**Hoda Vasi Chowdhury & Co**

To
The Managing Director
GPH Ispat Limited
Crown Chamber
325, Asadgonj
Chittagong, Bangladesh.

Audited Financial Statements

of

# GPH Ispat Limited
## For the year ended 30 June 2018

**National Office:** BTMA Bhaban (8th floor), 7-9 Karwan Bazar Commercial Area, Dhaka- 1215, Bangladesh
**Motijheel Office:** Ispahani Building (3rd Floor), 14-15 Motijheel Commercial Area, Dhaka- 1000, Bangladesh
**Chittagong Office:** Delwar Bhaban - 4th Floor, 104 Agrabad Commercial Area, Chittagong- 4100, Bangladesh

# Hoda Vasi Chowdhury & Co
## Chartered Accountants

### AUDITORS' REPORT TO THE SHAREHOLDERS OF GPH ISPAT LIMITED

We have audited the accompanying financial statements of **GPH ISPAT LIMITED**, which comprises the Statement of Financial Position as at 30 June 2018 and the related 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

**Opinion:**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (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:

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

(ii) in our opinion, proper books of account as required by law have been kept by **GPH ISPAT LIMITED** so far as it appeared from our examination of those books;

(iii) the Company's Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and its Statement of Cash Flows dealt with by the report are in agreement with the books of account and returns;

(iv) the expenditure incurred was for the purpose of the Company's business.

**Chattogram,** 07 NOV 2018

Hoda Vasi Chy & Co
**Chartered Accountants**

Hoda Vasi
Chowdhury & Co

**GPH ISPAT LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2018**

| | Note(s) | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|---|
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | **14,093,479,693** | **4,746,153,926** |
| Property, Plant and Equipment | 4 | 2,433,275,880 | 1,645,280,683 |
| Capital Work-in-Progress | 5 | 11,285,676,865 | 2,735,692,870 |
| Intangible Asset | 6 | 1,164,431 | 999,000 |
| Investment | 7 | 373,362,517 | 364,181,373 |
| **CURRENT ASSETS** | | **8,600,764,720** | **8,120,052,898** |
| Short Term Investment | 8 | 1,886,025,036 | 2,443,736,696 |
| Advances, Deposits and Prepayments | 9 | 1,993,941,113 | 1,110,464,916 |
| Inventories | 10 | 2,862,785,186 | 2,454,596,463 |
| Trade Receivables | 11 | 1,633,664,201 | 1,799,922,366 |
| Cash and Cash Equivalents | 12 | 224,349,184 | 311,332,457 |
| **TOTAL ASSETS** | | **22,694,244,413** | **12,866,206,824** |
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' EQUITY** | | **5,528,937,420** | **5,035,603,612** |
| Share Capital | 13 | 3,274,425,000 | 3,118,500,000 |
| Share Premium | | 1,136,440,000 | 1,136,440,000 |
| Unrealized Gain/ (Loss) on tradeable securities | | 22,350,684 | 16,679,301 |
| Retained Earnings | | 1,095,721,736 | 763,984,311 |
| **NON CURRENT LIABILITIES** | | **8,588,537,548** | **1,948,609,409** |
| Long Term Loan | 14 | 8,359,030,241 | 1,720,967,205 |
| Finance Lease Obligations | 15 | 75,413,042 | 101,164,102 |
| Deferred Tax Liability | 18 | 154,094,265 | 126,478,102 |
| **CURRENT LIABILITIES AND PROVISIONS** | | **8,576,769,445** | **5,881,993,803** |
| Current Portion of Long Term Loan | 14 | 280,862,291 | 60,340,400 |
| Current Portion of Finance Lease Obligations | 15 | 25,931,192 | 22,001,232 |
| Short Term Borrowings | 16 | 7,254,491,296 | 4,971,423,126 |
| Creditors and Accruals | 17 | 841,587,359 | 644,846,114 |
| Provision for Tax | 18 | 173,897,307 | 183,382,931 |
| **TOTAL SHAREHOLDERS' EQUITY & LIABILITIES** | | **22,694,244,413** | **12,866,206,824** |
| **NET ASSET VALUE PER SHARE** | 25 | **16.89** | **16.15** |
| **CONTINGENT LIABILITIES AND COMMITMENTS** | 35 | | |

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 27.10.18
and were signed on its behalf by:

