

The background of the cover features a stylized world map in shades of blue. A prominent green line graph with an upward-pointing arrow is overlaid on the map, starting from the bottom left and trending upwards towards the right. Several white and light blue arrows of various sizes and orientations are scattered across the map, some pointing left and some pointing right. The title 'Annual Report 2014' is enclosed in a white, rounded rectangular frame in the upper right quadrant.

Annual Report 2014



S. Alam Cold Rolled Steels Limited
www.s.alamgroupbd.com

14th
annual general meeting 2015



S. ALAM COLD ROLLED STEELS LIMITED

In this year's report



03

Company Profile

04

Management Apparatus

05

Transmittal Letter

06

Notice of the Annual General Meeting

07

Message from the Chairman

08

From the Desk of the Managing Director

09-22

Directors' Report

23

Certificate on Financial Statements

24

Certificate on compliance with the conditions of Corporate Governance Guidelines

25

Report of the Audit Committee

26-56

Auditors' Report & Audited Consolidated Financial Statements

57-80

Auditors' Report & Audited Financial Statements

Subsidiary Profile :

82

Directors' Report

83-92

Auditors' Report & Audited Financial Statements of S. Alam Power Generation Ltd.

93-94

Snapshots

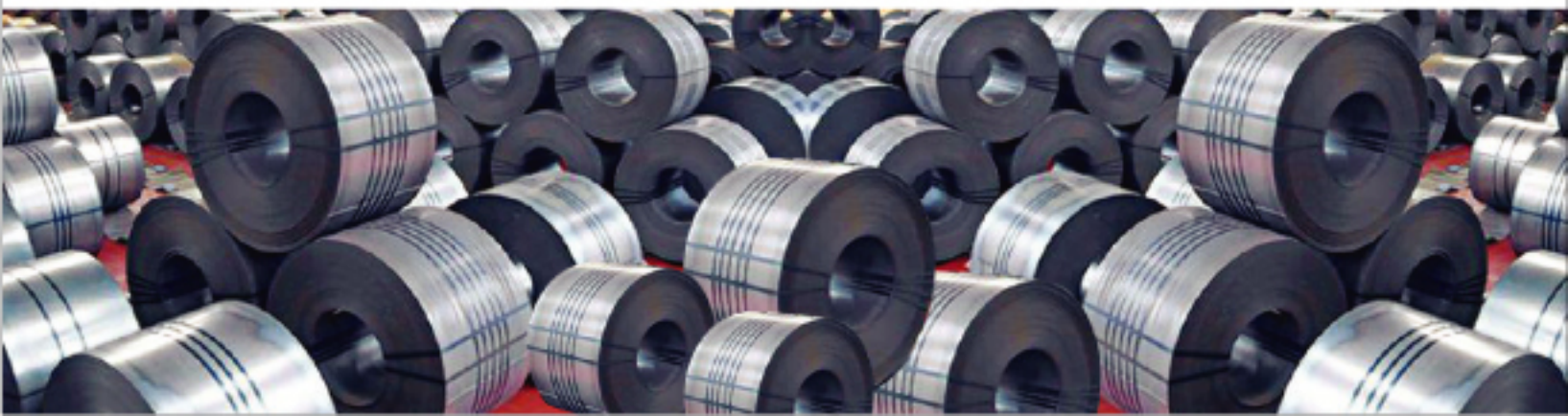
95

Proxy Form



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 Website : 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



MANAGEMENT APPARATUS

- **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
- **Company Secretary**
 - Mr. Ghulam Muhammed : Company Secretary
- **Senior Corporate Officials**
 - Mr. Subrata Kumar Bhowmick FCA : Executive Director (Finance)
 - Mr. Moshir Rahman : General Manager (Mills)
 - 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.
 - Export Import Bank of Bangladesh Ltd.
 - Southeast Bank Ltd.
- **Insurer**
 - Northern General Insurance Co. Ltd.
- **External Credit Assessment Institution**
 - Alpha Credit Rating Limited





Transmittal Letter

01 March 2015

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 2014.

Dear Sir(s),

We are pleased to transmit a copy of the Annual Report 2014 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 2014 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 স্টীলস 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 ১৪তম বার্ষিক সাধারণ সভা নিম্নলিখিত বিষয়াদি সম্পাদনকল্পে আগামী ২৮ মার্চ, ২০১৫ শনিবার সকাল ১১-০০টায় -স্মরণিকা (কমিউনিটি সেন্টার) ১৩, লাভ লেন, চট্টগ্রামে অনুষ্ঠিত হবে।

আলোচ্যসূচি : (Ordinary Business)

- ০১। ২০১৪ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের নিরীক্ষিত আর্থিক বিবরণীসমূহ, পরিচালকমণ্ডলির প্রতিবেদন এবং নিরীক্ষকদের প্রতিবেদন গ্রহণ এবং অনুমোদন।
- ০২। ৩০ সেপ্টেম্বর ২০১৪ তারিখে সমাপ্ত বছরের জন্য লভ্যাংশ ঘোষণা।
- ০৩। পরিচালকমণ্ডলির নির্বাচন / পুনঃনির্বাচন / নিয়োগ অনুমোদন।
- ০৪। ২০১৫ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের জন্য অভিটর নিয়োগ ও তাদের পারিশ্রমিক নির্ধারণ।

২৬ ফেব্রুয়ারি, ২০১৫ ইং


মোহাম্মদ সাইফুল আলম
ব্যবস্থাপনা পরিচালক

দৃষ্টব্য :

০১. রেকর্ড ডেট: ০৯ মার্চ ২০১৫। রেকর্ড ডেট-এ সিডিবিএল ডিপোজিটারি রেজিস্টার এবং কোম্পানির সদস্য বইতে নিবন্ধিত শেয়ারহোল্ডারগণ উপরোক্ত সাধারণ সভায় যোগদানসহ অনুমোদিত লভ্যাংশ পাওয়ার যোগ্য বলে বিবেচিত হবেন।
০২. প্রক্সি: 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 ঘণ্টা পূর্বে সংযুক্ত প্রক্সি ফরম নিয়মানুযায়ী স্ট্যাম্প সহকারে পূরণ করে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।
০৩. কেবলমাত্র হাজিরাপত্র উপস্থাপন সাপেক্ষে হলে প্রবেশ করা যাবে। কুরিয়ার বা ডাকযোগে যথাসময়ে বাৎসরিক প্রতিবেদন/হাজিরাপত্র না পেয়ে থাকলে কোম্পানির চট্টগ্রাম / ঢাকা অফিস হতে অথবা ওয়েবসাইটে হতে ডাউনলোড এর মাধ্যমে সংগ্রহ করা যাবে। বাৎসরিক প্রতিবেদন ২০১৪ কোম্পানির ওয়েবসাইটে আপলোড করা হয়েছে।
০৪. পরিচালক নির্বাচন :
ক. পর্যায়ক্রমিক অবসর গ্রহণকারী উদ্যোক্তা পরিচালক আইনানুগ পুনঃনির্বাচিত হবে।
খ. প্রাতিষ্ঠানিক শেয়ারহোল্ডারগণ হতে এক জন এবং সাধারণ শেয়ারহোল্ডারগণ হতে এক জন পরিচালক নির্বাচনের মনোনয়নপত্র ১৫-০৩-২০১৫ হতে ১৯-০৩-২০১৫ পর্যন্ত কোম্পানির প্রধান কার্যালয়ে অফিস চলাকালীন সময়ে পাওয়া যাবে।
গ. মনোনয়নপত্র যথাযথ পূরণ ও স্বাক্ষর করতঃ প্রয়োজনীয় কাগজ পত্রাদিসহ কোম্পানির প্রধান কার্যালয়, এস. আলম ভবন, ২১১৯, আছাদগঞ্জ, চট্টগ্রামে ২২-০৩-২০১৫ তারিখের মধ্যে অবশ্যই জমা দিতে হবে।
ঘ. মনোনয়নপত্র প্রত্যাহারের শেষ তারিখ ২৩-০৩-২০১৫।
ঙ. যথাযথ বাছাইয়ের পর যোগ্য পরিচালক পদ-প্রার্থীদের চূড়ান্ত তালিকা ২৪-০৩-২০১৫ তারিখে কোম্পানির প্রধান কার্যালয়ের নোটিশ বোর্ডে প্রকাশ করা হবে।
০৫. বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন এর নোটিফিকেশন এবং ডিএসইর মেমোসমূহ অনুযায়ী বার্ষিক সাধারণ সভায় উপস্থিতির জন্য কোনোরূপ গিফ্ট/ নগদ সুবিধা প্রদানের ব্যবস্থা থাকবে না।
০৬. হিসাব বিবরণী ও প্রতিবেদনসমূহের উপর কোনো অনুসন্ধান থাকলে ব্যাখ্যা প্রদানের সুবিধার্থে তাহা সভা আরম্ভের তিন কার্যদিবস পূর্বে কোম্পানির নিবন্ধিত কার্যালয়ে দাখিলের জন্য অনুরোধ করা যাচ্ছে।



Message from the **Chairman**

Dear Shareholders,
Assala-mu-alaikum

It is my great pleasure once again to warmly welcome you all, on behalf of the Board of Directors, to the 14th Annual General Meeting of the company.

We are grateful to the Almighty Allah for the business performance that your company attained during the year under report that shall have to be considered satisfactory in the context of the sluggish business at all sectors especially the rural economy despite political calm and stability that prevailed in the country after last national poll. Slow implementation by the Government of the ambitious Annual Development Program (ADP) also caused drastic fall in the earnings of the rural people that also badly hit the rural economy. Such situation had been a setback for the Company even for attaining its business performance at the level which it attained last year.

In spite of the sluggish business that was then prevailing, Alhamdulillah your company was able to earn revenue income for the year of Tk. 3,354,656,471/- as against that of the previous year of Tk. 3,777,715,090/- under the able and far-sighted leadership and guidance of its Managing Director Mr. Mohammed Saiful Alam.

The post-tax consolidated profit earning for the year is Tk. 95,433,353/- with EPS of Tk.0.98 whereas that of the previous year was Tk. 19,60,92,312/- with the EPS of Tk. 1.94. The decrease was due to sluggish economy.

S. Alam Power Generation Limited, a subsidiary of this company, has entered an Agreement afresh with the EPC Contractors and in terms thereof they took up the project implementation work and the work is progress in full swing. It is now expected that the medium sized Power Plant shall Insha Allah go for commencement of its commercial operation by the end of April 2015.

We expect to keep the graph of our company's prosperity upward if a conducive and business friendly environment prevails and things remain positive.

Except that the Directors recommended 15% cash dividend subject to approval thereof in the 14th 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, patronization and for the confidence you have reposed in the Company.

Thank you all once again.

Abdus Samad
Chairman



From the desk of the
Managing Director

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

I, on behalf of the Board of Directors of the Company as well as on my own behalf, heartily welcome you all to the 14th Annual General Meeting of the Company.

Your Company's expectation of significant growth of revenue and profit of the Company could not be materialized due to the impact of the sluggish economy that prevailed in the country after the last national poll on different socio-economic sectors and of the affect on the rural economy for the decrease in implementation by the Government of the Annual Development Program (ADP) during the relevant period. Although your company could not keep its graph of prosperity move upward for another year in the aforesaid context, it had with hard endeavor and efforts been able Alhamdulillah to maintain its growth as near to that it attained last year.

Through successive negotiations S. Alam Power Generation Limited, a subsidiary of your Company, has been able to enter into an Agreement with EPC Contractor and in terms thereof the implementation of the project is progressing in full swing and it is now expected that the medium sized Power Generation Plant shall be ready to go for commencement of its commercial operation by the end of April 2015.

Your Company expects resumption of its graph of prosperity moving upward next year if congenial business atmosphere prevails and other things remains favorable.

With expression of my heartfelt thanks and gratitude to you all for the support and faith you placed in us and in our accomplishments, 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.

Mohammed Saiful Alam
 Managing Director

Directors' Report to the Shareholders:

Bismillahir Rahmanir Rahim

Dear Shareholders,

Let me begin by saying what a great pleasure it is, once again, for me to welcome you all to the 14th Annual General Meeting of the Company, and to place before you the audited financial statements for the year ended 30th September 2014 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 manufacturing and marketing of C. R. Steel Strips in coils/sheets and production of GP/CI Sheets in its NOF Type Continuous Galvanizing Line (CGL). 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 2014 with comparative figures for the previous five years in summarized form are as under:

(Figures in nearest Tk. '000)

Particulars	Financial Year ended on					
	30.09.2014 (consolidated)	30.09.2013 (consolidated)	30.09.2012 (consolidated)	30.09.2011 (restated on consolidated basis)	30.09.2010	30.09.2009
Net Sales	3,354,656	3,777,715	3,702,374	3,034,090	1,872,282	1,737,943
Profit before taxation	138,008	273,490	467,851	436,585	252,245	194,892
Less: Provision for taxation (Deferred)	(27,075)	(49,557)	(3,817)	(3,343)	(39,425)	(39,541)
Less: Provision for Current Tax	(15,500)	(27,841)	(128,890)	(126,971)	(69,367)	(38,806)
Net Profit after Tax	95,433	196,092	335,144	306,272	143,452	116,545
Proposed/Declared Dividend	15% cash	13% cash	15% cash	15% cash	10% stock & 5% cash	15% cash
Earning Per Share (EPS)	***0.98	***1.94	***3.31	***3.07	20.75	21.85

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

The comparison of the EPS between the Quarterly and the Annual Financial Statements are noted below:

	1 st Quarter ended 31/12/2013.	2 nd Quarter ended 31/03/2014.	3 rd Quarter ended 30/06/2014.	Annual – Year ended 30/09/2014.(Consolidated)
Earning Per Share (EPS) (Consolidated) Excluding non-Controlling interest.	0.29	0.95	1.56	0.98

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

The primary sector of steel industry is to produce 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 (CR) coils / sheets and galvanized coils / sheets.

CR coils are mainly used for manufacturing of 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 population of Bangladesh 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 manufacturing of CI/GP Sheet, demand for CR Coil/Strips depends on the performance of the CI/GP Sheet manufacturing industries of 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. GP/CI Sheet manufacturers integrated with CRC manufacturing facility shall be the clear gainer because easy access to raw materials (CRC) is one of the factors determining profitability of CI/GP Sheet manufacturing industry.

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)

	2014			2013		
	CR Coil	GP/CI Sheet (NOF)	Total	CR Coil	GP/CI Sheet (NOF)	Total
Revenue	2,934,883	419,773	3,354,656	3,695,723	81,992	3,777,715
Cost of Sales	(2,528,841)	(379,634)	(2,908,475)	(3,115,168)	(74,539)	(3,189,707)
Gross Profit (GP)	406,042	40,139	446,181	580,555	7,453	588,008
GP in % of Revenue	13.84%	9.56%	13.30%	15.71%	9.09%	15.57%
Selling, Distribution & Administrative Cost	(43,938)	(740)	(44,678)	(48,241)	(465)	(48,706)
Other Income	-	-	-	7,826	1,181	9,007
Operating Result	362,104	39,399	401,503	540,140	8,169	548,309
Finance Income (Net)	(252,226)	-	(252,226)	(270,766)	(8,232)	(278,998)
Net Profit before Provisions	109,878	39,399	149,277	269,374	(63)	269,311
Contribution to WPPF & WF	(5,494)	(1,970)	(7,464)	(13,466)	-	(13,466)
Profit before Tax	104,384	37,429	141,813	255,909	(63)	255,846
Profit in % of Revenue	3.56%	8.92%	4.23%	6.92%	(0.08%)	6.77%

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 affect 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 personnel 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:

Particulars	Year ended on 30/09/2014 (Consolidated)	Year ended on 30/09/2013 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	86.70% of Turnover	84.43% of Turnover	2.27%
Gross Profit Margin	13.30% of Turnover	15.57% of Turnover	(2.27%)
Net Profit Margin	2.84% of Turnover	5.19% of Turnover	(2.35%)

(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 2.27% on the Turnover of the year. Reason for such increase during the year under report is attributable not only to the increase in the cost of raw materials but also the 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 2.27% decrease. Reason is attributable primarily to the increase in the electricity cost and raw materials consumption. Due to increasing price of raw materials 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 drastic fall in the GP Margin.

(c) Net Profit Margin:

Net Profit Margin in relation to the Turnover of the year under report, recorded 2.35% decrease on comparison with that of the previous year for the reasons as stated above.

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

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

8. Dividend:

The Directors recommend 15% Cash dividend for the year ended 30th September 2014 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, 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:

Nothing happened affecting financial position of the company since end of the financial year under review save and except that the Directors recommend for declaration of 15% cash dividend for the year ended 30th September 2014 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:

It is reiterated that:

- (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 under an Agreement reached subsequently with the EPC Contractors in connection with the implementation of the Project, the implementation work is resumed and the Project is now scheduled to be completed in April 2015.
- (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 in expansion of the company of one complete Non-Oxide Furnace (NOF) type Continuous Galvanizing Line (CGL) 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.

