

DIRECTORS' REPORT >>

Dear Esteemed Shareholders,

I extend my warmest regards to each of you on behalf of the Board of Directors of Bangladesh Steel Re-Rolling Mills Limited (BSRMLTD). It is with great respect and gratitude that I present the Directors' Report, the Audited Financial Statements and the Auditors' Report for the fiscal year ending on 30 June 2023.

The year 2022-23 has been a period defined by notable events and challenges in the global arena. While the world's economies worked towards recovery and anticipated a more optimistic future, the escalation of the Russian-Ukraine conflict cast a somber shadow. This conflict not only posed new threats but also brought about challenges such as rising transportation and shipping costs, increased market volatility, disruptions in the global supply chain and heightened financial expenses.

In spite of the hurdles presented by the global economic conditions, BSRM achieved a historic milestone with a total revenue of Tk. 115,061 million for the year. This figure represents the highest revenue ever recorded by BSRM, showcasing an exceptional growth of 44% compared to the previous year. This remarkable achievement was propelled by our steadfast dedication to quality, innovation, and ensuring utmost customer satisfaction.

The net profit after tax for the year was Tk. 2,914 million, demonstrating our ability to maintain a strong and sustainable bottom line. This success is a testament to the hard work and dedication of our employees, the loyalty of our customers and the trust of our shareholders.

GLOBAL AND DOMESTIC ECONOMIC SITUATION

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. The Global growth is forecasted to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. We now forecast Bangladesh's real GDP to expand by 6.0% in FY2023/24, down from our previous forecast of 7.9%. Due to high import dependency and the Russia-Ukraine war, Bangladesh is facing economic challenges ranging from elevated inflation and balance of payments stresses, which are showing little signs of abating.

INDUSTRY OUTLOOK AND FUTURE PLANNING

Bangladesh is rapidly recovering from the COVID-19 pandemic supported by prudent macroeconomic policies with estimated GDP growth of 6.0 percent in FY23.

However, the economy faces considerable challenges as the global economic crisis has significantly impacted third-world countries such as India, Bangladesh, and Sri Lanka. Furthermore, the rise in dollar prices against local currencies has posed a significant challenge to international trade.

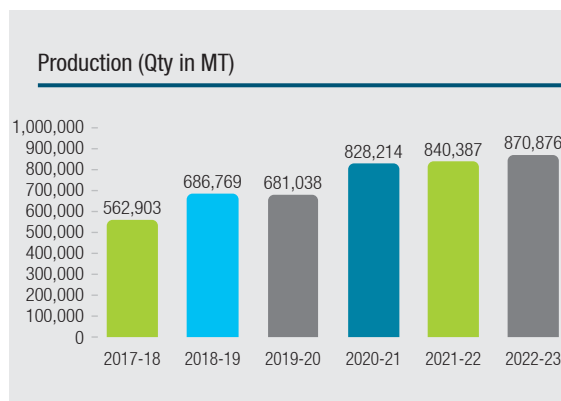
However, the government of Bangladesh has implemented effective measures to address these issues. These measures include subsidized food distribution, monitoring price control of essential items, scheduled power cuts, reduction of unnecessary expenditures to conserve foreign currency, and incentives for inward foreign remittances. We are hopeful that these initiatives will help alleviate the situation.

The steel industry in Bangladesh has played a significant role in the country's infrastructure development by supplying MS Rods, angles, beams, and channels. There is a growing demand for high-quality steel, evident in the rising trend. Per capita steel consumption has increased from 25 kg in 2012 to 43 kg. We anticipate this trend to continue, projecting a further increase to 73 kg per capita.

To meet this escalating demand, we are taking proactive measures. We are in the process of establishing a new rolling mill with a capacity of 600,000 metric tons of rods and 250,000 metric tons of MS billets. These facilities will be operated 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

In the fiscal year 2022-23, Bangladesh Steel Re-Rolling Mills Limited demonstrated strong operating and financial performance. The rolling plant successfully produced 870,876 metric tons of MS products, marking a growth of 3.63%. The production data of the rolling unit is visually represented in the graph below:



BSRMLTD operates two melting units: SMW, with an annual capacity of 150,000 metric tons, and Melting-2 with an enhanced annual capacity of 862,000 metric tons. These units are primarily engaged in producing MS billets for internal consumption.

Additionally, BSRMLTD manufactures Ribbed Wire with an installed capacity of 24,000 metric tons. In the current year, the company produced 18,834 metric tons of Ribbed Wire.

Historical production data for the Rolling and Melting Units is provided below:

Rolling Unit

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Installed Capacity (M. Ton)	800,000	800,000	800,000	750,000	540,000	540,000
Production (M. Ton)	870,876	840,387	828,214	681,038	686,769	562,903
Capacity Utilization (%)	109%	105%	104%	91%	127%	104%
Sales of Own Product (M. Ton)	873,668	813,085	865,218	730,832	651,935	536,864

Melting Unit

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Installed Capacity (M. Ton)	1,012,000	1,010,000	508,333	150,000	150,000	150,000
Production (M. Ton)	1,159,153	1,164,609	514,845	102,735	174,657	150,331
Capacity Utilization (%)	101%	115%	101%	68%	116%	100%
Sales & Consumed in Re-Rolling Unit (M. Ton)	1,256,821	1,005,860	514,845	102,609	174,533	150,947

SALES:

In the current fiscal year, the company successfully marketed 870,876 metric tons of finished products. Additionally, 370,316 metric tons of MS Billets were sold during the same period. The sales and production data categorized by segments are presented below:

Segment wise or product wise performance:

Particulars	Production & Procured (M. Ton)					Sales (M. Ton)				
	2022-23	2021-22	2020-21	2019-20	2018-19	2022-23	2021-22	2020-21	2019-20	2018-19
Xtreme 500W, Angle, Channel (Owned Product)	870,876	840,387	828,215	681,038	686,769	867,314	813,085	865,218	730,832	651,935
Imported & Locally Procured Items	5,830	4,048	7,037	13,248	21,977	6,354	4,113	9,400	11,789	16,254
Total	876,706	844,435	835,252	694,286	708,746	873,668	817,198	874,618	742,621	668,189

