

ANNUAL
REPORT 2019-20

BSRM STEELS LIMITED

Building a
safer tomorrow



ANNUAL

REPORT 2019–20

BSRM STEELS LIMITED





Building a safer tomorrow

BSRM Steels Limited has been helping the country become stronger, safer and more sustainable at every step of the nation's journey. For BSRM knows the rise of a safer nation is the work of lifetimes, of generations, not a matter of a few years. The development of the nation must be in a safe and sustainable manner; what we build must last into the far future.

Every megastructure BSRM has built for Bangladesh has been designed not just with today in mind, but the future as well. From the Padma Bridge to the Rooppur Nuclear Plant, the Payra Deep Sea Port to the Karnaphuli Tunnel – all these megastructures are being built with BSRM steel. BSRM believes that if we work to build a safer today, our future will be safer, stronger and more beautiful.

Letter of Transmittal

Date: December 01, 2020

All Valued Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Dear Sir (s)

Annual Report for the year ended June 30, 2020

We are pleased to enclose herewith a copy of the Annual Report of **BSRM Steels Limited** together with the Audited Financial Statements, Auditors' Report thereon and Report of the Board of Directors for the year ended June 30, 2020 for your information and record.

Yours sincerely,



Shekhar Ranjan Kar FCA
General Manager (F & A) and Company Secretary

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Proxy Form
and Attendance Slip

Padma Multipurpose Bridge



Our Vision

WE AT BSRM GROUP ASPIRE TO.....

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

Our Values

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 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.

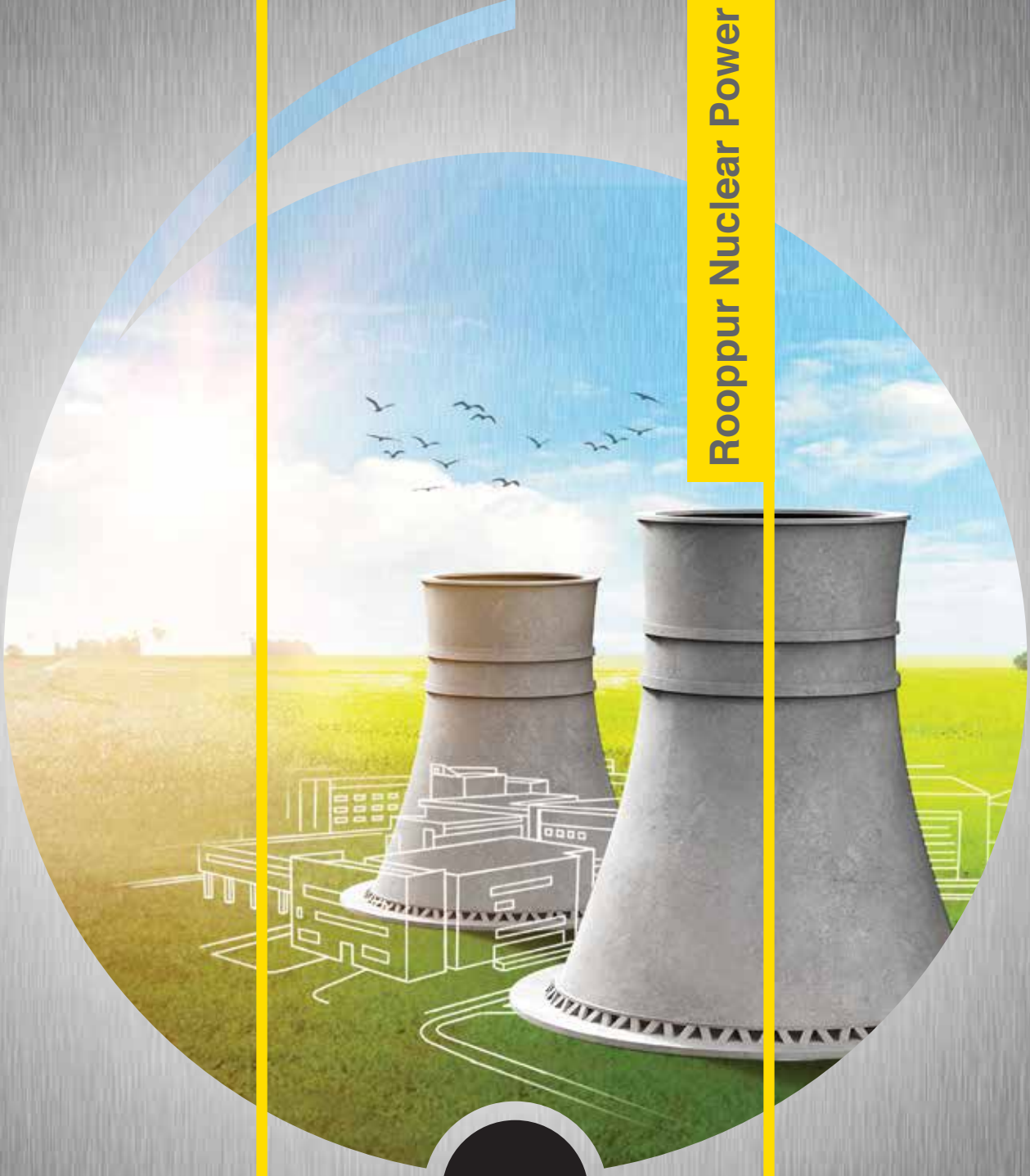
Customer Satisfaction: Delight our external and internal customers at every stage of our interaction with them by truly understanding their needs, offering them our best products and services, treating them with respect and actively seeking and acting on their feedback.

CODE OF CONDUCT

BSRM always adopts best, ethical and transparent business practices to be fair and honest in all its dealings.

We always acknowledge and fulfill our obligations towards the society and offer our best services to our customers and treat them with respect and honor.

Rooppur Nuclear Power Plant



BSRM Group's Milestones...

1952

The BSRM saga began with the first steel re-rolling mills to emerge in the then East Bengal.

1984

Introduced high strength cold twisted steel bars (TORSTEEL) to the construction industry.

1987

Introduced High Strength Deformed reinforcing steel bars conforming to ASTM 615 Grade 60 for the construction industry.

1996

Commissioned the then largest billet making plant in the country - **Meghna Engineering Works Limited**, now known as Steel Melting Works (SMW) unit of Bangladesh Steel Re-rolling Mills Ltd.

2006

Introduced micro reinforcement wires, below 8mm, for low cost rural construction.

2008

BSRM Steels Limited commenced production of internationally recognized Grade 500 steel bars branded as **"Xtreme500W"** conforming to ISO 6935-2.

2009

Shares of BSRM Steels Limited, the flagship company of BSRM Group was listed with the country's premier bourses Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. On 18 January 2009.

2010

BSRM Iron and Steel Co. Ltd. the then largest billet making plant in the country started commercial production on June 01, 2010.

2012

Production capacity of BSRM Steels Limited enhanced to 600,000 MT per year.

2013

A syndicated term loan of US\$ 40 million and BDT 5,908 million, raised by a consortium of 25 banks and financial institutions, for BSRM Steel Mills Limited. It was the largest ever syndicated loan facility arranged for a private company in Bangladesh.

2014

Oracle e-BS -12 went GO LIVE on 1ST March 2014. Oracle Financials, Costing, purchasing, Manufacturing, EAM, Inventory & order management are now integrated on a single platform which ensure the accuracy, accountability and reliability of the Group.

2015

1. Enhanced capacity of BSRM Steels Limited from 600,000 MT to 700,000 MT per annum.
2. Announced a new product namely **"BSRM Maxima"**
3. Increased capacity of Bangladesh Steel Re-Rolling Mills from 120,000 MT to 450,000 MT per annum which is the first and largest merchant mill in Bangladesh.
4. Listing of Bangladesh Steel Re-Rolling Mills Limited with the stock exchanges (DSE & CSE).

2016-17

1. BSRM Steel Mills Limited, the largest billet making plant in the country started commercial production in June 2016.
2. EPOXY coated bars CENTURA & Ultima are introduced in the market.
3. For the first time, sales of BSRM cross **ONE MILLION M. Ton**

2017-18

1. Started to set-up a state-of-the-art Galvanized Iron (GI) wire and Low Relaxation Pre-stressed Concrete (LRPC) wire manufacturing plant.
2. Business Intelligence (BI) Analytics Tool for BSRM Group goes live in May 2018.

2018-19

1. Second melting unit of BSRM Steels Limited has successfully announced its commercial production on April 16, 2019 with a capacity of 430,000 MT billets per annum.

2019-20

1. Introduced a new product called **"FastBuild & SecuRing"** - customized Steel solutions.

What's Next

1. A state-of-the-art Galvanized Iron (GI) wire, LRPC wire, Welding Electrode and CO2 wire manufacturing plant in the name of BSRM Wires Limited is under construction.
2. A new steel plant to raise the capacity by 5 lac M. Ton MS Products per annum in the name of BSRM Steels Limited.



Dhaka Elevated Expressway

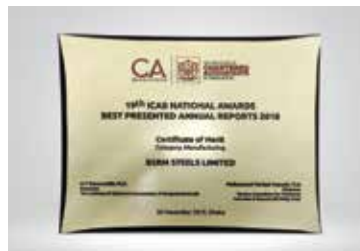
Awards & Recognitions

HIGHEST TAX PAYER AWARD



Tax Card for "3rd Highest Tax Payer" in engineering category for the tax period 2018-2019

ICAB AWARD



Certificate of Merit ICAB Award 2018

ICAB NATIONAL AWARD



19th ICAB National Award Best Presented Annual Report 2018

SAFA 2018



Certificate of Merit from SAFA 2018

NATIONAL EXPORT AWARD



National Export Award
2016-17, 2015-16 and 2013-14

Awards & Recognitions

QUALITY EXCELLENCE AWARD



National Productivity and
Quality Excellence Award 2017

BEST BRAND AWARD



Best Brand of Bangladesh in Steel Category
for 2011, 2013, 2014, 2015, 2016 & 2017

HIGHEST TAX PAYER AWARD



Tax Card for "1st Highest Tax Payer" in
engineering category for the tax period 2016-2017

PRESIDENT'S AWARD



President's Award for
Industrial Development 2014

ICSB NATIONAL AWARD



ICSB National Award, Gold 2015

Awards & Recognitions

ICAB NATIONAL AWARD



16th ICAB National Award for
Best Presented Annual Report 2015

ICSB NATIONAL AWARD



Certificate of ICSB National Award 2015

SAFA AWARD



Certificate of Merit from SAFA 2015

ELECTRICITY CONSUMER AWARD

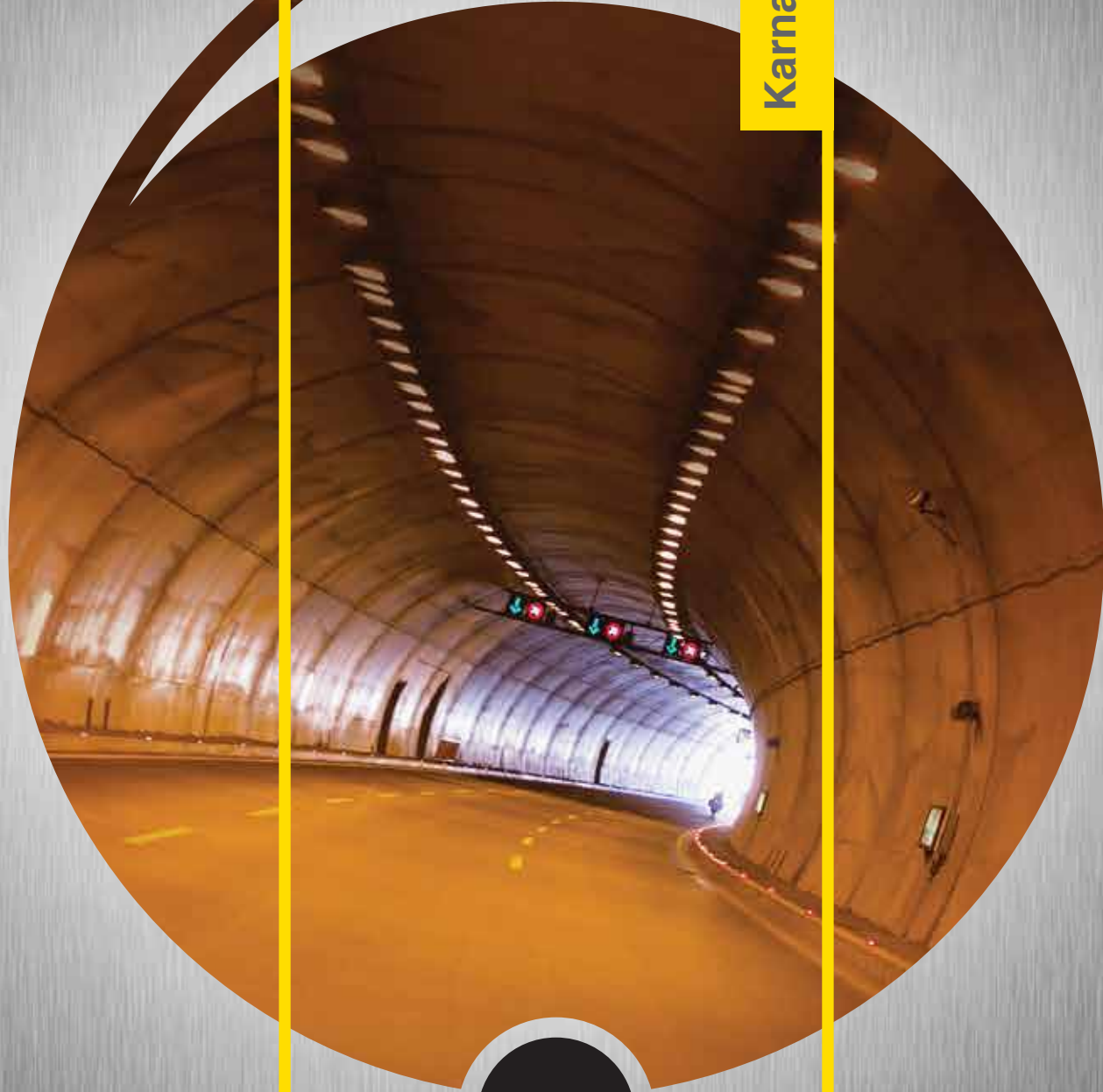


Best Electricity Consumer Award 2015

ICAB NATIONAL AWARD



ICAB National Awards for Best Presented Annual Report 2012, 2013 & 2015



Karnaphuli Tunnel

Performance at a Glance for 2019-20

Tk.
38,681
Million

Revenue

Tk.
5,172
Million

Gross profit

Tk.
3,573
Million

Operating Profit

Tk.
1,825
Million

Profit before Tax

Tk.
742
Million

Net Profit after Tax

Tk.
1.97

Earnings per Share

Tk.
56.84

NAV per share

Tk.
5.81

NOCF per share

Key Financial Highlights

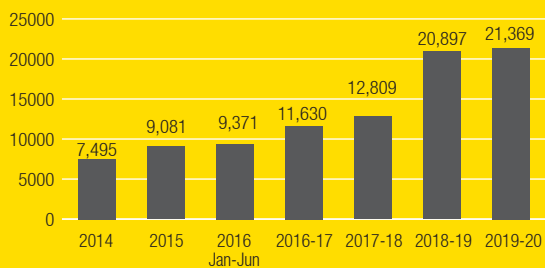
Taka in Million

	2019-2020	2018-2019	2017-2018	2016-2017*	Jan'16-June'16	2015	2014
Assets Employed							
Non-current Assets	27,641.78	26,793.86	13,995.01	12,104.11	9,608.70	9,676.30	8,539.82
Net Current Assets	3,702.68	5,126.14	1,886.17	1,953.94	2,207.59	840.35	155.53
Total Assets Employed	31,344.45	31,920.00	15,881.18	14,058.05	11,816.28	10,516.64	8,695.35
Financed by							
Share Capital	3,759.53	3,759.53	3,417.75	3,417.75	3,417.75	3,417.75	3,417.75
Revaluation Reserve	7,927.98	7,940.93	2,613.85	2,602.00	2,123.84	2,131.59	2,137.03
Non Controlling Interest	-	-	-	107.08	-	-	-
Retained Earnings	9,681.04	9,196.76	6,777.30	5,503.47	3,829.60	3,531.28	1,940.31
Shareholders' Equity	21,368.54	20,897.22	12,808.90	11,630.30	9,371.19	9,080.62	7,495.09
Long Term borrowings	7,590.43	9,067.95	1,777.56	1,117.90	1,547.13	548.39	431.90
Retirement benefit obligations - Gratuity	199.57	164.44	136.97	98.76	57.37	55.88	39.02
Deferred Tax Liabilities	2,112.33	1,790.40	1,157.75	1,211.09	840.59	831.76	729.34
Finance Lease Obligations- non Current Portion	73.58	-	-	-	-	-	-
Total Capital Employed	31,344.45	31,920.00	15,881.18	14,058.05	11,816.28	10,516.64	8,695.35
Operational Results							
Revenue	38,681.38	61,060.15	48,289.93	37,996.41	17,265.18	32,316.10	38,535.94
Gross Profit	5,172.54	5,051.91	4,879.17	4,557.30	3,114.69	4,368.65	2,807.32
Profit from Operations	3,573.15	3,369.05	3,180.65	3,273.59	2,379.86	3,257.93	1,892.83
Profit before Interest, Taxes & Depreciation Allowances	4,539.63	3,993.81	3,644.34	3,746.02	2,509.49	3,500.74	2,119.63
Profit before Tax	1,825.71	2,338.26	2,308.53	2,360.49	2,114.92	2,593.95	1,510.68
Profit after Tax	742.28	1,728.13	1,800.80	1,705.41	1,313.32	2,081.88	1,086.21
Ratios							
Gross Profit ratio - %	13.37%	8.27%	10.10%	11.99%	18.04%	13.52%	7.28%
Net Profit ratio - %	1.92%	2.83%	3.73%	4.49%	7.61%	6.44%	2.82%
EBITDA margin to Sales - %	11.74%	6.54%	7.55%	9.86%	14.53%	10.83%	5.50%
Return on Shareholders Equity - %	3.47%	8.27%	14.06%	14.66%	14.01%	22.93%	14.49%
Return on Capital Employed - %	2.37%	5.41%	11.34%	12.13%	11.11%	19.80%	12.49%
Current Ratio - Times	1.11	1.15	1.06	1.08	1.13	1.06	1.01
Quick / Acid test ratio	0.67	0.71	0.58	0.70	0.80	0.57	0.40
Inventory turnover ratio - Times	2.61	4.07	3.34	4.23	3.12	4.69	3.42
Total Assets turnover ratio - Times	0.60	0.93	1.06	1.17	0.60	1.31	1.42
Earnings per Share (EPS) - Taka	1.97	4.60	4.79	4.98	3.84	6.09	3.18
Price/Earnings (P/E) ratio - Times	17.02	12.68	14.63	18.25	24.46	15.81	27.59
Price/Equity ratio - Times	3.36	5.83	7.01	9.09	9.40	9.63	8.77
Dividend per share (DPS) - Taka	1.50	2.50	2.00	2.00	1.50	3.00	1.50
Dividend Payout ratio	0.76	0.54	0.42	0.40	0.39	0.49	0.47
Dividend Cover ratio	1.32	1.84	2.39	2.49	2.56	2.03	2.12
Net Assets Value (NAV) per share - Taka	56.84	55.58	37.48	34.03	27.42	26.57	21.93
Net Operating Cash Flow per share - Taka	5.81	(12.43)	2.90	1.07	9.05	16.87	(8.76)
Debt Equity ratio - Times	1.61	1.57	1.73	1.93	1.72	1.48	2.36
Interest coverage ratio	1.97	2.76	3.14	5.94	17.75	5.37	6.32
Market price per share at 30 June/ 31 December - Taka	33.60	58.30	70.10	90.90	94.00	96.30	87.70
Market Capitalization at 30 June/31 December (MLN Tk)	12,632	21,918	23,958	31,067	32,127	32,913	29,974
Contribution to National Exchequer (MLN Tk)	5,969	4,708	4,954	2,936	2,149	2,009	2,949
Average Number of Employees	1384	1255	974	624	596	578	553

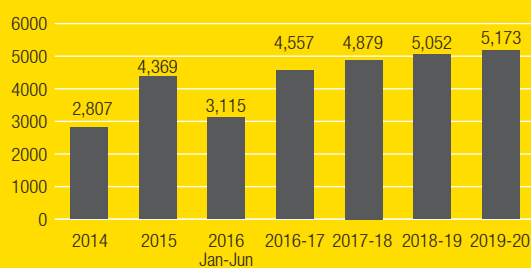
*Information of 2016-2017 shows consolidated financial data.

Key Performance Indicators

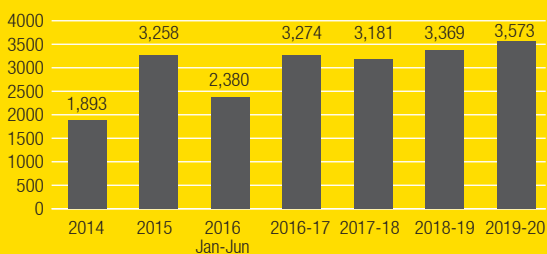
Shareholders' Equity (Taka in Million)



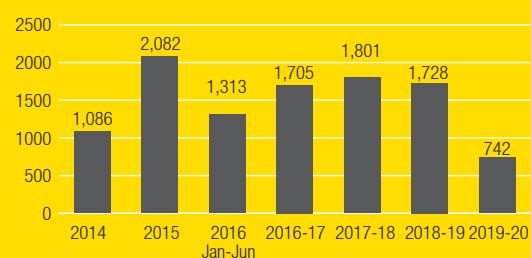
Gross Profit (Taka in Million)



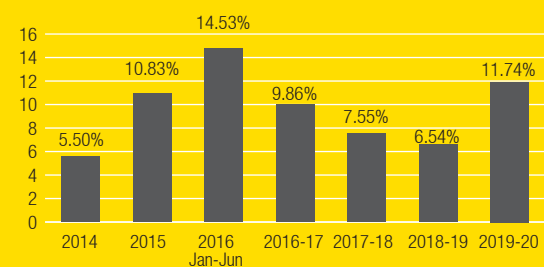
Operating Profit (Taka in Million)



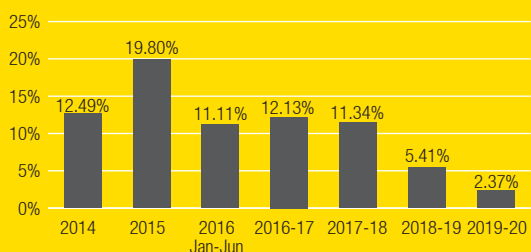
Net Profit after Tax (Taka in Million)



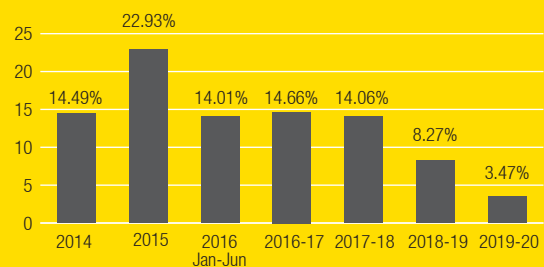
EBITDA to Sales (%)



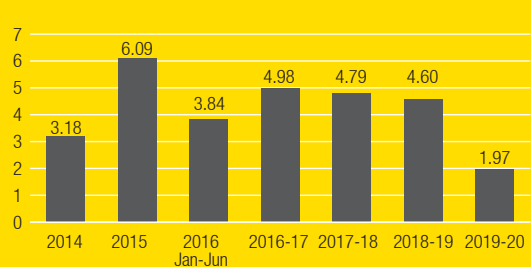
Return on Capital Employed (%)



Return on Shareholders' Equity (%)

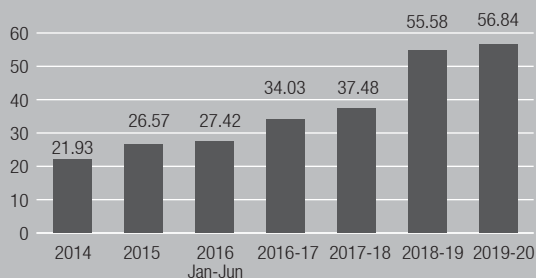


Earnings per Share (Taka)

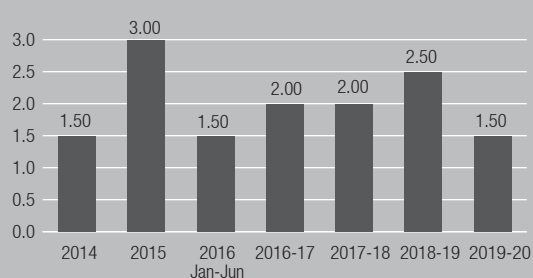


Key Performance Indicators

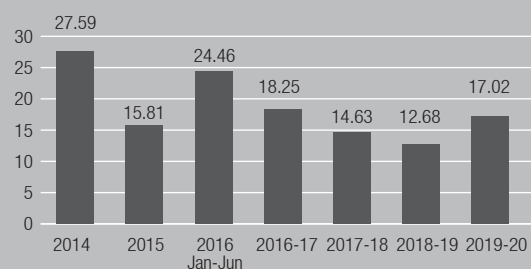
Net Assets Value (Taka)



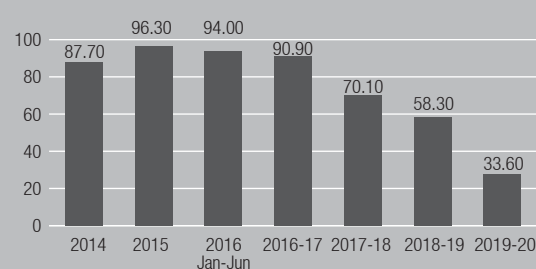
Dividend per Share (Taka)



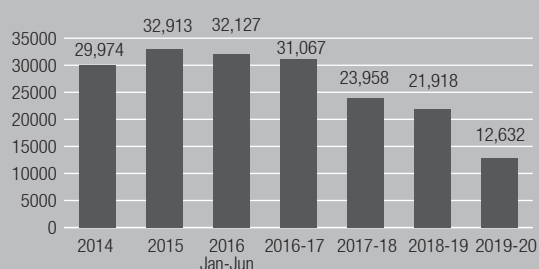
Price Earnings Ratio (Times)



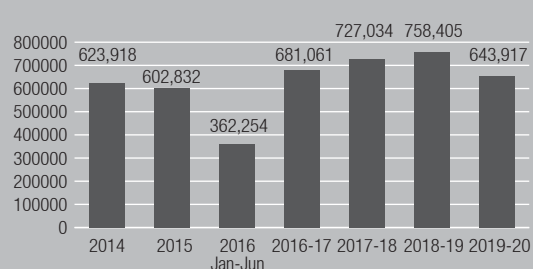
Market price per share (Taka)



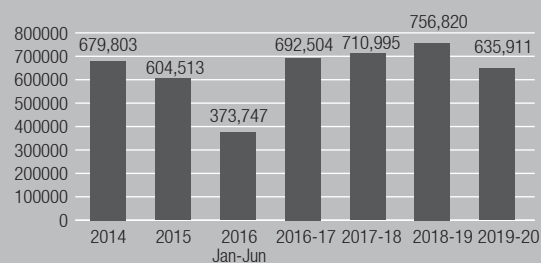
Market Capitalization (Taka in Million)



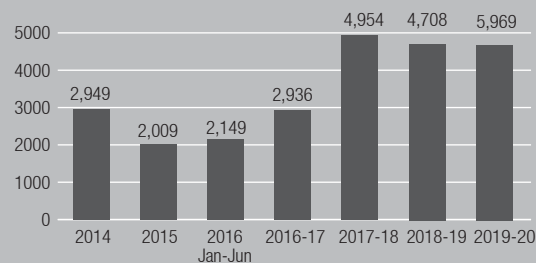
Production Qty. (MT)



Sales Qty (MT)



Contribution to National Exchequer (Taka in Million)



Value Added Statement

Value Added:

Revenue
Other Income

Less : Paid to suppliers for materials and services

Distributed as follows:

EMPLOYEES

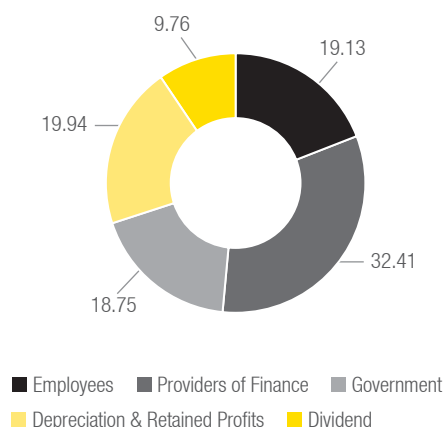
Wages, salaries, bonus, commissions, pensions and other benefits
Providers of Finance
Government
Dividend

RETAINED FOR REINVESTMENT & FUTURE GROWTH

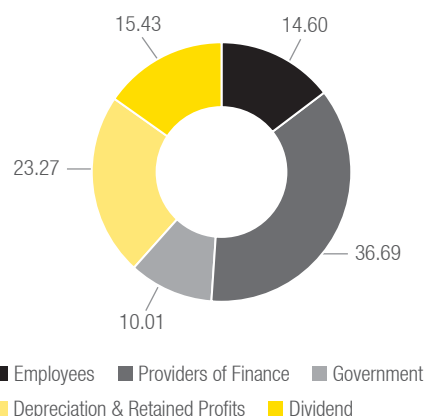
Depreciation & Amortization
Retained Profit

Jul'19-Jun'20 TK	%	Jul'18-Jun'19 TK	%
38,681,377,223		61,060,152,014	
80,396,643		1,030,229,787	
38,761,773,866		62,090,381,801	
32,984,770,498		55,997,206,551	
5,777,003,368	100	6,093,175,250	100
1,105,412,503	19.13	889,802,800	14.60
1,872,525,590	32.41	2,235,414,696	36.69
1,083,428,541	18.75	610,133,284	10.01
563,928,750	9.76	939,881,250	15.43
4,625,295,384	80.06	4,675,232,030	76.73
973,360,111	16.85	629,695,647	10.33
178,347,873	3.09	788,247,573	12.94
1,151,707,984	19.94	1,417,943,220	23.27
5,777,003,368	100	6,093,175,250	100

2019-20 (%)



2018-19 (%)



ECONOMIC VALUE ADDED (EVA)

Economic value added attempts to capture the true economic profit of a company. It also provides a measurement of a company's economic success (or failure) over a period of time.

Calculation of EVA

Net Operating profit after Tax (NOPAT)
Total Capital Employed
Cost of Capital in %
Cost of Capital (COC)
EVA = NOPAT - COC

	2019-20	2018-19
Net Operating profit after Tax (NOPAT)	2,679,862,118	2,526,789,731
Total Capital Employed	31,216,308,957	32,259,210,134
Cost of Capital in %	10.00%	10.00%
Cost of Capital (COC)	3,121,630,896	3,225,921,013
EVA	(441,768,778)	(699,131,283)

The positive number of EVA reveals that the Company is more than covered its cost of capital.

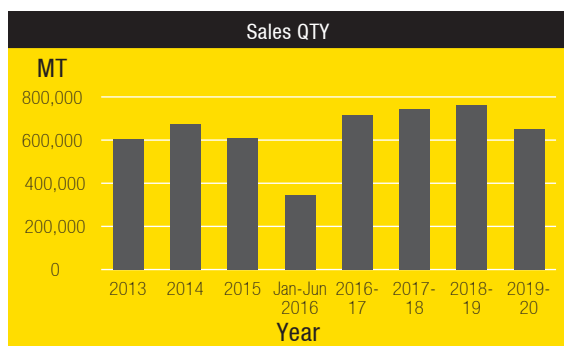
Products & Markets

Founded in 1952, BSRM Group broadened its business to produce advanced technology based steel products in Bangladesh. BSRM Steels Limited is the flagship company of BSRM Group. It is a high grade steel manufacturing company. The main product of BSRM Steels is Xtreme500W which is only **EMF tested** and **Fatigue tested ductile rod** in Bangladesh.

QUALITY is the measure of something as measured against agreed standards. It means conforming to specifications. **RELIABILITY** has two related definitions. One is the state of being dependable. The other is consistency – that is, the degree to which something yields the same or compatible result time after time. **RELIABILITY** is a function of the design; **QUALITY** is a result of the manufacturing. Therefore, we can state while the **Tensile Test** is the measure of Quality of the steel, the **Fatigue Test** is the measure of **Reliability** of Steel.

Market performance

BSRM is the market leader in the national steel industry. Net sales for 2019-2020 were 635,911MT with value in Taka 38,681.38 (in million). The Chart shows sales growth of BSRM Steels Limited for the last seven years.



Product-wise performance

A. Xtreme500W

Why Xtreme500W....

According to European Steel Code EN 10002, **Elongation at Maximum Force (EMF)** test is mandatory to measure the ductility of steel. Bangladesh Standard BDS:ISO:6935-2 of 2009 also requires EMF in Steel. **Fatigue tests** are conducted with the object of determining the number of cyclic loadings a steel can endure, within a stress range. BSRM Steels products were subjected to 5 million cyclic load reversals which was tested in UK. At present in Bangladesh BSRM is the only company to ensure **EMF** and **Fatigue Testing** steel.

Today our journey has been vindicated by the overwhelming support of our loyal and dear customers who have put faith in our products.

Unique Feature of Xtreme500W

1. High design yield strength of 500 Mpa (72500psi) (Min)
2. Requires 15% less steel in construction compared to Grade 60 rebar's available in the market.
3. The bars have superior ductility and can be safely bent without cracking.
4. All bar sizes are rolled to a very close tolerance (possible on a DANIELI computerized rolling mill) so that customers get more meters of steel per ton - more value for money without having to sacrifice structural integrity.
5. De-scaled bars have better bonding with concrete and less wastage at site. Estimated savings: 0.5%
6. Xtreme bars are safely weld-able under field conditions. Another 0.5% to 1.5% of steel is saved by avoiding large splices if the steel is welded. Our Xtreme500W was tested for weldability by a global electrode manufacturer, in Bangladesh, Linde. They have published a brochure to promote the unique welding features of Xtreme500W, a rare honor for the company.
7. The bars are needle-straight, thanks to the Danieli QTB process - no need for straightening on the construction site.

Landmark Infrastructure where Xtreme500W was used:

As the premier reinforcing steel bar and only EMF tested ductile rod of the country, Xtreme500W has put its indelible stamp on the infrastructure projects of the country. It has emerged as the rebar of choice among international contractors in high value projects where the reliability and quality of construction materials are of paramount importance. BSRM is proud to be associated with some of the largest and most visible projects of the country. These are:

- Padma Multipurpose Bridge
- Padma Bridge Rail Link Project
- Maghbazar Mouchak Flyover
- Bhoirab Railway Bridge
- Bhoirab Asugonj Power Plant
- Double line project of Chittagong Railway.
- The pride of Dhaka, the 9.6 kilometer Gulistan-Jatrabari fly-over (**Mayor Mohammad Hanif Flyover**)
- Saidabad Water Treatment Plant Phase-II
- Hatirjheel Integrated Development Project
- Zillur Rahman Flyover (Mirpur-Airport & Banani)
- Dhaka Elevated Express way project

- Payra thermal power plant
- Lebukhali Bridge
- Roopur Nuclear Power Plant
- Rampal Coal Power plant
- Metro Rail Project
- Bus Rapid Transit Project

B. Other Products

In 2016 it rolled out new Grade reinforcing steel conforming to the U.S. standard ASTM 706 Grade 80. The Grade 80 reinforcement can replace the old ASTM A-615 Grade 60 steel specified in all Government Agency design specifications. The new Grade 80 will be more economical as it will require 20% less steel in construction. It will be safer as well as the new Grade 80 has much higher elongation than the older Grade 60. The higher strength steel further provides 'congestion relief' in Bridge piers which ensures better concrete compaction, thus making it ever safer. The new Grade 80 is usage is prescribed in the ACI Code of 2014 and the BNBC 2015. The new Grade 80 is available under the Brand name **Maxima**.

The country's growing infrastructure regarding new Bridges, Flyovers, and Rail Roads will provide ample scope for Grade 80 applications.

C. New Products & Services:

a) Xtreme B500DWR:

In pursuit to our continuous quest for research and innovation, we brought another product "XTREME B500DWR" which fully conforms to BDS ISO 6935-2:2016. Grade B500DWR also Conforms and Fe 500S of IS 1786:2008 and Indian Standard respectively.

The new Grade B500DWR has a minimum Tensile Strength to Yield Strength (T/Y) Ratio: 1.25

The product complies with the provisions of the Bangladesh National Building Code (BNBC).

