

Annual REPORT 2010



S. ALAM COLD ROLLED STEELS LIMITED (A Member of S. Alam Group)

Registered Office

S. Alam Bhaban, 2119, Asadgonj, Chittagong.
Phones: 00-880-31-636997; 636649; 611426; 611195 FAX: 00-880-31-618187

Liaison Office

Sharif Mansion (6th floor), 56-57, Motijheel Commercial Area, Dhaka
Phones: 00-880-2-9560631; 9560617 FAX: 00-880-2-9567483

E-mail: sag@s.alamgroupbd.com
sharedivision@s.alamgroupbd.com
Web: www.s.alamgroupbd.com



S. ALAM COLD ROLLED STEELS LIMITED



10th
ANNUAL GENERAL MEETING

10th

ANNUAL GENERAL MEETING

On

30 March 2011

ANNUAL report

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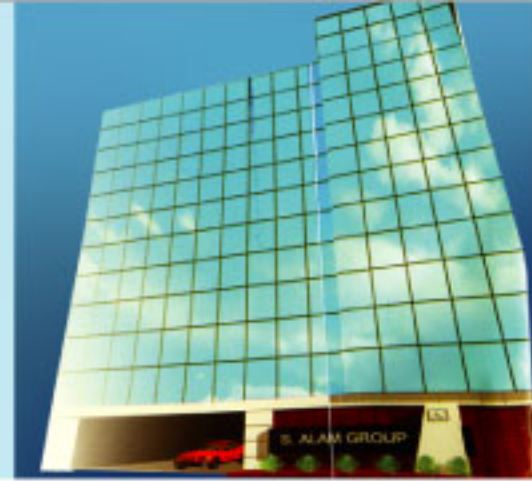
S. ALAM COLD ROLLED STEELS LIMITED



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COMPANY PROFILE



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

Year of Incorporation	:	2000
Commencement of Commercial Production	:	2004
Legal Status	:	A Public company limited by Share.
Factory	:	Kalarpool, Shikalbaha Patiya, Chittagong.
Corporate & Registered Office	:	S. Alam Bhaban 2119, Asadgonj, Chittagong. Phone : 031-636649, 636997, 611426 611195, 638258, Fax : 031-618187 E-mail : sag@s.alamgroupbd.com sharedivision@s.alamgroupbd.com Website : www.s.alamgroupbd.com
Liasion office	:	Sharif Mansion (6th Floor) 56-57, Motijheel C/A, Dhaka- 1000. Phone : 02-9560631, 9560617 Fax : 02-9567483
Share are Listed with	:	Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.
Authorized Capital	:	Taka 350.00 Crore
Issued, Subscribed & Paid up Capital	:	Taka 89.428 Crore.
Products Variety	:	C.R. Coils, Baby coils, C.R. cut piece, off gauge, trimming etc.
Annual Capacity	:	120,000 M. Ton



CORPORATE MANAGEMENT

Board of Director :

Mr. Abdus Samad	:	Chairman
Mr. Mohammed Saiful Alam	:	Managing Director
Mr. Osman Gani	:	Director

Audit Committee :

Mr. A.K.M Ali Johar ACMA	:	Chairman
Mr. Abdus Samad	:	Member
Mr. Osman Gani	:	Member

Senior Corporate Official :

Mr. Ghulam Muhammed	:	Company Secretary
Mr. Md. Delwar Hossain ACA	:	Head of Internal Audit (A)
Mr. Samir Kanti Dhar	:	Chief Financial Officer (A)

Auditor :

Hoda Vasi Chowdury & Co
Chartered Accountants
Delwar Bhaban (4th Floor)
104, Agrabad Commercial Area, Chittagong.

Principal Banker :

Rupali Bank Ltd
Islami Bank (Bangladesh) Ltd.

Insurer :

Northern General Insurance Co. Ltd.

External Credit Assessment Institution :

Credit Rating Information & Services Ltd. (CRISL)





S. ALAM COLD ROLLED STEELS LIMITED

28 February 2011

The Shareholders
Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject : Annual Report for the year ended September 30, 2010

Dear Sir(s):

We are pleased to enclose a copy of the Annual Report together with Audited Financial Statements for the year ended September 30, 2010 along with notes thereon and Directors' Report for your record/necessary measures.

Sincerely yours


Company Secretary





এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড
S. ALAM COLD ROLLED STEELS LIMITED

Registered Office : S. Alam Bhaban, 2119, Asadgonj, Chittagong.

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28th February 2011.

NOTICE OF THE

10th ANNUAL GENERAL MEETING.

NOTICE is hereby given that the 10th Annual General Meeting of the Company will be held on Wednesday, the 30th March 2011 at 11.30 A. M at the 'Ichhamati Hall' of Hotel Agrabad, Chittagong to transact the following ordinary and special business and to pass and adopt necessary resolutions in that behalf:

A G E N D A :

1. To receive, consider and adopt the audited financial statements of the company for the year ended 30th September 2010 along with the Directors' Report and the Auditors' Report thereon.
2. To consider and declare dividend on the basis of the recommendation of the Directors.
3. To elect Director retiring by rotation from Sponsors' Group as well as to consent the extension of the term of office of the Managing Director for a further period of five years.
4. To elect a Director from Institutional Investors' Group and a Director from General Investors' Group.
5. To appoint Auditors to hold office until the next Annual General Meeting of the Company and to fix up their remuneration.
6. To transact any other business with permission of the Chair.

By order of the Board,

Mohammed Saiful Alam
Managing Director

Notes:

- a) The Record Date is 08/03/2011.
- b) Holder(s) of the Ordinary shares of the company, whose name will appear in the Depository Register as shareholder of the company at the close of business on the Record Date, will be eligible to attend and vote at the AGM. A member entitled to attend and vote at the Meeting may appoint a Proxy in his stead. The Proxy Form, duly filled in, signed and stamped with a revenue stamp of Tk.10/00 affixed thereon must be deposited at the Registered Office of the Company not later than 48 hours before the Meeting. Any friend or children accompanying with honourable shareholder or proxy will not be allowed admission to the Meeting.
- c) The Notice together with the Annual Report, Attendance Slip, and Proxy Form is being sent to all Shareholders through Courier Service, and copies thereof have been uploaded in the company's web site 'www.s.alamgroupbd.com' for perusal, information and ready reference of all concerns.
- d) Admission to the Meeting room will strictly be on production of the Attendance Slip sent with the Notice as well as verification of signature of Member(s) that the CDBL would furnish for the purpose. Shareholders may therefore collect Proxy Form and Attendance Slip, if so required, from the Registered Office or from the web site of the company on or before 28-03-2011. No Attendance slip shall however be issued on the date of the AGM.
- e) Two Directors, one from the 'Institutional Investors' Group' and the other from the 'General Investors Group', shall be elected in the 10th AGM. Nomination paper in prescribed form (available at the Registered Office) must be submitted at the Registered Office of the Company during office hours within 15-03-2011 and withdrawal, if any, thereof may be made latest by 20-03-2011. The nomination form so submitted shall be scrutinized at 11.00 A. M. on 21-03-2011 and the list of valid candidates shall be displayed on Notice Board of the Share Department at the Registered Office of the company at 12.30 P. M the same day.
- f) For the sake of convenience, shareholders are requested to submit queries, if any, on the Directors' Report and the audited Accounts for the year ended 30th September 2010 at the Registered Office of the Company at least 3 working days before the date of the AGM.
- g) In terms of the SEC's Notification # SEC/SRMI/2000-953/1950 dated 24/10/2000 read with DSE Memos # DSE-161/2008/5561 of 13/10/2008 and # DSE-161/2008/6055 of 30/10/2008, no benefit in cash or in kind by way of gift or otherwise, other than in the form of cash dividend or stock dividend, shall be paid to the holders of equity shares in the capital of the company. Therefore, neither any TA/DA nor any kind of gift shall be admissible/allowable to any shareholder for attending the AGM.
- h) The Hon'ble shareholders are requested to submit to the Company's registered office, in due course, **their written option as to whether to pay off the dividend**, if declared and approved in the AGM, (a) through transfer of cash dividend to the bank of the shareholder for depositing into the shareholder's account provided the shareholder will bear the applicable service charge, if any, of the shareholder's banker **OR** (b) through issuance of dividend warrant in the name and address of the shareholder concerned as provided in the BO account set up. In this connection, the hon'ble shareholders are also requested to make sure that the Bank Account details in their BO Account are correct.



A Message
from
the
Chairman

Dear Shareholders,

Assala-mu-alaikum

It is really a great privilege for me to be with you all once again and to welcome you to the 10th Annual General Meeting of the company to review your company's business activities and to celebrate the result of another year.

The earning of Tk. 143,452,485/- as post-tax profit for the year as against that of the previous year of Tk.116,545,440/- in spite of the continued unabated electricity outages during the year affecting production, is, by the grace of Allah, a commendable achievement. It is for the able and far-sighted leadership and guidance of Mr. Mohammed Saiful Alam, Managing Director of the Company to adopt such time befitting strategies targeting a high and sustainable growth keeping in view the developments in the domestic and global economy, with the support of honest, faithful and untiring services of the executives and employees as well as continued active support and co-operation without which it would not have been possible for the company to achieve success in its business operations.

In the matter of setting up of a power plant to produce electricity to ensure regular and uninterrupted power supply to your company and to sell the excess of your company's requirements, to the REB and others, it is hereby reported that the proceeds available from the issue of right shares at one share for every two existing shares at face value subscribed by the shareholders during the period commencing from 01-02-2010 to 28-02-2010 have been used for financing 70% of the equity of S. Alam Power General Limited, incorporated for the purpose and which now is a subsidiary of your company. Keeping in view the best interest of the stakeholders at large, the descriptions of the proposed power plant had to be revised repeatedly, in consequence whereof, implementation by SAPGL of the power plant project has somewhat been delayed, and it is now expected that the said power plant project may, by the grace of Allah, be in operation by July 2012.

In the matter of installation of one complete Non-Oxide Furnace (NOF) type Continuous Galvanizing Line (CGL) for production of GP/CI Sheets consuming C. R. Coils produced by the company to meet the local demand of the environment friendly GP/CI Sheets and to export the same if possible, for which 53,34,480 Fully Convertible, 6% Dividend, Preference Shares of Tk.,100/- each have been subscribed by you, it is hereby reported that the project is in progress in full swing and near in completion. Your directors expect commissioning thereof by end April 2011, Insha-Allah.

There is no event affecting the values in the financial statements materially occurred after the balance sheet date except that the Directors recommended 10% stock and 5% cash dividend subject to approval thereof in the 10th Annual General Meeting,

Relying fully upon Allah and with the support and co-operation of our valued customers and honourable stakeholders we are compassionately confident to overcome all problems on our path to promote and realize the goal of high and sustainable growth and create our future a success in the best interest of the honourable shareholders.

May Allah shower upon us His unending blessings at all times,

Abdus Samad
Chairman.

From the Desk of the Managing Director



Bismillah-ir-Rahman-ir-Raheem

My dear Shareholders,

Assala-mu-alai-kum.

I feel privileged to welcome you to the 10th Annual General Meeting of the Company, and thank you all for making it convenient to attend the Meeting.

It is my great pleasure to record that by the grace of Almighty Allah, your Company has been able to achieve its stable growth for another year in spite of the fact that the steps taken by your Company to improve its operation to attain larger growth, are in their implementation stages.

