

DIRECTORS' REPORT

Dear Valued Shareholders

Assalamu-alaikum,

On behalf of the Board of Directors and Management, I welcome you all to the 19th Annual General Meeting (AGM) of the Bangladesh Building Systems Ltd. (BBSL). It is my privilege to place before you the operating result, Directors' report together with the Annual Financial Statements of the Company for the year ended 30 June, 2022 along with the report of the auditors thereon for your valued consideration, approval and adoption. The report is generated in compliance with the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/207/Admin/80, dated: June 03, 2018.

INDEPENDENT DIRECTORS:

The Independent Director has been appointed in the Board as per the guidelines by BSEC. One distinguished Independent Director has been performing his duties and responsibilities efficiently for the greater interest of the company. BBSL is really benefited for his services. His details resume is disclosed on page 23 of this Annual Report.

CHAIRPERSON AND MANAGING DIRECTOR:

The Chairperson and The Managing Director of the Company are different individuals. The roles of the Chairperson and the Managing Director are clearly established, set out in writing and agreed by the Board to ensure transparency and better governance.

CHAIRPERSON:

Engr. Md. Abu Noman Howlader is the Chairperson of the Company. The profile of the Chairperson is disclosed on page 20 of this Annual Report. He is playing role as Non-Executive Director of the Company.

MANAGING DIRECTOR:

Engr. Hasan Morshed Chowdhury is the Managing Director of the Company. He is playing as Executive Director of the company. The profile of the Managing Director is disclosed on page 21 of this Annual Report.

THE DIRECTORS REPORT TO SHAREHOLDERS ON:

INDUSTRY OUTLOOK AND POSSIBLE FUTURE DEVELOPMENTS IN THE INDUSTRY:

The details of Industry outlook and future developments in the Industry are disclosed on page 39 of this Annual Report.

SEGMENT OR PRODUCT WISE PERFORMANCE:

Bangladesh Building Systems Ltd. is a pre-engineered steel building manufacturer. Business activities of BBSL are not recognized on the basis of differences in products and services or variations in geographical areas of operations. BBSL has been manufacturing the steel structure in its factory and when the structure has left the factory BBSL recognized that the product has sold out. Basically, BBSL has to sale a package to its potential buyers. So no need to show the performance of segment-wise or product wise performance.

RISKS AND CONCERNS:

Every business faces uncertainties or risks in its operating environment, which, if not managed and mitigated, would not only disrupt the achievement of its strategic and operational objectives but may also cause losses that could result in financial and reputational loss as well. As with other co-existing companies, Bangladesh Building Systems Ltd.'s business is also exposed to diverse risks that arise both from internal as well as external fronts. The Company has always been prepared for issues stemming from competing markets, operational issues, legal knots, interest and exchange rate volatilities and potential changes in policies at the national or global level. However, BBSL has a befitting risk management policy and a periodic monitoring system to address the concerns and uncertainties that are likely to hit the Company's business activities, operations, liquidity and financial position for future performances. This aspect is discussed in the "Risk Factors & Management Perception" section of the Annual Report on page 40-42.

DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN:

The details of COGS, Gross Profit Margin and Net Profit Margin are disclosed on pages 33-34 of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The details of management discussion and analysis are disclosed on pages 31-39 of this Annual Report.

DISCUSSION ON CONTINUITY OF ANY EXTRA-ORDINARY GAIN OR LOSS:

During the year, there is no any extra ordinary gain or loss in the business.

BASIS FOR RELATED PARTY TRANSACTIONS:

Details of the related party transaction has been given of this annual report on page 120.

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR THROUGH ANY OTHERS INSTRUMENTS:

Utilization of proceeds from public issues is subject to previous accounting year and it was complied accordingly. Company had no unutilized IPO fund since 2014. The Company is maintaining a stable financial performance.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS:

The Company has registered a significant variance between quarterly and annual financial statements for the year ended 30th June, 2022 compared to the Financial Statements for the year ended 30th June, 2021.

The Revenue for Q1, Q2, Q3, Q4 and annually for the year ended 30th June, 2022 has been increased/(decreased) by -10%, -6%, 37%, 129% and 27% subsequently compared to Q1, Q2, Q3, Q4 and annually for the year ended 30th June 2021 due to effects of COVID-19 pandemic and also increase the demand of customers.

The Gross profit and profit after tax fluctuate during the year due to effect of COVID-19.

REMUNERATION TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS:

Directors are remunerated as per the decision of the Board. Non-executive directors and Independent directors are not remunerated except board attendance fee. The detailed report of the Directors' Remuneration is disclosed on page 120 of this annual report.

