

**Dear Shareholders,**

The Board of Directors of the Company is delighted to present its Report for the financial year ended 30 June 2023 before the Shareholders.

The Directors' Report is presented in accordance with the provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 2020, Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission and International Accounting Standard-1 as adopted by The Financial Reporting Council, Bangladesh.

Anwar Galvanizing Limited (AGL) had another successful year in 2022-2023 with revenue earnings of Tk. 737,973,899 indexing a growth of 2%. This achievement was possible as a result of synchronized efforts from different functions working as a team who were led by AGI management.

**Performance of the Economy**

The economy is estimated to have expanded at a slower-than-expected pace in 2022-23, 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 gross domestic product (GDP) grew by 6.03 per cent in the fiscal year, ending in June, said the national statistical agency based on its provisional estimate. However, our GDP growth will mostly depend on private sectors' investment. The investment in this sector is still recovering.

Although global trade has turned around in 2021 after the effects of COVID-19 pandemic, the Russia-Ukraine conflict has been showing significant negative impact on world trade. As a result, food supply chains have been disrupted and Western sanctions on Russia have led to global trade instability. At the same time, the prices of petroleum along with commodity prices are rising, which is also creating inflationary pressures on the economies.

**An Industry Outlook and Possible Future Developments in the Industry**

Russian-Ukraine war has added to already existing uncertainties of business. Business has been impacted adversely as a result of the war and the significant foreign currency (Dollar) crisis has created a new shock for the world. Supply disruptions and financial sanctions pose serious economic challenges.

However, in order to keep the competitive edge through technological changes and to ensure sustainable growth, the plants have been being reinforced through introduction of modern machinery. In this process, we added machinery of Taka 12,832,395 and Capital work-in-progress (CWIP) of Taka 103,630,352 in the year 2022-23. Now, AGL has a well-equipped workshop with necessary plant and machinery to produce its core products 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 potentials.

**The Segment-wise or Product-wise Performance**

During this year, revenue of the Company registered at Tk. 737,973,899 which was improved by 2% compared to the past year's revenue of Tk. 724,383,291. Net Profit after Tax for the year was Tk. 59,518,018 decreased by 69% 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 2024.

Amount in BDT		
Particulars	30 June 2023	30 June 2022
Sales: GI Fittings	654,818,247	652,826,168
Sales: Others	83,155,652	71,557,123
<b>Total Revenue</b>	<b>737,973,899</b>	<b>724,383,291</b>
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 scarps. 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 1,630 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, 2023.

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

The Company continued its historic growth momentum with notable increase in sales, operating and net profit defying a difficult market condition prevailing throughout the first quarter of the fiscal period.

Note-18 of the Financial Statements contain details of the Cost of Goods Sold (COGS). COGS for the year ended June 30, 2023 was Tk. 645,212,008 which is 87% of sales as compared to 81% of last year which resulted a decrease of gross profit margin by 6% from 19% in 2021-22 to 13% in 2022-23. The Sales Revenue has been increased by 2% whereas Profit Before Tax and Profit After Tax has been decreased by 69% during the fiscal year 2022-23 over the previous year.

Particulars	Amount in BDT.		
	30 June 2023	30 June 2022	Growth (%)
Sales Revenue	737,973,899	724,383,291	2%
Gross Profit	92,761,891	134,590,724	(31%)
Operating Profit	44,111,521	87,880,303	(50%)
Profit Before Tax	68,818,529	221,545,509	(69%)
Profit After Tax	59,518,018	193,479,986	(69%)
Earnings Per Share (restated 21-22)	1.97	6.41	(69%)

### 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 28 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, 2023.

### Significant Variance between Quarterly Financial Performance and Annual Financial Statements

During the year 2022-2023, Basic Earnings per share of 2022-23 (BDT 1.97) has been decreased by 69.27% as compared to 2021-22 (BDT 6.41) due to decrease in non-operating income by 76.02% (BDT 122,531,807) whereas revenue has been increased by 2% (BDT 13,590,608) over the previous year.

The reason for deviation in operating results of quarters is the 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 price of raw materials, international shipping, and freight charges have increased due to dull economic conditions after the effect of COVID-19 and the ongoing Russia-Ukraine war. 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-31 to the Financial Statements.