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 them or by the institution they represent, at the beginning and end of the financial year, set opposite their respective names:

Sl.No.	Name of the Directors	Representing	At 01/10/2013 Shares of Tk.10/- each	At 30/09/2014 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.	Mr. Nasir Uddin Ahmed, FCMA	ICB Nominee representing Institutional Investors	(ICB) 22,58,920	(ICB) 30,78,420
5.	Ms. Halima Begum	General Investors	1,000	1,000
6.	Mr. Mohammad Ishaque	Independent Director	Nil	Nil
7.	Mr. Monotosh Chandra Roy, ACA	Independent Director	Nil	Nil

Upon his retirement by rotation and being eligible, Mr. Abdus Samad was re-elected in the last Annual General Meeting as Director from Sponsors' Group. Moreover, upon his further nomination by the ICB, Mr. Nasir Uddin Ahmed, FCMA, 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.

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

(a) Mr. Abdus Samad. (Sponsors' Group)

He is an industrialist and Vice Chairman 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 Steels Ltd., S. Alam Cement Ltd., S. Alam Hatchery Ltd., S. Alam Luxury Chair Coach Services Ltd., S. Alam Soyaseed Extraction Plant Ltd., S. Alam Brothers Ltd., S. Alam Tank Terminal Ltd., S. Alam Properties Ltd., Portman Cements Ltd., S. Alam Power Generation Ltd., Sonali Cargo Logistics (Pvt) Ltd., Fatehabad Farm Ltd., Al-Arafah Islami Bank Ltd., Northern General Insurance Co. Ltd., and AIBL Capital Market Services Ltd. Moreover, he is Managing Director of S. Alam Power Plant Ltd., Karnaphuli Prakritik Gas Co. Ltd., and Marine Empire Ltd., and at the same time he is the Chairman, Executive Committee of the Al-Arafah Islami Bank Ltd. He also is the nominee Director of Reliance Finance Ltd., Sponsor-shareholder of S. Alam Super Edible Oil Ltd., and S. Alam Vegetable Oil Ltd., and proprietor of Samad Trading Agency. He is also involved in various socio-cultural organizations such as Baitus Sharaf Foundation, Chattagram Samity (Dhaka), Patiya Samity (Chittagong), Chittagong Club Ltd., Army Golf Club (Dhaka) and Uttara Club Ltd., (Dhaka).

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

Mr. Nasir Uddin Ahmed FCMA is the General Manager of the ICB with 30 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.

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 4 (four) Meetings of the Board of Directors were held during the year under report with attendance of the directors as follows:

Sl.No.	Directors	Meetings attended
1.	Mr. Mohammed Saiful Alam	3
2.	Mr. Abdus Samad	3
3.	Mr. Osman Gani	4
4.	Mr. Nasir Uddin Ahmed, FCMA	4
5.	Ms. Halima Begum	4
6.	Mr. Mohammad Ishaque	4
7.	Mr. Monotosh Chandra Roy ACA	4

The Directors who were absent in the meeting were granted leave in advance.

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. Osman Gani therefore the director from Sponsor



Group shall retire by rotation in the ensuing 14th Annual General Meeting who being eligible, offers for re-election.

Vacancy in the position of one director from the Institutional Investors' Group and one from the General Investors' Group are to be filled up in the 14th Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

It is re-iterated that 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, each director other than Independent/Nominated Director(s) of the company holds minimum 2% (two percent) shares in the paid up capital of the Company and the Sponsors/Promoters/Directors 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 Director during the year under report. The members of the Board of Directors get fee of Tk.5,000/- for each meeting 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:

Sl.No.	Name of Directors	Position	Board Meetings	
			Attendance	Total fee paid
1.	Mr. Mohammed Saiful Alam	Managing Director	3	15,000/-
2.	Mr. Abdus Samad	Director	3	15,000/-
3.	Mr. Osman Gani	Director	4	20,000/-
4.	Mr. Nasir Uddin Ahmed, FCMA	Director, ICB Nominee	4	20,000/-
5.	Ms. Halima Begum	Director, General Investors' Group	4	20,000/-
6.	Mr. Mohammad Ishaque	Independent Director	4	20,000/-
7.	Mr. Monotosh Chandra Roy ACA	Independent Director	4	20,000/-
TOTAL				130,000/-

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 Soyasecd Extraction Plant Limited	4,85,140	0.493
c)	Portman Cement 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	100	0.0001
	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

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

Sl. No.	Names	Position	Number of shares	Percentage
a)	Mr. Moshir Rahman	General Manager (Mills)	2,200	0.00224
	Spouse and Minor Children	xxxxx	0	0
b)	Mr. Humayun Kabir	DGM (Corporate)	0	0
	Spouse and Minor Children	xxxxx	0	0
c)	Mr. Shafiqul Alam	Asstt. General Manager (NOF)	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 on 30th September 2014 is disclosed under Note No. 13.01 and 13.02 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 reflect 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:

Sl.No.	Name of the Directors	Position	Meetings attended
1.	Mr. Mohammad Ishaque	Chairman	4
2.	Mr. Abdus Samad	Member	3
3.	Mr. Osman Gani	Member	4

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 35.00 of the Consolidated Financial Statements attached to this Annual Report.

17. Additional Statements:

Directors of your company 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 30/09/2014;
- (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-I 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. Your company also obtained a certificate from Hoda Vasi Chowdhury & Co., Chartered Accountants, regarding compliance of aforesaid conditions during the year under report and attached herewith as Annexure-II.

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 a consecutive period of three years. The Bangladesh Securities & Exchange Commission (BSEC) by its Order No. SEC/CMRRCD/2009-193/104/Admin/--- dated 27/07/2011, imposed further conditions, among others, that the issuer-company shall not appoint any firm of chartered accountants as its statutory auditors for a consecutive period exceeding three years, therefore, your Company is unable to continue with them. In the meantime, your directors received proposals in favour of M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, for appointment as statutory auditors of the Company for the year ended on 30th September 2015. The honourable shareholders are therefore requested to appoint Auditors for the next year and to fix up their remuneration.

20. Human Resource Management:

To offset the growing challenge arises out of open market competition and to capture the greater pie of the market, the company has formed a talent pool with a clear succession. Your company is being represented by the professionals and graduates from top-ranked institutions of the country to place it atop. Employee satisfaction, strategic orientation, full compliance to the regulation, corporate environment etc. are some common ingredients of Human Resources Management of the company. 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: 25 February 2015.

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

(Report under condition No. 7.00)

Condition No.	Title	Compliance Status (Put \checkmark in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.	BOARD OF DIRECTORS:			
1.1	Board's Size: Members not be less than 5(Five) and more than 20 (Twenty).	\checkmark		
1.2	Independent Directors:			
1.2 (i)	At least one fifth (1/5) of the total number of directors.	\checkmark		
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.	\checkmark		
1.2 (ii) b)	Is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid up shares of the company on the basis of family relationship.	\checkmark		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company of its subsidiary / associated companies.	\checkmark		
1.2 (ii) d)	Is not a member, director or officer of any stock exchange	\checkmark		
1.2 (ii) e)	Is not a shareholder, director or officer of any member of stock exchange or an intermediary or the capital market	\checkmark		
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.	\checkmark		
1.2 (ii) g)	Shall not be an independent director in more than 3(three) listed companies.	\checkmark		
1.2 (ii) h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-bank Financial Institution (NBFI)	\checkmark		
1.2 (ii) i)	Has not been convicted for a criminal offence involving moral turpitude.	\checkmark		
1.2 (iii)	Appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM)	\checkmark		
1.2 (iv)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days	\checkmark		
1.2 (v)	The Board laid down a code of conduct of all Board members and annual compliance of the code is recorded.	\checkmark		
1.2 (vi)	The tenure of office of an independent director is for a period of 3(three) years, extendable for 1(one) term only.	\checkmark		
1.3	Qualification of Independent Director:			
1.3 (i)	Is a knowledgeable individual with integrity and ability to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	\checkmark		
1.3 (ii)	Is a Business Leader /Corporate Leader / Bureaucrat/ University Teacher / with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants and Chartered Secretaries with at least 12(twelve) years of corporate management / professional experience..	\checkmark		
1.3 (iii)	Relaxation of the above qualifications in special cases subject to prior approval of the commission.			Not Applicable.

1.4	Chairman of the Board and Chief Executive Officer: The positions are filled by different individuals. The Chairman is elected from among the directors of the company. The Board of Directors clearly defined respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		
1.5	Directors' Report to Shareholders includes statements as to:			
1.5 (i)	- Industry outlook and possible future developments in the industry.	√		
1.5 (ii)	- Segment-wise or product-wise performance.	√		
1.5 (iii)	- Risks and concerns.	√		
1.5 (iv)	- A discussion on Cost of Goods sold, Gross profit Margin and Net Profit Margin.	√		
1.5 (v)	- Discussion on continuity of any Extra-Ordinary gain or loss.	√		
1.5 (vi)	- Basis for related party transactions 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 account have been maintained.	√		
1.5 (xiii)	- Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1.5 (xiv)	- International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	√		
1.5 (xv)	- The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	- There are no significant doubts upon the company's ability to continue as a going concern. (If not considered to be a going concern, the fact and reasons thereof)	√		
1.5 (xvii)	- Significant deviations from the last year's operating results of the company have been highlighted with explanation of reasons thereof.			Not Applicable
1.5 (xviii)	- Summarized Key operating and financial data of at least preceding 5 (five) years.	√		
1.5 (xix)	- Reasons if the company did not declare dividend (cash or stock) for the year.			Not Applicable
1.5 (xx)	- The number of Board meetings held during the year and attendance by each director.	√		
1.5 (xxi)	Pattern of shareholding disclosing aggregate number of shares held by:			
1.5 (xxi) a)	- Parent/ Subsidiary /Associated Companies and other related parties (name wise details).	√		



1.5 (xxi) b)	- Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children (name wise details).	√		
1.5 (xxi) c)	- Executives i.e top five salaried employees other than Directors, CEO, Company Secretary, CFO and Head of Internal Audit.	√		
1.5 (xxi) d)	- Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1.5 (xxii)	In case of appointment/re-appointment of a director:			
1.5 (xxii) a)	A brief resume of the Director.	√		
1.5 (xxii) b)	Nature of expertise in specific functional areas.	√		
1.5 (xxii) c)	Names of companies in which also holds the directorship and the membership of committees of the Board.	√		
2	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):			
2.1	Appointment: - appointed a CFO, a Head of Internal Audit (Internal Control and Compliance) and a CS. - The Board of Directors clearly defined their respective roles, responsibilities and duties.	√ √		
2.2	Board Meetings attendance: - The CFO and the CS attend the meetings of the Board of Directors except such part thereof which involves consideration of an agenda item relating to their personal matters.	√		
3.	AUDIT COMMITTEE:			
3. (i)	- Have an Audit committee as a Sub-committee of the Board of Directors.	√		
3. (ii)	- Assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3. (iii)	- Is responsible to the Board of Directors. - The duties of the Audit Committee shall be clearly set forth in writing.	√ √		
3.1	Constitution of the Audit Committee:			
3.1 (i)	- Is composed of at least 3 (three) members.	√		
3.1 (ii)	- The Board of Directors appointed members of the Audit Committee who are directors of the company with inclusion of at least 1 (one) independent director.	√		
3.1 (iii)	- All member of the audit committee are "financially literate" with at least 1(one) member having accounting or related financial management experience.	√		
3.1 (iv)	- To ensure continuity of the performance of work of the Audit Committee the Board of Directors appointed the new Committee member(s) to fill up the vacancy (ies) immediately or within 1 (one) month from the date of such vacancy (ies) when the term of service of the Committee Members expired or any of them unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3(three) persons.	√		
3.1 (v)	- The Company Secretary acted as the Secretary of the Committee.	√		
3.1 (vi)	- The quorum of the Audit Committee meeting does not constitute without at least 1(one) independent director.	√		
3.2	Chairman of the Audit Committee:			
3.2 (i)	- The Board of Directors selected 1(one) member of the Audit Committee, who is an Independent Director, to be its Chairman.	√		
3.2 (ii)	- Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	√		

3.3		Role of Audit Committee:			
3.3	(i)	- Oversee the financial reporting process.	√		
3.3	(ii)	- Monitor choice of accounting policies and principles.	√		
3.3	(iii)	- Monitor Internal Control Risk management process.	√		
3.3	(iv)	- Oversee hiring and performance of external auditors.	√		
3.3	(v)	- Review along with the management, the annual financial statements 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 quarterly declaration of financial results. - Further, on an annual basis, a statement of funds utilized for the purposes other than those stated in the offer document / prospectus, has been prepared.	√ √		
3.4		Reporting of the Audit Committee:			
3.4.1		Reporting to the Boards of Directors:			
3.4.1	(i)	- Report on its activities to the Board of Directors.	√		
3.4.1	(ii)	Report immediately on the following findings:			No such matter arisen.
3.4.1	(ii) a)	- Report on conflicts of interests.			No.
3.4.1	(ii) b)	- Suspected or presumed fraud or irregularity or material defect in the internal control system			No.
3.4.1	(ii) c)	- Suspected infringement of laws, including securities related laws, rules and regulations.			No.
3.4.1	(ii) d)	- Any other matter requiring immediate disclosure to the Board of Directors.			No.
3.4.2		Reporting to the Authorities: - 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 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		Reporting to the Shareholders and General Investors: - Report on activities carried out by the Audit Committee, including that made to the Board of Directors under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the company.	√		
4.		EXTERNAL / STATUTORY AUDITORS – Their non-engagement to perform following services:			
4	(i)	Appraisal or valuation services or fairness opinions.	√		
4	(ii)	Financial information systems design and implementation.	√		
4	(iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4	(iv)	Broker-dealer services.	√		



4	(v)	Actuarial services.	√		
4	(vi)	Internal audit services.	√		
4	(vii)	Any other services that the Audit Committee determines.	√		
4	(viii)	No Partner or employees of the external audit firms possess any share of the company at least during the tenure of their audit assignment of the company.	√		
4	(ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7.	√		
5.		SUBSIDIARY COMPANY:			
5	(i)	- Provision relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	√		
5	(ii)	- At least 1(one) independent director on the Board of Directors of the holding company is a director on the Board of Directors of the subsidiary company.	√		
5	(iii)	- The Minutes of the Board Meeting of the subsidiary company are placed for review at the following Board Meeting of the holding company	√		
5	(iv)	- The Minutes of the respective Board meeting of the holding company stated that they have reviewed the affairs of the subsidiary company also.	√		
5	(v)	- The Audit Committee of the holding company reviewed the financial statements, in particular the investments made by the subsidiary company.	√		
6.		DUTIES OF CEO AND CFO:			
6.	(i)	The CEO and CFO certified to the Board that: - They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
6	(i) a)	- These statements 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 transactions entered into by the company during the years, which are fraudulent, illegal, or violation of the company's code of conduct.	√		
7.		REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7.	(i)	The company obtained certificate from a practicing professional Accountant / Secretary (Chartered Accountant / Cost and Management Accountant / Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and sent the same to the shareholders along with the Annual Report on a yearly basis.	√		
7.	(ii)	The directors stated, in accordance with the prescribed Annexure, in this directors' report whether the company has complied with those conditions.	√		

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)

25 February 2015

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 2014 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

Hoda Vasi Chowdhury & Co
Chartered Accountants

TO WHOM IT MAY CONCERN

Certificate on Compliance with the Conditions of
Corporate Governance Guidelines

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 2014 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.

Dated 01 March 2015
Chittagong

Hoda Vasi Chowdhury & Co
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 Honorable Shareholders,

It gives me great pleasure to present, once again, the Annual report of the Audit committee for the year ended 30th September 2014.

The business and financial operations of the Company are conducted and exercised through an established internal control system by an independent internal audit team which verifies and follows-up the activities of the internal control procedures and reports to the Audit Committee. Through monitoring the choice of accounting policies / principles and overseeing the financial reporting process and in ensuring good monitoring system within the business by its review on regular basis of the effectiveness and adequacy of internal audit function and by continuous monitoring of the Internal Control Risk management process, the Committee 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. As part of its oversight process, the Chairman of the Committee, held 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 of the Committee briefs regularly to the Chairman of the Board of Directors about the activities of the Audit Committee. The Committee reviewed also 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. It is not the duty of the Audit Committee to (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 the management and of the external auditors.

