

Bangladesh Steel Re-Rolling Mills Limited

Independent Auditor's Report and Consolidated and Separate Financial Statements
as at and for the year ended 30 June 2020

**Rahman Rahman Huq**

Chartered Accountants
MM Trade Center (13th floor)
78, Agrabad C/A
Chattogram, Bangladesh.

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

Independent auditor's report**To the shareholders of Bangladesh Steel Re-Rolling Mills Limited****Report on the Audit of the Consolidated and Separate Financial Statements****Opinion**

We have audited the 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 2020, 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 2020, 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 *Auditor's 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 the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. 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	
See note 5	
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.

Revenue recognition - sale of goods (continued)	
See note 5	
The key audit matter	How the matter was addressed in our audit
<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>
Recognition and measurement of deferred taxes	
See note 34	
The key audit matter	How the matter was addressed in our audit
<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 judgement 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"> - 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; - Using our own tax specialists to evaluate the tax bases and Group's tax strategy. - Assessed the accuracy and completeness of deferred tax; and - Evaluating the adequacy of the financial statements disclosures, including disclosures of assumptions, judgements and sensitivities.
Implementation of IFRS 16-Leases	
See note 42.00 and 51.	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognized right-of-use assets (ROU) of BDT 128,393,421 at 1 July 2019 and lease liabilities, arising from the lease rental agreements for its land, warehouse and office spaces and the lease liabilities stood BDT 108,474,040 at the end of the 30 June 2020. The recognition is made for the first time in current year's financial statements. The Group elected modified retrospective approach. The lease liability is measured at the present value of the remaining lease payments at 1 July 2019. For calculation of the lease liability, the management applies its judgement in determination of lease term, where certainty of exercising the option to extend or the option not to terminate the lease is considered.</p> <p>The incremental borrowing rate is used as discounting rate in calculation of lease liability.</p> <p>We considered the implementation of IFRS 16 Leases as a key audit matter, since the balances recorded are material, management had to apply several judgments and estimates such as lease term, discount rates, measurement basis among others and undertake a significant data extraction exercise to summarize the lease data for input into their lease calculation model.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the management's process for implementing IFRS 16 including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. - Obtaining, reading and evaluating the contracts for lease rental arrangements, especially the terms and conditions related to payments, lease incentives, any indirect costs, dismantling and restoration, option to extend the lease or not to terminate the lease. - Testing and evaluating management's judgment and estimates used in adopting the new standard. - Testing the lease amortization schedule and depreciation schedule for each of the leases. - Testing management's assumptions, in determining the certainty of exercising option to extend or terminate lease and the discounting rate applied to calculate lease liability. - Assessing whether the disclosures within the financial statements are as prescribed by the relevant IFRS standards.

Impairment of equity accounted investees	
See note 21	
The key audit matter	How the matter was addressed in our audit
<p>The Company has investments in subsidiaries and associate as at 30 June 2020. 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"> - Assessing 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; - Evaluating reasonableness of the valuation assumptions used by management through reference to external market data; - Evaluated past performances where relevant and assessed historical accuracy of the forecast produced by management; and - Enquiring and challenging management on the commercial strategy associated with the products to ensure that it was consistent with the assumptions used in estimating future cash flows.
Valuation of inventories	
See note 24	
The key audit matter	How the matter was addressed in our audit
<p>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>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - Corroborating on a sample basis that items on the stock ageing listing by items were classified in the appropriate ageing bracket; - Assessing the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the management on the extent to which old inventory can be sold through various channels; - 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 - We have also considering the adequacy of the Group's and the Company's disclosures in respect of the levels of provisions against inventory.
Assessment of litigations and related disclosures of contingent liabilities	
See note 44	
The key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2020 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's 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"> - Understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations; - Discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the audit committee; - Performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations made in the financial statements; - Used our own experts to gain an understanding and to evaluate the disputed tax matters; - Considered external legal opinions, where relevant, obtained by management; - Met with the Group's and 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 - Evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements.



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. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Consolidated and Separate 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 judgement 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.



Rahman Rahman Huq
Chartered Accountants

- 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.

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. Adeb H. Khan.

Chattogram, 15 OCT 2020

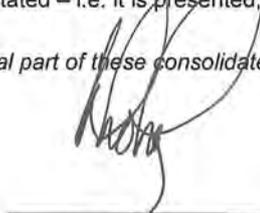
Bangladesh Steel Re-Rolling Mills Limited and its subsidiaries
Consolidated statement of financial position

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	18.a	40,278,575,805	40,456,183,600
Right-of-use assets	42.a	104,354,825	-
Intangible assets	20.a	27,395,912	33,578,997
Equity-accounted investees	21.a	6,670,318,879	6,519,497,141
Other investments	22.a	108,596,166	116,814,404
Non-current assets		47,189,241,587	47,126,074,142
Short term investment	23.a	1,080,246,200	1,870,010,619
Inventories	24.a	18,824,750,861	21,136,511,183
Trade and other receivables	25.a	3,788,361,171	7,037,546,023
Current account with related companies	26.a	3,464,207,702	7,557,196,642
Advances and deposits	27.a	6,477,879,301	5,555,116,505
Cash and cash equivalents	28.a	664,489,405	784,729,223
Current assets		34,299,934,640	43,941,110,195
Total assets		81,489,176,227	91,067,184,337
Equity			
Share capital	29	2,360,682,360	2,360,682,360
Share premium		511,970,250	511,970,250
General reserve		30,170,818	30,170,818
Revaluation reserve		12,130,382,922	12,151,476,722
Retained earnings		8,548,435,477	7,953,071,846
Equity attributable to owners of the company		23,581,641,827	23,007,371,996
Non- controlling interests		7,824,801,021	7,501,147,279
Total equity		31,406,442,848	30,508,519,275
Liabilities			
Long term borrowings- non-current portion	31.a	2,663,787,828	5,009,574,426
Defined benefit obligations- Gratuity	32.a	315,351,000	277,642,800
Lease liabilities- non-current portion	42	84,781,021	-
Deferred tax liability	34.a	5,105,249,789	4,864,351,787
Non-current liabilities		8,169,169,638	10,151,569,013
Trade payables	35.a	226,537,728	3,073,930,880
Short term borrowings	36.a	33,191,552,339	38,152,951,121
Current account with related companies	37.a	5,729,133,918	6,324,923,395
Contract liabilities	38.a	300,135,895	585,464,772
Liabilities for expenses	39.a	1,524,396,974	1,088,289,284
Current tax liability	33.03.d	636,051,682	629,221,563
Provision for WPPF and Welfare Fund	40.a	110,303,052	194,369,665
Lease liabilities- current portion	42	23,693,019	-
Other liabilities	41.a	171,759,134	357,945,369
Current liabilities		41,913,563,741	50,407,096,049
Total liabilities		50,082,733,379	60,558,665,062
Total equity and liabilities		81,489,176,227	91,067,184,337

* The Group applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

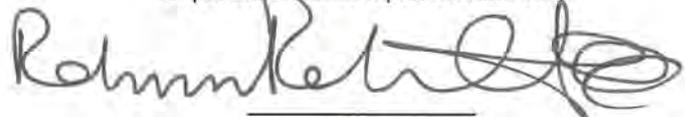
The annexed notes 1 to 51 are an integral part of these consolidated financial statements.


Managing Director


Director


Company Secretary

As per our annexed report of same date.


Auditor

Chattogram, 15 OCT 2020

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

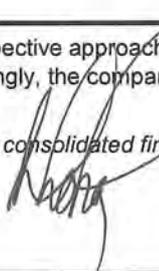
Bangladesh Steel Re-Rolling Mills Limited and its subsidiaries
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

<i>In taka</i>	<i>Note</i>	2020	2019
Revenue	5.a	48,194,730,492	83,115,330,837
Cost of sales	6.a	(42,016,475,784)	(74,929,056,166)
Gross profit		6,178,254,708	8,186,274,671
Selling and distribution costs	7.a	(1,233,455,818)	(1,003,243,509)
Administrative costs	8.a	(588,616,831)	(537,997,027)
Other operating income	9.a	27,454,639	10,693,138
Operating profit		4,383,636,698	6,655,727,273
Finance costs	10.a	(2,346,738,524)	(3,363,746,249)
Finance income	11.a	107,957,572	404,470,882
Net finance costs		(2,238,780,952)	(2,959,275,367)
Non-operating income	12.a	64,367,226	74,574,067
Profit before WPPF and Welfare Fund		2,209,222,972	3,771,025,973
Contribution to WPPF and Welfare Fund	40.a.i	(110,303,052)	(194,369,665)
Share of profit of equity accounted investee, net of tax	13.03	231,504,243	538,975,826
Profit before tax		2,330,424,163	4,115,632,134
Income tax expenses	33.03.a	(1,084,929,680)	(1,611,194,679)
Profit after tax		1,245,494,483	2,504,437,455
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2,542,148)	430,147
		(2,542,148)	430,147
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on defined benefit plans (net of tax)		(6,497,166)	-
Actuarial gain/(loss) on defined benefit plans-net of tax (Associate's portion)	13.04	(473,233)	-
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	13.04	-	2,088,818,434
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land	34.00	-	(529,084,465)
Deferred tax on interest - 12% Convertible bond		-	1,028,632
		(6,970,399)	11,142,940,735
Other comprehensive income for the year, net of tax		(9,512,547)	11,143,370,882
Total comprehensive income		1,235,981,936	13,647,808,337
Profit attributable to:			
Owners of the company		921,840,741	1,860,634,923
Non-controlling interests		323,653,742	643,802,532
		1,245,494,483	2,504,437,455
Total comprehensive income attributable to:			
Owners of the company		912,328,194	9,539,289,109
Non-controlling interests		323,653,742	4,108,519,228
		1,235,981,936	13,647,808,337
Earnings per share			
Basic earnings per share (Taka)	14.a	3.90	7.88

* The Group applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

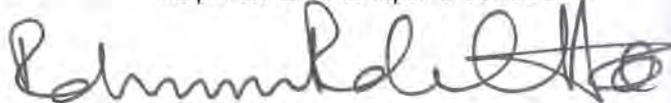
The annexed notes 1 to 51 are an integral part of these consolidated financial statements.


Managing Director


Director


Company Secretary

As per our annexed report of same date.


Auditor

Chattogram, 15 OCT 2020

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Bangladesh Steel Re-Rolling Mills Limited and its subsidiaries
 Consolidated statement of changes in equity
 For the year ended 30 June 2020

In taka	Attributable to owners of the company						12% convertible coupon bond equity component	Total	Non- controlling interests	Total
	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings					
Balance at 1 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	-	-	-	(29,277,603)	39,036,804	-	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 at 30 June 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,722	7,953,071,846	-	23,007,371,996	7,501,147,279	30,508,519,275	
Balance at 1 July 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,722	7,953,071,846	-	23,007,371,996	7,501,147,279	30,508,519,275	
10% cash dividend paid for 2019	-	-	-	-	(261,055,360)	-	(261,055,360)	-	(261,055,360)	
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(21,093,800)	28,125,067	-	7,031,267	-	7,031,267	
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	-	-	-	-	1,346,787	-	1,346,787	-	1,346,787	
Exchange differences on translation of foreign operations	-	-	-	-	(2,542,148)	-	(2,542,148)	-	(2,542,148)	
Dividend paid by BSRM Steels Limited adjusted against Retained earnings	-	-	-	-	(85,381,057)	-	(85,381,057)	-	(85,381,057)	
Actuarial gain/(loss) on defined benefit plans (net of tax)	-	-	-	-	(6,497,166)	-	(6,497,166)	-	(6,497,166)	
Actuarial gain/(loss) on defined benefit plans-net of tax (Associate's portion)	-	-	-	-	(473,233)	-	(473,233)	-	(473,233)	
Profit after tax for the year	-	-	-	-	921,840,741	-	921,840,741	323,653,742	1,245,494,483	
Balance at 30 June 2020	2,360,682,360	511,970,250	30,170,818	12,130,382,922	8,548,435,477	-	23,581,641,827	7,824,801,021	31,406,442,848	

* The Group applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

The annexed notes 1 to 51 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 2020

<i>In taka</i>	2020	2019
a. Cash flows from operating activities		
Cash receipts from customers	74,270,543,775	84,637,253,302
Cash payments to suppliers and employees	(65,208,651,937)	(71,894,994,356)
Income tax paid	(2,178,458,719)	(399,527,794)
Interest paid	(1,205,612,604)	(2,990,644,919)
Net cash from operating activities	5,677,820,515	9,352,086,233
b. Cash flows from investing activities		
Acquisition of Property, plant and equipment	(538,302,593)	(355,349,994)
Addition to CWIP	(863,331,816)	(305,977,251)
Disposal of Property, plant and equipment	11,537,839	434,141,871
Increase/(Decrease) in short term and other investments	800,482,657	(497,493,508)
Investment at BMS Steel Limited (JV)	(3,825,000)	(2,281,500)
Dividend income	375,000	106,594,191
Net cash used in investing activities	(593,063,913)	(620,366,191)
c. Cash flows from financing activities		
(Repayments)/receipts of long term loans	(3,803,030,709)	(3,295,863,935)
Dividend paid	(261,055,360)	(214,607,496)
Short Term Borrowings/repayment	(4,617,316,127)	(1,642,017,415)
Loan to/from related companies	3,495,881,888	(3,574,931,033)
Principal payment of lease liabilities	(19,919,381)	-
Net cash from financing activities	(5,205,439,689)	(8,727,419,879)
d. Net (decrease)/increase in cash and cash equivalents (a+b+c)	(120,683,087)	4,300,164
e. Cash and cash equivalents at 1 July	784,729,223	779,433,146
Effect of movements in exchange rates on cash and cash equivalents held	443,269	995,913
f. Cash and cash equivalents at 30 June (d+e)	664,489,405	784,729,223

* The Group applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

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



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

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Assets			
Property, plant and equipment	18	16,205,826,168	15,932,131,109
Right-of-use assets	42	104,354,825	-
Intangible assets	20	15,030,379	18,413,720
Investment in subsidiaries and associate	21	13,073,131,183	12,644,244,186
Other investments	22	106,096,166	116,814,404
Non-current assets		29,504,438,721	28,711,603,419
Short term investments	23	51,242,494	146,794,158
Inventories	24	9,853,143,743	16,195,612,684
Trade and other receivables	25	3,346,575,434	3,570,813,232
Current account with related companies	26	1,651,039,057	985,977,512
Advances and deposits	27	2,015,080,837	2,181,266,067
Cash and cash equivalents	28	629,099,667	761,556,711
Current assets		17,546,181,232	23,842,020,364
Total assets		47,050,619,953	52,553,623,783
Equity			
Share capital	29	2,360,682,360	2,360,682,360
Share premium		511,970,250	511,970,250
General reserve	30.01	30,170,818	30,170,818
Revaluation reserve	30.02	12,130,382,920	12,151,476,720
Retained earnings		8,548,435,479	7,953,071,848
Total equity		23,581,641,827	23,007,371,996
Liabilities			
Long term borrowings- non-current portion	31	2,323,136,465	3,871,516,258
Defined benefit obligations- gratuity	32	259,300,000	231,907,679
Lease liabilities- non-current portion	42	84,781,021	-
Deferred tax liability	34	2,676,575,321	2,559,502,570
Non-current liabilities		5,343,792,807	6,662,926,507
Trade payables	35	5,547,228,084	3,440,380,026
Short term borrowings	36.01	9,332,878,052	9,448,628,917
Current portion of long term borrowings	36.09	2,008,394,290	1,957,378,523
Current account with related companies	37	4,945,797	6,264,184,395
Contract liabilities	38	249,860,229	550,450,921
Liabilities for expenses	39	671,402,821	483,789,338
Current tax liability	33.01	86,980,212	306,310,048
Provision for WPPF and Welfare Fund	40	43,476,238	93,997,289
Lease liabilities- current portion	42	23,693,019	-
Other liabilities	41	156,326,577	338,205,823
Current liabilities		18,125,185,319	22,883,325,280
Total liabilities		23,468,978,126	29,546,251,787
Total equity and liabilities		47,050,619,953	52,553,623,783

* The Company applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

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


Managing Director


Director


Company Secretary

As per our annexed report of same date.


Auditor

Chattogram, 15 OCT 2020

Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh

Bangladesh Steel Re-Rolling Mills Limited
 Separate statement of profit or loss and other comprehensive income
 For the year ended 30 June 2020

<i>In taka</i>	Note	2020	2019
Revenue	5	45,722,355,688	44,408,886,970
Cost of sales	6	(42,048,067,068)	(39,416,646,035)
Gross profit		3,674,288,620	4,992,240,935
Selling and distribution costs	7	(1,223,320,504)	(992,027,229)
Administrative costs	8	(419,390,443)	(389,512,421)
Other operating income	9	27,454,639	27,201,418
Operating profit		2,059,032,312	3,637,902,703
Finance costs	10	(1,228,909,939)	(1,938,116,382)
Finance income	11	23,297,335	32,261,813
Net finance costs		(1,205,612,604)	(1,905,854,569)
Non-operating income	12	16,105,053	41,303,446
Profit before WPPF and Welfare Fund		869,524,761	1,773,351,580
Contribution to WPPF and Welfare Fund	40	(43,476,238)	(93,997,289)
Share of profit of equity accounted investees, net of tax	13	509,569,502	1,060,711,269
Profit before tax		1,335,618,025	2,740,065,560
Income tax expenses	33	(413,777,284)	(879,430,637)
Total income tax expenses		(413,777,284)	(879,430,637)
Profit after tax		921,840,741	1,860,634,923
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associate		-	-
Exchange differences on translation of foreign operations		(2,542,148)	430,147
		(2,542,148)	430,147
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on defined benefit plans (net of tax)		(6,497,166)	-
Revaluation of land (net of tax)		-	3,286,504,483
Revaluation of land (Subsidiary's portion) net of tax	21.01	-	2,830,956,955
Revaluation of land (Associate's portion) net of tax	13.04	-	2,088,818,434
Actuarial gain/(loss) on defined benefit plans-net of tax (Associate's portion)	13.04	(473,233)	-
Deferred tax against increase in carrying amount of investment in equity accounted investees for revaluation of land	34	-	(529,084,465)
Deferred tax on interest - 12% Convertible bond		-	1,028,632
		(6,970,399)	7,678,224,039
Other comprehensive income for the year, net of tax		(9,512,547)	7,678,654,186
Total comprehensive income		912,328,194	9,539,289,109
Earnings per share			
Basic earnings per share (Taka)	14.01	3.90	7.88

* The Company applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

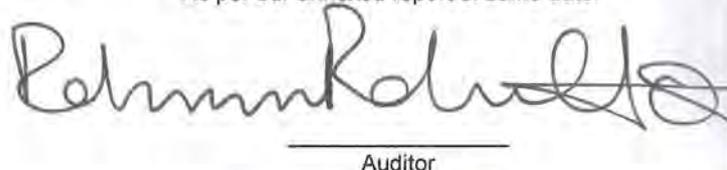
The annexed notes 1 to 51 are an integral part of these separate financial statements.


