

Report On
Supply Chain Management Practices of Bangladesh Steel
Manufacturing Industry - A Study on BSRM

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Mr. Saif Hossain
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Subject: Submission of Internship Report

Dear Sir,

With due respect, it is a great pleasure to get the opportunity to present the report on **“Supply Chain Management Practices of Bangladesh Steel Manufacturing Industry - A Study on BSRM”**. It has been a great experience for me to work in an organization like Bangladesh Steel Re-Rolling Mills (BSRM). I consider myself privileged to have gotten the chance to see how such a corporate company works and operates on a large scale.

While writing this report, I have tried my best to reflect on all my academic learnings which I tried to apply at the time of working here. I am grateful for your kind cooperation without which I would not be able to complete it. I hope that this paper receives your kind appreciation.

Sincerely yours,

Israt Jahan Moon
ID No: 15104035
BRAC Business School
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Date: August 25, 2019

Non-Disclosure Agreement

This agreement is made and entered into by and between BSRM Steels Limited and the undersigned student at BRAC University named Israt Jahan Moon for the commitment of preventing the unauthorized disclosure of confidential information of the organization.

.....
BSRM Steels Limited

.....
Israt Jahan Moon



Executive Summary

Bangladesh Steel Re-rolling Mills (BSRM) is the largest steel company of Bangladesh that believes “if people are safe, they can live a better life.” Hence, it is vital for them to have a safer Bangladesh for which BSRM still exists. Consumers are at the center of their business. Achieving reliability, trust, customer satisfaction and social responsibilities results in sustainable growth of this organization. BSRM has a deep purpose and that is to build a safer nation, to build a better nation.

BSRM, being the leading steel manufacturer of Bangladesh, have confidence in sustainable development, which will be robust in its outcome. Considering all initiatives, the future of Bangladesh appears to be livelier and safer than ever before. This report focused on the overall Supply Chain Management of BSRM that is continuously functioned in order to retain the company’s goal, motto, sustainability, integrity intact.

Being an intern of BSRM for successful completion of the report, I was able to get a broader view of the corporate environment and the supply chain management procedure operated in this topnotch company of our country. The report focused on every wing, sub wings, involving parties, terms and conditions, tasks, challenges and many other related topics of the overall supply chain of BSRM. After that, there is a brief description of how the analysis had been done. Finally, some proper recommendations are placed to conclude the report.

Keywords: Bangladesh Steel Manufacturing Industry; Supply Chain Management (SCM); Bangladesh Steel Re-Rolling Mill; BSRM

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List of Acronyms

ARC	Annual Rate Contract
BOE	Bill of Entry
BL	Bill of Lading
BOQ	Bill of Quantity
CI	Commercial Invoice
CS	Comparative Statement
COD	Certificate of Origin
DO	Delivery Order
EXP	Export Permit
FCL	Full Container Load
GRN	Good Receiving Note
HS	Harmonized System
IGM	Import General Manifest
IP	Import Permit
ISRI	Institute of Scrap Recycling Industries
LCL	Less than Container Load
LC	Letter of Credit
LCAF	Letter of Credit Authorization Form

NOC	No Objection Certificate
NOR	Notice of Readiness
OEM	Original Equipment Manufacturer
PI	Pro-forma Invoice
PO	Purchase Order
PPCA	Purchase Price Cost Analysis
PR	Purchase Requisition
RFP	Request for Proposal
RFQ	Request for Quotation
SO	Sales Order
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UCPDC	Uniform Customs and Practice for Documentary Credits

Glossary

Airway Bill

An air waybill (AWB) or air consignment note is a receipt given for products by a global airline and an evidence of the carriage contract, but it is nothing but a merchandise title report. Thereafter, the air flight bill is not debatable.

Annual Rate Contract (ARC)

The Annual Rate Contract is an agreement between the purchaser and the vender under which, during the time of its currency (one year), the contractual worker connects with to supply materials on interest, independent of amount, at fixed unit rates or costs, inside a given time of the receipt of such request.

Berthing

Berth is the term used for an assigned area in ports and harbors in which a vessel could be secured, usually for loading and unloading purposes. Berths are appointed by a facility management (e.g. port authority, port master). These bodies appoint vessels to berths.

Bill of Entry

A record of merchandise entered in a custom house, imports and tariffs, specifying the trader, quantity of products, type, location of origin or destination. It is released by the customs which displays the all-out value and the related duty imposed on the payload.

Bill of Lading (B/L)

A record by which the ace of a ship (or some other transporter) recognizes receipt of products for vehicle.

Bill of Quantity (BOQ)

A bill of quantities (BOQ) is an archive used in the supply of products, components and labor (and their expenses) in the construction industry.

C&F Agent

Any individual or association who or which is occupied with giving any administration, either

legitimately or by implication, worried about the clearing and sending activities in the port in any way to some other individual and incorporates a dispatch operator.

**Certificate
of Origin**

The Certificate of Origin (COO) is the country from which an article or item originates, assembling, creating or developing. Under separate domestic legislation and worldwide settlements, distinct norms of initiation exist.

**Comparative
Statement (CS)**

A CS is an announcement referencing the correlation of various merchants for a specific thing/s dependent on cost, incoterm, guarantee and installment technique and so forth. The requirement for similar proclamation (CS) emerges particularly if there should be an occurrence of offers correlation of nearby and outside merchants. There are numerous extra charges applying on outside merchant like obligations, while tax collection impacts are additionally unique.

**Consignment
Note**

Document arranged by a shipper and signed by the transporter as evidence of receipt of transportation for the purpose. Used as a replenishment bill (exceptionally in domestic transport).

Copy Document

Copy documents are the identical of commercial document records sent by the exporter to the shipper to follow shipment, and clearing products from the port by utilizing the letter of repayment or no complaint endorsement.

Debit Note

A debit note is a document sent by a purchaser to a merchant, or at the end of the day, a buyer to a seller, while returning merchandise got on layaway. This advises a charge has been made to their records. A debit note is issued for the estimation of the products returned. Now and again, it is made for guaranteeing

pay of merchandise that are harmed and of other non-acclimating issues.

Delivery Challan

A Delivery Note or Challan is a record routed to the Stores-in-charge containing guidelines to impact conveyance of the products referenced in that. A duplicate will oblige the products bundle to the client.

Delivery

Order (D/O)

A document from a representative, or a proprietor or his specialist of cargo bearer which requests the arrival of the transportation of load to another gathering by the Shipping Line.

Demurrage

Punishment for surpassing leisure time (typically 4 days) took into account taking conveyance of a shipment from the port, or returning of compartments (generally 14 days) to the transportation or shipping organization's designated depot.

Draft

A ship or pontoon's draft is the separation of the outside of the water from the vessel's absolute bottom. The estimation should be made as close to vertical as under the circumstances could be expected. Draft decides the water base depth that a ship or vessel can explore safely.

Export

Permit (EXP)

To trade certain products out of the nation, the exporter must have a grant guaranteeing the consistence with material fare control measures. The fare of certain products might be confined to help techniques of beneficiation or to help nearby makers to get crude materials before they are sent out.

Ferrous Metals

Most of the ferrous metals contain iron. They have small amounts of various metals or elements included to give the characteristics needed. Ferrous metals are appealing and offer little protection against erosion. Ferrous metal instances: vehicle scrap metal, demolition site scrap metal, metal offsets from assembly of undertakings.

Full Container**Load (FCL)**

FCL is a container shipping option where a container is solely utilized for a solitary shipment and the holder is not imparted to other load shipments, and the expenses are borne by one gathering. Regardless of whether the holder is not sufficient totally filled to the overflow with load; the transportation gathering can even now select it.

Goods**Receiving Note
(GRN)**

The goods receipt note is an internal report created in the wake of investigating conveyance for verification of request receipt. For the most part delivered by your stores group. Stores, acquisition and account to raise any issues, update your stock records and to be coordinated against the first buy request and provider receipt, to enable installment to be made, utilize it.

Harmonized**System (HS) Code**

An internationally standardized scheme of names and numbers for group exchanged products is also known as the Harmonized System (HS) of tariff nomenclature. It came into effect in 1988 and has since been established and maintained by the World Customs Organization (WCO), an independent intergovernmental organization located in Brussels, Belgium.

Import**General Manifest
(IGM)**

The bearer must document the subtleties of payload landing to such port of bringing in nation with the Customs once before entry of freight at the goal port. IGM is regularly recorded on the basis of the bearer's Bill of Lading or Airway bill. The IGM Import General Manifesto contains insights about the shipper, the representative, the number of bundles, the

type of bundles, the merchandise representation.

Import

Permit (IP)

An import license is a document issued by a national government authorizing the importation into its region of particular products. Government may put certain confinements on what is imported just as the measure of imported products and enterprises.

Incoterm

The Incoterms rules or International Commercial Terms are a progress of pre-characterized company terms distributed by the International Chamber of Commerce (ICC) with universal trade law. They are usually used in international business exchanges or types of acquisition as professional conferences, courts and lawyers globally promote the use in global deals.

Inspection

Certificate

A report issued by a Free Surveyor (Inspection Company) or exporter on the shipment's determinations, including quality, quantity and/or cost, required by specific buyers and nations.

Institute of

Scrap Recycling

Industries (ISRI)

A United States-based private, non-benefit exchange affiliation speaking to in excess of 1,600 private and open revenue driven organizations. Its participation is comprised of makers and processors, specialists and modern buyers of scrap products, including ferrous metals, paper, gadgets, elastic materials, plastics, glass and materials. ISRI's partner individuals incorporate gear and specialist co-ops to the piece reusing industry. Makers and dealers of hardware and administrations, for example, shredders, balers, cranes, freight transporters, PC frameworks and then some—likewise advance the piece reusing industry through their enrollment in ISRI.



Insurance**Cover Note**

An impermanent record issued by an insurance agency that gives protection inclusion until a last protection arrangement can be issued. A spread note is not quite the same as a declaration of protection or a protection strategy archive. The note includes the name of the safeguarded, the guarantor, the inclusion, and what is being secured by the protection.

Insurance Policy

An insurance document containing the complete subtleties of the protection included proves that the products transported are protected.

Invoice/Commercial**Invoice**

For products sold under a contract, it is a formal interest note for purchase provided by the exporter to the shipping company. Subtleties of the products sold, terms of installment and conditions of return should be given. It is also used by the shipper for the convenience of the conventional products and now and again for remote commercial reasons.

Lead Time

The amount of time between the start of the procedure and the completion of the procedure. Lead time is carefully evaluated in the assembly, inventory network of managers and mission of the board, as organization's need to reduce the time it takes to transport products to the market.

Less than**Container Load****(LCL)**

LCL is a shipping term when different load shipments share a similar holder i.e. container just as the compartment delivery costs.

Letter of Credit**(LC)**

A composed duty by a bank issued after a solicitation



by a merchant (remote purchaser) that installment will be made to the recipient (exporter) gave that the requirements expressed in the LC have been fulfilled, as demonstrated by the implementation of the papers stated.

**Letter of Credit
Authorization
Form (LCAF)**

LCAF is principally application for consent for opening LC just as bringing of products into Bangladesh and settlement there against. Along these lines, it is utilized for opening LC, discharging products and settlement there against.

Letter of Indemnity

A letter of indemnity is a composed affirmation by the stacking port transportation line to the goal port delivery line that the merchandise can be cleared without the first records by utilizing duplicate reports.

Lightering

Lightering (also called lighterage) is the way toward moving payload between vessels of various sizes, more often than not between a freight boat and a bulker or oil tanker. Lightering is embraced to decrease a vessel's draft so as to enter port offices which can't acknowledge huge maritime vessels. Lightering can likewise allude to the utilization of a lighter freight ship for any type of short-separation transport, for example, to bring railroad vehicles over a stream. What's more, lightering can allude to the way toward expelling oil or different unsafe synthetic substances from a traded off vessel to another vessel to keep oil from spilling into the encompassing waters.

**No Objection
Certificate (NOC)**

A no objection certificate is a composed affirmation the bank to the magistrate of traditions and transportation line that on the off chance that the products are cleared from the port without the first records; at that point, the bank will not have any issue to respect the installment.

**Notice of Readiness
(NOR)**

A document or wire report directly issued by a shipmaster who prompts a person to envisage the advent of his ship and is set up to empty or stack the cargo. When a company receives a status notice (NOR), it means that the organization must arrange its freight properly immediately.

**Original Equipment
Manufacturer (OEM)**

An organization whose merchandise are utilized as segments in the results of another organization, which at that point offers the completed thing to clients.

Outer

Ship-to-ship transfer operations take place at vast ocean or external port breaking point. At the point when the mother vessels cannot enter the nation port, at that point the lighter vessels move merchandise from them in the remote ocean.

Packing List

A break with definite report the shipped merchandise data.

Payment Method

The installment of the LC can be made Advance, At Sight, Deferred (Banker's Usance or Supplier's Usance) premise; or in open term premise, for example, Cash against Documents (CAD).

Procedure Flow Chart

An image of the consecutive inquiries, different phases of the procedure. Components that could be integrated are: arrangement of operations, equipment or administrations entering or leaving the procedure (info and yield sources), decisions to be made, people to be included, time needed for each advancement or possibly processing estimates. The described operation can be anything: an assembly.

Production Schedule Chart The timetable for using resources and techniques needed by an company for the creation or administration of products. A company running the mill will change its generation plan to respond to enormous customer orders, adapt asset changes,

reduce expenses and usually create efficiency in development.

Pro-Forma Invoice (PI)

Receipt provided by the supplier before the item is shipped, illuminating the purchaser with regard to the type and quantity of the goods to be shipped, their value and the details of the importation (weight, size and similar quality). This is not given for the purpose of applying for an import permit / license or orchestration of distant money or other funding purposes, for example, LC.

Purchase Order (PO)

A commercial document and first authority offer given to the seller by the purchaser showing the kinds, quantities and expenses of products or administrations agreed upon. It is typically an archive produced by ERP that controls the acquisition of goods and administrations from external suppliers.

**Purchase Price Cost
Analysis (PPCA)**

The Purchase Price Cost Analysis (PPCA) enables clients to build up a comprehension of the cost develop and benefits earned by providers of the items as well as administrations being sourced. The cost of any item or administration is comprised of work, material, creation and calculated expenses, in addition to overheads and overall revenues. It enables the client to develop the cost, overhead and benefit structure with respect to the cost of the item or potentially administration being acquired. This data enables clients to comprehend what is a 'reasonable' cost for providers to charge when they react to a Request for a Proposal (RFP) or an Invitation to Tender (ITT).

**Purchase
Requisition (PR)**

Report created customer's office or storeroom-work force shall inform the purchasing division of the items to be arranged, their quantity and the period of time. It could also include the permission to continue the purchase. Additionally, called buy solicitation or

demand.

Quotation

An idea to sell merchandise and the value, subtleties of value, quantity, terms of return, conditions of conveyance and terms of installment should be stated unmistakably.

Request for Proposal (RFP) A record that requests proposition, regularly completed by an offering procedure, an office or company inspired by the purchase of a warehouse, administration or significant asset, to prospective suppliers for the submission of strategic contracts. In the acquisition process, it is presented directly off the bat, either at the start research or at the organization of obtainment.

Request for Quotation (RFQ)

A request for quotation (RFQ), whereby the client may basically be searching at a cost statement. It is a standard business process whose reason for existing is to welcome providers into an offering procedure to offer on explicit items or administrations.

Sales Contract

An agreement between the buyer and the vendor that stipulates each transaction detail.

**Society for Worldwide
Interbank Financial
Telecommunication
(SWIFT)**

The SWIFT gives a system that empowers money related establishments worldwide to send and get data about monetary exchanges in a protected, institutionalized and dependable condition.

Transshipment

Move of a shipment from one transporter or all the more for the most part, starting with one vessel then onto the next while in travel. Transshipments are typically made (1) where there is no immediate air, land, or ocean connect between the agent's and recipient's nations, (2) where the expected port of

section is blocked, or (3) to conceal the character of the port or nation of starting point. Since transshipment opens the shipment to a higher likelihood of harm or misfortune, some buy requests or letters of credit explicitly deny it.

**Uniform Customs and
Practice for Documentary
Credits (UCPDC)**

A set of standards on the providence and utilization of letters of credit. Brokers and business parties in excess of 175 nations in exchange money use the UCP.

Chapter 1

Introduction

1.1 Outline

Bangladesh being a developing country with a land of scarce resources and agricultural land is advancing towards urbanization and industrialization. With a view of conserving and utilizing its cultivable land for the desired advancement, the construction industry of this country plays an impactful role. Construction industry can be termed as one of the growth engines of the nation. As we have advanced so much from the traditional methods in different aspects, one of the major ingredients for construction today is steel. Hence, at present the steel industry of Bangladesh can be termed as one of the vibrant substantial manufacturing sectors where Bangladesh Steel Re-Rolling Mills (BSRM) is a leading entity. To ensure incessant supply of raw materials, consumables, machineries, plans etc. to manufacturing, desired finished goods to the customers, direct indirect goods and services to the overall BSRM, an integrated supply chain management is obligatory. An effective supply chain management helps to ensure finest quality and customer satisfaction by achieving optimum qualitative production at a minimal cost.

1.2 Objectives

The foremost objective of my report is to know thoroughly about BSRM and its overall manufacturing, distributing and administrative structure which has a significant impact on the overall steel industry of Bangladesh; resulting the socio-economic and infrastructural advancement of our country. The objectives of the reports are as follows:

- To get an overview over the steel industry structure of Bangladesh
- To have a schematic view over the process flow and SCM practices of BSRM- the leading steel manufacturing firm in the industry.
- To know more about different wings and Standard Operating Procedures (SOP) of each wing of BSRM SCM.
- To find out the elementary challenges and propositions based on their intensity.

1.3 Methodology

With a view to acquire the best from my internship, I have utilized the primary and secondary sources of data and information.

- **Primary Data** and information are collected from the BSRM Management of their Corporate Office. **Face to face regular conversation, consultation and spontaneous interviews** with the officials of the company has been used instinctively. In addition,



practically conducting official works with the officials contributed to a great extent.

- **Secondary Data** sources are the **websites of BSRM (www.bsrm.com)**, **Annual Report 2017-18, Corporate Social Responsibility Report of 2015, BSRM Brochure.**

Both the sources are used for data gathering and explanations are also provided based on the analysis. Moreover, Face to Face Interviews with company executives are also conducted for subjective analysis of the objectives mentioned above.

1.4 Scope of the Study

The internship was conducted and reported at the head office of Ali Mansion, 1207/1099 Sadarghat Road, Chittagong-4000, Bangladesh which is one of the exceptional Corporate Office of BSRM in the country.

1.5 Limitations

Information was not adequate in the secondary sources of data that is, total company information, records and evaluation of different sector's performance, etc. are kept confidential.

Chapter 2

Organizational Overview

2.1 Glean of BSRM

The primary organization name that strike one's psyche in the wake of hearing any term identified with the steel business of Bangladesh will be Bangladesh Steel Re-moving Mills (BSRM), which is by and by situated in Chattogram. It is one of the spearheading steel item maker and producer so likewise the unmistakable corporate house in this nation. It has set a benchmark of itself to be picked for any national level or individual leveled foundations or tourist spots. The organization accepts that their center quality is the faith in advancement in steel items, which brought about bringing the main EMF tried bar, the primary steel brand that passed 5 million cyclic stacking Fatigue testing in the U.K. what's more, adjusted to 10 worldwide norms. BSRM has begun its first steel re-moving plants to rise in the then East Bengal during 1952. Since 1984, they presented numerous items like high quality virus curved steel bars (TORSTEEL), disfigured fortifying steel bars complying with ASTM 615 Grade 60 for the development business, small scale fortification wires, beneath 8mm for minimal effort provincial development. In 2008, BSRM Steels Limited initiated generation of universal standard Grade 500 steel bars marked as "Xtreme500W" fitting in with ISO 6935-2. BSRM Steel Mills Ltd. turned into the biggest ever Induction Furnace based Billet maker and this plant is dispatched in September, 2015. [4] At present, Board of Directors of BSRM incorporates the accompanying good staff [1][2]:

1. Mr. Alihussain Akberali FCA, CHAIRMAN
2. Mr. Aameir Alihussain, MANAGING DIRECTOR
3. Mr. Zohair Taher Ali, FINANCE DIRECTOR
4. Mrs. Tehseen Zohair TaherAli, DIRECTOR
5. Mrs. Sabeen Aameir, DIRECTOR
6. Mr. Mono Ranjan Dey FCA, INDEPENDENT DIRECTOR

The family generally of Mr. Akberali have been running the organization for mostly around 55 years and built up as the best overseen steel units in the nation. BSRM is likewise the astounding highest exchequer under steel part and have an enormous impact in every aspect of steel industry.[4]



2.2 Market Position

The current market price of stock of BSRM Limited is BDT Tk.54.30 (8th Aug,2019, 12:39 AM). [17] BSRM is the market leader with 25 percent share and produces about 15 lakh tons of steel every year. As per the **Annual Report of 2017-18**, revenue amount is tk. 48,289 million, gross profit tk. 4,879 million, operating profit tk. 3,180 million, net profit after tax tk. 1,800 million, earning per share tk. 5.27, NAV per share tk. 37.48, NOCF per share tk. 2.90.[1][2]

2.3 The Power of 3

“When we think of the effect of steel, we think of the pillars of strength, the roofs over our heads, of metal that binds together the progress of humanity and its dreams. When we think of the steel, we think of the ultimate symbol of strength, of endurance and of safety.

The three corners of the Trinity logo represent the three core essences of our products – Strength, Safety, and Sustainability. The number 3 itself is a symbol of totality, of being a ‘whole’. The color is the representation of steel in both real and graphic form. The interlocked structure of the logo symbolizes unbreakable strength and infinite sustainability.

We call it “The Trinity of Strength, Safety and Sustainability”. [3] (BSRM Website, 2019)



Figure 1 Trinity Logo

2.4 Vision

“BSRM focus on being the most reliable steel company in the overall steel industry of Bangladesh, so also amongst the Asian countries. BSRM Group is aiming to

- Maintain leadership position in the steel industry by producing the best quality steel products, continuously enhancing customer satisfaction, and becoming a reliable business partner of customers and suppliers.
- Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization.
- Protect the interest of the shareholders through sustainable growth and value creation.
- Preserve the trust of all the stakeholders by adopting ethical business practices.
- Support the society through Corporate Social Responsibility initiatives.” [1][2]

(Annual Report 2017-18, BSRM Limited)

Thus, the desired future position of the company is illustrated well by their targeted aspirations, goals.

2.5 Mission

As per company’s statement the core mission is “to make life of people secured and safe by providing quality products at a cheaper price and to be a partner in the nation’s building activities. Hence, the mission statement describes what BSRM Group wants to do, its business, objectives and its approach to reach those objectives. [1][2]

2.6 Values

As per the all rights reserved documents of BSRM Limited, the **Group’s values** are-

SUSTAINABLE GROWTH:

Consistent improvement in the quality of products and services, efficiency of processes and profitability of business; continuously anticipating and responding to the changing business and environmental needs using innovation; sharing knowledge and experience within the organization.



QUALITY:

Create products and services valued by our customers; constantly improving our processes through innovation and adopting best practices; reducing wastage; minimizing costs; investing in systems and technology and developing our people to build a highly capable workforce.

RELIABILITY:

Be the preferred business partner of our customers and suppliers by offering quality products; providing our best and timely service before, during and after the business transactions and honoring all our commitments despite challenges.

TRUST:

Preserve the faith and goodwill of all our stakeholders – Customers, shareholders, suppliers, employees, regulatory bodies and society by-adopting ethical and transparent business practices, being fair and honest in all our dealings and building robust governance and risk management processes.

