

NIALCO ALLOYS LIMITED

28/B, Block: A, BISIC Industrial Area
Sagorika Road, Pahartali, Chittagong

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For the period ended September 30, 2020



Independent Auditor's Report
To the shareholders of
NIALCO ALLOYS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NIALCO ALLOYS LIMITED (the Company), which comprise the Statement of Financial Position as at 30 September 2020, and Statement of profit or loss & other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 September 2020, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the securities and Exchange Rules 1987 and other applicable laws and regulations.

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 Auditors' 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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 statements as a whole, and in forming our opinion thereon, and we do not provide opinion on these matters.

Risk	Our response to the risk
Revenue-Export	
<p>At period end the reported total revenue of Tk. 205,600,884</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the timing of the opening of letter of credit and timing of goods exported.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. ➤ Segregation of duties in invoice creation and modification and timing of revenue recognition. ➤ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.
See note no 15.00 to the statement of profit or loss & other comprehensive income.	

Ref: GKC/20-21/A/084

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Valuation of inventory	
<p>The inventory of Tk. 180,721,161 at 30 September 2020 held in warehouses and across multiple product lines in factory.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provision by:</p> <ul style="list-style-type: none"> ➤ Evaluating the design and implementation of key inventory controls operating across the factory and warehouse. ➤ Attending inventory counts and reconciling the count results to the inventory listing to test the completeness of data. ➤ Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the period; and challenging the completeness of inventory provision through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete. ➤ Comparing the net realizable value obtained through a detailed review of sales subsequent to the period-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; ➤ Opening and closing inventory were properly checked along with purchase of raw materials and consumption determined as balancing figure which seems more rationale.
See note no. 5.00 to the financial statements	
Measurement of deferred tax liability	
<p>The net deferred tax liability totaling Tk. 50,537 as at 30 September 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> ➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used in estimating the company's future taxable income. ➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. ➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities. ➤ We also assessed the appropriateness of presentation of disclosures against IAS-12 income tax.
See note no.11.00 to the financial statements	



Valuation of Property, Plant and Equipment	
<p>The carrying value of the PPE amounted to Tk. 44,621,602 at 30 September 2020. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> ➤ We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent. ➤ We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals. ➤ We inspected a sample of invoices documents to determine whether the classification between capital and operating expenditure was appropriate. ➤ We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice. ➤ We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.
See note no. 3.00 to the financial statements	
Workers Profit participation Fund	
<p>Workers Profit Participation Fund (WPPF) provision totaling Tk. 1,850,914 as at 30 September 2020.</p> <p>Management of the company has opened a separate bank account for the WPPF. Management has created provision for WPPF as per respective law.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> ➤ We assess whether adequate provision has been created against profit as per regulatory requirement.
See note no. 14.02 to the financial statements	
Fresh Capital Injection and share allotment	
<p>Fresh capital injected by the existing shareholders of the company through Bank in this reporting period totaling of the amount Tk. 60,000,000 and respective share has been allotted to the shareholders.</p> <p>There is a risk that whether the cash amount injected through banking channel as per regulatory requirement.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> ➤ We checked and verified the related bank statements of the company to identify those transactions related to fresh capital injection. ➤ We also checked RJSC documents related to share allotment (Form-XV) to assess the completeness of the allotment process.
See note no. 9.00 to the financial statements	



Other Information

Management is responsible for the other information. The other information comprises all of the information in the prospectus other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company

In preparing the financial statements, 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 Statements

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

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 statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.
- 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 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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statement we are responsible for the direction, supervision and performance of the group audit. We solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received by us;
- c) The information and explanations required by us have been received and found satisfactory;
- d) The statement of Financial Position, Statement of profit or loss & other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of account and returns;
- e) The expenditure was incurred for the purpose of the Company's business.

Dated, Dhaka
24 November, 2020



Sultan Moheuddin, FCA
Partner
G. KIBRIA & CO.
Chartered Accountants



NIALCO ALLOYS LIMITED
Statement of Financial Position
As at 30 September 2020

Particulars	Notes	Amount in Taka	
		As at	
		30 Sept. 2020	30 June 2020
ASSETS			
Non-Current Assets			
Property Plant & Equipment	3.00	44,621,602	22,161,335
Capital Work In Progress	4.00	9,285,500	9,285,500
		<u>53,907,102</u>	<u>31,446,835</u>
Current Assets			
Inventories	5.00	180,721,161	288,038,349
Accounts Receivable	6.00	41,281,942	50,021,929
Advance, Deposit & Prepayments	7.00	76,334,181	8,149,439
Cash & Cash Equivalents	8.00	96,013,576	30,862,945
		<u>394,350,860</u>	<u>377,072,662</u>
TOTAL ASSETS		<u>448,257,962</u>	<u>408,519,497</u>
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders Equity			
Share Capital	9.00	210,000,000	150,000,000
Retained Earnings	10.00	50,930,948	37,074,548
		<u>260,930,948</u>	<u>187,074,548</u>
Non-Current Liabilities			
Long Term Loan		-	-
Deferred Tax Liabilities	11.00	50,537	377,688
		<u>50,537</u>	<u>377,688</u>
Current Liabilities			
Current Maturity of Term Loan		-	-
Short Term Borrowings	12.00	158,902,048	210,776,454
Accounts payable	13.00	22,800,000	5,687,305
Liabilities for Expenses	14.00	5,574,428	4,603,501
		<u>187,276,476</u>	<u>221,067,261</u>
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		<u>448,257,961</u>	<u>408,519,497</u>
Net Asset Value (NAV) Per Share	23.00	<u>12.43</u>	<u>12.47</u>

The accounting policies and annexed notes form an integral part of the financial statements.


