BSRM
building a safer nation

BUILDING A RESILIENT NATION



ANNUAL REPORT 2016-17

BANGLADESH STEEL RE-ROLLING MILLS LIMITED

AMARSTOCK

BANGLADESH STEEL
RE-ROLLING MILLS LIMITED

ANNUAL REPORT 2016-17

BSRM
building a safer nation

PREFACE

BUILDING A RESILIENT NATION

True development cannot sustain without being people and environment friendly. Bangladesh caters to numerous sustainable initiatives in different sectors of development widely appreciated and acknowledged by everyone. BSRM, being the leading steel producer of Bangladesh, believes in sustainable development which will be resilient in its outcome.

In line with government's sustainable development projects, BSRM steps forward with their Annual Tree Plantation program and Zero-Emission and Effluent Treatment facilities to cope with the resilience of our national spirit of sustainable progress. Taking all these initiatives into consideration, the future of Bangladesh looks brighter and safer than ever before.

LETTER OF TRANSMITTAL

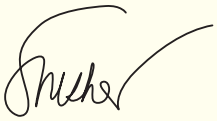
Date: 31st August, 2017

Valued Shareholders of Bangladesh Steel Re-Rolling Mills Limited
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Annual Report for the period of 18 months from 1st January, 2016 to 30th June, 2017.

Dear Sir (s)
We are pleased to enclose herewith a copy of the Annual Report of Bangladesh Steel Re-Rolling Mills Limited together with the Audited Financial Statements, Report of the Board of Directors and Auditors' Reports thereon for the period from 1st January, 2016 to 30th June, 2017 for your information and records.

Sincerely yours,



Shekhar Ranjan Kar FCA
Group CFO & Company Secretary

AMAR STOCK

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CORROSION-RESISTANT STEEL

Corrosion eats up 3.1%–3.5% of the total GDP of a country. To reduce the economic loss due to corrosion and increase longevity of structures, BSRM has developed a new type of advanced steel named BSRM Centura. This Fusion Bonded Epoxy Coated (FBEC) Rebar fights against the natural process of oxidization and is highly suitable for huge structures, roads and bridges, especially in coastal areas where salinity is higher. By developing a sustainable product, BSRM is contributing to build a resilient nation.

WHO ARE WE?

Bangladesh Steel Re-Rolling Mills Limited (BSRMLTD) is the oldest Steel re-rolling mill in Bangladesh. More than 60 years earlier we started our journey with four manual rolling mills. It was first steel mill in Bangladesh.

Now Bangladesh Steel Re-Rolling Mills Limited (BSRMLTD) is the biggest merchant steel re-rolling mill in Bangladesh. This mill is capable of producing high quality Reinforcing Steel and steel sections such as Channels and Angle. BSRMLTD has increased its capacity from 120,000 M. Ton to 450,000 M.Ton and started its commercial operation from December 09, 2015.

BSRMLTD has another unit Steel Melting Works (SMW) which is producing Billets for in-house consumption to produce steel reinforcements and sections. This unit is capable of producing 145,000 M.Ton M.S Billet per annum.

BSRMLTD has significant investment in the equity of BSRM Steels Limited and BSRM Steel Mills Limited. Presently, Bangladesh Steel Re-Rolling Mills Limited is holding 31.19% shares of BSRM Steels Limited and 44.97% shares of BSRM Steel Mills Limited.

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LED LIGHT

Lights are one of the key electrical appliances used in modern days. For Bangladesh, 30% of the total electricity produced is consumed by Lights. Energy Efficient LED Lights give us the required lumen by consuming fewer watts, ensuring up to 80% of energy saving compared to the equivalent output of conventional Lights.

OVERALL STRATEGIC OBJECTIVES

- To Produce High Quality Products
- To Reduce the Cost of Production
- To Optimize Production Capacity
- To Ensure Maximum Satisfaction of the Customer
- To Recruit and Development Workforce
- To Ensure Adequate Corporate Governance

IMARSTOCK



SOLAR HOME SYSTEM

The nation has seen a giant leap in Solar Power Sector.
Government has Illuminated 12% of the total population through financing the installation over 4.1 million Solar Home System and 25 Solar Mini grid projects.

BSRM VISION

WE AT BSRM GROUP ASPIRE TO…

- Maintain our leadership position in the steel industry by producing the best quality steel products, continuously enhancing customer satisfaction and becoming a reliable business partner of our customers and suppliers.
- Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization.
- Protect the interest of our shareholders through sustainable growth and value creation.
- Preserve the trust of all our stakeholders by adopting ethical business practices.
- Support the society through Corporate Social Responsibility initiatives.

BSRM VALUES

Sustainable Growth: Consistent improvement in the quality of products and services, efficiency of processes and profitability of business; continuously anticipating and responding to the changing business and environmental needs using innovation; sharing knowledge and experience within the organization.

Quality: Create products and services valued by our customers; constantly improving our processes through innovation and adopting best practices; reducing wastage; minimizing costs; investing in systems & technology and developing our people to build a highly capable workforce.

Reliability: Be the preferred business partner of our customers and suppliers by offering quality products; providing our best and timely service before, during and after the business transactions and honoring all our commitments despite challenges.

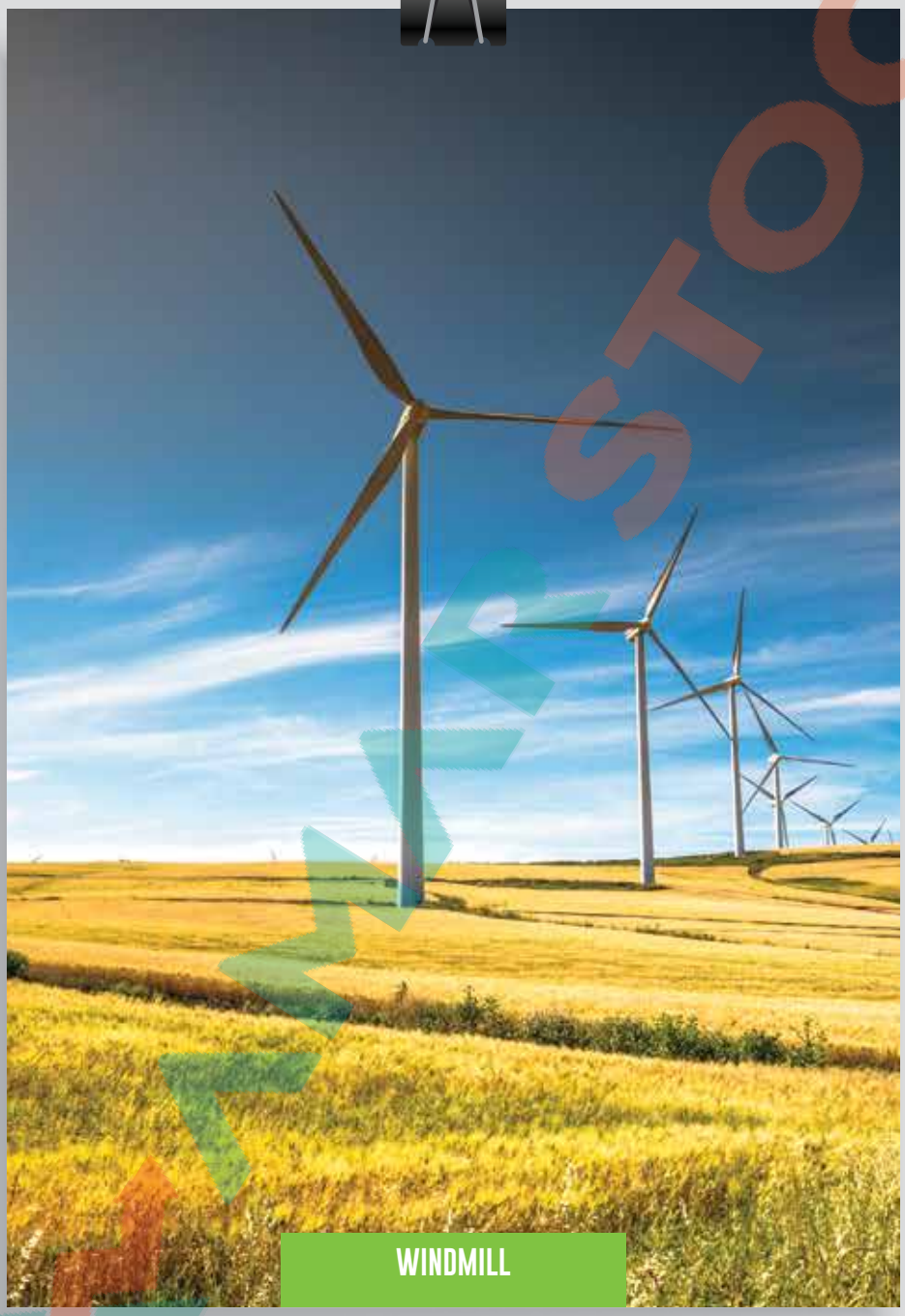
Trust: Preserve the faith and goodwill of all our stakeholders – Customers, shareholders, suppliers, employees, regulatory bodies and society by-adopting ethical and transparent business practices, being fair and honest in all our dealings and building robust governance and risk management processes.

Leadership: Be a role model, setting benchmarks through our products, processes and people; constantly moving ahead of competition by differentiating our products, innovating our processes, increasing our market share and nurturing talent to develop leaders within the organization.

Social responsibility: Acknowledge and fulfill our obligations towards the society by undertaking initiatives for the general uplifting of the society, building capability and making facilities available to the underprivileged.

Customer Satisfaction: Delight our external and internal customers at every stage of our interaction with them by truly understanding their needs, offering them our best products and services, treating them with respect and actively seeking and acting on their feedback.

SMART STOCK



WINDMILL

The power generation capacity from windmills in our coastal areas shows a brighter path for the future. Currently, the estimated annual energy outputs from these coastal windmills are about 200 MWh–230 MWh from a 250 KW windmill station.

6 CODE OF CONDUCT

BSRM always adopts best, ethical and transparent business practices to be fair and honest in all our dealings.

We always acknowledge and fulfill our obligations towards the Society and offer our best services to our customers and treat them with respect and honor.



SOLAR IRRIGATION SYSTEM

Around 45% of Bangladesh's workforce is employed in agriculture. Bangladesh spends $900 million per year for 1 million tons of diesel to power its irrigation systems. Solar-powered pumps are a reliable irrigation alternative for farmers, as solar technology helps reduce cost of production and protect the environment.

BSRM GROUP'S MILESTONES

1952	The BSRM saga began with the first steel re-rolling mills to emerge in the then East Bengal.
1984	Introduced high strength cold twisted steel bars (TORSTEEL) to the construction industry.
1987	Introduced high strength deformed reinforcing steel bars conforming to ASTM 615 Grade 60 for the construction industry.
1996	Commissioned the then largest billet making plant in the country - Meghna Engineering Works Limited, now known as Steel Melting Works (SMW) unit of Bangladesh Steel Re-Rolling Mills Ltd.
2006	Introduced micro reinforcement wires, below 8mm for low cost rural construction.
2008	BSRM Steels Limited commenced production of internationally recognized Grade 500 steel bars branded as "Xtreme500W" conforming to ISO 6935-2.
2009	Entrance in the Capital Market-shares of BSRM Steels Limited, the flagship company of BSRM Group was listed with the country's premier bourses Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. on 18th January 2009. Market Capitalization as on 30th June 2017 is Tk. 29,974 million. The public shareholding including institutional investors is 29.13%.
2010	BSRM Iron and Steel Co. Ltd. largest billet making plant in the country started commercial production on June 01, 2010.
2012	Production capacity of BSRM Steels Limited enhanced to 600,000 MT per year.
2013	A syndicated term loan of US$ 40 million and BDT 5,908 million, raised by a consortium of 25 banks and financial institutions for BSRM Steel Mills Limited. It is the largest ever syndicated loan facility arranged for a private company in Bangladesh.
2014	Oracle e-BS -12 went GO LIVE on 1st March 2014. Oracle Financials, Costing, Purchasing, Manufacturing, EAM, Inventory & order management are now integrated on a single platform which ensure the accuracy, accountability and reliability of the Group.
2015	Capacity of BSRM Steels Limited enhanced from 600,000 MT to 700,000 MT per annum. Announced a new product "**BSRM Maxima**". Capacity of Bangladesh Steel Re-Rolling Mills increased from 120,000 MT to 450,000 MT per annum which will be the first and largest merchant mill in Bangladesh. Listing of Bangladesh Steel Re-Rolling Mills Limited with the stock exchanges (DSE & CSE). Starting trial production of world's largest induction furnace based billet casting project –"BSRM Steel Mills Limited".
2016-17	For the first time in the history of BSRM Group, sales of MS Products has crossed one million M.Ton in the year of 2016 BSRM Steel Mills Limited, a largest billet making plant in the country started commercial production in June 2016. **"BSRM Ultima"** a landmark innovation of BSRM is introduced first time in Bangladesh. EPOXY coated bars for corrosion free structure "**CENTURA**" is introduced.
WHAT'S NEXT?	Another melting unit with capacity of 430,000 M. Ton for producing billets is under construction at Sonapahar, Mirsharai, Chittagng.

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IMPROVED COOK STOVE

89% of our total population uses solid fuel for everyday cooking. Household Air Pollution (HAP), caused by conventional cook stoves, affects 138 million people in Bangladesh and contributes to 78,000 premature deaths every year. Improved Cook Stoves reduce fuel use by 30–60%, resulting in fewer greenhouse gas and black carbon emissions and reducing impacts on forests and biodiversity. Government is working to enable five million households to adopt these cooking stolutions by 2017.

ACCOLADES FOR BSRM GROUP OF COMPANIES



Certificate of ICSB National Award 2015



Certificate of Merit from SAFA 2015



ICSB National Award, Gold 2015



16th ICAB National Award for
Best Presented Annual Report 2015



ICAB National Awards for Best Presented Annual Report 2012, 2013 & 2015

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ACCOLADES FOR BSRM GROUP OF COMPANIES



Export Award from Honorable Prime Minister



Best Brand of Bangladesh in Steel Category
for 2011, 2013, 2014, 2015 & 2016



President's Award for Industrial Development 2014



Tax Card for paying highest tax in the AY- 2015-16
(under Manufacturing Category)



Best Enterprise of the year 2010



D & B Corporate Awards 2010 & 2012

STOCK

ACCOLADES FOR BSRM GROUP OF COMPANIES



Divisional Environment Award 2013



Best Electricity Consumer Award 2015



5th Standard Chartered-Financial Express CSR Award 2014



Mercantile Bank Excellence Award 2015



IIUC Business Award 2014



Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Award 2014

CORPORATE AND CONTACT INFORMATION

COMPANY NAME
Bangladesh Steel Re-Rolling Mills Limited

DATE OF INCORPORATION
28th December, 1960

DATE OF COMMERCIAL OPERATION
1961

SHARE CAPITAL
Authorized capital BD Tk. 500.00 Crore

Paid Up Capital
BD Tk. 195.097 Crore

BORAD OF DIRECTORS
Mr. Alihussain Akberali FCA, Chairman
Mr. Aameir Alihussain, Managing Director & CEO
Mr. Zohair Taherali, Director
Mrs. Sabeen Aameir, Director
Mr. Mono Ranjan Dey FCA, Independent Director

AUDIT COMMITTEE
Mr. Mono Ranjan Dey FCA, Chairman
Mr. Aameir Alihussain, Member
Mr. Zohair Taherali, Member
Mr. Shekhar Ranjan Kar FCA, Secretary

COMPANY SECRETARY
Mr. Shekhar Ranjan Kar FCA

MANAGEMENT COMMITTEE
Mr. Tapan Sengupta, Executive Director
Mr. Kazi Anwar Ahmed, Head of Corporate Affairs
Mr. M. Firoze, Head of Marketing & Product Development
Mr. Shekhar Ranjan Kar FCA, Group CFO and Company Secretary
Mr. Sunil Kumar Das, Country Director, India
Mr. Jamil Ahmed, Head of Human Resources
Mr. Mohd. Imtiaz Uddin Chowdhury, Head of SCM

EXECUTIVE COMMITTEE
Mr. Alihussain Akberali FCA, Chairman
Mr. Aameir Alihussain, Managing Director
Mr. Zohair Taherali, Director Finance
Mr. Tapan Sengupta, Executive Director
Mr. Kazi Anwar Ahmed, Head of Corporate Affairs
Mr. Sunil Kumar Das, Country Director, India
Mr. M. Firoze,Head of Marketing & Product Development
Mr. Shekhar Ranjan Kar FCA, Group CFO and Company Secretary
Mr. Jamil Ahmed, Head of Human Resources

AUDITOR
A Qasem & Co.
Chartered Accountants
Faruk Mahal (3rd Floor) Plot# 93, Agrabad C/A Chittagong.

LOCATIONS
PLANT
Re-Rolling Unit: 147-149, Nasirabad I/A,
Baizid Bostami Road, , Chittagong.
Tel: +88 031 683053, 683164, 683094
Steel Melting Works Unit: 78/79, Nasirabad I/A,
Baizid Bostami Road, Chittagong.
Tel: +88 031 681487, 683536

CORPORATE OFFICE
Ali Mansion, 1207/1099 Sadarghat Road,
Chittagong, Bangladesh.

OVERSEAS OFFICE
Kolkata, India
16, Lake Temple Road, 1st Floor, Kolkata-700029, India
Tel:033-65290455, Fax: 033-24633378.

OVERSEAS BRANCH OFFICE
Agartala
Khejurbagan (New-Capital Complex)
Ward No-2, House NO- 020851, PO: Kathalbagan,
PS: New Capital Complex, West Tripura, India.

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CORPORATE AND CONTACT INFORMATION

DHAKA OFFICE

Mahbub Castle (1st, 2nd & 4th Floor)
35/A, Purana Paltan Line, VIP Road, Dhaka.
Tel: 88 02 8311994, 8313135, 9358135
Fax: 88 02 8312905 Email: dhaka@bsrm.com

UTTARA OFFICE

Atlanta Trade Center, Level-6, Plot-1, Road-1/A,
Sector-4, Uttara Model Town, Dhaka.
Tel: 02-8957027, 8958029, Fax # 02-8956496

REGIONAL OFFICES

Sylhet

Samad Mansion, Mendibag, Upa-Shahar, Sylhet.
Tel: 0821-721239, 01714080514
Fax: 0821-2832751, Email: sylhet@bsrm.com

Bogra

Tin Matha Rail Gate
(near to North Bengal Petrol Pump), Puran Bogra, Bogra.
Tel: 051-60792, 01711-795148,
E-mail: bogra@bsrm.com

Comilla

Chandrima Super Market,
Airport Road (Near to EPZ Main Gate), Comilla.
Tel: 081-71988, 01714-080544,
E-mail: comilla@bsrm.com

Khulna

Plot # C-7, Road # 4, Shiromoni I/A, Khulna.
Tel: 041-785303, 01714-031110,
E-mail: khulna@bsrm.com

Barishal

Amtala (Panir Tanki), South Alekanda, Barishal.
Tel: 0431-217518, 01713-362984

Narayangonj

Jungal, Barpara, Bandar, Narayangonj.
Tel: 044-76001557, 01730-313123

Rajshahi

235/2 Alupatti Ghoramara, Boalia, Rajshahi.
Tel: 01755-538353, 01730-087537

Rangpur

House # 71/01, Road # 2, Islambag, RK Road, Rangpur.
Tel: 01711-795148, 01730-784821

Benapole

50 Kagojpukur Benapole Port, Sharsa,
Jessore. Tel: 01730-703045.

Mirsharai

Sonaphar, Zorargonj, Mirsarai, Chittagong.

Mymensingh

Dag No 109, Mouja-Chorkhai, Jamtali,
Charkhai Sadar, Mymensingh.

Coxs Bazar

S.K Tower, 2nd floor, Taraboinarchora
Khurushkul Road, Coxsbazar.

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PERFORMANCE AT A GLANCE

PARTICULARS	JUL'16 TO JUN'17 (12 MONTHS) BDT IN MILLION	JAN'16 TO JUN'16 (6 MONTHS) BDT IN MILLION	JAN'16 TO JUNE'17 (18 MONTHS) BDT IN MILLION
REVENUE	23,457.26	9,713.86	33,171.13
GROSS PROFIT	3,215.62	1,362.03	4,577.64
OPERATING PROFIT	2,571.90	1,057.78	3,629.68
PROFIT BEFORE TAX	1,197.26	893.74	2,091.00
NET PROFIT AFTER TAX	756.52	588.65	1,345.17
EARNINGS PER SHARE	3.88	3.02	-
NAV PER SHARE	55.75	52.84	55.75
NOCF PER SHARE	(11.38)	(3.52)	-

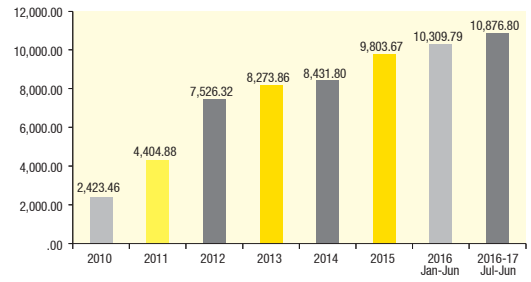
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KEY FINANCIAL HIGHLIGHTS

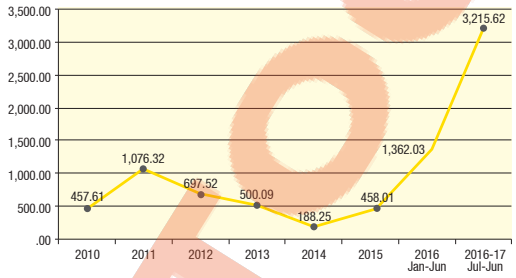
Assets Employed	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2014	2013	2012	2011
Non- Current Assets	19,451.03	18,507.25	18,165.60	12,602.28	10,874.29	9,170.19	5,878.12
Net Current Assets	(5,007.24)	(3,647.94)	(3,224.78)	833.99	(122.26)	466.82	(458.43)
Total Assets Employed	**14,443.79**	**14,859.31**	**14,940.82**	**13,436.27**	**10,752.03**	**9,637.01**	**5,419.69**
Financed by							
Share Capital	1,950.98	1,950.98	1,773.62	1,558.51	1,558.51	1,558.51	643.45
Share Premium	511.97	511.97	511.97	-	-	-	-
Revaluation Reserve	4,019.43	4,067.38	4,078.45	4,156.48	4,131.54	4,190.28	1,619.08
General Reserve & Others	75.83	75.83	75.83	75.83	30.17	30.17	301.77
Retained Earnings	4,318.59	3,703.63	3,363.80	2,640.98	2,553.64	1,747.36	1,840.57
Shareholder's Equity	**10,876.80**	**10,309.79**	**9,803.67**	**8,431.80**	**8,273.86**	**7,526.32**	**4,404.88**
Long Term Borrowings	2,077.99	3,272.58	4,167.99	4,056.00	1,406.18	1,228.23	331.89
Defined Benefit obligations - Gratuity	157.13	142.43	128.57	120.00	-	-	-
Deferred Tax Liability	1,331.86	1,134.51	840.59	828.47	1,071.99	882.46	682.92
Total Capital Employed	**14,443.79**	**14,859.31**	**14,940.82**	**13,436.27**	**10,752.03**	**9,637.01**	**5,419.69**
Operational Results							
Revenue	23,457.26	9,713.86	7,801.98	8,049.89	8,602.42	14,043.42	12,664.40
Gross Profit	3,215.62	1,362.03	458.01	188.25	500.09	697.52	1,076.32
Profit from Operation	2,571.90	1,057.78	207.15	(66.17)	284.99	486.18	865.90
Profit before Interset, Taxes & Depriciation Allowances	3,465.31	1,807.55	1,771.83	737.85	1,822.44	1,196.99	2,450.29
Profit before Tax	1,197.26	893.74	936.59	6.09	1,300.09	665.83	1,838.94
Profit after Tax	756.52	588.65	827.67	109.09	943.82	453.92	1,150.80
Ratios							
Gross Profit Ratio - %	13.71%	14.02%	5.87%	2.34%	5.81%	4.97%	8.50%
Net Profit Ratio - %	3.23%	6.06%	10.61%	1.36%	10.97%	3.23%	9.09%
EBITDA margin to Sales - %	14.77%	18.61%	22.71%	9.17%	21.19%	8.52%	19.35%
Return on Shareholders Equity - %	6.96%	5.71%	8.44%	1.29%	11.41%	6.03%	26.13%
Return on Capital Employed - %	5.24%	3.96%	5.54%	0.81%	8.78%	4.71%	21.23%
Current Ratio - Times	0.75	0.78	0.73	1.09	0.99	1.06	0.95
Quick/Acid test Ratio - Times	0.28	0.35	0.31	0.71	0.43	0.40	0.41
Inventory Turnover Ratio - Times	2.41	1.35	1.71	1.67	1.52	2.69	3.56
Total Assets Turnover Ratio - Times	0.68	0.31	0.29	0.35	0.40	0.83	0.85
Earning Per Share (EPS) - Taka	3.88	3.02	4.78	0.70	6.06	2.91	17.88
Price/ Earning (PE) Ratio - Times	34.69	48.94	27.53	-	-	-	-
Price/ Equity Ratio - Times	13.46	14.78	13.16	-	-	-	-
Dividend Per Share (DPS) - Taka	2.00	-	1.50	1.00	-	1.50	10.00
Dividend Pay out Ratio	0.52	-	0.31	1.43	-	0.52	0.56
Dividend Cover Ratio	1.94	-	3.11	0.70	-	1.94	1.79
Net Assetss Value Per Share (NAV) -Taka	55.75	52.84	55.28	54.10	53.09	48.29	68.46
Net Operating Cash Flow Per Share - Taka	(11.38)	(3.53)	(10.16)	(5.43)	0.53	3.42	34.17
Debt Equity Ratio - Times	2.17	2.08	1.75	1.70	1.57	1.24	2.37
Interest Coverage Ratio	1.76	2.48	2.36	1.42	5.92	3.39	5.49
Market Price Per Share - Taka	134.60	147.80	131.60	-	-	-	-
Market Capitalization at (Taka Million)	26,260.15	28,835.44	23,340.78	-	-	-	-
Contribution to National Exchequer (Taka Million)	3,638.74	1,867.95	1,644.59	1,183.52	1,167.70	1,089.27	1,014.17
Average Number of Employees	887	863	816	749	718	712	669

KEY PERFORMANCE INDICATOR

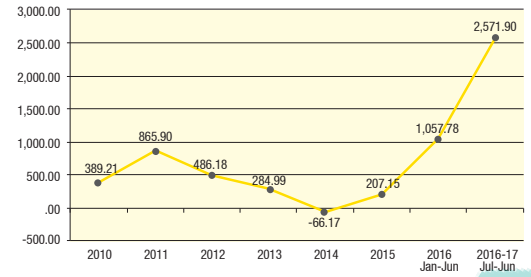
Share Holder's Equity (Million Taka)



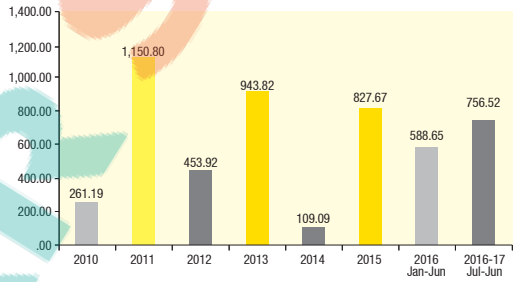
Gross Profit (Million Taka)



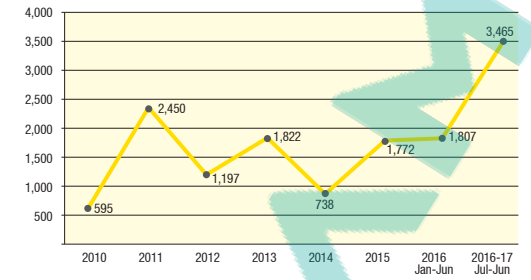
Operating Profit (Million Taka)



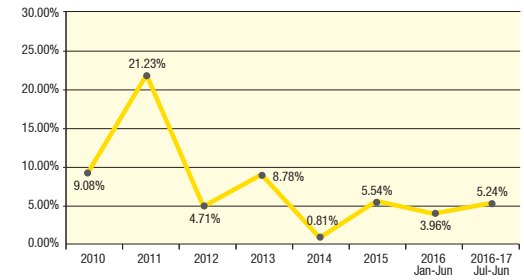
Net Profit After Tax (Million Taka)



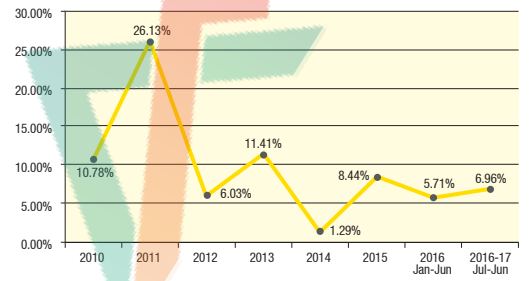
EBITDA (Million Taka)



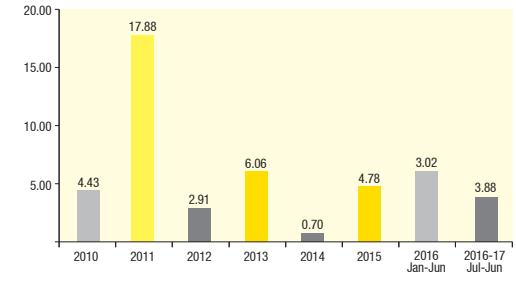
Return On Capital Employed (%)



Return on Shareholders Equity (%)

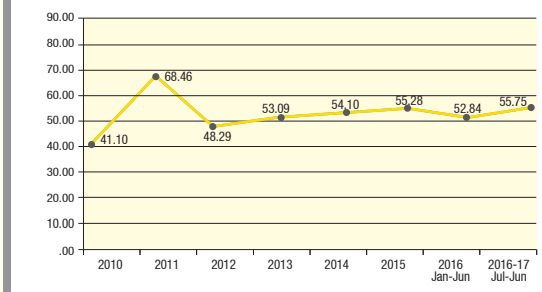


Earning Per Share (Taka)

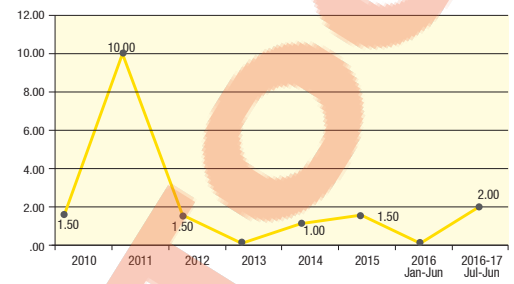


KEY PERFORMANCE INDICATOR

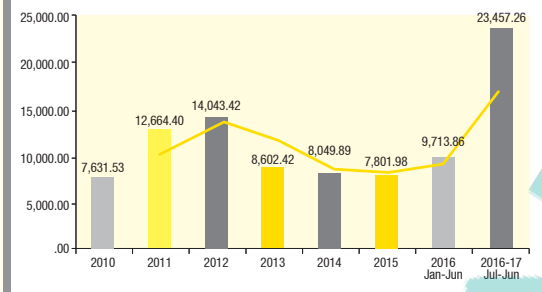
Net Assets Value Per Share (Taka)



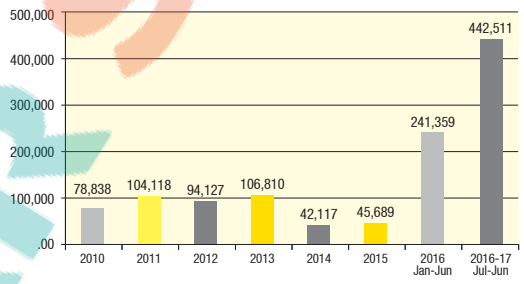
Dividend per Share (Taka)



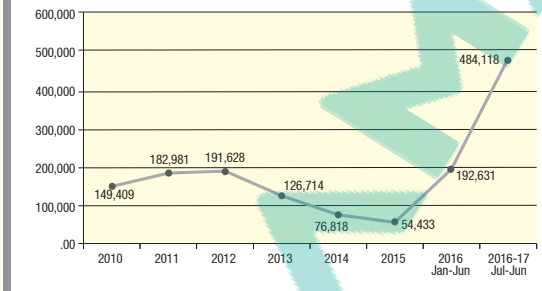
Turnover/Sales (Million Taka)



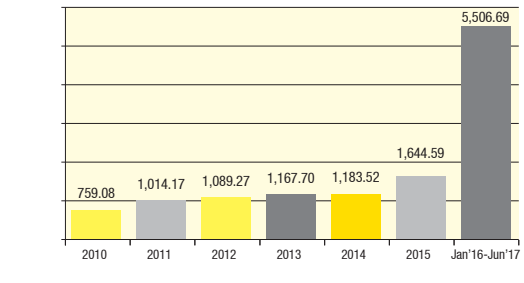
Production (QTY in MT)



Sales (QTY in MT)

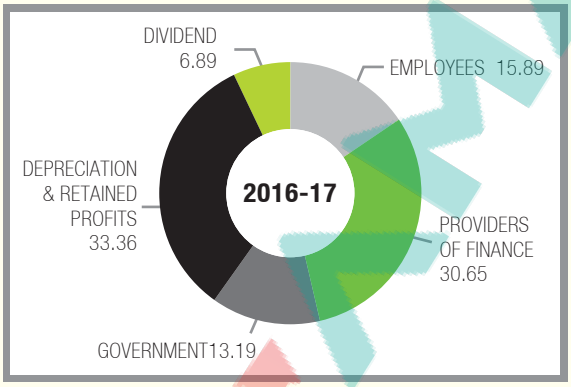


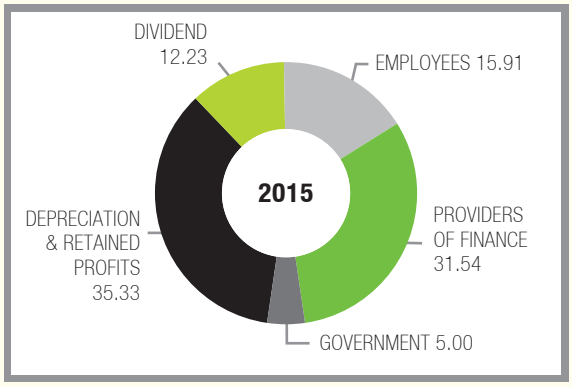
Contribution to National Exchequare (Million Taka)



VALUE ADDED STATEMENT

	Jan'16- June'17 TK	%	Jan'15-Dec'15 TK	%
Value Added:				
Revenue	33,171,125,871		7,801,976,682	
Other Income	68,085,168		75,049,512	
	33,239,211,039		7,877,026,194	
Less : Paid to suppliers for materials and services	27,585,884,847		5,699,870,290	
	5,653,326,192	100	2,177,155,904	100
Distributed as follows:				
EMPLOYESS				
Wages, Salaries, bonus, commssions, pensions and other benefits	898,283,297	15.89	346,319,147	15.91
Providers of Finance	1,732,808,047	30.65	686,643,160	31.54
Government	745,829,461	13.19	108,915,671	5.00
Dividend	390,195,434	6.89	266,042,342	12.23
	3,767,116,239	66.64	1,407,920,320	64.67
RETAINED FOR REINVESTMENT & FUTURE GROWTH				
Depreciation & Amortization	931,235,495	16.47	207,603,257	9.54
Retained Profit	954,974,458	16.89	561,632,327	25.80
	1,886,209,953	33.36	769,235,584	35.33
	5,653,326,192	100	2,177,155,904	100





ECONOMIC VALUE ADDED (EVA)

Economic value added attempts to capture the true economic profit of a company. It is also provides a measurement of a company's economic success (or failure) over a period of time.

	Amount in '000 Jan'16- June'17
Net Operating profit after Tax (NOPAT)	2,722,259
Total Capital Employed	14,443,787
Cost of Capital in %	10.00%
Cost of Capital (COC)	1,444,379
EVA = NOPAT - COC	1,277,880

The positive number of EVA reveals that the Company is more than covered its cost of capital.

PRODUCTS & MARKETS

Market of BSRM Products and challenges:

BSRM produces high-quality steel in Bangladesh. High strength concrete reinforcing bars conforming to ISO 6935-2 Grade 500W, under the Xtreme500W trade-name The bars are rolled in sizes ranging from 8mm to 40mm in diameter. The Mill is also capable of producing High-Strength Angle in sizes from 25mmx25mm to 100mmx100mm and channel 100mm x 50mm x 5mm and 75mmx40mmx4mm both conforming to ASTM A-572 Grade 50 and ISO 630 Grade 345. It has started producing all the above MS Products and it will able to meet 16% demand of the country.

Last year, BSRM introduced another new product in its portfolio "Centura" which is Fusion Bonded Epoxy Coated Reinforcement or FBECR. This product is globally recognized for protection from seawater corrosion. For the first time in Bangladesh, FBECR will make it possible to construct large coastal power plants, deep sea ports and urban settlements in the coastal belts of the country.

BSRM Centura is a tried and proven product and conforms to all international standards ASTM 775, I.S. 13620, BDS ISO 14654.

There are many factors that are helping the Bangladeshi steel market to grow:

- Individual Home Builder, by far the largest.
- Investment in the communication sectors in bridges and culverts.
- Foreign Direct Investment due to favorable business climate.
- Investment in the Power sector.
- Real Estate sector sales.
- Export to neighboring countries.
- Majority of people still live in thatched houses, as living standards improve there will be a steady transformation to reinforced concrete homes and per capita steel consumption will rise.

However, there are also some challenges that the company must overcome to remain as the industry leader:

- Volatile market price of billets.
- Power and Gas crisis.
- Inefficient distribution channel.
- High borrowing cost and exchange rate risk.
- Difficulties in optimizing use of plants and people for above reason.
- Political unrest.

Bangladesh Steel Re-Rolling Mills Limited has invested 31.19% in BSRM Steels Limited and 44.97% in BSRM Steel Mills Limited. BSRM Steel Mills Limited will produce billets with a capacity of 862,000 M.Ton per annum. BSRM Ltd will be free from volatile billet price fluctuation risk and will be able to supply its product at a competitive price.

BSRM has appointed 780 dealers to sell its products throughout the country. Internal and external training of the salespersons have been planned to increase their efficiency.

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Standing from left:
Mr. Zohair Taherali, Mrs. Sabeen Aameir, Mr. Alihussain Akberali FCA, Mr. Aameir Alihussain & Mr. Mono Ranjan Dey FCA



BOARD OF DIRECTORS

MR. ALIHUSSAIN AKBERALI FCA
Chairman

Mr. Alihussain Akberali, FCA is involved with the Company as a director since 1980. He was born in 1949 as 3rd son of Late Akberali Alibhai Africawala who was also one of the pioneer in steel business in Bangladesh.

Mr. Alihussain Akberali is the most experienced industrialists and a seasoned business entrepreneur in Bangladesh and always eager to harness any unexploited opportunity in the industry. He has recognized as CIP from large scale industry sector for number of times. He is a Chartered Accountant and a fellow member of the Institute of Chartered Accountant of Bangladesh. He is a member of Audit Committee of the Company.

He is also engaged in various social activities like Rotary Club, Ma-O-Shishu Hospital, Chirayata Shanti Society, Patient Welfare Committee of Chittagong Medical College and Hospital and founder of a School at Nasirabad, Chittagong which imparts free education to more than 350 underprivileged students.

MR. AAMEIR ALIHUSSAIN
Managing Director

Mr. Aameir Alihussain completed his graduation in Economics from McGill University, Canada and then MBA from renowned LUMS University. He has joined his family business in 2001 and aims to set high industry standards for the performance of the Company. He is active in the day to day operation of the Company as Managing Director. He is introducing modern management practices in the Company and instilling a team spirit to excel the industry. He is also involved in various social activities.

Mr. Aameir has been recognized as the highest taxpayer in Chittagong District for the year 2014-15 and 2015-16 by the National Board of Revenue. He was born in 1975 and only son of Mr. Alihussain Akberali FCA and Mrs. Bilkis Alihussain.

MR. ZOHAIR TAHERALI
Director

Mr. Zohair Taherali a commerce graduate joined in the Company in 1988 and since then he is playing an important role for the Company's growth. He is responsible for the management of Financial and Administrative aspects of the Company. He is also a member of the Audit Committee of the Company. He is actively involved in various social activities.

Mr. Zohair Taherali was born in 1963. His father late Taherali Alibhai Africawala was also involved with BSRM as a director.

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MRS. SABEEN AAMEIR
Director

Mrs. Sabeen Aameir is mainly involved in company's administrative & HR matters and she is also looking after the Corporate Social Responsibility (CSR) activities of the group.

As a member of the Board of Directors, she is applying her prudent thoughts to resolve the matters in the board and she is also concentrating on the development of Human Resource Management of the Company. She did her MBA from LUMS University.

MR. MONO RANJAN DEY FCA
Independent Director

Mr. Mono Ranjan Dey FCA was born in 1954 and has 29 years of experience in internal and external audit and assurance, developing internal control system, company related matters and taxation and VAT matters. He is a Qualified Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB). Currently he is Managing Partner of reputed Chartered Accountancy firm namely MRH Dey & Co. Chartered Accountants. He was re-appointed as Independent Director of the Company in 2015 and he is the Chairman of the Audit Committee of the Company.

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Names of companies in which directors hold the directorship and the membership of committees of the board

Name of Companies	Name of the Directors				
	Mr. Alihussain Akberali FCA	Mr. Aameir Alihussain	Mr. Zohair Taherali	Mrs. Sabeen Aameir	Mr. Mono Ranjan Dey FCA
BSRM Steels Limited	Chairman	Managing Director	Director	---	Independent Director
BSRM Wires Limited	Managing Director	Director	Chairman	---	---
BSRM Recycling Industries Limited	Managing Director	Director	Chairman	---	---
BSRM Iron & Steel Co. Limited	Chairman	Managing Director	Director	Director	Independent Director
Chittagong Power Company Ltd.	Chairman & Managing Director	Director	Director	---	---
Bangladesh Steels Limited	Director	Managing Director	Chairman	---	---
East Bengal Trading & Industrial Corporation Limited	Director	Managing Director	Chairman	---	---
BSRM Ispat Limited	Director	Managing Director	Chairman	---	---
BSRM Steel Mills Limited	Chairman	Managing Director	Director	---	---
BSRM Logistics Limited	Chairman	Director	Managing Director	---	---
BSRM Real Estates Limited	Chairman	Managing Director	Director	---	---
BSRM Metals Limited	Chairman	Managing Director	Director	---	---
H. Akberali & Co.Limited	Chairman & Managing Director	Director	Director	---	---
Karnafully Engineering Works Limited	Chairman	Director	Managing Director	---	---
Section Steel Industries Limited	Managing Director	Chairman	---	---	---
Arco Industries Limited	Director	Director	Managing Director	---	---

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TREE PLANTATION

Containing only 11.2 percent of forested areas out of the total, Bangladesh is among the countries with the least forests in Asia. Between 1990 and 2010, the country lost 3.5% of its forests. Along with government initiatives, some responsible companies have started tree plantation to save the people and the environment. BSRM is one of the leading companies who has been planting trees in different places for years.

