BSRM

BUILDING A SAFER NATION



ANNUAL REPORT 2016-17

BSRM STEELS LIMITED

ANNUAL REPORT 2016-17

BSRM STEELS LIMITED

BSRM
building a safer nation


AMAR STOCK

PREFACE

BUILDING A SAFER NATION

Bangladesh, a small nation is growing bigger by the minute. Today, our economy is growing at a consistent, blistering rate of more than 6 percent. This makes us one of the fastest growing economies in the world. In fact, we are slated to become one of the largest economies in the 21st century.

For an instance, we have a population of 26.4 million female agricultural workers. That's 3 times greater than the total population of Switzerland. On the other hand, Bangladeshis now have a life expectancy of 3.4 years longer than the people of India, despite the Indians being, on average, twice as rich. The most remarkable growth is achieved by our RMG sector. From a ragged nation, we have grown into a country that clothes the world's population. We are the second largest apparel exporter in the world. Moreover, our workers build economies across the world today.

The foundation of this success was not built in a day. It is being built every day. By everyday Bangladeshis. All around us, we see and hear the visible examples of a growing nation until we probe deeper, listen harder.

It's clear to conclude that we are a growing nation but we are growing with insecurities. We can only achieve our full potential after we have attained our basic needs of safety. It is only when people feel safe that they can fly. They can move fast.

For Bangladeshis to have a better life... it is vital for them to have a safer Bangladesh. This is why we exist. This is the purpose of BSRM- to build a safer nation, to build a better nation. Because we at BSRM believe that only when people are safe, can they live a better life.

VAAR STOCK

LETTER OF TRANSMITTAL

Date: August 31, 2017

All Valued Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Dear Sir(s)

Annual Report for the period from January 01, 2016 to June 30, 2016 and for the year ended June 30, 2017

We are pleased to enclose a copy of the Annual Report of **BSRM Steels Limited** together with the Audited Financial Statements, Consolidated Financial Statements, Auditors' Report thereon and Report of the Board of Directors for the period from January 01, 2016 to June 30, 2016 and for the year ended June 30, 2017 for your information and records.

Yours sincerely,

Shekhar Ranjan Kar FCA
Group CFO & Company Secretary

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FOOD AUTONOMY FORTIFIED, BUT FOOD SAFETY UNACHIEVED



Bangladesh has made substantial progress in enhancing food security by increasing production of food grains, particularly rice. Rice currently accounts for 71% of the gross cropped area and for 94% of food grain production of the country. Fish & Fisheries, our second largest export commodity after RMG, earned US$630 million in 2013-14. In 2014-15, vegetables worth US$100 million and fruits worth US$38.4 million were exported abroad.

Although Bangladesh ranks 5th as an aquaculture producing country, food adulteration, excessive use of pesticides and hazardous preservatives have slowed down our progress towards achieving food safety. As food safety is one of life's basic needs, BSRM sincerely wishes to address this matter so that people can live a better life.

OUR 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.

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OUR 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 and technology & 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 the 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.

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CODE OF CONDUCT

BSRM ALWAYS ADOPTS BEST ETHICAL AND TRANSPARENT BUSINESS PRACTICES TO BE FAIR AND HONEST IN ALL IT'S 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.

STOCK

ACCESS TO DRINKING WATER INCREASED, SO DID THE HAZARDS OF UNSAFE WATER



The nation's access to improved sources of water supply increased from 77% in 1990 to 81% in 2010. In 2015, 87% of the population had access to 'improved' water; the figure was identical in both rural and urban areas.

As of 2015, however, around 21 million people still lacked access to 'improved' drinking water. Other than recurring epidemics of waterborne diseases, the ground water level has also been dropping day by day. Climate change is likely to further increase both river and groundwater salinity by 2050, exacerbating the shortages of drinking water and irrigation in coastal areas. This will adversely affect the livelihoods of at least 2.9 million poor people, in a region where 2.5 million people are already struggling due to water shortages. BSRM encourages the consumption of purified surface water to ensure that all of us achieve drinking water safety.

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 18 January 2009. Market Capitalization as on 30 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. The Plant produces high quality M S Billets.
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	1. Enhanced capacity of BSRM Steels Limited from 600,000 MT to 700,000 MT per annum. 2. Announced a new product namely "**BSRM Maxima**" 3. Increased capacity of Bangladesh Steel Re-Rolling Mills from 120,000 MT to 450,000 MT per annum which will be the first and largest merchant mill in Bangladesh. 4. Listing of Bangladesh Steel Re-Rolling Mills Limited with the stock exchanges (DSE & CSE). 5. Start of trial production of world's largest induction furnace based billet casting project –"BSRM Steel Mills Limited".
2016-17	1. BSRM Steel Mills Limited, a largest billet making plant in the country started commercial production in June 2016. 2. Ultima & EPOXY coated bars - CENTURA are introduced in the market. 3. Start to set up a new melting plant at Sonapahar, Mirsarai, Chittagong under BSRM Steels Limited with a capacity of 430,000 MT. 4. For first time sales of BSRM has crossed **ONE MILLION** M. ton

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WEAVING THE COUNTRY'S PROGRESS, RMG SECTOR DESERVES SAFER WORKPLACE



The readymade garments sector is a multi-billion-dollar manufacturing and export industry. Since 2004, Bangladesh has averaged a GDP growth of 6.5%, fueled by its exports of readymade garments. In fact by 2016, Bangladesh's economy was the second fastest growing major economy in the world. Of the estimated 4 million people employed in RMG sector, about 50 percent of them are women from rural areas. These women now have the chance to be financially independent, and have a voice in their family as they can now contribute financially.

Lately however, the RMG industry is facing challenges to ensure workplace safety. Recent catastrophes have resulted in different local and global initiatives to address these challenges. BSRM strongly believes that this major revenue generating sector of Bangladesh deserves 100% workplace safety. For only when people are safe, can they live better lives.

AWARDS & RECOGNITIONS



ICSB National Award, Gold 2015



16th ICAB National Award for
Best Presented Annual Report 2015



Certificate of ICSB National Award 2015



Certificate of Merit from SAFA 2015



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

AWARDS & RECOGNITIONS



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

AWARDS & RECOGNITIONS



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

OUR CITIES ARE RISING, SAFETY ASPECTS OF CONSTRUCTIONS ARE NOT

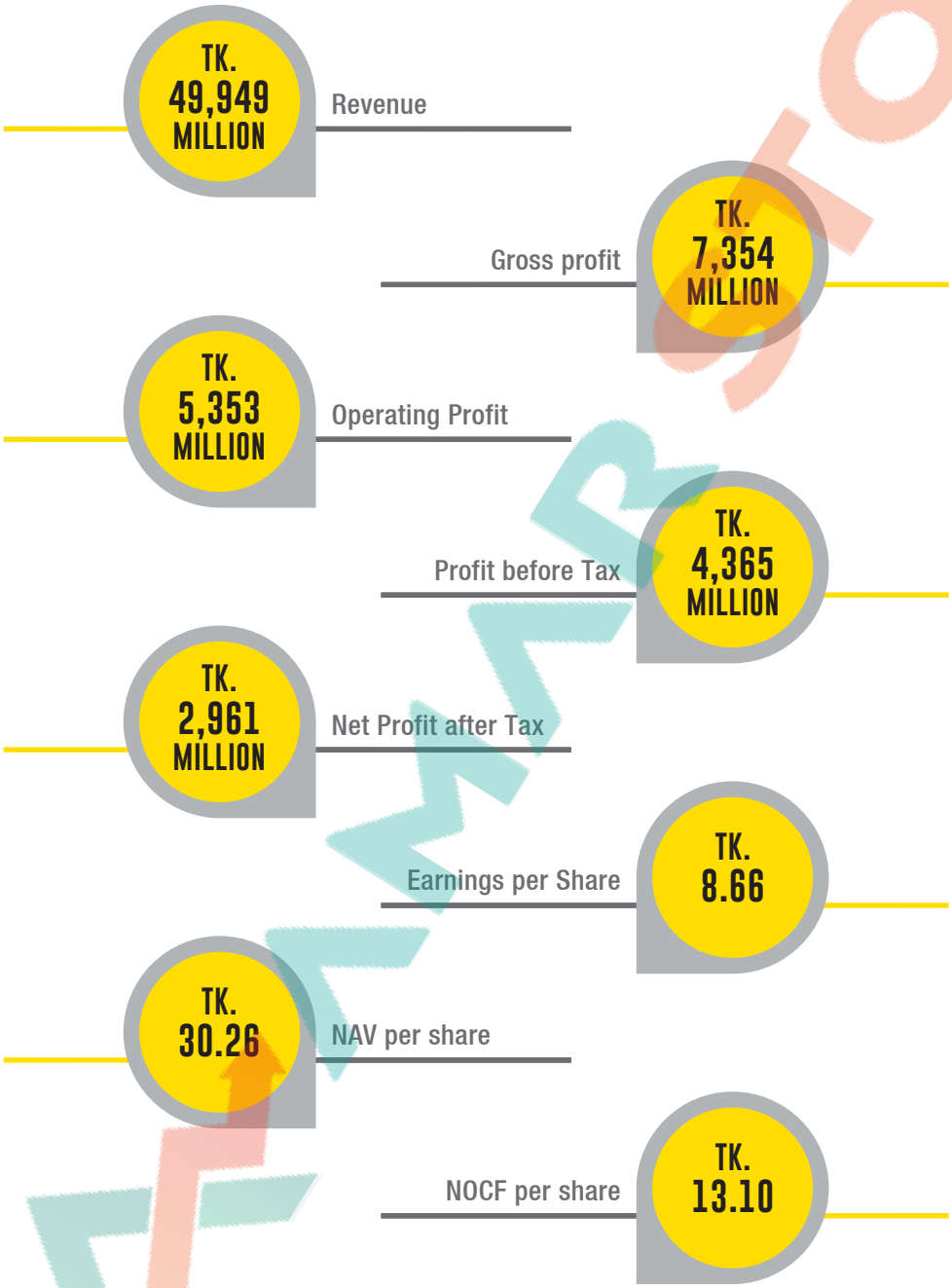


Bangladesh's construction sector has been experiencing steady growth. The sector grew at 8.63 percent in 2014-15, compared to 8.08 percent in 2013-14. Real estate now contributes around 7% to the GDP, and employs around 1 lakh skilled people. This translates to one thing – a rapidly growing sector that could easily become one of the most profitable revenue earners for Bangladesh.

Like a ticking bomb, this booming sector poses grave safety risks. Using low quality materials, not following building codes and lack of safety code implementation makes structures weak and reduces their lifespan significantly. This callousness may lead to loss of life and assets. Hence the proper authorities should pay serious attention to avoid any unfortunate event. If our construction materials are not safe enough, then we can't ensure longevity and safety of a building; because only when we are safe, we can live a better life.

PERFORMANCE AT A GLANCE FOR 2016-17

JANUARY'2016 TO JUNE' 2017



AMARSTOCK

STRUCTURES BUILT AT THE FASTEST PACE, CONSTRUCTION WORKERS' SAFETY REMAINS LESS



The country is growing vertically and horizontally at a pace like never before. On the other side, though the number of accidents declined in this sector over time, construction safety is yet to be fully achieved.

About 3.5 million people work in our construction industry, according to the construction workers union and REHAB. Over the past decade, nearly 1,200 construction workers died in their workplaces, but the authorities paid little attention to this problem. Although the national building code requires and specifies several safety procedures and precaution measures for all workers and employees, few of these regulations are properly followed. Most of the construction workers toil in an unsafe work environment and regularly risk their lives and many suffer injuries. As workers' safety has been prioritized by the GOB and REHAB in recent years, BSRM hopes to see ultimate safety in construction sector in coming days.

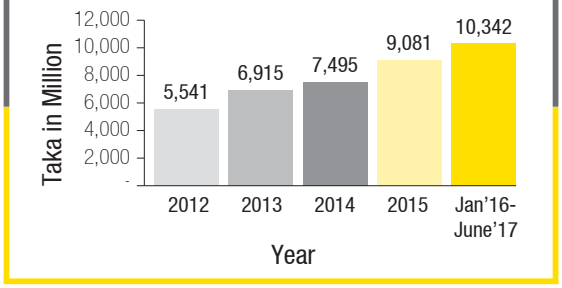
KEY FINANCIAL HIGHLIGHT

Taka in '000

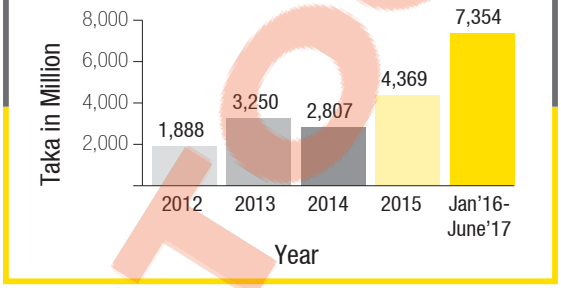
	Jan' 16- June 17 (18 Months)	2015 (12 Months)	2014 (12 Months)	2013 (12 Months)	2012 (12 Months)
Assets Employed					
Non-current Assets	10,240,609	9,676,299	8,539,818	8,559,490	7,523,279
Net Current Assets	2,070,913	840,345	155,529	(512,599)	(1,247,175)
Total Assets Employed	**12,311,522**	**10,516,644**	**8,695,347**	**8,046,892**	**6,276,104**
Financed by					
Share Capital	3,417,750	3,417,750	3,417,750	3,417,750	3,255,000
Revaluation Reserve	2,104,011	2,131,591	2,137,028	2,153,627	2,171,100
Retained Earnings	4,820,530	3,531,278	1,940,313	1,343,873	114,554
Shareholders' Equity	**10,342,291**	**9,080,619**	**7,495,091**	**6,915,250**	**5,540,654**
Long Term borrowings	1,095,324	548,389	431,897	425,051	218,866
Retirement benefit obligations - Gratuity	72,633	55,876	39,020	26,291	17,622
Deferred Tax Liabilities	801,274	831,761	729,338	680,300	498,962
Total Capital Employed	**12,311,522**	**10,516,644**	**8,695,347**	**8,046,892**	**6,276,104**
Operational Results					
Revenue	49,948,755	32,316,101	38,535,937	36,229,051	38,253,465
Gross Profit	7,353,603	4,368,653	2,807,325	3,250,149	1,888,439
Profit from Operations	5,352,730	3,257,932	1,892,834	2,314,398	1,160,385
Profit before Interest, Taxes & Depreciation Allowances	5,782,997	3,500,737	2,119,630	2,538,472	1,382,576
Profit before Tax	4,364,914	2,593,949	1,510,680	2,318,924	1,296,810
Profit after Tax	2,961,354	2,081,877	1,086,208	1,693,469	865,331
Ratios					
Gross Profit ratio - %	14.72%	13.52%	7.28%	8.97%	4.94%
Net Profit ratio - %	5.93%	6.44%	2.82%	4.67%	2.26%
EBITDA margin to Sales - %	11.58%	10.83%	5.50%	7.01%	3.61%
Return on Shareholders Equity - %	28.63%	22.93%	14.49%	24.49%	15.62%
Return on Capital Employed - %	24.05%	19.80%	12.49%	21.05%	13.79%
Current Ratio - Times	1.10	1.06	1.01	0.97	0.92
Quick / Acid test ratio	0.76	0.57	0.40	0.61	0.44
Inventory turnover ratio - Times	7.12	4.69	3.42	6.37	4.87
Total Assets turnover ratio - Times	1.53	1.31	1.42	1.52	1.70
Earnings per Share (EPS) - Taka	8.66	6.09	3.18	4.95	2.53
Price/Earnings (P/E) ratio - Times	10.49	15.81	27.59	13.87	26.82
Price/Equity ratio - Times	9.09	9.63	8.77	6.87	6.79
Dividend per share (DPS) - Taka	3.50	3.00	1.50	1.50	1.50
Dividend Payout ratio	0.40	0.49	0.47	0.30	0.59
Dividend Cover ratio	1.38	2.03	2.12	3.30	1.77
Net Assets Value (NAV) per share - Taka	30.26	26.57	21.93	20.23	17.02
Net Operating Cash Flow per share - Taka	13.10	16.87	(8.76)	13.45	(2.24)
Debt Equity ratio - Times	1.89	1.48	2.36	1.99	2.81
Interest coverage ratio	10.69	5.37	6.32	5.83	3.98
Market price per share at 30 June - Taka	90.90	96.30	87.70	68.70	67.90
Market Capitalization at 31 December **(Taka million)**	31,067	32,913	29,974	23,480	22,101
Contribution to National Exchequer **(Taka million)**	5,086	2,009	2,949	2,454	2,028
Average Number of Employees	624	578	553	573	523

KEY PERFORMANCE INDICATOR

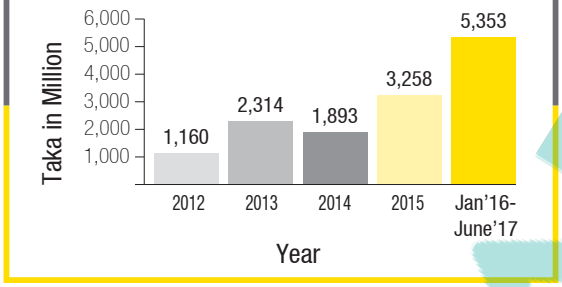
Shareholders' Equity



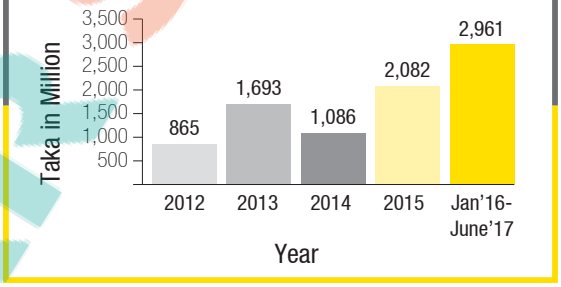
Gross Profit



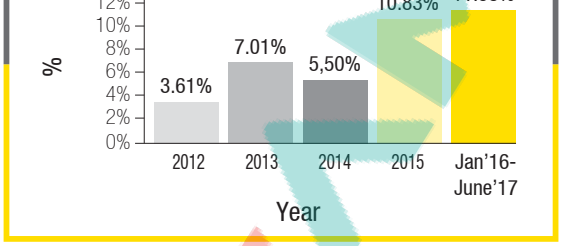
Operating Profit



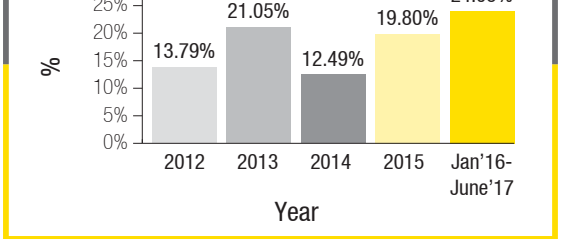
Net Profit after Tax



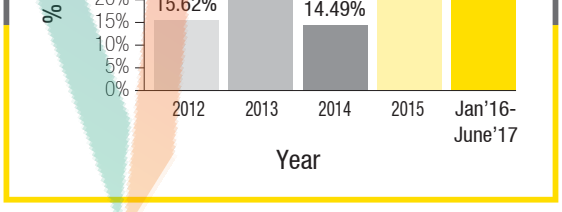
EBITDA to Sales



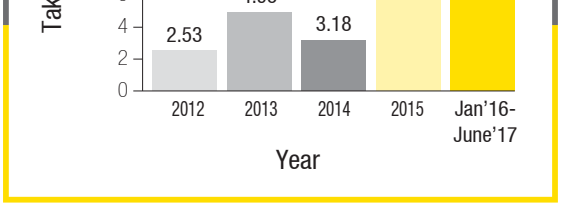
Return on Capital Employed



Return on Shareholders' Equity

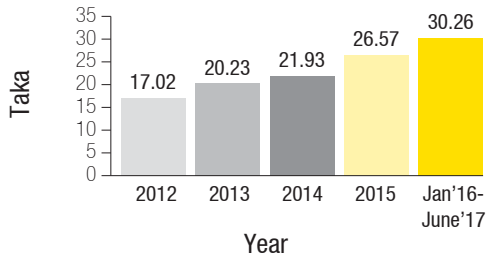


Earnings per Share

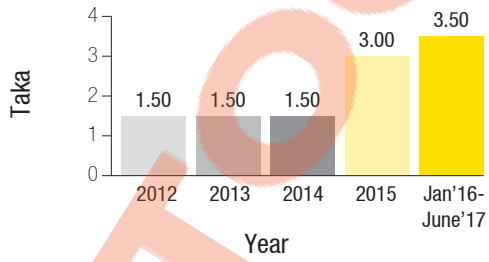


KEY PERFORMANCE INDICATOR

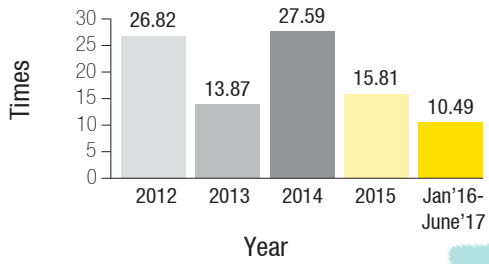
Net Assets Value



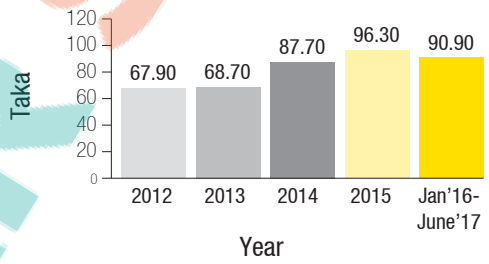
Dividend per Share



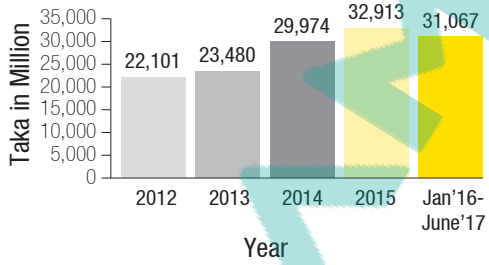
Price Earnings Ratio



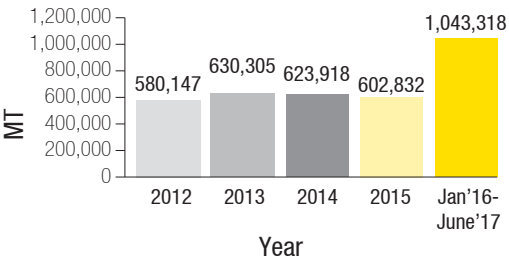
Closing Market Price per share



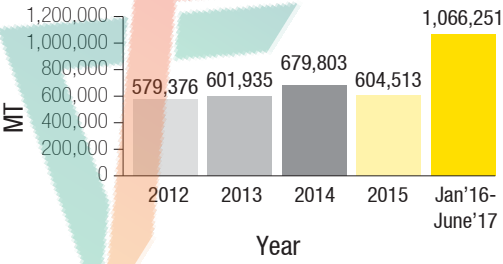
Market Capitalization



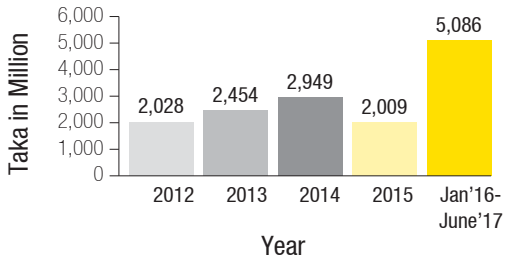
Production Qty.



Sales Qty.



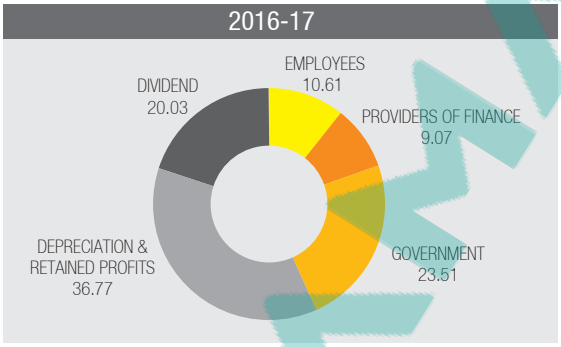
Contribution to National Exchequer

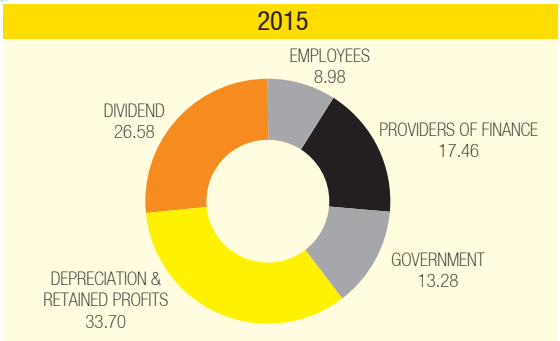


TRUE STOCK

VALUE ADDED STATEMENT

	Jan'16- June'17 TK	%	Jan'15-Dec'15 TK	%
Value Added:				
Revenue	49,948,754,594		32,316,100,562	
Other Income	46,683,375		82,796,309	
	49,995,437,969		32,398,896,871	
Less : Paid to suppliers for materials and services	44,025,435,280		28,542,866,779	
	5,970,002,689	**100**	**3,856,030,092**	**100**
Distributed as follows:				
EMPLOYESS				
Wages, Salaries, bonus, commssions, pensions and other benefits	633,248,593	10.61	346,144,115	8.98
PROVIDERS OF FINANCE	541,573,247	9.07	673,131,697	17.46
GOVERNMENT	1,403,559,851	23.51	512,071,634	13.28
DIVIDEND	1,196,212,500	20.03	1,025,325,000	26.60
	3,774,594,191	**63.23**	**2,556,672,446**	**66.30**
RETAINED FOR REINVESTMENT & FUTURE GROWTH				
Depreciation & Amortization	430,267,207	7.21	242,805,483	6.30
Retained Profit	1,765,141,291	29.57	1,056,552,163	27.40
	2,195,408,498	**36.77**	**1,299,357,646**	**33.70**
	5,970,002,689	**100**	**3,856,030,092**	**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

Calculation of EVA	2016-17	2015
Net Operating profit after Tax (NOPAT)	4,014,547	2,443,449
Total Capital Employed	12,311,522	10,516,644
Cost of Capital in %	10.00%	11.00%
Cost of Capital (COC)	1,231,152	1,156,831
EVA = NOPAT - COC	**2,783,395**	**1,286,618**

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

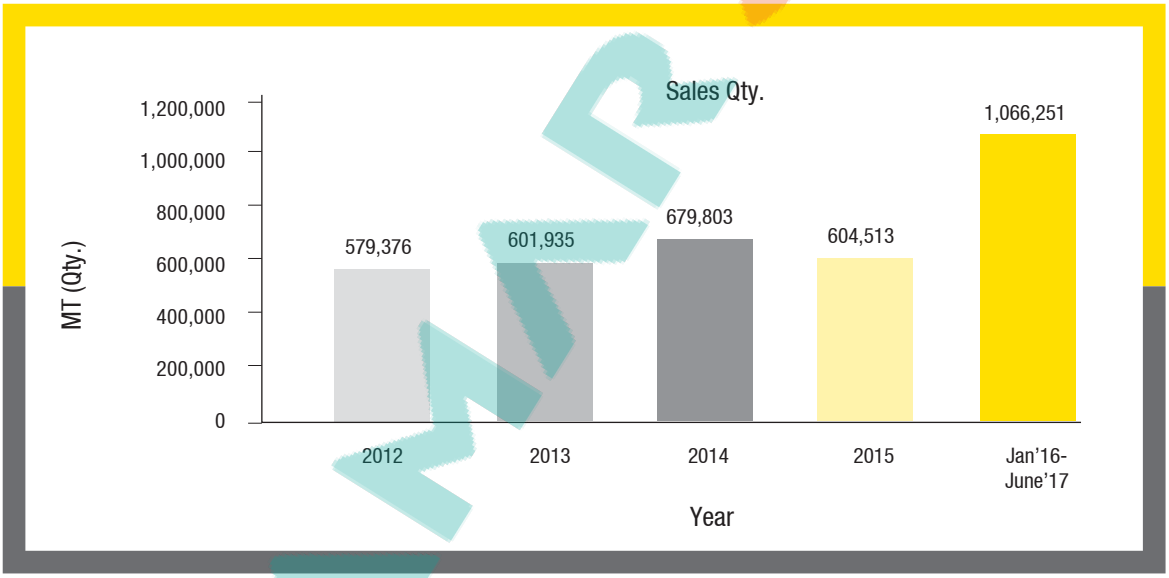
PRODUCTS AND MARKETS

Founded in 1952, BSRM Group broadened its business to produce advanced technology based steel products in Bangladesh. BSRM Steels Limited is the flagship company of BSRM Group. It is a high grade steel manufacturing company. The main product of BSRM Steels is Xtreme500W which is only **EMF tested** and **Fatigue tested ductile rod** in Bangladesh.

QUALITY is the measure of something as measured against agreed standards. It means conforming to specifications. **RELIABILITY** has two related definitions. One is the state of being dependable. The other is consistency – that is, the degree to which something yields the same or compatible result time after time. **RELIABILITY** is a function of the design; **QUALITY** is a result of the manufacturing. Therefore, we can state while the **Tensile Test** is the measure of Quality of the steel, the **Fatigue Test** is the measure of **Reliability** of Steel.

Market performance

BSRM is the market leader in the national steel industry. Net sales for 2016-17 (18 months) were 1,066,251 MT with value in Taka 4,994.87 Crore. The Chart shows sales growth of BSRM Steels Limited for the last Five years.



Product-wise performance

A. Xtreme 500W

Why Xtreme 500W….

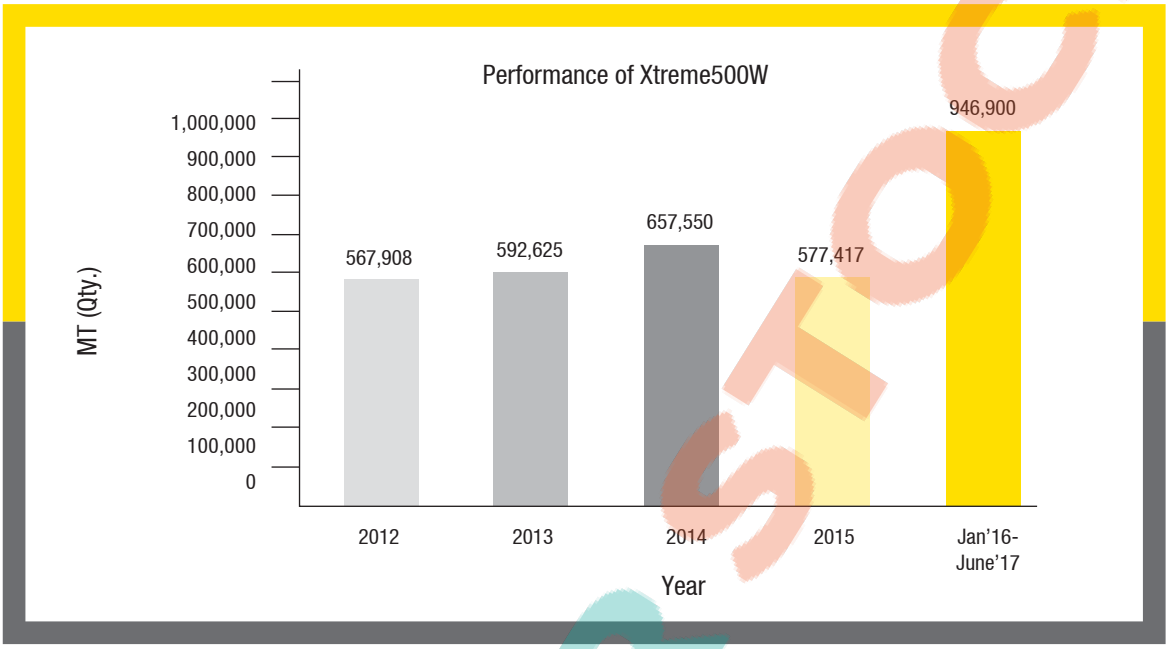
According to European Steel Code EN 10002, **Elongation at Maximum Force (EMF)** test is mandatory to measure the ductility of steel. Bangladesh Standard BDS:ISO:6935-2 of 2009 also requires EMF in Steel. **Fatigue tests** are conducted with the object of determining the number of cyclic loadings a steel can endure, within a stress range. BSRM Steels products were subjected to 5 million cyclic load reversals which was tested in UK. At present in Bangladesh BSRM is the only company to ensure **EMF** and **Fatigue Test** in steel.

Xtreme500W also demonstrated superior yield strength and ductility compared to the traditional Grade 60 rebar. This reduced the quantity of steel consumed in any building by 15%.

AMR STOCK

Today our journey has been vindicated by the overwhelming support of our loyal and dear customers who have put faith in our products.

Following Graph shows the last 5 year's performance of our branded product Xtreme 500W:



Unique Feature of Xtreme 500W

1. High design yield strength of 500 Mpa (72500psi) (Min)
2. Requires 15% less steel in construction compared to Grade 60 rebar's available in the market.
3. The bars have superior ductility and can be safely bent without cracking.
4. All bar sizes are rolled to a very close tolerance (possible on a DANIELI computerized rolling mill) so that customers get more meters of steel per ton - more value for money without having to sacrifice structural integrity.
5. De-scaled bars have better bonding with concrete and less wastage at site. Estimated savings: 0.5%
6. Xtreme bars are safely weld-able under field conditions. Another 0.5% to 1.5% of steel is saved by avoiding large splices if the steel is welded. Our Xtreme 500W was tested for weldability by a global electrode manufacturer, in Bangladesh, Linde. They have published a brochure to promote the unique welding features of Xtreme500W, a rare honor for the company.
7. The bars are needle-straight, thanks to the Danieli QTB process - no need for straightening on the construction site.

Landmark Infrastructure where Xtreme 500W was used:

As the premier reinforcing steel bar and only EMF tested ductile rod of the country, Xtreme 500W has put its indelible stamp on the infrastructure projects of the country. It has emerged as the rebar of choice among international contractors in high value projects where the reliability and quality of construction materials are of paramount importance. BSRM is proud to be associated with some of the largest and most visible projects of the country. These are:

- Padma Multipurpose Bridge
- Maghbazar Mouchak Flyover
- Boirab Railway Bridge

- Boirab Asugonj Power Plant
- Double line project of Chittagong Railway.
- The pride of Dhaka, the 9.6 kilometer Gulistan-Jatrabari fly-over (Mayor Mohammad Hanif Flyover)
- Saidabad Water Treatment Plant Phase-II
- Hatirjheel Integrated Development Project
- Zillur Rahman Flyover (Mirpur-Airport & Banani)
- Dhaka Elevated Express way project
- Pyra thermal power plant
- Lebukhali Bridge

B. Other Products

BSRM also manufactures the traditional Grade 60/420 and bars for customers who are comfortable in using the older steel grades.

BSRM Steels Ltd. has preserved the winning streak in its Product Innovation.

This year it rolled out new Grade reinforcing steel conforming to the U.S. standard ASTM 706 Grade 80. The Grade 80 reinforcement can replace the old ASTM A-615 Grade 60 steel specified in all Government Agency design specifications. The new Grade 80 will be more economical as it will require 20% less steel in construction. It will be safer as well as the new Grade 80 has much higher elongation than the older Grade 60. The higher strength steel further provides 'congestion relief' in Bridge piers which ensures better concrete compaction, thus making it ever safer. The new Grade 80 is usage is prescribed in the ACI Code of 2014 and the BNBC 2015. The new Grade 80 will be marketed under the Brand name **Maxima.**

The country's growing infrastructure regarding new Bridges, Flyovers, and Rail Roads will provide ample scope for Grade 80 applications.

The company further launched in February 2016 ASTM 706 Grade 60 reinforcing steel. This new Grade 60 is for the design of Special Moment Resisting Frames (SMRF) for earthquake resistant structures. It has extra high elongation which enables the design of R.C. Buildings in which selected components of the Building are allowed to 'fail' by developing 'plastic hinges'. This design approach prevents catastrophic 'sandwich' collapse of buildings in the event of an earthquake. The use of ASTM Grade 706 Grade 60 steel has been advocated in the latest ACI Code of 2014 and BNBC 2015. The new Grade 60 will be marketed by BSRM under the Brand name **Ultima.**

The country's Key Point Installation (KPI) will be the primary users of Ultima. Hospitals, schools, airports, Fire Brigades will all need Special Moment Resisting Frames to survive large earthquakes.

AMARSTOCK

PROGRESS IS IMPORTANT, SO IS THE SAFETY OF NATURAL ENVIRONMENT



Bangladesh is on track to become a middle income country by 2021, which is a key stated national policy objective. The economy is transforming from agriculture-based to a mix of light industry – such as readymade garments, service industry and in some cases, heavy industry. Growth rate is over 6% per annum.

However, this rapid economic development has not been without cost. Apart from major social changes such as rural depopulation and internal migration, environmental problems such as degradation of natural resources and air and water pollution are the visible impacts of this rapid development. Moreover, ours is one of those countries which are at high risk from the effects of climate change. As Bangladesh chooses pathways to development, it is important to keep track of the potential impacts of our decisions on the environment, in order to build a safer nation.

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of shareholders of **BSRM Steels Limited** will be held on **Thursday, September 28, 2017 at 9:30 am** 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 along with Consolidated Audited Financial Statements of the Company for the period from January 01, 2016 to June 30, 2016 and for the year ended June 30, 2017 together with the Directors' Report and the Auditors' Report on those Financial Statements.
2. To re-elect the Director(s) of the company.
3. To declare and approve Dividend for the year ended June 30, 2017.
4. To appoint Auditors for the year ended June 30, 2018 and fix their remuneration.

By order of the Board

Shekhar Ranjan Kar FCA
Group CFO & Company Secretary

Chittagong
August 27, 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. **September 07, 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.**

AMARSTOCK

DISTANCES BETWEEN PLACES REDUCED, ROAD SAFETY YET TO BE ACHIEVED



Bangladesh has seen remarkable progress in the expansion of roads and highways. Thousands of kilometers of roads have been expanded and innumerable small & big bridges have been constructed in the last two decades.

Now, our roads are 21,000 km long in total, but road safety is at an all-time low. A total of 3,412 people were killed and 8,572 others injured in 2,998 road accidents in 2016 alone. Accidental death rates in developing countries are at least 50 times higher than in developed countries. Despite all the fear, however, recent advances have been made in road safety. BSRM believes that being safe on our roads depends greatly on the commitment and efforts of the Government and other relevant organizations, to lead the change to a safer nation.

CORPORATE AND CONTACT INFORMATION

COMPANY NAME
BSRM STEELS LIMITED

DATE OF INCORPORATION
20th July 2002

DATE OF COMMERCIAL OPERATION
1st April 2008

SHARE CAPITAL
Authorized capital BD Tk. 500.00 Crore
Paid Up Capital BD Tk. 341.775 Crore

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

AUDIT COMMITTEE
Mr. Mono Ranjan Dey FCA, **Chairman**
Mr. Alihussain Akberali FCA, **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 HR
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 HR

AUDITOR
Rahman Rahman Huq
Chartered Accountants
MM Trade Center (13th Floor), 78, Agrabad C/A, Chittagong.

LOCATIONS
PLANT
4, Fouzderhat Industrial Estate, Chittagong,
Tel: +88(031) 2770192-3

CORPORATE OFFICE
Ali Mansion
1207/1099, Sadarghat Road, Chittagong, Bangladesh.
Tel: +880 31 2854901-10
Email: mail@bsrm.com, Web: www.bsrm.com

DHAKA CORPORATE 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.

PRIMARY STOCK

Standing from left: Mr. Zohair Taherali, Mrs. Tehseen Zohair Taherali & Mr. Aameir Alihussain

Sitting from left: Mr. Alihussain Akberali FCA & Mr. Mono Ranjan Dey FCA



STOCK

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 FCA 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.

MRS. TEHSEEN ZOHAIR TAHERALI

DIRECTOR

Mrs. Tehseen Zohair Taherali was born in 1970. She completed her Bachelors of Arts and Bachelors of English Language Teaching from Chittagong, Bangladesh.

She guides and directs the company regularly in strategic policy making decision as a Director. She is involved with many charitable organizations and is a highly regarded personality in the society.

AMARSTOCK

MR. MONO RANJAN DEY FCA

INDEPENDENT DIRECTOR

Mr. Mono Ranjan Dey FCA was born in 1954 and has 28 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.

