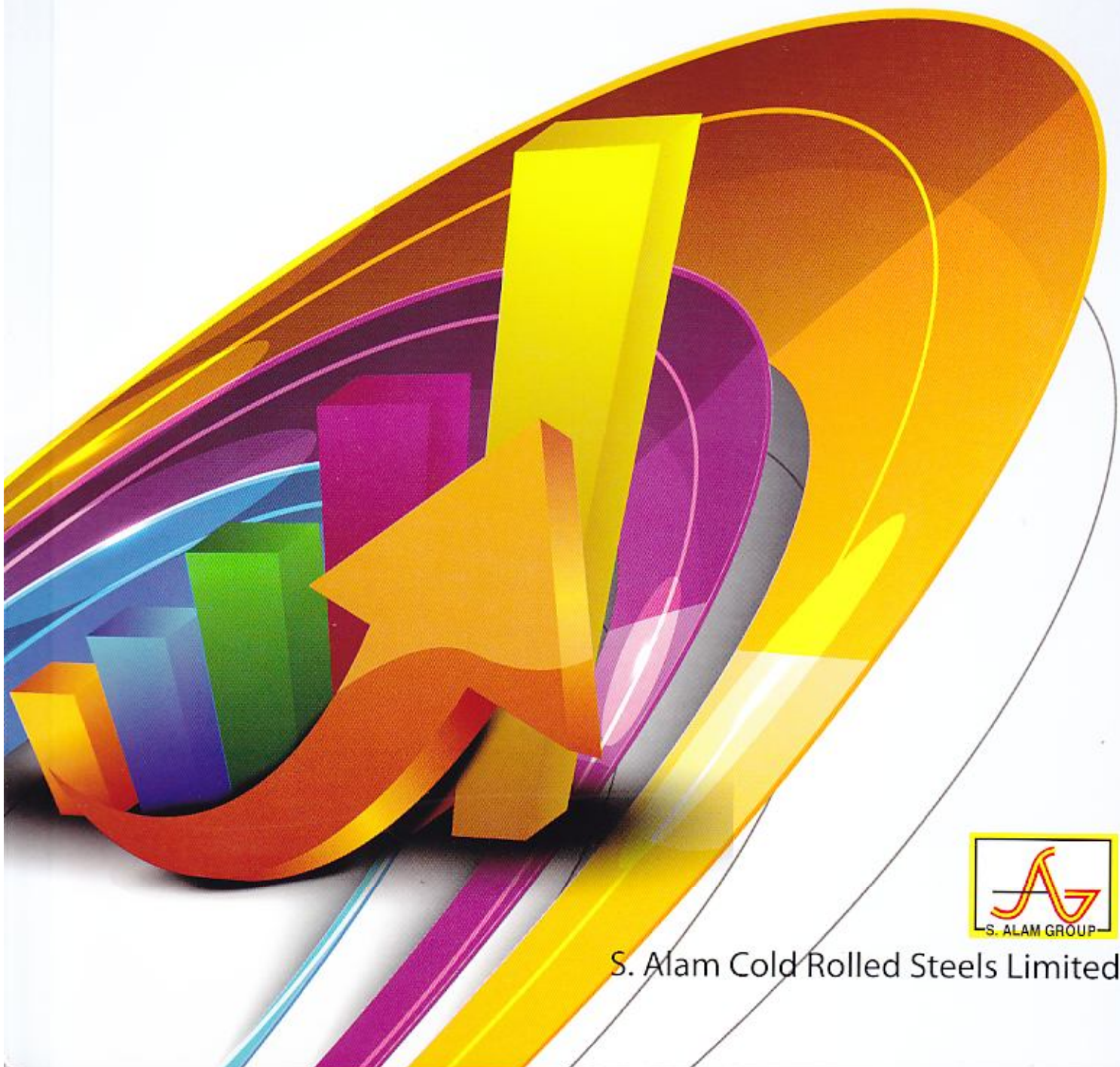


[www.s.alamgroupbd.com](http://www.s.alamgroupbd.com)

# Annual Report 2013



S. Alam Cold Rolled Steels Limited

**13<sup>th</sup>**  
annual  
general  
meeting  
2 0 1 4



**S. ALAM COLD ROLLED STEELS LIMITED**



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## COMPANY PROFILE

- 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 : [sharedivision@s.alamgroupbd.com](mailto:sharedivision@s.alamgroupbd.com)  
Website : [www.s.alamgroupbd.com](http://www.s.alamgroupbd.com)
- Liasion 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 Plant - C.R. Coil & Strips  
NOF Plant - C.I. Sheet, G.P. Sheet
- Annual Installed Capacity** : C. R. Coil Plant - 1,20,000 M. Ton  
NOF Plant - 72,000 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 elected from Institutional Investors |
| Ms. Halima Begum             | : Director elected from General Investors                       |
| Mr. Mohammed Ishaque         | : Independent Director  |
| Mr. Monotosh Chandra Roy ACA | : 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. Moshir Rahman              | : General Manager (Mills)      |
| Mr. Ghulam Muhammed            | : Company Secretary            |
| Mr. Md. Delwar Hossain ACA     | : Head of Internal Audit       |
| Mr. Shimul Nandy               | : Chief Financial Officer      |

## ■ Auditors

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)

# Letter of transmittal

01 February 2014

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 2013.**

Dear Sir(s),

We are pleased to transmit a copy of the Annual Report 2013 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 2013 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  
Phones: 00-880-2-9560631; 9560617 FAX: 00-880-2-9567483  
Web: www.s.alamgroupbd.com E-mail: sharedivision@s.alamgroupbd.com


## বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এই বিজ্ঞপ্তির মাধ্যমে জানানো যাচ্ছে যে, অত্র কোম্পানির ১৩তম বার্ষিক সাধারণ সভা নিম্নলিখিত বিষয়াদি সম্পাদনকল্পে আগামী ২৯ মার্চ, ২০১৪, শনিবার সকাল ১১-০০টায় - সাফা আর্কেড, ৯৪, নবাব সিরাজুদ্দৌলা রোড, চন্দনপুরা, চট্টগ্রামে অনুষ্ঠিত হবে।

### আলোচ্যসূচি : (Ordinary Business)

- ০১। ২০১৩ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের নিরীক্ষিত আর্থিক বিবরণীসমূহ, পরিচালকমণ্ডলীর প্রতিবেদন এবং নিরীক্ষকদের প্রতিবেদন গ্রহণ এবং অনুমোদন।
- ০২। ৩০ সেপ্টেম্বর ২০১৩ তারিখে সমাপ্ত বছরের জন্য লভ্যাংশ ঘোষণা।
- ০৩। পরিচালকমণ্ডলীর নির্বাচন / পুনঃ নির্বাচন / নিয়োগ অনুমোদন।
- ০৪। ২০১৪ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের জন্য অডিটর নিয়োগ ও তাঁদের পারিশ্রমিক নির্ধারণ।

৬ ফেব্রুয়ারি, ২০১৪ ইং

  
মোহাম্মদ সাইফুল আলম  
ব্যবস্থাপনা পরিচালক

### দ্রষ্টব্য :

- ০১। রেকর্ড ডেট : ১১ ফেব্রুয়ারি, ২০১৪। রেকর্ড ডেট-এ সিডিবিএল ডিপোজিটারি রেজিস্টার এবং কোম্পানির সদস্য বইতে নিবন্ধিত শেয়ার হোল্ডারগণ উপরোক্ত সাধারণ সভায় যোগদানসহ অনুমোদিত লভ্যাংশ পাওয়ার যোগ্য বলে বিবেচিত হবেন।
- ০২। প্রস্তুতি : সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য অন্য একজন প্রক্সি নিয়োগ করতে পারেন। সভা অনুষ্ঠানের জন্য নির্ধারিত সময়ের ৭২ মিনিট পূর্বে সংযুক্ত প্রক্সি ফরম নিয়মানুযায়ী স্ট্যাম্প সহকারে পূরণ করে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।
- ০৩। কেবলমাত্র হাজিরপত্র উপস্থাপন সাপেক্ষে হলে প্রবেশ করা যাবে। কুরিয়ার বা ডাকযোগে যথাসময়ে না পেয়ে থাকলে তা চট্টগ্রাম / ঢাকাস্থ আমাদের অফিস হতে অথবা আমাদের ওয়েবসাইট হতে ডাউনলোড-এর মাধ্যমে সংগ্রহ করা যাবে। আমাদের ওয়েবসাইটে সম্পূর্ণ বাৎসরিক প্রতিবেদন ২০১৩ আপলোড করা হয়েছে।
- ০৪। পরিচালক নির্বাচন :
  - (ক) পর্যায়ক্রমানুসারে অবসর গ্রহণকারী উদ্যোক্তা পরিচালক আইনানুগ পুনঃ নির্বাচিত হবে।
  - (খ) প্রাতিষ্ঠানিক শেয়ারহোল্ডারগণ হতে এক জন এবং সাধারণ শেয়ারহোল্ডারগণ হতে এক জন পরিচালক নির্বাচনের মনোনয়নপত্র ১১-০৩-২০১৪ হতে ১৮-০৩-২০১৪ পর্যন্ত কোম্পানির প্রধান কার্যালয়ে অফিস চলাকালীন সময়ে পাওয়া যাবে।
  - (গ) মনোনয়নপত্র যথাযথ পূরণ ও স্বাক্ষর করতঃ প্রয়োজনীয় কাগজপত্রাদিসহ কোম্পানির প্রধান কার্যালয়ে এস. আলম ভবন, ২১১৯, আছাদগঞ্জ, চট্টগ্রামে ২০-০৩- ২০১৪ তারিখের মধ্যে অবশ্যই জমা দিতে হবে।
  - (ঘ) মনোনয়নপত্র প্রত্যাহারের শেষ তারিখ ২৪-০৩-২০১৪।
  - (ঙ) যথাযথ বাছাইয়ের পর যোগ্য পরিচালক পদপ্রার্থীদের চূড়ান্ত তালিকা ২৫-০৩-২০১৪ তারিখে কোম্পানির নিবন্ধিত কার্যালয়ের নোটিশ বোর্ডে প্রকাশ করা হবে।
- ০৫। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন-এর নোটিফিকেশন এবং ডিএসই'র মেমোসমূহ অনুযায়ী বার্ষিক সাধারণ সভায় উপস্থিতির জন্য **কেলরুপ গিফট / নগদ সুবিধা প্রদানের ব্যবস্থা থাকবে না।**
- ০৬। হিসাব বিবরণী ও প্রতিবেদনসমূহের ওপর কোনো অননুমোদন থাকলে ব্যাখ্যা প্রদানের সুবিধার্থে তা সভা আরম্ভের তিন কার্যদিবস পূর্বে কোম্পানির নিবন্ধিত কার্যালয়ে দাখিলের জন্য অনুরোধ করা যাচ্ছে।



**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 13th Annual General Meeting of the company.

We are grateful to the Almighty Allah for the business performance that your company attained under the able and far-sighted leadership and guidance of its Managing Director Mr. Mohammed Saiful Alam during the year under report that shall have to be considered satisfactory in the context of the stagnant business caused due to long spell of violent political turmoil, turbulence, unrest and stalemate prevalent in the country since early 2013 hindering production, consumption and supply chain of the commodities badly. Such situation had been a setback for the Company not only for acceleration of its growth but also for attaining its business performance at the level which it attained previous year.

The NOF Type CGL plant for production and marketing of eco-friendly C. I. Sheets had eventually been went into commercial operation on and from 11/07/2013. The business activities could not however be accelerated by addition thereof, as expected, because of the business stagnancy at all sectors especially the rural economy due to the impact of such prolonged political unrest. Moreover implementation by the Government of only 20% of the ambitious Annual Development Program (ADP) during July-December 2013 also caused drastic fall in the earnings of the rural people that also badly hit the rural economy.

In spite of the adverse and violent political situation that was then prevailing in the country, Alhamdulillah your company was able to earn revenue income for the year of Tk.3,777,715,090/- as against that of the previous year of Tk.3,702,374,435/-.

The post-tax consolidated profit earning for the year of Tk.19,60,92,312/- with EPS of Tk.1.94 however recorded decrease from that of the previous year of Tk.33,51,43,976/- with the EPS for that year of Tk.3.31 was due to various reasons beyond control.

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 May 2014, Insha Allah.

Although most of the economy expects bleak economic prosperity in the current year in case the crisis remains unresolved, we however expect to keep the graph of our company's prosperity upward if the congenial atmosphere prevails and things remain positive.

Except that the Directors recommended 13% cash dividend subject to approval thereof in the 13th 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.

Thank you all once again.

**Abdus Samad**  
Chairman

**Chairman's**  
S t a t e m e n t





# Managing Director's Review

**My dear Shareholders,**  
Assala-mu-alai-kum.

With expression of my heartfelt thanks and gratitude to you all for the support and faith you placed in us and in our accomplishments, I, on behalf of the Board of Directors of the Company as well as on my own behalf, heartily welcome you all to the 13th Annual General Meeting of the Company.

With expression of gratitude to the Almighty Allah I am glad to inform you that the CGL (NOF Type) Plant had formally been commissioned on and from 11/07/2013 for commercial operation with expectation of significant growth of revenue and profit of the Company by addition thereof.

Your Company's such expectation could not be materialized due to the impact on different socio-economic sectors of the violent political unrest that started from early 2013 and of the substantial decrease in implementation by the Government of the Annual Development Program (ADP) during July-December 2013 with its affect on the rural economy. Although in the aforesaid context, your company could not keep its graph of prosperity move upward for another year, it had with hard endeavor and efforts been able to maintain its growth as near to that it attained in the previous year.

Installation of the medium size power generation plant being implemented by S. Alam Power Generation Limited, a subsidiary of your Company, is to go for commencement of its commercial operation very soon most probably by the end of May 2014.

The administration and the management of your company pledge its whole-hearted devotions and continued efforts to achieve our aspirations for the growth and prosperity of the Company and to safeguard your interest in the Company despite most of the economy is looking on to bleak economic prospects in the current year unless the crisis is resolved for that the fabric of economy had already been shattered due to long spell of political violence coupled with shut-downs and blockade.

**Mohammed Saiful Alam**  
Managing Director

# DIRECTORS' REPORT TO THE SHAREHOLDERS



Bismillahir Rahmanir Rahim

**Dear Shareholders,**

It is once again a matter of great privilege for me to welcome you all to the 13th 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 2013 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 commercial operation of the NOF Type Continuous Galvanizing Line (CGL) for production of GP/CI Sheets commenced successfully on and from 11/07/2013. The performance of your company as depicted herein relates therefore to these segments / products of the company.

## 2. Financial Results :

Key operating and financial results of the company and recommended appropriations for the year ended 30th September 2013 with comparative figures for the previous five years in summarized form are as under :

(Figures in Tk. '000)

	Financial Year ended on					
	30.09.2013 (consolidated)	30.09.2012 (consolidated)	30/09/2011(restaed on consolidated basis)	30/09/2010	30/09/2009	30/09/2008
Net Sales	3,777,715	3,702,374	3,034,090	1,872,282	1,737,943	1,508,149
Profit before taxation	273,490	467,851	436,585	252,245	194,892	157,986
less: Provision for taxation (Deferred)	(49557)	(3,817)	(3,343)	(39,425)	(39,541)	(36,027)
Less: Provision for Current Tax	(27,841)	(128,890)	(126,971)	(69,367)	(38,806)	Tax Holiday
Net Profit after Tax	196,092	335,144	306,272	143,452	116,545	121,959
Proposed/Declared Dividend	13% cash	15% cash	15% cash	10% stock & 5% cash	15% cash	17% cash
Earning Per Share (EPS)	***1.94	***3.31	***3.07	20.75	21.85	22.87

**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 are noted below :

	1 <sup>st</sup> Quarter ended 31/12/2012.	2 <sup>nd</sup> Quarter ended 31/03/2013.	3 <sup>rd</sup> Quarter ended 30/06/2013.	Annual – year ended 30/09/2013.(Consolidated)
Earning Per Share (EPS) (Consolidated) excluding non controlling interest.	0.87	1.89	2.66	1.94

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

The primary sector of steel industry produces raw materials such as billets, plates, rounds, and Hot Rolled (HR) Coils/Plates, for the secondary sector which produces value added items like angles. Channels, wire rod, cold rolled coils / sheets and galvanized coils / sheets.

Cold Rolled (CR) sheet is a thinner sheet used for consumer durables by the automobile and domestic appliances industry while CR strips are used in manufacturing of bicycles, drums, barrels, tanks, containers, fabrication, furniture etc. CR coils are mainly used for manufacturing CI/GP Sheets which are largely and commonly used in roofing, slide cladding, making of water tanks and as fencing material.



Around 80% of the Bangladesh population lives in rural areas. Due to high prices compared to their average income, most of its people are not in a position to construct their households by rod, cement and bricks, rather have to depend on low cost materials such as thatch, bamboo, CI Sheet etc. Around 30% households in rural and urban areas are constructed with CI/GP Sheet materials. As supportive material CI/GP Sheets are widely used in other civil constructions as well. Moreover, huge quantities of GP/CI Sheet are used annually by different Government bodies and agencies in carrying out various development activities each year on the basis of volume of the Annual Development Plan (ADP) of the Government of Bangladesh. Domestic demand of CI/GP Sheet is catered successfully by the CI/GP Sheet manufacturing industries of the country.

Being primary raw material for manufacture of CI/GP Sheet, demand for CR Coil/Strips depends on the performance of the CI/GP Sheet manufacturing industries of the countries. In the context as is prevalent in the country, dependence on CI/GP Sheet for household and other civil constructions could neither be stable nor be diminishing rather it would be increasing due to high spiralling prices of Rod, Cement and Bricks. This trend may continue to provide stability to the earning profile of the producers thereof.

Easy access to raw materials (CRC) is one of the critical factors determining profitability of CI/GP Sheet manufacturing industry. GP/CI Sheet manufacturers integrated with CRC manufacturing facility shall be the clear gainer on this account also.

As producer of CR Coil/Strips since inception and as producer also of eco-friendly NOF type CI/GP Sheet since very recent past S. Alam Cold Rolled Steels Limited falls under secondary sector and has a strong presence in the domestic market as one of the leading producers thereof.