ORGANOGRAM



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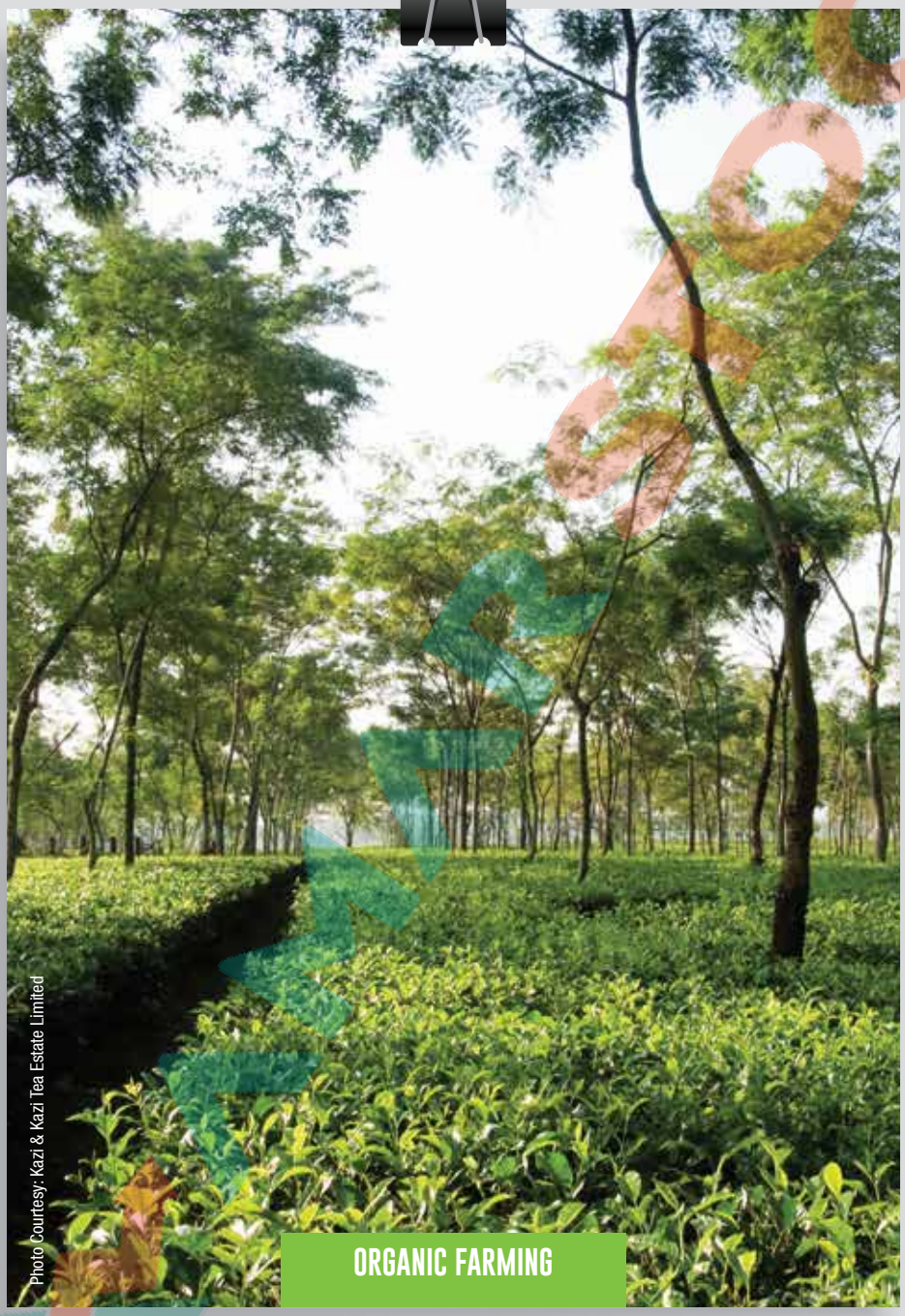


Photo Courtesy: Kazi & Kazi Tea Estate Limited

ORGANIC FARMING

Organic agriculture is considered to be a suitable production area to ensure harmonization between human welfare and sustainable development. In recent years, some organizations, cooperative farms and individual farmers have become interested in organic farming, as organic products have a large export potential. The local market is also important, since many consumers are concerned with food quality and food safety and eager to purchase with premium price.

KEY MANAGEMENT

- **Tapan Sengupta**, Executive Director
- **Hasan Zafar Chowdhury,** Executive Director
- **Kazi Anwar Ahmed,** Head of Dhaka Corporate Office
- **Shekhar Ranjan Kar FCA,** Group CFO & Company Secretary
- **M. Firoze,** Head of Marketing & Product Development
- **Sunil Kumar Das,** Country Director, India
- **Jamil Ahmed,** Head of Human Resources
- **Shobhon Mahbub Shahabuddin,** Head of National Sales
- **Md. Azizul Haque,** Head of Operations
- **Bipin Sharma,** Head of Quality Assurance
- **Ruhi Murshid Ahmed,** Head of CSR
- **Mohinder Singh Hanspal,** Plant Head (Bangladesh Steel Re-Rolling Mills Ltd.)
- **A. F. M. Mizanur Rahman,** Plant Head (BSRM Steels Ltd.)
- **Madan Digambar kulkarni,** Plant Head(BSRM Steel Mills Ltd.)
- **Nikhil Ranjan Das,** Plant Head (BSRM Wires Ltd.)
- **Mohammed Reazul Kabir FCA,** Head of Finance and Accounts
- **Md. Nizamul Haque,** Plant Head (Bangladesh Steel Re-Rolling Mills Ltd. – SMW)
- **Jasim Uddin Ahmed,** Head of Technical Project
- **Md. Bazal Ahmed**, Head of Estates & Utilities
- **Mohammad Imtiaz Uddin Chowdhury,** Head of Supply Chain
- **Muhammad Ashiqur Rahman ACA,** Lead Compliance & Accounts-Dhaka.
- **A. K. M. Saifuddin Khan,** Head of Administration
- **Mohammad Monir Hossain,** Head of Projects
- **Mohammed Tamim Wahid Al-Helal,** Head of Information Technology
- **Murtaza Zoher Bengali,** Head of Internal Audit

ADVISERS

- **Moize Hussain,** Group Adviser
- **Tapan K. Poddar FCA, FCMA,** Financial Consultant

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BIOGAS

An average household needs about 3 tons of biomass per year for cooking in Bangladesh. Supply of such a large quantity of biomass can place high pressure on the forest. It also causes indoor air pollution, as biomass smoke is considered to be a major source of public health hazards. Biogas is a clean energy that reduces carbon emissions because it is smokeless and very good for the environment. Government has a plan to construct 100,000 biogas plants by the end of 2018.

NOTICE OF THE 55TH ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of shareholders of **Bangladesh Steel Re-Rolling Mills Limited** will be held on **Thursday, September 28, 2017 at 12:00 PM** at the Institution of Engineers of Bangladesh, Chittagong Center, S. S. Khaled Road, Chittagong to transact the following business and to adopt necessary resolutions:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the period from 1st January 2016 to 30th June 2016 and for the year ended 30th June 2017 together with the Directors' Report and the Auditors' Report thereon.
2. To re-elect the Director(s) of the company.
3. To declare and approve Dividend for the year ended 30th June 2017.
4. To appoint Auditors and fix their remuneration.

By order of the Board

Shekhar Ranjan Kar FCA
Group CFO & Company Secretary

Chittagong
27th August, 2017

Notes:

- Shareholders whose name appears in the share register of the company or in the Depository Register as on the **"Record Date"** i.e. **7th September, 2017** are entitled to attend the Annual General Meeting (AGM) and receive the dividend.
- A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies in his/her stead and forms of proxy must be lodged at the Company's Share Office, Ali Mansion, 1207/1099 Sadarghat Road, Chittagong not later than 48 hours before the AGM.
- Shareholders are requested to update their 12 digit ETIN information through their respective Depository Participant (DP) before the AGM date.
- The Annual Report 2016-17 and Proxy Form are available at the Company's Website **www.bsrm.com**.

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ALIHUSSAIN AKBERALI FCA

CHAIRMAN

CHAIRMAN'S COMMUNIQUE

Dear Shareholders,

Assalamualaikum.

It is my great pleasure and privilege to welcome you all at the 55th Annual General Meeting of the Company. The period from January 2016 to June 2017 was very vital for BSRM Group. The new plant of BSRM Ltd started commercial production in December 2015 and the biggest melting plant of the group, BSRM Steel Mills Limited, has also started commercial production in June 2016. I am glad to let you know that both these plants are doing well and could achieved the production target in 2016-17.

Financial Performance:

Particulars	Unit	Jan'16 to June'17
Production	M. Ton	683,870
Sales	M. Ton	676,749
Capacity Utilization	%	101%
Revenue	BDT Tk.Million	33,171.12
Gross Profit	BDT Tk.Million	4,577.64
Net Profit after Tax	BDT Tk.Million	1,345.17
Final Dividend Declared	10% Cash & 10% Stock	20% (Total)

Industry outlook:

Bangladesh is one of Asia's leading emerging steel markets. The expected average GDP growth in Bangladesh in the next 5-6 years is 6.8%, which will be significantly higher than that of many other emerging economy. As Steel is a basic raw material for infrastructural development and multiple other uses, its demand will grow in line with the country's economic and infrastructural development. You must be well informed that despite various obstacles and economic down trend in the developed world, the economy of Bangladesh is doing well. The government of Bangladesh has taken some prudent decisions for industrial development and to attract foreign direct investment. This is ultimately creating demand for quality steel products to build infrastructure. Moreover, now people are more concerned about safety and durability of the civil construction. This also creates demand for our products. Some study shows that within next five years, demand for steel products in Bangladesh will increase significantly.

Corporate Social Responsibility (CSR):

BSRM Group is also involved in various social welfare activities. To integrate social responsibility into core business decisions, BSRM integrates CSR at every step of the business process. Some significant programs are appended below:

- Vocational Training – Chittagong
- Supporting Free Education at Burhani BSRM School – Chittagong
- Strengthening Women's Ability for Productive New Opportunities (SWAPNO) – Kurigram & Satkhira
- BSRM Foundation Medical Center – Mirsarai
- Keep Smiling, Cleft lip/Palate Kids – Sylhet
- Forest Conservation – Fatikchari, Chittagong

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Conclusion:

I would like to take this opportunity to thank our Company's stakeholders, especially our valued customers, employees and suppliers, Regulatory Authorities, bankers and financial institutions for their continued faith and trust.

I thank all my colleagues on the Board for helping me in creating good governance culture across the organization and fulfilling the responsibilities of Board.

I would like to place on record the sincerity, hard work, commitment and dedication of the entire management team. I seek your continued support in making the Company more sustainable.

On this occasion I would once again like to express my gratitude to all of our valued Shareholders for their continued support in our shared mission of contributing to growth of our country.

Allah Hafiz

Sincerely yours,



Alihussain Akberali, FCA
Chairman

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সভাপতির বক্তব্য

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম।

বিএসআরএম লিমিটেড-এর ৫৫তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত। জানুয়ারি ২০১৬ থেকে জুন ২০১৭ পর্যন্ত সময়টি বিএসআরএম গ্রুপের জন্য অতি গুরুত্বপূর্ণ ছিল। ২০১৫ সালের ডিসেম্বর মাসে বিএসআরএম লিমিটেড-এর নতুন প্লান্ট এবং জুন ২০১৬-তে বিএসআরএম গ্রুপের সর্ববৃহৎ মেল্টিং শপ-এর বাণিজ্যিক উৎপাদন শুরু হয়। আমি অত্যন্ত আনন্দের সাথে জানাচ্ছিযে, উভয় প্লান্টই ২০১৬-১৭ আর্থিক বৎসরে খুবই ভাল করেছে এবং উৎপাদন লক্ষ্যমাত্রা অর্জনে সক্ষম হয়েছে।

আর্থিক ফলাফল পর্যালোচনা:

বিবরণ	পরিমাপের একক	জানুয়ারি ২০১৬ - জুন ২০১৭
উৎপাদন	মে. টন	৬৮৩,৮৭০
বিক্রয়	মে. টন	৬৭৬,৭৪৯
উৎপাদন ক্ষমতার ব্যবহার	%	১০১%
বিক্রয়	মিলিয়ন টাকা	৩৩,১৭১.১২
মোট আয়	মিলিয়ন টাকা	৪,৫৭৭.৬৪
কর-পরবর্তী নীট আয়	মিলিয়ন টাকা	১,৩৪৫.১৭
ঘোষিত চূড়ান্ত লভ্যাংশ	১০% নগদ ১০% স্টক	মোট ২০%

বাংলাদেশে ইস্পাত শিল্পের ভবিষ্যৎ:

বাংলাদেশের ইস্পাতের বাজার এশিয়ার দেশগুলোর মধ্যে অন্যতম। আগামী ৫-৬ বছরে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি দাঁড়াবে ৬.৮০ শতাংশে, যা এশিয়ার অন্যান্য দেশের তুলনায় খুবই আকর্ষণীয়। অর্থনৈতিক প্রবৃদ্ধি অবকাঠামোগত উন্নয়নে মানসম্পন্ন ইস্পাতের চাহিদা বৃদ্ধি করবে। আপনারা অবগত আছেন যে উন্নত বিশ্বের বিভিন্ন প্রকার বাঁধা ও অর্থনেতিক মন্দাবস্থা স্বত্বেও উন্নয়নশীল দেশ হিসেবে বাংলাদেশের অর্থনীতিতে বেশ ভাল অবস্থা বিরাজ করছে। বর্তমান সরকার শিল্প উন্নয়নে ব্যাপক পদক্ষেপ গ্রহণ করেছে। বিদেশী বিনিয়োগকারীদের আকর্ষণের জন্য বাংলাদেশ সরকার বেশ কিছু নীতি গ্রহণ করেছে। যা কিনা ইস্পাতের ব্যবহারকে বহুলাংশে প্রভাবিত করবে। বর্তমানে অবকাঠামোগত উন্নয়নে মানসম্পন্ন ইস্পাতের ব্যবহার বহুলাংশে বৃদ্ধি পেয়েছে, যা বিএসআরএম-এর রডের চাহিদা বৃদ্ধি করবে। কিছু গবেষণায় দেখা যায় আগামী ৫ বছরে দেশে রডের চাহিদা বহুগুণে বৃদ্ধি পাবে।

বিএসআরএম গ্রুপ বিভিন্ন সামাজিক উন্নয়নমূলক কাজের সাথে জড়িত। সামাজিক দায়বদ্ধতাকে মূল ব্যবসায়ের অংশ হিসেবে গণ্য করে বিএসআরএম তার ব্যবসায়িক সিদ্ধান্তগুলো নিয়ে থাকে। বিএসআরএম কর্তৃক গৃহীত সর্বশেষ কিছু সিএসআর কার্যক্রম নিচে তুলে ধরা হল:

- বৃত্তিমূলক কারিগরী প্রশিক্ষণ, চট্টগ্রাম
- বিনামূল্যে শিক্ষা- বুরহানি বিএসআরএম স্কুল, চট্টগ্রাম
- বিএসআরএম ফাউন্ডেশন মেডিকেল সেন্টার, মিরাসরাই
- ঠোঁট কাটা/তালু কাটা রোগির চিকিৎসা
- চট্টগ্রামের ফটিকছড়িতে বন সংরক্ষণ প্রকল্প

আমি কোম্পানির সাথে জড়িত স্টেকহোল্ডারগণ, বিশেষ করে আমাদের সম্মানিত ক্রেতাগণ, কর্মচারীবৃন্দ এবং সরবরাহকারী, নিয়ন্ত্রক কর্তৃপক্ষ, ব্যাংক এবং আর্থিক প্রতিষ্ঠানকে আমাদের উপর আস্থা ও বিশ্বাস রাখার জন্য ধন্যবাদ জানাচ্ছি।

পরিশেষে আমি আমার সম্মানিত পরিচালকমন্ডলীগণকে তাদের পরিপূর্ণ সহযোগিতার জন্য কৃতজ্ঞতা প্রকাশ করছি।

আমি আমাদের পুরো ব্যবস্থাপনা টিমের সততা, কঠোর পরিশ্রম ও নিরলস প্রচেষ্টার কথা স্মরণ করছি। স্থিতিশীল ব্যবসার জন্য আমি তাদের পূর্ণ সহযোগিতা আশা করছি।

আমি আবারো আমাদের সম্মানিত শেয়ারহোল্ডারদের সহযোগিতার কথা এবং কোম্পানির অগ্রগতিতে তাদের অবদানের কথা স্মরণ করছি।

আল্লাহ হাফিজ

আলীহোসাইন আকবরআলী এফসিএ
চেয়ারম্যান



AAMEIR ALIHUSSAIN

MANAGING DIRECTOR

MANAGING DIRECTOR'S ROUND UP

Dear Shareholders,

I welcome you all in the 55th Annual General Meeting of Bangladesh Steel Re-Rolling Mills Limited. It gives me immense pleasure to present before you the achievement of the Company for the 18 months Period from January 2016 to June 2017.

You are already informed that the Company has started its commercial production after BMRE in December 2016, with a capacity of 450,000 M. Ton. During this period the plant performance of both rolling and steel melting works were very impressive. Both units achieved 100% efficiency. During last 18 months the company has produced 683,870 M. Ton MS finished goods and sold 676,749 M. Ton finished goods. The Gross profit ratio was 14%. However, the Earning per share has declined due to decrease in share of profit of associates. During January 2016 to June 2017 (18 months) the share of Profit of associates was Tk. 489.71 Million which was Tk. 1205.66 Million for July 2015 to June 2016 (12 months) period.

We have introduced "Centura", the country's first fusion bonded epoxy coated rebar in November, 2016. This is specifically useful for coastal areas as it has anti-rusting features. The structures built with BSRM Centura will have a much longer life and reduce maintenance costs.

BSRM Steel Mills Limited, the associate of BSRM Limited, has started commercial production in June 2016. It is gradually reaching the optimal production level. This 862,500 M. Ton Capacity billet plant will ensure uninterrupted prime quality billet supply to the rolling plants of the group. BSRM Steel Mills Limited has earned gross profit Tk. 1,432 Million during the year ended June 30, 2017. Due to finance cost of long term loan and recognition of deferred tax liability, BSRM Steel Mills Limited had to register loss of Tk. 890.93 Million. A portion of loss, Tk. 400.62 Million had to be recognised in the books of BSRM Ltd as per Bangladesh Accounting Standards. As a result, the earning per share of the Company reduced. After full repayment of long term loan and deferred tax recognition, this associate will earn significant profit for BSRM Ltd and resultantly the EPS of BSRM Ltd will increase.

BSRM Ltd is the biggest merchant rolling mill in Bangladesh producing MS Rod, Channel, Angle etc. We are continuously trying to achieve maximum efficiency. Our technical team is eagerly trying to adopt best technologies, best practices. As a result, we could attain 100% efficiency. As its captain, I wish all the best to our dedicated management team and work forces for their outstanding achievements.

Bangladesh is emerging as the economic tiger in this region of South Asia. For many countries, Bangladesh is the safe and reliable destination for investment, specially government's investment friendly policies encouraging many foreign investors. These investments will surely increase demands for prime quality construction steel. Demand for high quality steel is also fuelled by a number of mega civil construction projects, undertaken by both private and public sectors. We are supplying a lot of our products to those mega projects, which will maximise the wealth of our shareholders.

Lastly I would like to express my gratitude to our honoured shareholders, valued customers, bankers, officials of Registrar of Joint Stock Companies and Firms, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges Ltd, National Board of Revenue and other departments of the Government. We derive our strength from this support and are confident of achieving new milestones in future.

Sincerely yours,



Aameir Alihussain
Managing Director

AMARSTOCK

ব্যবস্থাপনা পরিচালকের বক্তব্য

প্রিয় শেয়ারহোল্ডারবৃন্দ

বাংলাদেশ স্টিল রি-রোলিং মিলস্ লিমিটেড-এর ৫৫তম বার্ষিক সাধারণ সভায় আপনাদের সকলকে স্বাগত জানাচ্ছি। জানুয়ারি ২০১৬ হতে ৩০ জুন ২০১৭ তারিখে সমাপ্ত ১৮ মাসের অর্জন আপনাদের সামনে উপস্থাপন করতে পেরে আমি অত্যন্ত আনন্দিত।

আপনারা ইতোমধ্যে জেনেছেন যে, আপনাদের কোম্পানি বিএমআরই সফলভাবে শেষ করে ৪৫০,০০০ মে. টন উৎপাদনক্ষমতা নিয়ে ডিসেম্বর ২০১৫তে পুনরায় বণিজ্যিক উৎপাদন শুরু করেছে। উক্ত ১৮ মাসে রোলিং এবং মেল্টিং উভয় প্লান্টই তাদের লক্ষ্য অর্জনে পুরোপুরি সফল হয়েছে। বিগত ১৮ মাসে কোম্পানি ৬৮৩,৮৭০ মে. টন রড উৎপাদন করেছে এবং বিক্রয় ছিল ৬৭৬,৭৪৯ মে. টন। কোম্পানির মোট লাভের অনুপাত ১৪% হওয়া স্বত্বেও অ্যাসোসিয়েট কোম্পানির মুনাফা হ্রাসের ফলে শেয়ার প্রতি আয় ছিল কমতির দিকে। জানুয়ারি ২০১৬ হতে জুন ২০১৭ তারিখে সমাপ্ত ১৮ মাসের অ্যাসোসিয়েট কোম্পানির মুনাফা ছিল ৪৮৯.৭১ মিলিয়ন, যা পূর্ববর্তী ১২ মাস জুলাই ২০১৫ হতে জুন ২০১৬তে ছিল ১২০৫.৬৬ মিলিয়ন।

নভেম্বর ২০১৬তে আমরা বাংলাদেশে প্রথমবারের মতো ফিউশন বন্ডেড Epoxy Coated রি-বার "CENTURA" নামে নতুন পণ্য নিয়ে এসেছি। অ্যান্টি রাস্টিং ক্ষমতাসম্পন্ন এ রডগুলো উপকূলীয় এলাকায় ব্যবহারের জন্য বিশেষভাবে তৈরী। এ রড ব্যবহার করে কোন অবকাঠামো নির্মাণ করা হলে তা অন্য যেকোন রডের তুলনায় দীর্ঘস্থায়ী হয় এবং মেরামতের খরচ বাঁচায়।

বিএসআরএম লিমিটেড-এর অ্যাসোসিয়েট কোম্পানি বিএসআরএম স্টিল মিলস্ লিমিটেড জুন ২০১৬ হতে বাণিজ্যিক উৎপাদন শুরু করেছে। এ প্রতিষ্ঠানটি ধীরে ধীরে তার উৎপাদন লক্ষ্যমাত্রার দিকে এগিয়ে যাচ্ছে। ৮৬২,৫০০ মে. টন উৎপাদন ক্ষমতাসম্পন্ন এ প্লান্ট বিএসআরএম গ্রুপের রোলিং মিলগুলোর বিলেটের যোগান নিশ্চিত করবে। ৩০ জুন ২০১৭ সমাপ্ত বৎসরে বিএসআরএম স্টিল মিলস্ লিমিটেড-এর মোট লাভ দাঁড়ায় ১,৪৩২ মিলিয়ন টাকায়। দীর্ঘমেয়াদী ঋণের সুদ এবং বিলম্বিত আয়কর সঞ্চিতির জন্য বিএসআরএম স্টিল মিলস্ লিমিটেড -এর ক্ষতির পরিমাণ ৮৯০.৯৩ মিলিয়ন টাকায় দাঁড়ায়। বাংলাদেশ হিসাব মান অনুসারে এ ক্ষতির মধ্যে ৪০০.৬২ মিলিয়ন টাকা বিএসআরএম লিমিটেড-এর হিসেবে অর্ন্তভুক্ত হবে। যার ফলশ্রুতিতে কোম্পানির শেয়ার প্রতি আয় হ্রাস পায়। দীর্ঘমেয়াদী ঋণ পরিশোধ এবং বিলম্বিত আয়কর সঞ্চিতির পর এ অ্যাসোসিয়েট কোম্পানি প্রচুর মুনাফা অর্জন করবে এবং বিএসআরএম লিমিটেড-এর শেয়ার প্রতি আয় বৃদ্ধি পাবে।

বিএসআরএম লিমিটেড বাংলাদেশে বাণিজ্যিকভাবে রড, চ্যানেল, অ্যাঙ্গেল উৎপাদনকারী সর্ববৃহৎ প্রতিষ্ঠান। আমরা সর্বদা সর্বোচ্চ কর্মক্ষমতা অর্জনে সচেষ্ট। আমাদের টেকনিক্যাল টিম সর্বদা সর্বশেষ প্রযুক্তির সাথে তাল মিলিয়ে চলার চেষ্টা করে। যার ফলশ্রুতিতে আমরা শতভাগ কর্মক্ষমতা অর্জন করে থাকি। আমি এর অধিনায়ক হিসেবে টিমের সকল সদস্য এবং কর্মীবাহিনীকে জানাচ্ছি শুভকামনা।

দক্ষিণ এশীয় অঞ্চলের দেশগুলোর মধ্যে Economic Tiger হিসেবে বাংলাদেশ উদিয়মান হচ্ছে। অনেক দেশের মধ্যে বাংলাদেশ বিনিয়োগের জন্য একটি নিরাপদ এবং নির্ভরযোগ্য স্থান। বিশেষ করে বর্তমান সরকারের বিনিয়োগবান্ধব নীতিমালা বিদেশী বিয়োগেকারীদের বিনিয়োগে আকৃষ্ট করছে। এ ধরনের বিনিয়োগবান্ধব পরিবেশ সত্যিই মানসম্পন্ন রডের চাহিদা বৃদ্ধি করবে। সরকারী, বেসরকারী পর্যায়ে গৃহীত বিভিন্ন মেগা প্রকল্প রডের চাহিদাকে বহুগুণে বৃদ্ধি করবে। আমরা এ ধরনের অনেকগুলো মেগা প্রকল্পে রডের যোগান দিয়ে যাচ্ছি, যা আমাদের সম্মানিত শেয়ারহোল্ডারদের সম্পদ বৃদ্ধিতে সহায়ক হবে।

পরিশেষে আমি সম্মানিত শেয়ারহোল্ডার, সম্মানিত ক্রেতাসাধারণ, ব্যাংক, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লিমিটেড, চিটাগাং স্টক এক্সচেঞ্জ লিমিটেড, কর-কর্তৃপক্ষ, সরকারী অন্যান্য সংস্থাসহ সকলের প্রতি কৃতজ্ঞতা প্রকাশ করছি। সকলের সমর্থনকে শক্তিতে রূপান্তরিত করে ভবিষ্যতে নতুন মাইলফলক অর্জন করার আশাবাদ ব্যক্ত করছি।

আমীর আলীহোসাইন
ব্যবস্থাপনা পরিচালক

AMAR STOCK



FLOATING AGRICULTURAL

Floating farming is an age–old technique of crop cultivation in the Southern floodplains of our country. Locally known as Dhap, floating garden platforms are constructed to grow vegetables and other crops. With numerous social, economic, agricultural and ecological benefits, floating farming is the major livelihood option for about 60–90% of the locals; it ensures a sustainable utilization of agro biodiversity, natural resources and multiple uses of land through environmental–friendly means.

DIRECTORS' REPORT

Dear Shareholders,

I am pleased to present before you the Directors' Report of Bangladesh Steel Re-Rolling Mills Limited for the period of 18 months from January, 2016 to June 2017 and I welcome you all at the 55th Annual General Meeting of the Company.

This report have been prepared to meet the requirements of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification NO: SEC/CMRRCD/2006/158/143/Admin/44, Dated August 07, 2012.

Economic Scenario and Steel Industry in Bangladesh:

The socio-political situation of Bangladesh was largely peaceful and quite during the reporting period of 18 months. It is very positive for the economic development of Bangladesh. In the recent years fuel price in the international market was record low. It also had positive impact on Bangladesh economic growth. The GDP growth of Bangladesh will be 6.80% for the year 2016 to 2018 as forecasted by World Bank. Bangladesh Government is hopeful in meeting the economic target of reaching Middle Income Country status by 2021. But presently the economy of Bangladesh is facing the challenges due to slow export growth, falling remittances, rising inflation and recent floods in some parts of the country. Despite these adversities the growth of Bangladesh economy is impressive.

A nation's infrastructure is built on steel. The economic development in Bangladesh increases the demand for prime quality steel for civil construction. Construction of large river crossing bridges, coal and nuclear power plants and deep sea ports increases demand for quality steels. Moreover, demands for prime quality steels are fueled by number of projects undertaken by the private sectors. Due to rapid growth and stable economy, Bangladesh has emerged as the potential destination for direct investment by foreign countries like China, Malaysia, UAE, India etc. The Governments' investment friendly policies also attracted some potential large investors.

Now people of Bangladesh are more quality conscious and due to risk of earthquakes in Bangladesh, the demand for prime quality steel products for civil construction is rising.

Currently average per capita steel consumption in Bangladesh is 25 kg against average world consumption of 217 kg. It appears that, there is a bright future for steel market in Bangladesh.

Review of 2016-17:

Operational performance Review:

You have already been informed that, after BMRE the Company has started its commercial production in December, 2015. The year 2016 was very vital for BSRM Ltd because the ultimate performance of the new plant was evident this year. It is the largest merchant steel rolling mill in Bangladesh which is capable of producing Channel, Angle, MS Bar, MS Rod etc. By the grace of Almighty the Company has attained its full efficiency. The total production in the last 18 months was 683,870 M. ton.

The Company has a billet producing plant, namely Steel Melting Works (SMW). The operational performance of this unit was also impressive.

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Rolling Unit

Particulars	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2014	2013	2012	2011
Installed Capacity (M. Ton)	450,000	225,000	120,000	120,000	120,000	120,000	120,000
Production (M. Ton)	442,511	241,359	45,689	42,117	106,810	94,127	104,118
Capacity Utilization (%)	98%	107%	37%	35%	89%	78%	87%
Sales (M. Ton)	484,118	192,631	54,433	76,818	126,714	191,628	182,981

Melting Unit

Particulars	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2014	2013	2012	2011
Installed Capacity (M. Ton)	145,000	67,500	135,000	120,000	120,000	120,000	120,000
Production (M. Ton)	152,702	66,422	128,022	82,350	119,289	95,810	105,121
Capacity Utilization (%)	105%	98%	95%	69%	99%	80%	88%
Sales & Consumed in Re-Rolling Unit (M.ton)	152,901	66,122	127,553	86,872	120,419	94,746	104,950

Financial performance:

We noted remarkable positive financial performance for last 18 months. (January 16 to June 17). During the last 18 months the gross profit ratio was 14%. It is the highest Gross Profit Ratio in last couple of years. However the Net Profit Ratio and Earning per share declined during the year ended June 30, 2017 because the share of profit of associate companies has declined to Tk.130.36 Million as compared to 1205.66 Million for the year ended June 30, 2016. The reason for this decline has been discussed in the section of Associate Company.

Earnings Per share for the year ended 30 June 2017 was Tk. 3.88 which was Tk. 3.02 for the year ended June 30, 2016. However Net Asset Value per share as on June 30, 2017 stood 55.75 per share which was Tk. 52.84 as on June 30, 2016

Amount in Million

Particulars	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2014	2013	2012	2011
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Sales	23,457.26	9,713.86	7,801.98	8,049.89	8,602.42	14,043.42	12,664.40
Gross Profit	3,215.62	1,362.03	458.01	188.25	500.09	697.52	1,076.55
Profit before non operating income, interest, taxes, WPP & WF	2,571.90	1,057.78	207.15	(66.17)	284.99	486.18	865.9
Non Operating Income	244.26	472.73	1,357.07	567.28	1,258.30	463.02	1,371.39
Less: Interest & WPP&WF	(1,618.89)	(636.77)	(627.63)	(495.01)	(243.20)	(283.38)	(398.36)
Add/(Less): Tax expenses & Provision for income tax	(440.75)	(305.08)	(108.92)	102.99	(356.27)	(211.90)	(688.14)
Net Profit	756.52	588.65	827.67	109.09	943.82	453.92	1,150.80

Other Financial Performance: Amount in Million

Particulars	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2014	2013	2012	2011
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Paid Up Capital	1,950.98	1,950.98	1,773.62	1,558.51	1,558.51	1,558.51	643.45
Share Holders' Equity	10,876.80	10,309.79	9,803.66	8,431.80	8,273.86	7,526.32	4,404.88
Current Liabilities	20,082.56	16,865.68	11,999.23	9,329.75	10,547.22	7,203.36	9,435.12
Non-current Liabilities	3,566.99	4,549.52	5,137.16	5,004.46	2,478.17	2,110.69	1,014.81
Addition to fixed assets & CWIP	756.02	813.34	8,421.03	1,775.63	528.91	564.12	1,836.80
Operating cash flow	(2,220.44)	(688.88)	(1,801.95)	(846.76)	82.01	533.67	2,198.51

Associate Companies:

BSRM Ltd has the following two associate Companies:

- BSRM Steels Limited.
- BSRM Steel Mills Limited.

BSRM Steels Limited:

Bangladesh Steel Re-Rolling Mills Limited is holding 31.19% shares of the Company. Both the operating and financial performance of the Company were as expected. The Company attained 99.30% efficiency. Total production for the period from January, 2016 to June, 2017 was 10,43,380 M. Ton.

To cater to the market demand for specialized reinforcing steel we have introduced BSRM Ultima and BSRM Maxima.

The Company is now supplying specialized steel for Padma Bridge construction. We have already entered into an agreement to supply steel for Rooppur Nuclear power plant project.

During this period the Company has earned Net Profit after tax of Tk. 2,961.35 Million. Earnings per share for 18 months was Tk. 8.66 and Net Asset Value per share was Tk. 30.26 per share. The Company has declared 20% interim dividend in cash and now declared 15% cash dividend.

BSRM Steel Mills Limited

Bangladesh Steel Re-Rolling Mills Limited is holding 44.97% shares in BSRM Steel Mills Limited. It is the world largest induction furnace based steel melting plant. This billet producing plant started commercial production in June, 2017. The operating performance of this company is satisfactory. During July 16 to June 17, the Company has produced 588,536 M. Ton MS Billets. It utilized 68.23% capacity of the plant. Its production efficiency is gradually increasing. Hope in the next year the plant will produce at its rated capacity.

The Company has earned Tk. 1,432.95 Million Gross profit for the year ended on July 30, 2017. In spite of that the Company had to incur Net loss after Tax Tk. 890.93 Million due to significant finance cost for payment of interest on long term loan and recognition of deferred tax as per Bangladesh Accounting standards. The amount of deferred tax charged was Tk. 715.24 Million. After paying off the long term loan and adjustment of deferred tax, this associate company will become one of the cash cow for BSRM Ltd.

Moreover, the billet produced by this company, protect rolling units of BSRM Group from the adverse effect of billet price fluctuation in the international market.

FINANCIAL STOCK

New Products: BSRM Centura

We have introduced "Centura", the country's first fusion bonded epoxy coated re bar in November, 2016. This is specifically useful for coastal area as it has anti corrosion features. The structures built with BSRM Centura will have a longer life and reduced maintenance cost. We hope this steel will provide safer and long lasting civil infrastructures in our coastal area.

Campaign:

To create and retain the Top of Mind (ToM) awareness among retail customers, IHB, BSRM regularly launches an extensive marketing campaign to create market awareness of the superior attributes of its products. In 2015 the campaign was '10 in 10'. This campaign focused on the fact that to qualify as Grade 500 steel the ten most important attributes of the steel have to be tested. Xtreme500W is the only steel which passes the '10 in 10' test. This was one of the most successful campaigns of the company in raising consumer awareness about steel quality.

Products	Production & Procured (M. Ton)			Sales (M. Ton)		
	2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Months)	2015	2016-17	2016 Jan-Jun (6 Months)	2015
Xtreme 500W, Angle, Channel (Owned Product)	442,511	241,359	45,689	470,937	183,174	38,170
Imported & Locally Procured Items	37,275	14,784	18,810	13,182	9,457	16,263
Total	479,786	256,143	64,499	484,118	192,631	54,433

Risks & Concerns:

Risk assessment and mitigation is the integral part of any business. The Board of Directors are regularly monitoring, assessing and identifying potential risk and threats to our profitability and sustainable growth. Our Risk Management capabilities are supported by a strong management structure, information system, regular analysis of market, economic scenario and robust policies to cope with the challenges.

A summary of the significant risks and the way of managing risks adopted by our company is included in Annexure-2 and Note -46 of the Financial Statements.

Management Discussion:

Board of Directors periodically discusses on the increase/decrease of cost of goods sold, gross and net profit margin and takes immediate measures on the analysis as required. A detailed report on discussion is included in Annexure-1.

Credit Rating:

Credit Rating information and Services Limited (CRISL) assigned rating as below:

Long Term	Short Term
AA-	ST-3

The entities rated **"AA-"** are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.

"ST-3" indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Our Company in the evaluation of Credit Rating Company was also placed with "Stable Outlook".

Board of Directors:

i. **Composition and size of the Board:**
On 30th June 2017, there were 5 members on the Board, The Board comprises Chairman, Managing Director, two directors and one independent director.

ii. **Board Meeting and attendance:**
The Board met 19 times during the period from January 01, 2016 to June 30, 2017. Following table shows the attendance of directors in the meeting.

Name of the directors	Position	No. of meeting held during the Period	No. of Meeting Attended
Mr. Alihussain Akberali, FCA	Chairman	19	16
Mr. Aameir Alihussain	Managing Director	19	18
Mr. Zohair Taherali	Director (Nominated Director of H. Akberali & Co. Ltd.)	19	18
Mrs. Sabeen Aameir	Director	19	17
Mr. M R Dey FCA	Independent Director	19	17

The member who could not attend the meeting was granted leave or was outside the country..

iii. **Details of Directors being re-appointed:**
Mr. Zohair Taherali (Nominated Director of H. Akberali & Co. Ltd.) & Mrs. Sabeen Aameir will retire by rotation at the conclusion of this AGM as per Articles of Association of the Company and being eligible they offer themselves for re-appointment.

iv. Names of Companies in which Directors holds the directorship and membership have been disclosed in Board of Directors segment.

Internal Control system:

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The Company has adopted Standard Operating Procedures (SOP) for the betterment of internal control system. To generate accurate data and information within reasonable time frame, we have already commissioned most modern software called Enterprise Resource Planning (ERP). The Company has established a separate internal audit department to ensure internal control and compliance in place. On the other hand, Audit Committee regularly monitors and review the reports generated by the internal audit department and takes corrective measures.

Extra-ordinary gain or loss:

There is no extra ordinary gain or loss during the year.

Significant deviations in operating results compared to last year:

There is no such deviation in operating results.

Related Party Transactions:

All transactions with related parties have been made on a commercial basis. Details of the related party transactions have been disclosed under note 42 of the financial statements as per IFRS/BFRS.

Use of IPO Proceeds & Stages of Utilization:

Amount of Total IPO Proceeds	Proposed utilization of IPO Proceeds (As approved by BSEC)	Approved Expenses	Utilization Up to Dec 31,2015	Total Utilization Up to Jan-16 to Mar-17	Unutilized Fund
	Purpose	Amount Taka	Amount Taka	Amount Taka	Amount Taka
612,500,000	Payment of Retention Mony for machineries of BMRE	220,200,000	185,344,434	34,855,566	NIL
	Construction of Finished Goods Storage Shed	167,310,000	44,526,718	122,783,282	NIL
	IPO Expenses	20,990,000	20,536,845	453,155	NIL
	Repayment of Long Term Loan	204,000,000	204,000,000	-	NIL
612,500,000		612,500,000	454,407,997	158,092,003	NIL

Significant variance in the quarterly and annual report:

There were no significant variance between Quarterly performance and overall annual performance. Throughout the period company was able to maintain a judicious performance both in operational and financial perspectives.

Remuneration of Directors including Independent Director:

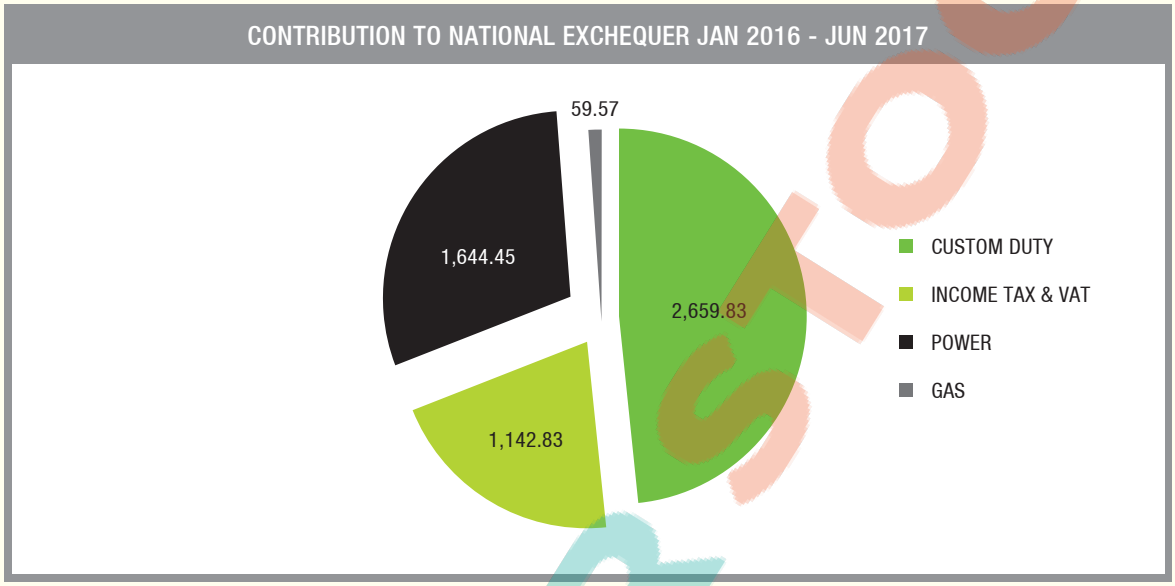
Directors were remunerated as per the decision of the Board and a detailed report of the Directors' Remuneration is included in Annexure-3 and Note -33.01 of Financial Statements.

Dividend:

The Directors of your Company recommended 10% stock dividend per share for the year ended June 30, 2017. Earlier the Company declared 10 % interim Cash dividend in January. The overall dividend will be 20% for the period from January 16 to June 17.

Contribution to National Exchequer:

BSRM is paying and facilitating collection of Government's revenue. During the period of January 16 to June 2017, we have paid, collected & deposited a significant amount of Income Tax, VAT and Duties in time. During this period, BSRM Limited collected and contributed Tk. 5,506.69 million to the government exchequer along with utility bill which is appended below:



Corporate Social Responsibilities:

BSRM's commitment to connect business decisions to ethical, social and environmental concerns remains to be one of the strongest foundations of the Company. During the period, your company has been contributing to the welfare of the community, research & development and for protection of environment. Details of CSR have been described in the chapter of Corporate Social Responsibilities in page 65 of Annual Report.

Award and Recognition:

It is our great pleasure to let you know that, we have achieved some prestigious award during this period. A few of them are mentioned below:

- BSRM Limited has secured Gold Award in the ICSB National Award for best corporate governance Excellence in manufacturing sector declared by the Institution of Chartered Secretaries of Bangladesh (ICSB).
- BSRM Limited also won "Certificate of Merit" for best presented Annual Report Awards -2015 announced by the Institute of Chartered Accountants of Bangladesh (ICAB).
- Best Rod Brand Award 2015.
- President's Award for Industrial Development 2014 in the category of large scale Industry.

Information Technology

BSRM Limited is a customer oriented company since inception. Your Company has taken a group of IT initiative to support its sales and support staff in considering client needs and satisfaction. To responding promptly and respectfully to consumer complaints and queries we have automated their complaint system. To mitigate business risk, enhance business performance and to provide required information to the respective stakeholder we are continuously updating the ERP System.

Human Resource Management

The Human Resource strategies applied and practiced by the Company have translated into the creation of a dynamic and competent human resource team with sound succession planning and a remarkable low attrition rate. "Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization" is one vision of BSRM Group. Details of Human Resource are set out in the Chapter "Sustainable Growth" in Page no. 69 in this report.

Code of Conduct:

The Board of Directors of the Company has adopted a Code of Conduct for the Directors. All the Directors have signed an acceptance to its compliance.

