



# Annual Report

## 2015

ANNUAL REPORT 2015



S. Alam Cold Rolled Steels Limited  
[www.s.alamgroupbd.com](http://www.s.alamgroupbd.com)



15<sup>th</sup>  
Annual General  
Meeting 2016



**S. ALAM GOLD ROLLED STEELS LIMITED**

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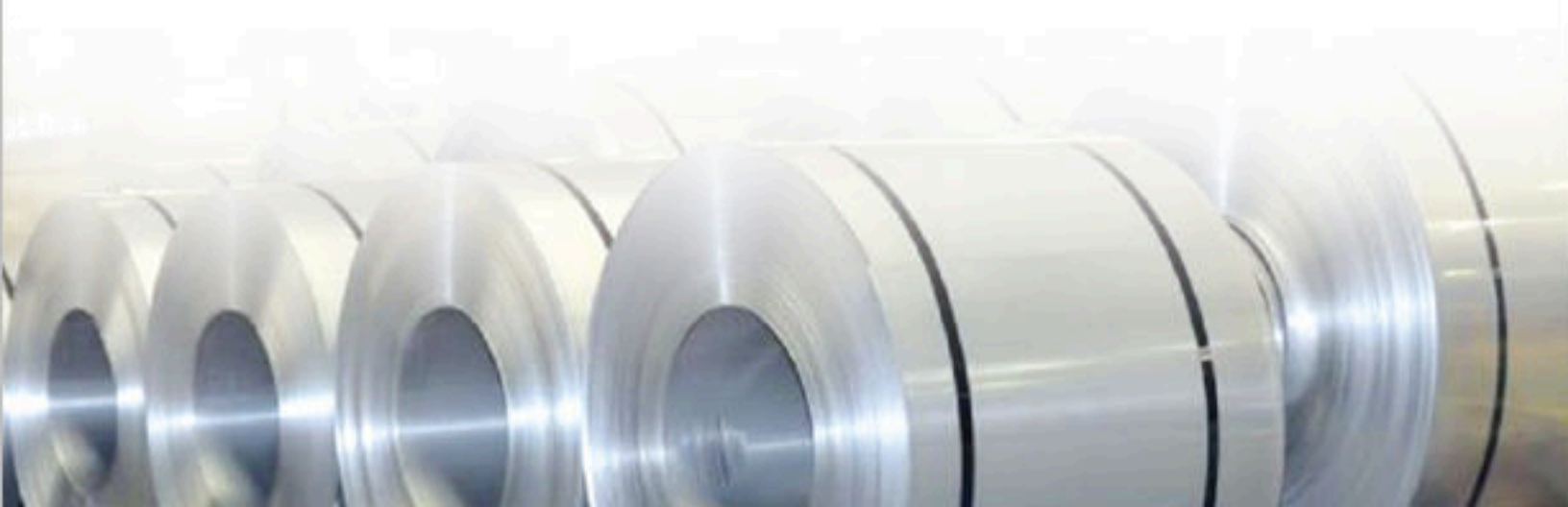
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Proxy Form

# COMPANY Profile



<b>Legal Status</b>	:	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.
<b>Date of Listing with DSE &amp; CSE</b>	:	16 May 2006
<b>Commencement of Commercial Production</b>	:	2004
<b>Factory</b>	:	Kalarpool, Shikalbaha, Patiya, Chittagong.
<b>Corporate &amp; Registered Office</b>	:	S. Alam Bhaban 2119 Asadgonj, Chittagong. Phone : +88-031-636649 636997, 611426, 611195, 638258 Fax : +88-031-2869284 E-mail : <a href="mailto:sharedivision@s.alamgroupbd.com">sharedivision@s.alamgroupbd.com</a> Website : <a href="http://www.s.alamgroupbd.com">www.s.alamgroupbd.com</a>
<b>Liasion Office</b>	:	Sharif Mansion (6th Floor) 56-57, Motijheel C/A, Dhaka-1000. Phone : 02-9560631, Fax : 02-9567483
<b>Authorized Capital</b>	:	Taka 350.00 Crore
<b>Issued, Subscribed &amp; Paid up Capital</b>	:	Taka 98.3711Crore.
<b>Products Variety</b>	:	C. R. Coil Plant - C.R. Coil & Strips NOF Plant - C.I. Sheet, G.P. Sheet
<b>Annual Installed Capacity</b>	:	C. R. Coil Plant - 1,20,000 M. Ton NOF Plant - 72,000 M. Ton



# Transmittal Letter



01 February 2016

To :

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

Sub : [Annual Report for the year ended 30th September 2015](#)

Dear Sir(s),

We are pleased to transmit a copy of the Annual Report 2015 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 2015 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, 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 ১৫তম বার্ষিক সাধারণ সভা নিম্নলিখিত বিষয়াদি সম্পাদনকল্পে আগামী ১৯ মার্চ, ২০১৬ শনিবার সকাল ১১-০০টায় চিটাগাং ক্লাব লিমিটেড, এস এস বালেন রোড, চট্টগ্রামে অনুষ্ঠিত হবে।

#### আলোচ্যসূচি : (Ordinary Business)

- ০১। ২০১৫ সালের ৩০ সেপ্টেম্বর সমাপ্ত বছরের নিরীক্ষিত অর্থিক বিবরণীসমূহ, পরিচালকমণ্ডলীর প্রতিবেদন এবং নিরীক্ষকদের প্রতিবেদন গ্রহণ এবং অনুমোদন।
- ০২। ৩০ সেপ্টেম্বর ২০১৫ তারিখে সমাপ্ত বছরের জন্য লভ্যাংশ ঘোষণা।
- ০৩। পরিচালকমণ্ডলীর নির্বচন / পুনর্নির্বাচন / নিয়োগ অনুমোদন।
- ০৪। পরবর্তী অর্থিক বছরের জন্য অতিরিক্ত নিয়োগ ও ভাসের পরিপ্রেক্ষিত নির্ধারণ।
- ০৫। নিম্ন বর্ণিত প্রস্তাবটি, প্রয়োজনে পরিবর্তন বা পরিবর্তনসহ অথবা বাতিল, কোম্পানির বিশেষ সিদ্ধান্ত বা স্পেশাল রেজলুশন বা হিসাবে অনুমোদন এবং অবলম্বন বিষয়ে বিবেচনা।

#### \*RESOLVED that:

(a) each of the Articles as appearing in the existing Articles of Association of the company as depicted hereunder in column two, be and are hereby substituted and replaced with a new Article set opposite thereof in column three:

Sl.No.	Existing Articles:	Proposed Amended Articles:
1.	78. The present Board of Directors of the Company shall be constituted with the following persons unless any of them voluntarily resigns or otherwise becomes disqualified to be a Director of the company in accordance with the provisions of the Companies Act, 1994 : 1. Alhaj Md. Saiful Alam 2. Alhaj Abdus Samad 3. Alhaj Md. Osman Gani 4. Mr. S.M Atiqur Rahman, Dy. General Manager representing Rupali Bank Limited.	78. The present Board of Directors of the Company shall be constituted with the following persons unless any of them voluntarily resigns or otherwise becomes disqualified to be a Director of the company in accordance with the provisions of the Companies Act, 1994 : 1. Mr. Mohammed Saiful Alam 2. Mr. Abdus Samad 3. Mr. Md. Osman Gani
2.	82. Each director shall be entitled to receive Tk. 400/- as fees per meeting attended by him and in addition, shall be reimbursed his reasonable traveling and hotel expenses incurred in attending meeting of the Directors.	82. Each director shall be entitled to receive a fee of Tk. 8,000/00 or the sum as may from time to time decide by the Directors in this behalf for each meeting of the Board or of the Committees attended by him and in addition, such Director shall be reimbursed his reasonable traveling and hotel expenses incurred in attending meeting of the Directors or of the Committees..

(b) the following new Article be and is hereby inserted in its chronological order in the existing Articles of Association of the company:

"Unclaimed Dividend 117A. Dividends unclaimed for one (1) year after having been declared may be invested otherwise for the benefit of the Company until claimed and all dividend unclaimed for six (6) years after having been declared may be forfeited by the Board for the benefit of the Company provided that the Board may at any time annul such forfeiture and pay such dividend."

(c) and that consequent upon the aforesaid amendments in the existing Articles of Association of the company, a new Articles of Association containing Articles 1 to 138 duly amended as above, in substitution for and in exclusion of the existing Articles of Association be and are hereby adopted, which shall henceforth be the Articles of Association of the company and a copy of which shall be submitted to the office of the Registrar of Joint Stock Companies & Firms, Government of Bangladesh, Chittagong Division, Chittagong as Annexure-A to the prescribed Form VIII."

১৯ জানুয়ারি, ২০১৬

  
 মোহাম্মদ সাইফুল আলম  
 ব্যবস্থাপনা পরিচালক

#### স্রষ্টব্য :

- ০১। রেকর্ড নং: ২৮ জানুয়ারি ২০১৬। রেকর্ড নং-এ সিডিবিএল হিসেবিস্টারি রেজিস্টার এবং কোম্পানির সদস্য বইতে নিবন্ধিত শেয়ারহোল্ডারগণ উপরোক্ত সাধারণ সভার যোগদানসহ অনুমোদিত লভ্যাংশ পাওয়ার ঘোষণা বসে বিবেচিত হবেন।
- ০২। প্রতি: সদস্যগণ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোট দানের জন্য অন্য একজন প্রতিনিয়োগ করতে পারেন। সভা অনুষ্ঠানের জন্য নির্ধারিত সময়ের ৭২ ঘণ্টা পূর্বে সন্তুস্ত প্রতিনিয়োগ নিয়মানুযায়ী স্ট্যাম্প সহকারে পূরণ করে কোম্পানির রেজিস্টার অফিসে অবশ্যই জমা দিতে হবে।
- ০৩। কেবলমাত্র হাজিরগণ উপস্থাপন সাপেক্ষে হলে প্রবেশ করা যাবে। ভূমির বা ভাঙ্গুরোপে বসামত্রে বাৎসরিক প্রতিবেদন / হাজিরগণ না পেয়ে থাকলে কোম্পানির চেইরম্যান / সেক্রেটারি অফিস হতে অথবা ওয়েবসাইট হতে ডাউনলোড এর মাধ্যমে সন্ধান করা যাবে। বাৎসরিক প্রতিবেদন ২০১৫ কোম্পানির ওয়েবসাইটে আপলোড করা হয়েছে।
- ০৪। পরিচালক নির্বচন:  
 (ক) পর্যায়ক্রমিক অবসরগ্রহণকারী উদ্যোগ পরিচালক আইনানুগ পুনর্নির্বাচিত হবে।  
 (খ) প্রতিষ্ঠানিক শেয়ারহোল্ডারগণ হতে এক জন এবং সাধারণ শেয়ারহোল্ডারগণ হতে এক জন পরিচালক নির্বচনের মনোনয়নপত্র ০১-০৩-২০১৬ হতে ০৬-০৩-২০১৬ পর্যন্ত কোম্পানির প্রধান কার্যালয়ে অফিস সন্ধ্যাকালীন সময়ে পাঠানো যাবে।  
 (গ) মনোনয়নপত্র স্বাক্ষর পূর্ণ ও স্বাক্ষর করতঃ প্রয়োজনীয় কাগজ পরামর্শ কোম্পানির প্রধান কার্যালয়, এস. আলম ভবন, ২১১৯, আছদপল্ল, চট্টগ্রামে ০৭-০৩-২০১৬ তারিখের মধ্যে অবশ্যই জমা দিতে হবে।  
 (ঘ) মনোনয়নপত্র প্রত্যাহারের শেষ তারিখ ০৯-০৩-২০১৬।  
 (ঙ) স্বাক্ষর বাতিলের পর বোধ্য পরিচালক পদ-প্রার্থীদের চূড়ান্ত তালিকা ১০-০৩-২০১৬ তারিখে কোম্পানির প্রধান কার্যালয়ের মেটিং রুমেরে প্রকাশ করা হবে।
- ০৫। বাংলাদেশ সিডিবিএল এন্ড এক্সচেঞ্জ কমিশন এর নোটিফিকেশন এবং ডি.সি.সি.ই.র মেমোরান্ডাম অনুযায়ী বার্ষিক সাধারণ সভায় উপস্থিতির জন্য কোনরূপ বিস্ট / নগদ সুবিধা প্রদানের ব্যবস্থা থাকবে না।
- ০৬। হিসাব বিবরণী ও প্রতিবেদনসমূহের উপর কোন অনুসন্ধান থাকলে বাধ্য প্রদানের সুবিধার্থে তা সভা অত্রের তিন কার্যদিবস পূর্বে কোম্পানির নিবন্ধিত কার্যালয়ে দাখিলের জন্য অনুরোধ করা যাচ্ছে।



## MESSAGE FROM THE Chairman

**Dear Shareholders,**  
Assala-mu-alaikum

I have the honor once again to warmly welcome you all, on behalf of the Board of Directors, to the 15th Annual General Meeting of the company.

We are grateful to the Almighty Allah for the business performance that your company attained under the leadership and guidance of its Managing Director Mr. Mohammed Saiful Alam during the year under report that shall have to be considered satisfactory in the context of the sluggish business at all sectors specially continue steel market fall downtrend in the international market.

In spite of the sluggish business that was then prevailing, Alhamdulillah your company was able to earn revenue income for the year of Tk. 4,194,127,414/- as against that of the previous year of Tk. 3,354,656,471/-.

The post-tax consolidated profit earning for the year is Tk. 120,702,334/- with EPS of Tk. 1.23 whereas that of the previous year was Tk. 95,433,353/- with the EPS of Tk. 0.98, is a commendable achievement. It has been possible for the management to achieve success for the support of honest, faithful and untiring services of the executives / and employees and at the same time for the continued active support and co-operation of patrons, financiers, regulators and the honorable stakeholders.

S. Alam Power Generation Limited, a subsidiary of this company, has completed all its implementation works including the Generator start-up and load test which has also successfully been completed on 13 July 2015 except main boiler commissioning. Boiler commissioning work is under process and inspection works of the project by the BUET, Dhaka are also yet to be taken up. Thereafter, we expect, the medium sized Power Plant shall Insha Allah go for commencement of its commercial operation by the end of March 2016.

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

May Allah shower upon us His unending blessings at all times to enable us to overcome all hurdles on our path for realization of the goal of high and sustainable growth and create our future a success in the best interest of the honorable shareholders.

Thank you all once again.

**Abdus Samad**  
Chairman



## FROM THE DESK OF THE Managing Director

**My dear Shareholders,**  
Assala-mu-alaikum

With expression of my heartfelt thanks and gratitude to you all for the support and faith you place in us and in our accomplishments, I, on behalf of the Board of Directors of the Company as well as on my own behalf, heartily welcome you all to the 15th Annual General Meeting of the Company.

It is my great pleasure to record that as a result of all the measures have taken by your company to improve its operation and attain larger growth, your company has been able to achieve its stable growth for another year. All praises and thanks are due to Allah, the Almighty. A significant growth of revenue and profit of the company is achieved during the year in spite of sluggish economy.

The administration and the management of your company pledge its whole-hearted devotions and continued efforts to achieve our aspirations for the growth and prosperity of the company and to safeguard your interest in the company despite the adverse international market behavior for prices of the steel product gone downward due to steep fall of petroleum prices.

Implementation works except main boiler commissioning of S. Alam Power Generation Limited, a subsidiary of this company, has completed. Generator started-up and load test also successfully completed on 13 July 2015. Boiler commissioning work is under process and inspection works of the project by the BUET, Dhaka are also yet to be completed. Thereafter, we are expecting the medium sized Power Plant shall Insha Allah go for commencement of its commercial operation by the end of March 2016.

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

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

**Mohammed Saiful Alam**  
Managing Director



## Directors' Report to the Shareholders

Bismillahir Rahmanir Rahim

Dear Shareholders,

It is once again a matter of great privilege for me to welcome you all to the 15th Annual General Meeting of the Company, and I take this opportunity to place before you the audited financial statements for the year ended 30th September 2015 together with the Auditors' Report thereon and brief description on affairs of the company.

### 1. Business activities:

During the year under report 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) continued to be the principal business activities of the company. The performance of your company as depicted herein relates therefore to these segments / products of the company.

### 2. Financial Results:

The financial results of the company and recommended appropriations for the year ended 30th September 2015 with comparative figures for the previous five years in summarized form are as under:

(Figures in nearest Tk. '000)

Particulars	Financial Year ended on					
	30.09.2015 (consolidated)	30.09.2014 (consolidated)	30.09.2013 (consolidated)	30.09.2012 (consolidated)	30.09.2011 (restated on consolidated basis)	30.09.2010
Net Sales	4,194,127	3,354,656	3,777,715	3,702,374	3,034,090	1,872,282
Profit before taxation	124,368	138,008	273,490	467,851	436,585	252,245
Provision for taxation (Deferred)	1,334	(27,075)	(49,557)	(3,817)	(3,343)	(39,425)
Provision for Current Tax	(5,000)	(15,500)	(27,841)	(12,890)	(126,971)	(69,367)
Net Profit after Tax	120,702	95,433	196,092	335,144	306,272	143,452
Proposed/ Declared Dividend	15% cash	15% cash	13% cash	15% cash	15% cash	10% stock & 5% cash
Earning Per Share (EPS)	***1.23	***0.98	***1.94	***3.31	***3.07	20.75

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 <sup>st</sup> Quarter ended 31/ 12/ 2014	2 <sup>nd</sup> Quarter ended 31/ 03/ 2015	3 <sup>rd</sup> Quarter ended 30/ 06/ 2015	Annual - Year ended 30/ 09/ 2015 (Consolidated)
Earning Per Share (EPS) (Consolidated) Excluding non- Controlling interest.	0.39	0.87	1.38	1.23

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

The industry 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, falls under the primary sector of steel industry.

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 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 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)

	2015			2014		
	CR Coil	GP/ CI Sheet (NOF)	Total	CR Coil	GP/ CI Sheet (NOF)	Total
Revenue	3,288,405	905,722	4,194,127	2,934,883	419,773	3,354,656
Cost of Sales	(2,959,252)	(823,533)	(3,782,785)	(2,528,841)	(379,634)	(2,908,475)
Gross Profit (GP)	329,153	82,189	411,342	406,042	40,139	446,181
GP in % of Revenue	10.01%	9.07%	9.81%	13.84%	9.56%	13.30%
Selling, Distribution & Administrative Cost	(72,673)	(2,851)	(75,524)	(43,938)	(740)	(44,678)
Other Income	1,046	-	1,046	-	-	-
Operating Result	257,526	79,338	336,864	362,104	39,399	401,503
Finance Income (Net)	(200,232)	-	(200,232)	(252,226)	-	(252,226)
Net Profit before Provisions	57,294	79,338	136,632	109,878	39,399	149,277
Contribution to WPPF & WF	(2,865)	(3,967)	(6,832)	(5,494)	(1,970)	(7,464)
Profit before Tax	54,429	75,371	129,800	104,384	37,429	141,813
Profit in % of Revenue	1.66%	8.32%	3.09%	3.56%	8.92%	4.23%

## 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.
- Frequently changes in international price of the main raw material.

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 30/09/2015 (Consolidated)	Year ended on 30/09/2014 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	90.19% of Turnover	86.70% of Turnover	3.49%
Gross Profit Margin	9.81% of Turnover	13.30% of Turnover	(3.49%)
Net Profit Margin	2.88% of Turnover	2.84% of Turnover	0.04%

### (a) Cost of Goods Sold:

Compared to that of the previous year the Cost of Goods sold of the year under report witnessed an increase by 3.49% on the Turnover of the year. Reason for such increase during the year under report is attributable due to whole year continuously decreasing the selling price compared to those of the previous year.

### (b) Gross Profit Margin:

On comparison with that of the previous year Gross Profit Margin in relation to the Turnover of the year under report recorded 3.49% decrease. Reason is attributable primarily to the increase in the cost of raw materials consumption. Due to continuous decreasing price of finished products, the GP margin would have decreased much more than that is attained, if turnover could not be increased. 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 0.04% increase on comparison with that of the previous year due to provision of income tax less than that of the previous year.

## 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 2015 keeping in view the consistency in recommendation of its dividend taking. 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. The plant upon its commissioning 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, had been nominated to be a Director on the Board of Directors of the said subsidiary company. Moreover, in order to enable the subsidiary Company to raise its number of Directors in compliance with the condition of the said Corporate Governance Guidelines, your directors 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 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 Meetings 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 2015 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 commissioned in March 2016.
- (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 30/09/2015 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) 30,78,420	(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, FCA	Independent Director	Nil	Nil

Upon his retirement by rotation and being eligible, Mr. Osman Gani 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. Osman Gani (Sponsors' Group)**

He is an industrialist and one of the sponsor Director Director (Marketing) 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 Bag Manufacturing Mills Ltd., S. Alam Cement Ltd., S. Alam Trading Company (Pvt.) Ltd, Ocean Resorts Limited, Hasan Abasan (Pvt.) Limited, Modern Properties Limited, Shah Amanat Prakritik Gas Co. Limited, S. Alam Power Generation Ltd. and Reliance Brokerage Services Limited. He is also involved in various socio-cultural organizations.

