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Annual Report 2012



S. Alam Cold Rolled Steels Limited



12th

Annual General Meeting on 30 March 2013



S. ALAM COLD ROLLED STEELS LIMITED



Contents

➤ Company Profile	03
➤ Corporate Management	04
➤ Letter of Transmittal	05
➤ Notice of the 12th Annual General Meeting	06
➤ Message from the Chairman	07
➤ From the Desk of the Managing Director	08
➤ Directors' Report to the Shareholders	09-23
➤ Certificate on Financial Statements	24
➤ Certificate Regarding Compliance of Corporate Governance Guidelines	25
➤ Report of the Audit Committee	26
➤ Auditor's Report & Consolidated Financial Statements	27-52
➤ Auditor's Report & Financial Statements of S. Alam Cold Rolled Steels Ltd.	53-79
➤ Subsidiary Profile :	
Directors' Report to the Shareholders	81
Auditor's Report & Financial Statements of S. Alam Power Generation Ltd.	82-92
➤ Photographs of the 11th Annual General Meeting & Board of Directors' Meeting	93-94
➤ Proxy Form & Attendance Slip	95



COMPANY PROFILE

S.Alam Cold Rolled Steels Ltd. has been operating a medium large scale Industry producing and marketing of high quality Cold Rolled Strips (CR Strip) in the form of Coils and Sheets.

Legal Status	: A Public Limited Company incorporated in Bangladesh on 12 December 2000 under the Companies Act 1994 and listed with Dhaka Stock Exchange Limited & Chittagong Stock Exchange Ltd.
Date of Listing with DSE & CSE	: 16 May 2006
Commencement of Commercial Production	: 2004
Factory	: Kalarpool, Shikalbaha, Patiya, Chittagong.
Corporate & Registered Office	: S. Alam Bhaban, 2119 Asadgonj, Chittagong. Phone : +88-031-636649, 636997, 611426 611195, 638258 Fax : +88-031-2869284 E-mail : sag@s.alamgroupbd.com sharedivision@s.alamgroupbd.com Website : www.s.alamgroupbd.com
Liason Office	: Sharif Mansion (6th Floor), 56-57, Motijheel C/A, Dhaka-1000. Phone : 02-9560631, Fax : 02-9567483
Authorized Capital	: Taka 350.00 Crore
Issued, Subscribed & Paid up Capital	: Taka 98.3711Crore.
Products Variety	: C.R. Coil, Baby coil, C.R. Cut Piece, Off Gauge, Trimming etc.
Annual Capacity	: 120,000 M. Ton



CORPORATE MANAGEMENT

Board of Directors :

Mr. Abdus Samad	: Chairman
Mr. Mohammed Saiful Alam	: Managing Director
Mr. Md. Osman Gani	: Director
Mr. Nasir Uddin Ahmed FCMA	: ICB nominee and Director representing Institutional Investors
Ms. Halima Begum	: Director representing General Investors
Mr. Mohammed Ishaque	: Independent Director

Audit Committee :

Mr. Mohammed Ishaque	: Chairman
Mr. Abdus Samad	: Member
Mr. Md. Osman Gani	: Member

Senior Corporate Officials :

Mr. Subrata Kumar Bhowmick FCA	: Executive Director (Finance)
Mr. Moshur Rahman	: General Manager (Mills)
Mr. Ghulam Muhammed	: Company Secretary
Mr. Md. Delwar Hossain ACA	: Head of Internal Audit
Mr. Shimul Nandy	: Chief Financial Officer

Auditor :

Rahman Rahman Huq
Chartered Accountants
102, Agrabad Commercial Area (3rd Floor)
Chittagong, Bangladesh

Principal Bankers :

Rupali Bank Ltd
Islami Bank (Bangladesh) Ltd.
Janata Bank Ltd.
Southeast Bank Ltd.

Insurer :

Northern General Insurance Co. Ltd.

External Credit Assessment Institution :

Credit Rating Information & Services Ltd. (CRISL)



25th February 2013

To:

The Shareholders
The Bangladesh Securities & Exchange Commission
The Registrar of Joint Stock Companies & Firms
The Dhaka Stock Exchange Limited
The Chittagong Stock Exchange Limited

Subject : Annual Report for the year ended 30th September 2012.

Dear Sir(s),

We are pleased to transmit a copy of the Annual Report 2012 together with the audited consolidated financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary, individual audited financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary S. Alam Power Generation Limited comprising the statement of financial position as at 30th September 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended along with notes thereon along with the Directors' Report and the Audit Committee Report for your information and record.

Yours sincerely,

Ghulam Muhammed
Company Secretary



এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড

S. ALAM COLD ROLLED STEELS LIMITED

Registered Office: S. Alam Bhaban, 2119, Asadgonj, Chittagong.
Phones: 00-880-31-636997; 636649; 611426; 611195. FAX: 00-880-31-2869284
Liaison Office: Sharif Mansion (6th floor), 56-57, Motijheel Commercial Area, Dhaka
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Web: www.s.alamgroupbd.com E-mail: sharedivision@s.alamgroupbd.com

বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এই বিজ্ঞপ্তির মাধ্যমে জানানো যাচ্ছে যে, অত্র কোম্পানীর ১২তম বার্ষিক সাধারণ সভা নিম্নলিখিত বিষয়াদি সম্পাদনকল্পে আগামী ৩০ শে মার্চ, ২০১৩ শনিবার সকাল ১১-০০টায় - সাফা আর্কেড, ৯৪, নবাব সিরাজুদ্দৌলা রোড, চন্দনপুরা, চট্টগ্রামে অনুষ্ঠিত হবে।

আলোচ্যসূচী: (Ordinary Business)

০১. ২০১২ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের নিরীক্ষিত আর্থিক বিবরণীসমূহ, পরিচালকমন্ডলীর প্রতিবেদন এবং নিরীক্ষকদের প্রতিবেদন গ্রহণ এবং অনুমোদন।
০২. ৩০ সেপ্টেম্বর ২০১২ তারিখে সমাপ্ত বছরের জন্য লভ্যাংশ ঘোষণা।
০৩. পরিচালকমন্ডলীর নির্বাচন / পুনঃনির্বাচন।
০৪. ২০১৩ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের জন্য অডিটর নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।

২৫শে ফেব্রুয়ারী, ২০১৩

আবদুস সামাদ
চেয়ারম্যান / পরিচালক

দ্রষ্টব্য:

০১. রেকর্ড ডেট: ৭ই মার্চ ২০১৩। রেকর্ড ডেট-এ সিডিবিএল ডিপোজিটারী রেজিস্টার এবং কোম্পানীর সদস্য বইতে নিবন্ধিত শেয়ারহোল্ডারগণ উপরোক্ত সাধারণ সভায় যোগদান সহ অনুমোদিত লভ্যাংশ পাওয়ার যোগ্য বলে বিবেচিত হবেন।
০২. প্রক্টি: সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য অন্য একজন প্রক্টি নিয়োগ করতে পারেন। সভা অনুষ্ঠানের জন্য নির্ধারিত সময়ের ৭২ ঘণ্টা পূর্বে সংযুক্ত প্রক্টি ফরম নিয়মানুযায়ী স্ট্যাম্প সহকারে পূরণ করে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।
০৩. কেবলমাত্র হাজিরাপত্র উপস্থাপন সাপেক্ষে হলে প্রবেশ করা যাবে। কুরিয়ার বা ডাকযোগে যথাসময়ে না পেয়ে থাকলে তাহা চট্টগ্রাম / ঢাকাস্থ আমাদের অফিস হতে অথবা আমাদের ওয়েবসাইট হতে ডাউনলোড এর মাধ্যমে সংগ্রহ করা যাবে। আমাদের ওয়েবসাইটে সম্পূর্ণ বাৎসরিক প্রতিবেদন ২০১২ আপলোড করা হয়েছে।
০৪. পরিচালক নির্বাচন:
 - ক. পর্যায়ক্রমানুসারে অবসর গ্রহণকারী উদ্যোক্তা পরিচালক আইনানুগ পূর্ণনির্বাচিত হবে।
 - খ. প্রাতিষ্ঠানিক শেয়ারহোল্ডারগণ হতে এক জন এবং সাধারণ শেয়ারহোল্ডারগণ হতে এক জন পরিচালক নির্বাচনের মনোনয়ন পত্র ১০-০৩-২০১৩ হতে ১৪-০৩-২০১৩ পর্যন্ত কোম্পানীর প্রধান কার্যালয়ে অফিস চলাকালীন সময়ে পাওয়া যাবে।
 - গ. মনোনয়ন পত্র যথাযথ পূরণ ও স্বাক্ষর করত: প্রয়োজনীয় কাগজ পত্রাদিসহ কোম্পানীর প্রধান কার্যালয়, এস. আলম ভবন, ২১১৯, আছাদগঞ্জ, চট্টগ্রামে ১৮-০৩-২০১৩ তারিখের মধ্যে অবশ্যই জমা দিতে হবে।
 - ঘ. মনোনয়ন পত্র প্রত্যাহারের শেষ তারিখ ২০-০৩-২০১৩।
 - ঙ. যথাযথ বাছাইয়ের পর যোগ্য পরিচালক পদ প্রার্থীদের চূড়ান্ত তালিকা ২১-০৩-২০১৩ তারিখে কোম্পানীর প্রধান কার্যালয়ের নোটিশ বোর্ডে প্রকাশ করা হবে।
০৫. বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর নোটিফিকেশন এবং ডিএসইর মেমো সমূহ অনুযায়ী বার্ষিক সাধারণ সভায় উপস্থিতির জন্য কোনরূপ গিফট/নগদ সুবিধা প্রদানের ব্যবস্থা থাকবে না।
০৬. হিসাব বিবরণী ও প্রতিবেদন সমূহের উপর কোন অনুসন্ধান থাকলে ব্যাখ্যা প্রদানের সুবিধার্থে তাহা সভা আরম্ভের তিন কার্যদিবস পূর্বে কোম্পানীর নিবন্ধিত কার্যালয়ে দাখিলের জন্য অনুরোধ করা যাচ্ছে।



Message from the
Chairman

Dear Shareholders,

Assala-mu-alaikum

I have the honor once again to warmly welcome you all, on behalf of the Board of Directors, to the 12th Annual General Meeting of the company.

All praises be to the Allah for that despite gloomy global economy, Bangladesh maintained its projected growth and has once again demonstrated its ability to overcome macroeconomic pressure through timely and adequate policy response not only to accelerate its economic growth but also to make the growth process socially and regionally more inclusive. In spite of the fact that the electricity and gas shortage continued to hamper economic activity of the country, robust implementation by the Government of the Annual Development Program (ADP) ambitiously brought in a positive market sentiment and boosted growth of the industries manufacturing for the domestic market.

Business performance of your company under the able and far-sighted leadership and guidance of its Managing Director Mr. Mohammed Saiful Alam continued to be satisfactory during the year under report. The revenue income for the year of Tk.3,702,374,435/- recorded 22.03% increase from that of the previous year of Tk.3,034,089,701/-, Alhamdulillah.

The post-tax consolidated profit earning for the year of Tk.335,143,976/- with EPS of Tk.3.31 also recorded 9.43% increase from restated that of the previous year of Tk.306,272,108/- with the restated EPS for that year of Tk.3.07.

The CGL Plant (NOF Type) for production of GP/CI Sheet is now under Trial for synchronization of performance of its machinery and equipments. The Plant will formally be commissioned for its commercial operation soon synchronization of its performance is complete. The medium sized Power Plant of the S. Alam Power Generation Limited, a subsidiary of this company, is also to go for commencement of its commercial operation very soon. Upon commissioning of the projects for commercial operation, the revenue as well as the profitability of the Company would, Insha Allah, be increased substantially.

Except that the Directors recommended 15% cash dividend subject to approval thereof in the 12th Annual General Meeting, there is no event affecting the values in the financial statements materially occurred after the balance sheet date.

In the end, I take this opportunity to express my heartfelt thanks to all of you for your continued support and patronization in the performance of the Company and also for the confidence you have reposed in the Company.

Abdus Samad
Chairman



From the Desk of the
Managing Director

Bismillah-ir-Rahman-ir-Raheem

My dear Shareholders,

Assala-mu-alai-kum.

On behalf of the Board of Directors of the Company as well as on my own behalf I heartily welcome you all to the 12th Annual General Meeting of the Company. At the same time I express my heartfelt thanks and gratitude to you all for the relenting support and faith you placed in us and in our accomplishments.

It is my great pleasure to inform you that your Company has been able to achieve its stable growth and to keep the graph of prosperity move upward for another year despite the measures taken to improve and expand its operation to attain larger growth could not be given effect during the year under report for reasons beyond our control.

The CGL (NOF Type) Plant is on trial now for synchronizing its performance to attain maximum output. Soon the synchronization process is complete; the project would formally be commissioned for its commercial operation. Installation of the medium size power generation plant based on latest modern technology being implemented by S. Alam Power Generation Limited, a subsidiary of your Company, with a view to ensure regular uninterrupted power supply to the plant and to sell excess if any, to the national grid / REB / others as the case may be, is to go for commencement of its commercial operation very soon. A significant growth of revenue and profit of the Company is expected upon commissioning of those projects for commercial operation.

We will Insha Allah whole-heartedly devote ourselves to achieve our aspirations for the growth and prosperity of the Company, and to safeguard your interest in the Company providing handsome return for our valued and honorable shareholders.

Mohammed Saiful Alam
Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS



Bismillahir Rahmanir Rahim

Dear Shareholders,

It is once again a matter of great pleasure for me to welcome you all to the 12th Annual General Meeting of the Company and I take this opportunity to place before you the audited financial statements for the year ended 30th September 2012 together with the Auditors' Report thereon and brief description on affairs of the company.

1. Business activities :

The principal business activities of the company during the year under report continued to be the manufacture and marketing of C. R. Steel Strips in coils/sheets, the performance of your company as depicted herein relates to this segment / product of the company.

2. Financial Results :

Key operating and financial results of the company and recommended appropriations for the year ended 30th September 2012 with comparative figures for the previous five years in summarized form are as under:

(Figures in Tk. '000)

	Financial Year ended on					
	30/09/2012 (consolidated)	30/09/2011 (restated on consolidated basis)	30/09/2010	30/09/2009	30/09/2008	30/09/2007
Net Sales	3,702,374	3,034,090	1,872,282	1,737,943	1,508,149	1,339,096
Profit before taxation	467,851	436,585	252,245	194,892	157,986	114,486
less: Provision for taxation (Deferred)	(3,817)	(3,343)	(39,425)	(39,541)	(36,027)	(42,917)
Less: Provision for Current Tax	(128,890)	(126,971)	(69,367)	(38,806)	Tax Holiday	Tax Holiday
Net Profit after Tax	335,144	306,272	143,452	116,545	121,959	71,569
Proposed/Declared Dividend	15% cash	15% cash	10% stock & 5% cash	15% cash	17% cash	15% cash
Earning Per Share (EPS)	***3.31	***3.07	20.75	21.85	22.87	13.42

Note: EPS with ***star marks based on face value of Tk.10/- per share.

The comparison of the EPS earned between the Quarterly and the Annual Financial Statements as noted below, would reveal that significant improvement occurred in the company's performance during the year under consideration.

	1 st Quarter ended 31/12/2011	2 nd Quarter ended 31/03/2012	3 rd Quarter ended 30/ 06/2012	Annual-year ended 30/09/2012 (Consolidated)
Earning Per Share (EPS)	0.85	1.86	2.94	3.31

3. Industry outlook and possible future developments in the industry :

The Company has an established market due to its quality product and good business relation with its customers, the management therefore is optimistic that future development of the industry with its NOF project duly commissioned as well as its growth is bright and healthy subject however to availability of regular uninterrupted power supply for operation of the industry and containing the adversities, if any, which may arise to hamper economic activity for maintaining upward trend of its growth.

4. Risks and concerns :

The preparation of financial statements required the management to make estimates and assumptions for accounting of certain items of the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, depreciation and amortization, taxes, reserves and contingencies. Actual result may differ from those estimates.



5. Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin :

	Year ended on 30/09/2012 (Consolidated)	Year ended on 30/09/2011 (Consolidated)	Increase/(Decrease) based on Turnover in the year under reports
Cost of Goods Sold	80.76% of Turnover	77.42% of Turnover	3.34%
Gross Profit Margin	19.24% of Turnover	22.58% of Turnover	3.34%
Net Profit Margin	9.05% of Turnover	10.09% of Turnover	1.04%

a. Cost of Goods Sold :

Compared to that of the previous year the Cost of Goods sold of the year under report witnessed an increase by 3.34% on the Turnover of the year. Reason for such increase during the year under report is attributable to the increase in the process loss as well as to the slight decrease in the selling price compared to those of the previous year.

b. Gross Profit Margin :

On comparison with that of the previous year Gross Profit Margin in relation to the Turnover of the year under report recorded 3.34% decrease. Reason is attributable primarily to the increase in the electricity cost and spare parts consumption. The GP margin would have decreased much more than that is attained. It is with its best efforts that the management had been able to contain the decrease in the GP Margin by ensuring higher earnings through pushing up sales of its products.

c. Net Profit Margin :

Net Profit Margin in relation to the Turnover of the year under report, recorded 1.04% decrease on comparison with that of the previous year for the reasons stated above. The increase of Tk.2,88,71,868/- in the Net Profit of the year compared to that of the previous year is the reflection of the management's success in its efforts to ensure higher revenue and business.

6. Discussion on continuity of any Extra-Ordinary gain / loss :

There is no Extra-Ordinary gain / loss of the Company during the year under report therefore question of continuity thereof does not arise.

7. Dividend :

The Directors recommend for declaration of 15% Cash dividend for the year ended 30th September 2012 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting keeping in view the profit of the year and consistency in recommendation of its dividend and taking into consideration of the fact that the company is required to invest further in the equity of its subsidiary, S. Alam Power Generation Limited to meet its increased project cost, which this parent company is financing from its own source as interest free temporary loan. All those shareholders whose names would appear in the Depository Register of Members in the CDBL system at the close of business on the record date, as the holder of Ordinary Shares of the Company, shall qualify for the said Dividend.

8. Change of denomination of the company's share capital :

As required by the directive issued by the Bangladesh Securities & Exchange Commission vide its Order # SEC/CMRRCD/2009-193/109 of 15/09/2011, your Company by a Special Resolution passed and adopted in its 8th Extra-Ordinary General Meeting held on 19/11/2011, changed denomination of its shares from Tk. 100/- to Tk. 10/- each. The number of shares of the company has accordingly been sub-divided. By the same Special Resolution, the company also passed and adopted for re-fixation of Market Lot of its shares from 50 to 100. By giving instant effect thereto, the shares of the Company are traded at CSE accordingly. The DSE however kept the matter pending subject to receipt of nod in this regard from the Commission. The DSE rather changed Market Lot for trade of our shares at DSE from 50 to 500 consequent upon change of denomination of our shares as stated above.



9. Subsidiary Company :

S. Alam Power Generation Limited was incorporated on 09/04/2009 with 70% of its Equity held by this company with object among others to set up, operate and run a captive and / or independent power plant to produce and supply electricity. Upon commissioning of the plant it will primarily ensure regular and uninterrupted power supply to our projects and the excess, if any, shall be sold to the National Grid.

In compliance with the condition No. 5 of the Corporate Governance Guidelines issued by the BSEC vide its Notification No. SEC/CMRRCD/2006-158/134/Admin/44 of 07/08/2012, Mr. Mohammad Ishaque, Independent Director of this holding Company, had on 22/12/2012 been nominated to be a Director on the Board of Directors of the said subsidiary of this company. Moreover, in order to enable the subsidiary of this Company to raise its number of Directors in compliance with the condition of the said Corporate Governance Guidelines, your directors on the same day nominated Mr. Md. Osman Gani and Mr. Md. Abdullah Hasan for appointment as Directors representing this holding company in the said subsidiary company.

As required by the said Corporate Governance Guidelines, minutes of the Board Meeting of the subsidiary company are now placed regularly for review at the following Board Meeting of this holding company, and the affairs of the subsidiary company are also reviewed at such Board Meeting of this holding company.

The Statement, as specified in sub-section of section 186 of the Companies Act, 1994, of the company's interest as holding company in the subsidiary company - S. Alam Power Generation Limited, is attached hereto in compliance with requirements of law.

10. Subsequent events :

Since end of the financial year under review nothing happened affecting financial position of the company save and except that the Directors recommend for declaration of 15% cash dividend for the year ended 30th September 2012 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

Although it had inordinately been delayed for reasons beyond our control, installation of one complete Non-Oxide Furnace (NOF) type Continuous Galvanizing Line (CGL) for production of GP/CI Sheets is complete. Due however to detection of oil in the Gas supplied by the Karnaphuli Gas Distribution Co. Ltd., for the project, it could not then commence its trial for synchronization in the performance of machinery with a view to attain its utmost productivity.. The matter was taken up with the KGDCL for redress who, after thorough check up in the matter, prescribed for installation of Oil Separator for safety of the machinery and proper running of the project. The Oil Separator as prescribed has since been installed and the plant is now on trial operation for synchronization of its overall performance. Subject to getting satisfactory result from such trial operation, the management expects the Plant to be commissioned by any time within April 2013. It may be mentioned here that for production of GP/CI Sheets, the said CGL plant will use the C. R. Coils produced by the company, as its prime raw material.

11. Utilization of proceeds from public issues, right issues and / or through any other instruments :

a. The proceeds of Tk. 12,00,00,000/- raised in March 2006 through IPO for subscription at par for 12,00,000 Ordinary shares of Tk. 100/- each had, as per disclosures in this behalf in the Prospectus, been utilized to pay off the debt liabilities of the Rupali Bank Limited by way of Project loan.

b. The proceeds of Tk.26,67,24,000/- raised in February 2010 through Right Issue at par of 26,67,240 Ordinary shares of Tk. 100/- each had, as disclosed in the Right Offer documents, also been utilized towards the company's subscription of 70% equity in the S. Alam Power Generation Limited, a subsidiary of this company, incorporated with a view to set up a medium size captive power plant to ensure regular and uninterrupted power supply to our company and to sell the excess to the Rural Electricity Board and / or others. Due to revision in the description of the project in view of the changes in the strategies so that smooth and profitable operation of the project is attained, the cost of project is increased from that as was initially estimated. The Project is under implementation and for technical reasons beyond our control, it is now expected to be ready for commissioning by November 2013. The total investment as on 30/09/2012 of the said subsidiary company on implementation of the said Project is Tk. 131,20,17,180/-.

c. The proceeds of Tk.53,34,48,000/- raised in January 2010 by issue at par of 53,34,480 Fully convertible 6% Dividend Preference Shares of Tk.100/- each had been utilized as disclosed in the Information Memoranda, to finance the procurement and installation of one complete Non-Oxide Furnace (NOF) type Continuous Galvanizing



Line (CGL) in expansion of the company to produce CI / GP Sheets by using C. R. Coils produced by the company as its prime raw material. The said 53,34,480 Fully Convertible 6% Dividend Preference Shares of Tk.100/- each had in two stages been converted into 9,41,108 Ordinary Shares of Tk.100/- each i. e 50% of each Preference Share had at the first stage been converted into 4,66,471 Ordinary Shares of Tk. 100/- each at Tk.571/79 and the remaining 50% thereof had at the second stage been converted into 4,74,637 Ordinary Shares of Tk. 100/- each at Tk.561/95 being the prices arrived at 30% discount to the weighted average price of the DSE during the period from 15/11/2009 respectively to 30/04/2010 and 31/07/2010. The investment on account of this project of the company as on 30/09/2012 is Tk. 734,039,077/-.

