



DIRECTOR'S REPORT

Dear Fellow Shareholders:

On behalf of the members of the board of Directors of your company and on my behalf, I am glad to welcome you all to the 36th Annual General Meeting (AGM) of Ratanpur Steel Re-Rolling Mills Ltd. This report covers the period of 12 months from July 1, 2020 to June 30, 2021. Our Members of the Board are pleased to present Directors' Report, Audited Financial Statements for the year ended 30 June, 2021 and Auditors' Report thereon before you for your consideration and approval. This report has been prepared in compliance with the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018

Review of Year 2020-2021

The fast growing pace of the world economy in 2020-21 experienced again the deepest global recession in decades due to an unknown pandemic, COVID-19. The pandemic has resulted in contraction across the vast majority of emerging markets and developing economies. With the passage of time, the world has adjusted with terms like –social distancing, lockdown and work from home (WFH). The significant impact of the virus may attenuate with the invention of an effective vaccine and its equilateral distribution across the world. At national level, in the first quarter of 2019, the economy of Bangladesh was the world's seventh fastest growing economy With a 7.3% annual real GDP growth. However, the overall indicators were not as negative compared to the world economic trends in the pandemic. With the withdrawal of large scale lockdown and return to new normal business activities, the country is expected to restore the incurred losses and resume on its growth trajectory.

Industry Outlook and Possible Future Development

The world financial system has been on an uptrend with a reported financial growth rate of 3.2% in 2021. With financial condition still supportive, global growth is expected to 5.6% rate in 2022. The macroeconomic outlook in South Asia remains favorable, amid robust domestic demand and strong infrastructure investment.

GDP growth of Bangladesh is expected to strengthen to 8.2 percent in 2021-2022, following an expansion of 5.47 percent in 2020-2021. The economy of Bangladesh will continued its growth in all important sectors in 2021-2022. Government expenditure as per the 2020-2021 budgets is providing additional fuel to domestic demand. Spending plans are mainly targeted at infrastructure which beyond the short-term boost to growth and will also improve the long-term competitiveness of the economy. This growth booster came from the industrial sector. Increasing growth of construction sector and increasing urbanization have driven the demand of steel in Bangladesh. Owing to the urbanization, improved living standard and increasing purchasing power, the construction sector of Bangladesh is passing a shining period.

The steel industry's domestic market is changing rapidly and more drastically than ever. In facing this challenge, we are working with our core corporate value of sustainable business growth. Some major competitors have also entered in to the market. Now customers are also quality conscious, to cope up with this challenges we are always positive. Moreover, now urbanization is a growing trend and people are migrating to the cities. Demand for high rise buildings, roads, bridges, flyovers, tunnels and Metrorail are increasing. Quality steel products are needed for these infrastructure constructions as people are more concerned about the safety of life, health and environment. Naturally demand for quality steel product is rising. Your company has about 86% unutilized capacity to meet up such incremental demand.



Operational and Financial Review

Operational Performance:

Particulars	2021	2020	2019
Production Capacity (MT)	187,200	187,200	187,200
Production (MT)	26,007	60,520	115,450
Capacity Utilization (%)	13.89%	32.33%	61.67%
Sale Qty (MT)	30,010	59,205	119,325

Financial Performance:

Particulars	2021	2020	2019
Sales	1,450,572,204	3,239,046,345	6,808,684,500
Gross (Loss)/Profit	(190,352,233)	350,023,613	1,067,042,792
(Loss)/Profit before Interest, Taxes & WPPF	(229,549,325)	298,296,258	987,857,782
Less: Interest & WPPF	141,581,129	157,176,826	237,905,431
Less: Tax expenses & Provision for Income Tax	8,703,433	31,482,835	185,544,134
Net (Loss)/Profit	(379,810,114)	106,253,421	564,408,217

We have enumerated the details last five years financial performance of the company in Annexure-4.

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

Board of Directors periodically discusses on the increase/decrease of cost of goods sold, gross and net profit and takes immediate measures on the analysis as required. A detailed report on discussion is included in Annexure-1

Operation of Subsidiary Industry

The company has not engage with any company as subsidiary (legal form)

Operation of Associate Company

The company has not engage with any company as Associate (legal form)

Segment-wise or Product-wise Performance

Company has one location of producing products which vary in sizes. No operating segments have been aggregated to form the above reportable segments.

Sales During the Period	2021 MT	2020 MT
MS Rod	30,010	59,205
	30,010	59,205
Production (MS Rod Misroll & Others)	26,007	60,520

Risks & Concerns

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

Risk Management & Control Environment:

A summary of the significant risk and the way of managing risks adopted by our company is included in Annexure-2.



Management Discussion & Analysis:

Board of Directors periodically discusses on operational & financial performance. A Details report on discussion is included in Annexure –D

Certification by the CEO & the CFO:

Declaration or certificate by the CEO & the CFO to the board as required under condition no. 3(3) is included in Annexure-A

Credit Rating

Emerging Credit Rating Limited (ECRL) assigned rating as below:

Long Term	Short Term
A-	ST-2

The entities rated A- are adjudged to be of strong safety and have strong credit quality. This Level of rating indicates a corporate entity with a sound credit profile. Risks are modest and may vary slightly from time because of economic conditions.

