

BSRM Steels Limited
Financial Statements (Un-audited)
As at and for the period ended 30th September 2019

Q1 of 2019-2020

BSRM Steels Limited

Corporate Office : Ali Mansion, 1207/1099, Sadarghat Road, Chattogram, Bangladesh.
Phone: +88-031-2854901-10, 635382, 613282, 637758; Fax: +88-031-610101; E-mail: mail@bsrm.com; Website: www.bsrm.com

Factory : Plot No. 4(P), Fouzderhat Industrial Estate, Chattogram, Bangladesh.

BSRM STEELS LIMITED
STATEMENT OF FINANCIAL POSITION (UN-AUDITED)



| | Notes | 30th Sep 2019 Taka | 30th June 2019 Taka |
|---|-------------|-----------------------|------------------------|
| Assets: | | | |
| Non-current Assets | | | |
| Property, plant and equipment at cost | | 27,750,080,551 | 27,382,473,864 |
| Accumulated Depreciation | | (4,340,927,213) | (4,094,122,749) |
| Property, plant and equipment at cost | 9 | 23,409,153,338 | 23,288,351,114 |
| Intangible Assets | | 46,785,006 | 48,503,285 |
| Investment in Associate | | 3,499,872,273 | 3,457,009,041 |
| Total Non-current Assets | | 26,955,810,617 | 26,793,863,440 |
| Current Assets | | | |
| Short Term Investment | | 565,417,125 | 495,102,221 |
| Inventories | 10 | 17,252,096,562 | 14,990,097,612 |
| Trade & Other Receivables | 11 | 9,113,401,665 | 10,131,693,870 |
| Current Account with Related Companies | | 5,563,003,007 | 8,505,954,818 |
| Advances, deposits and prepayments | 12 | 4,378,528,826 | 3,976,716,412 |
| Cash and cash equivalents | 13 | 944,114,876 | 914,756,422 |
| Total Current Assets | | 37,816,562,061 | 39,014,321,356 |
| Total Assets | Taka | 64,772,372,678 | 65,808,184,796 |
| Equity and Liabilities: | | | |
| Share Capital | | 3,759,525,000 | 3,759,525,000 |
| Retained Earnings | | 9,343,348,193 | 9,196,763,654 |
| Revaluation Reserve | | 7,937,692,292 | 7,940,930,965 |
| Equity attributable to Owners of the Company | | 21,040,565,485 | 20,897,219,619 |
| Liabilities | | | |
| Non-current Liabilities | | | |
| Long Term Borrowings- non current portion | | 9,134,344,462 | 9,067,948,647 |
| Retirement Benefit Obligations - Gratuity | | 166,873,284 | 164,439,863 |
| Deferred Tax Liability | | 1,848,464,267 | 1,790,395,047 |
| Total Non-current Liabilities | | 11,149,682,013 | 11,022,783,557 |
| Current Liabilities | | | |
| Trade Payables | | 129,876,868 | 3,361,610,352 |
| Short Term Borrowings | 14 | 24,913,199,930 | 20,457,420,060 |
| Current portion of Long Term Borrowings | | 1,937,319,140 | 2,294,041,868 |
| Current Account with Related Companies | | 2,508,742,054 | 4,924,790,194 |
| Liabilities for Expenses | | 1,369,396,150 | 1,011,064,184 |
| Current Tax Liabilities | | 786,787,949 | 732,845,493 |
| Provision for WPPF and Welfare Fund | | 118,567,547 | 107,383,636 |
| Other Liabilities | 15 | 818,235,545 | 999,025,833 |
| Total Current Liabilities | | 32,582,125,183 | 33,888,181,620 |
| Total Liabilities | | 43,731,807,196 | 44,910,965,177 |
| Total Equity and Liabilities | Taka | 64,772,372,678 | 65,808,184,796 |