FEATURES OF XTREME B500DWR:

- Increases ductility and safety
- Reduces the chance of sudden collapse of the structure
- High strength steel
- Ensures the highest Elongation at Maximum Force (EMF)
- Suitable for all seismic zones of Bangladesh as per BNBC (Bangladesh National Building Code)

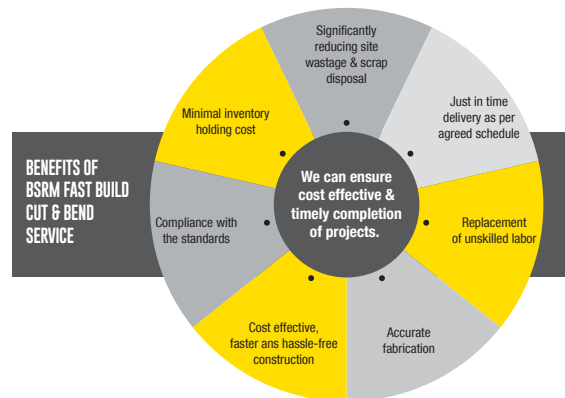
B) BSRM Fast Build

In 2019, BSRM introduced its new Service Center, BSRM Fast Build, to provide customized rebar solutions for all construction related needs. Under this value adding service center, BSRM offers BBS (Bar Bending Schedule) Development, Cut & Bend, and stirrups.

BSRM Fast Build strongly follows the Bangladesh National Building Code and ACI to deliver all these customized rebar solutions. The main purpose of this service is to provide simplified rebar solutions by ensuring compliance with regulations, safe & cost effectiveness.

The Benefits of BSRM Fast Build Service Center:

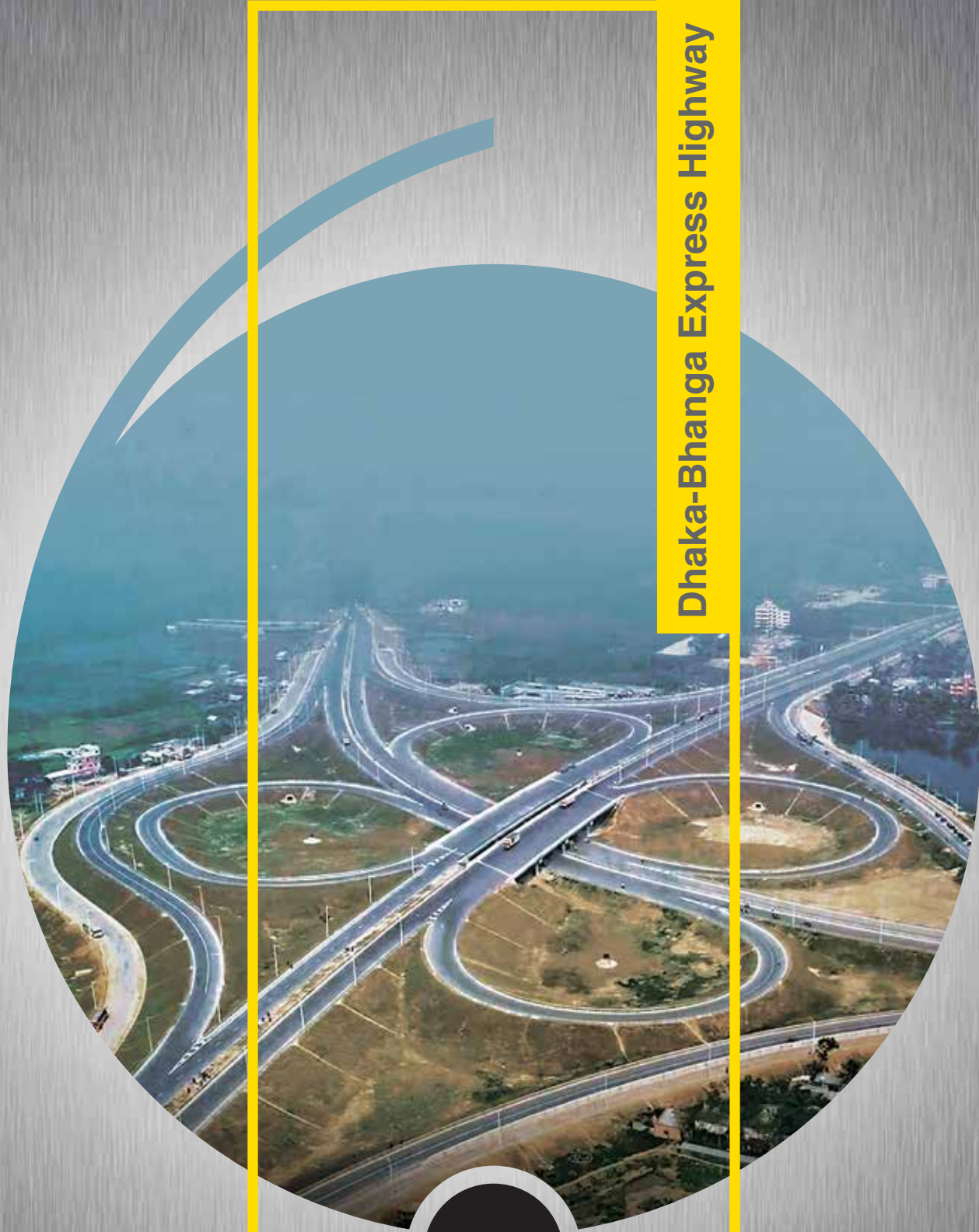
- Customized length of the rebar & bend them at required angles/hooks/bending diameter in accordance with the project's blueprint.
- "Just in time" as per agreed schedule
- Capable of managing inventories better by reducing material wastage and production costs
- Apart from ensuring aesthetically superior clean and strong bars, which are made available right at the site



BSRM Fast Build Cut & Bend production process involves fully automated world class European machines at BSRM's state of the art factory.

Stirrup is another vital offering from BSRM Fast Build. It is a closed loop of reinforcement bar that is used to hold the main reinforcement bars together in an RCC structure. The Rings/Stirrups are manufactured through automatic & sophisticated machines, using strictest quality control to ensure consistency, quality & accurate dimensions. They are compliant with the Bangladesh National Building Code (BNBC) and ACI.

The country's growing infrastructure regarding new Bridges, Flyovers, and Rail Roads will provide ample scope for this new addition to the BSRM Product and Service line



Dhaka-Bhanga Express Highway



Notice of the 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of shareholders of **BSRM Steels Limited** will be held on **Thursday, December 24, 2020** at 10:30 AM by using **Digital Platform** in accordance with the Bangladesh Securities and Exchange Commission (BSEC) Order No- SEC/SRMIC/94-231/25, dated: July 08, 2020 to transact the following business and to adopt necessary resolutions:

1. To receive, consider and adopt the Audited Financial Statements, Report of the Board of Directors and Auditors' Report on Financial Statements for the year ended 30th June, 2020.
2. To re-elect the Director(s) of the Company.
3. To declare and approve Dividend for the year ended 30th June, 2020.
4. To appoint Statutory Auditors and fix their remuneration.
5. To confirm the appointment of Independent Director.
6. To appoint Professional Accountant to certify compliance status of Corporate Governance code as per BSEC notification BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3rd June, 2018.
7. To approve the Inter Company loan/ business transactions for the year ended 30th June, 2020 & issue of Corporate Guarantee as per Notification No- SEC/CMMRRCD/2006-159/Admin/02-10, dated: September 10, 2006.

By order of the Board



Shekhar Ranjan Kar FCA

General Manager (F&A) and Company Secretary

Chattogram

December 01, 2020

Notes:

- Shareholders whose name appear in the share register of the company or in the Depository Register as on the **“Record Date” i.e. 15th November, 2020** are entitled to attend/participate and vote in the Annual General Meeting (AGM) and receive the dividend.
- The shareholders will join the virtual AGM through the link <https://bsrmsteel.bdvirtualagm.com> The shareholders will be able to submit the questions/comments electronically before 48 hours of commencement of the AGM through this link and also during the Annual General Meeting.
- In order to login to the virtual AGM, the shareholders need to click on the link and to provide their 16-digit Beneficiary Owner (BO) Account Number and other credentials as proof of their identity.
- The shareholders are requested to login to the system prior to starting of the meeting at 10:30 AM on Thursday, December 24, 2020. Please contact at 01730700596 for any queries in accessing the virtual meeting.
- A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies in his/her stead and scanned copy of the proxy form, duly stamped must be mailed to the email at share@bsrm.com not later than 48 hours before the meeting.
- Shareholders are requested to update their 12 digit E-TIN information through their respective Depository Participant (DP) before the AGM date.
- The Annual Report 2019-2020 and Proxy Form will be available at the Company's Website www.bsrm.com.
- Soft copy of the Annual Report will be sent to the individual email address of the shareholders mentioned in their respective BO account.
- AGM Notice, link for joining in the Digital Platform (audio-visual meeting) and detail login process will be mailed to the respective Member's email address available with us.
- Members whose email addresses have updated/changed subsequently, are requested to email us at share@bsrm.com referring their full name, Folio/BO ID and email address to get the digital platform meeting invitation.

Corporate & Contact Information

COMPANY NAME

BSRM Steels Limited

DATE OF INCORPORATION

20th July, 2002

DATE OF COMMERCIAL OPERATION

1st April, 2008

SHARE CAPITAL

Authorized capital

BD Tk. 500.00 Crore

Paid Up Capital

BD Tk. 375.95 Crore

BORAD OF DIRECTORS

Mr. Alihussain Akberali FCA, **Chairman**

Mr. Aameir Alihussain, **Managing Director**

Mr. Zohair Taherali, **Director**

Mrs. Tehseen Zohair Taherali, **Director**

Mr. Gobinda Chandra Paul FCA, **Independent Director**

COMPANY SECRETARY

Mr. Shekhar Ranjan Kar FCA

AUDIT COMMITTEE

Mr. Gobinda Chandra Paul FCA, **Chairman**

Mr. Alihussain Akberali FCA, **Member**

Mr. Zohair Taherali, **Member**

Mr. Shekhar Ranjan Kar FCA, **Secretary**

NOMINATION & REMUNERATION COMMITTEE (NRC)

Mr. Gobinda Chandra Paul FCA, **Chairman**

Mr. Alihussain Akberali FCA, **Member**

Mr. Zohair Taherali, **Member**

Mr. Shekhar Ranjan Kar FCA, **Secretary**

MANAGEMENT COMMITTEE

Mr. Tapan Sengupta, Deputy Managing Director

Mr. Hasan Zafar Chowdhury, Chief Operating Officer

Mr. Kazi Anwar Ahmed, GM Head of Corporate Affairs & Dhaka Corporate Office

Mr. Sunil Kumar Das, General Manager India Office

Mr. Shekhar Ranjan Kar FCA, GM Finance & Accounts and Company Secretary

Mr. Jamil Ahmed, General Manager Human Resources

Mr. Mohammad Imtiaz Uddin Chowdhury, DGM Sales & Marketing

Mr. Sanjoy Kumar Ghosh, Senior Manager Supply Chain Management

AUDITOR

A. Qasem & Co.

Chartered Accountants

Faruk Mahal (3rd Floor) 93, Agrabad C/A, Chattogram.

LOCATIONS

ROLLING PLANT:

4, Fouzderhat Industrial Estate Chattogram,

Tel: +88(031) 2770192-3

MELTING PLANT 1:

202-205, Nasirabad Industrial Estate, Baizid Bostami Road, Chattogram.

Tel: +88-031-2581361-3

MELTING PLANT 2:

Khilmurari, Zorawarjonj, Mirsarai, Chattogram.

Phn - 01959-904160

CORPORATE OFFICE

Ali Mansion 1207/1099, Sadarghat Road

Chattogram, Bangladesh.

Tel: +880 31 2854901-10

Email: mail@bsrm.com

Web: www.bsrm.com

Corporate & Contact Information

DHAKA CORPORATE OFFICE

Nasir Uddin Tower, 4th Floor, Bir Uttam Samsul Alam Road
104/1 Kakrail, Dhaka-1000.

Tel: **88 02 8300591-595**,

Fax: **88 02 8300590**

Email: dhaka@bsrm.com

UTTARA OFFICE

H-14, Road-6, Sector: 1, Uttara Model Town, Dhaka.

Tel: **02-8957027, 8958029**

Fax # **02-8956496**

REGIONAL OFFICES:

Sylhet

Jhonar Par Road Kumar Para, Sylhet.

Tel: **0821-721239, 01714080514**

Email: sylhet@bsrm.com

Bogra

Tin Matha Rail Gate (near to North Bengal Petrol Pump),

Puran Bogra, Bogra.

Tel: **051-60792, 01711-795148**

E-mail: bogra@bsrm.com

Comilla

Chandrima Super Market,

Airport Road (Near to EPZ Main Gate), Comilla.

Tel: **081-71988, 01714-080544**

E-mail: comilla@bsrm.com

Khulna

Naushin Tower (3rd Floor

11, KDA Avenue, Khulna

Tel: **+88-041-733753**

E-mail: khulna@bsrm.com

Barishal

Shohid Mukhtojoddha ADC Kazi Azizul Islam Sarak,

(30 go-down road), South Alekanda, Barishal.

Tel: **0431-2177518; 01755-545910**

Narayangonj

Jungal, Barpara, Bandar, Narayangonj.

Tel: **044-76001557; 01730-313123**

Rajshahi

235/2 Alupatti Ghoramara; Boalia; Rajshahi.

Tel: **01755-538353, 01730-087537**

Rangpur

House # 71/01, Road #2, Islambag, RK Road, Rangpur.

Tel: **01711-795148, 01730-784821**

Benapole

50 Kagojpukur Benapole Port, Sharsa, Jessore.

Tel: **01730-703045**

Mirsharai

Sonaphar, Zorargonj, Mirsarai, Chattogram.

Mymensingh

Dag No 109, Mouja-Chorkhai, Jamtali,

Charkhai Sadar, Mymensingh.

Cox's Bazar

S.K Tower, 2nd floor, Taraboinarchora Khurushkul Road,

Cox's Bazar.

Gazipur

Bagdad Tanzania Tower

3rd Floor, Tangail Road, Chandona Chowrasta, Gazipur

Mobile: **01714105052, 01755545711**

Narshingdi

Ripon Tower (1st Floor)

House # 492, Titas Gas Office Road, Chinishpur, Narsingdi.

Mobile: **01713108206**

Kushtia

Motiar Bhaban (1st Floor), Opposite of Police Line School Gate,

Dadapur Road, Majompur, Kushtia.

Mobile: **+8801714080514**

Faridpur

Hafez Building (2nd floor), Mujib Sharak, Niltuli, Faridpur.

Mobile: **+8801713161018**

Rajshahi

Shefali Tower (5th Floor), Bindur Moor, Rajshahi.

Mobile: **+8801730703013**

Tangail

Basak Tower (1st Floor) Boro Kalibari Road, Sadar, Tangail.

Mobile: **+8801730787096**

Standing from left:

Mrs. Tehseen Zohair Taherali & Mr. Zohair Taherali

Sitting from left:

Mr. Aameir Alihussain, Mr. Alihussain Akberali FCA & Mr. Gobinda Chandra Paul FCA



Board of Directors

Mr. Alihussain Akberali FCA Chairman

Mr. Alihussain Akberali, FCA is a Company Director since 1980. He was born in 1949 as the 3rd son of Late Akberali Alibhai Africawala the pioneers of the steel industry in Bangladesh.

Mr. Alihussain Akberali is an experienced industrialist and an entrepreneur who is always eager to harness any unexploited opportunity in the industry. He was recognized as CIP (Commercially Important Person) in the large scale industry category for a number of times. He is a Qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of Bangladesh.

Mr. Alihussain and his family were recognized by National Board of Revenue (NBR) as 'Kar Bahadur' in 2016-2017 for paying the highest tax to the national exchequer.

He has been actively participating in various social activities like Rotary Club, Ma O Shishu Hospital, Chirayata Shanti Society, Patient Welfare Committee of Chittagong Medical College and Hospital etc. He is the founder of a School at Nasirabad, Chattogram which imparts free education to more than 600 underprivileged students.

Mr. Aameir Alihussain Managing Director

Mr. Aameir Alihussain, the only son of Mr. Alihussain Akberali FCA and Mrs. Bilkis Alihussain was born in 1975. He completed his graduation in Economics from McGill University, Canada and received MBA from renowned LUMS University. He joined the family business in 2001 with an aim to set high industry standards for the performance of the Company. He actively supports the operation of the Company as Managing Director. He has introduced modern management practices in the Company and is continuously instilling a team spirit in the industry. He was recognized as CIP (Commercially Important Person) in the large scale industry category. He has also been recognized as CIP (Commercially Important Person) for the year 2017 under the 'Product Export & Trade' category.

Mr. Aameir was recognized as the highest taxpayer in Chattogram District for the year 2014-15 and 2015-16 by the National Board of Revenue (NBR). In addition to his corporate activities, he is also involved in various social activities.

Mr. Zohair Taherali Director

Mr. Zohair Taherali was born in 1963. He is the son of late Taherali Alibhai Africawala who was a founding Director of BSRM.

He is a commerce graduate and joined the Company in 1988. He has been playing an important role for the Company's growth. As the Director of Finance, he is undertaking the responsibility for the management of Financial and Administrative aspects of the Company. He is also a member of the Audit Committee of the Company.

Mr. Zohair Taherali and his family were recognized by National Board of Revenue (NBR) as 'Kar Bahadur' in 2016-2017 for paying highest tax in national exchequer.

Board of Directors

Mrs. Tehseen Zohair Taherali Director

Mrs. Tehseen Zohair Taherali was born in 1970. She completed her Bachelor of Arts and Bachelor of English Language Teaching from Chattogram Bangladesh. She was recognized as highest tax payer in 2015-2016 under women entrepreneur category in Chattogram.

She guides and directs the company regularly in strategic policy making decisions as a Director. She is involved with many charitable organizations and is a highly regarded personality in the society.

Mr. Gobinda Chandra Paul FCA Independent Director

The Independent Director of BSRM Steels Limited was born in 1951. He possesses more than 3 decades of experience in internal & external audit and assurance, developing internal control, Tax and VAT matters. He is a qualified Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Currently, he is a Managing Partner of the reputed Chartered Accountancy firm -Basu Banerjee Nath & Co. He is also the Chairman of the Audit Committee and Nomination & Remuneration Committee of the Company.

Names of companies in which directors hold the directorship and the membership of committees of the board

Name of Companies	Name of the Directors				
	Mr. Alihussain Akberali FCA	Mr. Aameir Alihussain	Mr. Zohair Taherali	Mrs. Tehseen Zohair Taherali	Mr. Gobinda Chandra Paul FCA
Bangladesh Steel Re-Rolling Mills Limited	Chairman	Managing Director	Director	---	---
BSRM Wires Limited	Managing Director	Director	Chairman	Director	---
BSRM Recycling Industries Limited	Managing Director	Director	Chairman	Director	---
Chittagong Power Company Ltd.	Chairman & Managing Director	Director	Director	---	---
Bangladesh Steels Limited	Director	Managing Director	Chairman	Director	---
East Bengal Trading & Industrial Corporation Limited	Director	Managing Director	Chairman	Director	---
BSRM Ispat Limited	Director	Managing Director	Chairman	Director	---
BSRM Steel Mills Limited	Chairman	Managing Director	Director	Director	---
BSRM Logistics Limited	Chairman	Director	Managing Director	---	---
BSRM Real Estates Limited	Chairman	Managing Director	Director	Director	---
BSRM Metals Limited	Chairman	Managing Director	Director	Director	---
H. Akberali & Co. Limited	Chairman & Managing Director	Director	Director	Director	---
Karnafully Engineering Works Limited	Chairman	Director	Managing Director	Director	---
Section Steel Industries Limited	Managing Director	Chairman	---	---	---
Arco Industries Limited	Director	Director	Managing Director	Director	---

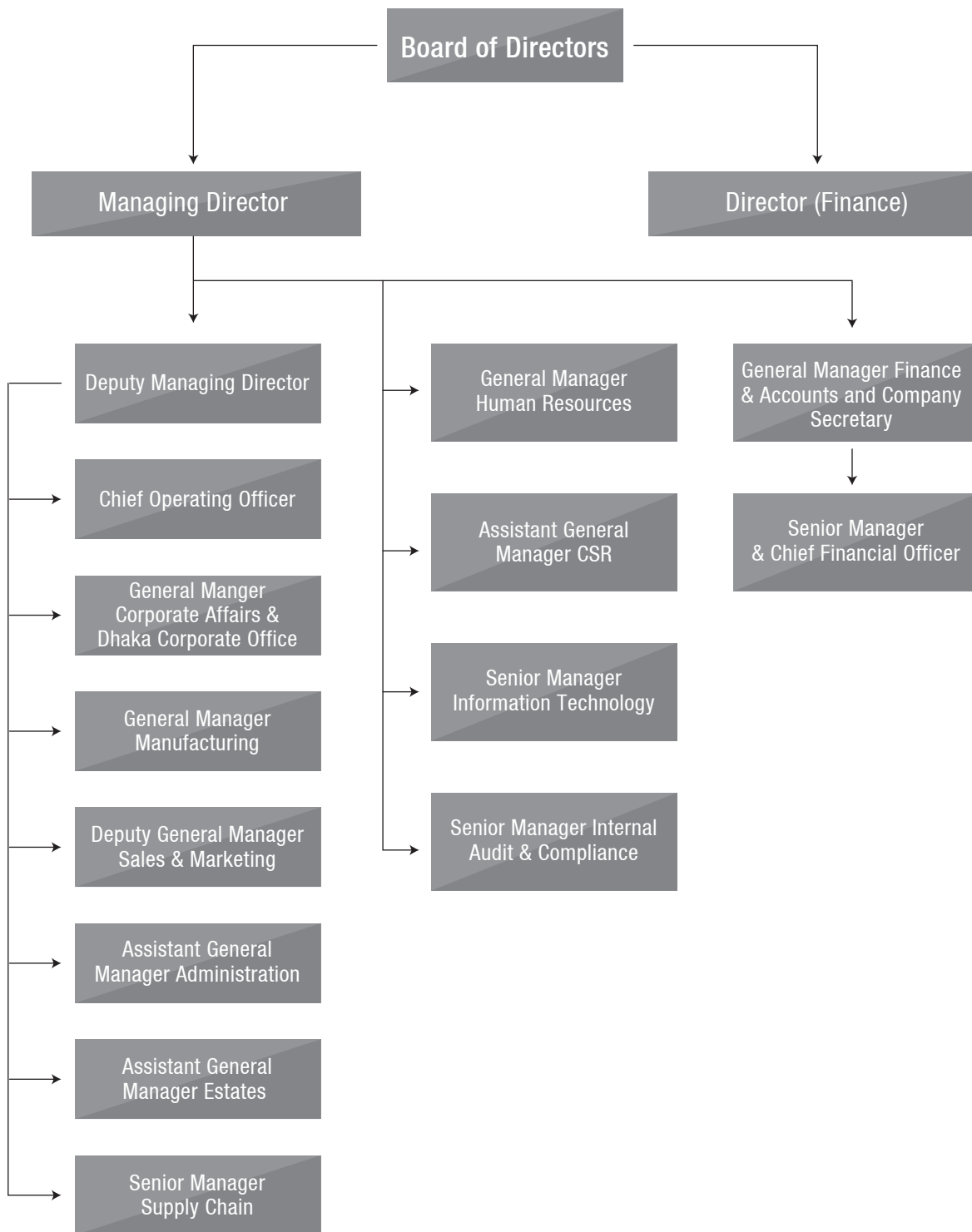
Key Management

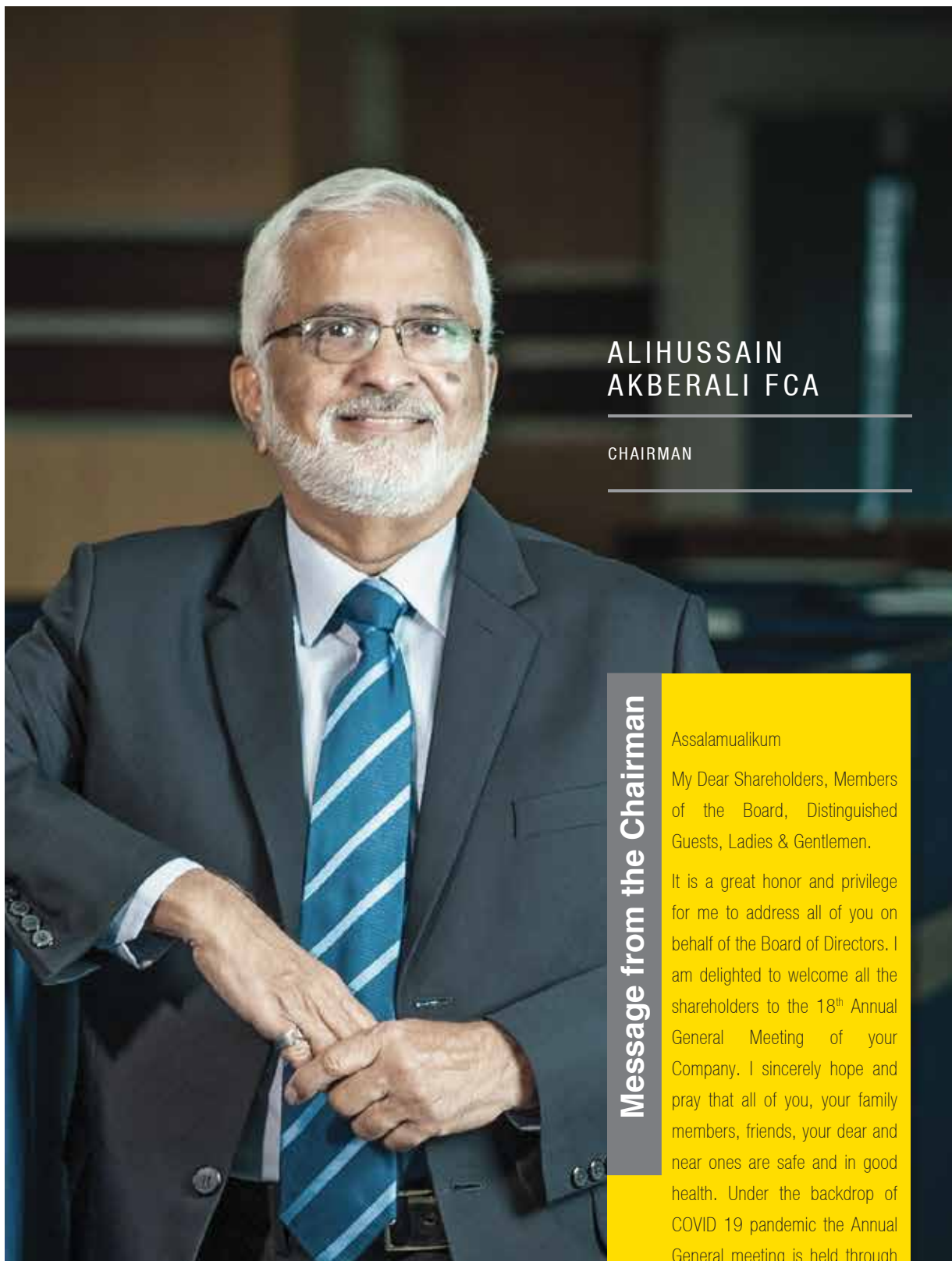
- **Tapan Sengupta**, Deputy Managing Director
- **Hasan Zafar Chowdhury**, Chief Operating Officer
- **Shekhar Ranjan Kar FCA**, General Manager, Finance & Accounts and Company Secretary
- **Kazi Anwar Ahmed**, General Manager, Corporate Affairs & Dhaka Corporate Office
- **Sunil Kumar Das**, General Manager, India Office
- **Jamil Ahmed**, General Manager, Human Resources
- **Md. Azizul Haque**, General Manager, Manufacturing
- **Bipin Sharma**, General Manager, QMCI & Risk Management
- **Mohinder Singh Hanspal**, General Manager, Rolling
- **Bharat Tank**, General Manager, Recycling & Melting
- **A. F. M. Mizanur Rahman**, General Manager, Plant Operation BSRM Steels Limited-Rolling
- **Mohammad Imtiaz Uddin Chowdhury**, Deputy General Manager Sales & Marketing
- **Mohammed Reazul Kabir FCA**, Assistant General Manager & Chief Financial Officer
- **A. K. M. Saifuddin Khan**, Assistant General Manager, Administration
- **Md. Bazal Ahmed**, Assistant General Manager, Estates
- **Mohammad Monir Hossain**, Assistant General Manager, Corporate Strategy & Projects
- **Md. Zahir Uddin**, Assistant General Manager, Plant Operation, Melting 1
- **Md. Hafazutur Rahman**, Assistant General Manager, Plant Operation, Melting 2
- **Md. Moklesur Rahman Akhtar FCMA**, Senior Manager & Chief Financial Officer
- **Muhammad Ashiqur Rahman FCA**, Senior Manager, Finance & Accounts
- **Mohammed Tamim Wahid Al-Helal**, Senior Manager, Information Technology
- **Sanjoy Kumar Ghosh**, Senior Manager, Supply Chain Management
- **Murtaza Zoher Bengali**, Senior Manager, Internal Audit & Compliance

ADVISERS

- **Tapan K. Poddar FCA, FCMA**, Financial Consultant
- **M. Firoze**, Adviser Marketing & Product Development
- **Moize Hussain**, Adviser
- **Ruhi Murshid Ahmed**, Adviser CSR & PR

Corporate Structure





ALIHUSSAIN AKBERALI FCA

CHAIRMAN

Message from the Chairman

Assalamualikum

My Dear Shareholders, Members of the Board, Distinguished Guests, Ladies & Gentlemen,

It is a great honor and privilege for me to address all of you on behalf of the Board of Directors. I am delighted to welcome all the shareholders to the 18th Annual General Meeting of your Company. I sincerely hope and pray that all of you, your family members, friends, your dear and near ones are safe and in good health. Under the backdrop of COVID 19 pandemic the Annual General meeting is held through live webcast using digital platform in order to ensure physical distancing for the benefit of health and safety of all of us.

Message from the Chairman

Financial performance:

In the financial year 19-20, steel industry faced a number of challenges due to introduction of new Value Added Tax Act and imposition of new criteria of minimum tax which have affected the business environment in which we operate. Next came the onset of the COVID 19 pandemic in the last quarter of the year, which ushered in a new reality for industries across the world. However, I would like to report that the Company has made Tk. 742 Million profit this year. Sales and EPS stood Tk. 38,681 million and Tk. 1.97 respectively. We sold 635,911 M. Ton of our products this year.

Bangladesh Economy:

Before the pandemic, Bangladesh's economy was booming with a constant growth rate. But now The World Bank and IMF forecast that our GDP growth would be below 3.0 percent. As per the Bangladesh Bureau of Statistics, or BBS, Bangladesh has reported 5.24 percent GDP growth in FY 2019-20 after almost everything was closed for four months from March to June. As the economy has almost fully reopened, the government has kept the annual GDP growth target for 2020-21 fiscal year unchanged at 8.2 per cent. Given all these measures, with a growing capacity of producers and technological enhancement of operations currently being undertaken, the steel industry in Bangladesh looks to be strong in the next fiscal years.

Sustainability:


Despite the difficult environment, BSRM Steels Limited recorded a production of 4,35,676 MT billet in its new melting unit at Mirsarai, Chittagong. It helped us to control our costs to ensure profitability while investing in attractive opportunities for profitable growth. The Company is confident in its ability to navigate this period through strong financial discipline, a reduction in operating expense and cash flow management. We are taking care of our people, and communities that actively support our growth. The health and safety of our workforce has always been paramount to us. We have been at the forefront of developing industry specific protocols for contract tracing, monitoring, social distancing, classifying employee risk level and providing appropriate healthcare response. I am delighted to announce another good news that the board has approved investment of TK. 700 crore (Approx.) for setting up a new steel plant to raise capacity by another 5.00 lac M. Ton MS Products per annum to cater the market demand. The new plant is expected to start its operation in 2023.

Social Welfare:

Corporate Social Responsibility (CSR) is our integral and inseparable part of the long term business and sustainable growth and success. Our CSR activities is an assurance of the organization to act morally and add to financial progress of the people while improving the lives of the employees and the local public in general.

I am grateful for the support and insight of my fellow Board members, the dedication of the executive team and energetic staff, work force and security staff and their active support during this pandemic. I sincerely acknowledge the support of our shareholders, bankers, suppliers, customers, government bodies, local authorities and their confidence in our ability to execute our strategy for long-term value creation. I thank you all for attending today's Annual General Meeting of the Company.

Sincerely yours,



Alihussain Akberali FCA
Chairman

চেয়ারম্যান-এর
বার্তা

চেয়ারম্যান-এর বার্তা

আমার প্রিয় শেয়ারহোল্ডারগণ, বোর্ডের সদস্যগণ, বিশিষ্ট অতিথিবৃন্দ ও উপস্থিত সকলকে আসসালামু আলাইকুম।

পরিচালনা পর্ষদের তরফ থেকে আপনাদের সবাইকে সম্বোধন করা আমার পক্ষে এক বিরাট সম্মান ও প্রাপ্তি। আমি কোম্পানির ১৮ তম বার্ষিক সাধারণ সভায় আপনাদের সকলকে স্বাগত জানাতে পেরে আনন্দিত। আমি আন্তরিকভাবে আশা করি ও প্রার্থনা করি, যে আপনারা আপনাদের পরিবারের সদস্য, বন্ধুবান্ধব, আপনাদের প্রিয় ও নিকটস্থদের সবাইকে নিয়ে নিরাপদে এবং সুস্বাস্থ্যে আছেন। কোভিড-১৯ মহামারীর অবস্থায়, আমাদের সকলের স্বাস্থ্য ও সুরক্ষার সুবিধার্থে শারীরিক দূরত্ব নিশ্চিত করতে ডিজিটাল প্ল্যাটফর্ম ব্যবহার করে লাইভ ওয়েবকাস্টের মাধ্যমে বার্ষিক সাধারণ সভা অনুষ্ঠিত হচ্ছে।

আর্থিক ফলাফল:

২০১৯-২০ অর্থবছরে, ইস্পাত শিল্প কিছু প্রতিবন্ধকতার সম্মুখীন হয়েছে, যা নতুন মূল্য সংযোজন কর আইন এবং ন্যূনতম করের নতুন মানদণ্ড প্রণয়ন করার কারণে ব্যবসায়িক পরিবেশকে প্রভাবিত করেছে। পরবর্তীতে বছরের শেষ প্রান্তিকে কোভিড-১৯ মহামারী আসে, যা বিশ্বজুড়ে শিল্প প্রতিষ্ঠানের জন্য একটি নতুন বাস্তবতার সূচনা করেছে। যাই হোক, কোম্পানি এই বছর ৭৪২ মিলিয়ন টাকা লাভ করেছে, বিক্রয় হয়েছে ৩৮,৬৮১ মিলিয়ন টাকা, ইপিএস দাঁড়িয়েছে ১.৯৭ টাকা এবং এই বছর আমাদের মোট পণ্য বিক্রি হয়েছে ৬৩৫,৯১১ মে: টন।

বাংলাদেশের অর্থনীতি

মহামারীর আগে, বাংলাদেশের অর্থনীতির উচ্চ প্রবৃদ্ধির হার বজায় ছিল। তবে এখন বিশ্বব্যাপক ও আইএমএফ পূর্বাভাস দিয়েছে যে, আমাদের জিডিপি প্রবৃদ্ধি ৩ শতাংশের নিচে যাবে। বাংলাদেশ পরিসংখ্যান ব্যুরো বা বিবিএস অনুসারে, মার্চ থেকে জুন পর্যন্ত চার মাসের জন্য প্রায় সব কিছু বন্ধ থাকার পরেও ২০১৯-২০২০ অর্থবছরে বাংলাদেশ ৫.২৪ শতাংশ জিডিপি প্রবৃদ্ধি অর্জন করেছে। যেহেতু অর্থনীতি প্রায় পুরোপুরি পুনরায় চালু হয়েছে, সরকার ২০২০-২১ অর্থবছরের জন্য বার্ষিক জিডিপি বৃদ্ধির লক্ষ্যমাত্রা অপরিবর্তিত রেখে ৮.২ শতাংশ ধার্য করেছে। বর্তমানে শিল্প উদ্যোগীদের উৎপাদন ক্ষমতা ও উৎপাদন ব্যবস্থায় প্রযুক্তির ক্রমবর্ধমান নিয়োগের ফলে বাংলাদেশের ইস্পাত শিল্প আগামী অর্থবছরে শক্তিশালী হবে বলে মনে হচ্ছে।

সাস্টেইনেবিলিটি:

ব্যবসায়িক পরিবেশ অনুকূলে না থাকা সত্ত্বেও, বিএসআরএম স্টিলস লিমিটেড চট্টগ্রামের মীরসরাইয়ে নতুন বিল্ট ইউনিটে ৪৩৫,৬৭৬ মে: টন বিল্ট উৎপাদন করে রেকর্ড করেছে। লাভজনক বিকাশের আকর্ষণীয় সুযোগগুলিতে বিনিয়োগের সময় মুনাফা নিশ্চিত করতে আমাদের ব্যয় নিয়ন্ত্রণে এটি সহায়তা করেছে। কোম্পানি আর্থিক শৃঙ্খলা, পরিচালন ব্যয় হ্রাস ও নগদ প্রবাহ ব্যবস্থাপনার মাধ্যমে এই সময়কালে সঠিক পথে পরিচালনা করার ক্ষমতায় আত্মবিশ্বাসী। আমরা আমাদের জনগণ ও সমাজের যত্ন নিচ্ছি, যা সক্রিয়ভাবে আমাদের প্রবৃদ্ধিকে সমর্থন করে। আমাদের শ্রমিকদের স্বাস্থ্য ও সুরক্ষা সবসময়

আমাদের কাছে সবচেয়ে গুরুত্বপূর্ণ। আমরা নিরুপণ, নিয়ন্ত্রণ সামাজিক দূরত্ব, কর্মীদের ঝুঁকি স্তরের শ্রেণিবদ্ধকরণ ও উপযুক্ত স্বাস্থ্যসেবা সরবরাহের জন্য শিল্পের নির্দিষ্ট প্রটোকল প্রদানের ক্ষেত্রে শীর্ষে রয়েছি। আমি আরও একটি সুখবর প্রচার করতে পেরে আনন্দিত যে, বোর্ড অব ডিরেক্টরস বাজার চাহিদা মেটাতে বছরে আরও ৫ লক্ষ মে: টন এমএস প্রোডাক্ট উৎপাদন ক্ষমতা বাড়াতে নতুন ইস্পাত কারখানা স্থাপনের জন্য ৭০০ কোটি টাকা (আনুমানিক) বিনিয়োগ অনুমোদন করেছে। নতুন কারখানাটি ২০২৩ সালে এর কার্যক্রম শুরু করবে বলে আশা করা হচ্ছে।

সমাজ কল্যাণ:

কর্পোরেট সামাজিক দায়বদ্ধতা (সিএসআর), দীর্ঘমেয়াদী ব্যবসায় ও টেকসই প্রবৃদ্ধি এবং সাফল্য আমাদের অবিচ্ছেদ্য অংশ। আমাদের সিএসআর কার্যক্রমগুলি কর্মচারী ও স্থানীয় জনসাধারণের জীবনযাত্রার উন্নতি সাধন করার জন্য নৈতিক ও জনগণের আর্থিক অগ্রগতিতে যুক্ত হওয়ার জন্য কোম্পানির একটি আশ্বাস।

এই মহামারী চলাকালীন সময়ে আমি, আমার সহকর্মী সদস্যদের দূরদর্শিতা ও নির্বাহী টিম, দক্ষ কর্মী ও নিরাপত্তা কর্মীদের একাগ্রতা এবং সক্রিয় অংশগ্রহণের জন্য কৃতজ্ঞ। আমরা আমাদের শেয়ারহোল্ডার, ব্যাংকার, সরবরাহকারীগণ, গ্রাহকদের তাদের অব্যাহত সহায়তার জন্য ও আমাদের দীর্ঘমেয়াদী মূল্য তৈরির কৌশলটি কার্যকর করার ক্ষমতায় বিশ্বাসের জন্য আন্তরিকভাবে ধন্যবাদ জানাই। আজকের বার্ষিক সাধারণ সভায় অংশ নেয়ার জন্য আপনাদের সবাইকে অসংখ্য ধন্যবাদ জানাই।

আন্তরিকভাবে আপনাদের,



আলীহোসাইন আকবরআলি এফসিএ
চেয়ারম্যান



AAMEIR
ALIHUSSAIN

MANAGING DIRECTOR

Managing Director's Round up

Dear Fellow Shareholders,
Ladies and Gentlemen:

I am delighted to welcome you all to the 18th Annual General Meeting of the Company. I hope you and your family are safe and in good health. I hope you have gone through our web posted annual report.