LEADERSHIP:

Be a role model, setting benchmarks through our products, processes and people; constantly moving ahead of competition by differentiating our products, innovating our processes, increasing our market share and nurturing talent to develop leaders within the organization.

SOCIAL RESPONSIBILITY:

Acknowledge and fulfill our obligations towards the society by undertaking initiatives for the general uplifting of the society, building capability and making facilities available to the underprivileged.

CUSTOMER SATISFACTION:

Delight our external and internal customers at every stage of our interaction with them by truly understanding their needs, offering them our best products and services, treating them with respect and actively seeking and acting on their feedback.” [1][2][3]

(BSRM Limited Annual Report 2017-2018)

We can assume well that these Vision and Mission Statements of BSRM Limited has both internal and external impacts. The impacts are discussed below-

- a) **Internal Impacts:** During any significant situations or even during regular management of the overall company, these vision and mission statements guides all the representatives of BSRM Ltd. for thinking and progressing strategically towards a provided focus and goals. It also helps to upgrade the performance standard; so also inspire workers and employees to establish a framework for ethical behavior.
- b) **External Impacts:** Externally, these statements serve more like public relations tool which is creating a closer collaboration and an improved communication with customers, suppliers and alliance partners.

2.7 BSRM's Prominent Products

Prominent products of BSRM are as follows-

“

▪ **BSRM Xtreme B500DWR (Feel Safe with Xtreme Inside)**

BSRM, the most preferred reinforcing steel of all major national landmark projects in Bangladesh, is committed to building a safer nation since 1952. As a footstep of continuous research and innovation, we bring-forth another product XTREME B500DWR which fully conforms to BDS ISO 6935-2:2016. Grade B500DWR also Conforms B500C of BS 4449:2005 and Fe 500S of IS 1786:2008 – Both British Standard and Indian Standard.

The new Grade B500DWR has a Tensile Strength to Yield Strength (T/Y) Ratio: 1.25
The product complies with the provisions of the Bangladesh National Building Code (BNBC).

▪ **BSRM Xtreme (Feel Safe with Xtreme Inside)**

Xtreme is a high strength reinforcing steel for general purpose construction of low and medium rise commercial and residential buildings and bridges. It is the steel of choice among home builders.

It is used in the design and construction of Ordinary and Intermediate moment frames of reinforce concrete (RC) Buildings, whenever high strength for economy and high ductility for safety is required.

The most common sizes for home builders are 8mm, 10mm, 12mm, 16mm, and 20mm. These sizes are available with BSRM appointed dealers throughout the country. BSRM has the largest steel dealer network, with over 628 Dealers in all the 7 administrative divisions of the country.

▪ **BSRM Maxima (The Steel for Mega-Structures)**

Steel is a ubiquitous and versatile construction material. It is the backbone of a nation's infrastructure and used in the tens of millions of tons to build cities, bridges, and factories. It is either used as a structural material or as a composite in reinforced concrete (RC). The use of Grade 80 rebar instead of Grade 60 reduces steel consumption up to 25% in



RC structures. BSRM Maxima is exactly the material for construction of projects which needs extra strength combined with an extra dose of safety.

▪ **BSRM Ultima (Designed for Superior Safety)**

All vital installations anywhere in the country like hospitals, schools, airports, railway stations, and bridges cannot be allowed to fail in an earthquake. In a landmark innovation, BSRM brings forth BSRM ULTIMA the reinforcing steel with the unique ‘strain hardening’ property for the first time in the country with superior safety in the time of earthquake.

▪ **BSRM Xtrong (Strength in Every Angle)**

Xtrong is a high strength structural steel conforming to standards and grades. Channels and Angles section rolled out of this high strength steel provides an economic alternative to steel fabricated structures. BSRM makes Angles, conforming to Grade 50 in different sizes.

▪ **BSRM Centura (Assured for a Century) - Epoxy Coated Rebar for Corrosion Free Structures**

Corrosion-induced failures cause severe distress to concrete structures is most common in any chemically aggressive environments. Repair and rehabilitation of the affected structures not only cost the exchequer with direct and indirect costs but also cause a lot of inconvenience to the public. Hence, it is essential to plan proper corrosion protection strategy to combat corrosion for the durability of structures, particularly in marine, coastal or industrially polluted areas. Fusion Bonded Epoxy Coating is providing protection against corrosion for the design life of the structures.” (BSRM Website, 2019)

2.8 Awards & Recognitions

“

- ✓ National Export Award (2013, 2014, 2015, 2016)
- ✓ Best Brand of Bangladesh in Steel Category (2011, 2013, 2014, 2015, 2016, and 2017)
- ✓ Certificate of Merit from South Asian Federation of Accountants (SAFA) in 2012, 2013 & 2015.
- ✓ ICAB National Awards for Best Presented Annual Reports for the year 2012, 2013 & 2015 & Certificate of Merit for the year 2014, 2015.
- ✓ ICSB National Gold Award for best Corporate Governance Excellence 2015 for Bangladesh Steel Re-Rolling Mills Limited
- ✓ 16th ICAB National Award for Best Presented Annual Report 2015
- ✓ Achieved Tax Card from NBR for highest tax payment in AY-2015-16 for BSRM Steels Limited (under Manufacturing Category)
- ✓ Best Electricity Consumer (Industry) award for the year 2015.
- ✓ Mercantile Bank Excellence Award 2015
- ✓ ICSB National Award (Silver Award) for Corporate Governance Excellence 2014



- ✓ 5th Standard Chartered-Financial Express CSR Award 2014
- ✓ President's Award for Industrial Development (Category: Large Scale Industry 2014)
- ✓ International Islamic University Chittagong (IIUC) Business Awards 2014
- ✓ Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Award 2014
- ✓ Divisional Environment Award 2013
- ✓ Pride of Chattogram (Chattagramer Ahonkar) 2012
- ✓ D & B Corporate Awards 2010 & 2012
- ✓ Best Enterprise of the year 2010
- ✓ Export Award from Honorable Prime Minister
- ✓ Bangladesh Supply Chain Excellence Award-2018 Logistics Management (Special Mention)
- ✓ Bangladesh Supply Chain Excellence Award-2018 Logistics Management (Excellence in Supply Chain Relationship)
- ✓ Tax Card for "1st Highest Tax Payer" in engineering category for the tax period 2016-2017" [1][2]

(Annual Report 2017-18, BSRM Limited)

2.9 BSRM Landmarks

- | | |
|---|---|
| ✓ Mayor Mohammad Hanif Flyover | ✓ 210 MW Thermal Rangunia Power Plant |
| ✓ Hatirjheel Integrated Development Project | ✓ Grameen Bank Bhaban |
| ✓ Zillur Rahman Flyover | ✓ Teesta Barrage |
| ✓ Saidabad water Treatment Plant, Phase-2 | ✓ CAIRN Energy Sangu Gas Field |
| ✓ Shah Amanat Bridge | ✓ Bidyut Bhaban |
| ✓ Meghna- Gumti Bridge Project | ✓ Rajarbagh Police Monument |
| ✓ Meghna Bridge | ✓ Apollo Hospital |
| ✓ Dhaka Storm Water Drainage Project | ✓ North South University |
| ✓ Karnaphuly Fertilizer Factory | ✓ Many other high rises of Chattogram, Dhaka, Bogra, Cumilla, Sylhet, Brahmanbaria and Cox's Bazar. " [3] |
| ✓ Jamuna Fertilizer Factory | |

(BSRM Brochure, 2019)

2.10 Corporate Social Responsibilities

BSRM CSR Vision

“To integrate social responsibility into BSRM core business decisions, BSRM wants to have CSR at every step of the heart of our Business process. BSRM envision CSR strategy that demonstrates BSRM intent for Caring, Supporting, and Returning to a society where they anchored their business decades ago – this is how they define CSR and search and support interventions encompassing this scope.

BSRM CSR Principles

BSRM commits resources to the extent that it can reasonably afford, not in one-off philanthropic project, rather in a set of strategically planned efforts consistent with BSRM's own corporate strengths and complementary to Programs offered by the Government, to sustain and improve a healthy and prosperous environment, and improve the quality of life of the people living in poverty.

Some major project, undertaken are as follows:

1. SUPPORTING FREE EDUCATION, BURHANI BSRM SCHOOL, CHITTAGONG (APRIL 2006)
2. LIVELIHOOD PROGRAM FOR WOMEN, SHITAKUNDA, CHITTAGONG (JUNE 2013)
3. SHAHEED MINAR, CHITTAGONG (SEPTEMBER 2013)
4. BSRM TRAINING CENTER FOR WOMEN, JESSORE (SEPTEMBER 2013)
5. PREVENT DEFORESTATION, SHITAKUNDA (SEPTEMBER 2013)
6. SOLAR HOUSE SYSTEM (SHS), JAINTAPUR, SYLHET (JUNE 2014)
7. THE DAILY STAR SPELLING BEE CHAMPS 21 (APRIL 2014)
8. POVERTY REDUCTION PROGRAM IN URBAN AREA, CHITTAGONG (JULY 2014)
9. PROMOTE HIGHER EDUCATION (AUGUST 2014)
10. CONSERVATION OF ENVIRONMENT, KEPZ CHITTAGONG (OCTOBER 2014)
11. LIVELIHOOD PROJECT IN SALINE WATER AREA MONGLA, KHULNA (NOVEMBER 2014)
12. WATER TREATMENT PLANT DACOBE, KHULNA (MARCH 2015)
13. SAVE FOREST, BANSHKHALI CHITTAGONG (MARCH 2015)
14. INFANT CARE PROGRAM FOR RMG WORKERS (APRIL 2015)
15. WATER FOR COASTAL AREA, SOUTH, BANGLADESH (MAY 2015)



16. SOLAR POWER WATER PUMP, JAINTAPUR, SYLHET (MAY 2015)
17. BSRM-ZCF CLUBFOOT CURE, CHITTAGONG DIVISION (SEPTEMBER, 2015)
18. ENHANCE READING HABIT AND KNOWLEDGE (NOVEMBER 1, 2015)
19. AUTISM TREATMENT & LIVELIHOOD SUPPORT (NOVEMBER 2015)
20. BSRM-CRP VOCATIONAL TRAINING FOR PERSONS WITH DISABILITY (PWD), SAVAR (DECEMBER 2015)
21. BSRM-NDP LIVELIHOOD PROGRAMS IN CHARS OF SIRAJGONJ (DECEMBER 2015)
22. BSRM GROUP CSR NON-PROJECT PROGRAMS
23. SUPPORT HIGHER EDUCATION (APRIL 2015)

The notable program undertaken during the year 2016 are as follows:

- ✓ Vocational Training Center, Chattogram
- ✓ Strengthening Women's Ability for Productive New Opportunities (SWAPNO)- Kurigram and Satkhira
- ✓ BSRM Foundation Medical Center, Mirsarai
- ✓ Supporting Handicapped Sitakunda and Kurigram
- ✓ Conservation of Nature Mirshera, Chattogram
- ✓ Keep smile cleft lip/palate kids – Sylhet
- ✓ Forest Conservation, Fatikchari, Chattogram
- ✓ Financial support for renovation work of the existing CMH complex, Chattogram
- ✓ Bangladesh Institute of Governance & Management (formerly The Civil Service College), Dhaka” [1][2][3]

(Annual Report 2017-18, BSRM Limited)

2.11 Moving Towards Eventual Sustainable Growth

“To keep human resources safe and sound and the environment clean, BSRM has taken a number of measures. It always gives priority to maintain workplace safe, secure and ensure the green environment for all of the employees as well as for the country.

Green Environment

BSRM Steels Limited uses world-class Water Treatment Plant (WTP) for recycling the water for reusing and to keep the environment free from pollution. The Company has also commissioned Air Pollution Control (APC) system in BSRM Iron & Steel Co Ltd. (BISCO) to keep the air free from Pollution. In the same way, they are going to implement a rainwater harvesting project for their new billet casting plant at Mirershorai. It will have a marvelous



positive impact on the environment. As recognition of the effort to keep the environment clean and greener, BSRM was awarded the “Divisional Environmental Award” by Poribesh Odhidaptar.

Human Resources Function

Success isn't possible without a great team. At BSRM Group of Companies, nurturing and supporting human talent is the utmost priority. They believe sustainable growth is only possible if they foster teamwork, develop talent, enhance leadership capability, and maximize the potential of the human capital. BSRM focuses on valued people to optimize their creativity and performance by ensuring a safe and congenial working environment, cohesive corporate culture, appropriate training, reward and recognition, and various employee benefits schemes. Hiring the right person for the right job is the first step in the efforts to maintain a strong, capable, and independent workforce.

Being an Employer of choice, BSRM aspires to align the people with their Vision and Values and make them a key factor for success in business transformation and change process. Talent Acquisition is a stringent process of recruitment, selection, and strategy to attract qualified potential candidates who are committed to achieving the organizational goals. BSRM Training and Development activities are systematic, organized, and ensure that individual training needs are well defined, understood, and catered to. The safety of the people is of paramount importance, and Health, Safety, and Environment (HSE) policies are created and implemented to maintain a safe working environment for every stakeholder. A well-designed Succession Planning policy is used to assess, develop, and retain a talent pool in order to ensure a continuity of leadership for all critical/significant positions. BSRM people deserve the best, and hence they focus on their Benefit Policy to ensure that the talent receives benefits and allowances beyond the basics. Rewards and Recognitions are given to recognize employees for their excellence in service, loyalty, ideas, dedication to the vision and values of the group, and their contribution to change management. The achievements are communicated through "Xtreme Talk", corporate newsletter so that they can all rejoice in the success of the people.

Information Technology

BSRM Group was founded more than 60 years before and continuing its rapid growth more so in the past decade. In such complex rapid growing scenario, the IT-based business- friendly solution is the only way to handle all the data. BSRM IT through Management foresight managed to keep up with this fast & complex growth as an organized entity and began to systematically address the challenges. Today IT as a strategic partner in business enablement plans, controls, and manages all IT-based business issues in a very constructive, productive & controlled manner with periodic reporting & monitoring.



BSRM IT is managing the total network of BSRM Group including server management, managing and upgrading Oracle eBS, developing in-house software integrating with Oracle eBS and providing several levels of support to end user. Last year BSRM IT has focused on ERP up-gradation by modifying and creating various customizations, personalization, reports etc. Last year BSRM IT also provided almost in-house maintenance of ERP, took several initiatives to expand technology, enabled services for the external and internal customers, sales promoter and provide a business solution to the internal department. The key objective of these initiatives was to make the information more available, fast & easily accessible to the stakeholders. Next year BSRM IT will focus on the implementation of Business Intelligence (BI) as well as support. BSRM IT also planned to increase employee efficiency by developing various Android Apps and Software System.” [1][2][3]

(Annual Report 2017-18, BSRM Limited)

2.12 Porter’s Five Forces

Porter's Five Forces model can determine and analyze competitive forces that form each trade and helps confirm an industry's weaknesses and strengths. Different levels of profitability and attractiveness can be traced.

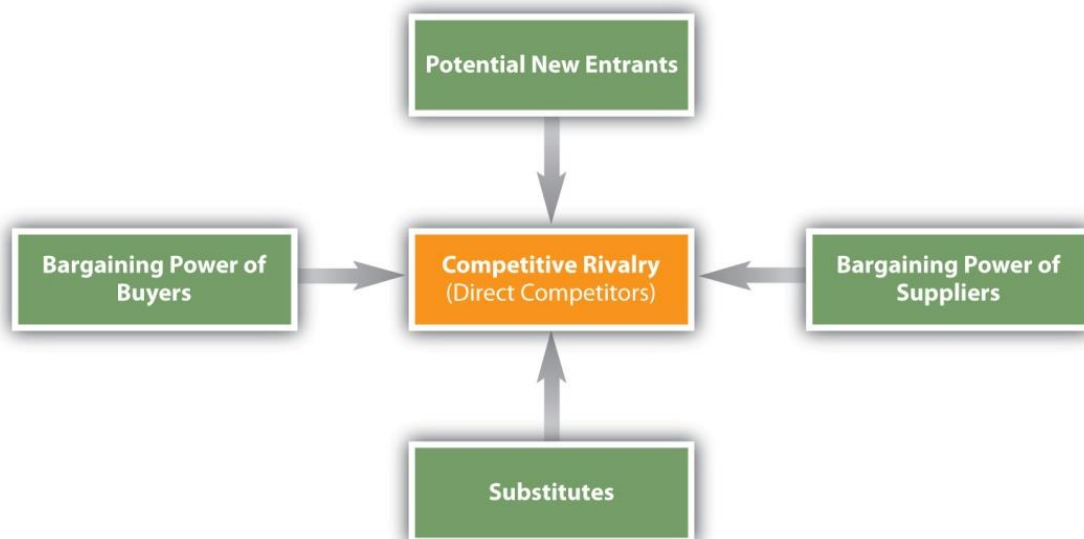


Figure 2 Porter's Five Forces

1. Threats of New Entrants:

Markets that produce outstanding returns will attract new companies with countless new competitors. In the long run, benefits for every other company in the company will decrease. Steel business is a venture exact business part where BSRM, perhaps the most established organization, has just contributed a lot of capital. Its Corporate Social responsibility as of now appreciates a respectable stratum before the Bangladesh Government. Brands like BSRM Xtreme 500W, BSRM Grade-75 Wires, BSRM Angles, BSRM Spring Steel Flats are presented which effectively makes a separation of items with those of new participants in steel segment industry. In this way, this organization is likewise getting a charge out of a premium for setting up its very own benchmark in the general steel industry.

2. Threat of Substitutes:

Steel has just been supplanted in some great number of utilizations by aluminum, plastic and its composites (to a decent degree). In that capacity, one of the greatest markets of BSRM, explicitly of treated steel is in risk by new substitutes. Presently, huge distance across water funnels are made by RCC channels, railroad sleepers by RCC sleepers, PVC pipes rather than little width funnels, and local water tanks are likewise supplanted by PVC tanks.

3. Bargaining Power of Buyers:

Major steel utilization fields like gas, oil and car, shipping, customer power and durables age have the benefit of high bartering force and get shrewd arrangements and offers from BSRM.

4. Bargaining Power of Suppliers:

BHP Billiton, CVRD and Rio Tinto are the three worldwide top mining mammoths who gives almost 66% of the prepared iron mineral to steel factories and handle extremely high bartering force. To keep away from high dealing intensity of purchasers, BSRM has gotten to a lot before into the system of 'In reverse Integration'.

5. Competitor's Rivalry:

The power of focused contention decides the intensity of the business. Development, rivalry among on the web and disconnected organizations, publicizing cost, incredible methodology, so additionally the perceivability of selective items on the site utilized by an organization can overstate focused weights on their adversaries. Data based innovation and propelled fabricating innovation (AMT) are utilized by BSRM for assembling and leading their items and administrations separately; in this way, their uprightness is shielded from contenders. The value, quality and development of BSRM's items and administrations are amazingly adequate to contend, viz-BSRM Xtreme 500W of 60 evaluation steel is a result of their new innovation, which can be charged at a more expensive rate and accomplish higher benefits until contenders mirror them. Based on four-firm fixation proportion, which contains the piece of the pie as a level of the four biggest firms in the business, BSRM is one of the highest. As of late all the real local contenders like KSRM, Rahim Steel Ltd., PHP, Bashundhara have declared for huge extension plans of their particular organization.

2.13 SWOT Analysis

BSRM's SWOT Analysis will expand the quality and weaknesses of BSRM steel, Bangladesh, as well as openings and hazards. Furthermore, the power and weakness of BSRM will be an issue of internal inquiry and possibilities and threats will be an issue of external examination.

Now, the SWOT investigation of BSRM is given underneath:

Strengths:

- BSRM is the leader in the market which holds the 12% market share and it has strong distribution channel all over Bangladesh which helps them to compete easily with competitors.
- It has been providing quality production consistently for the past years. So, it has been grown to a reputed company.

Weaknesses:

- As BSRM is an overwhelming industry, so it needs loads of gas and power supply every day underway. Yet, the energy emergency in Bangladesh is gradually growing as the legislature fails to provide appropriate supplies of gas and intensity.
- As BSRM has taken a huge amount of loan from different banks, so most of their profit goes to the interest payment.



Opportunities:

- As the interest for BSRM 500grade rods are expanding gradually in the local markets, so BSRM has a more noteworthy chance to build its benefit.
- There is potentiality for BSRM that they may capture more market share in the near future as their market share is 12% or more.

Threats:

- Now-a-days some steel companies flourished their steel production. For example, Abul Khayer Steel is a reputed company who are planning to produce 800000 Metric tons of steel per year. So, competition will increase day by day.
- Now-a-days, one of the emerging threats to the steel industries is the labor unions.

2.14 PESTLE Analysis:

Analysis of PESTLE, now and then referred to as PEST examination, is an idea for the promotion of standards. Furthermore, this idea is used by organizations as an instrument to follow the earth in which they work or intend to dispatch other tasks, items or administrations, etc.

PESTLE is a thought which in its extended structure means **P for political, E for economic, S for social, T for technological, L for lawful and E for environmental**. It provides a 10,000-foot overview in overall condition from a broad spectrum of edges to be checked and monitored while mulling over on a particular idea or plan.

1. Political and legal

Political and distress: Political turmoil turned fierce for quite a while in January and February 2015 upsetting creation, transportation and different administrations. The nation likewise persevered through strikes, compounding this stun. Instructive organizations shut, interchanges were hindered and wellbeing lessened.

Assessment rate on import and fare of steel item: The global steel industry is experiencing a log jam anyway there are a few countries that have done great things and one of them is Bangladesh (BSRM). They are one of the most advanced steel displays and have a growing need for crude products and steel making advances.

2. Economic

Moderateness: Rod business organizations said the rebar business advertisement includes four noteworthy organizations: Bangladesh Steel Re-Rolling Mills (BSRM), Rahim Steel, Bandar Steel Industry Ltd, and Abul Khair Steel Mills Ltd. These organizations are assuming a remarkable job in the bar price. They also said that of the four organizations, BSRM has a 30 percent bar promotion nationally. Rahim Steel, Bandor Steel, and Abul Khair Steel Ltd. hold about 20 percent piece of the pie. Several organizations such as Kabir Steel Re-Rolling Mills (KSRM), Ratanpur Rerolling Mills (RSRM), Anwar Ispat Ltd, Shafiul Alam Steel, Shahriar Steel Mills retain the remaining half of the sector as a whole.

The monetary development of the nation: The Bangladesh economy is charging towards record development figure for the second continuous year, driven by twofold digit development in assembling and development parts. Gross domestic product development in monetary 2017-18 is probably going to be 7.65 percent, up from 7.28 percent a year sooner, according to the gauge of the Bangladesh Bureau of Statistics. This is the third back to back year that the financial development was over 7 percent following quite a while of moping in the area of 6 percent.



Figure 3 Bangladesh GDP Growth Rate

3. Social

Unemployment rate: Despite boom times, the unemployment rate only declines below 4-5 percent from time to time. There are persons who move constantly between different economic fields or between urban communities. At the point when the economy enters subsidence, unemployment can reach much higher numbers at that point, sometimes even in the double digits. BSRM is now high in the brains of Bangladesh's people as a brand and a corporate house synonymous with strength,



security and sustainability. The organization has constantly looked for the most capable and goal-oriented individuals to lead it in a regularly changing world with new challenges in the skyline.