The subscriptions received from 20/01/2010 to 26/01/2010 for 53,34,480 Fully Convertible 6% Dividend Preference Shares of Tk.100/- each have been invested for installation of a Non-Oxide Furnace (NOF) type Continuous Galvanizing Line (CGL) with cut-to-length (CTL) plant which, upon its commissioning would consume its 100% requirement of C. R. Coils produced by the Company as its raw material for production of GP/CI Sheets. The project is now near in completion and is expected to be commissioned by end April 2011, Insha-Allah.

It may however be mentioned here that the aforesaid 53,34,480 fully convertible Preference Shares, have during the year under report been converted into 9,41,108 Ordinary Shares of Tk.100/- each in accordance with the terms of issue thereof.

The subscriptions received from 01/02/2010 to 28/02/2010 of Tk.26,67,24,000/- through Right Issue of 26,67,240 Ordinary shares of Tk.100/- each at par. In accordance with the terms of issue thereof, your company had however invested Tk.26,84,00,000/- towards 70% equity in the share capital of S. Alam Power Generation Limited to set up and run a 17MWe power generating plant to ensure regular uninterrupted power supply to our project and to sell excess if any, to the national grid, REB and others. Due to revision of the project to make it updated with the latest developments, the implementation of the project is somewhat delayed. We are however hopeful that the said power generation project based on latest modern technology will Insha Allah be in full operation by July 2012.

We are confident that through rational policy decisions and adopting a pragmatic and sustainable strategy for domestic sector led growth with potential for export led strategies, your Company shall be able to keep continued the graph of its prosperity move upward, thus, safeguard our honorable shareholders' interest to a larger extent.

We always seek blessings from Almighty Allah to let your company attain and keep continued its sustainable growth.

Mohammed Saiful Alam
Managing Director.



Report of the
Directors
to the
Shareholders



S. Alam Cold Rolled Steels Limited

Bismillahir Rahmanir Rahim

Dear Shareholders,

It is a matter of great pleasure for me to welcome you all to the 10th Annual General Meeting of the Company and to submit before you the audited financial statements for the year ended 30th September 2010 together with the Auditors' Report thereon and brief description on affairs of the company.

1. Business activities:

The principal business activities of the company during the year under report continued, as in the past, to be the manufacture and marketing of C. R. Steel Strips in coils/sheets.

Net sales of the company during the year under consideration were Tk. 1,872,282,108.00 as against Tk. 1,737,943,129.00, Tk. 1,508,149,013.00 and Tk.1,339,096,004.00 of the previous three years ended respectively on 30/09/2009, 30/09/2008 and 30/09/2007.


2. Financial Results:

The financial results of the company for the year ended 30th September 2010 and recommend appropriations are as under:

(Figures in Tk. '000)

	Financial Year ended on			
	30/09/2010	30/09/2009	30/09/2008	30/09/2007
Profit before taxation	252,245	194,892	157,986	114,486
less: Provision for taxation (Deferred)	(39,425)	(39,541)	(36,027)	(42,917)
Less: Provision for Current Tax	(69,367)	(38,806)	Tax Holiday	Tax Holiday
Net Profit after Tax	143,452	116,545	121,959	71,569
Add: Un-appropriated profit b/f from previous year	89,053	52,525	21,252	29,700
Amount available for appropriation	232,505	169,070	143,211	101,269
Less: Proposed Dividend	10% stock & 5% cash (134,142)	15% (80,017)	17% (90,686)	15% (80,017)
Retained Earnings carried to Balance Sheet	98,363	89,053	52,525	21,252
Earning Per Share (EPS)	20.75	21.85	22.87	13.42

It may be mentioned here that the issued, subscribed and paid up capital of the company at the commencement of the year under consideration was Tk. 53,34,48,000/- which was subsequently raised during the year to Tk.89,42,82,800/- (a) at the first instance by issuance of Right Shares of 26,67,240 Ordinary Shares of Tk.100.00 each at par at a ratio of 1:2 (one right share for two existing shares held on the basis of the then existing paid up capital of Tk.53,34,48,000/= and (b) at the second instance, by conversion of 53,34,480 fully convertible 6% Dividend Preference Shares of Tk.100/- each into 9,41,108 Ordinary shares of Tk.100/- each at two stages. At first stage, one-half i.e. Tk.50/- of each of 53,34,480 fully convertible 6% Dividend Preference Shares of Tk.100/- each had been converted into 4,66,471 fully paid Ordinary Shares of Tk.100/- each at the rate of Tk. 571.79 the amount arrived at upon 30% discount to Tk. 816.84 which was the weighted average price of our shares traded at DSE during the period from 15.11.2009 to 30.04.2010. At the second and final stage the remaining one-half i.e. Tk.50/- of each



of 53,34,480 fully convertible 6% Dividend Preference Shares of Tk.100/- each had been converted into 4,74,637 fully paid Ordinary Shares of Tk.100/- each at the rate of Tk. 561.95 the amount arrived at upon 30% discount to Tk. 802.79 which was the weighted average price of our shares traded at DSE during the period from 15.11.2009 to 31.07.2010.

Your directors further report that in fulfilment of the purpose of issuance of the said Right Shares, Tk.26,84,00,000/- had been subscribed towards 70% equity of S. ALAM POWER GENERATION LIMITED, a private company limited by shares and incorporated to install and run 16 MW captive power plant to produce electricity to ensure regular uninterrupted power supply to our projects, and to sell the excess of our company's requirements, if any, to the Rural Electrification Board (REB) and others as may be approved by the regulatory authorities.

3. Credit Rating:

The Rating Committee of the Credit Rating Information and Services Limited (CRISL) had rated S. Alam Cold Rolled Steels Limited as follows based on financial statements of the Company up to September 2009 and other relevant quantitative as well as qualitative information up to date of rating declaration of 15-04-2010:

Long Term = A (indicating Good Investment Grade)

Short Term = ST-3 (indicating Sound Liquidity)

4. Dividend:

Considering the profit of the year and keeping consistency in recommendation of its dividend, the Directors recommend for declaration of 10% Stock and 5% Cash dividend for the year ended 30th September 2010 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting. The shareholders whose names would appear as the holder of Ordinary Shares of the Company 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. The Dividend if approved by the shareholders at the Annual General Meeting will absorb Tk. 13,41,42,420/-.

5. Subsidiary company:

The Statement of the company's interest as holding company in the subsidiary company - S. Alam Power Generation Limited, as specified in sub-section of section 186 of the Companies Act 1994, is attached to the Report and Accounts of the Company.

6. Going Concern:

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 doubt upon Company's ability to continue as a going concern; therefore the going concern basis has been adopted in preparing these financial statements.

7. Subsequent events:

Since end of the financial year under review nothing happened affecting financial position of the company save and except that the Directors recommend for declaration of 10% Stock and 5% cash dividend for the year ended 30th September 2010 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

It is however reported here that the proceeds of the Right Shares had been used for financing 70% of the equity of the S. Alam Power Generation Limited, a private company, incorporated as our subsidiary with primary object to set up a medium size Power Generation Plant at Chittagong to ensure uninterrupted power supply to our project upon completion of installation and commissioning of the said Power Plant.

It is further reported that in implementation of the object for issuance of the preference shares, erection and installation on turn key basis of one complete Non-Oxide Furnace (NOF) type Continuous Galvanizing Line (CGL) with Cut-To-Length (CTL) and auxiliaries with most modern and economically viable technology of TENOVA of Italy for production of GP/CI Sheets to meet locally increasing demand thereof and if possible to export the same, is in full progress under direct supervision of the Engineers and Supervisors from the Makers thereof namely TENOVA MULTIFORM PVT LIMITED, India, and your company expects, by the grace of Allah, to go for the trial production satisfactorily and to commence its commercial operation successfully by end April 2011. It may be mentioned here that for production of GP/CI Sheets, the said CGL plant will however use the C. R. Coils produced by the company as its prime raw material.

8. Directors:

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

	Representing	At 01/10/2009	At 30/09/2010
1. Mr. Mohammed Saiful Alam	Self (Sponsor)	1,33,362 shares.	2,09,453 shares.
2. Mr. Abdus Samad	Self (Sponsor)	80,017 shares.	1,25,670 shares.
3. Mr. Osman Gani	Self (Sponsor)	53,345 shares.	83,780 shares.
4. Mr. Shahidul Alam	S. Alam Vegetable Oil Ltd (Sponsor)	1,33,362 shares.	Resigned on 31/10/2009
5. Mr. M. A. Motalib Chowdhury	ICB nominee representing Institutional Investors.	1,05,550 shares.	Resigned on 25/11/2009
6. Mr. Iftekhar-uz-Zaman	ICB nominee representing Institutional Investors	Elected on 20/03/2010	77,475 shares
7. Mr. A. K. M. Ali Johar ACMA	General Investors.	25,000 shares.	39,263 shares.
8. Mr. Md. Aminul Hoque	Independent Non-shareholder director	Not required.	Resigned on 25/11/2009
9. Mr. Atiqur Rahman	Rupali Bank Ltd – Financiers.	Not required.	Resigned on 25/11/2009

On his re-appointment as such upon his re-election as Director from Sponsors' Group who retired in the last Annual General Meeting, Alhaj Abdus Samad continued as the Chairman of the Board of Directors while Alhaj Md. Saiful Alam continued to be the Managing Director and Chief Executive Officer of the company. In total 10 Meetings of the Board of Directors were held during the year under consideration with attendance of the directors as follows:

	Meetings attended
1. Mr. Mohammed Saiful Alam	8
2. Mr. Abdus Samad	10
3. Mr. Osman Gani	10
4. Mr. Shahidul Alam	1
5. Mr. M. A. Motalib Chowdhury	3
6. Mr. Iftekhar-uz-Zaman	3
7. Mr. A. K. M. Ali Johar ACMA	5
8. Mr. Md. Aminul Hoque, Independent Director	3
9. Mr. Atiqur Rahman representing Rupali Bank Ltd	Nil.

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

In the last Annual General Meeting held on 20/03/2010, Mr. Abdus Samad, who retired by rotation from the Sponsors' Group, had been re-elected and your directors in their meeting held on the same day, re-elected him as Chairman of the Board of Directors. Moreover, upon nomination of the ICB, Mr. Iftekhar-uz-Zaman was elected uncontested as Director representing Institutional Investors' Group while Mr. A. K. M. Ali Johar ACMA was elected on contest as Director from General Investors' Group in the last Annual General Meeting.

Mr. Osman Gani is the director from Sponsor Group retiring by rotation in the ensuing 10th Annual General Meeting, and being eligible, he offers himself for re-election.

Subject to the consent and ratification of the company in the ensuing Annual General Meeting, your directors in their 104th Meeting held on 26-02-2011 extended the term of office of the Managing Director held by Mr. Mohammed Saiful Alam for a period of further five years on and from 01-04-2011.

Vacancy of one director from the Institutional Investors' Group and one from the General Investors' Group are to be filled up in the 10th Annual General Meeting from valid nominee/contestant from each of the said Groups.