I would like to highlight here, that due to COVID-19 we could not do normal business in the last quarter of 19-20 and our production and delivery came down to 30%-40% in last quarter. However, the Company registered production of 643,917 MT and sold 635,911 MT this year.

Managing Director's Round up

Net profit stood at Tk. 742 Million and EPS, NAV stood Tk. 1.97 and 56.84 per share respectively.

Fiscal year 2019-2020 was an important milestone for BSRM Steels Limited as the new billet producing plant started its journey in a very effective and efficient manner. New melting plant recorded a production of 435,676 M. Ton. We have completed our revamping phase of rolling unit and now production capacity increased to 750,000 M. Ton from 700,000 M. Ton.


Due to COVID-19, The World Bank, a global bilateral institution, expects that Bangladesh will grow below 3.00% which was 8.00 percent at initial stage of this fiscal year of 2019-2020. The World Bank forecast the worst economic slump in Bangladesh in 40 years. But Bangladesh has reported 5.24 percent growth even after these hurdles which is highest in South Asia. Bangladesh is a booming economy since last five years. The government has declared a stimulus package worth total US\$ 12.1 billion (3.7% of GDP) to boost up economy during and after COVID-19. COVID-19 has given some opportunities and Bangladesh is ready to grab those. The government is working to improve the ease of doing business policies and attract foreign direct investment. These structural initiatives are important for enhancing the country's future

competitiveness. A number of medium and large scale infrastructure projects are in progress. Responding to this, we have increased our sales centers to put our footprint all over Bangladesh, which was our announcement of last year. We must appreciate the initiatives taken by the government to revive the economy due to pandemic and timely decision to carefully re open the economy. Bangladesh is fortunate to be in a much better economic condition than its peers and this shows the strength of the people of our country.

The trust and confidence of our stakeholders, our valued shareholders, has been the vital fuel in our innovative and continuous journey of steady growth and improvement. I feel proud to thank each one of you, customers, employees, partners, shareholders, suppliers, lenders, regulators, DSE, CSE, BSEC and community at large for your continued support.

Let us hope and pray that our country is spared from a severe second wave of this pandemic. We all need to take adequate precautions, wear masks and maintain social distancing as much as possible. Stay safe and healthy in the current times.

Thanking you,



Aameir Alihussain
Managing Director

ব্যবস্থাপনা
পরিচালকের
পক্ষ থেকে

ব্যবস্থাপনা পরিচালকের পক্ষ থেকে

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আমাদের কোম্পানির ১৮তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাতে পেরে আমি আনন্দিত। আমি আশা করি আপনি ও আপনার পরিবার নিরাপদ এবং সুস্থাস্থ্যে আছেন। আমি আশা করি, আপনারা আমাদের ওয়েব সাইটে বার্ষিক রিপোর্ট পড়ে দেখেছেন।

আমি এখানে তুলে ধরতে চাই যে, কোভিড-১৯-এর কারণে আমরা ২০১৯-২০-এর শেষ প্রান্তিকের মধ্যে সাধারণ ব্যবসা করতে পারিনি এবং আমাদের উৎপাদন ও বিতরণ শেষ প্রান্তিকে ৩০%-৪০% এ নেমে গিয়েছে। তবে, কোম্পানি এই বছর ৬৪৩,৯১৭ মে: টন উৎপাদন করেছে ও ৬৩৫,৯১১ মে: টন বিক্রি করেছে। নিট মুনাফা দাঁড়িয়েছে ৭৪২ মিলিয়ন টাকা। শেয়ার প্রতি মুনাফা ও এন.এ.ভি দাঁড়িয়েছে যথাক্রমে ১.৯৭ টাকা ও ৫৬.৮৪ টাকা।

বিসিআরএম স্টিলস লিমিটেড-এর জন্য ২০১৯-২০২০ অর্থবছর একটি গুরুত্বপূর্ণ মাইলফলক ছিল। কারণ নতুন বিল্ট উৎপাদনকারী কারখানাটি খুব কার্যকর ও দক্ষতার সাথে যাত্রা শুরু করেছে। নতুন কারখানাটি বিল্ট উৎপাদন করেছে ৪৩৫,৫৭৬ মে: টন। আমরা আমাদের রি-রোলিং কারখানার সংস্করণ কাজটি শেষ করেছি এবং এখন উৎপাদন ক্ষমতা ৭০০,০০০ মে: টন থেকে ৭৫০,০০০ মে: টনে উন্নীত হয়েছে।


কোভিড-১৯-এর কারণে, বিশ্বব্যাপী দ্বিপাক্ষিক প্রতিষ্ঠান দ্যা ওয়ার্ল্ড ব্যাংক প্রত্যাশা করেছে যে, ২০১৯-২০২০ অর্থবছরে বাংলাদেশের প্রবৃদ্ধি ৩ শতাংশের নিচে নেমে আসবে যা প্রাথমিক পর্যায়ে ৮.০০ শতাংশ ছিল। বিশ্বব্যাংক গত ৪০ বছরের মধ্যে বাংলাদেশের সবচেয়ে খারাপ অর্থনৈতিক মন্দার পূর্বাভাস দিয়েছে। তবে এই বাধাগুলির পরেও বাংলাদেশ ৫.২৪ শতাংশ প্রবৃদ্ধি দেখিয়েছে, যা দক্ষিণ এশিয়ায় সর্বোচ্চ। গত পাঁচ বছর ধরে বাংলাদেশ একটি সমৃদ্ধ অর্থনীতির দেশ হিসেবে বিবেচিত হয়ে আসছে। সরকার

কোভিড-১৯ চলাকালীন ও তার পরবর্তী সময়ে অর্থনীতিকে জোরদার করতে মোট ১২.১ বিলিয়ন মার্কিন ডলার (জিডিপি ৩.৭%) মূল্যের একটি প্রণোদনা প্যাকেজ ঘোষণা করেছে। কোভিড-১৯ কিছু ব্যবসায়িক সুযোগ তৈরি করেছে এবং বাংলাদেশ সেগুলি ধরতে প্রস্তুত। সরকার ব্যবসায়িক নীতিমালা সহজ করার জন্য ও বিদেশী প্রত্যক্ষ বিনিয়োগ আকৃষ্ট করার লক্ষ্যে কাজ করেছে। দেশের ভবিষ্যতের প্রতিযোগিতামূলক উন্নয়ন বাড়তে এই কাঠামোগত উদ্যোগগুলি গুরুত্বপূর্ণ। বেশ কয়েকটি মাঝারি ও বৃহৎ অবকাঠামোগত প্রকল্প চলছে। এর ধারাবাহিকতায়, আমরা আমাদের পদচারণা পুরো বাংলাদেশ জুড়ে রাখার জন্য বিক্রয় কেন্দ্রগুলি বৃদ্ধি করেছি যা আমাদের গত বছরের ঘোষণা ছিল। মহামারী থেকে অর্থনীতিকে পুনরুদ্ধারে সরকার যে উদ্যোগ নিয়েছে সেগুলি প্রশংসার দাবীদার। বাংলাদেশ সৌভাগ্যবান যে সমসাময়িক দেশগুলোর চেয়ে অর্থনৈতিক উন্নয়নে তার অবস্থান অনেক বেশি উন্নত এবং এটি আমাদের দেশের জনগণের শক্তি আমাদের স্টেকহোল্ডার এবং সম্মানিত শেয়ারহোল্ডারদের আস্থা ও আত্মবিশ্বাস আমাদের উদ্ভাবনী এবং অবিচ্ছিন্ন প্রবৃদ্ধি ও উন্নতির যাত্রায় আমাদের অনুপ্রেরণা হয়ে রয়েছে। আমাদের সকল গ্রাহক কর্মচারী, অংশীদার, শেয়ারহোল্ডার, সরবরাহকারী, দেনাদার, নিয়ন্ত্রণকারী প্রতিষ্ঠান, ডিএসই, সিএসই, বিএসইসি ও সংশ্লিষ্টদের প্রত্যেককে অব্যাহত সহায়তার জন্য ধন্যবাদ জানাতে পেরে আমি গর্ববোধ করছি।

আমরা আশা করি এবং প্রার্থনা করি যে, আমাদের দেশ এই মহামারীটির তীব্র দ্বিতীয় পর্যায় থেকে রক্ষা পাবে। এজন্য আমাদের সকলের উচিত সতর্কতা অবলম্বন করা, মাস্ক পরা ও যতটা সম্ভব সামাজিক দূরত্ব বজায় রাখা। আপনারা সকলেই নিরাপদ ও সুস্থ থাকুন।

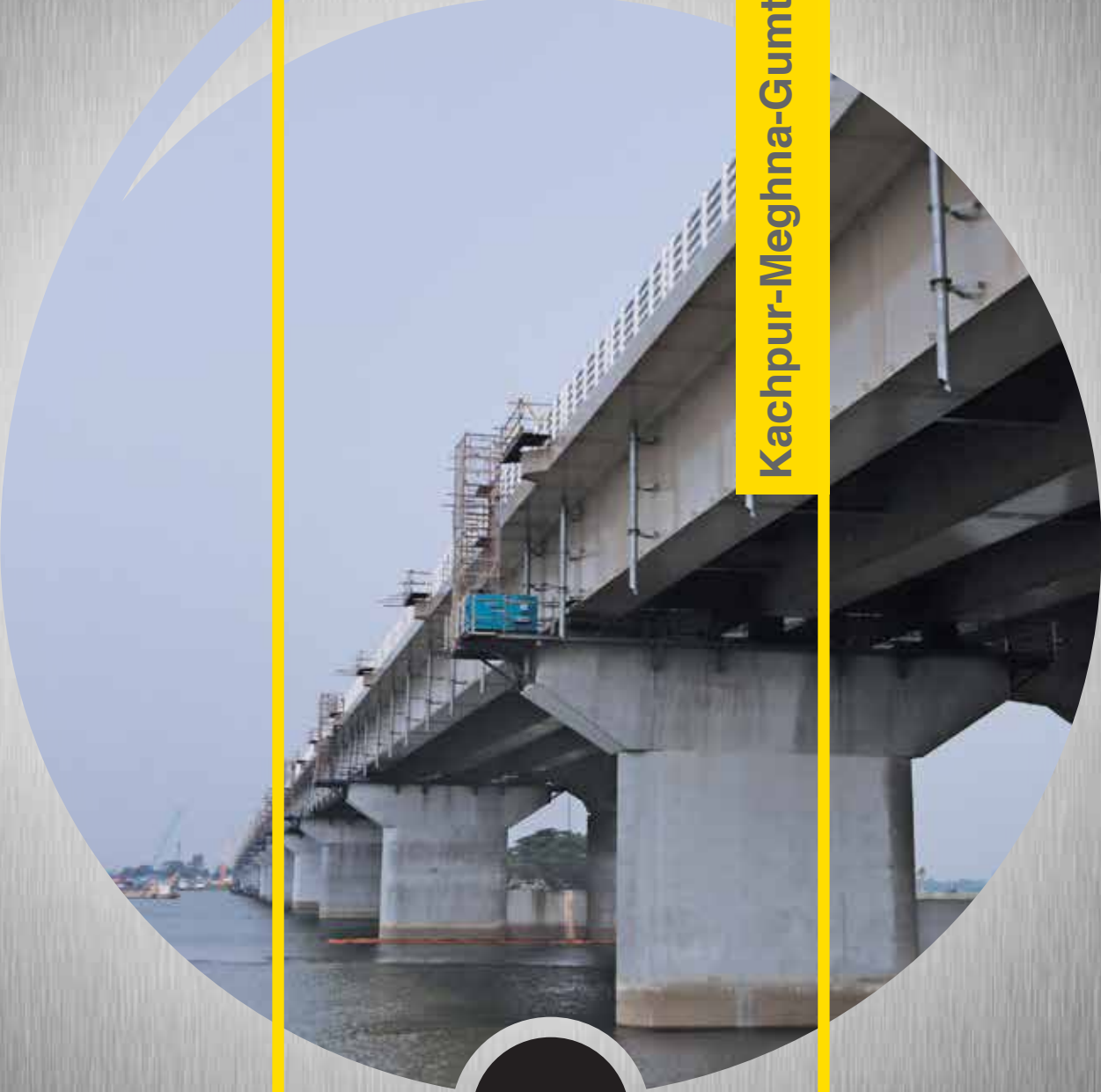
আপনাদের আন্তরিকভাবে ধন্যবাদ জানাই।

ধন্যবাদ,



আমীর আলীহোসাইন
ব্যবস্থাপনা পরিচালক

Kachpur-Meghna-Gumti 2nd Bridges



Directors' Report

Dear Shareholders

Assalamualikum.

Your Directors take pleasure in presenting Directors' Report, Auditors Report together with the audited financial statements of BSRM Steels Limited for the year ended June 30, 2020. This report has been prepared in compliance with the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018.

Review of 2019-20: Industry out Look and Possible future development:

According to the Bangladesh Bureau of Statistics, the economy of Bangladesh grew by 5.24% in the FY 2019-2020 despite the devastating impact of the global pandemic, securely surpassing the projections of 3.8% from IMF and 1.6% from World Bank. Owing to the resilience of the private sector in the domestic economy, a 20% year-on growth in remittances, and a strong late recovery in the garment industry, Bangladesh's economic boom as was prior to the pandemic remains largely unfazed, laying the foundation for an unprecedented economic rebound in the upcoming fiscal years.

Steel industry of Bangladesh has contributed immensely in the country's overall infrastructure development such as constructing bridges, airports, highways, metro rail, economic zones and power plants. BSRM Steels Limited is proud to lead and contribute to the infrastructural and economic upsurge of Bangladesh. Demand for long steel has increased sharply in recent years – currently 7.5 million MT of rebar which was merely 2.5 million MT in a decade ago. Steel industry is heavily dependent on the construction sector and this sector is set to face serious challenge due to disruption in economic and development activities which were mostly put on hold at final quarter of this year. Despite recording rapid growth for decades, Bangladesh's steel sector now faces a serious threat due to coronavirus pandemic and BSRM Steels Limited recorded sales at 85% of its target for the year 2019-20.

A stark increase in infrastructural projects – for constructing bridges, airports, highway, metro rail, economic zones, Power-plants and so on – has driven up demand for steel significantly in recent years. Per capita consumption of steel stands at 45 kg which was only 25 kg in 2012. Per capita steel consumption is expected to be 73 kg by 2022. Government is the biggest user of rebar consuming 60% of total demand while household users need another 25% but this number is expected to increase rapidly in the coming years. Industry insiders predict that household users would require approximately 40% of total demand in the future – a shift in which general households would be using more steel. Private sector and household users will also consume a significant quantity of steel once this global pandemic is over. The government has declared some stimulus package worth to boost up economy during & after COVID-19.

Segment wise or product wise performance:

For management purposes, the company is organized into business units based on its products and has two reportable segments, as follows:

- The M.S Rod segment which produces different graded Rod and sell the same to several dealers, end users, other corporate users, Government projects, EPZ based companies and India.
- The M.S Billets segment which produces different graded Billets and transfer the same to produce M.S Rod.

Segment information is included in note 3.15 and note 27 of the Audited Financial Statements.

BSRM Xtreme500W was the first high strength steel in Grade 500 introduced in Bangladesh construction market in 2008. BSRM Xtreme500W rapidly gained market share and is the undisputed market leader in this category. Besides Xtreme500W, the company also manufactures Grade 420D steel to meet the requirements of certain Govt. projects. The company has decided to brand the Grade 420D as 'Ultima'. The Company rolled out new Grade reinforcing steel conforming to the U.S. standard ASTM 706 Grade 80 in the 2016 which is more economical as it will require 20% less steel in construction. The new Grade 80 is marketed under the Brand name 'Maxima'.

Detailed product-wise performances are as follows:

Products	Production (M. Ton)		Sales (M. Ton)	
	2019-20	2018-19	2019-20	2018-19
Xtreme500W	550,179	623,076	542,349	617,457
Others M. S Rod	93,737	135,329	93,563	139,363
M. S Billet	595,857	291,991	3,252	233,108

New Product: BSRM XtremeB500DWR

In 2008 BSRM changed the reinforcing steel map of the country. It introduced the first weldable grade high strength steel for the country's construction industry. It was the country's first Grade 500 steel and branded as BSRM Xtreme500W.

After 12 Years, BSRM has introduced a new product - BSRM XtremeB500DWR.

It is the first reinforcing steel in the country with 7 unique features:

- A guaranteed Tensile strength to Yield strength ratio at least equal to or greater than 1.25.
- This magic ratio of T/Y: 1.25 in steel is the most sought after property by veteran civil engineers and designers of high rise structures. It ensures Toughness of the Buildings.
- Guaranteed conformity to Carbon Equivalent ratio below 0.61 to ensure welding as per American Welding Society AWS D1.4 / D1.4 M
- Guaranteed bending properties for easy site fabrication into shapes required in civil construction as per British Standards BS 4466
- It fulfills all the requirements of Chapter 18 of the seismic design of Buildings of the American Concrete Institute ACI 318-19
- It is fully compliant to Bangladesh National Building Code (BNBC) 2018
- It is also fully compliant to BDS ISO 6935-2:2016 which is the official Reinforcing Steel standard of Bangladesh.

Risks & Concerns:

Risk assessment and mitigation is an integral part of any business. The Board of Directors are regularly monitoring, assessing and identifying potential risks and threats to our profitability and sustainable growth. Our Risk Management capabilities are supported by a strong management structure, information system, and regular analysis of market, economic scenario and robust policies to cope with the challenges.

A summary of the significant risks and the way of managing risks adopted by our company is included in Annexure-1 and Note -43 of the Financial Statements.

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

Cost of Goods Sold:

BDT in million

Particulars	2019-20	2018-19	Change (%)
Cost of goods sold	33,509	56,008	(40)

During the year 2019-20 our COGS reduced to Tk. 33,509 million due to less quantity of sales; but per ton COGS decreased by Tk. 4,878 this year.

Gross Profit Margin

BDT in million

Particulars	2019-20	2018-19	Change (%)
Gross Profit	5,173	5,052	2.40

The gross profit for year 2019-20 increased by BDT 121 million compared to the last year 2018-2019. During the year 2019-20 Gross Profit Margin was 13.37% which was 8.27% in 2018-19. Percentage of Gross profit margin has increased as the company used its own M S Billets from melting shop.

Net Profit Margin

BDT in million

Particulars	2019-20	2018-19	Change (%)
Net Profit	742	1,728	(57.06)

Net profit has stood Tk. 742 Million which was Tk. 1,728 Million in 2018-19. During the year 2019-20 Net Profit Margin was 1.92% which was 2.83% in 2018-19. Minimum tax is one of the main reasons for reducing Net profit margin which is applicable as per sec 82C of IT ordinance 1984 and imposed specifically on steel & cement industry from this year. However, increase of deferred tax and finance cost due to addition to fixed assets of new melting unit are also other reasons.

Extraordinary gain or loss:

There is no extra ordinary gain or loss during the year.

Related Party Transactions:

All transactions with related parties have been made on a commercial basis. Details of the related party transactions have been disclosed under note 11 and Note 38 of the financial statements as per IFRS/BFRS.

Utilization of IPO proceeds and Financial Result after IPO:

Company had no unutilized IPO fund since 2009. The Company is maintaining a stable financial performance.

Explanation on Significant Deviation between quarterly and annual financial performance:

Particulars	July'19- June'20	Apr'20- Jun'20	Jan'20- Mar'20	Oct'19- Dec'19	July'19 Sept'19
Production (In M. Ton)	643,917	121,357	198,290	132,986	191,284
Sales (In M. Ton)	635,911	97,943	212,440	199,822	125,707
Revenue (BDT in Million)	38,681	5,755	12,616	12,002	8,308
Cost of Sales (BDT in Million)	33,509	4,610	10,852	10,803	7,243
Gross Profit (BDT in Million)	5,173	1,145	1,764	1,199	1,065
Profit Before Tax (BDT in Million)	1,826	421	847	302	255
Tax Expense (BDT in Million)	1,083	397	297	276	113
Profit after Tax (BDT in Million)	742	24	550	26	142
EPS (BD Tk.)	1.97	0.06	1.46	0.07	0.38

The sales and profitability of steel industry depends on seasons in Bangladesh and raw material prices in international market. Some of the months are in the peak season for steel industry. The profitability of those period is always high.

However, high price of raw materials, initial impact of increased VAT on products, increase of minimum tax, deferred tax and impact of COVID -19 are the reasons for deviation of quarterly/ annual earning/ financial performances of BSRM Steels Limited.

Remuneration of Directors including Independent Director:

Directors were remunerated as per the decision of the Board and a detailed report of the Directors' Remuneration is included in Note 30.01 of Financial Statements.

Name of the directors	Position	Attendance Fees	Remuneration	Total Paid
Mr. Alihussain Akberali FCA	Chairman	22,250	40,500,000	40,522,250
Mr. Aameir Alihussain	Managing Director	22,250	36,000,000	36,022,250
Mr. Zohair Taherali	Director	22,250	11,400,000	11,422,250
Mrs. Tehseen Zohair Taherali	Director	16,750	6,600,000	6,616,750
Mr. Gobinda Chandra Paul FCA	Independent Director	222,000	-	222,000
Total		305,500	94,500,000	94,805,500

Directors' Responsibilities Statements:

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 the Directors confirm that:

- The financial statements prepared by the management of BSRM Steels Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper Books of Account of the Company has been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

- d) International Accounting Standard (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e) The system of internal controls sounds in design and has been effectively implemented and monitored.
- f) There are no doubts upon the company's ability to continue as a going concern and the annual accounts have been prepared as a going concern basis.
- g) A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report segment.
- h) Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.
- i) There was no declaration of bonus share or stock dividend as interim dividend.

Significant deviations from the last years operating results:

Operational Performance:

Particulars	July'19 to June'20	July'18 to June'19
Installed Capacity (M. Ton)	750,000	700,000
Production (M. Ton)	643,917	758,405
Capacity Utilization (%)	85.90	108.34
Sales (M. Ton)	635,911	756,820

We have set up our plant using state-of-the-art technologies and churn out world-class products. We are working on continuous improvement in our process and management efficiency. As a result, the production efficiency of the mill is very impressive during last couple of years but due to COVID-19, we have utilized our production capacity 85.90 per cent during this year 2019-20.

Operating Results:

Particulars	Unit	July'19 to June'20	July'18 to June'19
Sales	MLN TK	38,681	61,060.15
Gross Profit	MLN TK	5,172.54	5,051.91
Profit before interest, taxes, WPP&WF	MLN TK	3,573.15	3,369.05
Less: Interest & WPP&WF	MLN TK	(1,899.24)	(1,328.76)
Add/(Less): Share of profit/(loss) of associate	MLN TK	151.79	297.97
Less: Tax expenses	MLN TK	(1,083.43)	(610.13)
Net Profit	MLN TK	742.28	1,728.13
EPS	TK	1.97	4.60

Revenue of this year from sale of products was lower as compared to the previous year because there was no billet sales this year plus there was a significant impact of COVID-19 on demand and supply. However, the company has taken good initiative to control selling & distribution and administration expenses. Net profit has been decreased due to imposition of new minimum tax, increase of deferred tax & finance cost for new steel plant.

Key operating and financial data of at least preceding 5 (five) years:

Some operational and financial data are given below for better understanding of the overall performance of the Company:

Operational Performance:

Particulars	Unit	July'19 to June'20	July'18 to June'19	July'17 to June'18	July'16 to June'17*	Jan'16 to Jun'16 (6 months)	2015	2014
Operations & Market:								
Installed Capacity	MT	750,000	700,000	700,000	700,000	700,000	700,000	600,000
Production	MT	643,917	758,405	727,034	681,061	362,254	602,832	623,918
Capacity Utilization	%	85.90	108.34	103.90	97.30	103.50	99.50	104.00
Sales	MT	635,911	756,820	710,995	692,504	373,747	604,513	679,803
Operational Results:								
Sales	MLN Tk	38,681	61,060	48,290	37,996	17,265	32,316	38,536
Gross Profit	MLN Tk	5,173	5,052	4,879	4,557	3,115	4,369	2,807
Gross Profit	%	13.37%	8.27%	10.10%	11.99%	18.04%	13.52%	7.28%
Net Profit	MLN Tk	742	1,728	1,800	1,705	1,313	2,082	1,086
Net Profit	%	1.92%	2.83%	3.73%	4.49%	7.61%	6.44%	2.82%
EPS	TK	1.97	4.60	5.27	4.98	3.84	6.09	3.18
Financial Position:								
Paid Up Capital	MLN Tk	3,759.53	3,759.53	3,417.75	3,417.75	3,417.75	3,417.7	3,417.75
Share Holders' Equity	MLN Tk	21,369	20,897	12,809	11,630	9,371	9,081	7,495
Current Liabilities	MLN Tk	33,264	33,888	29,799	23,550	16,993	14,214	18,445
Non-current Liabilities	MLN Tk	9,976	11,023	3,072	2,428	2,445	1,436	1,200
Addition to fixed assets & CWIP	MLN Tk	1,538.65	5,871.94	2,320.56	1,163.89	83.78	758.16	227.39
Operating cash flow	MLN Tk	2,186	(467.88)	752	364	3,093	5,766	(2,995)

*Information of 2016-2017 shows consolidated financial data.

The Net Asset Value per share (NAV) of the Company has been increasing consistently which is a very positive sign of growth and prosperity of the Company. In this year the NAV per share Tk. 56.84 which was Tk. 55.58. EBITA also has been increased to Tk. 4,741 Million from Tk. 4,574 Million of previous year 2018-2019.

Board of Directors:

i. Composition and size of the Board:

On 30th June 2020, there were 5 members in the Board, The Board comprises of Chairman, Managing Director, two directors and one independent director.

ii. Details of Directors being appointed and re-appointed:

- Mr. Alihussain Akberali FCA and Mrs. Tehseen Zohair Taherali will retire by rotation at the conclusion of 18th Annual General Meeting as per section 97 & 98 of the Articles of Association of the Company, and being eligible Mr. Alihussain Akberali FCA and Mrs. Tehseen Zohair Taherali offer them-selves for re-appointment.
- Pursuant to the BSEC's directive and on discussion, Board Members have recommended to appoint Mr. Mono Ranjan Dey FCA as the Independent Director of the Company with effect from 1st November, 2020 for a period of next 3 (three) years. Mr. M. R. Dey was born in 1954. He has 25 years of experience in internal and external audit and assurance, developing internal control system, company related matters and taxation and VAT matters. He is a Qualified Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Currently he is Managing Partner of a reputed Chartered Accountancy firm namely **MRH Dey & Co., Chartered Accountants**.

iii. A brief resume of the directors and their expertise and names of Companies in which Directors holds the directorship and membership have been disclosed in Board of Directors segment.

iv. Board Meeting and attendance:

The Board met 5 times during this period from July 01, 2019 to June 30, 2020. Following table shows the attendance of directors in the meeting.

Name of the directors	Position	No. of meeting held during the year	No. of meeting attended	
			Physically	Virtually
Mr. Alihussain Akberali FCA	Chairman	5	4	1
Mr. Aameir Alihussain	Managing Director	5	4	1
Mr. Zohair Taherali	Director	5	4	1
Mrs. Tehseen Zohair Taherali	Director	5	3	1
Mr. Gobinda Chandra Paul FCA	Independent Director	5	4	1

The member who could not attend the meeting was granted leave or was outside the country.

The pattern of shareholding position on June 30, 2020:

a) Parent/Subsidiary/Associated companies and other related parties

Name	Relation	No. of Shares Held
Bangladesh Steel Re-Rolling Mills Limited	Associated Company	117,253,590
H. Akberali & Co. Limited	Associated Company	84,551,081
Total		201,804,671

b) Directors /CEO/CS/CFO/Head of Internal Audit & Compliance and their spouses and minor children

Name	Relation	No. of Shares Held
Mr. Alihussain Akberali FCA	Chairman	38,486,794
Mr. Aameir Alihussain	Managing Director	7,519,050
Mr. Zohair Taherali (Nominated Director of Bangladesh Steel Re-Rolling Mills Limited)	Director	117,253,590
Mrs. Tehseen Zohair Taherali (Nominated Director of H. Akberali & Co. Limited)	Director	84,551,081
Mr. Gobinda Chandra Paul FCA	Independent Director	Nil
Mrs. Sabeen Aameir	Wife of Mr. Aameir Alihussain	7,969
Mrs. Bilkis Alihussain	Wife of Mr. Alihussain Akberali	2,013,786
Mr. Shekhar Ranjan Kar FCA	General Manager Finance & Accounts and Company Secretary	30,006
Mr. Moklesur Rahman Akhtar FCMA	Senior Manager & Chief Financial Officer	Nil
Mr. Murtaza Zoher Bengali	Senior Manager Internal Audit & Compliance	Nil

c) Shareholding status of top 5 salaried employees other than CEO, CS, CFO & HIAC

Name	Relation	No. of Shares Held
Mr. Hasan Zafar chowdhury	Chief Operating Officer	Nil
Mr. M. Firoze	Adviser Marketing & Product Development	Nil
Mr. Jamil Ahmed	General Manager Human Resource	Nil
Mr. A.F.M Mizanur Rahman	General Manager Plant Operation	Nil
Mr. Md. Azizul Haque	General Manager Manufacturing	Nil

d) Shareholders holding 10% or more voting interest in the company

Name	Relation	No. of Shares Held
Mr. Alihussain Akberali FCA	Chairman	38,486,794
Bangladesh Steel Re-Rolling Mills Ltd.	Affiliated Company	117,253,590
H. Akberali & Co. Limited	Affiliated Company	84,551,081

Operation of Associate Company: BSRM Steel Mills Limited

The Company has invested Tk. 1,000 MLN in shares of BSRM Steel Mills Limited and holding 25.35% of equity. This associates started its production in June, 2016. Equipped with the world's largest induction Arc furnace, the plant is capable to produce 862,500 M. Ton prime quality billets. The new plant supply us quality billet to produce our product. Some key financial information of this plant is appended below:

Description	Unit	2019-20	2018-19	2017-18	2016-17	2015-16
Production Qty	MT	605,726	913,241	860,543	588,536	121,871
Capacity utilization	%	70.23	105.94	99.83	68.28	27.95
Net Profit/(Loss) after Tax	MLN Taka	598.72	1,175.31	938.27	(890.93)	(87.47)
EPS	Taka	1.52	2.98	2.38	(2.26)	(0.22)
NAV	Taka	36.09	34.57	15.63	13.25	15.51

Management Discussion& Analysis:

Board of Directors periodically assesses operational & financial performance. A detailed report on discussion is included in Annexure-D.

Certification by the CEO & the CFO:

Declaration or certificate by the CEO & the CFO to the board as required under condition no. 3(3) is included in Annexure-A.

Credit Rating:

Credit Rating information and Services Limited (CRISL) assigned rating as below:

Long Term	Short Term
AA+	ST-2

The entities rated “AA+” are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.

“ST-2” indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Our Company in the evaluation of Credit Rating Company was also placed with “Stable Outlook”.

Internal Control system:

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The Company has adopted Standard Operating Procedures (SOP) for the betterment of internal control system. To generate accurate data and information within reasonable time frame, we have already commissioned most modern software called Enterprise Resource Planning (ERP). The Company has established a separate internal audit department to ensure internal control and compliance in place. On the other hand, Audit Committee regularly monitors and review the reports generated by the internal audit department and takes corrective measures.

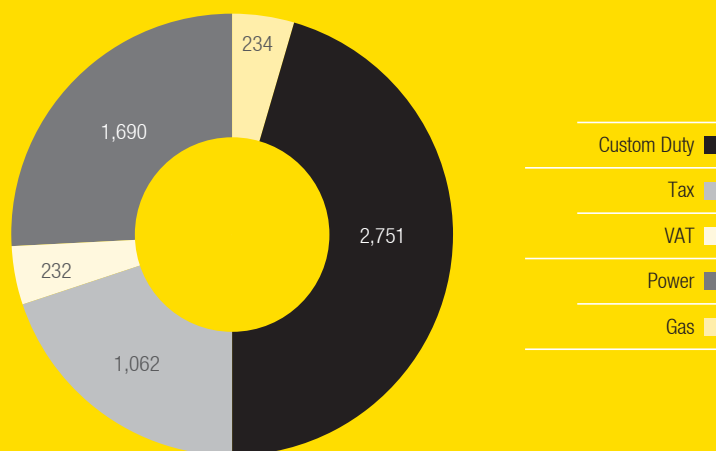
Dividend:

The Board of Directors has recommended 15% cash dividend for the year ended June 30, 2020. The dividend on equity shares, if approved would be paid to those members whose name appears in the register of members as on record date.