Acknowledgment of local people: Bangladesh Steel industry is rising as one of the major mechanical areas of the nation. It comprises of little up to the biggest size of steel melting and re-rolling manufacturing plants all over the nation, that generally produce disfigured bar pole of various level (40, 60, 500), angle, channel and coil for the construction of industry. In spite of the fact that the historical backdrop of Steel Industry isn't more established one, yet it can make a brilliant future. The first historically speaking steel factory was built up in 1952 by the H Akberali Group of Industries as the "Bangladesh Steel Re-moving Mills (BSRM)". Situated at Nasirabad, Chattogram, the plant shaped re-implementing bars and basic segments. The factory continuously delayed, receiving new innovative expertise by setting up a cross-country European plant in 1987 which fused a wire-bar plant. The BSRM gathering included a hostage billet assembling plants in 1996 to ensure a steady dissemination of billets of its plants. In 2006, the organization introduced pilot cold rolling plant to make ribbed high-quality wires.[13][4]

4. Technological

Accessibility of latest innovation: The iron and steel industry is a colossal process industry, and its establishment is plant design that extends from plant construction and maintenance to increase their useful life. Despite traditional needs, plant engineering today should meet a broad range of additional requirements, for example: Higher yield, better quality of the products and greater quality assurance of the products.

Effectiveness of utilizing new innovation: The primary steel manufacturing company and one of the noticeable corporate houses in Bangladesh is greater creation yield, better product quality and more comprehensive quality assurance of items by BSRM. Over the years, BSRM steel products were selected solely for major National Tourist Spots and Foundations structure. To offer a few instances, the Hatirjheel Project, Zillur Rahman Flyover, Mayor Hanif Flyover and Shah Amanat Bridge were made with BSRM Xtreme. BSRM Xtreme is an item that was presented when there was no evaluated steel. It was real change in the steel business. The center driver was the confidence in advancement in steel items, which brought about bringing the primary EMF tried pole, the principal steel brand that passed 5 million cyclic stacking Fatigue testing in the U.K. what's more, adjusted to 10 worldwide guidelines. With the nation's largest steel production line and using Europe's finest technology, the organization is maintaining volume with inflexible quality. BSRM is dedicated to providing the best response for the company of growth. The primary 50 mm bar was extremely organized

and transferred to the Padma Bridge's deep piling prerequisites. It is also scheduled to tackle unusual problems for the development business as of late known brands.

2.15 Generic Strategy

Diversification: is a corporate strategy for entering a fresh market or sector where the company is not presently operating, while at the same time creating another item for the new exhibition.

➤ Producing best quality steel product:

BSRM produces steel for the construction business, which has significant item risk suggestions. BSRM's steel items are inside buildings, bridges that are all made to globally acknowledged development codes. The codes in turn determine building materials complying with different worldwide benchmarks. The material standards are of legitimate principles which are authorized by a governmental expert in all nations. Thusly, all constructional materials delivered in a nation are authorized by the Government. The license unmistakably characterizes the material properties and principles to which it must be created to be lawfully sold in the nation.

➤ Innovative product with uniqueness:

BSRM is nation's first maker of 500 MPa yield quality re-bar, branded and promoted as Xtreme 500W, demonstrating BSRM's mission for nonstop advancement as country building accomplice. Next to re-bar manufacture, BSRM rolls and markets sectional steels, for example, angles, channels, and ribbed wire, which are made in isolated plants of BSRM. The bars, exceptionally Xtreme 500 W and sectional items going in different sizes fitting in with ISO 6935-2:2015 and ISO 630-3:2012(E) separately which are the legal standard of the nation.[13] BSRM's steel items are inside Buildings, Bridges, and National Infrastructures that are all made to universally acknowledged development codes. The codes thusly determine building materials complying with different worldwide norms.

Overall cost leadership

➤ Focusing on key features and customer benefits, not the price:

BSRM has staggered programs where thorough instruction and preparing for retail at each level: BCom, Master's, PhD and Executive are there. They likewise have Experiential Learning where temporary position openings with Canadian and worldwide retailers, incorporated with scholarly program run. Besides, they do Action Oriented Research, Retail Experience Lab and Digital Observatory.



2.16 Standard and Quality

Reinforcement of steel generation is a noteworthy modern portion in each nation of the world. It is for the most part delivered to national norms particular. As worldwide exchange has developed in volume and extension the interest for a material determination crosswise over real national guidelines has developed. The Geneva based International Standards Organization (ISO) under the direction of the World Trade Organization (WTO) assumed a critical job in the internationalization of material principles. Today the European Community countries pursue basic material details for a large number of things and strengthening steel is no special case. Institutionalization of items to national and universal details fills three valuable needs. In the first place, it streamlines the trading of products as purchasers and dealers have a typical detail.

Further, lawful enforcement of agreement details winds up simpler and transparent. In particular, the plan calling can endorse material detail according to well-characterized standards that are accessible in the zone. The worldwide standard for strengthening bar particular is ISO 6935. The national has embraced it. Fortifying steel gauges of the whole European Community of countries just as Russia and every one of the CIS country states. In Asia India, China and Japan alongside the ASEAN countries has embraced the ISO based principles for steel and numerous other material benchmarks also. Bangladesh embraced the standard in 2006. The most grounded inspiration, for this move is to remain all-inclusive focused, by making an item for both the Standard & Quality household and global market. It merits referencing that a large number of the country's receiving the ISO based standard are in the high seismic classification.

2.17 Competitive Advantage

As the world is approaching toward progress, next generation rod is required to keep pace with the advanced-movement and to make constructions cost-effective, bold, enduring and safer. This rod is called 'Grade 500' rod which is heavily used in construction works all over the world specially Europe, Malaysia, Thailand, Singapore, Middle-East and India. BSRM has brought such similar kind of rod that is available in every district of Bangladesh. In order to maintain the demand for quality and standard rods in construction activities, BSRM has established an automatic rolling mill having production capacity of 3,75,000 ton per annum using European technology.[1][2][4]

1. Cost-effective Design:

The minimal yield strength of Xtreme-500W is 500MPa, ultimate tensile strength is 624 MPa (72,500PSI). It is 20.8% stronger than 60 Grade Bar. This rod is required 15%-20% less than 60 Grade Bar in construction works.[4]



2. Cost-effective Establishments:

Xtreme-500W can be welded easily. Thus, to join column and create beam, rod is not wasted. Usually splice of the bar have to be kept 20D during joining the column. But welding requires only splice of 8D. It is calculated that welding saves rod of Tk.70-80.

3. Safer Design:

The flexibility and elasticity of Xtreme-500W is superior to other rods due to limited carbon as per international and BSTI standards. The elongation and elasticity of this rod is greater than that of 114-rod, so it can be bent easily. Hence, during the fabrication in construction works, there is no possibility of cracking or breaking. It is exclusive in protecting earth-quake as it has the capability to face shaking and shockwave loading. In Bangladesh, BSRM is the only rod manufacturer that use sophisticated European Technology to produce rod of international standard.

4. Safer Establishments:

Xtreme-500W can protect sheering easily and its shape cannot be changed during putting concrete or movement.

5. Financial Savings:

This competitive product is free from artificial filth or mill scale and it creates firm joint with concrete in addition to .25% savings in weight. There is no alternative to use Xtreme-500W for making your envisioned enduring home and to minimize costs in constructions or to protect oneself from any sort of losses.

2.18 Economic Consideration

Main three pillars of BSRM are

- ✓ Quality
- ✓ Reliability
- ✓ Sustainability

Construction scenario of Bangladesh has radically changed because of human's quest of perfection for further improvement with ultimate quality. The improvement transformed quickly with the production of Grade 500W steel by BSRM Steels Ltd. As the utilization of Grade 500 steel lessens steel utilization by up to 15 percent contrasted with Grade 400 steel, the introduction was an enormous achievement. A significant number of the country's top engineers and originators of high-rise constructions switched to Grade 500 for the innate economy in the utilization of this evaluation of steel.

Chapter 3

Supply Chain Management of BSRM

3.1 Supply Chain Management of BSRM

Supply Chain is a systematic integrating process that involves different parties and entities to satisfy client's solicitation effectively and proficiently. It includes all parties legitimately or indirectly which incorporates manufacturer, suppliers, transporters, distribution centers, retailers and even clients themselves. American Production and Inventory Control Society (APICS) defines SCM as: *“Organizations that successively transform raw materials into intermediate goods, then to final goods and deliver them to customers.”* [14] (**Deshmukh and Mohanty, 1999**). As a result, the overall supply chain management process is dynamic and it has a perpetual flow of products, finances and information at different phases.

“An external integration of interrelated functions of the firm with its channel members, vendors, and all third-party logistics service providers who contribute in the flow of goods (raw materials, semi-finished and finished products) and related information from the point of inception to the point of consumption with efficiency.” [5] (**Agrawal, 2001**).

It is an end to end process where the demand of customer is at one end and the fulfillment of that demand is at the other terminal. Supply chain management at BSRM helps to coordinate all the processes in order to fulfill customer's request.



On the basis of aggregate demand planning, further production, processing and distributional planning are initiated.

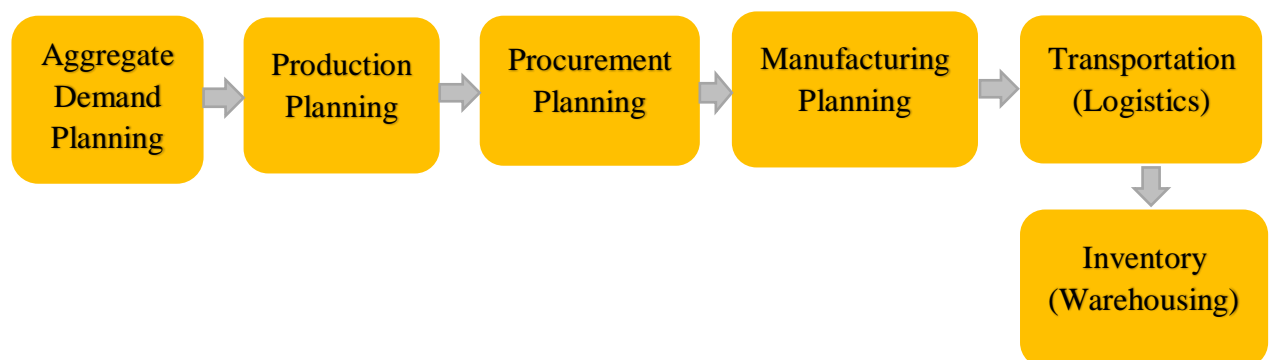


Figure 4 Supply Chain Management Planning

Alternative production procedures are assessed to deliver ideal amount at a lower cost. Appropriate generation planning prompts to procurement order cycle/planning. Valuable

suppliers are consulted with for the required fundamentals of manufacturing. Toward the end, the requested item is fabricated and circulated as needs be to the client.

The overall supply chain process goes through the following chain:



Figure 5 Supply Chain Management Factors

3.2 Value Chain Model

Value chain is termed as “*a chain of value-added activities; products pass through the activities in a chain, gaining value at each stage*”. [11] (Michael E Porter,1985) first acclimated the value chain concept in his book “**Competitive Advantage: Creating and Sustaining Superior Performance**”. Value chain is utilized to an individual association's inventory network systems. It needs expansion of significant worth for every single action through which the item/administration travels through the item life cycle.

The value chain model set up by Porter can be used as a conventional model with five essential activities and four supporting activities. According to the concept of operations, with five main operations and six supporting activities, an alternative depiction of the value chain for the steel manufacturing industry can be used. The state of the stainless steel sector value chain will be equivalent to that of Porter yet the thing that matters is in a portion of the activities and their application. The figure on every activity are given as pursues:

(“Competitive Advantage: Creating and Sustaining Superior Performance”)

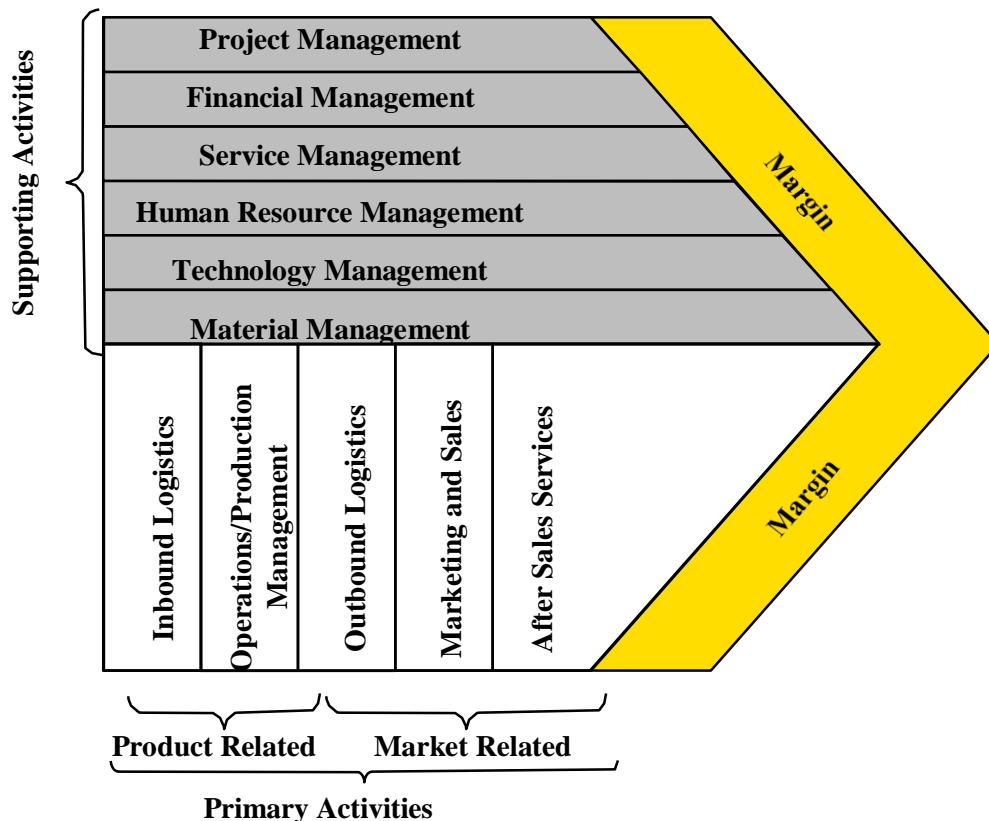


Figure 6 Value Chain Model for Steel Manufacturing Industry

(“Competitive Advantage: Creating and Sustaining Superior Performance”)

Value Chain - Primary Activities

Incorporates the mechanism of adjustment of vital crude materials into final yield / items including the transmission of basic crude materials from suppliers and yield / item advertising to customers. They are assembled into two types of item and market recognized exercises. Item associated actions are the company's completed activities that contribute value to the items and services. [15] For instance-

1. Operation Management

Dealing with and handling raw items, coke, calcinated dolomite, pitch bonded magnesia brick, iron and steel manufacturing, wires, billet, TMT Bar, angles, channels, repair of rolls, and many other activities are related. Besides, planning, monitoring production, design, assets of production sites, manufacturing or buying of spares and required items for plant, repairing activities are also included.[14]

2. Inbound Logistics

Receiving basic raw materials for steel making process, stacking and reclaiming items so also distributing to various manufacturing sites, etc.

3. Outbound Logistics

Planning and dispatch, distribution management, transportation, warehousing, order fulfillment.

4. Marketing and Sales

Product, price, place and promotion- 4P management, export, domestic export and sales, customized sales, pricing policy, contract, CRM and many other activities.

5. Customer Service

Quality Aspects, pre/post-sales communication, issue settlement, etc.

Value Chain - Supporting Activities

These activities do not legitimately contribute in the transformation procedure. However, they facilitate the essential activities in their capacities. For instance-

1. Material Management

- ✓ **Purchase** includes selection of suppliers, receiving purchase requisitions from plant site, procuring raw materials, machineries, consumables and other essentials are ensured to be supplied.
- ✓ **Logistics** involves transporting goods and imported items from port, acquiring port facilities, handling vessels at port and related activities.
- ✓ **Vendor Development** involves performance rating, monitoring, encouraging and interaction with existing or new suppliers, tracing exploring new sources and many other related activities.
- ✓ **Warehouse** incorporate stock control, issue of spares and consumables to different plant site, disposal of rejected extras and consumables, custody of raw materials and finished products, etc.

2. Human Resource Management

Planning, recruiting, executing, human resource development, management services, CSR, and many other activities.

3. Technology Development

Research and Development (R&D), quality assurance, process automations, etc.

4. Service Management

Includes corporate workplaces, corporate vital administration, corporate correspondences, data innovation, and so forth.

5. Project Management

Construction and venture monitoring for plant extension, design and engineering for existing or new plants, project contracts, and so on.

Value Chain- Margin

Margin is the contrast between the all-out worth made at various capacities/activities in the value chain and summation of expense incurred by the company to make such values. Certain expense is incurred by the organization for making an incentive for its final merchandise and administration.

3.3 Organogram of BSRM SCM Department

Supply Chain Management of BSRM is one of the successful and biggest department amongst all the companies of Bangladesh. A schematic structure of the SCM Department of this company is illustrated below



Figure 7 BSRM SCM Department Structure

The authority flows from the top to bottom where SCM Department is supervised by the Executive Director (ED) through the Head of SCM. Lead takes in charge of individual wings of the SCM Department. In-charge works for individual sub-wings of every wings so also supervises the team members. Team members are assigned for administrative tasks of SMW/ BISCO/ SML/ BSRM Mills/ BSRM Steels.

3.4 Supply Chain Drivers of BSRM

BSRM focuses on achieving a harmony among responsiveness and productivity that best underpins the organization's competitive strategy. Consequently, BSRM looks at cross-functional drivers of supply chain performance. The fundamental objective of organizing the drivers is to accomplish the ideal degree of responsiveness at the least conceivable cost which improves the surplus of production network so additionally the budgetary exhibitions:

The significant drivers of supply chain performance execution comprises of three logistical drivers and three cross-functional drivers.

Logistical Drivers include

- ✓ Facilities
- ✓ Inventory
- ✓ Transportation

Cross-functional Drivers include

- ✓ Information
- ✓ Sourcing
- ✓ Pricing

- ❖ **Facilities-** The major facilities of BSRM are a) **Production Sites** and
b) **Storage Sites.**

a) **Production Sites**



**Hot Rolling-
(MELTING)**

Product- BILLET

- 1) BSRM Steels Limited (BISCO), (Mill-1); Nasirabad, Chattogram
- 2) BSRM Steels Limited (SML), (Mill-2); Mirasharai, Chattogram
- 3) Bangladesh Steel Re-Mills (SMW); Bayezid Bostami, Chattogram
- 4) BSRM Steel Mills Limited (STEELS-2); Mirasharai, Chattogram

**Hot Rolling-
(ROLLING)**

Product- RE-BAR

- 1) Bangladesh Steels Re-Roll Mills; Nasirabad
- 2) BSRM Steels Limited; Fauzdarhat

**Cold Rolling
Product- WIRES**

- 1) BSRM Wires Limited; Nasirabad, Chattogram

b) **Storage Site** BSRM has around eight warehouses all around the country. The notable ones are

1) **BSRM Warehouse (K Rahman)**; located at Nasirabad

2) **BSRM Steels Limited Warehouse**; located at Fauzdarhat.

Besides, for recycling imported scrap, there are two concerns as follows

- 1) **Recycling Insurance Limited (RIL)**; located at Barawlia, Chattogram. The recycled scrap from here are used at BSRM Steels (Mill-1); Nasirabad, Chattogram, BSRM Mills (SMW); Nasirabad, Chattogram.
- 2) **BSRM Steels Limited (SML), (Mill-2)**; located at Mirasharai, Chattogram. The recycled scraps from this source is used at this Mill itself so also at BSRM Steels Mill-2 of Mirasharai, Chattogram.

3.5 Framework of Supply Chain Management Department of BSRM

The framework of Supply Chain Management Department of BSRM with its different wings and sub wings are illustrated as follows:

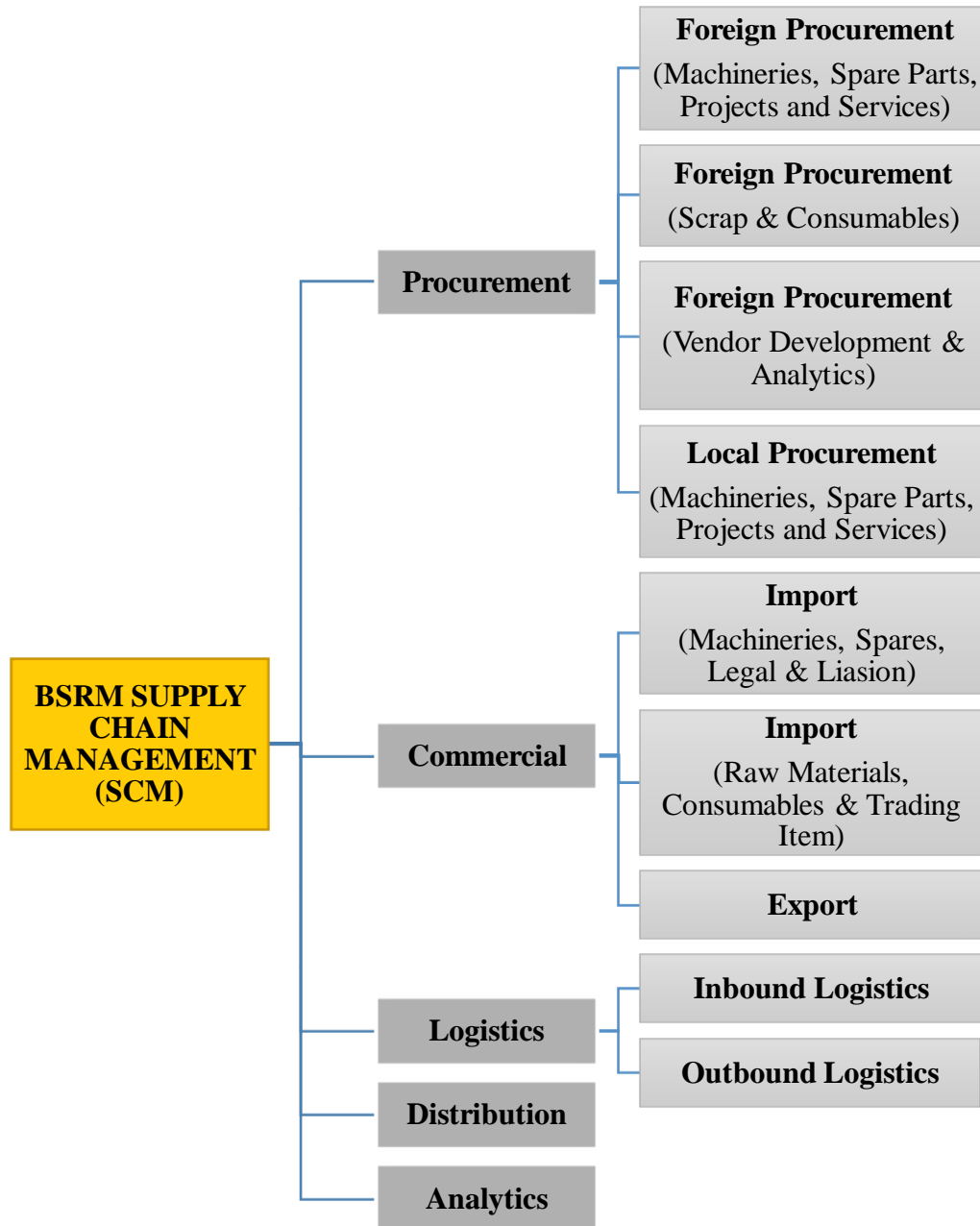


Figure 8 Framework of Supply Chain Management Department of BSRM

Supply chain department of BSRM is one of the well-maintained and major supply chain management amongst the existing Bangladeshi corporations. A very good number of employees are involved in this department to conduct different activities at different stages effectively and efficiently in order to administer the flow of products, information and funds.

