

The cover features a collage of images related to industry and finance. A large yellow circle in the upper left contains a green globe with wind turbines and solar panels. To its right, a white circle contains the title text. Below these, a blue circle shows a bar chart with a rising arrow. At the bottom, a yellow circle contains an image of large rolls of cold-rolled steel. The background is a mix of these colors and abstract financial graphics.

ANNUAL REPORT

2019-20

S. ALAM COLD ROLLED STEELS LIMITED

ANNUAL REPORT

2019-20

20th

ANNUAL GENERAL MEETING



S. ALAM COLD ROLLED STEELS LTD.

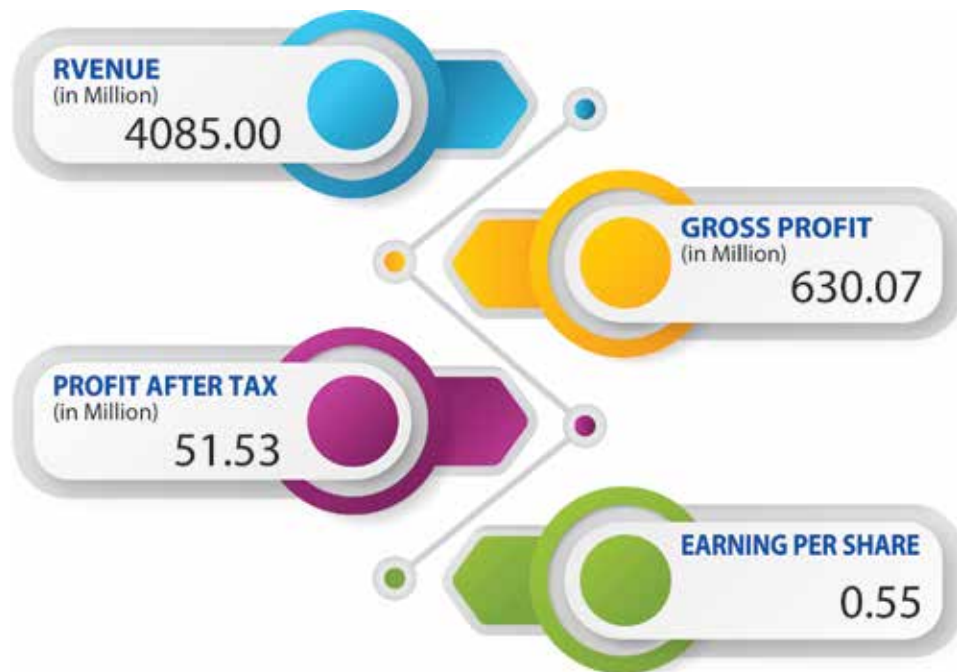


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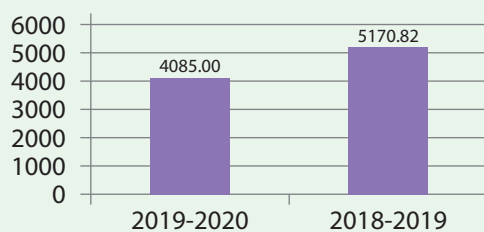
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Performance

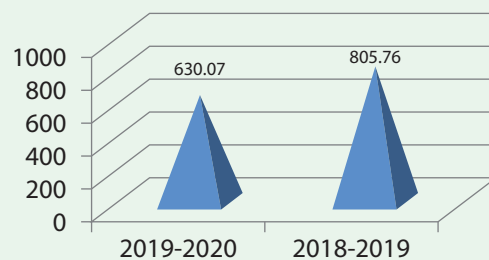
at a glance **2019-20**



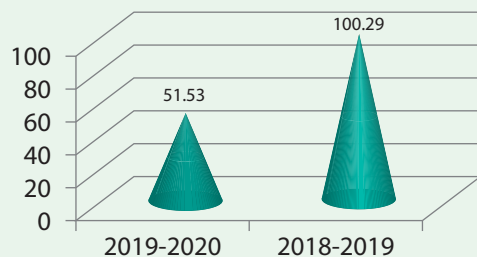
REVENUE (in Million)



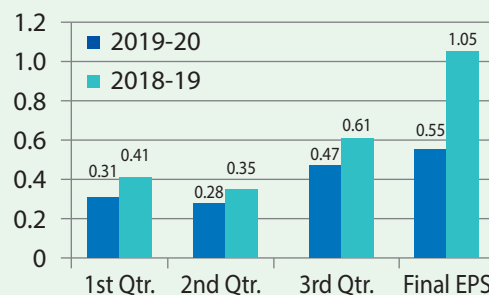
GROSS PROFIT (in Million)



PROFIT AFTER TAX (in Million)



EARNINGS PER SHARE





Company PROFILE of **S. ALAM COLD ROLLED STEELS LIMITED**

S. Alam Cold Rolled Steels Limited is the flagship company of S. Alam Group, a well-established business conglomerate of the country, operating in the business of steel manufacturing (hereinafter referred to as SACRSL) was incorporated on December 12, 2000 as a Public Limited Company vide certificate No. 3842 of 2000 under the Companies Act 1994. The registered office of the Company is located at S. Alam Bhaban, 2119 Asadgonj, Chattogram while factory is situated at Kalarpool, Shikalbaha, Patiya, Chattogram. The company has been set up to manufacture C.R. Steel Strip in the coils/sheets with 6-HI, CVC reserving cold rolling mill having an installed capacity of 120,000 MT per annum, started its commercial operation on 16th February 2004. Afterward, in order to meet the increasing demand of non-oxide furnace (NOF) type GP/CI sheet throughout the world and in this region, S. Alam Cold Rolled Steels Limited set up a NOF type continuous Galvanizing Line (CGL) with CTL plant for production of GP/CI sheets with most modern and economic technology consuming the C.R. Coils produced by the company. Annual Installed Capacity of the NOF Plant is 72,000 M. Ton.

The company is pioneer in steel industry and well known for its galvanized plain sheet and galvanized corrugated iron sheet which are mainly used in construction industry (roofing and cladding of houses and industrial sheets), agriculture and outdoor application also.

The Authorized Capital of the Company is Taka 350,00,00,000 divided into 35,00,00,000 ordinary shares of Tk. 10/- each. Paid up capital of the company is Taka 98,37,11,000 divided into 9,83,71,100 ordinary shares of Tk. 10/- each.

With a view to maximizing shareholders benefit and ensure uninterrupted electric supply, the company established its subsidiary- S. Alam Power Generation Limited having 17MW Capacity power plant which was incorporated as a private limited company on April 09, 2009 with 70% of its Equity held by this company. The objectives among others to set up, operate and run a captive and/or independent power plant to produce and supply electricity.



CORPORATE *information*

■ Legal Status	A public limited company incorporated in Bangladesh on 12th December, 2000 under the Companies Act 1994 and enlisted with Dhaka Stock Exchange Limited & Chittagong Stock Exchange Ltd.
■ Commencement of Commercial Production	16th February, 2004
■ Date of Listing with DSE & CSE	16th May, 2006
■ Factory	Kalarpool, Shikalbaha, Patiya, Chattogram
■ Corporate & Registered Office	S. Alam Bhaban, 2119 Asadgonj, Chattogram Phone : +887-031-636649, 636997, 611426, 611195, 638258 Fax : +88-031-2869284 E-mail : sharedivision@s.alamgroupbd.com, Website : www.s.alamgroupbd.com
■ Liaison Office	Sharif Mansion (6th Floor) 56-57, Motijheel C/A, Dhaka-1000 Phone : 02-9560631
■ Authorized Capital	Taka 350 Crore
■ Paid up Capital	Taka 98.37 Crore
■ Product Variety	C. R. Coil Plant - C. R. Coil NOF Plant - C. I. Sheet & G. P. Sheet
■ Annual Installed Capacity	C. R. Coil Plant - 1,20,000 M. Ton NOF Plant - 72,000 M. Ton



MANAGEMENT APPARATUS

■ BOARD OF DIRECTORS

Mr. Abdus Samad
Mr. Osman Goni
Mr. Mohammed Saiful Alam
Ms. Halima Begum
Mr. Md. Rafique Ullah
Mr. Sampad Kumar Basak FCA
Mr. Md. Shafiqul Islam FCA

Chairman
Managing Director
Director
Nominee Director, S. Alam Vegetable Oil Ltd.
Nominee Director, ICB (Institutional Investors)
Independent Director
Independent Director

■ AUDIT COMMITTEE

Mr. Sampad Kumar Basak FCA
Mr. Mohammed Saiful Alam
Mr. Md. Rafique Ullah

Chairman
Member
Member

■ NOMINATION AND REMUNERATION COMMITTEE

Mr. Sampad Kumar Basak FCA
Mr. Mohammed Saiful Alam
Mr. Abdus Samad

Chairman
Member
Member

■ COMPANY SECRETARY

Mr. Md. Shohel Amin ACS

Company Secretary (In Charge)

■ SENIOR CORPORATE OFFICIALS

Mr. Subrata Kumar Bhowmick FCA
Mr. Moshir Rahman
Mr. Md. Delwar Hossain FCA
Mr. Shimul Nandy

Executive Director (Finance)
General Manager (Mills)
Chief Financial Officer
Head of Internal Audit and Compliance

■ STATUTORY AUDITOR

M/s. Rahman Mostafa Alam & Co.
Chartered Accountants

■ CORPORATE GOVERNANCE PROFESSIONAL

M/s. Hoda Vasi Chowdhury & Co.
Chartered Accountants

■ PRINCIPAL BANKER

Islami Bank (Bangladesh) Ltd.
Janata Bank Ltd.
Export Import Bank of Bangladesh Ltd.
Union Bank Ltd.

■ INSURER

Northern General Insurance Co. Ltd.

■ EXTERNAL CREDIT ASSESSMENT INSTITUTION

Alpha Credit Rating Limited



Letter *of* TRANSMITTAL

Date: December 15, 2020

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

Dear Sir(s),

Annual Report for the year ended 30th June 2020.

We are pleased to transmit a copy of the Annual Report 2019-20 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 June, 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows along with notes thereon along with the Directors' Report for the year ended 30th June, 2020 for your information and record.

Yours sincerely,



Md. Shohel Amin ACS
Company Secretary (In-charge)

NOTICE

NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of S. ALAM COLD ROLLED STEELS LIMITED will be held on Saturday, the 09th January, 2021 at 10.30 A.M. by using digital platform through the following link <http://sacrsलगm.hisoftcloud.com> to transact the following businesses:

AGENDA

1. a) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
b) To approve the subsidiary company short term loan/business transactions for the year ended 30th June 2020 as per notification No. SEC/CMMRRCD/2006-159/Admin/02-10, dated 10 September, 2006.
2. To declare and approve dividend for the year ended June 30, 2020.
3. To elect/re-elect the Directors of the company and approve their appointment.
4. a) To appoint Auditors for the year 2020-21 and fix their remuneration.
b) To appoint professional for Certification on Compliance of Corporate Governance Code for the year 2020-21.

By order of the Board of Directors

Date: December 15, 2020
Chattogram


Osman Goni
Managing Director

NOTES:

1. **Record Date:** November 24, 2020. Members whose names appeared on the Members/Depository Register as on "Record Date" are eligible to attend the Annual General Meeting (AGM) and entitled to receive Dividend.
2. **Proxy:** A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her behalf. The "Proxy Form", duly filled and stamped Tk. 20 must be deposited at the Company's Registered Office located at 'S. Alam Bhaban, 2119, Asadgonj, Chattogram, not later than 48 hours before commencement of the AGM.
3. **Link** of the meeting is <http://sacrsलगm.hisoftcloud.com>. Members are requested to log in to the system prior to the meeting starting time at 10.30 AM on 09th January 2021. For logging in to system, members need to sign in by putting 16 digits BO number and other credentials confirming their identity. The webcast will be started at 10.30 AM. For any technical difficulties, please contact +88 01817 054514.
4. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018, copy of the Annual Report for the year ended 30th June, 2020 shall be sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the depository. The Annual Report and Proxy Form are available at the Company's Website. www.s.alamgroupbd.com.
5. **Directors Election:**
 - a. Directors to retire by rotation from the Sponsor Group shall be re-elected in accordance with the provision of law.
 - b. Subject to holding 2% shares in the paid up capital of the company, Nomination Form for the Institutional Shareholders and General Shareholders shall be available at the Registered Office within the office hour from 20-12-2020 to 24-12-2020.
 - c. Nomination paper duly filled with signature and supporting documents to be submitted to the Registered Office, S. Alam Bhaban, 2119, Asadgonj, Chattogram within 29-12-2020. The last date of withdrawal of candidature is 31-12-2020.
 - d. After proper scrutinizing, final list of the eligible candidate for Directors from the institutional shareholders and the general shareholders shall be displayed on the Notice Board of the Registered Office of the Company on 03-01-2021.
6. The Hon'ble shareholders will be able to vote electronically and submit their query/comments, if any, before 48 hours commencement of AGM and also during the AGM.



Message from the CHAIRMAN

Dear Shareholders,

Assala-mu-alaikum,

During the unprecedented challenging time, Once again, I feel lucky to present you the Annual Report of S. Alam Cold Rolled Steels Ltd. for the year ended 30th June 2020. I hope that you and your family are in good health. On behalf of the Board of Directors and from my own behalf, I heartily welcome you at the 20th Annual General Meeting of the company which will be held on virtually.

As we all are witnessed with the devastating impact of the ongoing corona virus (COVID-19) pandemic which has affected directly or indirectly every sector all over the world, in consequence whereof, the operational results of the company could not achieve its target in the financial year 2019-20, specially for disruption of company's operations during countrywide lockdown. During the year under report, your company earned revenue TK. 4,085.00 Million and profit after Tax was Tk. 51.53 Million while EPS stood Tk. 0.55.

My fellow shareholders,

We are committed to repay your trust and confidence reposed to us. You will be happy to know that, during the countrywide lockdown, we did not cut off any job or any

portion of salaries, wages or benefits from our employees as a part of cost reduction rather we paid it duly on time. As you know, company's earnings during the year was not sufficient, however, the Board of Directors recommended 10% cash dividend taking into consideration of retained earnings for the year ended 30th June 2020, subject to the approval of the shareholders in this Annual General Meeting.

Despite challenging macroeconomic environment, the economy of Bangladesh stands on quite better position registering 3.8% GDP growth according to IMF, one of the few countries that have been able to sustain positive GDP growth during the pandemic. After uplifting lockdown, economic scenario is being normal gradually and we are optimistic that the economy will regain its earlier pace soon. Your company is strategically well positioned to harness new opportunities and deliver strong growth.

Finally, my gratitude and thanks to all of our esteemed Shareholders, Financial Institutions, Bankers, Regulatory bodies including Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Ltd., suppliers and Customers for their consistent support to the Company. I would like to take this opportunity to thank our fellow Board Members, employees and management team for their unrelenting dedication and commitment which inspire us to continue our journey towards a sustainable growth and to safeguard your interest in the Company.

Please stay safe and keep maintain hygiene rules. I wish your good health.

(Abdus Samad)
Chairman

DIRECTORS

profile



MR. ABDUS SAMAD

Mr. Abdus Samad, son of Late Mozaharul Anwar and Chemon Ara Begum, was born in 1967. He is the Chairman of the company and one of the most renowned businessperson in the country. As a young entrepreneur, Mr. Samad was deeply involved with business affairs of the Group and his keen sense of professionalism led to his appointment as the Vice Chairman of S. Alam Group. He demonstrated his entrepreneurial skills, and used his experience to establish many corporate bodies of the Group notably in steel sectors.

Mr. Samad is involved and manages various Industrial concerns, carry on business as importers, traders, general merchants, promoter of Bank and Insurance.

At present, he is also a Member of the Nomination and Remuneration Committee of the Company.

Mr. Samad is also engaged in various social, cultural and religious organizations. He plays key role in the social development sector of his home district in Chattogram as well as Bangladesh.

Mr. Samad has travelled extensively at home and abroad namely to India, Pakistan, China, Korea, Japan, Bangkok, Singapore, Australia, UK, Canada, USA, Brazil, Russia, Saudi Arabia and other Gulf States, EU and Switzerland and many other countries for the purpose of business.

Apart from his Directorship in the Group, he is also the Chairman, Board of Directors of Al-Arafah Islami Bank Ltd. and the Director of Northern General Insurance Co. Ltd.



MR. MOHAMMED SAIFUL ALAM

Mr. Mohammed Saiful Alam, son of Late Mozaharul Anwar and Chemon Ara Begum, was born in 1960. He is the Founder Chairman and Managing Director of S. Alam Group. He has built up reputation as an astute and efficient business personality and has achieved remarkable success in business. Under his dynamic leadership, S. Alam Group has grown as one of the largest group of companies in Bangladesh within the short span of time.

Mr. Alam, pioneer industrialist, is always placing his eagerness to attach any unexploited opportunity in the business community. He is well travelled person and visited many countries in Asia, Europe, USA, Canada, Australia in connection with trade and business.

Apart from the role of the Directorship in the company, he is also the member of Audit Committee and Nomination and Remuneration Committee.

Mr. Alam is also associated with various social, cultural and religious organizations. He also takes a profound interest in community services and contributes generously for the welfare of the community, particularly to the underprivileged ones. He has established multiple school and madrasa in his village and surrounding areas. He continues to employ his best efforts to provide education, healthcare and infrastructure facilities for overall development of the people of Chattogram district as well as Bangladesh.

Besides holding Directorship in S. Alam Group including S. Alam Steels Ltd., S. Alam Cement Ltd. S. Alam Luxury Chair Coach Services Limited. S. Alam Refined Sugar Industries Ltd. etc, he is also the Chairman of First Security Islami Bank Limited, First Security Islami Capital & Investment Limited, Aviva Finance Limited, SS Power I Limited, Ekushey Television Limited, Reliance Brokerage Services Limited. He is also the Sponsor Shareholder of Al-Arafah Islami Bank Limited, Sponsor Director of Northern Islami Insurance Ltd.

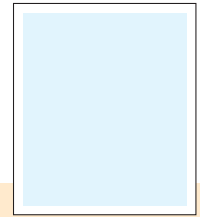


MR. OSMAN GONI

Mr. Osman Goni, son of late Mozaharul Anwar and Chemon Ara Begum, is the Managing Director of the company and also one of the renowned businessperson of the country. With a humble beginning, Mr. Osman Goni displayed his excellence in business entrepreneurship by building his business domain. The biggest landmark of his success is the courage to get into new business ventures based on his sound foresight, innovative and skillful execution. Within a span of 20 years of his business career, he successfully managed to establish many differentiated business enterprises under the umbrella of S. Alam Group.

Key position in S. Alam Group as a Director has always marked its steady growth. His attractive personality, relentlessly stressing on brainstorming for new ideas, focus in effective implementation of every single business on time, business efficiency etc. are only a few of his traits that eventually transformed into the core values of his business undertaking and implementation.

Mr. Osman Goni is also the Director of S. Alam Cement Limited, S. Alam Bag Manufacturing Mills Limited, S. Alam Trading Co. (Pvt) Limited, Ocean Resorts Limited, Modern Properties Limited, Shah Amanat Praktik Gas Co. Limited and is a Director on nomination of the NRB Global Bank Ltd.



MS. HALIMA BEGUM

Ms. Halima Begum, is the Nominated Director representing S. Alam Vegetable Oil Limited in the Board of Directors of the company. She was appointed on 6th January 2020 by the Board of Directors.

Ms. Begum is a graduate with long experience in the field of trade and commerce. She had a keen interest and an innate aptitude for doing business and rendering service to the nation for promoting economic development of Bangladesh. She is the proprietor of M/s. Brothers Syndicate.



MR. MD. RAFIQUE ULLAH

Mr. Md. Rafique Ullah, is the Director of the company who has been appointed on January 06, 2020 on nomination by Investment Corporation of Bangladesh (ICB) representing the Institutional Investors' Group in the Board of Directors of the company.

Mr. Rafique Ullah is the Deputy General Manager of the Investment Corporation of Bangladesh (ICB) having 32 years of service experience. He obtained B.Com (Hons) and M.Com degree from the University of Dhaka. He also completed (partly) Banking Diploma from the IBB and took part various training program and seminar at different prestigious training Institute in the country. He has been discharging his responsibilities by holding various important positions at Investment Corporation of Bangladesh. Apart from the role of Director, He is also a member of the Audit Committee of the Company.



MR. SAMPAD KUMAR BASAK FCA

Mr. Sampad Kumar Basak, FCA is a Fellow member of Institute of Chartered Accountants of Bangladesh and a partner of Shafiq Basak & Co, one of the reputed Audit, Tax and Advisory firms in Bangladesh. He was appointed as Independent Director of the Company on November 10, 2018. Currently, He is also the Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company.

Mr. Basak has more than 30 years of professional experience in Audit, Valuation reporting, Tax Consultancy, company law advisory and secretarial services. He has been providing professional services to some of the most reputed local group of companies and multinational companies operating in Bangladesh across various economic sectors. He worked on numerous audit and advisory engagements with a number of reputed Industry and Corporate clients including Bank, NBFI, NGOs, Corporate bodies, Govt. Organization etc.

He also Conducted Valuation Survey in reputed companies like ANZ Grindlays Bank, American ExPress Bank, IFIC Bank Ltd, National Bank Ltd, Lloyds of London, Ex BCCI (Overseas) Ltd.



MR. MD. SHAFIQUUL ISLAM FCA

Mr. Md. Shafiqul Islam FCA is a Fellow member of Institute of Chartered Accountants of Bangladesh. He was appointed as Independent Director of the Company on October 21, 2020.

Mr. Shafiq has more than 31 years of professional experience in Audit, Income Tax Consultancy, Valuation reporting, company law advisory and secretarial services. He worked on numerous audit and advisory engagements with a number of reputed Industry and Corporate clients including Corporate bodies Bank, NBFI, Govt. Organization, NGOs, etc.

Mr. Shafiq also Conducted several Valuation Survey in reputed companies like National Bank Ltd, Lloyds of London ANZ Grindlays Bank, American ExPress Bank, IFIC Bank Ltd, Ex BCCI (Overseas) Ltd.

He also attended numerous seminars on IAS, ICSR, International Auditing Standard, Legal liabilities of Accountancy etc.

DIRECTORS' Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

Your Directors have the pleasure in presenting their 20th Annual Report to you together with the Audited Financial Statements of the company for the year ended 30th June, 2020. The report has been prepared in compliance with Section no. 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/2006158/207 /Admin/80 dated 03 June, 2018.

Financial Performance:

Key operating and financial results of the company and recommended appropriations for the year ended 30th June, 2020 with comparative figures for the previous years in summarized form are as under:

(Consolidated figures in Taka)

Particulars	2019-20	2018-19
Revenue	4,085,001,047	5,170,820,290
Gross Profit	630,073,183	805,762,616
Operating Profit	579,718,327	753,077,357
Profit before Tax	121,283,223	335,295,376
Profit After Tax	51,532,119	100,292,828
NAVPS	19.01	19.46
EPS	0.55	1.05
NOCPs	9.19	0.50

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

Particulars	First Quarter	Second Quarter	Third Quarter	Final EPS
2019-20	0.31	0.28	0.47	0.55
2018-19	0.41	0.35	0.61	1.05

Principal Business Activities:

The principal business activities of the company during the year under report continued to be the manufacturing and marketing of C. R. Steel Strips in

coils/sheets and production of GP/CI Sheets in its NOF Type Continuous Galvanizing Line (CGL). The performance of your company as depicted herein relates therefore to these segments/products of the company.

Industry outlook and possible future developments in the industry:

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

CR coils are mainly used for manufacturing of CI/GP Sheets which are largely and commonly used in roofing, slide cladding, making of water tanks and as fencing material.

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

Being primary raw material for manufacturing of CI/GP Sheet, demand for CR Coil/Strips depends on the performance of the CI/GP Sheet manufacturing industries of the country. Dependence on CI/GP Sheet for household and other civil constructions could neither be stable nor be diminishing rather it would be increasing due to high spiraling prices of Rod, Cement and Bricks. GP/CI Sheet manufacturers integrated with CRC manufacturing facility shall be the clear gainer

because easy access to raw materials (CRC) is one of the factors determining profitability of CI/GP Sheet manufacturing industry.

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

Future development as well as growth of the CR Coil manufacturing industry along with its 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.

Segment-wise / Product-wise Performance:

Details of Segment-wise/Product-wise Performance are enclosed in Annexure-G

Risks and concerns:

Details of the risks and concerns and risk mitigation policy are attached in Annexure-H.

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

The detailed discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin disclosed in Annexure- F

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

There is no Extra-Ordinary gain / loss of the Company during the year under report.

Reasons for variance in Quarterly/Annual Financial Result:

In quarterly financial results, the reasons are attributable for decreasing EPS compared to the corresponding previous periods mainly increase of operating expenses and finance cost while the reasons are attributable for decreasing NOCPS compared to the corresponding previous periods mainly increase of payment to supplier and advance tax.

On the other hand, in respect of annual financial results, the reasons are attributable for variance in EPS and NOCPS compared to the corresponding previous year mainly significant impact of Covid-19, disruption of operation of the company during lockdown, short provision of Income Tax charged during the period to the Statement of Profit or Loss and Other Comprehensive Income considering recognition of Current Tax of prior periods and increase of substantial collection from the customers respectively.

Dividend:

The Directors recommend 10% cash dividend for the year ended 30th June, 2020 keeping in view the profit of the period, retained earnings and consistency in recommendation of its dividend policy. 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.

Subsidiary company:

S. Alam Power Generation Limited was incorporated on April 09, 2009 with 70% of its Equity held by this company with object among others to set up, operate and run a captive and/or independent power plant to produce and supply electricity. Upon commissioning and testing of the plant, it started its commercial operation on and from 28 August 2016. However, the operation of the company had been suspended due to higher production cost compared to the prevailing market price of electricity. Details discussed in Directors Report of SAPGL.

In compliance with the condition No. 2 of the Corporate Governance Code issued by the BSEC vide its Notification No. BSEC/CMRRCD/2006-158/ 207/Admin/80 of June 03, 2018, Mr. Sampad Kumar Basak FCA, Independent Director of this holding Company, had been nominated to be a Director on the Board of Directors of the said subsidiary of this company. Moreover, in order to enable the subsidiary of this Company to raise its number of Directors in compliance with the condition of the said Corporate Governance Code, your directors nominated Mr. Osman Goni and Mr. Md. Abdullah Hasan for appointment as Directors representing this holding company in the said subsidiary company.

In addition, as required by the said Corporate Governance Code, 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 Meeting of this holding company.

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

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 10% cash dividend for the year ended 30th June 2020 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting. However, Mr. Md. Enayet Ullah FCA, Independent Director of the company passed away on 26th July due to corona virus infection. Apart from this, Mr. Md. Shafiqul Islam FCA has been appointed as the Independent Director of the company for three years with effect from 21st October 2020.

Management Discussion and Analysis:

Management discussion and Analysis Report for the year under review, as stipulated under the condition no. 1.5.(XXV) of BSEC Corporate Governance Code, 2018, is annexed herewith as Annexure-D to this Report.

Board of Directors:

A. Composition and size of the Board:

During the year under report, there were 7 (Seven) members on the Board. The Board comprises a Chairman, Managing Director, Three Directors and Two Independent Directors.

B. Board Meeting and Attendance:

While Mr. Abdus Samad continued to be the Director and the Chairman of the Board of Directors, Mr. Osman Goni continued to be the Managing Director of the company. In total 6 (Six) Meetings of the Board of Directors were held during the year under report with attendance of the Directors as follows:

Name	Position	Number of Board Meeting Held	Board Meeting Attended
Mr. Abdus Samad	Chairman	6	6
Mr. Osman Goni	Managing Director	6	6
Mr. Mohammed Saiful Alam	Director	6	6
Ms. Halima Begum	Director	6	4
Mr. Mohammed Shahjahan	Director (ICB)	6	0
Mr. Md. Rafique Ullah	Director (ICB)	6	5
Mr. Sampad Kumar Basak FCA	Independent Director	6	6
Mr. Md. Enayet Ullah FCA	Independent Director	6	1

C. Appointment of Director:

Ms. Halima Begum appointed as Nominee Director of S. Alam Vegetable Oil Ltd. on 6th January, 2020 while Mr. Enayet Ullah FCA appointed as the Independent Director of the company on 05th April 2020 by the Board of Directors and the matters to be placed before shareholders for their approval at the ensuing Annual General Meeting.

D. Election/Re-election of Directors:

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. Mohammed Saiful Alam, a Director from Sponsor Group, therefore, shall retire by rotation in accordance with the Article No. 99 (b) at the ensuing 20th Annual General Meeting and being eligible, he offers himself for re-election.

Moreover, upon his nomination by the ICB, Mr. Md. Rafique Ullah, was elected un-contest as Director representing Institutional Investors' Group while having no one had contested for the position as Director from General Investors' Group in the last AGM, therefore, the position remain vacant.

The position of one Director from the Institutional Investors' Group and one from the General Investors' Group will fall vacant in the ensuing AGM shall have to be filled up in the 20th Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

It is reiterated that in compliance with the Notification BSEC/CMRRCD/2009-193/217/Admin/ 90 dated May 21, 2019 issued by the Bangladesh Securities & Exchange Commission each director other than Independent 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 53.07% shares in the existing share capital of the Company.