Financial Performance:	Amount in BDT in million					
Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Revenue	115,060.73	79,783.10	59,875.85	45,722.36	44,408.88	33,238.37
Gross Profit	10,319.12	6,486.22	7,097.23	3,674.29	4,992.24	4,828.32
Operating Profit	8,159.34	4,846.04	5,477.73	2,059.03	3,637.90	3,864.96
Non-Operating Income	53.90	46.01	30.43	16.11	41.3	123.21
Less: Interest WPPF & WWF	(5,039.34)	(1,535.49)	(964.81)	(1,249.09)	(1,999.85)	(1,950.19)
Income Tax Expense	(1,193.56)	(1,294.73)	(533.53)	(413.78)	(879.43)	(242.75)
Net Profit after tax	2,913.95	3,088.28	4,970.33	921.84	1,860.63	2,778.78
Earnings Per Share (EPS) (Tk.)	9.76	10.34	18.96	3.90	7.88	11.77
Net Asset Value Per Share (Tk.)	140.46	134.29	127.56	99.89	97.46	63.70
NOCF Per Share (Tk.)	10.74	22.50	29.24	40.47	2.81	(8.78)

Other Financial Performance:	Amount in BDT in million					
Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Paid Up Capital	2,985.85	2,985.85	2,985.85	2,360.68	2,360.68	2,146.07
Share Holders' Equity	41,938.17	40,095.48	38,085.98	23,581.64	23,007.37	13,671.41
Current Liabilities	57,638.27	74,029.21	37,599.10	18,125.19	22,883.32	19,310.98
Non-current Liabilities	4,384.64	4,491.18	4,846.80	5,343.79	6,662.92	6,962.32
Addition to fixed assets & CWIP	971.98	771.8	1,346.65	1,373.56	314.89	701.34
Operating cash flow	3,205.33	6,716.94	8,730.39	9,554.44	664.16	(1,884.73)

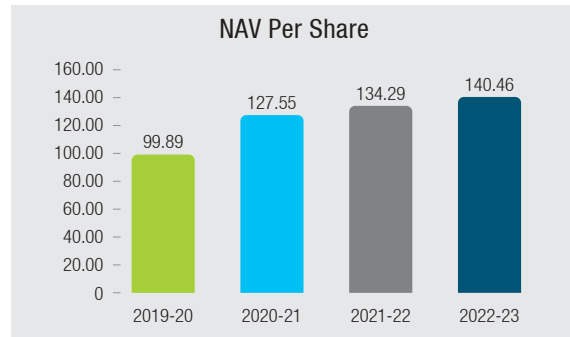
In the fiscal year 2022-23, the company achieved a significant milestone with sales amounting to Tk. 115,061 million, marking a remarkable increase of 44.21% from the previous year's sales of Tk. 79,783 million. Meanwhile, the gross profit for the current year reached Tk. 10,319 million, reflecting a notable rise compared to the previous year's gross profit of Tk. 6,486 million.

Upon scrutinizing the profit and loss statement, it is evident that the increase in sales revenue is attributed to higher sales volumes of MS Rod and Billet, coupled with the rise in Steel Products' prices. However, the cost of goods sold escalated due to surging raw materials and spare part prices, inflation, and the devaluation of the BD Taka against the dollar. Despite these challenges, the company's financial position improved, as indicated by the increase in gross profit.

The net profit after tax for this year stood at Tk. 2,914 million, a slight decrease from last year's Tk. 3,088 million. This decline can be attributed to a significant increase in finance costs. The finance cost surged nearly three and a half times higher than the

previous year, primarily due to the drastic weakening of the Taka against the US Dollar, leading to foreign currency transactions and translation losses.

Furthermore, the Net Asset Value (NAV) per share demonstrated a positive trend, reaching TK 140.46, compared to last year's value of Tk. 134.29. This consistent increase in NAV per share signals the company's growing investment value, indicating a positive trajectory for our investments.



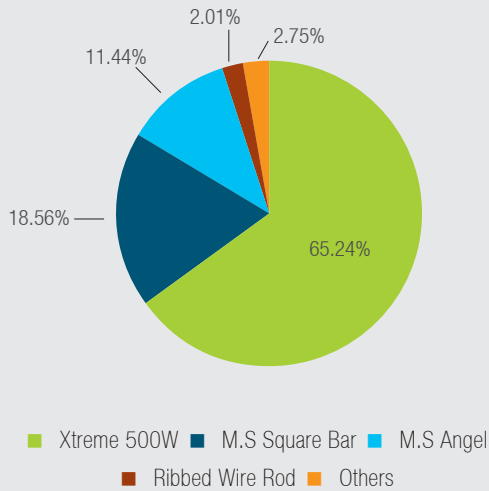
Furthermore, the Company's Earnings per share (EPS) amounted to TK 9.76, a decrease from the previous year's figure of TK. 10.34. Conversely, the net operating cash flow per share (NOCFPS) stood at Tk. 10.74, a decline from Tk. 22.50 in the preceding year. This decrease in NOCFPS was attributed to higher payments made to suppliers and employees, which increased by 42% from the previous year, rising from TK. 73,710 million to TK. 1,04,328 million.

PRODUCT-WISE PERFORMANCE:

The reported sales of Xtreme 500W amounted to 569,971 metric tons, comprising 65.24% of the total sales of 873,668 tons. Additionally, M.S. Angel, M.S. Square Bar, and other products collectively accounted for 303,697 tons of sales, representing 34.76% of the total sales. During the year, the company also successfully marketed 17,571 tons of Ribbed Wire. Lastly, there were sales of imported products, including I Beam, H Beam, and MS Plate. Below is a detailed breakdown of the sales by product category:

Name of Items	Qty. (M.Ton)	Percentage
Xtreme 500W	569,971	65.24%
MS Square Bar	162,164	18.56%
M.S Angel	99,949	11.44%
Ribbed Wire Rod	17,521	2.01%
Xtreme 500W-Stirrup	1,386	0.16%
Xtreme 500W-Bend Cut	5,918	0.68%
Centura	3,457	0.40%
I-Beam	1,868	0.21%
M.S Channel	3,829	0.44%
Others	7,604	0.87%
Total	873,668	100%

Product Wise Performance



BSRM FIRSTBUILD SERVICES

BSRM proudly presents an array of innovative services tailored to meet your construction needs:

- **BBS and Cut & Bend:** Offering precision-cut re-bars and Bar Bending Schedule (BBS) services.
- **Stirrups (BSRM Securing):** Providing high-quality stirrups designed to adhere to the highest standards of safety and strength.
- **Coupler:** Delivering reliable and efficient coupler solutions for seamless rebar connections.
- **WWR (Welded Wire Reinforcement):** Supplying robust welded wire reinforcement solutions for reinforced concrete structures.

