

Auditor's Report
and
Financial Statements
of
Ratanpur Steel Re-Rolling Mills Limited
As at and for the Year ended 30 June, 2019



Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



An independent member firm of AGN International

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Independent Auditor's Report

To the Shareholders of Ratanpur Steel Re-Rolling Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Ratanpur Steel Re-Rolling Mills Limited (the 'Company'), which comprise the Statement of Financial Position as at 30 June 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statement, including a summary of significant accounting policies.

In our opinion, the Financial Statements give true and fair view of the Financial Position of the Company as at 30 June 2019, and of its Financial Performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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



Risk	Our responses to the risk
Revenue recognition	
<p>At year end the Company reported total revenue of BDT 6,808,684,500.00</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales. Within a number of the Company's markets, the estimation of discounts, incentives and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• segregation of duties in invoice creation and modification;• timing of revenue recognition;• calculation of discounts and rebates. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none">• performing analytical review;• obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;• finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards.
See note no. 17.00 to the financial statements	

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statement and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. The directors are responsible for the other information. Our opinion on the Financial Statement does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, considers whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance of the company.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the Financial Statement in



accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statement that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's Financial Reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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



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

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


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

Report on other Legal and Regulatory Requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 30 October, 2019


Howlader Mahfel Huq, FCA
For and on behalf of Mahfel Huq & Co.
Chartered Accountants

Ratanpur Steel Re-Rolling Mills Limited

Statement of Financial Position

As at 30 June, 2019

Particulars	Notes	Amount in BDT	
		30-Jun-19	30-Jun-18
Assets			
Non-Current Assets		2,004,135,165	2,039,415,801
Property Plant & Equipment	4.00	1,962,385,433	2,023,510,927
Capital Work in Progress	4.02	41,749,732	15,904,874
Current Assets		5,395,876,582	4,696,332,947
Advances, Deposits and Prepayments	5.00	48,798,557	787,067,632
Inventories	6.00	1,730,784,555	1,936,265,900
Accounts Receivable	7.00	3,568,367,332	1,942,197,752
Cash and Cash Equivalents	8.00	47,926,138	30,801,663
Total Assets		7,400,011,747	6,735,748,748
Equity and Liabilities			
Shareholders' Equity		5,006,797,272	4,527,478,325
Share Capital	9.00	1,011,890,880	1,011,890,880
Share Premium		750,000,000	750,000,000
Revaluation Surplus of Land	4.01	943,950,000	943,950,000
Retained Earnings		2,300,956,392	1,821,637,445
Non-Current Liabilities		991,256,597	142,217,153
Long term Liabilities	12.01	849,651,440	
Deferred Tax Liability	11.00	141,605,157	142,217,153
Current Liabilities		1,401,957,878	2,066,053,270
Current Portion of Lease Liabilities	10.00		3,519,604
Short term Liabilities	12.00	823,619,989	1,568,158,042
Creditors and Accruals	13.00	77,519,286	64,008,556
Income Tax Liability	14.00	463,320,986	382,932,338
Liability for WPPF and Welfare Fund	15.00	37,497,617	47,434,731
Total Liabilities		2,393,214,475	2,208,270,423
Total Liabilities and Shareholders' Equity		7,400,011,747	6,735,748,748
Net Asset Value (NAV) Per Share	16.00	49.48	44.74

The annexed notes form and integral part of these financial statements

Director

Chief Financial Officer

Managing Director

Chairman

Company secretary

Signed in terms of our separate report of same date

Dhaka, October 30, 2019

Chartered Accountants



Ratanpur Steel Re-Rolling Mills Limited
Statement of Profit or Loss and other Comprehensive Income
For the Year ended 30, June 2019

Particulars	Notes	Amount in BDT	
		30-Jun-19	30-Jun-18
Revenue	17.00	6,808,684,500	7,659,678,631
Cost of Goods Sold	18.00	(5,741,641,708)	(6,382,687,177)
Gross Profit		1,067,042,792	1,276,991,454
Operating Expenses		(79,185,010)	(97,109,563)
Administrative and Other Expenses	19.00	(26,826,935)	(36,403,330)
Selling and Distribution Expenses	20.00	(52,358,075)	(60,706,232)
Operating Profit		987,857,782	1,179,881,891
Finance Cost	21.00	(201,655,758)	(184,889,048)
Finance & Other Income	22.00	1,247,944	1,136,500
Profit before WPPF and Income Tax		787,449,968	996,129,343
Contribution to WPPF and Welfare Fund @ 5%	15.00	(37,497,617)	(47,434,731)
Net Profit Before Income Tax		749,952,351	948,694,612
Tax Expenses			
Current Tax	14.00	(186,156,130)	(233,893,481)
Deferred Tax	11.00	611,996	(1,341,159)
Net Profit After Tax		564,408,217	713,459,972
Earning Per Share (EPS)	23.00	5.58	7.05

The annexed notes form and integral part of these financial statements


Director


Managing Director


Chairman


Chief Financial Officer


Company secretary

Signed in terms of our separate report of same date

Dhaka, October 30, 2019


Mahfel Huq & Co.
Chartered Accountants



Ratanpur Steel Re-Rolling Mills Limited

Statement of Changes in Equity
For the Year ended on 30 June, 2019

Amount in BDT

Particulars	Share Capital	Retained Earnings	Revaluation Reserve	Share Premium	Total Equity
Balance as on 01 July 2018	1,011,890,880	1,821,637,445	943,950,000	750,000,000	4,527,478,325
Profit / (Loss) after tax		564,408,217	-		564,408,217
Cash Dividend		(85,089,270)			(85,089,270)
Balance as on 30 June - 2019	1,011,890,880	2,300,956,392	943,950,000	750,000,000	5,006,797,272

Particulars	Share Capital	Retained Earnings	Revaluation Reserve	Share Premium	Total Equity
Balance as on 01 July 2017	864,864,000	1,298,447,553	943,950,000	750,000,000	3,857,261,553
Profit / (Loss) after tax		713,459,972			713,459,972
Bonus Share	147,026,880	(147,026,880)			
Cash Dividend		(43,243,200)			- 43,243,200
Balance as on 30 June - 2018	1,011,890,880	1,821,637,445	943,950,000	750,000,000	4,527,478,325