Company Secretary

Director

Managing Director

Chattogram 07 NOV 2018

Hoda Vasi Chy & Co
Chartered Accountants

Hoda Vasi
Chowdhury & Co

**GPH ISPAT LIMITED**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2018**

| | Note(s) | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|---|
| | | Taka | Taka |
| **Gross Revenue** | 19 | 9,923,406,006 | 7,955,715,990 |
| Value Added Tax | | (109,304,886) | (116,149,952) |
| **Net Revenue** | | **9,814,101,120** | **7,839,566,038** |
| Cost of Sales | 20 | (8,211,556,579) | (6,465,845,702) |
| **Gross Profit** | | **1,602,544,541** | **1,373,720,336** |
| Operating Expenses | | | |
| Administrative Expenses | 21 | (150,634,386) | (127,880,015) |
| Selling and Distribution Expenses | 22 | (175,643,139) | (151,075,061) |
| | | (326,277,525) | (278,955,076) |
| **Operating Profit** | | **1,276,267,016** | **1,094,765,260** |
| Financial Expenses | 23 | (566,614,721) | (493,780,124) |
| Non-Operating Income | 24 | 173,405,115 | 200,927,742 |
| | | (393,209,606) | (292,852,382) |
| **Profit before Distribution of WPP & WF** | | **883,057,410** | **801,912,878** |
| Contribution to WPP & WF | | (44,152,871) | (40,095,644) |
| **Profit before Tax & Reserve** | | **838,904,539** | **761,817,234** |
| Income Tax (expense)/ benefits | | | |
| Current | 18.1 | (167,700,951) | (179,191,873) |
| Deferred | 18.2 | (27,616,163) | (11,322,000) |
| | | (195,317,114) | (190,513,873) |
| **Profit after Tax** | | **643,587,425** | **571,303,361** |
| **Other comprehensive income** | | | |
| Unrealized Gain/(Loss) | 7.2 | 5,671,383 | 19,432,608 |
| **Total comprehensive income** | | **649,258,808** | **590,735,969** |
| **Basic Earning Per Share** | 26 | **1.97** | **1.83** |

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 27.10.18
and were signed on its behalf by:

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

**Chattogram** 07 NOV 2018

Hoda Vasi Chy & Co
**Chartered Accountants**

**GPH ISPAT LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2018**

Amount in Taka

| | Share Capital | Share Premium | Unrealized Gain/ (Loss) | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| **Balance as on 01 July 2017** | **3,118,500,000** | **1,136,440,000** | **16,679,301** | **763,984,311** | **5,035,603,612** |
| Dividend (Stock) | 155,925,000 | - | - | (155,925,000) | - |
| Dividend (Cash) | - | - | - | (155,925,000) | (155,925,000) |
| Share Capital issued | - | - | - | - | - |
| Share Premium | - | - | - | - | - |
| Unrealized Gain/( Loss) | - | - | 5,671,383 | - | 5,671,383 |
| Net profit (after tax and reserve) | - | - | - | 643,587,425 | 643,587,425 |
| **Balance as at 30 June 2018** | **3,274,425,000** | **1,136,440,000** | **22,350,684** | **1,095,721,736** | **5,528,937,420** |
| | | | | | |
| **Balance as on 01 July 2016** | **3,118,500,000** | **1,136,440,000** | **(2,753,307)** | **566,900,950** | **4,819,087,643** |
| Dividend (Stock) | - | - | - | - | - |
| Dividend (Cash) | - | - | - | (374,220,000) | (374,220,000) |
| Share Capital issued | - | - | - | - | - |
| Share Premium | - | - | - | - | - |
| Unrealized Gain/( Loss) | - | - | 19,432,608 | - | 19,432,608 |
| Net profit (after tax and reserve) | - | - | - | 571,303,361 | 571,303,361 |
| **Balance as at 30 June 2017** | **3,118,500,000** | **1,136,440,000** | **16,679,301** | **763,984,311** | **5,035,603,612** |

