

Directors' Report to Shareholders for the year ended 30 June 2024

Under section 184 of the Companies Act 1994 and Corporate Governance Code as adopted on 3 June 2018 by Bangladesh Securities and Exchange Commission (BSEC).

It is a pleasure and privilege on the part of the Board of Directors to present herewith the Directors' and Auditors' Reports together with the audited Financial Statements of Anwar Galvanizing Limited (AGL) for the year ended 30 June 2024.

Despite hurdles and challenges, Anwar Galvanizing Limited (AGL) had another successful year in 2023-2024 with net profit after tax of Tk. 82,117,555 indexing a substantial growth of 38% than prior year. This achievement was possible due to synchronized efforts from different functions working as a team who were led by AGL management.

Performance of the Economy

The economy is estimated to have expanded at a slower-than-expected pace in 2023-24, said the Bangladesh Bureau of Statistics (BBS), a figure that analysts describe as good in view of elevated inflation, slowing exports and remittances and the ongoing pressure on the country's foreign exchange reserves. The country registered a 5.82 percent growth in Gross Domestic Product (GDP) in 2023-24, up from 5.78 percent in 2022-23, according to data released by the Bangladesh Bureau of Statistics (BBS). However, our GDP growth will mostly depend on private sectors' investment. The investment in this sector is still recovering.

The business environment became increasingly challenging as currency devaluation and foreign currency issues significantly impacted the cost of sales. Additionally, inflationary pressures reduced consumers' discretionary spending power. Despite these challenges, we demonstrated resilience and leveraged our strengths to ensure another committed year for our business.

In the development of industrialization, GI fittings have no alternative. This addition has contributed notably in enhancing building construction and providing job opportunities all over the country. As a shareholder you can be proud of your Company's contribution to the National economy of Bangladesh.

The Company has contributed a significant amount to the national exchequer in the form of different duties, taxes and VAT at different operation level activities. The details of such contribution to the National Exchequer and the Economy are shown in the Annual Report.

Industry Outlook and Possible Future Developments in the Industry

2023-24 proved to be another challenging year for the global economy, with persistent economic headwinds continuing to impact the Bangladeshi economy. Inflation was also a major concern throughout the year, furthermore, amidst global volatility and crisis, the Bangladeshi Taka (BDT) continued to weaken against the US Dollar (USD), experiencing an additional depreciation in 2023-24 impacted adversely as a result of the significant foreign currency (Dollar) crisis. Due to a shortage of foreign currency, banks encountered challenges in financing imports, leading to supply disruptions and further negatively impacting business performance throughout the year.

To maintain a competitive edge through technological advancements and ensure sustainable growth, the plants have been upgraded with state-of-the-art machinery. In 2023-24, we invested Taka 110,084,300 in new machineries, Taka 79,639,132 in Building and Construction and Taka 47,933,222 in net Capital Work-in-Progress (CWIP). As a result, AGL now possess a fully equipped workshop, complete with the essential plant and machinery required to produce its core product, GI Fittings.

The management of AGL is working hard continuously to diversify the product portfolio of the Company in order to boost turnover with profitability and to grab the opportunity of continuously growing market potential.

The Segment-wise or Product-wise Performance

During this year, the revenue of the Company registered at Tk. 642,755,732 which decreased by 13% compared to the past year's revenue of Tk. 737,973,899. Net Profit after Tax for the year was Tk. 82,117,555 increased by 38% over the previous year. AGL is now positioned to realize benefits from enhanced capacity, wide retail presence, strong brand image along with smooth sales services and we are confident to attain new heights in 2025.

Particulars	Amount in BDT	
	30 June 2024	30 June 2023
Sales: GI Fittings and others	642,755,732	737,973,899
Total Revenue	642,755,732	737,973,899

The sales amount is presented net of VAT.

Procurement Information

The Company considers lead time of 30 days for material purchase and maintains optimum stock level. There are some chemical items for which the Company keeps buffer stock of about 60 days to support uninterrupted production. The main raw materials are pig iron, CRCA scraps, Zinc ingot and MS scraps. The Company has separate procurement department for all types of purchases.