3.6 Analysis of Individual Wings

3.6.1 Procurement

Procurement department of BSRM emphases on procuring materials, projects and services, machineries and spares, consumables, etc. at the best possible terms from the most suitable sources. This is the foremost wing of supply chain department which initiates the work of this department; after a purchase requisition is submitted by the internal or external customer of the company. Thus, other wings are accelerated by the functions operated at this wing of BSRM.

Comparing on the basis of price, quality, quantity, time, and location, goods and services are acquired from the suitable supplier after finding and agreeing to mutual terms with them. This wing of BSRM SCM ensures that all the required necessities of manufacturing are readily in stock so that production proceeds without any hindrance.

* Procurement is generated on the basis of the following categories

- **Auto Procurement-** procurement that is directed on the basis of self-analysis by the respective officials. For example- raw materials, consumables.
- **Need-Based Procurement-** procurement that is placed when a purchase requisition (PR) for goods or services is requested by the end users. For example- Machineries, spare parts, project and services.

Procurement wing with its sub wings are shown below-

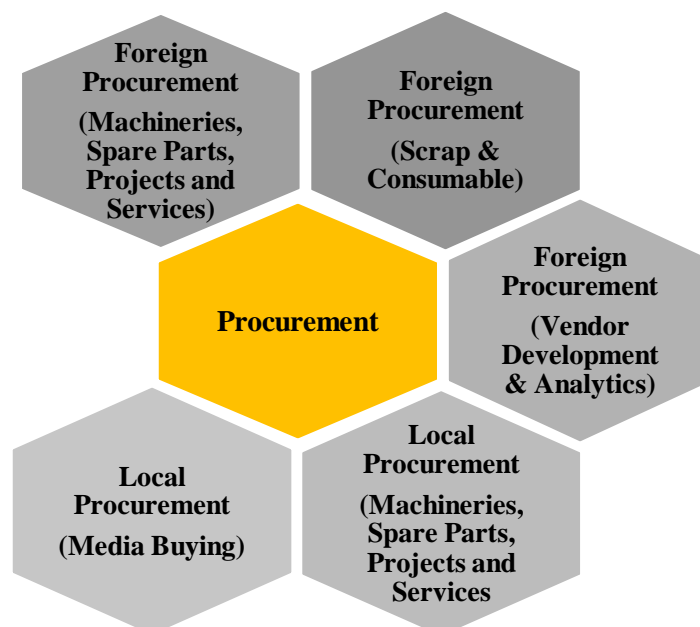


Figure 9 Sub-wings of Procurement Wing

i. **Foreign Procurement (Machineries, Spare Parts, Projects and Services)**

This sub-wing functions to acquire machineries and spares, projects and services from international sources after collaborative agreements on terms and conditions. According to the requirement of the manufacturing site, purchase requisition is submitted which is further processed at the foreign procurement- machineries and spares sub -wing.

Foreign Procurement (machineries, spare parts, projects and services) mostly purchases from Original Equipment Manufacturers (OEM) because machineries and spares are very sensitive assets in the manufacturing site. The OEM manufactures the authentic and genuinely designed equipment, as such they are the most reliable source out of numbers of traders, distributors and manufacturers. The end users of the site mention every detailed specifications and necessary information of the demanded machineries and spares while giving a purchase requisition (PR), which are to be fulfilled for sure. These heavy machines help to complete targeted task by reducing the manual labor, risk factors, time wastage so also unsatisfactory quality. Hence, for a manufacturing company like BSRM, huge capital is invested for the best purchase of advanced and innovative technologies. The purchase of heavy machineries and spare parts, projects and services are more complicated than the purchase of other requirements. Besides, the latest arrivals are also kept in track in order to meet the industrial progresses.

The primary Original Equipment Manufacturer (OEM) of BSRM are as follows-

- Electrotherm
- Inductotherm

These are the reliable **Indian OEMs of BSRM** that supplies for Billet Manufacturing. For BSRM Re-rolling, there are two **Italian OEMs of BSRM** which are:

- Danieli
- Bendotti

It is to be mentioned that, while purchasing spares for machineries, the country of origin (CO) is an obligatory concern because the specifications and features must match exactly with the uniquely designed spares used by the OEMs. They usually purchase these sophisticated parts from their neighboring OEM suppliers. Hence, BSRM also needs to purchase from those sources. Many a times, they are left with no other options without purchasing from those sources for a particular purchase; as there are few sources or there is only one that could provide the most authentic item.

Input in the process

Purchase requisition (PR) of machineries, spares, projects and services received from end users is the main input of Foreign Procurement (Machineries, Spare Parts, Project and services).

Machineries are usually one-time purchase and they should be of high quality and specifications. Hence, the purchase of plants and sophisticated logistics requires cautious judgement. A huge amount of investment is required for the one-time purchase of such heavy plants and machineries.

By proper inspection at the manufacturing site, the less performing, disturbing parts or very essential items/spares are traced by the respective authority who places the required PR.

Detail of the process

By now we can observe that the function of foreign procurement (Machineries, Spare Parts, Project and services) starts with the **Purchase Requisition (PR)**. It includes details like PR Number and Date, item description, UOM, quantity. PR also includes the following information

- ✓ Need by Date
- ✓ Last Purchase Order Number
- ✓ Last Purchase Order Price
- ✓ Preferred Brand
- ✓ Other required Specifications

The Purchase Requisition (PR) is processed in the Enterprise Resource Planning (ERP) System. This PR is received from the end user of plant and project site.

1. **Request for Quotation (RFQ) or Request for Proposal (RFP)** is sent to the respective manufacturer (specifically OEM), supplier or trader. If there are more than one reliable source in case of machineries and spares, RFQ or RFP is sent also to them.
2. **Receive of quotation** is done.
3. After receiving the response or offer from the sources regarding the given PR, **technical discussion** is conducted with the end user. It is conducted to ensure that the requested specifications and details match the offered quotation. It is a very complex and sensitive evaluation.
4. There goes a **TO and FRO of technical discussion** where foreign procurement performs like a bridge of communication in between the end user and the

supplier, manufacturer or trader. Technical details, amount, specifications, etc. are further revised and finally a specified order is **frozen**.

5. **Negotiation** is done with the supplier regarding price, terms and conditions. Terms and conditions include

- i. **Incoterm**-International Commerce Terms are a set of international trade rules for all the trades around the world. Buyers and seller's responsibility are mentioned regarding trading products between countries. Cost & Freight (CFR) Chattagram Sea Port, Carriage Paid To (CPT) Dhaka Airport and CPT Benapole Land Port are the mostly used incoterms by Foreign Procurement (Machineries, Spare Parts, Project and services).
- ii. **Delivery Time- Lead Time** (the time between the order received and completion of delivery) is the most prioritized term to be considered regarding delivering the demanded goods or services to the plant on due time or as early as possible.
- iii. **Payment Term**- Three payment terms are practiced at BSRM. They are
 - ✓ **Advance**
 - ✓ 100% **Cash Against Documents (CAD)**
 - ✓ 100% **Letter of Credit (LC)** at sight, based on documents sent and the payment is done within five (05) working days.

6. After all the negotiations completed with the preferable sources, **Comparative Statement (CS)** is prepared. CS includes product description, units, quantity, unit price, amount, discounts, initial price, final price, landing cost, port of boarding, port of discharge, and other required terms and conditions. Then, **CS Ticket Number** is collected for further approval from respective authorities in charge.

7. **Purchase Order (PO)** is prepared and approved from the respective authorities.

8. PO is sent to the supplier and they are asked for **Pro-forma Invoice** for the given PO. Pro-forma Invoice includes the following

- | | |
|--|---|
| ✓ 'Pro-forma Invoice' is to be written. | equals to 20% of the total PI value) |
| ✓ PI Number and Date | ✓ Parts for 'Furnace' |
| ✓ Supplier's Address | ✓ HS Code (Harmonized System Code) for every goods and services |
| ✓ Consignee Address (Ship to & Bill to) | ✓ Payment Term |
| ✓ Freight Charge (which should be less than or | ✓ Delivery Terms |

- | | |
|---|--|
| ✓ Country of Origin | ✓ Transshipment Allowed or Not Allowed |
| ✓ Port of Boarding | |
| ✓ Port of Discharge | ✓ Bank Details with Swift Code |
| ✓ Partial Shipment Allowed or Not Allowed | ✓ Seal and Signature |

9. After the PI is received, the PO and PI is **sent to the Commercial wing for LC Opening** at an advisory bank of the buyer.

10. The procedure of foreign procurement does not end here. **Follow Up** phase begins after PO and PI are handed over to the Commercial wing

11. The supplier needs to provide the following mandatory documents after the ready product is given for shipment-

- 1) **Commercial Invoice (CI)**
- 2) **Packing List**
- 3) **Certificate of Origin** (Provided by the International Chamber of Commerce)
- 4) **Bill of Lading** (for Sea Transportation), **Airway Bill** (for Air Transportation),
Consignment Note (for Land Transportation)

These four documents are to be provided mandatorily by the supplier. Other than these, **Inspection Certificate** is also to be provided if required. These documents are sent to the buyer's bank by beneficiary bank.

Output of the process

Purchase Order (PO) and Pro-forma Invoice (PI) are the output of the Foreign Procurement (Machineries, Spare Parts, Project and services) which are further generated at the Commercial wing.

Involving Concerns and their Tasks

- End users of the plant who gives Purchase Requisition (PR) for different items, machineries, services and many other essentials of BSRM.
- Manufacturers, suppliers or traders who supplies the required machineries, spares, projects and services.

Involving Documents and their Applicability

1. **Purchase Requisition (PR).** It is applicable at the very beginning to direct every functions of foreign procurement. End users give PR to the respective person in charge to process the procurement.
2. **Request for Quotation (RFQ) or Request for Proposal (RFP).** The buyer i.e. respective person in charge of BSRM sends it to the supplier.
3. **Quotation.** Suppliers send quotation to the buyer
4. **Comparative Statement (CS).** The respective officials of foreign procurement for further analytical evaluation prepare CS.
5. **Purchase Order (PO)** is sent to the supplier after confirmation of which supplier to be chosen by using CS.
6. **Pro-forma Invoice (PI)** is asked from the supplier. It initiated the further procurement.
7. **Letter of Credit (LC)** is the most applicable term for payment. It is conducted through bank. All payments are transacted from bank to bank. As such it is the most reliable payment term. For high valued purchase, LC is compulsory. In this case, partial shipment is allowed because of the amount and price.
8. **Advance Payment** is mostly not preferred nor used for the purchases of BSRM. The buyer takes the serious risk as the payment is completed through banking networks after accepting the order but before the delivery.
9. **Cash against Delivery (CAD)** is another payment term. Supplier informs a bank to hand over conveyance and other essential records to the buyer when the buyer totally pays the accompanying bill of exchange or draft. It is generally called as documents against payment.
10. **Commercial Invoice** is an authorized document between the supplier and the buyer that unmistakably characterizes the ordered items, and the amount payable by the buyer. It is one of the main documents used by customs in determining customs duties.
11. **Packing list** includes all the items that are shipped to the buyer.
12. **Certificate of Origin** provided by the International Chamber of Commerce (ICC). It is one of the obligatory documents that entails information of the product, its destination and the country of export. It is one of the documentary requirements for Letter of Credit (LC).
13. **Bill of Lading** (for Sea Transportation), **Airway Bill** (for Air Transportation), **Consignment Note** (for Land Transportation) - these documents are required respectively as an evidence of receipt for delivery at the destination. It is prepared by the consignor and endorsed by the carrier.

14. Inspection Certificate is occasionally required. In many cases, examination of the product ordered is required which is conducted at the supplier's site to ensure quality, specifications required and many other factors. All these are ensured by inspection certificate.

ii. **Foreign Procurement (Scrap & Consumables)**

Purchasing consumables as per the requirement of the **billet manufacturing plants** as in **SMW, SML and BISCO** is the fundamental activity of this sub-wing.

In absence or shortage of scrap and consumables, final products cannot be prepared at all. As such, manufacturing process will be jeopardized. India, China, Germany, Italy, Japan are the main importer of scrap and consumables. Some suppliers are the only existing vendor for certain items.

Purchases under this sub-wing is conducted totally based on auto procurement. There is no specific purchase requisition (PR) rather stock analysis is conducted every week. Consumables are mostly used in furnace. Usually purchase planning under this sub-wing is done for three (03) months which helps to keep enough stock quantity for future requirements. However, overstock for no purpose is strictly discouraged.

There are three types of furnace as follows

1. Blast Furnace
2. Induction Furnace
3. Arc Furnace

These furnaces require items like

- | | |
|--------------------|-----------------------|
| ✓ Quartzite Powder | ✓ Graphite Electrode |
| ✓ Ferromanganese | ✓ Copper Mould Tube |
| ✓ Silicomanganese | ✓ Mould Powder |
| ✓ Pet Coke | ✓ Refractory Castable |
| ✓ Met Coke | ✓ Safety Bricks and |
| ✓ Calcium Carbide | many more |

Input in the process

Weekly Stock Report is the main input of this sub-wing.

Detail of the process

1. After **analyzing** the Weekly Stock Report of SMW, SML and BISCO, '**To Be Procured**' is determined.

2. **Inquiry** is sent to the available suppliers with specifications.
3. **Techno Commercial Offers** are collected from the suppliers along with descriptive specifications, rates and other related information.
4. **Comparative Statement (CS)** is prepared on the basis of which **negotiation** is done with the chosen supplier.
5. **Purchase Order** is prepared and approved by respective in-charge and finally sent to the supplier along with asking for a **Pro-forma Invoice (PI)**.
6. After receiving PI, this sub-wing hands over PO & PI to the **Commercial wing for LC/ CAD/ Advance Payment opening**.
7. **Follow- up** begins with the Commercial, Logistics and Inventory so also with the supplier, bank and port where product will be delivered.
8. The supplier needs to provide the following **mandatory documents** after the ready product is given for shipment-

Output of the process

Purchase Order (PO) and Pro-forma Invoice (PI) are the output of the Foreign Procurement (Spares & Consumables) which are further generated at the Commercial wing.

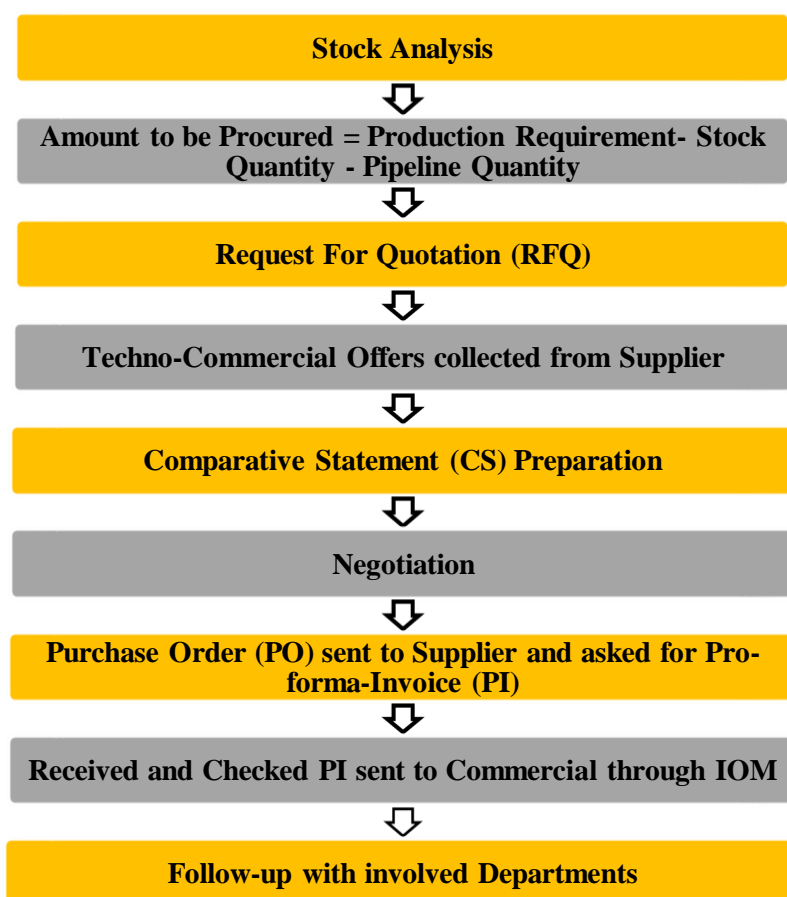


Figure 10 Flow Chart of Foreign Procurement (Scrap & Consumables) Procedure

Involving Concerns and their Tasks

- **End users** of the SMW, SML and BISCO who give Purchase Requisition (PR) for different items, machineries, services and many other essentials of BSRM.
- **Manufacturers, suppliers or traders** who supplies the required machineries, spares, projects and services.

Involving Documents and their Applicability

- 1. Weekly Stock Report**
- 2. Analysis of Stock Report**
- 3. Purchase Requisition (PR)**
- 4. Quotation-** Suppliers send quotation to the buyer
- 5. Comparative Statement (CS).** The respective officials of foreign procurement for further analytical evaluation prepare CS.
- 6. Purchase Order (PO)** is sent to the supplier after confirmation of which supplier to be chosen by using CS.
- 7. Pro-forma Invoice (PI)** is asked from the supplier. It initiated the further procurement.
- 8. Letter of Credit (LC)** is the most applicable term for payment. It is conducted through bank. All payments are transacted from bank to bank. As such it is the most reliable payment term. For high valued purchase, LC is compulsory. In this case, partial shipment is allowed because of the amount and price.
- 9. Advance Payment** is mostly not preferred nor used for the purchases of BSRM. The buyer takes the serious risk as the payment is completed through banking networks after accepting the order but before the delivery.
- 10. Cash against Delivery (CAD)** is another payment term. Supplier informs a bank to hand over conveyance and other essential records to the buyer when the buyer totally pays the accompanying bill of exchange or draft. It is generally called as documents against payment.
- 11. Commercial Invoice** is an authorized document between the supplier and the buyer that unmistakably characterizes the ordered items, and the amount payable by the buyer. It is one of the main documents used by customs in determining customs duties.
- 12. Packing list** includes all the items that are shipped to the buyer.
- 13. Certificate of Origin** provided by the International Chamber of Commerce (ICC). It is one of the obligatory documents that entails information of the product, its

destination and the country of export. It is one of the documentary requirements for Letter of Credit (LC).

- 14. Bill of Lading** (for Sea Transportation), **Airway Bill** (for Air Transportation), **Consignment Note** (for Land Transportation) - these documents are required respectively as an evidence of receipt for delivery at the destination. It is prepared by the consignor and endorsed by the carrier.
- 15. Inspection Certificate** is occasionally required. In many cases, examination of the product ordered is required which is conducted at the supplier's site to ensure quality, specifications required and many other factors. All these are ensured by inspection certificate.

iii. **Foreign Procurement (Vendor Development & Analytics)**

With a view to develop production, plant, projects and services that includes overall structure of BSRM- an uprising wing is Vendor Development & Analytics which is under Foreign Procurement. It aims to explore new vendors as alternative sources of supply for different purposes; in order to minimize the cost of the company and optimizes the total quality. It is also termed as “**Pre- Procurement**” or “**Sourcing**”.

Based on the following major priorities, new Vendor Development or alternative sources are established-

- **Monopoly Issue-** Some items have high price and huge requirements with a limited sourcing opportunity. Vendors are only one or very few. This situation is termed as “80-20%”. New vendors are greatly required for such condition where some items are to be purchased regularly.
- **Geographical Location Issue-** Due to geographical location of our country, raw materials, natural resources are very limited. 80% of Magnesium Carbonate are purchased from China, the rest from India. But there might come a day of crisis in China for this item, or there might be any mining issue in this country which can affect the whole world. Hence, management prefers to reduce the geographical location dependency by introducing or exploring **alternative vendor** for the item or exploring **alternative technology**, which can cover the requirement of the crisis item.
- **Original Equipment Manufacturer (OEM) Issue-** As per contract, BSRM needs to be reliable for functioning and other related matters of the whole machine or any spare parts of the equipment. Designing, engineering of every innovative items is owned by OEM, which is purchased under a contract of 3-5 years. Around 60% market shares of BSRM goes to the prominent OEM i.e. Danieli; other OEMs gets proportionately. It is a matter of concern that, this OEM's contract period will ultimately come to an end. As such, new scope of alternative OEM is to be explored on which this sub-wing works competently.



Input in the process

Based on the monopolistic state, geographical location and OEM for alternative technology, **Priority List** is prepared.

Detail of the process

1. After preparing the priority list, wide screening is conducted to trace the emergency requirement based on the stock analysis.
2. User department approaches with demand of certain requirements and places budget approval to the Plant Head; on the basis of which new vendor sources are contacted with
3. Alternative sources of supplier are explored and contracted officially. If they respond, then further query is made else a reminder is given for connecting again.
4. If the vendors agree on different terms and conditions of the company i.e. BSRM, they are further approached in regards of Techno Commercial Offer. Detailed specifications of the required items are sent to the vendors. In a sense, they are asked for Request for Quotation (RFQ) before receiving PR from the end user.
5. Potential vendor is chosen after analyzing the prepared and approved Comparative Statement (CS). Price, Technical Data Sheet (TDS) or drawing are asked from the chosen vendor.
6. Evaluation of the TDS and Drawings are conducted and approved. If required, counter offer is also given.
7. Purchase Order (PO) is prepared and sent to the vendor. Minimal conditions like how many items or quantity they are willing to provide for trial purpose are decided.
8. Pro-forma Invoice (PI) is received and sent to the commercial for further processing to import the required items.
9. Following works are accomplished-
 - ✓ LC opening
 - ✓ Shipment of the products
 - ✓ Document collection
 - ✓ Clearance by C&F agent
10. After delivery to the destination site, Goods Receiving Notes (GRN) is prepared.
11. The trial of the imported item/items is/are conducted on the basis of which a performance feedback is prepared and sent to the vendor development.
12. Analysis of the performance feedback is conducted to sort out if there are any quality deviations.
13. Based on the evaluation and future requirement analysis, the vendor is finalized and confirmed as a regular vendor.

Output of the process

New vendor is finalized and confirmed as a regular vendor through this spontaneous sub-wing of Foreign Procurement.