The profiles and particulars of experience, attributes and skills that qualify all of the above Directors for the Board membership are disclosed in the Directors Profile in this Annual Report.

Directors' Remuneration:

Save and except fee for attending Board Meeting/Committees 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 for each meeting of the Board of Directors which he / she attend.

All Meetings of the Board of Directors were held in Chittagong during the year under report, Mr. Md. Rafique Ullah, 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 Chattogram as were entitled under Article 82 of the Articles of Association of the Company.

Pattern of Shareholding:

Details of pattern of shareholding are disclosed in the **Annexure-I**

Audit Committee:

As a sub-committee of the Board of Directors, the Audit Committee 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 was re-constituted twice after expiring the tenure as Independent Director of its Member Mr. Monotosh Chandra Roy FCA and upon withdrawal of nomination by ICB Mr. Mohammed Shahjahan, Member from the Committee on August 29, 2019 and November 02, 2019 respectively. Therefore, the committee comprised of Mr. Sampad Kumar Basak FCA,

Chairman, Mr. Mohammed Saiful Alam and Mr. Rafique Ullah as its Members. All Members of the Audit Committee are financially literate.

Nomination and Remuneration Committee:

The Board had duly constituted Nomination and Remuneration Committee in accordance with the condition no 4 & 6 of the BSEC Corporate Governance Code. The Board in its meeting held on 27th October, 2018 formed the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee was re-constituted after expiring the tenure as the Independent Director of its Chairman Mr. Monotosh Chandra Roy FCA on 29th August 2019. The Committee again reconstituted having its member Mr. Osman Goni appointed as the managing director of the company, thus the committee comprised of Mr. Sampad Kumar Basak FCA, Chairman, Mr. Abdus Samad, Member, and Mr. Mohammed Saiful Alam, Member on 2nd November, 2019, and Mr. Md. Shohel Amin ACS, Company Secretary continues to act as the Secretary to the Nomination and Remuneration Committee during the year under report. All the members of the committee are Non-Executive Director. The Report of the Nomination and Remuneration Committee is included in this Annual Report.

Basis for Related Party Transactions:

All transactions with related parties are made in ordinary course of business on arm's length basis. A Statement of all related parties transactions are disclosed at Notes 46.00 of the Consolidated Financial Statements attached to this Annual Report.

Directors Responsibility Statements:

The Directors are also pleased to report that:

- (a) The directors have made assessment of the company's ability to continue as a going concern and they are convinced that the Company has adequate resources to continue its operation in the foreseeable future and there is no significant doubts upon the company's ability to continue as going concern; therefore, the going concern basis has been adopted in preparing these financial statements;

- (b) The financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in the equity;
- (c) Proper books of account have been maintained;
- (d) Appropriate accounting policies have consistently been applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- (e) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS) /International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed;
- (f) The system of 'internal control' in assessment of risk is sound in design and has been effectively implemented and monitored;
- (g) Key operating and financial data for last five years disclosed in **Annexure-E**.
- (h) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.
- (i) The Audit Committee had no findings reportable to the Board of Directors during the year ended 30/06/2020;
- (j) The deviation in the operating result from that of the previous year duly reported;
- (k) No bonus share or stock dividend has been or shall be declared as interim dividend.
- (l) 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.

Corporate Governance:

The Company constantly endeavours to follow the corporate governance code and best practices sincerely and disclose the same transparently. The Board is conscious of its inherent responsibility to disclose timely and accurate information regarding the Company's

operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company. The Directors state in accordance with the **Annexure-C** attached to the Directors' Report as to whether the company has complied with the conditions on comply basis under BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03-June, 2018 issued u/s. 2CC of the Securities and Exchange Ordinance 1969. Your company also obtained a certificate from M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, regarding compliance of aforesaid conditions during the year under report and attached as **Annexure-B**.

Appointment/Re-appointment Auditors:

The Existing Auditors of the company – M/S Rahaman Mostafa Alam & Co, Chartered Accountants, will retire at the ensuing Annual General Meeting. They have satisfactorily completed audit of Financial Statements of your Company for a consecutive period of 3 (three) years. The Bangladesh Securities & Exchange Commission (BSEC) by its Notification No. BSEC/CMRRCD/ 2006-158/208/Admin/81 dated June 20, 2011, and also Listing Regulations of Stock Exchanges 2015, imposed condition, among others, that the issuer-company shall not appoint any firm of Chartered Accountants as its statutory auditors for a consecutive period exceeding three years, therefore, your Company is unable to continue with them. The Board, in its meeting held on October 21, 2020, considered the recommendation of the Audit Committee with respect to the appointment of M/S Huda Vasi Chowdhury & Co., Chartered Accountants as the statutory auditor of the company at a remuneration of Tk. 4,50,000/- for the year ended 30th June 2021. The honourable shareholders are therefore requested to appoint the said Auditors for the next term and to fix up their remuneration.

Appointment of Corporate Governance Professional:

In accordance with the condition no. 9 (2) of BSEC Corporate Governance Code, 2018, the Board, in its meeting held on October 21, 2020, considered the recommendation of the Audit Committee with respect to the appointment of M/S Rahman Mostafa Alam & Co., Chartered Accountants as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30th June, 2021 at a remuneration of Tk. 50,000. Based on due consideration, the Board recommends for shareholders' approval regarding the

appointment of M/S Rahman Mostafa Alam & Co., Chartered Accountants as the corporate governance professional of the Company for the year ended 30th June 2021.

Human Resource Management:

The Company has continuously adopted structures that help to attract best external talent and promote internal talent to higher roles and responsibilities. The Company providing an open work environment fostering continuous improvement and development helped employees realize their career aspirations during the year. 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 offset the growing challenge arising out of open market competition and to capture the greater pie of the market. Employee satisfaction, strategic orientation, 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.

Occupational Health and Safety:

Health and safety remains the Company's top most priority and the Company aspires to be the industry benchmark in safety. SACRSL is committed to conduct all its operations free from accidents and occupational hazards. Deploying long-term safety improvement plan, regular sharing of best practices and learning from incidents from other companies in the S. Alam Cold Rolled Steels Ltd. has strengthened the occupational safety, health and environment process in both SACRSL and SAPGL. The company strives to provide a safe working ecosystem for its people and thus, follows all statutory requirements. The Company is guided by the following principles for developing a safety standard across its operations:

- Working safely is a condition of employment.
- All injuries and work-related illness can and must be prevented.
- Employee engagement and training is mandatory.
- Safety and health must be integrated in all business processes.
- Excellence in health and safety drive outstanding business results.

Internal Control System:

The Company has in place a proper system of internal controls to ensure that all assets are safeguarded against loss from unauthorized use or disposition; and that the transactions are authorized, recorded and reported correctly. Additionally, the Internal Financial Control and reporting process ensures robust financial monitoring and ensures compliances. The Company also deploys standard policies and procedures, covering relevant business aspects, which are designed to facilitate effective oversight on business operations.

The internal control system is periodically reviewed by the management, and supplemented by an extensive program of internal and external audits. The system is designed to ensure that financial and other records are reliable for preparing financial information, maintaining accountability of assets and providing reliable management information.

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

Chattogram, 21st October, 2020

[As per condition No. 1(5)(xxvi)]

S. ALAM COLD ROLLED STEELS LTD.

Declaration by Managing Director (MD) and Chief Financial Officer (CFO)

Date: October 21, 2020

The Board of Directors
S. Alam Cold Rolled Steels Limited
Chattogram
Bangladesh

Subject: Declaration on Financial Statements for the year ended on June 30, 2020

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03.06.2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of S. Alam Cold Rolled Steels Limited for the year ended on June 30, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- I. We have reviewed the financial statements for the year ended on June 30, 2020 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;
 - b. These statements collectively present 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 knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


(Osman Goni)

Managing Director


(Md. Delwar Hossain FCA)
Chief Financial Officer (CFO)

Hoda Vasi Chowdhury & Co

Chartered Accountants

Annexure -B

Certificate as per condition No. 1(5) (xxvii)
Report to the Shareholders of S. Alam Cold Rolled Steels Limited
On compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by S. Alam Cold Rolled Steels Limited for the year ended on 30th June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provision of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any Condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission, subject to the remarks and observation as reported in the attached compliance status.
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code.
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

For Hoda Vasi Chowdhury & Co.
Chartered Accountants

Hoda Vasi Chowdhury

Showkat Hossain, FCA
Senior Partner

Chattogram, 15 December 2020

National Office : BTMC Bhaban (6th & 7th Floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh
Chattogram Office : Delwar Bhaban (4th Floor), 104 Agrabad Commercial Area, Chattogram-4100, Bangladesh

Annexure-C
[As per condition No. 1(5)(xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/207/
Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status	Remarks (if any)
1.	Board of Directors:		
1(1)	Members not be less than 5(Five) and more than 20 (Twenty).	Complied	
1(2)	Independent Directors:		
1(2)(a)	At least one-fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of Independent Director(s);	Complied	One Independent Director in the SACRSL Board died on 26.07.2020
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	Complied	
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	Complied	The Independent Directors declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	Complied	Do
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	Complied	Do
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, Director or officer of any stock exchange;	Complied	Do
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	Complied	Do
1(2)(b)(vii)	Who 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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	Complied	Do
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	Complied	Do
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a Bank or a Non-Bank Financial Institution (NBFI);	Complied	Do
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	Complied	Do
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	Complied	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	Complied	
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	Complied	
1(3)	Qualification of Independent Director:		
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	Complied	The qualifications and background of two Independent Directors justify their abilities as such.

Condition No.	Title	Compliance Status	Remarks (if any)
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;		Not Applicable
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;		Not Applicable
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;		Not Applicable
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;		Not Applicable
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.		Not Applicable
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:		
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	Complied	
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	Complied	
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	Complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	Complied	
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.		No such matter has arisen during the year.
1(5)	The Directors' Report to Shareholders:		
1(5)(i)	An industry outlook and possible future developments in the industry;	Complied	The Directors' report represent compliance of this code
1(5)(ii)	The segment-wise or product-wise performance;	Complied	Do
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	Complied	Do
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	Complied	Do
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Complied	No such matter has arisen during the year.
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;		Not Applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;		Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	Complied	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	Complied	
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	Complied	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	Complied	
1(5)(xiii)	A statement that 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;	Complied	
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	Complied	
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	Complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	Complied	
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	Complied	
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	Complied	
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	Complied	
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;		The board recommended 10% cash dividend for the year ended 30 June 2020
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	Complied	
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	Complied	
1(5)(xxiii)(a)	A report on the pattern of shareholding disclosing the aggregate number of shares Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	Complied	
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	Complied	
1(5)(xxiii)(c)	Executives;	Complied	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	Complied	
1(5)(xxiv)(a)	A brief resume of the director;	Complied	
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	Complied	
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	Complied	
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	Complied	
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	Complied	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	Complied	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	Complied	
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	Complied	
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	Complied	
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ;	Complied	
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	Complied	
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	Complied	
2.	Governance of Board of Directors of Subsidiary Company:		
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	Complied	SACRSL has a subsidiary company.
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	Complied	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Complied	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied	
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).		
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	Complied	
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	Complied	
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	Complied	
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	Complied	No such matter has arisen during the year.
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	Complied	
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
3(3)(a)(ii)	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;	Complied	
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	
4.	Board of Directors' Committee:		
4(i)	Audit Committee;	Complied	
4(ii)	Nomination and Remuneration Committee.	Complied	
5.	Audit Committee:		
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	Complied	
5(1)(b)	The Audit Committee shall assist the Board 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;	Complied	
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	Complied	In practice, the duties are clearly written in the TOR of the Audit Committee
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	Complied	The Audit committee has been comprised of 3 (three) members
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	Complied	
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	Complied	
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Complied	The Board has appointed members in due time and no vacancy occurred.
5(2)(e)	The company secretary shall act as the secretary of the Committee;	Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied	
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	Complied	
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	Complied	
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	Complied	
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	Complied	
5(5)(a)	Oversee the financial reporting process;	Complied	
5(5)(b)	Monitor choice of accounting policies and principles;	Complied	
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	Complied	
5(5)(d)	Oversee hiring and performance of external auditors;	Complied	
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	Complied	
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	Complied	
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	Complied	
5(5)(h)	review the adequacy of internal audit function;	Complied	
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied	
5(5)(j)	Review statement of all related party transactions submitted by the management;	Complied	
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Not Complied	
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	Complied	
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	Complied	
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	Complied	
5(6)(a)(ii)(a)	report on conflicts of interests;	Complied	There was no reportable case of conflict of interest for the year ended 30th June 2020
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	Complied	No such matter has arisen during the year.
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	Complied	Do
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	Complied	Do
5(6)(b)	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	Complied	Do

Condition No.	Title	Compliance Status	Remarks (if any)
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Complied	The Audit Committee Report is disclosed in the annual report and signed by the Chairman of the Audit Committee
6.	Nomination and Remuneration Committee (NRC):		
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	Complied	
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	Complied	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	Complied	
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Complied	
6(2)(b)	All members of the Committee shall be non-executive directors;	Complied	
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Complied	
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	Complied	The Board has appointed members in due time and no vacancy occurred
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;		No such event occurred during the year
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Complied	
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Complied	
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	Complied	
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Complied	
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;		No such event occurred during the year
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	Complied	
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Complied	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	Complied	No such request made by any member of NRC
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	Complied	
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Complied	
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Complied	
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	Complied	

Condition No.	Title	Compliance Status	Remarks (if any)
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	Complied	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Complied	
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	Complied	
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Complied	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	Complied	
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Complied	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	Complied	To be disclosed in Annual Report 2019-20
7.	External or Statutory Auditors:		
7(1)(i)	Appraisal or valuation services or fairness opinions;	Complied	The Statutory Auditors has declared their compliances.
7(1)(ii)	Financial information systems design and implementation;	Complied	Do
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	Complied	Do
7(1)(iv)	Broker-dealer services;	Complied	Do
7(1)(v)	Actuarial services;	Complied	Do
7(1)(vi)	Internal audit services or special audit services;	Complied	Do
7(1)(vii)	Any service that the Audit Committee determines;	Complied	Do
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	Complied	Do
7(1)(ix)	Any other service that creates conflict of interest.	Complied	Do
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	Complied	Do
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to Answer the queries of the shareholders.	Complied	Do
8.	Maintaining a website by the Company:		
8(1)	The company shall have an official website linked with the website of the stock exchange.	Complied	
8(2)	The company shall keep the website functional from the date of listing.	Complied	
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	Complied	
9.	Reporting and Compliance of Corporate Governance:		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	Complied	
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Complied	
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the Directors' Report whether the company has complied with these conditions or not.	Complied	

MANAGEMENT DISCUSSION & ANALYSIS

The following financial and operational review is intended to convey the Management's perspective on the financial and operating performance of the Company for the year ended 30th June 2020. This Report has been prepared in line with the guidelines of BSEC Corporate Governance Code, 2018. This report is an integral part of the Directors' Report. Details on industry structure and developments, outlook, risks, internal control systems and their adequacy, material developments in human resources have been covered in the Directors' Report.

Global Economic Outlook:

The massive shock of the coronavirus pandemic and shutdown measures for preventing spread have plunged the global economy into a severe contraction that would represent the deepest recession since the Second World War. In view of the COVID-19 pandemic, there remains considerable uncertainty around the global economic forecast for 2020. According to the International Monetary Fund ('IMF'), global economy is projected to contract sharply by 4.4% in 2020, before it has registered 2.9% growth in 2019. Global growth is projected at 5.2% in 2021; however, the level of GDP growth is expected to remain below the pre-COVID-19 trend, with uncertainty about strength of the rebound.

As domestic demand and supply, trade, and finance have been severely disrupted, the economic activity among advanced economies is anticipated to contract by 5.8% in 2020 while emerging market and developing economies (EMDEs) are expected to shrink by 3.3%.

Meanwhile, the United States economy is set to fall by 4.3% this year, but the economic contractions in the Euro Area is 8.3%. China holds positive prospect by 1.9% growth in 2019 which is expected to boost by 8.2% in 2021.

The tone of 2020 world economy is still gloomy. A gradual recovery is underway but the uncertainty continues owing to the fear of a second wave of coronavirus outbreak.

Bangladesh Economic Outlook:

Owing to the corona virus epidemic, Bangladesh has also suffered severe economic losses like other countries in the world. Economic growth plunged to an over 10-year low in FY 2020 (July 2019–June 2020), amid unprecedented contractions in merchandise exports,

industrial production and remittances due to Covid-19 in the last quarter (April-June). However, Bangladesh has been so far in better economic position comparing to other countries registering 3.8% GDP growth in FY 2020, according to IMF. Turning to FY 2021, economic conditions seem to have been gradually improving after the easing of restrictions in May, supported by expansionary fiscal and monetary policies. Merchandise exports rebounded in first quarter 2021 (July–September) as the easing of lockdown measures globally boosted demand for clothing. Moreover, remittances inflows—a key source for consumer spending—rose 48.5% in the same period. In turn, the spike in remittances and lower trade deficit led to a marked improvement in the current account balance in first quarter 2021, which has resulted \$40.82 Billion foreign exchange reserve in October, 2020. The recent surge in Covid-19 infections globally could reduce foreign demand which may slow the economic recovery.

However, growth is expected to recover momentum this fiscal year (July 2020–June 2021) as the external sector strengthens, while supportive fiscal and monetary stimulus measures boost domestic demand. International Monetary Fund (IMF) has projected GDP to expand 4.4% in FY 2021, and around 8% in FY 2022, while Bangladesh Government anticipated that the economy will rebound to its normal pace by next year. In addition, uncertainty over the course of pandemic, the country's poor health infrastructure and a fragile global economy cloud the outlook.

Global Steel Industry Outlook:

The World Steel Association (worldsteel) in their short range outlook (SRO) October, 2020 forecasted that finished steel demand to decline by 2.4% year on year to 1,725.1 MnT in 2020, due to the COVID-19 impact. However, it has asserted that the global steel demand could rebound to 1,795.1 MnT in 2021 and witness a 4.1% rise on a year on year basis. Chinese demand is likely to recover faster than in the rest of the world. Steel demand in developed economies are expected to decline 14.4% in 2020, due to the COVID-19 impact with businesses struggling to stay afloat and high unemployment levels. Thus, recovery in 2021 is expected to be muted at 7.9%. Steel demand recovery in the European Union markets is likely to get delayed beyond 2020. Steel demand in developing countries excluding China is expected to decline by 12.3% in 2020, followed

by a 10.6% recovery in 2021. Chinese steel demand is expected to grow by 8% in 2020, with improved outlook for 2021.

Bangladesh Steel Industry:

Bangladesh is one of Asia's leading emerging steel markets and has a growing need for raw materials and steelmaking technologies. The movement towards a progressive national economy strongly depends on the how construction materials specially steels related industries have evolved and such products are readily available. Steel is a basic raw material for infrastructural development and multiple other uses. The demand for steel will inevitably grow in line with the country's economic and infrastructural development. Major buyers of mild steel and re-rolled products include individuals, government and institutional buyers in the real estate sector. Implementation of the government's huge infrastructural development plans have been driving the double digit growth rate in the country's steel industry and the growth is expected to persist for the next two decades amid ambitious development initiatives by the government.

Steel producers manufacture steel in several shapes according to demand from end consumers. Based on shape, the steel industry in Bangladesh can be categorized into two classes of products: long steel (MS rod/TMT bar) and flat steel (mainly CI sheet and CR coil, GP Sheet). In Bangladesh most construction steel can be traced to local production of long products, most of it in reinforcing steel, commonly known as M.S. Rods. Long Steel products are used in all industrial sectors, particularly in the construction and engineering industries. Different types of flat products include Plates, Hot Rolled Sheets, Cold Rolled Sheets and Coated Sheet.

The demand for steel industry is mainly driven by two factors; one is the implementation of the government's ADP plans and government's infrastructure building activities and the other is from the industrial and individual level demand especially for the real estate sector. Currently, the government projects account for nearly 40% of total steel consumption. As per the local industry leaders, present per capita steel rebar consumption in Bangladesh is only 45kg and this is expected to grow to 72 kg by 2022.

According to the World Steel Association, the apparent steel consumption of the country was 2.7 million MT in the FY 2014 compared to 2.4 million MT in the FY 2013. However, According to the industry insiders, the annual steel consumption of steel (both graded and

non-graded) products now stands at roughly 7.5 million MT including long products and flat products - CR/GP sheet. The steel sector will grow further riding on Bangladesh's dense population, enhancing life expectancy rate, rapid construction of economic zones, large investments in infrastructures, booming agriculture, thriving garments sector and an increase in energy supply with the import of LNG.

Bangladesh Steel industry is heavily dependent on the construction sector and this sector is set to face serious challenge due to disruption in economic and development activities. Despite recording rapid growth for decades, Bangladesh's steel sector now faces a serious threat owing to coronavirus pandemic which has resulted thousands of crore losses in the industry. The significant impact of the pandemic has interrupted the production due to factory closures and import of raw materials which are mainly sourced from China, Korea, Russia, India, the USA and Canada. A prolonged lockdown in these countries could cause serious damage to the supply chain as more than 90% of the raw materials are still imported. To survive from ongoing crisis, Bangladesh Steel Manufacturers Association (BSMA) already seek out a number of policy support from the government which includes lower interest, reduction of customs duty, reduction of corporate tax, withdrawal of advance income tax.

Preparation of Financial Statements:

These consolidated Financial Statements have been prepared on going concern basis under the historical cost convention method and also prepared in compliance with requirement of BAS (Bangladesh Accounting Standards) / Bangladesh Financial Reporting Standards (BFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh.

Accounting Policies and Estimates:

In the preparation of Financial Statements, no accounting treatment different from that prescribed in the Accounting Standard has been followed. The details of accounting policies & estimates applied for the preparation of Financial Statements are described in note no. 3.00 of Audited Financial Statements. There are no changes in accounting policies & estimates for the fiscal year 2019-2020.

Financial Performance:

During the financial year under report, the impact of the corona virus pandemic adversely affected on the financial performance of the company, specially in the

fourth quarter (April- June) 2020. Company's operations, distribution, supply chain heavily disrupted during the country-wide lockdown. Apart from this, profit after tax has been reduced comparing last financial year due to

short provision of Income Tax charged during the period to the statement of Profit and Loss and other comprehensive income considering recognition of current tax of prior periods.

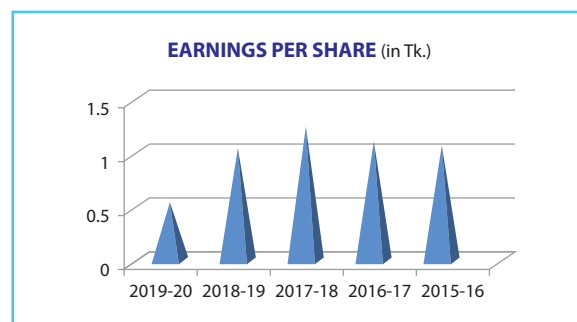
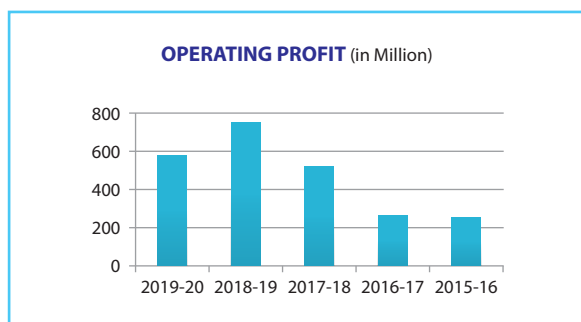
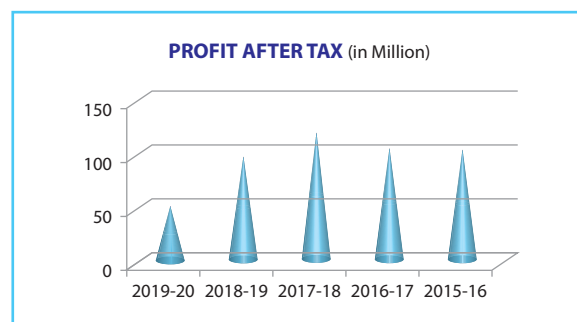
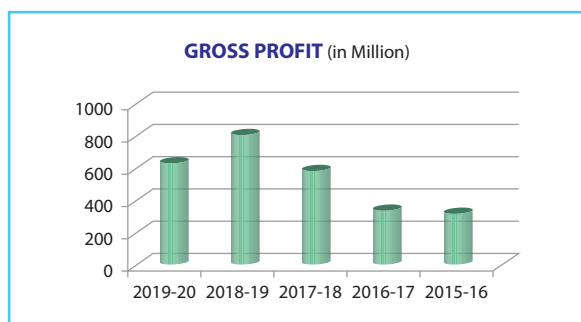
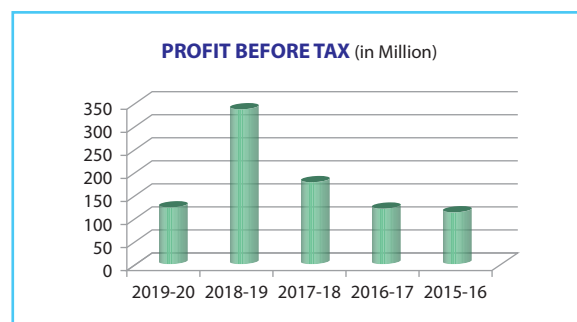
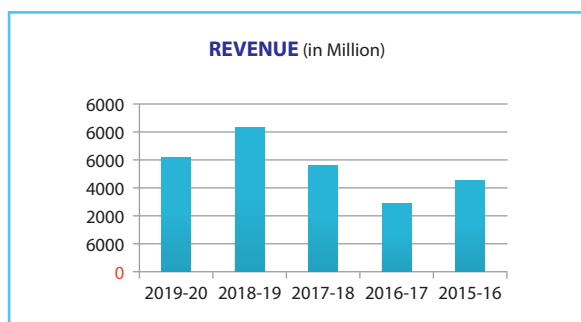
Financial Position of Last Five Years:

S. ALAM COLD ROLLED STEELS LTD.

(Taka in Million)

Operational Results	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue	4085.00	5,170.82	3,806.74	2,450.60	2,836.00
Gross Profit	630.07	805.76	581.92	327.64	306.49
Profit after Tax	51.53	100.29	120.73	106.19	104.38
EPS	0.55	1.05	1.25	1.11	1.08
Net Assets Value (NAV)	19.01	19.46	19.41	19.55	19.44
Net Operating Cash Flow	9.19	0.50	1.17	(18.39)	6.85
Proposed/Declared Dividend	10% cash	10% cash	10% cash	10% cash	10% Cash

Financial Performance at a Glance:



Financial Performance of Peer Industry:

The company is categorized as the producer of flat steel segment and the peer companies include Abul Khair Steel, KYCR, PHP, Appollo Ispat, TK etc. However, all the companies in the peer industry except Appollo Ispat Complex Ltd. are non-listed companies therefore; financial data and other information of the other companies are not published for general information. The data published and available in the website of Appollo Ispat Complex Ltd. are summarized hereunder:

Appollo Ispat Complex Ltd.

(Taka in Million)

Operational Results	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue	Not yet Published	Not yet Published	3,863.83	5,714.34	5,306.37
Gross Profit	Do	Do	716.03	1,110.37	1,194.15
Profit after Tax	Do	Do	21.41	478.73	753.45
EPS	Do	Do	.05	1.35	2.13
Net Assets Value (NAV)	Do	Do	20.19	22.15	23.38
Net Operating Cash Flow	Do	Do	.82	0.33	3.65
Proposed/Declared Dividend	Do	Do	3% Stock	10% Stock	10% Stock & 5% Cash

Risk and mitigation:

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 uncertainty and sluggish business situation in the country.

The preparation of financial statements required the management to make some forward looking estimates and assumptions within the meaning of applicable laws and speculations for accounting of certain items of the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, depreciation and amortization, taxes, reserves and contingencies. Actual result may differ from those estimates, expressed or implied. Detailed risks and concerns discussed in **Annexure-H**.

Looking Forward:

Steel industry of Bangladesh has contributed immensely in the country's overall infrastructure development. However, it is expected that the covid-19 crisis will have lasting impacts on consumer buying habits, demand, supply chains and organization models. Given the unpredictability of the pandemic and the uncertainty of recovery timelines it is likely that the pandemic will have medium to long term impacts on the economy. Considering the current economic state, your company is focused on "Survive, Revive and Thrive" strategy and the management of the company is sincere in adoption of necessary flexible plans and strategy to continue its operation for foreseeable future. Your Company is well positioned to harness the present challenges, given the strength of its Brand, innovation capabilities, and marketing. Accordingly, with our distribution strength we will strive to ensure continuous availability of stock across channels and flexibility in our supply chain. Despite challenging environment, we believe that by exhibiting a higher degree of performance, quick and effective decision-making we will be able to stay ahead of the curve and continue to expand our business.