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. Tehseen Zohair Taherali	Mr. Mono Ranjan Dey FCA
Bangladesh Steel Re-Rolling Mills Limited	Chairman	Managing Director	Director	Director	Independent Director
BSRM Wires Limited	Managing Director	Director	Chairman	Director	-
BSRM Recycling Industries Limited	Managing Director	Director	Chairman	Director	-
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	Director	-
East Bengal Trading & Industrial Corporation Limited	Director	Managing Director	Chairman	Director	-
BSRM Ispat Limited	Director	Managing Director	Chairman	Director	-
BSRM Steel Mills Limited	Chairman	Managing Director	Director	Director	-
BSRM Logistics Limited	Chairman	Director	Managing Director	-	-
BSRM Real Estates Limited	Chairman	Managing Director	Director	Director	-
BSRM Metals Limited	Chairman	Managing Director	Director	Director	-
H. Akberali & Co.Limited	Chairman & Managing Director	Director	Director	Director	-
Karnafully Engineering Works Limited	Chairman	Director	Managing Director	Director	-
Section Steel Industries Limited	Managing Director	Chairman	-	-	-
Arco Industries Limited	Director	Director	Managing Director	Director	-

AMARSTOCK

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
- **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
- **Muhammad Ashiqur Rahman ACA,** Lead Compliance & Accounts-Dhaka.
- **Md. Moklesur Rahman Akhter FCMA,** Chief Financial Officer

ADVISERS

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

AMAR STOCK

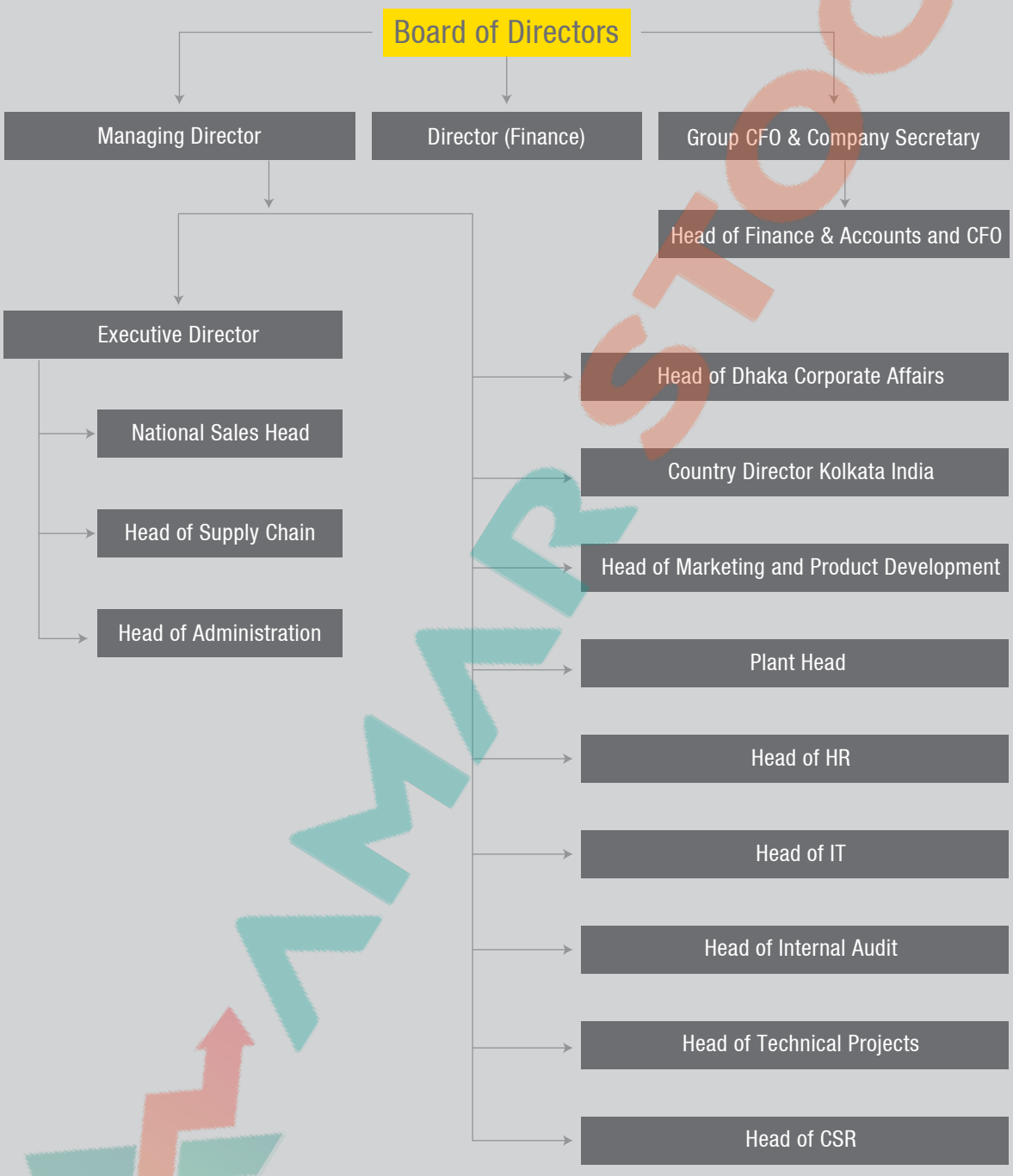
GROWING AT A 6% GDP RATE, PERSONAL SAFETY IS NOT ALL THE WAY THERE YET



Being a small country, Bangladesh is growing bigger by the minute. Today, our economy is growing at a consistent, yet exponential rate that makes us one of the largest economies in the 21st century. But the lack of proper safety measures at a personal level is stopping us from enjoying a better life.

Bangladesh is currently ranked 118th in terms of personal safety in the Global Safety Index. This is quite alarming; it clearly shows that the nation is growing insecure due to different types of accidents, personal attacks, muggings and hijackings. These incidents have been controlled and decreased in recent years, as the government has prioritized individual safety as a vital issue, and has undertaken great initiatives in law and order system to provide ultimate safety to the people. At BSRM, we also believe that we can only achieve our full potential after we have attained the basic needs of safety.

CORPORATE STRUCTURE



AMARSTOCK



ALIHUSSAIN AKBERALI FCA, CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Assalamualikum.

It is my pleasure to welcome you to the 15th AGM of your company- **BSRM Steels Limited**. The Annual Report, containing Directors' Report and the audited financial statements for the 18th months accounting period ended on June 30, 2017 have been sent to you earlier, and with your permission I take them as read.

Financial performance:

Company's operational and financial result were very impressive. I have summarized below some operational and financial results:

Particulars	Unit	Jan'16 to June'17
Production	M. ton	1,043,318
Sales	M. ton	1,066,251
Capacity Utilization	%	99.36%
Revenue	BDT Tk. Million	49,948.75
Gross Profit	BDT Tk. Million	7,353.60
Net Profit after Tax	BDT Tk. Million	2,961.35
Final Dividend Declared		Total 35%

All the numbers mentioned above show that the Company is growing and doing well. We hope it will perform even better in the days to come.

Bangladesh Economy:

The profitability and prosperity of BSRM Group depends on the growth of Bangladesh Economy. World Bank forecasted that the GDP of Bangladesh for next couple of years will be around 6.8%, which is much more impressive than other emerging economies in Asia. Obviously economic growth will demand more high quality steel products for civil construction. New study shows that the average steel consumption in Bangladesh is 25 Kg which may double by 2022. Government of Bangladesh has adopted various investment friendly policies to woo foreign investors. Moreover, some giant projects such as Padma Multi-Purpose Bridge, Rooppur Nuclear Power Plant, Dhaka Metro Rail etc. creates demand for quality steel. We are supplying specialized steel for Padma bridge construction. Recently we have entered into an agreement to supply rods for Rooppur Nuclear Power Plant. As various civil constructions are underway, demand for our products is increasing.

Sustainability:

We are trying to offer competitive price for our products for sustainability and growth of the Company. By this time, we have undertaken to set up a billet producing plant under this Company with a capacity of 4,30,000 M.T. This will protect the company from volatile billet prices.

The inadequate infrastructural support hinders our business growth. Shortage of gas supply, road communication and poor seaport service sometimes creates obstacle for our operations. However, we are happy to see that Government has taken sincere efforts to mitigate all those problems, especially for Chittagong port.

AMAR STOCK

Social Welfare:

Our group has set up a separate wing to coordinate and follow up CSR related activities. Some of the latest CSR programs are mentioned 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

Conclusion:

Now 3,000 permanent employees are working in our group. In addition to that, there are several thousand casual workers who are also involved with our business. The board is grateful to them for their dedication and continued support.

Over the years we got enormous support and co-operation from our shareholders. We are extremely grateful for their trust in us.

I would like to convey my sincere thanks to our valued customers, bankers, officials of all government bodies for their outstanding support, guidance and co-operation.

Finally, I would like to convey my appreciation to my fellow directors for their support and co-operation.

We would like to remind you that we are committed to do the best for all our stake holders.

Allah Hafiz,

Sincerely yours,



Alihussain Akberali FCA
Chairman

AMAR STOCK

সভাপতির বক্তব্য

প্রিয় শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম।

বিএসআরএম স্টিলস্ লিমিটেড-এর ১৫তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত। আমি আশা করি পরিচালকমন্ডলীর প্রতিবেদন এবং ৩০ জুন ২০১৭ তারিখে সমাপ্ত ১৮ মাসের নিরীক্ষা প্রতিবেদনসহ বার্ষিক প্রতিবেদন আপনারা ইতোমধ্যে পেয়েছেন, আপনাদের অনুমতিক্রমে আমি তা পঠিত বলে ধরে নিয়েছি।

আর্থিক ফলাফল পর্যালোচনা :

কোম্পানির কার্যকরী ও আর্থিক ফলাফল খুবই চমকপ্রদ ছিল। নিম্নে সংক্ষিপ্তাকারে তা তুলে ধরলাম:

বিবরণ	পরিমাপের একক	জানুয়ারি ২০১৬ - জুন ২০১৭
উৎপাদন	মে. টন	১০,৪৩,৩১৮
বিক্রয়	মে. টন	১০,৬৬,২৫১
উৎপাদন ক্ষমতার ব্যবহার	%	৯৯.৩৬%
বিক্রয়	মিলিয়ন টাকা	৪৯,৯৪৮.৭৫
মোট আয়	মিলিয়ন টাকা	৭,৩৫৩.৬০
কর-পরবর্তী নীট আয়	মিলিয়ন টাকা	২,৯৬১.৩৫
ঘোষিত চূড়ান্ত লভ্যাংশ		মোট ৩৫%

উপরোল্লিখিত সকল সংখ্যাগুলো কোম্পানির অগ্রগতি এবং বিস্ময়কর সফলতা প্রকাশ করছে। আমরা আশা করছি, এ ধারাবাহিকতা ভবিষ্যতেও বজায় থাকবে এবং আরো ভাল করবে।

বাংলাদেশের অর্থনীতি:

বিএসআরএম গ্রুপের সমৃদ্ধি ও প্রবৃদ্ধি বাংলাদেশের অর্থনীতির বিকাশের উপর নির্ভর করে। বিশ্ব ব্যাংকের পূর্বাভাসে আগামী কয়েক বছরে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি দাঁড়াবে ৬.৮০ শতাংশে, যা কিনা এশিয়ার অন্যান্য দেশের তুলনায় খুবই আকর্ষণীয়। অর্থনৈতিক প্রবৃদ্ধি অবকাঠামোগত উন্নয়নে মানসম্পন্ন ইস্পাতের চাহিদা বৃদ্ধি করবে। নতুন গবেষণায় দেখা যায় যে ২০২২ সাল নাগাদ বাংলাদেশে ইস্পাতের গড় ব্যবহার ২৫ কেজি হতে বৃদ্ধি পেয়ে দ্বিগুণ হবে। বিদেশী বিনিয়োগকারীদের আকর্ষণের জন্য বাংলাদেশ সরকার বেশ কিছু নীতি গ্রহণ করেছে। তাছাড়া কিছু বৃহৎ প্রকল্প বর্তমানে রয়েছে যেমন পদ্মা বহুমুখী সেতু, রূপপুর পারমাণবিক বিদ্যুৎ প্রকল্প, ঢাকা মেট্রো রেল প্রকল্প ইত্যাদি। আমরা পদ্মা সেতু নির্মাণে বিশেষ রড সরবরাহ করছি। সম্প্রতি আমরা রূপপুর পারমাণবিক বিদ্যুৎ প্রকল্পে রড সরবরাহের জন্য চুক্তি সম্পাদন করেছি। এছাড়া অনেকগুলো উন্নয়ন প্রকল্প চলছে যা আমাদের রডের চাহিদা বৃদ্ধি করবে।

অগ্রগতির পথে আমাদের পদক্ষেপসমূহ:

বাজারে টিকে থাকা এবং অগ্রগতির জন্য আমরা প্রতিনিয়ত আমাদের পণ্যের মূল্য যুক্তিসংগত পর্যায়ে রাখার চেষ্টা করি। ইতোমধ্যে আমরা ৪৩০,০০০ মে. টন উৎপাদন ক্ষমতাসম্পন্ন বিলেট প্লান্ট স্থাপনের সিদ্ধান্ত নিয়েছি। যা বিলেটের মূল্যের তারতম্য হ্রাস করবে।

অপর্যাপ্ত অবকাঠামো ব্যবসায়ের অগ্রগতিকে বাধাগ্রস্ত করে। গ্যাস সরবরাহ, যাতায়াত ব্যবস্থা, সমুদ্র বন্দরের মানসম্পন্ন সেবার অভাব আমাদের অগ্রগতিতে বড় বাধা । আমরা আনন্দিত যে বর্তমান সরকার চট্টগ্রাম বন্দরের সমস্যাগুলো সমাধানে আন্তরিক প্রচেষ্টা চালিয়ে যাচ্ছে।

সমাজ কল্যাণ:

প্রতিষ্ঠান হিসেবে বিএসআরএম গ্রুপ সবসময় স্বচ্ছতা, পণ্যের গুণগতমান ও কর্পোরেট গভারনেন্স অনুসরণের চেষ্টা করে। আমরা দৃঢ়ভাবে বিশ্বাস করি যে আমাদের ব্যবসায়িক উদ্দেশ্য শুধুমাত্র মুনাফা অর্জনের মধ্যেই সীমাবদ্ধ নয়, বিভিন্ন সামাজিক প্রয়োজনের প্রতিও আমরা সক্রিয়। এই উদ্দেশ্যকে সামনে রেখে বিএসআরএম গ্রুপ সামাজিক দায়িত্ব সূচারু রূপে পালনের জন্য আলাদা সিএসআর বিভাগ গঠন করেছে। সর্বশেষ সিএসআর প্রোগ্রামগুলো নিচে তুলে ধরা হল:

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

বর্তমানে বিএসআরএম গ্রুপের প্রায় ৩,০০০ কর্মীবাহিনী রয়েছে। একই সাথে কয়েক হাজার অনিয়মিত কর্মী, ঠিকাদার, সরবরাহকারী ও অন্যান্য স্টেকহোল্ডারগণ প্রত্যক্ষ বা পরোক্ষভাবে আমাদের সাথে জড়িত। আমি আমাদের কর্মীবাহিনীকে তাঁদের কঠোর পরিশ্রম ও নিরলস কর্মোদ্যমের জন্য আন্তরিক ধন্যবাদ জানাচ্ছি।

আমরা সম্মানিত শেয়ারহোল্ডারবৃন্দদের কাছে প্রচুর সহযোগিতা পেয়েছি। এজন্য আমরা কৃতজ্ঞ। আমি ব্যাংক, আমাদের সম্মানিত ক্রেতাদের এবং সরকারের বিভিন্ন বিভাগের সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছি।

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

আমরা আবারো স্মরণ করিয়ে দিতে চাই, আমরা আমাদের সম্মানিত শেয়ারহোল্ডারদের জন্য ভালো কাজ করতে প্রতিশ্রুতিবদ্ধ।

আল্লাহ হাফিজ,

আলীহোসাইন আকবরআলী এফসিএ
চেয়ারম্যান



AAMEIR ALIHUSSAIN, MANAGING DIRECTOR

FROM THE DESK OF MANAGING DIRECTOR

Dear Shareholders,

It is my pleasure in extending all of you a warm welcome to our 15th Annual General Meeting.

The Annual Report for the period of 18 months which ended on 30th June, 2017 along with the Directors' Report and the audited financial statements of the Company, has been circulated to you.

I am pleased to report that the Company has recorded Tk. 2.96 Billion as profit in the period January 2016 to June 2017. In 2016, the total sales crossed one million Tons which is a landmark in the history of the BSRM Group. In the period January 2016 to June 2016, the Gross Profit Ratio was 18.04%, which declined in the subsequent months due to increase of raw material prices and imposition of higher import tax on raw materials by the Government.

However, we hope that the Company as well as the BSRM Group will do better in this year, as BSRM Steel Mills Limited has re-started optimal production, after revamping. Efficiency of this unit is steadily increasing. To avoid outside dependency for billets and risk of a volatile situation in the international market, we have already started setting up a new billet producing plant. This new plant will produce 430,000 M. Ton billets. The merger with BISCO, a billet manufacturing unit, is at a final stage. Setting up new billet plant and merger of subsidiary company will increase the productivity and profitability of the Company.

You will be happy to know that we are supplying specialized reinforcing steel for construction of Padma Multi-Purpose Bridge and Roopur Nuclear Power plant and new Kanchpur Meghna Gumti bridges. We are now a proud partner in **"Building a Safer Nation"**.

To cater to customer demands, we have introduced three new products- Maxima, Ultima and Centura. These are specialized reinforcing steel which can ensure the quality and safety of civil construction.

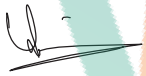
During the last couple of years, the economy of Bangladesh is doing very well. The Government of Bangladesh has a Vision to turn the country into a "Middle Income Country" by 2021. A number of medium and large scale infrastructure projects have been undertaken to realize this goal. With the economic boom, demand for quality steel is also rising. We are supplying top quality steels for these national projects. It ensures the quality, safety and durability of all these infrastructures. In this way, our Company plays an important role in **"Building a Safer Nation"**.

Dear Shareholders, we are relentlessly trying to be more and more efficient and to maximize the net worth of the shareholders. Thank you all for your trust on us.

I would like to congratulate our team and our workforces for their commitments, hard work and dedication. Without their active support, we would have never realized our objectives.

Finally I am expressing my deep gratitude to the members of the Board of Directors, our bankers, our dealers and customers, shareholders, officials of National Board of Revenue, Civil and Army Administration, RJSC ,BSEC, CDBL and the Dhaka Stock Exchange Limited and The Chittagong Stock Exchange Limited. Their guidance, advice, co-operation and good wishes enabled us to achieve our goal.

Thanking you,



Aameir Alihussain
Managing Director

ARMARSTOCK

ব্যবস্থাপনা পরিচালকের পক্ষ থেকে

প্রিয় শেয়ারহোল্ডারবৃন্দ,

বিএসআরএম স্টিলস্ লিমিটেড-এর ১৫তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত। পরিচালকমন্ডলীর প্রতিবেদন এবং ৩০ জুন ২০১৭ তারিখে সমাপ্ত ১৮ মাসের নিরীক্ষা প্রতিবেদনসহ বার্ষিক প্রতিবেদন আপনাদের মাঝে ইতোমধ্যে পৌঁছানো হয়েছে।

আমি অত্যন্ত আনন্দের সাথে আপনাদের জানাচ্ছি যে, আপনাদের কোম্পানি বিগত জানুয়ারি ২০১৬ হতে জুন ২০১৭ পর্যন্ত সমাপ্ত বৎসরে ২.৯৬ বিলিয়ন টাকা মুনাফা করেছে। ২০১৬ সালে আমরা ১ মিলিয়ন টন রড বিক্রয় করেছি, যা কিনা বিএসআরএম গ্রুপের ইতিহাসে প্রথম। জানুয়ারি ২০১৬ হতে জুন ২০১৬ পর্যন্ত মোট লাভের অনুপাত ছিল ১৮.০৪%, কাঁচা মালের মূল্য বৃদ্ধি এবং কাঁচা মালের উপর অতিরিক্ত শুল্কারোপের ফলে যা কিনা পরবর্তীতে কমতে থাকে।

যাই হোক, আমরা আশা করি যে বিএসআরএম স্টিল মিলস্ লিমিটেডের যথাযথ উৎপাদন শুরু হওয়ার সাথে সাথে কোম্পানির তথা বিএসআরএম গ্রুপ আরও ভাল করবে। বিএসআরএম স্টিল মিলস্ লিমিটেডের উৎপাদন বেড়ে চলেছে। বিলেটের আন্তর্জাতিক বাজারে অস্থিতিশীল মূল্যের ঝুঁকি এবং পরনির্ভরতা হ্রাসে আমরা ইতোমধ্যে ৪৩০,০০০ মে. টন উৎপাদন ক্ষমতাসম্পন্ন আরো একটি বিলেট প্লান্ট স্থাপনের প্রক্রিয়া শুরু করেছি। অপর একটি বিলেট উৎপাদনকারী প্রতিষ্ঠান বিএসআরএম আয়রন অ্যান্ড স্টিল কোম্পানি লিমিটেড (বিসকো)-এর সাথে একত্রিকরণের প্রক্রিয়া শেষ পর্যায়ে রয়েছে। নতুন বিলেট প্লান্ট স্থাপন এবং সাবসিডিয়ারি কোম্পানির সাথে একত্রিত হলে কোম্পানির উৎপাদন ও মুনাফা উভয়ই বৃদ্ধি পাবে। আপনারা জেনে খুশি হবেন যে আপনাদের কোম্পানি পদ্মা বহুমুখী সেতু, রূপপুর পারমাণবিক বিদ্যুৎ প্রকল্প, নতুন কাঁচপুর-মেঘনা-গোমতি সেতুর জন্য বিশেষায়িত রড সরবরাহ করছে। একটি নিরাপদ জাতি গঠনে অংশীদার হতে পেরে আমরা গর্বিত।

ক্রেতার চাহিদা পূরণে আমরা ইতিমধ্যে 'MAXIMA, ULTIMA এবং CENTURA' নামে নতুন পণ্য নিয়ে এসেছি। এ রডগুলো অবকাঠামো কাজে গুণগতমান ও নিরাপত্তা নিশ্চিত করে।

বিগত কয়েক বছরে বাংলাদেশের অর্থনীতি বেশ উন্নত হয়েছে। বর্তমান সরকার ২০২১ সাল নাগাদ দেশকে একটি মধ্য আয়ের দেশে রূপান্তরিত করতে কাজ করে যাচ্ছে। এছাড়া অনেকগুলো উন্নয়ন প্রকল্প চলছে যা আমাদের রডের চাহিদা বৃদ্ধি করবে।

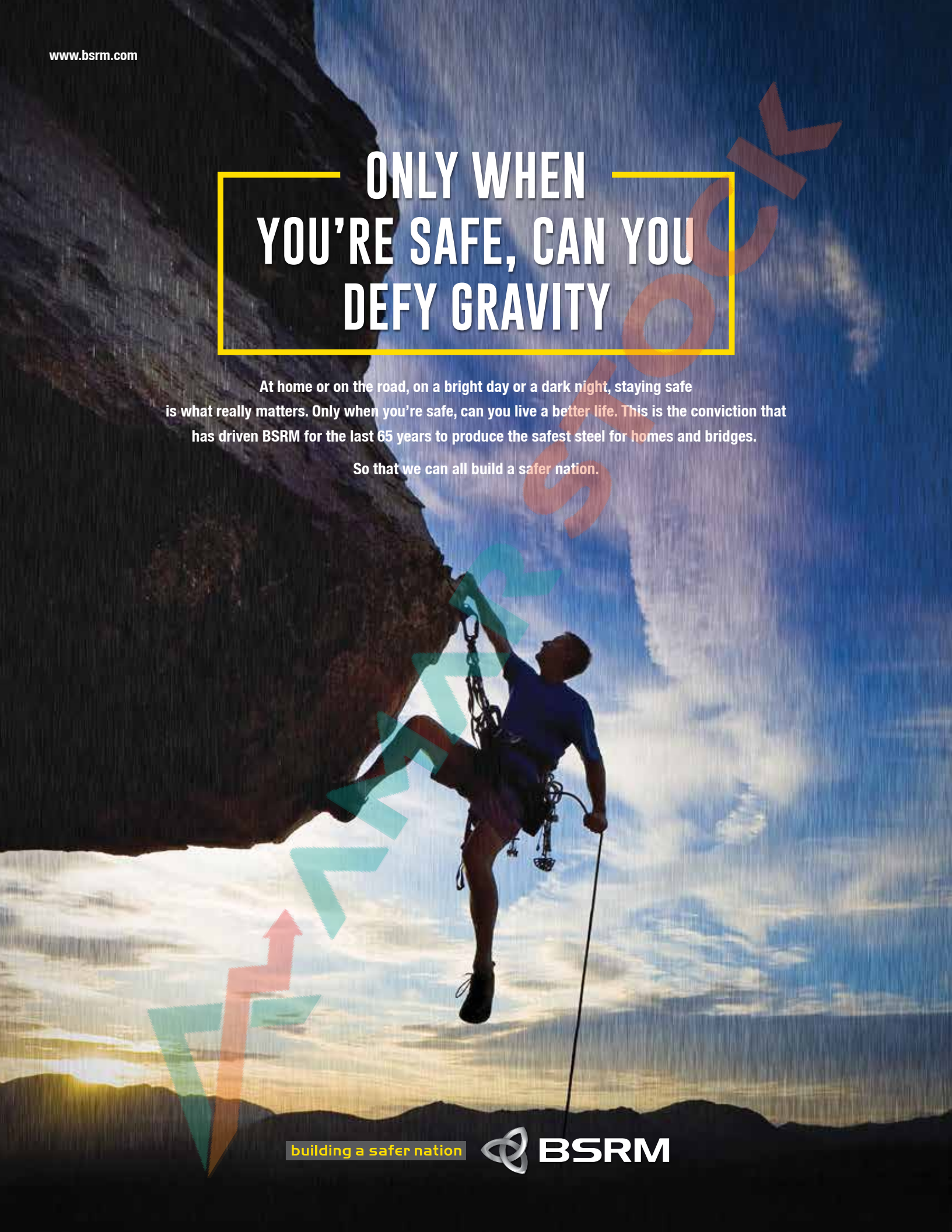
প্রিয় শেয়ারহোল্ডারবৃন্দ, আমরা শেয়ারহোল্ডারদের স্বার্থ রক্ষার্থে এবং সম্পদ বৃদ্ধির জন্য নিরবচ্ছিন্নভাবে কাজ করে যাচ্ছি। আমাদের উপর আস্থা রাখার জন্য আমরা আপনাদের প্রতি কৃতজ্ঞতা প্রকাশ করছি।

আমি আমাদের কর্মীবাহিনীকে তাঁদের কঠোর পরিশ্রম ও নিরলস কর্মোদ্যমের জন্য আন্তরিক ধন্যবাদ জানাচ্ছি। যাদের সহযোগিতা না পেলে আমাদের স্বপ্ন বাস্তবায়ন হতো না।

পরিশেষে আমি পরিচালনা পরিষদের সকল সদস্য, শেয়ারহোল্ডার, ব্যাংক, ঢাকা স্টক এক্সচেঞ্জ লিমিটেড, চিটাগাং স্টক এক্সচেঞ্জ লিমিটেড, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, কর কর্তৃপক্ষ এবং একইসাথে বিশেষ করে আমাদের সম্মানিত ক্রেতাদের ও ডিলারদের প্রতি কৃতজ্ঞতা প্রকাশ করছি, যাদের পরিপূর্ণ সহযোগিতা ও দিক্‌নির্দেশনা না পেলে আমাদের স্বপ্ন বাস্তবায়ন হতো না।

ধন্যবাদ,

আমীর আলীহোসাইন
ব্যবস্থাপনা পরিচালক


www.bsrm.com
ONLY WHEN
YOU'RE SAFE, CAN YOU
DEFY GRAVITY
At home or on the road, on a bright day or a dark night, staying safe
is what really matters. Only when you're safe, can you live a better life. This is the conviction that
has driven BSRM for the last 65 years to produce the safest steel for homes and bridges.
So that we can all build a safer nation.
building a safer nation
BSRM

THE INTERNET IS A WORLD OF POSSIBILITIES, AND ALSO A WORLD OF VULNERABILITIES



Starting in the early 1990s, internet usage in Bangladesh has evolved at a rapid pace. Government's various initiatives to build a Digital Bangladesh have impacted the growth of users. As of July 2016, number of internet subscribers have reached 63.915 million. Bangladesh is now one of the top 20 IT outsourcing destinations in the world. Usage of social media, scope of public expression, online education, progression in small & medium-scale businesses etc. have noticeably improved with the growth of internet.

But these endless possibilities of the internet comes with its own drawbacks. The vulnerabilities include exposure to malicious software & websites, hacking, phishing, identity theft, cyber-bullying, sexual harassment and more. The GOB has taken Cyber Security seriously and ICT policies have been developed to safeguard the people, organizations and financial transactions on the web. Only proper implementation of those policies can ensure true Cyber Safety of a better nation.

DIRECTORS' REPORT

Dear Shareholders,

Assalamualikum.

I am glad to welcome you all at the 15th Annual General Meeting (AGM) of BSRM Steels Limited. This report covers the period of 18 months from January 1, 2016 to June 30,2017. The report has been prepared in compliance with the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: SEC/CMRRCD/2006/158/ 143/Admin/44, dated: August 07, 2012.

Review of 2016-17:

Industry out Look and Possible future development:

In spite of world worldwide slow economic growth the Bangladesh Economy is doing well. The GDP growth is around 7%. World Bank predict that the average growth of GDP will be around 6.8% for next few years. Bangladesh Government is trying to reach "Middle Income Country" status by 2021. Bangladesh Government aims to build a durable and sustainable energy, power and transportation infrastructure in order to be a prosperous nation by 2030. However, inflation in food price, early flood in the some parts of Bangladesh, slow export growth, falling remittance and poor investment growth creates challenges for the economic development of Bangladesh. Record low fuel price, however, gives some comfort to the economy.

The steel market in Bangladesh shows increasing demand for prime quality steel for civil construction. Currently market demand is BD Tk. 300 Billion. The demand for per capita steel in Bangladesh is 17Kg against world average of 217 Kg. Some studies show that per capital steel consumption will reach to 25 Kg by 2022. The growth in demand in steel is mostly driven by government spending. Some landmark projects have been under taken by the government.

We are pleased to inform you that, our Company is supplying specialized steel to the Padma Multi- purpose bridge project. Recently we have entered agreement for supplying steels for Rooppur Nuclear Power plant. Moreover, people are more quality and safety conscious. Resultantly, demand for quality steel like BSRM product is rising.

Operational and Financial Performance:

Some operational and financial data is given below for better understanding of the overall performance of the Company:

Operational Performance

Particulars	July'16 to June'17	Jan'16 to Jun'16	2015	2014	2013	2012
	(12 months)	*(6 months)*				
Installed Capacity (M. Ton)	700,000	700,000	700,000	600,000	600,000	600,000
Production (M. Ton)	681,064	362,254	602,832	623,918	630,305	580,147
Capacity Utilization (%)	97.30	103.50	99.50	104	105	97
Sales (M. Ton)	692,504	373,747	604,513	679,803	601,935	579,377

The production efficiency of the mill is very impressive. During the period of January to December 2016, BSRM Group sold one million tons of steel products. It is the first time in the history of BSRM Group.

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Financial Performance:

Amount in BDT in million

Particulars	July'16 to June'17	Jan'16 to Jun'16	2015	2014	2013	2012
	(12 months)	*(6 months)*				
	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.	BD Tk.
Sales	32,683.57	17,265.18	32,316.10	38,535.94	36,229.05	38,253.46
Gross Profit	4,238.91	3,114.69	4,368.65	2,807.32	3,250.15	1,888.44
Profit before interest, taxes, WPP&WF	2,972.87	2,379.86	3,257.93	1,892.83	2,314.39	1,160.39
Less: Interest & WPP&WF	(497.01)	(246.38)	(739.29)	(378.95)	(492.82)	136.42
Add/(Less): Share of profit/(loss) of associate	(225.87)	(18.56)	75.31	(3.20)	497.36	-
Less: Tax expenses & Provision for income tax	(601.95)	(801.61)	(512.07)	(424.47)	(625.46)	(431.48)
Net Profit	1,648.04	1,313.32	2,081.88	1,086.21	1,693.47	865.33
EPS (Taka)	**4.82**	**3.84**	**6.09**	**3.18**	**4.95**	**2.53**

The gross profit ratio for first six months of the Company for January to June 2016 was record high. It was 18.04%. This is mainly due to low billet price. Subsequently billet price shot up and the gross profit ratio during the July '16 to June '17 comes down to 12.97%.

Other Financial Performance:

Amount in BDT in million

Particulars	July'16 to June'17	Jan'16 to Jun'16	2015	2014	2013	2012
	(12 months)	*(6 months)*				
Paid Up Capital	3,417.75	3,417.75	3,417.75	3,417.75	3,417.75	3,255.00
Share Holders' Equity	10,342.29	9,371.20	9,080.62	7,495.09	6,915.25	5,540.65
Current Liabilities	20,313.44	16,992.84	14,213.79	18,445.30	15,858.17	16,178.60
Non-current Liabilities	1,969.23	2,445.09	1,436.02	1,200.26	1,131.64	735.45
Addition to fixed assets & CWIP	1,163.89	83.78	758.16	227.39	296.23	347.75
Operating cash flow	1,385.09	3,093.49	5,766.33	(2,995.28)	4,595.39	(727.69)

Operation of Subsidiary Company:

BSRM Steels Limited is holding 95% ordinary shares of BSRM Iron & Steel Co. Ltd. (BISCO), a billet manufacturing plant since 2010.

Financial and quantitative performance of the company is given below in the tabular form:

Particulars	July'16 to June'17	Jan'16 to Jun'16	2015	2014	2013	2012
	(12 months)	*(6 months)*				
	M. Ton	M. Ton	M. Ton	M. Ton	M. Ton	M. Ton
Production Qty.	214,222	98,623	176,312	180,678	168,326	138,725
Sales Qty.	213,044	97,943	177,199	182,083	167,066	137,947
						Amount in BDT in million
Sales	8,184.29	3,751.49	7,916.12	9,374.11	8,861.77	8,004.95
Gross Profit	319.47	215.86	439.67	686.17	513.39	598.48
Profit before Interest, Def. Taxes & WPP&WF	301.81	206.43	418.39	668.26	489.07	562.39
Less: Interest & WPP&WF	190.22	61.03	169.55	432.83	317.84	354.38
Less: Tax expenses & Provision for Income Tax	53.12	204.46	240.05	68.59	30.53	60.75
Net Profit	**58.47**	**(59.06)**	**8.79**	**166.84**	**140.7**	**147.26**

The first six months from January to June 2016 was not favorable for company's profitability. During this period Company incurred loss of Tk. 59.06 Million. Subsequently in July 2016 to June 2016, the Company earned net profit after tax of Tk. 58.46 Million. The net loss during this 18 months' period was Tk. 0.60 million. This volatility of profitability was largely due to scrap price and billet price fluctuations in the international market.

The Company filed a petition to the Honorable High Court division of Supreme Court for merger with BSRM Steels Limited. The hearing has completed and if merger scheme has been approved by the Honorable high court then the Company will be merged with BSRM Steels Limited.

Operation of Associate Companies:

BSRM Steel Mills Limited

The only associates of the Company is BSRM Steel Mills Limited where your Company has invested one billion and holding 25.35% of equity. This associates has been commissioned in June ,2016. Equipped with the world's largest induction furnace, the plant is capable to produce 862,500 M. Ton prime quality billets. The billet will be used for internal consumption of BSRM Group. You must be informed that, due to volatile price fluctuation of billets in the world market, the profitability of the rolling plants are badly hampered. The new plant will help us to protect the Company against volatile price fluctuation. We are pleased to inform you that, now the plant has achieved 88% efficiency in July, 2017.

The Company has earned gross profit of Tk. 1,432. 95 Million for the year ended June,2017. However, it could not earn net profit after tax as the finance cost of the company is too high due to substantial project term loan and provision for deferred tax has been made as per Bangladesh Accounting Standard. When the term loan and deferred tax will be settled with in few years, then the Company will be a reliable source for earnings for BSRM Steels Limited. Moreover, this billet plant will help BSRM Steels Limited to continue uninterrupted production by supplying quality billets at a fair price.

Segment wise or product wise performance:

BSRM Xtreme500W was the first high strength steel in Grade 500 Yield Strength category introduced in to the Bangladesh construction market in 2008. BSRM Xtreme 500W rapidly gained market share and is the undisputed market leader in this category.

The housing sector and infrastructure projects in the country rely on Grade 500 steel. Independent Home Builders (IHB) throughout the country, rely on Xtreme 500W, which they buy from the company's network of over 700 Dealers. Corporate customers, such as real estate developers, do business directly with BSRM. Large infrastructure projects such as Flyovers in Dhaka and Chittagong also use BSRM Xtreme 500W.

Besides Xtreme500W the company also manufactures Grade 420D steel to meet the requirements of certain Govt. projects in the power sector. The company has decided to brand the Grade 420D as **'Ultima'**.

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. Xtreme 500W 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.

Company produces various sizes of Xtreme 500W product in one production center. Detailed product wise performances are as follows:

Products	Production (M. Ton)		Sales (M. Ton)	
	Jan, 16 to June17	2015	Jan, 16 to June17	2015
Xtreme 500W	946,900	577,417	971,124	571,629
Others	96,418	25,415	95,127	32,884
Total	**1,043,318**	**602,832**	**1,066,251**	**604,513**

Risks & Concerns:

Risk assessment and mitigation is an 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 -41 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-2

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-2" 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 15 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 year	No. of meeting attended
Mr. Alihussain Akberali FCA	Chairman	15	14
Mr. Aameir Alihussain	Managing Director	15	15
Mr. Zohair Taherali	Director	15	14
Mrs. Tehseen Zohair Taherali	Director	15	12
Mr. Mono Ranjan Dey FCA	Independent Director	15	14

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

iii. **Details of Directors being re-appointed:**

Mr. Aameir Alihussain and Mr. Zohair Taherali (Nominated Director of Bangladesh Steel Re-Rolling Mills Limited) 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.

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 20 and 30 of the financial statements as per IFRS/BFRS.

Utilization of IPO proceeds and Financial Result after IPO:

Company had no unutilized IPO fund since 2009, Company is maintaining a stable financial performance.

Significant variance in the quarterly and annual report:

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

Remuneration of Directors including Independent Director:

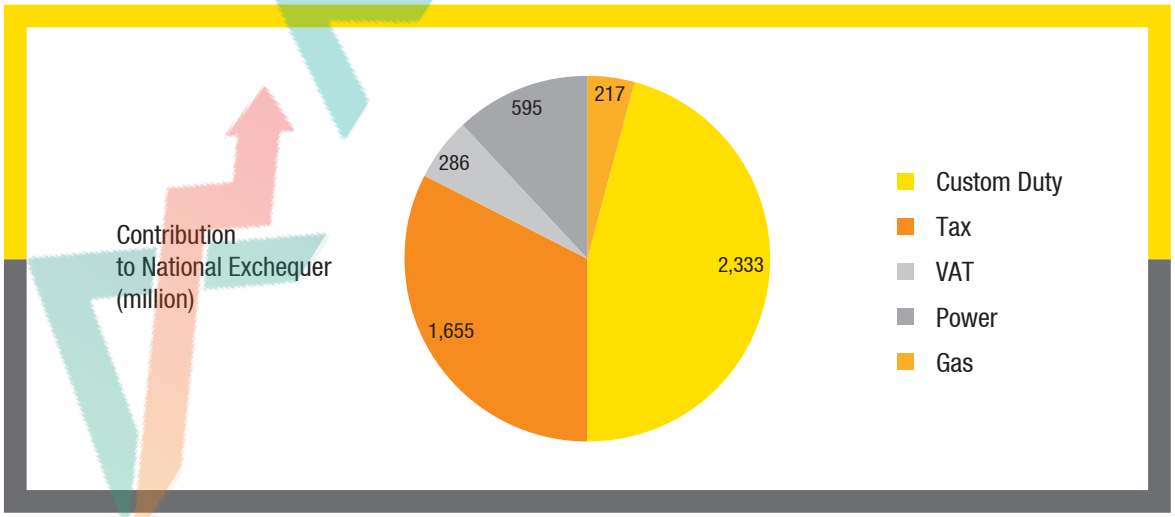
Directors were remunerated as per the decision of the Board and a detailed report of the Directors' Remuneration is included in Annexure-3 and Note 7.01 of Financial Statements.