12. Directors :

The names of the directors of the company during the financial year under consideration are listed below with number of shares held by him or by the institution he represents, at the beginning and end of the financial year, set opposite their respective names:

	Representing	At 01.10.2011 Shares of Tk.100/- each	At 30.09.2012 Shares of Tk.10/- each
1. Mr. Mohammed Saiful Alam	Self (Sponsor)	2,30,398	23,03,980
2. Mr. Abdus Samad	Self (Sponsor)	1,38,237	19,67,430
3. Mr. Osman Gani	Self (Sponsor)	92,158	19,67,430
4. Mr. Iftikhar-uz-Zaman	ICB nominee representing Institutional Investors	(ICB) 67,992	(ICB) 6,22,420
5. Ms. Halima Begum	General Investors.	N. A	1,000
6. Mr. Humayun Kabir	Independent Director	Nil	Nil

Mr. Abdus Samad was the director who retired by rotation and re-elected in the last Annual General Meeting as Director from Sponsors' Group. Furthermore, Mr. Iftikhar-uz-Zaman, upon his nomination by the ICB, was elected uncontested as Director representing Institutional Investors' Group while Ms. Halima Begum was elected on contest as Director from General Investors' Group in the last Annual General Meeting.

The ICB, by its letter No. আইসিবি/সেডি/১৪.৭৩/৫৫৩/৪৪২২ dated 07/10/2012 had in the meantime withdrawn the nomination of Mr. Md. Iftikhar-uz-Zaman, the Director on nomination of ICB, from Institutional Investors' Group, and in his stead nominated Mr. Nasir Uddin Ahmed FCMA, General Manager, ICB, to succeed him in the Board of Directors of our Company. The Directors in their 114th Meeting held on 22/12/2012, co-opted Mr. Nasir Uddin Ahmed, FCMA in substitution of Mr. Md. Iftikhar-uz-Zaman subject to retirement at the 12th Annual General Meeting of the Company as if he had become a director on the day on which Mr. Md. Iftikhar-uz-Zaman was last elected as Director to hold office till the next AGM.

For the appointment / re-appointment of directors the following information are disclosed to the shareholders in case of appointment / re-appointment of Director, in compliance with the Condition No. 1.5(xxii) of the Corporate Governance Guidelines of the Commission:

a. Mr. Abdus Samad :

Being a sponsor shareholder / director of the company he retired by rotation and re-elected in the 11th Annual General Meeting of the Company held on 31/03/2012. He is an industrialist, Vice-Chairman of S. Alam Group, sponsor shareholder / director of banking and insurance companies, director of NBFIs and is actively engaged in trade and commerce. He also holds directorship in S. Alam Steels Limited, S. Alam Cement Limited, S. Alam Hatchery Limited, S. Alam Luxury Chair Coach Services Limited, S. Alam Soyaseed Extraction Plant Limited, S. Alam Brothers Limited, S. Alam Tank Terminal Limited, S. Alam Properties Limited, Portman Cements Limited, S. Alam Power Generation Limited and Fatehabad Farm Limited. In addition thereto, he is Managing Director of S. Alam Power Plant Limited and Karnaphuli Prakritik Gas Limited, Promoter Shareholder/Director of Al-Arafah Islami Bank Limited, Northern General Insurance Co. Limited and AIBL - Capital Market Services Limited, Nominee Director of Reliance Finance Limited and Chairman, Executive Committee of the Board of Directors of Al-Arafah Islami Bank Limited.



b. Mr. Md. Iftikhar-uz-Zaman / Mr. Nasir Uddin Ahmed FCMA.

Mr. Md. Iftikhar-uz-Zaman was the then General Manager of Investment Corporation of Bangladesh (ICB) with long experience of services with various financial institutions of the Government of Bangladesh. Being one of the Institutional Shareholders of the Company, the ICB nominated him to represent it and contest for the position of the Director of the company from Institutional Investors' Group. He was elected un-contest to the said position by the shareholders of the company in the last 11th AGM held on 31/03/2012 to hold office as such till the next AGM.

Owing to his promotion and transfer elsewhere, the ICB withdrew his nomination and nominated Mr. Nasir Uddin Ahmed, FCMA to succeed him as Director in our Company. Accordingly Mr. Md. Iftikhar-uz-Zaman resigned which was accepted on 22/12/2012 and Mr. Nasir Uddin Ahmed, FCMA was co-opted in his place on the same date subject to his retirement at the next AGM as if he had become a director on the day on which his predecessor was last elected as Director.

Mr. Nasir Uddin Ahmed FCMA is the General Manager of the ICB with 28 years' service experience with various financial institutions of the Government of Bangladesh and professionally is a Fellow member of the Institute of Cost & Management Accountants of Bangladesh.

c. Ms. Halima Begum

Ms. Halima Begum is one of the valued general shareholders of the company who contested for the position of Director from the General Investors' Group and was elected on contest by the shareholders in the 11th AGM of the Company held on 31/03/2012 to hold office as such till the next AGM of the company.

She is a graduate with long experience in the field of trade and commerce, and is a Director, on nomination, of the Reliance Finance Limited.

Upon his re-election in the last AGM, Mr. Abdus Samad was then elected by the Directors as Chairman of the Board of Directors while Mr. Mohammed Saiful Alam continued to be the Managing Director of the company. In total 6 (six) Meetings of the Board of Directors were held during the year under report with attendance of the directors as follows:

	Meetings attended
1. Mr. Mohammed Saiful Alam	4
2. Mr. Abdus Samad	4
3. Mr. Md. Osman Gani	6
4. Mr. Md. Iftikhar-uz-Zaman	6
5. Mr. Humayun Kabir	6
6. Ms. Halima Begum	3

The Company has no arrangement whatsoever enabling all or any of its directors to acquire benefits by means of acquisition of shares or debenture of any body corporate.

Under the provisions of Article 96 of the Articles of Association of the Company, Managing Director being Chief Executive of the Company shall not, while holding that office, be subject to retirement by rotation or taken into account for retirement by rotation of directors. Mr. Md. Osman Gani is therefore the director from Sponsor Group retiring by rotation in the ensuing 12th Annual General Meeting who being eligible, offers for re-election.

Vacancy of one director from the Institutional Investors' Group and one from the General Investors' Group are to be filled up in the 12th Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

The Notification No SEC/CMRRCD/2009-193/120/Admin/35 dated 07/12/2011 issued by the Bangladesh Securities & Exchange Commission in continuation of its Notification No. SEC/CMRRCD/2009-193/119/Admin/34 of 22/11/2011, requires that each director other than Independent/Nominated Director(s) of any listed company shall hold minimum 2% (two per cent) shares in the paid up capital of the Company. Two of your sponsor directors' whose holding shares were less than 2% since the date of incorporation of the company, had to comply with the requirements within the time specified therein, and in consequence thereof the Sponsors/Promoters/Directors of your Company now jointly hold 48.5% shares in the existing share capital of the Company.



13. Directors' Remuneration :

Save and except fee for attending Board Meeting, no remuneration or allowances had been given to any executive shareholder-Directors during the year under report. The members of the Board of Directors get fee at Tk.5,000/- for each meeting only of the Board of Directors which he / she attends. No such fee was however paid to any Director for attending any Meeting of the Audit Committee. The fee so paid to the Directors during the year under report, are noted below :

Name of Directors	Position	Board Meetings	
		Attendance	Total fee paid
1. Mr. Mohammed Saiful Alam	Managing Director	4	20,000/-
2. Mr. Abdus Samad	Director	4	20,000/-
3. Mr. Md. Osman Gani	Director	6	30,000/-
4. Mr. Md. Iftikharuz-Zaman	Director, ICB Nominee	6	30,000/-
5. Mr. Humayun Kabir	Independent Director	6	30,000/-
6. Ms. Halima Begum	Director, General Investors' Group	3	15,000/-
TOTAL			145,000/-

All Meetings of the Board of Directors were held in Chittagong during the year under report, Mr. Md. Iftikhar-uz-Zaman, ICB Nominee Director representing Institutional Investors' Group, had been reimbursed of his travelling and halting expenses at actual which he incurred in attending meetings of the Board of Directors in Chittagong for which a director so doing is entitled under Article 82 of the Articles of Association of the Company.

14. Pattern of Shareholding :

The name-wise details of the aggregate number of shares of the company held by :

a. Associated companies and other related parties :

Sl.No.	Names	Number of shares	Percentage
a.	S. Alam Bag Manufacturing Mills Limited	44,100	0.045
b.	S. Alam Soyaseed Extraction Plant Limited	4,85,140	0.493
c.	Portman Cements Limited	3,88,110	0.395
d.	S. Alam Properties Limited	4,62,690	0.470
e.	Sonali Cargo Logistics (Pvt.) Limited	3,88,110	0.395
f.	S. Alam Refined Sugar Industries Limited	1,77,350	0.180
g.	Hasan Abasan (Pvt.) Limited	3,49,300	0.355

b. The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children (name-wise details) :

Sl. No.	Names	Position	Number of shares	Percentage
a.	Mr. Mohammed Saiful Alam	Managing Director	23,03,980	2.342
	Spouse - Ms. Farzana Parveen	xxxxx	4,31,890	0.439
	Minor Children	xxxxx	Nil	0
b.	Mr. Abdus Samad	Director	19,67,430	2
	Spouse and Minor Children	xxxxx	Nil	0
c.	Mr. Md. Osman Gani	Director	19,67,430	2
	Spouse and Minor Children	xxxxx	Nil	0
d.	Mr. Iftikhar-uz-Zaman, Nominee of ICB	ICB Nominee Director	Nil	0
	Spouse and Minor Children	Up to 21/12/2012 xxxxx	Nil	0
e.	Ms. Halima Begum	Director from General Shareholders	1,000	0.001
	Spouse and Minor Children	xxxxx	Nil	



f.	Mr. Humayun Kabir Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
g.	Mr. Subraba Kumar Bhowmick FCA Spouse Ms. Ratna Datta FCA Minor Children	Executive Director (Finance) xxxxx xxxxx	Nil 860 Nil	0 0.00087 0
h.	Mr. Ghulam Muhammed Spouse and Minor Children	Company Secretary xxxxx	Nil Nil	0 0
i.	Mr. Samir Kanti Dhar Spouse and Minor Children	Chief Financial Officer (A) xxxxx	3,860 Nil	0.0039 0
j.	Mr. Md. Delwar Hossain ACA Spouse and Minor Children	Head of Internal Audit xxxxx	Nil Nil	0 0

c. Executives - (Top 5 (five) salaried employees of the company other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit):

Sl. No.	Names	Position	Number of shares	Percentage
a.	Mr. Mosihur Rahman Spouse and Minor Children	General Manager (Mills) xxxxx	2,200 0	0.00224 0
b.	Mr. Shafiul Alam Spouse and Minor Children	Asstt.General Manager (NOF) xxxxx	0 0	0 0
c.	Mr. Md. Amanullah Khan Spouse and Minor Children	Head, HR & Admin xxxxx	0 0	0 0
d.	Mr. Md. Shaha Alam Spouse and Minor Children	Manager xxxxx	0 0	0 0
e.	Mr. S. M. M. A. Mustafa Spouse and Minor Children	Dy. Manager xxxxx	0 0	0 0

d. Shareholders holding 10% or more voting interest in the company (name-wise details):

Sl.No.	Names	Number of shares	Percentage
a.	S. Alam Steels Limited, Sponsor	1,84,31,940	18.737

e. The number of shareholders of the company as classified by their holding-shares at 30th September 2012 is disclosed under Note No. 15.01 and 15.02 to the Consolidated Financial Statements attached to this Annual Report.

15. Audit Committee :

The Audit Committee, as a sub-committee of the Board of Directors, assists the Board in ensuring that the financial statements reflects true and fair view of the state of affairs of the Company and in ensuring good monitoring system within the business, and is responsible to the Board.

The primary role of the Audit Committee is to oversee the financial reporting process and disclosure of financial information, monitor internal control risk management process, oversee hiring and performance of external auditors, review the Adequacy of internal audit function, monitor choice of accounting policies and principles, review management letters / letter of internal control weakness issued by statutory auditors, review statement of significant related party transactions submitted by the management, review along with the management the quarterly, half yearly and annual financial statements before submission to the Board for approval.

The Audit Committee last constituted on 22/12/2012 is comprised of Mr. Mohammad Ishaque as its Chairman, Mr. Abdus Samad and Mr. Md. Osman Gani as its Members. All Members of the Audit Committee are financially literate.



Four Meetings of the Audit Committee were held during the year under consideration with attendance of the Members as follows:

	Position	Meetings attended
1. Mr. Humayun Kabir, Independent Director	Chairman	4
3. Mr. Abdus Samad	Member	4
4. Mr. Osman Gani	Member	4

Mr. Humayun Kabir resigned from the position of the Independent Director as well as of the Chairman of the Audit Committee which was accepted by the Directors in their Meeting held on 22/12/2012 with immediate effect. In the same meeting, your Director appointed Mr. Mohammed Ishaque as the Independent Non-Shareholder Director of the company initially for a term of three years unless the directors in the meantime otherwise decide in this behalf, he resigns or becomes disqualified to hold the said position, and reconstituted the Audit Committee by exclusion of Mr. Humayun Kabir and inclusion in his stead Mr. Mohammed Ishaque as its Chairman with immediate effect.

It is disclosed for information of all concerned that Mr. Mohammed Ishaque is a Freedom Fighter and a retired Bureaucrat of BCS Administration Cadre of 1982 Regular Batch. During the tenure of his active Government service, he successfully held positions as Assistant Commissioner & Magistrate (1st Class), UNO, ADC, DC (Acting), Secretary & CEO-Chittagong City Corporation, Director-EPB, Director Finance & Acting Chairman-BPC, Chairman, Chittagong WASA, Director-Bangladesh Sugar Mills Corporation and Joint Secretary-Ministry of Energy & Mineral Resources, Government of Bangladesh.

16. Related Party Transactions :

All transactions with related parties are made on arm's length basis in ordinary course of business. Detailed transactions with related parties are described at Notes 36.00 of the Consolidated Financial Statements attached to this Annual Report.

17. Additional Statements :

Your Directors are pleased to report that:

- a. The directors have made assessment of the company's ability to continue as a going concern and they are convinced that the Company has adequate resources to continue its operation in the foreseeable future and there is no significant doubts upon the company's ability to continue as going concern; therefore, the going concern basis has been adopted in preparing these financial statements;
- b. the financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in the equity;
- c. proper books of account have been maintained;
- d. appropriate accounting policies have consistently been applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement;
- e. International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed;
- f. the system of 'internal control' in assessment of risk is sound in design and has been effectively implemented and monitored;
- g. the Audit Committee had no findings reportable to the Board of Directors during the year ended 30/09/2012;
- h. no significant variance occurs between Quarterly Financial performance and Annual Financial Statements;
- i. there is no significant deviation in the operating result from that of the previous year; and



j. none from its directors nor its any member who hold 10% or more shares, excluding those held by mutual funds, portfolio managers and stock brokers, has borrowing through pledge of shares to lenders at the time of borrowing.

18. Corporate Governance :

The Directors state in accordance with the Annexure-1 attached to the Directors' Report as to whether the company has complied with the conditions on comply basis under BSEC Notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07-08-2012 issued u/s. 2CC of the Securities and Exchange Ordinance 1969.

19. Auditors :

The current Auditors of the company - M/s. Rahman Rahman Huq, Chartered Accountants, retire at the ensuing Annual General Meeting. They have satisfactorily completed audit of accounts of your Company for the first year. Being eligible in terms of the conditions imposed by the Bangladesh Securities & Exchange Commission vide its Order No. SEC/CMRRCD/2009-193/104/Admin/--- dated 27/07/2011, they seek re-appointment for the next term. The honourable shareholders are therefore requested to appoint Auditors for the next term and to fix up their remuneration.

20. Human Resource Management :

As in the past the Company maintained harmonious and excellent industrial relationship throughout the year.

21. Appreciation :

We do feel proud of the confidence bestowed upon us continuously by our valued shareholders and for supporting the activities of the company. We at the same time extend our thanks and appreciation to the bankers, insurance companies, utility providers, Auditors, customers, patrons and well wishers for their support and co-operation as well as for the confidence they reposed in the company. At the same time we place on record our appreciation, gratitude and thanks to the Government and its other agencies, the regulatory authorities including the Bangladesh Securities and Exchange Commission, the Dhaka Stock Exchange Ltd., the Chittagong Stock Exchange Ltd., and the Registrar of Joint Stock Companies & Firms for the cordial help, assistance, guidance and advices which your Company received from time to time. Your Company could not have achieved what it has achieved today without their support and co-operation.

For and on behalf of Board of Directors

Abdus Samad
Chairman

Dated : 25th February 2013.



Annexure

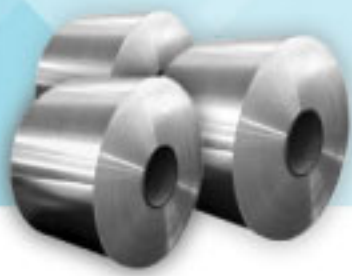
Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance 1969.

(Report under condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.	BOARD OF DIRECTORS:			
1.1	Board's Size: Members not less than 5(Five) and not more than 20(Twenty).	✓		
1.2	Independent Directors:			
(i)	At least one fifth (1/5) of the total number of directors.	✓		
1.2	(ii) a) Does not hold any share in the company or hold less than one percent (1%) shares of the total paid up shares of the company.	✓		
1.2	(ii) b) Is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid up shares of the company on the basis of family relationship.	✓		
1.2	(ii) c) Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies.	✓		
1.2	(ii) d) Is not a member, director or officer of any stock exchange	✓		
1.2	(ii) e) Is not a shareholder, director or officer of any member of stock exchange or an intermediary or the capital market	✓		
1.2	(ii) f) Is not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned company's statutory audit firm.	✓		
1.2	(ii) g) Shall not be an independent director in more than 3(three) listed companies.	✓		
1.2	(ii) h) Has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a bank or a Non-bank Financial Institution (NBFI)	✓		
1.2	(ii) i) Has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2	(iii) Appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM)	✓		Appointed on 22/12/2012 in place of the ID who resigned subject to approval at the 12 th AGM
1.2	(iv) The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1.2	(v) The Board laid down a code of conduct of all Board members and annual compliance of the code is recorded.	✓		
1.2	(vi) The tenure of office on an independent director is for a period of 3(three) years, extendable for 1(one) term only.	✓		
1.3	Qualification of Independent Director:			
(i)	Is a knowledgeable individual with integrity and ability to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		



1.3	(ii)	Is a Business Leader /Corporate Leader / Bureaucrat/ University Teacher / with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants and Chartered Secretaries with at least 12(twelve) years of corporate management / professional experiences.	✓		
1.3	(iii)	Relaxation of the above qualifications in special cases subject to prior approval of the commission			Not Applicable.
1.4		CHAIRMAN of the Board and CHIEF EXECUTIVE OFFICER: The positions are filled by different individuals. The Chairman is elected from among the directors of the company. The Board of Directors clearly defined respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓ ✓		
1.5		Directors' Report to Shareholders includes statements as to:	✓		
1.5	(i)	- Industry outlook and possible future developments in the industry.	✓		
1.5	(ii)	- Segment-wise or product-wise performance.	✓		
1.5	(iii)	- Risks and concerns	✓		
1.5	(iv)	- A discussion on Cost of Goods sold. Gross profit Margin and Net Profit Margin.	✓		
1.5	(v)	- Discussion on continuity of any Extra-Ordinary gain or loss	✓		
1.5	(vi)	- Basis for related party transaction and a statement disclosing all related party transactions.	✓		
1.5	(vii)	- Utilization of proceeds from public issues, rights issues and / or through any other instruments.	✓		
1.5	(viii)	- Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Not Applicable
1.5	(ix)	- Explanation of the management if significant variance occurs between Quarterly Financial performance and Annual Financial Statements.			Not Applicable
1.5	(x)	- Remuneration to directors including independent directors.	✓		
1.5	(xi)	- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5	(xii)	- Proper books of accounts have been maintained.	✓		
1.5	(xiii)	- Appropriate accountings policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		
1.5	(xiv)	- International Accounting Standard (IAS)/ Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	✓		



1.5	(xv)	- The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5	(xvi)	- There are no significant doubts upon the company's ability to continue as a going concern. (If not considered to be a going concern, the fact and reasons thereof)	✓		
1.5	(xvii)	- Significant deviations from the last year's operating results of the company have been highlighted with explanation of reasons thereof.			Not Applicable
1.5	(xviii)	- Summarized Key operating and financial data of at least preceding 5(five) years.	✓		
1.5	(xix)	- Reasons if the company did not declare dividend (cash or stock) for the year.			Not Applicable
1.5	(xx)	- The number of Board meeting held during the year and attendance by each director.	✓		
1.5	(xxi)	Pattern of shareholding disclosing aggregate number of shares held by:			
1.5	(xxi) a)	- Parent/ Subsidiary /Associated companies and other related parties (name wise details):	✓		
1.5	(xxi) b)	- Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children (name wise details)	✓		
1.5	(xxi) c)	- Executives ie top five salaried employees other than Directors, CEO, Company Secretary, CFO and Head of Internal Audit	✓		
1.5	(xxi) d)	- Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		
1.5	(xxii)	In case of appointment/re-appointment of a director:			
1.5	(xxii) a)	A brief resume of the Director.	✓		
1.5	(xxii) b)	Nature of expertise in specific functional areas.	✓		
1.5	(xxii) c)	Names of companies in which also holds the directorship and the membership of committees of the Board.	✓		
2		CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT & COMPANY SECRETARY (CS):			
2.1		Appointment: - appointed a CFO, a Head of Internal Audit (Internal Control and Compliance) and a CS - The Board of Directors clearly defined their respective roles, responsibilities and duties.	✓ ✓		
2.2		Board Meeting attendance: - The CFO and the CS attend the meetings of the Board of Directors except such part thereof which involves consideration of an agenda item relating to their personal matters.	✓		
3.		AUDIT COMMITTEE:			
3.	(i)	- Have an Audit committee as a Sub-committee of the Board of Directors.	✓		
3.	(ii)	- Assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		



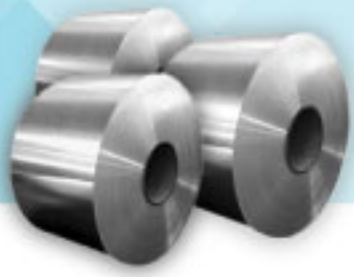
3	(iii)	- Is responsible to the Board of Directors. - The duties of the Audit Committee shall be clearly set forth in writing.	✓ ✓		
3.1		CONSTITUTION OF AUDIT COMMITTEE:			
3.1	(i)	- Is composed of at least 3 (three) members.	✓		
3.1	(ii)	- The Board of Directors appointed members of the Audit Committee who are directors of the company with inclusion of at least 1 (one) independent director.	✓		
3.1	(iii)	- All member of the audit committee are "financially literate" with at least 1(one) member having accounting or related financial management experience.	✓		
3.1	(iv)	- To ensure continuity of the performance of work of the Audit Committee the Board of Directors appointed the new Committee member(s) to fill up the vacancy (ies) immediately but within 1 (one) month from the date of such vacancy (ies) when the term of service of the Committee Members expired or any of them unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3(three) persons,	✓		
3.1	(v)	- The Company Secretary acted as the Secretary of the Committee.	✓		
3.1	(vi)	- The quorum of the Audit Committee meeting does not constitute without at least 1(one) independent director.	✓		
3.2		CHAIRMAN OF THE AUDIT COMMITTEE:			
3.2	(i)	- The Board of Directors selected 1(one) member of the Audit Committee, who is an Independent Director, to be its Chairman.	✓		
3.2	(ii)	- Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	✓		
3.3		ROLE OF AUDIT COMMITTEE:			
3.3	(i)	- Oversee the financial reporting process.	✓		
3.3	(ii)	- Monitor choice of accounting policies and principles.	✓		
3.3	(iii)	- Monitor Internal Control Risk management process.	✓		
3.3	(iv)	- Oversee hiring and performance of external auditors.	✓		
3.3	(v)	- Review along with the management, the annual financial statement before submission to the board for approval.	✓		
3.3	(vi)	- Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3	(vii)	- Review the adequacy of internal audit function.	✓		
3.3	(viii)	- Review statement of significant related party transactions submitted by the management.	✓		
3.3	(ix)	- Review Management Letters / Letter of Internal Control weakness issued by statutory auditors.	✓		