Auditors:

The audit for the period January 2016 to June 2016 has been conducted by M/s Sayful Shamsul Alam & Co, Chartered Accountants. Subsequently, they expressed their un-willingness to continue as the auditor of the Company and the Board of Directors has appointed A. Qasem & Co, Chartered Accountants, Faruk Mahal (3rd Floor), Agrabad C/A, Chittagong as the statutory auditors of the Company for the year ended June 30, 2017.

The existing external Auditors of the Company A. Qasem & Co, Chartered Accountants, Faruk Mahal (3rd Floor), Agrabad C/A, Chittagong has completed annual audit for the year ended June 30,2017 and then expressed their unwillingness to be re-appointed.

The Board has recommended Rahman Rahman Huq, Chartered Accountants, MM Trade Centre (13th Floor), 78 Agrabad C/A, Chittagong, the representative firm of KPMG in Bangladesh for the position of the statutory auditors to hold the office for the year 2017-2018.

Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements/conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/134/Admin dated 07 August, 2012 on corporate governance has been included in the Report in Annexure-6.

Subsequent Events:

There is no subsequent event after the date of Financial Position and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 the Directors confirm that:

a) The financial statements prepared by the management of Bangladesh Steel Re-Rolling Mills Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper Books of Account of the Company has been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standard (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

e) The system of internal controls are sound in design and has been effectively implemented and monitored.

f) There are no doubts upon the company's ability to continue as a going concern and the annual accounts have been prepared as a going concern basis.

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g) The significant deviations from last year in the operating results of the company have been highlighted in the reports and reason thereof has been explained.

h) The key operating and financial date for the last six year is disclosed in Annexure-4.

i) The pattern of shareholding is disclosed in Annexure-5.

j) A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report segment.

k) Directors' profile and their directorship and business interest in other organizations have been disclosed in Board of Directors segment.

Acknowledgements:

We are extremely grateful to your honorable shareholders, valued customers for their trust and faith on us. We got enormous support from different government bodies, bankers, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, CDBL, RJSC for their guidance and co-operation.

We also express our sincere note of appreciation to our all staffs and members of the management for their hard work and commitments. Without their active role, we could not materialize our dream.

As we moving forward to the next frontier of growth and excellence we seek your support and encouragement as we are used to get from you since beginning of our journey.

Allah Hafiz,

Alihussain Akberali FCA
Chairman

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MANAGEMENT DISCUSSION AND ANALYSIS

ANNEXURE-1

Management Discussion and Analysis are designed to provide readers with an overview of the business and an analysis on Cost of Goods Sold, Gross and Net Profit margin.

FINANCIAL PERFORMANCE

Particulars	2016-17	2015-16	2016 Jan-Jun	2015 Jan-Jun	2015
	BDT	BDT	BDT	BDT	BDT
Cost of Goods Sold	20,241,647,242	11,555,860,148	8,351,835,033	4,139,940,475	7,343,965,590
Gross Profit	3,215,616,266	1,645,016,855	1,362,027,330	175,021,567	458,011,092
Net Profit	756,515,074	1,194,216,758	588,654,818	185,185,511	827,674,669

COST OF GOODS SOLD (COGS)

Cost of goods sold (COGS) is the expense a company incurred in order to manufacture, create, or sell a product. It includes the purchase price of the raw material as well as the expenses of turning it into a finished product.

COGS vary directly with sales and production, the more items we sell or make, the more stock or components we need to buy.

GROSS PROFIT MARGIN RATIO

Gross profit is the difference between sales and the cost of goods sold.

Gross Profit = Sales – Cost of Goods Sold

The gross profit margin is one indicator of the financial health of a business. Larger gross profit margins are better for business – the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit ÷ Sales) x 100

During the year 2016-17 Gross Profit Margin was 13.71% against 12.46% in 2015-16. Gross profit has increased as the company has started commercial production in this year and the price of Raw material was cheaper in this year.

NET PROFIT MARGIN RATIO

Net Profit is calculated by subtracting expenses including Tax and WPP & WF from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit = Gross Profit – Expenses with Tax & WPP & WF

The Net profit Margin Ratio is 3.23% against 9.05% in the 2015-16. In this year Net profit ratio declined because share of profit from associated declined to 130.36 million from 1205.60 million in the last year.

VAMARSTOCK

RISK FACTORS AND CONCERNS

ANNEXURE-2

1. Business Risks

a) Risks associated with sourcing of Raw Materials

Bangladesh Steel Re-Rolling Mills Limited (BSRMLTD) was heavily dependent for its basic raw materials-MS Billets on international market up to June 2016. In case of billet price fluctuation in the international market, the company suffered and its profitability was also affected. To meet the challenge, a separate company "BSRM Steel Mills Limited" has commissioned in June 2016 to produce 862,000 M.Ton MS billet per year which significantly reduces outside dependency. Steel Melting Unit of BSRMLTD can also supply 145,000 M.Ton Billet per year.

2. Market Risks

Like other industry, trade and commerce, we are also exposed to market risks arising from adverse changes in:

- Interest Rate;
- Currency Rate (foreign exchange rates);
- Competition, and
- Economic conditions

To manage these risks, we undertake various risks specific measures and strategies.

Interest Rates

Interest rate risk refers to the risk that increases in money market rates will have adverse impact on consolidated net financial income.

The business of BSRMLTD requires huge working capital. Although the company closely monitors and manages requirement of capital investment, the actual capital requirement may deviate from the projected one due to factors beyond its control, thus potentially affecting the borrowing costs.

Prudent financial management and strong negotiation with the lenders and timely collection from customers are few of major steps to reducing funding cost.

Foreign Exchange Fluctuations

Foreign currency risk is the risk of changes in exchange rates that adversely affect the company's earnings, equity and competitiveness. The company is involved in Foreign Trade, for example, Import & Export and thus exposed to Foreign Currency Risks. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains and losses in the income statement as incurred. The company also maintain foreign currency account in which local export collection in foreign currency are directly deposited to meet foreign exchange payment requirement.

Competition and Economic conditions

Competition refers to the risks of decreasing present market share caused by new entrants.

The company mitigates this risk through brand management and customer relations and by ensuring quality product.

BSRM continuously attempts to explore any untapped opportunity and also to adopt customer's needs. We believe we would be able to cope with any situation in the industry we are working.

3. Operational Risks

There are several processes involved in steel production and disruptions in one process may have serious effects in other process streams. There is risk that operational downtime caused by factors such as transport problems or process disruptions will become very costly. These risks are mitigated by optimizing raw materials inventories and finished goods inventories.

There is another regular risk of having adequate and regular supply of Gas, Power for production. Your Company is also aware of such risks and its mitigation through alternative supply of fuel.

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REMUNERATION PAID TO DIRECTORS IN 2016-17

ANNEXURE-3

Members of the board of directors were entitled and paid as follows:

Name	2016-17 Jul-Jun (12 Months)				2016 Jan-Jun (6 Months)		
	Position	Attendance Fee	Gross Remuneration	Total Paid	Attendance Fee	Gross Remuneration	Total Paid
Mr. Alihussain Akberali FCA	Chairman	34,500	15,600,000	15,634,500	11,500	7,800,000	7,811,500
Mr. Aameir Alihussain	Managing Director	34,500	10,800,000	10,834,500	11,500	5,400,000	5,411,500
Mr. Zohair Taherali	Director	34,500	13,200,000	13,234,500	5,750	6,600,000	6,605,750
Mrs. Sabeen Aameir	Director	25,875	2,400,000	2,425,875	11,500	1,200,000	1,211,500
Mr. Mono Ranjan Dey FCA	Independent Director	115,000	-	115,000	57,500	-	57,500
Total Taka		**244,375**	**42,000,000**	**42,244,375**	**97,750**	**21,000,000**	**21,097,750**

KEY OPERATING AND FINANCIAL DATA OF PRECEDING 6 YEARS

ANNEXURE-4

		2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Month)	2015	2014	2013	2012	2011
Production (Qty)	MT	442,511	241,359	45,689	42,116	106,810	94,127	104,118
% of Production Growth	%	83.34%	-	8.48%	(60.57%)	13.47%	(9.60%)	32.07%
Sales (Qty)	MT	508,434	192,631	54,433	76,818	126,714	191,628	182,981
% of Sales Growth (Qty)	%	163.94%	-	(29.14%)	(39.38%)	(33.88%)	4.73%	22.47%
Turnover	TK	23,457,263,508	9,713,862,363	7,801,976,682	8,049,886,582	8,602,415,008	14,043,421,488	12,664,400,034
Gross Profit	TK	3,215,616,266	1,362,027,330	458,011,092	188,250,322	500,092,270	697,520,675	1,076,545,121
Gross Profit %	%	13.71%	14.02%	5.87%	2.34%	5.81%	4.97%	8.50%
Earnings before Non Operating Income, interest, WPP&WF and Tax	TK	2,571,896,421	1,057,781,801	207,150,479	-66,173,212	284,988,575	514,206,410	865,899,830
	%	10.96%	10.89%	2.66%	(0.82%)	3.31%	3.66%	6.84%
Non-Operating Income	TK	113,899,482	359,355,789	1,357,073,073	567,280,783	1,258,308,377	463,023,464	1,371,392,222
Net Profit after tax	TK	756,515,074	588,654,818	827,674,669	109,091,658	943,818,621	453,924,187	1,150,797,919
	%	3.23%	6.06%	10.61%	1.36%	10.97%	3.23%	9.09%

		2016-17 Jul-Jun (12 Months)	2016 Jan-Jun (6 Month)	2015	2014	2013	2012	2011
Earnings before Non Operating Income, interest, WPP&WF and Tax	TK	756,515,074	588,654,818	827,674,669	109,091,658	943,818,621	453,924,187	1,150,797,919
	%	3.23%	6.06%	10.61%	1.36%	10.97%	3.23%	9.09%
Earnings Per Share (EPS)	TK	3.88	3.02	4.78	0.70	6.06	2.91	7.38
Current Ratio (Times)		0.75	0.78	0.73	1.09	0.99	1.06	0.95
Net Asset Value	TK	10,876,800,965	10,309,786,655	9,803,665,026	8,431,804,347	8,273,863,193	7,526,315,140	4,404,876,004
Net Asset Value Per Share	TK	55.75	52.84	55.28	54.10	53.09	48.29	68.46
Net operating Cash Flow Per Share	TK	(11.38)	(3.53)	(10.16)	(5.43)	0.53	3.42	34.17
Paid -up Capital (In Crore)	TK	195.09	195.09	177.36	155.851	155.851	155.851	64.345

THE PATTERN OF SHAREHOLDINGS

ANNEXURE-5

a) Parent/Subsidiary/Associated companies and other related parties

Name	Relation	No of Shares Held	
		As on 30th June 2017	As on 30th June 2016
H. Akberali & Co. Ltd.	Affiliated Company	26,270,116	26,270,116
Karnafully Engineering Works Ltd.	Affiliated Company	4,400,935	4,400,935
Total		30,671,051	30,671,051

b) Directors /CEO/CS/CFO/Head of Internal Audit and their spouses and minor children.

Name	Relation	No of Shares Held	
		As on 30th June 2017	As on 30th June 2016
Mr. Alihussain Akberali FCA	Chairman	24,163,843	24,163,843
Mr. Aameir Alihussain	Managing Director	18,776,950	18,776,950
Mr. Zohair Taherali	Director	6,250,424	6,250,424
Mrs. Sabeen Aameir	Director	4,405,060	4,405,060
Mrs. Tehseen Zohair Taherali	Wife of Mr. Zohair Taherali	6,762,604	6,762,604
Mrs. Bilkis Alihussain	Wife of Mr. Alihussain Akberali FCA	17,763,439	17,763,439
Mr. Abdul Qadir Zohair	Son of Mr. Zohair Taherali	5,060	5,060
Mr. Shekhar Ranjan Kar FCA	Group CFO & CS	11,000	11,000
Mr. Mohammed Reazul Kabir FCA	CFO & Head of A&F	1,800	1,800

c) Shareholding status of top 5 salaried employees other than CEO, CS, CFO & HIA

Name	Relation	No of Shares Held	
		As on 30th June 2017	As on 30th June 2016
Mr. Tapan Sengupta	Executive Director	11,000	11,000
Mr. Kazi Anwar Ahmed	Head of Corporate Affairs	11,000	11,000
Mr. Mohindar Singh Hanspal	Plant Head	Nill	Nill
Mr. Anil Kumar Chhabra	Head of Production	Nill	Nill
Mr. Md. Nizamul Haque	Head of Production	Nill	Nill

d) Shareholders holding 10% or more voting interest in the company.

Name	Relation	No of Shares Held	
		As on 30th June 2017	As on 30th June 2016
Mr. Alihussain Akberali	Chairman	24,163,843	24,163,843
Mr. Ali Asgar Badruddin	Shareholder	20,000,000	22,000,000
H. Akberali & Co. Ltd.	Affiliated Company	26,270,116	26,270,116

REPORT OF THE STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

ANNEXURE-6

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition No: 7)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1.1	Board's Size	√		
1.2	Independent Directors			
1.2 (i)	Minimum Number of Independent Director(s)	√		
1.2 (ii) (a)	Shareholding by Independent Director(s)	√		
1.2 (ii) (b)	Relationship with Company's sponsor	√		
1.2 (ii) (c)	Other relationship with Company or its subsidiary / associated companies	√		
1.2 (ii) (d)	Member, Director or Officer of any Stock Exchange	√		
1.2 (ii) (e)	Shareholder/Director/Officer of any member of Stock Exchange or an intermediary of the Capital Market	√		
1.2 (ii) (f)	Association with statutory audit firm (currently or preceding 3 years engaged as auditor of the Company)	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2 (ii) (g)	Holding same position in more than three listed companies	√		
1.2 (ii) (h)	Defaulter in payment of any loan to a Bank / NBFI	√		
1.2 (ii) (i)	Conviction for Criminal Offence involving moral turpitude	√		
1.2 (iii)	Appointment and approval of Indipendent Director(s) by BOD and AGM	√		
1.2 (iv)	Vacancy of post of Independent Director(s) for not more than 90 Days	NA		
1.2 (v)	The Board shall lay down a Code of Conduct of all Board Members and Annual compliance of the code to be recorded	√		
1.2 (vi)	Tenure of office of an Independent Director(s)	√		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Knowledge and Integrity of Independent Director(s)	√		
1.3 (ii)	Academic background and experiences of Independent Director(s)	√		
1.3 (iii)	Relaxation of qualification of Independent Director(s)	NA		
1.4	Chairman of the Board & Chief Executive Officer	√		
1.5	The Directors' Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment wise or product wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		
1.5 (vi)	Basis for Related Party transactions	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	√		
1.5 (viii)	Explanation of deteriotion of financial results after IPO, RPO, Rights Offer, Direct Listing, etc.	NA		
1.5 (ix)	Explanation of significant variance between Quarterly Financial performance and Annual Financial Statements	NA		
1.5 (x)	Remuneration to Directors including Independent Directors	√		
1.5 (xi)	Fairness of Financial Statements	√		
1.5 (xii)	Proper books of account of the issuer company have been maintained	√		
1.5 (xiii)	Adoptation of appropriate accounting policies and estimates	√		
1.5 (xiv)	Compliance with IAS/BAS/IFRS/BFRS	√		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	Ability to continue as a Going Concern	√		
1.5 (xvii)	Significant deviations in operating results compared to last year	√		
1.5 (xviii)	Presentation of summarized key operating and financial data of preceding 5 (five) years	√		
1.5 (xix)	Reasons for not declaring dividend	NA		
1.5 (xx)	Number of Board meetings held during the year and attendance by each director	√		
1.5 (xxi) (a)	Shareholding by Parent/Subsidiary/Associated Companies and other related parties	√		
1.5 (xxi) (b)	Shareholding by Directors, CEO, CS, CFO, HIA	√		
1.5 (xxi) (c)	Shareholding by Executives (Top 5 salaried)	√		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest	√		

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Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (xxii) (a)	A brief resume of the Directors	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Directorship in other companies	√		
2	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)			
2.1	Appointment of CFO, HIA & CS	√		
2.2	Requirement to attend the Board Meetings by CFO & CS	√		
3	AUDIT COMMITTEE			
3 (i)	Audit Committee as a sub-committee of the Board of Directors	√		
3 (ii)	Function of Audit Committee	√		
3 (iii)	Reporting to the Board of Directors & duties of the Committee in writing	√		
3.1	Constitution of the Audit Committee			
3.1 (i)	Composition of the Audit Committee	√		
3.1 (ii)	Appointment of Members and inclusion of Independent Director as member	√		
3.1 (iii)	Qualification of Members	√		
3.1 (iv)	Filling of Vacancy	NA		
3.1 (v)	Company Secretary is the Secretary of the Committee	√		
3.1 (vi)	Quorum of meeting of the Audit Committee	√		
3.2	Chairman of the Audit Committee			
3.2 (i)	Selection of Chairman of the Audit Committee	√		
3.2 (ii)	Requirement of presence in the AGM	√		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual Financial Statements	√		
3.3 (vi)	Review the quarterly and half yearly Financial Statements	√		
3.3 (vii)	Review the adequacy of internal audit function	√		
3.3 (viii)	Review of the significant related party transactions	√		
3.3 (ix)	Review of the Management Letters / Letter of Internal Control weakness issued by statutory auditors	√		
3.3 (x)	Application of fund raised through IPO/RIPO/Right Issue	√		
3.4	Reporting of the Audit Committee			
3.4.1 (i)	Reporting to the Board of Directors	√		
3.4.1 (ii) (a)	Report on conflicts of interests	NA		
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	NA		
3.4.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations	NA		
3.4.1 (ii) d)	Any other matter which shall be immediately disclosed to the BOD	NA		

PRIMARY STOCK

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.4.2	Reporting to the Authorities	NA		
3.5	Reporting to the Shareholders and General Investors	√		
4	EXTERNAL / STATUTORY AUDITORS			
4 (i)	Appraisal or valuation services or fairness opinions	√		
4 (ii)	Financial information systems design and implementation	√		
4 (iii)	Book-keeping or other services related to the accounting records or Financial Statements	√		
4 (iv)	Broker-dealer services	√		
4 (v)	Actuarial services	√		
4 (vi)	Internal audit services	√		
4 (vii)	Any other service that the Audit Committee determines	√		
4 (viii)	Possess of share by Partner or Employee of Audit Firm	√		
4 (ix)	Audit/certification services on compliance of Corporate Governance	√		
5	SUBSIDIARY COMPANY			
5 (i)	Composition of the Board of Directors	NA		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	NA		
5 (iii)	Submission of minutes to the Board Meeting of holding company	NA		
5 (iv)	Review of affairs by the holding company	NA		
5 (v)	Review of Financial Statement in particular Investment activities by the Audit Committee of holding company	NA		
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)			
6 (i) (a)	Financial Statements do not contain any materially untrue or misleading statement	√		
6 (i) (b)	Financial Statements presents a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
6 (ii)	Certification that there are no fraudulent, illegal or in violation of the Company's code of conduct	√		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7 (i)	Certification on compliance of Corporate Governance	√		
7 (ii)	Directors' statement on the compliance of the above conditions in the Directors' Report	√		



BRIQUETTE

Biomass Briquette, a dense form of bio–fuel, has gained a large following in Bangladesh as an alternate cooking fuel. Research has shown that the potential benefits of using briquettes includes 50% reduction of annual household fuel consumption. Use of one kg of briquette fuel over an equal amount of non–sustainable firewood saves almost 1.81 kg of CO_2.

CORPORATE SOCIAL RESPONSIBILITIES

BSRM CSR VISION

To integrate social responsibility into BSRM core business decisions, we want to have CSR at every steps of the heart of our Business process.

We envision CSR strategy that demonstrates BSRM intent for Caring, Supporting, and Returning to society where we anchored our business decades ago – this is how we define CSR and search and support interventions encompassing this scope.

BSRM CSR PRINCIPLES

BSRM commits resources to the extent that it can reasonably afford, not in one-off philanthropic project, rather in a set of strategically planned efforts consistent with BSRM's own corporate strengths and complementary to Programmes offered by the Government, to sustain and improve a healthy and prosperous environment, and improve the quality of life of the people living in poverty.

BSRM Group of Companies is involved with the CSR activities over the years. Some major projects under taken are as follows:

- SUPPORTING FREE EDUCATION, BURHANI BSRM SCHOOL, CHITTAGONG (APRIL 2006)
- LIVELIHOOD PROGRAM FOR WOMEN, SHITAKUNDA, CHITTAGONG (JUNE 2013)
- SHAHEED MINAR, CHITTAGONG (SEPTEMBER 2013)
- BSRM TRAINING CENTER FOR WOMEN, DURGAPUR, JESSORE (SEPTEMBER 2013)
- PREVENT DEFORESTATION, SHITAKUNDA (SEPTEMBER 2013)
- SOLAR HOUSE SYSTEM (SHS), JAINTAPUR, SYLHET (JUNE 2014)
- THE DAILY STAR SPELLING BEE CHAMPS 21 (APRIL 2014)
- POVERTY REDUCTION PROGRAM IN URBAN AREA, CHITTAGONG (JULY 2014)
- PROMOTE HIGHER EDUCATION (AUGUST 2014)
- CONSERVATION OF ENVIRONMENT, KEPZ CHITTAGONG (OCTOBER 2014)
- LIVELIHOOD PROJECT IN SALINE WATER AREA MONGLA, KHULNA (NOVEMBER 2014)
- WATER TREATMENT PLANT DACOBE, KHULNA (MARCH 2015)
- SAVE FOREST, BANSHKHALI CHITTAGONG (MARCH 2015)
- INFANT CARE PROGRAM FOR RMG WORKERS (APRIL 2015)
- WATER FOR COASTAL AREA, SOUTH, BANGLADESH (MAY 2015)

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- SOLAR POWER WATER PUMP, JAINTAPUR, SYLHET (MAY 2015)
- BSRM-ZCF CLUBFOOT CURE, CHITTAGONG DIVISION (SEPTEMBER, 2015)
- ENHANCE READING HABIT AND KNOWLEDGE (NOVEMBER 1, 2015)
- AUTISM TREATMENT & LIVELIHOOD SUPPORT (NOVEMBER 2015)
- BSRM-CRP VOCATIONAL TRAINING FOR PERSONS WITH DISABILITY (PWD), SAVAR (DECEMBER 2015)
- BSRM-NDP LIVELIHOOD PROGRAMS IN CHARS OF SIRAJGONJ (DECEMBER 2015).

The program under taken during the year 2016 are as follows:

Vocational Training Center, Chittagong:

Under this project poor, neglected orphans, destitute , street boys irrespective of caste and creed are trained in order to rehabilitate them professionally in technical trades of their interest.

Strengthening Women's Ability for Productive New Opportunities (SWAPNO) – Kurigram and Satkhira

UNDP-BSRM Group joined hands to support ultra poor women. BSRM Group Chairman Alihussain Akberali FCA and Mr. Nick signed the agreement on behalf of their respective organization.

BSRM Foundation Medical Center, Mirsarai:

BSRM has set up a Diagnostic Center at Mirsherai, Zorargonj, Chittagong. Expects to provide Out Door patient (ODP)services to about 5000 families living around Mirsarai, Sitakunda vicinity and for all employees of BSRM Group and their families living in that area. BSRM Foundation Medical Center (BFMC) launched "tele-medicine" service using Information and Communication Technology (ICT) to serve the patients of Mirsherai.

Supporting Handicapped Sitakunda and Kurigram:

BSRM Group has partnered with Handicap International in Bangladesh (HI) who has been working in Bangladesh with the aim to advance the long-term rights and social inclusion of people with disabilities.

Conservation of Nature Mirsherai, Chittagong:

To support landless , displaced and forest and hill dependent people , BSRM has extended "Interst free revolving fund" to some NGO under "Matching Fund Scheme" to support 200 families in 4 union of Mirsherai.

Keep smile cleft lip/palate kids - Sylhet

Cleft lip and cleft palate are birth defects and when a child is born with this defect in poverty stricken family, they cannot afford surgical help. Smile train INC, USA, BSRM Group and Syed Nuruddin Ahmed Development Foundation signed tripartite agreement to contribute funds , on a cost sharing basis for this program in Sylhet. In the first year, 400 children will be getting free treatment of which BSRM will sponsor 55 surgeries.

Forest Conservation, Fatikchari, Chittagong:

BSRM and HCMO joined hands to support expanding tree plantation and livelihood activity at landscape households to restore and maintain the forests at both buffer and core zone of Hazarikhail, Barierdhala and its constituent biodiversity in the best possible condition.

Financial support for renovation work of the existing CMH complex, Chittagong

BSRM Group extended financial support to combined Medical Hospital Complex, Cantonment Chittagong for the repair and renovation work of Junior Commissioned Officer's Ward located at CMH. The modernization included establishment of quality and appropriate diagnostic facilities for the families of middle and lower middle class of military and civilians who receive medical supports from CMH.

Bangladesh Institute of Governance & Management (formerly The Civil Service College), Dhaka

BIGM is a center of excellence for providing post graduate studies to the mid-level public servants as well as executives in the private sector to upgrade their knowledge and efficiency to make meaningful contribution to the economic development and good governance of the Country.

Under BSRM CSR focus area 'education', the group extended financial assistance to BIGM to build a "room" in their new premises to support BIGM's endeavor for expanding the academic facility for providing quality education to the serving executives.

AMARSTOCK



INDUSTRIAL AIR AND WATER PURIFICATION

Industrial development is indispensable for a country's progress. However, industrial activity has a dark side – environmental degradation, mostly caused by air and water pollution. All industrial production processes produce liquid effluent and gaseous emissions as a by–product of converting raw materials to finished products. Recently, many modern factories with sustainable technologies are using advanced Air Pollution Control (APC) and Water Treatment Plant (WTP) to minimize pollution and keep the environment safe.

SUSTAINABLE GROWTH

GREEN ENVIRONMENT, HUMAN RESOURCE AND INFORMATION TECHNOLOGY DEVELOPMENT

To keep our human resources safe and sound and the environment clean, BSRM has taken number of measures. We always gives priority to ensuring work place safety, security and ensure the green environment for all of our employees as well as for our country.

Green Environment…

BSRM Group is using world class Water Treatment Plant (WTP) for recycling water and to keep the environment free from pollution in all its manufacturing plants.

The Group has also commissioned Air Pollution Control (APC) system in all its steel melting & casting plants to keep the air free from Pollution. In the same way, we are going to implement a rain water harvesting project for our new billet casting plant at Mirershorai. It will have marvelous positive impact on the environment.

As recognition of your effort to keep the environment clean and greener, we were awarded the "Divisional Environmental Award" by Poribesh Odhidaptar.

Human Resources Function…

Our people, our asset.

Success isn't possible without a great team. At BSRM Group of Companies, nurturing and supporting human talent is of utmost priority to us. We believe sustainable growth is only possible if we foster teamwork, develop talent, enhance leadership capability, and maximize the potential of our human capital.

We focus on our valued people to optimize their creativity and performance by ensuring a safe and congenial working environment, cohesive corporate culture, appropriate training, reward and recognition, and various employee benefits schemes. Hiring the right person for the right job is the first step in our efforts to maintain a strong, capable, and independent workforce.

Being an Employer of choice, we aspire to align our people with our Vision and Values and make them a key factor for success in business transformation and change process. We are committed to achieve excellence in every step of our operation through different functions, projects, and initiatives. We work strategically with all stakeholders to provide leadership and guidance in the development, implementation, and equitable administration of policies and procedures, thus fostering a positive working environment.

Talent Acquisition is a stringent process of recruitment, selection, and strategy to attract qualified potential candidates who are committed to achieve the organizational goals. A well-designed competency based questionnaire is used to conduct Interviews and we make maximum effort to ensure a bias free, independent, and fair hiring process.

In order to nurture talents, we, at BSRM, believe that institutionalizing a learning culture positively helps safety, sustainability, quality, and productivity of the organization. Our **Training and Development** activities are systematic, organized, and ensure that individual training needs are well defined, understood, and catered to. Frequent trainings, local and abroad, are provided to ensure adequate developmental opportunities to all our people.

The safety of our people is of paramount importance, and our Health, Safety, and Environment (HSE) policies are created and implemented to maintain a safe working environment for every stakeholder. We are committed to establish a culture of HSE excellence in our organization.

VIVAR STOCK

A well-designed Succession Planning policy is used to assess, develop, and retain a talent pool in order to ensure a continuity of leadership for all critical/significant positions. A robust succession planning process helps skilled talent to gain experience and competencies so that they can move upward into vacant positions.

Our people deserve the best of us, and hence we focus on our Benefit Policy to ensure that our talent receives benefits and allowances such as Festival Bonuses, Provident Fund, Gratuity, Salary Advance, Interest free Company Loan for Car Scheme, Children Education Scheme, Employee Education Scheme, Employee Children Education Achievement Award for distinct academic results, Domiciliary Scheme, Executive Health Check-up Scheme, Hospitalization Scheme, Maternity Benefits Scheme, Wedding Gifts, WPPF, Pilgrimage Leave, etc.

Rewards and Recognitions are given to recognize employees for their excellence in service, loyalty, ideas, dedication to the vision and values of the group, and their contribution to change management. Our achievements are communicated through "Xtreme Talk", our corporate newsletter, so that we can all rejoice in the success of our people.

We pride on being an Equal Opportunity Employer and our Code of Conduct provides clear guidelines that allow us to build a working environment that is productive, enjoyable, safe, and free from harassment and discrimination. People who work for us belong to our family and are an integral contributing factor in the determination of our policies and procedures.

We work together, and we achieve together.

Information Technology…

BSRM Group was founded more than 60 years before and continuing its rapid growth more so in the past decade. In such complex rapid growing scenario IT based business friendly solution is the only way to handle all the data.

BSRM IT through Management foresight managed to keep up with this fast & complex growth as an organized entity and began to systematically address the challenges. Today IT as a strategic partner in business enablement plans, controls, and manages all IT based business issues in a very constructive, productive & controlled manner with periodic reporting & monitoring.

BSRM IT is managing the total network of BSRM Group including server management, managing and upgrading Oracle eBS, developing in-house software integrating with Oracle eBS and providing several levels of supports to end user.

Last year BSRM IT has focused on ERP up-gradation by modifying and creating various Customization, personalization, reports etc. Last year BSRM IT also provided almost in-house maintenance of ERP, took several initiatives to expand technology, enabled services for the external and internal customers, sales promoter and provide business solution to internal department. The key objective behind these initiatives was to make the information more available, fast & easily accessible to the stakeholders.

Next year BSRM IT will focus on implementation of Business Intelligence (BI) as well as support. BSRM IT also planned to increase employee efficiency by developing various Android Apps and Software System.

AMAR STOCK

WORLD ENVIRONMENT DAY

www.bsrm.com

OUR PLANTS ALSO PRODUCE OXYGEN

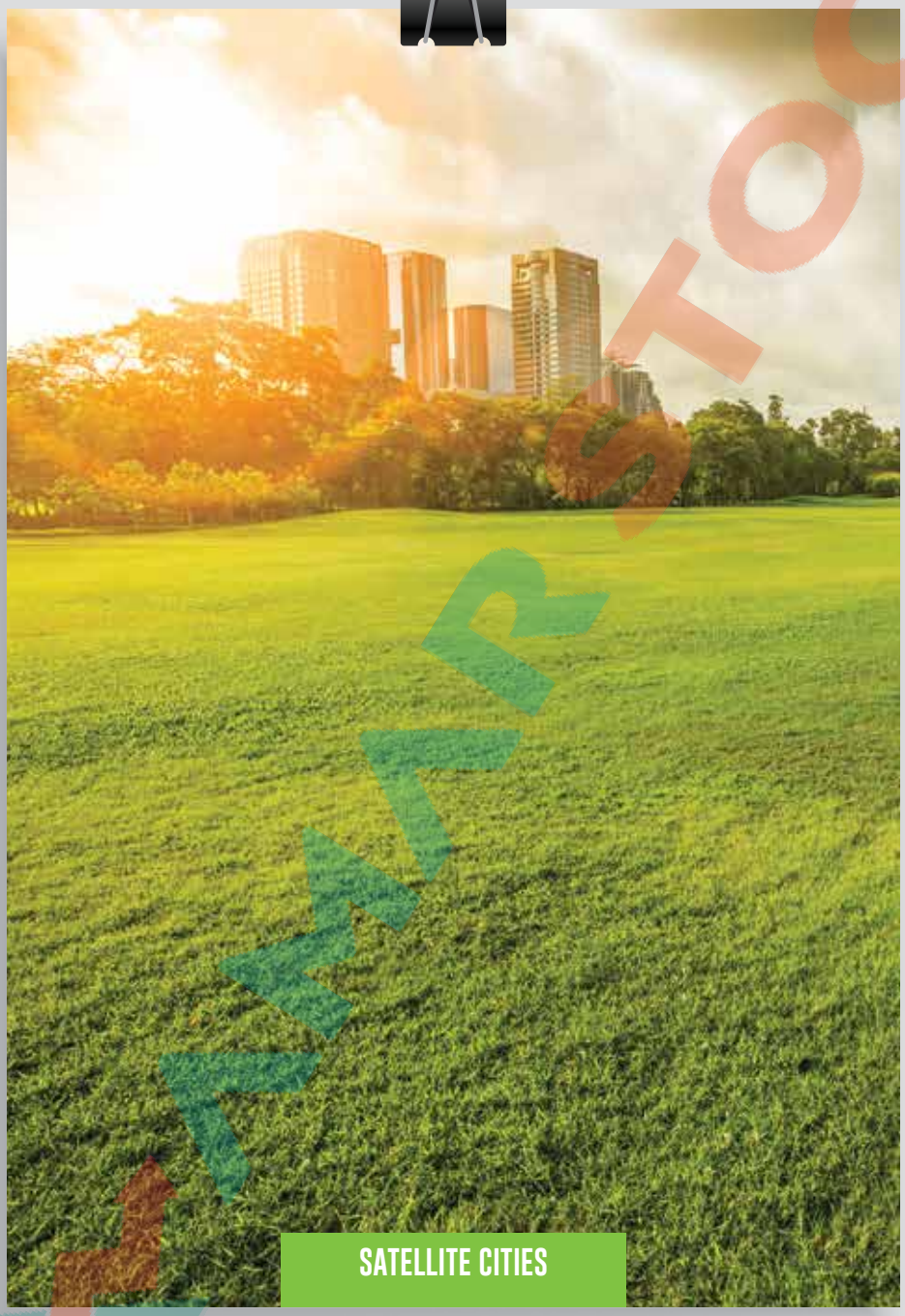
A nation without a sustainable environment will not be safe in the near future. It is only when the environment is safe that people can live better lives. Keeping this in mind, BSRM has planted more than 10,000 trees in its factory surroundings.

BSRM, as part of its CSR programs has, installed Briquette making factories in various locations of the country in collaboration with the Ahsania Mission Foundation. Briquettes are a biofuel substitute to wood, hence it saves trees from being cut down. This is how BSRM, being the leading steel producer of the country, is contributing towards maintaining ecological balance for a safer environment.

BSRM believes that a safer environment leads to a safer nation.

BSRM
building a safer nation





SATELLITE CITIES

Urbanization in developing countries is a defining feature of the 21st century. Between 2000 and 2030, the entire built–up urban area is projected to triple, which will enable economic growth and innovation across the country. On the other side, urbanization has environmental and socioeconomic challenges, including climate change, waste & pollution, congestion, and the rapid growth of slums. It's optimistically encouraging that GOB and different organizations have started to raise well–planned satellite cities to maintain the sustainability of cities and the quality of life.

REGULATORY COMPLIANCE REPORT

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the structures and processes for the direction and control of companies. Sound corporate governance is a fundamental part of the culture of the company and ensures long-term success. Corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies. The Board of Directors of Bangladesh Steel Re-Rolling Mills Limited is firmly committed to upholding principles of sound corporate governance. The main objective of corporate governance is to create lasting value for stakeholders. Transparency in the business transaction and disclosure of information to regulatory bodies as part of its legal obligations constitute sound corporate governance. Good corporate governance also means conformity to sound ethical principles and a code of conduct in business dealings.

Board of Directors

Board of Directors is the representative and trustee of the shareholders of the company. The Board of Directors of Bangladesh Steel Re-Rolling Mills Limited comprises of five members including Chairman, Managing Director and one independent director in compliance with the Corporate Governance Guidelines of BSEC. Board of Directors is performing the responsibilities, among others, setting the company's strategic objectives, providing leadership, supervision and safeguarding shareholders' interest.

Audit Committee

Bangladesh Steel Re-Rolling Mills Limited has an Audit Committee as a sub-committee of the Board of Directors. This committee is assisting the Board of Directors in ensuring that the financial statements reflect the true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The committee reports to the Board of Directors. It's duties and responsibilities are clearly outlined in writing. Audit Committee is reconstituted as per the guidelines of BSEC.

Audit Committee holds regular meetings on the following major issues:

- To review the financial statements and reporting process and monitor the choice of accounting policies and principles;
- To review the business risk management;
- To review the internal audit assessment;
- To oversee the good corporate practices;
- To review the adequacy of internal audit function etc.

A separate report of the audit committee is included in this annual report.

Chairman of the Board and Managing Director

In Bangladesh Steel Re-Rolling Mills Limited, Chairman and Managing Director are two separate individuals selected from the Board of Directors. Both are performing defined responsibilities and focusing on the strategic value addition of the company. Managing director is performing the role of Chief Executive.

Directors' Report to Shareholders

Board of Directors is reporting the performance, annual achievements and status of the company's activities to the shareholders. They are also conveying the plan and outlook of the industry and company in their report.

AMARSTOCK

Chief Financial Officer, Company Secretary and Head of Internal Audit

The company has appointed two qualified Chartered Accountants designated as Chief Financial Officer and Company Secretary. Both are the Fellow Members of the Institute of Chartered Accountants of Bangladesh. The CFO & Company Secretary regularly advise and assist the Board on financial strategy and compliance issues of the regulatory bodies. Chief Financial Officer and Company Secretary are also attending Board Meetings as per Corporate Governance Notification of the BSEC. Company's internal audit department is also headed by a Head of Internal Audit- a qualified chartered accountant having professional expertise and experiences in the field of internal audit.

Board of Directors clearly defined respective roles, responsibilities and duties of the CFO, Company Secretary and Head of Internal Audit.

Internal Audit and Control

Bangladesh Steel Re-Rolling Mills Limited established an Internal Audit Department consisting of professional and knowledgeable employees. Internal Audit Department directly reports to the Board of Directors.

Internal Audit department regularly conducts their audit based on a yearly Internal Audit Plan and checks, verifies and reviews the compliance of Internal Control Procedure and other regulatory requirements.

External Auditors

External Auditors of Bangladesh Steel Re-Rolling Mills Steels Limited is appointed in every Annual General Meeting (AGM) by the Shareholders of the company as per Companies Act 1994. The company also conforms to the requirement of Bangladesh Securities and Exchange Commission in appointing external auditors. External Auditors are not engaged to perform any of the tasks other than external /statutory audit.

Key Management Committee

There are other sub-committees to the Board of Directors to assist the Board of Directors in making and formulating company's strategic objectives and policies namely Management Committee & Executive Strategy and Planning Cell (ESPC). These committee members regularly sit for discussing and reviewing the activities of the company.

Certification on the Compliance of Corporate Governance Guidelines of BSEC

A certificate regarding compliance of conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission issued by M.A. Mallik & Co., Chartered Accountants is included in this Annual Report.

CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF COROPORATE GOVERNANCE GUIDELINES

M. A. MALLIK & Co.
CHARTERED ACCOUNTANTS

Head Office :
Aziz Chamber (2nd Floor)
6. Jubilee Road, Chittagong.
Phone : 613331, 2853523

Branch Office :
Room No. 6, First Floor
Dost Building, H. S. Surhwardy Road
Chittagong. Phone No. : 622176

Date : .....

Certificate on compliance of conditions of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission to the shareholders of Bangladesh Steel Re-Rolling Mills Limited

We have examined the compliance of conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by **Bangladesh Steel Re-Rolling Mills Limited** (the Company) for the period ended 30th June, 2017 as stipulated in Clause 7(i) of the BSEC Notification No: SEC/CMRRCD/2006-158/134/Admin/44, dated: 7th August, 2012.

The compliance of conditions of Corporate Governance Guidelines is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof as adopted by the Company for ensuring compliance to the conditions of Corporate Governance Guidelines. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned notification.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Dated, Chittagong
August 13, 2017

M. A. MALLIK & CO. CTG. Chartered Accountants

M. A. Mallik & Co.
Chartered Accountants

REPORT OF THE AUDIT COMMITTEE

An Audit Committee has been formed as a sub-committee of the Board of Directors of the Company as per Corporate Governance Guide Lines issued by the Bangladesh Securities and Exchange Commission (BSEC). This Audit Committee assists the Board of Directors for ensuring that the financial statements reflect the faithful and fair view of the state of affairs of the Company and in providing a sound monitoring system.

The following personnel are in the Audit Committee:

01	Mr. Mono Ranjan Dey, FCA	Chairman
02	Mr. Aameir Alihussain	Member
03	Mr. Zohair Taherali	Member
04	Mr. Shekhar Ranjan Kar, FCA	Secretary

Terms of Reference:

The terms of reference of the audit committee have been determined by the Board as per BSEC notification. The Committee is responsible to the Board of Directors and reports on its activities regularly. The Committee assists the Board of Directors in its general oversight of financial reporting, internal controls and functions relating to internal audit as well ensures compliance with the Corporate Governance Guidelines promulgated by the BSEC.

Number of Meetings:

The Committee formally met six times during the period covering from January 2016 to June 2017 under review.

Role of the Audit Committee:

- Exercising oversight responsibilities relating to the quality and integrity of the Company's financial statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the financial statements of the Company.
- Review any significant changes in accounting policies and practices in preparation of financial statements.
- Ensure compliance with applicable Financial Reporting Standards.
- Review the Quarterly, Half- Yearly and Annual financial statements and recommend the Board of Directors to approve those.
- Check whether adequate internal control systems are in place and their effectiveness.
- If it appears that internal control is not sufficient or effective, then to recommend the Board to review and adopt new internal control mechanism to avert possible non-compliance.
- Review the Internal Audit Plan for the Company and monitoring the performance of the internal auditors.
- Recommendation regarding appointment of External Auditors to the Board of Directors.
- Ensure proper action has been taken according to the Report of the External/ internal Auditors.

VIMAR STOCK

Re-appointment of Auditors:

The audit for the period January 2016 to June 2016 has been conducted by M/s Sayful Shamsul Alam & Co, Chartered Accountants. Subsequently, they expressed their un-willingness to continue as the auditor of the Company and the Board of Directors has appointed A. Qasem & Co, Chartered Accountants, Faruk Mahal (3rd Floor), Agrabad C/A, Chittagong as the statutory auditors of the Company for the year ended June 30, 2017.

The existing external Auditors of the Company A. Qasem & Co, Chartered Accountants, Faruk Mahal (3rd Floor), Agrabad C/A, Chittagong has completed annual audit for the year ended June 30,2017 and then expressed their unwillingness to be re-appointed.

The audit committee has recommended the Board to appoint Rahman Rahman Huq, Chartered Accountants, MM Trade Centre (13th Floor), 78 Agrabad C/A, Chittagong, the representative firm of KPMG in Bangladesh for the position of the statutory auditors to hold the office for the year 2017-2018.

Reporting:

On discharging its responsibilities, the audit committee has ensured the followings:

- Financial Statements have been prepared and presented in compliance with all laws, regulations & standards as applicable.
- Adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is adequately managed.

Audit Committee expressed their sincere thanks to the members of the Board of Directors, internal audit team, management of the Company for their outstanding support and Co-operation.

Mono Ranjan Dey, FCA
Independent Director and
Chairman of the Audit Committee
Dated: 12th August, 2017

AMARSTOCK

STATEMENT OF CEO AND CFO ON FINANCIAL STATEMENTS

The Board of Directors
Bangladesh Steel Re-Rolling Mills Limited

We do hereby certify that

(i) We have reviewed Financial Statements for the period covering from 1st January 2016 to 30th June 2016 and for the year ended 30th June 2017 and to the best of our knowledge and belief:

a) These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) These financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;

(ii) To the best of our knowledge and belief, the company did not enter into any transactions which are contrary to the laws of the land or the ethical standards which the company adheres to.