The annexed notes form and integral part of these financial statements

Director

Managing Director

Chairman

Chief Financial Officer

Company Secretary

Signed in terms of our separate report of same date

Dhaka, October 30, 2019

Chartered Accountants



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Statement of Cash Flows

For the Year ended on 30 June, 2019



	Amount in BDT	
	30-Jun-19	30-Jun-18
A. Cash Flows from Operating Activities		
Collection from sales and other income	5,183,762,864	7,554,507,252
Less: Payment for cost and other expenses	(4,945,508,333)	(7,340,548,617)
Cash generated from operation	238,254,531	213,958,635
Less: Interest Paid	(21,203,950)	(44,955,503)
Less: Income Tax/ Advance Tax Paid	(84,542,374)	(67,767,483)
Net cash inflow from Operating Activities	132,508,207	101,235,648
B. Cash flows from Investing Activities		
Investment in FDR	(930,000)	(3,454,298)
Capital work in progress	(25,844,858)	(2,607,344)
Net cash inflow /(outflow) from Investing Activities	(26,774,858)	(6,061,642)
C. Cash flows from Financing Activities		
Short term loan Repayment	-	(24,092,300)
Dividend Paid	(85,089,270)	(43,226,687)
Lease Loan Repayment	(3,519,604)	(14,929,596)
Net cash inflow /(outflow) from Financing Activities	(88,608,874)	(82,248,583)
D. Net increase in cash & cash equivalents (A+B+C)	17,124,475	12,925,424
E. Cash and cash equivalents at the beginning	30,801,663	17,876,240
F. Cash and cash equivalents at the end (D+E)	47,926,138	30,801,664
G. Net Operating Cash Flow Per Share	1.31	1.00

The annexed notes form and integral part of these financial statements

Director

Managing Director

Chairman

Chief Financial Officer

Company Secretary

Signed in terms of our separate report of same date

Dhaka, October 30, 2019

Mahfel Huq & Co.
Chartered Accountants

Ratanpur Steel Re-Rolling Mills Limited

**Notes, comprise a summary of significant accounting policies and other explanatory notes
For the year ended 30 June, 2019**

1.00 REPORTING ENTITY

1.01 Legal form of the entity

Ratanpur Steel Re-Rolling Mills Limited (hereinafter referred to as 'RSRM') was incorporated on 22 April, 1986 vide the certificate No C-15492/1058 of 1985 to 1986 as a private limited (a company limited by shares) company in Bangladesh under the companies Act; 1913. The company was converted to a public limited company on 12 June 2012 complied as per provision of companies act, 1994. 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 22 September, 2014

The company set up its Re-Rolling Mills factory at 176, Baizid Bostami I/A, Baizid Bostami road, Nasirabad, Chittagong and started its commercial operation/production from 01 July, 1986 The registered office of the company is situated at Nahar Mansion, 116, CDA Avenue, Muradpur, Chittagong.

1.02 Nature of the Business

The Principal activities of the company are to manufacture & sales of M.S Bar of various grades (60 Grade/500 W TMT) from MS Billet.

2.00 BASIS OF ACCOUNTING

Basis of Accounting is the bases in which the financial statements are prepared and presented. Set out below is an index of the basis of Accounting, the details of which are available on the following:

- 2.01 Statement of Compliance
- 2.02 Preparation and Presentation of Financial Statements
- 2.03 Basis of Reporting
- 2.04 Other Regulatory Compliances
- 2.05 Basis of Measurement
- 2.06 Going Concern
- 2.07 Reporting Period
- 2.08 Authorization for Issue
- 2.09 Consistency
- 2.10 Comparative Information
- 2.11 Functional and presentation currency
- 2.12 Use of Estimates and Judgments
- 2.13 Measurement of fair values



- 2.14 Financial Risk Management
 - 2.14.1 Credit Risk
 - 2.14.2 Liquidity Risk
 - 2.14.3 Market Risk
 - 2.14.4 Foreign Currency Risk
 - 2.14.5 Transaction risk
 - 2.14.6 Economic risk
 - 2.14.7 Interest Rate Risk
- 2.15 Fair Values
- 2.16 Components of the Financial Statements
- 2.17 Applicable Accounting Standards & Financial Reporting Standards

2.01 Statement of Compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for Cash Flow Statement and the disclosures of information made in accordance with the requirements of the companies Act 1994, the Securities & Exchange Rules 1987 and International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.02 Preparation and Presentation of Financial Statements

The Board of Directors, whose are responsible for preparation and presentation of the financial statement including adequate disclosures, as well as they approved and authorized for issue of these said financial statements.

2.03 Basis of Reporting

This Financial Statements includes statement of financial position and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity & Notes to the accounts that have been prepared & presented in accordance with the IAS 1 “Presentation of Financial Statements” based on accrual basis of accounting following going concern assumption.

Statements of cash flow are prepared in accordance with the IAS 7 “Statement of Cash Flows”. This Financial Statements are prepared and presented by the company for all stakeholders or external users in accordance with identified financial reporting framework.

2.04 Other Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984;
- b) The Income Tax Rules 1984;
- c) The Value Added Tax Act 1991;
- d) The Value Added Tax Rules 1991;
- e) The Customs Act, 1969;
- f) Bangladesh Labor Law, 2006; (Amendment 2015).
- g) The Securities & Exchange Ordinance, 1969



h) The Securities & Exchange Rules, 1987

2.05 Basis of Measurement

The financial statements have been prepared on a going concern basis under the historical cost convention except for some classes of Property, Plant and Equipment (PPE) which are measured at revalued amount and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.06 Going Concern

The company has adequate resources to continue its operations for the foreseeable future. For this reason the directors continue the procedures to adopt the going concern basis in preparing the Financial Statements. The current revenue generations and resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

2.07 Reporting Period

The financial statements of the company cover twelve (12) months from 01 July, 2018 to 30 June, 2019.

2.08 Authorization for Issue

These financial statements have been authorized for issue by the Board of Directors on 30th October 2019

2.09 Consistency

Unless otherwise stated, the accounting policies and methods for computation used in preparation of the financial statements as at and for the period/year then ended are consistent with those policies and methods adopted in preparing the Financial Statements for the previous period/year then ended.

