

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

**AUDITOR'S REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 30 JUNE 2019**

## Independent auditor's report

### To the shareholders of Bangladesh Steel Re-Rolling Mills Limited

#### Report on the Audit of the Consolidated and Separate Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of Bangladesh Steel Re-Rolling Mills Limited and its subsidiaries ("the Group") as well as the separate financial statements of Bangladesh Steel Re-Rolling Mills Limited ("the Company") which comprise the consolidated and separate statement of financial position as at 30 June 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Company as at 30 June 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition - sale of goods

Refer to note 4 and 50.18

The key audit matter	How the matter was addressed in our audit
Revenue recognition has significant and wide influence on financial statements.  Revenue is recognised when the amounts and the related costs are reliably measured, and the performance obligation is completed through passing of control to the customers. Revenue from the sale of goods is recognized when the company has delivered products to the customers at the shipping point and control has passed. The sales of the Company are derived from factories and various depots located across the country with relatively transactions of small amounts. As a result, to obtain sufficient audit evidence, magnitude of audit work and resource are required.	Our audit procedures in this area included, among others:  - We understood, evaluated and validated the key controls related to the Group's and Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through cash receipts and customers' outstanding balances.  - We tested the completeness of journal entries compared to financial statements and whether if there is any exception existed that the debit accounts of sales recognition were not related to cash and bank, trade receivable or advances from customers.



<b>Revenue recognition - sale of goods (continued)</b>	
<b>Refer to note 4 and 50.18</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>We focused on the proper cut-off of sales to the Company's customers due to the fact that the documents of confirming the acceptance of the products were provided by numerous customers based in different locations. There is a risk of differences between the timing of acceptance of the products by the Company's customers and when revenue was recorded. Accordingly, there could be potential misstatements that these revenue transactions are not recognised in the proper reporting periods.</p>	<p>- We conducted substantive testing of revenue recorded over the year using sampling techniques, by examining the relevant supporting documents including sales invoices and challans. In addition, we confirmed certain customers' receivable balances at the reporting date, selected on a sample basis by considering the amounts outstanding with those customers.</p> <p>- Furthermore, we tested the sales transactions recognized shortly before and after the reporting date, including the sales returns recorded after that date, to examine whether sales transactions were recorded in the correct reporting periods.</p>

<b>Revaluation of Land</b>	
<b>Refer to note 17.04</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Board of Directors of the company appointed "ACNABIN, Chartered Accountants" as independent external valuator to conduct the valuation of "Land" of the Company as of 30 June 2019.</p> <p>The valuation has been conducted using the fair market value method as this is most commonly and appropriate for valuation of such class of assets. After having completed all the tasks, fair market value of lands owned by the Company as of 30 June 2019 has been estimated BDT at 7,441,664,394 resulting in net revaluation gain of BDT 3,480,930,388.</p> <p>Due to the high level of judgement involved in estimating the fair value of land and significant carrying amount of the asset and liabilities associated with revaluation of land, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- Assessment and discussion of management's process for the valuation exercise and appointment of the external valuer. We also assessed the competence, independence and integrity of the external valuers.</li> <li>- Assessing the methodologies used and the appropriateness of the key assumptions used in valuation based on our knowledge of the industry;</li> <li>- Checking, on a sample basis, the accuracy and relevance of the input data used; and</li> <li>- Reviewing the disclosures included in the notes to the consolidated and the separate financial statements.</li> </ul>



<b>Recognition and measurement of deferred taxes</b>	
<b>Refer to note 33.00 and 50.15</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The company recognizes deferred taxes relating to property, plant and equipment (including revalued assets), investments in subsidiaries and associate, employee benefits, convertible bond, unabsorbed depreciation etc. which are very complex in nature.</p> <p>As such accounting for deferred taxes involves management judgment in developing estimates of tax exposures and contingencies in order to assess the adequacy of tax provision. Hence, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- Assessed the design, implementation and operating effectiveness of key controls in respect of the Group's and the Company's process of recognition of deferred taxes;</li> <li>- Using our own tax specialists to evaluate the tax bases and Group's tax strategy.</li> <li>- Assessed the accuracy and completeness of deferred tax; and</li> <li>- Evaluating the adequacy of the financial statements disclosures, including disclosures of assumptions, judgements and sensitivities.</li> </ul>

<b>Impairment of investments in subsidiaries and associates</b>	
<b>Refer to note 20 and 50.08</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The company has investments in subsidiaries and associate as at 30 June 2019. Changes in business environment could have a significant impact on the valuation of these investments. These long-term investments are tested for impairment periodically. If triggers of impairment exist, the recoverable amounts of the investment in subsidiaries or associate are adjusted for any impairment loss. The impairment loss is recognised in the statement of profit and loss.</p> <p>In view of the significance of the investments and the above, we consider impairment assessment of investment to be a significant key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- Assessed the design implementation and operating effectiveness of key controls in respect of the Group's and Company's impairment review process including the review and approval of forecasts and valuation models;</li> <li>- Evaluated reasonableness of the valuation assumptions used by management through reference to external market data;</li> <li>- Evaluated past performances where relevant and assessed historical accuracy of the forecast produced by management; and</li> <li>- Enquired and challenged management on the commercial strategy associated with the products to ensure that it was consistent with the assumptions used in estimating future cash flows.</li> </ul>



<b>Valuation of inventories</b>	
<b>Refer to note 23 and 50.06</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
Inventory is carried in the financial statements at the lower of cost and net realisable value. The exercise for the assessment of the net realisable value involves the use of judgement and assumptions that may vary depending on technological and socio-economical conditions and is therefore considered a significant key audit matter.	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- Corroborating on a sample basis that items on the stock ageing listing by items were classified in the appropriate ageing bracket;</li> <li>- Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the Directors on the extent to which old inventory can be sold through various channels;</li> <li>- Considering the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year; and</li> <li>- We have also considered the adequacy of the Group's and the Company's disclosures in respect of the levels of provisions against inventory.</li> </ul>

<b>Valuation of Property, plant and equipment</b>	
<b>Refer to note 17 and 50.03</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The company has large amount and numbers of property, plant and equipment items. Due to technological and time obsolescence the impairment may exists.</p> <p>Management has concluded that there is no impairment in respect all assets. This conclusion required significant management judgment. Hence we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- Assessing the consistency of methodologies used for depreciating the assets;</li> <li>- Checking, on a sample basis , the accuracy and relevance of the accounting of PPE by management; and</li> <li>- For selected samples, performing physical observation to assess management's determination on whether the equipment is obsolete, and testing the assumptions used in estimating recoverable amount, such as estimated useful life and replacement cost.</li> <li>- Examined management's periodic review of property, plant and equipment for determination of impairment and obsolescence.</li> </ul>



**Assessment of litigations and related disclosures of contingent liabilities**

**Refer to note 42 and 50.13**

The key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2019 the company has exposures towards litigations relating to various matters as set out in the aforesaid notes.</p> <p>Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognized or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate.</p> <p>As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement related legal advice including those relating to interpretation of laws/regulations it is considered to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>- We understood assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations;</li> <li>- We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the audit committee;</li> <li>- We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations made in the financial statements;</li> <li>- We used our own experts to gain an understanding and to evaluate the disputed tax matters;</li> <li>- We considered external legal opinions, where relevant, obtained by management;</li> <li>- We met with the company's internal and external legal counsel to understand the interpretation of laws/regulations considered by the management in their assessment relating to a material litigation; and</li> <li>- We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs, 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.



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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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





**Rahman Rahman Huq**  
Chartered Accountants

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

- 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 Group and the Company so far as it appeared from our examination of those books;
- c) the consolidated and the separate statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Group's and the Company's business.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Adeeb H. Khan.

Chattogram, 16 September 2019



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

<i>In Taka</i>	<i>Note</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17.a	40,456,183,600	31,736,877,702
Intangible assets	19.a	33,578,997	39,762,082
Equity-accounted investees	20.a	6,519,497,141	3,994,597,901
Other investments	21.a	116,814,404	122,190,354
<b>Non-current assets</b>		<b>47,126,074,142</b>	<b>35,893,428,038</b>
<b>Current assets</b>			
Short term investment	22.a	1,870,010,619	1,367,141,161
Inventories	23.a	21,136,511,183	23,438,884,798
Trade and other receivables	24.a	7,037,546,023	8,193,143,601
Current account with related companies	25.a	7,557,196,642	2,576,514,730
Advances and deposits	26.a	5,555,116,505	4,348,160,534
Cash and cash equivalents	27.a	784,729,223	779,433,146
<b>Current assets</b>		<b>43,941,110,195</b>	<b>40,703,277,970</b>
<b>Total Assets</b>		<b>91,067,184,337</b>	<b>76,596,706,008</b>
<b>Equity</b>			
Share capital	28	2,360,682,360	2,146,074,880
Share premium		511,970,250	511,970,250
General reserve		30,170,818	30,170,818
Revaluation reserve		12,151,476,723	3,974,789,370
Retained earnings		7,953,071,845	6,962,742,079
12% Convertible coupon bond-equity component		-	45,661,142
<b>Equity attributable to owners of the company</b>		<b>23,007,371,996</b>	<b>13,671,408,539</b>
<b>Non- controlling interests</b>		<b>7,501,147,279</b>	<b>3,392,628,051</b>
<b>Total equity</b>		<b>30,508,519,275</b>	<b>17,064,036,591</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	30.a	5,009,574,426	8,305,438,361
Defined benefit obligations - Gratuity	31.a	277,642,800	226,378,396
Deferred tax liability	33.a	4,864,351,787	2,965,622,218
<b>Non-current liabilities</b>		<b>10,151,569,013</b>	<b>11,497,438,975</b>
<b>Current liabilities</b>			
Trade payables	34.a	3,073,930,880	1,216,553,373
Short term borrowings	35.a	38,152,951,121	39,794,968,536
Current account with related companies	36.a	6,324,923,395	4,919,172,515
Advance against sales	37.a	585,464,772	320,121,941
Liabilities for expenses	38.a	1,088,289,284	958,520,190
Current tax liability	32.a	629,221,563	349,888,115
Provision for WPPF and Welfare Fund	39.a	194,369,665	209,125,156
Other liabilities	40.a	357,945,369	266,880,612
<b>Current liabilities</b>		<b>50,407,096,049</b>	<b>48,035,230,441</b>
<b>Total liabilities</b>		<b>60,558,665,062</b>	<b>59,532,669,416</b>
<b>Total equity and liabilities</b>		<b>91,067,184,337</b>	<b>76,596,706,008</b>

The annexed notes 1 to 50 and Annexure A are an integral part of these consolidated financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our annexed report of same date.

  
Auditor



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

For the year ended 30 June 2019

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Revenue	4.a	83,115,330,837	68,924,014,793
Cost of sales	5.a	(74,929,056,166)	(60,776,859,390)
<b>Gross profit</b>		<b>8,186,274,671</b>	<b>8,147,155,404</b>
Selling and distribution costs	6.a	(1,003,243,509)	(642,538,845)
Administrative costs	7.a	(537,997,027)	(453,954,329)
Other operating income	8.a	10,693,138	41,622,424
<b>Operating profit</b>		<b>6,655,727,273</b>	<b>7,092,284,654</b>
Finance costs	9.a	(3,603,660,751)	(3,784,269,909)
Finance income	10.a	644,385,384	567,603,149
<b>Net finance costs</b>		<b>(2,959,275,367)</b>	<b>(3,216,666,760)</b>
Non-operating Income	11.a	74,574,067	146,993,971
<b>Profit before WPPF and Welfare Fund</b>		<b>3,771,025,973</b>	<b>4,022,611,865</b>
Contribution to WPPF and Welfare Fund	39.a.i	(194,369,665)	(209,125,156)
Share of profit of equity accounted investee, net of tax	12.03	538,975,826	561,639,421
<b>Profit before tax</b>		<b>4,115,632,134</b>	<b>4,375,126,130</b>
Income tax expenses:			
Current tax:			
Current year		(640,308,835)	(352,186,805)
Previous year		(39,018,388)	72,155,315
Deferred tax		(931,867,456)	(799,954,269)
<b>Total income tax expense</b>		<b>(1,611,194,679)</b>	<b>(1,079,985,759)</b>
<b>Profit after tax</b>		<b>2,504,437,455</b>	<b>3,295,140,371</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		430,147	(154,523)
Share of other comprehensive income of associate		-	(1,057,931)
		430,147	(1,212,454)
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of land (net of tax)		3,286,504,483	-
Revaluation of property, plant and equipment (Subsidiary's portion), net of tax		6,295,673,651	-
Revaluation of property, plant and equipment (Associate's portion), net of tax	12.04	2,088,818,434	-
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land		(529,084,465)	-
Deferred tax on interest - 12% Convertible bond		1,028,632	2,158,736
		11,142,940,735	2,158,736
<b>Other comprehensive income for the year, net of tax</b>		<b>11,143,370,882</b>	<b>946,282</b>
<b>Total comprehensive income</b>		<b>13,647,808,337</b>	<b>3,296,086,653</b>
<b>Profit attributable to:</b>			
Owners of the company		1,860,634,923	2,778,779,562
Non-controlling interests		643,802,532	516,360,809
		2,504,437,455	3,295,140,371
<b>Total comprehensive income attributable to:</b>			
Owners of the company		9,539,289,109	2,779,725,843
Non-controlling interests		4,108,519,228	516,360,809
		13,647,808,337	3,296,086,653
<b>Earnings per share</b>			
Basic earnings per share (Taka)	13.a	7.88	11.77

The annexed notes 1 to 50 and Annexure A are an integral part of these consolidated financial statements.

Managing Director

Director

Company Secretary

As per our annexed report of same date.

Auditor

Chattogram, 16 September 2019



In Taka	Attributable to owners of the company						Total	Non-controlling interests	Total
	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	12% convertible coupon bond equity component			
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	-	-	-	(195,097,710)	-	-	-	-
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(44,435,847)	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
Profit after tax for the year	-	-	-	-	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
Balance as on 01 July 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
10% stock dividend paid for 2018	214,607,480	-	-	-	(214,607,480)	-	-	-	-
10% cash dividend paid for 2018	-	-	-	-	(214,607,496)	-	(214,607,496)	-	(214,607,496)
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(29,277,602)	39,036,803	-	9,759,201	-	9,759,201
Revaluation of land, net of tax	-	-	-	3,286,504,483	-	-	3,286,504,483	-	3,286,504,483
Share of other comprehensive income of associate, net of tax	-	-	-	2,088,818,434	-	-	2,088,818,434	-	2,088,818,434
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	-	-	-	-	1,417,671	-	1,417,671	-	1,417,671
Transfer of equity component to retained earnings on redemption of convertible bond	-	-	-	-	45,661,142	(45,661,142)	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	430,147	-	430,147	-	430,147
Deferred tax for interest on 12% Convertible coupon bond	-	-	-	-	1,028,632	-	1,028,632	-	1,028,632
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(314,917)	419,889	-	104,972	-	104,972
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land	-	-	-	-	(529,084,465)	-	(529,084,465)	-	(529,084,465)
Profit after tax for the year	-	-	-	-	1,860,634,923	-	1,860,634,923	643,802,532	2,504,437,455
Revaluation of property, plant and equipment of subsidiary	-	-	-	2,830,956,955	-	-	2,830,956,955	3,464,716,696	6,295,673,651
Balance as at 30 June 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,723	7,953,071,845	-	23,007,371,996	7,501,147,279	30,508,519,275

The annexed notes 1 to 50 and Annexure A are an integral part of these consolidated financial statements.





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

For the year ended 30 June 2019

<i>In Taka</i>	2019	2018
<b>a. Cash flows from operating activities</b>		
Cash receipts from customers	84,637,253,302	63,757,454,865
Cash payments to suppliers and employees	(71,894,994,356)	(67,266,313,323)
Income tax paid	(399,527,794)	(1,180,299,067)
Interest paid	(2,990,644,919)	(3,335,408,458)
<b>Net cash from operating activities</b>	<b>9,352,086,233</b>	<b>(8,024,565,983)</b>
<b>b. Cash flows from investing activities</b>		
Acquisition of Property, plant and equipment	(355,349,994)	(571,022,662)
Addition to CWIP	(305,977,251)	(723,862,772)
Disposal of Property, plant and equipment	434,141,871	7,133,483
Increase/ (Decrease) in short term and other investments	(497,493,508)	(986,245,103)
Investment at BMS Steel Limited (JV)	(2,281,500)	-
Dividend income	106,594,191	159,891,260
<b>Net cash used in investing activities</b>	<b>(620,366,191)</b>	<b>(2,114,105,795)</b>
<b>c. Cash flows from financing activities</b>		
(Repayments) / Receipts of long term Loans	(3,295,863,935)	2,489,812,304
Dividend Paid	(214,607,496)	(545,563)
Short Term Borrowings/repayment	(1,642,017,415)	12,422,631,404
Loan to/ from Related Companies	(3,574,931,033)	(4,517,447,847)
<b>Net cash from financing activities</b>	<b>(8,727,419,879)</b>	<b>10,394,450,298</b>
<b>d. Net (decrease)/ increase in cash and cash equivalents (a+b+c)</b>	<b>4,300,164</b>	<b>255,778,521</b>
<b>e. Opening cash and cash equivalents</b>	<b>779,433,146</b>	<b>523,654,626</b>
Effect of movements in exchange rates on cash and cash equivalents held	995,913	-
<b>f. Closing cash and cash equivalents (d+e)</b>	<b>784,729,223</b>	<b>779,433,146</b>

The annexed notes 1 to 50 and Annexure A are an integral part of these consolidated financial statements.



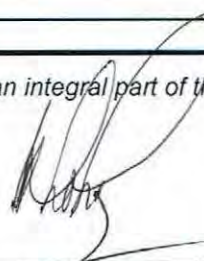


Bangladesh Steel Re-Rolling Mills Limited  
Separate statement of financial position

<i>In Taka</i>	Note	30 June 2019	30 June 2018
<b>ASSETS</b>			
Property, plant and equipment	17.00	15,932,131,109	12,958,556,023
Intangible assets	19.00	18,413,720	21,797,061
Investment in subsidiaries and associate	20.00	12,644,244,186	6,766,652,548
Other investments	21.00	116,814,404	122,190,354
<b>Non-current assets</b>		<b>28,711,603,419</b>	<b>19,869,195,986</b>
Short term investment	22.00	146,794,158	50,220,680
Inventories	23.00	16,195,612,684	13,442,320,054
Trade and other receivables	24.00	3,570,813,232	2,356,392,380
Current account with related companies	25.00	985,977,512	1,537,959,598
Advances and deposits	26.00	2,181,266,067	1,983,627,504
Cash and cash equivalents	27.00	761,556,711	704,983,780
<b>Current assets</b>		<b>23,842,020,364</b>	<b>20,075,503,997</b>
<b>Total Assets</b>		<b>52,553,623,783</b>	<b>39,944,699,984</b>
<b>Equity</b>			
Share capital	28.00	2,360,682,360	2,146,074,880
Share premium		511,970,250	511,970,250
General reserve	29.01	30,170,818	30,170,818
Revaluation reserve	29.02	12,151,476,721	3,974,789,368
Retained earnings		7,953,071,847	6,962,742,081
12% Convertible coupon bond-equity component		-	45,661,142
<b>Total equity</b>		<b>23,007,371,996</b>	<b>13,671,408,539</b>
<b>Liabilities</b>			
Long term borrowings- non current portion	30.00	3,871,516,258	5,442,343,709
Defined benefit obligations - Gratuity	31.00	231,907,679	196,162,000
Deferred tax liability	33.00	2,559,502,570	1,323,809,318
<b>Non-current liabilities</b>		<b>6,662,926,507</b>	<b>6,962,315,027</b>
Trade payables	34.00	3,440,380,026	1,116,279,307
Short term borrowings	35.01	9,448,628,917	9,742,889,798
Current portion of long term borrowings	35.08	1,957,378,523	2,210,092,751
Current account with related companies	36.00	6,264,184,395	4,919,172,515
Advance against sales	37.00	550,450,921	290,873,624
Liabilities for expenses	38.00	483,789,338	409,572,284
Current tax liability	32.00	306,310,048	303,624,779
Provision for WPPF and Welfare Fund	39.00	93,997,289	115,677,749
Other liabilities	40.00	338,205,823	202,793,610
<b>Current liabilities</b>		<b>22,883,325,280</b>	<b>19,310,976,417</b>
<b>Total liabilities</b>		<b>29,546,251,787</b>	<b>26,273,291,444</b>
<b>Total equity and liabilities</b>		<b>52,553,623,783</b>	<b>39,944,699,984</b>

The annexed notes 1 to 50 and Annexure A are an integral part of these separate financial statements.