It is reported that through four of its Meetings held during the year ended 30th September 2014 and subsequent period to date of this Report, the Committee reviewed the financial statements as at 30th September 2014 and quarterly financial statements prepared for statutory purposes as at 31st December 2013, 31st March 2014, and 30th June 2014. For its review, the members of the Committee were provided with comprehensive documentation for the year ended 30th September 2014, 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 14th Annual General Meeting of the Company. Following intensive review of the documents 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 2014. Moreover, in their oversight role the Committee reviewed with the management the un-audited financial statements for the 1st Quarter ended 31st December 2014 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. The Committee also conducted a self-evaluation of its activities in the same Meeting. It did not result in any need for action with regard to the Committee's activities or with regard to the content or procedure of the Meetings.

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 financial statements for the year ended 30th September 2014 before submission thereof to the board for approval, and we found adequate arrangement to present a true 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 2014 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 2014.



Mohammad Ishaque
Chairman, Audit Committee.

25 February 2015



Auditors' Report & Financial Statements

2014





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

Telephone +880 (31) 710704, 710996
Fax +880 (31) 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

INDEPENDENT AUDITORS' 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 2014, and the consolidated statement of profit or loss and other 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.

Auditors' 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 2014, 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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Companies' businesses.

Chittagong, 25 February 2015

Rahman Rahman Huq

S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Notes	30.09.2014 Taka	30.09.2013 Taka
Assets			
Property, plant and equipment - net	5	1,823,717,545	1,823,795,975
Capital work-in-progress	6	2,095,429,942	1,910,483,777
Total non-current assets		3,919,147,487	3,734,279,752
Inventories	7	3,616,304,747	3,662,684,780
Accounts receivables	8	1,667,301,396	1,817,589,420
Due from Affiliated companies	9	3,609,961,379	579,602,277
Advances, deposits and prepayments	10	464,048,142	540,553,067
Short term investment	11	114,516,922	82,724,337
Cash and cash equivalents	12	3,397,663	7,373,628
Total current assets		9,475,530,249	6,690,527,509
Total assets		13,394,677,736	10,424,807,261
Equity			
Share capital	13	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		561,580,363	592,887,693
Equity attributable to owners of the Company		1,979,222,109	2,010,529,439
Non-controlling interest		136,724,580	137,866,327
Total equity		2,115,946,689	2,148,395,766
Liabilities			
Long term loan	14	1,834,199,974	1,811,146,629
Deferred tax liabilities	15	300,586,220	273,511,707
Total non-current liabilities		2,134,786,194	2,084,658,336
Trade creditors	16	1,650,131,588	1,497,867,057
Short term loan	17	4,328,762,657	2,741,767,286
Liabilities for expenses	18	17,432,873	21,839,599
Advance against sales	19	11,927,999	22,628,859
Due to Affiliated companies	20	2,618,372,885	1,159,302,424
Long term loan-current portion	21	262,816,000	299,455,612
Liability against unclaimed dividend	22	29,098,091	25,084,271
Provision for income tax	23	151,963,545	350,786,411
Provision for WPPF and Welfare Fund	24	53,799,970	49,355,843
Other liabilities	25	19,639,245	23,665,797
Total current liabilities		9,143,944,853	6,191,753,159
Total liabilities		11,278,731,047	8,276,411,495
Total liabilities and equity		13,394,677,736	10,424,807,261

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.



 Managing Director



 Director



 Company Secretary
 As per our annexed report of same date.



 Rahman Rahman Huq
 Chartered Accountants

Chittagong, 25 February 2015

S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 Taka	2013 Taka
Revenue	26	3,354,656,471	3,777,715,090
Cost of sales	27	(2,908,474,969)	(3,189,707,547)
Gross profit		446,181,502	588,007,543
Selling and distribution costs	28	(3,200,399)	(5,185,620)
Administrative costs	29	(45,268,157)	(45,962,219)
		397,712,946	536,859,704
Other income	30	-	50,800
Results from operating activities		397,712,946	536,910,504
Finance costs	31	(266,228,046)	(299,682,451)
Finance income	32	13,986,844	49,727,831
Net finance costs		(252,241,202)	(249,954,620)
Net Profit before tax and WPPF and Welfare Fund		145,471,744	286,955,884
Contribution to WPPF and Welfare Fund	24	(7,463,878)	(13,465,563)
Profit before income tax		138,007,866	273,490,321
Income tax expenses:			
Current Tax:			
Current year	23	(15,500,000)	(27,841,473)
Deferred tax	15	(27,074,513)	(49,556,536)
Total Tax expenses		(42,574,513)	(77,398,009)
Net profit after tax for the year		95,433,353	196,092,312
Net Profit after tax attributable to:			
Shareholders of the company		96,575,100	190,524,266
Non-controlling interest		(1,141,747)	5,568,046
		95,433,353	196,092,312
Earnings per share:			
Basic earnings per share	33	0.98	1.94

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.



 Managing Director



 Director



 Company Secretary

As per our annexed report of same date.

Chittagong, 25 February 2015



 Rahman Rahman Huq
 Chartered Accountants



S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Share Capital		Share Premium		Retained earnings		Non-controlling Interest		Total	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 October 2012	983,711,000	433,930,746	433,930,746	549,920,077	1,967,561,823	129,611,181	2,097,173,004			
Dividend for the year 2012	-	-	(147,556,650)	(147,556,650)	-	-	(147,556,650)			
Share money deposits during the year 2013	-	-	-	-	-	2,687,100	2,687,100			
Net Profit after tax for the year 2013	-	-	190,524,266	190,524,266	190,524,266	5,568,046	196,092,312			
Balance as at 30 September 2013	983,711,000	433,930,746	592,887,693	592,887,693	2,010,529,439	137,866,327	2,148,395,766			
Balance as on 01 October 2013	983,711,000	433,930,746	592,887,693	592,887,693	2,010,529,439	137,866,327	2,148,395,766			
Cash dividend for the year 2013	-	-	(127,882,430)	(127,882,430)	(127,882,430)	-	(127,882,430)			
Net Profit after tax for the year 2014	-	-	96,575,100	96,575,100	96,575,100	(1,141,747)	95,433,353			
Balance as on 30 September 2014	983,711,000	433,930,746	561,580,363	561,580,363	1,979,222,109	136,724,580	2,115,946,689			

S. ALAM COLD ROLLED STEELS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014	2013
	Taka	Taka
a. OPERATING ACTIVITIES:		
Receipts from customers against sales	3,494,243,635	3,567,742,414
Paid against revenue expenditure and procurement of raw materials	(2,674,239,218)	(3,093,628,788)
Receipts against other and finance income	13,986,844	73,390,688
Payment to Workers' Profit participation fund	(8,955,267)	(13,693,235)
Interests paid	(260,292,530)	(293,614,525)
Income Tax Paid	(174,700,272)	(191,684,187)
Net cash provided by Operating Activities	390,043,192	48,512,367
b. INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(50,534,260)	(65,779,373)
Short term investment (FDR)	(31,792,585)	352,673,541
Short term loan to affiliated companies	(3,030,359,102)	473,020,157
Paid against capital work-in-progress	(189,944,165)	(442,469,337)
Net cash (used in)/generated by Investing Activities	(3,302,630,112)	317,444,988
c. FINANCING ACTIVITIES:		
Receipt/(Re-payment) of Term Loan	(13,586,267)	1,982,310,332
Loan received from /(paid to) affiliated companies	1,459,070,461	(277,321,359)
Receipts Against Share Money Deposits	-	2,687,100
Receipts/(Re-payment) of Short term loan	1,586,995,371	(1,941,924,931)
Dividend paid	(123,868,610)	(136,843,742)
Net cash provided by/(used in) Financing Activities	2,908,610,955	(371,092,600)
Total (a+b+c)	(3,975,965)	(5,135,245)
Opening cash and cash equivalents	7,373,628	12,508,873
Closing cash and cash equivalents	3,397,663	7,373,628
	(3,975,965)	(5,135,245)



**S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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 12 December 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 16 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 16 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 MTones.

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. 2,773,570 Ordinary Shares of Tk.100 each at a cost of Tk. 277,357,000.

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

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

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

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

2.00 Basis of Preparation

2.01 Statement of compliance

These consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994 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 consolidated financial statements have been authorized for issue by the Board of Directors on 25 February 2015.

2.03 Regulatory compliance

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

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

2.04 Basis of measurement

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

2.05 Functional and presentation currency

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

2.06 Statement of Cash flows

Consolidated Statement of Cash Flows has been prepared as per BAS 7: Statement of Cash flows 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 2013 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 2013 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 group 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:

<u>Particulars</u>	<u>Capacity utilization</u>	
	<u>CR Coil</u>	<u>NOF Plant</u>
Factory Building (including Leased Assets)	42.99%	7.73%
Capital Machinery	42.99%	7.73%
Factory equipment	42.99%	7.73%
Generator	42.99%	7.73%
Work Roll	42.99%	7.73%
Luffing Crane and Jetty construction	42.99%	7.73%
Coil Cart	42.99%	7.73%

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 (CR Coil, CI Sheets and GP Sheets) are valued at Cost or Net Realisable Value whichever is lower.
Work-in-process-	At Prime cost + Proportionate Factory Overhead.
Raw materials -	Based on weighted average method.
Raw Materials (Inbond items)	At Book Value
Store and Spares	Based on weighted average method.

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

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

3.05 Trade receivables

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

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

3.06 Transactions with Affiliated companies

These represent 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 Profit or Loss and Other 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 group'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 group 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**

The group has a plan to create a provident fund in which both company and employees will contribute an equal amount and actively considering introduction of unfunded gratuity scheme for the employees.

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-33 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 2013, which have significant effect on the consolidated financial statements of the group are duly complied with.



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

Assets' category	Cost		Depreciation Rate (%)	Depreciation		Carrying amount as on 30 September 2014	
	Opening balance as on 01 October 2013	Addition		Disposal/ Adjustment	Closing balance as on 30 September 2014		Adjustment for disposal during the year
	Taka	Taka		Taka	Taka		Taka
A. Land and land development:							
Land, Freehold (12.02 Acres)	69,611,160	-	-	69,611,160	-	69,611,160	
Land Development	25,942,017	-	-	25,942,017	-	25,942,017	
Internal Road and Drainage	3,506,280	-	10%	3,506,280	2,228,491	1,277,789	
Embarkment	42,507,074	-	20%	42,507,074	38,246,500	4,260,574	
	141,566,531	-		141,566,531	40,474,991	101,091,540	
B. Building:							
Factory Building (including Leased Assets)	303,888,860	-	5%	303,888,860	4,871,423	299,017,437	
Factory Building (NOF Plant)	95,920,157	-	5%	95,920,157	3,993,969	91,926,188	
General Building	33,321,203	-	5%	33,321,203	1,028,733	32,292,470	
	433,130,220	-		433,130,220	6,229,465	326,900,755	
C. Plant and machinery:							
Capital Machinery	1,253,577,738	10,077,002	10%	1,263,654,740	20,050,473	1,243,604,267	
Capital Machinery (NOF Plant)	616,517,799	10,077,002	10%	626,594,801	4,821,744	621,773,057	
	1,870,095,537	20,154,004		1,890,249,541	24,872,217	1,865,377,324	
D. Equipment and appliances:							
Factory Equipment	22,691,089	-	10%	22,691,089	760,426	21,930,663	
Office Equipment	1,946,879	30,000	10%	1,976,879	3,912	1,972,967	
Guest House Equipment	1,453,910	-	10%	1,473,910	80,548	1,393,362	
Computer	2,482,708	159,500	10%	2,642,208	944,179	1,698,029	
Air Conditioners	4,549,316	490,000	10%	5,039,316	1,126,799	3,912,517	
Generator	1,240,000	-	10%	1,240,000	303,255	936,745	
Electric Line Installation (NOF Plant)	3,755,225	-	10%	3,755,225	29,163	3,726,062	
Gas Line Installation	12,851,881	-	10%	12,851,881	92,572	12,759,309	
Electric Line Installation (NOF Plant)	4,569,154	-	10%	4,569,154	1,144,495	3,424,659	
Fire Extinguisher	58,100	-	10%	58,100	20,474	37,626	
Telephone Line Installation	398,527	-	10%	398,527	38,711	359,816	
Grinding Wheel	134,666	-	10%	134,666	15,034	119,632	
Water Tank	113,500	-	10%	113,500	4,904	108,596	
Roof	1,593,025	175,000	10%	1,768,025	4,123	1,763,902	
Radiolink and Networking (Factory)	258,880	-	10%	258,880	37,466	221,414	
Tools and Tackles	121,238	-	10%	121,238	16,033	105,205	
Coil Ware House	5,467,518	-	10%	5,467,518	4,404	5,463,114	
	64,229,011	844,500		65,073,511	3,147,836	61,925,675	
E. Furniture and Fixtures:							
Furniture and Fixtures	3,324,062	16,173	10%	3,340,235	1,632,473	1,707,762	
Furniture and Fixtures (NOF Plant)	291,295	-	10%	291,295	28,451	262,844	
	3,615,357	16,173		3,631,530	1,660,924	1,970,696	
F. Lifting Crane and Jety Construction							
G. Coil Cart	54,948,213	-	15%	54,948,213	1,460,483	53,487,730	
H. Motor vehicles	8,024,021	-	10%	8,024,021	188,784	7,835,237	
I. Interior Decoration	39,850,716	44,594,585	20%	84,445,301	34,347,441	50,097,860	
	4,170,096	4,170,096		4,170,096	2,817,931	1,352,165	
2014 (Total)	2,993,888,002	86,632,160		3,080,520,162	775,792,027	2,304,728,135	
2013 (Total)	1,969,642,652	640,176,450		2,609,819,102	43,628	2,566,190,474	

Depreciation allocated to:

2014	2013
Cost of sales (Note 27.00)	41,768,018
Administrative costs (Note 29.00)	13,902,673
	55,670,691



	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
6.00 Capital work-in-progress		
Capital Machinery	1,583,779,897	1,427,707,388
Construction	161,417,580	166,115,580
Computer	303,100	134,000
Factory Building	17,245,000	5,845,000
Supply of the balance of the plant	330,984,365	310,319,809
Factory equipment	700,000	-
Gas line installation	1,000,000	-
Other Expenses	-	300,000
Office equipment	-	62,000
	<u>2,095,429,942</u>	<u>1,910,483,777</u>

These represent cost incurred for acquisition and 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.

7.00 Inventories	<u>Qts. (MT)</u>		
Raw Materials-H.R Coil	3,117	222,368,090	1,011,489,720
Raw Materials-HCL	4,278	29,747,324	29,089,094
Raw Materials-Lead Ingot, TIN Ingot, ZINC Ingot, ZINC Alloy,			
Antimony Ingot & Cromic Acid / Ocan Coat	2,846	733,737,243	407,843,290
Raw Materials-In-Bond items	25,740	1,734,149,013	1,484,366,899
Work-in-Process		152,302,732	27,300,881
Finished Goods-C.R Coil, CI Sheet & GP Sheet	4,927	453,091,991	432,258,416
Stores and Spares		287,809,779	256,525,627
Stock - in - transit		3,098,575	13,810,853
		<u>3,616,304,747</u>	<u>3,662,684,780</u>

8.00 Accounts Receivable			
Against CR Coil (Note - 8.01)		1,593,387,539	1,760,481,920
Against C.I and G.P Sheet (NOF Project)		73,913,857	57,107,500
		<u>1,667,301,396</u>	<u>1,817,589,420</u>

8.01 Against CR Coil			
Chemon Ispat Limited		1,568,999,350	1,172,799,715
Galeo Steels Limited		24,388,189	17,261,693
S. Alam Steels Limited		-	570,420,512
		<u>1,593,387,539</u>	<u>1,760,481,920</u>

9.00 Due from Affiliated companies			
S. Alam & Co.		90,569,000	22,505,000
S. Alam Steels Limited		74,772,106	74,710,106
S. Alam Super Edible Oil Ltd.		240,555,223	60,555,223
S. Alam Vegetable Oil Limited		339,520,136	-
S. Alam Brothers Limited		55,558,333	-
S. Alam Power Plant Ltd.		209,000	-
S. Alam Trading Co. (Pvt) Ltd.		2,589,942,811	-
Sonali Traders		212,834,770	-
Shah Amanat Prakritik Gas Ltd.		6,000,000	-
Global Trading Corporation		-	421,831,948
		<u>3,609,961,379</u>	<u>579,602,277</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.

