

**BANGLADESH STEEL RE-ROLLING MILLS LIMITED AND ITS SUBSIDIARY**

**AUDITOR'S REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2018**



**Rahman Rahman Huq**  
Chartered Accountants  
MM Trade Center (13th floor)  
78, Agrabad C/A  
Chittagong, Bangladesh.

Telephone +880 (31) 710704  
+880 (31) 2520795  
E-mail chittagong@kpmg.com  
Internet www.kpmg.com/bd

Independent auditor's report  
to the shareholders of Bangladesh Steel Re-Rolling Mills Limited

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Bangladesh Steel Re-Rolling Mills Limited and its subsidiary and associate ("the Group") as well as the separate financial statements of Bangladesh Steel Re-Rolling Mills Limited ("the Company") which comprise the consolidated statement of financial position and separate statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, separate statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, separate statement of changes in equity, consolidated statement of cash flows and separate 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 these consolidated and separate financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, the Companies Act 1994, the Securities and Exchange Rules 1987 and for such internal control as management determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated and separate 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 consolidated and separate 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 subsidiary, BSRL Steel Mills Limited. (BSRL), was not audited by us. The financial statements of BSRL shows total assets of Taka 40,084,506,840 as on 30 June 2018 and total revenue of Taka 45,888,262,116 for the year then ended. Hussain Farhad & Co., Chartered Accountants has audited the Financial Statements of BSRL and expressed an unqualified opinion. Our opinion, in so far as it relates to the amounts included in respect of the company's subsidiary, is based on the audited financial statements and reports issued by the subsidiary's auditor.

**Opinion**

In our opinion, the consolidated financial statements of the Group and the separate financial statements of the company give true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 30 June 2018, and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.



**Rahman Rahman Huq**  
Chartered Accountants

**Other Matter**

The financial statements of **Bangladesh Steel Re-Rolling Mills Limited** for the year ended 30 June 2017 were audited by A. Qasem & Co., Chartered Accountants, who expressed an unmodified opinion on those financial statements on 12 August 2017. The consolidated financial statements of the group was not prepared and audited for the year ended 30 June 2017.

**Report on Other Legal and Regulatory Requirements**

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

- (a) we have obtained all the information and explanations' which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (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 the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (d) the expenditure incurred was for the purposes of the Company's business.

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Rahman Rahman Huq  
Chartered Accountants  
Chattogram, 25 September 2018



Bangladesh Steel Re-Rolling Mills Limited and its subsidiary  
Consolidated statement of financial position

In Taka	Note	30 June 2018	30 June* 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17.a	31,736,877,702	32,304,935,197
Intangible assets	19.a	39,762,082	45,945,167
Investment in associate	20.a	3,994,597,901	3,593,907,671
Other investments	21.a	122,190,354	110,740,333
<b>Non-current assets</b>		<b>35,893,428,038</b>	<b>36,055,528,368</b>
Short term investment	22.a	1,367,141,161	404,602,494
Inventories	23.a	23,438,884,798	16,981,949,811
Trade and other receivables	24.a	8,193,143,601	2,348,794,127
Current account with related companies	25.a	2,576,514,730	1,361,656,210
Advances and deposits	26.a	4,348,160,534	2,933,328,438
Cash and cash equivalents	27.a	779,433,146	523,654,626
Assets held for sale	28.a	-	-
<b>Current assets</b>		<b>40,703,277,970</b>	<b>24,553,985,706</b>
<b>Total Assets</b>		<b>76,596,706,008</b>	<b>60,609,514,074</b>
<b>Equity</b>			
Share capital	29	2,146,074,880	1,950,977,170
Share premium		511,970,250	511,970,250
General reserve		30,170,818	30,170,818
Revaluation reserve		3,974,789,370	4,019,434,561
Retained earnings		6,962,742,079	4,318,587,024
12% Convertible coupon bond-equity component		45,661,142	45,661,142
<b>Equity attributable to owners of the company</b>		<b>13,671,408,539</b>	<b>10,876,800,965</b>
<b>Non- controlling interests</b>		<b>3,392,628,051</b>	<b>2,876,267,242</b>
<b>Total equity</b>		<b>17,064,036,591</b>	<b>13,753,068,208</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	31.a	8,305,438,361	6,598,696,556
Defined benefit obligations - Gratuity	32.a	226,378,396	176,251,233
Deferred tax liability	34.a	2,965,622,218	2,182,708,416
<b>Non-current liabilities</b>		<b>11,497,438,975</b>	<b>8,957,656,205</b>
Trade payables	35.a	1,216,553,373	1,388,718,194
Short term borrowings	36.a	39,794,968,536	26,547,656,785
Current account with related companies	37.a	4,919,172,515	8,221,761,843
Advance against sales	38.a	320,121,941	253,184,437
Liabilities for expenses	39.a	958,520,190	747,329,297
Current tax liability	33.a	349,888,115	167,710,168
Provision for WPPF and Welfare Fund	40.a	209,125,156	67,373,325
Other liabilities	41.a	266,880,612	505,055,612
<b>Current liabilities</b>		<b>48,035,230,441</b>	<b>37,898,789,661</b>
<b>Total liabilities</b>		<b>59,532,669,416</b>	<b>46,856,445,866</b>
<b>Total equity and liabilities</b>		<b>76,596,706,008</b>	<b>60,609,514,074</b>

\* Please refer to Note- 2.12

The annexed notes 1 to 51 are an integral part of these consolidated financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Chattogram, 25 September 2018

Rahman Rahman Huq  
Chartered Accountants




Bangladesh Steel Re-Rolling Mills Limited and its subsidiary  
Consolidated Statement of Profit or Loss and Other Comprehensive Income

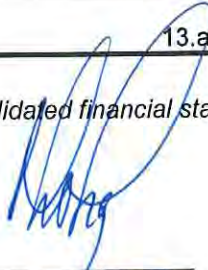
For the year ended 30 June

In Taka	Note	2018	2017*
<b>Revenue</b>	4.a	<b>68,924,014,794</b>	42,182,532,928
Cost of sales	5.a	<b>(60,776,859,390)</b>	(37,486,002,375)
<b>Gross profit</b>		<b>8,147,155,404</b>	4,696,530,554
Selling and distribution costs	6.a	<b>(642,538,845)</b>	(437,268,226)
Administrative costs	7.a	<b>(453,954,329)</b>	(293,425,480)
Other operating income	8.a	<b>41,622,424</b>	(22,555,881)
<b>Operating profit</b>		<b>7,092,284,654</b>	3,943,280,966
Finance costs	9.a	<b>(3,784,269,909)</b>	(3,423,014,941)
Finance income	10.a	<b>567,603,149</b>	333,740,735
<b>Net finance costs</b>		<b>(3,216,666,760)</b>	(3,089,274,206)
Non-operating Income	11.a	<b>146,993,971</b>	125,401,482
<b>Profit before WPPF and Welfare Fund</b>		<b>4,022,611,865</b>	979,408,242
Contribution to WPPF and Welfare Fund	40.a.i	<b>(209,125,156)</b>	(67,373,325)
Share of (loss)/profit of equity accounted investee, net of tax	12.02	<b>561,639,421</b>	530,979,966
<b>Profit before tax</b>		<b>4,375,126,130</b>	1,443,014,882
Income tax expense:			
Current year		<b>(352,186,805)</b>	(167,710,168)
Previous year		<b>72,155,315</b>	(76,614,443)
Deferred tax		<b>(799,954,269)</b>	(932,482,978)
<b>Total income tax expense</b>		<b>(1,079,985,759)</b>	(1,176,807,589)
<b>Profit after tax</b>		<b>3,295,140,371</b>	266,207,293
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of associate		<b>(1,057,931)</b>	-
Exchange differences on translation of foreign operations		<b>(154,523)</b>	(16,351,219)
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss</b>		<b>(1,212,454)</b>	(16,351,219)
<b>Items that will not be reclassified to profit or loss</b>			
Deferred tax on interest - 12% Convertible bond		<b>2,158,736</b>	3,221,003
<b>Net other comprehensive income/(loss) not to be reclassified to profit or loss</b>		<b>2,158,736</b>	3,221,003
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>946,282</b>	(13,130,216)
<b>Total comprehensive income</b>		<b>3,296,086,653</b>	253,077,077
<b>Profit attributable to:</b>			
Owners of the company		<b>2,778,779,562</b>	756,515,074
Non-controlling interests		<b>516,360,809</b>	(490,307,781)
		<b>3,295,140,371</b>	266,207,293
<b>Total comprehensive income attributable to:</b>			
Owners of the company		<b>2,779,725,843</b>	743,384,858
Non-controlling interests		<b>516,360,809</b>	(490,307,781)
		<b>3,296,086,653</b>	253,077,077
<b>Earnings per share</b>			
Basic earnings per share (Taka)	13.a	<b>12.95</b>	3.53

\* Please refer to Note- 2.12

The annexed notes 1 to 51 are an integral part of these consolidated financial statements.

  
Managing Director


  
Director

  
Company Secretary

As per our annexed report of same date.

Chattogram, 25 September 2018



  
Rahman Rahman Haq  
Chartered Accountants



**Bangladesh Steel Re-Rolling Mills Limited and its subsidiary**  
**Consolidated statement of changes in equity**  
For the year ended 30 June 2018

In Taka	Attributable to owners of the company							Total	Non-controlling interests	Total
	Share capital	Share premium	General reserve	Revaluation surplus	Retained earnings	12% convertible coupon bond equity component	Total			
Balance as on 1 July 2016 *	1,950,977,170	511,970,250	30,170,818	4,067,381,989	3,703,625,286	45,661,142	10,309,786,656	3,366,575,023	13,676,361,679	
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(48,548,824)	64,731,766	-	16,182,941	-	16,182,941	
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(1,457,124)	1,942,832	-	485,708	-	485,708	
Effect of revaluation and deferred tax on retained earnings of associates	-	-	-	2,058,520	-	-	2,058,520	-	2,058,520	
Interim cash dividend paid	-	-	-	-	(195,097,717)	-	(195,097,717)	-	(195,097,717)	
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	3,221,003	-	3,221,003	-	3,221,003	
Exchange differences on translation of foreign operations	-	-	-	-	(16,351,219)	-	(16,351,219)	-	(16,351,219)	
Net profit after tax for the year ended 30 Jun 2017	-	-	-	-	756,515,074	-	756,515,074	(490,307,781)	266,207,293	
Balance as at 30 June 2017	1,950,977,170	511,970,250	30,170,818	4,019,434,561	4,318,587,024	45,661,142	10,876,800,966	2,876,267,242	13,753,068,209	
Balance as on 1 July 2017	1,950,977,170	511,970,250	30,170,818	4,019,434,561	4,318,587,024	45,661,142	10,876,800,966	2,876,267,242	13,753,068,208	
10% stock dividend paid for 2017	195,097,710	-	-	(44,435,847)	(195,097,710)	-	-	-	-	
Transfer against difference in depreciation between cost and revalued amount	-	-	-	-	59,247,796	-	14,811,949	-	14,811,949	
Share of other comprehensive income of associate	-	-	-	-	(1,057,931)	-	(1,057,931)	-	(1,057,931)	
Exchange differences on translation of foreign operations	-	-	-	-	(154,523)	-	(154,523)	-	(154,523)	
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	2,158,736	-	2,158,736	-	2,158,736	
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(209,344)	279,126	-	69,781	-	69,781	
Net profit after tax for the year ended 30 Jun 2018	-	-	-	-	2,778,779,562	-	2,778,779,562	516,360,809	3,295,140,371	
Balance as at 30 June 2018	2,146,074,880	511,970,250	30,170,818	3,974,789,370	6,962,742,079	45,661,142	13,671,408,539	3,392,628,051	17,064,036,590	



\* Please refer to Note- 2.12  
The annexed notes 1 to 51 are an integral part of these consolidated financial statements.



Bangladesh Steel Re-Rolling Mills Limited and its subsidiary  
Consolidated statement of cash flows

For the year ended 30 June

<i>In Taka</i>	Note	2018	2017*
<b>a. Cash flows from operating activities</b>			
Cash receipts from customers		63,757,454,865	39,814,567,653
Cash payments to suppliers and employees		(67,266,313,323)	(42,149,632,821)
Income tax paid		(1,180,299,067)	(2,124,124,179)
Interest paid		(3,335,408,458)	(1,876,952,279)
<b>Net cash from operating activities</b>		<b>(8,024,565,983)</b>	<b>(6,336,141,626)</b>
<b>b. Cash flows from investing activities</b>			
Acquisition of Property, plant and equipment		(571,022,662)	(906,865,534)
Addition to CWIP		(723,862,772)	(738,474,807)
Addition to intangibles		-	(455,413)
Disposal of Property, plant and equipment		7,133,483	2,697,315
Increase/ (Decrease) in short term investments		(973,988,689)	(202,438,399)
Advance against purchase of PPE		(12,256,414)	(43,696,452)
Dividend income		159,891,260	213,188,346
<b>Net cash used in investing activities</b>		<b>(2,114,105,795)</b>	<b>(1,676,044,944)</b>
<b>c. Cash flows from financing activities</b>			
(Repayments) / Receipts of long term Loans		2,489,812,304	(2,813,159,853)
Dividend Paid		(545,563)	(193,991,194)
Short Term Borrowings/repayment		12,422,631,404	9,328,877,397
Loan to/ from Related Companies		(4,517,447,847)	1,908,705,091
<b>Net cash from financing activities</b>		<b>10,394,450,298</b>	<b>8,230,431,442</b>
<b>d. Net (decrease)/ increase in cash and cash equivalents (a+b+c)</b>		<b>255,778,521</b>	<b>218,244,872</b>
<b>e. Opening cash and cash equivalents</b>		<b>523,654,626</b>	<b>305,409,754</b>
<b>f. Closing cash and cash equivalents (d+e)</b>		<b>779,433,146</b>	<b>523,654,626</b>

\* Please refer to Note- 2.12

The annexed notes 1 to 51 are an integral part of these consolidated financial statements.



Bangladesh Steel Re-Rolling Mills Limited  
Separate statement of financial position

<i>In Taka</i>	Note	30 June 2018	30 June 2017
<b>ASSETS</b>			
Property, plant and equipment	17.00	12,958,556,023	13,371,055,310
Intangible assets	19.00	21,797,061	25,180,402
Investment in subsidiary and associate	20.00	6,766,652,548	5,944,053,289
Other investments	21.00	122,190,354	110,740,333
<b>Non-current assets</b>		<b>19,869,195,986</b>	<b>19,451,029,333</b>
Short term investment	22.00	50,220,680	39,272,419
Inventories	23.00	13,442,320,054	9,430,433,270
Trade and other receivables	24.00	2,356,392,380	2,198,369,357
Current account with related companies	25.00	1,537,959,598	1,246,229,284
Advances and deposits	26.00	1,983,627,504	1,673,961,831
Cash and cash equivalents	27.00	704,983,780	511,608,459
Assets held for sale	28.00	-	-
<b>Current assets</b>		<b>20,075,503,997</b>	<b>15,099,874,620</b>
<b>Total Assets</b>		<b>39,944,699,984</b>	<b>34,550,903,953</b>
<b>Equity</b>			
Share capital	29.00	2,146,074,880	1,950,977,170
Share premium		511,970,250	511,970,250
General reserve	30.01	30,170,818	30,170,818
Revaluation reserve	30.02	3,974,789,368	4,019,434,561
Retained earnings		6,962,742,081	4,318,587,024
12% Convertible coupon bond-equity component		45,661,142	45,661,142
<b>Total equity</b>		<b>13,671,408,539</b>	<b>10,876,800,966</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	31.00	5,442,343,709	2,077,988,167
Defined benefit obligations - Gratuity	32.00	196,162,000	157,134,335
Deferred tax liability	34.00	1,323,809,318	1,331,863,088
<b>Non-current liabilities</b>		<b>6,962,315,027</b>	<b>3,566,985,590</b>
Trade payables	35.00	1,116,279,307	1,431,802,110
Short term borrowings	36.00	9,742,889,798	9,179,595,390
Current portion of long term borrowings	36.08	2,210,092,751	1,395,954,000
Current account with related companies	37.00	4,919,172,515	7,093,024,328
Advance against sales	38.00	290,873,624	246,549,982
Liabilities for expenses	39.00	409,572,284	312,907,723
Current tax liability	33.00	303,624,779	146,892,259
Provision for WPPF and Welfare Fund	40.00	115,677,749	67,373,325
Other liabilities	41.00	202,793,610	233,018,280
<b>Current liabilities</b>		<b>19,310,976,417</b>	<b>20,107,117,397</b>
<b>Total liabilities</b>		<b>26,273,291,444</b>	<b>23,674,102,987</b>
<b>Total equity and liabilities</b>		<b>39,944,699,984</b>	<b>34,550,903,953</b>


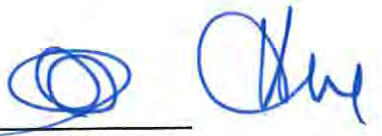
The annexed notes 1 to 51 are an integral part of these separate financial statements.

  
Managing Director

  
Director

  
Company Secretary  
As per our annexed report of same date.

Chattogram, 25 September 2018

  
  
Rahman Rahman Huq  
Chartered Accountants





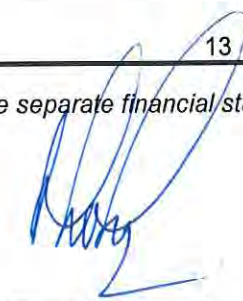
Bangladesh Steel Re-Rolling Mills Limited  
Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June

<i>In Taka</i>	Note	2018	2017
<b>Revenue</b>	4	<b>33,238,371,404</b>	23,648,933,383
Cost of sales	5	<b>(28,410,052,631)</b>	(20,411,999,681)
<b>Gross profit</b>		<b>4,828,318,773</b>	3,236,933,703
Selling and distribution costs	6	<b>(638,538,849)</b>	(434,749,660)
Administrative costs	7	<b>(358,897,564)</b>	(242,076,477)
Other operating income	8	<b>34,078,718</b>	11,788,855
<b>Operating profit</b>		<b>3,864,961,078</b>	2,571,896,420
Finance costs	9	<b>(2,058,370,269)</b>	(1,859,672,894)
Finance income	10	<b>223,859,651</b>	308,155,154
<b>Net finance costs</b>		<b>(1,834,510,618)</b>	(1,551,517,740)
Non-operating Income	11	<b>123,213,261</b>	113,899,482
<b>Profit before WPPF and Welfare Fund</b>		<b>2,153,663,721</b>	1,134,278,162
Contribution to WPPF and Welfare Fund	40	<b>(115,677,749)</b>	(67,373,325)
Share of profit of equity accounted investees, net of tax	12	<b>983,548,441</b>	130,358,403
<b>Profit before tax</b>		<b>3,021,534,413</b>	1,197,263,239
Income tax expenses			
Current tax:			
Current year	33	<b>(305,923,469)</b>	(146,892,259)
Previous year		<b>72,155,315</b>	(76,614,443)
Deferred tax	34	<b>(8,986,697)</b>	(217,241,464)
<b>Total income tax expense</b>		<b>(242,754,851)</b>	(440,748,166)
<b>Profit after tax</b>		<b>2,778,779,562</b>	756,515,074
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of associate	12.03	<b>(1,057,931)</b>	-
Exchange differences on translation of foreign operations		<b>(154,523)</b>	(16,351,219)
<b>Net other comprehensive loss to be reclassified to profit or loss</b>		<b>(1,212,454)</b>	(16,351,219)
<b>Items that will not be reclassified to profit or loss</b>			
Deferred tax on interest - 12% Convertible bond		<b>2,158,736</b>	3,221,003
Deferred tax on revaluation surplus of assets			-
<b>Net other comprehensive income/(loss) not to be reclassified to profit or loss</b>		<b>2,158,736</b>	3,221,003
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>946,282</b>	(13,130,216)
<b>Total comprehensive income</b>		<b>2,779,725,844</b>	743,384,858
<b>Earnings per share</b>			
Basic earnings per share (Taka)	13	<b>12.95</b>	3.53

The annexed notes 1 to 51 are an integral part of these separate financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our annexed report of same date.