Dividend:

The Board of Directors has recommended a final cash dividend of 15% per share for the year ended June 30, 2017. Earlier the Board of Directors has approved 20% interim cash dividend. Thus total cash dividend will be 35%. The dividend on equity shares, if approved would be paid to those members whose name appears on the register of members as on record date.

Contribution to National Exchequer:

Being a responsible corporate entity, BSRM is paying and facilitating collection of Government's revenue. In 2016-2017, BSRM Steels Limited collected and contributed Tk. **5,086** million to the government exchequer as Income Tax, VAT and Duties along with utility bill which is appended below:



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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 2016-17, 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 61 of Annual Report.

Award and Recognition:

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

1. President's Award for Industrial Development in the category of Large Scale Industry.
2. National Export Trophy.
3. ICAB National Awards for Best Presented Annual Reports for the year 2012, 2013, 2015 & Certificate of Merit for the year 2014, 2015.
4. ICSB National Gold Award for best Corporate Governance Excellence 2015 for Bangladesh Steel Re-Rolling Mills Limited.
5. Achieved Tax Card from NBR for highest tax payment in 2015 for BSRM Steels Limited.
6. Best Brand of Bangladesh in Steel Category in 2011, 2013, 2014, 2015 & 2016
7. Best Enterprise of the year 2010.
8. D & B Corporate Awards 2010 & 2012.
9. Pride of Chittagong (Chattagramer Ahonkar) 2012.
10. Divisional Environment Award 2013.
11. Certificate of Merit from South Asian Federation of Accountants (SAFA) in 2012, 2013 & 2015.
12. 5th Standard Chartered-Financial Express CSR Award
13. International Islamic University Chittagong (IIUC) Business Awards
14. Japan Bangladesh Chamber of Commerce & Industry (JBCCI) Awards in 2014
15. ICSB National Award (Silver Award) for Corporate Governance Excellence 2014
16. Best Electricity Consumer (Industry) award for the year 2015.
17. Mercantile Bank Awards (Industry & Commerce) for the year 2015.

Information Technology

BSRM Steels 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. Details of Information Technology are set out in the Chapter "Sustainable Growth" in Page no. 66 in this report.

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. 65 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:

Present auditor Rahman Rahman Huq, Chartered Accountants (Representative of KPMG in Bangladesh), will not be eligible to conduct audit for the year 2017-18 as per directive of Bangladesh Securities & exchange Commission (BSEC). Pursuant to the directive of BSEC and having willingness from M/S A. Qasem & Co., Chartered Accountants, the Board has recommended M/S A. Qasem & Co., Chartered Accountants (A member firm of Ernst & Young Global), Faruk Mahal (3rd Floor), Plot# 93, Agrabad C/A as the statutory Auditor for the year ended on June 30, 2018 subject to the approval of shareholders in the next Annual General Meeting.

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.

Directors' Responsibilities Statements:

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 BSRM Steels 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 sounds 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.

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 years 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 very proud of what we have achieved and as always is grateful to all those who contributed to the success of our Company. My deep appreciation is extended to the Senior Management Team and all staff members for their dedication and commitment. A special appreciation is extended to our customers and shareholders, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, CDBL, National Board of Revenue, RJSC, various government authorities, trade bodies and all bankers and financial institution for their support, co-operation and guidance in our business endeavor.

We are very confident that our Company's best days are ahead as we continue to build on our momentum making BSRM the clear market-leader.

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	July'16 to June'17	Jan'16 to Jun'16	Jan'16 to June'17	Jan'15 to Dec'15
	(12 months)	*(6 months)*	*(18 months)*	*(12 months)*
	BDT	BDT	BDT	BDT
Cost of Goods Sold	28,444,663,016	14,150,488,526	42,595,151,542	27,947,447,147
Gross Profit	4,238,908,930	3,114,694,122	7,353,603,052	4,368,653,415
Net Profit	1,648,035,691	1,313,318,100	2,961,353,791	2,081,877,163

COST OF GOODS SOLD (COGS)

Cost of goods sold (COGS for short) 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.

During the reporting period Billet price has increased drastically and that's why cost of production was increased compared with the last operating periods.

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

Due to increase the cost of production of all finished goods, Gross profit was decreased compared with the last operating periods.

NET PROFIT MARGIN RATIO

Net Profit is calculated by subtracting expenses including Tax and WPPF 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

Net Profit of the company in the year 2016-17 has decreased compared to last operating periods due to increase the Cost of Goods Sold.

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RISK FACTORS AND CONCERNS

ANNEXURE - 2

1. Business Risks

a) Risks associated with sourcing of Raw Materials

At present BSRM Steels Limited is partly dependent for its basic raw materials - MS Billets on the international market. In the case of billet price fluctuation in the international market, the company's profitability is affected.

Since the production capacity of our Company increased to 700,000 M. Ton per annum, secured supply chain for MS Billets should get top priority.

BSRM Iron and Steel Co. Ltd. (BISCO), a subsidiary Company of BSRM Steels Limited can meet 25% of its billet demand by supplying 220,000 M. Ton MS Billet per annum.

On the other hand BSRM Steel Mills Limited, an associate company of BSRM Steels Limited can meet 65% of its billet demand by supplying approx. 500,000 MT Billet per annum.

BSRM Steels Limited is going to establish its Melting Unit with a capacity of 430,000 MT per annum at Mirshorai, Chittagong which will reduce dependency on imports and local purchase. The plant will start its commercial production on or before 2019.

b) Risks associated with Power Supply

Presently the primary constraint on the economic development of Bangladesh is the shortage of power for which new industrial investments proposal from home and aboard have failed to materialize.

For ensuring uninterrupted power supply BSRM Group has made a deal with PGCB and installed a substation for tapping power from the 230 KV national grids. Moreover, now more than 10,000 MW power can be produced in Bangladesh. The government is also planning for setting up some big power stations. There is another regular risk of having an adequate and regular supply of gas. The Company is also aware of such risks and its mitigation through the alternative supply of fuel.

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 an adverse impact on consolidated net financial income.

The business of BSRM Steels Limited 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. However, now interest rate on working capital and term loan has come down which gives some benefits to the management.

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

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Foreign Exchange Fluctuations

Foreign currency risk is the risk of changes in exchange rates that adversely affect the company's earnings, equity, and competitiveness.

We are hugely involved with Foreign Trade i.e. Import & Export and thus we are also exposed to Foreign Currency Risks. Exchange rate gains or losses related to foreign currency transactions are recognized as transaction gains and losses in our income statement as incurred. We also maintain foreign currency account in which export collection in exchange is directly deposited to meet foreign currency payment requirement. In the year 2016-17 company has not been affected due to Foreign Currency fluctuation.

Competition and Economic conditions

Competition refers to the risks of decreasing present market share caused by new entrants. We try to mitigate this risk through active brand management and customer relationship and by ensuring supply of quality product.

As we are continuously in 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. Technology Related Risks

Highly automated and competitive types of machinery are available with the Company for the manufacture of various steel products. The Company has so far been one of the pioneers in Bangladesh in setting up mills with State of the Art European Technology for further processing of the input materials. The Company also implemented Oracle e-Business Suite to integrate the operation of basic functions namely, Finance and Accounts, Sales and Marketing, Supply Chain, Inventory, Maintenance, and Manufacturing.

4. Environmental Risks

Since the Company setting up its Mill with environmental friendly State of the Art European Technology, furthermore, the Company takes measures to ensure a pollution-free environment, which is compatible with the environmental regulations of Bangladesh regarding both noise and atmospheric emission. Water used in the mill is recycled and hence does not pollute the environment.

REMUNERATION PAID TO DIRECTORS IN JAN, 2016- JUNE, 2017

ANNEXURE - 3

Members of the Board of Directors were entitled and paid as follows:

Name	Position	Attendance Fees	Remuneration	Total Paid
Mr. Alihussain Akberali FCA	Chairman	46,000	38,700,000	38,746,000
Mr. Aameir Alihussain	Managing Director	46,000	33,300,000	33,346,000
Mr. Zohair Taherali	Director	40,250	17,100,000	17,140,250
Mrs. Tehseen Zohair Taherali	Director	31,625	9,900,000	9,931,625
Mr. Mono Ranjan Dey FCA	Independent Director	172,500	-	172,500
Total Taka		**336,375**	**99,000,000**	**99,336,375**

KEY OPERATING AND FINANCIAL DATA OF PRECEDING 6 YEARS

ANNEXURE - 4

		July'16 to June'17	Jan'16 to June'16	2015	2014	2013	2012	2011
Operations and Market:								
Production (Qty)	MT	681,064	362,254	602,832	623,918	630,305	580,147	523,625
% of Production Growth	%	(6.13%)	20.18%	(3.38%)	(1.01%)	8.65%	10.79%	20.70%
Sales (Qty)	MT	692,504	373,747	604,513	679,803	601,935	579,377	517,887
% of Sales Growth (Qty)	%	(14.71%)	23.65%	(11.08%)	12.94%	3.90%	11.87%	16.98%
Financial Results:								
Turnover	TK	32,683,572,946	17,265,182,648	32,316,100,562	38,535,936,754	36,229,050,933	38,253,464,657	31,234,710,327
Gross Profit	TK	4,238,908,930	3,114,694,122	4,368,653,415	2,807,324,502	3,250,148,580	1,888,439,411	1,914,574,972
Gross Profit %	%	12.97%	18.04%	13.52%	7.28%	8.97%	4.94%	6.13%
Earnings before interest, WPP&WF and Tax	TK	2,972,869,434	2,379,860,158	3,257,931,547	1,892,833,850	2,314,398,453	1,160,385,361	1,369,695,830
	%	9.10%	13.78%	10.08%	4.91%	6.39%	3.03%	4.39%
Net Profit after tax	TK	1,648,035,691	1,313,318,100	2,081,877,163	1,086,207,806	1,693,468,511	865,331,036	839,205,050
	%	5.04%	7.61%	6.44%	2.82%	4.68%	2.26%	2.69%
Earnings Per Share (EPS)*	TK	4.82	3.84	6.09	3.18	4.95	2.53	2.46
Financial Position:								
Current Ratio (Times)		1.10	1.13	1.06	1.01	0.97	0.92	0.93
Net Asset Value	TK	10,342,290,853	9,371,194,662	9,080,618,705	7,495,091,260	6,915,249,792	5,540,653,743	2,974,080,646
Net Asset Value Per Share	TK	30.26	27.42	26.57	21.93	20.23	17.02	9.14
Net operating Cash Flow Per Share *	TK	4.05	9.05	16.87	(8.76)	13.44	(2.24)	(14.38)
Paid -up Capital (In Crore)	TK	**341.775**	**341.775**	**341.775**	**341.775**	**341.775**	**325.5**	**325.5**

**As per BAS 33 Earnings per share are computed based on current year's number of outstanding shares.*

THE PATTERN OF SHAREHOLDING AS ON 30 JUNE 2017

ANNEXURE - 5

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

Name	Relation	No. of Shares Held
Bangladesh Steel Re-Rolling Mills Limited	Associated Company	106,594,173
H. Akberali & Co. Limited	Associated Company	76,864,620
Total		183,458,793

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

Name	Relation	No. of Shares Held
Mr. Alihussain Akberali FCA	Chairman	34,987,995
Mr. Aameir Alihussain	Managing Director	6,835,500
Mr. Zohair Taherali (Nominated Director of Bangladesh Steel Re-Rolling Mills Limited)	Director	8,932,980
Mrs. Tehseen Zohair Taherali (Nominated Director of H. Akberali & Co. Limited)	Director	6,835,500
Mrs. Sabeen Aameir	Wife of Mr. Aameir Alihussain	7,245
Mrs. Bilkis Alihussain	Wife of Mr. Alihussain Akberali	1,168,272
Mr. Shekhar Ranjan Kar FCA	Group CFO & CS	27,279

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

Name	Relation	No. of Shares Held
M. Firoze	Head of Marketing & Product Development	Nil
A.F.M Mizanur Rahman	Plant Head	Nil
Jasim Uddin Ahmed	Head of Technical Projects	4,270
Shobhon Mahbub Shahabuddin	Head of National Sales	Nil
Mohammed Reazul Kabir FCA	Head of Finance & Accounts	1,865

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

Name	Relation	No. of Shares Held
Mr. Alihussain Akberali FCA	Chairman	34,987,995
Bangladesh Steel Re-Rolling Mills Ltd.	Affiliated Company	106,594,173
H. Akberali & Co. Limited	Affiliated Company	76,864,620

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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)	√		
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 & disclosure	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	NA		
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		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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	NA		
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	√		
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	NA		
3.3 (x)	Application of fund raised through IPO/RPO/Right Issue	NA		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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		
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	√		
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.	√		
5 (iii)	Submission of minutes to the Board Meeting of holding company	√		
5 (iv)	Review of affairs by the holding company	√		
5 (v)	Review of Financial Statement in particular Investment activities by the Audit Committee of holding company	√		
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	√		

AMARSTOCK

EXPORTING AGRO PRODUCTS GREATLY, AGRONOMIC SAFETY IS YET TO BE ENSURED



We have a population of 26.4 million 'female agricultural workers' i.e. three times greater than the total population of Switzerland. This may be an inspiring example of an agriculturally independent nation, but there are alarming issues in this sector.

After the green revolution, conventional agriculture became heavily dependent on chemical fertilizers and pesticides, which cause major problems to human health and the environment. Hence, the most urgent step is the application of bio-products in order to ensure better and safer environment, without any reduction in yield of crops. To ensure safety in the agricultural sector, the government should develop appropriate policies, product standardizations and support programs. BSRM believes that agro safety is the backbone of a safer nation, and consciously addresses this issue so that people can eat safe and thus live better lives.

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 project, 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.

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MOTHER & CHILD MORTALITY RATE REDUCED, BUT NUTRITIONAL SAFETY STILL HINDERED



Bangladesh has made the most significant progress in reducing mother & child mortality rate. In 2010, the UN recognized the country for its exemplary progress towards Millennium Development Goal (MDG4) in child mortality, and for being on-track to achieve the maternal mortality reduction goals of MDG5. In November 2013, Lancet, a British medical journal, described Bangladesh as an example of 'good health at low cost'.

While Bangladesh has significantly reduced child and maternal mortality, the country still remains among the 10 countries with the highest prevalence of malnutrition. According to Bangladesh Demographic and Health Survey (BDHS) 2014, 36.1% of children under 5 are considered to be stunted. For a safer future and healthier nation, our mothers and children must be healthy.

SUSTAINABLE GROWTH

SUSTAINABLE GROWTH - Green Environment, Human Resource and Information Technology Development

To keep our human resources safe and sound and the environment clean, we have taken number of measures. We always give priority to maintain work place safe, secure and ensure the green environment for all of our employees as well as for our country.

Green Environment….

In BSRM Steels Limited we are using world class Water Treatment Plant (WTP) for recycling the water for reusing and to keep the environment free from pollution.

The Company has also commissioned Air Pollution Control (APC) system in BSRM Iron & Steel Co Ltd. (BISCO) 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 Developmen**t 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.

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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.**

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.

www.bsrm.com


ONLY WHEN
YOU'RE SAFE, YOU
DIVE RIGHT IN
At home or on the road, on a bright day or a dark night, staying safe is what really matters. Only when you're safe, can you live a better life. This is the conviction that has driven BSRM for the last 65 years to produce the safest steel for homes and bridges.
So that we can all build a safer nation.
building a safer nation
BSRM

LIVESTOCK PLAYS VITAL ROLE, HEALTH-SAFETY IS NOT ACHIEVED AT ALL



Livestock is a key component of the agricultural economy of Bangladesh. The contribution of the livestock sector to overall GDP has been provisionally estimated at 1.78% for 2013-14. In 2012-13, it was 1.84% and in 2011-12, it was 2.5%. Its share of agricultural GDP in 2013-14 was 14.08%. Livestock serves an essential role as a source of protein, employment generation, and provision of food security.

Despite all important roles for poverty reduction, diseases and the epidemiological scenario puts livestock at risk. Bangladesh is prone to natural disasters and the livestock population is the first to be affected, as transportation of feed and fodder to the affected areas becomes difficult. In order to tackle this situation effectively, it is vital that sustainable development and climate policy are integrated taking livestock into consideration; so that we can ensure their safety for a better nation.

REGULATORY COMPLIANCE REPORT

CORPORATE GOVERNANCE REPORT

We take pride in doing the right things the right way – and are committed to the highest standards and practices of corporate governance, professionalism as well as business integrity, accountability, transparency and ethics in our quest and commitment at all levels to the continuous enhancement of stakeholders value as evident that we have awarded several times by ICSB for the best practices of corporate governance in our organization. Good Governance is the cornerstone of sustainability and creation of long term value – both inherently underlying the structures and work processes of BSRM Steels Limited in its history of being a pioneer in the industries, we operate in and in turn one of the best steel industry in Bangladesh. Corporate Government 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 BSRM Steels Limited is firmly committed to upholding principles of sound corporate governance. The main objective of corporate governance is creation of lasting value for stakeholders. Transparency in 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 BSRM Steels Limited comprises of five members including Chairman, Managing Director and the board also has one independent director in compliance with the corporate Governance Guidelines of BSEC. The Directors possess a wide range of experience, expertise and specialized skills to assist in decision-making and leading the Company for the benefit of its shareholders. Board of Directors is performing the responsibilities, among others, setting the company's strategic objectives, providing leadership, supervision and safeguarding shareholders' interest.

Selection and appointment of new Directors

Directors should ensure that the Company is properly managed to protect and enhance shareholder value and to meet the Company's obligations to shareholders, to the industry and to the law. In carrying out this duty, the Board should always be mindful of the need for establishing a Board that enhances the efficient and effective running of the Company. In relation to the selection and appointment of new Directors (if any), the existing Board of Directors has the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions.
- Identify any competencies not adequately represented and agree to the process necessary to be assured that a candidate nominated by the board members/shareholders with those competencies is selected.
- Ensure that the Board maintains at least 5 Directors, with an independent Director and have a reputable standing in the industry

The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994 and the Articles of the Company.

Retirement and re-election of Directors

As per the Articles of Association of the Company, one-third of the Directors are required to retire from the Board every year, comprising those who have been in the office the longest since their last election. A retiring Director shall be eligible for re-election.

Qualification of Board members

The Board of Directors of BSRM Steels Limited consists of members who possess a wide variety of knowledge and experience in different arena of corporate world. This ensures that together, they formulate the right policy for the development of the business. Two of the Directors in the Board are Chartered Accountants with elevated experience across key positions of finance and accounts, and who normally provides guidance in matters applicable to accounting and auditing-related issues to ensure compliance and reliable financial reporting. Respective qualification of Directors is appended in Directors' profile on page no 31 of this annual report.

The Role of the Board

The Board is responsible for the overall governance conduct and implementation of sound business strategies within the Company and has the powers and duties afforded within the milieu of relevant laws / regulations of the country, regulatory authorities, and professional institutes. In addition, the Board of Directors, both individually and collectively, strive to comply with best practices on environmental, health, safety and ethical standards whilst ensuring that the interest of all stakeholder groups are considered when taking decision.

Audit Committee

BSRM Steels 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 true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. This committee is responsible to the Board of Directors and its duties and responsibilities are clearly set forth 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 (consolidated and separate) 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 ensure the good corporate practices.

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

Chairman of the Board and Managing Director

In BSRM Steels 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 report on the performance, annual achievements and status of the company's activities to the shareholders. They are also conveying the future plan and outlook of the industry and company in their report.

Chief Financial Officer, Company Secretary and Head of Internal Audit

Company has appointed two qualified Professional Accountants designated as Chief Financial Officer and Company Secretary. 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 long 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

BSRM Steels 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 BSRM Steels Limited is appointed in every Annual General Meeting (AGM) by the Shareholders of the company as per Company Act 1994. 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.

Subsidiary Company

Board of the Directors of BSRM Iron & Steel Co. Ltd. - Subsidiary Company of BSRM Steels Limited is also constituted in line with the guidelines of BSEC as per Corporate Governance Notification. Independent Director of holding company has also been director of subsidiary company. Minutes of the Board of directors' meeting of subsidiary company are reviewed by the Board of holding company. The Audit Committee of the BSRM Steels limited (holding company) also reviews the financial statements of the subsidiary company.

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 Committee. These committee members sit regularly 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/s M.A. Mallick & Co., Chartered Accountants is included in the annual report.

FAMAK STOCK

CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE 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 BSRM Steels Limited

We have examined the compliance with Corporate Governance by **BSRM Steels Limited** (the Company) for the period ended 30th June, 2017 as stipulated in Notification No: SEC/CMRRCD/2006-158/134/Admin/44, dated: 7th August, 2012 of Bangladesh Securities and Exchange Commission.

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

AUDIT COMMITTEE MEMBERS

Chairman:
Mr. Mono Ranjan Dey FCA

Members:
Mr. Alihussain Akberali FCA
Mr. Zohair Taherali

Secretary to Committee:
Mr. Shekhar Ranjan Kar FCA

Composition of the Committee

As recommended by Bangladesh Securities and Exchange Commission (BSEC), BSRM Steels Limited has an Audit Committee as a sub-committee of the Board of Directors which assists the Board of Directors in 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 within the business. The committee is reporting to the Board of Directors on performing the clearly set forth responsibilities by the Board of Directors.

Number of Committee Meeting

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

Attendance by Invitation

The Managing Director, Head of Accounts & Finance, Chief Financial Officer, Head of Internal Audit attended the meeting by invitation.

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 as ensures compliance with the Corporate Governance Guidelines promulgated by the BSEC.

Mandate and Role

The purpose, authority, composition, duties and responsibilities of the Audit Committee are defined in its Charter. The Committee has been mandated to:

- Review the annual, half-yearly and quarterly financial statements and other financial results, and upon its satisfaction of the review, recommended the same to the Board. The Audit committee also ensures the appropriateness of accounting policies and their adherence to statutory and regulatory compliance and applicable accounting standards.
- Monitor the financial reporting systems in place to ensure the integrity and the soundness of the information provided to the Board of Directors, Regulatory Authorities, Management and other Stakeholders.
- Identify, analyze and monitor the risks faced by the Company and examine the adequacy, efficiency and effectiveness of internal controls and procedures in place to avoid, mitigate or transfer such risks.
- Monitor all internal audit and inspection programs, review internal audit / inspection reports and follow-up on their findings and recommendations.
- Review the Interim Financial Statements and the Company's Annual Financial Statements prepared for disclosure, before submission to the Board of Directors.
- Audit Committee also reviewed the Internal Auditor's Reports and observations.

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Reporting of the Committee

On discharging its responsibilities, the audit committee ensure 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.

Re-appointment of Auditors

Existing external auditors of the Company Rahman Rahman Huq, Chartered Accountants, will not eligible to conduct audit for the year 2017-18 as per directive of Bangladesh Securities and Exchange Commission (BSEC). Pursuant to the BSEC's directive, the Audit Committee recommended A. Qasem & Co., Chartered Accountants (A member Firm of Ernst & Young Global), Faruk Mahal (3rd Floor), Plot# 93, Agrabad C/A, Chittagong to appoint as new Statutory Auditors of BSRM Steels Limited for the Year 2017-2018 subject to approval of the shareholders in the next Annual General Meeting.

On behalf of the Audit Committee

Mono Ranjan Dey FCA
Independent Director and Chairman of Audit Committee

August 12, 2017

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STATEMENT OF CEO AND CFO ON FINANCIAL STATEMENTS

The Board of Directors
BSRM Steels 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 June 30, 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

Md. Moklesur Rahman Akhter FCMA
Chief Financial Officer

Date: August 16, 2017

AMARSTOCK

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/065

BAPLC

Date of issue : 16th February 2017

Renewed Certificate

This is to certify that

BSRM STEELS 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)

FINANCE STOCK

WATER TRANSPORT IS THE EASIEST AND CHEAPEST, YET NOT THE SAFEST



Bangladesh is a nation of rivers. Thus, waterways are one of the most convenient and cheapest modes of transport for both goods and passengers; yet river transport accidents are a daily occurrence.

According to sources in the Department of Shipping, in the last 40 years at least 4,420 people died, 520 were injured and 400 remain missing in more than 550 passenger launch accidents. The death rate is alarming. Government has recently undertaken different initiatives and laws to minimize river accidents and to save lives. We at BSRM also believe that only when people are safe, they can live better lives.

AUDITORS' REPORT & FINANCIALS, 2016-17

BSRM STEELS LIMITED AND ITS SUBSIDIARY

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE PERIOD ENDED 30 JUNE 2017

AMARSTOCK

KPMG

Rahman Rahman Huq
Chartered Accountants
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Internet www.kpmg.com/bd

Independent auditor's report to the shareholders of BSRM Steels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BSRM Steels Limited ("the Company") which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period (eighteen months) then ended, and a summary of significant accounting policies and other explanatory information and all related consolidated financial statements of BSRM Steels Limited, and its subsidiary and associate (together referred to as "the group").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards 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. 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.

The financial statements of the Company's subsidiary, BSRM Iron and Steel Company Ltd. (BISCO), was not audited by us. The financial statements of BISCO shows total assets of Taka 6,720,804,320 as on 30 June 2017 and total revenue of Taka 11,935,783,943 for the eighteen months period then ended. Basu Banerjee Nath & Co., Chartered Accountants has audited the Financial Statements of BISCO and expressed an unqualified opinion. Our opinion, in so far as it relates to the amounts included in respect of the company's subsidiary, is based on the audited financial statements and reports issued by the subsidiary's auditor.

Opinion

In our opinion, the financial statements including consolidated financial statements give a true and fair view of the financial position of the company and of the group as at 30 June 2017, and of their financial performance and cash flows for the period (eighteen months) then ended in accordance with Bangladesh Financial Reporting Standards.



Rahman Rahman Huq, a partnership firm registered in Bangladesh and a member firm of the KPMG network of Independent member firms affiliated with KPMG international Cooperative ("KPMG International"), a Swiss entity.

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KPMG

Rahman Rahman Huq
Chartered Accountants

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, 12 August 2017

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BSRM Steels Limited and its subsidiary
Consolidated statement of financial position

In Taka	Note	30 June 2017	30 June 2016	31 December 2015
ASSETS				
Non-current assets				
Property, plant and equipment	13.a	**10,747,146,750**	9,856,126,601	9,949,030,523
Intangible assets	15.a	**31,927,564**	36,225,284	38,374,145
Investment	16.a	**1,325,036,459**	1,550,911,049	1,569,466,903
Non-current assets		**12,104,110,773**	11,443,262,934	11,556,871,571
Short term investment	17.a	**496,529,288**	393,152,273	345,878,178
Inventories	18.a	**8,980,713,498**	6,855,554,513	8,773,744,844
Trade and other receivables	19.a	**4,354,600,097**	3,471,156,709	2,545,202,973
Current account with related companies	20.a	**9,648,559,106**	6,839,313,744	2,358,219,806
Advances, deposits and prepayments	21.a	**1,945,407,207**	3,352,058,656	2,438,950,252
Cash and cash equivalents	22.a	**77,855,172**	176,040,266	463,867,101
Current assets		**25,503,664,368**	21,087,276,161	16,925,863,154
Total Assets		**37,607,775,141**	32,530,539,095	28,482,734,725
Equity				
Share capital	23	**3,417,750,000**	3,417,750,000	3,417,750,000
Retained earnings		**5,503,470,464**	4,458,086,923	4,215,356,323
Revaluation reserve		**2,601,996,609**	2,621,828,110	2,629,576,682
Equity attributable to owners of the company		**11,523,217,073**	10,497,665,033	10,262,683,005
Non- controlling interests		**107,081,608**	104,158,489	107,111,570
Total equity		**11,630,298,681**	10,601,823,522	10,369,794,575
Liabilities				
Long term borrowings- non current portion	24.a	**1,117,900,968**	1,613,237,376	659,385,605
Defined benefit obligations - Gratuity	25.a	**98,761,816**	77,869,987	74,583,446
Deferred tax liability	27.a	**1,211,086,834**	1,246,542,103	1,231,685,328
Non-current liabilities		**2,427,749,618**	2,937,649,466	1,965,654,379
Trade payables	28.a	**103,026,404**	91,190,699	61,486,527
Short term borrowings	29.a	**21,346,253,998**	16,264,707,464	14,706,375,878
Current account with related companies	30.a	**59,622,907**	20,234,964	-
Liabilities for expenses	31.a	**314,217,165**	366,375,912	257,170,277
Current tax liability	26.a	**1,074,981,753**	1,548,978,450	560,347,182
Provision for WPPF and Welfare Fund	32.a	**136,181,349**	212,671,072	145,656,791
Other liabilities	33.a	**515,443,266**	486,907,546	416,249,116
Current liabilities		**23,549,726,842**	18,991,066,107	16,147,285,771
Total liabilities		**25,977,476,460**	21,928,715,573	18,112,940,150
Total equity and liabilities		**37,607,775,141**	32,530,539,095	28,482,734,725

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Chittagong, 12 August 2017

Rahman Rahman Huq
Chartered Accountants

BSRM Steels Limited and its subsidiary

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In Taka	Note	July'16-June'17	Jan'16-June'16	For the period ended 30 June Jan'16-June'17	Jan'15-Dec'15
Revenue	4.a	**37,996,410,539**	**20,066,076,442**	**58,062,486,981**	33,493,228,651
Cost of sales	5.a	**(33,439,115,539)**	**(16,735,003,517)**	**(50,174,119,056)**	(28,678,277,200)
Gross profit		**4,557,295,000**	**3,331,072,925**	**7,888,367,925**	4,814,951,451
Selling and distribution costs	6.a	**(938,883,694)**	**(591,086,940)**	**(1,529,970,634)**	(858,647,893)
Administrative costs	7.a	**(367,152,978)**	**(166,232,017)**	**(533,384,995)**	(302,967,383)
Other operating income	8.a	**22,332,934**	**13,053,810**	**35,386,744**	29,617,616
Operating profit		**3,273,591,262**	**2,586,807,778**	**5,860,399,040**	3,682,953,791
Finance costs	9.a	**(580,495,247)**	**(217,490,264)**	**(797,985,511)**	(830,836,624)
Finance income	10.a	**29,447,556**	**30,021,553**	**59,469,109**	67,645,276
Net finance costs		**(551,047,691)**	**(187,468,711)**	**(738,516,402)**	(763,191,348)
Profit before WPPF and Welfare Fund		**2,722,543,571**	**2,399,339,067**	**5,121,882,638**	2,919,762,444
Contribution to WPPF and Welfare Fund	32.a.i	**(136,181,349)**	**(119,941,223)**	**(256,122,572)**	(145,656,791)
Share of (loss)/profit of equity accounted investee, net of tax	11	**(225,874,590)**	**(18,555,854)**	**(244,430,444)**	75,311,775
Profit before tax		**2,360,487,632**	**2,260,841,990**	**4,621,329,622**	2,849,417,428
Income tax expense:					
Current tax		**(683,917,742)**	**(988,631,268)**	**(1,672,549,010)**	(393,336,207)
Deferred tax		**28,844,769**	**(17,439,632)**	**11,405,137**	(358,790,800)
Total income tax expense		**(655,072,973)**	**(1,006,070,900)**	**(1,661,143,873)**	(752,127,007)
Profit after tax		**1,705,414,659**	**1,254,771,090**	**2,960,185,749**	2,097,290,421
Other comprehensive income		**-**	**-**	**-**	-
Total comprehensive income		**1,705,414,659**	**1,254,771,090**	**2,960,185,749**	2,097,290,421
Profit attributable to:					
Owners of the company		**1,702,491,540**	**1,257,724,171**	**2,960,215,711**	2,096,851,089
Non-controlling interests		**2,923,119**	**(2,953,081)**	**(29,962)**	439,332
		1,705,414,659	**1,254,771,090**	**2,960,185,749**	2,097,290,421
Total comprehensive income attributable to:					
Owners of the company		**1,702,491,540**	**1,257,724,171**	**2,960,215,711**	2,096,851,089
Non-controlling interests		**2,923,119**	**(2,953,081)**	**(29,962)**	439,332
		1,705,414,659	**1,254,771,090**	**2,960,185,749**	2,097,290,421
Earnings per share					
Basic earnings per share (Taka)	12.a	**4.98**	**3.68**	**8.66**	6.14

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Chittagong, 12 August 2017

Rahman Rahman Huq
Chartered Accountants

RAHMAN RAHMAN HUQ * CHITTAGONG *

BSRM Steels Limited and its subsidiary
Consolidated statement of changes in equity

For the eighteen months period ended 30 June 2017

In Taka	Attributable to owners of the company					
	Share capital	**Revaluation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as on 1 July 2016	**3,417,750,000**	**2,621,828,110**	**4,458,086,923**	**10,497,665,033**	**104,158,489**	**10,601,823,522**
Total comprehensive income for the period July'16 to June'17	-	-	**1,702,491,540**	**1,702,491,540**	**2,923,119**	**1,705,414,659**
Interim cash dividend for 2016-17	-	-	**(683,550,000)**	**(683,550,000)**	-	**(683,550,000)**
Transfer of difference in depreciation between cost model and revaluation model	-	**(19,831,501)**	**26,442,001**	**6,610,500**	-	**6,610,500**
Balance as at 30 June 2017	**3,417,750,000**	**2,601,996,609**	**5,503,470,464**	**11,523,217,073**	**107,081,608**	**11,630,298,681**
						For the six months period ended 30 June 2016
Balance as on 1 January 2016	3,417,750,000	2,629,576,682	4,215,356,323	10,262,683,005	107,111,570	10,369,794,575
Total comprehensive income for the period Jan.'16 to June'16	-	-	1,257,724,171	1,257,724,171	(2,953,081)	1,254,771,090
Cash dividend for the year 2015	-	-	(1,025,325,000)	(1,025,325,000)	-	(1,025,325,000)
Transfer of difference in depreciation between cost model and revaluation model	-	(7,748,572)	10,331,429	2,582,857	-	2,582,857
Balance as at 30 June 2016	**3,417,750,000**	**2,621,828,110**	**4,458,086,923**	**10,497,665,033**	**104,158,489**	**10,601,823,522**
						For the year ended 31 December 2015
Balance as on 1 January 2015	3,417,750,000	2,635,014,277	2,609,417,357	8,662,181,634	106,672,238	8,768,853,872
Total comprehensive income for the year	-	-	2,096,851,089	2,096,851,089	439,332	2,097,290,421
Cash dividend for the year 2014	-	-	(512,662,500)	(512,662,500)	-	(512,662,500)
Transfer from deferred tax to revaluation reserve	-	10,875,188	-	10,875,188	-	10,875,188
Transfer of difference in depreciation between cost model and revaluation model	-	(16,312,783)	21,750,377	5,437,594	-	5,437,594
Balance as at 31 December 2015	3,417,750,000	2,629,576,682	4,215,356,323	10,262,683,005	107,111,570	10,369,794,575

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

RAHMAN RAHMAN HUQ CHITTAGONG

AMARSTOCK

BSRM Steels Limited and its subsidiary
Consolidated Statement of cash flows
For the period ended 30 June

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
a. Cash flows from operating activities					
Cash receipts from customers		**37,168,500,979**	**19,152,568,804**	**56,321,069,784**	34,112,034,896
Cash payments to suppliers and employees		**(35,580,032,468)**	**(14,805,352,817)**	**(50,385,385,285)**	(26,164,861,955)
Income tax/ Advance income tax paid		**(849,239,332)**	**(807,715,337)**	**(1,656,954,669)**	(328,081,613)
Interest paid		**(374,796,539)**	**(163,009,989)**	**(537,806,528)**	(858,979,213)
Net cash from operating activities		**364,432,640**	**3,376,490,662**	**3,740,923,302**	6,760,112,115
b. Cash flows from investing activities					
Acquisition of Property, plant and equipment		**(284,409,671)**	**(63,903,527)**	**(348,313,198)**	(803,313,576)
Addition to CWIP		**(1,080,252,250)**	**(53,705,003)**	**(1,133,957,253)**	(27,113,979)
Disposal of Property, plant and equipment		**3,766,042**	**4,190,000**	**7,956,042**	5,306,840
Increase in short term investments		**(103,377,015)**	**(45,481,997)**	**(148,859,012)**	(216,246,336)
Advance against purchase of PPE		**(131,299,969)**	**(35,496,218)**	**(166,796,187)**	-
Share money deposit to Chittagong Power Company Ltd.		**-**	**(500,000,000)**	**(500,000,000)**	-
Net cash used in investing activities		**(1,595,572,863)**	**(694,396,745)**	**(2,289,969,608)**	(1,041,367,051)
c. Cash flows from financing activities					
(Repayments) / Receipts of long term Loans		**(456,658,234)**	**1,214,705,947**	**758,047,713**	13,153,199
Dividend Paid		**(683,397,579)**	**(1,019,453,037)**	**(1,702,850,616)**	(509,125,727)
Short Term Borrowings/repayment		**5,042,868,361**	**1,295,685,312**	**6,338,553,673**	(5,936,210,695)
Loan to/from Related Companies		**(2,769,857,419)**	**(4,460,858,974)**	**(7,230,716,393)**	680,705,593
Net cash from financing activities		**1,132,955,129**	**(2,969,920,752)**	**(1,836,965,623)**	(5,751,477,630)
d. Net (decrease)/ increase in cash and cash equivalents (a+b+c)		**(98,185,094)**	**(287,826,836)**	**(386,011,929)**	(32,732,566)
e. Opening cash and cash equivalents		**295,559,386**	**463,867,101**	**463,867,101**	573,851,351
f. Closing cash and cash equivalents (d+e)		**77,855,172**	**176,040,266**	**77,855,172**	463,867,101

The annexed notes 1 to 43 are an integral part of these consolidated financial statements.

RAHMAN RAHMAN HUQ CHITTAGONG

BSRM Steels Limited
Statement of financial position

In Taka	Note	30 June 2017	30 June 2016	31 December 2015
ASSETS				
Property, plant and equipment	13	**7,845,717,260**	6,984,587,003	7,031,961,006
Intangible assets	15	**24,855,031**	28,199,151	29,871,212
Investment in subsidiary	16.01	**1,045,000,000**	1,045,000,000	1,045,000,000
Investment in associate	16.02	**1,325,036,459**	1,550,911,049	1,569,466,903
Non-current assets		**10,240,608,750**	9,608,697,203	9,676,299,121
Short term investment	17	**245,502,751**	259,905,876	266,749,130
Inventories	18	**7,015,414,276**	5,540,833,647	6,889,962,898
Trade and other receivables	19	**3,448,601,088**	2,568,997,717	2,247,869,647
Current account with related companies	20	**10,037,584,376**	7,145,824,837	2,626,472,168
Advances, deposits and prepayments	21	**1,563,349,721**	3,504,385,573	2,554,191,955
Cash and cash equivalents	22	**73,899,991**	180,478,907	468,886,084
Current assets		**22,384,352,203**	19,200,426,557	15,054,131,882
Total Assets		**32,624,960,953**	28,809,123,760	24,730,431,003
Equity				
Share capital	23	**3,417,750,000**	3,417,750,000	3,417,750,000
Retained earnings		**4,820,530,247**	3,829,602,555	3,531,278,026
Revaluation reserve		**2,104,010,606**	2,123,842,107	2,131,590,679
Total equity		**10,342,290,853**	9,371,194,662	9,080,618,705
Liabilities				
Long term borrowings- non current portion	24	**1,095,324,237**	1,547,131,995	548,388,963
Defined benefit obligations - Gratuity	25	**72,632,738**	57,366,281	55,875,824
Deferred tax liability	27	**801,274,097**	840,590,872	831,760,881
Non-current liabilities		**1,969,231,072**	2,445,089,148	1,436,025,668
Trade payables	28	**79,194,710**	46,514,219	33,623,532
Short term borrowings	29.01	**17,914,392,772**	14,156,306,174	12,650,676,709
Current portion of long term borrowings	29.07	**496,382,366**	457,704,192	196,850,016
Current account with related companies	30	**15,547,452**	-	-
Liabilities for expenses	31	**288,191,966**	344,884,653	237,212,136
Current tax liability	26	**897,748,213**	1,350,541,113	560,347,182
Provision for WPPF and Welfare Fund	32	**130,308,597**	198,906,493	132,559,843
Other liabilities	33	**491,672,953**	437,983,106	402,517,212
Current liabilities		**20,313,439,028**	16,992,839,950	14,213,786,630
Total liabilities		**22,282,670,100**	19,437,929,098	15,649,812,298
Total equity and liabilities		**32,624,960,953**	28,809,123,760	24,730,431,003

The annexed notes 1 to 43 are an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Chittagong, 12 August 2017

RAHMAN RAHMAN HUQ CHITTAGONG

Rahman Rahman Huq
Chartered Accountants

BSRM Steels Limited

Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Revenue	4	32,683,571,946	17,265,182,648	49,948,754,594	32,316,100,562
Cost of sales	5	(28,444,663,016)	(14,150,488,526)	(42,595,151,542)	(27,947,447,147)
Gross profit		4,238,908,930	3,114,694,122	7,353,603,052	4,368,653,415
Selling and distribution costs	6	(938,883,694)	(591,086,940)	(1,529,970,634)	(858,647,893)
Administrative costs	7	(330,207,378)	(146,594,026)	(476,801,404)	(268,473,270)
Other operating income	8	3,051,576	2,847,002	5,898,578	16,399,295
Operating profit		2,972,869,434	2,379,860,158	5,352,729,592	3,257,931,547
Finance costs	9	(380,285,683)	(161,287,564)	(541,573,247)	(673,131,697)
Finance income	10	13,588,198	27,196,599	40,784,797	66,397,014
Net finance costs		(366,697,485)	(134,090,965)	(500,788,450)	(606,734,683)
Profit before WPPF and Welfare Fund		2,606,171,950	2,245,769,193	4,851,941,142	2,651,196,865
Contribution to WPPF and Welfare Fund	32	(130,308,597)	(112,288,460)	(242,597,057)	(132,559,843)
Share of (loss)/profit of equity accounted investee, net of tax		(225,874,590)	(18,555,854)	(244,430,444)	75,311,775
Profit before tax		2,249,988,762	2,114,924,879	4,364,913,641	2,593,948,797
Income tax expense:					
Current tax	26	(634,659,347)	(790,193,931)	(1,424,853,278)	(393,336,207)
Deferred tax	27	32,706,275	(11,412,848)	21,293,427	(118,735,427)
Total income tax expense		(601,953,072)	(801,606,779)	(1,403,559,851)	(512,071,634)
Profit after tax		1,648,035,691	1,313,318,100	2,961,353,791	2,081,877,163
Other comprehensive income		-	-	-	-
Total comprehensive income		1,648,035,691	1,313,318,100	2,961,353,791	2,081,877,163
Earnings per share					
Basic earnings per share (Taka)	12	4.82	3.84	8.66	6.09

The annexed notes 1 to 43 are an integral part of these financial statements.

