ANNUAL REPORT
2017-18



S. ALAM GROUP

S. ALAM COLD ROLLED STEELS LIMITED



03
Performance at a Glance for 2017-18

04
Company Profile

05
Corporate Information,

06
Management Apparatus

07
Letter of Transmittal

08
Notice

09
Message from the Chairman

10
From the Desk of the Managing Director

11-12
Directors' Profile

13-17
Directors' Report

18-36
Annexures

37
Audit Commitee Report

38
Snapshots of the 17th AGM

39-72
Auditors' Report & Audited Financial Statements-SACRSL (Consolidated)

73-102
Auditors' Report & Audited Financial Statements-SACRSL (Individual)

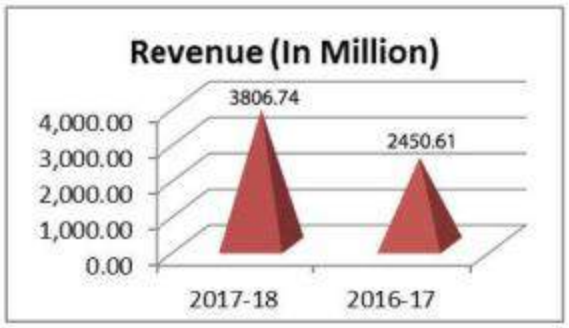
Subsidiary Profile:

103
Directors' Report - S. Alam Power Generation Ltd.

104-118
Auditors' Report & Audited Financial Statement-SAPGL

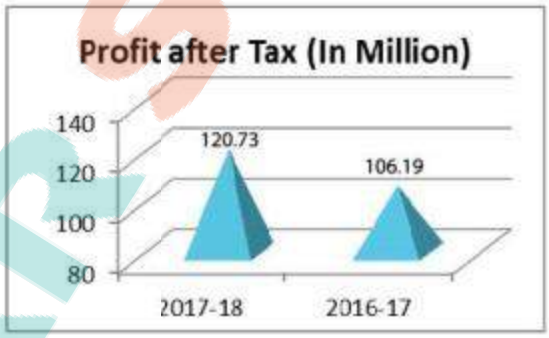
119
Proxy Form & Attendance Slip

AMARSTOCK





Performance at a glance
2017-18







COMPANY *Profile* of

S. ALAM COLD ROLLED STEELS LIMITED

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

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

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

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



CORPORATE INFORMATION

Legal Status	:	A public limited company incorporated in Bangladesh on 12th December, 2000 under the Companies Act 1994 and enlisted with Dhaka Stock Exchange Limited & Chittagong Stock Exchange Ltd.
Date of Listing with DSE & CSE	:	16th May 2006.
Commencement of Commercial Production	:	16th February 2004.
Factory	:	Kalarpool, Shikalbaha, Patiya, Chattogram
Corporate & Registered Office	:	S. Alam Bhaban, 2119 Asadgonj, Chattogram. Phone: +887-031-636649, 636997, 611426, 611195, 638258. Fax: +88-031-2869284 E-mail:sharedivision@s.alamgroupbd.com, Website: www.s.alamgroupbd.com
Liasion Office	:	Sharif Mansion (6th Floor), 56-57, Motijheel C/A, Dhaka-1000. Phone : 02-9560631
Authorized Capital	:	Taka 350.00 Crore
Issued, Subscribed & Paid up Capital	:	Taka 98.3711Crore.
Products Variety	:	C. R. Coil Plant - C.R. Coil NOF Plant - C.I. Sheet & G.P. Sheet
Annual Installed Capacity	:	C. R. Coil Plant - 1,20,000 M. Ton NOF Plant - 72,000 M. Ton

MANAGEMENT Apparatus



- **Board of Director**

Mr. Abdus Samad	Chairman
Mr. Mohammed Saiful Alam	Managing Director
Mr. Md. Osman Gani	Director
Mr. Mohammed Shahjahan	Director from ICB's Nominee (Institutional Investors)
Ms. Halima Begum	Director from General Investors
Mr. Sampad Kumer Basak FCA	Independent Director
Mr. Monotosh Chandra Roy FCA	Independent Director

- **Audit Committee**

Mr. Sampad Kumar Basak FCA	Chairman
Mr. Osman Gani	Member
Mr. Monotosh Chandra Roy FCA	Member

- **Nomination and Remuneration Committee**

Mr. Monotosh Chandra Roy FCA	Chairman
Mr. Abdus Samad	Member
Mr. Sampad Kumar Basak FCA	Member

- **Company Secretary**

Mr. Md. Shohel Amin	Company Secretary (In Charge)

- **Senior Corporate Officials**

Mr. Subrata Kumar Bhowmick FCA	Executive Director (Finance)
Mr. Moshiur Rahman	General Manager (Mills)
Mr. Md. Delwar Hossain FCA	Chief Financial Officer
Mr. Shimul Nandy	Head of Internal Audit and Compliance

- **Statutory Auditor** — M/s. Rahman Mostafa Alam & Co. Chartered Accountants
- **Corporate Governance Professional** — M/s. Hoda Vasi Chowdhury & Co. Chartered Accountants
- **Principal Banker** — Rupali Bank Ltd. Islami Bank (Bangladesh) Ltd. Janata Bank Ltd. Export Import Bank of Bangladesh Ltd.
- **Insurer** — Northern General Insurance Co. Ltd.
- **External Credit Assessment Institution** — Alpha Credit Rating Limited



Letter of Transmittal



December 22, 2018.

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

Dear Sir(s),

Annual Report for the year ended 30th June 2018.

We are pleased to transmit a copy of the Annual Report 2017-18 together with the audited consolidated financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary, individual audited financial statements of S. Alam Cold Rolled Steels Limited and its subsidiary S. Alam Power Generation Limited comprising the statement of financial position as at 30th June, 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended along with notes thereon along with the Directors' Report and the Audit Committee Report for your information and record.

Yours sincerely,

Md. Shohel Amin
Company Secretary (In Charge)

AMARSTOCK

এস. আলম কোল্ড রোল্ড স্টিল্‌স লিমিটেড
S. ALAM COLD ROLLED STEELS LIMITED
Registered Office: S. Alam Bhaban, 2119, Asadgonj, Chattogram.
Phones: 00-880-31-636997; 636649; 611426; 611195
Liaison Office: Sharif Mansion (6th floor), 56-57, Motijheel Commercial Area, Dhaka
Phones: 00-880-2-9560631 Web: www.s.alamgroupbd.com E-mail: sharedivision@s.alamgroupbd.com

NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of S. ALAM COLD ROLLED STEELS LIMITED will be held on Saturday, the 19th January, 2019 at 10.30 A.M. at Chittagong Club Limited, S. S. Khaled Road, Chattogram to transact the following businesses:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare and approve dividend for the year ended June 30, 2018.
3. To elect/re-elect the Directors of the company.
4. To approve the appointment of Independent Director.
5. To appoint Auditor for the year 2018-19 and fix their remuneration.
6. To appoint professional for Certification on Compliance of Corporate Governance Code for the year 2018-19 and fix their remuneration.

By order of the Board of Directors

Date: December 15, 2018
Chattogram

Mohammed Saiful Alam
Managing Director

NOTES:

1. Record Date: November 25, 2018. Members whose names appeared on the Members/Depository Register as on "Record Date" are eligible to attend the Annual General Meeting (AGM) and entitled to receive Dividend.
2. Proxy: A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her behalf. The "Proxy Form", duly filled and stamped Tk. 20 must be deposited at the Company's Registered Office located at 'S. Alam Bhaban, 2119, Asadgonj, Chattogram, not later than 48 hours before commencement of the AGM.
3. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June, 2018, copy of the Annual Report for the year ended 30th June, 2018 shall be sent to the e-mail address of the Honorable Shareholders mentioned in their respective Beneficial Owner (BO) accounts maintained with the depository.
4. The Annual Report and Proxy Form are available at the Company's Website. www.s.alamgroupbd.com.
5. Directors Election:
   A. Directors to retire by rotation from the Sponsor Group shall be re-elected in accordance with the provision of law.
   B. Nomination Form for the Institutional Shareholders and General Shareholders shall be available at the Registered Office within the office hour from 18-12-2018 to 23-12-2018.
   C. Nomination paper duly filled with signature and supporting documents shall be submitted to the Registered Office, S.Alam Bhaban,2119, Asadgonj, Chattogram within 27-12-2018. The last date to withdraw candidature is 30-12-2018.
   D. After proper scrutinizing, final list of the eligible candidate for Directors from the institutional shareholders and the general shareholders shall be displayed on the Notice Board of the Registered Office of the Company on 31-12-2018.
6. For explanation of the observation on financial statements, if any, shareholders are requested to submit their findings in writing at least 3 working days before commencing of the AGM.

SPECIAL NOTE: No benefit or gift in cash or kind shall be given to the Shareholders for attending the Annual General Meeting as per the BSEC Circular No. SEC/CMRRCD/2009-193/154 dated 24 October, 2013.

VANTAGE STOCK

Message from the CHAIRMAN



Dear Shareholders,
Assala-mu-alaikum

I am delighted to present the Annual Report of S. Alam Cold Rolled Steels Ltd. for the year ended 30th June 2018 and once again to warmly welcome you all, on behalf of the Board of Directors, at the 18th Annual General Meeting of the company.

Despite the challenging market environment, we presented another year of sustained growth and strong results behind a sharpened focus on winning with our stakeholders and better utilization of available resources. The Business performance of your company under the able and far-sighted leadership and guidance of its Managing Director Mr. Mohammed Saiful Alam continued to be very satisfactory during the year under report. The revenue income for the year is Tk. 3,806,743,594, registered 55.39% growth from that of the previous year of Tk. 2,450,608,401, Alhamdulillah.

The post-tax consolidated profit earnings for the year under consideration is Tk.120,73,969 with the EPS of Tk. 1.25 whereas that of the previous year was Tk. 106,192,600 with the EPS of Tk. 1.11, noted a 13.69% growth. Considering profit for the year, the Board of Directors has recommended a dividend of 10%, (i.e. cash) on the paid up capital, for the year ended 30th June 2018 subject to approval of the shareholders at the AGM.

Your Directors as well as management of the company completely understand the importance of the sustainable brand building and are committed to strengthen the company's brand further; toward this, they have ensured strictly quality compliance for each of the products. We are also taking various initiatives to enhance brand recognition and popularity among the target customers. We expect to keep the graph of our company's prosperity upward, Insha Allah subject, however, to a conducive and business-friendly environment prevails and things remain positive.

The operation of S. Alam Power Generation Ltd. (SAPGL), a subsidiary of this company remained continually suspended due to higher fuel cost on the production while lower sales value in the market, comparing the electricity price in the country. In this circumstance, the Directors of SAPGL emphasized on sourcing alternative fuel for the same and they have continued their best effort for getting permission for installation of gas line to the project for consumption in the production of electricity. The matter is under active consideration of the Authority. The Directors of the SAPGL firmly believe that they shall be able to get the requisite gas connection soon and shall be able to resume and continue its production, supply and distribution program.

Bangladesh Securities and Exchange Commission has issued a new Corporate Governance Code on June 03, 2018; therefore, your Board of Directors has adopted a new code of conduct in line with the Code. In addition, the Board has introduced a Nomination and Remuneration Committee along with other sub-committee of the Board with a view to evaluate the performance of the Directors and top executives of the company. I appreciate and hope this initiative will enhance the performance of the company.

Except that the Directors recommended 10% cash dividend subject to approval thereof in the 18th Annual General Meeting there is no other event affecting the values in the financial statements materially occurred after the balance sheet date.

Concluding my message, I would like to thank all of our esteemed Shareholders, Financial Institutions, Bankers, Regulatory bodies, Employees and Customers for their consistent support to the Company. I hope your continued support and patronization in the performance of the Company and also for the confidence you have reposed in the Company in its endeavors towards bigger achievements in days to come.

Abdus Samad
Chairman

From the Desk of the MANAGING DIRECTOR



Bismillahir Rahmanir Raheem

My dear Shareholders,
Assala-mu-alaikum

Once again, I take the opportunity to welcome you at the 18th Annual General Meeting of the company.

This is my great pleasure and privilege in presenting you the Annual Report of S. Alam Cold Rolled Steels Ltd. for the year ended June 30, 2018.

In the FY 2017-18, the economy of Bangladesh witnessed a sharp advancement in many respects. Notably, the GDP growth of the country exceeded its budgetary target 7.4%, recorded a third consecutive year growth over 7%, riding on the agriculture sector by 4.19%, Industry grew by 12.06% and the services sector contributed 6.39% on the overall growth. Stable political situations, tolerable inflation, booming export, positive inflow of remittance, no major natural calamity have led to perform such a remarkable improvement in the reported year.

Bangladesh is considered one of Asia's leading emerging steel markets and the size of the market has been growing by more than 15% over the years. The demand for steel will inevitably grow in line with the country's economic and infrastructural development. Implementation of the government's huge infrastructural development plans has been driving the double digit growth rate in the country's steel industry and the growth is expected to persist for the next decade amid ambitious development initiatives by the Government. Industry insiders anticipate that the present per capita steel rebar consumption in Bangladesh is expected to grow from existing 45kg to 72 kg by 2022 while Bangladesh is far behind from neighbour country and world average.

The steel sector will grow further riding on Bangladesh's dense population, enhancing life expectancy rate, rural development, changing lifestyle, rapid construction of economic zones, large investments in infrastructures, booming agriculture, thriving garments sector and an increase in energy supply with the import of LNG. We expect that your company's strong presence on the overall performance of the steel sector. Accordingly, we are also striving to keep the company's graph of prosperity upward by utilizing our core competencies and available resources.

Alhamdulillah, we are grateful to Almighty Allah that the year under report, your company passed a progressive year in many respects showing an upward trend in sales, profit, production efficiency and so on. The company performed well in all major financial indicators and registered 55% growth in sales revenue while 13.69% in EPS growth during the year. The Board of Directors of the company has recommended a 10% cash dividend for consideration at this Annual General Meeting by the shareholders.

To conclude my words, I express my heartfelt thanks and gratitude to you all for the support and faith you placed in us and in our accomplishments, the administration and the management of your company pledge its whole-hearted devotions and continued efforts to achieve our aspirations for the growth and prosperity of the Company and to safeguard your interest in the Company.

Mohammed Saiful Alam
Managing Director

DIRECTORS' Profile

Abdus Samad

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

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

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

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

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

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

Mohammed Saiful Alam

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

Mr. Alam, pioneer industrialist, is always placing his eagerness to attach any unexploited opportunity in the business community.

He is well travelled person and visited many countries in Asia, Europe, USA, Canada, Australia in connection with trade and business.

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

Besides holding Directorship in S. Alam Group, he is also the Chairman of First Security Islami Bank Limited, First Security Islami Capital & Investment Limited, Reliance Finance Limited, S. S. Power I Limited, Ekushey Television Limited, Reliance Brokerage Services Limited. He is also the Sponsor Shareholder of Al-Arafah Islami Bank Limited, Sponsor Director of Northern General Insurance Co. Ltd.

Osman Gani

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

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

At present, he is the member of the Audit Committee of the Company.

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

DIRECTORS' Profile

Halima Begum

Ms. Halima Begum, bearing the (BO ID 1203850035101292) is the Director elected from General Investors Group of the Company.

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

She is the proprietor of M/s. Brothers Syndicate.

Mohammed Shajahan

Mr. Mohammed Shajahan, is the Director of the company who had been elected by the shareholders of the company in their 17th Annual General Meeting and is representing the Institutional Investors' Group in the Board of Directors of the company on nomination made by the ICB.

Mr. Shajahan is the General Manager of the Investment Corporation of Bangladesh having 30 years of service experience. He successfully completed M.Com degree from the University of Chittagong. He also completed Banking Diploma from the IBB and took part various training program at different prestigious training Institute in the country. He has been discharging his responsibilities by holding various important positions at Investment Corporation of Bangladesh.

Monotosh Chandra Roy FCA

Mr. Monotosh Chandra Roy FCA is the Independent Director of the company and Fellow Member of Institute of Chartered Accountants of Bangladesh (ICAB).

He is very promising young professional Chartered Accountant having above 14 years of experience in the area of internal and external auditing and assurance, developing internal control system, company related matters, taxation, VAT and Customs, Business Corporate Management etc.

Apart from the role of Independent Director, he is also the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee of the Company.

Mohammad Ishaque

Mr. Mohammad Ishaque, a freedom fighter, was born in 1952. He joined BCS Administration in 1982 and retired as the Joint Secretary from Ministry of Establishment of Government of Bangladesh.

He has an extensive experience in the field of the administration as Magistrate (1st Class), UNO, ADC, DC (Acting), and on deputation he served several organizations like Secretary & CEO in Chittagong City Corporation, Director in EPB, Director Finance & Acting Chairman in BPC, Chairman in Chittagong WASA, Director in Sugar Corporation.

He was re-appointed as Independent Director of the Company in 2015 and resigned from the post on November 10, 2018. He was also the Chairman of the Audit Committee during the tenure of his directorship of the Company.

Sampad Kumar Basak FCA

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

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

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

Directors' Report

Bismillahir Rahmanir Rahim

Dear Shareholders,

Your Directors have the pleasure in presenting their 18th Annual Report to you together with the Audited Financial Statements of the company for the year ended 30th June, 2018. The report has been prepared in compliance with Section no. 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No: BSEC/CMRRCD/ 2006-158/207 /Admin/80 dated 03 June, 2018.

Financial Performance :

Key operating and financial results of the company and recommended appropriations for the year ended 30th June, 2018 with comparative figures for the previous years in summarized form are as under:

(Consolidated figures in Taka)

Particulars	2017-18	2016-17
Total Revenue	3,806,743,594	2,450,608,401
Gross Profit	581,915,664	327,648,336
Operating Profit	522,474,195	267,467,762
Profit before Tax	175,802,771	117,984,059
Profit After Tax	120,731,969	106,192,600
NAVPS	19.41	19.55
EPS	1.25	1.11
NOCPS	1.17	(18.39)

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

Particulars	First Quarter	Second Quarter	Third Quarter	Final
2017-18	0.33	0.22	0.74	1.25
2016-17	0.19	0.31	0.42	1.11

Principal Business Activities :

The principal business activities of the company during the year under report continued to be the manufacturing and marketing of C. R. Steel Strips in coils/sheets and production of GP/CI Sheets in its NOF Type Continuous Galvanizing Line (CGL). The performance of your company as depicted herein relates therefore to these segments / products of the company.

Industry outlook and possible future developments in the industry :

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

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

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

Being primary raw material for manufacturing of CI/GP Sheet, demand for CR Coil/Strips depends on the performance of the CI/GP Sheet manufacturing industries of the country. Dependence on CI/GP Sheet for household and other civil constructions could neither be stable nor be diminishing rather it would be increasing due to high spiralling prices of Rod, Cement and Bricks. GP/CI Sheet manufacturers integrated with CRC manufacturing facility shall be the clear gainer because easy access to raw materials (CRC) is one of the factors determining profitability of CI/GP Sheet manufacturing industry.

As producer of CR Coil/Strips since inception and as producer also of eco-friendly NOF type CI/GP Sheet since very recent past S. Alam Cold Rolled Steels Limited falls under secondary sector and has a strong presence in the domestic market as one of the leading producers thereof.
Future development as well as growth of the CR Coil manufacturing industry along with its recently commissioned eco-friendly NOF Type CI/GP Sheet manufacturing project, is therefore bright and healthy subject however to containing the adversities, if any, which arise to hamper economic activities for maintaining upward trend of its growth.

Segment-wise/ Product-wise Performance :

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

Risks and concerns :

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

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

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

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

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

Dividend :

The Directors recommend 10% Cash dividend for the year ended 30th June, 2018 keeping in view the profit of the period and consistency in recommendation of its dividend taking, at the same time, into consideration of the fact that the Company had to invest in its subsidiary, S. Alam Power Generation Limited to meet its requirements, which the Company as its parent company financing from its own source as interest free temporary loan. All those shareholders, whose names would appear in the Depository Register of Members in the CDBL system at the close of business on the record date, shall qualify for the said Dividend.

Subsidiary company :

S. Alam Power Generation Limited was incorporated on April 09, 2009 with 70% of its Equity held by this company with object among others to set up, operate and run a captive and/or independent power plant to produce and supply electricity. Upon commissioning and testing of the plant, it started its commercial operation on and from 28 August 2016.

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

In addition, as required by the said Corporate Governance Code, minutes of the Board Meeting of the subsidiary company are placed regularly for review at the following Board Meeting of this holding company, and the affairs of the subsidiary company are also reviewed at such Board Meeting of this holding company.

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

Subsequent events :

Nothing happened affecting financial position of the company since end of the financial year under review save and except that the Directors recommend for declaration of 10% cash dividend for the year ended 30th June 2018 subject to the approval thereof by the shareholders in the forthcoming Annual General Meeting.

Management Discussion and Analysis :

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

Board of Directors :

A. Composition and size of the Board:

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

B. Board Meeting and Attendance:

While Mr. Abdus Samad continued to be the Director and the Chairman of the Board of Directors, Mr. Mohammed Saiful Alam continued to be the Managing Director of the company. In total 4 (four) Meetings of the Board of Directors were held during the year under report with attendance of the Directors as follows:

Name	Position	Number of Board Meeting Held	Board Meeting Attended
Abdus Samad	Chairman	4	2
Mohammed Saiful Alam	Managing Director	4	2
Osman Gani	Director	4	4
Halima Begum	Director	4	4
Mohammad Shahjahan	Director	4	4
Mohammad Ishaque	Independent Director	4	4
Monotosh Chandra Roy FCA	Independent Director	4	4

C. Election/Re-election of Directors:

Under the provisions of Article 96 of the Articles of Association of the Company, Managing Director being Chief Executive of the Company shall not, while holding that office, be subject to retirement by rotation or taken into account for

retirement by rotation of directors. Mr. Osman Gani, a Director from Sponsor Group, therefore, shall retire by rotation in accordance with the Article No. 99 (b) at the ensuing 18th Annual General Meeting and being eligible, he offers himself for re-election.

Moreover, upon his nomination by the ICB, Mr. Mohammed Shahjahan, was elected un-contest as Director representing Institutional Investors' Group while Ms. Halima Begum was re-elected un-contest as Director from General Investors' Group in the last AGM shall retire at the forthcoming AGM.

The position of one director from the Institutional Investors' Group and one from the General Investors' Group will fall vacant in the ensuing AGM shall have to be filled up in the 18th Annual General Meeting from valid nominee/eligible contestant from each of the said Groups.

It is re-iterated that in compliance with the Notification No SEC/CMRRCD/2009-193/120/Admin/35 dated 07/12/2011 issued by the Bangladesh Securities & Exchange Commission each director other than Independent/Nominated Director(s) of the company holds minimum 2% (two percent) shares in the paid up capital of the Company and the Sponsors/Promoters/Directors jointly hold 48.5% shares in the existing share capital of the Company.

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

Directors' Remuneration :
Save and except fee for attending Board Meeting, no remuneration or allowances had been given to any Director during the year under report. The members of the Board of Directors get fee for each meeting of the Board of Directors which he / she attends. No such fee was however paid to any Director for attending any Meeting of the Audit Committee.

All Meetings of the Board of Directors were held in Chattogram during the year under report, Mr. Mohammed Shahjahan, ICB Nominee Director representing Institutional Investors' Group, had been reimbursed of his travelling and halting expenses at actual which he incurred in attending meetings of the Board of Directors in Chattogram as were entitled under Article 82 of the Articles of Association of the Company.

Pattern of Shareholding :
Details of pattern of shareholding are disclosed in the Annexure-I

Audit Committee :
As a sub-committee of the Board of Directors, the Audit Committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring good monitoring system within the business, and is responsible to the Board.

The primary role of the Audit Committee is to oversee the financial reporting process and disclosure of financial information, monitor internal control risk management process, oversee hiring and performance of external auditors, review the adequacy of internal audit function, monitor choice of accounting policies and principles, review management letters / letter of internal control weakness issued by statutory auditors, review statement of significant related party transactions submitted by the management, review along with the management the quarterly, half yearly and annual financial statements before submission to the Board for approval.

The Audit Committee was comprised of Mr. Mohammad Ishaque as its Chairman, Mr. Abdus Samad and Mr. Md. Osman Gani as its Members. All Members of the Audit Committee are financially literate.

Basis for Related Party Transactions :
All transactions with related parties are made in ordinary course of business on arm's length basis. A Statement of all related parties transactions are disclosed at Notes 42.00 of the Consolidated Financial Statements attached to this Annual Report.

Directors Responsibility Statements :
The Directors are also pleased to report that:

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

(b) The financial statements prepared by the management present fairly the company's state of affairs, the result of its operations, cash flows and changes in the equity;

(c) Proper books of account have been maintained;

(d) Appropriate accounting policies have consistently been applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgement;

(e) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS) /International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed;

(f) The system of 'internal control' in assessment of risk is sound in design and has been effectively implemented and monitored;

(g) Key operating and financial data for last five years disclosed in Annexure-E.

(h) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

(i) The Audit Committee had no findings reportable to the Board of Directors during the year ended 30/06/2018;

(j) No significant variance occurs between Quarterly Financial performance and Annual Financial Statements;

(k) There is no significant deviation in the operating result from that of the previous year;

(l) No bonus share or stock dividend has been or shall be declared as interim dividend.

(m) None from its directors nor its any member who hold 10% or more shares, excluding those held by mutual funds, portfolio managers and stock brokers, has borrowing through pledge of shares to lenders at the time of borrowing.

Corporate Governance :

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

Appointment/Re-appointment of Auditors:

The current Auditors of the company – M/S Rahaman Mostafa Alam & Co, Chartered Accountants, retire at the ensuing Annual General Meeting. They have satisfactorily completed audit of accounts of your Company for a consecutive period of 1 (one) years. The Bangladesh Securities & Exchange Commission (BSEC) by its Notification No. BSEC/ CMRRCD/ 2006-158/ 208/Admin/81 dated June 20, 2011, and also Listing Regulations of Stock Exchanges 2015, imposed condition, among others, that the issuer-company shall not appoint any firm of Chartered Accountants as its statutory auditors for a consecutive period exceeding three years, therefore, your Company is able to continue with them. The honourable shareholders are therefore requested to reappoint the said Auditors for the next term and to fix up their remuneration.

Appointment of Corporate Governance Professional:

In accordance with the condition no. 9 (2) of BSEC Corporate Governance Code, 2018, the Board, in its meeting held on October 27, 2018, considered the recommendation/ decision of the Audit Committee with respect to the appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants as the Corporate Governance Professional who will provide the certificate on compliance of the Corporate Governance Code for the year ended 30th June, 2019 at a remuneration of Tk. 50,000. Based on due consideration, the Board recommends for shareholders' approval regarding the appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants as the corporate governance professional for the Company.