Future development as well as growth of the CR Coil manufacturing industry along with its recently commissioned eco-friendly NOF Type CI/GP Sheet manufacturing project, is therefore bright and healthy subject however to containing the adversities, if any, which arise to hamper economic activities for maintaining upward trend of its growth.

#### 4. Segment-wise / Product-wise Performance :

(Figures in nearest Taka '000)

	2013			2012		
	CR Coil	GP/CI Sheet (NOF)	Total:	CR Coil	GP/CI Sheet (NOF)	Total:
Revenue	3695723	81992	3777715	3702374	x	3702374
Cost of Sales	(3115168)	(74,539)	(3189708)	(2985774)	(4377)	(2990150)
Gross Profit	580,555	7,452	588008	716601	(4377)	712224
Percentage	15.71%	9.09%	15.57%			19.24%
Selling, Distribtn & Admtv cost	(56176)	(465)	(56641)	(55411)	x	(55411)
Other Income	7826	1181	9008	717	x	717
Operating Result	532205	8169	540374	661907	(4377)	657531
Finance Income (Net)	(262831)	(8232)	(271063)	(223869)	6648	(217221)
Net Profit before provisions	269374	(63)	269311	438038	2271	440309
Contribution to WPPF & WF	(13466)	-	(13,466)	(22015)	x	(22015)
Profit before tax	255909	(63)	255,846	416022	2271	418294
Percentage	6.92%	(0.08%)	6.77%			11.30%

#### 5. Risks and concerns :

As a matter of fact and like others in the business activities, your Company is also exposed to an increasing degree of risks that can adversely impact the functioning of the Company. The management is however vigilant at all times to identify and mitigate such potential risks.

The risks that may affect functioning of the Company include, but are not limited to:

- ▶ Seasonal fluctuations as well as inflationary pressures affecting demand of the company's products;
- ▶ Adverse economic conditions and environment;
- ▶ Increase in cost of raw materials, transportation and storage;
- ▶ Attrition of key staff and technical personals as well as labour relations;
- ▶ Changes in VAT, Tax and other laws creating regulatory pressures;
- ▶ Political unrest and instability in the country.

The preparation of financial statements required the management to make some forward looking estimates and assumptions within the meaning of applicable laws and speculations 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, expressed or implied.

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

	Year ended on 30/09/2013 (Consolidated)	Year ended on 30/09/2012 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	84.43% of Turnover	80.76% of Turnover	3.67%
Gross Profit Margin	15.57% of Turnover	19.24% of Turnover	(3.67%)
Net Profit Margin	5.19% of Turnover	9.05% of Turnover	(3.86%)

##### (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 3.67% on the Turnover of the year. Reason for such increase during the year under report is attributable to the increase not only increase in the cost of raw materials but also in the process loss due to recurring suspension of production due to violent political situation with frequent shut-downs and blockade then prevailing in the country 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 3.67% decrease. Reason is attributable primarily to the increase in the electricity cost and raw materials consumption. Due to the political instability that engulfed the country since early 2013 the GP margin would have decreased much more than that is attained. The management had with its best endeavours and efforts been able however to contain the fall in the GP Margin.

##### (c) Net Profit Margin :

Net Profit Margin in relation to the Turnover of the year under report, recorded 3.86% decrease on comparison with that of the previous year for the reasons stated above.

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

Question of continuity thereof does not arise as there is no Extra-Ordinary gain / loss of the Company during the year under report.

#### 8. Dividend :

Subject to the approval of the shareholders in the forthcoming Annual General Meeting the Directors recommend 13% Cash dividend for the year ended 30th September 2013 keeping in view the profit of the year and consistency in recommendation of its dividend taking, at the same time, 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.

## 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 13% cash dividend for the year ended 30th September 2013 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

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

- (a) As per disclosures in this behalf in the Prospectus, 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, 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 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. The Project under implementation is near in completion. The total investment as on 30/09/2013 of the said subsidiary company on implementation of the said Project is Tk. 181,91,48,103/-.
- (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 Project commenced its commercial operation on and from 11/07/2013 and investment of the company on account of this project as on 30/09/2013 is Tk. 72,75,36,711/-

## 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 01/10/2012 Shares of Tk. 10/- each	At 30/09/2013 Shares of Tk. 10/- each
1. Mr. Mohammed Saiful Alam	Self (Sponsor)	23,03,980	23,03,980
2. Mr. Abdus Samad	Self (Sponsor)	19,67,430	19,67,430
3. Mr. Osman Gani	Self (Sponsor)	19,67,430	19,67,430
4. a) Mr. Iftikhar-uz-Zaman succeeded on and from 22/12/2012 by b) Mr. Nasir Uddin Ahmed FCMA.	ICB nominee representing Institutional Investors	(ICB) 6,22,420	(ICB) 22,58,920
5. Ms. Halima Begum	General Investors.	1,000	1,000
6. a) Mr. Humayun Kabir succeeded on and from 22/12/2012 by b) Mr. Mohammad Ishaque	Independent Director	Nil	Nil
7. Mr. Monotosh Chandra Roy ACA	Independent Director	Nil	Nil

Mr. Osman Gani was the director who retired by rotation and re-elected in the last Annual General Meeting as Director from Sponsors' Group. In addition thereto, Mr. Nasir Uddin Ahmed, FCMA, upon his further nomination by the ICB, was elected un-contest as Director representing Institutional Investors' Group while Ms. Halima Begum was also re-elected un-contest as Director from General Investors' Group in the last Annual General Meeting.

It may be mentioned here that in view of withdrawal of nomination of Mr. Md. Iftikhar-uz-Zaman and nomination in his stead of Mr. Nasir Uddin Ahmed, FCMA as made by the ICB, by its letter No. আইসিবি/সেডি/১৪.৭৩/৫৫৩/৪৪২২ dated 07/10/2012 the Directors in their 114<sup>th</sup> 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 12<sup>th</sup> 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 12<sup>th</sup> 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. Osman Gani. (Sponsors Group)

Being a sponsor shareholder / director of the company he retired by rotation and re-elected in the 12<sup>th</sup> Annual General Meeting of the Company held on 30/03/2013. He is an industrialist and one of the sponsor shareholders / directors of S. Alam Group and is actively engaged in trade and commerce. In addition to his holding of directorship in the Company, he holds directorship in S. Alam Cement Limited, S. Alam Bag Manufacturing Mills Limited, S. Alam Trading Co. (Pvt) Limited, Ocean Resorts Limited, Hasan Abasan (Pvt) Limited, Modern Properties Limited, Fatehabad Farm Limited, Shah Amanat Praktik Gas Co., Limited and Reliance Brokerage Services Limited.

### (b) Mr. Nasir Uddin Ahmed FCMA. (Institutional Investors' Group)

Mr. Nasir Uddin Ahmed FCMA is the General Manager of the ICB with 29 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 (General Investors' Group)

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

### (d) Mr. Mohammad Ishaque, Independent Director

Mr. Mohammad 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 (1<sup>st</sup> 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. His appointment as such in the

Company had been approved by the shareholders of the company in their 12<sup>th</sup> Annual General Meeting held on 30/03/2013 on the same terms and conditions as stipulated by the Directors in their Meeting held on 22/12/2012..

**(a) Mr. Monotosh Chandra Roy ACA, Independent Director**

Mr. Monotosh Chandra Roy ACA is an Associate Member of the Institute of Chartered Accountants of Bangladesh and possesses more than 10 years experience in handling accounts and audit as well as matters related to VAT, Taxes and Company law. He was appointed as Independent Director on 29/08/2013 as an addition to the existing Board of Directors to comply with the provisions of the Corporate Governance Guidelines as prescribed by the Bangladesh Securities & Exchange Commission which had till then been misinterpreted by the Company.

While Mr. Abdus Samad continued to be the Director and the Chairman of the Board of Directors, 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	2
2. Mr. Abdus Samad	5
3. Mr. Osman Gani	5
4. Mr. Nasir Uddin Ahmed, FCMA	6
5. Mr. Mohammad Ishaque	6
6. Ms. Halima Begum	6

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. Abdus Samad therefore the director from Sponsor Group shall be retiring by rotation in the ensuing 13<sup>th</sup> 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 13<sup>th</sup> Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

In compliance with 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, it is re-iterated that each director other than Independent/Nominated Director(s) of the company holds minimum 2% (two per cent) shares in the paid up capital of the Company and the Sponsors/Promoters/Directors of your Company 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	2	10,000/-
2. Mr. Abdus Samad	Director	5	25,000/-
3. Mr. Osman Gani	Director	5	25,000/-
4. Mr. Nasir Uddin Ahmed FCMA	Director, ICB Nominee	6	30,000/-
5. Mr. Mohammad Ishaque	Independent Director	6	30,000/-
6. Ms. Halima Begum	Director, General Investors' Group	6	30,000/-
<b>TOTAL:</b>			<b>150,000/-</b>

All Meetings of the Board of Directors were held in Chittagong during the year under report, Mr. Nasir Uddin Ahmed FCMA, 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. Nasir Uddin Ahmed FCMA	ICB Nominee Director	Nil	0
	Spouse and Minor Children	xxxxx	Nil	0
e)	Ms. Halima Begum	Director from General Shareholders	1,000	0.001
	Spouse and Minor Children	xxxxx	Nil	0
f)	Mr. Mohammad Ishaque	Independent Director	Nil	0
	Spouse and Minor Children	xxxxx	Nil	0
g)	Mr. Monotosh Chandra Roy ACA	Independent Director	Nil	0
	Spouse and Minor Children	xxxxx	Nil	0
h)	Mr. Subrata Kumar Bhowmick FCA	Executive Director (Finance)	Nil	0
	Spouse Ms. Ratna Datta FCA	xxxxx	360	0.00037
	Minor Children	xxxxx	Nil	0
i)	Mr. Ghulam Muhammed	Company Secretary	Nil	0
	Spouse and Minor Children	xxxxx	Nil	0
j)	Mr. Shimul Nandy	Chief Financial Officer	1550	0.00157
	Spouse and Minor Children	xxxxx	Nil	0
k)	Mr. Md. Delwar Hossain ACA	Head of Internal Audit	Nil	0
	Spouse and Minor Children	xxxxx	Nil	0

e) 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	General Manager (Mills)	2,200	0.00224
	Spouse and Minor Children	xxxxx	0	0
b)	Mr. Shafiq Alam	Asstt. General Manager (NOF)	0	0
	Spouse and Minor Children	xxxxx	0	0
c)	Mr. Md. Amanullah Khan	Head, HR & Admin	0	0
	Spouse and Minor Children	xxxxx	0	0
d)	Mr. Md. Shaha Alam	Manager	0	0
	Spouse and Minor Children	xxxxx	0	0
e)	Mr. S. M. M. A. Mustafa	Dy. Manager	0	0
	Spouse and Minor Children	xxxxx	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 30<sup>th</sup> September 2013 is disclosed under Note No. 14.01 and 14.02 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. Mohammad Ishaque, Independent Director	Chairman	4
3. Mr. Abdus Samad	Member	3
4. Mr. Osman Gani	Member	4

The Directors in their Meeting held on 22/12/2012 appointed Mr. Mohammed Ishaque as an 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 or 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.

**16. Basis for Related Party Transactions:**

All transactions with related parties are made on arm's length basis in ordinary course of business. A Statement of all related parties transactions are disclosed 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 30/09/2013;
- (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 second 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: 01 February 2014.

## Annexure

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRC/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	
1.1.1	<b>BOARD OF DIRECTORS : Board's Size :</b> Members not less than 5 (Five) and not more than 20 (Twenty).	✓		
1.2 (i)	<b>Independent Directors :</b> 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 off amily relationship.	✓		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or other wise, 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 acourt of competent jurisdiction as defaulter in payment of any loan to a bank or aNon-bank Financial Institution (NBFI)	✓		
1.2 (ii) i)	Has not been convicted for acriminal offence involving moral turpitude.	✓		
1.2 (iii)	Appointed by the Board of Directors and approved by the share holders in the Annual General Meeting (AGM)	✓		Additional ID appointed on 29/08/2013 is subject to approval at the 13th A.G.M.
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) termonly.	✓		
1.3 (i)	<b>Qualification of Independent Director :</b> Is a knowledgeable individual with integrity and ability to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		



	(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.	✓		
	(iii)	Relaxation of the above qualifications in special cases subject to prior approval of the commission			Not Applicable.
1.4		<b>CHAIRMAN of the Board and CHIEF EXECUTIVE OFFICER :</b> 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		<b>Directors' Report to Shareholders includes statements as to :</b>			
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 there-from 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)	<b>Pattern of shareholding disclosing aggregate number of shares held by:</b>			
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)	<b>In case of appointment/re-appointment of a director:</b>			
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		<b>CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT &amp; COMPANY SECRETARY (CS):</b>			
2.1		<b>Appointment:</b> - 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		<b>Board Meeting attendance:</b> - 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.		<b>AUDIT COMMITTEE:</b>			
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		<b>CONSTITUTION OF AUDIT COMMITTEE:</b>			
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		<b>CHAIRMAN OF THE AUDIT COMMITTEE:</b>			
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		<b>ROLE OF AUDIT COMMITTEE:</b>			
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)	When money is raised through Initial Public Offering (IPO) / Repeat Public Offering (RPO) / Rights Issue:  - 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		<b>REPORTING OF THE AUDIT COMMITTEE:</b>			
3.4.1		<b>Reporting to the Boards of Directors:</b>			
3.4.1	(i)	- Report on its activities to the Board of Directors.	✓		
3.4.1	(ii)	<b>Report immediately on the following findings:</b>			
3.4.1	(ii) a)	- Report on conflicts of interests.			No such matter arisen.
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		<b>Reporting to the Authorities:</b> - 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.			No such matter arisen.
3.5		<b>REPORTING TO THE SHAREHOLDERS &amp; GENERAL INVESTORS:</b> - 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	(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.		<b>SUBSIDIARY COMPANY:</b>			
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.		<b>DUTIES OF CEO AND THE CFO:</b> 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.		<b>REPORTING &amp; COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
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)

01 February 2014

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 2013 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 2013.  
(vide Condition # 7(i) of the Corporate Governance Guidelines)

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

TO WHOM IT MAY CONCERN

This is to certify that the management of S. Alam Cold Rolled Steels Limited has complied with the necessary requirements of Corporate Governance for the year ended 30 September 2013 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 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Chittagong, dated 04 February 2014

*Hoda Vasi Chowdhury*  
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 during the year under report the business and financial operations of the Company are conducted and exercised, as in the past, 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. Being a sub-committee and responsible, the Audit Committee, 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, assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. The Committee also oversee hiring and performance of the external auditors. The Chairman of the Audit Committee, as part of its oversight process, 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, and keeps the Committee regularly informed about the results of such 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 Company's financial statements and disclosures are complete and accurate and are in accordance with rules and regulations. These are the responsibilities of management and of the external auditors.

On the activities carried out by the Audit Committee during the year ended 30th September 2013 and subsequent period to the date of this report, it is reported that through four of its Meetings held during the year under report the Committee reviewed the financial statements at 30th September 2012 and quarterly financial statements prepared for statutory purposes as at 31st December 2012, 31st March 2013, and 30th June 2013. For review in its subsequent Meeting, the members of the Audit Committee were provided with comprehensive documentation for the year ended 30th September 2013, 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 13th 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 2013. 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 2013 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 2013 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 2013 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 2013.



**Mohammad Ishaque**  
Chairman, Audit Committee.  
01 February 2014.



**Rahman Rahman Huq**  
**Chartered Accountants**  
102 Agrabad C/A (3rd Floor)  
Chittagong, Bangladesh

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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 2013, 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 consolidated 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 2013, and their financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

**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, 01 February 2014

**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment - net	5	1,823,795,975	1,258,461,158
Capital work-in-progress	6	1,910,483,777	2,046,056,257
<b>Total non-current assets</b>		<b>3,734,279,752</b>	<b>3,304,517,415</b>
<b>Current assets:</b>			
Inventories	7	3,662,684,780	3,982,520,132
Accounts receivables	8	1,817,589,420	1,628,020,935
Interest accrued	9	-	23,612,057
Due from Affiliated companies	10	579,602,277	1,052,622,434
Advances, deposits and prepayments	11	540,553,067	362,595,003
Short term investment	12	82,724,337	435,397,878
Cash and cash equivalents	13	7,373,628	12,508,873
<b>Total current assets</b>		<b>6,690,527,509</b>	<b>7,497,277,312</b>
<b>Total assets</b>		<b>10,424,807,261</b>	<b>10,801,794,727</b>
<b>Equity and Liabilities</b>			
Share capital	14	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		592,887,693	549,920,077
<b>Equity attributable to owners of the Company</b>		<b>2,010,529,439</b>	<b>1,967,561,823</b>
Non-controlling interest		137,866,327	129,611,181
<b>Total equity</b>		<b>2,148,395,766</b>	<b>2,097,173,004</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loan	15	1,775,743,524	25,732,019
Deferred tax liabilities	16	273,511,707	223,955,171
<b>Total non-current liabilities</b>		<b>2,049,255,231</b>	<b>249,687,190</b>
<b>Current liabilities</b>			
Trade creditors	17	1,497,867,057	1,742,770,079
Short term liabilities	18	2,741,767,286	4,683,692,217
Liabilities for expenses	19	57,242,704	25,111,862
Advance against sales	20	22,628,859	43,033,050
Due to Affiliated companies	21	1,159,302,424	1,436,623,783
Long term loan-current portion	22	299,455,612	102,559,890
Liability against unclaimed dividend	23	25,084,271	14,371,363
Provision for income tax	24	350,786,411	349,033,595
Provision for WPPF and Welfare Fund	25	49,355,843	43,515,589
Other liabilities	26	23,665,797	14,223,105
<b>Total current liabilities</b>		<b>6,227,156,264</b>	<b>8,454,934,533</b>
<b>Total liabilities</b>		<b>8,276,411,495</b>	<b>8,704,621,723</b>
<b>Total liabilities and equity</b>		<b>10,424,807,261</b>	<b>10,801,794,727</b>

