

**BANGLADESH STEEL RE-ROLLING MILLS LTD.  
AUDITORS' REPORT AND FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31ST DECEMBER 2012**



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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BANGLADESH STEEL RE-ROLLING MILLS LTD.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **BANGLADESH STEEL RE-ROLLING MILLS LTD. ("the Company")** and its associates which comprise the statement of financial position as at 31st December, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial statements of the company's associates, BSRM Steels Limited(BSRMSL) and BSRM Iron and Steel Company Limited(BISCO) for the year ended 31 December 2012 were not audited by us. Financial Statements of BSRMSL and BISCO show total assets of Taka 22,417,079,570 and Taka 5,742,633,219 as on 31 December 2012 and total revenue of Taka 38,253,464,657 and 8,004,947,641 respectively for the year then ended. Messrs Syful Shamsul Alam & Co. and Messrs Basu Banerjee Nath & Co., Chartered Accountants have audited the Financial Statements of BSRM Steels Limited(BSRMSL) and BSRM Iron and Steel Company Limited(BISCO) respectively and they have expressed unqualified opinion on these Financial Statements. Our opinion, in so far as these relates to the amounts included in respect of the company's investments in associates, is based on the reports of associates' auditors as mentioned above.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

### **Other matter**

Audit Report and Financial Statements of **BANGLADESH STEEL RE-ROLLING MILLS LTD.** for the year ended 31 December 2012 was originally issued on 07 April 2013. As per decision of the management, financial statements for the year ended 31 December 2012 has been revised and Revaluation Surplus of Meghna Engineering Works Ltd.(the merged company) on the date of merger amounting to Taka 646,363,706 has been transferred to Revaluation Surplus from General Reserve as recorded in the previously issued financial statements(Refer to Note-2.12) for the year ended 31 December 2012 dated 07 April 2013.



**Rahman Rahman Huq**  
Chartered Accountants

The revised financial statements of **BANGLADESH STEEL RE-ROLLING MILLS LTD.** for the year ended 31 December 2011 were audited by M A Mallick & Co., Chartered Accountants, who expressed an unmodified opinion on those revised statements on 14 July 2012.

**Report on Other Legal and Regulatory Requirements**

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) 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 those books;
- (c) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Company's business.

Chittagong, April 30, 2013

**BANGLADESH STEEL RE-ROLLING MILLS LTD.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER, 2012**

		<u>31.12.2012</u>	<u>Restated</u> <u>31.12.2011</u>
	<u>Notes</u>	<u>Taka</u>	<u>Taka</u>
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment - net	6	6,717,152,324	4,809,777,940
Capital work-in-progress	7	414,664,946	39,163,676
Investment in associate	8.01	1,984,714,569	990,711,483
Other investments	8.02	53,659,911	38,466,361
<b>Total non-current assets</b>		<b>9,170,191,750</b>	<b>5,878,119,460</b>
<b>Current assets:</b>			
Inventories	9	4,766,400,890	5,142,826,219
Accounts receivable	10	543,137,398	443,148,097
Other receivables	11	148,881,245	150,890,735
Due from inter companies	12	1,409,473,023	2,342,089,197
Advances, deposits and prepayments	13	484,118,657	552,749,319
Short term investments	8.03	232,608,160	250,258,588
Cash and cash equivalents	14	85,564,964	94,722,689
<b>Total current assets</b>		<b>7,670,184,337</b>	<b>8,976,684,844</b>
<b>Total assets</b>		<b>16,840,376,087</b>	<b>14,854,804,304</b>
<b>Equity and Liabilities</b>			
Share capital	15	1,558,510,380	643,454,910
General reserve		30,170,818	30,170,818
Revaluation surplus		4,189,255,118	1,619,084,375
Retained earnings		1,747,355,332	1,840,565,341
Reserve for issuance of shares against Merger	16.00	-	271,600,560
Fair Value reserve	8.03.02	1,023,492	-
<b>Total equity</b>		<b>7,526,315,140</b>	<b>4,404,876,004</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loan	17.01	1,228,233,910	331,889,228
Deferred tax liabilities	18	882,458,633	682,920,590
<b>Total non-current liabilities</b>		<b>2,110,692,543</b>	<b>1,014,809,818</b>
<b>Current liabilities</b>			
Trade creditors	19	2,781,935,317	2,564,880,784
Short term liabilities	20	3,351,042,310	3,198,571,591
Liabilities for expenses	21	117,142,297	399,050,562
Advance against sales	22	54,956,861	102,301,655
Due to inter companies	23	369,924,616	2,485,811,812
Long term loan-current portion	17.02	316,932,594	379,018,128
Liability against share application money	24	-	788,759
Provision for income tax	25	184,962,166	256,237,264
Provision for WPPF and Welfare Fund	26	2,665,273	16,775,066
Other liabilities	27	23,806,970	31,682,861
<b>Total current liabilities</b>		<b>7,203,368,404</b>	<b>9,435,118,482</b>
<b>Total liabilities</b>		<b>9,314,060,947</b>	<b>10,449,928,300</b>
<b>Total liabilities and equity</b>		<b>16,840,376,087</b>	<b>14,854,804,304</b>


The annexed notes 1 to 49 form an integral part of these financial statements.

  
 Managing Director

  
 Director

  
 Company Secretary

As per our annexed report of same date.

  
 Rahman Rahman Huq  
 Chartered Accountants





**BANGLADESH STEEL RE-ROLLING MILLS LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

		<u>2012</u>	<u>Restated</u>
	<u>Notes</u>	<u>Taka</u>	<u>2011</u>
			<u>Taka</u>
<b>Revenue</b>	28	14,043,421,488	12,664,400,034
<b>Cost of sales</b>	29	(13,345,900,813)	(11,587,854,913)
<b>Gross profit</b>		<u>697,520,675</u>	<u>1,076,545,121</u>
<b>Selling and distribution costs</b>	30	(35,414,971)	(38,089,610)
<b>Administrative costs</b>	31	(176,030,894)	(177,468,781)
		<u>(211,445,865)</u>	<u>(215,558,391)</u>
		486,074,810	860,986,730
<b>Other income</b>	32	108,231	4,913,100
<b>Results from operating activities</b>		<u>486,183,041</u>	<u>865,899,830</u>
<b>Finance costs</b>	33	(278,832,330)	(410,009,134)
<b>Finance income</b>	34	34,150,796	36,259,657
<b>Loss on revaluation of property, plant and equipment</b>		(28,023,369)	-
		<u>(272,704,903)</u>	<u>(373,749,477)</u>
<b>Net Profit before tax and WPPF and Welfare Fund</b>		213,478,138	492,150,353
<b>Contribution to WPPF and Welfare Fund</b>		(10,673,907)	(24,607,518)
		<u>202,804,231</u>	<u>467,542,835</u>
<b>Non-operating income</b>	35	150,068,986	1,082,183,306
<b>Share of profit of associate (Net of tax)</b>	36	312,954,478	289,208,916
		<u>463,023,464</u>	<u>1,371,392,222</u>
<b>Profit before income tax</b>		665,827,695	1,838,935,057
<b>Income tax expenses:</b>			
<b>Current Tax:</b>			
Current year		(188,224,809)	(256,237,264)
Previous year		(87,652)	(18,947,986)
Deferred tax		(23,591,047)	(412,951,888)
		<u>(211,903,508)</u>	<u>(688,137,138)</u>
<b>Net profit after tax for the year</b>		453,924,187	1,150,797,919
<b>Other comprehensive income:</b>			
Revaluation of property, plant and equipment		2,004,256,895	-
Deferred tax on revaluation surplus of assets		(212,067,263)	-
Increase in value of investment in tradable shares		1,023,492	-
Share of revaluation surplus of associate		838,181,557	-
<b>Total comprehensive income for the year</b>		<u>3,085,318,868</u>	<u>1,150,797,919</u>
<b>Earnings per share:</b>			
<b>Basic earnings per share</b>	37	<u>2.91</u>	<u>7.38</u>

The annexed notes 1 to 49 form an integral part of these financial statements.



Managing Director

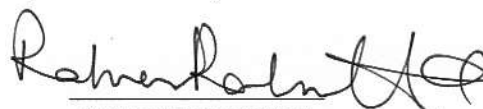


Director



Company Secretary

As per our annexed report of same date.



Rahman Rahman Huq  
Chartered Accountants

Chittagong, April 30, 2013



**BANGLADESH STEEL RE-ROLLING MILLS LTD.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	<u>Share Capital</u>	<u>General Reserve</u>	<u>Revaluation Surplus</u>	<u>Retained Earnings</u>	<u>Reserve for issuance of shares against Merger</u>	<u>Fair Value Reserve</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on January 1, 2011 as previously stated	589,700,400	11,271,971	1,282,759,164	539,727,400	-	-	2,423,458,935
Adjustments against changes in accounting policy for recognition of investment in associate (Note-2.13)	-	-	-	(40,569,856)	-	-	(40,569,856)
Adjustments of deferred tax against changes in accounting policy for recognition of investment in associate	-	-	-	(12,660,004)	-	-	(12,660,004)
Adjustment against merger of Meghna Engineering Works Ltd.	-	18,898,847	646,363,706	301,371,770	271,600,560	-	1,238,234,883
Balance as on 01 January 2011 as restated	589,700,400	30,170,818	1,929,122,870	787,869,310	271,600,560	-	3,608,463,958
Issuance of Bonus Share	53,754,510	-	-	(53,754,510)	-	-	-
Transfer against difference in depreciation between cost and revalued amount	-	-	(53,785,760)	53,785,760	-	-	-
Prior years' adjustment in respect of sale of revalued asset	-	-	1,614,899	(1,614,899)	-	-	-
Transfer of revaluation surplus on sale of revalued assets	-	-	(558,936)	-	-	-	(558,936)
Net profit after tax for the year ended December 31, 2011	-	-	-	1,150,797,919	-	-	1,150,797,919
Deferred tax on revalued assets	-	-	(257,308,698)	-	-	-	(257,308,698)
Cash Dividend for the year 2010	-	-	-	(96,518,239)	-	-	(96,518,239)
<b>Balance as on December 31, 2011 as restated</b>	<b>643,454,910</b>	<b>30,170,818</b>	<b>1,619,084,375</b>	<b>1,840,565,341</b>	<b>271,600,560</b>	<b>-</b>	<b>4,404,876,004</b>
<b>Balance as on January 1, 2012 as restated</b>	<b>643,454,910</b>	<b>30,170,818</b>	<b>1,619,084,375</b>	<b>1,840,565,341</b>	<b>271,600,560</b>	<b>-</b>	<b>4,404,876,004</b>
Issue of Shares against Merger of MEW	271,600,560	-	-	-	(271,600,560)	-	-
Issue of Bonus share	643,454,910	-	-	(643,454,910)	-	-	-
Transfer against difference in depreciation between cost and revalued amount	-	-	(57,125,250)	91,400,400	-	-	34,275,150
Revaluation surplus against revaluation of PPE	-	-	2,004,256,895	-	-	-	2,004,256,895
Deferred tax on revaluation surplus	-	-	(212,067,263)	-	-	-	(212,067,263)
Share of revaluation surplus of equity accounted investee	-	-	838,181,557	-	-	-	838,181,557
Transfer of revaluation surplus on sale of revalued assets	-	-	(3,075,196)	4,920,314	-	-	1,845,118
Net profit after tax for the year ended December 31, 2012	-	-	-	453,924,187	-	-	453,924,187
Increase in fair value of investment in tradable shares	-	-	-	-	-	1,023,492	1,023,492
<b>Balance as at December 31, 2012</b>	<b>1,558,510,380</b>	<b>30,170,818</b>	<b>4,189,255,118</b>	<b>1,747,355,332</b>	<b>-</b>	<b>1,023,492</b>	<b>7,526,315,140</b>



**BANGLADESH STEEL RE-ROLLING MILLS LTD.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
<b>a. OPERATING ACTIVITIES:</b>		
Paid against revenue expenditure	(12,694,385,182)	(9,972,152,502)
Receipts from customers against sales	13,896,087,393	12,639,747,522
Receipt against other income	135,994,880	112,838,722
Payment from Workers Profit participation fund	(24,783,700)	(22,603,076)
Payment of interest-Net	(514,169,155)	(410,009,134)
Income Tax Paid	(265,067,537)	(149,308,208)
<b>Net cash provided by/(used in) Operating Activities</b>	<b>533,676,699</b>	<b>2,198,513,324</b>
<b>b. INVESTING ACTIVITIES:</b>		
Acquisition of property, plant and equipment	(176,139,631)	(1,797,634,899)
Proceeds from sale of property, plant and equipment	9,032,500	10,112,341
Short term loan to inter companies	932,616,174	(82,638,781)
Investment	(121,226,303)	5,126,184
Proceeds from sale of investment in shares	177,725,197	1,002,647,589
Capital Work-in-progress	(387,980,463)	(39,163,676)
Dividend income	153,084,190	146,983
<b>Net cash used in Investing Activities</b>	<b>587,111,664</b>	<b>(901,404,259)</b>
<b>c. FINANCING ACTIVITIES:</b>		
Receipt/(Re-payment) of Term Loan	834,259,148	(285,369,140)
Loan received from /(paid to) inter companies and others	(2,115,887,196)	91,216,049
Receipts of Short term loan	152,470,719	(1,003,061,294)
Dividend paid	-	(96,518,239)
Share application money refunded	(788,759)	-
<b>Net cash (used in)/provided by Financing Activities</b>	<b>(1,129,946,088)</b>	<b>(1,293,732,624)</b>
<b>Total (a+b+c)</b>	<b>(9,157,725)</b>	<b>3,376,441</b>
<b>Opening cash and cash equivalents</b>	<b>94,722,689</b>	<b>91,346,248</b>
<b>Closing cash and cash equivalents</b>	<b>85,564,964</b>	<b>94,722,689</b>
	<b>(9,157,725)</b>	<b>3,376,441</b>



**BANGLADESH STEEL RE-ROLLING MILLS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31ST DECEMBER, 2012**

**1.03 REPORTING ENTITY**

**1.01 Company Profile**

Bangladesh Steel Re-Rolling Mills Limited is a public company limited by shares is domiciled in Bangladesh. The address of the company's registered office is Ali Mansion, 1099/1207 Sadarghat Road, Chittagong, Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on December 28, 1960 vide the certificate C/186-No. 1491/92 E.P. of 1960-1961 under Companies Act 1913 (since repealed and substituted by the Companies Act 1994) as a private company limited by share. The company was converted into a public limited company on November 03, 2009 under the Companies Act 1994.