 Managing Director


 Director


 Company Secretary

As per our annexed report of same date.


 Auditor

Chattogram, 15 OCT 2020

Rahman Rahman Hug
 Chartered Accountants
 KPMG in Bangladesh

Bangladesh Steel Re-Rolling Mills Limited
Separate statement of changes in equity

For the year ended 30 June 2020

<i>In taka</i>	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	12% Convertible coupon bond-equity component	Total
Balance at 1 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	-	-	-	(29,277,603)	39,036,804	-	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 at 30 June 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,720	7,953,071,848	-	23,007,371,996
Balance at 1 July 2019	2,360,682,360	511,970,250	30,170,818	12,151,476,720	7,953,071,848	-	23,007,371,996
10% cash dividend paid for 2019	-	-	-	-	(261,055,360)	-	(261,055,360)
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(21,093,800)	28,125,067	-	7,031,267
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	-	-	-	-	1,346,787	-	1,346,787
Exchange differences on translation of foreign operations	-	-	-	-	(2,542,148)	-	(2,542,148)
Dividend paid by BSRM Steels Limited adjusted against Retained earnings	-	-	-	-	(85,381,057)	-	(85,381,057)
Actuarial gain/(loss) on defined benefit plans (net of tax)	-	-	-	-	(6,497,166)	-	(6,497,166)
Actuarial gain/(loss) on defined benefit plans-net of tax (Associate's portion)	-	-	-	-	(473,233)	-	(473,233)
Profit after tax for the year	-	-	-	-	921,840,741	-	921,840,741
Balance as at 30 June 2020	2,360,682,360	511,970,250	30,170,818	12,130,382,920	8,548,435,479	-	23,581,641,827

* The Company applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

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



Bangladesh Steel Re-Rolling Mills Limited
 Separate statement of cash flows
 For the year ended 30 June 2020

<i>In taka</i>	2020	2019
a. Cash flows from operating activities		
Cash receipts from customers	45,646,002,794	43,454,043,415
Receipt against other income	48,319,751	67,711,435
Cash payments to suppliers, employees and advance tax	(34,732,516,858)	(40,606,759,688)
Income tax paid	(201,754,781)	(353,203,700)
Interest paid	(1,205,612,604)	(1,897,633,252)
Net cash from operating activities	9,554,438,302	664,158,211
b. Cash flows from investing activities		
Acquisition of property, plant and equipment	(390,816,671)	(126,281,636)
Addition to capital work-in-progress	(592,111,326)	(65,842,183)
Disposal of property, plant and equipment	11,537,839	5,876,121
Increase in short term and other investments	106,269,902	(91,197,528)
Investment at BMS Steel Limited (JV)	(3,825,000)	(2,281,500)
Dividend income	-	106,594,191
Net cash used in investing activities	(868,945,256)	(173,132,534)
c. Cash flows from financing activities		
Receipt of long term loans	(1,497,364,026)	(1,823,541,678)
Dividend paid	(261,055,360)	(214,607,496)
Repayment of short term borrowings	(115,750,865)	(294,260,881)
Loan to/from related companies	(6,924,300,143)	1,896,993,966
Principal payment of lease liabilities	(19,919,381)	-
Net cash from financing activities	(8,818,389,775)	(435,416,089)
d. Net increase/(decrease) in cash and cash equivalent (a+b+c)	(132,896,729)	55,609,588
e. Cash and cash equivalents at 1 July	761,556,711	704,983,780
Effect of movements in exchange rates on cash and cash equivalents held	439,685	963,343
f. Cash and cash equivalents at 30 June (d+e)	629,099,667	761,556,711

* The Company applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effect of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. See Note 4.

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



1 Reporting entity

A. 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, Chattogram, 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.

B. 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.

C. 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 plants 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.

D. 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.

E. 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 objective 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 & Steel Co. Ltd. to BSRM Steels Limited.

F. 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 had been issued initially. 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 Basis of accounting

A. Statement of compliance

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed in 2017. As per the provisions of the FRA (section-69), the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1994. The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management, IFRS format gives a better presentation to the shareholders.

B. 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 and Supplementary Act, 2012 (effective from 01 July 2019)
- iv) The Value Added Tax and Supplementary Rules, 2016 (effective from 01 July 2019)
- v) The Customs Act, 1969
- vi) Bangladesh Labour Act, 2006
- vii) The Securities and Exchange Ordinance, 1969
- viii) The Securities and Exchange Rules, 1987, etc.

C. 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.

D. 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.

E. Merger

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).

On the 6th September 2020, the Honorable High Court has directed both Bangladesh Steel Re-Rolling Mills Limited and BSRM Steel Mills Limited to go for revaluation of both companies by an Independent Auditor before the merger of the companies.

F. Reporting period

The separate financial statements of the Company and the consolidated financial statements of the Group cover twelve months from 1 July 2019 to 30 June 2020 which is followed consistently since 2016.

G. Authorization for issue

These financial statements have been authorized for issue by the Board of Directors on 15 OCT 2020



H. 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 2020 are consistent with those policies and methods adopted in preparing the financial statements as at and for the year ended 30 June 2019.

I. Comparative information

Comparative information has been disclosed in respect of 2019 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.

J. 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.

K. 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 be 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 non-current assets and liabilities respectively.

3 Use of estimates and judgements

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of the Group's 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 estimates are recognized prospectively.

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 18.00 Property, plant and equipment
- Note 20.00 Intangible assets
- Note 24.00 Inventories
- Note 25.00 Trade and other receivables
- Note 32.00 Defined benefit obligations - gratuity
- Note 33.01 Current tax liability
- Note 34.00 Deferred tax liability
- Note 41.00 Other liabilities
- Note 42.00 Lease
- Note 44.00 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 a 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.

4 Changes in significant accounting policies

The Company initially applied IFRS 16: Leases from 1 July 2019.

The Company applied IFRS 16 using the modified retrospective approach, under which there are no cumulative effects of initial application in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16: Leases have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 51 (Z).

On transition to IFRS 16: Leases, the Company elected to apply the practical expedient assessment of which transactions are leases. The Company did not reassess the contracts that were not identified as leases under IAS 17 and IFRIC 4 for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

B. As a lessee

As a lessee, the Company leases a few assets including land, warehouse/godown/factory shed and office spaces. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for all of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating leases under IAS 17

Previously, the Company classified leases for land, warehouse/godown/factory shed and office spaces as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019 (see Note 4(c)).

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to all of the leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value assets; and
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

C. Impact on financial statements

Impact on transition

On transition to IFRS 16: Leases, the Company recognized additional right-of-use assets and additional lease liabilities, recognizing no difference in retained earnings. The impact on transition is summarized below:

<i>In taka</i>	1 July 2019
Right-of-use assets	128,393,421
Lease liabilities	128,393,421

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The company used 9.00% incremental borrowing rate per annum compounded monthly.



Notes to the separate and consolidated financial statements (continued)

5	Revenue			
	See accounting policy in note 51 (S).			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	5.01	44,298,957,250	43,179,134,742
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		1,490,425,236	1,495,114,363
	Less: Intracompany sales		(67,026,798)	(265,362,135)
			45,722,355,688	44,408,886,970
5.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Local sales	5.02	43,491,581,614	42,079,142,906
	Export sales	5.03	595,996,114	711,649,543
	Sales of Scrap and By-product		211,379,522	388,342,293
			44,298,957,250	43,179,134,742
5.01-A	Revenue streams			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Revenue from contracts with customers	5.01	44,298,957,250	43,179,134,742
			44,298,957,250	43,179,134,742
5.01-B	Disaggregation of revenue from contracts with customers			
	<i>In taka</i>		2020	2019
	Primary geographical markets			
	Bangladesh		44,240,743,518	43,093,444,972
	China		32,309,480	74,529,445
	South Korea		7,450,205	4,643,157
	Thailand		18,454,047	-
	India		-	6,517,168
			44,298,957,250	43,179,134,742
	Major products lines or services			
	Xtreme 500		32,737,227,090	33,856,157,326
	M. S. Products		10,869,526,190	8,188,452,714
	By Product & Scrap		211,379,522	388,342,293
	H & I Beam		247,516,967	276,218,046
	Others		233,307,481	469,964,363
			44,298,957,250	43,179,134,742
	Timing of revenue recognition			
	Products transferred at a point in time		44,298,957,250	43,179,134,742
			44,298,957,250	43,179,134,742
5.01-C	Contract balances			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Receivables, which are included in 'trade and other receivables'	25.02	2,997,594,266	3,312,279,860
	Contract liabilities	38	249,860,229	550,450,921
5.02	Local sales			
	<i>In taka</i>		2020	2019
	MS Billet		33,505,621	167,452,637
	MS Rod		43,458,075,993	41,911,690,269
			43,491,581,614	42,079,142,906
5.03	Export sales			
	<i>In taka</i>		2020	2019
	Xtreme 500W		536,733,584	606,902,200
	MS Angel		1,049,160	21,576,148
	By Products		58,213,370	82,072,446
	MS Channel		-	383,489
	MS Square Bar		-	715,260
			595,996,114	711,649,543

Export sales of finished products during 01 July 2019 to 30 June 2020 was USD 6,357,045.85 against export of 9,642.62 Metric Ton of goods and it was USD 7,440,466 against export of 10,238.01 Metric Ton of goods during 01 July 2018 to 30 June 2019.



Notes to the separate and consolidated financial statements (continued)

5.a Consolidated revenue			
<i>In taka</i>	<i>Note</i>	2020	2019
Bangladesh Steel Re-Rolling Mills Limited	5	45,722,355,688	44,408,886,970
BSRM Steel Mills Limited		29,552,721,007	53,407,280,472
BSRM (Hong Kong) Limited		46,564,141	5,129,183
Less: Intra-group elimination		(27,126,910,344)	(14,705,965,788)
		48,194,730,492	83,115,330,837
6 Cost of sales			
<i>In taka</i>	<i>Note</i>	2020	2019
Bangladesh Steel Re-Rolling Mills Limited-HO	6.01	40,694,633,736	38,249,913,808
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		1,413,227,987	1,409,775,208
Adjustment for portion of unrealized profit (PURP)-subsidiary		7,232,143	2,459,337
Adjustment for portion of unrealized profit (PURP)-associate		-	19,859,817
Less: Intra-company sales		(67,026,798)	(265,362,135)
		42,048,067,068	39,416,646,035
6.01 Bangladesh Steel Re-Rolling Mills Limited-HO			
<i>In taka</i>	<i>Note</i>	2020	2019
Cost of sales- own production	6.02	39,946,635,576	36,942,405,271
Cost of sales- finished goods procured and sold	6.03	708,340,702	1,127,128,391
Cost of sales- scrap and others		4,153,047	16,319,769
Cost of sales- billet		35,504,411	164,060,377
		40,694,633,736	38,249,913,808
6.02 Cost of sales- own production			
<i>In taka</i>	<i>Note</i>	2020	2019
Stock of raw materials-scrap at 1 July		2,172,557,571	1,045,893,575
Purchase during the year		2,774,316,971	8,084,936,815
		4,946,874,542	9,130,830,390
Cost of scrap and others sales		(4,153,047)	(16,319,769)
Stock of raw materials-scrap at 30 June	24.01	(1,390,522,066)	(2,172,557,571)
Raw materials consumed-scrap		3,552,199,429	6,941,953,050
Factory overhead- Melting Unit	6.05.01	1,372,902,873	1,780,835,176
Cost of billet manufactured		4,925,102,302	8,722,788,226
Stock of billet at 1 July		38,976,977	32,111,528
Stock of billet available		4,964,079,279	8,754,899,754
Cost of billet sale		(35,504,411)	(164,060,377)
Stock of billet at 30 June		(39,666,437)	(38,976,977)
Billet transferred to Re-Rolling Unit		4,888,908,431	8,551,862,400
Stock of billet at 1 July		4,217,424,626	5,439,107,713
Purchase during the year		27,349,808,370	27,378,439,884
Stock of billet at 30 June		(1,510,977,480)	(4,217,424,626)
Billet consumed		34,945,163,947	37,151,985,371
Cost of packing materials		138,200,936	137,261,823
Factory overhead- Rolling Unit	6.05.02	1,967,635,599	2,033,470,975
Cost of Production of finished goods		37,051,000,482	39,322,718,169
Stock of finished goods at 1 July		7,242,677,339	4,871,552,108
Stock of finished goods at 30 June		(4,345,804,002)	(7,242,677,339)
Goods available for sale		39,947,873,819	36,951,592,938
Own use		(1,238,243)	(9,187,667)
Cost of sales- own production		39,946,635,576	36,942,405,271
6.03 Cost of sales- finished goods procured and sold			
<i>In taka</i>	<i>Note</i>	2020	2019
Stock of finished goods at 1 July		430,566,294	269,293,231
Finished goods imported		476,889,762	521,771,843
Finished goods purchased locally		231,086,286	774,031,149
Available for sale/consumption		1,138,542,342	1,565,096,223
Stock of finished goods at 30 June	24.01	(421,396,820)	(430,566,294)
Goods used by the company		(8,804,820)	(7,401,538)
Cost of sales- finished goods procured and sold		708,340,702	1,127,128,391



Notes to the separate and consolidated financial statements (continued)

6.04 Quantitative movement of inventories

<i>In Metric ton</i>	2020	2019
Raw materials:		
Balance (Scrap) at 1 July	65,420	34,325
Purchased/imported during the year	92,820	221,414
Total available	158,240	255,739
Balance (Scrap) at 30 June	(46,679)	(65,420)
Consumed /Sold/Returned during the year	111,561	190,318
Billet manufactured (Melting Unit)	102,735	174,657
Stock of billet at 1 July	791	667
Stock of billet available	103,526	175,324
Billet sold	(716)	(3,311)
Stock of billet at 30 June	(917)	(791)
Billet transferred to Re-Rolling Unit	101,893	171,222
Stock of billet (Rolling Unit) at 1 July	81,328	108,831
Purchase during the year	543,399	501,293
Stock of billet (Rolling Unit) 30 June	(31,782)	(81,328)
Billet consumed	694,838	700,018
Finished goods:		
Stock of finished goods at 1 July	136,255	95,698
Produced during the year	681,038	686,769
Imported/Purchased during the year	13,248	21,977
Stock of finished goods at 30 June	(87,920)	(136,255)
Sold/consumed during the year	742,621	668,189

6.05 Factory overhead

<i>In taka</i>	Note	2020	2019
Factory overhead- Melting Unit	6.05.01	1,372,902,873	1,780,835,176
Factory overhead- Rolling Unit	6.05.02	1,967,635,599	2,033,470,975
		3,340,538,472	3,814,306,151

6.05.01 Factory overhead- Melting Unit

<i>In taka</i>	Note	2020	2019
Salaries and allowances		150,624,258	191,293,164
Carrying charges-raw materials		11,580	242,765
Consumption of electrical stores		4,408,435	11,439,335
Consumption of general stores		2,292,628	3,418,768
Consumption of mechanical stores		26,284,667	41,036,585
Conveyance expenses		3,575,249	3,368,116
Depreciation	18.01	157,269,021	150,600,367
Direct expenses		80,594,860	115,021,416
Direct materials consumed		310,977,733	228,813,096
Electricity expenses		1,566,815	1,382,386
Entertainment		1,478,988	2,003,014
Fees and renewals		41,836	396,395
Fuel and lubricants		7,419,491	7,026,204
Gas		6,149,489	6,353,719
Guest house expenses		198,268	102,212
Materials and finished goods handling charges		15,461,267	19,533,162
Medical expenses		1,237,015	1,234,833
Motor vehicle expenses		1,885,684	2,059,046
Postage and telegram		659	1,153
Power (factory)		582,377,213	971,021,305
Printing and stationery		515,873	1,783,770
Repairs and maintenance		7,653,828	12,640,095
Travelling expenses		216,723	363,206
Water bill- WASA		133,317	192,615
Depreciation- Right-of-use assets	42.04	10,527,976	-
Guest house rent		-	54,600
Insurance expenses		-	1,062,849
Rent		-	8,391,000
		1,372,902,873	1,780,835,176



Notes to the separate and consolidated financial statements (continued)

6.05.02 Factory overhead- Rolling Unit

<i>In taka</i>	<i>Note</i>	2020	2019
Salaries and allowances		212,557,899	233,236,979
Carrying charges-raw materials		207,670	267,710
Consumption of electrical stores		28,106,687	33,982,951
Consumption of general stores		3,642,406	3,112,493
Consumption of mechanical stores		153,891,587	211,907,125
Conveyance expenses		7,325,814	4,968,720
Depreciation	18.01	486,493,899	498,041,804
Other materials consumed		988,225	2,619,191
Electricity expenses		7,495,022	8,247,425
Entertainment		3,855,874	3,871,472
Fees and renewals		1,256,008	1,917,728
Fuel and lubricants		28,521,891	84,531,262
Gas		241,857,538	168,672,403
Guest house expenses		249,614	284,784
Guest house rent		2,064,510	2,560,720
Insurance expenses		11,078,842	6,696,524
Materials and finished goods handling charges		275,838,100	252,990,788
Medical expenses		1,629,551	2,256,975
Motor vehicle expenses		911,671	870,224
Paper and periodical		14,072	15,558
Postage and telegram		50,872	6,306
Power (factory)		473,360,048	477,419,632
Printing and stationery		5,941,869	4,087,622
Rent		1,439,442	11,037,372
Repairs and maintenance		10,959,822	18,892,860
Travelling expenses		2,090,298	957,757
Water bill- WASA		26,867	16,590
Consumption of MS Roll		185,848	-
Depreciation- Right-of-use assets	42.04	5,593,653	-
		1,967,635,599	2,033,470,975

6.a Consolidated cost of sales

<i>In taka</i>	<i>Note</i>	2020	2019
Bangladesh Steel Re-Rolling Mills Limited	6	42,048,067,068	39,416,646,035
BSRM Steel Mills Limited		27,043,749,937	50,210,586,831
BSRM (Hong Kong) Limited		45,727,839	4,779,185
Reversal of unrealized profit elimination separate financial statement		(7,232,143)	(2,459,337)
Portion of unrealized profit (PURP)		16,083,330	5,469,240
Adjustment for unrealized profit on opening inventory		(3,009,903)	-
Less: Intra-group elimination		(27,126,910,344)	(14,705,965,788)
		42,016,475,784	74,929,056,166



Notes to the separate and consolidated financial statements (continued)

7	Selling and distribution costs			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	7.01	1,223,320,504	992,027,229
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			1,223,320,504	992,027,229

7.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Salary and allowances		149,004,382	115,858,673
	Advertisement		81,763,343	89,294,999
	Sales promotion expenses		38,602,255	12,048,013
	Brokerage and commission		375,441,240	305,696,518
	Marketing expenses		26,150,084	19,831,129
	Carriage on sales		354,818,828	247,424,522
	Telephone expenses		147,918	1,656
	Conveyance expenses		348,571	190,520
	Depreciation	18.01	44,082,871	41,126,730
	Electricity expenses		9,517,370	8,062,163
	Entertainment		173,267	3,358,411
	Finished goods handling charges		29,791,757	39,164,732
	Export charges		2,168,398	3,578,860
	Repair & maintenance		205,889	120,301
	Fees and renewals		78,459	64,325
	Godown rent		2,668,572	4,498,752
	Medical expenses		1,348,640	770,080
	Motor cycle expenses		9,385,023	6,969,795
	Printing and stationeries expenses		3,252,315	4,904,031
	Royalty expenses		83,061,813	79,815,365
	Testing charges		259,511	959,762
	Travelling expenses		2,415,743	1,811,413
	Depreciation- Right-of-use assets	42.04	2,332,985	-
	Bad debts		-	898,809
	Gratuity expenses		6,301,270	5,577,670
			1,223,320,504	992,027,229

7.02 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.