### Directors' Statement on Financial Reports for the year ended June 30, 2023

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, 2023 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, 2022, unaudited financials up to December 31, 2022 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-23	30-Jun-22	Variance
Revenue (Turnover)	737,973,899	724,383,291	2%
Gross Profit	92,761,891	134,590,724	(31%)
Operating Profit	44,111,521	87,880,303	(50%)
Profit Before Tax	68,818,529	221,545,509	(69%)
Profit After Tax	59,518,018	193,479,986	(69%)
Comprehensive Income	59,518,018	193,479,986	(69%)

The reason for deviation from last year's operating results is the 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	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Revenue	737,973,899	724,383,291	609,988,495	534,251,648	433,443,776
Cost of Goods sold	645,212,008	589,792,567	510,807,033	464,269,433	379,257,017
Gross Profit	92,761,891	134,590,724	99,181,462	69,982,214	54,186,759
Profit before tax	68,818,529	221,545,509	73,856,234	38,995,189	27,975,596
Profit After Tax	59,518,018	193,479,986	59,725,897	29,490,879	21,888,967
Comprehensive Income	59,518,018	193,479,986	59,725,897	29,192,463	21,783,142
Total Assets	799,721,330	729,351,959	436,427,391	283,168,842	268,591,663
Net Assets	391,768,037	365,791,219	202,873,298	157,586,579	142,914,117
EPS*	1.97	6.41	1.98	0.98	0.73
NAV*	12.98	12.12	6.72	5.22	4.73
NOCFPS**	2.14	0.43	(0.27)	1.70	0.80

\*Earning Per Share restated previous years

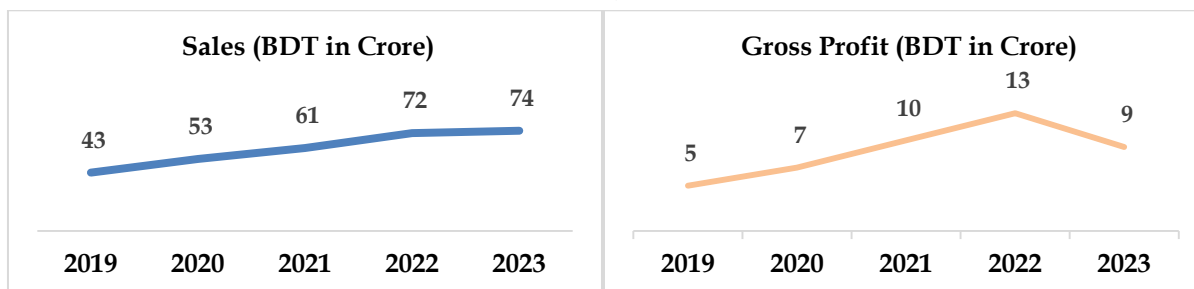
\*Net Asset Value restated previous years

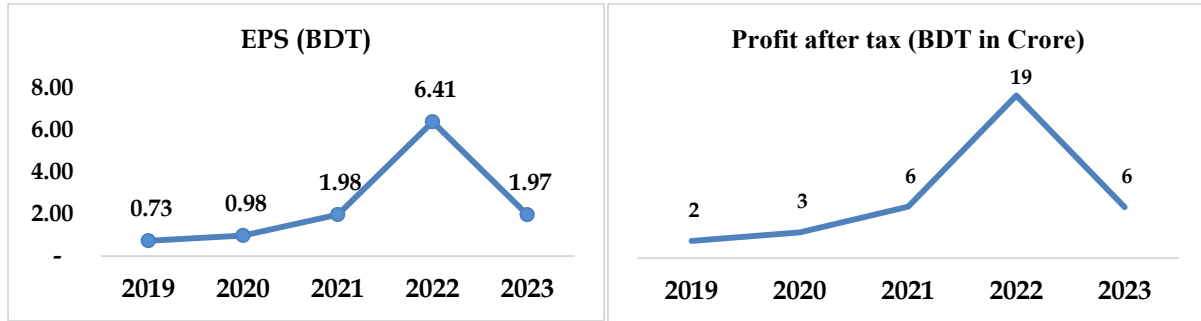
\*\*Net Operating Cash Flow Per Share restated previous years

### Minority Shareholders interest

In compliance with Condition No. 1(5) (xvi) of the Corporate Governance Code 2018 of BSEC, the Board hereby confirms that the interests of the minority shareholders have been duly protected by the Company.

### In Graphical Presentation of Sales, Gross Profit, Earning Per Share and Profit After Tax





### Declaration of Dividend

The Board of Directors of the Company at its 198th meeting held on October 26, 2023 proposed 10% Cash Dividend for all eligible shareholders for the year ended June 30, 2023 for onward approval in the 29th Annual General Meeting of the Company which is going to be held on February 04, 2024. 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 regards, Anwar Galvanizing Limited has transferred their unclaimed/unpaid dividend to the Capital Market Stabilization Fund (CMSF) up to the Financial Year of 2018-2019. Details of unclaimed dividends are presented in this report.