Chairman


Director


Managing Director


Chief Financial Officer


Company Secretary

Tuesday, November 12, 2019

BSRM Steels Limited

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BSRM STEELS LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 30th September 2019**

| | 1st July 2019 to 30th September 2019 Taka | 1st July 2018 to 30th September 2018 Taka |
|--|---|---|
| Revenue | 8,308,061,345 | 14,133,356,818 |
| Cost of Goods Sold | (7,243,325,621) | (12,953,295,761) |
| Gross profit | 1,064,735,724 | 1,180,061,057 |
| Selling and distribution costs | (165,632,759) | (237,131,194) |
| Administrative costs | (111,355,374) | (109,258,366) |
| | (276,988,133) | (346,389,560) |
| | 787,747,591 | 833,671,497 |
| Other operating income | 4,657,396 | 8,114,340 |
| Profits from operating activities | 792,404,987 | 841,785,837 |
| Finance costs | (780,174,090) | (456,027,139) |
| Finance income | 211,447,323 | 226,719,468 |
| | (568,726,767) | (229,307,671) |
| Profit before tax and WPP&WF | 223,678,220 | 612,478,166 |
| Contribution to WPPF and Welfare Fund | (11,183,911) | (30,623,908) |
| | 212,494,309 | 581,854,258 |
| Share of profit/(loss) of Associate (Net of tax) | 42,863,232 | 26,939,983 |
| Profit before income tax | 255,357,541 | 608,794,241 |
| Provision for Income Tax | | |
| Current | (53,942,456) | (159,139,053) |
| Deferred | (59,148,777) | 9,750,140 |
| | (113,091,233) | (149,388,913) |
| Profit after tax for the period | 142,266,308 | 459,405,328 |

Earnings per share:

Basic earnings per share

0.38**1.22**

AAG

Chairman

27

Director

MD

Managing Director

Chief Financial Officer

BSRM

Company Secretary

Tuesday, November 12, 2019

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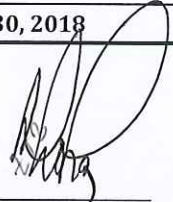
Factory : Plot No. 4(P), Fouzderhat Industrial Estate, Chattogram, Bangladesh.

BSRM STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 30th September 2019



| Particulars | Amount in BDT | | | |
|---|----------------------|----------------------|----------------------|-----------------------|
| | Share Capital | Revaluation Reserve | Retained Earnings | Total Equity |
| Balance as at July 01, 2019 | 3,759,525,000 | 7,940,930,965 | 9,196,763,654 | 20,897,219,619 |
| Total comprehensive income for the period | - | - | 142,266,308 | 142,266,308 |
| Transfer of difference in depreciation between cost model and revaluation model | - | (3,238,673) | 4,318,231 | 1,079,558 |
| Balance as at September 30, 2019 | 3,759,525,000 | 7,937,692,292 | 9,343,348,193 | 21,040,565,485 |
| Balance as on July 01, 2018 | 3,417,750,000 | 2,613,852,170 | 6,777,298,361 | 12,808,900,531 |
| Total comprehensive income for the period | - | - | 459,405,328 | 459,405,328 |
| Transfer of difference in depreciation between cost model and revaluation model | - | (3,409,129) | 4,545,505 | 1,136,376 |
| Balance as at September 30, 2018 | 3,417,750,000 | 2,610,443,041 | 7,241,249,194 | 13,269,442,235 |


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Director


Managing Director


Chief Financial Officer


Company Secretary

Tuesday, November 12, 2019

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BSRM STEELS LIMITED
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED 30th September 2019



| | 1st July 2019 to 30th September 2019 Taka | 1st July 2018 to 30th September 2018 Taka |
|---|---|---|
| a. Cash flows from Operating Activities | | |
| Cash receipts from customers | 9,022,710,077 | 11,419,385,361 |
| Cash payments to suppliers and employees | (12,677,303,583) | (13,512,618,964) |
| Interest paid | (568,726,767) | (229,307,671) |
| Net cash from operating activities | (4,223,320,273) | (2,322,541,274) |
| b. Cash flows from Investing Activities | | |
| Acquisition of Property, plant and equipment | (314,281,782) | (16,050,719) |
| Addition to CWIP | (55,263,383) | (390,154,250) |
| Disposal of Property, plant and equipment | 182,168 | 1,370,769 |
| Decrease/ (increase) in investments | (70,314,904) | (42,753,983) |
| Net cash used in investing activities | (439,677,901) | (447,588,183) |
| c. Cash flows from Financing Activities | | |
| (Repayment) / Receipt of Long term loans | (290,326,913) | 1,146,448,620 |
| (Repayment) / Receipt of short term borrowings | 4,455,779,870 | 2,190,729,992 |
| Loan to/from related companies | 526,903,671 | (355,614,490) |
| Net cash from financing activities | 4,692,356,628 | 2,981,564,122 |
| d. Net increase/(decrease) in cash and cash equivalent (a+b+c) | 29,358,454 | 211,434,666 |
| e. Opening Cash and Cash equivalent | 914,756,422 | 524,690,721 |
| f. Closing Cash and Cash equivalent (d+e) | 944,114,876 | 736,125,386 |