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, 01 February 2014

**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Revenue</b>	27	3,777,715,090	3,702,374,435
Cost of sales	28	<u>(3,189,707,547)</u>	<u>(2,990,150,440)</u>
<b>Gross profit</b>		<b>588,007,543</b>	<b>712,223,995</b>
Selling and distribution costs	29	<u>(5,185,620)</u>	<u>(2,387,460)</u>
Administrative costs	30	<u>(45,962,219)</u>	<u>(46,657,026)</u>
		<u>(51,147,839)</u>	<u>(49,044,486)</u>
		536,859,704	663,179,509
Other income	31	<u>50,800</u>	<u>717,183</u>
<b>Results from operating activities</b>		<b>536,910,504</b>	<b>663,896,692</b>
Finance costs	32	<u>(299,682,451)</u>	<u>(245,545,151)</u>
Finance income	33	<u>49,727,831</u>	<u>71,514,934</u>
		<u>(249,954,620)</u>	<u>(174,030,217)</u>
<b>Net Profit before tax and WPPF and Welfare Fund</b>		<b>286,955,884</b>	<b>489,866,475</b>
Contribution to WPPF and Welfare Fund	25	<u>(13,465,563)</u>	<u>(22,015,459)</u>
		<u>273,490,321</u>	<u>467,851,016</u>
<b>Profit before income tax</b>		<b>273,490,321</b>	<b>467,851,016</b>
Income tax expenses:			
Current Tax:			
Current year	24	<u>(27,841,473)</u>	<u>(128,889,811)</u>
Deferred tax	16	<u>(49,556,536)</u>	<u>(3,817,229)</u>
		<u>(77,398,009)</u>	<u>(132,707,040)</u>
<b>Net profit after tax for the year</b>		<b>196,092,312</b>	<b>335,143,976</b>
<b>Net Profit after tax attributable to:</b>			
Shareholders of the company		190,524,266	325,943,730
Non-controlling interest		<u>5,568,046</u>	<u>9,200,246</u>
		<b>196,092,312</b>	<b>335,143,976</b>
<b>Earnings per share:</b>			
Basic earnings per share	34	<u>1.94</u>	<u>3.31</u>

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, 01 February 2014



Rahman Rahman Huq  
Chartered Accountants




**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Share Capital		Share Premium		Retained earnings		Non-controlling interest		Total	
	Taka		Taka		Taka		Taka		Taka	Taka
<b>Balance as on 01 October 2011</b>	983,711,000	-	433,930,746	-	371,532,997	-	120,410,935	-	1,789,174,743	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	-	9,200,246	-	325,943,730	335,143,976
<b>Balance as at 30 September 2012</b>	<b>983,711,000</b>	<b>-</b>	<b>433,930,746</b>	<b>-</b>	<b>549,920,077</b>	<b>-</b>	<b>129,611,181</b>	<b>-</b>	<b>1,967,561,823</b>	<b>2,097,173,004</b>
<b>Balance as on 01 October 2012</b>	983,711,000	-	433,930,746	-	549,920,077	-	129,611,181	-	1,967,561,823	2,097,173,004
Cash dividend declared for the year 2012	-	-	-	-	(147,556,650)	-	-	-	(147,556,650)	(147,556,650)
Share money deposits for the year 2013	-	-	-	-	-	-	2,687,100	-	2,687,100	2,687,100
Net Profit after tax for the year 2013	-	-	-	-	190,524,266	-	5,568,046	-	190,524,266	196,092,312
<b>Balance as on 30 September 2013</b>	<b>983,711,000</b>	<b>-</b>	<b>433,930,746</b>	<b>-</b>	<b>592,887,693</b>	<b>-</b>	<b>137,866,327</b>	<b>-</b>	<b>2,010,529,439</b>	<b>2,148,395,766</b>

**S. ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>a. OPERATING ACTIVITIES:</b>		
Paid against revenue expenditure	(971,689,560)	(1,251,988,366)
Receipts from customers against sales	3,567,742,414	2,642,452,351
Receipts against other and finance income	73,390,688	65,491,387
Payment to Workers' Profit participation fund	(13,693,235)	(12,981,266)
Interests paid	(293,614,525)	(231,147,609)
Paid to suppliers against procurement of raw material	(2,080,922,400)	(439,221,251)
Advances paid	(9,220,835)	(32,977,234)
Security Deposits	-	(2,388,627)
Income Tax Paid	(191,684,187)	(84,904,890)
<b>Net cash provided by Operating Activities</b>	<b>80,308,360</b>	<b>652,334,495</b>
<b>b. INVESTING ACTIVITIES:</b>		
Acquisition of property, plant and equipment	(65,779,373)	(104,132,679)
Proceeds from sale of property, plant and equipment	-	300,000
Short term investment (FDR)	352,673,541	(92,407,385)
Short term loan to affiliated companies	473,020,157	(966,439,134)
Capital Work-in-progress	(438,862,225)	(1,607,142,850)
<b>Net cash used in Investing Activities</b>	<b>321,052,100</b>	<b>(2,769,822,048)</b>
<b>c. FINANCING ACTIVITIES:</b>		
Receipt/(Re-payment) of Term Loan	1,946,907,227	(232,354,863)
Loan received from /(paid to) affiliated companies	(277,321,359)	1,332,513,668
Receipts Against Share Money Deposits	2,687,100	-
Receipts/(Re-payment) of Short term loan	(1,941,924,931)	875,276,967
Paid against dividend	(136,843,742)	(143,041,229)
<b>Net cash (used in)/provided by Financing Activities</b>	<b>(406,495,705)</b>	<b>1,832,394,543</b>
<b>Total (a+b+c)</b>	<b>(5,135,245)</b>	<b>(285,093,010)</b>
<b>Opening cash and cash equivalents</b>	<b>12,508,873</b>	<b>297,601,883</b>
<b>Closing cash and cash equivalents</b>	<b>7,373,628</b>	<b>12,508,873</b>
	<b>(5,135,245)</b>	<b>(285,093,010)</b>





**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**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 12.02 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 and NOF Plant from 11 July 2013 with an annual capacity of 72,000 M Tones.

**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. And Tk 8,957,000 has been further invested for new share issue on 17 September, 2013 but issue of share against this amount is under process.

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 (BFRSSs) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987. BFRSSs comprise the following:

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

**2.02 Date of authorization**

These consolidated financial statements have been authorized for issue by the Board of Directors on 01 February 2014.

**2.03 Regulatory compliance**

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

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

#### **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 2012 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 2012 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 management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.

#### **2.10 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.

#### **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 Non-controlling interests**

The group measures non-controlling interests in the subsidiary at their proportionate share of the subsidiary's identifiable net assets which are generally at fair value adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

**3.01.03 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 in profit or loss.

**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 expensed 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. Depreciation is charged on addition when the assets are available for use or ready for use or from 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

<u>Particulars</u>	<u>Capacity utilization</u>	
	<u>CR Coil</u>	<u>NOF Plant</u>
Factory Building (including Leased Assets)	71.05%	8.04%
Capital Machinery	71.05%	8.04%
Factory equipment	71.05%	8.04%
Generator	71.05%	8.04%
Work Roll	71.05%	8.04%
Luffing Crane and Jetty construction	71.05%	8.04%
Coil Cart	71.05%	8.04%

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 consists of 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 extension, construction/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
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 Affiliated companies

These represents balance amounts due to / from Affiliated companies which are derived from short term loan, short term financial arrangement availed from/paid to Affiliated 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 Non-derivative 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 derecognized 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.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, 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 Held-to-maturity financial assets**

If the group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

**3.09.01.03 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 amortized cost using the effective interest method, 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.



#### **3.09.01.04 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. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

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

#### **3.09.02 Non-derivative 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 costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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 Provisions**

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**

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible 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-34 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.

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 Affiliated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

**3.18 Impairment**

**Non-derivative financial assets**

Non-derivative 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 profit or loss.

### **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 Consolidated Statement of Financial Position. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

#### **3.19.03 Determining whether an arrangement contains a lease**

At inception of an arrangement, the group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met.

- i) The fulfillment of the arrangement is dependent on the use of a specific assets or assets; and
- ii) The arrangement contains a right to use the assets(s).

At inception or on reassessment of the arrangement the group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

### **3.20 Segment reporting**

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

### **4.00 New Standards and interpretations not yet adopted**

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 October 2012, which have significant effect on the consolidated financial statements of the group are duly complied with.







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

Asset's category	Cost		Depreciation		Carrying amount as on September 30, 2013
	Opening balance as on October 01, 2012	Addition	Disposal/Adjustment	Closing balance as on September 30, 2013	
	Taka	Taka	Taka	Taka	
<b>A. Land and land development:</b>					
Land-Freehold (12.02 Acres)	64,777,890	4,833,270	-	-	69,611,160
Land Development	25,942,017	-	-	-	25,942,017
Internal Road and Drainage	3,506,580	-	-	-	1,420,099
Embankment	42,507,074	-	-	-	37,181,355
	<b>136,733,561</b>	<b>4,833,270</b>	-	<b>37,178,617</b>	<b>102,298,995</b>
<b>B. Building:</b>					
Factory Building (Including Leased Assets)	303,888,860	-	-	-	226,683,258
Factory Building (NOF Plant)	81,834,785	15,319,372	1,225,000	43,628	92,964,759
General Building	33,321,203	-	-	-	20,574,657
	<b>419,044,848</b>	<b>15,319,372</b>	<b>1,225,000</b>	<b>92,916,546</b>	<b>340,222,674</b>
<b>C. Plant and machinery</b>					
Capital Machinery	1,233,517,738	-	-	-	537,610,979
Capital Machinery (NOF Plant)	4,590,284	611,927,515	-	-	615,372,734
	<b>1,238,108,022</b>	<b>611,927,515</b>	-	<b>537,610,979</b>	<b>1,291,279,483</b>
<b>D. Equipment and appliances:</b>					
Factory Equipment	22,691,689	1,946,579	-	-	17,762,366
Office Equipment	1,453,910	-	-	-	1,942,667
Guest House Equipment	1,543,095	2,49,500	-	-	820,434
Computer	2,233,208	-	-	-	598,916
Air Conditioners	4,549,316	-	-	-	944,179
Generator	1,240,000	-	-	-	1,355,909
Electric Line Installation (NOF Plant)	2,755,225	1,717,213	-	-	2,869,220
Gas Line Installation	11,134,668	-	-	-	678,533
Fire Extinguisher	58,100	-	-	-	678,533
Telephone Line Installation	398,527	-	-	-	925,717
Grinding Wheel	134,666	-	-	-	11,444,954
Water Tank	113,500	-	-	-	2,034,736
Work Roll	1,593,025	-	-	-	215,443
Radioink and Networking (Factory)	258,880	-	-	-	150,341
Tools and Tackles	121,238	-	-	-	49,037
Coil Ware House	5,467,518	-	-	-	85,629
	<b>60,315,719</b>	<b>3,913,292</b>	-	<b>3,002,096</b>	<b>2,200,976</b>
<b>E. Furniture and Fixtures</b>					
Furniture and Fixtures	3,238,708	65,354	-	-	215,443
Furniture and Fixtures (NOF Plant)	217,118	74,177	-	-	150,341
	<b>3,455,826</b>	<b>139,531</b>	-	<b>1,660,924</b>	<b>49,037</b>
<b>F. Luffing Crane and Jetty Construction</b>					
G. Coil Cart	54,948,213	-	-	-	32,294,499
H. Motor vehicles	8,024,021	-	-	-	3,651,664
I. Interior Decoration	35,822,246	4,037,470	-	-	15,512,275
	<b>1,960,642,552</b>	<b>640,170,450</b>	<b>1,225,000</b>	<b>775,792,027</b>	<b>1,543,959</b>
<b>2013 Taka</b>	<b>1,857,232,706</b>	<b>104,132,679</b>	<b>722,833</b>	<b>82,325,423</b>	<b>1,258,461,158</b>
<b>2012 Taka</b>	<b>1,960,642,552</b>	<b>1,960,642,552</b>	<b>722,833</b>	<b>625,816</b>	<b>1,258,461,158</b>

Depreciation allocated to:

2013 Taka	2,599,588,002
2012 Taka	1,960,642,552
<b>2013 Taka</b>	<b>61,744,067</b>
<b>2012 Taka</b>	<b>20,381,356</b>
<b>2013 Taka</b>	<b>82,325,423</b>

Cost of sales ( Note 28.00)  
Administrative costs ( Note 30.00)



	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>6.00 Capital work-in-progress</b>		
Capital Machinery	1,427,707,388	1,799,213,410
Construction	166,115,580	170,328,378
Other Expenses	300,000	12,645,176
Office equipment	62,000	-
Computer	134,000	-
Factory Building	5,845,000	-
Supply of the balance of the plant	310,319,809	63,869,293
	<u>1,910,483,777</u>	<u>2,046,056,257</u>

These represent cost incurred for purchasing of capital machinery, installation and other expenses, structural works, drawing and fabrication at existing factory premises, installation of underground network, engineering works and other fixed assets at Kalarpool, Shikabaha, Patiya, Chittagong, Bangladesh.

	<u>Qty. (MT)</u>		
<b>7.00 Inventories</b>			
Raw Materials-H.R Coil	15,243	1,011,489,720	678,888,259
Raw Materials-HCL	4,560	29,089,094	25,612,734
Raw Materials-Lead Ingot, TIN Ingot, ZINC Ingot, ZINC Alloy, Antimony Ingot & Cromic Acid / Ocan Coat	1,559	407,843,290	187,073,377
Raw Materials-In-Bond items	20,110	1,484,366,899	2,636,423,604
Work-in-Process		27,300,881	64,414,384
Finished Goods-C.R Coil, CI Sheet & GP Sheet	5,427	432,258,416	103,854,793
Stores and Spares		256,525,627	230,158,234
Stock - in - transit		13,810,853	56,094,747
		<u>3,662,684,780</u>	<u>3,982,520,132</u>

<b>8.00 Accounts Receivable</b>			
Against CR Coil ( Note - 8.01)		1,760,481,920	1,628,020,935
Against C.I and G.P Sheet (NOF Project) ( Note - 8.02)		57,107,500	-
		<u>1,817,589,420</u>	<u>1,628,020,935</u>

<b>8.01 Against CR Coil</b>			
Chemon Ispat Limited		1,172,799,715	929,169,452
Galco Steels Limited		17,261,693	24,286,645
S. Alam Steels Limited		570,420,512	674,564,838
		<u>1,760,481,920</u>	<u>1,628,020,935</u>

<b>8.02 Against C.I and G.P Sheet (NOF Project)</b>			
Ansar Enterprise		8,950,000	-
Musa Enterprise		9,700,000	-
Rainbow Corporation		4,300,000	-
Shah Amanat Traders		9,650,000	-
Royal Enterprise		4,507,500	-
United Super Traders		10,350,000	-
Zinnah Corporation		9,650,000	-
		<u>57,107,500</u>	<u>-</u>

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

<b>9.00 Interest accrued</b>			
Interest accrued on FDR		-	23,612,057
		<u>-</u>	<u>23,612,057</u>

This represents interest accrued on FDRs with different banks.



	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>10.00 Due from Affiliated companies</b>		
S. Alam & Co.	22,505,000	5,000
Global Trading Corporation	421,831,948	938,346,620
S. Alam Steels Limited	74,710,106	86,183,300
S. Alam Super Edible Oil Ltd.	60,555,223	11,742,126
S. Alam Hatchery Limited	-	333,400
S. Alam Bag Manufacturing Mills Ltd.	-	11,988
S. Alam Vegetable Oil Limited	-	11,500,000
M. M. Corporation	-	4,500,000
	<u>579,602,277</u>	<u>1,052,622,434</u>

These represent short term loans to affiliated 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 is no fixed term of repayment.

<b>11.00 Advances, deposits and prepayments</b>		
Advances ( Note - 11.01)	522,123,732	347,307,367
Deposits ( Note - 11.02)	15,287,636	15,287,636
Prepayments- (Note-11.03)	3,141,699	-
	<u>540,553,067</u>	<u>362,595,003</u>

<b>11.01 Advances</b>		
Against Expenses	10,390,076	12,297,484
Against Salary	1,525,500	1,356,250
Bank Guarantee Margin	117,793,846	97,540,450
Advance Income Tax	367,174,191	201,578,661
VAT current account	11,765,884	829,504
Supplementary Tax Current A/C	164,674	164,674
Affiliated Engineers	400,000	-
Consultancy (Bidco Associates)	650,000	650,000
Against C&F	9,177,306	3,228,000
Capital expenditure - Land	-	595,000
House and Office Rent	-	48,000
Dipon Infrastructure Services Limited	-	12,398,835
Others	3,082,255	16,620,509
	<u>522,123,732</u>	<u>347,307,367</u>

<b>11.02 Deposits</b>		
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	2,394,127
	<u>15,287,636</u>	<u>15,287,636</u>

<b>11.03 Prepayments</b>		
Insurance	3,141,699	-
	<u>3,141,699</u>	<u>-</u>

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.