### Board Meetings Held During the Year and Attendance by Each Director

Fourteen times Board of Directors meeting of the Company were held during the year under the 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	14
2	Mr. Hossain Akhtar	Managing Director/CEO*	10
3	Mr. Hossain Mehmood	Director	14
4	Mr. Hossain Khaled	Director	14
5	Mrs. Bibi Amena	Director**	10
6	Mrs. Shaheena Begum	Nominated Director***	9
7	Mrs. Hasina Begum	Nominated Director ***	3
8	Mr. Furkaan Muhammad N Hossain	Nominated Director ***	3
9	Mr. Md. Abul Quasem	Independent Director	14
10	Mr. Naba Gopal Banik	Independent Director*	8
11	Mr. Ataur Rahman	Nominated Director	5
12	Mr. AKM Javed	Managing Director/CEO*	3
13	Mr. Md. Moniruzzaman	Managing Director/CEO	3

\* Tenure of the office expired

\*\* Resigned from the Position

\*\*\* Nomination withdrawn by Anwar Steel Mills Ltd.

### Pattern of Shareholding

As per Clause No. 5 (xxiii) of the Corporate Governance Code, 2018 of Bangladesh Securities Exchange Commission, the pattern of shareholding as on June 30, 2023 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. Hossain Akhtar, Managing Director	Nil
Mr. Hossain Mehmood, Director	1,764,894
Mr. Hossain Khaled, Director	1,764,896
Mrs. Bibi Amena, Director	1,486,485
Mrs. Shaheena Begum, Director	394,488
Mrs. Hasina Begum, Director	400,206
Mrs. Shahnaz Begum, Sponsor	400,206
Mrs. Selina Begum, Sponsor	400,206
Anwar Steel Mills Ltd., Sponsor	2,286,900
Mr. Mr. Furkaan Muhammad N Hossain	Nil
Mr. Md. Abul Quasem, Independent Director	Nil
Mr. Naba Gopal Banik, Independent Director	Nil
Chief Financial Officer	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, 2023 is as under:

Share Holding Range	Number of Shareholders	No. of Shares	Ownership (%)
0000000001-0000000020	1,505	16,039	0.053%
0000000021-0000000049	1,239	42,303	0.140%
0000000050-0000000050	357	17,850	0.059%
0000000051-0000000200	3,797	459,198	1.521%
0000000201-0000000500	2,824	1,036,996	3.435%
0000000501-0000001000	1,682	1,359,557	4.504%
0000001001-0000005000	2,146	4,692,951	15.546%
0000005001-0000010000	240	1,722,413	5.706%
0000010001-0000025000	117	1,819,148	6.026%
0000025001-0000050000	37	1,257,922	4.167%
0000050001-9999999999	36	17,762,703	58.842%
<b>Total :</b>	<b>13,980</b>	<b>30,187,080</b>	<b>100.00%</b>

#### Directors' Rotation and their Re- appointment

According to the Companies Act, 1994 and the Articles of Association of the Company, Mr. Hossain Mehmood, Director, and Mr. Md. Ataur Rahman, Nominated Director on behalf of Anwar Steel Mills Ltd., shall retire from their office by rotation at the 29<sup>th</sup> Annual General Meeting to be held on February 04, 2024.

Mr. Hossain Mehmood, Director, and Mr. Md. Ataur Rahman, Nominated Director, are seeking re- appointment. The Board of Directors of Anwar Galvanizing Limited recommended their appointment. A brief resume and other information of the above-mentioned directors are depicted in the Annual Report.

**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 by Annexure-A 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 2022-2023 in Annexure-B and Annexure-C, respectively. The existing Compliance Auditor, Suraiya Parveen & Associates, Chartered Secretaries in Practice, retires at the end of 29<sup>th</sup> 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 2023-2024, subject to the approval by the shareholders in its AGM which is scheduled to be held on February 04, 2024.

**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 2022-2023 and submitted an Unqualified Report on Financial Statements of Anwar Galvanizing Limited for the year ended 30 June, 2023.

M/s Mahfel Huq & Co., Chartered Accountants, BGIC Tower, 4<sup>th</sup> Floor, 34 Topkhana, Dhaka, expressed their interest to be appointed as auditors of the Company for the year 2023-2024. 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 29<sup>th</sup> AGM which is scheduled to be held on February 04, 2024.

**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 Nomination and Remuneration 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 15, 2023