

**AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
BSRM STEELS LIMITED
FOR THE YEAR ENDED 30JUNE 2018**

**Independent Auditors' Report
To the Shareholders of BSRM Steels Limited**

Report on the financial statements

We have audited the accompanying financial statements of **BSRM Steels Limited** ("the Company") which comprise the statement of financial position as at 30 June 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities & Exchange Rules, 1987 and applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **BSRM Steels Limited** as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

Other matter

The financial statements of BSRM Steels Limited for the year ended 30 June 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 12 August 2017.

Report on Other Legal and Regulatory Requirements

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

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.
- (c) The financial statements dealt with by the report are in agreement with the books of account and returns.
- (d) The expenditure incurred was for the purposes of the company's business.

Place: Chattogram
Date: September 25, 2018


A. Qasem & Co.
Chartered Accountants

BSRM STEELS LIMITED
Statement of Financial Position
As At June 30, 2018

| | Notes | As at 30 June | |
|---------------------------------------|-------|-----------------------|-----------------------|
| | | 2018 | 2017 |
| | | Taka | Taka |
| ASSETS: | | | |
| Non-Current Assets: | | | |
| Property, plant & equipment | 4 | 9,563,331,957 | 9,675,744,016 |
| Intangible Assets | 5 | 27,629,844 | 31,927,564 |
| Capital work-in-progress | 6 | 2,841,135,643 | 1,071,402,734 |
| Investment in associates | 7 | 1,562,913,138 | 1,325,036,459 |
| Total Non-Current Assets | | 13,995,010,582 | 12,104,110,773 |
| Current Assets: | | | |
| Inventories | 8 | 14,451,900,658 | 8,980,713,497 |
| Trade & Other Receivables | 9 | 6,460,423,147 | 4,354,600,097 |
| Due from related companies | 10 | 6,970,340,553 | 9,648,559,106 |
| Advances, deposits and prepayments | 11 | 2,954,281,030 | 1,945,407,207 |
| Short Term Investments | 12 | 323,908,621 | 496,529,288 |
| Cash and cash equivalents | 13 | 524,690,721 | 77,855,172 |
| Total Current Assets | | 31,685,544,730 | 25,503,664,368 |
| Total Assets | | 45,680,555,312 | 37,607,775,141 |
| EQUITY: | | | |
| Share Capital | 14.02 | 3,417,750,000 | 3,417,750,000 |
| Revaluation Reserve | | 2,613,852,170 | 2,601,996,609 |
| Retained Earnings | | 6,777,298,362 | 5,503,470,464 |
| Non-controlling interest | | - | 107,081,608 |
| Total Equity | | 12,808,900,532 | 11,630,298,681 |
| LIABILITIES : | | | |
| Non-Current Liabilities: | | | |
| Long term loans | 15.03 | 1,777,555,668 | 1,117,900,968 |
| Defined benefit obligations-Gratuity | 16 | 136,970,002 | 98,761,816 |
| Deferred tax liabilities | 17 | 1,157,754,016 | 1,211,086,834 |
| Total Non-Current Liabilities | | 3,072,279,686 | 2,427,749,618 |
| Current Liabilities: | | | |
| Trade payable | 18 | 5,767,311,018 | 103,026,404 |
| Short term loan | 19 | 19,295,024,003 | 20,849,871,633 |
| Current portion of Long term loans | 15.02 | 1,093,625,713 | 496,382,365 |
| Due to related companies | 20 | 1,540,077,748 | 59,622,907 |
| Liabilities for expenses | 21 | 461,123,854 | 314,217,165 |
| Provision for income tax | 22 | 957,113,965 | 1,074,981,753 |
| Provision for WPPF and Welfare Fund | 23 | 109,253,966 | 136,181,349 |
| Other liabilities | 24 | 575,844,827 | 515,443,266 |
| Total Current Liabilities | | 29,799,375,094 | 23,549,726,842 |
| Total Liabilities | | 32,871,654,780 | 25,977,476,460 |
| Total Equity & Liabilities | | 45,680,555,312 | 37,607,775,141 |

The accompanying notes 1 to 42 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

Signed as per our separate report of same date.

Place: Chattogram
Date : September 25, 2018



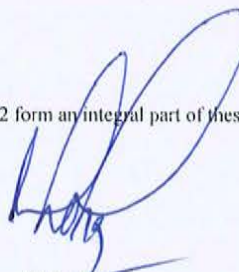

A. Qasem & Co.
Chartered Accountants

BSRM STEELS LIMITED
Statement of Profit or Loss & Other Comprehensive Income
For the year ended June 30, 2018

| | Notes | For the year ended 30 June | |
|--|-------|----------------------------|----------------------|
| | | 2018 Taka | 2017 Taka |
| Revenue | 25 | 48,289,925,736 | 37,996,410,539 |
| Cost of goods sold | 26 | (43,410,757,954) | (33,439,115,539) |
| Gross profit for the year | | 4,879,167,782 | 4,557,295,000 |
| Selling and Distribution Expenses | 27 | (1,304,112,525) | (938,883,694) |
| Administrative Expenses | 28 | (409,221,690) | (367,152,978) |
| | | 3,165,833,567 | 3,251,258,328 |
| Other Operating Income | 29 | 14,814,291 | 22,332,934 |
| Net Operating profit for the year | | 3,180,647,858 | 3,273,591,262 |
| Finance Costs | 30 | (2,039,113,061) | (1,528,142,105) |
| Finance Income | 31 | 1,027,369,378 | 977,094,415 |
| Net Profit Before Tax and WPPF and Welfare Fund | | 2,168,904,175 | 2,722,543,572 |
| Contribution to WPPF and Welfare Fund | 23 | (108,445,209) | (136,181,349) |
| | | 2,060,458,966 | 2,586,362,223 |
| Profit on Bargain Purchase | 32 | 10,196,786 | - |
| Share of profit of associates (Net of tax) | 33 | 237,876,679 | (225,874,590) |
| Net Profit before Tax | | 2,308,532,431 | 2,360,487,633 |
| Income tax expenses/benefits: | | | |
| Current Tax | | (552,700,219) | (683,917,742) |
| Deferred tax | 17 | 44,963,346 | 28,844,769 |
| Net Profit after Tax | | 1,800,795,558 | 1,705,414,660 |
| Other comprehensive income not to be reclassified to profit or loss | | | |
| Actuarial (loss)/gain on defined benefit plans | 16 | (3,392,066) | - |
| Total comprehensive income for the year, net of tax | | 1,797,403,492 | 1,705,414,660 |
| Total comprehensive income attributable to: | | | |
| Owners of the company | | 1,797,403,492 | 1,702,491,540 |
| Non-controlling interest | | - | 2,923,119 |
| | | 1,797,403,492 | 1,705,414,660 |
| Earnings per share (EPS) | 34 | 5.27 | 4.98 |

The accompanying notes 1 to 42 form an integral part of these financial statements.


Managing Director


Director


Company Secretary

Signed as per our separate report of same date.

Place: Chattogram

Date: 20 SEP 2018




A. Qasem & Co.
Chartered Accountants

BSRM STEELS LIMITED
Statement of Changes in Equity
For the year ended June 30, 2018

| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total | Non-controlling interests | Total equity |
|--|----------------------|----------------------|----------------------|-----------------------|---------------------------|-----------------------|
| Balance as at July 01, 2016 | 3,417,750,000 | 2,123,842,107 | 3,829,602,555 | 9,371,194,662 | | 9,371,194,662 |
| Transfer against difference in depreciation between cost and revalued amount | | (19,831,501) | 26,442,001 | 6,610,500 | | 6,610,500 |
| Total comprehensive income for the period July 2016 to June 2017 | | | 1,648,035,691 | 1,648,035,691 | | 1,648,035,691 |
| Cash dividend for the year | | | (683,550,000) | (683,550,000) | | (683,550,000) |
| Balance as at June 30, 2017 | <u>3,417,750,000</u> | <u>2,104,010,606</u> | <u>4,820,530,247</u> | <u>10,342,290,853</u> | <u>-</u> | <u>10,342,290,853</u> |
| Consolidated Balance as at June 30, 2017 | <u>3,417,750,000</u> | <u>2,601,996,609</u> | <u>5,503,470,464</u> | <u>11,523,217,073</u> | <u>107,081,608</u> | <u>11,630,298,681</u> |
| Balance as at July 01, 2017 | 3,417,750,000 | 2,104,010,606 | 4,820,530,247 | 10,342,290,853 | - | 10,342,290,853 |
| Acquisition of BISCO | | 524,195,793 | 652,888,151 | 1,177,083,944 | - | 1,177,083,944 |
| Net profit after tax for the year ended 30 June, 2018 | - | - | 1,800,795,558 | 1,800,795,558 | - | 1,800,795,558 |
| Transfer against difference in depreciation between cost and revalued amount | - | (14,354,229) | 19,138,972 | 4,784,743 | - | 4,784,743 |
| Actuarial (loss)/gain on defined benefit plans | - | - | (3,392,066) | (3,392,066) | - | (3,392,066) |
| Final dividend paid | - | - | (512,662,500) | (512,662,500) | - | (512,662,500) |
| Balance as at June 30, 2018 | <u>3,417,750,000</u> | <u>2,613,852,170</u> | <u>6,777,298,362</u> | <u>12,808,900,532</u> | <u>-</u> | <u>12,808,900,532</u> |



BSRM STEELS LIMITED
Statement of Cash Flows
For the year ended June 30, 2018

| | 2018 | 2017 |
|---|------------------------|------------------------|
| | Taka | Taka |
| a. Cash flows from operating activities | | |
| Receipts from customers against sales | 47,363,113,218 | 37,168,500,979 |
| Cash Paid to Suppliers, Operating and Other Expenses | (44,676,586,111) | (35,580,032,468) |
| Payment of interest-Net | (1,011,743,683) | (849,239,332) |
| Income Tax Paid | (684,574,633) | (374,796,539) |
| Net cash (used in)/generated by operating activities | 990,208,791 | 364,432,640 |
| b. Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (395,231,794) | (284,409,671) |
| Addition of Capital work-in-progress | (1,762,957,118) | (1,080,252,250) |
| Proceeds from sale of property, plant and equipment | 13,240,109 | 3,766,042 |
| Increase in short term investments | (6,921,240) | (103,377,015) |
| Advance for capital expenditures | - | (131,299,969) |
| Net cash (used in)/generated by investing activities | (2,151,870,043) | (1,595,572,863) |
| c. Cash flows from financing activities | | |
| Dividend paid | (512,662,500) | (683,397,579) |
| Receipt/(Re-payment) of long term loan | 1,198,041,650 | (456,658,234) |
| Receipts/(Re-payment) of Short term loan | (1,577,390,041) | 5,042,868,361 |
| Loan received from /(paid to) affiliated companies and others | 2,611,217,873 | (2,769,857,419) |
| Decrease in Non-controlling interest | (106,755,000) | - |
| Net cash provided by /(used in) financing activities | 1,612,451,982 | 1,132,955,129 |
| d. Net increase in cash and cash equivalent (a+b+c) | 450,790,729 | (98,185,094) |
| e. Opening cash and cash equivalents | 73,899,991 | 176,040,266 |
| f. Closing cash and cash equivalent (d+e) | 524,690,721 | 77,855,172 |



BSRM STEELS LIMITED
Notes to the Financial Statements
As at and for the year ended at 30 June 2018

1.00 Corporate Information

BSRM Steels Limited (hereinafter referred to as 'BSL', 'the company' was incorporated on 20 July, 2002, vide the certificate C-No. 4392 of 2002 as a Private Limited Company in Bangladesh under Companies Act 1994. The company was converted to a Public Limited Company on 20 December 2006. The Company is listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) as a publicly traded company. Trading of the shares of the company started in two stock exchanges from 18 January 2009.

BAS 1.10(e)
BAS 1.113
BAS 1.51(a)
BAS 1.51(b)
BAS 1.138(a)
BAS 1.138(b)

The company has set up its rolling mill at 4, Fouzderhat Industrial Estate, Latifpur, Sitakunda, Chittagong and commenced commercial production from 1 April 2008. The registered office of the company is situated at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

The Honourable High Court Division of Supreme Court of Bangladesh has approved the amalgamation of BSRM Iron & Steel Co. Ltd. ("BISCO") with BSRM Steels Limited ("BSRM") on 03 August, 2017 and after receiving the approval from The Honourable 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 the provision of section 228 & 229 of the Companies Act 1994 by transferring all assets and liabilities of BSRM Iron & Steel Co. Ltd. to BSRM Steels Limited.

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

2.00 BASIS OF PREPARATION

2.01 Statement of Compliance

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

BAS 1.16

2.02 Basis of Reporting

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

- a) A statement of financial position as at 30 June 2018
- b) A statement of profit or loss and other comprehensive income for the year ended 30 June 2018
- c) A statement of changes in equity for the year ended 30 June 2018
- d) A statement of cash flows for the year ended 30 June 2018
- e) Notes, comprising a summary of significant accounting policies and explanatory information.



2.03 Other Regulatory Compliances

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

- A. The Income Tax Ordinance, 1984
- B. The Income Tax Rules, 1984
- C. The Value Added Tax Act, 1991
- D. The Value Added Tax Rules, 1991
- E. The Securities and Exchange Ordinance, 1969
- F. The Securities and Exchange Rules, 1987
- G. Securities and Exchange Commission Act, 1993
- H. The Customs Act, 1969
- I. Bangladesh Labour Law, 2006

2.04 Authorization for Issue

These financial statements for the year ended June 30, 2018 have been authorized for issue by the Board of Directors on September 25, 2018.