 Chief Financial Officer


 Company Secretary


 Director


 Managing Director

Signed as per our annexed report of even date.

Dated: 24 November, 2020
 Place: Dhaka


G.KIBRIA & CO.
 Chartered Accountants



NIALCO ALLOYS LIMITED
Statement of Profit or Loss and other Comprehensive Income
For the period from 1st July 2020 to 30th September 2020

Particulars	Notes	Amount in Taka	
		July-September 2020	July-September 2019
Revenue	15.00	205,600,884	107,509,547
Less: Cost of Goods Sold	16.00	<u>180,096,572</u>	<u>94,035,699</u>
Gross Profit		25,504,311	13,473,848
Less: Operating Expenses		6,417,167	4,169,120
Administrative Expenses	17.00	<u>1,417,239</u>	<u>1,119,429</u>
Selling & Distributing Expenses	18.00	<u>4,999,928</u>	<u>3,049,691</u>
Profit from Operation		19,087,144	9,304,729
Less: Financial Expenses	19.00	<u>2,340,139</u>	<u>1,320,657</u>
Add: Non operating Income	20.00	<u>336,865</u>	<u>(541,108)</u>
Profit/(Loss) before Contribution to WPPF		17,083,871	7,442,964
Less: Contribution to WPPF		<u>813,518</u>	<u>354,427</u>
Profit/(Loss) before Tax		16,270,353	7,088,537
Income Tax		2,413,953	1,515,264
Current Tax	21.00	<u>2,741,104</u>	<u>1,335,188</u>
Deferred Tax expense / (Income)	11.00	<u>(327,151)</u>	<u>180,076</u>
Profit after tax for the period		13,856,400	5,573,273
Other Comprehensive Income		-	-
Total Comprehensive Income		13,856,400	5,573,273
Earnings per share (EPS)	22.00	0.91	0.37

The accounting policies and annexed notes form an integral part of the financial statements.


 Chief Financial Officer


 Company Secretary


 Director


 Managing Director

Signed as per our annexed report of even date.

Dated: 24 November, 2020
 Place: Dhaka

Ref: GKC/20-21/A/084

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 G. KIBRIA & CO.
 Chartered Accountants

NIALCO ALLOYS LIMITED
Statement of Changes in Equity
For the period ended 30 September 2020

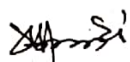
(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as at 01 July 2020	150,000,000	37,074,548	187,074,548
New share Issued	60,000,000	-	60,000,000
Net Profit for the period	-	13,856,400	13,856,400
Balance as on 30 September 2020	210,000,000	50,930,948	260,930,948

NIALCO ALLOYS LIMITED
Statement of Changes in Equity
For the period ended 30 September 2019

(Amount in Taka)

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as at 01 July 2019	20,000,000	21,927,983	41,927,983
Net Profit for the period	-	5,573,273	5,573,273
Balance as on 30 September 2019	20,000,000	27,501,256	47,501,256



Chief Financial Officer



Company Secretary



Director



Managing Director

Dated: 24 November, 2020

Place: Dhaka



NIALCO ALLOYS LIMITED
Statement of Cash Flows
For the period ended 30th September 2020

Particulars		Amount in Taka	
		30 Sept. 2020	30 Sept. 2019
A. Cash Flows from Operating Activities			
Receipts from customers		214,340,871	101,697,581
Receipts from others Income		336,865	(541,108)
Payment to Suppliers	29.00	(53,973,423)	(156,951,140)
Operating expenses paid	30.00	(77,411,700)	(13,302,181)
Finance expenses paid		(2,340,138)	(1,320,657)
Cash Generate from Operation		80,952,475	(70,417,505)
Income Tax paid		(1,127,438)	(360,513)
Net Cash Generate from Operating Activities		79,825,037	(70,778,018)
B. Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(22,800,000)	-
Net Cash used in Investing Activities		(22,800,000)	-
C. Cash Flows from Financing Activities			
Increase/(Decrease) Share Capital		60,000,000	-
Increase/(Decrease) Short Term Borrowing		(51,874,406)	64,867,386
Increase/(Decreases) Loan Liabilities (Long term)		-	-
Net Cash Provided by Financing Activities		8,125,594	64,867,386
D. Net increase/(Decrease) in Cash and Cash Equivalent (A+B+C)		65,150,631	(5,910,633)
E. Cash and Bank Balances at beginning the period (30-06-2020)		30,862,945	39,781,423
F. Cash and Bank Balances at end of the period (D+E)		96,013,576	33,870,790
Net Operating Cash Flows (NOCF) Per Share	23	5.23	(4.72)


 Chief Financial Officer


 Company Secretary


 Director


 Managing Director

Dated: 24 November, 2020
 Place: Dhaka



NIALCO ALLOYS LIMITED.

Notes, summary of significant accounting policies and other explanatory information
For the period ended September 30, 2020

1.00 REPORTING ENTITY:

1.01 Background of the Company

The company "NIALCO ALLOYS LIMITED" as "NIALCO" or "The Company" was incorporated on 21ST June, 2011 vide registration No.CH-8784 as a public limited company in Bangladesh under the Companies Act 1994.

1.02 Registered Office of the Company

The registered office & factory of the Company are located at House No. 01, Road No. 02, Lane No. 01, Block No. L, Haliashahar H/E, Chittagong, and Jahānabad, Bhatiary Shitakunda, Chittagong respectively. The corporate office of the company located at Plot: 28/B, Block: A, BISIC Industrial Area, Sagorika Road, Pahartali, Chittagong.