  
Managing Director

  
Director

  
Company Secretary  
As per our annexed report of same date.

  
Auditor

Chattogram, 16 September 2019





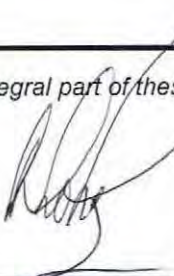
Bangladesh Steel Re-Rolling Mills Limited  
Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

<i>In Taka</i>	<i>Note</i>	<i>2019</i>	<i>2018</i>
Revenue	4	44,408,886,970	33,238,371,403
Cost of sales	5	(39,416,646,035)	(28,410,052,631)
<b>Gross profit</b>		<b>4,992,240,935</b>	<b>4,828,318,773</b>
Selling and distribution costs	6	(992,027,229)	(638,538,849)
Administrative costs	7	(389,512,421)	(358,897,564)
Other operating income	8	27,201,418	34,078,718
<b>Operating profit</b>		<b>3,637,902,703</b>	<b>3,864,961,078</b>
Finance costs	9	(2,178,030,884)	(2,058,370,269)
Finance income	10	272,176,315	223,859,651
<b>Net finance costs</b>		<b>(1,905,854,569)</b>	<b>(1,834,510,618)</b>
Non-operating Income	11	41,303,446	123,213,261
<b>Profit before WPPF and Welfare Fund</b>		<b>1,773,351,580</b>	<b>2,153,663,721</b>
Contribution to WPPF and Welfare Fund	39	(93,997,289)	(115,677,749)
Share of profit of equity accounted investees, net of tax	12	1,060,711,269	983,548,441
<b>Profit before tax</b>		<b>2,740,065,560</b>	<b>3,021,534,413</b>
Income tax expenses:			
Current tax:			
Current year	32.02	(317,397,320)	(305,923,469)
Previous year		(38,957,630)	72,155,315
Deferred tax	33	(523,075,687)	(8,986,697)
<b>Total income tax expenses</b>		<b>(879,430,637)</b>	<b>(242,754,851)</b>
<b>Profit after tax</b>		<b>1,860,634,923</b>	<b>2,778,779,562</b>
<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		-	(1,057,931)
Exchange differences on translation of foreign operations		430,147	(154,523)
		<b>430,147</b>	<b>(1,212,454)</b>
<b>Items that will not be reclassified to profit or loss</b>			
Revaluation of land (net of tax)		3,286,504,483	-
Revaluation of land (Subsidiary's portion) net of tax		2,830,956,955	-
Revaluation of land (Associate's portion) net of tax	12.04	2,088,818,434	-
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land	33	(529,084,465)	-
Deferred tax on interest - 12% Convertible bond		1,028,632	2,158,736
		<b>7,678,224,039</b>	<b>2,158,736</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>7,678,654,186</b>	<b>946,282</b>
<b>Total comprehensive income</b>		<b>9,539,289,109</b>	<b>2,779,725,844</b>
<b>Earnings per share</b>			
Basic earnings per share (Taka)	13.01	7.88	11.77

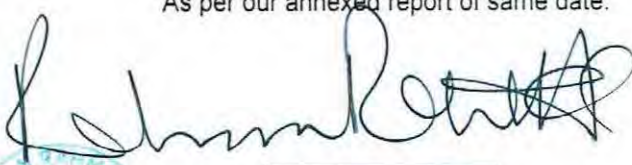
The annexed notes 1 to 50 and Annexure A are an integral part of these separate financial statements.

  
Managing Director

  
Director

  
Company Secretary

As per our annexed report of same date.

  
Auditor

Chattogram, 16 September 2019



Bangladesh Steel Re-Rolling Mills Limited  
Separate statement of changes in equity  
For the year ended 30 June 2019

<i>In Taka</i>	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	12% Convertible coupon bond-equity component	Total
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
Profit after tax for the year	-	-	-	-	2,778,779,561	-	2,778,779,561
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	13,671,408,538
Balance as on 01 July 2018	2,146,074,880	511,970,250	30,170,818	3,974,789,368	6,962,742,081	45,661,142	13,671,408,538
10% stock dividend paid for 2018	214,607,480	-	-	-	(214,607,480)	-	-
10% cash dividend paid for 2018	-	-	-	-	(214,607,496)	-	(214,607,496)
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(29,277,602)	39,036,803	-	9,759,201
Revaluation of land, net of tax	-	-	-	3,286,504,483	-	-	3,286,504,483
Share of other comprehensive income of equity accounted investees	-	-	-	4,919,775,389	-	-	4,919,775,389
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	-	-	-	-	1,417,671	-	1,417,671
Transfer of equity component to retained earnings on redemption of convertible bond	-	-	-	-	45,661,142	(45,661,142)	-
Exchange differences on translation of foreign operations	-	-	-	-	430,147	-	430,147
Deferred tax for interest on 12% Convertible coupon bond	-	-	-	-	1,028,632	-	1,028,632
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(314,917)	419,889	-	104,972
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land	-	-	-	-	(529,084,465)	-	(529,084,465)
Profit after tax for the year	-	-	-	-	1,860,634,923	-	1,860,634,923
Balance as at 30 June 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,721	7,953,071,847	-	23,007,371,996

The annexed notes 1 to 50 and Annexure A are an integral part of these separate financial statements.





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

<i>In Taka</i>		For the year ended 30 June 2019	
		2019	2018
<b>a. Cash flows from operating activities</b>			
Cash receipts from customers	43,454,043,415	33,058,844,622	
Receipt against other income	67,711,435	154,978,348	
Cash payments to suppliers, employees and advance tax	(40,606,759,688)	(33,200,548,759)	
Income tax paid	(353,203,700)	(74,736,944)	
Interest paid	(1,897,633,252)	(1,823,265,815)	
<b>Net cash from operating activities</b>	<b>664,158,211</b>	<b>(1,884,728,548)</b>	
<b>b. Cash flows from investing activities</b>			
Acquisition of Property, plant and equipment	(126,281,636)	(210,008,725)	
Costs increased against Capital work-in-progress	(65,842,183)	(129,956,372)	
Disposal of Property, plant and equipment	5,876,121	4,914,980	
Increase in short term and other investments	(91,197,528)	(22,398,283)	
Investment at BMS Steel Limited (JV)	(2,281,500)	-	
Dividend income	106,594,191	159,891,260	
<b>Net cash used in investing activities</b>	<b>(173,132,534)</b>	<b>(197,557,141)</b>	
<b>c. Cash flows from financing activities</b>			
(Repayment) / Receipt of Long term loans	(1,823,541,678)	4,178,494,292	
Dividend paid	(214,607,496)	(545,563)	
Receipt/(Repayment) of short term borrowings	(294,260,881)	563,294,407	
Loan to/from related companies	1,896,993,966	(2,465,582,127)	
<b>Net cash from financing activities</b>	<b>(435,416,089)</b>	<b>2,275,661,009</b>	
<b>d. Net increase/(decrease) in cash and cash equivalent (a+b+c)</b>	<b>55,609,588</b>	<b>193,375,321</b>	
<b>e. Opening cash and cash equivalents</b>	<b>704,983,780</b>	<b>511,608,459</b>	
Effect of movements in exchange rates on cash and cash equivalents held	963,343	-	
<b>f. Closing cash and cash equivalents (d+e)</b>	<b>761,556,711</b>	<b>704,983,780</b>	

The annexed notes 1 to 50 and Annexure A 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, Chattogram, 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.

**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.

**1.02 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 offices are allowed to enjoy 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.

**1.03 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 steels sector 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 IFRS 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.

**1.04 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.





**1.05 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, Chattogram 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.

**1.06 BMS Steel Limited - Joint Venture Company**

BMS Steel Limited was incorporated on 18 December 2018 in Kenya as a private limited company. Registered office of the company is in Nairobi, Kenya. The company has share capital of KES 3,000,000,000 (3,000,000 share) out of which 100 ordinary shares are issued. The parties to the JV company are Bangladesh Steel Re-Rolling Mills Limited (holding 18%), Vortex Investments Limited (holding 22%), MMD Steel Limited (holding 30%), and Safal Investments (Mauritius) Limited (holding 30%). The company is yet to commence operation. Later on the company issued 14,900 numbers of shares on pro-rata basis.

**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), 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 in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of IAS 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, etc.





**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.

**2.05 Going concern**

The group and the company have adequate resources to continue operation in foreseeable future (except otherwise stated). For this reason, Management continues to adopt going concern basis in preparing the Financial Statements. The current revenue generations and resources of the group and the company provide sufficient fund to meet the present requirements of existing business and operations.

**2.06 Reporting period**

The separate financial statements of the company and the consolidated financial statements of the group cover twelve months from 01 July 2018 to 30 June 2019 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 16 September 2019.

**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 2019 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2018.

**2.09 Comparative information**

Comparative information has been disclosed in respect of 2018 in accordance with IAS-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 year.

**2.10 Functional and presentation currency**

These Financial Statements are prepared in Bangladesh Taka, which is the functional currency of the group and the company. 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 Group and 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:

- a. Expected to be realized or intended to sold or consumed in the normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realized within twelve months after the reporting period and
- d. 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:

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

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





### 3.00 Use of estimates and judgements

The preparation of the Financial Statements in conformity with IAS and IFRS 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 recognized 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 31.00 Provision for gratuity
- Note 32.00 Current tax liability
- Note 33.00 Deferred tax liability
- Note 40.00 Other liabilities
- Note 42.00 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 50.18.

<i>In Taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited-HO	4.01	43,179,134,742	32,765,853,549
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		1,495,114,363	546,702,882
Less: Intracompany sales		(265,362,135)	(74,185,028)
		44,408,886,970	33,238,371,403

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

<i>In Taka</i>	Note	2019	2018
Local sales	4.02	42,079,142,906	31,579,566,377
Export sales	4.03	711,649,543	964,133,541
Sales of Scrap and By-product		388,342,293	222,153,631
		43,179,134,742	32,765,853,549

**4.01-A Revenue streams**

<i>In Taka</i>	Note	2019	2018
Revenue from contracts with customers		43,179,134,742	32,765,853,549
		43,179,134,742	32,765,853,549

**4.01-B Disaggregation of revenue from contracts with customers**

<i>In Taka</i>	2019	2018
<b>Primary geographical markets</b>		
Bangladesh	43,093,444,972	32,747,114,677
China	74,529,445	3,844,973
India	6,517,168	14,893,900
South korea	4,643,157	-
	43,179,134,742	32,765,853,550
<b>Major products lines or services</b>		
Xtreme 500	33,856,157,326	26,938,831,690
M. S. Products	8,188,452,714	4,971,405,236
By Product & Scrap	388,342,293	296,217,194
H & I Beam	276,218,046	352,662,816
Others	469,964,363	206,736,614
	43,179,134,742	32,765,853,550
<b>Timing of revenue recognition</b>		
Products transferred at a point in time	43,179,134,742	32,765,853,549
	43,179,134,742	32,765,853,549

**4.01-C Contract balances**

<i>In Taka</i>	2019	2018
Receivables, which are included in 'trade and other receivables'	24.02 3,312,279,860	2,081,633,455
Contract liabilities	37.00 550,450,921	290,873,624

**4.02 Local sales**

<i>In Taka</i>	2019	2018
MS Billet	167,452,637	332,265,090
MS Rod	41,911,690,269	31,247,301,287
	42,079,142,906	31,579,566,377





**4.03 Export sales**

<i>In Taka</i>	2019	2018
Xtreme 500W	606,902,200	826,968,416
M.S Angel	21,576,148	32,354,996
M.S Channel	383,489	348,600
MS Square Bar	715,260	1,767,322
By Products	82,072,446	101,675,705
MS Plate	-	1,018,502
	<b>711,649,543</b>	<b>964,133,541</b>

Export sales of finished products during 01 July 2018 to 30 June 2019 was USD 7,440,466 against exporting of 10,238.01 Metric Ton and it was USD 10,489,909.71 against exporting of 16,347.38 Metric Ton of goods during 01 July 2017 to 30 June 2018.

**4.a Consolidated revenue**

<i>In Taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited	4.00	44,408,886,970	33,238,371,403
BSRM Steel Mills Limited		53,407,280,472	45,888,262,116
BSRM (Hong Kong) Limited		5,129,183	-
Less: Intra group sales		(14,705,965,788)	(10,202,618,726)
		<b>83,115,330,837</b>	<b>68,924,014,793</b>

**5.00 Cost of sales**

<i>In taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited-HO	5.01	38,249,913,808	27,989,442,643
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		1,409,775,208	494,795,016
Adjustment for portion of unrealized profit (PURP)-subsidiary		2,459,337	-
Adjustment for portion of unrealized profit (PURP)-associate		19,859,817	-
Less: Intracompany sales		(265,362,135)	(74,185,028)
		<b>39,416,646,035</b>	<b>28,410,052,631</b>

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

<i>In Taka</i>	Note	2019	2018
Cost of sales- own production	5.02	36,942,405,271	26,868,402,945
Cost of sales-finished goods procured and sold	5.03	1,127,128,391	767,311,350
Cost of sales-scrap and others		16,319,769	50,126,966
Cost of sales-billet		164,060,377	303,601,382
		<b>38,249,913,808</b>	<b>27,989,442,643</b>





**5.02 Cost of sales-own production**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Opening stock of raw materials-scrap		1,045,893,575	1,007,910,921
Add: Purchase during the year		8,084,936,815	5,132,536,631
		9,130,830,390	6,140,447,552
Less: Cost of scrap and others sales		(16,319,769)	(50,126,966)
Less: Closing stock of raw materials-scrap	23.01	(2,172,557,571)	(1,045,893,575)
<b>Raw materials consumed-scrap</b>		<b>6,941,953,050</b>	<b>5,044,427,011</b>
Add: Factory overhead- Melting Unit	5.05.01	1,780,835,176	1,475,225,562
<b>Cost of Billet Manufactured</b>		<b>8,722,788,226</b>	<b>6,519,652,573</b>
Add: Opening stock of billet		32,111,528	53,290,332
<b>Stock of billet available</b>		<b>8,754,899,754</b>	<b>6,572,942,905</b>
Less: Cost of billet sale		(164,060,377)	(303,601,382)
Less: Closing stock of billet		(38,976,977)	(32,111,528)
<b>Billet Transferred to re-rolling unit</b>		<b>8,551,862,400</b>	<b>6,237,229,995</b>
Add: Opening stock of billet		5,439,107,713	3,774,442,338
Add: Purchase during the year		27,378,439,884	22,357,268,169
Less: Closing stock of billet		(4,217,424,626)	(5,439,107,713)
<b>Billet consumed</b>		<b>37,151,985,371</b>	<b>26,929,832,789</b>
Add: Cost of packing materials		137,261,823	68,304,680
Add: Factory overhead- Rolling Unit	5.05.02	2,033,470,975	1,930,251,690
<b>Cost of Production of finished goods</b>		<b>39,322,718,169</b>	<b>28,928,389,159</b>
Add: Opening stock of finished goods		4,871,552,108	2,812,080,104
Less: Closing stock of finished goods		(7,242,677,339)	(4,871,552,108)
<b>Goods available for sale</b>		<b>36,951,592,938</b>	<b>26,868,917,155</b>
Less: Own use		(9,187,667)	(514,210)
<b>Cost of sales - own production</b>		<b>36,942,405,271</b>	<b>26,868,402,945</b>

**5.03 Cost of sales-finished goods procured and sold**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Opening stock of finished goods		269,293,231	391,870,646
Add: Finished goods imported		521,771,843	377,136,858
Add: Finished goods purchased locally		774,031,149	272,180,165
<b>Available for sale/consumption</b>		<b>1,565,096,223</b>	<b>1,041,187,669</b>
Less: Closing stock of finished goods	23.01	(430,566,294)	(269,293,231)
Less: Goods used by the company		(7,401,538)	(4,583,088)
<b>Cost of sales-finished goods procured and sold</b>		<b>1,127,128,391</b>	<b>767,311,350</b>



Notes to the separate and consolidated financial statements (continued)

**5.04 Quantitative movement of inventories**

<i>In Metric ton</i>	2019	2018
<b>Raw Materials :</b>		
Opening balance (Scrap)	34,325	38,679
Add: Purchased/imported during the year	221,414	160,968
<b>Total available</b>	<b>255,739</b>	<b>199,647</b>
Less: Closing Stock (Scrap)	(65,420)	(34,325)
<b>Consumed /Sold/returned during the year</b>	<b>190,318</b>	<b>165,322</b>
Billet Manufactured (Melting unit)	174,657	150,331
Add: Opening stock of billet	667	1,283
<b>Stock of billet available</b>	<b>175,324</b>	<b>151,614</b>
Less: Billet sale	(3,311)	(6,755)
Less: Closing stock of billet	(791)	(667)
<b>Billet Transferred to Re-Rolling Unit</b>	<b>171,222</b>	<b>144,192</b>
Add: Opening stock of billet (Rolling unit)	108,831	99,082
Add: Purchase during the year	501,293	441,895
Less: Closing stock of billet (Rolling unit)	(81,328)	(108,831)
<b>Billet consumed</b>	<b>700,018</b>	<b>576,337</b>
<b>Finished Goods:</b>		
Opening stock of finished goods	95,698	71,441
Add: Produced during the year	686,769	562,903
Add: Imported/purchased during the year	21,977	11,437
Less: Closing stock of finished goods	(136,255)	(95,698)
<b>Sold/consumed during the year</b>	<b>668,189</b>	<b>550,083</b>

**5.05 Factory overhead**

<i>In Taka</i>	Note	2019	2018
Factory overheads- Melting Unit	5.05.01	1,780,835,176	1,475,225,562
Factory overheads- Rolling Unit	5.05.02	2,033,470,975	1,930,251,690
		<b>3,814,306,151</b>	<b>3,405,477,252</b>