2.10 Comparative Information

Comparative information has been disclosed in accordance with IAS-1: Presentation of financial statement in respect of the previous period for all numerical information in the current financial statements as below:

- a) Statement of Financial Position as at the end of the preceding financial period;
- b) Statement of Profit or Loss and other Comprehensive Income for the comparable year of preceding financial period;
- c) Statement of Changes in Equity for the comparable period of preceding financial year; and
- d) Statement Cash Flows for the comparable period of preceding financial year.

The narrative and descriptive information where it is relevant for understanding of the current period financial statement has also represented.



Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

2.11 Functional and presentation currency

These financial statements are prepared and presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

2.12 Use of Estimates and Judgments

The preparation of these financial statements, in conformity with IASs/IFRSs, required 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 according to going concern basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

Note: 4	Property, plant and equipment
Note: 4.02	Capital Work in Progress
Note: 5	Advance, Deposits and Prepayments
Note: 6	Inventories
Note: 7	Accounts receivables
Note: 11	Deferred tax liabilities
Note: 13	Creditors & Accruals
Note: 14	Income tax liability
Note: 18&19	Depreciation to be charged

2.13 Measurement of fair values

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

The companies have 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 assets 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

2.14 Financial Risk Management

International Financial Reporting Standard IFRS 7- Financial Instruments: Disclosures – requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the companies 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

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

2.14.1 Credit Risk

Credit risk is the risk of a potential financial loss of the company resulting from the failure of a customer or counterparty to a financial instruments fails to meets its financial and contractual obligations to the company as and when they fall due.

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 Finished Goods.

Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

2.14.2 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.

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company operations and to mitigate the effects of fluctuations in cash flows.

2.14.3 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.

2.14.4 Foreign Currency Risk

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.

2.14.5 Transaction risk

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

2.14.6 Economic risk

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

2.14.7 Interest Rate Risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimize the risks surrounding interest payments and receipts. The Company has no significant risk of fluctuations in interest rates.

2.15 Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities are taken to their approximate their carrying value.

2.16 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- a) Statement of financial position as at 30 June 2019;
- b) Statement of profit or loss and other comprehensive income for the year ended 30th June 2019;
- c) Statement of cash flows for the year ended 30 June 2019;
- d) Statement of changes in equity for the year ended 30 June 2019;
- e) Notes, comprise a summary of significant accounting policies and other explanatory information for the year ended 30 June 2019;

2.17 Applicable Accounting Standards & Financial Reporting Standards

The following IASs and IFRSs are applicable for the financial statements for the year under review:

Sl. No.	Name of the IAS	IAS's no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statement of Cash Flows	7
4	Accounting policies, Changes in accounting Estimates and Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant & Equipment	16
8	Employee Benefits	19
9	The Effects of Changes in Foreign Exchange Rates	21
10	Borrowing Costs	23
11	Related Party Disclosures	24
12	Financial Instruments: Presentation	32
13	Earnings Per Share	33
14	Impairment of Assets	36
15	Provision, Contingent Liabilities and Contingent Assets	37
16	Intangible Assets	38
17	Financial Instruments: Recognition and Measurement	39

SL. No.	Name of the IFRS	IFRS No
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Financial Instruments	9
4	Fair Value Measurement	13
5	Revenue from Contracts with Customers	15
6	Leases	16



3.00 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements have been consistently applied throughout the 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 IAS-1 "Presentation of Financial Statements". This recommendation of IAS-1 relating to the format of financial statements was 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:

- 3.01 Consistency
- 3.02 Property, Plant & Equipment
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- 3.17.1 Finance Income
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3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the period/year then ended are consistent with those policies and methods adopted in preparing the Financial Statements for the previous period/year

3.02 Property, Plant & Equipment (IAS 16)

3.02.1 Recognition and Measurement

Property, plant and Equipment are accounted for according to IAS 16 "Property, Plant and Equipment" at Historical cost less cumulative depreciation except land and land development which consider to carried at revalued amount, being fair values at the date of revaluation less subsequent impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed or 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.

3.02.2 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 economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day to day servicing of Property, Plant and Equipment are recognized in profit and loss as incurred.

3.02.3 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 the statement of profit or loss and other comprehensive income on the diminishing balance 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 assets 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.

Depreciation is charged in compliance with IAS: 16 (Property, Plant and Equipment). Depreciation is provided on a diminishing balance method at the rate(s) shown below:

Category	Rate
Land and land Development	0%
Factory Building & Civil Construction	4%
Plant & Machinery	7%
Logistics Equipment	7%
Furniture & Fixture	10%
Motor Vehicles	20%
Office Equipment	10%
Machinery under capital lease	7%

Depreciation methods, useful lives and residual values (if any) are reassessed at the reporting dates every year. Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income

3.02. Revaluation of Fixed Assets

The company revalued its land & land development on 12 April 2012 by Emerging Resources Ltd. following the resolution of the Board of Directors on 30 April 2012 to make a reflection of the present value of those assets in the financial statements as on 30 June 2012. The Company did not revalue its other assets as because the difference of present value and book value of such asset is insignificant.

3.03 Capital/Construction work in Progress

Construction work in progress is a general ledger account in which the costs are recorded that are directly associated with constructing an asset. This can be one of the largest fixed asset accounts, given the amount of expenditures typically associated with constructed assets. The account has a natural debit balance.

Once an asset is placed in service, all costs associated with it that are stored in the construction work in progress account are shifted into whichever fixed asset account is most appropriate for the asset. The most common fixed asset account to which these costs are shifted is Buildings, since most construction projects relate to that fixed asset. However, the account is also sometimes used for machinery, and as such would store the costs associated with buying, transporting, installing, and testing machinery.

While costs are being accumulated in the construction work in progress account, do not commence depreciating the asset, because it has not yet been placed in service. Once the asset is placed in service and shifted to its final fixed asset account, begin depreciating it. Thus, the construction work in progress is one of only two fixed asset accounts that are not depreciated. The other account that is not depreciated is the land account.

3.04 Intangible Assets

Recognition and measurement

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

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.

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.

Presently the company has no acquired intangible assets or internally generated intangible assets.