1.03 Nature of the Business

The principal activities of NIALCO ALLOYS LIMITED are to manufacture of high grade Bronze and Brass Ingots including Gun Metal, Phosphorus Bronze, Leaded Bronze, Aluminum Bronze, Manganese Bronze, Sand Cast Brass (SCB), High Tensile Brass (HTB), Die Cast Brass (DCB), Master Alloys, Phosphorus Copper etc. confirming to BS, IS, JIS, DIN, ASTM, UNI and as per all other International Standards.

2.00 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Statements of Compliance:

The Financial Statements of the Company are prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws & regulation in Bangladesh.

2.02 Going Concern:

The company has adequate resources to continue its operation for the foreseeable future. As such, the directors intended to adopt the going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

2.03 Accrual Basis:

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.



2.04 Components of the Financial Statements:

According to IAS-1 "presentation of the Financial Statements" the complete set of financial statement includes the following components

- a) Statement of Financial Position as at September 30, 2020;
- b) Statement of Profit or Loss and other Comprehensive Income for the period ended September 30, 2020;
- c) Statement of Changes in Equity for the period ended September 30, 2020;
- d) Statement of Cash Flows for the period ended September 30, 2020; and
- e) Notes, summary of significant accounting policies and other explanatory information

2.05 Accounting Policies & Estimates:

The preparation of these financial statements is in conformity with IASs/IFRSs which require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and used for accounting of certain terms such as provision for expenses and depreciation.

2.06 Responsibility for Preparation and Presentation of Financial Statements:

The Board of Directors is responsible for the preparation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "the Framework for the preparation and Presentation of Financial Statements" issued by the International Accounting Standards (IASs).

2.07 Statement of Cash flows:

Statement of Cash flows have been prepared in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS-7 which provides that "Enterprises are Encouraged to Report Cash Flows from Operating Activities Using the Direct Method".

2.08 Applicable accounting standards:

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

IASs:

IAS-1	Presentation of Financial Statements;
IAS-2	Inventories;
IAS-7	Statements of Cash flows;
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors;
IAS 10	Events after the reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 33	Earnings per Share
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets



IFRSs:

IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement
IFRS 15	Revenue from Contracts with Customers

2.09 Reporting Period

The financial period of the Company under audit covers 03 months period from 01 July 2020 to 30 September 2020.

2.10 Property, Plant and Equipment:**2.10.1 Recognition and Measurement**

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

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 benefits embodied within the part will flow to the Company and its costs can be measured reliably. The cost of the day to day maintaining cost on PPE is recognized in the Statements of Profit or Loss and other Comprehensive Income as incurred.

2.10.2 Depreciation:

Depreciation on Property, Plant and Equipment other than Land and Land development has been computed during the year using the reducing balance method. Depreciation has been charged on addition of assets when the related Property, Plant and Equipment are available for use as per management intention. Depreciation has charged as following rate:

Name of Assets	Rate	Rate
	2020	2019
Land and Land Development	0%	0%
Plant & Machinery	10%	10%
Computer and Printer	10%	10%
Furniture & Fixtures	10%	10%

2.10.3 Retirement and Disposals:

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

2.10.4 Impairment:

In accordance with the provision of IAS - 36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the period.



2.11 Borrowing Cost:

Interest and other cost incurred in the company in connection with the borrowing of fund are recognized as expenses in the year in which they are incurred unless such borrowings cost related to acquisition/construction of assets in progress that are required to be capitalized as per IAS-23: Borrowing Cost.

2.12 Revenue Recognition:

The Company has applied IFRS 15:

(a) Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer.

(b) The company recognizes revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

(c) The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

2.13 Valuation of Current Assets:

Trade and Other Receivable:

These are carried forward at their original invoiced value amount and represents net realizable value. Management considered the entire bills receivable as good and is collectable and therefore, no amount has been provided for as bad debt in the current period's account.

Inventories:

In compliance with the requirements of IAS-2 Inventories, the Inventories have been valued at Cost or Net Realizable value whichever is lower, which is consistent with the previous period's practice. Net realizable value is based on estimated selling price in the ordinary course of business less any further cost expected to be incurred to make the sale.

2.14 Provisions:

A provision is recognized on the balance sheet date if, as a result of 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 benefits will be required to settle the obligation.

2.15 Employees' Benefit

The company maintains defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits.

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following:



a) Short Term Employee Benefits

Short-term employee benefits include wages, salaries, festival bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

b) Contribution to Workers' Profit Participation and Welfare Funds

This represents 5% of net profit before tax, contributed by the company as per provisions of the Bangladesh Labor (amendment) Act, 2013. The fund transfer is under process and will be paid after completion of necessary legal process.

2.16 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 PPE or inventory etc.

2.17 Functional and Presentational Currency:

The financial statements are prepared in Bangladeshi Taka which is the Company's functional currency.

2.18 Income Tax:

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. Provision for taxation is calculated on the basis of applicable current tax rate in compliance with Finance Act, 2021.

Provision for corporate income tax is made in accordance with the income tax laws.

Deferred Tax:

The company recognized deferred tax as per IAS 12 Income Tax. Deferred tax is recognized for all temporary timing difference arising between the carrying value of assets and liabilities and its tax base values. The rate prevailing at the Financial Position date is used for determine the deferred tax.

2.19 Earnings per share:

The company calculates Earnings per Share (EPS) in accordance with IAS-33 "Earnings per Share" which has been shown on the face of the Profit or Loss and other Comprehensive Income.

Basic Earnings

This represents profit or loss at the end of the period attributable to ordinary shareholders of the entity

Basic Earnings Per Share

This has been calculated by dividing profit or loss attributable to ordinary shareholders of the entity by the weighted average number of ordinary shares outstanding during the period.