9. Pattern of Shareholding:

The name-wise details of the aggregate number of shares of the company held by the associated companies and the directors as well as shareholders holding 10% or more voting interest in the company are as follows:

- i) Associated companies and the shareholders holding 10% or more voting interest in the company:

Sl.No.	Names	Number of shares	Percentage
a)	S. Alam Steels Limited	16,75,631 shares.	18.74%
b)	S. Alam Cement Limited	8,37,815 shares.	9.37%
c)	S. Alam Hatchery Limited	8,37,815 shares.	9.37%
d)	S. Alam Vegetable Oil Limited	2,09,453 shares.	2.34%
e)	S. Alam Luxury Chair Coach Services Ltd.	2,09,453 shares.	2.34%

- ii) **The Directors:**

Sl. No.	Names	Number of shares	Percentage
a)	Mr. Mohammed Saiful Alam	2,09,453 shares.	2.34%
b)	Mr. Abdus Samad	1,25,670 shares.	1.41%
c)	Mr. Osman Gani	83,780 shares.	0.94%
d)	Mr. Iftekhar-uz-Zaman	77,475 shares.	0.87%
e)	Mr. A. K. M. Ali Johar, ACMA	39,263 shares.	0.44%

During the financial year under consideration neither the Company Secretary, the Chief Financial Officer, the Head of Internal Audit and five top salaried executives of the company, nor their spouses and minor children held any share in the capital of the company.

The number of shareholders of the company as classified by their holding-shares at 30th September 2010 is as follows:

No. of holders	Holding	Total Holdings	%
9,207	Less than 500 shares	11,35,357	12.70
819	501 to 5,000 shares	11,21,892	12.55
68	5,001 to 10,000 shares	5,10,385	5.70
38	10,001 to 20,000 shares	5,92,905	6.63
11	20,001 to 30,000 shares	2,61,423	2.92
9	30,001 to 40,000 shares	3,12,928	3.50
8	40,001 to 50,000 shares	3,57,033	3.99
8	50,001 to 1,00,000 shares	5,45,615	6.10
6	1,00,001 to 10,00,000 shares	24,29,659	27.17
1	Over 10,00,000 shares	16,75,631	18.74
10,175	Total:	89,42,828	100%

10. Audit Committee:

The AUDIT COMMITTEE re-constituted on 25/11/2009 on adhoc basis comprising of the following persons:

- | | |
|---|----------|
| 1. Mr. Osman Gani, Sponsor Director | Chairman |
| 2. Mr. Mohammed Saiful Alam, Sponsor Director | Member |
| 3. Mr. Abdus Samad, Sponsor Director | Member |

had subsequently been re-constituted on 20/03/2010 with the following persons:

- | | |
|--|----------|
| 1. Mr. A. K. M. Ali Johar, ACMA, Director (General Investors' Group) | Chairman |
| 2. Mr. Abdus Samad, Sponsor Director | Member |
| 3. Mr. Osman Gani, Sponsor Director | Member |


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

	Position	Meetings attended
1. Mr. A. K. M. Ali Johar, ACMA	Chairman	3
2. Mr. Shahidul Alam	Member	1
3. Mr. Osman Gani	Member	4
4. Mr. Mohammed Saiful Alam	Member	1
5. Mr. Abdus Samad	Member	3

11. Additional Statements:

Your Directors are pleased to report that:

- the financial statements prepared by the management present fairly the company's affairs, the result of its operations, cash flows and changes in the equity;
- proper books of account have been maintained;
- company's accounting policies have consistently been applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent concept of accounting;
- all of the related Bangladesh Accounting Standard and Bangladesh Financial Reporting Standard have been followed in preparation of financial statements;
- the system of internal control in assessment of risk is sound in design and has been effectively implemented and monitored;

- 
- (f) there is no significant doubts upon the company's ability to continue as going concern;
 - (g) the Audit Committee had no findings reportable to the Board of Directors during the year ended 30/09/2010; and
 - (h) there is no significant deviation in the operating result from that of the previous year.
 - (i) 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.

12. Corporate Governance:

The status of compliance in accordance with the requirements of the SEC Notification # SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 issued u/s. 2CC of the Securities and Exchange Ordinance 1969 is annexed hereto vide Annexure-1.

13. Auditors:

The current Auditors of the company - M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, having their satisfactory completion of audit for a consecutive period of four years retire at the ensuing Annual General Meeting. On the fact that your directors recommended dividend for the relevant year is in excess of the statutory requirement for enabling the Company to continue with them, therefore being eligible under SEC Order # SEC/CFD-71/2001/Admin/02/05 of 03/01/2002, they offer themselves for re-appointment for the next term. Subject to clearance from SEC, a resolution to re-appoint them as Auditors for the next term and to fix up their remuneration will therefore be tabled for approval of the shareholders at the forthcoming Annual General Meeting.

14. Human Resource Management:

People are the most important resource and key to the success of any organization. We are really proud of the commitment and passion, both individually and through extra-ordinary teamwork of our officials, employees and workers that helped your Company to achieve the success and for the betterment of the organization. The Company as in the past continued to experience harmonious and excellent industrial relationship throughout the year.

15. Appreciation:

I on my own behalf and on behalf of the Board of Directors of the Company take this opportunity to express our special thanks to the members of the public who have placed their confidence on the company by purchasing shares and supporting the activities of the company by participating in all calls from the Company. Your Company could not have achieved what it has achieved today without support of the public shareholders.

We do hereby also express our deep appreciation, sincere gratitude and profound thanks to the Government of the People's Republic of Bangladesh and its other agencies, the regulatory authorities including Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., and the Registrar of Joint Stock Companies & Firms for the cordial help, assistance, guidance and advices which they extended from time to time to the company.

We at the same time extend our heartiest thanks and appreciation to the sponsors, valued shareholders, bankers, insurance companies, utility providers, Auditors, customers, patrons and well wishers for their active and continuous support and co-operation as well as for the confidence they reposed in the company. The Directors also record their appreciation of the management, members of staff and all employees as a whole for their loyal, devoted and unrelenting services for the growth, betterment and development of the company.

for and on behalf of Board of Directors,

S. Alam Cold Rolled Steels Ltd



Abdus Samad

Chairman.

26th February 2011

ANNEXURE-1

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Ordinance 1969:

Condition No.	Title:	Compliance Status: (Put ✓ in the appropriate column)		Explanation for non-compliance with the condition:
		Complied	Not complied	
1.1	Board's size	✓		
1.2(i)	No. of Independent Director	✓		The position of Independent Director had fallen vacant on 25.11.2009 upon resignation of Mr. Md. Aminul Hoque on his personal ground.
1.2(ii)	Appointment of Independent Director	✓		The filling up of the position fallen vacant on 25.11.2009 is under process.
1.3	Chairman of the Board & Chief Executive	✓		
1.4	The Directors' Report on:			
1.4(a)	Fairness of Financial Statement	✓		
1.4(b)	Maintenane of proper books of accounts.	✓		
1.4(c)	Adoption of appropriate Accounting policies and estimates.	✓		
1.4(d)	Compliance with IAS.	✓		
1.4(e)	Soundness of Internal control system	✓		
1.4(f)	Ability to continue as a going concern.	✓		
1.4(g)	Significant deviation from previous year.	✓		
1.4(h)	Presentation of last 3 years' data.	✓		
1.4(i)	Declaration of Dividend.	✓		
1.4(j)	Details of Board Meeting.	✓		
1.4(k)	Shareholding Pattern	✓		
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary.	✓		
2.2	Attendance of CFO and CS at Board Meetings.	✓		
3.00	Audit Committee.	✓		
3.1(i)	Composition of Audit Committee.	✓		
3.1(ii)	Appointment of Audit Committee.	✓		
3.1(iii)	Service & Tenure of Audit Committee.	✓		



3.2(i)	Selection of Chairman of Audit Committee.	✓		
3.2(ii)	Qualification of Chairman of Audit Committee.	✓		
3.3.1(i)	Reporting of Audit Committee.			No such reportable findings.
3.3.1(ii)(a)	Report on conflict of interest.			No such reportable findings.
3.3.1(ii)(b)	Reporting of any fraud or irregularity or material defect in internal control system.			No such reportable findings.
3.3.1(ii)(c)	Reporting of infringement of laws.			No such reportable findings.
3.3.1(ii)(d)	Reporting of any other matter.			No such reportable findings.
3.3.2	Reporting of qualified point to Commission.			No such reportable findings.
3.4	Reporting to Shareholders and general investors.			No such reportable findings.
4.00	Non-engagement of External/Statutory Auditors:			
4.00(i)	in appraisal or valuation.	✓		
4.00(ii)	in designing of Financial Information System.	✓		
4.00(iii)	in Book-keeping.	✓		
4.00(iv)	in Broker-dealer services.	✓		
4.00(v)	in Actuarial services.	✓		
4.00(vi)	in Internal Audit.	✓		
4.00(vii)	in any other service.	✓		
5.00	Reporting Compliance in the Directors' Report	✓		





Of the Board as per SEC Notification # SEC/CMFRCD/2006-158/Admin/02-08 dated 20-02-2006

The Audit Committee is the means through which the Board of Directors carries on a supervisory role on internal audit so that a sound financial reporting system is in place to ensure proper and adequate internal financial control, and it

- (a) supervises performance of the management on the financial reporting;
- (b) reports to the Board of Directors the result of financial operations including mistakes, fraud, forgeries and other irregularities as well as on the findings of the internal audit findings, if there be any, from time to time to ensure instant compliance and regularization thereof;
- (c) examines the financial and management operational procedure and system to assess risks and to suggest modifications in the set up or policies so as to avoid such risks; and
- (d) has to review the financial statements prepared for statutory purposes.

It is hereby reported that on the basis of the internal audit findings we examined the system of internal control as well as the financial records and, we believe that our such examinations 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.

The management takes instant steps to implement the findings of the Audit Committee and to act upon as per their suggestions; therefore, no findings of any incidents remained unresolved requiring reporting thereof to the Board of Directors for redress.

The Committee through its four Meetings held during the year under review reviewed the financial statements at 30th September 2009 as audited by Hoda Vasi Chowdhury & Co., Chartered Accountants, the Annual Report 2008 and quarterly financial statements as at 31st December 2009, 31st March 2010, 30th June 2010 prepared for statutory purposes.

