton)	1,164,609	514,845	102,735	174,657	150,331	152,702
Capacity Utilization (%)	115%	101%	68%	116%	100%	113%
Sales & Consumed in Re-Rolling Unit (M. Ton)	1,005,860	514,845	102,609	174,533	150,947	152,901

Sales:

During this year, the Company sold 817,198 M. Ton finished products. In addition to that, 168,807 M. Ton MS Billet was sold during this year. The sales and production (segment-wise) are represented below:

Segment wise or product wise performance:

Particulars	Production & Procurement (M. Ton)					Sales (M. Ton)				
	2021-22	2020-21	2019-20	2018-19	2019-18	2021-22	2020-21	2019-20	2018-19	2017-18
Xtreme 500W, Angle, Channel (Owned Product)	840,387	828,215	681,038	686,769	562,903	813,085	865,218	730,832	651,935	536,864
Imported & Locally Procured Items	4,048	7,037	13,248	21,977	11,437	4,113	9,400	11,789	16,254	13,113
Total	844,435	835,252	694,286	708,746	574,340	817,198	874,618	742,621	668,189	549,977

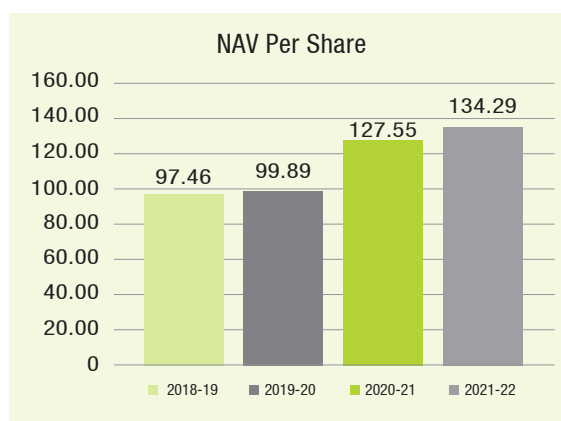
Financial Performance:	Amount in BDT in million					
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Turnover	79,783.10	59,875.85	45,722.36	44,408.88	33,238.37	23,648.93
Gross Profit	6,486.22	7,097.23	3,674.29	4,992.24	4,828.32	3,236.93
Earnings before Non-Operating Income, interest, WPP&WF and Tax	4,846.04	5,477.73	2,059.03	3,637.90	3,864.96	2,571.90
Non-Operating Income	46.01	30.43	16.11	41.3	123.21	113.90
Less: Interest, WPPF & WWF	(1,535.49)	(964.81)	(1,249.09)	(1,999.85)	(1,950.19)	(1,618.89)
Add/(Less): Tax Expenses and Provision for Income Tax	(1,294.73)	(533.53)	(413.78)	(879.43)	(242.75)	(440.75)
Net Profit after tax	3,088.28	4,970.33	921.84	1,860.63	2,778.78	756.52
Earnings Per Share (EPS)	10.34	18.96	3.90	7.88	11.77	3.53
Net Asset Value Per Share	134.29	127.56	99.89	97.46	63.70	55.75
Net operating Cash Flow Per Share	22.50	29.24	40.47	2.81	(8.78)	(11.38)

Other Financial Performance:	Amount in BDT in million					
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Paid Up Capital	2,985.85	2,985.85	2,360.68	2,360.68	2,146.07	1,950.98
Share Holders' Equity	40,095.48	38,085.98	23,581.64	23,007.37	13,671.41	10,876.80
Current Liabilities	74,029.21	37,599.10	18,125.19	22,883.32	19,310.98	20,107.12
Non-current Liabilities	4,491.18	4,846.80	5,343.79	6,662.92	6,962.32	3,566.99
Addition to fixed assets & CWIP	771.8	1,346.65	1,373.56	314.89	701.34	756.02
Operating cash flow	6,716.94	8,730.39	9,554.44	664.16	(1,884.73)	(2,220.57)

The company recorded sales of Tk. 79,783.10 million in 2021-22 compared to Tk. 59,875.85 million in the prior year, representing a 33.25% increase from last year. However, the gross profit stood at Tk. 6,486.22 million in 2021-22 which was 7,097.23 million in the last year.

If we review the profit and loss statement, we can note that the sales revenue was higher as compared to last year, primarily due to an increase in the volume of sales of Billet. Increase in raw material (Scrap) and spare price, inflation and devaluation of BD Taka against dollar has increased "Cost of Goods Sold". Resultantly, gross profit has declined compared to the last year. The net profit after tax stood Tk. 3,088.28 million compared to the last year's Tk. 4970.36. It has been decreased due to an increase in administrative expenses and finance costs. The finance cost has been doubled this year as Bangladesh Taka value drastically weakened against US Dollar and resultantly we had to charge foreign currency transaction and translation loss.

As shown below, the Net Asset Value (NAV) per share has again increased to Tk. 134.29 compared with the last year's Tk. 127.55. 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.