7.a	Consolidated selling and distribution costs			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited	7	1,223,320,504	992,027,229
	BSRM Steel Mills Limited		10,135,314	11,216,280
			1,233,455,818	1,003,243,509

8	Administrative costs			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	8.01	364,312,063	334,115,173
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		55,078,380	55,397,248
			419,390,443	389,512,421



Notes to the separate and consolidated financial statements (continued)

8.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	2020	2019
Salaries and allowances		181,676,297	166,103,133
Directors' remuneration	8.02	88,500,000	70,800,000
Advertisement expenses		1,114,627	569,824
Audit fees		770,500	770,500
Board meeting expenses		267,000	304,750
Conveyance expenses		625,903	423,888
Insurance expenses		23,288	23,288
CSR expenses		20,137,524	17,500,624
Depreciation	18.01	4,335,228	4,591,693
Amortisation	20.02	3,383,341	3,383,341
Donation and subscriptions		3,334,608	445,844
Entertainment		4,488,788	5,344,025
Fees and renewals		5,338,315	6,611,966
Generator and fuel expenses		304,095	253,961
Guest house expenses		566,481	661,547
Land revenue, municipal tax		1,277,250	2,168,026
Legal expenses		445,584	867,239
Medical expenses		3,167,425	2,383,924
Motor vehicle expenses		10,272,247	8,827,617
Office expenses		757,172	20,740
Paper and periodicals		6,283	12,846
Postage expenses		316,819	430,741
Printing expenses		754,913	570,309
Professional expenses		6,314,073	6,140,076
Rent (office, depot and others)		1,676,239	7,931,256
Repair and maintenance		2,720,638	1,033,529
Telephone expenses		3,355,182	2,142,574
Internet expenses		1,394,191	1,517,800
Training expenses		1,165,378	2,360,252
Travelling expenses		3,716,744	5,750,043
Utility expenses		1,196,559	1,488,926
Gratuity expenses		5,325,389	12,093,926
Depreciation- Right-of-use assets	42.04	5,583,982	-
General expenses		-	582,545
Stationery expenses		-	4,420
		364,312,063	334,115,173

8.02 Directors' remuneration

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

<i>In taka</i>	2020		
Name	Gross remuneration	Income tax deducted	Net paid
Mr. Alihussain Akberali- Chairman	36,000,000	10,800,000	25,200,000
Mr. Aameir Alihussain- Managing Director	28,500,000	8,550,000	19,950,000
Mr. Zohair Taherali- Director	16,500,000	4,950,000	11,550,000
Mrs. Sabeen Aameir- Director	7,500,000	1,875,000	5,625,000
	88,500,000	26,175,000	62,325,000

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.

8.a Consolidated administrative costs

<i>In taka</i>	<i>Note</i>	2020	2019
Bangladesh Steel Re-Rolling Mills Limited	8	419,390,443	389,512,421
BSRM Steel Mills Limited		153,985,055	139,188,788
BSRM (Hong Kong) Limited		15,241,333	9,295,818
		588,616,831	537,997,027



Notes to the separate and consolidated financial statements (continued)

9	Other operating income			
	See accounting policy in note 51 (U).			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	9.01	27,454,639	27,201,418
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			27,454,639	27,201,418
9.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		2020	2019
	Late payment charge		19,139,368	5,294,199
	Other item sales		13,075,330	21,113,790
	Gain/(loss) on sale of PPE		(4,760,059)	793,429
			27,454,639	27,201,418
9.a	Consolidated other operating income			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited	9	27,454,639	27,201,418
	BSRM Steel Mills Limited		-	(16,508,280)
			27,454,639	10,693,138
10	Finance costs			
	See accounting policy in note 51 (T).			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	10.01	1,217,133,132	1,930,248,869
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		11,776,807	7,867,513
			1,228,909,939	1,938,116,382
10.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Interest on LATR		1,165,042	39,305,398
	Interest on Demand and Time loan		530,426,616	395,878,531
	Interest on Overdraft		161,125,214	172,983,823
	Interest on Term loan		580,161,930	818,557,846
	Bank charges		17,526,490	8,361,765
	Bank Guarantee Commission		92,227	2,144,399
	Agency fee		575,000	4,025,000
	Interest on balance due to inter companies		199,929,987	691,284,551
	Interest on balance due from inter companies		(286,178,250)	(239,914,502)
	Interest on Stimulus fund		80,293	-
	Interest on lease liabilities		9,803,899	-
	Foreign currency exchange rate fluctuation (gain)/loss	10.02	2,424,684	(5,304,972)
	Interest on Convertible bond		-	42,927,030
			1,217,133,132	1,930,248,869
10.02	Foreign currency exchange loss/(gain)			
	<i>In taka</i>		2020	2019
	Realized foreign currency transaction loss/(gain)		3,264,646	(1,727,559)
	Unrealized foreign currency translation loss/(gain)		(839,962)	(3,577,413)
			2,424,684	(5,304,972)
	Foreign currency transaction loss/(gain)			
	This represents net gain on transaction in foreign currency during the year.			
	Foreign currency translation loss/(gain)			
	This represents net gain on translation of foreign currencies into Bangladeshi Taka at the rate prevailing on reporting date.			
10.a	Consolidated finance costs			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited	10	1,228,909,939	1,938,116,382
	BSRM Steel Mills Limited		1,116,959,076	1,425,266,911
	BSRM (Hong Kong) Limited		869,509	362,956
			2,346,738,524	3,363,746,249



Notes to the separate and consolidated financial statements (continued)

11	Finance income			
	See accounting policy in note 51 (T).			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	11.01	23,297,335	32,261,813
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			23,297,335	32,261,813
11.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		2020	2019
	Interest income on STD		52,938	11,505
	Interest income from FDR		23,244,397	32,250,308
			23,297,335	32,261,813
11.a	Consolidated finance income			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited	11	23,297,335	32,261,813
	BSRM Steel Mills Limited		84,660,237	372,209,069
	BSRM (Hong Kong) Limited		-	-
			107,957,572	404,470,882
12	Non-operating income			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	12.01	16,105,053	41,303,446
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			16,105,053	41,303,446
12.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		2020	2019
	Changes in fair value of tradable securities	23.03	18,714	218,653
	PF forfeiture		424,339	-
	Rental income		15,662,000	15,722,000
	Dividend income		-	4,200
	Management fees		-	25,358,593
			16,105,053	41,303,446
12.a	Consolidated non-operating income			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Bangladesh Steel Re-Rolling Mills Limited	12	16,105,053	41,303,446
	BSRM Steel Mills Limited		23,984,425	30,725,070
	BSRM (Hong Kong) Limited		24,277,748	2,545,551
			64,367,226	74,574,067
13	Share of (loss)/profit of equity accounted investees (Net of tax)			
	<i>In taka</i>	<i>Note</i>	2020	2019
	Share of profit of subsidiary (BSML)	13.01	269,224,390	528,498,668
	Share of profit of subsidiary (BSRM HK)	13.02	8,840,869	(6,763,225)
	Share of profit of associate (BSL)	13.03	231,504,243	538,975,826
			509,569,502	1,060,711,269
13.01	Share of profit of subsidiary (BSML)			
	<i>In taka</i>		2020	2019
	Net profit attributable to the shareholders' of BSML		598,719,417	1,175,311,103
	Percentage of holding		44.97%	44.97%
	Net profit attributable to BSRM Ltd.		269,224,390	528,498,668
			269,224,390	528,498,668
13.02	Share of profit of subsidiary (BSRM HK)			
	<i>In taka</i>		2020	2019
	Net profit/(loss) attributable to the shareholders' of BSML		8,840,869	(6,763,225)
	Percentage of holding		100.00%	100.00%
	Net profit/(loss) attributable to BSRM Ltd.		8,840,869	(6,763,225)
			8,840,869	(6,763,225)



Notes to the separate and consolidated financial statements (continued)

13.03 Share of profit of associate (BSL)

<i>In taka</i>	2020	2019
Net profit attributable to the shareholders' of BSL	742,276,623	1,728,128,824
Percentage of holding	31.19%	31.19%
Net profit attributable to BSRM Ltd.	231,504,243	538,975,826
	231,504,243	538,975,826

13.04 Share of other comprehensive income of associate (BSL) (Net of tax)

<i>In taka</i>	2020	2019
Other comprehensive income attributable to the shareholders' of BSL	(1,517,336)	6,697,419,758
Percentage of holding	31.19%	31.19%
Other comprehensive income attributable to BSRM Ltd.	(473,233)	2,088,818,434
	(473,233)	2,088,818,434

14 Earnings per share (EPS)

See accounting policy in note 51 (V).

14.01 Basic EPS

<i>In taka</i>	2020	2019
Profit attributable to the ordinary shareholders	921,840,741	1,860,634,923
Number of ordinary shares at the year end	236,068,236	236,068,236
Weighted average no. of shares outstanding during the year (Nos.)	236,068,236	236,068,236
Basic EPS (Taka)	3.90	7.88

14.a Consolidated earnings per share (CEPS)

<i>In taka</i>	2020	2019
Net profit after tax attributable to owners of the company (Taka)	921,840,741	1,860,634,923
Number of ordinary shares at the period end	236,068,236	236,068,236
Weighted average number of ordinary shares outstanding during the year (Nos.)	236,068,236	236,068,236
Consolidated earnings per share (CEPS) (Taka)	3.90	7.88

EPS for the year 2019 has been restated based on the new weighted average number of ordinary shares in accordance with IAS 33: 'Earnings per share'.

15 Net asset value per share (NAV)

<i>In taka</i>	2020	2019
Total assets	47,050,619,953	52,553,623,783
Total liabilities	(23,468,978,126)	(29,546,251,787)
Net asset value (NAV)	23,581,641,827	23,007,371,996
Number of ordinary shares outstanding during the year	236,068,236	236,068,236
Net asset value per share (NAV) per share	99.89	97.46

15.a Consolidated net asset value per share (CNAV)

<i>In taka</i>	2020	2019
Total assets	81,489,176,227	91,067,184,337
Total liabilities	(50,082,733,379)	(60,558,665,062)
Consolidated net asset value (CNAV)	31,406,442,848	30,508,519,275
Less: Non-controlling interest	(7,824,801,021)	(7,501,147,279)
Assets attributable to owners of the company	23,581,641,827	23,007,371,996
Number of ordinary shares outstanding during the year	236,068,236	236,068,236
Consolidated net asset value per share (CNAV) per share	99.89	97.46

16 Net operating cash flow per share

<i>In taka</i>	2020	2019
Net operating cash flow	9,554,438,302	664,158,211
Number of ordinary shares outstanding during the year	236,068,236	236,068,236
Net operating cash flow per share	40.47	2.81



Notes to the separate and consolidated financial statements (continued)

16.a Consolidated net operating cash flow per share		
<i>In taka</i>	2020	2019
Consolidated net operating cash flow	5,677,820,515	9,352,086,233
Number of ordinary shares outstanding during the year	236,068,236	236,068,236
Net operating cash flow per share	24.05	39.62
17 Reconciliation of net income with cash flows from operating activities:		
<i>In taka</i>	2020	2019
Net profit before tax	1,335,618,025	2,740,065,560
Adjustments to reconcile net income with cash flows from operating activities:		
Amortisation	3,383,341	3,383,341
Gain/(loss) on sale of PPE	4,760,059	(793,429)
Depreciation	692,935,044	694,360,594
Depreciation on right-of-use assets	24,038,596	-
Interest on finance lease	9,803,899	-
Unrealized foreign currency translation loss/(gain)	(2,981,833)	(963,344)
Share of (loss)/profit of equity accounted investee, net of tax	(509,569,502)	(1,060,711,269)
	222,369,604	(364,724,107)
(Increase)/decrease in current assets:		
Inventories	6,342,468,941	(2,753,292,630)
Trade and other receivables	224,237,798	(1,214,420,852)
Advances and deposits	(138,897,369)	(197,638,563)
Increase/(decrease) in current liabilities:		
Trade payables	2,106,848,058	2,324,100,719
Other liabilities	(181,879,246)	135,412,213
Defined benefit obligations - Gratuity	18,729,431	35,745,679
Advance against sales	(300,590,692)	259,577,297
Liabilities for expenses	187,613,483	74,217,055
Provision for WPPF and Welfare Fund	(50,521,051)	(21,680,460)
	8,208,009,353	(1,357,979,542)
Income tax paid	(201,754,781)	(353,203,700)
Interest paid on finance lease	(9,803,899)	-
Net cash flow from operating activities	9,554,438,302	664,158,211
17.a Reconciliation of consolidated net income with cash flows from operating activities:		
<i>In taka</i>	2020	2019
Net profit before tax	2,330,424,163	4,115,632,134
Adjustments to reconcile net income with cash flows from operating activities:		
Amortisation	6,183,085	6,183,085
Gain/(loss) on sale of PPE	4,760,059	15,714,851
Depreciation	1,563,996,749	1,522,977,374
Interest on finance lease	9,803,899	-
Unrealized loss/(gain), PURP etc.	2,859,451	(995,913)
Consolidation impact	(9,003,209)	-
Share of (loss)/profit of equity accounted investee, net of tax	(231,504,243)	(538,975,826)
	1,347,095,791	1,004,903,571
(Increase)/decrease in current assets:		
Inventories	2,294,363,951	2,302,373,615
Trade and other receivables	(1,402,887,193)	1,155,597,578
Advances and deposits	(243,799,186)	(1,206,955,971)
Increase/(decrease) in current liabilities:		
Trade payables	2,067,850,992	1,857,377,507
Other liabilities	(904,577,748)	91,064,757
Defined benefit obligations - gratuity	29,045,310	51,264,404
Advance against sales	(285,328,877)	265,342,831
Liabilities for expenses	1,323,252,133	129,769,094
Provision for WPPF and Welfare Fund	(84,066,613)	(14,755,491)
	2,793,852,769	4,631,078,323
Income tax paid	(783,748,309)	(399,527,794)
Interest paid on finance lease	(9,803,899)	-
Net cash flow from operating activities	5,677,820,515	9,352,086,233



Notes to the separate and consolidated financial statements (continued)

18 Property, plant and equipment (PPE) - revalued model

See accounting policy in note 51 (D).