BAS 1.51(c)
BAS 10.17

2.05 Basis of Measurement

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

BAS 1.112(a)
BAS 1.117(a)

2.06 Functional and Presentation Currency

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

BAS 1.51(d)
BAS 1.51(e)

2.07 Going Concern

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

BAS 1.25

2.08 Use of Estimates and Judgments

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

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

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

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

BAS 1.122



| | |
|--------------------------------------|-------------|
| Property, plant and equipment | Note: 4.00 |
| Intangible asset | Note: 5.00 |
| Inventories | Note: 8.00 |
| Trade and other receivables | Note: 9.00 |
| Defined benefit obligations-Gratuity | Note: 16.00 |
| Deferred tax liabilities | Note: 17.00 |
| Liabilities for expenses | Note: 21.00 |
| Provision for income tax | Note: 22.00 |
| Contingent liabilities | Note: 38.00 |

2.09 Investments in Associates

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

BAS 28.3

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

BAS 28.10

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

BAS 1.82 (c)

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

2.10 Business Combination

Amalgamation with BSRM Iron & Steels Co. Ltd. (BISCO)

BFRS 3.59-60

On 1 October 2017, the Company has acquired the remaining 5% shares of BISCO representing 5,500,000 shares to complete the amalgamation scheme, thereby transferring all assets and liabilities to BSRM Steels Limited. Pursuant to the merger agreement, the Company has paid a cash consideration of Tk 19.41 per share which was valued using the net asset value method. The Company has acquired BISCO to obtain synergy benefits, as the raw materials used by BSRM Steels Limited are manufactured in the melting unit of BISCO.

BFRS 3.B64(a)
BFRS 3.B64(b)
BFRS 3.B64 (c)

BFRS 3.B64(d)

The acquisition has resulted in a bargain purchase of BDT 10,196,787. Details are summarised in note 32.

BFRS 3.34

2.11 Comparative Information

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

BAS 1.38

As the company has merged with its subsidiary and for the preparation of single entity financial statements, previous year's comparative figure has been taken from consolidated financial statements wherever necessary to compare with current year figure.



2.12 Consistency of presentation

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

3.00 SIGNIFICANT ACCOUNTING POLICIES

3.01 Current versus non-current classification

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

BAS 1.60

An asset is current when it is:

BAS 1.66

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

All other assets are classified as non-current.

A liability is current when:

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

BAS 1.69

The company classifies all other liabilities as non-current.

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

BAS 1.56

3.02 Fair Value Measurement

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

BFRS 13.9

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

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

BFRS 13.73

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

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



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

- **Property, plant and equipment under revaluation model** **Note 4**

3.03 **Property, Plant and Equipment**

Items of property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. BAS 16.30
BAS 16.15
BAS 16.16

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

- It's purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) BAS 16.16
- Any cost directly attributable to the acquisition of the assets.
- The cost of self-constructed/installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner and the cost of dismantling and removing the items and restoring the site on which they are located. BAS 16.22

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

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

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. BAS 16.73(b)
BAS 16.73(c)

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



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

BAS 16.67
BAS 16.68
BAS 16.71

3.04 Revaluation of Property, Plant and Equipment

Land and factory building of the company was revalued by Rahman Rahman Huq, Chartered Accountants with assistance from Asian Surveyors Ltd., 28 Dilkusha C/A, Dhaka as at 31 May 2012. These assets were revalued using the market value approach for land and depreciated replacement cost approach for factory building. As per revaluation report, the revaluation surplus stood at Tk. 2,329,019,189. This revaluation has been recognized in the books of the company in 2012.

Total 401.43 decimals land situated at Fouzdarhat, Boalkhali, Kumira and land purchased from Modern Karilin Silk Mills Ltd. were registered in the name of the company but yet to be mutated and were not considered for revaluation.

Further disclosure relating to revaluation of property, plant and equipment are also provided in the following note:

▪ Property, plant and equipment (Revaluation model) Note 4.00

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

BAS 16.39
BAS 16.40

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

BAS 16.41

3.05 Intangible Asset

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

BAS 38.24
BAS 38.74
BAS 38.54
BAS 38.57

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

BAS 38.88

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

BAS 38.97
BAS 36.9
BAS 38.104



with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

BAS 38.107
BAS 38.108
BAS 38.109

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

BAS 38.113

A summary of the intangible assets is, as follows:

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

BAS
38.118(a)(b)

3.06 Borrowing Costs

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

BAS 23.8
BAS 23.5

3.07 Inventories

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

BAS 2.36(a)
BAS 2.9

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

BAS 2.10

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

BAS 2.25
BAS 2.12
BAS 2.13

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

BAS 2.6

3.08 Financial Instruments

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

BAS 32.11

i) Financial assets

BFRS 7.21

Recognition and measurement

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



Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for-sale financial assets. BAS 39.9

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

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognised at fair value plus any transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. BAS 39.44
BAS 39.46(b)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. BAS 39.44
BAS 39.46(a)

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale and are not classified in any other categories of financial assets. Generally, available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value other than impairment losses are recognized in other comprehensive income. BAS 39.55(b)

ii) Financial liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value plus transaction costs that are directly attributable to the issue of the financial liability. BAS 39.43

An entity shall recognise a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. BAS 39.14

Loans and borrowings, derivatives and payables are recognised as liabilities when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash. BAS 39 AG34-35

After initial recognition, an entity shall measure all financial liabilities at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition, financial guarantee contracts and commitments to provide a loan at a below-market interest rate. BAS 39.47
BAS 39.47(a)
BAS 39.47(b)
BAS 39.47(c)
BAS 39.47(d)

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

3.09 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. BAS 7.6
BAS 7.7

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management. BAS 7.46



3.10 Provisions, Contingent liability and Contingent assets

General

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

BAS 37.14
BAS 37.53
BAS 37.54

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

Contingent liabilities

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

BAS 37.10

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

3.11 Employee Benefits

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

Defined Contribution plan

The company maintains a recognised provident fund for all eligible permanent employees in which both employee and employer contributes 10% of basic pay. The said fund is managed by the board of trustees.

Defined benefit plan

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

BAS 19.135
BAS 19.136

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

The company has taken actuarial assumption to determine the present value of the defined benefit obligation and measure actuarial gain or loss. The valuation has been conducted by Z. Halim & Associates and they have applied Projected Unit Credit Method to determine the present value of defined benefit obligation.

BAS 19.144
BAS 19.67

Workers profit participation and welfare funds

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



3.12 Revenue

Revenue from sale of goods is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

BAS 18.10

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable the associated costs and possible return of goods can be estimated reliably there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

BAS 18.14(a)
BAS 18.14(b)
BAS 18.14(c)
BAS 18.14(d)
BAS 18.14(e)

3.13 Earnings Per Share

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

BAS 33.10

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

BAS 33.31

3.14 Segment information

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

BAS 1.138(b)
BFRS 8.22(a)
BFRS 8.22(b)

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

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

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

BFRS 8.27(b)

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

BFRS 8.23

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

| Year ended 30 June 2018 | M.S Rod | M.S Billets | Total Segments | Adjustment | Total | |
|----------------------------|--------------------|-------------|----------------|------------|--------|--------------|
| | Amount in Millions | | | | | |
| Revenue | | | | | | |
| External customers | 40,701 | 7,588 | 48,289 | | 48,289 | BFRS 8.23(a) |
| Inter-segment | | 747 | 747 | (747) | - | BFRS 8.23(b) |
| Total Revenue | 40,701 | 8,335 | 49,037 | (747) | 48,289 | |



| | | | | | | |
|--|--------------|------------|--------------|--------------|--------------|--------------|
| Income/(Expenses) | | | | | | |
| Cost of inventories recognised as an expense | (36,034) | (7,739) | (43,773) | 718 | (43,055) | BFRS 8.23(f) |
| Employee benefits expenses | (505) | (157) | (663) | | (663) | BFRS 8.23(f) |
| Depreciation and amortisation | (56) | | (56) | | (56) | BFRS 8.23(i) |
| Selling and distribution cost | (1,150) | | (1,150) | | (1,150) | BFRS 8.23(f) |
| Administrative costs | (198) | | (198) | | (198) | BFRS 8.23(f) |
| Share of profit of an associate | | | | 238 | 238 | BFRS 8.23(g) |
| Segment Profit | 2,756 | 438 | 3,194 | (886) | 2,308 | BFRS 8.23 |

Reconciliation of profit

2018

| | |
|---------------------------------------|--------------|
| Segment profit | 3,194 |
| Inter-segment sales | (29) |
| Other operating income | 14 |
| Finance Costs | (2,039) |
| Finance Income | 1,027 |
| Contribution to WPPF and welfare fund | (108) |
| Profit on bargain purchase | 10 |
| Share of profit of an associate | 238 |
| Profit before tax | 2,308 |

Geographic Information

2018

| | |
|--|-----------------------|
| Revenue from external customers | |
| Country of Domicile | 48,160,129,934 |
| Foreign Countries | 129,795,803 |
| Total | 48,289,925,736 |

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

Revenue from one customer amounted to 7,484,088,405 arising from sales in the M.S Billets segment which is 15.5% of total sales.

BFRS 8.34

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

3.15 Capital management

For the purpose of the Company's capital management, capital includes issued capital.

BAS 1.134
BAS 1.135

The primary objective of the Company's capital management is to maximise the shareholder value.

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



| | |
|---------------------------------|------------------------------|
| | <u>2018</u> |
| Interest bearing loan | 2,871,181,381 |
| Short term loan | 19,295,924,003 |
| Less: Cash and Cash equivalents | <u>(524,690,721)</u> |
| Net Debt | 21,642,414,663 |
| Equity | 12,808,900,532 |
| Total Capital | <u>12,808,900,532</u> |
| Capital and net debt | <u>34,451,315,195</u> |
| Gearing Ratio | 62.82% |

3.16 Event after the reporting period

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

BAS 10.21

3.17 Standards issued but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has decided to adopt the International Financial Reporting Standards (IFRS) instead of Bangladesh Financial Reporting Standards (BFRS) and which will be effective for annual period beginning on or after 1 January, 2018.

The management of the company will prepare and present the financial statements from next years in accordance with International Financial Reporting Standards (IFRS) as adopted by ICAB. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

BFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of BFRS 9 Financial Instruments that replaces BAS 39 Financial Instruments: Recognition and Measurement and all previous versions of BFRS 9. BFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. BFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

BFRS 15 Revenue from Contracts with Customers

BFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under BFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under BFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

BAS 7 Disclosure Initiative – Amendments to BAS 7

The amendments to BAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.



4.00 PROPERTY, PLANT & EQUIPMENT : At Revaluation Model

| Particulars | Land and Land Development | Plant & Machinery | Motor Vehicles | Factory Building | Furniture & Fixtures | Office Equipment | Roads and Pavements | Computer and IT equipment | TOTAL |
|-------------------------------------|---------------------------|-------------------|----------------|------------------|----------------------|------------------|---------------------|---------------------------|----------------|
| Balance as on 01 July, 2016 | 2,354,098,097 | 4,139,422,164 | 95,122,688 | 1,774,950,586 | 48,405,768 | 66,194,631 | 12,626,433 | 30,376,881 | 8,521,197,248 |
| Additions during the year | 192,385,441 | 71,934,519 | 13,764,159 | 6,819,954 | 3,418,198 | 4,190,492 | 4,301,133 | 10,327,690 | 307,141,586 |
| Disposals | - | - | (10,946,155) | - | (4,204,738) | (272,875) | - | (38,500) | (15,462,268) |
| Balance as on 30 June, 2017 | 2,546,483,538 | 4,211,356,683 | 97,940,692 | 1,781,770,540 | 47,619,228 | 70,112,248 | 16,927,566 | 40,666,071 | 8,812,876,566 |
| Balance as on 01 July, 2017 | 2,546,483,538 | 4,211,356,683 | 97,940,692 | 1,781,770,540 | 47,619,228 | 70,112,248 | 16,927,566 | 40,666,071 | 8,812,876,566 |
| Acquisition during the year (BISCO) | 741,432,616 | 2,419,975,471 | 65,709,488 | 577,330,856 | 11,861,818 | 22,298,005 | 40,898,689 | 8,116,158 | 3,887,623,101 |
| Additions during the year | 96,940,323 | 186,495,603 | 17,524,015 | 38,242,465 | 16,330,654 | 30,327,127 | 239,358 | 9,132,249 | 395,231,794 |
| Disposals | - | (17,075,566) | (14,854,975) | - | (614,768) | (675,665) | - | (178,000) | (33,398,974) |
| Balance as on 30 June, 2018 | 3,384,856,477 | 6,800,752,191 | 166,319,220 | 2,397,343,861 | 75,196,932 | 122,061,715 | 58,065,612 | 57,736,478 | 13,062,332,487 |

DEPRECIATION

| | | | | | | | | | |
|-----------------------------|---|---------------|--------------|-------------|------------|------------|------------|------------|---------------|
| Balance as on 01 July, 2016 | - | 1,154,956,669 | 44,828,050 | 291,703,910 | 22,719,877 | 29,647,491 | 4,260,151 | 14,147,340 | 1,562,263,488 |
| Charge during the year | - | 174,267,186 | 16,263,512 | 74,169,580 | 11,648,819 | 12,157,776 | 914,681 | 7,876,425 | 297,297,979 |
| Disposals | - | - | (7,017,720) | (2,793,430) | (169,261) | - | - | (23,126) | (10,003,537) |
| Balance as on 30 June, 2017 | - | 1,329,223,855 | 54,073,842 | 363,873,490 | 31,575,266 | 41,636,006 | 5,174,832 | 22,000,639 | 1,849,557,930 |
| Balance as on 01 July, 2017 | - | 1,329,223,855 | 54,073,842 | 363,873,490 | 31,575,266 | 41,636,006 | 5,174,832 | 22,000,639 | 1,849,557,930 |
| Opening Balance of BISCO | - | 952,201,343 | 37,651,016 | 171,222,700 | 10,163,511 | 18,995,146 | 12,545,317 | 6,184,978 | 1,209,964,011 |
| Charge during the year | - | 310,450,754 | 19,760,281 | 91,130,539 | 10,177,530 | 15,620,610 | 2,415,657 | 10,082,082 | 459,637,454 |
| Disposals | - | (6,474,376) | (12,454,341) | - | (531,427) | (541,122) | - | (137,598) | (20,158,864) |
| Balance as on 30 June, 2018 | - | 2,586,401,576 | 99,030,798 | 628,226,729 | 51,364,880 | 75,710,640 | 20,135,806 | 38,130,101 | 3,499,000,530 |