Contribution to National Exchequer:

Being a responsible corporate entity, BSRM is paying and facilitating collection of Government's revenue. In 2019-2020, BSRM Steels Limited collected and contributed Tk. 5,969 million to the government exchequer as Income Tax, VAT and Duties along with utility bill which is appended below:

Contribution to National Exchequer (Million)



Corporate Social Responsibilities:

BSRM's commitment to connect business decisions to ethical, social and environmental concerns remains to be one of the strongest foundations of the Company. During 2019-20, your company has been contributing to the welfare of the community, research & development and for protection of environment. Details of CSR have been described in the chapter Corporate Social Responsibilities in page 75 of the Annual Report.

Awards and Recognition:

It is our great pleasure to let you know that we have achieved some prestigious awards during the last few years. A few of them are mentioned below:

1. Third Highest Taxpayer Award in engineering category for the tax period 2018-19.
2. ICAB National Award for Best presented Annual Report (second prize) in 2018.
3. Certificate of Merit ICAB Award 2018.
4. Certificate of Merit Award from SAFA in 2018.
5. National Productivity and Quality Excellence Award-2017.
6. National Export Trophy – (BSRM Steels Ltd.) for 2013-14, 2014-15, 2016-17.
7. Certificate of admiration from Ministry of Expatriates Welfare and Overseas Employment of Government Republic of Bangladesh at 4th National Development Fair 2018.
8. President's Award for Industrial Development 2014 in the category of Large Scale Industry.
9. Prestigious award for “Excellence in Supply Chain Relationship Management & Logistic Management” from Bangladesh Supply Chain Management Society.
10. ICAB National Awards for Best Presented Annual Reports for the year 2012, 2013, 2015 & Certificate of Merit for the year 2014, 2015.
11. Certificate of Merit from South Asian Federation of Accountants (SAFA) in 2012, 2013 & 2015 – (BSRM Steels Limited).
12. ICSB National Gold Award for best Corporate Governance Excellence 2015 – (BSRMLTD).
13. Awarded Tax Card from NBR for highest tax payment in 2016-17 – (BSRM Steels Ltd.)
14. Best Brand of Bangladesh in Steel Category in 2011, 2013, 2014, 2015 & 2016 & 2017 – (BSRM Group).
15. Best Enterprise of the year 2010 – (BSRM Group).
16. D & B Corporate Awards 2010 & 2012 – (BSRM Steels Limited).
17. Pride of Chittagong (Chattagramer Ahonkar) 2012 (Mr. Alihussain Akberali FCA).
18. Divisional Environment Award 2013 – (BISCO Ltd.).

19. 5th Standard Chartered-Financial Express CSR Award – (BSRM Group).
20. Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Awards in 2014 – (BSRMLTD).
21. ICSB National Award (Silver Award) for Corporate Governance Excellence 2014. – (BSRM Steels Limited).
22. Best Electricity Consumer (Industry) award for the year 2015 (BSRMLTD).
23. Mercantile Bank Awards (Industry & Commerce) for the year 2015. (BSRM Group).

Information Technology

BSRM Steels Limited is a customer oriented company since inception. The Company has taken a group of IT initiatives to support its sales and support staff in considering client needs and satisfaction. We have automated money receipt posting system in ERP to support our customers. Now our dealers can give sales order using BSRM sales portal. All dealers get auto SMS after delivery of goods. To mitigate business risk, enhance business performance and to provide required information to the respective stakeholder we are continuously updating the ERP System. Details of Information Technology are set out in the Chapter “Sustainable Growth” in Page no. 80 in this report.

Human Resource Management

The Human Resource strategies applied and practiced by the Company have translated into the creation of a dynamic and competent human resource team with sound succession planning and a remarkable low attrition rate. “Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization” is one vision of BSRM Group. Details of Human Resource are set out in the Chapter “Sustainable Growth” in Page no. 79 in this report.

Code of Conduct:

The Board of Directors of the Company has adopted a Code of Conduct for the Directors. All the Directors have signed as acceptance to its compliance.

Auditors:

Present auditor A. Qasem & Co., Chartered Accountants (A member firm of Ernst & Young Global), Faruk Mahal (3rd Floor), Plot# 93, Agrabad C/A will retire in 18th AGM and are not eligible to conduct audit for the year 2020-21. The Board has recommended M/S Hussain Farhad & Co., Chartered Accountants as the statutory Auditor for the year ended on June 30, 2021 subject to the approval of shareholders in the next Annual General Meeting.

Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements / conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 on corporate governance has been included in the Report in Annexure-C.

Subsequent Events:

There are no subsequent events after the date of Financial Position and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Acknowledgements:

The Board places on record their deep sense of appreciation to all employees who worked dedicatedly during this crisis period of pandemic. The Board also immensely thank all the Departments of Government of Bangladesh, Tax Authorities, BSEC, Stock Exchanges, bankers, vendors, customers, dealers and shareholders for their continued and consistent support to the company during the year.

Allah Hafiz



Alihussain Akberali FCA
Chairman

Declaration by CEO and CFO

Dated: October 15, 2020

The Board of Directors
BSRM Steels Limited
Ali Mansion, 1207/1099
Sadarghat Road, Chattogram.

Subject: Declaration on Financial Statements for the year ended on 30th June 2020.

Dear Sir (s),

Pursuant to the condition No. 1(5) (xxvi) imposed vide the commission's notification No. BSEC/CMRRC-D/2006-158/207/Admin/80 dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance 1969, we do hereby declare that:

1. The Financial Statements of BSRM Steels Limited for the year ended on 30th June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the company has been taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on June 30, 2020 and that to the best of our knowledge and belief:
 - a) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Aameir Alihussain
Managing Director & CEO



Md. Moklesur Rahman Akhtar FCMA
Senior Manager & Chief Financial Officer

Certificate on Compliance with Conditions of Corporate Governance Code

M.A.MALLIK & Co. CHARTERED ACCOUNTANTS

Head Office :

Aziz Chamber (2nd Floor)
6, Jubilee Road, Chattogram
Phone: 613331, 2853523

Branch Office :

Room No. 6, First Floor
Dost Building, H.S.Surhwardy Road,
Chattogram Phone No.: 622176
Date:.....

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of BSRM Steels Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **BSRM Steels Limited** for the year ended on **30th June, 2020**. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated: 3rd June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission subject to the comments mentioned by star marks in remarks column;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The governance of the company is highly satisfactory.

Place: Chattogram
Dated: October 22, 2020




(Shidhartha Barua FCA)
Managing Partner
M.A. Mallik & Co.
Chartered Accountants

Corporate Governance Compliance Report

Status of compliance with the condition imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report Under Condition No-9)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: -			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b)	For the purpose of this clause 'Independent directors' means a director-			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
1(2)(b)(viii)	Who shall not be an independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM).	√		
1(2)(d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one) tenure only.	√		
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirement and corporate laws and can make meaningful contribution to the business.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals.	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company			N/A**
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			N/A*
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry	√		
1(5)(ii)	The segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(xxiv)(a)	A brief resume of the director	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure- A and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure- B and Annexure- C.	√		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			N/A
3	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS)			
3(1)	Appointment	√		
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		**
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	BOARD OF DIRECTORS' COMMITTEE			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		
5	AUDIT COMMITTEE			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee.			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		*
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee			
	The Audit Committee shall:-			
5(5)(a)	oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	NOMINATION AND REMUNERATION COMMITTEE (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;			N/A*
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	√		
	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	EXTERNAL OR STATUTORY AUDITORS			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	MAINTAINING A WEBSITE BY THE COMPANY			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

* We do not have any non-executive Directors in the Board

** Permission have been taken from Ministry of Commerce of People's Republic of Bangladesh under section 109 of Companies Act 1994 to hold the position as Managing Director in other some companies

Management Discussion and Analysis

BSRM Steels Limited has anchored this position based on its market-leading capacities, world-class manufacturing process, high production capacity utilization, optimized cost structures, vibrant sales and distribution network, superior post-sales support and robust customer engagement programs. The overall Company's position has been reflected in the Financial Statements which has prepared following all International Financial Reporting Standards and International Accounting Standards. The company's position and future planning, methods of financial statement preparation have been summarized below:

Accounting Policies and Estimates for preparation of Financial Statements:

The financial statements have been prepared in accordance with the (International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh as per requirements under the Financial Reporting Act 2015. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 1987. These financial statements have been prepared on going concern basis under the historical cost convention except for some classes of property, plant and equipment which are measured at revalued amount. On 14 December 2017, the Institute of

Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward. Detail of significant accounting policies and Estimates are disclosed in "Note no. 3.00 of the statement of financial position" on page 13 for the fiscal year 2019-2020.

Changes in that accounting Policies and Estimates:

The Company has consistently applied the accounting policies to all periods presented in these financial statements. The Company applied IFRS 16 from 01 July 2019. As a result, the Company has changed its accounting policy for lease contracts. The Company applied IFRS 16 using the modified retrospective approach, under which the effect of initial application is recognized from July 01, 2019 in the financial statements. The details of the changes in accounting policies are disclosed in "Note no. 3.05 and Note 5.00 of the statement of financial position" on page 26 for the fiscal year 2019-2020.

The company has not early adapted any standards, interpretations or amendments that have issued but are not yet effective.

Comparative Analysis on Financial performance and position of the Company:

BSRM Steels Limited					Taka in Million	
Financial performance:	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17*	Jan'16- June'16	2015
Revenue	38,681	61,060	48,289	37,996	17,265	32,316
Cost of goods sold	33,509	56,008	43,411	28,445	14,150	27,947
Gross Profit	5,173	5,052	4,879	4,557	3,114	4,368
Selling and Distribution Expenses	1,112	1,227	1,304	939	591	859
Administrative Expenses	506	472	409	367	146	268
Net Finance Cost	1,811	1,221	1,012	551	134	607
Income tax expenses	1,083	610	508	655	801	512
Profit after Tax	742.28	1,728	1,800	1,705	1,313	2,081
EPS (BD Tk)	1.97	4.60	4.79	4.98	3.84	6.09

*Information of 2016-2017 shows consolidated financial data.

The following operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company for the Financial Year 2019-20. During the year under review, the Company recorded a profit after tax of Tk. 742 Million against previous years of Tk. 1,728 Million. The decrease is primarily for increased financial expenses and total income tax expenses. The basic earnings per share for the Financial Year 2019-20 were at Tk. 1.97 against Tk. 4.60 per share of previous year.

This year **Revenue** from sale of products was lower as compared to the previous year, because there was no billet sales plus sales reduced due to COVID-19. **Cost of goods sold** was lower as compared to the previous year by 40% due to same reasons. The Company's **operating expenses** (Selling, Distribution, Marketing, Administrative, Net Finance Cost and Income Tax expenses) increased by 28% to BDT 4,512 mn in 2019-20 from BDT 3,531 mn in 2018-19 due to considering deduction of all types of taxes as minimum tax, increase of Deferred tax.

Comparative Analysis on Financial position of the Company:

BSRM Steels Limited					Taka in Million	
Financial position:	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17*	Jan'16- June'16	2015
Paid Up Capital	3,759.53	3,759.53	3,417.75	3,417.75	3,417.75	3,417.75
Share Holders' Equity	21,368.54	20,897.22	12,808.90	11,630.30	9,371.20	9,080.62
Current Liabilities	33,263.60	33,888.18	29,799.38	23,549.73	16,992.84	14,213.79
Non-current Liabilities	9,975.91	11,022.78	3,072.28	2,427.75	2,445.09	1,436.02
Addition to fixed assets & CWIP	1,538.65	5,871.94	2,320.56	1,163.89	83.78	758.16
Net Assets Value per share (BD Tk)	56.84	55.58	37.48	34.03	27.42	26.57

*Information of 2016-2017 shows consolidated financial data.

Shareholders' fund increased by 2% to BDT 21,369 mn in 2019-20, from BDT 20,953 mn in 2018-19. The major additions to the fixed assets were land, building, purchase of plant and machinery etc. Capitalization of all assets of second melting unit at Mirsarai has been completed this year. The remaining Capital work-in-progress includes construction work for factory building, some plant and machineries. **Inventory** comprises finished goods of BDT 6,456 mn, raw materials of BDT 6,070 mn, stores and consumables spares of BDT 2,316 mn. The Company has a policy of maintaining adequate inventory of key inputs to ensure uninterrupted operations. **Trade and other receivables** comprises of trade receivables where in average receivables cycle is maintained at 90 days. **Cash and bank balances** include cash in hand of BDT 5.84 mn, balances in bank accounts of BDT 933.55 mn and fixed deposits of BDT 512.97 mn. Liquid balances of cash and bank are necessary for the smooth functioning of the business.

Equity capital comprised 375,952,500 no equity shares of BDT 10 each. The market value of the share is BDT 33.60 is (as on 30 June 2020, DSE) resulting in a market capitalization of BDT 12.63 bn. **Non-current borrowings** include BDT 4,974 mn in 2019-20 for new melting unit plant at Mirsarai. **Current borrowings** include current portion of long term loan of BDT 1,015 mn for new melting unit plant at Mirsarai. **Current liabilities** decreased by 1.84% to BDT 33,264 mn in 2019-20 from BDT 33,888 mn in 2018-2019.

Comparative Analysis on Cash Flow of the Company:

BSRM Steels Limited					Taka in Million	
Cash Flow Movement:	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17*	Jan'16- June'16	2015
Cash generate from operating activities	4,501	2,748	2,687	1,588	4,011	6,693
Interest Paid	(1,796)	(1,221)	(1,012)	(849)	(110)	(598)
Income Tax Paid	(519)	(703)	(685)	(375)	(808)	(328)
Net Cash Flow from operating activities	2,186	(4,672)	990	364	3,093	5,766
Net Cash Flow used in investing activities	(1,615)	(6,099)	(2,152)	(1,596)	(608)	(1,000)
Net Cash Flow used in financing activities	(32)	11,161	1,612	1,133	(2,774)	(4,819)
Net Increase in Cash & Cash Equivalent	538	390	451	(98)	(288)	(52)
Cash & Cash Equivalent Opening	915	525	74	176	469	521
Cash & Cash Equivalent Closing	1,452	915	525	78	108	469

*Information of 2016-2017 shows consolidated financial data.

Cash flow from operating activities: Due to smooth collection the balance of trade receivables have decreased for BDT 2,485 mn and cash inflow increased. Purchase also have decreased by BDT 3,223 mn during the year 2019-20. Hence, net operating cash flow per share increased to BDT 5.81 in 2019-20 from BDT (12.43) in 2018-19.

Cash flow from investing activities: Net cash used in investing activities have decreased to BDT (1,615) mn in 2019-20 from BDT (6,098) mn in 2018-19.

Cash flow from financing activities: Net cash used in financing activities have decreased to BDT (32) mn in 2019-20 from BDT 11,161 mn in 2018-19 due to positive cash inflow from operating activities. In the last year new loan taken for second melting unit. The company also paid cash dividend (i.e. @ 25%) in 2019-20 against 10% in 2018-2019.

Financial Performance of Peer Industry:

Bangladesh Steel Re-Rolling Mills Limited (BSRM)					Taka in Million	
Operational Results:	July'19- June'20	July'18- June'19	July'17- June'18	Jul'16- June'17	Jan'16- June'16	2015
Revenue	45,722	44,409	33,238	23,457	9,713	7,801
Gross Profit	3,674	4,992	4828	3,215	1,362	458
Profit after Tax	922	1,860	2778	756	588	827
EPS (Tk)	3.90	7.88	12.95	3.88	3.02	4.78
Net Assets Value (NAV) (Tk)	99.89	63.70	63.70	55.75	52.84	55.28
Net Operating Cash Flow (Tk)	40.47	2.81	(8.78)	(11.38)	(3.53)	(10.16)

GPH Ispat Limited (GPH)					Taka in Million	
Operational Results:	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Revenue	9,406	11,111	9,814	7,839	5,743	5,988
Gross Profit	1,553	2,158	1,603	1,373	960	901
Profit after Tax	299	806	644	571	289	292
EPS	0.79	2.24	1.97	1.83	2.65	2.34
Net Assets Value (NAV)	17.01	17.59	16.89	16.15	15.45	16.40
Net Operating Cash Flow	(8.10)	1.44	1.12	3.83	0.41	4.67

Global and Local Economic Scenario:

Before the pandemic, Bangladesh's economy was booming with a constant growth rate. The World Bank and IMF forecast that our GDP growth would be below 3.0 per cent. As per the Bangladesh Bureau of Statistics, or BBS, Bangladesh has reported 5.24 per cent GDP growth in FY 2019-20 after almost everything was closed for four months from March to June. Where the economy grew by a record 8.15 percent in FY 2018-19. With the economy almost fully reopened, the government has kept the annual GDP growth target for 2020-21 fiscal year unchanged at 8.2 per cent.

The steel industry plays a fundamental role in not only driving economic growth, but also other complementary industries such as transportation, energy, heavy engineering and construction. Considering that the government's lofty goals of achieving double digital growth in the economy and simplifying its foreign direct investment (FDI) policy, measures being taken to better facilitate the ease of doing business, and several mega projects, economic processing zones, and incentives for foreign investment, the macroeconomic factors to stimulate growth. Given all these measure with a growing capacity of producers and technological enhancement of operations currently being undertaken, the steel industry in Bangladesh looks to be strong in the next fiscal years.

Risk and mitigation:

Though the economy in Bangladesh is growing very fast and it creates an opportunity for steel industries, there are also some risks. Global warming and green house effects, makes Bangladesh cyclone prone area. Moreover, energy crisis, port congestion, poor infrastructure, etc. creates obstacles for prospect of steel industry. However, now some positive steps have been taken by the Government. LNG supply, Rooppur N. Plants will hopefully reduce energy crisis. Now construction of deep sea ports are in government agenda. Number of roads and bridges have been constructed. Government is going to set up some Exclusive Economic zones. Industry favorable policies and rules have been enacted. We have set up a separate department to identify and assess the internal potential risks and to find a way out how to mitigate those risks. The enterprise risk management policy has been enforced. A dedicated team is regularly monitoring the Enterprise Risk and take corrective measures.

Future planning:

The company will invest TK. 700 crore (approx.) for setting up a new steel plant to raise capacity by another 5.00 lac M. Ton MS Products per annum to cater the market demand. The new plant is expected to start its operation in 2023. BSRM Steels Limited is planning to sell 8.00 lac M. Ton M. S Rod in 2020-2021. Our production target for the Rolling Plant is 7.50 lac M. Ton and Melting Plant 7.02 lac M. Ton.



Aameir Alihussain
Managing Director

Risk Factors and Concerns

1. Business Risks

a) Risks associated with sourcing of Raw Materials

Against our production capacity of 7,50,000 mt MS Rod, we have our two billet manufacturing plants with capacity of 6,50,000 MT. On the other hand BSRM Steel Mills Limited, an associate company of BSRM Steels Limited can meet rest of the required billets for the company. So group is self-sufficient for basic raw materials of billets.

b) Risks associated with Power Supply

Presently the primary constraint on the economic development of Bangladesh is the shortage of power, for which new industrial investments proposal from home and abroad have failed to materialize.

For ensuring uninterrupted power supply BSRM Group has made a deal with PGCB and installed a substation for tapping power from the 230 KV national grids. Moreover, now more than 10,000 MW power can be produced in Bangladesh. The government is also planning on setting up some big power stations. There is another regular risk of having an adequate and regular supply of gas. The Company is also aware of such risks and its mitigation through alternative supplies of fuel.

2. Market Risks

Like other industry, trade, and commerce, we are also exposed to market risks arising from adverse changes in:

- Interest Rate
- Currency Rate (foreign exchange rates)
- Competition
- Economic conditions

To manage these risks, we undertake various risks specific measures and strategies on regular basis.

Interest Rates

Interest rate risk refers to the risk that increases cost of capital which will have an adverse impact on consolidated net financial income.

The business of BSRM Steels Limited requires huge working capital. Although the company closely monitors and manages requirement of capital investment, the actual capital requirement may deviate from the projected one due to factors beyond its control, thus potentially affecting the borrowing costs. Interest rate on working capital and term loan has increased during last six months of this year which also impact the net income of the company.

Prudent financial management and active negotiation with the lenders and timely collection from customers are few of the significant steps to reducing funding costs.

Foreign Exchange Fluctuations

Foreign currency risk is the risk of changes in exchange rates that adversely affect the company's earnings, equity, and competitiveness.

We are hugely involved with Foreign Trade i.e. Import & Export and thus we are also exposed to Foreign Currency Risks. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains and losses in our income statement as incurred. We also maintain foreign currency account in which export collection is directly deposited and we can meet foreign currency payment requirements. In the year 2017-18 company has not been affected due to Foreign Currency fluctuation. Further, as a mitigation plan we plan to purchase USD in advance based on the market situation.

Competition and Economic conditions

Competition refers to the risks of decreasing present market share caused by new entrants. We try to mitigate this risk through active brand management and customer relationship and by ensuring timely supply of quality product.

As we are continuously in attempts to explore any untapped opportunity and also to adopt customer's needs, we believe we would be able to cope with any situation in the industry we are working.

3. Technology Related Risks

Highly automated and competitive types of machinery are available with the Company for the manufacture of various steel products. The Company has so far been one of the pioneers in Bangladesh in setting up mills with State of the Art European Technology for further processing of the input materials. The Company also implemented Oracle e-Business Suite to integrate the operation of basic functions namely, Finance and Accounts, Sales and Marketing, Supply Chain, Inventory, Maintenance, and Manufacturing. Business Intelligence (BI) Analytics Tool for BSRM Group went go live in May 2018 which help senior management and Board members to have information from one central place.

4. Environmental Risks

BSRM is proud to be ZERO in factory emissions and effects on environment. To reduce pollution in our plants and protect human and nature alike, BSRM has undertaken environment friendly initiatives which are as follows:

i. BSRM Cleans 31,584,000 Cubic Meters of air every day. We are using Japanese air pollution control technology for this purpose.

ii. BSRM Recycles 373,700 Cubic Meters of water every day. We have invested in technologically superior European Water Treatment Plant in our steel plants which has helped BSRM to recycle every drop of used water and achieve zero water wastage.

iii. BSRM plants 10,000 trees in its factories. We have undertaken a plan for reforestation effort in collaboration with partner organizations which conducts tree plantation programs around main steel plants.

We firmly believe that-ZERO can save lives.

Enterprise Risk Management and Control Environment

Enterprise Risk Management framework

The Enterprise Risk Management framework (ERM framework) refers to a set of components that provide the foundation for designing, implementing, monitoring, reviewing and continually improving risk management throughout BSRM Group of Companies. The ERM framework for the Group has been developed keeping in mind the needs of internal and external stakeholders. The BSRM Group's ERM framework is based on the 'Risk Management - Principles and Guidelines' developed by the International Organization for Standardization (ISO 31000:2009 - Risk Management Principles and Guidelines).

In addition, several good practices recommended by the Committee of Sponsoring Organizations (COSO) for ERM have also been incorporated to further the BSRM Group's endeavor to build world-class ERM framework and processes.

BSRM Enterprise Risk Management ("ERM") Framework provides guidance to implement a consistent, efficient, and economical approach to identify, evaluate and respond to key risks that may impact business objectives.

BSRM's enterprise risk management framework is directed to enable management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value.

- Promoting risk awareness throughout the BSRM Ltd as well as BSRM Group of Companies.
- Defining risk appetite
- Identifying and managing multiple and cross-enterprise risks
- Identifying risk management team with clearly defined roles and responsibilities
- Formalizing risk response decisions
- Reducing operational surprises and losses
- Formalizing a process for identifying opportunities arising out of risk situations
- Improving deployment or more efficient use of capital and resources

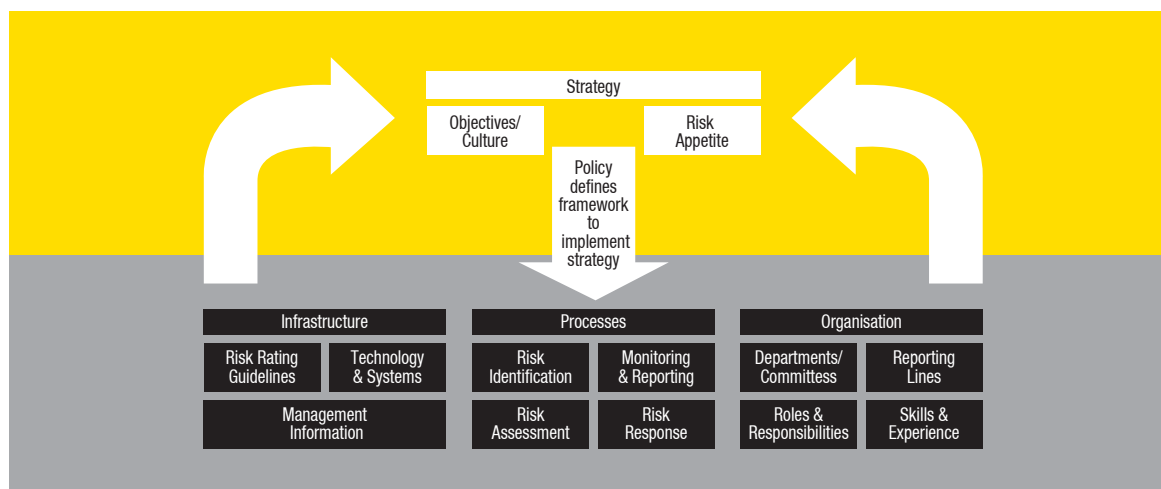
ERM will help BSRM Ltd in managing risks in a proactive manner towards achieving its business objectives, performance & profitability targets and prevent loss of resources. BSRM's ERM is directed to help ensure effective reporting and compliance with laws and regulations, avoid damage to the entity's reputation and its consequences.

Key principles of ERM Framework

The guiding principles of BSRM's Risk Management Framework are as follows:

- Risk Management should be a continuous process.
- Risk Management principles should be kept in mind during the strategy and objective setting processes as well as the day-to-day activities and decision-making
- Risks should be understood and prioritized based on the event frequency and impact to one or more objectives
- The same metrics used to measure objectives e.g., revenue, customer satisfaction metrics, are to be preferably leveraged during risk management activities
- Risk response strategies are to be evaluated for those risks deemed to be high or medium priority
- Key risk management information (e.g., key events, results of risk assessments, risk responses) is to be documented in a timely and structured manner
- Policies, procedures and practices should be in synchronisation with risks
- A portfolio view of risks is to be reviewed by the Board, Audit Committee, Management Team and Chief Risk Officer on a regular basis

BSRM's Risk Management Framework comprises of:



Risk Management Methodology of BSRM:

Risk

Simply stated risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risks can be thought of as threats, uncertainty or lost opportunity.

Risk Management as a process

The process of Risk Management deals with how the organization

- Identifies risks that affect achievement of goals & objectives
- Measures the significance of each identified risk
- Determines the most appropriate business response to each risk
- Evaluates and reports on how well the chosen responses are being implemented

Risk Management Guidelines

The ERM guidelines provide supporting information to assist Management in the execution of the ERM processes.

ERM process is the systematic application of management policies, procedures and practices to the activity of communicating, consulting and establishing the context for ERM in BSRM Group of Companies. The ERM process comprising of risk identification & assessment, risk treatment and risk monitoring applies across the organizational lifecycle.

Against the given background, the key process constituents of ERM are:



Disclosure of Risk Reporting:

We are following the below process for risk reporting in BSRM Group of Companies:

Documentation	Description	Monitored by
Risk Register and Profile	Record identified Risks and detailed description of risk which needs to be prioritized	Designated Risk Manager of each BU will monitor it.
Risk response and mitigation	Detailed current risk response and details of Management actions with timelines	Designated Mitigation owner and Risk Manager will monitor it.
Risk Report at Business unit and corporate level	A report/ form of communication intended to inform particular stakeholders by providing information regarding the current state of key risks and its management. It is represented by a "Heat Map" where key risks are plotted and is supported by the detailed risk profiles	Risk Managers, Chief Risk Officer and Risk Steering Committee will monitor it.
Risk report at group level	Executive Summary Report with the selected top risks and responses at group level	Chief Risk Officer will monitor it.



The Steel Revolution Continues

 **BSRM Xtreme**

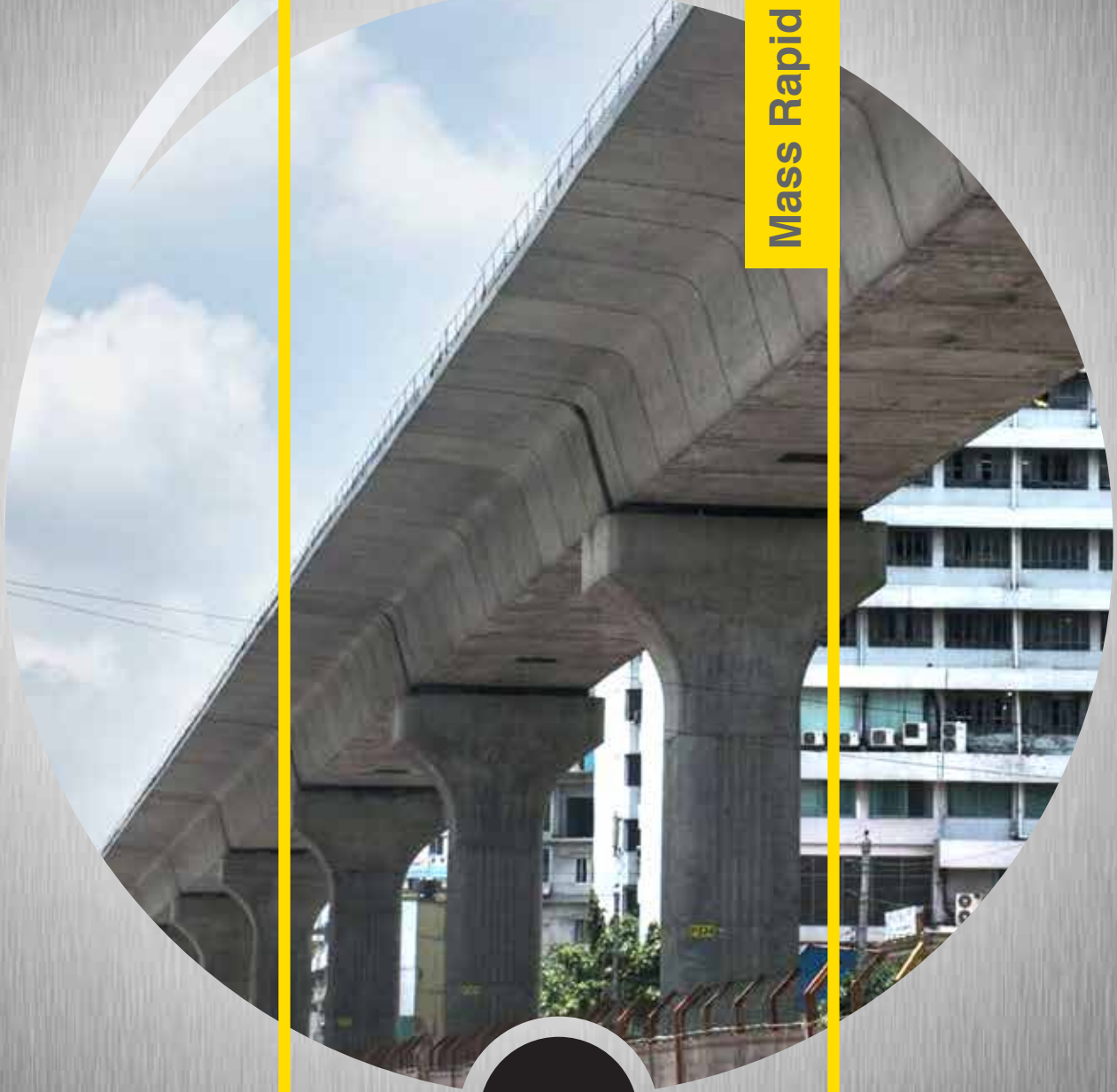
B500 DWR

the tough steel



To know
more, scan the
QR Code.

Mass Rapid Transit (MRT)



Corporate Social Responsibilities

BSRM GROUP CSR VISION

Integrate social responsibility at every step of BSRM Group core business decisions and processes.

BSRM GROUP CSR PRINCIPLES

To engage in activities and use group resources in a set of strategically planned efforts consistent with BSRM aspiration to take metals production technology and process to the next level.

CSR principles are the fundamental guidelines creating the framework within which BSRM group operates businesses. Use available resources embracing social, economic, and environmental considerations for the interest of all stakeholders, for present and future generations. Operate in a transparent manner, conforming to ethical code of conducts for best business practices ensuring sustainability.

BSRM GROUP CSR PLAN

Continue to evolve as a responsible business house fulfilling legal and ethical issues of doing business within a set of values that guide BSRM business processes ranging from procuring materials from genuine suppliers to serving social causes. Retain and uphold BSRM "SIMPLE ACHIEVEMENTS" made since 1952:

- S** - Stands Tall as One of the Leading Business Houses in Steel Industry
- I** - Innovative & Efficient Business Operations
- M** - Makes Huge Investments in Protecting Environment, Preserving the Planet
- P** - Produces Best Quality Steel Products, Contributing in Building 'Safer Nation'
- L** - Largest Tax Payer in the Steel Sector
- E** - Employer of Choice

BSRM CSR PHILANTHROPIC INITIATIVES

CSR programs/projects are usually of continuous in nature, focus areas: education, health, water, livelihood, conservation of nature. Existing programs are scaled up and replicated, as felt deemed, new initiatives have been taken during the current fiscal year.



Asset Transfer program to Trainees with Disabilities at Vocational training center of CRP Manikganj.

BSRM-CRP Vocational Training facilities for Person With Disabilities (PWDs)

BSRMLTD has a partnership with **The Centre for the Rehabilitation of the Paralyzed (CRP)** under the project of “**BSRM-CRP Vocational Training facilities for Person With Disability (PWD)**” since November 19, 2015. This is an ongoing project which located in Shantunu Roy Sarani, Dashra Sadar, Manikganj’.

Under this project, about 100 beneficiaries have been covered. They are receiving training from CRP in the courses of Computer office Application, Industrial Sewing Machine Operator, Shop Management, Electronics Repairing, Dress making and tailoring. After completion of training, the graduates with disability have been supported to engage in job placement and entrepreneurship so that they can become stronger economically.



Beneficiary with clubfoot deformity before and after

BSRM Steels Limited, SNAD Foundation Bangladesh, Zero Clubfoot, a Project of LMRF Healthcare

BSRM Steels Ltd (BSRM) have a tripartite partnership with LMRF (Lion Mokhlesur Rahaman Foundation) and SNADF since September 2015.

BSRM-ZCF Neglected Clubfoot cure project. This project has been supporting a scheme of modified Ponseti treatment (The treatment comprised of serial casting, Tenotomy and long term wearing special shoe for children born with clubfoot deformity of Chattogram Division. Under this project, 320 patients have been supported.



Workers were receiving support provided by BSRM

Supporting the community against COVID-19:

As the entire nation grappled with the issue of coronavirus, a significant number of people temporarily lost their jobs and were left helpless. Additionally, there was an acute shortage of essential medical and other logistic supplies. BSRM tried to stand alongside the community and its people in the fight against COVID-19 and introduced numerous early initiatives to provide relief to the affected. Remarkably, the employees of BSRM Group stood in solidarity and donated a day's worth of their salary towards the PM Relief's Fund. Additionally, BSRM distributed around 6,000 food packages and grocery rations to the deprived people of our community. Moreover, to address the scarcity of medical supplies, BSRM provided 4,500 kits of Personal Protective Equipment (PPE), 10 Nos HNFC, 10,000 pair of medical gloves, 9,000 masks, oxygen cylinders and other accessories to medical staffs of various hospitals and government authorities in Dhaka and Chittagong.

WATER TREATMENT PROJECT – HODDA(2019)



Water dispersing time to Beneficiaries
at Hodda, Koyra, Khulna.

BSRM Foundation have partnered with Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) (in conjunction with Gazi Fish Culture Ltd) under a project titled “BSRM-SABINCO Solar System water treatment plant” at Hodda, Upazila Koyra, Khulna. The capacity of the plant is 1000 liters per hour and around 316 families have been benefitted with this plant.