<i>In taka</i>	Note	2020	2019
Bangladesh Steel Re-Rolling Mills Limited-HO	18.01	16,203,066,854	15,931,499,429
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,759,314	631,680
		16,205,826,168	15,932,131,109

18.01 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
At revaluation										
Balance at 1 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)
Balance at 30 June 2019	7,441,664,394	7,630,134,903	57,663,353	3,289,262,060	252,816,790	41,372,381	39,917,094	23,082,214	68,813,135	18,844,726,323
Balance at 1 July 2019	7,441,664,394	7,630,134,903	57,663,353	3,289,262,060	252,816,790	41,372,381	39,917,094	23,082,214	68,813,135	18,844,726,323
Additions	52,194,522	638,523,775	4,024,105	74,803,978	3,042,494	2,875,475	2,568,856	3,417,463	592,111,326	1,373,561,994
Disposal/transfer	-	(34,966,656)	(1,719,819)	-	-	(29,300)	(151,608)	(423,521)	(393,515,652)	(430,806,556)
Balance at 30 June 2020	7,493,858,916	8,233,692,022	59,967,639	3,364,066,038	255,859,284	44,218,556	42,334,342	26,076,156	267,408,809	19,787,481,761
Accumulated depreciation										
Balance at 1 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)
Balance at 30 June 2019	-	1,996,389,942	37,570,001	707,302,820	92,586,948	30,934,777	31,204,929	17,237,476	-	2,913,226,894
Balance at 1 July 2019	-	1,996,389,942	37,570,001	707,302,820	92,586,948	30,934,777	31,204,929	17,237,476	-	2,913,226,894
Charged for the year	-	525,874,292	6,283,948	131,639,874	16,531,391	4,997,629	4,401,745	2,452,140	-	692,181,019
Adjustment for disposal	-	(18,748,883)	(1,648,444)	-	-	(29,300)	(142,858)	(423,521)	-	(20,993,006)
Balance at 30 June 2020	-	2,503,515,351	42,205,505	838,942,694	109,118,339	35,903,106	35,463,816	19,266,095	-	3,584,414,907
Carrying amount										
As at 1 July 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
As at 30 June 2019	7,441,664,394	5,633,744,960	20,093,352	2,581,959,239	160,229,842	10,437,604	8,712,165	5,844,737	68,813,135	15,931,499,429
As at 30 June 2020	7,493,858,916	5,730,176,671	17,762,134	2,525,123,344	146,740,945	8,315,450	6,870,526	6,810,061	267,408,809	16,203,066,854

Depreciation allocation:

<i>In taka</i>	Note	2020	2019
Cost of sales	6.05	643,762,920	648,642,171
Selling & distribution costs	7.01	44,082,871	41,126,730
Administrative costs	8.01	4,335,228	4,591,693
		692,181,019	694,360,594



Notes to the separate and consolidated financial statements (continued)

18.02 Property, plant and equipment (PPE) - cost model

<i>In taka</i>	Note	2020	2019
Bangladesh Steel Re-Rolling Mills Limited-HO	18.03	10,790,413,960	10,490,721,469
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,759,314	631,680
		10,793,173,274	10,491,353,149

18.03 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
At cost										
Balance at 1 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 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
Balance at 1 July 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
Additions	52,194,522	638,523,775	4,024,105	74,803,978	3,042,494	2,875,475	2,568,856	3,417,463	592,111,326	1,373,561,994
Disposal/Transfer	-	(30,586,552)	(1,647,547)	-	-	(29,300)	(151,608)	(423,521)	(393,515,652)	(426,354,180)
Balance at 30 June 2020	2,030,311,495	9,086,939,805	89,870,859	3,493,775,352	255,859,284	58,454,941	59,332,838	26,076,156	267,408,809	15,368,029,538
Accumulated depreciation										
Balance at 1 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 at 30 June 2019	-	2,795,481,016	54,618,347	881,829,668	92,586,948	45,191,108	43,155,706	17,237,464	-	3,930,100,256
Balance at 1 July 2019	-	2,795,481,016	54,618,347	881,829,668	92,586,948	45,191,108	43,155,706	17,237,464	-	3,930,100,256
Charged for the year	-	500,819,572	5,971,609	128,907,043	16,531,391	4,997,629	4,376,568	2,452,140	-	664,055,952
Adjustment for disposal	-	(14,368,779)	(1,576,172)	-	-	(29,300)	(142,858)	(423,521)	-	(16,540,630)
Balance at 30 June 2020	-	3,281,931,809	59,013,784	1,010,736,711	109,118,339	50,159,437	47,389,416	19,266,083	-	4,577,615,578
Carrying amount										
As at 1 July 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	5,683,521,567	32,875,954	2,537,141,706	160,229,842	10,417,658	13,759,884	5,844,749	68,813,135	10,490,721,469
As at 30 June 2020	2,030,311,495	5,805,007,996	30,857,075	2,483,038,641	146,740,945	8,295,504	11,943,422	6,810,073	267,408,809	10,790,413,960



Notes to the separate and consolidated financial statements (continued)

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

<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
At revaluation										
Balance at 1 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 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
Balance at 1 July 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
Additions	124,484,800	818,322,087	4,024,105	220,830,709	3,042,494	8,918,121	6,170,351	7,462,485	840,493,318	2,033,748,470
Disposal/Transfer	-	(34,966,656)	(1,719,819)	-	-	(29,300)	(151,608)	(423,521)	(654,952,559)	(692,243,463)
Balance at 30 June 2020	17,355,387,078	20,313,574,102	86,786,031	7,604,287,538	1,340,947,205	123,628,981	155,721,483	48,475,810	526,546,290	47,555,354,518
Accumulated depreciation										
Balance at 1 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)	-	(12,119,300)
Balance at 30 June 2019	-	4,075,725,839	56,938,228	1,187,533,452	259,858,916	65,763,424	84,751,891	27,094,161	-	5,757,665,911
Balance at 1 July 2019	-	4,075,725,839	56,938,228	1,187,533,452	259,858,916	65,763,424	84,751,891	27,094,161	-	5,757,665,911
Charged for the year	-	1,142,259,287	8,789,401	289,520,326	53,290,145	18,195,269	22,016,946	6,034,434	-	1,540,105,808
Adjustment for disposal	-	(18,748,883)	(1,648,444)	-	-	(29,300)	(142,858)	(423,521)	-	(20,993,006)
Balance at 30 June 2020	-	5,199,236,243	64,079,185	1,477,053,778	313,149,061	83,929,393	106,625,979	32,705,074	-	7,276,778,713
Carrying amount										
As at 1 July 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	15,454,492,831	27,543,516	6,195,923,376	1,078,045,795	48,976,736	64,950,849	14,342,685	341,005,531	40,456,183,600
As at 30 June 2020	17,355,387,078	15,114,337,859	22,706,846	6,127,233,760	1,027,798,144	39,699,588	49,095,504	15,770,736	526,546,290	40,278,575,805



Notes to the separate and consolidated financial statements (continued)

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

<i>In taka</i>	Note	2020	2019
Bangladesh Steel Re-Rolling Mills Limited-HO	18.03	10,790,413,960	10,490,721,469
BSRM Steel Mills Limited		15,597,488,403	16,048,643,598
BSRM (Hong Kong) Limited		442,967	590,625
		26,388,345,330	26,539,955,692
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		2,759,314	631,680
	18.a.ii	26,391,104,644	26,540,587,372

18.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
At cost										
Balance at 1 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	32,747,405,931
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	856,779,958
Disposal	(79,963,141)	(26,580,097)	(3,384,426)	-	-	(114,591)	(750,479)	(1,297,902)	(176,968,608)	(289,059,244)
Balance at 30 June 2019	3,292,536,589	20,379,086,350	114,312,693	7,513,166,143	1,337,904,711	128,976,545	166,701,236	41,436,847	341,005,531	33,315,126,645
Balance at 1 July 2019	3,292,536,589	20,379,086,350	114,312,693	7,513,166,143	1,337,904,711	128,976,545	166,701,236	41,436,847	341,005,531	33,315,126,645
Additions	124,484,800	818,322,087	4,024,105	220,830,709	3,042,494	8,918,121	6,170,351	7,462,485	840,493,318	2,033,748,470
Disposal	-	(30,586,552)	(1,647,547)	-	-	(29,300)	(151,608)	(423,521)	(654,952,559)	(687,791,087)
Balance at 30 June 2020	3,417,021,389	21,166,821,885	116,689,251	7,733,996,852	1,340,947,205	137,865,366	172,719,979	48,475,811	526,546,290	34,661,084,028
Accumulated depreciation										
Balance at 1 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 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
Balance at 1 July 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
Charged for the year	-	1,117,204,567	8,477,062	286,787,495	53,290,145	18,195,269	21,991,769	6,034,434	-	1,511,980,741
Adjustment for disposal	-	(14,368,779)	(1,576,172)	-	-	(29,300)	(142,858)	(423,521)	-	(16,540,630)
Balance at 30 June 2020	-	5,977,652,701	80,887,464	1,648,847,795	313,149,061	98,185,724	118,551,578	32,705,062	-	8,269,979,384
Carrying amount										
As at 1 July 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	27,444,693,767
As at 30 June 2019	3,292,536,589	15,504,269,437	40,326,119	6,151,105,843	1,078,045,795	48,956,790	69,998,569	14,342,698	341,005,531	26,540,587,372
As at 30 June 2020	3,417,021,389	15,189,169,184	35,801,787	6,085,149,057	1,027,798,144	39,679,642	54,168,401	15,770,749	526,546,290	26,391,104,644



Notes to the separate and consolidated financial statements (continued)

18.04 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

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.

19 Details of under construction assets (Capital work in progress)

See accounting policy in note 51 (E).

	30 June 2020			
<i>In taka</i>	Opening balance	Incurred during the year	Capitalized during the year	Closing balance
Factory building and shed	15,691,372	85,981,549	(72,505,478)	29,167,443
Plant and machineries	47,679,206	497,748,736	(316,178,138)	229,249,804
Boundary wall, drainage system, roads and pavement	4,885,703	3,171,891	-	8,057,594
Motor vehicles	-	4,733,449	(3,799,481)	933,968
IT equipment	556,854	-	(556,854)	-
Office equipment	-	475,701	(475,701)	-
	68,813,135	592,111,326	(393,515,652)	267,408,809

	30 June 2019			
<i>In taka</i>	Opening balance	Incurred during the year	Capitalized during the year	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

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.

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

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	19	267,408,809	68,813,135
BSRM Steel Mills Limited		-	272,192,396
		267,408,809	341,005,531

20 Intangible assets

See accounting policy in note 51 (F).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	20.01	15,030,379	18,413,720
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		15,030,379	18,413,720



Notes to the separate and consolidated financial statements (continued)

20.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Computer software (Oracle ERP)	20.02	15,030,379	18,413,720
		15,030,379	18,413,720

20.02 Intangible assets schedule

<i>In taka</i>		30 June 2020	30 June 2019
Computer software (Oracle ERP)			
Cost			
Balance at 1 July 2018			33,833,413
Additions			-
Balance at 30 June 2019			33,833,413
Balance at 1 July 2019			33,833,413
Additions			-
Balance at 30 June 2020			33,833,413
Accumulated amortisation			
Balance at 1 July 2018			12,036,352
Amortised during the year			3,383,341
Balance at 30 June 2019			15,419,693
Balance at 1 July 2019			15,419,693
Amortised during the year			3,383,341
Balance at 30 June 2020			18,803,034
Carrying amount			
As at 1 July 2018			21,797,061
As at 30 June 2019			18,413,720
As at 30 June 2020			15,030,379

20.a Consolidated intangible assets

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	20	15,030,379	18,413,720
BSRM Steel Mills Limited		12,365,533	15,165,277
		27,395,912	33,578,997

21 Investment in subsidiaries and associate

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Subsidiary company			
BSRM Steel Mills Limited (BSML)	21.01	6,400,734,650	6,131,510,260
BSRM (Hong Kong) Limited (BSRM HK)	21.01	2,077,654	(6,763,215)
Joint-Venture			
BMS Steel Limited (BMS)	21.01	6,106,500	2,281,500
Associate company			
BSRM Steels Limited (BSL)	21.01	6,664,212,379	6,517,215,641
		13,073,131,183	12,644,244,186



Notes to the separate and consolidated financial statements (continued)

21.01 Movement of Investment in Associate and Subsidiary

<i>In taka</i>	30 June 2020			
	BSL	BSML	BSRM HK	BMS
Balance at 1 July	6,517,215,641	6,131,510,260	(6,763,215)	2,281,500
Investment made	-	-	-	3,825,000
Addition/adjustments during the year:				
Share of profit/(loss) of equity accounted Investees	231,504,243	269,224,390	8,840,869	-
Share of other comprehensive income-net of tax	(473,233)	-	-	-
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	1,346,787	-	-	-
Forgone dividend	(85,381,059)	-	-	-
Balance at 30 June	6,664,212,379	6,400,734,650	2,077,654	6,106,500
<i>In taka</i>	30 June 2019			
	BSL	BSML	BSRM HK	BMS
Balance at 1 July	3,994,597,901	2,772,054,637	10	-
Investment made	-	-	-	2,281,500
Addition/adjustments during the year:				
Share of profit/(loss) of equity accounted Investees	538,975,826	528,498,668	(6,763,225)	-
Share of other comprehensive income	2,088,818,434	2,830,956,955	-	-
Transfer of Deferred Tax to Retained Earnings by the equity accounted investees due to excess depreciation between cost and revalued model	1,417,671	-	-	-
Cash dividend received	(106,594,191)	-	-	-
Balance at 30 June	6,517,215,641	6,131,510,260	(6,763,215)	2,281,500

21.02 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, taking the indirect holding and common control into consideration management has determined that the company controls BSML and considered it as a subsidiary.

Summary of financial information of subsidiary:

<i>In taka</i>	30 June 2020	30 June 2019
Non-current assets	24,087,172,204	24,538,627,142
Current assets	22,677,179,133	21,096,466,389
Total assets	46,764,351,337	45,635,093,531
Share capital	3,944,354,000	3,944,354,000
Retained earnings	2,069,459,142	1,470,739,725
Revaluation reserve	8,220,573,719	8,220,573,719
Total equity	14,234,386,861	13,635,667,444
Non-current liabilities	2,825,376,831	3,488,642,506
Current liabilities	29,704,587,645	28,510,783,581
Total liabilities	32,529,964,476	31,999,426,087
Total equity & liabilities	46,764,351,337	45,635,093,531
Net asset value (NAV) per share	36.09	34.57
Revenue	29,552,721,007	53,407,280,472
Other operating and non-operating income	108,644,662	386,425,859
Expenses	(29,062,646,252)	(52,618,395,228)
Other comprehensive income for the year	-	6,295,673,651
Total comprehensive income for the year	598,719,417	7,470,984,754



Notes to the separate and consolidated financial statements (continued)

21.03 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>	30 June 2020	30 June 2019
Non-current assets	27,641,776,745	26,793,863,440
Current assets	36,966,274,894	39,014,321,356
Total assets	64,608,051,639	65,808,184,796
Share capital	3,759,525,000	3,759,525,000
Retained earnings	9,681,036,891	9,196,763,654
Revaluation reserve	7,927,976,273	7,940,930,965
Equity attributable to owners of the company	21,368,538,164	20,897,219,619
Non-controlling interest	-	-
Shareholders' equity	21,368,538,164	20,897,219,619
Non-current liabilities	9,975,913,581	11,022,783,557
Current liabilities	33,263,599,894	33,888,181,620
Total liabilities	43,239,513,475	44,910,965,177
Total equity & liabilities	64,608,051,639	65,808,184,796
Net asset value (NAV) per share	56.84	55.58

	30 June 2020	30 June 2019
Revenue	38,681,377,223	61,060,152,014
Other income	232,188,145	1,328,202,815
Expenses	(38,171,288,745)	(60,660,226,005)
Profit for the year	742,276,623	1,728,128,824
Non-controlling interest	-	-
Profit attributable to the owners of the company	742,276,623	1,728,128,824
Other comprehensive income	(1,517,336)	6,697,419,758
Total Comprehensive income attributable to owners of the company	740,759,287	8,425,548,581

The market price of the Ordinary shares of BSRM Steels Limited (BSL) was Tk. 33.60 per share on 30 June 2020. Fair value of investments in BSL for 117,253,590 numbers of share has been estimated at Tk. 3,939,720,624.

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.

21.04 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.

21.a Consolidated equity-accounted investees

<i>In taka</i>	Note	30 June 2020	30 June 2019
BSRM Steel Limited (BSL)	21.01	6,664,212,379	6,517,215,641
BMS Steel Limited (BMS)	21.01	6,106,500	2,281,500
		6,670,318,879	6,519,497,141

22 Other investments

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	22.01	106,096,166	116,814,404
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		106,096,166	116,814,404



Notes to the separate and consolidated financial statements (continued)

22.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Investment in non-tradable shares at cost	22.02	1,000,300	1,000,300
Investment in fixed deposit receipts	22.03	105,095,866	115,814,104
		106,096,166	116,814,404

22.02 Investment in non-tradable shares at cost

<i>In taka</i>	30 June 2020	30 June 2019
Islamic Steamship Co. Limited	300	300
STS Holdings Limited	1,000,000	1,000,000
	1,000,300	1,000,300

22.03 Investment in fixed deposit receipts

<i>In taka</i>	Tenure	Purpose	Rate of Interest	30 June 2020	30 June 2019
Fareast Finance and Investment Limited	1 year	Security deposit	10.00%	5,611,597	16,611,597
IFIC Bank Ltd.	1 year	L/C Margin	7.00%-9.00%	5,776,980	5,389,129
International Leasing and Financial Services Limited	1 year	Security deposit	12.50%	32,553,234	32,553,234
Mercantile Bank Ltd.	1 year	Guarantee	7.00%-8.00%	4,465,983	4,176,632
Standard Chartered Bank Ltd.	1 year	L/C Margin	3.50%	56,688,072	54,984,914
State Bank of India	1 year	L/C Margin	7.00%	-	2,098,598
				105,095,866	115,814,104

22.a Consolidated other investments

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	22.00	106,096,166	116,814,404
BSRM Steel Mills Limited		2,500,000	-
		108,596,166	116,814,404

23 Short term investments

See accounting policy in note 51 (J).