Product Information

The Management of Anwar Galvanizing Limited places considerable emphasis on maintaining and improving the quality of its products by following strictly arranged criteria at every level of production and handling. As a result, the Company produces GI fitting of competitive standards. The products are classified as plain elbow, plain tee, plain socket, union, reducer elbow, reducer tee, reducer socket, plain cross, way elbow, hex nipple, bend, plug and so on. It produces fittings of different sizes as required by our customers in conformity with the international quality standards. The Company is the major local manufacturer of GI fittings and have more than 1,720 wholesalers spread over almost all the districts across the country.

Risk and Concern

The Company has a defined business risk assessment process which has been illustrated under Corporate Governance Chapter and the notes to the Financial Statements. GI fittings is a labor-intensive industry cost of which is escalating gradually. Same is in the case of Gas and Electricity prices which is gradually in raising trends.

Risks have always been an important and inherent part of doing business and GI fittings industry is no exception to it. Anwar Galvanizing Limited like any other company, is exposed to different risks systematic and unsystematic, that might affect its operating and economic performance. Managing risk thus remains key to a sustainable advancement and expansion of our business.

Anwar Galvanizing Limited is always careful to identify the key business risk and ensures the mitigation plans are in place. Continuous reviewing and adopting of the best practices enable Anwar Galvanizing to achieve its objective efficiently and effectively. Depending on the nature of the risk, strategic decisions are taken to eliminate or mitigate the impact of the risks. The disclosures of some risks and management's perception on those risks are provided in the notes to the financial statements for the year ended June 30, 2024.

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

As an outcome of the challenges faced by the entire industry, locally and globally, the Company resulted in slight de-growth in revenue compared to its prior year. However, despite the decrease in revenue, the company was able to make a substantial growth in its net profit.

Note-20 of the Financial Statements contain details of the Cost of Goods Sold (COGS). COGS for the year ended June 30, 2024 was Tk. 562,209,508 which is 87% of sales as compared to similar percentage of last year which resulted a stable gross profit margin of 13% in both years. The sales revenue has been decreased by 13% whereas profit before tax and profit after tax has been increased by 42% and 38% respectively during the fiscal year 2023-24 over the previous year.

Particulars	Amount in BDT.		
	30 June 2024	30 June 2023	Growth (%)
Sales Revenue	642,755,732	737,973,899	(13%)
Gross Profit	80,546,224	92,761,891	(13%)
Operating Profit	32,993,334	44,111,521	(25%)
Profit Before Tax	98,032,218	68,818,529	42%
Profit After Tax	82,117,555	59,518,018	38%
Earnings Per Share	2.72	1.97	38%

Extra-Ordinary Activities

The Company did not undertake or continue any extra-ordinary activities and did not suffer or gain any loss or gain from such activities.

Related Party Disclosures

Detail on related parties with whom Anwar Galvanizing Limited had transactions during the reporting period is disclosed in Note 30 of the financial statements. These transactions are carried out on an arm's length basis. The Audit Committee periodically reviews these transactions.

Utilization of Proceeds from Public Issue

Initial Public Offering of AGL was made in 1996 and the fund raised thereby has already been utilized as reported to the regulators. No further issue of any instrument was made thereafter.

Financial Result after IPO

No IPO or Right issue was made for the year ended June 30, 2024.

Significant Variance between Quarterly Financial Performance and Annual Financial Statements

During the year 2023-2024, Basic Earnings per share of 2023-24 (BDT 2.72) has been increased by 38% as compared to 2022-23 (BDT 1.97) due to increase in non-operating income by 139% (BDT 53,786,560) whereas revenue has been decreased by 13% (BDT 95,218,167) over the previous year.