Managing Director | Director | Company Secretary

As per our annexed report of same date.

Chittagong, 12 August 2017

Rahman Rahman Huq
Chartered Accountants

RAHMAN RAHMAN HUQ CHITTAGONG

BSRM Steels Limited

Statement of changes in equity

For the eighteen months period ended 30 June 2017

In Taka	Share capital	Revaluation reserve	Retained earnings	Total
Balance as on 1 July 2016	**3,417,750,000**	**2,123,842,107**	**3,829,602,555**	**9,371,194,662**
Total comprehensive income for the period July'16 to June'17	-	-	**1,648,035,691**	**1,648,035,691**
Interim cash dividend for the year 2016-17	-	-	**(683,550,000)**	**(683,550,000)**
Transfer of difference in depreciation between cost model and revaluation model	-	**(19,831,501)**	**26,442,001**	**6,610,500**
Balance as at 30 June 2017	**3,417,750,000**	**2,104,010,606**	**4,820,530,247**	**10,342,290,853**

For the six months ended 30 June 2016

Balance as on 1 January 2016	3,417,750,000	2,131,590,679	3,531,278,026	9,080,618,705
Total comprehensive income for the period Jan.'16 to June'16	-	-	1,313,318,100	1,313,318,100
Cash dividend for the year 2015	-	-	(1,025,325,000)	(1,025,325,000)
Transfer of difference in depreciation between cost model and revaluation model	-	(7,748,572)	10,331,429	2,582,857
Balance as at 30 June 2016	3,417,750,000	2,123,842,107	3,829,602,555	9,371,194,662

For the year ended 31 December 2015

Balance as on 1 January 2015	3,417,750,000	2,137,028,274	1,940,312,986	7,495,091,260
Total comprehensive income for the year	-	-	2,081,877,163	2,081,877,163
Cash dividend for the year 2014	-	-	(512,662,500)	(512,662,500)
Transfer from deferred tax to revaluation reserve	-	10,875,188	-	10,875,188
Transfer of difference in depreciation between cost model and revaluation model	-	(16,312,783)	21,750,377	5,437,594
Balance as at 31 December 2015	3,417,750,000	2,131,590,679	3,531,278,026	9,080,618,705

The annexed notes 1 to 43 are an integral part of these financial statements.

RAHMAN RAHMAN HUQ CHITTAGONG

AMARSTOCK

BSRM Steels Limited
Statement of cash flows
For the period ended 30 June

In Taka	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
a. Cash flows from operating activities				
Cash receipts from customers	31,858,131,936	16,936,965,455	48,795,097,391	33,251,803,564
Cash payments to suppliers and employees	(29,249,004,560)	(12,926,131,083)	(42,175,135,643)	(26,559,200,269)
Income tax paid	(849,239,332)	(807,715,337)	(1,656,954,669)	(328,081,613)
Interest paid	(374,796,539)	(109,632,243)	(484,428,782)	(598,193,405)
Net cash from operating activities	1,385,091,504	3,093,486,792	4,478,578,296	5,766,328,277
b. Cash flows from investing activities				
Acquisition of Property, plant and equipment	(232,538,157)	(51,351,891)	(283,890,048)	(749,636,537)
Addition to CWIP	(931,348,810)	(32,430,081)	(963,778,891)	(8,527,589)
Disposal of Property, plant and equipment	3,766,042	4,120,000	7,886,042	5,306,840
Decrease/ (increase) in short term investments	14,403,125	6,843,254	21,246,379	(246,646,796)
Advance for purchase of PPE	(131,299,969)	(35,496,218)	(166,796,187)	-
Share money deposit to Chittagong Power Company Ltd.	-	(500,000,000)	(500,000,000)	-
Net cash used in investing activities	(1,277,017,769)	(608,314,936)	(1,885,332,705)	(999,504,082)
c. Cash flows from financing activities				
(Repayment) / Receipt of Long term loans	(413,129,583)	1,259,597,208	846,467,625	84,859,874
Dividend paid	(683,397,579)	(1,019,453,037)	(1,702,850,616)	(509,125,727)
Receipt/(Repayment) of short term borrowings	3,758,086,598	1,505,629,465	5,263,716,063	(4,373,691,442)
Loan to/from related companies	(2,876,212,087)	(4,519,352,669)	(7,395,564,756)	(21,073,592)
Net cash from financing activities	(214,652,652)	(2,773,579,033)	(2,988,231,684)	(4,819,030,887)
d. Net increase/(decrease) in cash and cash	(106,578,916)	(288,407,177)	(394,986,093)	(52,206,692)
e. Opening cash and cash equivalents	180,478,907	468,886,084	468,886,084	521,092,776
f. Closing cash and cash equivalents (d+e)	73,899,991	180,478,907	73,899,991	468,886,084

The annexed notes 1 to 43 are an integral part of these financial statements.

AMARSTOCK

1.00 Reporting entity

1.01 Legal form of the entity

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

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

1.02 Nature of the business

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

1.03 BSRM Iron & Steel Co. Limited- subsidiary

BSL acquired 95% equity interest in BSRM Iron & Steel Co. Limited (BISCO) i.e. 104,500,000 Ordinary Shares of Tk. 10 each on 10 November 2010 in exchange of 104,500,000 Ordinary Shares of Tk. 10 each of BSRM Steels Limited.
BISCO was incorporated on 13 April 2005 as a Private Limited Company and was subsequently converted to a Public Limited Company on 15 March 2011. The principal activity of BISCO is to manufacture and sell M.S. Billets. It commenced commercial production from 1 June 2010. The Financial Statements of this subsidiary company is included in the Consolidated Financial Statements according to BFRS 10 - "Consolidated Financial Statements".

1.04 BSRM Steel Mills Limited- associate

BSRM Steel Mills Limited (BSML) was incorporated on 16 April 2008 as a Private Limited Company and was subsequently converted to a Public Limited Company on 12 November 2013. The main objective of BSML is to manufacture and sell M.S. Billets. Paid up Capital of BSML is Tk. 394.43 Crore divided into 39.44 Crore Ordinary Shares of Tk. 10 each. BSRM Steels Limited has acquired 100,000,000 nos. of Ordinary Shares of Tk. 10 each of BSML i.e., 25.35% (25.35% in 2015). BSML commenced commercial production on 16 June 2016.

2.00 Basis of accounting

2.01 Statement of compliance

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

2.02 Basis of reporting

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

2.03 Other regulatory compliances

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

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

2.04 Basis of measurement

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

2.05 Going concern

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

2.06 Reporting period

The financial statements of the company and the consolidated financial statements of the group cover eighteen months from 01 January 2016 to 30 June 2017. Until 31 December 2015, financial year of the company and the group was from 01 January to 31 December. Consequent to changes brought in by Finance Act 2015, the company has changed its financial year end to 30 June to comply with the Act.

2.07 Authorization for issue

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

2.08 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the period ended 30 June 2017 are consistent with those policies and methods except depreciation method adopted in preparing the financial statements for the year ended 31 December 2015.

2.09 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 and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements. Prior year's figures have been rearranged wherever considered necessary to ensure comparability with the current period.

As the year end has been changed to 30 June from 31 December to comply with the Finance Act, these financial statements cover eighteen months whereas the comparative information cover twelve months. Hence, the comparative information are not entirely comparable.

2.10 Functional and presentation currency

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

3.00 Use of estimates and judgements

The preparation of the Financial Statements in conformity with BAS and BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Judgements, Assumptions and estimation uncertainties

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

- Note 13.00 Property, plant and equipment
- Note 15.00 Intangible assets
- Note 18.00 Inventories
- Note 19.00 Trade and other receivables
- Note 25.00 Provision for gratuity
- Note 26.00 Current tax liability
- Note 27.00 Deferred tax liability
- Note 33.00 Other liabilities
- Note 35.00 Contingent liabilities

RAHMAN RAHMAN HUQ CHITTAGONG

Measurement of fair values

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

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

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

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

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

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

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

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

AMAR STOCK

4.00 Revenue

See accounting policy in note 43.18.

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Xtreme 500W		29,038,315,744	16,098,974,938	45,137,290,682	30,277,443,123
D-Bar Grade-B420DWR		3,001,195,875	851,970,090	3,853,165,965	1,286,976,758
D-Bar Grade 400		116,414	908,272	1,024,686	182,218,238
D-Bar Grade-550		26,752,765	6,062,307	32,815,072	-
D-Bar Grade-75		285,250,226	145,911,251	431,161,477	265,293,328
D-Bar GR300		-	-	-	24,230,518
Miss Rolls/ scrap		331,940,922	161,355,790	493,296,712	279,938,597
		32,683,571,946	17,265,182,648	49,948,754,594	32,316,100,562

4.01 Break-up of revenue

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Local sales		31,787,086,110	16,899,936,796	48,687,022,906	31,073,168,721
Export sales		896,485,836	365,245,852	1,261,731,688	1,242,931,841
		32,683,571,946	17,265,182,648	49,948,754,594	32,316,100,562

Total export sales for the period was USD 11,051,476 against export of 20,256.7 MT of goods.

4.a Consolidated revenue

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	4.00	32,683,571,946	17,265,182,648	49,948,754,594	32,316,100,562
BSRM Iron & Steel Co. Ltd.		8,184,295,006	3,751,488,937	11,935,783,943	7,916,119,496
Less: Intra group sales by subsidiary		(2,871,456,413)	(950,595,143)	(3,822,051,556)	(6,738,991,407)
		37,996,410,539	20,066,076,442	58,062,486,981	33,493,228,651

5.00 Cost of sales

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Cost of sales- own production	5.01	28,141,587,697	12,730,500,035	40,872,087,732	27,085,241,456
Cost of sales-finished goods procured and sold	5.02	303,075,319	1,419,988,491	1,723,063,810	862,205,691
		28,444,663,016	14,150,488,526	42,595,151,542	27,947,447,147



5.01 Cost of sales-own production

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Opening stock of raw materials		2,361,027,966	3,882,064,212	3,882,064,212	8,694,060,297
Add: Purchase		27,287,169,332	10,540,953,062	37,828,122,394	21,138,945,355
		29,648,197,298	14,423,017,274	41,710,186,606	29,833,005,652
Less: Closing stock of raw materials	18.00	(2,422,415,357)	(2,361,027,966)	(2,422,415,357)	(3,882,064,212)
Raw materials consumed		27,225,781,941	12,061,989,308	39,287,771,249	25,950,941,440
Add: Manufacturing expenses					
Salary and wages		158,185,231	76,610,925	234,796,156	130,612,454
Overtime		1,802,842	833,017	2,635,859	2,203,215
Casual wages		7,031,409	3,121,656	10,153,065	6,071,592
Factory overhead	5.04	310,979,213	58,853,181	369,832,394	155,288,351
Power		387,154,566	200,948,356	588,102,922	346,163,628
Gas		146,476,851	70,402,857	216,879,708	115,170,784
Management expenses		102,159,679	108,676,276	210,835,955	180,855,914
Fuel and Lubricants consumption		103,640,785	62,221,883	165,862,668	161,115,779
Mechanical store consumption		147,259,709	63,163,574	210,423,283	154,530,506
MS Roll consumption		484,928	997,475	1,482,403	42,698,884
Electrical store consumption		51,067,599	27,127,945	78,195,544	53,010,738
General store consumed		7,717,401	3,500,724	11,218,125	6,053,057
Rental expenses		10,624,440	4,537,488	15,161,928	5,436,924
Depreciation	13.00	247,421,094	111,851,795	359,272,889	209,182,749
Manufacturing expenses		1,682,005,747	792,847,152	2,474,852,899	1,568,394,575
Cost of Goods Manufactured		28,907,787,688	12,854,836,460	41,762,624,148	27,519,336,015
Add: Opening stock of Work-in-Process		-	2,885,874	2,885,874	-
		28,907,787,688	12,857,722,334	41,765,510,022	27,519,336,015
Less: Closing stock of Work-in-Process		-	-	-	(2,885,874)
		28,907,787,688	12,857,722,334	41,765,510,022	27,516,450,141
Add: Opening stock of Finished Goods		2,440,408,682	2,313,186,383	2,313,186,383	1,881,977,698
		31,348,196,370	15,170,908,717	44,078,696,405	29,398,427,839
Less: Closing stock of Finished Goods	18.00	(3,206,608,673)	(2,440,408,682)	(3,206,608,673)	(2,313,186,383)
Cost of sales - own production		28,141,587,697	12,730,500,035	40,872,087,732	27,085,241,456

5.02 Cost of sales-finished goods procured and sold

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Opening stock of finished goods		23,845,916	15,093,183	15,093,183	8,702,296
Add: Finished goods purchased from outside		299,912,618	1,428,741,224	1,728,653,842	868,596,578
		323,758,534	1,443,834,407	1,743,747,025	877,298,874
Less: Closing stock of finished goods		(20,683,215)	(23,845,916)	(20,683,215)	(15,093,183)
Cost of sales-finished goods procured and sold		303,075,319	1,419,988,491	1,723,063,810	862,205,691

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5.03 Quantitative movement of inventories

In Metric ton	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Raw Materials					
Opening stock		78,375	119,469	119,469	182,813
Add: Imported during the period		159,237	236,443	395,681	314,386
Add: Purchased from related companies & others		520,088	105,132	625,220	240,402
		757,700	461,044	1,140,370	737,601
Less: Consumed / sold during the period		700,172	372,669	1,072,842	618,293
Add: Adjustment / Return		-	(10,000)	(10,000)	161
Closing stock		57,528	78,375	57,528	119,469
Finished Goods					
Opening stock		75,706	56,442	56,442	37,372
Add: Produced during the period		681,064	362,254	1,043,318	602,832
Add: Purchased from related companies & others		8,217	30,453	38,670	17,183
Add: Stock adjustment		-	304	304	3,567
Stock available for sale		764,987	449,453	1,138,734	660,954
Less: Sold during the period		692,504	373,747	1,066,251	604,513
Closing stock		72,483	75,706	72,483	56,442

5.04 Factory overhead

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Car allowance		2,272,405	870,903	3,143,308	1,018,849
Carrying charges -Finished goods		40,489,162	9,852,876	50,342,038	31,329,527
Carrying charges -Raw materials		216,214,495	28,929,218	245,143,713	66,459,308
Consulting fees		2,740,021	782,483	3,522,504	677,011
Conveyance expenses		8,161,958	3,710,405	11,872,363	7,694,805
Electric expenses		575,846	355,723	931,569	786,554
Entertainment		3,707,843	1,981,331	5,689,174	4,105,084
Ex-Gratia allowance		152,450	95,200	247,650	145,700
Fees and renewals		516,694	263,925	780,619	78,456
Gratuity	25.00	4,961,536	828,971	5,790,507	8,860,031
Guest house expenses		591,431	343,457	934,888	548,975
Guest house rent		1,866,342	893,100	2,759,442	1,704,700
Insurance expenses		3,762,534	553,810	4,316,344	3,183,911
Medical expenses		2,079,588	704,680	2,784,268	651,506
Motor car expenses		85,219	237,800	323,019	231,880
Paper and periodical		10,570	3,900	14,470	6,920
Postage and telegram		48,290	22,220	70,510	18,010
Repair and maintenance of buildings		7,333,289	1,268,164	8,601,453	5,495,093
Repair and maintenance of machineries		6,795,917	5,124,964	11,920,881	10,919,809
Repairs and maintenance- others		690,695	304,417	995,112	2,267,546
Stationery		5,269,348	1,243,742	6,513,090	2,708,130
Testing charges		51,800	12,000	63,800	50,100
Land revenue		43,350	-	43,350	-
Bonus		-	-	-	4,774,257
Domiciliary expenses		-	-	-	504,877
Factory office expenses		-	-	-	152,018
Leave assistance		-	-	-	30,000
Mobile/Telephone expenses		-	-	-	2,900
Travelling expenses		2,558,431	469,892	3,028,323	882,395
		310,979,213	58,853,181	369,832,394	155,288,351

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5.05 Value of imports on C.I.F basis

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Raw materials		3,071,355,441	5,833,573,228	8,904,928,669	10,174,663,834
Components and spare parts		386,144,569	131,155,127	517,299,696	210,680,424
Capital goods		137,816,119	-	137,816,119	393,343,474

5.06 Consumption of imported and domestic materials and spares

	July'16-June'17		Jan'16-June'16		Jan'15-Dec'15	
Raw materials:	Taka	%	Taka	%	Taka	%
Imported	7,438,395,075	27%	8,925,872,088	74%	14,523,905,379	56%
Local	19,787,386,866	73%	3,136,117,220	26%	11,427,036,061	44%
	27,225,781,941	100%	12,061,989,308	100%	25,950,941,440	100%
Spare parts and components:						
Imported	93,038,145	30%	91,288,994	58%	223,344,074	54%
Local	217,089,006	70%	65,722,607	42%	194,064,890	46%
	310,127,151	100%	157,011,601	500%	417,408,964	100%

5.a Consolidated cost of sales

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	5.00	28,444,663,016	14,150,488,526	42,595,151,542	27,947,447,147
BSRM Iron & Steel Co. Ltd.		7,864,825,517	3,535,624,741	11,400,450,258	7,476,448,079
Less: Intra group sales by subsidiary to BSRM Steels Limited		(2,871,456,413)	(950,595,143)	(3,822,051,556)	(6,738,991,407)
Less: Adjustment for unrealized profit on opening inventory		-	(514,607)	(514,607)	(7,141,226)
Add: Provision for unrealized profit on closing inventory		1,083,420	-	1,083,420	514,607
		33,439,115,539	16,735,003,517	50,174,119,056	28,678,277,200

6.00 Selling and distribution costs

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Advertisement		236,108,824	170,892,031	407,000,855	168,997,780
Bad and doubtful debts		38,876	274,483	313,359	266,795
Brokerage and commission		119,986,096	84,416,169	204,402,265	99,386,688
Car allowance		3,659,529	1,397,050	5,056,579	2,682,540
Carriage on sales		215,827,852	173,285,852	389,113,704	278,353,003
Conveyance expenses		5,756,552	2,561,658	8,318,210	3,222,579
Depreciation expenses	13.00	22,112,792	7,981,867	30,094,659	11,813,911
Electricity expenses-Depot		2,663,670	685,840	3,349,510	1,611,552
Entertainment		54,015,301	24,035,881	78,051,182	13,593,615
Export charges		2,243,619	1,040,176	3,283,795	2,118,062
Fees and renewals		250,432	23,300	273,732	161,522
Generator rent & fuel		182,791	54,418	237,209	34,521
Gratuity expenses	25.00	5,170,185	1,216,149	6,386,334	2,105,687
Internet expenses		375,217	135,610	510,827	300,521
Medical expenses		705,173	131,291	836,464	514,610
Motor cycle allowance		2,151,477	474,720	2,626,197	1,372,103
Office expenses		648,775	132,716	781,491	1,243,927
Paper and periodicals		66,719	18,797	85,516	38,015
Printing charges		13,396,622	6,388,547	19,785,169	10,630,864
Repair and maintenance of building		13,620	50,671	64,291	763,802
Repair and maintenance- others		1,099,268	770,340	1,869,608	1,227,045
Royalty expenses	6.01	92,518,939	48,683,815	141,202,754	90,676,909
Salaries and allowances		104,082,576	48,132,182	152,214,758	73,386,572
Sales promotion expenses		40,832,403	11,236,860	52,069,263	79,952,772
Stationery expenses		411,963	245,006	656,969	168,873
Testing charges		1,708,349	783,017	2,491,366	2,093,289
Travelling expenses		9,954,856	4,713,349	14,668,205	8,291,473
Warehouse rent		2,901,220	1,325,145	4,226,365	3,332,213
Leave assistance		-	-	-	265,239
Legal expenses		-	-	-	6,058
Motor car expenses		-	-	-	35,353
		938,883,694	591,086,940	1,529,970,634	858,647,893

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

6.a Consolidated selling and distribution cost

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	6.00	938,883,694	591,086,940	1,529,970,634	858,647,893
BSRM Iron & Steel Co. Ltd.		-	-	-	-
		938,883,694	591,086,940	1,529,970,634	858,647,893

7.00 Administrative costs

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Advertisement		1,389,608	681,538	2,071,146	1,051,896
Amortization	15.01	3,344,120	1,672,060	5,016,180	3,344,120
Car allowance		3,653,464	1,740,072	5,393,536	3,117,527
Conveyance expenses		874,572	621,112	1,495,684	2,562,161
CSR expenses		29,345,426	12,715,200	42,060,626	18,981,845
Depreciation	13.00	27,764,092	8,119,387	35,883,479	18,464,703
Directors' remuneration	7.01	66,000,000	33,000,000	99,000,000	58,454,450
Donation and subscriptions		695,344	140,000	835,344	1,147,130
Electricity expenses		1,728,566	1,031,609	2,760,175	1,777,914
Entertainment		6,641,708	3,500,470	10,142,178	6,767,693
Fees and renewals		4,817,459	3,353,410	8,170,869	2,186,080
Generator expenses		20,069	23,264	43,333	44,510
Internet expenses		1,308,749	701,545	2,010,294	1,480,988
Land revenue		159,320	273,350	432,670	616,059
Leave assistance		1,331,500	232,000	1,563,500	730,000
Legal expenses		1,200,535	313,320	1,513,855	1,348,582
Maternity Scheme Benefit		685,641	377,520	1,063,161	822,795
Motor car expenses		3,882,890	1,854,892	5,737,782	2,984,794
Motor cycle allowance		370,202	253,597	623,799	236,499
Office and miscellaneous expenses		1,201,796	995,607	2,197,403	900,748
Office rent		7,303,864	3,075,143	10,379,007	6,074,540
Paper and periodicals		1,061,100	554,816	1,615,916	552,726
Postage expenses		977,300	289,949	1,267,249	879,175
Printing		22,800	1,298,350	1,321,150	1,440,755
Professional and consulting fee		7,283,733	2,761,642	10,045,375	5,832,803
Repair and maintenance of building		1,603,890	95,020	1,698,910	231,051
Repair and maintenance- others		2,719,900	3,273,195	5,993,095	6,519,763
Salaries and allowances		126,093,239	55,088,632	181,181,871	95,375,692
Stationery		2,974,302	1,667,686	4,641,988	3,227,196
Telephone expenses		4,154,944	1,881,642	6,036,586	3,245,952
Training expenses		1,806,179	730,052	2,536,231	1,221,199
Traveling expenses		6,354,709	2,592,981	8,947,690	4,067,753
Gratuity expenses	25.00	8,432,129	411,186	8,843,315	6,115,254
Audit and other fees		940,910	582,590	1,523,500	601,450
Board meeting fee		244,375	92,000	336,375	-
Medical expenses		1,818,945	599,189	2,418,134	-
Bonus		-	-	-	3,548,494
Domiciliary expenses		-	-	-	575,538
Health check-up scheme		-	-	-	13,450
Hospitalization scheme		-	-	-	416,766
Motor car repair		-	-	-	1510343
Insurance expenses		-	-	-	2,875
		330,207,378	146,594,026	476,801,404	268,473,270

7.01 Directors' remuneration

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

In Taka	Jan.'16-June'17		
Name	Gross Remuneration	Income Tax Deducted	Net Paid
Mr. Alihussain Akberali - Chairman	38,700,000	11,610,000	27,090,000
Mr. Aameir Alihussain - Managing Director	33,300,000	9,990,000	23,310,000
Mr. Zohair Taherali - Director	17,100,000	5,130,000	11,970,000
Mrs. Tehseen Zohair Taherali - Director	9,900,000	2,970,000	6,930,000
	99,000,000	29,700,000	69,300,000

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

7.a Consolidated administrative cost

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	7.00	330,207,378	146,594,026	476,801,404	268,473,270
BSRM Iron & Steel Co. Ltd.		36,945,600	19,637,991	56,583,591	34,494,113
		367,152,978	166,232,017	533,384,995	302,967,383

8.00 Other operating income

See accounting policy in note 43.20.

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Gain/(loss) on sale of PPE		(1,692,689)	917,074	(775,615)	2,263,756
Miscellaneous income		4,744,265	1,929,928	6,674,193	14,135,539
		3,051,576	2,847,002	5,898,578	16,399,295

8.a Consolidated other operating income

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	8.00	3,051,576	2,847,002	5,898,578	16,399,295
BSRM Iron & Steel Co. Ltd.		19,281,358	10,206,808	29,488,166	13,218,321
		22,332,934	13,053,810	35,386,744	29,617,616

9.00 Finance costs

See accounting policy in note 43.19.

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Interest on OD, cash credit		86,180,987	22,057,981	108,238,968	77,920,260
Interest on LATR		12,297,903	2,646,620	14,944,523	43,066,232
Interest on demand and time loan		1,007,780,408	331,480,008	1,339,260,416	879,111,888
Interest on term loan		141,081	29,186,000	29,327,081	89,201,356
Interest income from loan to related companies		(933,455,194)	(267,658,085)	(1,201,113,279)	(423,983,296)
Bank charges & others		10,732,028	3,628,955	14,360,983	7,671,348
Bank guarantee commission		1,131,584	21,537	1,153,121	143,909
Interest on redeemable zero coupon bond		183,857,747	37,334,978	221,192,725	-
Agency fees		11,619,140	2,589,570	14,208,710	-
		380,285,683	161,287,564	541,573,247	673,131,697

9.a Consolidated finance cost

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	9.00	380,285,683	161,287,564	541,573,247	673,131,697
BSRM Iron & Steel Co. Ltd.		200,209,564	56,202,700	256,412,264	164,047,951
Less: Intra group interest Income		-	-	-	(6,343,024)
		580,495,247	217,490,264	797,985,511	830,836,624

10.00 Finance income

See accounting policy in note 43.19.

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Foreign currency exchange gain	10.01	(16,204,202)	7,852,966	(8,351,236)	11,716,105
Interest on trade debtors		9,307,328	5,658,971	14,966,299	26,224,261
Interest income from FDR		14,883,720	13,675,838	28,559,558	28,435,732
Interest on Short Term Deposit (STD)		3,989	8,824	12,813	13,060
Rebate on interest on bank loan		5,597,364	-	5,597,364	-
Interest on IPO deposit		-	-	-	7,856
		13,588,198	27,196,599	40,784,797	66,397,014

10.01 Foreign currency exchange gain/(loss)

Realized foreign currency transaction gain	(2,012,538)	11,458,101	9,445,563	1,698,504
Unrealized foreign currency translation gain	(14,191,665)	(3,605,135)	(17,796,800)	10,017,601
	(16,204,202)	7,852,966	(8,351,236)	11,716,105

Foreign currency transaction gain/ loss

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

Foreign currency translation gain/loss

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

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10.a Consolidated finance income

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
BSRM Steels Limited	10.00	13,588,198	27,196,599	40,784,797	66,397,014
BSRM Iron & Steel Co. Ltd.		15,859,358	2,824,954	18,684,312	7,591,286
Less: Intra group interest income		-	-	-	(6,343,024)
		29,447,556	30,021,553	59,469,109	67,645,276

11.00 Share of (loss)/profit of associate (Net of tax)

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Net loss attributable to the shareholders' of associate		(890,929,343)	(73,190,855)	(964,120,198)	(24,446,370)
Percentage of holding		25.35%	25.35%	25.35%	25.35%
Net loss attributable to BSRM Steels Ltd.		(225,874,590)	(18,555,854)	(244,430,444)	(3,878,425)
Excess of proportionate net assets' value of associate over acquisition cost		-	-	-	79,190,200
		(225,874,590)	(18,555,854)	(244,430,444)	75,311,775

12.00 Earnings per share (EPS)

See accounting policy in note 43.21.

12.01 Basic EPS

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Profit attributable to the ordinary shareholders (Taka)		1,648,035,691	1,313,318,100	2,961,353,791	2,081,877,163
Weighted Average no. of shares outstanding during the year (Nos.)		341,775,000	341,775,000	341,775,000	341,775,000
Basic EPS (Taka)		4.82	3.84	8.66	6.09

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

12.a Consolidated earnings per share (CEPS)

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Net profit after tax attributable to owners of the company (Taka)		1,702,491,540	1,257,724,171	2,960,215,711	2,096,851,089
Weighted Average number of ordinary shares outstanding during the period (Nos.)		341,775,000	341,775,000	341,775,000	341,775,000
Consolidated earnings per share (CEPS) (Taka)		4.98	3.68	8.66	6.14

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

See accounting policy in note 43.03.

In Taka	Land and Land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
At revaluation										
Balance as at 01 January 2015	2,210,257,975	3,523,854,315	89,906,098	1,716,160,988	37,763,862	54,184,763	12,390,419	25,353,561	51,881,394	7,721,753,375
Additions for the year	128,329,142	593,671,281	16,692,244	48,863,391	3,399,364	6,752,989	135,000	3,674,520	293,235,293	1,094,753,224
Disposal/ transfer	-	-	(7,576,198)	-	-	-	-	-	(336,589,098)	(344,165,296)
Balance as at 31 December 2015	2,338,587,117	4,117,525,596	99,022,144	1,765,024,379	41,163,226	60,937,752	12,525,419	29,028,081	8,527,589	8,472,341,303
Balance as at 01 January 2016	2,338,587,117	4,117,525,596	99,022,144	1,765,024,379	41,163,226	60,937,752	12,525,419	29,028,081	8,527,589	8,472,341,303
Additions	15,510,980	21,896,568	5,373,328	9,926,207	7,242,542	5,256,879	101,014	1,348,800	32,430,081	99,086,399
Disposal/ transfer	-	-	(9,272,784)	-	-	-	-	-	(15,304,427)	(24,577,211)
Balance as at 30 June 2016	2,354,098,097	4,139,422,164	95,122,688	1,774,950,586	48,405,768	66,194,631	12,626,433	30,376,881	25,653,243	8,546,850,491
Balance as at 01 July 2016	**2,354,098,097**	**4,139,422,164**	**95,122,688**	**1,774,950,586**	**48,405,768**	**66,194,631**	**12,626,433**	**30,376,881**	**25,653,243**	**8,546,850,491**
Additions	**192,385,441**	**71,934,519**	**13,764,159**	**6,819,954**	**3,418,198**	**4,190,492**	**4,301,133**	**10,327,690**	**931,348,810**	**1,238,490,396**
Disposal/ transfer	-	-	**(10,946,155)**	-	**(4,204,738)**	**(272,875)**	-	**(38,500)**	**(74,603,429)**	**(90,065,697)**
Balance as at 30 June 2017	**2,546,483,538**	**4,211,356,683**	**97,940,692**	**1,781,770,540**	**47,619,228**	**70,112,248**	**16,927,566**	**40,666,071**	**882,398,624**	**9,695,275,190**
Accumulated depreciation										
Balance as at 01 January 2015	-	945,207,208	37,857,811	176,572,745	15,577,905	18,587,125	2,867,747	8,781,507	-	1,205,452,048
Charged for the year	-	133,494,547	12,068,366	77,205,608	4,706,363	7,405,364	953,392	3,627,723	-	239,461,363
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
Balance as at 31 December 2015	-	1,078,701,755	45,393,063	253,778,353	20,284,268	25,992,489	3,821,139	12,409,230	-	1,440,380,297
Balance as at 01 January 2016	-	1,078,701,755	45,393,063	253,778,353	20,284,268	25,992,489	3,821,139	12,409,230	-	1,440,380,297
Charged for the period	-	76,254,914	5,504,845	37,925,557	2,435,609	3,655,002	439,012	1,738,110	-	127,953,049
Adjustment for disposal	-	-	(6,069,858)	-	-	-	-	-	-	(6,069,858)
Balance as at 30 June 2016	-	1,154,956,669	44,828,050	291,703,910	22,719,877	29,647,491	4,260,151	14,147,340	-	1,562,263,488
Balance as at 01 July 2016	-	**1,154,956,669**	**44,828,050**	**291,703,910**	**22,719,877**	**29,647,491**	**4,260,151**	**14,147,340**	-	**1,562,263,488**
Charged for the year	-	**174,267,186**	**16,263,512**	**74,169,580**	**11,648,819**	**12,157,776**	**914,681**	**7,876,425**	-	**297,297,979**
Adjustment for disposal	-	-	**(7,017,720)**	-	**(2,793,430)**	**(169,261)**	-	**(23,126)**		**(10,003,537)**
Balance as at 30 June 2017	-	**1,329,223,855**	**54,073,842**	**365,873,490**	**31,575,266**	**41,636,006**	**5,174,832**	**22,000,639**	-	**1,849,557,930**
Carrying amount										
As at 31 December 2015	2,338,587,117	3,038,823,841	53,629,081	1,511,246,026	20,878,958	34,945,263	8,704,280	16,618,851	8,527,589	7,031,961,006
As at 30 June 2016	2,354,098,097	2,984,465,495	50,294,638	1,483,246,676	25,685,891	36,547,140	8,366,282	16,229,541	25,653,243	6,984,587,003
As at 30 June 2017	**2,546,483,538**	**2,882,132,828**	**43,866,850**	**1,415,897,050**	**16,043,962**	**28,476,242**	**11,752,734**	**18,665,432**	**882,398,624**	**7,845,717,260**

Depreciation allocation:

In Taka	Note	July'16-June'17	Jan'16-June'16	Jan'16-June'17	Jan'15-Dec'15
Cost of sales	5.01	**247,421,094**	111,851,795	359,272,889	209,182,749
Selling & distribution costs	6.00	**22,112,792**	7,981,867	30,094,659	11,813,911
Administrative costs	7.00	**27,764,092**	8,119,387	35,883,479	18,464,703
Total		**297,297,978**	127,953,049	425,251,027	239,461,363

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

In Taka	Land and land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
At cost										
Balance as at 01 January 2015	388,610,165	3,523,854,315	89,906,098	1,359,850,976	37,763,862	54,184,763	12,390,419	25,353,561	51,881,394	5,543,795,553
Additions	128,329,142	593,671,281	16,692,244	48,863,391	3,399,364	6,752,989	135,000	3,674,520	293,235,293	1,094,753,224
Disposal	-	-	(7,576,198)	-	-	-	-	-	(336,589,098)	(344,165,296)
Balance as at 31 December 2015	516,939,307	4,117,525,596	99,022,144	1,408,714,367	41,163,226	60,937,752	12,525,419	29,028,081	8,527,589	6,294,383,481
Balance as at 01 January 2016	516,939,307	4,117,525,596	99,022,144	1,408,714,367	41,163,226	60,937,752	12,525,419	29,028,081	8,527,589	6,294,383,481
Additions	15,510,980	21,896,568	5,373,328	9,926,207	7,242,542	5,256,879	101,014	1,348,800	32,430,081	99,086,399
Disposal	-	-	(9,272,784)	-	-	-	-	-	(15,304,427)	(24,577,211)
Balance as at 30 June 2016	532,450,287	4,139,422,164	95,122,688	1,418,640,574	48,405,768	66,194,631	12,626,433	30,376,881	25,653,243	6,368,892,669
Balance as at 01 July 2016	**532,450,287**	**4,139,422,164**	**95,122,688**	**1,418,640,574**	**48,405,768**	**66,194,631**	**12,626,433**	**30,376,881**	**25,653,243**	**6,368,892,669**
Additions	**192,385,441**	**71,934,519**	**13,764,159**	**6,819,954**	**3,418,198**	**4,190,492**	**4,301,133**	**10,327,690**	**931,348,810**	**1,238,490,396**
Disposal	-	-	**(10,946,155)**	-	**(4,204,738)**	**(272,875)**	-	**(38,500)**	**(74,603,429)**	**(90,065,697)**
Balance as at 30 June 2017	**724,835,728**	**4,211,356,683**	**97,940,692**	**1,425,460,528**	**47,619,228**	**70,112,248**	**16,927,566**	**40,666,071**	**882,398,624**	**7,517,317,368**
Accumulated depreciation										
Balance as at 01 January 2015	-	945,207,208	37,857,811	255,270,271	15,577,905	18,587,125	2,867,747	8,781,507	-	1,284,149,574
Charged for the year	-	133,494,547	12,068,366	55,455,231	4,706,363	7,405,364	953,392	3,627,723	-	217,710,986
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
Balance as at 31 December 2015	-	1,078,701,755	45,393,063	310,725,502	20,284,268	25,992,489	3,821,139	12,409,230	-	1,497,327,446
Balance as at 01 January 2016	-	1,078,701,755	45,393,063	310,725,502	20,284,268	25,992,489	3,821,139	12,409,230	-	1,497,327,446
Charged for the period	-	76,254,914	5,504,845	27,594,128	2,435,609	3,655,002	439,012	1,738,110	-	117,621,620
Adjustment for disposal	-	-	(6,069,858)	-	-	-	-	-	-	(6,069,858)
Balance as at 30 June 2016	-	1,154,956,669	44,828,050	338,319,630	22,719,877	29,647,491	4,260,151	14,147,340	-	1,608,879,208
Balance as at 01 July 2016	-	**1,154,956,669**	**44,828,050**	**338,319,630**	**22,719,877**	**29,647,491**	**4,260,151**	**14,147,340**	-	**1,608,879,208**
Charged for the year	-	**174,267,186**	**16,263,512**	**47,727,579**	**11,648,819**	**12,157,776**	**914,681**	**7,876,425**	-	**270,855,978**
Adjustment for disposal	-	-	**(7,017,720)**	-	**(2,793,430)**	**(169,261)**	-	**(23,126)**	-	**(10,003,537)**
Balance as at 30 June 2017	-	**1,329,223,855**	**54,073,842**	**386,047,209**	**31,575,266**	**41,636,006**	**5,174,832**	**22,000,639**	-	**1,869,731,649**
Carrying amount										
As at 31 December 2015	516,939,307	3,038,823,841	53,629,081	1,097,988,865	20,878,958	34,945,263	8,704,280	16,618,851	8,527,589	4,797,056,035
As at 30 June 2016	**532,450,287**	**2,984,465,495**	**50,294,638**	**1,080,320,944**	**25,685,891**	**36,547,140**	**8,366,282**	**16,229,541**	**25,653,243**	**4,760,013,461**
As at 30 June 2017	**724,835,728**	**2,882,132,828**	**43,866,850**	**1,039,413,319**	**16,043,962**	**28,476,242**	**11,752,734**	**18,665,432**	**882,398,624**	**5,647,585,719**