Human Resource Management:

The Company has continuously adopted structures that help to attract best external talent and promote internal talent to higher roles and responsibilities. The Company providing an open work environment fostering continuous improvement and development helped employees realize their career aspirations during the year. The company has formed a talent pool with a clear succession. Your company is being represented by the professionals and graduates from top-ranked institutions of the country to

offset the growing challenge arising out of open market competition and to capture the greater pie of the market. Employee satisfaction, strategic orientation, compliance to the regulation, corporate environment etc. are some common ingredients of Human Resources Management of the company. As in the past the Company maintained harmonious and excellent industrial relationship throughout the year.

Occupational Health and Safety :

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

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

Internal Control System :

The Company has in place a proper system of internal controls to ensure that all assets are safeguarded against loss from unauthorized use or disposition; and that the transactions are authorized, recorded and reported correctly. Additionally, the Internal Financial Control and reporting process ensures robust financial monitoring and ensures compliances. The Company also deploys standard policies and procedures, covering relevant business aspects, which are designed to facilitate effective oversight on business operations.
The internal control system is periodically reviewed by the management, and supplemented by an extensive program of internal and external audits. The system is designed to ensure that financial and other records are reliable for preparing financial information, maintaining accountability of assets and providing reliable management information.

Appreciation :

We do feel proud of the confidence bestowed upon us continuously by our valued shareholders and for supporting the activities of the company. We at the same time extend our thanks and appreciation to the bankers, insurance companies, utility providers, auditors, customers, patrons and well wishers for their support and co-operation as well as for the confidence they reposed in the company. At the same time we place on record our appreciation, gratitude and thanks to the Government and its other agencies, the regulatory authorities including the Bangladesh Securities and Exchange Commission, the Dhaka Stock Exchange Ltd., the Chittagong Stock Exchange Ltd., and the Registrar of Joint Stock Companies & Firms for the cordial help, assistance, guidance and advices which your Company received from time to time. Your Company could not have achieved what it has achieved today without their support and co-operation.

For and on behalf of Board of Directors,



Abdus Samad
Chairman
Dated : 27th October, 2018.

Annexure-A

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

S. Alam Cold Rolled Steels Ltd.
Declaration by CEO and CFO

Date: October 27, 2018.

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

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/ CMRRCD/ 2006-158/207/Admin/80 Dated June 03, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of S. Alam Cold rolled steels Limited for the year ended on June 30, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

I. We have reviewed the financial statements for the year enced on June 30, 2018 and that to the best of our knowledge and belief:

   a. these statements do not contain any materially untrue statement or omit any material fact or contain state ments that might be misleading;

   b. these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

II. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

(Mohammed Saiful Alam)
Managing Director

(Shimul Nandy)
Chief Financial Officer (CFO)

Hoda Vasi Chowdhury & Co

Chartered Accountants

Annexure-B

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

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

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

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

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

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission, subeject to remarks and observation as repoted in the attached complience status.

(b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and

(d) The governance of the company is satisfactory.

Place: Chattogram
Dated: 15 November 2018

For Hoda Vasi Chowdhury & Co
Chartered Accountants

Showkat Hossain, FCA
Senior Partner

Annexure

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

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:
(Report under Condition No. 9)

Condition No.	Title	Compliance status (Put Pin the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	2	3	4	5
1	**Board of Directors:**			
1.1	**Size of the Board of Directors**: The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty)	√		
1.2	**Independent Directors:** All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:			
1.2(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		There are 2 (Two) Independent Directors in the Board of SACRSL.
1.2(b)	**For the purpose of this clause "independent director" means a director -**			
1.2(b)i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1.2(b)ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√		The Independent Directors declared their compliances.
1.2(b)iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		Do
1.2(b)iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		Do
1.2(b)v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		Do
1.2(b)vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		Do
1.2(b)vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code.	√		Do
1.2(b)viii)	who is not independent director in more than 5 (five) listed companies	√		Do
1.2(b)ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	√		Do
1.2(b)x)	who has not been convicted for a criminal offence involving moral turpitude	√		Do
1.2 (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√		
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		

1.3	**Qualification of Independent Director (ID)**			
1.3(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		The qualifications and background of ID justify their abilities as such.
1.3(b)	**Independent director shall have following qualifications:**			
1.3(b)i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			Not Applicable
1.3(b)ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or			Not Applicable
1.3(b)iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	√		
1.3(b)iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not Applicable
1.3(b)v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	√		
1.3(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1.3(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	√		
1.4	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-**			
1.4(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1.4(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1.4(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1.4(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1.4(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1.5	**The Directors' Report to Shareholders:** The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1.5(i)	An industry outlook and possible future developments in the industry;	√		The Directors' report represent compliance of this code
1.5(ii)	The segment-wise or product-wise performance	√		Do
1.5(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		Do
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	√		Do
1.5(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√		No such matter has arisen during the year.

1.5(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments	√		Not Applicable
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	√		Not Applicable
1.5(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1.5(x)	A statement of remuneration paid to the directors including independent directors;	√		
1.5(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1.5(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1.5(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		
1.5(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1.5(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	√		
1.5(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1.5(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1.5(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained.	√		
1.5(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1.5(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-		The Board recommended 10% cash dividend for the year
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1.5(xxiii)	**A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-**			
1.5(xxiii)a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1.5(xxiii)b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1.5(xxiii)c)	Executives; and	√		
1.5(xxiii)d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); **Explanation:** For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	√		
1.5(xxiv)	**In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:**			
1.5(xxiv)(a)	a brief resume of the director;	√		
1.5(xxiv)(b)	nature of his or her expertise in specific functional areas; and	√		
1.5(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1.5(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		
1.5(xxv)a)	accounting policies and estimation for preparation of financial statements;	√		

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

3.1(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3.1(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		No Such Matter has arisen during the year
3.2	**Requirement to attend Board of Directors' Meetings**			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√		
	Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3.3	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
3.3(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3.3(a)i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3.3(a)ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3.3(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3.3(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	**Board of Directors' Committee.-** For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		NRC was formed on 27-10-2018
5	**AUDIT COMMITTEE:**			
5.1	Responsibility to the Board of Directors:			
5.1(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		
5.1(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5.1(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		In Practice. the Duties are clearly written in the TOR of the Audit Comittee
5.2	**Constitution of the Audit Committee:**			
5.2(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		The Audit Committee has been comprised of 3 (Three) members
5.2(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5.2(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; Explanation: The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	√		

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5.2(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		The Board has appointed members in due time and no vacancy occurred.
5.2(e)	The company secretary shall act as the secretary of the Committee;	√		
5.2(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5.3	**Chairman of the Audit Committee:**			
5.3(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5.3(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5.3(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM	√		
5.4	**Meeting of the Audit Committee**			
5.4(a)	The Audit Committee shall conduct at least its four meetings in a financial year:			
	Provided that any emergency meeting in addition to regular meeting may be convered at the request of any one of the members of the Committee;	√		
5.4(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5.5	**Role of Audit Committee:** The Audit Committee shall:			
5.5(a)	Oversee the financial reporting process;	√		
5.5(b)	monitor choice of accounting policies and principles;	√		
5.5(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5.5(d)	oversee hiring and performance of external auditors;	√		
5.5(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5.5(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5.5(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5.5(h)	review the adequacy of internal audit function;	√		
5.5(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5.5(j)	review statement of all related party transactions submitted by the management;	√		
5.5(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5.5(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		

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5.5(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	√		
5.6	**Reporting of the Audit Committee:**			
5.6(a)	**Reporting to the Board of Directors:**			
5.6(a)i)	The Audit Committee shall report on its activities to the Board.	√		
5.6(a)ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
5.6(a)(ii)a)	report on conflicts of interests;	√		There was no reportable case of conflict of interest for the year ended 30th June, 2018
5.6(a)(ii)b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	√		No such matter has arisen during the year.
5.6(a)(ii)c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	√		DO
5.6(a)(ii)d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	√		DO
5.6(b)	**Reporting to the Authorities:**If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			DO
5.7	**Reporting to the Shareholders and General Investors:** Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		The Audit Committee Report is disclosed in the annual report and signed by the Chairman of the AC.
6	**Nomination and Remuneration Committee (NRC).-**			
6.1	**Responsibility to the Board of Directors**			
6.1(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√		The Board has formulated a NRC on 27-10-2018
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6.1(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6.2	**Constitution of the NRC**			
6.2(a)	The Committee shall comprise of at least three members including an independent director;	√		
6.2(b)	All members of the Committee shall be non-executive directors;	√		
6.2(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6.2(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6.2(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-		No such matter has arisen after formation of NRC

6.2(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-		No such matter has arisen during the year.
6.2(g)	The company secretary shall act as the secretary of the Committee;	√		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6.2(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6.3	**Chairperson of the NRC**			
6.3(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6.3(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-		No such event occurred during the year
6.3(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	√		will attend in the upcoming AGM.
6.4	**Meeting of the NRC**			
6,4(a)	The NRC shall conduct at least one meeting in a financial year	-		Not Applicable during this year
6,4(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC	-		No such case has arisen after formation of NRC
6,4(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)	√		
6,4(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6.5	**Role of the NRC**			
6.5(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6.5(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
6.5(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		
6.5(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6.5(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6.5(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6.5(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6.5(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6.5(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6.5(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6.5(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		

6.5(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		To be disclosed in Annual Report - 2018-19
7	**EXTERNAL/STATUTORY AUDITORS:** The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7.1(i)	appraisal or valuation services or fairness opinions	√		The Statutory Auditor has declared their compliances.
7.1(ii)	financial information systems design and implementation;	√		DO
7.1(iii)	book-keeping or other services related to the accounting records or financial statements;	√		DO
7.1(iv)	broker-dealer services;	√		DO
7.1(v)	actuarial services;	√		DO
7.1(vi)	internal audit services or special audit services;	√		DO
7.1(vii)	any service that the Audit Committee determines;	√		DO
7.1(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		DO
7.1(ix)	any other service that creates conflict of interest.	√		DO
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	√		DO
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		DO
8	**Maintaining a website by the Company**			
8.1	The company shall have an official website linked with the website of the stock exchange.	√		
8.2	The company shall keep the website functional from the date of listing.	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	**Reporting and Compliance of Corporate Governance.**			
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. Explanation: "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant" means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the Chartered Secretaries Act, 2010.	√		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		The Board has recommended for appointing such professional at the ensuing AGM.
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

MANAGEMENT DISCUSSION & ANALYSIS

Annexure D

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

Global Economy :

According to the latest IMF World economic outlook, Global output is estimated at 3.9 percent for both 2018 and 2019. The anticipated growth rate for advanced economies is 2.4 percent and 2.2 percent for 2018 and 2019 respectively. More specifically, changes in US tax policy tend to promote economic activity, with the short-term impact in the United States mostly triggered by the investment response to corporate income tax cuts. Yet the primary force that will boost the overall global outlook over the period of 2018/19 is the rapid growth expected in emerging market and developing economies. This area's growth is estimated to be 4.7 percent in 2017 and is forecasted to reach 4.9 percent for 2018, while the IMF projects a further increase in growth to 5.0 percent in 2019. Emerging and Developing Asia is expected to maintain its robust performance, growing at 6.5 percent in 2018–19. Growth in China is projected to moderate from 6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019, as regulatory tightening of the financial sector takes hold and external demand softens. However, geopolitical tensions and trade wars are the key challenges that may impact the global growth.

Bangladesh Economy :

The Bangladesh economy has been able to maintain sustained economic growth throughout the last decade registering more than 6% GDP Growth rate while 7.3% is expected for the year 2018-19. The per capita national income reached US$ 1,751 in FY2018. On the production side, manufacturing led industry sector, and service sector, respectively, contributed 3.8 and 3.2 percentage points GDP growth in FY18, followed by 0.6 percentage points contribution from agriculture sector. Remittances increased at a healthy annual pace and these inflows have helped to reduce external imbalances, as reflected by a significant year-on-year narrowing of the current account deficit. Annual average headline inflation settled at 5.7 percent in September 2018, non-food and core inflation slightly picked up, respectively, to 5.5% and 5.7%, while food inflation fell to 5.4%. Exports registered 13.39 percent growth while import grew by 27.45 percent in FY2017-18 comparing last year. Due to the surplus in Balance of Payment foreign exchange reserve at the end of September, 2018 stood at US$ 31,957 million.

This fiscal year, economic growth is likely to slow but remain robust due to strong private consumption and investment. However, an uncertain political environment, risks of natural disasters, a shaky global trade environment and a struggling domestic banking system all cloud prospects. IMF projected GDP to expand 7.3% in FY 2019, which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, sound implementation of the reform activities.

Global Steel Industry :

In 2017, the World crude steel production reached 1,689 million MT and showed a growth of 3.8% from the previous year. Crude steel production witnessed an increase across regions including Europe, America, Africa, the Commonwealth of Independent States (CIS), Middle East, Asia and Oceania. China, Japan, India, and the US continued to dominate crude steel production being the top four countries in crude steel production in 2016.

Outlook :

Global steel production is expected to continue witnessing robust growth in the near future in both developed and developing economies. Chinese mills will look to boost output ahead of winter (production) restrictions and take advantage of higher margins. The global steel demand is expected to reach 1,616.1 MT in 2018, an increase of 1.8% over 2017. In 2019, it is expected to grow by 0.7% to reach 1,626.7 MT. The World Steel Association forecasted its October, 2018 Short Range Outlook (SRO) that the global steel demand will reach 1,657.9 Mt in 2018, an increase of 3.9% over 2017. In 2019, it is forecast that global steel demand will grow by 1.4% to reach 1,681.2 Mt.

Bangladesh Steel Industry :

Bangladesh is one of Asia's leading emerging steel markets and has a growing need for raw materials and steelmaking technologies. IMF forecasts that average GDP growth in Bangladesh in the period from 2018 to 2020 will be more than 7%, which is significantly higher than that of many other emerging markets. The movement towards a

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

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

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

According to the World Steel Association, theapparent steel consumption of the country was 2.7 million MT in the FY 2014 compared to 2.4 million MT in the FY 2013. However, According to the industry insiders, the annual steel consumption of steel (both graded and non-graded) products now stands at roughly 7.0 million MT including long products and flat products - CR/GP sheet. The steel sector will grow further riding on Bangladesh's dense population, enhancing life expectancy rate, rapid construction of economic zones, large investments in infrastructures, booming agriculture, thriving garments sector and an increase in energy supply with the import of LNG.

Preparation of Financial Statements :

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

Accounting Policies and Estimates :

In the preparation of Financial Statements, no accounting treatment different from that prescribed in the Accounting Standard has been followed. The details of accounting policies & estimates applied for the preparation of Financial Statements are described in note no. 3.00 of Audited Financial Statements. There are no changes in accounting policies & estimates for the fiscal year 2017-2018.

Financial Performance:

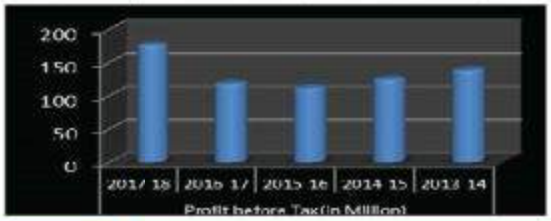
During the financial year ending 30th June, 2018, your Company witnessed a steady increase in profit comparing to the last year financial performance. The year gone, witnessed growth in the overall performance of the Company despite rationalization in steel prices and its impact on demand for steel. This can be attributed to the ability of the Company to manage business dynamically and respond with agility to changing macro environment.

Financial Position of Last Five Years:

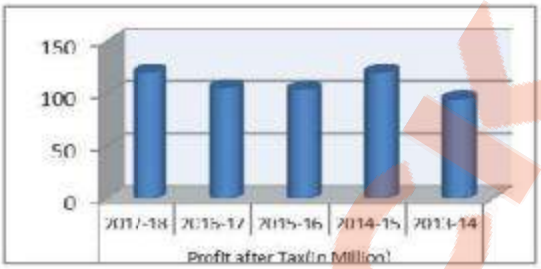
S. Alam Cold Rolled Steels Ltd. **Taka in Million**

Operational Results	2017-18	2016-17	2015-16	2014-15	2013-14
Revenue	3,806.74	2,450.60	2,836.00	4,194.12	3,354.66
Gross Profit	581.92	327.64	306.49	411.34	446.18
Profit after Tax	120.73	106.19	104.38	120.70	95.43
EPS	1.25	1.11	1.08	1.23	0.98
Net Assets Value (NAV)	19.41	19.55	19.44	19.86	20.12
Net Operating Cash Flow	1.17	(18.39)	6.85	(19.47)	6.47
Proposed/Declared Dividend	10% cash	10% cash	10% Cash	15% Cash	15% cash

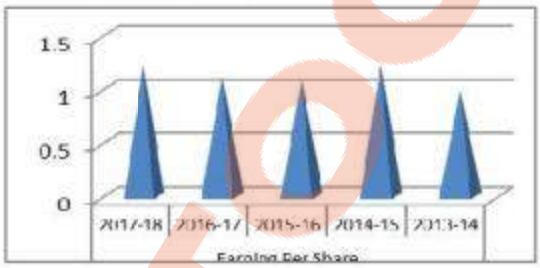












Financial Performance of Peer Industry:

All the companies in the peer industry except Appollo Ispat Complex Ltd. are non-listed companies therefore; financial data of the other companies are not published for general information. The data published and available in the website of Appollo Ispat Complex Ltd. are summarized hereunder:

Appollo Ispat Complex Ltd. **Taka in Million**

Operational Results	2017-18	2016-17	2015-16	2014-15	2013-14
Revenue	3,863.83	5,714.34	5,306.37	5,136.93	4,946.75
Gross Profit	716.03	1,110.37	1,194.15	1,140,32	994.60
Profit after Tax	21.41	478.73	753.45	508.45	373.56
EPS	.05	1.35	2 .13	1.77	1.84
Net Assets Value (NAV)	20.19	22.15	23.38	24.37	31.37
Net Operating Cash Flow	.82	0 .33	3 .65	2.13	(0.71)
Proposed/Declared Dividend	3% Stock	10% Stock	10% Stock & 5% Cash	10% Stock & 3% Cash	15% Stock

Risk and mitigation:

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

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

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

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

Future planning:

Total sales, during the financial year 2017-18, has increased more than 50% comparing to the last financial year despite several challenges and it is expected that growth in sales will be continued in the upcoming year also. Apart from this, if the commercial operation of its subsidiary- S. Alam Power Generation Ltd. can be resumed subject to the approval of gas connection or sourcing fuel at lower cost and congenial business atmosphere remains favorable more revenue may be added in line with normal operation of the company.

Mohammed Saiful Alam
MANAGING DIRECTOR

Annexure E

Key Operating Financial Performance for Last Five Years

PARTICULARS	30.06.2018	30.06.2017	30.06.2016	30.09.2015	30.09.2014	30.09.2013
Operating Information	**CONSOLIDATED (BDT in Million)**					
Revenue	3,806.74	2,450.61	2,836.00	4,194.13	3,354.66	3,777.72
Cost of Sales	(3,224.83)	(2,122.96)	(2,529.51)	(3,782.78)	(2,908.47)	(3,189.71)
Gross Profit	581.92	327.65	306.49	411.34	446.18	588.01
Selling and Distribution Expenses	(0.86)	(3.39)	(1.97)	(11.39)	(3.20)	(5.19)
Administrative Expenses	(58.58)	(56.79)	(50.50)	(69.89)	(45.27)	(45.96)
Operating Profit	522.47	267.47	254.02	330.06	397.71	536.86
Financial Expenses	(345.06)	(151.86)	(147.72)	(223.94)	(266.23)	(299.68)
Profit before Non -operating Income	177.42	115.60	106.30	106.12	131.48	237.18
Other Income	0.00	0.83	0.65	1.39	-	0.05
Finance Income	8.08	8.23	10.70	23.69	13.99	49.73
Contribution to WPPF and Welfare Fund	(9.69)	(6.68)	(6.11)	(6.83)	(7.46)	(13.47)
Profit before Tax	175.80	117.98	111.53	124.37	138.01	273.49
Income Tax Expenses	(55.07)	(11.79)	(7.16)	(3.67)	(42.57)	(77.40)
Total Comprehensive Income	120.73	106.19	104.38	120.70	95.43	196.09

Balance Sheet Information	**CONSOLIDATED (BDT in Million)**					
Non Current Assets	4,260.16	4,209.70	4,138.94	4,064.56	3,919.15	3,734.28
Current Assets	9,577.10	9,938.08	7,775.59	11,405.37	9,475.53	6,690.53
Total Assets	13,837.25	14,147.78	11,914.53	15,469.93	13,394.68	10,424.81
Shareholder's Equity	1,909.20	1,922.70	1,912.21	1,954.00	1,979.22	2,010.53
Non-Controlling Interest	128.55	131.04	133.70	135.09	136.72	137.87
Non-Current Liabilities	1,604.45	1,863.27	1,894.27	1,949.10	2,134.79	2,049.26
Current Liabilities	10,195.05	10,230.78	7,974.34	11,431.74	9,143.94	6,227.16
Total Liabilities	11,799.50	12,094.05	9,868.61	13,380.84	11,278.73	8,276.41
Other Information :						
Earnings Per Share (Taka)	1.25	1.11	1.08	1.23	0.98	1.94
Proposed/Declared Dividend	10% Cash	10% Cash	10% Cash	15% Cash	15% cash	13% cash
Net Asset Value Per Share (Taka)	19.41	19.55	19.44	19.86	20.12	20.44
Net Operating Cash Flow Per Share (Taka)	1.17	(18.39)	6.85	(19.47)	6.47	0.82

Annexure-F

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

Particulars	Year ended on 30.06.2018 (Consolidated)	Year ended on 30.06.2017 (Consolidated)	Increase/(Decrease) based on Turnover of the year under reports
Cost of Goods Sold	84.71% of Turnover	86.63% of Turnover	(1.92%)
Gross Profit Margin	15.29% of Turnover	13.37% of Turnover	1.92%
Net Profit Margin	3.17% of Turnover	4.33% of Turnover	(1.16%)

(a) Cost of Goods Sold:

Compared to that of the previous year, the Cost of Goods sold of the year under report witnessed a decrease by 1.92% on the Turnover of the year. Reason for such decrease during the period under report is attributable to the significant stock of lowest cost of imported raw material H.R Coil as compared to those of the previous year.

(b) Gross Profit Margin:

On comparison with that of the previous year Gross Profit Margin in relation to the Turnover of the year under report recorded 1.92% increase. Reason is attributable primarily to the significant increased of Turnover as compared to that earlier year. The Management had with its best endeavours and efforts been able however to attain the increase in the GP Margin.

(c) Net Profit Margin:

Net Profit Margin in relation to the Turnover of the period under report, recorded 1.16% decrease on comparison with that of the previous year for the reasons to increase finance cost charges as well as charges of significant amount of current tax provision during the period.

Annexure-G

Segment-wise / Product-wise Performance:

(Figures in nearest Taka '000)

	As at 30.06.2018			As at 30.06.2017		
	CR Coil	GP/CI Sheet (NOF)	Total	CR Coil	GP/CI Sheet (NOF)	Total
Revenue	2,332,902	1,473,841	3,806,744	1,775,835	674,773	2,450,608
Cost of Sales	(1,893,593)	(1,323,676)	(3,217,269)	(1,511,565)	(603,764)	(2,115,329)
Gross Profit (GP)	439,309	150,166	589,475	264,270	71,009	335,279
GP in % of Revenue	18.83%	10.19%	15.49%	14.88%	10.52%	13.68%
Selling, Distribution & Administrative Cost	(53,426)	(6,293)	(58,718)	(53,997)	(4,946)	(58,943)
Other Income	-	-	-	828	-	828
Operating Result	385,885	144,873	530,757	211,101	66,063	277,164
Finance Cost (Net)	(336,977)	-	(336,977)	(143,630)	-	(143,630)
Net Profit before Provisions	48,908	144,873	193,780	67,471	66,063	133,534
Contribution to WPPF & WF	(2,445)	(7,244)	(9,689)	(3,374)	(3,303)	(6,677)
Profit before Tax	46,462	137,629	184.091	64,097	62,760	126,857
Profit in % of Revenue	1.99%	9.34%	4.84%	3.61%	9.30%	5.18%

Risks and Concerns

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

Raw material acquisition & Price of raw material

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

Management Perception

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

Industry Risk:

01. Profitability may reduce

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

Management perception

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

02. New Entrants may enhance competition

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

Management perception

Implementation of similar project generally have a lead time of two years and before the earliest entrant the company will be able to consolidate its both financial as well as market posilion. Furthermore, with the track record of S. Alam and its market reputation it will be very difficult for new comers to make inroads into the quality steels market. Moreover, Steel is a higher capital-intensive industry and therefore, barriers to entry are high. Hence, first-mover's advantage is big and S. Alam, with its past experience and performance, will enjoy this advantage.

Market and technology related Risk:

(i) Market Risk

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

Management Perception

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

(ii) Technology related Risk

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

Management Perception

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

Interest rate risk

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

Management perception

In order to manage this risk and overcome it, the company shall exercise good management in its cash flows, coupled with continued strength in sales and marketing. The management of the Company is always aware of interest rate, which is concerned to the cost of fund of the Company. The Management prefers in procuring of the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. On the other hand management of the Company is emphasizing on equity based financing.

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

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

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

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

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

Management Perception
SACRSL is highly conscious about the environment. None of the raw materials used by the company is toxic in nature or hazards to health. It uses ETP – Effluent Treatment Plant-a water treatment plant - with a view to prevent water pollution. Moreover, S. Alam Cold Rolled Steels Ltd. workers are provided with hand gloves, masks and safety boots, as part of normal precautionary measures. Exhaust fans have been installed in the factories for better and adequate ventilation whilst high capacity dust collectors minimize floating around of dust particles inside the factories. The company has not received any health-related complaints from its worker so far.

Potential changes in global or national policies
Changes in government policy by increasing duty on billets will enhance cost of raw materials vis-à-vis production.

Management perception
The government might increase duty on billets - the principal raw material of the proposed unit. Duty increases will affect all billet based mills operating in the country and hence local prices of rods from imported billets will also go up to match the enhanced cost.

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

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

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

Management Perception:
S. Alam Power Generation Ltd. will supply electricity to S. Alam Cold Rolled Steels Ltd. and its sister concerns. The management of S. Alam Power Generation Limited will take several steps to ensure the revenue collection from S. Alam Cold Rolled Steels Ltd. such as establishing a utility department, setting up main meter, establishing company wise sub meter, preparing monthly company wise bill etc.