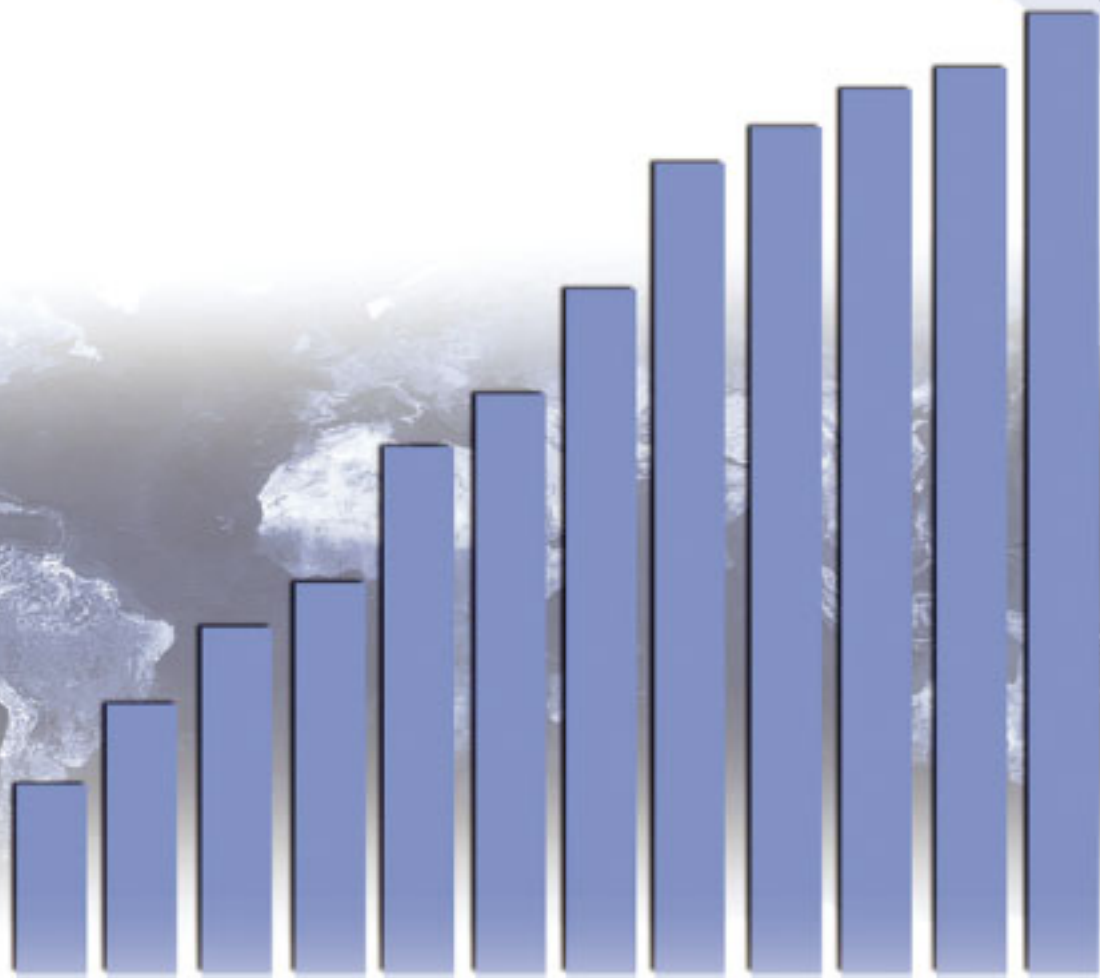
A handwritten signature in black ink, appearing to read 'A. K. M. Ali Johar'.

A. K. M. Ali Johar ACMA
Chairman
Audit Committee.

28 February 2011.

The top portion of the image features a complex, blue-toned collage of financial data. It includes various numerical values such as '17.2281', '421.37', '1856.41', and '-37%', along with numerous upward-pointing arrows of varying sizes and styles, some appearing as dotted patterns. The overall aesthetic is that of a busy stock market or financial dashboard.

Auditors' Report & *Financial Statements*



to the Shareholders of

S. ALAM COLD ROLLED STEELS LIMITED

We have audited the accompanying financial statements of S. ALAM COLD ROLLED STEELS LIMITED, which comprises the Statement of Financial Position as at 30 September 2010 and the related Comprehensive Statement of Income and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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 the auditor's 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, the auditor considers 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.

Opinion:

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 September 2010 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the securities and Exchanges Rules 1987 and other applicable laws and regulations.

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by S. Alam Cold Rolled Steels Limited so far as it appeared from our examination of those books;
- (iii) The Company's Statement of Financial Position, Statement of Comprehensive Income and its Statement of Cash Flow dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the Company's business.

Chittagong, 02 March 2011

Hoda Vasir Chy BCS
 CHARTERED ACCOUNTANTS
Habes

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010

	Notes	2010 Taka	2009 Taka
APPLICATION OF FUNDS			
TANGIBLE FIXED ASSETS	3	1,291,165,004	1,324,926,700
CAPITAL WORK IN PROGRESS	4	6,683,100	-
PRELIMINARY EXPENSES	5	-	-
SHARE ISSUE EXPENSES	6	4,564,606	2,173,180
CURRENT ASSETS			
Stocks	7	3,972,056,127	3,149,557,029
Book Debts	8	120,685,452	826,940,279
Investment	9	268,400,000	1,400,000
Loan to S. Alam Power Generation Limited		7,924,852	1,311,757
Advances, Deposits and Prepayments	10	146,455,965	82,818,550
Cash and Bank Balances	11	602,596,148	33,857,003
		5,118,118,544	4,095,884,618
CURRENT LIABILITIES AND PROVISIONS			
Creditors and Accruals	12	(685,068,260)	(645,113,924)
Advance against sales	13	(17,514,201)	(8,622,963)
Short Term Bank Loans	14	(2,587,165,036)	(2,614,957,683)
Provision for Workers' Profit Participation Fund	15	(13,447,572)	(10,377,356)
Income Tax payable	2.06 & 16	(108,173,554)	(38,806,130)
Unclaimed Dividend	18	(10,143,837)	(7,367,964)
Current portion of Term Loan	21	(376,800,000)	(360,531,000)
Proposed Dividend		(134,142,420)	(80,017,200)
		(3,932,454,880)	(3,765,794,220)
NET CURRENT ASSETS		1,185,663,664	330,090,398
TOTAL ASSETS LESS CURRENT LIABILITIES		2,488,076,373	1,657,190,278
DEFERRED LIABILITIES			
Deferred Income Tax	2.06 & 17	(184,997,722)	(145,572,452)
NET ASSETS	Taka	2,303,078,651	1,511,617,826
SOURCE OF FUNDS			
Share Capital	19	894,282,800	533,448,000
Share Premium	20	439,337,200	-
Retained Earnings		98,363,054	89,052,989
SHAREHOLDERS' FUNDS		1,431,983,054	622,500,989
Term Loan (Secured)	21	285,419,553	755,937,191
Loan from Associated Companies (Unsecured)	22	585,676,044	133,179,646
TOTAL FUNDS	Taka	2,303,078,651	1,511,617,826
CONTINGENT LIABILITIES AND COMMITMENTS			
	29		

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 26 February 2011
and were signed on its behalf by :


COMPANY SECRETARY



DIRECTOR


MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed


CHARTERED ACCOUNTANTS

Chittagong, 02 March 2011



S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 Taka	2009 Taka
Net Turnover	23	1,872,282,108	1,737,943,129
Cost of Goods Sold	24	(1,341,326,517)	(1,258,200,116)
Gross Profit		530,955,591	479,743,013
Operating Expenses			
Administration, Selling & Distribution Expenses	25	(32,427,813)	(31,298,368)
Trading Profit		498,527,778	448,444,645
Financial Expenses	26	(259,477,217)	(242,578,880)
Gross Operating Profit		239,050,561	205,865,765
Other Income - non-operating	27	29,900,883	1,681,362
		268,951,444	207,547,127
Contribution @ 5% of Operating profit to Workers' Profit Participation & Welfare Funds	15	(13,447,572)	(10,377,356)
Profit before amortisation of intangible assets		255,503,872	197,169,771
Amortisation of Preliminary Expenses	5	-	(149,020)
Amortisation of Share Issue Expenses	6	(3,258,693)	(2,128,670)
Net Operating Profit before Income Tax		252,245,179	194,892,081
Provision for Income Tax			
Current	2.06 & 16	(69,367,424)	(38,806,130)
Deferred	2.06 & 17	(39,425,270)	(39,540,511)
		(108,792,694)	(78,346,641)
Profit after Income Tax		143,452,485	116,545,440
Unappropriated Profit, brought forward		89,052,989	52,524,749
Profit available for Appropriation	Taka	232,505,474	169,070,189
Appropriations:			
Proposed Dividend			
Cash Dividend @ 5% (2009 @ 15%)		44,714,140	80,017,200
Stock Dividend @ 10% (2009 - Nil)		89,428,280	-
Transferred to General Reserve		-	-
Transferred to Dividend Equalisation Fund		-	-
		134,142,420	80,017,200
Unappropriated Profit, carried forward		98,363,054	89,052,989
	Taka	232,505,474	169,070,189
Earning Per Share (Basic)	33	20.75	21.85

These financial statements should be read in conjunction with the annexed notes
 and were approved by the Board of Directors on 26 February 2011
 and were signed on its behalf by :



COMPANY SECRETARY



DIRECTOR



MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong, 02 March 2011

Hoda Vasichy Leo
 CHARTERED ACCOUNTANTS

Habeo


S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CASH FLOW
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 Taka	2009 Taka
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers & others	8, 13, 23	2,615,627,117	1,784,110,651
Cash paid to suppliers & employees	7,12,24,24.1	(2,175,256,035)	(1,408,940,222)
Cash received / (payment) from short term bank loan	14	(27,792,647)	(201,053,309)
Financial Expenses	26	(259,477,217)	(242,578,880)
Cash Inflow / (Outflow) from Operating Activities		153,101,218	(68,461,760)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	3	(22,274,192)	(4,865,792)
Sale of Fixed Assets	3	2,680,000	2,850,000
Capital Work in Progress	4	(6,683,100)	-
Investment	9	(267,000,000)	(1,400,000)
Cash Inflow / (Outflow) from Investing Activities		(293,277,292)	(3,415,792)
CASH FLOW FROM FINANCING ACTIVITIES			
Share Issue Expenses	6	(5,650,119)	(74,185)
Loan to S. Alam Power Generation Limited	2.15	(6,613,095)	(1,311,757)
(Repayment) / Receipt of Term Loan	21	(454,248,638)	173,969,497
Increase In Share Capital	19	360,834,800	-
Loan (repayment) / receipt from Associated companies	22	452,496,398	(21,814,324)
Share Premium	20	439,337,200	-
Dividend paid		(77,241,327)	(110,877,038)
Cash Inflow / (Outflow) from Financing Activities		708,915,219	39,892,193
Net Increase/ (Decrease) in Cash & Cash Equivalents	Taka	<u>568,739,145</u>	<u>(31,985,359)</u>
Cash and Cash Equivalents at the beginning of the year		33,857,003	65,842,362
Cash and Cash Equivalents at the end of the year	Taka	<u>602,596,148</u>	<u>33,857,003</u>

These financial statements should be read in conjunction with the annexed notes
 AUDITORS' REPORT TO THE SHAREHOLDERS

See Annexed Report


 COMPANY SECRETARY


 DIRECTOR



 MANAGING DIRECTOR

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

Amount in Taka

Particulars	Share Capital	Share Premium	Unappropriated Profit	Total Equity
Balance at the beginning of the year	533,448,000	-	89,052,989	622,500,989
Share issued during the period:				
Through Rights Offer	266,724,000	-	-	266,724,000
Conversion from Preference Share Capital (1st half)	46,647,100	220,076,900	-	266,724,000
Conversion from Preference Share Capital (2nd half)	47,463,700	219,260,300	-	266,724,000
Net Profit (after tax) transferred from Profit & Loss Account	-	-	143,452,485	143,452,485
Proposed Dividend:				
Cash dividend	-	-	(44,714,140)	(44,714,140)
Stock dividend	-	-	(89,428,280)	(89,428,280)
Balance at the end of the year	894,282,800	439,337,200	98,363,054	1,431,983,054

These financial statements should be read in conjunction with the annexed notes
AUDITORS' REPORT TO THE SHAREHOLDERS
 See Annexed Report

Shahid


 COMPANY SECRETARY


 DIRECTOR


 MANAGING DIRECTOR

S. ALAM COLD ROLLED STEELS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

1.00 THE COMPANY & ITS OPERATIONS

The Company was incorporated on 12 December, 2000 vide the certificate # C-No 3842 of 2000, as a Public Limited Company with an authorized share capital of Tk.350 crores divided into 3.5 crores ordinary shares of Tk.100 each.