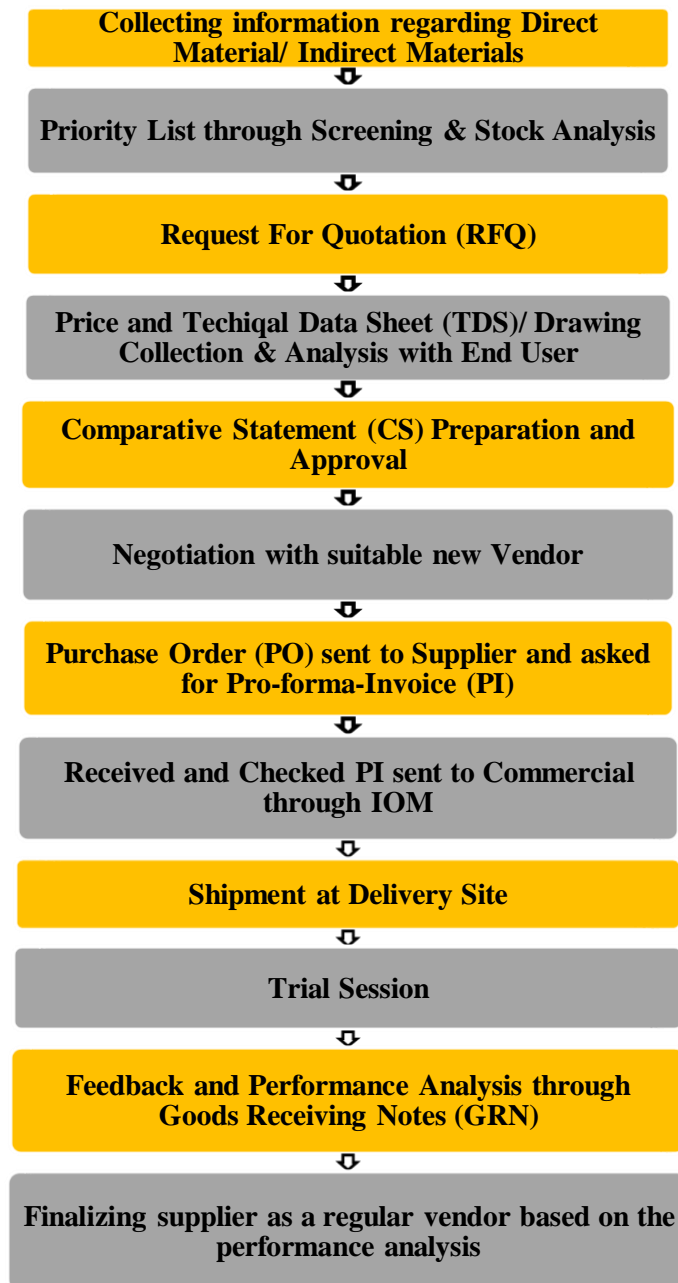


Figure 11 Flow Chart of Foreign Procurement (Vendor Development & Analytics) Procedure

Involving concerns and their Tasks

- **Website of the Vendor-** detail information of the vendors is found in their respective websites.
- **Credit Report-** this report can be collected from the supplier's bank that ensures the trustworthiness of the supplier.
- **Client List-** the clients of the supplier can be contacted for gathering feedback.
- **Physical Inspection** – suppliers can be directly visited and explored.
- **Personal Reference** – personal references can be another source.

iv. **Local Procurement (Machineries, Spare Parts, Projects and Services)**

Purchase of machineries, spares, projects and services from local sources as per the requisition of the factory and sister concerns is the primary activity of this sub-wing. Items procured/ purchased are related to as follows-

- | | |
|-----------------|---------------------------|
| ✓ Stationary | ✓ Spare parts |
| ✓ Consumables | ✓ Cleaning and Toiletries |
| ✓ Manufacturing | ✓ Printing Essentials |
| ✓ Electrical | ✓ IT Related |
| ✓ Mechanical | ✓ Hardware/ Software |

Input in the process

Purchase Requisition (PR) is the main input in this sub-wing.

Detail of the process

1. **Purchase Requisition (PR)** is received from end users that includes factory and offices.
2. After analyzing the PR, if required **Request for Quotation (RFQ)** is placed to different local suppliers as per the requirements.
3. **Quotations** are received.
4. **Comparative Statement (CS)** is prepared mentioning product specifications, quantity, unit price, discounts availed, terms and conditions.
5. After approval based on the supplier's reliability, past history, rates offered, product's quality and specifications, quantity, etc. **Negotiation** is done with the supplier.
6. **Purchase Order (PO)** from final negotiation is prepared. After approval from respective in-charge, PO is sent to the chosen supplier.
7. BSRM Logistic team or supplier's logistic **delivers** the order to the destination
8. **Goods Receiving Note (GRN)** is prepared after receipt. Supplier hand over the bill and the challan which are sent to the A/C Department from local purchase team for clearance. It might take 4-5 days.

Output of the process

Bills to the A/C department is the main output from Local Purchase (Machineries, Spare Parts, Projects and Services)

Besides, products like lubricants, office equipment, essentials for Frobel Academy (one of the social educational institution of BSRM), LP gas cylinder, hose, hydraulic hose, metal hole saw, cut pieces rod, ball bearing 6014-2RS1, and many other requirements are bought to the factory or office through this sub-wing.

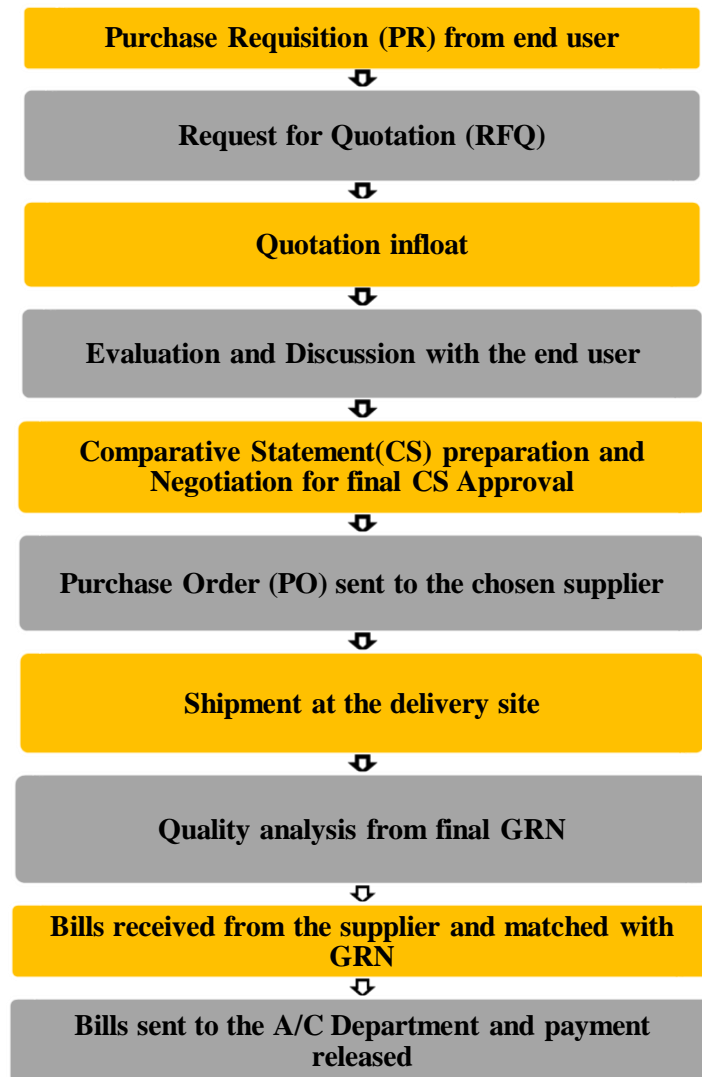


Figure 12 Flow Chart of Local Procurement (Machineries, Spare Parts, Projects and Services) Procedure

Involving Concerns and Their Tasks

- **End Users** from factory, office or sister concerns of BSRM who provides the Purchase Requisition (PR).
- **Suppliers** provides the required items or services.
- **Accounts Department** clears the payment to the suppliers.

Involving Documents

- | | |
|------------------------------|--|
| 1. Purchase Requisition (PR) | 2. Request for Quotations (RFQ) if required. |
| | 3. Quotations |

- 4. **Comparative Statement (CS)**
- 5. **Purchase Order (PO)**
- 6. **Delivery Challan**

- 7. **Goods Receiving Notes (GRN)**
- 8. **Bill from Supplier**

v. **Local Procurement (Media Buying)**

End user as in marketing and sales department mostly provides requisitions for different promotional items and media buying activities which are initiated, purchased and managed by Local Procurement (Media Buying). Creative agency, booking agency, media inspection agency decides about the design and planning of the media content. The prominent agencies who are working for BSRM are as follows

- **Creative Media Agency-** Bitopi. This agency supports to provide a whole promotional planning on media which is approved by marketing department.
- **Booking Agency-** Media Consultant Limited (Maxus/MBA) works grounded on a fair percentage of commission. Media purchase section facilitates the negotiation and coordination of the whole process. Almost all the TV channels and newspapers are promoting campaigns of BSRM on a contractual basis.
- **Media Inspection Agency-** Media Source supports to monitor and report on TV reconciliation if the promotional planned activities are telecasted accordingly.

Input in the process

Purchase Requisition (PR), Location List, Dealer List are the main inputs for Local Purchase (Media Buying).

Detail of the process

Local Purchase (Media Buying) undertakes the responsibility of purchasing and managing both promotional items and media. As such, different inputs, procedure are executed for different items and they generate different outputs accordingly.

❖ Electronic Media

Following types of campaigns are telecasted in TV-

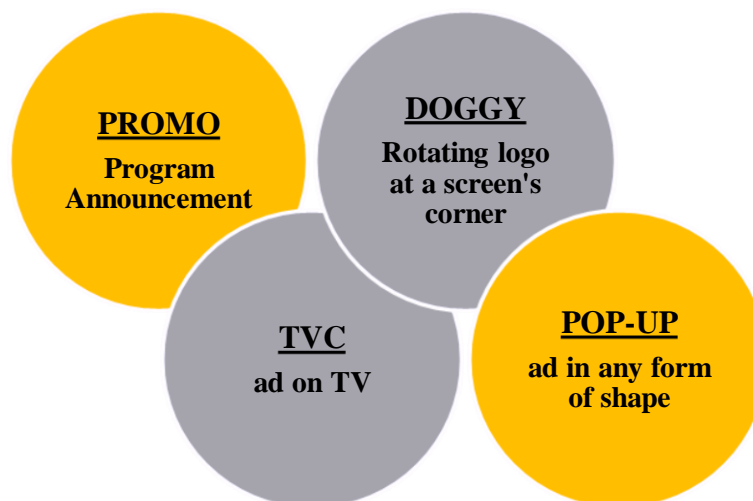


Figure 13 Types of Campaign in Electronic Media

Procedure of Electronic Media is as follows-

1. Marketing department provides **Purchase Requisition (PR)** on the basis of the planning provided by the creative media agency for each channel.
2. **Purchase Order (PO)** is provided and approved. After that, proposed campaign – TVC is telecasted on air.
3. After a month, media inspection agency generates a **Monitoring Report/ TV Reconciliation Report** of all the channels.
4. Marketing department **check monitoring report** if it is executed accordingly. A **final opinion** is given to the agency after going through the monitoring report.
5. Finally, the agency **prepares bill and send** it to the Media Buying sub-wing.
6. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department**.

❖ Printing Media

Along with newspaper, magazine, Media Buying deals with following printing items-

- | | |
|---------------------------------|--------------------------|
| ✓ BSRM News Letter. | ✓ Ramadan Timing |
| ✓ BSRM Eid Greetings | Leaflet. |
| Card. | ✓ Ultima Dangler. |
| ✓ Iftar Invitation Card. | ✓ Others. |

Printing media is processed in the following procedure-

1. Marketing department provides **Purchase Requisition (PR)** with detailed specifications.
2. **Bill of quantity (BOQ)** is prepared with the detailed specifications for booking.
3. **BSRM books** directly with the authority if the booking is not related to campaign launch. In that case, the agency does all the bookings.
4. After being published in the printing media, the **bill is received by the media buying sub-wing.**
5. **Purchase Order (PO)** is prepared **based on the BOQ for approval.**
6. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department.**

❖ **TVC Production**

1. Market department **shares story created by creative media agency** with proposed directors through **email and Purchase Requisition (PR).**
2. Media Buying sub-wing sends **Request for Proposal (RFP)** to the proposed directors with a Bill of Quantity.
3. **Comparative Statement (CS)** is prepared on the basis of which a director is selected after a meeting with marketing department and creative media agency i.e. Bitopi.
4. **Purchase Order (PO)** is prepared and approved after **Negotiation.**
5. Another **meeting** with Marketing department, Director, Production House is conducted.
6. **Shooting and airing** of the desired TVC is done.
7. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department.**

❖ **Billboard Hiring/ LED Hiring**

Following costs are associated with billboard/LED hiring-

- ✓ Structural cost.
- ✓ Agreement cost.
- ✓ Cost concerning City Corporation and other legal cost.

Procedure for billboard/LED hiring is as follows-

1. Marketing department **provides suitable locations** where billboards could be hired.
2. Media Buying sub-wing sends **Request for Proposal (RFP)** to the suitable vendors.
3. Vendors **response to the proposal** with pictures of billboard that BSRM can hire at suitable locations, which are sent to the marketing department for review.

4. Marketing department **analyses and approves** the suitable best locations and sends to the Media Buying sub-wing.
5. **Comparative Statement (CS)** is prepared.
6. **Purchase Price Cost Analysis (PPCA)** is prepared and approved after negotiation with the vendors.
7. After **final execution**, **Purchase Requisition (PR)** is received on the basis of which **Purchase Order (PO)** is prepared and approved; so also, the **bill** is sent to the Media Buying sub-wing.
8. Final inspection of the dealer shop branding service is conducted.
9. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department**.

❖ **Shop Sign/ Dealer Shop**

It comprises of furnishing the dealer shop with BSRM logo, paintings and other required things like

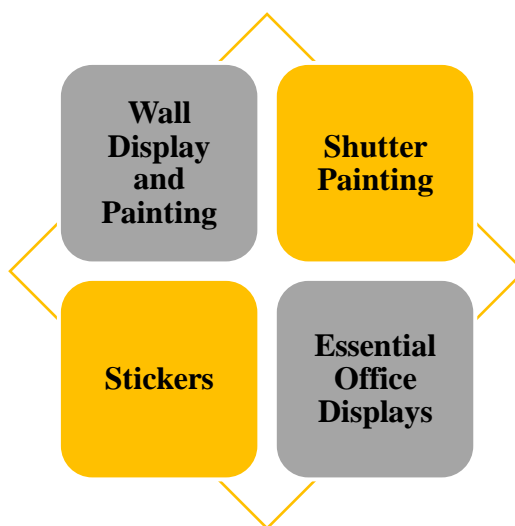


Figure 14 Essentials for Shop Sign/ Dealer Shop

Dealer shop is assigned by the following process-

1. Marketing department **provides dealer's list for dealer shop branding**.
2. Media Buying sub-wing sends **Request for Proposal (RFP)** to the suitable vendors for branding all over the country.
3. Vendors **response to the proposal** so that BSRM can hire suitable dealer shop, which are sent to the marketing department for review.
4. Marketing department **analyses and approves** the suitable best dealer shop and sends to the Media Buying sub-wing.
5. **Comparative Statement (CS)** is prepared.
6. After **final execution**, **Purchase Requisition (PR)** is received on the basis of which **Purchase Order (PO)** is prepared and approved; so also, the **bill** is sent to the Media Buying sub-wing.
7. Final inspection of the dealer shop branding service is conducted.

8. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department**.

❖ **Promotional Items/ Gift Items**

Promotional and gift items include the following: **Coffee Mug, Shirt Pant, Sharee, Gift voucher\ flower base, Folding umbrella, Sweet box and others.**

These items are generated in the following ways-

1. Marketing department being the end user provides **Purchase Requisition (PR)**.
2. **RFQ/RFP** is prepared.
3. Vendors **respond** with a quotation/proposal.
4. **Comparative Statement (CS)** is prepared
5. **Purchase Price Cost Analysis (PPCA)** is prepared and approved after negotiation with the vendors.
6. **Purchase Order (PO)** is prepared and approved by respective in-charge, Lead, Head of SCM.
7. **Final inspection** of the sample is conducted before bulk order.
8. **Shipment and delivery** of promotional or gift items.
9. **Bill is sent** to the Media Buying sub-wing.
10. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department** which is cleared within 15-30 days.

❖ **Event Management**

Dealer's Night is the most prominent program organized by BSRM Media Buying sub-wing every year. Other than that, **Corporate's Night, Vision and values celebration, and many other events** are organized by the Media buying sub-wing.

Procedure of organizing event management is as follows

1. **Purchase Requisition (PR)** is received from end user.
2. **RFQ/RFP** sent to the vendors and negotiated after getting quotations/ proposal from them.
3. Vendors give **presentation** which is analyzed by the respective authorities along with Media Buying team.
4. **Comparative Statement (CS)** is prepared and a suitable convenient event management firm is chosen.
5. **Bill of Quantity (BOQ)** is prepared.
6. After **final execution**, **Purchase Order (PO)** is prepared and approved; so also, the **bill** is sent to the Media Buying sub-wing.
7. **Final inspection** of the event management service is conducted.
8. **Goods Receiving Note (GRN)** is prepared and Bill is sent to the **Accounts Department**.

- ❖ **Beautification Projects** are also conducted by the Media Buying sub-wing of Local Purchase.

Output of the process

Bill to the A/C Department and the **respective purposes of promotional activities** are served to reach the wide range of **Target Group (TG)** of BSRM.

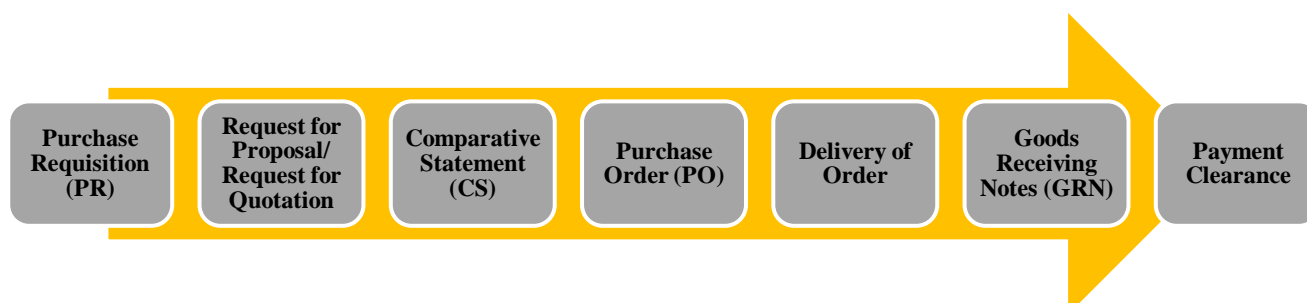


Figure 15 Flow Chart of General Procedure of Local Procurement (Media Buying)

Involving Concerns and their Tasks

- **Marketing and Sales Department** as end users.
- **Admin Department**
- **Creative Media agency** share and create contents, viz: Bitopi
- **Media Booking Agency** book slots and other related things in different channels, viz: Media Consultant Ltd. (Maxus/(MBA)
- **Media Inspection Agency** conducts monitoring and reporting analytics like TV Reconciliation Report, viz: Media Source
- **Vendors** provide different services and products.
- **TVC Production Houses** fulfill TVC demands as per ordered.
- **Accounting Department** pays bills to the related parties, agencies, vendors.

Involving Documents

- | | |
|--|--|
| 1. Purchase Requisition (PR) | 6. Bill of Quantity (BOQ) |
| 2. Request for Quotation (RFQ)/ Request for Proposal (RFP) | 7. Purchase Price Cost Analysis (PPCA) |
| 3. Quotations/ Proposals | 8. TV Reconciliation Report |
| 4. Purchase Order (PO) | 9. Goods Receiving Notes (GRN) |
| 5. Comparative Statement (CS) | 10. Bills |

3.6.2 Commercial

Commercial department starts its function after receiving the necessary documents from the Procurement department. Beginning with the opening of Letter of Credit (LC) for the requested product, this department supervise the whole period and procedure till the shipment is handed over to the logistics department.

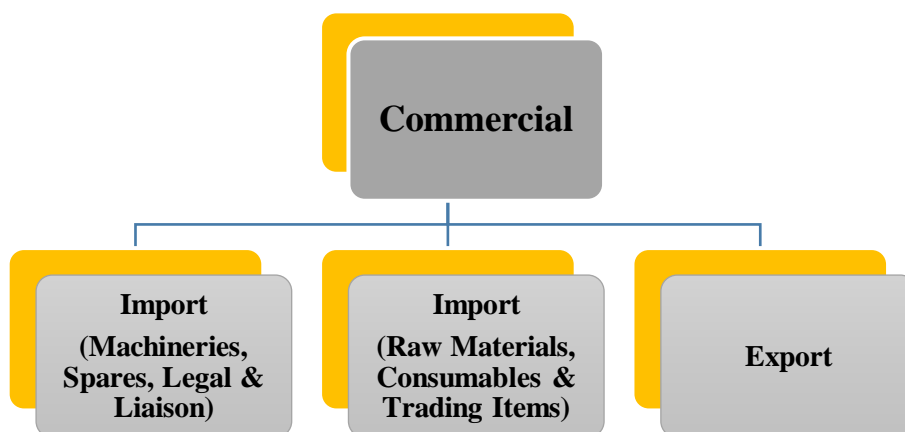


Figure 16 Sub-wings of Commercial Wing

i. Import (Machineries, Spares, Legal & Liaison)

As per the requirement of the end users i.e. the manufacturing plant, this sub wing enable the import of machineries, spares, legal and liaison. The import processing starts after receiving the Pro-forma Invoice (PI) from the Foreign Purchase (Machineries; Spares; Trading & Project). Based on the location of the importing country, product delivery is conducted using any of the transportation method. Identifying the HS Code is the initial challenging activity for he imports processing of machineries and spares. Mostly, Deferred LC is preferred more than At Sight LC.

Input in the process

Proforma Invoice (PI), Purchase Order (PO) processed from Foreign Purchase are the inputs in the commercial wing.

Detail of the process flow

1. After receiving the PI, commercial team needs to **check** if all the necessary information is encrypted in the document. **Only Pro-forma Invoice (PI)** is received from Foreign Purchase (Consumables)/Trading Wing in case of **import of consumables and trading item**.

2. **LC opening** is started after getting the PI with all the necessary information. Respective official chooses the bank with whom the LC procedure can be confirmed and continued. Currency rate offering is also a matter of concern while selecting bank.
3. **Letter of Credit Authorization Form, LC Application, LC draft, forwarding letter** are to be processed as per the information of PI. For preparing LC draft, **HS code** checking is a compulsory input.
4. Bank opens LC as per **Uniform Customs and Practice for Documentary Credits (UCPDC)**
5. After opening LC, the bank will send the **revised LC draft** to the respective official in charge. The bank notifies the commercial team if any term does not seem viable. Supplier is asked if they want any change in the LC Draft. After confirming everything, the draft will be **forwarded to the beneficiary bank** of supplier through banking channel.
6. Supplier will be **notified** by their bank that they received the LC Draft and they (supplier) can start shipment.
7. **Amendment of LC** is done if required. It is done in the LC register and the ERP system.
8. Supplier does **shipment and submit the following documents** to the supplier's LC confirming bank-

✓ Commercial Invoice	✓ Bill of Lading/ Airway Bill/ Consignment Note
✓ Packing List	✓ Inspection Certificate (occasionally if needed)
✓ Certificate of Origin	

These documents are evaluated and sent to the LC Opening Bank of buyer if everything is alright.