Diluted Earnings Per Share

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, no dilution of EPS is applicable for these financial statements as there were no potential ordinary shares during the relevant period.

2.20 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity as per IAS-39 "Financial Instruments Recognition and Measurement."

Financial Assets:

Financial assets of the company include cash and cash equivalents, equity instrument to another entity, Trade receivables and other receivables. The company initially recognize a financial asset in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial asset when, and only when; the contractual rights to the cash flows from the financial asset expire or transfer the contractual rights to receive the cash flows of the financial asset.

Financial Liabilities:

The company initially recognize a financial liability in its statement of financial position when, and only when, the company becomes a party to the contractual provision of the instrument. The company derecognize a financial liability from its statement of financial position when, and only when, it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires.

2.21 Cash and Cash Equivalents:

According to IAS 7 Statement of Cash Flows, cash comprises cash in hand, short term deposit and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

2.22 Events after the Reporting Period:

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period.

Non adjusting Events- those that are indicative of conditions that arose after the reporting period.

Management of the company has taken close look whether any events after the reporting period exist that need to take into account during the preparation of Financial Reports. No event after the reporting period exists and management of the company has prepared the financial reports in accordance.

2.23 Authorization date for issuing Financial Statements

The financial statements were authorized by the Board of Directors on November 22, 2020.



2.24 Comparative Information

Comparative information has been disclosed in the respect of previous period for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statement.

2.25 Segmental Reporting:

As required by IFRS-8 "Operating Segments", if an entity operates business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which discrete financial information is available

The company considers the operation on aggregate basis and manages the operations as a single operating segment. Hence it is felt that such segment reporting is not required to be disclosed.

2.26 Related Party Disclosure

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.

2.27 General:

- i) The figure has been rounded off to the nearest taka.



		Amount in Taka	
		30 Sept. 2020	30 June 2020
3.00 Property, Plant and Equipment			
A. At Cost			
Opening Balance		29,441,395	20,097,395
Add: Addition during the period		22,800,000	-
Less: Disposal during the period		-	-
Total Cost		52,241,395	20,097,395
B. Accumulated Depreciation			
Opening Balance		7,280,060	5,812,670
Add: Depreciation charged for the period		339,733	1,467,390
Less: Adjustment on disposal		-	-
Total Charge		7,619,793	7,280,060
Written down value (A-B)		44,621,602	12,817,335

Details are shown in Annexure-A

4.00 Capital Work in Progress			
Opening Balance		9,285,500	-
Add: Addition during the period		-	9,285,500.00
Less: Transferred to appropriate asset category		-	-
Closing Balance		9,285,500	9,285,500

Capital work in progress represents costs incurred to date for land development purposes which is still under construction at the balance sheet date. Capital work in progress will be transferred to appropriate asset category after completion of construction as per IAS-16.

5.00 Inventories			
Raw Material	Note- 16.01	149,187,364	259,087,364
Work in Progress	Note- 16.00	13,538,332	14,265,350
Finished Goods	Note- 16.00	17,995,465	14,685,635
		180,721,161	288,038,349

Inventories are valued at lower of cost price and net realizable value. Inventory count of the above stock and stores was conducted by the management at the end of the period. The valuation of inventory was done and certified by the management. Details are given in Annexure - B.

6.00 Accounts Receivables			
Trade Receivables	Note- 6.01	41,281,942	49,769,371
FDR Interest Receivables	Note- 6.02	-	252,558
		41,281,942	50,021,929

6.01 Trade Receivable			
Opening Balance		49,769,371	4,331,600
Add: Sales During the period		205,600,884	324,709,673
Less: Received From Customer		214,088,313	279,271,902
Closing Balance		41,281,942	49,769,371

Ageing of Trade Receivables

More than six months		-	-
Less than six months		41,281,942	49,769,371
		41,281,942	49,769,371



Amount in Taka

30 Sept. 2020	30 June 2020
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The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

i) Receivables considered good and in respect of which the company is fully secured.		
ii) Receivables considered good for which the company holds no security other than the debtor's personal security.	41,281,942	49,769,371
iii) Receivables considered doubtful or bad.		
iv) Receivable due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.		
v) Receivables due by companies under the same management.		
vi) The maximum amount due by directors or other officers of the company at any time during the period.		
Total	41,281,942	49,769,371

Details are as follows:

Name of the customers	Amount
SOJITZ KYUSHU CORPORATION, JAPAN	41,281,942
Total	41,281,942

6.02 FDR Interest Receivables

Accrued Interest on FDR

-	252,558
-	-
-	252,558

7.00 Advance, Deposit & Prepayments

Advance Income Tax

Note-

7.01

-

-

Advance to Employees

Note-

7.02

260,850

186,635

Advance to Inter-company

Note-

7.02

69,330,580

-

Advance against purchase (L/C Margin in MTB)

6,742,751

7,962,804

76,334,181

8,149,439

7.01 Advance Income Tax

Income Tax deduction at source - opening

-

-

Add: Advance income tax during the period

1,127,437

1,642,941

1,127,437

1,642,941

Less: Adjustment during the period

1,127,437

1,642,941

-

-

7.02 Advance to Intercompany

Opening Balance

-

-

Add: Addition during the period (Note : 13.01.02)