DIRECTORS' DECLARATION AS TO FINANCIAL STATEMENTS:

The Board of Directors are also pleased to make the following declarations in their report:

- a) The financial statements prepared by the management of the Company fairly presents its state of affairs, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts 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 and International Financial Reporting Standards as applicable in Bangladesh have been followed in preparation of the financial statements and any discrepancies have been adequately disclosed;
- e) The system of internal control is well structured and has been effectively implemented and monitored;
- f) There are no significant doubts upon your Company's ability to continue as an ongoing concern basis;
- g) Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in financial results and profit appropriation;
- h) Significant plans and decisions, such as future prospects, risks and uncertainties surrounding the Company has been outlined under the relevant captions of this report;

SYSTEM OF INTERNAL CONTROL:

The company maintains a sound internal control system which gives reasonable assurance against any material misstatement of loss. Details of the internal control is stated on pages 43-44 of this annual report.

GOING CONCERN:

While approving the financial statements, the Directors have made appropriate enquires and analyzed significant operating and indicative financials which enabled them to understand the ability of the Company to continue its operations for a foreseeable future. The Directors are convinced and have a reasonable expectation that the Company has adequate resources and legal instruments to continue its operations without interruptions. Therefore, the Company adopted the going concern basis in preparing these financial statements.

OPERATING RESULTS: FINANCIAL PERFORMANCE

Particulars	2021-2022 (Taka)	2020-2021 (Taka)
Turnover	1,196,559,598	939,042,262
Cost of Goods Sold	(981,178,870)	(851,179,775)
Gross Profit/(Loss)	215,380,728	87,862,487
Operating Expenses	(99,052,288)	(116,223,830)
Operating Profit	116,328,440	(28,361,343)
Others Income	19,979,257	7,882,739
Finance Cost	(124,728,771)	(136,195,642)
Net Profit/(Loss) from Operation	11,578,926	(156,674,246)
Contribution to WPPF	(2,023,020)	(1,337,857)
Non Operating Income	205,767,640	-
Share of Profit from Associate	115,576,407	149,680,064
Net Profit/(Loss) before Tax	330,899,953	(8,332,039)
Income Tax Expenses	(62,305,273)	(27,789,825)
Net Profit/(Loss) after Tax	268,594,680	(36,121,864)

KEY OPERATING AND FINANCIAL DATA FOR THE 6 YEARS:

The key operating and financial data as required herein attached on Page 32 of this Annual Report.

CONTRIBUTION TO NATIONAL EXCHEQUER:

During the year the Company has contributed BDT 319.75 million to the National Exchequer as Income Tax and also deposited Customs Duty and Value Added Tax.

APPROPRIATIONS OF NET PROFITS:

The Directors are present the financial results for the year 2021-2022 and recommend the following appropriations: During the year 2021-2022, net profit after tax of the company was amounting to Tk. 26.86 crore as compared to Tk. -3.6 crore in the year 2020-2021. Keeping these in view of the Directors would like to report the Company's financial results for the year that ended on 30 June, 2022 with the recommendations for appropriation as follows:

Particulars	Amount in Crore Taka	
	2021-22	2020-21
Net Profit for the year ended 30 June	26.86	(3.61)
Profit brought forward	66.08	72.95
Profit available for appropriation	92.90	69.34
Appropriations:		
Proposed Stock Dividend	-	-
Proposed Cash Dividend (3.5%)	5.70	3.26
Transferred to Retained Earnings	87.24	66.08

DIVIDEND:

The company follows a prudent dividend policy. It considers a fair return to the shareholders while ensuring that the profits retained are invested in the business for expansion, growth and higher profitability. The management feels that a fair return should be given to the shareholders from the earnings, therefore 3.5% cash dividend are being recommended for consideration and approval by the Shareholders in the 19th AGM.

JUSTIFICATION OF DIVIDEND

The Board of Directors' has recommended 3.5% cash dividend for the year ended on 30th June, 2022. Considering the price hike of raw materials and liquidity crisis.

OPERATION OF ASSOCIATE COMPANY

The only associate Company is BBS Cables Ltd. where the Company has invested 200 million and holding 14.31% of equity. BBS Cables Ltd. is a renowned company in Bangladesh. Both the operating and financial performance of the Company were as expected. The Company has earned net profit of Tk.807.66 million for the year ended June 30, 2022. Earnings per share was Tk.4.01, Net Asset Value per share was Tk. 34.96 and Net Operating Cash flow per share was Tk.1.66. The Board of the Company has recommended 5% Stock and 8% Cash Dividend for the year ended 30 June, 2022.