9. Supplier also send the **copy documents** to the respective officials of commercial team to take the following steps-
 - ✓ All the essential documents are handed to the C&F agents along with NOC or Letter of Indemnity for follow- up. They track the location of the shipment. Assumptions of the arrival time of the ship at the port, probable time to clear the shipment from port and many other factors are tracked by the C&F Agents.
 - ✓ In the meantime, insurance policy of the imported items is prepared for safety purpose.
10. With time, when the LC Opening Bank of the buyer receive the original documents sent by the supplier's bank, through mail they inform the import sub-wing of

commercial to **collect** them by submitting an Acceptance. The original documents are as follows-

- | | |
|---|-----------------------------|
| ✓ Commercial Invoice | ✓ LCA Copy endorsed by bank |
| ✓ Packing list | |
| ✓ Certificate of Origin | ✓ LC set endorsed by bank |
| ✓ Bill of Lading/ Airway Bill/ Consignment Note | ✓ PI endorsed by bank |
| ✓ Inspection Certificate (occasional if needed) | |

11. After receiving the original documents, commercial team informs the applicant's bank to make the **payment to the beneficiary bank** as per rules. In addition, commercial hand over the original documents to the C&F Agents.
12. **Follow up with issuing bank** is conducted so that the bank update necessary information to Bangladesh Bank online monitoring system.
13. When the ship arrives, the shipping line company conducts a **primary inspection** and informs. Through an **Import General Manifest (IGM)** the arrival of the ship at the outer is declared by C&F Agent.
14. **Custom duty, port charges, security charges, shipping line charge, depot charge and other charges are cleared by the C&F Agent** as the imported items cannot be cleared without clearing payment.
15. After clearing all the charges and formalities to release goods, the **Logistics team is informed**. All the necessary information, documents are forwarded to the logistics department and respective inventory.
16. **Follow up** of delivery continues.
17. If required, **damage charge** is received from shipping agent after negotiation.
18. **Pay order is cleared**. All the C&F bill are collected for clearance by accounts department. The **Bill of Entry (BE)** is also collected for submitting to issuing bank so that LC closure is completed.

Payment Methods

LC Payment can be done in two ways-

LC At Sight: an immediate payment to the beneficiary/ supplier is completed after getting the necessary valid documents. A specified date is specified in the LC within which payment is to be

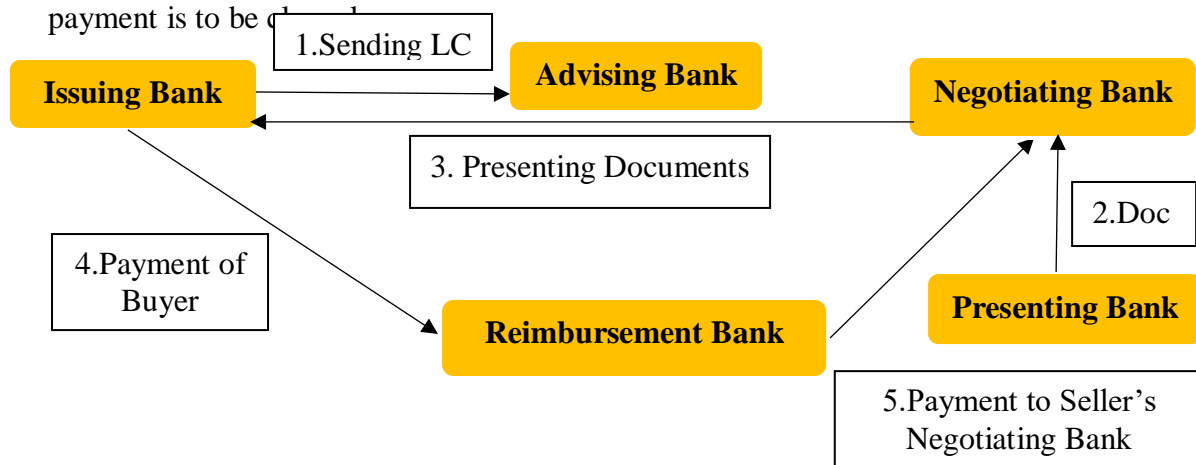


Figure 17 Flow Chart for Payment by LC at Sight

Deferred LC: in this LC payment system, payment is first cleared on due date to the supplier from bank's end after the items are shipped and received immediately. Buyer then pay back to the bank at a later period. New import policies give the facility to import machinery & spares on deferred LC beyond certain limits.

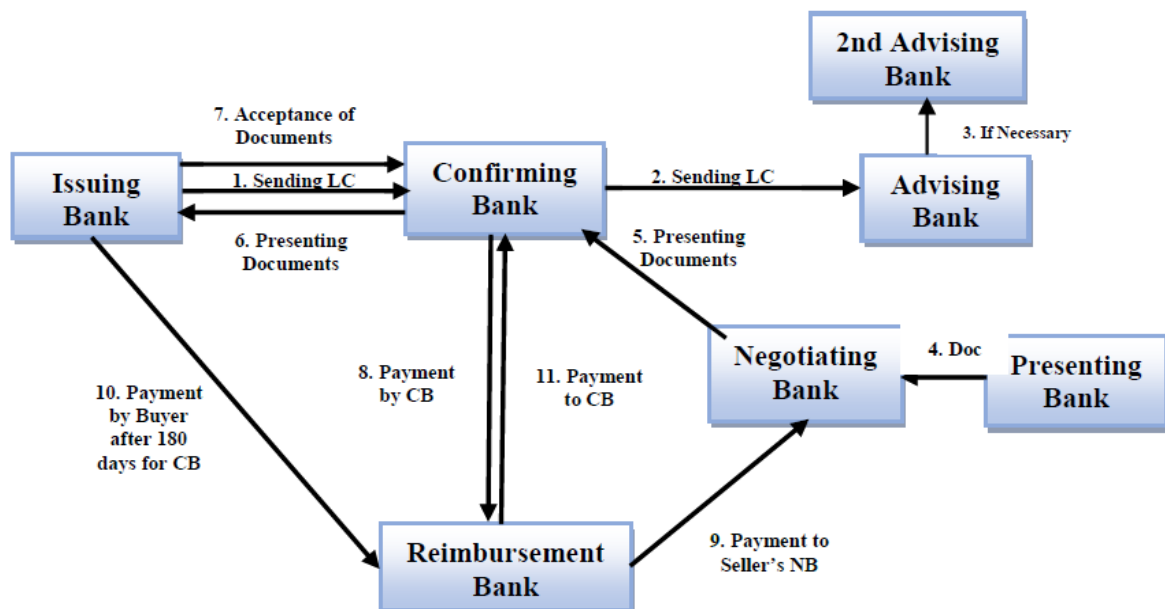


Figure: Different parties Involved in Deferred LC

Figure 18 Different Parties Involved in Deferred LC

Output of the Process

Imported items being released from the port is the actual output of the commercial wing which is later sent to the manufacturing plant under the supervision of logistics team. In addition, C&F Bill to the A/C Department is also another output.

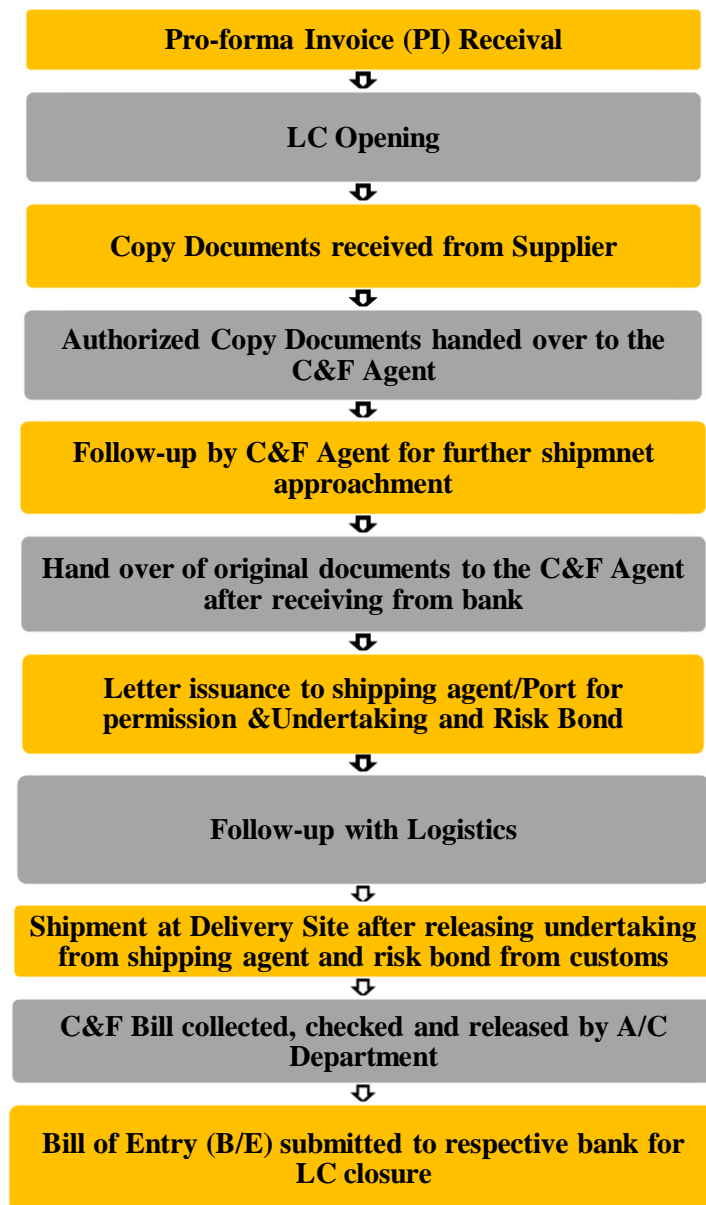


Figure 19 Flow Chart of Import (Machineries, Spares, Legal & Liaison) Procedure

Involving Concerns and their Tasks

- **Supplier/ Exporter**- the source from whom or whose company the demanded item will be supplied. They are also known as **LC Beneficiary** as they will receive

payment from importer as in BSRM if they conform the terms and conditions of the LC.

- **Foreign Purchase-** purchase order (PO) for Machineries, Spares, Legal & Liaison; Raw Materials, Consumables & Trading Items are facilitated by Foreign Purchase wing.
- **LC Applicant-** the importer opens an LC in a certain bank for undertaking the liabilities of payments to the supplier on behalf of the importer.
- **Issuing Bank-** this bank is selected by the importer after consulting with the supplier or seller. At the request of the LC Applicant, an Issuing Bank issues LC in favor of the exporter or supplier.
- **Advising Bank-** usually this bank advises the LC Beneficiary about the issuance of LC. The issuing bank selects the advising bank to fulfill transaction in favor of beneficiary. Being located at beneficiary's country, this bank authenticates the LC that it comes from authorized honest source.
- **Confirming Bank-** it can also be termed as advising bank which functions to confirm an LC based on satisfactory evaluation with respect to the terms of the issuing bank and its home country.
- **Negotiating Bank-** this bank validates the drafts, documents provided by the LC Beneficiary.
- **Reimbursing Bank-** this bank is the paying bank that settle the transaction between the issuing bank and the negotiating bank or the conforming bank.
- **Insurance Company-** it gives security, assurance to protect the consignee against any damages or losses incurred to the imported goods during merchandising to the importer's country via sea/road/air while on transition on sea/air/road from boarding port to discharging port. It covers all risks incurred.
- **C&F Agent-** ensures the clearing of imported goods (raw materials, consumables, machineries and spares, etc.) from the port.
- **Customs Authority-** is responsible for collecting duties and tariffs accordingly.
- **Shipping Line Company-** it is used for carriage of the imported goods from load port to discharge port.
- **Inbound Logistics-** this wing ensures the product delivery from the discharge port to the destined manufacturing plant.
- **Scrap Yard Authority-** the authority of the yard where the imported raw materials will be stored receives and inspects the goods based on which prepares an inspection report.

- **Accounts-** clears the bill for raw materials, consumables, trading items, machineries and spares, insurance policies, C&F agents and all the other accountable.

Involving Documents and their Applicability

- 1. Pro-Forma Invoice**
- 2. Purchase Order**
- 3. LC Acknowledgement Copy**
- 4. Letter of Credit Authorization Form**
- 5. LC Draft**
- 6. LC Opening Forwarding Letter**
- 7. Marine Insurance**
- 8. Telegraphic Transfer (TT)-** electronic means of transferring payment which requires a transfer charge either by the sending bank or by the receiving bank.
- 9. Consignment Note/ Bill of Lading/ Airway Bill**
- 10. Commercial Invoice**
- 11. Packing List**
- 12. Certificate of Origin**
- 13. Inspection Certificate**
- 14. SAFTA Document**
- 15. Warranty Certificate**
- 16. Import Registration Certificate (IRC)-** it is a mandatory document required for importing raw materials or other special items in Bangladesh.
- 17. Export Registration Certificate (ERC)-** being provided by the Office of Chief Controller of Import & Export (CCI&E) export can be done for any items without any value and quantity restrictions.
- 18. No Objection Certificate (NOC)-** it is issued by the nominated bank of IRC and ERC specifically mentioning “no overdue bill of entry against the IRC is pending with us” and “no overdue export bill against the ERC is pending with us.”
- 19. Insurance Policy**
- 20. Consignment Tracking Report from the C&F Agent**
- 21. Import General Manifest (IGM)**

22. Bill of Entry- is an authoritative record documented with Customs house by an Importer or his customs broker. An importer or his agent to undergo necessary import customs clearance formalities to take the goods out of custom documents bill of Entry.

23. Delivery Order (D/O)

24. Goods Receiving Note (GRN)- after receiving the ordered items, inspection is conducted and matched against pro-forma invoice/ purchase orders; on the basis of which an internal document named GRN is processed.

25. Survey Reports of Container

26. Risk Bond of the Custom Authority

27. Bills from C&F Agent

Challenges

- * After receiving the ordered items, if the inspection authority finds any mismatch in case of quality or non-compliance issue, then they take the following measures-
 - ✓ Foreign Purchase (Machineries, Spares, Trading & Project) is notified about the mismatch and the issue which is unusable for the production.
 - ✓ Foreign Suppliers are contacted with regarding the issue and asked for any suitable solution.
 - ✓ Import (Machineries, Spares, Legal & Liaison) are also informed.
 - ✓ Warranty Certificate plays a vital role in such cases,
 - **Supplier will either replace the machineries or spares:** for which another shipment is required and that will have a simple Nominal Value for the invoice of the machinery and spare. “Nominal Value only for Customs Purpose” should be encrypted in the invoice. The value and the duties of the machinery or spare will be assessed by the customs authority. All the documents will be resent to the BSRM directly; rather than through LC Opening Bank.
 - i. Bill of Lading/ Airway Bill/ Consignment Note
 - ii. Invoice - “Nominal Value Only for Customs Purpose” written
 - iii. Packing List
 - iv. Certificate of Origin
 - v. Warranty Certificate
 - vi. Import Permit – for the warranty item import, collected from the Chief Controller of Imports and Exports (CCI&E)All these documents are to be endorsed by the LC Opening Bank and handed over to the C&F Agent for releasing the replaced items from the port.
 - **Or supplier will repair the machine or spares:** which is a lengthy process so also complicated. Foreign supplier can come to the plant for repairing or the item/items can be sent back to the importer’s country with an “Export Cum Import” policy. Permission from Import & Export Authority is required.

- * Issues regarding **Harmonized System (HS) Code** is faced as the customs authority does not want to agree upon the HS Code coded by BSRM, which results in more customs duty if a code of higher rate is assigned for a particular item.

ii. **Import (Raw Materials, Consumables & Trading Items)**

This sub-wing facilitates the import of raw materials, consumables and trading items as per the requirement of manufacturing plants.

Things that are required as inputs in the production of steel and other finished products are the main raw materials. For example- ferrous items. On the basis of regular stock analysis, auto procurement is made accordingly. Mostly, the top management controls the procurement of raw materials that includes the Head of SCM and the Executive Director (ED) of the company.

Depending on the planning of the top management, raw materials are purchased in the following forms-

1. **Container-** directly shipped to the plant.
2. **Bulk-** huge bulk vessels are transshipped to the plant by inbound logistics after clearing from the port.

Following raw materials are mostly imported-

- ✓ Almost 4,000 Tons (1,440,000 Tons/year) of **scraps** are required in the Manufacturing plants of BSRM per day, of which 90% of scraps come from the foreign sources.
- ✓ **Sponge Iron** is another very important raw material for steel production which is required by around 16,000 Tons per month, ranging from 15%-22% in different units of BSRM. It keeps the carbon amount to a minimum level like around below 2%.
- ✓ **Supportive Consumable Items and Trading Items** are also facilitated to import from foreign countries.

Input in the process

Sales Contract, Pro-forma Invoice (PI) are the main inputs of Imports (Raw Materials, Consumables and Trading Items).

Detail of the process

1. After receiving the PI, commercial team needs to **check** if all the necessary information is encrypted in the document. **Only Pro-forma Invoice (PI)** is received from Foreign Purchase (Consumables)/Trading Wing in case of **import of consumables and trading item**.
2. **LC opening** is started after getting the PI with all the necessary information. Respective official chooses the bank with whom the LC procedure can be confirmed and continued. Currency rate offering is also a matter of concern while selecting bank.
3. **Letter of Credit Authorization Form, LC Application, LC draft, forwarding letter** are to be processed as per the information of PI. For preparing LC draft, **HS code** checking is a compulsory input.
4. Bank opens LC as per **Uniform Customs and Practice for Documentary Credits (UCPDC)**
5. After opening LC, the bank will send the **revised LC draft** to the respective official in charge. The bank notifies the commercial team if any term does not seem viable. Supplier is asked if they want any change in the LC Draft. After confirming everything, the draft will be **forwarded to the beneficiary bank** of supplier through banking channel.
6. Supplier will be **notified** by their bank that they received the LC Draft and they (supplier) can start shipment.
7. **Amendment of LC** is done if required. It is done in the LC register and the ERP system.
8. Supplier does **shipment and submit the following documents** to the supplier's LC confirming bank-

✓ Commercial Invoice	✓ Bill of Lading/ Airway
✓ Packing List	Bill/ Consignment Note
✓ Certificate of Origin	✓ Inspection Certificate
	(occasionally if needed)

These documents are evaluated and sent to the LC Opening Bank of buyer if everything is alright.
9. Supplier also send the **copy documents** to the respective officials of commercial team to take the following steps-
 - ✓ All the essential documents are handed to the C&F agents along with NOC or Letter of Indemnity for follow- up. They track the location of the shipment. Assumptions of the arrival time of the ship at the port, probable

time to clear the shipment from port and many other factors are tracked by the C&F Agents.

- ✓ In the meantime, insurance policy of the imported items is prepared for safety purpose.

10. With time, when the LC Opening Bank of the buyer receive the original documents sent by the supplier's bank, through mail they inform the import sub-wing of commercial to **collect** them by submitting an Acceptance. The original documents are as follows-

- | | |
|---|-----------------------------|
| ✓ Commercial Invoice | ✓ LCA Copy endorsed by bank |
| ✓ Packing list | |
| ✓ Certificate of Origin | ✓ LC set endorsed by bank |
| ✓ Bill of Lading/ Airway Bill/ Consignment Note | ✓ PI endorsed by bank |
| ✓ Inspection Certificate (occasional if needed) | |

11. After receiving the original documents, commercial team informs the applicant's bank to make the **payment to the beneficiary bank** as per rules. In addition, commercial hand over the original documents to the C&F Agents.

12. **Follow up with issuing bank** is conducted so that the bank update necessary information to Bangladesh Bank online monitoring system.

13. When the ship arrives, the shipping line company conducts a **primary inspection** and informs. Through an **Import General Manifest (IGM)** the arrival of the ship at the outer is declared by C&F Agent.

14. **Custom duty, port charges, security charges, shipping line charge, depot charge and other charges are cleared by the C&F Agent** as the imported items cannot be cleared without clearing payment.

15. After clearing all the charges and formalities to release goods, the **Logistics team is informed**. All the necessary information, documents are forwarded to the logistics department and respective inventory.

16. **Follow up** of delivery continues.

17. If required, **damage charge** is received from shipping agent after negotiation.

18. **Pay order is cleared**. All the C&F bill are collected for clearance by accounts department. The **Bill of Entry (BE)** is also collected for submitting to issuing bank so that LC closure is completed.

Output of the process

Imported items being released from the port is the actual output of the commercial wing which is later sent to the manufacturing plant under the supervision of logistics team. In addition, C&F Bill to the A/C Department is also another output.

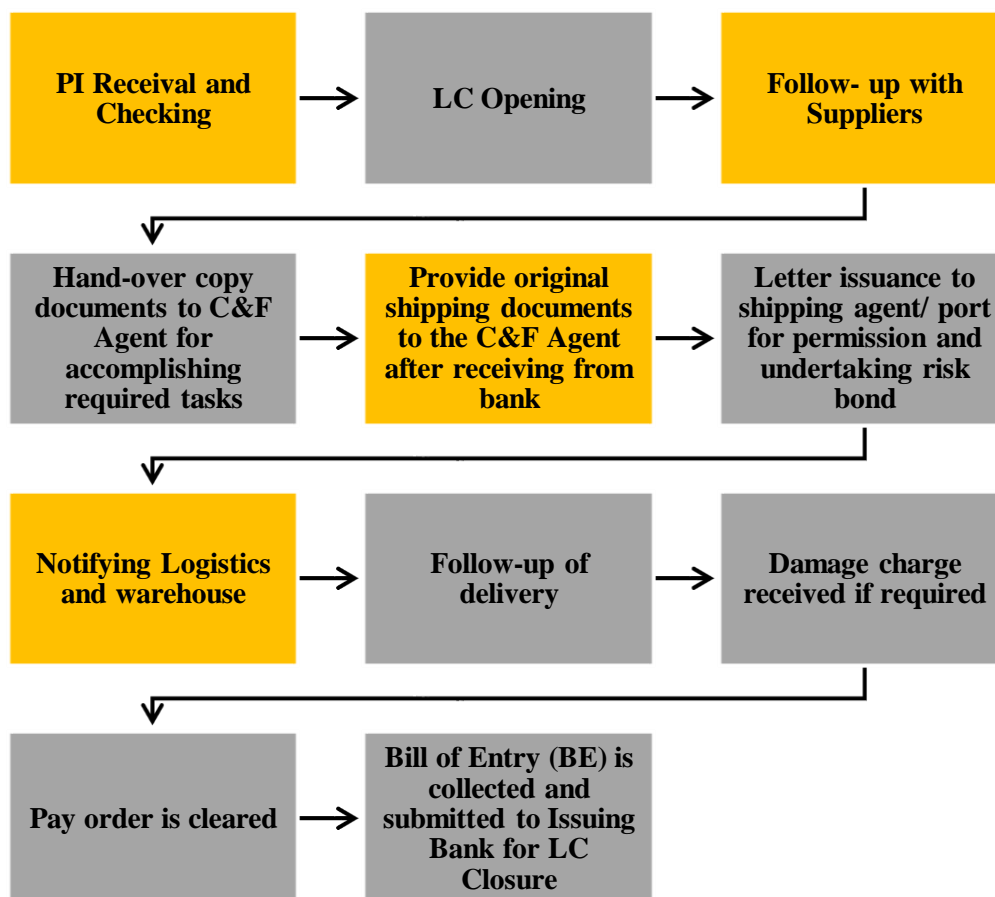


Figure 20 Flow Chart of Import (Raw Materials, Consumables & Trading Items) Procedure

Involving Concerns

- Supplier/ Exporter (also known as LC Beneficiary)
- Foreign Purchase
- LC Applicant
- Issuing Bank
- Advising Bank
- Confirming Bank
- Negotiating Bank
- Reimbursing Bank
- Insurance Company
- C&F Agent
- Customs Authority

- Shipping Line Company
- Inbound Logistics
- Scrap Yard Authority
- Accounts

Involving Documents

- | | |
|--|--|
| 1. Pro-Forma Invoice | 16. Import Registration Certificate (IRC) |
| 2. Purchase Order | 17. Export Registration Certificate (ERC) |
| 3. LC Acknowledgement Copy | 18. No Objection Certificate (NOC) |
| 4. Letter of Credit Authorization Form | 19. Insurance Policy |
| 5. LC Draft | 20. Consignment Tracking Report from the C&F Agent |
| 6. LC Opening Forwarding Letter | 21. Import General Manifest (IGM) |
| 7. Marine Insurance | 22. Bill of Entry |
| 8. Telegraphic Transfer (TT) | 23. Delivery Order (D/O) |
| 9. Consignment Note/ Bill of Lading/ Airway Bill | 24. Goods Receiving Note (GRN) |
| 10. Commercial Invoice | 25. Survey Reports of Container |
| 11. Packing List | 26. Risk Bond of the Custom Authority |
| 12. Certificate of Origin | 27. Bills from C&F Agent |
| 13. Inspection Certificate | |
| 14. SAFTA Document | |
| 15. Warranty Certificate | |

iii. Export

Finished steel products and by-products are also exported by BSRM within the country. Finished products include- wires, deformed bars, billet and by products are like compounds of different chemical items, etc. This sub wing is highly correlated

with the Sales team and the outbound logistics. Sales help for getting sales contract and Outbound Logistics cooperates for product transportation.