**1.02 Nature of the business**

The main activity of the company is to manufacture M.S. products by setting up rolling and re-rolling mills. The company has set up its Re-Rolling mill and Steel Melting Works (SMW previously known as Meghna Engineering Works Limited) at 147/148/149 and 78/79 Baizid Bostami Road, Nasirabad Industrial Area, Chittagong, Bangladesh respectively and commenced its commercial production from 1987 after first BMRE.

M.S. billets is manufactured from scraps and sponge iron etc. at Steel Melting Works (SMW) and these billets are re-rolled in the next step at Re-Rolling Mills to manufacture M.S. products. The company also deals in sale of M.S. products like angle, channel, I Beam, H Beam and ingot etc. which is very insignificant compared to the sale of own manufactured products.

**1.03 Description of associate**

**Legal form of BSRM Steels Ltd.**

BSRM Steels Ltd. was incorporated on 20th July, 2002, vide the certificate C-No. 4392 of 2002 as a private limited company under Companies Act 1994. The company was converted to a public limited company on 20th December 2006. The company is listed with Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 18th January, 2009.

**Nature of the business of associate**

The main purpose of BSRM Steels Ltd. is to manufacture M.S. products by setting up rolling and re-rolling mills. The company had set up its Rolling mill at 4 Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 1st April, 2008.

**2.00 BASIS OF PREPARATION**

**2.01 Statement of compliance**

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh. BFRSs comprise the following:

- (i) Bangladesh Financial Reporting Standards. (BFRSs)
- (ii) Bangladesh Accounting Standards. (BASs)
- (iii) Interpretations of BFRSs and BASs.

**2.02 Date of authorization**

These financial statements have been authorized for issue by the Board of Directors on April 30, 2013.



### **2.03 Regulatory compliance**

The company is required to comply with amongst others, the following laws and regulations:

- ( i ) The Companies Act 1994
- ( ii ) The Securities and Exchange Ordinance 1969
- ( iii ) The Securities and Exchange Rules 1987
- ( iv ) The Income Tax Ordinance 1984
- ( v ) The Income Tax Rules 1984
- ( vi ) The Value Added Tax Act 1991
- ( vii ) The Value Added Tax Rules 1991
- ( viii ) Bangladesh Labour Act 2006

### **2.04 Basis of measurement**

These financial statements have been prepared on going concern basis under the historical cost convention except for investment in tradable shares and property, plant and equipment which are measured at fair value.

### **2.05 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.

### **2.06 Statement of Cash flows**

Statement of cash flows has been prepared as per BAS 7: Statement of Cash Flows using Direct Method as per requirement of Securities and Exchange Rules 1987 and the Companies Act 1994.

### **2.07 Use of estimates and judgments**

The preparation of financial statements in conformity with BFRSs 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.

### **2.08 Comparative information**

Comparative information has been disclosed in respect of the year 2011 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2011 have been rearranged wherever considered necessary to ensure comparability with the current year.

### **2.09 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.

### **2.10 Reporting period**

These Financial Statements covered the reporting period of one year commencing from 01 January to 31 December which is consistently followed.



### **2.11 Merger of common control company**

By virtue of the decision of the High Court Division and approval of the Bangladesh Securities and Exchange Commission, Meghna Engineering Works Limited was merged with Bangladesh Steel Re-Rolling Mills Ltd. with effect from 01 January 2011 and a total of 27,160,056 Nos. Ordinary Shares of Tk. 10 each totaling Taka 271,600,560 of Bangladesh Steel Re-Rolling Mills Ltd. was issued to shareholders of Meghna Engineering Works Limited (MEWL).

In absence of specific accounting standards for recording such common control business combination, generally accepted accounting practices in other countries has been followed as per provisions of BAS 8.12. As per generally accepted accounting practices, pooling of interests method has been followed by the company under which assets, liabilities and reserves of MEWL have been recorded under specific line items of the company and comparatives are restated as if the acquiree had always been merged with the company.

### **2.12 Revaluation Surplus of Meghna Engineering Works Limited**

In absence of specific guidelines in Bangladesh Accounting Standards for recording Revaluation Surplus in case of common control business combination, Revaluation Surplus in the books of Meghna Engineering Works Ltd. as on 31 December 2010 was recorded under General Reserve as per decision of the Board. After issuing Financial Statements for the ended 31 December 2012 dated 07 April 2013, management decided to revise the financial statements for transfer of the Revaluation Surplus following the provisions of Accounting Standards-14 of India, Accounting for Amalgamations under which Revaluation Surplus of Meghna Engineering Works Limited as on 31.12.2010 amounting to Taka 646,363,706 has been transferred to Revaluation Surplus from General Reserve as recorded earlier in the issued financial statements.

### **2.13 Changes in accounting policy**

Accounting policy on measurement of investments in associates has been changed to equity method from cost method following the requirements of BAS-28: Investments in Associates. Comparative information of 2011 and opening balances of 01 January 2011 have been restated wherever necessary to give effects of change in accounting policy as if the changed accounting policy had always been in use.

## **3.00 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all the years/periods presented in these financial statements by the company except otherwise mentioned.

### **3.01 Property, plant and equipment (PPE)**

Items of property, plant and equipment are stated at cost and re-valued amount less accumulated depreciation and accumulated impairment losses, if any.

#### **3.01.01 Recognition and measurement**

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and 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 parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised under other income/expenses in Statement of Comprehensive Income.





### 3.01.02 Subsequent costs

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 Statement of Comprehensive Income as incurred.

### 3.01.03 Depreciation

Depreciation is based on the cost/revalued amount of an asset. 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.

Depreciation is recognised in Statement of Comprehensive Income on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Full year's depreciation is charged on addition irrespective of the date of acquisition and no depreciation is charged in the year of disposal. The principal annual rates are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Plant and Machinery	7.50% - 15%
Motor Vehicle	20%
Air Conditioner and air compressor	15% - 20%
Furniture and Fixtures	10%
Office Equipments	15%
Buildings and sheds	5% - 15%

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

### 3.01.04 Revaluation of Property, plant and equipment

All property, plant and equipment of the company were revalued by M/S Hoda Vasi Chowdhury & Co., Chartered Accountants, in 2008 and 2012 considering the book value of such assets on December 31, 2006 and December 31, 2011 respectively. As per report of revaluation, net revaluation gain stands at Tk. 1,673,400,176 and Tk. 2,004,256,895 in 2008 and 2012 respectively. These revaluations have been recognized in the financial statements at the beginning of the year 2008 and 2012 respectively.

Replacement cost and net realisable value method, wherever applicable, have been used by the independent valuer in re-valuation of property, plant and equipment.

Difference of depreciation between revalued carrying amount and depreciation based on carrying amount as per assets' original cost has been transferred from Revaluation Reserve to Retained Earnings as shown in Statement of Changes in Equity.

### 3.02 Capital work in progress

Capital work in progress consists of cost incurred for acquisition and of new plant and machinery, civil structure, factory shed for warehouse etc. which were not ready for use till reporting date.

### 3.03 Leased assets

#### 3.03.01 Finance Lease

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.





### 3.03.02 Operating lease

Leases that are not finance lease are considered as operating leases and the leased assets are not recognised in the company's Statement of Financial Position. Payments made under operating leases are recognised in Statement of Comprehensive Income on a straight line basis over the term of the lease.

### 3.03.03 Leasehold land

Factory buildings of the company are situated at Nasirabad Industrial Area, Chittagong on leasehold lands measuring 7.905 acres. These lands are taken on lease for 99 years on payment of salami and renewable thereafter. These lands are duly mutated in the name of the company.

These leasehold lands are recognised as assets under property, plant and equipment. Since significant risks and rewards incidental to ownership of these assets are transferred to the company, these are covered under revaluation of assets done in 2008 and 2012. Being rights to use of these lands are of perpetual nature, no amortization of value of lands are recognised in the financial statements over the lease period.

### 3.04 Inventories

Inventories are measured at lower of cost and net realisable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with BAS-2.

<u>Category</u>	<u>Valuation</u>
Finished Goods -	Finished Goods are valued at Cost or Net Realisable Value whichever is lower.
Raw materials -	Raw Materials are valued at Cost or Net Realisable Value whichever is lower.
Store items -	Based on weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

### 3.05 Trade and other receivables

Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to uncollectibility of any amount so recognised.

There is no fixed company policy regarding provision for impairment loss on debtors, if any receivables are not realized within the credit period.

### 3.06 Transactions with inter companies

These represents balance amounts due to /from sister concerns which are derived from short term loan, sale/purchase of goods from time to time. Sales and purchase of goods are made on arm's length basis and interest on balances are charged at 15.50% per annum in 2012 as against 14.50% in 2011. These balances are unsecured but considered good and realisable.

### 3.07 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of Comprehensive Income.

### 3.08 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

### 3.09 Impairment

#### Financial assets

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

### **Non financial assets**

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement of Comprehensive Income.

### **3.10 Employee benefit schemes**

#### **3.10.01 Defined contribution plan (Recognised provident fund)**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The Employees' Provident Fund was obtained recognition from Income Tax Authority on August 05, 1975 which was effective from September 30, 1973 and is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in BAS-19.

Obligation for contribution to defined contribution plan is recognised as provident fund (PF) contribution expenses in Statement of Comprehensive Income in the period during which services are rendered by employees. Advance against PF is recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The company maintains the Recognised Provident Fund for all permanent employees at which both the company and employees contribute @ 10% of basic salary.

Appropriate provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law. Currently the rate of provision is 5% on net profit before tax and WPPF and Welfare fund.

### **3.11 Provisions and contingencies**

**3.11.01** A provision is recognised in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

**3.11.02** Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

### **3.12 Earnings Per Share (EPS)**

#### Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-37 to the Financial Statements).

#### Diluted Earnings:

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

### **3.13 Finance income and expenses**

Interest income on FDR and STD Account has been recognised on cash basis.

Interest income/expenses on amount due to/due from inter companies has been recognized periodically.

### **3.14 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in profit or loss.



### 3.15 Income tax expenses

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognised in profit and loss to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

#### Deferred tax:

Deferred tax is recognised in compliance with BAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax on revaluation surplus of lands has not been recognised in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.

### 3.16 Revenue

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

### 3.17 Management fees

Bangladesh Steel Re-Rolling Mills, the reporting entity, entered into a management sharing agreement with BSRM Steels Ltd., an investee company, on October 15, 2005 for allowing BSRM Steels Ltd. to use its goodwill. According to the terms of the agreement, Bangladesh Steel Re-Rolling Mills Ltd. is entitled to receive Tk. 250 per MT of monthly production as management fee on monthly basis provided that BSRM Steels Ltd. has net profit in its monthly financial statements.

### 3.18 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognized in profit or loss using effective interest method. Borrowing cost incurred against loan for BMRE project have been capitalized under effective interest rate method.

### 3.19 Interest on balance of inter companies

Interest on balance due to /due from inter companies has been recognised in the financial statements periodically.

### 3.20 Investments in associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Accounting for investment in associates'. Such investments are classified as non-current assets in the statement of financial position and the share of profit/loss of such investment is classified under as share of profit from associate in the statement of comprehensive income.

Unrealized gains and losses arising from transactions with associate are eliminated against the investment to the extent of the company's interest in investee.



### 3.21 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.

#### 3.21.01 Financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

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

##### **Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

##### **Loans and receivables**

Loans and receivables are 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 fair value less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

##### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

##### (b) Trade and other receivables

Trade and other receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortised cost less impairment losses due to uncollectibility of any amount so recognised.

##### **Available-for-sale financial assets**

Available-for-sale financial assets are 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 recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist.

Available-for-sale financial assets comprise equity securities and debt securities.



### **3.21.02 Financial liabilities**

The company initially recognises financial liabilities on the date that are originated.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **(a) Share capital (ordinary shares)**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as expenses.