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Director


Managing Director


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BSRM Steels Limited
Selected Explanatory Notes to the Financial Statements
FOR THE PERIOD ENDED 30th September 2019



1. Legal form of Enterprise

BSRM Steels Limited (hereinafter referred to as BSRMSL, the company or the Parent) was incorporated on 20 July, 2002, vide the certificate C-No. 4392 of 2002 as a Private Limited Company registered in Bangladesh under Companies Act 1994. The company was converted to a Public Limited Company on 20 December 2006. The Company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a publicly quoted Company. Trading of the shares of the company started in two stock exchanges from 18 January 2009.

The company has set up its rolling mill at 4 Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 1 April 2008. The principle place of business is at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

BSRM Steel Mills Limited (BSML) was incorporated on 16 April 2008 as a Private Limited Company and was subsequently converted to a Public Limited Company on 12 November 2013. The main objective of BSML is to manufacture and sell M.S. Billets. BSRM Steels Limited has acquired 100,000,000 nos. of Ordinary Shares of Tk. 10 each of BSML i.e., 25.35%. BSML commenced commercial production on 16th June 2016.

2. Nature of the Business

The main purpose of the company is to manufacture M.S. products by setting up rolling and re-rolling mills and marketing the same.

3. Reporting

This quarterly financial report has been prepared in accordance with the provisions of Securities and Exchange Rule, 1987 as well as the provisions of the International Accounting Standard (IAS) & International Financial Reporting Standard (IFRS) as directed by notification No. BSEC/CMRRCD/2006-158/208/Admin/81 Dated: 20 June, 2018.

4. Accounting policies and method of computations

Accounting policies and methods of computations followed in preparing this financial statement are consistent with those used in the annual financial statements, prepared and published for the period ended 30 June 2019.

5. Earnings per share (EPS)

Earnings per share has been calculated based on number of shares outstanding for the period ended 30th September 2019 and profit for the same period. The number of shares outstanding for the period was 37,59,52,500. Earnings per share for the same period of preceding year has been also calculated based on 37,59,52,500 shares.

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Factory : Plot No. 4(P), Fouzderhat Industrial Estate, Chattogram, Bangladesh.

6. Comparative Analysis on Financial performance and position of the Company:

FINANCIAL PERFORMANCE AND POSITION:

| Operational Results: | July'19-Sep'19 | July'18-Sep'18 |
|-------------------------|----------------|----------------|
| Revenue | 8,038 | 14,133 |
| Gross Profit | 1,065 | 1,180 |
| Profit after Tax | 142 | 459 |
| EPS | 0.38 | 1.22 |
| Net Assets Value (NAV) | 55.97 | 55.58 |
| Net Operating Cash Flow | (11.23) | (6.80) |

The following operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company. During the period under review, the Company recorded a profit after tax of Tk. 142 Million against previous year's profit of Tk. 459 Million. The decrease is primarily for selling of less quantity of our products compared to the same period of last year as well as increase of financial expense and deferred tax expenses of new melting unit. The basic earnings per share for the first quarter of Financial Year 2019-20 was Tk. 0.38 per share against Tk. 1.22 per share of previous year. The analysis of major items of the financial statements are given below:

Revenue:

| Particulars | In Mln | | |
|-------------|----------------|----------------|------------|
| | July'19-Sep'19 | July'18-Sep'18 | Change (%) |
| Revenue | 8,038 | 14,133 | (43%) |

During the period under review, sale of products were decreased as compared to the previous due to seasonal impact as well slowdown of demand.