For and on behalf of the management


(Osman Goni)
Managing Director

Key Operating Financial Performance for Last Five Years

PARTICULARS	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.09.2016
Operating Information	CONSOLIDATED (BDT in Million)				
Revenue	4,085.00	5,170.82	3,806.74	2,450.61	2,836.00
Cost of Sales	(3,454.92)	(4,365.05)	(3,224.83)	(2,122.96)	(2,529.51)
Gross Profit	630.07	805.76	581.92	327.65	306.49
Selling and Distribution Expenses	(2.16)	(0.53)	(0.86)	(3.39)	(1.97)
Administrative Expenses	(48.19)	(52.14)	(58.58)	(56.79)	(50.50)
Operating Profit	579.71	753.08	522.47	267.47	254.02
Financial Expenses	(459.20)	(408.14)	(345.06)	(151.86)	(147.72)
Profit before Non-operating Income	120.52	344.93	177.42	115.60	106.30
Other Income	0.00	0.00	0.00	0.83	0.65
Finance Income	7.51	8.59	8.08	8.23	10.70
Contribution to WPPF and Welfare Fund	(6.75)	(18.23)	(9.69)	(6.68)	(6.11)
Profit before Tax	121.28	335.29	175.80	117.98	111.53
Income Tax Expenses	(69.75)	(235.00)	(55.07)	(11.79)	(7.16)
Total Comprehensive Income	51.53	100.29	120.73	106.19	104.38

BALANCE SHEET INFORMATION	CONSOLIDATED (BDT in Million)				
Non-Current Assets	4,286.45	4,336.29	4,260.16	4,209.70	4,138.94
Current Assets	13,685.53	12,387.81	9,577.10	9,938.08	7,775.59
Total Assets	17,971.98	16,724.10	13,837.25	14,147.78	11,914.53
Shareholder's Equity	1,869.74	1,914.47	1,909.20	1,922.70	1,912.21
Non-Controlling Interest	123.09	125.20	128.55	131.04	133.70
Non-Current Liabilities	316.14	1,357.71	1,604.45	1,863.27	1,894.27
Current Liabilities	15,663.01	13,326.71	10,195.05	10,230.78	7,974.34
Total Liabilities	15,979.15	14,684.42	11,799.50	12,094.05	9,868.61
OTHER INFORMATION					
Earnings Per Share (Taka)	0.55	1.05	1.25	1.11	1.08
Proposed/Declared Dividend	10% cash	10% Cash	10% Cash	10% Cash	10% Cash
Net Asset Value Per Share (Taka)	19.01	19.46	19.41	19.55	19.44
Net Operating Cash Flow Per Share (Taka)	9.19	0.50	1.17	(18.39)	6.85

DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN:

Particulars	Year ended on 30.06.2020 (Consolidated)	Year ended on 30.06.2019 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	84.58% of Turnover	84.42% of Turnover	0.16%
Gross Profit Margin	15.42% of Turnover	15.58% of Turnover	(0.16%)
Net Profit Margin	1.26% of Turnover	1.94% of Turnover	(0.68%)

(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 0.16% on the Turnover of the year. Reason for such increase during the period under report is decrease in Turnover as compared to those of the previous year mainly impact of corona virus (COVID-19) outbreak and country-wide lockdown.

(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 0.16% decrease. Reasons are attributable primarily to the significant impact corona virus (COVID-19) outbreak, disruption in operations of the company during countrywide lockdown - Turnover decreased as compared to that earlier year.

(c) Net Profit Margin:

Net Profit Margin in relation to the Turnover of the period under report recorded 0.68% decrease on comparison with that of the previous year. The reasons are attributable to increase of finance cost, disruption in company's operation during countrywide lockdown due to corona virus (COVID-19) outbreak, as well as charges of substantial amount of short provision of income tax during the period.

SEGMENT-WISE / PRODUCT-WISE PERFORMANCE:

(Figures in nearest Taka '000)

	As at 30.06.2020			As at 30.06.2019		
	CR Coil	GP/CI Sheet (NOF)	Total	CR Coil	GP/CI Sheet (NOF)	Total
Revenue	1,967,230	2,117,771	4,085,001	1,974,923	3,195,897	5,170,820
Cost of Sales	(1,646,230)	(1,803,478)	(3,449,708)	(1,547,118)	(2,809,174)	(4,356,293)
Gross Profit (GP)	321,000	314,293	635,293	427,805	386,723	814,528
GP in % of Revenue	16.32%	14.84%	15.55%	21.66%	12.10%	15.75%
Selling, Distribution & Administrative Cost	(2,164)	(0.00)	(2,164)	(40,066)	(10,227)	(50,293)
Operating Result	279,231	307,328	586,559	387,740	376,496	764,235
Finance Cost (Net)	(216,716)	(234,776)	(451,492)	(259,831)	(139,711)	(399,542)
Net Profit before Provisions	62,515	72,552	135,067	127,908	236,785	364,694
Contribution to WPPF & WF	(3,126)	(3,627)	(6,753)	(6,395)	(11,839)	(18,235)
Profit before Tax	59,389	68,925	128,314	121,513	224,945	346,458
Net Profit in % of Revenue	3.02%	3.25%	3.14%	6.15%	7.04%	6.70%

RISKS AND CONCERNS

As with all investments, investors should be aware that risks are associated with an investment in the Company. Investment, Investors should carefully consider all the risks and uncertainties associated to the company along with all the information provided in this report before taking decision to invest in shares of SACRSL.

Raw material acquisition & Price of raw material

The main raw material, Hot Rolled (HR) Strips are internationally traded commodities imported from abroad. The availability of the raw materials mainly depends on the importing countries' increasing trend of consumption and policy of the respective exporting countries. Non-availability of raw materials will directly affect the production of SACRSL.

Management Perception

The main raw material of the project is adequately available in different countries and more countries are coming in this industry as a raw material supplier. Moreover, the Company has already built up good business relationship with big foreign suppliers. Simultaneously company keeps in hand bulk stock of raw materials. The enhancement of price of imported raw material is beyond the control of the company.

Industry Risk:

01. Profitability may reduce

The company is operating in a highly competitive industry with low profit & highly sensitive to the market. Moreover the company faces competition from a number of private sector mills those are found to be very aggressive in the market. Inability of offering competitive products will hinder the company's growth potential.

Management perception

The company has successfully accessed the market till date and is working on offering new and better quality products at competitive terms. Moreover the group's track record for operating in the low profit and highly market sensitive environment establishes its capability.

02. New Entrants may enhance competition

New entrants of similar/higher scale may push the company in a competitive scenario.

Management perception

Implementation of similar project generally have a lead time of two years and before the earliest entrant the company will be able to consolidate its both financial as well as market position. Furthermore,

with the track record of S. Alam and its market reputation it will be very difficult for new comers to make inroads into the quality steels market. Moreover, Steel is a higher capital-intensive industry and therefore, barriers to entry are high. Hence, first-mover's advantage is big and S. Alam, with its past experience and performance, will enjoy this advantage.

Market and technology related Risk:

(i) Market Risk

Major competitors in this sector are PHP Cold Rolling Mills Limited, Abul Khair Steel Products Limited, KYCL coil Industries Limited. None of them are utilizing their 100% capacity and also not consuming 100% of their production. So it can be inferred that if these companies start to utilize 100% of their capacity and reduces the prices of their product then it will add business risk to SACRSL.

Management Perception

Currently there is a gap between demand and supply of CI Sheets in our country. On the other hand demand for CI Sheets is increasing drastically day by day. In this situation chance of excessive competition is almost zero. Moreover the company's brand is well accepted in the market for its quality.

(ii) Technology related Risk

The production facilities of SACRSL are based on high-tech machineries. So any invention of new and more cost effective technology may make the company outperformed by its competitors.

Management Perception

Management of the company is aware of recent technological developments in the steel world and keeps their employees upto-date on those by providing necessary training.

Interest rate risk

Interest rate risk is concerned with borrowed funds of short term and long-term maturity. Volatility in money market and increased demand for loans/investment funds raise the rate of interest. High rate of interest enhances the cost of fund of a company and could adversely affect the business and future financial performance.

Management perception

In order to manage this risk and overcome it, the company shall exercise good management in its cash flows, coupled with continued strength in sales and

marketing. The management of the Company is always aware of interest rate, which is concerned to the cost of fund of the Company. The Management prefers in procuring of the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Company is emphasizing on equity based financing.

Exchange Rate Risk

Any adverse fluctuation in the exchange rate of Taka may increase the costing of raw materials or any machinery related parts.

Management Perception

Appropriate and responsible hedging mechanisms are employed by SACRL in the past in case of significant taka devaluation in order to keep the cost minimum and same will be followed in future. However, if the price of the US dollar appreciates too sharply against the BDT, this will be a nationwide phenomena experienced by the whole industry. In such a scenario, there will be a market adjustment in end product prices.

Potential or existing government regulations

Changes in tax and VAT laws, their upward revision could adversely impact results of operations and cash flows amongst other things. And situation will get worst when such alteration/revision is made suddenly.

Management Perception

Like all democratically elected governments, the Government of Bangladesh also holds commitment for economic emancipation of the nation, which can be achieved through maintaining sustainable industrial growth. Therefore, it is most unlikely that Government will initiate any fiscal measure having adverse effect upon industrialization.

Changes in Environmental Laws and Regulations

S. Alam Cold Rolled Steels Ltd. is subject to environmental laws and regulation which limits the discharge of pollutants into the air water and established standards for the treatment, storage and disposal of solid and hazardous wastes. These laws and regulations require investment of capital and other expenditure for ensuring complain. The operation of plant entail inherent risk of environmental damage and the company may incur liabilities in the future arising from the discharge of pollutants into the environment or waste disposal or hazardous material handling practices.

Management Perception

SACRSL is highly conscious about the environment. None of the raw materials used by the company is toxic in nature or hazards to health. It uses ETP – Effluent Treatment Plant-a water treatment plant - with a view to prevent water pollution. Moreover, S. Alam Cold Rolled

Steels Ltd. workers are provided with hand gloves, masks and safety boots, as part of normal precautionary measures. Exhaust fans have been installed in the factories for better and adequate ventilation whilst high capacity dust collectors minimize floating around of dust particles inside the factories. The company has not received any health-related complaints from its worker so far.

Potential changes in global or national policies

Any major changes in global economic policy, which may affect the economy of Bangladesh, will also adversely affect the operation of the company.

Management Perception

Company is aware of these consequences but not expecting any sharp changes in the major global economic arena.

Operational risk

Strikes, non-cooperation movement by the opposition parties, extortion and unforeseen political dispute may affect the operations or productivity of the company.

Management Perception

Any natural calamity is beyond human control. However company's all assets have a comprehensive Industrial All Risk coverage by a renowned insurer. So, products of the company would have steady and increased demand under any adverse situation. These sorts of disturbances are very often in Bangladesh and business community is habituated with these problems.

Risk associated with recovery of debts:

Non-recovery of debts has a direct negative impact on the cash flow of the organization and may cause difficulties in smooth business operation.

Management Perception:

Major productions are consumed by the other GP/CI steel industry of the group. Major sales within and outside the group concerns are executed through letter of credit, hence the chance of non-recovery of dues are negligible.

Risk of disruption due to Natural disaster, Political unrest etc.:

Any damage occurred due to natural disasters like Cyclone, Tide, Earthquake and Political unrests like civil disorder may hamper normal performance of power supply, which is beyond control of the company.

Management Perception:

As there is no doubt that the plant is very expensive and the management has experience to handle such risks and will ensure insurance from a first class insurance company.

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
1	S. Alam Bag Manufacturing Mills Limited	44,100	0.045
2	S. Alam Soyaseed Extraction Plant Limited	4,85,140	0.493
3	Portman Cements Limited	3,88,110	0.395
4	S. Alam Properties Limited	4,62,690	0.470
5	Sonali Cargo Logistics (Pvt.) Limited	3,88,110	0.395
6	S. Alam Refined Sugar Industries Limited	1,77,350	0.180
7	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	Director xxxxx xxxxx	23,03,980 4,31,890 Nil	2.342 0.439 0
b	Mr. Abdus Samad Spouse and Minor Children	Chairman xxxxx	19,67,430 Nil	2 0
c	Mr. Osman Goni Spouse and Minor Children	Managing Director xxxxx	19,67,430 Nil	2 0
d	Mr. Md. Rafique Ullah Spouse and Minor Children	ICB Nominee Director from Institutional Investors' Group xxxxx	Nil Nil	0 0
e	Ms. Halima Begum Spouse and Minor Children	Nominated Director, S. Alam Vegetable Oil Ltd. xxxxx	1,000 Nil	0.001 0
f	Mr. Md. Enayet Ullah, FCA Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
g	Mr. Sampad Kumar BasaK, FCA Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
h	Mr. Md. Delwar Hossain, FCA Spouse and Minor Children	Chief Financial Officer xxxxx	Nil Nil	0 0
i	Mr. Md. Shohel Amin, ACS Spouse and Minor Children	Company Secretary xxxxx	Nil Nil	0 0
j	Mr. Shimul Nandy Spouse and Minor Children	Head of Internal Audit & Compliance 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 & Compliance):

Sl. No.	Names	Position	Number of Shares	Percentage
a	Mr. Md. Moshir Rahman	General Manager (Factory)	60	0.000061
b	Mr. Shafiu Alam	DGM (NOF)	0	0
c	Mr. Mohsin Alam Chowdhury	Deputy Manager (Electrical)	0	0
d	Mr. Md. Shah Alam	Manager	0	0
e	Mr. S. M. M. A. Mostafa	Manager (PRD)	0	0

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

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

REPORT OF THE AUDIT COMMITTEE

Under condition 5.7 of the BSEC Notification # SEC/CMRRCD/2006-158/207/Admin/80 dated 03-06-2018.

The Honorable Shareholders,

It gives me great pleasure to present, once again, the report of the Audit committee for the year ended 30th June 2020.

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 4 (four) of its Meetings held during the year ended 30th June 2020 and subsequent period to date of this Report, the Committee reviewed the financial statements as at 30th June 2019 and quarterly financial statements prepared for statutory purposes as at 30th September 2019, 31st December 2019, 31st March, 2020. For its review, the members of the Committee were provided with comprehensive documentation for the year ended 30th June 2020, 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 20th 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 June 2020. 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 June 2020 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 June 2020 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 June 2020.

S.K. Basak

Sampad Kumar Basak FCA
Chairman, Audit Committee

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee was constituted in accordance with condition no. 4(ii) & 6 of the BSEC Corporate Governance Code, Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 as a sub-committee of the Board. The Report of Nomination and Remuneration Committee is prepared according to the requirements of the Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC).

A. Composition:

As on June 30, 2020, the Nomination and Remuneration Committee Comprised with following members;

Name	Category	Position of the Committee
Mr. Sampad Kumar Basak FCA	Independent Director	Chairman
Mr. Abdus Samad	Non- Executive Director	Member
Mr. Mohammed Saiful Alam	Non- Executive Director	Member
Mr. Md. Shohel Amin ACS	Company Secretary	Secretary

B. Terms of references:

Terms of reference of the Nomination and Remuneration Committee includes:

- (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors and top level executives considering the following:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - (b) The relationship; of remuneration to performance is clear and meets appropriate benchmarks; and
 - (c) Remuneration to directors, top level executives involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- (ii) Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (iii) Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- (iv) Formulating the criteria for evaluation of performance of independent directors and the Board;
- (v) Identifying the company's need for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) Developing, recommending and reviewing annually the company's human resources and training policies.

C. Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel in accordance with the guidelines of BSEC Corporate Governance Code. The Nomination and Remuneration Policy for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain and promote talent and to ensure long term sustainability of talented top level Executive and also to create competitive advantage. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

D. Evaluation Policy:

In accordance with the corporate governance code, Nomination and Remuneration Committee duly formulated evaluation criteria for evaluation of performance of the Board of Directors and Independent Director which have been adopted by the Board.

The Board evaluation criteria framed through questionnaire designed with qualitative parameters and feedback based

on ratings. Evaluation of the Board was based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, Meaningful participation, succession planning, strategic planning, etc.

The Independent Directors to be evaluated on parameters like Director's contributions at Board/Committee meetings, willingness to devote time and effort to understand the Company and its business, ability to understand governance, regulatory, financial, fiduciary and ethical requirements of the Board/Committee, adherence to Code of Conduct and how the independent director is able to bring independent judgment during board deliberations on strategy, performance, risk management etc. in addition to the criteria for evaluation of Non- Executive Directors.

The Key objective of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level with the participation of all concerned in an environment of harmony. The Board acknowledges its intention to establish and follow "best practices" in Board governance in order to fulfill its fiduciary obligation to the Company. The Board believes the evaluation will lead to a closer working relationship among the Board members, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body.

E. Meetings and attendance during the year:

During the financial year 2019-20, the Nomination and Remuneration Committee met 1 (One) time on 27th October, 2019. The composition of the Nomination and Remuneration Committee and number of meetings attended by the Members during the year are given below:

Name	Position	Number of meeting Held	No. of meeting attended
Mr. Sampad Kumar Basak FCA	Chairman	1	1
Mr. Abdus Samad	Member	1	1
Mr. Mohammed Shahjahan	Member	1	0

F. Activities during the Year:

- Considered and recommended for appointment of Managing Director and Independent Director.
- Reviewed criteria for selection, transfer or replacement and promotion at different levels.
- Reviewed the human resources position and training policies of the company.
- Reviewed the remuneration policy of the Board of Directors and top level executives.

S.K. Basak

(Sampad Kumar Basak FCA)

Chairman

Nomination and Remuneration Committee





**AUDITORS' REPORT &
AUDITED FINANCIAL
STATEMENTS
2019 - 20**

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

Opinion

We have audited the accompanying financial statements of **S. ALAM COLD ROLLED STEELS LIMITED** and its subsidiary, **S. ALAM POWER GENERATION LIMITED**, which comprise the Consolidated Statement of Financial Position as at **30 June 2020** and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the Consolidated Financial Statements prepared in accordance with International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 30 June 2020 and 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Without qualifying our opinion, we would like to draw attention to the fact disclosed in note 5.01 to the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – sale of goods

Refer to note 24.00

Key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> Revenue recognition has significant and wide influence on financial statements. Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is completed through passing of control to the customers. Revenue from the sale of goods is recognized when the company has delivered products to the customers at the shipping point and control has passed. There is a risk that the company might misstate/manipulate sales quantity or price in the financial statements. 	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> We understood, evaluated and validated the key controls related to Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through cash receipts and customer outstanding balances. Segregation of duties in invoice creation and modification; The timing of revenue recognition. <p>Our substantive procedures in relation to the revenue comprise the following:</p> <ul style="list-style-type: none"> Obtaining supporting documents for sales transactions recorded either side of year-end as well as debit notes issued after the year-end date to determine whether revenue was recognized in the correct period; Critically assessing manual journals posted to revenue to identify unusual or irregular items; Verifying sales price from trade receivables' documents; Cross-checking with VAT records.

Inventories

Refer to note 07

<ul style="list-style-type: none">• There is a risk that inventory that does not exist being included in the financial statements.• Inventory can be over or undervalued.• Inventory is included in the financial statements at full value when it is stolen or obsolete or damaged or suffered any kind of loss.• Inventory that actually belongs to third parties or sold to any party being included in the financial statements.	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of key inventory controls operating across the factories;• Attending inventory counts and reconciling the count results to the inventory listings to test the existence and completeness of data;• Checking the cost of raw materials purchase and valuation method applied for raw materials and work in progress.• Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.• Checking the items noted as obsolete or damaged at the inventory count that has been appropriately adjusted.
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Sundry Receivables

Refer to note 08

<ul style="list-style-type: none">• A major risk is having false/unrealizable value being included in receivables.• The management might not keep sufficient provision for bad/doubtful debt.	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Checking subsequent status of receivables;• Checking ageing analysis of receivables;• Sending balance confirmation letters to parties;• Ensuring that sufficient provision is made for bad & doubtful debts; if any.• Assessed the design and implementation of key controls over receivable management.• Tested these balances on a sample basis through agreement to post period end invoicing and cash receipt.
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Valuation of Property, plant and equipment

Refer to note 05

<p>The company has large amount and numbers of property, plant and equipment items. Due to technological and time obsolescence, impairment may exist.</p> <p>Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgment. Hence, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Assessing the consistency of methodologies used for depreciating the assets.• Checking, on a sample basis, the accuracy and relevance of the accounting of PPE by management.• Performing physical verification to ensure existence of the items as well as to ensure that those aren't obsolete.• Review the managements review regarding remaining useful lives of assets.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

And using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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.

Report on Other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. 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;
- iii. the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv. the expenditure incurred was for the purpose of the Company's business.

The engagement partner of the Audit to issue Independent Auditors' Report is Mr. Arafat Kamal.

Chattogram,
21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS & PROPERTIES			
Non Current Assets & Properties		4,286,454,939	4,336,288,949
Property, Plant and Equipment	05.00	4,286,454,939	4,336,288,949
Capital Work-in-Progress	06.00	-	-
Current Assets		13,685,532,008	12,387,813,123
Inventories	07.00	7,332,215,710	5,351,978,486
Sundry Receivables	08.00	3,626,517,806	4,215,490,833
Advances, Deposits and Prepayments	09.00	2,282,907,526	2,667,911,533
Short Term Investment	10.00	41,194,898	38,922,819
Cash and Cash Equivalents	11.00	402,696,068	113,509,452
TOTAL ASSETS & PROPERTIES		17,971,986,947	16,724,102,072
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' Equity		1,869,741,447	1,914,471,426
Share Capital	12.00	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		452,099,701	496,829,680
NON CONTROLLING INTEREST		123,092,146	125,201,148
Non Current Liabilities		316,146,697	1,357,716,660
Long Term Loan	13.00	-	1,038,924,676
Deferred Tax Liabilities	21.02	316,146,697	318,791,984
Current Liabilities		15,663,006,657	13,326,712,838
Trade Creditors	14.00	4,407,896,472	3,095,086,051
Short Term Liabilities	15.00	10,509,698,460	9,155,078,128
Liabilities for Expenses	16.00	23,098,170	14,128,257
Advance against Sales	17.00	1,751,913	14,642,547
Due to Affiliated Companies	18.00	372,186,950	341,092,047
Current Portion of Long Term Loan	19.00	-	394,896,000
Liability against Unclaimed Dividend	20.00	35,886,679	34,809,023
Provision for Income Tax	21.01	190,259,332	158,325,641
Provision for Workers' Profit Participation & Welfare Fund	22.00	121,610,982	117,992,748
Other Liabilities	23.00	617,699	662,396
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		17,971,986,947	16,724,102,072
Net Asset Value Per Share	32.00	19.01	19.46
Contingent Liabilities and Commitments	35 & 42	-	-

The accompanying notes from 01 to 51 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Revenue	24.00	4,085,001,047	5,170,820,290
Cost of Sales	25.00	(3,454,927,864)	(4,365,057,674)
Gross Profit		630,073,183	805,762,616
Selling and Distribution Costs	26.00	(2,163,962)	(539,031)
Administrative Costs	27.00	(48,190,894)	(52,146,228)
		(50,354,856)	(52,685,259)
Operating Profit		579,718,327	753,077,357
Finance Costs	29.00	(459,196,791)	(408,141,116)
Profit before Non- Operating Income		120,521,536	344,936,241
Other Income	28.00	-	833
Finance Income	30.00	7,515,015	8,592,979
Net Profit before Tax and WPP and Welfare Fund		128,036,551	353,530,053
Contribution to WPP and Welfare Fund	22.00	(6,753,328)	(18,234,677)
Profit before Income Tax		121,283,223	335,295,376
Income Tax Expenses			
Current Tax	21.01	(34,433,691)	(93,760,307)
Deferred Tax	21.02	2,645,287	1,578,902
Prior Year Tax	21.01.03	(37,962,700)	(142,821,143)
		(69,751,104)	(235,002,548)
Net Profit after Tax for the Year		51,532,119	100,292,828
Net Profit after Tax Attributable to			
Shareholders of the Company		53,641,121	103,641,876
Non-controlling interest		(2,109,002)	(3,349,048)
		51,532,119	100,292,828
Basic Earnings Per Share	31.00	0.55	1.05

The accompanying notes from 01 to 51 form an integral part of these financial statements.

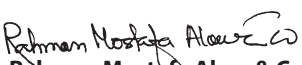

Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Particulars						Amount in Taka
	Share Capital	Share Premium	Retained Earnings	Total	Non-Controlling Interest	Total
Balance as on 01 July 2019	983,711,000	433,930,746	496,829,680	1,914,471,426	125,201,148	2,039,672,574
Cash dividend declared for the year 2018-2019	-	-	(98,371,100)	(98,371,100)	-	(98,371,100)
Net Profit after tax for the year 2019-2020	-	-	53,641,121	53,641,121	(2,109,002)	51,532,119
Balance as on 30 June 2020	983,711,000	433,930,746	452,099,701	1,869,741,447	123,092,146	1,992,833,593

Balance as on 01 July 2018	983,711,000	433,930,746	491,558,904	1,909,200,650	128,550,196	2,037,750,846
Cash dividend declared for the year 2017-2018	-	-	(98,371,100)	(98,371,100)	-	(98,371,100)
Net Profit after tax for the year 2018-2019	-	-	103,641,876	103,641,876	(3,349,048)	100,292,828
Balance as on 30 June 2019	983,711,000	433,930,746	496,829,680	1,914,471,426	125,201,148	2,039,672,574


Company Secretary


Director


Managing Director

S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers		4,661,083,440	3,273,312,600
Cash Paid to Suppliers		(3,486,094,918)	(3,099,978,037)
Cash Paid to Employees		(143,787,219)	(118,877,072)
Cash Paid for Operating Expenses		(4,030,678)	(21,915,231)
Payment of Advance Income Tax		(204,441,783)	(106,432,645)
Payment for WPP & WF		(13,158,297)	(7,609,221)
Advance tax refund		94,036,630	131,149,918
Net Cash Flows from Operating Activities		903,607,175	49,650,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Work-in-Progress		-	2,400,863
Acquisition of Property, Plant And Equipment		(25,091,022)	(166,850,507)
Investment in Fixed Deposit Receipt		(2,272,079)	14,258,514
Interest Received from Fixed Deposit Receipt		7,515,015	8,593,812
Net Cash (Used in)/ Generated by Investing Activities		(19,848,086)	(141,597,318)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) Long Term Loan		(1,433,820,676)	(245,151,922)
Proceeds / (Repayment of) from Short Term Loan		1,354,620,332	1,016,759,742
Proceeds from / (Repayment to) Affiliated Companies		31,094,903	(100,183,135)
Dividend Paid		(97,293,444)	(96,017,542)
Cash Paid for Financial Expenses		(449,173,588)	(400,655,448)
Net Cash Provided by / (Used in) Financing Activities		(594,572,473)	174,751,695
Net Increase/(Decrease) of Cash and Cash Equivalents		289,186,616	82,804,689
Cash and Cash Equivalents at the Beginning of the Year		113,509,452	30,704,763
Cash and Cash Equivalents at the End of the Year		402,696,068	113,509,452
Net Operating Cash Flow Per Share	33.00	9.19	0.50


Company Secretary


Director


Managing Director

S. ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

01.00 BACKGROUND AND INFORMATION

01.01 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, Chattogram, 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's share were listed with Dhaka Stock Exchange and Chittagong Stock Exchange. Trading of the shares of the company started in two stock exchanges from 16 May 2006.

01.02 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 12.02 acres of land at Kalarpool, Shikalbaha, Patiya, Chattogram, Bangladesh.

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

01.03 Description of subsidiary

S. Alam Power Generation Limited

S. Alam Cold Rolled Steels Limited has acquired 70% equity interest in S. Alam Power Generation Limited. i.e. 2,773,570 Ordinary Shares of Tk. 100 each at a cost of Tk. 277,357,000.

S. Alam Power Generation Limited, Chattogram 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, Chattogram, Bangladesh. Its registered office is located at S. Alam Bhaban, 2119, Asadgonj, Chattogram, Bangladesh. The main objective of the company is to install and run power plant to produce and supply electricity.

Commercial operation was commenced on 28 August 2016 but could not continue due to high cost of production of electricity per unit.

02.00 BASIS OF PREPARATION

02.01 Statement of compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987.

02.02 Basis of Reporting

the financial statements are prepared and presented to external users by the company in accordance with the identified financial reporting framework. The presentation has been made in compliance with the requirements of IAS 1- "Presentation of Financial Statements". The financial statements comprise of:

- i) Statement of financial position as at 30 June 2020.
- ii) Statement of profit or loss and other comprehensive income for the year ended 30 June 2020.
- iii) Statement of changes in equity for the year ended 30 June 2020.
- iv) Statement of cash flows for the year ended 30 June 2020.
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

02.03 Date of authorization

The Board of Directors has authorized these financial statements on 21 October 2020.

02.04 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 2012;
- (vii) The Value Added Tax Rules 2012;
- (viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
- (vii) The Listing Regulations of Chittagong Stock Exchange (CSE);
- (viii) Bangladesh Labour Act 2006 etc.

02.05 Accounting convention and assumption

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

02.06 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.