#### **(b) Trade and other payables**

Trade and other payables represent the amounts due to customers for receiving goods or services. Trade and other payables are initially recognised at cost which is the fair value of the consideration. After initial recognition these are carried at amortised cost.

#### **(c) Other liabilities**

Other liabilities represents the amounts due to various parties for receiving services. These are initially recognised at cost which is the fair value. After initial recognition these are carried at amortised cost.

### **4.00 New Standards and interpretations not yet adopted**

No new standard or interpretation has been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) for annual period beginning after January 01, 2012, which has significant effect on the financial statements of the company.

### **5.00 DETERMINATION OF FAIR VALUES**

#### **5.01 Property, plant and equipment**

The fair value of items of property, plant and equipments has been determined based on the depreciated replacement cost method and net realizable value method.

#### **5.02 Equity and debt securities**

Fair value of equity and debt securities is determined by reference to their quoted closing market price at the reporting date.





6.00 Property plant and equipment(PPE) for 2012

At revalued model:

Assets' category	Revalued amount						Depreciation					Carry as on 31
	Opening balance as on January 1, 2012	Addition/ revaluation	Disposal	Revaluation adjustment for loss on revaluation	Adjustment for revaluation	Closing balance as on December 31, 2012	Opening balance as on January 1, 2012	Charged for the year	Adjustment for revaluation	Adjustment for disposal	Closing balance as on December 31, 2012	
	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	
Land and land development	2,254,278,307	1,516,469,438	-	-	-	3,770,747,745	-	-	-	-	-	3,770,747,745
Plant and machineries	3,447,184,395	550,087,159	-	(25,688,326)	(1,310,089,818)	2,661,493,410	1,310,089,818	202,210,792	(1,310,089,818)	-	202,210,792	2,459,413,600
Motor vehicles	55,141,838	30,851,550	(9,642,631)	(1,899)	(33,572,640)	42,776,218	33,572,640	8,555,244	(33,572,640)	-	8,555,244	44,233,812
Factory building and shed	649,454,317	76,511,521	-	(863,129)	(284,454,537)	440,648,172	284,454,537	29,956,274	(284,454,537)	-	29,956,274	469,608,409
Furniture and fixtures	35,990,727	11,011,152	-	(82,365)	(17,512,997)	29,406,517	17,512,997	4,086,235	(17,512,997)	-	4,086,235	31,493,755
Office equipment	29,616,381	7,944,899	(49,500)	(1,387,650)	(16,258,034)	19,866,096	16,258,034	2,977,289	(16,258,034)	-	2,977,289	22,886,155
	6,471,665,965	2,192,875,719	(9,692,131)	(28,023,369)	(1,661,888,026)	6,964,938,158	1,661,888,026	247,785,834	(1,661,888,026)	-	247,785,834	6,717,150,132

At cost model

The carrying amount that would have been recognised had the assets been carried under cost model as under:

Assets' category	Cost						Depreciation					Carry as on 31
	Opening balance as on January 1, 2012	Addition	Disposal	Revaluation adjustment for loss on revaluation	Adjustment for revaluation	Closing balance as on December 31, 2012	Opening balance as on January 1, 2012	Charged for the year	Adjustment for revaluation	Adjustment for disposal	Closing balance as on December 31, 2012	
	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	
Land and land development	1,710,405,468	77,725,245	-	-	-	1,788,130,713	-	-	-	-	-	1,788,130,713
Plant and machineries	2,616,063,097	68,603,102	-	-	-	2,684,666,199	1,086,782,771	121,566,977	-	-	1,208,349,748	1,476,316,451
Motor vehicles	52,131,580	16,876,166	(4,722,317)	-	-	64,285,429	31,770,966	6,502,893	-	-	38,273,859	25,011,570
Factory building and shed	552,202,103	13,731,141	-	-	-	565,933,244	265,811,713	21,933,156	-	-	287,744,869	277,198,375
Furniture and fixtures	36,663,035	6,964,136	-	-	-	43,627,171	17,801,235	3,517,166	-	-	21,318,401	22,308,770
Office equipment	31,689,886	4,719,034	(49,500)	-	-	36,359,420	17,239,913	2,865,242	-	-	20,105,155	16,253,265
	4,999,155,169	188,618,824	(4,771,817)	-	-	5,183,002,176	1,419,406,598	156,385,434	-	-	1,575,792,032	3,607,210,144

Depreciation allocated to:

Cost of sales ( Note 29.01)

Administrative costs ( Note 31.00)

31.12.2012	31.12.2011
Taka	Taka
237,073,737	205,553,410
10,712,097	7,442,299
247,785,834	212,995,709



6.00 Property plant and equipment for 2011 (Continued)

At revalued model

Assets' category	Revalued amount				Depreciation				Carrying amount as on December 31, 2011
	Opening balance as on January 1, 2011	Addition including acquired from MEW	Disposal	Closing balance as on December 31 2011	Opening balance as on January 1, 2011 including assets of MEW	Charged for the year	Adjustment for disposal	Closing balance as on December 31 2011	
	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.
Land and land development	610,436,780	1,643,841,527	-	2,254,278,307	-	-	-	-	2,254,278,307
Plant and machineries	1,878,013,395	1,573,242,114	(4,071,114)	3,447,184,395	1,137,094,846	174,540,058	(1,545,087)	1,310,089,817	2,137,094,578
Motor vehicles	45,772,779	18,856,173	(9,487,114)	55,141,838	34,435,305	5,392,300	(6,254,965)	33,572,640	21,569,198
Factory building and shed	304,900,372	344,553,945	-	649,454,317	257,409,033	27,045,504	-	284,454,537	364,999,780
Furniture and fixtures	30,523,718	5,467,009	-	35,990,727	15,953,759	1,559,238	-	17,512,997	18,477,730
Office equipment	2,326,444	27,289,937	-	29,616,381	11,799,425	4,458,609	-	16,258,034	13,358,347
	2,871,973,488	3,613,250,705	(13,558,228)	6,471,665,965	1,456,692,368	212,995,709	(7,800,052)	1,661,888,025	4,809,777,940

At cost model

The carrying amount that would have been recognised had the assets been carried under cost model as under:

Assets' category	Cost				Depreciation				Carrying amount as on December 31, 2011
	Opening balance as on January 1, 2011	Addition including acquired from MEW	Disposal	Closing balance as on December 31 2011	Opening balance as on January 1, 2011 including assets of MEW	Charged for the year	Adjustment for disposal	Closing balance as on December 31 2011	
	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.	Tk.
Land and land development	66,563,941	1,643,841,527	-	1,710,405,468	-	-	-	-	1,710,405,468
Plant and machineries	1,046,892,097	1,573,242,114	(4,071,114)	2,616,063,097	963,235,474	125,092,383	(1,545,087)	1,086,782,770	1,529,280,327
Motor vehicles	41,670,848	18,856,173	(8,395,441)	52,131,580	32,403,040	5,090,154	(5,722,228)	31,770,966	20,360,614
Factory building and shed	207,648,158	344,553,945	-	552,202,103	243,050,535	22,761,178	-	265,811,713	286,390,390
Furniture and fixtures	31,196,026	5,467,009	-	36,663,035	16,208,906	1,592,329	-	17,801,235	18,861,800
Office equipment	4,399,949	27,289,937	-	31,689,886	12,566,008	4,673,905	-	17,239,913	14,449,973
	1,398,371,019	3,613,250,705	(12,466,555)	4,999,155,169	1,267,463,963	159,209,949	(7,267,315)	1,419,406,597	3,579,748,572

6.01 Carrying amount of land and land development under revalued model are made up as follows:

	31.12.2012	31.12.2011
	Tk.	Tk.
Leasehold land	1,832,242,500	1,054,690,686
Freehold land	1,938,505,245	1,199,587,621
	3,770,747,745	2,254,278,307





	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>7.00 Capital work-in-progress</b>		
Building and shed- upgradation and expansion of BSRM	83,577,527	9,005,499
Building and Factory Shed - Storage and delivery shed	326,028,919	20,912,568
Plant and machinery - construction of 16 MT Furnace at SMW	1,028,321	9,152,921
Building and Factory Shed - Shed for generator	3,187,691	92,688
Building and Factory Shed - construction of boundary wall	842,488	-
	<u>414,664,946</u>	<u>39,163,676</u>

These represent cost incurred for construction of building and factory shed and furnace at existing factory premises at Nasirabad Industrial Area, Chittagong.

#### 8.00 Investment

Investment in associates (Note-8.01)	1,984,714,569	990,711,483
Other investments (Note-8.02)	53,659,911	38,466,361
Short term investments (Note-8.03)	232,608,160	250,258,588
	<u>2,270,982,640</u>	<u>1,279,436,432</u>

#### 8.01 Investment in associates

BSRM Steels Ltd.	<u>1,984,714,569</u>	<u>990,711,483</u>
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#### Movement of investment in associates

Opening balance	990,711,483	794,270,000
<u>Addition during the year:</u>		
Share of profit of equity accounted investee (associate)	310,999,948	288,874,214
Share of revaluation surplus of equity accounted investee (associate)	838,181,556	-
	<u>1,149,181,504</u>	<u>288,874,214</u>
	2,139,892,987	1,083,144,214
<u>Adjusted/ disposal during the year:</u>		
Prior year adjustment for change in accounting policy	-	(40,569,856)
Sale of share of the equity accounted investee	(4,105,558)	(52,197,577)
Cash dividend received	(153,027,390)	-
	<u>(157,132,948)</u>	<u>(92,767,433)</u>
Unrealized profit (net) in inventory (Note-3.20)	1,954,530	334,702
<b>Closing balance</b>	<u>1,984,714,569</u>	<u>990,711,483</u>

#### Movement of shareholding in associate

	<u>No. of shares</u>	
Opening balance	102,018,260	91,341,050
No. of bonus shares received	-	18,268,210
No. of shares sold	(500,000)	(7,591,000)
<b>Closing balance</b>	<u>101,518,260</u>	<u>102,018,260</u>
Total number of shares in BSRM Steels Limited	<u>325,500,000</u>	<u>325,500,000</u>
Percentage of holding of shares of associate by BSRM Limited	<u>31.188</u>	<u>31.342</u>



Summary of financial information of equity accounted investee:

Name of the investee: BSRM Steels Ltd.

Reporting date: 31 December

	<u>2012</u>	<u>2011</u>
Ownership	<u>31.19%</u>	<u>31.34%</u>
	<u>Tk.</u>	<u>Tk.</u>
Current assets	17,171,400,659	17,494,411,936
Non-current assets	9,635,182,667	6,575,906,935
Total assets	<u>26,806,583,326</u>	<u>24,070,318,871</u>
Current liabilities	18,822,222,385	18,663,961,158
Non-current liabilities	1,536,770,985	2,185,412,687
Total liabilities	<u>20,358,993,370</u>	<u>20,849,373,845</u>
Revenue	38,262,395,136	31,242,602,953
Other income	524,464,195	50,163,052
Expenses	(37,785,652,254)	(30,370,477,843)
Profit for the year	<u>1,001,207,077</u>	<u>922,288,162</u>
Profit attributable to the owners of the company	<u>997,165,270</u>	<u>921,683,596</u>
Total Comprehensive income attributable to owners of the company	<u>3,684,643,333</u>	<u>918,191,383</u>

The company owns 101,518,260 nos. Ordinary Shares of Tk. 10 each in BSRM Steels Limited as on 31 December 2012. This represents 31.19% of paid up capital of BSRM Steels Limited. The market price of these Ordinary Shares was Tk. 68 per share on 31 December 2012. Fair value of investments in associates has been estimated at Tk. 6,903,241,680.

During 2010 and 2011 the company received 11,914,050 and 18,268,210 shares of BSRM Steels Ltd. as 15% and 20% stock dividend respectively.

Out of 101,518,260 nos. ordinary shares, 6,000,000 nos., 3,823,000 nos., 500,000 nos. and 388,890 nos. ordinary shares are pledged against bridge finance and term loans from United Commercial Bank Ltd., IDLC Finance Ltd., IPDC Ltd. and United Leasing Company Ltd. respectively.

Board of Directors of BSRM Steels Ltd. has proposed stock dividend of 5% and cash dividend of 10% for the year 2012 to its shareholders awaiting approval at the Annual General Meeting which is scheduled to be held on April 30, 2013 and record date of which was 12.03.2013.

**8.02 Other investments**

Investment in non-tradable shares at cost (Note - 8.02.01)  
Investment in shares of sister company, BSRM Steel Mills Ltd.-at cost  
Investments in Fixed Deposit Receipts (Note - 8.02.02)

31.12.2012

Taka

31.12.2011

Taka

1,000,300

1,000,300

13,500,000

-

39,159,611

37,466,061

53,659,911

38,466,361

BSRM Ltd. holds 13.5% ordinary shares of BSRM Steel Mills Ltd.

**8.02.01 Investment in non-tradable shares at cost**

Islamic Steamship Co. Ltd.  
Apollo Hospital Ltd.