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

Mr. Nasir Uddin Ahmed FCMA is the General Manager of the ICB with 31 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 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	1
2.	Mr. Abdus Samad	2
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 FCA	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. Abdus Samad therefore the director from Sponsor Group shall retire by rotation in the ensuing 15th 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 15th 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 Meetings 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	1	5,000/-
2.	Mr. Abdus Samad	Director	2	10,000/-
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 FCA	Independent Director	4	20,000/-
<b>TOTAL</b>				<b>115,000/-</b>

All Meetings of the Board of Directors were held in Chittagong during the year under report, Mr. Nasir Uddin Ahmed FCMA, ICB Nominee Director representing Institutional Investors' Group, had been reimbursed of his travelling and halting expenses at actual which he incurred in attending meetings of the Board of Directors in Chittagong for which he as 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 Soy seed 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 Spouse - Ms. Farzana Parveen Minor Children	Managing Director XXXXX XXXXX	23,03,980 4,31,890 Nil	2.342 0.439 0
b)	Mr. Abdus Samad Spouse and Minor Children	Director XXXXX	19,67,430 Nil	2 0
c)	Mr. Md. Osman Gani Spouse and Minor Children	Director XXXXX	19,67,430 Nil	2 0
d)	Mr. Nasir Uddin Ahmed, FCMA Spouse and Minor Children	ICB Nominee Director XXXXX	Nil Nil	0 0
e)	Ms. Halima Begum Spouse and Minor Children	Director from General Shareholders XXXXX	1,000 Nil	0.001 0
f)	Mr. Mohammad Ishaque Spouse and Minor Children	Independent Director XXXXX	Nil Nil	0 0
g)	Mr. Monotosh Chandra Roy, FCA Spouse and Minor Children	Independent Director XXXXX	Nil Nil	0 0
h)	Mr. Subrata Kumar Bhowmick FCA Spouse Ms. Ratna Dutta FCA Minor Children	Executive Director (Finance) XXXXX XXXXX	Nil 360 Nil	0 0.00037 0
i)	Mr. Ghulam Muhammed Spouse and Minor Children	Company Secretary XXXXX	Nil Nil	0 0
j)	Mr. Shimul Nandy Spouse and Minor Children	Chief Financial Officer XXXXX	Nil Nil	0 0
k)	Mr. Md. Delwar Hossain FCA Spouse and Minor Children	Head of Internal Audit XXXXX	Nil Nil	0 0

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

Sl. No.	Names	Position	Number of shares	Percentage
a)	Mr. Moshur Rahman Spouse and Minor Children	General Manager (Mills) XXXXX	2,200 0	0.00224 0
b)	Mr. Humayun Kabir Spouse and Minor Children	DGM (Corporate) XXXXX	0 0	0 0
c)	Mr. Shafiul Alam Spouse and Minor Children	Asstt. General Manager (NOF) XXXXX	0 0	0 0
d)	Mr. Md. Shah Alam Spouse and Minor Children	Manager XXXXX	0 0	0 0
e)	Mr. Md. Mohsin Alam Chowdhury Spouse and Minor Children	Deputy Manager XXXXX	0 0	0 0

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

Sl.No.	Names	Number of shares	Percentage
a)	S. Alam Ste els Limite d, Sponsor	1,84,31,940	18.737

e) The number of shareholders of the company as classified by their holding-shares on 30th September 2015 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. Osman Gani as its Members. All Members of the Audit Committee are financially literate.

Upon expiry of tenure of 1st 3 years and being eligible for re-appointment for the next term, Mr. Mohammed Ishaque has be re-appointed as an Independent Director on and from 22.12.2015 for a tenure of three years, subject to consent of the shareholders in the 15 th AGM of the Company.

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	2
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 41.00 of the Consolidated Financial Statements attached to this Annual Report.

#### 17. Additional Statements:

Directors of your company are pleased to report that:

- 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;
- 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;
- proper books of account have been maintained;
- 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;
- 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;
- the system of 'internal control' in assessment of risk is sound in design and has been effectively implemented and monitored;
- the Audit Committee had no findings reportable to the Board of Directors during the year ended 30/09/2015;
- 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 M/s. Syful Shamsul Alam & 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. Hoda Vasi Chowdhury & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. They have satisfactorily completed audit of accounts of your Company for the first year. Being eligible in terms of the conditions imposed by Bangladesh Securities & Exchange Commission (BSEC) by its Order No. SEC/CMRRCD/2009-193/104/Admin/-- dated 27/07/2011, they seek re-appointment for the next term. The honourable shareholders are therefore requested to appoint Auditors for the next term and fix up their remuneration.

#### **20. Mandatory change of Company's Accounting Year :**

In view of the amendments as made under sub-section 35(f) & (g) of section 2 , of the Income Tax Ordinance 1984, it is now mandatory upon all companies except those engaged in banking and insurance business, to close their accounts uniformly on 30 June each year and first of such accounts shall have to be closed on 30 June 2016. Unless otherwise decided by the Government in this behalf, our company's next accounts shall have to be closed on 30 June 2016 covering three quarters only of the existing four quarters in a year. Subsequent accounts shall however cover four quarters each year. Your directors expect guidance in this behalf from the Bangladesh Securities & Exchange Commission as well as other Regulatory authorities.

#### **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: 01 February 2016.

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.	<b>BOARD OF DIRECTORS:</b>			
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 or 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)	✓		
1.2 (iv)	The post of independent director (s) can not remain vacant for more than 90 (ninety) days	✓		
1.2 (v)	The Board laid down a code of conduct of all Board members and annual compliance of the code is recorded.	✓		
1.2 (vi)	The tenure of office of an independent director is for a period of 3(three) years, extendable for 1(one) term only.	✓		
1.3 1.3 (i)	Qualification of Independent Director: Is a knowledgeable individual with integrity and ability to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	Is a Business Leader / Corporate Leader / Bureaucrat/ University Teacher / with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants and Chartered Secretaries with at least 12(two lve) years of corporate management / professional experiences..	✓		
1.3 (iii)	Relaxation of the above qualifications in special cases subject to prior approval of the commission.			Not Applicable.
1.4	Chairman of the Board and Chief Executive Officer: The positions are filled by different individuals. The Chairman is elected from among the directors of the company. The Board of Directors clearly defined respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓  ✓		
1.5 1.5 (i)	Directors' Report to Shareholders includes statements as to: - 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 there-from has been adequately disclosed.	√		
1.5 (xv)	- The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1.5 (xvi)	- There are no significant doubts upon the company's ability to continue as a going concern. (If not considered to be a going concern, the fact and reasons thereof)	√		
1.5 (xvii)	- Significant deviations from the last year's operating results of the company have been highlighted with explanation of reasons thereof.			Not Applicable

1.5 (xviii)	- Summarized Key operating and financial data of at least preceding 5 (five) years.	✓		
1.5 (xix)	- Reasons if the company did not declare dividend (cash or stock) for the year.			Not Applicable
1.5 (xx)	- The number of Board 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 3.1 (i)	Constitution of the Audit Committee: - 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 3.2 (i)	Chairman of the Audit Committee: (a) 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.			
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. 5 (i)	<b>SUBSIDIARY COMPANY:</b> - 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	√		
(a) (iv)	- The Minutes of the respective Board meeting of the holding company stated that they have reviewed the affairs of the subsidiary company also.	√		
5 (v)	- The Audit Committee of the holding company reviewed the financial statements, in particular the investments made by the subsidiary company.	√		
6.	<b>DUTIES OF CEO AND CFO:</b> The CEO and CFO certified to the Board that:			
6. (i)	- They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
6 (i) a)	- These 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.	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:</b>			
7. (i)	The company obtained certificate from a practicing professional Accountant / Secretary (Chartered Accountant / Cost and Management Accountant / Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and sent the same to the shareholders along with the Annual Report on a yearly basis.	√		
7. (ii)	The directors stated, in accordance with the 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)

01 February 2016

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 2015 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

# Syful Shamsul Alam & Co

## Chartered Accountants

### 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 necessary requirements of Corporate Governance for the year ended 30 September 2015 as per compliance requirements of the conditions imposed by Bangladesh Securities and Exchange Commission's (BSEC) under Notification No: SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

Dated 31 January 2016  
Chittagong

  
Syful Shamsul Alam & 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 2015.

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.

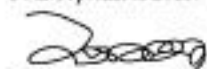
It is reported that through four of its Meetings held during the year ended 30th September 2015 and subsequent period to date of this Report, the Committee reviewed the financial statements as at 30th September 2015 and quarterly financial statements prepared for statutory purposes as at 31st December 2014, 31st March 2015, and 30th June 2015. For its review, the members of the Committee were provided with comprehensive documentation for the year ended 30th September 2015, 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 15th 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 2015. Moreover, in their oversight role the Committee reviewed with the management the un-audited financial statements for the 1st Quarter ended 31st December 2015 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 2015 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 2015 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 2015.



**Mohammad Ishaque**  
Chairman, Audit Committee.

01 February 2016

# Auditors' Report & Financial Statements 2015



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

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary which comprise the consolidated statement of financial position as at 30 September 2015, 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 notes.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the Consolidated Financial Statements prepared in accordance with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 September 2015 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (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 returns;
- (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 Company's business.

Chittagong, 10 January 2016

*Hoda Vasi Chowdhury & Co*  
Chartered Accountants

**S.ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**

	Note(s)	30-Sep-15 Taka	30-Sep-14 Taka
<b>ASSETS &amp; PROPERTIES</b>			
NON CURRENT ASSETS & PROPERTIES		<b>4,064,560,627</b>	<b>3,919,147,487</b>
Property, Plant and Equipment	5	1,897,092,110	1,823,717,545
Capital Work-In-Progress	6	2,167,468,517	2,095,429,942
CURRENT ASSETS		<b>11,405,371,426</b>	<b>9,475,530,249</b>
Inventories	7	4,380,925,058	3,616,304,747
Accounts Receivables	8	2,994,166,151	1,667,301,396
Due from Affiliated Companies	9	3,261,154,599	3,609,961,379
Advances, Deposits and Prepayments	10	618,923,513	464,048,142
Short Term Investment	11	145,432,564	114,516,922
Cash and Cash Equivalents	12	4,769,541	3,397,663
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>15,469,932,053</b>	<b>13,394,677,736</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
TOTAL EQUITY		<b>2,089,092,373</b>	<b>2,115,946,689</b>
EQUITY ATTRIBUTABLE TO OWNER'S OF THE COMPANY		<b>1,953,997,714</b>	<b>1,979,222,109</b>
Share Capital	13	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		536,355,968	561,580,363
NON CONTROLLING INTEREST		<b>135,094,659</b>	<b>136,724,580</b>
NON-CURRENT LIABILITIES		<b>1,949,098,371</b>	<b>2,134,786,194</b>
Long Term Loan	14	1,649,846,694	1,834,199,974
Deferred Tax Liabilities	22.2	299,251,677	300,586,220
CURRENT LIABILITIES		<b>11,431,741,309</b>	<b>9,143,944,853</b>
Trade Creditors	15	1,551,984,506	1,650,131,588
Short Term Liabilities	16	5,323,834,649	4,328,762,657
Liabilities for Expenses	17	21,200,550	17,432,873
Advance against Sales	18	35,282,776	11,927,999
Due to Affiliated Companies	19	3,980,797,485	2,618,372,885
Current Portion of Long Term Loan	20	262,816,000	262,816,000
Liability against Unclaimed Dividend	21	25,648,553	29,098,091
Provision for Income Tax	22.1	153,408,449	151,963,545
Provision for Workers' Profit Participation & Welfare Fund	23	62,015,052	53,799,970
Other Liabilities	24	14,753,289	19,639,245
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>15,469,932,053</b>	<b>13,394,677,736</b>
<b>Net Asset Value Per Share</b>	33	<b>19.86</b>	<b>20.12</b>
Contingent Liabilities and Commitments	35 & 41		

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

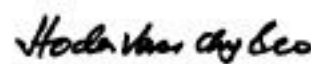
  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chittagong, 10 January 2016

  
**Chartered Accountants**

## S.ALAM COLD ROLLED STEELS LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note(s)	30-Sep-15 Taka	30-Sep-14 Taka
<b>Revenue</b>	25	4,194,127,414	3,354,656,471
Cost of sales	26	<u>(3,782,784,896)</u>	<u>(2,908,474,969)</u>
<b>Gross profit</b>		<b>411,342,518</b>	<b>446,181,502</b>
Selling and distribution costs	27	<u>(11,388,684)</u>	<u>(3,200,399)</u>
Administrative costs	28	<u>(69,889,255)</u>	<u>(45,268,157)</u>
		<u>(81,277,939)</u>	<u>(48,468,556)</u>
<b>Operating Profit</b>		<b>330,064,579</b>	<b>397,712,946</b>
Finance costs	30	<u>(223,941,718)</u>	<u>(266,228,046)</u>
<b>Profit before Non- operating Income</b>		<b>106,122,861</b>	<b>131,484,900</b>
Other income	29	1,386,220	-
Finance income	31	<u>23,690,334</u>	<u>13,986,844</u>
<b>Net Profit before tax and WPP and Welfare Fund</b>		<b>131,199,415</b>	<b>145,471,744</b>
Contribution to WPP and Welfare Fund	23	<u>(6,831,624)</u>	<u>(7,463,878)</u>
<b>Profit before income tax</b>		<b>124,367,791</b>	<b>138,007,866</b>
Income tax expenses:			
Current Tax:			
Current year	22.1	<u>(5,000,000)</u>	<u>(15,500,000)</u>
Deferred tax	22.2	<u>1,334,543</u>	<u>(27,074,513)</u>
		<u>(3,665,457)</u>	<u>(42,574,513)</u>
<b>Net profit after tax for the year</b>		<b>120,702,334</b>	<b>95,433,353</b>
<b>Net Profit after tax attributable to</b>			
Shareholders of the Company		122,332,255	96,575,100
Non-controlling interest		<u>(1,629,921)</u>	<u>(1,141,747)</u>
		<b>120,702,334</b>	<b>95,433,353</b>
<b>Earnings per share:</b>			
Earnings per share	32	<u>1.23</u>	<u>0.98</u>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

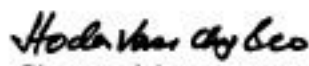
  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, 10 January 2016

  
Chartered Accountants



**S.ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

Note(s)	30-Sep-15 Taka	30-Sep-14 Taka
<b>Cash flows from operating activities</b>		
Cash received from customers	2,890,617,436	3,494,243,635
Cash paid to suppliers	(4,515,099,920)	(2,600,900,443)
Cash paid to employees	(91,590,131)	(94,353,622)
Cash paid for operating expenses	(40,702,405)	21,014,847
Payment of income tax	(152,154,808)	(174,700,272)
Payment for WPP&WF	(6,034,825)	(8,955,267)
<b>Net cash inflow/(outflow) from operating activities (A)</b>	<b><u>(1,914,964,653)</u></b>	<b><u>636,348,878</u></b>
<b>Cash flows from investing activities</b>		
Capital Work-in-progress	(233,456,155)	(189,944,165)
Acquisition of property, plant and equipment	(1,280,456)	(50,534,260)
Proceeds from sale of property, plant and equipment	3,537,205	-
Short term loan to affiliated companies	348,806,780	(3,030,359,102)
Investment in fixed deposit receipt	(30,915,642)	(31,792,585)
Interest received from fixed deposit receipt	24,031,110	13,986,844
<b>Net cash Inflow/(outflow) from investing activities (B)</b>	<b><u>110,722,842</u></b>	<b><u>(3,288,643,268)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from / (Repayment of) long term loan	(184,353,280)	(13,586,267)
Proceeds / (Repayment of) from Short term loan	995,071,992	1,586,995,371
Proceeds from / (Repayment to) affiliated companies	1,362,424,600	1,459,070,461
Dividend paid	(151,006,188)	(123,868,610)
Cash paid for financial expenses	(216,523,435)	(260,292,530)
<b>Net cash inflow/(outflow) from financing activities (C)</b>	<b><u>1,805,613,689</u></b>	<b><u>2,648,318,425</u></b>
<b>Net increase/(decrease) of cash and cash equivalents for the year (A+B+C)</b>	<b>1,371,878</b>	<b>(3,975,965)</b>
Cash and cash equivalents at the beginning of the year	<u>3,397,663</u>	<u>7,373,628</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>4,769,541</u></b>	<b><u>3,397,663</u></b>
<b>Net Operating Cash Flow Per Share</b>	34	<b><u>(19.47)</u></b>
		<b><u>6.47</u></b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S.ALAM COLD ROLLED STEELS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Share Capital Taka	Share Premium Taka	Retained Earnings Taka	Total Taka	Non- Controlling Interest Taka	Total Taka
Balance as on 01 October 2014	983,711,000	433,930,746	561,580,363	1,979,222,109	136,724,580	2,115,946,689
Cash dividend declared for the year 2014	-	-	(147,556,650)	(147,556,650)	-	(147,556,650)
Net Profit after tax for the year 2015	-	-	122,332,255	122,332,255	(1,629,921)	120,702,334
<b>Balance as on 30 September 2015</b>	<b>983,711,000</b>	<b>433,930,746</b>	<b>536,355,968</b>	<b>1,953,997,714</b>	<b>135,094,659</b>	<b>2,089,092,373</b>
Balance as on 01 October 2013	983,711,000	433,930,746	592,887,693	2,010,529,439	137,866,327	2,148,395,766
Cash dividend declared for the year 2013	-	-	(127,882,430)	(127,882,430)	-	(127,882,430)
Net Profit after tax for the year 2014	-	-	96,575,100	96,575,100	(1,141,747)	95,433,353
<b>Balance as on 30 September 2014</b>	<b>983,711,000</b>	<b>433,930,746</b>	<b>561,580,363</b>	<b>1,979,222,109</b>	<b>136,724,580</b>	<b>2,115,946,689</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**1.00 BACKGROUND AND INFORMATION**

**1.01 Formation and Legal Status**

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

**1.02 Nature of the business**

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets, CI sheets and GP sheets . The company has set up its factory on 12.04 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

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

**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. 3,950,727 Ordinary Shares of Tk. 100 each at a cost of Tk. 39,5072,700.

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**

The Board of Directors has authorized these consolidated financial statements on 09.01.2016

**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) The Listing Regulations of Dhaka Stock Exchange (DSE)
- (vii) The Listing Regulations of Chittagong Stock Exchange (CSE)
- (viii) Bangladesh Labour Act 2006 etc.

#### 2.04 Accounting convention and assumption

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

#### 2.05 Functional and presentation currency

These consolidated financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

#### 2.06 Statement of Cash flows

Consolidated Statement of Cash Flows is prepared principally in accordance with BAS 7 " Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by Securities and Exchange Rules, 1987.

#### 2.07 Use of estimates and judgments

The preparation of the consolidated financial statements 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. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected

#### 2.08 Comparative information

Comparative information has been disclosed in respect of the year 2014 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.

##### Re-arrangement

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

#### 2.09 Going concern

The company 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 assessment there are no material uncertainties related to events or conditions which may significant doubt upon the Company's ability to continue as a going concern.

#### 2.10 Reporting period

These consolidated financial statements of the Company consistently cover one financial year from 01 October 2014 to 30 September 2015 for all reported periods.

### 3.00 Significant Accounting Policies

These consolidated financial statements have been prepared in compliance with requirement of BASs (Bangladesh Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following BASs are applicable for the consolidated financial statements for the year under audit:

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting Policies, Changes in Accounting Estimates and
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-18	Revenue
BAS-19	Employee benefits
BAS-21	The effects of Changes in Foreign Exchange Rates
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-33	Earnings per share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BFRS-5	Non-current Assets Held for Sale and Discontinued Operations
BAS-32	Financial Instrument: Presentation
BAS-39	Financial Instrument: Recognition and Measurement
BFRS-7	Financial Instrument: Disclosure

### 3.01 Basis of Consolidation

#### 3.01.1 Subsidiary

The subsidiary is the entity controlled by S. Alam Cold Rolled Steels Limited. Control exists 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.

#### 3.01.2 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.

#### 3.01.3 Transactions eliminated on consolidation

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses, if any, are eliminated in the same way as unrealised 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.

#### 3.02.1 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.

#### 3.02.2 Subsequent costs

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

#### 3.02.3 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. In case of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows.

Assets	Rates (%)
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 Plant</u>	<u>NOF Plant</u>
Factory Building (including Leased Assets)	78.50%	11.805%
Capital Machinery	78.50%	11.805%
Factory equipment	78.50%	11.805%
Generator	78.50%	11.805%
Work Roll	78.50%	11.805%
Luffing Crane and Jetty construction	78.50%	11.805%
Coil Cart	78.50%	11.805%

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

### 3.03 Capital work in progress

The costs incurred during the year for paying advance to Uttam Steel Corporation against two pieces purchase of corrugation roll machine regarding NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

### 3.04 Inventories

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

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

### 3.05 Revenue Recognition

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. In compliance with the requirements of BAS 18: "Revenue", revenue is recognized only when:

- i. The products are invoiced and dispatched to the customers;
- ii. Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

### 3.06 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.

### 3.07 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.

### 3.08 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.

### 3.09 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.

### 3.10 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.

#### 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.

#### 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.

#### 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.

#### 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.

**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.

**Non-derivative financial liabilities**

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

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

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

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

**(a) Share capital (ordinary shares)**

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

**(b) Trade and other payables**

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

**(c) Other liabilities**

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

**3.11 Employee benefit schemes**

Currently, the company have gratuity and termination benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

**3.12 Workers' profit participation fund**

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

**3.13 Provisions and contingencies**

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.

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.



### 3.14 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-32) 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.

### 3.15 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.

### 3.16 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.

### 3.17 Income tax expenses

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

#### Current tax:

The Company was allowed tax holiday for the period of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu - 1/2004/7364(Z) 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.

### 3.18 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.

### 3.19 Leases

#### 3.19.01 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.

#### 3.19.02 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 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.

### 3.20 Corporate Social Responsibility

The Company paid Tk. 1 crore to establish a world class Burn unit in Dhaka Medical College Hospital for "Burn Tank with Showering System and Lifting facilities" under the Corporate Social Responsibility.

### 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 2015, which have significant effect on the consolidated financial statements of the company are duly complied with.