Introducing our groundbreaking service, BSRM FastBuild, which offers customized rebar solutions. FastBuild encompasses Bar Bending Schedule (BBS) development, precision cut & bend services, and stirrups, all meticulously crafted according to the Bangladesh National Building Code (BNBC) and ACI standards.

BSRM SECURING utilizes cutting-edge, fully automated European machines to adhere to the rigorous standards set by the Bangladesh National Building Code (BNBC). This meticulous approach guarantees unmatched quality and safety in each product we deliver.

OPERATIONS OF SUBSIDIARY COMPANY

BSRM (Hong Kong) Limited

BSRM (Hong Kong) Limited, a subsidiary of Bangladesh Steel Re-Rolling Mills Limited, is incorporated in Hong Kong and plays a vital role in supporting the parent company through the following activities:

- Sourcing raw materials and spare parts from China.
- Conducting timely inspections of spare parts and machinery imported from China to Bangladesh for the BSRM Group.
- Engaging in the trading of steel and related goods.

Mr. Aameir Alihussain, Mr. Zohair Taherali and Ms. Fatema Yousuf Jangbarwal serve as Directors of this Company. Although the company's operations are currently limited in scope, BSRM (Hong Kong) Limited demonstrated its efficiency by earning a net profit of HKD 298,307 during the year.

OPERATIONS OF ASSOCIATED COMPANY

BSRM Steels Limited

BSRM Steels Limited, a prominent associate company affiliated with Bangladesh Steel Re-Rolling Mills Limited, is a reputable public entity, trading actively on both the Dhaka and the Chittagong Stock Exchanges. Currently, Bangladesh Steel Re-Rolling Mills Limited (BSRM) maintains a substantial ownership stake, holding 31.19% of the shares in BSRM Steels Limited. Throughout the fiscal year 2022-23, BSRM Steels Limited demonstrated outstanding operational performance. The company achieved remarkable sales, totaling an impressive 904,002 metric tons of steel products. This substantial sales volume underscored the company's robust market presence and demand for its offerings.

Furthermore, BSRM Steels Limited exhibited strong financial prowess by recording a net profit of Tk. 2,979.40 million during the same period. This noteworthy profit margin reflects the company's effective management strategies, efficient operations, and the ability to capitalize on market opportunities.

BSRM Steels Limited's success in achieving substantial sales and a substantial net profit further strengthens its position as a key player in the steel industry. It exemplifies the company's commitment to delivering high-quality products, meeting market demands, and ensuring sustained growth in the competitive market landscape.

Operational Performance of BSRM Steels Limited

Particulars	Unit	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Installed Capacity	M. Ton	800,000	800,000	800,000	750,000	700,000	700,000
Production	M. Ton	920,257	868,454	816,494	643,917	758,405	727,034
Capacity Utilization	%	115%	109%	102%	86%	108%	104%
Sales	M. Ton	904,002	849,337	868,497	635,911	756,820	710,995

Financial Performance of BSRM Steels Limited

Financial Performance:	Amount in BDT in million					
Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Sales	84,524.77	67,121.06	54,982.97	38,681.38	61,060.15	48,289.93
Gross Profit	8113.88	7,045.54	7,230.86	5,172.54	5,051.91	4,879.17
Profit from Operation	6460.55	5,427.69	5,596.03	3,573.15	3,369.05	3,180.65
Less: Interest, WPP & WF	(2,790.24)	(1,035.85)	(664.40)	(1,899.24)	(1,328.76)	(1,120.19)
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
Less: Tax expenses & Provision for income tax	(791.71)	(1,226.76)	(872.00)	(1,083.43)	(610.13)	(507.74)
Net Profit	2,979.40	3,278.50	3,047.08	742.28	1,728.12	1,800.80
Acturial (Loss)/Gain	-	-	-	-	-	(3.40)
Total Comprehensive Income	2,753.89	3,607.68	3,019.50	740.76	8,425.54	1,797.40
EPS (Tk.)	7.92	8.72	8.10	1.97	4.60	4.79

BSRM SERVICE CENTER

BSRMLTD has established a state-of-the-art facility dedicated to processing reinforcement materials. This ambitious project boasts an impressive annual capacity, producing 14,400 metric tons of Cut & Bent Rebar, 2,880 metric tons of Stirrup, and 48,000 metric tons of Mesh. This tailored solution not only significantly reduces waste and storage demands for our customers but also enhances the overall quality of construction work.

The introduction of this facility addresses multiple challenges faced at construction sites. It plays a crucial role in minimizing delays, fabricating errors, theft incidents, and labor-intensive tasks. By streamlining the process, the service center ensures efficient and error-free construction practices, ultimately leading to improved customer satisfaction.

Furthermore, this innovative undertaking is poised to have a positive impact on the company's profitability. Through enhanced efficiency and reduced operational hassles at construction sites, the service center stands as a testament to BSRM's commitment to excellence and customer-focused solutions.

MANAGING RISKS AND CONCERNS

In the realm of business, effective risk assessment and mitigation are fundamental. The Board of Directors at BSRM recognizes this significance and is actively engaged in ongoing monitoring, assessment, and identification of potential risks and threats that could impact our profitability and sustainable growth. Our robust Risk Management capabilities are underpinned by a solid management structure, advanced information systems, and regular analyses of market dynamics and economic scenarios. We have implemented stringent policies to adeptly navigate challenges as they arise.

The BSRM Group has proactively developed an Enterprise Risk Management (ERM) Framework and Guidelines. Within the ambit of this policy, a comprehensive Risk Register has been meticulously prepared. A dedicated team is consistently engaged in monitoring potential risks, conducting assessments, and implementing preventive and corrective measures to effectively address them.

A succinct overview of the significant risks and the strategies adopted for risk management by our company can be found in Annexure-1 and Note-54 of the Financial Statements. These efforts underscore our commitment to ensuring a resilient and secure business environment for sustainable growth.

RISK MANAGEMENT & CONTROL ENVIRONMENT

In our continuous pursuit of maintaining a robust Risk Management and Control Environment, we invite your attention to the comprehensive insights provided in Annexure 1A. This detailed document meticulously outlines our strategies, methodologies, and initiatives in managing risks effectively and ensuring a stringent control environment within our organization.

You will find a thorough analysis of our risk management protocols, encompassing areas such as:

Risk Identification: A meticulous exploration of potential risks that could affect our business operations and strategies.