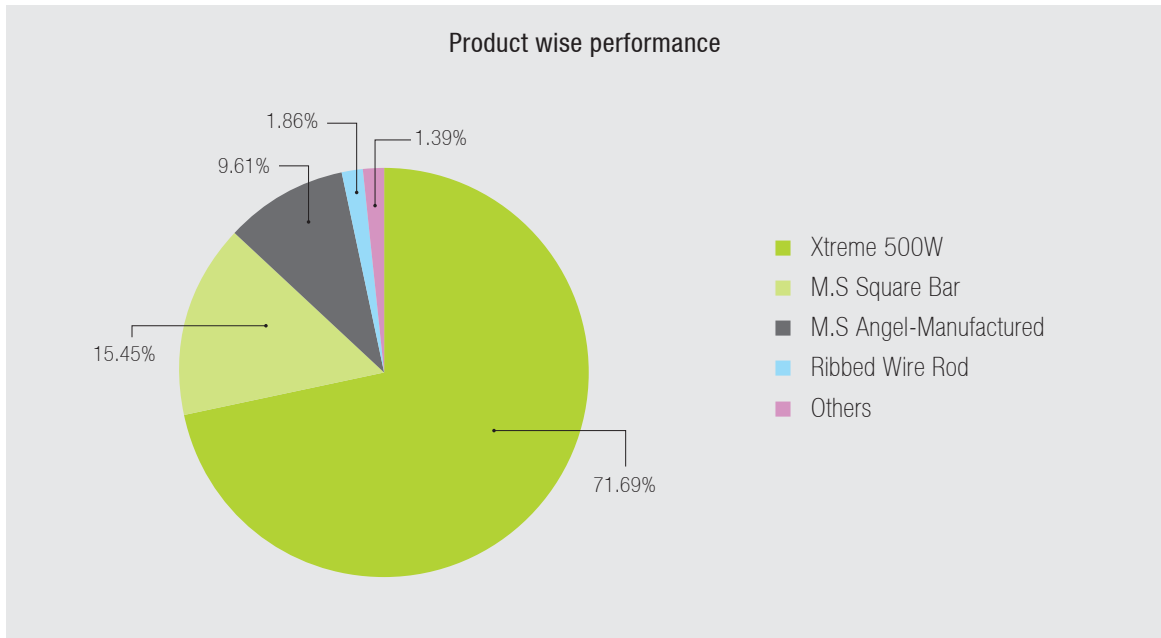


In addition to that, the Earnings per share (EPS) of the Company stood Tk. 10.34 which was Tk. 18.96 in the last year. On the other hand, net operating cash flow per share of the company stood at Tk. 22.50 which was Tk. 29.24 in the last year.

Product-wise Performance:

Reported sales of Xtreme 500W was 585,866 M.Ton, which represents 71.69% of the total sales of 817,198 M.Ton. Additionally, M.S. Angel, M.S. Square Bar and Other products collectively reported 216,169 M.Ton of sales, which represents 26.45% of total sales. This year we have also sold 15,164 M.Ton Ribbed Wire. 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:

Name of Items	Qty. (M.Ton)	Percentage
Xtreme 500W	585,866	71.69%
MS Square Bar	126,225	15.45%
M.S Angel	78,569	9.61%
Ribbed Wire Rod	15,164	1.86%
Xtreme 500W-Stirrup	1,980	0.24%
Xtreme 500W-Bend Cut	1,741	0.21%
Centura	1,672	0.20%
I-Beam	1,431	0.18%
M.S Channel	1,226	0.15%
Others	3,324	0.41%
Total	8,17,198	100%



BSRM FirstBuild Services:

BSRM introduced the following services:

- BBS and Cut & Bend
- Stirrups (BSRM Securing)
- Coupler
- WWR

Our new product BSRM FastBuild is an innovative downstream service that gives customized rebar solutions for all construction-related needs. BSRM FastBuild offers BBS (Bar Bending Schedule) development, cut & bend, and stirrups. It follows Bangladesh National Building Code (BNBC) and ACI to deliver customized rebar solutions.

BSRM Securing is made by fully automated European machine which is fully conformed to Bangladesh National Building Code (BNBC).

Operations of Subsidiary Company:

BSRM (Hong Kong) Limited

BSRM (Hong Kong) Limited is the subsidiary company of Bangladesh Steel Re-Rolling Mills Limited 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 has begun its operations with limited arena. During the year BSRM (Hong Kong) Limited earned a net profit of HKD 331,574 and we have invested USD. 500,000 in this Company.

Operations of Associated Company:

BSRM Steels Limited:

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

The sales of BSRM Steels Limited was 849,337 M. Ton in 2021-22 earned a Net profit of Tk. 3,278.50 Million.

Operational Performance of BSRM Steels Limited

Particulars	Unit	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Installed Capacity	M. Ton	800,000	800,000	750,000	700,000	700,000	700,000
Production	M. Ton	868,454	816,494	643,917	758,405	727,034	681,061
Capacity Utilization	%	108.56%	102.06%	85.85%	108.34%	103.90%	97.30%
Sales	M. Ton	849,337	868,497	635,911	756,820	710,995	692,504