RAHMAN RAHMAN HUQ CHITTAGONG

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

In Taka	Land and Land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
At cost										
Balance as on 01 January 2015	2,951,690,591	5,850,103,083	126,294,790	2,293,252,488	48,857,291	74,001,920	53,198,108	31,690,769	52,120,752	11,481,209,792
Additions	128,329,142	618,874,196	43,072,915	49,102,749	3,727,709	7,281,289	226,000	4,580,970	312,061,041	1,167,256,011
Disposal/ transfer	-	-	(7,576,198)	-	-	-	-	-	(336,828,456)	(344,404,654)
Balance as at 31 December 2015	3,080,019,733	6,468,977,279	161,791,507	2,342,355,237	52,585,000	81,283,209	53,424,108	36,271,739	27,353,337	12,304,061,149
Balance as on 01 January 2016	3,080,019,733	6,468,977,279	161,791,507	2,342,355,237	52,585,000	81,283,209	53,424,108	36,271,739	27,353,337	12,304,061,149
Additions	15,510,980	31,295,664	7,284,752	9,926,207	7,336,942	6,238,195	101,014	1,514,200	53,705,003	132,912,957
Disposal/ transfer	-	-	(9,379,084)	-	-	-	-	-	(15,304,427)	(24,683,511)
Balance as at 30 June 2016	3,095,530,713	6,500,272,943	159,697,175	2,352,281,444	59,921,942	87,521,404	53,525,122	37,785,939	65,753,913	12,412,290,595
Balance as at 01 July 2016	**3,095,530,713**	**6,500,272,943**	**159,697,175**	**2,352,281,444**	**59,921,942**	**87,521,404**	**53,525,122**	**37,785,939**	**65,753,913**	**12,412,290,595**
Additions	**192,385,441**	**120,553,748**	**14,899,159**	**6,819,954**	**3,752,053**	**5,293,122**	**4,301,133**	**11,008,490**	**1,080,252,250**	**1,439,265,350**
Disposal/ transfer	-	-	**(10,946,155)**	-	**(4,215,838)**	**(408,325)**	-	**(195,200)**	**(74,603,429)**	**(90,368,947)**
Balance as at 30 June 2017	**3,287,916,154**	**6,620,826,691**	**163,650,179**	**2,359,101,398**	**59,458,157**	**92,406,201**	**57,826,255**	**48,599,229**	**1,071,402,734**	**13,761,186,998**
Accumulated depreciation										
Balance as at 01 January 2015	-	1,539,515,134	58,625,279	284,302,015	19,163,914	30,400,765	6,966,743	12,102,949	-	1,951,076,799
Charged for the year	-	264,385,247	18,809,146	100,653,864	6,066,839	9,316,524	4,914,282	4,341,039	-	408,486,941
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
Balance as at 31 December 2015	-	1,803,900,381	72,901,311	384,955,879	25,230,753	39,717,289	11,881,025	16,443,988	-	2,355,030,626
Balance as at 01 January 2016	-	1,803,900,381	72,901,311	384,955,879	25,230,753	39,717,289	11,881,025	16,443,988	-	2,355,030,626
Charged for the period	-	136,941,708	9,126,530	49,078,594	3,001,435	4,960,928	2,095,150	2,070,843	-	207,275,188
Adjustment for disposal	-	-	(6,141,820)	-	-	-	-	-	-	(6,141,820)
Balance as at 30 June 2016	-	1,940,842,089	75,886,021	434,034,473	28,232,188	44,678,217	13,976,175	18,514,831	-	2,556,163,994
									-	-
Balance as at 01 July 2016	-	**1,940,842,089**	**75,886,021**	**434,034,473**	**28,232,188**	**44,678,217**	**13,976,175**	**18,514,831**	-	**2,556,163,994**
Charged for the year	-	**305,877,432**	**21,886,245**	**97,127,468**	**14,378,449**	**16,136,261**	**3,542,225**	**9,179,347**	-	**468,127,427**
Adjustment for disposal	-	-	**(7,017,720)**	-	**(2,801,729)**	**(281,610)**	-	**(150,114)**	-	**(10,251,173)**
Balance as at 30 June 2017	-	**2,246,719,521**	**90,754,546**	**531,161,941**	**39,808,908**	**60,532,868**	**17,518,400**	**27,544,064**	-	**3,014,040,248**
Carrying amount										
As at 31 December 2015	3,080,019,733	4,665,076,898	88,890,196	1,957,399,358	27,354,247	41,565,920	41,543,083	19,827,751	27,353,337	9,949,030,523
As at 30 June 2016	3,095,530,713	4,559,430,854	83,811,154	1,918,246,971	31,689,754	42,843,187	39,548,947	19,271,108	65,753,913	9,856,126,601
As at 30 June 2017	**3,287,916,154**	**4,374,107,170**	**72,895,633**	**1,827,939,457**	**19,649,249**	**31,873,333**	**40,307,855**	**21,055,165**	**1,071,402,734**	**10,747,146,750**

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

In Taka	Land and land development	Plant and Machinery	Motor Vehicles	Factory Building	Furniture and Fixtures	Office Equipment	Roads and Pavements	Computer & IT Equipment	Under construction	Total
At cost										
Balance as on 01 January 2015	605,846,988	5,850,103,084	126,294,790	1,936,942,476	48,857,290	74,001,921	53,198,108	31,690,769	52,120,752	8,779,056,178
Additions	128,329,142	618,874,196	43,072,915	49,102,749	3,727,709	7,281,289	226,000	4,580,970	312,061,041	1,167,256,011
Disposal	-	-	(7,576,198)	-	-	-	-	-	(336,828,456)	(344,404,654)
Balance as at 31 December 2015	**734,176,130**	**6,468,977,280**	**161,791,507**	**1,986,045,225**	**52,584,999**	**81,283,210**	**53,424,108**	**36,271,739**	**27,353,337**	**9,601,907,535**
Balance as on 01 January 2016	734,176,130	6,468,977,280	161,791,507	1,986,045,225	52,584,999	81,283,210	53,424,108	36,271,739	27,353,337	9,601,907,535
Additions	15,510,980	31,295,664	7,284,752	9,926,207	7,336,942	6,238,195	101,014	1,514,200	53,705,003	132,912,957
Disposal	-	-	(9,379,084)	-	-	-	-	-	(15,304,427)	(24,683,511)
Balance as at 30 June 2016	749,687,110	6,500,272,944	159,697,175	1,995,971,432	59,921,941	87,521,405	53,525,122	37,785,939	65,753,913	9,710,136,981
Balance as at 01 July 2016	**749,687,110**	**6,500,272,944**	**159,697,175**	**1,995,971,432**	**59,921,941**	**87,521,405**	**53,525,122**	**37,785,939**	**65,753,913**	**9,710,136,981**
Additions	**192,385,441**	**120,553,748**	**14,899,159**	**6,819,954**	**3,752,053**	**5,293,122**	**4,301,133**	**11,008,490**	**1,080,252,250**	**1,439,265,350**
Disposal	-	-	**(10,946,155)**	-	**(4,215,838)**	**(408,325)**	-	**(195,200)**	**(74,603,429)**	**(90,368,947)**
Balance as at 30 June 2017	**942,072,551**	**6,620,826,692**	**163,650,179**	**2,002,791,386**	**59,458,156**	**92,406,202**	**57,826,255**	**48,599,229**	**1,071,402,734**	**11,059,033,384**
Accumulated depreciation										
Balance as on 01 January 2015	-	1,539,515,134	58,625,279	362,999,541	19,163,914	30,400,765	6,966,743	12,102,951	-	2,029,774,327
Charged for the year	-	264,385,247	18,809,146	78,903,487	6,066,839	9,316,524	4,914,282	4,341,039	-	386,736,564
Adjustment for disposal	-	-	(4,533,114)	-	-	-	-	-	-	(4,533,114)
Balance as at 31 December 2015	-	1,803,900,381	72,901,311	441,903,028	25,230,753	39,717,289	11,881,025	16,443,990	-	2,411,977,777
Balance as on 01 January 2016	-	1,803,900,381	72,901,311	441,903,028	25,230,753	39,717,289	11,881,025	16,443,990	-	2,411,977,777
Charged for the period	-	136,941,708	9,126,530	38,747,165	3,001,435	4,960,928	2,095,150	2,070,843	-	196,943,759
Adjustment for disposal	-	-	(6,141,820)	-	-	-	-	-	-	(6,141,820)
Balance as at 30 June 2016	-	1,940,842,089	75,886,021	480,650,193	28,232,188	44,678,217	13,976,175	18,514,833	-	2,602,779,716
Balance as at 01 July 2016	-	**1,940,842,089**	**75,886,021**	**480,650,193**	**28,232,188**	**44,678,217**	**13,976,175**	**18,514,833**	-	**2,602,779,716**
Charged for the year	-	**305,877,432**	**21,886,245**	**70,685,467**	**14,378,449**	**16,136,261**	**3,542,225**	**9,179,347**	-	**441,685,426**
Adjustment for disposal	-	-	**(7,017,720)**	-	**(2,801,729)**	**(281,610)**	-	**(150,114)**	-	**(10,251,173)**
Balance as at 30 June 2017	-	**2,246,719,521**	**90,754,546**	**551,335,660**	**39,808,908**	**60,532,868**	**17,518,400**	**27,544,066**	-	**3,034,213,969**
Carrying amount										
As at 31 December 2015	734,176,130	4,665,076,899	88,890,196	1,544,142,197	27,354,246	41,565,921	41,543,083	19,827,749	27,353,337	7,189,929,758
As at 30 June 2016	749,687,110	4,559,430,855	83,811,154	1,515,321,239	31,689,753	42,843,188	39,548,947	19,271,106	65,753,913	7,107,357,265
As at 30 June 2017	**942,072,551**	**4,374,107,171**	**72,895,633**	**1,451,455,726**	**19,649,248**	**31,873,334**	**40,307,855**	**21,055,163**	**1,071,402,734**	**8,024,819,415**

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13.02 Revaluation of property, plant and equipment

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

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

13.03 Changes in accounting estimates

Management has reviewed the useful lives and pattern of usage of property, plant and equipments, and accordingly depreciation method of PPE has been changed from reducing balance method to straight line method and depreciation rates have also been changed. The effect of the change on actual and expected depreciation expense of the Group was as follows:

In Taka	2016-17	2017-18	2018-19	2019-20	2020-21
Increase in depreciation expense	57,115,080	111,163,494	117,235,842	130,996,245	137,544,557

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

See accounting policy in note 43.04.

				30 June 2017
In Taka	Opening balance	Addition	Capitalized	Closing balance
Land and land development	1,270,681	453,213	-	1,723,893
Civil Construction	15,951,316	816,970,046	(74,178,595)	758,742,768
Plant & Machinery	8,406,646	107,660,351	(387,234)	115,679,763
Motor vehicle	24,600	179,000	(24,600)	179,000
Office Equipment	-	6,086,200	(13,000)	6,073,200
	25,653,243	931,348,810	(74,603,429)	882,398,624

				30 June 2016
In Taka	Opening balance	Addition	Capitalized	Closing balance
Land and land development	-	1,270,681	-	1,270,681
Civil Construction	-	17,639,777	(1,688,461)	15,951,316
Plant & Machinery	8,527,589	9,125,074	(9,246,018)	8,406,646
Motor vehicle	-	1,234,100	(1,209,500)	24,600
Office Equipment	-	3,160,448	(3,160,448)	-
	8,527,589	32,430,081	(15,304,427)	25,653,243

				31 December 2015
In Taka	Opening balance	Addition	Capitalized	Closing balance
Land and land development	-	127,692,360	(127,692,360)	-
Civil Construction	-	46,407,914	(46,407,914)	-
Plant & Machinery	51,881,394	112,097,792	(155,451,597)	8,527,589
Motor vehicle	-	5,563,448	(5,563,448)	-
Office Equipment	-	1,473,779	(1,473,779)	-
	51,881,394	293,235,293	(336,589,098)	8,527,589

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

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

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	14.00	882,398,624	25,653,243	8,527,589
BSRM Iron & Steel Co. Ltd.		-	40,100,670	18,825,748
		882,398,624	65,753,913	27,353,337

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15.00 Intangible assets

See accounting policy in note 43.05.

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Trade Mark	15.01	**99,270**	105,534	**108,667**
Software	15.01	**24,755,762**	28,093,617	**29,762,545**
		24,855,031	28,199,151	29,871,212

15.01 Intangible assets schedule

In Taka		Trade Mark	Software
Cost			
Opening balance on 1 January 2015		125,300	33,581,355
Closing balance on 31 December 2015		**125,300**	**33,581,355**
Opening balance on 1 January 2016		125,300	33,581,355
Closing balance on 30 June 2016		125,300	33,581,355
Opening balance on 1 July 2016		**125,300**	**33,581,355**
Closing balance on 30 June 2017		**125,300**	**33,581,355**
Accumulated amortization			
Opening balance on 1 January 2015		10,368	480,955
Add: Amortized during the year	7.00	6,265	3,337,855
Closing balance on 31 December 2015		16,633	3,818,810
Opening balance on 1 January 2016		16,633	3,818,810
Add: Amortized during the period	7.00	3,133	1,668,928
Closing balance on 30 June 2016		19,766	5,487,738
Opening balance on 1 July 2016		**19,766**	**5,487,738**
Add: Amortized during the year		**6,265**	**3,337,855**
Closing balance on 30 June 2017		**26,031**	**8,825,593**
Carrying amount on 31 December 2015		108,667	29,762,545
Carrying amount on 30 June 2016		**105,534**	**28,093,617**
Carrying amount on 30 June 2017		**99,270**	**24,755,762**

15.a Consolidated intangible assets

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	15.00	**24,855,031**	28,199,151	29,871,212
BSRM Iron & Steel Co. Ltd.		**7,072,533**	8,026,133	8,502,933
		31,927,564	36,225,284	**38,374,145**

16.00 Investment

See accounting policy in note 43.08.

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
In subsidiary company-BSRM Iron & Steel Co. Ltd.	16.01	**1,045,000,000**	1,045,000,000	1,045,000,000
In associate company-BSRM Steel Mills Limited	16.02	**1,325,036,459**	1,550,911,049	1,569,466,903
		2,370,036,459	2,595,911,049	**2,614,466,903**

16.01 Investment in subsidiary company- BSRM Iron & Steel Co. Ltd.

BSRM Steels Limited has acquired 95% equity interest in BSRM Iron and Steel Co. Limited (104,500,000 Ordinary Shares of Tk. 10 each) on 10 November 2010 in exchange of 104,500,000 Ordinary Shares of Tk. 10 each in BSRM Steels Limited. An amount of Tk. 1,045,000,000 being face value of shares issued against acquisition of this subsidiary has been shown as investment in subsidiary at cost as per BAS 27. BSRM Steels Limited and BSRM Iron & Steel Co. Ltd. are being operated under common control.

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16.02 Investment in associate company- BSRM Steel Mills Limited

BSRM Steels Limited has 25.35% equity interest in BSRM Steel Mills Limited (BSML) i.e. 100,000,000 Ordinary Shares of Tk. 10 each. BSML has been considered as an equity accounted investee of the company and has been accounted for according to BAS 28: Investments in Associates and Joint Ventures. Reporting date of BSML is 30 June.

Movement of Investment in Associate

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Opening Balance		**1,550,911,049**	1,569,466,903	945,301,128
Addition:				
Investment in associate		-	-	548,854,000
Share of loss of associate	11.00	**(225,874,590)**	(18,555,854)	(3,878,425)
Excess of proportionate net assets' value of associate over acquisition cost		-	-	79,190,200
Closing Balance		**1,325,036,459**	1,550,911,049	1,569,466,903

Summary of financial information of equity accounted investee:

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Non-current assets		**18,954,644,653**	19,107,637,100	18,257,548,496
Current assets		**9,795,470,875**	4,060,014,470	1,829,340,388
Total assets		**28,750,115,528**	23,167,651,570	20,086,888,884
Share capital		**3,944,354,000**	3,944,354,000	3,944,354,000
Accumulated loss		**(1,010,820,810)**	(119,891,467)	(46,700,612)
Revaluation surplus		**2,292,879,671**	2,292,879,671	2,292,879,671
Shareholders' equity		**5,226,412,861**	6,117,342,204	6,190,533,059
Non-current liabilities		**5,390,670,615**	6,294,267,091	6,998,566,281
Current liabilities		**18,133,032,052**	10,756,042,275	6,897,789,544
Total liabilities		**23,523,702,667**	17,050,309,366	13,896,355,825
Total Equity & Liabilities		**28,750,115,528**	23,167,651,570	20,086,888,884
Net Assets Value (NAV) per share		13.25	15.51	15.69
Revenue		**20,754,177,858**	3,650,829,936	-
Other income		**37,087,581**	36,113,370	9,412,586
Expenses		**(21,682,194,782)**	(3,760,134,161)	(33,858,956)
Loss for the period/ year		**(890,929,343)**	(73,190,855)	(24,446,370)
Loss attributable to the owners of BSML		**(890,929,343)**	(73,190,855)	(24,446,370)

16.a Consolidated Investment

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steel Mills Limited		**1,325,036,459**	1,550,911,049	1,569,466,903
		1,325,036,459	1,550,911,049	1,569,466,903

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17.00 Short term investment

See accounting policy in note 43.09.

In Taka	Tenure	Purpose	Rate of Interest	30 June 17	30-Jun-16	31-Dec-15
IDLC Finance Limited	1 year	Investment	6.50%	**2,567,493**	2,395,496	2,395,496
Dhaka Bank Limited	1 year	Investment	5.00%	**8,880,052**	8,535,850	8,000,000
Mercantile Bank Limited	1 year	BG & LC Margin	5~6.00%	**3,140,470**	2,219,437	2,219,437
Standard Chartered Bank	6 months~1 year	LC Margin	3~5.00%	**202,958,950**	199,537,718	191,926,728
BD Finance & Investment Co. Ltd.	1 year	Investment	9.50%	**3,590,419**	3,309,000	3,000,000
IFIC Bank Limited	6 months~1 year	LC Margin	5.50%	**291,646**	7,534,375	7,000,000
IPDC of Bangladesh limited	1 year	Investment	7.00%	**4,250,500**	4,000,000	-
Al Arafah Islami Bank Ltd	6 months	LC Margin	6.50%	**8,237,527**	8,100,000	-
AB Bank Limited	6 months	LC Margin	7%	**8,504,695**	-	6,105,469
One Bank Limited	6 months	Investment	6.00%	**3,081,000**	-	-
Pubali Bank Limited	6 months	LC Margin	6.00%	-	16,074,000	6,702,000
Social Islami Bank Limited	6 months		5.75%	-	8,200,000	-
International Leasing & Finance Ltd.	6 months	Investment	10.75%	-	-	32,500,000
Shahjalal Islami Bank Limited	1 year	BG & LC Margin	7.25%	-	-	6,900,000
				245,502,751	259,905,876	266,749,130

Term deposit with IDLC Finance Limited, IPDC of Bangladesh, BD Finance & Investment Co. Ltd and Dhaka Bank Limited was made against unclaimed Share Application Money (IPO) and unclaimed dividend.

17.a Consolidated short term investment

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	17.00	**245,502,751**	259,905,876	266,749,130
BSRM Iron & Steel Co. Ltd.		**251,026,537**	133,246,397	79,129,048
		496,529,288	393,152,273	345,878,178

18.00 Inventories

See accounting policy in note 43.06.

	Qty. Metric Ton	30 June 17 Amount Taka	30 June 16 Amount Taka	31-Dec-15 Amount Taka
Raw Material				
Billets	**57,528**	**2,343,433,793**	2,335,680,511	3,874,719,508
Packing Materials		**27,420,731**	12,585,126	6,619,847
Direct Consumables		**51,560,832**	12,762,329	724,857
		2,422,415,357	2,361,027,966	3,882,064,212
Work-in-process		-	-	2,885,874
Finished Goods				
Finished Goods-Own production	**72,103**	**3,206,608,673**	2,440,408,682	2,313,186,383
Finished Goods-Procured	**345**	**18,129,531**	23,845,916	12,051,362
Finished Goods-Others		**2,553,684**	-	3,041,821
	72,448	**3,227,291,888**	2,464,254,598	2,328,279,566
Stores and Spares				
Mechanical stores		**702,257,574**	445,313,157	409,814,641
MS Roll		**31,001,271**	18,182,427	5,631,366
Electrical stores		**269,991,915**	201,038,283	203,411,874
General stores		**15,142,486**	11,771,427	10,703,122
Civil store		**319,016,271**	7,562,357	13,040,441
Others		**23,991,672**	23,420,617	26,890,642
		1,361,401,190	707,288,268	669,492,086
Fuel and Lubricants		**4,305,842**	8,262,815	7,241,160
		7,015,414,276	5,540,833,647	6,889,962,898

18.a Consolidated inventories

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	18.00	**7,015,414,276**	5,540,833,647	6,889,962,898
BSRM Iron & Steel Co. Ltd.		**1,966,382,642**	1,314,720,866	1,884,296,553
Unrealized profit elimination		**(1,083,420)**	-	(514,607)
		8,980,713,498	6,855,554,513	8,773,744,844

19.00 Trade & Other Receivables

See accounting policy in note 43.09.

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Trade Receivables	19.01	**3,083,992,846**	2,358,853,172	2,015,372,386
Other Receivables	19.03	**364,608,242**	210,144,545	232,497,261
		3,448,601,088	2,568,997,717	2,247,869,647

The directors believe that the above receivables are good and realizable. No provision has been made against these receivables.

19.01 Trade Receivables

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Iron & Steel Co. Ltd.		**25,600,912**	7,634,409	16,998,485
BSRM Logistics Limited		**14,150**	14,150	259,600
Chittagong Power Company Limited		**204,000**	-	-
Bangladesh Steel Re-Rolling Mills Ltd.		**-**	439,820	772,465
BSRM Steel Mills Limited		**-**	50,683,163	1,778,389
H Akberali & Co. Limited		**-**	-	31,640
Other Parties	19.02	**3,058,173,784**	2,300,081,630	1,995,531,807
		3,083,992,846	2,358,853,172	2,015,372,386

19.02 Out of these receivables, there are pending litigations against 31 parties (worth Tk. 35,237,157). These receivables are secured by Post dated cheques.

19.03 Other Receivables

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Interest Receivables		**278,100,470**	171,052,085	134,229,590
Accrued Interest from FDR		**5,501,561**	5,310,718	9,780,088
DEDO and Others Receivables		**81,006,211**	33,781,742	88,487,583
		364,608,242	210,144,545	232,497,261

19.04 Ageing of trade receivables are as follows-

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Less than 3 months		**2,711,562,159**	2,078,642,248	1,713,967,443
Over 3 months but less than 6 months		**191,238,526**	148,872,171	121,604,854
Over 6 months		**181,192,161**	131,338,753	179,800,089
		3,083,992,846	2,358,853,172	2,015,372,386

19.a Consolidated trade and other receivables

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	19.00	**3,448,601,088**	2,568,997,717	2,247,869,647
BSRM Iron & Steel Co. Ltd.		**931,599,921**	909,793,401	314,331,811
Less: Intra group receivables		**(25,600,912)**	(7,634,409)	(16,998,485)
		4,354,600,097	3,471,156,709	2,545,202,973

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20.00 Current account with related companies

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Bangladesh Steel Re-Rolling Mills Limited		**6,815,692,516**	3,903,294,543	439,638,033
BSRM Iron & Steel Co. Ltd.		**666,305,803**	306,511,093	395,858,419
Chittagong Power Company Limited		**469,933,750**	235,630,169	447,643,657
BSRM Logistics Limited		**265,150,935**	313,013,708	310,618,570
BSRM Ispat Limited		**436,814,028**	320,724,755	275,389,027
BSRM Metals Limited		**63,967,690**	57,957,039	58,296,932
H Akberali & Co. Limited		**197,079,123**	44,177,317	59,065,664
BSRM Steel Mills Limited		**1,098,897,899**	1,959,470,957	639,961,866
BSRM Recycling Industries Limited		**23,742,633**	5,045,256	-
		10,037,584,376	7,145,824,837	2,626,472,168

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

20.a Consolidated current account with related companies

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	20.00	**10,037,584,376**	7,145,824,837	2,626,472,168
BSRM Iron & Steel Co. Ltd.		**277,280,533**	-	127,606,057
Less: Inter-company elimination		**(666,305,803)**	(306,511,093)	(395,858,419)
		9,648,559,106	6,839,313,744	2,358,219,806

21.00 Advances, deposits and prepayments

See accounting policy in note 43.09.

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Advances	21.01	**1,531,613,324**	3,480,241,257	2,536,051,427
Deposits	21.03	**25,119,482**	16,260,964	16,222,963
Prepayments	21.04	**6,616,915**	7,883,352	1,917,565
		1,563,349,721	3,504,385,573	2,554,191,955

21.01 Advances

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Staff loan		**705,438**	114,267	1,457,478
Advance against salary		**91,465**	157,335	796,049
Advance Income tax		**569,502,422**	807,715,337	501,502,115
Against expenses		**41,926,286**	25,391,359	42,404,795
Bank guarantee margin		**2,354,429**	2,373,554	2,105,155
Advance against L/C		**59,387,246**	592,564,037	3,327,436
LC Margin		**7,221,421**	13,119,832	25,074,709
Advance against fixed asset		**144,164,991**	20,826,218	9,411,813
Trade VAT account (Godown)		**7,845**	(2,630)	7,932
VAT chargeable account (Godown)		**5,201,647**	4,584,102	6,961,289
VAT current account		**34,649,844**	13,025,379	11,435,406
Advance against land		**22,631,196**	14,670,000	1,070,000
Advance for house rent		**820,004**	1,337,917	497,250
Share money deposit to Chittagong Power Company Ltd.		**500,000,000**	500,000,000	-
Advance for purchase of spare parts and other materials		**142,949,092**	657,029,157	-
Advance for purchase of Raw Materials	21.02	-	827,335,393	1,930,000,000
		1,531,613,324	3,480,241,257	2,536,051,427

21.02 The company in its 207Ath Board Meeting held on 21 October 2015 has decided to give advances of Tk. 150 Crore and Tk. 50 Crore to BSRM Steel Mills Limited and BSRM Iron & Steel Co. Ltd. respectively for purchasing billets. Accordingly the Company has provided Tk. 150 Crore to BSRM Steel Mills Limited and Tk. 43 Crore to BSRM Iron & Steel Co. Ltd. and subsequently amounts are adjusted with purchase of billets. The company also in its Board Meeting held on 17 January 2016 has decided to give advance of Tk. 100 crore to Bangladesh Steel Re-Rolling Mills Limited for purchasing finished goods and billets.

21.03 Deposits

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Ansar/VDP		**1,260,752**	1,260,752	1,260,752
Bangladesh Telecommunications Limited (BTCL)		**24,000**	24,000	24,000
City Cell		**15,000**	15,000	15,000
Power Development Board		**4,308,620**	4,308,620	4,308,620
Ranks Tel		**10,000**	10,000	10,000
Karnaphuli Gas distribution Co. Limited		**18,118,710**	9,179,192	9,179,192
Kolkata office premises		**-**	-	37,750
Central Depository Bangladesh Limited		**500,000**	500,000	500,000
BOC Bangladesh Ltd.		**16,000**	16,000	16,000
Others		**866,400**	947,400	871,649
		25,119,482	16,260,964	16,222,963

21.04 Prepayments

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSTI License fees		**3,450,490**	5,175,690	750,200
Insurance		**3,166,425**	2,707,662	1,167,365
		6,616,915	7,883,352	1,917,565

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

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

21.a Consolidated advances, deposits and prepayments

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
BSRM Steels Limited	21.00	**1,563,349,721**	3,504,385,573	2,554,191,955
BSRM Iron & Steel Co. Ltd.		**382,057,486**	342,734,463	314,758,297
Less: Intra group elimination		**-**	(495,061,380)	(430,000,000)
		1,945,407,207	3,352,058,656	2,438,950,252

22.00 Cash and cash equivalents

See accounting policy in note 43.09.

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Cash in hand	22.01	**3,698,375**	5,530,899	2,319,225
Cash at banks	22.02	**(30,293,928)**	(34,773,175)	256,153,075
Fixed deposit	22.04	**100,495,544**	209,721,183	210,413,784
		73,899,991	180,478,907	468,886,084

22.01 Cash In hand

In Taka	Note	30 June 17	30-Jun-16	31-Dec-15
Head office		**246,934**	112,777	257,476
Factory office		**1,012,762**	1,377,106	674,780
Dhaka office		**1,181,237**	3,248,225	701,969
Sylhet office		**156**	100,000	100,000
Comilla office		**65,000**	65,000	65,000
Khulna office		**119,072**	250,000	250,000
Bogra office		**305,359**	200,000	200,000
Rangpur office		**8,329**	70,000	20,000
Barishal office		**80,240**	50,000	50,000
Mymensingh office		**55,440**	57,792	-
Jungal office		**510,400**	-	-
Noakhali office		**50,000**	-	-
Cox's bazar office		**17,063**	-	-
Khulna warehouse office		**46,383**	-	-
		3,698,375	5,530,899	2,319,225

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22.02 Cash at Banks

In Taka	Branch	Account type	Note	30 June 17	30 June 16	31-Dec-15
Agrani Bank Limited	Laldighi East	Current		121,850	(4,730,252)	(1,928,537)
Agrani Bank Limited- Escrow	Laldighi East	Escrow		-	36,872	37,447
Al-Arafah Islami Bank	Agrabad	Current		4,716	460,615	12,078,699
Bank Asia Limited	Agrabad	Current		49,279	44,887	22,122
BASIC Bank Limited	Dewanhat	Current		285,812	112	1,621,097
Commercial Bank of Ceylon PLC	Agrabad	Current		241,502	482,404	226,767
Dhaka Bank Limited	Jubilee Road	Current		1,000,171	7,374	5,209,686
Dutch Bangla Bank Limited	Jubilee Road	Current		-	9,241	134,277,858
Dutch Bangla Bank Limited	Agrabad	Current		867,142	7,183,186	84,646
Eastern Bank Limited	Agrabad	Current		305,004	17,115,687	3,610,910
EXIM Bank Limited	Jubilee Road	Current		8,119	6,160,636	4,946,015
Habib Bank Limited	Laldighi	Current		600,975	16,199,956	4,427,765
HSBC	Agrabad	Current	*	(37,556,723) *	(59,968,795) *	(18,865,378)
HSBC- USD Exporter's A/C	Agrabad	USD		1,110,367	4,470,628	6,268,421
HSBC-MDA USA A/C	Agrabad	USD		-	-	5,897,849
IFIC Bank Limited	Agrabad	Current		8,098	1,575,044	65,316
Islami Bank Bangladesh Ltd.	Jubilee Road	Current		5,354,329	7,043,047	30,495,314
Jamuna Bank Limited	Khatungong	Current		117,711	109,157	122,478
Meghna Bank Ltd	Dhaka-corporate	Current		66,365	715,645	-
Mercantile Bank Limited	Jubilee Road	Current		1,443	3,661,949	2
Mutual Trust Bank Limited	CDA Avenue	Current		17,712	45,432	3,505,753
National Bank Limited	Jubilee Road	Current		4,486	69,372	8,720,189
NCC Bank Ltd.	Agrabad	Current		142,515	66,855	18,016
NRB Bank Limited	Agrabad	Current		60,567	6,597	1,661,943
One Bank Limited	Agrabad	Current		-	54,032	927,595
Prime Bank Limited	OR Nizam Road	Current		3,140,264 *	(167,134)	12,955,339
Premier Bank Limited	Agrabad	Current		1,871	35,686	3,691
SBAC Bank Limited	Agrabad	Current		113,538	123,613	126,698
Shahjalal Islami Bank Limited	Jubilee Road	Current		16,967	3,302,984	1,766,605
Social Islami Bank Ltd.	Jubilee Road	Current		90,494	1,632,724	7,405,052
Sonali Bank	Cable Shilpa, Khulna	STD		-	308,799	304,146
Sonali Bank	Kalibari	Current		759,418	466,778	(1,738,698)
Southeast Bank Ltd.	Pahartali	Current		27,453	3,905,541	7,044,244
Standard Chartered Bank	Agrabad	Current		-	581 *	(9,996,664)
Standard Chartered Bank	Gulshan	Current	*	(35,597,293) *	(61,572,232)	1,216
State Bank of India	Chittagong	Current		86,326	20,404	466,857
The City Bank Limited	VIP Road, Dhaka	Current		1,484,931	875,736	1,508,930
The City Bank Limited	Agrabad	Current		21,188,134	124,511	459,312
The Trust Bank Limited	CDA Avenue	Current		205,042	6,663,500	20,019,963
United Commercial Bank Ltd.	Jubilee Road	Current		38,294	12,506	5,656,782
Uttara Bank Limited	Agrabad	Current		49,627	86,627	9,228
Sub total				(35,583,493)	(43,359,695)	249,424,674

In Taka	Branch	Account type	Note	30 June 17	30 June 16	31-Dec-15
HSBC Bank			22.03			
HSBC Bank	Agrabad	STD		-	434,277	432,371
HSBC Bank	Agrabad	Dividend		5,289,564	8,152,243	6,296,030
Sub total				5,289,564	8,586,520	6,728,401
Grand Total				(30,293,928)	(34,773,175)	256,153,075

* Book overdrafts only.

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

22.04 Fixed Deposits

In Taka	Tenure	Purpose	Rate of Interest	30 June 17	30 June 16	31-Dec-15
AB Bank Ltd.	3 months	LC Margin	7.00%	-	8,022,301	18,847,771
Bank Asia Limited	3 months	LC Margin	5~5.25%	-	32,471,780	31,653,283
Commercial Bank of Ceylon plc	3 months	LC Margin	5.00%	-	13,714,357	13,428,617
The City Bank Limited	3 months	LC Margin	3.5~4.50%	**25,786,087**	24,714,369	18,145,437
Dhaka Bank Limited	3 months	LC Margin	4.00%	**8,026,300**	15,484,032	14,860,622
Dutch Bangla Bank Limited	3 months	LC Margin	5.00%	-	13,240,165	19,910,250
Habib Bank Limited	3 Months	LC Margin	6.00%	-	-	7,700,000
IFIC Bank Limited	3 months	LC Margin	5~6.50%	**7,859,913**	3,937,743	280,000
Jamuna Bank Limited	3 Months	LC Margin	8.00%	-	-	7,284,000
Mercantile Bank Limited	3 Months	BG & LC Margin	5.00%	**1,249,853**	17,505,559	6,933,384
NCC Bank Limited	3 Months	LC Margin	5.00%	**8,531,421**	8,161,000	13,212,929
Prime Bank Limited	3 Months	LC Margin	4.50%	**1,155,048**	268,500	-
State Bank Of India	3 Months	LC Margin	8.75%	-	-	13,540,000
Shahjalal Islami Bank Limited	3 Months	LC Margin	5.50%	-	14,731,675	-
Trust Bank Limited	3 Months	LC Margin	4.5~5.50%	**12,293,551**	15,346,071	13,613,262
United Commercial Bank Ltd.	3 Months	LC Margin	4.75%	**35,593,372**	33,951,631	31,004,229
Uttara Bank Limited	3 Months	LC Margin	5.00%	-	8,172,000	-
				100,495,544	209,721,183	210,413,784

22.a Consolidated cash and cash equivalents

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	22.00	**73,899,991**	180,478,907	468,886,084
BSRM Iron & Steel Co. Ltd.		**3,955,181**	(4,438,641)	(5,018,983)
		77,855,172	176,040,266	463,867,101

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23.00 Share capital

See accounting policy in note 43.16.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Authorized capital				
475,000,000 Ordinary Shares of Tk. 10 each		**4,750,000,000**	4,750,000,000	4,750,000,000
25,000,000 Preference Shares of Tk. 10 each		**250,000,000**	250,000,000	250,000,000
		5,000,000,000	5,000,000,000	5,000,000,000
Issued, Subscribed and Paid-up capital				
145,000,000 Ordinary Shares of Tk.10 each		**1,450,000,000**	1,450,000,000	1,450,000,000
104,500,000 Ordinary Shares of Tk.10 each fully paid-up for consideration other than cash		**1,045,000,000**	1,045,000,000	1,045,000,000
21,750,000 Ordinary Shares of Tk.10 each fully paid-up as Bonus Shares (For the Year 2009)		**217,500,000**	217,500,000	217,500,000
54,250,000 Ordinary Shares of Tk. 10 each fully paid up as Bonus Shares (For the year 2010)		**542,500,000**	542,500,000	542,500,000
16,275,000 Ordinary Shares of TK. 10 each Fully paid-up as Bonus Shares (For the year 2012)		**162,750,000**	162,750,000	162,750,000
		3,417,750,000	3,417,750,000	3,417,750,000

23.01 Classification of shares by holding at 30 June 2017

Class by number of shares	No. of holders	No. of shares	Holding (%)
Less than 500	**3,677**	**686,898**	**0.20%**
From 500 to 5,000	**5,417**	**8,490,638**	**2.48%**
From 5,001 to 10,000	**532**	**3,966,269**	**1.16%**
From 10,001 to 20,000	**248**	**3,506,394**	**1.03%**
From 20,001 to 30,000	**96**	**2,430,979**	**0.71%**
From 30,001 to 40,000	**47**	**1,666,888**	**0.49%**
From 40,001 to 50,000	**37**	**1,672,031**	**0.49%**
From 50,001 to 100,000	**86**	**6,204,554**	**1.82%**
From 100,001 to 1,000,000	**97**	**29,789,093**	**8.72%**
From 1,000,001 and above	**24**	**283,361,256**	**82.91%**
	10,261	**341,775,000**	**100%**

23.02 Composition of Shareholders at 30 June 2017

Name of shareholders	No. of holders	No. of shares	Holding (%)
Sponsor Shareholders	**4**	**57,591,975**	**16.85%**
Foreign Shareholders	**7**	**1,217,981**	**0.36%**
Other Shareholders (Related Parties)	**2**	**183,458,793**	**53.68%**
Other Shareholders (General)	**10,248**	**99,506,251**	**29.11%**
	10,261	**341,775,000**	**100%**

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23.03 Dividends

In Taka	Note	30 June 17	30 June 16	31-Dec-15
The following dividends were declared and paid/ payable by the company for the period/year:				
20% Interim cash dividend (Tk. 2) per qualifying ordinary share (For 2016-17)		683,550,000	-	-
30% Cash dividend (Tk. 3) per qualifying ordinary share (For 2015)		-	1,025,325,000	-
15% Cash dividend (Tk. 1.5) per qualifying ordinary share (For 2014 and 2013)		-	-	512,662,500

During the period ended on 30 June 2017, no amount was remitted in foreign currencies to non-resident shareholders as dividend.

Proposed dividends

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

	Date of Board Meeting			
15% Final cash dividend (Tk. 1.5) per qualifying ordinary share	12 August 2017	512,662,500	-	-
20% Interim cash dividend (Tk. 2) per qualifying ordinary share	26 January 2017	-	683,550,000	-
30% Cash dividend (Tk. 3) per qualifying ordinary share	10 February 2016	-	-	1,025,325,000

24.00 Long term borrowings- non current portion

See accounting policy in note 43.10.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Redeemable zero coupon bond	24.01	**1,082,308,897**	1,547,131,995	-
Prime Bank Limited	24.02	**13,015,340**	-	-
BD Finance & Investment Co. Ltd.	24.03	-	-	111,241,937
Jamuna Bank Limited	24.04	-	-	5,045,562
Meghna Bank Limited	24.05	-	-	112,050,395
United Leasing Co. Limited	24.06	-	-	29,096,839
Agrani Bank Limited	24.07	-	-	283,365,041
Al Arafah Islami Bank Limited	24.08	-	-	7,589,189
		1,095,324,237	1,547,131,995	548,388,963

24.01 Redeemable zero coupon bond

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Proceed from issue of bond		**1,999,981,083**	1,999,981,083	-
Less: Cost of bond issuance		**(32,479,874)**	(32,479,874)	-
Net proceeds		**1,967,501,209**	1,967,501,209	-
Less: Principal repayment		**(420,369,214)**	-	
Add: Accrued interest		**28,919,895**	37,334,978	-
Carrying amount		**1,576,051,889**	2,004,836,187	-

Zero coupon bond- current and non-current portion

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Payable within 1 year	29.07	**493,742,992**	457,704,192	-
Payable after 1 year	24.00	**1,082,308,897**	1,547,131,995	-
		1,576,051,889	2,004,836,187	-

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

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

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

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

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

Listing
Unlisted.