3.05 Inventories (IAS 2)

3.05.1 Nature of Inventories

Inventories comprise Raw Materials (MS Billet), Packing Material, Stores and Spares, and Finished Goods (MS Rod)

3.05.2 Valuation of the Inventories

Inventories are measured at the lower of cost and ex-factory net realizable value in compliance with "IAS 2: Inventories". The cost of inventories is based on weighted average principle and includes expenditure for acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion. When the inventories are used, the carrying amounts of those inventories are recognized as an expense in the year in which the related revenue is recognized. According to the requirement of IAS-2, Inventories are valued at the lower of cost or net realizable value.

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.

3.06 Leased assets

The leased liability is considered as a Finance lease. So the interest expense on Lease liability is charged to the statement of profit or loss and other comprehensive income under finance cost.

3.07 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to IAS 21: "The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date.

Non-monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange date ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to the statement of profit or loss and other Comprehensive Income for the respective period.

In the financial year 2018-2019, there is no foreign currency transaction happened.

3.08 Financial Instruments

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

The company derecognizes financial assets 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 assets in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred.

Financial Assets comprise accounts receivables; Advance, Deposits and Prepayments; Cash and Cash Equivalent,

The company recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instruments. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities comprise Accounts payable and other financial obligation.

3.08.1 Accounts Receivable

Accounts receivable are recognized initially at invoice value 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.

Provision for doubtful debts is made based on the company policy. Bad debts are written off considering the status of individual debtors. Receivables from foreign currency transactions are recognized in Bangladeshi Taka using the exchange rates prevailing on the date of transaction.

3.08.2 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.

3.08.3 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in 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.

3.08.4 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

3.08.5 Accounts Payable

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

3.09 Impairment

3.09.1 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

3.09.2 Non-Financial Assets

The carrying amounts of the company'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 assets are 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

3.10 Statement of Cash Flows (IAS 7)

Statement of cash flows is prepared in accordance with "IAS 7: Statement of Cash Flows" and the cash flows from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".



3.11 Provisions, Contingent Liabilities and Contingent Assets (IAS 37)

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets" a provision recognized on the date of statement of financial position if, as a result of past event Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non- occurrence of one or more uncertain future events, which are not within the control of the company.

Contingencies arising from claim, litigation assessment, fines, penalties, etc. are recorded, it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.12 Borrowing Costs

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

3.13 Income Taxes (IAS 12)

3.13.1 Current Tax

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or subsequently enacted after the reporting date and any adjustment to tax payable in respect of previous years.

The company has been maintaining provision for taxation using rates enacted at the reporting date as per Income Tax Ordinance, 1984. Provision for taxation is calculated on the basis of applicable current tax rate and in compliance with Finance Act, 2019.

3.13.2 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 value of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted and substantially enacted at the statement of Financial Position date.

3.14 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.

3.15 Worker's profit participants & welfare funds

The company contributed 5% of net profit before charging the amount to the aforementioned fund in accordance with the requirement of section 234 of labor Act. 2006, (Amendment 2015).

3.16 Revenue Recognition (IFRS 15)

a) Sales of Goods:

In compliance with the requirements of IFRS-15 revenue is recognized for local sales of Steel 500W DEFORMED MS BAR 10 MM, 500W DEFORMED MS BAR 25 MM, 60 GRADE DEFORMED 12 at the time of delivery from depot at the time of delivery from Factory Godown. Local sales of Basic Chemical Products are recognized at the time of delivery from Factory Godown. Revenue is recognized when goods are supplied to external customers against orders received, title and risk of loss is transferred to the customer, reliable estimates can be made of relevant obligations have been fulfilled, such that the earnings process is regarded as being completed.

b) Interest income is recognized when accrued on a time proportion basis.

3.16.A Adoption of new IFRS:

The Company has initially applied IFRS 15 and IFRS 9 from 1 July 2018. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Company's financial statements. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards. Except for separately presenting impairment loss on trade receivables and contract liabilities

I. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control-at a point in time or over time-requires judgment.

II. IFRS 9 Financial Instruments

"IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require

impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI

3.17 Finance Income & Costs

3.17.1 Finance Income

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

3.17.2 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.

3.17.3 Other Operating Income

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

3.18 Earnings Per Share (EPS) (IAS 33)

The company calculates Earnings Per Share (EPS) in accordance with the International Accounting Standard IAS 33 "Earnings Per Share" which has been shown on the face of statement of profit or loss and other Comprehensive Income.

3.18.1 Basic Earnings per share

This represents earnings for the period attributable to the ordinary shareholders. As there no preference dividend, minority interest or extraordinary items, the net profit for the year has been considered as fully attributable to ordinary shareholders. Basic earnings per share have been calculated by dividing the net profit or loss by the number of ordinary shares outstanding during the year.

3.18.2 Diluted Earnings per Share (DEPS)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period. But the present DEPS existing numbers of share outstanding.

3.19 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 assets or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement

Property, Plant and Equipment

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

Equity and debt securities

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

3.20 Event after the Reporting Period (IAS 10)

As per IAS - 10 "Event after the reporting Period" are arose event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statement are authorized for issue. Two types of events can be identified:

Those that are provide evidence of conditions that existed at the end of the reporting year (adjusting events after reporting date); and

Those that is indicative of conditions that arose after the reporting year (Non-adjusting events after balance sheet date).

Adjusting events are required to made necessary adjustment & in case of non-adjusting events, required adequate disclosures

3.21 Comparative Information

Comparative Information is disclosed in respect of the prior period/ year in accordance with IAS-1: Presentations 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/years financial statements. Prior period's/ year's figure is rearranged wherever considered necessary to ensure comparability with the current period.

3.22 Finance Lease

Lease 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 assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of the liability.

3.23 Segment Reporting (IFRS 8)

No segmental reporting is applicable to the company as required by “IFRS 08: Operating Segment” as the company operates in a single industry segment and within as geographical segment.

3.24 Related Party Disclosures (IAS 24)

The company carried out a number of transactions with related parties in the normal course of business and on arms’ length basis. The information as required by IAS 24: “Related Party Disclosures” has been disclosed in a separate note to the accounts.