Cost of Goods Sold:

| Particulars | In Mln | | |
|--------------------|----------------|----------------|------------|
| | July'19-Sep'19 | July'18-Sep'18 | Change (%) |
| Cost of goods sold | 7,243 | 12,953 | (44%) |

During the period under review, cost of goods sold was decreased as compared to the previous year, due to decreased sales volumes. Further amount of GP has reduced by Tk. 115 million.

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Other Expenses:

In Mln

| Particulars | 2018-19 | 2017-18 | Change (%) |
|-----------------------------------|------------|------------|------------|
| Selling and Distribution Expenses | 166 | 237 | (30) |
| Administrative Expenses | 111 | 109 | 2 |
| Net Finance Cost | 569 | 229 | 148 |
| Income tax expenses | 113 | 149 | (24) |
| Total | 959 | 725 | 32 |

The changes are mentioned in the above table.

The Company's operating financial expenses was increased as compared to the previous year, as Interest amounting to Tk. 26.00 crore on two Syndicated Term Loan of SCB and EBL has been charged during this period and rate of finance cost also was in higher side.

Current Income Tax expenses decreased from Tk. 15.90 crore to Tk. 5.39 core due to low profit but deferred tax increased for addition to new plant in new melting unit.

7. Subsequent events

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of this financial statement to make proper evaluation and decision.

8. General

8.1 Wherever considered necessary, prior period's figures and phrases have been re-arranged to confirm to this period's presentation.

8.2 Amounts appearing in these financial statements have been rounded off to the nearest taka.

8.3 Bracket figures denote negative balance.

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BSRM Steels Limited
Selected Explanatory Notes to the Financial Statements
As at and for the period ended 30th September 2019



| | 30th September 2019 Taka | 30th June 2019 Taka |
|--|-----------------------------|------------------------|
| 9 Property, Plant and Equipment | | |
| Land and Land development | 9,524,953,072 | 9,522,872,193 |
| Plant and Machinery | 8,118,716,588 | 8,219,203,193 |
| Factory Building | 4,874,995,253 | 4,769,434,737 |
| Motor Vehicles | 64,929,180 | 70,037,599 |
| Furniture and Fixtures | 32,428,654 | 33,449,030 |
| Office Equipment | 62,972,534 | 44,496,054 |
| Roads and Pavements | 506,679,174 | 461,217,630 |
| Computer & IT Equipment | 22,410,668 | 21,835,847 |
| Under Construction | 201,068,214 | 145,804,831 |
| Total | 23,409,153,338 | 23,288,351,114 |
| 10 Inventories | | |
| Raw Materials-Scrap | 4,315,637,946 | 4,238,125,832 |
| Raw Materials-Billet | 1,588,828,391 | 2,752,588,780 |
| Direct Consumable | 296,979,834 | 299,484,401 |
| Work-in-progress | 1,541,066 | 653,396 |
| Finished Goods | 8,875,224,102 | 5,636,101,588 |
| Stores and Spares | 2,148,391,320 | 2,043,134,428 |
| Fuel and Lubricants | 25,493,903 | 20,009,188 |
| Total | 17,252,096,562 | 14,990,097,612 |
| 11 Trade & Other Receivables | | |
| Trade Receivables | 8,520,023,363 | 9,690,140,135 |
| Other Receivables | 593,378,302 | 441,553,735 |
| Total | 9,113,401,665 | 10,131,693,870 |
| 12 Advances, deposits and prepayments | | |
| Advances | 4,317,089,019 | 3,886,354,295 |
| Deposits | 44,548,010 | 73,770,569 |
| Prepayments | 16,891,797 | 16,591,548 |
| Total | 4,378,528,826 | 3,976,716,412 |
| 13 Cash and cash equivalents | | |
| Cash in hand | 9,124,237 | 5,655,253 |
| Cash at banks | 446,321,622 | 507,531,526 |
| Fixed deposit | 488,669,017 | 401,569,644 |
| Total | 944,114,876 | 914,756,422 |
| 14 Short Term Borrowings | | |
| Loan against Trust Receipt (LATR) | 362,307,543 | 233,185,527 |
| Time loan | 3,750,127,790 | 2,508,422,988 |
| Demand Loan | 3,171,635,033 | 7,295,509,964 |
| Bank overdraft and cash credit | 2,743,141,984 | 2,272,345,148 |
| Factoring Loan-United Leasing Co. Limited | 406,693,410 | 22,952,689 |
| Liability for accepted bills for payment (ABP) | 14,479,294,169 | 8,125,003,744 |
| Total | 24,913,199,930 | 20,457,420,060 |
| 15 Other liabilities | | |
| Advance against sales | 397,542,238 | 705,843,107 |
| Security Deposit | 29,300,146 | 29,300,146 |
| Income Tax deducted at source | 15,562,333 | 87,405 |
| VAT deducted at source | (87,830) | 5,208,224 |
| Earnest/Retention Money | 110,180,499 | 100,102,126 |
| Liability against fractional bonus share | 1,163,929 | 1,163,929 |
| Unclaimed dividend | 17,966,793 | 17,966,793 |
| Liability against share application money | 7,581,814 | 7,581,814 |
| Interest payable | 234,816,292 | 127,896,570 |
| Provision for bad debts | 621,777 | 621,777 |
| Provident fund | 3,587,548 | 3,253,943 |
| Total | 818,235,540 | 999,025,833 |