CARRYING AMOUNT

| | | | | | | | | | |
|------------------|---------------|---------------|------------|---------------|------------|------------|------------|------------|---------------|
| As At 30.06.2017 | 2,546,483,538 | 2,882,132,828 | 43,866,850 | 1,415,897,050 | 16,043,962 | 28,476,242 | 11,752,734 | 18,665,432 | 6,963,318,636 |
| As At 30.06.2018 | 3,384,856,477 | 4,214,350,615 | 67,288,422 | 1,769,117,132 | 23,832,052 | 46,351,075 | 37,929,806 | 19,606,377 | 9,563,331,957 |

CONSOLIDATED CARRYING AMOUNT

| | | | | | | | | | |
|------------------|---------------|---------------|------------|---------------|------------|------------|------------|------------|---------------|
| As At 30.06.2017 | 3,287,916,154 | 4,374,107,170 | 72,895,633 | 1,827,939,457 | 19,649,249 | 31,873,333 | 40,307,855 | 21,055,165 | 9,675,744,016 |
| As At 30.06.2018 | 3,384,856,477 | 4,214,350,615 | 67,288,422 | 1,769,117,132 | 23,832,052 | 46,351,075 | 37,929,806 | 19,606,377 | 9,563,331,957 |

Allocation of Depreciation:

| | Note | 30-06-2018 |
|---------------------------------|-------|--------------------|
| Cost of sales | 26.04 | 407,341,310 |
| Selling & distribution expenses | 27 | 23,703,252 |
| Administrative expenses | 28 | 28,592,892 |
| | | <u>459,637,454</u> |



4.01 PROPERTY, PLANT & EQUIPMENT : At Cost Model

| Particulars | Land and Land Development | Plant & Machinery | Motor Vehicles | Factory Building | Furniture & Fixtures | Office Equipment | Roads and Pavements | Computer and IT equipment | TOTAL |
|-------------------------------------|---------------------------|-------------------|----------------|------------------|----------------------|------------------|---------------------|---------------------------|----------------|
| COST | | | | | | | | | |
| Balance as on 01 July, 2016 | 532,450,287 | 4,139,422,164 | 95,122,688 | 1,418,640,574 | 48,405,768 | 66,194,631 | 12,626,433 | 30,376,881 | 6,343,239,426 |
| Additions during the year | 192,385,441 | 71,934,519 | 13,764,159 | 6,819,954 | 3,418,198 | 4,190,492 | 4,301,133 | 10,327,690 | 307,141,586 |
| Disposals | - | - | (10,946,155) | - | (4,204,738) | (272,875) | - | (38,500) | (15,462,268) |
| Balance as on 30 June, 2017 | 724,835,728 | 4,211,356,683 | 97,940,692 | 1,425,460,528 | 47,619,228 | 70,112,248 | 16,927,566 | 40,666,071 | 6,634,918,744 |
| Balance as on 01 July, 2017 | 724,835,728 | 4,211,356,683 | 97,940,692 | 1,425,460,528 | 47,619,228 | 70,112,248 | 16,927,566 | 40,666,071 | 6,634,918,743 |
| Acquisition during the year | 217,236,823 | 2,419,975,471 | 65,709,488 | 577,330,856 | 11,861,818 | 22,298,005 | 40,898,689 | 8,116,158 | 3,363,427,307 |
| Additions during the year | 96,940,323 | 186,495,603 | 17,524,015 | 38,242,465 | 16,330,654 | 30,327,127 | 239,358 | 9,132,249 | 395,231,794 |
| Disposals | - | (17,075,566) | (14,854,975) | - | (614,768) | (675,665) | - | (178,000) | (33,398,974) |
| Balance as on 30 June, 2018 | 1,039,012,874 | 6,800,752,191 | 166,319,220 | 2,041,033,849 | 75,196,932 | 122,061,715 | 58,065,612 | 57,736,478 | 10,360,178,871 |
| DEPRECIATION | | | | | | | | | |
| Balance as on 01 July, 2016 | - | 1,154,956,669 | 44,828,050 | 338,319,630 | 22,719,877 | 29,647,491 | 4,260,151 | 14,147,340 | 1,608,879,207 |
| Charge during the year | - | 174,267,186 | 16,263,512 | 47,727,579 | 11,648,819 | 12,157,776 | 914,681 | 7,876,425 | 270,855,978 |
| Disposals | - | - | (7,017,720) | - | (2,793,430) | (169,261) | - | (23,126) | (10,003,537) |
| Balance as on 30 June, 2017 | - | 1,329,223,855 | 54,073,842 | 386,047,209 | 31,575,266 | 41,636,006 | 5,174,832 | 22,000,639 | 1,869,731,648 |
| Balance as on 01 July, 2017 | - | 1,329,223,855 | 54,073,842 | 386,047,209 | 31,575,266 | 41,636,006 | 5,174,832 | 22,000,639 | 1,869,731,648 |
| Opening Balance of BISCO | - | 953,201,343 | 37,651,016 | 171,222,700 | 10,163,511 | 18,995,146 | 12,545,317 | 6,184,978 | 1,209,964,011 |
| Charge during the year | - | 310,450,754 | 19,760,281 | 71,991,567 | 10,177,530 | 15,620,610 | 2,415,657 | 10,082,082 | 440,498,481 |
| Disposals | - | (6,474,376) | (12,454,341) | - | (551,427) | (541,122) | - | (137,598) | (20,158,864) |
| Balance as on 30 June, 2018 | - | 2,586,401,576 | 99,030,798 | 629,261,476 | 51,364,880 | 75,710,640 | 20,135,806 | 38,130,101 | 3,500,035,277 |
| CARRYING AMOUNT | | | | | | | | | |
| As At 30.06.2017 | 724,835,728 | 2,882,132,828 | 43,866,850 | 1,039,413,319 | 16,043,962 | 28,476,242 | 11,752,734 | 18,665,432 | 4,765,187,095 |
| As At 01.07.2018 | 1,039,012,874 | 4,214,350,615 | 67,288,422 | 1,411,772,373 | 23,832,052 | 46,351,075 | 37,929,806 | 19,606,377 | 6,860,143,594 |
| CONSOLIDATED CARRYING AMOUNT | | | | | | | | | |
| As At 30.06.2017 | 942,072,551 | 4,374,107,171 | 72,895,633 | 1,451,455,726 | 19,649,248 | 31,873,334 | 40,307,855 | 21,055,163 | 6,953,416,681 |
| As At 30.06.2018 | 1,039,012,874 | 4,214,350,615 | 67,288,422 | 1,411,772,373 | 23,832,052 | 46,351,075 | 37,929,806 | 19,606,377 | 6,860,143,594 |



| | | 30 June 2018 | 30 June 2017 | | |
|------|--|-----------------|---------------|-----------------------------|-----------------|
| | | Taka | Taka | | |
| 5.00 | <u>Intangible asset</u> | | | | |
| | Computer Software (Oracle ERP) | 27,536,840 | 24,755,762 | | |
| | Trade Mark | 93,004 | 99,269 | | |
| | | 27,629,844 | 24,855,031 | | |
| | BSRM Iron & Steel Co. Ltd. | - | 7,072,533 | | |
| | | 27,629,844 | 31,927,564 | | |
| 5.01 | <u>Computer Software</u> | | | | |
| | Cost | | | | |
| | Opening balance | 33,581,355 | 33,581,355 | | |
| | Add: Acquisition of BISCO | 9,536,000 | - | | |
| | Closing balance | 43,117,355 | 33,581,355 | | |
| | Amortisation | | | | |
| | Opening balance | 8,825,593 | 5,487,738 | | |
| | Add: Opening Balance of BISCO | 2,701,867 | - | | |
| | Add: Charged during the year | 4,053,056 | 3,337,855 | | |
| | Closing balance | 15,580,516 | 8,825,593 | | |
| | Net Book Value | 27,536,840 | 24,755,762 | | |
| 5.02 | <u>Trade Mark</u> | | | | |
| | Cost | | | | |
| | Opening balance | 125,300 | 125,300 | | |
| | Add: Addition during the year | - | - | | |
| | Closing balance | 125,300 | 125,300 | | |
| | Amortisation | | | | |
| | Opening balance | 26,031 | 19,766 | | |
| | Add: Charged during the year | 6,265 | 6,265 | | |
| | Closing balance | 32,296 | 26,031 | | |
| | Net Book Value | 93,004 | 99,269 | | |
| 6.00 | <u>Capital work-in-progress</u> | | | | |
| | Opening balance | 882,398,624 | 25,653,243 | | |
| | Add: Additions during the year | 2,223,693,744 | 931,348,810 | | |
| | | 3,106,092,367 | 957,002,053 | | |
| | Less: Capitalized during the year | (264,956,724) | (74,603,429) | | |
| | | 2,841,135,643 | 882,398,624 | | |
| | BSRM Iron & Steel Co. Ltd. | - | 189,004,110 | | |
| | | 2,841,135,643 | 1,071,402,734 | | |
| 6.01 | <u>Details of Capital work-in-progress</u> | | | | |
| | Particulars | Opening Balance | Additions | Capitalized during the year | Closing Balance |
| | Civil Construction | 760,466,661 | 1,772,323,222 | (99,468,559) | 2,433,321,324 |
| | Plant & Machinery | 115,679,763 | 414,122,518 | (135,487,532) | 394,314,749 |
| | Motor Vehicle | 179,000 | 6,612,257 | (6,791,257) | - |
| | Office Equipment | 6,073,200 | 17,136,176 | (23,209,376) | - |
| | Software | - | 13,499,571 | - | 13,499,571 |
| | | 882,398,624 | 2,223,693,744 | (264,956,724) | 2,841,135,643 |

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.



| | | 30 June 2018 | 30 June 2017 |
|---------------------------------------|------|----------------------|----------------------|
| | | Taka | Taka |
| 7.00 <u>Investment in associates:</u> | | | |
| BSRM Steel Mills Limited (BSML) | 7.01 | 1,562,913,138 | 1,325,036,459 |
| | | <u>1,562,913,138</u> | <u>1,325,036,459</u> |

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

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

| | | | |
|---|---|----------------------|----------------------|
| 7.01 <u>Movement of Investment in Associate</u> | | | |
| Opening balance | | 1,325,036,459 | 1,550,911,049 |
| Addition during the year | | | |
| Investment in associate | | - | - |
| Share of profit / (loss) of equity accounted Investee (associates) | | 237,876,679 | (225,874,590) |
| Excess of proportionate net assets' value of associates over acquisition cost | | - | - |
| Adjusted / disposal during the year | | 237,876,679 | (225,874,590) |
| Cash dividend received | | - | - |
| Closing balance | - | <u>1,562,913,138</u> | <u>1,325,036,459</u> |

| | | | |
|---|--|--------------------|--------------------|
| 7.02 <u>Movement of Shareholding in Associate</u> | | No. of shares | |
| Opening balance | | 100,000,000 | 100,000,000 |
| Number of shares acquired | | - | - |
| Number of bonus share received | | - | - |
| Closing balance | | <u>100,000,000</u> | <u>100,000,000</u> |
| Total number of shares in associates | | <u>394,435,400</u> | <u>394,435,400</u> |
| Percentage of shares of associates by BSRM Steels Limited | | <u>25.35%</u> | <u>25.35%</u> |

| | | | |
|---|--|-----------------------|-----------------------|
| 7.03 <u>Summary of financial information of equity accounted investee</u> | | 25.35% | 25.35% |
| Ownership | | | |
| Non-current assets | | 18,796,286,699 | 18,954,644,653 |
| Current assets | | 21,288,220,141 | 9,795,470,875 |
| Total assets | | <u>40,084,506,840</u> | <u>28,750,115,528</u> |
| Share capital | | 3,944,354,000 | 3,944,354,000 |
| Accumulated loss | | (72,550,981) | (1,010,820,810) |
| Revaluation reserve | | 2,292,879,671 | 2,292,879,671 |
| Equity attributable to owners of the company | | <u>6,164,682,690</u> | <u>5,226,412,861</u> |
| Non-current liabilities | | 4,535,123,950 | 5,390,670,615 |
| Current liabilities | | 29,384,700,200 | 18,133,032,052 |
| Total liabilities | | <u>33,919,824,150</u> | <u>23,523,702,667</u> |
| Total Equity and Liabilities | | <u>40,084,506,840</u> | <u>28,750,115,528</u> |
| Net Assets Value (NAV) per share | | 15.63 | 13.25 |
| Revenue | | 45,888,262,116 | 20,780,821,877 |
| Other income | | 375,067,914 | 2,742,845 |
| Expenses | | (45,325,060,201) | (21,674,494,065) |
| Profit for the year | | <u>938,269,829</u> | <u>(890,929,343)</u> |
| Profit attributable to the owners of the company | | <u>938,269,829</u> | <u>(890,929,343)</u> |