300

300

1,000,000

1,000,000

1,000,300

1,000,300



### 8.02.02 Investments in Fixed Deposit Receipts

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>	<u>31.12.2012</u> <u>Taka</u>	<u>31.12.2011</u> <u>Taka</u>
BASIC Bank Ltd.	Security deposit	3 years	12.50%	11,821,792	10,674,000
Dhaka Bank Ltd.	Investment	2 years	12.50%	614,905	551,275
IPDC of Bangladesh Ltd.	Investment	2 years	12.50%	25,043,204	22,099,391
Jamuna Bank Ltd.	Investment	1.5 years	12.50%	-	2,632,895
Mercantile Bank Ltd.	Security Deposit	5 years	12.50%	415,330	432,000
	Investment	1 year	12.50%	71,618	-
The City Bank Ltd.	Investment	1 year	12.00%	1,192,762	1,076,500
				<b>39,159,611</b>	<b>37,466,061</b>

### 8.03 Short term investments

Investment in Tradable shares at fair value (Note - 8.03.01)	18,506,460	27,065,145
Investments in Fixed Deposit Receipts (Note - 8.03.03)	214,101,700	223,193,443
	<b>232,608,160</b>	<b>250,258,588</b>

### 8.03.01 Investment in Tradable shares at fair value

Grameen Phone Limited	-	9,966
ACI Zero Coupon Bond	14,352,968	17,772,635
Lafarge Surma Cement Ltd.	2,557,670	7,063,372
ACI Ltd.	1,135,182	1,176,693
Eastern Insurance Co. Ltd.	73,600	179,537
Pragati Life Insurance Ltd.	141,120	345,746
Progressive Life Insurance Ltd.	245,920	517,196
	<b>18,506,460</b>	<b>27,065,145</b>

### 8.03.02 Fair value of tradable shares

	<u>Cost</u> <u>Tk.</u>	<u>Fair value</u> <u>Tk.</u>	<u>Surplus</u> <u>Tk.</u>	<u>Deficit</u> <u>Tk.</u>
ACI Zero Coupon Bond	13,329,476	14,352,968	1,023,492	-
Lafarge Surma Cement Ltd.	3,101,900	2,557,670	-	(544,230)
ACI Ltd.	1,176,693	1,135,182	-	(41,511)
Eastern Insurance Co. Ltd.	179,537	73,600	-	(105,937)
Pragati Life Insurance Ltd.	319,606	141,120	-	(178,486)
Progressive Life Insurance Ltd.	497,476	245,920	-	(251,556)
	<b>18,604,688</b>	<b>18,506,460</b>	<b>1,023,492</b>	<b>(1,121,720)</b>

Surplus has been credited to fair value reserve and deficit has been debited to impairment loss as per BAS 39 para 46.

### 8.03.03 Investments in Fixed Deposit Receipts

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>	<u>31.12.2012</u> <u>Taka</u>	<u>31.12.2011</u> <u>Taka</u>
Habib Bank Ltd.	Investment	6 months	12.50%	175,000,000	213,557,443
Standard Chartered Bank Ltd.	L/C Margin	6 months	10.00%	39,101,700	9,636,000
				<b>214,101,700</b>	<b>223,193,443</b>



	<u>Qty. (MT)</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
		<u>Taka</u>	<u>Taka</u>
<b>9.00 Inventories</b>			
Raw Materials-Billets	21,711	1,114,680,721	647,034,794
Raw Materials-Scraps	25,311	969,853,358	2,078,684,887
Finished Goods-Own production	21,935	1,325,565,778	1,380,735,643
Finished Goods-Imported	3,447	262,960,302	114,637,358
Finished Goods- Locally purchased	2,204	144,292,364	145,448,805
Mechanical stores		411,118,846	303,012,782
M.S. Roll		216,960,125	226,339,554
Electrical stores		130,200,820	97,763,537
General stores		33,731,172	18,111,991
Fuel and Lubricants		4,195,888	2,387,420
Welding gas		9,221,374	8,289,817
Fire bricks		4,324,167	7,900,277
Consumable stores		139,295,975	112,479,354
		<u>4,766,400,890</u>	<u>5,142,826,219</u>
<b>10.00 Accounts Receivable</b>			
From sale of M.S. product		542,712,306	440,386,501
From sale of scrap and billet		425,092	2,761,596
		<u>543,137,398</u>	<u>443,148,097</u>
The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.			
<b>10.01 Party-wise breakup of Accounts receivable</b>			
<b>Inter companies:</b>			
Bangladesh Steels Ltd.		-	282,747
BSRM Iron and Steel Co. Ltd.		-	840,940
BSRM Logistics Ltd.		-	1,686,440
Karnaphuli Engineering Works Ltd.		1,194,000	12,352,986
H Akberali & Co. Ltd.		-	2,333,188
<b>Other customers</b>		541,943,398	425,651,796
		<u>543,137,398</u>	<u>443,148,097</u>
<b>Ageing of Accounts receivable</b>			
Due for 3 months		437,508,782	362,505,230
Due for 3 to 6 months		45,087,764	15,905,745
Due for above 6 months		60,540,852	64,737,122
		<u>543,137,398</u>	<u>443,148,097</u>
<b>11.00 Other receivables</b>			
Interest receivable		148,881,245	150,890,735
		<u>148,881,245</u>	<u>150,890,735</u>
<b>12.00 Due from inter companies</b>			
H Akberali & Co. Ltd.		843,257,266	1,170,960,958
Karnaphuli Engineering Works Ltd.		-	71,646,810
Chittagong Power Company Ltd.		266,333	18,950,231
BSRM Steel Mills Ltd.		68,027,565	(39,925,255)
BSRM Recycling Industries Ltd.		129,934,144	151,046,660
BSRM Iron & Steel Co. Ltd.		-	626,400,839
BSRM Logistics Ltd.		133,516,258	143,051,600
BSRM Ispat Ltd.		234,130,375	196,480,375
BSRM Real Estates Ltd.		-	3,466,979
BSRM Metals Ltd.		341,082	10,000
		<u>1,409,473,023</u>	<u>2,342,089,197</u>



These represent short term loans given to these sister companies as and when required to meet funding requirement. Interest @ 15.50% per annum is charged to these short term loan balances as per Board's Resolution dated January 04, 2012.

Repayments of Tk. 9,000,000, Tk. 68,027,565, Tk. 500,000 and Tk. 4,000,000 have subsequently been made against the balances of H. Akberali & Co. Ltd., BSRM Steel Mills Ltd., BSRM Recycling Ind. Ltd. and BSRM Logistics Ltd. upto March 25, 2013. All transactions were done through account payee cheque.

No amount is receivable from Directors at the reporting date.

### 13.00 Advances, deposits and prepayments

Advances (Note - 13.01)	461,676,349	526,002,527
Deposits (Note - 13.02)	22,442,308	26,746,792
	<b>484,118,657</b>	<b>552,749,319</b>

#### 13.01 Advances:

Land	16,462,327	16,482,327
Staff loan against salary	4,201,868	5,846,802
Income tax-corporate	161,530,248	156,050,270
Against revenue expenses	35,153,070	72,458,911
Against scrap purchase- others	27,143,375	3,312,744
Against scrap purchase BSRM Recycling Ind. Ltd.	-	8,911,925
Bank guarantee margin	3,295	-
L/C margin	39,722,124	167,609,402
Against L/C	111,288,545	69,358,601
Income tax of staff	206,838	-
VAT current account and DEDO recoverable account	65,964,659	25,971,545
	<b>461,676,349</b>	<b>526,002,527</b>

#### 13.02 Deposits:

Custom Authority against claim	1,545,145	1,545,145
Ansar & VDP	674,221	266,087
T & T and others	191,444	191,444
Power Development Board	13,917,968	13,917,968
Karnaphuli Gas Distribution Co. Ltd. (KGDCL)	1,808,266	1,808,266
Bakhrabad Gas System Ltd.	422,576	422,576
Bank guarantee to Bakhrabad Gas Systems Ltd.	1,138,472	1,138,472
Linde Bangladesh Ltd.	879,900	759,900
Meghna Petroleum Ltd.	40,000	40,000
United Leasing Company Ltd.	-	3,675,663
MIDAS Financing Ltd.	-	1,410,456
Others	1,824,316	1,570,815
	<b>22,442,308</b>	<b>26,746,792</b>

The directors consider that all the above advances, deposits and pre-payments are either adjustable or recoverable in kind or in cash and for that no provision against them are required at this stage.

### 14.00 Cash and cash equivalents

Cash in hand (Note-14.01)	3,822,555	3,529,404
Cash at Banks (Note-14.02)	73,765,525	36,724,285
Fixed Deposit Receipts (Note - 14.03)	7,976,884	54,469,000
	<b>85,564,964</b>	<b>94,722,689</b>

Comparative amounts of cash at bank have been rearranged due to reclassification of FDR, CD and OD accounts.

#### 14.01 Cash in hand

Corporate office	1,954,850	873,131
Factory office	800,000	1,598,901
Dhaka office	1,051,597	1,042,285
Overseas office	16,108	15,087
	<b>3,822,555</b>	<b>3,529,404</b>



**14.02 Cash at Banks:**

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
Agrani Bank Ltd., Laldighi East Br., Ctg. - CD A/C	27,576	612,687
Agrani Bank Ltd., Baizid Bostami Br., Ctg. - CD A/C	1,448,417	1,434,964
Agrani Bank Ltd., Bangabandhu Avenue Corp. Br., Dhaka - CD A/C	-	25
Agrani Bank Ltd., Tomson Bridge Br., Comilla - CD A/C	72,549	10,755
AB Bank Ltd., Agrabad Br., Ctg. - CD A/C	3,592,810	2,962,338
AI - Arafah Islami Bank Ltd., Agrabad Br., Ctg. - CD A/C	65,123	6,254,044
Bank Al-Falah Ltd., Agrabad Br., Ctg. - CD A/C	37,335	(9,876,450)
Bank Al-Falah Ltd., Agrabad Br., Ctg. - STD A/C	23,022	24,291
BASIC Bank Ltd., Dewanhat Br., Ctg. - CD A/C	48,588	19,275
Bangladesh Commerce Bank Ltd., Jubilee Road Br., Ctg. CD A/C	-	7,550
Commercial Bank of Ceylon, Agrabad Br., Ctg. - CD A/C	33,740	62,292
EXIM Bank Ltd., CDA Avenue Br., Ctg. - CD A/C	4,418,618	2,982
Dhaka Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	30,439	6,053,695
Dutch Bangla Bank Ltd., Agrabad Br., Ctg. - CD A/C	7,767	60,143
Dutch Bangla Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	293,119	3,736,641
Habib Bank Ltd., Laldighi East Br., Ctg. - CD A/C	30,801,785	2,705,412
HSBC Ltd., Agrabad Br. Ctg. - CD A/C	45,578,456	(14,039,802)
HSBC Ltd. Kolkata	19,828	65,523
HSBC Ltd., - Agrabad Br., - USD Exporters FCY A/C	7,407	684
IFIC Bank Ltd., Upashahar Br., Sylhet - CD A/C	-	2,289
Indian Overseas Bank Ltd. (A/C No 817)	1,802	1,802
Islami Bank Bangladesh Ltd., Jubilee Road Br., Ctg. - CD A/C	761,558	17,660,280
Jamuna Bank Ltd., Khatungonj Br., Ctg. - CD A/C	2,166,408	331,490
Janata Bank Ltd., Laldighi East Corporate Br., Ctg. - CD A/C	129,629	1,167,064
Janata Bank Ltd., Laldighi East Br., Ctg. - CD A/C (Old)	1,008	1,008
Janata Bank Ltd. Agrabad Br., Ctg. - CD A/C	761	762
Janata Bank Ltd., Local office, Dhaka CD A/C	3,127	4,202
Mercantile Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	24,404	231,266
Mutual Trust Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	2,777,964	2,376,502
National Bank Ltd., Jubilee Road Br. Ctg. - CD A/C	38,502	822,183
National Credit and Commerce Bank Ltd., Agrabad Br. Ctg. - CD A/C	48,039	94,890
One Bank Limited., Agrabad Br. Ctg. - CD A/C	30,014	346,752
Prime Bank Ltd., O. R. Nizam Road Br., Ctg. - CD A/C	204,289	3,512,386
Premier Bank Ltd., O. R. Nizam Road Br., Ctg. - CD A/C	1,995	46,600
Premier Bank Ltd., Khatungonj Br., Ctg. - CD A/C	69,880	71,151
Pubali Bank Ltd., Agrabad Br. Ctg. - CD A/C	90,279	16,270
Shahjalal Islami Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	199,612	6,851,209
Social Islami Bank Ltd., Jubilee Road Br., Ctg. - CD A/C	485,015	69,754
Sonali Bank Ltd., Kalibari Br., Ctg. - CD A/C	84,503	239,998
Sonali Bank Ltd., Kalibari Br., Ctg. - STD A/C	71,514	71,048
Sonali Bank Ltd., Cable Shilpa Br., Khulna - CD A/C	3,789	49,484
Southeast Bank Ltd., CDA Avenue Br., Ctg. - CD A/C	3,564,286	5,594,023
Southeast Bank Ltd., Pahartali Br., Ctg. - CD A/C	82,502	(6,647,760)
Standard Chartered Bank Ltd., Agrabad Br., Ctg. - CD A/C	(32,939,762)	(6,089,956)
Standard Chartered Bank Ltd., Motijheel Br., Dhaka- CD A/C	206,993	244,214
State Bank of India, Agrabad Br., Ctg. - CD A/C	2,172,785	5,314,007
State Bank of India, Sylhet Br., Sylhet. - CD A/C	-	10,547
Trust Bank Ltd., CDA Avenue Br., Ctg. - CD A/C	132,791	518,137
The City Bank Ltd., Agrabad Br., Ctg. - CC (Hypo) A/C	-	1,906,657
The City Bank Ltd., Agrabad Br., Ctg. - CD A/C	23,983	517,305
United Commercial Bank Ltd., Jubilee Road Br. Ctg. - CD A/C	6,821,276	1,288,334
Uttara Bank Ltd. Dhaka - CD A/C	-	3,338
	<u>73,765,525</u>	<u>36,724,285</u>