30-Sep-15 Taka	30-Sep-14 Taka
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## 5 PROPERTY, PLANT AND EQUIPMENT

### A. Cost

Opening Balance as on 01 October 2014	2,655,120,262	2,599,588,002
Add: Addition during the year	162,698,036	55,532,260
Less: Deletion during the year	5,364,437	-
<b>Total Cost as on 30 September 2015</b>	<b><u>2,812,453,861</u></b>	<b><u>2,655,120,262</u></b>

### B. Accumulated Depreciation

Opening Balance as on 01 October 2014	831,402,718	775,792,027
Add : Charged during the year	86,831,709	55,610,690
	<b><u>918,234,427</u></b>	<b><u>831,402,717</u></b>
Less : Adjustments during the year	2,872,676	-
<b>Total Depreciation as on 30 September 2015</b>	<b><u>915,361,751</u></b>	<b><u>831,402,717</u></b>

<b>Written Down Value (WDV) as on 30 September 2015 (A-B)</b>	<b><u>1,897,092,110</u></b>	<b><u>1,823,717,545</u></b>
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Detail of Property, Plant & Equipment and Depreciation as on 30 September 2015 are shown in the notes 5.1

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

Assets' category	Cost		Depreciation Rate (%)	Opening balance as on 01.01.2014	Addition	Disposal/ Adjustment	Closing balance as on 30.09.2015	Depreciation		Closing balance as on 30.09.2015		
	Taka							Charged for the year	Taka		Taka	
	01.10.2014	Taka							01.10.2014			Taka
<b>A. Land and land development:</b>												
Land Freehold (72.04 Acres)	74,136,760	-	-	74,136,760	-	-	-	-	-	-		
Land Development	21,416,417	-	-	21,416,417	-	-	-	-	-	-		
Internal Road and Drainage	3,500,580	-	10%	3,506,580	-	-	127,809	-	-	2,356,300		
Embankment	42,507,074	-	20%	42,507,074	-	-	853,115	-	-	39,698,614		
	141,566,831	-		141,566,831	-	-	979,924	-	-	41,454,914		
<b>B. Building:</b>												
Factory Building (Including Leased Assets)	303,880,860	479,820	5%	304,368,680	-	-	82,077,025	8,722,420	-	90,799,445		
Factory Building (NOF Plant)	95,929,157	161,417,580	5%	257,346,737	-	-	3,323,707	1,154,809	-	4,478,516		
General Building	33,321,203	-	5%	33,321,203	-	-	13,775,279	977,286	-	14,752,573		
	433,139,220	161,897,400		595,036,620	-	-	99,176,011	10,854,525	-	119,030,536		
<b>C. Plant and machinery</b>												
Capital Machinery	1,233,517,738	-	10%	1,233,517,738	-	-	586,661,452	50,778,218	-	637,439,670		
Capital Machinery (NOF Plant)	636,594,801	-	10%	636,594,801	-	-	5,966,812	7,236,513	-	13,293,332		
	1,869,112,539	-		1,869,112,539	-	-	592,628,271	58,004,731	-	650,733,002		
<b>D. Equipment and appliances:</b>												
Factory Equipment	22,691,689	-	10%	22,691,689	-	-	3,692,749	1,334,417	-	7,027,166		
Factory Equipment (NOF Plant)	1,946,579	-	10%	1,946,579	-	-	18,239	22,756	-	41,685		
Office Equipment	1,475,910	111,280	10%	1,586,190	-	-	717,019	76,677	-	795,696		
Guest House Equipment	1,543,095	-	10%	1,543,095	-	-	1,004,071	53,902	-	1,057,573		
Computer	2,642,208	36,500	10%	2,678,708	-	-	1,275,682	139,473	-	1,415,155		
Air Conditioners	5,039,316	-	10%	5,039,316	-	-	1,983,331	305,997	-	2,286,948		
Generator	1,240,000	-	10%	1,240,000	-	-	590,630	50,976	-	641,606		
Electric Line Installation	2,756,225	-	10%	2,756,225	-	-	1,922,080	83,315	-	2,066,395		
Electric Line Installation (NOF Plant)	12,851,881	-	10%	12,851,881	-	-	2,531,422	1,030,046	-	3,381,488		
Gas Line Installation	4,560,154	-	10%	4,560,154	-	-	2,737,892	183,126	-	2,921,018		
Fire Extinguisher	98,100	-	10%	98,100	-	-	38,712	1,939	-	40,651		
Telephone Line Installation	398,527	-	10%	398,527	-	-	263,220	13,531	-	216,751		
Grinding Wheel	134,666	-	10%	134,666	-	-	90,333	4,413	-	94,946		
Water Tank	113,500	-	10%	113,500	-	-	76,390	3,711	-	80,101		
Work Roll	1,593,025	-	10%	1,593,025	-	-	798,781	65,488	-	824,269		
Radio/ink and Networking (Factory)	433,880	-	10%	433,880	-	-	129,162	30,472	-	159,634		
Tools and Tackles	121,258	-	10%	121,258	-	-	81,599	3,964	-	85,563		
Cold Water Hoses	5,467,518	-	10%	5,467,518	-	-	3,486,640	156,089	-	3,054,728		
	65,073,511	147,780		65,221,291	-	-	23,418,862	3,603,891	-	27,022,753		
<b>E. Furniture and Fixtures</b>												
Furniture and Fixtures	3,340,235	652,856	10%	3,993,091	-	-	1,026,845	191,601	-	2,012,446		
Furniture and Fixtures (NOF Plant)	291,295	-	10%	291,295	-	-	54,735	23,656	-	78,391		
	3,631,530	652,856		4,284,386	-	-	1,071,580	215,257	-	2,090,837		
<b>F. Lifting Gear and Jery Construction</b>												
G. Gali Cart	54,940,213	-	15%	54,940,213	-	-	31,754,984	2,495,503	-	36,250,487		
H. Motor vehicles	8,024,021	-	10%	8,024,021	-	-	3,626,448	325,980	-	4,150,428		
I. Interiors Decoration	84,454,301	-	20%	84,454,301	-	5,364,837	33,393,841	10,051,043	2,872,676	40,374,208		
	4,170,095	-	15%	4,170,095	-	-	2,857,231	126,855	-	3,054,586		
	2,655,120,262	162,698,656		2,817,818,918	5,364,437	-	831,402,718	86,831,709	2,672,676	915,361,751		
	2,499,588,062	55,332,260		2,554,920,322	-	-	775,792,027	55,010,699	-	831,402,717		
Depreciation allocated in:												
2015 Taka												
2014 Taka												
Cost of sales ( Note 26.00)												
Administrative costs ( Note 26.00)												
<b>55,639,691</b>												

	30-Sep-15 Taka	30-Sep-14 Taka
<b>6 Capital work-in-progress - NOF Project</b>		
Opening Balance	2,095,429,942	1,910,483,777
Add: Expense incurred during the year	233,456,155	189,944,165.00
	<u>2,328,886,097</u>	<u>2,100,427,942</u>
Less : Transferred to Property, Plant and Equipment	161,417,580	4,998,000
Closing Balance	<u>2,167,468,517</u>	<u>2,095,429,942</u>

The break-up of Capital work-in-progress is as follows:

Factory Building (NOF Plant)	-	161,417,580
Factory Equipment (NOF Plant)	105,000	-
Capital Machinery : L/C 0136-11-01-0036	1,743,518,984	1,581,465,393
Supply of the balance of the plant : L/C 0136-11-01-0061	258,580,478	253,181,301
Supply of the balance of the plant : L/C 0136-11-99-0037	782,384,83	37,119,961
Supply of the balance of the plant : Other equipments	41,087,053	40,683,103
Factory equipment	933,200	700,000
Computer	444,550	303,100
Air Conditioner	100,800	-
Furniture & Fixtures	346,736	-
Factory Building	19,438,815	17,245,000
Gas line installation	1,700,000	1,000,000
Machinery Installation	22,974,418	2,314,504
	<u>2,167,468,517</u>	<u>2,095,429,942</u>

The above costs incurred during the year for paying advance to Uttam Steel Corporation against two pieces purchase of corrugation roll machine regarding NOF Project at existing factory premises at Kalarpool, Shikallaha, Patiya, Chittagong, Bangladesh.

#### 7 Inventories

Raw Materials - note 7.1	1,519,290,973	985,852,657
Raw Materials-In-Bond items	2,051,732,313	1,734,149,013
Work-in-Process - note 7.2	177,007,832	152,302,732
Finished Goods - note 7.3	306,852,827	453,091,991
Stores and Spares	293,678,210	287,809,779
Stock - in - transit	13,775,245	3,098,575
Lubricant Oil	1,872,640	-
HFO	16,450,000	-
LPO	265,018	-
	<u>4,380,925,058</u>	<u>3,616,304,747</u>

#### 7.1 Inventories of Raw materials - note 7

	30-Sep-15		30-Sep-14	
	Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil	4,231.69	283,485,652	3,117.34	222,368,090
Hydrochloric Acid	4,798.84	32,528,953	4,277.51	29,747,324
TIN Ingot	44.53	91,579,405	25.86	58,870,603
ZINC Ingot	4,125.45	1,016,225,023	2,419.52	578,946,005
LEAD Ingot	336.32	78,629,014	337.61	78,931,075
ZINC Alloy	24.27	5,508,136	57.02	12,944,176
Antimony Ingot	0.45	566,295	2.59	3,234,738
Chromic Acid	24.93	10,768,495	3.36	810,646
		<u>1,519,290,973</u>		<u>985,852,657</u>

#### 7.2 Work-in-Process

CR Coil	136,643,540	140,337,132
NOF	40,364,292	11,965,600
	<u>177,007,832</u>	<u>152,302,732</u>

#### 7.3 Finished Goods-note 7

CR Coil	46,987,715	22,832,199
C.I & GP Sheet	259,865,112	430,259,792
	<u>306,852,827</u>	<u>453,091,991</u>

#### 8 Accounts Receivable

Against CR Coil - note 8.01	2,823,968,584	1,593,387,539
Against C.I and G.P Sheet	170,197,567	73,913,857
	<u>2,994,166,151</u>	<u>1,667,301,396</u>

	30-Sep-15 Taka	30-Sep-14 Taka
<b>8.01 Against CR Coll</b>		
Chemon Ispar Limited	2,823,968,584	1,568,999,350
Galco Steels Limited	-	24,388,189
	<u>2,823,968,584</u>	<u>1,593,387,539</u>
The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.		
<b>9 Due from Affiliated companies</b>		
S. Alam Power Generation Limited	-	-
S. Alam Super Edible Oil Ltd.	316,770,223	240,555,223
S. Alam & Co.	90,569,000	90,569,000
S. Alam Vegetable Oil Ltd.	218,412,913	339,520,136
S. Alam Brothers Limited	100,075,751	55,558,333
S. Alam Power Plant Ltd.	13,609,000	209,000
S. Alam Trading Co. (Pvt) Ltd.	2,449,614,784	2,589,942,811
Sonali Traders	26,480,822	212,834,770
Shah Amanat Praktirk Gas Ltd.	9,000,000	6,000,000
S. Alam Steels Limited	36,622,106	74,772,106
	<u>3,261,164,899</u>	<u>3,609,961,379</u>
<b>10 Advances, deposits and prepayments</b>		
Advances ( Note - 10.01)	591,955,757	444,243,797
Deposits ( Note - 10.02)	15,287,636	15,287,636
Prepayments (Note-10.03)	11,680,120	4,516,709
	<u>618,923,513</u>	<u>464,048,142</u>
<b>10.01 Advances</b>		
Against Expenses	1,259,896	1,234,466
Against Salary	6,253,500	1,359,000
Bank Guarantee Margin	99,831,077	102,268,878
Advance Income Tax	476,151,309	327,551,597
VAT current account	1,267,956	29,308
Supplementary Tax Current A/C	164,674	164,674
House and Office Rent	-	1,500
Consultancy (Bidco Associates)	650,000	650,000
Against C&F Bills	15,915	6,644,086
Others	6,361,430	4,340,288
	<u>591,955,757</u>	<u>444,243,797</u>
<b>10.02 Deposits</b>		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
Karnaphuli Gas Distribution Co. Ltd.	1,200,346	1,200,346
Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
Grameen Phone (BD) Limited (For mobile)	20,000	20,000
Ansar, VDP	32,331	32,331
Central Depository Bangladesh Limited	500,000	500,000
VAT Account for Appeal fee	2,394,127	2,394,127
	<u>15,287,636</u>	<u>15,287,636</u>
<b>10.03 Prepayments</b>		
Insurance	11,565,754	4,516,709
Internet Service	114,366	-
	<u>11,680,120</u>	<u>4,516,709</u>
The directors consider that all the above advances, deposits and pre-payments are either adjustable or recoverable in kind or in cash and for that no provision against them are required at this stage.		
<b>11 Short term investment</b>		
<b>Name of banks</b>		
Fixed Deposit Receipts		
Janata Bank Limited	100,075,027	76,525,579
National Bank Limited	-	9,849,119
Rupali Bank Limited	15,400,000	-
Islami Bank Bangladesh Limited	29,957,537	28,142,224
	<u>145,432,564</u>	<u>114,516,922</u>
<b>12 Cash and cash equivalents</b>		
Cash in hand (Note-12.01)	104,236	130,264
Cash at Banks (Note-12.02)	4,665,305	3,267,399
	<u>4,769,541</u>	<u>3,397,663</u>
<b>12.01 Cash in hand -Note 12</b>		
Head office	746	30,264
Factory office	103,490	100,000
	<u>104,236</u>	<u>130,264</u>

**12.02 Cash at Banks -Note-12**

Bank	Branch	Account No.	30-Sep-15 Taka	30-Sep-14 Taka
AB Bank Ltd.	Agrabad Br., Chittagong.	CD#4101-774707-000	92,147	94,797
Agrani Bank Ltd.	New Market Br., Chittagong.	CD#33009854	4,195	5,345
Agrani Bank Ltd.	Laldighi Br., Chittagong.	CD#29373	5,295	5,295
Dutch Bangla Bank Ltd.	Local Office , Dhaka.	CD#010111000016146	23,385	-
EXIM Bank Ltd.	Khatungonj, Chittagong.	CD#00411100004909	2,056	137,247
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002884	6,804	7,678
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100003008	2,380,266	57,137
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002711	36,791	36,705
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#1310002792	20,712	21,204
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	CD#010211100009425	571,028	14,645
First Security Islami Bank Ltd.	Anderkilla , Chittagong.	CD#13411100003882	155,469	-
Islami Bank Bangladesh Ltd.	Khatungonj , Chittagong.	CD#10601002130	115,681	7,148
Jamuna Bank Ltd.	Jubilee Road Branch, Chittagong.	CD#00190211002260	24,027	26,177
Janata Bank Ltd.	Shadharan Bima Corp Branch, Ctg.	CD#001031259	448,800	806,244
Janata Bank Ltd.	Shadharan Bima Corp Branch, Ctg.	CD#001031226	16,003	122,153
Mercantile Bank Ltd.	Khatungonj Branch, Chittagong.	CD#011211100005747	11,250	3,149
National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0002-33069282	7,929	802,751
National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#002-33066024	87,645	89,605
Rupali Bank Ltd.	Anderkilla, Corporate Branch, Ctg.	CD#200064978	438,103	435,387
Rupali Bank Ltd.	Anderkilla, Corporate Branch, Ctg.	STD#240001344	107,258	108,153
Southeast Bank Ltd.	Principal Office, Dhaka.	CD#11100036055	31,025	38,575
The City Bank Ltd.	Khatungonj Branch, Chittagong.	CD#1101002163001	30,392	122,682
Union Bank Ltd.	Khatungonj Branch, Chittagong.	CD # 0101010000801	1,014	226,012
Union Bank Ltd.	Gulshan Branch, Dhaka.	CD # 0021010001342	48,030	99,310
			<b>4,665,305</b>	<b>3,267,399</b>

**13 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**
**13.01 Shareholding position**

Name of shareholders	% of holding	Number of shares of Tk 10 each	Number of shares of Tk 10 each
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	4,800,000
ABIL-IDA	0.061%	60,000	60,000
ICB Unit Fund	0.949%	934,020	934,020
ICB	3.129%	3,078,420	3,078,420
Others	42.480%	41,788,000	41,788,000
	<b>100.00%</b>	<b>98,371,100</b>	<b>98,371,100</b>

**13.02 Classification of shares by holding**

Class by number of shares	No. of Holders Nos	No. of Shares Nos	Holding %
Less than 500	3,259	667,904	0.68
From 500 to 5,000	4,979	8,399,429	8.54
From 5,001 to 10,000	539	4,026,549	4.09
From 10,001 to 20,000	237	3,451,889	3.51
From 20,001 to 30,000	93	2,389,331	2.43
From 30,001 to 40,000	48	1,706,485	1.73
From 40,001 to 50,000	22	1,004,954	1.02
From 50,001 to 100,000	42	3,074,035	3.12
From 100,001 to 1,000,000	53	16,238,894	16.51
From 1,000,001 and above	11	57,411,630	58.36
<b>Total</b>	<b>9,283</b>	<b>98,371,100</b>	<b>100.00</b>

	30-Sep-15 Taka	30-Sep-14 Taka
<b>14 Long term loan</b>		
Due within one year - Note-20	262,816,000	262,816,000
Due more than one year - Note-14.01 & 14.01.3	<u>1,649,846,694</u>	<u>1,834,199,974</u>
	<b><u>1,912,662,694</u></b>	<b><u>2,097,015,974</u></b>
<b>14.01 Rupali Bank Limited - note 14</b>		
Term Loan Account No - 690000102 - note 14.01.1	398,959,210	615,183,060
Term Loan Account No - 690000143 - note 14.01.2	<u>163,580,555</u>	<u>208,248,635</u>
	<b><u>562,539,765</u></b>	<b><u>823,431,695</u></b>
<b>14.01.1 Loan Account No. 690000102 - note 14.01</b>		
Opening Balance	823,999,060	1,045,408,858
Add: Loan received during the year	-	-
Add: Interest charged during the year	<u>102,676,150</u>	<u>138,890,202</u>
	<b><u>926,675,210</u></b>	<b><u>1,184,299,060</u></b>
Less: Payment during the year	<u>318,900,000</u>	<u>360,300,000</u>
	<b><u>607,775,210</u></b>	<b><u>823,999,060</u></b>
Less: Current portion of term loan	<u>208,816,000</u>	<u>208,816,000</u>
Due more than one year	<b><u>398,959,210</u></b>	<b><u>615,183,060</u></b>
Limit amount :	Not Applicable	
Purpose :	To meet shortage of working capital	
Sanction date :	03.03.13	
Interest rate :	14%	
Security :	Hypothecation of Import Goods & Personal Guarantee from all directors.	
Repayment method :	Quarterly	
<b>14.01.2 Loan Account No. 690000143 - note 14.01</b>		
Opening Balance	262,248,635	257,000,000
Add: Loan received during the year	-	-
Add: Interest charged during the year	<u>33,555,920</u>	<u>12,740,635</u>
	<b><u>295,804,555</u></b>	<b><u>269,740,635</u></b>
Less: Payment during the year	<u>78,224,000</u>	<u>7,492,000</u>
	<b><u>217,580,555</u></b>	<b><u>262,248,635</u></b>
Less: Current portion of term loan	<u>54,000,000</u>	<u>54,000,000</u>
Due more than one year	<b><u>163,580,555</u></b>	<b><u>208,248,635</u></b>
Limit amount :	Tk 257,000,000	
Purpose :	To meet shortage of working capital	
Sanction date :	22.05.14	
Interest rate :	14%	
Security :	Hypothecation of Import Goods & Personal Guarantee from all directors.	
Repayment method :	Monthly	
<b>14.01.3 Terms of Project loan</b>		
Due after more than one year	<u>1,087,306,929</u>	<u>1,010,768,279</u>
	<b><u>1,087,306,929</u></b>	<b><u>1,010,768,279</u></b>
<b>Lenders: Janata Bank Ltd., Sadharan Bima Corp. Branch, Chittagong.</b>		
Janata Bank Ltd. sanctioned an amount of Tk. 98 Crore as project loan.		
<b>Total loan facilities: Tk. 98 Crore.</b>		
<b>Interest rate:</b>		
Interest rate is 14.00% on quarterly rest or at applicable rate as determined by bank from time to time.		
<b>Disbursement:</b>		
The disbursement was made on 06.06.2013.		
<b>Repayments</b>		
Re-payment stipulated to be made by 24 quarterly installments plus accrued interest for each, commencing after grace period.		
<b>Loan period</b>		
The entire loan amount shall be re-paid by eight(8) years including grace period of two (2) year.		
<b>Securities:</b>		
i. 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 million.		
ii. Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.		
iii. Personal guarantee of all directors of the company jointly and individually.		
<b>Purpose:</b>		
For meeting expenditure for capital machineries.		