02.07 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method and reconciliation of net income or net profit with cash flows from operating activities making various adjustments as per prescribed by Securities and Exchange Rules, 1987. A reconciliation of Net Profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for net changes in operating accruals as per requirement of Securities & Exchanges Rules 1987.

02.08 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.

02.09 Comparative information

Comparative information has been disclosed in respect of the year 2018-2019 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 liabilities as reported in the financial statements.

02.10 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 have significant doubt upon the Company's ability to continue as a going concern.

02.11 Reporting period

The financial statements of the Company cover one financial year from 01 July 2019 to 30 June 2020 for all reported periods.

03.00 SIGNIFICANT ACCOUNTING POLICIES

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

IAS-01	Presentation of Financial Statements
IAS-02	Inventories
IAS-07	Statement of Cash Flows
IAS-08	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee benefits
IAS-21	The effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures

IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-32	Financial Instrument: Presentation
IAS-33	Earnings per share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-05	Non-current Assets Held for Sale and Discontinued Operations
IFRS-07	Financial Instrument: Disclosure
IFRS-15	Revenue from Contracts with Customers

03.01 Basis of Consolidation

03.01.01 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.

03.01.02 Non - Controlling Interests

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

03.01.03 Transactions eliminated on consolidation

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

03.02 Property, plant and equipment

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

03.02.01 Recognition and measurement

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any 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 recognized in profit or loss.

03.02.02 Subsequent costs

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

03.02.03 Depreciation

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

Depreciation is 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 and Land Development 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% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Lifting 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:

Particulars	Capacity Utilization	
	CR Coil Plant	NOF Plant
Factory Building (including Leased Assets)	62.37%	38.08%
Capital Machinery	62.37%	38.08%
Factory equipment	62.37%	38.08%
Generator	62.37%	38.08%
Work Roll	62.37%	38.08%
Luffing Crane and Jetty construction	62.37%	38.08%
Coil Cart	62.37%	38.08%

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

03.03 Capital work in progress

Property, Plant and Equipment under acquisition was accounted as Capital work-in-progress now transfer to Hydrogen Generation System Plant for NOF project.

03.04 Inventories

Inventories are measured at lower of cost and net realizable 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 IAS-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:

Category	Valuation
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 realizable 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.

03.05 Revenue Recognition

The company has applied IFRS 15 for recognition of revenue from this year.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company sells CR Coil, C.I Sheet and G.P Sheet to its customers. Revenue is recognized when the entity satisfies a performance obligation by transferring the goods to customers at an agreed transaction price.

03.06 Trade Receivables

Trade receivables are initially recognized 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 un-collectability of any amount so recognized.

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

03.07 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 balances are unsecured but considered good and realizable.

03.08 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 profit or loss.

03.09 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.

03.10 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 recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes 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 recognized 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 recognized 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 recognized 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 recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

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 recognized 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 recognizes financial liabilities on the date that are originated.

The company derecognizes 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 recognized 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.

(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 recognized at cost which is the fair value of the consideration. After initial recognition these are carried at amortized cost.

(c) Other Liabilities

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

03.11 Borrowing Cost

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per IAS-23 "Borrowing Costs".

03.12 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.

03.13 Workers' profit participation fund

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

03.14 Provisions and contingencies

A provision is recognized 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.

03.15 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, 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-31 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.

03.16 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognized in profit or loss.

Finance costs comprise interest expenses on borrowing that are recognized 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.

03.17 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.

03.18 Income tax expenses

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss to the extent it relates to items recognized 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 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 recognized in compliance with IAS 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 recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. 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 realized.

03.19 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.

03.20 Leases**03.20.01 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.

03.20.02 Operating lease

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

03.20.03 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 asset/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.

03.21 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.

03.22 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

04.00 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.

05.00 Property, Plant and Equipment

A. Cost

	Amount in Taka	
	30 June 2020	30 June 2019
Opening Balance	5,556,152,574	5,389,302,067
Addition during the year	25,091,022	166,850,507
	5,581,243,596	5,556,152,574
Deletion during the year	-	-
Total Cost	5,581,243,596	5,556,152,574

B. Accumulated Depreciation

Opening Balance	1,219,863,625	1,131,547,458
Charged during the year	74,925,032	88,316,167
	1,294,788,657	1,219,863,625
Adjustments during the year	-	-
Total Depreciation	1,294,788,657	1,219,863,625

Written Down Value (WDV)

4,286,454,939	4,336,288,949
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Details of property, plant and equipment and depreciation as on 30 June 2020 are shown in the note 05.02.

05.01 Operating lease

S. Alam Power Generation Ltd. started commercial operation of 17MW captive power plant in the month of August 2016. But immediately after the commencement of commercial operation, fuel price has been increased by the authority. As a result, electricity that would have been produced by use of high cost fuel will not be feasible. Under such a situation, the management decided not to produce power at such a high cost and exerted efforts for getting permission to get gas line installation to the project for production of electricity. So, the machineries require further development for consumption of cheap fuel like gas. As development is required, borrowing cost of these machineries has capitalized considering the para 20 to 23 of IAS 23 Borrowing cost. Hence interest on loan has been capitalized and added to the machineries.

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

Assets' Category	Cost				Depreciation Rate (%)	Depreciation				Carrying Amount as on 30 June 2020
	Opening Balance as on 01 July 2019	Addition	Disposal/ Adjustment	Closing Balance as on 30 June 2020		Opening Balance as on 01 July 2019	Charged for the year	Adjustment for disposal during the year	Closing Balance as on 30 June 2020	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land-Freehold (14.56 Acres)	75,575,760	-	-	75,575,760	-	-	-	-	-	75,575,760
Land Development	21,416,417	-	-	21,416,417	-	-	-	-	-	21,416,417
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	2,730,975	77,560	-	2,808,535	698,045
Embankment	46,660,074	-	-	46,660,074	20%	43,242,027	683,609	-	43,925,636	2,734,438
	147,158,831	-	-	147,158,831		45,973,002	761,169	-	46,734,171	100,424,660
B. Building:										
Factory Building (Including Leased Assets)	304,368,680	-	-	304,368,680	5%	118,222,336	5,835,284	-	124,057,620	180,311,060
Factory Building (NOF Plant)	263,321,958	-	-	263,321,958	5%	18,987,550	5,526,874	-	24,514,424	238,807,534
General Building	52,760,018	-	-	52,760,018	5%	18,970,422	766,136	-	19,736,558	33,023,460
Coil Ware House	5,467,518	-	-	5,467,518	10%	4,265,427	120,209	-	4,385,636	1,081,882
	625,918,174	-	-	625,918,174		160,445,735	12,248,503	-	172,694,238	453,223,936
C. Plant and machinery										
Capital Machinery	3,864,184,440	9,738,612	-	3,873,923,052	10%	778,017,374	28,409,558	-	806,426,932	3,067,496,121
Capital Machinery (NOF Plant)	626,594,801	-	-	626,594,801	10%	82,276,148	20,727,654	-	103,003,802	523,590,999
	4,490,779,241	9,738,612	-	4,500,517,853		860,293,522	49,137,212	-	909,430,734	3,591,087,120
D. Equipment and appliances:										
Factory Equipment	23,624,889	-	-	23,624,889	10%	10,721,451	746,584	-	11,468,034	12,156,855
Factory Equipment (NOF Plant)	2,296,579	10,333,849	-	12,630,428	10%	292,910	440,061	-	732,970	11,897,458
Hydrogen Generation System Plant (NOF Plant)	44,882,861	772,883	-	45,655,744	10%	612,440	1,721,361	-	2,333,801	43,321,943
Office Equipment	1,666,755	20,148	-	1,686,903	10%	1,033,880	41,029	-	1,074,909	611,994
Guest House Equipment	1,543,095	49,050.00	-	1,592,145	10%	1,215,990	35,627	-	1,251,617	340,528
Computer	3,772,688	-	-	3,772,688	10%	2,022,666	175,002	-	2,197,668	1,575,020
Air Conditioners	7,436,597	-	-	7,436,597	10%	3,560,793	379,416	-	3,940,209	3,496,388
Air Conditioners (NOF Plant)	96,888	370,000	-	466,888	10%	7,273	48,653	-	55,926	410,962
Generator	1,240,000	-	-	1,240,000	10%	802,302	43,770	-	846,072	393,928
Electric Line Installation	3,175,374	-	-	3,175,374	10%	2,477,075	85,130	-	2,562,205	613,169
Electric Line Installation (NOF Plant)	12,851,881	-	-	12,851,881	10%	6,284,991	250,067	-	6,535,058	6,316,823
Gas Line Installation	6,269,154	-	-	6,269,154	10%	3,627,856	248,830	-	3,876,686	2,392,468
Fire Extinguisher	58,100	-	-	58,100	10%	46,335	1,176	-	47,511	10,589
Telephone Line Installation	398,527	-	-	398,527	10%	316,416	8,211	-	324,627	73,900
Grinding Wheel	134,666	-	-	134,666	10%	107,884	2,678	-	110,562	24,104
Water Tank	113,500	-	-	113,500	10%	90,978	2,252	-	93,230	20,270
Work Roll	1,593,025	-	-	1,593,025	10%	1,030,712	56,231	-	1,086,943	506,082
Radiolink and Networking (Factory)	433,880	-	-	433,880	10%	248,962	18,492	-	267,454	166,426
Tools and Tackles	121,238	-	-	121,238	10%	96,108	1,567	-	97,675	23,563
	111,709,697	11,545,930	-	123,255,627		34,597,021	4,306,137	-	38,903,158	84,352,469
E. Furniture and Fixtures										
Furniture and Fixtures	4,394,139	247,862	-	4,642,001	10%	2,735,006	179,708	-	2,914,714	1,727,287
Furniture and Fixtures (NOF Plant)	344,695	168,108	-	512,803	10%	153,079	29,440	-	182,519	330,284
	4,738,834	415,970	-	5,154,804		2,888,085	209,148	-	3,097,233	2,057,571
F. Lifting Crane and Jetty Construction										
	54,948,213	-	-	54,948,213	15%	42,546,760	1,160,218	-	43,706,978	11,241,235
G. Coil Cart										
	9,315,746	-	-	9,315,746	10%	5,148,676	259,900	-	5,408,576	3,907,170
H. Motor vehicles										
	107,413,742	3,390,510	-	110,804,252	20%	64,408,651	6,751,556	-	71,160,207	39,644,045
I. Interior Decoration										
	4,170,096	-	-	4,170,096	15%	3,562,173	91,189	-	3,653,362	516,734
	175,847,797	3,390,510	-	179,238,307		115,666,260	8,262,863	-	123,929,123	55,309,184
30 June 2020	5,556,152,574	25,091,022	-	5,581,243,596		1,219,863,625	74,925,032	-	1,294,788,657	4,286,454,939
30 June 2019	5,389,302,067	166,850,507	-	5,556,152,574		1,131,547,458	88,316,167	-	1,219,863,625	4,336,288,949
Depreciation allocated to:				Note(s)	Basis	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019			
Cost of Sales				25.00	75%	56,193,774	66,237,125			
Administrative Costs				27.00	25%	18,731,258	22,079,042			
					100%	74,925,032	88,316,167			

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
06.00 Capital Work-in-Progress - NOF Project & Power Generation Project			
Opening balance		-	2,400,863
Expense incurred during the year		-	40,764,379
		-	43,165,242
Transferred to property, plant and equipment		-	(43,165,242)
Closing balance		-	-

07.00 Inventories			
Raw Materials	07.01	3,740,491,498	2,553,379,448
Raw Materials-in-Bond items		1,462,655,238	1,165,018,587
Work-in-Process	07.02	791,264,821	843,408,035
Finished Goods	07.03	763,011,878	365,930,502
Stores and Spares		256,518,355	265,556,589
Stock-in-Transit		302,128,416	142,604,821
Lubricant Oil	25.09	1,538,240	1,538,240
HFO	25.10	13,702,500	13,702,500
LFO	25.11	904,764	839,764
		7,332,215,710	5,351,978,486

07.01 Raw Materials					
		30 June 2020		30 June 2019	
		Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil		30,061.02	1,467,298,217	3,010.53	222,369,706
Hydrochloric Acid		5,271.99	32,191,734	5,556.17	34,811,302
TIN Ingot		32.85	67,715,730	37.51	77,326,968
ZINC Ingot		7,401.28	2,039,598,675	7,494.29	2,088,453,520
LEAD Ingot		532.94	118,444,820	536.44	119,222,010
ZINC Alloy		17.85	4,551,189	-	-
Antimony Ingot		-	-	-	-
Chromic Acid		33.30	10,691,133	32.96	11,195,942
			3,740,491,498		2,553,379,448

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
07.02 Work-in-Process			
CR Coil		306,735,856	335,470,575
NOF		484,528,965	507,937,460
		791,264,821	843,408,035
07.03 Finished Goods			
CR Coil		343,297,701	156,569,829
C.I & GP Sheet		419,714,177	209,360,673
		763,011,878	365,930,502
08.00 Sundry Receivables			
Against CR Coil	08.01	1,720,110,983	1,291,999,636
Against C.I and G.P Sheet		86,322,091	892,202,769
Others		1,820,084,732	2,031,288,428
		3,626,517,806	4,215,490,833
08.01 Against CR Coil			
Chemon Ispat Limited		1,331,692,980	956,744,757
S. Alam Steels Limited		381,718,776	335,254,879
Galco Steels (Bangladesh) Ltd.		6,699,227	-
		1,720,110,983	1,291,999,636

		Note(s)	Amount in Taka		
			30 June 2020	30 June 2019	
08.02	The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.				
08.03	Ageing of Accounts Receivables is stated in note 40.01.01 (a).				
09.00	Advances, Deposits and Prepayments				
Advances	09.01	2,244,379,505	2,647,018,672		
Deposits	09.02	16,275,693	15,467,283		
Prepayments	09.03	22,252,328	5,425,578		
		2,282,907,526	2,667,911,533		
09.01	Advances				
Against Supply of Goods		1,414,828,665	2,187,843,280		
Against Salary		2,443,000	2,545,000		
Bank Guarantee Margin		65,609,951	104,209,260		
Advance Income Tax	09.01.01	416,330,156	346,387,703		
VAT current account		342,717,836	-		
Supplementary Tax Current A/C		164,674	164,674		
S.S Enterprise		300,000	300,000		
Others		1,985,223	5,568,755		
		2,244,379,505	2,647,018,672		
09.01.01	Advance Income Tax				
Opening Balance		346,387,703	521,426,119		
Paid During the year		204,441,783	106,432,645		
		550,829,486	627,858,764		
Adjusted with Advance Income Tax		(2,500,000)	(7,500,000)		
		548,329,486	620,358,764		
Prior year Tax Adjustment		(37,962,700)	(142,821,143)		
		510,366,786	477,537,621		
Refund		(94,036,630)	(131,149,918)		
		416,330,156	346,387,703		
09.01.02	Advance Income Tax Refund				
Accounts Year Ended	Assessment Year	Provision for Income Tax	Advance Income Tax Paid at Source	Assessed Final Income Tax by the Income Tax Authority	Advance Income Tax Refund
A	B	C	D	E	F=D-E
30.06.17	2017-2018	2,500,000	134,499,330	40,462,700	94,036,630
Total		2,500,000	134,499,330	40,462,700	94,036,630
09.02	Deposits				
Chittagong City Corporation		4,096,232	4,096,232		
Chittagong Palli Bidyut Samity-1		7,038,000	7,038,000		
Karnaphuli Gas Distribution Co. Ltd.		2,188,403	1,379,993		
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		
		16,275,693	15,467,283		

		Note(s)	Amount in Taka	
			30 June 2020	30 June 2019
09.03	Prepayments			
	Insurance		-	2,066,290
	Internet Service		34,314	40,032
	Interest on MPI		22,218,014	3,319,256
			22,252,328	5,425,578
10.00	Short Term Investment			
	Name of Banks			
	Fixed Deposit Receipts:			
	Islami Bank Bangladesh Limited		41,194,898	38,922,819
			41,194,898	38,922,819
11.00	Cash and Cash Equivalents			
	Cash in Hand	11.01	76,018	80,294
	Cash at Banks	11.02	402,620,050	113,429,158
			402,696,068	113,509,452
11.01	Cash in Hand - note 13.00			
	Head Office		75,988	69,494
	Factory Office		30	10,800
			76,018	80,294
11.02	Cash at Banks- note 11.00			
	Bank	Branch	Account No.	
	AB Bank Ltd.	Agrabad	CD#4101-774707-000	94,939
	Agrani Bank Ltd.	Laldighi	CD#29373	54,441
	Al-Arafah Islami Bank Ltd	Khatungonj	CD# 0091020013952	99,568
	Bank Asia Ltd.	Khatungonj	CD#01333005952	143,917
	Dhaka Bank Ltd.	Khatungonj	CD#0171502235	18,163
	EXIM Bank Ltd.	Khatungonj	CD#00411100004909	337,098
	First Security Islami Bank Ltd.	Khatungonj	SND#13100002884	-
	First Security Islami Bank Ltd.	Khatungonj	SND#13100003008	14,012,657
	First Security Islami Bank Ltd.	Khatungonj	SND#13100002711	37,214
	First Security Islami Bank Ltd.	Khatungonj	SND#1310002792	18,313
	First Security Islami Bank Ltd.	Anderkill	CD#13411100003882	71,366,829
	First Security Islami Bank Ltd.	Khatungonj	CD#010211100009425	7,367
	IFIC Bank Ltd.	Khatungonj	CD#0170184017001	31,707
	Islami Bank Bangladesh Ltd.	Khatungonj	CD#10601002130	5,115,271
	Jamuna Bank Ltd.	Jubilee Road	CD#00190211002260	10,886
	Janata Bank Ltd.	Shadharan Bima Corp	CD#001031259	300,434,947
	Janata Bank Ltd.	Shadharan Bima Corp	CD#001031226	17,219
	Mercantile Bank Ltd.	Khatungonj	CD#011211100005747	19,194
	National Bank Ltd.	Khatungonj	CD#0002-33069282	88,463
	National Bank Ltd.	Khatungonj	CD#1002000515781	2,975
	NRB Global Bank Ltd.	Khatungonj	CD#0111100219390	269,238
	Pubali Bank Ltd.	Khatungonj	CD#0642901085670	53,729
	Rupali Bank Ltd.	O.R Nizam	CD#1552020006497	346,899
	Rupali Bank Ltd.	O.R Nizam	SND#1552024000134	111,897
	Rupali Bank Ltd.	Local Office	CD# 0018020010320	99,367
	Southeast Bank Ltd.	Principal Office, Dhaka	CD#11100036055	101,707
	Social Islami Bank Ltd.	Khatungonj	CD#0141330020285	692,198
	The City Bank Ltd.	Khatungonj	CD#1101002163001	20,539
	Union Bank Ltd.	Khatungonj	CD#0101010000801	8,837,802
	Union Bank Ltd.	Gulshan	CD#0021010001342	42,090
	Uttara Bank Ltd.	Khatungonj	CD#015812221999319	133,416
			402,620,050	113,429,158

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
12.00 Share Capital			
Authorised capital:			
350,000,000 Ordinary Shares of Tk. 10 each		3,500,000,000	3,500,000,000
		3,500,000,000	3,500,000,000
Issued, Subscribed, Called up and Paid up capital:			
98,371,100 Ordinary Shares of Tk.10 each fully paid		983,711,000	983,711,000
		983,711,000	983,711,000

12.01 Shareholding position

Name of shareholders	As at 30 June 2020		As at 30 June 2019	
	% of Holding	Number of Shares of Tk. 10 each	% of Holding	Number of Shares of Tk. 10 each
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2.34%	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	2.00%	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	2.00%	1,967,430
S. Alam Steels Ltd.	18.74%	18,431,940	18.74%	18,431,940
S. Alam Cement Ltd.	9.37%	9,215,960	9.37%	9,215,960
S. Alam Hatchery Ltd.	9.37%	9,215,960	9.37%	9,215,960
S. Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2.34%	2,303,980
S. Alam Vegetable Oil Ltd.	2.34%	2,303,980	2.34%	2,303,980
Bangladesh Fund	5.37%	5,286,146	5.37%	5,286,146
ABIL-IDA	0.00%	-	0.25%	250,000
ICB Unit Fund	1.18%	1,163,138	1.18%	1,163,138
ICB	4.57%	4,493,269	4.57%	4,493,269
Others	40.38%	39,717,887	40.12%	39,467,887
	100.00%	98,371,100	100.00%	98,371,100

12.02 Classification of shares by holding

Class by number of shares	No. of Holders	No. of Shares	% of Holding
Not more than 500	2,781	441,532	0.45%
From 501 to 5,000	3,238	5,618,561	5.71%
From 5,001 to 10,000	368	2,749,145	2.79%
From 10,001 to 20,000	236	3,494,478	3.55%
From 20,001 to 30,000	70	1,762,302	1.79%
From 30,001 to 40,000	24	821,924	0.84%
From 40,001 to 50,000	23	1,013,622	1.03%
From 50,001 to 100,000	42	3,144,681	3.20%
From 100,001 to 1,000,000	51	16,911,914	17.19%
From 1,000,001 and above	13	62,412,941	63.45%
	6,846	98,371,100	100.00%

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
13.00 Long Term Loan			
Due within one year	19.01	-	394,896,000
Due more than one year	13.01	-	1,038,924,676
		-	1,433,820,676

		Note(s)	Amount in Taka	
			30 June 2020	30 June 2019
13.01	Rupali Bank Limited			
	Term Loan Account No. 1552067000014	13.01.01	-	8,581,931
	Term Loan Account No. 1552067000015	13.01.02	-	8,563,423
	Project Loan: SAPGL	13.02	-	1,021,779,322
			<u>-</u>	<u>1,038,924,676</u>
13.01.01	Loan Account No. 1552067000014			
	Opening balance		8,581,931	28,000,289
	Loan received during the year		-	-
	Interest charged during the year		99,288	1,569,642
	Other charges during the year		12,000	12,000
			<u>8,693,219</u>	<u>29,581,931</u>
	Payment during the year		(8,693,219)	(21,000,000)
			<u>-</u>	<u>8,581,931</u>
	Current portion of term loan		-	-
	Closing balance		<u>-</u>	<u>8,581,931</u>
13.01.02	Term Loan Account No. 1552067000015			
	Opening balance		403,459,423	564,467,133
	Loan received during the year		-	-
	Interest charged during the year		22,496,917	45,887,290
	Other charges during the year		25,000	25,000
			<u>425,981,340</u>	<u>610,379,423</u>
	Payment during the year		(425,981,340)	(206,920,000)
			<u>-</u>	<u>403,459,423</u>
	Current portion of term loan		-	(394,896,000)
	Closing balance		<u>-</u>	<u>8,563,423</u>
13.02	Project loan			
	Due within one year		-	-
	Due after more than one year	13.02.01	-	1,021,779,322
			<u>-</u>	<u>1,021,779,322</u>
13.02.01	Janata Bank Limited Loan Account No. 690000102			
	Opening Balance		1,021,779,322	1,086,505,176
	Add: Loan received during the year		-	-
	Add: Interest charged during the year		9,913,612	91,874,146
			<u>1,031,692,934</u>	<u>1,178,379,322</u>
	Less: Payment during the year		1,031,692,934	156,600,000
			<u>-</u>	<u>1,021,779,322</u>
	Less: Current portion of term loan		-	-
			<u>-</u>	<u>1,021,779,322</u>
14.00	Trade Creditors			
	Liability against Deferred LC		3,916,245,883	2,724,584,803
	Customs Authority-Inbond Duty		349,082,903	237,575,902
	Sundry Creditors	14.01	142,567,686	132,925,345
			<u>4,407,896,472</u>	<u>3,095,086,050</u>
14.01	These represent amount (Sundry creditors) payable to various local parties against supply of Materials (HCL), Packing material and Spare parts.			

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
15.00 Short Term Liabilities			
Short Term Bank Loan (LTR)	15.01	2,108,007,960	2,246,643,292
Loan against PAD, MPI & Bai-Muazzal Hypo	15.02	8,401,690,500	6,908,434,837
		10,509,698,460	9,155,078,129
15.01 Short Term Bank Loan (LTR)			
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.		2,108,007,960	2,246,643,292
		2,108,007,960	2,246,643,292
15.02 Loan against PAD, MPI & Bai-Muazzal Hypo			
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)		5,246,145,635	5,157,079,001
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI)		411,269,866	217,755,835
Exim Bank Ltd. , Khatungonj Branch, Ctg (Bia-Muazzal Hypo)		1,938,739,999	1,533,600,001
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (Bai-Murabaha)		805,535,000	-
		8,401,690,500	6,908,434,837

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
LC/PAD/ LTR/ CC (Hypo)	650	9.00%

Security:

LC/Bill of Lading , corporate guarantee & personal guarantee of all directors.

15.03.02 Lender: Islami Bank Bangladesh Ltd., Khatungonj Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
TR with LC & BG	1250	9.00%

Security:

- i) Post dated cheque, corporate guarantee & personal guarantee of all directors.
- ii) Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.
- iii) 100% registered mortgage of land and project building situated in Shikalbaha, Chattogram, Bangladesh.

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	502	12.00%

Security:

- i) Post dated cheque, corporate guarantee & personal guarantee of all directors.
- ii) Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
16.00 Liabilities for Expenses			
Audit Fee		450,000	450,000
Chittagong Palli Bidyut Samity		9,490,293	-
Karnaphuli Gas Distribution Co. Ltd.		915,927	1,308,310
Salary and Allowances		9,354,476	8,896,842
Telephone and Mobile Charges		21,705	36,218
Liason Office Expenses		16,412	27,222
Against C & F		105,839	151,919
Transportation		402,500	692,300
Karnaphuli Filling Station Limited		336,380	845,988
Against Store and Spare		1,951,498	1,608,970
Sundry Creditors		38,140	95,488
VAT Payable		15,000	15,000
		23,098,170	14,128,257
17.00 Advance against Sales		1,751,913	14,642,547
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them on or before the reporting date.			
18.00 Due to Affiliated Companies		372,186,950	341,092,047
19.00 Long Term Loan-Current Portion			
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 July, 2020 and consist of as follows:			
Term loan	19.01 & 13.00	-	394,896,000
		-	394,896,000
19.01 Term Loan (Payment within one year)	13.00		
Rupali Bank Limited			
Term Loan Account No. - 1552067000014		-	-
Term Loan Account No. - 1552067000015		-	394,896,000
		-	394,896,000
20.00 Liability against Unclaimed Dividend			
Opening Balance		34,809,023	32,455,465
Dividend declared during the year		98,371,100	98,371,100
		133,180,123	130,826,565
Dividend paid		(97,293,444)	(96,017,542)
Closing Balance		35,886,679	34,809,023
The break up of unclaimed dividend is given below:			
Unclaimed dividend on Ordinary Share	20.01	34,388,727	33,311,071
Unclaimed dividend on Convertible Preference Share		1,497,952	1,497,952
		35,886,679	34,809,023
21.00 Provision for Income Tax			
For Current Tax	21.01	190,259,332	158,325,641
For Deferred Tax	21.02	316,146,697	318,791,984
		506,406,029	477,117,625

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
21.01 Provision for Current Tax			
Opening balance		158,325,641	72,065,334
Provision made during the year		34,433,691	93,760,307
		192,759,332	165,825,641
Adjusted during the year	21.01.02	(40,462,700)	(150,321,143)
		152,296,632	15,504,498
Prior Year Tax adjustment	21.01.03	37,962,700	142,821,143
Closing balance	21.01.04	190,259,332	158,325,641

	Note(s)	Amount in Taka 30 June 2020	Rate (%)	Tax Liability in Taka 30 June 2020
21.01.01 Computation of Tax Liability				
Head of Income				
Business Income	21.01.01.01	130,219,748	25%	32,554,937
Income from other sources		7,515,015	25%	1,878,754
Total Income & Tax Liability		137,734,763		34,433,691
Tax Payable				34,433,691
Less: Tax already paid				
Tax deducted at source on different stage				-
Tax Payable / (Refundable) as per Return				34,433,691

21.01.01.01 Computation of Business income (U/S - 28)

Profit before Income Tax	128,313,230
Add: Inadmissible Items	
Accounting Decreciation	71,767,924
Excess perquisite	3,702,362
Provision for Worker's Profit Participation & Welfare Fund	6,753,328
Miscellaneous Expenses	1,542,993
	83,766,607
Profit before admissible items	212,079,837
Less: Deductable items	
Income from other sources	7,515,015
Fiscal (Tax) depreciation	61,186,777
Payment for Worker's Profit Participation & Welfare Fund	13,158,297
	81,860,089
Total Taxable Profit	130,219,748

21.01.04 Year Wise Provision for Current Tax is as follows

Accounting Year	Assessment Year	Amount in Taka
30 June 2018	2018-2019	47,898,186
30 June 2019	2019-2020	93,760,307
30 June 2020	2020-2021	34,433,691
TOTAL :		176,092,184

	30 June 2020		30 June 2019	
	Rate	Amount	Rate	Amount
21.01.05 Reconciliation of effective tax rate				
Profit before tax	-	128,313,230	-	346,458,872
Total income tax expenses	26.84%	34,433,691	27.06%	93,760,307
Factors affecting the tax rate charge:				
Tax using the applicable rate	25.00%	32,078,308	25.00%	86,614,718
Difference between accounting and fiscal depreciation	2.06%	2,645,287	0.88%	3,037,593
Inadmissible expenses	-0.95%	(1,215,494)	0.85%	2,949,283
Effect of taxable perquisit	0.72%	925,591	0.33%	1,158,713
	26.84%	34,433,691	27.06%	93,760,307

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
21.01.02 Adjusted during the year			
Tax paid in cash		-	-
Adjusted with Advance Income Tax		40,462,700	150,321,143
		40,462,700	150,321,143

Year wise Income Tax assessment status is as follows:

Accounting Year	Assessment Year	Present Status
30 June 2017 and earlier years	2017-2018 and earlier years	Assessment Completed
30 June 2018	2018-2019	Assessment with 1st Appeal Completed and 2nd Appeal under process to complete
30 June 2019	2019-2020	Income Tax Return submitted and under process to complete Assessment

Tax liability for the year under audit shall be adjusted against established refund / advance payment upon receipt of assessment order and demand note (IT - 15).