	<u>2014</u>	<u>2013</u>			
	<u>Taka</u>	<u>Taka</u>			
10.00 Advances, deposits and prepayments					
Advances (Note - 10.01)	444,243,797	522,123,732			
Deposits (Note - 10.02)	15,287,636	15,287,636			
Prepayments- (Note-10.03)	4,516,709	3,141,699			
	464,048,142	540,553,067			
10.01 Advances					
Against Expenses	1,234,466	10,390,076			
Against Salary	1,359,000	1,525,500			
Bank Guarantee Margin	102,268,878	117,793,846			
Advance Income Tax	327,551,597	367,174,191			
VAT current account	29,308	11,765,884			
Supplementary Tax Current A/C	164,674	164,674			
Consultancy (Bidco Associates)	650,000	650,000			
Against C&F	6,644,086	9,177,306			
Others	4,340,288	3,082,255			
House and Office Rent	1,500	-			
Affiliated Engineers	-	400,000			
	444,243,797	522,123,732			
10.02 Deposits					
Chittagong City Corporation	4,096,232	4,096,232			
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000			
Karnaphuli Gas Distribution Co. Ltd.	1,200,346	1,200,346			
Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600			
Grameen Phone (BD) Limited (For mobile)	20,000	20,000			
Ansar, VDP	32,331	32,331			
Central Depository Bangladesh Limited	500,000	500,000			
VAT Account for Appeal fee	2,394,127	2,394,127			
	15,287,636	15,287,636			
10.03 Prepayments					
Insurance	4,516,709	3,141,699			
	4,516,709	3,141,699			
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.					
11.00 Short term investment					
<u>Name of banks</u>	<u>Purpose</u>	<u>Period</u>	<u>Rate of interest</u>	<u>2014</u>	<u>2013</u>
				<u>Taka</u>	<u>Taka</u>
Fixed Deposit Receipts:					
Janata Bank Limited	L/C Margin	6 months	8.00%	76,525,579	56,826,577
Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	9.00%	28,142,224	25,897,760
National Bank Limited	L/C Margin	6 months	9.50%	9,849,119	-
				114,516,922	82,724,337
12.00 Cash and cash equivalents					
Cash in hand (Note-12.01)				130,264	100,781
Cash at Banks (Note-12.02)				3,267,399	7,272,847
				3,397,663	7,373,628
12.01 Cash in hand					
Head office				30,264	658
Factory office				100,000	100,123
				130,264	100,781



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
12.02 Cash at Banks:		
AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)	94,797	96,067
Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Ctg. (CD#00411100004909)	137,247	12,882
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002884)	7,678	8,506
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100003008)	57,137	64,998
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002711)	36,705	36,219
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#1310002792)	21,204	21,441
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong	14,645	41,611
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (CD#10601002130)	7,148	1,678,658
Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)	26,177	128,500
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)	806,244	155,844
Mercantile Bank Ltd., Khatungonj Branch, Ctg. (CD#011211100005747)	3,149	20,710
National Bank Ltd., Khatungonj Branch, Ctg. (CD#0002-33069282)	802,751	137,482
Rupali Bank Ltd., Anderkilla, Laldighi East, Ctg (CD#200064978)	435,387	171,210
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (STD#240001344)	108,153	202,354
Southeast Bank Ltd. , Principal Office Branch, Dhaka (CD#11100036055)	38,575	341,050
The City Bank Ltd., Khatungonj Branch, Ctg. (CD#1101002163001)	122,682	8,137
National Bank Limited, Khatungonj Branch, Chittagong	89,605	90,645
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong	122,153	3,879,647
Union Bank Ltd., Khatungonj Branch, Ctg. (CD # 0101010000801)	226,012	-
Union Bank Ltd., Gulshan Branch, Dhaka, (CD # 0021010001342)	99,310	-
Agrani Bank Ltd. New Market Br., Ctg. (CD#33009854)	5,345	-
Agrani Bank Ltd. Laldighi Br., Ctg. (CD#0200000791742)	5,295	-
Dutch Bangla Bank Ltd., Dilkhusha, Dhaka, (CD#0101110000016146)	-	403
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (CD#11100008341)	-	176,483
	3,267,399	7,272,847
13.00 Share capital		
Authorised capital:		
350,000,000 Ordinary Shares of Tk. 10 each	3,500,000,000	3,500,000,000
	3,500,000,000	3,500,000,000
Issued, Subscribed, Called up and Paid up capital:		
98,371,100 Ordinary Shares of Tk.10/- each fully paid (Note - 13.01)	983,711,000	983,711,000
	983,711,000	983,711,000
13.01 Shareholding position		
	2014	2013
Name of shareholders	Holding %	Number of shares of Tk 10 each
Mr. Mohammed Saiful Alam	2.34%	2,303,980
Mr. Abdus Samad	2.00%	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430
S. Alam Steels Ltd.	18.74%	18,431,940
S. Alam Cement Ltd.	9.37%	9,215,960
S. Alam Hatchery Ltd.	9.37%	9,215,960
S. Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980
S. Alam Vegetable Oil Ltd.	2.34%	2,303,980
Bangladesh Fund	4.88%	4,800,000
Union Capital Ltd.	0.000%	-
ABIL-IDA	0.061%	60,000
ICB Unit Fund	0.949%	934,020
ICB	3.129%	3,078,420
Others	42.480%	41,788,000
	100%	98,371,100
		98,371,100

13.02 Classification of shares by holding
Class by number of shares

	2014		
	No. of Holders	No. of Shares	Holding
	<u>Nos.</u>	<u>Nos.</u>	<u>%</u>
Less than 500	4,963	820,723	0.83
From 500 to 5,000	5,385	9,108,697	9.26
From 5,001 to 10,000	570	4,355,830	4.43
From 10,001 to 20,000	245	3,607,040	3.67
From 20,001 to 30,000	83	2,119,440	2.15
From 30,001 to 40,000	42	1,485,700	1.51
From 40,001 to 50,000	28	1,306,800	1.33
From 50,001 to 100,000	42	2,971,030	3.02
From 100,001 to 1,000,000	51	15,184,210	15.44
From 1,000,001 and above	11	57,411,630	58.36
Total	11,420	98,371,100	100.00

<u>2014</u>	<u>2013</u>
<u>Taka</u>	<u>Taka</u>

14.00 Long term loan

Project loan (Note-14.01)	1,010,768,279	974,569,771
Term loan (Note- 14.02)	823,431,695	836,576,858
	1,834,199,974	1,811,146,629

14.01 Project loan

Due within one year (Note-21.00)	-	50,361,112
Due after more than one year	1,010,768,279	974,569,771
	1,010,768,279	1,024,930,883

14.01.01 Terms of Project loan

Lender: 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 after the grace period.

Loan period:

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

Securities:

- 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 million.
- Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.
- Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting expenditure for capital machineries.



14.01.2 Terms of Project loan

Lender: 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.

14.02 Term loan

Due within one year (Note-22.00)

Due after more than one year

	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
	262,816,000	249,094,500
	823,431,695	836,576,858
	<u>1,086,247,695</u>	<u>1,085,671,358</u>

14.02.01 Terms of the loan:

Lender: 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 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 Crore.

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 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.

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
15.00 Deferred tax liabilities		
Balance as on 01 October	273,511,707	223,955,171
Add: Recognized during the year	27,074,513	49,556,536
Balance as on 30 September	<u>300,586,220</u>	<u>273,511,707</u>

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

Property, plant and equipment	<u>300,586,220</u>	<u>273,511,707</u>
-------------------------------	--------------------	--------------------

16.00 Trade creditors

Customs Authority-Inbond Duty	334,164,393	286,554,721
Deferred L/C Liability	1,305,893,484	1,209,518,431
Sundry Creditors	10,073,711	1,793,905
	<u>1,650,131,588</u>	<u>1,497,867,057</u>

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

17.00 Short term loan

Loan against Trust Receipt (LTR) (Note - 17.01)	2,164,248,129	1,036,328,445
Loan against CC Pledge, Hypo, PAD and MPI (Note - 17.02)	2,164,514,528	1,705,438,841
	<u>4,328,762,657</u>	<u>2,741,767,286</u>

17.01 Short Term Bank Loan (LTR)

Janata Bank Ltd., Shdharan Bima Corp Branch, Ctg.	2,164,248,129	1,036,328,445
	<u>2,164,248,129</u>	<u>1,036,328,445</u>

17.02 Loan against CC Pledge, Hypo, PAD and MPI

Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	218,416,404	289,628,492
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	273,441,687	374,586,558
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	562,430,482	727,090,834
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	240,085,277	314,132,957
Exim Bank Limited, Khatungonj Branch, Ctg (Biam Hypo)	749,427,778	-
Union Bank Limited, Khatungonj Branch, Ctg (MDBP)	120,712,900	-
	<u>2,164,514,528</u>	<u>1,705,438,841</u>

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

17.03.01 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 : 15% p.a on quarterly rest.

Security:

1. Hypothecation of goods to be imported ,Post dated cheque.
2. 100% registered mortgage of Land and Project building situated in Shikalbaha.

17.03.02 Lender: Janata Bank Ltd., Shadharan Bima Corporation Branch, Chittagong

Types of Liabilities Sanctioned limit (Figures in crore)

LTR	208
LC/PAD	275

Rate of interest : At applicable rate determined from time to time.

Security:

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



17.03.03 Lender: Islami Bank Bangladesh Ltd., Khatungonj Branch, Chittagong

<u>Types of Liabilities</u>	<u>Sanctioned limit (Figures in crore)</u>
TR	100
LC/MPI/BG	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.

17.03.04 Lender: Janata Bank Limited for SAPGL**Type:** LTR/PAD/LC**Total loan facilities:** Tk. 98 Crore.**Rate of interest:** 14%**Mortgage:**

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

17.03.05 Lender: Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Chittagong

<u>Types of Liabilities</u>	<u>Sanctioned limit (Figures in crore)</u>
Bai Muazzal Hypo/Biam Hypo	70
Bank Guarantee	7.36
Rate of profit :	14.00%

Security:

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

17.03.06 Lender: Union Bank Ltd., Khatungonj Branch, Chittagong

<u>Types of Liabilities</u>	<u>Sanctioned limit (Figures in crore)</u>
MDBP	198
Bank Guarantee	26.06
Rate of profit :	15.00%

Security:

1. Swift acceptance of local export bill.
2. Personal guarantee of all directors.

18.00 Liabilities for expenses

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Audit fee	450,000	450,000
Chittagong Palli Bidyut Samity -1	13,225,995	8,190,027
Karnaphuli Gas Distribution Co. Ltd.	1,007,215	720,746
Salary and Allowances	444,919	6,413,071
Telephone and Mobile charges	32,720	25,347
Liason Office Rent and Expenses	25,107	15,209
Against C & F	130,736	154,370
Transportation	354,000	180,000
Karnaphuli Filling Station Limited	667,920	83,111
Against store and spare	1,094,261	79,245
Advertisement bills	-	62,960
McDonald Steel Building Production Ltd	-	4,015,094
Interest Payable - Project Loan	-	-
Against Repair & Maintenance	-	1,414,039
Computer Source	-	17,000
Freedom Furniture	-	19,380
	17,432,873	21,839,599

19.00 Advance against sales

	11,927,999	22,628,859
--	-------------------	-------------------

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

	2014	2013
	Taka	Taka
20.00 Due to Affiliated companies		
S. Alam Cement Ltd.	16,811,135	16,323,135
S. Alam Refined Sugar Industries Ltd.	945,368,418	35,790,500
Jashim Uddin & Associates	20,000,000	-
S. Alam Bag Manufacturing Mills Ltd.	100,000	-
Global Trading Corporation Ltd.	1,380,658,704	-
Jashim Trading Corporation	125,937,041	-
S. Alam Steels Limited	129,497,587	-
S. Alam Vegetable Oil Ltd.	-	11,477,808
S. Alam Power Plant Limited	-	110,000
S. Alam Trading Co. (Pvt) Ltd.	-	1,095,561,590
Sonali Traders	-	39,391
	2,618,372,885	1,159,302,424
21.00 Long term loan-current portion		
These represent current portion of long term loans from banks which are repayable within next twelve months from October 2014 and consist of as follows:		
Project loan (Note-14.01)	-	50,361,112
Term loan (Note- 14.02)	262,816,000	249,094,500
	262,816,000	299,455,612
22.00 Liability against unclaimed dividend		
Unclaimed dividend on Ordinary Share	27,597,542	23,583,641
Unclaimed dividend on Convertible Preference Share	1,500,549	1,500,630
	29,098,091	25,084,271
23.00 Provision for income tax		
Opening balance as on 01 October	350,786,411	349,033,595
Provided during the year:		
Against current year	15,500,000	27,841,473
	366,286,411	376,875,068
Less: Adjusted with advance income tax paid at source	214,322,866	26,088,657
Closing balance 30 September	151,963,545	350,786,411
24.00 Provision for WPPF and Welfare Fund		
Opening balance as on October 1	49,355,843	43,515,589
Add: Accrued interest on amount due to WPPF and WWF	5,935,516	6,067,926
Provided during the year	7,463,878	13,465,563
	13,399,394	19,533,489
	62,755,237	63,049,078
Less: Paid during the year	8,955,267	13,693,235
Closing balance September 30	53,799,970	49,355,843
25.00 Other liabilities		
Income Tax deducted at source-others	52,648	145,557
Income Tax deducted at source against dividend	5,902,253	8,985,564
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	54,244	1,011,837
WPPF and Welfare Fund	13,124,384	13,124,384
Income Tax deducted at source from salary	107,261	-
	19,639,245	23,665,797
26.00 Revenue		
Sales of CR Coil-Net of VAT	2,625,066,667	3,508,876,581
Sale of C.I Sheet-Net of VAT	314,740,089	80,520,016
Sale of G.P Sheet-Net of VAT	18,004,697	1,471,714
Sale of scrap-Net of VAT	396,845,018	186,846,779
	3,354,656,471	3,777,715,090



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
27.00 Cost of sales		
Opening Stock of raw materials	1,419,333,010	865,961,636
Add: Purchased during the year	2,313,182,671	3,743,028,562
	<u>3,732,515,681</u>	<u>4,608,990,198</u>
Less: Closing Stock of Raw Materials	956,105,333	1,419,333,010
Cost of raw materials consumed	<u>2,776,410,348</u>	<u>3,189,657,188</u>
Add: Manufacturing Expenses:		
Power (Electricity)	76,501,717	91,837,420
Gas	8,984,362	4,962,036
Fuel and Lubricants- Factory Generator	1,101,035	828,800
Consumption of Hydrochloric acid (Note-27.01)	7,442,135	6,448,655
Factory overhead (Note - 27.02)	90,074,504	71,307,235
Consumption of Stores and Spares	50,846,875	58,826,500
Consumption of Packaging materials	1,057,036	1,192,700
Consumption of other chemicals	184,365	696,437
Depreciation (Note- 5.00)	41,708,018	55,240,696
	<u>277,900,047</u>	<u>291,340,479</u>
Cost of Goods Manufactured	<u>3,054,310,395</u>	<u>3,480,997,667</u>
Add: Opening stock of WIP	27,300,881	64,414,384
	<u>3,081,611,276</u>	<u>3,545,412,051</u>
Less: Closing stock of WIP	152,302,732	27,300,881
	<u>2,929,308,544</u>	<u>3,518,111,170</u>
Add: Opening stock of Finished Goods	432,258,416	103,854,793
	<u>3,361,566,960</u>	<u>3,621,965,963</u>
Less: Closing stock of Finished Goods	453,091,991	432,258,416
Cost of sales of manufactured finished goods	<u>2,908,474,969</u>	<u>3,189,707,547</u>
27.01 Raw materials consumed - Hydrochloric Acid		
Opening Stock of raw materials	29,089,094	25,612,734
Add: Purchased during the year	8,100,365	9,925,015
	<u>37,189,459</u>	<u>35,537,749</u>
Less: Closing Stock of raw materials	29,747,324	29,089,094
Cost of Hydrochloric Acid	<u>7,442,135</u>	<u>6,448,655</u>
27.02 Factory overhead		
Salaries and allowances	69,641,382	49,120,984
Insurance expenses	5,078,748	8,762,679
Medical expenses	207,112	110,707
Labour charges	160,011	67,638
Repairs and Maintenance	8,218,815	5,367,489
Carrying charges-raw materials	432,001	567,659
Uniform and liveries	34,500	146,970
Transportation	1,908,000	2,112,000
Printing and stationery	271,184	307,483
Canteen expenses-Factory	546,895	629,713
Telephone & Internet charges	170,910	102,830
Miscellaneous expenses	989,970	817,209
Registration and renewal	486,989	403,730
Travelling and conveyance expenses	239,860	188,221
Lease Rent Expenses	518,400	1,684,800
Vehicle maintenance	1,169,727	866,393
Rent, rates and taxes	-	50,730
	<u>90,074,504</u>	<u>71,307,235</u>

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
28.00 Selling and distribution costs		
Advertisement	3,200,399	5,185,620
	3,200,399	5,185,620
29.00 Administrative costs		
Salaries and allowances	18,910,588	15,546,610
Depreciation (Note- 5.00)	13,902,673	18,413,565
Donation and subscriptions	429,500	797,000
Canteen expenses	626,302	768,356
Fees and renewals	929,036	335,398
Guest house expenses	725,430	727,745
Legal and professional expenses	126,750	391,000
Liaison office expenses	107,667	85,484
Office maintenance expenses	204,886	217,266
Liaison office rent	363,000	370,500
Office decoration	78,000	71,000
Stationery expenses	562,321	586,912
Registration and renewal	770,057	672,118
Rent, rates and taxes	175,553	164,741
Telephone and e-mail expenses	188,245	280,607
Travelling and conveyance expenses	197,798	185,435
Vehicle maintenance including fuel and lubricants	523,625	286,430
Management meeting and conference	2,264,941	2,685,924
Electricity Expenses	196,112	173,204
Miscellaneous expenses	956,012	1,200,150
Audit fees	450,000	450,000
Insurance Expense	2,579,661	1,547,798
Postage and courier expenses	-	4,976
	45,268,157	45,962,219
30.00 Other Income		
Miscellaneous income	-	50,800
	-	50,800
31.00 Finance costs		
Bank Charges	373,641	583,934
Interest on Cash Credit (Hypo)	42,386,112	42,398,230
Interest on Cash Credit (Pledge)	54,345,129	56,989,849
Interest on Term loan	155,667,311	87,295,507
Bank guarantee commission	7,520,337	7,935,446
Interest on WPPF and WWF	5,935,516	6,067,926
Interest on Project loan	-	1,989,531
Interest on LIM	-	11,017,023
Interest on LTR	-	85,405,005
	266,228,046	299,682,451
32.00 Finance income		
Interest income from MTDR & MDDS	11,587,763	14,080,688
Interest on STD/SND	58,585	19,230
Interest income from FDR	2,340,496	35,627,913
	13,986,844	49,727,831
33.00 Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	96,575,100	190,524,266
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	0.98	1.94



34.00 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) coated CI and GP Sheets: 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.