	30-Sep-15 Taka	30-Sep-14 Taka
<b>15 Trade creditors</b>		
Liability against Deferred L/C	1,124,238,215	1,305,893,484
Customs Authority-Inbond Duty	419,935,265	334,164,393
Sundry Creditors	7,811,026	10,073,711
	<b>1,551,984,506</b>	<b>1,650,131,588</b>
These represent amount (Sundry creditors) payable to various local parties against supply of Materials (HCL), Packing material and Spare parts.		
<b>16 Short term liabilities</b>		
Loan against Trust Receipt (LTR) (Note - 16.01)	2,216,674,407	2,164,248,129
Loan against CC Pledge and Hypo (Note - 16.02)	3,107,160,242	2,164,514,528
	<b>5,323,834,649</b>	<b>4,328,762,657</b>
<b>16.01 Short Term Bank Loan (LTR)- Note 16</b>		
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg	2,216,674,407	2,164,248,129
	<b>2,216,674,407</b>	<b>2,164,248,129</b>
<b>16.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI- Note 16</b>		
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	232,463,493	218,416,404
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	290,636,990	273,441,687
Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	18,891,037	-
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg, (PAD)	427,448,267	240,085,277
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI against Imported Raw Materials with Share of Profit Margin)	1,284,807,038	562,430,482
Exim Bank Ltd., Khatungonj Branch, Ctg (Bia-Muazzal Hypo)	852,913,417	749,427,778
Union Bank Ltd., Khatungonj Branch, ctg (MDFP)	-	120,712,900
	<b>3,107,160,242</b>	<b>2,164,514,528</b>

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

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Interest %
CC Hypo	20	15.00%
CC Pledge	25	15.00%
LC, PAD & LIM	57	15.00%
LTR	20	15.00%
Bank Guarantee	30	0.00%
<b>Total</b>	<b>152</b>	

**Security:**

1. Hypothecation of import goods, post dated cheque.
2. 100% registered mortgage of land and project building situated in Shikalbaha, Chittagong, Bangladesh

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Interest %
LTR	208	At applicable rate determine from time to time.
LC/PAD	275	
<b>Total</b>	<b>483</b>	

**Security:**

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

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Profit %
TR	100	14.25%
LC/MPI /BG	200	14.25%
	<b>300</b>	

**Security:**

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

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	81.97	13.50%

**Security:**

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



	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>Taka</b>	<b>Taka</b>
<b>17 Liabilities for expenses</b>		
Audit fee	450,000	450,000
Chittagong Palli Bidyut Samity -1	8,660,658	13,225,995
Karnaphuli Gas Distribution Co. Ltd.	828,534	1,007,215
Salary and Allowances	7,407,487	444,919
Telephone and Mobile charges	19,859	32,720
Liason Office Rent and Expenses	6,718	25,107
Against C & F	109,280	130,736
Advertisement bills	11,385	-
Transportation	241,500	354,000
Karnaphuli Filling Station Limited	173,565	667,920
Against store and spare	733,998	1,094,261
Sundry Creditors	2,557,566	-
	<b>21,200,550</b>	<b>17,432,873</b>
<b>18 Advance against sales</b>	<b>35,282,776</b>	<b>11,927,999</b>
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.		
<b>19 Due to Affiliated companies</b>		
S. Alam Cement Ltd.	16,467,135	16,811,135
S. Alam Refined Sugar Industries Ltd.	1,054,908,909	945,368,418
S. Alam Bag Manufacturing Mills Ltd.	4,077,000	100,000
Global Trading Corporation Ltd.	1,550,687,881	1,380,658,704
S. Alam Steels Ltd.	115,336,974	129,497,587
S. Alam Vegetable Oil Limited	100,000	-
Others	1,239,219,586	145,937,041
	<b>3,980,797,485</b>	<b>2,618,372,885</b>
<b>20 Long term loan-current portion</b>		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 October, 2015 and consist of as follows:		
Term loan (Note- 20.01)	262,816,000	262,816,000
	<b>262,816,000</b>	<b>262,816,000</b>
<b>20.01 Term Loan (Payment within one year)- note 14</b>		
Rupali Bank Limited		
Term Loan Account No - 690000102	208,816,000	208,816,000
Term Loan Account No - 690000143	54,000,000	54,000,000
	<b>262,816,000</b>	<b>262,816,000</b>
<b>21 Liability against unclaimed dividend</b>		
Opening Balance	29,098,091	25,084,271
Add: Proposed Dividend During The year	147,556,650	127,882,430
	176,654,741	152,966,701
Less: Dividend Paid	151,006,188	123,868,610
Closing Balance	<b>25,648,553</b>	<b>29,098,091</b>
The break up of unclaimed dividend is given below:		
Unclaimed dividend on Ordinary Share	24,148,004	27,597,542
Unclaimed dividend on Convertible Preference Share	1,500,549	1,500,549
	<b>25,648,553</b>	<b>29,098,091</b>
<b>22 PROVISION FOR INCOME TAX</b>		
For Current Tax - note 22.1	153,408,449	151,963,545
For Deferred Tax - note 22.2	299,251,677	300,586,220
	<b>452,660,126</b>	<b>452,549,765</b>
<b>22.1 Provision for Current Tax - note 22</b>		
Opening Balance	151,963,545	350,786,411
Add: Provision made during the year	5,000,000	15,500,000
	156,963,545	366,286,411
Less: Adjusted during the year	3,555,096	214,322,866
Closing balance	<b>153,408,449</b>	<b>151,963,545</b>

	30-Sep-15 Taka	30-Sep-14 Taka
<b>22.2 Provision for Deferred Tax - note 22</b>		
Opening Balance	300,586,220	273,511,707
Add: Provision made during the year	-	27,074,513
	<u>300,586,220</u>	<u>300,586,220</u>
Less: Provision realized during the year	1,334,543	-
Closing balance	<u><u>299,251,677</u></u>	<u><u>300,586,220</u></u>

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable /(Deductible) Temporary Difference (Taka)
<b>A. Deferred Tax Liability</b>			
<b>As on 30 September 2015:</b>			
Property, Plant and Equipment (Except Land)	1,801,538,933	604,532,224	1,197,006,709
Applicable Tax Rate			25%
			<u>299,251,677</u>
<b>B. Deferred Tax Liability</b>			
<b>As on 30 September 2014:</b>			
Property, Plant and Equipment (Except Land)	1,728,164,368	635,123,569	1,093,040,799
Applicable Tax Rate			27.5%
			<u>300,586,220</u>
Provision made/(Realized) during the year (A-B)			<u>(1,334,543)</u>

<b>23 Provision for Workers' Profit Participation &amp; Welfare Fund (WPP &amp; WF)</b>		
Opening balance as on 01 October	53,799,970	49,355,843
Add: Accrued interest on WPP and WF	7,418,283	5,935,516
Provided during the year @ 5% on net profit before tax	6,831,624	7,463,878
	<u>14,249,907</u>	<u>13,399,394</u>
	68,049,877	62,755,237
Less: Paid during the year	6,034,825	8,955,267
Closing balance 30 September	<u><u>62,015,052</u></u>	<u><u>53,799,970</u></u>

<b>24 Other liabilities</b>		
Income Tax deducted at source from salary	125,800	107,261
Income Tax deducted at source-others	896,013	52,648
Income Tax deducted at source against dividend	-	5,902,253
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	208,637	54,244
WPP and Welfare Fund	13,124,384	13,124,384
	<u>14,753,289</u>	<u>19,639,245</u>

<b>25 Revenue</b>		
Sales of CR Coil-Net of VAT	3,141,554,866	2,625,066,667
Sale of C.I Sheet-Net of VAT	830,842,883	314,740,089
Sale of G.P Sheet-Net of VAT	29,184,735	18,004,697
Sale of scrap-Net of VAT	192,544,930	396,845,018
	<u>4,194,127,414</u>	<u>3,354,656,471</u>

	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>Taka</b>	<b>Taka</b>
<b>26 Cost of sales</b>		
Opening Stock of Raw Materials (Note 26.01 to 26.08)	985,852,657	1,448,422,104
<b>Add:</b> Purchased during the year (Note 26.01 to 26.08)	<u>3,857,592,524</u>	<u>2,321,283,036</u>
	4,843,445,181	3,769,705,140
<b>Less:</b> Closing Stock of Raw Materials (Note 26.01 to 26.08)	<u>1,519,290,973</u>	<u>985,852,657</u>
Cost of raw materials consumed	<u><b>3,324,154,208</b></u>	<u><b>2,783,852,483</b></u>
<b>Add: Manufacturing Expenses:</b>		
Power (Electricity)	121,015,186	76,501,717
Gas	8,900,798	8,984,362
Fuel and Lubricants- Factory Generator	1,169,600	1,101,035
Factory overhead (Note - 26.09)	96,593,558	90,074,504
Consumption of Stores and Spares	41,419,505	50,846,875
Consumption of Packaging materials	2,175,795	1,057,036
Consumption of other chemicals	698,400	184,365
Depreciation (Note- 5.01)	<u>65,123,782</u>	<u>41,708,018</u>
	<u>337,096,624</u>	<u>270,457,912</u>
Cost of Goods Manufactured	<u><b>3,661,250,832</b></u>	<u><b>3,054,310,395</b></u>
<b>Add:</b> Opening stock of WIP (CR)	140,337,132	19,929,248
Opening stock of WIP (NOF)	11,965,600	7,371,633
<b>Less:</b> Closing stock of WIP (CR)	<u>136,643,540</u>	<u>140,337,132</u>
Closing stock of WIP (NOF)	<u>40,364,292</u>	<u>11,965,600</u>
	3,636,545,732	2,929,308,544
<b>Add:</b> Opening stock of Finished Goods (CR)	22,832,199	373,009,360
Opening stock of Finished Goods (NOF)	430,259,792	59,249,056
<b>Less:</b> Closing stock of Finished Goods (CR)	<u>46,987,715</u>	<u>22,832,199</u>
Closing stock of Finished Goods (NOF)	<u>259,865,112</u>	<u>430,259,792</u>
<b>Cost of sales</b>	<u><b>3,782,784,896</b></u>	<u><b>2,908,474,969</b></u>
<b>26.01 Raw Materials consumed - H.R Coil</b>		
Opening Stock of raw materials	222,368,090	1,011,489,720
<b>Add:</b> Purchased during the year	<u>3,216,163,015</u>	<u>1,817,522,164</u>
	3,438,531,105	2,829,011,884
<b>Less:</b> Closing Stock of Raw Materials	<u>283,485,652</u>	<u>222,368,090</u>
Cost of raw materials consumed	<u><b>3,155,045,453</b></u>	<u><b>2,606,643,794</b></u>
<b>26.02 Raw materials consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	29,747,324	29,089,094
<b>Add:</b> Purchased during the year	<u>10,072,321</u>	<u>8,100,365</u>
	39,819,645	37,189,459
<b>Less:</b> Closing Stock of raw materials	<u>32,528,953</u>	<u>29,747,324</u>
Consumption of Hydrochloric Acid	<u><b>7,290,692</b></u>	<u><b>7,442,135</b></u>
<b>26.03 Raw materials consumed - TIN Ingot</b>		
Opening Stock of raw materials	58,870,603	62,430,930
<b>Add:</b> Purchased during the year	<u>35,512,846</u>	<u>-</u>
	94,383,449	62,430,930
<b>Less:</b> Closing Stock of raw materials	<u>91,579,405</u>	<u>58,870,603</u>
Consumption of TIN Ingot	<u><b>2,804,044</b></u>	<u><b>3,560,327</b></u>
<b>26.04 Raw materials consumed - ZINC Ingot</b>		
Opening Stock of raw materials	578,946,005	237,632,868
<b>Add:</b> Purchased during the year	<u>585,406,848</u>	<u>495,465,190</u>
	1,164,352,853	733,098,058
<b>Less:</b> Closing Stock of raw materials	<u>1,016,225,023</u>	<u>578,946,005</u>
Consumption of ZINC Ingot	<u><b>148,127,830</b></u>	<u><b>154,152,053</b></u>
<b>26.05 Raw materials consumed - LEAD Ingot</b>		
Opening Stock of raw materials	78,931,075	79,479,647
<b>Add:</b> Purchased during the year	<u>-</u>	<u>-</u>
	78,931,075	79,479,647
<b>Less:</b> Closing Stock of raw materials	<u>78,629,014</u>	<u>78,931,075</u>
Consumption of Lead Ingot	<u><b>302,061</b></u>	<u><b>548,572</b></u>
<b>26.06 Raw materials consumed - ZINC Alloy</b>		
Opening Stock of raw materials	12,944,176	21,111,380
<b>Add:</b> Purchased during the year	<u>-</u>	<u>-</u>
	12,944,176	21,111,380
<b>Less:</b> Closing Stock of raw materials	<u>5,508,136</u>	<u>12,944,176</u>
Consumption of ZINC Alloy	<u><b>7,436,040</b></u>	<u><b>8,167,204</b></u>

	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>Taka</b>	<b>Taka</b>
<b>26.07 Raw materials consumed - Antimony Ingot</b>		
Opening Stock of raw materials	3,234,738	6,616,681
<b>Add: Purchased during the year</b>	-	(417,183)
	<u>3,234,738</u>	<u>6,199,498</u>
Less: Closing Stock of raw materials	566,295	3,234,738
<b>Consumption of Antimony Ingot</b>	<u><b>2,668,443</b></u>	<u><b>2,964,760</b></u>
<b>26.08 Raw materials consumed - Chromic Acid</b>		
Opening Stock of raw materials	810,646	571,784
<b>Add: Purchased during the year</b>	<u>10,437,494</u>	<u>612,500</u>
	11,248,140	1,184,284
Less: Closing Stock of raw materials	10,768,495	810,646
<b>Consumption of Chromic Acid</b>	<u><b>479,645</b></u>	<u><b>373,638</b></u>
<b>26.09 Factory overhead</b>		
Salaries and allowances	73,389,568	69,641,382
Insurance expenses	6,479,265	5,078,748
Medical expenses	518,663	207,112
Labour charges	146,068	160,011
Repairs and Maintenance	8,478,497	8,218,815
Carrying charges-raw materials	1,204,290	432,001
Uniform and liveries	9,230	34,500
Transportation	2,250,804	1,908,000
Printing & stationery	254,901	271,184
Canteen expenses-Factory	400,254	546,895
Telephone and Internet charges	325,913	170,910
Miscellaneous expenses	1,350,760	989,970
Registration and renewal	324,939	486,989
Rent, rates and taxes	20,000	-
Travelling and conveyance expenses	127,865	239,860
Vehicle maintenance	873,206	1,169,727
Lease rent expenses	439,335	518,400
	<u><b>96,893,558</b></u>	<u><b>90,074,504</b></u>
<b>27 Selling and distribution costs</b>		
Advertisement	11,388,684	3,200,399
	<u><b>11,388,684</b></u>	<u><b>3,200,399</b></u>
<b>28 Administrative costs</b>		
Salaries and allowances	20,268,631	18,910,588
Depreciation (Note-5.01)	21,707,927	13,902,673
Donation and subscriptions	13,759,174	429,500
Canteen expenses	706,540	626,302
Fees and renewals	611,803	929,036
Guest house expenses	698,580	725,430
Legal and professional expenses	171,000	126,750
Liaison office expenses	95,124	107,667
Office maintenance expenses	596,009	204,886
Liaison office rent	378,000	363,000
Office decoration	72,000	78,000
Stationery expenses	410,147	562,321
Registration and renewal	594,056	770,057
Rent, rates and taxes	175,553	175,553
Telephone and e-mail expenses	192,510	188,245
Travelling and conveyance expenses	222,938	197,798
Vehicle maintenance	1,299,642	523,625
Management meeting and conference	2,073,139	2,264,941
Electricity expenses	250,686	196,112
Miscellaneous expenses	1,531,970	956,012
Insurance expense	3,623,826	2,579,661
Audit fees	450,000	450,000
	<u><b>69,889,255</b></u>	<u><b>45,268,157</b></u>
<b>29 Other Income</b>		
Profit on sale of fixed assets	1,045,444	-
Miscellaneous income	340,776	-
	<u><b>1,386,220</b></u>	<u><b>-</b></u>
<b>30 Finance costs</b>		
Bank Charges	411,993	373,641
Interest on Cash Credit (Hypo)	32,453,616	42,386,112
Interest on Cash Credit (Pledge)	40,685,303	54,345,129
Interest on Term loan	136,212,070	155,667,311
Interest on WPP & WF	7,418,283	5,935,516
Bank guarantee commission	6,760,453	7,520,337
	<u><b>223,941,718</b></u>	<u><b>266,228,046</b></u>

	30-Sep-15 Taka	30-Sep-14 Taka
<b>31 Finance income</b>		
Interest income from MTDR and MDDS	10,391,968	11,587,763
Interest on STD/SND	147,035	58,585
Interest income from FDR	13,151,331	2,340,496
	<b>23,690,334</b>	<b>13,986,844</b>
<b>32 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	122,332,255	96,575,100
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	<b>1.23</b>	<b>0.98</b>
<b>33 Net Asset Value Per Share (NAV)</b>		
Total Assets	15,469,932,053	13,394,677,736
Less: Total Liabilities	13,515,934,339	11,415,455,627
Net Asset Value (NAV)	1,953,997,714	1,979,222,109
Number of ordinary shares outstanding during the year	98,371,100	98,371,100
Net Asset Value Per Share (NAV)	<b>19.86</b>	<b>20.12</b>
<b>34 Net Operating Cash Flow Per Share</b>		
Cash flows from operating activities	(1,914,964,653)	636,348,878
Number of shares outstanding during the year	98,371,100	98,371,100
Net Operating Cash Flow Per Share	<b>(19.47)</b>	<b>6.47</b>

**35 Contingent liabilities**

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

Particulars	Amount (Tk.)	Present status
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.

**36 Quantitative movement of inventories**

**36.01 Raw Materials:**

**Opening Stock of Raw Materials**

	30-Sep-15 M.Ton	30-Sep-14 M.Ton
H.R Coil	3,117.34	15,243.00
Hydrochloric Acid	4,277.51	4,560.25
TIN Ingot	25.86	27.43
ZINC Ingot	2,419.52	1,090.45
LEAD Ingot	337.61	339.96
ZINC Alloy	57.02	93.00
Antimony Ingot	2.59	4.94
Chromic Acid	3.36	2.42
	<b>10,240.81</b>	<b>21,361.45</b>

**Add: Purchased during the year**

H.R Coil	49,180.00	25,734.34
Hydrochloric Acid	1,596.28	821.51
TIN Ingot	20.00	-
ZINC Ingot	2,311.35	1,993.57
LEAD Ingot	-	-
ZINC Alloy	-	-
Antimony Ingot	-	-
Chromic Acid	23.00	2.50
	<b>53,130.63</b>	<b>28,551.92</b>

**Raw materials available for consumption**

**Less: Raw Materials Consumed**

H.R Coil	48,065.65	37,860.00
Hydrochloric Acid	1,074.95	1,104.25
TIN Ingot	1.33	1.57
ZINC Ingot	605.42	664.50
LEAD Ingot	1.29	2.35
ZINC Alloy	32.75	35.98
Antimony Ingot	2.14	2.35
Chromic Acid	1.43	1.56
	<b>49,784.96</b>	<b>39,672.56</b>

	30-Sep-15 M.Ton	30-Sep-14 M.Ton
<b>Closing Stock of Raw Materials</b>		
H.R Coil	4,231.69	3,117.34
Hydrochloric Acid	4,798.84	4,277.51
TIN Ingot	44.53	25.86
ZINC Ingot	4,125.45	2,419.52
LEAD Ingot	336.32	337.61
ZINC Alloy	24.27	57.02
Antimony Ingot	0.45	2.59
Chromic Acid	24.93	3.36
	<b>13,586.48</b>	<b>10,240.81</b>

### 36.02 Finished Goods:

#### A. In Cold Rolled Plant

Opening stock	281	4,923
Add: Produced during the year	43,117	31,550
	43,398	36,473
Less: Transferred to NOF plant during the year	7,145	7,843
Available for sale	36,253	28,630
Less: Sold during the year	35,611	28,349
Closing stock	<b>642</b>	<b>281</b>

#### B. In NOF Plant

Opening stock	4,646	504
Add: Produced during the year	7,123	7,821
Available for sale	11,769	8,325
Less: Sold during the year	9,041	3,679
Closing stock	<b>2,728</b>	<b>4,646</b>

### 37 Guarantees

The following Bank guarantees were outstanding on the reporting date:

	30-Sep-15 Taka	30-Sep-14 Taka
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	2,310,400	1,121,900
Deposit to Customs Authority against duty claim under appeal	16,714,814	89,017
Bank Guarantee Against Customs Authority under Bond	521,794,706	334,164,393
	<b>540,819,920</b>	<b>335,375,310</b>

### 38 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-

	30-Sep-15 Taka	30-Sep-14 Taka
Accounts receivables	2,994,166,151	1,667,301,396
Due from Affiliated companies	3,261,154,599	3,609,961,379
Cash and cash equivalents	4,769,541	3,397,663
	<u>6,260,090,291</u>	<u>5,280,660,438</u>

#### (a) Trade receivables

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:

	30-Sep-15 Taka	30-Sep-14 Taka
0-90 days	-	24,388,189
91- 180 days	170,197,567	73,913,857
Over 180 days	2,821,581,379	1,568,999,350
	<u>2,991,778,946</u>	<u>1,667,301,396</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. 4,091,375 at 30 September 2015 (2014: Tk. 3,171,260), 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:

	2 to 12 months	Contractual cash flows	Carrying amount
<b>Non-derivative financial liabilities:</b>			
<b>As at 30 September 2015</b>			
Trade creditors	1,551,984,506	1,551,984,506	1,551,984,506
Liabilities for expenses	21,200,550	21,200,550	21,200,550
Other liabilities	14,753,289	14,753,289	14,753,289
	<u>1,587,938,345</u>	<u>1,587,938,345</u>	<u>1,587,938,345</u>
<b>As at 30 September 2014</b>			
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>

### 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 2015, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30-Sep-15		30-Sep-14	
	US\$	Taka	US\$	Taka
<b>Exposure to currency risk</b>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (I./C liability)	14,745,461	1,124,238,215	16,635,586	1,305,893,484
Net exposure	14,745,461	1,124,238,215	16,635,586	1,305,893,484

The following significant exchange rate is applied during the year:

U S dollar	76.24	78.50
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A change of 10 basis points in foreign currencies would have increased/(decreased) equity and profit or loss of the company by Taka 14,745,461.42

#### 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 repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.



#### 4 Consolidated Operating Segments :

The company has three reportable segments, as described below which are the group'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 group's reportable segments.