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

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

Annexure-I

Pattern of Shareholding:

The name-wise details of the aggregate number of shares of the company held by:-

a) Associated companies and other related parties:

Sl.No.	Names	Number of shares	Percentage
1)	S. Alam Bag Manufacturing Mills Limited	44,100	0.045
2)	S. Alam Soyaseed Extraction Plant Limited	4,85,140	0.493
3)	Portman Cements Limited	3,88,110	0.395
4)	S. Alam Properties Limited	4,62,690	0.470
5)	Sonali Cargo Logistics (Pvt.) Limited	3,88,110	0.395
6)	S. Alam Refined Sugar Industries Limited	1,77,350	0.180
7)	Hasan Abasan (Pvt.) Limited	3,49,300	0.355

b) The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children (name-wise details):

Sl. No.	Names	Position	Number of shares	Percentage
a)	Mr. Mohammed Saiful Alam Spouse - Ms. Farzana Parveen Minor Children	Managing Director xxxxx xxxxx	23,03,980 4,31,890 Nil	2.342 0.439 0
b)	Mr. Abdus Samad Spouse and Minor Children	Director xxxxx	19,67,430 Nil	2 0
c)	Mr. Md. Osman Gani Spouse and Minor Children	Director xxxxx	19,67,430 Nil	2 0
d)	Mr. Mohammed Shahjahan Spouse and Minor Children	ICB Nominee Director from Institutional Investors' Group xxxxx	Nil Nil	0 0
e)	Ms. Halima Begum Spouse and Minor Children	Director from General Investors' Group xxxxx	1,000 Nil	0.001 0
f)	Mr. Mohammad Ishaque Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
g)	Mr. Monotosh Chandra Roy, FCA Spouse and Minor Children	Independent Director xxxxx	Nil Nil	0 0
h)	Mr. Subrata Kumar Bhowmick FCA Spouse and Minor Children	Executive Director (Finance)	Nil Nil	0
i)	Mr. Ghulam Muhammed Spouse and Minor Children	Company Secretary xxxxx	Nil Nil	0 0
j)	Mr. Shimul Nandy Spouse and Minor Children	Chief Financial Officer xxxxx	Nil Nil	0 0
k)	Mr. Md. Delwar Hossain FCA Spouse and Minor Children	Head of Internal Audit xxxxx	Nil Nil	0 0

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

Sl. No.	*Names*	Position	Number of shares	Percentage
a)	Mr. Moshiur Rahman Spouse and Minor Children	General Manager (Factory) xxxxx	1,000 0	0.001 0
b)	Mr. Shafiul Alam Spouse and Minor Children	DGM (NOF) xxxxx	0 0	0 0
c)	Mr. Mohsin Alam Chowdhury Spouse and Minor Children	Deputy Manager (Electrical) xxxxx	0 0	0 0
d)	Mr. Md. Shah Alam Spouse and Minor Children	Manager xxxxx	0 0	0 0
e)	Mr. S.M.M.A. Mostafa	Manager (PRD) xxxxx	0 0	0 0

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

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

REPORT OF THE AUDIT COMMITTEE

Under condition 5.6 of the BSEC Notification # SEC/CMRRCD/2006-158/207/Admin/80 dated 03-06-2018.

The Honorable Shareholders,

It gives me great pleasure to present, once again, the annual report of the Audit committee for the year ended 30th June 2018.

The business and financial operations of the Company are conducted and exercised through an established internal control system by an independent internal audit team which verifies and follows-up the activities of the internal control procedures and reports to the Audit Committee. Through monitoring the choice of accounting policies / principles and overseeing the financial reporting process and in ensuring good monitoring system within the business by its review on regular basis of the effectiveness and adequacy of internal audit function and by continuous monitoring of the Internal Control Risk management process, the Committee assisted the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. The Committee also oversee hiring and performance of the external auditors. As part of its oversight process, the Chairman of the Committee, held regular individual discussions with the external auditors, the CFO, the Head of Internal Audit (Internal Control & Compliance), the management and head of concerned departments, and keeps the Committee regularly informed about the results of such discussions. Moreover, the Chairman of the Committee briefs regularly to the Chairman of the Board of Directors about the activities of the Audit Committee. The Committee reviewed also the compliance mechanisms and systems of the company to ensure that the company satisfies all legal and regulatory requirements and that the Code of Conduct is being adhered to. It is not the duty of the Audit Committee to (a) plan or conduct audits, (b) prepare the Company's financial statements, or (c) determine or certify that the Company's financial statements and disclosures are complete and accurate and are in accordance with rules and regulations. These are the responsibilities of the management and of the external auditors.

It is reported that through four of its Meetings held during the year ended 30th June 2018 and subsequent period to date of this Report, the Committee reviewed the financial statements as at 30th June 2018 and quarterly financial statements prepared for statutory purposes as at 30th September 2017, 31st December 2017, 31st March, 2018. For its review, the members of the Committee were provided with comprehensive documentation for the year enced 30th June 2018, some of which were in draft form, including the annual financial statements and the auditors' report thereon, drafts of the Directors' report and that of the Audit Committee as well as the proposal made by the Board of Directors on the appropriation of profits, draft Price Sensitive Information for dissemination and the draft Notice of the 18th Annual General Meeting of the Company. Following intensive review of the documents and discussion with the management and the external auditors, the Committee recommended that the Board of Directors should approve the annual Financial Statements along with the other documentations as also reviewed by the Committee in connection therewith and relevant thereto. In addition to those documents, the Audit Committee reviewed the financial statements in particular the investments made, of the S. Alam Power Generation Limited, a subsidiary of this Company, for year ended 30th June 2018. Moreover, in their oversight role the Committee reviewed with the management the un-audited financial statements for the 1st Quarter ended 30th September 2018 along with the draft Financial Information extracted there-from for publication in the Press and recommended that the Board of Directors should approve the same and comply with requirements of law in this behalf. The Committee also conducted a self-evaluation of its activities in the same Meeting. It did not result in any need for action with regard to the Committee's activities or with regard to the content or procedure of the Meetings. The Audit Committee in the context aforesaid reports as follows:

(i) In our oversight role, we review on regular basis the effectiveness and adequacy of internal control system as well as the financial records on the basis of findings of the internal audit team;

(ii) We believe that our such review provided a reasonable basis for our opinion that proper and sufficient care had been taken for maintenance of adequate accounting records for safeguarding the company's interest and for preventing and detecting frauds and other irregularities; and

(iii) We did not find, during the year under report, any material deviation, discrepancies or any adverse findings / observations in the following areas of reporting:

- conflict of interests;
- suspected or presumed fraud or irregularity or material defect in the internal control system;
- suspected infringement of laws, including securities related laws, rules and regulations; and
- any other matter requiring immediate disclosure to the Board.

The Audit Committee further reports that:

(i) we have reviewed along with the management the financial statements for the year ended 30th June 2018 before submission thereof to the board for approval, and we found adequate arrangement to present a true and fair view of the activities and financial status of the Company; and

(ii) we have, in addition thereto, reviewed

(a) the statement of significant related party transactions for the year ended 30th June 2018 submitted by the management and found that such transactions were made on arm's length basis in the ordinary course of business; and

(b) the financial statements, in particular the investments made, of the S. Alam Power Generation Limited, a subsidiary of this Company, for year ended 30th June 2018.

Mohammad Ishaque
Chairman, Audit Committee.
Date: October 27, 2018


এস. আলম কোল্ড রোল্ড ষ্টীলস্ লিমিটেড
S. ALAM COLD ROLLED STEELS LIMITED
A member of S. Alam Group
S. Alam Bhaban, 2119 Asadgonj, Chittagong.
17th ANNUAL GENERAL MEETING
Venue: Mezbaan Ball Room
Radisson Blu Chittagong Bay View
SS Khaled Road, Lalkhan Bazar, Chittagong
Date: 12 January 2018
Time: 9.30 A.M


17th ANNUAL GENERAL MEETING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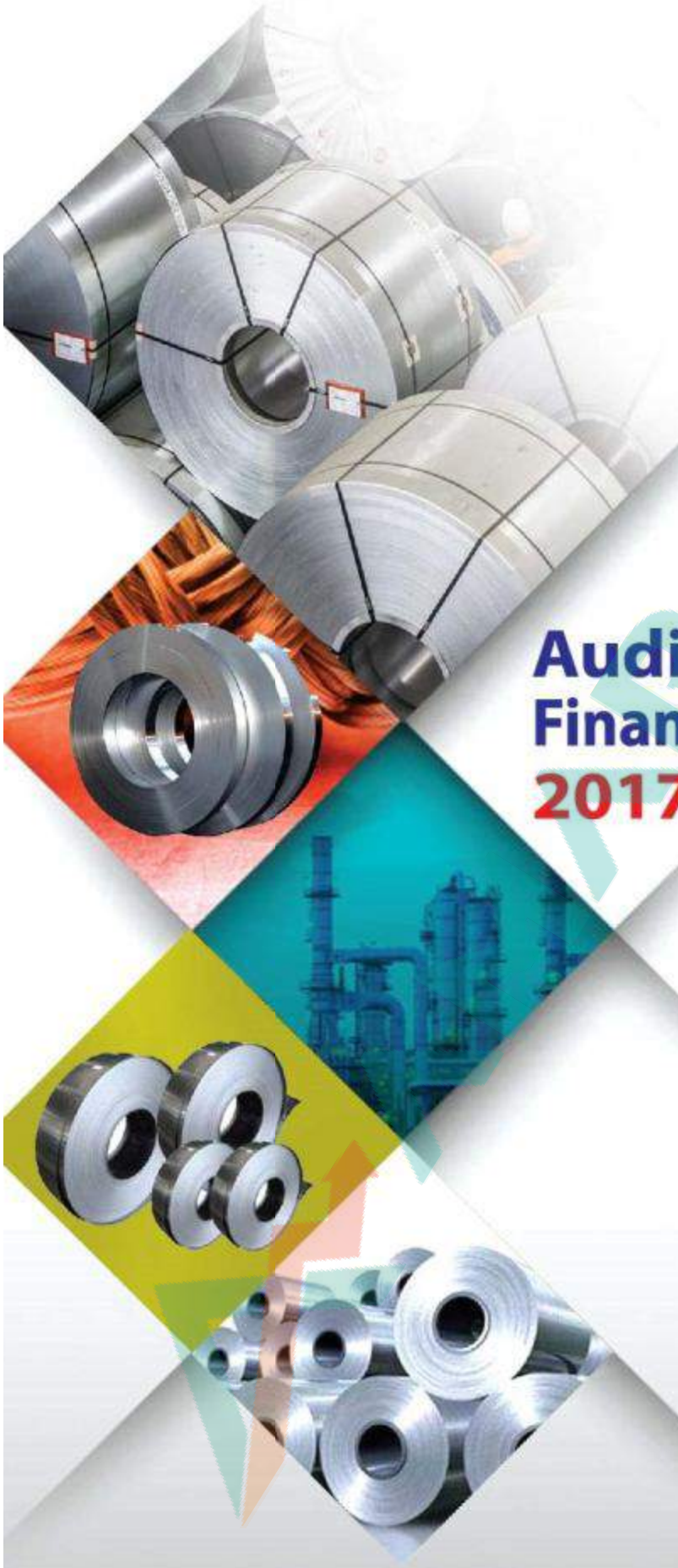

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Auditors' Report & Financial Statements 2017-18

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **S. Alam Cold Rolled Steels Limited** and its subsidiary,**S. Alam Power Generation Limited**, which comprise the consolidated statement of financial position as at **30 June 2018**, and the consolidated statement of Profit or Loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Other Matter

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

Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of S. Alam Cold Rolled Steels Limited and its Subsidiary S. Alam Power Generation Limited as at 30 June 2018, and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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

(a) we have obtained all the material information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and returns;

(c) the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the Company's business.

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S.ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES		**4,260,155,474**	**4,209,700,595**
Property, Plant and Equipment	05.00	4,257,754,611	4,209,700,595
Capital Work-in-Progress	06.00	2,400,863	-
CURRENT ASSETS		**9,577,096,151**	**9,938,081,379**
Inventories	07.00	5,279,312,709	6,011,153,503
Accounts Receivables	08.00	2,310,460,484	2,735,466,960
Advances, Deposits and Prepayments	09.00	1,903,436,862	956,979,766
Short Term Investment	10.00	53,181,333	117,791,911
Cash and Cash Equivalents	11.00	30,704,763	116,689,239
TOTAL ASSETS & PROPERTIES		**13,837,251,625**	**14,147,781,974**
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY		**1,909,200,650**	**1,922,698,488**
Share Capital	12.00	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		491,558,904	505,056,742
NON CONTROLLING INTEREST		**128,550,196**	**131,036,748**
NON-CURRENT LIABILITIES		**1,604,447,484**	**1,863,269,695**
Long Term Loan	13.00	1,284,076,598	1,550,071,425
Deferred Tax Liabilities	21.02	320,370,886	313,198,270
CURRENT LIABILITIES		**10,195,053,295**	**10,230,777,043**
Trade Creditors	14.00	986,493,746	1,457,951,328
Short Term Liabilities	15.00	8,138,318,388	7,669,316,365
Liabilities for Expenses	16.00	21,757,156	18,186,448
Advance against Sales	17.00	7,119,889	60,171,315
Due to Affiliated Companies	18.00	441,275,182	253,864,946
Current Portion of Long Term Loan	19.00	394,896,000	495,416,000
Liability against Unclaimed Dividend	20.00	32,455,465	30,802,049
Provision for Income Tax	21.01	72,065,334	155,130,993
Provision for Workers' Profit Participation & Welfare Fund	22.00	99,881,624	89,243,531
Other Liabilities	23.00	790,511	694,068
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**13,837,251,625**	**14,147,781,974**
Net Asset Value Per Share	32.00	**19.41**	**19.55**
Contingent Liabilities and Commitments	34 & 41	-	-

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

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Chattogram, 27 October 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

S.ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Revenue	24.00	3,806,743,594	2,450,608,401
Cost of Sales	25.00	(3,224,827,930)	(2,122,960,065)
Gross Profit		**581,915,664**	**327,648,336**
Selling and Distribution Costs	26.00	(860,950)	(3,392,044)
Administrative Costs	27.00	(58,580,519)	(56,788,530)
		(59,441,469)	(60,180,574)
Operating Profit		**522,474,195**	**267,467,762**
Finance Costs	29.00	(345,058,877)	(151,863,354)
Profit before Non- Operating Income		**177,415,318**	**115,604,408**
Other Income	28.00	833	828,345
Finance Income	30.00	8,075,635	8,228,077
Net Profit before Tax and WPP and Welfare Fund		**185,491,786**	**124,660,830**
Contribution to WPP and Welfare Fund	22.00	(9,689,015)	(6,676,771)
Profit before Income Tax		**175,802,771**	**117,984,059**
Income Tax Expenses:			
Current Tax	21.01	(47,898,186)	(2,500,000)
Deferred Tax	21.02	(7,172,616)	(9,291,459)
		(55,070,802)	(11,791,459)
Net Profit after Tax for the Year		**120,731,969**	**106,192,600**
Net Profit after Tax Attributable to			
Shareholders of the Company		123,218,521	108,854,978
Non-controlling interest		(2,486,552)	(2,662,378)
		120,731,969	**106,192,600**
Basic Earnings Per Share	31.00	**1.25**	**1.11**

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

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Chattogram, 27 October 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

S.ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Amount in Taka

Particulars	Share Capital	Share Premium	Retained Earnings	Total	Non-Controlling Interest	Total
Balance as on 01 July 2017	983,711,000	433,930,746	505,056,742	1,922,698,488	131,036,748	2,053,735,236
Excess Income Tax Liability adjusted on income increased by Income Tax Authority by estimating income	-	-	(38,345,259)	(38,345,259)	-	(38,345,259)
Cash dividend declared for the year 2016-2017	-	-	(98,371,100)	(98,371,100)	-	(98,371,100)
Net Profit after tax for the year 2017-2018	-	-	123,218,521	123,218,521	(2,486,552)	120,731,969
Balance as on 30 June 2018	**983,711,000**	**433,930,746**	**491,558,904**	**1,909,200,650**	**128,550,196**	**2,037,750,846**
Balance as on 01 July 2016	983,711,000	433,930,746	494,572,864	1,912,214,610	133,699,126	2,045,913,736
Excess Income Tax Liability adjusted on income increased by Income Tax Authority by estimating income	-	-	-	-	-	-
Cash dividend declared for the year 2015-2016	-	-	(98,371,100)	(98,371,100)	-	(98,371,100)
Net Profit after tax for the year 2016- 2017	-	-	108,854,978	108,854,978	(2,662,378)	106,192,600
Balance as on 30 June 2017	**983,711,000**	**433,930,746**	**505,056,742**	**1,922,698,488**	**131,036,748**	**2,053,735,236**

Company Secretary **Director** **Managing Director**

S.ALAM COLD ROLLED STEELS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
Cash flows from operating activities			
Cash Received from Customers		4,178,698,644	2,360,630,693
Cash Paid to Suppliers		(2,815,165,598)	(3,841,864,924)
Cash Paid to Employees		(113,687,651)	(102,452,583)
Cash Paid for Operating Expenses		(1,182,126,812)	(85,319,103)
Payment of Advance Income Tax		(90,379,139)	(134,499,330)
Payment for WPP & WF		(5,738,733)	(5,284,536)
Avance tax refund		143,193,039	-
A. Net Cash flow from Operating Activities		**114,793,750**	**(1,808,789,783)**
Cash Flows from Investing Activities			
Capital Work-in-Progress		(2,400,863)	2,310,473,925
Acquisition of Property, Plant And Equipment		(125,873,092)	(2,448,753,169)
Proceeds from Sale of Property, Plant And Equipment		-	1,050,000
Investment in Fixed Deposit Receipt		64,610,578	(70,731,676)
Interest Received from Fixed Deposit Receipt		8,076,468	8,228,910
Due to affiliated company		56,260,853	-
B. Net Cash flow from Investing Activities		**673,944**	**(199,732,010)**
Cash flows from financing activities			
Proceeds from / (Repayment of) Long Term Loan		(366,514,827)	192,303,417
Proceeds / (Repayment of) from Short Term Loan		469,002,023	2,057,340,429
Proceeds from / (Repayment to) Affiliated Companies		131,149,384	107,938,433
Dividend Paid		(96,717,684)	(95,811,202)
Cash Paid for Financial Expenses		(338,371,066)	(145,733,933)
C. Net Cash flow from Financing Activities		**(201,452,170)**	**2,116,037,144**
Net Increase/(Decrease) of Cash And Cash Equivalents (A+B+C)		(85,984,476)	107,515,351
Cash and Cash Equivalents at the Beginning of the Year		116,689,239	9,173,888
Cash and Cash Equivalents at the End of the Year		**30,704,763**	**116,689,239**
Net Operating Cash Flow Per Share	33.00	**1.17**	**(18.39)**

Company Secretary **Director** **Managing Director**

01.00 BACKGROUND AND INFORMATION

01.01 Formation and Legal Status

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

01.02 Nature of the business

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

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

01.03 Description of subsidiary

S. Alam Power Generation Limited

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

S. Alam Power Generation Limited, Chittagong is a private company limited by shares incorporated on 09 April 2009 Vide Registration No. CH- 6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with the Registrar of Joint Stock Companies and Firms, Chittagong, Bangladesh. Its registered office is located at S.Alam Bhaban, 2119, Asadgonj, Chittagong, Bangladesh. The main objective of the company is to install and run power plant to produce and supply electricity.

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

02.00 Basis of Preparation

02.01 Statement of compliance

These consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987. BFRSs comprise the following:

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

02.02 Date of authorization

The Board of Directors has authorized these consolidated financial statements on 27 October 2018.

02.03 Regulatory compliance

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

(i) The Companies Act 1994;
(ii) The Securities and Exchange Ordinance 1969;
(iii) The Securities and Exchange Rules 1987;
(iv) The Income Tax Ordinance 1984;
(v) The Income Tax Rules 1984;
(vi) The Value Added Tax Act 1991;
(vii) The Value Added Tax Rules 1991;
(viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
(vii) The Listing Regulations of Chittagong Stock Exchange (CSE);
(viii) Bangladesh Labour Act 2006 etc.

02.04 Accounting convention and assumption

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

02.05 Functional and presentation currency

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

02.06 Statement of Cash flows

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

02.07 Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

02.08 Comparative information

Comparative information has been disclosed in respect of the year 2016-2017 for all numeric information in the Consolidated Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current year's Consolidated Financial Statements.

Re-arrangement

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

02.09 Going concern

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

02.10 Reporting period

The financial statements of the Company cover one financial year from 01 July 2017 to 30 June 2018 for all reported periods.

03.00 Significant Accounting Policies

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

BAS-01	Presentation of Financial Statements
BAS-02	Inventories
BAS-07	Statement of Cash Flows
BAS-08	Accounting Policies, Changes in Accounting Estimates and Errors
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-17	Lease
BAS-18	Revenue
BAS-19	Employee benefits
BAS-21	The effects of Changes in Foreign Exchange Rates
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-33	Earnings per share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BFRS-05	Non-current Assets Held for Sale and Discontinued Operations
BAS-32	Financial Instrument: Presentation
BAS-39	Financial Instrument: Recognition and Measurement
BFRS-07	Financial Instrument: Disclosure

03.01 Basis of Consolidation

03.01.01 Subsidiary

The subsidiary is the entity controlled by S. Alam Cold Rolled Steels Limited. Control exists S. Alam Cold Rolled Steels Limited has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the consolidated financial statements upon establishment of that control until the date that control ceases. The accounting policies of subsidiaries have been changed when it is necessary to align them with the policies adopted by S. Alam Cold Rolled Steels Limited.

03.01.02 Non - Controlling Interests

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

03.01.03 Transactions eliminated on consolidation

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

03.02 Property, plant and equipment

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

03.02.01 Recognition and measurement

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

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

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

03.02.02 Subsequent costs

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

03.02.03 Depreciation

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

Depreciation is calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation is charged on addition when the assets are available for use or ready for use or from date of acquisition. In case of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows:

Assets	Rates (%)
Land and land development	Nil
Internal Road and Embankment	10% - 20%
Buildings	5% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Luffing Crane and Jetty Construction	15%
Coil Cart	10%
Motor Vehicle	20%
Interior Decoration	15%

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

Particulars	Capacity utilization	
	CR Coil Plant	NOF Plant
Factory Building (including Leased Assets)	69.63%	28.35%
Capital Machinery	69.63%	28.35%
Factory equipment	69.63%	28.35%
Generator	69.63%	28.35%
Work Roll	69.63%	28.35%
Luffing Crane and Jetty construction	69.63%	28.35%
Coil Cart	69.63%	28.35%

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

03.03 Capital work in progress

Property, Plant and Equipment under acquisition is accounted for as Capital work-in-progress until acquisition is completed and measured at cost.

03.04 Inventories

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

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

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

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

03.05 Revenue Recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. In compliance with the requirements of BAS 18: "Revenue", revenue is recognized only when:

i) The products are invoiced and dispatched to the customers;

ii) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

03.06 Trade receivables

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

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

03.07 Transactions with Affiliated companies

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

03.08 Advances, deposits and prepayments

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

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to consolidated statement of profit or loss and other comprehensive income.

03.09 Cash and cash equivalents

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

03.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Non-derivative financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

Held-to-maturity financial assets

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

(b) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortised cost less impairment losses due to uncollectibility of any amount so recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

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

Non-derivative financial liabilities

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

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

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

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

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity.

(b) Trade and other payables

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

(c) Other liabilities

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

03.11 Employee benefit schemes

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

03.12 Workers' profit participation fund

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

03.13 Provisions and contingencies

A provision is recognised in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible that a liability has been incurred and the amount can reasonably be measured.

03.14 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-34 to the Financial Statements).

Diluted Earnings per share:

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

03.15 Finance income and finance costs

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

Finance costs comprise interest expenses on borrowing that are recognised in profit or loss as and when incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

03.16 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognized in profit or loss.

03.17 Income tax expenses

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

Current tax:

The Company was allowed tax holiday for the period of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu – 1/2004/7364(2) dated 24.07.2004. The period of tax holiday of the Company expired on 31 January 2009. Current tax is the expected tax payable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax:

Deferred tax is recognised in compliance with BAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

03.18 Impairment

Non-derivative financial assets

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Non financial assets

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit or loss.

03.19 Leases

03.19.01 Finance Lease

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

03.19.02 Operating lease

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

03.19.03 Determining whether an arrangement contains a lease

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

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

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

03.20 Segment reporting

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

04.00 New Standards and interpretations not yet adopted

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

		Amount in Taka	
		30 June 2018	30 June 2017
05.00	**Property, Plant And Equipment**		
	A. Cost		
	Opening Balance	5,263,428,975	2,816,120,261
	Addition during the year	125,873,092	2,448,753,169
		5,389,302,067	5,264,873,430
	Deletion during the year	-	(1,444,455)
	Total Cost	**5,389,302,067**	**5,263,428,975**
	B. Accumulated Depreciation		
	Opening Balance	1,053,728,380	987,656,864
	Charged during the year	77,819,077	67,293,483
		1,131,547,527	**1,054,950,347**
	Adjustments during the year	-	(1,221,967)
	Total Depreciation	**1,131,547,527**	**1,053,728,380**
	Written Down Value (WDV) as on 30 June 2018 (A-B)	**4,257,754,611**	**4,209,700,595**

Detail of Property, Plant & Equipment and Depreciation as on 30 Jure 2018 are shown in the notes 5.02.