69,330,580

-

Less: Adjustment during the period

-

-

69,330,580

-

Balance with Marine Safety System

Disclosure as per Schedule XI, Part I, Para 4 of the Companies Act, 1994

i) Advance, deposits & prepayment considered good and in respect of which the company is fully secured.	6,742,751	7,962,804
ii) Advance, deposits & prepayment considered good for which the company holds no security.		
iii) Advance, deposits & prepayment considered doubtful or bad.		
iv) Advance, deposits & prepayment due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposits & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member.	260,850	186,635
v) Advance, deposits & prepayment due by companies under the same management.	69,330,580	
vi) The maximum amount due by directors or other officers of the company at any time during the period.		
Total	76,334,181	8,149,439



		Amount in Taka	
		30 Sept. 2020	30 June 2020
8.00 Cash and cash equivalents			
(i) Cash in hand		290,918	522,266
(ii) Cash at bank:			
Mutual Trust Bank Ltd. A/C No. 0005-0210020220		253,798	42,582
Mutual Trust Bank Ltd. A/C No. 0005-0260001264		158,747	158,747
Mutual Trust Bank Ltd. A/C No. 0109-0260000868		9,053	-
City Bank Ltd. A/c No. 1101784511001		312	312
Eastern Bank Ltd. A/c No. 0011060785567		767,193	767,193
Midland Bank Ltd. A/c No. 0003-1090001613		7,975	7,975
Mutual Trust Bank Ltd. A/C No. 0005-0320003791		60,051,755	42,581
(iii) Fixed Deposit			
Eastern Bank Ltd.		-	-
Mutual Trust Bank Ltd.		34,473,826	29,321,289
Total		96,013,577	30,862,945

The above balances are supported with bank statement and the cash balance has been physically counted and certified by management.

9.00 Share Capital

A. Authorized Capital

80,000,000 Ordinary Shares of Tk. 10/- each

800,000,000 800,000,000

B. Issued, Subscribed & Paid-up Capital

21,000,000 Ordinary Shares of Tk. 10/- each fully paid up

210,000,000 150,000,000

C. Shareholding Position

	Percentage	No. of Share	Amount
Sponsor/Director	99.26%	20,845,000	208,450,000
Companies and Financial Institution	0.00%	-	-
Other Shareholders	0.74%	155,000	1,550,000
Total:	100.00%	21,000,000	210,000,000

Details are shown in Annexure-C

10.00 Retained Earnings

Opening Balance

37,074,548 21,927,983

Net profit for the period

13,856,400 15,146,565

50,930,948 37,074,548

11.00 Deferred Tax Liability

Opening Balance

377,688 276,574

Less: Adjustment During the period

(327,151) 101,114

21.02 50,537 377,688

12.00 Short Term Borrowings

Bank Loan

12.01

158,902,048 210,776,454

158,902,048 210,776,454

12.01 Bank Loan

Accepted liability

147,542,598 207,676,558

Trust Receipt

11,359,450 3,099,896

158,902,048 210,776,454



Amount in Taka

30 Sept. 2020 | 30 June 2020

Terms and Conditions	
Name of Bank	Mutual Trust Bank Ltd.
Nature	Short Term
Sanction Limit	450 Million
Purpose of Loan	To import ferrous and non ferrous items like aluminum, nickel, copper, bronze, brass scrap, zinc and other permissible items.
Margin	10%
Rate of Interest	9.00%
Mode of Adjustment	120 days to 360 days

13.00 Accounts Payable			
Intercompany payable	13.01	22,800,000	5,687,305
		<u>22,800,000</u>	<u>5,687,305</u>
13.01 Intercompany payable			
Chittagong Ship Breaking & Recycling Industries	13.01.01	22,800,000	-
		<u>22,800,000</u>	<u>-</u>
13.01.01 Opening Balance		-	-
Add: Addition during the period		22,800,000	-
Less: Adjustment / payment during the period		-	-
		<u>22,800,000</u>	<u>-</u>
13.01.02 Opening Balance		5,687,305	6,243,941
Add: Addition during the period		59,100,489	129,034,131
Less: Adjustment / payment during the period		(134,118,374)	(129,590,767)
		<u>(69,330,580)</u>	<u>5,687,305</u>
Balance with Marine Safety System			
14.00 Liabilities for Expenses			
Salary & Allowance		674,517	693,183
Income Tax provision	14.01	1,613,666	1,405,152
WPPF	14.02	1,850,914	1,008,791
Security guard salary		25,000	25,000
Utility Bill		25,420	25,420
Audit Fees		80,000	120,000
Other Expenses		19,411	40,455
Payable Against Capital Work-In-Progress (CWIP)	14.03	1,285,500	1,285,500
		<u>5,574,428</u>	<u>4,603,501</u>
14.01 Income Tax provision			
Opening Balance		1,405,152	3,499,445
Add: Addition during the period		2,741,104	3,048,093
Less: Adjustment during the period		2,532,589	5,142,386
		<u>1,613,666</u>	<u>1,405,152</u>
14.02 Workers profit participation fund(WPPF)			
Opening Balance		1,008,791	1,222,759
Add: Addition during the period		813,518	914,789
Add: Interest accrued on undistributed amount of last year		28,605	94,002
Less: Adjustment during the period		-	1,222,759
		<u>1,850,914</u>	<u>1,008,791</u>



14.03 Payable Against Capital Work-In-Progress (CWIP)
 Opening Balance
 Add: Addition during the period
 Less: Adjustment during the period

Amount in Taka	
30 Sept. 2020	30 June 2020
1,285,500	-
-	9,285,500
-	(8,000,000)
<u>1,285,500</u>	<u>1,285,500</u>

15.00 Revenue
 Gross Sales (Export)
 Less: VAT

1st July 2020 to 30 Sept. 2020	1st July 2019 to 30 Sept. 2019
205,600,884	107,509,547
-	-
<u>205,600,884</u>	<u>107,509,547</u>