3.3	(x)	<p>When money is raised through Initial Public Offering (IPO) / Repeat Public Offering (RPO) / Rights Issue:</p> <ul style="list-style-type: none"> - The Audit Committee has been disclosed about the uses / applications of funds by major category (capital expenditure, sales and marketing expense, working capital, etc.) on a quarterly basis as a part of their quarterly declaration of financial results. - Further, on an annual basis, a statement of funds utilized for the purposes other than those stated in the offer document / prospectus, has been prepared. 	✓		
3.4		REPORTING OF THE AUDIT COMMITTEE:			
3.4.1		Reporting to the Boards of Directors:			
3.4.1	(i)	- Report on its activities to the Board of Directors.	✓		
3.4.1	(ii)	Report immediately on the following findings:			No such matter arisen
3.4.1	(ii) a)	- Report on conflicts of interests.			No.
3.4.1	(ii) b)	- Suspected or presumed fraud or irregularity or material defect in the internal control system			No.
3.4.1	(ii) c)	- Suspected infringement of laws, including securities related laws, rules and regulations.			No.
3.4.1	(ii) d)	- Any other matter requiring immediate disclosure to the Board of Directors.			No.
3.4.2		Reporting to the Authorities:			No such matter arisen
		- Report to the Commission made by the Audit Committee of its such finding about anything which has material impact on the financial condition and results of operation which (a) has been reported and discussed with the Board of Directors and the management that any rectification is necessary but it finds that such rectification has been unreasonably ignored, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6(six) months from the date of first reporting to the Board of Directors, whichever is earlier.			
3.5		REPORTING TO THE SHAREHOLDERS & GENERAL INVESTORS:			
		- Report on activities carried out by the Audit Committee, including that made to the Board of Directors under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	✓		
4.		EXTERNAL / STATUTORY AUDITORS – Their non-engagement to perform following services:			
4	(i)	Appraisal or valuation services or fairness opinions.	✓		
4	(ii)	Financial information systems design and implementation.	✓		
4	(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4	(iv)	Broker-dealer services,	✓		
4	(v)	Actuarial services.	✓		
4	(vi)	Internal audit services.	✓		
4	(vii)	Any other services that the Audit Committee determines.	✓		



4	(viii)	No Partner or employees of the external audit firms possess any share of the company at least during the tenure of their audit assignment of the company.	✓		
5.		SUBSIDIARY COMPANY:			
5	(i)	- Provision relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	✓		
5	(ii)	- At least 1(one) independent director on the Board of Directors of the holding company is a director on the Board of Directors of the subsidiary company.	✓		
5	(iii)	- The Minutes of the Board Meeting of the subsidiary company are placed for review at the following Board Meeting of the holding company	✓		
5	(iv)	- The Minutes of the respective Board meeting of the holding company stated that they have reviewed the affairs of the subsidiary company also.	✓		
5	(v)	- The Audit Committee of the holding company reviewed the financial statements, in particular the investments made by the subsidiary company.	✓		
6.		DUTIES OF CEO AND THE CFO: The CEO and the CFO certified to the Board that:			
6.	(i)	- They have reviewed financial statements for the year and that to the best of their knowledge and belief:\	✓		
6	(i) a)	- These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
6	(i) b)	- These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6	(ii)	- There are, to the best of knowledge and belief, no transaction entered into b the company during the years, which are fraudulent, illegal, or violation of the company's code of conduct.	✓		
7.		REPORTING & COMPLIANCE OF CORPORATE GOVERNANCE:			
7	(i)	The company obtained certificate from a practicing professional Accountant / Secretary (Chartered Accountant / Cost and Management Accountant / Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and sent the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7	(ii)	The directors stated, in accordance with the Annexure attached in the directors' report whether the company has complied with.	✓		



CERTIFICATE ON FINANCIAL STATEMENTS

by the Managing Director (CEO) & the Chief Financial Officer (CFO).
(vide Condition # 6 of the Corporate Governance Guidelines of the BSEC)

25th February 2013

The Board of Directors
S. Alam Cold Rolled Steels Limited
Chittagong

We hereby certify to the Board that :

i. We have reviewed Financial Statements for the year ended 30th September 2012 of the S. Alam Cold Rolled Steels Limited and that to the best of our knowledge and belief :

- a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
- b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

ii. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

(Shimul Nandy)
Chief Financial Officer (CFO)

(Mohammed Saiful Alam)
Managing Director / CEO

Certificate Regarding Compliance
of conditions of Corporate Governance Guidelines of the BSEC
by S. Alam Cold Rolled Steels Limited for the year ended 30th September 2012.
(vide Condition # 7(i) of the Corporate Governance Guidelines)



Rahman Rahman Huq
Chartered Accountants
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Chittagong, Bangladesh

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Internet www.kpmg.com/bd



To whom it may concern

This is to certify that the management of S. Alam Cold Rolled Steels Limited has complied with the necessary requirement of Corporate Governance for the year ended 30 September 2012 as per compliance requirements of the conditions imposed by Bangladesh Securities and Exchange Commission's Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Chittagong, 25 February 2013


Chartered Accountants



Report of The Audit Committee

Under condition 3.5 of the BSEC Notification # SEC/CMRRCD/2006-158/134/Admin/44 dated 07-08-2012

The Audit Committee hereby reports that the business and financial operations of the Company are conducted and exercised through an established internal control system by an independent internal audit team which verifies and follows-up the activities of the internal control procedures and reports to the Audit Committee. The Audit Committee, being a sub-committee and responsible, assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company through monitoring the choice of accounting policies / principles and overseeing the financial reporting process and in ensuring good monitoring system within the business by its review on regular basis of the effectiveness and adequacy of internal audit function and by continuous monitoring of the Internal Control Risk management process. The Committee also oversee hiring and performance of the external auditors. As part of the oversight process, the Chairman of the Audit Committee holds regular individual discussions with the external auditors, the CFO, the Head of Internal Audit (Internal Control & Compliance), the management and head of concerned departments. The Committee was regularly informed by the Chairman about the results of these discussions. Moreover, the Chairman briefs regularly to the Chairman of the Board of Directors about the activities of the Audit Committee. The Committee, in addition to the above, reviews regularly the compliance mechanisms and systems of the company to ensure that the company satisfies all legal and regulatory requirements and that the Code of Conduct is being adhered to. While the Audit Committee has the aforesaid responsibilities, it is not the duty of the Audit Committee to, and the Audit Committee will not, (a) plan or conduct audits, (b) prepare the Company's financial statements, or (c) determine or certify that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with rules and regulations. These are the responsibilities of management and the external auditor.

On the activities carried out by the Audit Committee during the year ended 30th September 2012 and subsequent period to the date of this report, it is reported that through its three out of four Meetings held during the year under report the Committee reviewed the financial statements at 30th September 2011 and quarterly financial statements prepared for statutory purposes as at 31st December 2011, 31st March 2012, and 30th June 2012. The members of the Audit Committee were provided, for its review in its fourth Meeting, with comprehensive documentation for the year ended 30th September 2012, some of which were in draft form, including the annual financial statements and the auditors' report thereon, drafts of the Directors' report and that of the Audit Committee as well as the proposal made by the Board of Directors on the appropriation of profits, draft Price Sensitive Information for dissemination and the draft Notice of the 12th Annual General Meeting of the Company. Following intensive review and discussion with the management and the external auditors, the Committee recommended that the Board of Directors should approve the annual Financial Statements along with the other documentations as also reviewed by the Committee in connection therewith and relevant thereto. In addition to those documents, the Audit Committee reviewed the financial statements in particular the investments made, of the S. Alam Power Generation Limited, a subsidiary of this Company, for year ended 30th September 2012. In addition thereto, the Committee in their oversight role reviewed with the management the un-audited financial statements for the 1st Quarter ended on 31st December 2012 along with the draft Financial Information extracted there-from for publication in the Press and recommended that the Board of Directors should approve the same and comply with requirements of law in this behalf. Moreover, the Committee conducted a self-evaluation of its activities in the same Meeting and this however did not result in any need for action with regard to the Committee's activities and procedures.

The Audit Committee in the context aforesaid reports as follows:

- i. In our oversight role, we review on regular basis the effectiveness and adequacy of internal control system as well as the financial records on the basis of findings of the internal audit team;
- ii. We believe that our such review provided a reasonable basis for our opinion that proper and sufficient care had been taken for maintenance of adequate accounting records for safeguarding the company's interest and for preventing and detecting frauds and other irregularities; and
- iii. We did not find, during the year under report, any material deviation, discrepancies or any adverse findings / observations in the following areas of reporting:
 - conflict of interests;
 - suspected or presumed fraud or irregularity or material defect in the internal control system;
 - suspected infringement of laws, including securities related laws, rules and regulations; and
 - any other matter requiring immediate disclosure to the Board.

The Audit Committee further reports that :

- i. we have reviewed along with the management the annual financial statement for the year ended 30th September 2012 before submission thereof to the board for approval, and we found adequate arrangement to present a free and fair view of the activities and financial status of the Company; and
- ii. we have, in addition thereto, reviewed
 - a. the statement of significant related party transactions for the year ended 30th September 2012 submitted by the management and found that such transactions were made on arm's length basis in the ordinary course of business; and
 - b. the financial statements, in particular the investments made, of the S. Alam Power Generation Limited, a subsidiary of this Company, for year ended 30th September 2012.

Mohammad Ishaque
Chairman, Audit Committee
25th February 2013.



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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS ON CONSOLIDATED FINANCIAL STATEMENTS OF S. ALAM COLD
ROLLED STEELS LIMITED AND ITS SUBSIDIARY

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary ("the Group") which comprise the consolidated statement of financial position as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 30 September 2012, and their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

The financial statements of S. Alam Colled Rolled Steels Limited and its subsidiary for the year ended 30 September 2011 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants, who expressed unmodified opinions on those statements on 23 February 2012. Consolidated financial statements have not been prepared during 2011.

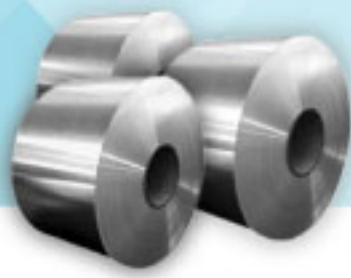
Report on Other Legal and Regulatory Requirements

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

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) the consolidated statement of financial position and consolidated statement of comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Companies businesses.

Chittagong, 25 February 2013.


Chartered Accountants



S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Assets			
Non-current assets:			
Property, plant and equipment - net	6	1,258,461,158	1,236,750,919
Capital work-in-progress	7	2,046,056,257	438,913,407
Total non-current assets		3,304,517,415	1,675,664,326
Current assets:			
Inventories	8	3,982,520,132	3,787,036,373
Accounts receivable	9	1,628,020,935	529,761,143
Accrued interests	10	23,612,057	17,074,310
Due from associated companies	11	1,052,622,434	86,183,300
Advances, deposits and prepayments	12	362,595,003	259,171,287
Short term investment	13	435,397,878	342,990,493
Cash and cash equivalents	14	12,508,873	297,601,883
Total current assets		7,497,277,312	5,319,818,789
Total assets		10,801,794,727	6,995,483,115
Equity and Liabilities			
Share capital	15	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		549,920,077	371,532,997
Equity attributable to owners of the Company		1,967,561,823	1,789,174,743
Non-controlling interest		129,611,181	120,410,935
Total equity		2,097,173,004	1,909,585,678
Liabilities			
Non-current liabilities			
Long term loan	16	25,732,019	30,759,581
Deferred tax liabilities	17	223,955,171	220,137,942
Total non-current liabilities		249,687,190	250,897,523
Current liabilities			
Trade creditors	18	1,742,770,079	290,786,326
Short term liabilities	19	4,683,692,217	3,808,415,250
Liabilities for expenses	20	25,111,862	11,346,792
Advance against sales	21	43,033,050	4,695,342
Due to associated companies	22	1,436,623,783	104,110,115
Long term loan-current portion	23	102,559,890	329,887,191
Liability against unclaimed dividend	24	14,371,363	9,855,942
Provision for income tax	25	349,033,595	235,143,784
Provision for WPPF and Welfare Fund	26	43,515,589	29,938,321
Other liabilities	27	14,223,105	10,820,851
Total current liabilities		8,454,934,533	4,834,999,914
Total liabilities		8,704,621,723	5,085,897,437
Total liabilities and equity		10,801,794,727	6,995,483,115

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



 Managing Director



 Director



 Company Secretary
 As per our annexed report of same date.





 Rahman Rahman Huq
 Chartered Accountants

Chittagong, 25 February 2013.



S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Revenue	28	3,702,374,435	3,034,089,701
Cost of sales	29	(2,990,150,440)	(2,349,128,017)
Gross profit		712,223,995	684,961,684
Selling and distribution costs	30	(2,387,460)	(909,627)
Administrative costs	31	(53,757,372)	(41,708,032)
		(56,144,832)	(42,617,659)
		656,079,163	642,344,025
Other income	32	717,183	-
Results from operating activities		656,796,346	642,344,025
Finance costs	33	(238,444,805)	(303,373,753)
Finance income	34	71,514,934	119,058,820
		(166,929,871)	(184,314,933)
Net Profit before tax and WPPF and Welfare Fund		489,866,475	458,029,092
Contribution to WPPF and Welfare Fund	26	(22,015,459)	(21,443,938)
Profit before amortisation of intangible assets		467,851,016	436,585,154
Profit before income tax		467,851,016	436,585,154
Income tax expenses:			
Current Tax:			
Current year	25	(128,889,811)	(122,719,502)
Previous year		-	(4,250,728)
Deferred tax	17	(3,817,229)	(3,342,816)
		(132,707,040)	(130,313,046)
Net profit after tax for the year		335,143,976	306,272,108
Net Profit after tax attributable to:			
Shareholders of the company		325,943,730	302,113,045
Non-controlling interest		9,200,246	4,159,063
		335,143,976	306,272,108
Earnings per share:			
Basic earnings per share	35	3.31	3.07


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



 Managing Director




 Director



 Company Secretary
 As per our annexed report of same date.

Chittagong, 25 February 2013.





 Rahman Rahman Huq
 Chartered Accountants



S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

Particulars	Share Capital	Share Premium	Retained earnings	Revenue Reserve	Total	Non-controlling interest	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on 1st October 2010 as previously reported	894,282,800	439,337,200	98,363,054	7,934,692	1,439,917,746	118,429,182	1,558,346,928
Adjustment for Share issue expenses (Note-5.01)	-	(4,564,605)	-	-	(4,564,605)	-	(4,564,605)
Adjustment for deferred tax liability (Note-5.02)	-	-	(31,797,404)	-	(31,797,404)	-	(31,797,404)
Adjustment for proposed dividend (Note-5.03)	-	-	134,142,420	-	134,142,420	-	134,142,420
Adjustment for preliminary expenses (Note-5.04)	-	-	(658,924)	-	(658,924)	(282,396)	(941,320)
Adjustment for revenue reserve (Note-5.05)	-	-	7,934,692	(7,934,692)	-	-	-
Adjustment for un-allocated revenue expenditure (Note-5.06)	-	-	(4,421,466)	-	(4,421,466)	(1,894,914)	(6,316,380)
Balance as on 1st October 2010 as restated	894,282,800	434,772,595	203,562,372	-	1,532,617,767	116,251,872	1,648,869,639
Issue of Bonus Share	89,428,200	-	-	-	89,428,200	-	89,428,200
Cash dividend declared for the year 2010	-	-	(134,142,420)	-	(134,142,420)	-	(134,142,420)
Share issue expenses	-	(841,849)	-	-	(841,849)	-	(841,849)
Net profit after tax for the year 2011	-	-	302,113,045	-	302,113,045	4,159,063	306,272,108
Balance as at 30th September 2011 as restated	983,711,000	433,930,746	371,532,997	-	1,789,174,743	120,410,935	1,909,585,678
Dividend declared for the year 2011	-	-	(147,556,650)	-	(147,556,650)	-	(147,556,650)
Net Profit after tax for the year 2012	-	-	325,943,730	-	325,943,730	9,200,246	335,143,976
Balance as at 30th September 2012	983,711,000	433,930,746	549,920,077	-	1,967,561,823	129,611,181	2,097,173,004





S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
a. OPERATING ACTIVITIES:		
Paid against revenue expenditure	(1,251,988,366)	(1,342,194,076)
Receipts from customers against sales	2,642,452,351	2,612,195,151
Receipt against other income	65,491,387	113,319,784
Payment to Workers' Profit participation fund	(12,981,266)	(7,172,038)
Payment of interest	(231,147,609)	(302,707,395)
Paid to suppliers against procurement of raw material	(439,221,251)	(1,162,943,816)
Advances paid	(32,977,234)	(128,250,105)
Security Deposits	(2,388,627)	(534,511)
Pre-payments	-	(1,847,035)
Paid for Share issue expenses	-	(841,849)
Income Tax Paid	(84,904,890)	(51,287,953)
Net cash provided by/(used in) Operating Activities	652,334,495	(272,263,843)
b. INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(104,132,679)	(17,868,905)
Proceeds from sale of property, plant and equipment	300,000	-
Short term investment (FDR)	(92,407,385)	(342,990,493)
Short term loan to associated companies	(966,439,134)	(2,862,601)
Capital Work-in-progress	(1,607,142,850)	(362,576,024)
Net cash used in Investing Activities	(2,769,822,048)	(726,298,023)
c. FINANCING ACTIVITIES:		
Receipt/(Re-payment) of Term Loan	(232,354,863)	(301,572,781)
Loan received from /(paid to) inter companies	1,332,513,668	(482,015,929)
Receipts/(Re-payment) of Short term loan	875,276,967	1,221,250,214
Paid against dividend	(143,041,229)	(45,002,035)
Net cash (used in)/provided by Financing Activities	1,832,394,543	392,659,469
Total (a+b+c)	(285,093,010)	(605,902,397)
Opening cash and cash equivalents	297,601,883	903,504,280
Closing cash and cash equivalents	12,508,873	297,601,883
	(285,093,010)	(605,902,397)





S. ALAM COLD ROLLED STEELS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

1.00 REPORTING ENTITY

1.01 Company Profile

S. Alam Cold Rolled Steels Limited is a public company limited by shares is domiciled in Bangladesh. The address of the company's registered office is S. Alam Bhaban, 2119 Asadgonj, Chittagong, Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on December 12, 2000 vide the certificate C-No 3842 of 2000 under Companies Act (Act XVIII) of 1994 as a public company limited by share. The company is listed with Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 16th May, 2006.

1.02 Nature of the business

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets. The company has set up its factory on 14.56 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh and commenced its commercial production from 16th February 2004 with an approved annual capacity of 120,000 MT.

1.03 Description of subsidiary

S. Alam Power Generation Limited

S. Alam Cold Rolled Steels Limited has acquired 70% equity interest in S. Alam Power Generation Limited. i.e. 2,684,000 Ordinary Shares of Tk.100 each at a cost of Tk. 268,400,000 on 05th July 2010.

S. Alam Power Generation Limited, Chittagong is a private company limited by shares incorporated on 09th April, 2009 vide Registration no. CH- 6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with the Registrar of Joint Stock Companies and Firms, Chittagong, Bangladesh.

Its registered office is located at S. Alam Bhaban, 2119, Asadgonj, Chittagong, Bangladesh.

The main objective of the company is to install and run power plant to produce and supply electricity.

The company did not commence business operation during the year under audit.

2.00 BASIS OF PREPARATION

2.01 Statement of compliance

These consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh. BFRSs comprise the following:

- (i) Bangladesh Financial Reporting Standards (BFRSs).
- (ii) Bangladesh Accounting Standards (BASs).
- (iii) Interpretations of BFRSs and BASs.

2.02 Date of authorization

These consolidated financial statements have been authorized for issue by the Board of Directors on 25 February 2013.

2.03 Regulatory compliance

The group is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994
- (ii) The Securities and Exchange Ordinance 1969
- (iii) The Securities and Exchange Rules 1987
- (iv) The Income Tax Ordinance 1984
- (v) The Income Tax Rules 1984
- (vi) The Value Added Tax Act 1991
- (vii) The Value Added Tax Rules 1991
- (viii) Bangladesh Labour Act 2006



2.04 Basis of measurement

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

2.05 Functional and presentation currency

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

2.06 Statement of Cash flows

Consolidated Statement of cash flows has been prepared as per BAS 7: Cash flow statement using Direct Method as per requirement of Securities and Exchange Rules 1987 and the Companies Act 1994.

2.07 Use of estimates and judgments

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

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

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

2.08 Comparative information

Comparative information has been disclosed in respect of the year 2011 for all numeric information in the consolidated financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's consolidated financial statements.

Figures for the year 2011 have been rearranged wherever considered necessary to ensure comparability with the current year.

2.09 Going concern

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

2.10 Reporting period

These Consolidated Financial Statements covered the reporting year commencing from 01 October to 30 September which is followed consistently.

3.00 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.01 Basis of consolidation

3.01.01 Subsidiary

The subsidiary is the entity controlled by S. Alam Cold Rolled Steels Limited. Control exists when S. Alam Cold Rolled Steels Limited has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements upon establishment of that control until the date that control ceases. The accounting policies of subsidiaries have been changed when it is necessary to align them with the policies adopted by S. Alam Cold Rolled Steels Limited.



3.01.02 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses, if any, are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

3.02 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation thereon.

3.02.01 Recognition and measurement

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised on net basis within Non-operating income/expenses in consolidated Statement of Comprehensive Income.

3.02.02 Subsequent costs

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

3.02.03 Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self constructed assets, from the date that the asset is completed and ready for use. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Consolidated Statement of Comprehensive Income on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated. Full year's depreciation is charged on addition irrespective of the date of acquisition and no depreciation is charged in the year of disposal. The principal annual rates are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Internal Road and Embankment	10%-20%
Buildings	5%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Luffing Crane and Jetty Construction	15%
Coil Car	10%
Motor Vehicle	20%
Interior Decoration	15%



Depreciation on following assets has been calculated on the basis of capacity utilization of capital machinery:

<u>Particulars</u>	<u>Capacity utilization</u>
Factory Building (including Leased Assets)	71.23%
Capital Machinery	71.23%
Factory equipment	71.23%
Generator	71.23%
Work Roll	71.23%
Luffing Crane and Jetty construction	71.23%
Coil Car	71.23%

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

3.03 Capital work in progress

This represents costs of acquisition of capital machinery, installation and other expenses, extension of factory building and erection of factory shed etc. relating to NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh which were under installation and erection on the reporting date.

3.04 Inventories

Inventories are measured at lower of cost and net realisable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with BAS-2. In case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity. Details of valuation methods are stated below:

<u>Category</u>	<u>Valuation</u>
Finished Goods -	Finished Goods are valued at Cost or Net Realisable Value whichever is lower.
Work-in-process-	At Prime cost + Proportionate Factory Overhead.
Raw materials -	Based on weighted average method.
Raw Materials (Inbond items)	At Book Value
Store and Spares	Based on weighted average method.

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

Stock in transit represents the cost incurred up to the reporting date against the items that were not received at factory till that date.

3.05 Trade receivables

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

There is no fixed company policy regarding provision for impairment loss on debtors, if any receivables are not realized within the credit period.

3.06 Transactions with associated companies

These represents balance amounts due to / from associated companies which are derived from short term loan, short term financial arrangement availed from/paid to associated companies as and when required to meet working capital and sale of goods from time to time. These are interest free and there is no fixed term of repayment. These balances are unsecured but considered good and realisable.

3.07 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 Consolidated Statement of Comprehensive Income.