21.01.03 Prior year tax adjustment

Accounts Year Ended	Assessment Year	Provision for Income Tax	Assessed Final Income Tax by Income Tax Authority	Prior Year Tax to Adjust with Current Income Tax
30.06.2017	2017-2018	2,500,000	40,462,700	37,962,700
Total		2,500,000	40,462,700	37,962,700

During the financial year 2016-17, provision for income tax for the year 2016-17 was provided eventually for an amount of Tk 2,500,000 which was substantially short fall the actual tax liability for the same year. During this year the assessment of the income year 2016-17 has completed as tax liability for the year stals Tk 40,462,700; thus a shortfall of provision for the tax arises for an amount of Tk 37,962,700 .This shortfall has been adjusted by providing additional provision for tax during this year.

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
21.02 Provision for Deferred Tax			
Opening Balance		318,791,984	320,370,886
		318,791,984	320,370,886
Provision realized during the year		(2,645,287)	(1,578,902)
Closing balance		316,146,697	318,791,984

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable / (Deductible) Temporary Difference (Taka)
Calculation of Deferred Tax			
A. As on 30 June 2020:			
Property, Plant and Equipment (Except Land)	1,510,962,811	246,376,024	1,264,586,787
Applicable Tax Rate			25%
			316,146,697
B. As on 30 June 2019:			
Property, Plant and Equipment (Except Land)	1,567,378,325	292,210,391	1,275,167,934
Applicable Tax Rate			25%
			318,791,984
Provision made/(realized) during the year (A-B)			(2,645,287)

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
22.00 Provision for Workers' Profit Participation & Welfare Fund			
Opening balance		117,992,748	99,881,624
Accrued interest on WPP and WF		10,023,203	7,485,668
Provided during the year @ 5% on net profit before tax		6,753,328	18,234,677
		16,776,531	25,720,345
		134,769,279	125,601,969
Paid during the year		(13,158,297)	(7,609,221)
Closing Balance		121,610,982	117,992,748

As per the Section 234 of Bangladesh Labour Act, 2006 (Amendment in 2013), the company has distributed the proportionate amount to its beneficiaries of the fund within the stipulated time period. As per Section 240 of the Bangladesh Labour Act, 2006 (as amended in 2013), the company has applied Accrued interest on the outstanding balance of payable to 'WPP & WF'.

23.00 Other Liabilities			
Income Tax deducted at source from salary		194,616	228,885
Income Tax deducted at source-others		24,628	35,056
Against Right share application		24,000	24,000
Against share application money (IPO)		374,455	374,455
		617,699	662,396

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
24.00 Revenue (Net of VAT)			
CR Coil		1,802,867,908	1,587,122,550
C.I Sheet		2,024,377,922	3,058,406,291
G.P Sheet		34,313,642	43,861,279
Scrap		223,441,575	481,430,170
		4,085,001,047	5,170,820,290
25.00 Cost of Sales			
Opening stock of raw materials		2,569,459,952	4,364,909,635
Purchased during the year		4,564,097,620	2,833,952,694
		7,133,557,572	7,198,862,329
Closing stock of raw materials		(3,756,637,002)	(2,569,459,952)
Cost of raw materials consumed		3,376,920,570	4,629,402,377
Add: Manufacturing Expenses:			
Power (Electricity)		148,441,354	135,756,133
Gas		13,683,711	12,958,025
Fuel and Lubricants- Factory Generator		1,986,907	2,078,050
Factory overhead - (Note 27.12)		142,324,968	146,594,726
Consumption of Stores and Spares		59,437,269	121,274,500
Consumption of Packaging materials		877,473	220,682
Consumption of other chemicals		-	775,148
Depreciation	05.00	56,193,774	66,237,125
		422,945,456	485,894,389
Cost of Goods Manufactured		3,799,866,026	5,115,296,766
Add : Opening stock of WIP (CR)		335,470,575	110,626,206
Opening stock of WIP (NOF)		507,937,460	19,371,500
Less: Closing stock of WIP (CR)		306,735,856	335,470,575
Closing stock of WIP (NOF)		484,528,965	507,937,460
		3,852,009,240	4,401,886,437
Add : Opening stock of finished goods (CR)		156,569,829	9,980,771
Opening stock of finished goods (NOF)		209,360,673	319,120,968
Less: Closing stock of Finished Goods (CR)		343,297,701	156,569,829
Closing stock of finished goods (NOF)		419,714,177	209,360,673
Cost of Sales		3,454,927,864	4,365,057,674
25.01 Raw Materials - H.R Coil			
Opening stock		222,369,706	1,843,806,927
Add : Purchased during the year		4,105,580,336	2,047,903,975
		4,327,950,042	3,891,710,902
Less: Closing stock		1,467,298,217	222,369,706
Cost of H.R Coil consumed		2,860,651,825	3,669,341,196
25.02 Raw Materials - Hydrochloric Acid			
Opening stock		34,811,302	36,940,496
Add : Purchased during the year		6,067,220	6,896,070
		40,878,522	43,836,566
Less: Closing stock		32,191,734	34,811,302
Consumption of Hydrochloric Acid		8,686,788	9,025,264

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
25.03 Raw Materials - TIN Ingot			
Opening stock		77,326,968	76,398,474
Add : Purchased during the year		-	10,131,012
		77,326,968	86,529,486
Less: Closing stock		67,715,730	77,326,968
Consumption of TIN Ingot		9,611,238	9,202,518
25.04 Raw Materials - ZINC Ingot			
Opening stock		2,088,453,520	2,215,364,845
Add : Purchased during the year		419,938,740	761,318,275
		2,508,392,260	2,976,683,120
Less: Closing stock		2,039,598,675	2,088,453,520
Consumption of ZINC Ingot		468,793,585	888,229,600
25.05 Raw Materials - LEAD Ingot			
Opening stock		119,222,010	120,337,457
Add : Purchased during the year		-	-
		119,222,010	120,337,457
Less: Closing stock		118,444,820	119,222,010
Consumption of Lead Ingot		777,190	1,115,447
25.06 Raw Materials - ZINC Alloy			
Opening stock		-	41,151,395
Add : Purchased during the year		28,000,254	1,389,534
		28,000,254	42,540,929
Less: Closing stock		4,551,189	-
Consumption of ZINC Alloy		23,449,065	42,540,929
25.07 Raw Materials - Antimony Ingot			
Opening stock		-	3,637,662
Add : Purchased during the year		3,424,331	4,803,828
		3,424,331	8,441,490
Less: Closing stock		-	-
Consumption of Antimony Ingot		3,424,331	8,441,490
25.08 Raw Materials - Chromic Acid			
Opening stock		11,195,942	11,451,875
Add : Purchased during the year		1,021,739	1,250,000
		12,217,681	12,701,875
Less: Closing stock		10,691,133	11,195,942
Consumption of Chromic Acid		1,526,548	1,505,933
25.09 Lubricant Oil Consumed			
Opening stock		1,538,240	1,538,240
Add : Purchased during the year		-	-
		1,538,240	1,538,240
Less: Closing stock		1,538,240	1,538,240
Consumption of Lubricant Oil		-	-

Note(s)	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
25.10 HFO Consumed		
Opening stock	13,702,500	13,702,500
Add : Purchased during the year	-	-
	13,702,500	13,702,500
Less: Closing stock	13,702,500	13,702,500
Consumption of HFO	-	-
25.11 LFO Consumed		
Opening stock	839,764	579,764
Add : Purchased during the year	65,000	260,000
	904,764	839,764
Less: Closing stock	904,764	839,764
Consumption of LFO	-	-
25.12 Factory Overhead		
Salaries and Allowances	125,221,515	103,309,071
Insurance Expenses	2,066,290	17,137,549
Medical & Welfare Expenses	702,100	1,650,932
Labour Charges	2,201,054	1,725,856
Repairs and Maintenance	3,667,980	11,366,663
Carrying Charges-Raw Materials	1,607,849	1,149,627
Uniform and Liveries	67,401	124,974
Transportation	2,479,400	2,793,350
Printing & Stationery	172,762	353,901
Canteen Expenses - Factory	215,936	228,011
Telephone and Internet Charges	359,890	384,926
Miscellaneous Expenses	1,341,600	918,118
Registration and Renewal	618,187	3,753,331
Rent, Rates and Taxes	70,000	40,994
Travelling and Conveyance	278,098	323,309
Vehicle Maintenance	1,254,906	1,334,114
	142,324,968	146,594,726
26.00 Selling and Distribution Costs		
Advertisement	2,163,962	539,031
	2,163,962	539,031
27.00 Administrative Costs		
Salaries and Allowances	19,125,338	17,074,545
Depreciation	18,731,258	22,079,042
Canteen Expenses	429,654	543,386
Fees and Renewals	1,153,995	1,440,284
Guest House Expenses	474,526	490,763
Legal and Professional Expenses	2,000,000	1,396,750
Liaison Office Expenses	114,616	115,948
Office Maintenance Expenses	295,647	1,653,258
Liaison Office Rent	428,607	433,422

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Office Decoration		15,960	43,890
Stationery Expenses		439,122	310,601
Registration and Renewal		64,038	35,000
Rent, Rates and Taxes		201,882	217,976
Telephone and Internet Expenses		191,768	183,384
Travelling and Conveyance Expenses		200,045	208,471
Vehicle Maintenance		874,869	2,145,059
Management Meeting and Conference		2,106,715	2,308,881
Electricity Expenses		364,523	446,171
Miscellaneous Expenses		402,410	293,762
Advertisement and Publications		-	178,383
Audit Fees		450,000	450,000
Consultancy		125,921	97,252
		48,190,894	52,146,228
28.00 Other Income			
Miscellaneous Income		-	833
		-	833
29.00 Finance Costs			
Bank Charges		1,050,499	714,050
Interest on Term Loan		419,346,279	47,456,932
Interest on LTR		22,633,205	349,277,097
Interest on WPP & WF		10,023,203	7,485,668
Bank Guarantee Commission		6,143,605	3,207,369
		459,196,791	408,141,116
30.00 Finance Income			
Interest Income from MTDR		6,774,438	7,472,399
Interest on STD/SND		500,570	361,209
Interest Income from FDR		240,007	759,371
		7,515,015	8,592,979
31.00 Basic Earnings Per Share (EPS)			
Profit attributable to the ordinary shareholders		53,641,121	103,641,876
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Basic Earnings Per Share (EPS)		0.55	1.05
32.00 Net Asset Value Per Share (NAV)			
Total Assets		17,971,986,947	16,724,102,072
Less: Total Liabilities		16,102,245,500	14,809,630,646
Net Asset Value (NAV)		1,869,741,447	1,914,471,426
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Net Asset Value Per Share (NAV)		19.01	19.46

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
32.00 Net Asset Value Per Share (NAV)			
Total Assets		17,971,986,947	16,724,102,072
Less: Total Liabilities		16,102,245,500	14,809,630,646
Net Asset Value (NAV)		1,869,741,447	1,914,471,426
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Net Asset Value Per Share (NAV)		19.01	19.46

33.00 Net Operating Cash Flow Per Share

Amount in Taka		
	30 June 2020	30 June 2019
Cash flows from operating activities	903,607,175	49,650,312
Number of ordinary shares outstanding during the year	98,371,100	98,371,100
Net Operating Cash Flow Per Share	9.19	0.50

34.00 Reconciliation of net income with cash flows from operating activities

Amount in Taka		
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Net profit After Tax	51,532,119	100,292,828
Adjustment for non-cash items:		
Depreciation	74,925,032	88,316,167
	126,457,151	188,608,995
Adjustment for non-operating items:		
Cash Paid for Financial Expenses	449,173,588	400,655,448
Finance Income	(7,515,015)	(8,592,979)
Other Income	-	(833)
Adjustment for Provision of Deferred Tax	(2,645,287)	(1,578,902)
Adjutment for changes in accruals:		
(Increase)/ Decrease in Accounts Receivable	588,973,027	(1,905,030,348)
(Increase)/ Decrease in Inventory	(1,980,237,224)	(72,665,777)
(Increase)/ Decrease in Advances, Deposits & Prepayments except AIT	492,909,160	(796,691,943)
Increase/(Decrease) - Advance against sales	(12,890,634)	7,522,658
Increase/(Decrease) in Trade Payable	1,312,810,421	2,108,592,303
Increase/(Decrease) in Other Liabilities	(44,697)	(128,115)
Increase/(Decrease) in Liabilities for Expenses	8,969,913	(7,628,899)
Excess of WPPF & WF provision over payment	3,618,234	18,111,124
Excess of Tax provision over adjustment	31,933,691	86,260,307
Excess of AIT adjusted with Tax over payment	(201,941,783)	(98,932,645)
AIT Refund	94,036,630	131,149,918
Net cash (used in)/generated by operating activities	903,607,175	49,650,312

35.00 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.

36.00 Quantitative Movement of Inventories

36.01 Raw Materials:

Opening Stock

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
M.Ton	M.Ton
3,010.53	31,272.92
5,556.17	5,833.17
37.51	36.97
7,494.29	8,409.28
536.44	541.46
-	110.08
-	4.24
32.96	32.23
16,667.90	46,240.35

Add: Purchased during the year

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

75,107.85	26,746.44
1,125.87	1,160.57
-	5.00
1,595.79	2,293.99
-	-
109.80	-
5.00	5.00
5.00	5.00
77,949.31	30,216.00
94,617.21	76,456.35

Raw materials available for consumption

Less: Consumed

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

48,057.36	55,008.24
1,410.05	1,437.57
4.66	4.46
1,688.80	3,208.98
3.50	5.02
91.95	110.08
5.00	9.24
4.66	4.27
51,265.98	59,787.86

Closing Stock

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

30,061.02	3,010.53
5,271.99	5,556.17
32.85	37.51
7,401.28	7,494.29
532.94	536.44
18	-
-	-
33.30	32.96
43,351.23	16,667.90

36.02 Finished Goods:

i) In Cold Rolled Plant

Opening stock
Add : Produced during the year

1,808	148
48,749	50,161
50,557	50,309

	Amount in Taka	
	30 June 2020	30 June 2019
Sundry Receivables	3,626,517,806	4,215,490,833
Cash and Cash Equivalents	402,696,068	113,509,452
Short term Investment	41,194,898	38,922,819
	4,070,408,772	4,367,923,104

(a) Sundry 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:

0 - 90 days	882,776,365	558,484,519
91 - 180 days	959,219,948	1,675,453,559
181 - 365 days	1,784,521,493	1,981,552,755
	3,626,517,806	4,215,490,833

(b) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 402,696,068 at 30 June 2020 (2019: Tk. 113,509,452), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

38.02 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:

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
<u>Non-derivative financial liabilities:</u>			
<u>As at 30 June 2020</u>			
Trade creditors	4,407,896,472	4,407,896,472	4,407,896,472
Liabilities for expenses	23,098,170	23,098,170	23,098,170
Other liabilities	617,699	617,699	617,699
	4,431,612,341	4,431,612,341	4,431,612,341
<u>As at 30 June 2019</u>			
Trade creditors	3,095,086,051	3,098,260,530	3,098,260,530
Liabilities for expenses	14,128,257	10,695,923	10,695,923
Other liabilities	662,396	662,397	662,397
	3,109,876,704	3,109,618,850	3,109,618,850

38.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates 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:

38.03.01 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 June 2020, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2020		30 June 2019	
	US\$	Taka	US\$	Taka
Exposure to currency risk				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (LC liability)	46,287,892	3,916,245,883	32,567,668	2,724,584,803
	46,287,892	3,916,245,883	32,567,668	2,724,584,803
Net exposure	46,287,892	3,916,245,883	32,567,668	2,724,584,803

The following significant exchange rate is applied during the year:

US dollar	84.61	83.66
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38.03.02 Transaction risk

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

38.03.03 Economic risk

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

38.03.04 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.

39.00 Operating Segments :

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

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

Information about reportable segments	30 June 2020				30 June 2019			
	Cold Rolled	NOF	Power	Total	Cold Rolled	NOF	Power	Total
External Revenues :								
Local Sales	1,802,867,908	2,058,691,564	-	3,861,559,472	1,587,122,550	3,102,267,570	-	4,689,390,120
Scrap Sales	164,361,728	59,079,847	-	223,441,575	387,800,340	93,629,830	-	481,430,170
Total External Sales and Reportable Segment Revenue	1,967,229,636	2,117,771,411	-	4,085,001,047	1,974,922,890	-	-	5,170,820,290
Cost of sales	1,646,230,069	1,803,478,004	5,219,791	3,454,927,864	1,547,118,150	2,809,174,021	8,765,503	4,365,057,674
Gross Profit	320,999,567	314,293,407	(5,219,791)	630,073,183	427,804,740	386,723,379	(8,765,503)	805,762,616
% of Gross Profit before Tax	16.32	14.84	-	15.42	21.66	12.10	-	15.58
Reportable Segment Profit before Tax	59,388,635	68,924,595	(7,030,007)	121,283,223	121,513,037	224,945,835	(11,163,496)	335,295,376
% of Net Profit before Tax on sales	3.05	3.28	-	2.97	6.15	7.04	-	6.48
Other income	-	-	-	-	833	-	-	833
Finance income	3,607,207	3,907,808	-	7,515,015	8,592,979	-	-	8,592,979
Finance costs	220,323,425	238,683,711	189,656	459,196,792	268,424,036	139,710,839	6,241	408,141,116
Depreciation & Amortisation	43,906,725	27,861,199	3,157,107	74,925,031	45,627,667	39,180,602	3,507,897	88,316,166
Share of Profit/ (Loss) of Non-Controlling Interest-Net of Tax	-	-	(2,109,002)	(2,109,002)	-	-	(3,600,978)	(3,600,978)
Reportable Segment Assets	13,189,988,547	4,112,592,315	669,406,085	17,971,986,947	8,104,929,552	6,833,874,338	1,784,458,449	16,723,262,339
Capital Expenditure	11,644,840	3,707,570	9,738,612	25,091,022	7,066,835	44,882,861	114,900,811	166,850,507
Reportable Segments Liabilities	15,544,025,400	169,759,023	265,368,931	15,979,153,354	12,274,301,699	91,742,398	2,318,385,401	14,684,429,498

Amount in Taka	
30 June 2020	30 June 2019

39.01 Reconciliation of Reportable Segments-note 39.00

Liabilities

Total Liabilities for reportable segments

Total liabilities

15,979,153,354	14,684,429,498
15,979,153,354	14,684,429,498

40.00 Production Capacity

30 June 2020	30 June 2019
M.Ton	M.Ton

SACRSL Plant:

Installed Capacity (In M.Ton)

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

Capacity utilised (%)

120,000	120,000
74,844.81	71,706.92
62.37%	59.76%

NOF Plant:

Installed Capacity (In M.Ton)

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

Capacity utilised (%)

72,000	72,000
27,419.10	39,236.08
38.08%	54.49%

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	
Below 3,000	-	-	-	-	-	-	-
3,000 and Above	15	8	6	80	36	241	386
For the year ended 30 June 2020	15	8	6	80	36	241	386
For the year ended 30 June 2019	15	7	6	83	37	232	380

41.00 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 June 2020, there were 06 (Six) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

Sl. No.	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
01	Mr. Abdus Samad	Chairman	6	6	8,000	48,000
02	Mr. Osman Gani	Managing Director	6	6	8,000	48,000
03	Mr. Mohammad Saiful Alam	Director	6	6	8,000	48,000
04	Mr. Mohammed Shah Jahan	Director (ICB Nominee)	6	0	8,000	-
05	Ms. Halima Begum	Director (SAVOL Nominee)	6	4	8,000	32,000
06	Mr. Md. Rafique Ullah	Director (ICB Nominee)	6	5	8,000	40,000
07	Mr. Sampad Kumar Basak FCA	Independent Director	6	6	8,000	48,000
08	Mr. Md. Enayet Ullah FCA	Independent Director	6	1	8,000	8,000

42.00 Capital Commitment
The company had no capital commitment at the reporting date.

43.00 Auditors Remuneration
Audit fee

Amount in Taka	
30 June 2020	30 June 2019
450,000	450,000
450,000	450,000

44.00 Remuneration of MD, Managers and Officers:

44.01 Remuneration:

	Amount in Taka July 2019 to June- 2020				Amount in Taka July 2018 to June 2019		
	MD	Managers	Officers		MD	Managers	Officers
Salary, Allowances	-	28,224,749	16,800,664	-	32,409,888	10,859,148	
House Rent Allowance:							
House Rent	-	7,056,187	4,200,166	-	8,102,472	2,714,787	
Other Utilites	-	21,168,562	12,600,498	-	24,307,416	8,144,361	
	-	28,224,749	16,800,664	-	32,409,888	10,859,148	
Leave Encashment	-	-	-	-	-	-	-
Provident fund	-	-	-	-	-	-	-
	-	28,224,749	16,800,664	-	32,409,888	10,859,148	
Number of Employee	-	28	35	-	28	25	

44.02 House Rent Accommodation : Managers and Officers are paid in cash with monthly salary as House Rent Allowance.

44.03 Transport : Senior Officials are provided company's car with free of cost subject to limit.

44.04 Telephone : Monthly mobile bill is paid in cash subject to limit.

44.05 Medical : Manager and Officers are paid in cash with monthly salary as Medical Allowance.

44.06 Remuneration : The Managing Director and Directors are not paid any remuneration except Fee of Board of Directors' Meeting.

45.00 Key Management Personnel Compensation

In accordance with the para 17 of IAS 24 related party disclosure: during the year the amount of compensation paid to key management personnel including Board of Director is as follows:

	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Short term employee benefits	-	-
Post employment benefits	1,448,846	669,101
Others long term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	1,448,846	669,101

46.00 Related Party Transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and balances as on reporting date have been set in accordance with the provisions of IAS-24.

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

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2020
S. Alam Vegetable Oil Ltd.	Affiliated Company	Short Term Loan	118,420,000 (Cr.)
Karnaphuli Prakritik Gas Ltd.	Affiliated Company	Short Term Loan	2,765,350 (Cr.)
S. Alam Steels Ltd.	Trade Debtor	Trade Debtor	381,718,776 (Dr.)
Genesis Textile Accessories & Apparels Ltd.	Connected Company	Short Term Loan	1,000,000 (Cr.)
S. Alam Refined Sugar Industries Ltd.	Connected Company	Short Term Loan	250,000,000 (Cr.)
S. Alam Steels Ltd.	Connected Company	Short Term Loan	1,600 (Cr.)

47.00 Events After The Reporting Period

The Board of Directors in their meeting held on 21.10.2020 recommended 10% cash dividend for the year 2020.

48.00 Effect of COVID-19 on the financial statements:

The assessment of COVID-19 impact has been done based on the following issues:

- A. Assessment of going concern assumption**
- B. Valuation of inventories**
- C. Government stimulus packages**

A. Assessment of going concern assumption:

The Management of SACRSL has reviewed all relevant indicators to assess the company's ability to continue as a going concern under COVID-19 situation and has found that at present it assumes no going concern problem.

Cash flow forecasts are sufficient to support going concern basis

Cash flow forecasting is one of the most important procedures that we should use and perform to assess the going concern problem.

A positive cash flow forecast for the next 12 months has indicated that the entity will have sufficient liquid assets to be able to meet its debts.

B. Valuation of inventories

As per IAS-2 inventories should be measured at lower of cost and net realizable value. As the selling price of finished goods and raw materials were not reduced after balance sheet date, no written down of value is required.

C. Government stimulus packages

The Government of Bangladesh has announced a number of economic stimulus packages including reduced interest rate and extended repayment time for loan. In this regard we have no adverse impact rather we have enjoyed additional payment period to make payment of the due loans in favor of the company.

Assessment:

Due to outbreak of COVID-19, the sales revenue was reduced during the last four months of the financial year (March 2020 to June 2020). It has adversely affected the profitability during the year 2019-2020 and as a result, the profit for the year 2019-20 is lower than the prior year (2018-19). But it is observed that after the balance sheet date, despite of the existence of COVID-19, the revenue is increasing and showing a trend like before COVID-19 situation.

49.00 Significant Deviation in Earning per Share (EPS):

Short provision of Income Tax charged during the period to the Statement of Profit or Loss and Other Comprehensive Income considering recognition of Current Tax of prior periods. Due to outbreak of COVID-19, the company's operation become slow down and revenue has fallen down in the last four months of the year under report and as a consequence Earning Per Share (EPS) decreased comparing with the previous year.

50.00 Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):

Net Operating Cash Flows per Share (NOCFPS) has been increased mainly due to increase of total collection from customers as compared to the corresponding financial year.

51.00 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 period under review.


Company Secretary
Director
Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF S. ALAM COLD ROLLED STEELS LIMITED

Opinion

We have audited the accompanying financial statements of **S. ALAM COLD ROLLED STEELS LIMITED** ("the Company"), which comprise the Statement of Financial Position as at **30 June 2020** 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.

In our opinion, the Financial Statements prepared in accordance with International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 30 June 2020 and 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – sale of goods

Refer to note 26.00

Key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> Revenue recognition has significant and wide influence on financial statements. Revenue is recognized when the amounts and the related costs are reliably measured, and the performance obligation is completed through passing of control to the customers. Revenue from the sale of goods is recognized when the company has delivered products to the customers at the shipping point and control has passed. There is a risk that the company might misstate/manipulate sales quantity or price in the financial statements. 	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> We understood, evaluated and validated the key controls related to Company's sales process from end to end, from contracts approval and sign-off, recording of sales, all the way through cash receipts and customer outstanding balances. Segregation of duties in invoice creation and modification; The timing of revenue recognition. <p>Our substantive procedures in relation to the revenue comprise the following:</p> <ul style="list-style-type: none"> Obtaining supporting documents for sales transactions recorded either side of year-end as well as debit notes issued after the year-end date to determine whether revenue was recognized in the correct period; Critically assessing manual journals posted to revenue to identify unusual or irregular items; Verifying sales price from trade receivables' documents; Cross-checking with VAT records.

Inventories

Refer to note 08

<ul style="list-style-type: none">• There is a risk that inventory that does not exist being included in the financial statements.• Inventory can be over or undervalued.• Inventory is included in the financial statements at full value when it is stolen or obsolete or damaged or suffered any kind of loss.• Inventory that actually belongs to third parties or sold to any party being included in the financial statements.	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of key inventory controls operating across the factories;• Attending inventory counts and reconciling the count results to the inventory listings to test the existence and completeness of data;• Checking the cost of raw materials purchase and valuation method applied for raw materials and work in progress.• Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories.• Checking the items noted as obsolete or damaged at the inventory count that has been appropriately adjusted.
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Sundry Receivables

Refer to note 09

<ul style="list-style-type: none">• A major risk is having false/unrealizable value being included in receivables.• The management might not keep sufficient provision for bad/doubtful debt.	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Checking subsequent status of receivables;• Checking ageing analysis of receivables;• Sending balance confirmation letters to parties;• Ensuring that sufficient provision is made for bad & doubtful debts; if any.• Assessed the design and implementation of key controls over receivable management.• Tested these balances on a sample basis through agreement to post period end invoicing and cash receipt.
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Valuation of Property, plant and equipment

Refer to note 05

<p>The company has large amount and numbers of property, plant and equipment items. Due to technological and time obsolescence, impairment may exist.</p> <p>Management has concluded that there is no impairment in respect of all assets. This conclusion required significant management judgment. Hence we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Assessing the consistency of methodologies used for depreciating the assets.• Checking, on a sample basis, the accuracy and relevance of the accounting of PPE by management.• Performing physical verification to ensure existence of the items as well as to ensure that those aren't obsolete.• Review the managements review regarding remaining useful lives of assets.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

And using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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.

Report on Other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. 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;
- iii. the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv. the expenditure incurred was for the purpose of the Company's business.

Other Information

Management is responsible for the other information. The other information comprises the information included the annual report, but does not include the financial statements and our auditors' report thereon.


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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of these other information, and we are required to report that fact. We have nothing to report in this regard.

The engagement partner of the Audit to issue Independent Auditors' Report is Mr. Arafat Kamal.