Conditional Cash transfer support for children with disabilities

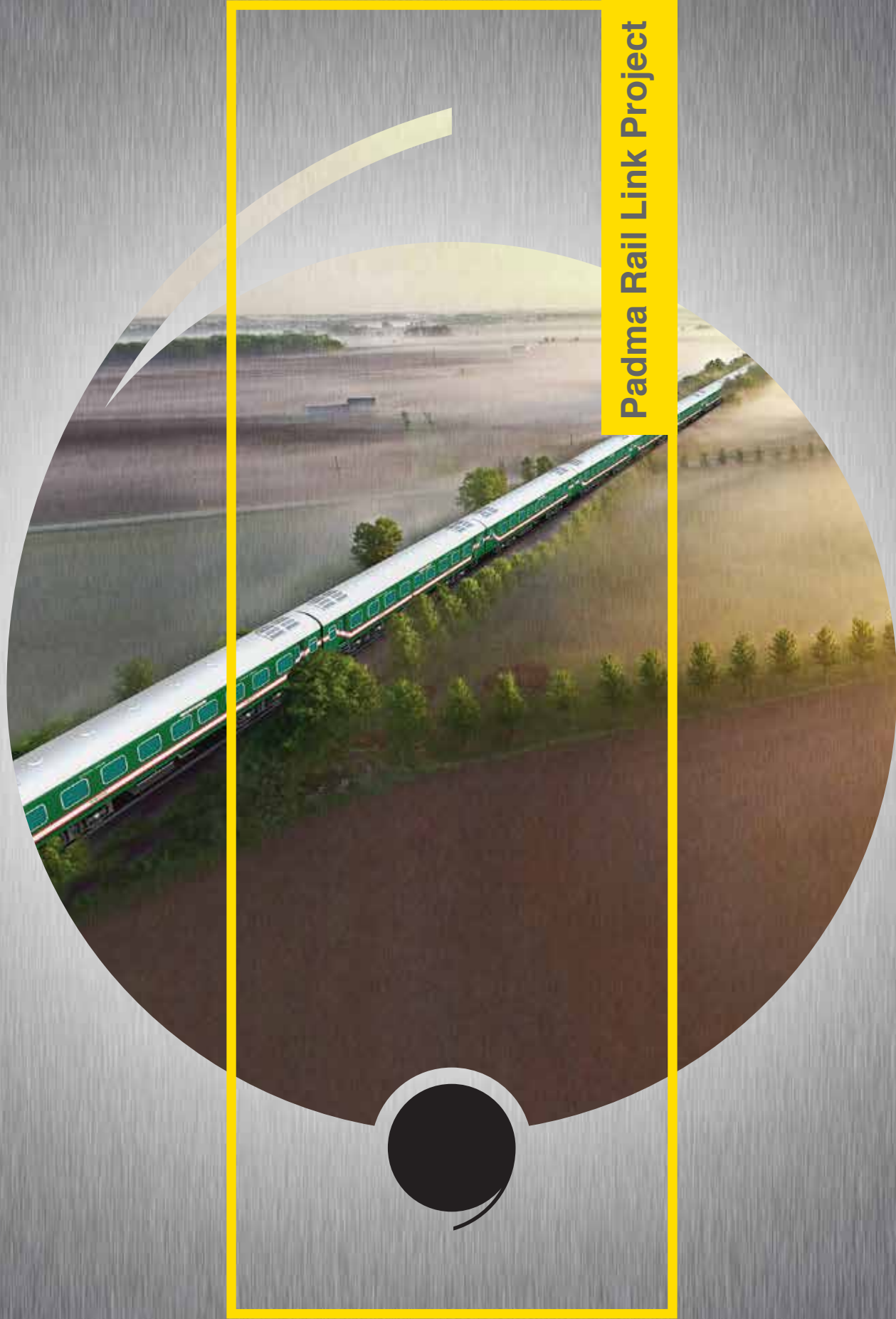
BSRMLTD have partnered with **The United Nations Children's Fund (UNICEF) Bangladesh** under the project “UNICEF and BSRM Conditional Cash Transfer support for Children with Disabilities” at kamrangirchar of Dhaka, Bhola, Barishal and Chattogram City Corporation. The number of beneficiaries of the project are 160. The duration of the project is three years (October 2019 to October 2022).

Burhani BSRM School

Burhani BSRM School was established in 2006 in Debar par, Shershah Bangla bazar. The majority of the population in that area falls under the category of the ‘poorest of poor’, many of them working as rickshaw pullers, day laborers or employed at menial jobs in small shops. The women, those who work, find jobs as maids in houses or find employment as day laborers. The school provides free education from nursery to grade 8 children. It also provides free books, extra coaching, computer training, sports/arts facilities and uniforms. It is one of the major CSR activities of BSRM, with BSRM also providing them scholarships according to their results. After grade 8, BSRM supports these students financially to continue their study in nearby schools for pursuing higher education. All the funding for the school expenses is provided by BSRM Group of companies. At present more than 500 students are studying at this school.



A class room of Burhani BSRM School, Shershah Banglabazar



Padma Rail Link Project

Sustainable Growth

Green Environment, Human Resource and Information Technology Development

To keep our human resources safe and sound and the environment clean, we have taken a number of measures. We always give priority to keep the working environment safe and secure, and ensure green surroundings for all of our employees, as well as for our country.

Green Environment

We are using world class Water Treatment Plant (WTP) for recycling water to keep the environment free from pollution.

The Company has also commissioned Air Pollution Control (APC) system in melting factory to keep the air free from Pollution. In the same way, we are going to implement a rain water harvesting project for our new billet casting plant at Mirsarai. It will have a positive impact on the environment.

As recognition of efforts to keep the environment clean and greener, we were awarded the “Divisional Environmental Award” by Poribesh Odhidaptar.

Human Resources Function

We are on a journey to build a safer nation. To make this drive meaningful, we always desire to have the best people in our team. Our people are our asset. We truly believe that our employees are integral to our success. We can only be consistent with our values; Sustainable Growth, Quality, Reliability, Trust, Leadership, Social Responsibility and Customer Satisfaction if we foster the right people at the right time, work as a team, develop talents, enhance leadership and maximize the potential of our human capital.

We at BSRM, always welcome candidates from different disciplines with adequate experience to join us. Our Talent Acquisition team works hard to search for talent for a role on basis of the required competencies. We are an equal opportunity employer where every candidate is judged by

their self-ability to perform certain jobs. Our unbiased approach made us an Employer of Choice. We aspire to align our people with our vision and values and make them a key factor for success in business transformation and change process.

Here at BSRM, we believe people join us for a career, not for a job. Our KPI-based performance management system helps people to be accountable for their roles and find out their weak areas to develop. It helps us to identify the high performer for a bigger role within the group. Talent Management team strives to maintain a performance based culture, identifying critical positions, finding out the possible successors and helping them develop to future leadership.

In order to nurture talent, we at BSRM, believe that institutionalizing a learning culture positively helps safety, sustainability, quality and productivity of the organization. Our Learning and Development activities are systematic, organized, and ensure that individual training needs are well defined, understood, and catered to. Frequent trainings, local and abroad, are provided to confirm adequate development opportunities for all our people. Pre-evaluation and post-assessment translate to training effectiveness and utilization.

A large number of skilled workforces are working with us to produce the best quality of steel for our customers. We are committed to give our people a safe and compliant workplace. Our Industrial Relation team works closely with our Plant Human Resources to make sure that our people have a place to talk and they must feel their concerns are attended. We pay attention to give a work life balance and engagement to our people. Employee Engagement programs are rolled out to not only engage employees but also develop employee ethics through positive motivation and promote a work environment that is characterized by fair treatment of staff, open communication, personal accountability, trust and mutual respect.

Our HR policies are formulated to give the best to our people, and also at the same time guarantee the control and utilization of resources. Our HR Operations team is responsible for policy administration and timely review of HR policies. Our people deserve the best from us, and hence we focus on our Benefit Policy to ensure that our talent receives benefits and allowances such as Festival Bonus, Provident Fund, Gratuity, Car Scheme, Children Education Scheme, Employee Education Scheme, Employee Children Achievement Award for distinct academic result, Domiciliary Scheme, Executive Health Check-up Scheme, Hospitalization Scheme, Maternity Benefit Scheme, Wedding Gifts, WPPF, Pilgrimage Leave etc.

Recently we have engaged Ernst & Young LLP to implement SAP Success Factors as HR automation initiatives which will help us to functioning the entire HR activities effectively and efficiently.

True motivation comes from achievement, personal development, job satisfaction and recognition and our team ensures that it is not about financial attachment but emotional attachment is developed because when people are financially invested, they want return. When people are emotionally invested, they want to contribute. We have successfully maintained a low employee turnover over the years by engaging our employees and making sure they have a sense of ownership towards our organization.

We work together, and we achieve together.

Information Technology

Information technology has become the heart of a business organization in this era as it is said by experts "future leadership will be based on information". BSRM IT has developed several applications during FY 2019-20 which actually have helped businesses in many ways. "buy.bsrn.com" has been launched for placing online orders from customers around the globe. Besides, Online Money Receipt (OMR) application has reduced the outstanding collection time dramatically along with auto inter-organizational transfer.

SAP Success Factors, one of the best Human Capital Management (HCM) software in the world has been identified and selected for establishing the best practice which will provide more efficiency to HRM system.

BSRM IT Support Team have proved their efficiency and expertise by implementing ERP in new plant named Wires-1 along with enabling Bar Code System for finished products, while integrating commercial transactions with accounts payable will always be an additional feather of IT team's cap.

BSRM IT has ensured uninterrupted technical support during the pandemic situation, which again proved the capability and professionalism of handling unexpected situations by this team.

During the period, unconditional support and advice from management smoothened the speed and activities of the team.

Regulatory Compliance Report

Corporate Governance Report

We take pride in doing the right things the right way, and are committed to the highest standards and practices of corporate governance, professionalism as well as business integrity, accountability, transparency and ethics in our quest and commitment at all levels to the continuous enhancement of stakeholders value; which is evident by how we have awarded several times by ICSB for the best practices of corporate governance in our organization. Good Governance is the cornerstone of sustainability and creation of long term value – both inherently underlying the structures and work processes of BSRM Steels Limited in its history of being a pioneer of the industry we operate in, and in turn one of the best steel industrial operations in Bangladesh. Corporate Governance refers to the structures and processes for the direction and control of companies. Sound corporate governance is a fundamental part of the culture of the company and ensures long term success. Corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies. The Board of Directors of BSRM Steels Limited is firmly committed to upholding principles of sound corporate governance. The main objective of corporate governance is creation of lasting value for stakeholders. Transparency in business transaction and disclosure of information to regulatory bodies as part of its legal obligations constitute sound corporate governance. Good corporate governance also means conformity to sound ethical principles and a code of conduct in business dealings.

Board of Directors

The Board of Directors are the representatives and trustees of the shareholders of the company. The Board of Directors of BSRM Steels Limited comprises of five members including Chairman, Managing Director and the Board also has one Independent Director in compliance with the corporate Governance Guidelines of BSEC. The Directors possess a wide range of experience, expertise

and specialized skills to assist in decision-making and leading the Company for the benefit of its shareholders. The Board of Directors is performing the responsibilities, among others, setting the company's strategic objectives, providing leadership, supervision and safeguarding shareholders' interest.

Selection and appointment of new Directors

Directors should ensure that the Company is properly managed to protect and enhance shareholder value and to meet the Company's obligations to shareholders, to the industry and to the law. In carrying out this duty, the Board should always be mindful of the need for establishing a Board that enhances the efficient and effective running of the Company. In relation to the selection and appointment of new Directors (if any), the existing Board of Directors has the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions.
- Identify any competencies not adequately represented and agree to the process necessary to be assured that a candidate nominated by the board members/ shareholders with those competencies is selected.
- Ensure that the Board maintains at least 5 Directors, with an independent Director and have a reputable standing in the industry.

The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994 and the Articles of the Company.

Retirement and re-election of Directors

As per the Articles of Association of the Company, one-third of the Directors are required to retire from the Board every year, comprising those who have been in the office the longest since their last election. A retiring Director shall be eligible for re-election.

Qualification of Board members

The Board of Directors of BSRM Steels Limited consists of members who possess a wide variety of knowledge and experience in different arena of corporate world. This ensures that together, they formulate the right policy for the development of the business. Two of the Directors in the Board are Chartered Accountants with elevated experience across key positions of finance and accounts, and who normally provides guidance in matters applicable to accounting and auditing-related issues to ensure compliance and reliable financial reporting. Respective qualification of Directors is appended in Directors' profile on page no 29 of this annual report.

The Role of the Board

The Board is responsible for the overall governance conduct and implementation of sound business strategies within the Company and has the powers and duties afforded within the milieu of relevant laws/ regulations of the country, regulatory authorities, and professional institutes. In addition, the Board of Directors, both individually and collectively, strive to comply with best practices on environmental, health, safety and ethical standards whilst ensuring that the interest of all stakeholder groups are considered when taking decision

Audit Committee

BSRM Steels Limited has an Audit Committee as a sub-committee of the Board of Directors. This committee is assisting the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. This committee is responsible to the Board of Directors and its duties and responsibilities

are clearly set forth in writing. Audit Committee is reconstituted as per the guidelines of BSEC.

Audit Committee holds regular meetings on the following major issues:

- to review the financial statements and reporting process and monitor the choice of accounting policies and principles;
- to review the business risk management;
- to review the internal audit assessment;
- to ensure good corporate practices.

A separate report of the audit committee is included in the annual report.

Nomination and Remuneration Committee (NRC)

BSRM Steels Limited has formed a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board of Directors. This committee will assist the Board of Directors in formulation of the nomination criteria or policy to determine qualifications, experiences, remuneration and independence of directors and top level of executives. The NRC is comprising of three members including one Independent Director. A separate report of the NRC committee is included in the annual report.

Chairman of the Board and Managing Director

In BSRM Steels Limited, Chairman and Managing Director are two separate individuals selected from the Board of Directors. Both are performing defined responsibilities and focusing on the strategic value addition of the company. Managing director is performing the role of Chief Executive.

Directors' report to Shareholders

Board of Directors report on the performance, annual achievements and status of the company's activities to the shareholders. They are also conveying the future plan and outlook of the industry and company in their report.

Chief Financial Officer, Company Secretary and Head of Internal Audit & Compliance

Company has appointed qualified Professional Accountants designated as Chief Financial Officer, Company Secretary and HIAC. The CFO & Company Secretary regularly advise and assist the Board on financial strategy and compliance issues of the regulatory bodies. Chief Financial Officer, Company Secretary and HIAC attend Board Meetings as per Corporate Governance notification of the BSEC. Company's internal audit department is headed by a Head of Internal Audit & Compliance having professional expertise and long experiences in the field of internal audit. Board of Directors clearly defined respective roles, responsibilities and duties of the CFO, Company Secretary and Head of Internal Audit & Compliance.

Internal Audit and Control

BSRM Steels Limited established an Internal Audit Department consisting of professional and knowledgeable employees. Internal Audit Department directly reports to the Board of Directors. Internal Audit department regularly conducts their audit based on a yearly Internal Audit Plan and checks, verifies and reviews the compliance of Internal Control Procedure and other regulatory requirements.

External Auditors

External Auditors of BSRM Steels Limited are appointed in every Annual General Meeting (AGM) by the Shareholders of the company as

per Company Act 1994. Company also conforms to the requirement of Bangladesh Securities and Exchange Commission in appointing external auditors. External Auditors are not engaged to perform any of the tasks other than external /statutory audit.

Key Management Committee

There are other sub-committees to the Board of Directors to assist the Board of Directors in making and formulating company's strategic objectives and policies namely Management Committee. The committee members sit regularly for discussing and reviewing the activities of the company.

Certification on the Compliance of Corporate Governance Guidelines of BSEC

A certificate regarding compliance of conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission issued by M/s M.A. Mallick & Co., Chartered Accountants is included in the annual report.

Report of the Audit Committee

The Audit Committee of **BSRM Steels Limited** is pleased to submit the following report on the activities of year 2019-20:

According to the Notification on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC), dated: June 03, 2018, the Board has established an Audit Committee as a sub-committee of the Board.

The Committee:

The present committee members, nominated by the Board are as follows:

Mr. Gobinda Chandra Paul FCA	Chairman
Mr. Aameir Alihussain	Member
Mr. Zohair Taherali	Member
Mr. Shekhar Ranjan Kar FCA	Secretary

All Members of the Audit Committee are financially literate and able to analyze the accounting policies and principles, internal audit, internal control and compliance process in discharging their duties and responsibilities.

Terms of References:

The terms of reference of the Audit Committee have been determined by the Board as per BSEC notification. The Committee is responsible to the Board of Directors and reports on its activities regularly. The Committee assist the Board in its general oversight of financial reporting, internal controls and functions relating to internal audit as well as ensures compliance with the Corporate Governance Code of BSEC.

Role of Audit Committee:

Role of Audit Committee of BSRM Steels Limited are appended below:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report.
- Oversee hiring and performance of external auditors.
- Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.
- Review along with the management, the quarterly and half yearly & annual financial statements before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review the Management's Discussion and Analysis.
- Review statement of all related party transactions submitted by the management.
- Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- Review the Quarterly and Annual Financial Statements of subsidiary company.
- Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.

Activities of the Audit Committee for the year under report:

The members of Audit Committee met four times during this reporting period. The Committee carried out the following activities among others:

- Reviewed the quarterly, half yearly and yearly Financial Statements of the Company and recommended to the Board for adoption and circulation.
- Reviewed the Management's Discussion and Analysis before disclosing in the Annual Report.
- Reviewed the internal audit process and effectiveness of internal audit.
- Reviewed the findings of internal audit team and its corrective actions.
- Reviewed the changes have been made as per requirements of the IFRS-16 in the financial statements of the Company.
- Assessed the findings of external auditors and compliance of IAS/ IFRS for preparation of Financial Statements.
- Reviewed the adequate internal control system of the Company are in place.
- Reviewed the compliance requirements of BSEC guidelines, notification and other laws.


Appointment of Auditors:

The existing external Auditors of the Company A. Qasem & Co. Chartered Accountants (a member firm of Ernst & Young Global Limited), will retire on conclusion of 18th AGM being completion of 3rd year of their appointment and will not be eligible to conduct audit for the year 2020-21 as per directive of Bangladesh Securities and Exchange Commission (BSEC).

The Audit Committee has recommended the Board to appoint Hussain Farhad & Co., Chartered Accountants (A member firm of ASNAF International), Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram for the position of the statutory auditors for the year 2020-21.

Audit Committee expressed their sincere thanks to all members of Board, team of internal audit, team of accounts & finance and management of the Company for their support.

On behalf of the Audit Committee



Gobinda Chandra Paul FCA

Chairman

Report of the Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) of **BSRM Steels Limited** is pleased to submit the following report on the activities for the year 2019-20:

Formation of NRC:

The Nomination and Remuneration Committee (NRC) of **BSRM Steels Limited** is being formulated in compliance with Notification No. BSEC/CMRRCD/2006-158/207/Ad-min/80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC) to assist the Board broadly in formulation of policy on nomination and remuneration mainly for Directors and top level executives of the Company. This is a sub- committee of the Board.

The Nomination and Remuneration Committee (NRC) of **BSRM Steels Limited** is comprised of the following members:

Mr. Gobinda Chandra Paul FCA	Chairman
Mr. Aameir Alihussain	Member
Mr. Zohair Taherali	Member
Mr. Shekhar Ranjan Kar FCA	Secretary

Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

Role of The Nomination and Remuneration Committee (NRC):

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:

- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.
 - the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background;
- identifying persons who are qualified to become directors and who may be appointed in top level executive positions in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- formulating the criteria for evaluation of performance of independent director(s) and the Board;
- identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- developing, recommending and reviewing annually the company's human resources and training policies;

Meeting of NRC:

During this reporting period the Committee met in June 20, 2020. The NRC of BSRM Steels Limited carried out the following activities during the year 2019-20:

Members have elaborately discussed about the Nomination and Remuneration Policy of the Company, especially about the HR Automation project which will help the organization to manage human capital more effectively. This will also help the organization to engage its employees and give them better HRIS experience. Discussions points were:

- Finalization of SAP Success Factors as new platform for HRIS.
- Engagement of Ernst & Young LLP as implementation partner.

Members of NRC have also reviewed the following activities of the Company:

- a) Appointment and Retirement policy of Directors, Top-Level Executives and Senior Management including Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC).
- b) Term/ Tenure of Independent Director.
- c) Evaluation of performance of Directors and top level executives.
- d) Remuneration policy for Directors and top level Executive.

The Committee also reviewed the following activities of the Company:

- a) Organization Structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
- b) Pay structure for each job level based on education, experience, and competency.
- c) A target based on-line Performance Management System to evaluate performance of employees, yearly Increment, Promotion of individual, etc.

- d) Employee Benefit Policy to attract job seekers and retain internal talent.
- e) Succession planning of the company to have our future leaders ready according to the requirements.
- f) Ensuring extensive training and development plan for the individual or group of people.
- g) A transparent recruitment and selection policy where competent candidates get hired.
- h) Practicing a clear career path system for employees which reflect in Organization Structure.

Policy of the NRC:

The Nomination and Remuneration Policy for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain leadership members in a competitive market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The objective of the policy is to ensure that-

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors /top management team required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Appointment and Removal of Director, Top Level Executives and Senior Management:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Independent Director/Director, top level executives or at Senior Management level and recommend his / her appointment, as per Company's Policy & BSEC Guideline.
- b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

Evaluation:

The Committee shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary based on their qualification, experience etc.

Removal:

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).

Retirement:

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, for the benefit of the Company.

Policy for Remuneration to Directors/Top Level Executives:

- a) The Remuneration to be paid to Managing Director / Other directors as approved by the NRC committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.

- c) The Non-Executive / Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top-level executives shall be fixed considering their performances and in accordance with the Company's Policy.

Implementation:

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

The NRC expresses their sincere thanks to the members of the Board and the management for their support, guidance and co-operation while carried out the responsibilities.

On behalf of The Nomination and Remuneration Committee (NRC)



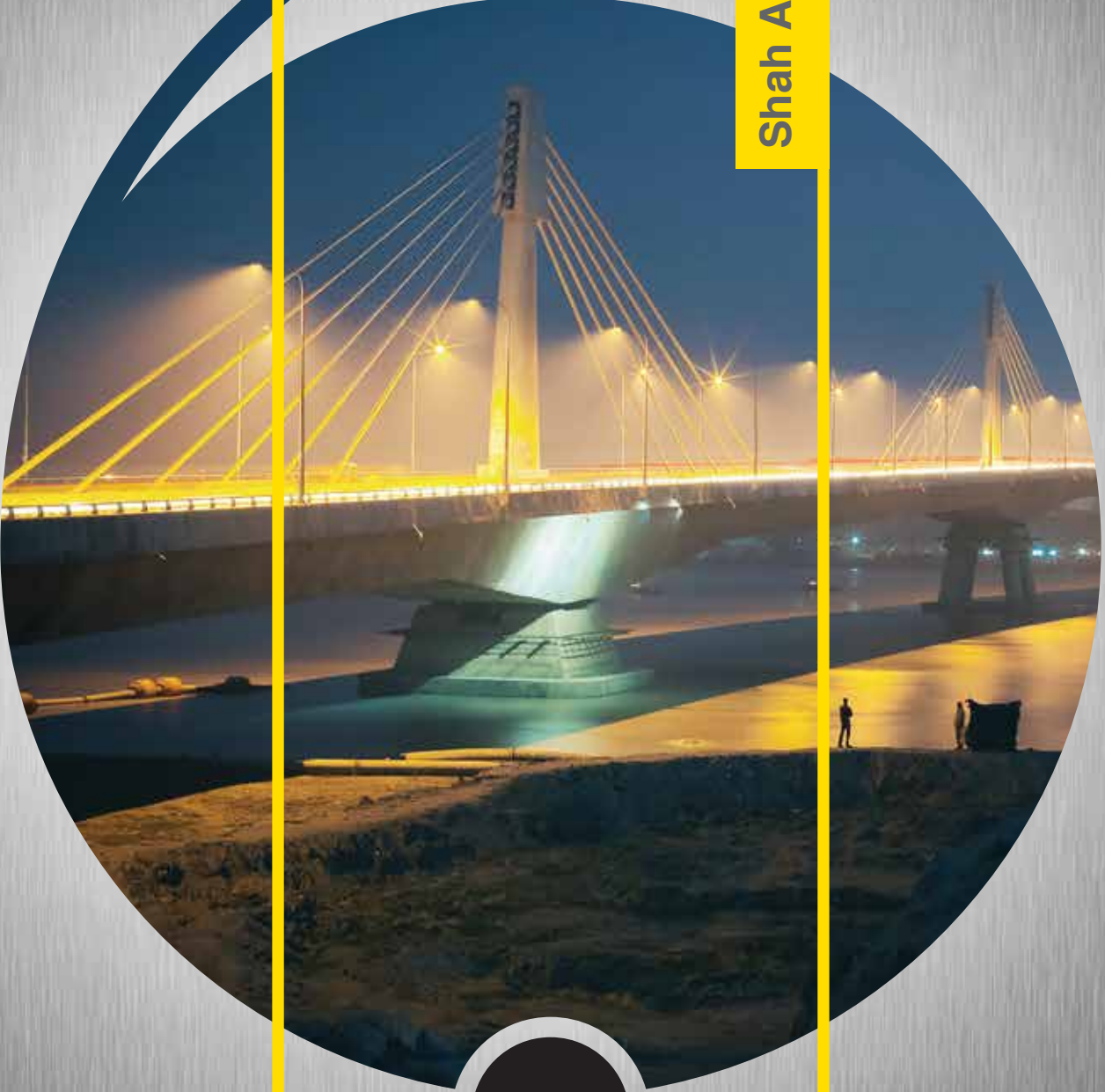
Gobinda Chandra Paul FCA

Independent Director and Chairman of NRC

Certificate of Membership of BAPLC



Shah Amanat Bridge



AUDITORS' REPORT & FINANCIALS 2019-20

**Auditors' Report & Audited
Financial Statements of
BSRM Steels Limited
for the year ended June 30, 2020**

**Independent Auditor's Report
To the Shareholders of BSRM Steels Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BSRM Steels Limited (the Company), which comprise the statement of financial position as at 30 June, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for 2019-20. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Key Audit Matter	How our audit addressed the key audit matter
<p>Identification and completeness of disclosure of related party transactions - See note #11, #21 & #38 to the financial statements.</p> <p>We determined the identification and completeness of disclosure of related party transactions as set out in respective notes to the financial statements as a key audit matter due to high volume of business transactions with numerous related parties during the year ended 30 June 2020.</p>	<p>Our procedures in relation to the accuracy and completeness of disclosure of related parties transactions included:</p> <ul style="list-style-type: none"> ▶ Obtaining an understanding of the Company's processes and procedures in respect of identifying related parties; approval and recording of related party transactions including how management determines all transactions/balances with related parties are determined at arm's length and entered into in the normal course of business and disclosed in the financial statement. ▶ We tested, on a sample basis, related party transactions with the underlying contracts and other documents and for authorization and approval for such transactions. ▶ We have obtained balance confirmation from the related parties on sample basis. ▶ We read minutes of shareholder meetings, board meetings and minutes of meetings of those charged with governance in connection with transaction with related parties effected during the year. ▶ We read the last year transfer pricing documentation of the Company. ▶ Evaluated the completeness of the disclosures through reading of statutory information, books and records and other documents obtained during the course of our audit
Key Audit Matter	How our audit addressed the key audit matter
<p>Implementation of IFRS 16 -Leases – See note # 5 to the financial statements</p> <p>The company recognized right-of-use assets (ROUA) of BDT 201,341,698 as on 01 July 2019 and lease</p>	<p>We obtained an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls</p>



<p>liabilities, arising from the lease rental agreements for its lands, accommodation floors and warehouses and the lease liabilities stood BDT. 137,061,753 at the end of the 30 June 2020. The recognition is made for the first time in current year's financial statements. The company elected modified retrospective approach. The lease liability is measured at the present value of the lease payments that are not paid at that date. For calculation of the lease liability, the management applies its judgment in determination of lease term, where certainty of exercising the option to extend or the option not to terminate the lease is considered.</p> <p>The incremental borrowing rate is used as discounting rate in calculation of lease liability.</p> <p>We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgments and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarize the lease data for input into their lease calculation model.</p>	<p>and adopted a control rely strategy. Furthermore our audit approach included testing of the controls and substantive audit procedures, including:</p> <ul style="list-style-type: none"> ▶ We obtained, read and evaluated the contracts for lease rental arrangements, especially the terms and conditions related to payments, lease incentives, any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease. ▶ We tested and evaluated management's judgment and estimates used in adopting the new standard. ▶ We tested the lease amortization schedule and depreciation schedule for each of the leases. ▶ We tested management's assumptions, in determining the certainty of exercising option to extend or terminate lease and the discounting rate applied to calculate lease liability. ▶ We assessed whether the disclosures within the financial statements are as prescribed by the relevant IFRS standards.
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Other information included in the Company's 2019-20 Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company and the Group or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the information read and reviewed, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to



enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- iii) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) The expenditure incurred was for the purposes of the company's business.

Place : Chattogram
Date: October 15, 2020



A. Qasem & Co.
Chartered Accountants
Sanjida Kasem FCA, FCMA, CFE
Engagement Partner

BSRM STEELS LIMITED

Statement of Financial Position

As at June 30, 2020

		As at 30 June	
		2020	2019
	Notes	Taka	Taka
ASSETS:			
Non-Current Assets:			
Property, plant & equipment	4	23,835,688,707	23,142,546,283
Right of use Asset	5	131,497,069	-
Intangible Assets	6	41,623,907	48,503,285
Capital work-in-progress	7	24,166,519	145,804,831
Investment in associates	8	3,608,800,543	3,457,009,041
Total Non-Current Assets		27,641,776,745	26,793,863,440
Current Assets:			
Inventories	9	14,841,815,068	14,990,097,612
Trade & Other Receivables	10	7,647,181,033	10,131,693,870
Due from related companies	11	8,831,716,675	8,505,954,818
Advances, deposits and prepayments	12	3,620,663,887	3,976,716,412
Short Term Investments	13	572,533,553	495,102,221
Cash and cash equivalents	14	1,452,364,678	914,756,422
Total Current Assets		36,966,274,894	39,014,321,355
Total Assets		64,608,051,639	65,808,184,795
EQUITY:			
Share Capital	15.02	3,759,525,000	3,759,525,000
Revaluation Reserve		7,927,976,272	7,940,930,965
Retained Earnings		9,681,036,891	9,196,763,654
Total Equity		21,368,538,163	20,897,219,619
LIABILITIES :			
Non-Current Liabilities:			
Long term loans	16.03	7,590,427,251	9,067,948,647
Defined benefit obligations-Gratuity	17	199,570,002	164,439,863
Finance Lease obligations- non current portion	5	73,582,072	-
Deferred tax liabilities	18	2,112,334,257	1,790,395,047
Total Non-Current Liabilities		9,975,913,582	11,022,783,557
Current Liabilities:			
Trade payable	19	138,807,541	3,361,610,352
Short term loan	20	26,648,564,936	20,457,420,060
Current portion of Long term loans	16.02	2,249,335,011	2,294,041,868
Finance Lease obligations- current portion	5	63,479,681	-
Due to related companies	21	822,902,651	4,924,790,194
Liabilities for expenses	22	1,063,799,629	972,781,927
Provision for income tax	23	970,071,795	732,845,493
Provision for WPPF and Welfare Fund	24	88,100,719	107,383,636
Other liabilities	25	764,590,228	331,464,982
Contract liabilities	26	453,947,703	705,843,107
Total Current Liabilities		33,263,599,894	33,888,181,619
Total Liabilities		43,239,513,476	44,910,965,176
Total Equity & Liabilities		64,608,051,639	65,808,184,795

The accompanying notes 1 to 44 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

Signed as per our separate report of same date.

Place: Chattogram
Date : October 15, 2020




A.QASEM & CO.
Chartered Accountants.

BSRM STEELS LIMITED
Statement of Profit or Loss & Other Comprehensive Income
For the year ended June 30, 2020

	Notes	For the year ended 30 June	
		2020	2019
		Taka	Taka
Revenue from contracts with customer	27	38,681,377,223	61,060,152,014
Cost of goods sold	28	(33,508,838,131)	(56,008,238,101)
Gross profit for the year		5,172,539,092	5,051,913,913
Selling and Distribution Expenses	29	(1,111,965,100)	(1,227,104,692)
Administrative Expenses	30	(506,430,664)	(471,951,597)
		3,554,143,328	3,352,857,624
Other Operating Income	31	19,006,162	16,195,350
Net Operating profit for the year		3,573,149,490	3,369,052,974
Finance Costs	32	(1,872,525,590)	(1,282,066,574)
Finance Income	33	61,390,481	60,686,315
Net Profit Before Tax and WPPF and Welfare Fund		1,762,014,381	2,147,672,716
Contribution to WPPF and Welfare Fund	24	(88,100,719)	(107,383,636)
		1,673,913,662	2,040,289,080
Share of profit of associates (Net of tax)	34	151,791,502	297,973,028
Net Profit before Tax		1,825,705,164	2,338,262,107
Income tax expenses/benefits:			
Current Tax	23	(756,665,322)	(478,712,202)
Deferred tax	18	(326,763,219)	(131,421,082)
Net Profit after Tax		742,276,623	1,728,128,823
Other comprehensive income not to be reclassified to profit or loss			
Actuarial (loss)/gain on defined benefit obligations (Net of Tax)	17	(1,517,336)	-
Gain on revaluation of land (Net of Tax)		-	5,340,715,313
Share of revaluation reserve of Associate (Net of Tax)		-	1,356,704,445
Total comprehensive income for the year, net of tax		740,759,286	8,425,548,581
Total comprehensive income attributable to:			
Owners of the company		740,759,286	8,425,548,581
		740,759,286	8,425,548,581
Earnings per share (EPS)	35	1.97	4.60

The accompanying notes 1 to 44 form an integral part of these financial statements.


Managing Director


Director

Signed as per our separate report of same date.


Company Secretary


A.QASEM & CO.
Chartered Accountants.



Place: Chattogram
Date : October 15, 2020

BSRM STEELS LIMITED

Statement of Changes in Equity
For the year ended June 30, 2020

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
Balance as at July 01, 2018	3,417,750,000	2,613,852,170	6,777,298,362	12,808,900,532
Land Revaluation	-	5,340,715,313	-	5,340,715,313
Bonus Share Issued	341,775,000	-	-	341,775,000
Share of revaluation reserve of Associate	-	-	1,356,704,445	1,356,704,445
Net profit after tax for the year ended 30 June, 2019	-	-	1,728,128,823	1,728,128,823
Transfer against difference in depreciation between cost and revalued amount	-	(13,636,518)	18,182,024	4,545,506
Final dividend paid	-	-	(683,550,000)	(683,550,000)
Balance as at June 30, 2019	3,759,525,000	7,940,930,965	9,196,763,654	20,897,219,619
Balance as at July 01, 2019	3,759,525,000	7,940,930,965	9,196,763,654	20,897,219,619
Net profit after tax for the year ended 30 June, 2020	-	-	742,276,623	742,276,623
Transfer against difference in depreciation between cost and revalued amount	-	(12,954,692)	17,272,923	4,318,231
Actuarial (loss)/gain on defined benefit plans	-	-	(1,517,336)	(1,517,336)
Final dividend paid	-	-	(273,758,973)	(273,758,973)
Balance as at June 30, 2020	3,759,525,000	7,927,976,273	9,681,036,891	21,368,538,163



BSRM STEELS LIMITED

Statement of Cash Flows For the year ended June 30, 2020

	2020	2019
	Taka	Taka
a. Cash flows from operating activities		
Receipts from customers against sales	40,933,000,818	57,824,569,444
Cash Paid to Suppliers, Operating and Other Expenses	(36,431,999,127)	(60,572,087,318)
Payment of interest-Net	(1,796,046,489)	(1,221,380,259)
Income Tax Paid	(519,439,020)	(702,980,674)
Net cash (used in)/generated by operating activities	2,185,516,183	(4,671,878,807)
b. Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,660,291,432)	(8,609,432,909)
Addition of Capital work-in-progress	121,638,312	2,695,330,813
Addition of Intangible Assets	-	(25,816,576)
Proceeds from sale of property, plant and equipment	668,276	12,528,408
Increase in short term investments	(77,431,332)	(171,193,600)
Net cash (used in)/generated by investing activities	(1,615,416,176)	(6,098,583,865)
c. Cash flows from financing activities		
Dividend paid	(273,758,973)	(341,775,000)
Receipt/(Re-payment) of long term loan	(1,522,228,254)	8,490,809,134
Receipts/(Re-payment) of Short term loan	6,191,144,876	1,162,396,057
Loan received from /(paid to) affiliated companies and others	(4,427,649,400)	1,849,098,181
Net cash provided by /(used in) financing activities	(32,491,751)	11,160,528,372
d. Net increase in cash and cash equivalent (a+b+c)	537,608,256	390,065,700
e. Opening cash and cash equivalents	914,756,422	524,690,721
f. Closing cash and cash equivalent (d+e)	1,452,364,678	914,756,422



BSRM STEELS LIMITED
Notes to the Financial Statements
As at and for the year ended at 30 June 2020

1.00 Corporate Information

BSRM Steels Limited (hereinafter referred to as 'BSL', 'the company' was incorporated on 20 July, 2002, vide the certificate C-No. 4392 of 2002 as a Private Limited Company 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 traded 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, Chattogram and commenced commercial production from 1 April 2008. The registered office of the company is situated at Ali Mansion, 1207/1099, Sadarghat Road, Chattogram, Bangladesh.