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

	2015			2014				
	Cold Rolled Taka	NOF Taka	Power Generation Taka	Total Taka	Cold Rolled Taka	NOF Taka	Power Generation Taka	Total Taka
<b>External Revenues :</b>								
Local Sales	3,141,554,866	880,027,618	-	4,091,582,484	2,625,066,667	332,744,786	-	2,957,811,453
Scrap Sales	146,849,804	45,695,126	-	192,544,930	309,816,696	87,028,322	-	396,845,018
Total External Sales and Reportable Segment Revenue	3,288,404,670	995,722,744	-	4,194,127,414	2,934,883,363	419,773,108	-	3,354,656,471
Cost of sales	2,959,251,712	823,533,184	-	3,782,784,896	2,528,840,956	379,634,033	-	2,908,474,969
Gross Profit	329,152,958	82,189,560	-	411,342,518	406,042,427	40,139,075	-	446,181,502
% of Gross Profit before Tax	10.01	9.07	-	9.81	13.84	9.56	-	13.30
<b>Reportable Segment Profit before Tax</b>	<b>75,371,091</b>	<b>54,629,771</b>	<b>(5,433,071)</b>	<b>124,567,791</b>	<b>104,384,695</b>	<b>37,428,995</b>	<b>(3,805,824)</b>	<b>138,007,866</b>
Other income	1,046,620	-	339,600	1,386,220	-	-	-	-
Finance income	23,690,334	-	-	23,690,334	13,986,844	-	-	13,986,844
Finance costs	223,922,187	-	19,531	223,941,718	266,212,616	-	15,430	266,228,046
Depreciation & Amortisation	76,188,533	10,643,176	-	86,831,709	50,140,420	5,470,270	-	55,610,690
Share of profit/(loss) of Non-Controlling interest- Net of Tax	-	-	(1,629,921)	(1,629,921)	-	-	(1,141,747)	(1,141,747)
Reportable Segment Assets	10,655,701,028	2,584,516,989	2,229,714,036	15,469,932,053	9,170,298,452	2,153,079,549	2,071,299,755	13,394,677,736
Capital Expenditure	13,280,456	161,417,580	233,351,155	408,049,191	40,441,085	10,077,002	189,944,165	240,462,252
Reportable Segments Liabilities	12,171,414,761	2,935,509	1,191,736,121	13,366,086,391	10,226,572,443	2,268,440	1,030,250,919	11,259,091,802

	30-Sep-15 Taka	30-Sep-14 Taka
<b>40.01 Reconciliation of Reportable Segments -note 40</b>		
<b>Liabilities</b>		
Total Liabilities for reportable segments	13,366,086,391	11,259,091,802
Add: others Liabilities	14,753,289	19,639,245
<b>Total Liabilities</b>	<b>13,380,839,680</b>	<b>11,278,731,047</b>

#### 41 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.

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 Sept 2015	
Chemon Ispat Limited	Affiliated Company	Sales and Short term Loan	2,823,968,584	Dr
S. Alam Trading Co. (Pvt) Ltd.	Affiliated Company	Short Term Loan	2,449,614,784	Dr
S. Alam Power Generation Limited	Subsidiary	Short Term Loan	677,349,808	Dr
S.Alam Super Edible Oil Ltd.	Affiliated Company	Short Term Loan	316,770,223	Dr
S. Alam Vegetable Oil Ltd.	Affiliated Company and Share Holder	Short Term Loan	218,412,913	Dr
S. Alam & Co.	Affiliated Company	Short Term Loan	90,569,000	Dr
S. Alam Brothers Limited	Affiliated Company	Short Term Loan	100,075,751	Dr
S. Alam Steels Ltd.	Affiliated Company and Share Holder	Sales and Short Term Loan	36,622,106	Dr
Shah Amanat Prakritik Gas Ltd.	Affiliated Company and Share Holder	Short Term Loan	9,000,000	Dr
Global Trading Corporation Ltd.	Affiliated Company	Short Term Loan	2,252,687,881	Cr
S. Alam Refined Sugar Industries Ltd.	Affiliated Company	Short Term Loan	1,054,908,909	Cr
Annex Business Corner	Affiliated Company	Short Term Loan	230,000,000	Cr
Learned Business House	Affiliated Company	Short Term Loan	190,000,000	Cr
Renown Business & Trading House	Affiliated Company	Short Term Loan	140,000,000	Cr
Jashim Trading Corporation	Affiliated Company	Short Term Loan	125,936,979	Cr
S. Alam Steels Ltd.	Affiliated Company and Share Holder	Sales and Short Term Loan	115,336,974	Cr
Ansar Enterprise	Affiliated Company	Short Term Loan	100,000,000	Cr
Sunbeam Traders	Affiliated Company	Short Term Loan	96,700,000	Cr
Fancy Fare Corporation	Affiliated Company	Short Term Loan	60,000,000	Cr
Dulari Enterprise	Affiliated Company	Short Term Loan	50,000,000	Cr
M.M Corporation	Affiliated Company	Short Term Loan	36,000,000	Cr
Unique Trade & Business House	Affiliated Company	Short Term Loan	34,400,000	Cr
Enovation Trade	Affiliated Company	Short Term Loan	30,000,000	Cr
Others receivable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	64,400,000	Dr
Others payable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	46,972,429	Cr

#### 42 Capital commitment

There are capital expenditure commitment for Tk. 1.77 crore in respect of the subsidiary's plant and machinery and civil construction.

#### 43 Production capacity

##### SACRSL Plant:

Installed Capacity (In M.Ton) yearly

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 (%)

Number of Employees - Para 3 of Schedule XI, Part II

	30 Sept 2015 M.Ton	30 Sept 2014 M.Ton
Installed Capacity (In M.Ton) yearly	120,000	120,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	94,200.60	51,586.64
Capacity utilised (%)	78.50%	42.99%
Installed Capacity (In M.Ton) yearly	72,000	72,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	8,499.79	5,565.62
Capacity utilised (%)	11.805%	7.73%

Salary Range (Monthly)	Head Office		Factory				Total Number of Employees
	Officer	Staff	Casual	Officer	Staff	Worker	
For the year ended 30-09-2015	17	9	9	76	31	220	362
Below 3,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Above 3,000	17	9	9	76	31	220	362
For the year ended 30-09-2014	17	10	13	75	30	212	357

#### 44 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 September 2015, there were 4(Four) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

SL	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
1	Mr. Mohammad Saiful Alam	Managing Director	4	1	5,000	5,000
2	Mr. Abdus Samad	Chairman	4	2	5,000	10,000
3	Mr. Osman Gani	Director	4	4	5,000	20,000
4	Mr. Nasir Uddin Ahmed, FCMA	Director (ICB Nominee)	4	4	5,000	20,000
5	Ms. Halima Begum	Director (General Investors' Group)	4	4	5,000	20,000
6	Mr. Mohammad Ishaque	Independent Director	4	4	5,000	20,000
7	Mr. Monotosh Chandra Roy, FCA	Independent Director	4	4	5,000	20,000

#### 45 Events After The Reporting Period

The Board of Directors in their meeting held on 09 January 2016 recommended 15% Cash dividend for the year 2015.

#### 46 GENERAL

Figures appearing in these accounts have been rounded off to the nearest taka.

Previous year's phrases & amounts have been restated and re-arranged, wherever considered necessary, to conform to the presentation for the year under review.

These financial statements should be read in conjunction with the annexed Notes and were approved by the Board of Directors on 09.01.2016 and were signed on its behalf by :

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of S. Alam Cold Rolled Steels Limited which comprise the statement of financial position as at 30 September 2015, 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 notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 September 2015 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (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 returns;
- (c) the statement of financial position and the 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, 10 January 2016

*Hoda Vasi Chowdhury & Co*  
Chartered Accountants

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**

	Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>ASSETS &amp; PROPERTIES</b>			
<b>NON CURRENT ASSETS &amp; PROPERTIES</b>			
Property, Plant and Equipment	5	1,870,562,840	1,797,188,275
Capital Work-In-Progress	6	105,000	161,417,580
Investment	7	277,357,000	277,357,000
		<b>11,963,127,877</b>	<b>9,956,334,826</b>
<b>CURRENT ASSETS</b>			
Inventories	8	4,362,337,400	3,616,304,747
Accounts Receivables	9	2,994,166,151	1,667,301,396
Due from Affiliated Companies	10	3,854,732,301	4,111,794,973
Advances, Deposits and Prepayments	11	602,368,086	443,245,528
Short Term Investment	12	145,432,564	114,516,922
Cash and Cash Equivalents	13	4,091,375	3,171,260
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>14,111,152,717</b>	<b>12,192,297,681</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	14	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		504,762,062	526,183,307
		<b>861,791,442</b>	<b>1,124,017,915</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loan	15	562,539,765	823,431,695
Deferred Tax Liabilities	23.2	299,251,677	300,586,220
		<b>11,326,957,467</b>	<b>9,124,454,713</b>
<b>CURRENT LIABILITIES</b>			
Trade Creditors	16	1,551,984,506	1,650,131,588
Short Term Liabilities	17	5,323,834,649	4,328,762,657
Liabilities for Expenses	18	18,531,509	17,382,873
Advance against Sales	19	35,282,776	11,927,999
Due to Affiliated Companies	20	3,895,914,878	2,618,372,885
Current Portion of Long Term Loan	21	262,816,000	262,816,000
Liability against Unclaimed Dividend	22	25,648,553	29,098,091
Provision for Income Tax	23.1	136,530,905	132,530,905
Provision for Workers' Profit Participation & Welfare Fund	24	62,015,052	53,799,970
Other Liabilities	25	14,398,639	19,631,745
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>14,111,152,717</b>	<b>12,192,297,681</b>
<b>Net Asset Value Per Share</b>	34	<b>19.54</b>	<b>19.76</b>
Contingent Liabilities and Commitments	36 & 43		

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chittagong, 10 January 2016

  
Chartered Accountants

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>Revenue</b>	26	4,194,127,414	3,354,656,471
Cost of sales	27	(3,782,784,896)	(2,908,474,969)
<b>Gross profit</b>		<b>411,342,518</b>	<b>446,181,502</b>
Selling and distribution costs	28	(11,388,684)	(3,200,399)
Administrative costs	29	(64,136,115)	(41,477,763)
		(75,524,799)	(44,678,162)
<b>Operating Profit</b>		<b>335,817,719</b>	<b>401,503,340</b>
Finance costs	31	(223,922,187)	(266,212,616)
<b>Profit before Non- operating Income</b>		<b>111,895,532</b>	<b>135,290,724</b>
Other income	30	1,046,620	-
Finance income	32	23,690,334	13,986,844
<b>Net Profit before tax and WPP and Welfare Fund</b>		<b>136,632,486</b>	<b>149,277,568</b>
Contribution to WPP and Welfare Fund	24	(6,831,624)	(7,463,878)
<b>Profit before income tax</b>		<b>129,800,862</b>	<b>141,813,690</b>
Income tax expenses:			
Current Tax:			
Current year	23.1	(5,000,000)	(15,500,000)
Deferred tax	23.2	1,334,543	(27,074,513)
		(3,665,457)	(42,574,513)
<b>Net profit after tax for the year</b>		<b>126,135,405</b>	<b>99,239,177</b>
<b>Basic Earnings Per Share</b>	33	<b>1.28</b>	<b>1.01</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:


  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chittagong, 10 January 2016

  
**Chartered Accountants**

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>Cash flows from operating activities</b>			
Cash received from customers		2,890,617,436	3,494,243,635
Cash paid to suppliers		(4,499,416,979)	(2,599,851,741)
Cash paid to employees		(91,303,828)	(94,110,622)
Cash paid for operating expenses		(39,544,729)	5,785,718
Payment of income tax		(149,599,212)	(151,914,335)
Payment for WPP&WF		(6,034,825)	(8,955,267)
<b>Net cash inflow/(outflow) from operating activities (A)</b>		<b>(1,895,282,137)</b>	<b>645,197,388</b>
<b>Cash flows from investing activities</b>			
Capital Work-in-progress		161,312,580	4,998,000
Acquisition of property, plant and equipment		(162,698,036)	(55,532,260)
Proceeds from sale of property, plant and equipment		3,537,205	-
Short term loan to affiliated companies		257,062,672	(3,239,544,311)
Investment in fixed deposit receipt		(30,915,642)	(31,792,585)
Interest received from fixed deposit receipt		23,691,510	13,986,844
<b>Net cash Inflow/(outflow) from investing activities (B)</b>		<b>251,990,289</b>	<b>(3,307,884,312)</b>
<b>Cash flows from financing activities</b>			
Proceeds from / (Repayment of) long term loan		(260,891,930)	576,337
Proceeds / (Repayment of) from Short term loan		995,071,992	1,586,995,371
Proceeds from / (Repayment to) affiliated companies		1,277,541,993	1,459,070,461
Dividend paid		(151,006,188)	(123,868,610)
Cash paid for financial expenses		(216,503,904)	(260,277,100)
<b>Net cash inflow/(outflow) from financing activities (C)</b>		<b>1,644,211,963</b>	<b>2,662,496,459</b>
<b>Net increase/(decrease) of cash and cash equivalents for the year (A+B+C)</b>		<b>920,115</b>	<b>(190,465)</b>
Cash and cash equivalents at the beginning of the year		3,171,260	3,361,725
<b>Cash and cash equivalents at the end of the year</b>		<b>4,091,375</b>	<b>3,171,260</b>
<b>Net Operating Cash Flow Per Share</b>	35	<b>(19.27)</b>	<b>6.56</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S. ALAM COLD ROLLED STEELS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Share Capital	Share Premium	Retained Earnings	Total
	Taka	Taka	Taka	Taka
<b>Balance as on 01 October 2014</b>	983,711,000	433,930,746	526,183,307	1,943,825,053
Cash dividend declared for the year 2014	-	-	(147,556,650)	(147,556,650)
Net Profit after tax for the year 2015	-	-	126,135,405	126,135,405
<b>Balance as on 30 September 2015</b>	<b>983,711,000</b>	<b>433,930,746</b>	<b>504,762,062</b>	<b>1,922,403,808</b>
<b>Balance as on 01 October 2013</b>	983,711,000	433,930,746	554,826,560	1,972,468,306
Cash dividend declared for the year 2013	-	-	(127,882,430)	(127,882,430)
Net Profit after tax for the year 2014	-	-	99,239,177	99,239,177
<b>Balance as on 30 September 2014</b>	<b>983,711,000</b>	<b>433,930,746</b>	<b>526,183,307</b>	<b>1,943,825,053</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR



**S. ALAM COLD ROLLED STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2015**

**1 BACKGROUND AND INFORMATION**

**1.01 Formation and Legal Status**

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

**1.02 Nature of the business**

The main activity of the company is to manufacture and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets, CI sheets and GP sheets. The company has set up its factory on 12.04 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

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

**2 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**

The Board of Directors has authorized these financial statements on 09.01.2016

**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) The Listing Regulations of Dhaka Stock Exchange (DSE)
- (ix) The Listing Regulations of Chittagong Stock Exchange (CSE)
- (x) Bangladesh Labour Act 2006 etc.

**2.04 Accounting convention and assumption**

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

**2.05 Functional and presentation currency**

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

**2.06 Statement of Cash flows**

Statement of Cash Flows is prepared principally in accordance with BAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by Securities and Exchange Rules, 1987.

**2.07 Use of estimates and judgments**

The preparation of the financial statements 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. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected

**2.08 Comparative information**

Comparative information has been disclosed in respect of the year 2014 for all numeric information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current years Financial Statements.

**Re-arrangement**

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

**2.09 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 assessment there are no material uncertainties related to events or conditions which may significant doubt upon the Company's ability to continue as a going concern.

## 2.10 Reporting period

The financial statements of the Company consistently cover one financial year from 01 October 2014 to 30 September 2015 for all reported periods.

## 3 Significant Accounting Policies

The financial statements have been prepared in compliance with requirement of BASs (Bangladesh Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following BASs are applicable for the financial statements for the year under audit:

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting Policies, Changes in Accounting Estimates and
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-18	Revenue
BAS-19	Employee benefits
BAS-21	The effects of Changes in Foreign Exchange Rates
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-33	Earnings per share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BFRS-5	Non-current Assets Held for Sale and Discontinued
BAS-32	Financial Instrument: Presentation
BAS-39	Financial Instrument: Recognition and Measurement
BFRS-7	Financial Instrument: Disclosure

### 3.01 Property, plant and equipment

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

#### 3.01.1 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.

#### 3.01.2 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.

#### 3.01.3 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. In case of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows.

Assets	Rates (%)
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 Plant</u>	<u>NOF Plant</u>
Factory Building (including Leased Assets)	78.50%	11.805%
Capital Machinery	78.50%	11.805%
Factory equipment	78.50%	11.805%
Generator	78.50%	11.805%
Work Roll	78.50%	11.805%
Luffing Crane and Jetty construction	78.50%	11.805%
Coil Cart	78.50%	11.805%

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

### 3.02 Capital work in progress

The costs incurred during the year for paying advance to Uttam Steel Corporation against two pieces purchase of corrugation roll machine regarding NOF Project at existing factory premises at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

### 3.03 Inventories

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

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

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

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

### 3.04 Revenue Recognition

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. In compliance with the requirements of BAS 18: "Revenue", revenue is recognized only when:

- The products are invoiced and dispatched to the customers;
- Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

### 3.05 Trade receivables

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

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

### 3.06 Transactions with Affiliated companies

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

### 3.07 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

### **Non-derivative financial liabilities**

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

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

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

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

#### **(a) Share capital (ordinary shares)**

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

#### **(b) Trade and other payables**

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

#### **(c) Other liabilities**

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

### **3.10 Employee benefit schemes**

Currently, the company have gratuity and termination benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

### **3.11 Workers' profit participation fund**

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

### **3.12 Provisions and contingencies**

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.

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 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 retranslation 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:**

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.

### 3.17 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 recognised 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.

### 3.20 Corporate Social Responsibility

The Company paid Tk. 1 crore to establish a world class Burn unit in Dhaka Medical College Hospital for "Burn Tank with Showering System and Lifting facilities" under the Corporate Social Responsibility.

## 4 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 2015, which have significant effect on the financial statements of the company are duly complied with.

## 5 PROPERTY, PLANT AND EQUIPMENT

### A. Cost

	30 Sept 2015 Taka	30 Sept 2014 Taka
Opening Balance as on 01 October 2014	2,628,590,992	2,573,058,732
Add: Addition during the year	162,698,036	55,532,260
Less: Deletion during the year	5,364,437	-
<b>Total Cost as on 30 September 2015</b>	<b>2,785,924,591</b>	<b>2,628,590,992</b>

### B. Accumulated Depreciation

Opening Balance as on 01 October 2014	831,402,718	775,792,027
Add : Charged during the year	86,831,709	55,610,691
	<b>918,234,427</b>	<b>831,402,717</b>
Less : Adjustments during the year	2,872,676	-
<b>Total Depreciation as on 30 September 2015</b>	<b>915,361,751</b>	<b>831,402,717</b>

<b>Written Down Value (WDV) as on 30 September 2015 (A-B)</b>	<b>1,870,562,840</b>	<b>1,797,188,275</b>
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Detail of Property, Plant & Equipment and Depreciation as on 30 September 2015 are shown in the notes 5.1