3.08 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

3.09 Financial Instruments

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



3.09.01 Financial assets

Loans and receivables are recognized initially on the date that they are originated. All other financial assets are recognised initially on the date at which the group becomes a party to the contractual provisions of the instrument. A financial asset is recognized when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

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

3.09.01.01 Financial assets at fair value through profit or loss

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

3.09.01.02 Loans and receivables

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

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

(a) Cash and cash equivalents

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

(b) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortised cost less impairment losses due to uncollectibility of any amount so recognised.

3.09.01.03 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity.

Available-for-sale financial assets comprise equity securities and debt securities.

3.09.02 Financial liabilities

Financial liabilities are recognized initially on the date that are originated.

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expired.

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

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

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(b) Trade and other payables

Trade and other payables represent the amounts due to customers for receiving goods or services. Trade and other payables are initially recognised at cost which is the fair value of the consideration. After initial recognition these are carried at amortised cost.

(c) Other liabilities

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

3.10 Employee benefit schemes

Currently, the group does not have any employee benefit scheme, but has a plan to create a provident fund in which both group and employees will contribute an equal amount.

3.11 Workers' profit participation fund

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



3.12 Provisions and contingencies

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

3.12.02 Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.13 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-35 to the Consolidated Financial Statements).

Diluted Earnings per share:

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

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest charged on loans utilized by associated companies have been charged to concerned company.

Finance costs comprise interest expenses on borrowing that are recognised in profit or loss as and when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

3.15 Foreign currency transactions

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

3.16 Income tax expenses

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

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax:

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

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

3.17 Revenue

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

3.18 Impairment

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.

Non financial assets

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Consolidated Statement of Comprehensive Income.



3.19 Leases

3.19.01 Finance Lease

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

3.19.02 Operating lease

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

4.00 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

No new standard or interpretation has been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) for annual period beginning after 01 October 2011, which has significant effect on the consolidated financial statements of the group.

5.00 RETROSPECTIVE RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Comparative financial statements have been restated retrospectively as per provision of Bangladesh Accounting Standards-8 (BAS-8) as described in the following notes:

5.01 Share Issue Expenses

Share issues expenses amounting to Tk.4,093,225 as on 30 September 2011 was deferred for future amortisation after charging of Tk. 1,313,230 to profit and loss against amortization of share issue expenses. These share issue expenses should have been deducted from equity in accordance with Para 37 of BAS-32. Hence share issue expenses incurred during 2011 amounting to Tk. 841,849 and incurred during the years prior to 2011 amounting to Tk. 4,564,606 have been adjusted with share premium as per provision of company laws and BAS-32 through retrospective restatement.

5.02 Deferred tax liability

Deferred tax liability as of 30 September 2011 and prior years, and deferred tax expenses for the year 2011 and prior years were incorrectly calculated due to incorrect consideration of tax base and temporary differences for calculation of deferred tax liability. Deferred tax liability as of 30 September 2011 and deferred tax expenses for the year 2011 have been restated to Tk. 220,137,942 from Tk. 221,401,453 and Tk. 3,342,816 from Tk. 36,403,731 respectively. And an amount of Tk. 31,797,404 has been adjusted with retained earnings against incorrect calculation of deferred tax expenses and liability for the years prior to 2011.

5.03 Proposed Dividend

Dividend proposed for the year 2011 after the reporting period was incorrectly recognised as liability at the end of the reporting period which is not permitted under para 12 of BAS-10. Liability against proposed dividend and retained earnings have been restated to recognise dividend as if provision of recognising dividends under BAS-10 had always been complied with.

5.04 Preliminary Expenses

Preliminary expenses incurred upto 30 September 2011 amounting to Tk.941,320 was deferred for future amortisation. These preliminary expenses should have been recognised as expenses during the year when it was incurred as per Para 68 of BAS-38. Hence preliminary expenses incurred during the year prior to 2011 amounting to Tk. 941,320 have been adjusted with retained earnings.

5.05 Revenue Reserve

The company earned finance income on FDR during the year 2011 and prior years amounting to Tk. 29,429,506 and Tk. 11,335,274 respectively. These finance income should have been recognised as income during the year when they were earned. But these income were incorrectly recognized under revenue reserve. Parent company's shares of revenue reserve amounting to Tk. 7,934,692 has been transferred to retained earnings. Hence the financial statements of the company have been restated showing finance income of Tk. 29,429,506 in 2011 and Tk. 11,335,274 in the years prior to 2011 following the provisions of BAS-8.

5.06 Un-allocated revenue expenditure

The company incurred revenue expenditure during the year 2011 and prior years amounting to Tk. 279,170 and Tk. 6,316,380 respectively. These expenditure should have been recognised expenses during the year when they were incurred as per para 68 of BAS-38 but these expenditures were deferred for future amortization. Comparative information have been restated as per provision of BAS-8 for correct presentation of these expenses accordingly revenue expenses for the year 2011 amounting to Tk. 279,170 have been shown in Statement of Comprehensive Income and expenses for the years prior to 2011 have been adjusted with retained earnings.


6.00 Property, plant and equipment - at cost less Accumulated Depreciation

Assets' category	Cost				Depreciation Rate (%)	Depreciation				Carrying amount as on September 30, 2012
	Opening balance as on October 01, 2011	Addition	Disposal	Closing balance as on September 30, 2012		Opening balance as on October 01, 2011	Charged for the year	Adjustment for disposal during the year	Closing balance as on September 30, 2012	
	Tk.	Tk.	Tk.	Tk.		Tk.	Tk.	Tk.	Tk.	
A. Land and land development:										
Land-Freehold (14.56 Acres)	64,777,890	-	-	64,777,890	-	-	-	-	-	64,777,890
Land Development	25,942,017	-	-	25,942,017	-	-	-	-	-	25,942,017
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	1,753,371	175,321	-	1,928,692	1,577,888
Embankment	42,507,074	-	-	42,507,074	20%	34,185,638	1,664,287	-	35,849,925	6,657,149
	136,733,561	-	-	136,733,561		35,939,009	1,839,608	-	37,778,617	98,954,944
B. Building:										
Factory Building (Including Leased Assets)	309,535,170	76,188,475	-	385,723,645	5%	60,176,237	11,594,371	-	71,770,608	313,953,037
General Building	33,321,203	-	-	33,321,203	5%	10,523,799	1,139,870	-	11,663,669	21,657,534
	342,856,373	76,188,475	-	419,044,848		70,700,036	12,734,241	-	83,434,277	335,610,571
C. Plant and machinery										
Capital Machinery	1,233,517,738	4,590,284	-	1,238,108,022	10%	450,112,861	56,128,895	-	506,241,756	731,866,266
D. Equipment and appliances:										
Factory Equipment	7,342,080	15,349,609	-	22,691,689	10%	2,104,347	1,466,436	-	3,570,783	19,120,906
Office Equipment	1,445,410	8,500	-	1,453,910	10%	441,029	101,288	-	542,317	911,593
Guest House Equipment	1,543,095	-	-	1,543,095	10%	803,693	73,940	-	877,633	665,462
Computer	2,042,408	190,800	-	2,233,208	10%	862,312	137,090	-	999,402	1,233,806
Air Conditioners	2,288,166	2,261,150	-	4,549,316	10%	1,007,069	354,225	-	1,361,294	3,188,022
Generator	1,240,000	-	-	1,240,000	10%	453,551	56,019	-	509,570	730,430
Electric Line Installation	9,425,379	4,464,514	-	13,889,893	10%	1,612,364	1,227,753	-	2,840,117	11,049,776
Gas Line Installation	4,239,154	330,000	-	4,569,154	10%	2,057,134	251,202	-	2,308,336	2,260,818
Fire Extinguisher	58,100	-	-	58,100	10%	31,503	2,660	-	34,163	23,937
Telephone Line Installation	398,527	-	-	398,527	10%	212,920	18,561	-	231,481	167,046
Grinding Wheel	134,666	-	-	134,666	10%	74,126	6,054	-	80,180	54,486
Water Tank	113,500	-	-	113,500	10%	62,595	5,091	-	67,686	45,814
Work Roll	1,593,025	-	-	1,593,025	10%	582,676	71,967	-	654,643	938,382
Radiolink and Networking (Factory)	168,880	90,000	-	258,880	10%	78,939	17,994	-	96,933	161,947
Tools and Tackles	121,238	-	-	121,238	10%	66,864	5,437	-	72,301	48,937
Coil Ware House	5,467,518	-	-	5,467,518	10%	2,750,264	271,725	-	3,021,989	2,445,529
	37,621,146	22,694,573	-	60,315,719		13,201,386	4,067,442	-	17,268,828	43,046,891
E. Furniture and Fixtures										
Furniture and Fixtures	2,816,479	659,347	-	3,475,826	10%	1,274,495	220,133	-	1,494,628	1,981,198
F. Luffing Crane and Jetty Construction										
Luffing Crane and Jetty Construction	54,948,213	-	-	54,948,213	15%	26,558,929	3,033,253	-	29,592,182	25,356,031
G. Coil Car										
Coil Car	8,024,021	-	-	8,024,021	10%	2,933,091	362,627	-	3,295,718	4,728,303
H. Motor vehicles										
Motor vehicles	36,545,079	-	722,833	35,822,246	20%	17,728,851	3,618,679	625,816	20,721,714	15,100,532
I. Interior Decoration										
Interior Decoration	4,170,096	-	-	4,170,096	15%	2,033,129	320,545	-	2,353,674	1,816,422
	1,857,232,706	104,132,679	722,833	1,960,642,552		620,481,787	82,325,423	625,816	702,181,394	1,258,461,158
2012 Taka	1,857,232,706	104,132,679	722,833	1,960,642,552		620,481,787	82,325,423	625,816	702,181,394	1,258,461,158
2011 Taka	1,839,363,801	17,868,905	-	1,857,232,706		548,198,799	72,282,990	-	620,481,787	1,236,750,919
Depreciation allocated to:				30.09.2012		30.09.2011				
				Taka		Taka				
Cost of sales (Note 29.01)				61,744,067		54,212,243				
Administrative costs (Note 31.00)				20,581,356		18,070,747				
				82,325,423		72,282,990				



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
7.00 Capital work-in-progress		
Capital Machinery	1,799,213,410	367,673,668
Construction	170,328,378	69,654,283
Other Expenses	12,645,176	1,265,106
Supply of the balance of the plant	63,869,293	320,350
	<u>2,046,056,257</u>	<u>438,913,407</u>

This represents cost incurred for acquisition of plant, capital machinery, installation and other expenses, extension of factory building and erection of factory shed at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

	<u>Qty. (MT)</u>		
8.00 Inventories			
Raw Materials-H.R Coil	10,674	678,888,259	1,750,864,437
Raw Materials-HCL	4,255	25,612,734	21,493,706
Raw Materials-Lead In got, TIN In got and ZINC In got	572	187,073,377	58,695,762
Raw Materials-In-Bond items	42,442	2,636,423,604	1,467,748,769
Work-in-Process		64,414,384	102,733,399
Finished Goods-C.R Coil	1,426	103,854,793	128,801,888
Stores and Spares		230,158,234	249,103,757
Stock - in - transit		56,094,747	7,594,655
		<u>3,982,520,132</u>	<u>3,787,036,373</u>

9.00 Accounts Receivable		
Chemon Ispat Limited	929,169,452	529,761,143
Galco Steels Limited	24,286,645	-
S. Alam Steels Limited	674,564,838	-
	<u>1,628,020,935</u>	<u>529,761,143</u>

The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.

10.00 Accrued interest		
Interest accrued on FDR	23,612,057	17,074,310
	<u>23,612,057</u>	<u>17,074,310</u>

11.00 Due from associated companies		
S. Alam Hatchery Limited	333,400	-
S. Alam & Co.	5,000	-
S. Alam Bag Manufacturing Mills Ltd.	11,988	-
Global Trading Corporation	938,346,620	-
S. Alam Steels Limited	86,183,300	86,183,300
S. Alam Vegetable Oil Limited	11,500,000	-
M. M. Corporation	4,500,000	-
S. Alam Super Edible Oil Ltd.	11,742,126	-
	<u>1,052,622,434</u>	<u>86,183,300</u>

12.00 Advances, deposits and prepayments		
Advances (Note - 12.01)	347,307,367	244,425,243
Deposits (Note - 12.02)	15,287,636	12,899,009
Prepayments- (Note-12.03)	-	1,847,035
	<u>362,595,003</u>	<u>259,171,287</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
12.01 Advances:		
Against Expenses	12,297,484	35,115,317
Against Salary	1,356,250	2,311,900
Capital expenditure - Land	595,000	-
Bank Guarantee Margin	97,540,450	70,069,916
Advance Income Tax	201,578,661	131,673,771
VAT current account	829,504	1,303,508
Supplementary Tax Current A/C	164,674	164,674
House and Office Rent	48,000	114,000
Others	16,620,509	3,022,157
Consultancy (Bidco Associates)	650,000	650,000
Dipon Infrastructure Services Limited	12,398,835	-
Against C&F	3,228,000	-
	347,307,367	244,425,243
12.02 Deposits:		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
Karnaphuli Gas Distribution Co. Ltd.	1,200,346	1,200,346
Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
Grameen Phone (BD) Limited (For mobile)	20,000	20,000
Ansar, VDP	32,331	32,331
Central Depository Bangladesh Limited	500,000	500,000
VAT Account for Appeal fee	2,394,127	-
Others	-	5,500
	15,287,636	12,899,009
12.03 Prepayments		
Insurance	-	1,847,035
	-	1,847,035

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

13.00 Short term investment

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>	<u>30.09.2012</u> <u>Taka</u>	<u>30.09.2011</u> <u>Taka</u>
Fixed Deposit Receipts					
Janata Bank Limited	L/C Margin	6 months	11.00%	411,773,001	321,286,425
Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	10.50%	23,624,877	21,704,068
				435,397,878	342,990,493

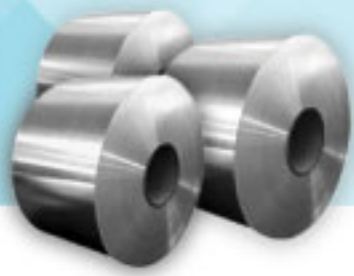
14.00 Cash and cash equivalents

Cash in hand (Note-14.01)	5,069	625
Cash at Banks (Note-14.02)	12,503,804	12,680,461
Fixed Deposit Receipts (Note - 14.03)	-	284,920,797
	12,508,873	297,601,883

Comparative amounts of cash at bank have been rearranged due to reclassification of FDR and CD accounts.

14.01 Cash in hand

Head office	3,781	625
Factory office	1,288	-
	5,069	625



	<u>2012</u>	<u>2011</u>
	<u>Taka</u>	<u>Taka</u>
14.02 Cash at Banks:		
AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)	97,337	108,487
Agrani Bank Ltd., Laldighi East Branch, Ctg (CD#33029373)	-	-
Agrani Bank Ltd., New Market Branch, Ctg, (CD#33009854)	-	-
Dutch Bangla Bank Ltd., Local Office Dilkhusha, Dhaka, (CD#0101110000016)	2,078	3,458
EXIM Bank Ltd., Khatungonj Branch, Ctg, (CD#00411100004909)	47,873	505,071
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (CD#11100008341)	184,675	237,034
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002884)	124	662
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100003008)	4,817	18,147
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002711)	35,391	34,594
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#1310002792)	21,448	21,446
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (CD#10601002130)	101,193	41,494
Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)	138,900	292,162
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)	1,574,145	9,610,714
Mercantile Bank Ltd., Khatungonj Branch, Ctg, (CD#011211100005747)	22,930	34,080
National Bank Ltd., Khatungonj Branch, Ctg, (CD#0002-33069282)	2,837	8,561
Rupali Bank Ltd., Anderkilla, Laldighi East, Ctg (CD#200064978)	91,621	106,275
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (STD#240001344)	197,122	238,314
Southeast Bank Ltd. , Principal Office Branch, Dhaka (CD#11100036055)	348,599	39,602
The City Bank Ltd., Khatungonj Branch, Ctg, (CD#1101002163001)	75,498	1,072,926
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong.	42,645	17,331
National Bank Limited, Khatungonj Branch, Chittagong.	91,915	107,570
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong.	9,422,656	182,533
	12,503,804	12,680,461

14.03 Fixed Deposit Receipts

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>		
First Security Islami Bank Ltd.,(MTDR)	NOF project	3 months	12.00%	-	284,920,797
				-	284,920,797

15.00 Share capital

Authorised capital:

350,000,000 Ordinary Shares of Tk. 10 each	3,500,000,000	3,500,000,000
	3,500,000,000	3,500,000,000

Denomination of Ordinary Shares of Tk. 100 each has been changed to Tk. 10 each in terms of the resolution in the 108th Board of Directors Meeting of S Alam Cold Rolled Steels Limited held on 15th October 2011.

Issued, Subscribed, Called up and Paid up capital:

98,371,100 Ordinary Shares of Tk.10/- each fully paid (Note - 15.01)	983,711,000	983,711,000
	983,711,000	983,711,000



15.01 Shareholding position

<u>Name of shareholders</u>	<u>%</u>	<u>2012</u>	<u>2011</u>
		<u>Number of shares of Tk 10 each</u>	<u>Number of shares of Tk 10 each</u>
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
MR. Abdus Samad	2.00%	1,967,430	1,382,370
Mr. Md. Osman Gani	2.00%	1,967,430	921,580
S.Alam Steels Ltd	18.74%	18,431,940	18,431,940
S.Alam Cement Ltd.	9.37%	9,215,960	9,215,960
S.Alam Hatchery Ltd.	9.37%	9,215,960	9,215,960
S.Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2,303,980
S.Alam Vegetable Oil Ltd.	2.34%	2,303,980	2,303,980
Bangladesh Fund	4.16%	4,089,000	2,161,000
Sonali Investment Ltd	1.20%	1,184,070	1,281,570
Union Capital Ltd.	0.368%	361,910	117,270
ABIL-IDA	0.808%	795,186	1,260,720
Prime Bank Ltd. 1/A-1	0.000%	-	400,770
ICB Unit Fund	0.949%	934,020	848,020
ICB	0.633%	622,420	679,920
IDLC, Portfolio A/c	0.409%	402,620	728,850
Others	42.971%	42,271,214	44,813,230
	100%	98,371,100	98,371,100

15.02 Classification of shares by holding:

Class by number of shares

	<u>2012</u>		
	<u>No. of Holders</u>	<u>No. of Shares</u>	<u>Holding</u>
	<u>Nos</u>	<u>Nos</u>	<u>%</u>
Less than 500	4,033	808,852	0.82
From 500 to 5,000	6,018	9,468,108	9.62
From 5,001 to 10,000	517	3,842,600	3.91
From 10,001 to 20,000	228	3,190,040	3.24
From 20,001 to 30,000	69	1,694,920	1.72
From 30,001 to 40,000	27	922,430	0.94
From 40,001 to 50,000	21	978,000	0.99
From 50,001 to 100,000	51	3,712,380	3.77
From 100,001 to 1,000,000	74	20,770,040	21.11
From 1,000,001 to above	10	52,983,730	53.86
Total	11,048	98,371,100	100.00

16.00 Long term loan

	<u>2012</u>	<u>2011</u>
	<u>Taka</u>	<u>Taka</u>
Project loan (Note-16.01)	-	30,759,581
Term loan (Note- 16.02)	25,732,019	-
	<u>25,732,019</u>	<u>30,759,581</u>

16.01 Project loan

	<u>2012</u>	<u>2011</u>
	<u>Taka</u>	<u>Taka</u>
Due within one year	49,211,754	271,200,000
Due after more than one year	-	30,759,581
	<u>49,211,754</u>	<u>301,959,581</u>

16.01.1 Terms of Project loan:

Lenders: Rupali Bank Ltd

Rupali Bank Ltd. sanctioned an amount of Tk. 113.48 Crore as project loan and disbursed the full amount within 5th February, 2003.

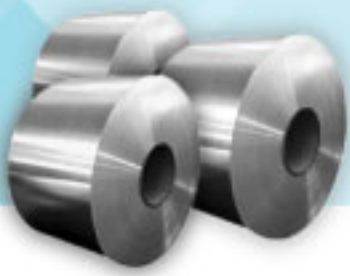
Total loan facilities: Tk. 113.48 Crore.

Interest rate:

Interest rate is 10.00% Quarterly or at applicable rate as determined from time to time.

Disbursement:

The first disbursement was made on 05.02.2003.



Repayments

Re-payment stipulated to be made by 33 quarterly installments of Tk 26,812,200 each plus accrued interest, commencing from 15 February 2005. The re-payment schedule was rearranged on 14 January 2009 and the payment to be made by 17 quarterly installments of Tk 47,466,200 each plus accrued interest, commencing from 15 February 2009.

Loan period

The entire loan amount shall be re-paid by ten (10) years including grace period of two (2) years.

Securities:

- i. 100% registered mortgage of 10 acres factory land and building valuing Tk 1,535.70 million.
- ii. Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.
- iii. Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting expenditure for capital machineries.

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
16.02 Term loan		
Due within one year	53,348,136	58,687,191
Due after more than one year	25,732,019	-
	<u>79,080,155</u>	<u>58,687,191</u>

16.03 Lender-wise details of Term Loan are as follows:

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (Note-16.03.01)	79,080,155	-
Southeast Bank Limited, Principal Branch, Dhaka	-	58,687,191
	<u>79,080,155</u>	<u>58,687,191</u>

16.03.01 Terms of Term loan:

Lenders: Rupali Bank Ltd

Rupali Bank Ltd. sanctioned an amount of Tk. 10.37 Crore as term loan and disbursed the full amount within 16th May, 2012.

Total loan facilities: Tk. 10.37 Crore.

Interest rate:

Interest rate is 14.50% Quarterly or at applicable rate as determined from time to time.

Disbursement:

The first disbursement was made on 16.05.2012.

Repayments

Re-payment stipulated to be made by quarterly installments of Tk 15,500,000 each plus accrued interest, commencing from 30 June 2012.

Loan period

The entire loan amount shall be re-paid by maximum five (5) years from date of disbursement.

Securities:

- i. Hypothecation of goods to be imported.
- ii. Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting shortage of working capital.



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
17.00 Deferred tax liabilities		
Balance as on 01 October as restated	220,137,942	216,795,126
Add: Recognized during the year	3,817,229	3,342,816
Balance as on 30 September	<u>223,955,171</u>	<u>220,137,942</u>
Recognized deferred tax assets and liabilities are attributable to the following:		
Property, plant and equipment	<u>223,955,171</u>	<u>220,137,942</u>
18.00 Trade creditors		
Customs Authority-Inbond Duty	528,376,922	281,816,321
Deferred L/C Liability	1,210,282,598	-
Sundry Creditors	4,110,559	8,970,005
	<u>1,742,770,079</u>	<u>290,786,326</u>
These represent amount payable to various local party against supply of materials (HCL), Packing material and Spare parts.		
The amount have subsequently been adjusted by January 15, 2013.		
19.00 Short term liabilities		
Loan against Trust Receipt (LTR) (Note - 19.01)	2,914,342,864	1,554,047,018
Loan against CC Pledge and Hypo (Note - 19.02)	1,769,349,353	2,254,368,232
	<u>4,683,692,217</u>	<u>3,808,415,250</u>
19.01 Short Term Bank Loan (LTR)		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg	255,291,890	249,664,980
Southeast Bank Ltd. , Principal Office Branch, Dhaka	-	131,899,959
Janata Bank Ltd., Shdharan Bima Corp Branch, Ctg.	2,659,050,974	1,172,482,079
	<u>2,914,342,864</u>	<u>1,554,047,018</u>
19.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	247,220,262	213,384,682
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	317,586,709	309,172,242
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	727,686,936	689,242,018
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	-	714,736,482
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	476,855,446	327,832,808
	<u>1,769,349,353</u>	<u>2,254,368,232</u>

19.03 Terms and conditions of the above liabilities are as follows:

19.03.01 Lender: Rupali Bank Ltd., Anderkilla, Corporate Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)
----------------------	--------------------------------------

LTR	20
CC Hypo	20
CC pledge	25
LC/PAD /LIM	57
Bank Guarantee	30
Rate of interest :	16%

Security:

1. Post dated cheque, corporate guarantee and personal guarantee of all directors.
2. Hypothecation of goods to be imported.