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

2.00 BASIS OF PREPARATION

2.01 Statement of Compliance

The financial statements have been prepared in accordance with the (International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh as per requirements under the Financial Reporting Act 2015. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules 1987.

On 14 December 2017, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this recent adoption will not have any impact on the financial statements of the Company going forward.

2.02 Basis of Reporting

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 1 – "Presentation of Financial Statements". The financial statements comprise of:

- a) A statement of financial position as at 30 June 2020
- b) A statement of profit or loss and other comprehensive income for the year ended 30 June 2020
- c) A statement of changes in equity for the year ended 30 June 2020
- d) A statement of cash flows for the year ended 30 June 2020
- e) Notes, comprising a summary of significant accounting policies and explanatory information.



2.03 Other Regulatory Compliances

The company is also required to comply with the following major laws and regulations along with the Companies Act 1994:

- A. The Income Tax Ordinance, 1984
- B. The Income Tax Rules, 1984
- C. The Value Added Tax and Supplementary Duty Act, 2012
- C. The Value Added Tax and Supplementary Duty Rule, 2016
- E. The Securities and Exchange Ordinance, 1969
- F. The Securities and Exchange Rules, 1987
- G. Securities and Exchange Commission Act, 1993
- H. The Customs Act, 1969
- I. Bangladesh Labour Law, 2006

2.04 Authorization for Issue

These financial statements for the year ended June 30, 2020 have been authorized for issue by the Board of Directors on October 15, 2020.

2.05 Basis of Measurement

These financial statements have been prepared on going concern basis under the historical cost convention except for some classes of property, plant and equipment which are measured at revalued amount.

2.06 Functional and Presentation Currency

These financial statements are presented in Bangladesh Taka (BDT) which is the company's functional currency. All financial information presented in BD Taka has been rounded off to the nearest Taka except when otherwise indicated.

2.07 Going Concern

The Company has adequate resources to continue its operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

2.08 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis.

The estimates and underlying assumptions are based on past experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.



In the process of applying entities accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Property, plant and equipment	Note: 4.00
Right of use Asset	Note: 5.00
Intangible asset	Note: 6.00
Inventories	Note: 9.00
Trade and other receivables	Note: 10.00
Defined benefit obligations-Gratuity	Note: 17.00
Deferred tax liabilities	Note: 18.00
Liabilities for expenses	Note: 22.00
Provision for income tax	Note: 23.00
Contingent liabilities	Note: 40.00

2.09 Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The company's investment in associates is accounted for in the Financial Statements using the Equity Method. Under the equity method, the investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition which is classified as non-current assets in the statement of financial position. The investor's share of investee's profit or loss is recognized in the investor's profit or loss.

The statement of profit or loss reflects the company's share of the results of operations of the associate. In addition, when there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company.

2.10 Comparative Information

The financial statements provides Comparative information in respects of the previous period for all amount reported in the current period's financial statements. Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statement.

2.11 Consistency of presentation

Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the year ended 30 June 2020 are consistent with those policies and methods applied in preparing the financial statements for the year ended 30 June 2019.



3.00 SIGNIFICANT ACCOUNTING POLICIES

3.01 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

Expected to be realised or intended to sold or consumed in the normal operating cycle

Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period

Or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.02 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

When measuring the fair value of an asset or liability, the entity uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Property, plant and equipment under revaluation model - Note 4

3.03 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of an item of property, plant and equipment comprises:

It's purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates)

Any cost directly attributable to the acquisition of the assets.

The cost of self-constructed/installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The cost of replacing or upgrading part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Asset Category	Useful Lives
Plant & Machinery	7-25 year
Motor Vehicle	6-15 year
Furniture and Fixtures	5 year
Office Equipment	5 year
Factory buildings	20 year
Roads and Pavements	20 year
IT Equipment	5 year



An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.04 Revaluation of Property, Plant and Equipment

Lands of the company were revalued by ACNABIN, Chartered Accountants with assistance from Pacific Surveyors Ltd., BDBL Bhaban (Level-13), 12 Karwan Bazar Commercial Area, Dhaka as at 07 August 2019. These assets were revalued using the 'fair market price at its locations and condition'. As per revaluation report, the revaluation surplus stood at BDT 5,607,062,337. This revaluation has been recognized in the books of the company in June 30, 2019.

Property, plant and equipment (Revaluation model)

Note 4.00

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

3.05 IFRS 16 Leases

The Company has initially applied IFRS 16 from 1 July 2019. Due to the transition methods chosen by the Company in applying the standard, comparative information throughout these financial statements has not been restated to reflect the requirements of this new standard.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Although early adoption is permitted, the Company has not early adopted IFRS 16 in preparing these financial statements.



The most significant impact identified is that, the Company will recognise new assets and liabilities for its operating leases of land rents, warehouse rents and house rents. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

As a lessee, the Company applies IFRS 16 initially on 1 July 2019, to all contracts entered into before 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group also applies IFRS 16 to all contracts entered into on or after 1 January 2019, considering exemption criteria of the new standard as applicable.

Changes in accounting policies

The Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company applied IFRS 16 from 01 July 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The Company applied IFRS 16 using the modified retrospective approach, under which the effect of initial application is recognised from 01 July 2019 in the Financial statements. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Company didn't determine at contract inception whether an arrangement is or contains a lease. Now, under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 5(A). On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were qualified as leases.

B. As a lessee

As a lessee, the Company previously classified leases as "Rent" under agreements with lessors. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for all applicable leases – i.e. these leases are on- Financial Statements. The Company decided to apply recognition exemptions to short-term leases as applicable. For leases of other assets, which could be classified as operating under IAS 17, the Company recognised right-of-use assets and lease liabilities.

i. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property leases. The Company used the following practical expedients when applying IFRS 16 to leases previously could be classified as operating leases under IAS 17.



- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- ii. **Leases previously classified as finance leases**
The Company has no finance lease.

3.06 Intangible Asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the intangible assets is, as follows:

	Trade Mark	Oracle eBS Software
Useful lives	Finite (20 years)	Finite (10 years)
Amortisation method used	Amortised on a straight line basis	Amortised on a straight line basis
Internally generated or acquired	Acquired	Acquired



3.07 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.08 Inventories

Inventories are measured at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

§ Raw materials: purchase cost on a weighted average basis

§ Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.09 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Recognition and measurement

The company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company become a party to the contractual provisions of the instruments.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets.

A financial asset is classified as at fair value through profit or loss if it is held for trading which is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognised at fair value plus any transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method.



Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale and are not classified in any other categories of financial assets. Generally, available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value other than impairment losses are recognized in other comprehensive income.

ii) Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value plus transaction costs that are directly attributable to the issue of the financial liability.

An entity shall recognise a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Loans and borrowings, derivatives and payables are recognised as liabilities when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

After initial recognition, an entity shall measure all financial liabilities at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition, financial guarantee contracts and commitments to provide a loan at a below-market interest rate.

Financial liabilities that are designated as hedged items are subject to the hedge accounting.

3.10 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

3.11 Provisions, Contingent liability and Contingent assets

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



Contingent liabilities

Contingent liability is a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

An amount of Tk. 23,053,915.27 was claimed by Customs, Excise and VAT authority, Bondor Circle, Narayanganj vide nothi no. 04/VAT/Warehouse (02)/ Bondor circle/2012/207 dated 03 November, 2014 for trade VAT on sale of 115,269 MT finished goods. The company filed a writ petition no.10833 of 2014 before the Honourable High Court Division of the Supreme Court of Bangladesh and the court stayed the claim. In view of above, no provision for this claim has been made in the financial statements.

3.12 Employee Benefits

The company maintain both defined contribution plan and defined benefit plan for its eligible permanent employees.

Defined Contribution plan

Defined contribution plan is a post employment benefit plan under which the Company provides benefits for all of its permanent employees. The recognised Employees' Provident Fund is being considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10% of their basic salary to the provident fund and the Company also makes equal contribution. This fund is recognised by the National Board of Revenue (NBR), under the First Schedule, Part B of Income Tax Ordinance 1984. The Company recognises contribution to defined contribution plan as an expense when an employee has rendered required services. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund. Obligations are created when they are due.

Defined benefit plan

The company maintains an unfunded gratuity scheme and provision in respect of which is made annually for the employees. Gratuity benefit shall be payable on the basis of company service and the last drawn basic salary of the employee as per the following table at the end of retirement, death in service or leaving employment:

Service length	Benefit
Less than 5 years of service	Nil
Equal to or more than 5 years of service	Two months' last drawn basic salary for each year of

Workers profit participation and welfare funds

The company also recognised a provision for workers profit participation and welfare funds @ 5% of net profit before tax as per Bangladesh labour law 2006.



3.13 Revenue

The company is reporting revenue as per IFRS-15 Revenue from Contract with Customers. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer. The company recognizes revenue when it satisfies a performance obligation by transferring control over goods to a customer.

The company is in the business of providing M.S. Billet and M.S. Rod. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT). Gross turnover comprises local sales of M.S. Rod, M.S. Billet, export of M.S. Rod and includes VAT paid to the Government of Bangladesh.

The company's typical performance obligations include the following

Performance Obligation	When performance obligation is satisfied	When payment is typically due	How standalone selling price is typically estimated
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Revenue from contracts with customers:

Bangladesh	Point in time at factory gate	The customer can pay the transaction price equal to the cash selling price in advance or allowed a credit period of 30 to 60 days.	As per management approved prices.
India	Point in time at factory gate	The customer can pay the transaction price equal to the cash selling price in advance or allowed a credit period of 30 to 60 days.	As per management approved prices.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for local sales, the Company considers the effects of variable consideration payable to the customer.

The Company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with local customers.



3.14 Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Fund by the weighted average number of ordinary shares outstanding during the year.

3.15 Segment information

For management purposes, the company is organised into business units based on its products and has two reportable segments, as follows:

-The M.S Rod segment which produces different graded Rod and sell the same to several dealers, end users, other corporate users and some deemed export to EPZ based companies.

-The M.S Billets segment which produces different graded Billets and transfer the same to produce M.S Rod.

No operating segments have been aggregated to form the above reportable operating segments.

The Company Secretary and General Manager Finance and Accounts is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss. Also, the company's financing (including finance costs and finance income) and income taxes are managed on aggregately and are not allocated to operating segments.

Assets and Liabilities of the company are maintained aggregately due to that, those are not provided to the Chief Operating Decision Maker and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended	M.S. Rod	M.S. Billets	Total Segments	Adjustments	Total
30 June 2020					
	Amount in Millions				
Revenue					
External customers	38,508	174	38,681	-	38,681
Inter-segment	-	29,871	29,871	(29,871)	-
Total Revenue	38,508	30,044	68,552	(29,871)	38,681
Income/(Expenses)					
Cost of inventories recognised as an expense	(32,370)	(26,527)	(58,898)	27,069	(31,828)
Employee benefits expenses	(576)	(498)	(1,074)	-	(1,074)
Depreciation and amortisation	(456)	(587)	(1,043)	-	(1,043)
Selling and distribution cost	(955)	-	(955)	-	(955)
Administrative costs	(227)	-	(227)	-	(227)
Share of profit of an associate	-	-	-	152	152
Segment Profit	3,924	2,432	6,355	(2,650)	3,706



Reconciliation of profit	2020	2019
Segment profit	6,355	3,540
Inter-segment sales	(2,801)	(188)
Other operating income	19	16
Finance Costs	(1,873)	(2,235)
Finance Income	61	1,014
Contribution to WPPF and welfare fund	(88)	(107)
Share of profit of an associate	152	298
Profit before tax	1,826	2,338

Geographic Information	30-06-2020	30-06-2019
Revenue from external customers		
Country of Domicile	38,563,640,503	60,865,639,026
Foreign Countries	117,736,720	194,512,988
Total	38,681,377,223	61,060,152,014

The revenue information above is based on the locations of the customers.

Revenue from five major customers amounted to BDT. 6,947,147,592 arising from sales in the M.S Rod segment which is 18.04% of total sales.

Non-current assets information has not presented in the financial statements and is not available according to the geographical area.

3.16 Capital management

For the purpose of the Company's capital management, capital includes issued capital. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company has financial covenants to maintain the gearing ratio 70:30 or better. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

	30-06-2020	30-06-2019
Interest bearing loan	9,839,762,261	11,361,990,515
Short term loan	26,648,564,936	20,457,420,060
Less: Cash and Cash equivalents	(1,452,364,678)	(914,756,422)
Net Debt	35,035,962,519	30,904,654,153
Equity	21,376,546,696	20,897,219,619
Total Capital	21,376,546,696	20,897,219,619
Capital and net debt	56,412,509,215	51,801,873,772
Gearing Ratio	62.11%	59.66%

Interest bearing loan comprises of non-current portion and current portion of long term loans.

3.17 Event after the reporting period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.



4.00 PROPERTY, PLANT & EQUIPMENT : At Revaluation Model

Particulars	Land and Land Development	Plant & Machinery	Motor Vehicles	Factory Building	Furniture & Fixtures	Office Equipment	Roads and Pavements	Computer and IT	TOTAL
Balance as on 01 July, 2018	3,384,856,477	6,800,752,191	166,319,220	2,397,343,861	75,196,932	122,061,715	58,065,612	57,736,478	13,062,332,487
Additions during the year	531,152,149	4,441,661,673	26,739,041	3,137,107,214	17,185,043	15,203,987	431,611,328	8,772,473	8,609,432,909
Revaluation during the year	5,607,062,337	-	-	-	-	-	-	-	5,607,062,337
Disposals	(198,771)	(16,193,322)	(23,377,682)	-	(136,825)	(170,500)	-	(2,081,600)	(42,158,700)
Balance as on 30 June, 2019	9,522,872,193	11,226,220,542	169,680,579	5,534,451,075	92,245,150	137,095,202	489,676,941	64,427,351	27,236,669,033
Balance as on 01 July, 2019	9,522,872,193	11,226,220,542	169,680,579	5,534,451,075	92,245,150	137,095,202	489,676,941	64,427,351	27,236,669,033
Additions during the year	130,756,162	977,750,381	10,347,699	406,020,568	5,044,058	28,504,010	95,127,410	6,741,145	1,660,291,432
Disposals	-	-	(4,174,203)	-	-	(104,500)	-	(310,500)	(4,589,203)
Balance as on 30 June, 2020	9,653,628,355	12,203,970,923	175,854,075	5,940,471,643	97,289,208	165,494,711	584,804,350	70,857,996	28,892,371,262
DEPRECIATION									
Balance as on 01 July, 2018	-	2,586,401,576	99,030,798	628,226,729	51,364,880	75,710,640	20,135,806	38,130,101	3,499,000,530
Charge during the year	-	429,012,627	19,564,586	136,789,609	7,562,983	17,018,890	8,323,505	6,480,311	624,752,512
Disposals	-	(8,396,854)	(18,952,403)	-	(131,744)	(130,383)	-	(2,018,908)	(29,630,293)
Balance as on 30 June, 2019	-	3,007,017,349	99,642,980	765,016,339	58,796,120	92,599,147	28,459,311	42,591,504	4,094,122,749
Balance as on 01 July, 2019	-	3,007,017,349	99,642,980	765,016,339	58,796,120	92,599,147	28,459,311	42,591,504	4,094,122,749
Charge during the year	-	621,274,811	18,769,387	262,090,218	10,468,857	18,804,683	27,344,672	7,728,105	966,480,733
Disposals	-	-	(3,535,169)	-	-	(103,001)	-	(282,758)	(3,920,927)
Balance as on 30 June, 2020	-	3,628,292,160	114,877,199	1,027,106,557	69,264,976	111,300,830	55,803,982	50,036,851	5,056,682,555
CARRYING AMOUNT									
As At 30.06.2019	9,522,872,193	8,219,203,193	70,037,599	4,769,434,737	33,449,030	44,496,054	461,217,630	21,835,847	23,142,546,283
As At 30.06.2020	9,653,628,355	8,575,678,763	60,976,876	4,913,365,087	28,024,232	54,193,881	529,000,368	20,821,145	23,835,688,707

Allocation of Depreciation:	Note	30-06-2020
Cost of sales	28.00	909,511,439
Selling & distribution expenses	29.00	33,940,777
Administrative expenses	30.00	23,028,517
		<u>966,480,733</u>



4.01 PROPERTY, PLANT & EQUIPMENT : At Cost Model

Particulars	Land and Land Development	Plant & Machinery	Motor Vehicles	Factory Building	Furniture & Fixtures	Office Equipment	Roads and Pavements	Computer and IT	TOTAL
COST									
Balance as on 01 July, 2018	1,039,012,874	6,800,752,191	166,319,220	2,041,033,849	75,196,932	122,061,715	58,065,612	57,736,478	10,360,178,871
Additions during the year	531,152,149	4,441,661,673	26,739,041	3,137,107,214	17,185,043	15,203,987	431,611,328	8,772,473	8,609,432,909
Disposals	(198,771)	(16,193,322)	(23,377,682)	-	(136,825)	(170,500)	-	(2,081,600)	(42,158,700)
Balance as on 30 June, 2019	1,569,966,253	11,226,220,542	169,680,579	5,178,141,063	92,245,150	137,095,202	489,676,941	64,427,351	18,927,453,079
Balance as on 01 July, 2019	1,569,966,253	11,226,220,542	169,680,579	5,178,141,063	92,245,150	137,095,202	489,676,941	64,427,351	18,927,453,078
Additions during the year	130,756,162	977,750,381	10,347,699	406,020,568	5,044,058	28,504,010	95,127,410	6,741,145	1,660,291,432
Disposals	-	-	(4,174,203)	-	-	(104,500)	-	(310,500)	(4,589,203)
Balance as on 30 June, 2020	1,700,722,414	12,203,970,923	175,854,074	5,584,161,631	97,289,208	165,494,711	584,804,350	70,857,996	20,583,155,308
DEPRECIATION									
Balance as on 01 July, 2018	-	2,586,401,576	99,030,798	629,261,476	51,364,880	75,710,640	20,135,806	38,130,101	3,500,035,276
Charge during the year	-	429,012,627	19,564,586	118,607,586	7,562,983	17,018,890	8,323,505	6,480,311	606,570,488
Disposals	-	(8,396,854)	(18,952,403)	-	(131,744)	(130,383)	-	(2,018,908)	(29,630,293)
Balance as on 30 June, 2019	-	3,007,017,349	99,642,981	747,869,061	58,796,119	92,599,147	28,459,311	42,591,504	4,076,975,473
Balance as on 01 July, 2019	-	3,007,017,349	99,642,981	747,869,061	58,796,119	92,599,147	28,459,311	42,591,504	4,076,975,473
Charge during the year	-	621,274,811	18,769,387	244,817,296	10,468,857	18,804,683	27,344,672	7,728,105	949,207,811
Disposals	-	-	(3,535,169)	-	-	(103,001)	-	(282,758)	(3,920,927)
Balance as on 30 June, 2020	-	3,628,292,160	114,877,199	992,686,357	69,264,976	111,300,830	55,803,982	50,036,851	5,022,262,356
CARRYING AMOUNT									
As At 30.06.2019	1,569,966,253	8,219,203,193	70,037,598	4,430,272,002	33,449,031	44,496,054	461,217,630	21,835,846	14,850,477,607
As At 30.06.2020	1,700,722,414	8,575,678,763	60,976,875	4,591,475,274	28,024,232	54,193,881	529,000,368	20,821,144	15,560,892,952



5.00 Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

A. Significant accounting policy

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used. This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

This policy is applied to contracts entered into, or changed in or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output; the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a lessee

The Company recognises a right-of-use asset and a lease liability (for its land rent, warehouse rent and house rent for accommodation of employees) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred (if any) and an estimate of costs to dismantle and remove the underlying asset (if any) or to restore the underlying asset or the site on which it is located (if any), less any lease incentives received (if any).

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets



Currently the Company has short-term lease or lease of low value assets. The Company will not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company will recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term as applicable.

ii. As a lessor

There is no such lease for which the company is a lessor.

B. As a Lessee

i. Right-of-use assets

Name of assets	Cost				Depreciation				Carrying Amount	
	As on 01 July, 2019	Addition during the year	Disposal/adjustment during the year	As on 30 June 2020	As on 01 July 2019	Charged during the year	Disposal/adjustment during the year	As on 30 June 2020	As on 30 June 2020	As on 30 June 2019
Land	-	124,356,208	-	124,356,208	-	46,344,933	-	46,344,933	78,011,275	-
Warehouse	-	45,706,287	-	45,706,287	-	10,646,405	-	10,646,405	35,059,881	-
House	-	31,279,203	-	31,279,203	-	12,853,291	-	12,853,291	18,425,912	-
	-	201,341,698	-	201,341,698	-	69,844,629	-	69,844,629	131,497,069	-

ii. Lease liabilities

Opening balance

Lease obligations

Less; Paid during the year

Lease Liabilities

30 June 2020	30 June 2019
-	-
201,341,698	-
(64,279,945)	-
<u>137,061,753</u>	<u>-</u>

iii. Lease Liabilities- Maturity analysis

Lease liabilities - non-current portion

Lease liabilities - current portion

30 June 2020	30 June 2019
73,582,072	-
63,479,681	-
<u>137,061,753</u>	<u>-</u>

iv. Amounts recognised in profit or loss

Interest on lease liabilities

30 June 2020	30 June 2019
15,088,621	-

v. Amount recognised in the statements of cash flows

Capital expenditure at acquisition of Right of use Asset

Less: Lease liabilities

Add: Interest paid during the year

Total cash outflow for lease

30 June 2020	30 June 2019
201,341,698	-
(137,061,753)	-
15,088,621	-
<u>79,368,566</u>	<u>-</u>

vi. Allocation of Depreciation of ROU Asset:

	Note	30-06-2020
Cost of sales	28.00	52,695,618
Selling & distribution expenses	29.00	5,878,535
Administrative expenses	30.00	11,270,476
		<u>69,844,629</u>



			30 June 2020	30 June 2019	
			Taka	Taka	
6.00	<u>Intangible asset</u>				
	Computer Software (Oracle ERP)	6.01	41,543,433	48,416,546	
	Trade Mark	6.02	80,474	86,739	
			41,623,907	48,503,285	
6.01	<u>Computer Software</u>				
	Cost				
	Opening balance		68,731,131	43,117,355	
	Less: Adjustments		-	(202,800)	
	Additions during the year		-	25,816,576	
	Closing balance		68,731,131	68,731,131	
	Amortisation				
	Opening balance		20,314,585	15,580,516	
	Less: Adjustments		-	(202,800)	
	Add: Charged during the year		6,873,113	4,936,870	
	Closing balance		27,187,698	20,314,585	
	Net Book Value		41,543,433	48,416,546	
6.02	<u>Trade Mark</u>				
	Cost				
	Opening balance		125,300	125,300	
	Add: Addition during the year		-	-	
	Closing balance		125,300	125,300	
	Amortisation				
	Opening balance		38,561	32,296	
	Add: Charged during the year		6,265	6,265	
	Closing balance		44,826	38,561	
	Net Book Value		80,474	86,739	
7.00	<u>Capital work-in-progress</u>				
	Opening balance		145,804,831	2,841,135,643	
	Add: Additions during the year	7.01	678,082,349	5,505,043,353	
			823,887,179	8,346,178,996	
	Less: Capitalized during the year		(799,720,660)	(8,200,374,166)	
			24,166,519	145,804,831	
7.01	<u>Details of Capital work-in -progress</u>				
	Particulars	Opening Balance	Additions	Capitalized during the year	Closing Balance
	Civil Construction	19,474,667	134,161,887	(153,072,204)	564,350
	Plant & Machinery	126,330,163	520,318,293	(646,648,456)	-
	Software	-	23,602,169	-	23,602,169
		145,804,831	678,082,349	(799,720,660)	24,166,519

Property, Plant and Equipment under construction/acquisition is accounted for and measured at cost as capital work-in-progress until construction/acquisition is completed and it is ready for use.



8.00 Investment in associates:

BSRM Steel Mills Limited (BSML)

8.01

30 June 2020	30 June 2019
Taka	Taka
3,608,800,543	3,457,009,041
3,608,800,543	3,457,009,041

The Company has a 25.35% interest in BSRM Steel Mills Limited, which has set up an automatic steel melting plant for manufacturing M.S. Billets of different quality and sell the same to steel rolling mills. BSRM Steel Mills Limited (BSML), was incorporated as a private limited company and was subsequently converted to a Public Limited Company on 12 November 2013. The Company's interest in BSRM Steel Mills Limited is accounted for using the equity method in the financial statements.

Paid up Capital of BSML is BDT 394.43 Crore divided into 39.44 Crore Ordinary Shares of Tk. 10 each. BSRM Steels Limited has acquired 100,000,000 nos. of Ordinary Shares of Tk. 10 each of BSML i.e. 25.35% in 2015. BSML commenced commercial production on 16 June 2016.

8.01 Movement of Investment in Associate

Opening balance	3,457,009,041	1,562,913,138
Addition during the year		
Investment in associate	-	-
Share of profit / (loss) of equity accounted Investee (associates)	151,791,502	297,973,028
Share of revaluation reserve of Associate	-	1,596,122,876
Adjusted / disposal during the year	151,791,502	1,894,095,904
Cash dividend received	-	-
Closing balance	3,608,800,543	3,457,009,041

8.02 Movement of Shareholding in Associate

	No. of shares	
Opening balance	100,000,000	100,000,000
Number of shares acquired	-	-
Number of bonus share received	-	-
Closing balance	100,000,000	100,000,000
Total number of shares in associates	394,435,400	394,435,400
Percentage of shares of associates by BSRM Steels Limited	25.35%	25.35%

8.03 Summary of financial information of equity accounted investee

	25.35%	25.35%
Ownership		
Non-current assets	24,087,172,204	24,538,627,142
Current assets	22,677,179,133	21,096,466,389
Total assets	46,764,351,337	45,635,093,531
Share capital	3,944,354,000	3,944,354,000
Retained Earnings	2,069,459,142	1,470,739,725
Revaluation reserve	8,220,573,719	8,220,573,719
Equity attributable to owners of the company	14,234,386,861	13,635,667,444
Non-current liabilities	2,825,376,831	3,488,642,506
Current liabilities	29,704,587,645	28,510,783,581
Total liabilities	32,529,964,476	31,999,426,087
Total Equity and Liabilities	46,764,351,337	45,635,093,531
Net Assets Value (NAV) per share	36.09	34.57



		30 June 2020	30 June 2019
		Taka	Taka
Revenue		29,552,721,007	53,407,280,472
Other income		108,644,662	402,934,139
Expenses		(29,062,646,252)	(52,634,903,508)
Profit for the year		598,719,417	1,175,311,103
Profit attributable to the owners of the company		598,719,417	1,175,311,103
9.00 Inventories:			
Raw materials	9.01	6,456,200,989	6,589,912,914
Finished goods	9.02	6,069,971,469	6,336,387,686
Store and Spares	9.03	2,288,331,922	2,043,787,824
Fuel and Lubricants		27,310,688	20,009,188
		14,841,815,068	14,990,097,612
9.01 Raw Materials			
Raw Materials-MS Scrap		5,619,303,904	4,238,125,832
Raw Materials-Billets		603,840,439	2,009,986,591
Raw Materials-Packing Materials		32,364,805	42,316,091
Raw Materials-Direct Consumables		200,691,841	299,484,401
		6,456,200,989	6,589,912,914
9.02 Finished Goods			
Finished Goods-Own production (Rod)		5,277,353,254	5,604,648,968
Finished Goods-Own production (Billets)		787,946,141	700,286,099
Finished Goods-Procured		4,672,074	31,360,460
Finished Goods-Others		-	92,160
		6,069,971,469	6,336,387,686
9.03 Stores and Spares			
Mechanical stores		1,282,559,459	1,178,079,100
M.S. Roll		54,759,640	38,761,041
Electrical stores		546,114,749	493,570,687
General stores		23,978,676	21,421,304
Civil stores		62,729,482	118,389,577
Others		318,189,917	193,566,115
		2,288,331,922	2,043,787,824
9.04 Quantitative movement of raw materials and finished goods (Melting Unit)			
Raw Materials		Metric Ton	Metric Ton
Opening balance		128,906	89,103
Add: Purchase during the year		720,167	373,016
Available for consumption		849,073	462,119
Less: Consumed/Sold		(661,276)	(333,213)
Closing balance		187,797	128,906
Finished Goods		Metric Ton	Metric Ton
Opening Balance		14,489	1,797
Add: Production during the year		595,857	291,991
Available for consumption		610,346	293,788
Less: Transfer to Rolling Mills		(589,714)	(45,931)
Less: Sales		(3,252)	(233,368)
Closing balance		17,380	14,489



		30 June 2020	30 June 2019
		Taka	Taka
9.05	Quantitative movement of raw materials and finished goods (Rolling Unit)	Metric Ton	Metric Ton
	Raw Materials		
	Opening balance	39,728	78,388
	Add: Purchased/imported during the year	45,340	692,150
	Add: Transfer from Melting Shop	589,972	45,931
	Available for consumption	675,040	816,469
	Less: Consumed /Sold/returned during the year	(661,120)	(776,741)
	Closing balance	13,920	39,728
	Finished Goods	Metric Ton	Metric Ton
	Opening balance	98,644	91,605
	Add: Produced during the year	643,917	758,405
	Add: Purchased/imported during the year	(29)	7,416
	Stock available for sale	742,532	857,426
	Less: Sold during the year	(635,911)	(756,820)
	Less: Issuance for repair	(187)	(1,962)
	Closing balance	106,433	98,644
10.00	Trade & Other Receivables		
	Trade Receivables	7,201,242,566	9,690,140,135
	Other Receivables	445,938,468	441,553,735
		7,647,181,033	10,131,693,870
10.01	Trade Receivables:		
	Bangladesh Steel Re-Rolling Mills Limited	4,259,923	2,714,055,054
	BSRM Steel Mills Limited	1,791,012	-
	BSRM Wires Limited	573,818	-
	BSRM Recycling Limited	-	15,449,900
	Chittagong Power Company Limited	204,000	204,000
	H. Akberali Co. Limited	386,060	133,000
	Other customers	7,194,027,753	6,960,298,181
		7,201,242,566	9,690,140,135
10.02	Other Receivables:		
	Interest Receivables	290,950,381	275,481,058
	Accrued Interest from FDR	-	9,184,285
	DEDO and Other Receivables	154,988,087	156,888,392
		445,938,468	441,553,735
10.03	Ageing of Trade receivables		
	Due within 90 days	4,534,541,143	8,588,455,803
	Due within 91 to 180 days	1,846,021,547	799,431,830
	Above 181 days	820,679,876	302,252,502
		7,201,242,566	9,690,140,135
11.00	Due from related companies:		
	Bangladesh Steel Re-Rolling Mills Limited	-	6,264,184,394
	BSRM Steel Mills Limited	5,724,196,546	-
	Chittagong Power Company Limited	707,888,324	686,012,869
	BSRM Logistics Limited	254,586,459	236,888,854
	BSRM Ispat Limited	26,821,942	-
	H. Akberali & Co. Limited	1,403,811,968	1,009,006,449
	BSRM Wires Limited	714,411,435	309,862,252
		8,831,716,675	8,505,954,818

These represent short term loans given to these related companies as and when required to meet funding requirement. All transactions were done through account payee cheque and interests were charged on all related companies balances.