**5.05.01 Factory overheads- Melting Unit**

<i>In Taka</i>	Note	2019	2018
Salaries and allowances		191,293,164	145,983,488
Carrying charges-raw materials		242,765	327,535
Consumption electrical stores		11,439,335	8,732,687
Consumption general stores		3,418,768	1,929,555
Consumption of mechanical stores		41,036,585	30,656,733
Conveyance expenses		3,368,116	2,805,393
Depreciation	17.01	150,600,367	153,185,276
Direct expenses		115,021,416	81,047,869
Direct materials consumed		228,813,096	167,158,438
Electricity expenses		1,382,386	875,509
Entertainment		2,003,014	1,931,669
Fees and renewals		396,395	463,540
Fuel and lubricants		7,026,204	6,312,507
Gas		6,353,719	6,219,290
Guest house expenses		102,212	118,541
Guest house rent		54,600	75,075
Insurance expenses		1,062,849	884,566
Materials and finished goods handling charges		19,533,162	26,448,957
Medical expenses		1,234,833	472,515
Motor vehicle expenses		2,059,046	1,883,370
Postage and telegram		1,153	692
Power (factory)		971,021,305	813,439,178
Printing and stationery		1,783,770	2,598,066
Rent		8,391,000	7,934,000
Repairs and maintenance		12,640,095	13,010,018
Travelling expenses		363,206	586,443
Water bill-WASA		192,615	140,862
Factory office expenses		-	3,790
		<b>1,780,835,176</b>	<b>1,475,225,562</b>





Notes to the separate and consolidated financial statements (continued)

**5.05.02 Factory overheads- Rolling Unit**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Salaries and allowances		233,236,979	181,028,885
Carrying charges-raw materials		267,710	118,690
Consumption electrical stores		33,982,951	23,226,055
Consumption general stores		3,112,493	2,321,975
Consumption of mechanical Stores		211,907,125	142,786,113
Conveyance expenses		4,968,720	4,741,555
Depreciation	17.01	498,041,804	533,526,867
Other materials consumed		2,619,191	17,626,008
Electricity expenses		8,247,425	7,608,975
Entertainment		3,871,472	3,856,350
Fees and renewals		1,917,728	2,182,307
Fuel and lubricants		84,531,262	258,933,319
Gas		168,672,403	98,862,209
Guest house expenses		284,784	325,105
Guest house rent		2,560,720	2,635,410
Insurance expenses		6,696,524	5,593,819
Materials and finished goods handling charges		252,990,788	198,766,676
Medical expenses		2,256,975	1,266,591
Motor vehicle expenses		870,224	1,136,176
Paper and periodical		15,558	17,603
Postage and telegram		6,306	8,267
Power (factory)		477,419,632	403,935,640
Printing and stationery		4,087,622	3,269,336
Rent		11,037,372	10,788,072
Repairs and Maintenance		18,892,860	13,604,413
Travelling expenses		957,757	1,314,374
Water bill-WASA		16,590	64,238
Consumption of MS Roll		-	10,706,082
Factory office expenses		-	580
		<b>2,033,470,975</b>	<b>1,930,251,690</b>

**5.a Consolidated cost of sales**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	5.00	39,416,646,035	28,410,052,631
BSRM Steel Mills Limited		50,210,586,831	42,569,425,485
BSRM (Hong Kong) Limited		4,779,185	-
Unrealized profit elimination		(2,459,337)	-
Portion of unrealized profit (PURP)		5,469,240	-
Less: Intra group elimination		(14,705,965,788)	(10,202,618,726)
		<b>74,929,056,166</b>	<b>60,776,859,390</b>





Notes to the separate and consolidated financial statements (continued)

**6.00 Selling and distribution costs**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	6.01	992,027,229	638,538,849
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>992,027,229</b>	<b>638,538,849</b>

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

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Salary and allowances		115,858,673	91,239,807
Advertisement		89,294,999	1,620,490
Sales promotion expenses		12,048,013	530,041
Bad debts		898,809	358,759
Brokerage and commission		305,696,518	74,406,629
Marketing expenses		19,831,129	4,861,530
Carriage on sales		247,424,522	305,385,563
Telephone expenses		1,656	1,854
Conveyance expenses		190,520	115,380
Depreciation	17.01	41,126,730	36,942,442
Electricity expenses		8,062,163	8,270,056
Entertainment		3,358,411	15,515
Finished goods handling charges		39,164,732	26,392,160
Export charges		3,578,860	4,278,152
Gratuity expenses		5,577,670	3,417,141
Repair & Maintenance		120,301	1,078,213
Fees and renewals		64,325	71,662
Godown rent		4,498,752	3,805,857
Medical expenses		770,080	324,750
Motor cycle expenses		6,969,795	4,989,064
Printing and stationeries expenses		4,904,031	372,926
Royalty expenses		79,815,365	69,130,359
Testing charges		959,762	36,657
Travelling expenses		1,811,413	893,842
		<b>992,027,229</b>	<b>638,538,849</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>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	6.00	992,027,229	638,538,849
BSRM Steel Mills Limited		11,216,280	3,999,996
BSRM (Hong Kong) Limited		-	-
		<b>1,003,243,509</b>	<b>642,538,845</b>





**7.00 Administrative costs**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	7.01	334,115,173	325,564,635
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		55,397,248	33,332,929
		<b>389,512,421</b>	<b>358,897,564</b>

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

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Salaries and allowances		166,103,133	145,108,913
Directors' remuneration	7.02	70,800,000	58,800,000
Advertisement Expenses		569,824	480,372
Audit fees		770,500	540,500
Board meeting expenses		304,750	273,125
Conveyance expenses		423,888	507,529
Insurance expenses		23,288	23,288
CSR expenses		17,500,624	21,385,074
Depreciation	17.01	4,591,693	8,622,915
Amortization	19.02	3,383,341	3,383,341
Donation and subscriptions		445,844	145,800
Entertainment		5,344,025	4,781,628
Fees and renewals		6,611,966	9,977,974
General expenses		582,545	254,179
Generator and fuel expenses		253,961	200,963
Gratuity expenses		12,093,926	30,154,247
Guest house expenses		661,547	569,383
Land revenue, Municipal tax		2,168,026	955,612
Legal expenses		867,239	754,144
Medical expenses		2,383,924	1,620,028
Motor vehicle expenses		8,827,617	7,850,105
Office expenses		20,740	18,407
Paper and Periodicals		12,846	6,528
Postage expenses		430,741	355,915
Printing expenses		570,309	786,487
Professional expenses		6,140,076	9,383,778
Rent (Office, depot and others)		7,931,256	6,224,296
Repair and maintenance		1,033,529	1,081,560
Stationery expenses		4,420	41,193
Telephone expenses		2,142,574	2,046,585
Internet expenses		1,517,800	1,470,000
Training expenses		2,360,252	2,011,245
Travelling expenses		5,750,043	3,978,798
Utility expenses		1,488,926	1,770,724
		<b>334,115,173</b>	<b>325,564,635</b>

**7.02 Directors' remuneration**

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

<i>In Taka</i>	<b>2019</b>		
<b>Name</b>	<b>Gross Remuneration</b>	<b>Income Tax Deducted</b>	<b>Net Paid</b>
Mr. Alihussain Akberali-Chairman	28,800,000	8,640,000	20,160,000
Mr. Aameir Alihussain-Managing Director	22,800,000	6,840,000	15,960,000
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>70,800,000</b>	<b>20,940,000</b>	<b>49,860,000</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>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	7.00	389,512,421	358,897,564
BSRM Steel Mills Limited		139,188,788	95,056,765
BSRM (Hong Kong) Limited		9,295,818	-
		<b>537,997,027</b>	<b>453,954,329</b>

**8.00 Other operating income**

See accounting policy in note 50.20.

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	8.01	27,201,418	34,078,718
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>27,201,418</b>	<b>34,078,718</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Late payment charge	5,294,199	6,229,977
Other item sales	21,113,790	25,535,110
Gain/(loss) on sale of PPE	793,429	2,313,631
	<b>27,201,418</b>	<b>34,078,718</b>

**8.a Consolidated other operating income**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	8.00	27,201,418	34,078,718
BSRM Steel Mills Limited		(16,508,280)	7,543,706
		<b>10,693,138</b>	<b>41,622,424</b>

**9.00 Finance costs**

See accounting policy in note 50.19.

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	9.01	2,170,163,371	2,056,115,400
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		7,867,513	2,254,870
		<b>2,178,030,884</b>	<b>2,058,370,269</b>

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

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Interest on LATR		39,305,398	21,405,572
Interest on Demand and Time loan		395,878,531	382,218,973
Interest on Overdraft		172,983,823	212,240,676
Interest on Term loan		818,557,846	539,790,425
Interest on Convertible bond		42,927,030	86,787,032
Bank charges		8,361,765	36,077,803
Bank Guarantee Commission		2,144,399	114,096
Agency fee		4,025,000	3,964,034
Interest on balance due to inter companies		691,284,551	753,672,187
Foreign currency exchange rate fluctuation (gain)/loss	9.02	(5,304,972)	19,844,602
		<b>2,170,163,371</b>	<b>2,056,115,400</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Realized foreign currency transaction loss/(gain)	(1,727,559)	18,901,345
Unrealized foreign currency translation loss/(gain)	(3,577,413)	943,257
	<b>(5,304,972)</b>	<b>19,844,602</b>

**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>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	9.00	2,178,030,884	2,058,370,269
BSRM Steel Mills Limited		1,425,266,911	1,725,899,640
BSRM (Hong Kong) Limited		362,956	-
		<b>3,603,660,751</b>	<b>3,784,269,909</b>

**10.00 Finance income**

See accounting policy in note 50.19.

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	10.01	272,176,315	223,859,651
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>272,176,315</b>	<b>223,859,651</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Interest Income on STD	11,505	33,086
Interest income from FDR	32,250,308	17,629,863
Interest on balance due from inter companies	239,914,502	206,196,702
	<b>272,176,315</b>	<b>223,859,651</b>

**10.a Consolidated finance income**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	10.00	272,176,315	223,859,651
BSRM Steel Mills Limited		372,209,069	343,743,498
BSRM (Hong Kong) Limited		-	-
		<b>644,385,384</b>	<b>567,603,149</b>

**11.00 Non- operating income**

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	11.01	41,303,446	123,213,261
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>41,303,446</b>	<b>123,213,261</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Management fees	25,358,593	109,055,533
Changes in fair value of tradable securities	22.03 218,653	(44,272)
Rental income	15,722,000	14,202,000
Dividend income	4,200	-
	<b>41,303,446</b>	<b>123,213,261</b>

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

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Bangladesh Steel Re-Rolling Mills Limited	11.00	41,303,446	123,213,261
BSRM Steel Mills Limited		30,725,070	23,780,710
BSRM (Hong Kong) Limited		2,545,551	-
		<b>74,574,067</b>	<b>146,993,971</b>





Notes to the separate and consolidated financial statements (continued)

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

<i>In Taka</i>	<b>Note</b>	<b>2019</b>	<b>2018</b>
Share of profit of subsidiary (BSML)	12.01	528,498,668	421,909,020
Share of profit of subsidiary (BSRM HK)	12.02	(6,763,225)	-
Share of profit of associate (BSL)	12.03	538,975,826	561,639,421
		<b>1,060,711,269</b>	<b>983,548,441</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Net profit attributable to the shareholders' of BSML	1,175,311,103	938,269,829
Percentage of holding	44.97%	44.97%
Net profit attributable to BSRM Ltd.	528,498,668	421,909,020
	<b>528,498,668</b>	<b>421,909,020</b>

**12.02 Share of profit of subsidiary (BSRM HK)**

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Net (loss) attributable to the shareholders' of BSML	(6,763,225)	-
Percentage of holding	100.00%	-
Net (loss) attributable to BSRM Ltd.	(6,763,225)	-
	<b>(6,763,225)</b>	<b>-</b>

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

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Net profit attributable to the shareholders' of BSL	1,728,128,824	1,800,795,558
Percentage of holding	31.19%	31.19%
Net profit attributable to BSRM Ltd.	538,975,826	561,639,421
	<b>538,975,826</b>	<b>561,639,421</b>

**12.04 Share of other comprehensive income of associate (BSL) (Net of tax)**

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Other comprehensive income attributable to the shareholders' of BSL	6,697,419,758	(3,392,066)
Percentage of holding	31.19%	31.19%
Other comprehensive income attributable to BSRM Ltd.	2,088,818,434	(1,057,931)
	<b>2,088,818,434</b>	<b>(1,057,931)</b>

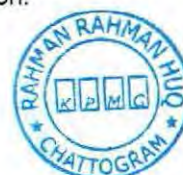
**13.00 Earnings per share (EPS)**

See accounting policy in note 50.21.

**13.01 Basic EPS**

<i>In Taka</i>	<b>2019</b>	<b>2018</b>
Profit attributable to the ordinary shareholders (Taka)	1,860,634,923	2,778,779,562
Number of ordinary shares at the year end	236,068,236	214,607,488
Weighted Average no. of shares outstanding during the year (Nos.)	236,068,236	236,068,236
<b>Basic EPS (Taka)</b>	<b>7.88</b>	<b>11.77</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 IAS-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>	2019	2018
Net profit after tax attributable to owners of the company (Taka)	1,860,634,923	2,778,779,562
Number of ordinary shares at the period end	236,068,236	214,607,488
Weighted Average number of ordinary shares outstanding during the year (Nos.)	236,068,236	236,068,236
Consolidated earnings per share (CEPS) (Taka)	7.88	11.77

EPS for the year 2018 has been restated based on the new weighted average number of ordinary shares in accordance with IAS 33.

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

<i>In Taka</i>	2019	2018
Total assets	52,553,623,783	39,944,699,984
Total liabilities	29,546,251,787	26,273,291,444
Net asset value (NAV)	23,007,371,996	13,671,408,540
Number of ordinary shares outstanding during the year	236,068,236	214,607,488
Net asset value per share (NAV) per share	97.46	63.70

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

<i>In Taka</i>	2019	2018
Total assets	91,067,184,337	76,596,706,008
Total liabilities	60,558,665,062	59,532,669,416
Consolidated net asset value (CNAV)	30,508,519,275	17,064,036,592
Less: Non-controlling interest	(7,501,147,279)	(3,392,628,051)
Assets attributable to owners of the company	23,007,371,996	13,671,408,541
Number of ordinary shares outstanding during the year	236,068,236	214,607,488
Consolidated net asset value per share (CNAV) per share	97.46	63.70

**15.00 Net operating cash flow per share**

<i>In Taka</i>	2019	2018
Net operating cash flow	664,158,211	(1,884,728,548)
Number of ordinary shares outstanding during the year	236,068,236	214,607,488
Net operating cash flow per share	2.81	(8.78)

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

<i>In Taka</i>	2019	2018
Net operating cash flow	9,352,086,233	(8,024,565,983)
Number of ordinary shares outstanding during the year	236,068,236	214,607,488
Net operating cash flow per share	39.62	(37.39)





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

<i>In Taka</i>	2019	2018
Net profit before tax	2,740,065,560	3,021,534,413
<b>Adjustments to reconcile net income with cash flows from operating activities:</b>		
Amortization	3,383,341	3,383,341
Gain/(loss) on sale of PPE	(793,429)	(2,313,631)
Depreciation	694,360,594	732,277,500
Unrealized foreign currency translation loss/(gain)	(963,344)	-
Share of (loss)/profit of equity accounted investee, net of tax	(1,060,711,269)	(983,548,441)
	(364,724,107)	(250,201,231)
<b>(Increase)/Decrease in Current Assets:</b>		
Inventories	(2,753,292,630)	(4,011,886,784)
Trade and other receivables	(1,214,420,852)	(220,800,787)
Advances and deposits	(197,638,563)	(269,525,758)
<b>Increase/(Decrease) in Current Liabilities:</b>		
Trade payables	2,324,100,719	(315,522,802)
Other Liabilities	135,412,213	(30,936,610)
Defined benefit obligations - Gratuity	35,745,679	39,027,665
Advance against sales	259,577,297	44,323,642
Liabilities for expenses	74,217,055	135,692,225
Provision for WPPF and Welfare Fund	(21,680,460)	48,304,424
	(1,357,979,542)	(4,581,324,786)
Income tax paid	(353,203,700)	(74,736,944)
<b>Net cash flow from operating activities</b>	<b>664,158,211</b>	<b>(1,884,728,548)</b>

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

<i>In Taka</i>	2019	2018
Net profit before tax	4,115,632,134	4,375,126,130
<b>Reconciliation of net income with cash flows from operating activities</b>		
Amortization	6,183,085	6,183,085
Gain/(loss) on sale of PPE	15,714,851	(2,307,321)
Depreciation	1,522,977,374	1,510,277,222
Unrealized foreign currency translation loss/(gain)	(995,913)	-
Share of (loss)/profit of equity accounted investee, net	(538,975,826)	(561,639,421)
	1,004,903,571	952,513,565
<b>(Increase)/Decrease in Current Assets:</b>		
Inventories	2,302,373,615	(6,456,934,987)
Trade and other receivables	1,155,597,578	(5,196,308,784)
Advances and deposits	(1,206,955,971)	(250,920,302)
<b>Increase/(Decrease) in Current Liabilities:</b>		
Trade payables	1,857,377,507	(500,670,194)
Other Liabilities	91,064,757	(215,448,659)
Defined benefit obligations - Gratuity	51,264,404	28,120,984
Advance against sales	265,342,831	65,680,010
Liabilities for expenses	129,769,094	211,656,875
Provision for WPPF and Welfare Fund	(14,755,491)	142,918,448
	4,631,078,323	(12,171,906,611)
Income tax paid	(399,527,794)	(1,180,299,067)
<b>Net cash flow from operating activities</b>	<b>9,352,086,233</b>	<b>(8,024,565,983)</b>





**17.00 Property, plant and equipment (PPE) - revalued model**

See accounting policy in note 50.03.

