

S. Alam Cold Rolled Steels Limited
Auditors' Report and Statement of Affairs
As at 30th September, 2001



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Rahman Rahman Huq

Chartered Accountants

***Auditors' Report to the Shareholders of
S. Alam Cold Rolled Steels Limited***

We have audited the Statement of Affairs of S. Alam Cold Rolled Steels Ltd as of 30th September, 2001. The preparation of the Statement of Affairs is the responsibility of the company's management. Our responsibility is to express an independent opinion on the Statement of Affairs based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Affairs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Affairs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement of Affairs presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Statement of Affairs, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the company's affairs as of 30th September 2001 and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;*
- b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books; and*
- c) the company's statement of affairs is in agreement with the books of accounts and returns.*
- d) the expenditures incurred were for the purpose of the company's business.*

Rahman Rahman Huq

Dated, Chittagong

5th May, 2002



Representative firm of KPMG (Klynveld Peat Marwick Goerdeler)

SACR Reports 01 DKS

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**S. ALAM COLD ROLLED STEELS LIMITED
STATEMENT OF AFFAIRS
AS AT 30TH SEPTEMBER, 2001**

	<u>Note</u>	<u>2001 Taka</u>
SOURCES OF FUNDS		
Shareholders' Funds:		
Share Capital	4	100,000,000
Loan Funds:		
Short Term Loan from Associated Companies	5	<u>24,777,044</u>
Total Funds		<u>124,777,044</u>
APPLICATION OF FUNDS:		
Fixed assets - At Cost	6	38,117,847
Capital work -in-progress	7	79,921,898
CURRENT ASSETS		
Advances	8	1,273,220
Cash at Bank	9	22,975
		1,296,195
Less: Current Liabilities:		
Audit fee		30,000
Net Current Assets		1,266,195
OTHER ASSETS		
Preliminary expenses	10	745,100
Un-allocated revenue expenses	11	4,726,204
		5,471,304
		<u>124,777,044</u>

The notes 1 to 16 as set out on pages 3 to 6 form an integral part of the Statement of Affairs.

This is the Statement of Affairs referred to in our report of even date.

Rahman Rahman Huq

Dated, Chittagong.
5th May, 2002



Managing Director



Director

Muhammed

Company Secretary

**S. ALAM COLD ROLLED STEELS LIMITED
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2001**

1.00 DESCRIPTION OF THE PROJECT

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

The project is situated on 10.17 acres of land at Kalarpool Shikalbaha, Patiya, Chittagong mainly to produce high quality Cold Rolled Steel Strips (CR Strips) in the form of coils and sheets with an annual capacity of 150,000 M. Tons and marketing the finished C.R. Coil at local and foreign markets. The main customers are the C. I/G. P Sheet Industries. The company is expected to go into the commercial production in early 2004.

2.00 SIGNIFICANT ACCOUNTING POLICIES

2.10 The accounts are prepared under historical cost convention following generally accepted accounting principles.

2.02 Fixed assets are stated at cost.

2.03 Depreciation on fixed assets will be charged over the useful life of the assets after the company goes into production.

3.00 FOREIGN CURRENCY TRANSLATION

The transactions in foreign currencies have been translated into Taka at the rate of exchange ruling on the date when the transactions took place.

4.00 SHARE CAPITAL

The authorised capital of the company is Tk. 3,500,000,000 (Taka three hundred fifty crores) divided into 35,000,000 ordinary shares of Tk. 100 each.