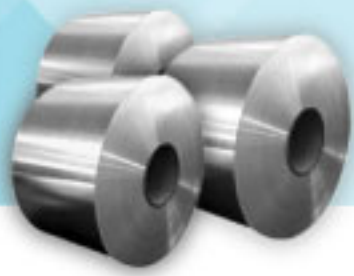
19.03.02 Lender: Janata Bank Ltd., Shadharan Bima Corp Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)
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LTR	208
CC Hypo	-
CC pledge	-
LC/PAD /LIM	275
Rate of interest :	15.50%

Security:

1. Post dated cheque, corporate guarantee and personal guarantee of all directors.
2. Goods in warehouse should be secured by insurance



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
20.00 Liabilities for expenses		
Audit fee	400,000	375,000
Professional Fees	-	423,225
Chittagong Palli Bidyut Samity -1	8,149,649	4,115,726
Karnaphuli Gas Distribution Co. Ltd.	723,289	311,769
Salary and Allowances	5,453,401	2,848,957
Telephone and Mobile charges	43,298	47,780
Liason Office Rent and Expenses	46,644	42,982
Carrying charges	2,255,944	2,816,249
Against C & F	176,156	119,516
Advertisement bills	185,200	-
Guest House rent	14,400	-
Transportation	280,000	-
McDonald Steel Building Production Ltd	6,306,961	-
Safe Enterprise	600,000	-
Gemstar Trading	-	60,753
Powerpac Engineering company	-	13,000
Shikalbaha Union Parishad-3	-	12,500
Karnaphuli Filling Station Limited	254,534	16,780
Others	222,386	142,555
	<u>25,111,862</u>	<u>11,346,792</u>
21.00 Advance against sales	<u>43,033,050</u>	<u>4,695,342</u>
These represent advances received from different parties against sale of scraps and goods have not been delivered to them within the reporting date.		
22.00 Due to associated companies		
S.Alam Steels Ltd.	-	49,019,223
S.Alam Super Edible Oil Ltd.	-	17,413,374
S.Alam Vegetable Oil Ltd.	279,504,637	14,433,808
S.Alam Cement Ltd.	16,323,135	22,793,710
S. Alam Power Plant Limited	560,000	450,000
S. Alam Refined Sugar Industries Ltd.	37,744,500	-
S. Alam Trading Co. (Pvt) Ltd.	1,100,393,795	-
Sonali Traders	97,716	-
United Super Traders	2,000,000	-
	<u>1,436,623,783</u>	<u>104,110,115</u>
23.00 Long term loan-current portion		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from October,2012 and consist of as follows:		
Project loan (Note-16.01)	49,211,754	271,200,000
Term loan (Note- 16.02)	53,348,136	58,687,191
	<u>102,559,890</u>	<u>329,887,191</u>
24.00 Liability against unclaimed dividend		
Remaining unclaimed on account of :		
Unclaimed dividend on Ordinary Share	12,869,575	4,136,231
Unclaimed dividend on Convertible Preference Share	1,501,788	5,719,711
	<u>14,371,363</u>	<u>9,855,942</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
25.00 Provision for income tax		
Opening balance as on 01 October	235,143,784	108,173,554
Provided during the year:		
Against current year	128,889,811	122,719,502
Against previous years	-	4,250,728
	128,889,811	126,970,230
	364,033,595	235,143,784
Less: Adjusted with advance income tax paid at source	15,000,000	-
Closing balance	349,033,595	235,143,784
26.00 Provision for WPPF and Welfare Fund		
Opening balance as on October 1	29,938,321	13,447,572
Add: Accrued interest on WPPF and WWF	4,543,075	2,218,849
Provided during the year	22,015,459	21,443,938
	26,558,534	23,662,787
	56,496,855	37,110,359
Less: Paid during the year	12,981,266	7,172,038
Closing balance September 30	43,515,589	29,938,321
27.00 Other liabilities		
Income Tax deducted at source from salary	90,450	52,133
Income Tax deducted at source-others	305,972	-
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	303,844	-
WPPF and Welfare Fund	13,124,384	10,370,263
	14,223,105	10,820,851
Income Tax and VAT deducted at source above have subsequently been paid to the Govt. Exchequer.		
28.00 Revenue		
Sales of CR Coil-Net of VAT	3,462,750,852	2,899,725,716
Sale of scrap-Net of VAT	239,623,583	134,363,985
	3,702,374,435	3,034,089,701



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
29.00 Cost of sales (Note-29.01)	2,990,150,440	2,349,128,017
29.01 Cost of sales-HR Coil		
Opening Stock of raw materials - HR Coil	1,750,864,437	2,598,713,432
Add: Purchased during the year	1,560,834,453	1,280,400,574
	3,311,698,890	3,879,114,006
Less: Closing Stock of Raw Materials - HR Coil	678,888,259	1,750,864,437
	2,632,810,631	2,128,249,569
Add: Manufacturing Expenses:		
Power (Electricity)	80,438,592	53,186,566
Gas	9,430,426	3,732,432
Fuel and Lubricants- Factory Generator	831,739	552,065
Factory overhead (Note - 29.03)	47,913,664	49,110,832
Consumption of Hydrochloric Acid (Note-29.02)	7,249,595	4,260,155
Consumption of Stores and Spares	84,133,775	47,981,469
Consumption of Packaging materials	1,181,866	2,700,648
Consumption of other chemicals	1,149,975	853,004
Depreciation (Note- 6.00)	61,744,067	54,212,243
	294,073,699	216,589,414
Cost of Goods Manufactured	2,926,884,330	2,344,838,983
Add: Opening stock of WIP	102,733,399	121,066,106
	3,029,617,729	2,465,905,089
Less: Closing stock of WIP	64,414,384	102,733,399
	2,965,203,345	2,363,171,690
Add: Opening stock of Finished Goods	128,801,888	114,758,215
	3,094,005,233	2,477,929,905
Less: Closing stock of Finished Goods	103,854,793	128,801,888
Cost of sales of manufactured finished goods	2,990,150,440	2,349,128,017
29.02 Raw materials consumed - Hydrochloric Acid		
Opening Stock of raw materials	21,493,706	16,889,627
Add: Purchased during the year	11,368,623	8,864,234
	32,862,329	25,753,861
Less: Closing Stock of raw materials	25,612,734	21,493,706
Cost of Hydrochloric Acid	7,249,595	4,260,155
29.03 Factory overhead		
Salaries and allowances	35,518,819	36,486,726
Insurance expenses	1,847,035	84,678
Medical expenses	202,407	177,209
Labour charges	97,760	50,452
Repairs and Maintenance	3,961,981	7,523,665
Carrying charges-raw materials	1,867,963	1,009,381
Uniform and liveries	8,650	4,750
Transportation	1,760,000	1,760,000
Printing & stationery	258,801	101,369
Canteen expenses-Factory	583,175	398,892
Telephone charges	66,164	56,906
Miscellaneous expenses	555,660	274,000
Registration and renewal	142,576	335,474
Rent, rates and taxes	7,991	31,000
Travelling and conveyance expenses	145,518	96,358
Vehicle maintenance	889,164	719,972
	47,913,664	49,110,832



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
30.00 Selling and distribution costs		
Advertisement	2,387,460	909,627
	2,387,460	909,627
31.00 Administrative costs		
Salaries and allowances	12,929,880	9,868,738
Depreciation (Note- 6.00)	20,581,356	18,070,747
Donation and subscriptions	722,200	151,000
Canteen expenses	751,016	649,236
Fees and renewals	1,648,719	793,603
Guest house expenses	726,538	79,568
Legal and professional expenses	326,375	1,070,675
Liaison office expenses	83,646	88,434
Office maintenance expenses	630,852	493,806
Liaison office rent	360,000	360,000
Newspaper and periodicals	-	5,350
Office decoration	72,000	72,000
Stationery expenses	974,470	744,855
Postage and courier expenses	2,545	1,558
Registration and renewal	649,613	123,837
Rent, rates and taxes	114,314	133,864
Telephone and e-mail expenses	242,835	200,010
Bank guarantee commission	7,100,346	4,042,013
Travelling and conveyance expenses	471,390	302,317
Vehicle maintenance including fuel and lubricants	283,245	299,150
Management meeting and conference	3,346,896	3,231,830
Electricity Expenses	199,913	148,041
Miscellaneous expenses	1,139,223	402,400
Audit fees	400,000	375,000
	53,757,372	41,708,032
32.00 Other Income		
Profit on sale of Motor vehicles	202,983	-
Miscellaneous income	514,200	-
	717,183	-
33.00 Finance costs		
Bank Charges	762,746	716,603
Interest on Cash Credit (Hypo)	33,835,580	26,376,136
Interest on Cash Credit (Pledge)	44,865,170	38,392,250
Interest on Term loan	10,087,711	15,842,008
Interest on Project loan	18,452,173	41,488,877
Profit on HPSM	-	3,180,168
Interest on LIM	26,030,962	19,156,835
Interest on LTR	97,113,267	153,466,123
Interest on WPPF and WWF	7,297,196	2,218,849
Interest on SOD	-	2,535,904
	238,444,805	303,373,753
34.00 Finance income		
Interest income from MTDR	17,965,168	81,128,683
Interest on STD/SND	14,572	18,728
Interest income from FDR	53,535,194	37,911,409
	71,514,934	119,058,820
35.00 Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	325,943,730	302,113,045
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	3.31	3.07

In view of the changes in denomination of Ordinary Shares of Tk. 100 each to Tk. 10 per shares, number of shares and Basic Earnings per share of 2011 have been restated.



36.00 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of BAS-24.

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

<u>Name of parties</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 30.09.2012</u>	
S.Alam Vegetable Oil Ltd.	Associated Company and shareholder	Short term loan	268,004,637	Cr.
S.Alam Cement Ltd.	-DO-	Short term loan	16,323,135	Cr.
S. Alam Hatchery Limited	Associated Company	Short term loan	333,400	Dr
S. Alam & Co.	-DO-	Short term loan	5,000	Dr
S. Alam Bag Manufacturing Mills Ltd.	-DO-	Short term loan	11,988	Dr
Global Trading Corporation Ltd.	-DO-	Short term loan	938,346,620	Dr
S.Alam Super Edible Oil Ltd.	-DO-	Short term loan	11,742,126	Dr
S. Alam Power plant Ltd.	-DO-	Short term loan	560,000	Cr.
M. M. Corporation	-DO-	Short term loan	4,500,000	Dr
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	1,100,393,795	Cr.
Sonali Traders	-DO-	Short term loan	97,716	Cr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	37,744,500	Cr.
United Super Traders	-DO-	Short term loan	2,000,000	Cr.
Chemon Ispat Limited	-DO-	Sales and Short term loan	929,169,452	Dr
S. Alam Steels Limited	-DO-	Sales and Short term loan	760,748,138	Dr

37.00 Contingent liabilities

The company had the following contingent liabilities at the reporting date:

<u>Particulars</u>	<u>Amount (Tk.)</u>	<u>Present status</u>
Demand raised by VAT Authority in 2011 for difference in declaration price price	23,941,264	Pending before the VA T Appellate Tribunal for verdict.
Penalty imposed by VAT Authority in 2011	35,000,000	Pending before the VA T Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as out come of the above pending cases are uncertain.

38.00 Quantitative movement of inventories

38.01 Raw Materials:

	<u>2012</u> <u>M.Ton</u>	<u>2011</u> <u>M.Ton</u>
Opening stock as on 01 October	30,490	46,445
Add: Import during the year	22,880	21,107
Available for consumption	53,370	67,552
Less: Consumed /Sold/returned during the year	42,697	37,062
Closing stock as on 30 September	<u>10,674</u>	<u>30,490</u>

38.02 Finished Goods:

	<u>2012</u> <u>M.Ton</u>	<u>2011</u> <u>M.Ton</u>
Opening stock as on 01 October	1,311	1,897
Add: Produced during the year	38,456	35,555
	39,767	37,451
Less: Sold during the year	38,341	36,140
Closing stock as on 30 September	<u>1,426</u>	<u>1,311</u>

39.00 Guarantees

39.01 The following Bank guarantees were outstanding on the reporting date

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	1,121,900	81,900
Deposit to Customs Authority against duty claim under appeal	89,017	89,017
Bank Guarantee Against Customs Authority under Bond	528,376,922	281,816,321
	<u>529,587,839</u>	<u>281,987,238</u>



40.00 FINANCIAL RISK MANAGEMENT

The group has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

40.01 Risk management framework

The group management has overall responsibility for the establishment and oversight of the group's risk management framework. The company's management policies are established to identify and analyse the risks faced by the group 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.

40.02 Credit risk

Credit risk is risk of financial loss if a customer fails to meet its contractual obligations which arises principally from the Company's receivables from customers and investment securities.

40.02.01 Exposure to credit risk

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

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Accounts receivables	1,628,020,935	529,761,143
Due from associated companies	1,052,622,434	86,183,300
Cash and cash equivalents	12,508,873	297,601,883
	<u>2,693,152,242</u>	<u>913,546,326</u>

(a) Accounts receivables

The group's exposure to credit risk is influenced mainly as there are only three customers from which, two are associated companies on the reporting date only 1.49 % of the group's receivables due from outside party.

(b) Due from associated companies

The carrying amount represents amount paid to associated companies to meet its operational finance from time to time. This is interest free and there is no fixed term of repayment.

(c) Cash and cash equivalents

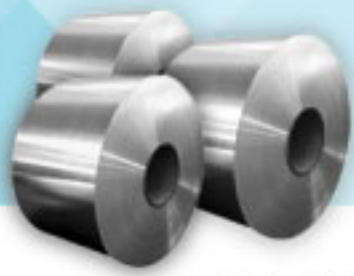
The group held cash and cash equivalents of Tk. 12,508,873 at September 30, 2012 (2011: Tk 640,592,376), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

40.03 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The group'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 group's reputation.

The following are the contractual maturities of financial liabilities:

	<u>2 to 12</u> <u>months</u>	<u>Contractual</u> <u>cash flows</u>	<u>Carrying</u> <u>amount</u>
<u>Non-derivative financial liabilities</u>			
<u>As at 30th September, 2012</u>			
Trade creditors	1,742,770,079	1,742,770,079	1,742,770,079
Liabilities for expenses	25,111,862	25,111,862	25,111,862
Other liabilities	14,223,105	14,223,105	14,223,105
	<u>1,782,105,046</u>	<u>1,782,105,046</u>	<u>1,782,105,046</u>



Non-derivative financial liabilities

As at 30th September, 2011

Trade creditors	290,786,326	290,786,326	290,786,326
Liabilities for expenses	11,346,792	11,346,792	11,346,792
Other liabilities	10,820,851	10,820,851	10,820,851
	312,953,969	312,953,969	312,953,969

40.04 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the group'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 optimising the return. Market risk includes the following:

40.04.01 Currency risk: exposure and its management

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

The group is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30th September 2012, the group was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>30.09.2012</u>		<u>30.09.2011</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<u>Exposure to currency risk</u>				
Foreign currency denominated assets:				
Accounts receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	14,819,182	1,210,282,598	-	-
	14,819,182	1,210,282,598	-	-
Net exposure	14,819,182	1,210,282,598	-	-

The following significant exchange rate is applied during the year:

U S dollar	81.67	75.24
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40.04.02 Transaction risk

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

40.04.03 Economic risk

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

40.04.04 Interest risk

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

41.00 Capital commitment

The company had no capital commitment at the reporting date.

42.00 Employees

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	366	237
	366	237

Most of the increase employees has been newly recruited for NOF project from April, 2012.

43.00 Events after the reporting period

The Board of Directors in their meeting held on 25 February 2013 recommended 15% cash dividend for the year 2012.



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF S. ALAM COLD ROLLED STEELS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of S. Alam Cold Rolled Steels Limited ("the Company") which comprise the statement of financial position as at 30 September 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

The financial statements of S. Alam Colled Rolled Steels Limited for the year ended 30 September 2011 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on 23 February 2012.

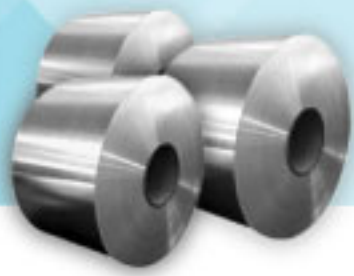
Report on Other Legal and Regulatory Requirements

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

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

Chittagong, 25 February 2013.


Chartered Accountants



S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u> <u>(Restated)</u>
Assets			
Non-current assets:			
Property, plant and equipment - net	6	1,258,461,158	1,236,750,919
Capital work-in-progress	7	734,039,077	417,602,331
Investment	8	268,400,000	268,400,000
Total non-current assets		2,260,900,235	1,922,753,250
Current assets:			
Inventories	9	3,982,520,132	3,787,036,373
Accounts receivable	10	1,628,020,935	529,761,143
Due from associated companies	11	1,129,848,715	32,025,082
Advances, deposits and prepayments	12	335,943,614	256,152,240
Short term investment	13	74,719,877	21,704,068
Cash and cash equivalents	14	2,951,657	297,294,449
Total current assets		7,154,004,930	4,923,973,355
Total assets		9,414,905,165	6,846,726,605
Equity and Liabilities			
Equity			
Share capital	15	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		515,894,054	358,974,215
Total equity		1,933,535,800	1,776,615,961
Liabilities			
Non-current liabilities			
Long term loan	16	25,732,019	30,759,581
Deferred tax liabilities	17	223,955,171	220,137,942
Total non-current liabilities		249,687,190	250,897,523
Current liabilities			
Trade creditors	18	1,742,770,079	290,786,326
Short term liabilities	19	3,495,484,963	3,808,415,250
Liabilities for expenses	20	25,054,362	11,296,792
Advance against sales	21	43,033,050	4,695,342
Due to associated companies	22	1,436,173,783	103,660,115
Long term loan-current portion	23	102,559,890	329,887,191
Liability against unclaimed dividend	24	14,371,363	9,855,942
Provision for income tax	25	314,856,991	219,856,991
Provision for WPPF and Welfare Fund	26	43,515,589	29,938,321
Other liabilities	27	13,862,105	10,820,851
Total current liabilities		7,231,682,175	4,819,213,121
Total liabilities		7,481,369,365	5,070,110,644
Total liabilities and equity		9,414,905,165	6,846,726,605

The annexed notes 1 to 45 form an integral part of these financial statements.



 Managing Director



 Director



 Company Secretary
 As per our annexed report of same date.





 Rahman Rahman Huq
 Chartered Accountants

Chittagong, 25 February 2013.



S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u> <u>(Restated)</u>
Revenue	28	3,702,374,435	3,034,089,701
Cost of sales	29	(2,990,150,440)	(2,349,128,017)
Gross profit		712,223,995	684,961,684
Selling and distribution costs	30	(2,387,460)	(829,559)
Administrative costs	31	(53,023,188)	(41,559,175)
		(55,410,648)	(42,388,734)
		656,813,347	642,572,950
Other income	32	717,183	-
Results from operating activities		657,530,530	642,572,950
Finance costs	33	(238,363,457)	(303,323,508)
Finance income	34	21,142,104	89,629,314
		(217,221,353)	(213,694,194)
Net Profit before tax and WPPF and Welfare Fund		440,309,177	428,878,756
Contribution to WPPF and Welfare Fund	26	(22,015,459)	(21,443,938)
Profit before income tax		418,293,718	407,434,818
Income tax expenses:			
Current Tax:			
Current year	25	(110,000,000)	(111,683,437)
Previous year		-	-
Deferred tax	17	(3,817,229)	(3,342,816)
		(113,817,229)	(115,026,253)
Net profit after tax for the year		304,476,489	292,408,565
Earnings per share:			
Basic earnings per share	35	3.10	2.97

The annexed notes 1 to 45 form an integral part of these financial statements.



 Managing Director



 Director



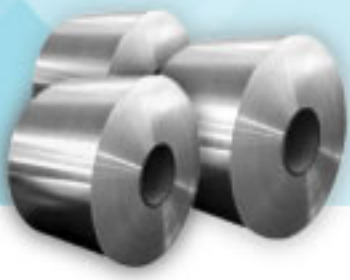
 Company Secretary
 As per our annexed report of same date.

Chittagong, 25 February 2013.





 Rahman Rahman Huq
 Chartered Accountants



S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

Particulars	Share Capital	Share Premium	Retained Earnings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance at 01.10.2010 as previously reported	894,282,800	439,337,200	98,363,054	1,431,983,054
Adjustment for share issue expenses (Note-5.01)	-	(4,564,605)	-	(4,564,605)
Adjustment for deferred tax liability (Note- 5.02)	-	-	(31,797,404)	(31,797,404)
Adjustment for incorrect recognition of proposed dividend (Note-5.03)	-	-	134,142,420	134,142,420
Balance at 01.10.2010 as restated	894,282,800	434,772,595	200,708,070	1,529,763,465
Cash dividend declared for the year 2010	-	-	(134,142,420)	(134,142,420)
Issue of Bonus Share	89,428,200	-	-	89,428,200
Share issue expenses	-	(841,849)	-	(841,849)
Net profit after tax for the year 2011	-	-	292,408,565	292,408,565
Balance at 30th September 2011 as restated	983,711,000	433,930,746	358,974,215	1,776,615,961
Cash dividend declared for the year 2011	-	-	(147,556,650)	(147,556,650)
Net Profit after tax for the year 2012	-	-	304,476,489	304,476,489
Balance as at 30th September 2012	983,711,000	433,930,746	515,894,054	1,933,535,800

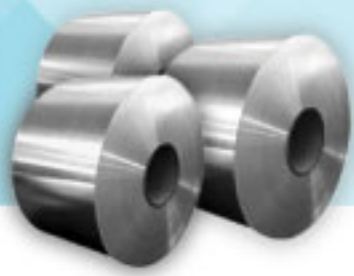




S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
a. OPERATING ACTIVITIES:		
Paid against revenue expenditure	(1,251,622,682)	(1,341,215,713)
Receipts from customers against sales	2,642,452,351	2,612,195,151
Receipt against other income	21,656,304	89,629,314
Payment to Workers' Profit participation fund	(12,981,266)	(7,172,038)
Payment of interest	(231,066,261)	(303,323,508)
Paid to suppliers against procurement of raw material	(439,221,251)	(1,162,943,816)
Advances paid	(13,728,399)	(128,050,105)
Security deposits	(2,388,627)	(534,511)
Pre-payments	-	(1,847,035)
Paid for Share issue expenses	-	(841,849)
Income Tax Paid	(80,521,383)	(48,918,907)
Net cash provided by/(used in) Operating Activities	632,578,786	(293,023,017)
b. INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(104,132,679)	(17,868,905)
Proceeds from sale of property, plant and equipment	300,000	-
Short term investment (FDR)	(53,015,809)	(21,704,068)
Short term loan to associated companies	(1,097,823,633)	(24,100,230)
Capital Work-in-progress	(316,436,746)	(341,264,948)
Net cash used in Investing Activities	(1,571,108,867)	(404,938,151)
c. FINANCING ACTIVITIES:		
Receipt/(Re-payment) of Term Loan	(232,354,863)	(301,572,781)
Loan received from /(paid to) associate companies	1,332,513,668	(482,015,929)
Receipts/(Re-payment) of Short term loan	(312,930,287)	1,221,250,214
Dividend paid	(143,041,229)	(45,002,035)
Net cash (used in)/provided by Financing Activities	644,187,289	392,659,469
Total (a+b+c)	(294,342,792)	(305,301,699)
Opening cash and cash equivalents	297,294,449	602,596,148
Closing cash and cash equivalents	2,951,657	297,294,449
	(294,342,792)	(305,301,699)





S. ALAM COLD ROLLED STEELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30TH SEPTEMBER 2012

1.00 REPORTING ENTITY

1.01 Company Profile

S. Alam Cold Rolled Steels Limited is a public company limited by shares is domiciled in Bangladesh. The address of the company's registered office is S. Alam Bhaban, 2119 Asadgonj, Chittagong, Bangladesh. The Company was formed and incorporated with the Registrar of Joint Stock Companies and Firms in Bangladesh on December 12, 2000 vide the certificate C-No 3842 of 2000 under Companies Act (Act XVIII) of 1994 as a public company limited by share. The company is listed with Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 16th May, 2006.