<b>12.00 Short term investment</b>	<b>Name of banks</b>	<b>Purpose</b>	<b>Period</b>	<b>Rate of interest</b>	<b>Taka</b>	<b>Taka</b>
Fixed Deposit Receipts:						
	Janata Bank Limited	L/C Margin	6 months	12.50%	56,826,577	411,773,001
	Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	12.50%	25,897,760	23,624,877
					<b>82,724,337</b>	<b>435,397,878</b>
<b>13.00 Cash and cash equivalents</b>						
	Cash in hand (Note-13.01)				100,781	5,069
	Cash at Banks (Note-13.02)				7,272,847	12,503,804
					<b>7,373,628</b>	<b>12,508,873</b>
<b>13.01 Cash in hand</b>						
	Head office				658	3,781
	Factory office				100,123	1,288
					<b>100,781</b>	<b>5,069</b>
<b>13.02 Cash at Banks:</b>						
	AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)				96,067	97,337
	Dutch Bangla Bank Ltd., Dilkhusha, Dhaka, (CD#0101110000016146)				403	2,078
	EXIM Bank Ltd., Khatungonj Branch, Ctg, (CD#00411100004909)				12,882	47,873
	First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (CD#11100008341)				176,483	184,675
	First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002884)				8,506	124
	First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100003008)				64,998	4,817
	First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#13100002711)				36,219	35,391
	First Security Islami Bank Ltd., Khatungonj Branch, Ctg, (SND#1310002792)				21,441	21,448
	First Security Islami Bank Ltd., Khatungonj Branch, Chittagong.				41,611	42,645
	Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (CD#10601002130)				1,678,658	101,193
	Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)				128,500	138,900
	Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)				155,844	1,574,145
	Mercantile Bank Ltd., Khatungonj Branch, Ctg, (CD#011211100005747)				20,710	22,930
	National Bank Ltd., Khatungonj Branch, Ctg, (CD#0002-33069282)				137,482	2,837
	Rupali Bank Ltd., Anderkilla, Laldighi East, Ctg (CD#200064978)				171,210	91,621
	Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (STD#240001344)				202,354	197,122
	Southeast Bank Ltd., Principal Office Branch, Dhaka (CD#11100036055)				341,050	348,599
	The City Bank Ltd., Khatungonj Branch, Ctg, (CD#1101002163001)				8,137	75,498
	National Bank Limited, Khatungonj Branch, Chittagong.				90,645	91,915
	Janata Bank Limited, Shadharan Bima Corporate Branch, Chittagong.				3,879,647	9,422,656
					<b>7,272,847</b>	<b>12,503,804</b>
<b>14.00 Share capital</b>						
	<b>Authorised capital:</b>					
	350,000,000 Ordinary Shares of Tk. 10 each				3,500,000,000	3,500,000,000
					<b>3,500,000,000</b>	<b>3,500,000,000</b>
	<b>Issued, Subscribed, Called up and Paid up capital:</b>					
	98,371,100 Ordinary Shares of Tk.10/- each fully paid (Note - 14.01)				983,711,000	983,711,000
					<b>983,711,000</b>	<b>983,711,000</b>

**14.01 Shareholding position**

		<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>Number of shares of Tk 10 each</b>	<b>Number of shares of Tk 10 each</b>
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	1,967,430
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	4.76%	4,684,500	4,089,000
Union Capital Ltd.	0.226%	222,160	361,910
ABIL-IDA	0.313%	308,000	795,186
ICB Unit Fund	0.949%	934,020	934,020
ICB	2.296%	2,258,920	622,420
Sonali Investment Ltd.	-	-	1,184,070
IDLC, Portfolio A/c	-	-	402,620
Others	42.952%	42,252,840	42,271,214
	<b>100%</b>	<b>98,371,100</b>	<b>98,371,100</b>

**14.02 Classification of shares by holding  
Class by number of shares**

	<b>2013</b>		
	<b>No. of Holders</b>	<b>No. of Shares</b>	<b>Holding</b>
	<b>Nos</b>	<b>Nos</b>	<b>%</b>
Less than 500	4,249	849,494	0.86
From 500 to 5,000	5,897	9,594,051	9.75
From 5,001 to 10,000	583	4,335,340	4.41
From 10,001 to 20,000	278	4,075,720	4.14
From 20,001 to 30,000	82	2,069,340	2.10
From 30,001 to 40,000	38	1,323,300	1.35
From 40,001 to 50,000	21	990,900	1.01
From 50,001 to 100,000	44	3,243,180	3.30
From 100,001 to 1,000,000	60	16,056,145	16.32
From 1,000,001 and above	11	55,833,630	56.76
Total	<b>11,263</b>	<b>98,371,100</b>	<b>100.00</b>

**15.00 Long term loan**

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
Project loan (Note-15.01)	939,166,666	-
Term loan (Note- 15.02)	836,576,858	25,732,019
	<b>1,775,743,524</b>	<b>25,732,019</b>

**15.01 Project loan**

Due within one year (Note-22.00)	50,361,112	49,211,754
Due after more than one year	939,166,666	-
	<b>989,527,778</b>	<b>49,211,754</b>

**15.01.1 Terms of Project loan:****Lenders: Janata Bank Ltd**

Janata Bank Ltd. sanctioned an amount of Tk. 98 Crore as project loan.

**Total loan facilities: Tk. 98 Crore.**

**Interest rate:**

Interest rate is 14.00% on quarterly rest or at applicable rate as determined by bank from time to time.

**Disbursement:**

Disbursement was made on 06.06.2013.

**Repayments**

Re-payment stipulated to be made by 24 quarterly installments plus accrued interest for each installment commencing from 01 June 2014.

**Loan period**

The entire loan amount shall be re-paid by seven (7) years including grace period of one (1) year.

**Securities:**

- i. 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 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.



### 15.01.2 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% on quarterly rest or at applicable rate as determined by bank 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.

### 15.02 Term loan

Due within one year (Note-22.00)

Due after more than one year

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
Due within one year (Note-22.00)	249,094,500	53,348,136
Due after more than one year	836,576,858	25,732,019
	<u><b>1,085,671,358</b></u>	<u><b>79,080,155</b></u>

### 15.02.01 Terms of the loan:

**Lenders: Rupali Bank Ltd**

01 Rupali Bank Ltd. (A/C No # 690000102) sanctioned an amount of Tk. 98.30 Crore as term loan by converting from the credit facility in the form of LIM and LTR and disbursed the full amount within 25th March 2013.

02 Rupali Bank Ltd. (A/C No # 690000065) sanctioned an amount of Tk. 10.37 Crore as term loan and disbursed the full amount within 16th May, 2012.

**Total loan facilities: Tk. 108.67 Crore.**

**Interest rate:**

Interest rate ranging between 15.00% to 16.00% p.a on quarterly rest at applicable rate as determined by bank from time to time.

**Disbursement:**

The disbursement was made Tk. 10.37 crore on 16.05.2012 and Tk. 98.30 crore 25.03.2013.

**Repayments**

Re-payment stipulated to be made by quarterly installments of Tk 52,204,000 each plus accrued interest, commencing from 31 August 2013 against loan facility of Tk 98.30 Crore.

Re-payment stipulated to be made by quarterly installments of Tk 15,500,000 each plus accrued interest, commencing 30 June 2012 against loan facility of Tk 10.37 Crore.

**Loan period**

The entire loan amount shall be re-paid by maximum of 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.



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>16.00 Deferred tax liabilities</b>		
Balance as on 01 October	223,955,171	220,137,942
Add: Recognized during the year	<u>49,556,536</u>	<u>3,817,229</u>
Balance as on 30 September	<b><u>273,511,707</u></b>	<b><u>223,955,171</u></b>
Recognized deferred tax assets and liabilities are attributable to the following:		
Property, plant and equipment	<u>273,511,707</u>	<u>223,955,171</u>
<b>17.00 Trade creditors</b>		
Customs Authority-Inbond Duty	286,554,721	528,376,922
Deferred L/C Liability	1,209,518,431	1,210,282,598
Sundry Creditors	<u>1,793,905</u>	<u>4,110,559</u>
	<b><u>1,497,867,057</u></b>	<b><u>1,742,770,079</u></b>
These represent amount (Sundry creditors) payable to various local parties against supply of Materials (HCL), Packing material and Spare parts.		
<b>18.00 Short term liabilities</b>		
Loan against Trust Receipt (LTR) (Note - 18.01)	1,036,328,445	2,914,342,864
Loan against CC Pledge and Hypo (Note - 18.02)	<u>1,705,438,841</u>	<u>1,769,349,353</u>
	<b><u>2,741,767,286</u></b>	<b><u>4,683,692,217</u></b>
<b>18.01 Short Term Bank Loan (LTR)</b>		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg	-	255,291,890
Janata Bank Ltd., Shdharan Bima Corp Branch, Ctg.	<u>1,036,328,445</u>	<u>2,659,050,974</u>
	<b><u>1,036,328,445</u></b>	<b><u>2,914,342,864</u></b>
<b>18.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI</b>		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	289,628,492	247,220,262
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	374,586,558	317,586,709
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	727,090,834	-
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	314,132,957	476,855,446
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	<u>-</u>	<u>727,686,936</u>
	<b><u>1,705,438,841</u></b>	<b><u>1,769,349,353</u></b>

**18.03** Terms and conditions of the above liabilities are as follows:

**18.03.01 Lender:** Rupali Bank Ltd., Anderkilla, Corporate Branch, Chittagong

**Total loan facility**

Total funded and non-funded facilities against LTR, CC Hypo, CC Pledge, LC/PAD/LIM and Bank guarantee was Tk. 152 crore.

**Rate of interest :** 16% p.a on quarterly rest.

**Security:**

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

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

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

LTR	200
LC/PAD /LIM	275

**Rate of interest :** At applicable rate determine from time to time.

**Security:**

1. Post dated cheque, corporate guarantee & personal guarantee of all directors.

**18.03.03 Lender:** Islami Bank Bangladesh Ltd., Khatungonj Branch, Chittagong

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

LTR	100
LC/PAD /MPI	200

**Rate of interest :** 15.20%

**Security:**

1. Post dated cheque, corporate guarantee & personal guarantee of all directors.
2. Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.

**18.03.04 Lender:** Janata Bank Limited for SAPGL

**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
- iii. Personal guarantee of all directors of the company jointly and individually.

<b>19.00 Liabilities for expenses</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
Audit fee	450,000	400,000
Chittagong Palli Bidyut Samity -1	8,190,027	8,149,649
Karnaphuli Gas Distribution Co. Ltd.	720,746	723,289
Salary and Allowances	6,413,071	5,453,401
Telephone and Mobile charges	25,347	43,298
Liason Office Rent and Expenses	15,209	46,644
Against C & F	154,370	176,156
Advertisement bills	62,960	185,200
Transportation	180,000	280,000
McDonald Steel Building Production Ltd	4,015,094	6,306,961
Karnaphuli Filling Station Limited	83,111	254,534
Interest Payable - Project Loan	35,403,105	-
Against Repair & Maintenance	1,414,039	-
Computer Source	17,000	-
Freedom Furniture	19,380	-
Against store and spare	79,245	-
Carrying charges	-	2,255,944
Guest House rent	-	14,400
Safe Enterprise	-	600,000
Others	-	222,386
	<b><u>57,242,704</u></b>	<b><u>25,111,862</u></b>
<b>20.00 Advance against sales</b>	<b><u>22,628,859</u></b>	<b><u>43,033,050</u></b>

These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.

**21.00 Due to Affiliated companies**

S.Alam Vegetable Oil Ltd.	11,477,808	279,504,637
S.Alam Cement Ltd.	16,323,135	16,323,135
S. Alam Power Plant Limited	110,000	560,000
S. Alam Refined Sugar Industries Ltd.	35,790,500	37,744,500
S. Alam Trading Co. (Pvt) Ltd.	1,095,561,590	1,100,393,795
Sonali Traders	39,391	97,716
United Super Traders	-	2,000,000
	<b><u>1,159,302,424</u></b>	<b><u>1,436,623,783</u></b>





	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>22.00 Long term loan-current portion</b>		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from October,2013 and consist of as follows:		
Project loan (Note-15.01)	50,361,112	49,211,754
Term loan (Note- 15.02)	249,094,500	53,348,136
	<u>299,455,612</u>	<u>102,559,890</u>
<b>23.00 Liability against unclaimed dividend</b>		
Unclaimed dividend on Ordinary Share	23,583,641	12,869,575
Unclaimed dividend on Convertible Preference Share	1,500,630	1,501,788
	<u>25,084,271</u>	<u>14,371,363</u>
<b>24.00 Provision for income tax</b>		
Opening balance as on 01 October	349,033,595	235,143,784
<b>Provided during the year:</b>		
Against current year	27,841,473	128,889,811
	376,875,068	364,033,595
Less: Adjusted with advance income tax paid at source	26,088,657	15,000,000
Closing balance 30 September	<u>350,786,411</u>	<u>349,033,595</u>
<b>25.00 Provision for WPPF and Welfare Fund</b>		
Opening balance as on October 1	43,515,589	29,938,321
Add: Accrued interest on amount due to WPPF and WWF	6,067,926	4,543,075
Provided during the year	13,465,563	22,015,459
	19,533,489	26,558,534
	63,049,078	56,496,855
Less: Paid during the year	13,693,235	12,981,266
Closing balance September 30	<u>49,355,843</u>	<u>43,515,589</u>
<b>26.00 Other liabilities</b>		
Income Tax deducted at source-others	145,557	305,972
Income Tax deducted at source against dividend	8,985,564	-
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	1,011,837	303,844
WPPF and Welfare Fund	13,124,384	13,124,384
Income Tax deducted at source from salary	-	90,450
	<u>23,665,797</u>	<u>14,223,105</u>
<b>27.00 Revenue</b>		
Sales of CR Coil-Net of VAT	3,508,876,581	3,462,750,852
Sale of scrap-Net of VAT	186,846,779	239,623,583
Sale of C.I Sheet-Net of VAT	80,520,016	-
Sale of G.P Sheet-Net of VAT	1,471,714	-
	<u>3,777,715,090</u>	<u>3,702,374,435</u>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>28.00 Cost of sales</b>		
Opening Stock of raw materials	865,961,636	1,809,560,199
<b>Add:</b> Purchased during the year	<u>3,743,028,562</u>	<u>1,689,212,068</u>
	4,608,990,198	3,498,772,267
<b>Less:</b> Closing Stock of Raw Materials	<u>1,419,333,010</u>	<u>865,961,636</u>
Cost of raw materials consumed	<u>3,189,657,188</u>	<u>2,632,810,631</u>
<b>Add: Manufacturing Expenses:</b>		
Power (Electricity)	91,837,420	80,438,592
Gas	4,962,036	9,430,426
Fuel and Lubricants- Factory Generator	828,800	831,739
Factory overhead (Note - 28.02)	71,307,235	47,913,664
Consumption of Hydrochloric acid (Note-28.01)	6,448,655	7,249,595
Consumption of Stores and Spares	58,826,500	84,133,775
Consumption of Packaging materials	1,192,700	1,181,866
Consumption of other chemicals	696,437	1,149,975
Depreciation (Note- 5.00)	<u>55,240,696</u>	<u>61,744,067</u>
	291,340,479	294,073,699
Cost of Goods Manufactured	3,480,997,667	2,926,884,330
<b>Add:</b> Opening stock of WIP	<u>64,414,384</u>	<u>102,733,399</u>
	3,545,412,051	3,029,617,729
<b>Less:</b> Closing stock of WIP	<u>27,300,881</u>	<u>64,414,384</u>
	3,518,111,170	2,965,203,345
<b>Add:</b> Opening stock of Finished Goods	<u>103,854,793</u>	<u>128,801,888</u>
	3,621,965,963	3,094,005,233
<b>Less:</b> Closing stock of Finished Goods	<u>432,258,416</u>	<u>103,854,793</u>
<b>Cost of sales of manufactured finished goods</b>	<b><u>3,189,707,547</u></b>	<b><u>2,990,150,440</u></b>
<b>28.01 Raw materials consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	25,612,734	21,493,706
<b>Add:</b> Purchased during the year	<u>9,925,015</u>	<u>11,368,623</u>
	35,537,749	32,862,329
<b>Less:</b> Closing Stock of raw materials	<u>29,089,094</u>	<u>25,612,734</u>
<b>Cost of Hydrochloric Acid</b>	<b><u>6,448,655</u></b>	<b><u>7,249,595</u></b>
<b>28.02 Factory overhead</b>		
Salaries and allowances	49,120,984	35,518,819
Insurance expenses	8,762,679	1,847,035
Medical expenses	110,707	202,407
Labour charges	67,638	97,760
Repairs and Maintenance	5,367,489	3,961,981
Carrying charges-raw materials	567,659	1,867,963
Uniform and liveries	146,970	8,650
Transportation	2,112,000	1,760,000
Printing & stationery	307,483	258,801
Canteen expenses-Factory	629,713	583,175
Telephone & Internet charges	102,830	66,164
Miscellaneous expenses	817,209	555,660
Registration and renewal	403,730	142,576
Rent, rates and taxes	50,730	7,991
Travelling and conveyance expenses	188,221	145,518
Lease Rent Expenses	1,684,800	-
Vehicle maintenance	<u>866,393</u>	<u>889,164</u>
	<b><u>71,307,235</u></b>	<b><u>47,913,664</u></b>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>29.00 Selling and distribution costs</b>		
Advertisement	5,185,620	2,387,460
	<b>5,185,620</b>	<b>2,387,460</b>
<b>30.00 Administrative costs</b>		
Salaries and allowances	15,546,610	12,929,880
Depreciation (Note- 5.00)	18,413,565	20,581,356
Donation and subscriptions	797,000	722,200
Canteen expenses	768,356	751,016
Fees and renewals	335,398	1,648,719
Guest house expenses	727,745	726,538
Legal and professional expenses	391,000	326,375
Liaison office expenses	85,484	83,646
Office maintenance expenses	217,266	630,852
Liaison office rent	370,500	360,000
Office decoration	71,000	72,000
Stationery expenses	586,912	974,470
Postage and courier expenses	4,976	2,545
Registration and renewal	672,118	649,613
Rent, rates and taxes	164,741	114,314
Telephone and e-mail expenses	280,607	242,835
Travelling and conveyance expenses	185,435	471,390
Vehicle maintenance including fuel and lubricants	286,430	283,245
Management meeting and conference	2,685,924	3,346,896
Electricity Expenses	173,204	199,913
Miscellaneous expenses	1,200,150	1,139,223
Audit fees	450,000	400,000
Insurance Expense	1,547,798	-
	<b>45,962,219</b>	<b>46,657,026</b>
<b>31.00 Other Income</b>		
Profit on sale of Fixed Assets	-	202,983
Miscellaneous income	50,800	514,200
	<b>50,800</b>	<b>717,183</b>
<b>32.00 Finance costs</b>		
Bank Charges	583,934	762,746
Interest on Cash Credit (Hypo)	42,398,230	33,835,580
Interest on Cash Credit (Pledge)	56,989,849	44,865,170
Interest on Term loan	87,295,507	10,087,711
Interest on Project loan	1,989,531	18,452,173
Interest on LIM	11,017,023	26,030,962
Interest on LTR	85,405,005	97,113,267
Interest on WPPF and WWF	6,067,926	7,297,196
Bank guarantee commission	7,935,446	7,100,346
	<b>299,682,451</b>	<b>245,545,151</b>
<b>33.00 Finance income</b>		
Interest income from MTDR & MDDS	14,080,688	17,965,168
Interest on STD/SND	19,230	14,572
Interest income from FDR	35,627,913	53,535,194
	<b>49,727,831</b>	<b>71,514,934</b>
<b>34.00 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	<b>190,524,266</b>	<b>325,943,730</b>
Number of shares outstanding during the year	<b>98,371,100</b>	<b>98,371,100</b>
Basic earnings per share (EPS)	<b>1.94</b>	<b>3.31</b>

### 35.00 Consolidated Operating Segments

The group has three reportable segments, as described below which are the group's strategic divisions. These strategic divisions offer different products are managed separately because they require different technology and marketing strategies. The following summary describes the operation in each of the group's reportable segments.