Chattogram,
21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS & PROPERTIES			
Non Current Assets & Properties		1,858,782,718	1,915,198,232
Property, Plant and Equipment	05.00	1,581,425,718	1,637,841,232
Capital Work-in-Progress	06.00	-	-
Investment	07.00	277,357,000	277,357,000
Current Assets		15,721,155,145	13,300,962,660
Inventories	08.00	7,316,070,206	5,335,897,982
Sundry Receivables	09.00	3,626,517,836	4,215,490,864
Advances, Deposits and Prepayments	10.00	2,269,064,498	2,653,119,847
Short Term Investment	11.00	41,194,897	38,922,819
Short Term Loan to Subsidiary Company	12.00	2,065,651,731	944,154,380
Cash and Cash Equivalents	13.00	402,655,977	113,376,768
TOTAL ASSETS & PROPERTIES		17,579,937,863	15,216,160,892
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' Equity		1,866,153,440	1,905,962,414
Share Capital	14.00	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		448,511,694	488,320,668
Non Current Liabilities		316,146,697	335,937,338
Long Term Loan	15.00	-	17,145,354
Deferred Tax Liabilities	23.02	316,146,697	318,791,984
Current Liabilities		15,397,637,726	12,974,261,140
Trade Creditors	16.00	4,407,896,472	3,095,086,050
Short Term Liabilities	17.00	10,509,698,460	9,155,078,129
Liabilities for Expenses	18.00	22,897,987	13,870,403
Advance against Sales	19.00	1,751,913	14,642,547
Due to Affiliated Companies	20.00	121,185,350	3,065,350
Current Portion of Long Term Loan	21.00	-	394,896,000
Liability against Unclaimed Dividend	22.00	35,886,679	34,809,023
Provision for Income Tax	23.01	176,092,184	144,158,493
Provision for Workers' Profit Participation & Welfare Fund	24.00	121,610,982	117,992,748
Other Liabilities	25.00	617,699	662,397
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		17,579,937,863	15,216,160,892
Net Asset Value Per Share	34.00	18.97	19.38
Contingent Liabilities and Commitments	37 & 44	-	-

The accompanying notes from 01 to 53 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Revenue	26.00	4,085,001,047	5,170,820,290
Cost of Sales	27.00	(3,449,708,072)	(4,356,292,171)
Gross Profit		635,292,975	814,528,119
Selling and Distribution Costs	28.00	(2,163,962)	(539,031)
Administrative Costs	29.00	(46,570,334)	(49,754,476)
		(48,734,296)	(50,293,507)
Operating Profit		586,558,679	764,234,612
Finance Costs	31.00	(459,007,136)	(408,134,875)
Profit before Non- Operating Income		127,551,543	356,099,737
Other Income	30.00	-	833
Finance Income	32.00	7,515,015	8,592,979
Net Profit before Tax and WPP and Welfare Fund		135,066,558	364,693,549
Contribution to WPP and Welfare Fund	24.00	(6,753,328)	(18,234,677)
Profit before Income Tax		128,313,230	346,458,872
Income Tax Expenses			
Current Tax	23.01	(34,433,691)	(93,760,307)
Deferred Tax	23.02	2,645,287	1,578,902
Prior year Tax	23.01.03	(37,962,700)	(142,821,143)
		(69,751,104)	(235,002,548)
Net Profit after Tax for the Year		58,562,126	111,456,324
Basic Earnings Per Share (EPS)	33.00	0.60	1.13

The accompanying notes from 01 to 53 form an integral part of these financial statements.

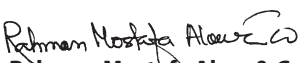

Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Amount in Taka

Particulars	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance as on 01 July 2019	983,711,000	433,930,746	488,320,668	1,905,962,414
Cash dividend declared for the year 2018-2019	-	-	(98,371,100)	(98,371,100)
Net Profit after tax for the year 2019-2020	-	-	58,562,126	58,562,126
Balance as on 30 June 2020	983,711,000	433,930,746	448,511,694	1,866,153,440

Balance as on 01 July 2018	983,711,000	433,930,746	475,235,444	1,892,877,190
Cash dividend declared for the year 2017-2018	-	-	(98,371,100)	(98,371,100)
Net Profit after tax for the year 2018-2019	-	-	111,456,324	111,456,324
Balance as on 30 June 2019	983,711,000	433,930,746	488,320,668	1,905,962,414


Company Secretary


Director


Managing Director

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers		4,661,083,442	3,273,312,569
Cash Paid to Suppliers		(3,484,882,332)	(3,093,753,513)
Cash Paid to Employees		(142,455,226)	(118,034,579)
Cash Paid for Operating Expenses		(3,748,500)	(20,882,800)
Payment of Advance Income Tax		(204,411,283)	(106,432,145)
Payment for WPP & WF		(13,158,297)	(7,609,221)
Advance Tax Refund		94,036,630	131,149,918
Net Cash Flows from Operating Activities		906,464,434	57,750,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Work-in-Progress		-	2,400,863
Acquisition of Property, Plant And Equipment		(15,352,410)	(51,949,696)
Short Term Loan to Subsidiary Companies		(1,121,497,351)	(159,854,114)
Investment in Fixed Deposit Receipt		(2,272,079)	14,258,514
Interest Received from Fixed Deposit Receipt		7,515,015	8,593,812
Net Cash (Used in)/ Generated by Investing Activities		(1,131,606,825)	(186,550,621)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) Long Term Loan		(412,041,354)	(180,426,068)
Proceeds / (Repayment of) from Short Term Loan		1,354,620,331	1,016,759,742
Proceeds from / (Repayment to) Affiliated Companies		118,120,000	(128,076,255)
Dividend Paid		(97,293,444)	(96,017,542)
Cash Paid for Financial Expenses		(448,983,933)	(400,649,207)
Net Cash Provided by / (Used in) Financing Activities		514,421,600	211,590,670
Net Increase/(Decrease) of Cash and Cash Equivalents		289,279,209	82,790,278
Cash and Cash Equivalents at the Beginning of the Year		113,376,768	30,586,490
Cash and Cash Equivalents at the End of the Year		402,655,977	113,376,768
Net Operating Cash Flow Per Share	35.00	9.21	0.59


Company Secretary


Director


Managing Director

S. ALAM COLD ROLLED STEELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

01.00 BACKGROUND AND INFORMATION

01.01 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, Chattogram, 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's share were listed with Dhaka Stock Exchange and Chittagong Stock Exchange. Trading of the shares of the company started in two stock exchanges from 16 May 2006.

01.02 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 12.02 acres of land at Kalarpool, Shikalbaha, Patiya, Chattogram, 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.

02.00 BASIS OF PREPARATION

02.01 Statement of compliance

The financial statements have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987.

02.02 Basis of Reporting

The financial statements are prepared and presented to external users by the company in accordance with the identified financial reporting framework. The presentation has been made in compliance with the requirements of IAS 1- "Presentation of Financial Statements". The financial statements comprise of:

- i) Statement of financial position as at 30 June 2020.
- ii) Statement of profit or loss and other comprehensive income for the year ended 30 June 2020.
- iii) Statement of changes in equity for the year ended 30 June 2020.
- iv) Statement of cash flows for the year ended 30 June 2020.
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

02.03 Date of authorization

The Board of Directors has authorized these financial statements on 21 October 2020.

02.04 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 2012;
- (vii) The Value Added Tax Rules 2012;
- (viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
- (vii) The Listing Regulations of Chittagong Stock Exchange (CSE);
- (viii) Bangladesh Labour Act 2006 etc.

02.05 Accounting convention and assumption

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

02.06 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.

02.07 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method and reconciliation of net income or net profit with cash flows from operating activities making various adjustments as per prescribed by Securities and Exchange Rules, 1987. A reconciliation of Net Profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for net changes in operating accruals as per requirement of Securities & Exchanges Rules 1987.

02.08 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.

02.09 Comparative information

Comparative information has been disclosed in respect of the year 2018-2019 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 liabilities as reported in the financial statements.

02.10 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 have significant doubt upon the Company's ability to continue as a going concern.

02.11 Reporting period

The financial statements of the Company cover one financial year from 01 July 2019 to 30 June 2020 for all reported periods.

03.00 SIGNIFICANT ACCOUNTING POLICIES

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

IAS-01	Presentation of Financial Statements
IAS-02	Inventories
IAS-07	Statement of Cash Flows
IAS-08	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-19	Employee benefits
IAS-21	The effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-26	Accounting and Reporting by Retirement Benefit Plans
IAS-32	Financial Instrument: Presentation
IAS-33	Earnings per share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-05	Non-current Assets Held for Sale and Discontinued Operations
IFRS-07	Financial Instrument: Disclosure
IFRS-15	Revenue from Contracts with Customers

03.01 Property, plant and equipment

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

03.01.01 Recognition and measurement

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

03.01.02 Subsequent costs

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

03.01.03 Depreciation

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

Depreciation is calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land and Land Development 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% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Lifting 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:

Particulars	Capacity Utilization	
	CR Coil Plant	NOF Plant
Factory Building (including Leased Assets)	62.37%	38.08%
Capital Machinery	62.37%	38.08%
Factory equipment	62.37%	38.08%
Generator	62.37%	38.08%
Work Roll	62.37%	38.08%
Luffing Crane and Jetty construction	62.37%	38.08%
Coil Cart	62.37%	38.08%

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

03.02 Inventories

Inventories are measured at lower of cost and net realizable 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 IAS-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:

Category	Valuation
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 realizable 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.

03.03 Revenue Recognition

The company has applied IFRS 15 for recognition of revenue from this year.

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company sells CR Coil, C.I Sheet and G.P Sheet to its customers. Revenue is recognized when the entity satisfies a performance obligation by transferring the goods to customers at an agreed transaction price.

03.04 Trade Receivables

Trade receivables are initially recognized 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 un-collectability of any amount so recognized.

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

03.05 Transactions with Affiliated companies

These represents balance amounts due to/from affiliated companies which are derived from short term loan, short term financial arrangement availed from/paid to affiliated companies as and when required to meet working capital and sale of goods from time to time. These balances are unsecured but considered good and realizable.

03.06 Advances, deposits and prepayments

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

Deposits are measured at payment value.

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

03.07 Cash and cash equivalents

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

03.08 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.

Non-derivative financial assets

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

The Company derecognizes 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 recognized 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 recognized 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 recognized 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 recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to un-collectability of any amount so recognized.

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 recognized 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 recognizes financial liabilities on the date that are originated.

The company derecognizes 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 recognized 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.

(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 recognized at cost which is the fair value of the consideration. After initial recognition these are carried at amortized cost.

(c) Other Liabilities

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

03.09 Borrowing Cost

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as an expense in the period in which they are incurred unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per IAS-23 "Borrowing Costs".

03.10 Employee benefit schemes

Currently, the company has 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.

03.11 Workers' profit participation fund

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

03.12 Provisions and contingencies

A provision is recognized 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.

03.13 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, 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.

03.14 Finance income and finance costs

Finance income comprises interest income on funds invested that are recognized in profit or loss.

Finance costs comprise interest expenses on borrowing that are recognized 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.

03.15 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.

03.16 Income tax expenses

Tax expenses comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss to the extent it relates to items recognized 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 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 recognized in compliance with IAS 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 recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. 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 realized.

03.17 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 equipment 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.

03.18 Leases

03.18.01 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.

03.18.02 Operating lease

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

03.18.03 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 asset / 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.

03.19 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.

03.20 Events after the reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after reporting period that are not adjusting events are disclosed in the notes when material.

04.00 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.

		Amount in Taka	
		30 June 2020	30 June 2019
05.00	Property, Plant and Equipment		
	A. Cost		
	Opening Balance	2,852,965,806	2,801,016,110
	Addition during the year	15,352,410	51,949,696
		2,868,318,216	2,852,965,806
	Disposal during the year	-	-
	Total Cost	2,868,318,216	2,852,965,806
	B. Accumulated Depreciation		
	Opening Balance	1,215,124,574	1,130,316,305
	Charged during the year	71,767,924	84,808,269
		1,286,892,498	1,215,124,574
	Adjustments during the year	-	-
	Total Depreciation	1,286,892,498	1,215,124,574
	Written Down Value (WDV) (A-B)	1,581,425,718	1,637,841,232

Details of property, plant and equipment and depreciation as on 30 June 2020 are shown in the note 05.01.

5.1 Property, Plant and Equipment - at cost less Accumulated Depreciation

Assets' Category	Cost				Depreciation Rate (%)	Depreciation				Carrying Amount as on 30 June 2020
	Opening Balance as on 01 July 2019	Addition	Disposal/ Adjustment	Closing Balance as on 30 June 2020		Opening Balance as on 01 July 2019	Charged for the year	Adjustment for disposal during the year	Closing Balance as on 30 June 2020	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land-Freehold (12.02 Acres)	49,046,490	-	-	49,046,490	-	-	-	-	-	49,046,490
Land Development	21,416,417	-	-	21,416,417	-	-	-	-	-	21,416,417
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	2,730,975	77,560	-	2,808,536	698,044
Embankment	46,660,074	-	-	46,660,074	20%	43,242,027	683,609	-	43,925,636	2,734,438
	120,629,561	-	-	120,629,561		45,973,002	761,170	-	46,734,172	73,895,389
B. Building:										
Factory Building (Including Leased Assets)	304,368,680	-	-	304,368,680	5%	117,250,395	5,835,284	-	123,085,679	181,283,001
Factory Building (NOF Plant)	263,321,958	-	-	263,321,958	5%	18,987,550	4,652,127	-	23,639,677	239,682,281
General Building	33,321,203	-	-	33,321,203	5%	17,998,481	766,136	-	18,764,617	14,556,586
Coil Ware House	5,467,518	-	-	5,467,518	10%	4,265,427	120,209	-	4,385,636	1,081,882
	606,479,359	-	-	606,479,359		158,501,853	11,373,756	-	169,875,609	436,603,750
C. Plant and machinery										
Capital Machinery	1,233,517,738	-	-	1,233,517,738	10%	778,017,374	28,409,558	-	806,426,931	427,090,807
Capital Machinery (NOF Plant)	626,594,801	-	-	626,594,801	10%	82,276,148	20,727,654	-	103,003,802	523,590,999
	1,860,112,539	-	-	1,860,112,539		860,293,521	49,137,212	-	909,430,733	950,681,806
D. Equipment and appliances:										
Factory Equipment	22,691,689	-	-	22,691,689	10%	10,721,451	746,584	-	11,468,035	11,223,654
Factory Equipment (NOF Plant)	2,296,579	10,333,849	-	12,630,428	10%	292,910	440,061	-	732,970	11,897,458
Hydrogen Generation System Plant (NOF Plant)	44,882,861	772,883	-	45,655,744	10%	612,440	1,721,361	-	2,333,801	43,321,943
Office Equipment	1,666,755	20,148	-	1,686,903	10%	1,033,880	41,029	-	1,074,909	611,994
Guest House Equipment	1,543,095	49,050	-	1,592,145	10%	1,215,988	35,627	-	1,251,615	340,530
Computer	3,328,108	-	-	3,328,108	10%	1,938,196	138,991	-	2,077,188	1,250,920
Air Conditioners	7,335,797	-	-	7,335,797	10%	3,541,641	379,416	-	3,921,056	3,414,741
Air Conditioners (NOF Plant)	96,888	370,000	-	466,888	10%	7,273	40,487.53	-	47,761	419,127
Generator	1,240,000	-	-	1,240,000	10%	802,302	43,770	-	846,072	393,928
Electric Line Installation	3,175,374	-	-	3,175,374	10%	2,324,075	85,130	-	2,409,205	766,169
Electric Line Installation (NOF Plant)	12,851,881	-	-	12,851,881	10%	6,284,991	250,067	-	6,535,058	6,316,823
Gas Line Installation	4,569,154	-	-	4,569,154	10%	3,457,858	111,130	-	3,568,988	1,000,166
Fire Extinguisher	58,100	-	-	58,100	10%	46,335	1,176	-	47,512	10,588
Telephone Line Installation	398,527	-	-	398,527	10%	316,416	8,211	-	324,627	73,900
Grinding Wheel	134,666	-	-	134,666	10%	107,884	2,678	-	110,562	24,104
Water Tank	113,500	-	-	113,500	10%	90,978	2,252	-	93,231	20,269
Work Roll	1,593,025	-	-	1,593,025	10%	1,030,712	56,231	-	1,086,943	506,082
Radiolink and Networking (Factory)	433,880	-	-	433,880	10%	248,962	18,492	-	267,454	166,426
Tools and Tackles	121,238	-	-	121,238	10%	96,108	1,567	-	97,676	23,562
	108,531,117	11,545,930	-	120,077,047		34,170,401	4,124,261	-	38,294,662	81,782,385
E. Furniture and Fixtures										
Furniture and Fixtures	4,047,403	247,862	-	4,295,265	10%	2,669,126	151,621.99	-	2,820,748	1,474,517
Furniture and Fixtures (NOF Plant)	344,695	168,108	-	512,803	10%	153,079	29,440.37	-	182,519	330,284
	4,392,098	415,970	-	4,808,068		2,822,205	181,062	-	3,003,267	1,804,801
F. Lifting Crane and Jetty Construction	54,948,213	-	-	54,948,213	15%	42,546,760	1,160,218	-	43,706,978	11,241,235
G. Coil Cart	9,315,746	-	-	9,315,746	10%	5,148,675	259,900	-	5,408,575	3,907,171
H. Motor vehicles	84,387,077	3,390,510	-	87,777,587	20%	62,105,985	4,679,156.14	-	66,785,141	20,992,446
I. Interior Decoration	4,170,096	-	-	4,170,096	15%	3,562,173	91,189	-	3,653,361	516,735
	152,821,132	3,390,510	-	156,211,642		113,363,593	6,190,463	-	119,554,055	36,657,587
30 June 2020	2,852,965,806	15,352,410	-	2,868,318,216		1,215,124,574	71,767,924	-	1,286,892,498	1,581,425,718
30 June 2019	2,801,016,110	51,949,696	-	2,852,965,806		1,130,316,305	84,808,269	-	1,215,124,574	1,637,841,232
				Note(s)	Basis	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019			
Depreciation allocated to:										
Cost of Sales				27.00	75%	53,825,943	63,606,202			
Administrative Costs				29.00	25%	17,941,981	21,202,067			
					100%	71,767,924	84,808,269			

		Note(s)	Amount in Taka	
			30 June 2020	30 June 2019
06.00	Capital Work-in-Progress - NOF Project			
			-	2,400,863
	Expense incurred during the year		-	40,764,379
			-	43,165,242
	Transferred to property, plant and equipment		-	(43,165,242)
	Closing balance		-	-
07.00	Investment			
	S. Alam Power Generation Limited		277,357,000	277,357,000
			277,357,000	277,357,000
07.01	The Company holds 70% shares of S. Alam Power Generation Limited.			
07.02	The Company got allotment of 2,773,570 shares of Tk. 100 each of S. Alam Power Generation Limited.			
07.03	As per Audited Financial Position as on 30 June 2020 Net Asset Value (NAV) per share of S. Alam Power Generation Limited is Tk 104.54 (30 June 2019, Tk. 106.32).			
07.04	The Captive Power Plant, a subsidiary of the company, commenced commercial operation on 28 August 2016 but could not continue due to high cost of production of electricity per unit.			
08.00	Inventories			
	Raw Materials	08.01	3,740,491,498	2,553,379,448
	Raw Materials-in-Bond items		1,462,655,238	1,165,018,587
	Work-in-Process	08.02	791,264,821	843,408,035
	Finished Goods	08.03	763,011,878	365,930,502
	Stores and Spares		256,518,355	265,556,589
	Stock-in-Transit		302,128,416	142,604,821
			7,316,070,206	5,335,897,982
08.01	Raw Materials			
			30 June 2020	30 June 2019
			Qty. (MT)	Taka
	H.R Coil		30,061.02	1,467,298,217
	Hydrochloric Acid		5,271.99	32,191,734
	TIN Ingot		32.85	67,715,730
	ZINC Ingot		7,401.28	2,039,598,675
	LEAD Ingot		532.94	118,444,820
	ZINC Alloy		17.85	4,551,189
	Antimony Ingot		-	-
	Chromic Acid		33.30	10,691,133
			3,740,491,498	2,553,379,448
			30 June 2020	30 June 2019
			Qty. (MT)	Taka
08.02	Work-in-Process			
	CR Coil		306,735,856	335,470,575
	NOF		484,528,965	507,937,460
			791,264,821	843,408,035
08.03	Finished Goods			
	CR Coil		343,297,701	156,569,829
	C.I & GP Sheet		419,714,177	209,360,673
			763,011,878	365,930,502

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
09.00 Sundry Receivables			
Against CR Coil	09.01	1,720,110,983	1,291,999,636
Against C.I and G.P Sheet		86,322,091	892,202,769
Others		1,820,084,762	2,031,288,459
		3,626,517,836	4,215,490,864
09.01 Against CR Coil			
Chemon Ispat Limited		1,331,692,980	956,744,757
S. Alam Steels Limited		381,718,776	335,254,879
Galco Steels (Bangladesh) Ltd.		6,699,227	-
		1,720,110,983	1,291,999,636
09.02	The directors believe that above receivables are good and fully realisable. Hence, no provision is required at this stage.		
09.03	Ageing of Accounts Receivables is stated in note 40.01.01 (a).		
10.00 Advances, Deposits and Prepayments			
Advances	10.01	2,230,536,476	2,633,108,055
Deposits	10.02	16,275,693	15,467,283
Prepayments	10.03	22,252,329	4,544,509
		2,269,064,498	2,653,119,847
10.01 Advances			
Against Supply of Goods		1,414,828,665	2,187,843,280
Against Salary		2,443,000	2,545,000
Bank Guarantee Margin		65,609,951	104,209,260
Advance Income Tax	10.01.01	402,789,627	332,877,674
VAT current account		342,717,836	-
Supplementary Tax Current A/C		164,674	164,674
Others		1,982,723	5,468,167
		2,230,536,476	2,633,108,055
10.01.01 Advance Income Tax			
Opening Balance		332,877,674	507,916,590
Paid During the year		204,411,283	106,432,145
		537,288,957	614,348,735
Adjusted with Advance Income Tax		(2,500,000)	(7,500,000)
		534,788,957	606,848,735
Prior year tax adjustment		(37,962,700)	(142,821,143)
		496,826,257	464,027,592
Advance Income Tax Refund	10.01.02	(94,036,630)	(131,149,918)
		402,789,627	332,877,674

10.01.02 Advance Income Tax Refund

Accounts Year Ended	Assessment Year	Provision for Income Tax	Advance Income Tax Paid at Source	Assessed Final Income Tax by the Income Tax Authority	Advance Income Tax Refund
A	B	C	D	E	F=D-E
30.06.17	2017-2018	2,500,000	134,499,330	40,462,700	94,036,630
Total		2,500,000	134,499,330	40,462,700	94,036,630

		Note(s)	Amount in Taka	
			30 June 2020	30 June 2019
10.02	Deposits			
	Chittagong City Corporation		4,096,232	4,096,232
	Chittagong Palli Bidyut Samity-1		7,038,000	7,038,000
	Karnaphuli Gas Distribution Co. Ltd.		2,188,403	1,379,993
	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
			16,275,693	15,467,283
10.03	Prepayments			
	Insurance		-	1,185,221
	Internet Service		34,314	40,032
	Interest on MPI		22,218,015	3,319,256
			22,252,329	4,544,509
11.00	Short Term Investment			
	<u>Name of Banks</u>			
	Fixed Deposit Receipts:			
	Islami Bank Bangladesh Limited		41,194,897	38,922,819
			41,194,897	38,922,819
12.00	Short Term Loan to Subsidiary Company			
	S. Alam Power Generation Limited		2,065,651,731	944,154,380
			2,065,651,731	944,154,380
13.00	Cash and Cash Equivalents			
	Cash in Hand	13.01	63,488	74,974
	Cash at Banks	13.02	402,592,489	113,301,794
			402,655,977	113,376,768
13.01	Cash in Hand - Note 13.00			
	Head Office		63,458	64,174
	Factory Office		30	10,800
			63,488	74,974
13.02	Cash at Banks			
	Bank	Branch	Account No.	
	AB Bank Ltd.	Agrabad	CD#4101-774707-000	94,939
	Agrani Bank Ltd.	Laldighi	CD#29373	54,441
	Al-Arafah Islami Bank Ltd	Khatungonj	CD# 0091020013952	99,568
	Bank Asia Ltd.	Khatungonj	CD#01333005952	143,917
	Dhaka Bank Ltd.	Khatungonj	CD#0171502235	18,163
	EXIM Bank Ltd.	Khatungonj	CD#00411100004909	337,098
	First Security Islami Bank Ltd.	Khatungonj	SND#13100002884	-
	First Security Islami Bank Ltd.	Khatungonj	SND#13100003008	14,012,657
	First Security Islami Bank Ltd.	Khatungonj	SND#13100002711	37,214
	First Security Islami Bank Ltd.	Khatungonj	SND#1310002792	18,313
	First Security Islami Bank Ltd.	Anderkilla	CD#13411100003882	71,366,829
	IFIC Bank Ltd.	Khatungonj	CD#0170184017001	31,707
				94,839
				472,880
				117,975
				54,797
				9,516
				1,008,008
				93
				12,525,331
				36,889
				18,497
				50,126,888
				12,815

Bank	Branch	Account No.	Amount in Taka	
			30 June 2020	30 June 2019
Islami Bank Bangladesh Ltd.	Khatungonj	CD#10601002130	5,115,271	291,525
Jamuna Bank Ltd.	Jubilee Road	CD#00190211002260	10,886	14,076
Janata Bank Ltd.	Shadharan Bima Corp.	CD#001031259	300,434,947	465,583
Mercantile Bank Ltd.	Khatungonj	CD#011211100005747	19,194	9,909
National Bank Ltd.	Khatungonj	CD#0002-33069282	88,463	130,960
NRB Global Bank Ltd.	Khatungonj	CD#0111100219390	269,238	145,785
Pubali Bank Ltd.	Khatungonj	CD#0642901085670	53,729	3,481,119
Rupali Bank Ltd.	O.R Nizam Road	CD#1552020006497	346,899	1,079,140
Rupali Bank Ltd.	O.R Nizam Road	SND#1552024000134	111,897	111,502
Rupali Bank Ltd.	Local Office	CD # 0018020010320	99,367	-
Southeast Bank Ltd.	Principal Office, Dhaka	CD#11100036055	101,707	1,361,747
Social Islami Bank Ltd.	Khatungonj	CD#0141330020285	692,198	144,729
The City Bank Ltd.	Khatungonj	CD#1101002163001	20,539	24,702
Union Bank Ltd.	Khatungonj	CD#0101010000801	8,837,802	41,427,474
Union Bank Ltd.	Gulshan	CD#0021010001342	42,090	43,355
Uttara Bank Ltd.	Khatungonj	CD#015812221999319	133,416	91,660
			402,592,489	113,301,794

14.00 Share Capital

Authorised capital:

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

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

Issued, Subscribed, Called up and Paid up capital:

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

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

14.01 Shareholding position

Name of shareholders	As at 30 June 2020		As at 30 June 2019	
	% of Holding	Number of Shares of Tk. 10 each	% of Holding	Number of Shares of Tk. 10 each
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2.34%	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	2.00%	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	2.00%	1,967,430
S. Alam Steels Ltd.	18.74%	18,431,940	18.74%	18,431,940
S. Alam Cement Ltd.	9.37%	9,215,960	9.37%	9,215,960
S. Alam Hatchery Ltd.	9.37%	9,215,960	9.37%	9,215,960
S. Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2.34%	2,303,980
S. Alam Vegetable Oil Ltd.	2.34%	2,303,980	2.34%	2,303,980
Bangladesh Fund	5.37%	5,286,146	5.37%	5,286,146
ABIL-IDA	0.00%	-	0.25%	250,000
ICB Unit Fund	1.18%	1,163,138	1.18%	1,163,138
ICB	4.57%	4,493,269	4.57%	4,493,269
Others	40.38%	39,717,887	40.12%	39,467,887
	100.00%	98,371,100	100.00%	98,371,100

14.02 Classification of shares by holding

Class by number of shares	No. of Holders	No. of Shares	% of Holding
Not more than 500	2,781	441,532	0.45%
From 501 to 5,000	3,238	5,618,561	5.71%
From 5,001 to 10,000	368	2,749,145	2.79%
From 10,001 to 20,000	236	3,494,478	3.55%
From 20,001 to 30,000	70	1,762,302	1.79%
From 30,001 to 40,000	24	821,924	0.84%
From 40,001 to 50,000	23	1,013,622	1.03%
From 50,001 to 100,000	42	3,144,681	3.20%
From 100,001 to 1,000,000	51	16,911,914	17.19%
From 1,000,001 and above	13	62,412,941	63.45%
	6,846	98,371,100	100.00%

Note(s)	Amount in Taka	
	30 June 2020	30 June 2019

15.00 Long Term Loan

Due within one year	21.00	-	394,896,000
Due more than one year	15.01	-	17,145,354
		-	412,041,354

15.01 Rupali Bank Limited

Term Loan Account No. -1552067000014	15.01.01	-	8,581,931
Term Loan Account No. - 1552067000015	15.01.02	-	8,563,423
		-	17,145,354

15.01.01 Loan Account No.1552067000014

Opening balance		8,581,931	28,000,289
Loan received during the year		-	-
Interest charged during the year		99,288	1,569,642
Other charges during the year		12,000	12,000
		8,693,219	29,581,931
Payment during the year		(8,693,219)	(21,000,000)
		-	8,581,931
Current portion of term loan		-	-
Closing balance		-	8,581,931

15.01.02 Term Loan Account No. - 1552067000015

Opening balance		403,459,423	564,467,133
Loan received during the year		-	-
Interest charged during the year		22,496,917	45,887,290
Other charges during the year		25,000	25,000
		425,981,340	610,379,423
Payment during the year		(425,981,340)	(206,920,000)
		-	403,459,423
Current portion of term loan		-	(394,896,000)
Closing balance		-	8,563,423

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
16.00 Trade Creditors			
Liability against Deferred LC		3,916,245,883	2,724,584,803
Customs Authority-Inbond Duty		349,082,903	237,575,902
Sundry Creditors	16.01	142,567,686	132,925,345
		4,407,896,472	3,095,086,050

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

17.00 Short Term Liabilities			
Short Term Bank Loan (LTR)	17.01	2,108,007,960	2,246,643,292
Loan against PAD, MPI, Bai-Muazzal Hypo & Bai-Murabaha	17.02	8,401,690,500	6,908,434,837
		10,509,698,460	9,155,078,129

17.01 Short Term Bank Loan (LTR)			
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.		2,108,007,960	2,246,643,292
		2,108,007,960	2,246,643,292

17.02 Loan against PAD, MPI, Bai-Muazzal Hypo & Bai-Murabaha			
Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)		5,246,145,635	5,157,079,001
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (MPI)		411,269,866	217,755,835
Exim Bank Ltd., Khatungonj Branch, Ctg. (Bia-Muazzal Hypo)		1,938,739,999	1,533,600,001
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg. (Bai-Murabaha)		805,535,000	-
		8,401,690,500	6,908,434,837

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

17.03.01 Lender: Janata Bank Ltd., Shadharan Bima Corp Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
LC/PAD/ LTR/ CC (Hypo)	650	9.00%

Security:

LC/Bill of Lading , corporate guarantee & personal guarantee of all directors.