Financial Performance of BSRM Steels Limited

Financial Performance:	Amount in BDT in million					
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Sales	67,121.06	54,982.97	38,681.38	61,060.15	48,289.93	37,996.41
Gross Profit	7,045.54	7,230.86	5,172.54	5,051.91	4,879.17	4,557.30
Profit before Interest, Taxes, WPP & WWF	5,427.69	5,596.03	3,573.15	3,369.05	3,180.65	3,273.60
Less: Interest, WPP & WF	(1,035.85)	(664.40)	(1,899.24)	(1,328.76)	(1,120.19)	(714.23)
Add/(Less): Profit on Bargain Purchase	-	-	-	-	10.20	-
Add/(Less): Share of Profit or (Loss) from Associates	-	(1,012.68)	151.79	297.97	237.88	(225.87)
Less: Tax expenses & Provision for income tax	(1,226.76)	(872.00)	(1,083.43)	(610.13)	(507.74)	(655.07)
Net Profit	3,278.50	3,047.08	742.28	1,728.12	1,800.80	1,705.41
Acturial (Loss)/Gain	-	-	-	-	(3.40)	-
Total Comprehensive Income	3,607.68	3,019.50	740.76	8,425.54	1,797.40	1,705.41
EPS (Tk.)	8.72	8.10	1.97	4.60	4.79	4.98

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 -52 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:

After starting of Russian-Ukraine conflict, the international money market became volatile. Value of dollar showed uptrend against local currencies in many countries. In Bangladesh, value of dollar also increased against Taka. Consequently we had to incur substantial foreign currency transaction and translation loss. The amount of loss for this year was Tk. 1,454,314,541.

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 & 39 of the financial statements as per IFRS.

Significant Variance in the quarterly and annual financial statements of BSRMLTD:

Particulars	Unit	For the Year		For the Period			
		July'21- June'22	July'20- June'21	April'22 to June'22	Jan'22- March'22	Oct'21- Dec'21	July'21- Sept'21
Production-Rod	M.Ton	840,387	828,215	210,536	226,975	211,067	191,809
Sales	M.Ton	817,198	874,618	195,031	249,729	208,458	163,980
Revenue	Tk In Million	79,783	59,876	21,589	23,686	19,123	15,385
Cost of sales	Tk In Million	(73,297)	(52,779)	(19,948)	(22,033)	(17,622)	(13,694)
Gross profit	Tk In Million	6,486	7,097	1,641	1,653	1,501	1,691
Profit before tax	Tk In Million	4,383	5,504	(228)	1,566	1,375	1,671
Inome tax expenses:							
Current year	Tk In Million	(1,181)	(467)	(365)	(335)	(251)	(230)
Previous year	Tk In Million	(10)	(19)	-	-	1	(11)
Deferred tax	Tk In Million	(104)	(48)	96	(67)	15	(148)
Total income tax expense	Tk In Million	(1,295)	(534)	(269)	(401)	(235)	(389)
Profit after tax	Tk In Million	3,088	4,970	(498)	1,165	1,140	1,281
Basic earnings per share	Taka	10.34	18.96	(1.67)	3.90	3.82	4.29

Due to the increase in administrative expenses and finance costs, net profit for the period was reduced comparing to the last year.

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 30, 2022, there were 5 members of the Board panel, comprising the Chairman, the Managing Director, two Directors, and an Independent Director

ii. Board Meeting and Attendance:

The Board met 8 times during the period from July 01, 2021 to June 30, 2022. The following table shows the attendance of the directors at 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 (Nominated Director of BSRM Steels Limited)	8	8
Mr. Gobinda Chandra Paul FCA	Independent Director	8	7

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 offer themselves for re-appointment. The Board recommended for their reappointment.

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.

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 **ST-2** in 2021-22, 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.

Dividend:

- The Board of Directors has recommended total 35% cash dividend of paid-up capital in its 437th Board Meeting held on 27 October 2022. The Board has considered Section 16(G) of Income Tax Ordinance 1984 while fixing the rate of final dividend.

Calculation of Minimum dividend payable for 2021-22	Amount in BD Tk
Net profit after tax	3,088,284,803
Un-realized share of profit from Associates under equity method	(1,026,459,615)
Realized profit from Associates as dividend received during this year	351,760,770
Distributable profit for the year	2,413,585,958
Rate Minimum dividend on current year's profit	30%
Minimum Dividend payable during the year u/s 16G of the ITO 1984	724,075,788
Interim dividend paid during the year	-
Net Minimum dividend payable	724,075,788
Paid up share capital	2,985,846,260
Applicable Minimum Rate of Final Dividend	24.25%

- The retained fund will be utilized to pay off high rated loans and to meet working capital and operational expenses.

Unclaimed Dividend:

The Company disclosed the unclaimed dividend position as a separate line item in Balance Sheet as well as in company's website as per below:

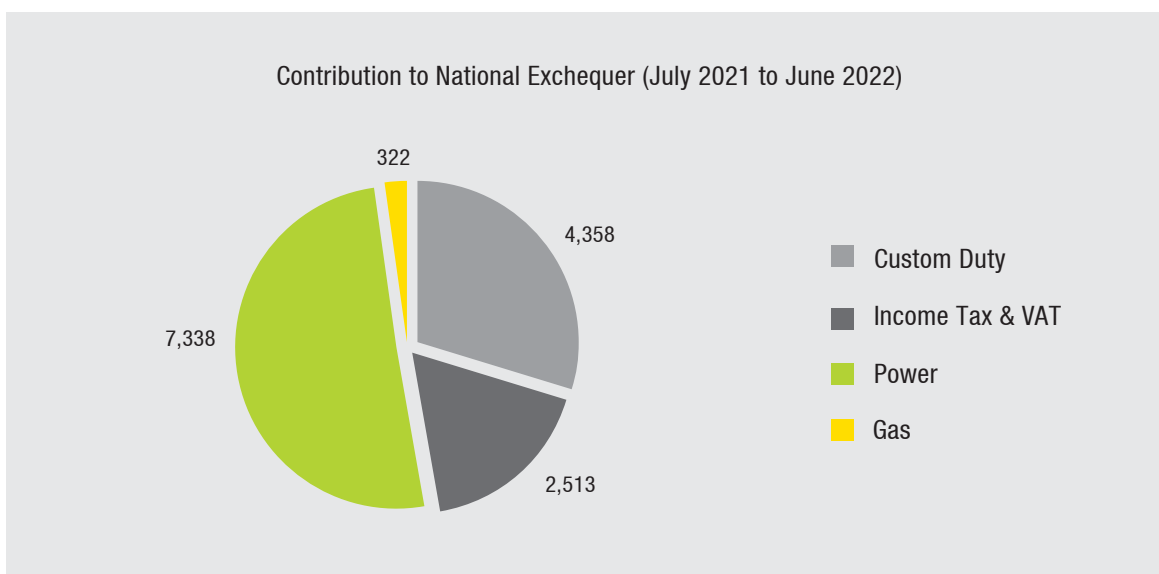
Unclaimed Divided Account Year wise unclaimed dividend as on June 30, 2022	
Year	Taka
2018-19	1,406,749
2019-20	499,044
2020-21 Interim	211,249
2020-21 Final	21,239,305
Total	23,356,348

Dividend Distribution Policy:

The Company has devised a dividend distribution policy to ensure the entitlement of shareholders as well as profits to be retained in business for expansion or other business purposes. Dividend distribution policy is posted in company's website as well as Page No.102 of this Annual Report.

Contribution to National Exchequer:

BSRMLTD 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'21 to June'22, the collective contribution of BSRMLTD to the National Exchequer (including utility bill) was Tk. 14,531 million. The majority of the contribution was through the payment of the power bill which amounted to Tk 7,338 million. Additionally, BSRMLTD collected and contributed through mediums like VAT & Tax, Duties, and gas, which helped the company by depositing 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 4,211 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 2021-22, we carried out several Corporate Social Responsibility (CSR) initiatives to extend our support to community wellbeing thereby enhancing our positive brand image.

Details of CSR activities have been described in detail on Page No. 83 of the Annual Report.

Award and Recognition:

We have achieved some prestigious awards during the last few years. A few of them are mentioned below:

- 1) Gold Award - ICMAB Best Corporate Award, 2021, 2020, and 2019.
- 2) Best Brand of Bangladesh in Steel Category for the 10th time in a row -Year 2011 to 2021.
- 3) National Export Trophy – (BSRM Steels Ltd.) for 2017-18, 2016-17, 2014-15, and 2013-14.
- 4) Highest Taxpayer Award in the Manufacturing category from NBR for the tax period 2021-22.
- 5) Bronze Award – ICSB National Award, 2019
- 6) Certificate of Merit – 20th ICAB National Award for Best Presented Annual Report, 2019
- 7) Third Highest Taxpayer Award in engineering category for the tax period 2018-19.

- 8) ICAB National Award for Best presented Annual Report (second prize) in 2018.
- 9) Certificate of Merit ICAB Award 2018.
- 10) Certificate of Merit Award from SAFA in 2018.
- 11) National Productivity and Quality Excellence Award-2017.
- 12) Certificate of admiration from Ministry of Expatriates Welfare and Overseas Employment of Government Republic of Bangladesh at 4th National Development Fair 2018.
- 13) President's Award for Industrial Development 2014 in the category of Large Scale Industry.
- 14) Prestigious award for "Excellence in Supply Chain Relationship Management & Logistic Management" from Bangladesh Supply Chain Management Society.
- 15) ICAB National Awards for Best Presented Annual Reports for the year 2012, 2013, 2015 & Certificate of Merit for the year 2014, 2015.
- 16) Certificate of Merit from South Asian Federation of Accountants (SAFA) in 2012, 2013 & 2015 – (BSRM Steels Limited).
- 17) ICSB National Gold Award for best Corporate Governance Excellence 2015 – (BSRMLTD).
- 18) Awarded Tax Card from NBR for highest tax payment in 2016-17 – (BSRM Steels Ltd.)
- 19) Best Enterprise of the year 2010 – (BSRM Group).
- 20) D & B Corporate Awards 2010 & 2012 – (BSRM Steels Limited).
- 21) Pride of Chittagong (Chattagramer Ahonkar) 2012 (Mr. Alihussain Akberali FCA).
- 22) Divisional Environment Award 2013 – (BISCO).
- 23) 5th Standard Chartered-Financial Express CSR Award – (BSRM Group).
- 24) Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Awards in 2014 – (BSRMLTD).
- 25) 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. 94 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. 93 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 website of the company. All the Directors have signed as acceptance to its compliance.

Auditors:

The existing external Auditors of the Company A. Qasem & Co, Chartered Accountants, will retire in the 60th AGM and being eligible to conduct audit for the year 2022-23 they have conveyed their willingness to accept their re-appointment for this period.

Audit Committee has recommended the Board to appoint A. Qasem & Co. Chartered Accountants as the auditors of the Company for the year 2022-23.