Chattogram, 25 September 2018

  
  
Rahman Rahman Huq  
Chartered Accountants

Bangladesh Steel Re-Rolling Mills Limited  
Separate statement of changes in equity  
For the year ended 30 June 2018

In Taka	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	12% Convertible coupon bond-equity component	Total
Balance as on 1 July 2016	1,950,977,170	511,970,250	30,170,818	4,067,381,989	3,703,625,286	45,661,142	10,309,786,655
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(48,548,824)	64,731,766	-	16,182,941
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(1,457,124)	1,942,832	-	485,709
Effect of revaluation and deferred tax on retained earnings of associates	-	-	-	2,058,520	-	-	2,058,520
Interim cash dividend paid	-	-	-	-	(195,097,717)	-	(195,097,717)
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	3,221,003	-	3,221,003
Exchange differences on translation of foreign operations	-	-	-	-	(16,351,219)	-	(16,351,219)
Net profit after tax for the year ended 30 June 2017	-	-	-	-	756,515,074	-	756,515,074
Balance as at 30 June 2017	1,950,977,170	511,970,250	30,170,818	4,019,434,561	4,318,587,024	45,661,142	10,876,800,966
Balance as on 1 July 2017	1,950,977,170	511,970,250	30,170,818	4,019,434,561	4,318,587,024	45,661,142	10,876,800,966
10% stock dividend paid for 2017	195,097,710	-	-	-	(195,097,710)	-	-
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(44,435,847)	59,247,796	-	14,811,947
Share of other comprehensive income of associate	-	-	-	-	(1,057,931)	-	(1,057,931)
Exchange differences on translation of foreign operations	-	-	-	-	(154,523)	-	(154,523)
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	2,158,736	-	2,158,736
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(209,346)	279,128	-	69,782
Net profit after tax for the year ended 30 June 2018	-	-	-	-	2,778,779,562	-	2,778,779,562
Balance as at 30 June 2018	2,146,074,880	511,970,250	30,170,818	3,974,789,368	6,962,742,081	45,661,142	13,671,408,539

The annexed notes 1 to 51 are an integral part of these separate financial statements.





Bangladesh Steel Re-Rolling Mills Limited  
Separate statement of cash flows

For the year ended 30 June

<i>In Taka</i>	2018	2017
<b>a. Cash flows from operating activities</b>		
Cash receipts from customers	33,058,844,622	21,429,841,877
Receipt against other income	154,978,348	163,539,852
Cash payments to suppliers, employees and advance tax	(33,200,548,759)	(23,334,444,466)
Income tax paid	(74,736,944)	(90,651,572)
Interest paid	(1,823,265,815)	(388,858,835)
<b>Net cash from operating activities</b>	<b>(1,884,728,548)</b>	<b>(2,220,573,144)</b>
<b>b. Cash flows from investing activities</b>		
Acquisition of Property, plant and equipment	(210,008,725)	(311,079,516)
Costs increased against Capital work-in-progress	(117,699,958)	(214,376,657)
Acquisition of Intangibles	-	(455,413)
Advance for capital expenditures	(12,256,414)	(43,696,452)
Disposal of Property, plant and equipment	4,914,980	2,354,043
Increase in short term investment	(22,398,283)	31,680,227
Dividend income	159,891,260	213,188,346
<b>Net cash used in investing activities</b>	<b>(197,557,141)</b>	<b>(322,385,422)</b>
<b>c. Cash flows from financing activities</b>		
(Repayment) / Receipt of Long term loans	4,178,494,292	(1,142,447,129)
Dividend paid	(545,563)	(193,991,194)
Receipt/(Repayment) of short term borrowings	563,294,407	164,976,895
Loan to/from related companies	(2,465,582,127)	3,932,024,086
<b>Net cash from financing activities</b>	<b>2,275,661,009</b>	<b>2,760,562,659</b>
<b>d. Net increase/(decrease) in cash and cash</b>	<b>193,375,321</b>	<b>217,604,092</b>
<b>e. Opening cash and cash equivalents</b>	<b>511,608,459</b>	<b>294,004,367</b>
<b>f. Closing cash and cash equivalents (d+e)</b>	<b>704,983,780</b>	<b>511,608,459</b>

The annexed notes 1 to 51 are an integral part of these separate financial statements.



**1.00 Reporting entity**

**1.01 Legal form of the entity**

Bangladesh Steel Re-Rolling Mills Limited is a public company limited by shares is domiciled in Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on 28 December 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 03 November 2009 under the Companies Act 1994. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 27 April 2015.

The company has set up its Re-Rolling mill and Steel Melting Workshop (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 commercial production from 1987 after first BMRE. The principal place of business is located at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

**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.

M.S. billets are 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.

**1.03 BMRE and Suspension of Production**

The company has gone under expansion and modernization (BMRE) of its capacity and process of Re-rolling unit since June 2014 that was completed on 8 December 2015. Because of BMRE works, production of Re-rolling unit ceased from 28 May 2014 to 8 December 2015 and started commercial production from 9 December 2015 after the completion of BMRE.

**1.04 Branch office of the company**

The company is maintaining branch offices at Kolkata & Agartala, India with approval from Reserve Bank of India vide letter no Ref: FC.CO.FID/455/10.83.493/2014 Dated 28 October 2014 and FE.CO.FID/1707/10.83.493/2014-15 Dated April 24, 2015 respectively. The branch office is allowed to enjoy a short term against SBDC as approved by Bangladesh Bank vide letter Ref No-FEPD(Import policy)/117/2015-11287 Dated December 30,2015 which was renewed on December 14,2016 vide their letter Ref: FEPD (Import policy)/117/2016/10636. Kolkata Branch office is now doing business of export/Import.

**1.05 BSRM Steel Mills Limited- subsidiary**

BSRM Steel Mills Limited, was incorporated as a private limited company on 16 April 2008 vide registration # CH-6561(267)/2008 under the Companies Act, 1994 to set up one of the largest production plant in the steel industries in Bangladesh. The company was converted into public limited company on 12 November 2013. Bangladesh Steel Re-Rolling Mills Limited holds 44.97% of ordinary shares directly and 7.91% of ordinary shares indirectly in BSRM Steel Mills Limited. The Financial Statements of this subsidiary company is included in the Consolidated Financial Statements according to BFRS 10 - "Consolidated Financial Statements".

The principal activities and nature of business of the company are:

- i) To set up an automatic steel melting plant for making M.S billet of different qualities and sell the same to steel rolling mills.
- ii) To set up an automatic steel rolling and re-rolling mills for manufacturing of iron products and steel materials of all types including other activities as mentioned in the Memorandum and Articles of Association.

The company has set up an induction furnace based scrap melting plant at Sonapahar, Mirsarai, Chattogram to produce M.S. billets and commenced commercial production from 16 June 2016.





**1.06 BSRM (Hong Kong) Limited- subsidiary**

BSRM (Hong Kong) Limited was incorporated on 30 May 2018 in Hong Kong as a private company limited by shares. Registered office of the company is in Hong Kong. The company has share capital of HKD 1 (1 share) which is owned by Bangladesh Steel Re-Rolling Mills Limited. The company is yet to commence its business operation.

**1.07 BSRM Steels Limited- associate**

BSRM Steels Limited was incorporated on 20 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 20 December 2006. The company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 18 January 2009. Bangladesh Steel Re-Rolling Mills Limited directly holds 31.19% of ordinary shares in BSRM Steels Limited.

The main objectives of BSRM Steels Limited is to manufacture M.S. products by setting up rolling and re-rolling mills. The company has set up its Rolling mill at 4, Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 01 April 2008.

The Honorable High Court Division of Supreme Court of Bangladesh has approved the amalgamation of BSRM Iron & Steel Co. Ltd. (BISCO) with BSRM Steels Limited on 03 August 2017 and after receiving the approval from the Honorable High Court Division of Supreme Court of Bangladesh and order from the Registrar of Joint Stock Companies and Firms, the board of Directors of BSRM Steels limited has taken decision to effect the amalgamation from 01 October 2017 and accordingly as per provision of section 228 and 229 of the Companies Act 1994 by transferring all assets and liabilities of BSRM Iron & Co. Ltd. to BSRM Steels limited.

**2.00 Basis of accounting**

**2.01 Statement of compliance**

These Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for Cash Flow Statement in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987.

**2.02 Basis of reporting**

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

**2.03 Other regulatory compliances**

The group entities are also required to comply with the following major laws and regulations along with the Companies Act 1994:

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

**2.04 Basis of measurement**

These Financial Statements have been prepared on going concern basis under the historical cost convention except for some classes of Property, Plant and Equipment which are measured at revalued amount.





## Notes to the separate and consolidated financial statements (continued)

### 2.05 Going concern

The group entities have adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the Financial Statements. The current revenue generations and resources of the group provide sufficient fund to meet the present requirements of its existing business and operations.

### 2.06 Reporting period

The financial statements of the company and the consolidated financial statements of the group cover twelve months from 01 July 2017 to 30 June 2018 which is followed consistently since 2016.

### 2.07 Authorization for issue

These financial statements have been authorized for issue by the Board of Directors on 25 September 2018.

### 2.08 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the year ended 30 June 2018 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2017.

### 2.09 Comparative information

Comparative information has been disclosed in respect of 2017 in accordance with BAS-1: Presentation of financial statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements. Prior year's figures have been rearranged wherever considered necessary to ensure comparability with the current period.

### 2.10 Functional and presentation currency

These Financial Statements are prepared in Bangladesh Taka, which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer except when otherwise indicated.

### 2.11 Current versus non-current classification

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

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period and
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period and
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

### 2.12 Restatement of financial statements

The consolidated financial statements have been restated to give effect of the consolidation as consolidated financial statements were not prepared previously.





### 3.00 Use of estimates and judgements

The preparation of the Financial Statements in conformity with BAS and BFRS 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Judgements, Assumptions and estimation uncertainties

Information about judgements made in applying accounting policies and assumptions and estimation uncertainties that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 17.00 Property, plant and equipment
- Note 19.00 Intangible assets
- Note 23.00 Inventories
- Note 24.00 Trade and other receivables
- Note 32.00 Provision for gratuity
- Note 33.00 Current tax liability
- Note 34.00 Deferred tax liability
- Note 41.00 Other liabilities
- Note 43.00 Contingent liabilities

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Group's Audit Committee.

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

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

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

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data.

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



Notes to the separate and consolidated financial statements (continued)

**4.00 Revenue**

See accounting policy in note 51.18.

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	4.01	32,765,853,550	23,457,263,508
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		546,702,882	258,431,014
Less: Intracompany sales		(74,185,028)	(66,761,138)
		<b>33,238,371,404</b>	<b>23,648,933,383</b>

**4.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	2018	2017
Local sales	4.02	31,579,566,377	22,766,309,957
Export sales	4.03	964,133,541	470,397,029
Sales of Scrap and By-product		222,153,631	203,834,522
Sales of imported miscellaneous		-	16,721,999
		<b>32,765,853,550</b>	<b>23,457,263,508</b>

**4.02 Local sales**

<i>In Taka</i>	2018	2017
MS Billet	332,265,090	35,541,469
MS Rod	31,247,301,287	22,730,768,488
	<b>31,579,566,377</b>	<b>22,766,309,957</b>

**4.03 Export sales**

<i>In Taka</i>	2018	2017
Finished Products	862,457,836	354,977,111
By Products	101,675,705	115,419,918
	<b>964,133,541</b>	<b>470,397,029</b>

Export sales of finished products during 01 July 2017 to 30 June 2018 was USD 10,489,909.71 against exporting of 16,347.38 Metric Ton and it was USD 5,836,128.19 against exporting of 7,816.870 Metric Ton of goods during 01 July 2016 to 30 June 2017.

**4.a Consolidated revenue**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	4.00	33,238,371,404	23,648,933,383
BSRM Steel Mills Limited		45,888,262,116	20,780,821,877
Less: Intra group sales		(10,202,618,726)	(2,247,222,332)
		<b>68,924,014,794</b>	<b>42,182,532,928</b>

**5.00 Cost of sales**

<i>In taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	5.01	27,989,442,643	20,241,647,242
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		494,795,016	237,113,577
Less: Intracompany sales		(74,185,028)	(66,761,138)
		<b>28,410,052,631</b>	<b>20,411,999,681</b>

**5.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	2018	2017
Cost of sales- own production	5.02	26,868,402,945	19,444,383,801
Cost of sales-finished goods procured and sold	5.03	767,311,350	688,274,368
Cost of sales-scrap and others		50,126,966	76,719,072
Cost of sales-billet		303,601,382	32,270,001
		<b>27,989,442,643</b>	<b>20,241,647,242</b>





Notes to the separate and consolidated financial statements (continued)

5.02 Cost of sales-own production

<i>In Taka</i>	Note	2018	2017
Opening stock of raw materials-scrap		1,007,910,921	620,847,903
Add: Purchase during the year		5,132,536,631	4,455,536,295
		6,140,447,552	5,076,384,198
Less: Cost of scrap and others sales		(50,126,966)	(73,237,319)
Less: Closing stock of raw materials-scrap		(1,045,893,575)	(1,007,910,921)
<b>Raw materials consumed-scrap</b>		<b>5,044,427,011</b>	<b>3,995,235,958</b>
Add: Factory overhead- Melting Unit	5.05.01	1,475,225,562	1,375,519,492
<b>Cost of Billet Manufactured</b>		<b>6,519,652,573</b>	<b>5,370,755,450</b>
Add: Opening stock of billet		53,290,332	50,747,722
<b>Stock of billet available</b>		<b>6,572,942,905</b>	<b>5,421,503,172</b>
Less: Cost of billet sale		(303,601,382)	(32,270,001)
Less: Closing stock of billet		(32,111,528)	(53,290,332)
<b>Billet Transferred to re-rolling unit</b>		<b>6,237,229,995</b>	<b>5,335,942,839</b>
Add: Opening stock of billet		3,774,442,338	1,866,633,159
Add: Purchase during the year		22,357,268,169	13,277,124,510
Less: Closing stock of billet		(5,439,107,713)	(3,774,442,338)
<b>Billet consumed</b>		<b>26,929,832,789</b>	<b>16,705,258,171</b>
Add: Cost of packing materials		68,304,680	53,515,968
Add: Factory overhead- Rolling Unit	5.05.02	1,930,251,690	1,843,419,684
<b>Cost of Production of finished goods</b>		<b>28,928,389,159</b>	<b>18,602,193,823</b>
Add: Opening stock of finished goods		2,812,080,104	3,654,270,082
Less: Closing stock of finished goods		(4,871,552,108)	(2,812,080,104)
<b>Goods available for sale</b>		<b>26,868,917,155</b>	<b>19,444,383,801</b>
Less: Own use		(514,210)	-
<b>Cost of sales - own production</b>		<b>26,868,402,945</b>	<b>19,444,383,801</b>

5.03 Cost of sales-finished goods procured and sold

<i>In Taka</i>	Note	2018	2017
Opening stock of finished goods		391,870,646	198,283,000
Add: Finished goods imported		377,136,858	594,336,343
Add: Finished goods purchased locally		272,180,165	296,528,641
<b>Available for sale/consumption</b>		<b>1,041,187,669</b>	<b>1,089,147,984</b>
Less: Closing stock of finished goods	23.01	(269,293,231)	(391,870,646)
Less: Goods used by the company		(4,583,088)	(9,002,970)
<b>Cost of sales-finished goods procured and sold</b>		<b>767,311,350</b>	<b>688,274,368</b>



Notes to the separate and consolidated financial statements (continued)

5.04 Quantitative movement of inventories

<i>In Metric ton</i>	2018	2017
<b>Raw Materials</b>		
Opening stock	139,044	84,106
Add: Purchased/ imported during the year	602,874	527,382
Add: Produced by SMW	150,331	152,702
Available for consumption	892,249	764,190
Less: Consumed / sold/ returned during the year	748,426	625,146
<b>Closing stock</b>	<b>143,823</b>	<b>139,044</b>
<b>Finished Goods</b>		
Opening stock	71,441	95,691
Add: Produced during the year	562,903	442,511
Add: Imported/ purchased from related companies & other companies	11,437	37,275
<b>Stock available for sale</b>	<b>645,781</b>	<b>575,477</b>
Less: Sold during the year	549,977	503,705
Less: Used by the entity	106	331
<b>Closing stock</b>	<b>95,698</b>	<b>71,441</b>

5.05 Factory overhead

<i>In Taka</i>	Note	2018	2017
Factory overheads- Melting Unit	5.05.01	1,475,225,562	1,375,519,492
Factory overheads- Rolling Unit	5.05.02	1,930,251,690	1,843,419,684
		<b>3,405,477,252</b>	<b>3,218,939,176</b>

5.05.01 Factory overheads- Melting Unit

<i>In Taka</i>	Note	2018	2017
Salaries and allowances		145,983,488	145,706,958
Carrying charges-raw materials		327,535	934,032
Consumption electrical stores		8,732,687	7,450,517
Consumption general stores		1,929,555	3,772,317
Consumption of mechanical stores		30,656,733	31,909,807
Conveyance expenses		2,805,393	3,240,404
Depreciation	17.01	153,185,276	123,312,004
Direct expenses		81,047,869	64,401,248
Direct materials consumed		167,158,438	123,011,379
Electricity expenses		875,509	968,874
Entertainment		1,931,669	2,195,565
Factory office expenses		3,790	74,124
Fees and renewals		463,540	2,113
Fuel and lubricants		6,312,507	5,647,630
Gas		6,219,290	6,253,702
Guest house expenses		118,541	113,395
Guest house rent		75,075	103,600
Insurance expenses		884,566	300,332
Materials and finished goods handling charges		26,448,957	37,315,219
Medical expenses		472,515	776,015
Motor vehicle expenses		1,883,370	1,588,266
Postage and telegram		692	1,418
Power (factory)		813,439,178	794,547,704
Printing and stationery		2,598,066	2,486,050
Rent		7,934,000	7,770,000
Repairs and maintenance		13,010,018	11,358,321
Travelling expenses		586,443	180,105
Water bill-WASA		140,862	97,036
Paper and periodical		-	1,357
		<b>1,475,225,562</b>	<b>1,375,519,492</b>





Notes to the separate and consolidated financial statements (continued)

**5.05.02 Factory overheads- Rolling Unit**

<i>In Taka</i>	Note	2018	2017
Salaries and allowances		181,028,885	163,529,039
Carrying charges-raw materials		118,690	280,507
Consumption electrical stores		23,226,055	24,573,000
Consumption general stores		2,321,975	4,526,283
Consumption of mechanical Stores		142,786,113	150,905,586
Consumption of MS Roll		10,706,082	19,395,966
Conveyance expenses		4,741,555	5,192,321
Depreciation	17.01	533,526,867	497,187,526
Other materials consumed		17,626,008	27,961,737
Electricity expenses		7,608,975	9,346,153
Entertainment		3,856,350	4,058,100
Factory office expenses		580	16,985
Fees and renewals		2,182,307	1,161,783
Fuel and lubricants		258,933,319	380,417,636
Gas		98,862,209	33,404,230
Guest house expenses		325,105	107,504
Guest house rent		2,635,410	2,153,900
Insurance expenses		5,593,819	1,978,104
Materials and finished goods handling charges		198,766,676	172,117,546
Medical expenses		1,266,591	2,005,852
Motor vehicle expenses		1,136,176	1,182,409
Paper and periodical		17,603	15,444
Postage and telegram		8,267	7,269
Power (factory)		403,935,640	314,769,137
Printing and stationery		3,269,336	3,063,883
Rent		10,788,072	8,786,172
Repairs and Maintenance		13,604,413	11,641,803
Travelling expenses		1,314,374	3,633,809
Water bill-WASA		64,238	-
		<b>1,930,251,690</b>	<b>1,843,419,684</b>

**5.a Consolidated cost of sales**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	5.00	28,410,052,631	20,411,999,681
BSRM Steel Mills Limited		42,569,425,485	19,321,225,026
Less: Intra group sales		(10,202,618,726)	(2,247,222,332)
		<b>60,776,859,390</b>	<b>37,486,002,375</b>



Notes to the separate and consolidated financial statements (continued)

**6.00 Selling and distribution costs**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	6.01	638,538,849	434,749,660
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>638,538,849</b>	<b>434,749,660</b>

**6.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	2018	2017
Salary and allowances		91,239,807	72,380,608
Advertisement		1,620,490	16,633,235
Sales promotion expenses		530,041	105,967
Bad debts		358,759	840,766
Brokerage and commission		74,406,629	81,684,697
Marketing expenses		4,861,530	3,587,771
Carriage on sales		305,385,563	154,507,744
Communication expenses		1,854	9,623
Conveyance expenses		115,380	60,990
Depreciation	17.01	36,942,442	17,110,623
Electricity expenses		8,270,056	1,922,008
Entertainment		15,515	1,090,363
Finished goods handling charges		26,392,160	8,576,342
Export charges		4,278,152	5,315,418
Gratuity expenses		3,417,141	3,083,211
Repair & Maintenance		1,078,213	197,474
Fees and renewals		71,662	102,230
Godown rent		3,805,857	3,714,992
Medical expenses		324,750	474,828
Motor cycle expenses		4,989,064	2,304,313
Printing and stationeries expenses		372,926	1,093,872
Royalty expenses		69,130,359	59,443,281
Testing charges		36,657	33,065
Travelling expenses		893,842	467,129
Office expenses		-	9,111
		<b>638,538,849</b>	<b>434,749,660</b>

**6.02** The trademark 'Xtreme 500W' has been registered in the name of 'H. Akberali & Co. Limited' (HACL) from the department of Patents, Designs and Trademark of Government of Bangladesh under section 20(2) of the Trademark Act 2009. The company is paying royalty to HACL @ Tk. 150 per MT on its sold quantity from 01 January 2016 according to Trademark License Agreement between the Company and HACL effective from the aforesaid date.