| | | 30 June 2018 | 30 June 2017 |
|--|------|-----------------------|----------------------|
| | | Taka | Taka |
| 8.00 Inventories: | | | |
| Raw materials | 8.01 | 7,355,414,386 | 2,422,415,357 |
| Finished goods | 8.02 | 5,280,805,592 | 3,227,291,888 |
| Store and Spares | 8.03 | 1,798,608,261 | 1,361,401,189 |
| Fuel and Lubricants | | 17,072,419 | 4,305,842 |
| | | 14,451,900,658 | 7,015,414,275 |
| BSRM Iron & Steel Co. Ltd. | | - | 1,966,382,642 |
| Unrealized profit elimination | | - | (1,083,420) |
| | | 14,451,900,658 | 8,980,713,497 |
| 8.01 Raw Materials | | | |
| Raw Materials-MS Scrap | | 3,074,906,084 | - |
| Raw Materials-Billets | | 3,992,121,698 | 2,343,433,793 |
| Raw Materials-Packing Materials | | 51,479,895 | 27,420,731 |
| Raw Materials-Direct Consumables | | 236,906,709 | 51,560,832 |
| | | 7,355,414,386 | 2,422,415,357 |
| 8.02 Finished Goods | | | |
| Finished Goods-Own production (Rod) | | 5,090,273,226 | 3,206,608,673 |
| Finished Goods-Own production (Billets) | | 92,565,314 | - |
| Finished Goods-Procured | | 97,967,052 | 18,129,531 |
| Finished Goods-Others | | - | 2,553,684 |
| | | 5,280,805,592 | 3,227,291,888 |
| 8.03 Stores and Spares | | | |
| Mechanical stores | | 918,137,995 | 702,257,574 |
| M.S. Roll | | 21,961,672 | 31,001,271 |
| Electrical stores | | 409,913,851 | 269,991,915 |
| General stores | | 20,273,024 | 15,142,486 |
| Civil stores | | 264,236,263 | 319,016,271 |
| Others | | 164,085,456 | 23,991,672 |
| | | 1,798,608,261 | 1,361,401,189 |
| 8.04 Quantitative movement of raw materials and finished goods (Melting Unit) | | Metric Ton | Metric Ton |
| Raw Materials | | | |
| Opening balance | | 50,803 | - |
| Add: Purchase during the year | | 221,567 | - |
| Available for consumption | | 272,370 | - |
| Less: Consumed/Sold | | (183,267) | - |
| Closing balance | | 89,103 | - |
| Finished Goods | | | |
| Opening Balance | | 2,449 | - |
| Add: Purchase during the year | | 162,199 | - |
| Available for consumption | | 164,648 | - |
| Less: Transfer to Rolling Mills | | (15,175) | - |
| Less: Sales | | (147,676) | - |
| Closing balance | | 1,797 | - |
| 8.05 Quantitative movement of raw materials and finished goods (Rolling Unit) | | Metric Ton | Metric Ton |
| Raw Materials | | | |
| Opening balance | | 57,528 | 78,375 |
| Add: Purchased/imported during the year | | 753,870 | 159,237 |
| Add: Transfer from Melting Shop | | 15,175 | 520,088 |
| Available for consumption | | 826,573 | 757,700 |
| Less: Consumed /Sold/returned during the year | | (748,185) | (700,172) |
| Closing balance | | 78,388 | 57,528 |



| | | 30 June 2018 | 30 June 2017 |
|---|------|---------------|----------------|
| | | Taka | Taka |
| Finished Goods | | | |
| Opening balance | | 72,483 | 75,706 |
| Add: Produced during the year | | 727,034 | 681,064 |
| Add: Purchased/imported during the year | | 6,384 | 8,217 |
| Stock available for sale | | 805,901 | 764,987 |
| Less: Sold during the year | | (710,995) | (692,504) |
| Less: Move order for repair | | (3,301) | - |
| Closing balance | | 91,605 | 72,483 |
| 9.00 Trade & Other Receivables | | | |
| Trade Receivables | 9.01 | 5,779,898,258 | 3,083,992,846 |
| Other Receivables | 9.02 | 680,524,889 | 364,608,242 |
| | | 6,460,423,147 | 3,448,601,088 |
| BSRM Iron & Steel Co. Ltd. | | - | 931,599,921 |
| Less: Intra group receivables | | - | (25,600,912) |
| | | 6,460,423,147 | 4,354,600,097 |
| 9.01 Trade Receivables: | | | |
| BSRM | | 932,563,230 | - |
| BSRM Logistics Limited | | 14,150 | 14,150 |
| BSRM Steel Mills Limited | | 62,040 | - |
| BSRM Recycling | | 17,172,160 | - |
| Chittagong Power Company Limited | | 204,000 | 204,000 |
| Other customers | | 4,829,882,678 | 3,083,774,696 |
| Net Trade Receivables | | 5,779,898,258 | 3,083,992,846 |
| 9.02 Other Receivables: | | | |
| Interest receivables | | 245,163,402 | 278,100,470 |
| Accrued Interest from FDR | | 48,426,109 | 5,501,561 |
| DEDO and Other Receivables | | 386,935,378 | 81,006,211 |
| | | 680,524,889 | 364,608,242 |
| 9.03 Ageing of Trade receivables | | | |
| Due within 3 months | | 5,174,964,938 | 2,711,562,159 |
| Due within 6 months | | 328,352,260 | 191,238,526 |
| Above 6 months | | 276,581,060 | 181,192,161 |
| | | 5,779,898,258 | 3,083,992,846 |
| 10.00 Due from related companies: | | | |
| Bangladesh Steel Re-Rolling Mills Limited | | 4,871,551,354 | 6,815,692,516 |
| BSRM Iron & Steel Co. Ltd. | | - | 666,305,803 |
| Chittagong Power Company Limited | | 622,851,469 | 469,933,750 |
| BSRM Logistics Limited | | 194,947,734 | 265,150,935 |
| BSRM Ispat Limited | | 547,296,225 | 436,814,028 |
| BSRM Metals Limited | | 72,285,997 | 63,967,690 |
| H. Akberali & Co. Limited | | 541,067,086 | 197,079,123 |
| BSRM Steel Mills Limited | | - | 1,098,897,899 |
| BSRM Recycling Industries Limited | | 61,351,294 | 23,742,633 |
| BSRM Wires Limited | | 58,989,394 | - |
| | | 6,970,340,553 | 10,037,584,376 |
| BSRM Iron & Steel Co. Ltd | | - | 277,280,533 |
| Less: Inter-company elimination | | - | (666,305,803) |
| | | 6,970,340,553 | 9,648,559,106 |

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



| | | 30 June 2018 | 30 June 2017 |
|---|-------|----------------------|----------------------|
| | | Taka | Taka |
| 11.00 Advances, deposits and prepayments: | | | |
| Advances | 11.01 | 2,904,859,098 | 1,532,330,724 |
| Deposits | 11.02 | 43,177,610 | 24,402,082 |
| Prepayments | 11.03 | 6,244,323 | 6,616,915 |
| | | 2,954,281,030 | 1,563,349,721 |
| BSRM Iron & Steel Co. Ltd. | | - | 382,057,486 |
| | | 2,954,281,030 | 1,945,407,207 |
| 11.01 Advance: | | | |
| Staff loan | | 1,442,545 | 705,438 |
| Advance against salary | | 160,101 | 91,466 |
| Advance Income tax | | 1,125,509,039 | 569,502,422 |
| Advance against expenses | | 47,435,472 | 41,926,286 |
| Bank guarantee margin | | 5,350,090 | 2,354,429 |
| Advance against L/C | | 95,164,775 | 59,387,246 |
| LC Margin | | 36,426,933 | 7,221,421 |
| Advance against fixed asset | | 289,995,481 | 144,164,991 |
| Trade VAT account (Godown) | | 21,717 | 7,845 |
| VAT chargeable account (Godown) | | 13,745,768 | 5,201,647 |
| VAT current account | | 331,232,453 | 34,649,844 |
| Advance against land | | 29,688,816 | 22,631,196 |
| Advance for house rent | | 2,061,758 | 1,537,404 |
| Share money deposit to Chittagong Power Company Ltd. | | 500,000,000 | 500,000,000 |
| Advance for purchase of spare parts and other materials | | 426,624,149 | 142,949,092 |
| | | 2,904,859,098 | 1,532,330,724 |
| 11.02 Deposits: | | | |
| Bangladesh Ansar and VDP | | 1,531,263 | 1,260,752 |
| Bangladesh Railway | | 140,000 | - |
| Bangladesh Telecommunication Limited (BTCL) | | 26,000 | 24,000 |
| Brothers Proukosoli Workshop | | 480,000 | - |
| Chittagong WASA | | 200,000 | - |
| Chittagong Club Limited | | 90,000 | - |
| City Cell | | 15,000 | 15,000 |
| Cma Cgm Bangladesh Shipping Ltd | | 1,060,000 | - |
| GBX Logistics Ltd | | 1,205,000 | - |
| Linde Bangladesh Ltd | | 1,160,000 | - |
| Maersk Bangladesh Limited | | 1,162,447 | - |
| Power Development Board | | 24,710,120 | 4,308,620 |
| Ranks Tel | | 10,000 | 10,000 |
| Kamaphuli Gas Distribution Co. Limited | | 10,526,780 | 18,118,710 |
| Central Depository Bangladesh Limited | | 500,000 | 500,000 |
| BOC Bangladesh Limited | | 16,000 | 16,000 |
| Others | | 345,000 | 149,000 |
| | | 43,177,610 | 24,402,082 |

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

| | | | |
|--------------------------|--|------------------|------------------|
| 11.03 Prepayments | | | |
| BSTI License fees | | 1,725,245 | 3,450,490 |
| Insurance | | 4,519,078 | 3,166,425 |
| | | 6,244,323 | 6,616,915 |



| | | 30 June 2018 | 30 June 2017 |
|---------------------------------------|-------|--------------|--------------|
| | | Taka | Taka |
| 12.00 Short Term Investment | | | |
| Investments in Fixed Deposit Receipts | 12.01 | 323,908,621 | 245,502,751 |
| | | 323,908,621 | 245,502,751 |
| BSRM Iron & Steel Co. Ltd. | | - | 251,026,537 |
| | | 323,908,621 | 496,529,288 |

12.01 Investments in Fixed Deposit Receipts

| Name of banks | Purpose | Period | Rate of interest | | |
|---------------------------------------|----------------|-------------------|------------------|-------------|-------------|
| Bank Asia Limited | LC Margin | 1 year | 6.25-8% | 20,865,852 | - |
| The City Bank Limited | LC Margin | 6 months | 3-5.5% | 9,535,000 | - |
| Habib Bank Limited | LC Margin | 6 months | 5% | 1,898,248 | - |
| NCC Bank Limited | LC Margin | 6 months | 7.50% | 11,489,159 | - |
| United Commercial Bank Limited | LC Margin | 1 year | 5.00% | 78,873 | - |
| Commercial Bank of Ceylon PLC | LC Margin | 1 year | 5.50% | 15,000,000 | - |
| Lanka Bangla Finance & Investment Ltd | Investment | 1 year | 9.75% | 2,677,500 | - |
| IDL Finance Limited | Investment | 1 year | 6.50% | 2,717,691 | 2,567,493 |
| Dhaka Bank Limited | Investment | 1 year | 5.00% | 9,277,154 | 8,880,052 |
| Mercantile Bank Limited | BG & LC Margin | 1 year | 5-6.00% | 3,288,597 | 3,140,470 |
| Standard Chartered Bank | LC Margin | 6 months - 1 year | 3-5.00% | 207,004,004 | 202,958,950 |
| BD Finance & Investment Co Ltd. | Investment | 1 year | 9.50% | 3,862,395 | 3,590,419 |
| IFIC Bank Limited | LC Margin | 6 months - 1 year | 5.50% | 305,932 | 291,646 |
| IPDC of Bangladesh Limited | Investment | 1 year | 7.00% | 4,496,508 | 4,250,500 |
| Al Arafah Islami Bank Ltd | LC Margin | 6 months | 6.50% | 5,359,000 | 8,237,527 |
| AB Bank Limited | LC Margin | 6 months | 7.00% | - | 8,504,695 |
| One Bank Limited | Investment | 6 months | 6.00% | 3,256,708 | 3,081,000 |
| Pubali Bank Limited | LC Margin | 6 months | 6.00% | 22,796,000 | - |
| | | | | 323,908,621 | 245,502,751 |

13.00 Cash & Cash Equivalents:

| | | | |
|----------------------------|-------|-------------|--------------|
| Cash in Hand | 13.01 | 6,661,241 | 3,698,375 |
| Cash at Banks | 13.02 | 139,066,577 | (30,293,928) |
| Fixed Deposit Receipts | 13.03 | 378,962,904 | 100,495,544 |
| | | 524,690,721 | 73,899,991 |
| BSRM Iron & Steel Co. Ltd. | | - | 3,955,181 |
| | | 524,690,721 | 77,855,172 |

13.01 Cash in Hand:

| | | |
|---------------------------|-----------|-----------|
| Head office | 166,366 | 246,934 |
| Bhatiary Shipyard | 19,999 | - |
| Factory office | 1,250,000 | 1,012,762 |
| Dhaka office | 2,750,627 | 1,181,237 |
| Sylhet office | 100,000 | 156 |
| Comilla office | 65,000 | 65,000 |
| Khulna office | 72,161 | 119,072 |
| Bogra office | 146,235 | 305,359 |
| Rangpur office | 170,000 | 8,329 |
| Barishal office | 9,989 | 80,240 |
| Mymensingh office | 137,203 | 55,440 |
| Jungal office | 158,811 | 510,400 |
| Noakhali office | 50,000 | 50,000 |
| Cox's Bazar office | 20,000 | 17,063 |
| Khulna warehouse office | 98,651 | 46,383 |
| Baraulia | 250,913 | - |
| BISCO Factory | 1,100,000 | - |
| Benapole Warehouse office | 95,287 | - |
| | 6,661,241 | 3,698,375 |