4.00 Property Plant & Equipment**At cost**

Land and land Development
 Factory Building and Civil Construction
 Plant and Machinery
 Logistics Equipment
 Furniture and Fixture
 Motor Vehicles
 Office Equipment
 Machinery under capital lease

Accumulated Depreciation:

Land and land Development
 Factory Building and Civil Construction
 Plant and Machinery
 Logistics Equipment
 Furniture and Fixture
 Motor Vehicles
 Office Equipment
 Machinery under capital lease

Written down value

Details shown in Annexure-1.

Amount in BDT	
30-Jun-19	30-Jun-18
2,508,700,319	2,508,700,319
1,048,750,000	1,048,750,000
402,531,158	402,531,158
793,428,390	793,428,390
77,810,979	77,810,979
2,962,460	2,962,460
39,806,505	39,806,505
13,510,827	13,510,827
129,900,000	129,900,000
546,314,886	485,189,392
-	-
109,126,729	96,901,545
308,651,066	272,162,450
34,638,413	31,388,865
1,802,916	1,674,077
28,647,176	25,857,344
7,238,590	6,541,675
56,209,995	50,663,436
1,962,385,433	2,023,510,927

4.01 Revaluation Surplus of Land

The company revalued its land and land development on 12 April 2012 by Emerging Resources Ltd. following the resolution of the Board of Directors on 30 April 2012 to make a reflection of the present value of those assets in the financial statements as on 30 June 2012. The Company did not revalue its other assets as because the difference of present value and book value of such asset is insignificant. Details of the revaluation of the assets are given below:

Particulars	Net Book value Taka (30.06.2011)	Revalued Amount (Taka)	Value Increase Due revaluation to Land
Land and Land development	104,800,000	1,048,750,000	943,950,000

4.02 Capital Work in Progress

Opening Balance
 51 Plot Office Building
 Muradpur office
 Plant and Machinery

15,904,874	13,297,530
-	39,900
-	2,567,444
25,844,858	
41,749,732	15,904,874

5.00 Advances, Deposits and Prepayments

Advances (Note: 5.1)
 Deposits (Note: 5.2)

35,920,445	775,771,661
12,878,112	11,295,971
48,798,557	787,067,632

5.01 Advance

Factory Staff
 Advance Income Tax (Note- 5.1.1)
 Advance to Supplier Party
 Value Added Tax-Current Account

3,595,000	3,980,188
31,542,374	52,767,483
-	717,833,632
783,071	1,190,358
35,920,445	775,771,661



		Amount in BDT	
		30-Jun-19	30-Jun-18
5.1.1 Advance Income tax			
Opening		52,767,483	58,479,655
Adjustment during the year		(52,767,483)	(58,479,655)
Payment During the year		31,542,374	52,767,483
		31,542,374	52,767,483
5.02 Deposits:			
Bangladesh Power Development Board		1,140,000	1,140,000
FDR		11,726,112	10,143,971
BTCL		12,000	12,000
		12,878,112	11,295,971
6.00 Inventories			
Finished Goods		859,731,126	1,008,483,672
Raw Materials		830,740,603	889,623,487
Spares Parts		40,312,825	38,158,741
		1,730,784,555	1,936,265,900
7.00 Accounts Receivable		3,568,367,332	1,942,197,752
7.01 Ageing of Accounts Receivables are as follows:			
Less than 30 days		1,256,740,096	679,769,213
Over 30 days but less than 60 days		804,971,416	504,971,416
Over 60 days but less than 90 days		925,127,460	466,127,460
Over 90 days		581,528,360	291,329,663
		3,568,367,332	1,942,197,752
8.00 Cash and Cash Equivalents			
Cash in Hand		4,267,571	9,021,100
CD Accounts		13,108,500	3,065,209
STD and SND Accounts		30,550,067	18,715,354
		47,926,138	30,801,663



8.01 Cash at Banks

AB Bank Limited # 4000
AB Bank Limited # 4430
Agrani Bank Ltd # 9069
Al Arafa Islami Bank Limited # 3027(1331)
Bank Asia # 240
City Bank Limited # 6001
Dutch-Bangla Bank Limited # 0963
Exim Bank Limited # 2676
First Security Islami Bank Limited # 2598
HSBC # 004-111092-011
ICB Islami Bank Limited # 3098
Islami Bank Bangladesh Limited # 3718
Janata Bank Limited # 2788
Janata Bank Limited # 293
Meghna Bank Limited # 0007
Meghna Bank Limited # 0131
Mercantile Bank Limited # 588
National Bank Limited # 1876 (NEW 915)
National Credit and Commerce Bank Limited # 804
One Bank Limited # 275
Premier Bank Limited # 1729
Pubali Bank Limited # 0724
Sonali Bank Limited # 17497
South Bangla Agriculture and Commerce Bank Limited # 45119
South Bangla Agriculture and Commerce Bank Limited # 0778
Southeast Bank Limited # 02091
Southeast Bank Limited # 45907
Southeast Bank Limited # 998
Social Islami Bank-1342
Standard Bank Limited # 217
Trust Bank Limited # 1020
Trust Bank Limited # 277
Trust Bank Limited # 015 (IPO A/C)
United Commercial Bank Limited # 238
United Commercial Bank Limited # 601(New 168)
United Commercial Bank Limited # 6785(new-158)

Amount in BDT	
30-Jun-19	30-Jun-18
15,922	17,072
243,978	53,271
56,612	627,265
10,617,402	2,051,579
1,996,943	14,292
1,145,027	115,720
33,102	1,587,270
778,945	386,385
177,734	37,444
55,256	55,831
635	1,210
1,456,219	492,416
10,325	870,752
12,076	13,392
147,517	318,574
17,206	20,856
53,355	636,952
1,179,216	50,479
1,867,707	119,435
834,588	101,195
827,702	50,578
3,621,985	2,601,603
283,086	24,138
2,425,564	2,831,443
2,909,400	1,465,267
45,306	2,915
9,770	10,690
1,934,557	1,211,308
205,018	200,945
814,881	133,471
3,125,941	3,087,786
4,075,352	780,188
342,825	345,238
2,263,834	1,388,875
63,296	63,871
10,286	10,861
43,658,567	21,780,564



9.00 Share Capital**Authorised Share Capital**

50,000,000 Ordinary Shares of BDT 10 each

Authorised Share Capital are increased to 500 Crore by decided in Board of Directors Meeting and subsequently approved by the shareholders in 1st EGM

Issued, Subscribed and Paid-up capital

29,600,000 Ordinary Shares of Tk.