**6.a Consolidated selling and distribution cost**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	6.00	638,538,849	434,749,660
BSRM Steel Mills Limited		3,999,996	2,518,566
		<b>642,538,845</b>	<b>437,268,226</b>





Notes to the separate and consolidated financial statements (continued)

**7.00 Administrative costs**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	7.01	325,564,635	230,341,140
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		33,332,929	11,735,337
		<b>358,897,564</b>	<b>242,076,477</b>

**7.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	2018	2017
Salaries and allowances		145,108,913	114,369,375
Directors' remuneration	7.02	58,800,000	42,000,000
Advertisement Expenses		480,372	636,116
Audit fees		595,700	713,000
Board meeting expenses		273,125	244,375
Conveyance expenses		507,529	553,979
Insurance expenses		23,288	5,750
CSR expenses		21,385,074	9,327,032
Depreciation	17.01	8,622,915	11,085,319
Amortization	19.02	3,383,341	3,368,161
Donation and subscriptions		145,800	195,950
Entertainment		4,781,628	4,213,276
Fees and renewals		9,977,974	3,613,625
General expenses		254,179	138,509
Generator and fuel expenses		200,963	498,284
Gratuity expenses		30,154,247	7,647,134
Guest house expenses		569,383	802,936
Land revenue, Municipal tax		955,612	807,508
Legal expenses		754,144	945,190
Medical expenses		1,620,028	2,169,012
Motor vehicle expenses		7,850,105	6,392,095
Office expenses		18,407	269,775
Paper and Periodicals		6,528	12,280
Postage expenses		355,915	325,466
Printing expenses		786,487	28,428
Professional expenses		9,328,578	4,538,257
Rent (Office, depot and others)		6,224,296	5,957,716
Repair and maintenance		1,081,560	364,636
Stationery expenses		41,193	109,477
Telephone and internet expenses		3,516,585	3,428,578
Training expenses		2,011,245	853,534
Travelling expenses		3,978,798	2,627,875
Utility expenses		1,770,724	2,098,491
		<b>325,564,635</b>	<b>230,341,140</b>

**7.02 Directors' remuneration**

Details of directors' remuneration paid during the year are as follows:

<i>In Taka</i>	Name	2018		
		Gross Remuneration	Income Tax Deducted	
			Net Paid	
	Mr. Alihussain Akberali-Chairman	22,800,000	6,840,000	15,960,000
	Mr. Aameir Alihussain-Managing Director	16,800,000	5,040,000	11,760,000
	Mr. Zohair Taherali-Director	13,200,000	3,960,000	9,240,000
	Mrs. Sabeen Aameir- Director	6,000,000	1,500,000	4,500,000
		<b>58,800,000</b>	<b>17,340,000</b>	<b>41,460,000</b>

In addition to remuneration, directors avail company vehicles for transportation purposes. These key management personnel are not entitled to any other benefits. No amount is lying as receivable from the directors.



Notes to the separate and consolidated financial statements (continued)

**7.a Consolidated administrative cost**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	7.00	358,897,564	242,076,477
BSRM Steel Mills Limited		95,056,765	51,349,003
		453,954,329	293,425,480

**8.00 Other operating income**

See accounting policy in note 51.20.

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	8.01	34,078,718	11,788,855
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		34,078,718	11,788,855

**8.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	2018	2017
Late payment charge	6,229,977	3,181,777
Other item sales	25,535,110	8,614,663
Gain/(loss) on sale of PPE	2,313,631	(7,585)
	34,078,718	11,788,855

**8.a Consolidated other operating income**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	8.00	34,078,718	11,788,855
BSRM Steel Mills Limited		7,543,706	(34,344,736)
		41,622,424	(22,555,881)

**9.00 Finance costs**

See accounting policy in note 51.19.

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	9.01	2,056,115,400	1,858,584,314
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,254,870	1,088,581
		2,058,370,269	1,859,672,894

**9.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	2018	2017
Interest on LTR		21,405,572	21,816,664
Interest on Demand and Time loan		382,218,973	419,511,408
Interest on Overdraft		212,240,676	192,052,028
Interest on Term loan		539,790,425	333,168,335
Interest on Convertible bond		86,787,032	132,024,564
Bank charges		36,077,803	17,951,909
Bank Guarantee Commission		114,096	71,018
Agency fee		3,964,034	2,438,170
Interest on balance due to inter companies		753,672,187	668,202,250
Foreign currency exchange rate fluctuation (gain)/loss	9.02	19,844,602	71,347,968
		2,056,115,400	1,858,584,314

**9.02 Foreign currency exchange gain/(loss)**

<i>In Taka</i>	2018	2017
Realized foreign currency transaction loss	18,901,345	71,347,968
Unrealized foreign currency translation loss	943,257	-
	19,844,602	71,347,968

**Foreign currency transaction gain/ loss**

This represents net gain on transaction in foreign currency during the year.

**Foreign currency translation gain/loss**

This represents net gain on translation of foreign currencies into Bangladeshi Taka at the rate prevailing on reporting date.





Notes to the separate and consolidated financial statements (continued)

**9.a Consolidated finance costs**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	9.00	2,058,370,269	1,859,672,894
BSRM Steel Mills Limited		1,725,899,640	1,563,342,047
Less: Intra group interest income		-	-
		<b>3,784,269,909</b>	<b>3,423,014,941</b>

**10.00 Finance income**

See accounting policy in note 51.19.

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	10.01	223,859,651	308,155,154
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>223,859,651</b>	<b>308,155,154</b>

**10.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	2018	2017
Interest Income on STD	33,086	1,109,340
Interest income from FDR	17,629,863	18,335,139
Interest on balance due from inter companies	206,196,702	288,152,412
Rebate on bank interest	-	558,263
	<b>223,859,651</b>	<b>308,155,154</b>

**10.a Consolidated finance income**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	10.00	223,859,651	308,155,154
BSRM Steel Mills Limited		343,743,498	25,585,581
Less: Intra group interest income		-	-
		<b>567,603,149</b>	<b>333,740,735</b>

**11.00 Non- operating income**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	11.01	123,213,261	113,899,482
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>123,213,261</b>	<b>113,899,482</b>

**11.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	2018	2017
Management fees	109,055,533	102,159,679
Changes in fair value of tradable securities	(44,272)	18,803
Rental income	14,202,000	11,721,000
	<b>123,213,261</b>	<b>113,899,482</b>

**11.a Consolidated non- operating income**

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited	11.00	123,213,261	113,899,482
BSRM Steel Mills Limited		23,780,710	11,502,000
		<b>146,993,971</b>	<b>125,401,482</b>

**12.00 Share of (loss)/profit of equity accounted investees (Net of tax)**

<i>In Taka</i>	Note	2018	2017
Share of profit of subsidiary (BSML)	12.01	421,909,020	(400,621,563)
Share of profit of associate (BSL)	12.02	561,639,421	530,979,966
		<b>983,548,441</b>	<b>130,358,403</b>



Notes to the separate and consolidated financial statements (continued)

**12.01 Share of profit of subsidiary (BSML)**

<i>In Taka</i>	2018	2017
Net profit/ (loss) attributable to the shareholders' of BSML	938,269,829	(890,929,343)
Percentage of holding	44.97%	44.97%
Net profit/ (loss) attributable to BSRM Ltd.	421,909,020	(400,621,563)
	421,909,020	(400,621,563)

**12.02 Share of profit of associate (BSL)**

<i>In Taka</i>	2018	2017
Net profit/ (loss) attributable to the shareholders' of BSL	1,800,795,558	1,702,491,540
Percentage of holding	31.19%	31.19%
Net profit attributable to BSRM Ltd.	561,639,421	530,979,966
	561,639,421	530,979,966

**12.03 Share of other comprehensive income of equity accounted investees (Net of tax)**

<i>In Taka</i>	2018	2017
Other comprehensive income attributable to the shareholders' of BSL	(3,392,066)	-
Percentage of holding	31.19%	31.19%
Other comprehensive income attributable to BSRM Ltd.	(1,057,931)	-
	(1,057,931)	-

**13.00 Earnings per share (EPS)**

See accounting policy in note 51.21.

**13.01 Basic EPS**

<i>In Taka</i>	2018	2017
Profit attributable to the ordinary shareholders (Taka)	2,778,779,562	756,515,074
Number of ordinary shares at the year end	214,607,488	195,097,717
Weighted Average no. of shares outstanding during the year (Nos.)	214,607,488	214,607,488
<b>Basic EPS (Taka)</b>	<b>12.95</b>	<b>3.53</b>

Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding on the reporting date as per BAS-33: Earnings Per Share. No diluted EPS was required to be calculated for the year since there was no scope for dilution.

**13.a Consolidated earnings per share (CEPS)**

<i>In Taka</i>	2018	2017
Net profit after tax attributable to owners of the company (Taka)	2,778,779,562	756,515,074
Number of ordinary shares at the period end	214,607,488	195,097,717
Weighted Average number of ordinary shares outstanding during the year (Nos.)	214,607,488	214,607,488
<b>Consolidated earnings per share (CEPS) (Taka)</b>	<b>12.95</b>	<b>3.53</b>

EPS for the year 2017 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of BAS 33.





Notes to the separate and consolidated financial statements (continued)

**14.00 Net Asset Value Per Share (NAV)**

<i>In Taka</i>	2018	2017
Total assets	39,944,699,984	34,550,903,953
Total liabilities	26,273,291,444	23,674,102,987
Net asset value (NAV)	13,671,408,540	10,876,800,966
Number of ordinary shares outstanding during the year	214,607,488	195,097,717
Net asset value per share (NAV) per share	63.70	55.75

**14.a Consolidated net asset value per share (CNAV)**

<i>In Taka</i>	2018	2017
Total assets	76,596,706,008	60,609,514,074
Total liabilities	59,532,669,416	46,856,445,866
Consolidated net asset value (CNAV)	17,064,036,592	13,753,068,208
Less: Non-controlling interest	(3,392,628,051)	(2,876,267,242)
Assets attributable to owners of the company	13,671,408,541	10,876,800,966
Number of ordinary shares outstanding during the year	214,607,488	195,097,717
Consolidated net asset value per share (CNAV) per share	63.70	55.75

**15.00 Net operating cash flow per share**

<i>In Taka</i>	2018	2017
Net operating cash flow	(1,884,728,548)	(2,220,573,144)
Number of ordinary shares outstanding during the year	214,607,488	195,097,717
Net operating cash flow per share	(8.78)	(11.38)

**15.a Consolidated net operating cash flow per share**

<i>In Taka</i>	2018	2017
Net operating cash flow	(8,024,565,983)	(6,336,141,626)
Number of ordinary shares outstanding during the year	214,607,488	195,097,717
Net operating cash flow per share	(37.39)	(32.48)

**16.00 Reconciliation of net income with cash flows from operating activities:**

<i>In Taka</i>	2018	2017
Net profit before tax	3,021,534,413	1,197,263,239
<b>Adjustments to reconcile net income with cash flows from operating activities:</b>		
Amortization	3,383,341	3,368,161
Gain/(loss) on sale of PPE	(2,313,631)	7,585
Depreciation	732,277,500	649,157,614
Provision for gratuity	46,835,170	22,382,387
Share of (loss)/profit of equity accounted investee, net of tax	(983,548,441)	(130,358,403)
	(203,366,061)	544,557,344
<b>(Increase)/Decrease in Current Assets:</b>		
Inventories	(4,011,886,784)	(2,082,203,606)
Trade and other receivables	(220,800,787)	(1,057,950,817)
Advances and deposits	(269,525,758)	(402,674,423)
<b>Increase/(Decrease) in Current Liabilities:</b>		
Trade payables	(315,522,802)	444,841,629
Other Liabilities	(30,936,610)	117,002,897
Defined benefit obligations - Gratuity	39,027,665	14,704,989
Advance against sales	44,323,642	(968,630,049)
Liabilities for expenses	96,664,561	44,409,735
Provision for WPPF and Welfare Fund	48,304,424	26,434,886
	(4,620,352,450)	(3,864,064,758)
Gratuity paid during the year	(7,807,505)	(7,677,398)
Income tax paid	(74,736,944)	(90,651,572)
<b>Net cash flow from operating activities</b>	<b>(82,544,449)</b>	<b>(98,328,970)</b>
	<b>(1,884,728,547)</b>	<b>(2,220,573,144)</b>



Notes to the separate and consolidated financial statements (continued)

16.a Consolidated reconciliation of net income with cash flows from operating activities:

<i>In Taka</i>	2018	2017
<b>Net profit before tax</b>	<b>4,375,126,130</b>	<b>1,443,014,882</b>
<b>Reconciliation of net income with cash flows from operating activities</b>		
Amortization	6,183,085	6,167,201
Amortization of preliminary expenses	-	492,925
Gain/(loss) on sale of PPE	(2,307,321)	34,352,321
Depreciation	1,510,277,222	1,593,484,930
Share of (loss)/profit of equity accounted investee, net	(561,639,421)	(530,979,966)
	<b>952,513,565</b>	<b>1,103,517,411</b>
<b>(Increase)/Decrease in Current Assets:</b>		
Inventories	(6,456,934,987)	(6,484,818,120)
Trade and other receivables	(5,196,308,784)	(1,161,068,256)
Advances and deposits	(250,920,302)	(63,007,781)
<b>Increase/(Decrease) in Current Liabilities:</b>		
Trade payables	(500,670,194)	565,790,776
Other Liabilities	(215,448,659)	(63,937,929)
Defined benefit obligations - Gratuity	28,120,984	23,181,721
Advance against sales	65,680,010	(962,812,293)
Liabilities for expenses	211,656,875	179,410,502
Provision for WPPF and Welfare Fund	142,918,448	26,434,886
	<b>(12,171,906,611)</b>	<b>(7,940,826,493)</b>
Income tax paid	(1,180,299,067)	(941,847,426)
<b>Net cash flow from operating activities</b>	<b>(8,024,565,983)</b>	<b>(6,336,141,626)</b>













Notes to the separate and consolidated financial statements (continued)

17.a Consolidated Property, plant and equipment (PPE) - revalued model

In Taka	Land and Land development	Plant and Machinery	Motor Vehicles	Factory Building & Shed	Boundary wall, Road & pavements	Furniture and Fixtures	Office Equipment	Computer & IT Equipment	Under construction	Total
<b>At revaluation</b>										
Balance as on 01 July 2016	7,493,917,433	16,856,906,104	81,756,843	6,227,304,768	1,136,112,924	58,760,208	82,342,283	25,411,308	607,011,352	32,569,523,223
Additions	65,655,003	749,076,360	3,221,545	229,369,577	63,666,569	10,934,877	13,748,878	5,286,727	598,087,146	1,739,046,683
Reclassification of held for sale to asset	-	1,184,359,433	-	-	-	-	-	-	-	1,184,359,433
Disposal/ transfer	-	(199,760,400)	(4,851,178)	-	-	(55,387)	(3,207,057)	(172,944)	(234,094,002)	(442,140,968)
<b>Balance as at 30 June 2017</b>	<b>7,559,572,437</b>	<b>18,590,581,497</b>	<b>80,127,210</b>	<b>6,456,674,345</b>	<b>1,199,779,493</b>	<b>69,639,698</b>	<b>92,884,104</b>	<b>30,525,091</b>	<b>971,004,496</b>	<b>35,050,788,371</b>
Balance as at 01 July 2017	7,559,572,437	18,590,581,497	80,127,210	6,456,674,345	1,199,779,493	69,639,698	92,884,104	30,525,091	971,004,496	35,050,788,371
Additions	68,893,584	600,039,981	13,170,862	855,309,079	68,299,416	40,106,695	52,069,600	7,558,947	381,352,345	2,086,800,507
Disposal/ transfer	-	(2,030,000)	(10,604,655)	-	-	(736,589)	(119,671)	(58,309)	(1,140,359,953)	(1,153,909,177)
<b>Balance as at 30 June 2018</b>	<b>7,628,466,021</b>	<b>19,188,591,478</b>	<b>82,693,417</b>	<b>7,311,983,424</b>	<b>1,268,078,909</b>	<b>109,009,804</b>	<b>144,834,033</b>	<b>38,025,728</b>	<b>211,996,888</b>	<b>35,983,679,701</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2016	-	763,864,913	38,629,072	245,203,932	73,389,548	16,780,883	24,790,725	10,524,836	-	1,173,183,909
Charged for the year	-	1,156,195,816	12,210,527	303,707,190	82,486,959	15,351,362	17,155,456	6,377,621	-	1,593,484,931
Adjustment for disposal	-	(15,234,000)	(3,383,273)	-	-	(30,865)	(2,109,079)	(58,449)	-	(20,815,666)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>1,904,826,729</b>	<b>47,456,326</b>	<b>548,911,122</b>	<b>155,876,507</b>	<b>32,101,380</b>	<b>39,837,102</b>	<b>16,844,008</b>	<b>-</b>	<b>2,745,853,174</b>
Balance as at 01 July 2017	-	1,904,826,729	47,456,326	548,911,122	155,876,507	32,101,380	39,837,102	16,844,008	-	2,745,853,174
Charged for the year	-	1,073,751,001	11,489,450	328,296,671	52,664,039	15,807,332	21,977,337	6,646,228	-	1,510,632,058
Adjustment for disposal	-	(1,161,497)	(7,914,968)	-	(454,188)	(82,817)	(82,817)	(69,762)	-	(9,683,232)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>2,977,416,232</b>	<b>51,030,808</b>	<b>877,207,793</b>	<b>208,540,546</b>	<b>47,454,524</b>	<b>61,731,622</b>	<b>23,420,474</b>	<b>-</b>	<b>4,246,801,999</b>
<b>Carrying amount</b>										
As at 30 June 2017	7,559,572,437	16,685,754,768	32,670,884	5,907,763,223	1,043,902,986	37,538,318	53,047,002	13,681,083	971,004,496	32,304,935,197
<b>As at 30 June 2018</b>	<b>7,628,466,021</b>	<b>16,211,175,245</b>	<b>31,662,609</b>	<b>6,434,775,630</b>	<b>1,059,538,363</b>	<b>61,555,280</b>	<b>83,102,411</b>	<b>14,605,254</b>	<b>211,996,888</b>	<b>31,736,877,702</b>