13.02 Cash at Banks:

| Name of the Banks | Branches | Account Types | Currency | 30 June 2018 | 30 June 2017 |
|---|------------------|-----------------|----------|--------------------|---------------------|
| | | | | Taka | Taka |
| Agrani Bank Limited | Laldighi East | Current Deposit | BDT | 500,889 | 121,850 |
| Agrani Bank Limited-(BISCO) | Laldighi East | Current Deposit | BDT | 165,675 | - |
| Al Arafat Islami Bank Limited | Agrabad | Current Deposit | BDT | 4,048,192 | 4,716 |
| Al Arafat Islami Bank Limited- (BISCO) | Agrabad | Current Deposit | BDT | 765 | - |
| Bank Asia Limited | Agrabad | Current Deposit | BDT | 36,316 | 49,279 |
| Bank Asia Limited- (BISCO) | Agrabad | Current Deposit | BDT | 48,026 | - |
| BASIC Bank Limited | Dewanhat | Current Deposit | BDT | 1,741,834 | 285,812 |
| Commercial Bank of Ceylon PLC | Agrabad | Current Deposit | BDT | 1,275,936 | 241,502 |
| Dhaka Bank Limited | Jubilee Road | Current Deposit | BDT | 1,179,473 | 1,000,171 |
| Dutch Bangla Bank Limited | Jubilee Road | Current Deposit | BDT | 4,803,653 | 867,142 |
| Dutch Bangla Bank Limited-(BISCO) | Jubilee Road | Current Deposit | BDT | 125,213 | - |
| Eastern Bank Limited | Agrabad | Current Deposit | BDT | 45,208,336 | 305,004 |
| Habib Bank Limited | laldighi | Current Deposit | BDT | 1,889,818 | 600,975 |
| HSBC | Agrabad | Current Deposit | BDT | (37,439,575) | (37,556,723) |
| IFIC Bank Limited | Agrabad | Current Deposit | BDT | 33,953 | 8,098 |
| IFIC Bank Limited- (BISCO) | Agrabad | Current Deposit | BDT | 25,001 | - |
| Islami Bank Bangladesh Limited | Jubilee Road | Current Deposit | BDT | 35,827,526 | 5,354,329 |
| Islami Bank Bangladesh Limited- (BISCO) | Jubilee Road | Current Deposit | BDT | 335,090 | - |
| Jamuna Bank Limited | Khatunganj | Current Deposit | BDT | 51,953 | 117,711 |
| Jamuna Bank Limited- (BISCO) | Khatunganj | Current Deposit | BDT | 68,650 | - |
| Janata Bank Limited | Laldighi East | Current Deposit | BDT | 61,124 | - |
| Mutual Trust Bank Limited- (BISCO) | Dilkusha | Current Deposit | BDT | 33,019 | - |
| Mercantile Bank Limited | Jubilee Road | Current Deposit | BDT | 567 | 1,443 |
| National Bank Limited | Jubilee Road | Current Deposit | BDT | 719,674 | 4,486 |
| National Bank Limited- (BISCO) | Jubilee Road | Current Deposit | BDT | 17,413 | - |
| NCC Bank Limited- (BISCO) | Agrabad | Current Deposit | BDT | 59,098 | - |
| NCC Bank Limited | Agrabad | Current Deposit | BDT | 148,282 | 142,515 |
| One Bank Limited | Agrabad | Current Deposit | BDT | 36,907,300 | - |
| Prime Bank Limited | O.R Nizam Road | Current Deposit | BDT | 665,895 | 3,140,264 |
| Premier Bank Limited | Agrabad | Current Deposit | BDT | 79,483 | 1,871 |
| Shahjalal Islami Bank Limited | Jubilee Road | Current Deposit | BDT | 3,414,717 | 16,967 |
| Shahjalal Islami Bank Limited- (BISCO) | Jubilee Road | Current Deposit | BDT | 5,270 | - |
| Social Islami Bank Limited | Jubilee Road | Current Deposit | BDT | 7,847,783 | 90,494 |
| Sonali Bank Limited | Kalibari | Current Deposit | BDT | (1,835,827) | 759,418 |
| South East Bank Limited | Pahartali | Current Deposit | BDT | 6,715,566 | 27,453 |
| Standard Chartered Bank | Agrabad | Current Deposit | BDT | (47,699,990) | (35,597,293) |
| State Bank of India | Chittagong | Current Deposit | BDT | 53,899 | 86,326 |
| The City Bank Limited | Agrabad | Current Deposit | BDT | 5,843,053 | 21,188,134 |
| The City Bank Limited | VIP Road | Current Deposit | BDT | 3,352,867 | 1,484,931 |
| The City Bank Limited- (BISCO) | Agrabad | Current Deposit | BDT | 133,869 | - |
| Trust Bank Limited- (BISCO) | CDA Avenue | Current Deposit | BDT | 85,226 | - |
| Trust Bank Limited- (BISCO) | CDA Avenue | Current Deposit | BDT | 9,713 | 205,042 |
| United Commercial Bank Limited | Jubilee Road | Current Deposit | BDT | 5,658,212 | 38,294 |
| United Commercial Bank Limited- (BISCO) | Jubilee Road | Current Deposit | BDT | 4,139 | - |
| Uttara Bank Limited | Agrabad | Current Deposit | BDT | 201,255 | 49,627 |
| Meghna Bank Limited- (BISCO) | Gulshan | Current Deposit | BDT | 238,311 | - |
| HSBC- Dividend | Agrabad | Current Deposit | BDT | 3,375,491 | 5,289,564 |
| Meghna Bank Limited- (BISCO) | Gulshan | Current Deposit | BDT | 6,090,415 | 66,365 |
| SBAC Bank Limited | Agrabad | Current Deposit | BDT | 16,643 | 113,538 |
| Mutual Trust Bank Limited | CDA Avenue | Current Deposit | BDT | 10,396,510 | 17,712 |
| NRB Bank Limited | Agrabad | Current Deposit | BDT | 3,400,594 | 60,567 |
| EXIM Bank Limited | Jubilee Road | Current Deposit | BDT | 1,429,623 | 8,119 |
| First Security Islami Bank Limited | Sadarghat | Current Deposit | BDT | 9,712,442 | - |
| Standard Bank Limited | Agrabad | Current Deposit | BDT | 70,514 | - |
| Rupali Bank Limited | Corporate Branch | Current Deposit | BDT | 4,114,426 | - |
| Sonali Bank Limited | Laldighi | Current Deposit | BDT | 11,437 | - |
| HSBC | Agrabad | Current Deposit | USD | 1,152,447 | 1,110,367 |
| NCC Bank Limited | Agrabad | Current Deposit | USD | 15,627,467 | - |
| Eastern Bank Limited | Agrabad | Escrow | USD | 1,021,926 | - |
| | | | | 139,066,577 | (30,293,928) |

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



13.03 Fixed Deposit Receipts:

| Name of banks | Purpose | Period | Rate of interest | 30 June 2018 | 30 June 2017 |
|-----------------------------|-----------------|----------|------------------|--------------------|--------------------|
| | | | | Taka | Taka |
| Bank Asia Limited | L/C Margin | 3 months | 5-5.25% | 14,436,222 | - |
| Dutch Bangla Bank Limited | L/C Margin | 3 months | 5.00% | 36,360,810 | - |
| Dhaka Bank Limited | L/C Margin | 3 months | 4.00% | 25,960,637 | 8,026,300 |
| IFIC Bank Limited | L/C Margin | 3 months | 5-6.50% | 37,776,893 | 7,859,913 |
| Jamuna Bank Limited | L/C Margin | 3 months | 8.0% | 15,793,570 | - |
| Mercantile Bank Limited | BG & L/C Margin | 3 months | 5.00% | 26,517,111 | 1,249,853 |
| NCC Bank Limited | L/C Margin | 3 months | 5.00% | 33,402,660 | 8,531,421 |
| National Bank Limited | L/C Margin | 3 months | 9.00% | 14,050,000 | - |
| Prime Bank Limited | L/C Margin | 3 months | 4.50% | - | 1,155,048 |
| Pubali Bank Limited | L/C Margin | 3 months | 7.00% | 3,098,000 | - |
| Trust Bank Limited | L/C Margin | 3 months | 4.50-5.50% | 50,249,421 | 12,293,551 |
| The City Bank Limited | L/C Margin | 3 months | 3.50-4.50% | 47,938,595 | 25,786,087 |
| United Commercial Bank Ltd. | L/C Margin | 3 months | 4.75% | 53,378,985 | 35,593,372 |
| Uttara Bank Limited | L/C Margin | 3 months | 5.00% | 20,000,000 | - |
| | | | | 378,962,904 | 100,495,544 |

14.00 Share Capital:

14.01 Authorized capital:

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

14.02 Issued, subscribed and paid-up capital:

| | | |
|--|----------------------|----------------------|
| 145,000,000 Ordinary shares @ Tk. 10 each | 1,450,000,000 | 1,450,000,000 |
| 104,500,000 Ordinary shares @ Tk. 10 each fully paid-up for consideration other than cash | 1,045,000,000 | 1,045,000,000 |
| 21,750,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year 2009) | 217,500,000 | 217,500,000 |
| 54,250,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year ended 2010) | 542,500,000 | 542,500,000 |
| 16,275,000 Ordinary shares @ Tk. 10 each fully paid up as Bonus Shares (For the year ended 2012) | 162,750,000 | 162,750,000 |
| | 3,417,750,000 | 3,417,750,000 |

14.03 Classification of shares by holding:

| Class by number of shares | No. of Holders | No. of Shares | Holding (%) |
|---------------------------|----------------|--------------------|-------------|
| Less than 500 | 3,449 | 495,731 | 0.15% |
| From 501 to 5000 | 5,542 | 8,766,639 | 2.57% |
| From 5,001 to 10,000 | 1,004 | 3,669,565 | 1.07% |
| From 10,001 to 20,000 | 262 | 3,682,185 | 1.08% |
| From 20,001 to 30,000 | 87 | 2,173,949 | 0.42% |
| From 30,001 to 40,000 | 41 | 1,437,426 | 0.42% |
| From 40,001 to 50,000 | 39 | 1,798,152 | 0.53% |
| From 50,001 to 100,000 | 69 | 5,036,756 | 1.47% |
| From 100,001 to 1,000,000 | 99 | 33,259,065 | 9.73% |
| From 10,000,001 to above | 24 | 281,455,532 | 82.35% |
| | 10,616 | 341,775,000 | 100% |

14.04 Shareholding Position:

| Name of shareholders | 30/Jun/18 | | 30/Jun/17 | |
|--------------------------------------|------------------------|--------------------|------------------------|--------------------|
| | Percentage of holdings | No. of Shares | Percentage of holdings | No. of Shares |
| Sponsor Shareholders | 16.85% | 57,591,975 | 16.85% | 57,591,975 |
| Foreign Shareholders | 0.28% | 944,268 | 0.36% | 1,217,981 |
| Other Shareholders (Related Parties) | 53.68% | 183,458,793 | 53.68% | 183,458,793 |
| Other Shareholders (General) | 29.19% | 99,779,964 | 29.11% | 99,506,251 |
| | 100% | 341,775,000 | 100% | 341,775,000 |



| | | 30 June 2018 | 30 June 2017 |
|--|-------|----------------------|----------------------|
| | | Taka | Taka |
| 15.00 Long term loans: | | | |
| Prime Bank Limited | 15.04 | 82,970,890 | 15,654,714 |
| Eastern Bank Limited- Syndicate term loan | 15.05 | 1,055,164,280 | - |
| IDLFC Finance Limited | 15.06 | 612,796,197 | - |
| Jamuna Bank Limited | 15.07 | 10,967,138 | |
| Meghna Bank Limited | 15.08 | 6,742,866 | |
| Redeemable Zero Coupon Bond | 15.09 | 1,102,540,010 | 1,576,051,889 |
| | | 2,871,181,381 | 1,591,706,603 |
| 15.01 Long term loans-Maturity analysis | | | |
| Due within one year-Current portion | 15.02 | 1,093,625,713 | 496,382,365 |
| Due after more than one year-Non-current portion | 15.03 | 1,777,555,668 | 1,117,900,968 |
| | | 2,871,181,381 | 1,614,283,333 |
| 15.02 Long term loans - Current portion | | | |
| Prime Bank Limited | | 26,554,811 | 2,639,374 |
| IDLFC Finance Limited | | 436,718,810 | - |
| Jamuna Bank Limited | | 10,967,138 | |
| Meghna Bank Limited | | 6,742,866 | |
| Redeemable Zero Coupon Bond | | 612,642,088 | 493,742,992 |
| | | 1,093,625,713 | 496,382,365 |
| 15.03 Long term loans - Non-current portion | | | |
| Prime Bank Limited | | 56,416,079 | 13,015,340 |
| Eastern Bank Limited- Syndicate term loan | | 1,055,164,280 | |
| IDLFC Finance Limited | | 176,077,387 | - |
| Redeemable Zero Coupon Bond | | 489,897,922 | 1,082,308,897 |
| | | 1,777,555,668 | 1,095,324,237 |
| BSRM Iron & Steel Co. Ltd. | | - | 22,576,731 |
| | | 1,777,555,668 | 1,117,900,968 |



15.04 Terms of Prime Bank Limited

Total loan facilities: Tk. 15,845,433.24

Interest rate:

Interest rate is 9.75% per annum.

Disbursement:

The full disbursement was made on May 29, 2017.

Repayments

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

Securities:

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

Purpose:

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

15.05 Eastern Bank Limited- Syndicated term loan

Lenders:

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

Total loan facilities: Tk. 426.500 crore.

Total loan facilities: USD. 2.500 crore.

Interest rate:BDT

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

Interest rate:USD

Interest rate is 3 months LIBOR+ 3.75% per annum calculated on quarterly basis and variable depending on the situation of money market.

Disbursement:

The first disbursement was made on 19 June 2018.

Repayments:

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

Securities:

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

Purpose:

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



15.06 Terms of IDLC Finance Limited

Total loan facilities: Tk. 300,000,000

Interest rate:

Interest rate is 9.50% per annum.

Disbursement:

The full disbursement was made on July 24, 2017.

Repayments

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

Securities:

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

Purpose:

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

15.07 Terms of Jamuna Bank Limited

Total loan facilities: Tk. 100,000,000

Interest rate:

Interest rate is 12.50% per annum.

Disbursement:

The full disbursement was made on January 01, 2018.

Repayments

The loan is repayable in equal monthly installment starting from January 01, 2018 and each month thereafter for 1 years.

Securities:

- i. Documents of title to goods.
- ii. Un-dateded cheque for entire L/C limit.
- iii. Usual charge documents.
- iv. Personal Guarantee

Purpose:

To import capital machinery.