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

**14.03 Fixed Deposit Receipts**

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
				<u>Taka</u>	<u>Taka</u>
AB Bank Ltd.	L/C Margin	1 month	12.00%	3,464,370	-
Pubali Bank Ltd.	L/C Margin	3 months	12.50%	4,512,514	4,469,000
United Commercial Bank Ltd.	Investment	3 months	12.00%	-	50,000,000
				<u>7,976,884</u>	<u>54,469,000</u>



	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>15.00 Share capital</b>		
<b>Authorised capital:</b>		
500,000,000 Ordinary Shares of Tk. 10 each	5,000,000,000	5,000,000,000
	<u>5,000,000,000</u>	<u>5,000,000,000</u>
<b>Issued, Subscribed and Paid-up capital:</b>		
64,345,491 (In 2011, 58,970,040) Ordinary Shares of Tk.10/- each	643,454,910	589,700,400
64,345,491 Ordinary Shares of Tk.10/- each fully paid-up as Bonus Shares	643,454,910	-
27,160,056 Ordinary shares of Tk. 10/- each fully paid up (other than cash)	271,600,560	-
5,375,451 Ordinary Shares of Tk.10/- each fully paid-up as Bonus Shares	-	53,754,510
	<u>1,558,510,380</u>	<u>643,454,910</u>

#### 15.01 Shareholding position

<u>Name of shareholders</u>	<u>%</u>	<u>Number of shares</u>	<u>Number of shares</u>
Mr. Alihussain Akberali	14.09%	21,967,130	7,635,425
Mr. Aameir Alihussain	10.95%	17,069,955	7,275,751
Mrs. Bilkis Alihussain	10.47%	16,322,540	8,325,218
Mr. Saifuddin Abbas Unwala	6.03%	9,400,000	9,200,000
Mr. Iqbal Hussain	6.97%	10,870,000	10,435,000
Mr. Abbas Jumani	6.42%	10,000,000	5,000,000
Mr. Ali Asgar Badruddin	12.83%	20,000,000	10,000,000
Mr. Zohair Taherali	3.65%	5,682,204	2,325,415
Mrs. Tehseen Zohair Taherali	3.97%	6,188,663	2,321,137
VORTEX Investments Ltd.	2.34%	3,645,890	1,822,945
Mrs. Sabeen Aameir	2.570%	4,004,600	2,300
Mr. Abdul Qadir Zohair	0.003%	4,600	2,300
Mrs. Munira Saif Uddin	0.009%	13,880	-
Mr. Md. Hussain Habib	0.003%	4,650	-
Mr. Faisal Iqbal Poonawala	0.003%	4,520	-
Mr. Aquil Hatim Bhai	0.013%	20,000	-
Mrs. Shahnaz Hussain	0.023%	35,840	-
H. Akberali & Co. Ltd.	16.856%	26,270,116	-
Karnafully Engineering Works Ltd.	2.567%	4,000,850	-
Various employees of BSRM Group	0.222%	345,600	-
	<u>100%</u>	<u>155,851,038</u>	<u>64,345,491</u>

#### 16.00 Reserve for issuance of share against merger

This represents total face value of shares to be issued against acquisition of assets and liabilities of Meghna Engineering Works Ltd. as on December 31, 2010. As per calculation 27,160,056 nos Ordinary Shares of Tk. 10 each totaling Tk. 271,600,560 of Bangladesh Steel Re-Rolling Mills Ltd. has been allotted subsequently after getting approval from Securities and Exchange Commission (SEC) vide letter of consent (ref: SEC/CI/CPLC-213/2009/1582) dated September 30, 2012.

The procedure for transferring the legal title of all movable and immovable properties of Meghna Engineering Works Limited due to acquisition is under process. However, physical possession of movable and immovable properties of Meghna Engineering Works Limited continues to remain with the reporting Entity.





	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>17.00 Long Term Loan</b>		
Project loan and syndicated term loan(Note- 17.03)	627,490,645	42,835,774
Other Term loan (Note- 17.04)	917,675,859	668,071,582
	<u><b>1,545,166,504</b></u>	<u><b>710,907,356</b></u>

**17.01 Long Term Loan- Long term portion**

Agrani Bank Ltd. - Project loan	9,594,631	24,939,760
One Bank Ltd. - Syndicated term loan	579,796,228	-
Other term loan	638,843,051	306,949,468
	<u><b>1,228,233,910</b></u>	<u><b>331,889,228</b></u>

**17.02 Long term loan -Maturity analysis**

Long term loans received from Banks and financial institutions are re-payable as per the following schedule from January, 2013:

Due within one year-Current portion	316,932,594	379,018,128
Due after more than one year-Long term portion	1,228,233,910	331,889,228
	<u><b>1,545,166,504</b></u>	<u><b>710,907,356</b></u>

**17.03 Project loan and syndicated term loan**

Agrani Bank Ltd. - Project loan (Note - 17.03.01)	27,490,645	42,835,774
One Bank Ltd. - Syndicated term loan ( Note - 17.03.02)	600,000,000	-
	<u><b>627,490,645</b></u>	<u><b>42,835,774</b></u>

**17.03.01 Terms of project loan**

**Lenders:**

Agrani Bank Ltd. sanctioned an amount of Tk. 1,119.36 lac as project loan against BMRE and disbursed the full amount within 2nd November, 2005. Total loan amount was divided into two parts as long term loan Tk. 1,008.43 lac and interest of implementation Tk. 110.93 lac.

**Total loan facilities: Tk. 1,119.36 lac.**

**Interest rate:**

Interest rate is 12% per annum or at applicable rate as determined from time to time on half yearly basis.

**Disbursement:**

The first disbursement was made on 18.12.2004.

**Repayments**

Long term loan is being re-paid in 16 half-yearly equal installments starting from 18th June, 2007.

Interest for the period of implementation is being re-paid in five equal yearly installments commencing from completion of one year from the commencement of the commercial production of the project.

**Loan period**

The entire loan amount shall be re-paid by ten (10) years including grace period of two (2) years.

**Securities:**

- Mortgage of land area of 1.98 acre and building thereon.
- Hypothecation on all existing and proposed machineries and furniture of the project.
- Personal guarantee of all directors of the company.

**Lender's covenants**

Any subsequent requirement of working capital for BMRE Project shall be financed by entrepreneurs.

**Purpose:**

For meeting expenditure for capital machineries.



#### 17.03.02 Terms of Syndicated term loan

**Lenders:**

The company entered into a syndicated loan agreement for BMRE on May 15, 2012 with One Bank Limited, the lead arranger and 6 (Six) other Banks and Financial Institutions.

**Total loan facilities:** Tk. 60 crore.

**Interest rate:**

Interest rate is 15.5%-16.5% per annum calculated on quarterly basis and variable depending on the situation of money market.

**Disbursement:**

The first disbursement was made on September 16, 2012.

**Repayments**

This term loan is repayable in 60 (sixty) monthly installments after 1 (one) year of grace period.

**Securities:**

- i. Registered Mortgage on 827 decimals of land at Sitakunda, Chittagong along with building and structures constructed or to be constructed thereon on first ranking parri passu basis.
- ii. Fixed and floating charge over assets.
- iii. Irrevocable general power of attorney.
- iv. Demand promissory note covering full amount.

**Purpose:**

For acquisition of plant and machineries to enhance the production capacity to 450,000 metric tons per year, improve product quality, undertake civil construction etc. for BMRE.

#### 17.04 Other Term Loan

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
AB Bank Ltd.	68,998,756	104,999,903
IPDC of Bangladesh Ltd.	48,233,275	83,114,362
IDLC Finance Ltd.	11,678,075	54,185,421
Jamuna Bank Ltd.	46,522,139	61,638,711
Lanka Bangla Finance Ltd.	500,000,000	-
MIDAS Financing Ltd.	56,244,923	93,741,539
National Credit and Commerce Bank Ltd.	16,533,718	31,398,406
One Bank Ltd.	-	5,621,540
Prime Bank Ltd.	63,735,691	97,197,917
Shahjalal Islami Bank Ltd.	26,118,902	58,777,970
United Commercial Bank Ltd.	11,886,361	55,607,689
United Leasing Company Ltd.	67,724,019	21,788,124
	<u>917,675,859</u>	<u>668,071,582</u>

Terms and conditions of above term loans are shown in Note-17.04.01 below:



17.04.01 Terms and conditions of other term loan

Name of banks	Amount Taka	Types of facility	Installment	Rate of interest	Securities
AB Bank Ltd.	68,998,756	Term loan	Monthly	14.50%	1. Lien on 189,000 nos. ordinary shares of BSRM Wires Ltd. 2. Lien on 105,000 nos. ordinary shares of BSRM Recycling Ind. Ltd. 3. Corporate guarantee of BSRM Wires Ltd. and BSRM Recycling Ind. Ltd.
IPDC of Bangladesh Ltd.	48,233,275	Term loan	Quarterly	16.50%	1. Directors' personal guarantee. 2. Floating charge over all movable properties of BSRM Ltd. 3. Lien on 808,500 ordinary shares held by all directors in BSRM Ltd.
IDLC Finance Ltd.	11,678,075	Term loan	Monthly	15.50%	1. Lien on 382,300 nos. ordinary shares of BSRM Steels Ltd. 2. Directors' personal guarantee
Jamuna Bank Ltd.	46,522,139	Term loan	Monthly	16.00%	1. Directors' personal guarantee. 2. Hypothecation of capital machineries.
Lanka Bangla Finance Ltd.	500,000,000	Term loan	Monthly	18.00%	1. Directors' personal guarantee. 2. Corporate guarantee of H. Akber Ali & Co. and BSRM Iron & Steel Company Ltd. 3. Floating charge on the fixed and floating assets of BSRM Ltd. 4. Post dated cheques, promissory note etc.
MIDAS Financing Ltd.	56,244,923	Term loan	Monthly	17.50%	1. Directors' personal guarantee.
National Credit and Commerce Bank Ltd.	16,533,718	Term loan	Monthly	15.50%	1. Directors' personal guarantee. 2. Hypothecation of capital machineries.
Prime Bank Ltd.	63,735,691	Term loan	Monthly	16.00%	1. Directors' personal guarantee. 2. Hypothecation of capital machineries.
Shahjalal Islami Bank Ltd.	26,118,902	Term loan	Monthly	16.00%	1. Directors' personal guarantee. 2. Hypothecation of capital machineries.
United Commercial Bank Ltd.	11,886,361	Term loan	Quarterly	17.00%	1. Directors' personal guarantee. 2. Hypothecation of capital machineries.
United Leasing Company Ltd.	67,724,019	Term loan	Monthly	15.50%	1. Directors' personal guarantee. 2. Lien on 388,889 nos. ordinary shares of BSRM Steels Ltd. 3. Post dated cheque covering whole of the loan amount plus interest.

917,675,859



	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>18.00 Deferred tax liabilities</b>		
Opening balance as on January 1	682,920,590	12,660,004
Provided during the year:		
Deferred tax on investments in associates	44,521,271	13,805,588
Against revaluation surplus of PPE(excluding land)	212,067,263	257,308,698
Against temporary difference	-	399,146,300
Adjusted during the year:		
Against temporary difference	(10,421,460)	-
Against sale of revalued assets	(1,845,118)	-
Against loss on revaluation of PPE	(10,508,763)	-
Against impact on depreciation on revaluation surplus	(34,275,150)	-
	199,538,043	670,260,586
Closing balance	<u>882,458,633</u>	<u>682,920,590</u>

<b>19.00 Trade creditors</b>		
Purchase from outsiders	5,368,952	12,003,754
BSRM Steels Ltd.	2,775,603,565	2,530,402,254
BSRM Wires Ltd.	962,800	-
Burhani Scrap Traders	-	16,443,491
BSRM Iron and Steel Co. Ltd.	-	6,031,285
	<u>2,781,935,317</u>	<u>2,564,880,784</u>

These represent amount payable to the sister companies and outside parties against supply of materials (scraps) and finished goods.

Tk. 962,800 has subsequently been adjusted with the balance of BSRM Wires Ltd. upto March 25, 2013.

<b>20.00 Short term liabilities</b>		
Loan against Trust Receipt (LTR) (Note - 20.01)	886,787,515	949,344,344
Bridge Loan from United Commercial Bank Ltd.	518,929,379	-
Time Loan from AB Bank Ltd.	11,700,000	84,050,000
Time Loan from Trust Bank Ltd.	101,526,944	-
Factoring Loan against sales invoice (Note - 20.02)	14,047,257	9,279,710
Loan against CC Pledge and Hypo (Note - 20.03)	1,219,739,906	521,007,047
Inland Foreign Documentary Bills For Collection (IFDBC) (Note-20.04)	598,311,309	1,634,890,490
	<u>3,351,042,310</u>	<u>3,198,571,591</u>

Terms and conditions of the above liabilities are shown in Note-49.