The factory is situated on 14.56 acres of land at Kalarpool, Shikalbaha, Patiya, Chittagong mainly to produce high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets with an approved annual capacity of 120,000 Tons. The project commenced commercial production on 16th February 2004. The principal activity of the company is to produce and sell high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets.

2.00 ACCOUNTING POLICIES

2.01 The accounts are prepared under historical cost convention on going concern basis following generally accepted accounting principles.

2.02 Revenue recognition

Revenue is recognized as and when goods are delivered.

2.03 Fixed assets – note 3.1

Fixed assets are stated at cost less depreciation thereon. Depreciation is charged under diminishing balance method on all fixed assets other than land (freehold) and land development. Depreciation on current year's additions is charged for the full year irrespective of the date(s) of acquisition

Rates of depreciation on various categories of fixed assets are as follows:

<u>Particulars</u>	<u>Rate of depreciation</u>
Internal Road and Embankment	10%-20%
Machinery	10%
Building	5%
Equipment and others	10%
Furniture and Fixtures	10%
Vehicles	20%

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

<u>Particulars</u>	<u>Capacity utilization</u>
Factory Building (including Leased Assets)	41.5%
Capital Machinery	41.5%
Factory equipment	41.5%
Generator	41.5%
Work Roll	41.5%
Luffing Crane and Jetty construction	41.5%
Coil Cart	41.5%

2.04 Intangible Assets – note 5 & 6

Preliminary expenses and share issue expenses are amortized at 20% per annum.

2.05 Stocks– note 7

<u>Category</u>	<u>Valuation</u>
Finished Goods	Valued at lower of cost or net realizable value whichever is lower.
Raw Materials	This is valued at landed cost on FIFO method
Chemicals, Stores and Spares	These are valued at weighted average cost on FIFO method.

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S. ALAM COLD ROLLED STEELS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2010

2.06 Income Tax

(i) Current – note 16

The Company was allowed tax holiday for periods of five years from the date 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 in 31 January 2009. During the year the Company earned a net profit of Tk 252,245,179 and necessary provision for income tax has been made as per ITO/ITR 1984.

(ii) Deferred – note 17

The company has decided to adopt policy of recognition of deferred tax in accordance with the Bangladesh Accounting Standard 12 (BAS-12). Deferred tax is provided using the liability method for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective Income Tax rate prevailing at the Balance Sheet date.

2.07 Borrowing costs

Borrowing costs incurred before commercial production (upto 15th February, 2004) have been capitalized to the respective fixed assets.

2.08 Employee benefits

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.

2.09 Earnings Per Shares (EPS)

Basic Earnings:

This represents earnings for the year attributable to ordinary shareholders. As there is no preference dividend, minority 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 Accounts)

Diluted Earnings per share:

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

2.10 Related party transactions

All the related party transactions have been accounted for, considering that these are on arms length basis.

2.11 Workers' profit participation fund – note 15

Provision for workers' profit participation has been made in the accounts @ 5% on profit before tax.

2.12 Provisions

A provision is recognized in the balance sheet when the company has a present obligation (Legal or constructive) as a result of a past event and when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.13 Foreign Currency Translation

The transactions in foreign currencies are translated into taka at the rate of exchange ruling on the date when the transactions take place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Bangladesh taka at the foreign exchange rate ruling at that date. Exchange currency differences, if any, arising on translation are recognized in the profit and loss account.

2.14 Reporting Period

The financial period of the Company covers from 01 October 2009 to 30 September 2010.

Shahid

3 TANGIBLE FIXED ASSETS

3.1 Operating Fixed Assets - at Cost Less Accumulated Depreciation - note 2.03

Particulars	Cost (Amount in Taka)			Depreciation Rate (%)	Depreciation (Amount in Taka)			Written Down Value as on 30.09.2010 (Taka)
	Opening Balance as on 01.10.2009	Addition During the Year	Deletion During the Year		Opening Balance as on 01.10.2009	Charge During the Year	Deletion During the Year	
Land and Land Development								
Free Hold Land (74.56 Acres)	62,042,890	-	-	-	-	-	-	62,042,890
Land Development	25,942,017	-	-	-	-	-	-	25,942,017
Internal Road and Drainage	3,936,580	-	-	10%	1,342,125	216,446	1,558,571	1,948,010
Embarkment	62,507,074	-	-	20%	26,504,633	2,603,645	32,108,280	10,403,794
	133,998,561	-	-		30,846,956	2,820,094	33,663,880	100,334,711
Building								
Factory Building (including Leased Asset)	303,888,880	-	-	5%	47,095,892	5,328,454	52,424,346	251,464,534
General Building	33,321,203	-	-	5%	8,080,922	1,263,014	9,343,936	23,977,267
	337,210,083	-	-		55,176,814	6,591,468	61,768,282	275,443,781
Machinery								
Capital Machinery	5,233,577,738	-	-	10%	363,746,731	36,095,497	399,842,228	4,833,675,510
Equipment & Appliances								
Press Equipment	7,060,080	-	-	10%	1,539,125	229,120	1,768,245	5,291,835
Office Equipment	1,048,110	6,300	-	10%	248,655	80,776	329,431	718,980
Guest House Equipment	1,413,095	130,000	-	10%	630,253	91,284	721,537	621,558
Computer	1,535,958	433,950	-	10%	593,555	137,635	731,190	1,234,718
Air Conditioners	1,904,166	110,000	-	10%	737,009	127,716	864,725	1,149,441
Generator	1,240,000	-	-	10%	366,849	36,236	403,085	836,915
Electric Line Installation	1,786,095	-	-	10%	628,491	115,760	744,251	1,041,844
Gas Line Installation	3,731,904	-	-	10%	1,601,663	213,004	1,814,667	1,917,237
Fire Engine/Quicker	58,100	-	-	10%	25,264	3,284	28,548	29,552
Telephone Line Installation	398,527	-	-	10%	167,363	22,914	192,297	206,230
Crushing Wheel	134,666	-	-	10%	59,925	7,474	67,399	67,267
Water Tank	113,500	-	-	10%	50,655	6,285	56,939	56,561
Work Roll	1,593,025	-	-	10%	477,291	46,552	517,843	1,075,182
Basin Link & Networking (Factory)	168,880	-	-	10%	57,842	11,104	68,945	99,935
Tools & Tackles	121,238	-	-	10%	54,109	6,713	60,822	60,416
Coal Ware House	5,607,518	-	-	10%	3,112,884	335,463	3,448,347	3,059,171
	27,774,862	682,259	-		9,346,952	1,471,339	10,818,291	17,638,821
Furniture & Fixtures	2,537,483	74,635	-	10%	937,302	165,463	1,102,765	1,489,346
Lifting Crain & Jolly Construction	54,944,203	-	-	15%	21,663,811	3,071,534	23,735,345	31,212,448
Coal Car	4,024,021	-	-	10%	2,371,844	234,565	2,606,409	5,417,612
Motor Vehicles	18,659,372	21,517,317	(3,733,660)	20%	10,630,346	5,366,989	(2,752,941)	13,004,794
Interior Decoration	4,378,096	-	-	15%	1,322,356	443,663	1,666,019	2,712,079
2010 Total	1,620,828,699	22,274,152	(3,733,660)		495,893,911	55,857,828	(2,752,941)	1,291,165,004
2009 Total	1,620,598,817	4,853,792	(6,554,060)		439,333,823	69,345,448	(1,385,563)	1,331,056,700

3.2 Depreciation Allocated to

Manufacturing Expenses - note 24.1

Administrative and Selling Expenses - note 25

2010 Total	2009 Total	Ratio
41,293,571	46,109,086	75%
13,764,457	15,056,562	25%
55,058,028	61,165,648	100%

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S. ALAM COLD ROLLED STEELS LIMITED

	2010 Taka	2009 Taka
4 CAPITAL WORK IN PROGRESS		
Capital Machinery for NOP Project	6,683,100	-
Taka	6,683,100	-
5 PRELIMINARY EXPENSES - note 2.04		
Opening Balance	-	149,020
Amortised during the year	-	(149,020)
Taka	-	-
6 SHARE ISSUE EXPENSES - note 2.04		
Opening Balance	2,173,180	4,227,665
Addition during the year	5,650,119	74,185
	7,823,299	4,301,850
Amortised during the year	(3,258,693)	(2,128,670)
Taka	4,564,606	2,173,180
<p>During the year the Company incurred an amount of Tk 5,650,119 for issuance of right & preference share. The said amount is to be written off within the next five years.</p>		
7 STOCKS - note 2.05		
Stores & Spares - note 7.1	212,300,398	209,452,841
Stock - in - trade - note 7.2	2,851,427,380	2,893,936,553
Stock - in - transit - note 7.3	908,328,349	46,167,635
Taka	3,972,056,127	3,149,557,029
7.1 Stores & Spares		
Stores & Spares	212,300,398	209,452,841
Tk	212,300,398	209,452,841
7.2 Stock - in - trade - note 24		
Raw Materials	2,615,603,059	2,717,861,958
Work - in - Process	121,066,106	58,384,335
Finished Goods	114,758,215	117,690,260
Tk	2,851,427,380	2,893,936,553
7.3 Stock - in - transit		
Raw Materials	907,734,466	41,075,124
Spares	593,883	5,092,511
Tk	908,328,349	46,167,635
8 BOOK DEBTS		
Cheron Ispat Limited	120,685,452	826,940,279
Taka	120,685,452	826,940,279
9 INVESTMENT		
S. Alam Power Generation Limited	268,400,000	1,400,000
Taka	268,400,000	1,400,000

The Company was incorporated on 9 April 2009 as a Private Limited Company. Authorised Share Capital of the Company is 10,000,000 ordinary Shares of Tk 100 each. Out of 3,834,286 Shares subscribed by the entrepreneur, the Company (SACRSL) subscribed 2,684,000 Shares of Tk 100 each total value being Tk 268,400,000. The commercial Production of the Company is yet to be commenced.