Risk Assessment: A systematic evaluation of identified risks, gauging their potential impact and likelihood.

Risk Mitigation: In-depth insights into the proactive measures we have implemented to mitigate identified risks,

ensuring a resilient operational framework.

Control Environment: An overview of our control mechanisms, outlining the policies, procedures, and checks in place to maintain a secure and compliant operational environment.

Monitoring and Adaptation: Details on how we continuously monitor our risk management strategies and control environment, adapting them as per evolving market dynamics and emerging threats.

A report in page no. 287 serves as a comprehensive guide, providing stakeholders with a transparent view of our commitment to effective risk management and maintaining a robust control environment.

A DISCUSSION ON COST OF GOODS SOLD, GP MARGIN AND NP MARGIN:

In our commitment to transparency and clarity, we present a detailed analysis of our Cost of Goods Sold (COGS), Gross Profit (GP) Margin, and Net Profit (NP) Margin in Annexure-2. This section delves deep into the financial intricacies, offering stakeholders a comprehensive understanding of our financial performance.

1. Cost of Goods Sold (COGS): COGS elucidates the expenses incurred in the production of goods and services. This includes direct costs such as raw materials, labor, and manufacturing expenses. By examining our COGS, stakeholders gain valuable insights into the fundamental expenditures essential for our business operations.

2. Gross Profit (GP) Margin: Our GP Margin reveals the profitability of our core business activities. This margin represents the difference between our revenue and the direct costs associated with production. Understanding our GP Margin is crucial as it showcases our ability to generate profit after covering the direct expenses, indicating the efficiency of our operations and pricing strategies.

3. Net Profit (NP) Margin: The Net Profit Margin, a key metric depicting the overall profitability of our business after considering all expenses, including indirect costs, taxes, interest, and operational overheads. A robust NP Margin reflects our ability to manage not only direct costs but also all other financial obligations, illustrating our operational efficiency and financial health.

Annexure-2 serves as a detailed guide, providing stakeholders with a deep insight into our financial performance. By analyzing the intricacies of COGS, GP Margin, and NP Margin, stakeholders can make informed assessments about our operational efficiency, pricing strategies, and overall financial viability. We encourage a thorough review of this section, emphasizing our commitment to transparency and openness in our financial reporting.

EXTRA-ORDINARY GAIN OR LOSS

In the aftermath of the Russian-Ukraine conflict, the global financial markets were marked by unprecedented instability. This period of uncertainty had a significant impact on various currencies, notably the Bangladeshi Taka, which depreciated against the surging US dollar.

Within this context, our company faced substantial challenges in foreign currency transactions and translations. The sharp fluctuations in exchange rates led to substantial losses. These losses, amounting to Tk. 4,011.58 million, were a direct consequence of the currency volatility experienced during the fiscal year.

To provide a detailed breakdown, the losses incurred encompassed a wide range of financial activities, including import and export transactions, debt repayments, and investments denominated in foreign currencies. The adverse effects of these fluctuations reverberated across our financial statements, impacting both revenue and expenses.

This detailed insight into the exceptional gain or loss underscores the intricate nature of managing a business in the face of global economic uncertainties. We remain vigilant, adapting our strategies to navigate these challenges and ensuring the long-term resilience and stability of our organization.

RELATED PARTY TRANSACTIONS

In upholding the highest standards of transparency and ethical business practices, we affirm that every transaction involving related parties within our organization has been conducted strictly on a commercial basis. This commitment ensures fairness, integrity, and adherence to ethical norms in all our business interactions with related entities.

To provide a comprehensive understanding of these transactions, we meticulously disclose all relevant details in Note- 13, 26, and 46 of our financial statements and prepared in strict accordance with the International Financial Reporting Standards (IFRS).

SIGNIFICANT VARIANCE IN THE QUARTERLY AND ANNUAL FINANCIAL STATEMENTS OF BSRMLTD

Upon meticulous examination of our quarterly and annual financial statements, several significant variances have come to light, warranting a thorough evaluation for a comprehensive understanding.

1. Increase in Finance Costs: A substantial rise in finance costs has emerged as a prominent factor impacting our financial statements. This increase can be attributed primarily to currency movements between the Bangladeshi Taka (BDT) and the US dollar. Currency fluctuations have a direct impact on our borrowing costs, leading to a notable surge in financial expenditures. This currency-related challenge has posed a significant hurdle, influencing our net profit for the period.

2. Administrative and Selling Distribution Expenses: Additionally, there has been a slight uptick in both administrative and selling distribution expenses. These increments have been strategically incurred to ensure the seamless operation of our business. Investments in administrative functions are crucial for enhancing organizational efficiency, while increased spending on selling distribution ensures an effective market presence and customer outreach. While these expenses have risen, they are integral to maintaining the smooth functioning of our operations and sustaining our market competitiveness.

Impact on Net Profit: The combined effect of heightened finance costs and marginally increased administrative and selling distribution expenses has resulted in a reduction in our net profit for the period. This reduction, while challenging, reflects our commitment to maintaining operational excellence despite external economic challenges and currency fluctuations.

Strategic Response: In response to these variances, our management team is proactively engaged in devising strategic measures. These initiatives include evaluating our borrowing strategies to mitigate the impact of currency movements, optimizing operational processes to streamline administrative functions, and enhancing sales and distribution strategies to ensure cost-effective market penetration. Through these strategic responses, we aim to mitigate the current challenges and strengthen our financial resilience for sustained growth and profitability.

This detailed analysis underscores our dedication to transparent financial reporting and proactive management. By addressing these challenges strategically, we remain steadfast in our commitment to overcoming obstacles and steering BSRM towards a stable and prosperous future.