Notes to the separate and consolidated financial statements (continued)

17.a.ii Consolidated Property, plant and equipment (PPE) - cost model

<i>In Taka</i>	Note	2018	2017
Bangladesh Steel Re-Rolling Mills Limited-HO	17.03	10,958,567,690	11,310,916,788
BSRM Steel Mills Limited	17.a.iii	16,485,442,007	16,641,000,217
		27,444,009,697	27,951,917,005
		684,069	-
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		27,444,693,766	27,951,917,005

17.a.iii Bangladesh Steel Re-Rolling Mills Limited-HO and BSRM Steel Mills Limited

<i>In Taka</i>	Land and land development	Plant and Machinery	Motor Vehicles	Factory Building and shed	Boundary wall, Road & pavements	Furniture and Fixtures	Office Equipment	Computer & IT Equipment	Under construction	Total
<b>At cost</b>										
Balance as on 01 July 2016	3,218,420,729	17,705,353,894	109,494,056	6,357,014,082	1,136,112,924	72,990,800	98,868,679	25,411,308	607,011,352	29,330,677,824
Additions	65,655,003	749,076,360	3,221,545	229,369,577	63,666,569	10,934,877	13,748,878	5,286,727	598,087,146	1,739,046,682
Reclassification of held for sale to asset	-	1,184,359,433	-	-	-	-	-	-	-	1,184,359,433
Disposal/ transfer	-	(199,760,400)	(3,386,240)	-	-	(49,594)	(2,734,957)	(172,944)	(234,094,002)	(440,198,137)
<b>Balance as at 30 June 2017</b>	<b>3,284,075,732</b>	<b>19,439,029,287</b>	<b>109,329,361</b>	<b>6,586,383,659</b>	<b>1,199,779,493</b>	<b>83,876,083</b>	<b>109,882,600</b>	<b>30,525,091</b>	<b>971,004,496</b>	<b>31,813,885,802</b>
Balance as at 01 July 2017	3,284,075,732	19,439,029,287	109,329,361	6,586,383,659	1,199,779,493	83,876,083	109,882,600	30,525,091	971,004,496	31,813,885,802
Additions	68,893,584	600,039,981	13,170,862	855,309,079	68,299,416	40,106,695	52,069,600	7,558,947	381,352,345	2,086,800,508
Disposal	-	(2,030,000)	(9,975,858)	-	-	(736,589)	(119,671)	(58,309)	(1,140,359,953)	(1,153,280,380)
<b>Balance as at 30 June 2018</b>	<b>3,352,969,316</b>	<b>20,037,039,268</b>	<b>112,524,365</b>	<b>7,441,692,738</b>	<b>1,268,078,909</b>	<b>123,246,189</b>	<b>161,832,529</b>	<b>38,025,729</b>	<b>211,996,888</b>	<b>32,747,405,930</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2016	-	1,649,886,184	64,738,613	481,117,846	73,389,548	32,639,676	40,776,940	10,524,836	-	2,353,073,643
Charged for the year	-	1,118,565,627	6,193,987	286,437,879	82,486,959	14,112,535	14,578,558	6,377,621	-	1,528,753,166
Adjustment for disposal	-	(15,234,000)	(3,383,273)	-	-	(30,856)	(2,109,085)	(58,461)	-	(20,815,675)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>2,753,217,811</b>	<b>67,549,327</b>	<b>767,555,725</b>	<b>155,876,507</b>	<b>46,721,355</b>	<b>53,246,413</b>	<b>16,843,996</b>	<b>-</b>	<b>3,861,011,134</b>
Balance as at 01 July 2017	-	2,753,217,811	67,549,327	767,555,725	155,876,507	46,721,355	53,246,413	16,843,996	-	3,861,011,134
Charged for the year	-	1,048,842,793	8,863,616	298,280,012	52,664,039	15,443,688	20,643,886	6,646,228	-	1,451,384,262
Adjustment for disposal	-	(1,161,497)	(7,914,968)	-	-	(454,188)	(82,817)	(69,762)	-	(9,683,232)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>3,800,899,107</b>	<b>68,497,975</b>	<b>1,065,835,737</b>	<b>208,540,546</b>	<b>61,710,855</b>	<b>73,807,482</b>	<b>23,420,462</b>	<b>-</b>	<b>5,302,712,164</b>
<b>Carrying amount</b>										
As at 30 June 2017	3,284,075,732	16,685,811,476	41,780,034	5,818,827,935	1,043,902,986	37,154,728	56,636,187	13,681,095	971,004,496	27,952,874,668
As at 30 June 2018	3,352,969,316	16,236,140,161	44,026,390	6,375,857,001	1,059,538,363	61,535,334	88,025,047	14,605,267	211,996,888	27,444,693,766





Notes to the separate and consolidated financial statements (continued)

**17.04 Revaluation of property, plant and equipment**

All property, plant and equipment of the company were revalued by Hoda Vasi Chowdhury & Co., Chartered Accountants, in 2008 and 2012 considering the book value of such assets on 31 December 2006 and 31 December 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 realizable value method, as applicable, have been used by the independent valuer in revaluation 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.

**18.00 Details of under construction assets (Capital work in progress)**

See accounting policy in note 51.04.

	30 June 2018			
<i>In Taka</i>	Opening balance	Incurred during the year	Capitalized	Closing balance
Factory building and shed	269,408,551	49,771,774	(290,324,256)	28,856,069
Plant and machineries	58,430,315	23,463,713	(27,165,024)	54,729,004
Boundary wall, drainage System, roads and pavement	59,314,830	42,101,889	(59,314,830)	42,101,889
Furniture and fixtures	200,034	-	(200,034)	-
Motor vehicles	-	2,362,582	(2,325,082)	37,500
Office Equipment	61,160	-	(61,160)	-
IT Equipment	252,500	-	(252,500)	-
	<b>387,667,390</b>	<b>117,699,958</b>	<b>(379,642,886)</b>	<b>125,724,462</b>

	30 June 2017			
<i>In Taka</i>	Opening balance	Incurred during the year	Capitalized	Closing balance
Factory building and shed	168,795,810	117,944,873	(17,332,132)	269,408,551
Plant and machineries	215,754,966	50,489,479	(207,814,130)	58,430,315
Boundary wall, drainage System, roads and pavement	17,775,628	45,106,660	(3,567,458)	59,314,830
Furniture and fixtures	784,153	131,430	(715,549)	200,034
Office Equipment	392,600	61,160	(392,600)	61,160
IT Equipment	94,300	252,500	(94,300)	252,500
Software	260,135	390,555	(650,690)	-
	<b>403,857,592</b>	<b>214,376,657</b>	<b>(230,566,859)</b>	<b>387,667,390</b>

These costs include costs incurred initially to construct/install property, plant and equipment (PPE). Construction/installation costs are transferred to PPE when the construction is completed and ready for intended use.

**18.a Consolidated under construction assets (capital work in progress)**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	18.00	125,724,462	387,667,390
BSRM Steel Mills Limited		86,272,426	583,337,106
		<b>211,996,888</b>	<b>971,004,496</b>

**19.00 Intangible assets**

See accounting policy in note 51.05.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	19.01	21,797,061	25,180,402
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>21,797,061</b>	<b>25,180,402</b>





Notes to the separate and consolidated financial statements (continued)

19.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Computer Software (Oracle ERP)	19.02	21,797,061	25,180,402
		21,797,061	25,180,402

19.02 Intangible assets schedule

<i>In Taka</i>		Computer Software (Oracle ERP)
<b>Cost</b>		
Opening balance on 1 July 2016		33,378,000
Additions		455,413
Closing balance on 30 June 2017		33,833,413
Opening balance on 1 July 2017		33,833,413
Additions		-
Closing balance on 30 June 2018		33,833,413
<b>Accumulated amortization</b>		
Opening balance on 1 July 2016		5,284,850
Add: Amortized during the year		3,368,161
Closing balance on 30 June 2017		8,653,011
Opening balance on 1 July 2017		8,653,011
Add: Amortized during the year		3,383,341
Closing balance on 30 June 2018		12,036,352
Carrying amount on 30 June 2017		25,180,402
Carrying amount on 30 June 2018		21,797,061

19.a Consolidated intangible assets

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	19.00	21,797,061	25,180,402
BSRM Steel Mills Limited		17,965,021	20,764,765
		39,762,082	45,945,167

20.00 Investment in subsidiary and associate

<i>In Taka</i>	Note	30 June 2018	30 June 2017
<b>Subsidiary company</b>			
BSRM Steel Mills Limited (BSML)	20.01	2,772,054,637	2,350,145,618
BSRM (Hong Kong) Limited	20.04	10	-
<b>Associate company</b>			
In associate company-BSRM Steels Limited (BSL)	20.01	3,994,597,901	3,593,907,671
		6,766,652,548	5,944,053,289

20.01 Movement of Investment in Associate and Subsidiary

<i>In Taka</i>	30 June 2018		30 June 2017	
	BSL	BSML	BSL	BSML
Opening balance	3,593,907,671	2,350,145,618	3,274,057,531	2,750,767,181
<b>Addition/ adjustments during the year</b>				
Share of profit / (loss) of equity accounted Investees	561,639,421	421,909,020	530,979,966	(400,621,563)
Share of other comprehensive income	(1,057,931)	-	-	-
Effect of revaluation and deferred tax on retained earnings of associates	-	-	2,058,520	-
Cash dividend received	(159,891,260)		(213,188,346)	-
<b>Closing balance</b>	<b>3,994,597,901</b>	<b>2,772,054,637</b>	<b>3,593,907,671</b>	<b>2,350,145,618</b>



**20.02 Investment in subsidiary company- BSRM Steel Mills Limited (BSML)**

BSRM Limited holds 52.88% equity interest in BSRM Steel Mills Limited since 2015 that consists of 44.97% direct holding (177,364,600 Ordinary shares of Tk. 10 each) and 7.91% indirect investment through investment in associate (BSL) at the reporting date. BSRM Limited and BSRM Steel Mills Limited are being operated under common control.

Although the company directly holds less than 50% voting share of BSRM Steel Mills Limited, but taking the indirect holding and common control into consideration management has determined that the company controls BSML and considered it as a subsidiary.

**Summary of financial information of subsidiary:**

<i>In Taka</i>	30 June 2018	30 June 2017
Non-current assets	18,796,286,699	18,954,644,653
Current assets	21,288,220,141	9,795,470,875
<b>Total assets</b>	<b>40,084,506,840</b>	<b>28,750,115,528</b>
Share capital	3,944,354,000	3,944,354,000
Retained earnings	(72,550,981)	(1,010,820,810)
Revaluation reserve	2,292,879,671	2,292,879,671
<b>Total equity</b>	<b>6,164,682,690</b>	<b>5,226,412,861</b>
Non-current liabilities	4,535,123,950	5,390,670,615
Current liabilities	29,384,700,200	18,133,032,052
<b>Total liabilities</b>	<b>33,919,824,150</b>	<b>23,523,702,667</b>
<b>Total Equity &amp; Liabilities</b>	<b>40,084,506,840</b>	<b>28,750,115,528</b>
<b>Net Assets Value (NAV) per share</b>	<b>15.63</b>	<b>13.25</b>
Revenue	45,888,262,116	20,780,821,877
Other operating and non-operating income/(Loss)	375,067,914	2,742,845
Expenses	(45,325,060,201)	(21,674,494,065)
<b>Profit for the year</b>	<b>938,269,829</b>	<b>(890,929,343)</b>

**20.03 Investment in associate company- BSRM Steels Limited (BSL)**

BSRM Limited has 31.19% equity interest in BSRM Steels Limited (BSL) i.e. 106,594,173 Ordinary Shares of Tk. 10 each. BSRM Steels Limited has been considered as an equity accounted investee of the company and has been accounted for according to BAS 28: Investments in Associates and Joint Ventures. Reporting date of BSML is 30 June.

**Summary of financial information of associate:**

<i>In Taka</i>	30 June 2018	30 June 2017
Non-current assets	13,995,010,582	12,104,110,773
Current assets	31,685,544,730	25,503,664,368
<b>Total assets</b>	<b>45,680,555,312</b>	<b>37,607,775,141</b>
Share capital	3,417,750,000	3,417,750,000
Retained earnings	6,777,298,362	5,503,470,464
Revaluation reserve	2,613,852,170	2,601,996,609
<b>Equity attributable to owners of the company</b>	<b>12,808,900,532</b>	<b>11,523,217,073</b>
Non- controlling interest	-	107,081,608
<b>Shareholders' equity</b>	<b>12,808,900,532</b>	<b>11,630,298,681</b>
Non-current liabilities	3,072,279,686	2,427,749,618
Current liabilities	29,799,375,094	23,549,726,842
<b>Total liabilities</b>	<b>32,871,654,780</b>	<b>25,977,476,460</b>
<b>Total Equity &amp; Liabilities</b>	<b>45,680,555,312</b>	<b>37,607,775,141</b>
<b>Net Assets Value (NAV) per share</b>	<b>37.48</b>	<b>34.03</b>



Notes to the separate and consolidated financial statements (continued)

	30 June 2018	30 June 2017
Revenue	48,289,925,736	37,996,410,539
Other income	1,290,257,134	51,780,490
Expenses	(47,782,779,378)	(36,342,776,370)
<b>Profit for the year</b>	<b>1,797,403,492</b>	<b>1,705,414,659</b>
Non-controlling interest	-	(2,923,119)
<b>Profit attributable to the owners of the company</b>	<b>1,797,403,492</b>	<b>1,702,491,540</b>
<b>Total Comprehensive income attributable to owners of the company</b>	<b>1,797,403,492</b>	<b>1,702,491,540</b>

The market price of the Ordinary shares of BSRM Steels Limited (BSL) was Tk. 72.20 per share on 30 June 2018. Fair value of investments in BSL for 106,594,173 numbers of share has been estimated at Tk. 7,696,099,291.

Out of 106,594,173 nos. ordinary shares of BSL, 3,000,000 nos., 2,200,000 nos., 388,890 nos., 8,000,000 nos., 2,562,112 nos., 10,000,000 nos. of ordinary shares are pledged against bridge finance and term loans from IPDC Limited, International Leasing and Financial Services Limited, United Finance Limited, South Bangla Agriculture and Commerce Bank Limited, One Bank Limited, Prime Bank Limited respectively.

#### 20.04 Investment in subsidiary company- BSRM (Hong Kong) Limited

The company has incorporated a fully owned new subsidiary company in Hong Kong on 30 May 2018. The paid up capital of this subsidiary company was 1 Hong Kong Dollar i.e. Tk. 10 on the reporting date.

#### 20.a Consolidated investment

<i>In Taka</i>	Note	30 June 2018	30 June 2017
BSRM Steel Limited (BSL)	20.03	3,994,597,901	3,593,907,671
		<b>3,994,597,901</b>	<b>3,593,907,671</b>

#### 21.00 Other investments

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	21.01	122,190,354	110,740,333
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>122,190,354</b>	<b>110,740,333</b>

#### 21.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Investment in non-tradable shares at cost	21.02	1,000,300	1,000,300
Investments in fixed deposits receipts	21.03	121,190,054	109,740,033
		<b>122,190,354</b>	<b>110,740,333</b>

#### 21.02 Investment in non-tradable shares at cost

<i>In Taka</i>	30 June 2018	30 June 2017
Islamic Steamship Co. Limited	300	300
STS Holdings Limited	1,000,000	1,000,000
	<b>1,000,300</b>	<b>1,000,300</b>





Notes to the separate and consolidated financial statements (continued)

21.03 Investments in fixed deposits receipts

<i>In Taka</i>	Tenure	Purpose	Rate of Interest	30 June 2018	30 June 2017
Mercantile Bank Ltd.	1 year	Guarantee	5.5% - 9.00%	3,902,725	2,564,918
Standard Chartered Bank Ltd.	1 year	L/C Margin	7.00%	51,777,310	51,777,310
State Bank of India	1 year	L/C Margin	4.04%	2,009,070	1,931,101
IFIC Bank Ltd.	1 year	L/C Margin	7% - 8.75%	5,068,718	65,477
International Leasing and Financial Services Limited	5 years	Security deposit	9.5%-10.00%	29,961,232	27,577,476
Fareast Finance and Investment Limited	5 years	Security deposit	7.00%	28,471,000	25,823,750
				<b>121,190,054</b>	<b>109,740,033</b>

21.a Consolidated other investments

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	21.00	122,190,354	110,740,333
BSRM Steel Mills Limited		-	-
		<b>122,190,354</b>	<b>110,740,333</b>

22.00 Short term investment

See accounting policy in note 51.09.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	22.01	50,220,680	39,272,419
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>50,220,680</b>	<b>39,272,419</b>

22.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Investment in tradeable securities at fair value	22.02	363,523	407,795
Investments in fixed deposit receipts	22.04	49,857,158	38,864,624
		<b>50,220,680</b>	<b>39,272,419</b>

22.02 Investment in tradeable securities at fair value

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Opening balance		407,795	388,992
Sold during the year		-	-
Change in fair value of tradable securities	22.03	(44,272)	18,803
Closing balance		<b>363,523</b>	<b>407,795</b>

22.03 Fair Value of Tradable Securities

<i>In Taka</i>	Cost	Fair Value as at 30 June 2017	Fair Value as at 30 June 2018	Increase/ (Decrease)
Eastern Insurance Co. Limited	179,550	60,060	56,490	(3,570)
Pragati Life Insurance Limited	497,480	189,749	151,810	(37,939)
Progressive Life Insurance Limited	319,605	157,986	155,223	(2,763)
	<b>996,635</b>	<b>407,795</b>	<b>363,523</b>	<b>(44,272)</b>



Notes to the separate and consolidated financial statements (continued)

22.04 Investments in fixed deposit receipts

<i>In Taka</i>	Tenure	Purpose	Rate of Interest	30 June 2018	30 June 2017
Al-Arafah Islami Bank Ltd.	6 months	L/C Margin	6.23% to 6.7%	12,978,529	14,500,000
Commercial Bank of Ceylon PLC	6 months	L/C Margin	5% - 5.50%	21,225,454	20,552,725
Habib Bank Ltd.	6 months	L/C Margin	6.39%	1,782,382	1,700,000
Pubali Bank Ltd.	6 months	L/C Margin	5% - 5.50%	7,711,265	860,837
State Bank of India	6 months	L/C Margin	3.69%	1,308,727	-
The City Bank Limited	6 months	Investment	3.38% - 7.75%	1,350,801	1,251,062
Lanka Bangla Finance Ltd.	6 months	Security deposit	8.5% - 9.00%	3,500,000	-
				<b>49,857,158</b>	<b>38,864,624</b>

22.a Consolidated short term investment

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	22.00	50,220,680	39,272,419
BSRM Steel Mills Limited		1,316,920,481	365,330,075
		<b>1,367,141,161</b>	<b>404,602,494</b>

23.00 Inventories

See accounting policy in note 51.06.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	23.01	13,413,810,986	9,428,770,010
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		28,509,068	1,663,260
		<b>13,442,320,054</b>	<b>9,430,433,270</b>

23.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In Taka</i>		30 June 2018	30 June 2017
	<u>Qty.</u>	<u>Amount</u>	<u>Amount</u>
	<u>Metric Ton</u>	<u>Taka</u>	<u>Taka</u>
<b>Raw Material</b>			
Raw Materials-Billets	109,498	5,471,219,241	3,827,727,551
Raw Materials-Scraps	34,325	1,300,710,930	1,007,604,567
		<b>143,823</b>	<b>6,771,930,172</b>
<b>Work-in-process</b>		-	-
<b>Finished Goods</b>			
Finished Goods-Own production	90,647	4,871,752,108	2,812,080,104
Finished Goods-Procured	5,052	269,293,231	391,870,646
		<b>95,698</b>	<b>5,141,045,339</b>
<b>Stores and Spares</b>			
Mechanical stores		816,334,488	625,351,058
M.S. Roll		165,793,081	132,138,863
Electrical stores		338,353,155	300,220,191
General stores		5,870,807	5,938,498
Consumable stores		157,457,641	308,934,317
		<b>1,483,809,171</b>	<b>1,372,582,927</b>
<b>Fuel and lubricants</b>		<b>17,026,304</b>	<b>16,904,215</b>
		<b>13,413,810,986</b>	<b>9,428,770,010</b>





Notes to the separate and consolidated financial statements (continued)

**23.a Consolidated inventories**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	23.00	13,442,320,054	9,430,433,270
BSRM Steel Mills Limited		9,996,564,744	7,551,516,541
Unrealized profit elimination		-	-
		<b>23,438,884,798</b>	<b>16,981,949,811</b>

**24.00 Trade and Other Receivables**

See accounting policy in note 51.09.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	24.01	2,275,689,106	2,148,852,385
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		80,703,274	49,516,972
		<b>2,356,392,380</b>	<b>2,198,369,357</b>

**24.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Trade Receivables	24.02	2,081,633,455	2,035,053,002
Other Receivables	24.04	194,055,651	113,799,383
		<b>2,275,689,106</b>	<b>2,148,852,385</b>

The directors believe that the above receivables are good and realizable.