The Board endorsed the recommendation of the Audit Committee for the appointment of A. Qasem & Co., Chartered Accountants, Faruk Mahal (3rd Floor), Plot # 93, Agrabad C/A, Chattogram as the statutory auditors for the year ended on June 30, 2023 subject to the approval of shareholders in the Annual General Meeting.

Professional Accountant for Compliance of Corporate Governance:

Pursuant to the BSEC's directive, Board has recommended Mr. Sidhartha Barua FCA, Senior Partner of M M Rahman & 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, 2023 subject to the 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:

- The Financial Statements prepared by the management of BSRMLTD fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper Books of Account of the Company have been maintained.
- 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.
- International Accounting Standard (IAS)/Bangladesh Accounting Standards (BAS)/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.
- The system of internal controls sounds in design and has been effectively implemented and monitored.

- 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.
- 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.
- The key operating and financial data for the last six years is disclosed in Annexure-4.
- The pattern of shareholding is disclosed in Annexure-5.
- A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report segment.
- Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.
- There was no declaration of bonus share or stock dividend as interim dividend.

Acknowledgements:

I, on behalf of the Board want to dedicate a moment of utmost gratitude and thanks to our loyal employees and customers for their continued patronage and loyalty towards the Company during this year also. My sincere thanks to our honorable shareholders, bankers, Registrar of Joint Stock Companies, National Board of Revenue, Suppliers, BSEC, DSE, CSE and other Governing bodies for their continuous support throughout our journey.

Thank you very much and stay safe.

On behalf of the Board of Directors



Alihussain Akberali FCA
Chairman
October 27, 2022

BANGLADESH STEEL RE-ROLLING MILLS LIMITED

DECLARATION OF CEO AND CFO

Date: October 27, 2022

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 2022.

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 2022** 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 2022** 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



এম এম রহমান এন্ড কোং
M M Rahman & Co.
Chartered Accountants



Russell Bedford
taking you further
Member of Russell Bedford International
a global network of independent professional services firms

**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 **30 June 2022**. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 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.

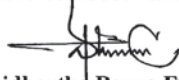
We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- 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 remarks and observation as reported in the attached compliance status;
- 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 satisfactory.

Place: Chattogram
Dated: November 16, 2022



For & on behalf of
M M Rahman & Co.
Chartered Accountants


Shidhartha Barua FCA
Senior Partner
Enrollment no: 0699

CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of Compliance with the condition imposed by the Commission's Notification No. BSEC/CMRRCD/206-158/207/ 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		Remarks
		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 (NBFI);	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the Board 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.	√		
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 the 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 Tk. 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;		√	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	√		
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;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 thereof 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:-			
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;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;	√		
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);	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	√		
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;		√	



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	√		
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;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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
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;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;		√	
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;	√		
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;	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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	√		
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:	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	√		

** Permission has 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 vide letter নং- বাম/টিও-১/এমডি/২১/২০১৬/৩২৬, তারিখ: ০২ জুলাই ২০১৭.



MANAGEMENT DISCUSSION AND ANALYSIS ON COMPANY'S POSITION AND OPERATION

Bangladesh Steel 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, excellent post-sales support and robust customer engagement programs. The overall Company's position has been reflected in the Financial Statements which have been prepared following all International Financial Reporting Standards and International Accounting Standards. The company's position and future planning, methods of financial statements 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 on going 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. Details of significant accounting policies and estimates are disclosed in "Note no. 3 and 4 of the Financial Statements" of 2021-2022.

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

Comparative analysis on financial performance of the Company:

Financial Performance:

Amount in BDT in million

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Sales	79,783.10	59,875.85	45,722.36	44,408.89	33,238.37	23,648.93
Cost of Goods Sold	73,296.88	52,778.62	42,048.07	39,416.65	28,410.05	20,412.00
Gross Profit	6,486.22	7,097.22	3,674.29	4,992.24	4,828.32	3,236.93
Selling & Distribution Expenses	901.02	1,080.88	1,223.32	992.03	638.54	434.75
Administrative Expenses	802.63	550.15	419.39	389.52	358.90	242.08
Net Finance Cost	1,340.32	710.26	1,205.61	1,905.85	1,834.51	1,551.52
Income Tax Expenses	1,294.73	533.52	413.78	879.43	242.75	440.75
Net Profit After Tax	3,088.28	4,970.33	921.84	1,860.63	2,778.78	756.52
Earnings Per Share (EPS)	10.34	18.96	3.90	7.88	12.95	3.53

The above 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 2021-22. During the year under review, business in the first three quarters were going well as the economies were rising well to overcome the covid-19 impact almost over the world. But in the last quarter the scenario has been changed due to world political turmoil and unrest caused by the Russia-Ukraine conflict. The cost of raw materials increased along with unfavorable hikes of USD to BDT rate. As a result cost of production has been increased and the Gross profit was decreased. The Company recorded a profit after tax of Tk. 3,088.28 Million against previous years of Tk. 4,970.36 Million. High finance cost including foreign currency translation and transaction losses impacted net profit of the company.