The reasons for deviation between quarterly and annual financial performance are attributed to the prolonged economic uncertainty and volatility, which has led to reduced construction activity and lower investment in infrastructure projects. Additionally, supply chain disruptions, rising raw material costs, and foreign currency fluctuations have further escalated production costs, making it more difficult for businesses to maintain competitive pricing, ultimately affecting demand. Furthermore, the cost of production has increased significantly due to price hikes and shortages of electricity and gas supply which is also an important reason for the deviation between quarterly financial performances and annual financial statements.

Remuneration to Directors

All the Directors in the Board of the Company except the Managing Director & CEO are non-executive. During the year, no remuneration or benefits were paid to the members of the Board for their services to the Company except the Board meeting attendance fees. Details information is disclosed in Note-33 to the Financial Statements.

Directors' Statement on Financial Reports for the year ended June 30, 2024

As a part of corporate good governance, the Board is accountable for providing a true and fair view of the company's financial performance and status. To that end, the Directors affirm to the best of their knowledge that:

- ✓ The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 2020. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- ✓ Proper books of accounts of the Company have been duly maintained.
- ✓ Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- ✓ International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) have been followed in the preparation of the financial statements.
- ✓ Internal Control System is properly designed and has been effectively implemented and monitored.
- ✓ The minority shareholders are protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and effective means of redress.
- ✓ There is no significant doubt about the ability of the Company to continue as a going concern.

Proper books of accounts maintained to prepare financial statements

The Proper books of accounts of the Company have been duly maintained. The Financial Statements for the period ended June 30, 2024 presented a true and fair view of the affairs of the Company and are in compliance with existing accounting standards and applicable laws. There is no statement which is materially untrue or misleading and there is no omission of facts in such statements. No transaction has been entered into by the Company which are fraudulent, illegal or in violation of the Company's Code of Conduct.

Credit Rating Information

Credit Rating Information and Services Limited (CRISL) has assigned the Company as "AA-" in the long term and "ST-2" in the short term along with Stable outlook in consideration of audited financials up to June 30, 2023 and unaudited financials up to March 31, 2024 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Significant Variance over the Last Year's Operating Result

We are pleased to report to the shareholders regarding the variations from last year in terms of operating results of the Company as below:

Particulars	30-Jun-24	30-Jun-23	Variance
Net Revenue (Turnover)	642,755,732	737,973,899	(13%)
Gross Profit	80,546,224	92,761,891	(13%)
Operating Profit	32,993,334	44,111,521	(25%)
Profit Before Tax	98,032,218	68,818,529	42%
Profit After Tax	82,117,555	59,518,018	38%
Comprehensive Income	82,117,555	59,518,018	38%

The reason for deviation from last year's operating results prolonged economic uncertainty and volatility, which has led to reduced construction activity and lower investment in infrastructure projects with increase of dollar price due to the ongoing Russia-Ukraine war which caused a significant foreign currency (Dollar) crisis, volatility in rate and increase in dollar price significantly in case of LC settlement. Moreover, the cost of production has increased significantly due to price hikes and shortages of electricity and gas supply, which is also an important reason for the deviation in operation results.