Information about reportable segments	2014						2013										
	CR Strips		NOF		Power Generation		Total		CR Strips		NOF		Power Generation		Total		
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
External Revenues:																	
Local Sales	2,625,066,667	332,744,786	-	-	-	2,957,811,453	3,508,876,581	81,991,730	-	3,590,868,311							
Scrap Sales	309,816,696	87,028,322	-	-	396,845,018	186,846,779	-	-	-	186,846,779							
Total External Sales and Reportable Segment Revenue	2,934,883,363	419,773,108	-	-	3,354,656,471	3,695,723,360	81,991,730	-	-	3,777,715,090							
Reportable Segment Profit before Tax	104,384,695	37,428,995	(3,805,824)	-	138,007,866	248,133,146	(1,244,454)	26,601,629	-	273,490,321							
Finance Income	13,986,844	-	-	-	13,986,844	20,486,114	-	-	-	49,727,831							
Finance Costs	266,212,616	-	15,430	-	266,228,046	291,252,377	8,231,776	198,298	-	299,682,451							
Depreciation & Amortisation	50,140,420	5,470,269	-	-	55,610,690	72,438,562	1,215,700	-	-	73,654,262							
Share of profit/(loss) of Non-Controlling Interest-Net of Tax	-	-	(1,141,747)	-	(1,141,747)	-	-	5,568,047	-	5,568,047							
Reportable Segments Assets	9,170,298,432	2,153,079,549	2,071,299,755	13,394,677,736	13,394,677,736	7,092,598,250	1,434,338,899	1,897,870,112	10,424,807,261								
Capital Expenditure	40,441,085	10,077,002	189,944,165	240,462,252	240,462,252	1,097,597,757	721,987,948	4,210,270	1,823,795,975								
Reportable Segments liabilities	10,226,572,443	2,268,440	1,030,250,919	11,259,091,802	11,259,091,802	6,916,166,296	269,365,441	1,067,213,960	8,252,745,697								

34.01 Reconciliation of Reportable Segments

	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
Liabilities		
Total Liabilities for reportable segments	11,259,091,802	8,252,745,697
Add: others Liabilities	19,639,245	23,665,797
Total liabilities	<u>11,278,731,047</u>	<u>8,276,411,494</u>

35.00 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	339,520,136	Dr.
S. Alam Cement Ltd.	-DO-	Short term loan	16,811,135	Cr.
S. Alam Steels Limited	-DO-	Sales and Short term loan	129,497,587	Cr.
			74,772,106	Dr.
S. Alam & Co.	Affiliated Company	Short term loan	90,569,000	Dr.
Global Trading Corporation Ltd.	-DO-	Short term loan	1,380,658,704	Cr.
S. Alam Super Edible Oil Ltd.	-DO-	Short term loan	240,555,223	Dr.
S. Alam Power plant Ltd.	-DO-	Short term loan	209,000	Dr.
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	2,589,942,811	Dr.
Sonali Traders	-DO-	Short term loan	212,834,770	Dr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	945,368,418	Cr.
Chemon Ispat Limited	-DO-	Sales and Short term loan	1,568,999,350	Dr.
Shah Amanat Praktik Gas Ltd.	-DO-	Short term loan	6,000,000	Dr.
S. Alam Bag Manufacturing Mills Ltd.	-DO-	Short term loan	100,000	Cr.
S. Alam Brothers Ltd.	-DO-	Short term loan	55,558,333	Dr.
Jashim Trading Corporation	-DO-	Short term loan	125,937,041	Cr.
Jashim Uddin & Associates	-DO-	Short term loan	20,000,000	Cr.

36.00 Contingent liabilities

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

<u>Particulars</u>	<u>Amount (Tk.)</u>	<u>Present status</u>
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.

	<u>2014</u> M.Ton	<u>2013</u> M.Ton
37.00 Quantitative movement of inventories		
37.01 Raw Materials:		
Opening stock as on 01 October	15,243	10,674
Add: Imported during the year	25,734	52,761
Available for consumption	40,977	63,435
Less: Consumed /Sold/returned during the year	37,860	48,192
Closing stock as on 30 September	3,117	15,243
37.02 Finished Goods:	<u>2014</u> M.Ton	<u>2013</u> M.Ton
A. In SACRSL plant		
Opening stock as on 01 October	4,923	1,426
Add: Produced during the year	31,550	43,853
	36,473	45,279
Less: Sold during the year		
To parties	28,349	39,066
To NOF	7,843	1,290
	36,192	40,356
Closing stock as on 30 September	281.04	4,923
B. In NOF Plant		
Opening stock as on 01 October	504	-
Add: Produced during the year	7,821	1,207
	8,325	1,207
Less: Sold during the year	3,679	703
Closing stock as on 30 September	4,646	504
38.00 Guarantees	<u>2014</u> Taka	<u>2013</u> Taka
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	334,164,393	286,554,721
	335,375,310	287,765,638

39.00 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.

39.01 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.

39.01.01 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>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Accounts receivables	1,667,301,396	1,817,589,420
Due from Affiliated companies	3,609,961,379	579,602,277
Cash and cash equivalents	3,397,663	7,373,628
	<u>5,280,660,438</u>	<u>2,404,565,325</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 1.5 % 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>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
0-90 days	24,388,189	74,369,193
91- 180 days	73,913,857	670,420,512
Over 180 days	1,568,999,350	1,072,799,715
	<u>1,667,301,396</u>	<u>1,817,589,420</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. 3,397,663 at 30 September 2014 (2013: Tk 7,373,628), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

39.02 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</u> <u>months</u> <u>Taka</u>	<u>Contractual</u> <u>cash flows</u> <u>Taka</u>	<u>Carrying</u> <u>amount</u> <u>Taka</u>
<u>Non-derivative financial liabilities:</u>			
<u>As at 30 September 2014</u>			
Trade creditors	1,650,131,588	1,650,131,588	1,650,131,588
Liabilities for expenses	17,432,873	17,432,873	17,432,873
Other liabilities	19,639,245	19,639,245	19,639,245
	<u>1,687,203,706</u>	<u>1,687,203,706</u>	<u>1,687,203,706</u>
<u>As at 30 September 2013</u>			
Trade creditors	1,497,867,057	1,497,867,057	1,497,867,057
Liabilities for expenses	21,839,599	21,839,599	21,839,599
Other liabilities	23,665,797	23,665,797	23,665,797
	<u>1,543,372,453</u>	<u>1,543,372,453</u>	<u>1,543,372,453</u>

39.03 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:

39.03.01 Currency risk: exposure and its management

The group is exposed to currency risk on purchases that are denominated in 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 transactions which are denominated in foreign currencies. As at 30 September 2014, the group was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	<u>30.09.2014</u>		<u>30.09.2013</u>	
	<u>US\$</u>	<u>Taka</u>	<u>US\$</u>	<u>Taka</u>
<u>Exposure to currency risk</u>				
Foreign currency denominated assets:				
Accounts receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	16,635,586	1,305,893,484	15,863,993	1,209,518,431
	16,635,586	1,305,893,484	15,863,993	1,209,518,431
Net exposure	16,635,586	1,305,893,484	15,863,993	1,209,518,431

The following significant exchange rate is applied during the year:

U S dollar	<u>78.50</u>	<u>76.24</u>
------------	--------------	--------------

A change of 10 basis points in foreign currencies would have increased/(decreased) equity and profit or loss of the company by Taka 16,635,586.

39.03.02 Transaction risk

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

39.03.03 Economic risk

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

39.03.04 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.

40.00 Capital commitment

There are capital expenditure commitment for Tk. 4.47 crore in respect of the subsidiary's plant and machinery and civil construction.

41.00 Employees

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

	<u>2014</u>	<u>2013</u>
	-	-
	357	357
	<u>357</u>	<u>357</u>

42.00 Events after the reporting period

The Board of Directors of S. Alam Cold Rolled Steels Limited in their meeting held on 25 February 2015 recommended 15% cash dividend for the year 2014.



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

Telephone +880 (31) 710704, 710996
Fax +880 (31) 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

INDEPENDENT AUDITORS' 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 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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.

Auditors' 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 2014, 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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purposes of the Company's business.

Chittagong, 25 February 2015

Rahman Rahman Huq

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Note	30.09.2014 Taka	30.09.2013 Taka
Assets			
Property, plant and equipment - net	5	1,797,188,275	1,797,266,705
Capital work-in-progress	6	161,417,580	166,415,580
Investment	7	277,357,000	277,357,000
Total non-current assets		2,235,962,855	2,241,039,285
Inventories	8	3,616,304,747	3,662,684,780
Accounts receivables	9	1,667,301,396	1,817,589,420
Due from Affiliated companies	10	4,111,794,973	872,250,662
Advances, deposits and prepayments	11	443,245,528	500,959,431
Short term investment	12	114,516,922	82,724,337
Cash and cash equivalents	13	3,171,260	3,361,725
Total current assets		9,956,334,826	6,939,570,355
Total assets		12,192,297,681	9,180,609,640
Equity			
Share capital	14	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained earnings		526,183,307	554,826,560
Total equity		1,943,825,053	1,972,468,306
Liabilities			
Long term loan	15	823,431,695	836,576,858
Deferred tax liabilities	16	300,586,220	273,511,707
Total non-current liabilities		1,124,017,915	1,110,088,565
Trade creditors	17	1,650,131,588	1,497,867,057
Short term loan	18	4,328,762,657	2,741,767,286
Liabilities for expenses	19	17,382,873	21,774,599
Advance against sales	20	11,927,999	22,628,859
Due to Affiliated companies	21	2,618,372,885	1,159,302,424
Long term loan-current portion	15	262,816,000	249,094,500
Liability against unclaimed dividend	22	29,098,091	25,084,271
Provision for income tax	23	132,530,905	308,568,334
Provision for WPPF and Welfare Fund	24	53,799,970	49,355,843
Other liabilities	25	19,631,745	22,609,596
Total current liabilities		9,124,454,713	6,098,052,769
Total liabilities		10,248,472,628	7,208,141,333
Total liabilities and equity		12,192,297,681	9,180,609,640

The annexed notes 1 to 44 form an integral part of these financial statements.



 Managing Director



 Director



 Company Secretary
 As per our annexed report of same date.



 Rahman Rahman Huq
 Chartered Accountants

Chittagong, 25 February 2015

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	2014 Taka	2013 Taka
Revenue	26	3,354,656,471	3,777,715,090
Cost of sales	27	(2,908,474,969)	(3,189,707,547)
Gross profit		446,181,502	588,007,543
Selling and distribution costs	28	(3,200,399)	(5,185,620)
Administrative costs	29	(41,477,763)	(43,520,429)
		401,503,340	539,301,494
Other income	30	-	9,007,800
Results from operating activities		401,503,340	548,309,294
Finance costs	31	(266,212,616)	(299,484,153)
Finance income	32	13,986,844	20,486,114
Net finance costs		(252,225,772)	(278,998,039)
Net Profit before tax and WPPF and Welfare Fund		149,277,568	269,311,255
Contribution to WPPF and Welfare Fund	24	(7,463,878)	(13,465,563)
Profit before income tax		141,813,690	255,845,692
Income tax expenses:			
Current Tax:			
Current year	23	(15,500,000)	(19,800,000)
Deferred tax	16	(27,074,513)	(49,556,536)
Total Tax expenses		(42,574,513)	(69,356,536)
Net profit after tax for the year		99,239,177	186,489,156
Earnings per share:			
Basic earnings per share	33	1.01	1.90

The annexed notes 1 to 44 form an integral part of these financial statements.



Managing Director



Director



Company Secretary



Rahman Rahman Huq
Chartered Accountants

Chittagong, 25 February 2015



S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014	2013
	Taka	Taka
a. OPERATING ACTIVITIES:		
Receipts from customers against sales	3,494,243,635	3,567,742,414
Paid against revenue expenditure and procurement of raw materials	(2,688,176,645)	(3,089,310,038)
Receipts against finance and other income	13,986,844	20,536,914
Payment to Workers' Profit participation fund	(8,955,267)	(13,693,235)
Interests paid	(260,277,100)	(293,416,227)
Income Tax Paid	(151,914,335)	(184,928,713)
Net cash provided by Operating Activities	398,907,132	6,931,115
b. INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(50,534,260)	(68,336,683)
Proceeds from sale of property, plant and equipment	-	31,232,372
Short term investment (FDR)	(31,792,585)	(8,004,460)
Investment in subsidiary company	-	(8,957,000)
Short term loan to affiliated companies	(3,239,544,311)	257,598,053
Net cash (used in)/generated by Investing Activities	(3,321,871,156)	203,532,282
c. FINANCING ACTIVITIES:		
Receipt/(Re-payment) of Term Loan	576,337	957,379,449
Loan received from /(paid to) affiliated companies	1,459,070,461	(276,871,359)
Receipts/(Re-payment) of Short term loan	1,586,995,371	(753,717,677)
Dividend paid	(123,868,610)	(136,843,742)
Net cash provided by/(used in) Financing Activities	2,922,773,559	(210,053,329)
Total (a+b+c)	(190,465)	410,068
Opening cash and cash equivalents	3,361,725	2,951,657
Closing cash and cash equivalents	3,171,260	3,361,725
	(190,465)	410,068



S. ALAM COLD ROLLED STEELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2014

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 12 December 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 16 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 16 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 25 February 2015.

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: Statement of Cash Flows using Direct Method as per requirement of Securities and Exchange Rules 1987.

2.07 Use of judgments and estimates

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 2013 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 2013 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)	42.99%	7.73%
Capital Machinery	42.99%	7.73%
Factory equipment	42.99%	7.73%
Generator	42.99%	7.73%
Work Roll	42.99%	7.73%
Luffing Crane and Jetty construction	42.99%	7.73%
Coil Cart	42.99%	7.73%

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 (CR Coil, CI Sheets and GP Sheets) 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 goods and 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

The company has a plan to create a provident fund in which both company and employees will contribute an equal amount and actively considering introduction of unfunded gratuity scheme for the employees.

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-33 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 or 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 associated 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 2013, which have significant effect on the financial statements of the company are duly complied with.