Company Secretary

Director

Managing Director

Hoda Vasi Chowdhury & Co

Hoda Vasi
Chowdhury & Co

# GPH ISPAT LIMITED
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2018

| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Collection from sales and other income | 10,414,845,077 | 7,354,589,695 |
| Cash Payments to suppliers, employees and expenses | (10,049,360,937) | (6,161,551,617) |
| **Net cash inflow / (outflow) from Operating Activities** | **365,484,140** | **1,193,038,078** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Acquisition of Property, plant and equipment | (900,465,843) | (208,983,129) |
| Sale proceeds of property, plant and equipment | 530,000 | 1,045,000 |
| Capital work-in-progress | (8,549,983,995) | (2,480,732,946) |
| Investment | (9,181,144) | (50,616,835) |
| Intangible Asset | (360,475) | - |
| Dividend Income from Investment into Shares | 1,420,077 | 2,997,990 |
| Short Term Investment | 557,711,660 | (2,134,942,203) |
| **Net cash inflow / (outflow) from Investing Activities** | **(8,900,329,720)** | **(4,871,232,123)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Short Term Loan | 2,283,068,170 | 717,208,612 |
| Long Term Loan | 6,858,584,927 | 1,410,620,919 |
| Lease Obligation | (21,821,100) | 90,339,103 |
| Cash Dividend Paid | (132,749,484) | (373,303,873) |
| Finance Costs | (539,220,206) | (486,690,991) |
| **Net cash inflow / (outflow) from Financing Activities** | **8,447,862,307** | **1,358,173,770** |
| **Net increase in cash & cash equivalents** | **(86,983,273)** | **(2,320,020,275)** |
| **Cash and cash equivalents at the beginning** | 311,332,457 | 2,631,352,732 |
| **Cash and cash equivalents at the end** | **224,349,184** | **311,332,457** |
| **OPERATING CASH FLOW PER SHARE** | **1.12** | **3.83** |

Company Secretary

Director

Managing Director

**GPH ISPAT LIMITED**
**Notes to the financial statements**
**For the year ended 30 June 2018**

## BACKGROUND AND INFORMATION

### 1 Formation and Legal Status

GPH Ispat Limited (hereinafter referred to as "GPH" or "the company") was incorporated in Bangladesh as a Private Limited company on 17 May 2006 under the Companies Act 1994. The company, subsequently, was converted into a Public Limited company on 18 December 2009 along with the subdivision of face value of shares from Tk. 100 to Tk. 10 each and enhancement of Authorized Capital from Tk. 2,500,000,000 to Tk 10,000,000,000.

GPH became listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited during April 2012. The registered office and principal place of business of the company is located at Crown Chamber, 325 Asadgonj, Chattogram, Bangladesh.

### 1.2 Nature of Business

The principal activities of the company are setting up plants for manufacturing and trading of iron products and steel materials of all kinds or other metallic or allied materials and marketing thereof. The commercial production of the factory commenced on 21 August 2008.

## 2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of Compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) respectively.

### 2.2 Basis of Reporting

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

a) A statement of financial position as at 30 June 2018
b) A statement of profit or loss and other comprehensive income for the year ended 30 June 2018
c) A statement of changes in equity for the year ended 30 June 2018
d) A statement of cash flows for the year ended 30 June 2018
e) Notes, comprising a summary of significant accounting policies and explanatory information.

### 2.3 Basis of Measurement

The Financial Statements have been prepared on going concern basis under the historical cost convention except investment in quoted shares which are measured at fair value.

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## 2.4 Authorization for Issue

The Financial Statements have been authorized for issue by the Board of Directors on **27.10.18**.

## 2.5 Other Regulatory Compliances

The company is also required to comply with the following major laws and regulations in addition to the Companies Act 1994:

The Income Tax Ordinance, 1984
The Income Tax Rules, 1984
The Value Added Tax Act, 1991
The Value Added Tax Rules, 1991
The Customs Act, 1969
Bangladesh Labour Law, 2006
The Securities and Exchange Ordinance, 1969
The Securities and Exchange Rules, 1987
Securities and Exchange Commission Act, 1993

## 2.6 Functional and presentation currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk.), which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer.

## 2.7 Going concern

The company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the Financial Statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operations.

## 2.8 Applicable Financial Reporting Standards

| | |
|---|---|
| **BAS 1** | Presentation of Financial Statements |
| **BAS 2** | Inventories |
| **BAS 7** | Statements of Cash Flows |
| **BAS 8** | 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** | Leases |
| **BAS 18** | Revenue |
| **BAS 19** | Employee Benefits |
| **BAS 21** | The Effects of Changes in Foreign Exchange Rates |
| **BAS 23** | Borrowing Cost |
| **BAS 24** | Related Party Disclosures |
| **BAS 32** | Financial Instruments: Presentation |
| **BAS 33** | Earnings Per Share |
| **BAS 34** | Interim Financial Reporting |
| **BAS 36** | Impairment of Assets |
| **BAS 37** | Provisions, Contingent Liabilities and Contingent Assets |
| **BAS 38** | Intangible Assets |
| **BAS 39** | Financial Instruments: Recognition and Measurement |
| **BFRS 7** | Financial Instruments: Disclosures |
| **BFRS 13** | Fair Value Measurement |

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### 2.9 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with BAS and BFRS 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

| | |
|---|---|
| **Note 4** | Property, Plant and Equipment |
| **Note 5** | Capital Work-in-Progress |
| **Note 6** | Intangible Assets |
| **Note 10** | Inventories |
| **Note 11** | Trade Receivables |
| **Note 17** | Creditors and Accruals (Defined benefit obligation) |
| **Note 18** | Provision for Tax |
| **Note 18** | Deferred Tax Liabilities |
| **Note 35** | Contingent Liabilities and Commitments |

### 2.10 Reporting Period

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

## 3 PRINCIPAL ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

### 3.1 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of financial statements for the year ended 30 June 2018 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2017.