Aameir Alihussain
Managing Director

Mohammed Reazul Kabir, FCA
Chief Financial Officer

Chittagong
12th August, 2017

AMAR STOCK

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/064

BAPLC

Date of issue : 16th February 2017

Renewed Certificate

This is to certify that

BANGLADESH STEEL RE-ROLLING MILLS LIMITED

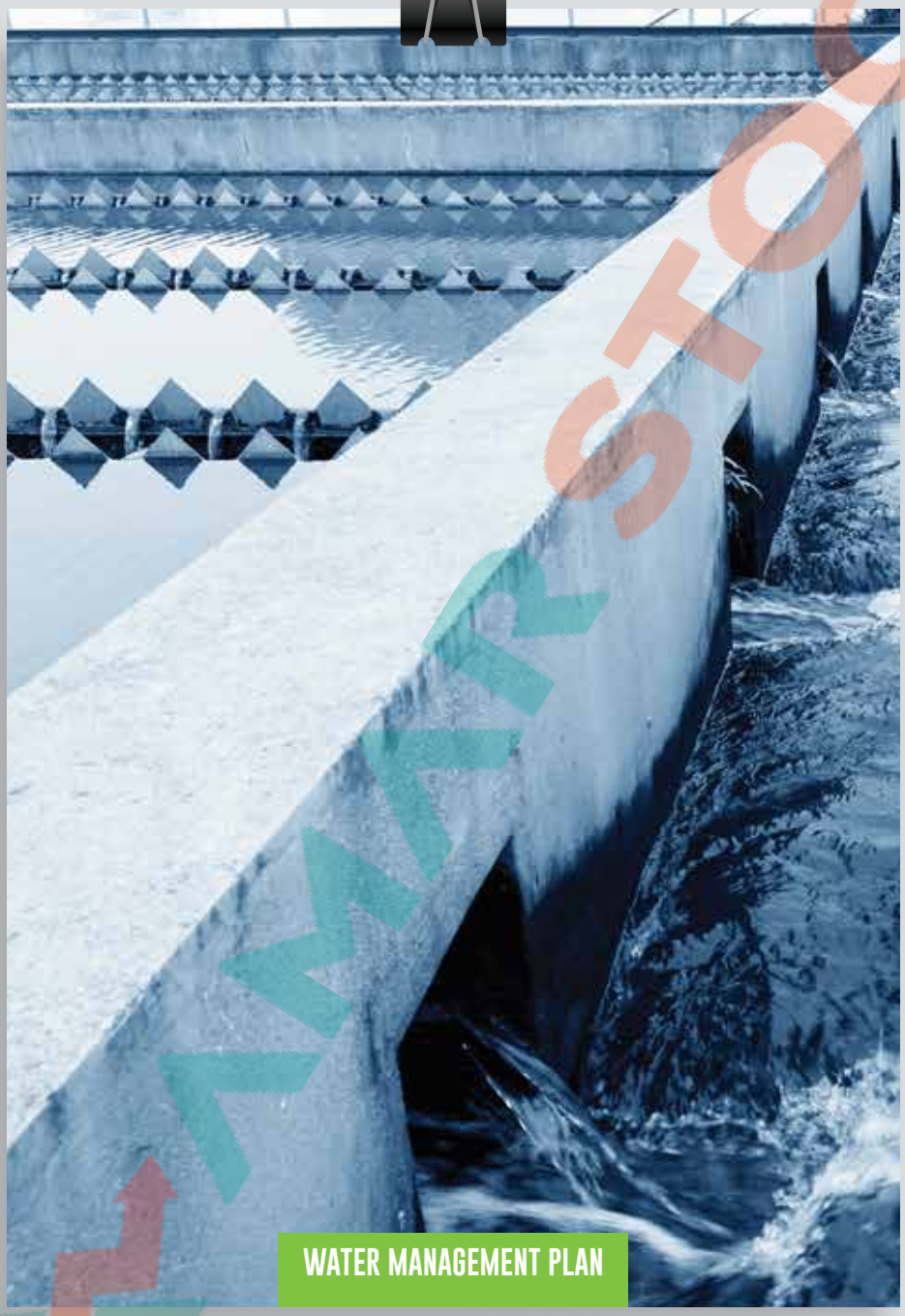
is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2017.

Bangladesh Association of Publicly Listed Companies ★ BAPLC

Secretary-General
(Acting)

FRAMESTOCK



WATER MANAGEMENT PLAN

Bangladesh is experiencing a massive spike in the requirement of water for both domestic and industrial use. It is projected that water demand could increase by 250% by 2030 to meet the anticipated growth. Textile industry alone will need over 3,400 billion liters of additional water by 2030 which is equivalent to the annual water needs of approximately 75 million people. Hence, sustainable water plans for the alternative water sources like wastewater reuse and zero discharge in factories, rainwater harvesting etc. are being undertaken for a safer and better future.

AUDITORS' REPORT & FINANCIALS FOR THE SIX MONTHS ENDED ON JUNE 30, 2016

BANGLADESH STEEL RE-ROLING MILLS LIMITED AND ITS ASSOCIATES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD (SIX MONTHS) ENDED 30 JUNE 2016

AMP STOCK

UHY Syful Shamsul Alam & Co
Chartered Accountants

Chittagong Office :
Yunusco City Centre (9th Floor)
807, CDA Avenue, Nasirabad,
Chittagong, Bangladesh.

Phone : +880-31-2859281
+880-31-2859282
+880-31-2865269
E-mail : ctg@ssacbd.com
Web : www.ssacbd.com

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Bangladesh Steel Re-Rolling Mills Limited** ("the Company") and its associates which comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 01 January 2016 to 30 June 2016, and a summary of significant accounting policies and other explanatory information.

The financial statements of the company and its associate, BSRM Steel Mills Limited (BSML) for the comparative period i.e., for the six months ended 30 June 2015 were unaudited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994 and other 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

SYFUL SHAMSUL ALAM & CO. Chittagong. Chartered Accountants

UHY Syful Shamsul Alam & Co
Chartered Accountants

Chittagong Office :
Yunusco City Centre (9th Floor)
807, CDA Avenue, Nasirabad,
Chittagong, Bangladesh.

Phone : +880-31-2859281
+880-31-2859282
+880-31-2865269
E-mail : ctg@ssacbd.com
Web : www.ssacbd.com

Report on Other Legal and Regulatory Requirements

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

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;

(c) the statement of financial position, and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the Company's business.

Chittagong, 6 October 2016

Syful Shamsul Alam & Co.
Chartered Accountants

SYFUL SHAMSUL ALAM & CO. Chittagong Chartered Accountants

Dhaka Office : 15, Dilkusha C/A (6th Floor), Dhaka-1000, Bangladesh, Phone : +880-2-9572217
Corporate Office : Paramount Heights (Level-6), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, Bangladesh, Phone : +880-2-9555915, 9515431, 9515491
E-mail : ssac@ssacbd.com

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AMAR STOCK

BANGLADESH STEEL RE-ROLLING MILLS LIMITED
Statement of Financial Position
As at 30 June 2016

	Note(s)	30 June 2016 Taka	31 December 2015 Taka
Assets			
Non-current assets			
Property, plant and equipment	4	11,908,901,352	11,792,470,145
Intangible asset	5	28,093,150	29,762,050
Capital work-in-progress	6	403,857,592	224,283,730
Investment in associates	7	6,024,824,712	5,984,856,993
Other investments	8	141,577,875	134,227,982
Total non-current assets		**18,507,254,681**	**18,165,600,900**
Current assets			
Inventories	9	7,335,268,548	5,080,808,706
Trade receivables	10	977,102,185	481,584,218
Other receivables	11	60,527,338	22,619,547
Due from related companies	12	1,993,023,585	904,026,840
Advances and deposits	13	1,333,356,641	812,992,416
Short term investments	14	40,096,301	17,162,470
Cash and cash equivalents	15	294,004,367	269,786,525
Assets held for sale	16	1,184,359,433	1,185,470,770
Total current assets		**13,217,738,398**	**8,774,451,492**
Total assets		**31,724,993,079**	**26,940,052,392**
Equity and Liabilities			
Equity			
Share capital	17	1,950,977,170	1,773,615,610
Share premium		511,970,250	511,970,250
General reserve	18.01	30,170,818	30,170,818
Revaluation reserve	18.02	4,067,381,989	4,078,450,789
Retained earnings		3,703,625,286	3,363,796,417
12% Convertible coupon bond - equity component		45,661,142	45,661,142
Total equity		**10,309,786,655**	**9,803,665,026**
Liabilities			
Non-current liabilities			
Long term loans	19.01	3,272,584,206	4,167,992,483
Defined benefit obligations - Gratuity	20	142,429,346	128,573,615
Deferred tax liabilities	21	1,134,511,277	840,592,140
Total non-current liabilities		**4,549,524,829**	**5,137,158,238**
Current liabilities			
Trade payables	22	965,096,281	332,441,402
Short term loans	23	9,015,063,382	9,796,128,212
Current portion of long term loans	19.01	1,343,805,090	885,877,539
Due to related companies	24	3,907,794,543	449,538,034
Advance against sales	25	1,215,180,031	179,657,806
Liabilities for expenses	26	265,359,168	270,417,853
Provision for income tax	27	14,037,129	33,080,053
Provision for WPPF and Welfare Fund	28	40,938,439	-
Other liabilities	29	98,407,532	52,088,229
Total current liabilities		**16,865,681,595**	**11,999,229,128**
Total liabilities		**21,415,206,424**	**17,136,387,366**
Total equity and liabilities		**31,724,993,079**	**26,940,052,392**

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Syful Shamsul Alam & Co.
Chartered Accountants

Chittagong, 6 October 2016

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The UHY network is a member of the Forum of Firms

BANGLADESH STEEL RE-ROLLING MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2016

	Note(s)	1 January 2016 to 30 June 2016 Taka	1 January 2015 to 30 June 2015* Taka
Revenue	30	9,713,862,363	4,314,962,042
Cost of sales	31	(8,351,835,033)	(4,139,940,475)
Gross profit		**1,362,027,330**	**175,021,567**
Selling and distribution costs	32	(179,760,947)	(23,962,246)
Administrative costs	33	(128,494,494)	(122,925,866)
		1,053,771,889	**28,133,455**
Other income	34	4,009,912	11,141,631
Operating profit		**1,057,781,801**	**39,275,086**
Finance costs	35	(602,783,108)	(277,516,630)
Finance income	36	10,966,222	37,818,522
Non-operating income	37	113,371,348	103,059,855
Profit before tax and WPPF and Welfare Fund		**579,336,263**	**(97,363,167)**
Contribution to WPPF and Welfare Fund	28.01	(44,955,939)	-
		534,380,324	**(97,363,167)**
Share of profit of associates (Net of tax)	38	359,355,789	323,549,308
Profit before tax		**893,736,113**	**226,186,141**
Income tax expenses/benefits:			
Current Tax			
Current year	27	(14,037,129)	(31,978,252)
Previous year	27	8,628,114	
Deferred tax	21	(299,672,280)	(9,022,378)
		(305,081,295)	(41,000,630)
Net profit after tax for the year		**588,654,818**	**185,185,511**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Deferred tax on interest - 12% Convertible bond		1,932,061	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income - net of tax		**1,932,061**	**-**
Total comprehensive income		**590,586,879**	**185,185,511**
Earnings per share (EPS)	39.01	3.02	0.95

*Unaudited

The annexed notes 1 to 50 form an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Chittagong, 6 October 2016

Syful Shamsul Alam & Co.
Chartered Accountants

SYFUL SHAMSUL ALAM & CO. Chittagong Chartered Accountants

BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Statement of Changes in Equity

For the period ended 30 June 2016

Amount in Taka

	Share Capital	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	12% Convertible coupon bond - equity component	Total
Balance as on 01 January 2015	1,558,510,380	-	30,170,818	4,156,482,199	2,758,242,239	60,881,523	8,564,287,159
Ordinary share issued through Initial Public Offering	175,000,000	-	-	-	-	-	175,000,000
Ordinary share issued against 12% Convertible coupon bond	40,105,230	-	-	-	-	-	40,105,230
Share Premium	-	549,794,644	-	-	-	-	549,794,644
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(25,286,773)	33,715,697	-	8,428,924
Cash dividend for the year 2014	-	-	-	-	(101,295,858)	-	(101,295,858)
Net profit after tax for the period ended 30 June 2015	-	-	-	-	185,185,511	-	185,185,511
Balance as on 30 June 2015	**1,773,615,610**	**549,794,644**	**30,170,818**	**4,131,195,426**	**2,875,847,589**	**60,881,523**	**9,421,505,611**
Balance as on 01 January 2016	1,773,615,610	511,970,250	30,170,818	4,078,450,789	3,363,796,417	45,661,142	9,803,665,026
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(10,064,053)	13,418,737	-	3,354,684
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(1,399,196)	1,865,594	-	466,398
Effect of revaluation and deferred tax on retained earnings of associates		-	-	394,449	-	-	394,449
Issued bonus share for the year 2015	177,361,560	-	-	-	(177,361,560)	-	-
Cash dividend for the year 2015	-	-	-	-	(88,680,781)	-	(88,680,781)
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	1,932,061	-	1,932,061
Net profit after tax for the period ended 30 June 2016	-	-	-	-	588,654,818	-	588,654,818
Balance as on 30 June 2016	**1,950,977,170**	**511,970,250**	**30,170,818**	**4,067,381,989**	**3,703,625,286**	**45,661,142**	**10,309,786,655**

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ALAMIN STOCK

BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Statement of Cash Flows
For the period ended 30 June 2016

	1 January 2016 to 30 June 2016 Taka	1 January 2015 to 30 June 2015 Taka
a. Cash flows from operating activities		
Receipts from customers against sales	10,253,762,863	4,275,209,944
Receipts against other income	94,616,249	159,440,162
Cash Paid to Suppliers, Operating and Other Expenses	(10,196,211,819)	(2,792,645,981)
Payment of interest-Net	(678,593,779)	(262,789,869)
Income Tax Paid	(162,450,866)	(508,383,348)
Net cash (used in)/generated by operating activities	**(688,877,352)**	**870,830,908**
b. Cash flows from investing activities		
Acquisition of property, plant and equipment	(577,020,631)	(1,425,446,824)
Proceeds from sale of property, plant and equipment	10,166,999	20,000
Short term loans to related companies	(1,088,996,745)	674,580,408
Investment in associates	-	(1,322,500,000)
Proceeds from sale of investments in tradable securities and FDRs	(38,308,651)	7,993,680
Dividend income (net of tax)	255,826,015	127,913,008
Net cash (used in)/generated by investing activities	**(1,438,333,013)**	**(1,937,439,728)**
c. Cash flows from financing activities		
Share capital	-	215,105,230
Share premium	-	549,794,644
Dividend paid	(88,282,746)	(13,156,682)
Receipts/(Re-payments) of long term loans	(437,480,726)	(551,004,831)
Receipts of Short term loans	(781,064,830)	700,711,547
loans received from /(paid to) related companies and others	3,458,256,509	567,319,422
Share Money Deposit	-	11,914,921
Net cash provided by /(used in) financing activities	**2,151,428,207**	**1,480,684,251**
d. Net increase in cash and cash equivalents (a+b+c)	**24,217,842**	**414,075,431**
e. Opening cash and cash equivalents	269,786,525	71,908,952
f. Closing cash and cash equivalents (d+e)	**294,004,367**	**485,984,383**

Period for statement of financial position and statement of profit or loss and other comprehensive income has been presented as per the requirement of BAS 34: Interim Financial Reporting. So opening cash and cash equivalents balances of current period do not match with the prior period's closing balances.

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BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Notes to the Financial Statements

As at and for the period ended at 30 June 2016

1.00 THE REPORTING ENTITY

1.01 Legal form of Enterprise

Bangladesh Steel Re-Rolling Mills Limited is a public company limited by shares is domiciled in Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on 28 December 1960 vide the certificate C/186-No. 1491/92 E.P. of 1960-1961 under Companies Act 1913 (since repealed and substituted by the Companies Act 1994) as a private company limited by share. The company was converted into a public limited company on 03 November 2009 under the Companies Act 1994. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 27 April 2015.

The company has set up its Re-Rolling mill and Steel Melting Workshop (SMW previously known as Meghna Engineering Works Limited) at 147/148/149 and 78/79 Baizid Bostami Road, Nasirabad Industrial Area, Chittagong, Bangladesh respectively and commenced commercial production from 1987 after first BMRE. The principle place of business is at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

1.02 Nature of the Business

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

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

1.03 BMRE and Suspension of Production

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

1.04 Description of Associates

(i) Legal form of BSRM Steels Limited

BSRM Steels Limited was incorporated on 20 July 2002, vide the certificate C-No. 4392 of 2002 as a private limited company under Companies Act 1994. The company was converted to a public limited company on 20 December 2006. The company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 18 January 2009. Bangladesh Steel Re-Rolling Mills Limited directly holds 31.19% of ordinary shares in BSRM Steels Limited.

Nature of the business

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

(ii) Legal form of BSRM Iron & Steel Co. Ltd.

BSRM Iron & Steel Co. Ltd. (BISCO) was incorporated as a private Limited Company on 13th April, 2005, vide certificate No. CH-5415 of 2005 under the Companies Act, (No-XVIII), 1994. The Company was converted into a public limited company on March 15, 2011. The Company's Registered and Corporate Office is situated at Ali Mansion, Sadarghat Road, Chittagong. It is a subsidiary company of BSRM steels Limited that holds 95% ordinary shares in (BISCO). As a result Bangladesh Steel Re-Rolling Mills Limited indirectly holds 29.63% shares in BISCO and has significant influence over it.

Nature of the business

The principal activities of the company are manufacturing M.S. Billets of different qualities and selling the same to steel rolling mills. The company has set up its automatic steel melting plant at 202-205 Nasirabad Industrial Area, Baizid Bostami Road, Chittagong and commenced commercial production from 1st June, 2010.

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(iii) Legal form of BSRM Steel Mills Limited

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

Nature of the business

The company is engaged in setting up an automatic steel melting plant for making M.S. billets of different quality and sell the same to steel rolling mills. The company has started commercial production on 16 June 2016.

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).

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 2016
b) A statement of profit or loss and other comprehensive income for the period ended 30 June 2016
c) A statement of changes in equity for the period ended 30 June 2016
d) A statement of cash flows for the period ended 30 June 2016
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:

i) The Income Tax Ordinance, 1984
ii) The Income Tax Rules, 1984
iii) The Value Added Tax Act, 1991
iv) The Value Added Tax Rules, 1991
v) The Securities and Exchange Ordinance, 1969
vi) The Securities and Exchange Rules, 1987
vii Securities and Exchange Commission Act, 1993
viii) The Customs Act, 1969
ix) Bangladesh Labour Law, 2006

2.04 Authorization for Issue

These financial statements have been authorized for issue by the Board of Directors on 6 October 2016.

2.05 Basis of Measurement

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

2.06 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.

2.07 Statement of Cash Flows

Statement of cash flows has been prepared in accordance with BAS 7: Statement of Cash Flows and the cash flow from operating activities have been presented under direct method as per the requirement of Securities and Exchange Rules 1987.

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2.08 Going Concern

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

2.09 Applicable Accounting Standards

The following BASs and BFRSs are applicable for preparation and reporting of the Financial Statements for the period under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Statement of Cash Flows
BAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS - 10	Events after the Reporting Period
BAS - 12	Income Taxes
BAS - 16	Property, Plant and Equipment
BAS - 17	Leases
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 21	The Effects of Changes in Foreign Exchange Rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 28	Investment in Associates & Joint Ventures
BAS - 32	Financial Instruments: Presentation
BAS - 33	Earnings Per Share
BAS - 34	Interim Financial Reporting
BAS - 36	Impairment of Assets
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BAS - 39	Financial Instruments: Recognition and Measurement
BFRS - 5	Non-current Assets Held for Sale and Discontinued Operations
BFRS - 7	Financial Instruments: Disclosures
BFRS - 12	Disclosure of Interest in Other Entities
BFRS - 13	Fair Value Measurement

2.10 Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards -

(a) BFRS - 9 Financial Instruments
(b) BFRS - 15 Revenue from Contracts with Customers

The above standards are effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of BFRS 9 and BFRS 15.

2.11 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.

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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 particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note: 4	Property, plant and equipment
Note: 5	Intangible asset
Note: 9	Inventories
Note: 10	Trade receivables
Note: 21	Deferred tax liabilities
Note: 26	Liabilities for expenses
Note: 27	Provision for income tax

2.12 Comparative Information

Comparative information has been disclosed in respect of 2015 in accordance with BAS - 1: Presentation of Financial Statements, for all numeric information in the 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.

2.13 Reporting Period

The financial statements of the company covers the period from 01 January 2016 to 30 June 2016. Until 31 December 2015, financial year of the company and its associates was from 01 January to 31 December. The company has changed its financial year end to 30 June to comply with the requirement of sub-section 35 of section 2 of the Income Tax Ordinance 1984 for uniform income year from first day of July to thirtieth day of June as amended by the provision of section 9 of the Finance Act 2015.

3.00 SIGNIFICANT ACCOUNTING POLICIES

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

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

3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the period ended 30 June 2016 are consistent with those policies and methods adopted in preparing the Financial Statements for the period ended 31 December 2015.

3.02 Property, Plant and Equipment (PPE)

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

3.02.01 Recognition and Measurement

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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3.02.02 Subsequent Costs

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

3.02.03 Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on diminishing balance 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.

Depreciation is charged on addition from the month (date of service) of acquisition/addition upto the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. The principal annual rates are as follows.

Category of Assets	Rate of depreciation (%)
Land and land development	Nil
Plant and machineries	7.5%
Motor vehicles	20%
Factory building and shed	5%
Boundary wall, drainage System, roads & pavement	10%
Furniture and fixtures	20%
Office equipment	20%
IT Equipment	20%

Depreciation are charged / allocated on the basis of location of respective assets. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

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

3.02.04 Revaluation of Property, Plant and Equipment

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

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

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

3.03 Non-current Asset Held for Sale

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

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3.04 Intangible Asset

3.04.01 Recognition and Measurement

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

3.04.02 Subsequent Costs

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

3.04.03 Amortization

The only intangible asset of the company is ERP (Oracle eBS Software) which is amortised every month following straight line method for 10 (ten) years. The amortisation cost is charged in profit or loss.

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

3.05 Capital Work in Progress

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

3.06 Leases

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

3.06.01 Finance Lease

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

3.06.02 Operating Lease

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

3.06.03 Leasehold Land

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

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

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3.07 Investments in Associates

The company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. 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. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in profit or loss as share of associate's profit or loss during the period following the provisions of BAS 28.

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

3.08 Inventories

Nature of inventories

Inventories comprise Raw Materials (Melting Scrap, Billets and Sponge Iron), Packing Materials, Consumable Stores, Fuel and Lubricants & Finished Goods (M.S. Rods, Billets, Iron Beams, Angles, Channels and Steel Bars) etc.

Valuation of the inventories

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

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

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

3.09 Financial Instruments

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

3.09.01 Financial Assets

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 becomes a party to the contractual provisions of the instrument.

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

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.

At fair value through profit or loss

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

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Held to maturity

These assets are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

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

(a) Trade and other receivables

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

There is no fixed company policy regarding provision for impairment loss on receivables, if any receivables are not realized within the credit period. It has been dealt with on case to case basis.

(b) Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

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

(c) Cash and cash equivalents

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

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

3.09.02 Financial Liabilities

The company initially recognises all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

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

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

(a) Trade and other payables

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



(b) 12% Convertible coupon bond

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

(c) Other liabilities

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

3.09.03 Equity Instruments

Share capital (ordinary shares)

Ordinary shares are classified as equity.

3.10 Impairment

3.10.01 Financial Assets

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

Financial assets not classified as at fair value through profit or loss , including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes :

- default or delinquency by a debtor
- restructuring of an amount due to the company on terms that the company would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security, or
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3.10.02 Financial Assets Measured at Amortized Cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Collective assessment is carried out by grouping together assets with similar risks characteristics.

In assessing collective impairment, the company uses historical information on the timing of recoveries and the amount of loss incurred, and makes any adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the company considers that there is no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.10.03 Available for Sale Financial Assets

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

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3.10.04 Equity Accounted Investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss, is recognized in profit and loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.10.05 Non Financial Assets

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

3.11 Transactions with Related Companies

These represent balance amounts due to /from sister concerns which are derived from short term loan, sale/purchase of goods from time to time. Sales and purchase of goods are made on arm's length basis and interest are charged on outstanding balances. These balances are unsecured but considered good and realisable.

3.12 Share Capital

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

3.13 Employee Benefit Schemes

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

3.13.01 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The company maintains the Recognized Provident Fund for all permanent employees at which both the company and employees contribute @ 10% of basic salary. The Employees' Provident Fund was obtained recognition from Income Tax Authority on August 05, 1975 which was effective from September 30, 1973 and is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in BAS-19.

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

3.13.02 Defined Benefit Plan

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

Service length	Payment basis
Less than Five (5) years	Nil
For Five (5) years and more	Two (2) times of last month basic salary multiplied by year of services

3.13.03 Workers' Profit Participation and Welfare Funds

The company also recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of net profit before tax in accordance with the provision of Section 234 (Kha), Chapter 15 of Bangladesh Labour Law 2006.

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3.14 Income Tax Expenses

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

3.14.01 Current Tax

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

3.14.02 Deferred Tax

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

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

Deferred tax on temporary differences between carrying amounts of investments in associates and tax bases has been recognised following the tax rates applicable for profit on disposal of investments as well as distributions from associates.

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

3.15 Provisions and Contingencies

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

3.16 Revenue

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

3.17 Other Operating Income

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

3.18 Finance Income and Expenses

3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR) and Short Term Deposits (STD) account has been recognized on cash basis.

3.18.02 Finance Expenses

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

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

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3.19 Borrowing Costs

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

3.20 Interest on Balance of Related Companies

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

3.21 Foreign Currency Transactions

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

3.22 Management Fees

Bangladesh Steel Re-Rolling Mills Limited, the reporting entity, entered into a management sharing agreement with BSRM Steels Limited, an investee company, on October 15, 2005 for allowing BSRM Steels Limited to use its goodwill. According to the terms of the agreement, Bangladesh Steel Re-Rolling Mills Limited is entitled to receive Tk. 300 per MT of monthly production as management fee on monthly basis provided that BSRM Steels Limited has net profit in its monthly financial statements.

3.23 Duty Drawback

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

3.24 Earnings Per Share (EPS)

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

3.24.01 Basis of Earnings

This represents profit for the period attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the period has been considered fully attributable to the ordinary shareholders.

3.24.02 Basic Earnings Per Share

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

3.24.03 Diluted Earnings Per Share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

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3.25 Measurement of Fair Values

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

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

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

Level 3: Inputs for the 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.

Property, plant and equipment

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

Equity and debt securities

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

3.26 Events After the Reporting Period

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

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4.00 Property, plant and equipment - at revalued model

Amount in Taka

	Land and Land Development	Plant and Machineries	Motor Vehicles	Factory Building and Shed	Boundary wall, Roads and Pavements	Furniture and Fixtures	Office Equipment	Computer and IT Equipment	Total
At revalued amount									
Balance as on 01 January 2015	3,820,233,552	3,037,442,624	49,108,211	657,317,724	118,702,875	20,557,785	24,336,752	14,867,975	7,742,567,498
Additions during the period	62,005,671	4,187,050,405	7,147,909	2,030,441,324	9,957,016	8,623,911	5,794,808	1,346,988	6,312,368,032
Reclassification asset to held for sale	-	(1,676,945,045)	-	-	-	-	-	-	(1,676,945,045)
Disposal/Adjustment during the period	-	-	(2,492,039)	-	-	(145,967)	(537,802)	(488,457)	(3,664,265)
Balance as at 31 December 2015	**3,882,239,223**	**5,547,547,984**	**53,764,081**	**2,687,759,048**	**128,659,891**	**29,035,729**	**29,593,758**	**15,726,506**	**12,374,326,220**
Balance as on 01 January 2016	3,882,239,223	5,547,547,984	53,764,081	2,687,759,048	128,659,891	29,035,729	29,593,758	15,726,506	12,374,326,220
Additions during the period	38,930,146	180,183,688	2,655,868	160,755,766	7,753,361	508,860	3,716,018	1,945,644	396,449,351
Disposal/Adjustment during the period	-	-	(6,780,944)	-	-	-	-	-	(6,780,944)
Balance as at 30 June 2016	**3,921,169,369**	**5,727,731,672**	**49,639,005**	**2,848,514,814**	**136,413,252**	**29,544,589**	**33,309,776**	**17,672,150**	**12,763,994,627**
Accumulated depreciation									
Balance as on 01 January 2015	-	627,862,273	20,602,846	96,354,081	32,888,363	5,790,295	8,272,750	5,587,841	797,358,449
Depreciation Rate		***7.5%***	***20%***	***5%***	***10%***	***20%***	***20%***	***20%***	
Charged for the period	-	144,539,852	6,089,570	36,508,354	8,664,424	3,154,236	3,395,788	1,913,233	204,265,457
Reclassification asset to held for sale	-	(417,899,327)	-	-	-	-	-	-	(417,899,327)
Adjustment for disposal during 2015	-	-	(1,437,814)	-	-	(63,591)	(113,703)	(253,396)	(1,868,504)
Balance as at 31 December 2015	**-**	**354,502,798**	**25,254,602**	**132,862,435**	**41,552,787**	**8,880,940**	**11,554,835**	**7,247,678**	**581,856,075**
Balance as on 01 January 2016	-	354,502,798	25,254,602	132,862,435	41,552,787	8,880,940	11,554,835	7,247,678	581,856,075
Depreciation Rate		***7.5%***	***20%***	***5%***	***10%***	***20%***	***20%***	***20%***	
Charged for the period	-	198,380,316	2,702,404	66,270,351	4,601,206	2,050,361	2,081,431	954,751	277,040,820
Adjustment for disposal during period	-	-	(3,803,620)	-	-	-	-	-	(3,803,620)
Balance as at 30 June 2016	**-**	**552,883,114**	**24,153,386**	**199,132,786**	**46,153,993**	**10,931,301**	**13,636,266**	**8,202,429**	**855,093,275**
Carrying amount									
As at 31 December 2015	**3,882,239,223**	**5,193,045,186**	**28,509,479**	**2,554,896,613**	**87,107,104**	**20,154,789**	**18,038,923**	**8,478,828**	**11,792,470,145**
As at 30 June 2016	**3,921,169,369**	**5,174,848,558**	**25,485,619**	**2,649,382,028**	**90,259,259**	**18,613,288**	**19,673,510**	**9,469,721**	**11,908,901,352**

Depreciation allocated to:	Note	1 January 2016 to 30 June 2016 Taka	1 January 2015 to 30 June 2015 Taka
Cost of sales	31.03	269,376,530	111,460,700
Selling & distribution costs	32.00	4,200,021	507,729
Administrative costs	33.00	3,464,269	3,651,770
Total		**277,040,820**	**115,620,199**

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4.01 Property, plant and equipment - at cost model

Amount in Taka

	Land and land Development	Plant and Machineries	Motor Vehicles	Factory Building and Shed	Boundary wall, Roads and Pavements	Furniture and Fixtures	Office Equipment	Computer & IT Equipment	Total
Balance as on 01 January 2015	1,837,616,520	3,072,619,558	73,970,397	787,027,038	118,702,875	34,778,439	40,830,076	14,867,975	5,980,412,878
Additions during the period	62,005,671	4,187,050,405	7,147,909	2,030,441,324	9,957,016	8,623,911	5,794,808	1,346,988	6,312,368,032
Reclassification asset to held for sale	-	(863,674,189)	-	-	-	-	-	-	(863,674,189)
Disposal/Adjustment during the period	-	-	(1,482,607)	-	-	(136,029)	(504,729)	(488,457)	(2,611,822)
Balance as at 31 December 2015	**1,899,622,191**	**6,395,995,774**	**79,635,699**	**2,817,468,362**	**128,659,891**	**43,266,321**	**46,120,155**	**15,726,506**	**11,426,494,899**
Balance as on 01 January 2016	1,899,622,191	6,395,995,774	79,635,699	2,817,468,362	128,659,891	43,266,321	46,120,155	15,726,506	11,426,494,899
Additions during the period	38,930,146	180,183,688	2,655,868	160,755,766	7,753,361	508,860	3,716,018	1,945,644	396,449,351
Disposal/Adjustment during the period	-	-	(4,915,349)	-	-	-	-	-	(4,915,349)
Balance as at 30 June 2016	**1,938,552,337**	**6,576,179,462**	**77,376,218**	**2,978,224,128**	**136,413,252**	**43,775,181**	**49,836,173**	**17,672,150**	**11,818,028,901**
Accumulated depreciation									
Balance as on 01 January 2015	-	1,469,183,702	49,042,848	340,237,692	32,888,363	22,431,726	25,076,689	5,587,841	1,944,448,861
Depreciation Rate		***7.5%***	***20%***	***5%***	***10%***	***20%***	***20%***	***20%***	
Charged for the period	-	84,079,015	5,575,893	30,799,639	8,664,424	2,672,068	3,340,280	1,913,233	137,044,552
Reclassification asset to held for sale	-	(304,460,364)	-	-	-	-	-	-	(304,460,364)
Adjustment for Disposal during the period	-	-	(1,437,814)	-	-	(63,591)	(113,703)	(253,396)	(1,868,504)
Balance as at 31 December 2015	**-**	**1,248,802,353**	**53,180,927**	**371,037,331**	**41,552,787**	**25,040,203**	**28,303,266**	**7,247,678**	**1,775,164,545**
Balance as on 01 January 2016	-	1,248,802,353	53,180,927	371,037,331	41,552,787	25,040,203	28,303,266	7,247,678	1,775,164,545
Depreciation Rate		***7.5%***	***20%***	***5%***	***10%***	***20%***	***20%***	***20%***	
Charged for the period	-	190,102,032	885,619	64,009,369	4,601,206	1,749,891	1,319,215	954,751	263,622,083
Adjustment for Disposal during the period	-		(3,803,619)						(3,803,619)
Balance as at 30 June 2016	**-**	**1,438,904,385**	**50,262,927**	**435,046,700**	**46,153,993**	**26,790,094**	**29,622,481**	**8,202,429**	**2,034,983,009**
Carrying amount									
As at 31 December 2015	**1,899,622,191**	**5,147,193,421**	**26,454,772**	**2,446,431,031**	**87,107,104**	**18,226,118**	**17,816,889**	**8,478,828**	**9,651,330,354**
As at 30 June 2016	**1,938,552,337**	**5,137,275,077**	**27,113,291**	**2,543,177,428**	**90,259,259**	**16,985,087**	**20,213,692**	**9,469,721**	**9,783,045,892**

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

	30 June 2016 Taka	31 December 2015 Taka
Leasehold land	1,832,242,500	1,832,242,500
Freehold land	2,088,926,869	2,049,996,723
	3,921,169,369	**3,882,239,223**

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		30 June 2016	31 December 2015
		Taka	Taka
4.03	**Reclassification of Plant and Machineries**		
	At revalued amount	-	1,676,945,045
	Less: Accumulated Deprecation	-	(417,899,327)
		-	**1,259,045,718**

To enhance the production capacity of the rolling mills from 120,000 Metric Ton to 450,000 Metric Ton per year, the old rolling portion has been ceased from active use. Management of the Company is planning to dispose off the plant and machineries of rolling portion and hence decided to reclassify it as 'Held for Sale'.

		Note(s)	30 June 2016	31 December 2015
			Taka	Taka
5.00	**Intangible asset**			
	Computer Software (Oracle ERP)	5.01	28,093,150	29,762,050
			28,093,150	**29,762,050**
5.01	**Intangible assets schedule**			
	Cost			
	Opening balance		33,378,000	33,378,000
	Add: Addition during the period		-	-
	Closing balance		**33,378,000**	**33,378,000**
	Accumulated Amortisation			
	Opening balance		3,615,950	278,150
	Add: Charged during the period	33.00	1,668,900	3,337,800
	Closing balance		**5,284,850**	**3,615,950**
	Carrying amount		**28,093,150**	**29,762,050**
6.00	**Capital work-in-progress**			
	Opening balance		224,283,730	1,893,774,755
	Add: Additions during the period	6.01	416,895,747	2,108,669,184
			641,179,477	4,002,443,939
	Less: Capitalized during the period	6.01	(237,321,885)	(3,778,160,209)
			403,857,592	**224,283,730**

6.01 Details of Capital work-in -progress

Particulars	Opening Balance	Additions	Capitalized during the period	Closing Balance
Factory building and shed	159,668,431	164,324,960	155,197,581	168,795,810
Plant and machineries	54,753,696	235,627,414	74,626,144	215,754,966
Boundary wall, drainage System, roads and pavement	9,601,468	15,672,320	7,498,160	17,775,628
Furniture and fixtures	-	784,153	-	784,153
Office Equipment	-	392,600	-	392,600
IT Equipment	-	94,300	-	94,300
Software	260,135	-	-	260,135
	224,283,730	**416,895,747**	**237,321,885**	**403,857,592**

These costs include costs incurred initially to construct property, plant and equipment (PPE). Construction costs are transferred to PPE when the construction is complete.

		Note(s)	30 June 2016	31 December 2015
			Taka	Taka
7.00	**Investment in associates**			
	BSRM Steels Limited (BSL)	7.01	3,274,057,531	3,201,178,297
	BSRM Steel Mills Limited (BSML)	7.01	2,750,767,181	2,783,678,696
			6,024,824,712	**5,984,856,993**

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7.01 Movement of investment in associates	30 June 2016		31 December 2015	
	BSL	BSML	BSL	BSML
	Taka	Taka	Taka	Taka
Opening balance	3,201,178,297	2,783,678,696	2,702,007,439	945,301,128
Addition during the period				
Investment in associate	-	-	-	1,322,500,000
Share of profit/(loss) of equity accounted investee (associates)	392,267,304	(32,911,515)	653,974,421	(12,252,018)
Excess of proportionate net assets' value of associates over acquisition cost	-	-	-	528,129,586
Effect of revaluation and deferred tax on retained earnings of associates	394,449	-	5,087,697	-
	392,661,753	(32,911,515)	659,062,118	1,838,377,568
Adjusted/ disposal during the period				
Cash dividend received	(319,782,519)	-	(159,891,260)	-
Closing balance	**3,274,057,531**	**2,750,767,181**	**3,201,178,297**	**2,783,678,696**

7.02 Movement of shareholding in associate	No. of shares			
	30 June 2016		31 December 2015	
	BSL	BSML	BSL	BSML
Opening balance	106,594,173	177,364,600	106,594,173	45,114,600
Number of shares acquired	-	-	-	132,250,000
Number of bonus share received	-	-	-	-
Closing balance	**106,594,173**	**177,364,600**	**106,594,173**	**177,364,600**
Total number of shares in associates	**341,775,000**	**394,435,400**	**341,775,000**	**394,435,400**
Percentage of holding of shares of associates by BSRM Limited	**31.19%**	**44.97%**	**31.19%**	**44.97%**

7.03 Summary of financial information of equity accounted investee:

Name of the investee	**BSRM Steels Limited (BSL)**		**BSRM Steel Mills Limited (BSML)**	
Reporting date	**30 June 2016**		**30 June 2016**	
	30 June 2016	**31 December 2015**	**30 June 2016**	**31 December 2015**
Ownership	**31.19%**	**31.19%**	**44.97%**	**44.97%**
	Taka	**Taka**	**Taka**	**Taka**
Non-current assets	11,443,262,934	11,556,871,571	19,107,637,100	18,257,548,496
Current assets	21,087,282,499	16,927,661,590	4,060,014,470	1,829,340,388
Total assets	**32,530,545,433**	**28,484,533,161**	**23,167,651,570**	**20,086,888,884**
Share capital	3,417,750,000	3,417,750,000	3,944,354,000	3,944,354,000
Retained earnings	4,458,097,149	4,215,356,323	(119,891,467)	(46,700,612)
Revaluation reserve	2,621,828,110	2,629,576,682	2,292,879,671	2,292,879,671
Equity attributable to owners of the company	**10,497,675,259**	**10,262,683,005**	**6,117,342,204**	**6,190,533,059**
Non- controlling interest	104,148,263	107,111,570	-	-
Total equity	**10,601,823,522**	**10,369,794,575**	**6,117,342,204**	**6,190,533,059**
Non-current liabilities	2,937,649,466	1,965,654,379	6,294,267,091	6,998,566,281
Current liabilities	18,991,072,445	16,149,084,207	10,756,042,275	6,897,789,544
Total liabilities	**21,928,721,911**	**18,114,738,586**	**17,050,309,366**	**13,896,355,825**
Total Equity and Liabilities	**32,530,545,433**	**28,484,533,161**	**23,167,651,570**	**20,086,888,884**
Net Assets Value (NAV) per share	**30.72**	**30.03**	**15.51**	**15.69**

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	BSRM Steels Limited (BSL)		BSRM Steel Mills Limited (BSML)	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Taka	Taka	Taka	Taka
Revenue	20,066,076,442	18,545,484,921	3,650,829,936	-
Other income	43,075,363	56,895,724	36,113,370	126,600
Expenses	(18,854,380,715)	(17,541,602,454)	(3,760,134,161)	(10,296,207)
Profit for the period	**1,254,771,090**	**1,060,778,191**	**(73,190,855)**	**(10,169,607)**
Non-controlling interest	2,963,307	(6,349,926)	-	-
Profit attributable to the owners of the company	**1,257,734,397**	**1,054,428,265**	**(73,190,855)**	**(10,169,607)**
Total Comprehensive income attributable to owners of the company	**1,257,734,397**	**1,054,428,265**	**(73,190,855)**	**(10,169,607)**

The market price of the Ordinary shares of BSRM Steels Limited (BSL) was Tk. 92.30 per share on 30 June 2016. Fair value of investments in BSL for 106,594,173 numbers of share has been estimated at Tk. 9,838,642,168.

Out of 106,594,173 nos. ordinary shares of BSL, 3,000,000 nos., 388,890 nos., 800,000 nos., 2,200,000 nos., 8,000,000 nos., 2,562,112 nos. and 27,500,000 nos. of ordinary shares are pledged against bridge finance and term loans from IPDC Limited, United Finance Company Limited, National Housing Finance and Investments Limited, International Leasing and Financial Services Limited, South Bangla Agriculture and Commerce Bank Limited, One Bank Limited and Eastern Bank Limited respectively.