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

Assets' category	Cost				Depreciation Rate (%)	Depreciation			Carrying amount as on 30 September 2014 Taka
	Opening balance as on 01 October 2013	Addition	Disposal/Adjustment	Closing balance as on 30 September 2014		Charged for the year	Adjustment for disposal during the year	Closing balance as on 30 September 2014	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	
A. Land and land development:									
Land-Freehold (12.02 Acres)	47,607,490	-	-	47,607,490	-	-	-	47,607,490	
Land Development	21,416,417	-	-	21,416,417	-	-	-	21,416,417	
Internal Road and Drainage	3,506,580	-	-	3,506,580	142,010	-	2,228,491	1,278,089	
Embarkment	42,407,074	-	-	42,407,074	1,065,144	-	38,246,499	4,260,575	
	115,037,561	-	-	115,037,561	1,207,154	-	40,474,990	74,562,571	
B. Buildings:									
Factory Building (Including Leased Assets)	303,888,860	-	-	303,888,860	4,871,423	-	82,077,025	221,811,835	
Factory Building (NOF Plant)	95,929,157	-	-	95,929,157	359,309	-	3,323,707	92,605,450	
General Building	33,321,203	-	-	33,321,203	1,028,733	-	13,775,279	19,545,924	
	433,139,220	-	-	433,139,220	6,259,465	-	99,176,011	333,963,209	
C. Plant and machinery									
Capital Machinery	1,233,517,738	10,077,002	-	1,233,517,738	29,050,473	-	580,661,452	646,856,286	
Capital Machinery (NOF Plant)	616,517,799	10,077,002	-	626,594,801	4,821,744	-	5,966,819	620,627,982	
	1,850,035,537	10,077,002	-	1,860,112,539	33,872,217	-	592,628,271	1,267,484,268	
D. Equipment and appliances:									
Factory Equipment	22,691,689	-	-	22,691,689	703,426	-	5,692,749	16,998,940	
Office Equipment	1,946,579	-	-	1,946,579	15,017	-	18,929	1,927,660	
Guest House Equipment	1,433,910	20,000	-	1,473,910	83,543	-	717,019	756,891	
Computer	1,543,095	159,900	-	1,543,095	99,892	-	1,004,071	539,024	
Air Conditioners	2,482,708	490,000	-	2,642,208	148,883	-	1,275,082	1,366,526	
Generator	4,549,316	-	-	5,039,316	303,255	-	1,983,351	3,055,965	
Electric Line Installation	1,240,000	-	-	1,240,000	561,467	-	390,630	649,370	
Electric Line Installation (NOF Plant)	2,755,225	-	-	2,755,225	92,572	-	1,922,080	833,145	
Gas Line Installation	12,851,881	-	-	12,851,881	1,144,495	-	2,551,422	10,300,459	
Fire Extinguisher	4,369,154	-	-	4,369,154	203,474	-	2,737,892	1,631,262	
Telephone Line Installation	58,100	-	-	58,100	2,154	-	38,711	19,389	
Grinding Wheel	398,527	-	-	398,527	15,034	-	263,220	135,307	
Water Tank	134,666	-	-	134,666	4,904	-	90,333	44,333	
Work Roll	113,300	-	-	113,300	72,267	-	76,390	37,110	
Radioink and Networking (Factory)	1,593,025	175,000	-	1,593,025	721,315	-	758,781	834,244	
Tools and Tackles	258,880	-	-	433,880	16,033	-	129,162	304,718	
Coil Ware House	121,238	-	-	121,238	77,195	-	81,599	39,639	
	5,467,518	844,900	-	65,073,511	3,147,366	-	3,486,640	1,980,878	
	64,229,011	16,173	-	64,245,184	3,163,532	-	3,418,861	41,644,650	
E. Furniture and Fixtures									
Furniture and Fixtures	3,324,062	16,173	-	3,340,235	168,572	-	1,820,845	1,519,390	
Furniture and Fixtures (NOF Plant)	291,295	16,173	-	291,295	26,284	-	54,735	236,560	
	3,615,357	16,173	-	3,631,530	194,856	-	1,875,580	1,755,950	
F. Luffing Crane and Jetty Construction									
G. Coil Cart	54,948,213	-	-	54,948,213	1,460,485	-	33,754,084	21,193,229	
H. Motor vehicles	8,024,021	44,594,385	-	8,024,021	188,784	-	3,820,448	4,203,573	
I. Interior Decoration	39,859,716	-	-	39,859,716	9,048,400	-	33,395,841	51,038,460	
	4,170,096	-	-	4,170,096	231,594	-	2,857,731	1,312,365	
	2,573,058,732	55,432,260	-	2,628,490,992	55,610,691	-	831,402,717	1,797,088,275	
	1,960,642,552	635,960,180	-	2,573,058,732	73,654,261	43,628	775,792,027	1,797,266,705	
	Depreciation allocated to:								
	2014 (Taka)			2014					
	2013 (Taka)			2013					
				Taka					
				55,340,696					
				18,413,565					
				73,654,261					

		<u>2014</u>	<u>2013</u>
		<u>Taka</u>	<u>Taka</u>
6.00 Capital work-in-progress - NOF Project			
Construction of factory building and shed		161,417,580	166,115,580
Other Expenses		-	300,000
		<u>161,417,580</u>	<u>166,415,580</u>
This represent cost incurred for extension of factory building and erection of factory shed for NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.			
7.00 Investment			
S. Alam Power Generation Limited (SAPGL)		277,357,000	268,400,000
Deposited against acquisition of shares in SAPGL		-	8,957,000
		<u>277,357,000</u>	<u>277,357,000</u>
The commercial production S. Alam Power Generation Limited is yet to be commenced.			
8.00 Inventories	Qty. (MT)		
Raw Materials-H.R Coil	3,117	222,368,090	1,011,489,720
Raw Materials-HCL	4,278	29,747,324	29,089,094
Raw Materials-TIN Ingot, ZINC Ingot, Lead Ingot, Zinc Alloy, Antimony Ingot and Chromic Acid/Ocean Coat	2,846	733,737,243	407,843,290
Raw Materials-In-Bond items	25,740	1,734,149,013	1,484,366,899
Work-in-Process		152,302,732	27,300,881
Finished Goods-C.R Coil, C.I Sheet and G.P Sheet	4,927	453,091,991	432,258,416
Stores and Spares		287,809,779	256,525,627
Stock - in - transit		3,098,575	13,810,853
		<u>3,616,304,747</u>	<u>3,662,684,780</u>
9.00 Accounts Receivables			
Against CR Coil (Note - 9.01)		1,593,387,539	1,760,481,920
Against C.I and G.P Sheet (NOF Project)-various parties		73,913,857	57,107,500
		<u>1,667,301,396</u>	<u>1,817,589,420</u>
9.01 Against CR Coil			
Chemon Ispat Limited		1,568,999,350	1,172,799,715
Galco Steels Limited		24,388,189	17,261,693
S. Alam Steels Limited			570,420,512
		<u>1,593,387,539</u>	<u>1,760,481,920</u>
10.00 Due from Affiliated companies			
S. Alam Power Generation Limited		582,605,700	367,358,491
S.Alam Super Edible Oil Ltd.		240,555,223	60,555,223
S. Alam & Co.		90,569,000	22,505,000
S. Alam Vegetable Oil Ltd.		339,520,136	-
S. Alam Brothers Limited		55,558,333	-
S. Alam Power Plant Ltd.		209,000	-
S. Alam Trading Co. (Pvt) Ltd.		2,589,942,811	-
Sonali Traders		212,834,770	-
Global Trading Corporation Ltd.		-	421,831,948
		<u>4,111,794,973</u>	<u>872,250,662</u>
11.00 Advances, deposits and prepayments			
Advances (Note - 11.01)		423,441,183	485,109,757
Deposits (Note - 11.02)		15,287,636	15,287,636
Prepayments (Note-11.03)		4,516,709	562,038
		<u>443,245,528</u>	<u>500,959,431</u>

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
11.01 Advances		
Against Expenses	1,234,466	10,390,076
Against Salary	1,359,000	1,525,500
Bank Guarantee Margin	102,268,878	104,515,205
Advance Income Tax	314,043,069	353,666,163
VAT current account	29,308	11,765,884
Supplementary Tax Current A/C	164,674	164,674
House and Office Rent	1,500	-
Others	4,340,288	3,082,255
	<u>423,441,183</u>	<u>485,109,757</u>
11.02 Deposits		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
Karnaphuli Gas Distribution Co. Ltd.	1,200,346	1,200,346
Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
Grameen Phone (BD) Limited (For mobile)	20,000	20,000
Ansar, VDP	32,331	32,331
Central Depository Bangladesh Limited	500,000	500,000
VAT Account for Appeal fee	2,394,127	2,394,127
	<u>15,287,636</u>	<u>15,287,636</u>
11.03 Prepayments		
Insurance	4,516,709	562,038
	<u>4,516,709</u>	<u>562,038</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.

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	8.00%	76,525,579	56,826,577
Islami Bank Bangladesh Limited (MTDR)	Bank Guarantee and Security	6 months	9.00%	28,142,224	25,897,760
National Bank Limited	L/C Margin	6 months	9.50%	9,849,119	-
				<u>114,516,922</u>	<u>82,724,337</u>

13.00 Cash and cash equivalents

Cash in hand (Note-13.01)	130,264	100,781
Cash at Banks (Note-13.02)	3,040,996	3,260,944
	<u>3,171,260</u>	<u>3,361,725</u>

13.01 Cash in hand

Head office	30,264	658
Factory office	100,000	100,123
	<u>130,264</u>	<u>100,781</u>

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
13.02 Cash at Banks		
AB Bank Ltd., Agrabad Br., Ctg. (CD#4101-774707-000)	94,797	96,067
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002884)	7,678	8,506
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100003008)	57,137	64,998
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002711)	36,705	36,219
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (SND#13100002792)	21,204	21,441
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (CD#10601002130)	7,148	1,678,658
Jamuna Bank Ltd., Jubilee Road Branch, Ctg. (CD#00190211002260)	26,177	128,500
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (CD#001031259)	806,244	155,844
Mercantile Bank Ltd., Khatungonj Branch, Ctg. (CD#011211100005747)	3,149	20,710
National Bank Ltd., Khatungonj Branch, Ctg. (CD#0002-33069282)	802,751	137,482
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg. (CD#200064978)	435,387	171,210
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg. (STD#240001344)	108,153	202,354
Southeast Bank Ltd., Principal Office Branch, Dhaka (CD#11100036055)	38,575	341,050
The City Bank Ltd., Khatungonj Branch, Ctg. (CD#1101002163001)	122,682	8,137
Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Ctg. (CD#00411100004909)	137,247	12,882
Union Bank Ltd., Khatungonj Branch, Ctg. (CD # 0101010000801)	226,012	-
Union Bank Ltd., Gulshan Branch, Dhaka, (CD # 0021010001342)	99,310	-
Agrani Bank Ltd. New Market Br., Ctg. (CD#33009854)	5,345	-
Agrani Bank Ltd. Laldighi Br., Ctg. (CD#0200000791742)	5,295	-
Dutch Bangla Bank Ltd., Local Office Dilkhusa, Dhaka, (CD#0101110000016146)	-	403
First Security Islami Bank Ltd., Khatungonj Branch, Ctg. (CD#11100008341)	-	176,483
	3,040,996	3,260,944

14.00 Share capital

Authorised capital:

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

3,500,000,000

3,500,000,000

Issued, Subscribed, Called up and Paid up capital:

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

983,711,000

983,711,000

983,711,000

983,711,000

14.01 Shareholding position

<u>Name of shareholders</u>	<u>Percentage of holding%</u>	<u>Number of</u>	<u>Number of</u>
		<u>shares of Tk 10 each</u>	<u>shares of Tk 10 each</u>
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,967,430
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	4.88%	4,800,000	4,684,500
ABIL-IDA	0.061%	60,000	308,000
ICB Unit Fund	0.949%	934,020	934,020
ICB	3.129%	3,078,420	2,258,920
Others	42.480%	41,788,000	42,252,840
Union Capital Ltd.	-	-	222,160
	100%	98,371,100	98,371,100

14.02 Classification of shares by holding

Class by number of shares

	<u>No. of Holders</u>	<u>No. of Shares</u>	<u>Percentage of holding</u>
	<u>Nos.</u>	<u>Nos.</u>	<u>%</u>
Less than 500	4,963	820,723	0.83
From 500 to 5,000	5,385	9,108,697	9.26
From 5,001 to 10,000	570	4,355,830	4.43
From 10,001 to 20,000	245	3,607,040	3.67
From 20,001 to 30,000	83	2,119,440	2.15
From 30,001 to 40,000	42	1,485,700	1.51
From 40,001 to 50,000	28	1,306,800	1.33
From 50,001 to 100,000	42	2,971,030	3.02
From 100,001 to 1,000,000	51	15,184,210	15.44
From 1,000,001 and above	11	57,411,630	58.36
Total	11,420	98,371,100	100.00

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
15.00 Long term loan		
Due within one year-Current portion	262,816,000	249,094,500
Due after more than one year-long term portion	823,431,695	836,576,858
	<u>1,086,247,695</u>	<u>1,085,671,358</u>
15.01 Terms of the loan		
Lenders: Rupali Bank Ltd.		
1. 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:		
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.		
16.00 Deferred tax liabilities		
Balance as on 01 October	273,511,707	223,955,171
Add: Recognized during the year	27,074,513	49,556,536
Balance as on 30 September	<u>300,586,220</u>	<u>273,511,707</u>
Recognized deferred tax assets and liabilities are attributable to the following:		
Property, plant and equipment	<u>300,586,220</u>	<u>273,511,707</u>
17.00 Trade creditors		
Deferred L/C Liability	1,305,893,484	1,209,518,431
Customs Authority-Inbond Duty	334,164,393	286,554,721
Sundry Creditors	10,073,711	1,793,905
	<u>1,650,131,588</u>	<u>1,497,867,057</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 loan		
Loan against Trust Receipt (LTR) (Note - 18.01)	2,164,248,129	1,036,328,445
Loan against CC Pledge, Hypo, PAD and MPI (Note - 18.02)	2,164,514,528	1,705,438,841
	<u>4,328,762,657</u>	<u>2,741,767,286</u>
18.01 Short Term Bank Loan (LTR)		
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	2,164,248,129	1,036,328,445
	<u>2,164,248,129</u>	<u>1,036,328,445</u>
18.02 Loan against CC Pledge, Hypo, PAD and MPI		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	218,416,404	289,628,492
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	273,441,687	374,586,558
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI against Imported Raw Materials with Share of Profit Margin)	562,430,482	727,090,834
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	240,085,277	314,132,957
Exim Bank Limited, Khatungonj Branch, Ctg (Biam Hypo)	749,427,778	-
Union Bank Limited, Khatungonj Branch, Ctg (MDBP)	120,712,900	-
	<u>2,164,514,528</u>	<u>1,705,438,841</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 : 15% p.a on quarterly rest.		
Security:		
1. Hypothecation of goods to be imported ,Post dated cheque.		
2. 100% registered mortgage of Land and Project building situated in Shikalbaha.		