	30 Sept 2015	30 Sept 2014		
	Taka	Taka		
<b>6 Capital work-in-progress - NOP Project</b>				
Opening Balance	161,417,580	166,415,580		
Add: Expense incurred during the year	105,000	-		
	161,522,580	166,415,580		
Less : Transferred to Property, Plant and Equipment	161,417,580	4,998,000		
Closing Balance	105,000	161,417,580		
The break-up of Capital work-in-progress is as follows:				
Factory Building (NOP Plant)	-	161,417,580		
Factory Equipment (NOP Plant)	105,000	-		
	105,000	161,417,580		
The above costs incurred during the year for paying advances to Uttam Steel Corporation against two pieces purchase of corrugation roll machine regarding NOP Project at existing factory premises at Kalarpool, Shikhalaha, Pawiya, Chittagong, Bangladesh.				
<b>7 Investment</b>				
<b>S. Alam Power Generation Limited</b>	277,357,000	277,357,000		
	277,357,000	277,357,000		
7.1 The Company holds 70% shares of S. Alam Power Generation Limited				
7.2 The Company got allotment of 2,773,570 shares of Tk. 100 each of S. Alam Power Generation Limited.				
7.3 As per Audited Financial Position as on 30.09.2015 Net Asset Value (NAV) per share of S. Alam Power Generation Limited. is Tk. 389.88 (2014 : Tk 371.88).				
7.4 The commercial production of the company is yet to be commenced.				
<b>8 Inventories</b>				
Raw Materials - note 8.1	1,519,290,973	985,852,657		
Raw Materials-In-Bond items	2,051,732,313	1,734,149,013		
Work-in-Process - note 8.2	177,007,832	152,302,732		
Finished Goods - note 8.3	306,852,827	453,091,991		
Stores and Spares	293,678,310	287,809,779		
Stock - in - transit	13,775,245	3,098,675		
	4,362,337,490	3,616,304,747		
<b>8.1 Inventories of Raw materials - note 8</b>				
	Qty. (MT)	Taka	Qty. (MT)	Taka
HR Coil	4,231.69	283,485,652	3,117.34	222,368,090
Hydrochloric Acid	4,798.84	32,528,953	4,277.51	29,747,324
TIN Ingot	44.53	91,579,405	25.86	58,870,603
ZINC Ingot	4,125.45	1,016,225,023	2,419.52	578,946,005
LEAD Ingot	336.32	78,629,014	337.61	78,931,075
ZINC Alloy	24.27	5,508,136	57.02	12,944,176
Antimony Ingot	0.45	566,295	2.59	3,234,738
Chromic Acid	24.93	10,768,495	3.36	810,646
		1,519,290,973		985,852,657
<b>8.2 Work-in-Process - Note 8</b>				
			30 Sept 2015	30 Sept 2014
			Taka	Taka
CR Coil			136,643,540	140,337,132
NOP			40,364,292	11,965,600
			177,007,832	152,302,732
<b>8.3 Finished Goods-note 8</b>				
CR Coil			46,987,715	22,832,199
C.I & GP Sheet			250,865,112	430,259,792
			306,852,827	453,091,991
<b>9 Accounts Receivable</b>				
Against CR Coil - note 9.01			2,823,968,584	1,593,387,539
Against C.I and G.P Sheet			170,197,567	73,013,857
			2,994,166,151	1,667,401,396
<b>9.01 Against CR Coil- Note 9</b>				
Chemcon Inpat Limited			2,823,968,584	1,568,999,350
Galco Steels Limited			-	24,388,189
			2,823,968,584	1,593,387,539
The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.				
<b>10 Due from Affiliated companies</b>				
S. Alam Power Generation Limited			677,349,808	582,605,700
S. Alam Super Edible Oil Ltd.			316,770,223	240,555,223
S. Alam & Co.			90,569,000	90,569,000
S. Alam Vegetable Oil Ltd.			218,412,913	339,520,136
S. Alam Brothers Limited			61,923,751	55,558,333
S. Alam Power Plant Ltd.			13,609,000	209,000
S. Alam Trading Co. (Pvt) Ltd.			2,440,614,784	2,589,942,811
Sonsli Traders			26,480,822	212,824,770
			3,854,732,301	4,111,924,973
<b>11 Advances, deposits and prepayments</b>				
Advances (Note - 11.01)			577,153,314	423,441,183
Deposits (Note - 11.02)			15,287,636	15,287,636
Prepayments (Note-11.03)			9,927,136	4,516,709
			602,368,086	443,245,528
<b>11.01 Advances- Note 11</b>				
Against Expenses			1,259,896	1,234,466
Against Salary			6,253,500	1,359,000
Bank Guarantee Margin			99,831,077	102,268,878
Advance Income Tax			462,642,281	314,043,069
VAT current accounts			1,267,956	39,308
Supplementary Tax Current A/C			164,674	164,674
House and Office Rent			-	1,500
Others			5,733,030	4,340,288
			577,153,314	423,441,183

		30 Sept 2015	30 Sept 2014
		Taka	Taka
11.02	<b>Deposits- Note 11</b>		
	Chittagong City Corporation	4,096,232	4,096,232
	Chittagong Palli Balyut 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
	Greenline Phone (BD) Limited (For mobile)	20,000	20,000
	Asar, VDP	32,331	32,331
	Central Depository Bangladesh Limited	500,000	500,000
	VAT Account for Appeal fee	2,394,127	2,394,127
		<b>18,287,636</b>	<b>18,287,636</b>

11.03	<b>Prepayments- Note 11</b>		
	Insurance	9,812,770	4,516,709
	Internet Service	114,366	-
		<b>9,927,136</b>	<b>4,516,709</b>

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

12	Short term investments		
	Name of banks		
	Fixed Deposit Receipts:		
	Jamaica Bank Limited	100,075,027	76,525,579
	National Bank Limited	-	9,849,119
	Rupali Bank Limited	15,400,000	-
	Islami Bank Bangladesh Limited	29,957,537	25,143,224
		<b>145,432,564</b>	<b>111,517,922</b>

13	Cash and cash equivalents		
	Cash in hand (Note-13.01)	100,746	130,264
	Cash at Banks (Note-13.02)	3,990,629	3,040,996
		<b>4,091,375</b>	<b>3,171,260</b>

13.01	Cash in hand -Note 13		
	Head office	746	30,264
	Factory office	100,000	100,000
		<b>100,746</b>	<b>130,264</b>

13.02	Cash at Banks -Note-13		
	Bank	Branch	Account No.
	AB Bank Ltd.	Agrabad Br., Chittagong.	CD#4101-774707-000
	Agrani Bank Ltd.	New Market Br., Chittagong.	CD#33009854
	Agrani Bank Ltd.	Lalight Br., Chittagong.	CD#29873
	Dutch Bangla Bank Ltd.	Local Office, Dhaka.	CD#010111000016146
	EKIM Bank Ltd.	Khatungonj, Chittagong.	CD#00611100004909
	First Security Islami Bank Ltd.	Khatungonj, Chittagong.	SN#13100002884
	First Security Islami Bank Ltd.	Khatungonj, Chittagong.	SN#13100003008
	First Security Islami Bank Ltd.	Khatungonj, Chittagong.	SN#13100002711
	First Security Islami Bank Ltd.	Khatungonj, Chittagong.	SN#1310002792
	First Security Islami Bank Ltd.	Anderkilla, Chittagong.	CD#15411100005882
	Islami Bank Bangladesh Ltd.	Khatungonj, Chittagong.	CD#10601002130
	Jamaica Bank Ltd.	Jubilee Road Branch, Chittagong.	CD#00190211002260
	Jamaica Bank Ltd.	Shadharan Bima Corp Branch, Ctg.	CD#001051259
	Meezan Bank Ltd.	Khatungonj Branch, Chittagong.	CD#011211100005747
	National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0002-33069282
	Rupali Bank Ltd.	Anderkilla, Corporate Branch, Ctg.	CD#200064978
	Rupali Bank Ltd.	Anderkilla, Corporate Branch, Ctg.	ST#B240001344
	Southeast Bank Ltd.	Principal Office, Dhaka.	CD#11100036055
	The City Bank Ltd.	Khatungonj Branch, Chittagong.	CD#1101002163001
	Union Bank Ltd.	Khatungonj Branch, Chittagong.	CD # 0101010000801
	Union Bank Ltd.	Gulshan Branch, Dhaka.	CD # 0021010001342
			<b>3,990,629</b>
			<b>3,040,996</b>

14	Share capital		
	Authorized capital:		
	350,000,000 Ordinary Shares of Tk. 10 each	3,500,000,000	3,500,000,000
		<b>3,500,000,000</b>	<b>3,500,000,000</b>
	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
		<b>983,711,000</b>	<b>983,711,000</b>

14.01	Shareholding position				
	Name of shareholders	% of holding	Number of shares of Tk 10 each	Number of shares of Tk 10 each	
	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. Chawan Gani	2.00%	1,967,430	1,967,430	
	S.Alam Seeds 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	4,800,000	
	ABIL-IDA	0.061%	60,000	60,000	
	ICB Unit Fund	0.049%	934,020	934,020	
	ICB	3.129%	3,078,420	3,078,420	
	Others	42.480%	41,788,000	41,788,000	
		<b>100.00%</b>	<b>98,371,100</b>	<b>98,371,100</b>	

14.02	Classification of shares by holding				
	Class by number of shares	No. of Holders Nos	No. of Shares Nos	Holding %	
	Less than 500	3,230	667,904	0.68	
	From 500 to 5,000	4,979	8,399,429	8.54	
	From 5,001 to 10,000	539	4,026,549	4.09	
	From 10,001 to 20,000	237	3,451,889	3.51	
	From 20,001 to 30,000	93	2,389,331	2.43	
	From 30,001 to 40,000	48	1,706,485	1.73	
	From 40,001 to 50,000	22	1,004,984	1.02	
	From 50,001 to 100,000	42	3,074,035	3.12	
	From 100,001 to 1,000,000	53	16,238,894	16.51	
	From 1,000,001 and above	11	57,411,630	58.36	
	Total	<b>9,283</b>	<b>98,371,100</b>	<b>100.00</b>	

15	Long term loan		
	Due within one year -Note-21	262,816,000	262,816,000
	Due more than one year - Note-15.01	828,355,765	823,431,695
		<b>828,355,765</b>	<b>1,086,247,695</b>

<b>15.01</b>	<b>Rupali Bank Limited - note 15</b>		
	Term Loan Account No - 690000102 - note 15.01.1	398,959,210	615,183,060
	Term Loan Account No - 690000143 - note 15.01.2	163,580,555	208,248,635
		<b>562,539,765</b>	<b>823,431,695</b>
<b>15.01.1</b>	<b>Loan Account No. 690000102 - note 15.01</b>		
	Opening Balance	823,999,060	1,045,408,858
	Add: Loan received during the year	-	-
	Add: Interest charged during the year	102,676,150	138,890,202
		<b>926,675,210</b>	<b>1,184,299,060</b>
	Less: Payment during the year	318,900,000	360,300,000
		<b>607,775,210</b>	<b>823,999,060</b>
	Less: Current portion of term loan	208,816,000	208,816,000
		<b>398,959,210</b>	<b>615,183,060</b>
	Limit amount :	Not Applicable	
	Purpose :	To meet shortage of working capital	
	Sanction date :	03.03.13	
	Interest rate :	14%	
	Security :	Hypothecation of Import Goods & Personal Guarantee from all directors.	
	Repayment method :	Quarterly	
<b>15.01.2</b>	<b>Loan Account No. 690000143 - note 15.01</b>		
	Opening Balance	262,248,635	257,000,000
	Add: Loan received during the year	-	-
	Add: Interest charged during the year	33,555,920	12,740,635
		<b>295,804,555</b>	<b>269,740,635</b>
	Less: Payment during the year	78,224,000	7,492,000
		<b>217,580,555</b>	<b>262,248,635</b>
	Less: Current portion of term loan	54,000,000	54,000,000
	Closing Balance	<b>163,580,555</b>	<b>208,248,635</b>
	Limit amount :	Tk 257,000,000	
	Purpose :	To meet shortage of working capital	
	Sanction date :	22.05.14	
	Interest rate :	14%	
	Security :	Hypothecation of Import Goods & Personal Guarantee from all directors.	
	Repayment method :	Monthly	
<b>16</b>	<b>Trade creditors</b>		
	Liability against Deferred L/C	1,124,238,215	1,305,893,484
	Customs Authority-Inbond Duty	419,935,265	334,164,393
	Sundry Creditors	7,811,026	10,073,711
		<b>1,551,984,506</b>	<b>1,650,131,588</b>
	These represent amount (Sundry creditors) payable to various local parties against supply of Materials (HCL), Packing material and Spare parts.		
<b>17</b>	<b>Short term liabilities</b>		
	Loan against Trust Receipt (LTR) (Note - 17.01)	2,216,674,407	2,164,248,129
	Loan against CC Pledge and Hypo (Note - 17.02)	3,107,160,242	2,164,514,528
		<b>5,323,834,649</b>	<b>4,328,762,657</b>
<b>17.01</b>	<b>Short Term Bank Loan (LTR)- Note 17</b>		
	Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	2,216,674,407	2,164,248,129
		<b>2,216,674,407</b>	<b>2,164,248,129</b>
<b>17.02</b>	<b>Loan against CC Pledge, Hypo, LIM, PAD and MPI- Note 17</b>		
	Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Hypo)	232,463,493	218,416,404
	Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (CC Pledge)	290,636,990	273,441,687
	Rupali Bank Ltd., Anderkilla, Corporate Branch, Ctg (LIM)	18,891,037	-
	Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg (PAD)	427,448,267	240,085,277
	Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI against Imported Raw Materials with Share of Profit Margin)	1,284,807,038	562,430,482
	Esim Bank Ltd., Khatungonj Branch, Ctg (Bis-Musazal Hypo)	852,913,417	749,427,778
	Union Bank Ltd., Khatungonj Branch, cgt (MDBP)	-	120,712,900
		<b>3,107,160,242</b>	<b>2,164,514,528</b>

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

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Interest %
CC Hypo	20	15.00%
CC Pledge	25	15.00%
L.C, PAD & LIM	57	15.00%
LTR	20	15.00%
Bank Guarantee	30	0.00%
<b>Total</b>	<b>152</b>	

**Security:**

- Hypothecation of import goods, post dated cheque.
- 100% registered mortgage of land and project building situated in Shikalbaha, Chittagong, Bangladesh.

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

Types of Liabilities	Sanctioned limit ( Figures in crore)	Rate of Interest %
LTR	208	At applicable rate determine from time to time.
LC/PAD	275	
<b>Total</b>	<b>483</b>	

**Security:**

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Profit %
TR	100	14.25%
LC/MPI /BG	200	14.25%
	<u>300</u>	

**Security:**

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	81.97	13.50%

**Security:**

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

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>18 Liabilities for expenses</b>		
Audit fee	400,000	400,000
Chittagong Palli Bidyat Samity -1	8,660,658	13,225,995
Karnaphuli Gas Distribution Co. Ltd.	828,534	1,007,215
Salary and Allowances	7,346,012	444,919
Telephone and Mobile charges	19,859	32,720
Liason Office Rent and Expenses	6,718	25,107
Against C & F	109,380	130,736
Advertisement bills	11,385	-
Transportation	241,500	354,000
Karnaphuli Filling Station Limited	173,565	667,920
Against store and spare	733,998	1,094,261
	<u>18,531,809</u>	<u>17,382,873</u>
<b>19 Advance against sales</b>	<u>35,282,776</u>	<u>11,927,999</u>
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.		
<b>20 Due to Affiliated companies</b>		
S. Alam Cement Ltd.	16,467,135	16,811,135
S. Alam Refined Sugar Industries Ltd.	1,054,908,909	945,368,418
S. Alam Bag Manufacturing Mills Ltd.	4,077,000	100,000
Global Trading Corporation Ltd.	1,472,687,881	1,380,658,704
S. Alam Steels Ltd.	115,336,974	120,497,587
Other associates	1,232,436,979	145,937,041
	<u>3,895,914,878</u>	<u>2,618,372,885</u>
<b>21 Long term loan-current portion</b>		
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 October, 2015 and consist of as follows:		
Term loan (Note- 15)	<u>262,816,000</u>	<u>262,816,000</u>
	<u>262,816,000</u>	<u>262,816,000</u>
<b>21.01 Term Loan (Payment within one year)- note 21</b>		
Rupali Bank Limited		
Term Loan Account No - 690000102	208,816,000	208,816,000
Term Loan Account No - 690000143	54,000,000	54,000,000
	<u>262,816,000</u>	<u>262,816,000</u>
<b>22 Liability against unclaimed dividend</b>		
Opening Balance	29,098,091	25,084,271
Add: Proposed Dividend During The year	147,556,650	127,882,430
	176,654,741	152,966,701
Less: Dividend Paid	151,006,188	123,868,610
Closing Balance	<u>25,648,553</u>	<u>29,098,091</u>
The break up of unclaimed dividend is given below:		
Unclaimed dividend on Ordinary Share	24,148,004	27,597,542
Unclaimed dividend on Convertible Preference Share	1,500,549	1,500,549
	<u>25,648,553</u>	<u>29,098,091</u>
<b>23 Provision For Income Tax</b>		
For Current Tax - note 23.1	136,530,905	132,530,905
For Deferred Tax - note 23.2	299,251,677	300,586,220
	<u>435,782,582</u>	<u>433,117,125</u>
<b>23.1 Provision for Current Tax - note 23</b>		
Opening Balance	132,530,905	308,568,334
Add: Provision made during the year	5,000,000	15,500,000
	137,530,905	324,068,334
Less: Adjusted during the year - note 23.1.1	1,000,000	121,537,429
Closing balance	<u>136,530,905</u>	<u>132,530,905</u>
<b>23.1.1 Adjusted during the year - note 23.1</b>		
Tax paid in cash	1,000,000	54,519,317
Adjusted with Advance Income Tax	-	137,018,112
	<u>1,000,000</u>	<u>191,537,429</u>

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>23.2 Provision for Deferred Tax - note 23</b>		
Opening Balance	300,586,220	273,511,707
Add: Provision made during the year	-	27,074,513
	<u>300,586,220</u>	<u>300,586,220</u>
Less: Provision realized during the year	1,334,543	-
Closing balance	<u><b>299,251,677</b></u>	<u><b>300,586,220</b></u>

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable /(Deductible) Temporary Difference (Taka)
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**A. Deferred Tax Liability**

**As on 30 September 2015:**

Property, Plant and Equipment (Except Land)	1,801,538,933	604,532,224	1,197,006,709
Applicable Tax Rate			25%
			<u><b>299,251,677</b></u>

**B. Deferred Tax Liability**

**As on 30 September 2014:**

Property, Plant and Equipment (Except Land)	1,728,164,368	635,123,569	1,093,040,799
Applicable Tax Rate			27.5%
			<u><b>300,586,220</b></u>

Provision made/(Realized) during the year (A-B) (1,334,543)

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>24 Provision for Workers' Profit Participation &amp; Welfare Fund (WPP &amp; WF)</b>		
Opening balance as on 01 October	53,799,970	49,355,843
Add: Accrued interest on WPP and WF	7,418,283	5,935,516
Provided during the year @ 5% on net profit before tax	6,831,624	7,463,878
	<u>14,249,907</u>	<u>13,399,394</u>
	68,049,877	62,755,237
Less: Paid during the year	6,034,825	8,955,267
Closing balance 30 September	<u><b>62,015,052</b></u>	<u><b>53,799,970</b></u>

**25 Other liabilities**

Income Tax deducted at source from salary	125,800	107,261
Income Tax deducted at source-others	750,000	52,648
Income Tax deducted at source against dividend	-	5,902,253
Against Right share application	24,000	24,000
Against share application money (IPO)	374,455	374,455
VAT deducted at source	-	46,744
WPP and Welfare Fund	13,124,384	13,124,384
	<u><b>14,398,639</b></u>	<u><b>19,631,745</b></u>

**26 Revenue**

Sales of CR Coil-Net of VAT	3,141,554,866	2,625,066,667
Sale of C.I Sheet-Net of VAT	830,842,883	314,740,089
Sale of G.P Sheet-Net of VAT	29,184,735	18,004,697
Sale of scrap-Net of VAT	192,544,930	396,845,018
	<u><b>4,194,127,414</b></u>	<u><b>3,354,656,471</b></u>

27 **Cost of sales**

Opening Stock of Raw Materials (Note 27.01 to 27.08)  
**Add:** Purchased during the year (Note 27.01 to 27.08)

**Less:** Closing Stock of Raw Materials (Note 27.01 to 27.08)  
 Cost of raw materials consumed

**Add: Manufacturing Expenses:**

Power (Electricity)  
 Gas  
 Fuel and Lubricants- Factory Generator  
 Factory overhead (Note - 27.09)  
 Consumption of Stores and Spares  
 Consumption of Packaging materials  
 Consumption of other chemicals  
 Depreciation (Note- 5.01)

Cost of Goods Manufactured

**Add:** Opening stock of WIP (CR)  
 Opening stock of WIP (NOF)

**Less:** Closing stock of WIP (CR)  
 Closing stock of WIP (NOF)

**Add:** Opening stock of Finished Goods (CR)  
 Opening stock of Finished Goods (NOF)

**Less:** Closing stock of Finished Goods (CR)  
 Closing stock of Finished Goods (NOF)

**Cost of sales**

	30 Sept 2015 Taka	30 Sept 2014 Taka
	985,852,657	1,448,422,104
	<u>3,857,592,524</u>	<u>2,321,283,036</u>
	4,843,445,181	3,769,705,140
	<u>1,519,290,973</u>	<u>985,852,657</u>
	<b>3,324,154,208</b>	<b>2,783,852,483</b>
	121,015,186	76,501,717
	8,900,798	8,984,362
	1,169,600	1,101,035
	96,593,558	90,074,504
	41,419,505	50,846,875
	2,175,795	1,057,036
	698,400	184,365
	<u>65,123,782</u>	<u>41,708,018</u>
	337,096,624	270,457,912
	<b>3,661,250,832</b>	<b>3,054,310,395</b>
	140,337,132	19,929,248
	11,965,600	7,371,633
	<u>136,643,540</u>	<u>140,337,132</u>
	40,364,292	11,965,600
	3,636,545,732	2,929,308,544
	22,832,199	373,009,360
	430,259,792	59,249,056
	<u>46,987,715</u>	<u>22,832,199</u>
	259,865,112	430,259,792
	<b>3,782,784,896</b>	<b>2,908,474,969</b>
<b>27.01 Raw Materials consumed - H.R Coil</b>		
Opening Stock of raw materials	222,368,090	1,011,489,720
<b>Add:</b> Purchased during the year	<u>3,216,163,015</u>	<u>1,817,522,164</u>
	3,438,531,105	2,829,011,884
<b>Less:</b> Closing Stock of Raw Materials	<u>283,485,652</u>	<u>222,368,090</u>
Cost of raw materials consumed	<b>3,155,045,453</b>	<b>2,606,643,794</b>
<b>27.02 Raw materials consumed - Hydrochloric Acid</b>		
Opening Stock of raw materials	29,747,324	29,089,094
<b>Add:</b> Purchased during the year	<u>10,072,321</u>	<u>8,100,365</u>
	39,819,645	37,189,459
<b>Less:</b> Closing Stock of raw materials	<u>32,528,953</u>	<u>29,747,324</u>
Consumption of Hydrochloric Acid	<b>7,290,692</b>	<b>7,442,135</b>
<b>27.03 Raw materials consumed - TIN Ingot</b>		
Opening Stock of raw materials	58,870,603	62,430,930
<b>Add:</b> Purchased during the year	<u>35,512,846</u>	<u>-</u>
	94,383,449	62,430,930
<b>Less:</b> Closing Stock of raw materials	<u>91,579,405</u>	<u>58,870,603</u>
Consumption of TIN Ingot	<b>2,804,044</b>	<b>3,560,327</b>
<b>27.04 Raw materials consumed - ZINC Ingot</b>		
Opening Stock of raw materials	578,946,005	237,632,868
<b>Add:</b> Purchased during the year	<u>585,406,848</u>	<u>495,465,190</u>
	1,164,352,853	733,098,058
<b>Less:</b> Closing Stock of raw materials	<u>1,016,225,023</u>	<u>578,946,005</u>
Consumption of ZINC Ingot	<b>148,127,830</b>	<b>154,152,053</b>
<b>27.05 Raw materials consumed - LEAD Ingot</b>		
Opening Stock of raw materials	78,931,075	79,479,647
<b>Add:</b> Purchased during the year	<u>-</u>	<u>-</u>
	78,931,075	79,479,647
<b>Less:</b> Closing Stock of raw materials	<u>78,629,014</u>	<u>78,931,075</u>
Consumption of Lead Ingot	<b>302,061</b>	<b>548,572</b>