Five Year's Financial Highlights

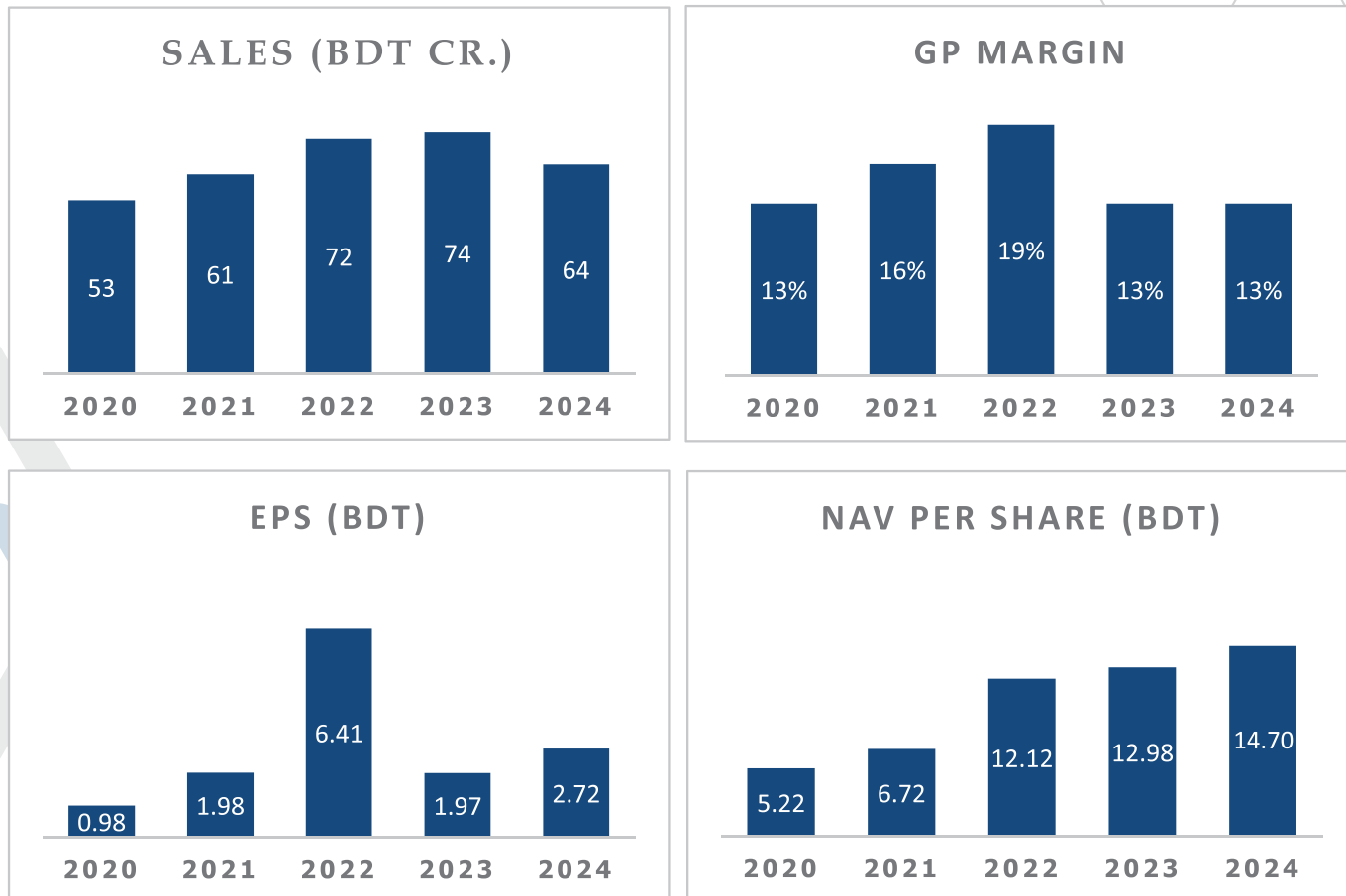
The financial performance of the Company for the preceding 5 (Five) years as under-

Particulars	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Revenue	642,755,732	737,973,899	724,383,291	609,988,495	534,251,648
Cost of Goods sold	562,209,508	645,212,008	589,792,567	510,807,033	464,269,433
Gross Profit	80,546,224	92,761,891	134,590,724	99,181,462	69,982,214
Profit before tax	98,032,218	68,818,529	221,545,509	73,856,234	38,995,189
Profit After Tax	82,117,555	59,518,018	193,479,986	59,725,897	29,490,879
Comprehensive Income	82,117,555	59,518,018	193,479,986	59,725,897	29,192,463
Total Assets	1,059,166,144	799,721,330	729,351,959	436,427,391	283,168,842
Net Assets	443,698,512	391,768,037	365,791,219	202,873,298	157,586,579
EPS	2.72	1.97	6.41	1.98	0.98
NAV	14.70	12.98	12.12	6.72	5.22
NOCFPS	1.94	2.14	0.43	(0.27)	1.70

Minority Shareholders interest

In accordance with Condition No. 1(5) (xvi) of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, the Board of Directors hereby confirms that the interests of the minority shareholders have been duly protected by the Company.