**24.02 Trade Receivables**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
BSRM Steels Limited		323,190	-
BSRM Logistics Limited		-	291,059
BSRM Steel Mills Limited		-	1,984,678
H. Akberali & Co. Limited		-	2,794,705
Other Parties	24.03	2,082,401,267	2,030,731,149
		<b>2,082,724,457</b>	<b>2,035,801,591</b>
Less: Provision for doubtful debt		(1,091,002)	(748,589)
		<b>2,081,633,455</b>	<b>2,035,053,002</b>

**24.03** Out of these receivables, there are pending litigations against 26 parties having receivables of Tk. 20,976,250. These receivables are secured by Post dated cheques. The Company's exposure to customers is diversified and no single customer contributes more than 3% of the outstanding receivables as on 30 June 2018.

**24.04 Other Receivables**

<i>In Taka</i>	30 June 2018	30 June 2017
Interest Receivables	69,625,880	49,229,482
DEDO and Others Receivables	124,429,771	64,569,901
	<b>194,055,651</b>	<b>113,799,383</b>

**24.05 Ageing of trade receivables is as follows**

<i>In Taka</i>	30 June 2018	30 June 2017
Not yet due	899,811,797	1,023,670,238
Less than 3 months	908,438,860	444,071,724
Over 3 months but less than 6 months	147,040,570	312,808,333
Over 6 months	127,433,230	255,251,296
	<b>2,082,724,457</b>	<b>2,035,801,591</b>

**24.a Consolidated trade and other receivables**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	24.00	2,356,392,380	2,198,369,357
BSRM Steel Mills Limited		5,837,890,746	480,069,669
Less: Intra group receivables		(1,139,525)	(329,644,899)
		<b>8,193,143,601</b>	<b>2,348,794,127</b>



Notes to the separate and consolidated financial statements (continued)

**25.00 Current account with related companies**

<i>In Taka</i>		30 June 2018	30 June 2017
BSRM Ispat Limited		328,365,077	316,952,750
BSRM Logistics Limited		155,419,888	115,589,282
BSRM Real Estates Limited		8,143,000	1,055,000
BSRM Wires Limited		70,388,950	142,755,316
Chittagong Power Company Limited		24,485,176	22,227,106
East Bengal Trading & Industries Corporation Limited		2,600,000	2,600,000
H. Akberali & Co. Limited		289,250,865	644,599,830
BSRM Steel Mills Limited		659,306,643	-
Section Steel Industries Limited		-	450,000
		<b>1,537,959,598</b>	<b>1,246,229,284</b>

All transactions among the related companies have been made through account payee cheques or bank transfers and interests were charged on all related companies' balances.

**25.a Consolidated current account with related companies**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	25.00	1,537,959,598	1,246,229,284
BSRM Steel Mills Limited		1,697,861,774	127,141,816
Less: Inter-company elimination		(659,306,643)	(11,714,890)
		<b>2,576,514,730</b>	<b>1,361,656,210</b>

**26.00 Advances and deposits**

See accounting policy in note 51.09.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	26.01	1,964,252,622	1,670,966,244
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		19,374,882	2,995,588
		<b>1,983,627,504</b>	<b>1,673,961,831</b>

**26.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Advances	26.02	1,916,648,428	1,624,514,562
Deposits	26.03	47,604,194	46,451,682
		<b>1,964,252,622</b>	<b>1,670,966,244</b>

**26.02 Advances**

<i>In Taka</i>		30 June 2018	30 June 2017
Against L/C		70,919,218	11,364,567
For capital expenditure		75,959,496	66,901,988
For revenue expenses		28,180,130	51,797,158
For scrap purchase and others		12,346,684	2,454,038
For store and spares		80,689,344	74,004,389
Godown rent		1,047,645	1,126,733
Income tax		1,158,206,639	931,716,391
L/C margin		32,855,498	46,628,123
Land		326,937,906	323,739,000
Staff loan against salary		6,059,325	6,728,648
VAT current account		102,891,447	88,053,527
Western Marine Shipyard Limited		20,000,000	20,000,000
Preliminary expenses		555,096	-
		<b>1,916,648,428</b>	<b>1,624,514,562</b>





Notes to the separate and consolidated financial statements (continued)

**26.03 Deposits**

<i>In Taka</i>	30 June 2018	30 June 2017
Bangladesh Ansar and VDP	373,993	373,993
Bank guarantee to Customs authority	1,997,161	1,702,394
Bank guarantee to Karnaphuli Gas Distribution Co. Limited	2,498,406	2,498,406
Bureau of Indian Standard	2,418,000	788,000
Central Depository Bangladesh Limited	500,000	500,000
Customs Authority against claim	552,890	552,890
Karnaphuli Gas Distribution Co. Limited (KGDCL)	21,932,805	21,932,805
Linde Bangladesh Limited	879,900	879,900
Meghna Petroleum Limited	40,000	40,000
Others	1,786,227	1,766,227
Power Development Board	13,933,368	13,933,368
T & T and others	191,444	191,444
WASA	500,000	300,000
Regulatory Authority	-	992,255
	<b>47,604,194</b>	<b>46,451,682</b>

**26.04** The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and that no provision for these are required at this stage.

**26.a Consolidated advances and deposits**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	26.00	1,983,627,504	1,673,961,831
BSRM Steel Mills Limited		2,364,533,030	1,259,366,607
Less: Intra group elimination		-	-
		<b>4,348,160,534</b>	<b>2,933,328,438</b>

**27.00 Cash and cash equivalents**

See accounting policy in note 51.09.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	27.01	691,932,771	506,776,389
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		13,051,010	4,832,070
		<b>704,983,780</b>	<b>511,608,459</b>

**27.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Cash in hand	27.02	1,414,855	3,277,151
Cash at banks	27.03	240,083,659	370,469,139
Fixed deposit	27.05	450,434,257	133,030,099
		<b>691,932,771</b>	<b>506,776,389</b>

**27.02 Cash In hand**

<i>In Taka</i>	30 June 2018	30 June 2017
Corporate office	228,757	359,529
Factory office	859,570	2,721,510
Dhaka office	226,528	196,112
Mirsarai office (Warehouse)	100,000	-
	<b>1,414,855</b>	<b>3,277,151</b>





## 27.03 Cash at Banks

<i>In Taka</i>	Branch	Account type	Currency		30 June 2018	30 June 2017
AB Bank Limited	Agrabad	CD	BDT		25,673	1,433,802
Agrani Bank Limited	Laldighi East	CD	BDT		17,055	23,861
Agrani Bank Limited	Laldighi East	CD	USD		119,006,401	78,580,529
Al-Arafah Islami Bank Limited	Agrabad	CD	BDT		931,328	11,743
Bank Alfalah Limited	Agrabad	CD	BDT		330,744	144,626
Bank Asia Limited	Agrabad	CD	BDT		41,352	2,804
BASIC Bank Limited	Dewanhat	CD	BDT		960,014	244,304
Commercial Bank of Ceylon PL	Agrabad	CD	BDT		79,812	18,951
Dhaka Bank Limited	Jubilee Road	CD	BDT		688,594	1,557,184
Dutch Bangla Bank Limited	Jubilee Road	CD	BDT		1,150,911	13,148,127
Eastern Bank Limited	Agrabad	Escrow	BDT		9,702	35,542
Eastern Bank Limited	Agrabad	CD	BDT		410,240	836,266
EXIM Bank Limited	CDA Avenue	CD	BDT		1,752,230	1,383,476
HSBC	Agrabad	CD	BDT	*	(8,467,718)	(19,424,272)
HSBC	Agrabad	FCY CD	USD		33,431	31,434
IFIC Bank Limited	Agrabad	CD	BDT		29,931	65,767
Islami Bank Bangladesh Limited	Jubilee Road	CD	BDT		14,215,455	60,359
Jamuna Bank Limited	Khatunjonj	CD	BDT		10,949	21,482
Janata Bank Limited	Laldighi East	CD	BDT		5,329,430	1,305,425
Mercantile Bank Limited	Jubilee Road	CD	BDT		-	2,294
Mercantile Bank Limited	Jubilee Road	CD	BDT		-	(361)
Midland Bank Limited	Agrabad	CD	BDT		88,256	134,626
Mutual Trust Bank Limited	Jubilee Road	CD	BDT		1,071,265	30,276
National Bank Limited	Jubilee Road	CD	BDT		86,778	500,370
NCC Bank Limited	Agrabad	CD	BDT	*	(864,227)	184,013,889
NRB Commercial Bank Limited	Agrabad	CD	BDT		1,363,612	926,213
NCC Bank Limited	Agrabad	ERQ	USD		23,778,627	127,245,665
NCC Bank Limited	Agrabad	FCY CD	USD		30,932,025	-
One Bank Limited	Agrabad	CD	BDT		384,860	(35,124,716)
One Bank Limited	Agrabad	Escrow	BDT		483,008	245,535
Premier Bank Limited	O.R Nizam Road	CD	BDT		2,400,589	760,354
Prime Bank Limited	O.R Nizam Road	CD	BDT		1,299,394	320,902
Prime Bank Limited	Agrabad	Escrow	BDT		194,141	-
Shahjalal Islami Bank Limited	Jubilee Road	CD	BDT		29,429	39,350
Social Islami Bank Limited	Jubilee Road	CD	BDT		17,840,307	146,015
Sonali Bank Limited	Kalibari	CD	BDT		82,004	131,154
Southeast Bank Limited	CDA Avenue	CD	BDT		4,604,054	49,708
Southeast Bank Limited	Pahartali	CD	BDT		3,903,370	85,284
Standard Bank Limited	Sadarghat Road	CD	BDT		3,223	4,907
Standard Chartered Bank	Dhaka	CD	BDT		61,666	330,010
State Bank of India	Agrabad	CD	BDT		24,000	117,563
The City Bank Limited	Agrabad	CD	BDT		2,411,422	88,455
Trust Bank Limited	CDA Avenue	CD	BDT		452,581	2,688
Uttara Bank Limited	Agrabad	CD	BDT		99,425	-
United Commercial Bank Limited	Jubilee Road	CD	BDT		11,324,771	37,112
United Commercial Bank Limited	Jubilee Road	Escrow	BDT		634	394,558
<b>Sub total</b>					<b>238,610,744</b>	<b>359,963,259</b>
		<b>Account</b>				
<i>In Taka</i>	Branch	type	Currency	Note	30 June 2018	30 June 2017
Mutual Trust Bank Limited	Dilkusha	CD	USD	27.04	692,529	780,159
Mutual Trust Bank Limited	Dilkusha	CD	Pound	27.04	47,296	42,915
Mutual Trust Bank Limited	Dilkusha	Escrow	BDT	27.04	455,261	7,035,423
Mutual Trust Bank Limited	Dilkusha	CD	EURO	27.04	15,952	14,414
Standard Chartered Bank	Agrabad	CD	BDT	27.04	261,877	2,632,969
<b>Sub total</b>					<b>1,472,915</b>	<b>10,505,880</b>
<b>Grand Total</b>					<b>240,083,659</b>	<b>370,469,139</b>

\* Book overdrafts only.





27.04 These accounts were opened for deposit of Share Money (IPO) and payment of dividend. Balances in these accounts represent amount refundable to the applicants to whom shares were not allotted and unclaimed dividend.

#### 27.05 Fixed Deposits

<i>In Taka</i>	Tenure	Purpose	Rate of Interest	30 June 2018	30 June 2017
AB Bank Limited	3 months	L/C Margin	5.5% to 6.75%	-	14,160,102
Al-Arafah Islami Bank Ltd.	3 months	L/C Margin	7.56%	1,335,891	-
Bank Asia Limited	3 months	L/C Margin	6.25%	4,430,756	4,241,767
Commercial Bank of Ceylon PLC	3 months	L/C Margin	5.00%	2,171,568	2,094,292
Dutch Bangla Bank Limited	3 months	L/C Margin	3.0% to 4.25%	13,548,288	11,353,841
Dhaka Bank Limited	3 months	Investment	4.50% to 5.50%	29,234,511	5,018,718
IFIC Bank Limited	3 months	L/C Margin	10.00%	31,203,934	20,846,597
Islami Bank Bangladesh Ltd	3 months	L/C Margin	6.00%	11,895,000	-
Habib Bank Limited	3 Months	L/C Margin	6.13%	4,249,820	4,100,489
Mercantile Bank Limited	3 months	L/C Margin	6% - 8%	17,306,577	10,434,140
National Bank Limited	3 Months	L/C Margin	9.00%	13,081,500	1,625,353
NCC Bank Limited	3 Months	L/C Margin	7.50%	260,970,676	7,825,195
Pubali Bank Limited	3 Months	L/C Margin	5.50%	-	2,217,858
Prime Bank Limited	3 Months	L/C Margin	4.00% to 4.5%	-	3,965,917
The City Bank Limited	3 Months	L/C Margin	4.00% to 4.95%	37,262,562	22,202,041
Shahjalal Islami Bank Ltd.	3 Months	Security Deposit	5.50%	-	3,000,423
United Commercial Bank Ltd.	3 Months	L/C Margin	4.00%	23,743,175	19,943,368
				<b>450,434,257</b>	<b>133,030,099</b>

#### 27.a Consolidated cash and cash equivalents

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	27.00	704,983,780	511,608,459
BSRM Steel Mills Limited		74,449,366	12,046,167
		<b>779,433,146</b>	<b>523,654,626</b>

#### 28.00 Assets held for Sale- plant and machinery

See accounting policy in note 51.03.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	28.01	-	-
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		-	-

#### 28.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In Taka</i>	30 June 2018	30 June 2017
Opening Balance	-	1,184,359,433
Reclassification to Assets	-	(1,184,359,433)
Disposal	-	-
	-	-

#### 28.a Consolidated assets held for sale- plant and machinery

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	28.00	-	-
BSRM Steel Mills Limited		-	-
		-	-



Notes to the separate and consolidated financial statements (continued)

**29.00 Share capital**

See accounting policy in note 51.16.

*In Taka*

30 June 2018 30 June 2017

**Authorized capital**

500,000,000 Ordinary shares @ Tk. 10 each	5,000,000,000	5,000,000,000
	5,000,000,000	5,000,000,000

**Issued, Subscribed and Paid-up capital**

64,345,491 Ordinary shares @ Tk. 10 each issued in cash	643,454,910	643,454,910
64,345,491 Ordinary shares @ Tk. 10 each fully paid-up as Bonus Shares	643,454,910	643,454,910
27,160,056 Ordinary shares @ Tk. 10 each fully paid up (other than cash)	271,600,560	271,600,560
17,500,000 Ordinary shares @ Tk. 10 each issued through Initial Public Offering (IPO)	175,000,000	175,000,000
4,010,523 Ordinary shares @ Tk. 10 each issued against 12% Convertible coupon bond	40,105,230	40,105,230
17,736,156 Ordinary shares @ Tk. 10 each fully paid-up as Bonus Shares	177,361,560	177,361,560
19,509,771 Ordinary shares @ Tk. 10 each fully paid-up as Bonus Shares	195,097,710	-
	2,146,074,880	1,950,977,170

**29.01 Classification of shares by holding at 30 June 2018**

Class by number of shares	No. of holders	No. of shares	Holding (%)
Less than 500	5,296	1,056,485	0.49%
From 500 to 5,000	3,695	6,429,893	3.00%
From 5,001 to 10,000	425	3,126,020	1.46%
From 10,001 to 20,000	205	2,914,316	1.36%
From 20,001 to 30,000	67	1,675,264	0.78%
From 30,001 to 40,000	31	1,093,290	0.51%
From 40,001 to 50,000	18	819,992	0.38%
From 50,001 to 100,000	42	3,083,524	1.44%
From 100,001 to 1,000,000	39	8,545,889	3.98%
From 1,000,001 and above	15	185,862,815	86.61%
	9,833	214,607,488	100%

**29.02 Composition of Shareholders at 30 June 2018**

Name of shareholders	No. of shares	Holding (%)
<b>Directors:</b>		
Mr. Alihussain Akberali	26,580,227	12.39%
Mr. Aameir Alihussain	20,654,645	9.62%
Mr. Zohair Taherali	6,875,466	3.20%
Mrs. Sabeen Aameir	4,845,566	2.26%
Shareholders other than Directors	155,651,584	72.53%
	214,607,488	100%

**29.03 Composition of Shareholders at 30 June 2018**

Name of shareholders	No. of holders	No. of shares	Holding (%)
Sponsor Shareholders	5	87,853,031	40.94%
Foreign Shareholders	11	45,686,719	21.29%
Other Shareholders	9,817	81,067,738	37.77%
	9,833	214,607,488	100%





Notes to the separate and consolidated financial statements (continued)

**29.04 Dividends**

<i>In Taka</i>	30 June 2018	30 June 2017
The following dividends were declared and paid/ payable by the company for the year:		
10% Final stock dividend (For Jan'16-Jun'17)	195,097,710	-
10% Interim cash dividend (Tk. 1) per qualifying ordinary share (For Jan'16-Jun'17)	-	195,097,717

During the year ended on 30 June 2018, no amount was remitted in foreign currencies to non-resident shareholders as dividend.

**Proposed dividends**

After the reporting date, the following dividends were proposed by the Board of directors.

<i>In Taka</i>	Date of Board Meeting	30 June 2018	30 June 2017
10% Final stock dividend (For Jul'17-Jun'18)		214,607,488	-
10% Final cash dividend (Tk. 1) per qualifying ordinary share (For Jul'17-Jun'18)	25 September 2018	214,607,488	-
10% Final stock dividend (For Jan'16-Jun'17)	12 August 2017	-	195,097,710
10% Interim cash dividend (Tk. 1) per qualifying ordinary share (For Jan'16-Jun'17)	28 September 2017	-	195,097,717

**30.00 Reserves**

**30.01 General reserve**

The general reserve is created from time to time by transferring profits from retained earnings for appropriation purposes and to meet future known or unknown requirements. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

**30.02 Revaluation reserve**

Revaluation reserve relates to the revaluation of property plant and equipment.

**31.00 Long term borrowings- non current portion**

See accounting policy in note 51.10.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	31.01	5,442,343,709	2,077,988,167
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		5,442,343,709	2,077,988,167

**31.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
One Bank Limited - Syndicated term loan	31.02	-	44,749,850
United Commercial Bank Limited- Syndicated term loan	31.03	1,122,349,335	1,670,992,079
Prime Bank Limited- Syndicated term loan	31.04	4,199,498,693	-
National Housing Finance and Investments Limited	31.05	-	548,182
International Leasing and Financial Services Limited	31.06	-	6,135,123
Fareast Finance & Investment Limited	31.07	-	22,228
Jamuna Bank Limited	31.08	-	13,481,951
Lanka Bangla Finance Limited	31.09	-	-
Prime Bank Limited	31.10	21,618,407	22,533,205
United Finance Limited	31.11	-	-
IPDC of Bangladesh Limited	31.12	98,877,274	108,716,695
12% Convertible coupon bond	31.13	-	210,808,854
		5,442,343,709	2,077,988,167



**31.02 One Bank Limited - Syndicated term loan**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	38,371,041	140,677,639
Due after more than one (1) year	-	44,749,850
	<b>38,371,041</b>	<b>185,427,489</b>

**Lenders:**

The company entered into a syndicated loan agreement for second 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 9.5%-10.5% 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:**

- 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.
- Fixed and floating charge over assets.
- Irrevocable general power of attorney.
- 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.