“ST-2” indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Board of Directors

A. On 30th June 2021, The board of Directors is composed of 7 (Seven) directors including Chairman, Managing Director, 3 (Three) Directors and 2 (Two) Independent Director.

B. Board Meeting and attendance during the period from July 01, 2020 to June 30, 2021.

The Board meeting 4 times during this year. Following table shows the attendance of Directors in the meeting.

Name of the Directors	Position	No. of meeting held during the year	No. of meeting attend
Mrs. Shamsun Nahar Rahman	Chairman	4	4
Mr. Maksudur Rahman	Managing Director	4	4
Mr. Md. Younus Bhuiyan	Director	4	3
Mr. Md. Mizanur Rahman	Director	4	4
Mr. Marzanur Rahman	Director	4	4
Mr. Md. Abul Hossain	Director (Nominated by ICB)	4	3
Professor Dr. Mijanur Rahman	Independent Director	4	3
Major General Mohammad Ashab Uddin, ndc, psc (Retd)	Independent Director	4	4
Professor Dr. Md. Monzur Morshed	Independent Director	4	-

*Mr. Md. Abul Hossain -Director (Nominated by ICB) and Professor Dr. Mijanur Rahman - Independent Director both are got retired from the board after 1st Qtr Meeting. Professor Dr. Md. Monzur Morshed appointed as an Independent Director on 29 April, 2021.

C. Details of directors being appointed/ re-appointed

In accordance with The Articles of Association of the company one third of the total members of directors is to retire by rotation. The board of directors has been recommended for re-appointment of Mr. Md. Younus Bhuiyan & Mrs. Shamsun Nahar Rahman as Directors in the 36th AGM of the company upon retirement from the post of directors by rotation.



The board of directors has been also recommended to appoint Professor Dr. Md. Monzur Morshed as the Independent Director of the Company in the 36th AGM of the company.

Internal control system:

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The Company has adopted Standard Operating Procedures (SOP) for the betterment of internal control system. To generate accurate data and information within reasonable time frame, we have already commissioned most modern software called Enterprise Resource Planning (ERP). The Company has established a separate internal audit department to ensure internal control and compliance in place. On the other hand, Audit Committee regularly monitors and review the reports generated by the internal audit department and takes corrective measures

Extra-Ordinary Gain or Loss:

There is no extra-ordinary gain or loss during the year.

Related Party Transactions:

Basis of the related party transactions with the company has been elaborated in the audited financial statements for the financial year June, 2021 in note 33 in accordance with relevant Bangladesh Accounting Standards (BAS).

Utilization of IPO proceeds and Financial Result after IPO:

IPO proceeds through 25,000,000 shares @ of Tk. 10/- each at an offer price Tk. 40/- each including premium of Tk. 30/- per share is total TK. 1000,000,000/-. Utilization of IPO proceeds of the Company for Tk 227,750,231 for working capital, Tk 750,000,000 for loan re-payment and Tk 22,249,769 for IPO expence which is total 1,000,000,000. The utilization of the fund of working capital our company increases in sales revenue and net profit are increases in this financial year 2015 after IPO compare to financial year 2014.

Significant Variance between Quarterly and Annual Financial Statements:

There were no significant variance between Quarterly Performance and overall Annual Performance.

Remuneration of Directors:

Directors were remunerated as per the decision of the Board and a detailed report of the directors' Remuneration is included in Annexure-3 and note 30 of Audited Financial Statements.

Dividend:

The Board of Directors is recommended No Dividend on equity shares for the year ended 30 June 2021.

Contribution of National Exchequer:

RSRM is paying and facilitating collection of government's revenue in the financial 2020-2021; we paid and collected & deposited a significant amount of Income Tax, VAT & Duties. During the year 2020-2021, RSRM contributed to the government exchequer along with utility a sum of about Taka 21.2 Million.

Corporate Social Responsibilities:

The Company is focused not only on the execution of the plant facilities but also on the socio-economic infrastructure needs of an industrial enterprise of this scale. The Company is committed to addressing the developmental needs and aspiration of the communities in the areas of safety, education and skill building of social benefits as practices of Corporate Social Responsibility (CSR) to name a few projects are: "Go Green" (Tree Plantation) with joint collaboration with "Bangladesh Poribesh Forum", Earthquake Campaign to create awareness in more than 300 schools around the country, Building Passenger Shade in Bus Stands and providing Safety Road Sign. Further we have continues participation in education sector by giving scholarships to School and University Student.



Award & Recognition:

RSRM received following award as recognition as details:

1. The ICSB National Award for Corporate Governance 2014 Competition Organized by The Institute of Chartered Secretaries of Bangladesh (ICSB), Our Company has been awarded The Bronze Award in the Engineering Sector.
2. Corporate Awards 2012” to Ratanpur Steel Re-Rolling Mills Limited (RSRM) under Steel Category and ranked Dun & Bradstreet South Asia Middle East Limited (DNBSAME) awarded “D&B Corporate Awards 2012 as the best known brand in the steel category.
3. RSRM has been recognized as the Best Brand of Bangladesh in 2013 by Bangladesh Brand Forum.