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

Types of Liabilities	Sanctioned limit (Figures in crore)
LTR	208
LC/PAD	275
Rate of interest :	At applicable rate determined from time to time.
Security:	

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)
TR	100
LC/MPI/BO	200
Rate of profit :	15.20%
Security:	

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

18.03.04 Lender: Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)
Bai Munazzal Hypo/Biam Hypo	70
Bank Guarantee	7.36
Rate of profit :	14.00%
Security:	

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

18.03.05 Lender: Union Bank Ltd., Khatungonj Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)
MDBP	198
Bank Guarantee	26.06
Rate of profit :	15.00%
Security:	

1. Swift acceptance of local export bill.
2. Personal guarantee of all directors.

	2014	2013
	Taka	Taka
19.00 Liabilities for expenses		
Audit fee	400,000	400,000
Chittagong Palli Bidyut Samity -1	13,225,995	8,190,027
Karnaphuli Gas Distribution Co. Ltd.	1,007,215	720,746
Salary and Allowances	444,919	6,398,071
Telephone and Mobile charges	32,720	25,347
Liason Office Rent and Expenses	25,107	15,209
Against C & F	130,736	154,370
Transportation	354,000	180,000
Karnaphuli Filling Station Limited	667,920	83,111
Against store and spare	1,094,261	79,245
Advertisement bills	-	62,960
McDonald Steel Building Production Ltd.	-	4,015,094
Against Repair & Maintenance	-	1,414,039
Computer Source	-	17,000
Freedom Furniture	-	19,380
	17,382,873	21,774,599
20.00 Advance against sales	11,927,999	22,628,859
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 Cement Ltd.	16,811,135	16,323,135
S. Alam Refined Sugar Industries Ltd.	945,368,418	35,790,500
Jashim Uddin & Associates	20,000,000	-
S. Alam Bag Manufacturing Mills Ltd.	100,000	-
Global Trading Corporation Ltd.	1,380,658,704	-
Jashim Trading Corporation	125,937,041	-
S. Alam Steels Limited	129,497,587	-
S. Alam Vegetable Oil Ltd.	-	11,477,808
S. Alam Power Plant Ltd.	-	110,000
S. Alam Trading Co. (Pvt) Ltd.	-	1,095,561,590
Sonali Traders	-	39,391
	2,618,372,885	1,159,302,424
22.00 Liability against unclaimed dividend		
Unclaimed dividend on Ordinary Share	27,597,542	23,583,641
Unclaimed dividend on Convertible Preference Share	1,500,549	1,500,630
	29,098,091	25,084,271
23.00 Provision for income tax		
Opening balance as on 01 October	308,568,334	314,856,991
Provided during the year:		
Against current year	15,500,000	19,800,000
	324,068,334	334,656,991
Less: Adjusted with advance income tax paid at source	191,537,429	26,088,657
Closing balance September 30	132,530,905	308,568,334

Year wise Income Tax assessment status is as follows:

Accounting year	Assessment year	Present status
2010 and earlier years	2011-2012 and earlier years	Assessment completed
2011	2012-2013	Under process
2012	2013-2014	Under process
2013	2014-2015	Under process
2014	2015-2016	Return due on 15 July 2015

	2014	2013
	Taka	Taka
24.00 Provision for WPPF and Welfare Fund		
Opening balance as on October 1	49,355,843	43,515,589
Add: Accrued interest on WPPF and WWF	5,935,516	6,067,926
Provided during the year @ 5% on net profit before tax	7,463,878	13,465,563
	13,399,394	19,533,489
	62,755,237	63,049,078
Less: Paid during the year	8,955,267	13,693,235
Closing balance September 30	53,799,970	49,355,843
25.00 Other liabilities		
Income Tax deducted at source from salary	107,261	-
Income Tax deducted at source-others	52,648	29,178
Income Tax deducted at source against dividend	5,902,253	8,985,564
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	46,744	72,015
WPPF and Welfare Fund	13,124,384	13,124,384
	19,631,745	22,609,596
26.00 Revenue		
Sales of CR Coil-Net of VAT	2,625,066,667	3,508,876,581
Sale of C.I Sheet-Net of VAT	314,740,089	80,520,016
Sale of G.P Sheet-Net of VAT	18,004,697	1,471,714
Sale of scrap-Net of VAT	396,845,018	186,846,779
	3,354,656,471	3,777,715,090
27.00 Cost of sales		
Opening Stock of raw materials	1,419,333,010	865,961,636
Add: Purchased during the year	2,313,182,671	3,743,028,562
	3,732,515,681	4,608,990,198
Less: Closing Stock of Raw Materials	956,105,333	1,419,333,010
Cost of raw materials consumed	2,776,410,348	3,189,657,188
Add: Manufacturing Expenses:		
Power (Electricity)	76,501,717	91,837,420
Gas	8,984,362	4,962,036
Fuel and Lubricants- Factory Generator	1,101,035	828,800
Consumption of Hydrochloric acid (Note-27.01)	7,442,135	6,448,655
Factory overhead (Note - 27.02)	90,074,504	71,307,235
Consumption of Stores and Spares	50,846,875	58,826,500
Consumption of Packaging materials	1,057,036	1,192,700
Consumption of other chemicals	184,365	696,437
Depreciation (Note- 5.00)	41,708,018	55,240,696
	277,900,047	291,340,479
Cost of Goods Manufactured	3,054,310,395	3,480,997,667
Add: Opening stock of WIP	27,300,881	64,414,384
	3,081,611,276	3,545,412,051
Less: Closing stock of WIP	152,302,732	27,300,881
	2,929,308,544	3,518,111,170
Add: Opening stock of Finished Goods	432,258,416	103,854,793
	3,361,566,960	3,621,965,963
Less: Closing stock of Finished Goods	453,091,991	432,258,416
Cost of sales of manufactured finished goods	2,908,474,969	3,189,707,547
27.01 Raw materials consumed - Hydrochloric Acid		
Opening Stock of raw materials	29,089,094	25,612,734
Add: Purchased during the year	8,100,365	9,925,015
	37,189,459	35,537,749
Less: Closing Stock of raw materials	29,747,324	29,089,094
Consumption of Hydrochloric Acid	7,442,135	6,448,655
27.02 Factory overhead		
Salaries and allowances	69,641,382	49,120,984
Insurance expenses	5,078,748	8,762,679
Medical expenses	207,112	110,707
Labour charges	160,011	67,638
Repairs and Maintenance	8,218,815	5,367,489
Carrying charges-raw materials	432,001	567,659
Uniform and liveries	34,500	146,970
Transportation	1,908,000	2,112,000
Printing & stationery	271,184	307,483
Canteen expenses-Factory	546,895	629,713
Telephone and Internet charges	170,910	102,830
Miscellaneous expenses	989,970	817,209
Registration and renewal	486,989	403,730
Travelling and conveyance expenses	239,860	188,221
Vehicle maintenance	1,169,727	866,393
Lease rent expenses	518,400	1,684,800
Rent, rates and taxes	-	50,730
	90,074,504	71,307,235



	2014	2013
	Taka	Taka
28.00 Selling and distribution costs		
Advertisement	3,200,399	5,185,620
	3,200,399	5,185,620
29.00 Administrative costs		
Salaries and allowances	18,682,588	15,467,181
Depreciation (Note-5.00)	13,902,673	18,413,565
Donation and subscriptions	429,500	797,000
Canteen expenses	626,302	768,356
Fees and renewals	929,036	335,398
Guest house expenses	725,430	727,745
Legal and professional expenses	100,250	268,500
Liaison office expenses	107,667	85,484
Office maintenance expenses	204,886	217,266
Liaison office rent	363,000	370,500
Office decoration	78,000	71,000
Stationery expenses	558,465	585,687
Registration and renewal	5,992	121,891
Rent, rates and taxes	175,553	164,741
Telephone and e-mail expenses	188,245	280,607
Travelling and conveyance expenses	197,798	169,325
Vehicle maintenance	523,625	286,430
Management meeting and conference	2,264,941	2,685,924
Electricity Expenses	196,112	173,204
Miscellaneous expenses	817,700	1,130,625
Audit fees	400,000	400,000
	41,477,763	43,520,429
30.00 Other Income		
Profit on sale of fixed assets	-	8,957,000
Miscellaneous income	-	50,800
	-	9,007,800
31.00 Finance costs		
Bank Charges	358,211	385,636
Interest on Cash Credit (Hypo)	42,386,112	42,398,230
Interest on Cash Credit (Pledge)	54,345,129	56,989,849
Interest on Term loan	155,667,311	87,295,507
Bank guarantee commission	7,520,337	7,935,446
Interest on WPPF and WWF	5,935,516	6,067,926
Interest on Project loan	-	1,989,531
Interest on LIM	-	11,017,023
Interest on LTR	-	85,405,005
	266,212,616	299,484,153
32.00 Finance income		
Interest income from MTDR and MDDS	11,587,763	14,080,688
Interest on STD/SND	58,585	19,230
Interest income from FDR	2,340,496	6,386,196
	13,986,844	20,486,114
33.00 Basic earnings per share (EPS)		
Profit attributable to the ordinary shareholders	99,239,177	186,489,156
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	1.01	1.90

34.00 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) coated CI and GP Sheets: Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.

Information about reportable segments	2014		2013		Total Taka	
	CR Strips Taka	NOF Taka	Total Taka	CR Strips Taka		NOF Taka
	External Revenues:					
Local Sales	2,625,066,667	332,744,786	2,957,811,453	3,508,876,581	81,991,730	3,590,868,311
Scrap Sales	309,816,696	87,028,322	396,845,018	186,846,779	-	186,846,779
Total External Sales and Reportable Segment Revenue	2,934,883,363	419,773,108	3,354,656,471	3,695,723,360	81,991,730	3,777,715,090
Reportable Segment Profit before Tax	104,384,695	37,428,995	141,813,690	255,908,774	(63,082)	255,845,692
Finance Income	13,986,844	-	13,986,844	20,486,114	-	20,486,114
Finance Costs	266,212,616	-	266,212,616	291,252,377	8,231,776	299,484,153
Depreciation & Amortisation	50,140,420	5,470,270	55,610,691	72,438,561	1,215,700	73,654,261
Reportable Segments Assets	9,761,861,132	2,153,079,549	11,914,940,681	7,468,913,741	1,434,338,899	8,903,252,640
Capital Expenditure	40,441,085	10,077,002	50,518,087	1,075,278,757	721,987,948	1,797,266,705
Reportable Segments liabilities	10,226,572,443	2,268,440	10,228,840,883	6,916,166,296	269,365,441	7,185,531,737



34.01 Reconciliation of Reportable Segments

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Assets		
Total Assets from reportable segments	11,914,940,681	8,903,252,640
Add: Others- Investment	277,357,000	277,357,000
Total Assets	12,192,297,681	9,180,609,640
Liabilities		
Total Liabilities for reportable segments	10,228,840,883	7,185,531,737
Add: others Liabilities	19,631,745	22,609,596
Total liabilities	10,248,472,628	7,208,141,333

35.00 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 30.09.2014</u>	
S. Alam Power Generation Limited	Subsidiary	Short term loan	582,605,700	Dr.
S. Alam Vegetable Oil Ltd.	Affiliated Company and shareholder	Short term loan	339,520,136	Dr.
S. Alam Steels Limited	-DO-	Sales and short term loans	129,497,587	Cr.
S. Alam Cement Ltd.	-DO-	Short term loan	16,811,135	Cr.
S. Alam & Co.	Affiliated Company	Short term loan	90,569,000	Dr.
Global Trading Corporation Ltd.	-DO-	Short term loan	1,380,658,704	Cr.
S. Alam Super Edible Oil Ltd.	-DO-	Short term loan	240,555,223	Dr.
S. Alam Power Plant Ltd.	-DO-	Short term loan	209,000	Dr.
S. Alam Trading Co. (Pvt) Ltd.	-DO-	Short term loan	2,589,942,811	Dr.
Sonali Traders	-DO-	Short term loan	212,834,770	Dr.
S. Alam Refined Sugar Ind. Ltd.	-DO-	Short term loan	945,368,418	Cr.
Chemon Ispat Limited	-DO-	Sales and short term loans	1,568,999,350	Dr.
S. Alam Bag Manufacturing Mills Ltd.	-DO-	Short term loan	100,000	Cr.
S. Alam Brothers Ltd.	-DO-	Short term loan	55,558,333	Dr.
Jashim Trading Corporation	-DO-	Short term loan	125,937,041	Cr.
Jashim Uddin & Associates	-DO-	Short term loan	20,000,000	Cr.

36.00 Contingent liabilities

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

<u>Particulars</u>	<u>Amount (Tk.)</u>	<u>Present status</u>
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.

37.00 Quantitative movement of inventories**37.01 Raw Materials:**

	<u>2014</u> <u>MTon</u>	<u>2013</u> <u>MTon</u>
Opening stock as on 01 October	15,243	10,674
Add: Imported during the year	25,734	52,761
Available for consumption	40,977	63,435
Less: Consumed /Sold/returned during the year	37,860	48,192
Closing stock as on 30 September	3,117	15,243

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

Opening stock as on 01 October	4,923	1,426
Add: Produced during the year	31,550	43,853
	36,473	45,279
Less: Sold during the year		
To parties	28,349	39,066
To NOP	7,843	1,290
	36,192	40,356
Closing stock as on 30 September	281.00	4,923

B. In NOP Plant

Opening stock as on 01 October	504	-
Add: Produced during the year	7,821	1,207
	8,325	1,207
Less: Sold during the year	3,679	703
Closing stock as on 30 September	4,646	504

38.00 Guarantees

The following Bank guarantees were outstanding on the reporting date:

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
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	334,164,393	286,554,721
	<u>335,375,310</u>	<u>287,765,638</u>

39.00 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.

39.01 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.

39.01.01 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>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Accounts receivables	1,667,301,396	1,817,589,420
Due from Affiliated companies	4,111,794,973	872,250,662
Cash and cash equivalents	3,171,260	3,361,725
	<u>6,782,267,629</u>	<u>2,693,201,807</u>

(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 1.5 % 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>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
0-90 days	24,388,189	74,369,193
91- 180 days	73,913,857	670,420,512
Over 180 days	1,568,999,350	1,072,799,715
	<u>1,667,301,396</u>	<u>1,817,589,420</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. 3,171,260 at 30 September 2014 (2013: Tk. 3,361,725), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

39.02 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>
Non-derivative financial liabilities:			
As at 30 September 2014			
Trade creditors	1,650,131,588	1,650,131,588	1,650,131,588
Liabilities for expenses	17,382,873	17,382,873	17,382,873
Other liabilities	19,631,745	19,631,745	19,631,745
	<u>1,687,146,206</u>	<u>1,687,146,206</u>	<u>1,687,146,206</u>
As at 30 September 2013			
Trade creditors	1,497,867,057	1,497,867,057	1,497,867,057
Liabilities for expenses	21,774,509	21,774,509	21,774,509
Other liabilities	22,609,596	22,609,596	22,609,596
	<u>1,542,251,252</u>	<u>1,542,251,252</u>	<u>1,542,251,252</u>

39.03 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:

39.03.01 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 2014, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30.09.2014		30.09.2013	
	US\$	Taka	US\$	Taka
Exposure to currency risk				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	16,635,586	1,305,893,484	15,863,993	1,209,518,431
	16,635,586	1,305,893,484	15,863,993	1,209,518,431
Net exposure	16,635,586	1,305,893,484	15,863,993	1,209,518,431

The following significant exchange rate is applied during the year:

U S dollar	78.50	76.24
------------	-------	-------

A change of 10 basis points in foreign currencies would have increased/(decreased) equity and profit or loss of the company by Taka 16,635,586.

39.03.02 Transaction risk

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

39.03.03 Economic risk

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

39.03.04 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.

40.00 Bank Facilities

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

Banker	Facilities	2014	2013
		Limit Taka	Limit Taka
Rupali Bank Limited	Term Loan	114.78 Crore	114.78 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
Export Import Bank of Bangladesh Ltd.	Bai Munzzal Hypo/Biam Hypo	70 Crore	-
Union Bank Ltd.	MDBP	198 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

41.00 Capital commitment

The company had no capital commitment at the reporting date.

42.00 Production capacity

SACRSL Plant:

Installed Capacity (In M.Ton) yearly

2014 2013

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

Capacity utilised (%)

NOF Plant:

Installed Capacity (In M.Ton) yearly

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

Capacity utilised (%)

43.00 Employees

Number of employees whose monthly salary was below Tk. 3,000

Number of employees whose monthly salary was above Tk. 3,000

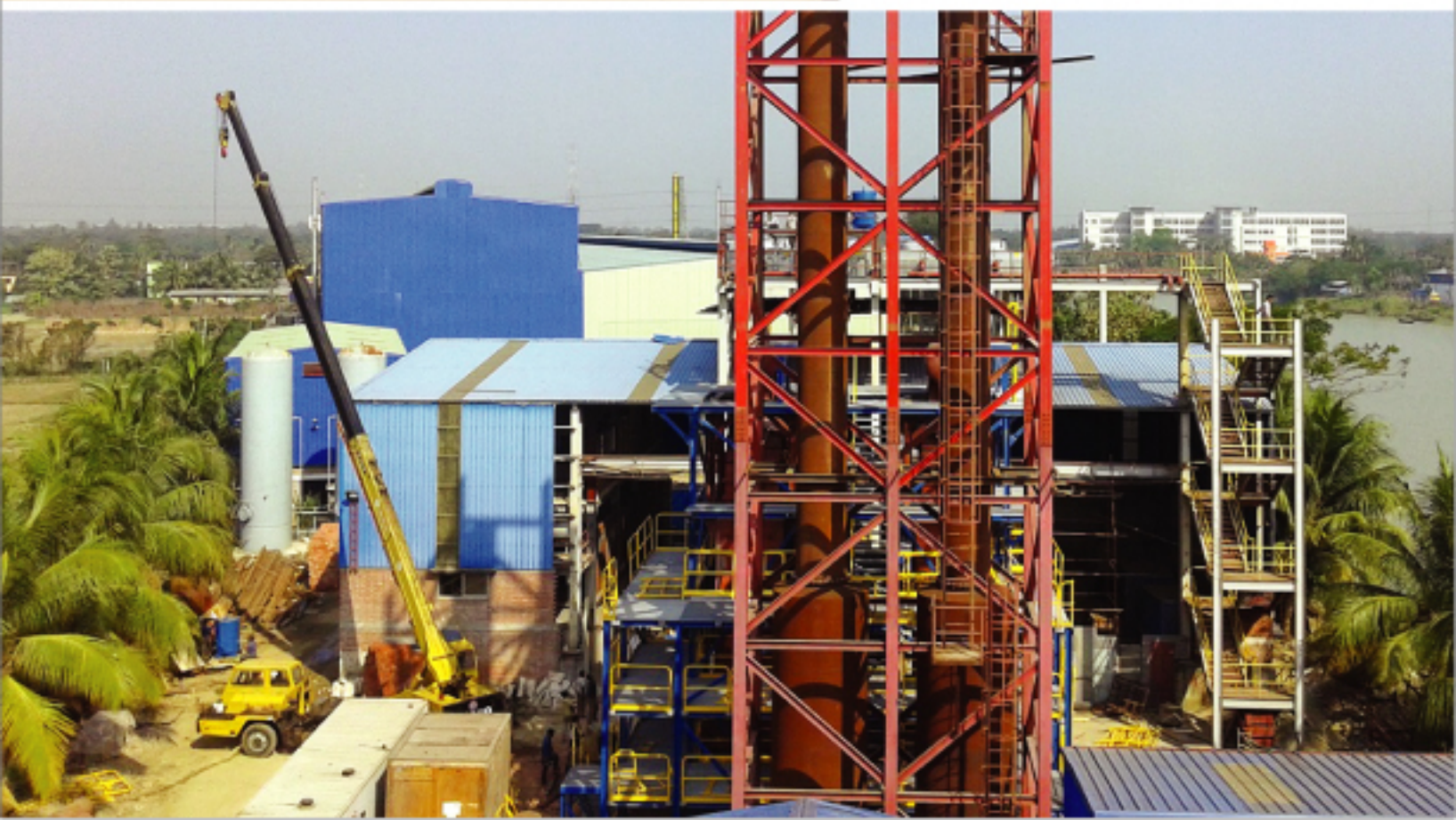
44.00 Events after the reporting period

The Board of Directors in their meeting held on 25 February 2015 recommended 15% cash dividend for the year 2014.