INTERIM DIVIDEND:

No bonus share or stock dividend has been declared as interim dividend during the period by the board of directors of the company.

BOARD, BOARD MEETINGS AND ATTENDANCE:

There was six Directors of the Board up to the year end 2021-2022. In the year 2021-2022 a total no. of 9 Board Meetings were held. Details of the Board, Board Meetings and Attendance are disclosed on page 50 of this Annual Report.

PATTERN OF SHAREHOLDINGS:

The pattern of Shareholding is disclosed in the Annexure-D and Page no 68 of this Annual Report.

DIRECTORS' RETIREMENT AND RE-APPOINTMENT:

With regard to the appointment, retirement and re-appointment of Directors, the Company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Director of the Board will retire at this Annual General Meeting. Engr. Md. Abu Noman Howlader is eligible for re-appointment. Brief profile of the Director being proposed for re-appointment is given on page 20 of this Annual Report, which fulfill condition 1(5)(xxiv) of the Corporate Governance Code of BSEC.

CHANGES IN THE BOARD AND APPOINTMENT OF NEW INDEPENDENT DIRECTOR

During the year under review, there was a change in the Board. In September 2022, our Independent Director's position fell vacant. The Company was obliged to fill the vacancy within the regulatory timeline and accordingly, Major Md. Sabir Ahmed, psc (Retd.) has been appointed as Independent Director, with effect from 28 September 2022. The said appointment will be approved by the Shareholders in the upcoming Annual General Meeting (AGM). The Board welcomes Major Md. Sabir Ahmed, psc (Retd.) to the Board and looks forward for his enriching contribution the governance of the Company. After that the board is comprised of 5 (Five) Directors.

The Board of Directors would also like to take this opportunity to deeply thank and bid farewell to two esteemed Board members Mr. Md. Shafiqur Rahman and Mr. Md. Enayet Hossain for their invaluable contribution to the Board over the years and helping the Board discharge its governance responsibilities towards the Company. The Board wishes them the very best for their future.

NON-EXECUTIVE DIRECTORS:

During the period under review, the Board of Directors of the Company is comprised of 5 (Five) Directors. Among them, Four Directors are Non-Executive and One Director is Executive.

CEO, CS, CFO AND HIAC:

The company appointed Engr. Hasan Morshed Chowdhury as Managing Director/CEO, Mr. Mohammad Mohsin as Company Secretary, Mr. Md. Mamun Howlader as Chief Financial Officer and Mr. Md. Parves Alam as Head of Internal Audit & Compliance (HIAC). The Board of Directors is clearly defined respective roles, responsibilities and duties for each individuals.

ATTENDANCE IN CFO, CS AND HIAC IN THE BOARD MEETING:

In each Board meeting CFO, CS and HIAC were invited and then attended on the Board Meeting and contributed significantly to the Meetings.

BOARD COMMITTEES:

The Board of Directors has formed five sub-committees of the Board. These are Executive Committee, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Environment & Social Responsibility Committee.

EXECUTIVE COMMITTEE

The Board has formed Executive Committee which is consisting of Managing Director and all Head of the Departments duly nominated by the Board and as per service rules of the Company. The Managing Director, Engr. Hasan Morshed Chowdhury is the Chairperson of the Committee. The Committee is working as per Terms of Reference (TOR) approved by the Board. Mr. Tarun Kanti Ghosh, Head of Customer Service Department is the Secretary of the Committee.

AUDIT COMMITTEE

The Board has formed an Independent Audit Committee (AC) comprising of 03 (three) members, all of whom are non-executive Directors having adequate versatile and financial competence as specified in the Terms of Reference (TOR) prescribed by Bangladesh Securities and Exchange Commission (BSEC) duly approved by the Board.

Majority of the AC members are financially literate. The AC has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairperson of the AC.

The objectives of the AC are, amongst others, to provide additional assurance to the Board by giving an objective and independent review of the Company's financial, operational and internal control procedures. The AC is also tasked with reinforcing the independence of the Company's Internal and External Auditors, thereby ensuring that the auditors have autonomy and independence in their audit process. The details of the Audit Committee's report is disclosed on pages 76-77 of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee as a Sub-Committee of Board has been reformed with the Independent Director as Chairperson and two others Directors as member, the Company Secretary acts as Secretary to the committee. In order to evaluate the Board of Directors and to determine and recommend to the Board about the remuneration of the Directors, Executive Directors and Top Management of the Company which ensures that the remuneration arrangements are designed to attract, retain and motivate the Executive Directors and Top Management needed to run the Company successfully.

The Committee is working as per the code approved by the Board. The activities of the committee during the year are explained on pages 78-79 of this annual report.