Details are shown in Annexure-D

16.00 Cost of Goods Sold
 Raw Materials Consumption
 Manufacturing overhead
Cost of Manufacturing
 Work in Progress-Opening
 Work in Progress-Closing
Cost of goods Manufactured
 Finished goods-Opening
 Finished goods-Closing

16.01	180,343,378	88,468,530
16.02	2,336,006	1,735,723
	<u>182,679,384</u>	<u>90,204,253</u>
	14,265,350	2,164,874
	(13,538,332)	(983,500)
	<u>183,406,402</u>	<u>91,385,627</u>
	14,685,635	3,245,715
	(17,995,465)	(595,643)
	<u>180,096,572</u>	<u>94,035,699</u>

16.01 Raw Materials Consumption
 Opening Balance
 Add: Purchase during the period
 Less: Purchase discount
Raw materials available for production
 Raw Materials-Closing
 Less: Consumption during the period

259,087,364	42,771,019
70,443,378	159,156,144
<u>329,530,742</u>	<u>201,927,163</u>
-	-
<u>329,530,742</u>	<u>201,927,163</u>
(149,187,364)	(113,458,634)
<u>180,343,378</u>	<u>88,468,530</u>



Amount in Taka

16.02 Manufacturing overhead

Wages, Salary & Allowance
 Conveyance
 Tours & Travel
 Carriage Inward
 Utility Bill Expenses
 Entertainment
 Internet Expenses
 License & Renewal
 Loading & Unloading Expenses
 Medical Expenses
 Mobile, Telephone & Fax Expenses
 Printing & Stationery
 Repairs & Maintenance
 Store & Spares
 Cutting Expenses
 Scale charge
 Uniform & Gloves
 Miscellaneous Expenses
 Depreciation (Annexure-A)

1st July 2020 to 30 Sept. 2020	1st July 2019 to 30 Sept. 2019
-----------------------------------	-----------------------------------

766,131	455,590
71,288	61,342
86,214	95,868
150,588	95,918
163,182	163,428
43,164	26,154
6,000	6,000
58,195	50,918
102,538	68,418
57,580	17,122
44,631	21,433
29,146	18,483
93,164	68,461
89,531	46,233
199,739	166,406
19,311	9,091
18,533	3,303
17,039	5,962
320,036	355,595
2,336,006	1,735,723

17.00 Administrative Expenses

Salary & Allowance
 Conveyance
 Paper & Periodical
 Entertainment
 Printing & Stationery
 Fees and Renewals
 Utility Bill
 Audit Fee
 Telephone, Mobile & Internet bill
 Business Development expenses
 Postage & Courier
 Repairs & Maintenance
 Photocopy charges
 Preliminary expenses written off
 Medical Expenses
 Miscellaneous Expenses
 Depreciation (Annexure-A)

755,386	671,887
273,229	211,865
6,040	3,240
47,506	31,540
19,125	11,620
49,222	31,770
45,124	32,108
40,000	17,500
24,661	13,547
55,591	30,849
18,131	7,248
21,491	10,233
5,060	2,775
-	28,925
21,914	7,091
15,064	5,712
19,697	1,523
1,417,239	1,119,429



Amount in Taka

1st July 2020 to 30 Sept. 2020	1st July 2019 to 30 Sept. 2019
-----------------------------------	-----------------------------------

18.00 Selling & Distributing Expenses			
Salary & Allowance		502,033	473,533
C & F Expenses-export		1,269,125	722,750
Conveyance		52,141	29,908
Entertainment		45,581	23,091
Packing Expenses		494,906	172,318
Sales Promotion Expense		296,405	87,343
Carriage Outward		782,311	444,884
Export expenses		436,300	296,365
Freight charges		686,342	573,895
Postage & Courier		35,688	23,433
Loading & Unloading		253,189	90,956
Miscellaneous Expenses		11,475	3,211
Mobile, Telephone & Fax Expenses		35,696	23,408
Sample Expense		98,739	84,598
Depreciation (Annexure-A)		-	-
		4,999,928	3,049,691
19.00 Financial Expenses			
Bank Interest		2,057,969	1,043,229
Bank Charges		253,564	239,741
Interest on WPPF (undistributed amount for the FY 2019-20)		28,605	37,688
		2,340,139	1,320,657
20.00 Non operating Income			
FDR interest		425,043	65,521
Realized gain / (loss)	Note	20.01	172,935
Unrealized gain / (loss)	Note	20.02	(261,113)
		336,865	(541,108)
20.01 Realized gain / (loss)			
Value of export collection on average sales booking rate USD 24,70,504.00@ 84.6		209,078,754	107,636,928
Value of export collection on average realized rate USD 24,70,504.00@ 84.70		209,251,689	107,509,547
		172,935	(127,381)
20.02 Unrealized gain / (loss)			
Value Import Payable on average rate USD 1736816.92@ 84.95		147,542,597	162,848,385
Value of Import Bill Payment on average rate USD 1736816.92@ 85.12		147,837,856	162,369,138
		(295,259)	(479,248)
Value of closing receivable on sales booking rate		41,281,942	-
Value of closing receivable on year end rate		41,316,087	-
		34,146	-
		(261,113)	(479,248)
21.00 Income Tax Expenses			
Current Tax	21.01	2,741,104	1,335,188
Deferred Tax	21.02	50,537	180,076
		2,791,641	1,515,264



Amount in Taka

1st July 2020 to 30 Sept. 2020	1st July 2019 to 30 Sept. 2019
-----------------------------------	-----------------------------------