<i>In Taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited-HO	17.01	15,931,499,429	12,957,871,954
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		631,680	684,069
		15,932,131,109	12,958,556,023

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

<i>In Taka</i>	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 at 01 July 2017	3,938,501,502	7,301,402,105	46,827,461	2,958,969,643	142,149,876	36,795,371	36,688,229	19,685,499	387,667,390	14,868,687,076
Additions	16,662,327	189,032,934	13,170,862	296,192,001	62,026,932	637,607	2,597,918	3,317,842	117,699,958	701,338,379
Disposal/ transfer	-	-	(6,129,655)	-	-	(392,451)	(119,671)	(58,309)	(379,642,886)	(386,342,971)
<b>Balance as at 30 June 2018</b>	<b>3,955,163,829</b>	<b>7,490,435,039</b>	<b>53,868,668</b>	<b>3,255,161,644</b>	<b>204,176,808</b>	<b>37,040,527</b>	<b>39,166,476</b>	<b>22,945,032</b>	<b>125,724,462</b>	<b>15,183,682,484</b>
Balance as at 01 July 2018	3,955,163,829	7,490,435,039	53,868,668	3,255,161,644	204,176,808	37,040,527	39,166,476	22,945,032	125,724,462	15,183,682,484
Revaluation of land	3,480,930,388	-	-	-	-	-	-	-	-	3,480,930,388
Additions	5,570,177	148,185,745	5,172,754	34,100,416	48,639,982	4,446,445	1,501,097	1,435,084	65,842,183	314,893,883
Disposal/ transfer	-	(8,485,881)	(1,378,069)	-	-	(114,591)	(750,479)	(1,297,902)	(122,753,510)	(134,780,432)
<b>Balance as at 30 June 2019</b>	<b>7,441,664,394</b>	<b>7,630,134,903</b>	<b>57,663,353</b>	<b>3,289,262,060</b>	<b>252,816,790</b>	<b>41,372,381</b>	<b>39,917,094</b>	<b>23,082,214</b>	<b>68,813,135</b>	<b>18,844,726,323</b>
<b>Accumulated depreciation</b>										
Balance as at 01 July 2017	-	1,001,877,427	28,754,203	356,517,916	60,196,208	19,294,649	19,521,760	12,427,267	-	1,498,589,430
Charged for the year	-	495,544,571	8,266,538	193,171,018	17,236,920	6,766,594	7,292,483	3,999,376	-	732,277,500
Adjustment for disposal	-	-	(4,796,277)	-	-	(107,546)	(82,817)	(69,762)	-	(5,056,401)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>1,497,421,997</b>	<b>32,224,465</b>	<b>549,688,934</b>	<b>77,433,128</b>	<b>25,953,697</b>	<b>26,731,426</b>	<b>16,356,881</b>	<b>-</b>	<b>2,225,810,529</b>
Balance as at 01 July 2018	-	1,497,421,997	32,224,465	549,688,934	77,433,128	25,953,697	26,731,426	16,356,881	-	2,225,810,529
Charged for the year	-	502,791,968	6,560,479	157,613,886	15,153,820	5,036,244	5,080,956	2,123,241	-	694,360,594
Adjustment for disposal	-	(3,824,023)	(1,214,943)	-	-	(55,164)	(607,453)	(1,242,646)	-	(6,944,230)
<b>Balance as at 30 June 2019</b>	<b>-</b>	<b>1,996,389,942</b>	<b>37,570,001</b>	<b>707,302,820</b>	<b>92,586,948</b>	<b>30,934,776</b>	<b>31,204,929</b>	<b>17,237,476</b>	<b>-</b>	<b>2,913,226,893</b>
<b>Carrying amount</b>										
As at 30 June 2018	3,955,163,829	5,993,013,041	21,644,203	2,705,472,709	126,743,680	11,086,830	12,435,050	6,588,150	125,724,462	12,957,871,954
<b>As at 30 June 2019</b>	<b>7,441,664,394</b>	<b>5,633,744,960</b>	<b>20,093,351</b>	<b>2,581,959,239</b>	<b>160,229,842</b>	<b>10,437,605</b>	<b>8,712,165</b>	<b>5,844,738</b>	<b>68,813,135</b>	<b>15,931,499,429</b>

**Depreciation allocation:**

<i>In Taka</i>	2019	2018
Cost of sales	648,642,171	686,712,144
Selling & distribution costs	41,126,730	36,942,442
Administrative costs	4,591,693	8,622,915
<b>Total</b>	<b>694,360,594</b>	<b>732,277,501</b>





**17.02 Property, plant and equipment (PPE) - cost model**

<i>In Taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited-HO	17.03	10,490,721,469	10,958,567,690
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		631,680	684,069
		<b>10,491,353,149</b>	<b>10,959,251,759</b>

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

<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 at 01 July 2017	1,955,884,469	8,149,849,895	76,029,612	3,088,678,957	142,149,876	51,031,756	53,686,725	19,685,499	387,667,390	13,924,664,179
Additions	16,662,327	189,032,934	13,170,862	296,192,001	62,026,932	637,607	2,597,918	3,317,842	117,699,958	701,338,379
Disposal/ transfer	-	-	(5,500,858)	-	-	(392,451)	(119,671)	(58,309)	(379,642,886)	(385,714,174)
Balance as at 30 June 2018	1,972,546,796	8,338,882,829	83,699,616	3,384,870,958	204,176,808	51,276,912	56,164,972	22,945,032	125,724,462	14,240,288,384
Balance as at 01 July 2018	1,972,546,796	8,338,882,829	83,699,616	3,384,870,958	204,176,808	51,276,912	56,164,972	22,945,032	125,724,462	14,240,288,384
Additions	5,570,177	148,185,745	5,172,754	34,100,416	48,639,982	4,446,445	1,501,097	1,435,084	65,842,183	314,893,883
Disposal/ transfer	-	(8,065,992)	(1,378,069)	-	-	(114,591)	(750,479)	(1,297,902)	(122,753,510)	(134,360,543)
Balance as at 30 June 2019	1,978,116,973	8,479,002,582	87,494,301	3,418,971,374	252,816,790	55,608,766	56,915,590	23,082,214	68,813,135	14,420,821,724
<b>Accumulated depreciation</b>										
Balance as at 01 July 2017	-	1,850,268,509	48,847,205	575,162,519	60,196,208	33,914,624	32,931,071	12,427,255	-	2,613,747,391
Charged for the year	-	470,636,363	5,640,704	163,154,359	17,236,920	6,402,950	5,959,032	3,999,376	-	673,029,704
Adjustment for disposal	-	-	(4,796,277)	-	-	(107,546)	(82,817)	(69,762)	-	(5,056,401)
Balance as at 30 June 2018	-	2,320,904,872	49,691,632	738,316,878	77,433,128	40,210,028	38,807,287	16,356,869	-	3,281,720,694
Balance as at 01 July 2018	-	2,320,904,872	49,691,632	738,316,878	77,433,128	40,210,028	38,807,287	16,356,869	-	3,281,720,694
Charged for the year	-	478,400,167	6,141,658	143,512,790	15,153,820	5,036,244	4,955,872	2,123,241	-	655,323,791
Adjustment for disposal	-	(3,824,023)	(1,214,943)	-	-	(55,164)	(607,453)	(1,242,646)	-	(6,944,230)
Balance as at 30 June 2019	-	2,795,481,016	54,618,346	881,829,668	92,586,948	45,191,107	43,155,706	17,237,464	-	3,930,100,256
<b>Carrying amount</b>										
As at 30 June 2018	1,972,546,796	6,017,977,957	34,007,985	2,646,554,080	126,743,680	11,066,884	17,357,685	6,588,162	125,724,462	10,958,567,690
As at 30 June 2019	1,978,116,973	5,683,521,566	32,875,955	2,537,141,706	160,229,842	10,417,658	13,759,884	5,844,750	68,813,135	10,490,721,469





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

<i>In Taka</i>	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 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)
Balance as at 30 June 2018	7,628,466,021	19,188,591,478	82,693,417	7,311,983,424	1,268,078,909	109,009,804	144,834,033	38,025,728	211,996,888	35,983,679,701
Balance as at 01 July 2018	7,628,466,021	19,188,591,478	82,693,417	7,311,983,424	1,268,078,909	109,009,804	144,834,033	38,025,728	211,996,888	35,983,679,701
Revaluation of land	10,030,848,587	-	-	-	-	-	-	-	-	10,030,848,587
Additions	19,530,414	368,627,179	5,172,754	71,473,405	69,825,802	5,844,947	5,619,186	4,709,020	305,977,251	856,779,959
Disposal/ transfer	(447,942,744)	(26,999,986)	(3,384,426)	-	-	(114,591)	(750,479)	(1,297,902)	(176,968,608)	(657,458,736)
Balance as at 30 June 2019	17,230,902,278	19,530,218,671	84,481,745	7,383,456,829	1,337,904,711	114,740,160	149,702,740	41,436,846	341,005,531	46,213,849,511
<b>Accumulated depreciation</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)	(69,762)	-	(9,683,232)
Balance as at 30 June 2018	-	2,977,416,232	51,030,808	877,207,793	208,540,546	47,454,524	61,731,622	23,420,474	-	4,246,801,999
Balance as at 01 July 2018	-	2,977,416,232	51,030,808	877,207,793	208,540,546	47,454,524	61,731,622	23,420,474	-	4,246,801,999
Charged for the year	-	1,105,302,344	9,128,720	310,325,659	51,318,370	18,364,064	23,627,722	4,916,333	-	1,522,983,212
Adjustment for disposal	-	(6,992,737)	(3,221,300)	-	-	(55,164)	(607,453)	(1,242,646)	-	(12,119,301)
Balance as at 30 June 2019	-	4,075,725,839	56,938,229	1,187,533,452	259,858,916	65,763,423	84,751,891	27,094,161	-	5,757,665,910
<b>Carrying amount</b>										
As at 30 June 2018	7,628,466,021	16,211,175,245	31,662,609	6,434,775,630	1,059,538,363	61,555,280	83,102,411	14,605,254	211,996,888	31,736,877,702
As at 30 June 2019	17,230,902,278	15,454,492,832	27,543,516	6,195,923,376	1,078,045,795	48,976,737	64,950,849	14,342,685	341,005,531	40,456,183,600





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

<i>In Taka</i>	Note	2019	2018
Bangladesh Steel Re-Rolling Mills Limited-HO	17.03	10,490,721,469	10,958,567,690
BSRM Steel Mills Limited		16,048,643,598	16,485,442,007
BSRM (Hong Kong) Limited		590,625	-
	17.a.ii	26,539,955,692	27,444,009,697
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		631,680	684,069
		26,540,587,372	27,444,693,766

## 17.a.ii Bangladesh Steel Re-Rolling Mills Limited-HO, BSRM Steel Mills Limited and BSRM (Hong Kong) 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 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)
Balance as at 30 June 2018	3,352,969,316	20,037,039,268	112,524,365	7,441,692,738	1,268,078,909	123,246,189	161,832,529	38,025,729	211,996,888	32,747,405,930
Balance as at 01 July 2018	3,352,969,316	20,037,039,268	112,524,365	7,441,692,738	1,268,078,909	123,246,189	161,832,529	38,025,729	211,996,888	32,747,405,930
Additions	19,530,414	368,627,179	5,172,754	71,473,405	69,825,802	5,844,947	5,619,186	4,709,020	305,977,251	856,779,959
Disposal	(79,963,141)	(26,580,097)	(3,384,426)	-	-	(114,591)	(750,479)	(1,297,902)	(176,968,608)	(289,059,244)
Balance as at 30 June 2019	3,292,536,590	20,379,086,350	114,312,692	7,513,166,143	1,337,904,711	128,976,545	166,701,236	41,436,847	341,005,531	33,315,126,645
<b>Accumulated depreciation</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)
Balance as at 30 June 2018	-	3,800,899,107	68,497,975	1,065,835,737	208,540,546	61,710,855	73,807,482	23,420,462	-	5,302,712,164
Balance as at 01 July 2018	-	3,800,899,107	68,497,975	1,065,835,737	208,540,546	61,710,855	73,807,482	23,420,462	-	5,302,712,164
Charged for the year	-	1,080,910,543	8,709,899	296,224,564	51,318,370	18,364,064	23,502,638	4,916,333	-	1,483,946,410
Adjustment for disposal	-	(6,992,737)	(3,221,300)	-	-	(55,164)	(607,453)	(1,242,646)	-	(12,119,301)
Balance as at 30 June 2019	-	4,874,816,913	73,986,574	1,362,060,300	259,858,916	80,019,755	96,702,667	27,094,149	-	6,774,539,273
<b>Carrying amount</b>										
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
As at 30 June 2019	3,292,536,590	15,504,269,437	40,326,119	6,151,105,842	1,078,045,795	48,956,790	69,998,569	14,342,699	341,005,531	26,540,587,372





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

All the revaluations made against property, plant and equipment are summarized below:

Revaluation period	Class of assets revalued	Valuation method	Effective date	Valuer	Recognized into FS	Net revaluation gain
2008	All Property, plant and equipment	Replacement cost and net realizable value method	31-Dec-06	Hoda Vasi Chowdhury & Co., Chartered Accountants.	Beginning of 2008	1,673,400,176
2012			31-Dec-12		Beginning of 2012	2,004,256,895
2019*	Land and land developments	Net realizable value/fair market value method	30-Jun-19	ACNABIN, Chartered Accountants.	30 June 2019	3,480,930,388

\* Summary of the revaluation report provided by valuer has been enclosed in Annexure-A.

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 50.04.

30 June 2019

<i>In Taka</i>	Opening balance	Incurred during the year	Capitalized	Closing balance
Factory building and shed	28,856,069	19,070,511	(32,235,208)	15,691,372
Plant and machineries	54,729,004	34,791,022	(41,840,820)	47,679,206
Boundary wall, drainage System, roads and pavement	42,101,889	11,423,796	(48,639,982)	4,885,703
Motor vehicles	37,500	-	(37,500)	-
IT Equipment	-	556,854	-	556,854
	125,724,462	65,842,183	(122,753,510)	68,813,135

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)	-
	387,667,390	117,699,958	(379,642,886)	125,724,462

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 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	18.00	68,813,135	125,724,462
BSRM Steel Mills Limited		272,192,396	86,272,426
		341,005,531	211,996,888





Notes to the separate and consolidated financial statements (continued)

**19.00 Intangible assets**

See accounting policy in note 50.05.

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	19.01	18,413,720	21,797,061
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>18,413,720</b>	<b>21,797,061</b>

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

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Computer Software (Oracle ERP)	19.02	18,413,720	21,797,061
		<b>18,413,720</b>	<b>21,797,061</b>

**19.02 Intangible assets schedule**

<i>In Taka</i>	<b>Computer Software (Oracle ERP)</b>
<b>Cost</b>	
Opening balance on 1 July 2017	33,833,413
Additions	-
Closing balance on 30 June 2018	33,833,413
Opening balance on 1 July 2018	33,833,413
Additions	-
Closing balance on 30 June 2019	<b>33,833,413</b>
<b>Accumulated amortization</b>	
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
Opening balance on 1 July 2018	12,036,352
Add: Amortized during the year	3,383,341
Closing balance on 30 June 2019	<b>15,419,693</b>
Carrying amount on 30 June 2018	21,797,061
Carrying amount on 30 June 2019	<b>18,413,720</b>

**19.a Consolidated intangible assets**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	19.00	18,413,720	21,797,061
BSRM Steel Mills Limited		15,165,277	17,965,021
		<b>33,578,997</b>	<b>39,762,082</b>

**20.00 Investment in subsidiaries and associate**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
<b>Subsidiary company</b>			
BSRM Steel Mills Limited (BSML)	20.01	6,131,510,260	2,772,054,637
BSRM (Hong Kong) Limited (BSRM HK)	20.01	(6,763,215)	10
<b>Joint-Venture</b>			
BMS Steel Limited (BMS)	20.01	2,281,500	-
<b>Associate company</b>			
In associate company-BSRM Steels Limited (BSL)	20.01	6,517,215,641	3,994,597,901
		<b>12,644,244,186</b>	<b>6,766,652,548</b>





## 20.01 Movement of Investment in Associate and Subsidiary

In Taka	30 June 2019			
	BSL	BSML	BSRM HK	BMS
Opening balance	3,994,597,901	2,772,054,637	10	-
Investment made	-	-	-	2,281,500
<b>Addition/adjustments during the year:</b>				
Share of profit / (loss) of equity accounted	538,975,826	528,498,668	(6,763,225)	-
Share of other comprehensive income (revaluation of land-net of tax)	2,088,818,434	2,830,956,955	-	-
Transfer of Deferred Tax to Retained Earnings due to excess depreciation between cost and revalued model of equity accounted investees	1,417,671	-	-	-
Cash dividend received	(106,594,191)	-	-	-
<b>Closing balance</b>	<b>6,517,215,641</b>	<b>6,131,510,260</b>	<b>(6,763,215)</b>	<b>2,281,500</b>

In Taka	30 June 2018			
	BSL	BSML	BSRM HK	BMS
Opening balance	3,593,907,671	2,350,145,618	-	-
Investment made	-	-	10	-
<b>Addition/adjustments during the year:</b>				
Share of profit / (loss) of equity accounted Investees	561,639,421	421,909,020	-	-
Share of other comprehensive income	(1,057,931)	-	-	-
Effect of revaluation and deferred tax on retained earnings of associates	-	-	-	-
Cash dividend received	(159,891,260)	-	-	-
<b>Closing balance</b>	<b>3,994,597,901</b>	<b>2,772,054,637</b>	<b>10</b>	<b>-</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:

In Taka	30 June 2019	30 June 2018
Non-current assets	24,538,627,142	18,796,286,699
Current assets	21,096,466,389	21,288,220,141
<b>Total assets</b>	<b>45,635,093,531</b>	<b>40,084,506,840</b>
Share capital	3,944,354,000	3,944,354,000
Retained earnings	1,470,739,725	(72,550,981)
Revaluation reserve	8,220,573,719	2,292,879,671
<b>Total equity</b>	<b>13,635,667,444</b>	<b>6,164,682,690</b>
Non-current liabilities	3,488,642,506	4,535,123,950
Current liabilities	28,510,783,581	29,384,700,200
<b>Total liabilities</b>	<b>31,999,426,087</b>	<b>33,919,824,150</b>
<b>Total Equity &amp; Liabilities</b>	<b>45,635,093,531</b>	<b>40,084,506,840</b>
<b>Net Assets Value (NAV) per share</b>	<b>34.57</b>	<b>15.63</b>
Revenue	53,407,280,472	45,888,262,116
Other operating and non-operating income/(Loss)	386,425,859	375,067,914
Expenses	(52,618,395,228)	(45,325,060,201)
Other comprehensive income for the year	6,295,673,651	-
<b>Total comprehensive income for the year</b>	<b>7,470,984,754</b>	<b>938,269,829</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. 117,253,590 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 IAS 28: Investments in Associates and Joint Ventures. Reporting date of BSL is 30 June.

**Summary of financial information of associate:**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Non-current assets	<b>26,793,863,440</b>	13,995,010,582
Current assets	<b>39,014,321,356</b>	31,685,544,730
<b>Total assets</b>	<b>65,808,184,796</b>	45,680,555,312
Share capital	<b>3,759,525,000</b>	3,417,750,000
Retained earnings	<b>9,196,763,654</b>	6,777,298,362
Revaluation reserve	<b>7,940,930,965</b>	2,613,852,170
<b>Equity attributable to owners of the company</b>	<b>20,897,219,619</b>	12,808,900,532
Non- controlling interest	-	-
<b>Shareholders' equity</b>	<b>20,897,219,619</b>	12,808,900,532
Non-current liabilities	<b>11,022,783,557</b>	3,072,279,686
Current liabilities	<b>33,888,181,620</b>	29,799,375,094
<b>Total liabilities</b>	<b>44,910,965,177</b>	32,871,654,780
<b>Total Equity &amp; Liabilities</b>	<b>65,808,184,796</b>	45,680,555,312
<b>Net Assets Value (NAV) per share</b>	<b>55.58</b>	37.48
	<b>30 June 2019</b>	<b>30 June 2018</b>
Revenue	<b>61,060,152,014</b>	48,289,925,736
Other income	<b>1,328,202,815</b>	1,290,257,134
Expenses	<b>(60,660,226,005)</b>	(47,779,387,312)
<b>Profit for the year</b>	<b>1,728,128,824</b>	1,800,795,558
Non-controlling interest	-	-
<b>Profit attributable to the owners of the company</b>	<b>1,728,128,824</b>	1,800,795,558
Other comprehensive income	<b>6,697,419,758</b>	(3,392,066)
<b>Total Comprehensive income attributable to owners of the company</b>	<b>8,425,548,581</b>	1,797,403,492

The market price of the Ordinary shares of BSRM Steels Limited (BSL) was Tk. 57.80 per share on 30 June 2019. Fair value of investments in BSL for 117,253,590 numbers of share has been estimated at Tk. 6,777,257,502.