10 each (For the year 2014)

2,50,00,000 Ordinary Share and

1,09,20,000 bonus shares as at Tk.

10 each (For the year 2015)

1,31,04,000 bonus Shares as at Tk.

10 each (For the year 2016)

78,62,400 bonus Shares as at Tk. 10

each (For the year 2017)

1,47,02,688 bonus Shares as at Tk.

10 each (For the year 2018)

101,189,088 Ordinary Shares of BDT 10 each

Amount in BDT	
30-Jun-19	30-Jun-18

5,000,000,000**5,000,000,000**

296,000,000

296,000,000

359,200,000

359,200,000

131,040,000

131,040,000

78,624,000

78,624,000

147,026,880

147,026,880

1,011,890,880**1,011,890,880****9.01 Compositon of Shareholders at 30 June 2019**

Name of Shareholders	Holding (%)
Sponsor Shareholders	47.03%
Institutional Shareholders	21.56%
Other Shareholders	31.41%
Total	100

9.02 Composition of Share holding as at 30 June,2019

Name	Holding (%)
ICB (Corporate Director, Nominated To Kazi Sanaul Hoq)	17%
Mr. Maksudur Rahman (Managing Director)	15%
Md. Younus Bhuiyan (Director)	5%
Shamsun Nahar Rahman (Director)	6%
Marzanur Rahman (Director)	2%
Mizanur Rahman (Director)	2%
Other Shareholders	53%
Total	100%

10.00 Current Portion of Lease Liabilities

IDLC Finance Lease Liability-1001 (Note: 10.01)

IDLC Finance Lease Liability-1002 (Note: 10.02)

-	3,519,604
-	-
	3,519,604



		Amount in BDT	
		30-Jun-19	30-Jun-18
10.01 IDLC Finance Lease Liability-1001			
Due Within one Year	-		3,519,604
Due After one year	-		-
			3,519,604
10.02 IDLC Finance Lease Liability-1002			
Due Within one Year	-		-
Due After one year	-		-
			-

10.03 Terms of leased loan (IIDFC)

Lender:

Industrial and Infrastructure Development Finance Company Limited (IIDFC).

Total lease facilities:

The lease loan amount was Eight crore on which 5.5 crore enjoyed by the company.

Interest rate:

Initial interest rate is 14.5% per

Loan term:

5.5 years including 6 months principal Moratorium.

Monthly Installment:

Monthly Installment Revised at BDT 13,77,286 which effective from 01.01.2012

Disbursement:

Disbursement was made on March 30, 2010.

Purpose:

The purpose of the loan is for the procurement of the capital machinery.

Repayment:

During moratorium of 6 months

Security

- a) Post Dated Cheque
- b) Demand Promisory Note
- c) Personal Guarantee of all Directors of Ratanpur Steel Re-Rolling Mills Limited and Personal Guarantee of Mr. Mizanur Rahman (Son of Mr. Maksudur Rahman).

10.03 Terms of leased loan (IDLC)

Lender:

IDLC Finance Limited

Total lease facilities:

The lease loan amount was Eight

Interest rate:

Initial interest rate is 16.70% per annum for the one year from the date of disbursement. Thereafter the rate of interest shall be reviewed at annual intervals.

Loan term:

5 years

Monthly Installment:

Monthly Installment Revised at BDT 19,11,130 which effective from 14.11.2012

Disbursement:

Disbursement was made on 7th January 2013 and 14th November, 2012.

Repayment:

The both Loan facility of IDLC finance will be repayable in 60 equal monthly installment.

Purpose:

The purpose of the loan is for the procurement of the capital machinery.

Security

- a) Personal Guarantee from all Directors of the Company.



Amount in BDT	
30-Jun-19	30-Jun-18

11.00 Deferred Tax Liability

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment as per financial statements and tax written down value and financial position's liability method for gratuity obligation.

Opening balance	142,217,153	140,875,994
Deffered tax liability /(assets) as on 30 June.	141,605,157	142,217,153
Increase /(decrease) of deffered tax liability	611,996	(1,341,159)

Details Shown in Annexure-2.

12.00 Short Term Liabilities:

Sonali Bank: Pledge # 08	329,044,355	400,780,212
Sonali Bank: Hypo # 22	494,575,635	657,290,956
Sonali Bank # LTR	-	510,086,875
	823,619,989	1,568,158,042

12.01 Long term Liabilities:

Block Loan:		
CC Hypo and Pledge (Note: 12.03)	292,379,573	-
Sonali Bank # LTR (Note: 12.04)	557,271,867	-
	849,651,440	-

12.02 Terms of CC loan (Sonali Bank)

Lender:

Sonali Bank Limited

Total loan:

Total loan amount Limit is Tk. 75 crore which consist of Tk. 45 crore of Hypothecation and Tk. 30 crore of pledge loan.

Interest rate:

Annually Hypo-9% and pledge-9% compound interest on three month installment basis. Thereafter the rate of interst shall be reviewed at annual intervals.

Margin:

20% margin on both Hypo and Pledge Facility.

Re-payment:

From sale of finished goods on Daily, weekly or lumpsum payment before the specified date of repayment.

Security:



Amount in BDT	
30-Jun-19	30-Jun-18

Hypo and Pledge

a) Raw-materials, work in progress, finished goods, machineries, spare parts etc stored in the Factory and warehouse.

b) Industrial Plot no 175 and 176

Purpose:

To meet the working capital requirements.

Terms of LTR Loan (Sonali Bank)

Lender

Sonali Bank

Total Loan Facility

Tk 50 Crore LTR Facility for 90 days Period.

Interest Rate Applied

Annually 9% Interest Rate.

Security

a) Personal Guarantee of all the Directors of Ratanpur Steel Re-rolling Mills Limited.

b) Post Dated Cheque

c) Industrial Plot no 175 and 176

Maternity date: Apprx. 90 days from disposal

12.03 Blocked loan against Exces Limit of CC (Pledge) & CC (Hypo)

Sonali Bank

Add: Interest

276,100,000
16,279,573
292,379,573

Interest rate: 5.50% for only interest Blocked Account.

Remarks : 1 (One) year grace period & 6 (Six) years equal quarterly installment payment as per sanction letter.