		Note(s)	30 June 2016 Taka	31 December 2015 Taka
8.00	**Other investments**			
	Investment in non-tradable shares at cost	8.01	1,000,300	1,000,300
	Investments in Fixed Deposit Receipts	8.02	140,577,575	133,227,682
			141,577,875	**134,227,982**
8.01	**Investment in non-tradable shares at cost**			
	Islamic Steamship Co. Limited		300	300
	STS Holdings Limited		1,000,000	1,000,000
			1,000,300	**1,000,300**

8.02 **Investments in Fixed Deposit Receipts**

Name of banks	Purpose	Period	Rate of interest		
BASIC Bank Limited	Investment	1 year	6.00%	17,213,715	15,997,412
BD Finance Limited	Investment	1 year	8% - 9.50%	20,738,124	18,874,089
Mercantile Bank Limited	Guarantee	1 year	5% - 6.50%	626,286	600,470
Standard Chartered Bank Limited	L/C Margin	1 year	3.50%	50,174,851	47,563,608
State Bank of India	L/C Margin	1 year	4.75%	883,252	-
IFIC Bank Limited	L/C Margin	1 year	6.50%	62,000	-
International Leasing and Financial Services Limited	Investment	1 year	11.25% - 12%	25,055,597	25,055,597
Fareast Finance and Investment Limited	Security deposit	5 years	8.50%	25,823,750	25,136,506
				140,577,575	**133,227,682**

		Note(s)	30 June 2016 Taka	31 December 2015 Taka
9.00	**Inventories**			
	Raw Materials	9.01	2,537,917,341	2,781,860,585
	Finished Goods	9.02	3,852,553,082	1,400,185,188
	Stores and Spares	9.03	926,871,779	888,929,703
	Fuel and Lubricants		17,926,346	9,833,230
			7,335,268,548	**5,080,808,706**
9.01	**Raw Materials**			
	Raw Materials-Billets		1,917,375,759	2,080,797,587
	Raw Materials-Scraps		620,541,582	701,062,998
			2,537,917,341	**2,781,860,585**
9.02	**Finished Goods**			
	Finished Goods-Own production		3,654,270,082	1,127,701,730
	Finished Goods-Procured		198,283,000	272,483,458
			3,852,553,082	**1,400,185,188**

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		30 June 2016 Taka	31 December 2015 Taka
9.03	**Stores and Spares**		
	Mechanical stores	373,312,405	328,958,966
	M.S. Roll	203,535,945	219,066,560
	Electrical stores	179,473,584	158,648,649
	General stores	4,099,148	3,004,891
	Consumable stores	166,450,697	179,250,637
		926,871,779	**888,929,703**
9.04	**Quantitative movement of raw materials and finished goods**	**Metric Ton**	**Metric Ton**
	Raw Materials		
	Opening balance	88,071	35,061
	Add: Purchased/imported during the period	338,035	221,341
	Add: Produced by SMW	47,054	128,022
		385,089	349,363
	Available for consumption	**473,160**	**384,424**
	Less: Consumed /Sold/returned during the period	389,054	296,353
	Closing balance	**84,106**	**88,071**
	Finished Goods		
	Opening balance	32,661	23,552
	Add: Produced during the period	241,359	45,689
	Add: Imported/ Purchased from sister concern	14,784	18,810
		256,143	64,499
	Stock available for sale	**288,804**	**88,051**
	Less: Sold during the period	192,631	38,170
	Less: Sale of finished goods procured from outside	-	16,263
		192,631	54,433
	Own use	482	957
	Closing balance	**95,691**	**32,661**

		30 June 2016 Taka	31 December 2015 Taka
10.00	**Trade Receivables**		
	Related companies:		
	BSRM Steels Limited	-	381,348
	BSRM Logistics Limited	462,236	871,213
	BSRM Steel Mills Limited	11,672,419	7,022,029
	BSRM Foundation	-	345,800
	H. Akberali & Co. Limited	936,780	6,695,579
	Other customers	965,060,732	467,298,231
		978,132,167	**482,614,200**
	Provision for doubtful debt	(1,029,982)	(1,029,982)
	Net trade receivables	**977,102,185**	**481,584,218**
10.01	**Ageing of Trade receivables**		
	Due for 3 months	854,640,505	401,136,212
	Due for 3 to 6 months	55,969,474	9,521,296
	Due for above 6 months	67,522,188	71,956,692
		978,132,167	**482,614,200**

10.02 Trade receivables- Classification by security and related party:

i)	Debts considered good and in respect of which the company is fully secured	977,102,185	481,584,218
ii)	Debts considered good for which the company holds no security other than the debtors' personal security	-	-
iii)	Debts considered doubtful or bad	1,029,982	1,029,982
iv)	Debts due by directors or other officers of the company or debts due by firms or private companies in which any director is a partner or a director or a member	13,071,435	15,315,969
v)	Debts due by companies under the same management	13,071,435	15,315,969
vi)	Maximum amount due by directors or other officers of the company at any time during the period	-	-

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		30 June 2016	31 December 2015
		Taka	Taka
11.00	**Other receivables**		
	Interest receivable	43,850,737	22,619,547
	Management fee receivable	16,676,601	-
		60,527,338	**22,619,547**
12.00	**Due from related companies**		
	Bangladesh Steels Limited	200,000	-
	BSRM Ispat Limited	302,105,375	302,700,375
	BSRM Logistics Limited	23,963,377	-
	BSRM Real Estates Limited	200,000	200,000
	BSRM Recycling Industries Limited	73,575,179	23,084,349
	BSRM Steel Mills Limited	1,097,393,592	37,214,064
	BSRM Wires Limited	228,727,179	177,042,046
	Chittagong Power Company Limited	2,455,794	10,908,475
	East Bengal Trading & Industries Corporation Limited	2,600,000	2,600,000
	H. Akberali & Co. Limited	261,353,089	350,277,531
	Section Steel Industries Limited	450,000	-
		1,993,023,585	**904,026,840**

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. No amount is receivable from Directors at the reporting date.

		Note(s)	30 June 2016	31 December 2015
			Taka	Taka
13.00	**Advances and deposits**			
	Advances	13.01	1,308,632,627	782,429,621
	Deposits	13.02	24,724,014	30,562,795
			1,333,356,641	**812,992,416**
13.01	**Advances**			
	Against L/C		403,601,997	81,546,772
	For capital expenditure		23,205,536	22,208,118
	For revenue expenses		39,958,071	39,555,436
	For scrap purchase and others		3,064,054	5,749,948
	For store and spares		31,392,612	42,532,267
	Godown rent		-	1,130,415
	Income tax		633,509,128	431,553,697
	L/C margin		50,177,182	16,892,119
	Land		2,600,000	2,600,000
	Staff loan against salary		3,009,739	3,608,369
	VAT current account and DEDO recoverable account		93,114,308	100,052,480
	Others		25,000,000	35,000,000
			1,308,632,627	**782,429,621**
13.02	**Deposits**			
	Bangladesh Ansar and VDP		373,993	373,993
	Bank guarantee to Customs authority		1,553,080	7,300,915
	Bank guarantee to Karnaphuli Gas Distribution Co. Limited		1,007,062	990,778
	Central Depository Bangladesh Limited		500,000	500,000
	Customs Authority against claim		1,545,145	1,545,145
	Karnaphuli Gas Distribution Co. Limited (KGDCL)		2,292,866	2,292,866
	Lined Bangladesh Limited		879,900	879,900
	Meghna Petroleum Limited		40,000	40,000
	Others		1,428,727	1,571,077
	Power Development Board		13,933,368	13,928,968
	Regulatory Authority		948,429	917,709
	T & T and others		191,444	191,444
	WASA		30,000	30,000
			24,724,014	**30,562,795**

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.

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		Note(s)	30 June 2016 Taka	31 December 2015 Taka
14.00	**Short term investments**			
	Investment in Tradable securities at fair value	14.01	388,992	378,920
	Investments in Fixed Deposit Receipts	14.03	39,707,309	16,783,550
			40,096,301	**17,162,470**

14.01	**Investment in Tradable securities at fair value**		
	Opening balance	378,920	6,002,579
	Add/(less): Sales during the period	-	(5,539,954)
	Add/(less): Change in fair value of tradable securities	10,072	(83,705)
	Closing balance	**388,992**	**378,920**

14.02 Fair value of tradable securities

Particulars	30 June 2016			31 December 2015
	Cost	Fair value	Increase/ (Decrease) in Fair value	Fair value
Eastern Insurance Co. Limited	179,537	46,620	(7,350)	53,970
Pragati Life Insurance Limited	319,606	188,920	32,177	156,743
Progressive Life Insurance Limited	497,476	153,452	(14,755)	168,207
	996,619	**388,992**	**10,072**	**378,920**

14.03 Investments in Fixed Deposit Receipts

Name of banks	Purpose	Period	Rate of interest	30 June 2016 Taka	31 December 2015 Taka
AB Bank Limited	Investment	6 months	8.25%	8,254,721	7,960,680
Al-Arafah Islami Bank Limited	L/C Margin	6 months	6.5% to 6.75%	8,970,000	325,870
Commercial Bank of Ceylon PLC	L/C Margin	6 months	4.50%	11,740,000	-
Pubali Bank Limited	L/C Margin	6 months	5% to 8%	7,385,000	7,347,000
State Bank of India	L/C Margin	6 months	4.75%	2,163,600	-
The City Bank Limited	Investment	6 months	8.50%	1,193,988	1,150,000
				39,707,309	**16,783,550**

		Note(s)	30 June 2016 Taka	31 December 2015 Taka
15.00	**Cash and cash equivalents**			
	Cash in hand	15.01	2,085,168	1,640,866
	Cash at banks	15.02	130,367,136	223,151,201
	Fixed Deposit Receipts	15.03	161,552,063	44,994,458
			294,004,367	**269,786,525**

15.01	**Cash in hand**		
	Corporate office	204,690	160,411
	Factory office	1,636,900	1,217,336
	Dhaka office	202,858	196,599
	Overseas office	40,720	66,520
		2,085,168	**1,640,866**

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			30 June 2016	31 December 2015
			Taka	Taka

15.02 Cash at banks

Name of the Banks	Branches	Account Type		
AB Bank Limited	Agrabad	CD	80,704	-
Agrani Bank Limited	Baizid Bostami	CD	238,137	239,962
Agrani Bank Limited	Laldighi East	CD	26,814	50,083
Agrani Bank Limited	Laldighi East	USD	18,364,590	3,757,962
Al-Arafah Islami Bank Limited	Agrabad	CD	724,841	78,885
Bank Alfalah Limited	Agrabad	CD	13,744	97,352
Bank Asia Limited	Agrabad	CD	45,072	1,769
BASIC Bank Limited	Dewanhat	CD	-	20,921
Commercial Bank of Ceylon PLC	Agrabad	CD	-	11,790
Dhaka Bank Limited	Jubilee Road	CD	184	378,690
Dutch Bangla Bank Limited	Agrabad	CD	35,670	110,790
Dutch Bangla Bank Limited	Jubilee Road	CD	2,883,850	48,905
Eastern Bank Limited	Agrabad	Escrow	91,902	8,888
Eastern Bank Limited	Agrabad	CD	4,449,374	1,432,663
EXIM Bank Limited	CDA Avenue	CD	12,682	3,180,335
HSBC	Agrabad	CD	-	24,476,845
HSBC	Agrabad	FCY CD	30,998	32,499
HSBC	Kolkata	CD	2,894,396	350,465
IFIC Bank Limited	Agrabad	CD	236,207	64,187
Islami Bank Bangladesh Limited	Jubilee Road	CD	574,193	1,461,785
Jamuna Bank Limited	Khatunjonj	CD	41,136	44,939
Janata Bank Limited	Dhaka	CD	827	827
Janata Bank Limited	Laldighi East	CD	902,180	462,102
Mercantile Bank Limited	Jubilee Road	CD	1,103	12,840
Mercantile Bank Limited	Jubilee Road	CD	1,052	1,742
Midland Bank Limited	Agrabad	CD	25,144	-
Mutual Trust Bank Limited	Dilkusha	Pound	49,001	581,037
Mutual Trust Bank Limited	Dilkusha	Escrow	77,083,477	118,678,558
Mutual Trust Bank Limited	Dilkusha	USD	796,987	51,437,128
Mutual Trust Bank Limited	Dilkusha	EURO	14,002	105,007
Mutual Trust Bank Limited	Jubilee Road	CD	17,734	2,329,070
National Bank Limited	Jubilee Road	CD	49,557	215,336
NCC Bank Limited	Agrabad	CD	10,409,726	63,655
NRB Commericial Bank Limited	Agrabad	CD	7,069	3,816
One Bank Limited	Agrabad	CD	21,627	598,176
One Bank Limited	Agrabad	Escrow	36,648	83,035
Premier Bank Limited	O.R Nizam Road	CD	1,929	164
Prime Bank Limited	O.R Nizam Road	CD	68,707	4,706,461
Shahjalal Islami Bank Limited	Jubilee Road	CD	1,774,723	1,435
Social Islami Bank Limited	Jubilee Road	CD	5,016,703	265,845
Sonali Bank Limited	Kalibari	CD	41,160	14,062
Southeast Bank Limited	CDA Avenue	CD	32,841	929,652
Southeast Bank Limited	Pahartali	CD	203,354	11,163
Standard Bank Limited	Sadarghat Road	CD	3,791	8,985
Standard Chartered Bank	Agrabad	OD	-	3,169,044
Standard Chartered Bank	Agrabad	CD	2,591	2,936
Standard Chartered Bank	Dhaka	CD	119,741	288,035
Standard Chartered Bank	Agrabad	CD	1,510,186	1,127,529
State Bank of India	Agrabad	CD	131,240	239
The City Bank Limited	Agrabad	CD	85,814	275,618
Trust Bank Limited	CDA Avenue	CD	655,425	3,812
United Commercial Bank Limited	Jubilee Road	CD	130	1,694,543
United Commercial Bank Limited	Jubilee Road	Escrow	558,173	229,634
			130,367,136	**223,151,201**

All bank balances are reconciled with bank statements.

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15.03 Fixed Deposit Receipts

Name of banks	Purpose	Period	Rate of interest	30 June 2016 Taka	31 December 2015 Taka
AB Bank Limited	L/C Margin	3 months	5.5% to 6.75%	11,248,700	-
Bank Asia Limited	L/C Margin	3 months	7.75%	11,133,554	10,870,444
Bank Al-falah Limited	Investment	3 months	7.00%	-	2,539,375
Commercial Bank of Ceylon PLC	L/C Margin	3 months	4.50%	2,020,250	-
Dutch Bangla Bank Limited	L/C Margin	3 months	4.0% to 6.0%	20,614,560	5,437,575
Dhaka Bank Limited	Investment	3 months	4.25% to 5.75%	20,503,262	11,248,240
IFIC Bank Limited	L/C Margin	3 months	5.5%	30,302,023	3,800,000
Habib Bank Limited	L/C Margin	3 months	5.0%	12,100,000	-
Mercantile Bank Limited	Security Deposit	3 months	5.0%	6,348,714	3,281,426
National Bank Limited	L/C Margin	3 months	4.75% to 8.00%	6,659,267	3,012,000
NCC Bank Limited	L/C Margin	3 months	5.00%	1,956,188	-
Prime Bank Limited	L/C Margin	3 months	4.50%	10,273,820	-
Trust Bank Limited	L/C Margin	3 months	5.75%	4,120,000	-
The City Bank Limited	L/C Margin	3 months	5.00%	12,712,000	-
Shahjalal Islami Bank Limited	Security Deposit	3 months	5.50%	100,000	2,273,374
United Commercial Bank Limited	L/C Margin	3 months	6.75%	11,459,725	2,532,024
				161,552,063	**44,994,458**

16.00 Assets Held for Sale

Plant and Machineries		
Opening Balance	1,185,470,770	-
At revalued amount	-	1,259,045,718
Less: Revaluation surplus	-	(73,439,728)
Less: Impairment loss	-	(135,220)
Less: Disposal	(1,111,337)	-
	1,184,359,433	**1,185,470,770**

The management of the Company has decided to increase the production capacity of rolling mill from 120,000 Metric Ton per annum to 450,000 Metric Ton per annum using same location of the Company. Subsequently old plant and machineries of rolling portion were ceased from active operation and new mills was set up at the same location.

The Company has engaged ANT Steel Engineers (Asia) Pvt. Limited to assess the productivity of the mills. The firm has certified the mills as fully operative and suitable for its reuse to set up a hot rolling mill plant for production of steel products like rebar, angles, channel and flats. According to the certificate of the firm, management has decided to charge impairment loss where applicable. The management is negotiating with different parties to dispose off the said machineries.

	30 June 2016 Taka	31 December 2015 Taka
17.00 Share capital		
Authorised capital:		
500,000,000 Ordinary Shares of Tk. 10 each	5,000,000,000	5,000,000,000
	5,000,000,000	5,000,000,000
Issued, Subscribed and Paid-up capital:		
64,345,491 Ordinary Shares of Tk.10 each issued in cash	643,454,910	643,454,910
64,345,491 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	643,454,910	643,454,910
27,160,056 Ordinary shares of Tk. 10 each fully paid up (other than cash)	271,600,560	271,600,560
17,500,000 Ordinary Shares of Tk.10 each issued through Initial Public Offering (IPO)	175,000,000	175,000,000
4,010,523 Ordinary Shares of Tk.10 each issued against 12% Convertible coupon bond	40,105,230	40,105,230
17,736,156 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares	177,361,560	-
	1,950,977,170	**1,773,615,610**

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17.01 Classification of shares by holding

Class by number of shares	No. of Holders	No. of Shares	Holding (%)
Less than 500	5,054	912,415	0.47%
From 501 to 5,000	2,593	4,488,504	2.30%
From 5,001 to 10,000	308	2,270,706	1.16%
From 10,001 to 20,000	172	2,446,951	1.25%
From 20,001 to 30,000	61	1,461,330	0.75%
From 30,001 to 40,000	31	1,090,818	0.56%
From 40,001 to 50,000	15	683,870	0.35%
From 50,001 to 100,000	32	2,325,917	1.19%
From 100,001 to 1,000,000	30	8,074,613	4.14%
From 100,001 to above	16	171,342,593	87.82%
	8,312	**195,097,717**	**100%**

17.02 Shareholding position

	30 June 2016		31 December 2015	
Name of shareholders	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Alihussain Akberali	12.39%	24,163,843	12.39%	21,967,130
Mr. Aameir Alihussain	9.62%	18,776,950	9.62%	17,069,955
Mr. Zohair Taherali	3.20%	6,250,424	3.20%	5,682,204
Mrs. Sabeen Aameir	2.26%	4,405,060	2.26%	4,004,600
General Shareholders	72.53%	141,501,440	72.53%	128,637,672
	100%	**195,097,717**	**100%**	**177,361,561**

18.00 Reserves

18.01 General reserve

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

18.02 Revaluation reserve

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

19.00 Long Term Loans	Note(s)	30 June 2016 Taka	31 December 2015 Taka
One Bank Limited - Syndicated term loan	19.03	318,684,209	379,449,062
United Commercial Bank Limited- Syndicated term loan	19.04	2,637,372,711	2,786,021,285
Other Term loan	19.05	683,353,691	584,513,805
12% Convertible coupon bond	19.06	976,978,685	1,303,885,870
		4,616,389,296	**5,053,870,022**

19.01 Long term loans -Maturity analysis

Due within one year-Current portion	1,343,805,090	885,877,539
Due after more than one year-Non-current portion	3,272,584,206	4,167,992,483
	4,616,389,296	**5,053,870,022**

19.02 Long Term loans - Non-current portion

One Bank Limited - Syndicated term loan	186,729,087	257,833,888
United Commercial Bank Limited- Syndicated term loan	2,192,595,162	2,786,021,285
Other term loans	410,468,419	354,753,252
12% Convertible coupon bond	482,791,538	769,384,058
	3,272,584,206	**4,167,992,483**



19.03 Terms of One Bank Limited - Syndicated term loan

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

Total loan facilities: Tk. 60 crore.

Interest rate:
Interest rate is 11%-16% per annum calculated on quarterly basis and variable depending on the situation of money market.

Disbursement:
The first disbursement was made on September 16, 2012.

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

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

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

19.04 Terms of United Commercial Bank Limited- Syndicated term loan

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

Total loan facilities: Tk. 278.578 crore.

Interest rate:
Interest rate is 11.00%-17% per annum calculated on quarterly basis and variable depending on the situation of money market.

Disbursement:
The first disbursement was made on 23 November 2014.

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

Securities:
i. Registered Mortgage over the project land and all civil construction thereon supported by registered General power of Attorney.
ii. Fixed and floating charge over machinery, plant and equipment.
iii. Floating charge over all floating assets with the power to sell.
iv. Assignment of insurance policies along with power to collect insurance proceeds.
v. Implementation guarantee from the Sponsors.
vi. On demand promissory note.

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

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19.05 Other Term Loans	30 June 2016 Taka	31 December 2015 Taka
Fareast Finance & Investment Limited	98,201,299	119,033,250
International Leasing and Financial Services Limited	135,831,198	163,062,092
Jamuna Bank Limited	10,686,931	12,746,117
Lanka Bangla Finance Limited	75,761,350	99,280,674
National Housing Finance and Investments Limited	50,841,394	61,132,375
Prime Bank Limited	85,848,745	98,485,885
United Finance Limited	22,573,885	30,773,412
IPDC of Bangladesh Limited	203,608,889	-
	683,353,691	**584,513,805**

19.05.01 Terms and conditions of other term loans

Type of facilities: Term Loan

Lenders:

i. Fareast Finance & Investment Limited
ii. IDLC Finance Limited
iii. International Leasing and Financial Services Limited
iv. Jamuna Bank Limited
v. Lanka Bangla Finance Limited
vi. National Housing Finance and Investments Limited
vii Prime Bank Limited
viii. United Finance Limited
ix. IPDC of Bangladesh Limited

Interest rate:

Interest rate is 12.00%-14.50% per annum calculated on quarterly basis and variable depending on the situation of money market.

Repayments:

These term loans are repayable in monthly installment.

Securities:

i. Post dated cheques, promissory note etc.
ii. Lien on FDR.
iii. Charge on fixed and floating assets of the company.
iv. Directors' personal guarantee.
v. Lien on TDR of Tk. 2 crore to International Leasing and Financial Services Limited.
vi. Lien on ordinary shares of BSRM Steels Limited
   - 2,200,000 nos. to to International Leasing and Financial Services Limited.
   - 800,000 nos. to National Housing Finance and Investments Limited
   - 388,889 nos. to United Finance Limited
   - 3,000,000 nos. to IPDC of Bangladesh Limited

vii Corporate guarantee of
   - H. Akberali & Co. Limited
   - BSRM Iron & Steel Co. Ltd.

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		30 June 2016	31 December 2015
		Taka	Taka
19.06	**12% Convertible coupon bond**		
	Liability component	1,303,885,870	1,468,010,766
	Add: Accrued interest and provision for cost of issue	88,892,815	199,175,104
	Less: Interest payment	(85,800,000)	(183,300,000)
	Less: Principal payment	(330,000,000)	(27,600,126)
	Less: Issue of share against principal amount	-	(152,399,874)
	Carrying amount	**976,978,685**	**1,303,885,870**
19.06.01	**12% Convertible coupon bond- Liability component**		
	Payable/Convertible within 1 year	494,187,147	534,501,812
	Payable after 1 year	482,791,538	769,384,058
		976,978,685	**1,303,885,870**

19.06.02 Details of the 12% Convertible coupon bond

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

Tenure:
Five (5) years.

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

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

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

Conversion:
12% of the Bond value except SABINCO will be converted into ordinary shares @ Tk. 38 per share i.e. out of total bond issued to investors, Tk. 152,399,874 will be converted to 4,010,523 Nos. Ordinary Shares of Tk. 10 each (valued at Tk. 38) at the end of the first year. Conversion will be implemented within 30 days after the end of the first year.

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

Buy back guarantee
Sponsors and the company provided a buy back guarantee to investors at Taka 57 per share applicable at the beginning of 3rd year. In case, market price of shares fall below Taka 57 when shares become saleable, investors will be given an option to sell their converted shares at Taka 57. Thirty (30) days before the lock-in ends, investors will be asked to communicate their intention in writing whether they would exercise the option or not. In case of lack of response from any investor, buy back will be the default option.

Securities:

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

		30 June 2016	31 December 2015
		Taka	Taka
20.00	**Defined benefit obligations - Gratuity**		
	Opening balance	128,573,615	119,999,642
	Add: Provision made during the period	21,820,764	9,944,462
	Less: Payments made during the period	(7,965,033)	(1,370,489)
	Closing balance	**142,429,346**	**128,573,615**
21.00	**Deferred tax liabilities**		
	Opening balance	840,592,140	828,466,408
	Provided during the period		
	Investments in associates	41,252,913	342,012,372
	Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	(69,750,066)	407,638,947
	Assessed business loss	331,633,366	(642,558,061)
	Provision for Gratuity	(3,463,933)	(32,143,404)
		299,672,280	**74,949,854**
	Adjusted during the period		
	Revaluation surplus of PPE (excluding land)	-	23,165,700
	Non-current assets held for sale	-	18,359,932
	Sale/ derecognition of revalued assets	466,398	263,111
	Impact of depreciation on revaluation surplus	3,354,684	16,805,226
	12% Convertible coupon bond	1,932,061	4,230,153
		5,753,143	**62,824,122**
	Closing balance	**1,134,511,277**	**840,592,140**

21.01 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 equipment (except land)	8,015,825,133	5,145,552,224	25%	2,870,272,909	717,568,227
Assets held for sale	1,184,494,653	558,102,488	25%	626,392,165	156,598,041
Provision for Gratuity	142,429,346	-	25%	(142,429,346)	(35,607,337)
Business loss	(1,601,418,793)	-	25%	(1,601,418,793)	(400,354,698)
12% Convertible coupon bond	976,978,685	1,002,262,500	25%	25,283,815	6,320,954
Deferred tax liability on investment in associates			5%-20%		689,986,090
Total deferred tax liabilities					**1,134,511,277**

			30 June 2016	31 December 2015
		Note(s)	Taka	Taka
22.00	**Trade payables**			
	BSRM Steels Limited		-	691,131
	BSRM Logistics Limited		6,175,354	1,544,881
	BSRM Iron and Steel Co. Limited		875,308,142	307,788,776
	Purchase of scrap from outsiders		50,582,518	6,575,421
	Payables for direct consumables		203,577	3,826,164
	Payables for stores and spares		32,826,690	12,015,029
			965,096,281	**332,441,402**
23.00	**Short term loans**			
	Loan against Trust Receipts (LATR)	23.01	70,252,349	936,179,327
	Time loans	23.02	3,750,363,129	6,177,581,938
	Liability for accepted bills for payment (ABP)	23.03	3,990,963,206	1,077,302,512
	Loans against CC Pledge and Hypo	23.04	1,193,091,287	1,605,063,236
	Factoring Loan against sales invoice	23.05	10,393,411	1,199
			9,015,063,382	**9,796,128,212**

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		30 June 2016	31 December 2015
		Taka	Taka
23.01	**Loan against Trust Receipts (LATR)**		
	Al-Arafah Islami Bank Limited	32,063,045	505,490,960
	Bank Alfalah Limited	-	4,820,615
	Bank Asia Limited	-	160,129,455
	Eastern Bank Limited	8,479,935	-
	Mercantile Bank Limited	-	561,302
	NCC Bank Limited	-	82,010,745
	Prime Bank Limited	-	8,261,069
	Islami Bank Bangladesh Limited	25,475,299	-
	Shahjalal Islami Bank Limited	4,234,070	49,834,163
	The Trust Bank Limited	-	125,071,018
		70,252,349	**936,179,327**
23.02	**Time loans**		
	Al-Arafah Islami Bank Limited	19,869,444	100,709,444
	Dhaka Bank Limited	-	103,488,181
	Bank Asia Limited	934,266,215	-
	Fareast Finance & Investment	-	402,333,333
	HSBC	552,517,598	711,499,771
	Habib Bank Limited	-	131,377,778
	IPDC of Bangladesh Limited	201,933,333	202,181,667
	IIDFC	-	400,459,444
	Jamuna Bank Limited	-	604,666,675
	LankaBangla Finance Limited	-	403,418,889
	Midland Bank Limited	262,043,022	-
	One Bank Limited	742,295,482	957,790,435
	Standard Bank Limited	-	505,154,349
	Standard Chartered Bank	-	437,916,250
	The City Bank Limited	-	1,116,517,389
	The Trust Bank Limited	-	100,068,333
	United Commercial Bank Limited	1,037,438,035	-
		3,750,363,129	**6,177,581,938**
23.03	**Liability for accepted bills for payment (ABP)**		
	Al-Arafah Islami Bank Limited	160,824,015	8,835,314
	Bank Alfalah Limited	34,180,725	30,320,430
	Commercial Bank of Ceylon PLC	36,034,111	-
	Dhaka Bank Limited	315,162,549	189,762,679
	Dutch Bangla Bank Limited	1,010,704,850	69,955,824
	Estern Bank Limited	325,332,016	-
	HSBC	290,031,682	63,961,070
	IFIC Bank Limited	236,168,997	-
	Islami Bank Bangladesh Limited	68,962,497	143,410,571
	Jamuna Bank Limited	25,276,978	29,245,606
	Mercantile Bank Limited	10,313,548	66,712,119
	NCC Bank Limited	43,070,600	3,740,782
	National Bank Limited	62,081,525	38,439,305
	One Bank Limited	406,046,080	92,312,611
	Prime Bank Limited	83,568,716	34,995,112
	Pubali Bank Limited	74,573,927	164,229,086
	Shahjalal Islami Bank Limited	2,430,828	45,977,720
	Standard Chartered Bank	258,283,384	95,404,283
	State Bank of India	42,100,047	-
	The City Bank Limited	173,634,046	-
	Trust Bank Limited	28,236,753	-
	United Commercial Bank Limited	303,945,332	-
		3,990,963,206	**1,077,302,512**

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23.04 Loans against CC Pledge, Hypo and Overdraft

Name of the Banks	Branch	Types	30 June 2016 Taka	31 December 2015 Taka
Agrani Bank Limited	Laldighi East	CC Hypo	81,609,273	137,224,323
Agrani Bank Limited	Laldighi East	CC Pledge	204,901,602	206,280,073
BASIC Bank Limited	Dewanhat	SOD	6,859,675	16,971
Commercial Bank of Ceylon PLC	Agrabad	CD	1,234,141	-
Habib Bank Limited	Laldighi East	CC	10,218,019	7,014,872
HSBC	Agrabad	CD	18,869,377	-
Jamuna Bank Limited	Khatunjonj	CC	2,527,546	4,795,161
National Bank Limited	Jubilee Road	CC	7,422,152	-
Pubali Bank Limited	Agrabad	CC	40,472,466	78,357,083
Pubali Bank Limited	Agrabad	OD	484,442,557	1,024,357,853
Sonali Bank Limited	Kalibari	CC	5,746,532	7,046,422
Sonali Bank Limited	Laldighi	CC	62,682	57,425
Standard Bank Limited	Sadarghat Road	CC	165,461,379	57,448,112
Standard Chartered Bank	Agrabad	OD	55,294,166	-
State Bank of India	Agrabad	CC	65,138,578	4,049,018
The Trust Bank Limited	CDA Avenue	OD	42,831,142	78,415,923
			1,193,091,287	**1,605,063,236**

23.05 Factoring Loan

United Finance Limited	10,393,411	1,199
	10,393,411	**1,199**

23.05.01 Terms and conditions:

i. 80% of gross sales invoice/billed amount is paid by discounting sales invoice.
ii. Interest rate is 10.50% - 10.00% per annum along with processing and collection fees of 0.20% on the invoice amount.

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

	30 June 2016 Taka	31 December 2015 Taka
24.00 Due to related companies		
BSRM Steels Limited	3,903,294,543	439,638,034
BSRM Metals Limited	-	5,400,000
Burhani Scrap Traders	4,500,000	4,500,000
	3,907,794,543	**449,538,034**

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.

25.00 Advance against sales **1,215,180,031** **179,657,806**

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

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			30 June 2016 Taka	31 December 2015 Taka
26.00	**Liabilities for expenses**			
	Audit Fees		322,000	483,000
	Brokerage and commission		7,868,495	-
	C & F Bill and others		227,133	175,909
	Carriage on sales		43,987,911	-
	Casual wages		-	6,262,345
	Contractors		3,735,001	4,799,534
	CSR Expenses		-	246,335
	Financial expenses		2,724,406	68,270,109
	Guest house expenses		3,000	3,000
	Insurance expenses		-	206,227
	Karnaphuli Gas Distribution Co. Limited		3,330,072	3,346,086
	Medical expenses		-	764,477
	Others		5,099,895	33,281
	Power Development Board for electricity (Factory)		196,127,231	175,166,916
	Printing and Stationeries		21,320	2,848,368
	Professional expenses		-	46,000
	Repair and maintenance		4,800	146,788
	Rent		28,730	-
	Salary and Allowances		1,825,892	3,706,892
	Sales Promotion and Marketing		-	684,606
	Stores and spares		-	3,196,912
	Travelling and Conveyance		-	31,068
	Unclaimed Cheque		50,431	-
	WASA		2,851	-
			265,359,168	**270,417,853**
27.00	**Provision for income tax**			
	Opening balance		33,080,053	31,995,903
	Add: Provided during the period			
	Against current period		14,037,129	33,080,053
	Against previous periods		(8,628,114)	885,764
			5,409,015	33,965,817
			38,489,068	65,961,720
	Less: Adjusted with advance income tax paid at source		(24,451,939)	(32,881,667)
	Closing balance		**14,037,129**	**33,080,053**
28.00	**Provision for WPPF and Welfare Fund**			
	Opening balance		-	-
	Add: Provided during the period	28.01	44,955,939	-
	Less: Paid during the period		(4,017,500)	-
	Closing balance		**40,938,439**	-
28.01	**Provision made during the period for WPPF and Welfare Fund**			
	Profit before tax and WPPF and Welfare Fund		**579,336,263**	-
	Cash dividend received from investment in associates		319,782,519	-
	Profit applicable for WPPF and Welfare Fund		**899,118,782**	-
	Contribution to WPPF and Welfare Fund at 5%		**44,955,939**	-

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		30 June 2016	31 December 2015
		Taka	Taka
29.00	**Other liabilities**		
	Security Deposit	640,000	390,000
	Retention Money	27,772,628	39,444,606
	Income Tax Deducted at Source	1,452,487	626,794
	VAT Deducted at source	3,987,988	427,180
	Dividend Payable	1,730,060	1,332,025
	Interest on long term loan	52,012,224	-
	Liability to fixed asset suppliers	58,140	1,110,089
	Employees Provident Fund	2,623,325	-
	IPO over subscription money payable	8,130,680	8,757,535
		98,407,532	**52,088,229**

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

		Note(s)	1 January 2016 to 30 June 2016	1 January 2015 to 30 June 2015
			Taka	Taka
30.00	**Revenue**			
	Local sales	30.01	9,588,448,647	4,099,454,441
	Export sales	30.02	34,563,981	29,272,040
	Sale of scrap and by-products		90,849,735	186,235,561
			9,713,862,363	**4,314,962,042**
30.01	**Local Sales**			
	MS Billet		633,997,740	3,078,431,917
	MS Rod		8,954,450,907	1,021,022,524
			9,588,448,647	**4,099,454,441**
30.02	**Export sales**			
	Finished Products		1,007,286	8,932,716
	By Products		33,556,695	20,339,324
			34,563,981	**29,272,040**

Export sales of fnished products during 01 January 2016 to 30 June 2016 was USD 12,760 against exporting of 23.50 Metric Ton and it was USD 113,398 against exporting of 150.00 Metric Ton of goods during 01 January 2015 to 30 June 2015.

31.00	**Cost of sales**			
	Cost of sales - finished goods purchased	31.01	698,323,532	446,867,418
	Cost of sales - own production	31.02	7,029,579,305	749,171,515
	Cost of sale - scrap and others		20,152,668	11,601,269
	Cost of sale - billet		603,779,528	2,932,300,273
			8,351,835,033	**4,139,940,475**
31.01	**Cost of sales-finished goods imported and locally purchased**			
	Opening stock of finished goods		272,483,458	286,049,386
	Add: Finished goods imported		149,212,935	666,727,502
	Add: Finished goods locally purchased		484,122,533	14,165,805
	Available for sale/consumption		**905,818,926**	**966,942,693**
	Less: Closing stock of finished goods		(198,283,000)	(502,672,020)
	Less: Used by the company		(9,212,394)	(17,403,255)
			698,323,532	**446,867,418**

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		Note(s)	1 January 2016 to 30 June 2016 Taka	1 January 2015 to 30 June 2015 Taka
31.02	**Cost of sales-own production**			
	Opening stock of raw materials-scrap		701,062,998	1,061,721,614
	Add: Purchase during the period		1,414,887,552	2,031,736,044
	Less: Cost of scrap and others sales		(11,070,275)	(10,450,703)
	Less: Closing stock of raw materials-scrap		(620,847,903)	(772,299,314)
	Raw materials consumed-Scrap		**1,484,032,372**	**2,310,707,641**
	Add: Factory overhead	31.03	623,985,641	617,296,465
	Cost of Billet Manufactured		**2,108,018,013**	**2,928,004,106**
	Add: opening stock of billet		43,871,504	33,992,472
	Stock of billet available		**2,151,889,517**	**2,961,996,578**
	Less: Cost of billet sale		(603,779,528)	(2,932,300,273)
	Less: Closing stock of billet		(50,747,722)	(29,696,305)
	Billet Transferred to re-rolling unit		**1,497,362,267**	-
	Add: Opening stock of billet		2,036,926,083	3,792,591
	Add: Purchase during the period		6,917,907,560	1,509,101,394
	Less: Closing stock of billet		(1,866,633,159)	(1,512,893,985)
	Billet consumed		**8,585,562,751**	-
	Add: cost of packing materials		16,026,717	-
	Add: Factory overhead	31.03	966,811,965	73,473,755
	Cost of Production of finished goods		**9,568,401,433**	**73,473,755**
	Add: Opening stock of finished goods		1,127,701,730	1,028,756,641
	Less: Closing stock of finished goods		(3,654,270,082)	(335,982,512)
	Goods available for sale		**7,041,833,081**	**766,247,884**
	Less: Own use		(12,253,776)	(17,076,369)
	Cost of sales		**7,029,579,305**	**749,171,515**
31.03	**Factory overhead**			
	Salaries and allowances		148,934,329	58,673,007
	Carrying charges-raw materials		1,922,817	1,230,248
	Consumption electrical stores		6,851,144	5,480,838
	Consumption general stores		2,302,271	1,365,629
	Consumption of Mechanical Stores		69,038,741	15,117,821
	Consumption of MS Roll		22,536,367	-
	Conveyance expenses		4,208,654	1,608,419
	Depreciation	4.00	269,376,530	111,460,700
	Direct Expenses		35,118,808	27,256,390
	Direct Materials Consumed		92,789,074	93,103,265
	Electricity expenses		7,004,064	1,372,050
	Entertainment		3,320,315	1,411,354
	Factory office expenses		34,513	46,057
	Fees and renewals		708,902	50,841
	Fuel and Lubricants		297,834,014	3,713,545
	Gas		20,232,171	2,649,087
	Guest house expenses		372,734	152,725
	Guest house rent		925,450	72,150
	Insurance expenses		7,131,000	859,038
	Materials and finished goods handling charges		58,685,278	36,286,108
	Medical expenses		1,379,377	524,748
	Motor vehicle expenses		1,328,771	805,302
	Paper and periodical		8,348	970
	Postage and telegram		1,198	88
	Power		512,203,465	318,588,449
	Printing and stationery		2,490,387	1,665,526
	Rent		8,369,606	4,053,600
	Repairs and Maintenance		15,075,642	2,856,325
	Telephone and internet expenses		-	2,076
	Travelling expenses		578,922	335,892
	Water bill-WASA		34,714	27,972
			1,590,797,606	**690,770,220**

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		Note(s)	1 January 2016 to 30 June 2016 Taka	1 January 2015 to 30 June 2015 Taka
32.00	**Selling and distribution costs**			
	Salary and allowances		34,227,308	17,768,644
	Advertisement		1,306,406	5,720
	Bad debts		103,758	-
	Brokerage and commission		25,154,295	1,818,584
	Carriage on sales		84,960,792	1,440,621
	Communication expenses		15,000	3,186
	Conveyance expenses		8,200	4,000
	Depreciation	4.00	4,200,021	507,729
	Electricity expenses		495,087	7,446
	Entertainment		3,000	41,850
	Export charges		2,134,584	882,202
	Fees and renewals		12,715	8,913
	Godown rent		547,434	589,092
	Medical expenses		49,300	107,175
	Motor vehicle expenses		853,484	643,139
	Printing and stationeries expenses		-	30,000
	Royalty expenses		25,417,742	-
	Testing charges		95,001	29,550
	Travelling expenses		176,820	74,395
			179,760,947	**23,962,246**
33.00	**Administrative costs**			
	Salaries and allowances		64,341,422	47,491,344
	Directors' remuneration	33.01	21,000,000	9,900,000
	Advertisement Expenses		266,271	286,612
	Audit fees		477,250	91,250
	Board Meeting expenses		97,750	97,750
	Conveyance expenses		263,932	708,558
	CSR expenses		8,015,659	228,500
	Depreciation	4.00	3,464,269	3,651,770
	Amortization of intangible asset	5.01	1,668,900	1,668,900
	Donation and subscriptions		148,500	123,000
	Entertainment		2,586,915	2,781,561
	Fees and renewals		3,679,327	1,740,095
	General expenses		139,642	67,790
	Generator and fuel expenses		314,236	65,608
	Guest house expenses		46,812	19,617
	Land revenue, Municipal tax		594,913	386,100
	Legal expenses		936,440	288,735
	Medical expenses		521,277	277,552
	Motor vehicle expenses		3,444,076	2,027,658
	Office expenses		351,413	564,303
	Paper and Periodicals		20,864	14,565
	Postage expenses		217,698	526,170
	Printing expenses		697,005	1,115,250
	Professional expenses		4,511,504	1,894,303
	Rent (Office, depot and others)		3,225,006	3,000,207
	Repair and maintenance		1,323,108	3,265,638
	Stationery expenses		100,657	21,839
	Telephone and internet expenses		1,909,718	1,656,735
	Training expenses		524,359	92,807
	Travelling expenses		2,480,845	1,340,788
	Utility expenses		1,124,726	603,644
	IPO Expense		-	36,927,217
			128,494,494	**122,925,866**

The Company is maintaining a Branch Office at Kolkata, India with approval from Reserve Bank of India vide its Letter Ref: FC.CO.FID/455/10.83.493/2014-15 Dated 28 October 2014. Expenditures of branch office have been included in the relevant head under administrative cost.

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33.01 Directors' Remuneration

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

Director's Name	Gross Remuneration	Income Tax Deducted	Net Paid
	Taka	Taka	Taka
Mr. Alihussain Akberali-Chairman	7,800,000	2,340,000	5,460,000
Mr. Aameir Alihussain-Managing Director	5,400,000	1,620,000	3,780,000
Mr. Zohair Taherali-Director	6,600,000	1,980,000	4,620,000
Mrs. Sabeen Aameir- Director	1,200,000	300,000	900,000
	21,000,000	**6,240,000**	**14,760,000**

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

		1 January 2016 to 30 June 2016	1 January 2015 to 30 June 2015
		Taka	Taka
34.00	**Other Income**		
	Miscellaneous income/(loss)	(2,068,426)	11,156,875
	Gain/(loss) on sale of non-current assets	6,078,338	(15,244)
		4,009,912	**11,141,631**
35.00	**Finance costs**		
	Interest on LTR	15,007,433	41,148,687
	Interest on Demand and Time loan	238,052,851	76,924,495
	Interest on Overdraft	49,260,133	89,457,950
	Interest on Term loan	216,492,430	63,410,670
	Interest on Convertible bond	78,006,056	-
	Bank charges	7,832,957	1,749,810
	Bank Guarantee Commission	344,491	559,075
	Agency fee	2,288,500	1,150,000
	Interest on balance due to/from inter companies-Net	12,429,730	4,467,395
	Foreign currency exchange rate fluctuation (gain)/loss	(16,931,473)	(1,351,452)
		602,783,108	**277,516,630**
36.00	**Finance income**		
	Interest Income on STD	1,538,422	36,238,193
	Interest income from FDR	9,427,800	1,580,329
		10,966,222	**37,818,522**
37.00	**Non- operating income**		
	Management fees	108,676,276	98,993,306
	Profit on sale of investment in securities	-	2,086,549
	Changes in fair value of tradable securities	10,072	-
	Rental income	4,685,000	1,980,000
		113,371,348	**103,059,855**
38.00	**Share of profit of associate (Net of tax)**		
	BSRM Steels Limited (BSL)	392,267,304	328,861,422
	BSRM Steel Mills Limited (BSML)	(32,911,515)	(5,312,114)
		359,355,789	**323,549,308**

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38.01 Net profit attributable to the shareholders of associates

	30 June 2016		30 June 2015	
	BSL	BSML	BSL	BSML
	Taka	Taka	Taka	Taka
Net profit/(loss) attributable to the shareholders of associates	1,257,734,397	(73,190,855)	1,054,434,865	(10,169,607)
Ownership	31.19%	44.97%	31.19%	44.97%
Net profit/(loss) attributable to BSRM Ltd.	392,267,304	(32,911,515)	328,861,422	(5,312,114)
	392,267,304	**(32,911,515)**	**328,861,422**	**(5,312,114)**

		1 January 2016 to 30 June 2016	1 January 2015 to 30 June 2015
		Taka	Taka
39.00	**Earnings per share**		
39.01	**Basic earnings per share (EPS)**		
	Profit attributable to the ordinary shareholders	588,654,818	185,185,511
	Number of ordinary shares at the period end	195,097,717	177,361,561
	Weighted Average number of shares outstanding during the period	195,097,717	195,097,717
	Basic earnings per share (EPS)	3.02	0.95

EPS for the period 2015 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of BAS 33.