<b>20.01 Loan against Trust Receipt (LTR)</b>		
Al-Arafa Islami Bank Ltd.	-	10,461,333
Bank Alfalah Ltd.	54,374,199	-
Commercial Bank of Ceylon	-	10,789,346
Dhaka Bank Ltd.	-	10,570,863
HSBC Ltd.	299,813,278	244,516,329
Islami Bank Bangladesh Ltd.	95,432,087	113,590,017
Mercantile Bank Ltd.	1,491,146	53,812,450
One Bank Ltd.	-	1,390,746
Prime Bank Ltd.	191,812,878	168,443,627
Pubali Bank Ltd.	12,757,108	35,689,869
Standard Chartered Bank Ltd.	79,420,256	-
Shahjalal Islami Bank Ltd.	93,993,380	77,273,176
Social Islami Bank Ltd.	-	68,215,305
Sonali Bank Ltd.	-	104,064,443
Trust Bank Ltd.	57,693,183	50,526,840
	<u>886,787,515</u>	<u>949,344,344</u>

**20.02 Details of Factoring Loan**

United Leasing Co. Ltd. (Note - 20.02.01)

**31.12.2012****Taka****31.12.2011****Taka**

14,047,257

9,279,710

**14,047,257****9,279,710****20.02.01 Terms and conditions:**

- i. 80% of gross sales invoice/billed amount is paid by discounting sales invoice.
- ii. Interest rate is 15.50% per annum along with processing and collection fees 0.25% on the invoice amount.

**Security:**

Personal guarantee of directors of the company and deed of floating charge on all accounts receivable (present and future).

**20.03 Loan against CC Pledge, Hypo and Overdraft**

Agrani Bank Ltd. - CC (Hypo) A/C	134,306,511	19,432,246
Agrani Bank Ltd., Laldighi East Br. Ctg. - CC (Pledge) A/C	429,049,469	206,165,458
BASIC Bank Ltd. - OD A/C	11,665,249	1,108,560
Dhaka Bank Ltd.	9,726,887	-
Habib Bank Ltd., Laldighi Br. Ctg. - CC A/C	45,143,157	2,254,543
Jamuna Bank Ltd. - CC (Hypo) A/C	18,589,514	186,154
National Bank Ltd. - CC A/C (Hypo)	47,826,506	482,838
Prime Bank Ltd. - CC (Hypo) A/C	139,931,200	127,121,375
Pubali Bank Ltd., Agrabad Br., Ctg. - CC (Hypo)	249,261,212	24,628,642
Shahjalal Islami Bank Ltd.	2,001,889	-
Standard Chartered Bank Ltd. - Revolving Account	-	118,834,264
Social Islami Bank Ltd. - (CC Hypo) A/C	3,642,025	1,452,491
Sonali Bank Ltd., Laldighi Br. Ctg. - CC (Hypo) A/C	-	9,284,165
Sonali Bank Ltd., K.C. Dey Road Br. Ctg. - CC (Hypo) A/C	67,438,402	-
Sonali Bank Ltd., Kalibari Br. Ctg. - CC (Hypo) A/C	16,169,091	20,436,799
United Commercial Bank Ltd., Jubilee Road Br., Ctg. - OD A/C	-	7,866,404
Trust Bank Ltd. - OD A/C	44,988,794	(18,246,892)
	<b>1,219,739,906</b>	<b>521,007,047</b>

**20.04 Inland Foreign Documentary Bills For Collection (IFDBC)**

AB Bank Ltd.	37,346,870	72,177,869
HSBC Ltd.	62,597,982	112,632,405
Shahjalal Islami Bank Ltd.	39,207,622	41,212,990
Mercantile Bank Ltd.	66,549,086	22,043,234
One Bank Limited.	37,345,038	132,154,416
Pubali Bank Ltd.	117,264,979	62,367,212
Islami Bank Bangladesh Ltd.	26,272,490	-
State Bank of India	85,634,731	102,818,483
National Bank Ltd.	33,796,086	-
Agrani Bank Ltd.	18,997,272	192,151,530
Prime Bank Ltd.	73,299,153	191,645,447
Sonali Bank Ltd.	-	158,778,643
Dhaka Bank Ltd.	-	5,789,398
Standard Chartered Bank Ltd.	-	541,118,863
	<b>598,311,309</b>	<b>1,634,890,490</b>



	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>21.00 Liabilities for expenses</b>		
Audit Fees	360,000	135,000
Karnaphuli Gas Distribution Co. Ltd.	2,451,150	2,641,083
Power Development Board for electricity	158,650	633,969
Power	49,550,779	100,498,005
Godown rent	113,100	60,450
Guest House rent	40,100	20,000
C & F Bill and others	3,594,131	20,258,154
Others	185,836	183,421
Carrying charges	2,857,154	2,873,072
Carriage on sales	10,031,868	12,523,416
Salary & Allowances	21,283,046	4,443,924
Financial expenses	15,965,289	6,578,838
Interest expenses to inter companies	-	246,732,766
Telephone expenses	75,279	70,151
ULC Bill Collection charges and interest	208,613	158,176
Printing and stationery	3,060	-
Postage and telegram	93,180	-
Legal expense	24,000	-
Medical expense	277,859	-
Fuel and lubricants	16,644	-
Linde Bangladesh Ltd. (formerly BOC)	293,320	37,549
Spare parts	7,518,570	189,029
Carriage on purchase	178,086	144,611
Conveyance	91,029	178,188
Casual wages	1,670,595	580,054
Repair and maintenance	72,500	85,740
Entertainment expenses	28,459	17,516
Guest house expenses	-	7,450
	<u>117,142,297</u>	<u>399,050,562</u>

**22.00 Advance against sales**

54,956,861

102,301,655

These represent advances received from different parties against sale of finished goods. Goods have not been delivered to them within the reporting date.

**23.00 Due to inter companies**

East Bengal Trading & Industries Corp. Ltd.	-	21,609,040
BSRM Wires Ltd.	6,949,912	21,994,461
BSRM Steels Ltd.	362,970,206	2,471,446,838
Bangladesh Steels Ltd.	4,498	(29,238,527)
	<u>369,924,616</u>	<u>2,485,811,812</u>

These balances represent short term financial arrangement availed from inter companies as and when required to meet working capital. Interest @ 15.50% has been charged to these balances.

Repayments of Tk. 3,200,000, Tk. 362,970,206 have subsequently been made against the balances of BSRM Wires Ltd. and BSRM Steels Ltd. respectively upto March 25, 2013. All transactions were made through account payee cheque.

**24.00 Liability against share application money**

Mr. Aquil Hatimbhai	-	200,000
Mr. Hussain Habib	-	46,484
Mr. Munira S Abbas	-	138,751
Mr. Shahnaz Hussain	-	358,374
Mr. Faisal I Poonalwalla	-	45,150
	<u>-</u>	<u>788,759</u>



	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
<b>25.00 Provision for income tax</b>		
Opening balance as on January 1	256,237,264	130,360,222
<b>Provided during the year:</b>		
Against current year	188,224,809	256,237,264
Against previous years	87,652	18,947,986
	188,312,461	275,185,250
	444,549,725	405,545,472
Less: Adjusted with advance income tax paid at source	259,587,559	149,308,208
Closing balance	<u>184,962,166</u>	<u>256,237,264</u>

Year wise Income Tax assessment status is as follows:

<u>Accounting</u>	<u>Assessment year</u>	<u>Present status</u>
<u>year</u>		
2008	2009-2010	Assessment of Meghna Engineering Works Ltd. is pending at High Court Division
2009	2010-2011	Assessment completed
2010	2011-2012	Assessment completed
2011	2012-2013	Assessment completed

#### **26.00 Provision for WPPF and Welfare Fund**

Opening balance as on January 1	16,775,066	14,770,624
Provided during the year	10,673,907	24,607,518
	27,448,973	39,378,142
Less: Paid during the year with salary	24,783,700	22,603,076
Closing balance	<u>2,665,273</u>	<u>16,775,066</u>

#### **27.00 Other liabilities**

Liability for other finance	150,000	150,000
Earnest Money	50,000	50,000
Employees' Provident Fund	1,214,991	339,864
Security Deposit	8,598,448	1,846,234
Sundry creditors	-	4,468,133
Retention Money	11,787,273	1,351,894
Income Tax deducted at source from salary	-	68,871
Income Tax deducted at source-others	1,162,918	419,466
VAT deducted at source	843,340	859,908
Loan from directors and shareholders	-	22,128,491
	<u>23,806,970</u>	<u>31,682,861</u>

Income Tax and VAT deducted at source above have subsequently been paid to the Govt. Exchequer.

#### **28.00 Revenue**

Local sales	12,977,678,436	12,286,265,382
Export sales (Note-28.01)	52,132,524	1,278,970
Sale of scrap	977,371,266	376,855,682
Sale of by-products	36,239,262	-
	<u>14,043,421,488</u>	<u>12,664,400,034</u>

#### **28.01 Export sales**

Total export sales during this period was USD 634,574 against exporting 1,018.69 MT goods.





	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
<b>29.00 Cost of sales</b>		
Cost of sales-own production (Note -29.01)	5,129,813,667	4,640,452,164
Cost of sales- finished goods purchased (Note - 29.02)	6,287,904,038	5,465,944,546
Cost of sale of scrap	964,002,867	331,154,896
Cost of sale of billet	964,180,241	1,150,303,307
	<u><b>13,345,900,813</b></u>	<u><b>11,587,854,913</b></u>

**29.01 Cost of sales-own production**

Opening Stock of raw materials - Billets	647,034,794	634,446,396
Add: Purchased during the year	1,015,550,886	1,445,960,448
Consumption of scrap and sponge(Note - 29.01.01)	4,107,685,663	4,011,461,179
	<u>5,123,236,549</u>	<u>5,457,421,627</u>
	5,770,271,343	6,091,868,023
 <b>Less: Closing Stock of Raw Materials</b>	 1,114,680,721	 647,034,794
Cost of sale of billets to other parties	964,180,241	1,150,303,307
	<u>2,078,860,962</u>	<u>1,797,338,101</u>
Raw Materials Consumed- Billets	3,691,410,381	4,294,529,922
<b>Add: Manufacturing Expenses:</b>		
Direct expenses	71,340,455	62,866,262
Direct materials consumed	346,836,823	382,631,135
Factory overhead (Note - 29.03)	193,232,774	170,988,727
Power	418,907,137	226,995,263
Gas	27,224,671	30,631,115
Welding gas and liquid oxygen	2,998,402	10,471,446
Fuel and Lubricants	8,865,584	9,671,237
Repair and maintenance of furnace	3,578,410	207,279
Consumption of mechanical stores	35,244,681	33,814,691
Consumption of MS Roll	26,551,305	34,701,624
Consumption electrical stores	9,143,057	9,871,410
Consumption general stores	2,236,385	1,983,964
Depreciation (Note- 6.00)	237,073,737	205,553,410
	<u>1,383,233,421</u>	<u>1,180,387,563</u>
Cost of Goods Manufactured	5,074,643,802	5,474,917,485
Add: Opening stock of Finished Goods	1,380,735,643	546,270,322
	<u>6,455,379,445</u>	<u>6,021,187,807</u>
<b>Less: Closing stock of Finished Goods</b>	<b>1,325,565,778</b>	<b>1,380,735,643</b>
<b>Cost of sales of manufactured finished goods</b>	<u><b>5,129,813,667</b></u>	<u><b>4,640,452,164</b></u>

**29.01.01 Raw materials consumed - scrap and sponge**

Opening Stock of raw materials	2,078,684,887	965,378,852
Add: Purchased during the year	3,962,857,001	5,455,922,110
	<u>6,041,541,888</u>	<u>6,421,300,962</u>
 <b>Less: Closing Stock of raw materials</b>	 969,853,358	 2,078,684,887
Cost of sale of scrap	964,002,867	331,154,896
	<u>1,933,856,225</u>	<u>2,409,839,783</u>
	<u><b>4,107,685,663</b></u>	<u><b>4,011,461,179</b></u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
<b>29.02 Cost of sales-finished goods imported and locally purchased</b>		
Opening stock of finished goods	260,086,164	115,103,586
Add: Finished goods imported	471,037,694	465,880,238
Add: Finished goods locally purchased	5,964,032,846	5,145,046,885
	6,695,156,704	5,726,030,709
Less: Closing stock of finished goods	407,252,666	260,086,163
	<u>6,287,904,038</u>	<u>5,465,944,546</u>
<b>29.03 Factory overhead</b>		
Salaries and allowances	124,444,584	114,855,639
Godown rent	6,926,640	6,378,682
Land revenue, Municipal tax	554,815	576,760
Carrying charges-raw materials	23,806,656	21,543,126
Conveyance expenses	3,263,754	551,558
Electricity expenses	5,188,471	2,115,613
Water bill-WASA	75,432	46,549
Entertainment	3,625,007	1,928,370
Travelling expenses	965,640	-
Factory office expenses	706,680	951,053
General expenses	133,960	248,279
Generator expenses	2,563,805	3,005,355
Guest house rent	811,550	649,400
Guest house expenses	548,807	169,231
Insurance expenses	359,281	760,292
Medical expenses	907,582	1,993,005
Paper and periodical	12,984	8,098
Postage and telegram	62,253	41,030
Printing & stationery	1,115,411	416,890
Repairs and Maintenance	17,159,462	14,749,797
	<u>193,232,774</u>	<u>170,988,727</u>
<b>30.00 Selling and distribution costs</b>		
Advertisement	450,826	2,711,449
Brokerage and commission	66,233	250,741
Carriage on sales	25,654,496	28,132,597
Travelling expenses	3,308,978	3,134,797
Export charges	1,384,108	79,513
Debtors written off	-	420,332
Sales commission	3,760,676	2,584,149
Godown rent	789,654	558,532
Discount allowed	-	217,500
	<u>35,414,971</u>	<u>38,089,610</u>