24.00 Net Operating Cash Flows Per Share (NOCFPS)

Net Operating Cash Flows (Numerator)	79,825,037	(70,778,018)
Number of Ordinary Shares (Denominator)	15,260,870	15,000,000
Net Operating Cash Flow Per Share (NOCFPS)	5.23	(4.72)

25.00 Disclosure as per requirement of Schedule XI, Part II, Note 5 of Para 3:

Employee position of the company as at September 30, 2020:

Salary (Monthly)	Officer & Staff		Worker
	Factory	Head Office	
Number of employees whose salary below Tk. 3,000 per month	0	0	0
Number of employees whose salary above Tk. 3,000 per month	9	12	25
Total	9	12	25

Besides these mentioned above in the schedule the company hire 10 to 15 daily payment basis casual worker as on requirement to whom paid cash, all these casual worker are hired from Local area in reference of internal and external source without making any fixed contract

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

No Payment has been paid to directors within the period ending 30 September, 2020 in any of the following:

(a)	Managerial Remuneration paid or payable during the financial period to the directors, including managing director, a managing agent or manager.
(b)	Expenses reimbursed to the managing agent;
(c)	Commission or other remuneration payable separately to a managing agent or his associate;
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company;
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.
(f)	Any other perquisites or benefits in cash or in kind stating, approximate money value where practicable;
(g)	Other allowances and commission including guarantee commission.
(h)	Pensions etc.
(i)	Pensions
(ii)	Gratuities
(iii)	Payments from a provident funds, in excess of own subscription and interest thereon
(iv)	Compensation for loss of office
(v)	Consideration in connection with retirement from office.

27.00 Related Party Transaction:

As per IAS 24: Related party disclosure and as defined in the Securities & Exchange Rules 1987 the related party transaction are as follows :

The Company carried out a number of transactions with related parties in the normal course of business, The nature of transactions and their values are shown below:

Name	Nature of transaction	Received	Payment	Balance
Chittagong Ship Breaking & Recycling Industries	Purchase of generator	-	-	22,800,000
Marine Safety System	Intercompany loan	59,100,489	134,118,374	69,330,580



Amount in Taka

1st July 2020 to 30 Sept. 2020	1st July 2019 to 30 Sept. 2019
-----------------------------------	-----------------------------------

28.00 Cash flow generated from operating activities under Indirect Method:

Particulars	Amount (Tk.)
Profit before Tax	16,270,353
Add: Depreciation	<u>339,733</u>
	16,610,086
(Increase)/Decrease in Inventories	107,317,188
(Increase)/Decrease in Trade Receivable	8,739,987
(Increase)/Decrease in Advance, Deposit & Prepayments	(68,184,742)
Increase/(Decrease) in Creditors & Accruals	<u>16,469,955</u>
	80,952,475
Cash payment against Income Tax	<u>(1,127,438)</u>
Net Cash Generate from Operating Activities	<u>79,825,037</u>

29.00 Payment to Suppliers

COGS	180,096,572	94,035,699
Increase/(decrease) in inventory	(107,317,188)	65,856,169
(Increase)/decrease in Accounts payable and liabilities for expenses	(16,469,955)	(1,205,005)
Less: Manufacturing overhead	<u>(2,336,006)</u>	<u>(1,735,723)</u>
Paid to Suppliers	<u>53,973,423</u>	<u>156,951,140</u>

30.00 Operating expenses paid

Office & administrative expenses	1,417,239	1,119,429
Selling & distribution expenses	4,999,928	3,049,691
Add: Worker profit participation Fund(WPPF)	813,518	354,427
Add: Factory overhead	<u>2,336,006</u>	<u>1,735,723</u>
	9,566,691	6,259,270
Increase/(Decrease) In Prepaid exp.(Advance)	68,184,742	7,400,029
Less: Non cash Depre.	(339,733)	(357,118)
Less: Preliminary expenses written off	-	-
	<u>77,411,700</u>	<u>13,302,181</u>

31.00 Events after reporting period

There is no significant events between financial statements closing date and auditors report signing date.

32.00 Production Capacity

The production capacity and utilization of this reporting period (3 months) are as follows:

Particulars	Quantity in M. Ton
Installed Capacity	1,512
Actual Production	446
Capacity Utilization (%)	29%

Production Capacity is significantly unused due to lower quantity of export order.

33.00 Bank Guarantee

The company have no Bank Guarantee on the reporting date.

34.00 Claim Acknowledgement

There was no claim against the Company not acknowledged as debt as on September 30, 2020.

35.00 Foreign currency earned

The company has earned the entire sales proceeds in the form of foreign currency against export sales.

36.00 Foreign currency payment

The company incurred foreign currency expenses through import of raw materials.



Note: 37

Financial risk management

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It mainly comprises of accounts/trade receivables, advances to suppliers and trade deposits. The Company's maximum exposure to credit risk at the reporting date is accounts receivables which is also secured by Letter of Credit issued by Customer's Bank.

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:

	30 Sept. 2020	30 June 2019
	Taka	Taka
Accounts receivable	41,281,942	50,021,929
Advance, Deposit & Prepayments	76,334,181	8,149,439
	<u>117,616,122</u>	<u>58,171,368</u>

b) Ageing of receivables

Accounts receivable were aged as below:

- Less than six months
- More than six months

	41,281,942	50,021,929
	<u>41,281,942</u>	<u>50,021,929</u>

c) Impairment losses

The accounts receivables are secured by letter of credit issued customer's Bank. According to the company, recognition of any impairment losses were not necessary as they were fully collectible. Subsequent to period end the collectibles were realized duly.



Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity (cash and cash equivalents) 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 contractual maturities of financial liabilities of the company are as follows:

Particulars	Carrying amount		Cash flows		Up to 1 year		Above 1 Year	
	Taka		Taka		Taka		Taka	
As at 30 September 2020								
Short Term interest bearing loans	158,902,048		158,902,048		158,902,048			
	<u>158,902,048</u>		<u>158,902,048</u>		<u>158,902,048</u>			
As at 30 September 2019								
Short Term interest bearing loans	210,776,454		210,776,454		210,776,454			
	<u>210,776,454</u>		<u>210,776,454</u>		<u>210,776,454</u>			

Market risk

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

a) Currency risk/foreign exchange rate risk

The Company's exposure to foreign currency risk at September 30, 2020 are as follows:

Receivable against export (amount in BDT)	30 Sept. 2020	30 June 2019
	41,281,942	50,021,929

b) Interest rate risk

Fixed rate instruments	30 Sept. 2020	30 June 2019
Financial liabilities	in BDT	in BDT
	158,902,048	210,776,454

Rate of Interest
9.00% (variable)



NIALCO ALLOYS LIMITED
Schedule of Property, Plant & Equipment
As at 30 Sept. 2020

Particulars	Cost		Rate of Dep.	Depreciation		Annexure-A Written Down Value as on 30.09.2020
	Balance as at 01.07.2020	Addition this period		Balance as on 30.09.2020	Charged during the period	
Land and Land Development	8,572,000.00	-	0%	-	-	8,572,000
Plant & Machineries	20,011,695	22,800,000	10%	320,036	7,530,299	35,281,396
Computer & Printer	782,000	-	10%	18,266	69,619	712,381
Furniture & Fixture	75,700	-	10%	1,431	19,875	55,825
Balance as on 30 September 2020	29,441,395	22,800,000		339,733	7,619,793	44,621,602

Allocation of Depreciation:

Manufacturing	320,036
Administration	19,697
Total	339,733

As at 30 September 2019

Particulars	Cost		Rate of Dep.	Depreciation		Annexure-A Written Down Value as on 30.09.2019
	Balance as at 01.07.2019	Addition this period		Balance as on 30.09.2019	Charged during the period	
Land and Land Development	-	-	0%	-	-	-
Plant & Machineries	20,011,695	-	10%	355,595	6,143,477	13,868,218
Computer & Printer	38,500	-	10%	684	11,820	26,680
Furniture & Fixture	47,200	-	10%	839	14,491	32,709
Balance as on 30 September 2019	20,097,395	20,097,395		357,118	6,169,788	13,927,607

Allocation of Depreciation:

Manufacturing	355,595
Administration	1,523
Selling & Distributing	-
Total	357,118



NIALCO ALLOYS LIMITED

For the period ended 30 September 2020

Annexure-B

The Details of Closing Inventory are given below:

	Opening		Purchase		Transferred To Production		Closing	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
1. Raw Material:								
A.	452272.21 Kg	181,361,155	88215.33 Kg	34,403,979	280060.72 Kg	109,223,681	260426.82 Kg	149,187,364
B.	95202.71 Kg	36,272,231	26783.77 Kg	9,157,639	67166.98 Kg	22,971,106	54819.50 Kg	104,431,155
C.	95252.71 Kg	12,954,368	86401.93 Kg	9,901,661	126806.34 Kg	14,582,729	54848.30 Kg	20,886,231
D.	174844.23 Kg	28,499,610	135838.56 Kg	16,980,099	210004.20 Kg	26,250,525	100678.59 Kg	7,459,368
2. Work-in-progress :								
A.	24902.11 Kg	9,985,745	280060.72 Kg	2,436,900	281329.83 Kg	1,318,087	23633.00 Kg	13,538,332
B.	5241.86 Kg	1,997,149	67166.98 Kg	541,533	67434.12 Kg	702,564	4974.72 Kg	9,476,832
C.	5244.61 Kg	713,268	126806.34 Kg	3,655,350	127073.62 Kg	152,728	4977.33 Kg	1,895,366
D.	9626.92 Kg	1,569,189	210004.20 Kg	6,904,549	210494.82 Kg	287,532	9136.30 Kg	676,917
3. Finished Goods:								
A.	28795.36 Kg	11,748,508	357454.13 Kg	127,611,126	363944.00 Kg	149,949,311	35285.23 Kg	17,995,465
B.	7454.64 Kg	2,937,127	89305.89 Kg	31,167,754	90986.00 Kg	37,487,328	9134.75 Kg	14,396,372
Total								3,599,093
								180,721,161



NIALCO ALLOYS LIMITED
For the period ended 30 September 2020

Name wise Shareholding position

Annexure-C

Sl.	Name of Subscriber	Position	No. of Share	Amount Subscribed (BDT)
1	Gazi Mokarram Ali Chowdhury	Chairman	9,340,000	93,400,000
2	Kamal Uddin Ahmed	Managing Director	10,635,000	106,350,000
3	Matin Uddin Ahmed	Director	570,000	5,700,000
4	Md. Ruhul Amin	Shareholder	300,000	3,000,000
5	Md. Belal Uddin	Shareholder	45,000	450,000
6	Farhana Islam	Shareholder	100,000	1,000,000
7	Satyajit Saha	Shareholder	10,000	100,000
	Total		21,000,000	210,000,000



NIALCO ALLOYS LIMITED
For the period ended 30 Sept. 2020

Annexure-D

The details of net Sales (product & quantity wise)

Particulars	Quantity	Sales (Excluding VAT)
Sorted Copper		
	363944.00 Kg	164,480,706.94
	Sub Total	164,480,707
Copper Alloys (PB Brass)		-
	90986.00 Kg	41,120,176.73
	Sub Total	41,120,177
	Total	205,600,884