- i) Cold Rolled Strips: Includes purchasing of hot roll and manufacturing and distribution of CR Strips.
- ii) Non-Oxide Furnace (NOF): Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.
- iii) Power: Includes generally and distribution of electricity. The division did not commence its operation yet.

	2013			2012				
	CR Strips Iaka	NOF Iaka	Power Iaka	Total Iaka	CR Strips Iaka	NOF Iaka	Power Iaka	Total Iaka
<b>Information about reportable segments</b>								
<b>External Revenues:</b>								
Local Sales	3,508,876,581	81,991,730	-	3,590,868,311	3,462,750,852	-	-	3,462,750,852
Scrap Sales	186,846,779	-	-	186,846,779	239,623,583	-	-	239,623,583
<b>Total External Sales and Reportable Segment Revenue</b>	<b>3,695,723,360</b>	<b>81,991,730</b>	<b>-</b>	<b>3,777,715,090</b>	<b>3,702,374,435</b>	<b>-</b>	<b>-</b>	<b>3,702,374,435</b>
<b>Reportable Segment Profit before Tax</b>	<b>248,133,146</b>	<b>(1,244,454)</b>	<b>26,601,629</b>	<b>273,490,321</b>	<b>416,022,360</b>	<b>2,271,358</b>	<b>49,557,298</b>	<b>467,851,016</b>
Finance Income	20,486,114	-	29,241,717	49,727,831	14,494,055	6,648,049	50,372,830	71,514,934
Finance Costs	283,316,931	8,231,776	198,298	291,747,005	238,303,457	-	81,348	238,444,805
Depreciation & Amortisation	72,438,562	1,215,700	-	73,654,262	77,948,732	4,376,691	-	82,325,423
Share of profit of Non-Controlling Interest- Net of Tax	-	-	5,568,047	5,568,047	-	-	9,200,246	9,200,246
Reportable Segments Assets	7,092,598,250	1,434,338,899	1,897,870,112	10,424,807,261	8,139,779,652	831,815,932	1,830,199,143	10,801,794,727
Capital Expenditure	1,097,597,757	721,987,948	4,210,270	1,823,795,975	1,160,684,303	97,776,855	-	1,258,461,158
Reportable Segments liabilities	6,916,166,296	269,365,441	1,067,213,960	8,252,745,697	7,430,048,047	-	1,260,350,571	8,690,398,618



**35.01 Reconciliation of Reportable Segments**

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>Liabilities</b>		
Total Liabilities for reportable segments	8,252,745,697	8,690,398,618
Add: others Liabilities	23,665,797	14,223,105
<b>Total liabilities</b>	<b>8,276,411,494</b>	<b>8,704,621,723</b>

**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 balances as on reporting date have been set in accordance with the provisions of BAS-24.

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

<u>Name of parties</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 30.09.2013</u>	
S.Alam Vegetable Oil Ltd.	Affiliated Company and shareholder	Short term loan	11,477,808	Cr.
S.Alam Cement Ltd.	-DO-	Short term loan	16,323,135	Cr.
S. Alam Steels Limited	-DO-	Sales and Short term loan	645,130,618	Dr.
S. Alam & Co.	Affiliated Company	Short term loan	22,505,000	Dr.
Global Trading Corporation Ltd.	-DO-	Short term loan	421,831,948	Dr.
S.Alam Super Edible Oil Ltd.	-DO-	Short term loan	60,555,223	Dr.
S. Alam Power plant Ltd.	-DO-	Short term loan	110,000	Cr.
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	1,095,561,590	Cr.
Sonali Traders	-DO-	Short term loan	39,391	Cr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	35,790,500	Cr.
Chemon Ispat Limited	-DO-	Sales and Short term loan	1,172,799,715	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 out come of the above pending cases are uncertain.

**38.00 Quantitative movement of inventories****38.01 Raw Materials:**

	<b>2013</b>	<b>2012</b>
	<b>M.Ton</b>	<b>M.Ton</b>
Opening stock as on 01 October	10,674	30,490
Add: Imported during the year	52,761	22,880
Available for consumption	63,435	53,370
Less: Consumed /Sold/returned during the year	48,192	42,697
Closing stock as on 30 September	<b>15,243</b>	<b>10,674</b>

**38.02 Finished Goods:****A. In SACRSL plant**

	<b>2013</b>	<b>2012</b>
	<b>M.Ton</b>	<b>M.Ton</b>
Opening stock as on 01 October	1,426	1,311
Add: Produced during the year	43,853	38,456
Less: Sold during the year	45,279	39,767
To parties	39,066	38,341
To NOF	1,290	-
	40,356	38,341
Closing stock as on 30 September	<b>4,923.33</b>	<b>1,426</b>

**B. In NOF Plant**

Opening stock as on 01 October	-	-
Add: Produced during the year	1,207	-
	1,207	-
Less: Sold during the year	703	-
Closing stock as on 30 September	<b>504.01</b>	-



	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>39.00 Guarantees</b>		
The following Bank guarantees were outstanding on the reporting date:		
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	1,121,900	1,121,900
Deposit to Customs Authority against duty claim under appeal	89,017	89,017
Bank Guarantee Against Customs Authority under Bond	286,554,721	528,376,922
	<u>287,765,638</u>	<u>529,587,839</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

##### 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.

#### 40.01 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 in securities.

##### 40.01.01 Exposure to credit risk

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

	<u>Taka</u>	<u>Taka</u>
Accounts receivables	1,817,589,420	1,628,020,935
Due from Affiliated companies	579,602,277	1,052,622,434
Cash and cash equivalents	7,373,628	12,508,873
	<u>2,404,565,325</u>	<u>2,693,152,242</u>

##### (a) Accounts receivables

The group's exposure to credit risk is influenced by their customers from which, all are affiliated companies on the reporting date only 0.95 % of the company's receivables due from outside party.

The company's management has not established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered.

##### Ageing of trade and other receivables

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

	<u>Taka</u>	<u>Taka</u>
0-90 days	74,369,193	24,286,645
91- 180 days	670,420,512	624,564,838
Over 180 days	1,072,799,715	979,169,452
	<u>1,817,589,420</u>	<u>1,628,020,935</u>

##### (b) Due from affiliated companies

The carrying amount represents amount paid to affiliated 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. 7,373,628 at 30 September 2013 (2012: Tk 12,508,873), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

#### 40.02 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations Affiliated 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 months</u>	<u>Contractual cash flows</u>	<u>Carrying amount</u>
<b><u>Non-derivative financial liabilities:</u></b>			
<b><u>As at 30 September 2013</u></b>			
Trade creditors	1,497,867,057	1,497,867,057	1,497,867,057
Liabilities for expenses	57,242,704	57,242,704	57,242,704
Other liabilities	23,665,797	23,665,797	23,665,797
	<b>1,578,775,558</b>	<b>1,578,775,558</b>	<b>1,578,775,558</b>
<b><u>As at 30 September 2012</u></b>			
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
	<b>1,782,105,046</b>	<b>1,782,105,046</b>	<b>1,782,105,046</b>

#### 40.03 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:

##### 40.03.01 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 30 September 2013, the group was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>30.09.2013</u>		<u>30.09.2012</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<b><u>Exposure to currency risk</u></b>				
Foreign currency denominated assets:				
Accounts receivables	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	15,864,617	1,209,518,431	14,819,182	1,210,282,598
	<b>15,864,617</b>	<b>1,209,518,431</b>	<b>14,819,182</b>	<b>1,210,282,598</b>
Net exposure	<b>15,864,617</b>	<b>1,209,518,431</b>	<b>14,819,182</b>	<b>1,210,282,598</b>

The following significant exchange rate is applied during the year:

U S dollar	<b>76.24</b>	<b>81.67</b>
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A change of 10 basis points in foreign currencies would have increased/(decreased) equity and profit or loss of the company by Taka 1,586,399.

##### 40.03.02 Transaction risk

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

##### 40.03.03 Economic risk

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

##### 40.03.04 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

	<u>2013</u>	<u>2012</u>
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	357	366
	<b>357</b>	<b>366</b>

#### 43.00 Events after the reporting period

The Board of Directors in their meeting held on 01 February 2014 recommended 13% cash dividend for the year 2013.



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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 2013, 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 2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

**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, 01 February 2014



**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

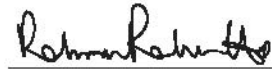
	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment - net	5	1,797,266,705	1,258,461,158
Capital work-in-progress	6	166,415,580	734,039,077
Investment	7	277,357,000	268,400,000
<b>Total non-current assets</b>		<b>2,241,039,285</b>	<b>2,260,900,235</b>
<b>Current assets:</b>			
Inventories	8	3,662,684,780	3,982,520,132
Accounts receivables	9	1,817,589,420	1,628,020,935
Due from Affiliated companies	10	872,250,662	1,129,848,715
Advances, deposits and prepayments	11	500,959,431	335,943,614
Short term investment	12	82,724,337	74,719,877
Cash and cash equivalents	13	3,361,725	2,951,657
<b>Total current assets</b>		<b>6,939,570,355</b>	<b>7,154,004,930</b>
<b>Total assets</b>		<b>9,180,609,640</b>	<b>9,414,905,165</b>
<b>Equity and Liabilities</b>			
Share capital	14	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		554,826,560	515,894,054
<b>Total equity</b>		<b>1,972,468,306</b>	<b>1,933,535,800</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loan	15	836,576,858	25,732,019
Deferred tax liabilities	16	273,511,707	223,955,171
<b>Total non-current liabilities</b>		<b>1,110,088,565</b>	<b>249,687,190</b>
<b>Current liabilities</b>			
Trade creditors	17	1,497,867,057	1,742,770,079
Short term liabilities	18	2,741,767,286	3,495,484,963
Liabilities for expenses	19	21,774,599	25,054,362
Advance against sales	20	22,628,859	43,033,050
Due to Affiliated companies	21	1,159,302,424	1,436,173,783
Long term loan-current portion	22	249,094,500	102,559,890
Liability against unclaimed dividend	23	25,084,271	14,371,363
Provision for income tax	24	308,568,334	314,856,991
Provision for WPPF and Welfare Fund	25	49,355,843	43,515,589
Other liabilities	26	22,609,596	13,862,105
<b>Total current liabilities</b>		<b>6,098,052,769</b>	<b>7,231,682,175</b>
<b>Total liabilities</b>		<b>7,208,141,334</b>	<b>7,481,369,365</b>
<b>Total liabilities and equity</b>		<b>9,180,609,640</b>	<b>9,414,905,165</b>

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, 01 February 2014

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**



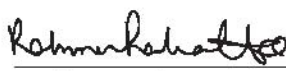
	<u>Notes</u>	<u>2013</u> <u>Taka</u>	<u>2012</u> <u>Taka</u>
<b>Revenue</b>	27	3,777,715,090	3,702,374,435
Cost of sales	28	(3,189,707,547)	(2,990,150,440)
<b>Gross profit</b>		<b>588,007,543</b>	<b>712,223,995</b>
Selling and distribution costs	29	(5,185,620)	(2,387,460)
Administrative costs	30	(43,520,429)	(45,922,842)
		(48,706,049)	(48,310,302)
		539,301,494	663,913,693
Other income	31	9,007,800	717,183
<b>Results from operating activities</b>		<b>548,309,294</b>	<b>664,630,876</b>
Finance costs	32	(299,484,153)	(245,463,803)
Finance income	33	20,486,114	21,142,104
		(278,998,039)	(224,321,699)
<b>Net Profit before tax and WPPF and Welfare Fund</b>		<b>269,311,255</b>	<b>440,309,177</b>
Contribution to WPPF and Welfare Fund	25	(13,465,563)	(22,015,459)
<b>Profit before income tax</b>		<b>255,845,692</b>	<b>418,293,718</b>
Income tax expenses:			
Current Tax:			
Current year	24	(19,800,000)	(110,000,000)
Deferred tax	16	(49,556,536)	(3,817,229)
		(69,356,536)	(113,817,229)
<b>Net profit after tax for the year</b>		<b>186,489,156</b>	<b>304,476,489</b>
<b>Earnings per share:</b>			
Basic earnings per share	34	1.90	3.10

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, 01 February 2014

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Share Capital	Share Premium	Retained Earnings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on 01 October 2011	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
<b>Balance as on 30 September 2012</b>	<b><u>983,711,000</u></b>	<b><u>433,930,746</u></b>	<b><u>515,894,054</u></b>	<b><u>1,933,535,800</u></b>
Balance as on 01 October 2012	983,711,000	433,930,746	515,894,054	1,933,535,800
Cash dividend declared for the year 2012	-	-	(147,556,650)	(147,556,650)
Net Profit after tax for the year 2013	-	-	186,489,156	186,489,156
<b>Balance as on 30 September 2013</b>	<b><u>983,711,000</u></b>	<b><u>433,930,746</u></b>	<b><u>554,826,560</u></b>	<b><u>1,972,468,306</u></b>

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<b>2013</b> <b>Taka</b>	<b>2012</b> <b>Taka</b>
<b>a. OPERATING ACTIVITIES:</b>		
Paid against revenue expenditure	(1,002,773,915)	(1,251,622,682)
Receipts from customers against sales	3,567,742,414	2,642,452,351
Receipts against other and finance income	20,536,914	21,656,304
Payment to Workers' Profit participation fund	(13,693,235)	(12,981,266)
Interests paid	(293,416,227)	(231,066,261)
Paid to suppliers against procurement of raw material	(2,080,922,400)	(439,221,251)
Advances paid	(5,613,723)	(13,728,399)
Security deposits	-	(2,388,627)
Income Tax Paid	(184,928,713)	(80,521,383)
<b>Net cash provided by Operating Activities</b>	<b>6,931,115</b>	<b>632,578,786</b>
<b>b. INVESTING ACTIVITIES:</b>		
Acquisition of property, plant and equipment	(68,336,683)	(104,132,679)
Proceeds from sale of property, plant and equipment	22,275,372	300,000
Short term investment (FDR)	(8,004,460)	(53,015,809)
Investment in subsidiary company	(8,957,000)	-
Short term loan to affiliated companies	257,598,053	(1,097,823,633)
Capital Work-in-progress	-	(316,436,746)
<b>Net cash provided by/(used in) Investing Activities</b>	<b>203,532,282</b>	<b>(1,571,108,867)</b>
<b>c. FINANCING ACTIVITIES:</b>		
Receipt/(Re-payment) of Term Loan	957,379,449	(232,354,863)
Loan received from /(paid to) affiliated companies	(276,871,359)	1,332,513,668
Receipts/(Re-payment) of Short term loan	(753,717,677)	(312,930,287)
Dividend paid	(136,843,742)	(143,041,229)
<b>Net cash (used in)/provided by Financing Activities</b>	<b>(210,053,329)</b>	<b>644,187,289</b>
<b>Total (a+b+c)</b>	<b>410,068</b>	<b>(294,342,792)</b>
<b>Opening cash and cash equivalents</b>	<b>2,951,657</b>	<b>297,294,449</b>
<b>Closing cash and cash equivalents</b>	<b>3,361,725</b>	<b>2,951,657</b>
	<b>410,068</b>	<b>(294,342,792)</b>



**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2013**

**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 12.02 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

The company commenced commercial production of CR Strips plant from 16th February 2004 with an approved annual capacity of 120,000 MT and NOF Plant of GP and CI Sheets from 11 July 2013 with an annual capacity of 72,000 M Tons.

**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 and the Securities and Exchange Rules 1987. 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 01 February 2014.

**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 etc.

**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.
- 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 2012 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 2012 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 management's assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern.
- 2.10 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 mentioned otherwise.
- 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 other 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 in profit or loss.
- 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 expensed 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 calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. 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. Depreciation is charged on addition when the assets are available for use or ready for use or from 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>	
	<u>CR Coil</u>	<u>NOF Plant</u>
Factory Building (including Leased Assets)	71.05%	8.04%
Capital Machinery	71.05%	8.04%
Factory equipment	71.05%	8.04%
Generator	71.05%	8.04%
Work Roll	71.05%	8.04%
Luffing Crane and Jetty construction	71.05%	8.04%
Coil Cart	71.05%	8.04%

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 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 construction/erection at 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 Affiliated companies**

These represents balance amounts due to / from affiliated companies which are derived from short term loan, short term financial arrangement availed from/paid to affiliated 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 profit or loss.

#### **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 Non-derivative 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.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, 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 Held-to-maturity financial assets**

If the company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

##### **3.08.01.03 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 amortized cost using the effective interest method, 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.



#### 3.08.01.04 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. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

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

#### 3.08.02 Non-derivative 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 costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

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 possible 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-34 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.

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 the period 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 Affiliated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

### 3.17 Impairment

#### Non-derivative 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 profit or loss.

### 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 profit or loss on a straight line basis over the term of the lease.

#### 3.18.03 Determining whether an arrangement contains a lease

At inception of an arrangement, the company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met.

- i) The fulfillment of the arrangement is dependent on the use of a specific assets or assets; and
- ii) The arrangement contains a right to use the assets(s).

At inception or on reassessment of the arrangement the company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

### 3.19 Segment reporting

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

### 4.00 New Standards and interpretations not yet adopted

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 October 2012, which have significant effect on the financial statements of the company are duly complied with.