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

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

Securities
Unsecured.

24.02 Prime Bank Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	**2,639,374**	-	-
Due after more than one (1) year	24.00	**13,015,340**	-	-
		15,654,714	-	-

Terms of loan:

Total loan facilities: Tk.15,845,433.24

Interest rate: 9.75% per annum.

Disbursement:
The full disbursement was made on 29 May 2017.

Repayment:
In equal monthly installment starting from 25 Jun 2017 and each month thereafter for 5 years.

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

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

AMARSTOCK

24.03 BD Finance & Investment Co. Ltd.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	56,106,148
Due after more than one (1) year	24.00	-	-	111,241,937
		-	-	167,348,085

Terms of loan:

Lenders:
BD Finance has sanctioned an amount of Tk. 25 crore as term loan and disbursed the full amount within 2013.

Total loan facilities: Tk. 25 crore.

Interest rate:
Interest rate is 12% - 14% (2014: 15%) per annum and is calculated on monthly basis.

Disbursement:
Full disbursement was made on 26.08.2013.

Repayments
Above term loan has already been repaid.

Securities:
Post dated cheques for the total amount, Post dated cheques for monthly loan installments, personal guarantee of all directors of the company, corporate guarantee of H. Akberali & Co. Ltd.

Purpose:
To meet working capital requirement.

24.04 Jamuna Bank Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	20,327,362
Due after more than one (1) year	24.00	-	-	5,045,562
		-	-	25,372,924

Terms of loan:

Lenders:
Jamuna Bank Limited has sanctioned Tk. 3.767 crore and Tk. 1 crore as term loan and disbursed Tk. 3.756 crore up to the reporting period.

Total loan facilities: Tk. 3.767 crore.

Interest rate:
Interest rate is 13% - 14% per annum.

Disbursement:
Last disbursement was made on 08.04.2015.

Repayments
Above term loan has already been repaid.

Securities:
Modification of charge with RJSC on inventory and machinery installed through BMRE. Cross corporate guarantee of the company and also personal guarantee of all directors. Signed security cheques covering each installment.

Purpose:
To import Magnet Cranes for own use.

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24.05 Meghna Bank Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	41,530,113
Due after more than one (1) year	24.00	-	-	112,050,395
		-	-	153,580,508

Terms of loan:

Lenders:

Meghna Bank Limited has sanctioned an amount of Tk. 20 crore as term loan and disbursed the full amount within 2014.

Total loan facilities: Tk. 20 crore.

Interest rate:
Interest rate is 13.5% - 14% per annum.

Disbursement:
Full disbursement was made on 03.02.2014.

Repayments
Above term loan has already been repaid.

Securities:
Lien of 29.20 lac shares of BSRM Steels Limited and personal guarantee of all directors of the company. Post dated cheques covering the facility.

Purpose:
To set up a warehouse at Jangal, Madanpur, Narayangonj.

24.06 United Leasing Co. Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	17,754,589
Due after more than one (1) year	24.00	-	-	29,096,839
		-	-	46,851,428

Terms of loan:

Lenders:

United Leasing Company has sanctioned an amount of Tk. 7 crore as term loan and disbursed the full amount within 2014.

Total loan facilities: Tk. 7 crore.

Interest rate:
Interest rate is 12% - 14% per annum.

Disbursement:
Full disbursement was made on 29.05.2014.

Repayments
Above term loan has already been repaid.

Securities:
Charge creation with RJSC on all fixed and floating assets covering value of loan. Personal guarantee of all directors and a post dated cheque amount of Tk. 94,365,120 in favour of ULC to cover the loan.

Purpose:
To meet working capital requirement.

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24.07 Agrani Bank Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	-
Due more than one (1) year	24.00	-	-	283,365,041
		-	-	283,365,041

Terms of loan:

Total Loan facility:
Tk.55 Crore

Interest Rate:
14.5% - 15.50%.p.a.and subject to change

Disbursement:
The last disbursement was made on 17.06.15.

Repayment:
This loan has already been repaid.

Securities:
i)Registered mortgage of Tk 55 crore on project land building and hypothecation of machinery.
ii)Personal guarantee of all the directors of the company.
iii) Corporate guarantee of BSRM Group.

Purpose:

For acquisition of plant machineries to enhance the production from 600,000 Metric Tons to 700,000 Metric Tons.

24.08 Al Arafah Islami Bank Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	4,241,957
Due after more than one (1) year	24.00	-	-	7,589,189
		-	-	11,831,146

Terms of loan:
Total Loan facility:
TK.137.7 lac
Interest Rate:
13% per annum subject to be changed by the bank from time to time.
Disbursement:
The first disbursement was made on 21 June 2015.

Repayment:
The loan has already been repaid.
Securities:
i) Hypothecation of machinery to be imported as per quotation till full adjustment of bank's dues.
ii) LC @ 5% cash margin and HPSM (machinery) @ 10% client equity.
iii) personal guarantee of all directors of the company.
iv) Company's equity of Tk 15.30 lac to be deposited first before Creating HPSM (machinery).
v) Required number of post dated cheques to be submitted for realization of monthly installment & one cheque covering the limit.
vi) Corporate guarantee of BSRM Wires Ltd.

Purpose:
To Import Capital Machinery from South Korea.

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24.09 IPDC Limited

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Due within one (1) year	29.07	-	-	56,889,847
Due after more than one (1) year		-	-	-
		-	-	56,889,847

Terms of loan:

Lenders:

Industrial Promotional and Development Company of Bangladesh has sanctioned an amount of Tk. 15 crore as term loan and disbursed the full amount within 2013.

Total loan facilities: Tk. 15 crore.

Interest rate:

Interest rate is 13% per annum.

Disbursement:

Full disbursement was made on 17.12.2013.

Repayments

Above term loan has already been repaid.

Securities:

Floating charge by way of hypothecation on all the movable assets of BSL duly registered with RJSC, Legally enforceable Corporate Guarantee of BSRM Limited, Pledge of dematted shares in the capital of BSRMSL covering 125% of exposure against this facility, Personal Guarantee of all the sponsor directors, Post dated cheques for the total amount, Post dated cheques for quarterly loan installments, Demand Promissory note along with letter of continuation.

Purpose:

To meet working capital requirement.

24.a Consolidated long term borrowings- non current portion

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	24.00	**1,095,324,237**	1,547,131,995	548,388,963
BSRM Iron & Steel Co. Ltd.		**22,576,731**	66,105,381	110,996,642
		1,117,900,968	1,613,237,376	659,385,605

25.00 Defined benefit obligations - Gratuity

See accounting policy in note 43.17.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Opening balance		**57,366,281**	55,875,824	39,019,866
Provision made during the period/year	5.04, 6 & 7	**18,563,850**	2,456,306	17,080,972
		75,930,131	58,332,130	56,100,838
Payment made during the period/year		**(3,297,393)**	(965,849)	(225,014)
		72,632,738	57,366,281	55,875,824

25.a Consolidated defined benefit obligations - Gratuity

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	25.00	**72,632,738**	57,366,281	55,875,824
BSRM Iron & Steel Co. Ltd.		**26,129,078**	20,503,706	18,707,622
		98,761,816	77,869,987	74,583,446

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26.00 Current tax liability

See accounting policy in note 43.15.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Opening balance		**1,350,541,113**	560,347,182	495,092,588
Add: Provided for the period/year		**634,659,347**	527,644,441	560,347,182
		1,985,200,460	1,087,991,623	1,055,439,770
Add/(adjustment): Provision for previous years		**-**	262,549,490	(167,010,975)
		1,985,200,460	1,350,541,113	888,428,795
Income tax paid		**(1,087,452,247)**	-	(328,081,613)
Closing balance		**897,748,213**	1,350,541,113	560,347,182

Year wise income taxes assessment status is as follows:

In Taka

Accounting Year	Assessment Year	Opening balance	Charged/ (credited) to profit or loss	Adjusted/paid during the year	Closing balance	Remarks
Prior to 2010	-	-	-	-	-	Assessment completed
2010	2011-2012	109,564,854	-	-	109,564,854	Assessment completed
2011	2012-2013	33,508,517	-	-	33,508,517	Assessment completed
2012	2013-2014	119,476,119	-	-	119,476,119	Assessment completed
2013	2014-2015	-	-	-	-	Under Tax audit
2014	2015-2016	-	-	-	-	Under Tax audit
2015	2016-2017	560,347,182	-	555,934,809	4,412,373	Assessment completed
2016	2016-2017	527,644,441	-	531,517,438	(3,872,997)	Return submitted
2017	2017-2018	-	634,659,347	-	634,659,347	Return due by 15 January 2018
		1,350,541,113	**634,659,347**	**1,087,452,247**	**897,748,213**	

26.01 The company, following decision of the Board of Directors in its Meeting held on 7 March, 2012 filed a Writ Petition on 22 March, 2012 before the High Court Division of Supreme Court of Bangladesh challenging the legality of Section 16CCC of Income Tax Ordinance 1984 imposing minimum income tax of 0.50% (currently 0.60%) of the gross receipts of the company regardless of profit or loss as per financial statements. Accordingly, the High Court issued a Rule Nisi calling the Government Authorities to show cause as to why Section 16CCC of the Income Tax Ordinance 1984 should not be declared to be illegal and of no legal effect and pending hearing of the Rule restrained the Government Authorities from charging minimum tax under the said Section. In view of above, no provision for income tax up to 2012 envisaged u/s 16CCC was made in the financial statements. Subsequently, the decision of Honourable High Court division has gone against the company and provision for minimum tax liability against previous years has been provided in the period of six months ended on June 30, 2016.

Reconciliation of effective tax rate

	2017		2016		2015	
	Rate	Taka	Rate	Taka	Rate	Taka
Profit before tax		**2,249,988,762**		**2,114,924,879**		2,593,948,797
Tax using the applicable tax rate	**25%**	**562,497,191**	**25%**	**528,731,220**	25%	648,487,199
Tax effect of:						
i) Share of loss/ (profit) of equity accounted investee	**2.5%**	**56,468,648**	**0.2%**	**4,638,964**	-0.7%	(18,827,944)
ii) Difference between accounting and fiscal depreciation	**-0.4%**	**(9,398,440)**	**-1.9%**	**(9,810,701)**	-3.4%	(88,201,960)
iii) Gratuity provision and payment	**0.2%**	**3,816,614**	**0.1%**	**372,614**	0.2%	4,213,990
iv) Inadmissible expenses	**1.2%**	**27,392,135**	**1.1%**	**5,961,464**	0.7%	17,721,361
v) Unrealized foreign currency translation gain	**0.1%**	**2,646,632**	**0.6%**	**3,405,684**	0.3%	7,742,084
vi) Rebate on export sales	**-0.4%**	**(8,763,433)**	**-1.1%**	**(5,654,804)**	-0.4%	(10,787,547)
	28.21%	**634,659,347**	**24.14%**	**527,644,441**	21.60%	560,347,182

26.a Consolidated current tax liability

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	26.00	**897,748,213**	1,350,541,113	560,347,182
BSRM Iron & Steel Co. Ltd.		**177,233,540**	198,437,337	-
		1,074,981,753	1,548,978,450	560,347,182

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27.00 Deferred tax liability

See accounting policy in note 43.15.

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

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Opening balance		**840,590,872**	831,760,881	729,338,236
Provided/ (adjusted) during the period/year:				
Investments in associates		**(45,174,918)**	(1,936,940)	83,053,812
Adjusted for gratuity		**(3,816,614)**	(372,614)	(3,238,493)
Deferred tax on revaluation surplus of PPE (excluding land)		**-**	-	(10,875,188)
For temporary difference of PPE and software (excluding land)		**16,285,257**	13,722,402	38,920,108
Adjusted for impact of excess depreciation on revaluation surplus		**(6,610,500)**	(2,582,857)	(5,437,594)
Closing balance		**801,274,097**	840,590,872	831,760,881

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

In Taka	Rate applied	Carrying amount	Tax base	Taxable/ (Deductible) temporary difference	Deferred tax Liability/ (Asset)
As on 30 June 2017					
Property, plant and equipment (other than land)	**25%**	**5,299,233,722**	**2,166,907,104**	**3,132,326,618**	**783,081,655**
Intangible assets (Software)	**25%**	**24,755,762**	**23,121,072**	**1,634,690**	**408,672**
Provision for gratuity	**25%**	**72,632,738**	**-**	**(72,632,738)**	**(18,158,185)**
Investment in Associates	**15% - 20%**	**1,322,795,570**	**1,000,000,000**	**322,795,570**	**35,941,954**
Deferred tax liability					**801,274,096**
As on 30 June 2016					
Property, plant and equipment (other than land)	25%	4,630,488,906	1,537,625,938	3,092,862,968	773,215,742
Intangible assets (Software)	25%	28,093,617	25,694,305	2,399,312	599,828
Provision for gratuity	25%	57,366,281	-	(57,366,281)	(14,341,570)
Investment in Associates	15% - 20%	1,550,911,049	1,000,000,000	550,911,049	81,116,872
Deferred tax liability					840,590,872
As on 31 December 2015					
Property, plant and equipment (other than land)	25%	4,714,608,845	1,663,904,744	3,050,704,101	762,676,025
Intangible assets (Software)	25%	-	-	-	-
Provision for gratuity	25%	(55,875,824)	-	(55,875,824)	(13,968,956)
Investment in Associates	15% - 20%	1,569,466,903	1,000,000,000	569,466,903	83,053,812
Deferred tax liability					831,760,881

27.a Consolidated deferred tax liability

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	27.00	**801,274,097**	840,590,872	831,760,881
BSRM Iron & Steel Co. Ltd.		**409,812,737**	405,951,231	399,924,447
		1,211,086,834	1,246,542,103	1,231,685,328

28.00 Trade payables

See accounting policy in note 43.10.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Bangladesh Steel Re-Rolling Mills Limited		**-**	17,116,422	-
BSRM Logistics Limited		**21,131,827**	15,583,499	9,428,567
Chittagong Power Company Limited		**(638,244)**	-	
BSRM Ispat Limited		**266,950**	-	
Others		**58,434,177**	13,814,298	24,194,965
		79,194,710	46,514,219	33,623,532

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

28.a Consolidated trade payables

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	28.00	**79,194,710**	46,514,219	33,623,532
BSRM Iron & Steel Co. Ltd.		**49,432,606**	52,310,889	44,861,480
Less: Intra group elimination		**(25,600,912)**	(7,634,409)	(16,998,485)
		103,026,404	91,190,699	61,486,527

29.00 Short term borrowings

See accounting policy in note 43.10.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Short term borrowings	29.01	**17,914,392,772**	14,156,306,174	12,650,676,709
Long term borrowings-current portion	29.07	**496,382,366**	457,704,192	196,850,016
		18,410,775,138	14,614,010,366	12,847,526,725

29.01 Short term borrowings

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Loan against Trust Receipt (LATR)	29.02	**55,024,722**	48,974,887	45,151,458
Time loan	29.03	**6,613,430,308**	1,849,443,982	3,300,397,200
Demand Loan	29.04	**8,436,395,407**	6,223,671,573	5,459,085,534
Bank overdraft and cash credit	29.05	**1,723,167,779**	368,253,266	671,099,853
Factoring Loan-United Leasing Co. Limited		**16,238,166.61**	(382,726)	18,974,277
Liability for accepted bills for payment (ABP)	29.06	**1,070,136,388**	5,666,345,192	3,155,968,387
		17,914,392,772	14,156,306,174	12,650,676,709

29.02 Loan against Trust Receipt (LATR)

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Premier Bank Limited		**24,520,030**	21,566,796	12,290,398
Uttara Bank Limited		**30,504,692**	13,100,234	28,507,375
National Credit and Commerce Bank Limited		**-**	14,307,857	-
Al Arafah Islami Bank Limited		**-**	-	2,444,040
IFIC Bank Limited		**-**	-	1,784,239
Mercantile Bank Limited		**-**	-	125,406
		55,024,722	48,974,887	45,151,458

29.03 Time Loan

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Jamuna Bank Limited		**846,661,904**	453,536,389	261,026,673
Prime Bank Limited		**1,206,038,088**	987,591,890	1,945,035,084
HSBC Limited		**345,000,000**	296,315,703	300,000,000
Mercantile Bank Limited		**2,021,842,983**	-	-
Bank Asia Limited		**1,325,722,271**	-	-
IPDC Limited		**355,769,229**	-	50,179,236
Shahjalal Islami Bank Limited		**512,395,833**	-	523,222,223
National Credit & Commerce Bank Limited		**-**	112,000,000	-
Uttara Bank Limited		**-**	-	201,565,000
AB Bank Limited		**-**	-	19,368,984
		6,613,430,308	1,849,443,982	3,300,397,200

29.04 Demand Loan

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Eastern Bank Limited		**1,083,700,741**	820,011,562	2,149,150,455
The City Bank Limited		**1,109,049,609**	925,000,045	821,011,167
Standard Chartered Bank		**1,770,065,405**	1,534,789,006	399,727,500
Commercial Bank of Ceylon plc		**1,216,802,431**	288,430,107	526,343,889
IFIC Bank Limited		**350,802,083**	368,167,422	533,273,274
Trust Bank Limited		**698,534,653**	471,866,489	-
Bank Asia Limited		**22,951**	-	-
Uttara Bank Limited		**452,889,583**	-	-
IDLC Finance Limited		**202,284,722**	-	-
One Bank Limited		**579,246,111**	-	-
Dutch Bangla Bank Limited		**-**	478,235,361	1,029,579,249
Mutual Trust Bank Ltd		**-**	80,258,431	-
Pubali Bank Limited		**-**	1,019,555,556	-
Shahjalal Islami Bank Ltd		**-**	2,001,750	-
National Credit & Commerce Bank Limited		**972,997,119**	235,355,844	-
		8,436,395,407	6,223,671,573	5,459,085,534

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29.05 Bank overdraft, SOD and cash credit

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Bank Alfalah Limited - OD		**234,774,223**	96,575,730	101,073,551
AB Bank Limited - OD		**29,537,043**	8,960,279	5,355,803
BRAC Bank Limited - OD		**374,408,921**	(66,250)	303,837,903
Dhaka Bank Limited - OD		**49,407,652**	14,632,498	206,341
Dutch Bangla Bank Limited - OD		**172,894,328**	56,780,781	175,053,660
National Credit and Commerce Bank Limited - CC		**327,505,616**	118,945,080	45,892,039
National Credit and Commerce Bank Limited - SOD		**128,942,573**	55,876,835	16,230,854
Premier Bank Limited - SOD		**10,658,425**	235,614	12,106,927
Premier Bank Limited - CC		**(1,299,242)**	12,000,491	14,397,535
Pubali Bank Limited		**10,719,870**	(5,117,126)	119,462
South Bangla Agriculture & Commerce Bank Limited-SOD		**2,993,379**	10,397,200	(1,368,106)
Uttara Bank Limited - CC		**35,379,526**	(967,866)	(1,806,116)
State Bank of India		**132,058,667**	-	-
BASIC Bank Limited		**215,186,800**	-	-
		1,723,167,779	368,253,266	671,099,853

29.06 Liability for accepted bills for payment (ABP)

In Taka	Note	30 June 17	30 June 16	31-Dec-15
AB Bank Limited		**154,549,227**	147,616,094	271,682,041
Dhaka Bank Limited		**139,370,728**	261,611,571	130,237,715
Prime Bank Limited		**52,556,011**	159,649,519	146,190,637
Trust Bank Limited		**158,921,623**	291,668,320	120,295,106
United Commercial Bank Limited		**300,509,896**	177,742,299	253,152,142
Islami Bank Limited		**29,914,250**	285,143,122	-
Eastern Bank Limited		**39,618,664**	-	125,456,705
Mercantile Bank Limited		**25,866,679**	-	131,606,218
Al-Arafah Islami Bank		**125,876,511**	-	-
One Bank Limited		**42,952,800**	-	-
Bank Asia Limited		-	689,738,550	146,085,458
Commercial Bank of Ceylon plc.		-	121,012,705	131,546,305
Dutch Bangla Bank Limited		-	114,509,848	252,980,806
HSBC Limited		-	910,478,092	252,074,183
National Credit and Commerce Bank Limited		-	706,460,168	257,501,860
Shajalal Islami Bank Limited		-	247,030,479	130,237,291
Standard Chartered Bank		-	506,420,568	129,538,217
BRAC Bank Limited		-	159,649,663	120,288,315
Social Islami Bank Limited		-	158,892,677	-
Pubali Bank Limited		-	285,973,721	-
The City Bank Limited		-	284,170,020	-
Uttara Bank Limited		-	158,577,776	-
Habib Bank Limited		-	-	146,308,563
IFIC Bank Limited		-	-	127,406,460
Jamuna Bank Limited		-	-	143,792,199
State Bank of India		-	-	139,588,166
		1,070,136,388	5,666,345,192	3,155,968,387

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29.07 Long term borrowings-current portion

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

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Redeemable zero coupon bond	24.01	**493,742,992**	457,704,192	-
Prime Bank Limited	24.02	**2,639,374**	-	-
BD Finance & Investment Co. Ltd.	24.03	-	-	56,106,148
IPDC Limited	24.09	-	-	56,889,847
Jamuna Bank Limited	24.04	-	-	20,327,362
Meghna Bank Limited	24.05	-	-	41,530,113
United Leasing Co. Limited	24.06	-	-	17,754,589
Al Arafah Islami Bank Limited	24.08	-	-	4,241,957
		496,382,366	457,704,192	196,850,016

29.a Consolidated short term borrowings

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	29.00	**18,410,775,138**	14,614,010,366	12,847,526,725
BSRM Iron & Steel Co. Ltd.		**2,935,478,860**	1,650,697,098	1,858,849,153
		21,346,253,998	16,264,707,464	14,706,375,878

30.00 Current account with related companies

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Wires Limited		**15,547,452**	-	-
		15,547,452	-	-

30.a Consolidated current account with related companies

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	30.00	**15,547,452**	-	-
BSRM Iron & Steel Co. Ltd.		**710,381,258**	326,746,057	395,858,419
Less: Intra group elimination		**(666,305,803)**	(306,511,093)	(395,858,419)
		59,622,907	20,234,964	-

31.00 Liabilities for expenses

See accounting policy in note 43.10.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Advertisement expenses		**59,481,389**	60,896,360	48,509,041
Audit Fees		**592,400**	368,000	569,250
Brokerage and commission		**23,696,418**	79,256,241	60,000,000
C & F Bill Payable		**225,364**	579,024	201,279
Carrying expenses		**84,054,420**	154,230,179	99,819,285
Domiciliary expenses		**793,159**	561,386	798,051
Gas bill payable		**15,066,438**	11,364,674	10,000,000
Liability against supply of goods / services		**81,388,112**	32,006,615	3,801,544
Printing and stationeries		**1,023,286**	65,854	4,273,867
Rent payables		**75,539**	47,157	18,587
Salary & allowances		**2,398,766**	715,551	2,091,029
Sales promotion expenses		**4,262,871**	505,040	2,870,829
Liability against fixed asset		**6,953,384**	-	-
Consultancy fees		**2,074,486**	-	113,483
Travelling expenses		**1,535,857**	-	3,700
Bank Guarantee		-	993,569	993,569
Production incentive payables		-	778,220	3,325
Godown rent		-	-	1,254,669
Others		**4,570,077**	2,516,783	1,890,628
		288,191,966	**344,884,653**	237,212,136

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31.a Consolidated liabilities for expenses

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	31.00	**288,191,966**	344,884,653	237,212,136
BSRM Iron & Steel Co. Ltd.		**26,025,199**	21,491,259	19,958,141
		314,217,165	366,375,912	257,170,277

32.00 Provision for WPPF and Welfare Fund

See accounting policy in note 43.17.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Opening balance		**198,906,493**	132,559,843	79,677,893
Add: Provided during the year		**130,308,597**	112,288,460	132,559,843
Less: Paid during the year		**(198,906,493)**	(45,941,810)	(79,677,893)
Closing balance		**130,308,597**	198,906,493	132,559,843

32.a Consolidated provision for WPPF and Welfare Fund

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	32.00	**130,308,597**	198,906,493	132,559,843
BSRM Iron & Steel Co. Ltd.		**5,872,752**	13,764,579	13,096,948
		136,181,349	212,671,072	145,656,791

32.a.i Consolidated contribution to WPPF and Welfare Fund

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	32.00	**130,308,597**	112,288,460	132,559,843
BSRM Iron & Steel Co. Ltd.		**5,872,752**	7,652,763	13,096,948
		136,181,349	119,941,223	145,656,791

33.00 Other liabilities

See accounting policy in note 43.10.

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Advance against sales		**375,161,220**	325,742,126	334,761,177
Security deposit		**26,970,146**	22,090,088	20,424,283
Income Tax deducted at source		**2,613,668**	10,816,555	3,668,136
VAT deducted at source		**2,193,249**	7,036,116	1,176,944
Earnest/Retention money		**28,936,292**	8,802,496	9,516,877
Liability against fractional bonus share		**1,163,929**	1,163,929	1,163,929
Unclaimed dividend		**16,767,756**	16,615,335	10,743,372
Liability against share application money		**7,581,814**	7,581,814	7,581,814
Interest payable		**27,942,567**	36,041,622	11,582,900
Provision for doubtful debts		**621,777**	621,777	621,777
Provident fund		**1,720,534**	1,471,248	1,276,003
		491,672,953	437,983,106	402,517,212

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

33.a Consolidated other liabilities

In Taka	Note	30 June 17	30 June 16	31-Dec-15
BSRM Steels Limited	33.00	**491,672,953**	437,983,106	402,517,212
BSRM Iron & Steel Co. Ltd.		**23,770,313**	543,985,820	443,731,904
Less: Intra group elimination		**-**	(495,061,380)	(430,000,000)
		515,443,266	486,907,546	416,249,116

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34.00 Related party transactions

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

Name	Relationship	Nature of Transactions	Mode of transaction	Closing balance (net) as on 30 June 2017	
Bangladesh Steel Re-Rolling Mills Limited	Shareholder	Material supply/ Short term Loan/	Market price/ negotiated price	6,815,692,516	Dr.
BSRM Iron and Steel Co. Limited	Subsidiary	Material supply, STL, etc.		691,906,715	Dr.
BSRM Ispat Limited	Sister Company	Inter Company Transactions		436,814,028	Dr.
BSRM Steel Mills Ltd.	Associate	Short term Loan, sales, etc.		1,098,897,899	Dr.
BSRM Logistics Limited	Sister Company	Sales, purchase, STL, etc.		244,033,258	Dr.
BSRM Metals Limited	Sister Company	Inter Company Transactions		63,967,690	Dr.
H. Akberali & Co. Ltd.	Sister Company	Short term Loan, sales, etc.		197,079,123	Dr.
Chittagong Power Company Ltd.	Sister Company	Inter Company Transactions		470,775,994	Dr.
BSRM Wires Limited	Sister Company	Inter Company Transactions		15,547,452	Cr.
BSRM Recycling Industries Limited	Sister Company	Inter Company Transactions		23,742,633	Dr.

35.00 Contingent liabilities

See accounting policy in note 43.13.
Contingent liabilities at the reporting date are as follows:

35.01 Bank guarantee

In Taka	Note	30 June 17	30 June 16	31-Dec-15
IFIC Bank Limited		84,130,345	47,653,091	15,961,555
HSBC Limited		805,932	782,870	779,500
Mercantile Bank Limited		158,513,266	143,388,500	10,912,500
Trust Bank Limited		-	-	912,431
Al Arafah Islami Bank Ltd.		-	-	2,636,194
		243,449,543	191,824,461	31,202,180

35.02 Minimum tax liability under section 16 CCC of ITO, 1984

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Minimum tax liability under section 16 CCC of ITO, 1984	26.01	-	-	278,127,327

Consequent to the verdict of Honorable High Court division, the above contingency has been turned into liability for the company with respect to minimum tax payable on gross receipt and has been provided in the year ended 31 December 2015.

35.03 Claim against trade VAT by Customs, Excise & VAT authority

In Taka	Note	30 June 17	30 June 16	31-Dec-15
	21.06	23,053,915	23,053,915	23,053,915

36.00 Capital expenditure

The company has acquired 335.45 decimals of land in Narayanganj (Mouja: Chapatoli & Kaudala; Thana: Bandar) for construction of warehouse. Estimated cost of construction of the warehouse will be Tk. 50 Crore.

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37.00 Production capacity

	July'16-June'17	Jan'16-June'16	Jan'15-Dec'15
Licensed Capacity (In M. Ton)- yearly	**700,000**	700,000	700,000
Installed Capacity (In M. Ton)- yearly (Capacity was increased from 600,000 MT to 700,000 MT from 07 December 2015)	**700,000**	700,000	700,000
Production (In M. Ton)	**681,064**	362,254	602,832
Capacity utilized- (%)	**97.3%**	51.8%	99.5%

The above mentioned production capacity represents the normal production capacity of the company (BSRM Steels Ltd.) only.

38.00 Employees

In Taka	30 June 17	30 June 16	31-Dec-15
Number of employees whose salary was below Tk. 3,000	-	-	-
Number of employees whose salary was above Tk. 3,000	**624**	596	578
	624	596	578

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

39.00 Operating lease

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

In Taka	30 June 17	30 June 16	31-Dec-15
Within one year	**54,746,552**	18,769,374	10,912,890
Within 2 to 5 years	**193,181,561**	300,740,484	15,243,156
After 5 years	**2,194,973**	2,063,088	1,852,750
	250,123,086	321,572,946	28,008,796

40.00 Proposed merger

As per decision of Extra Ordinary General Meeting (EGM) of shareholders held on 30 March 2016, the company is going to be merged with its subsidiary BSRM Iron & Steel Co. Ltd. subject to getting approvals from Honorable High Court Division of the Supreme Court of Bangladesh and concerned regulatory authorities.

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41.00 Financial risk management

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

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

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

41.01 Credit risk

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

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

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

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

a) Exposure to credit risk

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

In Taka	Note	30 June 17	30 June 16	31-Dec-15
Investments in FDRs (Short term & long term)		**345,998,295**	469,627,059	477,162,914
Advances and deposits	21	**1,563,349,721**	3,504,385,573	2,554,191,955
Trade and other receivables	19	**3,448,601,088**	2,568,997,717	2,247,869,647
Due from sister companies	20	**10,037,584,376**	7,145,824,837	2,626,472,168
Cash at bank	22	**(30,293,928)**	(34,773,175)	256,153,075
		15,365,239,552	13,654,062,011	8,161,849,759
b) Ageing of trade receivables				
Dues within 3 months		**2,711,562,159**	2,078,642,248	1,713,967,443
Dues over 3 months but less than 6 months		**191,238,526**	148,872,171	121,604,854
Dues over 6 months		**181,192,161**	131,338,753	179,800,089
		3,083,992,846	2,358,853,172	2,015,372,386

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41.02 Liquidity risk

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

Exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

In Taka

		Contractual cash flows			At 30 June 2017
Non-derivative financial liabilities	**Carrying amount**	**Within 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Long term loan	1,591,706,604	496,382,366	1,095,324,237	-	3,183,413,207
Defined benefit obligations - Gratuity	72,632,738	-	72,632,738	-	145,265,476
Trade creditors	79,194,710	79,194,710	-	-	158,389,419
Short term liabilities	17,914,392,772	17,914,392,772	-	-	35,828,785,543
Liabilities for expenses	288,191,966	288,191,966	-	-	576,383,932
Provision for WPPF and Welfare Fund	130,308,597	130,308,597	-	-	260,617,195
Other liabilities	491,672,953	491,672,953	-	-	983,345,905
	20,568,100,338	19,400,143,363	1,167,956,975	-	41,136,200,677
					At 30 June 2016
Long term loan	2,004,836,187	457,704,192	1,547,131,995	-	2,004,836,187
Defined benefit obligations - Gratuity	57,366,281	-	57,366,281	-	57,366,281
Trade creditors	46,514,219	46,514,219	-	-	46,514,219
Short term liabilities	14,156,306,174	14,156,306,174	-	-	14,156,306,174
Liabilities for expenses	344,884,653	344,884,653	-	-	344,884,653
Provision for WPPF and Welfare Fund	198,906,493	198,906,493	-	-	198,906,493
Other liabilities	437,983,106	437,983,106	-	-	437,983,106
	17,246,797,113	15,642,298,837	1,604,498,276	-	17,246,797,113
In Taka					At 31 December 2015
Long term loan	745,238,979	196,850,016	548,388,963	-	745,238,979
Defined benefit obligations - Gratuity	55,875,824	-	55,875,824	-	55,875,824
Trade creditors	33,623,532	33,623,532	-	-	33,623,532
Short term liabilities	12,650,676,709	12,650,676,709	-	-	12,650,676,709
Liabilities for expenses	237,212,136	237,212,136	-	-	237,212,136
Provision for WPPF and Welfare Fund	132,559,843	132,559,843	-	-	132,559,843
Other liabilities	402,517,212	402,517,212	-	-	402,517,212
	14,257,704,235	13,653,439,448	604,264,787	-	14,257,704,235

41.03 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.

41.03.01 Currency risk exposure and its management

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

The Company is exposed to foreign currency risk relating to purchases and other transactions which are denominated in foreign currencies. As at 30 June 2017, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

Exposure to currency risk 30.06.2017	GBP	EURO	USD	Taka
Foreign currency denominated assets:				
Cash and cash equivalents	-	-	13,649	1,110,367
Trade and other receivables	-	-	1,766,678	137,094,185
	-	-	1,780,326.9	138,204,552
Foreign currency denominated liabilities:				
Liability for accepted bills for payment	-	-	13,790,417.4	1,070,136,388
	-	-	13,790,417.4	1,070,136,388
Net exposure	-	-	(12,010,090.5)	(931,931,835.9)

Exposure to currency risk 30.06.2016	GBP	EURO	USD	Taka
Foreign currency denominated assets:				
Cash and cash equivalents	-	-	57,611.2	4,470,628
Trade and other receivables	-	-	1,929,448.2	149,725,179
	-	-	1,987,059.4	154,195,807
Foreign currency denominated liabilities:				
Liability for accepted bills for payment (ABP)	-	-	73,019,912.3	5,666,345,192
	-	-	73,019,912.3	5,666,345,192
Net exposure	-	-	(71,032,852.9)	(5,512,149,385)

31.12.2015	GBP	EURO	USD	Taka
Foreign currency denominated assets:				
Cash and cash equivalents	7.1	325.7	97,806.1	7,650,551
Trade and other receivables	-	-	-	-
	7.1	325.7	97,806.1	7,650,551
Foreign currency denominated liabilities:				
Liability for accepted bills for payment	-	-	137,358,034.6	3,155,968,387
	-	-	137,358,034.6	3,155,968,387
Net exposure	7.1	325.7	(137,260,228.5)	(3,148,317,836)

The following significant exchange rate is applied during the period/year:

	30-Jun-17	30-Jun-16	31-Dec-15
US dollar	**81.35**	77.6	77.95
EURO	**93.77**	85.09	83.88
GBP	**106.28**	102.94	114.40

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currencies 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.

In Taka	**30 June 17**			
	Profit or loss		**Equity- net of tax**	
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	**(25,548,607)**	**25,548,607**	**(19,161,455)**	**19,161,455**
EURO	-	-	-	-
GBP	-	-	-	-

In Taka	**30 June 16**			
	Profit or loss		**Equity- net of tax**	
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	**(116,231,995)**	**116,231,995**	**(87,173,996)**	**87,173,996**
EURO	-	-	-	-
GBP	-	-	-	-

In Taka	**31-Dec-15**			
	Profit or loss		**Equity- net of tax**	
	Strengthening	Weakening	Strengthening	Weakening
USD (2% movement)	(62,876,042)	**62,876,042**	**(47,157,032)**	**47,157,032**
EURO	-	-	-	-
GBP	-	-	-	-

41.03.02 Transaction risk

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

41.03.03 Economic risk

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

41.03.04 Interest risk

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

Exposure to interest rate risk

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

Fixed- rate instruments

In Taka	**30 June 17**	**30 June 16**	**31-Dec-15**
Financial assets	**10,383,582,671**	7,615,451,896	3,103,635,082
Financial liabilities	**(19,506,099,375)**	(16,161,142,361)	(12,847,526,725)
	(9,122,516,704)	**(8,545,690,465)**	(9,743,891,643)
Variable- rate instruments			
Financial assets	-	-	-
Financial liabilities	-	-	-
	-	-	-

42.00 Financial Instruments- Accounting classifications and fair values

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

		Carrying amount					
In Taka	Note	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	Total
30 June 2017							
Financial Assets not measured at fair value:							
Trade and other receivables		-	-	**3,448,601,088**	-	-	**3,448,601,088**
Due from inter companies		-	-	**10,037,584,376**	-	-	**10,037,584,376**
Investments in FDRs		-	-	-	**345,998,295**	-	**345,998,295**
Cash at bank		-	-	**(30,293,928)**	-	-	**(30,293,928)**
		-	-	**13,455,891,536**	**345,998,295**	-	**13,801,889,831**
Financial Liabilities not measured at fair value:							
Trade and other payables		-	-	-	-	**79,194,710**	**79,194,710**
Short term liabilities		-	-	-	-	**17,914,392,772**	**17,914,392,772**
Long term loan		-	-	-	-	**1,591,706,604**	**1,591,706,604**
Other liabilities		-	-	-	-	**491,672,953**	**491,672,953**
		-	-	-	-	**20,076,967,037**	**20,076,967,037**
30 June 2016							
Financial Assets not measured at fair value:							
Trade and other receivables		-	-	2,568,997,717	-	-	2,568,997,717
Due from inter companies		-	-	7,145,824,837	-	-	7,145,824,837
Investments in FDRs		-	-	-	469,627,059	-	469,627,059
Cash at bank		-	-	(34,773,175)	-	-	(34,773,175)
		-	-	9,680,049,379	469,627,059	-	10,149,676,438
Financial Liabilities not measured at fair value:							
Trade and other payables		-	-	-	-	46,514,219	46,514,219
Short term liabilities		-	-	-	-	14,156,306,174	14,156,306,174
Long term loan		-	-	-	-	2,004,836,187	2,004,836,187
Other liabilities		-	-	-	-	437,983,106	437,983,106
		-	-	-	-	16,645,639,686	16,645,639,686
31 December 2015							
Financial Assets not measured at fair value:							
Trade and other receivables		-	-	2,247,869,647	-	-	2,247,869,647
Due from inter companies		-	-	2,626,472,168	-	-	2,626,472,168
Investments in FDRs		-	-	-	477,162,914	-	477,162,914
Cash at bank		-	-	256,153,075	-	-	256,153,075
		-	-	5,130,494,890	477,162,914	-	5,607,657,804
Financial Liabilities not measured at fair value:							
Trade and other payables		-	-	-	-	33,623,532	33,623,532
Short term liabilities		-	-	-	-	12,650,676,709	12,650,676,709
Long term loan		-	-	-	-	745,238,979	745,238,979
Other liabilities		-	-	-	-	402,517,212	402,517,212
		-	-	-	-	13,832,056,432	13,832,056,432

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43.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

43.01 Basis of consolidation and disclosure of interest in other entities
43.02 Consistency
43.03 Property, Plant and Equipment
43.04 Capital Work-In-Progress
43.05 Intangible Assets
43.06 Inventories
43.07 Transactions in Foreign Currencies
43.08 Investment in Associate
43.09 Financial Assets
43.10 Financial Liabilities
43.11 Impairment
43.12 Cash Flow Statement
43.13 Provisions, Contingent Liabilities and Contingent Assets
43.14 Borrowing Costs
43.15 Taxation
43.16 Share Capital
43.17 Employee Benefits
43.18 Revenue Recognition
43.19 Finance Income and Costs
43.20 Other Operating Income
43.21 Earnings Per Share (EPS)
43.22 Duty Drawback
43.23 Measurement of Fair Values
43.24 Events After the Reporting Period
43.25 Comparative Information
43.26 Leases
43.27 Standards adopted but not yet effective

43.01 Basis of consolidation and disclosure of interest in other entities

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

BISCO is a subsidiary company of BSL. The Company has made 95% equity investment in this subsidiary. BSL is exposed to and has rights, to variable returns from the subsidiary and also has the ability to affect those returns through its power over BISCO.

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

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

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

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

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

43.03 Property, Plant and Equipment

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

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

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

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

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

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

The principal annual rates and allocation basis under reducing balance method were as follows:

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

Depreciation methods, useful lives and residual values are reassessed at the reporting dates.
Management has reviewed and revised the depreciation method from reducing balance method to straight line method and estimated useful lives of assets in the 222nd meeting of the Board of Directors held on 26 January 2017 effective from January 2017.
Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.