Payment Methods

As the export function is mainly conducted within the country, a sole bank can be used for multiple Purposes. Multiple banks can also be used.

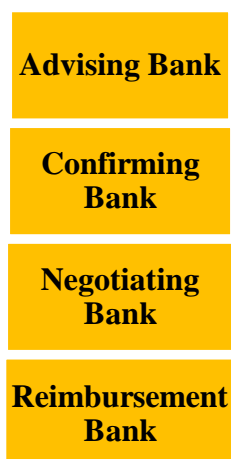


Figure 21 A Sole Bank Playing the Role of Different Categories of Bank

The export activities are conducted for the following purposes and all sorts of payments for exporting are done in dollars-

- Plants and projects of Export Processing Zone (EPZ) requires steel products that are purchased or exported from BSRM.
- Different government projects are conducted by the foreign international organizations or tender that needs huge steel products exported from BSRM.
- Deemed Export is done to those 100% Export Oriented Companies which need steel products.
- Export to Asian countries like at India's different states in the Seven Sister Zone, by-products at China and other countries steel.
- Different companies procure through Letter of Credit (LC), and the payment is made in BD Taka.

Input of the process

Sales Contract or **Proforma Invoice (PI)** are the main input generated in this sub wing.

Detail of the process

1. Importer or buyer are sent **Sales Contract** or **Proforma Invoice (PI)** by the sales team.
2. **LC Draft** from buyer is received and checked by BSRM Export team; amendment is done if required.
3. According to buyer's requirement, **delivery order** is issued and **EXP Form (Export Permit)** is collected from a suitable bank that offers higher exchange rate of US Dollar.
4. After receiving LC from buyer, following **export documents** are to be prepared-
 - Commercial Invoice
 - Packing List
 - Delivery Challan
 - Export Permit Form
 - Bill of Lading

Export to Asian countries, requires the following additional documents-

- ✓ Certificate of Origin
- ✓ SAFTA Document

5. These documents are sent to the importer for collecting **Import Permit (IP)** from BEPZA only in case of EPZ Import.
6. These original documents are also **handed over to the C&F Agent** for value assessment by the Exporter's Customs and supervising delivery from warehouse to Export destination; Exporter's **Bill of Entry is also collected**. After assessment, **payment arrangement** against C&F Bill is processed.
7. After shipment, **Delivery Challan** is received from the factory which is sent to the buyer along with **Material Receiving Certificate (MRC)** for endorsement by authorized personnel.
8. Following documents are to be prepared as per LC Clause after shipment-
 - Delivery challan.
 - Commercial invoice.
 - Packing list.
 - Bill of exchange.
 - Bill of export.
 - EXP form.
 - Other documents as per LC.

9. **Negotiation of bill** is done on the documents; **Follow- up** with the bank and **payment received** from bank or buyer.
10. **C&F Agent's Bill Payment** is arranged after checking everything.
11. **Proceed Realization Certificate (PRC)** is collected for duty draw back, after receiving the payment from bank.
12. When the Outbound Logistics ship the ordered products from the warehouse, C&F Agent are informed for **inspection by VAT Customs**.
13. After all shipments and payment gets PRC, following documents are sent to customs for verification
 - **Proceed Realization Certificate (PRC)**- it is a certificate given by Bangladesh Bank that verifies BSRM is capable to gain duty rebate privileges. As BSRM pays duty for importing raw materials, they get rebate from Government when exporting finished goods.
 - **Material Receive Certificate (MRC)**
 - **Pro-forma Invoice**
 - **Commercial Invoice**
 - **Packing List**
 - **LC/ Sales Contract duly attested by Bank**
 - **EXP Form duly attested by Bank**
 - **Bill of Entry**
 - **Mushak-11 (VAT Invoice- approval of 0% Statutory Rate of Export Duty)**
 - **Mushak-20 (Removal of Goods for Export- approval of Inspection of Products 24 hours before shipment)**
 - **Bill of Export**

All these documents with a Forwarding Letter have to be submitted to the customs.

14. Accordingly, if everything is alright, the custom returns the Duty which is adjusted through the current account.

Output of the process

Duty Drawback Adjustment is the actual output from the Export sub-wing. Drawback is the reimbursement of duties and taxes paid on raw materials utilized for the production of exported merchandise and ventures. The term “Drawback” is used

exclusively for refund of duties and taxes against export. Exporters get drawback on two different methods:

✓ Drawback on actual case-to-case basis

✓ Drawback on flat rate

Export of steel products and by-products like deformed bar, billet, wires, zinc oxide, etc. are mainly exported within the country or internationally.

Export to EPZ against LC:

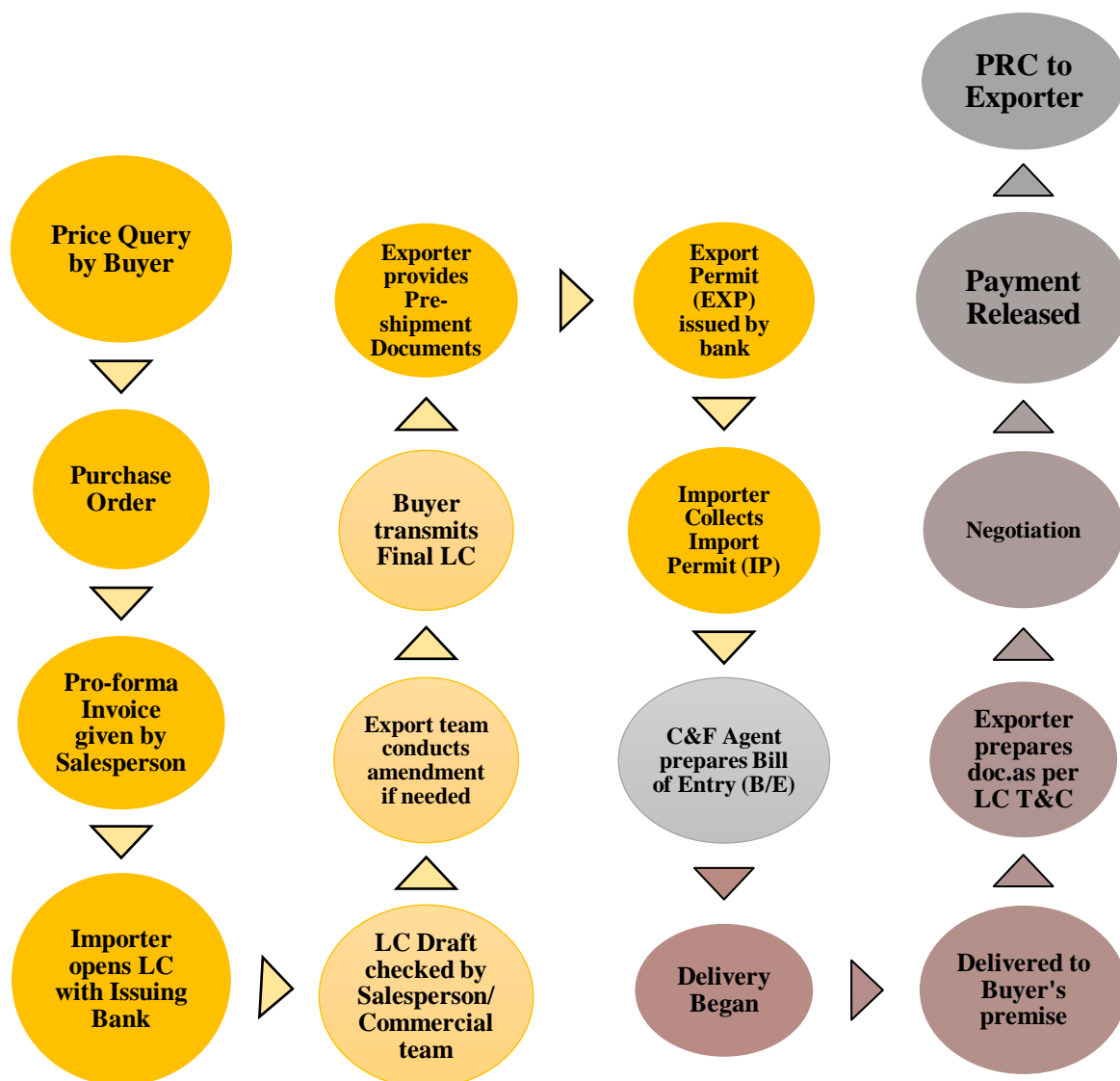


Figure 22 (A) Flow Chart of Export Procedure

Export to EPZ against Sales Contract:

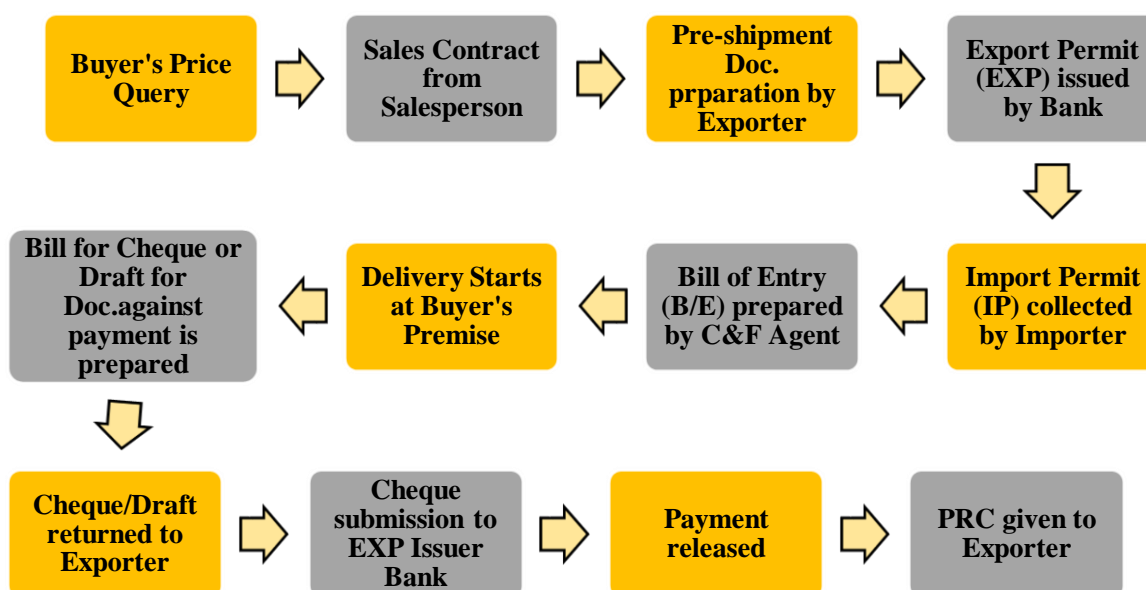


Figure 22 (B) Flow Chart of Export Procedure

Local Sales against LC/SC:

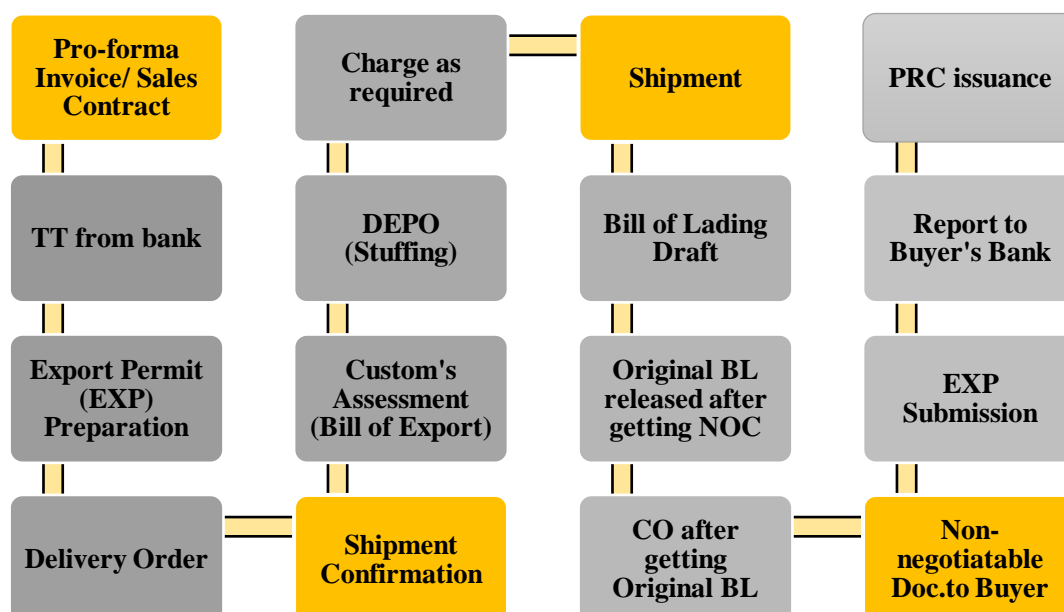


Figure 22 (C) Flow Chart of Export Procedure

Deemed Export under International Tender:



Figure 22 (D) Flow Chart of Export Procedure

Involving Concerns and their Tasks

- **Sales Team** arrange sales contract from different parties.
- **Buyer-** EPZ, International Tender, Deemed Export Organizations, Local Importers, Foreign Importers etc.
- **Exporter-** BSRM
- **Bank-** single or multiple banks can be used for accomplishing required tasks.
- **Importer's Customs-** assess and value the imported products and provide clearance authorization that the ordered items are imported effectively.
- **Exporter's Customs-** assess and value the exported item.
- **VAT Customs-** provide authorization through Mushak 11 (VAT Invoice), and inspection clearance through Mushak 20 (Removal of Goods for Export).
- **C&F Agents**
- **Warehouse**
- **Port**
- **Outbound Logistics**
- **Account Department**

Involving Documents

- | | |
|---------------------------|--------------------------|
| 1. Sales Contract | 7. Packing List |
| 2. Pro-Forma Invoice (PI) | 8. Delivery Challan |
| 3. LC Draft | 9. Certificate of Origin |
| 4. LC Transmitted Copy | 10. SAFTA Document |
| 5. EXP Form | 11. Import Permit |
| 6. Commercial Invoice | 12. Export Bill of Entry |

- 13. Import Bill of Entry**
- 14. Mushak 11**
- 15. Mushak 20**
- 16. Material Receipt Certificate (MRC)**

- 17. Proceed Realization Certificate (PRC)**
- 18. Bill Payment Advice**
- 19. Bill from C&F Agent**

3.6.3 Logistics

The Logistics wing ensures the delivery of input items at the manufacturing plant sites and output products as in finished products and by-products at the designated destinations. It uses truck, trailer locally for transporting inbound and outbound products. Logistics involves distribution, movement of goods from one place to another (internally or externally), following and conveyance of products. It takes the responsibility of planning, managing, controlling and coordination by following some delivery modes; in order to ensure that the products arrive at the predetermined spot, at the correct time, for the correct expense and in an appropriate condition. We can highlight the goals of logistics as follows-

- ✓ Handle Customer orders in the most ideal way.
- ✓ Allocate orders to stock or production.
- ✓ Set demanded order's due dates.
- ✓ Generate pick lists at the distribution center.
- ✓ Allocate a solicitation to a particular shipment.
- ✓ Set conveyance schedules.
- ✓ Place restoration/ renewal orders.

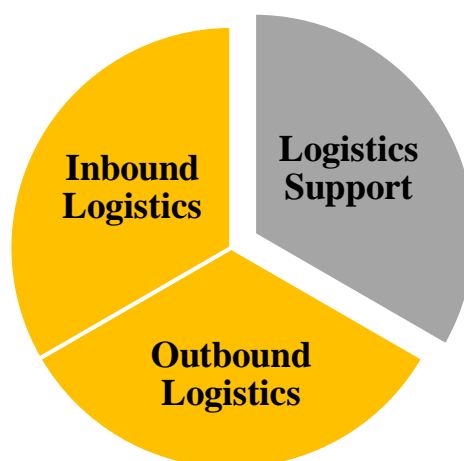


Figure 23 Sub-wings of Logistics Wing

The transport modes of logistics department are as follows-

- ✓ Trailer
- ✓ Truck
- ✓ Vessel/ Barge
- ✓ Push Cart

These transport means are used for transporting either straight or bent (U-shaped) products. Followings are the fundamental types of products transported-

- Re-Bar (8 mm to 50 mm)
- Ribbed Wire
- Channel (75 mm ,100 mm and 125 mm)
- Square Bar (10mm and 12 mm)
- Trading Item (Plain Bar, Plate, Pipe, Beam and Section)
- Epoxy Bar (as per demanded size)
- Shaft (8mm to 40mm)

i. **Inbound Logistics**

Imported items like raw materials, consumables, machineries and spares, project items and other internal transportations at the exact time and exact destination from the port to the plant, yard or warehouse as per the requirement of different units is actively ensured by Inbound Logistics. Many challenges are encountered, yet main target is to accomplish task at a minimal cost and by keeping the demurrages as low as possible.

It also works for maintaining and managing company's own vehicles, which are managed by a third party. It also keeps follow-up with the commercial wing in regards to allocate the location of the ship, predicts when the imported items will be discharged from the port so that they can start their function of transporting them to the respective destination from the port.

Inbound Load Means in case of imported items follow different process for different ports-

- **Imports by Land:** Contractors hire trucks who are basically commissioned agents associated as authorized transporter for a particular port. Market rates, quantities or number of trucks, etc. are fixed for contractor's commission.
- **Imports by Air:** Usually small items are imported by Air, and C&F deliver those items through private courier services. In case of urgency, domestic cargo flight or pick-up is used on the basis of convenience.

- **Imports by Sea:** Trucks are positioned through enlisted contractor, and trailers are used under contract. C&F agents synchronize with transport contractor for vehicle placement and continue the procedure.

Inbound Logistics Monitoring and Managing are conducted by respective unit inventory. Audit department keeps tracks of all delivery on a regular basis.

Input in the process

Delivery from Port to Plant/Yard/Warehouse requires **Notice of Readiness (NOR)** for Bulk Vessel; **Declaration of Common Landing (CL)** for Container. In addition, **Requirement from the Scrap Yard/ Plant/ Warehouse** for all types of raw materials that are shifted internally are the main inputs of Inbound Logistics.

Detail of the process

➤ **Delivery from Port to Plant/ Yard/ Warehouse - Bulk Vessel Operation (comes through Chattogram Port)**

1. After the arrival of the ship at the outer, Shipping Line Company provides **Notice of Readiness (NOR)** of the raw materials which is forwarded to the Inbound Logistics.
2. Shipping Line Company provides a **measurement of Draft of the vessel** that mentions if the ship's draft is above the limit of 8.5 meters (which is the limit of Chattogram Port), then the item's weight is to be lessened. Lightering vessel is to be hired in this case by the cooperation of Lighter Agent for arranging the vessels and clearing the raw materials from the lighter vessels in the jetty.
3. Then, **berthing** begins.
4. **Shipment delivered** from the port.
5. **Follow-up and tracking with schedule** begin.
6. After reaching the destination site, **Invoice is received** from transporter with signature from authorized authority.
7. **Inspection** is conducted on the basis of which **Goods Receiving Note (GRN)** is prepared and released.
8. **Bills** are received and reviewed from different parties and agencies which are cleared by the A/C Department. Payment clearance include the following bills-

a) Transportation Bill	f) Demurrage Bill
b) Freight Bill	g) Lighter Agent Bill
c) Berth Operator Bill	h) Ghat Discharge Bill
d) Ship Handling Bill	i) Escort/Security
e) Vessel Repair Bill	Management Bill

➤ **Delivery from Port to Plant/ Yard/ Warehouse- Container Delivery (comes through Chattogram Port, Benapole Port, Dhaka Port, Burimari Airport)**

i. **Chattogram Port:**

Full Container Load (FCL), and Less than Container Load (LCL) are used in this port depending on the condition of the shipment.

For Full Container Load (FCL)

- 1) **Common Lading is declared** and C&F informs import sub-wing and inbound logistics to collect shipment within the free time (4 Days)
- 2) Shipping Line Company gives the **Delivery Order (DO)**.
- 3) As per requirement, inbound logistics **contracts with the transport agencies** for vehicles.
- 4) **Vehicles' Numbers** have to be **collected** from the transport agency which will be **approved and permitted** from the port authority to enter into the port.
- 5) In order to check if there is anything suspicious inside the containers, port authority **scans** the containers.
- 6) Finally, containers are shipped to the destination site.
- 7) **Empty containers are returned** to the nominated depot within 14 days of free time; else demurrages have to be given by BSRM.
- 8) **Bills are received and reviewed** from different parties and agencies which are **cleared** by the A/C Department.

For Less than Container Load (LCL)

Containers are opened within the port and items are shipped to the destination sites using vehicles. As such, no demurrage risk remains. Bills are received and reviewed from different parties and agencies which are cleared by the A/C Department.

ii. **Benapole Port:**

Consumables and trading items are shipped through this port. There is a BSRM employee along with the C&F agents who informs the inbound logistics and import sub-wing about the shipment. Thus, inbound logistics arranges for transporting by using covert van and truck through contacting with transport agencies. For Benapole Port, free time is three days.

iii. **Dhaka Port:**

Machinery & Spares are mainly shipped through this port. In case of emergency and sensitive items, air transport is used. After product arrival, C&F agent associates with a local courier service provider to courier the

product from Dhaka to Chattogram. Mainly, packages and containers are used for clearing from the port. When the products are delivered to Chattogram, then the inbound logistics team transport to the destination site.

iv. **Burimari Airport:**

This port follows the same procedure like Benapole Port. Ferro-silicon items are shipped through this port.

➤ **All items internal delivery from Scrap/ Yard/ Warehouse or Melting Unit to Sister Concerns of BSRM Group of Companies- Trailers, Dump Trucks, and Tipper Trailers**

In order to ensure on-time production, respective units of BSRM give requirements and the inbound logistics schedules, delivers and monitors the internal shifting which is conducted by using own vehicles of BSRM.

❖ **Inbound Logistics Control Cell (ILCC) conducts the field level maneuvers which includes the following**

- **24 hours field operation under the supervision of Corporate Inbound Logistics.**
- **Real-time tracing of the BSRM private vehicles in the transportation system.**
- **Fronting difficulties and challenges like strikes, theft, riots, fights, vehicle issues and many others.**

Output of the process

Bill to the A/C Department and delivery of the imported items to the destination site is the main output under this sub-wing.