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	23.01	51,242,494	146,794,158
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		51,242,494	146,794,158

23.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Investment in tradeable securities at fair value	23.02	600,890	582,176
Investment in fixed deposit receipts	23.04	50,641,604	146,211,982
		51,242,494	146,794,158

23.02 Investment in tradable securities at fair value

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Balance at 1 July		582,176	363,523
Sold during the year		-	-
Change in fair value of tradable securities	23.03	18,714	218,653
Balance at 30 June		600,890	582,176

23.03 Fair value of tradable securities

<i>In taka</i>	Cost	Fair value as at 30 June 2019	Fair value as at 30 June 2020	Increase/(Decrease)
Eastern Insurance Co. Limited	179,550	94,080	62,580	(31,500)
Pragati Life Insurance Limited	497,480	232,834	180,309	(52,525)
Progressive Life Insurance Co. Limited	319,605	255,262	358,001	102,739
	996,635	582,176	600,890	18,714



Notes to the separate and consolidated financial statements (continued)

23.04 Investment in fixed deposit receipts

<i>In taka</i>	Tenure	Purpose	Rate of Interest	30 June 2020	30 June 2019
Commercial Bank of Ceylon	6 months	L/C Margin	6.00%	23,718,300	24,602,661
Pubali Bank Limited	6 months	L/C Margin	8.00%	14,456,770	55,834,184
The City Bank Limited	6 months	Investment	7.00%	12,466,534	53,927,475
Al-Arafah Islami Bank Limited	6 months	L/C Margin	6.23%-6.7%	-	790,721
Habib Bank Limited	6 months	L/C Margin	8.50%	-	5,085,483
Lanka Bangla Finance Limited	6 months	Security deposit	8.75-9.50%	-	3,782,862
State Bank of India	6 months	L/C Margin	7.50%	-	1,388,596
Shahjalal Islami Bank Limited	6 months	L/C Margin	7.00%	-	800,000
				50,641,604	146,211,982

23.a Consolidated short term investments

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	23	51,242,494	146,794,158
BSRM Steel Mills Limited		1,029,003,706	1,723,216,461
		1,080,246,200	1,870,010,619

24 Inventories

See accounting policy in note 51 (G).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	24.01	9,841,264,822	16,190,515,654
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		19,111,064	27,416,184
Portion of unrealized profit (PURP)- Associate	6	-	(19,859,817)
Portion of unrealized profit (PURP)- Subsidiary	6	(7,232,143)	(2,459,337)
		9,853,143,743	16,195,612,684

24.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>		30 June 2020	30 June 2019
Raw material	Qty. Metric Ton		
Raw Materials- Billets	32,699	1,550,643,917	4,256,401,602
Raw Materials- Scraps	46,679	1,390,522,066	2,172,557,571
	79,378	2,941,165,983	6,428,959,173
Work-in-process		68,541	-
Finished goods			
Finished goods- own production	79,445	4,345,804,002	7,242,677,339
Finished goods- procured	8,475	421,396,820	430,566,294
	87,920	4,767,200,822	7,673,243,633
Stores and spares			
Mechanical stores		1,119,829,735	1,096,860,781
M.S. Roll		120,275,721	145,208,878
Electrical stores		438,888,851	410,876,693
General stores		25,702,255	32,883,427
Consumable stores		409,013,505	385,659,531
		2,113,710,067	2,071,489,310
Fuel and lubricants		19,119,409	16,823,538
		9,841,264,822	16,190,515,654



Notes to the separate and consolidated financial statements (continued)

24.a Consolidated inventories

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	24	9,853,143,743	16,195,612,684
BSRM Steel Mills Limited		8,980,458,305	4,943,908,402
Unrealized profit elimination (added as subsidiaries portion which was deducted in separate FS)		7,232,143	2,459,337
Portion of unrealized profit (PURP)		(16,083,330)	(5,469,240)
		18,824,750,861	21,136,511,183

25 Trade and other receivables

See accounting policy in note 51 (J).

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	25.01	3,155,160,386	3,421,648,147
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		191,415,048	149,165,085
		3,346,575,434	3,570,813,232

25.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Trade receivables	25.02	2,997,594,266	3,312,279,860
Other receivables	25.04	157,566,120	109,368,287
		3,155,160,386	3,421,648,147

Those charged with governance believe that the above receivables are good and realizable.

25.02 Trade receivables

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
BSRM Steels Limited		3,898,400	1,941,826
BSRM Wires Limited		1,767,129	4,959,660
BSRM Logistics Limited		8,320	-
BSRM Steel Mills Limited		521,594	1,605,001
H. Akberali & Co. Limited		-	23,068
Other parties	25.03	2,992,489,825	3,304,841,307
		2,998,685,268	3,313,370,862
Provision for doubtful debt		(1,091,002)	(1,091,002)
		2,997,594,266	3,312,279,860

25.03 Out of these receivables, there are pending litigations against 15 parties having receivables of Tk. 34,192,084. 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 2020.

25.04 Other receivables

<i>In taka</i>	30 June 2020	30 June 2019
Interest receivables	70,342,139	46,891,023
DEDO and other receivables	62,477,264	62,477,264
Interest receivable on blocked accounts	24,746,717	-
	157,566,120	109,368,287

25.05 Ageing of trade receivables is as follows:

<i>In taka</i>	30 June 2020	30 June 2019
Not yet due	1,375,781,867	1,872,137,060
Less than 3 months	831,042,056	977,638,876
Over 3 months but less than 6 months	493,117,578	241,478,963
Over 6 months	298,743,766	222,115,963
	2,998,685,267	3,313,370,862

25.a Consolidated trade and other receivables

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	25	3,346,575,434	3,570,813,232
BSRM Steel Mills Limited		5,799,695,605	3,944,372,052
BSRM (Hong Kong) Limited		-	5,815,493
Less: Intra group receivables		(5,357,909,868)	(483,454,754)
		3,788,361,171	7,037,546,023



Notes to the separate and consolidated financial statements (continued)

26 Current account with related companies

<i>In taka</i>	30 June 2020	30 June 2019
BSRM Logistics Limited	58,008,194	184,817,888
BSRM Wires Limited	64,961,593	245,140,516
Chittagong Power Company Limited	21,237,926	23,537,926
H. Akberali & Co. Limited	113,816,271	14,212,187
BSRM Steel Mills Limited	558,744,564	508,809,637
BSRM Steels Limited	822,902,651	-
BSRM Real Estates Limited	582,500	-
BSRM (Hong Kong) Limited (BSRM HK)	10,785,358	9,459,358
	1,651,039,057	985,977,512

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.

26.a Consolidated current account with related companies

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	26	1,651,039,057	985,977,512
BSRM Steel Mills Limited		2,382,698,567	7,089,488,125
Less: Intra group elimination		(569,529,922)	(518,268,995)
		3,464,207,702	7,557,196,642

27 Advances and deposits

See accounting policy in note 51 (J).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	27.01	1,930,343,149	2,116,330,575
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		84,737,688	64,935,492
		2,015,080,837	2,181,266,067

27.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	Note	30 June 2020	30 June 2019
Advances	27.02	1,883,748,522	2,070,751,948
Deposits	27.03	46,594,627	45,578,627
		1,930,343,149	2,116,330,575

27.02 Advances

<i>In taka</i>	30 June 2020	30 June 2019
Advance tax (VAT)	20,582	6,922,532
For capital expenditure	230,871,488	146,402,193
For revenue expenses	38,871,993	52,879,331
For scrap purchase and others	4,893,582	9,253,395
For store and spares	131,030,524	49,192,092
Godown rent	1,309,129	892,637
Income tax	860,768,485	1,165,851,084
L/C margin	60,158,555	39,149,169
Land	352,981,945	352,492,039
Staff loan against salary	4,614,120	4,310,962
VAT current account	178,228,119	223,406,514
Western Marine Shipyard Limited	20,000,000	20,000,000
	1,883,748,522	2,070,751,948

27.03 Deposits

<i>In taka</i>	30 June 2020	30 June 2019
Bangladesh Ansar and VDP	373,993	373,993
Bank guarantee to Customs authority	2,592,101	2,592,101
Bureau of Indian Standards	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	1,664,126	1,648,126
Power Development Board	14,949,368	13,949,368
Refundable security deposits for IPO	500,000	500,000
T & T and others	191,444	191,444
WASA	500,000	500,000
	46,594,627	45,578,627

27.04 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.



Notes to the separate and consolidated financial statements (continued)

27.a Consolidated advances, deposits and prepayments

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	27	2,015,080,837	2,181,266,067
BSRM Steel Mills Limited		4,461,704,664	3,372,702,438
BSRM (Hong Kong) Limited		1,093,800	1,148,000
		6,477,879,301	5,555,116,505

28 Cash and cash equivalents

See accounting policy in note 51 (J).

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	28.01	609,465,343	751,904,996
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		19,634,324	9,651,715
		629,099,667	761,556,711

28.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Cash in hand	28.02	1,539,486	2,646,559
Cash at banks	28.03	205,380,643	262,800,672
Fixed deposit receipts	28.05	402,545,214	486,457,765
		609,465,343	751,904,996

28.02 Cash in hand

<i>In taka</i>	30 June 2020	30 June 2019
Corporate office	195,834	174,555
Factory office	1,234,998	2,334,999
Dhaka office	8,654	37,005
Mirsarai office (Warehouse)	100,000	100,000
	1,539,486	2,646,559



Notes to the separate and consolidated financial statements (continued)

28.03 Cash at banks

<i>In taka</i>	Branch	Account type	Currency		30 June 2020	30 June 2019
AB Bank Limited	Agrabad	CD	BDT		96,432	651
AB Bank Limited	Agrabad	CD	USD		125,652	100,409,316
Agrani Bank Limited	Laldighi East	CD	BDT		1,418,993	12,364
Agrani Bank Limited	Laldighi East	CD	USD		121,183,364	120,898,059
Al-Arafah Islami Bank Limited	Agrabad	CD	BDT		13,786,720	10,337,740
Bank Alfalah Limited	Agrabad	CD	BDT	*	(103,716,202)	(101,200,541)
Bank Asia Limited	Agrabad	CD	BDT		4,468,886	1,057,597
BASIC Bank Limited	Dewanhat	CD	BDT		37,928	186,206
BRAC Bank Limited	Agrabad	CD	BDT		48,954	96,307
Commercial Bank of Ceylon PLC	Agrabad	CD	BDT	*	(838)	27,439
Commercial Bank of Ceylon PLC	Agrabad	FCY CD	USD		98,460	-
Dhaka Bank Limited	Jubilee Road	CD	BDT		575,890	831,110
Dutch Bangla Bank Limited	Jubilee Road	CD	BDT		326,316	10,062,727
Eastern Bank Limited	Agrabad	Escrow	BDT		104,622	130,772
Eastern Bank Limited	Agrabad	CD	BDT		175,313	448
EXIM Bank Limited	CDA Avenue	CD	BDT		3,722,152	12,318,239
HSBC	Agrabad	CD	BDT		7,830,286	13,815,002
HSBC	Agrabad	ERQ	USD		33,026	33,530
IFIC Bank Limited	Agrabad	CD	BDT		2,236,101	35,799
Islami Bank Bangladesh Limited	Jubilee Road	CD	BDT		9,523,131	3,148,699
Jamuna Bank Limited	Khatunjonj	CD	BDT		62,960	146,509
Janata Bank Limited	Laldighi East	CD	BDT		855,942	3,867,611
Mercantile Bank Limited	Jubilee Road	CD	BDT		12,877	17,054
Midland Bank Limited	Agrabad	CD	BDT		13,489	14,450
Mutual Trust Bank Limited	Jubilee Road	CD	BDT		151,494	724,103
National Bank Limited	Jubilee Road	CD	BDT		54,417	86,789
NCC Bank Limited	Agrabad	CD	BDT	*	31,762,884	(9,600,721)
NRB Commercial Bank Limited	Agrabad	CD	BDT		1,748,594	1,728,461
NCC Bank Limited	Agrabad	ERQ	USD		5,904,861	23,482,434
NCC Bank Limited	Agrabad	FCY CD	USD		254,851	24,692,771
One Bank Limited	Agrabad	CD	BDT	*	4,983,167	(135,165)
Premier Bank Limited	O.R Nizam Road	CD	BDT		904,686	611,481
Prime Bank Limited	O.R Nizam Road	CD	BDT		1,193,825	2,634,274
Prime Bank Limited	Agrabad	Escrow	BDT		367,899	348,691
Shahjalal Islami Bank Limited	Jubilee Road	CD	BDT		91,571	66,294
Social Islami Bank Limited	Jubilee Road	CD	BDT		5,949,184	2,528,269
Sonali Bank Limited	Kalibari	CD	BDT		1,664	80,854
Sonali Bank Limited	Laldighi East	CD	BDT		1,866,459	19,190,614
Southeast Bank Limited	CDA Avenue	CD	BDT		506,115	2,174,945
Southeast Bank Limited	Pahartali	CD	BDT		8,100,980	2,871,873
Standard Bank Limited	Sadarghat Road	CD	BDT		26,142	75,603
Standard Chartered Bank	Dhaka	CD	BDT		73,025	175,545
State Bank of India	Agrabad	CD	BDT		88,824	62,472
The City Bank Limited	Agrabad	CD	BDT		30,378,928	574,060
The City Bank Limited	Agrabad	FCY CD	USD		44,507,986	306,089
Trust Bank Limited	CDA Avenue	CD	BDT		91,577	49,755
Uttara Bank Limited	Agrabad	CD	BDT		37,585	98,275
United Commercial Bank Limited	Jubilee Road	CD	BDT	*	(1)	10,985,852
United Commercial Bank Limited	Jubilee Road	Escrow	BDT		7,491	1,052,283
Sub total					202,074,662	261,112,989

<i>In Taka</i>	Branch	Account type	Currency	Note	30 June 2020	30 June 2019
Mutual Trust Bank Limited	Dilkusha	CD	USD	28.04	696,218	694,579
Mutual Trust Bank Limited	Dilkusha	CD	Pound	28.04	44,486	45,759
Mutual Trust Bank Limited	Dilkusha	Escrow	BDT	28.04	446,508	443,315
Mutual Trust Bank Limited	Dilkusha	CD	EURO	28.04	15,547	15,704
Standard Chartered Bank	Agrabad	CD	BDT	28.04	2,103,222	488,326
Sub total					3,305,981	1,687,683
Grand Total					205,380,643	262,800,672

* Book overdrafts only.

28.04 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.



Notes to the separate and consolidated financial statements (continued)

28.05 Fixed deposit receipts

<i>In taka</i>	Tenure	Purpose	Rate of interest	30 June 2020	30 June 2019
Dhaka Bank Limited	3 months	Investment	6.00%	6,405,047	40,634,572
Dutch Bangla Bank Limited	3 months	L/C Margin	4.00%	1,862,591	17,761,854
Habib Bank Limited	3 Months	L/C Margin	6.00%	6,210,378	4,487,317
IFIC Bank Limited	3 months	L/C Margin	6.50%-7.00%	37,535,641	33,559,261
Mercantile Bank Limited	3 months	L/C Margin	6.00%	53,966,295	46,493,848
NCC Bank Limited	3 Months	L/C Margin	1.00% to 6.00%	261,315,214	277,834,777
Trust Bank Limited	3 Months	L/C Margin	6.00%	1,160,284	6,744,850
United Commercial Bank Limited	3 Months	L/C Margin	6.50%	10,641,905	24,677,299
Agrani Bank Limited	3 Months	L/C Margin	5.75%	3,329,258	-
Commercial Bank of Ceylon PLC	3 months	L/C Margin	6.00%	2,423,215	-
Shahjalal Islami Bank Limited	3 Months	L/C Margin	6.00%	17,695,386	-
Islami Bank Bangladesh Limited	3 months	L/C Margin	6.00%	-	12,583,776
National Bank Limited	3 Months	L/C Margin	6.00%	-	5,658,220
Sonali Bank Limited	3 Months	L/C Margin	5.50%	-	16,021,991
				402,545,214	486,457,765

28.a Consolidated cash and cash equivalents

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	28	629,099,667	761,556,711
BSRM Steel Mills Limited *		23,618,286	22,778,911
BSRM (Hong Kong) Limited		11,771,452	393,601
		664,489,405	784,729,223



Notes to the separate and consolidated financial statements (continued)

29 Share capital		
See accounting policy in note 51 (Q).		
<i>In taka</i>	30 June 2020	30 June 2019
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
2,146,748 Ordinary shares @ Tk. 10 each fully paid-up as Bonus Shares	214,607,480	214,607,480
	2,360,682,360	2,360,682,360

29.01 Classification of shares by holding at 30 June 2020

Class by number of shares	No. of holders	No. of shares	Holding (%)
Less than 500	4,607	758,964	0.32%
From 500 to 5,000	3,542	5,864,064	2.48%
From 5,001 to 10,000	397	2,850,069	1.21%
From 10,001 to 20,000	197	2,787,578	1.18%
From 20,001 to 30,000	75	1,868,054	0.79%
From 30,001 to 40,000	32	1,133,631	0.48%
From 40,001 to 50,000	29	1,347,159	0.57%
From 50,001 to 100,000	44	3,031,410	1.28%
From 100,001 to 1,000,000	60	18,549,648	7.86%
From 1,000,001 and above	27	197,877,659	83.82%
	9,010	236,068,236	100.00%

29.02 Composition of Shareholders at 30 June 2020

Name of shareholders	No. of shares	Holding (%)
Directors:		
Mr. Alihussain Akberali	29,238,249	12.39%
Mr. Aameir Alihussain	22,720,109	9.62%
Mr. Zohair Taherali	7,663,012	3.25%
Mrs. Sabeen Aameir	5,330,122	2.26%
Shareholders other than Directors	171,116,744	72.49%
	236,068,236	100.00%

29.03 Composition of Shareholders at 30 June 2020

Nature of shareholders	No. of holders	No. of shares	Holding (%)
Sponsor Shareholders	5	96,738,331	40.98%
Foreign Shareholders	10	40,291,186	17.07%
Other Shareholders	8,995	99,038,719	41.95%
	9,010	236,068,236	100.00%



Notes to the separate and consolidated financial statements (continued)

29.04 Dividends

<i>In taka</i>	30 June 2020	30 June 2019
The following dividends were declared and paid/payable by the company for the year:		
25% Final cash dividend (Tk. 2.5) per qualifying ordinary share (For Jul'18-Jun'19)	590,170,590	-
10% Final stock dividend (For Jul'17-Jun'18)	-	214,607,480
10% Final stock dividend per qualifying ordinary share (For Jan'16-Jun'17)	-	214,607,480

During the year ended on 30 June 2020, 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 2020	30 June 2019
15% Final cash dividend (Tk. 1.5) per qualifying ordinary share (For Jul'19-Jun'20)	15 October 2020	354,102,354	-
25% Final cash dividend (Tk. 2.5) per qualifying ordinary share (For Jul'18-Jun'19)	16 September 2019	-	590,170,590

30 Reserves

30.01 General reserve

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

30.02 Revaluation reserve

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

31 Long term borrowings- non-current portion

See accounting policy in note 51 (K).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	31.01	2,323,136,465	3,871,516,258
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
		2,323,136,465	3,871,516,258

31.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	Note	30 June 2020	30 June 2019
Lanka Bangla Finance Limited	31.04	225,740,579	307,192,457
Prime Bank Limited- Syndicated term loan	31.05	2,097,395,886	2,998,217,516
United Commercial Bank Limited	31.03	-	-
United Commercial Bank Limited- Syndicated term loan	31.02	-	508,813,737
Prime Bank Limited	31.06	-	-
IPDC of Bangladesh Limited	31.07	-	57,292,548
12% Convertible coupon bond	31.08	-	-
		2,323,136,465	3,871,516,258



Notes to the separate and consolidated financial statements (continued)

31.02 United Commercial Bank Limited- Syndicated term loan

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	-	612,794,247
Due after more than one (1) year	-	508,813,737
	-	1,121,607,984

Terms of loan:

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.