1.02 Nature of the business

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets. The company has set up its factory on 14.56 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

The company commenced commercial production from 16th February 2004 with an approved annual capacity of 120,000 MT.

2.00 BASIS OF PREPARATION

2.01 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws in Bangladesh. BFRSs comprise the following:

- (i) Bangladesh Financial Reporting Standards. (BFRSs)
- (ii) Bangladesh Accounting Standards. (BASs)
- (iii) Interpretations of BFRSs and BASs.

2.02 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on 25 February 2013.

2.03 Regulatory compliance

The company is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994
- (ii) The Securities and Exchange Ordinance 1969
- (iii) The Securities and Exchange Rules 1987
- (iv) The Income Tax Ordinance 1984
- (v) The Income Tax Rules 1984
- (vi) The Value Added Tax Act 1991
- (vii) The Value Added Tax Rules 1991
- (viii) Bangladesh Labour Act 2006

2.04 Basis of measurement

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

2.05 Functional and presentation currency

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

2.06 Statement of Cash flows

Statement of cash flows has been prepared as per BAS 7: Cash flow statement using Direct Method as per requirement of Securities and Exchange Rules 1987 and the Companies Act 1994.



2.07 Use of estimates and judgments

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

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

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

2.08 Comparative information

Comparative information has been disclosed in respect of the year 2011 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 statements.

Figures for the year 2011 have been rearranged wherever considered necessary to ensure comparability with the current year.

2.09 Going concern

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

2.10 Reporting period

These Financial Statements covered the reporting year commencing from 01 October to 30 September which is followed consistently.

3.00 SIGNIFICANT ACCOUNTING POLICIES

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

3.01 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation thereon.

3.01.01 Recognition and measurement

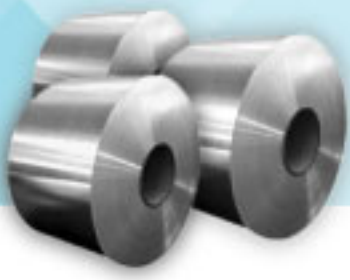
The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any cost directly attributable to the acquisition of the assets. The cost of self constructed/installed assets includes the cost of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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised on net basis within Non-operating income/expenses in Statement of Comprehensive Income.

3.01.02 Subsequent costs

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



3.01.03 Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or in respect of self constructed assets, from the date that the asset is completed and ready for use. Significant parts of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Statement of Comprehensive Income on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated. Full year's depreciation is charged on addition irrespective of the date of acquisition and no depreciation is charged in the year of disposal. The principal annual rates are as follows.

<u>Assets</u>	<u>Rates (%)</u>
Land and land development	Nil
Internal Road and Embankment	10%-20%
Buildings	5%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Luffing Crane and Jetty Construction	15%
Coil Cart	10%
Motor Vehicle	20%
Interior Decoration	15%

Depreciation on following assets has been calculated on the basis of capacity utilization of capital machinery:

<u>Particulars</u>	<u>Capacity utilization</u>
Factory Building (including Leased Assets)	71.23%
Capital Machinery	71.23%
Factory equipment	71.23%
Generator	71.23%
Work Roll	71.23%
Luffing Crane and Jetty construction	71.23%
Coil Cart	71.23%

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

3.02 Capital work in progress

This represents costs consists of acquisition of capital machinery, installation and other expenses, extension of factory building and erection of factory shed etc. relating to NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh which were under installation and erection on the reporting date.

3.03 Inventories

Inventories are measured at lower of cost and net realisable value. The cost of inventories is calculated based on the weighted average method and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition in accordance with BAS-2. In case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on normal operating capacity. Details of valuation methods are stated below:

<u>Category</u>	<u>Valuation</u>
Finished Goods -	Finished Goods are valued at Cost or Net Realisable Value whichever is lower.
Work-in-process-	At Prime cost + Proportionate Factory Overhead.
Raw materials -	Based on weighted average method.
Raw Materials (Inbond items)	At Book Value
Store items -	Based on weighted average method.

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

Stock in transit represents the cost incurred up to the reporting date against the items that were not received at factory till that date.



3.04 Trade receivables

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

There is no fixed company policy regarding provision for impairment loss on debtors if, any receivables are not realized within the credit period.

3.05 Transactions with associated companies

These represents balance amounts due to / from associated companies which are derived from short term loan, short term financial arrangement availed from/paid to associated companies as and when required to meet working capital and sale of goods from time to time. These are interest free and there is no fixed term of repayment. These balances are unsecured but considered good and realisable.

3.06 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 Statement of Comprehensive Income.

3.07 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

3.08 Financial Instruments

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

3.08.01 Financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the instrument.

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

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

3.08.01.01 Financial assets at fair value through profit or loss

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

3.08.01.02 Loans and receivables

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

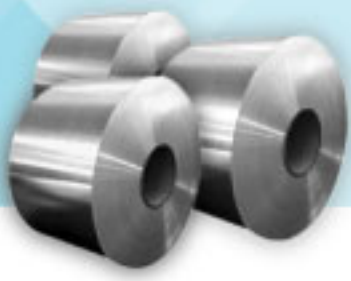
Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

(a) Cash and cash equivalents

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

(b) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortised cost less impairment losses due to uncollectibility of any amount so recognised.



3.08.01.03 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity.

Available-for-sale financial assets comprise equity securities and debt securities.

3.08.02 Financial liabilities

The company initially recognises financial liabilities on the date that are originated.

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

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

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

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(b) Trade and other payables

Trade and other payables represent the amounts due to customers for receiving goods or services. Trade and other payables are initially recognised at cost which is the fair value of the consideration. After initial recognition these are carried at amortised cost.

(c) Other liabilities

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

3.09 Employee benefit schemes

Currently, the company does not have any employee benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

3.10 Workers' profit participation fund

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

3.11 Provisions and contingencies

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

3.11.02 Contingencies arising from claim, lawsuit, etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.12 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-35 to the Financial Statements).

Diluted Earnings per share:

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



3.13 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest charged on loans utilized by associated companies have been charged to concerned company.

Finance costs comprise interest expenses on borrowing that are recognised in profit or loss as and when incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

3.14 Foreign currency transactions

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

3.15 Income tax expenses

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

Current tax:

The Company was allowed tax holiday for periods of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu – 1/2004/7364(2) dated 24.07.2004. The period of tax holiday of the Company expired on 31 January 2009. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax:

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

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

3.16 Revenue

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

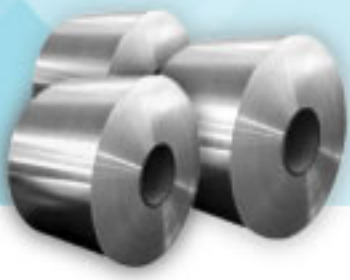
3.17 Impairment

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.

Non financial assets

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



3.18 Leases

3.18.01 Finance Lease

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

3.18.02 Operating lease

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

4.00 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

No new standard or interpretation has been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) for annual period beginning after 01 October 2011, which has significant effect on the financial statements of the company.

5.00 RETROSPECTIVE RESTATEMENT OF FINANCIAL STATEMENTS

Comparative financial statements have been restated retrospectively as per provision of Bangladesh Accounting Standards-8 (BAS-8) as described in the following notes:

5.01 Share Issue Expenses

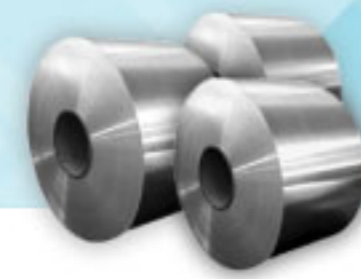
Share issues expenses amounting to Tk.4,093,225 as on 30 September 2011 was deferred for future amortisation after charging of Tk. 1,313,230 to profit and loss against amortization of share issue expenses. These share issue expenses should have been deducted from equity in accordance with Para 37 of BAS-32. Hence share issue expenses incurred during 2011 amounting to Tk. 841,849 and incurred during the year prior to 2011 amounting to Tk. 4,564,606 have been adjusted with share premium as per provision of company laws and BAS-32 through retrospective restatement.

5.02 Deferred tax liability

Deferred tax liability as of 30 September 2011 and prior years, and deferred tax expenses for the year 2011 and prior years were incorrectly calculated due to incorrect consideration of tax base and temporary differences for calculation of deferred tax liability. Deferred tax liability as of 30 September 2011 and deferred tax expenses for the year 2011 have been restated to Tk. 220,137,942 from Tk. 221,401,453 and Tk. 3,342,816 from Tk. 36,403,731 respectively. And an amount of Tk. 31,797,404 has been adjusted with retained earnings against incorrect calculation of deferred tax expenses and liability for the years prior to 2011.

5.03 Proposed Dividend

Dividend proposed for the year 2011 after the reporting period was incorrectly recognised as liability at the end of the reporting period which is not permitted under para 12 of BAS-10. Liability against proposed dividend and retained earnings have been restated to recognise dividend as if provision of recognising dividends under BAS-10 had always been complied with.


6.00 Property, plant and equipment - at cost less Accumulated Depreciation

Assets' category	Cost				Depreciation Rate (%)	Depreciation				Carrying amount as on September 30, 2012
	Opening balance as on October 01, 2011	Addition	Disposal	Closing balance as on September 30, 2012		Opening balance as on October 01, 2011	Charged for the year	Adjustment for disposal during the year	Closing balance as on September 30, 2012	
	Tk.	Tk.	Tk.	Tk.		Tk.	Tk.	Tk.	Tk.	
A. Land and land development:										
Land-Freehold (14.56 Acres)	64,777,890	-	-	64,777,890	-	-	-	-	-	64,777,890
Land Development	25,942,017	-	-	25,942,017	-	-	-	-	-	25,942,017
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	1,753,371	175,321	-	1,928,692	1,577,888
Embankment	42,507,074	-	-	42,507,074	20%	34,185,638	1,664,287	-	35,849,925	6,657,149
	136,733,561	-	-	136,733,561		35,939,009	1,839,608	-	37,778,617	98,954,944
B. Building:										
Factory Building (Including Leased Assets)	309,535,170	76,188,475	-	385,723,645	5%	60,176,237	11,594,371	-	71,770,608	313,953,037
General Building	33,321,203	-	-	33,321,203	5%	10,523,799	1,139,870	-	11,663,669	21,657,534
	342,856,373	76,188,475	-	419,044,848		70,700,036	12,734,241	-	83,434,277	335,610,571
C. Plant and machinery										
Capital Machinery	1,233,517,738	4,590,284	-	1,238,108,022	10%	450,112,861	56,128,895	-	506,241,756	731,866,266
D. Equipment and appliances:										
Factory Equipment	7,342,080	15,349,609	-	22,691,689	10%	2,104,347	1,466,436	-	3,570,783	19,120,906
Office Equipment	1,445,410	8,500	-	1,453,910	10%	441,029	101,288	-	542,317	911,593
Guest House Equipment	1,543,095	-	-	1,543,095	10%	803,693	73,940	-	877,633	665,462
Computer	2,042,408	190,800	-	2,233,208	10%	862,312	137,090	-	999,402	1,233,806
Air Conditioners	2,288,166	2,261,150	-	4,549,316	10%	1,007,069	354,225	-	1,361,294	3,188,022
Generator	1,240,000	-	-	1,240,000	10%	453,551	56,019	-	509,570	730,430
Electric Line Installation	9,425,379	4,464,514	-	13,889,893	10%	1,612,364	1,227,753	-	2,840,117	11,049,776
Gas Line Installation	4,239,154	330,000	-	4,569,154	10%	2,057,134	251,202	-	2,308,336	2,260,818
Fire Extinguisher	58,100	-	-	58,100	10%	31,503	2,660	-	34,163	23,937
Telephone Line Installation	398,527	-	-	398,527	10%	212,920	18,561	-	231,481	167,046
Grinding Wheel	134,666	-	-	134,666	10%	74,126	6,054	-	80,180	54,486
Water Tank	113,500	-	-	113,500	10%	62,595	5,091	-	67,686	45,814
Work Roll	1,593,025	-	-	1,593,025	10%	582,676	71,967	-	654,643	938,382
Radiolink and Networking (Factory)	168,880	90,000	-	258,880	10%	78,939	17,994	-	96,933	161,947
Tools and Tackles	121,238	-	-	121,238	10%	66,864	5,437	-	72,301	48,937
Coil Ware House	5,467,518	-	-	5,467,518	10%	2,750,264	271,725	-	3,021,989	2,445,529
	37,621,146	22,694,573	-	60,315,719		13,201,386	4,067,442	-	17,268,828	43,046,891
E. Furniture and Fixtures										
Furniture and Fixtures	2,816,479	659,347	-	3,475,826	10%	1,274,495	220,133	-	1,494,628	1,981,198
F. Luffing Crane and Jetty Construction										
Luffing Crane and Jetty Construction	54,948,213	-	-	54,948,213	15%	26,558,929	3,033,253	-	29,592,182	25,356,031
G. Coil Car										
Coil Car	8,024,021	-	-	8,024,021	10%	2,933,091	362,627	-	3,295,718	4,728,303
H. Motor vehicles										
Motor vehicles	36,545,079	-	722,833	35,822,246	20%	17,728,851	3,618,679	625,816	20,721,714	15,100,532
I. Interior Decoration										
Interior Decoration	4,170,096	-	-	4,170,096	15%	2,033,129	320,545	-	2,353,674	1,816,422
2012 Taka	1,857,232,706	104,132,679	722,833	1,960,642,552		620,481,787	82,325,423	625,816	702,181,394	1,258,461,158
2011 Taka	1,839,363,801	17,868,905	-	1,857,232,706		548,198,799	72,282,990	-	620,481,787	1,236,750,919
Depreciation allocated to:				30.09.2012		30.09.2011				
				Taka		Taka				
Cost of sales (Note 29.01)				61,744,067		54,212,243				
Administrative costs (Note 31.00)				20,581,356		18,070,747				
				82,325,423		72,282,990				



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
7.00 Capital work-in-progress - NOF Project		
Capital Machinery	551,065,523	346,682,942
Construction	170,328,378	69,654,283
Other Expenses	12,645,176	1,265,106
	<u>734,039,077</u>	<u>417,602,331</u>

This represents cost incurred for acquisition of capital machinery, installation and other expenses, extension of factory building and erection of factory shed regarding NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

8.00 Investment		
S. Alam Power Generation Limited	268,400,000	268,400,000
	<u>268,400,000</u>	<u>268,400,000</u>

The commercial production of the company is yet to be commenced.

	<u>Qty. (MT)</u>		
9.00 Inventories			
Raw Materials-H.R Coil	10,674	678,888,259	1,750,864,437
Raw Materials-HCL	4,255	25,612,734	21,493,706
Raw Materials-Lead Ingot, TIN Ingot and ZINC Ingot	572	187,073,377	58,695,762
Raw Materials-In-Bond items	42,442	2,636,423,604	1,467,748,769
Work-in-Process		64,414,384	102,733,399
Finished Goods-C.R Coil	1,426	103,854,793	128,801,888
Stores and Spares		230,158,234	249,103,757
Stock - in - transit		56,094,747	7,594,655
		<u>3,982,520,132</u>	<u>3,787,036,373</u>

10.00 Accounts Receivable		
Chemon Ispat Limited	929,169,452	529,761,143
Galco Steels Limited	24,286,645	-
S. Alam Steels Limited	674,564,838	-
	<u>1,628,020,935</u>	<u>529,761,143</u>

The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.

11.00 Due from associated companies		
S. Alam Power Generation Limited	174,909,581	32,025,082
M. M. Corporation	4,500,000	-
S. Alam Super Edible Oil Ltd.	11,742,126	-
S. Alam Hatchery Limited	333,400	-
S. Alam & Co.	5,000	-
S. Alam Bag Manufacturing Mills Ltd.	11,988	-
Global Trading Corporation Ltd.	938,346,620	-
	<u>1,129,848,715</u>	<u>32,025,082</u>

12.00 Advances, deposits and prepayments		
Advances (Note - 12.01)	320,655,978	241,406,196
Deposits (Note - 12.02)	15,287,636	12,899,009
Prepayments- (Note-12.03)	-	1,847,035
	<u>335,943,614</u>	<u>256,152,240</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
12.01 Advances:		
Against Expenses	12,297,484	35,115,317
Against Salary	1,356,250	2,311,900
Capital expenditure - Land	595,000	-
Bank Guarantee Margin	93,918,450	70,069,916
Advance Income Tax	194,826,107	129,304,724
VAT current account	829,504	1,303,508
Supplementary Tax Current A/C	164,674	164,674
House and Office Rent	48,000	114,000
Others	16,620,509	3,022,157
	320,655,978	241,406,196
12.02 Deposits:		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
Karnaphuli Gas Distribution Co. Ltd.	1,200,346	1,200,346
Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
Grameen Phone (BD) Limited (For mobile)	20,000	20,000
Ansar, VDP	32,331	32,331
Central Depository Bangladesh Limited	500,000	500,000
VAT Account for Appeal fee	2,394,127	-
Others	-	5,500
	15,287,636	12,899,009
12.03 Prepayments		
Insurance	-	1,847,035
	-	1,847,035

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

13.00 Short term investment

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>		
Fixed Deposit Receipts:					
Janata Bank Limited	L/C Margin	6 months	11.00%	51,095,000	-
Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	10.50%	23,624,877	21,704,068
				74,719,877	21,704,068

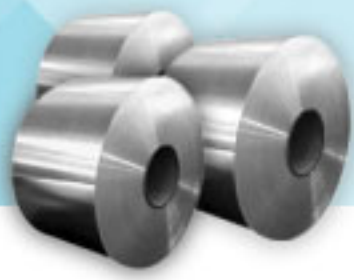
14.00 Cash and cash equivalents

Cash in hand (Note-14.01)	5,069	625
Cash at Banks (Note-14.02)	2,946,588	12,373,027
Fixed Deposit Receipts (Note - 14.03)	-	284,920,797
	2,951,657	297,294,449

Comparative amounts of cash at bank have been rearranged due to reclassification of FDR and CD accounts.

14.01 Cash in hand

Head office	3,781	625
Factory office	1,288	-
	5,069	625



14.02 Cash at Banks:

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)	97,337	108,487
Agrani Bank Ltd., Laldighi East Branch, Ctg (CD#33029373)	-	-
Agrani Bank Ltd., New Market Branch, Ctg, (CD#33009854)	-	-
Dutch Bangla Bank Ltd., Local Office Dilkhusha, Dhaka, (CD#0101110000016146)	2,078	3,458
EXIM Bank Ltd., Khatungonj Branch, Ctg, (CD#00411100004909)	47,873	505,071
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (CD#11100008341)	184,675	237,034
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002884)	124	662
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100003008)	4,817	18,147
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002711)	35,391	34,594
First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002792)	21,448	21,446
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (CD#10601002130)	101,193	41,494
Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)	138,900	292,162
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)	1,574,145	9,610,714
Mercantile Bank Ltd., Khatungonj Branch, Ctg, (CD#011211100005747)	22,930	34,080
National Bank Ltd., Khatungonj Branch, Ctg, (CD#0002-33069282)	2,837	8,561
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CD#200064978)	91,621	106,275
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (STD#240001344)	197,122	238,314
Southeast Bank Ltd., Principal Office Branch, Dhaka (CD#11100036055)	348,599	39,602
The City Bank Ltd., Khatungonj Branch, Ctg, (CD#1101002163001)	75,498	1,072,926
	2,946,588	12,373,027

14.03 Fixed Deposit Receipts

<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>		
First Security Islami Bank Ltd.,(MTDR)	NOF project	3 months	12.00%	-	284,920,797
				-	284,920,797

15.00 Share capital

Authorised capital:

350,000,000 Ordinary Shares of Tk. 10 each

3,500,000,000	3,500,000,000
3,500,000,000	3,500,000,000

Denomination of Ordinary Shares of Tk. 100 each has been changed to Tk. 10 each in terms of the resolution in the 108th Board of Directors Meeting of S Alam Cold Rolled Steels Limited held on 15th October 2011.

Issued, Subscribed, Called up and Paid up capital:

98,371,100 Ordinary Shares of Tk.10/- each fully paid

983,711,000	983,711,000
983,711,000	983,711,000

15.01 Shareholding position

<u>Name of shareholders</u>	<u>%</u>	<u>Number of shares of Tk 10 each</u>	<u>Number of shares of Tk 10 each</u>
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,382,370
Mr. Md. Osman Gani	2.00%	1,967,430	921,580
S.Alam Steels Ltd	18.74%	18,431,940	18,431,940
S.Alam Cement Ltd.	9.37%	9,215,960	9,215,960
S.Alam Hatchery Ltd.	9.37%	9,215,960	9,215,960
S.Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2,303,980
S.Alam Vegetable Oil Ltd.	2.34%	2,303,980	2,303,980
Bangladesh Fund	4.16%	4,089,000	2,161,000
Sonali Investment Ltd	1.20%	1,184,070	1,281,570
Union Capital Ltd.	0.368%	361,910	117,270
ABIL-IDA	0.808%	795,186	1,260,720
Prime Bank Ltd. 1/A-1	0.000%	-	400,770
ICB Unit Fund	0.949%	934,020	848,020
ICB	0.633%	622,420	679,920
IDLC, Portfolio A/c	0.409%	402,620	728,850
Others	42.971%	42,271,214	44,813,230
	100%	98,371,100	98,371,100



15.02 Classification of shares by holding:

Class by number of shares

	2012		
	No. of Holders	No. of Shares	Holding
	Nos	Nos	%
Less than 500	4,033	808,852	0.82
From 500 to 5,000	6,018	9,468,108	9.62
From 5,001 to 10,000	517	3,842,600	3.91
From 10,001 to 20,000	228	3,190,040	3.24
From 20,001 to 30,000	69	1,694,920	1.72
From 30,001 to 40,000	27	922,430	0.94
From 40,001 to 50,000	21	978,000	0.99
From 50,001 to 100,000	51	3,712,380	3.77
From 100,001 to 1,000,000	74	20,770,040	21.11
From 1,000,001 to above	10	52,983,730	53.86
Total	<u>11,048</u>	<u>98,371,100</u>	<u>100.00</u>

	2012	2011
	Taka	Taka
16.00 Long term loan		
Project loan (Note-16.01)	-	30,759,581
Term loan (Note- 16.02)	25,732,019	-
	<u>25,732,019</u>	<u>30,759,581</u>
16.01 Project loan		
Due within one year (Note-23.00)	49,211,754	271,200,000
Due after more than one year	-	30,759,581
	<u>49,211,754</u>	<u>301,959,581</u>

16.01.1 Terms of Project loan:

Lenders: Rupali Bank Ltd

Rupali Bank Ltd. sanctioned an amount of Tk. 113.48 Crore as project loan and disbursed the full amount within 5th February, 2003.

Total loan facilities: Tk. 113.48 Crore.

Interest rate:

Interest rate is 10.00% Quarterly or at applicable rate as determined from time to time.

Disbursement:

The first disbursement was made on 05.02.2003.

Repayments

Re-payment stipulated to be made by 33 quarterly installments of Tk 26,812,200 each plus accrued interest, commencing from 15 February 2005. The re-payment schedule was rearranged on 14 January 2009 and the payment to be made by 17 quarterly installments of Tk 47,466,200 each plus accrued interest, commencing from 15 February 2009.

Loan period

The entire loan amount shall be re-paid by ten (10) years including grace period of two (2) years.

Securities:

- i. 100% registered mortgage of 10 Acre factory land and building valuing Tk 1,535.70 million.
- ii. Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.
- iii. Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting expenditure for capital machineries.