		30 June 2020	30 June 2019
		Taka	Taka
12.00	Advances, deposits and prepayments:		
	Advances	3,526,006,394	3,886,354,295
	Deposits	73,850,569	73,770,569
	Prepayments	20,806,923	16,591,548
		3,620,663,887	3,976,716,412
12.01	Advance:		
	Staff loan	3,419,999	3,499,999
	Advance against salary	1,080,776	2,460,776
	Advance Income tax	1,614,639,703	1,324,060,115
	Advance against expenses	79,626,712	57,304,298
	Bank guarantee margin	7,313,156	8,493,692
	Advance against brokerage and commission	-	4,172,971
	Advance against L/C	38,367,051	16,674,613
	LC Margin	85,792,491	73,310,143
	Advance against fixed asset	56,416,077	81,885,525
	Trade VAT account (Godown)	12,864	14,328
	VAT chargeable account (Godown)	-	9,374,610
	VAT current account	1,332,505,148	1,216,521,117
	Advance Tax (VAT)	-	67,685,573
	Advance against land	29,340,109	79,096,692
	Advance for house rent	2,692,961	2,160,762
	Share money deposit to Chittagong Power Company Ltd.	-	500,000,000
	Advance for purchase of spare parts and other materials	274,799,348	439,639,081
		3,526,006,394	3,886,354,295
12.02	Deposits:		
	Bangladesh Ansar and VDP	2,211,663	2,211,663
	Bangladesh Railway	140,000	140,000
	Bangladesh Telecommunication Company Limited (BTCL)	26,000	26,000
	Brothers Proukosoli Workshop	480,000	480,000
	Chittagong WASA	200,000	200,000
	Chittagong Club Limited	90,000	10,000
	Chittagong Port Authority	4,100,300	4,100,300
	City Cell	15,000	15,000
	Cma Cgm Bangladesh Shipping Ltd	1,060,000	1,060,000
	GBX Logistics Ltd	1,205,000	1,205,000
	Linde Bangladesh Ltd	2,392,000	2,392,000
	Maersk Bangladesh Limited	1,162,447	1,162,447
	Bangladesh Power Development Board	24,710,120	24,710,120
	Ranks Tel	10,000	10,000
	Karnaphuli Gas Distribution Co. Limited	35,168,639	35,168,639
	Central Depository Bangladesh Limited	500,000	500,000
	BOC Bangladesh Limited	16,000	16,000
	Others	363,400	363,400
		73,850,569	73,770,569
The directors consider that all the above advances and deposits are either adjustable or recoverable in cash or in kind and accordingly that no provision against them are required at this stage.			
12.03	Prepayments		
	BSTI License fees	3,451,880	-
	Insurance	17,355,043	16,591,548
		20,806,923	16,591,548
13.00	Short Term Investment		
	Investments in Fixed Deposit Receipts	572,533,553	495,102,221
		572,533,553	495,102,221



				30 June 2020	30 June 2019
				Taka	Taka
13.01 Investments in Fixed Deposit Receipts					
<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>		
Bank Asia Limited	LC Margin	1 year	6.25-8%	-	9,221,440
The City Bank Limited	LC Margin	6 months	3-5.5%	139,786,120	118,217,211
Habib Bank Limited	LC Margin	6 months	5%	2,143,215	2,005,842
NCC Bank Limited	LC Margin	6 months	7.50%	13,066,100	12,211,913
United Commercial Bank Limited	LC Margin	1 year	5.00%	87,337	82,422
Commercial Bank of Ceylon PLC	LC Margin	1 year	5.50%	21,281,000	20,000,000
Lanka Bangla Finance & Investment Ltd	Investment	1 year	8.00%	2,907,231	2,675,000
IDLC Finance Limited	Investment	1 year	6.50%	3,122,907	2,888,905
Dhaka Bank Limited	Investment	1 year	5.00%	65,810,939	15,594,115
Mercantile Bank Limited	BG & LC Margin	1 year	5-6.00%	6,372,544	5,966,490
Standard Chartered Bank	LC Margin	6 months - 1 year	3-5.00%	226,637,071	219,827,902
BD Finance & Investment Co Ltd.	Investment	1 year	9.50%	-	4,172,546
IFIC Bank Limited	LC Margin	6 months - 1 year	5.50%	353,044	2,830,025
IPDC of Bangladesh Limited	Investment	1 year	7.00%	5,270,884	4,878,246
Al-Arafah Islami Bank Ltd	LC Margin	6 months	6.50%	-	14,911,000
Uttara Bank Ltd	LC Margin	6 months	6.00%	-	19,808,655
One Bank Limited	Investment	6 months	6.00%	3,697,197	3,477,185
Trust Bank Limited	LC Margin	6 months	7.00%	-	7,315,000
Pubali Bank Limited	LC Margin	6 months	6.00%	81,997,963	29,018,323
				572,533,553	495,102,221
14.00 Cash & Cash Equivalents:					
Cash in Hand		14.01		5,837,561	5,655,253
Cash at Banks		14.02		933,553,946	507,531,526
Fixed Deposit Receipts		14.03		512,973,171	401,569,644
				1,452,364,678	914,756,422
14.01 Cash in Hand:					
Head office				152,585	251,788
Bhatiary Shipyard				19,999	19,999
Factory office				1,200,000	1,550,000
Dhaka office				730,944	200,360
Sylhet office				100,000	100,000
Comilla office				65,000	65,000
Khulna office				150,000	150,000
Bogra office				191,966	114,660
Rangpur office				170,000	84,692
Barishal office				201,941	160,391
Mymensingh office				104,384	83,679
Jungal office				211,608	200,000
Noakhali office				50,000	50,000
Cox's Bazar office				20,000	20,000
Khulna warehouse office				570,064	217,873
Baroaulia				129,843	744,499
BISCO Factory				1,300,000	1,100,000
Benapole Warehouse office				107,725	100,000
Gazipur				91,529	50,000
Steels-Mirasarai				269,974	392,313
				5,837,561	5,655,253
14.02 Cash at Banks:					
<u>Name of the Banks</u>	<u>Branches</u>	<u>Account Types</u>	<u>Currency</u>		
Agrani Bank Limited	Laldighi East	Current Deposit	BDT	460,426	(341,399)
Al-Arafah Islami Bank Limited	Agrabad	Current Deposit	BDT	5,037,201	2,411,675



				30 June 2020	30 June 2019
				Taka	Taka
Bank Asia Limited	Agrabad	Current Deposit	BDT	21,183,431	3,917,742
BASIC Bank Limited	Dewanhat	Current Deposit	BDT	27,521	48,447
Commercial Bank of Ceylon PLC	Agrabad	Current Deposit	BDT	1,934,888	17,646
Dhaka Bank Limited	Jubilee Road	Current Deposit	BDT	288,591	885,843
Dutch Bangla Bank Limited	Jubilee Road	Current Deposit	BDT	103,008	10,129,491
Eastern Bank Limited	Agrabad	Current Deposit	BDT	5,934,857	75,989,471
Eastern Bank Limited	Agrabad	Current Deposit	BDT	25,030	-
Habib Bank Limited	laldighi	Current Deposit	BDT	1,102,475	1,120,596
HSBC	Agrabad	Current Deposit	BDT	(35,879,665)	(26,714,261)
IFIC Bank Limited	Agrabad	Current Deposit	BDT	11,013,990	35,116
Islami Bank Bangladesh Limited	Jubilee Road	Current Deposit	BDT	8,695,449	27,459,540
Islami Bank Bangladesh Limited- (BISCO)	Jubilee Road	Current Deposit	BDT	36,007	36,718
Jamuna Bank Limited	Khatunganj	Current Deposit	BDT	70,586	98,271
Mutual Trust Bank Limited- (BISCO)	Dilkusha	Current Deposit	BDT	31,340	32,030
Mercantile Bank Limited	Jubilee Road	Current Deposit	BDT	7,362	32,952
National Bank Limited	Jubilee Road	Current Deposit	BDT	6,221,358	64,878
NCC Bank Limited- (BISCO)	Agrabad	Current Deposit	BDT	-	91,291
NCC Bank Limited	Agrabad	Current Deposit	BDT	57,059	76,998
One Bank Limited	Agrabad	Current Deposit	BDT	51,531,875	3,500,122
Prime Bank Limited	O.R Nizam Road	Current Deposit	BDT	22,045,510	3,810,034
Premier Bank Limited	Agrabad	Current Deposit	BDT	15,205	1,788
Shahjalal Islami Bank Limited	Jubilee Road	Current Deposit	BDT	95,170	17,325
Social Islami Bank Limited	Jubilee Road	Current Deposit	BDT	2,697,657	2,930,255
Sonali Bank Limited	Kalibari	Current Deposit	BDT	(8,378,034)	(7,706,378)
South East Bank Limited	Pahartali	Current Deposit	BDT	10,238,790	472,409
Standard Chartered Bank	Agrabad	Current Deposit	BDT	(26,151,896)	(26,859,590)
Standard Chartered Bank	Agrabad	Current Deposit	BDT	13,849	-
Standard Chartered Bank	Dhaka	Current Deposit	BDT	3,655	-
State Bank of India	Chittagong	Current Deposit	BDT	443	35,277
The City Bank Limited	Agrabad	Current Deposit	BDT	13,205,425	5,179,393
The City Bank Limited	VIP Road	Current Deposit	BDT	1,949,966	2,357,370
Trust Bank Limited- (BISCO)	CDA Avenue	Current Deposit	BDT	2,095,904	63,976
United Commercial Bank Limited	Jubilee Road	Current Deposit	BDT	2,162	7,236,776
United Commercial Bank Limited- (BISCO)	Jubilee Road	Current Deposit	BDT	290	2,422
Uttara Bank Limited	Agrabad	Current Deposit	BDT	33,834	38,277
HSBC- Dividend	Agrabad	Current Deposit	BDT	7,246,775	1,511,192
SBAC Bank Limited	Agrabad	Current Deposit	BDT	1,258	59,578
Mutual Trust Bank Limited	CDA Avenue	Current Deposit	BDT	595,524	77,798
NRB Bank Limited	Agrabad	Current Deposit	BDT	63	448,430
EXIM Bank Limited	Jubilee Road	Current Deposit	BDT	3,991,353	3,445,650
First Security Islami Bank Limited	Sadarghat	Current Deposit	BDT	2,039,649	3,211,788
Standard Bank Limited	Agrabad	Current Deposit	BDT	6,724	54,254
Rupali Bank Limited	Corporate Branch	Current Deposit	BDT	86,970	23,038
Sonali Bank Limited	Laldighi	Current Deposit	BDT	7,449	8,139
HSBC	Agrabad	Current Deposit	USD	33,642	33,642
NCC Bank Limited	Agrabad	Current Deposit	USD	98,536,640	172,173,556
Eastern Bank Limited	Agrabad	Escrow	USD	27,112,320	116,186,600
Meghna Bank Limited	Agrabad	Current Deposit	BDT	10,555	48,111
NCC Bank Limited	Barayarhat	Current Deposit	BDT	33,744	106,629
Janata Bank Limited	Laldighi East	Current Deposit	BDT	2,194	7,594
Modhumoti Bank Limited	Agrabad	Current Deposit	BDT	69,277	3,965
The City Bank Limited	Agrabad	Current Deposit	USD	609,755,653	29,961,801
AB Bank Limited	Agrabad	Current Deposit	USD	88,273,438	93,697,256
				933,553,946	507,531,526

All bank balances are reconciled with bank statements and negative balances shown in the bank book represent book overdraft.



30 June 2020	30 June 2019
Taka	Taka

14.03 Fixed Deposit Receipts:

Name of banks	Purpose	Period	Rate of interest		
AB Bank Ltd	L/C Margin	3 months	8%	-	1,000,000
Agrani Bank Ltd.	L/C Margin	3 months	5.75%	7,117,878	-
Al-Arafah Islami Bank Ltd.	L/C Margin	3 months	5%	18,280,670	1,350,276
Bank Asia Limited	L/C Margin	3 months	5-5.25%	86,443,727	11,187,561
Dutch Bangla Bank Limited	L/C Margin	3 months	5.00%	58,217,364	65,626,095
Dhaka Bank Limited	L/C Margin	3 months	4.00%	8,063,784	61,433,343
IFIC Bank Limited	L/C Margin	3 months	5-6.50%	48,985,781	8,949,932
Jamuna Bank Limited	L/C Margin	3 months	8.0%	23,378,215	34,411,921
Meghna Bank Ltd.	L/C Margin	3 months	6.00%	12,500,000	-
Mercantile Bank Limited	BG & L/C Margin	3 months	5.00%	70,137,815	53,662,779
NCC Bank Limited	L/C Margin	3 months	5.00%	95,636,795	49,743,711
National Bank Limited	L/C Margin	3 months	9.00%	-	5,805,083
One Bank Ltd.	L/C Margin	3 months	6.00%	13,000,000	-
Shahjalal Islami Bank Ltd	L/C Margin	3 months	6.50%	26,462,025	13,636,823
Trust Bank Limited	L/C Margin	3 months	4.50-5.50%	11,672,779	19,002,400
The City Bank Limited	L/C Margin	3 months	3.50-4.50%	-	9,640,471
United Commercial Bank Ltd.	L/C Margin	3 months	4.75%	10,615,449	55,611,250
Uttara Bank Limited	L/C Margin	3 months	5.00%	22,460,888	10,508,000
				512,973,171	401,569,644

15.00 Share Capital:**15.01 Authorized capital:**

475,000,000 Ordinary shares @ Tk. 10 each	4,750,000,000	4,750,000,000
25,000,000 Preference Shares @ Tk. 10 each	250,000,000	250,000,000
	5,000,000,000	5,000,000,000

15.02 Issued, subscribed and paid-up capital:

145,000,000 Ordinary shares @ Tk. 10 each	1,450,000,000	1,450,000,000
104,500,000 Ordinary shares @ Tk. 10 each fully paid-up for consideration other than cash	1,045,000,000	1,045,000,000
21,750,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year 2009)	217,500,000	217,500,000
54,250,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year ended 2010)	542,500,000	542,500,000
16,275,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year ended 2012)	162,750,000	162,750,000
34,177,500 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year ended 2018)	341,775,000	341,775,000
	3,759,525,000	3,759,525,000

15.03 Classification of shares by holding:**Class by number of shares**

	No. of Holders	No. of Shares	Holding (%)
Less than 500	4,072	620,443	0.17%
From 501 to 5000	5,373	8,278,101	2.20%
From 5,001 to 10,000	544	3,794,882	1.01%
From 10,001 to 20,000	303	4,144,246	1.10%
From 20,001 to 30,000	89	2,225,870	0.59%
From 30,001 to 40,000	43	1,487,645	0.40%
From 40,001 to 50,000	38	1,710,919	0.46%
From 50,001 to 100,000	80	5,424,932	1.44%
From 100,001 to 1,000,000	91	25,187,695	6.70%
From 10,000,001 to above	35	323,077,767	85.94%
	10,668	375,952,500	100%



		30 June 2020	30 June 2019
		Taka	Taka
		30 June 2020	30 June 2019
15.04	<u>Shareholding Position:</u>		
	<u>Name of shareholders:</u>		
	Sponsor Shareholders	16.85% 63,351,172	16.85% 63,351,172
	Foreign Shareholders	0.29% 1,092,628	0.28% 1,092,628
	Other Shareholders (Related Parties)	53.68% 201,804,671	53.68% 201,804,671
	Other Shareholders (General)	29.18% 109,704,029	29.19% 109,704,029
		100% 375,952,500	100% 375,952,500
16.00	<u>Long term loans:</u>		
	Prime Bank Limited	16.04 48,576,459	66,636,551
	Eastern Bank Limited- Syndicate term loan	16.05 5,988,875,392	5,980,445,672
	IDLC Finance Limited	16.06 148,065,699	204,983,142
	Standard Chartered Bank - Syndicate term loan	16.07 3,342,797,850	4,179,998,514
	Redeemable Zero Coupon Bond	16.10 311,446,861	578,954,414
	Midas Finance Limited	- 350,972,222	
		9,839,762,261	11,361,990,515
16.01	<u>Long term loans-Maturity analysis</u>		
	Due within one year-Current portion	16.02 2,249,335,011	2,294,041,868
	Due after more than one year-Non-current portion	16.03 7,590,427,251	9,067,948,647
		9,839,762,261	11,361,990,515
16.02	<u>Long term loans - Current portion</u>		
	Prime Bank Limited	21,904,574	24,094,548
	IDLC Finance Limited	64,854,704	80,287,560
	Eastern Bank Limited- Syndicate term loan	1,015,128,872	423,733,125
	Standard Chartered Bank -Syndicate term loan	836,000,000	836,000,000
	Redeemable Zero Coupon Bond	311,446,861	578,954,414
	Midas Finance Limited	- 350,972,222	
		2,249,335,011	2,294,041,868
16.03	<u>Long term loans - Non-current portion</u>		
	Prime Bank Limited	26,671,885	42,542,003
	Eastern Bank Limited- Syndicate term loan	4,973,746,519	5,556,712,548
	Standard Chartered Bank -Syndicate term loan	2,506,797,850	3,343,998,514
	IDLC Finance Limited	83,210,996	124,695,582
		7,590,427,251	9,067,948,647



16.04 Terms of Prime Bank Limited

Total loan facilities: Tk. 15,845,433.24

Interest rate:

Interest rate is 9.75% per annum.

Disbursement:

The full disbursement was made on May 29, 2017.

Repayments

The loan is repayable in equal monthly installment starting from June 25, 2017 and each month thereafter for 5 years.

Securities:

Izarah agreement for Capital Machinery/Equipment and 01 (one) post-dated cheque covering total value of Izara facility and 6 (six) nos of post-dated cheque covering each installment for total value of Izarah.

Purpose:

To pay expenditures of construction work of storage shed, storage bed and floor development at Khulna warehouse.

16.05 Eastern Bank Limited- Syndicated term loan

Lenders:

The company entered into a separate syndicated loan agreement for the BMRE on 03 April 2017 with Eastern Bank Limited, the lead arranger and 4 (four) other Banks and 2 (two) Financial Institutions.

Total loan facilities: Tk. 426.500 crore.

Total loan facilities: USD. 2.500 crore.

Interest rate:BDT

Interest rate is 8.25%-8.5% per annum calculated on quarterly basis and variable depending on the situation of money market.

Interest rate:USD

Interest rate is 6 months LIBOR+ 3.75% per annum calculated on quarterly basis and variable depending on the situation of money market.

Disbursement:

The first disbursement was made on 19 June 2018.

Repayments:

This term loan is repayable in 20(twenty) equal quarterly installments commencing from the end of 15th month of the first draw down date.

Securities:

- i. Registered Mortgage over the project land measuring 9.6 acres and all civil construction thereon supported by registered General power of Attorney.
- ii. Fixed and floating charge over machinery, plant and equipment.
- iii. Lien on shares of BSRM Steels Limited(owned by directors / shareholders value of which will be 110% of equivalent fair value of the project land measuring 12.4 acres that can not be mortgaged due to regulatory restrictions.
- iv. Corporate guarantee of the sister concerns of H. Akberali & Co. Limited.
- v. Implementation guarantee from the Sponsors.
- vi. Demand promissory note from the company.

Purpose:

To import required plant and machinery for installation of Billet Manufacturing Unit and to meet up cost of land development, building and civil construction, fabrication works.



16.06 Terms of IDLC Finance Limited

Total loan facilities: Tk. 300,000,000

Interest rate:

Interest rate is 9.50% per annum.

Disbursement:

The full disbursement was made on July 24, 2017.

Repayments

The loan is repayable in equal monthly installment starting from August 24, 2017 and each month thereafter for 5 years.

Securities:

- i. Personal Guarantee
- ii. Post dated cheque covering the entire principal amount
- iii. Corporate guarantee of H. Akberali & Co. Ltd.

Purpose:

To meet expense for industrial land development for the under implementation melting mill, civil and electrical works and repair and maintenance of machinery.

16.07 Standard Chartered Bank - Syndicated term loan

Lenders:

The company entered into a separate syndicated loan agreement for Balance Sheet re-alignment through converting its short term loan into term loan on 21 March 2019 with Standard Chartered Bank, the lead arranger and 5 (five) other Banks.

Total loan facilities: Tk. 700.00 crore.

Interest rate :

Interest rate is 9.95%-11.50% per annum calculated on quarterly basis and variable depending on the situation of money market.

Disbursement:

The first disbursement of BDT 418 Crore was made on 09 April 2019.

Repayments:

Entire outstanding including the accrued interest thereon shall be repaid by 20 (twenty) equal quarterly installments starting from the immediate next quarter end of First Disbursement. Any short fall, if any must be repaid with the last installment.

Securities:

- i 1st ranking pari passu charge on plant and machinery and all fixed assets of the company.
- ii Personal guarantee of all the directors of the company.
- iii Corporate Guarantee of 1. H. Akberali Co. Ltd and 2. BSRM Wires Limited.
- iv Other charge documents as per opinion of lenders common counsel and standard practice.

Purpose:

Balance sheet re-alignment through converting its short term loan into term loan amounting Tk. 700 crore under syndication finance being arranged by Standard Chartered Bank.



16.10 Redeemable Zero Coupon Bond

	2020	2019
	Taka	Taka
Opening Balance	578,954,414	1,102,540,010
Add: Interest charged	38,813,469	89,056,448
Less: Interest payment	(84,961,310)	(91,705,840)
Less: Principal payment	(221,359,712)	(520,936,204)
Carrying amount	311,446,861	578,954,414

16.10.01 Details of the Zero coupon bond

The company obtained consent from Bangladesh Securities and Exchange Commission (BSEC) vide consent letter reference: BSEC/CI/2015 dated on 28 Dec 2015 for issuing 2,450,592 nos. of redeemable zero coupon bond of TK. 1,000 each to institutional investors through private placement.

Tenure:

From 6th month and upto 4 years from the issue date (TBD).

Purpose:

Capital expenditure, refinance and equity investment in power project of the group under the name 'Chittagong Power Company Limited'.

Subscription and issue:

Total 2,450,568 nos. of bonds were subscribed on 25 April 2016 and 16 May 2016 for Taka 1,999,981,083 and were issued accordingly on those days.

Discount rate:

The discount rate is 9.5% per year and interest is payable half-yearly.

Listing:

Unlisted.

Transferability

Freely transferable subject to the terms and condition of term documents.

Redemption:

In equal instalment starting from the end of the 6th month from the issue date and each 6 month thereafter till expiry (4 years).

Securities:

Unsecured



	2020	2019			
	Taka	Taka			
17.00 <u>Defined benefit obligations - Gratuity</u>					
Balance as at 01 July, 2019	164,439,863	136,970,002			
Add: Current service cost	47,070,412	-			
Add: Past service cost- Plan amendments	-	43,818,663			
Less: Payment made during the year	(13,963,388)	(16,348,802)			
Actuarial loss	2,023,115	-			
Closing plan liability as per actuary	<u>199,570,002</u>	<u>164,439,863</u>			
18.00 <u>Deferred Tax Liabilities</u>					
Opening balance	1,790,395,047	1,157,754,016			
<u>Provided during the year</u>					
Investments in associates	30,358,300	59,594,607			
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	271,807,408	78,693,941			
Deferred tax on Revaluation Surplus (Land)	-	266,347,024			
Deferred tax on revalued portion of Associate	-	239,418,431			
Deferred tax on ROU Asset	32,874,267	-			
Provision for Gratuity	(8,276,756)	(6,867,465)			
Deferred tax on Actuarial gain/(loss) on defined benefit plans-Gratuity	(505,779)	-			
Total	326,257,440	637,186,538			
<u>Adjusted during the year</u>					
Impact of depreciation on revaluation surplus	(4,318,231)	(4,545,506)			
Total	(4,318,231)	(4,545,506)			
Closing Balance	<u>2,112,334,257</u>	<u>1,790,395,047</u>			
18.01 <u>Reconciliation of deferred tax liabilities/ (assets)</u>					
	Carrying amount	Tax base	Tax rate	Taxable/ (Deductible) temporary	Deferred tax liabilities/ (assets)
	Taka	Taka	%	Taka	Taka
Property, plant and equipment (except land)	14,223,603,785	8,539,397,780	25%	5,684,206,005	1,421,051,501
ROU Asset	131,497,069	-	25%	131,497,069	32,874,267
Provision for Gratuity	(197,546,887)	-	25%	(197,546,887)	(49,386,722)
Actuarial gain/(loss)	(2,023,115)	-	25%	(2,023,115)	(505,779)
Liability on Revaluation Surplus	9,653,628,355	1,700,722,414	3-4%	7,952,905,941	266,347,024
Investment in associates	2,012,677,667	1,000,000,000	20%	1,012,677,667	202,535,533
Revalued portion of Associate	1,596,122,876	-	15%	1,596,122,876	239,418,431
Total deferred tax liabilities					<u>2,112,334,257</u>
19.00 <u>Trade Payables</u>					
BSRM Steel Re-Rolling Mills Limited				3,351,546	1,941,826
BSRM Logistics Limited				13,313,989	16,913,514
BSRM Steel Mills Limited				(21,554,670)	3,266,714,210
BSRM Recycling Industries Limited				-	800,000
BSRM Ispat Limited				266,950	266,950
Chittagong Power Company Limited				125,685	-
Others				143,304,041	74,973,852
				<u>138,807,541</u>	<u>3,361,610,352</u>



		2020	2019
		Taka	Taka
20.00	Short Term Loans		
	Loan against trust receipts (LATR)	84,917,794	233,185,527
	Time loans	1,834,362,100	2,508,422,988
	Demand loan	7,098,405,122	7,295,509,964
	Bank overdraft and cash credit	2,510,033,464	2,272,345,148
	Factoring Loan against sales invoice	-	22,952,689
	Liability for accepted bills for payment	15,120,846,455	8,125,003,744
		26,648,564,936	20,457,420,060
20.01	Loan Against Trust Receipts (LATR)		
	Prime Bank Limited	60,863,539	188,015,147
	Pubali Bank Limited	24,054,255	33,721,328
	Uttara Bank Limited	-	11,449,052
		84,917,794	233,185,527
20.02	Time Loans		
	Bank Asia Limited	500,426	-
	Dhaka Bank Limited	-	101,649,171
	IPDC Limited	512,194,445	697,248,611
	Jamuna Bank Limited	283,039,355	735,705,556
	Midland Bank Limited	-	261,597,222
	NRB Bank Limited	208,696,570	-
	Prime Bank Limited	468,769,048	333,125,507
	Shahjalal Islami Bank Limited	-	69,180,253
	Shimanto Bank Limited	151,791,667	-
	The Trust Bank Limited	209,370,589	309,916,667
		1,834,362,100	2,508,422,988
20.03	Demand Loans		
	Bank Asia Limited	112,613	-
	BRAC Bank Limited	503,750,000	502,243,886
	Commercial Bank of Ceylon plc	753,937,346	1,009,111,111
	Eastern Bank Limited	2,198,856,238	1,427,100,000
	HSBC	188,433,000	120,000,000
	Islami Bank Bangladesh Limited	20,843,865	-
	National Credit and Commerce Bank Limited	403,000,575	299,438,962
	Standard Chartered Bank	835,293,747	1,397,221,376
	The City Bank Limited	-	1,029,217,546
	United Commercial Bank Limited	129,054,613	-
	Uttara Bank Limited	2,065,123,125	1,511,177,083
		7,098,405,122	7,295,509,964



	2020	2019
	Taka	Taka
20.04 Bank overdraft and Cash Credit		
AB Bank Limited- OD	(4,278,398)	369,303
Agrani Bank Limited-CC	24,741,050	157,754,371
Bank Al Falah Limited- OD	486,444,170	345,042,085
Basic Bank Limited- OD	279,053,807	306,144,161
BRAC Bank Limited- OD	(2,155,489)	50,650,190
BRAC Bank Limited- OD	(66,922)	(19,252)
Dhaka Bank Limited- OD	20,845,800	52,054,260
Dutch Bangla Bank Limited- OD	-	168,242,491
Dutch Bangla Bank Limited- OD	48,879,161	-
Janata Bank Limited-CC	27,910,410	47,932,452
National Credit and Commerce Bank Limited- CC	303,318,326	57,483,515
Premier Bank Limited- SOD	34,979	1,675,234
Premier Bank Limited- CC	13,602,166	19,544,298
Pubali Bank Limited- OD	9,267	86,260
Rupali Bank Limited-CC	705,094,419	890,498,532
Standard Bank Limited-CC	13,522,642	(3,969,826)
South Bangla Agriculture & Commerce Bank Limited- SOD	412,095,712	17,052,017
State Bank of India- CC	137,918,837	137,862,085
Uttara Bank Limited- CC	43,063,527	23,942,973
	2,510,033,464	2,272,345,148
20.05 Liability for accepted bills for payment (ABP)		
Agrani Bank Limited	130,220,386	-
Al-Arafah Islami Bank Limited	315,188,946	29,147,673
Bank Al-Falah Limited	27,763,163	5,400,397
Bank Asia Limited	810,025,388	640,908,086
BRAC Bank Limited	348,441,114	337,703,766
Commercial Bank of Ceylon	187,134,777	171,145,265
City Bank Limited	1,196,440,851	1,423,737,788
Dhaka Bank Limited	908,936,571	1,084,830,113
Dutch Bangla Bank Limited	828,253,837	322,510,652
Eastern Bank Limited	798,867,438	546,807,336
HSBC	738,153,030	336,272,055
IFIC Bank Limited	1,978,037,829	-
Islami Bank Bangladesh Limited	-	65,098,556
Jamuna Bank Limited	396,261,605	241,476,885
Mercantile Bank Limited	627,200,077	147,688,213
National Bank Limited	-	71,993,585
NCC Bank Limited	656,236,284	197,502,491
One Bank Limited	614,212,838	26,646,931
Premier Bank Limited	7,261,411	-
Prime Bank Limited	309,122,047	956,467,139
Pubali Bank Limited	1,370,073,977	198,835,382
Rupali Bank Limited	384,615,054	332,857,108
Shahjalal Islami Bank Limited	519,317,195	-
Standard Chartered Bank	329,519,302	175,602,225
Trust Bank Limited	141,696,661	13,264,723
United Commercial Bank Limited	1,227,035,541	518,115,988
Uttara Bank Limited	270,831,134	280,991,387
	15,120,846,455	8,125,003,744



	2020	2019
	Taka	Taka
21.00 Due to related companies		
Bangladesh Steel Re-Rolling Mills Limited	822,902,651	-
BSRM Steel Mills Limited	-	4,924,790,194
	822,902,651	4,924,790,194

These balances represent short term financial arrangement availed from related companies as and when required to meet working capital and interest were charged on outstanding balances. All transactions were made through account payee

22.00 Liabilities for expenses		
Advertisement expenses	1,272,799	69,946,485
Carrying expenses	411,874,394	253,410,147
Consultancy fees	-	981,150
Domiciliary expenses	1,672,922	2,126,423
Liability against supply of goods/services	184,158,395	103,026,641
Liability against fixed asset	21,620,089	101,488,932
Liability for duty drawback	425,456,343	425,456,343
Printing and Stationeries	14,628,643	1,871,564
Sales promotion expenses	2,389,092	13,439,151
Travelling expenses	726,953	1,035,091
	1,063,799,629	972,781,927

23.00 Provision for income tax		
Opening balance	732,845,493	957,113,965
Add: Provision during the year	756,665,322	478,712,202
Less: Adjusted with advance income tax paid at source	(519,439,020)	(702,980,674)
Closing Balance	970,071,795	732,845,493

23.01 Computation of Income Tax

A. Total Taxable Income	863,353,411	1,883,448,599
Tax Rate	25%	25%
Tax on Total Taxable Income	215,838,353	470,862,150
Tax Rebate on CSR Activities	(2,838,919)	(409,320)
Tax Payable on Total Taxable Income	212,999,434	470,452,830
B. Minimum Tax Payable U/S-82C(4)		
Gross Receipts during the year	38,761,773,867	62,090,381,801
Tax Rate	0.60%	0.60%
Minimum Tax u/s 82C(4) of ITO 1984	232,570,643	372,542,291



		2020 Taka	2019 Taka
C. Minimum Tax U/S-82C(2)			
Tax deducted at Source under Section 52		352,282,426	432,162,288
Tax deducted at Source under Section 53		404,797,434	-
Tax deducted at Source under Section 53BBBB		24,451,919	-
Minimum Tax u/s 82C(2) of ITO 1984		781,531,779	432,162,288
Gross Tax Liability (Higher of A, B and C) under section 82C(5)		781,531,779	470,452,830
Add/ (Less): Previous year tax adjustment		(24,866,457)	8,259,372
Total Current tax		756,665,322	478,712,202
23.02 Reconciliation of effective tax rate			
	30 June 2020 %	30 June 2019 %	
Profit before tax			BDT
			1,825,705,164
Current tax expense	41.45%	20.47%	756,665,322
Deferred tax expense	17.90%	5.62%	326,763,219
Total tax expense	59.34%	26.09%	1,083,428,541
Minimum Tax under section 82C(5)	42.81%	20.12%	781,531,779
Prior year adjustment	-1.36%	0.35%	(24,866,457)
Effective Current Tax	41.45%	20.47%	756,665,322
Effective Deferred Tax	17.90%	5.62%	326,763,219
	59.34%	26.09%	1,083,428,541
24.00 Provision for WPPF and Welfare Fund			
Opening balance		107,383,636	109,253,966
Add: Provided during the year	24.01	88,100,719	107,383,636
Less: Paid during the year		(107,383,636)	(109,253,966)
Closing Balance		88,100,719	107,383,636
24.01 Provision made during the year for WPPF and Welfare Fund			
Profit before tax and WPPF and Welfare Fund		1,762,014,381	2,147,672,716
Cash dividend received from investment in associates		-	-
Profit applicable for WPPF and Welfare Fund		1,762,014,381	2,147,672,716
Contribution to WPPF and Welfare Fund at 5%		88,100,719	107,383,636
25.00 Other liabilities			
Security deposit		29,900,146	29,300,146
Income Tax Deducted at Source		162,515	87,405
VAT Deducted at source		658,723	5,208,224
Earnest/Retention money		76,470,220	100,102,126
Liability against fractional bonus share		-	1,163,929
Unclaimed dividend		24,873,805	17,966,793
Liability against share application money		7,581,814	7,581,814
Interest payable		306,071,994	127,896,570
Audit Fees		585,000	598,500
Brokerage and commission		18,980,965	-
C & F Bill		1,339,286	3,836,547
Gas bill payable		15,222,914	21,621,646
Rent payables		2,491,023	512,962



		2020	2019
		Taka	Taka
Salary and Allowances		5,172,347	8,472,540
Utility		2,706,493	-
Others		4,878,633	3,240,061
Provision for doubtful debts		621,777	621,777
Blocked Account	25.01	263,775,975	-
Provident fund		3,096,600	3,253,943
		764,590,228	331,464,982

25.01 **Blocked Account**

Agrani Bank Limited	24,625,000	-
Bank Asia Limited	6,414,512	-
BASIC Bank Limited	3,639,706	-
Commercial Bank of Ceylon	13,873,348	-
BRAC Bank Limited	7,625,000	-
Dhaka Bank Limited	4,627,823	-
Eastern Bank Limited	45,337,457	-
HSBC	567,000	-
Jamuna Bank Limited	11,341,419	-
Janata Bank Limited	353,046	-
Meghna Bank Limited	3,623,653	-
Modhumoti Bank Limited	6,156,250	-
Mutual Trust Bank Limited	1,973,288	-
NCC Bank Limited	6,718,919	-
NRB Bank Limited	1,963,680	-
One Bank Limited	9,029,229	-
Prime Bank Limited	16,041,777	-
Pubali Bank Limited	6,478,565	-
Rupali Bank Limited	6,649,810	-
SABINCO	7,487,287	-
Shahjalal Islami Bank Limited	70,575	-
South Bangla Agriculture Bank	6,489,128	-
Standard Chartered Bank	21,322,057	-
The City Bank Limited	5,432,633	-
Trust Bank Limited	11,541,633	-
United Commercial Bank Limited	1,000,125	-
Uttara Bank Limited	33,393,056	-
	263,775,975	-

As per BRPD Circular No. 11, the company has transferred interest on Loans and Borrowings from 01 April 2020 to 31 May 2020 to Blocked Account.

26.00 **Contract liabilities**

Advance against sales	453,947,703	705,843,107
Total contract liabilities	453,947,703	705,843,107



	2020	2019
	Taka	Taka
27.00 <u>Revenue from contracts with customers</u>		
Local sales	37,532,598,841	55,985,591,031
Export sales	1,148,778,383	5,074,560,982
	<u>38,681,377,223</u>	<u>61,060,152,014</u>

Total export sales for the period was USD 13,554,402 against export of 20,679 MT of goods.

27.01 Set out below is the disaggregation of BSRM Steels Limited's revenue from contracts with customers:

Segments	June 30, 2020	June 30, 2019
Type of goods		
Xtreme 500W	32,143,977,551	38,994,049,134
Ultima 420D	5,438,713,355	7,959,144,101
Maxima 500	338,869,084	395,229,026
M.S. Billet	173,699,058	12,642,666,064
Others	586,118,177	1,069,063,689
Total revenue from contracts with customers	<u>38,681,377,223</u>	<u>61,060,152,014</u>
Geographical Markets		
Bangladesh	38,563,640,503	60,865,639,026
India	117,736,720	194,512,988
Total revenue from contracts with customers	<u>38,681,377,223</u>	<u>61,060,152,014</u>
Timing of revenue recognition		
Goods transferred at a point in time	38,681,377,223	61,060,152,014
Services transferred over time	-	-
Total revenue from contracts with customers	<u>38,681,377,223</u>	<u>61,060,152,014</u>

27.02 Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 27.01

Year ended 30 June 2020	M.S. Rod	M.S. Billets	Total Segments	Adjustments	Total
External customers	38,508	174	38,681	-	38,681
Internal customers	-	29,871	29,871	(29,871)	-
	<u>38,508</u>	<u>30,044</u>	<u>68,552</u>	<u>(29,871)</u>	<u>38,681</u>



			<u>2020</u>	<u>2019</u>
			<u>Taka</u>	<u>Taka</u>
27.03	Contract balances	Notes	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	Trade receivables	10	7,201,242,566	9,690,140,135
	Contract assets		-	-
	Contract liabilities	26	453,947,703	705,843,107

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days

Contract assets are initially recognised for revenue earned services as receipt of consideration is conditional on successful completion of service. Upon completion of service and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities includes short-term advances received to deliver M.S. Rod to the customers.

27.04 Performance Obligations

Information about the BSRM Steels Limited's performance obligation is summarised below:

M.S. Rod

The performance obligation is satisfied upon delivery of the M.S. Rod to the customers and payment is generally due within 30 to 60 days of delivery.

The performance obligation to deliver M.S. Rod has two alternative payment options. The customer can pay the transaction price equal to the cash selling price in advance or allowed a credit period of 30 to 60 days.

M.S. Billet

The performance obligation is satisfied upon delivery of the M.S. Billet to the customers and payment is received from the customer immediately.