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

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

Assets' category	Cost				Depreciation Rate	Depreciation				Carrying amount as on 30 June 2018
	Opening balance as on 01 July 2017	Addition	Disposal/ Adjustment	Closing balance as on 30 June 2018		Opening balance as on 01 July 2017	Charged for the year	Adjustment for disposal during the year	Closing balance as on 30 June 2018	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land-Freehold (12.04 Acres)	75,575,760	-	-	75,575,760	-	-	-	-	-	75,575,760
Land Development	21,416,417	-	-	21,416,417	-	-	-	-	-	21,416,417
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	2,549,043	95,754	-	2,644,797	861,783
Embankment	46,660,074	-	-	46,660,074	20%	41,319,375	1,068,140	-	42,387,515	4,272,559
	147,158,831	-	-	**147,158,831**		**43,868,418**	**1,163,894**	-	**45,032,312**	**102,126,519**
B. Building:										
Factory Building (Including Leased Assets)	304,368,680	-	-	304,368,680	5%	104,529,699	7,929,335	-	112,459,034	191,909,646
Factory Building (NOF Plant)	257,346,737	-	-	257,346,737	5%	8,787,785	3,523,323	-	12,311,108	245,035,629
General Building	52,760,018	-	-	52,760,018	5%	16,343,188	848,904	-	17,192,092	35,567,926
Coil Ware House	5,467,518	-	-	5,467,518	10%	3,983,455	148,406	-	4,131,861	1,335,657
	619,942,953	-	-	**619,942,953**		**133,644,127**	**12,449,968**	-	**146,094,095**	**473,848,858**
C. Plant and machinery										
Capital Machinery	3,653,730,656	118,579,638	-	3,772,310,294	10%	712,809,669	36,256,903	-	749,066,572	3,023,243,722
Capital Machinery (NOF Plant)	626,594,801	-	-	626,594,801	10%	34,109,970	16,796,945	-	50,906,915	575,687,886
	4,280,325,457	**118,579,638**	-	**4,398,905,095**		**746,919,639**	**53,053,848**	-	**799,973,487**	**3,598,931,608**
D. Equipment and appliances:										
Factory Equipment	23,624,889	-	-	23,624,889	10%	9,007,837	952,807	-	9,960,644	13,664,245
Factory Equipment (NOF Plant)	2,296,579	-	-	2,296,579	10%	115,607	61,831	-	177,438	2,119,141
Office Equipment	1,585,190	-	-	1,585,190	10%	927,985	65,721	-	993,706	591,484
Guest House Equipment	1,543,095	-	-	1,543,095	10%	1,139,261	40,384	-	1,179,645	363,450
Computer	3,478,688	180,300	-	3,658,988	10%	1,642,580	190,796	-	1,833,376	1,825,612
Air Conditioners	6,198,756	498,780	-	6,697,536	10%	2,815,986	373,397	-	3,189,383	3,508,153
Generator	1,240,000	-	-	1,240,000	10%	717,269	36,398	-	753,667	486,333
Electric Line Installation	2,755,225	420,149	-	3,175,374	10%	2,131,038	98,448	-	2,229,486	945,888
Electric Line Installation (NOF Plant)	12,851,881	-	-	12,851,881	10%	5,134,834	771,705	-	5,906,539	6,945,342
Gas Line Installation	6,269,154	-	-	6,269,154	10%	3,197,182	307,197	-	3,504,379	2,764,775
Fire Extinguisher	58,100	-	-	58,100	10%	43,575	1,453	-	45,028	13,072
Telephone Line Installation	398,527	-	-	398,527	10%	297,156	10,137	-	307,293	91,234
Grinding Wheel	134,666	-	-	134,666	10%	101,602	3,306	-	104,908	29,758
Water Tank	113,500	-	-	113,500	10%	85,697	2,781	-	88,478	25,022
Work Roll	1,593,025	-	-	1,593,025	10%	921,473	46,760	-	968,233	624,792
Radiolink and Networking (Factory)	433,880	-	-	433,880	10%	205,587	22,829	-	228,416	205,464
Tools and Tackles	121,238	-	-	121,238	10%	91,541	2,970	-	94,511	26,727
	64,696,393	**1,099,229**	-	**65,795,622**		**28,576,210**	**2,988,919**	-	**31,565,129**	**34,230,493**
E. Furniture and Fixtures										
Furniture and Fixtures	4,387,139	-	-	4,387,139	10%	2,346,604	204,054	-	2,550,658	1,836,482
Furniture and Fixtures (NOF Plant)	291,295	-	-	291,295	10%	114,065	17,723	-	131,788	159,507
	4,678,434	-	-	**4,678,434**		**2,460,669**	**221,777**	-	**2,682,446**	**1,995,989**
F. Lifting Crane and Jetty Construction	54,948,213	-	-	54,948,213	15%	39,736,885	1,588,747	-	41,325,632	13,622,581
G. Coil Cart	8,024,021	1,291,725	-	9,315,746	10%	4,640,217	243,607	-	4,883,824	4,431,922
H. Motor vehicles	79,484,577	4,902,500	-	84,387,077	20%	50,553,605	5,982,106	-	56,535,711	27,851,366
I. Interior Decoration	4,170,096	-	-	4,170,096	15%	3,328,680	126,212	-	3,454,892	715,204
	146,626,907	**6,194,225**	-	**152,821,132**		**98,259,387**	**7,940,672**	-	**106,200,059**	**46,621,073**
30 June 2018	**5,263,428,975**	**125,873,092**	-	**5,389,302,067**		**1,053,728,380**	**77,819,077**	-	**1,131,547,527**	**4,257,754,611**
30 June 2017	**2,816,120,261**	**2,448,753,169**	**1,444,455**	**5,263,428,975**		**987,656,864**	**67,293,483**	**1,221,967**	**1,053,728,380**	**4,209,700,595**

Depreciation allocated to:	Basis	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Cost of Sales - note 25.00	75%	58,364,308	50,470,112
Administrative Costs - note 27.00	25%	19,454,769	16,823,371
	100%	**77,819,077**	**67,293,483**

		Amount in Taka	
		30 June 2018	30 June 2017
06.00	**Capital Work-in-Progress - NOF Project & Power Generation Project**		
	Opening Balance	-	2,310,473,895
	Expense incurred during the year	2,400,863	132,703,154
		2,400,863	2,443,177,049
	Transferred to Property, Plant and Equipment	-	(2,443,177,049)
	Closing Balance	**2,400,863**	**-**
07.00	**Inventories**		
	Raw Materials - (note 07.01)	4,349,089,131	4,696,933,189
	Raw Materials-in-Bond items	142,509,518	535,000,069
	Work-in-Process - (note 07.02)	129,997,706	28,928,455
	Finished Goods - (note 07.03)	329,101,739	317,336,413
	Stores and Spares	311,961,860	362,021,424
	Stock-in-transit	832,251	55,308,449
	Lubricant Oil	1,538,240	1,538,240
	HFO	13,702,500	13,702,500
	LFO	579,764	384,764
		5,279,312,709	**6,011,153,503**

07.01 Raw materials - note 07.00

	30 June 2018		30 June 2017	
	Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil	31,272.92	1,843,806,927	50,677	2,464,656,154
Hydrochloric Acid	5,833.17	36,940,496	5,558	36,288,358
TIN Ingot	36.97	76,398,474	40	83,161,643
ZINC Ingot	8,409.28	2,215,364,845	8,191	1,972,343,667
LEAD Ingot	541.46	120,337,457	544	119,737,617
ZINC Alloy	110.08	41,151,395	24	5,402,247
Antimony Ingot	4.24	3,637,662	7	5,054,020
Chromic Acid	32.23	11,451,875	26	10,289,483
		4,349,089,131		**4,696,933,189**

07.02	**Work-in-Process - note 07.00**		
	CR Coil	110,626,206	14,785,067
	NOF	19,371,500	14,143,388
		129,997,706	**28,928,455**
07.03	**Finished Goods - note 07.00**		
	CR Coil	9,980,771	96,364,395
	C.I & GP Sheet	319,120,968	220,972,018
		329,101,739	**317,336,413**
08.00	**Accounts Receivable**		
	Against CR Coil	2,226,143,717	2,685,516,993
	Against C.I and G.P Sheet	84,316,767	49,949,967
		2,310,460,484	**2,735,466,960**

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

09.00	**Advances, Deposits and Prepayments**		
	Advances (note 09.01)	1,837,457,210	867,677,516
	Deposits (note 09.02)	15,467,282	15,467,282
	Prepayments (note 09.03)	50,512,370	73,834,968
		1,903,436,862	**956,979,766**

		Amount in Taka	
		30 June 2018	30 June 2017
09.01	**Advances - note 09.00**		
	Against Supply of Goods	1,206,305,795	1,364,496
	Against Salary	3,425,000	1,120,000
	Bank Guarantee Margin	101,063,416	98,791,975
	Advance Income Tax	521,426,118	743,548,624
	VAT current account	809,784	18,690,769
	Supplementary Tax Current A/C	164,674	164,674
	Consultancy (BIDCO Associates)	650,000	650,000
	S.S Enterprise	300,000	300,000
	Microsoft Traders	-	28,888
	Others	3,312,423	3,018,090
		1,837,457,210	**867,677,516**
09.02	**Deposits - note 09.00**		
	Chittagong City Corporation	4,096,232	4,096,232
	Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
	Karnaphuli Gas Distribution Co. Ltd.	1,379,992	1,379,992
	Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
	Grameen Phone (BD) Limited (For mobile)	20,000	20,000
	Ansar, VDP	32,331	32,331
	Central Depository Bangladesh Limited	500,000	500,000
	VAT Account for Appeal fee	2,394,127	2,394,127
		15,467,282	**15,467,282**
09.03	**Prepayments - note 09.00**		
	Insurance	1,050,707	6,025,183
	Internet Service	62,904	85,776
	Fees & Renewal to BSTI	23,316	698,199
	Interest on MPI	49,375,443	67,025,810
		50,512,370	**73,834,968**

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

10.00	**Short Term Investment**		
	Name of Banks		
	Fixed Deposit Receipts:		
	Rupali Bank Limited	13,153,562	17,970,629
	Islami Bank Bangladesh Limited	40,027,771	99,821,282
		53,181,333	**117,791,911**
11.00	**Cash and Cash Equivalents**		
	Cash in Hand - (note 11.01)	58,552	98,447
	Cash at Banks - (note 11.02)	30,646,211	116,590,792
		30,704,763	**116,689,239**
11.01	**Cash in Hand - note 11.00**		
	Head Office	25,455	40,573
	Factory Office	33,097	57,874
		58,552	**98,447**

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11.02 Cash at Banks - note 11.00

Bank	Branch	Account No.	Amount in Taka	
			30 June 2018	30 June 2017
AB Bank Ltd.	Agrabad Br., Chittagong.	CD#4101-774707-000	95,424	92,359
Agrani Bank Ltd.	New Market Br., Chittagong.	CD#33009854	745	1,895
Agrani Bank Ltd.	Laldighi Br., Chittagong.	CD#29373	1,675	895
Al-Arafah Islami Bank Ltd	Khatungonj, Chittagong.	CD# 0091020013952	45,064	22,155
Bank Asia Ltd.	Khatungonj, Chittagong.	CD#01333005952	90,697	-
Dhaka Bank Ltd.	Khatungonj, Chittagong.	CD#0171502235	1,510,121	-
Dutch Bangla Bank Ltd.	Local Office , Dhaka.	CD#0101110000016146	-	-
EXIM Bank Ltd.	Khatungonj, Chittagong.	CD#00411100004909	102,014	-
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002884	1,217	2,295
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100003008	9,867,660	7,924,327
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002711	37,020	36,879
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#1310002792	19,123	19,591
First Security Islami Bank Ltd.	Anderkilla , Chittagong.	CD#13411100003882	2,486,209	106,987,564
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	CD#010211100009425	11,449	81,237
IFIC Bank Ltd.	Khatungonj , Chittagong.	CD#0170184017001	8,965	-
Islami Bank Bangladesh Ltd.	Khatungonj , Chittagong.	CD#10601002130	1,547,701	219,748
Jamuna Bank Ltd.	Jubilee Road Branch, Ctg.	CD#00190211002260	16,802	19,727
Janata Bank Ltd.	Shadharan Bima Corp Branch	CD#001031259	741,566	251,993
Janata Bank Ltd.	Shadharan Bima Corp Branch,	CD#001031226	12,053	13,203
Mercantile Bank Ltd.	Khatungonj Branch, Chittagong.	CD#011211100005747	79,141	5,125
National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0002-33069282	118,869	5,279
National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#1002000515781	84,815	85,965
NRB Global Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0111100219390	22,319	-
Pubali Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0642901085670	9,329	-
Rupali Bank Ltd.	Anderkilla,Corporate Branch,Ctg.	CD#1552020006497	1,226,376	489,629
Rupali Bank Ltd.	Anderkilla,Corporate Branch,Ctg.	SND#1552024000134	110,211	109,594
Southeast Bank Ltd.	Principal Office, Dhaka.	CD#11100036055	57,867	26,934
Social Islami Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0141330020285	9,280	-
The City Bank Ltd.	Khatungonj Branch, Chittagong.	CD#1101002163001	683,980	95,997
Union Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0101010000801	11,527,681	53,321
Union Bank Ltd.	Gulshan Branch, Dhaka.	CD#0021010001342	43,930	45,080
Uttara Bank Ltd.	Khatungonj Branch, Chittagong.	CD#015812221999319	76,908	-
			30,646,211	**116,590,792**

12.00 Share Capital

Authorised capital:

350,000,000 Ordinary Shares of Tk. 10 each	3,500,000,000	3,500,000,000
	3,500,000,000	**3,500,000,000**
98,371,100 Ordinary Shares of Tk.10/- each fully paid	983,711,000	983,711,000
	983,711,000	**983,711,000**

12.01 Shareholding position

Name of shareholders	% of Holding	Number of Shares of Tk 10 each	Number of Shares of Tk 10 each
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	1,967,430
S.Alam Steels Ltd	18.74%	18,431,940	18,431,940
S.Alam Cement Ltd.	9.37%	9,215,960	9,215,960
S.Alam Hatchery Ltd.	9.37%	9,215,960	9,215,960
S.Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2,303,980
S.Alam Vegetable Oil Ltd.	2.34%	2,303,980	2,303,980
Bangladesh Fund	5.33%	5,239,191	5,239,191
ABIL-IDA	0.01%	10,000	250,000
ICB Unit Fund	1.15%	1,132,296	1,132,296
ICB	0.02%	16,300	4,493,269
Others	45.00%	44,262,653	39,545,684
	100.00%	**98,371,100**	**98,371,100**

12.02 Classification of shares by holding

Class by number of shares	No. of Holders Nos	No. of Shares Nos	% of Holding
Not more than 500	2,530	438,358	0.45%
From 501 to 5,000	3,481	5,925,974	6.02%
From 5,001 to 10,000	383	2,864,413	2.91%
From 10,001 to 20,000	185	2,680,755	2.73%
From 20,001 to 30,000	70	1,765,224	1.79%
From 30,001 to 40,000	21	719,460	0.73%
From 40,001 to 50,000	15	686,100	0.70%
From 50,001 to 100,000	35	2,639,992	2.68%
From 100,001 to 1,000,000	51	17,004,810	17.29%
From 1,000,001 and above	14	63,646,014	64.70%
Total	**6,785**	**98,371,100**	**100%**

		Amount in Taka	
		30 June 2018	30 June 2017
13.00	**Long Term Loan**		
	Due within one year - (note 19.00)	394,896,000	495,416,000
	Due more than one year - (note 13.01 & 13.02)	1,284,076,598	1,550,071,425
		1,678,972,598	**2,045,487,425**
13.01	**Rupali Bank Limited - note 16**		
	Term Loan Account No - 690000102 (New No 1552067000010) - (note 13.01.01)	-	89,026,960
	Term Loan Account No - 690000143 (New No 1552067000014) - (note 13.01.02)	28,000,289	31,938,649
	Term Loan Account No - 1552067000015 - (note 13.01.03)	169,571,133	440,614,078
		197,571,422	**561,579,687**
13.01.01	**Loan Account No. 690000102 (New No 1552067000010) - note 13.01**		
	Opening Balance	297,842,960	477,584,964
	Loan received during the year	-	-
	Interest charged during the year	28,500,330	44,327,996
	Other charges during the year	50,000	15,000
		326,393,290	**521,927,960**
	Payment during the year	(326,393,290)	(224,085,000)
		-	**297,842,960**
	Current portion of term loan	-	(208,816,000)
		-	**89,026,960**

Limit amount	:	Tk. 983,000,000
Purpose	:	To meet shortage of working capital
Sanction date	:	08.11.16
Interest rate	:	11%
Security	:	Hypothecation of Import Goods & Personal Guarantee from all directors.
Installment size	:	Tk 9,965,000 per quarter
Tenure	:	12 years

Lenders: Rupali Bank Ltd

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

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

Total loan facilities: Tk. 108.67 Crore.

Interest rate:

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

Disbursement:

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

		Amount in Taka	
		30 June 2018	30 June 2017

Repayments

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

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

Loan period

The entire loan amount shall be re-paid by maximum of five (05) years from the date of disbursement.

Securities:

i) Hypothecation of goods to be imported.

ii) Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting shortage of working capital.

Repayment method : Quarterly

13.01.02 Loan Account No. 690000143 (New No 1552067000014) - note 13.01

Opening Balance	85,938,649	164,605,471
Loan received during the year	-	-
Interest charged during the year	6,036,640	14,863,178
Other charges during the year	25,000	15,000
	92,000,289	**179,483,649**
Payment during the year	(64,000,000)	(93,545,000)
	28,000,289	**85,938,649**
Current portion of term loan	-	(54,000,000)
Closing Balance	**28,000,289**	**31,938,649**

Limit amount	:	Tk. 257,000,000
Purpose	:	To meet shortage of working capital
Sanction date	:	08.11.16
Interest rate	:	11%
Security	:	Hypothecation of Import Goods & Personal Guarantee from all directors.
Repayment method	:	Quarterly

13.01.3 Loan Account No. 1552067000015 - note 13.01

Opening Balance	673,214,078	-
Loan received during the year	-	669,642,651
Interest charged during the year	71,528,055	3,571,427
Other charges during the year	25,000	-
	744,767,133	**673,214,078**
Payment during the year	(180,300,000)	-
	564,467,133	**673,214,078**
Current portion of term loan	(394,896,000)	(232,600,000)
Closing Balance	**169,571,133**	**440,614,078**

Limit amount	:	Tk. 669,700,000
Purpose	:	Conversion to Term Loan of Cash Credit (CC) Hypo, CC Pledge and LIM.
Sanction date	:	15.06.17
Interest rate	:	12%
Security	:	Hypothecation of Import Goods & Personal Guarantee from all directors.
Repayment method	:	Quarterly

13.02 Project loan - note 13.00

Due within one year	-	-
Due after more than one year	1,086,505,176	988,491,738
	1,086,505,176	**988,491,738**

	Amount in Taka	
	30 June 2018	30 June 2017

Terms of Project loan

Lenders: Janata Bank Ltd., Sadharan Bima Corp. Branch, Chittagong.

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

Total loan facilities: Tk. 98 Crore.

Interest rate:

Interest rate is 11.00% on quarterly rest or at applicable rate as determined by bank from time to time.

Disbursement:

The disbursement was made on 06.06.2013.

Repayments

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

Loan period

The entire loan amount shall be re-paid by eight(8) years including grace period of one (1) year.

Securities:

i) 100% registered mortgage of 241.59
ii) Hypothecation on all existing and proposed
iii) Personal guarantee of all directors of the company jointly and individually.

Purpose:

For meeting expenditure for capital machineries.

14.00 Trade creditors

Liability against Deferred L/C	846,913,052	1,345,097,138
Customs Authority-Inbond Duty	16,189,486	109,637,545
Sundry Creditors	123,391,208	3,216,645
	986,493,746	**1,457,951,328**

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

15.00 Short Term Liabilities

Loan against Trust Receipt (LTR) - (note 15.01)	2,774,282,381	2,199,104,686
Loan against CC Pledge and Hypo - (note 15.02)	5,364,036,007	5,470,211,679
	8,138,318,388	**7,669,316,365**

15.01 Short Term Bank Loan (LTR)- note 15.00

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	2,774,282,381	2,199,104,686
	2,774,282,381	**2,199,104,686**

15.02 Loan against CC Pledge, Hypo, LIM, PAD and MPI - note 15.00

Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	2,994,729,777	3,064,173,650
Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI)	1,209,792,590	1,355,839,817
Exim Bank Ltd. , Khatungonj Branch, Ctg (Bia-Muazzal Hypo)	1,159,513,640	1,050,198,212
	5,364,036,007	**5,470,211,679**

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

15.03.01 Lender: Rupali Bank Ltd., O. R. Nizam Road, Corporate Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
CC Hypo	20	12%
CC Pledge	25	12%
LC, PAD & LIM	57	12%
LTR	20	12%
Bank Guarantee	30	0.00%

Security:

i) Hypothecation of import goods, post dated cheque;

ii) 100% registered mortgage of land and project building situated in Shikalbaha, Chittagong, Bangladesh.

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
LTR	208	11.00%
LC/PAD	400	At applicable rate determine from time to time.

Security:

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Profit %
TR with LC & BG	400	9.00%

Security:

i) Post dated cheque, corporate guarantee & personal guarantee of all directors;

ii) Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	107	10.00%

Security:

i) Post dated cheque, corporate guarantee & personal guarantee of all directors;

ii) Hypothecation of inventories, goods in warehouse and Bank Guarantee etc.

16.00 Liabilities for Expenses	Amount in Taka	
	30 June 2018	**30 June 2017**
Audit Fee	450,000	450,000
Karnaphuli Gas Distribution Co. Ltd.	928,003	925,229
Salary and Allowances	8,270,298	8,076,375
Telephone and Mobile Charges	26,216	19,545
Liason Office Rent and Expenses	-	23,967
Against C & F	102,454	123,107
Transportation	-	1,000,000
Karnaphuli Filling Station Limited	-	145,775
Against Store and Spare	11,927,045	7,369,310
Sundry Creditors	38,140	38,140
VAT Payable	15,000	15,000
	21,757,156	**18,186,448**

		Amount in Taka	
		30 June 2018	30 June 2017
17.00	**Advance against Sales**	**7,119,889**	**60,171,315**
	These represent advances received from different parties against sale of scraps and goods which have not been delivered to them within the reporting date.		
18.00	**Due to Affiliated Companies**	**441,275,182**	**253,864,946**
19.00	**Long Term Loan-Current Portion**		
	These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 July, 2018 and consist of as follows:		
	Term loan - note 19.01 & 13.00	394,896,000	495,416,000
		394,896,000	**495,416,000**
19.01	**Term Loan (Payment within one year) - note 19.00**		
	Rupali Bank Limited		
	Term Loan Account No - 690000102	-	208,816,000
	Term Loan Account No - 690000143	-	54,000,000
	Term Loan Account No - 1552067000015	394,896,000	232,600,000
		394,896,000	**495,416,000**
	Project loan amounting to Tk. 113.48 received from Pubali Bank Limited in 2003 has been fully repaid during the year.		
20.00	**Liability against Unclaimed Dividend**		
	Opening Balance	30,802,049	28,242,151
	Dividend declared during the year	98,371,100	98,371,100
		129,173,149	126,613,251
	Dividend paid	(96,717,684)	(95,811,202)
	Closing Balance	**32,455,465**	**30,802,049**
	The break up of unclaimed dividend is given below:		
	Unclaimed dividend on Ordinary Share	30,957,513	29,304,097
	Unclaimed dividend on Convertible Preference Share	1,497,952	1,497,952
		32,455,465	**30,802,049**
21.00	**Provision for Income Tax**		
	For Current Tax - note 21.01	72,065,334	155,130,993
	For Deferred Tax - note 21.02	320,370,886	313,198,270
		392,436,220	**468,329,263**
21.01	**Provision for Current Tax - note 21.00**		
	Opening Balance	155,130,993	152,630,993
	Provision made during the year	47,898,186	2,500,000
		203,029,179	155,130,993
	Adjusted during the year - note 21.01.01	(130,963,845)	-
	Closing Balance	**72,065,334**	**155,130,993**
	** Adjustment of Income Tax Liability upon completion of Income Tax Assessment till accounting year 30 september 2014 & assessment year 2015-2016 and received the refund thereof from the Income Tax Authority amounting Tk. 14,31,93,039 on 06.12.2017.		
21.01.01	**Adjusted during the year - note 21.01**		
	Tax paid in cash	1,000,000	-
	Adjusted with Advance Income Tax	129,963,845	-
		130,963,845	**-**

		Amount in Taka	
		30 June 2018	30 June 2017
21.02	**Provision for Deferred Tax - note 21.00**		
	Opening Balance	313,198,270	303,906,811
	Provision made during the year	7,172,616	9,291,459
		320,370,886	313,198,270
	Provision realized during the year	-	-
	Closing balance	**320,370,886**	**313,198,270**

		Carrying Amount (Taka)	Tax Base (Taka)	Taxable /(Deductible) Temporary Difference (Taka)
	Calculation of Deffered Tax			
A.	**As on 30 June 2018:**			
	Property, Plant and Equipment (Except Land)	**1,600,236,898**	**318,753,353**	1,281,483,545
	Applicable Tax Rate			25%
				320,370,886
B.	**As on 30 June 2017:**			
	Property, Plant and Equipment (Except Land)	1,669,531,369	416,738,288	1,252,793,081
	Applicable Tax Rate			25%
				313,198,270
	Provision made/(Realized) during the year (A-B)			7,172,616

		Amount in Taka	
		30 June 2018	30 June 2017
22.00	**Provision for Workers' Profit Participation & Welfare Fund (WPP & WF)**		
	Opening Balance	89,243,531	74,822,875
	Accrued interest on WPP and WF	6,687,811	6,124,088
	Provided during the year @ 5% on net profit before tax	9,689,015	6,676,771
		16,376,826	12,800,859
		105,620,357	87,623,734
	Paid during the year	(5,738,733)	(5,284,536)
	Provision transferred / adjusted during the year	-	6,904,333
	Closing Balance	**99,881,624**	**89,243,531**
23.00	**Other Liabilities**		
	Income Tax deducted at source from salary	297,350	267,372
	Income Tax deducted at source-others	47,892	28,241
	Against Right share application	24,000	24,000
	Against share application money (IPO)	374,455	374,455
	VAT deducted at source	46,814	-
		790,511	**694,068**

		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
24.00	**Revenue (Net of VAT)**		
	CR Coil	2,122,876,446	1,676,885,565
	C.I Sheet	1,388,425,352	613,645,372
	G.P Sheet	33,941,484	20,351,816
	Scrap	261,500,312	139,725,648
		3,806,743,594	**2,450,608,401**
25.00	**Cost of Sales**		
	Opening Stock of Raw Materials (note 25.01 to 25.11)	4,712,558,693	2,620,240,323
	Purchased during the year (note 25.01 to 25.11)	2,542,824,826	3,752,322,670
		7,255,383,519	6,372,562,993
	Closing Stock of Raw Materials (note 25.01 to 25.11)	(4,364,909,635)	(4,712,558,693)
	Cost of raw materials consumed	**2,890,473,884**	**1,660,004,300**
	Add: Manufacturing Expenses:		
	Power (Electricity)	131,200,435	113,074,666
	Gas	11,819,668	10,523,373
	Fuel and Lubricants- Factory Generator	1,901,230	982,250
	Factory overhead - note 25.12	120,792,004	120,254,892
	Consumption of Stores and Spares	120,367,491	57,760,659
	Consumption of Packaging materials	2,282,247	2,015,258
	Consumption of other chemicals	461,240	148,553
	Depreciation - note 5.02	58,364,308	50,470,112
		447,188,623	**355,229,763**
	Cost of Goods Manufactured	**3,337,662,507**	**2,015,234,063**
	Add: Opening stock of WIP (CR)	14,785,067	84,264,712
	Opening stock of WIP (NOF)	14,143,388	74,686,783
	Less: Closing stock of WIP (CR)	110,626,206	14,785,067
	Closing stock of WIP (NOF)	19,371,500	14,143,388
		3,236,593,256	**2,145,257,103**
	Add: Opening stock of Finished Goods (CR)	96,364,395	29,360,498
	Opening stock of Finished Goods (NOF)	220,972,018	265,678,877
	Less: Closing stock of Finished Goods (CR)	9,980,771	96,364,395
	Closing stock of Finished Goods (NOF)	319,120,968	220,972,018
	Cost of sales	**3,224,827,930**	**2,122,960,065**
25.01	**Raw Materials Consumed - H.R Coil**		
	Opening Stock of raw materials	2,464,656,154	1,209,464,300
	Add: Purchased during the year	1,862,586,813	2,727,266,796
		4,327,242,967	3,936,731,096
	Less: Closing Stock of Raw Materials	1,843,806,927	2,464,656,154
	Cost of raw materials consumed	**2,483,436,040**	**1,472,074,942**
25.02	**Raw Materials Consumed - Hydrochloric Acid**		
	Opening Stock of raw materials	36,288,358	35,400,625
	Add: Purchased during the year	6,545,713	5,711,281
		42,834,071	41,111,906
	Less: Closing Stock of raw materials	36,940,496	36,288,358
	Consumption of Hydrochloric Acid	**5,893,575**	**4,823,548**
25.03	**Raw Materials Consumed - TIN Ingot**		
	Opening Stock of raw materials	83,161,643	86,666,131
	Add: Purchased during the year	-	-
		83,161,643	86,666,131
	Less: Closing Stock of raw materials	76,398,474	83,161,643
	Consumption of TIN Ingot	**6,763,169**	**3,504,488**