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43.04 Capital Work-In-Progress

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

43.05 Intangible Assets

43.05.01 Recognition and measurement

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

43.05.02 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.

43.05.03 Amortization

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

Category of Assets	Useful lives
Trade Marks	20 years
Oracle *eBS* software	10 years

43.06 Inventories

Nature of inventories

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

Valuation of the inventories

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

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

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

43.07 Transactions in Foreign Currencies

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

43.08 Investment in Associate

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

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

43.09 Financial Assets

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

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

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

43.09.01 Trade and Other Receivables

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

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

43.09.02 Advances, Deposits and Prepayments

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

Deposits are measured at payment value.

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

43.09.03 Cash and Cash Equivalents

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

43.10 Financial Liabilities

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

43.10.01 Trade and Other Payables

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

43.11 Impairment

43.11.01 Financial Assets

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

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

RAHMAN RAHMAN HUQ CHITTAGONG

43.11.02 Non Financial Assets

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

43.12 Cash Flow Statement

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

43.13 Provisions, Contingent Liabilities and Contingent Assets

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

43.14 Borrowing Costs

Interest and other costs incurred by the group in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per BAS 23 "Borrowing Costs".

43.15 Taxation

43.15.01 Current Tax

The group has been maintaining provision for taxation using rates enacted at the reporting date as per Income Tax Ordinance, 1984. The applicable rates are 25% for the company and currently the tax rate applicable for BISCO is 35%.

43.15.02 Deferred Tax

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

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

43.16 Share Capital

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

43.17 Employee Benefits

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

43.17.01 Defined Contribution Plan

The group maintains a recognized provident fund for all eligible permanent employees in which both employee and employer contributes 10% of basic pay. The said fund is managed by the Board of Trustees.

RAHMAN RAHMAN HUQ CHITTAGONG

43.17.02 Defined Benefit Plan

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

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

43.17.03 Workers' Profit Participation and Welfare Funds

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

43.18 Revenue Recognition

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

43.19 Finance Income and Costs

43.19.01 Finance Income

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

43.19.02 Finance Costs

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

43.20 Other Operating Income

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

43.21 Earnings Per Share (EPS)

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

43.21.01 Basis of Earnings

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

43.21.02 Basic Earnings Per Share

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

43.21.03 Diluted Earnings Per Share

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

43.22 Duty Drawback

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

RAHMAN RAHMAN HUQ CHITTAGONG

43.23 Measurement of Fair Values

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

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

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

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

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

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

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

43.24 Events After the Reporting Period

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

43.25 Comparative Information

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

43.26 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.

43.26.01 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.

43.26.02 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.

RAHMAN RAHMAN HUQ CHITTAGONG

43.27 Standards adopted but not yet effective

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

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

RAHMAN RAHMAN HUQ CHITTAGONG

DIRECTORS' REPORT OF BISCO (SUBSIDIARY)

Dear Shareholders

I have great pleasure in extending you all a warm welcome to our 12thAnnual General Meeting of BSRM Iron & Steel Company Limited-a premier supplier of quality M.S. Billet.

I feel highly encouraged to submit before you the Directors' Report and Audited Financial Statements for the period ended on 30th June 2017 (period covering from 1stJanuary 2016 to 30th June 2017) for your review, approval and adoption.

Review of Operation

From the comparative operational results, it is evident that our Company has continued to sustain a healthy growth in this year. During the year production and Sales of our products touched new heights. This period we had record production and delivery of 312,845 MT and 310,988 M.T. Billet respectively. The turnover of the Company has increased by 2.30% than that of previous Period. Company had also to battle with the volatile price of scrap both in home and abroad.

Operating Results

Particulars	July, 16 to June, 17	Jan, 16 to June, 16	Jan,16 to June, 17	Jan, 15 to Dec, 15
	(12 months)	*(6 months)*	*(18 months)*	*(12 months)*
Sales Value in Taka	818.43	375.15	1,193.58	791.61
Cost of Goods Sold in Taka	786.48	353.56	1,140.04	747.64
Gross Profit in Taka	31.95	21.59	53.54	43.97
Profit before int. taxes & WPPF	30.18	20.64	50.82	41.83
Less: Interest & WPPF	19.02	6.10	25.12	16.95
Less: Income Tax	5.31	20.45	25.76	24
Net Profit in Taka	5.85	(5.91)	(0.06)	0.88
Earnings Per Share (EPS)	0.53	(0.54)	(0.01)	0.08

Directors

In accordance with the provision of the Article of Association of the company Mr. Zohair Taherali & Mrs. Tehseen Zohair Taherali, the two directors of the company, representing one third of the number of existing directors retire by rotation in the Annual General Meeting and being eligible Mr. Zohair Taherali& Mrs. Tehseen Zohair Taherali offer themselves for re- appointment.

Dividend

Directors didn't recommend any dividend for the year ended June 30, 2017as the company will merge with BSRM Steels Limited which is in process in the High Court.

Auditors

The Company's Auditors M/s Basu Banerjee Nath & Co. Chartered Accountants, retire and are eligible for reappointment. Boards of Directors recommend their appointment for the ensuing year/ till merger.

Outlook for 2017-18

The atmosphere of economy and business was good in 2016-17. We did not see any major natural calamities and political unrest during 2016-17. Steel industry is an established and growing industry in Bangladesh. We expect a huge demand of quality steel this year for construction of various mega projects in our country. Predominantly based in the port city of Chittagong, the industry has emerged as a major contributor to the national economy. Our company is striving hard tomaintainsustainable growth of the company by adopting and investing in the state-of-the-art technology and management practices. We give top priority to fairness, righteousness, and equitable opportunities to all of our employees, stakeholders, regulators and agencies of the government on the basis of legal/social orders, professionalism, corporate social responsibility, humanism and business ethics combined with morality. We assure you that we shall leave no stone unturned to continue with our standards of these virtues without any compromise.

Events after the date of Financial Position

There is no subsequent event after the date of the 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.

Gratitude

The Board of Directors record with deep appreciation to all the employees, shareholders, Government Agencies, Bank and Financial institutions, Consumers, Suppliers and other service Agencies for performing their respective roles in their best manner which help us to run our business smoothly and efficiently.

Thanking you all.

By order of the board

Alihussain Akberali FCA
Chairman
August 07, 2017

SMARTSTOCK

AUDITORS' REPORT AND FINANCIALS, 2016-17 OF SUBSIDIARY

BSRM IRON & STEEL CO. LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

AMARSTOCK

বসু ব্যানার্জী নাথ এন্ড কোং
BASU BANERJEE NATH & CO.
CHARTERED ACCOUNTANTS

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84 years of service 1933-2017

Reference No. BBNC/53/2017-2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BSRM Iron & Steel Co. Ltd.

Report on the Financial Statements:
We have audited the accompanying financial statements of **BSRM Iron & Steel Co. Ltd.** which are comprised of the Statement of financial position as of June 30, 2017, Statement of profit or loss & other comprehensive income, Statement of Changes in Equity and Statement of Cash flows for the year ended June 30, 2017 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 (BFRSs) and for such internal control a 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 expert opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). 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.

Scope:
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the 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 of the company prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), including Bangladesh Accounting Standards (BASs) give a true and fair view of the state of the Company's affairs as of June 30, 2017 and the results of its financial performance, Statement of cash flows and Statement of Changes in Equity for the year then ended.

Report on other Legal and Regulatory Requirements:
In our opinion, the Financial Statements comply with the applicable sections of the Companies Act 1994 and other applicable laws and regulations.

a) Our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the financial statements.

b) 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.

c) 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.

d) The company's Statement of financial position, Statement of profit or loss & other comprehensive income dealt with by this report are in agreement from our examination of those books.

Chittagong, August 07, 2017.

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

(Basu Banerjee Nath & Co.)
Chartered Accountants

BSRM Iron & Steel Co.Ltd.

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017

	NOTES	June 30, 2017 Taka	June 30, 2016 Taka	December 31, 2015 Taka
Assets:				
Non-current Assets:				
Property, Plant and Equipment	04	3,876,907,698	3,825,339,434	3,812,894,098
Less:Accumulated Depreciation		1,164,482,321	993,900,509	914,650,331
		2,712,425,377	**2,831,438,925**	**2,898,243,767**
Capital Work in Progress	05	189,004,110	40,100,670	18,825,748
Intangible Asset	06	7,072,533	8,026,133	8,502,933
Total Non-current Assets		**2,908,502,020**	**2,879,565,728**	**2,925,572,448**
Current Assets:				
Short Term Investment	07	251,026,537	133,246,397	79,129,048
Inventories	08	1,966,382,642	1,314,720,866	1,884,296,553
Trade and Other Receivables	09	931,599,921	909,793,401	314,331,811
Due from Related Companies	10	277,280,533	-	127,606,057
Advance, Deposits & Prepayments	11	382,057,486	342,734,463	314,758,297
Cash and Cash Equivalents	12	3,955,181	(4,438,641)	(5,018,983)
Total Current assets		**3,812,302,300**	**2,696,056,485**	**2,715,102,783**
Total Assets		**6,720,804,320**	**5,575,622,213**	**5,640,675,231**
Equity and Liabilities:				
Share Capital	13	1,100,000,000	1,100,000,000	1,100,000,000
Retained Earnings		709,895,453	651,433,065	710,494,682
Revaluation Reserve	14	524,195,793	524,195,793	524,195,793
Total equity attributable to equity holders of the company		**2,334,091,246**	**2,275,628,858**	**2,334,690,475**
Liabilities:				
Non-current liabilities				
Long Term borrowings	15	22,576,731	66,105,381	110,996,642
Retirement Benefit Obligations-Gratuity	16	26,129,078	20,503,706	18,707,622
Deferred Tax	17	409,812,737	405,951,231	399,924,447
Total non-current liabilities		**458,518,546**	**492,560,318**	**529,628,711**
Current liabilities:				
Current Portion of Long Term borrowings	18	84,360,604	82,171,316	68,823,121
Short term borrowings	19	2,851,118,256	1,568,525,781	1,790,026,032
Liabilities for Expenses	20	26,025,199	21,491,258	19,958,141
Trade and Other Payables	21	49,432,606	52,310,889	44,861,480
Due to Related Companies	22	710,381,258	326,746,057	395,858,419
Other Liabilities	23	23,770,313	543,985,820	443,731,904
Provision for WPPF & WWF	24	5,872,752	13,764,579	13,096,948
Provision for Income Tax:	25	177,233,540	198,437,337	-
Total current liabilities		**3,928,194,528**	**2,807,433,037**	**2,776,356,045**
Total liabilities		**4,386,713,074**	**3,299,993,355**	**3,305,984,756**
Total equity and liabilities		**6,720,804,320**	**5,575,622,213**	**5,640,675,231**
Net Asset Value (NAV) Per Share		**21.22**	**20.69**	**21.22**

Note: The annexed notes 01 to 32 form an integral part of these financial statements.

MANAGING DIRECTOR DIRECTOR COMPANY SECRETARY

Signed in terms of our annexed report of even date.

Taher Chamber (Ground Floor)
10, Agrabad Commercial Area
Chittagong-4100
Date - Chittagong, August 07, 2017

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

BASU BANERJEE NATH & CO.
(CHARTERED ACCOUNTANTS)

BSRM Iron & Steel Co.Ltd.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30 , 2017

	NOTES	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January 01, 2015 to December 31, 2015 Taka
Revenue		8,184,295,006	3,751,488,937	11,935,783,943	7,916,119,496
Cost of goods sold	26	(7,864,825,517)	(3,535,624,741)	(11,400,450,258)	(7,476,448,079)
Gross Profit		**319,469,489**	**215,864,196**	**535,333,685**	**439,671,417**
General & Administrative Cost	27	(36,945,600)	(19,637,991)	(56,583,591)	(34,494,113)
		282,523,889	**196,226,205**	**478,750,094**	**405,177,304**
Other Income	28	19,281,358	10,206,808	29,488,166	13,218,321
Net Operating Profit		**301,805,247**	**206,433,013**	**508,238,260**	**418,395,625**
Financial Expenses	29	(200,209,564)	(56,202,700)	(256,412,264)	(164,047,951)
Financial Income	30	15,859,358	2,824,954	18,684,312	7,591,286
		(184,350,206)	(53,377,746)	(237,727,952)	(156,456,665)
Net Profit beforeTax, WPPF and WWF		**117,455,041**	**153,055,267**	**270,510,309**	**261,938,960**
Contribution to Workers Profit Participation Fund (WPPF) & Workers Welfare Fund (WWF)	24	(5,872,752)	(7,652,763)	(13,525,515)	(13,096,948)
Net Profit Before Tax		**111,582,289**	**145,402,504**	**256,984,793**	**248,842,012**
Income Tax Expenses:					
Deferred Tax	17	(3,861,506)	(6,026,784)	(9,888,290)	(240,055,373)
Previous Tax		-	(175,214,093)	(175,214,093)	-
Current Tax	25	(49,258,395)	(23,223,244)	(72,481,639)	-
		(53,119,901)	(204,464,121)	(257,584,022)	(240,055,373)
Net profit after tax transferred to statement of changes in equity		**58,462,388**	**(59,061,617)**	**(599,229)**	**8,786,639**
Earnings Per Shares (EPS)	31	**0.53**	**(0.54)**	**(0.01)**	**0.08**

Note: The annexed notes 1 to 32 form an integral part of these financial statements.

MANAGING DIRECTOR DIRECTOR COMPANY SECRETARY

Signed in terms of our annexed report of even date.

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

BASU BANERJEE NATH & CO.
(CHARTERED ACCOUNTANTS)

Taher Chamber (Ground Floor)
10, Agrabad Commercial Area
Chittagong-4100
Date - Chittagong, August 07, 2017

BSRM Iron & Steel Co.Ltd.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

Particulars	Share Capital	Retained Earnings	Revaluation Reserve	Total
	Tk.	Tk.	Tk.	Tk.
Balance as on January 01, 2015	1,100,000,000	701,708,043	524,195,793	2,325,903,836
Net Profit/(Loss) after tax for the year	-	8,786,639	-	8,786,639
Balance as on December 31, 2015	**1,100,000,000**	**710,494,682**	**524,195,793**	**2,334,690,475**
Balance as on January 01, 2016	1,100,000,000	710,494,682	524,195,793	2,334,690,475
Net Profit/(Loss) after tax for the period	-	(59,061,617)	-	(59,061,617)
Balance as on June 30, 2016	**1,100,000,000**	**651,433,065**	**524,195,793**	**2,275,628,858**
Balance as on July 01, 2016	1,100,000,000	651,433,065	524,195,793	2,275,628,858
Net Profit/(Loss) after tax for the year	-	58,462,388	-	58,462,388
Balance as on June 30, 2017	**1,100,000,000**	**709,895,453**	**524,195,793**	**2,334,091,246**

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

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BSRM Iron & Steel Co. Ltd.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	July 01, 2016 to June 30, 2017 Taka	January 01,2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January 01, 2015 to December 31, 2015 Taka
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Cash collection from customers	8,181,825,458	3,166,198,493	11,348,023,951	7,616,221,224
Cash payment for cost and expenses	(9,202,484,323)	(2,883,194,623)	(12,085,678,946)	(6,622,437,386)
Net cash provided by / (Used in) Operating Activities	**(1,020,658,865)**	**283,003,870**	**(737,654,995)**	**993,783,838**
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Acquisition of Property, Plant & Equipment	(51,871,514)	(12,551,636)	(64,423,150)	(53,677,039)
Disposal of Property, Plant & Equipment	-	70,000	70,000	-
Capital Work in Progress	(148,903,440)	(21,274,922)	(170,178,362)	(18,586,390)
Short Term Investment	(117,780,140)	(52,325,251)	(170,105,391)	(45,052,788)
Net cash provided by / (Used in) Investing Activities	**(318,555,094)**	**(86,081,809)**	**(404,636,903)**	**(117,316,217)**
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Loan to/from Related Company's Transaction	106,354,668	58,493,695	164,848,363	701,779,185
Received /(Payment) of Short Term Loan	1,284,781,763	(209,944,153)	1,074,837,610	(1,564,317,689)
Repayment of Long Term Borrowings	(43,528,650)	(44,891,261)	(88,419,911)	(71,706,675)
Net cash provided by / (Used in) Financing Activities	**1,347,607,781**	**(196,341,719)**	**1,151,266,062**	**(934,245,179)**
Net Cash Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**8,393,822**	**580,342**	**8,974,165**	**(57,777,558)**
Cash and Cash Equivalents at the Beginning of the year	**(4,438,641)**	**(5,018,983)**	**(5,018,983)**	**52,758,575**
Cash and Cash Equivalents at the End of the year	**3,955,181**	**(4,438,641)**	**3,955,181**	**(5,018,983)**
	8,393,822	**580,342**	**8,974,164**	**(57,777,558)**
Net Operating Cash Flow per Share	**(9.28)**	**2.57**	**(6.71)**	**9.03**

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BSRM Iron & Steel Co. Ltd.

A Summary of Significant Accounting Policies and Other Explanatory Information

FOR THE YEAR ENDED JUNE 30, 2017

01 Legal form of Enterprise

The company was incorporated as a private Limited Company on April 13, 2005, vide certificate of incorporation 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.The shares of the Company are not quoted for public issue for the public subscription.

01.01 Nature of the business

The principal activities of the company are manufacturing different quality of M.S. Billets and sell the same to steel rolling mills.The company had set up its automatic steel melting plant at 202-205 Nasirabad Industrial Area, Baizid Bostami Road, Chittagong and commenced commercial production from June 01, 2010.

02 Basis of Preparation

02.01 Application of Standards

The following BFRSs and BASs are applicable for the financial statements of the company for the year under audit:

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 33 Earning Per Share
BAS 37 Provisions, Contingent Liabilities and Assets
BAS 38 Intangible Assets

02.02 Statement of compliance

The financial statements have been prepared in compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

02.03 Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention.

02.04 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an on going basis.

02.05 Reporting period

The financial statements of the company cover one year from July 01, 2016 to June 30, 2017. Previously the Company followed financial year January to December but as per requirement of IT Ordinance 1984 prepared financial statements for a period of six months form January 01, 2016 to June 30, 2016 to maintain financial year July to June to make uniformity for all.

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03 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented in these financial statements.

03.01 Foreign currency

Transactions in foreign currency are translated at the rates ruling on the dates advices are received. Monetary assets and liabilities denominated in foreign currencies are retranslated at rates ruling at the reporting date. All exchange differences are charged/credited to statement of profit or loss account and other comprehensive income by being absorbed in the respective date of income & expenditure.

03.02 Property, Plant & Equipment

03.02.01 Recognition and measurement

Property, Plant & Equipment except land & land development are stated at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed /installed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

When parts of an items of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant & Equipment.

KPMG Bangladesh (Rahman Rahman Huq, Chartered Accountants), 102 Agrabad C/A, Chittagong, has been engaged by the company to estimate fair market value of the land at different locations in Bangladesh as at 31st May 2012. Rahman Rahman Huq also engaged qualified surveyors named Asian surveyors Ltd, 28 Dilkhusha C/A, Dhaka 1000, for veryfing the land and it's market price.

The valuation had been conducted using the market value method as this is the most commonly used and appropriate for valuation of lands under prevailing circumstances. In the process of valuation, Information from the Land brokers and other related sources, price factors of similar land in the locality, published mouza rates, recent rate of transfer of land in this area have been considered.

As per valuation report the net revaluation gain stood TK. **524,195,793** (Note No. 14). This Revaluaton gain has been recognized in these Financial Statements.

03.02.02 Subsequent costs

The cost of replacing parts of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in the statement of profit or loss account and other comprehensive income

03.02.03 Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other Property, Plant & Equipment, depreciation is recognized in the statement of profit or loss account and other comprehensive income on diminishing balance method over the estimated useful lives of Property, Plant & Equipment. Depreciation is charged on addition from the month of acquisition/addition (date of service) and no depreciation is charged in the month of disposal. The depreciation method used reflects the pattern in which the assets economic benefits are consumed by the entity. The depreciation charge for each year should be recognized as an expense unless it is included in the carrying amount of another asset. The principal annual rates are as follows.

Name of the Assets	Depreciation Rates (%)	Allocation
Plant & Machinery	7.50%	Depreciations are charged on location basis
Motor Vehicles	20%	
Furniture & Fixture	20%	
Office Equipment	20%	
Factory Building	5%	
Roads & Pavements	10%	
IT Equipment	20%	

Depreciation on all assets have been charged in straight line method instead of reducing balance method w.e.f., from 1st January 2017 under our audit.

Major Category	Minor Category	Useful Life
Motor Vehicle	Car	6
Motor Vehicle	Micro Bus	6

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Major Category	Minor Category	Useful Life
Motor Vehicle	Covered Pick up Van	10
Motor Vehicle	Open Pick up Van	10
Motor Vehicle	Prime Mover	15
Motor Vehicle	Open Truck	10
Motor Vehicle	Dump Truck	12
Motor Vehicle	Motor Cycle	5
Boundary Wall	All Minor Category	20
Building & Shed	All Minor Category	20
IT Equipment	All Minor Category	5
Office Equipment	All Minor Category	5
Furniture & Fixture	All Minor Category	5
Trademark	All Minor Category	10
Software	All Minor Category	10
Plant & Machinery	Motor	7
Plant & Machinery	Panel	10
Plant & Machinery	All Stand	25
Plant & Machinery	All Other Machinery	15

03.02.04 Capital work in progress

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

03.03 Inventories

Inventories are valued at the lower of cost and estimated net realizable value (NRV). The cost of inventories is valued at weighted average method and includes expenditures for acquiring the inventories and bringing them to their existing location and condition in accordance with BAS-2. Net realizable value (NRV) is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. When inventories are used, the carrying amount of those inventories is recognized in the year in which the related revenue is recognized. Inventories comprise Raw Materials (Heavy Melting steel scarp, Shredded scarp & Sponge Iron), Store items, Finished goods etc.

03.04 Trade receivables

Trade & other receivables are recognized at cost which is the fair value of the consideration given.

03.05 Advance, deposits & prepayments

Advance are initially measured at cost. After initial recognition, advance 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 the statement of profit or loss account and other comprehensive income.

03.06 Cash & Cash Equivalents

Cash and cash equivalents comprise of cash in hand and cash at bank, which are available for use of the Company without any restriction.

03.07 Impairment

Financial Assets

Financial Assets are impaired if objective evidence indicates that a loss event has occured after initial recognition or 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.

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Non-financial Assets

The carrying amount of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset'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.

03.08 Employees benefit schemes

A contributory provident fund has been introduced and the fund has obtained recognition from tax authority on 13.04.2011. The provident Fund starts its operation from July 01, 2011. Both employees & company contribute equally (10% of basic salary).

Appropriate Provision has been made for Workers' Profit Participation Fund and Workers' Welfare Fund as per provisions of law.

03.09 Earnings per Share

Basic Earnings:

This represents profit for the year ended attributable to ordinary shareholders. As there is no preference dividend, noncontrolling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to note-31 of the financial statements).

Diluted Earnings per share:

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during the year under audit.

03.10 Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

03.11 Finance income and expense

Interest income has been recognised on cash basis. Interest expenses incurred during the year has been charged to the statement of profit or loss account and other comprehensive income..

03.12 Contingencies

Contingencies arising from claims, litigation, assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

03.13 Income tax expenses

Current tax:

The company in terms of decision of the board of directors in its meeting held on March 07,2012 filed a Writ petition on August 06,2012 before the High Court Division of Supreme Court of Bangladesh challenging the legality of Section 16CCC of Income Tax Ordinance 1984 associated with imposing of minimum tax on Gross Receipts of the company irrespective of profit or loss of the company as per accounts.As a result High Court issued a Rule Nisi calling the Government Authorities to show cause as to why Section 16CCC of the Income Tax Ordinance 1984 should not be declared illegal. Honorable High Court Division of Supreme Court finally discharged the rule regarding our appeal on imposition of Minimum Tax and gave verdict in favour of goverment. Accordingly, provision of Minimum Tax has been accounted for as applicable for the aforesaid assessment years. Provision for Income Tax for current financial year ended June 30, 2017 has been made as per relevent section 82c of IT Ordinance 1984.

Deferred tax:

The Company has adopted deferred tax accounting policy as required in BAS-12 (Income taxes). Accordingly deferred tax assets/ liabilities is accounted for on all temporary timing differences arising from the tax base of the assets and liabilities and their carrying value for financial reporting purpose.

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03.14 Comparative Information and Rearrangement thereof

In accordance with the provisions of BAS-34, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.
Figures for the year 2015 and 01-01-2016 to 30-06-2016 have been rearranged wherever considered necessary to ensure comparability with the current year.

03.15 Revenue Recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net off returns and allowances, Value Added Tax etc.

03.16 Financial Instruments

Non-derivative financial instruments comprise cash & cash equivalents, advance from customers, trade payables, trade receivables and share capital etc.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances.

Trade receivables

Trade receivables are recognised at fair value.

Advance from customers

Advance from customers are recognised at fair value at the date of transactions.

Trade payables and other liabilities

Trade payables and other liabilities are recognized at fair value on the date of transactions. The company derecognizes a financial liabilities when its contractual obligations are discharged, cancelled or expired.

Share capital

Ordinary share are classified as equity.

03.17 Employee Benefits

The company maintains both defined contribution plan i.e Provident Fund and defined benefit plan i.e. Gratuity.

03.18 Proposed Merger

The shareholders 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.

03.19 General

i) Amount in the Financial Statement have been rounded off to the nearest taka.

ii) Bracket figure denote negative.

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NOTES TO THE FINANCIAL STATEMENTS

4.00 Property, Plant and Equipment:

At Revalued Model:

Assets Category	Revaluation					Depreciation				Carrying amount as on June 30, 2017
	Opening balance as on July 01, 2016	Addition	Adjust / Disposal	Revaluation adjustment for gain on revaluation	Closing balance as on June 30, 2017	Opening balance as on July 01, 2016	Charged during the period	Adjustment for disposal	Closing balance as on June 30, 2017	
	TK.	TK.	TK.	TK.	TK.	TK.	TK.		TK.	TK.
Land & Land Development	741,432,616	-	-	-	741,432,616	-	-	-	-	741,432,616
Plant & Machinery	2,360,850,779	48,619,229	-	-	2,409,470,008	786,542,377	131,610,246	-	918,152,623	1,491,317,385
Motor Vehicles	64,574,488	1,135,000	-	-	65,709,488	31,057,971	5,622,733	-	36,680,704	29,028,784
Factory Building	577,330,857	-	-	-	577,330,857	142,362,387	22,957,888	-	165,320,275	412,010,582
Roads & Pavement	40,898,689	-	-	-	40,898,689	9,432,070	2,627,544	-	12,059,614	28,839,075
Furniture & Fixture	11,516,173	333,855	11,100	-	11,838,928	6,366,674	2,729,630	8,299	9,088,005	2,750,923
Office Equipment	21,326,774	1,102,630	135,450	-	22,293,954	13,779,123	3,978,485	112,349	17,645,259	4,648,695
IT Equipment	7,409,058	680,800	156,700	-	7,933,158	4,359,907	1,302,922	126,988	5,535,841	2,397,317
BALANCE AS AT JUNE 30, 2017	3,825,339,434	51,871,514	303,250	-	3,876,907,698	993,900,509	170,829,448	247,636	1,164,482,321	2,712,425,377
BALANCE AS AT JUNE 30, 2016	3,812,894,098	12,551,636	106,300	-	3,825,339,434	914,650,331	79,322,140	71,962	993,900,509	2,831,438,925
BALANCE AS AT DECEMBER 31,2015	3,759,217,059	53,677,039	-	-	3,812,894,098	745,624,753	169,025,578	-	914,650,331	2,898,243,767

At Cost Model:

Assets Category	Cost					Depreciation				Carrying amount as on June 30, 2017
	Opening balance as on July 01, 2016	Addition	Adjust / Disposal	Revaluation adjustment for gain on revaluation	Closing balance as on June 30, 2017	Opening balance as on July 01, 2016	Charged during the period	Adjustment for disposal	Closing balance as on June 30, 2017	
	TK.	TK.	TK.	TK.	TK.	TK.	TK.		TK.	TK.
Land & Land Development	217,236,823	-	-	-	217,236,823	-	-	-	-	217,236,823
Plant & Machinery	2,360,850,779	48,619,229	-	-	2,409,470,008	786,542,377	131,610,246	-	918,152,623	1,491,317,385
Motor Vehicles	64,574,488	1,135,000	-	-	65,709,488	31,057,971	5,622,733	-	36,680,704	29,028,784
Factory Building	577,330,857	-	-	-	577,330,857	142,362,387	22,957,888	-	165,320,275	412,010,582
Roads & Pavement	40,898,689	-	-	-	40,898,689	9,432,070	2,627,544	-	12,059,614	28,839,075
Furniture & Fixture	11,516,173	333,855	11,100	-	11,838,928	6,366,674	2,729,630	8,299	9,088,005	2,750,923
Office Equipment	21,326,774	1,102,630	135,450	-	22,293,954	13,779,123	3,978,485	112,349	17,645,259	4,648,695
IT Equipment	7,409,058	680,800	156,700	-	7,933,158	4,359,907	1,302,922	126,988	5,535,841	2,397,317
BALANCE AS AT JUNE 30, 2017	3,301,143,641	51,871,514	303,250	-	3,352,711,905	993,900,509	170,829,448	247,636	1,164,482,321	2,188,229,584
BALANCE AS AT JUNE 30, 2016	3,288,698,305	12,551,636	106,300	-	3,301,143,641	914,650,331	79,322,140	71,962	993,900,509	2,307,243,132
BALANCE AS AT DECEMBER 31,2015	3,235,021,266	53,677,039	-	-	3,288,698,305	745,624,753	169,025,578	-	914,650,331	2,374,047,974

Depreciation allocated to:

	July 01, 2016 to June 30, 2017	January 01, 2016 to June 30, 2016	January 01, 2016 to June 30, 2017	January 01, 2015 to December 31, 2015
	Taka	Taka	Taka	Taka
Manufacturing expenses(NO. 26.00)	170,345,210	79,167,869	249,513,079	168,930,377
General & Administrative Cost(NO. 27.00)	484,239	154,271	638,510	95,201
	170,829,449	79,322,140	250,151,589	169,025,578

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	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
5.00 Capital Work in Progress:			
Plant and Machinery	182,393,177	35,258,187	18,130,236
Building and Factory Sheds	6,610,933	4,842,483	695,512
	189,004,110	**40,100,670**	**18,825,748**
6.00 Intangible Assets (Software):			
Cost			
Opening Balance	9,536,000	9,536,000	9,536,000
Add: Addition During The Year	-	-	-
Less: Disposal During The Year	-	-	-
Closing Balance	**9,536,000**	**9,536,000**	**9,536,000**
Accumulated Amortization			
Opening Balance	1,509,867	1,033,067	79,467
Add: Amortization During The Year	953,600	476,800	953,600
Less: Disposal During The Year	-	-	-
Closing Balance	**2,463,467**	**1,509,867**	**1,033,067**
Carrying Amount	**7,072,533**	**8,026,133**	**8,502,933**
7.00 Short Term Investment:			
Name Of The Bank			
Habib Bank Limited	1,818,314	1,733,615	1,675,800
Al-Arafah Islami Bank Limited	-	12,000,000	2,000,000
United Commercial Bank Limited	36,419,902	34,756,113	22,205,150
The City Bank Limited	27,791,442	11,629,639	11,330,625
Jamuna Bank Limited	-	-	1,988,978
Dutch Bangla Bank Limited	46,092,116	4,663,867	4,943,875
Bank Asia Limited	14,230,649	1,800,590	1,753,918
Shahajalal Islami Bank Limited	6,765,469	2,822,656	-
Dhaka Bank Limited	35,179,476	6,111,107	4,903,140
Arab-Bangladesh Bank Limited	16,801,662	7,400,646	5,062,267
National Credit & Commerce Bank Limited	15,453,682	12,826,747	516,949
Social Islami Bank Limited	-	-	498,851
IFIC Bank Limited	21,703,201	13,073,364	9,209,675
Mercantile Bank Limited	23,901,397	7,596,767	13,039,820
Trust Bank Limited	-	9,474,370	-
National Bank Limited	2,571,000	1,681,620	-
Prime Bank Limited	2,298,227	5,675,295	-
	251,026,537	**133,246,397**	**79,129,048**
8.00 Inventories:			
Raw Materials (Note No.26.00)	1,518,746,067	1,035,858,572	1,544,667,786
Finished Goods (Note No.26.00)	106,039,721	47,974,732	29,261,876
Consumable Stores (Note No.8.03)	341,596,854	230,887,562	310,366,891
	1,966,382,642	**1,314,720,866**	**1,884,296,553**

	July 01, 2016 to June 30, 2017 MT	January 01, 2016 to June 30, 2016 MT	January 01, 2015 to December 31, 2015 MT
8.01 Raw Materials (In Quantity):			
Opening Stock of Raw Materials	48,878.87	58,765.41	56,034.26
Add: Purchase/Import during the year:			
Local Purchase	33,085.29	17,345.85	28,053.28
Import-Scrap	174,851.51	63,478.62	136,949.84
Import- Sponge Iron	31,026.55	17,437.07	29,440.76
Raw Material Available for Manufacture	**287,842.22**	**157,026.95**	**250,478.14**
Less: Sale of Raw Material	2,665.70	859.42	1,641.69
Less: Closing Stock of Raw Materials	52,492.51	48,878.87	58,765.41
Consumption	**232,684.01**	**107,288.66**	**190,071.04**
8.02 Finished Goods (In Quantity):			
Opening Stock of Finished Goods	1,425.02	745.20	1,631.99
Add: Manufactured	214,222.37	98,623.10	176,311.92
Goods Available for Sales	**215,647.39**	**99,368.30**	**177,943.91**
Less: Sales	213,043.84	97,943.28	177,198.71
Closing Stock of Finished Goods	**2,603.55**	**1,425.02**	**745.20**

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		July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
8.03 Consumable Store :				
Mechanical Store		142,385,658	96,021,389	109,622,089
Electrical Store		140,906,352	94,397,159	94,516,299
General Store		2,715,844	2,102,247	1,588,661
Fuel & Lubricants Store		5,048,807	3,576,476	2,821,973
Other Consumable Store		50,540,193	34,790,291	101,817,869
		341,596,854	**230,887,562**	**310,366,891**
9.00 Trade and Other Receivables:				
BSRM Steel Mills Limited		3,779,965	-	698,126
Bangladesh Steel Re-Rolling Mills Limited		911,619,162	907,599,745	307,688,776
BSRM Recycling Industries Limited		11,700,000	-	-
Others		4,500,794	2,193,656	5,944,909
		931,599,921	**909,793,401**	**314,331,811**
10.00 Due From Related Companies:				
Bangladesh Steel Re-Rolling Mills Limited		251,066,922	-	-
BSRM Steels Mills Limited.		26,213,611	-	127,606,057
		277,280,533	**-**	**127,606,057**

Note: All Transactions among the related companies have been made through A/C Payee cheque/Bank Transfer & interest were charged accordingly.

11.00 Advance, Deposits & Prepayments:				
For Expenses	(Note No.11.01)	65,907,770	66,646,831	70,911,886
Security Deposit	(Note No.11.02)	29,123,858	26,140,969	26,062,885
Guarantee Margin	(Note No.11.03)	1,560,535	683,046	1,314,408
Advance against LC		2,700,179	36,402,520	11,125,997
Staff Loan		-	84,000	96,662
LC Margin		20,119,427	26,562,127	21,820,857
Advance Income Tax		233,929,357	153,990,715	151,794,184
VAT Current Account		1,255,871	4,397,522	3,577,603
Advance For Scrap Purchase		27,460,489	27,826,733	28,053,815
		382,057,486	**342,734,463**	**314,758,297**
11.01 Advance for Expenses:				
Bangladesh Power Development Board (12KM Power Line Construction)		45,380,203	45,380,203	45,380,203
Land Purchases		305,000	305,000	305,000
Insurance expenses		207,461	-	909,115
Fuel, Oil & Lubricants		-	104,285	609,345
Vezzani Spa		994,934	1,501,029	-
Nikko Systems Private Limited		-	8,877,327	5,673,336
Dorentrup Feuerfestprodukte Gmbh		-	376,297	-
Danieli India Limited		2,959,497	-	-
Doshi Technologies Private Limited		2,596,148	-	-
SKF Asia Pacific Private Limited		1,411,525	-	-
Clearing & Forwarding expenses		50,000	100,000	10,571
Continental Traders		740,000	-	-
Others		11,263,002	10,002,690	18,024,316
		65,907,770	**66,646,831**	**70,911,886**
11.02 Security Deposits:				
Power Development Board,Ctg(33KV)		18,600,000	18,600,000	18,600,000
T & T Department Chittagong		2,000	2,000	2,000
Mahamudur Rahman (Guest House Rent)		70,000	70,000	-
Chittagong Mohanagar Package(Guest House Rent)		60,000	60,000	60,000
Sharif Alam (Guest House Rent)		24,350	24,350	24,350
Bakhrabad Gas Systems Ltd.		1,347,588	1,347,588	1,347,588
Brothers Prokaushali Workshop(Gas Cylindar)		400,000	400,000	400,000
Premier LP GAS Ltd.(Gas Cylindar)		46,000	46,000	46,000
Zilla Commandant Anser & VDP		270,511	270,511	270,511
Power Development Board,(Barawlia)		1,800,000	1,800,000	1,800,000
Power Development Board,(Bhatiary)		1,500	1,500	1,500
Mohammadia Trading.(Gas Cylindar)		151,800	151,800	250,800
Nurul Alam (Guest House)		14,000	14,000	14,000
GBX Logistics Limited		860,000	1,565,000	20,000
GP Shipping Lines Limited		200,000	-	131,000

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		July 01, 2016 to June 30, 2017	January 01, 2016 to June 30, 2016	January 01, 2015 to December 31, 2015
		Taka	Taka	Taka
	Linde Bangladesh Limited	920,000	824,000	824,000
	Sea Borne (Pvt.) Limited	-	-	5,000
	Trident Shipping Lines Limited	100,000	-	-
	BS Cargo Agency Limited	200,000	-	-
	BIRDS Bangladesh Agency Limited	300,000	-	-
	CMA CGM BD Shipping Ltd.-Damarage	1,010,000	760,000	2,115,000
	Mearsk Bangladesh Ltd.	2,606,109	14,220	3,729
	Bangladesh Railway(33KV Electric Line Expansion)	140,000	140,000	140,000
	Hanjin Shipping Limited		50,000	7,407
		29,123,858	26,140,969	26,062,885
11.03	**Guarantee Margin:**			
	BG # 13/09 (Trust)	36,921	36,921	460,303
	BG # 30/14 (MBL)	1,325	1,325	1,325
	BG # 30/12 (MBL)	104,000	104,000	104,000
	BG # 05/15 (MBL)	-	50,000	50,000
	BG # 14/15 (MBL)	-	10,000	217,980
	BG # 34/16 (MBL)	20,994	-	-
	BG # 27/16 (MBL)	16,445	-	-
	BG # 04/16 (MBL)	10,000	-	-
	BG # 16/16 (MBL)	28,600	-	-
	BG # 15/16 (MBL)	20,700	-	-
	BG # 17/16 (MBL)	2,750	-	-
	BG # 17/16 (MBL)	50,000	-	-
	Karnafully Gas Distribution Company Limited	480,800	480,800	480,800
	BG#112/16(NCCBL)	788,000	-	-
		1,560,535	683,046	1,314,408
12.00	**Cash & Cash Equivalents:**			
	Cash in Hand (Note No. 12.01)	2,476,951	2,556,970	1,615,796
	Cash at Bank (Note No. 12.02)	1,478,230	(6,995,611)	(6,634,779)
		3,955,181	(4,438,641)	(5,018,983)
12.01	**Cash in Hand:**			
	Head Office	156,952	136,970	95,797
	Factory Office	1,400,000	1,700,000	1,300,000
	Imprest Cash (Bhatiary Office)	19,999	20,000	20,000
	Imprest Cash (Baroaulia Office)	900,000	700,000	199,999
		2,476,951	2,556,970	1,615,796
12.02	**Cash at Bank:**			
	Agrani Bank Limited (Laldighi corporate Branch, Chittagong.)	135,420	1,895,296	272,186
	The City Bank Limited (Agrabad Branch, Chittagong.)	3,676	129,466	3,634
	Trust Bank Limited (O.R.Nizam Road,Branch, Chittagong.)	7,899	0	798
	United Commercial Bank Limited (Jubilee Road Branch, Chittagong.)	8,384	528	1,426
	Islami Bank Bangladesh Limited (Jubilee Road Branch, Chittagong.)	40,636	25,661	24,234
	Sonali Bank Limited (Kalibari Branch.)	1,810	1,084	(5,139)
	Hongkong and Shanghai Banking Corporation Limited (Chittagong Branch.)	(6,651,159)	(9,806,336)	(9,271,639)
	Mutual Trust Bank Limited (Chittagong Branch.)	34,169	36,969	42,194
	United Commercial Bank Limited (ESCROW A/C) (Jubilee Road Branch, Chittagong)	-	47,421	47,996
	Dhaka Bank Limited (Jubilee Road Branch, Chittagong.)	2,931,347	1,435	7,368
	Habib Bank Limited (Chittagong Branch.)	448,032	(134,782)	559,076
	Janata Bank Limited (Laldighi Br. Ctg.)	72,716	80,191	80,991
	Al-Arafah Islami Bank Limited (Agrabad Branch, Chittagong.)	10,584	4,715	25,603
	Shahjalal Islami Bank Limited (Jubilee Road Branch, Chittagong.)	3,606	33,509	31,968
	Prime Bank Limited (O.R.Nizam Road,Branch, Chittagong.)	608,605	18,401	32,228

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	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Meghna Bank Limited (Principal Branch,Dhaka.)	23,190	327,519	237,774
Mercantile Bank Limited (Jubilee Road Branch, Chittagong.)	2,454,464	8,636	406
Social Islami Bank Limited (Jubilee Road Branch, Chittagong.)	-	1,564	9,728
Dutch Bangla Bank Ltd. (Jubilee Road Branch, Chittagong.)	11,639	29,122	81,192
Standard Chartered Bank (Agrabad Branch, Chittagong.)	127,402	92,121	724,777
Jamuna Bank Limited (Khatunganj Branch, Chittagong.)	186,528	84,449	49,295
Bank Al-Falah Limited (Agrabad Branch, Chittagong.)	680,367	14,833	17,751
Eastern Bank Limited (Agrabad Branch, Chittagong.)	134,026	29,490	368,194
State Bank of India (Agrabad Branch, Chittagong.)	14,079	6,306	12,174
IFIC Bank Limited (Agrabad Branch, Chittagong.)	65,576	65,220	148
Bank Asia Limited (Agrabad Branch, Chittagong.)	5,355	2,270	2,926
Sonali Bank Limited (Laldighi Br. Ctg.)	7,932	7,932	7,932
National Bank Limited (Jubilee Road Branch, Chittagong)	80,411	1,369	-
Standard Bank Limited (Agrabad Branch, Chittagong.)	31,536	-	(0.05)
	1,478,230	**(6,995,611)**	**(6,634,779)**

Note:a) Bank amount represent book balance which has been reconciled with the bank statement & confirmed by the banker's certificate.
b) The negative balance shows in the notes represents book overdraft.