Comparative Analysis on Financial position of the Company:

Financial Positions:		Amount in BDT in million				
Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Paid Up Capital	2,985.85	2,985.85	2,360.68	2,360.68	2,146.07	1,950.98
Share Holders' Equity	40,095.48	38,085.95	23,581.64	23,007.37	13,671.41	10,876.80
Current Liabilities	74,029.21	37,599.13	18,125.19	22,883.33	19,310.98	20,107.12
Non-current Liabilities	4,491.18	4,846.81	5,343.79	6,662.93	6,962.32	3,566.99
Addition to fixed assets & CWIP	771.80	1,346.65	982.93	192.12	327.70	525.46
Net Asset Value Per Share	134.29	127.55	99.89	97.46	63.70	55.75

Shareholders' equity increased by 5.28% to BDT 40,095.48 Million in 2021-22, from BDT 38,085.95 Million in 2020-21. The major additions to the fixed assets were land, building, purchase of plant and machinery etc. Inventory comprises finished goods of BDT 5,323.21 Million, raw materials of BDT 38,892.45 Million, stores and consumables spares of BDT 3,348.78 Million. The Company has a policy of maintaining adequate inventory to ensure uninterrupted operations.

Trade and other receivables comprise trade receivables where on average receivables cycle is maintained at 24 days. **Cash and bank balances** include cash in hand of BDT 2.63 Million, balances in bank accounts of BDT 5,232.58 Million and fixed deposits of BDT 403.22 Million. Liquid balances of cash and bank are necessary for the smooth functioning of the business.

The market value of the share is BDT 98.70 (as of 30 June 2022, DSE) resulting market capitalization stood at BDT 29,470.30 Million. It should be mentionable here that, Current liabilities include the current portion of long long-term loan of BDT 903.17 Million.

Comparative Analysis on Cash Flow of the Company:

Cash Flow Movements:

Amount in BDT in million

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Cash generate from operating activities	8,110.17	9,918.80	10,961.80	2,914.99	13.28	(1,741.06)
Interest Paid	(298.34)	(638.46)	(1,205.61)	(1,897.63)	(1,823.27)	(388.86)
Income Tax Paid	(1,094.89)	(549.95)	(201.75)	(353.20)	(74.77)	(90.65)
Net Cash Flow from operating activities	6,716.94	8,730.39	9,554.44	664.16	(1,884.73)	(2,220.57)
Net Cash Flow used in investing activities	(2,810.16)	(1,626.40)	(1,271.49)	(173.13)	(197.56)	(322.39)
Net Cash Flow used in financing activities	91.86	(5,756.40)	(8,818.39)	(435.42)	2,275.67	2,760.56
Net Increase/(Decrease) in Cash & Cash Equivalent	3,998.64	1,347.60	(535.44)	55.61	193.38	217.60

Cash flow from operating activities:

Net operating cash flow declined from BDT 8,730.39 Million to BDT 6,716.89 Million in 2021-22. Resultantly Net operating cash flow per share reduced to Tk. 22.50 in 2021-22 from Tk. 29.24 per share in 2020-21. It is mainly due to increase of Inventories payment this year.

Cash flow from investing activities:

Net cash used in investing activities have increased to BDT (2,810.16) Million in 2021-22 from BDT (1,626.40) Million in 2020-21.

Cash flow from financing activities:

Net cash flow in financing activities was BDT 91.86 Million in 2021-22 due to inter co loan received.

Financial Performance of Peer Industry:

BSRM Steels Limited

Taka in Million

Operational Results:	July'21- June'22	July'20- June'21	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17
Revenue	67,121	54,983	38,681.38	61,060.15	48,289.93	37,996.41
Gross Profit	7,046	7,231	5,172.54	5,051.91	4,879.17	4,557.30
Profit after Tax	3,279	3,047	742.28	1,728.13	1,800.80	1,705.41
EPS	8.72	8.1	1.97	4.60	5.27	4.98

BSRM Steels Limited

Operational Results:	July'21- June'22	July'20- June'21	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17
Net Assets Value (NAV)	68.99	62.38	56.84	55.58	37.48	34.03
Net Operating Cash Flow	10.62	20.87	5.81	(12.43)	2.90	1.07

GPH Ispat Limited (GPH)**Taka in Million**

Operational Results:	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue	46,828	28,166	9,406	11,111	9,814	7,839
Gross Profit	6,349	4,201	1,553	2,158	1,603	1,373
Profit after Tax	1,494	1661	299	806	644	571
EPS	3.42	4.18	0.79	2.24	1.97	1.83
Net Assets Value (NAV)	28.79	29.86	17.01	17.59	16.89	16.15
Net Operating Cash Flow	(7.15)	(4.05)	(8.10)	1.44	1.12	3.83

Global and Local Economic Scenario:

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with higher inflation than seen in several decades. Businesses in every corner of the world now are badly impacted. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

The coming year will be challenging for the global as well as for Bangladesh's economy as prices of industrial commodities are rising, fuel price is volatile, and there is a risk of a food crisis.

Bangladesh has a strong track record of growth and development, even in times of elevated global uncertainty. A robust demographic dividend, strong ready-made garment (RMG) exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades. But the war in Ukraine has dented the world economy and it significantly resulted in slowdown of global growth in 2022 and inflationary spiral. Fuel, commodity and food prices have increased rapidly.

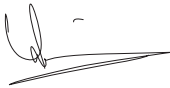
Despite this gloomy scenario, the steel industry can play a fundamental role in not only driving economic growth, but also in other complementary industries such as transportation, energy, heavy engineering, and construction. At this stage, special care should be taken by the proper authorities to nurse the well-established industries in the country.