**31.03 United Commercial Bank Limited- Syndicated term loan**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	545,892,228	506,490,204
Due after more than one (1) year	1,122,349,335	1,670,992,079
	<b>1,668,241,563</b>	<b>2,177,482,283</b>

**Lenders:**

The company entered into a separate syndicated loan agreement for the BMRE on 21 June 2012 with United Commercial Bank Limited, the lead arranger and 15 (fifteen) other Banks and Financial Institutions.

**Total loan facilities: Tk. 278.578 crore.**

**Interest rate:**

Interest rate is 9.5%-10.5% per annum calculated on quarterly basis and variable depending on the situation of money market.

**Disbursement:**

The first disbursement was made on 23 November 2014.

**Repayments:**

This term loan is repayable in 60 (sixty) monthly installments commencing from the end of 19th month of the first draw down date.

**Securities:**

- Registered mortgage over the project land and all civil construction
- Fixed and floating charge over machinery, plant and equipment.
- Floating charge over all floating assets with the power to sell.
- Assignment of insurance policies along with power to collect insurance proceeds.
- Implementation guarantee from the sponsors.
- On demand promissory note.

**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.





Notes to the separate and consolidated financial statements (continued)

**31.04 Prime Bank Limited - Syndicated term loan**

<i>In Taka</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
Due within one (1) year	<b>1,200,000,000</b>	-
Due after more than one (1) year	<b>4,199,498,693</b>	-
	<b>5,399,498,693</b>	-

**Lenders:**

The company entered into a syndicated loan agreement for balance sheet restructuring on 20 December 2017 with Prime Bank Limited, the lead arranger and 7 (Seven) other Banks.

**Total loan facilities: Tk. 600 crore.**

**Interest rate:**

Indicative rate of interest for term loan is 9.00% p.a. with quarterly rests which may be reviewed semiannually after first disbursement based on negotiation considering prevailing money market situation.

**Disbursement:**

The First disbursement of the loan was made on 03 January 2018.

**Repayment:**

The principal plus interest amount will be repaid in 20 (twenty) quarterly installments starting from the immediate next quarter end of first disbursement date.

**Securities:**

- i. Pari passu 1st charge over existing fixed assets including registered mortgage charge over project land and construction there on with relevant IGPA.
- ii. 1st Ranking pari passu charge over balance of existing ESCROW account.
- iii. Personal guarantee of all directors.
- iv. Corporate Guarantee of H. Akberali Co. Ltd.
- v. Pledge & Lien on 10 Million Shares of BSRM Steels Ltd. This security will be released upon completion of aforesaid security documentation.
- vi. Negative pledge over assets of BSRM Ltd till perfection of documentation.
- vii. Other charge document as per opinion of lenders common counsel and standard practice.

**Purpose:**

Restructuring of liabilities through refinancing of short term loan and or loan from its sisters concern.

**31.05 National Housing Finance and Investments Limited**

<i>In Taka</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
Due within one (1) year	<b>2,276,656</b>	27,511,800
Due after more than one (1) year	-	548,182
	<b>2,276,656</b>	28,059,982

**Terms of loan:**

**Total loan facilities:** Tk. 100 million.

**Interest rate:** 10.5% - 18.00% per annum.

**Disbursement:**

The full disbursement was made on 15 January 2013.

**Repayment:**

The loan is repayable in 60 monthly installments after 6 months grace period

**Securities:**

- i. Personal guarantee of all directors of the company.
- ii. Lien of shares of BSRM Steels limited covering the full loan amount.

**Purpose:**

To meet up working capital requirement.

**31.06 International Leasing and Financial Services Limited**

<i>In Taka</i>	<b>30 June 2018</b>	<b>30 June 2017</b>
Due within one (1) year	<b>6,135,123</b>	68,844,057
Due after more than one (1) year	-	6,135,123
	<b>6,135,123</b>	74,979,180



**Terms of loan:**

**Total loan facilities:** Tk. 300 million.

**Interest rate:** 12.00% - 17.00% per annum.

**Disbursement:**

Full disbursement of the loan was made through two installments dated on 28 July 2013 and 16 September 2013.

**Repayment:**

The loan is repayable in 60 monthly installments after 6 months grace period.

**Securities:**

- i. Personal guarantee of all directors of the company.
- ii. Lien of 2,200,000 nos of Shares of BSRM Steels Limited.
- iii. Lien on TDR Tk 2.00 Core to be with International Leasing And Financial Services Limited.

**Purpose:**

To pay off foreign supplier's bill against purchase of Raw Materials.

**31.07 Fareast Finance & Investment Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	22,228	52,125,340
Due after more than one (1) year	-	22,228
	22,228	52,147,568

**Terms of loan:**

**Total loan facilities:** Tk. 400 million.

**Interest rate:** 11.50% - 18.00% per annum.

**Disbursement:**

The disbursement of the loan was made on 26 June 2013.

**Repayment:**

The loan is repayable in 60 monthly installments without any grace period.

**Securities:**

- i. FDR for Tk. 20 Million @ 15% P.a.
- ii. Personal guarantee of all directors of the company.
- iii. Corporate guarantee of H. Akberali & Co. Ltd. (HACL).

**Purpose:**

To meet up working capital requirement.

**31.08 Jamuna Bank Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	11,525,949	15,013,116
Due after more than one (1) year	-	13,481,951
	11,525,949	28,495,067

**Terms of loan:**

**Total loan facilities:** Tk. 100 Million.

**Interest rate:** Interest rate is 12.5% per annum calculated monthly basis variable depending on money market situation.

**Disbursement:**

The disbursement of the loan was made on 06 December 2015.

**Repayment:**

The loan is repayable in 24 (Twenty four) monthly installments with 3 (three) months grace period and this facility is renewable for additional financing requirement.

**Securities:**

- i. Personal Guarantee of all the Directors of the borrowing companies Supported by duly signed personal net worth statement.
- ii. Security cheque covering the limit with the letter of approach duly signed by authorised person.

**Purpose:**

For retirement of L/C opened to import of capital machineries.





Notes to the separate and consolidated financial statements (continued)

**31.09 Lanka Bangla Finance Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	-	23,721,907
Due after more than one (1) year	-	-
	-	23,721,907

**Terms of loan:**

**Total loan facilities:** Tk. 500.00 million.

**Interest rate:** Interest rate varies 13% -18% per annum calculated monthly basis variable depending on money market situation.

**Disbursement:**

The Loan facility with Lanka Bangla Finance Limited had been renewed in 14 May 2015 through sanctioning the facility to BDT 500 million.

**Repayment:**

The loan was paid in 60 (Sixty) monthly installments with 06 (six) months grace period.

**Securities:**

- i. Personal guarantee of all the Directors of Bangladesh Steel Re-Rolling Mills Limited.
- ii. Corporate Guarantee of H. Akberali & Co. Limited supported by Board Resolution.
- iii. Corporate Guarantee of BSRM Iron and Steel Company Limited (BISCO) supported by Board Resolution.
- iv. 60 nos. of post dated cheques covering the monthly installments.
- v. Charge/ Hypothecation on all present and future fixed and floating assets of the company with RJSC.

**Purpose:**

To meet up working capital requirement.

**31.10 Prime Bank Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	32,729,513	35,499,800
Due after more than one (1) year	21,618,407	22,533,205
	54,347,920	58,033,005

**Terms of loan:**

**Total loan facilities:** Tk. 2,000 million.

**Interest rate:** Interest rate is 10.25% per annum calculated on monthly basis variable depending on money market situation.

**Disbursement:**

Disbursement of the loan was made on 16 April 2014.

**Repayment:**

The loan is repayable in 20 (Twenty) quarterly installments and this facility is renewable for additional financing requirement.

**Securities:**

- i. Pari-passu 1st charge over existing fixed assets including registered mortgage charge over the project land of 592.50 decimals (approx.) with relevant IGPA.
- ii. 1st ranking of pari passu charge over the balance of existing ESCROW Account.
- iii. Personal guarantee of the sponsor directors.
- iv. Negative pledge over assets of BSRM Ltd till perfection of documentation.

**Purpose:**

Restructuring of liabilities through refinancing of its short term loan and/or loan from sister concerns.

**31.11 United Finance Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	-	4,753,800
Due after more than one (1) year	-	-
	-	4,753,800

**Terms of loan:**

**Total loan facilities:** Tk. 70 million.

**Interest rate:** Interest rate varies 10.50% -17.00% per annum calculated monthly basis variable depending on money market situation.



**Disbursement:**

Disbursement of the loan was made on 09 September 2012.

**Repayment:**

The loan was paid in 20 (Twenty) quarterly installments.

**Securities:**

- i. Personal guarantee of all the sponsor directors of Bangladesh Steel Re-Rolling Mills Limited
- ii. Lien on 388,889 marketable securities of BSRM Steel Limited in favor of ULC worth of Tk. 35 million considering price of Taka 90 per share( share price has been fixed between current market price and last six month average whichever is lower). Security Coverage from the shares under lien will always be maintained at 50% of the facility amount. In case of deficiency in security coverage in any point during agreement term, client will lien additional share to keep the security coverage level at level 50%.
- iii. One security cheque amount of Taka 104,380,800 (inclusive of both principal and interest) in favor of United Finance Limited.

**Purpose:**

For business operation of the company.

**31.12 IPDC of Bangladesh Limited**

<i>In Taka</i>	30 June 2018	30 June 2017
Due within one (1) year	43,167,041	76,559,252
Due after more than one (1) year	98,877,274	108,716,695
	<b>142,044,315</b>	<b>185,275,947</b>

**Terms of loan:**

**Total loan facilities:** Tk. 200 million.

**Interest rate:** Interest rate varies between 8.70% -10.25% per annum calculated monthly basis variable depending on money market situation.

**Disbursement:**

Disbursement of the loan was made on 09 September 2012.

**Repayment:**

Different loans are created with different payment schedules under this facility.

**Securities:**

- i. Corporate guarantee of H. Akberali & Co. Ltd.
- ii. Personal guarantee of all the sponsor directors of Bangladesh Steel Re-Rolling Mills Limited.
- iii. Lien on 30,00,000 dematted sponsor shares of BSRM Steels Ltd (BSL).
- iv. 01 (One) security cheque for the entire facility amount along with interest to be obtained.
- v. Demand promissory note along with Letter of Continuation.

**Purpose:**

To meet the working capital requirement of the business.

**31.13 12% Convertible Coupon Bond**

<i>In Taka</i>	30 June 2018	30 June 2017
Liability component	655,565,939	976,978,685
Add: Accrued interest and provision for cost of issuing Bond	90,207,032	137,287,254
Less: Interest payment	(85,800,000)	(128,700,000)
Less: Principal payment	(330,000,000)	(330,000,000)
<b>Carrying amount</b>	<b>329,972,971</b>	<b>655,565,939</b>

**31.13.01 12% Convertible Coupon Bond-Liability Component**

<i>In Taka</i>	30 June 2018	30 June 2017
Payable/Convertible within 1 year	329,972,971	444,757,085
Payable after 1 year	-	210,808,854
	<b>329,972,971</b>	<b>655,565,939</b>

**31.13.02 Details of the 12% Convertible coupon bond**

Company obtained approval from BSEC vide notification ref: SEC/CMRRCD/2009-193/114/Admin/28; dated 2 October 2011 and approved Information Memorandum (IM) vide consent letter ref: SEC/CI/DS-01/2013/34; dated 9 January 2014 for issuing 20,000 nos. of Bond of Tk. 100,000 each at par to institutional investors through private placement.





**Tenure:**

Five (5) years.

**Subscription and issue:**

15,000 nos. of Bond were subscribed on 27 April 2014 for Tk. 1,500 million and issued accordingly. Out of which 2,300 Nos. bond worth Tk. 230,000,000 is not convertible and 12,700 Nos. valuing 1,270,000,000 is 12% convertible.

**Interest:**

Interest @ 13% p.a and payable on quarterly basis.

**Redemption:**

Repayment will commence from the end of 2nd Year i.e. 2016 except Bond issued to SABINCO. 88% of the total issue size will be redeemed over 4 years in equal installments except for SABINCO. Bonds held by SABINCO is not convertible and full amount will be repaid without conversion to ordinary shares commencing from April 2015.

**Conversion:**

12% of the Bond value except to the extent held by SABINCO was converted into ordinary shares @ Tk. 38 per share i.e. out of total bond issued to investors, Tk. 152,399,874 was converted to 4,010,523 Nos. Ordinary Shares of Tk. 10 each (issued at Tk. 38) at the end of the first year i.e. in 2015.

**Trading of converted ordinary shares:**

The converted ordinary shares became saleable for the investors after the lock-in period of 12 months from the date of conversion.

**Securities:**

- i) Lien on 27,500,000 nos. of shares of BSRM Steels Limited owned by the company in favour of the trustee (Eastern Bank Limited).
- ii) Personal guarantee by Mr. Alihussain Akberali, Mr. Zohair Taherali, Mr. Aameir Alihussain, Mrs. Sabeen Aameir and Mrs. Tehseen Zohair Taherali.
- iii) Corporate guarantee by H. Akberali & Co. Limited
- iv) Irrevocable general power of attorney to sell the shares.

**31.a Consolidated long term borrowings- non current portion**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	31.00	5,442,343,709	2,077,988,167
BSRM Steel Mills Limited		2,863,094,652	4,520,708,389
		<b>8,305,438,361</b>	<b>6,598,696,556</b>

**32.00 Defined benefit obligations - Gratuity**

See accounting policy in note 51.17.

<i>In Taka</i>	30 June 2018	30 June 2017
Opening balance	157,134,335	142,429,346
Provision made during the year according to actuarial valuation	46,835,170	22,382,387
	<b>203,969,505</b>	<b>164,811,733</b>
Payment made during the year	(7,807,505)	(7,677,398)
<b>Closing balance</b>	<b>196,162,000</b>	<b>157,134,335</b>

**Key assumptions used for actuarial valuation are as below:**

	30 June 2018	30 June 2017
Rate of escalation in salary	8.00%	-
Discount rate	8.00%	-

The Company had an actuarial valuation of its defined benefit obligation (DBO) as on 30 June 2018 which was valued at Tk. 196,162,000. Accordingly the company made the provision to the extent to match the actuarial valuation. Since this is the first time valuation of the DBO there was no actuarial gain/loss and the required amount was charged to profit or loss. The valuation was conducted by Z. Halim & Associates who is a reputed Actuarial & Pension Consultants in Bangladesh.

**32.a Consolidated defined benefit obligations - Gratuity**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	32.00	196,162,000	157,134,335
BSRM Steel Mills Limited		30,216,397	19,116,898
		<b>226,378,396</b>	<b>176,251,233</b>





Notes to the separate and consolidated financial statements (continued)

**33.00 Current tax liability**

See accounting policy in note 51.15.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	33.01	303,158,798	146,892,259
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		465,981	-
		<b>303,624,779</b>	<b>146,892,259</b>

**33.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	30 June 2018	30 June 2017
Opening balance	146,892,259	14,037,129
Add: Provided for the year	303,158,798	146,892,259
	<b>450,051,057</b>	<b>160,929,388</b>
Add/(adjustment): Provision for previous years	(72,155,315)	76,614,443
	<b>377,895,742</b>	<b>237,543,831</b>
Income tax paid	(74,736,944)	(90,651,572)
Closing balance	<b>303,158,798</b>	<b>146,892,259</b>

**33.02 Current tax expenses**

See accounting policy in note 51.15.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	33.01	303,158,798	146,892,259
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,764,671	-
		<b>305,923,469</b>	<b>146,892,259</b>

Year wise income taxes assessment status is as follows:

*In Taka*

Accounting Year	Assessment Year	Opening balance	Charged/ (credited) to profit or loss	Adjusted/ paid during the year	30 June 2018	Remarks
2013	2014-2015	-	-	-	-	Under tax audit
2014	2015-2016	-	-	-	-	Under tax audit
2015	2016-2017	-	-	-	-	Assessment completed
2016	2016-2017	-	-	-	-	Assessment completed
2017	2017-2018	146,892,259	-	146,892,259	-	Assessment completed
2018	2018-2019	-	303,158,798	-	303,158,798	Return due by 15 January 2019
		<b>146,892,259</b>	<b>303,158,798</b>	<b>146,892,259</b>	<b>303,158,798</b>	

**Reconciliation of effective tax rate**

	2018		2017	
	Rate	Taka	Rate	Taka
Profit before tax		<b>3,021,534,413</b>		1,197,263,239
Tax using the applicable tax rate	25%	<b>755,383,603</b>	25%	299,315,810
Tax effect of:				
i) Share of loss/ (profit) of equity accounted investee	-8.14%	<b>(245,887,110)</b>	-11.09%	(132,744,992)
ii) Difference between accounting and fiscal depreciation	-3.44%	<b>(103,961,274)</b>	-13.36%	(159,979,170)
iii) Gratuity provision and payment	0.32%	<b>9,756,916</b>	0.31%	3,676,247
iv) Inadmissible expenses	1.68%	<b>50,824,932</b>	17.53%	209,838,421
v) Unrealized foreign currency translation gain	0.00%	-	0.39%	4,662,938
vi) Rebate on export sales	-0.20%	<b>(5,960,759)</b>	-0.08%	(1,016,886)
vii) Unabsorbed depreciation	-7.59%	<b>(229,192,711)</b>	-8.39%	(100,401,057)
	<b>7.64%</b>	<b>230,963,597</b>	<b>10.30%</b>	<b>123,351,311</b>

**33.a Consolidated current tax liability**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	33.00	303,624,779	146,892,259
BSRM Steel Mills Limited		46,263,336	20,817,909
		<b>349,888,115</b>	<b>167,710,168</b>





Notes to the separate and consolidated financial statements (continued)

**34.00 Deferred tax liability**

See accounting policy in note 51.15.

Deferred tax liability has been calculated below at the applicable tax rate on the temporary difference between the carrying value and tax base.