In Graphical Presentation of Sales, Gross Profit Margin, Earning Per Share and NAV per Share



Declaration of Dividend

The Board of Directors of the Company at its 209th meeting held on October 28, 2024 proposed 10% Cash Dividend for all eligible shareholders for the year ended June 30, 2024 for onward approval in the 30th Annual General Meeting of the Company which is going to be held on February 05, 2025. During the year, no cash dividend or stock dividend was recommended or declared as interim dividend.

Unclaimed Dividends

The unclaimed dividends are taken care of according to directives of the Bangladesh Securities and Exchange Commission and other regulatory authorities from time to time. In this regard, Anwar Galvanizing Limited has transferred their unclaimed/unpaid dividend to the Capital Market Stabilization Fund (CMSF). As of 30 June 2024, BDT 1,967,243 remains undistributed and held in the designated unclaimed dividend account until claimed by the rightful shareholder, in accordance with regulatory guidelines.

Collateral Security to the Bank

Collateral Security given during the year under review are depicted in Note 17 to the financial statements of the Company.

Board Meetings Held During the Year and Attendance by Each Director

Twelve times the Board of Directors meeting of the Company was held during the year under review. The Board granted leave of absence to the members who are unable to attend the meetings. The attendance record of the Directors is shown as under :

Sl.	Name	Representation in the Board	Attendance Record
1	Mr. Manwar Hossain	Chairman	11
2	Mr. Hossain Mehmood	Director	12
3	Mr. Hossain Khaled	Director	12
4	Mr. Md. Abul Quasem	Independent Director	12
5	Mr. Ataur Rahman	Nominated Director	12
6	Mr. Md. Moniruzzaman	Managing Director/CEO	11

Pattern of Shareholding

According to the Clause No. 5 (xxiii) of the Corporate Governance Code, 2018 of Bangladesh Securities Exchange Commission, the pattern of shareholding as on June 30, 2024 is noted below:

- (a) Parent/ Subsidiary/ Associated Companies and their related parties: N/A
- (b) The Pattern of Shareholding of the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their spouses and minor children:

Name of the Shareholder	No. of Shares held
Mr. Manwar Hossain, Chairman	1,764,896
Mr. Md. Moniruzzaman, Managing Director/CEO	Nil
Mr. Hossain Mehmood, Director	1,764,894
Mr. Hossain Khaled, Director	1,764,896
Anwar Steel mills Ltd.	2,286,900
Mr. Ataur Rahman, Nominated Director of Anwar Steel mills Ltd.	Nil
Mr. Md. Abul Quasem, Independent Director	Nil
Chief Financial Officer/Head of Accounts and Finance	Nil
Company Secretary	Nil
Head of Internal Audit	Nil
Spouses and minor children of above	Nil

- (c) Executives: Nil
- (d) Shareholder holding 10% or more voting interest in the Company: Nil

Distribution of Shareholdings

All shares have been fully called and paid-up. There was no preference share issued by the Company. The distribution schedule of each class of equity security and percentage as on June 30, 2024 is as under:

Share Holding Range	Number of Shareholders	No. of Shares	Ownership (%)
0000000001-0000000020	1,136	10,797	0.036%
0000000021-0000000049	829	28,278	0.094%
0000000050-0000000050	240	12,000	0.040%
0000000051-0000000200	2,812	339,714	1.125%
0000000201-0000000500	2,210	815,822	2.703%
0000000501-0000001000	1,461	1,154,189	3.824%
0000001001-0000005000	1,879	4,142,556	13.723%
0000005001-0000010000	264	1,896,376	6.282%
0000010001-0000025000	123	1,958,809	6.489%
0000025001-0000050000	40	1,330,942	4.409%
0000050001-9999999999	41	18,497,597	61.277%
Total:	11,035	30,187,080	100.00%

Directors' Rotation and their Re- appointment

Mr. Manwar Hossain and Mr. Hossain Khaled, as per Article 114 & 115 of the Articles of Association as well as Companies Act, 1994, have retired and, being eligible, have offered themselves for re-election. A brief resume and other information about the above-mentioned directors are shown in the Annual Report.