39.02 Diluted earnings per share (DEPS)

No diluted EPS was required to be calculated for the period since there was no scope for dilution of share during the period under review.

		30 June 2016	31 December 2015
		Taka	Taka
40.00	**Net Asset Value Per Share (NAV)**		
	Total Assets	31,724,993,079	26,940,052,392
	Less: Liabilities	(21,415,206,424)	(17,136,387,366)
	Net Asset Value (NAV)	10,309,786,655	9,803,665,026
	Number of ordinary shares outstanding during the period	195,097,717	177,361,561
	Net Assets Value (NAV) per share	**52.84**	**55.28**

		01 January 2016 to 30 June 2016	01 January 2015 to 30 June 2015
		Taka	Taka
41.00	**Net operating cash flow per share**		
	Net Operating cash Flows (from statement of cash flows)	(688,877,352)	870,830,908
	Number of ordinary shares outstanding during the period	195,097,717	177,361,561
	Net operating cash flow per share	**(3.53)**	**4.91**

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42.00 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business 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 2016		Mode of Transaction
Bangladesh Steels Limited	Sister Company	Short term loan	200,000	Dr.	Market price/Negotiated price
BSRM Ispat Limited	Sister Company	Short term loan	302,105,375	Dr.	
BSRM Logistics Limited	Sister Company	Short term loan	23,963,377	Dr.	
BSRM Real Estates Limited	Sister Company	Short term loan	200,000	Dr.	
BSRM Recycling Industries Limited	Sister Company	Short term loan	73,575,179	Dr.	
BSRM Steel Mills Limited	Investee	Short term loan	1,097,393,592	Dr.	
BSRM Wires Limited	Sister Company	Short term loan	228,727,179	Dr.	
Chittagong Power Company Limited	Sister Company	Short term loan	2,455,794	Dr.	
East Bengal Trading & Industries Corporation Limited	Sister Company	Short term loan	2,600,000	Dr.	
H. Akberali & Co. Limited	Sister Company and shareholder	Short term loan	261,353,089	Dr.	
Section Steel Industries Limited	Sister Company	Short term loan	450,000	Dr.	
Burhani Scrap Traders	Sister Company	Short term loan	4,500,000	Cr.	
BSRM Steels Limited	Investee	Short term loan	3,903,294,543	Cr.	
BSRM Metals Limited	Sister Company	Short term loan	-	Cr.	
BSRM Steels Limited	Investee	Purchase	-	Cr.	
BSRM Logistics Ltd	Sister Company	Purchase	6,175,354	Cr.	
BSRM Iron and Steel Co. Ltd.	Investee	Purchase	875,308,142	Cr.	
BSRM Foundation	Sister Company	Sales	-	Dr.	
BSRM Steels Limited	Investee	Sales	-	Dr.	
BSRM Logistics Limited	Sister Company	Sales	462,236	Dr.	
H. Akberali & Co. Limited	Sister Company and shareholder	Sales	936,780	Dr.	
BSRM Steel Mills Limited	Investee	Sales	11,672,419	Dr.	

42.01 Details of transactions

Name of inter companies	Opening balances		Transaction during the year (Net)	Closing balances	
Bangladesh Steels Limited	-	Dr.	200,000	200,000	Dr.
BSRM Ispat Limited	302,700,375	Dr.	(595,000)	302,105,375	Dr.
BSRM Logistics Limited	-	Dr.	23,963,377	23,963,377	Dr.
BSRM Real Estates Limited	200,000	Dr.	-	200,000	Dr.
BSRM Recycling Industries Limited	23,084,349	Dr.	50,490,830	73,575,179	Dr.
BSRM Steel Mills Limited	37,214,064	Dr.	1,060,179,528	1,097,393,592	Dr.
BSRM Wires Limited	177,042,046	Dr.	51,685,133	228,727,179	Dr.
Chittagong Power Company Limited	10,908,475	Dr.	(8,452,681)	2,455,794	Dr.
East Bengal Trading & Industries Corporation Limited	2,600,000	Dr.	-	2,600,000	Dr.
H. Akberali & Co. Limited	350,277,531	Dr.	(88,924,442)	261,353,089	Dr.
Section Steel Industries Limited	-	Cr.	450,000	450,000	Dr.
Burhani Scrap Traders	4,500,000	Cr.	-	4,500,000	Cr.
BSRM Steels Limited	439,638,034	Cr.	3,463,656,509	3,903,294,543	Cr.
BSRM Metals Limited	5,400,000	Cr.	(5,400,000)	-	Cr.
BSRM Steels Limited	691,131	Cr.	(691,131)	-	Cr.
BSRM Logistics Ltd	1,544,881	Cr.	4,630,473	6,175,354	Cr.
BSRM Iron and Steel Co. Ltd.	307,788,776	Cr.	567,519,366	875,308,142	Cr.
BSRM Foundation	345,800	Dr.	(345,800)	-	Dr.
BSRM Steels Limited	381,348	Dr.	(381,348)	-	Dr.
BSRM Logistics Limited	871,213	Dr.	(408,977)	462,236	Dr.
H. Akberali & Co. Limited	6,695,579	Dr.	(5,758,799)	936,780	Dr.
BSRM Steel Mills Limited	7,022,029	Dr.	4,650,390	11,672,419	Dr.

43.00 Contingent liabilities

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

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

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43.02 Status of pending litigation with the Income Tax authority for dispute with respect to income tax liability:

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

Assessment year	Unit	Amount (Tk.)	Present status
2001-2002	BSRM	4,900,000	Pending before High Court Division of Supreme Court for hearing as the company appealed against the order of Appellate Tribunal.
2009-2010	SMW	2,320,000	
		7,220,000	

		30 June 2016	31 December 2015
		Taka	Taka
43.03	**L/C liabilities**		
	AB Bank Limited	2,244,403,000	-
	Agrani Bank Limited	703,943,980	3,558,474
	Al-Arafah Islami Bank Limited	27,698,104	1,823,499
	Bank Alfalalh Limited	11,062,950	-
	Bank Asia Limited	189,900,572	-
	BASIC Bank Limited	3,989,349	-
	City Bank Limited	54,194,739	-
	Commercial Bank of Ceylon	560,454,156	-
	Dhaka Bank Limited	12,923,019	-
	Dutch Bangla Bank Limited	35,998,800	19,734,342
	Eastern Bank Limited	443,909,007	47,720,459
	HSBC	157,749,356	65,489,025
	IFIC Bank Limited	287,710,918	-
	Islami Bank Bangladesh Limited	118,825,149	12,124,352
	Jamuna Bank Limited	90,646,826	-
	Mercantile Bank Limited	153,977,506	2,948,672
	National Bank Limited	65,217,018	-
	NCC Bank Limited	151,383,600	-
	Prime Bank Limited	74,111,940	-
	Pubali Bank Limited	85,898,010	1,053,983
	Shahjalal Islami Bank Limited	1,003,219	170,374
	Social Islami Bank Limited	-	1,108,537
	Standard Chartered Bank	591,240,833	8,232,274
	State Bank of India	1,072,890	17,273,471
	Trust Bank Limited	83,437,279	4,226,947
	United Commercial Bank Limited	674,790,282	6,844,854
		6,825,542,502	**192,309,261**

44.00 Guarantees

44.01 Bank guarantees

Karnaphuli Gas Distribution Co. Limited	1,007,062	990,778
Deposit to Customs Authority against claim under appeal	1,545,145	1,545,145
Customs authority	1,553,080	7,300,915
	4,105,287	**9,836,838**

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

44.02 Corporate guarantees

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

Name of sister companies	Against	Maximum limit (in million Taka)	
BSRM Steels Limited	L/C liability	21,315	21,315
BSRM Iron and Steel Co. Ltd.	L/C liability	15,430	15,430
		36,745	**36,745**

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45.00 Financial Instruments- Accounting classifications and fair values

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

		Carrying amount						Fair Value			
	Note ref.	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2016		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial Assets measured at fair value											
Investments in tradable securities	14.01	388,992	-	-	-	-	388,992	388,992			388,992
Financial Assets not measured at fair value											
Trade and other receivables	10 & 11	-	-	1,037,629,523	-	-	1,037,629,523				
Deposits	13.02	-	-	24,724,014	-	-	24,724,014				
Due from related companies	12	-	-	1,993,023,585	-	-	1,993,023,585				
Investments in non-tradable securities	8.01	-	-	-	1,000,300	-	1,000,300				
Investments in FDR	8.02 , 14.03 & 15.03	-	-	-	341,836,947	-	341,836,947				
Cash at banks	15.02	-	-	130,367,136	-	-	130,367,136				
		-	-	**3,185,744,258**	**342,837,247**	-	**3,528,581,505**				
Financial Liabilities not measured at fair value											
Trade and other payables	22 & 26	-	-	-	-	(1,230,455,449)	(1,230,455,449)				
Due to related companies	24	-	-	-	-	(3,907,794,543)	(3,907,794,543)				
Short term liabilities	23	-	-	-	-	(9,015,063,382)	(9,015,063,382)				
Long term loans	19	-	-	-	-	(4,616,389,296)	(4,616,389,296)				
Other liabilities	29	-	-	-	-	(98,407,532)	(98,407,532)				
		-	-	-	-	**(18,868,110,202)**	**(18,868,110,202)**				
31 December 2015											
Financial Assets measured at fair value											
Investments in tradable securities	14.01	378,920	-	-	-	-	378,920	378,920	-	-	378,920
Financial Assets not measured at fair value											
Trade and other receivables	10 & 11	-	-	504,203,765	-	-	504,203,765				
Deposits	13.02	-	-	30,562,795	-	-	30,562,795				
Due from related companies	12	-	-	904,026,840	-	-	904,026,840				
Investments in non-tradable securities	8.01	-	-	-	1,000,300	-	1,000,300				
Investments in FDR	8.02 , 14.03 & 15.03	-	-	-	195,005,690	-	195,005,690				
Cash at banks	15.02	-	-	223,151,201	-	-	223,151,201				
		-	-	**1,661,944,601**	**196,005,990**	-	**1,857,950,591**				
Financial Liabilities not measured at fair value											
Trade and other payables	22 & 26	-	-	-	-	(602,859,255)	(602,859,255)				
Due to related companies	24	-	-	-	-	(449,538,034)	(449,538,034)				
Short term liabilities	23	-	-	-	-	(9,796,128,212)	(9,796,128,212)				
Long term loans	19	-	-	-	-	(5,053,870,022)	(5,053,870,022)				
Other liabilities	29	-	-	-	-	(52,088,229)	(52,088,229)				
		-	-	-	-	**(15,954,483,752)**	**(15,954,483,752)**				

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46.00 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.

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

46.01 Credit risk

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

46.01.01 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:

	30 June 2016	31 December 2015
	Taka	Taka
Investment in quoted shares and debt securities	388,992	378,920
Investments in non-tradable shares	1,000,300	1,000,300
Investments in FDRs (Short term and long term)	341,836,947	195,005,690
Advances and deposits	1,333,356,641	812,992,416
Trade and other receivables	1,037,629,523	504,203,765
Due from related companies	1,993,023,585	904,026,840
Cash at banks	130,367,136	223,151,201
	4,837,603,124	**2,640,759,132**

(i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. During 2016: 98.66% (2015: 96.83%) of the company's receivables balance was with various outside parties. However, based on the company's operations there is no concentration of credit risk.

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

Ageing of trade and other receivables

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

	30 June 2016	31 December 2015
	Taka	Taka
Due for 3 months	915,167,843	423,755,759
Due for 3 to 6 months	55,969,474	9,521,296
Due for above 6 months	67,522,188	71,956,692
	1,038,659,505	**505,233,747**

The management believes that the amounts except the provision made for doubtful debts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Due from related companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 10% (in 2015: 11% - 12%) interest per annum and has no prescribed repayment schedule.

(iii) Cash and cash equivalents

The company held cash at banks of Tk.130,367,136 and FDRs of Tk. 161,552,063 at 30 June 2016 (2015: Tk. 294,004,367), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

(iv) Guarantees

The company's policy is to provide financial guarantees only to its sister companies. At 30 June 2016 the company has a number of corporate guarantees for L/C liabilities of sister companies (refer to Note - 42.02).

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	30 June 2016	31 December 2015
	Taka	Taka
46.01.02 Impairment losses		
Impairment loss at the reporting date	Nil	Nil
	-	-

46.01.03 Credit exposure by credit rating

	As at 30 June 2016		
	Credit rating	Amount	(%)
Trade receivables	NR	977,102,185	34.34%
Other receivables	NR	60,527,338	2.13%
Advances and deposits	NR	1,333,356,641	46.86%
Cash and cash equivalents			
Cash in hand		2,085,168	0.07%
Cash at banks		472,204,083	16.60%
AB Bank Limited		19,584,125	4.15%
Agrani Bank Limited	A	18,629,541	3.95%
Al-Arafah Islami Bank Limited	AA	9,694,841	2.05%
Bank Alfalah Limited	AA	13,744	0.00%
Bank Asia Limited	AA3	11,178,626	2.37%
BASIC Bank Limited	B	17,213,715	3.65%
BD Finance Limited	A	20,738,124	4.39%
Commercial Bank of Ceylon PLC	AAA	13,760,250	2.91%
Dhaka Bank Limited	AA-	20,503,446	4.34%
Dutch Bangla Bank Limited	AA1	23,534,080	4.98%
Eastern Bank Limited	AA	4,541,276	0.96%
EXIM Bank Limited	AA-	12,682	0.00%
Fareast Finance & Investment Limited	A	25,823,750	5.47%
Habib Bank Limited	AAA	12,100,000	2.56%
HSBC	AAA	2,925,394	0.62%
IFIC Bank Limited	AA2	30,600,230	6.48%
International Leasing and Financial Services Limited	A	25,055,597	5.31%
Islami Bank Bangladesh Limited	AA+	574,193	0.12%
Jamuna Bank Limited	AA3	41,136	0.01%
Janata Bank Limited	A+	903,007	0.19%
Mercantile Bank Limited	AA-	6,977,155	1.48%
Midland Bank Limited	A-	25,144	0.01%
Mutual Trust Bank Limited	AA	77,961,201	16.51%
National Bank Limited	AA	6,708,824	1.42%
NCC Bank Limited	AA	12,365,914	2.62%
NRB Commercial Bank Limited	A	7,069	0.00%
One Bank Limited	AA	58,275	0.01%
Premier Bank Limited	AA+	1,929	0.00%
Prime Bank Limited	AA2	10,342,527	2.19%
Pubali Bank Limited	AA	7,385,000	1.56%
Shahjalal Islami Bank Limited	AA3	1,874,723	0.40%
Social Islami Bank Limited	AA-	5,016,703	1.06%
Sonali Bank Limited	A-	41,160	0.01%
Southeast Bank Limited	AA	236,195	0.05%
Standard Bank Limited	AA	3,791	0.00%
Standard Chartered Bank	AAA	51,807,369	10.97%
State Bank of India	N/A	3,178,092	0.67%
The City Bank Limited	AA2	13,991,802	2.96%
Trust Bank Limited	AA2	4,775,425	1.01%
United Commercial Bank Limited	AA	12,018,028	2.55%

46.02 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.

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Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
As at 31 December 2015	Taka		Taka	Taka	Taka	Taka
Long term loans	4,616,389,296	11% - 14.50%	1,343,805,090	3,272,584,206	-	4,616,389,296
Trade payables	965,096,281	N/A	965,096,281	-	-	965,096,281
Short term loans	9,015,063,382	10% - 11%	9,015,063,382	-	-	9,015,063,382
Liabilities for expenses	265,359,168	N/A	265,359,168	-	-	265,359,168
Due to related companies	3,907,794,543	10%	3,907,794,543	-	-	3,907,794,543
Other liabilities	98,407,532	N/A	98,407,532	-	-	98,407,532
	18,868,110,202		15,595,525,996	3,272,584,206	-	18,868,110,202

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
As at 31 December 2015	Taka		Taka	Taka	Taka	Taka
Long term loans	5,053,870,022	11% - 15.50%	885,877,539	4,167,992,483	-	5,053,870,022
Trade payables	332,441,402	N/A	332,441,402	-	-	332,441,402
Short term liabilities	9,796,128,212	10% - 11%	9,796,128,212	-	-	9,796,128,212
Liabilities for expenses	270,417,853	N/A	270,417,853	-	-	270,417,853
Due to related companies	449,538,034	11% - 12%	449,538,034	-	-	449,538,034
Other liabilities	52,088,229	N/A	52,088,229	-	-	52,088,229
	15,954,483,752		11,786,491,269	4,167,992,483	-	15,954,483,752

46.03 Market risk

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

(a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2016, 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 2016		31 December 2015	
	USD	Taka	USD	Taka
Foreign currency denominated assets				
Cash and cash equivalents	244,180	19,192,575	2,211,427	174,592,191
Trade and other receivables	-	-	-	-
	244,180	19,192,575	2,211,427	174,592,191
Foreign currency denominated liabilities				
Liability for accepted bills for payment (ABP)	50,775,613	3,990,963,206	13,645,377	1,077,302,512
	50,775,613	3,990,963,206	13,645,377	1,077,302,512
Net exposure	51,019,794	4,010,155,781	15,856,804	1,251,894,703

The following significant exchange rate is applied during the period:

Exchange rate of US Dollar	78.60	78.95

(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 2016		31 December 2015	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	(80,203,116)	80,203,116	(35,432,019)	35,432,019

SSAC Chittagong

(b) Transaction risk

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

(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 as they fall due and to minimize the risks surrounding interest payments and receipts.

Exposure to interest rate risk

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

	30 June 2016	31 December 2015
	Taka	Taka
Fixed- rate instruments		
Financial assets	2,334,860,532	1,099,032,530
Financial liabilities	(17,539,247,221)	(15,299,536,268)
	(15,204,386,689)	**(14,200,503,738)**
Variable- rate instruments		
Financial assets	Nil	Nil
Financial liabilities	Nil	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.

47.00 Capital expenditure commitment

A godown is under construction at Katarer Tilla, Mirsarai. The budgeted cost of which is Tk. 585,836,000. An amount of Tk. 241,353,547 has been incurred up to 30 June 2016.

	01 January 2016 to 30 June 2016	01 January 2015 to 30 June 2015
	Taka	Taka
48.00 Production capacity		
(i) MS product- finished		
Installed Capacity (In M.Ton) (for 6 months)	225,000	225,000
Production (In M.Ton)	241,359	-
Capacity utilized (%)	107.27	-
(ii) MS billet		
Installed Capacity (In M.Ton) (for 6 months)	67,500	67,500
Production (In M.Ton)	66,422	64,011
Capacity utilized (%)	98.40	94.83

Production of BSRM MS product producing Unit ceased from 28 May 2014 and after successful completion of BMRE commercial production has been started from 09 December 2015. For calculation of capacity utilization of Re-Rolling Unit, weighted average capacity has been considered.

	30 June 2016	31 December 2015
49.00 Employees		
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	863	768
	863	768

50.00 Events After Reporting Date

50.01 Proposed Dividend

The Board of Directors at the meeting held on 06 October 2016 declared no dividend.

SYED SHAMSUL ALAM & CO. SSAC Chittagong. Chartered Accountants

AUDITORS' REPORT & FINANCIALS FOR THE YEAR ENDED ON JUNE 30, 2017

A. QASEM & CO.
Chartered Accountants Since 1953

Auditor's Report
And
Audited Financial Statements
of
BANGLADESH STEEL RE-ROLLING MILLS LIMITED.

For the year ended June 30, 2017.

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A. QASEM & CO.
Chartered Accountants Since 1953

Faruk Mahal (3rd Floor)
Plot # 93, Agrabad Com. Area
Chittagong, Bangladesh.

Phone : +880-31-715656
+880-31-718066
E-mail : qasem@globalctg.net

AUDITORS' REPORT

To the Shareholders of Bangladesh Steel Re-Rolling Mills Limited

We have audited the accompanying financial statements of **Bangladesh Steel Re-Rolling Mills Limited** which comprise the statement of financial position as at 30 June 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, 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 Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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.

Other Matter

The comparative Financial Statements of the company and its associate for the period from 01 July 2015 to 30 June 2016 have been taken from un-audited financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bangladesh Steel Re-Rolling Mills Limited as at 30 June 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations.

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Faruk Mahal (3rd Floor)
Plot # 93, Agrabad Com. Area
Chittagong, Bangladesh.

Phone : +880-31-715656
+880-31-718066
E-mail : qasem@globalctg.net

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: Chittagong
Date: August 12, 2017

A. Qasem & Co.
Chartered Accountants

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BANGLADESH STEEL RE-ROLLING MILLS LIMITED
Statement of Financial Position
As At June 30,2017

	Notes	As at 30 June 2017 Taka	2016 Taka
ASSETS:			
Non-Current Assets:			
Property, plant & equipment	4	12,983,387,919	11,908,901,352
Intangible Assets	5	25,180,402	28,093,150
Capital work-in-progress	6	387,667,390	403,857,592
Investment in associates	7	5,944,053,289	6,024,824,712
Other investments	8	110,740,333	141,577,875
Total Non-Current Assets		**19,451,029,332**	**18,507,254,681**
Current Assets:			
Inventories	9	9,428,770,010	7,335,268,548
Trade Receivable	10	2,035,053,002	977,102,185
Other Receivables	11	49,229,482	60,527,338
Due from related companies	12	1,246,229,284	1,993,023,585
Advances and deposits	13	1,765,022,527	1,333,356,641
Short Term Investments	14	39,272,419	40,096,301
Cash and cash equivalents	15	511,739,764	294,004,367
Assets held for sale	16	-	1,184,359,433
Total Current Assets		**15,075,316,487**	**13,217,738,398**
Total Assets		**34,526,345,819**	**31,724,993,079**
EQUITY:			
Share Capital	17	1,950,977,170	1,950,977,170
Share Premium		511,970,250	511,970,250
General Reserve	18.01	30,170,818	30,170,818
Revaluation Reserve	18.02	4,019,434,561	4,067,381,989
Retained Earnings		4,318,587,024	3,703,625,286
12% Covertible coupon bond-equity component		45,661,142	45,661,142
Total Equity		**10,876,800,965**	**10,309,786,655**
LIABILITIES :			
Non-Current Liabilities:			
Long Term Loan	19.01	2,077,988,167	3,272,584,206
Defined benefit obligations-Gratuity	20	157,134,335	142,429,346
Deferred tax liabilities	21	1,331,863,088	1,134,511,277
Total Non-Current Liabilities		**3,566,985,590**	**4,549,524,829**
Current Liabilities:			
Trade payable	22	1,409,937,910	965,096,281
Short term loan	23	9,180,040,277	9,015,063,382
Current portion of long term loans	19.01	1,395,954,000	1,343,805,090
Due to related companies	24	7,093,024,328	3,907,794,543
Advance against sales	25	246,549,982	1,215,180,031
Liabilities for expenses	26	309,768,903	265,359,168
Provision for income tax	27	146,892,259	14,037,129
Provision for WPPF and Welfare Fund	28	67,373,325	40,938,439
Other liabilities	29	233,018,279	98,407,532
Total Current Liabilities		**20,082,559,263**	**16,865,681,595**
Total Liabilities		**23,649,544,853**	**21,415,206,424**
Total Equity & Liabilities		**34,526,345,819**	**31,724,993,079**

The accompanying notes 1 to 50 form an integral part of these financial statements.

Managing Director **Director** **Company Secretary**

Signed as per our separate report of same date.

Place: Chittagong
Date : August 12, 2017

A. Qasem & Co.
Chartered Accountants

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BANGLADESH STEEL RE-ROLLING MILLS LIMITED
Statement of Profit or Loss & Other Comprehensive Income
For the year ended June 30, 2017

	Notes	For the year ended 30 June 2017 Taka	2016 Taka
Revenue	30	23,457,263,508	13,200,877,003
Cost of goods sold	31	(20,241,647,242)	(11,555,860,148)
Gross profit for the year		**3,215,616,266**	**1,645,016,855**
Selling and Distribution Expenses	32	(434,749,660)	(236,643,235)
Administrative Expenses	33	(242,076,477)	(228,551,488)
		2,538,790,129	**1,179,822,132**
Other Income	34	33,106,292	8,907,845
Net Operating profit for the year		**2,571,896,421**	**1,188,729,977**
Financial Expenses	35	(1,571,520,483)	(1,011,909,638)
Financial Income	36	20,002,742	32,157,648
Non-operating Income	37	113,899,482	197,532,577
Net Profit Before Tax and WPPF and Welfare Fund		**1,134,278,162**	**406,510,564**
Contribution to WPPF and Welfare Fund	28.01	(67,373,325)	(44,955,939)
		1,066,904,837	**361,554,625**
Share of profit of associates (Net of tax)	38	130,358,403	1,205,658,470
Net Profit before Tax		**1,197,263,239**	**1,567,213,095**
Income tax expenses/benefits:			
Current Tax			
Current year	27	(146,892,259)	(15,138,930)
Previous year	27	(76,614,443)	7,742,350
Deferred tax	21	(217,241,464)	(365,599,756)
Net Profit after Tax		**756,515,074**	**1,194,216,759**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(16,351,219)	-
Net other comprehensive loss to be reclassified to profit or loss		**(16,351,219)**	-
Other comprehensive income not to be reclassified to profit or loss			
Revaluation surplus of non-current asset held for sale - net of tax		-	55,079,796
Deferred tax on interest - 12% Convertible bond		3,221,003	6,162,214
Defferred tax on revaluation surplus of assets		-	23,165,700
Net other comprehensive income/(loss) not to be reclassified to profit or loss		**3,221,003**	**84,407,710**
Other comprehensive income/(loss) for the year, net of tax		**(13,130,216)**	**84,407,710**
Total comprehensive income for the year, net of tax		**743,384,857**	**1,278,624,469**
Earnings per share (EPS)	39	**3.88**	**6.12**

The accompanying notes 1 to 50 form an integral part of these financial statements.

Managing Director **Director** **Company Secretary**

Signed as per our separate report of same date.

Place: Chittagong
Date : August 12, 2017

A. Qasem & Co.
Chartered Accountants

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BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Statement of Changes In Equity

For the year ended June 30, 2017

Particulars	Share Capital	Share Premium	General Reserve	Revaluation Reserve	Retained Earnings	12% Convertible coupon bond-equity component	Total
Balance as at July 01, 2015	**1,773,615,610**	**511,970,250**	**30,170,818**	**4,131,195,426**	**2,795,512,376**	**45,661,142**	**9,288,125,622**
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(35,192,959)	46,923,945	-	11,730,986
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(2,188,528)	2,918,037	-	729,509
Effect of revaluation and deferred tax on retained earnings of associates	-	-	-	5,482,146	-	-	5,482,146
Issued bonus share for the year	177,361,560	-	-	-	(177,361,560)	-	-
Cash dividend for the year	-	-	-	-	(164,746,484)	-	(164,746,484)
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	6,162,214	-	6,162,214
Adjustment for non-current asset held for sale	-	-	-	(55,079,796)	-	-	(55,079,796)
Deferred tax to revaluation surplus	-	-	-	23,165,700	-	-	23,165,700
Net profit after tax for the period ended 30 June 2016	-	-	-	-	1,194,216,759	-	1,194,216,759
Balance as at June 30, 2016	**1,950,977,170**	**511,970,250**	**30,170,818**	**4,067,381,989**	**3,703,625,286**	**45,661,142**	**10,309,786,656**
Balance as at July 01, 2016	**1,950,977,170**	**511,970,250**	**30,170,818**	**4,067,381,989**	**3,703,625,286**	**45,661,142**	**10,309,786,656**
Transfer against difference in depreciation between cost and revalued amount	-	-	-	(48,548,824)	64,731,766	-	16,182,941
Transfer of revaluation surplus on sale of revalued assets	-	-	-	(1,457,124)	1,942,832	-	485,708
Effect of revaluation and deferred tax on retained earnings of associates	-	-	-	2,058,520	-	-	2,058,520
Interim cash dividend paid	-	-	-	-	(195,097,717)	-	(195,097,717)
Deferred tax to interest on 12% Convertible coupon bond	-	-	-	-	3,221,003	-	3,221,003
Exchange differences on translation of foreign operations	-	-	-	-	(16,351,219)	-	(16,351,219)
Net profit after tax for the period ended 30 June 2017	-	-	-	-	756,515,074	-	756,515,074
Balance as at June 30, 2017	**1,950,977,170**	**511,970,250**	**30,170,818**	**4,019,434,561**	**4,318,587,024**	**45,661,142**	**10,876,800,965**

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BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Statement of Cash Flows

For the year ended June 30, 2017

	2017 Taka	2016 Taka
Cash flows from operating activities		
Receipts from customers against sales	21,429,841,876	13,736,947,019
Receipt against other income	163,671,157	242,656,189
Cash Paid to Suppliers, Operating and Other Expenses	(21,853,960,449)	(14,328,426,921)
Payment of interest-Net	(1,571,135,589)	(1,319,135,518)
Income Tax Paid	(388,858,835)	(427,758,779)
Net cash (used in)/generated by operating activities	**(2,220,441,840)**	**(2,095,718,010)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(525,456,173)	(1,426,397,815)
Acquisition of intangible asset	(455,413)	-
Advance for capital expenditures	(43,696,452)	-
Proceeds from sale of property, plant and equipment	2,354,043	12,327,000
Short term loan to affiliated companies	746,794,301	(1,695,692,704)
Investment in associates	-	-
Proceeds from sale of investments in tradable securities and FDRs	31,680,227	(76,003,628)
Dividend income	213,188,346	255,828,342
Net cash (used in)/generated by investing activities	**424,408,879**	**(2,929,938,805)**
Cash flows from financing activities		
Share premium	-	(37,824,394)
Dividend paid	(193,991,194)	(163,220,284)
Receipt/(Re-payment) of long term loan	(1,142,447,129)	285,449,010
Receipts of Short term loan	164,976,895	3,237,652,754
Loan received from /(paid to) affiliated companies and others	3,185,229,785	1,523,534,879
Share Money Deposit	-	(11,914,921)
Net cash provided by /(used in) financing activities	**2,013,768,358**	**4,833,677,044**
Net increase in cash and cash equivalent	**217,735,397**	**(191,979,771)**
Opening cash and cash equivalents	294,004,367	485,984,138
Closing cash and cash equivalent	**511,739,764**	**294,004,367**



BANGLADESH STEEL RE-ROLLING MILLS LIMITED

Notes to the Financial Statements
As at and for the year ended at 30 June 2017

1.00 THE REPORTING ENTITY

1.01 Legal form of Enterprise

Bangladesh Steel Re-Rolling Mills Limited is a public company limited by shares is domiciled in Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on 28 December 1960 vide the certificate C/186-No. 1491/92 E.P. of 1960-1961 under Companies Act 1913 (since repealed and substituted by the Companies Act 1994) as a private company limited by share. The company was converted into a public limited company on 03 November 2009 under the Companies Act 1994. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 27 April 2015.

The company has set up its Re-Rolling mill and Steel Melting Workshop (SMW previously known as Meghna Engineering Works Limited) at 147/148/149 and 78/79 Baizid Bostami Road, Nasirabad Industrial Area, Chittagong, Bangladesh respectively and commenced commercial production from 1987 after first BMRE. The principal place of business is located at Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh.

1.02 Nature of the Business

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

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

1.03 BMRE and Suspension of Production

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

1.04 Description of Associates

(i) Legal form of BSRM Steels Limited

BSRM Steels Limited was incorporated on 20 July 2002, vide the certificate C-No. 4392 of 2002 as a private limited company under Companies Act 1994. The company was converted to a public limited company on 20 December 2006. The company is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 18 January 2009. Bangladesh Steel Re-Rolling Mills Limited directly holds 31.19% of ordinary shares in BSRM Steels Limited.

Nature of the business

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

(ii) **Legal form of BSRM Iron & Steel Co. Ltd.**

BSRM Iron & Steel Co. Ltd. (BISCO) was incorporated as a private Limited Company on 13th April, 2005, vide certificate No. CH-5415 of 2005 under the Companies Act, 1994. The Company was converted into a public limited company on March 15, 2011. The Company's Registered and Corporate Office is situated at Ali Mansion, Sadarghat Road, Chittagong. It is a subsidiary company of BSRM steels Limited that holds 95% ordinary shares in (BISCO). As a result Bangladesh Steel Re-Rolling Mills Limited indirectly holds 29.63% shares in BISCO and has significant influence over it.

Nature of the business

The principal activities of the company are manufacturing M.S. Billets of different qualities and selling the same to steel rolling mills. The company has set up its automatic steel melting plant at 202-205 Nasirabad Industrial Area, Baizid Bostami Road, Chittagong and commenced commercial production from 1st June, 2010.

Proposed Merger

The shareholder of the company has approved in their 6th extra ordinary general meeting held on March 29, 2016 for merger of the company with BSRM Steels Limited under the provision of section 228 and 229 of Companies Act 1994 by transferring all Assets and Liabilities of the company to BSRM Steels Limited subject to the approval of Honourable High Court Division of Supreme Court of Bangladesh.

(iii) **Legal form of BSRM Steel Mills Limited**

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

Nature of the business

The company is engaged in setting up an automatic steel melting plant for making M.S. billets of different quality and sell the same to steel rolling mills. The company has started commercial production on 16 June 2016.

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).

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 2017
b) A statement of profit or loss and other comprehensive income for the period ended 30 June 2017
c) A statement of changes in equity for the period ended 30 June 2017
d) A statement of cash flows for the period ended 30 June 2017
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:

i) The Income Tax Ordinance, 1984
ii) The Income Tax Rules, 1984
iii) The Value Added Tax Act, 1991
iv) The Value Added Tax Rules, 1991
v) The Securities and Exchange Ordinance, 1969
vi) The Securities and Exchange Rules, 1987
vii Securities and Exchange Commission Act, 1993
viii) The Customs Act, 1969
ix) Bangladesh Labour Law, 2006

2.04 Authorization for Issue

These financial statements have been authorized for issue by the Board of Directors on 12 August, 2017.

2.05 Basis of Measurement

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

2.06 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.

2.07 Statement of Cash Flows

Statement of cash flows has been prepared in accordance with BAS 7: Statement of Cash Flows and the cash flow from operating activities have been presented under direct method as per the requirement of Securities and Exchange Rules 1987.

2.08 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.

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2.09 Applicable Accounting Standards

The following BASs and BFRSs are applicable for preparation and reporting of the Financial Statements for the period under review:

BAS - 1	Presentation of Financial Statements
BAS - 2	Inventories
BAS - 7	Statement of Cash Flows
BAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS - 10	Events after the Reporting Period
BAS - 12	Income Taxes
BAS - 16	Property, Plant and Equipment
BAS - 18	Revenue
BAS - 19	Employee Benefits
BAS - 21	The Effects of Changes in Foreign Exchange Rates
BAS - 23	Borrowing Costs
BAS - 24	Related Party Disclosures
BAS - 28	Investment in Associates & Joint Ventures
BAS - 32	Financial Instruments: Presentation
BAS - 33	Earnings Per Share
BAS - 36	Impairment of Assets
BAS - 37	Provisions, Contingent Liabilities and Contingent Assets
BAS - 38	Intangible Assets
BAS - 39	Financial Instruments: Recognition and Measurement
BFRS - 5	Non-current Assets Held for Sale and Discontinued Operations
BFRS - 7	Financial Instruments: Disclosures
BFRS - 12	Disclosure of Interest in Other Entities
BFRS - 13	Fair Value Measurement

2.10 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

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.

2.11 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 particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note: 4.00	Property, plant and equipment
Note: 5.00	Intangible asset
Note: 9.00	Inventories
Note: 10.00	Trade receivables
Note: 21.00	Deferred tax liabilities
Note: 26.00	Liabilities for expenses
Note: 27.00	Provision for income tax

2.12 Comparative Information

The financial statements provides Comparative information in respects of the previous period in accordance with BAS - 1: Presentation of Financial Statements, for all numeric information in the 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.

2.13 Reporting Period

The financial statements of the company covers the period from 01 July, 2016 to 30 June 2017.

3.00 SIGNIFICANT ACCOUNTING POLICIES

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

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

3.01 Consistency

The accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30 June 2017 are consistent with those policies and methods adopted in preparing the Financial Statements for the year ended 31 June 2016 except changes in accounting estimates in the Property, Plant and Equipment.

3.02 Current versus non-current classification

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

An asset is current when it is:

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

3.03 Property, Plant and Equipment (PPE)

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

3.03.01 Recognition and Measurement

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

3.03.02 Subsequent Costs

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

3.03.03 Depreciation

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

Depreciation is charged on addition from the month (date of service) of acquisition/addition upto the month of disposal. The depreciation method has changed from the reducing blance method to straight line method with the decision of the Board at its 389th Board of Directors meeting held on January 26, 2017 and at that meeting Board has considered the useful life of the assets as follows:

Major Category	Minor Catetory	Useful Life
Land and land development	Land and land development	Nil
Plant and machineries	Motor	7
Plant and machineries	Panel	10
Plant and machineries	All Stand	25
Plant and machineries	All other Machinery	15
Motor vehicles	Car	6
Motor vehicles	Micro Bus	6
Motor vehicles	Covered Pick up Van	10
Motor vehicles	Open Pick up Van	10
Motor vehicles	Prime Mover	15
Motor vehicles	Open Truck	10
Motor vehicles	Dump Truck	12
Motor vehicles	Motor Cycle	5
Factory building and shed	All Minor Category	20

Boundary wall, drainage System, roads & pavement	All Minor Category	20
Furniture and fixtures	All Minor Category	5
Office equipment	All Minor Category	5
IT Equipment	All Minor Category	5

Depreciation are charged / allocated on the basis of location of respective assets. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

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

3.03.04 Revaluation of Property, Plant and Equipment

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

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

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

3.04 Non-current Asset Held for Sale

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

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

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

3.05 Intangible Asset

3.05.01 Recognition and Measurement

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

3.05.02 Subsequent Costs

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

3.05.03 Amortization

The only intangible asset of the company is ERP (Oracle eBS Software) which is amortised every month following straight line method for 10 (ten) years. The amortisation cost is charged in profit or loss.

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

3.06 Capital Work in Progress

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

3.07 Investments in Associates

The company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. 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. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in profit or loss as share of associate's profit or loss during the period following the provisions of BAS 28.

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

3.08 Inventories

Nature of inventories

Inventories comprise Raw Materials (Melting Scrap, Billets and Sponge Iron), Packing Materials, Consumable Stores, Fuel and Lubricants & Finished Goods (M.S. Rods, Billets, Iron Beams, Angles, Channels and Steel Bars) etc.

Valuation of the inventories

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

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

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

3.09 Financial Instruments

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

3.9.01 Financial Assets

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 becomes a party to the contractual provisions of the instrument.

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

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.

At fair value through profit or loss

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

Held to maturity

These assets are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

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

(a) Trade and other receivables

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

There is no fixed company policy regarding provision for impairment loss on receivables, if any receivables are not realized within the credit period. It has been dealt with on case to case basis.

(b) Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

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

(c) Cash and cash equivalents

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

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

3.9.02 Financial Liabilities

The company initially recognises all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

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

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

(a) Trade and other payables

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

(b) 12% Convertible coupon bond

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

(c) Other liabilities

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

3.9.03 Equity Instruments

Share capital (ordinary shares)

Ordinary shares are classified as equity.

3.10 Impairment

3.10.01 Financial Assets

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

Financial assets not classified as at fair value through profit or loss , including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes :

- default or delinquency by a debtor
- restructuring of an amount due to the company on terms that the company would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security, or
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3.10.02 Financial Assets Measured at Amortized Cost

The company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Collective assessment is carried out by grouping together assets with similar risks characteristics.

In assessing collective impairment, the company uses historical information on the timing of recoveries and the amount of loss incurred, and makes any adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the company considers that there is no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.10.03 Available for Sale Financial Assets

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

3.10.04 Equity Accounted Investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss, is recognized in profit and loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.10.05 Non Financial Assets

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

3.11 Transactions with Related Companies

These represent balance amounts due to /from sister concerns which are derived from short term loan, sale/purchase of goods from time to time. Sales and purchase of goods are made on arm's length basis and interest are charged on outstanding balances. These balances are unsecured but considered good and realisable.

3.12 Share Capital

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

3.13 Employee Benefit Schemes

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

3.13.01 Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further amount. The company maintains the Recognized Provident Fund for all permanent employees at which both the company and employees contribute @ 10% of basic salary. The Employees' Provident Fund was obtained recognition from Income Tax Authority on August 05, 1975 which was effective from September 30, 1973 and is considered as defined contribution plan as it meets the recognition criteria specified for this purpose in BAS-19.

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

3.13.02 Defined Benefit Plan

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

Service length	Payment basis
Less than Five (5) years	Nil
For Five (5) years and more	Two (2) times of last month basic salary multiplied by year of services

3.13.03 Workers' Profit Participation and Welfare Funds

The company also recognizes a provision for Workers' Profit Participation and Welfare Funds @ 5% of net profit before tax in accordance with the provision of Section 234 (Kha), Chapter 15 of Bangladesh Labour Law 2006.

3.14 Income Tax Expenses

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

3.14.01 Current Tax

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

3.14.02 Deferred Tax

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

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

Deferred tax on temporary differences between carrying amounts of investments in associates and tax bases has been recognised following the tax rates applicable for profit on disposal of investments as well as distributions from associates.

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

3.15 Provisions and Contingencies

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

3.16 Revenue

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

The timing of the transfer of risk and rewards depends on the individual terms of the sales agreement.

3.17 Other Operating Income

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

3.18 Finance Income and Expenses

3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR) and Short Term Deposits (STD) account has been recognized on cash basis.

3.18.02 Finance Expenses

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

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

3.19 Borrowing Costs

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

3.20 Interest on Balance of Related Companies

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

3.21 Foreign Currency Transactions

The financial statements are presented in Bangladesh Taka, which is the functional currency of the company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company at the functional currency at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at Bangladesh Taka which is the functional currency at the exchange rate rulling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated in to Bangladesh Taka at the dates of the initial transactions.

3.22 Management Fees

Bangladesh Steel Re-Rolling Mills Limited, the reporting entity, entered into a management sharing agreement with BSRM Steels Limited, an investee company, on October 15, 2005 for allowing BSRM Steels Limited to use its goodwill. According to the terms of the agreement, Bangladesh Steel Re-Rolling Mills Limited is entitled to receive Tk. 150 per MT of monthly production as management fee on monthly basis provided that BSRM Steels Limited has net profit in its monthly financial statements.

3.23 Duty Drawback

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

3.24 Earnings Per Share (EPS)

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

3.24.01 Basis of Earnings

This represents profit for the period attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the period has been considered fully attributable to the ordinary shareholders.

3.24.02 Basic Earnings Per Share

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

3.24.03 Diluted Earnings Per Share

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

3.25 Measurement of Fair Values

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

Level 1:	Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2:	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the 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.