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

Assets' category	Cost		Depreciation		Carrying amount as on September 30, 2013
	Opening balance as on October 01, 2012	Disposal/Adjustment	Charged for the year	Closing balance as on September 30, 2013	
	Tabs	Tabs	Tabs	Tabs	Tabs
<b>A. Land and land development:</b>					
Land-Freehold (12.02 Acres)	64,777,890	623,000	-	-	47,607,490
Land Development	23,942,017	-	-	-	21,416,417
Internal Road and Drainage	3,506,580	-	157,789	2,086,481	1,420,099
Embankment	42,507,074	-	1,331,430	37,181,355	5,325,719
	<b>136,733,561</b>	<b>623,000</b>	<b>1,489,219</b>	<b>39,267,836</b>	<b>75,769,725</b>
<b>B. Building:</b>					
Factory Building (Including Leased Assets)	303,888,860	-	8,349,540	77,205,002	226,683,258
Factory Building (NOF Plant)	81,834,785	1,225,000	93,480	2,964,398	92,964,759
General Building	33,321,203	-	1,082,877	12,746,546	20,574,657
	<b>419,044,848</b>	<b>1,225,000</b>	<b>9,525,897</b>	<b>92,916,546</b>	<b>340,222,674</b>
<b>C. Plant and machinery</b>					
Capital Machinery	1,233,517,738	-	505,914,790	557,610,979	675,906,759
Capital Machinery (NOF Plant)	4,580,284	611,927,515	818,109	1,145,075	615,372,724
	<b>1,238,108,022</b>	<b>611,927,515</b>	<b>52,514,298</b>	<b>558,756,054</b>	<b>1,291,279,483</b>
<b>D. Equipment and appliances:</b>					
Factory Equipment	22,691,689	-	1,358,540	4,929,323	17,762,366
Factory Equipment (NOF Plant)	1,433,910	1,946,579	3,912	3,912	1,942,667
Office Equipment	1,543,095	-	91,159	633,476	820,434
Guest House Equipment	2,233,208	249,500	877,633	944,179	598,916
Computer	4,549,316	-	127,397	1,126,799	1,365,909
Air Conditioners	1,240,000	-	318,802	1,680,096	2,869,220
Generator	2,755,225	-	561,467	1,829,308	678,533
Electric Line Installation	11,134,668	1,717,213	102,858	1,829,308	925,717
Gas Line Installation	4,569,154	-	226,082	1,406,927	11,444,954
Fire Extinguisher	58,100	-	2,394	2,534,418	2,084,736
Telephone Line Installation	398,527	-	16,705	36,557	21,543
Water Tank	134,666	-	4,481	248,186	150,341
Grinding Wheel	113,500	-	5,449	85,629	49,037
Waste Roll	1,593,025	-	67,686	72,267	41,233
Radiohmk and Networking (Factory)	258,880	-	66,672	721,315	871,710
Tools and Tackles	121,238	-	16,195	113,129	145,751
Coal Ware House	5,467,518	-	4,894	77,195	44,043
	<b>60,315,719</b>	<b>3,913,292</b>	<b>3,002,096</b>	<b>3,266,542</b>	<b>2,200,976</b>
<b>E. Furniture and Fixtures</b>					
Furniture and Fixtures	3,238,708	65,354	179,557	1,652,473	1,671,589
Furniture and Fixtures (NOF Plant)	217,118	74,177	6,739	28,451	262,844
	<b>3,475,826</b>	<b>139,531</b>	<b>186,296</b>	<b>1,680,924</b>	<b>1,934,433</b>
<b>F. Luffing Crane and Jetty Construction</b>					
G. Coal Cart	54,948,213	-	2,702,319	32,294,499	22,653,714
H. Motor vehicles	8,024,021	-	335,946	3,631,664	4,392,357
I. Interior Decoration	35,822,246	4,037,470	3,625,727	24,347,441	15,512,275
	<b>4,170,096</b>	<b>-</b>	<b>272,463</b>	<b>2,626,137</b>	<b>1,543,959</b>
	<b>1,960,642,552</b>	<b>635,960,180</b>	<b>73,654,261</b>	<b>775,792,027</b>	<b>1,797,266,705</b>
	<b>1,867,232,706</b>	<b>104,132,679</b>	<b>82,325,423</b>	<b>702,181,393</b>	<b>1,258,461,158</b>
<b>Depreciation allocated to:</b>					
2013 Tabs					
2012 Tabs					
Cost of sales (Note 28.00)					
Administrative costs (Note 30.00)					

2013  
2012  
2013  
2012

2013  
2012

2013  
2012



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>6.00 Capital work-in-progress - NOF Project</b>		
Capital Machinery	-	551,065,523
Construction	166,115,580	170,328,378
Other Expenses	300,000	12,645,176
	<b>166,415,580</b>	<b>734,039,077</b>

These represent cost incurred for extension of factory building and erection of factory shed regarding NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

#### 7.00 Investment

S. Alam Power Generation Limited (SAPGL)	268,400,000	268,400,000
Deposited against acquisition of shares in SAPGL	8,957,000	-
	<b>277,357,000</b>	<b>268,400,000</b>

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

#### 8.00 Inventories

	<b>Qty. (MT)</b>		
Raw Materials-H.R Coil	15,243	1,011,489,720	678,888,259
Raw Materials-HCL	4,560	29,089,094	25,612,734
Raw Materials-TIN Ingot, ZINC Ingot, Lead Ingot, Zinc Alloy, Antimony Ingot and Chromic Acid/Ocean Coat	1,559	407,843,290	187,073,377
Raw Materials-In-Bond items	20,110	1,484,366,899	2,636,423,604
Work-in-Process		27,300,881	64,414,384
Finished Goods-C.R Coil, C.I Sheet and G.P Sheet	5,427	432,258,416	103,854,793
Stores and Spares		256,525,627	230,158,234
Stock - in - transit		13,810,853	56,094,747
		<b>3,662,684,780</b>	<b>3,982,520,132</b>

#### 9.00 Accounts Receivable

Against CR Coil ( Note - 9.01)	1,760,481,920	1,628,020,935
Against C.I and G.P Sheet (NOF Project) ( Note - 9.02)	57,107,500	-
	<b>1,817,589,420</b>	<b>1,628,020,935</b>

#### 9.01 Against CR Coil

Chemon Ispat Limited	1,172,799,715	929,169,452
Galco Steels Limited	17,261,693	24,286,645
S. Alam Steels Limited	570,420,512	674,564,838
	<b>1,760,481,920</b>	<b>1,628,020,935</b>

#### 9.02 Against C.I and G.P Sheet (NOF Project)

Ansar Enterprise	8,950,000	-
Musa Enterprise	9,700,000	-
Rainbow Corporation	4,300,000	-
Shah Amanat Traders	9,650,000	-
Royal Enterprise	4,507,500	-
United Super Traders	10,350,000	-
Zinnah Corporation	9,650,000	-
	<b>57,107,500</b>	<b>-</b>

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

#### 10.00 Due from Affiliated companies

S. Alam Power Generation Limited	367,358,491	174,909,581
S. Alam Super Edible Oil Ltd.	60,555,223	11,742,126
S. Alam & Co.	22,505,000	5,000
Global Trading Corporation Ltd.	421,831,948	938,346,620
M. M. Corporation	-	4,500,000
S. Alam Hatchery Limited	-	333,400
S. Alam Bag Manufacturing Mills Ltd.	-	11,988
	<b>872,250,662</b>	<b>1,129,848,715</b>



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>11.00 Advances, deposits and prepayments</b>		
Advances (Note - 11.01)	485,109,757	320,655,978
Deposits (Note - 11.02)	15,287,636	15,287,636
Prepayments (Note-11.03)	562,038	-
	<b>500,959,431</b>	<b>335,943,614</b>
<b>11.01 Advances</b>		
Against Expenses	10,390,076	12,297,484
Against Salary	1,525,500	1,356,250
Bank Guarantee Margin	104,515,205	93,918,450
Advance Income Tax	353,666,163	194,826,107
VAT current account	11,765,884	829,504
Supplementary Tax Current A/C	164,674	164,674
Capital expenditure - Land	-	595,000
House and Office Rent	-	48,000
Others	3,082,255	16,620,509
	<b>485,109,757</b>	<b>320,655,978</b>
<b>11.02 Deposits</b>		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
Kamaphuli 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	2,394,127
	<b>15,287,636</b>	<b>15,287,636</b>
<b>11.03 Prepayments</b>		
Insurance	562,038	-
	<b>562,038</b>	<b>-</b>

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.

#### 12.00 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	12.50%	56,826,577	51,095,000
Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	12.50%	25,897,760	23,624,877
				<b>82,724,337</b>	<b>74,719,877</b>

#### 13.00 Cash and cash equivalents

Cash in hand (Note-13.01)	100,781	5,069
Cash at Banks (Note-13.02)	3,260,944	2,946,588
	<b>3,361,725</b>	<b>2,951,657</b>

<b>13.01 Cash in hand</b>	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
Head office	658	3,781
Factory office	100,123	1,288
	<b>100,781</b>	<b>5,069</b>

<b>13.02 Cash at Banks:</b>		
AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)	96,067	97,337
Dutch Bangla Bank Ltd., Local Office Dilkhusha, Dhaka, (CD#0101110000016146)	403	2,078
EXIM Bank Ltd., Khatungonj Branch, Ctg. (CD#00411100004909)	12,882	47,873
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (CD#11100008341)	176,483	184,675
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002884)	8,506	124
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100003008)	64,998	4,817
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002711)	36,219	35,391
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002792)	21,441	21,448
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (CD#10601002130)	1,678,658	101,193
Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)	128,500	138,900
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)	155,844	1,574,145
Mercantile Bank Ltd., Khatungonj Branch, Ctg. (CD#011211100005747)	20,710	22,930
National Bank Ltd., Khatungonj Branch, Ctg. (CD#0002-33069282)	137,482	2,837
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CD#200064978)	171,210	91,621
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (STD#240001344)	202,354	197,122
Southeast Bank Ltd., Principal Office Branch, Dhaka (CD#11100036055)	341,050	348,599
The City Bank Ltd., Khatungonj Branch, Ctg. (CD#1101002163001)	8,137	75,498
	<b>3,260,944</b>	<b>2,946,588</b>

<b>14.00 Share capital</b>		
<b>Authorised capital:</b>		
350,000,000 Ordinary Shares of Tk. 10 each	3,500,000,000	3,500,000,000
	<b>3,500,000,000</b>	<b>3,500,000,000</b>
<b>Issued, Subscribed, Called up and Paid up capital:</b>		
98,371,100 Ordinary Shares of Tk.10/- each fully paid	983,711,000	983,711,000
	<b>983,711,000</b>	<b>983,711,000</b>

<b>14.01 Shareholding position</b>		<b>Number of</b>	<b>Number of</b>
<b>Name of shareholders</b>	<b>%</b>	<b>shares of Tk 10</b>	<b>shares of Tk 10</b>
		<b>each</b>	<b>each</b>
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	1,967,430
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	4.76%	4,684,500	4,089,000
Union Capital Ltd.	0.226%	222,160	361,910
ABIL-IDA	0.313%	308,000	795,186
ICB Unit Fund	0.949%	934,020	934,020
ICB	2.296%	2,258,920	622,420
Sonali Investment Ltd.	-	-	1,184,070
IDLC, Portfolio A/c	-	-	402,620
Others	42.952%	42,252,840	42,271,214
	<b>100%</b>	<b>98,371,100</b>	<b>98,371,100</b>

#### 14.02 Classification of shares by holding

##### Class by number of shares

	<u>No. of Holders</u>	<u>No. of Shares</u>	<u>Holding</u>
	<u>Nos</u>	<u>Nos</u>	<u>%</u>
Less than 500	4,249	849,494	0.86
From 500 to 5,000	5,897	9,594,051	9.75
From 5,001 to 10,000	583	4,335,340	4.41
From 10,001 to 20,000	278	4,075,720	4.14
From 20,001 to 30,000	82	2,069,340	2.10
From 30,001 to 40,000	38	1,323,300	1.35
From 40,001 to 50,000	21	990,900	1.01
From 50,001 to 100,000	44	3,243,180	3.30
From 100,001 to 1,000,000	60	16,056,145	16.32
From 1,000,001 and above	11	55,833,630	56.76
Total	<b>11,263</b>	<b>98,371,100</b>	<b>100.00</b>

#### 15.00 Long term loan

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
Due within one year (Note-22.00)	249,094,500	53,348,136
Due after more than one year	836,576,858	25,732,019
	<b>1,085,671,358</b>	<b>79,080,155</b>

#### 15.01 Terms of the loan:

##### **Lenders: Rupali Bank Ltd**

01. Rupali Bank Ltd. (A/C No # 690000102) sanctioned an amount of Tk. 98.30 Crore as term loan by converting from the credit facility in the form of LIM and LTR and disbursed the full amount within 25th March 2013.

2. Rupali Bank Ltd. (A/C No # 690000065) sanctioned an amount of Tk. 10.37 Crore as term loan and disbursed the full amount within 16th May, 2012.

**Total loan facilities: Tk. 108.67 Crore.**

##### **Interest rate:**

Interest rate ranging between 15.00% to 16.00% p.a or at applicable rate as determined by bank from time to time.

##### **Disbursement:**

The disbursement of Tk. 10.37 was made on 16.05.2012 and Tk. 98.30 Crore on 25.03.2013.

##### **Repayments**

Re-payment stipulated to be made by quarterly installments of Tk 52,204,000 each plus accrued interest, commencing from 31 August 2013 against loan facility of Tk 98.30

Re-payment stipulated to be made by quarterly installments of Tk 15,500,000 each plus accrued interest, commencing from 30 June 2012 against loan facility of Tk 10.37

##### **Loan period**

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

##### **Securities:**

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

##### **Purpose:**

For meeting shortage of working capital.



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>16.00 Deferred tax liabilities</b>		
Balance as on 01 October	223,955,171	220,137,942
Add: Recognized during the year	<u>49,556,536</u>	<u>3,817,229</u>
Balance as on 30 September	<u><b>273,511,707</b></u>	<u><b>223,955,171</b></u>

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

Property, plant and equipment	<u><b>273,511,707</b></u>	<u><b>223,955,171</b></u>
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#### 17.00 Trade creditors

Deferred L/C Liability	1,209,518,431	1,210,282,598
Customs Authority-Inbond Duty	286,554,721	528,376,922
Sundry Creditors	<u>1,793,905</u>	<u>4,110,559</u>
	<u><b>1,497,867,057</b></u>	<u><b>1,742,770,079</b></u>

These represent amount (Sundry creditors) payable to various local parties against supply of Materials (HCL), Packing material and Spare parts.

#### 18.00 Short term liabilities

Loan against Trust Receipt (LTR) (Note - 18.01)	1,036,328,445	1,726,135,610
Loan against CC Pledge and Hypo (Note - 18.02)	<u>1,705,438,841</u>	<u>1,769,349,353</u>
	<u><b>2,741,767,286</b></u>	<u><b>3,495,484,963</b></u>

##### 18.01 Short Term Bank Loan (LTR)

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg	-	255,291,890
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	<u>1,036,328,445</u>	<u>1,470,843,720</u>
	<u><b>1,036,328,445</b></u>	<u><b>1,726,135,610</b></u>

##### 18.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	289,628,492	247,220,262
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	374,586,558	317,586,709
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	727,090,834	-
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	314,132,957	476,855,446
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	-	<u>727,686,936</u>
	<u><b>1,705,438,841</b></u>	<u><b>1,769,349,353</b></u>

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

##### 18.03.01 Lender: Rupali Bank Ltd., Anderkilla, Corporate Branch, Chittagong

###### Total loan facility

Total funded and non-funded facilities against LTR, CC Hypo, CC Pledge, LC/PAD/LIM and Bank guarantee was Tk. 152 crore.

**Rate of interest :** 16% p.a on quarterly rest.

###### Security:

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





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

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

LTR	200
LC/PAD /LIM	275
<b>Rate of interest :</b>	At applicable rate determine from time to time.
<b>Security:</b>	

Post dated cheque, corporate guarantee & personal guarantee of all directors.

**18.03.03 Lender:** Islami Bank Bangladesh Ltd., Khatungonj Branch, Chittagong

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

LTR	100
LC/PAD /MPI	200
<b>Rate of interest :</b>	15.20%

**Security:**

1. Post dated cheque, corporate guarantee & personal guarantee of all directors.
2. Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.

	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>19.00 Liabilities for expenses</b>		
Audit fee	400,000	350,000
Chittagong Palli Bidyut Samity -1	8,190,027	8,149,649
Karnaphuli Gas Distribution Co. Ltd.	720,746	723,289
Salary and Allowances	6,398,071	5,453,401
Telephone and Mobile charges	25,347	43,298
Liason Office Rent and Expenses	15,209	46,644
Against C & F	154,370	176,156
Advertisement bills	62,960	185,200
Transportation	180,000	280,000
McDonald Steel Building Production Ltd.	4,015,094	6,306,961
Karnaphuli Filling Station Limited	83,111	254,534
Against Repair & Maintenance	1,414,039	-
Computer Source	17,000	-
Freedom Furniture	19,380	-
Against store and spare	79,245	-
Carrying charges	-	2,255,944
Guest House rent	-	14,400
Safe Enterprise	-	600,000
Others	-	214,886
	<b><u>21,774,599</u></b>	<b><u>25,054,362</u></b>
<b>20.00 Advance against sales</b>	<b><u>22,628,859</u></b>	<b><u>43,033,050</u></b>
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.		
<b>21.00 Due to Affiliated companies</b>		
S.Alam Vegetable Oil Ltd.	11,477,808	279,504,637
S.Alam Cement Ltd.	16,323,135	16,323,135
S. Alam Power Plant Ltd.	110,000	110,000
S. Alam Trading Co. (Pvt) Ltd.	1,095,561,590	1,100,393,795
Sonali Traders	39,391	97,716
S. Alam Refined Sugar Industries Ltd.	35,790,500	37,744,500
United Super Traders	-	2,000,000
	<b><u>1,159,302,424</u></b>	<b><u>1,436,173,783</u></b>



	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>22.00 Long term loan-current portion</b>		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from October,2013 and consist of as follows:		
Project loan (Note-22.01)	-	49,211,754
Term loan (Note- 15.00)	249,094,500	53,348,136
	<u>249,094,500</u>	<u>102,559,890</u>

**22.01 Project loan**

Project loan amounting to Tk. 113.48 received from Pubali Bank Limited in 2003 has been fully repaid during the year.