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		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
25.04	**Raw Materials Consumed - ZINC Ingot**		
	Opening Stock of raw materials	1,972,343,667	1,169,596,176
	Add: Purchased during the year	623,019,545	970,163,846
		2,595,363,212	2,139,760,022
	Less: Closing Stock of raw materials	2,215,364,845	1,972,343,667
	Consumption of ZINC Ingot	**379,998,367**	**167,416,355**
25.05	**Raw Materials Consumed - LEAD Ingot**		
	Opening Stock of raw materials	119,737,617	78,210,057
	Add: Purchased during the year	1,171,198	41,807,157
		120,908,815	120,017,214
	Less: Closing Stock of raw materials	120,337,457	119,737,617
	Consumption of Lead Ingot	**571,358**	**279,597**
25.06	**Raw Materials Consumed - ZINC Alloy**		
	Opening Stock of raw materials	5,402,247	14,194,721
	Add: Purchased during the year	44,676,095	20,291
		50,078,342	14,215,012
	Less: Closing Stock of raw materials	41,151,395	5,402,247
	Consumption of ZINC Alloy	**8,926,947**	**8,812,765**
25.07	**Raw Materials Consumed - Antimony Ingot**		
	Opening Stock of raw materials	5,054,020	-
	Add: Purchased during the year	2,264,062	6,783,009
		7,318,082	6,783,009
	Less: Closing Stock of raw materials	3,637,662	5,054,020
	Consumption of Antimony Ingot	**3,680,420**	**1,728,989**
25.08	**Raw Materials Consumed - Chromic Acid**		
	Opening Stock of raw materials	10,289,483	10,965,998
	Add: Purchased during the year	2,366,400	-
		12,655,883	10,965,998
	Less: Closing Stock of raw materials	11,451,875	10,289,483
	Consumption of Chromic Acid	**1,204,008**	**676,515**
25.09	**Lubricant Oil Consumed**		
	Opening Stock	1,538,240	1,872,640
	Add: Purchased during the year	-	-
		1,538,240	1,872,640
	Less: Closing Stock	1,538,240	1,538,240
	Consumption of Lubricant Oil	-	**334,400**
25.10	**HFO Consumed**		
	Opening Stock	13,702,500	13,702,500
	Add: Purchased during the year	-	-
		13,702,500	**13,702,500**
	Less: Closing Stock	13,702,500	13,702,500
	Consumption of HFO	-	-
25.11	**LFO Consumed**		
	Opening Stock	384,764	167,175
	Add: Purchased during the year	195,000	570,290
		579,764	**737,465**
	Less: Closing Stock	579,764	384,764
	Consumption of LFO	-	**352,701**
25.12	**Factory Overhead**		
	Salaries and Allowances	85,861,220	86,282,515
	Insurance Expenses	17,582,947	15,535,498
	Medical Expenses	439,382	147,154
	Labour Charges	331,384	336,485
	Repairs and Maintenance	8,697,063	8,099,767
	Carrying Charges-Raw Materials	1,556,661	2,288,687
	Uniform and Liveries	25,489	5,137
	Transportation	2,841,650	2,849,700
	Printing & Stationery	384,771	208,205
	Canteen Expenses - Factory	188,041	237,483
	Telephone and Internet Charges	177,653	188,248
	Miscellaneous Expenses	448,900	1,700,433
	Registration and Renewal	898,079	1,057,994
	Rent, Rates and Taxes	116,113	19,437
	Travelling and Conveyance Expenses	1,129,286	90,395
	Vehicle Maintenance	113,365	1,207,754
		120,792,004	**120,254,892**

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		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
26.00	**Selling and Distribution Costs**		
	Advertisement	860,950	3,392,044
		860,950	**3,392,044**
27.00	**Administrative Costs**		
	Salaries and Allowances	25,715,354	27,222,870
	Depreciation - note 05.02	19,454,769	16,823,371
	Donation and Subscriptions	95,000	637,468
	Canteen Expenses	319,772	413,040
	Fees and Renewals	2,105,003	1,780,269
	Guest House Expenses	651,642	704,505
	Legal and Professional Expenses	879,250	303,207
	Liaison Office Expenses	119,727	104,056
	Office Maintenance Expenses	605,010	1,104,650
	Liaison Office Rent	426,316	424,200
	Office Decoration	35,910	29,650
	Stationery Expenses	364,295	452,275
	Registration and Renewal	25,251	19,400
	Rent, Rates and Taxes	201,881	198,810
	Telephone and E-Mail Expenses	186,660	165,535
	Travelling and Conveyance Expenses	246,367	238,312
	Vehicle Maintenance	2,623,561	1,967,618
	Management Meeting and Conference	2,765,365	1,942,189
	Electricity Expenses	588,737	469,854
	Miscellaneous Expenses	523,044	479,416
	Insurance expenses	-	857,835
	Audit Fees	450,000	450,000
	Consultancy	197,605	-
		58,580,519	**56,788,530**
28.00	**Other Income**		
	Profit on Sale of Fixed Assets	-	827,512
	Miscellaneous Income	833	833
		833	**828,345**
29.00	**Finance Costs**		
	Bank Charges	638,410	490,704
	Interest on Cash Credit (Hypo)	-	34,802,719
	Interest on Cash Credit (Pledge)	-	43,530,496
	Interest on Term Loan	106,065,025	62,762,601
	Interest on LTR	229,956,713	-
	Interest on WPP & WF	6,687,811	6,124,088
	Bank Guarantee Commission	1,710,918	4,152,746
		345,058,877	**151,863,354**
30.00	**Finance Income**		
	Interest Income from MTDR and MDDS	6,550,879	7,198,358
	Interest on STD/SND	356,906	276,371
	Interest Income from FDR	1,167,850	753,348
		8,075,635	**8,228,077**
31.00	**Basic Earnings Per Share (EPS)**		
	Profit attributable to the ordinary shareholders	123,218,521	108,854,978
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Basic Earnings Per Share (EPS)	**1.25**	**1.11**

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		Amount in Taka	
		30 June 2018	30 June 2017
32.00	**Net Asset Value Per Share (NAV)**		
	Total Assets	13,837,251,625	14,147,781,974
	Less: Total Liabilities	11,928,050,975	12,225,083,486
	Net Asset Value (NAV)	**1,909,200,649**	**1,922,698,488**
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Net Asset Value Per Share (NAV)	**19.41**	**19.55**
33.00	**Net Operating Cash Flow Per Share**		
	Cash flows from operating activities	114,793,750	(1,808,789,783)
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Net Operating Cash Flow Per Share	**1.17**	**(18.39)**

34.00 Contingent Liabilities

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

Particulars	Amount (Tk.)	Present status
Penalty imposed by VAT Authority in 2011	35,000,000	Pending before the VAT Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as outcome of the above pending cases are uncertain.

		30 June 2018 M.Ton	30 June 2017 M.Ton
35.00	**Quantitative Movement of Inventories**		
35.01	**Raw Materials:**		
	Opening Stock of Raw Materials		
	H.R Coil	50,677.31	31,249.04
	Hydrochloric Acid	5,558.42	5,241.65
	TIN Ingot	40.44	42.14
	ZINC Ingot	8,190.67	5,118.52
	LEAD Ingot	544.06	334.53
	ZINC Alloy	23.86	60.93
	Antimony Ingot	7.45	-
	Chromic Acid	25.84	27.54
		65,068.05	42,074.35
	Add: Purchased during the year		
	H.R Coil	26,041.27	54,692.61
	Hydrochloric Acid	1,192.01	1,044.24
	TIN Ingot	-	-
	ZINC Ingot	1,694.44	3,794.08
	LEAD Ingot	-	210.80
	ZINC Alloy	119.51	-
	Antimony Ingot	2.00	10.00
	Chromic Acid	9.86	-
		29,059.09	59,751.73
	Raw materials available for consumption	94,127.14	101,826.08
	Less: Raw Materials Consumed		
	H.R Coil	45,445.66	35,264.34
	Hydrochloric Acid	917.26	727.47
	TIN Ingot	3.47	1.70
	ZINC Ingot	1,475.83	721.93
	LEAD Ingot	2.60	1.27
	ZINC Alloy	33.29	37.07
	Antimony Ingot	5.21	2.55
	Chromic Acid	3.47	1.70
		47,886.79	36,758.03

	30 June 2018 M.Ton	30 June 2017 M.Ton
Closing Stock of Raw Materials		
H.R Coil	31,272.92	50,677.31
Hydrochloric Acid	5,833.17	5,558.42
TIN Ingot	36.97	40.44
ZINC Ingot	8,409.28	8,190.67
LEAD Ingot	541.46	544.06
ZINC Alloy	110.08	23.86
Antimony Ingot	4.24	7.45
Chromic Acid	32.23	25.84
	46,240.35	**65,068.05**

35.02 Finished Goods:

A. In Cold Rolled Plant		
Opening stock	1,715	536
Add: Produced during the year	59,765	33,067
	61,480	33,603
Less: Transferred to NOF plant during the year	18,071	7,574
Available for sale	43,409	26,029
Less: Sold during the year	42,597	24,314
Closing stock	**812**	**1,715**
B. In NOF Plant		
Opening stock	2,894	2,667
Add: Produced during the year	17,363	8,493
Available for sale	20,257	11,160
Less: Sold during the year	17,077	8,266
Closing stock	**3,180**	**2,894**

	Amount in Taka	
	30 June 2018	30 June 2017

36.00 Guarantees

The following Bank guarantees were outstanding on the reporting date:		
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	2,751,593	2,392,300
Deposit to Customs Authority against duty claim under appeal	59,897,407	71,924,137
Bank Guarantee Against Customs Authority under Bond	68,387,649	109,637,034
	131,036,649	**183,953,471**

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37.00 Financial Risk Management

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

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

Risk management framework

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

37.01 Credit risk

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

37.01.01 Exposure to credit risk

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

	Amount in Taka	
	30 June 2018	30 June 2017
Accounts Receivables	2,310,460,484	2,735,466,960
Cash and Cash Equivalents	30,704,763	116,689,239
	2,341,165,247	**2,852,156,199**

(a) Trade receivables

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

Ageing of trade and other receivables

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

	Amount in Taka	
	30 June 2018	30 June 2017
0 - 90 days	82,226,932	683,866,740
91 - 180 days	246,680,798	806,514,283
181 - 365 days	1,981,552,754	1,245,085,937
	2,310,460,484	**2,735,466,960**

(b) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 30,704,763 at 30 June 2018 (2017: Tk. 116,689,239), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

37.02 Liquidity risk

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

AMARSTOCK

	0 to 12 Months	Contractual Cash Flows	Carring Amount
Non-derivative financial liabilities:			
As at 30 June 2018			
Trade creditors	986,493,746	986,493,746	1,457,951,328
Liabilities for expenses	21,757,156	21,757,156	18,186,448
Other liabilities	790,511	790,511	694,068
	1,009,041,413	**1,009,041,413**	**1,476,831,844**
As at 30 June 2017			
Trade creditors	1,457,951,328	1,457,951,328	1,457,951,328
Liabilities for expenses	18,186,448	18,186,448	18,186,448
Other liabilities	694,068	694,068	694,068
	1,476,831,844	**1,476,831,844**	**1,476,831,844**

37.03 Market risk

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

37.03.01 Currency risk: exposure and its management

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

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2018, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2018		30 June 2017	
	US$	Taka	US$	Taka
Exposure to currency risk				
Foreign currency denominated assets:				
Trade receivables	-	-		-
	-	-		-
Foreign currency denominated liabilities:				
Liabilities for expenses (L/C liability)	10,531,256	871628164	17,219,892	1,368,015,138
	10,531,256	871,628,164	17,219,892	1,368,015,138
Net exposure	**10,531,256**	**871,628,164**	**17,219,892**	**1,368,015,138**

The following significant exchange rate is applied during the year:

U S dollar	**82.77**	**79.44**

37.03.02 Transaction risk

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

37.03.03 Economic risk

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

37.03.04 Interest risk

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

38.00 Operating Segments :

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

i) Cold Rolled Strips: Includes purchasing of hot roll and manufacturing and distribution of CR Strips.
ii) Non-Oxide Furnace (NOF): Includes purchasing of CR Strips and manufacturing and distribution of CI and GP Sheets.
iii) Power Generation Plant: 17 MW power generation plant.

Amount in Taka

Information about reportable segments	30 June 2018				30 June 2017			
	Cold Rolled	NOF	Power	Total	Cold Rolled	NOF	Power	Total
External Revenues :								
Local Sales	2,122,876,446	1,422,366,836	-	3,545,243,282	1,676,885,565	633,997,188	-	2,310,882,753
Scrap Sales	210,025,929	51,474,383	-	261,500,312	98,949,860	40,775,788	-	139,725,648
Total External Sales and Reportable Segment Revenue	**2,332,902,375**	**1,473,841,219**	**-**	**3,806,743,594**	**1,775,835,425**	**674,772,976**	**-**	**2,450,608,401**
Cost of sales	1,893,592,934	1,323,675,706	7,559,288	3,224,827,928	1,511,564,651	603,763,584	7,631,830	2,122,960,065
Gross Profit	439,309,441	150,165,513	(7,559,288)	581,915,666	264,270,774	71,009,392	(7,631,830)	327,648,336
% of Gross Profit before Tax	18.83	10.19	-	15.29	14.88	10.52	-	13.37
Reportable Segment Profit before Tax	**46,462,282**	**137,629,000**	**2,372,447**	**186,463,729**	**64,098,510**	**62,760,143**	**(8,874,594)**	**117,984,059**
Other income	833	-	-	833	828,345	-	-	828,345
Finance income	8,075,635	-	-	8,075,635	8,228,077	-	-	8,228,077
Finance costs	345,052,696	-	6,181	345,058,877	151,858,021	-	5,333	151,863,354
Depreciation & Amortisation	55,416,398	21,171,526	1,231,152	77,819,076	56,309,148	10,984,335	-	67,293,483
Share of Profit / (Loss) of Non-Controlling Interest - Net of Tax	-	-	2,486,552	2,486,552	-	-	2,662,378	2,662,378
Reportable Segment Assets	**8,255,149,052**	**3,748,931,032**	**1,833,171,543**	**13,837,251,627**	**9,091,956,619**	**3,367,623,932**	**1,688,201,424**	**14,147,781,975**
Capital Expenditure	7,293,454	2,400,863	118,579,638	128,273,955	5,576,120	-	132,703,124	138,279,244
Reportable Segments Liabilities	**10,047,281,825**	**341,278,068**	**1,410,940,888**	**11,799,500,781**	**10,776,611,203**	**3,483,455**	**1,313,952,080**	**12,094,046,738**

	Amount in Taka	
	30 June 2018	30 June 2017

38.01 Reconciliation of Reportable Segments - note 38.00

Liabilities

Total Liabilities for reportable segments	11,799,500,781	12,094,046,738
Total liabilities	**11,799,500,781**	**12,094,046,738**

	30 June 2018 M.Ton	30 June 2017 M.Ton

39.00 Production Capacity

SACRSL Plant:

Installed Capacity (In M.Ton)	120,000	120,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	83,560.55	78,297.30
Capacity utilised (%)	**69.63%**	**65.25%**

NOF Plant:

Installed Capacity (In M.Ton)	72,000	72,000
Actual Equivalent Production-0.090mm to 0.420mm (In M.Ton)	20,415.08	9,994.18
Capacity utilised (%)	**28.35%**	**13.88%**

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

Salary Range (Monthly)	Head Office		Factory				Total Number of Employees
	Officer	Staff	Casual	Officer	Staff	Worker	
Upto Tk. 3,000	-	-	-	-	-	-	-
Above Tk. 3,000	19	6	9	78	30	231	**373**
For the year ended 30 June 2018	**19**	**6**	**9**	**78**	**30**	**231**	**373**
For the year ended 30 June 2017	**19**	**6**	**9**	**78**	**31**	**229**	**372**

40.00 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 June 2018, there were 3 (Three) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

SL	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
01	Mr. Abdus Samad	Chairman	3	2	8,000	16,000
02	Mr. Mohammad Saiful Alam	Managing Director	3	1	8,000	8,000
03	Mr. Osman Gani	Director	3	3	8,000	24,000
04	Mr. Mohammed Shah Jahan	Director (ICB Nominee)	3	3	8,000	24,000
05	Ms. Halima Begum	Director (General Investors' Group)	3	3	8,000	24,000
06	Mr. Mohammad Ishaque	Independent Director	3	3	8,000	24,000
07	Mr. Monotosh Chandra Roy, FCA	Independent Director	3	3	8,000	24,000

41.00 Capital Commitment

The company had no capital commitment at the reporting date.

42.00 Related Party Transactions

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

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

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2017	
Chemon Ispat Limited	Affiliated Company	Sales	1,373,169,665	Dr
S. Alam Steels Ltd.	Affiliated Company and Share Holder	Sales	852,974,052	Dr
S.Alam Super Edible Oil Ltd.	Affiliated Company	Short Term Loan	275,153,095	Dr
S. Alam Vegetable Oil Ltd.	Affiliated Company and Share Holder	Short Term Loan	832,930,467	Dr
S. Alam Brothers Limited	Affiliated Company	Short Term Loan	38,150,000	Dr
S.Alam Super Edible Oil Ltd.	Affiliated Company	Short Term Loan	50,500,000	Cr
S. Alam Refined Sugar Industries Ltd.	Affiliated Company	Short Term Loan	851,834,711	Dr
Global Trading Corporation Ltd.	Affiliated Company	Short Term Loan	378,483,686	Cr
Sonali Traders	Affiliated Company	Short Term Loan	1,066,434,313	Cr
Ansar Enterprise	Affiliated Company	Short Term Loan	613,193,674	Cr
Annex Business Corner	Affiliated Company	Short Term Loan	360,251,000	Cr
Others receivable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	10,538,944	Dr
Others payable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	17,361,833	Cr

43.00 Events After The Reporting Period

The Board of Directors in their meeting held on 27 October 2018 recommended 10% cash dividend for the year 2018.

44.00 GENERAL

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

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

Company Secretary **Director** **Managing Director**

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

Report on the Financial Statements

We have audited the accompanying financial statements of **S. Alam Cold Rolled Steels Limited** which comprise the statement of financial position as at **30 June 2018**, and the statement of Profit or Loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at **30 June 2018** and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and returns;

(c) the statement of financial position and the statement of Profit or Loss and other comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the Company's business.

Chattogram, 27 October 2018

Rahman Mostafa Alam & Co.
Chartered Accountants

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES		**1,950,457,668**	**2,017,351,276**
Property, Plant and Equipment	05.00	1,670,699,805	1,739,994,276
Capital Work-in-Progress	06.00	2,400,863	-
Investment	07.00	277,357,000	277,357,000
CURRENT ASSETS		**10,330,979,413**	**10,719,586,277**
Inventories	08.00	5,263,492,205	5,995,527,999
Accounts Receivables	09.00	2,310,460,484	2,735,466,960
Advances, Deposits and Prepayments	10.00	1,888,958,635	937,447,946
Short Term Investment	11.00	53,181,333	117,791,911
Due from Affiliated Companies	12.00	-	56,260,853
Short Term Loan to Subsidiary Company	13.00	784,300,266	760,586,539
Cash and Cash Equivalents	14.00	30,586,490	116,504,069
TOTAL ASSETS & PROPERTIES		**12,281,437,081**	**12,736,937,553**
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY		**1,892,877,190**	**1,900,573,072**
Share Capital	15.00	983,711,000	983,711,000
Share Premium		433,930,746	433,930,746
Retained Earnings		475,235,444	482,931,326
NON-CURRENT LIABILITIES		**517,942,308**	**874,777,957**
Long Term Loan	16.00	197,571,422	561,579,687
Deferred Tax Liabilities	24.02	320,370,886	313,198,270
CURRENT LIABILITIES		**9,870,617,583**	**9,961,586,524**
Trade Creditors	17.00	986,493,746	1,457,951,328
Short Term Liabilities	18.00	8,138,318,387	7,669,316,365
Liabilities for Expenses	19.00	21,622,170	18,028,023
Advance against Sales	20.00	7,119,889	60,171,315
Due to Affiliated Companies	21.00	131,141,605	-
Current Portion of Long Term Loan	22.00	394,896,000	495,416,000
Liability against Unclaimed Dividend	23.00	32,455,465	30,802,049
Provision for Income Tax	24.01	57,898,186	139,963,845
Provision for Workers' Profit Participation & Welfare Fund	25.00	99,881,624	89,243,531
Other Liabilities	26.00	790,511	694,068
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**12,281,437,081**	**12,736,937,553**
Net Asset Value Per Share	35.00	**19.24**	**19.32**
Contingent Liabilities and Commitments	37 & 44	-	-

The accompanying notes from 1 to 47 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Revenue	27.00	3,806,743,594	2,450,608,401
Cost of Sales	28.00	(3,217,268,642)	(2,115,328,235)
Gross Profit		**589,474,952**	**335,280,166**
Selling and Distribution Costs	29.00	(860,950)	(3,379,107)
Administrative Costs	30.00	(57,857,480)	(55,564,036)
		(58,718,430)	(58,943,143)
Operating Profit		**530,756,522**	**276,337,023**
Finance Costs	32.00	(345,052,696)	(151,858,021)
Profit before Non- Operating Income		**185,703,826**	**124,479,002**
Other Income	31.00	833	828,345
Finance Income	33.00	8,075,635	8,228,077
Net Profit before Tax and WPP and Welfare Fund		**193,780,294**	**133,535,424**
Contribution to WPP and Welfare Fund	25.00	(9,689,015)	(6,676,771)
Profit before Income Tax		**184,091,279**	**126,858,653**
Income Tax Expenses:			
Current Tax	24.01	(47,898,186)	(2,500,000)
Deferred Tax	24.02	(7,172,616)	(9,291,459)
		(55,070,802)	(11,791,459)
Net Profit after Tax for the Year		**129,020,477**	**115,067,194**
Basic Earnings Per Share	34.00	**1.31**	**1.17**

The accompanying notes from 1 to 47 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Amount in Taka

Particulars	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance as on 01 July 2017	983,711,000	433,930,746	482,931,326	1,900,573,072
Excess Income Tax Liability adjusted on income increased by Income Tax Authority by estimating income	-	-	(38,345,259)	(38,345,259)
Cash dividend declared for the year 2016-2017	-	-	(98,371,100)	(98,371,100)
Net Profit after tax for the year 2017-2018	-	-	129,020,477	129,020,477
Balance as on 30 June 2018	**983,711,000**	**433,930,746**	**475,235,444**	**1,892,877,190**
Balance as on 01 July 2016	983,711,000	433,930,746	466,235,232	1,883,876,978
Excess Income Tax Liability adjusted on income increased by Income Tax Authority by estimating income	-	-		-
Cash dividend declared for the year 2015-2016	-	-	(98,371,100)	(98,371,100)
Net Profit after tax for the year 2016-2017	-	-	115,067,194	115,067,194
Balance as on 30 June 2017	**983,711,000**	**433,930,746**	**482,931,326**	**1,900,573,072**

Company Secretary **Director** **Managing Director**

S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
Cash flows from operating activities			
Cash Received from Customers		4,178,698,644	2,360,630,693
Cash Paid to Suppliers		(2,814,000,186)	(3,833,005,369)
Cash Paid to Employees		(113,052,292)	(101,795,281)
Cash Paid for Operating Expenses		(1,181,711,561)	(85,116,908)
Payment of Advance Income Tax		(89,379,139)	(134,499,330)
Payment for WPP & WF		(5,738,733)	(5,284,536)
Advance tax refund		143,193,039	-
A. Net Cash flow from Operating Activities		**118,009,773**	**(1,799,070,731)**
Cash Flows from Investing Activities			
Capital Work-in-Progress		(2,400,863)	-
Acquisition of Property, Plant And Equipment		(7,293,454)	(5,576,120)
Proceeds from Sale of Property, Plant And Equipment		-	1,050,000
Short Term Loan to Subsidiary Companies		(23,713,727)	(59,556,263)
Investment in Fixed Deposit Receipt		64,610,578	(70,731,676)
Interest Received from Fixed Deposit Receipt		8,076,468	8,228,910
Due to affiliated companies		56,260,853	-
B. Net Cash flow from Investing Activities		**95,539,855**	**(126,585,149)**
Cash flows from financing activities			
Proceeds from / (Repayment of) Long Term Loan		(464,528,265)	414,805,252
Proceeds / (Repayment of) from Short Term Loan		469,002,022	2,057,340,429
Proceeds from / (Repayment to) Affiliated Companies		131,141,605	(197,433,916)
Dividend Paid		(96,717,684)	(95,811,202)
Cash Paid for Financial Expenses		(338,364,885)	(145,733,933)
C. Net Cash flow from Financing Activities		**(299,467,206)**	**2,033,166,630**
Net Increase/(Decrease) of Cash And Cash Equivalents (A+B+C)		(85,917,579)	107,510,750
Cash and Cash Equivalents at the Beginning of the Year		116,504,069	8,993,319
Cash and Cash Equivalents at the End of the Year		**30,586,490**	**116,504,069**
Net Operating Cash Flow Per Share	36.00	**1.20**	**(18.29)**

Company Secretary **Director** **Managing Director**

01.00 BACKGROUND AND INFORMATION

01.01 Formation and Legal Status

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

01.02 Nature of the business

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

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

02.00 Basis of Preparation

02.01 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and applicable sections of Companies Act 1994 and the Securities and Exchange Rules 1987. BFRSs comprise the following:

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

02.02 Date of authorization

The Board of Directors has authorized these financial statements on 27 October 2018.