<i>In Taka</i>	30 June 2018	30 June 2017
Opening balance	1,331,863,088	1,134,511,277
<b>Provided/ (adjusted) during the year:</b>		
Investments in associates	(202,828,318)	(79,332,419)
Unabsorbed depreciation	167,856,825	140,124,235
Adjusted for gratuity	(9,756,916)	(3,676,247)
12% Convertible coupon bond	(2,158,736)	(3,221,003)
Sale/ derecognition of revalued assets	(69,782)	(485,708)
Deferred tax on revaluation surplus of PPE (excluding land)	-	-
For temporary difference of PPE and software (excluding land)	53,481,496	160,125,895
Adjusted for impact of excess depreciation on revaluation surplus	(14,811,949)	(16,182,941)
Deferred tax of overseas branch	233,610	-
<b>Closing balance</b>	<b>1,323,809,318</b>	<b>1,331,863,088</b>

Reconciliation of Deferred tax liabilities/(assets) is as follows:

<i>In Taka</i>	Rate applied	Carrying amount	Tax base	Taxable/ (Deductible) temporary difference	Deferred tax Liability/ (Asset)
<b>As on 30 June 2018</b>					
Property, plant and equipment (other than land)	25%	8,876,983,664	4,657,687,245	4,219,296,419	1,054,824,105
Intangible assets (Software)	25%	21,797,061	16,550,038	5,247,023	1,311,756
Provision for gratuity	25%	196,162,000	-	(196,162,000)	(49,040,500)
Unabsorbed depreciation	25%	369,494,553	-	(369,494,553)	(92,373,638)
12% Convertible coupon bond	25%	329,972,970	334,087,500	4,114,530	1,028,632
Investment in Associates	5% - 20%				407,825,353
Deferred tax of overseas branch					233,610
<b>Deferred tax liability</b>					<b>1,323,809,318</b>
<b>As on 30 June 2017</b>					
Property, plant and equipment (other than land)	25%	9,044,886,423	4,981,533,510	4,063,352,913	1,015,838,228
Intangible assets (Software)	25%	25,180,402	18,388,931	6,791,471	1,697,868
Provision for gratuity	25%	(157,134,335)	-	(157,134,335)	(39,283,584)
Business loss and unabsorbed depreciation	25%	(1,040,921,850)	-	(1,040,921,850)	(260,230,463)
12% Convertible coupon bond	25%	655,425,529	668,175,000	12,749,471	3,187,368
Investment in Associates	5% - 20%				610,653,671
<b>Deferred tax liability</b>					<b>1,331,863,088</b>

**34.a Consolidated deferred tax liability**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	34.00	1,323,809,318	1,331,863,088
BSRM Steel Mills Limited		1,641,812,900	850,845,328
		<b>2,965,622,218</b>	<b>2,182,708,416</b>

**35.00 Trade payables**

See accounting policy in note 51.10.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	35.01	1,043,408,784	1,409,937,910
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		72,870,524	21,864,200
		<b>1,116,279,307</b>	<b>1,431,802,110</b>





**35.01 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	30 June 2018	30 June 2017
BSRM Logistics Limited	8,558,091	11,829,442
BSRM Steel Mills Limited	1,139,525	327,660,221
Goods & supplies	11,368,281	35,154,800
Labor cost	575,042	303,461
Payables for stores and spares	80,485,181	123,370,822
BSRM Steels Limited	933,189,425	-
BSRM Wires Limited	8,093,238	-
BSRM Iron and Steel Co. Limited	-	911,619,164
	<b>1,043,408,784</b>	<b>1,409,937,910</b>

This represents amounts payable against supply of raw materials and services.

**35.a Consolidated trade payables**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	35.00	1,116,279,307	1,431,802,110
BSRM Steel Mills Limited		101,413,591	286,560,983
Less: Intra group elimination		(1,139,525)	(329,644,899)
		<b>1,216,553,373</b>	<b>1,388,718,194</b>

**36.00 Short term borrowings**

See accounting policy in note 51.10.

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Short term borrowings	36.01	9,742,889,798	9,179,595,390
Long term borrowings-current portion	36.08	2,210,092,751	1,395,954,000
		<b>11,952,982,548</b>	<b>10,575,549,391</b>

**36.01 Short term borrowings**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Loan against Trust Receipt (LATR)	36.02	315,055,170	305,313,374
Time loan	36.03	4,816,033,054	3,900,882,828
Bank overdraft, SOD and cash credit	36.05	1,663,332,606	3,106,578,164
Liability for accepted bills for payment (ABP)	36.06	2,931,719,293	1,858,962,277
Factoring Loan against sales invoice	36.07	16,749,674	7,858,747
		<b>9,742,889,798</b>	<b>9,179,595,390</b>

**36.02 Loan against Trust Receipt (LATR)**

<i>In Taka</i>	30 June 2018	30 June 2017
Bank Asia Limited	1,613,216	5,823,329
HSBC	128,888,454	217,852,536
Prime Bank Limited	28,565,987	66,954,072
Shahjalal Islami Bank Limited	394,226	2,545,347
Pubali Bank Limited	155,593,287	-
Eastern Bank Limited	-	12,138,090
	<b>315,055,170</b>	<b>305,313,374</b>

**36.03 Time Loan**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	36.04	4,794,814,190	3,887,181,408
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		21,218,864	13,701,420
		<b>4,816,033,054</b>	<b>3,900,882,828</b>

**36.04 Bangladesh Steel Re-Rolling Mills Limited-HO**

<i>In Taka</i>	30 June 2018	30 June 2017
Al-Arafah Islami Bank Limited	865,079,920	41,721,052
HSBC	609,666,245	233,638,816
Habib Bank Limited	180,000,000	180,000,000
Dutch Bangla Bank Limited	2,027,458,333	1,010,737,778
Standard Bank Limited	500,722,222	503,395,278
Standard Chartered Bank	211,420,803	219,893,618
Industrial and Infrastructure Development Finance Company Limited	400,466,667	-
Bank Asia Limited	-	15,482,099
Islami Bank Bangladesh Limited	-	13,154,790
United Finance Limited	-	151,237,500
Jamuna Bank Limited	-	613,799,202
One Bank Limited	-	904,121,275
	<b>4,794,814,190</b>	<b>3,887,181,408</b>





**36.05 Bank overdraft, SOD and cash credit**

<i>In Taka</i>	Type	30 June 2018	30 June 2017
Agrani Bank Limited	CC Hypo	57,354,743	94,558,369
Agrani Bank Limited	CC Pledge	416,286,197	217,931,381
Habib Bank Limited	OD	12,462,715	10,533,301
Jamuna Bank Limited	CC	47,934,656	1,621,692
National Bank Limited	CC	11,823,776	1,383,649
Pubali Bank Limited	CC	222,799,911	145,342,741
Pubali Bank Limited	OD	(870,793)	1,997,594,774
Sonali Bank Limited	CC	203,453,311	38,619,441
Sonali Bank Limited	CC	50,472,947	(38,685)
Standard Bank Limited	CC	304,869,763	368,895,567
Standard Chartered Bank	OD	44,825,904	4,379,511
State Bank of India	CC	128,167,399	90,696,111
Prime Bank Limited	Bai-Muazzal	48,331,857	59,912,000
Trust Bank Limited	OD	115,420,221	75,148,312
		<b>1,663,332,606</b>	<b>3,106,578,164</b>

**36.06 Liability for accepted bills for payment (ABP)**

<i>In Taka</i>	30 June 2018	30 June 2017
Dhaka Bank Limited	289,938,188	41,548,757
Dutch Bangla Bank Limited	90,211,498	92,626,470
IFIC Bank Limited	475,418,494	138,662,812
Islami Bank Bangladesh Limited	251,207,375	79,688,748
Mercantile Bank Limited	201,911,199	278,215,601
NCC Bank Limited	15,634,628	146,845,357
Prime Bank Limited	532,695,864	189,330,864
Pubali Bank Limited	94,734,988	92,214,921
Shahjalal Islami Bank Limited	4,750,232	58,491,885
Standard Chartered Bank	61,464,130	47,792,828
The City Bank Limited	224,969,758	8,706,012
United Commercial Bank Limited	223,418,314	9,555,817
Al-Arafah Islami Bank Limited	218,982,890	-
Commercial Bank of Ceylon PLC	196,612,007	-
Habib Bank Limited	49,769,728	-
Bank Alfalah Limited	-	78,904,861
Eastern Bank Limited	-	140,200,963
HSBC	-	143,754,099
AB Bank Limited	-	13,562,780
Agrani Bank Limited	-	138,844,391
Bank Asia Limited	-	75,787,470
National Bank Limited	-	23,812,956
One Bank Limited	-	48,194,874
Trust Bank Limited	-	12,219,811
	<b>2,931,719,293</b>	<b>1,858,962,277</b>

**36.07 Factoring Loan against sales invoice**

<i>In Taka</i>	30 June 2018	30 June 2017
United Finance Limited	16,749,674	7,858,747
	<b>16,749,674</b>	<b>7,858,747</b>

**36.07.01 Terms and conditions:**

- 80% of gross sales invoice/billed amount is paid by discounting sales invoice.
- Interest rate is 9.00% to 9.50% per annum along with processing and collection fees of 0.20% on the invoice amount.

**Security:**

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



**36.08 Long term borrowings-current portion**

This represent current portion of long term loans from financial institutions which are repayable within next twelve months from reporting date and consist of as follows:

<i>In Taka</i>	Note	30 June 2018	30 June 2017
One Bank Limited - Syndicated term loan	31.02	38,371,041	140,677,639
United Commercial Bank Limited- Syndicated term loan	31.03	545,892,228	506,490,204
Prime Bank Limited - Syndicated term loan	31.04	1,200,000,000	-
National Housing Finance and Investments Limited	31.05	2,276,656	27,511,800
International Leasing and Financial Services Limited	31.06	6,135,123	68,844,057
Fareast Finance & Investment Limited	31.07	22,228	52,125,340
Jamuna Bank Limited	31.08	11,525,949	15,013,116
Lanka Bangla Finance Limited	31.09	-	23,721,907
Prime Bank Limited	31.10	32,729,513	35,499,800
United Finance Limited	31.11	-	4,753,800
IPDC of Bangladesh Limited	31.12	43,167,041	76,559,252
12% Convertible coupon bond	31.13	329,972,971	444,757,085
		<b>2,210,092,751</b>	<b>1,395,954,000</b>

**36.a Consolidated short term borrowings**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	36.00	11,952,982,548	10,575,549,391
BSRM Steel Mills Limited		27,841,985,988	15,972,107,394
		<b>39,794,968,536</b>	<b>26,547,656,785</b>

**37.00 Current account with related companies**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
BSRM Steels Limited		4,871,551,355	6,815,692,516
Karnafully Engineering Works Limited		5,225,000	8,450,000
BD Steel Limited		3,950,000	1,700,000
Burhani Scrap Traders		4,400,000	4,400,000
Section Steel Industries Limited		150,000	-
BSRM Recycling Industries Limited		33,896,160	-
BSRM Steel Mills Limited		-	11,714,890
BSRM Iron & Steel Co. Limited		-	251,066,922
		<b>4,919,172,515</b>	<b>7,093,024,328</b>

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

**37.a Consolidated current account with related companies**

<i>In Taka</i>	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	4,919,172,515	7,093,024,328
BSRM Steel Mills Limited	659,306,643	1,140,452,405
Less: Intra group elimination	(659,306,643)	(11,714,890)
	<b>4,919,172,515</b>	<b>8,221,761,843</b>

**38.00 Advance against sales**

<i>In Taka</i>	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited-HO	289,616,130	246,549,982
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch	1,257,493	-
	<b>290,873,624</b>	<b>246,549,982</b>

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





Notes to the separate and consolidated financial statements (continued)

<b>38.a</b>	<b>Consolidated advance against sales</b>		<b>30 June 2018</b>	<b>30 June 2017</b>
	<i>In Taka</i>			
	Bangladesh Steel Re-Rolling Mills Limited		290,873,624	246,549,982
	BSRM Steel Mills Limited		29,248,317	6,634,455
	Less: Intra group elimination		-	-
			<b>320,121,941</b>	<b>253,184,437</b>
<b>39.00</b>	<b>Liabilities for expenses</b>			
	See accounting policy in note 51.10.			
	<i>In Taka</i>	<b>Note</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	Bangladesh Steel Re-Rolling Mills Limited-HO	39.01	405,694,064	309,768,903
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		3,878,220	3,138,821
			<b>409,572,284</b>	<b>312,907,724</b>
<b>39.01</b>	<b>Bangladesh Steel Re-Rolling Mills Limited-HO</b>		<b>30 June 2018</b>	<b>30 June 2017</b>
	<i>In Taka</i>			
	Liability for fixed assets		4,033,238	225,240
	Audit Fees		422,500	506,000
	Brokerage and commission		11,657,441	19,220,573
	C & F Bill and others		858,809	600,601
	Carriage on sales		121,927,328	79,124,300
	Contractors		3,864,168	3,856,755
	Financial expenses		17,903,998	4,836,522
	Insurance expenses		164,457	573,760
	Karnaphuli Gas Distribution Co. Limited		13,609,574	3,318,274
	Others		1,507,223	2,520,233
	Power Development Board for electricity (Factory)		225,089,491	190,198,601
	Printing and Stationeries		375	14,576
	Professional expenses		104,000	77,900
	Repair and maintenance		124,400	39,500
	Salary and Allowances		4,178,033	3,725,238
	Unclaimed Cheque		178,179	131,648
	WASA		5,351	10,930
	Training expenses		65,500	-
	CSR Expenses		-	150,323
	Rent expenses		-	5,080
	Travelling and Conveyance		-	632,848
			<b>405,694,064</b>	<b>309,768,903</b>
<b>39.a</b>	<b>Consolidated liabilities for expenses</b>		<b>30 June 2018</b>	<b>30 June 2017</b>
	<i>In Taka</i>			
	Bangladesh Steel Re-Rolling Mills Limited		409,572,284	312,907,724
	BSRM Steel Mills Limited		548,947,906	434,421,573
			<b>958,520,190</b>	<b>747,329,297</b>
<b>40.00</b>	<b>Provision for WPPF and Welfare Fund</b>			
	See accounting policy in note 51.17.			
	<i>In Taka</i>	<b>Note</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
	Opening balance		67,373,325	40,938,439
	Add: Provided during the year	40.01	115,677,749	67,373,325
	Less: Paid during the year		(67,373,325)	(40,938,439)
	<b>Closing balance</b>		<b>115,677,749</b>	<b>67,373,325</b>
<b>40.01</b>	<b>Provision made during the year for WPPF and Welfare Fund</b>		<b>30 June 2018</b>	<b>30 June 2017</b>
	<i>In Taka</i>			
	Profit before tax and WPPF and Welfare Fund		2,153,663,721	1,134,278,162
	Cash dividend received from investment in associates		159,891,260	213,188,346
	Profit applicable for WPPF and Welfare Fund		2,313,554,981	1,347,466,508
	Contribution to WPPF and Welfare Fund at 5%		115,677,749	67,373,325



Notes to the separate and consolidated financial statements (continued)

**40.a Consolidated provision for WPPF and Welfare Fund**

<i>In Taka</i>	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	115,677,749	67,373,325
BSRM Steel Mills Limited	93,447,407	-
	<b>209,125,156</b>	<b>67,373,325</b>

**40.a.i Consolidated contribution to WPPF and Welfare Fund**

<i>In Taka</i>	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	115,677,749	67,373,325
BSRM Steel Mills Limited	93,447,407	-
	<b>209,125,156</b>	<b>67,373,325</b>

**41.00 Other liabilities**

See accounting policy in note 51.10.

<i>In Taka</i>	30 June 2018	30 June 2017
Security Deposit	1,190,000	1,140,000
Retention Money	15,004,202	34,478,779
Dividend Payable	2,291,020	2,836,584
Interest on intercompany loan	173,891,108	177,039,942
Employees Provident Fund	2,524,596	2,771,844
IPO over subscription money payable	7,892,673	8,018,679
Income Tax Deducted at Source	-	1,534,035
VAT Deducted at source	-	5,198,416
Against paid up capital of BSRM (Hong Kong) Limited	10	-
	<b>202,793,610</b>	<b>233,018,280</b>

Income Tax and VAT deducted at source have subsequently been deposited to the Government Exchequer.

**41.a Consolidated other liabilities**

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Bangladesh Steel Re-Rolling Mills Limited	41.00	202,793,610	233,018,280
BSRM Steel Mills Limited		64,087,012	272,037,333
Less: Intra group elimination		(10)	-
		<b>266,880,612</b>	<b>505,055,612</b>





**42.00 Related party transactions**

During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

Name	Relationship	Nature of Transactions	Mode of transaction	Closing balance (net) as on 30 June 2018	
BSRM Ispat	Sister Company	Short term loan	Market price/ negotiated price	328,365,077	Dr
BSRM Real Estates Limited				8,143,000	Dr
Chittagong Power Company Limited				24,485,176	Dr
East Bengal Trading & Industries				2,600,000	Dr
Section Steel Industries Limited				150,000	Cr
Burhani Scrap Traders				4,400,000	Cr
Karnafully Engineering Works				5,225,000	Cr
BSRM Recycling Industries Limited				33,896,160	Cr
BD Steel Limited				3,950,000	Cr
H. Akberali & Co. Limited				289,250,865	Dr
BSRM Logistics Limited				146,861,797	Dr
BSRM Steels Limited				Investee	Short term loan, sales, purchase etc.
BSRM Wires Limited	Sister Company	Short term loan, purchase etc.		62,295,712	Dr
BSRM Steel Mills Limited	Subsidiary			658,167,118	Dr

**43.00 Contingent liabilities**

See accounting policy in note 51.13.

Contingent liabilities at the reporting date are as follows:

**43.01 Bank guarantee**

In Taka	30 June 2018	30 June 2017
Karnaphuli Gas Distribution Co. Limited	2,498,406	2,498,406
Deposit to Customs Authority against claim under appeal	552,890	552,890
Customs authority	1,997,162	1,702,394
Bureau of Indian Standard	2,418,000	788,000
	<b>7,466,458</b>	<b>5,541,690</b>

The above guarantees have been issued against 100% cash margin.

**43.02 Corporate guarantee**

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:

Maximum limit (In million Taka)		30 June 2018	30 June 2017
BSRM Steels Limited	L/C liability	21,315	21,315
BSRM Iron and Steel Co. Ltd.	L/C liability	15,430	15,430
BSRM Wires Limited	L/C liability	1,000	1,000
H. Akberali & Co. Limited	L/C liability	200	200
		<b>37,945</b>	<b>37,945</b>

**43.03 Status of pending litigation with the Valued Added Tax (VAT) authority:**

Subject matter	Current status
Against percentage of wastage (4% in place of 2.50%) in 2011.	Pending before the Supreme Court and liability of which can not be estimated at this stage.
Collection of VAT at 15% on the value of imported raw-materials.	Pending before the Hon'ble High Court Division of the Supreme Court of Bangladesh.

**43.04 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 advances and deposits.

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.
2009-2010	SMW	2,320,000	
		<b>7,220,000</b>	



**44.00 Capital expenditure commitment**

The company has no capital expenditure commitment at the reporting date.

**45.00 Production capacity**

	30 June 2018	30 June 2017
<b>(i) MS product- finished</b>		
Installed Capacity (In M.Ton)	540,000	450,000
Production (In M.Ton)	561,748	442,511
Capacity utilized (%)	104.03%	98.34%
<b>(ii) MS billet</b>		
Installed Capacity (In M.Ton)	150,000	135,000
Production (In M.Ton)	150,331	152,702
Capacity utilized (%)	100.22%	113.11%

**46.00 Employees**

<i>In Taka</i>	30 June 2018	30 June 2017
Number of employees whose salary was below Tk. 3,000	-	-
Number of employees whose salary was above Tk. 3,000	922	887
	922	887

The above mentioned number of employees represent employees working for BSRM Ltd. (i.e. Parent Company) only.

**47.00 Operating lease**

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

<i>In Taka</i>	30 June 2018	30 June 2017
Within one year	25,255,192	24,007,410
Within 2 to 5 years	33,262,848	37,143,238
After 5 years	841,220	1,356,992
	59,359,260	62,507,640

**48.00 Financial summary of Kolkata Branch office on 30 June, 2018 as per audited financial statements:**

<i>In INR</i>	30 June 2018	30 June 2017
Non-current assets	1,485,554	1,399,262
Current assets	114,937,329	48,479,725
<b>Total assets</b>	<b>116,422,884</b>	<b>49,878,988</b>
Head Office Account	27,349,345	22,183,442
Retained earnings	7,750,995	(4,821,304)
	35,100,340	17,362,138
Non-current liabilities	17,158,834	11,135,038
Current liabilities	64,163,711	21,381,812
<b>Total liabilities</b>	<b>81,322,544</b>	<b>32,516,850</b>
<b>Total Equity &amp; Liabilities</b>	<b>116,422,884</b>	<b>49,878,988</b>
Revenue	447,017,892	209,705,140
Other operating and non-operating income	-	77,321
Expenses	(433,673,601)	(202,779,013)
<b>Profit for the year</b>	<b>13,344,291</b>	<b>7,003,448</b>

**49.00 Events After the Reporting Period**

The Board of Directors of Bangladesh Steel Re-Rolling Mills Limited, in its 402nd meeting held on 25 September 2018, has declared 10% final stock dividend and 10% cash dividend (Tk. 1) per qualifying ordinary share for the year ended 30 June 2018.