**23.00 Liability against unclaimed dividend**

Unclaimed dividend on Ordinary Share	23,583,641	12,869,575
Unclaimed dividend on Convertible Preference Share	1,500,630	1,501,788
	<u>25,084,271</u>	<u>14,371,363</u>

**24.00 Provision for income tax**

Opening balance as on 01 October	314,856,991	219,856,991
<b>Provided during the year:</b>		
Against current year	19,800,000	110,000,000
	334,656,991	329,856,991
Less: Adjusted with advance income tax paid at source	26,088,657	15,000,000
Closing balance September 30	<u>308,568,334</u>	<u>314,856,991</u>

Year wise Income Tax assessment status is as follows:

<u>Accounting</u>	<u>Assessment year</u>	<u>Present status</u>
<u>year</u>		
2009 and earlier years	2010-2011 and earlier years	Assessment completed
2010	2011-2012	Under process
2011	2012-2013	Under process
2012	2013-2014	Return submitted

**25.00 Provision for WPPF and Welfare Fund**

Opening balance as on October 1	43,515,589	29,938,321
Add: Accrued interest on WPPF and WWF	6,067,926	4,543,075
Provided during the year @ 5% on net profit before tax	13,465,563	22,015,459
	19,533,489	26,558,534
	63,049,078	56,496,855
Less: Paid during the year	13,693,235	12,981,266
Closing balance September 30	<u>49,355,843</u>	<u>43,515,589</u>

**26.00 Other liabilities**

Income Tax deducted at source from salary	-	90,450
Income Tax deducted at source-others	29,178	153,972
Income Tax deducted at source against dividend	8,985,564	-
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	72,015	94,844
WPPF and Welfare Fund	13,124,384	13,124,384
	<u>22,609,596</u>	<u>13,862,105</u>



	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>27.00 Revenue</b>		
Sales of CR Coil-Net of VAT	3,508,876,581	3,462,750,852
Sale of C.I Sheet-Net of VAT	80,520,016	-
Sale of G.P Sheet-Net of VAT	1,471,714	-
Sale of scrap-Net of VAT	186,846,779	239,623,583
	<b>3,777,715,090</b>	<b>3,702,374,435</b>
<b>28.00 Cost of sales</b>		
Opening Stock of raw materials	865,961,636	1,809,560,199
<b>Add:</b> Purchased during the year	3,743,028,562	1,689,212,068
	4,608,990,198	3,498,772,267
<b>Less:</b> Closing Stock of Raw Materials	1,419,333,010	865,961,636
Cost of raw materials consumed	3,189,657,188	2,632,810,631
<b>Add: Manufacturing Expenses:</b>		
Power (Electricity)	91,837,420	80,438,592
Gas	4,962,036	9,430,426
Fuel and Lubricants- Factory Generator	828,800	831,739
Factory overhead (Note - 28.02)	71,307,235	47,913,664
Consumption of Hydrochloric acid (Note-28.01)	6,448,655	7,249,595
Consumption of Stores and Spares	58,826,500	84,133,775
Consumption of Packaging materials	1,192,700	1,181,866
Consumption of other chemicals	696,437	1,149,975
Depreciation (Note- 5.00)	55,240,696	61,744,067
	291,340,479	294,073,699
Cost of Goods Manufactured	3,480,997,667	2,926,884,330
<b>Add:</b> Opening stock of WIP	64,414,384	102,733,399
	3,545,412,051	3,029,617,729
<b>Less:</b> Closing stock of WIP	27,300,881	64,414,384
	3,518,111,170	2,965,203,345
<b>Add:</b> Opening stock of Finished Goods	103,854,793	128,801,888
	3,621,965,963	3,094,005,233
<b>Less:</b> Closing stock of Finished Goods	432,258,416	103,854,793
<b>Cost of sales of manufactured finished goods</b>	<b>3,189,707,547</b>	<b>2,990,150,440</b>
<b>28.01 Raw materials consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	25,612,734	21,493,706
<b>Add:</b> Purchased during the year	9,925,015	11,368,623
	35,537,749	32,862,329
<b>Less:</b> Closing Stock of raw materials	29,089,094	25,612,734
<b>Cost of sales of Hydrochloric Acid</b>	<b>6,448,655</b>	<b>7,249,595</b>
<b>28.02 Factory overhead</b>		
Salaries and allowances	49,120,984	35,518,819
Insurance expenses	8,762,679	1,847,035
Medical expenses	110,707	202,407
Labour charges	67,638	97,760
Repairs and Maintenance	5,367,489	3,961,981
Carrying charges-raw materials	567,659	1,867,963
Uniform and liveries	146,970	8,650
Transportation	2,112,000	1,760,000
Printing & stationery	307,483	258,801
Canteen expenses-Factory	629,713	583,175
Telephone and Internet charges	102,830	66,164
Miscellaneous expenses	817,209	555,660
Registration and renewal	403,730	142,576
Rent, rates and taxes	50,730	7,991
Travelling and conveyance expenses	188,221	145,518
Vehicle maintenance	866,393	889,164
Lease rent expenses	1,684,800	-
	<b>71,307,235</b>	<b>47,913,664</b>

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>29.00 Selling and distribution costs</b>		
Advertisement	5,185,620	2,387,460
	<b>5,185,620</b>	<b>2,387,460</b>
<b>30.00 Administrative costs</b>		
Salaries and allowances	15,467,181	12,929,880
Depreciation (Note-5.00)	18,413,565	20,581,356
Donation and subscriptions	797,000	722,200
Canteen expenses	768,356	682,003
Fees and renewals	335,398	1,647,419
Guest house expenses	727,745	726,538
Legal and professional expenses	268,500	316,625
Liaison office expenses	85,484	83,646
Office maintenance expenses	217,266	630,852
Liaison office rent	370,500	360,000
Office decoration	71,000	72,000
Stationery expenses	585,687	970,470
Registration and renewal	121,891	122,263
Rent, rates and taxes	164,741	114,314
Telephone and e-mail expenses	280,607	242,835
Travelling and conveyance expenses	169,325	416,739
Vehicle maintenance	286,430	283,245
Management meeting and conference	2,685,924	3,346,896
Electricity Expenses	173,204	199,913
Miscellaneous expenses	1,130,625	1,121,423
Audit fees	400,000	350,000
Postage and courier expenses	-	2,225
	<b>43,520,429</b>	<b>45,922,842</b>
<b>31.00 Other Income</b>		
Profit on sale of fixed assets	8,957,000	202,983
Miscellaneous income	50,800	514,200
	<b>9,007,800</b>	<b>717,183</b>
<b>32.00 Finance costs</b>		
Bank Charges	385,636	681,398
Interest on Cash Credit (Hypo)	42,398,230	33,835,580
Interest on Cash Credit (Pledge)	56,989,849	44,865,170
Interest on Term loan	87,295,507	10,087,711
Interest on Project loan	1,989,531	18,452,173
Interest on LIM	11,017,023	26,030,962
Interest on LTR	85,405,005	97,113,267
Interest on WPPF and WWF	6,067,926	7,297,196
Bank guarantee commission	7,935,446	7,100,346
	<b>299,484,153</b>	<b>245,463,803</b>
<b>33.00 Finance income</b>		
Interest income from MTDR and MDDS	14,080,688	17,965,168
Interest on STD/SND	19,230	14,572
Interest income from FDR	6,386,196	3,162,364
	<b>20,486,114</b>	<b>21,142,104</b>
<b>34.00 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	186,489,156	304,476,489
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	1.90	3.10



**35.00 Operating Segments**

The company has two reportable segments, as described below which are the company's strategic divisions. These strategic divisions offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operation in each of the company's reportable segments.

- i) Cold Rolled Strips: Includes purchasing of hot roll and manufacturing and distribution of CR Strips.
- ii) Non-Oxide Furnace (NOF): Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.

Information about reportable segments	2013		2012							
	CR Strips		Total		CR Strips		NOF		Total	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>External Revenues:</b>										
Local Sales	3,508,876,581	81,991,730	3,590,868,311	3,462,750,852					3,462,750,852	
Scrap Sales	186,846,779	-	186,846,779	239,623,583					239,623,583	
<b>Total External Sales and Reportable Segment Revenue</b>	<b>3,695,723,360</b>	<b>81,991,730</b>	<b>3,777,715,090</b>	<b>3,702,374,435</b>					<b>3,702,374,435</b>	
<b>Reportable Segment Profit before Tax</b>	<b>255,908,774</b>	<b>(63,082)</b>	<b>255,845,692</b>	<b>416,022,360</b>					<b>2,271,358</b>	<b>418,293,718</b>
Finance Income	20,486,114	-	20,486,114	14,494,055				6,648,049	21,142,104	
Finance Costs	283,316,931	8,231,776	291,548,707	238,363,457				-	238,363,457	
Depreciation & Amortisation	72,438,561	1,215,700	73,654,261	77,948,732				4,376,691	82,325,423	
Reportable Segments Assets	7,468,913,741	1,434,338,899	8,903,252,640	8,314,689,233				831,815,932	9,146,505,165	
Capital Expenditure	1,075,278,757	721,987,948	1,797,266,705	1,160,684,303				97,776,855	1,258,461,158	
Reportable Segments liabilities	6,916,166,296	269,365,441	7,185,531,737	7,467,507,260				-	7,467,507,260	

**35.01 Reconciliation of Reportable Segments**

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>Assets</b>		
Total Assets from reportable segments	8,903,252,640	9,146,505,165
Add: Others- Investment	277,357,000	268,400,000
<b>Total Assets</b>	<b>9,180,609,640</b>	<b>9,414,905,165</b>
<b>Liabilities</b>		
Total Liabilities for reportable segments	7,185,531,737	7,467,507,260
Add: others Liabilities	22,609,596	13,862,105
<b>Total liabilities</b>	<b>7,208,141,333</b>	<b>7,481,369,365</b>

**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 balances as on reporting date have been set in accordance with the provisions of BAS-24.

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

<u>Name of parties</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Outstanding as on 30.09.2013</u>
S. Alam Power Generation Limited	Subsidiary	Short term loan	367,358,491 Dr.
S. Alam Vegetable Oil Ltd.	Affiliated Company and shareholder	Short term loan	11,477,808 Cr.
S. Alam Steels Limited	-DO-	Sales and short term loans	570,420,512 Dr.
S. Alam Cement Ltd.	-DO-	Short term loan	16,323,135 Cr.
S. Alam & Co.	Affiliated Company	Short term loan	22,505,000 Dr.
Global Trading Corporation Ltd.	-DO-	Short term loan	421,831,948 Dr.
S. Alam Super Edible Oil Ltd.	-DO-	Short term loan	60,555,223 Dr.
S. Alam Power plant Ltd.	-DO-	Short term loan	110,000 Cr.
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	1,095,561,590 Cr.
Sonali Traders	-DO-	Short term loan	39,391 Cr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	35,790,500 Cr.
Chemon Ispat Limited	-DO-	Sales and short term loans	1,172,799,715 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:**

	<b>2013</b>	<b>2012</b>
	<b>M.Ton</b>	<b>M.Ton</b>
Opening stock as on 01 October	10,674	30,490
Add: Imported during the year	52,761	22,880
Available for consumption	63,435	53,370
Less: Consumed /Sold/returned during the year	48,192	42,697
Closing stock as on 30 September	<b>15,243</b>	<b>10,674</b>

<b>38.02 Finished Goods:</b>	<b>2013</b>	<b>2012</b>
<b>A. In SACRSL plant</b>	<b>M.Ton</b>	<b>M.Ton</b>
Opening stock as on 01 October	1,426	1,311
Add: Produced during the year	43,853	38,456
Less: Sold during the year	45,279	39,767
To parties	39,066	38,341
To NOF	1,290	-
	40,356	38,341
Closing stock as on 30 September	<b>4,923.33</b>	<b>1,426</b>
<b>B. In NOF Plant</b>		
Opening stock as on 01 October	-	-
Add: Produced during the year	1,207	-
	1,207	-
Less: Sold during the year	703	-
Closing stock as on 30 September	<b>504.01</b>	-
<b>39.00 Guarantees</b>	<b>Taka</b>	<b>Taka</b>
The following Bank guarantees were outstanding on the reporting date:		
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	1,121,900	1,121,900
Deposit to Customs Authority against duty claim under appeal	89,017	89,017
Bank Guarantee Against Customs Authority under Bond	286,554,721	528,376,922
	<b>287,765,638</b>	<b>529,587,839</b>

#### 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

##### 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.

#### 40.01 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 in securities.

##### 40.01.01 Exposure to credit risk

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

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
Accounts receivables	1,817,589,420	1,628,020,935
Due from Affiliated companies	872,250,662	1,129,848,715
Cash and cash equivalents	3,361,725	2,951,657
	<b>2,693,201,807</b>	<b>2,760,821,307</b>

##### (a) Trade receivables

The company's exposure to credit risk is influenced by their customers from which, all are affiliated companies on the reporting date only 0.95 % of the company's receivables due from outside party.

The company's management has not established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered.

### Ageing of trade and other receivables

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

	<u>Taka</u>	<u>Taka</u>
0-90 days	74,369,193	24,286,645
91- 180 days	670,420,512	624,564,838
Over 180 days	<u>1,072,799,715</u>	<u>979,169,452</u>
	<u><b>1,817,589,420</b></u>	<u><b>1,628,020,935</b></u>

### (b) Due from affiliated companies

The carrying amount represents amount paid to affiliated 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. 3,361,725 at 30 September 2013 (2012: Tk. 2,951,657), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

### 40.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations affiliated 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>
<b>Non-derivative financial liabilities:</b>			
<b>As at 30 September 2013</b>			
Trade creditors	1,497,867,057	1,497,867,057	1,497,867,057
Liabilities for expenses	21,774,599	21,774,599	21,774,599
Other liabilities	<u>22,609,596</u>	<u>22,609,596</u>	<u>22,609,596</u>
	<u><b>1,542,251,252</b></u>	<u><b>1,542,251,252</b></u>	<u><b>1,542,251,252</b></u>
<b>As at 30 September 2012</b>			
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	<u>13,862,105</u>	<u>13,862,105</u>	<u>13,862,105</u>
	<u><b>1,781,686,546</b></u>	<u><b>1,781,686,546</b></u>	<u><b>1,781,686,546</b></u>

### 40.03 Market risk

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

#### 40.03.01 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 30 September 2013, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>30.09.2013</u>		<u>30.09.2012</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<b>Exposure to currency risk</b>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	15,863,993	1,209,518,431	14,819,182	1,210,282,598
	<u>15,863,993</u>	<u>1,209,518,431</u>	<u>14,819,182</u>	<u>1,210,282,598</u>
Net exposure	<u><b>15,863,993</b></u>	<u><b>1,209,518,431</b></u>	<u><b>14,819,182</b></u>	<u><b>1,210,282,598</b></u>

The following significant exchange rate is applied during the year:

U S dollar	<u>76.24</u>	<u>81.67</u>
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A change of 10 basis points in foreign currencies would have increased/(decreased) equity and profit or loss of the company by Taka 1,586,399.



#### 40.03.02 Transaction risk

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

#### 40.03.03 Economic risk

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

#### 40.03.04 Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to re-pay debts as they fall due and to 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	2013 Limit Taka	2012 Limit Taka
Rupali Bank Limited	Project Loan	-	113.48 Crore
	Term Loan	114.78 Crore	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	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

##### SACRSL Plant:

Installed Capacity (In M.Ton) yearly

2013

2012

120,000

120,000

Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)

85,264.96

85,476.13

Capacity utilised (%)

71.05

71.23

##### NOF Plant:

Installed Capacity (In M.Ton) yearly

72,000

-

Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)

5,787.73

-

Capacity utilised (%)

8.04

-

#### 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

357

366

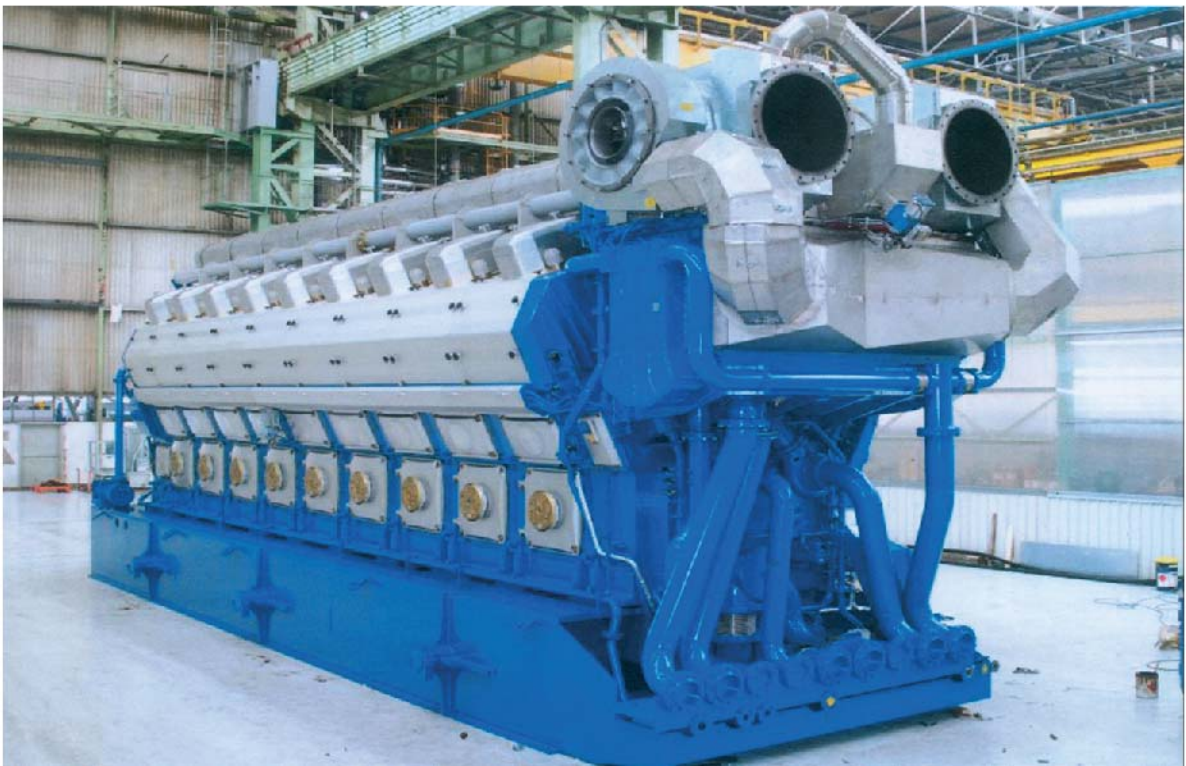
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366

#### 45.00 Events after the reporting period

The Board of Directors in their meeting held on 01 February 2014 recommended 13 % cash dividend for the year 2013.