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	2010 Taka	2009 Taka
10 ADVANCES, DEPOSITS & PREPAYMENTS		
Advances - note 10.1	134,091,467	70,521,648
Deposits - note 10.2	12,364,498	12,296,902
Taka	146,455,965	82,818,550
10.1 Advances - note 10		
Expenses	9,501,600	10,642,158
Capital Expenditure	1,510,000	-
Against Construction (For NOF Project)	16,594,832	-
Bank Guarantee Margin	23,862,544	15,829,427
Advance Income Tax	80,385,817	42,638,389
VAT Current A/C	325,000	200,000
Supplementary Tax Current A/C	164,674	164,674
House & Office Rent	150,000	300,000
Others	1,597,000	747,000
Tk	134,091,467	70,521,648
10.2 Deposits - note 10		
Chittagong City Corporation	4,096,232	4,096,232
Chittagong Palli Bidyat Samity	7,038,000	7,038,000
Bakhrabad Gas Systems Limited	631,835	564,239
Bangladesh Telecommunications Limited (BTCL)	6,600	6,600
Gramen Phone (Bd.) Limited (for mobile)	20,000	20,000
Ansar, VDP	32,331	32,331
Securex Pvt. Limited	34,000	34,000
Central Depository Bangladesh Limited	500,000	500,000
Others	5,500	5,500
Tk	12,364,498	12,296,902
11 CASH & BANK BALANCES		
Cash in hand	39,011	29,532
Cash at Bank - note 11.1	602,557,137	33,827,471
Taka	602,596,148	33,857,003
11.1 Balances With Schedule Banks - note 11		
Rupali Bank Ltd. Anderkilla, Lalbagh East, Chittagong. (CD # 200064978)	2,563,177	13,986
Islami Bank Bangladesh Ltd., Khatunonj, Chittagong. (CD # 1060400002802)	12,456,690	668,396
Dutch Bangla Bank Ltd. Local office Dilkhusha, Dhaka. (CD#0101110000016146)	4,843	25,179
Agrani Bank, Agrabad C/A, Chittagong. (CD # 4038)	-	179
Agrani Bank, New Market Branch, Chittagong. (CD # 33009854)	10,000	-
Agrani Bank, Lalbagh East Branch, Chittagong. (CD # 33029373)	10,000	-
Islami Bank Bangladesh Ltd., Khatunonj, Chittagong.	20,287,148	19,201,107
First Security Bank Ltd., Khatunonj Branch, Chittagong. (CD # 11100008341)	149,411	22,700
First Security Bank Ltd., Khatunonj Branch, Chittagong. (SND # 2792)	31,190	-
First Security Bank Ltd., Khatunonj Branch, Chittagong. (MTDR)	549,846,339	-
EXIM Bank Limited, Khatunonj Branch, Chittagong. (CD # 1000198539)	15,806	-
First Security Bank Ltd., Khatunonj Branch, Chittagong. (SND # 2711)	45,768	-
First Security Bank Ltd., Khatunonj Branch, Chittagong. (SND # 13100002884)	5,261,205	-
Janata Bank Ltd., Shadharan Bima Corp Branch, Chittagong. (CD # 31259)	6,743,116	-
Jamuna Bank Ltd., Jubilee Road Branch, Chittagong. (CD # 00190211002360)	209,511	5,789
Jamuna Bank Ltd., Jubilee Road Branch, Chittagong.	-	6,274,354
Rupali Bank Ltd. Anderkilla, Lalbagh East, Chittagong. (STD # 240001344)	4,922,549	7,376,392
Southeast Bank Ltd. Principle office Branch, Dhaka. (CD # 11100036055)	384	239,114
Bangladesh Commerce Bank Ltd, Khatunonj Branch, Ctg. (CD # 2695)	-	275
Tk	602,557,137	33,827,471

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S. ALAM COLD ROLLED STEELS LIMITED

	2010 Taka	2009 Taka
12 CREDITORS AND ACCRUALS		
For other finance - note 12.1	196,259,006	7,902,935
For Supplies & Revenue expenses - note 12.2	7,256,573	6,844,185
Provisions for payments against Imports	481,552,681	630,366,804
	Taka 685,068,260	645,113,924
12.1 For other finance - note 12		
Sundry creditors	196,259,006	7,902,935
	Tk 196,259,006	7,902,935
12.2 For Supplies & Revenue expenses - note 12		
Audit fees payable	325,000	325,000
Professional fees payable	465,750	150,000
Electricity bill	2,845,075	3,272,268
Gas bill	311,036	311,036
Salary & wages	3,263,599	2,720,233
Telephone & Mobile charges payable	16,113	28,333
Office rent payable	30,000	37,315
	Tk 7,256,573	6,844,185
13 ADVANCE AGAINST SALES		
Other different parties	17,514,201	8,622,963
	Taka 17,514,201	8,622,963
14 SHORT TERM BANK LOANS		
Rupali Bank Ltd, Anderkilla Branch, Chittagong. (CC Hypo)	206,698,546	206,421,436
Rupali Bank Ltd, Anderkilla Branch, Chittagong. against (CC Pledge)	300,280,992	321,262,521
Rupali Bank Ltd, Anderkilla Branch, Chittagong. (LIM)	665,455,599	697,920,190
Rupali Bank Ltd, Anderkilla Branch, Chittagong. (LTR)	243,294,942	261,837,202
Islami Bank Bangladesh Ltd, Khatungonj Branch, Chittagong. (MPI) against imported Raw Materials with share of profit margin	786,199,059	535,644,654
Southeast Bank Ltd, Principal Branch, Dhaka. (LTR)	385,235,898	408,645,306
Southeast Bank Ltd, Principal Branch, Dhaka. (Time Loan)	-	183,226,374
	Taka 2,587,165,036	2,614,957,683
15 PROVISION FOR WORKERS' PROFIT PARTICIPATION FUND - note 2.11		
Opening balance	10,377,356	8,434,157
Provided @ 5% on net profit before charging WPPF	13,447,572	10,377,356
	23,824,928	18,811,513
Paid during the year	(10,377,356)	(8,434,157)
	Taka 13,447,572	10,377,356
16 INCOME TAX PAYABLE - note 2.06		
Opening balance	38,806,130	-
Provision made during the year	69,367,424	38,806,130
	108,173,554	38,806,130
Paid during the year	-	-
Closing Balance	Taka 108,173,554	38,806,130
17 DEFERRED INCOME TAX - note 2.06		
Opening balance	145,572,452	106,031,941
Provision made the year	39,425,270	39,540,511
	184,997,722	145,572,452
Provision released during the year	-	-
Closing balance	Taka 184,997,722	145,572,452
18 UNCLAIMED DIVIDEND		
Remaining unclaimed on account of:		
For the year ended 30 September 2006	418,838	793,463
For the year ended 30 September 2007	1,021,437	3,134,903
For the year ended 30 September 2008	976,475	3,439,598
For the year ended 30 September 2009	2,478,917	-
Interim dividend on Preference Share	562,395	-
Final dividend on Preference Share	4,685,775	-
	Taka 10,143,837	7,367,964

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S. ALAM COLD ROLLED STEELS LIMITED

19 SHARE CAPITAL

	2010 Taka	2009 Taka
19.1 Authorised capital 35,000,000 Ordinary shares of Tk 100 each	Taka 3,500,000,000	3,500,000,000
19.2 Issued, paid up & Called up capital 8,942,828 Ordinary shares of Tk 100 each fully paid-up in cash	Taka 894,282,800	533,448,000
	8,942,828	894,282,800
		533,448,000

During the year under audit the Company raised its capital by issuance of 2,667,240 nos of right share to the existing share holder at a ratio of 1:2 (1right share for every 2 shares held) to finance establishing a 16MW captive power plant by S. Alam Power Generation Limited. The Company also issued 5,334,480 nos of 6% fully convertible Preference Share for setting up NCF project, subsequently converted the same by issuing 941,108 nos of ordinary shares and balance amount of Preference Shares were transferred to share premium account.- note 20

19.3 Position of shareholding

	2010		2009	
	No. of Shares	Percentage (%) of share holding	No. of Shares	Percentage (%) of share holding
Alhaj Md. Saiful Alam	209,453	2.34	133,362	2.50
Alhaj Abdus Samad	125,670	1.41	80,017	1.50
Alhaj Md. Osman Gani	83,780	0.94	53,345	1.00
S. Alam Steels Limited	1,675,631	18.74	1,066,896	20.00
S. Alam Cement Limited	837,815	9.37	533,448	10.00
S. Alam Hatchery Limited	837,815	9.37	533,448	10.00
S. Alam Luxury Chair Cosch Services Ltd.	209,453	2.34	133,362	2.50
S. Alam Vegetable Oil Limited	209,453	2.34	133,362	2.50
Union Capital Limited	10,966	0.12	28,700	0.54
AB Bank Limited	30,415	0.34	57,602	1.08
Prime Bank Ltd. 1/A-1	5,523	0.06	69,200	1.30
ICB Unit Fund	83,075	0.93	89,700	1.68
ICB	77,475	0.87	105,550	1.98
IDLC, Portfolio A/c	9,020	0.10	75,450	1.41
Others	4,537,284	50.74	2,241,038	42.01
	8,942,828	100	5,334,480	100

19.4 Classification of Shareholders by holding

Holdings	No. of Holders	No. of Shares	Total Holdings (%)
Less than 500 shares	9,207	1,135,357	12.69573
501 to 5,000 shares	819	1,121,892	12.54516
5,001 to 10,000 shares	68	510,385	5.70720
10,001 to 20,000 shares	38	592,905	6.62995
20,001 to 30,000 shares	11	261,423	2.92327
30,001 to 40,000 shares	9	312,928	3.49921
40,001 to 50,000 shares	8	357,033	3.99239
50,001 to 100,000 shares	8	545,615	6.10115
100,001 to 1,000,000 shares	6	2,429,659	27.16880
Over 1,000,000 shares	1	1,675,631	18.73715
	10,175	8,942,828	100.00000

20 SHARE PREMIUM

	2010 Taka	2009 Taka
From 1st half conversion of Preference share to Ordinary share	220,076,900	-
From 2nd half conversion of Preference share to Ordinary share	219,260,300	-
	Taka 439,337,200	-

During the year the Company issued 5,334,480 Nos of 6% preference shares of Tk 100 each totalling Tk 533,448,000 to invest in NCF project. Subsequently a portion of shares i.e 941,108 ordinary shares of Tk 100 each were issued in two stage at Tk 94,110,800 and balance preference share money were transferred to share premium account. This conversion process in fact priced the Ordinary Shares at Tk 571.79 and 561.95 during first & second conversion respectively. The transaction & conversion of preference share is summarised below:

No. of share	Particulars of Share	Share Capital	Share Premium	Total
5,334,480	6% Convertible Preference Share of Tk 100 each	533,448,000		
466,471	Ordinary Shares of Tk 100 each	46,647,100	220,076,900	266,724,000
474,637	Ordinary Shares of Tk 100 each	47,463,700	219,260,300	266,724,000
941,108		94,110,800	439,337,200	533,448,000

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S. ALAM COLD ROLLED STEELS LIMITED

	2010 Taka	2009 Taka
21 TERM LOAN (SECURED)		
From Banks:		
Due within one year	376,800,000	360,531,000
Due after more than one year	285,419,553	755,937,191
	Taka 662,219,553	1,116,468,191
a) From Rupali Bank Limited, Lalbagh, Chittagong:		
Due within one year	271,200,000	237,331,000
Due after more than one year	192,670,704	503,782,676
	463,870,704	741,113,676
b) From Islami Bank Bangladesh Limited Khatungonj, Chittagong, Hire purchase Shirkatal Meelk (HPSM) A/c No. 20501064300003306		
Due within one year	-	-
Due after more than one year	58,715,966	137,674,048
	58,715,966	137,674,048
c) From Southeast Bank Limited, Principal Branch, Dhaka		
Due within one year	105,600,000	123,200,000
Due after more than one year	34,032,883	114,480,467
	139,632,883	237,680,467
	662,219,553	1,116,468,191

(i) Rupali Bank Limited

Security (First Charge)

100% registered mortgage of 10.70 Acres factory land and building, hypothecation of Plant and Machinery, furniture and fixture including inventories and personal guarantees of all the directors of the company jointly and individually.

Re-payment Schedule:

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

Rate of Interest: At the rate of 10%

(ii) Islami Bank Bangladesh Limited

Security (Second Charge):

Registered mortgage of factory land and building, hypothecation of Plant and Machinery including inventories on PARI PASSU basis with Rupali Bank Limited.

Re-payment Schedule:

Although no repayment schedule was given by the Bank, but the company initiated repayment from 10th May, 2004. During the year, the company made direct payment to the bank.