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BSRM Steels Limited**Selected Explanatory Notes to the Financial Statements**

As at and for the period ended 30th September 2019

**16 Reconciliation of Net Income:**

| | July-19 to Sep-19 | July-18 to Sep-18 |
|--|------------------------|------------------------|
| Profit before Interest and Tax | 792,404,987 | 841,785,837 |
| Depreciation | 250,279,051 | 127,403,107 |
| Increase in inventories | (2,261,998,950) | (422,799,598) |
| Increase in receivables | 1,018,292,205 | (2,714,992,360) |
| Increase in Advance, Deposit & Pre-payment | (401,812,414) | (1,009,052,114) |
| Increase in payables | (3,231,733,484) | 977,791,682 |
| Increase in Liability for Expenses | 358,331,966 | 54,060,248 |
| Increase in Other liabilities | (180,790,288) | 38,669,903 |
| Increase in Provision for Gratuity | 2,433,421 | 13,899,692 |
| Cash Generate from Operations: | (3,654,593,506) | (2,093,233,603) |
| Interest Paid | (568,726,767) | (229,307,671) |
| Reconciled Net Income | (4,223,320,273) | (2,322,541,274) |
| Net cash (used in)/generated by operating activities as per Direct Method | (4,223,320,273) | (2,322,541,274) |
| Difference | | |

17 Calculation of Net Asset Value (NAV) per share:

| | 30th September 2019 | 30th June 2019 |
|--|-----------------------|-----------------------|
| Share Capital | 3,759,525,000 | 3,759,525,000 |
| Retained Earnings | 9,343,348,193 | 9,196,763,654 |
| Revaluation Reserve | 7,937,692,292 | 7,940,930,965 |
| Net Asset Value (A) | 21,040,565,485 | 20,897,219,619 |
| Number of Share Outstanding (B) | 375,952,500 | 375,952,500 |
| Net Asset Value (NAV) per share (A÷B) | 55.97 | 55.58 |

18 Calculation of basic earning per share (EPS):

| | July-19 to Sep-19 | July-18 to Sep-18 |
|---------------------------------------|-------------------|-------------------|
| Profit after tax for the period (A) | 142,266,308 | 459,405,328 |
| Number of Share Outstanding (B) | 375,952,500 | 375,952,500 |
| Basic earnings per share (A÷B) | 0.38 | 1.22 |

19 Calculation of Net Operating Cash Flows per share (NOCFPS):

| | July-19 to Sep-19 | July-18 to Sep-18 |
|---|-------------------|-------------------|
| Net cash from operating activities (A) | (4,223,320,273) | (2,322,541,274) |
| Number of Share Outstanding (B) | 375,952,500 | 341,775,000 |
| Net Operating Cash Flows per share (NOCFPS): (A÷B) | (11.23) | (6.80) |

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