Property, plant and equipment

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

Equity and debt securities

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

3.26 Events After the Reporting Period

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

3.27 General

(i) Figures for the year 2015-16 have been rearranged wherever considered necessary to ensure comparability with the current year.
(ii) Bracket figures denote negative.

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4.00 PROPERTY, PLANT & EQUIPMENT : At Revaluation Model

Particulars	Land and Land Development	Plant & Machinery	Motor Vehicles	Factory Building and shed	Boundary wall,Road and pavements	Furniture & Fixtures	Office Equipment	Computer and IT equipment	TOTAL
Balance as on 01 July, 2015	**3,820,233,552**	**3,037,442,624**	49,036,251	657,317,724	118,702,875	20,568,113	24,336,752	14,867,975	7,742,505,866
Additions during the year	100,935,817	4,367,234,093	9,803,777	2,191,197,090	17,710,377	9,122,443	9,510,826	3,292,632	**6,708,807,055**
Reclassification of asset to held for sale	-	(1,676,945,045)	-	-	-	-	-	-	**(1,676,945,045)**
Disposals	-	-	(9,201,023)	-	-	(145,967)	(537,802)	(488,457)	**(10,373,249)**
Balance as on 30 June, 2016	**3,921,169,369**	**5,727,731,672**	**49,639,005**	**2,848,514,814**	**136,413,252**	**29,544,589**	**33,309,776**	**17,672,150**	**12,763,994,627**
Balance as on 01 July, 2016	**3,921,169,369**	**5,727,731,672**	**49,639,005**	**2,848,514,814**	**136,413,252**	**29,544,589**	**33,309,776**	**17,672,150**	**12,763,994,628**
Additions during the year	17,332,132	389,311,000	3,221,545	110,454,829	5,736,624	7,722,021	5,438,547	2,429,677	**541,646,375**
Reclassification of held for sale to asset	-	1,184,359,433	-	-	-	-	-	-	**1,184,359,433**
Disposals	-	-	(4,851,178)	-	-	(55,387)	(1,896,437)	(172,944)	**(6,975,946)**
Balance as on 30 June, 2017	**3,938,501,502**	**7,301,402,105**	**48,009,372**	**2,958,969,643**	**142,149,876**	**37,211,223**	**36,851,886**	**19,928,883**	**14,483,024,490**
DEPRECIATION									
Balance as on 01 July, 2015	-	**718,229,761**	**23,414,812**	**110,378,172**	**37,179,088**	**7,267,238**	**9,879,153**	**6,515,854**	**912,864,079**
Charge during the year	-	252,552,680	5,943,292	88,754,614	8,974,905	3,727,654	3,870,816	1,939,971	**365,763,932**
Reclassification of asset to held for sale	-	(417,899,327)	-	-	-	-	-	-	**(417,899,327)**
Disposals	-	-	(5,204,718)	-	-	(63,591)	(113,703)	(253,396)	**(5,635,408)**
Balance as on 30 June, 2016	-	**552,883,114**	**24,153,386**	**199,132,786**	**46,153,993**	**10,931,301**	**13,636,266**	**8,202,429**	**855,093,276**
Balance as on 01 July, 2016	-	**552,883,114**	**24,153,386**	**199,132,786**	**46,153,993**	**10,931,301**	**13,636,266**	**8,202,429**	**855,093,276**
Charge during the year	-	448,994,313	8,377,181	157,385,130	14,042,215	8,737,633	7,155,938	4,465,205	**649,157,614**
Disposals	-	-	(3,383,273)	-	-	(30,865)	(1,141,731)	(58,449)	**(4,614,318)**
Balance as on 30 June, 2017	-	**1,001,877,427**	**29,147,294**	**356,517,916**	**60,196,208**	**19,638,069**	**19,650,473**	**12,609,185**	**1,499,636,572**
CARRYING AMOUNT									
As At 30.06.2016	**3,921,169,369**	**5,174,848,558**	**25,485,619**	**2,649,382,028**	**90,259,259**	**18,613,288**	**19,673,510**	**9,469,721**	**11,908,901,352**
As At 30.06.2017	**3,938,501,502**	**6,299,524,678**	**18,862,078**	**2,602,451,727**	**81,953,668**	**17,573,154**	**17,201,414**	**7,319,698**	**12,983,387,919**

4.01 Allocation of Depreciation:

Cost of sales	620,499,530
Selling & distribution costs	17,110,623
Administrative costs	11,547,461
	649,157,614



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4.02 PROPERTY, PLANT & EQUIPMENT : At Cost Model

Particulars	Land and Land Development	Plant & Machinery	Motor Vehicles	Factory Building and shed	Boundary wall,Road and pavements	Furniture & Fixtures	Office Equipment	Computer and IT equipment	TOTAL
COST									
Balance as on 01 July, 2015	**1,837,616,520**	**3,072,619,558**	**73,898,437**	**787,027,038**	**118,702,875**	**34,788,767**	**40,830,076**	**14,867,975**	**5,980,351,246**
Additions during the year	100,935,817	4,367,234,093	9,803,777	2,191,197,090	17,710,377	9,122,443	9,510,826	3,292,632	**6,708,807,055**
Reclassification of asset to held for sale	-	(863,674,189)	-	-	-	-	-	-	**(863,674,189)**
Disposals	-	-	(6,325,996)	-	-	(136,029)	(504,729)	(488,457)	**(7,455,211)**
Balance as on 30 June, 2016	**1,938,552,337**	**6,576,179,462**	**77,376,218**	**2,978,224,128**	**136,413,252**	**43,775,181**	**49,836,173**	**17,672,150**	**11,818,028,900**
Balance as on 01 July, 2016	**1,938,552,337**	**6,576,179,462**	**77,376,218**	**2,978,224,128**	**136,413,252**	**43,775,181**	**49,836,173**	**17,672,150**	**11,818,028,900**
Additions during the year	17,332,132	389,311,000	3,221,545	110,454,829	5,736,624	7,722,021	5,438,547	2,429,677	**541,646,375**
Reclassification of held for sale to assets	-	1,184,359,433	-	-	-	-	-	-	**1,184,359,433**
Disposals	-	-	(3,386,240)	-	-	(49,594)	(1,424,337)	(172,944)	**(5,033,115)**
Balance as on 30 June, 2017	**1,955,884,469**	**8,149,849,895**	**77,211,523**	**3,088,678,957**	**142,149,876**	**51,447,608**	**53,850,383**	**19,928,883**	**13,539,001,594**
DEPRECIATION									
Balance as on 01 July, 2015	-	**1,529,320,771**	**51,497,033**	**351,407,425**	**37,179,088**	**23,666,592**	**26,652,031**	**6,515,854**	**2,026,238,793**
Charge during the year	-	214,043,978	3,970,612	83,639,275	8,974,905	3,187,093	3,084,153	1,939,971	**318,839,987**
Reclassification of asset to held for sale	-	(304,460,364)	-	-	-	-	-	-	**(304,460,364)**
Disposals	-	-	(5,204,717)	-	-	(63,591)	(113,703)	(253,396)	**(5,635,407)**
Balance as on 30 June, 2016	-	**1,438,904,385**	**50,262,927**	**435,046,700**	**46,153,993**	**26,790,094**	**29,622,481**	**8,202,429**	**2,034,983,009**
Balance as on 01 July, 2016	-	**1,438,904,385**	**50,262,927**	**435,046,700**	**46,153,993**	**26,790,094**	**29,622,481**	**8,202,429**	**2,034,983,009**
Charge during the year	-	411,364,124	2,360,641	140,115,819	14,042,215	7,498,806	4,579,040	4,465,205	**584,425,850**
Disposals	-	-	(3,383,273)	-	-	(30,856)	(1,141,737)	(58,461)	**(4,614,327)**
Balance as on 30 June, 2017	-	**1,850,268,509**	**49,240,295**	**575,162,519**	**60,196,208**	**34,258,044**	**33,059,784**	**12,609,173**	**2,614,794,532**
CARRYING AMOUNT									
As At 30.06.2016	**1,938,552,337**	**5,137,275,077**	**27,113,291**	**2,543,177,429**	**90,259,259**	**16,985,087**	**20,213,692**	**9,469,721**	**9,783,045,891**
As At 01.07.2017	**1,955,884,469**	**6,299,581,386**	**27,971,228**	**2,513,516,439**	**81,953,668**	**17,189,564**	**20,790,599**	**7,319,710**	**10,924,207,062**

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			2017	2016
			Taka	Taka
5.00	**Intangible asset**			
	Computer Software (Oracle ERP)	**5.01**	25,180,402	28,093,150
			25,180,402	**28,093,150**
5.01	**Intangible assets schedule**			
	COST			
	Opening balance		33,378,000	33,378,000
	Add: Addition during the year		455,413	-
	Closing balance		**33,833,413**	**33,378,000**
	ACCUMULATED AMORTISATION			
	Opening balance		5,284,850	1,947,050
	Add: Charged during the year		3,368,161	3,337,800
	Closing balance		**8,653,011**	**5,284,850**
	Carrying amount		**25,180,402**	**28,093,150**
6.00	**Capital work-in-progress**	**6.01**		
	Opening balance		403,857,592	3,166,863,881
	Add: Additions during the year		214,376,657	1,204,687,595
			618,234,249	4,371,551,476
	Less: Capitalized during the year		(230,566,859)	(3,967,693,884)
			387,667,390	**403,857,592**

6.01 Details of Capital work-in -progress

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

These costs include costs incurred to construct property, plant and equipment (PPE). Construction costs are transferred to PPE when the construction is complete.

7.00	**Investment in associates:**			
	BSRM Steel Limited (BSL)	**7.01**	3,593,907,671	3,274,057,531
	BSRM Steel Mills Limited (BSML)	**7.01**	2,350,145,618	2,750,767,181
			5,944,053,289	**6,024,824,712**

7.01 Movement of Investment in Associate

	30 June 2017		30 June 2016	
	BSL	BSML	BSL	BSML
	Taka	Taka	Taka	Taka
Opening balance	3,274,057,531	2,750,767,181	2,870,977,601	2,262,489,014
Addition during the year				
Investment in associate	-	-	-	-
Share of profit / (loss) of equity accounted Investee (associates)	530,979,966	(400,621,563)	717,380,303	(45,163,533)
Excess of proportionate net assets' value of associates over acquisition cost	-	-	-	533,441,700
Effect of revaluation and deferred tax on retained earnings of associates	2,058,520	-	5,482,146	-
Adjusted / disposal during the year	533,038,486	(400,621,563)	722,862,449	488,278,167
Cash dividend received	(213,188,346)	-	(319,782,519)	-
Closing balance	**3,593,907,671**	**2,350,145,618**	**3,274,057,531**	**2,750,767,181**

7.02 Movement of Shareholding in Associate

	No. of shares			
	30 June 2017		30 June 2016	
	BSL	BSML	BSL	BSML
Opening balance	106,594,173	177,364,600	106,594,173	177,364,600
Closing balance	**106,594,173**	**177,364,600**	**106,594,173**	**177,364,600**
Total number of shares in associates	**341,775,000**	**394,435,400**	**341,775,000**	**394,435,400**
Percentage of shares of associates by BSRM Limited	**31.19%**	**44.97%**	**31.19%**	**44.97%**

7.03 Summary of financial information of equity accounted investee

	BSRM Steels Limited (BSL)		BSRM Steels Mills Limited (BSML)	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Ownership	31.19%	31.19%	44.97%	44.97%
	Taka	Taka	Taka	Taka
Non-current assets	12,104,110,773	11,443,262,934	18,954,644,653	19,107,637,100
Current assets	25,503,664,368	21,087,276,161	9,795,470,875	4,060,014,470
Total assets	**37,607,775,141**	**32,530,539,095**	**28,750,115,528**	**23,167,651,570**
Share capital	3,417,750,000	3,417,750,000	3,944,354,000	3,944,354,000
Retained earnings	5,503,470,464	4,458,086,923	(1,010,820,810)	(119,891,467)
Revaluation reserve	2,601,996,609	2,621,828,110	2,292,879,671	2,292,879,671
Equity attributable to owners of the company	**11,523,217,073**	**10,497,665,033**	**5,226,412,861**	**6,117,342,204**
Non- controlling interest	107,081,608	104,158,489	-	-
Total equity	**11,630,298,681**	**10,601,823,522**	**5,226,412,861**	**6,117,342,204**
Non-current liabilities	2,427,749,618	2,937,649,466	5,390,670,615	6,294,267,091
Current liabilities	23,549,726,842	18,991,066,107	18,133,032,052	10,756,042,275
Total liabilities	**25,977,476,460**	**21,928,715,573**	**23,523,702,667**	**17,050,309,366**
Total Equity and Liabilities	**37,607,775,141**	**32,530,539,095**	**28,750,115,528**	**23,167,651,570**
Net Assets Value (NAV) per share	**33.72**	**30.72**	**13.25**	**15.51**

	BSRM Steels Limited (BSL)		BSRM Steels Mills Limited (BSML)	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Taka	Taka	Taka	Taka
Revenue	37,996,410,539	20,066,076,442	20,754,177,858	3,650,829,936
Other income	51,780,490	43,075,363	37,087,581	5,994,376
Expenses	(36,342,776,370)	(18,854,380,715)	(21,682,194,782)	(3,744,291,929)
Profit for the year	**1,705,414,659**	**1,254,771,090**	**(890,929,343)**	**(87,467,617)**
Non-controlling interest	(2,923,119)	2,963,307	-	-
Profit attributable to the owners of the company	**1,702,491,540**	**1,257,734,397**	**(890,929,343)**	**(87,467,617)**
Total Comprehensive income attributable to owners of the company	**1,702,491,540**	**1,257,734,397**	**(890,929,343)**	**(87,467,617)**

The market price of the Ordinary shares of BSRM Steels Limited (BSL) was Tk. 90.90 per share on 30 June 2017. Fair value of investments in BSL for 106,594,173 numbers of share has been estimated at Tk. 9,689,410,326.

Out of 106,594,173 nos. ordinary shares of BSL, 3,000,000 nos., 388,890 nos., 800,000 nos., 2,200,000 nos., 8,000,000 nos., 2,562,112 nos. and 27,500,000 nos. of ordinary shares are pledged against bridge finance and term loans from IPDC Limited, United Finance Company Limited, National Housing Finance and Investments Limited, International Leasing and Financial Services Limited, South Bangla Agriculture and Commerce Bank Limited, One Bank Limited and Eastern Bank Limited respectively.

			2017 Taka	2016 Taka
8.00	**Other investments**			
	Investment in non-tradable shares at cost	**8.01**	1,000,300	1,000,300
	Investments in Fixed Deposit Receipts	**8.02**	109,740,033	140,577,575
			110,740,333	**141,577,875**
8.01	**Investment in non-tradable shares at cost**			
	Islamic Steamship Co. Limited		300	300
	STS Holdings Limited		1,000,000	1,000,000
			1,000,300	**1,000,300**

8.02 Investments in Fixed Deposit Receipts

Name of banks	Purpose	Period	Rate of interest		
BASIC Bank Ltd.	Investment	1 year	0.00%	-	17,213,715
BD Finance Ltd.	Investment	1 year	0.00%	-	20,738,124
Mercantile Bank Ltd.	Guarantee	1 year	5% - 6.50%	2,564,918	626,286
Standard Chartered Bank Ltd.	L/C Margin	1 year	3.50%	51,777,310	50,174,851
State Bank of India	L/C Margin	1 year	4.75%	1,931,101	883,252
IFIC Bank Ltd.	L/C Margin	1 year	6.50%	65,477	62,000
International Leasing and Financial Services Limited	Investment	1 year	9.5% - 11.25%	27,577,476	25,055,597
Fareast Finance and Investment Limited	Security deposit	5 years	8.50%	25,823,750	25,823,750
				109,740,033	**140,577,575**

			2017 Taka	2016 Taka
9.00	**Inventories:**			
	Raw materials	**9.01**	4,835,332,118	2,537,917,341
	Finished goods	**9.02**	3,203,950,750	3,852,553,082
	Store and Spares	**9.03**	1,372,582,927	926,871,779
	Fuel and Lubricants		16,904,215	17,926,346
			9,428,770,010	**7,335,268,548**
9.01	**Raw Materials**			
	Raw Materials-Billets		3,827,727,551	1,917,375,759
	Raw Materials-Scraps		1,007,604,567	620,541,582
			4,835,332,118	**2,537,917,341**
9.02	**Finished Goods**			
	Finished Goods-Own production		2,812,080,104	3,654,270,082
	Finished Goods-Procured		391,870,646	198,283,000
			3,203,950,750	**3,852,553,082**
9.03	**Stores and Spares**			
	Mechanical stores		625,351,058	373,312,405
	M.S. Roll		132,138,863	203,535,945
	Electrical stores		300,220,191	179,473,584
	General stores		5,938,498	4,099,148
	Consumable stores		308,934,317	166,450,697
			1,372,582,927	**926,871,779**

		2017 Taka	2016 Taka
9.04	**Quantitative movement of raw materials and finished goods**	**Metric Ton**	**Metric Ton**
	Raw Materials		
	Opening balance	**84,106**	**71,493**
	Add: Purchased/imported during the year	527,382	386,303
	Add: Produced by SMW	152,702	128,260
		764,190	**586,056**
	Available for consumption		
	Less: Consumed /Sold/returned during the year	(625,146)	(501,950)
	Closing balance	**139,044**	**84,106**
	Finished Goods		
	Opening balance	**95,691**	**16,712**
	Add: Produced during the year	442,511	287,048
	Add: Imported/ Purchased from sister concern	37,275	18,768
	Stock available for sale	**575,477**	**322,528**
	Less: Sold during the year (including 19,587.50 M. Ton Stone Chips)	(503,705)	(226,009)
	Less: Own use	(331)	(828)
	Closing balance	**71,441**	**95,691**
10.00	**Trade Receivable**		
	Related companies:		
	BSRM Logistics Limited	291,059	462,236
	BSRM Steel Mills Limited	1,984,678	11,672,419
	H. Akberali & Co. Limited	2,794,705	936,780
	Other customers	2,030,731,149	965,060,732
		2,035,801,591	**978,132,167**
	Provision for doubtful debt	(748,589)	(1,029,982)
	Net Trade Receivables	**2,035,053,002**	**977,102,185**
10.01	**Ageing of Trade receivables**		
	Due for 3 months	1,467,741,962	854,640,505
	Due for 3 to 6 months	312,808,333	55,969,474
	Due for above 6 months	255,251,296	67,522,188
		2,035,801,591	**978,132,167**

10.02 Trade receivables- Classification by security and related party:

i)	Debts considered good and in respect of which the company is fully secured	2,035,801,591	977,102,185
ii)	Debts considered good for which the company holds no security other than the debtors' personal security	-	-
iii)	Debts considered doubtful or bad	748,589	1,029,982
iv)	Debts due by directors or other officers of the company or debts due by firms or private companies in which any director is a partner or a director or a member	5,070,442	13,071,435
v)	Debts due by companies under the same management	5,070,442	13,071,435
vi)	Maximum amount due by directors or other officers of the company at any time during the period	-	-

		2017	2016
		Taka	Taka
11.00	**Other Receivables:**		
	Interest receivables	49,229,482	43,850,737
	Management fee receivables	-	16,676,601
		49,229,482	**60,527,338**
12.00	**Due from related companies:**		
	Bangladesh Steels Limited	-	200,000
	BSRM Ispat Limited	316,952,750	302,105,375
	BSRM Logistics Limited	115,589,282	23,963,377
	BSRM Real Estates Limited	1,055,000	200,000
	BSRM Recycling Industries Limited	-	73,575,179
	BSRM Steel Mills Limited	-	1,097,393,592
	BSRM Wires Limited	142,755,316	228,727,179
	Chittagong Power Company Limited	22,227,106	2,455,794
	East Bengal Trading & Industries Corporation Limited	2,600,000	2,600,000
	H. Akberali & Co. Limited	644,599,830	261,353,089
	Section Steel Industries Limited	450,000	450,000
		1,246,229,284	**1,993,023,585**

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. No amount is receivable from Directors at the reporting date.

13.00	**Advances and Deposits :**			
	Advances	**13.01**	1,718,570,845	1,308,632,627
	Deposits	**13.02**	46,451,682	24,724,014
			1,765,022,527	**1,333,356,641**
13.01	**Advance:**			
	Against L/C		11,364,567	403,601,997
	For capital expenditure		66,901,988	23,205,536
	For revenue expenses		80,364,934	39,958,071
	For scrap purchase and others		2,454,038	3,064,054
	For store and spares		74,004,389	31,392,612
	Godown rent		1,645,449	-
	Income tax		931,716,391	633,509,128
	L/C margin		46,628,123	50,177,182
	Land		323,739,000	2,600,000
	Staff loan against salary		7,128,538	3,009,739
	VAT current account and DEDO recoverable account		152,623,428	93,114,308
	Western Marine Shipyard Limited		20,000,000	25,000,000
			1,718,570,845	**1,308,632,627**

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		2017 Taka	2016 Taka
13.02	**Deposits:**		
	Bangladesh Ansar and VDP	373,993	373,993
	Bank guarantee to Customs authority	1,702,394	1,553,080
	Bank guarantee to Karnaphuli Gas Distribution Co. Limited	2,498,406	1,007,062
	Bureau of Indian Standard	788,000	-
	Central Depository Bangladesh Limited	500,000	500,000
	Customs Authority against claim	552,890	1,545,145
	Karnaphuli Gas Distribution Co. Limited (KGDCL)	21,932,805	2,292,866
	Linde Bangladesh Limited	879,900	879,900
	Meghna Petroleum Limited	40,000	40,000
	Others	1,766,227	1,428,727
	Power Development Board	13,933,368	13,933,368
	Regulatory Authority	992,255	948,429
	T & T and others	191,444	191,444
	WASA	300,000	30,000
		46,451,682	**24,724,014**

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.

			2017	2016
14.00	**Short Term Investment**			
	Investment in Tradable securities at fair value	**14.01**	407,795	388,992
	Investments in Fixed Deposit Receipts	**14.03**	38,864,624	39,707,309
			39,272,419	**40,096,301**

		2017	2016
14.01	**Investment in Tradable securities at fair value**		
	Opening balance	**388,992**	**378,920**
	Sales during the year	-	-
	Change in fair value of tradable securities	18,803	10,072
	Closing balance	**407,795**	**388,992**

14.02 Fair Value of Tradable Securities

Particulars	Cost	30/Jun/17		30/Jun/16
		Fair Value	Increase/Decrease in fair value	Fair Value
Eastern Insurance Co. Limited	179,550	60,060	13,440	46,620
Pragati Life Insurance Limited	497,480	189,749	829	188,920
Progressive Life Insurance Limited	319,605	157,986	4,534	153,452
	996,635	**407,795**	**18,803**	**388,992**

14.03 Investments in Fixed Deposit Receipts

Name of banks	Purpose	Period	Rate of interest	2017 Taka	2016 Taka
AB Bank Limited	Investment	6 months	8.25%	-	8,254,721
Al-Arafah Islami Bank Ltd.	L/C Margin	6 months	4.75% to 6.25%	14,500,000	8,970,000
Commercial Bank of Ceylon	L/C Margin	6 months	4.5% - 4.60%	20,552,725	11,740,000
Habib Bank Ltd.	L/C Margin	6 months	5.00%	1,700,000	
Pubali Bank Ltd.	L/C Margin	6 months	5% to 5.5%	860,837	7,385,000
State Bank of India	L/C Margin	6 months	4.75%	-	2,163,600
The City Bank Limited	Investment	6 months	5.00%	1,251,062	1,193,988
				38,864,624	**39,707,309**

			2017	2016
15.00	**Cash & Cash Equivalents:**			
	Cash in Hand	**15.01**	3,317,654	2,085,168
	Cash at Banks	**15.02**	375,392,011	130,367,136
	Fixed Deposit Receipts	**15.03**	133,030,099	161,552,063
			511,739,764	**294,004,367**

		2017	2016
		Taka	Taka
15.01	**Cash in Hand:**		
	Corporate office	359,529	204,690
	Factory office	2,721,510	1,636,900
	Dhaka office	196,112	202,858
	Overseas office	40,503	40,720
		3,317,654	**2,085,168**

15.02 Cash at Banks:

Name of the Banks	Branches	Account Types	Currency		
AB Bank Limited	Agrabad	CD	BDT	1,433,802	80,704
Agrani Bank Limited	Baizid Bostami	CD	BDT	-	238,137
Agrani Bank Limited	Laldighi East	CD	BDT	23,861	26,814
Agrani Bank Limited	Laldighi East	CD	USD	78,580,529	18,364,590
Al-Arafah Islami Bank Limited	Agrabad	CD	BDT	11,743	724,841
Bank Alfalah Limited	Agrabad	CD	BDT	144,626	13,744
Bank Asia Limited	Agrabad	CD	BDT	2,804	45,072
BASIC Bank Limited	Dewanhat	CD	BDT	244,304	-
Commercial Bank of Ceylon Pl	Agrabad	CD	BDT	18,951	-
Dhaka Bank Limited	Jubilee Road	CD	BDT	1,557,184	184
Dutch Bangla Bank Limited	Agrabad	CD	BDT	-	35,670
Dutch Bangla Bank Limited	Jubilee Road	CD	BDT	13,148,127	2,883,850
Eastern Bank Limited	Agrabad	Escrow	BDT	35,542	91,902
Eastern Bank Limited	Agrabad	CD	BDT	836,266	4,449,374
EXIM Bank Limited	CDA Avenue	CD	BDT	1,383,476	12,682
HSBC	Agrabad	CD	BDT	(19,424,272)	-
HSBC	Agrabad	FCY CD	USD	31,434	30,998
HSBC	Kolkata	CD	INR	4,922,872	2,894,396
IFIC Bank Limited	Agrabad	CD	BDT	65,767	236,207
Islami Bank Bangladesh Limite	Jubilee Road	CD	BDT	60,359	574,193
Jamuna Bank Limited	Khatunjonj	CD	BDT	21,482	41,136
Janata Bank Limited	Dhaka	CD	BDT	-	827
Janata Bank Limited	Laldighi East	CD	BDT	1,305,425	902,180
Mercantile Bank Limited	Jubilee Road	CD	BDT	2,294	1,103
Mercantile Bank Limited	Jubilee Road	CD	BDT	(361)	1,052
Midland Bank Limited	Agrabad	CD	BDT	134,626	25,144
Mutual Trust Bank Limited	Dilkusha	CD	Pound	42,915	49,001
Mutual Trust Bank Limited	Dilkusha	Escrow	BDT	7,035,423	77,083,477
Mutual Trust Bank Limited	Dilkusha	CD	USD	780,159	796,987
Mutual Trust Bank Limited	Dilkusha	CD	EURO	14,414	14,002
Mutual Trust Bank Limited	Jubilee Road	CD	BDT	30,276	17,734
National Bank Limited	Jubilee Road	CD	BDT	500,370	49,557
NCC Bank Limited	Agrabad	CD	BDT	184,013,889	10,409,726
NRB Commercial Bank Limite	Agrabad	CD	BDT	926,213	7,069
NCC Bank Limited	Agrabad	ERQ	USD	127,245,665	-
One Bank Limited	Agrabad	CD	BDT	(35,124,716)	21,627
One Bank Limited	Agrabad	Escrow	BDT	245,535	36,648
Premier Bank Limited	O.R Nizam Road	CD	BDT	760,354	1,929
Prime Bank Limited	O.R Nizam Road	CD	BDT	320,902	68,707
Shahjalal Islami Bank Limited	Jubilee Road	CD	BDT	39,350	1,774,723
Social Islami Bank Limited	Jubilee Road	CD	BDT	146,015	5,016,703
Sonali Bank Limited	Kalibari	CD	BDT	131,154	41,160
Southeast Bank Limited	CDA Avenue	CD	BDT	49,708	32,841
Southeast Bank Limited	Pahartali	CD	BDT	85,284	203,354
Standard Bank Limited	Sadarghat Road	CD	BDT	4,907	3,791
Standard Chartered Bank	Agrabad	CD	BDT	-	2,591
Standard Chartered Bank	Dhaka	CD	BDT	330,010	119,741
Standard Chartered Bank	Agrabad	CD	BDT	2,632,969	1,510,186
State Bank of India	Agrabad	CD	BDT	117,563	131,240
The City Bank Limited	Agrabad	CD	BDT	88,455	85,814
Trust Bank Limited	CDA Avenue	CD	BDT	2,688	655,425
United Commercial Bank Limi	Jubilee Road	CD	BDT	37,112	130
United Commercial Bank Limi	Jubilee Road	Escrow	BDT	394,558	558,173
				375,392,011	**130,367,136**

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

					2017	2016
					Taka	Taka

15.03 Fixed Deposit Receipts:

Name of banks	Purpose	Period	Rate of interest		
AB Bank Limited	L/C Margin	3 months	5.5% to 6.75%	14,160,102	11,248,700
Bank Asia Limited	L/C Margin	3 months	4.50% to 5.50%	4,241,767	11,133,554
Commercial Bank of Ceylon PI	L/C Margin	3 months	4.60%	2,094,292	2,020,250
Dutch Bangla Bank Limited	L/C Margin	3 months	3.0% to 4.0%	11,353,841	20,614,560
Dhaka Bank Limited	Investment	3 months	4.00% to 4.25%	5,018,718	20,503,262
IFIC Bank Limited	L/C Margin	3 months	4.9% to 5.25%	20,846,597	30,302,023
Habib Bank Limited	L/C Margin	3 months	4.60% - 5%	4,100,489	12,100,000
Mercantile Bank Limited	L/C Margin	3 months	5.25%	10,434,140	6,348,714
National Bank Limited	L/C Margin	3 months	5.00% to 5.25%	1,625,353	6,659,267
NCC Bank Limited	L/C Margin	3 months	5.00%	7,825,195	1,956,188
Pubali Bank Limited	L/C Margin	3 months	5.50%	2,217,858	-
Prime Bank Limited	L/C Margin	3 months	4.00% to 4.5%	3,965,917	10,273,820
Trust Bank Limited	L/C Margin	3 months	5.75%	-	4,120,000
The City Bank Limited	L/C Margin	3 months	3.00% to 4.75%	22,202,041	12,712,000
Shahjalal Islami Bank Ltd.	Security Deposit	3 months	5.50%	3,000,423	100,000
United Commercial Bank Ltd.	L/C Margin	3 months	4.75% to 5.75%	19,943,368	11,459,725
				133,030,099	**161,552,063**

16.00 Assets held for Sale Plant and Machinery:

Opening Balance	**1,184,359,433**	**1,185,470,770**
Reclassification to Assets	(1,184,359,433)	-
Disposal	-	(1,111,337)
	-	**1,184,359,433**

17.00 Share Capital:

17.01 Authorized capital:

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

17.02 Issued, subscribed and paid-up capital:

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

17.03 Classification of shares by holding:

Class by number of shares	No. of Holders	No. of Shares	Holding (%)
Less than 500	4,319	792,219	0.41%
From 501 to 5000	2,039	3,337,512	1.71%
From 5,000 to 10,000	179	1,277,433	0.65%
From 10,001 to 20,000	103	1,477,719	0.76%
From 20,001 to 30,000	33	827,738	0.38%
From 30,001 to 40,000	22	748,165	0.38%
From 40,001 to 50,000	12	574,115	0.29%
From 50,001 to 100,000	18	1,380,255	0.71%
From 100,001 to 1,000,000	28	7,288,126	3.74%
From 10,000,001 to above	15	177,394,435	90.93%
	6,768	**195,097,717**	**99.96%**

17.04 Shareholding Position:

	30/Jun/17		30/Jun/16	
Name of shareholders:	Percentage of holdings	No. of Shares	Percentage of holdings	No. of Shares
Mr. Alihussain Akberali	12.39%	24,163,843	12.39%	24,163,843.00
Mr. Aameir Alihussain	9.62%	18,776,950	9.62%	18,776,950.00
Mr. Zohair Taherali	3.20%	6,250,424	3.20%	6,250,424.00
Mrs. Sabeen Aameir	2.26%	4,405,060	2.26%	4,405,060.00
General Shareholders	72.53%	141,501,440	72.53%	141,501,440.00
	100%	**195,097,717**	**100%**	**195,097,717**

18.00 Reserves

18.01 General reserve

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

18.02 Revaluation reserve

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

		2017 Taka	2016 Taka
19.00 Long Term Loan:			
One Bank Limited - Syndicated term loan	19.03	185,427,489	318,684,209
United Commercial Bank Limited- Syndicated term loan	19.04	2,177,482,283	2,637,372,711
Other Term loan	19.05	455,466,456	683,353,691
12% Convertible coupon bond	19.06	655,565,939	976,978,685
		3,473,942,167	**4,616,389,296**
19.01 Long Term Loans-Maturity analysis			
Due within one year-Current portion		1,395,954,000	1,343,805,090
Due after more than one year-Non-current portion		2,077,988,167	3,272,584,206
		3,473,942,167	**4,616,389,296**
19.02 Long Term loans - Non-current portion			
One Bank Limited - Syndicated term loan		44,749,850	186,729,087
United Commercial Bank Limited- Syndicated term loan		1,670,992,079	2,192,595,162
Other term loans		151,437,384	410,468,419
12% Convertible coupon bond		210,808,854	482,791,538
		2,077,988,167	**3,272,584,206**



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19.03 Terms of One Bank Limited - Syndicated term loan

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

Total loan facilities: Tk. 60 crore.

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

Disbursement:
The first disbursement was made on September 16, 2012.

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

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

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

19.04 Terms of United Commercial Bank Limited- Syndicated term loan

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

Total loan facilities: Tk. 278.578 crore.

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

Disbursement:
The first disbursement was made on 23 November 2014.

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

Securities:
i. Registered Mortgage over the project land and all civil construction thereon supported by registered General power of Attorney.
ii. Fixed and floating charge over machinery, plant and equipment.
iii. Floating charge over all floating assets with the power to sell.
iv. Assignment of insurance policies along with power to collect insurance proceeds.
v. Implementation guarantee from the Sponsors.
vi. On demand promissory note.

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

	2017	2016
	Taka	Taka
19.05 Other Term Loans		
Fareast Finance & Investment Limited	52,147,568	98,201,299
International Leasing and Financial Services Limited	74,979,180	135,831,198
Jamuna Bank Limited	28,495,067	10,686,931
Lanka Bangla Finance Limited	23,721,907	75,761,350
National Housing Finance and Investments Limited	28,059,982	50,841,394
Prime Bank Limited	58,033,005	85,848,745
United Finance Limited	4,753,800	22,573,885
IPDC of Bangladesh Limited	185,275,947	203,608,889
	455,466,456	**683,353,691**

19.05.01 Terms and conditions of other term loans

Type of facilities: Term Loan

Lenders:

i. Fareast Finance & Investment Limited
ii. IDLC Finance Limited
iii. International Leasing and Financial Services Limited
iv. Jamuna Bank Limited
v. Lanka Bangla Finance Limited
vi. National Housing Finance and Investments Limited
vii Prime Bank Limited
viii. United Finance Limited
ix. IPDC of Bangladesh Limited

Interest rate:

Interest rate is 10.15%-13.25% per annum calculated on quarterly basis and variable depending on the situation of money market.

Repayments:

These term loans are repayable in monthly installment.

Securities:

i. Post dated cheques, promissory note etc.
ii. Lien on FDR.
iii. Charge on fixed and floating assets of the company.
iv. Directors' personal guarantee.
v. Lien on TDR of Tk. 2 crore to International Leasing and Financial Services Limited.
vi. Lien on ordinary shares of BSRM Steels Limited
- 2,200,000 nos. to International Leasing and Financial Services Limited.
- 800,000 nos. to National Housing Finance and Investments Limited
- 388,889 nos. to United Finance Limited
- 3,000,000 nos. to IPDC of Bangladesh Limited

vii Corporate guarantee of
- H. Akberali & Co. Limited
- BSRM Iron & Steel Co. Ltd.

	2017	2016
	Taka	Taka
19.06 12% Convertible Coupon Bond		
Liability component	976,978,685	1,303,885,870
Add: Accrued interest and provision for cost of issue	137,287,254	88,892,815
Less: Interest payment	(128,700,000)	(85,800,000)
Less: Principal payment	(330,000,000)	(330,000,000)
Carrying amount	**655,565,939**	**976,978,685**
19.06.01 12% Convertible Coupon Bond-Liability Component		
Payable/Convertible within 1 year	444,757,085	494,187,147
Payable after 1 year	210,808,854	482,791,538
	655,565,939	**976,978,685**

19.06.02 Details of the 12% Convertible coupon bond

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

Tenure:

Five (5) years.

Subscription and issue:

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

Interest:

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

Redemption:

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

Conversion:

12% of the Bond value except SABINCO will be converted into ordinary shares @ Tk. 38 per share i.e. out of total bond issued to investors, Tk. 152,399,874 will be converted to 4,010,523 Nos. Ordinary Shares of Tk. 10 each (valued at Tk. 38) at the end of the first year. Conversion will be implemented within 30 days after the end of the first year.

Trading of converted ordinary shares:

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

Securities:

i) Lien on 27,500,000 nos. of shares of BSRM Steels Limited owned by the company in favour of the trustee (Eastern Bank Limited).

ii) Personal guarantee by Mr. Alihussain Akberali, Mr. Zohair Taherali, Mr. Aameir Alihussain, Mrs. Sabeen Aameir and Mrs. Tehseen Zohair Taherali.

iii) Corporate guarantee by H. Akberali & Co. Limited

iv) Irrevocable general power of attorney to sell the shares.

	2017	2016
	Taka	Taka

20.00 Defined benefit obligations - Gratuity

Opening balance	142,429,346	128,573,615
Add: Provision made during the year	22,382,387	21,820,764
Less: Payments made during the year	(7,677,398)	(7,965,033)
Closing balance	**157,134,335**	**142,429,346**

21.00 Deferred Tax Liabilities

Opening balance	1,134,511,277	845,917,710
Provided during the year		
Investments in associates	(79,332,419)	331,121,776
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	160,125,895	381,010,012
Assessed business loss	140,124,235	(310,924,695)
Provision for Gratuity	(3,676,247)	(35,607,337)
Total	217,241,464	365,599,756
Adjusted during the year		
Revaluation surplus of PPE (excluding land)	-	23,165,700
Non-current assets held for sale	-	18,359,932
Sale/ derecognition of revalued assets	485,708	729,509
Impact of depreciation on revaluation surplus	16,182,941	28,588,834
12% Convertible coupon bond	3,221,003	6,162,214
Total	19,889,652	77,006,189
Closing Balance	**1,331,863,088**	**1,134,511,277**

21.01 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 equipment (except land)	9,070,066,825	4,999,922,441	25%	4,070,144,384	1,017,536,096
Provision for Gratuity	(157,134,335)		25%	(157,134,335)	(39,283,584)
Business loss	(1,040,921,850)		25%	(1,040,921,850)	(260,230,463)
12% Convertible coupon bon	655,425,529	668,175,000	25%	12,749,471	3,187,368
Deferred tax liability on investment in associates	-	-	5-20%	-	610,653,671
Total deferred tax liabilities					**1,331,863,088**

		2017	2016
		Taka	Taka
22.00 Trade Payables			
BSRM Logistics Limited		11,829,442	6,175,354
BSRM Iron and Steel Co. Limited		911,619,164	875,308,142
BSRM Steel Mills Limited		327,660,221	-
Goods & supplies		35,154,800	50,786,095
Labor cost		303,461	-
Payables for stores and spares		123,370,822	32,826,690
		1,409,937,910	**965,096,281**
23.00 Short Term Loans			
Loan against trust receipts (LATR)	**23.01**	305,313,374	70,252,349
Time loans	**23.02**	3,901,327,715	3,750,363,129
Liability for accepted bills for payment (ABP)	**23.03**	1,858,962,277	3,990,963,206
Loans against CC Pledge and Hypo	**23.04**	3,106,578,164	1,193,091,287
Factoring Loan against sales invoice	**23.05**	7,858,747	10,393,411
		9,180,040,277	**9,015,063,382**
23.01 Loan Against Trust Receipts (LATR)			
Al-Arafah Islami Bank Limited		-	32,063,045
Bank Asia Limited		5,823,329	-
Eastern Bank Limited		12,138,090	8,479,935
HSBC		217,852,536	-
Prime Bank Limited		66,954,072	-
Islami Bank Bangladesh Limited		-	25,475,299
Shahjalal Islami Bank Limited		2,545,347	4,234,070
		305,313,374	**70,252,349**
23.02 Time Loans			
Al-Arafah Islami Bank Limited		41,721,052	19,869,444
Bank Asia Limited		15,482,099	934,266,215
HSBC		247,785,123	552,517,598
Habib Bank Limited		180,000,000	-
IPDC of Bangladesh Limited		-	201,933,333
Dutch Bangla Bank Limited		1,010,737,778	-
Islami Bank Bangladesh Limited		13,154,790	-
United Finance Limited		151,237,500	-
Jamuna Bank Limited		613,799,202	-
Midland Bank Limited		-	262,043,022
One Bank Limited		904,121,275	742,295,482
Standard Bank Limited		503,395,278	-
Standard Chartered Bank		219,893,618	-
United Commercial Bank Limited		-	1,037,438,035
		3,901,327,715	**3,750,363,129**

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	2017	2016
	Taka	Taka

23.03 Liability for accepted bills for payment (ABP)

Al-Arafah Islami Bank Limited	-	160,824,015
Bank Alfalah Limited	78,904,861	34,180,725
Commercial Bank of Ceylon PLC	-	36,034,111
Dhaka Bank Limited	41,548,757	315,162,549
Dutch Bangla Bank Limited	92,626,470	1,010,704,850
Eastern Bank Limited	140,200,963	325,332,016
HSBC	143,754,099	290,031,682
IFIC Bank Limited	138,662,812	236,168,997
Islami Bank Bangladesh Limited	79,688,748	68,962,497
AB Bank Limited	13,562,780	-
Agrani Bank Limited	138,844,391	-
Bank Asia Limited	75,787,470	-
Jamuna Bank Limited	-	25,276,978
Mercantile Bank Limited	278,215,601	10,313,548
NCC Bank Limited	146,845,357	43,070,600
National Bank Limited	23,812,956	62,081,525
One Bank Limited	48,194,874	406,046,080
Prime Bank Limited	189,330,864	83,568,716
Pubali Bank Limited	92,214,921	74,573,927
Shahjalal Islami Bank Limited	58,491,885	2,430,828
Standard Chartered Bank	47,792,828	258,283,384
State Bank of India	-	42,100,047
The City Bank Limited	8,706,012	173,634,046
Trust Bank Limited	12,219,811	28,236,753
United Commercial Bank Limited	9,555,817	303,945,332
	1,858,962,277	**3,990,963,206**

23.04 Loans against CC Pledge and Hypo

Name of the Banks	Branch	Types		
Agrani Bank Limited	Laldighi East	CC Hypo	94,558,369	81,609,273
Agrani Bank Limited	Laldighi East	CC Pledge	217,931,381	204,901,602
BASIC Bank Limited	Dewanhat	SOD	-	6,859,675
Commercial Bank of Ceylon PLC	Agrabad	CD	-	1,234,141
Habib Bank Limited	Laldighi East	OD	10,533,301	10,218,019
HSBC	Agrabad	CD	-	18,869,377
Jamuna Bank Limited	Khatunjonj	CC	1,621,692	2,527,546
National Bank Limited	Jubilee Road	CC	1,383,649	7,422,152
Pubali Bank Limited	Agrabad	CC	145,342,741	40,472,466
Pubali Bank Limited	Agrabad	OD	1,997,594,774	484,442,557
Sonali Bank Limited	Kalibari	CC	38,619,441	5,746,532
Sonali Bank Limited	Laldighi	CC	(38,685)	62,682
Standard Bank Limited	Sadarghat Road	CC	368,895,567	165,461,379
Standard Chartered Bank	Agrabad	OD	4,379,511	55,294,166
State Bank of India	Agrabad	CC	90,696,111	65,138,578
Prime Bank Limited	O.R Nizam	Bai-Muazzal	59,912,000	-
Trust Bank Limited	CDA Avenue	OD	75,148,312	42,831,142
			3,106,578,164	**1,193,091,287**

	2017	2016
	Taka	Taka
23.05 Factoring Loan against sales invoice		
United Finance Limited	7,858,747	10,393,411
	7,858,747	**10,393,411**

23.05.01 Terms and conditions:

i. 80% of gross sales invoice/billed amount is paid by discounting sales invoice.

ii. Interest rate is 9.00% to 9.50% per annum along with processing and collection fees of 0.20% on the invoice amount.