Appointment of Independent Director:

Pursuant to the condition of the CGG, the Board of Directors has appointed Md. Majibur Rahman an Independent Director of Anwar Galvanizing Limited, subject to the approval of BSEC and confirmation by the shareholders in the company's general meeting which scheduled to be February 5, 2025. A brief resume and other information of the independent director is depicted in the Annual Report.

Human Resources Training and Development

In order to improve the productivity of human input, Anwar Galvanizing continuously provides formal and informal training to its employees at every echelon of operation and management. During the year 2023-24, most of the officials received in-house/in-operation/on-the-job training at home and abroad which will ultimately make a great contribution to the company's profitability as well as their remuneration in due course.

Management's Discussion and Analysis of the Company's position and operations

Detailed discussion on the Operating and Financial performance of the Company along with other disclosures as required under Corporate Governance Code issued by Bangladesh Securities and Exchange Commission through Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 has been separately reported by the Managing Director in this Annual Report.

Declaration by CEO and CFO/Head of Accounts & Finance

The certification by the CEO and the CFO/ Head of Accounts & Finance has confirmed the Company's affairs as well as illustrated deliberation to the important events those occurred all over the fiscal year. These reports outlined an essential part of the Directors' Report. The declaration has been disclosed separately in this Annual Report.

Appointment of Compliance Auditors

In accordance with the requirements of the BSEC's notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018, a Report on Corporate Governance Compliance has been issued within the Annual report as well as certificate on Compliance of the Corporate Governance Code for the financial year of 2023-2024. The existing Compliance Auditor, Suraiya Parveen & Associates, Chartered Secretaries in Practice, retires at the end of 30th Annual General Meeting.

The Board, after due consideration of the proposal, recommended to re-appoint Suraiya Parveen & Associates, Chartered Secretaries in Practice, as a Compliance Auditor for the year 2024-2025, subject to the approval by the shareholders in its AGM which is scheduled to be held on February 05, 2025.

Appointment of Statutory Auditors

M/s Mahfel Haq & Co., Chartered Accountants, the first registered accounting firm in independent Bangladesh and an Independent Member Firm of AGN International, was the Statutory Auditor for the year 2023-2024 and submitted an Unqualified Report on Financial Statements of Anwar Galvanizing Limited for the year ended 30 June, 2024.

M/s Mahfel Haq & Co., Chartered Accountants, BGIC Tower, 4th Floor, 34 Topkhana, Dhaka, expressed their interest to be appointed as auditors of the Company for the year 2024-2025. The Board, after due consideration of the proposal made by the Audit Committee, recommended their appointment, subject to the approval by the shareholders in its 30th AGM which is scheduled to be held on February 05, 2025.

Compliance with Corporate Governance

Anwar Galvanizing, in accordance with the requirements of the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission has complied with the conditions. An additional statement in pursuance of Clause 1 (5), resume of the directors who shall be reappointed, Management Discussion Analysis, Certificate from the CEO and CFO to the Board, Certificate on Compliance of the Conditions of the Corporate Governance Code 2018 by the Compliance Auditors and Status of Compliance are depicted in the Annual Report.

The Audit Committee Report, the NRC Policy, and the Dividend Distribution Policy are also presented in the Annual Report.

Management Appreciation

The AGL family expresses its sincere appreciation to all Officers, Staffs, Workers, Customers, Creditors for their contribution and at the same time, thanks to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Ltd. and the Government in particular and all the stakeholders for their continued support.

On behalf the Board,



Chairman

Dhaka: December 10, 2024