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>27.06 Raw materials consumed - ZINC Alloy</b>		
Opening Stock of raw materials	12,944,176	21,111,380
<b>Add: Purchased during the year</b>	-	-
	<u>12,944,176</u>	<u>21,111,380</u>
Less: Closing Stock of raw materials	5,508,136	12,944,176
<b>Consumption of ZINC Alloy</b>	<u><b>7,436,040</b></u>	<u><b>8,167,204</b></u>
<b>27.07 Raw materials consumed - Antimony Ingot</b>		
Opening Stock of raw materials	3,234,738	6,616,681
<b>Add: Purchased during the year</b>	-	(417,183)
	<u>3,234,738</u>	<u>6,199,498</u>
Less: Closing Stock of raw materials	566,295	3,234,738
<b>Consumption of Antimony Ingot</b>	<u><b>2,668,443</b></u>	<u><b>2,964,760</b></u>
<b>27.08 Raw materials consumed - Chromic Acid</b>		
Opening Stock of raw materials	810,646	571,784
<b>Add: Purchased during the year</b>	10,437,494	612,500
	<u>11,248,140</u>	<u>1,184,284</u>
Less: Closing Stock of raw materials	10,768,495	810,646
<b>Consumption of Chromic Acid</b>	<u><b>479,645</b></u>	<u><b>373,638</b></u>
<b>27.09 Factory overhead</b>		
Salaries and allowances	73,389,568	69,641,382
Insurance expenses	6,479,265	5,078,748
Medical expenses	518,663	207,112
Labour charges	146,068	160,011
Repairs and Maintenance	8,478,497	8,218,815
Carrying charges-raw materials	1,204,290	432,001
Uniform and liveries	9,230	34,500
Transportation	2,250,804	1,908,000
Printing & stationery	254,901	271,184
Canteen expenses-Factory	400,254	546,895
Telephone and Internet charges	325,913	170,910
Miscellaneous expenses	1,350,760	989,970
Registration and renewal	324,939	486,989
Rent, rates and taxes	20,000	-
Travelling and conveyance expenses	127,865	239,860
Vehicle maintenance	873,206	1,169,727
Lease rent expenses	430,335	518,400
	<u><b>96,593,558</b></u>	<u><b>90,074,504</b></u>
<b>28 Selling and distribution costs</b>		
Advertisement	11,388,684	3,200,399
	<u><b>11,388,684</b></u>	<u><b>3,200,399</b></u>
<b>29 Administrative costs</b>		
Salaries and allowances	19,920,853	18,682,588
Depreciation (Note-5.01)	21,707,927	13,902,673
Donation and subscriptions	13,750,000	429,500
Canteen expenses	647,253	626,302
Fees and renewals	611,803	929,036
Guest house expenses	698,580	725,430
Legal and professional expenses	163,500	100,250
Liaison office expenses	95,124	107,667
Office maintenance expenses	265,253	204,886
Liaison office rent	378,000	363,000
Office decoration	72,000	78,000
Stationery expenses	375,529	558,465
Registration and renewal	36,300	5,992
Rent, rates and taxes	175,553	175,553
Telephone and e-mail expenses	192,510	188,245
Travelling and conveyance expenses	180,493	197,798
Vehicle maintenance	1,299,642	523,625
Management meeting and conference	2,073,139	2,264,941
Electricity Expenses	250,686	196,112
Miscellaneous expenses	841,970	817,700
Audit fees	400,000	400,000
	<u><b>64,136,115</b></u>	<u><b>41,477,763</b></u>

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>30 Other Income</b>		
Profit on sale of fixed assets	1,045,444	-
Miscellaneous income	1,176	-
	<b>1,046,620</b>	<b>-</b>
<b>31 Finance costs</b>		
Bank Charges	392,462	358,211
Interest on Cash Credit (Hypo)	32,453,616	42,386,112
Interest on Cash Credit (Pledge)	40,685,303	54,345,129
Interest on Term loan	136,212,070	155,667,311
Interest on WPP & WF	7,418,283	5,935,516
Bank guarantee commission	6,760,453	7,520,337
	<b>223,922,187</b>	<b>266,212,616</b>
<b>32 Finance income</b>		
Interest income from MTDR and MDDS	10,391,968	11,587,763
Interest on STD/SND	147,035	58,585
Interest income from FDR	13,151,331	2,340,496
	<b>23,690,334</b>	<b>13,986,844</b>
<b>33 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	126,135,405	99,239,177
Number of shares outstanding during the year	98,371,100	98,371,100
Basic earnings per share (EPS)	1.28	1.01
<b>34 Net Asset Value Per Share (NAV)</b>		
Total Assets	14,111,152,717	12,192,297,681
Less: Total Liabilities	12,188,748,909	10,248,472,628
Net Asset Value (NAV)	1,922,403,808	1,943,825,053
Number of ordinary shares outstanding during the year	98,371,100	98,371,100
Net Asset Value Per Share (NAV)	19.54	19.76
<b>35 Net Operating Cash Flow Per Share</b>		
Cash flows from operating activities	(1,895,282,137)	645,197,388
Number of shares outstanding during the year	98,371,100	98,371,100
Net Operating Cash Flow Per Share	(19.27)	6.56
<b>36 Contingent liabilities</b>		

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

Particulars	Amount (Tk.)	Present status
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.

	30 Sept 2015 M.Ton	30 Sept 2014 M.Ton
<b>37 Quantitative movement of inventories</b>		
<b>37.01 Raw Materials:</b>		
<b>Opening Stock of Raw Materials</b>		
H.R Coil	3,117.34	15,243.00
Hydrochloric Acid	4,277.51	4,560.25
TIN Ingot	25.86	27.43
ZINC Ingot	2,419.52	1,090.45
LEAD Ingot	337.61	339.96
ZINC Alloy	57.02	93.00
Antimony Ingot	2.59	4.94
Chromic Acid	3.36	2.42
	<b>10,240.81</b>	<b>21,361.45</b>



	30 Sept 2015 M. Ton	30 Sept 2014 M. Ton
<b>Add: Purchased during the year</b>		
H.R Coil	49,180.25	25,734.34
Hydrochloric Acid	1,596.28	821.51
TIN Ingot	20.00	-
ZINC Ingot	2,311.35	1,993.57
LEAD Ingot	-	-
ZINC Alloy	-	-
Antimony Ingot	-	-
Chromic Acid	23.00	2.50
	<u>53,130.88</u>	<u>28,551.92</u>
<b>Raw materials available for consumption</b>	63,371.69	49,913.37
<b>Less: Raw Materials Consumed</b>		
H.R Coil	48,065.90	37,860.00
Hydrochloric Acid	1,074.95	1,104.25
TIN Ingot	1.33	1.57
ZINC Ingot	605.42	664.50
LEAD Ingot	1.29	2.35
ZINC Alloy	32.75	35.98
Antimony Ingot	2.14	2.35
Chromic Acid	1.43	1.56
	<u>49,785.21</u>	<u>39,672.56</u>
<b>Closing Stock of Raw Materials</b>		
H.R Coil	4,231.69	3,117.34
Hydrochloric Acid	4,798.84	4,277.51
TIN Ingot	44.53	25.86
ZINC Ingot	4,125.45	2,419.52
LEAD Ingot	336.32	337.61
ZINC Alloy	24.27	57.02
Antimony Ingot	0.45	2.59
Chromic Acid	24.93	3.36
	<u>13,586.48</u>	<u>10,240.81</u>
<b>37.02 Finished Goods:</b>		
<b>A. In Cold Rolled Plant</b>		
Opening stock	281	4,923
Add: Produced during the year	43,117	31,550
	<u>43,398</u>	<u>36,473</u>
Less: Transferred to NOF plant during the year	7,145	7,843
Available for sale	36,253	28,630
Less: Sold during the year	35,611	28,349
Closing stock	<u>642</u>	<u>281</u>
<b>B. In NOF Plant</b>		
Opening stock	4,646	504
Add: Produced during the year	7,123	7,821
Available for sale	11,769	8,325
Less: Sold during the year	9,041	3,679
Closing stock	<u>2,728</u>	<u>4,646</u>
<b>38 Guarantees</b>		
The following Bank guarantees were outstanding on the reporting date:		
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	2,310,400	1,121,900
Deposit to Customs Authority against duty claim under appeal	16,714,814	89,017
Bank Guarantee Against Customs Authority under Bond	521,794,706	334,164,393
	<u>540,819,920</u>	<u>335,375,310</u>
<b>39 Financial Risk Management</b>		
The Company has exposure to the following risks from its use of financial instruments:		
(i) Credit risk		
(ii) Liquidity risk		
(iii) Market risk		
<b>Risk management framework</b>		
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.		
<b>39.01 Credit risk</b>		
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.		
<b>39.01.01 Exposure to credit risk</b>		
The carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows-		
Accounts receivables	2,994,166,151	1,667,301,396
Due from Affiliated companies	3,854,732,301	4,111,794,973
Cash and cash equivalents	4,091,375	3,171,260
	<u>6,848,989,827</u>	<u>5,782,267,629</u>

#### (a) Trade receivables

The company's management has not established a credit policy under which each new customer is analysed 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:

	30 Sept 2015 Taka	30 Sept 2014 Taka
0-90 days	-	24,388,189
91- 180 days	170,197,567	73,913,857
Over 180 days	2,821,581,372	1,568,992,350
	<u>2,991,778,946</u>	<u>1,667,301,396</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. 4,091,375 at 30 September 2015 (2014: Tk. 3,171,260), 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:

	2 to 12 months	Contractual cash flows	Carrying amount
<b>Non-derivative financial liabilities:</b>			
<b>As at 30 September 2015</b>			
Trade creditors	1,551,984,506	1,551,984,506	1,551,984,506
Liabilities for expenses	18,531,509	18,531,509	18,531,509
Other liabilities	14,398,639	14,398,639	14,398,639
	<u>1,584,914,654</u>	<u>1,584,914,654</u>	<u>1,584,914,654</u>
<b>As at 30 September 2014</b>			
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>

### 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 2015, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 Sept 2015		30 Sept 2014	
	US\$	Taka	US\$	Taka
<b>Exposure to currency risk</b>				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	14,745,461	1,124,238,215	16,635,586	1,305,893,484
	<u>14,745,461</u>	<u>1,124,238,215</u>	<u>16,635,586</u>	<u>1,305,893,484</u>
Net exposure	<u>14,745,461</u>	<u>1,124,238,215</u>	<u>16,635,586</u>	<u>1,305,893,484</u>

The following significant exchange rate is applied during the year:

U S dollar 76.24 78.50

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

Taka 14,745,461.42

#### 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 repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

**Operating Segments :**

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

i) Cold Rolled Strips: Includes purchasing of hot roll and manufacturing and distribution of CR Strips.

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

	2015		2014	
	Cold Rolled Taka	NOF Taka	Total Taka	NOF Taka
<b>External Revenues :</b>				
Local Sales	3,141,554,866	860,027,618	4,001,582,484	332,744,786
Scrap Sales	146,849,804	45,695,126	192,544,930	87,028,322
Total External Sales and Reportable Segment Revenue	3,288,404,670	905,722,744	4,194,127,414	419,773,108
Cost of sales	2,959,251,712	823,533,184	3,782,784,896	379,634,033
Gross Profit	329,152,958	82,189,560	411,342,518	40,139,075
% of Gross Profit before Tax	10.01	9.07	9.81	9.56
<b>Reportable Segment Profit before Tax</b>	<b>75,371,091</b>	<b>54,429,771</b>	<b>129,800,862</b>	<b>37,428,995</b>
Other income	1,046,620	-	1,046,620	-
Finance income	23,690,334	-	23,690,334	-
Finance costs	223,922,187	-	223,922,187	-
Depreciation & Amortisation	76,188,533	10,643,176	86,831,709	5,470,270
Reportable Segment Assets	11,249,548,462	2,584,247,255	13,833,795,717	2,153,079,549
Capital Expenditure	13,280,456	161,417,580	174,698,036	10,077,002
Reportable Segments Liabilities	12,171,414,761	2,935,509	12,174,350,270	10,226,572,443
			<b>104,384,695</b>	<b>2,268,440</b>
				<b>13,986,844</b>
				<b>266,212,616</b>
				<b>55,610,690</b>
				<b>11,914,940,681</b>
				<b>50,518,087</b>
				<b>10,228,840,883</b>

40.01 Reconciliation of Reportable Segments -note 40

	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>Assets</b>		
Total Assets from reportable segments	13,833,795,717	11,914,940,681
Add: Others- Investment	277,357,000	277,357,000
<b>Total Assets</b>	<b>14,111,152,717</b>	<b>12,192,297,681</b>
<b>Liabilities</b>		
Total Liabilities for reportable segments	12,174,350,270	10,228,840,883
Add: others Liabilities	14,398,639	19,631,745
<b>Total liabilities</b>	<b>12,188,748,909</b>	<b>10,248,472,628</b>

41 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.

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 Sept 2015	
Chemon Ispat Limited	Affiliated Company	Sales and Short term Loan	2,823,968,584	Dr
S. Alam Trading Co. (Pvt) Ltd.	Affiliated Company	Short Term Loan	2,449,614,784	Dr
S. Alam Power Generation Limited	Subsidiary	Short Term Loan	677,349,808	Dr
S. Alam Super Edible Oil Ltd.	Affiliated Company	Short Term Loan	316,770,223	Dr
S. Alam Vegetable Oil Ltd.	Affiliated Company and Share Holder	Short Term Loan	218,412,913	Dr
S. Alam & Co.	Affiliated Company	Short Term Loan	90,569,000	Dr
S. Alam Brothers Limited	Affiliated Company	Short Term Loan	61,925,751	Dr
Global Trading Corporation Ltd.	Affiliated Company	Short Term Loan	1,472,687,881	Cr
S. Alam Refined Sugar Industries Ltd.	Affiliated Company	Short Term Loan	1,054,908,909	Cr
Annex Business Corner	Affiliated Company	Short Term Loan	230,000,000	Cr
Learned Business House	Affiliated Company	Short Term Loan	190,000,000	Cr
Renown Business & Trading House	Affiliated Company	Short Term Loan	140,000,000	Cr
Jashim Trading Corporation	Affiliated Company	Short Term Loan	125,936,979	Cr
S. Alam Steels Ltd.	Affiliated Company and Share Holder	Sales and Short Term Loan	115,336,974	Cr
Ansar Enterprise	Affiliated Company	Short Term Loan	100,000,000	Cr
Sunbeam Traders	Affiliated Company	Short Term Loan	96,700,000	Cr
Fancy Fare Corporation	Affiliated Company	Short Term Loan	60,000,000	Cr
Dulari Enterprise	Affiliated Company	Short Term Loan	50,000,000	Cr
M.M Corporation	Affiliated Company	Short Term Loan	36,000,000	Cr
Unique Trade & Business House	Affiliated Company	Short Term Loan	34,400,000	Cr
Enovation Trade	Affiliated Company	Short Term Loan	30,000,000	Cr
Others receivable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	64,400,000	Dr
Others payable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	40,089,822	Cr

#### 42 Capital commitment

The company had no capital commitment at the reporting date.

#### 43 Production capacity

##### SACRSL Plant:

Installed Capacity (In M.Ton) yearly

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 (%)

	30 Sept 2015 M.Ton	30 Sept 2014 M.Ton
Installed Capacity (In M.Ton) yearly	120,000	120,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	94,200.60	51,586.64
Capacity utilised (%)	78.50%	42.99%
Installed Capacity (In M.Ton) yearly	72,000	72,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	8,499.79	5,565.62
Capacity utilised (%)	11.805%	7.73%

#### Number of Employees - Para 3 of Schedule XI, Part II

Salary Range (Monthly)	Head Office		Factory			Total Number of Employees	
	Officer	Staff	Casual	Officer	Staff		Worker
For the year ended 30-09-2015	17	9	9	71	31	220	357
Below 3,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Above 3,000	17	9	9	71	31	220	357
For the year ended 30-09-2014	17	10	13	75	30	212	357

#### 44 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 September 2015, there were 4(Four) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

SL	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
1	Mr. Mohammad Saiful Alam	Managing Director	4	1	5,000	5,000
2	Mr. Abdus Samad	Chairman	4	2	5,000	10,000
3	Mr. Osman Gani	Director	4	4	5,000	20,000
4	Mr. Nasir Uddin Ahmed, PCMA	Director (ICB Nominee)	4	4	5,000	20,000
5	Ms. Halima Begum	Director (General Investors' Group)	4	4	5,000	20,000
6	Mr. Mohammad Ishaque	Independent Director	4	4	5,000	20,000
7	Mr. Monotosh Chandra Roy, FCA	Independent Director	4	4	5,000	20,000

#### 45 Events After The Reporting Period

The Board of Directors in their meeting held on 09 January 2016 recommended 15% Cash dividend for the year 2015.

#### 46 GENERAL

Figures appearing in these accounts have been rounded off to the nearest taka.

Previous year's phrases & amounts have been restated and re-arranged, wherever considered necessary, to conform to the presentation for the year under review.

These financial statements should be read in conjunction with the annexed Notes and were approved by the Board of Directors on 09.01.2016 and were signed on its behalf by :

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR



# *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 7th Annual Report along with the audited Accounts and the Auditors' Report thereon for the year ended 30th September 2015.

It is reported that in terms of the re-negotiated agreement executed with the EPC Contractors, they has completed all the implementation works except main boiler commissioning and the Generator started-up and load test also successfully completed on 13 July 2015. Boiler commissioning work is under process and inspection works of the project by the BUET, Dhaka are also yet to complete. Thereafter, we are expecting the medium sized Power Plant shall Insha Allah go for commencement of its commercial operation by the end of March 2016.

S. Alam Power Generation Limited, a subsidiary of this company,

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. Osman Gani & Mr. Md. Abdullah Hasan 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.

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 inclusive of one Independent Director of the holding company and 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 30/09/2015 have also been reviewed by the Audit Committee of the SACRSL.

In view of the amendments as made under sub-section 35(f) & (g) of section 2, of Income Tax Ordinance 1984, it is now mandatory upon all companies except those engaged in banking and insurance business, to close their accounts uniformly on 30 June each year and first of such accounts shall have to be closed on 30 June 2016. Unless otherwise decided by the Government in this behalf, our company's next accounts shall have to be closed on 30 June 2016 covering three quarters only of the existing four quarters in a year. Subsequent accounts shall however cover four quarters each year. Your directors expect guidance in this behalf from the Bangladesh Securities & Exchange Commission as well as other Regulatory authorities.