Risk and Mitigation:

The economy of Bangladesh is growing very fast and it creates an opportunity for steel industries. Besides there are also some risks. Global warming and greenhouse effects, makes Bangladesh cyclone prone area. Moreover, energy crisis, port congestion, poor infrastructure etc. creates obstacles for the prospect of the steel industry. On the other hand as an import-based industry dependency on a stable foreign currency rate which is now very volatile and leaving a negative impact on us is also very vital for us. However, now some positive steps have been taken by the Government. LNG supply, Rooppur nuclear power plant will hopefully reduce the energy crisis. Now construction of deep sea ports is in the government's agenda. A number of roads and bridges have been constructed. The 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 taking corrective measures.

Future Planning:

BSRM Group is planning to sell 17.15 lac M. Ton in the coming year. Out of this around 8.50 lac M. Ton will be supplied by BSRMLTD. Moreover, we are looking forward to introduce high-quality steel products and continue our research to provide better service to our customers, and a result of which we have recently launched "BSRM Xtreme B500DWR".



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 materials-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" has commissioned in June 2016 to produce 862,000 M. Ton MS billet per year which significantly reduce outside dependency. Steel Melting Unit of BSRMLTD can also supply 150,000 M. Ton Billet per year. BSRM Steel Mills Limited has been merged the company with effect from 1st February 2021 and that will ensure better management and reduce cost of production significantly.

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

- Interest Rate;
- Currency Rate (foreign exchange rates);
- Competition and
- 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 the 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 the 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.

Prudent financial management and active negotiation with the lenders and timely collection from customers are few of the 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 a foreign currency account in which export collection is directly deposited and we can meet foreign currency payment requirements. In the year 2020-21 company has not been affected due to Foreign Currency fluctuation. But in the financial year 2021-22 like almost all the other industries, we have also been suffered from the sudden adverse dollar rate fluctuation caused by the political unrest in the world. Further, as a mitigation plan, our skilled team is planning to enhance export earnings as well as forward bookings.

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 a 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 more than 10,000 trees in its factories. We have undertaken a plan for reforestation effort in collaboration with partner organizations, conducts tree plantation programs around main steel plants.

We firmly believe that ZERO can save life.

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

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

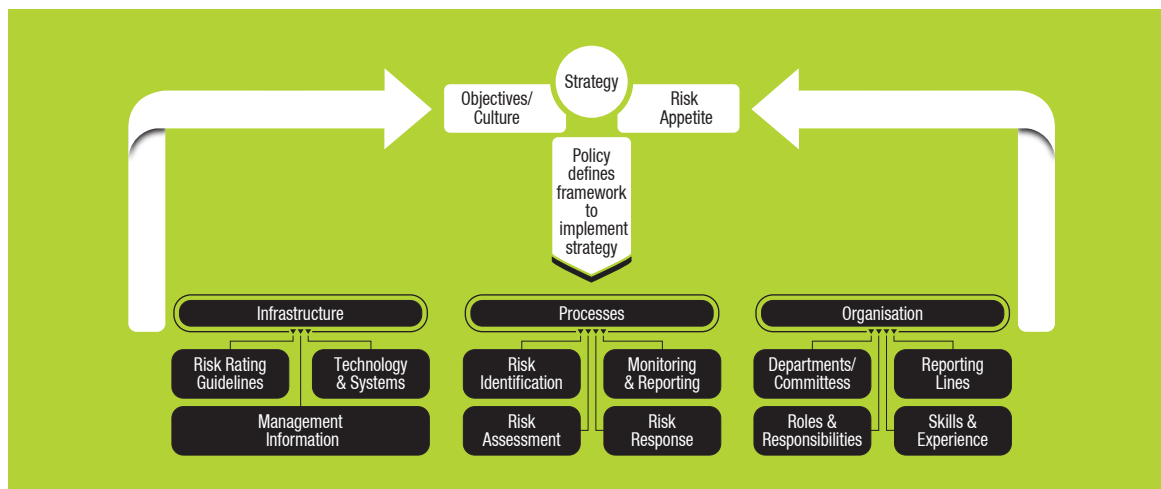
ERM helps BSRMLTD in managing risks in a proactive manner towards achieving its business objectives, performance & profitability targets and prevent loss of resources. BSRM's ERM is directed to help ensure effective reporting and compliance with laws and regulations, avoid damage to the entity's reputation 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 synchronization 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 comprising 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 2021-22 Cost of goods sold (COGS) was Tk. 73,297 Million against Tk. 52,779 Million in 2020-21.

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 2021-22 Gross Profit Margin was 8.13% which was 11.85% in 2020-21. Due to the increase in the cost of raw materials and other cost of production gross profit margin has been decreased.

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. 3,088 Million which was Tk. 4,970 Million in 2020-21. Net profit has decreased due to an increase in administrative expenses and finance costs. The finance cost has been doubled in this year as the value of the BDT is drastically fall against US Dollar and resultantly we had to charge foreign currency transaction and translation losses.