<b>31.00 Administrative costs</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Salaries and allowances	79,383,945	70,485,877
Directors' remuneration (Note - 31.01)	24,600,000	24,600,000
Staff welfare	32,434	15,266
Rent (Office, depot and others)	21,182,096	35,525,084
Fees and renewals	1,481,043	2,000,868
Land revenue, Municipal tax	195,054	224,305
Audit fees	868,300	156,750
Carrying charge	-	571,679
Conveyance expenses	658,312	-
Donation and subscriptions	1,951,932	3,809,162
Entertainment	3,145,402	5,558,290
General expenses	246,661	1,321,297
Guest house expenses	180,000	180,000
Legal expenses	1,478,482	124,450
Professional expenses	2,765,762	3,089,996
Motor vehicle expenses	12,261,500	7,558,608
Office expenses	1,961,172	1,543,644
Postage expenses	650,737	573,711
Computer expenses	1,295,587	2,082,641
Printing expenses	296,278	878,398
Stationery expenses	667,369	1,000,503
Laboratory expenses and others	29,376	58,752
Paper and Periodicals	48,265	19,370
Telephone and e-mail expenses	3,937,930	4,056,606
Training expenses	200,957	529,134
Travelling expenses	2,701,173	2,896,200
Depreciation (Note- 6.00)	10,712,097	7,442,299
Electricity expenses	986,609	1,092,257
Medical expenses	2,112,421	73,634
	<b><u>176,030,894</u></b>	<b><u>177,468,781</u></b>

#### **31.01 Directors' Remuneration**

Details of Directors' remuneration paid during the period are as follows:

<b>Name</b>	<b>Gross Remuneration</b>	<b>Income Tax Deducted</b>	<b>Net Paid</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Mr. Alihussain Akberali-Managing Director	7,200,000	1,800,000	5,400,000
Mr. Aameir Alihussain-Director	4,800,000	1,200,000	3,600,000
Mr. Zohair Taherali-Director	7,200,000	1,800,000	5,400,000
Mrs. Tehseen Zohair Taherali-Director	4,800,000	1,200,000	3,600,000
Mrs. Sabeen Aameir- Director	600,000	49,500	550,500
	<b><u>24,600,000</u></b>	<b><u>6,049,500</u></b>	<b><u>18,550,500</u></b>

In addition to remuneration, Directors avail company vehicles for transportation purposes.

#### **32.00 Other Income**

(Loss)/ profit on sale of motor car	(610,131)	3,458,286
(Loss)/ profit on sale of office equipment	(26,500)	1,362,543
Miscellaneous income	744,862	92,271
	<b><u>108,231</u></b>	<b><u>4,913,100</u></b>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
<b>33.00 Finance costs</b>		
Interest on LTR	104,499,441	98,690,400
Interest on Demand and Time loan	4,959,270	13,121,439
Interest on factoring loan	1,358,644	898,155
Interest on BMRE Term loan	1,571,885	-
Interest on Term loan	111,582,128	117,582,754
Bank charges	7,412,237	6,198,976
Bank Guarantee Commission	14,530	64,232
Interest on balance due to inter companies-Net	(108,536,263)	86,850,444
Interest on Overdraft	158,011,447	86,602,734
Foreign currency fluctuation gain	(2,040,989)	-
	<u>278,832,330</u>	<u>410,009,134</u>
<b>34.00 Finance income</b>		
Interest income from FDR	34,150,796	36,259,657
	<u>34,150,796</u>	<u>36,259,657</u>
<b>35.00 Non- operating income</b>		
Dividend income	56,800	146,983
Management fees	99,159,222	76,159,065
Profit on sale of investment in shares	50,034,684	1,005,457,258
Rental income	1,940,000	420,000
Impairment loss on investment in tradable shares	(1,121,720)	-
	<u>150,068,986</u>	<u>1,082,183,306</u>
<b>36.00 Share of profit of associate (Net of tax)</b>		
Net profit attributable to the shareholders of BSRM Steels Ltd.	997,165,270	921,683,596
Ownership	31.19%	31.34%
Net profit attributable to BSRM Ltd.	310,999,948	288,874,214
Adjustment against unrealized profit on inventories-net	1,954,530	334,702
	<u>312,954,478</u>	<u>289,208,916</u>
<b>37.00 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	453,924,187	1,150,797,919
Weighted Average number of shares outstanding during the year	155,851,038	155,851,038
Basic earnings per share (EPS)	2.91	7.38



### 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 BAS-24.

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

<u>Name of parties</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 31.12.2012</u>		<u>Compensation</u>
H Akberali & Co. Ltd.	Sister Company and shareholder	Short term loan	843,257,266	Dr.	Market price
Karnaphuli Engineering Works Ltd.	-DO-	Short term loan	-		Market price
Chittagong Power Company Ltd.	Sister Company	Short term loan	266,333	Dr.	Market price
BSRM Wires Ltd.	-DO-	Short term loan	6,949,912	Cr.	Market price
BSRM Recycling Industries Ltd.	-DO-	Short term loan	129,934,144	Dr.	Market price
Bangladesh Steels Ltd.	-DO-	Short term loan	4,498	Cr.	Market price
BSRM Logistics Ltd.	-DO-	Short term loan	133,516,258	Dr.	Market price
BSRM Ispat Ltd.	-DO-	Short term loan	234,130,375	Dr.	Market price
BSRM Real Estates Ltd.	-DO-	Short term loan	-		Market price
BSRM Metals Ltd.	-DO-	Short term loan	341,082	Dr.	Market price
East Bengal Trading & Industries Corp. Ltd.	-DO-	Short term loan	-		Market price
BSRM Steels Ltd.	Investee	Short term loan	362,970,206	Cr.	Market price
BSRM Steel Mills Ltd.	Investee	Short term loan	68,027,565	Dr.	Market price
BSRM Iron & Steel Co. Ltd.	Investee	Short term loan	-		Market price
Burhani Scrap Traders	Sister Company	Short term loan	-		Market price
BSRM Wires Ltd.	-DO-	Purchase	962,800	Cr.	Market price
BSRM Steels Ltd.	Investee	Purchase	2,775,603,565	Cr.	Market price
H Akberali & Co. Ltd.	Sister Company and shareholder	Sales	-		Market price
Karnaphuli Engineering Works Ltd.	-DO-	Sales	1,194,000	Dr.	Market price
BSRM Logistics Ltd.	Sister Company	Sales	-		Market price
Bangladesh Steels Ltd.	-DO-	Sales	-		Market price
BSRM Iron and Steel Co. Ltd.	Investee	Sales	-		Market price

### 38.01 Details of transactions

<u>Name of inter companies</u>	<u>Opening balances</u>		<u>Provided during the period</u>		<u>Adjusted during the period</u>		<u>Closing balances</u>
	<u>Tk.</u>		<u>Tk.</u>		<u>Tk.</u>		<u>Tk.</u>
H Akberali & Co. Ltd.	1,170,960,958	Dr.	993,663,184		1,321,366,876		843,257,266
Karnaphuli Engineering Works Ltd.	71,646,810	Dr.	15,400,000		87,046,810		-
Chittagong Power Company Ltd.	18,950,231	Dr.	23,759,400		42,443,298		266,333
BSRM Wires Ltd.	21,994,461	Cr.	106,630,756		121,675,305		6,949,912
BSRM Recycling Industries Ltd.	151,046,660	Dr.	409,381,000		430,493,516		129,934,144
BSRM Iron & Steel Co. Ltd.	626,400,839	Dr.	2,361,949,896		2,988,350,735		-
Bangladesh Steels Ltd.	29,238,527	Dr.	34,313,025		5,070,000		4,498
BSRM Logistics Ltd.	143,051,600	Dr.	55,630,000		65,165,342		133,516,258
BSRM Ispat Ltd.	196,480,375	Dr.	46,000,000		8,350,000		234,130,375
BSRM Real Estates Ltd.	3,466,979	Dr.	3,000,000		6,466,979		-
BSRM Metals Ltd.	10,000	Dr.	10,961,082		10,630,000		341,082
East Bengal Trading & Industries Corp. Ltd.	21,609,040	Cr.	10,105,000		31,714,040		-
BSRM Steels Ltd.	2,471,446,838	Cr.	9,251,256,752		11,359,733,384		362,970,206
BSRM Steel Mills Ltd.	39,925,255	Cr.	186,687,993		78,735,173		68,027,565
Burhani Scrap Traders	16,443,491	Cr.	-		16,443,491		-
BSRM Wires Ltd.	-		3,572,800		2,610,000		962,800
BSRM Iron & Steel Co. Ltd.	6,031,285	Cr.	770,555		6,801,840		-
BSRM Steels Ltd.	2,530,402,254	Cr.	5,831,772,387		5,586,571,076		2,775,603,565
H Akberali & Co. Ltd.	2,333,188	Dr.	216,986		2,550,174		-
Karnaphuli Engineering Works Ltd.	12,352,986	Dr.	17,348,195		28,507,181		1,194,000
BSRM Logistics Ltd.	1,686,440	Dr.	-		1,686,440		-
BSRM Iron and Steel Co. Ltd.	840,940	Dr.	833,914,539		834,755,479		-
Bangladesh Steels Ltd.	282,747	Dr.	170,837.00		453,584		-

### 39.00 Contingent liabilities

The company had contingent liabilities at the reporting date which are as follows:

Particulars	Amount (Tk.)	Present status
Against approval of value addition in 2003	-	Pending for hearing and amount of liability can not be estimated at this stage
Penalty imposed by VAT Authority in 2004	100,000	Pending before the High Court Division of Supreme Court
Demand raised by VAT Authority in 2004 for difference in selling price	536,174	
Against trade VAT in 2006	178,415	
Against percentage of wastage (4% in place of 2.50%) in 2011	-	Pending before the High Court Division of Supreme Court and liability of which can not be estimated at this stage.

### 39.01 Status of pending litigation with the Income Tax authority for dispute with respect to income tax liability.

Disputed amount of tax liability has already been deducted by Income Tax authority and shown as advance income tax under advance, deposits and pre-payments.

Assessment year	Unit	Amount (Tk.)	Present status
2001-2002	BSRM	4,900,000	Pending before High Court Division of Supreme Court for hearing as the company appealed against the order of Appellate Tribunal.
2002-2003	BSRM	10,561,562	
2005-2006	BSRM	9,861,000	
2003-2004	SMW	14,764,000	
2005-2006	SMW	3,266,000	
2009-2010	SMW	2,320,000	
		<u>45,672,562</u>	

### 40.00 Quantitative movement of inventories

#### 40.01 Raw Materials

	2012 M.Ton	2011 M.Ton
Opening stock as on January 1	64,013	48,078
Add: Imported during the year	80,133	108,993
Add: Produced by SMW	95,810	105,121
Add: Purchased from local market	34,774	55,170
	210,717	269,284
Available for consumption	274,730	317,362
Less: Consumed /Sold/returned during the year	227,708	253,349
Closing stock	<u>47,022</u>	<u>64,013</u>

#### 40.02 Finished Goods

	2012 M.Ton	2011 M.Ton
Opening stock as on January 1	27,649	13,848
Add: Produced during the year	94,127	104,118
Add: Imported/ Purchased from sister concern	97,438	92,664
	219,214	210,630
Less: Sold during the year	95,935	91,963
Sale of finished goods procured from outside	95,693	91,018
	191,628	182,981
Closing stock	<u>27,586</u>	<u>27,649</u>





**41.00 Guarantees**

<u>31.12.2012</u>	<u>31.12.2011</u>
<u>Taka</u>	<u>Taka</u>
1,138,472	1,138,472
1,545,145	1,545,145
<u>2,683,617</u>	<u>2,683,617</u>

**41.01 Bank guarantees:**

Bank Guarantee Against Bakhrabad Gas System  
Deposit to Customs Authority against claim under appeal

The above margin and deposits have been included in Advance, Deposits and Pre-payments.

**41.02 Corporate guarantees:**

The company has a policy to extend corporate guarantee for the financial arrangements of the sister companies within the group. At the reporting date, status of such guarantee was as follows:

<u>Name of inter companies</u>	<u>Against</u>	<u>Maximum limit (in million) (Tk.)</u>
BSRM Steels Ltd.	L/C liability	20,115
BSRM Iron and Steel Co. Ltd.	L/C liability	15,430
		<u>35,545</u>

**42.00 FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

**42.01 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.

**42.02 Credit risk**

Credit risk is risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables and investments.