Particulars	Unit	For the Year		For the Period			
		July'22- June'23	July'21- June'22	April'23 to June'23	Jan'23- March'23	Oct'22- Dec'22	July'22- Sept'22
Production-Rod	M.Ton	870,876	840,387	243,756	235,800	199,511	191,809
Sales	M.Ton	873,668	817,198	227,226	280,079	202,383	163,980
Revenue	Tk In Million	115,061	79,783	32,186	39,231	22,891	20,753
Cost of sales	Tk In Million	(104,742)	(73,297)	(28,029)	(35,459)	(21,538)	(19,716)
Gross profit	Tk In Million	10,319	6,486	4,157	3,772	1,353	1,037
Profit before tax	Tk In Million	4,107	4,383	2,799	1,872	749	(1,313)
Income tax expenses:							
Current year	Tk In Million	(1,098)	(1,181)	(409)	(214)	(264)	(211)
Previous year	Tk In Million	0.22	(10)	-	(0.44)	0.66	-
Deferred tax	Tk In Million	(96)	(104)	30	(62)	57	(121)
Total income tax expense	Tk In Million	(1,194)	(1,295)	(379)	(276)	(206)	(332)
Profit after tax	Tk In Million	2,914	3,088	2,419	1,596	543	(1,644)
Basic earnings per share	Taka	9.76	10.34	8.10	5.35	1.82	(5.51)

REMUNERATION OF DIRECTORS, INCLUDING INDEPENDENT DIRECTORS: ENSURING TRANSPARENCY AND ACCOUNTABILITY

The remuneration of our esteemed Directors, including Independent Directors, is a matter handled judiciously and in accordance with the decisions made by the Board. To provide comprehensive insight into this matter, a detailed report outlining the Directors' Remuneration can be found in **Annexure-3**

and Note 36.02 of our Financial Statements. These documents are designed to ensure transparency and accountability, allowing stakeholders to thoroughly understand the structure and allocation of Director Remuneration within our organization.

BOARD OF DIRECTORS: ENHANCING GOVERNANCE AND ACCOUNTABILITY

i. Composition and Size of the Board:

As of June 30, 2023, the Board panel consisted of 5 distinguished members, including the Chairman, the

Managing Director, two Directors, and an Independent Director. This diverse composition ensures a wealth of experience, expertise, and perspectives guiding the strategic decisions of our organization.

ii. Board Meeting and Attendance:

Throughout the period from July 01, 2022, to June 30, 2023, the Board convened on 6 occasions, fostering robust discussions and informed decision-making. The attendance record of each Director at these meetings is diligently maintained, reflecting our commitment to active participation and engagement.

In instances where Board members were unable to attend a meeting, leaves of absence were granted, or it was duly noted that they were abroad during the scheduled meeting time. This flexible approach allows our Directors to fulfill their responsibilities effectively while accommodating their professional commitments.

The following table shows the attendance record of the Board members:

Name of the Directors	Position	No. of meeting held during the Period	No. of Meeting Attended
Mr. Alihussain Akberali, FCA	Chairman	6	6
Mr. Aameir Alihussain	Managing Director	6	6
Mr. Zohair Taherali	Director (Nominated Director of H. Akberali & Co. Limited)	6	4
Mrs. Sabeen Aameir	Director (Nominated Director of BSRM Steels Limited)	6	6
Mr. Gobinda Chandra Paul FCA	Independent Director	6	5

iii. Details of Directors Being Re-appointed:

At the conclusion of this Annual General Meeting (AGM), in accordance with the rotation policy outlined in the Articles of Association of the Company, Mr. Zohair Taherali and Mrs. Sabeen Aameir are set to retire. Both directors, being eligible, have offered themselves for re-appointment. The Board, recognizing their valuable contributions, has strongly recommended their reappointment to continue their roles in the organization.

iv. Appointment of Independent Director:

In adherence to the directive from the Bangladesh Securities and Exchange Commission (BSEC) and following the recommendation of the Nomination and Remuneration Committee (NRC), the Board has proposed the appointment of Mr. Mono Ranjan Dey FCA as the Independent Director of the Company. This appointment is set to take effect from November 1, 2023, and will be valid for the next 3 (three) years. Mr. Dey brings with him a wealth of experience in internal & external audit, assurance, internal control development, and expertise in Tax and VAT matters. He holds the esteemed qualification of Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Presently, he serves as a Partner at MRH Dey & Co., a renowned Chartered Accountancy firm, and fully meets all the criteria to serve as an Independent Director of a listed company, as per the Corporate Governance Code of BSEC.

v. Brief Profile and Corporate Affiliations:

Comprehensive profile of all Directors, including Independent Director, along with details of their affiliations, directorships, and memberships in other companies, have been disclosed in the Board of Directors segment. This disclosure ensures transparency and allows stakeholders to make informed assessments about the expertise and corporate connections of the individuals guiding the Company's strategic direction.

MANAGEMENT DISCUSSION AND ANALYSIS: A COMPREHENSIVE INSIGHT INTO COMPANY OPERATIONS

Enclosed in **Annexure-D** a detailed Management Discussion and Analysis, signed by the Managing Director. This comprehensive document delves into the company's operations and current position, offering valuable insights. It also provides a succinct overview of the notable changes observed in the financial statements, allowing stakeholders to gain a deeper understanding of the company's performance and strategic directions.

CREDIT RATING EVALUATION: ENSURING FINANCIAL STABILITY AND RELIABILITY

We are pleased to announce that Credit Rating Information and Services Limited (CRISL) has assigned our company a prestigious AA+ rating. This rating reflects our high quality, offering superior safety, and indicating a robust credit quality. It signifies that the loans and facilities availed by our entity maintain a solid credit profile with minimal risks. Furthermore, our short-term outlook for the fiscal year 2022-23 was rated as ST-2, underscoring our strong capacity and assuredness of timely payments.

In addition, our liquidity factors have been evaluated as strong, supported by robust fundamental protection measures, while the associated risks are deemed minimal. Importantly, our company has been positioned under a "Stable Outlook" category by the Credit Rating Company, reaffirming our commitment to financial stability and our ability to navigate the market with resilience and confidence. This recognition showcases our dedication to maintaining a secure and dependable financial standing for our stakeholders.

Long Term	Short Term
AA+	ST-2

INTERNAL CONTROL SYSTEM: ENSURING ROBUST SAFEGUARDS AND COMPLIANCE

Safeguarding the company's assets and ensuring the highest standards of integrity are fundamental principles upheld by our Board of Directors. To achieve these objectives, we have placed paramount importance on establishing an effective internal control system, minimizing the risks associated with fraud, errors, and irregularities.

To bolster our internal control mechanisms, we have meticulously adopted Standard Operating Procedures (SOP). These standardized protocols serve as the backbone of our robust internal control system, ensuring consistency and reliability in our operations. Moreover, the implementation of Enterprise Resource Planning (ERP) technology has further fortified our approach. This integrated software suite facilitates the seamless gathering and organization of business data, enhancing our ability to make informed decisions.

In addition to these technological advancements, we have established a dedicated Internal Audit department. This department plays a pivotal role in ensuring strict compliance with established protocols and maintaining a vigilant internal control environment. The Internal Audit team conducts regular assessments, identifying areas for improvement and implementing corrective measures where necessary.