### 3.2 Property, Plant and Equipment

**Recognition and Measurement**

Property, Plant and Equipment are accounted for according to BAS 16 "Property, Plant and Equipment" at historical cost less cumulative depreciation except land & land development and the capital work-in-progress (when arises) is stated at cost.

**Measurement Subsequent to Initial Recognition**

The company uses cost model for measurement subsequent to initial recognition. Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed / installed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use and the cost of dismantling and removing an item and restoring the site on which they are located.

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**Subsequent Costs**

The cost of replacing part of an item of Property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future benefit 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 recognized in profit or loss as incurred.

**Depreciation**

The depreciable amount is allocated on a systematic basis over the asset's useful life.

Depreciation is provided on a diminishing balance method at the annual rate(s) shown below:

| Item of Property, Plant and Equipment | Depreciation Rate (%) |
|---|---|
| Land and Land Development | - |
| Plant and Machinery | 10 |
| Factory Building | 5 |
| Furniture, Fixture and Decoration | 10 |
| Computer and Accessories | 20 |
| Motor Vehicles | 10 |
| Logistic Vehicles | 7.5 |
| Electric and Gas Line Installation | 5 |
| Lab Equipment | 10 |
| Office Equipment | 20 |

Depreciation is charged on the month (from date of capitalization) when the assets are available for use and ceased from the (date of disposal / deletion) deletion month of the assets.

Total depreciation is distributed as under:

| Category | Rate (%) |
|---|---|
| Direct Expenses | 90 |
| Administrative Expenses | 5 |
| Selling and Distribution Expenses | 5 |

**Disposal**

An asset is removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognized in the statement of profit or loss and other comprehensive income.

**3.3 Capital Work-in-Progress**

Capital work-in-progress is stated at cost.

**3.4 Leasehold Assets**

Assets held under finance leases are recognized as assets of the company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the statement of profit or loss and other comprehensive income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

**3.5 Investments**

i. Investment in unquoted shares are initially recognized at cost. After initial recognition these are carried at cost less impairment losses, if any.

ii. Investment in quoted shares are classified under at Fair Value of Other Comprehensive Income (FVOCI) through profit or loss. Changes in fair value are recognized in the statement of profit or loss and other comprehensive income. Fair values of investment in quoted shares are determined by reference to their quoted closing price less cost to sell in active market at the reporting date.

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## 3.6 Intangible Assets

**Recognition**

Intangible assets are recognized when:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity and
- The cost of the asset can be measured reliably.

**Measurement Subsequent to Initial Recognition**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment loss, if any. The cost of an intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

**Subsequent Costs**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

**Amortization**

The amortizable amount is allocated on a systematic basis over the asset's useful life.

Intangible asset is comprised of software which is amortized on a straight line method at 10% p.a.

Full year's amortization is charged on the assets acquired during the year irrespective of the date of acquisition and no amortization is charged in the year of disposal/deletion. Total amortization is allocated to administration expenses.

## 3.7 Inventories

**Nature of Inventories**

Inventories comprise raw materials (melting scrap), chemicals, consumable stores, fuel and lubricants and finished goods (MS Rods/Billets) etc.

**Valuation of Inventories**

Inventories are measured at cost or net realizable value whichever is lower. Cost of inventories includes:

- Costs of purchase (including taxes, transport, and handling) net of trade discounts received.
- Other costs incurred in bringing the inventories to their present location and condition.

Basis of valuation are as follows:

| Category | Basis of valuation |
|---|---|
| Raw Materials | Raw materials are valued at cost or net realizable value whichever is lower |
| Finished Goods | Finished goods are valued at cost or net realizable value whichever is lower |
| Goods in Transit | At cost |
| Stores and Spares | Based on weighted average method |

## 3.8 Financial Assets – Available for Sale

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

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in

a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held to maturity, loans and receivables and available-for sale 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 table transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss. Investment in equity securities and debt securities are classified under at fair value through profit or loss.

Financial assets include Short Term Investments; Trade and Other Receivable; Advances, Deposits and Prepayments and Cash and Bank balances etc.