Out of 117,253,590 nos. ordinary shares of BSL, 3,000,000 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, 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 equity-accounted investees**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
BSRM Steel Limited (BSL)	20.01	<b>6,517,215,641</b>	3,994,597,901
BMS Steel Limited (BMS)	20.01	<b>2,281,500</b>	-
		<b>6,519,497,141</b>	3,994,597,901

**21.00 Other investments**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	21.01	<b>116,814,404</b>	122,190,354
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		<b>116,814,404</b>	122,190,354





Notes to the separate and consolidated financial statements (continued)

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Investment in non-tradable shares at cost	21.02	1,000,300	1,000,300
Investments in fixed deposits receipts	21.03	115,814,104	121,190,054
		116,814,404	122,190,354

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

<i>In Taka</i>	30 June 2019	30 June 2018
Islamic Steamship Co. Limited	300	300
STS Holdings Limited	1,000,000	1,000,000
	1,000,300	1,000,300

**21.03 Investments in fixed deposits receipts**

<i>In Taka</i>	Tenure	Purpose	Rate of Interest	30 June 2019	30 June 2018
Mercantile Bank Ltd.	1 year	Guarantee	7%-8%	4,176,632	3,902,725
Standard Chartered Bank Ltd.	1 year	L/C Margin	7.00%	54,984,914	51,777,310
State Bank of India	1 year	L/C Margin	7.00%	2,098,598	2,009,070
IFIC Bank Ltd.	1 year	L/C Margin	7.50%	5,389,129	5,068,718
International Leasing and Financial Services Limited	1 year	Security deposit	12.50%	32,553,234	29,961,232
Fareast Finance and Investment Limited	1 year	Security deposit	10.00%	16,611,597	28,471,000
				115,814,104	121,190,054

**21.a Consolidated other investments**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	21.00	116,814,404	122,190,354
BSRM Steel Mills Limited		-	-
		116,814,404	122,190,354

**22.00 Short term investment**

See accounting policy in note 50.09.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	22.01	146,794,158	50,220,680
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		146,794,158	50,220,680

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Investment in tradeable securities at fair value	22.02	582,176	363,523
Investments in fixed deposit receipts	22.04	146,211,982	49,857,158
		146,794,158	50,220,680

**22.02 Investment in tradable securities at fair value**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Opening balance		363,523	407,795
Sold during the year		-	-
Change in fair value of tradable securities	22.03	218,653	(44,272)
Closing balance		582,176	363,523





**22.03 Fair Value of Tradable Securities**

<i>In Taka</i>	Cost	Fair Value as at 30 June 2018	Fair Value as at 30 June 2019	Increase/ (Decrease)
Eastern Insurance Co. Limited	179,550	56,490	94,080	37,590
Pragati Life Insurance Limited	497,480	151,810	232,834	81,024
Progress Life Insurance Limited	319,605	155,223	255,262	100,039
	996,635	363,523	582,176	218,653

**22.04 Investments in fixed deposit receipts**

<i>In Taka</i>	Tenure	Purpose	Rate of Interest	30 June 2019	30 June 2018
Al-Arafah Islami Bank Ltd.	6 months	L/C Margin	6.23% to 6.7%	790,721	12,978,529
Commercial Bank of Ceylon PLC	6 months	L/C Margin	7.00%	24,602,661	21,225,454
Habib Bank Ltd.	6 months	L/C Margin	8.50%	5,085,483	1,782,382
Pubali Bank Ltd.	6 months	L/C Margin	6.00%	55,834,184	7,711,265
State Bank of India	6 months	L/C Margin	7.50%	1,388,596	1,308,727
Shahjalal Islami Bank Ltd.	6 months	L/C Margin	7.00%	800,000	
The City Bank Limited	6 months	Investment	6.00%	53,927,475	1,350,801
Lanka Bangla Finance Ltd.	6 months	Security deposit	8.75-9.50%	3,782,862	3,500,000
				146,211,982	49,857,158

**22.a Consolidated short term investment**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	22.00	146,794,158	50,220,680
BSRM Steel Mills Limited		1,723,216,461	1,316,920,481
		1,870,010,619	1,367,141,161

**23.00 Inventories**

See accounting policy in note 50.06.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	23.01	16,190,515,654	13,413,810,986
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		27,416,184	28,509,068
Portion of unrealized profit (PURP)- Associate	5.00	(19,859,817)	-
Portion of unrealized profit (PURP)- Subsidiary	5.00	(2,459,337)	-
		16,195,612,684	13,442,320,054

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

<i>In Taka</i>		30 June 2019	30 June 2018
	<u>Qty.</u> <u>Metric Ton</u>	<u>Amount</u> <u>Taka</u>	<u>Amount</u> <u>Taka</u>
<b>Raw Material</b>			
Raw Materials-Billets	82,119	4,256,401,602	5,471,219,241
Raw Materials-Scraps	65,420	2,172,557,571	1,300,710,930
	147,539	6,428,959,173	6,771,930,172
<b>Work-in-process</b>		-	-
<b>Finished Goods</b>			
Finished Goods-Own production	127,263	7,242,677,339	4,871,752,108
Finished Goods-Procured	8,993	430,566,294	269,293,231
	136,255	7,673,243,633	5,141,045,339
<b>Stores and Spares</b>			
Mechanical stores		1,096,860,781	816,334,488
M.S. Roll		145,208,878	165,793,081
Electrical stores		410,876,693	338,353,155
General stores		32,883,427	5,870,807
Consumable stores		385,659,531	157,457,641
		2,071,489,310	1,483,809,171
<b>Fuel and lubricants</b>		16,823,538	17,026,304
		16,190,515,654	13,413,810,986



Notes to the separate and consolidated financial statements (continued)

**23.a Consolidated inventories**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	23.00	16,195,612,684	13,442,320,054
BSRM Steel Mills Limited		4,943,908,402	9,996,564,744
Unrealized profit elimination (added as subsidiaries portion which was deducted in separate FS)		2,459,337	-
Portion of unrealized profit (PURP)		(5,469,240)	-
		21,136,511,183	23,438,884,798

**24.00 Trade and Other Receivables**

See accounting policy in note 50.09.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	24.01	3,421,648,147	2,275,689,106
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		149,165,085	80,703,274
		3,570,813,232	2,356,392,380

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Trade Receivables	24.02	3,312,279,860	2,081,633,455
Other Receivables	24.04	109,368,287	194,055,651
		3,421,648,147	2,275,689,106

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

**24.02 Trade Receivables**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
BSRM Steels Limited		1,941,826	323,190
BSRM Wires Limited		4,959,660	-
BSRM Logistics Limited		-	-
BSRM Steel Mills Limited		1,605,001	-
H. Akberali & Co. Limited		23,068	-
Other Parties	24.03	3,304,841,307	2,082,401,267
		3,313,370,862	2,082,724,457
Less: Provision for doubtful debt		(1,091,002)	(1,091,002)
		3,312,279,860	2,081,633,455

**24.03** Out of these receivables, there are pending litigations against 28 parties having receivables of Tk. 24,206,181. 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 2019.

**24.04 Other Receivables**

<i>In Taka</i>	30 June 2019	30 June 2018
Interest Receivables	46,891,023	69,625,880
DEDO and Others Receivables	62,477,264	124,429,771
	109,368,287	194,055,651

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

<i>In Taka</i>	30 June 2019	30 June 2018
Not yet due	1,872,137,060	899,811,797
Less than 3 months	977,638,876	908,438,860
Over 3 months but less than 6 months	241,478,963	147,040,570
Over 6 months	222,115,963	127,433,230
	3,313,370,862	2,082,724,457

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	24.00	3,570,813,232	2,356,392,380
BSRM Steel Mills Limited		3,944,372,052	5,837,890,746
BSRM (Hong Kong) Limited		5,815,493	-
Less: Intra group receivables		(483,454,754)	(1,139,525)
		7,037,546,023	8,193,143,601





**25.00 Current account with related companies**

<i>In Taka</i>	30 June 2019	30 June 2018
BSRM Logistics Limited	184,817,888	155,419,888
BSRM Wires Limited	245,140,516	70,388,950
Chittagong Power Company Limited	23,537,926	24,485,176
H. Akberali & Co. Limited	14,212,187	289,250,865
BSRM Steel Mills Limited	508,809,637	659,306,643
BSRM (Hong Kong) Limited (BSRM HK)	9,459,358	-
BSRM Ispat Limited	-	328,365,077
BSRM Steels Limited	-	-
BSRM Real Estates Limited	-	8,143,000
East Bengal Trading & Industries Corporation Limited	-	2,600,000
Section Steel Industries Limited	-	-
	<b>985,977,512</b>	<b>1,537,959,598</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 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	25.00	985,977,512	1,537,959,598
BSRM Steel Mills Limited		7,089,488,125	1,697,861,774
Less: Intra group elimination		(518,268,995)	(659,306,643)
		<b>7,557,196,642</b>	<b>2,576,514,730</b>

**26.00 Advances and deposits**

See accounting policy in note 50.09.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	26.01	2,116,330,575	1,964,252,622
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		64,935,492	19,374,882
		<b>2,181,266,067</b>	<b>1,983,627,504</b>

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Advances	26.02	2,070,751,948	1,916,648,428
Deposits	26.03	45,578,627	47,604,194
		<b>2,116,330,575</b>	<b>1,964,252,622</b>

**26.02 Advances**

<i>In Taka</i>	30 June 2019	30 June 2018
For capital expenditure	146,402,193	75,959,496
For revenue expenses	52,879,331	28,180,130
For scrap purchase and others	9,253,395	12,346,684
For store and spares	49,192,092	80,689,344
Godown rent	892,637	1,047,645
Income tax	1,165,851,084	1,158,206,639
L/C margin	39,149,169	32,855,498
Land	352,492,039	326,937,906
Staff loan against salary	4,310,962	6,059,325
VAT current account	223,406,514	102,891,447
Western Marine Shipyard Limited	20,000,000	20,000,000
Advance tax (VAT)	6,922,532	-
Against L/C	-	70,919,218
Preliminary expenses	-	555,096
	<b>2,070,751,948</b>	<b>1,916,648,428</b>





**26.03 Deposits**

<i>In Taka</i>	30 June 2019	30 June 2018
Bangladesh Ansar and VDP	373,993	373,993
Bank guarantee to Customs authority	2,592,101	1,997,161
Bureau of Indian Standard	2,418,000	2,418,000
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	1,648,126	1,786,227
Power Development Board	13,949,368	13,933,368
T & T and others	191,444	191,444
WASA	500,000	500,000
Refundable security deposits for IPO	500,000	-
Bank guarantee to Karnaphuli Gas Distribution Co. Limited	-	2,498,406
Central Depository Bangladesh Limited	-	500,000
Regulatory Authority	-	-
	<b>45,578,627</b>	<b>47,604,194</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 against these are required at this stage.

**26.a Consolidated advances and deposits**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	26.00	2,181,266,067	1,983,627,504
BSRM Steel Mills Limited		3,372,702,438	2,364,533,030
BSRM (Hong Kong) Limited		1,148,000	-
		<b>5,555,116,505</b>	<b>4,348,160,534</b>

**27.00 Cash and cash equivalents**

See accounting policy in note 50.09.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	27.01	751,904,996	691,932,771
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		9,651,715	13,051,010
		<b>761,556,711</b>	<b>704,983,780</b>

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Cash in hand	27.02	2,646,559	1,414,855
Cash at banks	27.03	262,800,672	240,083,659
Fixed deposit	27.05	486,457,765	450,434,257
		<b>751,904,996</b>	<b>691,932,771</b>

**27.02 Cash In hand**

<i>In Taka</i>	30 June 2019	30 June 2018
Corporate office	174,555	228,757
Factory office	2,334,999	859,570
Dhaka office	37,005	226,528
Mirsarai office (Warehouse)	100,000	100,000
	<b>2,646,559</b>	<b>1,414,855</b>





## 27.03 Cash at Banks

<i>In Taka</i>	Branch	Account type	Currency		30 June 2019	30 June 2018
AB Bank Limited	Agrabad	CD	BDT		651	25,673
AB Bank Limited	Agrabad	CD	USD		100,409,316	-
Agrani Bank Limited	Laldighi East	CD	BDT		12,364	17,055
Agrani Bank Limited	Laldighi East	CD	USD		120,898,059	119,006,401
Al-Arafah Islami Bank Limited	Agrabad	CD	BDT		10,337,740	931,328
Bank Alfalah Limited	Agrabad	CD	BDT	*	(101,200,541)	330,744
Bank Asia Limited	Agrabad	CD	BDT		1,057,597	41,352
BASIC Bank Limited	Dewanhat	CD	BDT		186,206	960,014
BRAC Bank Limited	Agrabad	CD	BDT		96,307	-
Commercial Bank of Ceylon PLC	Agrabad	CD	BDT		27,439	79,812
Dhaka Bank Limited	Jubilee Road	CD	BDT		831,110	688,594
Dutch Bangla Bank Limited	Jubilee Road	CD	BDT		10,062,727	1,150,911
Eastern Bank Limited	Agrabad	Escrow	BDT		130,772	9,702
Eastern Bank Limited	Agrabad	CD	BDT		448	410,240
EXIM Bank Limited	CDA Avenue	CD	BDT		12,318,239	1,752,230
HSBC	Agrabad	CD	BDT		13,815,002	(8,467,718)
HSBC	Agrabad	ERQ	USD		33,530	33,431
IFIC Bank Limited	Agrabad	CD	BDT		35,799	29,931
Islami Bank Bangladesh Limited	Jubilee Road	CD	BDT		3,148,699	14,215,455
Jamuna Bank Limited	Khatunjonj	CD	BDT		146,509	10,949
Janata Bank Limited	Laldighi East	CD	BDT		3,867,611	5,329,430
Mercantile Bank Limited	Jubilee Road	CD	BDT		17,054	-
Mercantile Bank Limited	Jubilee Road	CD	BDT		-	-
Midland Bank Limited	Agrabad	CD	BDT		14,450	88,256
Mutual Trust Bank Limited	Jubilee Road	CD	BDT		724,103	1,071,265
National Bank Limited	Jubilee Road	CD	BDT		86,789	86,778
NCC Bank Limited	Agrabad	CD	BDT	*	(9,600,721)	(864,227)
NRB Commercial Bank Limited	Agrabad	CD	BDT		1,728,461	1,363,612
NCC Bank Limited	Agrabad	ERQ	USD		23,482,434	23,778,627
NCC Bank Limited	Agrabad	FCY CD	USD		24,692,771	30,932,025
One Bank Limited	Agrabad	CD	BDT	*	(135,165)	384,860
One Bank Limited	Agrabad	Escrow	BDT		-	483,008
Premier Bank Limited	O.R Nizam Road	CD	BDT		611,481	2,400,589
Prime Bank Limited	O.R Nizam Road	CD	BDT		2,634,274	1,299,394
Prime Bank Limited	Agrabad	Escrow	BDT		348,691	194,141
Shahjalal Islami Bank Limited	Jubilee Road	CD	BDT		66,294	29,429
Social Islami Bank Limited	Jubilee Road	CD	BDT		2,528,269	17,840,307
Sonali Bank Limited	Kalibari	CD	BDT		80,854	82,004
Sonali Bank Limited	Laldighi East	CD	BDT		19,190,614	-
Southeast Bank Limited	CDA Avenue	CD	BDT		2,174,945	4,604,054
Southeast Bank Limited	Pahartali	CD	BDT		2,871,873	3,903,370
Standard Bank Limited	Sadarghat Road	CD	BDT		75,603	3,223
Standard Chartered Bank	Dhaka	CD	BDT		175,545	61,666
State Bank of India	Agrabad	CD	BDT		62,472	24,000
The City Bank Limited	Agrabad	CD	BDT		574,060	2,411,422
The City Bank Limited	Agrabad	FCY CD	USD		306,089	-
Trust Bank Limited	CDA Avenue	CD	BDT		49,755	452,581
Uttara Bank Limited	Agrabad	CD	BDT		98,275	99,425
United Commercial Bank Limited	Jubilee Road	CD	BDT		10,985,852	11,324,771
United Commercial Bank Limited	Jubilee Road	Escrow	BDT		1,052,283	634
<b>Sub total</b>					<b>261,112,989</b>	<b>238,610,744</b>

<i>In Taka</i>	Branch	Account type	Currency	Note	30 June 2019	30 June 2018
Mutual Trust Bank Limited	Dilkusha	CD	USD	27.04	694,579	692,529
Mutual Trust Bank Limited	Dilkusha	CD	Pound	27.04	45,759	47,296
Mutual Trust Bank Limited	Dilkusha	Escrow	BDT	27.04	443,315	455,261
Mutual Trust Bank Limited	Dilkusha	CD	EURO	27.04	15,704	15,952
Standard Chartered Bank	Agrabad	CD	BDT	27.04	488,326	261,877
<b>Sub total</b>					<b>1,687,683</b>	<b>1,472,915</b>
<b>Grand Total</b>					<b>262,800,672</b>	<b>240,083,659</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>	<b>Tenure</b>	<b>Purpose</b>	<b>Rate of Interest</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
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
Commercial Bank of Ceylon PLC	3 months	L/C Margin	5.00%	-	2,171,568
Dutch Bangla Bank Limited	3 months	L/C Margin	4.00%	17,761,854	13,548,288
Dhaka Bank Limited	3 months	Investment	5.50%	40,634,572	29,234,511
IFIC Bank Limited	3 months	L/C Margin	5.50%	33,559,261	31,203,934
Islami Bank Bangladesh Ltd	3 months	L/C Margin	6.00%	12,583,776	11,895,000
Habib Bank Limited	3 Months	L/C Margin	6.00%	4,487,317	4,249,820
Mercantile Bank Limited	3 months	L/C Margin	6.00%	46,493,848	17,306,577
National Bank Limited	3 Months	L/C Margin	6.00%	5,658,220	13,081,500
NCC Bank Limited	3 Months	L/C Margin	1.00% to 7.00%	277,834,777	260,970,676
The City Bank Limited	3 Months	L/C Margin	4.00% to 4.95%	-	37,262,562
Sonali Bank Limited	3 Months	L/C Margin	5.50%	16,021,991	-
Trust Bank Limited	3 Months	L/C Margin	6.00%	6,744,850	-
United Commercial Bank Ltd.	3 Months	L/C Margin	7.00%	24,677,299	23,743,175
				<b>486,457,765</b>	<b>450,434,257</b>

**27.a Consolidated cash and cash equivalents**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	27.00	761,556,711	704,983,780
BSRM Steel Mills Limited		22,778,911	74,449,366
BSRM (Hong Kong) Limited		393,601	-
		<b>784,729,223</b>	<b>779,433,146</b>





**28.00 Share capital**

See accounting policy in note 50.16.