17.03.02 Lender: Islami Bank Bangladesh Ltd., Khatungonj Branch, Chattogram.

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
TR with LC & BG	1250	9.00%

Security:

- Post dated cheque, corporate guarantee & personal guarantee of all directors.
- Hypothecation on inventories, goods in warehouse and Bank Guarantee etc.
- 100% registered mortgage of land and project building situated in Shikalbaha, Chattogram, Bangladesh.

17.03.03 Lender: Export Import Bank of Bangladesh Ltd., Khatungonj Branch, Chattogram

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	502	12.00%

Security:

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

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
18.00 Liabilities for Expenses			
Audit Fee		400,000	400,000
Chittagong Palli Bidyut Samity		9,490,293	-
Karnaphuli Gas Distribution Co. Ltd.		915,927	1,308,310
Salary and Allowances		9,257,433	8,799,476
Telephone and Mobile Charges		21,705	36,218
Liason Office Expenses		16,412	27,222
Against C & F		105,839	151,919
Transportation		402,500	692,300
Karnaphuli Filling Station Limited		336,380	845,988
Against Store and Spare		1,951,498	1,608,970
		22,897,987	13,870,403
19.00 Advance against Sales		1,751,913	14,642,547
These represent advances received from different parties against sale of scraps and goods which have not been delivered to them on or before the reporting date.			
20.00 Due to Affiliated Companies		121,185,350	3,065,350
21.00 Current Portion of Long Term Loan			
These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 July 2020 and consist of as follows:			
Term loan	21.01 & 15.00	-	394,896,000
		-	394,896,000
21.00 Term Loan (Payment within one year)	15.00		
Rupali Bank Limited			
Term Loan Account No. 1552067000014		-	-
Term Loan Account No. 1552067000015		-	394,896,000
		-	394,896,000
22.00 Liability against Unclaimed Dividend			
Opening Balance		34,809,023	32,455,465
Dividend declared during the year		98,371,100	98,371,100
		133,180,123	130,826,565
Dividend paid		(97,293,444)	(96,017,542)
Closing Balance		35,886,679	34,809,023
The break up of unclaimed dividend is given below:			
Unclaimed dividend on Ordinary Share		34,388,727	33,311,071
Unclaimed dividend on Convertible Preference Share		1,497,952	1,497,952
		35,886,679	34,809,023

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
23.00 Provision for Income Tax			
For Current Tax	23.01	176,092,184	144,158,493
For Deferred Tax	23.02	316,146,697	318,791,984
		492,238,881	462,950,477
23.01 Provision for Current Tax			
Opening balance		144,158,493	57,898,186
Provision made during the year	23.01.01	34,433,691	93,760,307
		178,592,184	151,658,493
Prior year tax adjustment	23.01.03	37,962,700	142,821,143
		216,554,884	294,479,636
Adjusted during the year	23.01.04	(40,462,700)	(150,321,143)
Closing balance	23.01.02	176,092,184	144,158,493

	Note(s)	Amount in Taka 30 June 2020	Rate (%)	Tax Liability in Taka 30 June 2020
23.01.01 Computation of Tax Liability				
Head of Income				
Business Income	23.01.01.01	130,219,748	25%	32,554,937
Income from other sources		7,515,015	25%	1,878,754
Total Income & Tax Liability		137,734,763		34,433,691
Tax Payable				34,433,691
Less: Tax already paid				
Tax deducted at source on different stage				-
Tax Payable / (Refundable) as per Return				34,433,691

		Amount in Taka
		30 June 2020

23.01.01.01 Computation of Business income (U/S - 28)

Profit before Income Tax	128,313,230
Add: Inadmissible Items	
Accounting Decreciation	71,767,924
Excess perquisite	3,702,362
Provision for Worker's Profit Participation & Welfare Fund	6,753,328
Miscellaneous Expenses	1,542,993
	83,766,607
Profit before admissible items	212,079,837
Less: Deductable items	
Income from other sources	7,515,015
Fiscal (Tax) depreciation	61,186,777
Payment for Worker's Profit Participation & Welfare Fund	13,158,297
	81,860,089
Total Taxable Profit	130,219,748

23.01.02 Year Wise Provision for Current Tax is as follows

Accounting Year	Assessment Year	Amount in Taka
30 June 2018	2018-2019	47,898,186
30 June 2019	2019-2020	93,760,307
30 June 2020	2020-2021	34,433,691
TOTAL :		176,092,184

30 June 2020		30 June 2019	
Rate	Amount	Rate	Amount

23.01.03 Reconciliation of effective tax rate

Profit before tax	-	128,313,230	-	346,458,872
Total income tax expenses	26.84%	34,433,691	27.06%	93,760,307

Factors affecting the tax rate charge:

Tax using the applicable rate	25.00%	32,078,308	25.00%	86,614,718
Difference between accounting and fiscal depreciation	2.06%	2,645,287	0.88%	3,037,593
Inadmissible expenses	-0.95%	(1,215,494)	0.85%	2,949,283
Effect of taxable perquisit	0.72%	925,591	0.33%	1,158,713
	26.84%	34,433,691	27.06%	93,760,307

Note(s)	Amount in Taka	
	30 June 2020	30 June 2019

23.01.04 Adjusted during the year

Tax paid in cash	-	-
Adjusted with Advance Income Tax	40,462,700	150,321,143
	40,462,700	150,321,143

Year wise Income Tax assessment status is as follows:

Accounting Year	Assessment Year	Present Status
30 June 2017 and earlier years	2017-2018 and earlier years	Assessment Completed
30 June 2018	2018-2019	Income Tax Return submitted and under process to complete
30 June 2019	2019-2020	Income Tax Return submitted and under process to complete Assessment

Tax liability for the year under audit shall be adjusted against established refund / advance payment upon receipt of assessment order and demand note (IT - 15).

23.01.03 Prior year tax adjustment

Accounts Year Ended	Assessment Year	Provision for Income Tax	Assessed Final Income Tax by Income Tax Authority	Prior Year Tax to Adjust with Current Income Tax
30.06.2017	2017-2018	2,500,000	40,462,700	37,962,700
Total		2,500,000	40,462,700	37,962,700

During the financial year 2016-17, provision for income tax for the year 2016-17 was provided eventually for an amount of Tk 2,500,000 which was substantially short fall the actual tax liability for the same year. During this year the assessment of the income year 2016-17 has completed as tax liability for the year stals Tk 40,462,700; thus a shortfall of provision for the tax arises for an amount of Tk 37,962,700 .This shortfall has been adjusted by providing additional provision for tax during this year.

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
23.02 Provision for Deferred Tax			
Opening Balance		318,791,984	320,370,886
Provision made during the year		-	-
		318,791,984	320,370,886
Provision realized during the year		(2,645,287)	(1,578,902)
Closing balance		316,146,697	318,791,984

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable / (Deductible) Temporary Difference (Taka)
Calculation of Deferred Tax			
A. As on 30 June 2020:			
Property, Plant and Equipment (Except Land)	1,510,962,811	246,376,024	1,264,586,787
Applicable Tax Rate			25%
			316,146,697
B. As on 30 June 2019:			
Property, Plant and Equipment (Except Land)	1,567,378,325	292,210,391	1,275,167,934
Applicable Tax Rate			25%
			318,791,984
Provision made/(realized) during the year (A-B)			(2,645,287)

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
24.00 Provision for Workers' Profit Participation & Welfare Fund			
Opening balance		117,992,748	99,881,624
Accrued interest on WPP and WF		10,023,203	7,485,668
Provided during the year @ 5% on net profit before tax		6,753,328	18,234,677
		16,776,531	25,720,345
		134,769,279	125,601,969
Paid during the year		(13,158,297)	(7,609,221)
Closing Balance		121,610,982	117,992,748

As per the Section 234 of Bangladesh Labour Act, 2006 (Amendment in 2013), the company has distributed the proportionate amount to its beneficiaries of the fund within the stipulated time period. As per Section 240 of the Bangladesh Labour Act, 2006 (as amended in 2013), the company has applied Accrued interest on the outstanding balance of payable to 'WPP & WF'.

25.00 Other Liabilities			
Income Tax deducted at source from salary		194,616	228,886
Income Tax deducted at source-others		24,628	35,056
Against Right share application		24,000	24,000
Against share application money (IPO)		374,455	374,455
		617,699	662,397

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
26.00 Revenue (Net of VAT)			
CR Coil		1,802,867,908	1,587,122,550
C.I Sheet		2,024,377,922	3,058,406,291
G.P Sheet		34,313,642	43,861,279
Scrap		223,441,575	481,430,170
		4,085,001,047	5,170,820,290
27.00 Cost of Sales			
Opening stock of raw materials		2,553,379,448	4,349,089,131
Purchased during the year		4,564,032,620	2,833,692,694
		7,117,412,068	7,182,781,825
Closing sock of raw materials		(3,740,491,498)	(2,553,379,448)
Cost of raw materials consumed		3,376,920,570	4,629,402,377
Add: Manufacturing Expenses:			
Power (Electricity)		148,441,354	135,756,133
Gas		13,683,711	12,958,025
Fuel and Lubricants- Factory Generator		1,986,907	2,078,050
Factory overhead	27.09	139,473,007	140,460,146
Consumption of Stores and Spares		59,437,269	121,274,500
Consumption of Packaging materials		877,473	220,682
Consumption of other chemicals		-	775,148
Depreciation	05.00	53,825,943	63,606,202
		417,725,664	477,128,886
Cost of Goods Manufactured		3,794,646,234	5,106,531,263
Add : Opening stock of WIP (CR)		335,470,575	110,626,206
Opening stock of WIP (NOF)		507,937,460	19,371,500
Less: Closing stock of WIP (CR)		306,735,856	335,470,575
Closing stock of WIP (NOF)		484,528,965	507,937,460
		3,846,789,448	4,393,120,934
Add : Opening stock of finished goods (CR)		156,569,829	9,980,771
Opening stock of finished goods (NOF)		209,360,673	319,120,968
Less: Closing stock of Finished Goods (CR)		343,297,701	156,569,829
Closing stock of finished goods (NOF)		419,714,177	209,360,673
Cost of Sales		3,449,708,072	4,356,292,171
27.01 Raw Materials - H.R Coil			
Opening stock		222,369,706	1,843,806,927
Add : Purchased during the year		4,105,580,336	2,047,903,975
		4,327,950,042	3,891,710,902
Less: Closing stock		1,467,298,217	222,369,706
Cost of H.R Coil consumed		2,860,651,825	3,669,341,196
27.02 Raw Materials - Hydrochloric Acid			
Opening stock		34,811,302	36,940,496
Add : Purchased during the year		6,067,220	6,896,070
		40,878,522	43,836,566
Less: Closing stock		32,191,734	34,811,302
Consumption of Hydrochloric Acid		8,686,788	9,025,264

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
27.03 Raw Materials - TIN Ingot			
Opening stock		77,326,968	76,398,474
Add : Purchased during the year		-	10,131,012
		77,326,968	86,529,486
Less: Closing stock		67,715,730	77,326,968
Consumption of TIN Ingot		9,611,238	9,202,518
27.04 Raw Materials - ZINC Ingot			
Opening stock		2,088,453,520	2,215,364,845
Add : Purchased during the year		419,938,740	761,318,275
		2,508,392,260	2,976,683,120
Less: Closing stock		2,039,598,675	2,088,453,520
Consumption of ZINC Ingot		468,793,585	888,229,600
27.05 Raw Materials - LEAD Ingot			
Opening stock		119,222,010	120,337,457
Add : Purchased during the year		-	-
		119,222,010	120,337,457
Less: Closing stock		118,444,820	119,222,010
Consumption of Lead Ingot		777,190	1,115,447
27.06 Raw Materials - ZINC Alloy			
Opening stock		-	41,151,395
Add : Purchased during the year		28,000,254	1,389,534
		28,000,254	42,540,929
Less: Closing stock		4,551,189	-
Consumption of ZINC Alloy		23,449,065	42,540,929
27.07 Raw Materials - Antimony Ingot			
Opening stock		-	3,637,662
Add : Purchased during the year		3,424,331	4,803,828
		3,424,331	8,441,490
Less: Closing stock		-	-
Consumption of Antimony Ingot		3,424,331	8,441,490
27.08 Raw Materials - Chromic Acid			
Opening stock		11,195,942	11,451,875
Add : Purchased during the year		1,021,739	1,250,000
		12,217,681	12,701,875
Less: Closing stock		10,691,133	11,195,942
Consumption of Chromic Acid		1,526,548	1,505,933
27.09 Factory Overhead			
Salaries and Allowances		124,496,297	102,826,058
Insurance Expenses		1,185,221	12,473,956
Medical & Welfare Expenses		702,100	1,650,932
Labour Charges		1,539,768	1,102,832
Repairs and Maintenance		3,553,042	11,280,130

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Carrying Charges-Raw Materials		1,607,849	1,149,627
Uniform and Liveries		67,401	124,974
Transportation		2,479,400	2,793,350
Printing & Stationery		139,902	324,737
Canteen Expenses - Factory		215,936	228,011
Telephone and Internet Charges		359,890	384,926
Miscellaneous Expenses		1,167,600	906,018
Registration and Renewal		395,657	3,569,212
Rent, Rates and Taxes		70,000	40,994
Travelling and Conveyance		266,543	304,586
Vehicle Maintenance		1,226,401	1,299,803
		139,473,007	140,460,146
28.00 Selling and Distribution Costs			
Advertisement		2,163,962	539,031
		2,163,962	539,031
29.00 Administrative Costs			
Salaries and Allowances		18,518,886	16,649,545
Depreciation		17,941,981	21,202,067
Canteen Expenses		429,654	543,386
Fees and Renewals		1,153,995	1,440,284
Guest House Expenses		474,526	490,763
Legal and Professional Expenses		1,992,500	685,750
Liaison Office Expenses		114,616	115,948
Office Maintenance Expenses		295,647	1,653,258
Liaison Office Rent		428,607	433,422
Office Decoration		15,960	43,890
Stationery Expenses		439,122	306,101
Registration and Renewal		55,093	17,500
Rent, Rates and Taxes		201,882	217,976
Telephone and Internet Expenses		186,320	180,346
Travelling and Conveyance Expenses		200,045	208,471
Vehicle Maintenance		874,869	2,145,059
Management Meeting and Conference		2,106,715	2,308,881
Electricity Expenses		364,523	446,171
Miscellaneous Expenses		375,393	265,658
Audit Fees		400,000	400,000
		46,570,334	49,754,476
30.00 Other Income			
Miscellaneous Income		-	833
		-	833
31.00 Finance Costs			
Bank Charges		860,844	707,809
Interest on Short Term Loan		419,346,279	349,277,097
Interest on Term Loan		22,633,205	47,456,932
Interest on WPP & WF		10,023,203	7,485,668
Bank Guarantee Commission		6,143,605	3,207,369
		459,007,136	408,134,875

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
32.00 Finance Income			
Interest Income from MTDR		6,774,438	7,472,399
Interest on STD/SND		500,570	361,209
Interest Income from FDR		240,007	759,371
		7,515,015	8,592,979

33.00 Basic Earnings Per Share (EPS)			
Profit attributable to the ordinary shareholders		58,562,126	111,456,324
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Basic Earnings Per Share (EPS)		0.60	1.13

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
34.00 Net Asset Value Per Share (NAV)			
Total Assets		17,579,937,863	15,216,160,892
Less: Total Liabilities		15,713,784,423	13,310,198,478
Net Asset Value (NAV)		1,866,153,440	1,905,962,414
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Net Asset Value Per Share (NAV)		18.97	19.38

35.00 Net Operating Cash Flow Per Share			
Cash flows from operating activities		906,464,434	57,750,229
Number of ordinary shares outstanding during the year		98,371,100	98,371,100
Net Operating Cash Flow Per Share		9.21	0.59

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
36.00 Reconciliation of net income with cash flows from operating activities			
Net profit After Tax		58,562,126	111,456,324
Adjustment for non-cash items:			
Depreciation		71,767,924	84,808,269
		130,330,050	196,264,593
Adjustment for non-operating items:			
Cash Paid for Financial Expenses		448,983,933	400,649,207
Finance Income		(7,515,015)	(8,592,979)
Other Income		-	(833)
Adjustment for Provision of Deferred Tax		(2,645,287)	(1,578,902)
Adjutment for changes in accruals:			
(Increase)/ Decrease in Accounts Receivable		588,973,028	(1,905,030,380)
(Increase)/ Decrease in Inventory		(1,980,172,224)	(72,405,777)
(Increase)/ Decrease in Advances, Deposits & Prepayments except AIT		491,930,002	(796,378,986)
Increase/(Decrease) - Advance against sales		(12,890,633)	7,522,659
Increase/(Decrease) in Trade Payable		1,312,810,422	2,108,592,304
Increase/(Decrease) in Other Liabilities		(44,698)	(128,114)

Note(s)	Amount in Taka	
	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Increase/(Decrease) in Liabilities for Expenses	9,027,584	(7,751,767)
Excess of WPPF & WF provision over payment	3,618,234	18,111,124
Excess of Tax provision over adjustment	31,933,691	86,260,307
Excess of AIT adjusted with Tax over payment	(201,911,283)	(98,932,145)
AIT Refund	94,036,630	131,149,918
Net cash (used in)/generated by operating activities	906,464,434	57,750,229

37.00 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.

	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	M.Ton	M.Ton
38.00 Quantitative Movement of Inventories		
38.01 Raw Materials:		
Opening Stock		
H.R Coil	3,010.53	31,272.92
Hydrochloric Acid	5,556.17	5,833.17
TIN Ingot	37.51	36.97
ZINC Ingot	7,494.29	8,409.28
LEAD Ingot	536.44	541.46
ZINC Alloy	-	110.08
Antimony Ingot	-	4.24
Chromic Acid	32.96	32.23
	16,667.90	46,240.35

38.00 Quantitative Movement of Inventories

Add: Purchased during the year

H.R Coil	75,107.85	26,746.44
Hydrochloric Acid	1,125.87	1,160.57
TIN Ingot	-	5.00
ZINC Ingot	1,595.79	2,293.99
LEAD Ingot	-	-
ZINC Alloy	109.80	-
Antimony Ingot	5.00	5.00
Chromic Acid	5.00	5.00
	77,949.31	30,216.00
Raw materials available for consumption	94,617.21	76,456.35

Less: Consumed

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
M.Ton	M.Ton
48,057.36	55,008.24
1,410.05	1,437.57
4.66	4.46
1,688.80	3,208.98
3.50	5.02
91.95	110.08
5.00	9.24
4.66	4.27
51,265.98	59,787.86

Closing Stock

H.R Coil
Hydrochloric Acid
TIN Ingot
ZINC Ingot
LEAD Ingot
ZINC Alloy
Antimony Ingot
Chromic Acid

30,061.02	3,010.53
5,271.99	5,556.17
32.85	37.51
7,401.28	7,494.29
532.94	536.44
17.85	-
-	-
33.30	32.96
43,351.23	16,667.90

38.02 Finished Goods:**i) In Cold Rolled Plant**

Opening stock
Add : Produced during the year

Less : Transferred to NOF plant during the year

Available for sale

Less : Sold during the year
Packed goods
Unpacked goods

Closing stock

1,808	148
48,749	50,161
50,557	50,309
24,105	32,031
26,452	18,278
21,764	16,470
438	1,808
4,250	-
4,688	1,808

ii) In NOF Plant

Opening stock
Add : Produced during the year

Available for sale
Less : Sold during the year

Packed goods
Unpacked goods

Closing stock

1,869	3,180
28,076	33,465
29,945	36,645
24,299	34,776
1,214	1,869
4,432	-
5,646	1,869

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
39.00 Guarantees			
The following Bank guarantees were outstanding on the reporting date:			
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.		2,806,727	2,751,593
Deposit to Customs Authority against duty claim under appeal		29,118,689	59,897,407
Bank Guarantee Against Customs Authority under Bond		1,189,897,290	237,575,902
		1,221,822,706	300,224,902

40.00 Financial Risk Management

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

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

Risk management framework

The company management has overall responsibility for the establishment and oversight of the Company's risk management framework. The company's management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limit. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

40.01 Credit risk

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

40.01.01 Exposure to credit risk

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

Sundry Receivables	3,626,517,836	4,215,490,864
Cash and Cash Equivalents	402,655,977	113,376,768
Short Term Investment	41,194,897	38,922,819
Short Term Loan to Subsidiary Company	2,065,651,731	944,154,380
	6,136,020,441	5,311,944,831

(a) Sundry 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:

0 - 90 days	882,776,365	558,484,527
91 - 180 days	959,219,948	1,675,453,583
181 - 365 days	1,784,521,523	1,981,552,754
	3,626,517,836	4,215,490,864

(b) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 402,655,977 at 30 June 2020 (2019: Tk. 113,376,768), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

40.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations affiliated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
<u>Non-derivative financial liabilities:</u>			
<u>As at 30 June 2020</u>			
Trade creditors	4,407,896,472	4,407,896,472	4,407,896,472
Liabilities for expenses	22,897,987	22,897,987	22,897,987
Other liabilities	617,699	617,699	617,699
	4,431,412,158	4,431,412,158	4,431,412,158
<u>As at 30 June 2019</u>			
Trade creditors	3,095,086,050	3,098,260,530	3,098,260,530
Liabilities for expenses	13,870,403	10,695,923	10,695,923
Other liabilities	662,397	662,397	662,397
	3,109,618,850	3,109,618,850	3,109,618,850

40.03 Market risk

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

40.03.01 Currency risk: exposure and its management

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

The company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2020, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2020		30 June 2019	
	US\$	Taka	US\$	Taka
Exposure to currency risk				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
	-	-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (LC liability)	46,287,892	3,916,245,883	32,567,668	2,724,584,803
	46,287,892	3,916,245,883	32,567,668	2,724,584,803
Net exposure	46,287,892	3,916,245,883	32,567,668	2,724,584,803

The following significant exchange rate is applied during the year:

US dollar	84.61	83.66
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40.03.02 Transaction risk

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

40.03.03 Economic risk

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

40.03.04 Interest risk

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

41.00 Operating Segments :

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

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

Information about reportable segments	30 June 2020			30 June 2019		
	Cold Rolled	NOF	Total	Cold Rolled	NOF	Total
External Revenues :						
Local Sales	1,802,867,908	2,058,691,564	3,861,559,472	1,587,122,550	3,058,406,291	4,645,528,841
Scrap Sales	164,361,728	59,079,847	223,441,575	387,800,340	137,491,109	525,291,449
Total External Sales and Reportable Segment Revenue	1,967,229,636	2,117,771,411	4,085,001,047	1,974,922,890	3,195,897,400	5,170,820,290
Cost of sales	1,646,230,069	1,803,478,004	3,449,708,073	1,547,118,149	2,809,174,021	4,356,292,170
Gross Profit	320,999,567	314,293,407	635,292,974	427,804,741	386,723,379	814,528,120
% of Gross Profit before Tax	16.32	14.84	15.55	21.66	12.10	15.75
Reportable Segment Profit before Tax	59,388,635	68,924,595	128,313,230	121,513,037	224,945,835	346,458,872
% of Net Profit before income tax on sales	3.02	3.25	3.14	6.15	7.04	6.70
Other income	-	-	-	833	-	833
Finance income	3,607,207	3,907,808	7,515,015	8,592,979	-	8,592,979
Finance costs	220,323,425	238,683,711	459,007,136	268,424,036	139,710,839	408,134,875
Depreciation & Amortisation	43,906,725	27,861,199	71,767,924	45,627,668	39,180,601	84,808,269
Reportable Segment Assets	13,189,988,547	4,112,592,315	17,302,580,862	8,104,929,554	6,833,874,338	14,938,803,892
Capital Expenditure	11,644,840	3,707,570	15,352,410	7,066,835	44,882,861	51,949,696
Reportable Segments Liabilities	15,544,025,400	169,759,023	15,713,784,423	13,218,456,080	91,742,398	13,310,198,478

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
41.01 Reconciliation of Reportable Segments - note 41.00			
Assets			
Total Assets from reportable segments		17,302,580,862	14,938,803,892
Add: Others- Investment		277,357,000	277,357,000
Total Assets		17,579,937,862	15,216,160,892
Liabilities			
Total Liabilities for reportable segments		15,713,784,423	13,310,198,478
Total liabilities		15,713,784,423	13,310,198,478

		30 June 2020	30 June 2019
		M.Ton	M.Ton
42.00 Production Capacity			
SACRSL Plant:			
Installed Capacity (In M.Ton)		120,000.00	120,000.00
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)		74,844.81	71,706.92
Capacity utilised (%)		62.37%	59.76%
NOF Plant:			
Installed Capacity (In M.Ton)		72,000	72,000
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)		27,419.10	39,236.08
Capacity utilised (%)		38.08%	54.49%

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	
Below 3,000	-	-	-	-	-	-	-
3,000 and Above	14	8	6	80	35	238	381
For the year ended 30 June 2020	14	8	6	80	35	238	381
For the year ended 30 June 2019	15	7	6	82	33	232	375

43.00 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 June 2020, there were 06 (Six) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

Sl. No.	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
01	Mr. Abdus Samad	Chairman	6	6	8,000	48,000
02	Mr. Osman Gani	Managing Director	6	6	8,000	48,000
03	Mr. Mohammad Saiful Alam	Director	6	6	8,000	48,000
04	Mr. Mohammed Shah Jahan	Director (ICB Nominee)	6	0	8,000	-
05	Ms. Halima Begum	Director (SAVOL Nominee)	6	4	8,000	32,000
06	Mr. Md. Rafique Ullah	Director (ICB Nominee)	6	5	8,000	40,000
07	Mr. Sampad Kumar Basak FCA	Independent Director	6	6	8,000	48,000
08	Mr. Md. Enayet Ullah FCA	Independent Director	6	1	8,000	8,000

44.00 Capital Commitment

The company had no capital commitment at the reporting date.

45.00 Auditors Remuneration

Audit fee

Amount in Taka	
30 June 2020	30 June 2019
400,000	400,000
400,000	400,000

46.00 Remuneration of MD, Managers and Officers:

Amount in Taka			Amount in Taka		
July 2019 to June 2020			July 2018 to June 2019		
MD	Managers	Officers	MD	Managers	Officers
-	30,080,160	17,564,676	-	28,224,749	16,400,664
-	7,520,040	4,391,169	-	7,056,187	4,100,166
-	22,560,120	13,173,507	-	21,168,562	12,300,498
-	30,080,160	17,564,676	-	28,224,749	16,400,664
-	-	-	-	-	-
-	-	-	-	-	-
-	30,080,160	17,564,676	-	28,224,749	16,400,664
-	28	36	-	28	34

46.02 House Rent Accommodation : Managers and Officers are paid in cash with monthly salary as House Rent Allowance.

46.03 Transport : Senior Officials are provided company's car with free of cost subject to limit.

46.04 Telephone : Monthly mobile bill is paid in cash subject to limit.

46.05 Medical : Manager and Officers are paid in cash with monthly salary as Medical Allowance.

46.06 Remuneration : The Managing Director and Directors are not paid any remuneration except Fee of Board of Directors' Meeting.