To reinforce our commitment to sound governance, the Audit Committee, a key component of our corporate structure, diligently oversees the reports submitted by the Internal Audit department. Through regular monitoring and comprehensive reviews, corrective actions are swiftly taken to address any identified issues, ensuring the continued effectiveness of our internal control system.

By adopting these proactive measures and fostering a culture of compliance and accountability, we are dedicated to upholding the highest standards of internal control, providing assurance to our stakeholders and reinforcing our reputation for integrity and transparency.

DIVIDEND ANNOUNCEMENT: ENHANCING SHAREHOLDER VALUE

We are delighted to inform our esteemed shareholders that during our 444th Board Meeting convened on 12th October 2023, the Board of Directors has proposed a substantial 25% cash dividend of the paid-up capital. This decision underscores our commitment to delivering value to our shareholders and ensuring a fair return on your investments.

UTILIZATION OF RETAINED FUNDS: ENHANCING FINANCIAL SUSTAINABILITY

The retained funds will be strategically employed to retire high-rated loans, optimizing our financial structure and reducing interest liabilities. Additionally, these funds will be allocated towards meeting essential working capital requirements and covering operational expenses. This prudent allocation ensures the effective management of our resources, enhancing our financial sustainability and bolstering our operational efficiency.

UNCLAIMED DIVIDEND DISCLOSURE: UPHOLDING TRANSPARENCY AND ACCOUNTABILITY

As part of our commitment to transparency and accountability, the Company has diligently disclosed the unclaimed dividend position. This information is presented as a distinct line item in our Balance Sheet, ensuring visibility and clarity regarding unclaimed dividends. Moreover, this crucial information is also made readily accessible on the company's official website. By providing this disclosure, we aim to keep our stakeholders informed and maintain the highest standards of financial transparency and corporate governance.

Unclaim Dividend Account Year wise Unclaimed Dividend as on June 30, 2023	
Year	Taka
2021-22	650,800
2020-21 Final	789,047
2020-21 Interim	237,192
2019-20	498,649
Total	2,175,688

DIVIDEND DISTRIBUTION POLICY: BALANCING SHAREHOLDER BENEFITS AND BUSINESS GROWTH

Our company is committed to maintaining a fair and balanced approach to dividend distribution. To achieve this, we have formulated a clear dividend distribution policy. This policy is meticulously designed to uphold shareholders' entitlement to dividends while also retaining profits within the business. By retaining profits, we can fuel our expansion initiatives and pursue other strategic business objectives.

For the convenience and reference of our stakeholders, the complete details of our dividend distribution policy are available on our company's official website. Additionally, you can find the policy outlined on Page No. 98 of this Annual Report. This transparent disclosure ensures that our shareholders and interested parties have access to comprehensive information regarding our approach to dividend distribution, reinforcing our commitment to openness and clarity in corporate operations.

CONTRIBUTION TO NATIONAL DEVELOPMENT: EMPOWERING COMMUNITIES, DRIVING PROGRESS

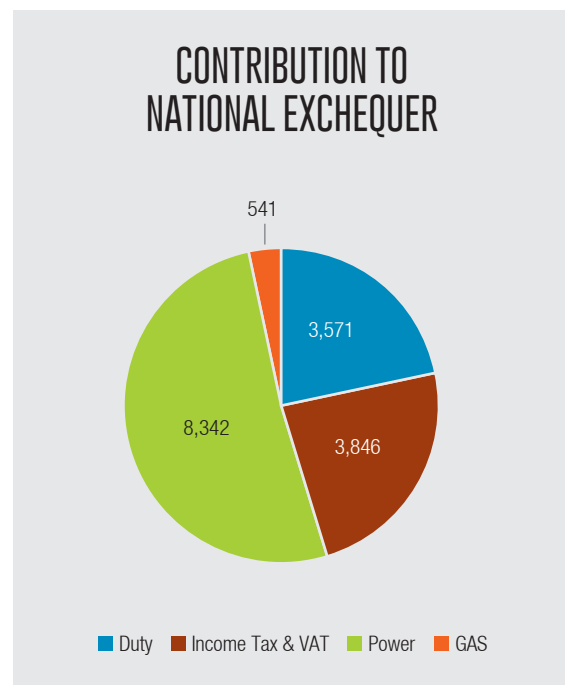
BSRM takes immense pride in its substantial contributions to the growth and development of our nation. Through significant investments, job creation, and robust tax payments, we have played a pivotal role in shaping the steel industry and supporting the economic progress of the country.

During the period spanning July 2022 to June 2023, BSRM made remarkable contributions totaling Tk. 16,299 million to the National Exchequer, encompassing payment made at import stage and various utility bills. Notably, a significant portion of this contribution, amounting to Tk. 8,342 million, was channeled through the payment of power bills.

Additionally, BSRM made substantial contributions through VAT, taxes, duties, and gas payments, further enriching the government exchequer and supporting vital public initiatives.

One of our proudest achievements lies in the employment opportunities we've generated. Currently, the BSRM Group serves as an employer to a diverse workforce of 4,183 individuals, ranging from management professionals to non-management staff. This substantial employment contribution underscores our commitment to empowering the workforce and fostering economic inclusivity.

Moving forward, BSRM remains steadfast in its dedication to contributing significantly to the national exchequer and supporting the government's endeavors. By continuing to invest in our people, technologies, and the communities we operate in, we aim to be a steadfast partner in the nation's journey towards sustained growth and prosperity.



CORPORATE SOCIAL RESPONSIBILITY: BUILDING SUSTAINABLE FUTURES, ENRICHING LIVES

At BSRM, our commitment to aligning business decisions with ethical, social, and environmental concerns stands as a cornerstone of our corporate identity. In the fiscal year 2022-23, we undertook a series of impactful Corporate Social Responsibility (CSR) initiatives, reinforcing our dedication to community wellbeing and further enriching our positive brand image.

These CSR endeavors were carefully designed to create a positive impact on the communities we serve, nurturing sustainable development and fostering a sense of shared prosperity. By actively engaging with various social and environmental initiatives, we aim to contribute meaningfully to society, leaving a lasting legacy of positive change.

Comprehensive details of our CSR activities, reflecting our dedication to building sustainable futures and enriching lives, can be found on Page No. 254 of our Annual Report.