*In Taka*

30 June 2019

30 June 2018

**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	195,097,710
2,1460,748 Ordinary shares @ Tk. 10 each fully paid-up as Bonus Shares	214,607,480	-
	2,360,682,360	2,146,074,880

**28.01 Classification of shares by holding at 30 June 2019**

Class by number of shares	No. of holders	No. of shares	Holding (%)
Less than 500	4,906	852,249	0.36%
From 500 to 5,000	4,358	7,207,908	3.05%
From 5,001 to 10,000	516	3,689,501	1.56%
From 10,001 to 20,000	268	3,718,034	1.57%
From 20,001 to 30,000	88	2,163,325	0.92%
From 30,001 to 40,000	33	1,168,416	0.49%
From 40,001 to 50,000	24	1,107,275	0.47%
From 50,001 to 100,000	46	3,267,071	1.38%
From 100,001 to 1,000,000	52	13,421,271	5.69%
From 1,000,001 and above	19	199,473,186	84.50%
	10,310	236,068,236	100%

**28.02 Composition of Shareholders at 30 June 2019**

Name of shareholders	No. of shares	Holding (%)
<b>Directors:</b>		
Mr. Alihussain Akberali	29,238,249	12.39%
Mr. Aameir Alihussain	22,720,109	9.62%
Mr. Zohair Taherali	7,563,012	3.20%
Mrs. Sabeen Aameir	5,330,122	2.26%
Shareholders other than Directors	171,216,744	72.53%
	236,068,236	100.00%

**28.03 Composition of Shareholders at 30 June 2019**

Nature of shareholders	No. of holders	No. of shares	Holding (%)
Sponsor Shareholders	5	96,638,331	40.94%
Foreign Shareholders	9	40,264,296	17.06%
Other Shareholders	10,296	99,165,609	42.01%
	10,310	236,068,236	100.00%





**28.04 Dividends**

<i>In Taka</i>	30 June 2019	30 June 2018
The following dividends were declared and paid/ payable by the company for the year:		
10% Final stock dividend (For Jul'17-Jun'18)	214,607,480	-
10% Final cash dividend (Tk. 1) per qualifying ordinary share (For Jul'17-Jun'18)	214,607,480	-
10% Final stock dividend per qualifying ordinary share (For Jan'16-Jun'17)	-	195,097,710

During the year ended on 30 June 2019, 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 2019	30 June 2018
25% Final cash dividend (Tk. 2.5) per qualifying ordinary share (For Jul'18-Jun'19)	16 September 2019	590,170,590	-
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

**29.00 Reserves****29.01 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.

**29.02 Revaluation reserve**

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

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

See accounting policy in note 50.10.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	30.01	3,871,516,258	5,442,343,709
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		3,871,516,258	5,442,343,709

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

<i>In Taka</i>	Note	30 June 2019	30 June 2018
One Bank Limited - Syndicated term loan	30.02	-	-
United Commercial Bank Limited- Syndicated term loan	30.03	508,813,737	1,122,349,335
Prime Bank Limited- Syndicated term loan	30.04	2,998,217,516	4,199,498,693
National Housing Finance and Investments Limited	30.05	-	-
International Leasing and Financial Services Limited	30.06	-	-
Fareast Finance & Investment Limited	30.07	-	-
Jamuna Bank Limited	30.08	-	-
Lanka Bangla Finance Limited	30.09	307,192,457	-
Prime Bank Limited	30.10	-	21,618,407
IPDC of Bangladesh Limited	30.11	57,292,548	98,877,274
12% Convertible coupon bond	30.12	-	-
		3,871,516,258	5,442,343,709





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

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	-	38,371,041
Due after more than one (1) year	-	-
	-	38,371,041

**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 9.0%-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 was repaid in 60 (sixty) quarterly 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.

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

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	612,794,247	545,892,228
Due after more than one (1) year	508,813,737	1,122,349,335
	1,121,607,984	1,668,241,563

**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 8.5%-12.0% 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) quarterly 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.





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

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	<b>1,200,000,000</b>	1,200,000,000
Due after more than one (1) year	<b>2,998,217,516</b>	4,199,498,693
	<b>4,198,217,516</b>	5,399,498,693

**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 11.05% 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:**

- Pari passu 1st charge over existing fixed assets including registered mortgage charge over project land and construction there on with relevant IGPA.
- 1st Ranking pari passu charge over balance of existing ESCROW account.
- Personal guarantee of all directors.
- Corporate Guarantee of H. Akberali Co. Ltd.
- Pledge & Lien on 10 Million Shares of BSRM Steels Ltd. This security will be released upon completion of aforesaid security documentation.
- Negative pledge over assets of BSRM Ltd till perfection of documentation.
- 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.

**30.05 National Housing Finance and Investments Limited**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	-	2,276,656
Due after more than one (1) year	-	-
	-	2,276,656

**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 was repaid in 60 monthly installments after 6 months grace period.

**Securities:**

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

**Purpose:**

To meet up working capital requirement.

**30.06 International Leasing and Financial Services Limited**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	-	6,135,123
Due after more than one (1) year	-	-
	-	6,135,123





**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 was repaid in 60 monthly installments after 6 months grace period.

**Securities:**

- Personal guarantee of all directors of the company.
- Lien of 2,200,000 nos of Shares of BSRM Steels Limited.
- 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.

**30.07 Fareast Finance & Investment Limited**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	-	22,228
Due after more than one (1) year	-	-
	-	22,228

**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 was repaid in 60 monthly installments without any grace period.

**Securities:**

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

**Purpose:**

To meet up working capital requirement.

**30.08 Jamuna Bank Limited**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Due within one (1) year	-	11,525,949
Due after more than one (1) year	-	-
	-	11,525,949

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

**Securities:**

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

**Purpose:**

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





**30.09 Lanka Bangla Finance Limited**

<i>In Taka</i>	30 June 2019	30 June 2018
Due within one (1) year	72,442,679	-
Due after more than one (1) year	307,192,457	-
	<b>379,635,136</b>	<b>-</b>

**Terms of loan:****Total loan facilities:** Tk. 400.00 million.**Interest rate:** Interest rate is 13.50% per annum calculated on monthly basis variable depending on money market situation.**Disbursement:**

The disbursement of the loan was made on 18 August 2018.

**Repayment:**

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

**Securities:**

- Personal guarantee of the Directors of Bangladesh Steel Re-Rolling Mills Limited.
- Subsequent charge/hypothecation on all present and future fixed and floating assets of the company to be filled or registered with RJSC along with IGPA to sell the hypothecated assets in favor of LBFL.
- Corporate Guarantee of H. Akberali & Co. Limited supported by Board Resolution.
- At least 100% insurance coverage of the finance amount in favor of LBFL.
- 06 nos. of post dated cheques covering the monthly interest payments and 54 nos of post dated cheques covering equal monthly installment amount and 03 nos security cheques covering total

**Purpose:**

For land development, civil works, electrical works, refurbishment, machine repair and maintenance &amp; other cost for expansion of business.

**30.10 Prime Bank Limited**

<i>In Taka</i>	30 June 2019	30 June 2018
Due within one (1) year	24,798,515	32,729,513
Due after more than one (1) year	-	21,618,407
	<b>24,798,515</b>	<b>54,347,920</b>

**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) monthly installments and this facility is renewable for additional financing requirement.

**Securities:**

- Pari-passu 1st charge over existing fixed assets including registered mortgage charge over the project land of 592.50 decimals (approx.) with relevant IGPA.
- 1st ranking of pari passu charge over the balance of existing ESCROW Account.
- Personal guarantee of the sponsor directors.
- 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.

**30.11 IPDC of Bangladesh Limited**

<i>In Taka</i>	30 June 2019	30 June 2018
Due within one (1) year	47,343,082	43,167,041
Due after more than one (1) year	57,292,548	98,877,274
	<b>104,635,630</b>	<b>142,044,315</b>





**Terms of loan:**

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

**Interest rate:** Interest rate varies between 9.50% -13.50% per annum calculated monthly basis variable depending on money market situation.

**Disbursement:**

Disbursement of the loan was made on 28 April 2016.

**Repayment:**

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

**Securities:**

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

**Purpose:**

To meet the working capital requirement of the business.

**30.12 12% Convertible Coupon Bond**

<i>In Taka</i>	30 June 2019	30 June 2018
Liability component	329,972,971	655,565,939
Add: Accrued interest and provision for cost of issuing Bond	42,927,029	90,207,032
Less: Interest payment	(42,900,000)	(85,800,000)
Less: Principal payment	(330,000,000)	(330,000,000)
<b>Carrying amount</b>	<b>-</b>	<b>329,972,971</b>

**30.12.01 12% Convertible Coupon Bond-Liability Component**

<i>In Taka</i>	30 June 2019	30 June 2018
Payable/Convertible within 1 year	-	329,972,971
Payable after 1 year	-	-
	<b>-</b>	<b>329,972,971</b>

**30.12.02 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.

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

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	30.00	3,871,516,258	5,442,343,709
BSRM Steel Mills Limited		1,138,058,168	2,863,094,652
		<b>5,009,574,426</b>	<b>8,305,438,361</b>

**31.00 Defined benefit obligations - Gratuity**

See accounting policy in note 50.17.

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Opening balance	196,162,000	157,134,335
Provision made during the year according to actuarial valuation	63,747,428	46,835,170
	<b>259,909,428</b>	<b>203,969,505</b>
Payment made during the year	(28,001,749)	(7,807,505)
<b>Closing balance</b>	<b>231,907,679</b>	<b>196,162,000</b>

Key assumptions used for actuarial valuation are as below:

	<b>30 June 2018</b>
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.

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

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	31.00	231,907,679	196,162,000
BSRM Steel Mills Limited		45,735,121	30,216,397
		<b>277,642,800</b>	<b>226,378,396</b>

**32.00 Current tax liability**

See accounting policy in note 50.15.

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	32.01	306,310,048	303,158,798
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	465,981
		<b>306,310,048</b>	<b>303,624,779</b>

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

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Opening balance	303,158,798	146,892,259
Add: Provided for the year	306,310,048	303,158,798
	<b>609,468,846</b>	<b>450,051,057</b>
Add/(adjustment): Provision for previous years	38,957,630	(72,155,315)
	<b>648,426,476</b>	<b>377,895,742</b>
Income tax paid	(342,116,428)	(74,736,944)
<b>Closing balance</b>	<b>306,310,048</b>	<b>303,158,798</b>





**32.02 Current tax expenses**

See accounting policy in note 50.15.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	32.01	306,310,048	303,158,798
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		11,087,272	2,764,671
		317,397,320	305,923,469

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 2019	Remarks
2013	2014-2015	-	-	-	-	Reference to High Court.
2014	2015-2016	-	-	-	-	To Tax Appellate Tribunal, Dhaka
2015	2016-2017	-	-	-	-	Appeal to CT.
2016	2016-2017	-	-	-	-	
2017	2017-2018	-	-	-	-	Under hearing to DCT.
2018	2018-2019	303,158,798	-	38,957,630	342,116,428	Assessment completed.
2019	2019-2020	-	306,310,048	(342,116,428)	(35,806,380)	Return due by 15 January 2020.
		303,158,798	306,310,048	(303,158,798)	306,310,048	

**Reconciliation of effective tax rate**

	2019		2018	
	Rate	Taka	Rate	Taka
Profit before tax		2,740,065,560		3,021,534,413
Tax using the applicable tax rate	25%	685,016,390	25%	755,383,603
Tax effect of:				
i) Share of loss/ (profit) of equity accounted investee	-9.47%	(259,598,029)	-8.14%	(245,887,110)
ii) Difference between accounting and fiscal depreciation	0.39%	10,606,747	-1.67%	(50,479,778)
iii) Gratuity provision and payment	0.33%	8,936,420	0.14%	4,255,371
iv) Inadmissible expenses	1.91%	52,312,345	1.70%	51,465,607
v) Unrealized foreign currency translation gain	0.00%	-	0.00%	-
vi) Rebate on export sales	-0.09%	(2,469,080)	0.20%	5,960,759
vii) Unabsorbed depreciation	-1.84%	(50,413,645)	0.09%	2,856,825
viii) Dividend income	-0.19%	(5,328,670)	-0.05%	(1,598,663)
ix) Investments in equity accounted investees	14.75%	404,166,253	-6.71%	(202,828,318)
x) Bangladesh Steel Re-Rolling Mills Ltd. (Kolkata Branch)	-0.10%	(2,755,724)	-0.14%	(4,218,130)
xi) Prior year income tax	1.42%	38,957,630	-2.39%	(72,155,315)
		879,430,637		242,754,851

**32.02.a Consolidated current tax expenses**

See accounting policy in note 50.15.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	32.02	317,397,320	305,923,469
BSRM Steel Mills Limited		322,911,515	46,263,336
		640,308,835	352,186,805

**32.02.b Consolidated prior year tax expenses/(income)**

See accounting policy in note 50.15.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	32.02	38,957,630	(72,155,315)
BSRM Steel Mills Limited		60,758	-
		39,018,388	(72,155,315)

**32.a Consolidated current tax liability***In Taka*

	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	32.00	306,310,048	303,624,779
BSRM Steel Mills Limited		322,911,515	46,263,336
		629,221,563	349,888,115





**33.00 Deferred tax liability**

See accounting policy in note 50.15.

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 2019	30 June 2018
Opening balance	1,323,809,318	1,331,863,088
<u>Provided/ (adjusted) during the year:</u>		
Investments in equity accounted investees	404,227,574	(202,828,318)
Deferred tax on revaluation of land of equity accounted investees	529,084,465	-
Unabsorbed depreciation	52,124,663	167,856,825
Adjusted for gratuity	(8,936,420)	(9,756,916)
12% Convertible coupon bond	(1,028,632)	(2,158,736)
Sale/derecognition of revalued assets	(104,972)	(69,782)
For temporary difference of PPE and software (excluding land)	76,164,057	53,481,496
Adjusted for impact of excess depreciation on revaluation surplus	(9,759,201)	(14,811,949)
Deferred tax on land revaluation	194,425,905	-
Deferred tax of overseas branch	(504,187)	233,610
<b>Closing balance</b>	<b>2,559,502,570</b>	<b>1,323,809,318</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 2019</b>					
Property, plant and equipment (other than land)	25%	8,421,021,900	3,934,797,603	4,486,224,297	1,121,556,074
Intangible assets (Software)	25%	18,413,720	14,895,034	3,518,686	879,671
Provision for gratuity	25%	231,907,679	-	(231,907,679)	(57,976,920)
Unabsorbed depreciation	25%	160,995,900	-	(160,995,900)	(40,248,975)
Investment in Subsidiaries and Associate	5% - 20%				1,341,137,392
Deferred tax on land revaluation	3% to 4%				194,425,905
Deferred tax of overseas branch					(270,577)
<b>Deferred tax liability</b>					<b>2,559,502,570</b>
<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 Associate	5% - 20%				407,825,353
Deferred tax of overseas branch					233,610
<b>Deferred tax liability</b>					<b>1,323,809,318</b>

**33.a Consolidated deferred tax liability**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	33.00	2,559,502,570	1,323,809,318
BSRM Steel Mills Limited		2,304,849,217	1,641,812,900
		<b>4,864,351,787</b>	<b>2,965,622,218</b>

**34.00 Trade payables**

See accounting policy in note 50.10.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	34.01	3,363,678,018	1,043,408,784
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		76,702,008	72,870,524
		<b>3,440,380,026</b>	<b>1,116,279,307</b>





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

<i>In Taka</i>	30 June 2019	30 June 2018
BSRM Logistics Limited	12,807,641	8,558,091
BSRM Steel Mills Limited	481,849,753	1,139,525
Goods & supplies	40,360,372	11,368,281
Labor cost	301,875	575,042
Payables for stores and spares	101,217,919	80,485,181
BSRM Steels Limited	2,714,055,054	933,189,425
BSRM Wires Limited	13,085,404	8,093,238
BSRM Real Estate	-	-
	<b>3,363,678,018</b>	<b>1,043,408,784</b>

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

**34.a Consolidated trade payables**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	34.00	3,440,380,026	1,116,279,307
BSRM Steel Mills Limited		117,005,608	101,413,591
Less: Intra group elimination		(483,454,754)	(1,139,525)
		<b>3,073,930,880</b>	<b>1,216,553,373</b>

**35.00 Short term borrowings**

See accounting policy in note 50.10.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Short term borrowings	35.01	9,448,628,917	9,742,889,798
Long term borrowings-current portion	35.08	1,957,378,523	2,210,092,751
		<b>11,406,007,440</b>	<b>11,952,982,548</b>

**35.01 Short term borrowings**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Loan against Trust Receipt (LATR)	35.02	99,580,870	315,055,170
Time loan	35.03	2,488,492,876	4,864,364,911
Bank overdraft, SOD and cash credit	35.05	2,072,126,883	1,615,000,750
Liability for accepted bills for payment (ABP)	35.06	4,788,479,989	2,931,719,293
Factoring Loan against sales invoice	35.07	(51,701)	16,749,674
		<b>9,448,628,917</b>	<b>9,742,889,798</b>

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

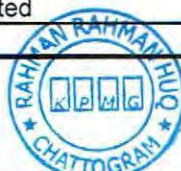
<i>In Taka</i>	30 June 2019	30 June 2018
Bank Asia Limited	-	1,613,216
HSBC	-	128,888,454
Prime Bank Limited	-	28,565,987
Shahjalal Islami Bank Limited	-	394,226
Pubali Bank Limited	99,580,870	155,593,287
Eastern Bank Limited	-	-
	<b>99,580,870</b>	<b>315,055,170</b>

**35.03 Time Loan**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	35.04	2,381,073,320	4,843,146,047
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		107,419,556	21,218,864
		<b>2,488,492,876</b>	<b>4,864,364,911</b>

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

<i>In Taka</i>	30 June 2019	30 June 2018
Al-Arafah Islami Bank Limited	624,784,661	865,079,920
HSBC	400,120,206	609,666,245
Standard Chartered Bank	292,670,530	211,420,803
Shahjalal Islami Bank Limited	616,961,059	-
The City Bank Limited	160,126,272	-
Jamuna Bank Limited	286,410,592	-
Habib Bank Limited	-	180,000,000
Dutch Bangla Bank Limited	-	2,027,458,333
Standard Bank Limited	-	500,722,222
Prime Bank Limited	-	48,331,857
Industrial and Infrastructure Development Finance Company Limited	-	400,466,667
	<b>2,381,073,320</b>	<b>4,843,146,047</b>





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

<i>In Taka</i>	Type	30 June 2019	30 June 2018
Agrani Bank Limited	CC Hypo	32,022,411	57,354,743
Agrani Bank Limited	CC Pledge	419,941,187	416,286,197
Habib Bank Limited	OD	5,340,685	12,462,715
Jamuna Bank Limited	CC	6,866,189	47,934,656
National Bank Limited	CC	3,036,876	11,823,776
Pubali Bank Limited	CC	321,523	222,799,911
Pubali Bank Limited	OD	910,215,554	(870,793)
Sonali Bank Limited	CC	167,238,974	203,453,311
Sonali Bank Limited	CC	29,024,241	50,472,947
Standard Bank Limited	CC	269,968,198	304,869,763
Standard Chartered Bank	OD	58,052,688	44,825,904
State Bank of India	CC	138,800,375	128,167,399
Trust Bank Limited	OD	31,297,982	115,420,221
		<b>2,072,126,883</b>	<b>1,615,000,750</b>

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

<i>In Taka</i>	30 June 2019	30 June 2018
Dhaka Bank Limited	536,634,097	289,938,188
Dutch Bangla Bank Limited	10,495,639	90,211,498
Islami Bank Bangladesh Limited	30,053,160	251,207,375
Mercantile Bank Limited	178,274,424	201,911,199
NCC Bank Limited	10,107,280	15,634,628
Prime Bank Limited	260,238,469	532,695,864
Pubali Bank Limited	946,427,761	94,734,988
Standard Chartered Bank	63,819,517	61,464,130
The City Bank Limited	395,501,669	224,969,758
United Commercial Bank Limited	98,338,909	223,418,314
Habib Bank Limited	73,394,294	49,769,728
Bank Alfalah Limited	6,792,374	-
Eastern Bank Limited	16,551,088	-
HSBC	565,368,986	-
Bank Asia Limited	166,798,993	-
BRAC Bank Limited	998,989,404	-
National Bank Limited	58,722,276	-
One Bank Limited	269,416,344	-
State Bank of India	3,874,346	-
Sonali Bank Limited	25,848,523	-
Trust Bank Limited	72,832,436	-
IFIC Bank Limited	-	475,418,494
Shahjalal Islami Bank Limited	-	4,750,232
Al-Arafah Islami Bank Limited	-	218,982,890
Commercial Bank of Ceylon PLC	-	196,612,007
AB Bank Limited	-	-
Agrani Bank Limited	-	-
	<b>4,788,479,989</b>	<b>2,931,719,293</b>

**35.07 Factoring Loan against sales invoice**

<i>In Taka</i>	30 June 2019	30 June 2018
United Finance Limited	(51,701)	16,749,674
	<b>(51,701)</b>	<b>16,749,674</b>

**35.07.01 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).





**35.08 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>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
One Bank Limited - Syndicated term loan	30.02	-	38,371,041
United Commercial Bank Limited- Syndicated term loan	30.03	612,794,247	545,892,228
Prime Bank Limited - Syndicated term loan	30.04	1,200,000,000	1,200,000,000
National Housing Finance and Investments Limited	30.05	-	2,276,656
International Leasing and Financial Services Limited	30.06	-	6,135,123
Fareast Finance & Investment Limited	30.07	-	22,228
Jamuna Bank Limited	30.08	-	11,525,949
Lanka Bangla Finance Limited	30.09	72,442,679	-
Prime Bank Limited	30.10	24,798,515	32,729,513
IPDC of Bangladesh Limited	30.11	47,343,082	43,167,041
12% Convertible coupon bond	30.12	-	329,972,971
		<b>1,957,378,523</b>	<b>2,210,092,751</b>

**35.a Consolidated short term borrowings**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	35.00	11,406,007,440	11,952,982,548
BSRM Steel Mills Limited		26,743,161,313	27,841,985,988
BSRM (Hong Kong) Limited		3,782,368	-
		<b>38,152,951,121</b>	<b>39,794,968,536</b>

**36.00 Current account with related companies**

<i>In Taka</i>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
BSRM Steels Limited		6,264,184,395	4,871,551,355
Karnafully Engineering Works Limited		-	5,225,000
BD Steel Limited		-	3,950,000
Burhani Scrap Traders		-	4,400,000
Section Steel Industries Limited		-	150,000
BSRM Recycling Industries Limited		-	33,896,160
BSRM Steel Mills Limited		-	-
BSRM Iron & Steel Co. Limited		-	-
		<b>6,264,184,395</b>	<b>4,919,172,515</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.