**50.00 Financial risk management**

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

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

- a) Credit risk
- b) Liquidity risk
- c) Market risk

**50.01 Credit risk**

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of steels (MS Rod and allied products).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**a) 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:

<i>In Taka</i>	Note	30 June 2018	30 June 2017
Investment in tradeable securities	22.02	363,523	407,795
Investment in non-tradable shares	21.02	1,000,300	1,000,300
Investments in FDRs (Short term & long term)		621,481,469	281,634,756
Advances and deposits	26	1,983,627,504	1,673,961,831
Trade and other receivables	24	2,356,392,380	2,198,369,357
Due from sister companies	25	1,537,959,598	1,246,229,284
Cash at bank	27	240,083,659	370,469,139
		<b>6,740,908,433</b>	<b>5,772,072,462</b>

**b) Ageing of trade receivables**

Not yet due	899,811,797	1,023,670,238
Dues within 3 months	908,438,860	444,071,724
Dues over 3 months but less than 6 months	147,040,570	312,808,333
Dues over 6 months	127,433,230	255,251,296
	<b>2,082,724,457</b>	<b>2,035,801,591</b>



Notes to the separate and consolidated financial statements (continued)

**50.02 Liquidity risk**

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

**Exposure to Liquidity risk**

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			Total
		Within 12 months	1 to 5 years	More than 5 years	
<b>At 30 June 2018</b>					
Long term loan	7,652,436,459	2,210,092,751	5,442,343,709	-	7,652,436,459
Defined benefit obligations - Gratuity	196,162,000	-	-	196,162,000	196,162,000
Trade payables	1,116,279,307	1,116,279,307	-	-	1,116,279,307
Short term liabilities	9,742,889,798	9,742,889,798	-	-	9,742,889,798
Liabilities for expenses	409,572,284	409,572,284	-	-	409,572,284
Provision for WPPF and Welfare Fund	115,677,749	115,677,749	-	-	115,677,749
Other liabilities	202,793,610	202,793,610	-	-	202,793,610
	<b>19,435,811,207</b>	<b>13,797,305,499</b>	<b>5,442,343,709</b>	<b>196,162,000</b>	<b>19,435,811,207</b>
<b>At 30 June 2017</b>					
Long term loan	3,473,942,167	1,395,954,000	2,077,988,167	-	3,473,942,167
Defined benefit obligations - Gratuity	157,134,335	-	-	157,134,335	157,134,335
Trade payables	1,431,802,110	1,431,802,110	-	-	1,431,802,110
Short term liabilities	9,179,595,390	9,179,595,390	-	-	9,179,595,390
Liabilities for expenses	312,907,723	312,907,723	-	-	312,907,723
Provision for WPPF and Welfare Fund	67,373,325	67,373,325	-	-	67,373,325
Other liabilities	233,018,280	233,018,280	-	-	233,018,280
	<b>14,855,773,330</b>	<b>12,620,650,828</b>	<b>2,077,988,167</b>	<b>157,134,335</b>	<b>14,855,773,330</b>

**50.03 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 optimizing the return.

**50.03.01 Currency risk exposure and its management**

The company is exposed to currency risk on sales, purchases, borrowings and payables that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company has adopted 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 and other transactions which are denominated in foreign currencies. As at 30 June 2018, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

<u>Exposure to currency risk</u>	<u>GBP</u>	<u>EURO</u>	<u>USD</u>	<u>Taka</u>
<b>30 June 2018</b>				
<u>Foreign currency denominated assets:</u>				
Cash and cash equivalents	420	161	1,698,355	143,574,236
Trade and other receivables	-	-	483,004	40,813,842
	<b>420</b>	<b>161</b>	<b>2,181,359</b>	<b>184,388,078</b>
<u>Foreign currency denominated liabilities:</u>				
Liability for accepted bills for payment	-	-	34,694,903	2,931,719,293
	-	-	34,694,903	2,931,719,293
<b>Net exposure</b>	<b>420</b>	<b>161</b>	<b>(32,513,544)</b>	<b>(2,747,331,215)</b>





Notes to the separate and consolidated financial statements (continued)

<u>Exposure to currency risk</u>	<u>GBP</u>	<u>EURO</u>	<u>USD</u>	<u>Taka</u>
<b>30 June 2017</b>				
<u>Foreign currency denominated assets:</u>				
Cash and cash equivalents	404	154	2,540,108	206,695,116
Trade and other receivables			211,220	17,182,772
	404	154	2,751,328	223,877,888
<u>Foreign currency denominated liabilities:</u>				
Liability for accepted bills for payment (ABP)			22,851,411	1,858,962,277
	-	-	22,851,411	1,858,962,277
Net exposure	404	154	(20,100,083)	(1,635,084,389)

The following significant exchange rate is applied during the year:

	<b>30 June 2018</b>	<b>30 June 2017</b>
US dollar	84.50	81.35
EURO	99.31	93.77
GBP	112.61	106.28

**Sensitivity analysis**

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

<i>In Taka</i>	<b>30 June 2018</b>			
	<b>Profit or loss</b>		<b>Equity- net of tax</b>	
	<u>Strengthening</u>	<u>Weakening</u>	<u>Strengthening</u>	<u>Weakening</u>
USD (2% movement)	54,947,889	(54,947,889)	41,210,917	(41,210,917)
EURO	(319)	319	(239)	239
GBP	(946)	946	(709)	709

<i>In Taka</i>	<b>30 June 2017</b>			
	<b>Profit or loss</b>		<b>Equity- net of tax</b>	
	<u>Strengthening</u>	<u>Weakening</u>	<u>Strengthening</u>	<u>Weakening</u>
USD (2% movement)	49,885,606	(49,885,606)	37,414,205	(37,414,205)
EURO	(288)	288	(216)	216
GBP	(858)	858	(644)	644

**50.03.02 Transaction risk**

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

**50.03.03 Economic risk**

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

**50.03.04 Interest risk**

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

**Exposure to interest rate risk**

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

**Fixed- rate instruments**

<i>In Taka</i>	<b>30 June 2017</b>	<b>30 June 2017</b>
Financial assets	2,159,441,067	1,527,864,040
Financial liabilities	(12,653,537,557)	(17,395,326,257)
	(10,494,096,490)	(15,867,462,217)

**Variable- rate instruments**

Financial assets	-	-
Financial liabilities	-	-
	-	-



**50.04 Financial Instruments- Accounting classifications and fair values**

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

In Taka	Note	Carrying amount				Fair Value						
		Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
<b>30 June 2018</b>												
<b>Financial Assets measured at fair value:</b>												
	22.02	363,523	-	-	-	-	363,523	363,523	-	-	-	363,523
		363,523	-	-	-	-	363,523	363,523	-	-	-	363,523
<b>Financial Assets not measured at fair value:</b>												
	24	-	-	2,356,392,380	-	-	-	-	-	-	-	2,356,392,380
	25	-	-	1,537,959,598	-	-	-	-	-	-	-	1,537,959,598
				-	621,481,469	-	-	-	-	-	-	621,481,469
	27.03	-	-	240,083,659	-	-	-	-	-	-	-	240,083,659
				4,134,435,638	621,481,469	-	-	-	-	-	-	4,755,917,106
<b>Financial Liabilities not measured at fair value:</b>												
	35	-	-	-	-	-	-	1,116,279,307	-	-	-	1,116,279,307
	36.01	-	-	-	-	-	-	9,742,889,798	-	-	-	9,742,889,798
				-	-	-	-	7,652,436,459	-	-	-	7,652,436,459
	38	-	-	-	-	-	-	290,873,624	-	-	-	290,873,624
	41	-	-	-	-	-	-	202,793,610	-	-	-	202,793,610
				-	-	-	-	19,005,272,798	-	-	-	19,005,272,798
<b>30 June 2017</b>												
<b>Financial Assets measured at fair value:</b>												
	22.02	407,795	-	-	-	-	-	-	-	-	-	407,795
		407,795	-	-	-	-	-	-	-	-	-	407,795
<b>Financial Assets not measured at fair value:</b>												
	24	-	-	2,198,369,357	-	-	-	-	-	-	-	2,198,369,357
	25	-	-	1,246,229,284	-	-	-	-	-	-	-	1,246,229,284
				-	281,634,756	-	-	-	-	-	-	281,634,756
	27.03	-	-	370,469,139	-	-	-	-	-	-	-	370,469,139
				3,815,067,780	281,634,756	-	-	-	-	-	-	4,096,702,535
<b>Financial Liabilities not measured at fair value:</b>												
	35	-	-	-	-	-	-	-	1,431,802,110	-	-	1,431,802,110
	36.01	-	-	-	-	-	-	-	9,179,595,390	-	-	9,179,595,390
				-	-	-	-	-	3,473,942,167	-	-	3,473,942,167
	38	-	-	-	-	-	-	-	246,549,982	-	-	246,549,982
	41	-	-	-	-	-	-	-	233,018,280	-	-	233,018,280
				-	-	-	-	-	14,564,907,929	-	-	14,564,907,929





**51.00 Summary of significant accounting policies**

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- 51.01 Basis of consolidation and disclosure of interest in other entities
- 51.02 Consistency
- 51.03 Property, Plant and Equipment
- 51.04 Capital Work-In-Progress
- 51.05 Intangible Assets
- 51.06 Inventories
- 51.07 Transactions in Foreign Currencies
- 51.08 Investment in subsidiary and associate
- 51.09 Financial Assets
- 51.10 Financial Liabilities
- 51.11 Impairment
- 51.12 Cash Flow Statement
- 51.13 Provisions, Contingent Liabilities and Contingent Assets
- 51.14 Borrowing Costs
- 51.15 Taxation
- 51.16 Share Capital
- 51.17 Employee Benefits
- 51.18 Revenue Recognition
- 51.19 Finance Income and Costs
- 51.20 Other Operating Income
- 51.21 Earnings Per Share (EPS)
- 51.22 Duty Drawback
- 51.23 Measurement of Fair Values
- 51.24 Events After the Reporting Period
- 51.25 Comparative Information
- 51.26 Leases
- 51.27 Standards issued but not yet adopted

**51.01 Basis of consolidation and disclosure of interest in other entities**

Subsidiary is an enterprise controlled by the parent entity. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements have been prepared in accordance with BFRS 10 "Consolidated Financial Statements".

BSML is a subsidiary company of BSRM Limited. The Company has made 52.87% (Direct investment 44.97% and indirect investment 07.91%) equity investment in this subsidiary. The company is exposed to and has rights, to variable returns from the subsidiary and also has the ability to affect those returns through its power over BSML.

The Financial Statements of the subsidiary company are incorporated on a line by line basis and the investment held by the parent is eliminated against the corresponding share capital of subsidiary in the consolidated financial statements. The accounting policies of subsidiary have been changed when it is necessary to align them with the policies adopted by BSRM Limited (Parent entity).

The group eliminates intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full).





**Non-controlling interests**

The group presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

The group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the parent and non-controlling interests are determined on the basis of present ownership interests.

**51.02 Consistency**

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the period/year are consistent with those policies and methods adopted in preparing the Financial Statements for the previous year.

**51.03 Property, Plant and Equipment**

**51.03.01 Recognition and Measurement**

Property, Plant and Equipment are stated at cost less accumulated depreciation except Land & land development and Factory Building which are carried at revalued amount, being fair values at the date of revaluation less subsequent accumulated depreciation and subsequent impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed / installed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use and the cost of dismantling and removing an item 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.

**51.03.02 Subsequent Costs**

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item, if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of Property, Plant and Equipment are recognized in profit and loss as incurred.

**51.03.03 Depreciation**

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment.

Depreciation is charged on addition when it is ready for use and no depreciation is charged in the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. The depreciation charge for the year is recognized as an expense unless it is included in the carrying amount of another asset.

The principal annual rates and useful lives under straight line method were as follows:

<u>Category of Assets</u>	<u>Useful lives (years)</u>	<u>Rates</u>
Plant and Machinery	7-25	4% - 15%
Motor Vehicle	6-15	6% - 16%
Furniture and Fixtures	5	20%
Office Equipment	5	20%
Factory Buildings	20	5%
Roads and Pavements	20	5%
Computer & IT equipment	5	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting dates.

Management has reviewed and revised the depreciation method from reducing balance method to straight line method and estimated useful lives of assets in the 222nd meeting of the Board of Directors held on 26 January 2017 effective from January 2017.

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.





**51.03.04 Non-current Asset Held for Sale**

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are remeasured in accordance with the company's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are recognized to revaluation reserve to the extent of revaluation surplus, in excess of revaluation surplus and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

If criteria for an asset to be classified as held for sale are no longer met, then the asset or disposal group ceases to be held for sale.

In this case, the asset or disposal group should be valued at the lower of the carrying amount before the asset or disposal group was classified as held for sale (as adjusted for any subsequent depreciation, amortization, or revaluation) and its recoverable amount at the date of the decision not to sell.

**51.04 Capital Work-In-Progress**

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

**51.05 Intangible Assets**

**51.05.01 Recognition and measurement**

Intangible Assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible Assets are recognized when all the conditions for recognition as per BAS 38: "Intangible Assets" are met. The cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

**51.05.02 Subsequent Costs**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

**51.05.03 Amortization**

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives and rates of amortization are as follows:

<u>Category of Assets</u>	<u>Useful lives</u>
Oracle eBS software	10 years

**51.06 Inventories**

**Nature of inventories**

Inventories comprise Raw Materials (Billets and Melting Scrap), Packing Materials, Consumable Stores, Fuel and Lubricants & Finished Goods (MS Rods/Billets) etc.

**Valuation of the inventories**

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with BAS-2 "Inventories".

<u>Category</u>	<u>Valuation</u>
Finished Goods	Finished goods are valued at cost or net realizable value whichever is lower.
Raw Materials	Raw materials are valued at cost or net realizable value whichever is lower.
Store items	Based on weighted average method.

Weighted average cost method has been used to determine the cost of inventories.

**51.07 Transactions in Foreign Currencies**

Foreign currency transactions are recorded at the applicable rates of exchange ruling on the date of transactions. Monetary assets & liabilities, if any, denominated in foreign currencies at the Statement of Financial Position date are translated at the applicable rates of exchange ruling at that date and the related exchange differences are recognized as finance income or cost in the Statement of Profit or Loss and Other Comprehensive Income respectively.





**51.08 Investment in subsidiary and associate**

**Investment in subsidiary**

The company's investment in subsidiary is accounted for in the separate Financial Statements as per BAS 27 'Separate Financial Statements' using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. Investment in a subsidiary is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value over cost of investment is recognized in profit or loss as per provision of BAS-28.

**Investment in Associate**

The company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. Significant influence over an investee (associate) BSRM Steel Mills Limited is presumed to exist in accordance with BAS 28.5-28.9. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associate over cost of investment is recognized in profit or loss as share of associate's profit or loss during acquisition period as per provision of BAS-28.

**51.09 Financial Assets**

The group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date the group becomes a party to the contractual provisions of the instrument.

The group derecognizes 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 asset are transferred.

Financial assets include Short Term Investments; Trade and Other Receivables; Advances, Deposits and Prepayments; Loan to Related Companies and Cash and Bank balances etc.

**51.09.01 Trade and Other Receivables**

Trade and other receivables are initially recognized 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 un-collectability of any amount so recognized.

Provisions for bad or doubtful debts are shown in other liabilities. Provision for doubtful debts is made based on the company policy. Bad debts are written off considering the status of individual debtors.

**51.09.02 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 profit or loss.

**51.09.03 Cash and Cash Equivalent**

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.





**51.10 Financial Liabilities**

The group recognizes all financial liabilities on the trade date which is the date the group becomes a party to the contractual provisions of the instrument. The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities comprise Trade Creditors and other financial obligations.

**51.10.01 Trade and Other Payables**

The group recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

**51.10.02 12% Convertible coupon bond**

These are initially recognised at cost which is the fair value. After initial recognition these are carried at amortized cost. The equity component of the Convertible Bond is recognized as per BAS 32.

**51.10.03 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 amortized cost.

**51.11 Impairment**

**51.11.01 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.

Financial assets not classified as fair value through profit or loss, loans, receivables and investment in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**51.11.02 Non Financial Assets**

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

**51.12 Cash Flow Statement**

Statement of Cash Flows is prepared principally in accordance with BAS 7 (Cash Flow Statement) and the cash flow from operating activities have been presented under direct method.

**51.13 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized in the Statement of Financial Position when the group has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognized in the financial statements.

**51.14 Borrowing Costs**

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per BAS 23 "Borrowing Costs". Borrowing cost incurred against loan for BMRE project and interest on 12% Convertible coupon bond have been capitalized under effective interest rate method.





**51.15 Taxation**

**51.15.01 Current Tax**

The group has been maintaining provision for taxation using rates enacted at the reporting date as per Income Tax Ordinance, 1984. The applicable rates are 25% for the company and currently the tax rate applicable for BSML is 0.10% which is the minimum tax .

**51.15.02 Deferred Tax**

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per BAS-12 "Income Taxes".

Deferred tax on revaluation surplus of land and land development has not been recognized in the Financial Statements on the ground that income tax payable at source on capital gain during registration of sale of land is generally borne by the buyer. Hence possibility of having income tax implication on land is very remote.

**51.16 Share Capital**

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

**51.17 Employee Benefits**

The group maintains both defined contribution plan and defined benefit plan for its eligible permanent employees.

**51.17.01 Defined Contribution Plan**

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 company maintains the Recognized Provident Fund for all permanent employees at which both the company and employees contribute @ 10% of basic salary. 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 recognized as provident fund (PF) contribution expenses in profit or loss in the period during which services are rendered by employees. Advance against PF is recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**51.17.02 Defined Benefit Plan**

The group maintains an unfunded gratuity scheme and provision in respect of which is made annually for the employees. Gratuity payable at the end of each year is determined on the basis of following rules and regulations of the company.

<u>Service length</u>	<u>Payment basis</u>
Less than five (5) years	Nil
For five (5) years and more	Two (2) times of last month's basic salary multiplied by year of service.

**51.17.03 Workers' Profit Participation and Welfare Funds**

The company also recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of net profit before tax as per Bangladesh Labour Law 2006.





**51.18 Revenue Recognition**

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. Sales revenue is recognized when the goods are delivered. The timing of the transfer of risk and rewards depends on the individual terms of the sales agreement.

**51.19 Finance Income and Costs**

**51.19.01 Finance Income**

Interest income from bank deposits and loan to related-companies is recognized in the profit or loss on cash basis following specific rate of interest in agreement with banks and related companies.

**51.19.02 Finance Costs**

Interest expenses except expenses related to acquisition/construction of assets, incurred during the year are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

**51.20 Other Operating Income**

Other operating income includes interest income on delayed receipts from customers, gain / (loss) on sale of fixed assets and miscellaneous receipts. Other operating income is recognized as revenue income as and when realized.

**51.21 Earnings Per Share (EPS)**

The company calculates its earnings per share in accordance with Bangladesh Accounting Standard BAS-33 "Earnings per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

**51.21.01 Basis of Earnings**

This represents profit for the year attributable to ordinary shareholders and Non- Controlling shareholders. As there were no preference shares requiring returns or dividends, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

**51.21.02 Basic Earnings Per Share**

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

**51.21.03 Diluted Earnings Per Share**

Diluted earnings per share is required to be calculated for the year when scope for dilution exists.

**51.22 Duty Drawback**

Duty drawback claimed on export sales is adjusted against cost of imported raw materials.

**51.23 Measurement of Fair Values**

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

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

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

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data.

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

**Property, plant and equipment**

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

**Equity and debt securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorized under 'Level 1' of the fair value hierarchy.





**51.24 Events After the Reporting Period**

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

**51.25 Leases**

At inception of an arrangement, the company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the entity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

**51.25.01 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.

**51.25.02 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 profit or loss on a straight line basis over the term of the lease.

**51.26 Standards adopted but not yet effective**

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards. All previously adopted reporting standards are consistently applied by the Company to the extent relevant for the Company.

New standards	Summary of the requirements	Possible impact on
BFRS 9 Financial Instruments	BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9.
BFRS 15 Revenue from Contracts with Customers	BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