16.02 Term loan

Due within one year (Note-23.00)	53,348,136	58,687,191
Due after more than one year	25,732,019	-
	<u>79,080,155</u>	<u>58,687,191</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
16.03 Lender-wise details of Term Loan are as follows:		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (Note-16.03.01)	79,080,155	-
Southeast Bank Limited, Principal Branch, Dhaka	-	58,687,191
	<u>79,080,155</u>	<u>58,687,191</u>

16.03.01 Terms of Term loan:

Lenders: Rupali Bank Ltd

Rupali Bank Ltd. sanctioned an amount of Tk. 10.37 Crore as term loan and disbursed the full amount within 16th May, 2012.

Total loan facilities: Tk. 10.37 Crore.

Interest rate:

Interest rate is 14.50% Quarterly or at applicable rate as determined from time to time.

Disbursement:

The first disbursement was made on 16.05.2012.

Repayments

Re-payment stipulated to be made by quarterly installments of Tk 15,500,000 each plus accrued interest, commencing from 30 June 2012.

Loan period

The entire loan amount shall be re-paid by maximum five (5) years from the date of disbursement.

Securities:

- i. Hypothecation of goods to be imported.
- ii. Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting shortage of working capital.



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
17.00 Deferred tax liabilities		
Balance as on 01 October as restated	220,137,942	216,795,126
Add: Recognized during the year	3,817,229	3,342,816
Balance as on 30 September	<u>223,955,171</u>	<u>220,137,942</u>

Recognized deferred tax assets and liabilities are attributable to the following:

Property, plant and equipment	<u>223,955,171</u>	<u>220,137,942</u>
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18.00 Trade creditors

Deferred L/C Liability	1,210,282,598	-
Customs Authority-Inbond Duty	528,376,922	281,816,321
Sundry Creditors	4,110,559	8,970,005
	<u>1,742,770,079</u>	<u>290,786,326</u>

These represent amount payable to various local party against supply of materials (HCL), Packing material and Spare parts.

The amount have subsequently been adjusted by January 15, 2013.

19.00 Short term liabilities

Loan against Trust Receipt (LTR) (Note - 19.01)	1,726,135,610	1,554,047,018
Loan against CC Pledge and Hypo (Note - 19.02)	1,769,349,353	2,254,368,232
	<u>3,495,484,963</u>	<u>3,808,415,250</u>

19.01 Short Term Bank Loan (LTR)

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg	255,291,890	249,664,980
Southeast Bank Ltd. , Principal Office Branch, Dhaka	-	131,899,959
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	1,470,843,720	1,172,482,079
	<u>1,726,135,610</u>	<u>1,554,047,018</u>

19.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	247,220,262	213,384,682
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	317,586,709	309,172,242
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	727,686,936	689,242,018
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	-	714,736,482
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	476,855,446	327,832,808
	<u>1,769,349,353</u>	<u>2,254,368,232</u>

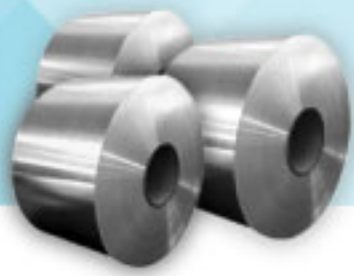
19.03 Terms and conditions of the above liabilities are as follows:

19.03.01 Lender: Rupali Bank Ltd., Anderkilla, Corporate Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)
LTR	20
CC Hypo	20
CC pledge	25
LC/PAD /LIM	57
Bank Guarantee	30
Rate of interest :	16%

Security:

1. Post dated cheque, corporate guarantee and personal guarantee of all directors.
2. Hypothecation of goods to be imported.



19.03.02 Lender: Janata Bank Ltd., Shadharan Bima Corp Branch, Chittagong

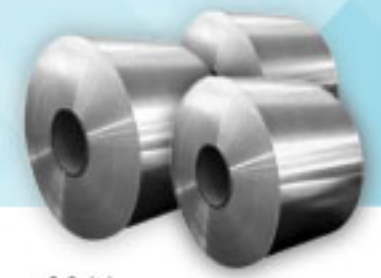
Types of Liabilities Sanctioned limit (Figures in crore)

LTR	208
CC Hypo	-
CC pledge	-
LC/PAD /LIM	275
Rate of interest :	15.50%

Security:

1. Post dated cheque, corporate guarantee & personal guarantee of all directors.
2. Goods in warehouse should be secured by insurance

	<u>2012</u>	<u>2011</u>
	<u>Taka</u>	<u>Taka</u>
20.00 Liabilities for expenses		
Audit fee	350,000	325,000
Professional Fees	-	423,225
Chittagong Palli Bidyut Samity -1	8,149,649	4,115,726
Karnaphuli Gas Distribution Co. Ltd.	723,289	311,769
Salary and Allowances	5,453,401	2,848,957
Telephone and Mobile charges	43,298	47,780
Liason Office Rent and Expenses	46,644	42,982
Carrying charges	2,255,944	2,816,249
Against C & F	176,156	119,516
Advertisement bills	185,200	-
Guest House rent	14,400	-
Transportation	280,000	-
McDonald Steel Building Production Ltd	6,306,961	-
Safe Enterprise	600,000	-
Karnaphuli Filling Station Limited	254,534	16,780
Others	214,886	142,555
Gemstar Trading	-	60,753
Powerpac Engineering company	-	13,000
Shikalbaha Union Parishad-3	-	12,500
	<u>25,054,362</u>	<u>11,296,792</u>
21.00 Advance against sales	<u>43,033,050</u>	<u>4,695,342</u>
These represent advances received from different parties against sale of scraps and goods have not been delivered to them within the reporting date.		
22.00 Due to associated companies		
S.Alam Steels Ltd.	-	49,019,223
S.Alam Super Edible Oil Ltd.	-	17,413,374
S.Alam Vegetable Oil Ltd.	279,504,637	14,433,808
S.Alam Cement Ltd.	16,323,135	22,793,710
S. Alam Power Plant Ltd.	110,000	-
S. Alam Trading Co. (Pvt) Ltd.	1,100,393,795	-
Sonali Traders	97,716	-
S. Alam Refined Sugar Industries Ltd.	37,744,500	-
United Super Traders	2,000,000	-
	<u>1,436,173,783</u>	<u>103,660,115</u>
23.00 Long term loan-current portion		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from October,2012 and consist of as follows:		
Project loan (Note-16.01)	49,211,754	271,200,000
Term loan (Note- 16.02)	53,348,136	58,687,191
	<u>102,559,890</u>	<u>329,887,191</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
24.00 Liability against unclaimed dividend		
Remaining unclaimed on account of :		
Unclaimed dividend on Ordinary Share	12,869,575	4,136,231
Unclaimed dividend on Convertible Preference Share	1,501,788	5,719,711
	<u>14,371,363</u>	<u>9,855,942</u>
25.00 Provision for income tax		
Opening balance as on 01 October	219,856,991	108,173,554
Provided during the year:		
Against current year	110,000,000	111,683,437
Against previous years	-	-
	<u>110,000,000</u>	<u>111,683,437</u>
	329,856,991	219,856,991
Less: Adjusted with advance income tax paid at source	15,000,000	-
Closing balance	<u>314,856,991</u>	<u>219,856,991</u>

Year wise Income Tax assessment status is as follows:

<u>Accounting</u> <u>year</u>	<u>Assessment year</u>	<u>Present status</u>
2001	2002-2003	Assessment completed
2002	2003-2004	Assessment completed
2003	2004-2005	Assessment completed
2004	2005-2006	Assessment completed
2005	2006-2007	Assessment completed
2006	2007-2008	Assessment completed
2007	2008-2009	Assessment completed
2008	2009-2010	Assessment completed
2009	2010-2011	Assessment completed
2010	2011-2012	Under process
2011	2012-2013	Return submitted

26.00 Provision for WPPF and Welfare Fund

Opening balance as on October 1	29,938,321	13,447,572
Add: Accrued interest on WPPF and WWF	4,543,075	2,218,849
Provided during the year @ 5% on net profit before tax	22,015,459	21,443,938
	<u>26,558,534</u>	<u>23,662,787</u>
	56,496,855	37,110,359
Less: Paid during the year	12,981,266	7,172,038
Closing balance September 30	<u>43,515,589</u>	<u>29,938,321</u>

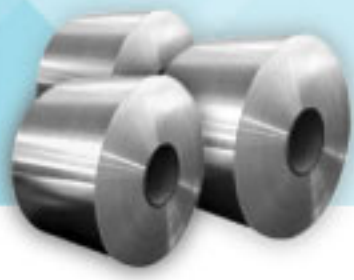
27.00 Other liabilities

Income Tax deducted at source from salary	90,450	52,133
Income Tax deducted at source-others	153,972	-
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	94,844	-
WPPF and Welfare Fund	13,124,384	10,370,263
	<u>13,862,105</u>	<u>10,820,851</u>

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

28.00 Revenue

Sales of CR Coil-Net of VAT	3,462,750,852	2,899,725,716
Sale of scrap-Net of VAT	239,623,583	134,363,985
	<u>3,702,374,435</u>	<u>3,034,089,701</u>



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
29.00 Cost of sales		
Raw materials-HR Coil (Note -29.01)	2,990,150,440	2,349,128,017
	2,990,150,440	2,349,128,017
29.01 Cost of sales-HR Coil		
Opening Stock of raw materials - HR Coil	1,750,864,437	2,598,713,432
Add: Purchased during the year	1,560,834,453	1,280,400,574
	3,311,698,890	3,879,114,006
Less: Closing Stock of Raw Materials - HR Coil	678,888,259	1,750,864,437
	2,632,810,631	2,128,249,569
Cost of HR coil consumed	2,632,810,631	2,128,249,569
Add: Manufacturing Expenses:		
Power (Electricity)	80,438,592	53,186,566
Gas	9,430,426	3,732,432
Fuel and Lubricants- Factory Generator	831,739	552,065
Factory overhead (Note - 29.03)	47,913,664	49,110,832
Consumption of Hydrochloric acid (Note-29.02)	7,249,595	4,260,155
Consumption of Stores and Spares	84,133,775	47,981,469
Consumption of Packaging materials	1,181,866	2,700,648
Consumption of other chemicals	1,149,975	853,004
Depreciation (Note- 6.00)	61,744,067	54,212,243
	294,073,699	216,589,414
Cost of Goods Manufactured	2,926,884,330	2,344,838,983
Add: Opening stock of WIP	102,733,399	121,066,106
	3,029,617,729	2,465,905,089
Less: Closing stock of WIP	64,414,384	102,733,399
	2,965,203,345	2,363,171,690
Add: Opening stock of Finished Goods	128,801,888	114,758,215
	3,094,005,233	2,477,929,905
Less: Closing stock of Finished Goods	103,854,793	128,801,888
Cost of sales of manufactured finished goods	2,990,150,440	2,349,128,017
29.02 Raw materials consumed - Hydrochloric Acid		
Opening Stock of raw materials	21,493,706	16,889,627
Add: Purchased during the year	11,368,623	8,864,234
	32,862,329	25,753,861
Less: Closing Stock of raw materials	25,612,734	21,493,706
Cost of sales of Hydrochloric Acid	7,249,595	4,260,155
29.03 Factory overhead		
Salaries and allowances	35,518,819	36,486,726
Insurance expenses	1,847,035	84,678
Medical expenses	202,407	177,209
Labour charges	97,760	50,452
Repairs and Maintenance	3,961,981	7,523,665
Carrying charges-raw materials	1,867,963	1,009,381
Uniform and liveries	8,650	4,750
Transportation	1,760,000	1,760,000
Printing & stationery	258,801	101,369
Canteen expenses-Factory	583,175	398,892
Telephone charges	66,164	56,906
Miscellaneous expenses	555,660	274,000
Registration and renewal	142,576	335,474
Rent, rates and taxes	7,991	31,000
Travelling and conveyance expenses	145,518	96,358
Vehicle maintenance	889,164	719,972
	47,913,664	49,110,832



	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
30.00 Selling and distribution costs		
Advertisement	2,387,460	829,559
	2,387,460	829,559
31.00 Administrative costs		
Salaries and allowances	12,929,880	9,868,738
Depreciation (Note-6.00)	20,581,356	18,070,747
Donation and subscriptions	722,200	151,000
Canteen expenses	682,003	613,499
Fees and renewals	1,647,419	791,403
Guest house expenses	726,538	79,568
Legal and professional expenses	316,625	1,043,675
Liaison office expenses	83,646	88,434
Office maintenance expenses	630,852	493,806
Liaison office rent	360,000	360,000
Newspaper and periodicals	-	5,350
Office decoration	72,000	72,000
Stationery expenses	970,470	743,100
Postage and courier expenses	2,225	678
Registration and renewal	122,263	107,312
Rent, rates and taxes	114,314	133,864
Telephone and e-mail expenses	242,835	200,010
Bank guarantee commission	7,100,346	4,042,013
Travelling and conveyance expenses	416,739	289,357
Vehicle maintenance	283,245	299,150
Management meeting and conference	3,346,896	3,231,830
Electricity Expenses	199,913	148,041
Miscellaneous expenses	1,121,423	400,600
Audit fees	350,000	325,000
	53,023,188	41,559,175
32.00 Other Income		
Profit on sale of Motor vehicles	202,983	-
Miscellaneous income	514,200	-
	717,183	-
33.00 Finance costs		
Bank Charges	681,398	666,358
Interest on Cash Credit (Hypo)	33,835,580	26,376,136
Interest on Cash Credit (Pledge)	44,865,170	38,392,250
Interest on Term loan	10,087,711	15,842,008
Interest on Project loan	18,452,173	41,488,877
Profit on HPSM	-	3,180,168
Interest on LIM	26,030,962	19,156,835
Interest on LTR	97,113,267	153,466,123
Interest on WPPF and WWF	7,297,196	2,218,849
Interest on SOD	-	2,535,904
	238,363,457	303,323,508
34.00 Finance income		
Interest income from MTDR	17,965,168	81,128,683
Interest on STD/SND	14,572	18,728
Interest income from FDR	3,162,364	8,481,903
	21,142,104	89,629,314
35.00 Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	304,476,489	292,408,565
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	3.10	2.97

In view of the changes in denomination of Ordinary Shares of Tk. 100 each to Tk. 10 per shares, number of shares and Basic Earnings per share of 2011 have been restated.



36.00 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of BAS-24.

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

<u>Name of parties</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 30.09.2012</u>	
S. Alam Power Generation Limited	Subsidiary	Short term loan	174,909,581	Dr.
S. Alam Vegetable Oil Ltd.	Associated Company and shareholder	Short term loan	279,504,637	Cr.
S. Alam Cement Ltd.	-DO-	Short term loan	16,323,135	Cr.
S. Alam Hatchery Limited	-DO-	Short term loan	333,400	Dr.
S. Alam & Co.	Associated Company	Short term loan	5,000	Dr.
S. Alam Bag Manufacturing Mills Ltd.	-DO-	Short term loan	11,988	Dr.
Global Trading Corporation Ltd.	-DO-	Short term loan	938,346,620	Dr.
S. Alam Super Edible Oil Ltd.	-DO-	Short term loan	11,742,126	Dr.
S. Alam Power plant Ltd.	-DO-	Short term loan	110,000	Cr.
M. M. Corporation	-DO-	Short term loan	4,500,000	Dr.
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	1,100,393,795	Cr.
Sonali Traders	-DO-	Short term loan	97,716	Cr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	37,744,500	Cr.
United Super Traders	-DO-	Short term loan	2,000,000	Cr.
Chemon Ispat Limited	-DO-	Sales and short term loans	929,169,452	Dr.
S. Alam Steels Limited	-DO-	Sales and short term loans	674,564,838	Dr.

37.00 Contingent liabilities

The company had the following contingent liabilities at the reporting date:

<u>Particulars</u>	<u>Amount (Tk.)</u>	<u>Present status</u>
Demand raised by VAT Authority in 2011 for difference in declaration price price	23,941,264	Pending before the VAT Appellate Tribunal for verdict.
Penalty imposed by VAT Authority in 2011	35,000,000	Pending before the VAT Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as outcome of the above pending cases are uncertain.

38.00 Quantitative movement of inventories

38.01 Raw Materials:

	<u>2012</u> <u>M.Ton</u>	<u>2011</u> <u>M.Ton</u>
Opening stock as on October 1	30,490	46,445
Add: Import during the year	22,880	21,107
Available for consumption	53,370	67,552
Less: Consumed /Sold/returned during the year	42,697	37,062
Closing stock as on September 30	<u>10,674</u>	<u>30,490</u>

38.02 Finished Goods:

	<u>2012</u> <u>M.Ton</u>	<u>2011</u> <u>M.Ton</u>
Opening stock as on October 1	1,311	1,897
Add: Produced during the year	38,456	35,555
	39,767	37,451
Less: Sold during the year	38,341	36,140
Closing stock	<u>1,426</u>	<u>1,311</u>

39.00 Guarantees

39.01 The following Bank guarantees were outstanding on the reporting date

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	1,121,900	81,900
Deposit to Customs Authority against duty claim under appeal	89,017	89,017
Bank Guarantee Against Customs Authority under Bond	528,376,922	281,816,321
	<u>529,587,839</u>	<u>595,000</u>



40.00 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

40.01 Risk management framework

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse 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.

40.02 Credit risk

Credit risk is risk of financial loss if a customer fails to meet its contractual obligations which arises principally from the Company's receivables from customers and investment securities.

40.02.01 Exposure to credit risk

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

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
Accounts receivables	1,628,020,935	529,761,143
Due from associated companies	1,129,848,715	32,025,082
Cash and cash equivalents	2,951,657	297,294,449
	<u>2,760,821,307</u>	<u>859,080,674</u>

(a) Trade receivables

The company's exposure to credit risk is influenced mainly as there are only three customers from which, two are associated companies on the reporting date only 1.49 % of the company's receivables due from outside party.

(b) Due from associated companies

The carrying amount represents amount paid to associated companies to meet its operational finance from time to time. This is interest free and there is no fixed term of repayment.

(c) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 2,951,657 at September 30, 2012 (2011: Tk. 297,294,449), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

40.03 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 following are the contractual maturities of financial liabilities:

	<u>2 to 12</u> <u>months</u>	<u>Contractual</u> <u>cash flows</u>	<u>Carrying</u> <u>amount</u>
<u>Non-derivative financial liabilities</u>			
<u>As at 30th September, 2012</u>			
Trade creditors	1,742,770,079	1,742,770,079	1,742,770,079
Liabilities for expenses	25,054,362	25,054,362	25,054,362
Other liabilities	13,862,105	13,862,105	13,862,105
	<u>1,781,686,546</u>	<u>1,781,686,546</u>	<u>1,781,686,546</u>



Non-derivative financial liabilities

As at 30th September, 2011

Trade creditors	290,786,326	290,786,326	290,786,326
Liabilities for expenses	11,296,792	11,296,792	11,296,792
Other liabilities	10,820,851	10,820,851	10,820,851
	312,903,969	312,903,969	312,903,969

40.04 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 optimising the return. Market risks includes the following:

40.04.01 Currency risk: exposure and its management

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

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30th September 2012, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>30.09.2012</u>		<u>30.09.2011</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<u>Exposure to currency risk</u>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	14,819,182	1,210,282,598	-	-
	14,819,182	1,210,282,598	-	-
Net exposure	14,819,182	1,210,282,598	-	-

The following significant exchange rate is applied during the year:

U S dollar	81.67	75.24
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40.04.02 Transaction risk

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

40.04.03 Economic risk

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

40.04.04 Interest risk

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



41.00 Bank Facilities

The following facilities are available to the company from its bankers:

Banker	Facilities	2012 Limit Taka	2011 Limit Taka
Rupali Bank Limited	Project Loan	113.48 Crore	113.48 Crore
	Term Loan	10.37 Crore	-
	Cash Credit (Hypothecation)	20 Crore	20 Crore
	Cash Credit (Pledge)	25 Crore	25 Crore
	PAD / LIM	57 Crore	57 Crore
	Bank Guarantee	30 Crore	30 Crore
	Trust Receipt (LTR)	20 Crore	20 Crore
Islami Bank Bangladesh Ltd.	Working Capital (LC/MPI/Bills/MBC/BG)	200 Crore	200 Crore
Southeast Bank Limited	Term Loan	-	23.12 Crore
	Working Capital (LC)	40 Crore	40 Crore
	Working Capital (LTR)	38 Crore	38 Crore
Janata Bank Limited	Working Capital (LC)	275 Crore	275 Crore
	Working Capital (LTR)	208 Crore	208 Crore

42.00 Capital commitment

The company had no capital commitment at the reporting date.

43.00 Production capacity

	2012	2011
Installed Capacity (In M.Ton) yearly	120,000	120,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	85,476.13	72,367.36
Capacity utilised (%)	71.23	60.31

44.00 Employees

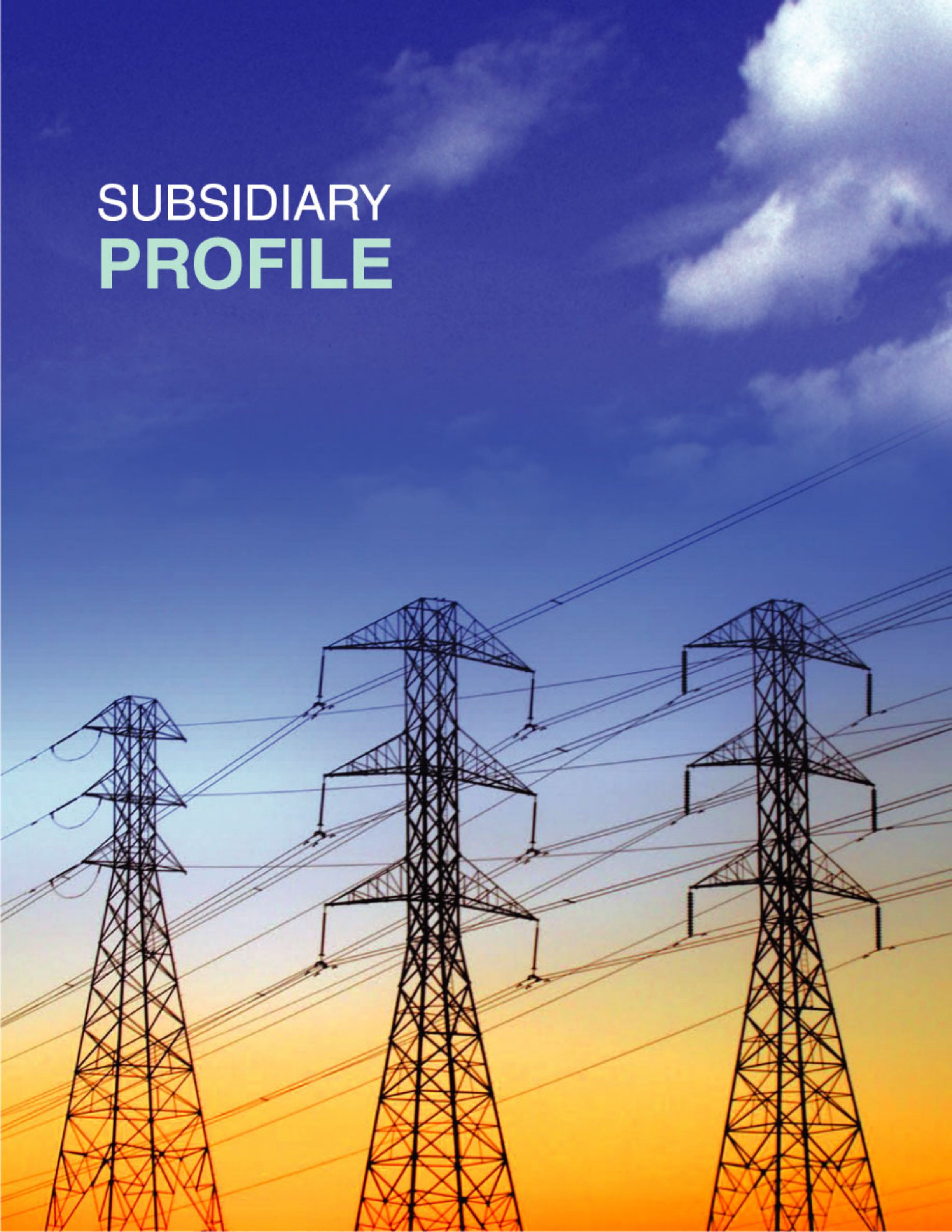
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	366	237
	366	237

Most of the increased employees have been newly recruited for NOF project from April, 2012.