**Held to Maturity**

In accordance with BAS 39 "Financial Instruments: Recognition and Measurement" Available-for-Sale Financial Assets are recognised initially at fair value plus transaction costs that are directly attributable to acquisition of the Financial Asset. After initial recognition, these are measured without any deduction for transaction costs that may incur on sale.
Gain or loss arising from change in the fair value on Available-for-sale Financial Assets is recognised in Other Comprehensive Income.

**3.8.1 Trade Receivables**

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

**3.8.2 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 and loss.

**3.8.3 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value.

**3.9 Financial Liabilities**

The company recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities comprise Trade payables and accruals, long term loans etc.

**3.9.1 Trade Payables and Accruals**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

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### 3.10 Impairment

#### 3.10.1 Financial Assets

Financial assets not carried at fair value through profit or loss, loans and receivables are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### 3.10.2 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.

### 3.11 Statement of Cash Flows

Statement of Cash Flows is prepared principally in accordance with BAS 7 and the cash flow from operating activities has been presented under direct method.

### 3.12 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the statement of financial position when the company has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but disclosed, unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable. When the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

### 3.13 Transactions in Foreign Currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling on the date of transactions. Monetary assets and liabilities, if any, denominated in foreign currencies at the reporting date are translated at the applicable rates of exchange ruling at that date and the related exchange differences are recognized as gain or loss in the statement of profit or loss and other comprehensive income.

### 3.14 Taxation

#### 3.14.1 Tax Holiday

The company had been enjoying tax holiday for a period of five years from 01 August 2008 vide National Board of Revenue's circular ref. 11(10) ANU - 1/2009 dated 30.03.2009. The benefit was, from 01 August 2008 to 31 July 2010 (first two years) @ 100%, from 01 August 2010 to 31 July 2012 (Third and Fourth Year) @ 50%, from 01 August 2012 to 31 July 2013 (Fifth year) @ 25%. This tax holiday has now expired.

#### 3.14.2 Current Tax

Provision for taxation is calculated on the basis of applicable corporate tax rate for publicly traded company as per ITO 1984.

#### 3.14.3 Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying

values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact of changes on the account in deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income taxes".

### 3.15 Revenue

In compliance with the requirements of BAS 18 : Revenue from the sale of goods (MS Rod, MS Billet, Cut Pieces and Miss Roll/Ovel) is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Specific policies regarding the recognition of revenue are as follows:

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

### 3.16 Employee Benefits

The company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees.

#### 3.16.1 Defined Contribution Plan

The company maintains a recognized provident fund @ 5% of basic pay (Equally contributed by employee and employer) for all eligible permanent employees.

#### 3.16.2 Defined Benefit Plan

The company maintains an unfunded gratuity scheme, provision in respect of which is made annually for the employees. Gratuity payable at the end of each year is determined on the basis of following rules and regulations of the company.

| Service Length | Payment Basis |
|---|---|
| Less than 5 (Five) years | Nil amounts |
| After completion of 5 (Five) years but upto 10 (Ten) years | Half times of last month basic salary X years of services |
| Above 10 (Ten) years but upto 15 (Fifteen) years | One times of last month basic salary X years of services |
| Above 15 (Fifteen) years | One and half times of last month basic salary X years of services |

Six months continued service in the year of leaving or retirement will be trialed as one year for the purpose of calculation of gratuity.

#### 3.16.3 Workers' Profit Participation and Welfare Funds

The company contributed 5% of net profit to the aforementioned fund in accordance with the requirement of Section 234 (Kha), Chapter 15 of Labour Law 2006.

### 3.17 Earnings Per Share

The company calculates Earnings per share (EPS) in accordance with BAS 33 "Earnings per share" which has been shown on the face of Statement of profit or loss and other Comprehensive Income and the computation of EPS is stated in note 25 of the financial statements.

#### 3.17.1 Basis of Earnings

This represents profit for the year attributable to ordinary shareholders. As there were no preference shares requiring returns or dividends, non-controlling interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

### 3.17.2 Basic Earnings Per Share

This has been calculated by dividing total attributable profit by the total number of ordinary shares outstanding during the year.

### 3.17.3 Diluted Earnings Per Share

Diluted earnings per share is required to be calculated for the year when there is scope for dilution exists.

### 3.17.4 Re-stated Earnings Per Share

Issue of bonus share in any year requires re-stating the EPS of the prior year. In such a case, the EPS calculation for those and any prior financial statements presented are based on the new number of shares.

### 3.18 Share Capital

Paid up capital represents the total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders and creditors are fully entitled to any residual proceeds of liquidation.

### 3.19 Measurement of Fair Values

When measuring the fair value of an asset or liability, the entity uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Property, Plant and Equipment**

The fair value of items of property, plant and equipment has been determined based on the depreciated replacement cost method and net realizable value method as applicable.