15.08 Terms of Meghna Bank Limited

Total loan facilities: Tk. 46,400,000

Interest rate:

Interest rate is 11.00% per annum.

Disbursement:

The full disbursement was made on October 01, 2017.

Repayments

Repayment to be made in 16 equal quarterly installments commencing from 15th month from the date of disbursement.

Securities:

- i. 10% of L/C margin
- ii. Hypothecation on machinery to be imported through bank.
- iii. Personal Guarantee of all directors of the Company backed by Board resolution
- iv. Corporate Gurantee of BSRM Steels Ltd.
- v. Usual charge documents.
- vi. Post dated cheque.

Purpose:

To import 4 pieces 28 MT furnace for Billet manufacturing unit.



| | 2018 | 2017 |
|--|----------------------|----------------------|
| | Taka | Taka |
| 15.09 Redeemable Zero Coupon Bond | | |
| Opening Balance | 1,576,051,890 | 1,967,501,209 |
| Add: Accrued interest | 139,130,142 | 28,919,895 |
| Less: Interest payment | (137,879,446) | - |
| Less: Principal payment | (474,762,576) | (420,369,214) |
| Carrying amount | 1,102,540,010 | 1,576,051,890 |

15.09.01 Details of the Zero coupon bond

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

Tenure:

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

Purpose:

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

Subscription and issue:

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

Discount rate:

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

Listing:

Unlisted.

Transferability

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

Redemption:

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

Securities:

Unsecured



| | 2018 | 2017 |
|--|--------------------|-------------------|
| | Taka | Taka |
| 16.00 Defined benefit obligations - Gratuity | | |
| Balance as at 01 July, 2017 | 72,632,738 | 57,366,281 |
| Add: Liability acquired through acquisition of BISCO | 28,983,310 | - |
| Add: Current service cost | 35,748,860 | - |
| Add: Past service cost- Plan amendments | - | 18,563,850 |
| Add: Interest cost | - | - |
| Less: Payment made during the year | (3,786,972) | (3,297,393) |
| Actuarial loss | 3,392,066 | - |
| Closing plan liability as per actuary | 136,970,002 | 72,632,738 |
| BSRM Iron & Steel Co. Ltd. | - | 26,129,078 |
| | 136,970,002 | 98,761,816 |

The company has carried out actuarial investigation as on 30 June, 2018 by professional actuarial valuer Z. Halim & Associates. As per the valuation the defined benefit obligation stands BDT. 136,970,000 as on 30 June, 2018. The valuer has proposed contribution of at least 15.9% of basic payroll until the next investigation is carried out.

Significant actuarial assumptions

| | |
|------------------------|-----------|
| Discount Rate | 8% |
| Salary Growth | 8% |
| Year of Mortality rate | 2006-2008 |

| | | |
|--|----------------------|----------------------|
| 17.00 Deferred Tax Liabilities | | |
| Opening balance | 801,274,097 | 840,590,872 |
| Add: Acquisition of BISCO | 406,228,008 | - |
| Provided during the year | | |
| Investments in associates | 76,640,674 | (45,174,918) |
| Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land) | (115,663,863) | 16,285,257 |
| Provision for Gratuity | (5,940,158) | (3,816,614) |
| Total | (44,963,346) | (32,706,275) |
| Adjusted during the year | | |
| Impact of depreciation on revaluation surplus | (4,784,743) | (6,610,500) |
| Total | (4,784,743) | (6,610,500) |
| Closing Balance | 1,157,754,016 | 801,274,097 |
| BSRM Iron & Steel Co. Ltd | - | 409,812,737 |
| Consolidated Closing Balance | 1,157,754,016 | 1,211,086,834 |

17.01 Reconciliation of deferred tax liabilities/ (assets)

| | Carrying amount | Tax base | Tax rate | Taxable/ (Deductible) temporary difference | Deferred tax liabilities/ (assets) |
|---------------------------------------|-----------------|---------------|----------|--|------------------------------------|
| | Taka | Taka | | Taka | Taka |
| Property, plant and | 6,206,012,319 | 1,888,356,761 | 25% | 4,317,655,558 | 1,079,413,891 |
| Provision for Gratuity | (136,970,002) | - | 25% | (136,970,002) | (34,242,501) |
| Deferred tax liability on | 1,562,913,138 | 1,000,000,000 | 20% | 562,913,138 | 112,582,628 |
| Total deferred tax liabilities | | | | | 1,157,754,016 |

18.00 Trade Payables

| | | |
|-------------------------------------|----------------------|--------------------|
| BSRM Steel Re-Rolling Mills Limited | 323,188 | - |
| BSRM Logistics Limited | 12,636,366 | 21,131,827 |
| Chittagong Power Company Limited | - | (638,244) |
| BSRM Wires Limited | 44,622,409 | - |
| BSRM Steel Mills Limited | 5,657,949,387 | - |
| BSRM Ispat Limited | 266,950 | 266,950 |
| Others | 51,512,719 | 58,434,177 |
| | 5,767,311,018 | 79,194,710 |
| BSRM Iron & Steel Co. Ltd. | - | 49,432,606 |
| Less: Intra group elimination | - | (25,600,912) |
| | 5,767,311,018 | 103,026,404 |



| | | 2018 | 2017 |
|-------|---|-----------------------|-----------------------|
| | | Taka | Taka |
| 19.00 | Short Term Loans | | |
| | Loan against trust receipts (LATR) | 117,603,089 | 55,024,722 |
| | Time loans | 2,484,059,755 | 6,613,430,308 |
| | Demand loan | 10,152,769,301 | 8,436,395,408 |
| | Bank overdraft and cash credit | 1,892,114,409 | 1,723,167,781 |
| | Factoring Loan against sales invoice | 19,975,377 | 16,238,167 |
| | Liability for accepted bills for payment | 4,628,502,072 | 1,070,136,387 |
| | | 19,295,024,003 | 17,914,392,773 |
| | BSRM Iron & Steel Co. Ltd. | - | 2,935,478,860 |
| | | 19,295,024,003 | 20,849,871,633 |
| 19.01 | Loan Against Trust Receipts (LATR) | | |
| | Bank Asia Limited | 6,372,563 | - |
| | Premier Bank Limited | - | 24,520,030 |
| | Prime Bank Limited | 70,071,765 | - |
| | Pubali Bank Limited | 16,367,476 | - |
| | Shahjalal Islami Bank Limited | 637,646 | - |
| | Uttara Bank Limited | 24,153,639 | 30,504,692 |
| | | 117,603,089 | 55,024,722 |
| 19.02 | Time Loans | | |
| | Bank Asia Limited | - | 1,325,722,271 |
| | HSBC Limited | - | 345,000,000 |
| | IPDC Limited | 613,301,835 | 355,769,229 |
| | Jamuna Bank Limited | 1,036,300,302 | 846,661,904 |
| | Mercantile Bank Limited | - | 2,021,842,983 |
| | Prime Bank Limited | 173,444,837 | 1,206,038,088 |
| | Shahjalal Islami Bank Limited | 661,012,781 | 512,395,833 |
| | | 2,484,059,755 | 6,613,430,308 |
| 19.03 | Demand Loans | | |
| | Bank Asia Limited | 100,725,438 | 22,951 |
| | BRAC Bank Limited | 500,000,000 | - |
| | Commercial Bank of Ceylon plc | 902,439,167 | 1,216,802,431 |
| | Eastern Bank Limited | 1,697,800,000 | 1,083,700,741 |
| | HSBC | 615,297,198 | - |
| | IDLC Finance Limited | - | 202,284,722 |
| | IFIC Bank Limited | 150,950,000 | 350,802,083 |
| | National Credit and Commerce Bank Limited | - | 972,997,119 |
| | National Finance Limited | 302,800,000 | - |
| | One Bank Limited | - | 579,246,111 |
| | Standard Chartered Bank | 2,304,549,310 | 1,770,065,405 |
| | The City Bank Limited | 1,024,013,889 | 1,109,049,609 |
| | Trust Bank Limited | 1,034,069,299 | 698,534,653 |
| | Uttara Bank Limited | 1,520,125,000 | 452,889,583 |
| | | 10,152,769,301 | 8,436,395,408 |



| | 2018 | 2017 |
|---|----------------------|----------------------|
| | Taka | Taka |
| 19.04 Bank overdraft and Cash Credit | | |
| AB Bank Limited- OD | (35,740,499) | 29,537,043 |
| AB Bank Limited- OD (BISCO) | (7,113) | - |
| Bank Al Falah Limited- OD | 290,648,798 | 234,774,223 |
| Basic Bank Limited- OD | 419,111,351 | 215,186,800 |
| BRAC Bank Limited- OD | 19,087,097 | 374,408,921 |
| BRAC Bank Limited- OD | (31,602) | - |
| Dhaka Bank Limited- OD | 22,690,121 | 49,407,652 |
| Dutch Bangla Bank Limited- OD | 121,516,508 | 172,894,328 |
| IFIC Bank Limited- OD (BISCO) | 97,476,256 | - |
| Janata Bank Limited- OD (BISCO) | 653,158 | - |
| Mutual Trust Bank Limited- OD | 30,596 | - |
| National Credit and Commerce Bank Limited- CC | 285,370,644 | 327,505,616 |
| National Credit and Commerce Bank Limited- SOD | 51,613,230 | 128,942,573 |
| One Bank Limited- OD- (BISCO) | (140,744) | - |
| Premier Bank Limited- SOD | 30,098,010 | 10,658,425 |
| Premier Bank Limited- CC | 221,482,257 | (1,299,242) |
| Pubali Bank Limited- OD | (3,022,884) | 10,719,870 |
| Standard Bank Limited- OD | 2,024,500 | - |
| South Bangla Agriculture & Commerce Bank Limited- SOD | 223,603,819 | 2,993,379 |
| State Bank of India- CC | 142,278,587 | 132,058,667 |
| Uttara Bank Limited- CC | 3,372,320 | 35,379,526 |
| | 1,892,114,409 | 1,723,167,781 |
| 19.05 Liability for accepted bills for payment (ABP) | | |
| AB Bank Limited | - | 154,549,227 |
| Agrani Bank Limited | 477,630,546 | - |
| Al-Arafah Islami Bank Limited | 66,026,946 | 125,876,511 |
| Bank Al-Falah Limited | 60,694,516 | - |
| Bank Asia Limited | 40,608,548 | - |
| BRAC Bank Limited | 13,955,353 | - |
| Commercial Bank of Ceylon | 26,469,770 | - |
| City Bank Limited | 127,759,565 | - |
| Dhaka Bank Limited | 256,191,291 | 139,370,728 |
| Dutch Bangla Bank Limited | 235,838,508 | - |
| Eastern Bank Limited | 653,264,487 | 39,618,664 |
| IFIC Bank Limited | 410,118,114 | - |
| Islami Bank Bangladesh Limited | 63,929,338 | 29,914,250 |
| Jamuna Bank Limited | 45,770,739 | - |
| Mercantile Bank Limited | 247,596,508 | 25,866,679 |
| National Bank Limited | 237,971,105 | - |
| NCC Bank Limited | 242,957,241 | - |
| One Bank Limited | - | 42,952,800 |
| Prime Bank Limited | 151,561,569 | 52,556,011 |
| Pubali Bank Limited | 465,659,948 | - |
| Standard Chartered Bank | 360,437,858 | - |
| Trust Bank Limited | 133,389,820 | 158,921,623 |
| United Commercial Bank Limited | 310,670,299 | 300,509,896 |
| | 4,628,502,072 | 1,070,136,387 |
| 20.00 Due to related companies | | |
| BSRM Wires Limited | - | 15,547,452 |
| BSRM Steel Mills Limited | 1,540,077,748 | - |
| | 1,540,077,748 | 15,547,452 |
| BSRM Iron & Steel Co. Ltd. | - | 710,381,258 |
| Less: Intra group elimination | - | (666,305,803) |
| | 1,540,077,748 | 59,622,907 |

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



| | 2018 | 2017 |
|---|--------------------|----------------------|
| | Taka | Taka |
| 21.00 Liabilities for expenses | | |
| Advertisement expenses | 101,561,232 | 59,481,389 |
| Audit Fees | 450,000 | 592,400 |
| Brokerage and commission | 25,048,040 | 23,696,418 |
| C & F Bill and others | 1,228,561 | 225,364 |
| Carrying expenses | 137,624,392 | 84,054,420 |
| Consultancy fees | 5,397,430 | 2,074,486 |
| Domiciliary expenses | 1,576,425 | 793,159 |
| Gas bill payable | 14,508,409 | 15,066,438 |
| Liability against supply of goods/services | 137,354,778 | 81,388,112 |
| Liability against fixed asset | 11,432,718 | 6,953,384 |
| Others | 6,732,015 | 4,576,077 |
| Printing and Stationeries | 3,857,211 | 1,023,286 |
| Rent payables | 172,113 | 75,539 |
| Salary and Allowances | 6,633,256 | 2,398,766 |
| Sales promotion expenses | 7,489,142 | 4,262,871 |
| Travelling expenses | 58,132 | 1,535,857 |
| | 461,123,854 | 288,191,966 |
| BSRM Iron & Steel Co. Ltd. | - | 26,025,199 |
| | 461,123,854 | 314,217,165 |
| 22.00 Provision for income tax | | |
| Opening balance | 897,748,213 | 1,350,541,113 |
| Add: Acquisition of BISCO | 191,240,166 | |
| Add: Provided during the period | | |
| Against current period | 552,700,219 | 634,659,347 |
| | 552,700,219 | 634,659,347 |
| | 1,641,688,598 | 1,985,200,460 |
| Less: Adjusted with advance income tax paid at source | (684,574,633) | (1,087,452,247) |
| Closing Balance | 957,113,965 | 897,748,213 |
| BSRM Iron & Steel Co. Ltd | - | 177,233,540 |
| Consolidated Closing Balance | 957,113,965 | 1,074,981,753 |
| 23.00 Provision for WPPF and Welfare Fund | | |
| Opening balance | 130,308,597 | 198,906,493 |
| Add: Provided during the year | 108,445,209 | 130,308,597 |
| Add: Acquisition of BISCO | 808,757 | - |
| Less: Paid during the year | (130,308,597) | (198,906,493) |
| Closing Balance | 109,253,966 | 130,308,597 |
| BSRM Iron & Steels Co. Ltd | - | 5,872,752 |
| Consolidated Closing Balance | 109,253,966 | 136,181,349 |
| 23.01 Provision made during the year for WPPF and Welfare Fund | | |
| Profit before tax and WPPF and Welfare Fund | 2,168,904,175 | 2,722,543,572 |
| Cash dividend received from investment in associates | - | - |
| Profit applicable for WPPF and Welfare Fund | 2,168,904,175 | 2,722,543,572 |
| Contribution to WPPF and Welfare Fund at 5% | 108,445,209 | 136,181,349 |