Information Technology (IT):

Information Technology (IT) is the main tool for coping up with new technology in the globalized world. We have already one step ahead for the adopting of real time integration in our business. Now we are able to operate and manage our business and to connect our customers faster.

Human Resource Management:

RSRM retain experienced professionals. Experience help to lead an organization like steel mills for produce demanded and supplying to the customers. RSRM arranged a recurring training for employees and other supporting staff on the job off the job.

Code of conduct:

The Board of Directors of the Company has adopted a Code of Conduct for the Directors. All the Directors have signed an acceptance to its compliance.

Auditor:

Present auditor Mahfel Huq & Co., Chartered Accountants, (An independent member firm of AGN International, London, United Kingdom) will retire in 36thAGM and being not eligible to audit for the year 2021-22 and any eligible Chartered Accountants nominated by shareholders in the 36th AGM conveyed their willingness to accept for appointment and re-appointment.

Professional Accountant for Compliance of Corporate Governance:

Pursuant to the BSEC’s directive, Board has recommended to M/S Nasir Mohammed & Co., Chartered Accountants, Meherba Plaza, Topkhana Road, Dhaka 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, 2022 subject to approval of the shareholders in the 36th Annual General Meeting (AGM).

Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements/conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification no.: 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:

Even after Reporting Date, The Board of Directors of the company in its 373rd Meeting held on 18.11.2021 commencing at 6.00 P.M and closing 8.00 P.M recommended no dividend for the year ended 30th June, 2021 @ No Dividend and fixed Record Date 08 December, 2021 for 36th Annual General Meeting (AGM).

Economic scenario:

The economy of Bangladesh is a rapidly developing market-based economy. Over the last few years the economy has grown at 7% average per annum a massive growth in the industrial sector led by construction and small-scale manufacturing efforts is the largest contribution to such economic growth. However, infrastructural weaknesses still remain major challenges for future industrial development. Proper national development is only possible through expansion of industrial capacity and infrastructural support by means of self-sufficiency. Rationing of GAS and Electricity supply to the steel re-rolling mills by the Government were main challenges for us.



Steel as a foundation industry will play a significant role in this journey and therefore it is very important for policy makers and the government to facilitate a robust supply side framework as an enabler for a vibrant steel industry in the country. RSRM is committed to engage in a constructive manner with all stakeholders to evolve such a framework.

Apart from that, the construction sector of Bangladesh has grown at a calculated average growth rate (CAGR) of 12% over the last 10 years. This growth is expected to continue in the coming years. The real estate sector has been facing a temporary slowdown of demand due to overall macroeconomic pressure and contraction policy of government. But this situation is now also getting solved. The local manufacturers believe the steel industry should continue to grow above 10% in the next few years, riding on government programs centering its vision for 2041, though government steel consumption has gone down significantly, as planned few very big projects like Padma Multipurpose Bridge and Metro Rail and Many Flyovers, Tunnels (under the Karnaphuli river) and concrete casting of roads and highways, Dhaka water supply network, Khulna 800MW LNG based power plant, Sub regional transport facility, flood and river bank erosion risk management and many others projects going and coming up. These projects will increase the demand in near future. Successful implementation of these projects holds a very good potential for top line growth, as steel in particular feature prominently as raw materials of these projects.

Market & Challenges:

Bangladesh Brand Forum has awarded RSRM the “BEST BRAND 2013 in the category of MS Rod” in Bangladesh. The domestic market for MS Deformed Bar is entering in new era of this century for the following reasons:

- Rural demand picking up.
- Investment planned by Government in the transportation sectors, especially construction of flyover, Padma Bridge, Metro Rail etc.
- Construction of power plants.
- Construction of mills and factories.
- Service oriented projects by Government like Dhaka Water Supply Network.

We are committed to meet our promise to customers and customers’ satisfaction largely depended on quick delivery. We have taken number of measures for prompt delivery. Mechanized and digitalized systems have been introduced for efficient and quick delivery.

Directors’ Responsibilities statements:

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

- a) The financial statements prepared by the management of Ratanpur Steel Re-Rolling Mills Ltd. fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of Account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (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.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company’s ability to continue as a going concern and the accounts have been prepared on going concern basis.
- g) The significant deviations from last year in the operation results of the company have been highlighted in the report and reasons thereof have been explained.
- h) The key operating and financial data for the last five years is disclosed in Annexure-4.
- i) The pattern of shareholding is disclosed in Annexure-5.
- j) A compliance status report with requirements of corporate governance as required by



BSEC has been disclosed in Regulatory Compliance Report segment.

- k) Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.
- l) There was no declaration of bonus share or stock dividend as interim dividend

Gratitude:

We express our sincere thanks and appreciation to all honorable shareholders, our customers, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, RJSC, various government authorities, trade bodies and all bankers and financial institution for their support, co-operation and guidance in our business endeavor. In this occasion we also want express our heartiest congratulations to all our staffs and management members whose perseverance and professionalism, hard works contribute to maintain our strong competitive position.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'S N Rahman'.

Shamsun Nahar Rahman
Chairperson