RISK MANAGEMENT COMMITTEE:

The Risk Management Committee of the Company of comprising 1 (one) Independent Director, 2 (two) Non-Executive Directors, Managing Director and Chief Financial Officer was established with the primary objective of assisting the Board in the following:

- Overseeing the Company's risk management framework and policies;
- Ensuring that Management maintains a sound system of internal controls and risk management; and
- Determining the nature and extent of significant risks which Management has taken in achieving the Company's strategic objectives.

The Company Secretary is the Secretary of the Committee.

The Company's internal audit function assists the Board and Audit Committee in providing an independent assessment of the adequacy and effectiveness of the Company's internal control risk management and governance processes.

The details of the Risk Management is given in the Statement on Risk Management and Internal Control on pages 43-44 of this Annual Report.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors of the Company has formed the Committee for making policy and implementation of Environment and Social Responsibilities. The Committee is comprised of one Independent Directors and two Non-Executive Director. The Company Secretary is the Secretary of the Committee.

It's one objective is to ensure continuous compliance with all legal environmental requirements and the Company's Health, Safety and Environmental ("HSE") Policy. The Committee is also responsible for monitoring CSR activities and also the management of the Fund. The activities of the Committee is disclosed on page 45 of this Annual Report.

FINANCIAL STATEMENTS CERTIFIED BY MD/CEO AND CFO:

The Managing Director and the Chief Financial Officer have certified the Financial Statements after review to the Board and they believed that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading. Their statement of certification is enumerated in this Annual Report as Annexure-A on page 80.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE GUIDELINES:

As part of its corporate policy, BBSL has always strived to maintain high standards of compliance in corporate governance. The company's corporate governance charter, outlined in the corporate governance charter, governs the way the company will be operated and managed and the process in place to ensure high standards of transparency, accountability and integrity.

COMPLIANCE STATUS:

We are pleased to confirm that the Company has complied with all necessary guidelines in accordance with the requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018. The status of Compliance is attached on pages 54-67 in Annexure-C of this annual report.

The company obtained a certificate from Itrat Husain & Associates, Chartered Secretaries in practice regarding compliance of conditions of corporate governance Guidelines of the Commission, which is enclosed in Annexure-B on page 53 of this Annual report.

EMPLOYEE BENEFITS:

Apart from the salaries and wages paid to the employees, the company offers other benefits as well. This includes Bonus, Transport Facilities and WPPF fund accordingly in the past years.

MINORITY INTEREST

BBSL believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company - the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability. The Board of Directors shall at all times act in a manner that will be in the best interest of the Company.

APPOINTMENT OF STATUTORY AUDITORS AND CORPORATE GOVERNANCE COMPLIANCE AUDITOR

As per the Companies Act 1994 and the Articles of Association of Bangladesh Building Systems Ltd., the statutory auditors of the Company, "FAMES & R", Chartered Accountants, shall retire at this AGM. The Firm has expressed their willingness to be re-appointed.

As per audit committee's suggestion, the Board recommended "FAMES & R", Chartered Accountants; Address: Hossain Tower (11th Floor), 116 Naya Paltan, Box Culvert Road, Dhaka-1000, Bangladesh for re-appointment as Statutory Auditors of the Company for the year 2022-2023 and they have conveyed their willingness to accept for re-appointment for the said period at the fee of BDT 3,50,000 (Three Lac Fifty Thousand) plus VAT.

In compliance with the BSEC Corporate Governance Code, the Board appointed "HARUNER RASHID & ASSOCIATES", Chartered Secretaries in Practice as Compliance Auditor of the Company at a fee of BDT 50,000/- plus VAT for the year 2022-2023 and the said appointment will be approved by the Shareholders in the ensuing 19th AGM.

ACKNOWLEDGEMENT:

We would like to express our sincere appreciation and thanks to all the honorable members, employees of the Company who exemplified the BBSL spirit of putting the patient and customer first.

The Board also recognizes the contributions received from banks & financial institution, insurance companies, National Board of Revenue (NBR), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange PLC (CSE), Central Depository Bangladesh Limited (CDBL), various Government authorities, suppliers, vendors, customers, end users, different medias and lastly the individuals and agencies who have helped us accomplished what we are today. We are honor bound to continue to uphold this trust that we hold so dear to our heart.

With the support of every one of you and other stakeholders, we excitedly expect even better results in the days coming ahead In-Sha-Allah!

On behalf of the Board,



Mohammad Mohsin
Company Secretary
Date: 26-10-2022



(Engr. Md. Abu Noman Howlader)
Chairperson
Date: 26-10-2022