24.00 Other liabilities

| | 2018 | 2017 |
|---|-------------|-------------|
| | Taka | Taka |
| Advance against sales | 286,350,304 | 375,161,220 |
| Security deposit | 27,960,476 | 26,970,146 |
| Income Tax Deducted at Source | - | 2,613,668 |
| VAT Deducted at source | - | 2,193,249 |
| Earnest/Retention money | 63,789,438 | 28,936,292 |
| Liability against fractional bonus share | 1,163,929 | 1,163,929 |
| Unclaimed dividend | 17,386,033 | 16,767,756 |
| Liability against share application money | 7,581,814 | 7,581,814 |
| Interest payable | 168,321,364 | 27,942,567 |
| Provision for doubtful debts | 621,777 | 621,777 |
| Provident fund | 2,669,693 | 1,720,534 |
| | 575,844,827 | 491,672,953 |
| BSRM Iron & Steel Co. Limited | - | 23,770,313 |
| | 575,844,827 | 515,443,266 |



| | 2018 | 2017 |
|---------------------------------------|-----------------------|-----------------------|
| | Taka | Taka |
| 25.00 Revenue | | |
| Local sales | 45,044,400,230 | 31,787,086,110 |
| Export sales | 3,245,525,505 | 896,485,836 |
| | 48,289,925,736 | 32,683,571,946 |
| BSRM Iron & Steel Co. Ltd. | - | 8,184,295,006 |
| Less: Intra group sales by subsidiary | - | (2,871,456,413) |
| | 48,289,925,736 | 37,996,410,539 |

Total export sales for the period was USD 39,258,392.43 against export of 62,341.74 MT of goods.

| | | | | |
|-------|--|-------|----------------------|----------------------|
| 26.00 | <u>Cost of sales</u> | | | |
| | Cost of sales-Billet | 26.01 | 7,178,566,876 | - |
| | Cost of sales-MS Rod | 26.02 | 35,951,648,362 | 28,141,587,698 |
| | Cost of sales- Finished goods procured from outside | 26.03 | 280,542,716 | 303,075,319 |
| | | | <hr/> 43,410,757,954 | <hr/> 28,444,663,017 |
| | BSRM Iron & Steel Co. Ltd | | - | 7,864,825,517 |
| | Less: Intra group sales by subsidiary to BSRM Steels Limited | | - | (2,871,456,415) |
| | Add: Provision for unrealized profit on closing inventory | | - | 1,083,420 |
| | | | <hr/> 43,410,757,954 | <hr/> 33,439,115,539 |

| | | | | |
|-------|--|-------|----------------------|---|
| 26.01 | <u>Cost of sales- Billet</u> | | | |
| | Opening stock of scrap | | 1,563,619,640 | - |
| | Add: Purchase during the year | | 7,242,872,442 | - |
| | Less: Closing stock of scrap | | (3,074,906,084) | - |
| | Raw materials consumption-Scrap | | 5,731,585,998 | - |
| | Opening stock of Direct Consumable | | 167,320,706 | - |
| | Add: Purchase during the year | | 488,121,559 | - |
| | Less: Closing stock of Direct Consumable | | (144,465,091) | - |
| | Direct Consumable Consumption | | 510,977,175 | - |
| | Add: Factory overhead | 26.04 | 1,639,581,208 | - |
| | Cost of Billet Manufactured | | 7,882,144,381 | - |
| | Add: Opening stock of Billet FG | | 106,723,422 | - |
| | Less: Closing stock of Billet FG | | (92,565,314) | - |
| | Transfer to Rolling Mills | | (717,735,613) | - |
| | Cost of sales -Billet | | 7,178,566,876 | - |

| | | | |
|-------|---|-----------------------|-----------------------|
| 26.02 | <u>Cost of sales- MS Rod</u> | | |
| | Opening stock of raw materials-Billet | 2,421,315,878 | 2,361,027,966 |
| | Add: Purchase during the year | 36,972,004,861 | 27,287,169,332 |
| | Transfer from Melting Shop | 717,735,613 | - |
| | Less: Closing stock of raw materials-Billet | (4,136,043,212) | (2,422,415,357) |
| | Raw materials consumed-Billet | 35,975,013,141 | 27,225,781,941 |
| | Add: Factory overhead | 1,860,299,774 | 1,682,005,748 |
| | Cost of Goods Manufactured | 37,835,312,915 | 28,907,787,689 |
| | Add: Opening stock of finished goods | 3,206,608,673 | 2,440,408,682 |
| | Less: Closing stock of finished goods | (5,090,273,226) | (3,206,608,673) |
| | Cost of sales -own production | 35,951,648,362 | 28,141,587,698 |
| | | | |

| | | | |
|---|--|--------------------|--------------------|
| 26.03 <u>Cost of sales- finished goods procured from outside</u> | | | |
| Opening stock of finished goods | | 20,683,215 | 23,845,916 |
| Add: Finished goods purchased from outside | | 379,734,289 | 299,912,618 |
| | | 400,417,505 | 323,758,534 |
| Less: Move Order for Project/Repair | | (21,907,737) | - |
| Less: Closing stock of finished goods | | (97,967,052) | (20,683,215) |
| Cost of sales- finished goods procured from outside | | 280,542,716 | 303,075,319 |



| | | 2018 | 2017 |
|--|-------|----------------------|----------------------|
| | | Taka | Taka |
| 26.04 Factory Overheads: | | | |
| Car allowance | | 4,023,900 | 2,272,405 |
| Carrying charges-Finished goods | | 17,606,358 | 40,489,162 |
| Carrying charges-Raw materials | | 345,478,518 | 216,214,495 |
| Consulting fees | | 6,235,554 | 2,740,021 |
| Conveyance expenses | | 14,447,127 | 8,161,958 |
| Depreciation | 4.00 | 407,341,310 | 247,421,094 |
| Electrical store consumption | | 80,216,960 | 51,067,599 |
| Entertainment | | 6,670,787 | 3,707,843 |
| Fees and renewals | | 700,987 | 516,694 |
| Fuel and Lubricants | | 126,927,759 | 103,640,785 |
| Gas | | 177,040,112 | 146,476,851 |
| General store consumed | | 8,222,884 | 7,717,401 |
| Gratuity | | 21,577,562 | 4,961,536 |
| Guest house expenses | | 1,325,452 | 591,431 |
| Guest house rent | | 1,415,163 | 1,866,342 |
| Insurance expenses | | 4,277,971 | 3,762,534 |
| Land revenue | | - | 43,350 |
| Management fees | | 109,055,533 | 102,159,679 |
| Mechanical store consumption | | 232,217,229 | 147,259,709 |
| Medical expenses | | 3,589,951 | 2,079,588 |
| Motor car expenses | | 490 | 85,219 |
| Other store consumption | | 198,864,107 | 484,928 |
| Overtime | | 9,396,933 | 1,802,842 |
| Paper and periodical | | 9,936 | 10,570 |
| Postage and telegram | | 58,345 | 48,290 |
| Power | | 1,321,835,629 | 387,154,566 |
| Printing and stationery | | 8,870,375 | 5,269,348 |
| Rental expenses | | 16,672,295 | 10,624,440 |
| Repairs and Maintenance | | 35,636,330 | 14,819,901 |
| Salaries and allowances | | 287,091,090 | 158,337,681 |
| Testing charges | | 274,650 | 51,800 |
| Travelling expenses | | 1,578,645 | 2,558,431 |
| Utility expenses | | 13,136,043 | 575,846 |
| Wages | | 38,084,999 | 7,031,409 |
| | | 3,499,880,982 | 1,682,005,748 |
| 27.00 Selling and distribution expenses | | | |
| Advertisement | | 371,019,358 | 236,108,824 |
| Bad debts | | 248,292 | 38,876 |
| Brokerage and commission | | 127,345,811 | 119,986,096 |
| Car allowance | | 5,191,981 | 3,659,529 |
| Carriage on sales | | 421,560,796 | 215,827,852 |
| Conveyance expenses | | 4,078,444 | 5,756,552 |
| Depreciation | 4.00 | 23,703,252 | 22,112,792 |
| Electricity expenses-Depot | | 4,274,418 | 2,663,670 |
| Entertainment | | 21,933,969 | 54,015,301 |
| Export charges | | 5,807,260 | 2,243,619 |
| Fees and renewals | | 575,940 | 250,432 |
| Generator rent & fuel | | 188,189 | 182,791 |
| Gratuity expenses | | 10,610,255 | 5,170,185 |
| Internet expenses | | 636,166 | 375,217 |
| Medical expenses | | 897,894 | 705,173 |
| Motor cycle allowance | | 3,557,438 | 2,151,477 |
| Office expenses | | - | 648,775 |
| Paper and periodicals | | 99,304 | 66,719 |
| Printing charges | | 20,772,905 | 13,396,622 |
| Repair and maintenance | | 1,390,123 | 1,112,888 |
| Royalty expenses | 27.01 | 88,072,562 | 92,518,939 |



| | 2018 | 2017 |
|---------------------------|---------------|-------------|
| | Taka | Taka |
| Salaries and allowances | 119,109,191 | 104,082,576 |
| Sales promotion expenses | 55,109,932 | 40,832,403 |
| Stationery expenses | 257,934 | 411,963 |
| Testing charges | 2,736,618 | 1,708,349 |
| Travelling expenses | 9,460,370 | 9,954,856 |
| Warehouse rent | 5,474,123 | 2,901,220 |
| | 1,304,112,525 | 938,883,694 |
| BSRM Iron & Steel Limited | - | - |
| | 1,304,112,525 | 938,883,694 |

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

28.00 Administrative Expenses:

| | | |
|----------------------------------|-------------|-------------|
| Advertisement Expenses | 1,231,414 | 1,389,608 |
| Amortization of Intangible asset | 4,059,321 | 3,344,120 |
| Audit fees | 738,550 | 940,910 |
| Board Meeting expenses | 255,875 | 244,375 |
| Car allowance | 4,056,821 | 3,653,464 |
| Conveyance expenses | 1,556,373 | 874,572 |
| CSR expenses | 27,947,263 | 29,345,426 |
| Depreciation | 4.00 | 28,592,892 |
| Director's remuneration | 28.01 | 82,500,000 |
| Donation and subscriptions | 168,187 | 695,344 |
| Electricity expenses | 1,980,498 | 1,728,566 |
| Entertainment | 6,418,294 | 6,641,708 |
| Fees and renewals | 9,877,187 | 4,817,459 |
| Generator expenses | 16,680 | 20,069 |
| Gratuity expenses | 3,561,043 | 8,432,129 |
| Guest house rent | 725,410 | - |
| Insurance expenses | 32,223 | 2,875 |
| Internet expenses | 1,487,934 | 1,308,749 |
| Land revenue | 679,495 | 159,320 |
| Leave assistance | 1,345,000 | 1,331,500 |
| Legal expenses | 1,012,825 | 1,200,535 |
| Medical expenses | 3,433,763 | 2,504,586 |
| Motor car expenses | 4,194,925 | 3,882,890 |
| Motor cycle allowance | 597,275 | 370,202 |
| Office rent | 10,928,534 | 7,303,864 |
| Paper and Periodicals | 720,537 | 1,061,100 |
| Postage expenses | 576,409 | 977,300 |
| Printing expenses | 1,070,092 | 22,800 |
| Professional and consulting fee | 13,784,915 | 7,283,733 |
| Repair and maintenance | 4,822,592 | 5,522,711 |
| Salaries and allowances | 173,022,666 | 126,093,239 |
| Stationery expenses | 1,203,189 | 2,974,302 |
| Telephone expenses | 5,673,186 | 4,154,944 |
| Training expenses | 2,707,992 | 1,806,179 |
| Travelling expenses | 8,242,332 | 6,354,709 |
| | 409,221,690 | 330,207,378 |
| BSRM Iron & Steel Co. Ltd. | - | 36,945,600 |
| | 409,221,690 | 367,152,978 |



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

| Directors' Name | Gross Remuneration | Income Tax Deducted | Net Paid |
|---|-----------------------|------------------------|-------------------|
| | Taka | Taka | Taka |
| Mr. Alihussain Akberali-Chairman | 34,500,000 | 10,350,000 | 24,150,000 |
| Mr. Aameir Alihussain-Managing Director | 30,000,000 | 9,000,000 | 21,000,000 |
| Mr. Zohair Taherali-Director | 11,400,000 | 3,420,000 | 7,980,000 |
| Mrs. Tehseen Zohair Taherali- Director | 6,600,000 | 1,980,000 | 4,620,000 |
| | 82,500,000 | 24,750,000 | 57,750,000 |

29.00 Other Operating Income

| | | |
|---|-------------------|-------------------|
| Gain/(loss) on sale of non-current assets | (6,556,198) | (1,692,689) |
| Miscellaneous income | 13,860,165 | 4,744,265 |
| Tender money | (2,298) | - |
| Truck/Trailer Rental income | 7,750,000 | - |
| Other miscellaneous income | (237,378) | - |
| | 14,814,291 | 3,051,576 |
| BSRM Iron & Steel Co. Ltd. | - | 19,281,358 |
| | 14,814,291 | 22,332,934 |