Amount in Taka	
01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019

47.00 Key Management Personnel Compensation

In accordance with the para 17 of IAS 24 related party disclosure: during the year the amount of compensation paid to key management personnel including Board of Director is as follows:

Short term employee benefits	-	-
Post employment benefits	1,448,846	669,101
Others long term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	1,448,846	669,101

48.00 Related Party Transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and balances as on reporting date have been set in accordance with the provisions of IAS-24.

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

Name of parties	Nature of Transactions	Outstanding as on 30 June 2020	
S. Alam Vegetable Oil Ltd.	Short Term Loan	118,420,000	Credit
Karnaphuli Prakritik Gas Ltd.	Short Term Loan	2,765,350	Credit
S. Alam Steels Ltd.	Trade Debtor	381,718,776	Debit

49.00 Events After The Reporting Period

The Board of Directors in their meeting held on 21.10.2020 recommended 10% cash dividend for the year 2020.

50.00 Effect of COVID-19 on the financial statements:

The assessment of COVID-19 impact has been done based on the following issues:

- A. Assessment of going concern assumption
- B. Valuation of inventories
- C. Government stimulus packages

A. Assessment of going concern assumption:

The Management of SACRSL has reviewed all relevant indicators to assess the company's ability to continue as a going concern under COVID-19 situation and has found that at present it assumes no going concern problem.

Cash flow forecasts are sufficient to support going concern basis

Cash flow forecasting is one of the most important procedures that we should use and perform to assess the going concern problem.

A positive cash flow forecast for the next 12 months has indicated that the entity will have sufficient liquid assets to be able to meet its debts.

B. Valuation of inventories:

As per IAS-2 inventories should be measured at lower of cost and net realizable value. As the selling price of finished goods and raw materials were not reduced after balance sheet date, no written down of value is required.

C. Government stimulus packages:

The Government of Bangladesh has announced a number of economic stimulus packages including reduced interest rate and extended repayment time for loan. In this regard we have no adverse impact rather we have enjoyed additional payment period to make payment of the due loans in favor of the company.

Assessment:

Due to outbreak of COVID-19, the sales revenue was reduced during the last four months of the financial year (March 2020 to June 2020). It has adversely affected the profitability during the year 2019-2020 and as a result, the profit for the year 2019-20 is lower than the prior year (2018-19). But it is observed that after the balance sheet date, despite of the existence of COVID-19, the revenue is increasing and showing a trend like before COVID-19 situation.

51.00 Significant Deviation in Earning per Share (EPS):

Short provision of Income Tax charged during the period to the Statement of Profit or Loss and Other Comprehensive Income considering recognition of Current Tax of prior periods. Due to outbreak of COVID-19, the company's operation become slow down and revenue has fallen down in the last four months of the year under report and as a consequence Earning Per Share (EPS) decreased comparing with the previous year.

52.00 Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):

Net Operating Cash Flows per Share (NOCFPS) has been increased mainly due to increase of total collection from customers as compared to the corresponding financial year.

53.00 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 period under review.


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 12th Annual Report along with the audited Financial Statements and the Auditors' Report thereon for the year ended 30th June 2020.

Your Directors report that though 17MWe captive power plant commenced its commercial operation on 28 August 2016 with expectation the Fuel price in the country would witness a steep fall keeping in line with the fall of fuel prices in the international market in consequence whereof we shall be able to produce electricity at a very competitive price by use of fuel. The authority on the contrary made just a little adjustment of the fuel price. As a result, electricity that would be produced by use of high cost fuel will be very costly and the consumers shall not purchase electricity at such a high price, your Directors therefore considered it wise and in the interest of the stakeholders, not continue with production of electricity for the time being, rather exerted their best efforts for getting permission for installation of Gas line to the project for consumption in production of electricity. As you have been informed, a delegation from the Karnaphuli Gas Distribution Company Limited had visited our project site for assessment of our requirements of Gas for consumption in production of electricity. Thereafter, with best endeavours of Directors and Management, the company was able to get required permission of gas connection. However, Bangladesh Energy Regulatory Commission (BERC) has rescheduled its charges for gas through their order BERC Order No. 2019/06 dated 30th June 2019, in which, all electricity producers except captive power plant will get per cubic meter gas at a Tk. 4.45/- while captive power plants will get per cubic meter gas at a Tk. 13.85/-, in such higher price, production of electricity will not financially viable, therefore, the operation of the company could not be resumed during the year under report. Your directors and management have continued their best efforts to make feasible the project.

As your Company did not embark upon any commercial activities during the year under report, your Directors did not recommend any dividend for approval by the valued shareholders in the 12th Annual General Meeting of the Company.

Being a subsidiary of S. Alam Cold Rolled Steels Limited, a stock exchange listed company, certain conditions of the Corporate Governance Code (CGC) issued by the Bangladesh Securities & Exchange Commission vide its BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 are made applicable to this subsidiary company on comply basis and in its compliance, the number of directors of this company has been raised from two to five by inclusion of three nominees of the holding company, as Directors of the company. They are considered for the purpose of retirement by rotation; Mr. Osman Goni is the Director to retire by rotation this year. Being eligible, he offers himself for re-election in the ensuing Annual General meeting of the Company.

In addition thereto, Minutes of this subsidiary company and its affairs are regularly reviewed in the following Board Meeting of the SACRSL, and the Audit Committee of the SACRSL reviewed all the financial statements of your company drawn and made by the Company during the year ended June 30, 2020, in particular the investments made by this subsidiary company.

M/s. Rahaman Mostafa Alam & Co, Chartered Accountants, current auditors of the Company, retire. They have been auditors of the Company consecutively for three years simultaneous to our parent company S. Alam Cold Rolled Steels Ltd. therefore they are not eligible for appointment for another term in continuity. Being a subsidiary of the SACRSL, our company appoints the same Auditors as that of parent company, for auditing of financial statements of the company for the same term. Your Directors therefore propose the hon'ble shareholders for appointment of Auditors of our company for the next term in the manner aforesaid.

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

21 October, 2020

AUDITORS' REPORT TO THE SHAREHOLDERS OF S. ALAM POWER GENERATION LIMITED

Opinion

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 June 2020** 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.

In our opinion, the Financial Statements prepared in accordance with International Accounting Standard (IAS) and International Financial Reporting Standards (IFRS), give a true and fair view of the state of the company's affairs as at 30 June 2020 and 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Without qualifying our opinion, we would like to draw attention to the fact disclosed in note 6.01 to the Financial Statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the Company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


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

Report on Other Legal and Regulatory Requirements

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

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. 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;
- iii. the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated: Chattogram
21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES		2,713,986,223	2,707,404,719
Property, Plant and Equipment	06.00	2,713,986,223	2,707,404,719
CURRENT ASSETS		30,028,623	31,004,873
Inventory	07.00	16,145,504	16,080,504
Advances, Deposits and Prepayments	08.00	13,843,028	14,791,685
Cash and Cash Equivalents	09.00	40,091	132,684
TOTAL ASSETS & PROPERTIES		2,744,014,846	2,738,409,592
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		412,994,184	420,024,191
Share Capital	10.00	395,072,700	395,072,700
Retained Earnings		17,921,484	24,951,491
NON CURRENT LIABILITIES		-	1,021,779,322
Long Term Loan	11.00	-	1,021,779,322
CURRENT LIABILITIES		2,331,020,662	1,296,606,079
Liabilities for Expenses	12.00	200,183	257,854
Short Term Loan from Holding Company	13.00	2,065,651,731	944,154,380
Due to Affiliated Companies	14.00	251,001,600	338,026,697
Provision for Income Tax	15.00	14,167,148	14,167,148
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,744,014,846	2,738,409,592
Net Asset Value Per Share	20.00	104.54	106.32
Capital Commitments	24.00	-	-

The accompanying notes from 01 to 27 form an integral part of these financial statements.



Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Revenue		-	-
Cost of Sales	16.00	(5,219,791)	(8,765,503)
Gross Profit		(5,219,791)	(8,765,503)
Operating Expenses			
Administrative Expenses	17.00	(1,620,560)	(2,391,751)
		(1,620,560)	(2,391,751)
Operating Profit		(6,840,351)	(11,157,254)
Finance Costs	18.00	(189,656)	(6,241)
Profit before Tax		(7,030,007)	(11,163,495)
Income Tax Expenses			
Current Year	15.00	-	-
Profit after Tax		(7,030,007)	(11,163,495)
Earnings Per Share			
Basic Earnings Per Share	19.00	(1.78)	(2.83)

The accompanying notes from 01 to 27 form an integral part of these financial statements.


Company Secretary


Director


Managing Director

Signed in terms of our separate report of even date

Chattogram, 21 October 2020


Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as on 01 July 2019	395,072,700	24,951,491	420,024,191
Net Profit after tax for the year 2019-2020	-	(7,030,007)	(7,030,007)
Balance as on 30 June 2020	395,072,700	17,921,484	412,994,184

Balance as on 01 July 2018	395,072,700	36,114,986	431,187,686
Net Profit after tax for the year 2018-2019	-	(11,163,495)	(11,163,495)
Balance as on 30 June 2019	395,072,700	24,951,491	420,024,191


Company Secretary


Director


Managing Director

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

Particulars	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
Cash flows from operating activities			
Cash paid to suppliers		(1,300,434)	(6,167,676)
Cash paid to employees		(726,141)	(417,493)
Cash paid for administrative expenses		(831,283)	(1,514,777)
Increase on Income tax provision		600	-
A. Net cash flow from operating activities		(2,857,257)	(8,099,946)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(9,738,612)	(114,900,811)
B. Net cash flow from investing activities		(9,738,612)	(114,900,811)
Cash flows from financing activities			
Proceeds from long term loan		(1,021,779,322)	(64,725,854)
Cash received from/(paid to) holding companies		1,121,497,351	159,854,114
Cash received from/(paid to) affiliated companies		(87,025,097)	27,893,149
Cash paid for financial expenses		(189,656)	(6,241)
C. Net cash flow from financing activities		12,503,276	123,015,168
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(92,593)	14,411
Cash and cash equivalents at the beginning of the year		132,684	118,273
Cash and cash equivalents at the end of the year		40,091	132,684
Net Operating Cash Flow Per Share	21.00	(0.72)	(2.05)


Company Secretary


Director


Managing Director

S. ALAM POWER GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

01.00 BACKGROUND AND INFORMATION

01.01 Formation and Legal Status

S. Alam Power Generation Limited, Chattogram is a private company limited by shares incorporated on 9th 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, Chattogram, Bangladesh.

It's registered office is located at S. Alam Bhaban, 2119, Asadgonj, Chattogram, Bangladesh.

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

01.02 Nature of the business

The main objective of the company is to install and run a captive or independent power plant for generation of electricity. Commercial operation was commenced on 28 August 2016 but could not continue due to high cost of production of electricity per unit.

02.00 Present status of the project

02.01 Plant Development

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

02.02 Registration with Bangladesh Energy Regulatory Commission

S. Alam Power Generation Limited has been registered as commercial power plant as an Independent Power Producer on 4th April 2012 vide License no. BERC/POWER/CIPP-006/L/004/789 under Bangladesh Energy Regulatory Commission. The commission extended the permission of power generation upto 03 April 2019.

03.00 Basis of preparation

03.01 Statement of Compliance

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

- (i) International Financial Reporting Standards (IFRS).
- (ii) International Accounting Standards (IAS).
- (iii) Interpretations of IFRS and IAS.

03.02 Regulatory compliance

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

- (i) The Companies Act 1994
- (ii) The Income Tax Ordinance 1984
- (iii) The Income Tax Rules 1984
- (iv) The Value Added Tax Act 2012
- (v) The Value Added Tax Rules 2012
- (vi) Bangladesh Labor Act 2006

03.03 Date of authorization

The Board of Directors has authorized these financial statements on 21 October 2020.

03.04 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.

03.05 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.

03.06 Statement of Cash flows

Statement of Cash Flows is prepared principally in accordance with IAS 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.

03.07 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.

03.08 Comparative information

Comparative information has been disclosed in respect of the year 2018-2019 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 2018-2019 have been re-arranged wherever considered necessary to ensure comparability with the current year.

03.09 Reporting period

The financial statements of the Company cover one financial year from 01 July 2019 to 30 June 2020 for all reported periods.

04.00 Significant Accounting Policies

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS-24	Related Party Disclosures
IAS-33	Earnings per share
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IFRS-7	Financial Instrument: Disclosure
IFRS-15	Revenue from Contracts with Customers

04.01 Property, plant and equipment

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

04.01.01 Recognition and measurement

The cost of an item of property, plant and equipment comprises its purchase price, import duty and non-refundable taxes (after deducting trade discount and rebates) and any other cost directly attributable to the acquisition of the assets.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognized in profit or loss.

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.

04.01.02 Depreciation - Land

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.

04.01.03 Depreciation - Other Assets

Since the Plant operation was suspended during the year, no depreciation was charged on machinery and equipment. Depreciation has been applied on the item under capital assets except land, capital machinery & factory equipment.

04.02 Inventories

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

04.03 Transactions with affiliated companies

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

04.04 Advances, deposits and prepayments

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

04.05 Finance income and cost

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

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

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

04.06 Cash and cash equivalents

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

04.07 Impairment

04.07.01 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.

Financial assets not classified as at fair value through profit or loss, loans, receivables and investment in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss.

04.07.02 Non Financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

04.08 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.

04.08.01 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.

04.08.02 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.

04.08.03 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.

04.08.04 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.

04.09 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.

04.10 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.

04.11 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.

04.12 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 - 19 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.

04.13 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.

04.14 Leases

04.14.01 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.

04.14.02 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.

05.00 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.

Particulars	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
06.00 A. Property, Plant and Equipment			
Land (2.54 Acres)		35,486,270	35,486,270
Factory Building		19,438,815	19,438,815
Capital Machinery		2,640,405,314	2,630,666,702
Factory Equipment		933,200	933,200
Computer		444,580	444,580
Air Conditioner		100,800	100,800
Furniture & Fixtures		346,736	346,736
Gas Line Installation		1,700,000	1,700,000
Motor Vehicles		23,026,665	23,026,665
		2,721,882,380	2,712,143,768
B. Accumulated Depreciation			
Opening Balance		4,739,050	1,231,152
Charges during the year		3,157,107	3,507,898
		7,896,157	4,739,050
Adjustment during the year		-	-
		7,896,157	4,739,050
Written Down Value (WDV) (A-B)		2,713,986,223	2,707,404,719

Details of Property, Plant & Equipment and Depreciation as on 30 June 2020 are shown in the note 06.02.

- 6.01** The company started commercial operation of 17MW captive power plant in the month of August 2016. But immediately after the commencement of commercial operation, fuel price has been increased by the authority. As a result, electricity that would have been produced by use of high cost fuel will not be feasible. Under such a situation, the management decided not to produce power at such a high cost and exerted efforts for getting permission to get gas line installation to the project for production of electricity. So, the machineries require further development for consumption of cheap fuel like gas. As development is required, borrowing cost of these machineries has capitalized considering the para 20 to 23 of IAS 23 Borrowing cost. Hence interest on loan has been capitalized and added to the machineries.

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

Assets' Category	Cost				Depreciation Rate (%)	Depreciation				Carrying Amount as on 30 June 2020
	Opening Balance as on 01 July 2019	Addition	Disposal/ Adjustment	Closing Balance as on 30 June 2020		Opening Balance as on 01 July 2019	Charged for the year	Adjustment for disposal during the year	Closing Balance as on 30 June 2020	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land (2.54 Acres)	35,486,270	-	-	35,486,270	-	-	-	-	-	35,486,270
	35,486,270	-	-	35,486,270		-	-	-	-	35,486,270
B. Building:										
Factory Building	19,438,815	-	-	19,438,815	5%	1,943,882	874,746	-	2,818,628	16,620,187
	19,438,815	-	-	19,438,815		1,943,882	874,746	-	2,818,628	16,620,187
C. Machinery										
Capital Machinery	2,630,666,702	9,738,612	-	2,640,405,314	10%	-	-	-	-	2,640,405,314
	2,630,666,702	9,738,612	-	2,640,405,314		-	-	-	-	2,640,405,314
D. Equipment and appliances:										
Factory Equipment	933,200	-	-	933,200	10%	-	-	-	-	933,200
Computer	444,580	-	-	444,580	10%	84,470	36,011	-	120,481	324,099
Air Conditioner	100,800	-	-	100,800	10%	19,152	8,165	-	27,317	73,483
Gas Line Installation	1,700,000	-	-	1,700,000	10%	323,000	137,700	-	460,700	1,239,300
	3,178,580	-	-	3,178,580		426,622	181,876	-	608,498	2,570,082
E. Furniture and Fixtures										
Furniture and Fixtures	346,736	-	-	346,736	10%	65,880	28,085	-	93,965	252,771
	346,736	-	-	346,736		65,880	28,085	-	93,965	252,771
F. Motor Vehicles										
Motor Vehicles	23,026,665	-	-	23,026,665	10%	2,302,666	2,072,400	-	4,375,066	18,651,599
	23,026,665	-	-	23,026,665		2,302,666	2,072,400	-	4,375,066	18,651,599
30 June 2020	2,712,143,768	9,738,612	-	2,721,882,380		4,739,050	3,157,107	-	7,896,157	2,713,986,223
30 June 2019	2,597,242,957	114,900,811	-	2,712,143,768		1,231,152	3,507,898	-	4,739,050	2,707,404,719

Depreciation allocated to:

	Note(s)	Basis	Amount in Taka	
			01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
Cost of Sales	16.04	75%	2,367,830	2,630,923
Administrative Costs	17.00	25%	789,277	876,974
		100%	3,157,107	3,507,897

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
07.00 Inventory			
Lubricant Oil		1,538,240	1,538,240
HFO		13,702,500	13,702,500
LFO		904,764	839,764
		16,145,504	16,080,504
08.00 Advances, Deposits and Prepayments			
Advances	08.01	13,843,028	13,910,616
Prepayments	08.02	-	881,069
		13,843,028	14,791,685
08.01 Advances			
Advance Income Tax		13,540,528	13,510,028
S.S Enterprise		300,000	300,000
Against Salary		-	90
Sundry Advance		2,500	100,498
		13,843,028	13,910,616
08.02 Prepayments			
Prepaid Insurance		-	881,069
		-	881,069

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.

09.00	Cash and Cash Equivalents				
	Cash in Hand			12,530	5,320
	Cash at Banks	09.01		27,561	127,364
				<u>40,091</u>	<u>132,684</u>
09.01	Cash at Banks				
	<div>Name of the Bank</div>	<div>Branch</div>	<div>A/C No</div>		
	First Security Islami Bank Ltd	Khatungonj Br.	CD#010211100009425	7,367	32,856
	National Bank Ltd	Khatungonj Br.	CD#1002000515781	2,975	83,665
	Janata Bank Ltd	Shadharan Bima Corporate Br.	CD#001031226	17,219	10,843
				<u>27,561</u>	<u>127,364</u>

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

10.00 Share Capital			
Authorised Capital:			
10,000,000 (One crore) ordinary shares of Tk. 100 each.		1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital:			
3,950,727 Ordinary shares of Tk. 100 each	10.01	395,072,700	395,072,700

10.01 Issued and Paid up Shares are Subscribed by :

Name of the Shareholders	No. of Shares	% of Holding	30 June 2020 Taka	30 June 2019 Taka
S. Alam Cold Rolled Steels Ltd.	2,773,570	70.20%	277,357,000	277,357,000
Mr. Mohammed Saiful Alam	784,771	19.86%	78,477,100	78,477,100
Mr. Abdus Samad	392,386	9.93%	39,238,600	39,238,600
	3,950,727	100.00%	395,072,700	395,072,700

	Note(s)	Amount in Taka	
		30 June 2020	30 June 2019
11.00 Long Term Loan			
Project Loan	11.01	-	1,021,779,322
		-	1,021,779,322
11.01 Project loan			
Due within one year		-	-
Due after more than one year		-	1,021,779,322
		-	1,021,779,322
11.02 Janata Bank Limited Loan Account No. 690000102			
Opening Balance		1,021,779,322	1,086,505,176
Add: Loan received during the year		-	-
Add: Interest charged during the year		9,913,612	91,874,146
		1,031,692,934	1,178,379,322
Less: Payment during the year		1,031,692,934	156,600,000
Purpose:			
For meeting expenditure for capital machineries.			
12.00 Liabilities for Expenses			
Salary		96,443	97,366
VAT Payable		15,000	15,000
Tax Payable		600	-
Audit Fee Payable		50,000	50,000
Sundry Creditors		38,140	95,488
		200,183	257,854
13.00 Short Term Loan from Holding Company			
S. Alam Cold Rolled Steels Limited		2,065,651,731	944,154,380
		2,065,651,731	944,154,380
14.00 Due to Affiliated Companies		251,001,600	338,026,697
S. Alam Vegetable Oil Limited		-	102,000
Genesis Textile Accessories & Apparels limited		1,000,000	1,000,000
Sonali Traders		-	18,759,647
Global Trading Corporation limited		-	78,000,000
S. Alam Super Edible Oil Limited		-	50,500,000
S. Alam Refined Sugar Industries Limited		250,000,000	250,050,000
Minhaj Corporation		-	1,700,000
S. Alam Power Plant Limited		-	7,779
S. Alam Steels Limited		1,600	(36,443,306)
S.Alam Brothers Ltd.		-	(15,150,000)
Shah Amanat Prakritik Gas Ltd.		-	(10,499,423)
These balances represent short term financial arrangement availed from parent/affiliated companies.			
These are interest free and there is no fixed term of repayment.			
15.00 Provision for Income Tax			
Opening Balance		14,167,148	14,167,148
Add: Provision made during the year		-	-
		14,167,148	14,167,148
Less: Paid during the year		-	-
Closing Balance		14,167,148	14,167,148

		Amount in Taka	
Note(s)		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
16.00 Cost of Sales			
Opening Stock	16.01	16,080,504	15,820,504
Add: Purchased during the year	to 16.03	65,000	260,000
		16,145,504	16,080,504
Less: Closing Stock		16,145,504	16,080,504
Consumption during the year		-	-
Add : Factory overhead	16.04	5,219,791	8,765,503
		5,219,791	8,765,503
16.01 Lubricant Oil Consumed	07.00		
Opening Stock		1,538,240	1,538,240
Add: Purchased during the year		-	-
		1,538,240	1,538,240
Less Closing Stock		1,538,240	1,538,240
Consumption of Lubricant Oil		-	-
16.02 HFO Consumed	07.00		
Opening Stock		13,702,500	13,702,500
Add: Purchased during the year		-	-
		13,702,500	13,702,500
Less Closing Stock		13,702,500	13,702,500
Consumption of HFO		-	-
16.03 LFO Consumed	07.00		
Opening Stock		839,764	579,764
Add: Purchased during the year		65,000	260,000
		904,764	839,764
Less Closing Stock		904,764	839,764
Consumption of LFO		-	-
16.04 Factory Overhead			
Salaries & Wages		725,218	483,013
Depreciation	06.02	2,367,830	2,630,923
Insurance Expenses		881,069	4,663,593
Stationary		10,514	14,514
Labour Bill		1,500	910
Repairs & Maintenance		114,938	86,533
Entertainment		22,346	14,650
Electricity Charges		659,786	622,114
Travelling & Conveyance		11,555	18,723
Registration & Renewal		222,530	184,119
Vehicle Up-Keep		28,505	34,311
Miscellaneous Expenses		174,000	12,100
		5,219,791	8,765,503
17.00 Administrative Expenses			
Salaries & Allowance		606,452	425,000
Legal & Professional Fee		7,500	711,000
Depreciation	06.02	789,277	876,974
Stationery		-	4,500
Audit Fee		50,000	50,000

	Note(s)	Amount in Taka	
		01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	License & Renewal Fee	8,945	17,500
	Telephone & Mobile Expenses	5,448	3,038
	Advertisement & Publications	-	178,383
	Entertainment	-	4,165
	Vehicle Up-Keep	125,921	97,252
	Miscellaneous Expenses	27,017	23,939
		1,620,560	2,391,751
18.00	Finance Costs		
	Bank Charges	189,656	6,241
		189,656	6,241
19.00	Basic Earnings Per Share (EPS)		
	Profit attributable to the ordinary shareholders	(7,030,007)	(11,163,495)
	Number of shares outstanding during the year	3,950,727	3,950,727
	Basic Earnings Per Share (EPS)	(1.78)	(2.83)
20.00	Net Asset Value Per Share (NAV)		
	Total Assets	2,744,014,846	2,738,409,592
	Less: Total Liabilities	2,331,020,662	2,318,385,401
	Net Asset Value (NAV)	412,994,184	420,024,191
	Number of ordinary shares outstanding during the year		
	Net Asset Value Per Share	104.54	106.32
21.00	Net Operating Cash Flow Per Share		
	Cash flows from operating activities	(2,857,257)	(8,099,946)
	Number of shares outstanding during the year	3,950,727	3,950,727
	Net Operating Cash Flow Per Share	(0.72)	(2.05)
22.00	Reconciliation of net income with cash flows from operating activities		
	Net profit After Tax	(7,030,007)	(11,163,495)
	Adjustment for non-cash items:		
	Depreciation	3,157,107	3,507,897
		(3,872,900)	(7,655,598)
	Adjustment for non-operating items:		
	Cash Paid for Financial Expenses	189,656	6,241
	Adjutment for changes in accruals:		
	(Increase)/Decrease in Inventory	(65,000)	(260,000)
	(Increase)/Decrease in Advances, Deposits & Prepayments except AIT	948,658	(313,458)
	Increase/(Decrease) in Liabilities for Expenses	(57,671)	122,868
	Net cash (used in)/generated by operating activities	(2,857,257)	(8,099,947)

23.00 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	
Below 3,000	-	-	-	-	-	-
3,000 and Above	1	-	-	1	3	5
For the year ended 30 June 2020	1	-	-	1	3	5
For the year ended 30 June 2019	1	-	-	1	3	5

24.00 Capital Commitments

The company had no capital commitment at the reporting date.

25.00 Contingent Liabilities

The company had no contingent liabilities at the reporting date.

26.00 Events after the Reporting Period

No other material events had occurred from the end of the reporting period to the date of issue of this Financial Statements, which could materially affect the values stated in the Financial Statements.

27.00 Related Party Transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and balances as on reporting date have been set in accordance with the provisions of IAS-24.

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

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2020
Genesis Textile Accessories & Apparels Limited	Connected Company	Short Term Loan	1,000,000 (Cr.)
S. Alam Refined Sugar Industries Limited	Connected Company	Short Term Loan	250,000,000 (Cr.)
S. Alam Steels Limited	Connected Company	Short Term Loan	1,600 (Cr.)



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

প্রতিনিধিপত্র
(PROXY FORM)

শেয়ার সংখ্যা

ফোলিও / বিও নং

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আমি / আমরা _____ এস. আলম কোল্ড রোল্ড স্টিলস্ লিমিটেড-এর
সদস্য এবং আমি / আমরা জনাব _____ কে আমরা / আমাদের প্রতিনিধি হিসেবে আমার /
আমাদের অনুপস্থিতিতে ৯ জানুয়ারি, ২০২১ তারিখে ডিজিটাল প্ল্যাটফর্মে <http://sacrsलगm.hisoftcloud.com> লিংক এর
মাধ্যমে সকাল ১০:৩০ ঘটিকায় অনুষ্ঠিতব্য কোম্পানির ২০তম বার্ষিক সাধারণ সভায় এবং ঐ সভার যে কোনো মূলতবি সভায়
উপস্থিত থাকার এবং আমার / আমাদের পক্ষে ভোটদানের জন্য নিয়োগ করছি।

আমার / আমাদের সম্মুখে তিনি _____ তারিখে স্বাক্ষর প্রদান করলেন।

প্রক্সির / প্রতিনিধির স্বাক্ষর : _____

স্বাক্ষর :

শেয়ারহোল্ডারের স্বাক্ষর

রেভেনিউ স্ট্যাম্প
২০/- টাকা

বি. দ্র :-

- প্রদত্ত স্বাক্ষর কোম্পানির অফিসে সংরক্ষিত/ডিপোজিটরিতে অন্তর্ভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকতে হবে।
- সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোটদানের জন্য একজন সদস্যকে প্রতিনিধি (প্রক্সি) নিয়োগ করতে পারেন। প্রতিনিধিপত্র যথাযথভাবে স্বাক্ষর প্রদান করতঃ ২০ টাকার রেভেনিউ স্ট্যাম্প সহযোগে সভার নির্ধারিত সময়ের ৪৮ ঘন্টা পূর্বে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

হাজিরাপত্র
(ATTENDANCE SLIP)

৯ জানুয়ারি, ২০২১ তারিখে ডিজিটাল প্ল্যাটফর্মে <http://sacrsलगm.hisoftcloud.com> লিংক এর মাধ্যমে অনুষ্ঠিত এস. আলম
কোল্ড রোল্ড স্টিলস্ লিমিটেড এর ২০তম 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**)

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