Rate of Profit: At the rate of 13%

(iii) Southeast Bank Limited

Security:

Usual charge documents, Hypothecation of goods to be imported, Creation of PARI PASSU charges on the fixed and floating assets of the company along with other existing lenders, Letter of Trust receipt & Personal guarantee of all the directors of the company

Rate of Interest: At the rate of 13%

22 LOAN FROM ASSOCIATED COMPANIES - (UNSECURED)

S.Alam Steels Ltd.	48,799,865	48,900,100
S.Alam Super Edible Oil Ltd.	19,044,574	19,501,845
S.Alam Vegetable Oil Ltd.	35,688,808	36,281,370
S.Alam Cement Ltd.	24,722,086	24,465,191
S.Alam Luxury Chair Coach Services Ltd.	3,774,616	4,031,140
S. Alam Refined Sugar Industries Ltd.	453,646,095	-
	Taka 585,676,044	133,179,646

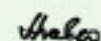
These loans are unsecured and interest free without any fixed term for repayment.

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	2010 Taka	2009 Taka
23 NET TURNOVER		
Sales net of VAT	1,872,282,108	1,737,943,129
Taka	1,872,282,108	1,737,943,129
24 COST OF GOODS SOLD		
Opening stock of Raw Materials		
HR Coil	2,701,548,150	1,938,540,822
Hydrochloric Acid	16,313,808	15,058,576
	2,717,861,958	1,953,599,398
Raw materials received (Purchased)		
HR Coil	1,144,999,939	1,908,644,262
Hydrochloric Acid	3,644,570	4,592,348
	1,148,644,509	1,913,236,610
Materials available for consumption	3,866,506,467	3,866,836,008
Closing stock of Raw Materials - note 7		
HR Coil	(2,598,713,432)	(2,701,548,150)
Hydrochloric Acid	(16,889,627)	(16,313,808)
	(2,615,603,059)	(2,717,861,958)
Raw Materials Consumption	1,250,903,408	1,148,974,050
Production Overhead - note 24.1	150,172,835	148,937,580
Cost of Production	1,401,076,243	1,297,911,630
Opening Stock of W.I.P	58,384,335	46,490,761
Opening Stock of Finished Goods	117,690,260	89,872,320
	176,074,595	136,363,081
	1,577,150,838	1,434,274,711
Closing Stock of W.I.P - note 7	(121,066,106)	(58,384,335)
Closing Stock of Finished Goods - note 7	(114,758,215)	(117,690,260)
	(235,824,321)	(176,074,595)
Taka	1,341,326,517	1,258,200,116
24.01 PRODUCTION OVERHEAD		
Stores and spares	29,387,330	25,578,638
Packing materials	1,872,131	1,679,465
Other chemicals	323,236	186,825
Salaries and Wages (including overtime)	21,994,906	25,061,679
Electricity charges	36,414,466	37,425,306
Gas bill	3,732,432	3,401,242
Fuel and lubricant-Factory (Generator)	316,980	735,170
Insurance premium	7,612,841	1,800,000
Depreciation (Note-3.2)	41,293,371	45,109,086
Medical and welfare	34,526	28,091
Labour charges	100,225	43,080
Repair and maintenance	4,461,047	4,582,092
Carrying charges	466,420	321,573
Uniform and liveries	58,050	1,250
Transportation	1,187,000	2,147,485
Stationery	174,696	154,233
Canteen expenses - Factory	423,053	562,410
Telephone charges	70,125	119,955
Lease rent expenses	250,000	-
Taka	150,172,835	148,937,580



	2010 Taka	2009 Taka
25 ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES		
Salaries and wages and benefits	5,777,165	3,894,242
Advertisement and publication	448,352	327,723
Depreciation (Note- 3.2)	13,764,457	15,036,362
Bank charges	148,698	72,935
Donations	321,500	361,780
Canteen expenses - office	531,568	549,226
Fees and fines	304,465	321,475
Guest house expenses	70,093	125,887
Legal and professional charges	777,000	861,550
Liaison office exp.	53,874	53,182
Office maintenance	408,358	442,501
Liaison Office rent	360,000	360,000
Newspaper and periodicals	900	-
Office decoration	64,000	57,000
Stationery	277,424	421,916
Postage and courier	20,104	70,333
Registration & renewal	410,313	662,750
Rent, rates and taxes	340,280	646,330
Telephone charges	162,143	220,281
Bank guarantee commission	4,499,024	3,436,213
Traveling and conveyance	412,455	429,024
Vehicle maintenance including fuel and lubricants	606,395	513,193
Management meeting & Conference	1,934,393	1,193,811
Electric bill-Head office	109,084	221,236
Miscellaneous expenses	300,768	694,418
Audit fee	325,000	325,000
Taka	<u>32,427,813</u>	<u>31,298,368</u>
26 FINANCIAL EXPENSES		
Interest on C.C (Hypo)	27,226,117	26,731,490
Interest on C.C(Pledge)	40,243,371	38,978,463
Interest on Term Loan	86,997,144	81,603,183
Profit on HPSM	10,087,688	13,430,919
Interest on LIM	17,285,422	15,047,324
Interest on LTR	77,637,475	66,787,501
Taka	<u>259,477,217</u>	<u>242,578,880</u>
27 OTHER INCOME (NON - OPERATING)		
Profit earned on MTDR	28,198,942	-
Profit from disposal of Fixed Assets	1,701,941	1,681,362
Taka	<u>29,900,883</u>	<u>1,681,362</u>



28 BANK FACILITIES

The following facilities are available with the company's banker:

Banker	Facilities	2010 Limit Taka	2009 Limit Taka
Rupali Bank Limited	Term Loan	113.48 Crore	113.48 Crore
	Cash Credit (Hypothecation)	20 Crore	20 Crore
	Cash Credit (Pledge)	25 Crore	25 Crore
	PAD / LIM	57 Crore	57 Crore
	Bank Guarantee	30 Crore	30 Crore
	Trust Receipt (LTR)	20 Crore	20 Crore
Islami Bank Bangladesh Ltd.	HPSM (Project Loan)	13.34 Crore	25 Crore
	Working Capital (LC/MPI/Bills/MBC/BG)	200 Crore	200 Crore
Southeast Bank Limited	Term Loan	24.68 Crore	24.68 Crore
	Working Capital (LC/LTR)	78 Crore	78 Crore

29 CONTINGENT LIABILITIES AND COMMITMENTS**(a) Contingencies**

The company had contingent liabilities at the Balance Sheet date which are as follows:

Rupali Bank Limited

Guarantee against cash margin Tk 26,722,492

Islami Bank Bangladesh Limited

Guarantee against cash margin Tk 14,239,613

(b) Commitments

Capital Expenditure Tk 471,250,000

Authorized but not contracted Nil

Contracted but not executed Nil

30 Net Assets Value per Share

	2010 Taka	2009 Taka
Net Assets Value per Share	<u>226.50</u>	<u>116.69</u>

The Composition of Net Assets Value per share is given below :

(a) Net Assets Value during the year Tk. 1,566,125,474 (2009: Tk.622,500,989)

(b) Weighted average number of Ordinary Shares at the close of business 6,914,375 nos(2009: 5,334,480)

31 Value per share on basis of cash flow from Operating Activities:

	2010 Taka	2009 Taka
Operating cash inflow/(outflow) per share	<u>22.14</u>	<u>(12.83)</u>

The Composition of Operating Cash Inflow/Outflow Value per share is given below :

(a) Operating Cash Inflow/Outflow during the year Tk. 153,101,218 (2009: Tk.68,461,760)

(b) Weighted average number of Ordinary Shares at the close of business 6,914,375 nos(2009: 5,334,480)

Shahid

32 RELATED PARTY TRANSACTIONS

The company has transactions with other associated companies that fall within the definition of related parties as set forth by BAS - 24. Such transactions are in normal course of business and are at terms which correspond to those on arms length transactions with the third parties.

Related parties comprise of companies under common ownership and common management control. At the Balance Sheet date, trade and non-trade balances with related parties were as follows:

Name of the related parties	Nature of relationship	Types of transactions	Volume of transactions	Outstanding on 30.09.10	Pricing policies
S.Alam Steels Limited	Shareholder, Common Shareholding, Common Directorship.	Temporary loan repaid Sales (Gross)	100,235 542,384,651	48,799,865 -	Interest free Market price
S. Alam Cement Limited	Shareholder, Common Shareholding, Common Directorship.	Temporary loan taken	256,895	24,722,086	Interest free
S. Alam Vegetable Oil Limited	Shareholder, Common Shareholding,	Temporary loan repaid	592,562	35,688,808	Interest free
S. Alam Luxury Coach Services Ltd.	Shareholder, Common Shareholding, Common Directorship.	Temporary loan repaid	256,524	3,774,616	Interest free
S. Alam Super Edible Oil Limited	Common Shareholding,	Temporary loan repaid	457,271	19,044,574	Interest free
S. Alam Refined Sugar Industries Limited	Common Shareholding, Common Directorship.	Temporary loan taken	453,646,095	453,646,095	Interest free

2010	2009
Taka	Taka

33 BASIC EARNINGS PER SHARE (EPS)

The composition of earning per shares (EPS) is given below:

Earning per share

20.75	21.85
-------	-------

- a Earning attributed during the year to the ordinary shareholders Tk.143,452,485 (2009: Tk.116,545,440)
b Weighted average number of ordinary shares at the close of business 6,914,375 nos (2009: 5,334,480 nos)

34 POST BALANCE SHEET EVENTS

No material events had occurred from the Balance Sheet date to the date of issue of this Balance Sheet which could materially affect the values stated in the Balance Sheet.

35 EMPLOYEES

Number of employees whose salary below Tk 3,000 per month
Number of employees whose salary above Tk 3,000 per month

Number of Employee (2010)	Number of Employee (2009)
-	-
214	206
Total	214

36 CAPACITY UTILIZATION

Installed Capacity
Actual Equivalent production (0.090mm to 0.420mm)
Capacity Utilizes

120,000 M. Ton
49,638 M. Ton
41.50% (5yr)

37 GENERAL

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

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

37.3 Bracket figure denotes negative. *Shaka*


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR



Subsidiary
PROFILE

17023

17023

3E549

Report of the **Directors**
to the **Shareholders**

S. ALAM POWER GENERATION LIMITED

Dear Shareholders,

Your Directors have the pleasure in presenting their 2nd Report along with the audited Accounts and the Auditors' report thereon for the year ended 30th September 2010.

Your Company was incorporated on 09/04/2009 under the Companies Act 1994 vide Certificate of Incorporation # CH-6951(297) of 2009 with an object, among others, to set up, own, operate and run captive and / or independent power plant for generation of electricity. Upon commissioning of the proposed power plant, the Company will primarily ensure regular and uninterrupted power supply to the projects of S. Alam Cold Rolled Steels Limited (SACRSL) and the excess of electricity, if there be any, shall be sold to the National grid, REB and other as may be approved by the regulatory authorities.

With approval of the Securities & Exchange Commission, the SACRSL received from 01-02-2010 to 28-02-2010 subscription of Right Shares from its valued shareholders and invested Tk.26,84,00,000/- towards 70% of the equity for the time being of your Company.