45.00 Events after the reporting period

The Board of Directors in their meeting held on 25 February 2013 recommended 15% cash dividend for the year 2012.

SUBSIDIARY PROFILE



S. ALAM POWER GENERATION LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have the pleasure in presenting their 4th Annual Report along with the audited Accounts and the Auditors' report thereon for the year ended 30th September 2012.

It is reported that due only to some technical reasons beyond our control, the time frame for completion of the 17MWe captive power plant had to be extended. Your directors now expect that the plant will, Insha Allah, be in operation by November 2013.

Save and except its engagement in implementation of the power plant, your Company did not embark upon any commercial activities during the year under report. Your Company however earned gross Interest Income of Tk. 50,372,830.00, net thereof after tax is Tk. 30,667,487.00, from its temporary investment made in form of FDR. As the Company has not started its commercial operation as yet, the whole of such interest income has, as in the past, been transferred to Revenue Reserve Account.

Your Directors therefore did not recommend any dividend for the approval by the valued shareholders.

Mr. Mohammed Saiful Alam has been appointed as Managing Director for a period of five years since 09/04/2009, the date of incorporation of the Company, therefore the other Director Mr. Abdus Samad is the Director retiring by rotation who retires being eligible, offer himself for re-election in the ensuing Annual General meeting of the Company.

With the subscription of Tk.26,84,00,000/- S. Alam Cold Rolled Steels Limited (SACRSL) holds 70% equity for the time being of your Company thus by operation of law this Company is a subsidiary of the SACRSL a company listed with both the Bourses of the country.

Being a subsidiary of a stock exchange listed company, certain conditions of the Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission vide its Notification # SEC/CMRRCD/2006-158/134/Admin/44 of 07/08/2012 are made applicable to this subsidiary company on comply basis and in its compliance, the number of directors of this company has been raised from two to five by co-option on 24/12/2012 of three nominees inclusive of one Independent Director of the holding company, as Directors of the company.

Since appointment of those directors in addition to the Board is subject to confirmation / ratification in the ensuing Annual General Meeting of the company, therefore, they are not considered for the purpose of retirement by rotation. In addition thereto, Minutes of this subsidiary company and its affairs are made compulsorily to be reviewed in the following Board Meeting of the Holding company, and it has also been made mandatory that the Audit Committee of the holding Company has to review the financial statements in particular the investments made by this subsidiary company. Accordingly the Minutes and the affairs of this company have been reviewed by the Board of Directors of SACRSL and its financial statements for the year ended 30/09/2012 in particular the investments made by this subsidiary company, have been reviewed by the Audit Committee of the SACRSL.

M/s. Rahman Rahman Huq, Chartered Accountants, current auditors of the Company, retire and being eligible, offer themselves for re-appointment for another term.

Your Directors take this opportunity to record its acknowledgement of the continued guidance and assistance from the management of S. Alam Cold Rolled Steels Limited, the holding company, to make your Company successful.



Abdus Samad
Chairman

25th February 2013.



Rahman Rahman Huq
Chartered Accountants
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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
S. ALAM POWER GENERATION LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of S. Alam Power Generation Limited ("the Company") which comprise the statement of financial position as at 30 September 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2012, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

The financial statements of S. Alam Power Generation Limited for the year ended 30 September 2011 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants, who expressed an unmodified opinion on those statements on 23 February 2012.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- (c) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Chittagong, 25 February, 2013


Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Restated</u> <u>Taka</u>
ASSETS			
Non-current assets			
Capital work-in-progress	7	1,312,017,180	21,311,076
Total Non-current assets		1,312,017,180	21,311,076
Current assets			
Due from associated companies	8	97,683,300	86,183,300
Advances, deposits and prepayments	9	26,651,389	3,019,047
Interest accrued	10	23,612,057	17,074,310
Short term investment	11	360,678,001	321,286,425
Cash and cash equivalents	12	9,557,216	307,434
Total current assets		518,181,963	427,870,516
TOTAL ASSETS		1,830,199,143	449,181,592
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	383,428,600	383,428,600
Retained earnings		48,608,604	17,941,117
Equity attributable to owners of the company		432,037,204	401,369,717
LIABILITIES			
Current liabilities			
Short term liabilities	14	1,188,207,254	-
Liabilities for Expenses	15	418,500	50,000
Due to associated companies	16	175,359,581	32,475,082
Provision for Income Tax	17	34,176,604	15,286,793
Total current liabilities		1,398,161,939	47,811,875
TOTAL EQUITY AND LIABILITY		1,830,199,143	449,181,592

The annexed notes 1 to 24 form an integral part of these financial statements.



 Managing Director



 Director



 Company Secretary

As per our annexed report of same date.





Rahman Rahman Huq
 Chartered Accountants

Chittagong, 25 February, 2013.

S. ALAM POWER GENERATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>Notes</u>	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Restated</u> <u>Taka</u>
Revenue	1.02	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	18	(734,184)	(228,925)
Results from operating activities		(734,184)	(228,925)
Finance costs	19	(81,348)	(50,245)
Finance income	20	50,372,830	29,429,506
		50,291,482	29,379,261
Net Profit before tax		49,557,298	29,150,336
Income tax expenses:			
Current Tax:			
Current year	17	(18,889,811)	(11,036,065)
Previous year		-	(4,250,728)
		(18,889,811)	(15,286,793)
Net profit after tax for the year		30,667,487	13,863,543
Earnings per share:			
Basic earnings per share	21	8.00	3.62

The annexed notes 1 to 24 form an integral part of these financial statements.



 Managing Director



 Director



 Company Secretary

As per our annexed report of same date.



Chittagong, 25 February, 2013.



 Rahman Rahman Huq
 Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>Share Capital</u> <u>Tk.</u>	<u>Revenue Reserve</u> <u>Tk.</u>	<u>Retained earnings</u> <u>Tk.</u>	<u>Total</u> <u>Tk.</u>
Balance at 01.10.2010, as previously reported	383,428,600	11,335,274	-	394,763,874
Adjustment for preliminary expenses (Note-6.01)	-	-	(941,320)	(941,320)
Adjustment for revenue reserve (Note-6.02)	-	(11,335,274)	11,335,274	-
Adjustment for un-allocated revenue expenditure (Note-6.03)	-	-	(6,316,380)	(6,316,380)
Balance at 01.10.2010, as restated	<u>383,428,600</u>	<u>-</u>	<u>4,077,574</u>	<u>387,506,174</u>
Profit for the year 2011 as restated	-	-	13,863,543	13,863,543
Balance as at September 2011 as restated	<u>383,428,600</u>	<u>-</u>	<u>17,941,117</u>	<u>401,369,717</u>
Profit for the year 2012	-	-	30,667,487	30,667,487
Balance as at 30 September, 2012	<u>383,428,600</u>	<u>-</u>	<u>48,608,604</u>	<u>432,037,204</u>



S. ALAM POWER GENERATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	<u>2012</u> <u>Taka</u>	<u>2011</u> <u>Taka</u>
a. OPERATING ACTIVITIES:		
Paid against revenue expenditure	(365,684)	(312,005)
Receipt against interest income	43,835,083	23,690,471
Payment of bank charges	(81,348)	(50,245)
Advances paid	(19,248,835)	(200,000)
Income Tax Paid	(4,383,507)	(2,369,047)
Net cash provided by/(used in) Operating Activities	19,755,709	20,759,174
b. INVESTING ACTIVITIES:		
Short term investment in FDR	(39,391,576)	(321,286,425)
Capital Work-in-progress	(1,290,706,104)	(21,311,076)
Net cash used in Investing Activities	(1,330,097,680)	(342,597,501)
c. FINANCING ACTIVITIES:		
Receipt of Short Term Loan	1,188,207,254	-
Loan received from associated companies-Net	131,384,499	21,237,629
Net cash (used in)/provided by Financing Activities	1,319,591,753	21,237,629
Total (a+b+c)	9,249,782	(300,600,698)
Opening cash and cash equivalents	307,434	300,908,132
Closing cash and cash equivalents	9,557,216	307,434
	9,249,782	(300,600,698)



S. ALAM POWER GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED ON 30TH SEPTEMBER 2012

1.00 LEGAL STATUS OF THE COMPANY

1.01 Company Profile

S. Alam Power Generation Limited, Chittagong is a private company limited by shares incorporated on 09th April, 2009 vide Registration no. CH- 6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with The Registrar of Joint Stock Companies and Firms, Chittagong, Bangladesh.

Its registered office is located at S. Alam Bhaban, 2119, Asadgonj, Chittagong, Bangladesh.

S. Alam Cold Rolled Steels Limited is the parent company of S. Alam Power Generation Limited.

1.02 Nature of the business

The main objective of the company is to install and run a captive/or independent power plant for generation of electricity.

The company did not commence business operation during the year under audit.

2.00 PRESENT STATUS OF THE PROJECT

2.01 Project Development

The Project envisages setting up a two (2) units World-renowned brand WARTSILA 17MW GENERATOR. The Power Plant shall produce electricity for S. Alam Cold Rolled Steels Limited and the remaining electricity will be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTIFICATION BOARD. This project is having a maximum power generation capacity of approximately 408,000 KW per day or 134,640,000 KW per year electricity to be installed at kalarpool, Shikalbaha, Patiya in Chittagong.

2.02 Feasibility Study

During the year 2010-2011 the company carried out a feasibility study on this project. The feasibility study confirmed the genuine need of electricity for S. Alam Cold Rolled Steels Limited and the remaining will be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTIFICATION BOARD Bangladesh. It has also become the solution for regular and uninterrupted power supply to the projects of S. Alam Cold Rolled Steels Limited and the excess electricity if there are any, shall be sold to the National Grid, REB and other as approved by the regulatory authorities.

2.03 Registration with Bangladesh Energy Regulatory Commission

S. Alam Power Generation Limited has been registered as commercial power plant as an independent power producer on 04th April, 2012 vide License no. BERG/POWER/CIPP-006/L/004/789 under Bangladesh Energy Regulatory Commission. It will remain valid from 03 April, 2013.

3.00 BASIS OF PREPARATION

3.01 Statement of Compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994 and other applicable laws in Bangladesh. BFRSs comprise the following:

- (i) Bangladesh Financial Reporting Standards (BFRSs).
- (ii) Bangladesh Accounting Standards (BASs).
- (iii) Interpretations of BFRSs and BASs.

3.02 Regulatory compliance

The company is required to comply with amongst others, the following laws and regulations:

- (i) The Companies Act 1994
- (ii) The Income Tax Ordinance 1984
- (iii) The Income Tax Rules 1984
- (iv) The Value Added Tax Act 1991
- (v) The Value Added Tax Rules 1991
- (vi) Bangladesh Labour Act 2006

3.03 Basis of measurement

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

3.04 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on 25 February 2013.

3.05 Going Concern

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

3.06 Functional and Presentation Currency

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

3.07 Statement of Cash flows

Statement of cash flows has been prepared as per BAS 7: Cash flow statement using Direct Method.

3.08 Use of Estimates and Judgments

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

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

3.09 Comparative information

Comparative information has been disclosed in respect of the year 2011 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 statements.

Figures for the year 2011 have been rearranged wherever considered necessary to ensure comparability with the current year.

3.10 Reporting period

These Financial Statements covered the reporting year commencing from 01 October to 30 September which is consistently followed.

4.00 SIGNIFICANT ACCOUNTING POLICIES

4.01 Capital work in progress

Capital work in progress consists of cost incurred for acquisition and construction of plant and machinery, civil structure etc. which were not put into operation till reporting date.

4.02 Transactions with associated companies

These represents balance amounts due to /from associated companies which are derived from short term loan, short term financial arrangement availed from inter companies as and when required to meet capital machinery and plant installation expenses etc. from time to time. These balances are unsecured but considered good and realisable.

4.03 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.

4.04 Finance income and cost

Finance income on funds invested that are recognised in profit or loss on accrual basis.

Finance expenses on borrowing that are not directly attributable to the acquisition, construction or production of a qualifying assets are recognized in profit or loss as and when incurred.

Finance expenses on borrowing that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized under effective interest method.

4.05 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short term fixed deposits with banks.

4.06 Financial Instruments

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

4.06.01 Financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the instrument.

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

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

4.06.02 Financial assets at fair value through profit or loss

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

4.06.03 Loans and receivables

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

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

(a) Cash and cash equivalents

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

4.06.04 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity.

Available-for-sale financial assets comprise equity securities and debt securities.

4.07 Financial liabilities

The company initially recognises financial liabilities on the date that are originated.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(b) Other liabilities

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

4.08 Employee benefit schemes

Currently, the company does not have any employee benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

4.09 Short term liabilities

Short term liabilities represents the amounts due to bank against LTRs. These are initially recognised at cost which is the fair value. After initial recognition these are carried at amortised cost.

4.10 Provisions

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

4.11 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-21 to the Financial Statements).

Diluted Earnings per share:

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

4.12 Income tax expenses

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

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax:

Deferred tax is recognised in compliance with BAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity. In absence of temporary differences, no deferred tax assets or liabilities are recognized in the financial statements during the year under audit.

4.13 Leases

4.13.01 Finance Lease

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

4.13.02 Operating lease

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

5.00 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

No new standard or interpretation has been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) for annual period beginning after 01 October 2011, which has significant effect on the financial statements of the company.

6.00 RETROSPECTIVE RESTATEMENT OF FINANCIAL STATEMENTS

Comparative financial statements have been restated retrospectively as per provision of Bangladesh Accounting Standards-8 (BAS-8) as described in the following notes:

6.01 Preliminary Expenses

Preliminary expenses incurred upto 30 September 2011 amounting to Tk.941,230 was deferred for future amortisation. These preliminary expenses should have been recognised as expenses during the year when it was incurred as per Para 68 of BAS-38. Hence preliminary expenses incurred during the year prior to 2011 amounting to Tk. 941,230 have been adjusted with retained earnings.

6.02 Revenue Reserve

The company earned finance income on FDR during the year 2011 and prior years amounting to Tk. 29,429,506 and Tk. 11,335,274 respectively. These finance income should have been recognised as income during the year when they were earned. But these income were incorrectly recognized under revenue reserve. This revenue reserve have been transferred to retained earnings. Hence the financial statements of the company have been restated showing finance income of Tk. 29,429,506 in 2011 and Tk. 11,335,274 in the years prior to 2011 following the provisions of BAS-8.

6.03 Un-allocated revenue expenditure

The company incurred revenue expenditure during the year 2011 and prior years amounting to Tk. 279,170 and Tk. 6,316,380 respectively. These expenditure should have been recognised as expenses during the year when they were incurred as per para 68 of BAS-38 but these expenditures were deferred for future amortization. Comparative information have been restated as per provision of BAS-8 for correct presentation of these expenses accordingly. Revenue expenses for the year 2011 amounting to Tk. 279,170 have been shown in Statement of Comprehensive Income and expenses for the years prior to 2011 have been adjusted with retained earnings.

	2012	2011		
	Taka	Restated Taka		
7.00 Capital Work In Progress				
Capital Machinery : L/C 0136-11-01-0036	1,247,634,265	20,990,726		
Supply of the balance of the plant : L/C 0136-11-01-0061	56,247,791	320,350		
Supply of the balance of the plant : L/C 0136-11-99-0037	7,621,502	-		
Machinery Installation	513,622	-		
	1,312,017,180	21,311,076		
This represents cost incurred for purchasing of capital machinery, installation and other expenses, structural works, drawing and fabrication at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.				
8.00 Due from associated companies				
S. Alam Steels Limited	86,183,300	86,183,300		
S. Alam Vegetable Oil Limited	11,500,000	-		
	97,683,300	86,183,300		
These represent short term loans to associated companies to meet short term fund requirements. These receivables are considered good and realizable as and when required by the company.				
These short term loans are interest free and there are no fixed term of repayment.				
9.00 Advances, deposits and prepayments				
Advances:				
Consultancy (BIDCO Associates)	650,000	650,000		
Income tax deducted at source on interest income	6,752,554	2,369,047		
Dipon Infrastructure Services Limited	12,398,835	-		
Against C&F bills	3,228,000	-		
Against L/C Margin	3,622,000	-		
	26,651,389	3,019,047		
Directors consider that all the above advances are either adjustable or recoverable in kind or in cash and no provision against them are required at this stage.				
10.00 Accrued interest				
Interest accrued on FDR	23,612,057	17,074,310		
	23,612,057	17,074,310		
This represents interest accrued on FDRs with different banks.				
11.00 Short term investment				
Fixed Deposit Receipts				
<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>		
<u>Rate of interest</u>				
Janata Bank Limited	L/C Margin	6 months		
11.00%				
	360,678,001	321,286,425		
12.00 Cash and cash equivalents				
Cash in hand	-	-		
Cash at Banks (Note-12.01)	9,557,216	307,434		
	9,557,216	307,434		
Cash transactions are maintained by the S. Alam Cold Rolled Steels Limited.				
12.01 Cash at Bank:				
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong	42,645	17,331		
National Bank Limited, Khatungonj Branch, Chittagong	91,915	107,570		
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong	9,422,656	182,533		
	9,557,216	307,434		
13.00 Share Capital				
Authorised Capital:				
The authorised capital of the company is Tk. 1,000,000,000 (Hundred crore) divided into 10,000,000 (One crore) ordinary shares of Tk. 100 (Taka one hundred) each.				
Issued, Subscribed and Paid-up Capital:				
3,834,286 Ordinary shares of Tk. 100 each (Note - 13.01)	383,428,600	383,428,600		
13.01 Issued and Paid up Shares are Subscribed by :				
	No. of	Holding	Amount	Amount
<u>Name of Shareholders</u>	<u>Shares</u>	<u>%</u>	<u>Taka</u>	<u>Taka</u>
S. Alam Cold Rolled Steels Ltd.	2,684,000	70.00	268,400,000	268,400,000
Mr. Mohammed Saiful Alam	766,857	20.00	76,685,700	76,685,700
Mr. Abdus Samad	383,429	10.00	38,342,900	38,342,900
	3,834,286	100.00	383,428,600	383,428,600

	2012	2011
	Taka	Restated Taka
14.00 Short term liabilities		
Janata Bank Limited- LTR	1,188,207,254	-
	1,188,207,254	-
Terms and conditions of the above liabilities:		
Lender: Janata Bank Limited		
Type: LTR/PAD/LC		
Limit : 124.57 Crore		
Rate of interest: 11%		
Mortgage:		
i. 100% registered mortgage of 241.59 Decimal factory land and building valuing Tk 171.19 million.		
ii. Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.		
iii. Personal guarantee of all directors of the company jointly and individually.		
15.00 Liabilities for Expenses		
Income Tax payable	152,000	-
VAT	216,500	-
Audit Fee Payable	50,000	50,000
	418,500	50,000
16.00 Due to associated companies		
S. Alam Cold Rolled Steels Limited	174,909,581	32,025,082
S. Alam Power Plant Limited	450,000	450,000
	175,359,581	32,475,082
These balances represent short term financial arrangement availed from parent/associated companies.		
These are interest free and there is no fixed term of repayment.		
17.00 Provision for Income Tax		
Opening balance as on October 1	15,286,793	-
Add: Provided during the year		
Against current year	18,889,811	11,036,065
Against previous year	-	4,250,728
	18,889,811	15,286,793
Closing balance as on September 30	34,176,604	15,286,793
18.00 Administrative expenses		
Entertainment	69,013	35,737
Postage & Stamp	320	880
Miscellaneous Expenses	17,800	1,800
Legal & Professional Fee	9,750	27,000
Traveling & Conveyance	54,651	12,960
Stationery	4,000	1,755
Fees & Fines	1,300	2,200
Audit Fee	50,000	50,000
Registration and Renewal	527,350	-
License & Renewal Fee	-	16,525
Advertisement & Publications	-	80,068
	734,184	228,925
19.00 Finance costs		
Bank Charges	81,348	50,245
	81,348	50,245
20.00 Finance income		
Interest income from FDR	50,372,830	29,429,506
	50,372,830	29,429,506
21.00 Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	30,667,487	13,863,543
Number of shares outstanding during the year	3,834,286	3,834,286
Basic earnings per share (EPS)	8.00	3.62
22.00 Capital commitments		
There are capital expenditure commitment for Tk. 32 crore in respect of plant and machinery and civil construction.		
23.00 Contingent liabilities		
The company had no contingent liabilities at the reporting date.		
24.00 Subsequent event		
No material events have occurred from the reporting date to the date of issuing of these financial statements which could affect the values stated therein.		

Album



Album





এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড
S. ALAM COLD ROLLED STEELS LIMITED
S. Alam Bhaban, 2119, Asadgonj, Chittagong.

প্রতিনিধি পত্র (PROXY FORM)

অনুগ্রহ করে শেয়ার
সংখ্যা উল্লেখ করুন

অনুগ্রহ করে ফোলিও / বিও
নাম্বার উল্লেখ করুন

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আমি / আমরা

এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড এর সদস্য হিসেবে জনাব

কে আমার / আমাদের প্রতিনিধি হিসেবে আমরা / আমাদের অনুপস্থিতিতে কোম্পানীর

৩০শে মার্চ, ২০১৩ তারিখে সাফা আর্কেড, ৯৪, নবাব সিরাজুদ্দৌলা রোড, চন্দনপুরা, চট্টগ্রামে বেলা ১১.০০ টায় অনুষ্ঠিতব্য ১২তম
বার্ষিক সাধারণ সভায় এবং ঐ সভার যে কোন মূলতবী সভায় উপস্থিত থাকার এবং আমরা / আমাদের পক্ষে ভোট দানের জন্য
নিয়োগ করছি।

আমরা / আমাদের সম্মুখে তিনি তারিখে স্বাক্ষর প্রদান করলেন।

প্রতিনিধির স্বাক্ষর:

শেয়ারহোল্ডারের স্বাক্ষর

রেভিনিউ স্ট্যাম্প
১০/- টাকা

বি: দ্র:

- প্রদত্ত স্বাক্ষর কোম্পানীর অফিসে সংরক্ষিত এবং ডিপোজিটরীতে অন্তর্ভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকতে হবে।
- সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য একজন সদস্যকে প্রতিনিধি(প্রক্সি) নিয়োগ করতে পারেন। প্রতিনিধি পত্র যথাযথ ভাবে স্বাক্ষর প্রদান করত: ১০ টাকার রেভিনিউ স্ট্যাম্প সহযোগে সভার নিধারিত সময়ের ৭২ ঘন্টা পূর্বে কোম্পানীর রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

হাজিরা পত্র (ATTENDANCE SLIP)

৩০শে মার্চ, ২০১৩ তারিখে সাফা আর্কেড, ৯৪, নবাব সিরাজুদ্দৌলা রোড, চন্দনপুরা, চট্টগ্রামে অনুষ্ঠিত এস. আলম কোল্ড রোল্ড
স্টীলস্ লিমিটেড এর ১২তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম

ফোলিও/বিও নং

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প্রতিনিধির নাম

শেয়ারহোল্ডারের / প্রতিনিধির স্বাক্ষর

সভায় আগত শেয়ারহোল্ডার বা প্রতিনিধিকে হাজিরা শ্লিপটি পূরণ করে সভায় রেজিস্ট্রেশন কাউন্টারে জমা দিতে অনুরোধ করা যাচ্ছে।



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