13.00 Share Capital:

Authorised Capital:			
300,000,000 Ordinary shares of Tk.10.00 each	**3,000,000,000**	**3,000,000,000**	**3,000,000,000**
Issued, Subscribed & Paid up Capital:	**1,100,000,000**	**1,100,000,000**	**1,100,000,000**

110,000,000 Ordinary shares of Tk.10.00 each fully paid up in cash. Details of Shareholding position are given below:

Name of the Shareholders	No.of Shares Held	% of Share Holding	June 30, 2017 Taka	June 30, 2016 Taka	December 31, 2015 Taka
Mr. Alihussain Akberali FCA	1,258,250	1.14	12,582,500	12,582,500	12,582,500
Mr.Aameir Alihussain	59,250	0.05	592,500	592,500	592,500
Mr. Zohair Taherali	247,090	0.22	2,470,900	2,470,900	2,470,900
Mrs.Tehseen Zohair Taherali	25,500	0.02	255,000	255,000	255,000
Mrs.Bilkis Alihussain	44,910	0.04	449,100	449,100	449,100
H.Akberali & Co. Ltd	3,649,050	3.32	36,490,500	36,490,500	36,490,500
VORTEX investments Ltd	215,950	0.20	2,159,500	2,159,500	2,159,500
BSRM Steels Limited	104,500,000	95.00	1,045,000,000	1,045,000,000	1,045,000,000
	110,000,000	100.00	**1,100,000,000**	**1,100,000,000**	**1,100,000,000**

14.00 Revaluation Reserve:

KPMG Rahman Rahman Hoq, Chartered Accountants has revalued the land of the company in different location as at 31st May 2012 which is appended below:

Location of the Lands	Area in Decimals	Mutated at Decimals	Per Decimals Price	Book Value TK.	Revalued Amount Tk.	Gain on Revaluation TK.
i) Nasirabad I/A Baizid Bostami Road Chittagong on the side of Baizid	221	221	2,500,000	168,860,441	553,125,000	**384,264,559**
ii) Barowilia in	36	36	1,000,000	2,102,550	35,500,000	**33,397,450**
iii) West Gomdandi, Boalkhali,	747	697	175,000	15,360,716	121,894,500	**106,533,784**
Total:	**1,004**	**954**		**186,323,707**	**710,519,500**	**524,195,793**

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		July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
15.00 Long Term Borrowings:				
IPDC Term Loan	(Note No. 15.01)	-	19,318,058	38,268,773
Meghna Bank Term Loan	(Note No. 15.02)	7,686,555	26,952,739	44,364,572
Jamuna Bank Limited	(Note No. 15.03)	9,907,413	5,347,139	6,565,153
Al-Arafah Islami Bank Limited	(Note No. 15.04)	-	6,624,856	12,699,506
Prime Bank Limited	(Note No. 15.05)	4,982,763	7,862,589	9,098,638
		22,576,731	66,105,381	110,996,642

15.01 IPDC Term Loan:	Notes	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Due within one (1) year	18	19,431,745	35,362,191	33,148,343
Due more than one (1) year	15	-	19,318,058	38,268,773
		19,431,745	54,680,249	71,417,116

Terms of IPDC Term Loan:

Lenders :

Industrial Promotion and Development Company of Bangladesh Ltd. has sanctioned an amount of Tk. 10 crore as term loan and disbursed the full amount within 2014

Total loan facilities: Tk. 10 crore

Interest Rate:
Interest rate is 5.05% per annum.

Disbursement:
Full disbursement was made on 09.12.14

Repayments:
Above term loan is being re-paid in 36 equal monthly installments starting from January 2015.

Securities :

Floating charge by way of Hypothecation on all movable assets of BISCO duly registered with RJSC,Legally enforceable Corporate Guarantee of BSRM Limited duly supported by its Board Resolution,Lien on 3,000,000 dematted sponsor shares of BSRM Steels Ltd. Personal Guarantee of all sponsor directors, 01 (one) security cheque for the entire facility amount,Demand promissory Note along with letter of continuation.

Purpose:
To meet working capital requirement.

15.02 Meghna Bank Term Loan:	Notes	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Due within one (1) year	18	23,650,254	25,793,604	18,826,501
Due more than one (1) year	15	7,686,555	26,952,739	44,364,572
		31,336,809	52,746,343	63,191,073

Terms of Meghna Bank Term Loan:

Lenders :
Meghna Bank Limited has sanctioned an amount of Tk. 4.176 crore as term loan and disbursed the full amount within 2013.

Total loan facilities: Tk. 4.176 crore.

Interest Rate:
Interest rate is 11% per annum.

Disbursement:
Full disbursement was made on 09.12.13

Repayments:
Above term loan is being re-paid in 16 equal quarterly installments starting from March 2014.

Securities :
Hypothecation on machinery to be imported through bank,personal guarantee of all directors of the company backed by Board resolution, Corporate Guarantee of BSRM Steels Ltd.,post dated cheques for each facility.

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

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15.03 Jamuna Bank Term Loan:

	Notes	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Due within one (1) year	18	28,775,034	7,374,072	5,719,795
Due more than one (1) year	15	9,907,413	5,347,139	6,565,153
		38,682,447	12,721,211	12,284,948

Terms of Jamuna Bank Term Loan:

Lenders :
Jamuna Bank Limited has sanctioned an amount of Tk. 6.13 crore as term loan and disbursed the full amount within 2016.
Total loan facilities: Tk. 6.13 crore.
Interest Rate:
Interest rate is 13% per annum.
Disbursement:
Full disbursement was made on 22.09.15
Repayments:
Above term loan is being re-paid in 24 equal monthly installments starting from January 2016.
Securities :
Hypothecation on machinery to be imported through bank,personal guarantee of all directors of the company backed by Board resolution, Corporate Guarantee of BSRM Steels Ltd.,post dated cheques for each facility.
Purpose:
To import 1 unit transformer for Billet manufacturing unit.

15.04 Al-Arafah Islami Bank Term Loan:

	Notes	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Due within one (1) year	18	8,417,571	9,555,449	7,042,482
Due more than one (1) year	15	-	6,624,856	12,699,506
		8,417,571	16,180,305	19,741,988

Terms of Al-Arafah Bank Term Loan:

Lenders :
Al-Arafah Islami Bank Limited has sanctioned an amount of Tk. 2.43 crore as term loan and disbursed the full amount within 2015.
Total loan facilities: Tk. 2.43 crore.
Interest Rate:
Interest rate is 12% per annum.
Disbursement:
Full disbursement was made on 31.05.15
Repayments:
Above term loan is being re-paid in 12 equal quarterly installments starting from August 2015.
Securities :
Hypothecation of vehicle to be purchased as per quotation till full adjustment of Bank's dues,personal guarantee of all directors,irrevocable letter of Authority to repossess the vehicles, Corporate guarantee of the BSRM Wires Limited.
Purpose:
For purchasing of 07 (Seven) LPK-2518/48(6*4) TC Tiper 20 CUM Dump truck.

15.05 Prime Bank Term Loan:

	Notes	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
Due within one (1) year	18	4,086,000	4,086,000	4,086,000
Due more than one (1) year	15	4,982,763	7,862,589	9,098,639
		9,068,763	11,948,589	13,184,639

Terms of Prime Bank Term Loan:

Lenders :
Prime Bank Limited has sanctioned an amount of Tk. 1.49 crore as term loan and disbursed the full amount within 2015.
Total loan facilities: Tk. 1.49 crore.
Interest Rate:
Interest rate is 9.75% per annum.
Disbursement:
Full disbursement was made on 09.02.15
Repayments:
Above term loan is being re-paid in 60 equal monthly installments starting from March 2015.
Securities :
Hypothecation on machinery to be imported through bank,personal guarantee of all directors of the company backed by Board resolution, Corporate Guarantee of BSRM Steels Ltd.,post dated cheques for each facility
Purpose:
To import 2 units 5 Ton EOT Crane for Billet manufacturing unit.

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		July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
16.00 Retirement Benefit Obligations-Gratuity:				
Opening balance as on July 01, 2016		20,503,706	18,707,622	14,009,609
Provision during the year		7,590,983	1,908,262	6,062,456
		28,094,689	**20,615,884**	**20,072,065**
Paid during the year		(1,965,611)	(112,178)	(1,364,443)
Closing Balance as on June 30, 2017		**26,129,078**	**20,503,706**	**18,707,622**
17.00 Deferred Tax:				
Opening balance as on July 01, 2016		405,951,231	399,924,447	159,869,074
Provision during the year		3,861,506	6,026,784	240,055,373
Closing Balance as on June 30, 2017		**409,812,737**	**405,951,231**	**399,924,447**
18.00 Current Portion of Long Term Borrowings:				
IPDC Term Loan	(Note No. 15.01)	19,431,745	35,362,191	33,148,343
Meghna Bank Term Loan	(Note No. 15.02)	23,650,254	25,793,604	18,826,501
Jamuna Bank Limited	(Note No. 15.03)	28,775,034	7,374,072	5,719,795
Al-Arafah Islami Bank Limited	(Note No. 15.04)	8,417,571	9,555,449	7,042,482
Prime Bank Limited	(Note No. 15.05)	4,086,000	4,086,000	4,086,000
		84,360,604	**82,171,316**	**68,823,121**
19.00 Short Term Borrowings:				
Loan Against Trust Receipt(LTR)	(Note No. 19.01)	114,282,361	47,698,860	65,342,532
Inland Foreign Documentary Bills for collection (IFDBC)	(Note No. 19.02)	1,936,017,999	1,273,756,589	1,240,209,581
Cash Credit (C.C) & Overdraft	(Note No. 19.03)	390,655,467	151,923,960	93,916,157
Demand Loan	(Note No. 19.04)	410,162,429	95,146,373	390,557,762
		2,851,118,256	**1,568,525,781**	**1,790,026,032**
19.01 Loan Against Trust Receipt(LTR)				
Trust Bank Limited		-	-	35,511,673
Shahjalal Islami Bank Limited.		7,891,507	10,685,723	9,244,751
Prime Bank Limited		106,390,854	-	19,429,515
Bank Asia Limited		-	-	1,156,593
Al-Arafah Islami Bank Limited		-	37,013,137	-
		114,282,361	**47,698,860**	**65,342,532**
19.02 Inland Foreign Documentary Bills for Collection (IFDBC):				
IFIC Bank Limited.		11,009,411	55,321,281	7,761,218
Dhaka Bank Limited.		91,623,370	8,808,591	9,258,728
National Credit & Commerce Bank Limited		25,793,772	52,486,683	10,873,605
Trust Bank Limited.		30,652,138	48,612,457	34,859,698
Jamuna Bank Limited.		-	-	21,525,402
Bank Asia Limited		166,025,417	17,661,365	-
Islami Bank Bangladesh Limited.		88,269,105	64,213,946	101,024,984
Mercantile Bank Limited.		347,299,726	110,122,811	197,363,538
United Commercial Bank Limited		103,659,796	247,364,857	47,125,881
Prime Bank Limited.		64,566,885	54,896,574	185,828,124
One Bank Limited.		56,058,797	35,390,093	34,754,304
AB Bank Limited.		-	45,629,253	9,234,301
Eastern Bank Limited.		279,118,196	-	19,845,865
Shahajalal Islami Bank Limited		20,414,785	50,250,271	-
Dutch Bangla Bank Limited		548,573,085	58,451,928	88,283,639
Standard Chartered Bank		-	395,310,450	423,443,906
The City Bank Limited		-	-	39,402,770
Social Islami Bank Limited		-	-	9,623,618
National Bank Limited		28,739,722	29,236,029	-
Bank Al-Falah Limited		5,611,168	-	-
Standard Bank Limited		68,602,626	-	-
		1,936,017,999	**1,273,756,589**	**1,240,209,581**
19.03 Cash Credit (CC) & Overdraft:				
Mutual Trust Bank Limited. (SOD)		12,268,393	583,277	650,963
IFIC Bank Limited.		88,244,227	101,580,628	96,407,769
Janata Bank Limited.(CC HYPO)		824,341	717,047	3,671,977
AB Bank Limited.		15,533,521	(300,914)	174,100
The City Bank Limited.(CC HYPO)		13,889,872	5,243,371	104,774
One Bank Limited.		29,441,044	21,083,889	(7,975,185)
Dhaka Bank Limited		20,096,762	1,914,287	379,380
National Credit & Commerce Bank Limited		181,049,223	(6,339)	(1,798,436)
Standard Bank Limited		29,308,084	21,108,714	2,300,815
		390,655,467	**151,923,960**	**93,916,157**

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		July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
19.04	**Demand Loan:**			
	Bank Al Falah Limited		-	22,349,139
	Islami Bank Bangladesh Limited.	17,180,846	74,634,953	52,508,623
	Eastern Bank Limited.	123,000,000	20,000,000	315,700,000
	Prime Bank Limited	-	511,420	-
	Bank Alfalah Ltd	18,387,833	-	-
	Standard Bank Ltd	251,593,750	-	-
		410,162,429	**95,146,373**	**390,557,762**
20.00	**Liabilities for Expenses:**			
	Salary & Allowances	2,000	28,850	25,650
	Basu Banerjee Nath & Co.	92,000	36,000	60,000
	C & F Expenses	173,669	434,330	1,838,159
	Carrying Expenses	10,289,931	5,841,238	10,317,014
	Insurance Expenses	(21)	137,725	122,214
	Electricity Expenses	1,355,000	2,131,399	1,255,064
	GAS Expenses	500,000	-	-
	WASA Expenses	3,360	-	-
	Domicillary Expenses	277,924	430,015	256,633
	Tiffin Allowance	116,725	141,150	174,350
	Mill Overtime	890,053	652,277	737,117
	Oil, Fuel & Lubricant	194,172	255,381	266,508
	Leave Salary	743,734	-	325,985
	Production Incentive	649,554	461,238	
	Others	10,737,098	10,941,655	4,579,447
		26,025,199	**21,491,258**	**19,958,141**
21.00	**Trade and Other Payables:**			
	European Metal Recycling Limited	-	8,400,067	-
	Priya Lime Store	-	351,625	-
	Ferro Alloy Co. Pvt. Limited		8,217,499	2,650,500
	Linde Bangladesh Limited	241,982	649,625	653,093
	B C Trading		105,750	-
	Sonaichari Enterprise	323,998	160,160	-
	Confidence Cement Limited	-	112,612	-
	S L Ship Recycling Industries Limited	-	434	434
	Jamal Motors	-	141,760	-
	Safi Steel Co.	-	108,686	-
	Alivi Enterprise	-	468,914	-
	Bashir & Brothers	-	206,000	-
	Baroawlia Lime Store	-	-	519,287
	Kashem Enterprises	-	204,000	-
	National Engineering Power China Limited	-	479,500	-
	M.Hossen	-	-	1,785,615
	Shapla Enterprise	-	-	193,950
	Fair Trade International	-	-	391,755
	BSRM Logistics Limited	3,686,389	3,030,739	1,158,526
	BSRM Steels Limited	25,600,912	7,634,409	16,998,485
	BSRM Recycling Industries Limited	4,736,248	-	
	T.N. Brothers	-	-	2,681,572
	ANS Enterprise	-	-	6,900
	Hazi Abul Bashar & Sons	-	-	146,700
	Meltaflux Company Pvt. Limited	-	-	337,824
	Nippon & Mc Donald Steel Industries Limited	-	295,680	-
	Karanphuli Gas Distribution Company Limited	-	179,256	-
	Sliver Syndicate	-	174,617	-
	District Commandant Ansar & VDP	436,980	-	-
	Tajib Traders	295,110	-	-
	Mansur & Brothers	640,900	-	-
	Others	13,470,087	21,389,556	17,336,839
		49,432,606	**52,310,889**	**44,861,480**
22.00	**Due To Related Companies:**			
	BSRM Wires Limited	44,075,455	-	
	BSRM Steels Mills Limited	-	20,234,964	
	BSRM Steels Limited	666,305,803	306,511,093	395,858,419
		710,381,258	**326,746,057**	**395,858,419**

Note: All Transactions among the related companies have been made through A/C Payee cheque/Bank Transfer & interest were charged accordingly.

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	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2015 to December 31, 2015 Taka
23.00 Other Liabilities:			
Retention Money	3,659,547	3,556,183	3,410,186
Staff Income Tax	-	-	7,200
Tax deduction at source	211,667	3,191,717	715,195
VAT Deduction at Source	158,984	1,868,579	509,955
Payable Against Interest	18,975,493	39,285,501	6,343,024
Advance against sales	764,622	496,083,840	432,746,344
	23,770,313	**543,985,820**	**443,731,904**

NOTE: VAT & TAX deduction at source have been deposited to Govt. Exchequer subsequently.

24.00 Provision for WPPF & WWF:			
Opening balance as on July 01, 2016	13,764,579	13,096,948	11,992,391
Provided during the year	5,872,752	7,652,763	13,096,948
	19,637,331	**20,749,711**	**25,089,339**
Paid during the year	(13,764,579)	(6,985,132)	(11,992,391)
Closing Balance as on June 30, 2017	**5,872,752**	**13,764,579**	**13,096,948**

25.00 Provision for Income Tax:			
Opening balance as on July 01, 2016			-
Add: Provision for			
Minimum Tax Provision for Assessment Year 2011-2012	13,011,646	13,011,646	-
Minimum Tax Provision for Assessment Year 2012-2013	19,581,272	19,581,272	-
Minimum Tax Provision for Assessment Year 2013-2014	40,087,257	40,087,257	-
Minimum Tax Provision for Assessment Year 2014-2015	26,637,564	26,637,564	-
Minimum Tax Provision for Assessment Year 2015-2016	28,191,354	28,191,354	-
Tax Provision for Assessment Year 2016-2017	47,705,000	47,705,000	-
Tax Provision for Assessment Year 2016-2017	23,223,244	-	-
Previous tax	198,437,337	175,214,093	-
Add: Provision of current tax for the year end June 30, 2017.	49,258,395	23,223,244	-
Less: Adjustment/Paid	70,462,192	-	-
Closing Balance as on June 30, 2017	**177,233,540**	**198,437,337**	-

	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January 01, 2015 to December 31, 2015 Taka
26.00 Cost of Goods Sold:				
Opening Stock of Raw Materials	1,035,858,572	1,544,667,786	1,544,667,786	1,948,127,797
Add: Purchase during the period	6,437,983,925	2,129,567,600	8,567,551,525	5,435,891,533
Raw material available for consumption.	**7,473,842,497**	**3,674,235,386**	**10,112,219,311**	**7,384,019,330**
Less: Sales of Scrap	75,951,242	26,842,885	102,794,127	43,958,276
Less: Closing Stock of Raw Materials	1,518,746,067	1,035,858,572	1,518,746,067	1,544,667,786
	1,594,697,309	1,062,701,457	1,621,540,194	1,588,626,062
Raw Material Consumed	**5,879,145,188**	**2,611,533,929**	**8,490,679,117**	**5,795,393,268**
Add: Production/Manufacturing Overhead				
Salaries & Allowances	186,954,204	78,443,170	265,397,374	121,326,658
Casual Wages	31,540,820	15,542,742	47,083,562	24,649,628
Factory Overhead (Note No. 26.01)	194,698,302	81,944,330	276,642,632	148,101,252
Power	1,137,490,035	490,060,855	1,627,550,890	859,207,343
Gas	4,703,983	1,244,071	5,948,054	60,236
Fuel & Lubricants Consumed	21,080,100	9,119,371	30,199,471	21,824,158
Mechanical store	49,611,351	29,254,877	78,866,228	36,514,850
Electrical store	18,254,140	6,666,472	24,920,612	16,811,275
General Store	3,072,577	1,391,151	4,463,728	7,606,991
Godown Rent	9,214,617	4,896,359	14,110,976	9,726,825
Consumable Store Consumed (Note No. 26.02)	216,779,979	145,072,402	361,852,381	223,248,476
Depreciation (Note No. 04)	170,345,210	79,167,869	249,513,079	168,930,377
	2,043,745,318	**942,803,669**	**2,986,548,988**	**1,638,008,069**
Cost of Goods Manufactured	**7,922,890,506**	**3,554,337,597**	**11,477,228,104**	**7,433,401,337**
Add: Opening Stock of Finished Goods	47,974,732	29,261,876	29,261,876	72,308,618
Goods available for Sale	**7,970,865,238**	**3,583,599,473**	**11,506,489,980**	**7,505,709,955**
Less: Closing Stock of Finished Goods	106,039,721	47,974,732	106,039,721	29,261,876
Cost of Goods Sold	**7,864,825,517**	**3,535,624,741**	**11,400,450,259**	**7,476,448,079**

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

	July 01, 2016 to June 30, 2017	January 01, 2016 to June 30, 2016	January 01, 2016 to June 30, 2017	January 01, 2015 to December 31, 2015
	Taka	Taka	Taka	Taka
26.01 Factory Overhead:				
Factory Office Expenses	186,022	65,860	251,882	249,507
Repairs & Maintenance	9,197,333	3,556,499	12,753,832	9,675,530
Printing & Stationary Expenses	2,683,168	1,226,124	3,909,292	5,826
Medical Expenses	1,440,987	685,967	2,126,954	1,434,847
Postage & Telegram	3,974	937	4,911	6,286
Electric Expenses	18,142,620	6,463,324	24,605,944	8,917,161
WASA Expense	6,753	-	6,753	-
Travelling Expenses	969,103	256,524	1,225,627	1,248,993
Conveyance Expenses	7,561,192	3,294,104	10,855,296	5,842,385
Entertainment Expenses	3,576,598	1,802,270	5,378,868	4,233,496
Guest House Rent	983,217	464,835	1,448,052	1,003,152
Carrying Charge	139,249,710	60,184,578	199,434,288	103,607,866
Gratuity	6,339,035	1,716,492	8,055,527	5,514,780
Fees & Renewal	438,576	65,250	503,826	245,694
Professional & Consultance Fee	289,588	-	289,588	2,472,698
Paper & Periodical	6,082	5,578	11,660	10,024
Telephone & Mobile Expenses	-	-	-	58,133
Insurance Expenses	1,940,154	1,518,082	3,458,236	1,678,524
Guest House Expenses	1,326,215	605,006	1,931,221	1,442,819
Testing Charges	357,975	32,900	390,875	453,531
	194,698,302	**81,944,330**	**276,642,632**	**148,101,252**
26.02 Consumable Store Consumed:				
Lining Materials	174,557,769	110,989,040	285,546,809	177,167,895
Consumable Store	42,222,210	34,083,362	76,305,572	46,080,581
	216,779,979	**145,072,402**	**361,852,381**	**223,248,476**
27.00 General & Administrative Cost:				
Directors Remuneration (Note No. 27.01)	14,400,000	7,200,000	21,600,000	13,200,000
Depreciation (Note No. 04)	484,239	154,271	638,510	95,201
Amortization (Note No. 06)	953,600	476,800	1,430,400	953,600
Motor Car Expenses	1,073,528	592,891	1,666,419	311,624
Travelling Expenses	389,408	208,619	598,027	222,824
Salaries & Allowances	11,803,797	5,279,677	17,083,474	9,523,702
Office Rent	1,651,860	790,020	2,441,880	1,622,877
Advertisement Expenses	-	38,813	38,813	25,200
Office Expenses	173,123	66,094	239,217	290,548
Professional Fees	770,850	1,365,850	2,136,700	1,701,546
Conveyance Expenses	89,284	114,686	203,970	109,450
Stationery	-	51,397	51,397	130,633
Repair & Maintenance	62,164	43,534	105,698	1,463,655
Postage & Telegram	45,701	16,454	62,155	-
Mobile & Telephone Expenses	612,696	301,166	913,862	476,213
Audit Fee	112,700	76,000	188,700	94,700
Entertainment Expenses	981,651	471,249	1,452,900	1,612,734
Legal Expenses	113,800	691,490	805,290	282,940
Training Expenses	90,597	100,560	191,157	263,725
Fees & Renewals	959,525	960,651	1,920,176	742,243
Electricity Expenses	539,862	319,554	859,416	519,914
Medical Expenses	131,768	126,445	258,213	197,608
Donation & Subscription Expenses	800	-	800	105,500
Gratuity	1,251,948	191,770	1,443,718	547,676
Paper & Periodical	3,002	-	3,002	-
Insurance Expenses	10,538	-	10,538	-
Export Charge	239,159	-	239,159	-
	36,945,600	**19,637,991**	**56,583,591**	**34,494,113**

27.01 Directors Remuneration:

Name	Designation	Basic Salary Per Month Taka	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January 01, 2015 to December 31, 2015 Taka
Mr. Alihussain Akberali FCA	Chairman	350,000	4,200,000	2,100,000	6,300,000	3,900,000
Mr.Aameir Ali Hussain	Managing Director	250,000	3,000,000	1,500,000	4,500,000	2,700,000
Mr. Zohair Taherali	Director	350,000	4,200,000	2,100,000	6,300,000	3,900,000
Mrs.Tehseen Zohair Taherali	Director	250,000	3,000,000	1,500,000	4,500,000	2,700,000
			14,400,000	**7,200,000**	**21,600,000**	**13,200,000**

28.00 Other Income:				
Miscellaneous Income	2,364,472	1,712,058	4,076,530	5,658,321
Loss on sale of Property, Plant & Equipment	(55,614)	35,662	(19,952)	-
Truck/Trailor Rent Received	16,972,500	8,459,088	25,431,588	7,560,000
	19,281,358	**10,206,808**	**29,488,166**	**13,218,321**

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

		July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January 01, 2015 to December 31, 2015 Taka
29.00	**Financial Expenses:**				
	Bank Charges	2,956,737	437,105	3,393,842	5,387,706
	Interest on Loan Against Trust Receipts	55,802,452	11,238,771	67,041,223	52,146,743
	Interest on Term Loan	17,169,782	9,295,604	26,465,386	34,967,842
	Interest on Cash Credit & Overdraft	18,827,208	3,027,176	21,854,384	66,426,720
	Interest Expenses on Related Companies	67,446,161	33,437,461	100,883,622	(15,482,400)
	Foreign Currency (Gain)/Loss (Note No-29.01)	38,007,224	(1,233,417)	36,773,807	20,601,340
		200,209,564	56,202,700	256,412,265	164,047,951
29.01	**Foreign Currency(Gain) / Loss :**				
	Foreign Currency(Gain)/ Loss Transaction	51,598,793	3,094,571	54,693,364	39,367,589
	Foreign Currency(Gain) / Loss Translation	(13,591,569)	(4,327,988)	(17,919,557)	(18,766,249)
		38,007,224	(1,233,417)	36,773,808	20,601,340
30.00	**Financial (Income) /Loss:**				
	Interest on FDR (Gross)	6,100,538	2,824,954	8,925,492	7,591,286
	Interest Income on Related Companies	9,399,741	-	-	-
	Rebate on Interest on Bank Loan	359,079	-	359,079	-
		15,859,358	2,824,954	9,284,571	7,591,286
31.00	**Earnings Per Share (EPS):**				
	The computation of EPS is given below:				
	a) Profit/(Loss) attributable to the Ordinary Shareholders (Net Profit After Tax)	58,462,388	(59,061,617)	(599,229)	8,786,639
	b) No. of Shares Outstanding for the year (1,100,000,000/10)	110,000,000	110,000,000	110,000,000	110,000,000
		0.53	(0.54)	(0.01)	0.08

32.00 Capacity Utilization:

	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January - December 31, 2015 Taka
32.01 Production Capacity:				
Installed Capacity (In M.Ton) yearly	220,000.00	95,000.00	315,000	190,000.00
Actual Production (In M.Ton)	214,222.37	98,623.10	312,845	176,311.92
% of capacity utilization (Annualized)	97%	104%	99%	93%

32.02 Number of Employees:

	July 01, 2016 to June 30, 2017 Taka	January 01, 2016 to June 30, 2016 Taka	January 01, 2016 to June 30, 2017 Taka	January - December 31, 2015 Taka
Number of employees whose salary was below Tk. 3,000	-	-	-	-
Number of employees whose salary was above Tk. 3,000	323	327	323	315
Total No. of Employee:	323	327	323	315

Basu Banerjee Nath & Co. Chittagong. Chartered Accountants

WATER BODIES, THE VEINS OF OUR NATION, BUT NOW FACING MASS DESTRUCTION



Water is the most precious resource for Bangladesh. Our society, culture and economy have grown and flourished centered around this resource. Not only do the water bodies act as drinking water reservoirs, there are many consumptive uses such as agriculture and industry, and many non-consumptive uses such as fisheries and navigation. According to projections for 2015, the proportion of total water demands is estimated to be: instream- 56%, agriculture- 32%, environment- 9% and water supply- 3%; thus, consumptive use is 44%.

As time goes on, however, the natural and artificial water reservoirs have been subjected to pollution, forceful possession and filling up. In recent years, the water bodies are being forcefully possessed, filled-in and polluted both by government and other entities. BSRM believes that it's high time to be aware and ensure water body safety, and that conservation of water is vital for sustainable development.

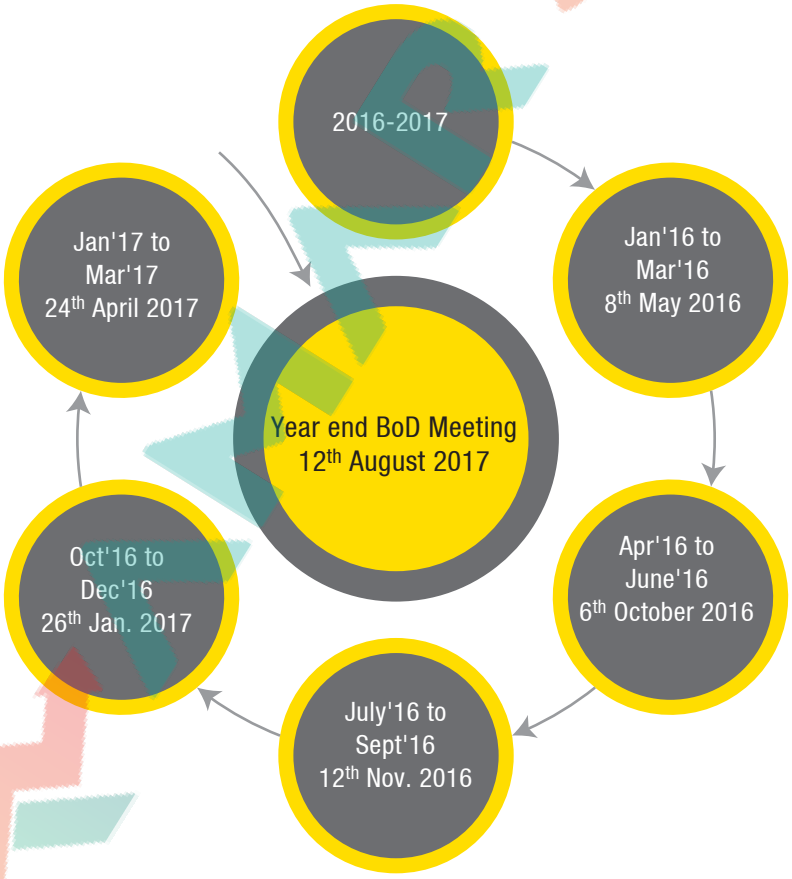
SHAREHOLDERS' INFORMATION

ANNUAL GENERAL MEETING (AGM)

No. of AGM : 15th AGM
Date : September 28, 2017
Venue : Institution of Engineers of Bangladesh, Chittagong Center, S. S. Khaled Road, Chittagong.
Time : 9.30 AM

FINANCIAL CALENDAR

Financial Period: January 01, 2016 to June 30, 2016 and July 01, 2016 to June 30, 2017.
During the periods mentioned, the operational results of the company were announced on:



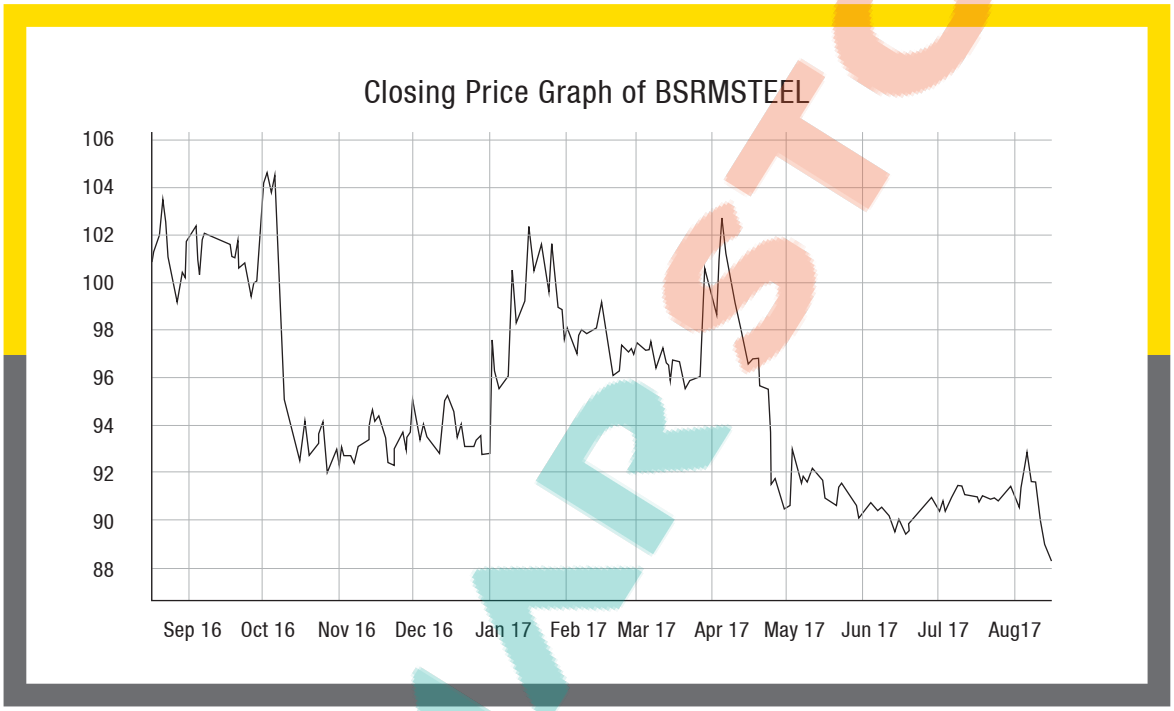
ASTOCK

RECORD DATE

The record date is September 07, 2017

BSRM STEELS SHARE PERFORMANCE ON STOCK EXCHANGES

Movement of share price on Dhaka Stock Exchange Ltd. (DSE) during the year 2016-17:



DIVIDEND

The Board declared 20% Cash Dividend (Interim) per share on January 26, 2017. The Board in its 227th meeting held on August 12, 2017 recommended Final Dividend 15% Cash per share. Total Dividend is 35% Cash for the period from January 2016 to June, 2017.

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 90.90

DIVIDEND

Year	Rate of Dividend	Form of Dividend
2016-17	15%	Cash (Recommended as Final)
2016-17	20%	Cash (Interim)
2015	30%	Cash
2014	15%	Cash
2013	15%	Cash
2012	10% and 5%	Cash and Stock respectively
2011	15%	Cash
2010	20 %	Stock (Bonus)
2009	15%	Stock (Bonus)

EPS

Year	Taka
2016-17	8.66 (18 Month)
2015	6.09
2014	3.18
2013	4.95
2012	2.53
2011	2.46
2010	2.82
2009	1.68

MARKET CAPITALIZATION

Year	Taka in million
2016-17	31,067 (18 Month)
2015	30,247
2014	29,974
2013	23,480
2012	22,101
2011	38,572
2010	57,200
2009	14,670

PLANT LOCATION

4, Fouzderhat Industrial Estate, Chittagong, Bangladesh. Tel: +88(031) 2770192-3.

INVESTOR CORRESPONDENCE

Mail to : BSRM Steels 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

AMAR STOCK

EVENTS & IMAGES



Shareholders alongwith members of Board at 14th AGM

STOCK

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 14th AGM.



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.



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.



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.



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.



"16th ICAB National Award for Best Presented Annual Report 2015"
Received by Mr. Zohair Taherali , Director of the company of BSRM Steels Ltd

GLOSSARY OF TERMS

Terms	Brief description
The Company / Parent	BSRM Steels Limited
Subsidiary	BSRM Iron & Steel Co. Ltd.
Associate	BSRM Steel Mills 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

AMAR STOCK

BSRM OFFICE MAP



NOTES

AMAR STOCK

NOTES

AMAR STOCK

BSRM Steels Limited

Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chittagong.

PROXY FORM

I/We---------- (Name)

of ---------- (Address)

a Shareholder of BSRM Steels Limited ("the company") hereby appoint,

Mr. /Ms. ----------

(Name)

of ---------- (Address)

as my /our proxy , to attend on my/our behalf at the 15th 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 witness

Signature of the Proxy
Folio /BO ID No:

Dated ----------

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
BSRM Steels Limited

BSRM Steels Limited

Registered office: Ali Mansion, 1207/1099 Sadarghat Road, Chittagong.

ATTENDANCE SLIP

I hereby record my presence at the 15th Annual General Meeting of BSRM Steels Limited on September 28, 2017.

Name ----------

BO ID | | | | | | | | | | | | | | | | |

Signature Verified

Signature

Authorized Signature
BSRM Steels Limited

Note: Please complete this Attendance Slip and deposit at the registration counter on the day of the meeting.

AMARSTOCK

ANNUAL REPORT 2016-17

BSRM STEELS LIMITED

AMARSTOCK

Corporate Office:
Ali Mansion, 1207/1099 Sadarghat Road, Chittagong
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