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

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited	6,264,184,395	4,919,172,515
BSRM Steel Mills Limited	569,548,637	659,306,643
BSRM (Hong Kong) Limited	9,459,358	-
Less: Intra group elimination	(518,268,995)	(659,306,643)
	<b>6,324,923,395</b>	<b>4,919,172,515</b>

**37.00 Advance against sales**

<i>In Taka</i>	<b>30 June 2019</b>	<b>30 June 2018</b>
Bangladesh Steel Re-Rolling Mills Limited-HO	550,450,921	289,616,130
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch	-	1,257,493
	<b>550,450,921</b>	<b>290,873,624</b>

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





**37.a Consolidated advance against sales**

<i>In Taka</i>	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	550,450,921	290,873,624
BSRM Steel Mills Limited	35,013,851	29,248,317
BSRM (Hong Kong) Limited	-	-
Less: Intra group elimination	-	-
	585,464,772	320,121,941

**38.00 Liabilities for expenses**

See accounting policy in note 50.10.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	38.01	481,268,648	405,694,064
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,520,690	3,878,220
		483,789,338	409,572,284

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

<i>In Taka</i>	30 June 2019	30 June 2018
Liability for fixed assets	541,346	4,033,238
Audit Fees	670,000	422,500
Brokerage and commission	30,092,225	11,657,441
C & F Bill and others	389,940	858,809
Carriage on sales	158,874,525	121,927,328
Contractors	4,849,300	3,864,168
Karnaphuli Gas Distribution Co. Limited	13,609,574	13,609,574
Power Development Board for electricity (Factory)	244,316,344	225,089,491
Professional expenses	306,500	104,000
Repair and maintenance	895,189	124,400
Salary and Allowances	13,281,853	4,178,033
Unclaimed Cheque	856,117	178,179
Sales promotion	6,988,072	-
Stores & Spares	872,746	-
Financial expenses	-	17,903,998
Insurance expenses	-	164,457
Printing and Stationeries	208,336	375
WASA	-	5,351
Training expenses	-	65,500
Others	4,516,581	1,507,223
	481,268,648	405,694,064

**38.a Consolidated liabilities for expenses**

<i>In Taka</i>	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	483,789,338	409,572,284
BSRM Steel Mills Limited	603,030,727	548,947,906
BSRM (Hong Kong) Limited	1,469,219	-
	1,088,289,284	958,520,190

**39.00 Provision for WPPF and Welfare Fund**

See accounting policy in note 50.17.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Opening balance		115,677,749	67,373,325
Add: Provided during the year	39.01	93,997,289	115,677,749
Less: Paid during the year		(115,677,749)	(67,373,325)
Closing balance		93,997,289	115,677,749

**39.01 Provision made during the year for WPPF and Welfare Fund**

<i>In Taka</i>	30 June 2019	30 June 2018
Profit before tax and WPPF and Welfare Fund	1,773,351,580	2,153,663,721
Cash dividend received from investment in associates	106,594,191	159,891,260
Profit applicable for WPPF and Welfare Fund	1,879,945,771	2,313,554,981
Contribution to WPPF and Welfare Fund at 5%	93,997,289	115,677,749





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

<i>In Taka</i>	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	93,997,289	115,677,749
BSRM Steel Mills Limited	100,372,376	93,447,407
	<b>194,369,665</b>	<b>209,125,156</b>

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

<i>In Taka</i>	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	93,997,289	115,677,749
BSRM Steel Mills Limited	100,372,376	93,447,407
	<b>194,369,665</b>	<b>209,125,156</b>

**40.00 Other liabilities**

See accounting policy in note 50.10.

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited-HO	40.01	319,314,401	202,793,610
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		18,891,422	-
		<b>338,205,823</b>	<b>202,793,610</b>

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

<i>In Taka</i>	30 June 2019	30 June 2018
Security Deposit	1,240,000	1,190,000
Retention Money	9,703,692	15,004,202
Dividend Payable	2,343,689	2,291,020
IPO over subscription money payable	7,871,673	7,892,673
Interest on intercompany loan	200,016,423	173,891,108
Against paid up capital of BSRM (Hong Kong) Limited	10	10
Duty drawback	94,589,647	-
Income Tax Deducted at Source	1,382,370	-
VAT Deducted at source	2,166,897	-
Employees Provident Fund	-	2,524,596
	<b>319,314,401</b>	<b>202,793,610</b>

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

**40.a Consolidated other liabilities**

<i>In Taka</i>	Note	30 June 2019	30 June 2018
Bangladesh Steel Re-Rolling Mills Limited	40.00	338,205,823	202,793,610
BSRM Steel Mills Limited		19,739,556	64,087,012
Less: Intra group elimination		(10)	(10)
		<b>357,945,369</b>	<b>266,880,612</b>





**41.00 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 IAS-24: Related Party Disclosures.

Value have been set out in accordance with the provisions of IAS 24: Related Party Disclosures.

Name	Relationship	Nature of Transactions	Mode of transaction	Closing balance (net) as on 30 June 2019
BSRM (Hong Kong) Limited	Subsidiary	Short term loan	Market price/ negotiated price	9,459,358 Dr.
Chittagong Power Company Limited	Sister Company	Short term loan		23,537,926 Dr.
BSRM Logistics Limited		Short term loan, purchases etc.		172,010,247 Dr.
BSRM Steels Limited	Investee	Short term loan, sales, purchases etc.		8,976,297,623 Cr.
BSRM Wires Limited	Sister Company	Short term loan, purchase etc.		237,014,772 Dr.
BSRM Steel Mills Limited	Subsidiary			28,564,885 Dr.

**42.00 Contingent liabilities**

See accounting policy in note 50.13.

Contingent liabilities at the reporting date are as follows:

**42.01 Bank guarantee**

*In Taka*

	30 June 2019	30 June 2018
Karnaphuli Gas Distribution Co. Limited	594,939	2,498,406
Deposit to Customs Authority against claim under appeal	552,890	552,890
Customs authority	1,997,162	1,997,162
Bureau of Indian Standard	2,418,000	2,418,000
	5,562,991	7,466,458

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

**42.02 Corporate guarantee**

The company has a policy to extend corporate guarantee for the financial arrangements of the sister companies.

At the reporting date, status of such guarantees were as follows:

Maximum limit in million		30 June 2019	30 June 2018
BSRM Steels Limited	L/C liability	20,115	21,315
BSRM Iron and Steel Co. Ltd.	L/C liability	-	15,430
BSRM Wires Limited	L/C liability	1,100	1,000
H. Akberali & Co. Limited	L/C liability	200	200
		21,415	37,945

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

Subject matter	Current status
Claimed by VAT Commissionerate Office against Duty Drawback from 01 January 2015 to 31 August	Before Customs, Excise and VAT Appellate Tribunal (appeal no. 55 of 2019).
Claimed by VAT Commissionerate Office against Duty Drawback from 01 September 2018 to 31 December 2018.	Before Customs, Excise and VAT Appellate Tribunal (appeal no. 56 of 2019).
Trade VAT of K Rahman warehouse regarding sale of wastage items (packing materials).	Before Customs, Excise and VAT Appellate Tribunal for a demand of BDT 322,566.
15% VAT on warehouse expenses of Jangle Warehouse.	Pending before the Hon'ble High Court Division of the Supreme Court of Bangladesh (writ no 793 of 2016).
Against percentage of wastage (4% in place of 2.50%) in 2011.	Pending before Customs, Excise and VAT Appellate Tribunal.
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 (writ no 15295 of 2017).





- 42.04 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
2009-2010	SMW	2,320,000	Pending before High Court Division of Supreme Court for hearing as the company appealed against the order of Appellate Tribunal.
		<b>2,320,000</b>	

**43.00 Capital expenditure commitment**

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

**44.00 Production capacity**

	30 June 2019	30 June 2018
<b>(i) MS product- finished</b>		
Installed Capacity (In M.Ton)	540,000	540,000
Production (In M.Ton)	685,157	561,748
Capacity utilized (%)	126.88%	104.03%
<b>(ii) MS billet</b>		
Installed Capacity (In M.Ton)	150,000	150,000
Production (In M.Ton)	174,657	150,331
Capacity utilized (%)	116.44%	100.22%

**45.00 Employees**

<i>In Taka</i>	30 June 2019	30 June 2018
Number of employees whose salary was below Tk. 3,000	-	-
Number of employees whose salary was above Tk. 3,000	979	922
	<b>979</b>	<b>922</b>

The above mentioned number of employees represent employees working at the company (i.e. Parent Company) only.

**46.00 Operating lease**

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

<i>In Taka</i>	30 June 2019	30 June 2018
Within one year	31,622,845	25,255,192
Within 2 to 5 years	95,565,206	33,262,848
After 5 years	59,079,643	841,220
	<b>186,267,694</b>	<b>59,359,260</b>

**47.00 Financial summary of Kolkata Branch office on 30 June, 2019 as per audited financial statements:**

<i>In INR</i>	30 June 2019	30 June 2018
Non-current assets	2,184,851	1,485,554
Current assets	203,536,795	114,937,329
<b>Total assets</b>	<b>205,721,646</b>	<b>116,422,884</b>
Head Office Account	21,043,390	27,349,345
Retained earnings	16,936,743	7,750,995
	<b>37,980,133</b>	<b>35,100,340</b>
Non-current liabilities	87,667,964	17,158,834
Current liabilities	80,073,549	64,163,711
<b>Total liabilities</b>	<b>167,741,513</b>	<b>81,322,544</b>
<b>Total Equity &amp; Liabilities</b>	<b>205,721,646</b>	<b>116,422,884</b>
Revenue	1,245,928,636	447,017,892
Expenses	(1,236,742,888)	(433,673,601)
<b>Profit for the year</b>	<b>9,185,748</b>	<b>13,344,291</b>

**48.00 Events After the Reporting Period**

- (i) As per decision of 412th Meeting of Board of Directors, held on 16 September 2019, BSRM Steel Mills Limited (BSML-subsiary) is going to be merged with its parent Bangladesh Steel Re-Rolling Mills Limited (the company) subject to approvals from Honorable High Court Division of the Supreme Court of Bangladesh and concerned regulatory authorities along with the approval of the shareholders at Annual General Meeting (AGM).

The Board of Directors of Bangladesh Steel Re-Rolling Mills Limited, in its 412th meeting held on 16 September 2019, has declared 25% cash dividend (Tk. 2.5) per qualifying ordinary share for the year ended 30 June 2019.





**49.00 Financial risk management**

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

The group and the company management has overall responsibility for the establishment and oversight of the group and the Company's risk management framework. The management policies are established to identify and analyze the risks faced by the group and 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 group and the Company has exposure to the following risks from its use of financial instruments:

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

**49.01 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>	<b>Note</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
Investment in tradeable securities	22.02	582,176	363,523
Investment in non-tradable shares	21.02	1,000,300	1,000,300
Investments in FDRs (Short term & long term)		748,483,851	621,481,469
Advances and deposits	26	2,181,266,067	1,983,627,504
Trade and other receivables	24	3,570,813,232	2,356,392,380
Due from sister companies	25	985,977,512	1,537,959,598
Cash at bank	27.03	262,800,672	240,083,659
		<b>7,750,923,810</b>	<b>6,740,908,433</b>

**a.1) Consolidated 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>	<b>30 June 2019</b>	<b>30 June 2018</b>
Investment in tradeable securities	582,176	363,523
Investment in non-tradable shares	1,000,300	1,000,300
Investments in FDRs (Short term & long term)	2,471,700,312	1,938,401,950
Advances and deposits	5,542,012,072	4,339,375,414
Trade and other receivables	7,515,185,284	8,194,283,126
Due from sister companies	8,075,465,637	3,235,821,372
Cash at bank	285,251,964	314,027,796
	<b>23,891,197,745</b>	<b>18,023,273,481</b>

**b) Ageing of trade receivables**

Not yet due	1,872,137,060	899,811,797
Dues within 3 months	977,638,876	908,438,860
Dues over 3 months but less than 6 months	241,478,963	147,040,570
Dues over 6 months	222,115,963	127,433,230
	<b>3,313,370,862</b>	<b>2,082,724,457</b>





**b.1) Ageing of consolidated trade receivables**

Not yet due	2,173,556,717	1,351,295,157
Dues within 3 months	4,328,754,496	6,460,068,386
Dues over 3 months but less than 6 months	300,212,870	235,015,528
Dues over 6 months	235,021,940	146,764,530
	<b>7,037,546,023</b>	<b>8,193,143,601</b>

**49.02 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 or other financial assets. 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. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

**49.02.01 Exposure to Liquidity risk**

The followings are the contractual maturities of financial liabilities:

<i>In Taka</i>		At 30 June 2019			
		Contractual cash flows			
Non-derivative financial liabilities	Carrying amount	Within 12 months	2 to 5 years	More than 5 years	Total
Long term loan	5,828,894,781	1,957,378,523	3,871,516,258	-	5,828,894,781
Defined benefit obligations - Gratuity	231,907,679	-	-	231,907,679	231,907,679
Trade payables	3,440,380,026	3,440,380,026	-	-	3,440,380,026
Short term liabilities	9,448,628,917	9,448,628,917	-	-	9,448,628,917
Liabilities for expenses	483,789,338	483,789,338	-	-	483,789,338
Provision for WPPF and Welfare Fund	93,997,289	93,997,289	-	-	93,997,289
Other liabilities	338,205,823	338,205,823	-	-	338,205,823
	<b>19,865,803,853</b>	<b>15,762,379,916</b>	<b>3,871,516,258</b>	<b>231,907,679</b>	<b>19,865,803,853</b>

<i>In Taka</i>		At 30 June 2018			
		Contractual cash flows			
Non-derivative financial liabilities	Carrying amount	Within 12 months	2 to 5 years	More than 5 years	Total
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>





## 49.02.01.a Consolidated exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

*In Taka*

At 30 June 2019

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			
		Within 12 months	2 to 5 years	More than 5 years	Total
Long term loan	8,689,262,142	3,679,687,716	5,009,574,426	-	8,689,262,142
Defined benefit obligations - Gratuity	277,642,800	-	-	277,642,800	277,642,800
Trade payables	3,073,930,880	3,073,930,880	-	-	3,073,930,880
Short term liabilities	34,469,481,037	34,469,481,037	-	-	34,469,481,037
Liabilities for expenses	1,088,289,284	1,088,289,284	-	-	1,088,289,284
Provision for WPPF and Welfare Fund	194,369,665	194,369,665	-	-	194,369,665
Other liabilities	357,945,369	357,945,369	-	-	357,945,369
	48,150,921,177	42,863,703,951	5,009,574,426	277,642,800	48,150,921,177

*In Taka*

At 30 June 2018

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			
		Within 12 months	2 to 5 years	More than 5 years	Total
Long term loan	12,237,840,304	3,679,687,716	8,558,152,588	-	12,237,840,304
Defined benefit obligations - Gratuity	226,378,396	-	-	226,378,396	226,378,396
Trade payables	1,216,553,373	1,216,553,373	-	-	1,216,553,373
Short term liabilities	34,473,263,405	34,473,263,405	-	-	34,473,263,405
Liabilities for expenses	1,088,289,284	1,088,289,284	-	-	1,088,289,284
Provision for WPPF and Welfare Fund	209,125,156	209,125,156	-	-	209,125,156
Other liabilities	266,880,612	266,880,612	-	-	266,880,612
	49,718,330,531	40,933,799,547	8,558,152,588	226,378,396	49,718,330,531

## 49.03 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.

## 49.03.01 Currency risk exposure and its management

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

Exposure to currency risk	GBP	EURO	USD	Taka
<b>30 June 2019</b>				
<u>Foreign currency denominated assets:</u>				
Cash and cash equivalents	420	161	3,191,938	270,578,242
Short term investment	-	-	2,915,260	247,068,249
Trade and other receivables	-	-	1,434,558	121,578,797
	420	161	7,541,756	639,225,288
<u>Foreign currency denominated liabilities:</u>				
Liability for accepted bills for payment	-	-	56,501,239	4,788,479,989
	-	-	56,501,239	4,788,479,989
Net exposure	420	161	(48,959,482)	(4,149,254,701)





Notes to the separate and consolidated financial statements (continued)

<b>Exposure to currency risk</b>	<b>GBP</b>	<b>EURO</b>	<b>USD</b>	<b>Taka</b>
<b>30 June 2018</b>				
<b>Foreign currency denominated assets:</b>				
Cash and cash equivalents	420	161	1,698,355	143,574,236
Trade and other receivables	-	-	483,004	40,813,842
	420	161	2,181,359	184,388,078
<b>Foreign currency denominated liabilities:</b>				
Liability for accepted bills for payment (ABP)	-	-	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>

The following significant exchange rate is applied during the year:

	<b>30 June 2019</b>	<b>30 June 2018</b>
US dollar	84.75	84.50
EURO	97.76	99.31
GBP	108.95	112.61

**Sensitivity analysis**

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

<i>In Taka</i>	<b>30 June 2019</b>			
	<b>Profit or loss</b>		<b>Equity- net of tax</b>	
	<b>Strengthening</b>	<b>Weakening</b>	<b>Strengthening</b>	<b>Weakening</b>
USD (2% movement)	(82,986,287)	82,986,287	(62,239,715)	62,239,715
EURO (2% movement)	314	(314)	236	(236)
GBP (2% movement)	914	(914)	686	(686)

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

<b>Consolidated exposure to currency risk</b>	<b>GBP</b>	<b>EURO</b>	<b>USD</b>	<b>Taka</b>
<b>30 June 2019</b>				
<b>Foreign currency denominated assets:</b>				
Cash and cash equivalents	420	161	3,210,343	272,138,008
Short term investment	-	-	2,915,260	247,068,249
Trade and other receivables	-	-	1,632,925	138,390,383
	420	161	7,758,528	657,596,640
<b>Foreign currency denominated liabilities:</b>				
Liability for accepted bills for payment	-	939,484	266,243,235	22,658,062,538
Syndicate loan	-	-	10,909,091	924,545,455
	-	939,484	277,152,326	23,582,607,993
<b>Net exposure</b>	<b>420</b>	<b>939,645</b>	<b>(269,393,798)</b>	<b>(22,925,011,353)</b>