Issued, Subscribed and Paid-up:

1,000,000 ordinary shares of Tk. 100 each Tk 100,000,000

4.1 Paid up Capital subscribed by

<u>Name of shareholders</u>	<u>Number of shares held</u>	<u>Amount Taka</u>
Al-haj Md. Saiful Alam	50,000	5,000,000
Al-haj Md. Abdus Samad	30,000	3,000,000
Al-haj Md. Osman Ghoni	20,000	2,000,000
S. Alam Steels Ltd	400,000	40,000,000
S. Alam Cement Ltd	200,000	20,000,000
S. Alam Luxury Chair Coach Service Ltd	50,000	5,000,000
S. Alam Hatchery Ltd	200,000	20,000,000
S. Alam Vegetable Oil Ltd	50,000	5,000,000
	<u>1,000,000</u>	<u>100,000,000</u>

5.00 SHORT TERM LOAN FROM ASSOCIATED COMPANIES

S. Alam Steels Ltd.	13,352,544
S. Alam Cement Ltd	11,424,500
	<u>24,777,044</u>

6.00 FIXED ASSETS - AT COST

Land - Freehold (10.17 Acres)	35,664,790
Motor vehicle	2,452,857
	<u>38,117,647</u>

7.00 CAPITAL WORK -IN- PROGRESS

Advance against machinery	67,719,604
" " land development	8,457,000
Land purchase	3,048,294
Land registration	697,000
	<u>79,921,898</u>

	Amount Tk.
8.00 ADVANCES	
Sundry expenses	759,000
Salaries	73,930
Advertisement	25,000
Telephone line installation	14,200
Electric line installation	1,000
Gas line installation	1,000
Polly Biddu Samity	389,090
	<u>1,273,220</u>
9.00 CASH AT BANK:	
Rupali Bank Ltd. - Anderkilla Branch, Chittagong	<u>22,975</u>
10.00 PRELIMINARY EXPENSES	
Legal and professional charges	52,000
Printing and stationery	48,300
Registration expenses	539,635
Other initial expenses	104,965
	<u>745,100</u>
11.00 UN-ALLOCATED REVENUE EXPENSES	
Salary and allowances	1,041,000
Bonus	70,750
Financial expenses	993,010
Business promotion expenses	653,737
Travelling expenses	654,408
Miscellaneous expenses	308,662
Entertainment expenses	271,234
Registration fees	55,800
Welfare expenses	45,346
Testing fees	67,500
Telephone bill	17,600
Vehicle maintenance	113,060
Printing and stationery	51,439
Carrying charges	32,000
Bank charges	20,705
Office maintenance	3,252
Postage	1,704
Licence and renewal fees	24,400
Conveyance	597
Survey expenses	70,000
Audit fee	30,000
	<u>4,726,204</u>

12.00 CONTINGENT LIABILITIES AND COMMITMENTS

**Amount
Tk.**

(i) Contingencies

The company did not have any contingent liabilities at the Statement of Affairs date.

(ii) Commitments:

Authorised but not contracted:

Factory and general building
Imported machinery
Land and Land Development

Amount

Tk.

46,000,000
83,000,000
53,000,000
162,000,000

The company has negotiated with Messrs Zamil Steel Industries, Dammam, Saudi Arabia for supply, erection and commissioning of 100% Brand new prefabricated steel structure of Plant Building for the company at a contract price envisaged US\$ 1,253,476.

Contracted but not executed:

(iii) The company has also entered into a contract for total price of US\$ 11,990,000 with Niesho IWAJ Corporation, Osaka, Japan (Contract No. RSE-0458 dated 2nd July, 2001) for supply of one 100% Brand new unit of machinery and equipment for CR COIL Manufacturing Unit as per proforma invoice # RSE -0458 -01HT/ RO dated July 03, 2001 including design, engineering, manufacturing and erection together with supply of engineers, supervisors, technicians and skilled workmen. A further sum of US\$ 533,256 is payable to the contractor as engineering charges for erection and commissioning of the plant.

13.00 EMPLOYEES

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

NIL
5

14.00 RELATED PARTY DISCLOSURES

<u>Name</u>	<u>Relationship</u>	<u>Nature of Transactions</u>	<u>Compensation</u>
S. Alam Steels Ltd.	Shareholding and Voting power in common	Short Term Loan	Interest free
S. Alam Cement Ltd.	"	"	"

15.00 Fractions have been rounded off to the nearest Taka.

16.00 Post Balance Sheet Events

No material events had occurred after the Statement of Affairs date to the date of issue of this Statement of Affairs which could effect the values stated in the Statement of Affairs.