02.03 Regulatory compliance

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

(i) The Companies Act 1994;
(ii) The Securities and Exchange Ordinance 1969;
(iii) The Securities and Exchange Rules 1987;
(iv) The Income Tax Ordinance 1984;
(v) The Income Tax Rules 1984;
(vi) The Value Added Tax Act 1991;
(vii) The Value Added Tax Rules 1991;
(viii) The Listing Regulations of Dhaka Stock Exchange (DSE);
(vii) The Listing Regulations of Chittagong Stock Exchange (CSE);
(viii) Bangladesh Labour Act 2006 etc.

02.04 Accounting convention and assumption

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

02.05 Functional and presentation currency

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

02.06 Statement of Cash flows

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

02.07 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

02.08 Comparative information

Comparative information has been disclosed in respect of the year 2016-2017 for all numeric information in the Financial Statements and also the narrative and descriptive information where it is relevant for understanding of the current years Financial Statements.

Re-arrangement

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

02.09 Going concern

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

02.10 Reporting period

The financial statements of the Company cover one financial year from 01 July 2017 to 30 June 2018 for all reported periods.

03.00 Significant Accounting Policies

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

BAS-01	Presentation of Financial Statements
BAS-02	Inventories
BAS-07	Statement of Cash Flows
BAS-08	Accounting Policies, Changes in Accounting Estimates and Errors
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes
BAS-16	Property, Plant and Equipment
BAS-17	Lease
BAS-18	Revenue
BAS-19	Employee benefits
BAS-21	The effects of Changes in Foreign Exchange Rates
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-32	Financial Instrument: Presentation
BAS-33	Earnings per share
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BAS-39	Financial Instrument: Recognition and Measurement
BFRS-05	Non-current Assets Held for Sale and Discontinued Operations
BFRS-07	Financial Instrument: Disclosure

03.01 Property, plant and equipment

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

03.01.01 Recognition and measurement

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

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

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

03.01.02 Subsequent costs

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

03.01.03 Depreciation

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

Depreciation is calculated on diminishing balance method over the estimated useful lives of each parts of property, plant and equipment. Depreciation is generally recognized in profit or loss unless the amount is included in the carrying amount of another assets. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land and Land Development is not depreciated. Depreciation is charged on addition when the assets are available for use or ready for use or from date of acquisition. Incase of disposal of fixed asset, depreciation is charged up to date of disposal. The principal annual rates are as follows.

Assets	Rates (%)
Land and land development	Nil
Internal Road and Embankment	10% - 20%
Buildings	5% - 10%
Plant and Machinery	10%
Equipment and appliances	10%
Furniture and Fixtures	10%
Lifting Crane and Jetty Construction	15%
Coil Cart	10%
Motor Vehicle	20%
Interior Decoration	15%

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

Particulars	Capacity Utilization	
	CR Coil Plant	NOF Plant
Factory Building (including Leased Assets)	69.63%	28.35%
Capital Machinery	69.63%	28.35%
Factory equipment	69.63%	28.35%
Generator	69.63%	28.35%
Work Roll	69.63%	28.35%
Luffing Crane and Jetty construction	69.63%	28.35%
Coil Cart	69.63%	28.35%

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

03.02 Capital work in progress

Property, Plant and Equipment under acquisition is accounted for as Capital work-in-progress until acquisition is completed and measured at cost.

03.03 Inventories

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

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

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

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

03.04 Revenue Recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. In compliance with the requirements of BAS 18: "Revenue", revenue is recognized only when:

i) The products are invoiced and dispatched to the customers;

ii) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

03.05 Trade receivables

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

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

03.06 Transactions with Affiliated companies

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

03.07 Advances, deposits and prepayments

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

Deposits are measured at payment value.

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

03.08 Cash and cash equivalents

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

03.09 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Non-derivative financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Non-derivative financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

Held-to-maturity financial assets

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

(b) Trade receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade receivables are initially recognised at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortised cost less impairment losses due to uncollectibility of any amount so recognised.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

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

Non-derivative financial liabilities

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

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

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

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

(a) Share capital (ordinary shares)

Ordinary shares are classified as equity.

(b) Trade and other payables

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

(c) Other liabilities

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

03.10 Employee benefit schemes

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

03.11 Workers' profit participation fund

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

03.12 Provisions and contingencies

A provision is recognised in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Contingencies arising from claim, lawsuit, etc. are recorded when it is possible that a liability has been incurred and the amount can reasonably be measured.

03.13 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference shares, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to Note-34 to the Financial Statements).

Diluted Earnings per share:

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

03.14 Finance income and finance costs

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

Finance costs comprise interest expenses on borrowing that are recognised in profit or loss as and when incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized using the effective interest method.

03.15 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on retranslation are recognized in profit or loss.

03.16 Income tax expenses

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

Current tax:

The Company was allowed tax holiday for the period of five years from the month of commencement of commercial production i.e. 01 February 2004 vide National Board of Revenue's Order ref. 11(398) Anu – 1/2004/7364(2) dated 24.07.2004. The period of tax holiday of the Company expired on 31 January 2009. Current tax is the expected tax payable on the taxable income or loss for the year, using the tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year.

Deferred tax:

Deferred tax is recognised in compliance with BAS 12: Income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

03.17 Impairment

Non-derivative financial assets

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.

Non financial assets

The carrying amounts of the company's property, plant and equipments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the property, plant and equipment's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the profit or loss.

03.18 Leases

03.18.01 Finance Lease

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

03.18.02 Operating lease

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

03.18.03 Determining whether an arrangement contains a lease

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

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

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

03.19 Segment reporting

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

04.00 New Standards and interpretations not yet adopted

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

	Amount in Taka	
	30 June 2018	30 June 2017
05.00 Property, Plant And Equipment		
A. Cost		
Opening Balance	2,793,722,656	2,789,590,991
Addition during the year	7,293,454	5,576,120
	2,801,016,110	**2,795,167,111**
Deletion during the year	-	(1,444,455)
Total Cost	**2,801,016,110**	**2,793,722,656**
B. Accumulated Depreciation		
Opening Balance	1,053,728,380	987,656,864
Charged during the year	76,587,925	67,293,483
	1,130,316,305	**1,054,950,347**
Adjustments during the year	-	(1,221,967)
Total Depreciation	**1,130,316,305**	**1,053,728,380**
Written Down Value (WDV) as on 30 June (A-B)	**1,670,699,805**	**1,739,994,276**

Detail of Property, Plant & Equipment and Depreciation as on 30 June 2018 are shown in the note 05.01.

AMAR STOCK

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

Assets' category	Cost				Depreciation Rate	Depreciation				Carrying amount as on 30 June 2018
	Opening balance as on 01 July 2017	Addition	Disposal/ Adjustment	Closing balance as on 30 June 2018		Opening balance as on 01 July 2017	Charged for the year	Adjustment for disposal during the year	Closing balance as on 30 June 2018	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land-Freehold (12.04 Acres)	49,046,490	-	-	49,046,490	-	-	-	-	-	49,046,490
Land Development	21,416,417	-	-	21,416,417	-	-	-	-	-	21,416,417
Internal Road and Drainage	3,506,580	-	-	3,506,580	10%	2,549,043	95,754	-	2,644,797	861,783
Embankment	46,660,074	-	-	46,660,074	20%	41,319,375	1,068,140	-	42,387,515	4,272,559
	120,629,561	**-**	**-**	**120,629,561**		**43,868,418**	**1,163,894**	**-**	**45,032,312**	**75,597,249**
B. Building:										
Factory Building (Including Leased Assets)	304,368,680	-	-	304,368,680	5%	104,529,699	6,957,394	-	111,487,093	192,881,587
Factory Building (NOF Plant)	257,346,737	-	-	257,346,737	5%	8,787,785	3,523,323	-	12,311,108	245,035,629
General Building	33,321,203	-	-	33,321,203	5%	16,343,118	848,904	-	17,192,022	16,129,181
Coil Ware House	5,467,518	-	-	5,467,518	10%	3,983,455	148,406	-	4,131,861	1,335,657
	600,504,138	**-**	**-**	**600,504,138**		**133,644,057**	**11,478,027**	**-**	**145,122,084**	**455,382,054**
C. Plant and machinery										
Capital Machinery	1,233,517,738	-	-	1,233,517,738	10%	712,809,669	36,256,903	-	749,066,572	484,451,167
Capital Machinery (NOF Plant)	626,594,801	-	-	626,594,801	10%	34,109,970	16,796,945	-	50,906,915	575,687,886
	1,860,112,539	**-**	**-**	**1,860,112,539**		**746,919,639**	**53,053,848**	**-**	**799,973,487**	**1,060,139,053**
D. Equipment and appliances:										
Factory Equipment	22,691,689	-	-	22,691,689	10%	9,007,837	952,807	-	9,960,644	12,731,045
Factory Equipment (NOF Plant)	2,296,579	-	-	2,296,579	10%	115,607	61,831	-	177,438	2,119,141
Office Equipment	1,585,190	-	-	1,585,190	10%	927,985	65,721	-	993,706	591,484
Guest House Equipment	1,543,095	-	-	1,543,095	10%	1,139,259	40,384	-	1,179,643	363,452
Computer	3,034,108	180,300	-	3,214,408	10%	1,642,580	146,338	-	1,788,918	1,425,490
Air Conditioners	6,097,956	498,780	-	6,596,736	10%	2,815,986	363,317	-	3,179,303	3,417,433
Generator	1,240,000	-	-	1,240,000	10%	717,271	36,398	-	753,669	486,331
Electric Line Installation	2,755,225	420,149	-	3,175,374	10%	2,131,038	98,448	-	2,229,486	945,888
Electric Line Installation (NOF Plant)	12,851,881	-	-	12,851,881	10%	5,134,834	771,705	-	5,906,539	6,945,342
Gas Line Installation	4,569,154	-	-	4,569,154	10%	3,197,184	137,197	-	3,334,381	1,234,773
Fire Extinguisher	58,100	-	-	58,100	10%	43,575	1,453	-	45,028	13,072
Telephone Line Installation	398,527	-	-	398,527	10%	297,156	10,137	-	307,293	91,234
Grinding Wheel	134,666	-	-	134,666	10%	101,602	3,306	-	104,908	29,758
Water Tank	113,500	-	-	113,500	10%	85,695	2,781	-	88,476	25,024
Work Roll	1,593,025	-	-	1,593,025	10%	921,473	46,760	-	968,233	624,792
Radiolink and Networking (Factory)	433,880	-	-	433,880	10%	205,587	22,829	-	228,416	205,464
Tools and Tackles	121,238	-	-	121,238	10%	91,541	2,970	-	94,511	26,727
	61,517,813	**1,099,229**	**-**	**62,617,042**		**28,576,210**	**2,764,381**	**-**	**31,340,591**	**31,276,451**
E. Furniture and Fixtures										
Furniture and Fixtures	4,040,403	-	-	4,040,403	10%	2,346,604	169,380	-	2,515,984	1,524,419
Furniture and Fixtures (NOF Plant)	291,295	-	-	291,295	10%	114,065	17,723	-	131,788	159,507
	4,331,698	**-**	**-**	**4,331,698**		**2,460,669**	**187,103**	**-**	**2,647,772**	**1,683,926**
F. Lifting Crane and Jetty Construction	54,948,213	-	-	54,948,213	15%	39,736,885	1,588,747	-	41,325,632	13,622,581
G. Coil Cart	8,024,021	1,291,725	-	9,315,746	10%	4,640,217	243,607	-	4,883,824	4,431,922
H. Motor vehicles	79,484,577	4,902,500	-	84,387,077	20%	50,553,605	5,982,106	-	56,535,711	27,851,366
I. Interior Decoration	4,170,096	-	-	4,170,096	15%	3,328,680	126,212	-	3,454,892	715,204
	146,626,907	**6,194,225**	**-**	**152,821,132**		**98,259,387**	**7,940,672**	**-**	**106,200,059**	**46,621,073**
30 June 2018	**2,793,722,656**	**7,293,454**	**-**	**2,801,016,110**		**1,053,728,380**	**76,587,925**	**-**	**1,130,316,305**	**1,670,699,805**
30 June 2017	**2,789,590,991**	**5,576,120**	**1,444,455**	**2,793,722,656**		**987,656,864**	**67,293,483**	**1,221,967**	**1,053,728,380**	**1,739,994,276**

	Basis	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Depreciation allocated to:			
Cost of Sales - note 28.00	75%	57,440,944	50,470,112
Administrative Costs - note 30.00	25%	19,146,981	16,823,371
	100%	**76,587,925**	**67,293,483**

		Amount in Taka	
		30 June 2018	30 June 2017
06.00	**Capital Work-in-Progress - NOF Project**		
	Opening Balance	-	-
	Expense incurred during the year	2,400,863	-
		2,400,863	-
	Transferred to Property, Plant and Equipment	-	
	Closing Balance	**2,400,863**	**-**
07.00	**Investment**		
	S. Alam Power Generation Limited	277,357,000	277,357,000
		277,357,000	**277,357,000**

07.01 The Company holds 70% shares of **S. Alam Power Generation Limited.**

07.02 The Company got allotment of 2,773,570 shares of Tk. 100 each of S. Alam Power Generation Limited.

07.03 As per Audited Financial Position as on 30 June 2018 Net Asset Value (NAV) per share of S. Alam Power Generation Limited is Tk. 109.14 (30 June 2017 : Tk. 111.24).

07.04 The Captive Power Plant, a subsidiary of the company, commenced commercial operation on 28th August 2016 but could not continue due to high cost of production of electricity per unit.

08.00	**Inventories**		
	Raw Materials - (note 08.01)	4,349,089,131	4,696,933,189
	Raw Materials-in-Bond items	142,509,518	535,000,069
	Work-in-Process - (note 08.02)	129,997,706	28,928,455
	Finished Goods - (note 08.03)	329,101,739	317,336,413
	Stores and Spares	311,961,860	362,021,424
	Stock-in-Transit	832,251	55,308,449
		5,263,492,205	**5,995,527,999**

08.01 Raw materials - note 08.00

	30 June 2018		30 June 2017	
	Qty. (MT)	Taka	Qty. (MT)	Taka
H.R Coil	31,272.92	1,843,806,927	50,677.31	2,464,656,154
Hydrochloric Acid	5,833.17	36,940,496	5,558.42	36,288,358
TIN Ingot	36.97	76,398,474	40.44	83,161,643
ZINC Ingot	8,409.28	2,215,364,845	8,190.67	1,972,343,667
LEAD Ingot	541.46	120,337,457	544.06	119,737,617
ZINC Alloy	110.08	41,151,395	23.86	5,402,247
Antimony Ingot	4.24	3,637,662	7.45	5,054,020
Chromic Acid	32.23	11,451,875	25.84	10,289,483
		4,349,089,131		**4,696,933,189**

		Amount in Taka	
		30 June 2018	30 June 2017
08.02	**Work-in-Process - note 08.00**		
	CR Coil	110,626,206	14,785,067
	NOF	19,371,500	14,143,388
		129,997,706	**28,928,455**
08.03	**Finished Goods-note 08.00**		
	CR Coil	9,980,771	96,364,395
	C.I & GP Sheet	319,120,968	220,972,018
		329,101,739	**317,336,413**
09.00	**Accounts Receivable**		
	Against CR Coil - (note 09.01)	2,226,143,717	2,685,516,993
	Against C.I and G.P Sheet	84,316,767	49,949,967
		2,310,460,484	**2,735,466,960**
09.01	**Against CR Coil- note 09.00**	**2,226,143,717**	**2,685,516,993**

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

09.02 Ageing of Accounts Receivables is stated in note 40.01.01 (a).

		Amount in Taka	
		30 June 2018	30 June 2017
10.00	**Advances, Deposits and Prepayments**		
	Advances (note - 10.01)	1,822,978,983	853,189,600
	Deposits (note - 10.02)	15,467,282	15,467,282
	Prepayments (note-10.03)	50,512,370	68,791,064
		1,888,958,635	**937,447,946**
10.01	**Advances - note 10.00**		
	Against Supply of Goods	1,206,305,795	1,364,496
	Against Salary	3,425,000	1,120,000
	Bank Guarantee Margin	101,063,416	98,791,975
	Advance Income Tax - (note 10.01.01)	507,916,591	730,039,596
	VAT current account	809,784	18,690,769
	Supplementary Tax Current A/C	164,674	164,674
	Others	3,293,723	3,018,090
		1,822,978,983	**853,189,600**
10.01.01	**Advance Income Tax**		
	Opening Balance	730,039,596	595,540,266
	Paid During the year	89,379,139	134,499,330
		819,418,734	**730,039,596**
	Adjusted with Advance Income Tax	(129,963,845)	-
		689,454,889	**730,039,596**
	Excess Income Tax Liability adjusted on income increased by Income Tax Authority by estimating income	(38,345,259)	-
		651,109,630	**730,039,596**
	Refund	(143,193,039)	-
		507,916,591	**730,039,596**
10.02	**Deposits - note 10.00**		
	Chittagong City Corporation	4,096,232	4,096,232
	Chittagong Palli Bidyut Samity-1	7,038,000	7,038,000
	Karnaphuli Gas Distribution Co. Ltd.	1,379,992	1,379,992
	Bangladesh Telecommunications Company Limited (BTCL)	6,600	6,600
	Grameen Phone (BD) Limited (For mobile)	20,000	20,000
	Ansar, VDP	32,331	32,331
	Central Depository Bangladesh Limited	500,000	500,000
	VAT Account for Appeal fee	2,394,127	2,394,127
		15,467,282	**15,467,282**
10.03	**Prepayments - note 10.00**		
	Insurance	1,050,707	981,279
	Internet Service	62,904	85,776
	Fees & Renewal to BSTI	23,316	698,199
	Interest on MPI	49,375,443	67,025,810
		50,512,370	**68,791,064**

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

11.00	**Short Term Investment**		
	Name of Banks		
	Fixed Deposit Receipts:		
	Rupali Bank Limited	13,153,562	17,970,629
	Islami Bank Bangladesh Limited	40,027,771	99,821,282
		53,181,333	**117,791,911**
12.00	**Due from Affiliated Companies**	**-**	**56,260,853**
13.00	**Short Term Loan to Subsidiary Companies**		
	S. Alam Power Generation Limited	784,300,266	760,586,539
		784,300,266	**760,586,539**

		Amount in Taka	
		30 June 2018	30 June 2017
14.00	**Cash and Cash Equivalents**		
	Cash in Hand - (ncte 14.01)	48,596	93,682
	Cash at Banks - (note 14.02)	30,537,894	116,410,387
		30,586,490	**116,504,069**
14.01	**Cash in Hand - note 14.00**		
	Head Office	15,499	40,573
	Factory Office	33,097	53,109
		48,596	**93,682**

14.02 Cash at Banks - note 14.00

Bank	Branch	Account No.		
AB Bank Ltd.	Agrabad Br., Chittagong.	CD#4101-774707-000	95,424	92,359
Agrani Bank Ltd.	New Market Br., Chittagong.	CD#33009854	745	1,895
Agrani Bank Ltd.	Laldighi Br., Chittagong.	CD#29373	1,675	895
Al-Arafah Islami Bank Ltd	Khatungonj, Chittagong.	CD# 0091020013952	45,064	22,155
Bank Asia Ltd.	Khatungonj, Chittagong.	CD#01333005952	90,697	-
Dhaka Bank Ltd.	Khatungonj, Chittagong.	CD#0171502235	1,510,121	-
EXIM Bank Ltd.	Khatungonj, Chittagong.	CD#00411100004909	102,014	-
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002884	1,217	2,295
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100003008	9,867,660	7,924,327
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#13100002711	37,020	36,879
First Security Islami Bank Ltd.	Khatungonj , Chittagong.	SND#1310002792	19,123	19,591
First Security Islami Bank Ltd.	Anderkilla , Chittagong.	CD#13411100003882	2,486,209	106,987,564
IFIC Bank Ltd.	Khatungonj , Chittagong.	CD#0170184017001	8,965	-
Islami Bank Bangladesh Ltd.	Khatungonj , Chittagong.	CD#10601002130	1,547,701	219,748
Jamuna Bank Ltd.	Jubilee Road Branch, Chittagong.	CD#00190211002260	16,802	19,727
Janata Bank Ltd.	Shadharan Bima Corp Branch, Ctg.	CD#001031259	741,566	251,993
Mercantile Bank Ltd.	Khatungonj Branch, Chittagong.	CD#011211100005747	79,141	5,125
National Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0002-33069282	118,869	5,279
NRB Global Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0111100219390	22,319	-
Pubali Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0642901085670	9,329	-
Rupali Bank Ltd.	Anderkilla, Corporate Branch, Ctg.	CD#1552020006497	1,226,376	489,629
Rupali Bank Ltd.	O.R Nizam Road, Corporate Branch, Ctg.	SND#1552024000134	110,211	109,594
Southeast Bank Ltd.	Principal Office, Dhaka.	CD#11100036055	57,867	26,934
Social Islami Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0141330020285	9,280	-
The City Bank Ltd.	Khatungonj Branch, Chittagong.	CD#1101002163001	683,980	95,997
Union Bank Ltd.	Khatungonj Branch, Chittagong.	CD#0101010000801	11,527,681	53,321
Union Bank Ltd.	Gulshan Branch, Dhaka.	CD#0021010001342	43,930	45,080
Uttara Bank Ltd.	Khatungonj Branch, Chittagong.	CD#015812221999319	76,908	-
			30,537,894	**116,410,387**

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

		Amount in Taka	
		30 June 2018	30 June 2017

15.01 Shareholding position

Name of shareholders	% of Holding	Number of Shares of Tk. 10 each	Number of Shares of Tk. 10 each
Mr. Mohammed Saiful Alam	2.34%	2,303,980	2,303,980
Mr. Abdus Samad	2.00%	1,967,430	1,967,430
Mr. Md. Osman Gani	2.00%	1,967,430	1,967,430
S.Alam Steels Ltd	18.74%	18,431,940	18,431,940
S.Alam Cement Ltd.	9.37%	9,215,960	9,215,960
S.Alam Hatchery Ltd.	9.37%	9,215,960	9,215,960
S.Alam Luxury Chair Coach Services Ltd.	2.34%	2,303,980	2,303,980
S.Alam Vegetable Oil Ltd.	2.34%	2,303,980	2,303,980
Bangladesh Fund	5.33%	5,239,191	4,800,000
ABIL-IDA	0.01%	10,000	60,000
ICB Unit Fund	1.15%	1,132,296	934,020
ICB	0.02%	16,300	3,078,420
Others	45.00%	44,262,653	41,788,000
	100.00%	**98,371,100**	**98,371,100**

15.02 Classification of shares by holding

Class by number of shares	No. of Holders Nos	No. of Shares Nos	% of Holding
Not more than 500	2,530	438,358	0.45%
From 501 to 5,000	3,481	5,925,974	6.02%
From 5,001 to 10,000	383	2,864,413	2.91%
From 10,001 to 20,000	185	2,680,755	2.73%
From 20,001 to 30,000	70	1,765,224	1.79%
From 30,001 to 40,000	21	719,460	0.73%
From 40,001 to 50,000	15	686,100	0.70%
From 50,001 to 100,000	35	2,639,992	2.68%
From 100,001 to 1,000,000	51	17,004,810	17.29%
From 1,000,001 and above	14	63,646,014	64.70%
Total	**6,785**	**98,371,100**	**100%**

16.00 Long Term Loan

Due within one year - (note 22.00)	394,896,000	495,416,000
Due more than one year - (note 16.01)	197,571,422	561,579,687
	592,467,422	**1,056,995,687**

16.01 Rupali Bank Limited - note 16.00

Term Loan Account No. - 690000102 (New No 1552067000010) - (note 16.01.01)	-	89,026,960
Term Loan Account No. - 690000143 (New No 1552067000014) - (note 16.01.02)	28,000,289	31,938,649
Term Loan Account No. - 1552067000015 - (note 16.01.03)	169,571,133	440,614,078
	197,571,422	**561,579,687**

16.01.01 Loan Account No. 690000102 (New No. 1552067000010) - note 16.01

Opening Balance	297,842,960	477,584,964
Loan received during the year	-	-
Interest charged during the year	28,500,330	44,327,996
Other charges during the year	50,000	15,000
	326,393,290	**521,927,960**
Payment during the year	(326,393,290)	(224,085,000)
	-	**297,842,960**
Current portion of term loan	-	(208,816,000)
	-	**89,026,960**

Limit amount	:	Tk. 983,000,000
Purpose	:	To meet shortage of working capital
Sanction date	:	08.11.16
Interest rate	:	11%
Security	:	Hypothecation of Import Goods & Personal Guarantee from all directors.
Repayment method	:	Quarterly

		Amount in Taka	
		30 June 2018	30 June 2017
16.01.02	**Loan Account No. 690000143 (New No. 1552067000014) - note 16.01**		
	Opening Balance	85,938,649	164,605,471
	Loan received during the year	-	-
	Interest charged during the year	6,036,640	14,863,178
	Other charges during the year	25,000	15,000
		92,000,289	**179,483,649**
	Payment during the year	(64,000,000)	(93,545,000)
		28,000,289	**85,938,649**
	Current portion of term loan	-	(54,000,000)
	Closing Balance	**28,000,289**	**31,938,649**

	Limit amount	:	Tk. 257,000,000
	Purpose	:	To meet shortage of working capital
	Sanction date	:	08.11.16
	Interest rate	:	11%
	Security		Hypothecation of Import Goods & Personal Guarantee from all directors.
	Repayment method	:	Quarterly

16.01.03	**Loan Account No. 1552067000015 - note 16.01**		
	Opening Balance	673,214,078	-
	Loan received during the year	-	669,642,651
	Interest charged during the year	71,528,055	3,571,427
	Other charges during the year	25,000	-
		744,767,133	**673,214,078**
	Payment during the year	(180,300,000)	-
		564,467,133	**673,214,078**
	Current portion of term loan	(394,896,000)	(232,600,000)
	Closing Balance	**169,571,133**	**440,614,078**

	Limit amount	:	Tk. 669,700,000
	Purpose	:	Conversion to Term Loan of Cash Credit (CC) Hypo, CC Pledge and LIM.
	Sanction date	:	15.06.17
	Interest rate	:	12%
	Security		Hypothecation of Import Goods & Personal Guarantee from all directors.
	Repayment method	:	Quarterly

17.00	**Trade creditors**		
	Liability against Deferred LC	846,913,052	1,345,097,138
	Customs Authority-Inbond Duty	16,189,486	109,637,545
	Sundry Creditors - (note 17.01)	123,391,208	3,216,645
		986,493,746	**1,457,951,328**

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

18.00	**Short Term Liabilities**		
	Loan against Trust Receipt (LTR) - (note 18.01)	2,774,282,381	2,199,104,686
	Loan against CC Pledge and Hypo - (note 18.02)	5,364,036,007	5,470,211,679
		8,138,318,388	**7,669,316,365**
18.01	**Short Term Bank Loan (LTR)- note 18.00**		
	Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg.	2,774,282,381	2,199,104,686
		2,774,282,381	**2,199,104,686**
18.02	**Loan against CC Pledge, Hypo, LIM, PAD and MPI - note 18.00**		
	Janata Bank Ltd., Shadharan Bima Corp Branch, Ctg. (PAD)	2,994,729,777	3,064,173,650
	Islami Bank Bangladesh Ltd., Khatungonj Branch, Ctg, (MPI)	1,209,792,590	1,355,839,817
	Exim Bank Ltd. , Khatungonj Branch, Ctg (Bia-Muazzal Hypo)	1,159,513,640	1,050,198,212
		5,364,036,007	**5,470,211,679**

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

18.03.01 Lender: Rupali Bank Ltd., O. R. Nizam Road, Corporate Branch, Chittagong

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
CC Hypo	20	12.00%
CC Pledge	25	12.00%
LC, PAD & LIM	57	12.00%
LTR	20	12.00%
Bank Guarantee	30	0.00%

Security:

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
LTR	208	11.00%
LC/PAD	400	At applicable rate determine from time to time.