Security:

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

24.00 Due to related companies		
BSRM Steels Limited	6,815,692,516	3,903,294,543
BSRM Steel Mills Limited	11,714,890	-
BSRM Iron & Steel Co. Limited	251,066,922	-
Karnafully Engineering Works Limited	8,450,000	-
BD Steel Limited	1,700,000	-
Burhani Scrap Traders	4,400,000	4,500,000
	7,093,024,328	**3,907,794,543**

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.

25.00 Advance against sales	**246,549,982**	**1,215,180,031**

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

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		2017	2016
		Taka	Taka
26.00	**Liabilities for expenses**		
	Liability for fixed assets	225,240	-
	Audit Fees	506,000	322,000
	Brokerage and commission	19,220,573	7,868,495
	C & F Bill and others	600,601	227,133
	Carriage on sales	79,124,300	43,987,911
	Contractors	3,856,755	3,735,001
	CSR Expenses	150,323	-
	Financial expenses	4,836,522	2,724,406
	Guest house expenses	-	3,000
	Insurance expenses	573,760	-
	Karnaphuli Gas Distribution Co. Limited	3,318,274	3,330,072
	Others	2,520,233	5,099,895
	Power Development Board for electricity (Factory)	190,198,601	196,127,231
	Printing and Stationeries	14,576	21,320
	Professional expenses	77,900	-
	Repair and maintenance	39,500	4,800
	Rent	5,080	28,730
	Salary and Allowances	3,725,238	1,825,892
	Travelling and Conveyance	632,848	-
	Unclaimed Cheque	131,648	50,431
	WASA	10,930	2,851
		309,768,903	**265,359,168**

A. QASEM & CO. CHARTERED ACCOUNTANTS

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		2017	2016
		Taka	Taka
27.00	**Provision for income tax**		
	Opening balance	**14,037,129**	**63,974,155**
	Add: Provided during the period		
	Against current period	146,892,259	15,138,930
	Against previous periods	76,614,443	(7,742,350)
		223,506,702	7,396,580
		237,543,831	71,370,735
	Less: Adjusted with advance income tax paid at source	(90,651,572)	(57,333,606)
	Closing Balance	**146,892,259**	**14,037,129**
28.00	**Provision for WPPF and Welfare Fund**		
	Opening balance	40,938,439	-
	Add: Provided during the year	67,373,325	44,955,939
	Less: Paid during the year	(40,938,439)	(4,017,500)
	Closing balance	**67,373,325**	**40,938,439**
28.01	**Provision made during the year for WPPF and Welfare Fund**		
	Profit before tax and WPPF and Welfare Fund	1,134,278,162	579,336,263
	Cash dividend received from investment in associates	213,188,346	319,782,519
	Profit applicable for WPPF and Welfare Fund	1,347,466,508	899,118,782
	Contribution to WPPF and Welfare Fund at 5%	**67,373,325**	**44,955,939**
29.00	**Other liabilities**		
	Security Deposit	1,140,000	640,000
	Retention Money	34,478,779	27,772,628
	Income Tax Deducted at Source	1,534,035	1,452,487
	VAT Deducted at source	5,198,416	3,987,988
	Dividend Payable	2,836,583	1,730,060
	Interest on long term loan	177,039,942	52,012,224
	Liability to fixed asset suppliers	-	58,140
	Employees Provident Fund	2,771,844	2,623,325
	IPO over subscription money payable	8,018,679	8,130,680
		233,018,279	**98,407,532**

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

			2017	2016
			Taka	Taka
30.00	**Revenue:**			
	Local sales	**30.01**	22,766,309,957	12,993,348,734
	Export sales	**30.02**	470,397,029	61,012,762
	Sales of Scrap and By-product		203,834,522	146,515,507
	Sales of imported miscellaneous		16,721,999	-
			23,457,263,508	**13,200,877,003**
30.01	**Local sales**			
	MS Billet		35,541,469	2,445,457,537
	MS Rod		22,730,768,488	10,547,891,197
			22,766,309,957	**12,993,348,734**
30.02	**Export sales**			
	Finished Products		354,977,111	6,185,444
	By Products		115,419,918	54,827,318
			470,397,029	**61,012,762**

Export sales of fnished products during 01 July 2016 to 30 June 2017 was USD 58,36,128.19 against exporting of 7,816.870 Metric Ton and it was USD 7,50,632.16 against exporting of 88.50 Metric Ton of goods during 01 July 2015 to 30 June 2016.

31.00	**Cost of sales**			
	Cost of sales- Local & Imported Finished goods	**31.01**	688,274,368	740,736,972
	Cost of sales-own production	**31.02**	19,444,383,801	8,480,877,240
	Cost of sales-scrap and others		76,719,072	27,070,214
	Cost of sales-billet		32,270,001	2,307,175,722
			20,241,647,242	11,555,860,148
31.01	**Cost of sales- Local & Imported Finished goods**			
	Opening stock of finished goods		198,283,000	449,665,948
	Finished goods imported		594,336,343	256,309,110
	Finished goods locally purchased		296,528,641	252,621,196
	Available for sale/consumption		**1,089,147,984**	**958,596,254**
	Closing stock of finished goods		(391,870,646)	(198,283,000)
	Used by the company		(9,002,970)	(19,576,282)
			688,274,368	**740,736,972**
31.02	**Cost of sales-own production**			
	Opening stock of raw materials-scrap		620,847,903	772,299,314
	Add: Purchase during the year		4,455,536,295	3,118,275,481
	Less: Cost of scrap and others sales		(73,237,319)	(12,939,280)
	Less: Closing stock of raw materials-scrap		(1,007,910,921)	(620,847,903)
	Raw materials consumed-Scrap		**3,995,235,958**	**3,256,787,612**
	Add: Factory overhead	**31.02.01**	1,375,517,475	1,195,197,251
	Cost of Billet Manufactured		**5,370,753,433**	**4,451,984,863**
	Add: opening stock of billet		50,747,722	29,696,305
	Stock of billet available		**5,421,501,155**	**4,481,681,168**
	Less: Cost of billet sale		(32,270,001)	(2,307,175,722)
	Less: Closing stock of billet		(53,290,332)	(50,747,722)
	Billet Transferred to re-rolling unit		**5,335,940,822**	**2,123,757,724**
	Add: Opening stock of billet		1,866,633,159	1,512,893,985
	Add: Purchase during the year		13,277,124,510	8,862,956,613
	Less: Closing stock of billet		(3,774,442,338)	(1,866,633,159)
	Billet consumed		**16,705,256,153**	**10,632,975,163**
	Add: cost of packing materials		53,515,968	16,902,887
	Add: Factory overhead	**31.02.01**	1,843,421,701	1,109,573,837
	Cost of Production of finished goods		**18,602,193,823**	**11,759,451,887**
	Add: Opening stock of finished goods		3,654,270,082	389,178,424
	Less: Closing stock of finished goods		(2,812,080,104)	(3,654,270,082)
	Goods available for sale		**19,444,383,801**	**8,494,360,229**
	Less: Own use		-	(13,482,989)
	Cost of sales		**19,444,383,801**	**8,480,877,240**

A. QASEM & CO. CHARTERED ACCOUNTANTS

AMAR STOCK

			2017	2016
			Taka	Taka
31.02.01	**Factory Overheads:**			
	Salaries and allowances		309,235,997	227,264,295
	Carrying charges-raw materials		1,214,539	3,723,553
	Consumption electrical stores		22,023,517	10,195,897
	Consumption general stores		8,298,600	4,516,377
	Consumption of Mechanical Stores		162,730,370	82,947,611
	Consumption of MS Roll		19,395,966	22,536,367
	Conveyance expenses		8,432,725	6,257,209
	Depreciation	4.01	620,499,530	353,156,184
	Direct Expenses		94,484,254	66,739,375
	Direct Materials Consumed		172,652,182	169,362,332
	Electricity expenses		10,315,027	9,011,427
	Entertainment		6,253,665	4,782,563
	Factory office expenses		91,109	131,827
	Fees and renewals		1,163,896	734,923
	Fuel and Lubricants		386,065,266	305,948,986
	Gas		39,657,932	29,442,726
	Guest house expenses		220,899	515,094
	Guest house rent		2,257,500	1,113,550
	Impairment loss on Machinery		-	135,220
	Insurance expenses		2,278,436	7,627,800
	Materials and finished goods handling charges		187,755,716	91,841,882
	Medical expenses		2,781,867	3,118,062
	Motor vehicle expenses		2,770,675	2,202,265
	Paper and periodical		16,801	9,698
	Postage and telegram		8,687	2,692
	Power		1,109,316,841	861,862,229
	Printing and stationery		5,549,933	3,844,380
	Rent		16,556,172	12,929,356
	Repairs and Maintenance		23,000,124	22,053,938
	Telephone and internet expenses		-	2,400
	Travelling expenses		3,813,914	690,230
	Water bill-WASA		97,036	70,640
			3,218,939,176	**2,304,771,088**
32.00	**Selling and distribution costs**			
	Salary and allowances		75,463,819	57,872,362
	Advertisement		16,633,235	7,206,537
	Sales promotion expenses		3,693,738	-
	Bad debts		840,766	118,084
	Brokerage and commission		81,684,697	25,742,888
	Carriage on sales		163,084,085	106,307,475
	Communication expenses		9,623	23,101
	Conveyance expenses		60,990	12,800
	Depreciation	4.01	17,110,623	5,186,971
	Electricity expenses		1,922,008	606,359
	Entertainment		1,090,363	1,011,500
	Export charges		5,315,418	3,386,968
	Repaire & Maintanance		197,474	250,380
	Office expenses		9,111	-
	Fees and renewals		102,230	136,354
	Godown rent		3,714,992	1,010,503
	Medical expenses		474,828	305,457
	Motor vehicle expenses		2,304,313	1,686,964
	Printing and stationeries expenses		1,093,872	-
	Royalty expenses		59,443,281	25,417,742
	Testing charges		33,065	166,870
	Travelling expenses		467,129	193,920
			434,749,660	**236,643,235**

		2017 Taka	2016 Taka
33.00 Administrative Expenses:			
Salaries and allowances		129,101,699	122,288,203
Directors' remuneration	33.01	42,000,000	30,900,000
Advertisement Expenses		668,269	1,132,497
Audit fees		713,000	869,000
Board Meeting expenses		244,375	166,750
Conveyance expenses		625,182	519,593
Insurance expenses		5,750	5,750
CSR expenses		9,327,032	13,162,391
Depreciation	4.01	11,547,461	7,342,923
Amortization of intangible asset		3,368,161	3,337,800
Donation and subscriptions		195,950	194,037
Entertainment		4,273,054	4,793,660
Fees and renewals		4,024,860	3,338,253
General expenses		138,509	209,912
Generator and fuel expenses		498,284	517,675
Guest house expenses		802,936	145,467
Land revenue, Municipal tax		807,508	1,514,138
Legal expenses		945,190	2,904,590
Medical expenses		2,169,012	1,204,354
Motor vehicle expenses		6,990,982	6,161,755
Office expenses		433,858	924,314
Paper and Periodicals		12,280	22,394
Postage expenses		325,466	575,539
Printing expenses		28,428	845,361
Professional expenses		4,949,650	6,295,100
Rent (Office, depot and others)		6,549,028	6,499,919
Repair and maintenance		643,054	1,868,875
Stationery expenses		109,477	140,605
Telephone and internet expenses		3,648,201	3,851,883
Training expenses		853,534	812,522
Travelling expenses		3,977,796	3,957,786
Utility expenses		2,098,491	2,048,442
		242,076,477	**228,551,488**

The Company is maintaining a Branch Office at Kolkata, India with approval from Reserve Bank of India vide its Letter Ref: FC.CO.FID/455/10.83.493/2014-15 Dated 28 October 2014. Expenditures of branch office have been included in the relevant head under administrative cost.

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

Director's Name	Gross Remuneration	Income Tax Deducted	Net Paid
	Taka	Taka	Taka
Mr. Alihussain Akberali-Chairman	15,600,000	4,680,000	10,920,000
Mr. Aameir Alihussain-Managing Director	10,800,000	3,240,000	7,560,000
Mr. Zohair Taherali-Director	13,200,000	3,960,000	9,240,000
Mrs. Sabeen Aameir- Director	2,400,000	600,000	1,800,000
	42,000,000	**12,480,000**	**29,520,000**

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

	2017 Taka	2016 Taka
34.00 Other Income		
Kolkata Branch Income	21,317,437	-
Late payment charge	3,181,777	-
Other item sales	8,614,663	2,450,023
Gain/(loss) on sale of non-current assets	(7,585)	6,457,822
	33,106,292	**8,907,845**

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

35.00 Financial Expenses:		
Interest on LTR	21,816,664	68,854,312
Interest on Demand and Time loan	420,599,989	354,537,981
Interest on Overdraft	192,052,028	127,588,175
Interest on Term loan	333,168,335	288,030,149
Interest on Convertible bond	132,024,564	134,173,449
Bank charges	17,951,909	20,160,102
Bank Guarantee Commission	71,018	994,774
Agency fee	2,438,170	3,806,500
Interest on balance due to/from inter companies-Net	380,049,838	19,993,887
Foreign currency exchange rate fluctuation (gain)/loss	71,347,968	(6,229,691)
	1,571,520,483	**1,011,909,638**
36.00 Finance income		
Interest Income on STD	1,109,340	5,933,840
Rebate on bank interest	558,263	-
Interest income from FDR	18,335,139	26,223,808
	20,002,742	**32,157,648**
37.00 Non- operating income		
Management fees	102,159,679	190,538,884
Dividend income	-	2,326
Changes in fair value of tradable securities	18,803	(73,633)
Rental income	11,721,000	7,065,000
	113,899,482	**197,532,577**
38.00 Share of profit of associate(Net of tax)		
BSRM Steels Limited (BSL)	530,979,966	1,244,989,775
BSRM Steel Mills Limited (BSML)	(400,621,563)	(39,331,305)
	130,358,403	**1,205,658,470**

38.01 Net profit attributable to the shareholders of associates

	30 June 2017		30 June 2016	
	BSL Taka	BSML Taka	BSL Taka	BSML Taka
Net profit/(loss) attributable to the shareholders of associates	**1,702,491,540**	**(890,929,343)**	**3,991,835,279**	**(87,467,617)**
Ownership	31.19%	44.97%	31.19%	44.97%
Net profit/(loss) attributable to BSRM Ltd.	530,979,966	(400,621,563)	1,244,989,775	(39,331,305)
	530,979,966	**(400,621,563)**	**1,244,989,775**	**(39,331,305)**

	2017 Taka	2016 Taka
39.00 Earnings per share		
Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	756,515,074	1,194,216,759
Number of ordinary shares at the year end	195,097,717	195,097,717
Weighted Average number of shares outstanding during the year	195,097,717	195,097,717
Basic earnings per share (EPS)	**3.88**	**6.12**

EPS for the period 2015 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of BAS 33.

40.00 Net Asset Value Per Share (NAV)		
Total Assets	34,526,345,819	31,724,993,079
Less: Total Liabilities	(23,649,544,853)	(21,415,206,424)
Net Asset Value (NAV)	**10,876,800,966**	**10,309,786,655**
Number of ordinary shares outstanding during the period	195,097,717	195,097,717
Net Assets Value (NAV) per share	**55.75**	**52.84**

41.00 Net operating cash flow per share		
Net operating cash flows (From statement of Cash Flows)	**(2,220,441,840)**	**(2,095,718,010)**
Number of ordinary shares outstanding during the period	**195,097,717**	**195,097,717**
Net operating cash flow per share	**(11.38)**	**(10.74)**

A. QASEM & CO. CHARTERED ACCOUNTANTS

42.00 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business 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 2017		Mode of Transaction
BSRM Ispat Limited	Sister Company	Short term loan	316,952,750	Dr.	
BSRM Logistics Limited	Sister Company	Short term loan	115,589,282	Dr.	
BSRM Real Estates Limited	Sister Company	Short term loan	1,055,000	Dr.	
BSRM Wires Limited	Sister Company	Short term loan	142,755,316	Dr.	
Chittagong Power Company Limited	Sister Company	Short term loan	22,227,106	Dr.	
East Bengal Trading & Industries Corporation Limited	Sister Company	Short term loan	2,600,000	Dr.	
H. Akberali & Co. Limited	Sister Company and shareholder	Short term loan	644,599,830	Dr.	
Section Steel Industries Limited	Sister Company	Short term loan	450,000	Dr.	
Burhani Scrap Traders	Sister Company	Short term loan	4,400,000	Cr.	Market price/Negotiated price
BSRM Steels Limited	Investee	Short term loan	6,815,692,516	Cr.	
BSRM Steel Mills Limited	Investee	Short term loan	11,714,890	Cr.	
BSRM Iron & Steel Co. Limited	Investee	Short term loan	251,066,922	Cr.	
Karnafully Engineering Works Limited	Sister Company	Short term loan	8,450,000	Cr.	
Bangladesh Steels Limited	Sister Company	Short term loan	1,700,000	Cr.	
BSRM Logistics Ltd	Sister Company	Purchase	11,829,442	Cr.	
BSRM Iron and Steel Co. Ltd.	Investee	Purchase	911,619,164	Cr.	
BSRM Steel Mills Limited	Investee	Purchase	327,660,221	Cr.	
BSRM Logistics Limited	Sister Company	Sales	291,059	Dr.	
H. Akberali & Co. Limited	Sister Company and shareholder	Sales	2,794,705	Dr.	
BSRM Steel Mills Limited	Investee	Sales	1,984,678	Dr.	

42.01 Details of transactions

Name of inter companies	Opening balances		Transaction during the	Closing balances
Bangladesh Steels Limited	200,000	Dr.	(1,900,000)	(1,700,000)
BSRM Ispat Limited	302,105,375	Dr.	14,847,375	316,952,750
BSRM Logistics Limited	23,963,377	Dr.	91,625,905	115,589,282
BSRM Real Estates Limited	200,000	Dr.	855,000	1,055,000
BSRM Recycling Industries Limited	73,575,179	Dr.	(73,575,179)	-
BSRM Steel Mills Limited	1,097,393,592	Dr.	(1,109,108,482)	(11,714,890)
BSRM Wires Limited	228,727,179	Dr.	(85,971,863)	142,755,316
Chittagong Power Company Limited	2,455,794	Dr.	19,771,312	22,227,106
East Bengal Trading & Industries Corporation Limited	2,600,000	Dr.	-	2,600,000
H. Akberali & Co. Limited	261,353,089	Dr.	383,246,741	644,599,830
Section Steel Industries Limited	450,000	Dr.	-	450,000
Burhani Scrap Traders	4,500,000	Cr.	(100,000)	4,400,000
BSRM Steels Limited	3,903,294,543	Cr.	2,912,397,973	6,815,692,516
BSRM Iron & Steel Co. Limited	-	Cr.	251,066,922	251,066,922
Karnafully Engineering Works Limited	-	Cr.	8,450,000	8,450,000
BSRM Logistics Ltd	6,175,354	Cr.	5,654,088	11,829,442
BSRM Iron and Steel Co. Ltd.	875,308,142	Cr.	36,311,022	911,619,164
BSRM Steel Mills Limited	-	Cr.	327,660,221	327,660,221
BSRM Logistics Limited	462,236	Dr.	(171,177)	291,059
H. Akberali & Co. Limited	936,780	Dr.	1,857,925	2,794,705
BSRM Steel Mills Limited	11,672,419	Dr.	(9,687,741)	1,984,678

43.00 Contingent liabilities

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

Particulars	Amount (Taka)	
Against percentage of wastage (4% in place of 2.50%) in 2011	-	Pending before the Supreme Court and liability of which can not be estimated at this stage.

43.02 Status of pending litigation with the Income Tax authority for dispute with respect to income tax liability:

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

Assessment year	Unit	Amount (Tk.)	Present status
2001-2002	BSRM	4,900,000	Pending before High Court Division of Supreme Court for hearing as the company appealed against the order of Appellate Tribunal.
2009-2010	SMW	2,320,000	
		7,220,000	

	2017	2016
	Taka	Taka
43.03 L/C liabilities		
AB Bank Limited	13,562,780	-
Agrani Bank Limited	138,844,391	-
Al-Arafah Islami Bank Limited	-	160,824,015
Bank Alfalah Limited	78,904,861	34,180,725
Bank Asia Limited	75,787,470	-
City Bank Limited	8,706,012	173,634,046
Commercial Bank of Ceylon	-	36,034,111
Dhaka Bank Limited	41,548,757	315,162,549
Dutch Bangla Bank Limited	92,626,470	1,010,704,850
Eastern Bank Limited	140,200,963	325,332,016
HSBC	143,754,099	290,031,682
IFIC Bank Limited	138,662,812	236,168,997
Islami Bank Bangladesh Limited	79,688,748	68,962,497
Jamuna Bank Limited	-	25,276,978
Mercantile Bank Limited	278,215,601	10,313,548
National Bank Limited	23,812,956	62,081,525
NCC Bank Limited	146,845,357	43,070,600
One Bank Limited	48,194,874	406,046,080
Prime Bank Limited	189,330,864	83,568,716
Pubali Bank Limited	92,214,921	74,573,927
Shahjalal Islami Bank Limited	58,491,885	2,430,828
Standard Chartered Bank	47,792,828	258,283,384
State Bank of India	-	42,100,047
Trust Bank Limited	12,219,811	28,236,753
United Commercial Bank Limited	9,555,817	303,945,332
	1,858,962,277	**3,990,963,206**

	2017 Taka	2016 Taka
44.00 Guarantees		
44.01 Bank guarantees		
Karnaphuli Gas Distribution Co. Limited	2,498,406	1,007,062
Deposit to Customs Authority against claim under appeal	552,890	1,545,145
Customs authority	1,702,394	1,553,080
Bureau of Indian Standard	788,000	-
	5,541,690	**4,105,287**

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

44.02 Corporate guarantees

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

Name of sister companies	Against	Maximum limit (in million Taka)	
BSRM Steels Limited	L/C liability	21,315	21,315
BSRM Iron and Steel Co. Ltd.	L/C liability	15,430	15,430
BSRM Wires Limited	L/C liability	1,000	-
H. Akberali & Co. Limited	L/C liability	200	-
		37,945	**36,745**

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45.00 Financial Instruments- Accounting classifications and fair values

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

		Carrying amount						Fair Value			
	Note ref.	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Financial Assets measured at fair value											
Investments in tradable securities	14.01	407,795	-	-	-	-	407,795	407,795			407,795
Financial Assets not measured at fair value											
Trade and other receivables	10 & 11	-	-	2,084,282,484	-	-	2,084,282,484				
Deposits	13.02	-	-	46,451,682	-	-	46,451,682				
Due from related companies	12	-	-	1,246,229,284	-	-	1,246,229,284				
Investments in non-tradable securities	8.01	-	-	-	1,000,300	-	1,000,300				
Investments in FDR	8.02 , 14.03 & 15.03	-	-	-	281,634,756	-	281,634,756				
Cash at banks	15.02	-	-	375,392,011	-	-	375,392,011				
		-	-	**3,752,355,460**	**282,635,056**	-	**4,034,990,516**				
Financial Liabilities not measured at fair value											
Trade and other payables	22 & 26	-	-	-	-	1,719,706,813	1,719,706,813				
Due to related companies	24	-	-	-	-	7,093,024,328	7,093,024,328				
Short term liabilities	23	-	-	-	-	9,180,040,277	9,180,040,277				
Long term loans	19	-	-	-	-	3,473,942,167	3,473,942,167				
Other liabilities	29	-	-	-	-	233,018,279	233,018,279				
		-	-	-	-	**21,699,731,864**	**21,699,731,864**				
30 June, 2016											
Financial Assets measured at fair value											
Investments in tradable securities	14.01	388,992	-	-		-	388,992	388,992	-	-	388,992
Financial Assets not measured at fair value											
Trade and other receivables	10 & 11	-	-	1,037,629,523	-	-	1,037,629,523				
Deposits	13.02	-	-	24,724,014	-	-	24,724,014				
Due from related companies	12	-	-	1,993,023,585	-	-	1,993,023,585				
Investments in non-tradable securities	8.01	-	-	-	1,000,300	-	1,000,300				
Investments in FDR	8.02 , 14.03 & 15.03	-	-	-	341,836,947	-	341,836,947				
Cash at banks	15.02	-	-	130,367,136	-	-	130,367,136				
		-	-	**3,185,744,258**	**342,837,247**	-	**3,528,581,505**				
Financial Liabilities not measured at fair value											
Trade and other payables	22 & 26	-	-	-	-	1,230,455,449	1,230,455,449				
Due to related companies	24	-	-	-	-	3,907,794,543	3,907,794,543				
Short term liabilities	23	-	-	-	-	9,015,063,382	9,015,063,382				
Long term loans	19	-	-	-	-	4,616,389,296	4,616,389,296				
Other liabilities	29	-	-	-	-	98,407,532	98,407,532				
		-	-	-	-	**18,868,110,202**	**18,868,110,202**				

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46.00 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.

a) Credit risk
b) Liquidity risk
c) 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.

46.01 Credit risk

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

46.01.01 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:

	2017 Taka	2016 Taka
Investment in quoted shares and debt securities	407,795	388,992
Investments in non-tradable shares	1,000,300	1,000,300
Investments in FDRs (Short term and long term)	281,634,756	341,836,947
Advances and deposits	1,765,022,527	1,333,356,641
Trade and other receivables	2,084,282,484	1,037,629,523
Due from related companies	1,246,229,284	1,993,023,585
Cash at banks	375,392,011	130,367,136
	5,753,969,156	**4,837,603,124**

(i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. During 2016-2017: 97.40% (2015-2016: 98.66%) of the company's receivables balance was with various outside parties. However, based on the company's operations there is no concentration of credit risk.

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

Ageing of trade and other receivables

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

	2017 Taka	2016 Taka
Due for 3 months	1,516,971,444	915,167,843
Due for 3 to 6 months	312,808,333	55,969,474
Due for above 6 months	255,251,296	67,522,188
	2,085,031,073	**1,038,659,505**

The management believes that the amounts except the provision made for doubtful debts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Due from related companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 10% (in 2015-2016: 10%) interest per annum and has no prescribed repayment schedule.

(iii) Cash and cash equivalents

The company held cash at banks of Tk.374,654,904 and FDRs of Tk. 133,030,099 at 30 June 2017 (2015-2016: Tk. 291,919,199), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

(iv) Guarantees

The company's policy is to provide financial guarantees only to its sister companies. At 30 June 2017 the company has a number of corporate guarantees for L/C liabilities of sister companies (refer to Note - 42.02).

	2017 Taka	2016 Taka
46.01.02 Impairment losses		
Impairment loss at the reporting date	Nil	Nil
	-	-

46.01.03 Credit exposure by credit rating

		As at 30 June 2017	
	Credit rating	Amount	(%)
Trade receivables	NR	2,035,053,002	45.13%
Other receivables	NR	49,229,482	1.09%
Advances and deposits	NR	1,765,022,527	39.14%
Cash and cash equivalents			
Cash in hand		3,317,654	0.07%
Cash at banks		657,026,767	14.57%
AB Bank Limited	AA-	15,593,904	2.37%
Agrani Bank Limited	AA-	77,918,314	11.86%
Al-Arafah Islami Bank Ltd.	AA-	14,511,743	2.21%
Bank Alfalah Limited	AA-	144,626	0.02%
Bank Asia Limited	AA-	4,244,571	0.65%
BASIC Bank Limited	AA-	244,304	0.04%
Commercial Bank of Ceylon PLC	AA-	22,665,968	3.45%
Dhaka Bank Limited	AA-	6,575,902	1.00%
Dutch Bangla Bank Limited	AA-	24,501,968	3.73%
Eastern Bank Limited	AA-	871,808	0.13%
EXIM Bank Limited	AA-	1,383,476	0.21%
Fareast Finance and Investment Limited	AA-	25,823,750	3.93%
Habib Bank Limited	AA-	5,800,489	0.88%
HSBC	AA-	(15,084,647)	-2.30%
IFIC Bank Limited	AA-	20,977,841	3.19%
International Leasing and Financial Services Limited	AA-	27,577,476	4.20%
Islami Bank Bangladesh Limited	AA-	60,359	0.01%
Jamuna Bank Limited	AA-	21,482	0.00%
Janata Bank Limited	AA-	1,305,425	0.20%
Mercantile Bank Limited	AA-	13,002,404	1.98%
Midland Bank Limited	AA-	134,626	0.02%
Mutual Trust Bank Limited	AA-	7,890,687	1.20%
National Bank Limited	AA-	2,125,723	0.32%
NCC Bank Limited	AA-	319,659,486	48.65%
NRB Commercial Bank Limited	AA-	926,213	0.14%
One Bank Limited	AA-	(34,879,181)	-5.31%
Premier Bank Limited	AA-	760,354	0.12%
Prime Bank Limited	AA-	4,286,819	0.65%
Pubali Bank Limited	AA-	3,078,695	0.47%
Shahjalal Islami Bank Limited	AA-	3,039,773	0.46%
Social Islami Bank Limited	AA-	146,015	0.02%
Sonali Bank Limited	AA-	131,154	0.02%
Southeast Bank Limited	AA-	134,992	0.02%
Standard Bank Limited	AA-	4,907	0.00%
Standard Chartered Bank Ltd.	AA-	54,740,289	8.33%
State Bank of India	AA-	2,048,664	0.31%
The City Bank Limited	AA-	23,541,558	3.58%
Trust Bank Limited	AA-	2,688	0.00%
United Commercial Bank Limited	AA-	20,375,037	3.10%
	AA-	12,018,028	1.83%

46.02 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 following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
	Taka		Taka	Taka	Taka	Taka
As at June 30, 2017	Taka		Taka	Taka	Taka	Taka
Long term loans	3,473,942,167	9.5% - 10.50%	1,395,954,000	2,077,988,167	-	3,473,942,167
Trade payables	1,409,937,910	N/A	1,409,937,910	-	-	1,409,937,910
Short term loans	9,180,040,277	10.15% - 13.25%	9,180,040,277	-	-	9,180,040,277
Liabilities for expenses	309,768,903	N/A	309,768,903	-	-	309,768,903
Due to related companies	7,093,024,328	10%	7,093,024,328	-	-	7,093,024,328
Other liabilities	233,018,279	N/A	98,407,532	-	-	98,407,532
	21,699,731,864		**19,487,132,950**	**2,077,988,167**	-	**21,565,121,117**

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			
			Within 12 months	1 to 5 years	More than 5 years	Total
As at June 30, 2016	Taka		Taka	Taka	Taka	Taka
Long term loan	4,616,389,296	11%-14.50%	1,343,805,090	3,272,584,206		4,616,389,296
Trade payables	965,096,281	N/A	965,096,281	-		965,096,281
Short term loans	9,015,063,382	10% - 11%	9,015,063,382	-		9,015,063,382
Liabilities for expenses	265,359,168	N/A	265,359,168			265,359,168
Due to related companies	3,907,794,543	10%	3,907,794,543			3,907,794,543
Other liabilities	98,407,532	N/A	98,407,532			98,407,532
	18,868,110,202		**15,595,525,996**	**3,272,584,206**	-	**18,868,110,202**

46.03 Market risk

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

(a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company. To manage this exposure, the company is adapted direct risk reduction methods based on matching receipts and payments on assets and liabilities.

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2017, 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 2017		30 June 2016	
	USD	Taka	USD	Taka
Foreign currency denominated assets				
Cash and cash equivalents	2,540,108	206,637,787	244,180	19,192,575
Trade and other receivables	-	-	-	-
	2,540,108	**206,637,787**	**244,180**	**19,192,575**
Foreign currency denominated liabilities				
Liability for accepted bills for payment (ABP)	22,851,411	1,858,962,277	50,775,613	3,990,963,206
	22,851,411	**1,858,962,277**	**50,775,613**	**3,990,963,206**
Net exposure	**25,391,519**	**2,065,600,064**	**51,019,794**	**4,010,155,781**

The following significant exchange rate is applied during the

Exchange rate of US Dollar	**81.35**	**78.60**

(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 2017		30 June 2016	
		Profit or loss		Profit or loss	
		Strengthening	Weakening	Strengthening	Weakening
		Taka	Taka	Taka	Taka
USD	(2% movement)	(41,309,399)	41,309,399	(80,203,116)	80,203,116

(b) Transaction risk

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

(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 as they

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.

	2017	2016
Fixed- rate instruments	Taka	Taka
Financial assets	1,527,864,040	2,334,860,532
Financial liabilities	(2,077,988,167)	(3,272,584,206)
	(550,124,127)	**(937,723,674)**
Variable- rate instruments		
Financial assets	Nil	Nil
Financial liabilities	Nil	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.

47.00	**Production capacity**		
	(i) MS product- finished		
	Installed Capacity (In M.Ton) (for 6 months)	450,000	450,000
	Production (In M.Ton)	442,511	287,048
	Capacity utilized (%)	98.34%	63.79%
	(ii) MS billet		
	Installed Capacity (In M.Ton) (for 6 months)	135,000	135,000
	Production (In M.Ton)	152,702	128,260
	Capacity utilized (%)	113.11%	95.01%

Production of BSRM MS product producing Unit ceased from 28 May 2014 and after successful completion of BMRE commercial production

		2017	2016
48.00	**Employees**		
	Number of employees whose monthly salary was below Tk. 3,000	-	-
	Number of employees whose monthly salary was above Tk. 3,000	887	863
		887	863

49.00 Financial summary of Kolkata Branch office up to March 31, 2017 as per audited financial statements

	Indian Rupees
Total Export earning	144,370,534
Duty drawback received	2,316,405
Other Income	77,321
	146,764,260
Cost of purchase	(129,075,750)
Expense of Branch office	(11,562,727)
Net gain/ (Loss) INR	6,125,783
Net gain/ (Loss) BDT	**7,546,352**

49.01 The utilization loan against SBDC from July 2016 to June 2017 are as follows:

Loan No.	Loan Taken (INR)	Date of Loan Taken	Loan Paid (INR)	Date of Repayment	Balance (INR)	Balance (BDT)
LAEDAL760117	6,200,000	11-Nov-16	6,200,000	2-Dec-16	-	-
LAEDAL160005	3,900,000	30-Jan-17	3,900,000	23-Feb-17	-	-
LAEDAL160008	3,900,000	30-Jan-17	3,900,000	22-Feb-17	-	-
LAEDAL160010	3,900,000	2-Feb-17	3,900,000	3-Mar-17	-	-
LAEDAL160031	5,100,000	11-Apr-17	5,100,000	22-May-17	-	-
LAEDAL160032	5,100,000	12-Apr-17	5,100,000	24-May-17	-	-
LAEDAL160035	5,100,000	19-Apr-17	5,100,000	29-May-17	-	-
LAEDAL160038	7,900,000	20-Apr-17	7,900,000	7-Jun-17	-	-
LAEDAL160057	4,239,000	19-Jun-17	-		4,239,000	5,391,584.10
LAEDAL160064	4,239,000	27-Jun-17	-		4,239,000	5,391,584.10
LAEDAL160067	2,644,185	28-Jun-17	-		2,644,185	3,363,138.90
	52,222,185		**41,100,000**		**11,122,185**	**14,146,307.10**

50.00 Event after Reporting Date:

50.01 Proposed Dividend:

The Board of Directors at the meeting held on August 12,2017 has recommeded 10% Stock dividend for the year 2016-17. In addition to that, Company has already paid 10% interim dividend.



A member firm of Ernst & Young Global Limited
EY refers to the global organization, and/or one or more of the independent member firms of Ernst & Young Global Limited

EVENTS & IMAGES



Shareholders alongwith members of Board at 54th AGM

EVENTS & IMAGES



Mr. Alihussain Akberali FCA, Chairman of the Company along with Company Secretary and other Directors addressed number of issues to the shareholders at 54th AGM.



"16th ICAB National Award for Best Presented Annual Report 2015" received by Mr. Shekhar Ranjan Kar FCA, Group CFO & Company of the Company of BSRM Ltd



National Export Award, 2013–2014 BSRM achieved the "National Export Trophy Silver, 2013–2014". Honorable Prime Minster Sheik Hasina inaugurated the ceremony as chief guest and handed over the esteemed award to Finance Director Mr. Zohair Taherali.



BSRM awarded for being the best electricity consumer of 2015 under industrial category in Power & Energy week 2015. President Mr. M Abdul Hamid inaugurated the ceremony as chief guest and handed over the esteemed award to Managing Director Mr. Aamier Alihussain

EVENTS & IMAGES



Best Brand of Bangladesh in Steel Category in–2016,
Mr. Mohammad Firoze, Head of Marketing & Product Development received the Best Brand award in the category of reinforcing steel for the 5th consecutive years.



Top Taxpayer Award, Tax Card received by
Mr. Zohair Taherali Director & Mr. Shekhar Ranjan Kar FCA,
Group CFO & Company Secretary for highest Income
Tax in the year of 2015–16 under Engineering Category.



Certificate of Merit from SAFA 2015
Mr. Mohammad Reazul Kabir FCA, Head of Finance & Accounts received the prestigious certificate of merit under manufacturing category on behalf of the company for the Best Presented Annual Report and SAARC Anniversary Awards for Corporate Governance Disclosures, 2015.



ICSB National Gold Award 2015, Mr. Mohammad Arif FCA, ACMA, CFO, & Mr. Muhammad Ashiqur Rahman ACA, Lead Compliance & Accounts received the prestigious "ICSB National Gold Award 2015" under Engineering, Fuel & Power Companies category on behalf of the company.

SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING (AGM)

No. of AGM : 55th AGM

Date : September 28, 2017
Venue : Institution of Engineers of Bangladesh, Chittagong Center, S. S. Khaled Road, Chittagong.
Time : 12:00 PM

FINANCIAL CALENDAR

Financial Period: 1st January 2016 to 30th June 2017.
During the year 2016-17 operational results of the company were announced on:



BDSTOCK

RECORD DATE

The record date is September 7, 2017.

BSRM LTD SHARE PERFORMANCE ON STOCK EXCHANGES

Movement of share price on Dhaka Stock Exchange Ltd. (DSE) during the year 2016-17:



DIVIDEND

The Board declared 10% cash dividend (interim) per share on 26th January, 2017. The Board in its 395th meeting held on 12th August, 2017 recommended final dividend 10% stock per share. Total dividend is 20% per share (10% Cash & 10% Stock) for the period of Jan'16 to June'17.

LISTING: The company's shares are listed at the Stock Exchanges at Dhaka and Chittagong of Bangladesh.

FACE VALUE PER SHARE: Tk. 10/=

CLOSING PRICE OF PER SHARE

Closing Price of per share of your company as at 30th June 2017 was Taka 134.60

DIVIDEND		
Year	Rate of Dividend	Form of Dividend
2016-17	10%	Stock (Recommended as Final)
2016-17	10%	Cash (Interim)
2015	10% & 5%	Stock & Cash (Respectively)
2014	10%	Cash
2013	Nill	N/A
2012	15%	Cash
2011	100%	Stock
2010	15%	Cash

EPS	
Year	Taka
2016-17 (Jul-Jun)	3.88
2015-16 (Jul-Jun)	6.12
2015	4.78
2014	0.70
2013	6.06
2012	2.91
2011	17.88
2010	4.43

MARKET CAPITALIZATION	
Year	Taka in million
2016-17	26,260
2015	23,340

PLANT LOCATION

Re-Rolling Unit: 147-149, Nasirabad I/A, Baizid Bostami Road, Chittagong.
Steel Melting Works: 78/79, Nasirabad I/A, Baizid Bostami Road, Chittagong.

INVESTOR CORRESPONDENCE

Mail to: Bangladesh Steel Re-Rolling Mills Ltd., Ali Mansion, 1207/1099, Sadarghat Road, Chittagong, Bangladesh,
Voice: +880 31 2854901-10, E-mail: mail@bsrm.com, Fax: +880 31 610101
Web: www.bsrm.com

GLOSSARY OF TERMS

Terms	Brief description
The Company/BSRM Ltd	Bangladesh Steel Re-Rolling Mills Limited
Associate	BSRM Steel Mills Limited
	BSRM Steels Limited
Revenue	Turnover or Sales
Profit	Income
Profit attributable to the shareholders	Net profit after tax
Basic EPS	Basic Earnings per Share (Profit attributable to the Ordinary shareholders divided by weighted average number of Ordinary shares)
Diluted EPS	Diluted Earnings or Income per Share
Deferred Tax	Difference between the carrying value of property, plant & equipment as per financial statements and tax written down value and financial position liability method for gratuity obligation.
Equity	Shareholders' Fund or Owners' Fund
Net Current Assets	Current Assets less Current Liabilities
Capital Employed	Non-current Assets plus Net Current Assets
Revaluation Reserve	Reserve created from assets re-valuation
EBITDA	Earnings before Interest, Tax & Depreciation Allowance
Return on Shareholders' Equity	Net Profit after Tax divided by Shareholders' Equity
Return on Capital Employed	Net Profit after Tax divided by Capital Employed
Current Ratio	Current Assets divided by Current Liabilities
Quick / Acid Test Ratio	Current Assets less Inventories divided by Current Liabilities
Inventory Turnover Ratio	Revenue divided by Inventories
Total Assets Turnover Ratio	Revenue divided by Total Assets
P/E Ratio	Market value per share as at reporting date divided by EPS
Price/Equity Ratio	Market price divided by face value per share
Dividend Payout Ratio	Yearly dividend per share divided by EPS
Dividend Covered Ratio	Net Profit after Tax divided by declared Dividend
Debt-equity Ratio	Current plus long term liabilities divided by shareholders' equity
Interest Coverage Ratio	EBIT divided by Interest expenses
Market Capitalization	Market price per share multiple by Ordinary number of Shares

BSRM OFFICE MAP



NOTES

AMAR STOCK

Bangladesh Steel Re-Rolling Mills Limited

Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chittagong.

PROXY FORM

I/We .....(Name)

Of .....(Adress)

a Shareholder of Bangladesh Steel Re-Rolling Mills Limited ("the company") hereby appoint,

Mr./Ms. .....(Name)

Of .....(Adress)

as my /our proxy , to attend on my/our behalf at the 55th Annual General Meeting (AGM) of the Company to be held on September 28, 2017 and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks appropriate on all resolutions.

Dated this .....day of.....2017.

.....
Signature of the Shareholder
Folio /BO ID No:

Dated .....

.....
Signature of the Shareholder
Folio /BO ID No:

Dated .....

.....
Signature of the witness

Note: The Proxy Form, dully filled in and stamped, must be deposited at the Registered Office of the Company, Ali Mansion, 1207/1099 Sadarghat Road, Chittagong not later than 48 hours before the time fixed for the holding of the meeting.

Signature Verified

.....
Authorized Signature
Bangladesh Steel Re-Rolling Mills Limited

Bangladesh Steel Re-Rolling Mills Limited

Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chittagong.

ATTENDANCE SLIP

I hereby record my presence at the 55th Annual General Meeting of Bangladesh Steel Re-Rolling Mills Limited on September 28, 2017.

I/We .....

BO ID | | | | | | | | | | |

Signature

.....
Signature

.....
Bangladesh Steel Re-Rolling Mills Limited

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

AMARSTOCK

AMAR STOCK

Corporate Office:
Ali Mansion, 1207/1099 Sadarghat Road, Chittagong
Bangladesh, Tel: +880 31 2854901–10
Fax: +880 31 610101, Email: mail@bsrm.com

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