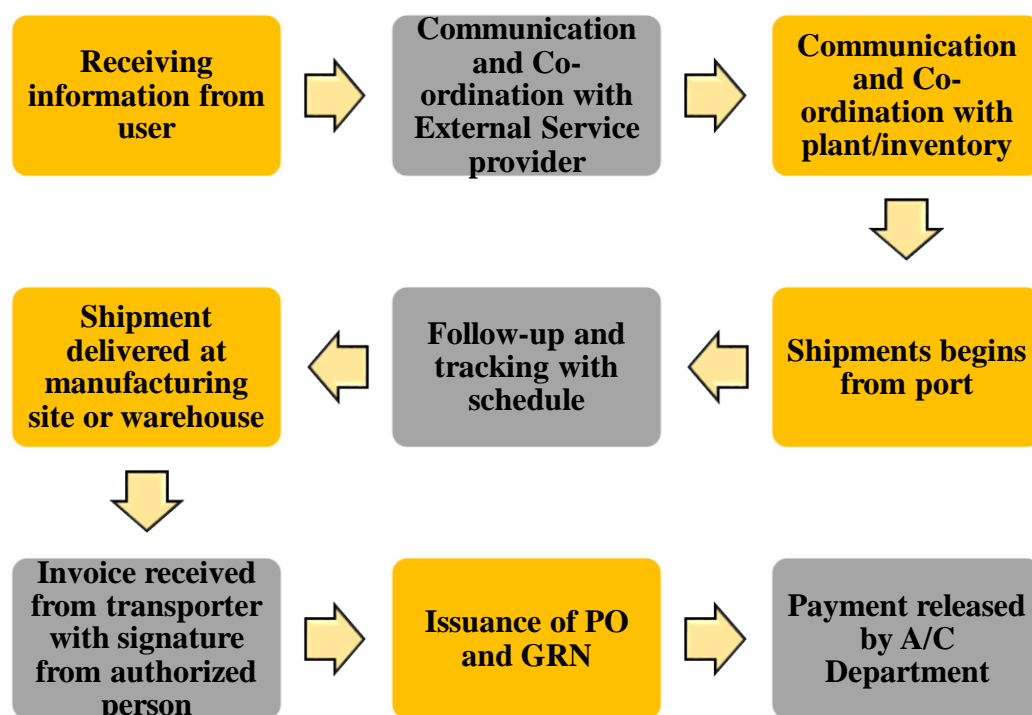


Figure 24 Flow Chart of Inbound Logistics Procedure

Involved Concerns and Their Tasks

- **Procurement Wing**
- **Commercial Wing**
- **Port Authority** coordinates for entering goods in the country.
- **Shipping Line Company along with Air or Vehicle Agencies** helps to transport products from importing country.
- **C&F Agents** functions to clear products from port.
- **Inbound Logistics** transports to the destination site.
- **Inbound Logistics Control Cell (ILCC)** supervises 24-hours field activities.
- **Accounts Department** clears bill of different agencies.

Involved Documents

- | | |
|--|--|
| 1. Invoice | 5. Shipping Information |
| 2. Packing List | 6. Bill of Entry |
| 3. Bill of Lading/
Consignment Note/ Airway
Bill | 7. Notice of Readiness (NOR) |
| 4. Authorized C&F Letter | 8. Different Bills from
different agencies and
parties |

ii. Outbound Logistics

The primary activity of this sub-wing Outbound Logistics is to facilitate the delivery of finished products from rolling mills to warehouses and to different customers all over the country at right time and right destination. Accomplishing the delivery of the finished products at a minimal cost as per the requirement of the customer, warehouse, government project sites, valuable elite customers is the main target of the outbound logistics.

Outbound logistics mainly transport the following finished items

- Rods
- Angles
- Channels
- Ripped Wires
- H- Beam
- I-Beam

Some delivery modes are followed for providing best service in case of local sales order. The delivery modes are:

- a) **C&F Site:** C&F stands for cost and freight charge under which BSRM delivers the product to the buyers' yard by their own transport and add this carrying and loading charge in commercial invoice.
- b) **Ex-Mill Rate:** Buyers collect the products from BSRM mill gate by their own transport. Usually, it is applicable only for Chattogram as BSRM mills are located in Chattogram.

Finished goods are transported in two forms-

- ✓ Straight
- ✓ Bend

Input in the process

Sales order (SO) is the main input of outbound logistics.

Detail of the process

1. After collecting different Sales Order (SO) from different customers, the **salesperson sort it out to release** it when the order is ready to be dispatched.
2. Sales Order (SO) is **transmitted** to outbound logistics through ERP System after assigning certain information such as Dispatching Unit name of BSRM, Truck/Trailer, Ex-Mill/ C&F, etc.
3. A **Dispatch Program** is prepared for an individual day mentioning
 - ✓ Destination
 - ✓ Dispatch Date
 - ✓ SO Number
 - ✓ Move Order Number



- ✓ Transport Agency and many others

4. Dispatch Program is **sent and communicated** with the unit of dispatch as in warehouse/ Yard/ Shed so also with the transport agencies.
 5. Follow-up begins and continue until customer receive goods and give acknowledgement.
 6. After transporting, transporter receives challan acknowledgement from the customer and gives it to the Corporate Logistics team
 7. Bills are received and checked on by the Outbound Logistics team and sent to the A/C Department for clearing the payments.
- ❖ **Outbound Logistics Control Cell (OLCC)** conducts the field level maneuvers which includes the following
- **24 hours field operation under the supervision of Corporate Outbound Logistics.**
 - **Real-time tracing of the BSRM private vehicles in the transportation system.**
 - **Fronting difficulties and challenges like strikes, theft, riots, fights, vehicle issues and many others.**

Output of the process

Bills to the A/C Department and finished goods to the customers are the main output of this sub-wing.

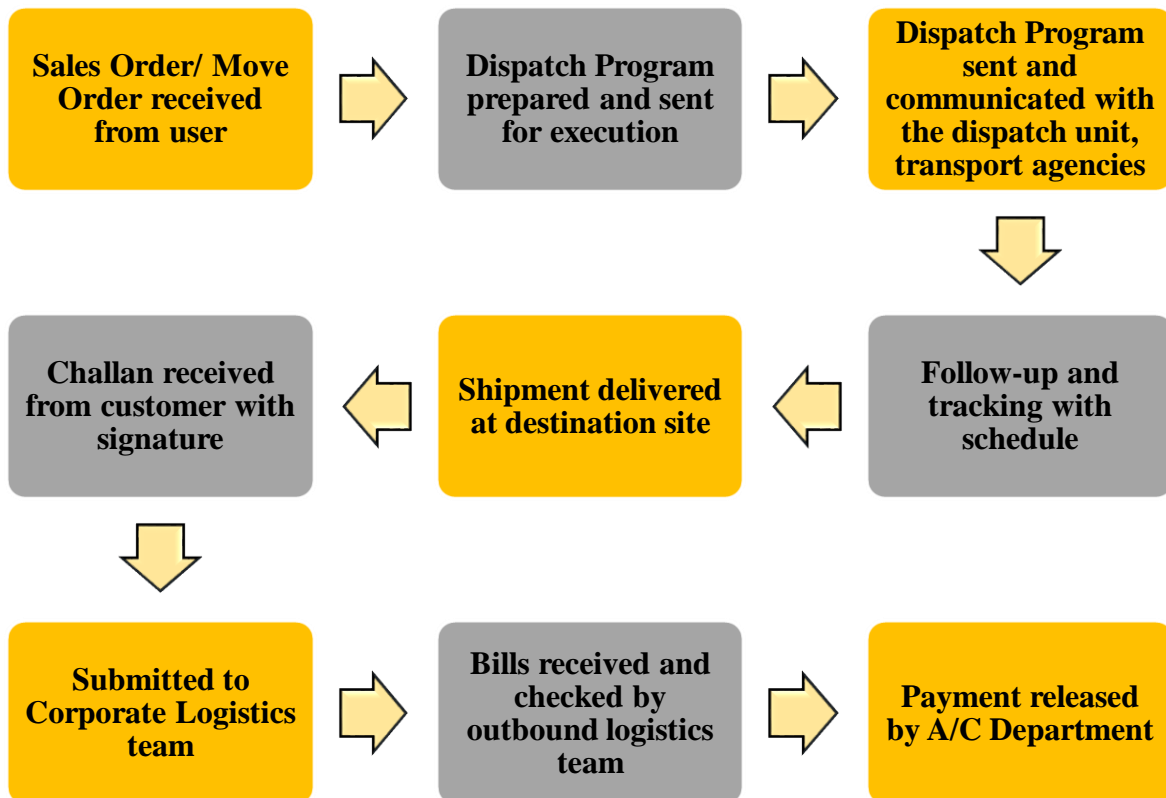


Figure 25 Flow Chart of Outbound Logistics Procedure

Involving Concerns and Their Tasks

- **Sales and Sales Support Team** collects orders from customers
- **End Users** include big clients, individual customers, government projects, warehouse, other factories, dealers, etc.
- **Logistics Wing**
- **Outbound Logistics Control Cell (OLCC)**
- **Accounts Department**

Involved Documents

1. Sales Order (SO)
2. Goods Receiving Challan Acknowledgement
3. Sales and Export related Transportation Documents
4. Different Bills and Tickets from different parties and agencies
5. VAT Challan

iii. Logistic Support

Own Vehicles of BSRM Logistics Ltd. are managed by this sub-wing i.e. Logistic Support. Though the salary of the drivers, helpers, supervisors; fuel & line cost; management cost; maintenance cost and many others are incurred by BSRM but these vehicles are managed by contracted third parties for staff hiring and proper utilization of the vehicles. This sub-wing looks after

- ✓ Fleet management of BSRM owned vehicles
- ✓ Maintenance of BSRM owned vehicles at Barowlia
- ✓ Fuel Station for fuel refilling of BSRM owned vehicles

3.6.4 Distribution

A chart is given below that illustrates the names and location, storage capacity, dispatch capacity of each distribution center (Warehouse)

Sl. No.	Name and Location of the Distribution Centers (Warehouse)	Storage Capacity (MT)	Dispatch Capacity (MT)
01	BSRM Steels Ltd. (Straight 1500+Bent 1200)		2,700
02	BSRM WH-K. Rahman, Nasirabad, Chattogram.	45,000	2,500
03	Miresharai	25,000	1,200
04	Jungail, Madanpur, Narayangonj	45,000	1,200
05	Mymensingh	1,000	
06	Khulna	14,000	600
07	Barisal	1,500	150
08	Benapole	2,500	280
09	Bogra		200
10	Rangpur	1,000	200

Table 1 Name and Locations of Distribution Centers (Warehouses) of BSRM and their Storage Capacity, Dispatch Capacity

Raw materials and parts are transferred from suppliers to manufacturers and finished products are transferred from the supplier to the end consumer. Therefore, every pair of supply chain involvement in BSRM takes place in the delivery cycle.

BSRM steel manufacturing requires mostly

- ✓ scrape iron for making billet
- ✓ billet for making steel.

Hence, finished product of one zone is the raw material for another zone. These inputs for different zones are ensured to be distributed accordingly by the Distribution wing. Besides, BSRM transports finished products directly to the end customers or via distributor all around the country. As such, it is possible to distribute finished products to the target customers at every reachable remote areas of Bangladesh.

The Basic activities of warehouse or Distribution Centers are discussed below-

1. Overall Warehouse Management
2. Coordinating transport service provider along with labor service providers
3. Sending regular warehouse stock report to the Corporate SCM
4. Determining and maintaining stock based on the sales projection. Overstocked if it is >120%; understocked if it is < 60% - based on which Move Order (MO) is placed to main warehouses
5. Bill checking
6. Issuing Delivery Challan
7. Arises PR as per requirement
8. Ensures safety and replenishment of quantity
9. Coordinates with sales

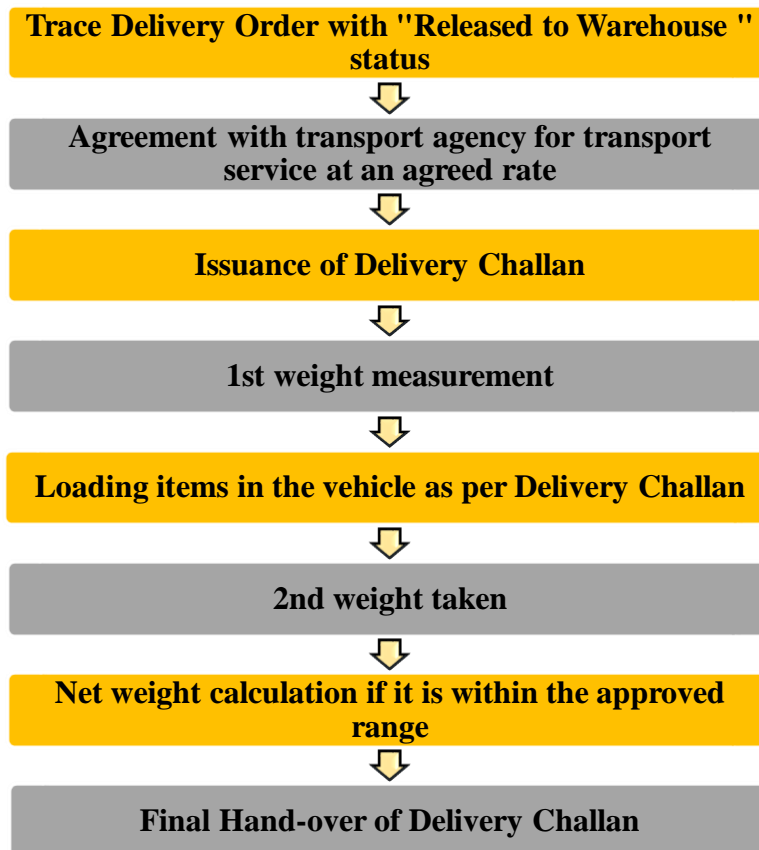


Figure 26 Flow Chart of Management System of Distribution Centers (Warehouses)

Involved Concerns

- Representative of Distribution Center/ Warehouse
- Logistics and many others

Involved Documents

1. Purchase Requisition
2. Regular Stock Report
3. Delivery Challan
4. Move Order (MO) and many others

3.6.5 Analytics

The ERP system of different wings of BSRM SCM contains innumerable data and other essential documents that are analyzed to meaningful insights by the Analytics wing of BSRM SCM. This widens the work and expansion opportunities of the company's business.

Data are recently stored and collected from ERP, but there are some manually recorded data at Procurement, Commercial, Logistics and Distributions wings. Other than that, exchange rates,

fluctuation of rates of currency, items, etc. are collected from internet sources. As per the report on “Logistics & Supply Chain Management Practices, Prospects & Challenges of Bangladesh Steel Manufacturing Industry– a Study on BSRM” by MR. MOHAMMED SANJIDUL ANWAR, In- Charge of SCM Department of BSRM, following outcomes have significant impacts in the overall management of BSRM-

- * Trend Analysis
- * Future Projection Analysis
- * Root Cause Analysis
- * Process Development

All these reports help to give intuition about the company’s overall competitive position and strategy.

Chapter 4

BSRM- The Core of Safe Structure

4.1 Implication of SCM in the advancement of BSRM



At the present propelled world, organizations are searching for opportunities and loopholes to improve the efficiencies of production and service administration provisioned by lessening cost and by making a brand in the mind of the clients. Based on **National Efficiency Organization of Iran**, “*productivity is the ratio of the obtained desirability in a production process (outputs) to the amount of resources (inputs) which is consumed.*” [18]

BSRM efficiently and effectively produces and present qualitative products to its target customers all around the country and within Asian countries with an attempt to lower its finished cost and profit maximization. Appliance of supply chain management is enhancing its economic growth. Supply chain helps to connect every units of its administration and keep the production running. There are a number of drivers through which the end customers transform the imported and purchased raw materials to finished products ready to use. In addition, a slight shortage of any items, machineries, spares, technical support, etc. the whole production faces a great loss. SCM operates in such a way that lead time is reduced, stock are at required amount, planning, management, sourcing, purchasing, manufacturing, warehousing, distribution-all are properly directed and conducted.

Hence, Supply Chain Management Department of BSRM is committed o guarantee escalated capital, long existence of items, being a giver in the worldwide market and separate its item from different organizations in the general steel industry.

4.2 Speculations of SCM of BSRM

One of the motive maxims of BSRM is “**Building A Safer Nation**”. With this motto, it progresses continuously in making and presenting quality products and services for the betterment of the society, nation and the country. Being the highest driving steel assembling firm in the general steel industry of Bangladesh, BSRM approaches consistently for progress and transformative advancement of its item, execution and administrations. Some remarkable speculations of BSRM SCM are represented howl

-  Adoption of high-rise infrastructure constructions, business advancements, projects by government and non-governmental organizations.
-  A massive probability of applying scientifically proven procedures of supply chain management structure in BSRM through in depth consultation, training and development.



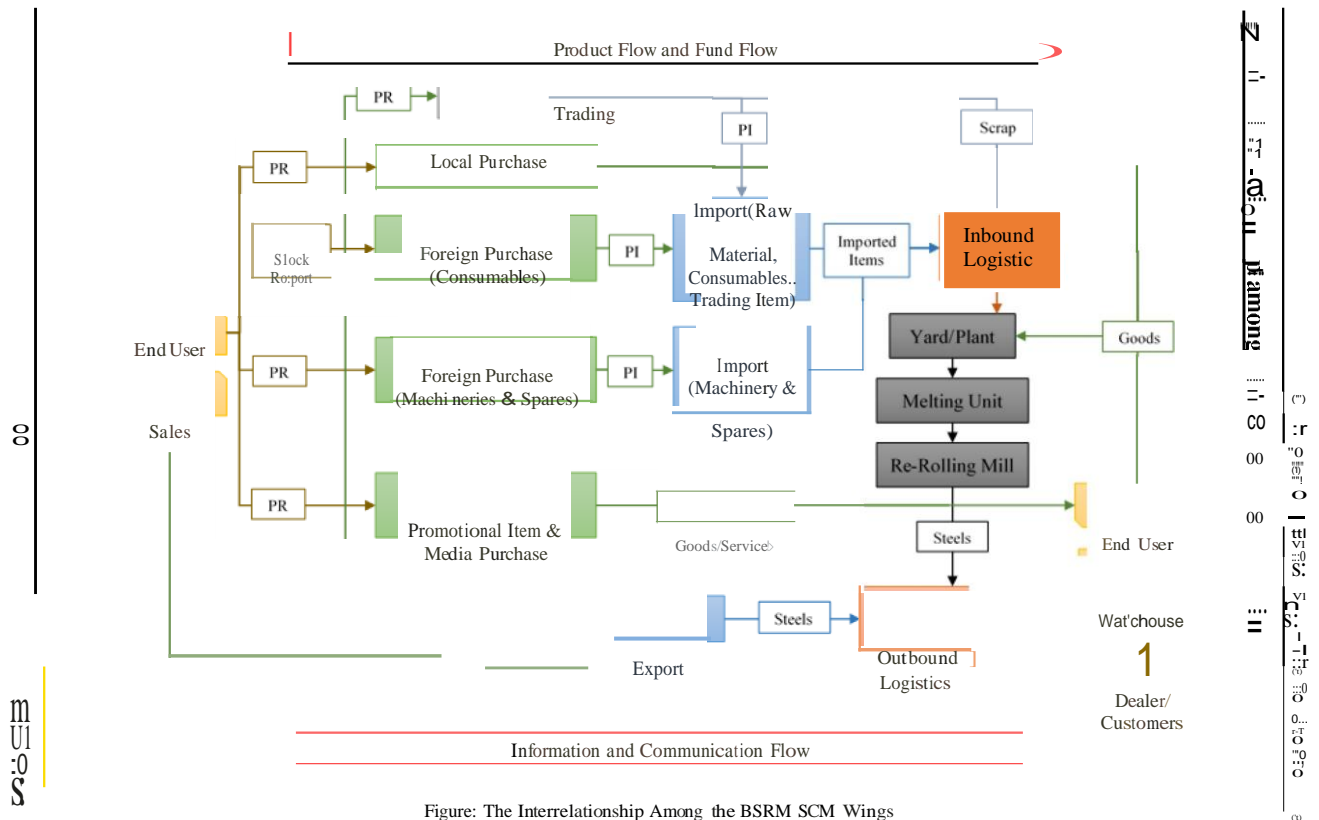


Figure: The Interrelationship Among the BSRM SCM Wings

Figure 27 Interrelationship amongst the Wings of BSRM SCM [6]

The given figure illustrates the interrelationship of every wings and sub-wing of supply chain department of BSRM. Proper management of every wings chains the overall function of this department. Many issues and challenges are encountered during the overall procedure. Some are highlighted in the next topic. In spite of all problems and challenges, the total operation of BSRM is alleviated and improved by the perfectionism of supply chain management department.

4.3 Challenges of BSRM SCM

❖ Procurement- Foreign Procurement

- Credibility assessment and inspection is difficult to be conducted being physically present.
- Currency, product rate fluctuation.
- Sudden technical issues of the imported items that cannot be repaired and handled within the country nor can be sent and repaired back from the imported country as soon as possible.

❖ Procurement- Local Procurement

- Dealing with uneducated suppliers in many cases.
- Difficulties in communication because of manual and conventional system

❖ Commercial- Import

- Harmonized System (HS) code issues raised by customs or wrong HS code appliance. Many a times, some codes for certain items cannot be traced
- Fluctuation of bank rates and charges
- Duty payment issues
- Legal compliance difficulties raised by customs, port, Bangladesh Bank, BIDA, etc.

❖ Commercial- Export

- Issues regarding collecting bill from the buyers
- Coordination issues with the logistics and customers

❖ Logistics

- Dealing with demurrage charge
- Managing transports and their agencies
- Issues regarding regulatory bar

These are some of the noted challenges and issues faced by different wings of supply chain department of BSRM.

4.4 Recommendations

The following measures can be recommended for the steel industry:

- ✓ There is no trade union in the industry. So, trade union can be introduced.
- ✓ Separate housing estate should be built up for employees as well as workers.
- ✓ The production of the industry should be raised because the production is lower than the demand of the product as their product has high demand.
- ✓ The company can maintain more labor friendly environment.
- ✓ The industry can increase its channels of distribution of product.
- ✓ The organization should give more emphasis on advertisement of its product.
- ✓ Need to take steps for individual customers.

4.5 Conclusion

Research says, Bangladesh is the safe and consistent country for investment. Specifically, because government has made the investment policies easier and friendly for many foreign investors. As such, these investment opportunities open the scope for other associating industries to flourish in the global market as well. It includes the increment of demand for best quality construction steel. Big construction projects by governmental and non-governmental sectors also enhances such demand. BSRM, the leading steel company ensures that every project and every customer, to whom other steel companies cannot reach, are provided with best products and service of BSRM. They are also provided customized items as per their requirements.

The demand for steel is expected to continue to rise at a greater rate in the future with the country's economic development and requirement for infrastructure, despite a bit slow down in recent months in the real estate sector. Nonetheless, BSRM keeps on being a prevailing player in the market and its market share of the overall industry stays at the commanding rate. The experience of preparing this report is a lifetime experience. Through this, I got to learn the real supply chain scenario of a steel company. I have learned how a company like BSRM manages its supply chain to achieve the company's goal and present quality to its customer, nation and country.

It tends to be said that; no other corporate organizations keep up such a familiar and fruitful supply chain management procedure or department like BSRM. It is as of now encoding a benchmark for different ventures with the goal that they can likewise stay with their endurance and competitiveness. Legitimate administration of supply chain supports solicitation of competitive strategies. Effective and efficient appliance and management of supply chain at BSRM cooperated this company to get superior opportunities in the steel market as well as in the share market. Experience, learning, training and development endeavors results in BSRM SCM to be a harmonized organization that secures the notoriety of the organization; by guaranteeing appropriate purchase, cohort and asset. Considering everything, we can say that, the imperative impact of Supply Chain Management is routinely improving the general steel manufacturing industry.

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