12.04 LTR # Block Loan

Sonali Bank

Add: Interest

Interest rate: 9.00%

494,700,000
62,571,867
557,271,867

Remarks : 1 (One) year grace period & 6 (Six) years equal quarterly installment payment as per sanction

13.00 Creditors and Accruals

Accounts payable

Advance Against Sales

For Revenue Expenses (Note: 13.01)

Other Finance (Note: 13.02)

568,960	218,520
3,869,520	6,450,336
67,289,066	51,185,401
5,791,740	6,154,299
77,519,286	64,008,556



		Amount in BDT	
		30-Jun-19	30-Jun-18
13.01 For Revenue Expenses			
Accrued for Salary & wages		6,849,733	7,058,079
Accrued for Electricity Bill		57,417,051	40,895,248
Accrued for Gas Bill		2,704,575	2,863,024
Accrued for Wasa Bill		15,499	17,026
Accrued for Telephone Bill		2,208.00	2,024
Audit Fees		300,000	350,000
		67,289,066	51,185,401
13.02 Other Finance			
Unclaimed Refund Warrant		3,433,024	3,415,968
Unclaimed Dividend		2,358,716	2,738,331
		5,791,740	6,154,299
14.00 Income Tax Liability			
Accrued during the year		463,320,985	382,932,338
		463,320,985	382,932,338
<i>Details shown in Annexure-3.</i>			
15.00 Workers' Profit Participation Fund and Welfare Fund			
Opening Balance		47,434,731	47,111,204
Add: Addition during the year @ 5%		37,497,617	47,434,731
		84,932,347	94,545,934
Less: Paid during the year		(47,434,731)	(47,111,204)
Closing Balance		37,497,617	47,434,731
16.00 Net Asset Value per share (NAV)			
Total Assets		7,400,011,747	6,735,748,748
Less: Total Liabilities		2,393,214,475	(2,208,270,424)
Shareholders' Equity		5,006,797,272	4,527,478,324
Number of Ordinary Shares at the year end		101,189,088	101,189,088
Net Asset Value per share (NAV)		49.48	44.74



		Amount in BDT	
		30-Jun-19	30-Jun-18
17.00 Revenue		6,808,684,500	7,659,678,631
18.00 Cost of Goods Sold			
Raw Materials Used (Note: 18.01)	5,312,365,391	6,199,035,713	
Direct Labor	66,549,260	72,336,152	
Electricity Bill	84,965,477	107,444,201	
Wasa Bill	233,379	171,415	
Spare Parts Used (Note : 18.02)	39,289,975	44,146,039	
Loading & Unloading Bill	10,129,624	11,381,600	
Gas Bill	20,433,462	24,051,625	
Prime Cost (A)	5,533,966,567	6,458,566,745	
Indirect Expenses associated with production (B)	58,922,596	63,532,711	
Repair & Maintenance	402,809	428,520	
Medical Exp.	450,568	563,210	
Depreciation (Annexure-01)	58,069,219	62,540,981	
Cost of Production (A+B)	5,592,889,162	6,522,099,457	
Opening Finished Goods	1,008,483,672	869,071,392	
Cost of Goods Available for Sale	6,601,372,834	7,391,170,849	
Closing Finished Goods	(859,731,126)	(1,008,483,672)	
Cost of Goods Sold	5,741,641,708	6,382,687,177	
18.01 Raw Materials Used			
Opening Stock of Raw Materials	889,623,487	980,179,200	
Purchases of Raw Materials	5,253,482,507	6,108,480,000	
Cost of Raw Materials available for use	6,143,105,994	7,088,659,200	
Closing Raw Materials	(830,740,603)	(889,623,487)	
Cost of Raw Materials used	5,312,365,391	6,199,035,713	
18.02 Spare Parts used			
Opening Stock of Spare Parts	38,158,741	37,256,890	
Purchase during the year	41,444,059	45,047,890	
Spare Parts available for use	79,602,800	82,304,780	
Closing Stock of Spare Parts	(40,312,825)	(38,158,741)	
Spare Parts used during the year	39,289,975	44,146,039	



19.00 Administrative and Other Expenses

Director's remuneration (Note-26)

Salary & Allowance

Entertainment

Travelling Expenses

Legal Expenses

Stationary

Paper & Periodicals

Postage & Stamp

Mobile Bill

Electricity Expenses

Audit Fees

Telephone Bill

Internet Bill

Fire License Expenses

Office Expenses

Sundry Expenses

Office rent

ISO related Expenses

Insurance

Conveyance

Land Revenue

Depreciation (Annexure-01)