Keeping in view the requirement of electricity of the parent company – SACRSL, your Directors selected for a 16MW Captive Power Plant but due to revisions thereof to cope with the subsequent developments in type and description of the plant with a view to safeguard best interest of the honorable stakeholders, the finalization of the requisite plant of the project has been delayed. However, upon completion of analysis and evaluation of the technical as well as financial proposals received by your company on 26/09/2010 through invitation of International Tender Bidding Process, SOJITZ Machinery Corporation, world renowned machinery suppliers from Osaka, Japan has, in the mean time, been selected by your Company for award of the contract for the supply and delivery 17MWe Power plant equipment manufactured by WARTSILA of Finland and Technical assistance during installation and commissioning thereof and a Supply Contract for the equipment and services at a total CFR, Chittagong Port price of EUR 10,400,000 (Euro ten million four hundred thousand only) has in the meantime been signed. In supplement thereto, your Company had entered into another Engineering, Procurement and Construction (EPC) Contract with the Dipon Infrastructure Services Limited of Dhaka on its own behalf as well as on behalf of its sister concern DG Infratech Pte. Ltd of Singapore for supply of material and equipment of the balance of the aforesaid Plant and the services of designing, engineering, electrical and mechanical installation and construction works (excluding civil works) of the aforesaid 17MWe captive Power Plant, at a total contract of US\$. 2,8768,618.75 plus BD Taka 69,755,650.00. Your Directors expect that the said 17MWe captive power plant will, Insha Allah, be in operation by July 2012.

Your Company did not embark upon any commercial activities during the year under report. Your Company however earned Interest Income of Tk. 1,13,35,274.00 from its temporary investment made in FDR/MTDR and as the Company has not started its commercial operation as yet, the whole of such interest income is transferred to Revenue Reserve Account.

In the aforesaid circumstances, your Directors did not recommend any dividend for the approval of the valued shareholders.

The Director retiring by rotation is Mr. Abdus Samad who being eligible, offered himself for re-election.

M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, current auditors of the Company, retire and being eligible offer themselves for re-appointment.

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 to make your Company successful.



Abdus Samad
Chairman

28th February 2011.

to the
S h a r e h o l d e r s of
S. ALAM POWER GENERATION LIMITED

We have audited the accompanying financial statements of S. ALAM POWER GENERATION LIMITED, which comprises the Statement of Financial Position as at 30 September 2010 and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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 the auditor's 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, the auditor considers 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.

Opinion:

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 September 2010 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by S. Alam Power Generation Limited so far as it appeared from our examination of those books;
- (iii) The Company's Statement of Financial Position and its Statement of Cash Flow dealt with by the report are in agreement with the books of account and returns.

Chittagong, 02 March 2011

Hoda Vasichy Leo
CHARTERED ACCOUNTANTS
Shahed

S. ALAM POWER GENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010

	NOTES	2010 Taka	2009 Taka
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	5	383,428,600	2,000,000
Revenue Reserve		11,335,274	-
Total Shareholders' fund		394,763,874	2,000,000
Loan Funds			
Loan from Associate Companies (Unsecured)	6	8,374,852	1,311,757
Total Funds	Total	403,138,726	3,311,757
APPLICATION OF FUNDS			
Current Assets			
Due from Associate Companies	7	83,320,699	1,600,000
Advance, Deposit and Pre-Payments	8	450,000	-
Cash and Bank Balances	10	300,908,132	585,875
Interest Receivable	13	11,335,274	-
Total Current Assets		396,014,106	2,185,875
Current Liabilities & Provisions:			
Liabilities for Expenses	9	133,080	50,000
Total Current Liabilities		133,080	50,000
Net Current Assets		395,881,026	2,135,875
Other Assets :			
Preliminary Expenses	11	941,320	941,320
Un-Allocated Revenue Expenditure	12	6,316,380	234,562
Net Assets	Total	403,138,726	3,311,757

These financial statements should be read in conjunction with annexed notes

AUDITORS' REPORT TO THE SHAREHOLDERS

See annexed report

Shahed


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CASH FLOW
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 Taka	2009 Taka
A. Cash Flow From Operating Activities			
(Increase)/Decrease in Current Assets:			
Due from Associate Companies	7	(81,720,699)	(1,600,000)
Advance, Deposit & Prepayment	8	(450,000)	-
Total (a)		(82,170,699)	(1,600,000)
Increase/(Decrease) in Current Liabilities:			
Liabilities for Expenses	9	83,080	-
Total (b)		83,080	-
Net Cash inflow / (outflow) From Operating Activities (a+b)		(82,087,619)	(1,600,000)
B. Cash Flow From Investing Activities:			
Preliminary Expenses	11	-	(941,320)
Un - Allocated revenue expenditure	12	(6,081,818)	(234,562)
Net Cash inflow/ (outflow) From Investing Activities:		(6,081,818)	(1,175,882)
C. Cash Flow From Financial Activities:			
Associate Companies	6	7,063,095	1,311,757
Issuance of Share	5	381,428,600	2,000,000
Net Cash inflow/ (outflow) From Financial Activities:		388,491,695	3,311,757
Net Cash Increase / (Decrease) made during the year (A+B+C)		300,322,258	535,875
Add: Opening Cash and Bank Balances		585,875	-
Closing Cash and Bank Balance		300,908,133	535,875

These financial statements should be read in conjunction with annexed notes
 AUDITORS' REPORT TO THE SHAREHOLDERS

See annexed report

Amber



COMPANY SECRETARY



DIRECTOR



MANAGING DIRECTOR

S. ALAM POWER GENERATION LIMITED
NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. LEGAL FORM OF THE COMPANY

S. Alam Power Generation Limited, Chittagong a Private Company Limited by Shares was incorporated on 09 April 2009 vide Registration No. CH-6951(297) of 2009 under the Companies Act 1994.

2. NATURE OF THE BUSINESS

The company will carry on the business to install and run a captive power plant to produce and supply electricity.

3. SIGNIFICANT ACCOUNTING POLICIES :

The Financial Statements have been prepared according to Generally Accepted Accounting Principles based on Historical cost convention and the Bangladesh Accounting Standards guidelines have been followed according to the best knowledge of the company management.

4. GENERAL :

As the company not yet commenced commercial production, so no Manufacturing ,Trading and Profit & Loss Accounts have not been prepared for the period .

5. SHARE CAPITAL

Authorised Capital:

		2010 Taka	2009 Taka
10,000,000 Ordinary Share @ TK. 100 Each	TAKA	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Issued, Subscribed and Paid Up Capital :

3,834,286 Ordinary Shares @ TK. 100 Each	TAKA	<u>383,428,600</u>	<u>2,000,000</u>
--	-------------	--------------------	------------------

6. LOAN FROM ASSOCIATE COMPANIES (Unsecured)

S.Alam Power Plant Limited		450,000	-
S.Alam Cold Rolled Steels Limited		<u>7,924,852</u>	<u>1,311,757</u>
	TAKA	<u>8,374,852</u>	<u>1,311,757</u>

7. DUE FROM ASSOCIATE COMPANIES

S.Alam Steels Limited		<u>83,320,699</u>	<u>1,600,000</u>
	TAKA	<u>83,320,699</u>	<u>1,600,000</u>

8. ADVANCE, DEPOSITS AND PREPAYMENTS

ADVANCES :

Consultancy (Bidco Associates)		<u>450,000</u>	<u>-</u>
	TAKA	<u>450,000</u>	<u>-</u>

Shaleo

	2010 Taka	2009 Taka
9. LIABILITIES FOR EXPENSES		
Income Tax payable	21,020	-
VAT payable	12,060	-
Audit Fee Payable	100,000	50,000
TAKA	133,080	50,000
10. CASH AND BANK BALANCE		
Cash in Hand	-	-
Cash at Bank - note 10.2	300,908,132	585,875
TAKA	300,908,132	585,875
10.2 Cash at Bank		
First Security Islami Bank Ltd., Khatungonj Branch, Chittagong.	780,027	-
National Bank Limited, Khatungonj Branch, Chittagong.	118,830	585,875
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong.	9,275	-
Fixed Deposit Receipts (FDR) / MTDR with Banks :		
Janata Bank Limited, Shadaran Bima Corporate Branch, Chittagong.	250,000,000	-
Premier Bank Limited, Khatungonj Branch, Chittagong.	50,000,000	-
TK	300,908,132	585,875
11. PRELIMINARY EXPENSES		
Preliminary Expenses	TAKA	941,320
12. UN-ALLOCATED REVENUE EXPENSES		
Salary & Allowances	-	20,000
Entertainment	190,887	12,000
Postage & Stamp	160	13,420
Bank Charges	3,195	429
Miscellaneous Expenses	5,402,000	17,500
Legal & Professional Fee	512,500	112,500
Traveling & Conveyance	30,286	8,713
Stationary	12,147	-
Fees & Fines	50,700	-
License & Renewal Fee	10,425	-
Advertisement & Publications	4,080	-
Audit Fee	100,000	50,000
TAKA	6,316,380	234,562
13. INTEREST RECEIVABLE		
Interest Receivable on FDR	11,335,274	-
	11,335,274	-

As the Company has not start its commercial production yet. Whole amount of interest is transferred to revenue reserve account.

Shahed


COMPANY SECRETARY


DIRECTOR


MANAGING DIRECTOR

PHOTOGRAPHS OF 9TH ANNUAL GENERAL MEETING



এস. আলম কোল্ড রোল্ড স্টীলস্ লিমিটেড
S. Alam Cold Rolled Steels Limited
(A Member of S. Alam Group)

9th Annual General Meeting

Venue : Hotel Agrabad, Chittagong.

Date : 20th March, 2010

Time : 11.00 a.m.



PHOTOGRAPHS OF MEETING OF THE BOARD OF DIRECTORS





S. Alam Cold Rolled Steels Ltd.
S.ALAM BHABAN, 2119 ASADGONJ, CHITTAGONG

PROXY FORM

Affix
Revenue
Stamp of
Tk.10.00

I/We _____
of _____
being a member of S. Alam Cold Rolled Steels Ltd. do hereby appoint
Mr/Mrs/Miss _____
of _____
as my / our proxy to attend and vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company to be held on
Wednesday, the 30th March 2011 at 11.30 a.m at the **Ichamati Hall of Hotel Agrabad**, Chittagong and at any adjournment thereof.
As witness my hand this _____ day of _____ 2011

Signature of the Proxy _____ Signature of the Shareholder _____
Dated _____ BO ID No. :

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

 Dated _____

Note : The proxy form should reach the Corporate Office of the Company not less than 48 hour before the time fixed for the meeting.

Signature Verified

Authorized Signatory
S. Alam Cold Rolled Steels Ltd.



S. Alam Cold Rolled Steels Ltd.
S.ALAM BHABAN, 2119 ASADGONJ, CHITTAGONG

Attendance Slip

I hereby record my attendance at the 10th Annual General Meeting of the Company to be held on Wednesday, the 30th March 2011 at 11.30 a.m at the **Ichamati Hall of Hotel Agrabad**, Chittagong.

BO ID Number :

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

Name of the Member / Proxy : _____

No. of Shares held _____

Signature _____

Date :

Note : Please Present this slip at the Reception Desk.

Annual REPORT 2010



S. ALAM COLD ROLLED STEELS LIMITED (A Member of S. Alam Group)

Registered Office

S. Alam Bhaban, 2119, Asadgonj, Chittagong.
Phones: 00-880-31-636997; 636649; 611426; 611195 FAX: 00-880-31-618187

Liaison Office

Sharif Mansion (6th floor), 56-57, Motijheel Commercial Area, Dhaka
Phones: 00-880-2-9560631; 9560617 FAX: 00-880-2-9567483

E-mail: sag@s.alamgroupbd.com
sharedivision@s.alamgroupbd.com
Web: www.s.alamgroupbd.com



S. ALAM COLD ROLLED STEELS LIMITED