A LEGACY OF EXCELLENCE: BSRM'S ACCOLADES AND RECOGNITION

At BSRM, our pursuit of excellence has not gone unnoticed. Over the years, we have been honored with numerous prestigious awards and recognitions, reflecting our unwavering commitment to quality, innovation, and corporate integrity. Here are some of the notable accolades we have achieved, showcasing our dedication to excellence in various aspects of our business:

- i Gold Award - ICMA Best Corporate Award (2019, 2020, 2021, 2022): Recognizing our outstanding corporate performance and financial stewardship.
- i Best Brand of Bangladesh in Steel Category (2011-2022): A testament to our enduring position as a leading steel brand in the nation.
- i National Export Trophy (Multiple Years): Acknowledging our significant contributions to national exports, particularly by BSRM Steels Ltd.
- i Highest Taxpayer Award in Manufacturing Category (2021-22): A testament to our substantial contributions to the national economy.
- i Bronze Award - ICSB National Award (2019):

Recognizing our excellence in corporate governance and business practices.

- i ICAB National Award for Best Presented Annual Report (2018, 2019): Highlighting our transparency and clarity in financial reporting.
- i National Productivity and Quality Excellence Award (2017): Celebrating our commitment to productivity and quality standards.
- i Prestigious Industrial Development Award (2014): Recognizing our role in advancing large-scale industry in Bangladesh.
- i Excellence in Supply Chain Relationship Management & Logistic Management Award: Acknowledging our prowess in supply chain management.
- i ICSB National Gold Award for Corporate Governance Excellence (2015): Recognizing our exceptional corporate governance practices.
- i Best Enterprise of the Year Award (2010): A testament to our overall excellence and contribution to the business landscape.
- i D & B Corporate Awards (2010, 2012): Acknowledging our corporate excellence and financial performance.
- i Pride of Chittagong Award- Chattagramer Ahonkar 2012 - Mr. Alihussain Akberali FCA: Celebrating our chairman's significant contributions to the region.
- i Divisional Environment Award (2013 - BISCO): Recognizing our commitment to environmental sustainability.
- i Standard Chartered-Financial Express CSR Award (5th Edition): Highlighting our dedication to corporate social responsibility.
- i Japan Bangladesh Chamber of Commerce & Industry Awards (2014): Acknowledging our international business relations and contributions.
- i ICSB National Award (Silver Award) for Corporate Governance Excellence (2014 - BSRM Steels Limited): Reflecting our commitment to high standards of governance.

These awards stand as a testament to our continuous pursuit of excellence and our firm belief in contributing positively to society, the economy, and the environment. We remain dedicated to up holding these standards, setting new benchmarks, and continuing our journey of excellence in the years to come.

EMBRACING THE DIGITAL AGE: BSRM'S INFORMATION TECHNOLOGY ENDEAVORS

In an era dominated by digitalization and technological progress, meaningful engagement with customers and stakeholders necessitates a mastery of Information Technology. At BSRM, we have recognized this imperative and have invested significantly in establishing a robust and cutting-edge IT infrastructure.

Our dedicated IT team has developed user-friendly interfaces that empower our customers. Through these interfaces, customers can seamlessly place orders, register complaints, and make inquiries—all within the shortest possible time. This automation not only enhances efficiency but also fosters a more customer-centric approach, aligning perfectly with our commitment to superior service.

The details of our Information Technology initiatives are comprehensively outlined on Page No. 286 of this report.

EMPOWERING PEOPLE: BSRM'S HUMAN RESOURCE MANAGEMENT

At BSRM, we believe that our success is intricately tied to the strength and capabilities of our human assets. Guided by the vision to be an employer of choice, our commitment lies in nurturing talent and cultivating future leaders within our organization. We take immense pride in our dynamic and competent workforce, and our approach to Human Resource Management is not just a function but a saga—a tale of empowerment, equal opportunity, continuous learning, and relentless industry relations.

Our Human Resource initiatives are driven by the understanding that our visions and values can only be realized through the right people placed in the right roles. We have meticulously crafted a Human Resource framework that goes beyond conventional practices, encompassing mind-blowing stories of personal and professional growth.

Equal Opportunity: We firmly believe in equal opportunities, ensuring that every individual within our organization has a fair chance to thrive, regardless of background or circumstance.

Continuous Learning and Development: Learning is a cornerstone of our culture. We invest in continuous training and development, fostering an environment where skills are honed, knowledge is expanded, and innovation is encouraged.

Relentless Industry Relations: Building strong ties within the industry is pivotal. We actively engage with industry

peers, staying abreast of trends and developments, ensuring that our workforce is always ahead of the curve.

Molding Skilled Workforce: We are committed to molding a workforce that not only meets the demands of today but is also prepared for the challenges of tomorrow. Our training programs are designed to create a skilled workforce equipped to navigate the complexities of the modern business landscape.

The detailed account of our Human Resource initiatives, strategies, and success stories can be found in the Page No. 240 of this report. At BSRM, our human assets are not just employees; they are the architects of our success story, and their development and well-being remain at the heart of our organizational ethos.

UPHOLDING INTEGRITY: BSRM'S CODE OF CONDUCT

At BSRM, integrity forms the cornerstone of our operations. To ensure the highest standards of ethics and conduct, the Nomination & Remuneration Committee (NRC) has meticulously crafted a comprehensive Code of Conduct for the Board of Directors. This code serves as a guiding beacon, outlining the ethical principles and behaviors expected of every member of our esteemed Board.

Transparency and Accountability: Our Code of Conduct embodies the values of transparency, accountability, and fairness. Each director, recognizing the significance of these principles, has personally committed to upholding these standards. By signing their acceptance of compliance, our Directors have reaffirmed their dedication to the ethical foundation upon which BSRM stands.

Accessible to All: In our commitment to transparency, the Code of Conduct is readily accessible to all stakeholders. It has been published on the company's official website, ensuring that our principles are visible to shareholders, employees, and the public. This accessibility underlines our belief in the importance of open communication and trust.

Guiding Principles: Within this document, one will find not just rules, but guiding principles—principles that shape our decisions, interactions, and relationships. These principles echo our unwavering commitment to the highest levels of professionalism, integrity, and corporate governance.

We invite all stakeholders to acquaint themselves with our Code of Conduct, as it mirrors our dedication to ethical excellence. It reflects our resolve to conduct business not just responsibly, but ethically, ensuring that every action taken is a testament to our commitment to the values that define BSRM.