Subsidiary Profile

S. Alam Power Generation Ltd.



Directors' Report to the Shareholders

Dear Shareholders,

It is a matter of great pleasure for your Directors in presenting their 6th Annual Report along with the audited Accounts and the Auditors' Report thereon for the year ended 30th September 2014.

It is reported that in terms of the re-negotiated agreement executed with the EPC Contractors, 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 end of April 2015.

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

With consent of the company accorded in the last Annual General Meeting, Mr. Mohammed Saiful Alam has been re-appointed as Managing Director for a period of five years since 09/04/2014. Mr. Abdus Samad and Mr. Osman Gani are the Directors retiring by rotation this year. Being eligible, they offer themselves for re-election in the ensuing Annual General meeting of the Company.

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, allotment of shares had accordingly been made on 14/02/2014.

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 30/09/2014 have also been reviewed by the Audit Committee of the SACRSL.

M/s. Rahman Rahman Huq, Chartered Accountants, current auditors of the Company, retire. They have been auditors of the Company consecutively for three years simultaneous to our parent company SACRSL. Being a subsidiary of the SACRSL, we had to appoint same auditors as that of the parent company, for audit of accounts of the company for the next term. Your Directors received proposal for appointment of M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, supported with their consent in writing, as auditors of our company for the next 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

25 February 2015



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

Telephone +880 (31) 710704, 710996
Fax +880 (31) 2520795
E-mail chittagong@kpmg.com
Internet www.kpmg.com/bd

**INDEPENDENT AUDITORS' 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 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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.

Auditors' 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 2014, 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 profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Chittagong, 25 February 2015

Rahman Rahman Huq

S. ALAM POWER GENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Note	2014 Taka	2013 Taka
ASSETS			
Property, plant and equipment	6	35,486,270	35,486,270
Capital work-in-progress	7	1,934,012,362	1,744,068,197
Total Non-current assets		1,969,498,632	1,779,554,467
Due from affiliated companies	8	80,772,106	74,710,106
Advances, deposits and prepayments	9	20,802,614	39,593,636
Cash and cash equivalents	10	226,403	4,011,903
Total current assets		101,801,123	118,315,645
TOTAL ASSETS		2,071,299,755	1,897,870,112
EQUITY			
Share capital	11	395,072,700	383,428,600
Retained earnings		63,362,936	67,168,760
Equity attributable to owners of the company		458,435,636	450,597,360
Share money deposits	12	-	11,644,100
LIABILITIES			
Long term loan	13	1,010,768,279	974,569,771
Non-current liabilities		1,010,768,279	974,569,771
Liabilities for Expenses	14	57,500	1,121,201
Due to affiliated companies	15	582,605,700	367,358,491
Long term loan-current portion	13	-	50,361,112
Provision for Income Tax	16	19,432,640	42,218,077
Total current liabilities		602,095,840	461,058,881
Total liabilities		1,612,864,119	1,447,272,752
TOTAL EQUITY AND LIABILITY		2,071,299,755	1,897,870,112

The annexed notes 1 to 23 form an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our annexed report of same date.



Rahman Rahman Huq
Chartered Accountants

Chittagong, 25 February 2015

S. ALAM POWER GENERATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2014

		2014	2013
	Note	Taka	Taka
Revenue	1.02	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses	17	(3,790,394)	(2,441,790)
Results from operating activities		(3,790,394)	(2,441,790)
Finance costs	18	(15,430)	(198,298)
Finance income	19	-	29,241,717
Net finance income/(costs)		(15,430)	29,043,419
Net Profit before tax		(3,805,824)	26,601,629
Income tax expenses:			
Current Tax:			
Current year	16	-	(8,041,473)
Net profit after tax for the year		(3,805,824)	18,560,156
Earnings per share:			
Basic earnings per share	20	(0.97)	4.84

The annexed notes 1 to 23 form an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our annexed report of same date.

Chittagong, 25 February 2015



Rahman Rahman Huq
Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total</u>
	Taka	Taka	Taka
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
Balance as on 30 September 2013	383,428,600	67,168,760	450,597,360
Balance as on 01 October 2013	383,428,600	67,168,760	450,597,360
Share issued during the year	11,644,100	-	11,644,100
Net loss after tax for the year 2014	-	(3,805,824)	(3,805,824)
Balance as on 30 September 2014	395,072,700	63,362,936	458,435,636

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014	2013
	Taka	Taka
a. OPERATING ACTIVITIES:		
Paid against revenue expenditure	(1,874,434)	(4,318,750)
Receipt against interest income	-	52,853,774
Payment of bank charges	(15,430)	(198,298)
Income Tax Paid	(22,785,937)	(6,755,474)
Net cash provided by Operating Activities	(24,675,801)	41,581,252
b. INVESTING ACTIVITIES:		
Short term investment in FDR	-	360,678,001
Acquisition of property, plant and equipment	-	(35,486,270)
Paid against capital work-in-progress	(174,132,304)	(435,658,129)
Net cash used in Investing Activities	(174,132,304)	(110,466,398)
c. FINANCING ACTIVITIES:		
Receipt/ (Paid) of Short Term Loan	(50,361,112)	(1,188,207,254)
Receipt against share money deposits	-	11,644,100
Receipt of Long Term Loan	36,198,508	1,024,930,883
Loan received from affiliated companies-Net	209,185,209	214,972,104
Net cash provided by Financing Activities	195,022,605	63,339,833
Total (a+b+c)	(3,785,500)	(5,545,313)
Opening cash and cash equivalents	4,011,903	9,557,216
Closing cash and cash equivalents	226,403	4,011,903
	(3,785,500)	(5,545,313)

S. ALAM POWER GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED ON 30 SEPTEMBER 2014

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 09 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 balance electricity will be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTRIFICATION BOARD. Generators 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 balance will be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTRIFICATION 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 04 April 2012 vide License no. BERG/POWER/CIPP-006/L/004/789 under Bangladesh Energy Regulatory Commission. It was valid upto 03 April 2014 and renewal of the registration is under process.

3.00 Basis of preparation

3.01 Statement of Compliance

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

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

3.02 Regulatory compliance

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

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

3.03 Basis of measurement

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

3.04 Date of authorization

These financial statements have been authorized for issue by the Board of Directors on 25 February 2015.

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 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.

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: Statement of Cash Flows 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 2013 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 2013 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; hence Land has not been depreciated.

4.02 Capital work in progress

Capital work in progress consists of cost incurred for acquisition and installation of plant and machinery, civil structure as well as several other fixed assets 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/allowed to affiliated companies as and when required to meet the expenditure for acquisition of capital machinery and installation thereof, and other business purposes from time to time. Balances due from affiliated companies 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 expenses etc.

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 recognised 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 and liabilities for expenses etc.

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity.

(b) Liabilities for expenses

These liabilities represent amounts due to various parties for receiving goods and 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-20 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.

Deferred tax:

In absence of temporary differences, no deferred tax assets or liabilities are recognized in the financial statements during the year under audit.

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 2013, which have significant effect on the financial statements of the company are duly complied with.

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
6.00 Property, plant and equipment		
Land	<u>35,486,270</u>	<u>35,486,270</u>
This represent cost of land acquired measuring 2.54 acres at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh to set up the plant.		
7.00 Capital Work In Progress		
Capital Machinery : L/C 0136-11-01-0036	1,581,465,393	1,425,627,997
Supply of remaining parts of the plant : L/C 0136-11-01-0061	253,181,301	250,232,581
Supply of remaining parts of the plant : L/C 0136-11-99-0037	37,119,961	24,492,051
Supply of other equipments	40,683,103	35,595,177
Office equipment	-	62,000
Factory Equipment	700,000	-
Computer	303,100	134,000
Factory Building	17,245,000	5,845,000
Machinery Installation	2,314,504	2,079,391
Gas line installation	1,000,000	-
	<u>1,934,012,362</u>	<u>1,744,068,197</u>
This represents cost incurred for acquisition 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.		
8.00 Due from affiliated companies		
S. Alam Steels Limited	74,772,106	74,710,106
Shah Amanat Prakritik Gas Ltd.	6,000,000	-
	<u>80,772,106</u>	<u>74,710,106</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.		
9.00 Advances, deposits and prepayments		
Advances (Note - 9.01)	20,802,614	37,013,975
Prepayments (Note-9.02)	-	2,579,661
	<u>20,802,614</u>	<u>39,593,636</u>
9.01 Advances		
Consultancy (BIDCO Associates)	650,000	650,000
Income tax deducted at source on interest income	13,508,528	13,508,028
Against C&F bills	6,644,086	9,177,306
Against L/C Margin	-	13,278,641
Associated engineers	-	400,000
	<u>20,802,614</u>	<u>37,013,975</u>
9.02 Prepayments		
Insurance	-	2,579,661
	<u>-</u>	<u>2,579,661</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.

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
10.00 Cash and cash equivalents		
Cash at Banks		
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong	14,645	41,611
National Bank Limited, Khatungonj Branch, Chittagong	89,605	90,645
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong	122,153	3,879,647
	<u>226,403</u>	<u>4,011,903</u>

Cash transactions are maintained by the S. Alam Cold Rolled Steels Limited.

11.00 Share Capital

Authorised Capital:

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.

Issued, Subscribed and Paid-up Capital:

3,950,727 Ordinary shares of Tk. 100 each (Note - 11.01)

<u>395,072,700</u>	<u>383,428,600</u>
--------------------	--------------------

11.01 Issued and Paid up Shares are Subscribed by :

<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>Holding %</u>	<u>2014</u>	<u>2013</u>
			<u>Amount Taka</u>	<u>Amount Taka</u>
S. Alam Cold Rolled Steels Ltd.	2,773,570	70.20	277,357,000	268,400,000
Mr. Mohammed Saiful Alam	784,771	19.86	78,477,100	76,685,700
Mr. Abdus Samad	392,386	9.93	39,238,600	38,342,900
	<u>3,950,727</u>	<u>100.00</u>	<u>395,072,700</u>	<u>383,428,600</u>

12.00 Share money deposits

<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>2014</u>	<u>2013</u>
		<u>Amount Taka</u>	<u>Amount Taka</u>
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>-</u>	<u>11,644,100</u>

13.00 Project loan

Due within one year-Current portion	-	50,361,112
Due after more than one year-long term portion	1,010,768,279	974,569,771
	<u>1,010,768,279</u>	<u>1,024,930,883</u>

13.01 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:

The disbursement was made on 06.06.2013.

Repayments

Re-payment stipulated to be made by 24 quarterly installments plus accrued interest commencing after grace period.

Loan period

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

Securities:

- 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 million.
- Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.
- Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting expenditure for capital machineries.

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
14.00 Liabilities for Expenses		
VAT	7,500	939,822
Audit Fee Payable	50,000	50,000
Income Tax payable	-	116,379
Salary	-	15,000
	<u>57,500</u>	<u>1,121,201</u>
15.00 Due to affiliated companies		
S. Alam Cold Rolled Steels Limited	582,605,700	367,358,491
	<u>582,605,700</u>	<u>367,358,491</u>
This represents short term financial arrangement availed from parent company. This is interest free and there is no fixed term of repayment.		
16.00 Provision for Income Tax		
Opening balance as on October 1	42,218,077	34,176,604
Add: Provided during the year		
Against current year	-	8,041,473
	<u>42,218,077</u>	<u>42,218,077</u>
Less: Paid during the year	22,785,437	-
Closing balance as on September 30	<u>19,432,640</u>	<u>42,218,077</u>
17.00 Administrative expenses		
Salaries and wages	228,000	79,429
Stationery	3,856	1,225
Audit Fee	50,000	50,000
License & Renewal Fee	764,065	550,227
Insurance expenses	2,579,661	1,547,798
Miscellaneous Expenses	101,510	69,525
Legal & Professional Fee	26,500	122,500
Entertainment	36,802	-
Postage & Stamp	-	4,976
Traveling & Conveyance	-	16,110
	<u>3,790,394</u>	<u>2,441,790</u>
18.00 Finance costs		
Bank Charges	15,430	198,298
	<u>15,430</u>	<u>198,298</u>
19.00 Finance income		
Interest income from FDR		29,241,717
	<u>-</u>	<u>29,241,717</u>
20.00 Basic earnings per share (EPS)		
Profit/(loss) attributable to the ordinary shareholders	<u>(3,805,824)</u>	<u>18,560,156</u>
Weighted average number of shares outstanding during the year	<u>3,911,913</u>	<u>3,834,286</u>
Basic earnings per share (EPS)	<u>(0.97)</u>	<u>4.84</u>
21.00 Capital commitments		
There are capital expenditure commitment for Tk. 4.47 crore in respect of plant and machinery and civil construction.		
22.00 Contingent liabilities		
The company had no contingent liabilities at the reporting date.		
23.00 Events after the reporting period		
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.		







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

প্রতিনিধিপত্র (PROXY FORM)

শেয়ার সংখ্যা

ফোলিও / বিও নং

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

আমি/আমরা

এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড-এর সদস্য এবং

আমি / আমরা জনাব

কে আমার/আমাদের প্রতিনিধি হিসেবে

আমার/আমাদের অনুপস্থিতিতে ২৮ মার্চ, ২০১৫ তারিখে স্মরণিকা (কমিউনিটি সেন্টার), ১৩, লাভ লেন, চট্টগ্রামে বেলা ১১.০০টায় অনুষ্ঠিতব্য কোম্পানির ১৪তম বার্ষিক সাধারণ সভায় এবং ঐ সভার যেকোনো মূলতবী সভায় উপস্থিত থাকার এবং আমার/আমাদের পক্ষে ভোট দানের জন্য নিয়োগ করছি।

আমার / আমাদের সম্মুখে তিনি

তারিখে স্বাক্ষর প্রদান করলেন।

প্রক্সির / প্রতিনিধির স্বাক্ষর

শেয়ারহোল্ডারের স্বাক্ষর

রেজিনিউ স্ট্যাম্প
২০/- টাকা

বিঃ দ্রঃ

১. প্রদত্ত স্বাক্ষর কোম্পানির অফিসে সনাক্ত / ডিপোজিটরিতে অন্তর্ভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকতে হবে।
২. সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য একজন সদস্যকে প্রতিনিধি (প্রক্সি) নিয়োগ করতে পারেন। প্রতিনিধিপত্র যথাযথভাবে স্বাক্ষর প্রদান করতঃ ২০ টাকার রেজিনিউ স্ট্যাম্প সহযোগে সভার নির্ধারিত সময়ের ৭২ ঘণ্টা পূর্বে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

হাজিরাপত্র (ATTENDANCE SLIP)

২৮ মার্চ, ২০১৫ তারিখে স্মরণিকা, (কমিউনিটি সেন্টার), ১৩, লাভ লেন, চট্টগ্রামে অনুষ্ঠিত এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড এর ১৪তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম

শেয়ার সংখ্যা

ফোলিও / বিও নং

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

প্রতিনিধির নাম

শেয়ারহোল্ডারের/প্রতিনিধির স্বাক্ষর

* সভায় আগত শেয়ারহোল্ডার বা প্রতিনিধিকে হাজিরাপত্রটি পূরণ করে সভার রেজিস্ট্রেশন কাউন্টারে জমা দিতে অনুরোধ করা যাচ্ছে



S. ALAM COLD ROLLED STEELS LIMITED

(A Member of S. Alam Group)

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; FAX: 00-880-2-9567483

sharedivision@s.alamgroupbd.com

Web: www.s.alamgroupbd.com