Notes to the separate and consolidated financial statements (continued)

<u>Consolidated 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	1,700,878	143,787,430
Trade and other receivables	-	-	483,004	40,813,842
	420	161	2,183,882	184,601,272
<u>Foreign currency denominated liabilities:</u>				
Liability for accepted bills for payment (ABP)	-	311,906	193,220,866	16,358,977,608
Syndicate loan	-	-	18,181,818	1,536,363,638
	-	311,906	211,402,684	17,895,341,246
Net exposure	420	(311,745)	(209,218,802)	(17,710,739,974)

The following significant exchange rate is applied during the year:

	<b>30 June 2019</b>	<b>30 June 2018</b>
US dollar	84.75	84.50
EURO	97.76	99.31
GBP	108.95	112.61

**Sensitivity analysis**

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

<i>In Taka</i>	<b>30 June 2019</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)	(456,622,452)	456,622,452	(342,466,839)	342,466,839
EURO (2% movement)	(1,878,654)	1,878,654	(1,408,990)	1,408,990
GBP (2% movement)	914	(914)	686	(686)
<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)	(353,579,776)	353,579,776	(265,184,832)	265,184,832
EURO (2% movement)	(635,970)	635,970	(476,977)	476,977
GBP (2% movement)	946	(946)	709	(709)

**49.03.02 Transaction risk**

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

**49.03.03 Economic risk**

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

**49.03.04 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>	30 June 2019	30 June 2018
Financial assets	1,734,461,363	2,159,441,067
Financial liabilities	(15,277,523,698)	(17,395,326,257)
	(13,543,062,335)	(15,235,885,190)

**Variable- rate instruments**

Financial assets	-	-
Financial liabilities	-	-
	-	-

**Consolidated 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>	Amount	Amount
Financial assets	10,547,165,949	5,174,223,322
Financial liabilities	(43,158,743,179)	(46,711,103,709)
	(32,611,577,230)	(41,536,880,388)

**Variable- rate instruments**

Financial assets	-	-
Financial liabilities	-	-
	-	-





## 49.04 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.

	Note	Carrying amount					Fair Value				
		Fair value through profit or loss	Fair value through other comprehensive income- debt instruments	Fair value through other comprehensive income- equity instruments	Financial assets at amortised costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
In Taka											
30 June 2019											
Financial Assets measured at fair value:											
Investment in tradeable securities	22.02	582,176	-	-	-	-	582,176	582,176	-	-	582,176
		582,176	-	-	-	-	582,176	582,176	-	-	582,176
Financial Assets not measured at fair value:											
Trade and other receivables	24	-	-	-	3,570,813,232	-	3,570,813,232				
Due from sister companies	25	-	-	-	985,977,512	-	985,977,512				
Investments in FDRs		-	-	-	748,483,851	-	748,483,851				
Deposits	26.03	-	-	-	45,578,627	-	45,578,627				
Cash at bank	27.03	-	-	-	262,800,672	-	262,800,672				
		-	-	-	5,613,653,894	-	5,613,653,894				
Financial Liabilities not measured at fair value:											
Trade and other payables	34	-	-	-	-	3,440,380,026	3,440,380,026				
Short term liabilities	35.01	-	-	-	-	9,448,628,917	9,448,628,917				
Long term loan		-	-	-	-	5,828,894,781	5,828,894,781				
Due to sister companies	36	-	-	-	-	6,264,184,395	6,264,184,395				
Other liabilities	40	-	-	-	-	338,205,823	338,205,823				
		-	-	-	-	25,320,293,942	25,320,293,942				
30 June 2018											
Financial Assets measured at fair value:											
Investment in tradeable securities	22.02	363,523	-	-	-	-	363,523	363,523	-	-	363,523
		363,523	-	-	-	-	363,523	363,523	-	-	363,523
Financial Assets not measured at fair value:											
Trade and other receivables	24	-	-	-	2,356,392,380	-	2,356,392,380				
Deposits	26.03	-	-	-	47,604,194	-	47,604,194				
Due from sister companies	25	-	-	-	1,537,959,598	-	1,537,959,598				
Investments in FDRs		-	-	-	621,481,469	-	621,481,469				
Cash at bank	27.03	-	-	-	240,083,659	-	240,083,659				
		-	-	-	4,803,521,300	-	4,803,521,300				
Financial Liabilities not measured at fair value:											
Trade and other payables	34	-	-	-	-	1,116,279,307	1,116,279,307				
Short term liabilities	35.01	-	-	-	-	9,742,889,798	9,742,889,798				
Long term loan		-	-	-	-	7,652,436,459	7,652,436,459				
Due to sister companies	36	-	-	-	-	4,919,172,515	4,919,172,515				
Other liabilities	40	-	-	-	-	202,793,610	202,793,610				
		-	-	-	-	23,633,571,689	23,633,571,689				



**49.04.a Consolidated 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.

	Note	Carrying amount					Fair Value				
		Fair value through profit or loss	Fair value through other comprehensive income- debt instruments	Fair value through other comprehensive income- equity instruments	Financial assets at amortised costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
In Taka											
30 June 2019											
Financial Assets measured at fair value:											
Investment in tradeable securities	22.02	582,176	-	-	-	-	582,176	582,176	-	-	582,176
		582,176	-	-	-	-	582,176	582,176	-	-	582,176
Financial Assets not measured at fair value:											
Trade and other receivables	24.a	-	-	-	7,037,546,023	-	7,037,546,023				
Due from inter companies	25.a	-	-	-	7,557,196,642	-	7,557,196,642				
Investments in FDRs		-	-	-	2,471,700,312	-	2,471,700,312				
Deposits	26.a	-	-	-	136,716,816	-	136,716,816				
Cash at bank	27.a	-	-	-	285,610,641	-	285,610,641				
		-	-	-	17,488,770,434	-	17,488,770,434				
Financial Liabilities not measured at fair value:											
Trade and other payables	34.a	-	-	-	-	3,073,930,880	3,073,930,880				
Short term liabilities	35.01	-	-	-	-	34,473,263,405	34,473,263,405				
Long term loan		-	-	-	-	8,689,262,142	8,689,262,142				
Due to sister companies	36.a	-	-	-	-	6,324,923,395	6,324,923,395				
Other liabilities	40.a	-	-	-	-	357,945,369	357,945,369				
		-	-	-	-	52,919,325,191	52,919,325,191				
30 June 2018											
Financial Assets measured at fair value:											
Investment in tradeable securities	22.02	363,523	-	-	-	-	363,523	363,523	-	-	363,523
		363,523	-	-	-	-	363,523	363,523	-	-	363,523
Financial Assets not measured at fair value:											
Trade and other receivables	24.a	-	-	-	8,193,143,601	-	8,193,143,601				
Deposits	26.a	-	-	-	138,826,536	-	138,826,536				
Due from inter companies	25.a	-	-	-	2,576,514,730	-	2,576,514,730				
Investments in FDRs		-	-	-	1,938,401,950	-	1,938,401,950				
Cash at bank	27.a	-	-	-	314,027,796	-	314,027,796				
		-	-	-	13,160,914,613	-	13,160,914,613				
Financial Liabilities not measured at fair value:											
Trade and other payables	34.a	-	-	-	-	1,216,553,373	1,216,553,373				
Short term liabilities	35.01	-	-	-	-	35,869,839,320	35,869,839,320				
Long term loan		-	-	-	-	12,230,567,577	12,230,567,577				
Due to sister companies	36.a	-	-	-	-	4,919,172,515	4,919,172,515				
Other liabilities	40.a	-	-	-	-	266,880,612	266,880,612				
		-	-	-	-	54,503,013,398	54,503,013,398				





**50.00 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 IAS-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, except otherwise stated.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-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:

- 50.01 Basis of consolidation and disclosure of interest in other entities
- 50.02 Consistency
- 50.03 Property, Plant and Equipment
- 50.04 Capital Work-In-Progress
- 50.05 Intangible Assets
- 50.06 Inventories
- 50.07 Transactions in Foreign Currencies
- 50.08 Investment in subsidiary and associate
- 50.09 Financial Assets
- 50.10 Financial Liabilities
- 50.11 Impairment
- 50.12 Cash Flow Statement
- 50.13 Provisions, Contingent Liabilities and Contingent Assets
- 50.14 Borrowing Costs
- 50.15 Taxation
- 50.16 Share Capital
- 50.17 Employee Benefits
- 50.18 Revenue Recognition
- 50.19 Finance Income and Costs
- 50.20 Other Operating Income
- 50.21 Earnings Per Share (EPS)
- 50.22 Duty Drawback
- 50.23 Measurement of Fair Values
- 50.24 Events After the Reporting Period
- 50.25 Leases
- 50.26 Segment Reporting
- 50.27 Standards issued but not yet adopted

**50.01 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 IFRS 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.

**50.02 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.

**50.03 Property, Plant and Equipment****50.03.01 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.

**50.03.02 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.

**50.03.03 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.

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.





**50.03.04 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 recognized in profit or loss. Gains are not recognized 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.

**50.04 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.

**50.05 Intangible Assets**

**50.05.01 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 IAS 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.

**50.05.02 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.

**50.05.03 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:

**Category of Assets**

Oracle eBS software

**Useful lives**

10 years

**50.06 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 IAS-2 "Inventories".

**Category**

Finished Goods

Raw Materials

Store items

**Valuation**

Finished goods are valued at cost or net realizable value whichever is lower.

Raw materials are valued at cost or net realizable value whichever is lower.

Based on weighted average method (Subject to impairment review).

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

**50.07 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.





**50.08 Investment in subsidiary and associate**

**Investment in subsidiary**

The company's investment in subsidiary is accounted for in the separate Financial Statements as per IAS 27 'Separate Financial Statements' using the Equity Method in accordance with IAS 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 IAS-28.

**Investment in Associate**

The company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with IAS 28: 'Investment in Associates & Joint Ventures'. Significant influence over an investee (associate) BSRM Steel Mills Limited is presumed to exist in accordance with IAS 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 IAS-28.

**50.09 Financial Assets**

The group recognizes and measures financial assets as per IFRS 9.

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.

**50.09.01 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.

**50.09.02 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.

**50.09.03 Cash and Cash Equivalents**

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.





**50.10 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.

**50.10.01 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.

**50.10.02 12% Convertible coupon bond**

These are initially recognized 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 IAS 32.

**50.10.03 Other liabilities**

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

**50.11 Impairment**

**50.11.01 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.

**50.11.02 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.

**50.12 Cash Flow Statement**

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

**50.13 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.

**50.14 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 IAS 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.





**50.15 Taxation**

**50.15.01 Current Tax**

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

**50.15.02 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 IAS-12 "Income Taxes".

**50.16 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.

**50.17 Employee Benefits**

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

**50.17.01 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 IAS-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.

**50.17.02 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.

**Service length**

**Payment basis**

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.

**50.17.03 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.





**50.18 Revenue Recognition**

Revenue is measured based on the consideration specified in a contract with a customer. The Group and the company recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of products	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Local sales	Customers obtain control of products when goods are shipped out at factory gate. Invoices raised as per management approved price list are generated at that point in time. Invoices are usually paid in cash as advance before getting delivery of the goods or customers are allowed a credit period of 30 to 60 days.	Revenue is recognized when (or as) the entity satisfies a performance obligation by transferring the promised good or service to a customer.
Export sales		
By-products		

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

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

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

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

**50.19 Finance Income and Costs****50.19.01 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.

**50.19.02 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.

**50.20 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.

**50.21 Earnings Per Share (EPS)**

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

**50.21.01 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.

**50.21.02 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.





**50.21.03 Diluted Earnings Per Share**

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

**50.22 Duty Drawback**

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

**50.23 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.

**50.24 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.

**50.25 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.

**50.25.01 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.

**50.25.02 Operating lease**

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

**50.26 Segment Reporting**

The Company is domiciled in Bangladesh. The gross revenue from manufacture and selling of MS products is BDT 44,408,886,970. The Company has a branch in Kolkata (India) which contributes 1.65% of revenue of the company. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation. The break up of revenue has been in Note 04.





**50.27 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 Group and Company to the extent relevant for the Group and the Company.

New standards	Summary of the requirements	Possible impact on financial statements
IFRS 16 Lease	<p>IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.</p> <p>IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.</p>	The company is assessing the potential impact on its financial statements resulting from the application of IFRS 16





## Summary of the revaluation report



# **SUMMARY REPORT ON**

## **Valuation of Land Owned by**

### **Bangladesh Steel Re-Rolling Mills Limited**

**As at 30 June, 2019**



**ACNABIN**

*Chartered Accountants*

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Ref.: 02.155/2019/1840 (i)

**The Board of Directors**  
**Bangladesh Steel Re-Rolling Mills Limited**  
BSRM corporate office  
Ali Mansion, 1207/1099 Sadarghat Road  
Chittagong 4100, Bangladesh

07 August, 2019

Dear Sir,

**Summary Report on Valuation of Land Owned by Bangladesh Steel Re-Rolling Mills Limited**

In pursuance to the appointment letter # BSRM//1750/19, dated 4 April, 2019, to carry out the revaluation of land of **Bangladesh Steel Re-Rolling Mills Limited** under specific scope of work.

We have carried out the valuation of the specific class of fixed assets of the company under the head "Land and Land Developments" as of 30 June, 2019 and are pleased to submit this "Summary Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited**".

Thank you.

Kind Regards

**Md. Mominul Karim, FCA**  
Partner





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## ***Preface***

The Board of Directors of **Bangladesh Steel Re-Rolling Mills Limited** appointed ACNABIN Chartered Accountants to conduct the valuation of "Land and Land Developments" of the company as of 30 June, 2019 to incorporate the revalued amount to the books of accounts of the company as on 30 June, 2019. As such, the purpose of this valuation is solely to provide an independent valuation result in order to ascertain fair market value as of the valuation date and presenting these values in the company's financial statements as of 30 June, 2019.

## ***Introduction***

This Summary Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited** is prepared to serve the purpose of executive use of this report by the Management of the company and should be read in connection to the "Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited**" as separately presented [Ref. 02.155/2019/1840 (vi)].

## ***Statement of limiting conditions and assumptions***

The report is subject to "Statement of Limiting Conditions and Assumptions" and within the scope of work as mentioned in the "Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited**" as separately presented.

## ***Valuation methodology***

The valuation of Land and Land Development of **Bangladesh Steel Re-Rolling Mills Limited** as of 30 June, 2019 was conducted on the basis of "Fair market price at its location and condition". The expert team, as mentioned in the detailed report, was formed by ACNABIN comprising members from ACNABIN and Pacific Surveyors Limited and one representative from the company.



### ***Work procedure for the valuation***

We performed the following procedures and produced the valuation report-



A full comprehensive approach was carried out by us to achieve the objective of the assignment as per engagement letter and all clauses of the scope of work as per engagement letter have been covered.

### ***Mutated, non-mutated and mortgaged land***

The total land area of the company under this valuation assignment is **3,371.2250 Decimals**. Out of total measured land area, mutation process completed for **3,348.2250 Decimals**, **23.0000 Decimals** land found as non-mutated the valuation date. The aggregate quantity of land mortgaged with different banks is **1,834.14 Decimals**.

### ***Arriving at the value of the subject land***

Following decisive factors were considered to arrive at the value of the subject property-

- Physical position of the land and available approach road;
- Connectivity to the highway;
- Connectivity to Thana/Upazila Office;
- Common utility facility inside the boundary of the land e.g. existence of electricity connection, deep tube well for water supply and processing of gas connection;





- e. Inside road and establishments to attract premium on the price;
- f. Developed infrastructure facility;
- g. Recent demand of large area of land like the subject land in the area.

Furthermore, using our experiences, discussing with the management of the company, analyzing different information from different sources we arrived at the value of the subject land. However, we assume no liability for such sources. Title to all land owned by **Bangladesh Steel Re-Rolling Mills Limited** is assumed to be good and marketable except for otherwise reported in the "Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited**" as separately issued.

### ***Summary result of the valuation***

The valuation had been conducted using the fair market value method as this is most commonly used and appropriate for valuation of such class of assets. After having completed all the tasks, fair value/market value of lands owned by **Bangladesh Steel Re-Rolling Mills Limited** as of 30 June, 2019 has been estimated at **BDT 7,441,664,393** (Bangladeshi Taka Seven billion four hundred forty one million six hundred sixty four thousand three hundred ninety three only) resulting net revaluation gain worth **BDT 3,480,930,388** (Bangladeshi Taka Three billion four hundred eighty million nine hundred thirty thousand three hundred eighty eight only).

The summary of the valuation of "Land and Land Developments" of **Bangladesh Steel Re-Rolling Mills Limited** as of 30 June, 2019 is presented below-



## Bangladesh Steel Re-Rolling Mills Limited

### Summary on Valuation of "Land and Land Developments"

SL	Location	Carrying Amount (30.06.2019)	Area of Land (Decimals)	Fair Market Value/Net Realizable Value (BDT)
<b>[A] List of lands for upward valuation:</b>				
1	Chorkhai, Mymensingh	74,653,387	235.2500	223,487,500
2	Middle Sonaichori, Baroawlia	1,967,834,714	1,922.8000	2,403,500,000
3	Old Bogra, Bogra	44,415,770	88.8750	88,875,000
4	East Nasirabad, Nasirabad	588,060,000	324.0000	1,490,400,000
5	Jalalabad, Nasirabad/Jalalabad	884,812,500	487.5000	2,242,500,000
6	Khilmurari, Mirsarai	14,565,741	91.8000	55,080,000
7	Jalalabad, Baizid	359,370,000	198.0000	910,800,000
<b>[A]</b>		<b>3,933,712,112</b>	<b>3,348.2250</b>	<b>7,414,642,500</b>
<b>[B] List of lands which are not-mutated:</b>				
1	Middle Sonaichori, Baroawlia	7,049,190	6.0000	7,049,190
2	Jalalabad, Nasirabad/Jalalabad	19,972,703	17.0000	19,972,703
<b>[B]</b>		<b>27,021,893</b>	<b>23.0000</b>	<b>27,021,893</b>
<b>[C] List of lands purchased between 1.7.2017 to 30.6.2019</b>				
1	No such land being identified	<b>[C]</b>		
<b>Total (A+B+C)</b>		<b>3,960,734,005</b>	<b>3,371.2250</b>	<b>7,441,664,393</b>

Book value/carrying amount as of 30.6.2019 3,960,734,005

Net Revaluation Gain/Surplus 3,480,930,388

Land portion included in Flats owned by the company at Kakrail & Uttara Totalling 2.9653 Decimals is recorded as "Building" and as such those have been excluded from Land Valuation.

**Notes:**

Last valuation was made as of 31 December, 2011.  
Land which are not mutated have been excluded for the upward revaluation.  
The time lag between two valuations for the same class of assets is more than 3 (Three) years.  
Assets acquired within 2 (Two) years are not being considered for upward revaluation.  
The lease period of the Leasehold properties are for 99 years and as such considered for upward revaluation.  
The remaining lease period of the Leasehold properties are more than 10 years and as such Land which are under "Bayna agreement" have not been considered for the upward revaluation.

### Concluding remarks

We have arrived at the value of the subject property owned by **Bangladesh Steel Re-Rolling Mills Limited** by using our best professional judgments which is dependent upon many subjective matters. This conclusion is subject to the "Statement of Assumptions and Limiting Conditions" and "Disclaimer" section narrated in the "Report on Valuation of Land Owned by **Bangladesh Steel Re-Rolling Mills Limited**" as separately presented.