**Equity and Debt Securities**

Fair values of tradable equity and debt securities are determined by reference to their quoted closing price in active market at the reporting date which are categorized under 'Level 1' of the fair value hierarchy.

### 3.20 Events after the Reporting Period

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

### 3.21 Comparative Information and Re-arrangement thereof

In accordance with the provisions of BAS-1: Presentation of Financial Statements, Comparative information has been disclosed for all numerical 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.

### 3.22 Re-arrangement

Comparative figures rearranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the Profit or Loss and other Comprehensive Income as reported in the financial statement.

HODA VASI CHOWDHURY

| | 30 June 2018<br>Taka | 30 June 2017<br>Taka |
|---|---|---|

## 4 PROPERTY, PLANT AND EQUIPMENT

Details of Property, Plant & Equipment and Depreciation as on 30 June 2018 are shown in the notes 4.1 & 4.2

| | | |
|---|---|---|
| **A. Cost** | | |
| Opening Balance as on 01 July 2017 | 2,469,440,171 | 2,262,083,342 |
| Addition during the year | 900,465,843 | 208,983,129 |
| Disposal during the year | (958,000) | (1,626,300) |
| **Total Cost as on 30 June 2018** | **3,368,948,014** | **2,469,440,171** |
| **B. Accumulated Depreciation** | | |
| Opening Balance as on 01 July 2017 | 824,159,488 | 724,237,789 |
| Depreciation for the year | 112,042,984 | 100,945,724 |
| Disposal during the year | (530,338) | (1,024,025) |
| **Total Depreciation as on 30 June 2018** | **935,672,134** | **824,159,488** |
| **Written Down Value (WDV) as on 30 June 2018 (A-B)** | **2,433,275,880** | **1,645,280,683** |

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**4.1 Operating Property, Plant & Equipment at Cost less Accumulated Depreciation - note 4.2**

Amount in Taka

| Particulars | Cost | | | | Dep. Rate | Depreciation | | | | Written Down Value at 30 June 2018 (Taka) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Opening Balance as on 01 July 2017 | Addition during the year | Deletion/ Adjustment during the year | Closing Balance as on 30 June 2018 | | Depreciation as on 01 July 2017 | Charged during the year | Disposed during the year | Depreciation as on 30 June 2018 | |
| Land & Land Development | 263,940,902 | 72,189,943 | - | 336,130,845 | - | - | - | - | - | 336,130,845 |
| Plant and Machinery | 917,559,310 | 604,564,454 | - | 1,522,123,764 | 10% | 452,874,740 | 52,221,329 | - | 505,096,069 | 1,017,027,695 |
| Factory Building | 657,533,326 | 186,950,207 | - | 844,483,533 | 5% | 190,834,143 | 24,340,681 | - | 215,174,824 | 629,308,709 |
| Furniture, Fixture & Decoration | 19,007,315 | 1,455,638 | - | 20,462,953 | 10% | 6,624,958 | 1,335,204 | - | 7,960,162 | 12,502,791 |
| Computer & Accessories | 10,459,089 | 1,937,675 | - | 12,396,764 | 20% | 6,071,837 | 1,111,452 | - | 7,183,289 | 5,213,475 |
| Motor Vehicle | 89,074,697 | 29,564,986 | 958,000 | 117,681,683 | 10% | 27,065,583 | 7,872,778 | 530,338 | 34,408,023 | 83,273,660 |
| Logistic Vehicles | 290,317,720 | 2,390,000 | - | 292,707,720 | 7.5% | 68,593,058 | 16,704,037 | - | 85,297,095 | 207,410,625 |
| Electric & Gas Line Installation | 191,584,716 | - | - | 191,584,716 | 5% | 54,405,937 | 6,858,939 | - | 61,264,876 | 130,319,840 |
| Lab Equipment | 22,490,518 | - | - | 22,490,518 | 10% | 12,963,250 | 952,727 | - | 13,915,977 | 8,574,541 |
| Office Equipment | 7,472,578 | 1,412,940 | - | 8,885,518 | 20% | 4,725,982 | 645,837 | - | 5,371,819 | 3,513,699 |
| **As on 30 June 2018** | **2,469,440,171** | **900,465,843** | **958,000** | **3,368,948,014** | | **824,159,488** | **112,042,984** | **530,338** | **935,672,134** | **2,433,275,880** |
| **As on 30 June 2017** | **2,262,083,342** | **208,983,129** | **1,626,300** | **2,469,440,171** | | **724,237,789** | **100,945,724** | **1,024,025** | **824,159,488** | **1,645,280,683** |