The United Commercial Bank Limited- Syndicate term loan facility has been converted to a term loan facility following a mutual agreement between the Company and the bank with effect from January 2020. Note 31.03

Total loan facilities: Tk. 278.578 crore.

Interest rate:

Interest rate is 9.00% 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:

The United Commercial Bank Limited- Syndicate term loan facility has been converted to a term loan facility following a mutual agreement between the Company and the bank with effect from January 2020.

Securities:

- Registered mortgage over the project land and all civil construction thereon supported by registered General power of Attorney.
- 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.

31.03 United Commercial Bank Limited

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	668,475,153	-
Due after more than one (1) year	-	-
	668,475,153	-

Terms of loan:

Lenders:

The United Commercial Bank Limited- Syndicate term loan facility has been converted to a term loan facility following a mutual agreement between the Company and the bank with effect from January 2020.

Total loan facilities: Tk. 82.58 crore.

Interest rate:

Interest rate is 9.00% per annum calculated on quarterly basis and variable depending on the situation of money market.

Repayments:

This term loan is repayable in 5 (five) quarterly instalments starting from March 2020 quarter.

Securities:

- First ranking pari-passu charge by way of registered mortgage of 811.50 decimal of project land and/or other immovable assets of the Borrower along with an irrevocable General Poer of Attorney to sell the said properties.
- First priority fixed and floating charge over all plant, machinery, equipment and other fixed & floating assets (both present and future) of the Borrower along with a Power of Attorney to sell the said assets.
- Agreement for Assigning (Insurance) along with Power of Attorney.
- Corporate Guarantee of H. Akberali & Co. Limited.
- Personal guarantee of the Directors of Bangladesh Steel Re-Rolling Mills Limited.
- Undated cheque(s) covering the full value of the limit.

Purpose:

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



Notes to the separate and consolidated financial statements (continued)

31.04 Lanka Bangla Finance Limited

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	82,850,840	72,442,679
Due after more than one (1) year	225,740,579	307,192,457
	308,591,419	379,635,136

Terms of loan:

Total loan facilities: Tk. 40 crore.

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 instalments 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, 54 nos of post dated cheques covering equal monthly installment amount and 03 nos security cheques covering total receivables.

Purpose:

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

31.05 Prime Bank Limited - Syndicated term loan

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	1,200,000,000	1,200,000,000
Due after more than one (1) year	2,097,395,886	2,998,217,516
	3,297,395,886	4,198,217,516

Terms of loan:

Lenders:

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

Total loan facilities: Tk. 600 crore.

Interest rate:

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

Disbursement:

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

Repayment:

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

Securities:

- 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 Limited. This security will be released upon completion of aforesaid security documentation.
- Negative pledge over assets of BSRM Limited till perfection of documentation.
- Other charge document as per opinion of lenders common counsel and standard practice.

Purpose:

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



Notes to the separate and consolidated financial statements (continued)

31.06 Prime Bank Limited

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	-	24,798,515
Due after more than one (1) year	-	-
	-	24,798,515

Terms of loan:

Total loan facilities: Tk. 200 crore.

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 Limited till perfection of documentation.

Purpose:

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

31.07 IPDC of Bangladesh Limited

<i>In taka</i>	30 June 2020	30 June 2019
Due within one (1) year	57,068,297	47,343,082
Due after more than one (1) year	-	57,292,548
	57,068,297	104,635,630

Terms of loan:

Total loan facilities: Tk. 20 crore.

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 3,000,000 demitted 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.

31.08 12% Convertible Coupon Bond

<i>In taka</i>	30 June 2020	30 June 2019
Liability component	-	329,972,971
Add: Accrued interest and provision for cost of issuing Bond	-	42,927,029
Less: Interest payment	-	(42,900,000)
Less: Principal payment	-	(330,000,000)
Carrying amount	-	-

31.07.01 12% Convertible Coupon Bond-Liability Component

<i>In taka</i>	30 June 2020	30 June 2019
Payable/Convertible within 1 year	-	-
Payable after 1 year	-	-
	-	-



Notes to the separate and consolidated financial statements (continued)

31.07.02 Details of the 12% Convertible coupon bond

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

Tenure:

Five (5) years.

Subscription and issue:

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

Interest:

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

Redemption:

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

Conversion:

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

Trading of converted ordinary shares:

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

Securities:

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

31.a Consolidated long term borrowings- non current portion

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	31	2,323,136,465	3,871,516,258
BSRM Steel Mills Limited		340,651,363	1,138,058,168
		2,663,787,828	5,009,574,426

32 Defined benefit obligations - gratuity

See accounting policy in note 51 (R).

<i>In taka</i>	30 June 2020	30 June 2019
Balance at 1 July	231,907,679	196,162,000
Current service cost	23,667,505	63,747,428
	255,575,184	259,909,428
Payment made during the year	(4,938,072)	(28,001,749)
	250,637,112	231,907,679
Actuarial loss	8,662,888	-
Balance at 30 June	259,300,000	231,907,679

Key assumptions used for actuarial valuation are as below:

	30 June 2020
Rate of escalation in salary	7.50%
Discount rate	7.00%

The Company had an actuarial valuation of its defined benefit obligation (DBO) as on 30 June 2020 which was valued at Tk. 259,300,000. Accordingly the company made the provision to the extent to match the actuarial valuation. The valuation was conducted by Z. Halim & Associates who is a reputed Actuarial & Pension Consultants in Bangladesh.

32.a Consolidated defined benefit obligations - gratuity

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	32	259,300,000	231,907,679
BSRM Steel Mills Limited		56,051,000	45,735,121
		315,351,000	277,642,800



Notes to the separate and consolidated financial statements (continued)

33	Income tax expenses			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Current tax expenses			
	Current year	33.02	(274,454,405)	(317,397,320)
	Changes in estimates related to prior years		(13,053,139)	(38,957,630)
			(287,507,544)	(356,354,950)
	Deferred tax expenses	34.00	(126,269,740)	(523,075,687)
			(413,777,284)	(879,430,637)

33.01	Current tax liability			
	See accounting policy in note 51 (P).			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	33.01.01	86,980,212	306,310,048
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			86,980,212	306,310,048

33.01.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		30 June 2020	30 June 2019
	Balance at 1 July		306,310,048	303,158,798
	Provided for the year		266,292,561	306,310,048
			572,602,609	609,468,846
	Provision for previous years		12,801,999	38,957,630
			585,404,608	648,426,476
	Income tax paid		(498,424,396)	(342,116,428)
	Balance at 30 June		86,980,212	306,310,048

33.02	Current tax expenses			
	See accounting policy in note 51 (P).			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	33.01.01	266,292,561	306,310,048
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		8,161,844	11,087,272
			274,454,405	317,397,320

Year wise income taxes assessment status is as follows:

Accounting Year	Assessment Year	Opening balance	Charged/ (credited) to profit or loss	Adjusted/ paid during the year	30 June 2020	Remarks
2013	2014-2015	-	-	-	-	Reference to High Court.
2014	2015-2016	-	-	-	-	Reference to High Court.
2015	2016-2017	-	-	-	-	Appeal to CT.
2016	2016-2017	-	-	-	-	
2017	2017-2018	-	-	-	-	Under hearing to DCT.
2018	2018-2019	-	-	-	-	Assessment completed.
2019	2019-2020	306,310,048	12,801,999	(319,112,047)	-	Assessment completed.
2020	2020-2021	-	266,292,561	(179,312,349)	86,980,212	Return due by 15 January 2021.
		306,310,048	279,094,560	(498,424,396)	86,980,212	

Reconciliation of effective tax rate

	Rate	2020 Taka	Rate	2019 Taka
Profit before tax		1,335,618,026		2,740,065,560
Tax using the applicable tax rate	25%	333,904,507	25%	685,016,390
Tax effect of:				
i) Share of loss/ (profit) of equity accounted investee	-9.54%	(127,392,376)	-9.68%	(265,177,817)
ii) Difference between accounting and fiscal depreciation	-3.95%	(52,701,210)	-2.39%	(65,557,310)
iii) Non-operating income	0.08%	1,079,252	0.73%	20,079,815
iv) Inadmissible expenses	0.00%	-	1.17%	32,021,808
v) Unrealized foreign currency translation gain	-0.02%	(209,990)	0.04%	1,092,711
vi) Rebate on export sales	-0.09%	(1,239,666)	-0.09%	(2,418,767)
vii) Unabsorbed depreciation	0.00%	-	-3.50%	(96,000,000)
ix) Rebate on CSR	-0.02%	(293,529)	0.00%	-
x) Implication for minimum tax	8.66%	115,731,088	0.00%	-
x) Bangladesh Steel Re-Rolling Mills Ltd. (Kolkata Branch)	0.42%	5,576,328	0.30%	8,340,491
xi) Effect of deferred tax	9.45%	126,269,740	19.09%	523,075,687
xii) Prior year income tax	0.98%	13,053,139	1.42%	38,957,630
	30.98%	413,777,284	32.10%	879,430,637



Notes to the separate and consolidated financial statements (continued)

33.03.a Consolidated income tax expenses

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Current tax expenses			
Current year	33.03.b	823,526,025	640,308,835
Changes in estimates related to prior years		11,308,664	39,018,388
		834,834,689	679,327,223
Deferred tax expenses	35.a	250,094,991	931,867,456
		1,084,929,680	1,611,194,679

33.03.b Consolidated current tax expenses

See accounting policy in note 51 (P).

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	33.02	274,454,405	317,397,320
BSRM Steel Mills Limited		548,909,280	322,911,515
BSRM (Hong Kong) Limited		162,340	-
		823,526,025	640,308,835

33.03.c Consolidated prior year tax expenses/(income)

See accounting policy in note 51 (P).

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	33.02	13,053,139	38,957,630
BSRM Steel Mills Limited		(1,744,475)	60,758
		11,308,664	39,018,388

33.03.d Consolidated current tax liability

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	33.01	86,980,212	306,310,048
BSRM Steel Mills Limited		548,909,280	322,911,515
BSRM (Hong Kong) Limited		162,190	-
		636,051,682	629,221,563



Notes to the separate and consolidated financial statements (continued)

34 **Deferred tax liability**

See accounting policy in note 51 (P).

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 2020	30 June 2019
Balance at 1 July	2,559,502,570	1,323,809,318
<i>Provided/ (adjusted) during the year:</i>		
Investments in equity accounted investees	85,765,394	404,227,574
Deferred tax on revaluation of land of equity accounted investees	-	529,084,465
Unabsorbed depreciation	(16,516,616)	52,124,663
Adjusted for gratuity	(6,848,080)	(8,936,420)
Deferred tax on actuarial gain/(loss) - gratuity	(2,165,722)	-
12% Convertible coupon bond	-	(1,028,632)
Sale/derecognition of revalued assets	-	(104,972)
For temporary difference of PPE and software (excluding land)	63,910,310	76,164,057
Adjusted for impact of excess depreciation on revaluation surplus	(7,031,267)	(9,759,201)
Deferred tax on land revaluation	-	194,425,905
Deferred tax of overseas branch	(41,268)	(504,187)
Balance at 30 June	2,676,575,321	2,559,502,570

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)
As on 30 June 2020					
Property, plant and equipment (other than land)	25%	8,441,799,131	3,726,164,827	4,715,634,304	1,178,908,576
Intangible assets (Software)	25%	15,030,379	13,405,531	1,624,848	406,212
Provision for gratuity	25%	(259,300,000)	-	(259,300,000)	(64,825,000)
Actuarial gain/(loss)	25%	(8,662,888)	-	(8,662,888)	(2,165,722)
Unabsorbed depreciation	25%	(227,062,364)	-	(227,062,364)	(56,765,591)
Investment in Subsidiaries and Associate	5% - 20%	-	-	-	1,426,902,786
Deferred tax on land revaluation	3% to 4%	-	-	-	194,425,905
Deferred tax of overseas branch	-	-	-	-	(311,845)
Deferred tax liability					2,676,575,321
As on 30 June 2019					
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)
Deferred tax liability					2,559,502,570

34.a **Consolidated deferred tax liability**

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	34	2,676,575,321	2,559,502,570
BSRM Steel Mills Limited		2,428,674,468	2,304,849,217
		5,105,249,789	4,864,351,787

35 **Trade payables**

See accounting policy in note 51 (K).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	35.01	5,495,951,665	3,363,678,018
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		51,276,419	76,702,008
		5,547,228,084	3,440,380,026



Notes to the separate and consolidated financial statements (continued)

35.01 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	30 June 2020	30 June 2019
BSRM Logistics Limited	18,065,422	12,807,641
BSRM Steel Mills Limited	5,357,388,276	481,849,753
Goods & supplies	8,006,403	40,360,372
Labor cost	990,297	301,875
Payables for stores and spares	109,660,255	101,217,919
BSRM Steels Limited	1,841,012	2,714,055,054
BSRM Wires Limited	-	13,085,404
	5,495,951,665	3,363,678,018

These balances represent amounts payable against supply of raw materials and services.

35.a Consolidated trade payables

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	35	5,547,228,084	3,440,380,026
BSRM Steel Mills Limited		37,219,512	117,005,608
Less: Intra group elimination		(5,357,909,868)	(483,454,754)
		226,537,728	3,073,930,880

36 Short term borrowings

See accounting policy in note 51 (K).

<i>In taka</i>	Note	30 June 2020	30 June 2019
Short term borrowings	36.01	9,332,878,052	9,448,628,917
Long term borrowings- current portion	36.09	2,008,394,290	1,957,378,523
		11,341,272,342	11,406,007,440

36.01 Short term borrowings

<i>In taka</i>	Note	30 June 2020	30 June 2019
Loan against trust receipt (LATR)	36.02	46,142,916	99,580,870
Time loan	36.03	3,450,537,695	2,488,492,876
Bank overdraft, SOD and cash credit	36.05	3,018,509,550	2,072,126,883
Liability for accepted bills for payment (ABP)	36.06	2,530,914,213	4,788,479,989
Stimulus Loan - Trust Bank Limited		160,665,983	-
Blocked interest	36.08	126,107,695	-
Factoring loan against sales invoice	36.07	-	(51,701)
		9,332,878,052	9,448,628,917

36.02 Loan against trust receipt (LATR)

<i>In taka</i>	30 June 2020	30 June 2019
Pubali Bank Limited	46,142,916	99,580,870
	46,142,916	99,580,870

36.03 Time loan

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited-HO	36.04	3,252,359,892	2,381,073,320
Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		198,177,803	107,419,556
		3,450,537,695	2,488,492,876

36.04 Bangladesh Steel Re-Rolling Mills Limited-HO

<i>In taka</i>	30 June 2020	30 June 2019
Al-Arafah Islami Bank Limited	49,906,375	624,784,661
HSBC	722,828,012	400,120,206
Jamuna Bank Limited	157,667,955	286,410,592
Standard Chartered Bank	492,732,484	292,670,530
The City Bank Limited	631,620,328	160,126,272
Dhaka Bank Limited	251,875,000	-
Habib Bank Limited	132,582,492	-
Industrial and Infrastructure Development Finance Company Limited	150,043,589	-
Midland Bank Limited	559,299,632	-
Trust Bank Limited	103,804,025	-
Shahjalal Islami Bank Limited	-	616,961,059
	3,252,359,892	2,381,073,320



Notes to the separate and consolidated financial statements (continued)

36.05 Bank overdraft, SOD and cash credit

<i>In taka</i>	Type	30 June 2020	30 June 2019
Agrani Bank Limited	CC Hypo	16,158,608	32,022,411
Agrani Bank Limited	CC Pledge	427,870,804	419,941,187
Habib Bank Limited	OD	7,973,547	5,340,685
Jamuna Bank Limited	CC	(47,008)	6,866,189
National Bank Limited	CC	22,246,714	3,036,876
Pubali Bank Limited	CC	50,861,828	321,523
Pubali Bank Limited	OD	745,345,195	910,215,554
Sonali Bank Limited	CC	296,032,383	167,238,974
Sonali Bank Limited	CC	19,751,638	29,024,241
Standard Bank Limited	CC	328,532,234	269,968,198
Standard Chartered Bank	OD	18,326,653	58,052,688
State Bank of India	CC	137,517,777	138,800,375
Trust Bank Limited	OD	33,891,184	31,297,982
Prime Bank Limited	Bai-Muazzal	151,125,000	-
Shahjalal Islami Bank Limited	Bai-Muazzal	762,922,993	-
		3,018,509,550	2,072,126,883

36.06 Liability for accepted bills for payment (ABP)

<i>In taka</i>	30 June 2020	30 June 2019
Bank Alfalah Limited	21,689,577	6,792,374
Bank Asia Limited	74,444,024	166,798,993
Dhaka Bank Limited	59,405,020	536,634,097
Dutch Bangla Bank Limited	4,170,378	10,495,639
HSBC	56,633,562	565,368,986
Mercantile Bank Limited	138,534,738	178,274,424
NCC Bank Limited	66,964,651	10,107,280
Prime Bank Limited	42,876,722	260,238,469
Pubali Bank Limited	289,819,327	946,427,761
Standard Chartered Bank	672,944,490	63,819,517
The City Bank Limited	413,029,934	395,501,669
Trust Bank Limited	24,443,076	72,832,436
United Commercial Bank Limited	115,716,541	98,338,909
Agrani Bank Limited	69,415,063	-
Commercial Bank of Ceylon PLC	15,235,485	-
IFIC Bank Limited	68,478,408	-
Shahjalal Islami Bank Limited	397,113,217	-
BRAC Bank Limited	-	998,989,404
Eastern Bank Limited	-	16,551,088
Habib Bank Limited	-	73,394,294
Islami Bank Bangladesh Limited	-	30,053,160
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
	2,530,914,213	4,788,479,989



Notes to the separate and consolidated financial statements (continued)

36.07 Factoring Loan against sales invoice

<i>In taka</i>	30 June 2020	30 June 2019
United Finance Limited	-	(51,701)
	-	(51,701)

36.07.01 Terms and conditions:

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

Security:

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

36.08 Blocked interest

<i>In taka</i>	30 June 2020	30 June 2019
Agrani Bank Limited	6,565,759	-
Al-Arafah Islami Bank Limited	3,979,355	-
Bank Alfalah Limited	1,545,855	-
Islami Bank Limited	14,485	-
Dhaka Bank Limited	5,348,026	-
Habib Bank Limited	6,235,214	-
HSBC	5,263,471	-
Jamuna Bank Limited	9,121,159	-
Mercantile Bank Limited	3,310,855	-
Midland Bank Limited	7,240,826	-
National Bank Limited	31,753	-
NCC Bank Limited	6,621,711	-
One Bank Limited	4,117,324	-
Prime Bank Limited	13,530,224	-
Pubali Bank Limited	10,234,146	-
Shahjalal Islami Bank Limited	14,169,260	-
Sonali Bank Limited	2,142,428	-
Standard Bank Limited	405,598	-
Standard Chartered Bank	1,926,866	-
State Bank of India	1,947,861	-
The City Bank Limited	6,619,477	-
Trust Bank Limited	5,593,378	-
United Commercial Bank Limited	10,142,664	-
	126,107,695	-

36.09 Long term borrowings- current portion

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

<i>In taka</i>	Note	30 June 2020	30 June 2019
Lanka Bangla Finance Limited	31.04	82,850,840	72,442,679
Prime Bank Limited- Syndicated term loan	31.05	1,200,000,000	1,200,000,000
IPDC of Bangladesh Limited	31.07	57,068,297	47,343,082
United Commercial Bank Limited	31.03	668,475,153	-
United Commercial Bank Limited- Syndicated term loan	31.02	-	612,794,247
Prime Bank Limited	31.06	-	24,798,515
12% Convertible coupon bond	31.08	-	-
		2,008,394,290	1,957,378,523

36.a Consolidated short term borrowings

<i>In taka</i>	Note	30 June 2020	30 June 2019
Bangladesh Steel Re-Rolling Mills Limited	36	11,341,272,342	11,406,007,440
BSRM Steel Mills Limited		21,850,150,037	26,743,161,313
BSRM (Hong Kong) Limited		129,960	3,782,368
		33,191,552,339	38,152,951,121



Notes to the separate and consolidated financial statements (continued)

37	Current account with related companies			
	<i>In taka</i>		30 June 2020	30 June 2019
	Karnafully Engineering Works Limited		4,400,000	-
	BD Steel Limited		545,797	-
	BSRM Steels Limited		-	6,264,184,395
			4,945,797	6,264,184,395
	These balances represent short term financial arrangement availed from related companies as and when required to meet working capital and interest was charged on outstanding balances. All transactions were made through account payee cheques.			
37.a	Consolidated current account with related companies			
	<i>In taka</i>		30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited		4,945,797	6,264,184,395
	BSRM Steel Mills Limited		6,282,941,110	569,548,637
	BSRM (Hong Kong) Limited		10,776,933	9,459,358
	Less: Intra group elimination		(569,529,922)	(518,268,995)
			5,729,133,918	6,324,923,395
38	Contract liabilities			
	<i>In taka</i>		30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited-HO		249,860,229	550,450,921
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	-
			249,860,229	550,450,921
	These balances represent advances received from different parties against sale of finished goods. Goods have not been delivered to them within the reporting date.			
38.a	Consolidated contract liabilities			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited	38	249,860,229	550,450,921
	BSRM Steel Mills Limited		50,275,666	35,013,851
	BSRM (Hong Kong) Limited		-	-
	Less: Intra group elimination		-	-
			300,135,895	585,464,772
39	Liabilities for expenses			
	See accounting policy in note 51 (K).			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	39.01	671,402,821	481,268,648
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		-	2,520,690
			671,402,821	483,789,338
39.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		30 June 2020	30 June 2019
	Brokerage and commission		32,051,203	30,092,225
	C & F bill and others		113,432	389,940
	Carriage on sales		223,568,822	158,874,525
	Contractors		4,630,151	4,849,300
	Karnaphuli Gas Distribution Co. Limited		122,528,190	13,609,574
	Liability for fixed assets		2,980,125	541,346
	Others		36,499,827	4,516,581
	Power Development Board for electricity (Factory)		232,712,251	244,316,344
	Professional expenses		36,000	306,500
	Repair and maintenance		402,997	895,189
	Salary and allowances		10,247,108	13,281,853
	Sales promotion		292,497	6,988,072
	Unclaimed cheque		1,636,028	856,117
	Audit fees		603,000	670,000
	CSR expenses		1,200,000	-
	Insurance expenses		1,310,407	-
	Rent expenses		19,040	-
	Travelling and conveyance		565,255	-
	WASA		6,488	-
	Printing and stationeries		-	208,336
	Stores & spares		-	872,746
			671,402,821	481,268,648



Notes to the separate and consolidated financial statements (continued)

39.a	Consolidated liabilities for expenses			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited	39	671,402,821	483,789,338
	BSRM Steel Mills Limited		852,832,659	603,030,727
	BSRM (Hong Kong) Limited		161,494	1,469,219
			1,524,396,974	1,088,289,284
40	Provision for WPPF and Welfare Fund			
	See accounting policy in note 51 (R).			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Balance at 1 July		93,997,289	115,677,749
	Provided during the year	40.01	43,476,238	93,997,289
	Paid during the year		(93,997,289)	(115,677,749)
	Balance at 30 June		43,476,238	93,997,289
40.01	Provision made during the year for WPPF and Welfare Fund			
	<i>In taka</i>		30 June 2020	30 June 2019
	Profit before tax and WPPF and Welfare Fund		869,524,761	1,773,351,580
	Cash dividend received from investment in associates		-	106,594,191
	Profit applicable for WPPF and Welfare Fund		869,524,761	1,879,945,771
	Contribution to WPPF and Welfare Fund at 5%		43,476,238	93,997,289
40.a	Consolidated provision for WPPF and Welfare Fund			
	<i>In taka</i>		30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited		43,476,238	93,997,289
	BSRM Steel Mills Limited		66,826,814	100,372,376
			110,303,052	194,369,665
40.a.i	Consolidated contribution to WPPF and Welfare Fund			
	<i>In taka</i>		30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited		43,476,238	93,997,289
	BSRM Steel Mills Limited		66,826,814	100,372,376
			110,303,052	194,369,665
41	Other liabilities			
	See accounting policy in note 51 (K).			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited-HO	41.01	132,600,877	319,314,401
	Bangladesh Steel Re-Rolling Mills Limited-Kolkata Branch		23,725,700	18,891,422
			156,326,577	338,205,823
41.01	Bangladesh Steel Re-Rolling Mills Limited-HO			
	<i>In taka</i>		30 June 2020	30 June 2019
	Against paid-up capital of BSRM (Hong Kong) Limited		10	10
	Dividend payable		3,959,148	2,343,689
	Duty drawback		94,589,645	94,589,647
	Income tax deducted at source		13,699,816	1,382,370
	IPO over subscription money payable		7,864,673	7,871,673
	Retention money		10,997,585	9,703,692
	Security deposit		1,490,000	1,240,000
	Interest on intercompany loan		-	200,016,423
	VAT deducted at source		-	2,166,897
			132,600,877	319,314,401
	Income tax and VAT deducted at source have subsequently been deposited to the Government Exchequer.			
41.a	Consolidated other liabilities			
	<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
	Bangladesh Steel Re-Rolling Mills Limited	41	156,326,577	338,205,823
	BSRM Steel Mills Limited		15,432,567	19,739,556
	Less: Intra group elimination		(10)	(10)
			171,759,134	357,945,369



Notes to the financial statements (continued)

42 Lease

<i>In taka</i>	Warehouse/ Godown/ Factory Office space			Total
	Land	Warehouse/ Godown/ Factory	Office space	
Present value of lease payments as at 01 July 2019	45,493,184	58,283,113	24,617,124	128,393,421
Payment of lease liabilities	(5,986,812)	(9,169,292)	(4,763,277)	(19,919,381)
Total changes from financing cash flows	39,506,372	49,113,821	19,853,847	108,474,040
Other changes				
Liability-related				
Interest expense	3,200,188	4,631,988	1,971,723	9,803,899
Interest paid	(3,200,188)	(4,631,988)	(1,971,723)	(9,803,899)
Balance as at 30 June 2020	39,506,372	49,113,821	19,853,847	108,474,040
Lease liability current and non-current portion				
Due within one (1) year	8,177,143	10,305,772	5,210,104	23,693,019
Due after more than one (1) year	31,329,229	38,808,049	14,643,743	84,781,021
	39,506,372	49,113,821	19,853,847	108,474,040

The Company leases land, warehouse/godown/factory shed and office spaces. Information regarding leased assets are as follows:

42.01 Leased land

In taka

Lessor	Lessee	Location	Rental start date	Tenure	Discount rate	Monthly rent	Total yearly rent	Tax deducted at source	VAT	Gross yearly rent
M/S Haleem Engineering Works Limited	Bangladesh Steel Re-Rolling Mills Limited	Plot no# 147-149, Nasirabad I/A, Bayezid Bostami Road, Chattogram	01-Oct-19	2 years	9.00%	243,000	2,187,000	109,350	328,050	2,515,050
Arco Industries Limited		Plot no# 23-26, Nasirabad I/A, Bayezid Bostami Road, Chattogram	01-Jul-17	10 years		200,000	2,400,000	120,000	360,000	2,760,000
H. Akberali & Co. Limited		Plot JL# 13 at Sonapahar Mouza, Zorargonj, Mirsarai, Chattogram	01-Jul-16	10 years		150,000	1,800,000	90,000	270,000	2,070,000
Karnafully Engineering Works Limited		Plot no# 8/D, Sholoshahar Light Industrial Area, Chattogram	01-Nov-19	5 years		350,000	2,800,000	140,000	420,000	3,220,000
								459,350	1,378,050	10,565,050



Notes to the financial statements (continued)

42.02 Leased warehouse/godown/factory shed

In taka

Lessor	Lessee	Location	Rental start date	Tenure	Discount rate	Monthly rent	Total yearly rent	Tax deducted at source	VAT	Gross yearly rent
Chittagong Power Company Limited	Bangladesh Steel Re-Rolling Mills Limited	Plot no# 297, Nasirabad I/A, Bayezid Bostami Road, Chattogram	01-Jul-19	5 years	9.00%	150,000	1,800,000	90,000	270,000	2,070,000
Section Steel Industries Limited		Shiromoni Industrial Area, Khulna	01-Jan-19	5 years		100,000	1,200,000	60,000	180,000	1,380,000
Bangladesh Steels Limited		Plot no# 297, Nasirabad I/A, Bayezid Bostami Road, Chattogram	01-Apr-19	5 years		280,000	3,360,000	168,000	504,000	3,864,000
BSRM Logistics Limited		50 No. Kagojpur, P.S.- Benapole Port, Sharsa, Jessore	01-Sep-14; Renewed in every 5 years	5 years		193,440	2,321,280	116,064	348,192	2,669,472
Karnafully Engineering Works Limited		Plot no# 8/D, Sholoshahar Light Industrial Area, Chattogram	01-Jan-15; Renewed in every 5 years	5 years		360,000	4,320,000	216,000	-	4,320,000
H. Akberali & Co. Limited		Plot no# 8/D, Sholoshahar Light Industrial Area, Chattogram	01-Nov-19	5 years		100,000	800,000	40,000	120,000	920,000
								690,064	1,422,192	15,223,472

42.03 Leased office spaces

In taka

Lessor	Lessee	Location	Rental start date	Tenure	Discount rate	Monthly rent	Total yearly rent	Tax deducted at source	VAT	Gross yearly rent
H. Akberali & Co. Limited	Bangladesh Steel Re-Rolling Mills Limited	Nasir Uddin Tower, 4th floor, 104/1 Kakrail, Ramna, Dhaka	01-Oct-18	5 years	9.00%	204,000	2,448,000	122,400	367,200	2,815,200
H. Akberali & Co. Limited		1st, Mezzanine & 3rd Floor, Ali Mansion, 1207/1099 Sadarghat, Chattogram	01-Jan-19	5 years		357,250	4,287,000	214,350	643,050	4,930,050
								336,750	1,010,250	7,745,250



Notes to the financial statements (continued)

42.04 Right-of-use assets

Right-of-use assets related to leased properties are presented as separate line item.

<i>In taka</i>	Land	Warehouse/ Godown/ Factory	Office space	Total
2020				
Balance at 1 July 2019	45,493,184	58,283,113	24,617,124	128,393,421
Depreciation charged during the year	(7,335,678)	(11,118,936)	(5,583,982)	(24,038,596)
	38,157,506	47,164,177	19,033,142	104,354,825

Depreciation allocation:

<i>In taka</i>	Note	2020	2019
Cost of sales	6.05	16,121,629	-
Selling & distribution costs	7.01	2,332,985	-
Administrative costs	8.01	5,583,982	-
		24,038,596	-

42.05 Amounts recognized in Statement of profit or loss

<i>In taka</i>	2020
Interest on lease liabilities	9,803,899
Depreciation charge on right-of-use assets	24,038,596
	33,842,495

42.06 Amount recognized in Statement of cash flows

<i>In taka</i>	2020
Interest paid on lease liabilities	(9,803,899)
Principal paid on lease liabilities	(19,919,381)

42.07 Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date.

<i>In taka</i>	2020
Less than one year	32,252,280
One to two years	30,065,280
Two to three years	29,336,280
Three to four years	24,196,780
Four to five years	8,546,880
More than five years	6,600,000
	130,997,500

42.a Consolidated right-of-use assets

Right-of-use assets related to leased properties are presented as separate line item.

<i>In taka</i>	Note	Total
2020		
Bangladesh Steel Re-Rolling Mills Limited	42.04	104,354,825
BSRM Steel Mills Limited		-
		104,354,825



Notes to the separate and consolidated financial statements (continued)

43 Related party transactions

43.01 Transactions with key management personnel

In taka

Name of personnel	Relationship	Nature of transactions	Transactions values for the year ended 30 June		Balance outstanding as at 30 June	
			2020	2019	2020	2019
Mr. Alihussain Akberali	Chairman		36,000,000	22,800,000	-	-
Mr. Aameir Alihussain	Managing Director	Remuneration and other benefits	28,500,000	16,800,000	-	-
Mr. Zohair Taherali	Director		16,500,000	13,200,000	-	-
Mrs. Sabeen Aameir	Director		7,500,000	6,000,000	-	-
			88,500,000	58,800,000	-	-

43.02 Other related party transactions

During the year the company carried out a number of transactions with related parties in the normal course of business and on arm's length basis. The name of the related parties, nature of relationship, nature of transactions, transactions value at the reporting date and balance as at reporting date have been set out in accordance with the provisions of IAS 24: Related Party

In taka

Name of the party	Relationship	Nature of transactions	Transactions values for the year ended 30 June		Balance outstanding as at 30 June	
			2020	2019	2020	2019
BSRM (Hong Kong) Limited	Subsidiary	Short term loan	1,326,000	9,459,358	10,785,358	9,459,358
Chittagong Power Company Limited	Sister Company	Short term loan	(2,300,000)	(947,250)	21,237,926	23,537,926
BSRM Logistics Ltd.		Short term loan,	(132,059,155)	25,148,450	39,951,092	172,010,247
BSRM Steels Limited	Investee		9,801,257,661	(3,171,880,033)	824,960,038	(8,976,297,623)
BSRM Wires Limited	Sister Company	Short term loan, purchase etc.	(170,286,050)	174,719,060	66,728,722	237,014,772
BSRM Steel Mills Limited	Subsidiary		(4,826,687,003)	(629,602,233)	(4,798,122,118)	28,564,885
BSRM Ispat Limited		Short term loan, sales etc.	-	(328,365,077)	-	-
BSRM Real Estates Limited			582,500	(8,143,000)	582,500	-
Karnafully Engineering Works Limited	Sister Company	Short term loan, purchase etc.	(4,400,000)	5,225,000	(4,400,000)	-
BD Steel Limited			(545,797)	3,950,000	(545,797)	-
H. Akberali & Co. Ltd.		Short term loan	90,351,178	(275,015,610)	104,586,433	14,235,255

44 Contingent liabilities

See accounting policy in note 51 (N).

Contingent liabilities at the reporting date are as follows:

44.01 Bank guarantee

In taka

	30 June 2020	30 June 2019
Karnaphuli Gas Distribution Co. Limited	594,939	594,939
Deposit to Customs authority against claim under appeal	552,890	552,890
Customs authority	1,997,162	1,997,162
Bureau of Indian Standards	2,418,000	2,418,000
	5,562,991	5,562,991

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



Notes to the separate and consolidated financial statements (continued)

44.02 Corporate guarantee

The company has a policy to extend corporate guarantee for the financial arrangements of the sister companies within the Group. The guarantee is issued to sister companies without any fee or premium. In addition, there is no interest rate benefit for the borrower as a result of the said guarantee. At the reporting date, status of such guarantees were as follows:

Maximum limit in million		30 June 2020	30 June 2019
BSRM Steels Limited	L/C liability	15,290	20,115
BSRM Wires Limited	L/C liability	1,100	1,100
H. Akberali & Co. Limited	L/C liability	300	200
BSRM Steel Mills Ltd.	L/C liability	7,298	-
		23,988	21,415

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

	Credit rating	
	2020	2019
BSRM Steels Limited	AA+	AA+
BSRM Wires Limited	BBB+	BBB+
H. Akberali & Co. Limited	A+	A
BSRM Steel Mills Ltd.	A	A

44.03 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 2018.	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).

44.04 Status of pending litigation with the Income Tax authority for dispute with respect to income tax

Disputed amount of expenses disallowed by Income Tax Authority and appeal to High Court Division of Supreme Court of Bangladesh to allow the same.