Security:

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Profit %
TR with LC & BG	400	9.00%

Security:

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

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

Types of Liabilities	Sanctioned limit (Figures in crore)	Rate of Interest %
Bai-Muazzal (HYPO)	107	10.00%

Security:

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

	Amount in Taka	
	30 June 2018	**30 June 2017**
19.00 Liabilities for Expenses		
Audit Fee	400,000	400,000
Karnaphuli Gas Distribution Co. Ltd.	928,003	925,229
Salary and Allowances	8,238,452	8,021,090
Telephone and Mobile Charges	26,216	19,545
Liason Office Expenses	30,662	23,967
Against C & F	102,454	123,107
Transportation	209,300	1,000,000
Karnaphuli Filling Station Limited	247,325	145,775
Against Store and Spare	11,439,758	7,369,310
	21,622,170	**18,028,023**
20.00 Advance against Sales	**7,119,889**	**60,171,315**

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

		Amount in Taka	
		30 June 2018	30 June 2017
21.00	**Due to Affiliated Companies**	**131,141,605**	**-**
22.00	**Long Term Loan-Current Portion**		
	These represent current portion of long term loans from financial institutions which are repayable within next twelve months from 01 July, 2018 and consist of as follows:		
	Term loan - note 22.01 & 16.00	394,896,000	495,416,000
		394,896,000	**495,416,000**
22.01	**Term Loan (Payment within one year) - note 22.00**		
	Rupali Bank Limited		
	Term Loan Account No. - 690000102	-	208,816,000
	Term Loan Account No. - 690000143	-	54,000,000
	Term Loan Account No. - 1552067000015	394,896,000	232,600,000
		394,896,000	**495,416,000**
23.00	**Liability against Unclaimed Dividend**		
	Opening Balance	30,802,049	28,242,151
	Dividend declared during the year	98,371,100	98,371,100
		129,173,149	126,613,251
	Dividend paid	(96,717,684)	(95,811,202)
	Closing Balance	**32,455,465**	**30,802,049**
	The break up of unclaimed dividend is given below:		
	Unclaimed dividend on Ordinary Share	30,957,513	29,304,097
	Unclaimed dividend on Convertible Preference Share	1,497,952	1,497,952
		32,455,465	**30,802,049**
24.00	**Provision for Income Tax**		
	For Current Tax - (note 24.01)	57,898,186	139,963,845
	For Deferred Tax - (note 24.02)	320,370,886	313,198,270
		378,269,072	**453,162,115**
24.01	**Provision for Current Tax - note 24.00**		
	Opening Balance	139,963,845	137,463,845
	Provision made during the year	47,898,186	2,500,000
		187,862,031	139,963,845
	Adjusted during the year - (note 24.01.01)	(129,963,845)	-
	Closing Balance	**57,898,186**	**139,963,845**
	** Adjustment of Income Tax Liability upon completion of Income Tax Assessment till accounting year 30 september 2014 & assessment year 2015-2016 and received the refund thereof from the Income Tax Authority amounting Tk. 14,31,93,039 on 06.12.2017.		
24.01.01	**Adjusted during the year - note 24.01**		
	Tax paid in cash	-	-
	Adjusted with Advance Income Tax	129,963,845	-
		129,963,845	**-**

Year wise Income Tax assessment status is as follows:

Accounting Year	Assessment Year	Present Status
30 September 2012 and earlier years	2013-2014 and earlier years	Assessment Completed
30 September 2013	2014-2015	Assessment Completed
30 September 2014	2015-2016	Assessment Completed
30 September 2015	2016-2017	Under process to complete Assessment
30 June 2016	2016-2017	Income Tax Return submitted and under process to complete Assessment
30 June 2017	2017-2018	Income Tax Return submitted and under process to complete Assessment

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

AMARSTOCK

		Amount in Taka	
		30 June 2018	30 June 2017
24.02	**Provision for Deferred Tax - note 24.00**		
	Opening Balance	313,198,270	303,906,811
	Provision made during the year	7,172,616	9,291,459
		320,370,886	**313,198,270**
	Provision realized during the year	-	-
	Closing balance	**320,370,886**	**313,198,270**

		Carrying Amount (Taka)	Tax Base (Taka)	Taxable /(Deductible) Temporary Difference (Taka)
	Calculation of Deferred Tax			
A.	**As on 30 June 2018:**			
	Property, Plant and Equipment (Except Land)	1,600,236,898	318,753,353	1,281,483,545
	Applicable Tax Rate			25%
				320,370,886
B.	**As on 30 June 2017:**			
	Property, Plant and Equipment (Except Land)	1,669,531,369	416,738,288	1,252,793,081
	Applicable Tax Rate			25%
				313,198,270
	Provision made/(Realized) during the year (A-B)			**7,172,616**

		Amount in Taka	
		30 June 2018	30 June 2017
25.00	**Provision for Workers' Profit Participation & Welfare Fund (WPP & WF)**		
	Opening Balance	89,243,531	74,822,875
	Accrued interest on WPP and WF	6,687,811	6,124,088
	Provided during the year @ 5% on net profit before tax	9,689,015	6,676,771
		16,376,826	**12,800,859**
		105,620,357	87,623,734
	Paid during the year	(5,738,733)	(5,284,536)
	Provision transferred / adjusted during the year	-	6,904,333
	Closing Balance	**99,881,624**	**89,243,531**
26.00	**Other Liabilities**		
	Income Tax deducted at source from salary	297,350	267,372
	Income Tax deducted at source-others	47,892	28,241
	Against Right share application	24,000	24,000
	Against share application money (IPO)	374,455	374,455
	VAT deducted at source	46,814	-
		790,511	**694,068**

AMARSTOCK

		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
27.00	**Revenue (Net of VAT)**		
	CR Coil	2,122,876,446	1,676,885,565
	C.I Sheet	1,388,425,352	613,645,372
	G.P Sheet	33,941,484	20,351,816
	Scrap	261,500,312	139,725,648
		3,806,743,594	**2,450,608,401**
28.00	**Cost of Sales**		
	Opening Stock of Raw Materials	4,696,933,189	2,604,498,008
	Purchased during the year	2,542,629,826	3,751,752,380
		7,239,563,015	**6,356,250,388**
	Closing Stock of Raw Materials	(4,349,089,131)	(4,696,933,189)
	Cost of raw materials consumed	**2,890,473,884**	**1,659,317,199**
	Add: Manufacturing Expenses:		
	Power (Electricity)	130,601,695	112,611,148
	Gas	11,819,668	10,523,373
	Fuel and Lubricants- Factory Generator	1,901,230	982,250
	Factory overhead - (Note 28.09)	114,754,820	113,773,681
	Consumption of Stores and Spares	120,367,491	57,760,659
	Consumption of Packaging materials	2,282,247	2,015,258
	Consumption of other chemicals	461,240	148,553
	Depreciation - (Note 05.01)	57,440,944	50,470,112
		439,629,335	348,285,034
	Cost of Goods Manufactured	**3,330,103,219**	**2,007,602,233**
	Add: Opening stock of WIP (CR)	14,785,067	84,264,712
	Opening stock of WIP (NOF)	14,143,388	74,686,783
	Less: Closing stock of WIP (CR)	110,626,206	14,785,067
	Closing stock of WIP (NOF)	19,371,500	14,143,388
		3,229,033,968	**2,137,625,273**
	Add: Opening stock of Finished Goods (CR)	96,364,395	29,360,498
	Opening stock of Finished Goods (NOF)	220,972,018	265,678,877
	Less: Closing stock of Finished Goods (CR)	9,980,771	96,364,395
	Closing stock of Finished Goods (NOF)	319,120,968	220,972,018
	Cost of sales	**3,217,268,642**	**2,115,328,235**
28.01	**Raw Materials - H.R Coil**		
	Opening Stock	2,464,656,154	1,209,464,300
	Add: Purchased during the year	1,862,586,813	2,727,266,796
		4,327,242,967	**3,936,731,096**
	Less: Closing Stock	1,843,806,927	2,464,656,154
	Cost of H.R Coil consumed	**2,483,436,040**	**1,472,074,942**
28.02	**Raw Materials - Hydrochloric Acid**		
	Opening Stock	36,288,358	35,400,625
	Add: Purchased during the year	6,545,713	5,711,281
		42,834,071	**41,111,906**
	Less: Closing Stock	36,940,496	36,288,358
	Consumption of Hydrochloric Acid	**5,893,575**	**4,823,548**

		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
28.03	**Raw Materials - TIN Ingot**		
	Opening Stock	83,161,643	86,666,131
	Add: Purchased during the year	-	-
		83,161,643	**86,666,131**
	Less: Closing Stock	76,398,474	83,161,643
	Consumption of TIN Ingot	**6,763,169**	**3,504,488**
28.04	**Raw Materials - ZINC Ingot**		
	Opening Stock	1,972,343,667	1,169,596,176
	Add: Purchased during the year	623,019,545	970,163,846
		2,595,363,212	**2,139,760,022**
	Less: Closing Stock	2,215,364,845	1,972,343,667
	Consumption of ZINC Ingot	**379,998,367**	**167,416,355**
28.05	**Raw Materials - LEAD Ingot**		
	Opening Stock	119,737,617	78,210,057
	Add: Purchased during the year	1,171,198	41,807,157
		120,908,815	**120,017,214**
	Less: Closing Stock	120,337,457	119,737,617
	Consumption of Lead Ingot	**571,358**	**279,597**
28.06	**Raw Materials - ZINC Alloy**		
	Opening Stock	5,402,247	14,194,721
	Add: Purchased during the year	44,676,095	20,291
		50,078,342	**14,215,012**
	Less: Closing Stock	41,151,395	5,402,247
	Consumption of ZINC Alloy	**8,926,947**	**8,812,765**
28.07	**Raw Materials - Antimony Ingot**		
	Opening Stock	5,054,020	-
	Add: Purchased during the year	2,264,062	6,783,009
		7,318,082	**6,783,009**
	Less: Closing Stock	3,637,662	5,054,020
	Consumption of Antimony Ingot	**3,680,420**	**1,728,989**
28.08	**Raw Materials - Chromic Acid**		
	Opening Stock	10,289,483	10,965,998
	Add: Purchased during the year	2,366,400	-
		12,655,883	**10,965,998**
	Less: Closing Stock	11,451,875	10,289,483
	Consumption of Chromic Acid	**1,204,008**	**676,515**
28.09	**Factory Overhead**		
	Salaries and Allowances	85,249,300	85,662,441
	Insurance Expenses	12,539,043	11,775,315
	Medical Expenses	439,382	145,604
	Labour Charges	327,364	329,785
	Repairs and Maintenance	8,581,494	7,886,981
	Carrying Charges-Raw Materials	1,556,661	2,288,687
	Uniform and Liveries	25,489	5,137
	Transportation	2,841,650	2,849,700
	Printing & Stationery	363,040	190,600
	Canteen Expenses - Factory	174,450	221,321
	Telephone and Internet Charges	177,653	188,248
	Miscellaneous Expenses	426,200	190,433
	Registration and Renewal	765,599	759,908
	Rent, Rates and Taxes	116,113	19,437
	Travelling and Conveyance	1,124,726	87,035
	Vehicle Maintenance	46,656	1,173,049
		114,754,820	**113,773,681**

AMARSTOCK

		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
29.00	**Selling and Distribution Costs**		
	Advertisement	860,950	3,379,107
		860,950	**3,379,107**
30.00	**Administrative Costs**		
	Salaries and Allowances	25,715,354	27,130,357
	Depreciation - (note 05.01)	19,146,981	16,823,371
	Donation and Subscriptions	95,000	637,468
	Canteen Expenses	319,772	364,256
	Fees and Renewals	2,081,957	1,780,269
	Guest House Expenses	651,642	704,505
	Legal and Professional Expenses	814,250	295,707
	Liaison Office Expenses	119,727	104,056
	Office Maintenance Expenses	605,010	1,097,538
	Liaison Office Rent	426,316	424,200
	Office Decoration	35,910	29,650
	Stationery Expenses	360,995	448,369
	Registration and Renewal	25,251	19,400
	Rent, Rates and Taxes	201,881	198,810
	Telephone and E-Mail Expenses	186,660	165,535
	Travelling and Conveyance Expenses	246,367	207,730
	Vehicle Maintenance	2,623,561	1,924,093
	Management Meeting and Conference	2,765,365	1,942,189
	Electricity Expenses	588,737	387,117
	Miscellaneous Expenses	446,744	479,416
	Audit Fees	400,000	400,000
		57,857,480	**55,564,036**
31.00	**Other Income**		
	Profit on Sale of Fixed Assets	-	827,512
	Miscellaneous Income	833	833
		833	**828,345**
32.00	**Finance Costs**		
	Bank Charges	632,229	485,371
	Interest on Short Term Loan	229,956,713	78,333,215
	Interest on Term Loan	106,065,025	62,762,601
	Interest on WPP & WF	6,687,811	6,124,088
	Bank Guarantee Commission	1,710,918	4,152,746
		345,052,696	**151,858,021**
33.00	**Finance Income**		
	Interest Income from MTDR	6,550,879	7,198,358
	Interest on STD/SND	356,906	276,371
	Interest Income from FDR	1,167,850	753,348
		8,075,635	**8,228,077**
34.00	**Basic Earnings Per Share (EPS)**		
	Profit attributable to the ordinary shareholders	129,020,477	115,067,194
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Basic Earnings Per Share (EPS)	**1.31**	**1.17**

AMARSTOCK

		Amount in Taka	
		30 June 2018	30 June 2017
35.00	**Net Asset Value Per Share (NAV)**		
	Total Assets	12,281,437,081	12,736,937,553
	Less: Total Liabilities	10,388,559,891	10,836,364,481
	Net Asset Value (NAV)	**1,892,877,190**	**1,900,573,072**
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Net Asset Value Per Share (NAV)	**19.24**	**19.32**
36.00	**Net Operating Cash Flow Per Share**		
	Cash flows from operating activities	118,009,773	(1,799,070,731)
	Number of ordinary shares outstanding during the year	98,371,100	98,371,100
	Net Operating Cash Flow Per Share	**1.20**	**(18.29)**

37.00 Contingent Liabilities

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

Particulars	Amount (Tk.)	Present status
Penalty imposed by VAT Authority in 2011	35,000,000	Pending before the VAT Appellate Tribunal for verdict.

No provision has been made on the reporting date against above contingent liabilities as outcome of the above pending cases are uncertain.

		30 June 2018 M.Ton	30 June 2017 M.Ton
38.00	**Quantitative Movement of Inventories**		
38.01	**Raw Materials:**		
	Opening Stock		
	H.R Coil	50,677.31	31,249.04
	Hydrochloric Acid	5,558.42	5,241.65
	TIN Ingot	40.44	42.14
	ZINC Ingot	8,190.67	5,118.52
	LEAD Ingot	544.06	334.53
	ZINC Alloy	23.86	60.93
	Antimony Ingot	7.45	-
	Chromic Acid	25.84	27.54
		65,068.05	42,074.35
	Add: Purchased during the year		
	H.R Coil	26,041.27	54,692.61
	Hydrochloric Acid	1,192.01	1,044.24
	TIN Ingot	-	-
	ZINC Ingot	1,694.44	3,794.08
	LEAD Ingot	-	210.80
	ZINC Alloy	119.51	-
	Antimony Ingot	2.00	10.00
	Chromic Acid	9.86	-
		29,059.09	59,751.73
	Raw materials available for consumption	**94,127.14**	**101,826.08**
	Less: Consumed		
	H.R Coil	45,445.66	35,264.34
	Hydrochloric Acid	917.26	727.47
	TIN Ingot	3.47	1.70
	ZINC Ingot	1,475.83	721.93
	LEAD Ingot	2.60	1.27
	ZINC Alloy	33.29	37.07
	Antimony Ingot	5.21	2.55
	Chromic Acid	3.47	1.70
		47,886.79	36,758.03

	30 June 2018 M.Ton	30 June 2017 M.Ton
Closing Stock		
H.R Coil	31,272.92	50,677.31
Hydrochloric Acid	5,833.17	5,558.42
TIN Ingot	36.97	40.44
ZINC Ingot	8,409.28	8,190.67
LEAD Ingot	541.46	544.06
ZINC Alloy	110.08	23.86
Antimony Ingot	4.24	7.45
Chromic Acid	32.23	25.84
	46,240.35	**65,068.05**

38.02 Finished Goods:

i) In Cold Rolled Plant		
Opening stock	1,715	536
Add: Produced during the year	59,765	33,067
	61,480	**33,603**
Less: Transferred to NOF plant during the year	18,071	7,574
Available for sale	**43,409**	**26,029**
Less: Sold during the year	42,597	24,314
Closing stock	**812**	**1,715**
ii) In NOF Plant		
Opening stock	2,894	2,667
Add: Produced during the year	17,363	8,493
Available for sale	**20,257**	**11,160**
Less: Sold during the year	17,077	8,266
Closing stock	**3,180**	**2,894**

	Amount in Taka	
	30 June 2018	30 June 2017

39.00 Guarantees

The following Bank guarantees were outstanding on the reporting date:		
Bank Guarantee Against Karnaphuli Gas Distribution Co. Ltd.	2,751,593	2,392,300
Deposit to Customs Authority against duty claim under appeal	59,897,407	71,924,137
Bank Guarantee Against Customs Authority under Bond	68,387,649	109,637,034
	131,036,649	**183,953,471**

AMARSTOCK

40.00 Financial Risk Management

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

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

Risk management framework

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

40.01 Credit risk

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

40.01.01 Exposure to credit risk

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

	Amount in Taka	
	30 June 2018	30 June 2017
Accounts Receivables	2,310,460,484	2,735,466,960
Cash and Cash Equivalents	30,586,490	116,504,069
	2,341,046,974	**2,851,971,029**

(a) Trade receivables

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

Ageing of trade and other receivables

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

	Amount in Taka	
	30 June 2018	30 June 2017
0 - 90 days	82,226,932	683,866,740
91 - 180 days	246,680,798	806,514,283
181 - 365 days	1,981,552,754	1,245,085,937
	2,310,460,484	**2,735,466,960**

(b) Cash and cash equivalents

The company held cash and cash equivalents of Tk. 30,586,490 at 30 June 2018 (2017: Tk. 116,504,069), which represents its minimum credit exposure on these assets. The balance with banks are maintained with local branch of domestic scheduled banks.

AMAR STOCK

40.02 Liquidity risk

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

	0 to 12 Months	Contractual Cash Flows	Carrying Amount
Non-derivative financial liabilities:			
As at 30 June 2018			
Trade creditors	986,493,746	986,493,746	986,493,746
Liabilities for expenses	21,622,170	21,622,170	21,622,170
Other liabilities	790,511	790,511	790,511
	1,008,906,427	**1,008,906,427**	**1,008,906,427**
As at 30 June 2017			
Trade creditors	1,457,951,328	1,457,951,328	1,457,951,328
Liabilities for expenses	18,028,023	18,028,023	18,028,023
Other liabilities	694,068	694,068	694,068
	1,476,673,419	**1,476,673,419**	**1,476,673,419**

40.03 Market risk

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

40.03.01 Currency risk: exposure and its management

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

The Company is exposed to foreign currency risk relating to purchases, sales and other transactions which are denominated in foreign currencies. As at 30 June 2018, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

	30 June 2018		30 June 2017	
	US$	Taka	US$	Taka
Exposure to currency risk				
Foreign currency denominated assets:				
Trade receivables	-	-	-	-
		-	-	-
Foreign currency denominated liabilities:				
Liabilities for expenses (LC liability)	-	871,628,164	17,219,892	1,368,015,138
	-	871,628,164	17,219,892	1,368,015,138
Net exposure	**-**	**871,628,164**	**17,219,892**	**1,368,015,138**

The following significant exchange rate is applied during the year:

US dollar	**82.77**	**79.44**

40.03.02 Transaction risk

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

40.03.03 Economic risk

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

40.03.04 Interest risk

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

41.00 Operating Segments :

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

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

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

Amount in Taka

Information about reportable segments	30 June 2018			30 June 2017		
	Cold Rolled	NOF	Total	Cold Rolled	NOF	Total
External Revenues :						
Local Sales	2,122,876,446	1,422,366,836	3,545,243,282	1,676,885,565	633,997,188	2,310,882,753
Scrap Sales	210,025,929	51,474,383	261,500,312	98,949,860	40,775,788	139,725,648
Total External Sales and Reportable Segment Revenue	**2,332,902,375**	**1,473,841,219**	**3,806,743,594**	**1,775,835,425**	**674,772,976**	**2,450,608,401**
Cost of sales	1,893,592,935	1,323,675,707	3,217,268,642	1,511,564,651	603,763,584	2,115,328,235
Gross Profit	439,309,440	150,165,512	589,474,952	264,270,774	71,009,392	335,280,166
% of Gross Profit before Tax	18.83	10.19	15.49	14.88	10.52	13.68
Reportable Segment Profit before Tax	**46,462,281**	**137,628,999**	**184,091,279**	**64,098,510**	**62,760,143**	**126,858,653**
Other income	833	-	833	828,345	-	828,345
Finance income	8,075,635	-	8,075,635	8,228,077	-	8,228,077
Finance costs	345,052,696	-	345,052,696	151,858,021	-	151,858,021
Depreciation & Amortisation	55,416,398	21,171,527	76,587,925	56,309,148	10,984,335	67,293,483
Reportable Segment Assets	**8,255,149,051**	**3,748,931,030**	**12,004,080,081**	**9,091,956,619**	**3,367,623,933**	**12,459,580,552**
Capital Expenditure	7,293,454	2,400,863	9,694,317	5,576,120	-	5,576,120
Reportable Segments Liabilities	**10,047,281,823**	**341,278,068**	**10,388,559,891**	**10,832,881,026**	**3,483,455**	**10,836,364,481**

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41.01 Reconciliation of Reportable Segments - note 41.00

	30 June 2018 Taka	30 June 2017 Taka
Assets		
Total Assets from reportable segments	12,004,080,081	12,459,580,552
Add: Others- Investment	277,357,000	277,357,000
Total Assets	**12,281,437,081**	**12,736,937,552**
Liabilities		
Total Liabilities for reportable segments	10,388,559,891	10,836,364,481
Total liabilities	**10,388,559,891**	**10,836,364,481**

42.00 Production Capacity

	30 June 2018 M.Ton	30 June 2017 M.Ton
SACRSL Plant:		
Installed Capacity (In M.Ton)	**120,000**	**120,000**
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	**83,560.55**	**78,297.30**
Capacity utilised (%)	**69.63%**	**65.24%**
NOF Plant:		
Installed Capacity (In M.Ton)	**72,000**	**72,000**
Actual Equivalent Production-0.090 mm to 0.420 mm (In M.Ton)	**20,415.08**	**9,994.18**
Capacity utilised (%)	**28.35%**	**13.88%**

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

Salary Range (Monthly)	Head Office		Factory				Total Number of Employees
	Officer	Staff	Casual	Officer	Staff	Worker	
Below 3,000	-	-	-	-	-	-	-
Above 3,000	19	6	9	78	30	228	370
For the year ended 30 June 2018	**19**	**6**	**9**	**78**	**30**	**228**	**370**
For the year ended 30 June 2017	**19**	**6**	**9**	**78**	**31**	**229**	**372**

43.00 Attendance Status of Board Meeting of Directors and Honorarium

During the year ended 30 June 2018, there were 3 (Three) Board meetings held. The attendance status of all the meetings and honorarium of directors are as follows:

SL	Name of the Directors	Position	Meeting Held	Attendance	Honorarium per Attendance	Total Honorarium
01	Mr. Abdus Samad	Chairman	3	2	8,000	16,000
02	Mr. Mohammad Saiful Alam	Managing Director	3	1	8,000	8,000
03	Mr. Osman Gani	Director	3	3	8,000	24,000
04	Mr. Mohammed Shah Jahan	Director (ICB Nominee)	3	3	8,000	24,000
05	Ms. Halima Begum	Director (General Investors' Group)	3	3	8,000	24,000
06	Mr. Mohammad Ishaque	Independent Director	3	3	8,000	24,000
07	Mr. Monotosh Chandra Roy, FCA	Independent Director	3	3	8,000	24,000

44.00 Capital Commitment

The company had no capital commitment at the reporting date.

45.00 Related Party Transactions

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

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

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2018	
Chemon Ispat Limited	Affiliated Company	Sales	1,373,169,665	Dr
S. Alam Steels Ltd.	Affiliated Company and Share Holder	Sales	852,974,052	Dr
S.Alam Super Edible Oil Ltd.	Affiliated Company	Short Term Loan	275,153,095	Dr
S. Alam Vegetable Oil Ltd.	Affiliated Company and Share Holder	Short Term Loan	832,930,467	Dr
S. Alam Refined Sugar Industries Ltd.	Affiliated Company	Short Term Loan	1,101,884,711	Dr
Global Trading Corporation Ltd.	Affiliated Company	Short Term Loan	378,483,686	Cr
Sonali Traders	Affiliated Company	Short Term Loan	974,566,985	Cr
Others receivable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	47,300	Dr
Others payable (with balance less than 3 crore)	Affiliated Company	Short Term Loan	988,106,507	Cr

46.00 Events After The Reporting Period

The Board of Directors in their meeting held on 27 October 2018 recommenced 10% cash dividend for the year 2018.