**42.02.01 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-

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
Investment in quoted shares and debt securities	18,506,460	27,065,145
Investments in non-tradable shares	1,000,300	1,000,300
Investments in FDRs (Short term & long term)	253,261,311	260,659,504
Advances and deposits	484,118,657	552,749,319
Trade and other receivables	692,018,643	594,038,832
Due from inter companies	1,409,473,023	2,342,089,197
Cash and cash equivalents	85,564,964	94,722,689
	<u>2,943,943,358</u>	<u>3,872,324,986</u>

**(a) Trade and other receivables**

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. During 2012, 99.78 % ( 2011: 96.05%) of the company's receivables balance was with various outside parties. However, based on the company's operations there is no concentration of credit risk.

The company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The company review includes clients goodwill and in some cases bank references. Customers that fails to meet the company's standard credit policy may transact with the company only on a pre-payment basis.

### Ageing of trade and other receivables

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

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>Taka</u>	<u>Taka</u>
0-90 days	586,390,027	513,395,965
91- 180 days	45,087,764	15,905,745
Over 180 days	60,540,852	64,737,122
	<u>692,018,643</u>	<u>594,038,832</u>

### (b) Due from inter companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 15.50% interest per annum and has no prescribed repayment schedule.

### (c) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 85,564,964 at December 31, 2012 ( 2011: Tk. 94,722,689), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

### (d) Guarantees

The company's policy is to provide financial guarantees only to its sister companies. At December 31, 2012 the company has a number of corporate guarantees for L/C liabilities of inter companies (refer to Note - 41.02).

## 42.03 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.

The following are the contractual maturities of financial liabilities:

<u>Non-derivative financial liabilities</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 12 months</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
<u>As at 31.12.2012</u>					
Long term loan	1,545,166,504	1,545,166,504	316,932,594	1,102,694,386	125,539,524
Trade creditors	2,781,935,317	2,781,935,317	2,781,935,317	-	-
Short term liabilities	3,351,042,310	3,351,042,310	3,351,042,310	-	-
Liabilities for expenses	117,142,297	117,142,297	117,142,297	-	-
Due to inter companies	369,924,616	369,924,616	369,924,616	-	-
Provision for WPPF and Welfare Fund	2,665,273	2,665,273	2,665,273	-	-
Other liabilities	23,806,970	23,806,970	23,806,970	-	-
	<u>8,191,683,287</u>	<u>8,191,683,287</u>	<u>6,963,449,377</u>	<u>1,102,694,386</u>	<u>125,539,524</u>
<u>Non-derivative financial liabilities</u>					
<u>As at 31.12.2011</u>					
Long term loan	710,907,356	710,907,356	379,018,128	317,285,906	14,603,322
Trade creditors	2,564,880,784	2,564,880,784	2,564,880,784	-	-
Short term liabilities	3,198,571,591	3,198,571,591	3,198,571,591	-	-
Liabilities for expenses	399,050,562	399,050,562	399,050,562	-	-
Due to inter companies	2,485,811,812	2,485,811,812	2,485,811,812	-	-
Liability against share application money	788,759	788,759	788,759	-	-
Provision for WPPF and Welfare Fund	16,775,066	16,775,066	16,775,066	-	-
Other liabilities	31,682,861	31,682,861	31,682,861	-	-
	<u>9,408,468,791</u>	<u>9,408,468,791</u>	<u>9,076,579,563</u>	<u>317,285,906</u>	<u>14,603,322</u>

#### 42.04 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. 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 31 December 2012, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>31.12.2012</u>		<u>31.12.2011</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<b><u>Exposure to currency risk</u></b>				
Foreign currency denominated assets:				
Trade and other receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Inland Foreign Documentary Bills For Collection (IFDBC)	7,478,891	598,311,309	19,462,982	1,634,890,490
	7,478,891	598,311,309	19,462,982	1,634,890,490
Net exposure	7,478,891	598,311,309	19,462,982	1,634,890,490

The following significant exchange rate is applied during the year:

US dollar	80	84
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##### Transaction risk

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

##### Economic risk

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

##### 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 repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.



**43.00 ACCOUNTING CLASSIFICATIONS AND FAIR VALUES**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Loans and receivables	Available-for- sale	Other financial liabilities	Total carrying amount	Fair Value
	Taka	Taka	Taka	Taka	Taka
<b>31st December, 2012</b>					
<b>Financial Assets:</b>					
Investments in tradable securities	-	18,506,460	-	18,506,460	18,506,460
Investments in FDR	-	253,261,311	-	253,261,311	253,261,311
Trade and other receivables	692,018,643	-	-	692,018,643	692,018,643
Cash and cash equivalents	85,564,964	-	-	85,564,964	85,564,964
	<u>777,583,607</u>	<u>271,767,771</u>	<u>-</u>	<u>1,049,351,378</u>	<u>1,049,351,378</u>
<b>Financial Liabilities:</b>					
Trade and other payables	-	-	(2,899,077,614)	(2,899,077,614)	(2,899,077,614)
Other liabilities	-	-	(23,806,970)	(23,806,970)	(23,806,970)
	<u>-</u>	<u>-</u>	<u>(2,922,884,584)</u>	<u>(2,922,884,584)</u>	<u>(2,922,884,584)</u>
<b>31st December, 2011</b>					
<b>Financial Assets:</b>					
Investments in tradable securities	-	27,065,145	-	27,065,145	27,065,145
Investments in FDR	-	260,659,504	-	260,659,504	260,659,504
Trade and other receivables	594,038,832	-	-	594,038,832	594,038,832
Cash and cash equivalents	94,722,689	-	-	94,722,689	94,722,689
	<u>688,761,521</u>	<u>287,724,649</u>	<u>-</u>	<u>976,486,170</u>	<u>976,486,170</u>
<b>Financial Liabilities:</b>					
Trade and other payables	-	-	(2,963,931,346)	(2,963,931,346)	(2,963,931,346)
Other liabilities	-	-	(31,682,861)	(31,682,861)	(31,682,861)
	<u>-</u>	<u>-</u>	<u>(2,995,614,207)</u>	<u>(2,995,614,207)</u>	<u>(2,995,614,207)</u>

**44.00 Operating lease**

Operating lease rentals as per BAS 17: Leases are payable as follows :

	31.12.2012 Taka	31.12.2011 Taka
Within one year	17,386,275	28,431,501
Within 2 to 5 years	54,842,448	54,842,448
After 5 years	-	6,855,306
	<u>72,228,723</u>	<u>90,129,255</u>

**45.00 Capital commitment**

The company has decided to increase its production capacity to 450,000 MT from existing 120,000 MT per annum by modernizing its existing Re-rolling plant located at Nasirabad Industrial Area, Baizid Bostami Road, Chittagong. The entire plant will be fully automated and configured in such a way so as to maximise the output and reduce production cost. The estimated project cost stands at Tk. 4,800 million. Out of required amount Tk. 600 million has been financed by One Bank Ltd.- the lead arranger and 6 (Six) other Banks and Non-Banking Financial Institutions under syndication loan. A further sum of Tk. 2,790 million will be financed under a syndicated term loan facility arranged by UCBL as lead arranger and other 15 participants. Balance amount will be financed by the sponsors' own sources.

**46.00 Production capacity**

	2012	2011
Installed Capacity (In M.Ton) yearly	120,000	120,000
Production (In M.Ton)	94,127	104,118
Capacity utilised (%)	78.44	86.77

**47.00 Employees**

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	712	669
	<u>712</u>	<u>669</u>

**48.00 Events After Reporting Date**

The Board of Directors in their meeting held on 30 April 2013 recommended 15% cash dividend for the year 2012.



**49.00 Terms and conditions of short term liabilities**

S.L	NAME OF BANKS	Sanctioned limit (Figures in crore)		Rate of Interest	Nature of Security
		LTR	CC pledge/Hypo, over draft and bridge loan		
1	Agrani Bank Ltd.	10.00	58.00	12%	Mortgage: 1. Plot No. 147,148,149 located at Nasirabad I/A measuring 2.79 Acres or 279.00 decimals of land. 2. Plot No. 3796 located at Madarbari, Chittagong measuring 0.451 acres or 40.50 decimals of land. 3. Plot No. 10 located at Agrabad Commercial Area, Chittagong measuring 1.29 Bigha or 42.57 decimals land. 4. Plot No. 91/99 located at Panchlaish R/A, Chittagong measuring 20.75 decimals Land. 5. Plot No. 1786/2330 located at Sitakunda, Bhatary, Chittagong measuring 155.00 decimals nal land. 6. 144 located at Motijheel C/A, Dhaka measuring 11.55 decimals land. 7. Plot No. 23,25,26,29,30,2585,2584,2578,2577 22 and full of R.S plot No. 24 198.00 decimals of land located at Nasirabad, Chittagong. 8. Plot No. 8 of Block D located at Sholashahar Light I/A (Ruby Investment) measuring 325.00 decimals of land. Total Land =(279.00+83.07+20.75+155.00+11.55+198.00+325.00)=1072.37 decimals of Homestead, Factory Building and Nal Land.
2	Al-Arafah Islami Bank Ltd.	65.00	10.00	16%	Post dated cheque, corporate guarantee & personal guarantee of all directors.
3	Bank Al-falah Ltd.	30.00	-	16%	Cross corporate guarantee, personal guarantee of all directors, hypothecation of stocks & book debts with RJSC.
4	Basic Bank Ltd.	30.00	2.00	15.50%	Personal guarantee of all directors, lien on FDR for Tk. 1.00 crore. For SOD facility hypothecation of stocks & book debts with RJSC.
5	Commercial Bank of Ceylon	14.00	-	14.00%	Hypothecation of stocks & book debts with RJSC & personal guarantee of all directors.
6	Dhaka Bank Ltd.	18.00	15.50	15.50%	Corporate guarantee, post dated cheque & personal guarantee of all directors. Hypothecation of stocks & book debts with RJSC.
7	Habib Bank Ltd.	5.00	2.00	13%	Legal mortgage of Section Steel Ind. Ltd., Equitable mortgage of Section Steel Ind. Ltd., Corporate guarantee & personal guarantee of all directors.
8	HSBC Ltd.	98.00	-	14%	DP note, personal guarantee of all directors, corporate guarantee. Registered mortgage of residence at Nasirabad H/S of Mr. Alihussain Akberali. Hypothecation of stocks & book debts with RJSC.
9	Islami Bank Bangladesh Ltd.	200.00	-	15.20%	Lien on Tk. 2.00 crore FDR dated 28.02.12 of IPDC Ltd. Mortgage of 710.50 decimal land located at Sonapahar, 107.00 decimal land located at Khilmurari, 66.50 decimal land located at Sonapahar, 60.00 decimal of land located at Sonapahar, 46.00 decimal land located at Khilmurari and 56.00 decimal land located at Sonapahar, Mirasari, Chittagong. Total 1046.00 decimal land, hypothecation of stocks and book debts with RJSC.
10	Jamuna Bank Ltd.	20.00	3.00	15.50%	Hypothecation of stocks & book debts with RJSC & corporate guarantee, personal guarantee of all directors.
11	Mercantile Bank Ltd.	80.00	-	15.50%	Counter guarantee, personal guarantee, post dated cheque & hypothecation of stocks & book debts with RJSC.
12	National Bank Ltd.	125.00	5.00	15.50%	Post dated cheque, corporate guarantee & personal guarantee all directors.
13	One Bank Ltd.	37.52	-	15.50%	Post dated cheque, corporate guarantee & personal guarantee all directors.
14	Prime Bank Ltd.	50.00	15.00	15.50%	Hypothecation of stocks & book debts with RJSC, IGPA, cross corporate guarantee, personal guarantee of all directors.
15	Pubali Bank Ltd	50.00	25.00	15.50%	Post dated cheque, corporate guarantee & personal guarantee..
16	Standard Chartered Bank Ltd.	103.50	3.00	14%	DP note, personal guarantee of all directors, corporate guarantee & registered mortgage over 2.60 acre land of Bangladesh Steels Limited.
17	State Bank of India	14.00	-	11%	Personal guarantee of all directors, hypothecation of current assets.
18	Shahjalal Islami Bank Ltd.	100.00	15.00	16%	Post dated cheque, corporate guarantee & personal guarantee of all directors.
19	Social Islami Bank Ltd.	60.00	20.00	13.50%	Post dated cheque, corporate guarantee & personal guarantee, insurance policy.
20	Sonali Bank Ltd.	50.00	10.00	15.50%	Post dated cheque, corporate guarantee & personal guarantee. 2.58 acres of land, 1) R,S Plot No.82,92,98,99,1257,101,100,87,75 Industrial Plot No: 54/55 P.S 37 1.95 Acres. 2) PS No. 33 0.63 Areas of Land. Total= 1.95+.63 =2.58 Acres.
21	Trust Bank Ltd.	60.00	20.00	15.50%	Cross corporate guarantee of the availing concerns & charge created on the fixed & floating assets.
22	United Commercial Bank Ltd.	-	50.00	17.00%	
<b>TOTAL</b>		<b>1,220.02</b>	<b>253.50</b>		