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. Honorable Supreme Court of Bangladesh Reference case no 532/11.
		2,320,000	

45 Capital expenditure commitment

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

46 Production capacity

	30 June 2020	30 June 2019
(i) MS product- finished		
Installed Capacity (In M.Ton)	750,000	540,000
Production (In M.Ton)	680,157	685,157
Capacity utilized (%)	90.69%	126.88%
(ii) MS billet		
Installed Capacity (In M.Ton)	150,000	150,000
Production (In M.Ton)	102,735	174,657
Capacity utilized (%)	68.49%	116.44%



Notes to the separate and consolidated financial statements (continued)

47 No. of employees	30 June 2020	30 June 2019
<i>In taka</i>		
Number of employees whose salary was below Tk. 3,000	-	-
Number of employees whose salary was above Tk. 3,000	1,046	979
	1,046	979

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

48 Financial summary of Kolkata Branch office on 30 June 2020 as per audited financial statements:	30 June 2020	30 June 2019
<i>In INR</i>		
Non-current assets	4,114,301	2,184,851
Current assets	269,997,150	203,536,795
Total assets	274,111,451	205,721,646
Head Office Account	13,003,640	21,043,390
Retained earnings	25,607,878	16,936,743
	38,611,518	37,980,133
Non-current liabilities	170,842,934	87,667,964
Current liabilities	64,656,999	80,073,549
Total liabilities	235,499,933	167,741,513
Total equity & liabilities	274,111,451	205,721,646
Revenue	1,249,622,903	1,245,928,636
Expenses	(1,240,951,768)	(1,236,742,888)
Profit for the year	8,671,135	9,185,748

49-A Events after the reporting period

- (i) On 6th September 2020, the Honorable High Court has directed both BSRM and BSML to conduct revaluation of both companies by an Independent Auditor before the merger of the companies.
- (ii) The Board of Directors of Bangladesh Steel Re-Rolling Mills Limited, in its 419th meeting held on 15 October 2020, has declared 15% cash dividend (Tk. 1.5) per qualifying ordinary share for the year ended 30 June 2020.

49-B Minimum amount to be distributed as dividend as per tax law

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

Profit after tax	921,840,741
Share of profit of associates	(509,569,502)
Estimated distributable profit	412,271,239

Minimum dividend percentage to distribute to avoid penalty as per section 16G of the ITO, 1984.	30%
Minimum dividend amount to distribute to avoid penalty as per section 16G of the ITO, 1984.	123,681,372



50 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

50.01 Credit risk

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

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

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

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

a) Exposure to credit risk

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

<i>In taka</i>	<i>Note</i>	30 June 2020	30 June 2019
Investment in tradeable securities	23.02	600,890	582,176
Investment in non-tradable shares	22.02	1,000,300	1,000,300
Investments in FDRs (Short term & long term)		558,282,684	748,483,851
Advances and deposits	27	2,015,080,837	2,181,266,067
Trade and other receivables	25	3,346,575,434	3,570,813,232
Due from sister companies	26	1,651,039,057	985,977,512
Cash at bank	28.03	205,380,643	262,800,672
		7,777,959,845	7,750,923,810

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>	30 June 2020	30 June 2019
Investment in tradeable securities	600,890	582,176
Investment in non-tradable shares	1,000,300	1,000,300
Investments in FDRs (Short term & long term)	1,587,286,390	2,471,700,312
Advances and deposits	6,464,674,928	5,542,012,072
Trade and other receivables	9,146,271,039	7,515,185,284
Due from sister companies	4,033,737,624	8,075,465,637
Cash at bank	228,720,749	285,251,964
	21,462,291,920	23,891,197,745

b) Ageing of trade receivables

<i>In taka</i>	30 June 2020	30 June 2019
Not yet due	1,375,781,867	1,872,137,060
Dues within 3 months	831,042,056	977,638,876
Dues over 3 months but less than 6 months	493,117,578	241,478,963
Dues over 6 months	298,743,766	222,115,963
	2,998,685,267	3,313,370,862

b.1) Ageing of consolidated trade receivables

<i>In taka</i>	30 June 2020	30 June 2019
Not yet due	820,620,390	2,173,556,717
Dues within 3 months	1,690,499,464	4,328,754,496
Dues over 3 months but less than 6 months	697,233,203	300,212,870
Dues over 6 months	575,737,949	235,021,940
	3,784,091,004	7,037,546,023



Notes to the separate and consolidated financial statements (continued)

50.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage 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.

50.02.01 Exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			
		Within 12 months	2 to 5 years	More than 5 years	Total
Long term borrowings	4,331,530,755	2,008,394,290	2,323,136,465	-	4,331,530,755
Defined benefit obligations - Gratuity	259,300,000	-	-	259,300,000	259,300,000
Trade payables	5,547,228,084	5,547,228,084	-	-	5,547,228,084
Short term borrowings	9,332,878,052	9,332,878,052	-	-	9,332,878,052
Liabilities for expenses	671,402,821	671,402,821	-	-	671,402,821
Provision for WPPF and Welfare Fund	43,476,238	43,476,238	-	-	43,476,238
Lease liabilities	108,474,040	23,693,019	84,781,021	-	108,474,040
Other liabilities	156,326,577	156,326,577	-	-	156,326,577
	20,450,616,567	17,783,399,081	2,407,917,486	259,300,000	20,450,616,567

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			
		Within 12 months	2 to 5 years	More than 5 years	Total
Long term borrowings	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 borrowings	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
	19,865,803,853	15,762,379,916	3,871,516,258	231,907,679	19,865,803,853



Notes to the separate and consolidated financial statements (continued)

50.02.01.a Consolidated exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			Total
		Within 12 months	2 to 5 years	More than 5 years	
Long term borrowings	6,003,045,297	3,339,257,469	2,663,787,828	-	6,003,045,297
Defined benefit obligations - Gratuity	315,351,000	-	-	315,351,000	315,351,000
Trade payables	226,537,728	226,537,728	-	-	226,537,728
Short term borrowings	29,852,164,910	29,852,164,910	-	-	29,852,164,910
Liabilities for expenses	1,524,396,974	1,524,396,974	-	-	1,524,396,974
Provision for WPPF and Welfare Fund	110,303,052	110,303,052	-	-	110,303,052
Lease liabilities	108,474,040	23,693,019	84,781,021	-	108,474,040
Other liabilities	171,759,134	171,759,134	-	-	171,759,134
	38,312,032,135	35,248,112,286	2,748,568,849	315,351,000	38,312,032,135

Non-derivative financial liabilities	Carrying amount	Contractual cash flows			Total
		Within 12 months	2 to 5 years	More than 5 years	
Long term borrowings	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 borrowings	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

50.03 Market risk

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

50.03.01 Currency risk exposure and its management

The Group and the Company is exposed to currency risk on sales, purchases, borrowings, payables, bank balances and investments 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.

As at 30 June 2020, The Group and the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

<u>Exposure to currency risk</u>	<u>GBP</u>	<u>EURO</u>	<u>USD</u>	<u>Taka</u>
30 June 2020				
<u>Foreign currency denominated assets:</u>				
Cash and cash equivalents	420	161	2,034,190	172,864,451
Short term investment	-	-	2,931,441	249,025,913
Trade and other receivables	-	-	377,700	32,085,615
	420	161	5,343,331	453,975,979
<u>Foreign currency denominated liabilities:</u>				
Liability for accepted bills for payment (ABP)	-	3,839,897	25,418,352	2,530,914,213
	-	3,839,897	25,418,352	2,530,914,213
Net exposure	420	(3,839,736)	(20,075,021)	(2,076,938,234)



Notes to the separate and consolidated financial statements (continued)

Exposure to currency risk	GBP	EURO	USD	Taka
30 June 2019				
Foreign currency denominated assets:				
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
Foreign currency denominated liabilities:				
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)

The following significant exchange rates are applied during the year:

	30 June 2020	30 June 2019
US dollar	84.95	84.75
EURO	96.78	97.76
GBP	105.92	108.95

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.

In taka

	Profit or loss		Equity- net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
USD (2% movement)	(34,107,461)	34,107,461	(8,526,865)	8,526,865
EURO (2% movement)	(7,432,193)	7,432,193	(1,858,048)	1,858,048
GBP (2% movement)	890	(890)	222	(222)

In Taka

	Profit or loss		Equity- net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	30 June 2019	30 June 2019	30 June 2019	30 June 2019
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)

Consolidated exposure to currency risk

	GBP	EURO	USD	Taka
30 June 2020				
Foreign currency denominated assets:				
Cash and cash equivalents	420	161	2,052,594	174,427,871
Short term investment	-	-	2,931,441	249,025,913
Trade and other receivables	-	-	576,067	48,936,892
	420	161	5,560,102	472,390,675
Foreign currency denominated liabilities:				
Liability for accepted bills for payment (ABP)	-	4,779,381	235,160,348	20,439,420,034
Syndicate loan	-	-	10,909,091	926,727,280
	-	4,779,381	246,069,439	21,366,147,314
Net exposure	420	(4,779,220)	(240,509,337)	(20,893,756,639)

Consolidated exposure to currency risk

	GBP	EURO	USD	Taka
30 June 2019				
Foreign currency denominated assets:				
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
Foreign currency denominated liabilities:				
Liability for accepted bills for payment (ABP)	-	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
Net exposure	420	(939,323)	(269,393,798)	(22,925,011,353)



Notes to the separate and consolidated financial statements (continued)

The following significant exchange rate is applied during the year:

	30 June 2020	30 June 2019
US dollar	84.95	84.75
EURO	96.78	97.76
GBP	105.92	108.95

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>	Profit or loss		Equity- net of tax	
	30 June 2020	30 June 2020	30 June 2020	30 June 2020
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	(34,107,374)	34,107,548	(8,526,865)	8,526,865
EURO (2% movement)	(7,432,094)	7,432,292	(1,858,048)	1,858,048
GBP (2% movement)	890	(890)	222	(222)

<i>In taka</i>	Profit or loss		Equity- net of tax	
	30 June 2019	30 June 2019	30 June 2019	30 June 2019
	Strengthening	Weakening	Strengthening	Weakening
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)

50.03.02 Transaction risk

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

50.03.03 Economic risk

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

50.03.04 Interest risk

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

Exposure to interest rate risk

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

Fixed-rate instruments

<i>In taka</i>	30 June 2020	30 June 2019
Financial assets	2,209,321,741	1,734,461,363
Financial liabilities	(13,664,408,807)	(15,277,523,698)
	(11,455,087,066)	(13,543,062,335)

Variable-rate instruments

<i>In taka</i>	30 June 2020	30 June 2019
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>	30 June 2020	30 June 2019
Financial assets	5,621,024,014	10,547,165,949
Financial liabilities	(35,855,210,207)	(43,158,743,179)
	(30,234,186,193)	(32,611,577,230)

Variable-rate instruments

<i>In taka</i>	30 June 2020	30 June 2019
Financial assets	-	-
Financial liabilities	-	-
	-	-



Notes to the separate and consolidated financial statements (continued)

50.04 Financial instruments- Accounting classifications and fair values

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

<i>In taka</i>	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 amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2020											
Financial assets measured at fair value:											
Investment in tradeable securities	23.02	600,890	-	-	-	-	600,890	600,890	-	-	600,890
		600,890	-	-	-	-	600,890	600,890	-	-	600,890
Financial assets not measured at fair value:											
Trade and other receivables	25	-	-	-	3,346,575,434	-	3,346,575,434				
Due from sister companies	26	-	-	-	1,651,039,057	-	1,651,039,057				
Investments in FDRs		-	-	-	558,282,684	-	558,282,684				
Deposits	27.03	-	-	-	46,594,627	-	46,594,627				
Cash at bank	28.03	-	-	-	205,380,643	-	205,380,643				
		-	-	-	5,807,872,445	-	5,807,872,445				
Financial liabilities not measured at fair value:											
Trade and other payables	35	-	-	-	-	5,547,228,084	5,547,228,084				
Short term liabilities	36.01	-	-	-	-	9,332,878,052	9,332,878,052				
Long term loan		-	-	-	-	4,331,530,755	4,331,530,755				
Due to sister companies	37	-	-	-	-	4,945,797	4,945,797				
Other liabilities	41	-	-	-	-	156,326,577	156,326,577				
		-	-	-	-	19,372,909,265	19,372,909,265				
30 June 2019											
Financial assets measured at fair value:											
Investment in tradeable securities	23.02	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	25	-	-	-	3,570,813,232	-	3,570,813,232				
Due from sister companies	26	-	-	-	985,977,512	-	985,977,512				
Investments in FDRs		-	-	-	748,483,851	-	748,483,851				
Deposits	27.03	-	-	-	45,578,627	-	45,578,627				
Cash at bank	28.03	-	-	-	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	35	-	-	-	-	3,440,380,026	3,440,380,026				
Short term liabilities	36.01	-	-	-	-	9,448,628,917	9,448,628,917				
Long term loan		-	-	-	-	5,828,894,781	5,828,894,781				
Due to sister companies	37	-	-	-	-	6,264,184,395	6,264,184,395				
Other liabilities	41	-	-	-	-	338,205,823	338,205,823				
		-	-	-	-	25,320,293,942	25,320,293,942				



Notes to the separate and consolidated financial statements (continued)

50.04.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.

In taka	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 amortized costs	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2020											
Financial assets measured at fair value:											
Investment in tradeable securities	23.02	600,890	-	-	-	-	600,890	600,890	-	-	600,890
		600,890	-	-	-	-	600,890	600,890	-	-	600,890
Financial assets not measured at fair value:											
Trade and other receivables	25.a	-	-	-	3,788,361,171	-	3,788,361,171				
Due from inter companies	26.a	-	-	-	3,464,207,702	-	3,464,207,702				
Investments in FDRs		-	-	-	1,587,286,390	-	1,587,286,390				
Deposits	27.a	-	-	-	137,772,816	-	137,772,816				
Cash at bank	28.a	-	-	-	240,492,201	-	240,492,201				
		-	-	-	9,218,120,280	-	9,218,120,280				
Financial liabilities not measured at fair value:											
Trade and other payables	35.a	-	-	-	-	226,537,728	226,537,728				
Short term liabilities	36.01	-	-	-	-	29,852,294,870	29,852,294,870				
Long term loan		-	-	-	-	6,003,045,297	6,003,045,297				
Due to sister companies	37.a	-	-	-	-	5,729,133,918	5,729,133,918				
Other liabilities	41.a	-	-	-	-	171,759,134	171,759,134				
		-	-	-	-	41,982,770,947	41,982,770,947				
30 June 2019											
Financial assets measured at fair value:											
Investment in tradeable securities	23.02	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	25.a	-	-	-	7,037,546,023	-	7,037,546,023				
Due from inter companies	26.a	-	-	-	7,557,196,642	-	7,557,196,642				
Investments in FDRs		-	-	-	2,471,700,312	-	2,471,700,312				
Deposits	27.a	-	-	-	136,716,816	-	136,716,816				
Cash at bank	28.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	35.a	-	-	-	-	3,073,930,880	3,073,930,880				
Short term liabilities	36.01	-	-	-	-	34,473,263,405	34,473,263,405				
Long term loan		-	-	-	-	8,689,262,142	8,689,262,142				
Due to sister companies	37.a	-	-	-	-	6,324,923,395	6,324,923,395				
Other liabilities	41.a	-	-	-	-	357,945,369	357,945,369				
		-	-	-	-	52,919,325,191	52,919,325,191				



51 Summary of significant accounting policies

The specific accounting policies selected and applied by the Group'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:

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A Basis of consolidation and disclosure of interest in other entities

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.



Notes to the separate and consolidated financial statements (continued)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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.

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and
- qualifying cash flow hedges to the extent that the hedges are effective.



Notes to the separate and consolidated financial statements (continued)

II. **Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C **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.

D **Property, plant and equipment**

I. **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.

II. **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 Group and its cost can be measured reliably. The costs of the day to day servicing of Property, plant and equipment are recognized in Statement of profit and loss as incurred.

III. **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:

Category of assets	Useful lives (years)	Rates
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 method, 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.



IV. 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 Group'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 the Statement of 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.

E 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.

F Intangible assets

i. Recognition and measurement

Intangible assets that are acquired by the Group 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.

ii. 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 the Statement of profit or loss as incurred.

iii. Amortisation

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

<u>Category of assets</u>	<u>Useful life</u>
Oracle eBS software	10 years

G 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.

<u>Category</u>	<u>Valuation</u>
Finished goods	Finished goods are valued at cost or net realizable value whichever is lower.
Raw materials	Raw materials are valued at cost or net realizable value whichever is lower.
Store items	Based on weighted average method (Subject to impairment review).

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

H 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.



I Investment in subsidiary and associate

Investment in subsidiary

The Group'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 Statement of profit or loss as per provision of IAS 28: Investment in Associates & Joint Ventures.

Investment in associate

The Group'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 Steels 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 Group'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.

J Financial assets

The Group recognizes and measures financial assets as per IFRS 9: Financial Instruments.

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.

i. 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 Group policy. Bad debts are written off considering the status of individual debtors.

ii. 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, inventories or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to Statement of profit or loss.

iii. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank 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.



Notes to the separate and consolidated financial statements (continued)

K 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.

I. 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 Group of resources embodying economic benefits.

II. 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: Financial Instrument: Presentation.

III. 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.

L Impairment

I. 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.

II. 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.

M 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.

N 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.

O Borrowing costs

Interest and other costs incurred by the Group 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.

P Taxation

I. Current tax

The Group and the Company are maintaining provision for taxation using rates enacted at the reporting date. The Company complies with the applicable tax laws in Bangladesh. Currently the applicable rate is 25% for the Company.



Notes to the separate and consolidated financial statements (continued)

II. 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'.

Q 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.

R Employee benefits

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

I. 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: Employee Benefits.

Obligation for contribution to defined contribution plan is recognized as provident fund contribution expenses in Statement of 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.

II. 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 group.

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.

III. 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 Act 2006.

S Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group 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 Group 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.



Notes to the separate and consolidated financial statements (continued)

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 Group 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 Group 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.

T Finance income and costs

I. Finance income

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

II. 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.

U 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.

V Earnings per share (EPS)

The Group calculates its earnings per share in accordance with IAS 33: Earnings per Share which has been reported on the face of Statement of profit or loss and other comprehensive income.

I. 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.

II. 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.

III. Diluted earnings per share

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

W Duty drawback

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

X 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.

Y Events after the reporting period

Events after the reporting period that provide additional information about the group'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.



Z Leases

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

The policy is applied with effect from 01 July 2019 in accordance with IFRS 16: Leases.

i. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and making adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability usually comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

ii. As a lessor

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

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of an asset.

AA Segment reporting

The Group and the company will follow segment reporting in applicable cases as per IFRS-8.