**4.2 Allocation of Depreciation:**

| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| Direct Expenses (90%) - note 20.2 | 100,838,686 | 90,851,152 |
| Administrative Expenses (5%) - note 21 | 5,602,149 | 5,047,286 |
| Selling & Distribution Expenses (5%) - note 22 | 5,602,149 | 5,047,286 |
| | **112,042,984** | **100,945,724** |

HODA VASI CHOWDHURY & CO. CHATTOGRAM

Hoda Vasi Chowdhury & Co

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **5 CAPITAL WORK-IN-PROGRESS** | | |
| Opening balance | 2,735,692,870 | 254,959,924 |
| Expenses incurred during the year | 8,549,983,995 | 2,480,732,946 |
| | **11,285,676,865** | **2,735,692,870** |

Capital work-in-progress includes all the costs of the new projects of MS Billet plant (840,000 M. Ton per annum) and MS Rod plant (640,000 M. Ton per annum) which is under construction.

| | | |
|---|---|---|
| **6 INTANGIBLE ASSETS** | | |
| **SOFTWARE** | | |
| **At Cost** | | |
| Opening balance | 1,620,000 | 1,620,000 |
| Addition during the year | 360,475 | - |
| Closing balance | **1,980,475** | **1,620,000** |
| **Accumulated Amortization** | | |
| Opening balance | 621,000 | 459,000 |
| Addition during the year - note 21 | 195,044 | 162,000 |
| Closing balance | **816,044** | **621,000** |
| **Written Down Value** | **1,164,431** | **999,000** |

| | | |
|---|---|---|
| **7 INVESTMENT** | | |
| Investment in Un-quoted equity-at cost - note 7.1 | 1,000,000 | 1,000,000 |
| Investment in Quoted Shares - at fair value - note 7.2 | 81,220,359 | 107,620,897 |
| Loan to Arbee Textiles Limited | 291,142,158 | 255,560,476 |
| | **373,362,517** | **364,181,373** |
| **7.1 Investment in Un-quoted Equity-at cost** | | |
| GPH Steels Limited | 1,000,000 | 1,000,000 |
| | **1,000,000** | **1,000,000** |

GPH Ispat Limited has acquired 10% equity in GPH Steels Limited i.e. 100,000 ordinary shares of Tk. 10 each. GPH Steels Limited has yet not started its commercial operation till the date of Statement of Financial Position.

| | | |
|---|---|---|
| **7.2 Investment in Quoted Shares - at fair value** | | |
| Opening balance | 107,620,897 | 88,188,289 |
| Investment made during the year | - | - |
| Sales during the year - note 7.3 | (32,071,921) | - |
| Gain/(loss) during the year - note 7.3 | 5,671,383 | 19,432,608 |
| | **81,220,359** | **107,620,897** |

HODA VASI CHOWDHURY & CO. CHATTOGRAM

7.3 **Details of investment in quoted (tradeable securities) shares - note 7.2**

| Particulars | Number of Shares (Present Qty) | Number of Shares (Sales Qty) | 30 June 2018 | | | 30 June 2017 |
|---|---|---|---|---|---|---|
| | | | Fair Value | Sales Value | Gain/ (Loss) | Fair Value |
| Bank Asia Limited | 633,327 | 109,042 | 11,233,764 | 2,488,322 | 2,271,105 | 11,450,981 |
| Eastern Bank Limited | 23,641 | 92,909 | 779,778 | 4,127,561 | 951,603 | 3,955,736 |
| Envoy Textile Limited | 909,088 | - | 31,344,354 | - | (1,440,857) | 32,785,211 |
| Meghna Cement Limited | 73,585 | - | 7,340,078 | - | (139,322) | 7,479,400 |
| One Bank Limited | - | 120,018 | - | 2,738,793 | 203,317 | 2,535,476 |
| Peoples Insurance Co. Limited | 303,400 | - | 5,714,190 | - | (816,313) | 6,530,503 |
| Pubali Bank Limited | 476,280 | - | 11,248,329 | - | 83,623 | 11,164,706 |
| Square Pharmaceuticals Limited | 46,497 | 71,250 | 13,559,866 | 22,717,245 | 4,558,227 | 31,718,884 |
| | **2,465,818** | **393,219** | **81,220,359** | **32,071,921** | **5,671,383** | **107,620,897** |