REMUNERATION PAID TO DIRECTORS IN 2021-22

Members of the Board of Directors were entitled and paid as follows:

Remuneration Paid to Directors in 2021-22

Name	2021-22			2020-21		
	Attendance Fee	Gross Remuneration	Total Paid	Attendance Fee	Gross Remuneration	Total Paid
Mr. Alihussain Akberali FCA	22,000	66,000,000	66,022,000	22,000	48,500,000	48,522,000
Mr. Aameir Alihussain	22,000	64,500,000	64,522,000	22,000	43,500,000	43,522,000
Mr. Zohair Taherali	22,000	28,500,000	28,522,000	16,500	21,500,000	21,516,500
Mrs. Sabeen Aameir	22,000	7,500,000	7,522,000	22,000	7,500,000	7,522,000
Mr. Gobinda Chandra Paul FCA	220,000	-	220,000	176,000	-	176,000
Total	308,000	166,500,000	166,808,000	258,500	121,000,000	121,258,500

KEY OPERATING AND FINANCIAL DATA OF PRECEDING 6 YEARS

Key Operating and Financial Data of Preceding 6 Years

Particulars	Unit	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Production (Qty)	MT	840,387	828,215	681,038	686,769	562,903	442,511
% of Production Growth	%	1.47%	21.61%	(0.83%)	22.00%	27.21%	83.34%
Sales (Qty)	MT	817,198	874,618	742,621	668,189	549,977	503,705
% of Sales Growth (Qty)	%	(6.57%)	17.77%	11.14%	21.49%	9.19%	161.49%
Turnover	MLN Tk	79,783	59,876	45,722.36	44,408.88	33,238.37	23,648.93
Gross Profit	MLN Tk	6,486	7,097	3,674.29	4,992.24	4,828.32	3,236.93
Gross Profit %	%	8.13%	11.85%	8.04%	11.24%	14.53%	13.69%
Earnings before Non Operating Income, interest, WPP&WF and Tax	MLN Tk	4,846	5,478	2059.03	3,637.90	3,864.96	2,571.90
	%	6.07%	9.15%	4.50%	8.19%	11.63%	10.88%
Non-Operating Income	MLN Tk	46.01	40.43	16.11	41.3	123.21	113.90
Net Profit after tax	MLN Tk	3,088	4,970	921.84	1,860.63	2,778.78	756.52
	%	3.87%	8.30%	2.02%	4.19%	8.36%	3.20%
Earnings Per Share (EPS)	TK	10.34	18.96	3.90	7.88	12.95	3.53
Current Ratio (Times)		0.96	0.88	0.97	1.04	1.04	0.75
Net Asset Value	MLN Tk	40,095	38,086	23,581.64	23,007.37	13,671.41	10,876.80
Net Asset Value Per Share	Tk	134.29	127.56	99.89	97.46	63.70	55.75
Net operating Cash Flow Per Share	Tk	22.50	29.24	40.47	2.81	(8.78)	(11.38)
Paid -up Capital (In Crore)	Crore Tk	298.58	298.58	236.06	236.06	214.60	195.09

THE PATTERN OF SHAREHOLDINGS

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

Name	No of Shares Held	
	As on 30 th June 2022	As on 30 th June 2021
H. Akberali & Co. Limited	46,835,044	44,535,044
Karnafully Engineering Works Ltd.	5,325,130	5,325,130
BSRM Steels Limited	28,800,000	28,800,000
Total	80,960,174	78,660,174

(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 2022	As on 30 th June 2021
Mr. Alihussain Akberali FCA	Chairman	29,970,251	29,970,251
Mr. Aameir Alihussain	Managing Director	25,409,856	25,409,856
Mr. Zohair Taherali (Nominated Director of H.Akberali & Co. Ltd)	Director	46,835,044	44,535,044
Mrs. Sabeen Aameir (Nominated Director of BSRM Steels Limited)	Director	28,800,000	28,800,000
Mr. Gobinda Chandra Paul FCA	Independent Director	Nil	Nil
Mr. Zohair Taherali	Sponsor	9,688,256	9,688,256
Mrs. Sabeen Aameir	(Wife of Mr. Aameir Alihussain)	5,381,000	5,381,000
Mrs. Tehseen Zohair Taherali	Wife of Mr. Zohair Taherali	8,608,212	8,608,212
Mrs. Bilkis Alihussain	Wife of Mr. Alihussain Akberali FCA	24,936,419	24,936,419
Mr. Abdul Qadir Zohair	Son of Mr. Zohair Taherali	15,724	15,724
Mr. Shekhar Ranjan Kar FCA	Group CFO & CS	31,310	31,310
Mr. Mohammed Reazul Kabir FCA	CFO & Head of A&F	2,442	2,442
Mr. Golam Sarwar	HIAC	Nil	Nil

(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 2022	As on 30 th June 2021
Mr. Tapan Sengupta	Deputy Managing Director	101,468	101,468
Mr. Kazi Anwar Ahmed	Adviser	13,310	13,310
Mr. Mohindar Singh Hanspal	General Manager-Rolling	Nil	Nil
Jayant M. Lakra	AGM Plant Operation	Nil	Nil
Mr. Md. Nizamul Haque	Adviser Technical Support	5,000	5,000

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

Name	Relation	No of Shares Held	
		As on 30 th June 2022	As on 30 th June 2021
Mr. Alihussain Akberali	Chairman	29,970,251	29,970,251
H. Akberali & Co. Limited	Affiliated Company	46,835,044	44,535,044