28.00 Cost of sales

Cost of sales-Billet	28.01	556,762,257	12,231,344,010
Cost of sales-MS Rod	28.02	32,930,701,603	43,361,915,165
Cost of sales- Finished goods procured from outside	28.03	21,374,271	414,978,926
		<u>33,508,838,131</u>	<u>56,008,238,101</u>



		2020	2019
		Taka	Taka
28.01 Cost of sales- Billet			
Opening stock of scrap		4,238,217,992	3,074,906,084
Add: Purchase during the year		22,196,165,311	12,554,035,770
Less: Closing stock of scrap		(5,619,303,904)	(4,238,217,992)
Raw materials consumption-Scrap		20,815,079,399	11,390,723,862
Opening stock of Direct Consumable		197,668,294	144,465,091
Add: Purchase during the year		767,080,265	731,158,155
Less: Closing stock of Direct Consumable		(50,957,453)	(197,668,294)
Direct Consumable Consumption		913,791,106	677,954,952
Add: Factory overhead	28.04	5,984,085,824	3,074,125,382
Cost of Billet Manufactured		27,712,956,330	15,142,804,196
Add: Opening stock of Billet FG		700,942,958	92,565,314
Less: Closing stock of Billet FG		(787,946,141)	(700,942,958)
Transfer to Rolling Mills		(27,069,190,889)	(2,303,082,542)
Cost of sales -Billet		556,762,257	12,231,344,010
 28.02 Cost of sales- MS Rod			
Opening stock of raw materials-Billet		2,153,871,330	4,136,043,212
Add: Purchase during the year		2,475,079,879	37,826,534,906
Transfer from Melting Shop		27,069,190,889	2,303,082,542
Less: Closing stock of raw materials-Billet		(785,939,633)	(2,153,871,330)
Raw materials consumed-Billet		30,912,202,465	42,111,789,330
Add: Factory overhead	28.04	1,700,278,553	1,828,550,576
Cost of Goods Manufactured		32,612,481,018	43,940,339,906
Add: Opening stock of finished goods		5,604,652,413	5,090,273,226
Less: Issuance for Project/Repair		(9,078,575)	(64,045,554)
Less: Closing stock of finished goods		(5,277,353,254)	(5,604,652,413)
Cost of sales -own production		32,930,701,603	43,361,915,165
 28.03 Cost of sales- finished goods procured from outside			
Opening stock of finished goods		31,360,460	97,967,052
Add: Finished goods purchased from outside		14,427,357	463,348,130
		45,787,817	561,315,182
Less: Issuance for Project/Repair		(19,741,472)	(114,975,796)
Less: Closing stock of finished goods		(4,672,074)	(31,360,460)
Cost of sales- finished goods procured from outside		21,374,271	414,978,926



28.04 Factory Overheads:

		2020	2019
		Taka	Taka
Car allowance		6,899,096	5,401,671
Carrying charges-Finished goods		43,262,363	27,523,566
Carrying charges-Raw materials		358,125,922	379,947,038
Consulting fees		2,898,606	1,720,169
Conveyance expenses		30,417,238	15,918,535
Depreciation	4.00	909,511,439	574,831,699
Depreciation of ROU Asset	5.00	52,695,618	-
Electrical store consumption		64,548,871	85,623,004
Entertainment		7,852,619	4,033,445
Fees and renewals		822,694	655,487
Fuel and Lubricants		233,978,761	99,368,306
Gas		233,603,224	190,664,074
General store consumed		12,133,684	11,734,027
Gratuity		32,872,257	28,132,396
Guest house expenses		3,666,941	4,536,126
Guest house rent		6,113,812	2,585,928
Insurance expenses		20,396,404	7,715,143
Land revenue- holding tax		270,000	-
Management fees		-	25,358,593
Mechanical store consumption		391,185,775	285,841,695
Medical expenses		2,952,664	3,465,412
Motor car expenses		111,217	116,399
Other store consumption		749,256,156	425,681,043
Overtime		13,632,447	14,550,791
Paper and periodical		10,002	10,940
Postage and telegram		48,155	80,645
Power		3,787,356,250	2,147,892,571
Printing and stationery		8,387,212	6,716,622
Rental expenses		-	29,223,081
Repairs and Maintenance		34,892,801	34,779,744
Salaries and allowances		529,382,023	394,323,493
Testing charges		185,060	91,752
Travelling expenses		4,437,622	10,660,412
Utility expenses		9,615,279	11,386,078
Wages		132,842,168	72,106,075
		<u>7,684,364,377</u>	<u>4,902,675,958</u>



		2020	2019
		Taka	Taka
29.00	<u>Selling and distribution expenses</u>		
	Advertisement	200,963,243	226,363,831
	Bad debts	-	15,233
	Brokerage and commission	286,452,417	200,662,438
	Car allowance	5,843,427	2,994,721
	Carriage on sales	268,599,274	400,864,420
	Conveyance expenses	4,212,234	4,396,667
	Depreciation	4.00 33,940,777	26,207,986
	Depreciation of ROU Asset	5.00 5,878,535	-
	Electricity expenses-Depot	4,365,841	4,509,858
	Entertainment	19,312,172	44,451,946
	Export charges	2,368,990	8,618,913
	Fees and renewals	2,681,661	1,693,520
	Generator rent & fuel	45,704	145,713
	Gratuity expenses	4,822,696	4,824,014
	Internet expenses	681,037	768,854
	Medical expenses	1,047,220	465,441
	Motor cycle allowance	2,834,159	4,963,622
	Paper and periodicals	57,974	77,689
	Printing charges	7,799,601	6,209,607
	Repair and maintenance	819,149	1,413,114
	Royalty expenses	29.01 83,912,019	92,585,076
	Salaries and allowances	112,786,019	124,194,602
	Sales promotion expenses	44,619,749	53,081,126
	Stationery expenses	341,667	431,490
	Testing charges	6,066,285	1,471,865
	Travelling expenses	11,513,250	9,503,670
	Warehouse rent	-	6,189,275
		1,111,965,100	1,227,104,692

- 29.01 The trademark 'Xtreme 500W' has been registered in the name of 'H. Akberali & Co. Limited' (HACL) from the department of Patents, Designs and Trademark of Government of Bangladesh under section 20(2) of the Trademark Act 2009. The company is paying royalty to HACL @ Tk. 150 per MT on its sold quantity from 01 January 2015 according to Trademark License Agreement between the Company and HACL effective from the aforesaid date.



		2020	2019
		Taka	Taka
30.00	Administrative Expenses:		
	Advertisement Expenses	814,960	1,359,780
	Amortization of Intangible asset	6,879,378	4,943,135
	Audit fees	1,136,775	1,714,252
	Board Meeting expenses	305,500	304,750
	Car allowance	8,338,508	6,129,793
	Conveyance expenses	1,111,277	1,261,331
	CSR expenses	39,085,418	30,362,585
	Depreciation	4.00 23,028,517	23,712,827
	Depreciation of ROU Asset	5.00 11,270,476	-
	Director's remuneration	30.01 94,500,000	94,500,000
	Donation and subscriptions	299,000	449,800
	Electricity expenses	2,343,961	2,368,416
	Entertainment	7,744,603	6,364,915
	Fees and renewals	7,653,299	10,429,640
	Gratuity expenses	9,375,459	10,862,253
	Guest house rent	2,532,375	1,459,713
	Insurance expenses	73,997	47,223
	Internet expenses	1,371,106	1,397,000
	Land revenue	592,534	792,088
	Leave assistance	1,530,000	1,282,000
	Legal expenses	527,868	1,365,672
	Medical expenses	4,099,619	2,713,884
	Motor car expenses	4,888,441	4,473,316
	Motor cycle allowance	831,360	441,137
	Office rent	1,638,588	13,965,784
	Paper and Periodicals	983,521	1,310,042
	Postage expenses	333,643	287,348
	Printing expenses	912,500	1,019,141
	Professional and consulting fee	19,041,442	12,397,949
	Repair and maintenance	3,280,930	6,293,294
	Salaries and allowances	230,434,940	208,478,179
	Stationery expenses	2,335,797	4,255,850
	Telephone expenses	9,996,022	6,170,168
	Training expenses	1,426,225	3,098,231
	Travelling expenses	5,712,623	5,940,103
		506,430,664	471,951,597



	2020	2019	
	Taka	Taka	
30.01 Details of Directors' remuneration paid during the period are as follows:			
Directors' Name	Gross Remuneration	Income Tax Deducted	Net Paid
	Taka	Taka	Taka
Mr. Alihussain Akberali-Chairman	40,500,000	12,150,000	28,350,000
Mr. Aameir Alihussain-Managing Director	36,000,000	10,800,000	25,200,000
Mr. Zohair Taherali-Director	11,400,000	3,420,000	7,980,000
Mrs. Tehseen Zohair Taherali- Director	6,600,000	1,980,000	4,620,000
	94,500,000	28,350,000	66,150,000
31.00 <u>Other Operating Income</u>			
Gain/(loss) on sale of non-current assets		1,800,607	891,742
Miscellaneous income		16,267,674	14,949,151
Other Income PF Forfeiture		888,881	-
Other miscellaneous income		49,000	354,457
		19,006,162	16,195,350
32.00 <u>Finance Costs:</u>			
Interest on OD, cash credit		234,187,891	221,061,895
Interest on Syndicate loan		907,282,056	172,806,823
Interest on LATR		19,597,029	48,484,510
Interest on Demand and Time loan		1,271,396,551	1,344,022,125
Interest on Term loan		41,421,668	85,065,635
Interest expense on lease liability		15,088,621	-
Bank charges & others		44,067,528	10,902,857
Bank Guarantee Commission		377,218	4,969,414
Interest on redeemable zero coupon bond		38,813,469	89,056,448
Agency fees		2,165,000	26,909,333
Foreign exchange loss on translation		20,404,873	10,902,130
Interest on balance due from inter companies		(722,276,313)	(732,114,597)
		1,872,525,590	1,282,066,574
33.00 <u>Finance income</u>			
Foreign currency exchange gain/(loss)	33.01	836,838	44,471,398
Interest on trade debtors		11,528,032	11,798,561
Interest income from FDR		49,025,611	4,416,356
		61,390,481	60,686,315
33.01 <u>Foreign currency exchange gain/(loss)</u>			
Realized foreign currency transaction gain/(loss)		836,838	44,471,398
		836,838	44,471,398



	2020	2019
	Taka	Taka
34.00 <u>Share of profit/(loss) of associate (Net of tax)</u>		
Net profit/(loss) attributable to the shareholders of associate	598,719,417	1,175,311,103
Percentage of holding	25.35%	25.35%
Net profit/(loss) attributable to BSRM Steels Ltd.	<u>151,791,502</u>	<u>297,973,028</u>
35.00 <u>Earnings per share</u>		
Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	742,276,623	1,728,128,823
Number of ordinary shares at the year end	375,952,500	375,952,500
Weighted Average number of shares outstanding during the year	375,952,500	375,952,500
Basic earnings per share (EPS)	<u>1.97</u>	<u>4.60</u>
Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding on the reporting date as per IAS-33: Earnings Per Share. No diluted EPS was required to be calculated for the year since there was no scope for dilution.		
36.00 <u>Net Asset Value Per Share (NAV)</u>		
Total Assets	64,608,051,638	65,808,184,796
Less: Total Liabilities	(43,239,513,474)	(44,910,965,177)
Net Asset Value (NAV)	<u>21,368,538,163</u>	<u>20,897,219,619</u>
Number of ordinary shares outstanding during the period	375,952,500	375,952,500
Net Assets Value (NAV) per share	<u>56.84</u>	<u>55.58</u>
37.00 <u>Net operating cash flow per share</u>		
Net operating cash flows (From statement of Cash Flows)	<u>2,185,516,183</u>	<u>(4,671,878,807)</u>
Number of ordinary shares outstanding during the period	<u>375,952,500</u>	<u>375,952,500</u>
Net operating cash flow per share	<u>5.81</u>	<u>(12.43)</u>



38.00 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on Arms Length Basis. The name of these related parties, nature of transactions, their total value and balances on reporting date have been set in accordance with the provisions of IAS 24.

Related parties comprise of companies under common ownership and common management control.

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2020	Mode of Transaction
Bangladesh Steel Re-Rolling Mills Limited	Shareholder	Short term loan	822,902,651	Cr.
BSRM Ispat Limited	Sister Company	Short term loan	26,821,942	Dr.
BSRM Steel Mills Limited	Associate	Short term loan	5,724,196,546	Dr.
BSRM Logistics Limited	Sister Company	Short term loan	254,586,459	Dr.
H. Akberali & Co. Limited	Sister Company	Short term loan	1,403,811,968	Dr.
Chittagong Power Company Ltd.	Sister Company	Short term loan	707,888,324	Dr.
BSRM Wires Limited	Sister Company	Short term loan	714,411,435	Dr.

38.01 Details of transactions

Name of inter companies	Opening balances	Transaction during the year (Net)	Amount owed by related parties	Amount owed to related parties
Bangladesh Steel Re-Rolling Mills Limited	6,264,184,394	Dr. (7,087,087,045)	-	(822,902,651)
BSRM Ispat Limited	-	Dr. 26,821,942	26,821,942	-
BSRM Steel Mills Limited	4,924,790,194	Cr. 10,648,986,740	5,724,196,546	-
BSRM Logistics Limited	236,888,854	Dr. 17,697,605	254,586,459	-
H. Akberali & Co. Limited	1,009,006,449	Dr. 394,805,520	1,403,811,968	-
Chittagong Power Company Limited	686,012,869	Dr. 21,875,455	707,888,324	-
BSRM Wires Limited	309,862,252	Dr. 404,549,183	714,411,435	-

These amounts are classified as Due to and Due from related companies, respectively (see Notes 11 and 21)

38.02 Key management personnel compensation

	June 30 2020	June 30 2019
	Taka	Taka
Short term benefits	94,805,500	94,804,750
	<u>94,805,500</u>	<u>94,804,750</u>

Key management personnel compensation includes benefits for employees of the rank of director and above. No post employment benefits and other long term benefits are given to the Board of Directors apart from director's remuneration and board meeting attendance fees. During the year 2020, director's remuneration and attendance fees in connection with Board meetings are BDT 94,805,500.



	June 30 2020 Taka	June 30 2019 Taka
39.00 Reconciliation of Net Income		
	June 30 2020	June 30 2019
Profit before Interest and Tax	3,573,149,490	3,369,052,974
Depreciation	1,043,204,740	629,695,646
(Increase)/Decrease in Inventories	148,282,544	(538,196,954)
(Increase)/Decrease in Trade Receivables	2,484,512,837	(3,671,270,723)
(Increase)/Decrease in Advance, Deposit & Pre-payment	356,052,526	(1,022,435,382)
Increase/(Decrease) in Trade Payables	(3,222,802,811)	(2,405,700,666)
Increase/(Decrease) in Liability for Expenses	114,343,732	549,940,330
Increase/(Decrease) in Other liabilities	433,125,246	3,688,203
Increase/(Decrease) in Provision for Gratuity	33,107,024	27,469,861
Increase/(Decrease) in Contract Liabilities	(251,895,404)	419,492,803
Increase in Provision for WPPF	(107,383,636)	(109,253,966)
Lease obligations paid	(79,368,566)	-
Cash Generated from Operations:	4,501,001,691	(2,747,517,874)
Interest Paid	(1,796,046,489)	(1,221,380,259)
Income Tax Paid	(519,439,020)	(702,980,674)
Reconciled Net Income	2,185,516,183	(4,671,878,807)
Net cash (used in)/generated by operating activities as per Direct Method	2,185,516,183	(4,671,878,807)
	2020	2019
	Taka	Taka
40.00 Contingent liabilities		
40.01 Bank guarantees		
IFIC Bank Limited	47,653,091	47,653,091
HSBC	839,979	839,979
Mercantile Bank Limited	140,725,874	140,725,874
	189,218,944	189,218,944
40.02 Claim against trade VAT by Customs, Excise & VAT authority		
Claim against trade VAT by Customs, Excise & VAT authority	23,053,915	23,053,915
	23,053,915	23,053,915

An amount of Tk. 23,053,915.27 was claimed by Customs, Excise and VAT authority, Bondor Circle, Narayanganj vide nothi no. 04/VAT/Warehouse (02)/Bondor circle/2012/207 dated 3rd November 2014 for trade VAT on sale of 115,269 MT finished goods. The company filed a writ petition no. 10833 of 2014 before the Hon'ble High Court Division of the Supreme Court of Bangladesh and the court stayed the claim. In view of above, no provision for this claim have been made in the financial statements.



40.03 Corporate guarantees

The company has a policy to extend corporate guarantees for the financial arrangements of the sister companies within the group. The guarantee is issued to sister companies without any fee or premium. In addition, there is no interest rate benefit for the borrower as a result of the said guarantee. The corporate guarantee acts as a comfort for banks in addition to the collateral security which comprises of mortgage of land, lien of shares by the sister companies. The company has provided the following guarantees at 30 June 2020:

<u>Name of sister companies</u>	2020	2019
	Taka	Taka
Bangladesh Steel Re-Rolling Mills Limited	2,250,000,000	2,250,000,000
BSRM Steel Mills Limited	10,280,000,000	10,280,000,000
Joint guarantee	14,494,600,000	14,281,700,000
	<u>27,024,600,000</u>	<u>26,811,700,000</u>

Joint guarantee includes guarantee for sister companies: Bangladesh Steel Re-Rolling Mills Limited, BSRM Steel Mills Limited, BSRM Wires Limited and H. Akberali & Co. Limited

The company has not recognized a liability in respect of the corporate guarantees as no liability is expected to arise, hence disclosed as a contingent liability where there is a present obligation but payment is not probable. The sister companies are in a strong position to settle their financial obligations with the banks and financial institutions with no history of defaulting on their respective obligations. This is further supported by their respective credit ratings which is as follows:

<u>Name of sister companies</u>	<u>Credit Rating</u>	
	2020	2019
Bangladesh Steel Re-Rolling Mills Limited	AA	AA
BSRM Steel Mills Limited	A	A
BSRM Wires Limited	BBB+	BBB+
H. Akberali & Co. Limited	A+	A

41.00 Production Capacity

Licensed Capacity (In M. Ton)- yearly	750,000	700,000
Installed Capacity (In M. Ton)- yearly	750,000	700,000
Production (In M. Ton)	643,917	758,405
Capacity utilized- (%)	85.9%	108.3%

The above mentioned production capacity represents the normal production capacity of the company only.

42.00 Employees

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	1,384	1,255
	<u>1,384</u>	<u>1,255</u>



43.00 Financial instruments- Financial risk management

International Financial Reporting Standard IFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- 43.01 Credit risk
- 43.02 Liquidity risk
- 43.03 Market risk

Risk management framework

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

43.01 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

43.01.01 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	Taka	Taka
Investments in FDRs (Short term and long term)	1,085,506,724	896,671,865
Advances, deposits and prepayments	3,620,663,887	3,976,716,412
Trade and other receivables	7,647,181,033	10,131,693,870
Due from related companies	8,831,716,675	8,505,954,818
Cash at banks	933,553,946	507,531,526
	<u>22,118,622,265</u>	<u>24,018,568,491</u>



43.01.02 Ageing of trade and other receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	2020	2019
	Taka	Taka
Due within 90 days	4,534,541,143	8,588,455,803
Due within 91 to 180 days	1,846,021,547	799,431,830
Above 181 days	820,679,876	302,252,502
	7,201,242,566	9,690,140,135

43.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows		
			Within 12 months	1 to 5 years	More than 5 years
As at June 30, 2020	Taka	%	Taka	Taka	Taka
Long term loans	9,839,762,261	9.5% - 10.50%	2,249,335,011	7,590,427,251	-
Trade payables	138,807,541	N/A	138,807,541	-	-
Short term loans	26,648,564,936	10.15% - 13.25%	26,648,564,936	-	-
Liabilities for expenses	1,090,365,720	N/A	1,090,365,720	-	-
Defined benefit obligations- Gratuity	199,570,002	10%	199,570,002	-	-
Provision for WPPF and Welfare fund	88,100,719		88,100,719	-	-
Other liabilities	764,590,228	N/A	764,590,228	-	-
	38,743,195,316		31,152,768,065	7,590,427,251	-

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows		
			Within 12 months	1 to 5 years	More than 5 years
As at June 30, 2019	Taka	%	Taka	Taka	Taka
Long term loans	11,361,990,515	9.5% - 10.50%	2,294,041,868	9,067,948,647	-
Trade payables	3,361,610,352	N/A	3,361,610,352	-	-
Short term loans	20,457,420,060	10.15% - 13.25%	20,457,420,060	-	-
Liabilities for expenses	1,011,064,184	N/A	1,011,064,184	-	-
Defined benefit obligations- Gratuity	164,439,863	10%	164,439,863	-	-
Provision for WPPF and Welfare fund	107,383,636		107,383,636	-	-
Other liabilities	293,182,726	N/A	293,182,726	-	-
	36,757,091,335		27,689,142,689	9,067,948,647	-



43.03 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial

(a) Currency risk exposure and its management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2019, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

(i) Exposure to currency risk

	30 June 2020		30 June 2019	
	USD	Taka	USD	Taka
Foreign currency denominated assets				
Cash and cash equivalents	9,696,430	823,711,693	4,861,981	412,052,855
Trade and other receivables	-	-	-	-
	<u>9,696,430</u>	<u>823,711,693</u>	<u>4,861,981</u>	<u>4,861,981</u>
Foreign currency denominated liabilities				
Liability for accepted bills for payment (ABP)	177,997,015	15,120,846,455	95,870,251	8,125,003,744
	<u>177,997,015</u>	<u>15,120,846,455</u>	<u>95,870,251</u>	<u>8,125,003,744</u>
Net exposure	<u>(168,300,586)</u>	<u>(14,297,134,762)</u>	<u>(91,008,270)</u>	<u>(8,120,141,764)</u>

The following significant exchange rate is applied during the Year:

Exchange rate of US Dollar	6/30/2020	6/30/2019
	<u>84.95</u>	<u>84.75</u>

(ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	30 June 2020		30 June 2019	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	(28,308,326,829)	28,308,326,829	(15,678,833,636)	15,678,833,636

(b) Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

(c) Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.



(d) Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to re-pay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

Exposure to interest rate risk

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	<u>2020</u>	<u>2019</u>
	<u>Taka</u>	<u>Taka</u>
Fixed- rate instruments		
Financial assets	9,917,223,399	9,402,626,683
Financial liabilities	(36,488,327,197)	(36,488,327,197)
	<u>(26,571,103,798)</u>	<u>(27,085,700,514)</u>
Variable- rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	<u>-</u>	<u>-</u>

(e) Other market price risk

The company is exposed to equity price risk, which arises from available for sale equity and debt securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the Directors.

44.00 Events after reporting date:

44.01 Proposed Dividend:

The Board of Directors at the meeting held on 15 October 2020 has recommended 15% cash dividend for the year 2019-20.

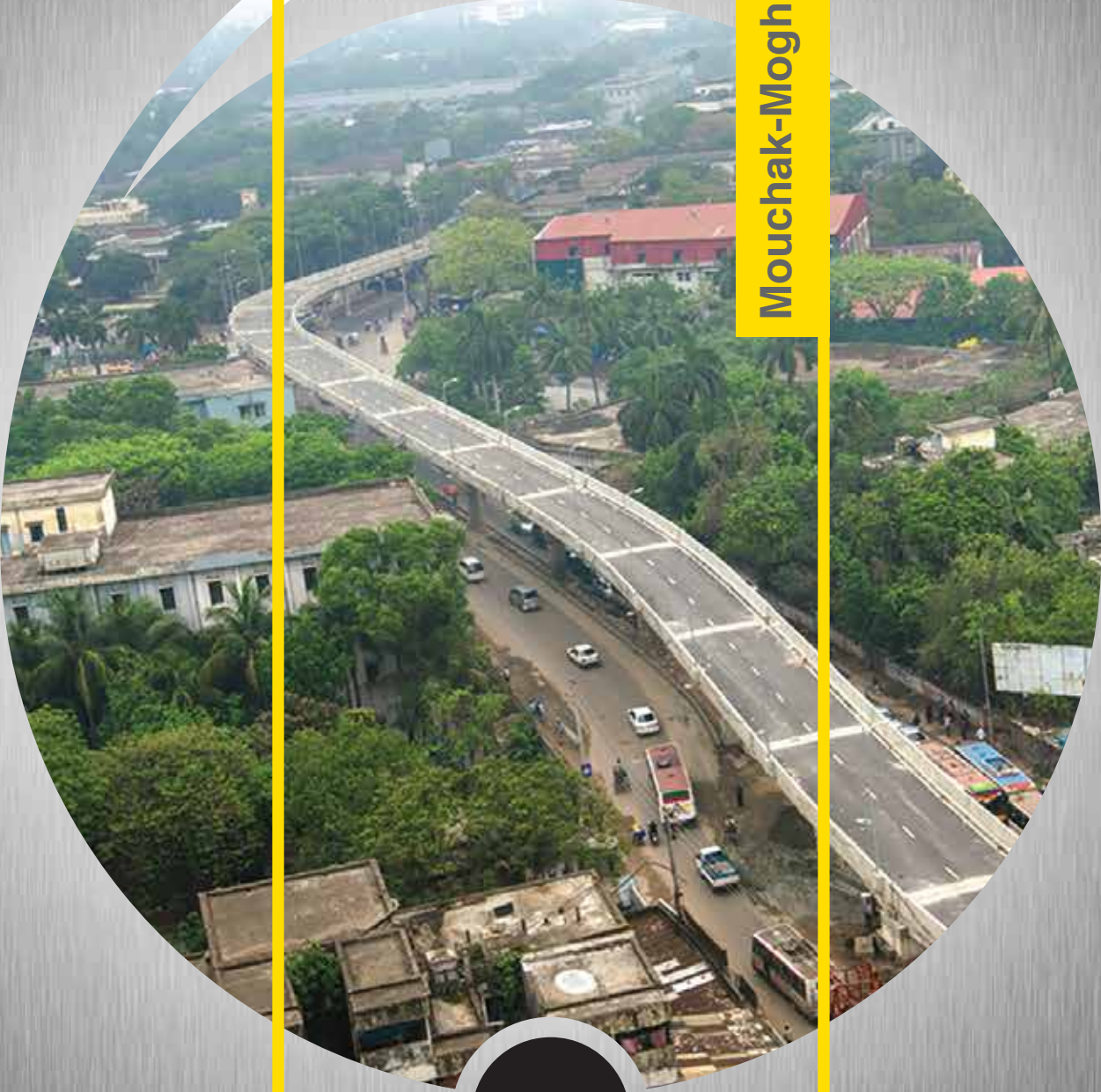
44.02 Minimum amount to be distributed as dividend

As per Section 16G of ITO 1984, as a listed company, BSRM Steels Limited shall declare and distribute at least 30% of its net profit after tax as dividend (as per section 16F stock and cash) to its shareholders otherwise 10% tax shall be imposed on the total amount of retained earnings, fund, reserve or surplus.

Distributable Income	590,485,121
Minimum Dividend Percentage as per Section 16G	30%
Amount to be Distributed as Dividend	<u>177,145,536</u>
Net Profit Before Tax	1,825,705,164
Less: Share of Profit of Associates (Net of Tax)	(151,791,502)
Less: Income Tax	(1,083,428,541)
Distributable Income	<u>590,485,121</u>



Mouchak-Moghbazar Flyover



Shareholders' Information

ANNUAL GENERAL MEETING (AGM)

No. of AGM : 18th AGM

Date : December 24, 2020

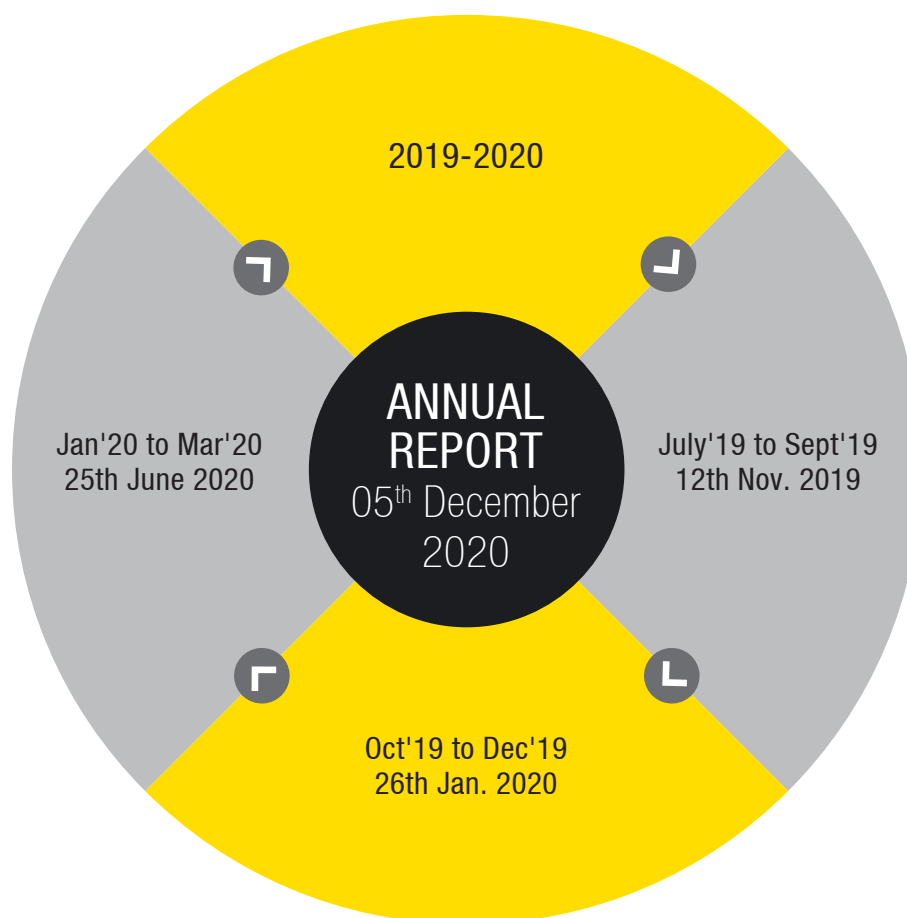
Venue : Digital Platform

Time : 10:30 AM

FINANCIAL CALENDAR

Financial Period: July 01, 2019 to June 30, 2020.

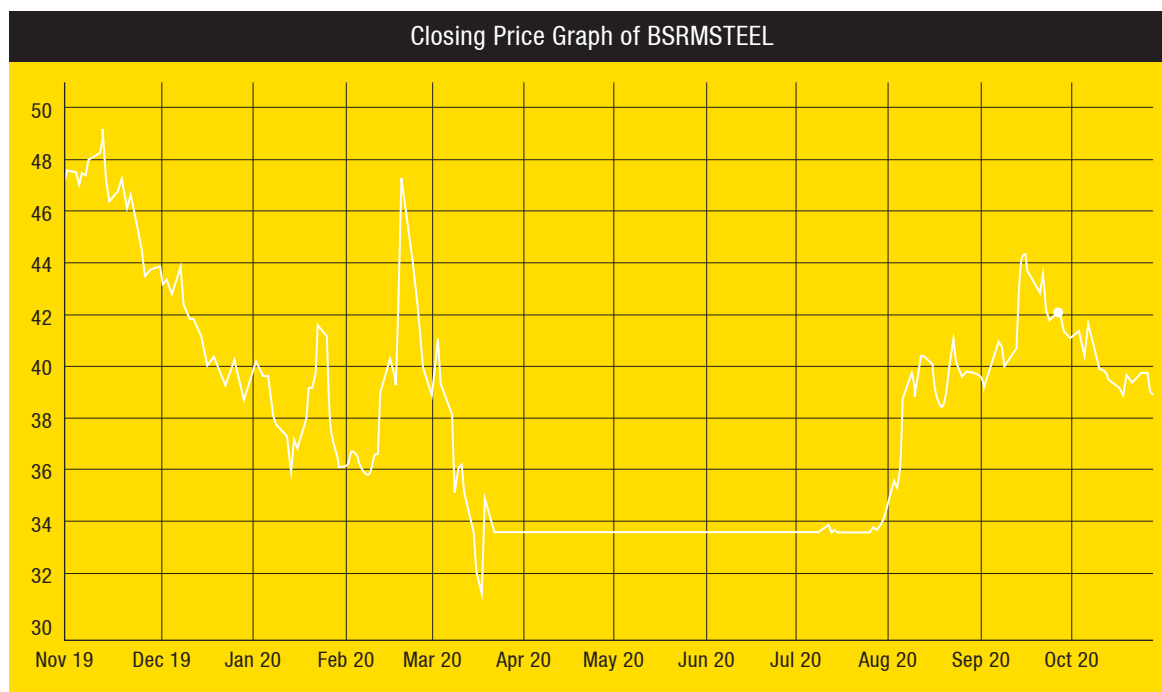
During the periods mentioned, the operational results of the company were announced on:



RECORD DATE

The record date is 15th November, 2020.

BSRM STEELS SHARE PERFORMANCE ON STOCK EXCHANGES



Movement of share price on **Dhaka Stock Exchange Ltd. (DSE)** during the year 2019-20:

DIVIDEND DATE

The Board in its 247th meeting held on October 15, 2020 recommended Dividend 15% Cash per share on October 15, 2020.

LISTING

The company's shares are listed at the Stock Exchanges at Dhaka and Chattogram of Bangladesh.

FACE VALUE PER SHARE: Tk. 10/=

CLOSING PRICE OF PER SHARE

Closing Price of per share of the company as at 30th June 2020 was Taka 33.60

DIVIDEND		
Year	Rate of Dividend	Form of Dividend
2019-20	15%	Cash(Recommended)
2018-19	25%	Cash
2017-18	10% and 10%	Stock & Cash respectively
2016-17	15%	Cash (Final)
2016-17	20%	Cash (Interim)
2015	30%	Cash
2014	15%	Cash
2013	15%	Cash
2012	10% and 5%	Cash and Stock respectively
2011	15%	Cash
2010	20%	Stock

EPS	
Year	Taka
2019-20	1.97
2018-19	4.60
2017-18	4.79
2016-17	8.66 (18 Months)
2015	6.09
2014	3.18
2013	4.95
2012	2.53
2011	2.46
2010	2.82

MARKET CAPITALIZATION	
Year	Taka in million
2019-20	12,632
2018-19	21,918
2017-18	23,958
2016-17	31,067 (18 months)
2015	30,247
2014	29,974
2013	23,480
2012	22,101
2011	38,572
2010	57,200

PLANT LOCATION

Rolling Unit:- 4, Fouzderhat Industrial Estate, Chattogram, Bangladesh. Tel: +88(031) 2770192-3.

Melting Unit-1: 202-205, Nasirabad Industrial Estate, Baizid Bostami Road, Chattogram, Bangladesh. Tel: +88-031-2581361-3.

Melting Unit-2: Khilmurari, Zorawargonj, Mirsarai, Chattogram, Bangladesh. Phn - 01959-904160

INVESTOR CORRESPONDENCE

Mail to: BSRM Steels Ltd., Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh,
Voice: +880 31 2854901-10, E-mail: share@bsrm.com, Fax: +880 31 610101 Web: www.bsrm.com

Events and Images





Mr. Alihussain Akberali FCA, Chairman of the Company along with Company Secretary and other Directors addressed number of issues to the shareholders at 57th AGM



Mr. Tapan Sengupta, Deputy Managing Director receiving National Productivity and Quality Excellence Award-2017 (3rd Position in Large Industry Category)



National Export Award, 2016-2017 BSRM achieved the "National Export Trophy (Silver), 2016-2017". Honorable Prime Minister Shiekh Hasina inaugurated the ceremony as chief guest and handed over the esteemed award to General Manager Corporate Affairs Mr. Kazi Anwar Ahmed

Mr. Alihussain Akberali FCA,
Chairman receiving
The Award for "1st Highest Tax
Payer" in engineering category



Mr. Aameir Alihussain,
Managing Director
Nominated Commercially
Important Person (CIP) in
Large Industry (Manufacturing)
Category for the year 2016



Mr. Tapan Sengupta,
Deputy Managing Director
receiving the National Export
Award 2015-2016





BSRM awarded for being the best electricity consumer of 2015 under industrial category in Power & Energy week 2015. President Mr. M Abdul Hamid inaugurated the ceremony as chief guest and handed over the esteemed award to Managing Director Mr. Aameir Alihussain



Kazi Anwar Ahmed, General Manager Corporate Affairs Reciving the award of "Best Brand of Bangladesh in Steel Category in -2017"



BSRM achieved the "National Export Trophy Silver, 2013-14". Honorable Prime Minister Sheikh Hasina handed over the esteemed award to Finance Director Mr. Zohair Taherali



"16th ICAB National Award for Best Presented Annual Report 2015"

BSRM Office Map



Glossary of Terms

Terms	Brief Description
The Company / Parent	BSRM Steels Limited
Associate	BSRM Steel Mills Limited
Revenue	Turnover or Sales
Profit	Income
Profit attributable to the shareholders'	Net profit after tax
Basic EPS	Basic Earnings per Share (Profit attributable to the Ordinary shareholders divided by weighted average number of Ordinary shares)
Diluted EPS	Diluted Earnings or Income per Share
Deferred Tax	Difference between the carrying value of property, plant & equipment as per financial statements and tax written down value and financial position liability method for gratuity obligation.
Equity	Shareholders' Fund or Owners' Fund
Net Current Assets	Current Assets less Current Liabilities
Capital Employed	Non-current Assets plus Net Current Assets
Revaluation Reserve	Reserve created from assets re-valuation
EBITDA	Earnings before Interest, Tax & Depreciation Allowance
Return on Shareholders' Equity	Net Profit after Tax divided by Shareholders' Equity
Return on Capital Employed	Net Profit after Tax divided by Capital Employed
Current Ratio	Current Assets divided by Current Liabilities
Quick / Acid Test Ratio	Current Assets less Inventories divided by Current Liabilities
Inventory Turnover Ratio	Revenue divided by Inventories
Total Assets Turnover Ratio	Revenue divided by Total Assets
P/E Ratio	Market value per share as at reporting date divided by EPS
Price/Equity Ratio	Market price divided by face value per share
Dividend Payout Ratio	Yearly dividend per share divided by EPS
Dividend Covered Ratio	Net Profit after Tax divided by declared Dividend
Debt-equity Ratio	Current plus long term liabilities divided by shareholders' equity
Interest Coverage Ratio	EBIT divided by Interest expenses
Market Capitalization	Market price per share multiple by Ordinary number of Shares

BSRM Steels Limited
Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chattogram.
PROXY FORM

I/We(Name)

Of(Address)

a Shareholder of BSRM Steels Limited ("the company") hereby appoint,

Mr./Ms.(Name)

Of(Address)

as my /our proxy , to attend on my/our behalf at the 18th Annual General Meeting (AGM) of the Company to be held on **December 24, 2020** and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks appropriate on all resolutions.

Dated thisday of.....2020.

.....
Signature of the Shareholder

Folio /BO ID No:

Dated

.....
Signature of the Proxy

Folio /BO ID No:

Dated

.....
Signature of the witness

Note: The Proxy Form, dully filled in and stamped, must be deposited at the Registered Office of the Company, Ali Mansion, 1207/1099 Sadarghat Road, Chattogram or email to share@bsrm.com not later than 48 hours before the time fixed for the holding of the meeting.

Signature Verified

.....
Authorized Signature
BSRM Steels Limited

BSRM Steels Limited
Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chattogram.
ATTENDANCE SLIP

I hereby record my presence at the 18th Annual General Meeting of BSRM Steels Limited on **December 24, 2020**.

I/We

BO ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature Verified

.....
Signature

.....
Authorized Signature
BSRM Steels Limited

Corporate Office:

Ali Mansion, 1207/1099 Sadarghat Road, Chattogram
Bangladesh. Tel: +880 31 2854901-10
Fax: +880 31 610101, Email: mail@bsrm.com