47.00 GENERAL

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

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

Company Secretary **Director** **Managing Director**

SUBSIDIARY PROFILE
S. ALAM POWER GENERATION LTD.

Directors' Report to the Shareholders:

Dear Shareholders,

It is a matter of great pleasure for your Directors in presenting their 10th Annual Report along with the audited Accounts and the Auditors' Report thereon for the year ended 30th June 2018.

Your Directors report that though 17MWe captive power plant commenced its commercial operation on 28 August 2016 with expectation the Fuel price in the country would witness a steep fall keeping in line with the fall of fuel prices in the international market in consequence whereof we shall be able to produce electricity at a very competitive price by use of fuel. The authority on the contrary made just a little adjustment of the fuel price. As a result, electricity that would be produced by use of high cost fuel will be very costly and the consumers shall not purchase electricity at such a high price, your Directors therefore considered it wise and in the interest of the stakeholders, not continue with production of electricity for the time being, rather exerted their best efforts for getting permission for installation of Gas line to the project for consumption in production of electricity. In this connection a delegation from the Karnaphuli Gas Distribution Company Limited had recently visited our project site for assessment of our requirements of Gas for consumption in production of electricity. This matter is under active consideration of the Authority. Your Directors are hopeful to get the requisite Gas connection very soon to enable our project to resume and continue with its production, supply and distribution of electricity. In addition, we anticipate Government's initiatives to import LNG shall create a new horizon for Bangladesh Industrial Sector.

As your Company did not embark upon any commercial activities during the year under report, your Directors did not recommend any dividend for approval by the valued shareholders in the 10th Annual General Meeting of the Company.

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

In addition thereto, Minutes of this subsidiary company and its affairs are regularly reviewed in the following Board Meeting of the SACRSL, and the Audit Committee of the SACRSL reviewed all the financial statements of your company drawn and made by the Company during the year ended 30/06/2018, in particular the investments made by this subsidiary company.

M/s. Rahaman Mostafa Alam & Co, Chartered Accountants, current auditors of the Company, retire. They have been auditors of the Company consecutively for one year simultaneous to our parent company SACRSL. Being a subsidiary of the SACRSL, we had to appoint same auditors as that of the parent company, for audit of accounts of the company for the next term. Your Directors therefore propose the honorable shareholders for appointment of auditors of our company for the next term in the manner aforesaid.

Your Directors take this opportunity to record its acknowledgement of the continued guidance and assistance from the management of S. Alam Cold Rolled Steels Limited, the holding company, to make your Company successful.



Abdus Samad
Chairman
27 October 2018, Chattogram.

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

Report on the Financial Statements

We have audited the accompanying financial statements of **S. Alam Power Generation Limited** ("the Company") which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Other Matter

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

Opinion

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 June 2018 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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

In accordance with the Companies Act 1994, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

(c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Rahman Mostafa Alam & Co.

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S. ALAM POWER GENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES		**2,596,011,805**	**2,478,663,319**
Property, Plant and Equipment	06.00	2,596,011,805	2,478,663,319
CURRENT ASSETS		**30,417,005**	**35,342,494**
Inventory	07.00	15,820,504	15,625,504
Advances, Deposits and Prepayments	08.00	14,478,228	19,531,820
Cash and Cash Equivalents	09.00	118,273	185,170
TOTAL ASSETS & PROPERTIES		**2,626,428,810**	**2,514,005,813**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY		**431,187,686**	**439,476,194**
Share Capital	10.00	395,072,700	395,072,700
Retained Earnings		36,114,986	44,403,494
NON CURRENT LIABILITIES		**1,086,505,176**	**988,491,738**
Long Term Loan	11.00	1,086,505,176	988,491,738
CURRENT LIABILITIES		**1,108,735,948**	**1,086,037,881**
Liabilities for Expenses	12.00	134,986	158,425
Short Term Loan from Holding Company	13.00	784,300,266	760,586,539
Due to Affiliated Companies	14.00	310,133,548	310,125,769
Provision for Income Tax	15.00	14,167,148	15,167,148
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		**2,626,428,810**	**2,514,005,813**
Net Asset Value Per Share	22.00	**109.14**	**111.24**
Capital Commitments	25.00	-	-

The accompanying notes from 1 to 29 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S. ALAM POWER GENERATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
Revenue		-	-
Cost of Sales	16.00	(7,559,288)	(7,631,830)
Gross Profit		**(7,559,288)**	**(7,631,830)**
Operating Expenses			
Pre-Operation Expenses	17.00	-	(1,040,569)
Administrative Expenses	18.00	(723,039)	(196,862)
		(723,039)	(1,237,431)
Operating Profit		**(8,282,327)**	**(8,869,261)**
Finance Costs	19.00	(6,181)	(5,333)
		(8,288,508)	**(8,874,594)**
Other Income	20.00	-	-
Profit before Tax		(8,288,508)	(8,874,594)
Income Tax Expenses			
Current Year	15.00	-	-
Profit after Tax		**(8,288,508)**	**(8,874,594)**
Earnings Per Share			
Basic Earnings Per Share	21.00	**(2.10)**	**(2.25)**

The accompanying notes from 1 to 29 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

Signed in terms of our separate report of even date

Rahman Mostafa Alam & Co.
Chartered Accountants

Chattogram, 27 October 2018

S. ALAM POWER GENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total Equity
Balance as on 01 July 2017	395,072,700	44,403,494	439,476,194
Net Profit after tax for the year 2017-2018	-	(8,288,508)	(8,288,508)
Balance as on 30 June 2018	**395,072,700**	**36,114,986**	**431,187,686**
Balance as on 01 July 2016	395,072,700	53,278,088	448,350,788
Net Profit after tax for the year 2016-2017	-	(8,874,594)	(8,874,594)
Balance as on 30 June 2017	**395,072,700**	**44,403,494**	**439,476,194**

The accompanying notes from 1 to 29 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

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S. ALAM POWER GENERATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
Cash flows from operating activities			
Cash paid to suppliers		(1,165,412)	(8,859,555)
Cash paid to employees		(635,359)	(657,302)
Cash paid for administrative expenses		(415,251)	(202,195)
Payment of income tax		(1,000,000)	-
A. Net cash flow from operating activities		**(3,216,022)**	**(9,719,052)**
Cash flows from investing activities			
Capital work-in-progress		-	2,310,473,925
Acquisition of property, plant and equipment		(118,579,638)	(2,443,177,049)
B. Net cash flow from investing activities		**(118,579,638)**	**(132,703,124)**
Cash flows from financing activities			
Increase/(Decrease) in Share Capital		-	-
Proceeds from long term loan		98,013,438	(222,501,835)
Cash received from/(paid to) holding companies		23,713,727	59,556,263
Cash received from/(paid to) affiliated companies		7,779	305,372,349
Cash paid for financial expenses		(6,181)	-
C. Net cash flow from financing activities		**121,728,763**	**142,426,777**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(66,897)	4,601
Cash and cash equivalents at the beginning of the year		185,170	180,569
Cash and cash equivalents at the end of the year		**118,273**	**185,170**
Net Operating Cash Flow Per Share	23.00	**(0.81)**	**(2.46)**

The accompanying notes from 1 to 29 from an integral part of these financial statements.

Company Secretary **Director** **Managing Director**

01.00 BACKGROUND AND INFORMATION

01.01 Formation and Legal Status

S. Alam Power Generation Limited, Chittagong is a private company limited by shares incorporated on 9th April 2009 vide Registration no. CH- 6951(297) of 2009 under the Companies Act (Act XVIII) of 1994 with The Registrar of Joint Stock Companies and Firms, Chittagong, Bangladesh.

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

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

01.02 Nature of the business

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

02.00 Present status of the project

02.01 Plant Development

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

02.02 Registration with Bangladesh Energy Regulatory Commission

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

03.00 Basis of preparation

03.01 Statement of Compliance

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

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

03.02 Regulatory compliance

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

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

03.03 Date of authorization

The Board of Directors has authorized these financial statements on 27 October 2018.

03.04 Going Concern

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

03.05 Functional and Presentation Currency

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

03.06 Statement of Cash flows

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

03.07 Use of Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future periods affected.

03.08 Comparative information

Comparative information has been disclosed in respect of the year 2016-2017 for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

Figures for the year 2016-2017 have been rearranged wherever considered necessary to ensure comparability with the current year.

03.09 Reporting period

The financial statements of the Company cover one financial year from 01 July 2017 to 30 June 2018 for all reported periods.

04.00 Significant Accounting Policies

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

04.01 Property, plant and equipment

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

04.01.01 Recognition and measurement

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

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

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

04.01.02 Depreciation - Land

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

04.01.03 Depreciation - Other Assets

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

04.02 Inventories

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

04.03 Transactions with affiliated companies

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

04.04 Advances, deposits and prepayments

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

04.05 Finance income and cost

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

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

04.06 Cash and cash equivalents

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

04.07 Impairment

04.07.01 Financial Assets

Financial assets are impaired if objective evidence indicates that a loss event has occurred after initial recognition of the assets and that the loss event had a negative effect on the estimated future cash flows of that assets that can be estimated reliably.
Financial assets not classified as at fair value through profit or loss, loans, receivables and investment in an equity accounted investee are assessed at each reporting date to determine whether there is objective evidence that it is impaired.
Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss.

04.07.02 Non Financial Assets

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

04.08 Financial Instruments

Afinancial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

04.08.01 Non-derivative financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

04.08.02 Financial assets at fair value through profit or loss

Afinancial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the company's documented risk management or investment strategy. Attributable transactions costs are recognised in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognised in profit or loss.

04.08.03 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at fair value less any impairment losses.

Loans and receivables comprise cash and cash equivalents, loans and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank which are available for use by the company without any restriction.

04.08.04 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity.

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

04.09 Non-derivative financial liabilities

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

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

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

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

04.10 Employee benefit schemes

Currently, the company does not have any employee benefit scheme, but has a plan to create a provident fund in which both company and employees will contribute an equal amount.

04.11 Provisions

A provision is recognised in the financial statements if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

04.12 Earnings Per Share (EPS)

Basic Earnings:

This represents profit for the year attributable to ordinary shareholders. As there is no preference dividend, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered fully attributable to the ordinary shareholders (refer to note - 22 to the Financial Statements).

Diluted Earnings per share:

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

04.13 Income tax expenses

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

Current tax:

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

04.14 Leases

04.14.01 Finance Lease

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

04.14.02 Operating lease

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

05.00 New Standards and interpretations not yet adopted

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

Particulars	Note(s)	Amount in Taka	
		30 June 2018	30 June 2017
06.00 A. Property, Plant and Equipment			
Land (2.54 Acres)		35,486,270	35,486,270
Factory Building		19,438,815	19,438,815
Capital Machinery	6.01	2,538,792,556	2,420,212,918
Factory Equipment		933,200	933,200
Computer		444,580	444,580
Air Conditioner		100,800	100,800
Furniture & Fixtures		346,736	346,736
Gas Line Installation		1,700,000	1,700,000
		2,597,242,957	**2,478,663,319**
B. Accumulated Depreciation			
Opening Balance		-	-
Charges during the year	06.02	1,231,152	-
		1,231,152	-
Adjustment during the year		-	-
		1,231,152	-
Written Down Value (WDV)		**2,596,011,805**	**2,478,663,319**

Detail of Property, Plant & Equipment and Depreciation as on 30 June 2018 are shown in the note 6.02.

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

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

Assets' category	Cost				Depreciation Rate	Depreciation				Carrying amount as on 30 June 2018
	Opening balance as on 01 July 2017	Addition	Disposal/ Adjustment	Closing balance as on 30 June 2018		Opening balance as on 01 July 2017	Charged for the year	Adjustment for disposal during the year	Closing balance as on 30 June 2018	
	Taka	Taka	Taka	Taka		Taka	Taka	Taka	Taka	Taka
A. Land and land development:										
Land (2.54 Acres)	35,486,270	-	-	35,486,270	-	-	-	-	-	35,486,270
	35,486,270	**-**	**-**	**35,486,270**		**-**	**-**	**-**	**-**	**35,486,270**
B. Building:										
Factory Building	19,438,815	-	-	19,438,815	5%	-	971,941	-	971,941	18,466,874
	19,438,815	**-**	**-**	**19,438,815**		**-**	**971,941**	**-**	**971,941**	18,466,874
C. Machinery										
Capital Machinery	2,420,212,918	118,579,638	-	2,538,792,556	10%	-	-	-	-	2,538,792,556
	2,420,212,918	**118,579,638**	**-**	**2,538,792,556**		**-**	**-**	**-**	**-**	2,538,792,556
D. Equipment and appliances:										
Factory Equipment	933,200	-	-	933,200	10%	-	-	-	-	933,200
Computer	444,580	-	-	444,580	10%	-	44,458	-	44,458	400,122
Air Conditioner	100,800	-	-	100,800	10%	-	10,080	-	10,080	90,720
Gas Line Installation	1,700,000	-	-	1,700,000	10%	-	170,000	-	170,000	1,530,000
	3,178,580	**-**	**-**	**3,178,580**		**-**	**224,538**	**-**	**224,538**	2,954,042
E. Furniture and Fixtures										
Furniture and Fixtures	346,736	-	-	346,736	10%	-	34,674	-	34,674	312,062
	346,736	**-**	**-**	**346,736**		**-**	**34,674**	**-**	**34,674**	312,062
30 June 2018	**2,478,663,319**	**118,579,638**	**-**	**2,597,242,957**		**-**	**1,231,152**	**-**	**1,231,152**	**2,596,011,805**
30 June 2017	**35,486,270**	**2,443,177,049**	**-**	**2,478,663,319**		**-**	**-**	**-**	**-**	**2,478,663,319**

Depreciation allocated to:	Basis	Amount in Taka	
		30 June 2018	30 June 2017
Cost of Sales - Note 17.00	75%	923,364	-
Administrative Costs- Note 19.00	25%	307,788	-
	100%	**1,231,152**	**-**

		Amount in Taka	
		30 June 2018	30 June 2017
07.00	**Inventory**		
	Lubricant Oil	1,538,240	1,538,240
	HFO	13,702,500	13,702,500
	LFO	579,764	384,764
		15,820,504	**15,625,504**
08.00	**Advances, Deposits and Prepayments**		
	Advances - note 08.01	14,478,228	14,487,916
	Prepayments - note 08.02	-	5,043,904
		14,478,228	**19,531,820**
08.01	**Advances - note 08.00**		
	Consultancy (BIDCO Associates)	650,000	650,000
	Advance Income Tax	13,509,528	13,509,028
	S.S Enterprise	300,000	300,000
	Microsoft Traders	-	28,888
	Sundry Advance	18,700	-
		14,478,228	**14,487,916**
08.02	**Prepayments - note 08.00**		
	Prepaid Insurance	-	5,043,904
		-	**5,043,904**

Directors consider that all the above advances are either adjustable or recoverable in kind or in cash and no provision against them are required at this stage.

09.00	**Cash and Cash Equivalents**		
	Cash in Hand	9,956	4,765
	Cash at Banks - note 09.01	108,317	180,405
		118,273	**185,170**

09.01 Cash at Bank - note 09.00

Name of the Bank	Branch	A/C No		
First Security Islami Bank Ltd	Khatungonj Br.	CD#0102111 00009425	11,449	81,237
National Bank Limited	Khatungonj Br.	CD#1002000 515781	84,815	85,965
Janata Bank Limited	Shadharan Bima Corporate Br.	CD#0010312 26	12,053	13,203
			108,317	**180,405**

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

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

10.01 Issued and Paid up Shares are Subscribed by :

Name of the Shareholders	No. of Shares	% of Holding	30 June 2018 Taka	30 June 2017 Taka
S. Alam Cold Roled Steels Ltd.	2,773,570	70.20%	277,357,000	277,357,000
Mr. Mohammed Saiful Alam	784,771	19.86%	78,477,100	78,477,100
Mr. Abdus Samad	392,386	9.93%	39,238,600	39,238,600
	3,950,727	**100.00%**	**395,072,700**	**395,072,700**

11.00	**Long Term Loan**		
	Project Loan - note 11.01	1,086,505,176	988,491,738
		1,086,505,176	**988,491,738**
11.01	**Project loan - note 11.00**		
	Due within one year	-	-
	Due after more than one year	1,086,505,176	988,491,738
		1,086,505,176	**988,491,738**

Terms of Project loan

Lenders: Janata Bank Ltd., Sadharan Bima Corp. Branch, Chittagong.

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

Total loan facilities: Tk. 98 Crore.

Interest rate:

Interest rate is 11.00% on quarterly rest or at applicable rate as determined by bank from time to time.

Disbursement:

The disbursement was made on 06.06.2013.

Repayments

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

Loan period

The entire loan amount shall be re-paid by eight(8) years including grace period of one (1) year.

Securities:

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

Purpose:

For meeting expenditure for capital machineries.

	Amount in Taka	
	30 June 2018	**30 June 2017**
12.00 Liabilities for Expenses		
Salary	31,846	55,285
VAT Payable	15,000	15,000
Audit Fee Payable	50,000	50,000
Sundry Creditors	38,140	38,140
	134,986	**158,425**
13.00 Short Term Loan from Holding Company		
S. Alam Cold Rolled Steels Limited	784,300,266	760,586,539
	784,300,266	**760,586,539**
14.00 Due to Affiliated Companies	**310,133,548**	**310,125,769**
S. Alam Vegetable Oil Limited	102,000	102,000
Genesis Textile Accessories & Apparels limited	1,000,000	1,000,000
Sonali Traders	13,867,298	13,867,298
Global Trading Corporation limited	78,000,000	78,000,000
S. Alam Super Edible Oil Limited	50,500,000	50,500,000
S. Alam Refined Sugar Industries Limited	250,050,000	250,050,000
Minhaj Corporation	1,700,000	1,700,000
S. Alam Power Plant Limited	7,779	-
S. Alam Steels Limited	(36,444,106)	(36,444,106)
S.Alam Brothers Ltd.	(38,150,000)	(38,150,000)
Shah Amanat Prakritik Gas Ltd.	(10,499,423)	(10,499,423)

These balances represent short term financial arrangement availed from parent/affiliated companies.
These are interest free and there is no fixed term of repayment.

15.00 Provision for Income Tax		
Opening Balance	15,167,148	15,167,148
Add: Provision made during the year	-	-
	15,167,148	15,167,148
Less: Paid during the year	1,000,000	-
Closing Balance	**14,167,148**	**15,167,148**

AMAR STOCK

Particulars	Note(s)	Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
16.00 Cost of Sales			
Opening Stock (note 16.01 to 16.03)		15,625,504	15,742,315
Purchased during the year (note 16.01 to 16.03)		195,000	570,290
		15,820,504	**16,312,605**
Closing Stock (note 16.01 to 16.03)		(15,820,504)	(15,625,504)
Consumption during the year		**-**	**687,101**
Add : Factory overhead (note 16.04)		7,559,288	6,944,729
		7,559,288	**7,631,830**
16.01 Lubricant Oil Consumed			
Opening Stock - note -07.00		1,538,240	1,872,640
Add: Purchased during the year		-	-
		1,538,240	1,872,640
Less: Closing Stock		1,538,240	1,538,240
Consumption of Lubricant Oil		-	334,400
16.02 HFO Consumed			
Opening Stock - note - 07.00		13,702,500	13,702,500
Add: Purchased during the year		-	-
		13,702,500	**13,702,500**
Less: Closing Stock		13,702,500	13,702,500
Consumption of HFO		**-**	**-**
16.03 LFO Consumed			
Opening Stock - note 07.00		384,764	167,175
Add: Purchased during the year		195,000	570,290
		579,764	**737,465**
Less: Closing Stock		579,764	384,764
Consumption of LFO		**-**	**352,701**
16.04 Factory Overhead			
Salaries & Wages		611,920	620,074
Depreciation (Note-06.02)		923,364	-
Insurance Expenses		5,043,904	3,760,183
Stationary		21,731	17,605
Labour Bill		4,020	6,700
Repairs & Maintenance		115,569	212,786
Entertainment		13,591	16,162
Electricity Charges		598,740	463,518
Travelling & Conveyance		4,560	3,360
Registration & Renewal		132,480	298,086
Vehicle Up-Keep		66,709	34,705
Miscellaneous Expenses		22,700	1,510,000
Medical & Welfare Expenses		-	1,550
		7,559,288	**6,944,729**
17.00 Pre - Operation Expenses			
Salaries and Wages		-	92,513
Insurance Expenses		-	857,835
Repairs & Maintenance		-	7,112
Entertainment		-	372
Electricity Charges		-	82,737
		-	**1,040,569**
18.00 Administrative Expenses			
Legal & Professional Fee		65,000	7,500
Depreciation (Note-6.02)		307,788	-
Traveling & Conveyance		-	30,582
Stationery		3,300	3,906
Audit Fee		50,000	50,000
License & Renewal Fee		23,046	-
Advertisement & Publications		-	12,937
Entertainment		-	48,412
Vehicle Up-Keep		197,605	43,525
Miscellaneous Expenses		76,300	-
		723,039	**196,862**

AMARSTOCK

		Amount in Taka	
		01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
19.00	**Finance Costs**		
	Bank Charges	6,181	5,333
		6,181	**5,333**
20.00	**Other Income**		
	Other Income	-	-
		-	-
21.00	**Basic Earnings Per Share (EPS)**		
	Profit attributable to the ordinary shareholders	(8,288,508)	(8,874,594)
	Number of shares outstanding during the year	3,950,727	3,950,727
	Basic Earnings Per Share (EPS)	**(2.10)**	**(2.25)**
22.00	**Net Asset Value Per Share (NAV)**		
	Total Assets	2,626,428,810	2,514,005,813
	Less: Total Liabilities	2,195,241,124	2,074,529,619
	Net Asset Value (NAV)	**431,187,686**	**439,476,194**
	Number of ordinary shares outstanding during the year	3,950,727	3,950,727
	Net Asset Value Per Share	**109.14**	**111.24**
23.00	**Net Operating Cash Flow Per Share**		
	Cash flows from operating activities	(3,216,022)	(9,719,052)
	Number of shares outstanding during the year	3,950,727	3,950,727
	Net Operating Cash Flow Per Share	**(0.81)**	**(2.46)**

		Number of Employees	
		30 June 2018	30 June 2017
24.00	**Number of Employees - Para 3 of Schedule XI, Part II**		
	Below Tk 3,000	-	-
	Above Tk. 3,000	3	5
		3	**5**

25.00 Capital Commitments

The company had no capital commitment at the reporting date.

26.00 Contingent Liabilities

The company had no contingent liabilities at the reporting date.

27.00 Events after the Reporting Period

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

28.00 Related Party Transaction

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

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

Name of parties	Relationship	Nature of Transactions	Outstanding as on 30 June 2018
S. Alam Steels Limited	Affiliated Company	Short Term Loan	(36,444,106)
S.Alam Brothers Ltd.	Affiliated Company	Short Term Loan	(38,150,000)
Shah Amanat Prakritik Gas Ltd.	Affiliated Company	Short Term Loan	(10,499,423)
Genesis Textile Accessories & Apparels limited	Affiliated Company	Short Term Loan	1,000,000
Sonali Traders	Affiliated Company	Short Term Loan	13,867,298
Global Trading Corporation limited	Affiliated Company	Short Term Loan	78,000,000
S. Alam Super Edible Oil Limited	Affiliated Company	Short Term Loan	50,500,000
S. Alam Refined Sugar Industries Limited	Affiliated Company	Short Term Loan	250,050,000
Minhaj Corporation	Affiliated Company	Short Term Loan	1,700,000
S. Alam Power Plant Limited	Affiliated Company	Short Term Loan	7,779
S. Alam Vegetable Oil Limited	Affiliated Company	Short Term Loan	102,000

29.00 GENERAL

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

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

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

প্রতিনিধিপত্র
(PROXY FORM)

শেয়ার সংখ্যা

ফোলিও / বিও নং

আমি / আমরা ..... এস. আলম কোল্ড রোল্ড স্টিল্‌স লিমিটেড-এর সদস্য এবং আমি / আমরা জনাব ..... কে আমার / আমাদের প্রতিনিধি হিসেবে আমার / আমাদের অনুপস্থিতিতে ১৯ জানুয়ারি ২০১৯ তারিখে চিটাগাং ক্লাব লিমিটেড, এস. এস. খালেদ রোড, চট্টগ্রামে সকাল ১০:৩০ ঘটিকায় অনুষ্ঠিতব্য কোম্পানির ১৮তম বার্ষিক সাধারণ সভায় এবং ঐ সভার যে-কোনো মুলতুবি সভায় উপস্থিত থাকার এবং আমার / আমাদের পক্ষে ভোটদানের জন্য নিয়োগ করছি।

আমার / আমাদের সম্মুখে তিনি ..... তারিখে স্বাক্ষর প্রদান করলেন।

প্রক্সির / প্রতিনিধির স্বাক্ষর : .....

শেয়ারহোল্ডারের স্বাক্ষর

স্বাক্ষর :

রেভেনিউ স্ট্যাম্প
২০/- টাকা

বিঃ দ্রঃ

১. প্রদত্ত স্বাক্ষর কোম্পানির অফিসে সংরক্ষিত/ডিপোজিটরিতে অন্তর্ভুক্ত নমুনা স্বাক্ষরের সাথে মিল থাকতে হবে।

২. সদস্যবৃন্দ এই সাধারণ সভায় উপস্থিত থাকতে এবং ভোট প্রদান করতে পারেন কিংবা তাঁর পক্ষে উপস্থিত থাকতে এবং ভোটদানের জন্য একজন সদস্যকে প্রতিনিধি (প্রক্সি) নিয়োগ করতে পারেন। প্রতিনিধিপত্র যথাযথভাবে স্বাক্ষর প্রদান করতঃ ২০ টাকার রেভেনিউ স্ট্যাম্প সহযোগে সভার নির্ধারিত সময়ের ৪৮ ঘন্টা পূর্বে কোম্পানির রেজিস্টার্ড অফিসে অবশ্যই জমা দিতে হবে।

হাজিরাপত্র
(ATTENDANCE SLIP)

১৯ জানুয়ারি ২০১৯ তারিখে চিটাগাং ক্লাব লিমিটেড, এস. এস. খালেদ রোড, চট্টগ্রামে অনুষ্ঠিত এস. আলম কোল্ড রোল্ড স্টিল্‌স লিমিটেড এর ১৮ তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি লিপিবদ্ধ করলাম ।

শেয়ারহোল্ডারের নাম .....

শেয়ার সংখ্যা

ফোলিও / বিও নং

প্রতিনিধির নাম .....

শেয়ারহোল্ডারের / প্রতিনিধির স্বাক্ষর _____

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

AMARSTOCK