APPOINTMENT OF STATUTORY AUDITORS: ENSURING ACCOUNTABILITY AND ACCURACY

In compliance with the directives of the Bangladesh Securities and Exchange Commission (BSEC) and in adherence to the highest standards of corporate governance, BSRM announces a change in the appointment of our external auditors.

Retirement of A. Qasem & Co., Chartered Accountants:

The esteemed firm A. Qasem & Co., Chartered Accountants, our existing external auditors, will retire upon the conclusion of the 61st Annual General Meeting (AGM). Their tenure, spanning three years, marks a period of dedicated service and meticulous auditing.

Welcoming Hussain Farhad & Co. Chartered Accountants:

Upon the recommendation of the Audit Committee, the Board has endorsed the appointment of Hussain Farhad & Co. Chartered Accountants. This distinguished firm, located at Yunusco City Center (9th Floor), 807 CDA Avenue, Nasirabad, Chattogram, is slated to assume the position of statutory auditors for the fiscal year ending on June 30, 2024.

Ensuring Accountability and Precision: The appointment of Hussain Farhad & Co. Chartered Accountants signifies our commitment to maintaining the highest level of accountability and precision in our financial reporting. Their expertise and integrity align seamlessly with BSRM's dedication to transparency and accuracy in all our financial matters.

Shareholders' Approval: This appointment is subject to the approval of our esteemed shareholders in the upcoming Annual General Meeting. We trust in the wisdom of our shareholders and their commitment to upholding the principles of transparency and accountability that define BSRM.

As we transition to this new chapter in our audit process, we express our gratitude to A. Qasem & Co., Chartered Accountants, for their invaluable contributions, and we extend a warm welcome to Hussain Farhad & Co. Chartered Accountants as our partners in ensuring the financial integrity of BSRM.

ENSURING CORPORATE GOVERNANCE EXCELLENCE: APPOINTMENT OF A PROFESSIONAL ACCOUNTANT

In line with the directives of the Bangladesh Securities and Exchange Commission (BSEC) and our unwavering

commitment to upholding the highest standards of corporate governance, BSRM takes significant strides in ensuring compliance and transparency.

Professional Accountant Appointment: Pursuant to the BSEC's directive, the Board of Directors has recommended the appointment of Mr. Sidhartha Barua FCA, Senior Partner of M M Rahman & Co., Chartered Accountants, Aziz Chamber (2nd Floor), 6 Jubilee Road, Chattogram, as the Professional Accountant for the fiscal year ending on June 30, 2024. Mr. Barua, with his extensive experience and profound understanding of corporate governance principles, is entrusted with the crucial responsibility of issuing the Certificate on Compliance of the Corporate Governance Code enacted by the Bangladesh Securities and Exchange Commission.

Shareholders' Approval: This recommendation is subject to the approval of our esteemed shareholders in the upcoming Annual General Meeting. We believe in the wisdom of our shareholders, who recognize the paramount importance of adhering to robust corporate governance practices.

Transparent Reporting and Compliance: We remain committed to transparent reporting and adherence to the requirements and conditions outlined in the Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/207/Admin/80, dated: 03 June 2018, regarding corporate governance. The status of our compliance efforts has been diligently documented and is presented in Annexure-C of our report.

At BSRM, we understand that corporate governance is the bedrock upon which trust, credibility, and sustainable growth are built. With the appointment of Mr. Sidhartha Barua FCA, we reinforce our commitment to excellence in governance and accountability, ensuring the continued trust of our shareholders and stakeholders alike.

IMPORTANT UPDATE: SUBSEQUENT EVENTS

We are pleased to inform our esteemed shareholders and stakeholders that as of the date of this report, there are no reportable subsequent events that have occurred after the financial position's date and up to the present. This important update is a testament to the stability and careful financial management practiced by BSRM.

DIRECTORS' RESPONSIBILITIES STATEMENTS

In accordance with the guidelines set forth by the Bangladesh Securities and Exchange Commission (BSEC) under notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, the Directors of BSRM hereby confirm the following:

- a) The Financial Statements, meticulously prepared by the management of BSRM, accurately represent the company's financial health, operational outcomes, cash flows, and changes in equity.
- b) Proper Books of Account of the Company have been diligently maintained, ensuring transparency and accuracy in financial records.
- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates have been made based on reasonable and prudent judgments.
- d) International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), and International Financial Reporting Standards (IFRS) applicable in Bangladesh have been adhered to in the preparation of the financial statements. Any deviations from these standards, if any, have been duly disclosed.
- e) The internal control system, designed to safeguard the company's assets and ensure compliance, has been effectively implemented and monitored, ensuring the soundness of the system.
- f) Minority shareholders have been safeguarded against any abusive actions, whether direct or indirect, by or in the interest of controlling shareholders. Effective mechanisms for redressal are in place, ensuring fairness and protection for all shareholders.
- g) There are no uncertainties regarding the company's ability to continue as a going concern. The annual accounts have been prepared on a going concern basis, reflecting the company's confidence in its sustained operations.
- h) Key operating and financial data for the last six years are meticulously disclosed in **Annexure-4**, providing a comprehensive view of the company's performance over time.
- i) The pattern of shareholding, vital information for shareholders and stakeholders, is transparently

presented in **Annexure-5**, promoting openness and accountability.

- j) A comprehensive compliance status report, detailing adherence to corporate governance requirements as mandated by BSEC, has been disclosed in the Regulatory Compliance Report segment, ensuring compliance with regulatory standards.
- k) Directors' profiles, along with their directorship and business interests in other organizations, are disclosed in the Board of Directors segment, providing stakeholders with essential insights into the leadership team.
- l) There was no declaration of bonus shares or stock dividends as interim dividends during the reporting period, maintaining financial stability and strategic planning.

These confirmations reflect our unwavering commitment to transparency, integrity, and responsible corporate governance, ensuring the confidence and trust of our shareholders and stakeholders in BSRMLTD's operations and financial reporting.

ACKNOWLEDGMENTS

I express deep gratitude to our employees, customers, and shareholders for their unwavering support. Thanks to our banking partners, regulatory bodies, and governing authorities for their valuable contributions. Special thanks to BSEC, DSE, and CSE for regulatory guidance, and ensuring corporate governance standards. Your support has been instrumental in our journey, and we remain committed to upholding the trust and confidence you have placed in us.

Thank you very much, and please stay safe.

On behalf of the Board of Directors



Alihussain Akberali FCA
Chairman
October 12, 2023