Certificate and Membership Expenses

Guest house Expenses

Repairs and maintenance

Medical Expenses

AGM Related Expense

Trade License

Vehicle Expenses

Amount in BDT**30-Jun-19****30-Jun-18**

1,965,000

1,965,000

5,960,909

6,623,232

807,263

832,230

1,781,667

1,895,390

84,500

5,090,605

634,982

690,198

11,516

14,044

183,788

193,461

1,953,875

1,896,966

824,664

972,849

300,000

350,000

11,040

12,209

978,245

916,910

3,000

3,000

708,560

814,437

1,528,563

1,679,740

240,000

240,000

93,000

70,900

553,098

703,231

547,262

816,809

-

29,700

3,056,275

3,291,631

246,000

149,000

313,302

344,288

1,426,525

1,852,630

256,525

229,040

1,551,004

3,862,750

22,400

20,100

783,971.40

842,980.00

26,826,935**36,403,330****20.00 Selling and Distribution Expenses**

Carriage Outwards

Salary & Allowance

TA & DA of Sales Representative

Travelling Expenses

Rod testing Expenses

Advertisement Expenses

23,163,263

24,128,399

5,335,936

5,737,566

3,792,976

4,569,850

184,801

473,848

346,300

426,700

19,534,800

25,369,870

52,358,075**60,706,232**

		Amount in BDT	
		30-Jun-19	30-Jun-18
21.00 Finance Cost:			
Interest on Lease Loan:		-	1,257,627
IDLC Lease Liability-1001 & 1002		-	1,257,627
Interest on CC-Hypo:		74,092,487	73,617,610
Sonali Bank Limited: Hypo # 1027		74,092,487	73,617,610
Interest on CC-Pledge:		48,050,427	48,394,141
Sonali Bank Limited: Pledge # 1084		48,050,427	48,394,141
Interest on CC- Hypo & Pledge (Block) :		16,242,263	-
Interest on CC- Hypo & Pledge		16,242,263	-
Interest on Sonali Bank # LTR		62,542,021	60,974,099
Bank Charges		728,560	645,571
		201,655,758	184,889,048
22.00 Finance & Other Income		1,247,944	1,136,500
SND & STD Interest		517,289	710,139
FDR Interest		730,655	426,361
23.00 Earning Per Share (EPS)			
Net profit attributable to the shareholders for the year		564,408,217	713,459,972
Number of Ordinary Shares at year end		101,189,088	101,189,088
Weighted no. of ordinary shares outstanding at the			
Basic EPS		5.58	7.05
24.00 Net Operating Cash Flow per share (NOCF)			
Net cash inflow /(outflow) from Operating Activities		132,508,207	101,235,648
Number of Ordinary Shares at the year end		101,189,088	101,189,088
Net Operating Cash Flow per share (NOCF)		1.31	1.00
25.00 Quantitative movement of Inventories			
Raw Materials	Raw Materials		
	(M. Tons)		(M. Tons)
Opening stock	20,852	24,752	
Purchase during the year	114,775	141,400	
Total	135,627	166,152	
Consumed during the year	(117,275)	(145,300)	
Closing stock	18,352	20,852	
Finished Goods			
Opening stock	21,930	18,336	
Production during the period	115,450	142,394	
Total	137,380	160,730	
Sales during the period	(119,325)	(138,800)	
Closing Stock	18,055	21,930	

26.00 Payment information to Directors as Per requirement of schedule XI, part II, Para 4 of the

Name	Gross Remuneration	Gross Remuneration
Mr.Maksudur Rahman (Managing Director)	700,000	700,000
Mrs.Shamsun Nahar Rahman (Director)	615,000	615,000
Md. Younus Bhuiyan (Director)	650,000	650,000
Total	1,965,000	1,965,000

27.00 Production capacity & Actual production

	M. Tons	M. Tons
Production capacity	187,200	187,200
Actual Production	115,450	142,394
Excess/(Shortfall)	(71,750)	(44,806)
Capacity Utilised	61.67%	76.07%

28.00 Depreciation to be charge

Manufacturing	58,069,219	60,419,869
Administrative	3,056,275	2,939,596
	61,125,493	63,359,465

Manufacturing overhead include depreciation on Factory Building & civil construction, plant & machinery, machinery under capital lease and Administrative overhead include depreciation on furniture & fixture, Motor Vehicles, office equipment. (See Annexure-1)

29.00 Related party transaction

During the period the Company carried out a number of transactions with related parties in the

Particulars	Nature of Transactions	Transactions during the year
Modern Steel Mills Ltd	Supply of Raw Materials	4,285,821,057

30.00 Bank Gurantee

The company have no Bank gurantee on the reporting date

31.00 Capital Commitment

The company had no capital commitment at the reporting date. But the company has informed

32.00 Employee Position of Ratanpur Steel Re- Rolling Mills Limited as per requirement of

Number of employees whose monthly salary was below Tk. 6000	-	-
Number of employees whose monthly salary was above Tk. 6000	397	410



33.00 Advances, Deposits & Prepayment (Note: 5) as per Schedule XI, Part-1 of the Companies

Advance, Deposits and pre-payments exceeding 6 Months	9,827,469
Not exceeding 6 Months	21,681,915
Other advance, deposits & pre-payments less provision	9,309,384
Advance, deposits and pre-payments considered Good and Secured:	
Advance, deposits and pre-payments considered Good without security	
Advance, deposits and pre-payments considered doubtful or Bad	
Advance, deposits and pre-payments Due by Directors	
Other Officers (against salary)	3,595,000
Advance, Deposits and pre-payments due from companies under same management:	
Maximum Advance, deposits and pre-payments Due by Directors	
Officers at any time	3,595,000

34.00 Events after the Reporting Period (Notes 3.20)

The Board of Directors of Ratanpur Steel Re-Rolling Mills Limited at itsth meeting held on 30 October 2019 recommended a final cash dividend of and Stock dividend of of its paid up capital. The dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting of the company scheduled to be held on 2019.



Ratanpur Steel Re- Rolling Mills Limited
Schedule of Property, Plant & Equipment
For The Financial Year Ended 30 June, 2019

SL NO.	Particulars	Cost				Rate	Depreciation				Written down value as on 30.06.2019
		Opening Balance as on 01.07.2018	Addition during the year	Disposal During the year	Closing Balance as on 30.06.2019		Opening Balance as on 01.07.2018	Charge for the year	Disposal During the year	Closing Balance as on 30.06.2019	
1	Land and land Development	1,048,750,000	-	-	1,048,750,000		-	-	-	-	1,048,750,000
2	Factory Building & Civil Construction	402,531,158	-	-	402,531,158	4%	96,901,545	12,225,185	-	109,126,729	293,404,429
3	Plant & Machinery	793,428,390	-	-	793,428,390	7%	272,162,450	36,488,616	-	308,651,066	484,777,324
4	Logistics Equipment	77,810,979	-	-	77,810,979	7%	31,388,865	3,249,548	-	34,638,413	43,172,566
5	Furniture & Fixture	2,962,460	-	-	2,962,460	10%	1,674,077	128,838	-	1,802,916	1,159,544
6	Motor Vehicles	39,806,505	-	-	39,806,505	20%	25,857,344	2,789,832	-	28,647,176	11,159,329
7	Office Equipment	13,510,827	-	-	13,510,827	10%	6,541,675	696,915	-	7,238,590	6,272,237
8	Machinery under capital lease	129,900,000	-	-	129,900,000	7%	50,663,436	5,546,559	-	56,209,995	73,690,005
A. Total		2,508,700,319	-	-	2,508,700,319		485,189,392	61,125,493	-	546,314,886	1,962,385,433

Amount in BDT

C.	Depreciation allocated to:	Note	Rate of Allocation	30 June, 2019 BDT
	Manufacturing	18.00	95%	58,069,219
	Administrative	19.00	5%	3,056,275
			100%	61,125,493