30.00 Finance Costs:

| | | |
|--|----------------------|----------------------|
| Interest on OD, cash credit | 136,746,314 | 86,180,987 |
| Interest on LATR | 54,628,890 | 12,297,903 |
| Interest on Demand and Time loan | 1,354,927,135 | 1,007,780,408 |
| Interest on Term loan | 38,130,880 | 141,081 |
| Bank charges & others | 27,123,566 | 10,732,028 |
| Bank Guarantee Commission | 1,127,670 | 1,131,584 |
| Interest on redeemable zero coupon bond | 139,130,142 | 183,857,747 |
| Agency fees | 20,598,789 | 11,619,140 |
| Foreign exchange loss on translation | 1,864,515 | 14,191,665 |
| Interest on balance due to inter companies | 264,835,160 | - |
| | 2,039,113,061 | 1,327,932,542 |
| BSRM Iron & Steel Co. Ltd. | - | 200,209,564 |
| | 2,039,113,061 | 1,528,142,105 |

31.00 Finance income

| | | | |
|--|-------|----------------------|--------------------|
| Foreign currency exchange gain/(loss) | 31.01 | 4,121,344 | (2,012,538) |
| Interest on trade debtors | | 4,583,351 | 9,307,328 |
| Interest income from FDR | | 65,998,073 | 14,883,720 |
| Interest on short term deposit (STD) | | - | 3,989 |
| Rebate on interest on bank loan | | 841,000 | 5,597,364 |
| Interest on balance due from inter companies | | 951,825,610 | 933,455,194 |
| | | 1,027,369,378 | 961,235,057 |
| BSRM Iron & Steel Co. Ltd. | | - | 15,859,358 |
| | | 1,027,369,378 | 977,094,415 |

31.01 Foreign currency exchange gain/(loss)

| | | |
|---|------------------|--------------------|
| Realized foreign currency transaction gain/(loss) | 4,121,344 | (2,012,538) |
| | 4,121,344 | (2,012,538) |

32.00 Profit on bargain purchase

| | | |
|---|---------------------|----------|
| Percentage acquired of BSRM Iron & Steel Co. Ltd. | 5% | - |
| Net Assets of BSRM Iron & Steel Co. Ltd. | 2,339,035,730 | - |
| Consideration paid to acquire 5% | 106,755,000 | - |
| Less: Net Assets acquired | (116,951,786) | - |
| Profit on bargain purchase | (10,196,786) | - |

On 1 October 2017, the Company has acquired the remaining 5% shares representing 5,500,000 shares to complete the amalgamation scheme with BSRM Iron & Steel Co. Ltd., thereby transferring all assets and liabilities to BSRM Steels Limited. Pursuant to the merger agreement, the Company has paid a cash consideration of Tk 19.41 per share which was valued using the net asset value method.



| | 2018 | 2017 |
|--|--------------------|----------------------|
| | Taka | Taka |
| 33.00 Share of profit/(loss) of associate (Net of tax) | | |
| Net profit/(loss) attributable to the shareholders of associate | 938,269,829 | (890,929,343) |
| Percentage of holding | 25.35% | 25.35% |
| Net profit/(loss) attributable to BSRM Steels Ltd. | 237,876,679 | (225,874,590) |
| | <u>237,876,679</u> | <u>(225,874,590)</u> |
| 34.00 Earnings per share | | |
| Basic earnings per share (EPS) | | |
| Profit attributable to the ordinary shareholders | 1,800,795,558 | 1,702,491,540 |
| Number of ordinary shares at the year end | 341,775,000 | 341,775,000 |
| Weighted Average number of shares outstanding during the year | 341,775,000 | 341,775,000 |
| Basic earnings per share (EPS) | <u>5.27</u> | <u>4.98</u> |
| Earnings per share (EPS) has been computed by dividing the net profit after tax (NPAT) by the weighted average number of ordinary shares outstanding on the reporting date as per BAS-33: Earnings Per Share. No diluted EPS was required to be calculated for the year since there was no scope for dilution. | | |
| 35.00 Net Asset Value Per Share (NAV) | | |
| Total Assets | 45,680,555,312 | 37,607,775,141 |
| Less: Total Liabilities | (32,871,654,780) | (25,977,476,460) |
| Net Asset Value (NAV) | 12,808,900,532 | 11,630,298,681 |
| Number of ordinary shares outstanding during the period | 341,775,000 | 341,775,000 |
| Net Assets Value (NAV) per share | <u>37.48</u> | <u>34.03</u> |
| 36.00 Net operating cash flow per share | | |
| Net operating cash flows (From statement of Cash Flows) | 990,208,791 | 364,432,640 |
| Number of ordinary shares outstanding during the period | 341,775,000 | 341,775,000 |
| Net operating cash flow per share | <u>2.90</u> | <u>1.07</u> |



37.00 Related party transactions

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

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

| Name of parties | Relationship | Nature of Transactions | Outstanding as on 30 June 2018 | | Mode of Transaction |
|---|----------------|------------------------|-----------------------------------|-----|----------------------------------|
| Bangladesh Steel Re-Rolling Mills Limited | Shareholder | Short term loan | 4,871,551,354 | Dr. | Market price/Negotiated price |
| BSRM Ispat Limited | Sister Company | Short term loan | 547,296,225 | Dr. | |
| BSRM Steel Mills Limited | Associate | Short term loan | (1,540,077,748) | Cr. | |
| BSRM Logistics Limited | Sister Company | Short term loan | 194,947,734 | Dr. | |
| BSRM Metals Limited | Sister Company | Short term loan | 72,285,997 | Dr. | |
| H. Akberali & Co. Limited | Sister Company | Short term loan | 541,067,086 | Dr. | |
| Chittagong Power Company Ltd. | Sister Company | Short term loan | 622,851,469 | Dr. | |
| BSRM Wires Limited | Sister Company | Short term loan | 58,989,394 | Dr. | |
| BSRM Recycling Industries Limited. | Sister Company | Short term loan | 61,351,294 | Dr. | |

37.01 Details of transactions

| Name of inter companies | Opening balances | | Transaction during the year (Net) | Amount owed by related parties* | Amount owed to related parties* |
|---------------------------------------|------------------|-----|--------------------------------------|------------------------------------|------------------------------------|
| Bangladesh Steel Re-Rolling Mills Lim | 6,815,692,516 | Dr. | (1,945,562,015) | 4,871,551,354 | (1,540,077,748) |
| BSRM Ispat Limited | 436,814,028 | Dr. | 110,482,197 | 547,296,225 | |
| BSRM Steel Mills Limited | 1,098,897,899 | Dr. | (2,638,975,647) | | |
| BSRM Logistics Limited | 244,033,258 | Dr. | (49,085,524) | 194,947,734 | |
| BSRM Metals Limited | 63,967,690 | Dr. | 8,318,307 | 72,285,997 | |
| H. Akberali & Co. Limited | 197,079,123 | Dr. | 343,987,963 | 541,067,086 | |
| Chittagong Power Company Ltd. | 470,775,994 | Dr. | 152,075,475 | 622,851,469 | |
| BSRM Wires Limited | (15,547,452) | Cr. | 74,536,846 | 58,989,394 | |
| BSRM Recycling Industries Limited. | 23,742,633 | Dr. | 37,608,661 | 61,351,294 | |

These amounts are classified as Due to and Due from related companies, respectively (see Notes 10 and 20)



| | 2018 | 2017 |
|---|--------------------|--------------------|
| | Taka | Taka |
| 38.00 Contingent liabilities | | |
| 38.01 Bank guarantees | | |
| IFIC Bank Limited | 84,130,345 | 84,130,345 |
| HSBC | 832,468 | 805,932 |
| Mercantile Bank Limited | 43,816,050 | 158,513,266 |
| | 128,778,863 | 243,449,543 |
| 38.02 Claim against trade VAT by Customs, Excise & VAT authority | | |
| Claim against trade VAT by Customs, Excise & VAT authority | 23,053,915 | 23,053,915 |
| | 23,053,915 | 23,053,915 |

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

| | | |
|--|---------|---------|
| 39.00 Production Capacity | | |
| Licensed Capacity (In M. Ton)- yearly | 700,000 | 700,000 |
| Installed Capacity (In M. Ton)- yearly | 700,000 | 700,000 |
| Production (In M. Ton) | 727,034 | 681,064 |
| Capacity utilized- (%) | 103.9% | 97.3% |

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

| | | |
|--|------------|------------|
| 40.00 Employees | | |
| Number of employees whose monthly salary was below Tk. 3,000 | - | - |
| Number of employees whose monthly salary was above Tk. 3,000 | 974 | 624 |
| | 974 | 624 |



41.00 Financial instruments- Financial risk management

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

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

| | |
|-------|----------------|
| 41.01 | Credit risk |
| 41.02 | Liquidity risk |
| 41.03 | Market risk |

Risk management framework

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

41.01 Credit risk

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

41.01.01 Exposure to credit risk

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

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | Taka | Taka |
| Investments in FDRs (Short term and long term) | 702,871,525 | 345,998,295 |
| Advances and deposits | 2,954,281,030 | 1,563,349,721 |
| Trade and other receivables | 6,460,423,147 | 3,448,601,088 |
| Due from related companies | 6,970,340,553 | 10,037,584,376 |
| Cash at banks | 139,066,577 | (30,293,928) |
| | 17,226,982,832 | 15,365,239,552 |

41.01.02 Ageing of trade and other receivables

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

| | 2018 | 2017 |
|------------------------|----------------------|----------------------|
| | Taka | Taka |
| Due for 3 months | 5,174,964,938 | 2,711,562,159 |
| Due for 3 to 6 months | 328,352,260 | 191,238,526 |
| Due for above 6 months | 276,581,060 | 181,192,161 |
| | 5,779,898,258 | 3,083,992,846 |



41.02 Liquidity risk

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

Exposure to Liquidity risk

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

| Non-derivative financial liabilities | Carrying amount | Interest rate | Contractual cash flows | | |
|---|-----------------------|-----------------|------------------------|----------------------|-------------------|
| | | | Within 12 months | 1 to 5 years | More than 5 years |
| As at June 30, 2018 | Taka | | Taka | Taka | Taka |
| Long term loans | 2,871,181,381 | 9.5% - 10.50% | 1,093,625,713 | 1,777,555,668 | - |
| Trade payables | 5,767,311,018 | N/A | 5,767,311,018 | - | - |
| Short term loans | 19,295,024,003 | 10.15% - 13.25% | 19,295,024,003 | - | - |
| Liabilities for expenses | 1,540,077,748 | N/A | 1,540,077,748 | - | - |
| Defined benefit obligations- Gratuity | 136,970,002 | 10% | 136,970,002 | - | - |
| Provision for WPPF and Welfare fund | 109,253,966 | | 109,253,966 | - | - |
| Other liabilities | 575,844,827 | N/A | 575,844,827 | - | - |
| | 30,295,662,945 | | 28,518,107,277 | 1,777,555,668 | - |

| Non-derivative financial liabilities | Carrying amount | Interest rate | Contractual cash flows | | |
|---|-----------------------|---------------|------------------------|----------------------|-------------------|
| | | | Within 12 months | 1 to 5 years | More than 5 years |
| As at June 30, 2017 | Taka | | Taka | Taka | Taka |
| Long term loans | 1,591,706,604 | 11%-14.50% | 496,382,366 | 1,095,324,238 | - |
| Trade payables | 79,194,710 | N/A | 79,194,710 | - | - |
| Short term loans | 17,914,392,772 | 10% - 11% | 17,914,392,772 | - | - |
| Liabilities for expenses | 288,191,966 | N/A | 288,191,966 | - | - |
| Defined benefit obligations- Gratuity | 72,632,738 | 10% | - | 72,632,738 | - |
| Provision for WPPF and Welfare fund | 130,308,597 | | 130,308,597 | - | - |
| Other liabilities | 491,672,953 | | 491,672,953 | - | - |
| | 20,568,100,340 | | 19,400,143,364 | 1,167,956,976 | - |

41.03 Market risk

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

(a) Currency risk exposure and its management

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



The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2018, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

(i) Exposure to currency risk

| | 30 June 2018 | | 30 June 2017 |
|---|---------------------|----------------------|---------------------|
| | USD | Taka | USD |
| Foreign currency denominated assets | | | |
| Cash and cash equivalents | 210,673 | 17,801,840 | 13,649 |
| Trade and other receivables | 3,136,958 | 265,072,951 | 1,766,678 |
| | 3,347,631 | 282,874,791 | 1,780,327 |
| Foreign currency denominated liabilities | | | |
| Liability for accepted bills for payment (ABP) | 54,775,172 | 4,628,502,072 | 13,790,417 |
| | 54,775,172 | 4,628,502,072 | 13,790,417 |
| Net exposure | (51,427,542) | 4,911,376,863 | (12,010,090) |

The following significant exchange rate is applied during the period:

| | |
|----------------------------|--------------|
| Exchange rate of US Dollar | 84.50 |
|----------------------------|--------------|

(ii) Sensitivity analysis

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

| | 30 June 2018 | | 30-Jun-17 |
|-------------------|-----------------|---------------|----------------|
| | Profit or loss | | Profit or loss |
| | Strengthening | Weakening | Strengthening |
| | Taka | Taka | Taka |
| USD (2% movement) | (9,170,091,598) | 9,170,091,598 | (25,548,602) |

(b) Transaction risk

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

(c) Economic risk

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

(d) Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to re-pay debts

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.

| | 2018 |
|-----------------------------------|-------------------------|
| | Taka |
| Fixed- rate instruments | |
| Financial assets | 7,673,212,078 |
| Financial liabilities | (22,166,205,384) |
| | (14,492,993,306) |
| Variable- rate instruments | |
| Financial assets | Nil |
| Financial liabilities | Nil |
| | - |

(e) Other market price risk

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

42.00 Events after reporting date:

42.01 Proposed Dividend:

The Board of Directors at the meeting held on September 25, 2018 has recommended 10% stock dividend and 10% cash dividend for the year 2017-18.