M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants, current auditors of the Company, retire. 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. Being eligible, your Directors received proposal for re-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

01 February 2016

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
S. ALAM POWER GENERATION LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of S. Alam Power Generation Limited ("the Company") which comprise the statement of financial position as at 30 September 2015, 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.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 September 2015, 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, 10 January 2016

*Hoda Vasi Chowdhury & Co*  
CHARTERED ACCOUNTANTS



**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2015**

	Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>ASSETS &amp; PROPERTIES</b>			
<b>NON CURRENT ASSETS &amp; PROPERTIES</b>			
Property, plant and equipment	6	35,486,270	35,486,270
Capital work-in-progress	7	2,167,363,517	1,934,012,362
<b>CURRENT ASSETS</b>			
Inventory	8	18,587,658	-
Due from affiliated company	9	83,772,106	80,772,106
Advances, deposits and prepayments	10	16,555,427	20,802,614
Cash and cash equivalents	11	678,166	226,403
<b>TOTAL ASSETS &amp; PROPERTIES</b>		<b>2,322,443,144</b>	<b>2,071,299,755</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	395,072,700	395,072,700
Retained earnings		57,929,865	63,362,936
<b>NON CURRENT LIABILITIES</b>			
Long term loan	13	1,087,306,929	1,010,768,279
<b>CURRENT LIABILITIES</b>			
Liabilities for Expenses	14	3,023,691	57,500
Due to affiliated companies	15	762,232,415	582,605,700
Provision for Income Tax	16	16,877,544	19,432,640
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>		<b>2,322,443,144</b>	<b>2,071,299,755</b>
<b>Net Asset Value Per Share</b>	22	<b>114.66</b>	<b>116.04</b>
Capital Commitments	25	1.77 Crore	4.47 Crore


  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by:

Chittagong, 10 January 2016

  
**CHARTERED ACCOUNTANTS**

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
Revenue	1.02	-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Operating Expenses			
Pre-Operation expenses	17	(4,311,534)	(2,807,661)
Administrative expenses	18	(1,441,606)	(982,733)
		<b>(5,753,140)</b>	<b>(3,790,394)</b>
<b>Operating Profit</b>			
Finance costs	19	(19,531)	(15,430)
		(5,772,671)	(3,805,824)
Other income	20	339,600	-
		<b>(5,433,071)</b>	<b>(3,805,824)</b>
<b>Profit before tax</b>			
Income tax expenses:			
Current Tax:			
Current year	16	-	-
<b>Profit after tax</b>		<b>(5,433,071)</b>	<b>(3,805,824)</b>
<b>Earnings per share:</b>			
Basic earnings per share	21	(1.38)	(0.97)

These financial statements should be read in conjunction with the annexed Notes  
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and were signed on its behalf by:

  
COMPANY SECRETARY

  
DIRECTOR

  
MANAGING DIRECTOR

Chittagong 10 January 2016

  
CHARTERED ACCOUNTANTS

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

Note(s)	30 Sept 2015 Taka	30 Sept 2014 Taka
<b>Cash flows from operating activities</b>		
Cash paid to suppliers	(15,545,024)	15,279,539
Cash paid to employees	(286,303)	(243,000)
Cash paid for administrative expenses	(1,461,137)	(998,163)
Cash received from Other income	339,600	-
Payment of income tax	(2,409,583)	(22,902,316)
<b>Net cash inflow/(outflow) from operating activities (A)</b>	<b>(19,362,447)</b>	<b>(8,863,940)</b>
<b>Cash flows from investing activities</b>		
Capital Work-in-progress	(233,351,155)	(189,944,165)
Acquisition of property, plant and equipment	-	-
Short term loan given to affiliated companies	(3,000,000)	(6,062,000)
<b>Net cash Inflow/(outflow) from investing activities (B)</b>	<b>(236,351,155)</b>	<b>(196,006,165)</b>
<b>Cash flows from financing activities</b>		
Increase/(Decrease) in Share Capital	-	11,644,100
Proceeds from long term loan	76,538,650	36,198,508
Share Money Deposit	-	(11,644,100)
Proceeds from Short term loan	-	(50,361,112)
Cash Received from/(paid to) affiliated companies	179,626,715	215,247,209
Cash paid for financial expenses	-	-
<b>Net cash inflow/(outflow) from financing activities (C)</b>	<b>256,165,365</b>	<b>201,084,605</b>
<b>Net increase/(decrease) of cash and cash equivalents for the year (A+B+C)</b>	<b>451,763</b>	<b>(3,785,500)</b>
Cash and cash equivalents at the beginning of the year	226,403	4,011,903
<b>Cash and cash equivalents at the end of the year</b>	<b>678,166</b>	<b>226,403</b>
<b>Net Operating Cash Flow Per Share</b>	<b>(4.90)</b>	<b>(2.24)</b>

These financial statements should be read in conjunction with the annexed Notes  
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and were signed on its behalf by:

  
**COMPANY SECRETARY**

  
**DIRECTOR**

  
**MANAGING DIRECTOR**

**S. ALAM POWER GENERATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
<b>Balance as on 01 October 2014</b>	395,072,700	63,362,936	458,435,636
Net Profit after tax for the year 2015	-	(5,433,071)	(5,433,071)
<b>Balance as on 30 September 2015</b>	<u>395,072,700</u>	<u>57,929,865</u>	<u>453,002,565</u>
<b>Balance as on 01 October 2013</b>	383,428,600	67,168,760	450,597,360
Share issued during the year	11,644,100		11,644,100
Net Profit after tax for the year 2014	-	(3,805,824)	(3,805,824)
<b>Balance as on 30 September 2014</b>	<u>395,072,700</u>	<u>63,362,936</u>	<u>458,435,636</u>

These financial statements should be read in conjunction with the annexed notes  
and were approved by the Board of Directors on 09.01.2016  
and were signed on its behalf by :



COMPANY SECRETARY



DIRECTOR



MANAGING DIRECTOR

**S. ALAM POWER GENERATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED ON 30 SEPTEMBER 2015**

**1 BACKGROUND AND INFORMATION**

**1.1 Formation and Legal Status**

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

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

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

**1.2 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 Present status of the project**

**2.1 Project Development**

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

**2.2 Feasibility Study**

During the year 2010-2011 the company carried out a feasibility study on this project. The feasibility study confirmed the genuine need of electricity for S. Alam Cold Rolled Steels Limited and the remaining will be sold to Palli Bidduth Somiti-1, Patiya under RURAL ELECTIFICATION BOARD Bangladesh. It has also become the solution for regular and uninterrupted power supply to the projects of S. Alam Cold Rolled Steels Limited.

**2.3 Registration with Bangladesh Energy Regulatory Commission**

S. Alam Power Generation Limited has been registered as commercial power plant as an Independent Power Producer on 04th April 2012 vide License no. **BERC/POWER/CIPP-006/L/004/789** under Bangladesh Energy Regulatory Commission. It will remain valid up to 03 April 2016 and renewal of the registration is under process

**3 Basis of preparation**

**3.1 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.

**3.2 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 Labor Act 2006

### 3.3 Date of authorization

The Board of Directors has authorized these financial statements on 09.01.2016

### 3.4 Going Concern

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

### 3.5 Functional and Presentation Currency

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

### 3.6 Statement of Cash flows

Statement of Cash Flows is prepared principally in accordance with BAS 7 " Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by Securities and Exchange Rules, 1987.

### 3.7 Use of Estimates and Judgments

The preparation of the financial statements 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. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

### 3.8 Comparative information

Comparative information has been disclosed in respect of the year 2014 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 2014 have been rearranged wherever considered necessary to ensure comparability with the current year.

### 3.9 Reporting period

The financial statements of the Company consistently cover one financial year from 01 October 2014 to 30 September 2015 for all reported periods.

### 4.00 Significant Accounting Policies

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-24	Related Party Disclosures
BAS-33	Earnings per share
BAS-37	Provisions, Contingent Liabilities and Contingent Assets

#### **4.1 Property, plant and equipment**

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

##### **4.1.1 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.

Expenditure on repairs and maintenance of Property, Plant and Equipment is treated as expense when incurred. Subsequent expenditure on property, plant and equipment is only recognized when the expenditure improves the condition of the asset beyond its originally assessed standard of performance

##### **4.1.2 Depreciation**

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

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

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

#### **4.03 Inventories**

Inventories of stores & spares include Lubricant Oil, HFO & LFO are valued at cost.

#### **4.04 Transactions with affiliated companies**

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

#### **4.05 Advances, deposits and prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment, inventory or expenses.

#### **4.06 Finance income and cost**

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

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

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

#### **4.07 Cash and cash equivalents**

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

#### **4.08 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.

#### 4.08.01 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.

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.

#### 4.08.02 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.

#### 4.08.03 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.

#### 4.08.04 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.

#### 4.09 Non-derivative financial liabilities

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

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

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

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

##### **(a) Share capital (ordinary shares)**

Ordinary shares are classified as equity.

##### **(b) Other liabilities**

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

#### 4.10 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.



#### 4.11 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-21 to the Financial Statements).

##### Diluted Earnings per share:

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

#### 4.13 Income tax expenses

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

##### Current tax:

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

#### 4.14 Leases

##### 4.14.01 Finance Lease

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

##### 4.14.02 Operating lease

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

#### 5.00 New Standards and interpretations not yet adopted

All new standards and interpretations adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) during the period beginning on or after 01 October 2015, which have significant effect on the financial statements of the company are duly complied with.

## 6 Property, plant and equipment

Land

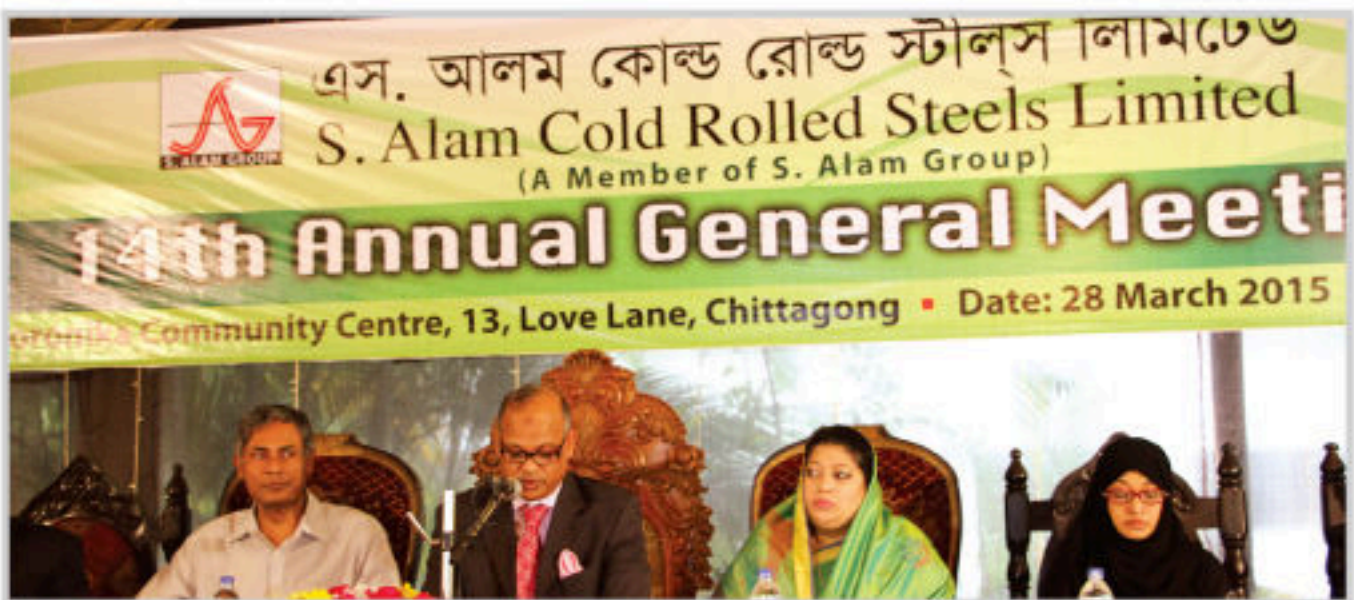
30-Sep-15 Taka	30-Sep-14 Taka
<u>35,486,270</u>	<u>35,486,270</u>

This represent land has set up its factory on 2.52 acres at Kalarpool, Shikalbaha, Patiya, Chittagong, Bangladesh.

	<b>30-Sep-15</b>	<b>30-Sep-14</b>
	<b>Taka</b>	<b>Taka</b>
<b>7 Capital Work In Progress</b>		
Opening Balance	1,934,012,362	1,744,068,197
Add: Expense incurred during the year	233,351,155	189,944,165
	<u>2,167,363,517</u>	<u>1,934,012,362</u>
Less : Transferred to Property, Plant and Equipment	-	-
Closing Balance	<u><b>2,167,363,517</b></u>	<u><b>1,934,012,362</b></u>
The break-up of Capital work-in-progress is as follows:		
Capital Machinery : L/C 0136-11-01-0036	1,743,518,984	1,581,465,393
Supply of the balance of the plant : L/C 0136-11-01-0061	258,580,478	253,181,301
Supply of the balance of the plant : L/C 0136-11-99-0037	78,238,483	37,119,961
Supply of the balance of the plant : Other equipments	41,087,053	40,683,103
Factory equipment	933,200	700,000
Computer	444,550	303,100
Air Conditioner	100,800	-
Furniture & Fixtures	346,736	-
Factory Building	19,438,815	17,245,000
Gas line installation	1,700,000	1,000,000
Machinery Installation	22,974,418	2,314,504
	<u><b>2,167,363,517</b></u>	<u><b>1,934,012,362</b></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.		
<b>8 Inventory</b>		
Lubricant Oil	1,872,640	-
HFO	16,450,000	-
LFO	265,018	-
	<u><b>18,587,658</b></u>	<u><b>-</b></u>
<b>9 Due from affiliated companies</b>		
S. Alam Steels Limited	36,622,106	74,772,106
S.Alam Brothers Ltd.	38,150,000	-
Shah Amanat Prakritik Gas Ltd.	9,000,000	6,000,000
	<u><b>83,772,106</b></u>	<u><b>80,772,106</b></u>
These represent short term loans to affiliated companies to meet short term fund requirements. These receivables are considered good and realizable as and when required by the company.		
These short term loans are interest free and there are no fixed term of repayment.		
<b>10 Advances, deposits and prepayments</b>		
Advances ( Note - 10.01)	14,802,443	20,802,614
Prepayments (Note-10.02)	1,752,984	-
	<u><b>16,555,427</b></u>	<u><b>20,802,614</b></u>
<b>10.01 Advances- Note 10</b>		
Consultancy (BIDCO Associates)	650,000	650,000
Advance Income Tax	13,509,028	13,508,528
Energy Pac Engineering Ltd.	227,500	-
S.S Enterprise	300,000	-
Against C&F Bills	15,915	6,644,086
Green Development Construction	100,000	-
	<u><b>14,802,443</b></u>	<u><b>20,802,614</b></u>
<b>10.02 Prepayments- Note 10</b>		
Insurance	1,752,984	-
	<u><b>1,752,984</b></u>	<u><b>-</b></u>
Directors consider that all the above advances are either adjustable or recoverable in kind or in cash and no provision against them are required at this stage.		
<b>11 Cash and cash equivalents</b>		
Cash in Hand	3,490	-
Cash at Banks- note 11.01	674,676	226,403
	<u><b>678,166</b></u>	<u><b>226,403</b></u>
<b>11.01 Cash at Bank- Note 11</b>		
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong	571,028	14,645
National Bank Limited, Khatungonj Branch, Chittagong	87,645	89,605
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong	16,003	122,153
	<u><b>674,676</b></u>	<u><b>226,403</b></u>
Cash transactions are maintained by the S. Alam Cold Rolled Steels Limited.		

		30-Sep-15 Taka	30-Sep-14 Taka
<b>12 Share Capital</b>			
	<b>Authorised Capital:</b>		
	10,000,000 (One crore) ordinary shares of Tk. 100 ) each.	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	<b>Issued, Subscribed and Paid-up Capital:</b>		
	3,950,727 Ordinary shares of Tk. 100 each (Note - 12.01)	<u>395,072,700</u>	<u>395,072,700</u>
<b>12.01</b>	<b>Issued and Paid up Shares are Subscribed by :</b>		
		2015	2014
		Amount	Amount
		Taka	Taka
	<b>Name of Shareholders</b>		
	S. Alam Cold Rolled Steels Ltd.	2,773,570	70
	Mr. Mohammed Saiful Alam	784,771	20
	Mr. Abdus Samad	392,386	10
		<u>3,950,727</u>	<u>100.00</u>
		<u>395,072,700</u>	<u>395,072,700</u>
<b>13 Long term loan</b>			
	Project loan (Note-13.01)	<u>1,087,306,929</u>	<u>1,010,768,279</u>
<b>13.01 Project loan- Note 13</b>			
	Due within one year	-	-
	Due after more than one year	<u>1,087,306,929</u>	<u>1,010,768,279</u>
		<u>1,087,306,929</u>	<u>1,010,768,279</u>
	<b>Terms of Project loan</b>		
	<b>Lenders: Janata Bank Ltd., Sadharan Bima Corp. Branch, Chittagong.</b>		
	Janata Bank Ltd. sanctioned an amount of Tk. 98 Crore as project loan.		
	<b>Total loan facilities: Tk. 98 Crore.</b>		
	<b>Interest rate:</b>		
	Interest rate is 14.00% on quarterly rest or at applicable rate as determined by bank from time to time.		
	<b>Disbursement:</b>		
	The disbursement was made on 06.06.2013.		
	<b>Repayments</b>		
	Re-payment stipulated to be made by 24 quarterly installments plus accrued interest for each, commencing after grace period.		
	<b>Loan period</b>		
	The entire loan amount shall be re-paid by eight(8) years including grace period of two (2) year.		
	<b>Securities:</b>		
	i. 100% registered mortgage of 241.59 decimal factory land and building valuing Tk 171.20 million.		
	ii. Hypothecation on all existing and proposed plant and machineries, furniture and fixture including inventories.		
	iii. Personal guarantee of all directors of the company jointly and individually.		
	<b>Purpose:</b>		
	For meeting expenditure for capital machineries.		
<b>14 Liabilities for Expenses</b>			
	Withholding Tax payable	146,013	-
	Salary	61,475	-
	VAT payable	208,637	7,500
	Audit Fee payable	50,000	50,000
	Sundry Creditors	2,557,566	-
		<u>3,023,691</u>	<u>57,500</u>
<b>15 Due to affiliated companies</b>			
	S. Alam Cold Rolled Steels Limited	677,349,808	582,605,700
	S. Alam Vegetable Oil Limited	100,000	-
	Genesis Textile Accessories & Apparels limited	1,000,000	-
	Sonali Traders	4,082,607	-
	Global Trading Corporation limited	78,000,000	-
	Minhaj Corporation	1,700,000	-
		<u>762,232,415</u>	<u>582,605,700</u>
	These balances represent short term financial arrangement availed from parent/affiliated companies.		
	These are interest free and there is no fixed term of repayment.		
<b>16 Provision for Income Tax</b>			
	Opening balance as on October 1	19,432,640	42,218,077
	Add: Provision made during the year	-	-
		<u>19,432,640</u>	<u>42,218,077</u>
	Less: Adjusted during the year	2,555,096	22,785,437
	Closing balance as on September 30	<u>16,877,544</u>	<u>19,432,640</u>

	30-Sep-15 Taka	30-Sep-14 Taka
<b>17 Pre-Operation expenses</b>		
Salaries and Wages	347,778	228,000
Insurance expenses	3,623,826	2,579,661
Labor Bill	253,300	-
Repairs & Maintenance	76,756	-
Carrying Charges	700	-
Medical & Welfare expenses	9,174	-
	<b>4,311,534</b>	<b>2,807,661</b>
<b>18 Administrative expenses</b>		
Legal & Professional Fee	7,500	26,500
Traveling & Conveyance	42,445	-
Stationery	34,618	3,856
Audit Fee	50,000	50,000
License & Renewal Fee	557,756	764,065
Entertainment	59,287	36,802
Miscellaneous Expenses	690,000	101,510
	<b>1,441,606</b>	<b>982,733</b>
<b>19 Finance costs</b>		
Bank Charges	19,531	15,430
	<b>19,531</b>	<b>15,430</b>
<b>20 Other income</b>		
Other income	339,600	-
	<b>339,600</b>	<b>-</b>
<b>21 Basic earnings per share (EPS)</b>		
Profit attributable to the ordinary shareholders	<b>(5,433,071)</b>	<b>(3,805,824)</b>
Weighted average number of shares outstanding during the year	-	3,911,913
Number of shares outstanding during the year	<b>3,950,727</b>	<b>-</b>
Basic earnings per share (EPS)	<b>(1.38)</b>	<b>(0.97)</b>
<b>22 Net Asset Value Per Share (NAV)</b>		
Total Assets	2,322,443,144	2,071,299,755
Less: Total Liabilities	1,869,440,579	1,612,864,119
Net Asset Value (NAV)	<b>453,002,565</b>	<b>458,435,636</b>
Number of ordinary shares outstanding during the year	<b>3,950,727</b>	<b>3,950,727</b>
Net Asset Value Per Share	<b>114.66</b>	<b>116.04</b>
<b>23 Net Operating Cash Flow Per Share</b>		
Cash flows from operating activities	<b>(19,362,447)</b>	<b>(8,863,940)</b>
Number of shares outstanding during the year	<b>3,950,727</b>	<b>3,950,727</b>
Net Operating Cash Flow Per Share	<b>(4.90)</b>	<b>(2.24)</b>
	<b>Number of Employees</b>	
<b>24 Number of Employees:</b>	<b>30-Sep-15</b>	<b>30-Sep-14</b>
Number of employees whose salary is below Tk. 3,000 per month	-	-
Number of employees whose salary is above Tk. 3,000 per month	5	1
	<b>5</b>	<b>1</b>
<b>25 Capital commitments</b>		
There are capital expenditure commitment for Tk. 1.77 crore in respect of plant and machinery and civil construction.		
<b>26 Contingent liabilities</b>		
The company had no contingent liabilities at the reporting date.		
<b>27 Events after the reporting period</b>		
No material events have occurred from the reporting date to the date of issue of these financial statements which could affect the values stated therein.		







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

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আমি/আমরা

এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড-এর সদস্য এবং

আমি / আমরা জনাব

কে আমার/আমাদের প্রতিনিধি হিসেবে

আমার / আমাদের অনুপস্থিতিতে ১৯ মার্চ, ২০১৬ তারিখে চিটাগাং ক্লাব লিমিটেড, এস. এস. খালেদ রোড, চট্টগ্রাম  
বেলা ১১.০০ টায় অনুষ্ঠিতব্য কোম্পানির ১৫ তম বার্ষিক সাধারণ সভায় এবং ঐ সভার যে কোন 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

রেজেনিউ স্ট্যাম্প  
২০/- টাকা

বিঃ দ্রঃ

১. প্রদত্ত স্বাক্ষর কোম্পানির অফিসে সরেকিস্ত/ডিপোজিটরিতে অঙ্গুর্ভূক 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 রেজেনিউ স্ট্যাম্প সহযোগে সভার নিখরিত সময়ের ৭২ ঘণ্টা পূর্বে কোম্পানির রেজিস্টার অফিসে অবশ্যই জমা দিতে হবে।

**হাজিরাপত্র  
(ATTENDANCE SLIP)**

১৯ মার্চ, ২০১৬ তারিখে চিটাগাং ক্লাব লিমিটেড, এস এস খালেদ রোড, চট্টগ্রামে অনুষ্ঠিত এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড  
এর ১৫ তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম।

শেয়ারহোল্ডারের নাম

শেয়ার সংখ্যা

ফোলিও / বিও নং

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প্রতিনিধির নাম

শেয়ারহোল্ডারের/প্রতিনিধির স্বাক্ষর

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



**S. ALAM COLD ROLLED STEELS LIMITED**

(A Member of S. Alam Group)

**Registered Office**