# Subsidiary profile



# S. ALAM POWER GENERATION LIMITED

## Directors' Report to the Shareholders

**Dear Shareholders,**

Your Directors have the pleasure in presenting their 5th Annual Report along with the audited Accounts and the Auditors' Report thereon for the year ended 30th September 2013.

It is reported that due to the then prevalent situation in the country, the time frame for completion of the 17MWe captive power plant had again to be extended. Your directors now expect that the plant will, Insha Allah, be in operation by May 2014.

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. 29,241,717.00, net thereof after tax is Tk. 18,560,156.00, from its temporary investment made in form of FDR. The decrease in the interest income is due to encashment of the FDR in question in order to pay for the capital machinery during the year under report.

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, you are requested to consider extension of his tenure of office for another period of five years on and from 09/04/2014. Mr. Md. Osman Gani and Mr. Md. Abdullah Hasan are the Directors retiring by rotation. They therefore retire and being eligible, offer themselves for re-election in the ensuing Annual General meeting of the Company.

S. Alam Cold Rolled Steels Limited (SACRSL) holds 70% equity for the time being of your Company thus this Company by operation of law is a subsidiary of the SACRSL a company listed with both the Bourses of the country. In response to its call, the company received subscription of Tk.1,16,44,100/- from its existing shareholders. Allotment of shares would be made upon receipt of the consent of Bangladesh Securities & Exchange Commission (BSEC) for further issue of 1,16,441 Ordinary Shares of Tk.100/00 each at par to the company's existing shareholders.

Being a subsidiary of a stock exchange listed company, certain conditions of the Corporate Governance Guidelines (CGG) 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. Appointment of those directors in addition to the Board has been confirmed / ratified by the shareholders in the last Annual General Meeting of the company, therefore, they are 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. In compliance of such provisions of law, the Minutes of the board of Directors as well as the affairs of this company, in particular the investments made by this subsidiary company, have regularly been reviewed by the Board of Directors of SACRSL in their Meetings held during the year under report, and the financial statements of your company for the year ended 30/09/2013 have also 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  
01 February 2014



**Rahman Rahman Huq**  
Chartered Accountants  
102 Agrabad C/A (3rd Floor)  
Chittagong, Bangladesh

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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 2013, 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 2013, and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

**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, 01 February 2014

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2013**

		<b>2013</b>	<b>2012</b>
	<b>Notes</b>	<b>Taka</b>	<b>Taka</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	35,486,270	-
Capital work-in-progress	7	1,744,068,197	1,312,017,180
<b>Total Non-current assets</b>		<b>1,779,554,467</b>	<b>1,312,017,180</b>
<b>Current assets</b>			
Due from affiliated companies	8	74,710,106	97,683,300
Advances, deposits and prepayments	9	39,593,636	26,651,389
Interest accrued	10	-	23,612,057
Short term investment	11	-	360,678,001
Cash and cash equivalents	12	4,011,903	9,557,216
<b>Total current assets</b>		<b>118,315,645</b>	<b>518,181,963</b>
<b>TOTAL ASSETS</b>		<b>1,897,870,112</b>	<b>1,830,199,143</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	383,428,600	383,428,600
Retained earnings		67,168,760	48,608,604
<b>Equity attributable to owners of the company</b>		<b>450,597,360</b>	<b>432,037,204</b>
Share money deposits	14	11,644,100	-
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term loan	15	939,166,666	-
<b>Current liabilities</b>			
Short term liabilities	16	-	1,188,207,254
Liabilities for Expenses	17	36,524,306	418,500
Due to affiliated companies	18	367,358,491	175,359,581
Long term loan-current portion	19	50,361,112	-
Provision for Income Tax	20	42,218,077	34,176,604
<b>Total current liabilities</b>		<b>496,461,986</b>	<b>1,398,161,939</b>
<b>Total liabilities</b>		<b>1,447,272,752</b>	<b>1,398,161,939</b>
<b>TOTAL EQUITY AND LIABILITY</b>		<b>1,897,870,112</b>	<b>1,830,199,143</b>

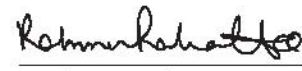
The annexed notes 1 to 27 form an integral part of these financial statements.

  
 Managing Director

  
 Director

  
 Company Secretary

As per our annexed report of same date.

  
 Rahman Rahman Huq  
 Chartered Accountants

Chittagong, 01 February 2014

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

		<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>Notes</u></b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Revenue</b>	1.02	-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses	21	(2,441,790)	(734,184)
<b>Results from operating activities</b>		<b>(2,441,790)</b>	<b>(734,184)</b>
Finance costs	22	(198,298)	(81,348)
Finance income	23	29,241,717	50,372,830
		29,043,419	50,291,482
<b>Net Profit before tax</b>		<b>26,601,629</b>	<b>49,557,298</b>
Income tax expenses:			
Current Tax:			
Current year	20	(8,041,473)	(18,889,811)
<b>Net profit after tax for the year</b>		<b>18,560,156</b>	<b>30,667,487</b>
<b>Earnings per share:</b>			
Basic earnings per share	24	4.84	8.00

The annexed notes 1 to 27 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, 01 February 2014

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on 01 October 2011	383,428,600	17,941,117	401,369,717
Net Profit after tax for the year 2012	-	30,667,487	30,667,487
<b>Balance as on 30 September 2012</b>	<b>383,428,600</b>	<b>48,608,604</b>	<b>432,037,204</b>
Balance as on 01 October 2012	383,428,600	48,608,604	432,037,204
Net Profit after tax for the year 2013	-	18,560,156	18,560,156
<b>Balance as on 30 September 2013</b>	<b>383,428,600</b>	<b>67,168,760</b>	<b>450,597,360</b>

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	<u>2013</u>	<u>2012</u>
	<u>Taka</u>	<u>Taka</u>
<b>a. OPERATING ACTIVITIES :</b>		
Paid against revenue expenditure	33,664,016	(365,684)
Receipt against interest income	52,853,774	43,835,083
Payment of bank charges	(198,298)	(81,348)
Advances paid	(6,186,773)	(19,248,835)
Income Tax Paid	(6,755,474)	(4,383,507)
<b>Net cash provided by Operating Activities</b>	<b>73,377,245</b>	<b>19,755,709</b>
<b>b. INVESTING ACTIVITIES:</b>		
Short term investment in FDR	360,678,001	(39,391,576)
Acquisition of property, plant and equipment	(35,486,270)	-
Capital Work-in-progress	(432,051,017)	(1,290,706,104)
<b>Net cash used in Investing Activities</b>	<b>(106,859,286)</b>	<b>(1,330,097,680)</b>
<b>c. FINANCING ACTIVITIES:</b>		
Receipt/ (Paid) of Short Term Loan	(1,188,207,254)	1,188,207,254
Receipt against share money deposits	11,644,100	-
Receipt of Long Term Loan	989,527,778	-
Loan received from affiliated companies-Net	214,972,104	131,384,499
<b>Net cash provided by Financing Activities</b>	<b>27,936,728</b>	<b>1,319,591,753</b>
<b>Total (a+b+c)</b>	<b>(5,545,313)</b>	<b>9,249,782</b>
Opening cash and cash equivalents	9,557,216	307,434
Closing cash and cash equivalents	4,011,903	9,557,216
	<b>(5,545,313)</b>	<b>9,249,782</b>

**S. ALAM POWER GENERATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED ON 30 SEPTEMBER 2013**

**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 two (2) units of World-renowned brand WARTSILA 17MW GENERATOR. The Power Plant will 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.

**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. BER/POWER/CIPP-006/L/004/789 under Bangladesh Energy Regulatory Commission. It will remain valid upto 03 April, 2014.

**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 01 February 2014.

**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 2012 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 2012 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 Property, plant and equipment**

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

##### **4.01.01 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 other cost directly attributable to the acquisition of the assets.

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 recognized in profit or loss.

##### **4.01.02 Depreciation**

Generally Land has unlimited useful life and its value never depreciates with some exception, quarries', sites used for landfill and mining land. Land is not depreciated.

#### **4.02 Capital work in progress**

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

#### **4.03 Transactions with affiliated companies**

These represents balance amounts due to /from affiliated companies which are derived from short term loan, short term financial arrangement availed from affiliated companies as and when required to meet the expenditure for acquisition of capital machinery and installation thereof from time to time. These balances are unsecured but considered good and realisable.

#### **4.04 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.

#### **4.05 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.

#### **4.06 Cash and cash equivalents**

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

#### **4.07 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.

##### **4.07.01 Non-derivative 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.

##### **4.07.02 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.

##### **4.07.03 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.

##### **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.

- 4.07.04 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.
- 4.08 Non-derivative 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.
- (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.
- 4.09 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.
- 4.10 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.
- 4.11 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.
- 4.12 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-24 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.
- 4.13 Income tax expenses**  
Tax expenses comprises current tax . Current tax is recognised in profit and loss except 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.
- 4.14 Leases**
- 4.14.01 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.
- 4.14.02 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**  
All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 October 2012, which have significant effect on the financial statements of the company are duly complied with.

	<b>2013</b>	<b>2012</b>	
	<b>Taka</b>	<b>Taka</b>	
<b>6.00 Property, plant and equipment</b>			
Land	<u>35,486,270</u>	<u>-</u>	
This represent land has set up its factory on 2.54 acres at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.			
<b>7.00 Capital Work In Progress</b>			
Capital Machinery : L/C 0136-11-01-0036	1,425,627,997	1,247,634,265	
Supply of the balance of the plant : L/C 0136-11-01-0061	250,232,581	56,247,791	
Supply of the balance of the plant : L/C 0136-11-99-0037	24,492,051	7,621,502	
Supply of the balance of the plant : Other equipments	35,595,177	-	
Office equipment	62,000	-	
Computer	134,000	-	
Factory Building	5,845,000	-	
Machinery Installation	2,079,391	513,622	
	<u>1,744,068,197</u>	<u>1,312,017,180</u>	
This represents cost incurred for purchasing of capital machinery, installation and other expenses, structural works, drawing and fabrication at existing factory premises, installation of underground network, engineering works and other fixed assets at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.			
<b>8.00 Due from affiliated companies</b>			
S. Alam Steels Limited	74,710,106	86,183,300	
S. Alam Vegetable Oil Limited	-	11,500,000	
	<u>74,710,106</u>	<u>97,683,300</u>	
These represent short term loans to affiliated 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.			
<b>9.00 Advances, deposits and prepayments</b>			
Advances ( Note - 9.01)	37,013,975	26,651,389	
Prepayments (Note-9.02)	2,579,661	-	
	<u>39,593,636</u>	<u>26,651,389</u>	
<b>9.01 Advances</b>			
Consultancy (BIDCO Associates)	650,000	650,000	
Income tax deducted at source on interest income	13,508,028	6,752,554	
Dipon Infrastructure Services Limited	-	12,398,835	
Against C&F bills	9,177,306	3,228,000	
Against L/C Margin	13,278,641	3,622,000	
Associated engineers	400,000	-	
	<u>37,013,975</u>	<u>26,651,389</u>	
<b>9.02 Prepayments</b>			
Insurance	2,579,661	-	
	<u>2,579,661</u>	<u>-</u>	
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.			
<b>10.00 Interest accrued</b>			
Interest accrued on FDR	-	23,612,057	
	<u>-</u>	<u>23,612,057</u>	
This represents interest accrued on FDRs with different banks.			
<b>11.00 Short term</b>			
Fixed Deposit Receipts			
<b><u>Name of banks</u></b>	<b><u>Purpose</u></b>	<b><u>Period</u></b>	<b><u>Rate of interest</u></b>
Janata Bank Limited	L/C Margin	6 months	11.00%
			<u>-</u>
			<u>360,678,001</u>
<b>12.00 Cash and cash equivalents</b>			
Cash at Banks			
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong		41,611	42,645
National Bank Limited, Khatungonj Branch, Chittagong		90,645	91,915
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong		3,879,647	9,422,656
		<u>4,011,903</u>	<u>9,557,216</u>
Cash transactions are maintained by the S. Alam Cold Rolled Steels Limited.			

		<u>2013</u>	<u>2012</u>
		<u>Taka</u>	<u>Taka</u>
<b>13.00 Share Capital</b>			
<b>Authorised Capital:</b>			
The authorised capital of the company is Tk. 1,000,000,000 (One hundred crore) divided into 10,000,000 (One crore) ordinary shares of Tk. 100 (Taka one hundred) each.			
<b>Issued, Subscribed and Paid-up Capital:</b>			
3,834,286 Ordinary shares of Tk. 100 each (Note - 13.01)		<u>383,428,600</u>	<u>383,428,600</u>
<b>13.01 Issued and Paid up Shares are Subscribed by :</b>			
	<b>No. of</b>	<b>Holding</b>	<b>Amount</b>
<b><u>Name of Shareholders</u></b>	<b><u>Shares</u></b>	<b><u>%</u></b>	<b><u>Taka</u></b>
S. Alam Cold Rolled Steels Ltd.	2,684,000	70.00	268,400,000
Mr. Mohammed Saiful Alam	766,857	20.00	76,685,700
Mr. Abdus Samad	383,429	10.00	38,342,900
	<u>3,834,286</u>	<u>100.00</u>	<u>383,428,600</u>
			<u>383,428,600</u>
<b>14.00 Share money deposits</b>		<u>11,644,100</u>	-
	<b>No. of</b>	<b>Amount</b>	<b>Amount</b>
<b><u>Name of Shareholders</u></b>	<b><u>Shares</u></b>	<b><u>Taka</u></b>	<b><u>Taka</u></b>
S. Alam Cold Rolled Steels Ltd.	89,570	8,957,000	-
Mr. Mohammed Saiful Alam	17,914	1,791,400	-
Mr. Abdus Samad	8,957	895,700	-
	<u>116,441</u>	<u>11,644,100</u>	-
			-
Call money received from shareholders against issue of share against which allotment of shares are pending under approval from Registrar of Joint Stock Companies and Firms.			
<b>15.00 Long term loan</b>		<u>939,166,666</u>	-
Project loan (Note-15.01)		<u>939,166,666</u>	-
<b>15.01 Project loan</b>			
Due within one year (Note-19.00)		50,361,112	-
Due after more than one year		939,166,666	-
		<u>989,527,778</u>	-
<b>15.01 Terms of Project loan</b>			
<b>Lenders: Janata Bank Ltd</b>			
Janata Bank Ltd. sanctioned an amount of Tk. 98 Crore as project loan.			
<b>Total loan facilities: Tk. 98 Crore.</b>			
<b>Interest rate:</b>			
Interest rate is 14.00% on quarterly rest or at applicable rate as determined by bank from time to time.			
<b>Disbursement:</b>			
The disbursement was made on 06.06.2013.			
<b>Repayments</b>			
Re-payment stipulated to be made by 24 quarterly installments plus accrued interest for each, commencing from 01 June 2014.			
<b>Loan period</b>			
The entire loan amount shall be re-paid by seven(7) years including grace period of one (1) year.			
<b>Securities:</b>			
i. 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 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.			
<b>Purpose:</b>			
For meeting expenditure for capital machineries.			
<b>16.00 Short term liabilities</b>			
Janata Bank Limited- LTR		-	1,188,207,254
		<u>-</u>	<u>1,188,207,254</u>
<b>Terms and conditions of the above liabilities:</b>			
<b>Lender:</b> Janata Bank Limited			
<b>Type:</b> LTR/PAD/LC			
<b>Limit :</b> 124.57 Crore			
<b>Rate of interest:</b> 11%			
<b>Mortgage:</b>			
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.			

	<b>2013</b>	<b>2012</b>
	<b>Taka</b>	<b>Taka</b>
<b>17.00 Liabilities for Expenses</b>		
Income Tax payable	116,379	152,000
Salary	15,000	-
VAT	939,822	216,500
Audit Fee Payable	50,000	50,000
Interest payable (Project loan)	35,403,105	-
	<b>36,524,306</b>	<b>418,500</b>
<b>18.00 Due to affiliated companies</b>		
S. Alam Cold Rolled Steels Limited	367,358,491	174,909,581
S. Alam Power Plant Limited	-	450,000
	<b>367,358,491</b>	<b>175,359,581</b>
These balances represent short term financial arrangement availed from parent/affiliated companies. These are interest free and there is no fixed term of repayment.		
<b>19.00 Long term loan-current portion</b>		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from October, 2013 and consist of as follows:		
Project loan (Note-15.01)	50,361,112	-
	<b>50,361,112</b>	<b>-</b>
<b>20.00 Provision for Income Tax</b>		
Opening balance as on October 1	34,176,604	15,286,793
Add: Provided during the year		
Against current year	8,041,473	18,889,811
Closing balance as on September 30	<b>42,218,077</b>	<b>34,176,604</b>
<b>21.00 Administrative expenses</b>		
Salaries and wages	79,429	-
Postage & Stamp	4,976	320
Miscellaneous Expenses	69,525	17,800
Legal & Professional Fee	122,500	9,750
Traveling & Conveyance	16,110	54,651
Stationery	1,225	4,000
Audit Fee	50,000	50,000
License & Renewal Fee	550,227	527,350
Insurance expenses	1,547,798	-
Entertainment	-	69,013
Fees & Fines	-	1,300
	<b>2,441,790</b>	<b>734,184</b>
<b>22.00 Finance costs</b>		
Bank Charges	198,298	81,348
	<b>198,298</b>	<b>81,348</b>
<b>23.00 Finance income</b>		
Interest income from FDR	29,241,717	50,372,830
	<b>29,241,717</b>	<b>50,372,830</b>
<b>24.00 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	<b>18,560,156</b>	<b>30,667,487</b>
Number of shares outstanding during the year	<b>3,834,286</b>	<b>3,834,286</b>
Basic earnings per share (EPS)	<b>4.84</b>	<b>8.00</b>
<b>25.00 Capital commitments</b>		
There are capital expenditure commitment for Tk. 7.29 crore in respect of plant and machinery and civil construction.		
<b>26.00 Contingent liabilities</b>		
The company had no contingent liabilities at the reporting date.		
<b>27.00 Events after the reporting period</b>		
No material events have occurred from the reporting date to the date of issue of these financial statements which could affect the values stated therein.		

# Snapshots



# Snapshots