HODA VASI CHOWDHURY & CO. CHATTOGRAM

Hoda Vasi Chowdhury & Co

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **8 SHORT TERM INVESTMENTS** | | |
| **Name of the banks** | | |
| AB Bank Ltd | 60,278,358 | 56,632,787 |
| Dutch Bangla Bank Ltd | 4,836,608 | - |
| Mercantile Bank Ltd | - | 4,212,809 |
| Midland Bank Ltd | 144,969 | 63,318 |
| One Bank Ltd | 26,015,439 | 2,789,435 |
| Pubali Bank Ltd | 11,387,372 | 16,773,325 |
| Southeast Bank Ltd | 1,578,134,217 | 2,183,370,176 |
| Standard Chartered Bank | 174,216,331 | 170,904,368 |
| State Bank of India | 2,240,090 | 2,187,094 |
| The City Bank Ltd | 19,647,191 | 2,284,662 |
| United Commercial Bank Ltd | 9,124,461 | 4,518,722 |
| | **1,886,025,036** | **2,443,736,696** |
| **9 ADVANCES, DEPOSITS AND PREPAYMENTS** | | |
| Advances - note 9.1 | 1,938,266,162 | 1,087,407,053 |
| Deposits - note 9.2 | 54,028,647 | 20,606,820 |
| Prepayments - note 9.3 | 1,646,304 | 2,451,043 |
| | **1,993,941,113** | **1,110,464,916** |
| **9.1 Advances - note 9** | | |
| Income Tax - note 9.1.1 | 459,239,289 | 442,015,510 |
| VAT Current Account | 3,262,290 | 2,510,569 |
| Advance against Land | 300,000,000 | - |
| LC | 766,508,975 | 222,319,910 |
| Other Supply | 405,635,899 | 418,753,556 |
| Raw Material Supply | 1,545,806 | - |
| Employees | 2,073,903 | 1,807,508 |
| | **1,938,266,162** | **1,087,407,053** |
| **9.1.1 Income Tax - note 9.1** | | |
| Opening Balance | 442,015,510 | 394,317,240 |
| Addition during the year | 194,410,354 | 154,538,221 |
| Paid/adjustment during the year | (177,186,575) | (106,839,951) |
| | **459,239,289** | **442,015,510** |
| **9.2 Deposits - note 9** | | |
| Bangladesh Power Development Board | 33,000,000 | 9,000,000 |
| Karnaphuli Gas Distribution Company Limited | 3,298,346 | 3,077,332 |
| Security to Shipping Lines | 17,730,301 | 8,529,488 |
| | **54,028,647** | **20,606,820** |
| **9.3 Prepayments - note 9** | | |
| Insurance Premium | 841,074 | 840,583 |
| Bangladesh Standards and Testing Institution | 805,230 | 1,610,460 |
| | **1,646,304** | **2,451,043** |

The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in kind or in cash and that no provision against those are required at this stage.

HODA VASI CHOWDHURY & CO. * CHATTOGRAM *

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **10 INVENTORIES** | | |
| Finished goods - note 10.1 | 1,494,878,743 | 1,190,489,766 |
| Raw materials - note 10.2 | 1,023,133,141 | 1,045,328,690 |
| Spares and other materials - note 10.3 | 344,773,302 | 218,778,007 |
| | **2,862,785,186** | **2,454,596,463** |
| **10.1 Finished Goods - note 20** | | |
| M. S. Rod | 1,259,881,852 | 921,234,173 |
| M. S. Billet | 234,996,891 | 269,255,593 |
| | **1,494,878,743** | **1,190,489,766** |
| **10.2 Raw Materials - note 20.1** | | |
| Melting Scrap | 792,522,669 | 976,021,076 |
| Sponge Iron | 185,150,629 | 40,430,550 |
| Ferro Alloy | 39,085,001 | 19,335,436 |
| Quartz Powder | 3,601,450 | 6,080,394 |
| Pet Coke | 2,773,392 | 3,461,234 |
| | **1,023,133,141** | **1,045,328,690** |
| **10.3 Spares and Other Materials - note 20.1** | | |
| Refractory Bricks | 116,686,715 | 56,090,700 |
| Spares and Consumables | 211,010,006 | 155,829,395 |
| Rolls | 2,616,117 | 6,414,780 |
| Graphite Electrode | 13,724,904 | - |
| Copper Mould Tube | 735,560 | 443,132 |
| | **344,773,302** | **218,778,007** |
| **11 TRADE RECEIVABLES** | **1,633,664,201** | **1,799,922,366** |

Receivables against sale of M.S. Rod, M. S. Billet, Cut pieces and Ovel

a) Trade Receivables represent receivable from 677 parties as on 30 June 2018 (637 Parties as on 30 June 2017).

b) Receivables are unsecured but considered good and recoverable

c) Ageing of trade receivables

| | | |
|---|---|---|
| Up to 6 months | 1,558,307,976 | 1,712,937,571 |
| Over 6 months | 75,356,225 | 86,984,795 |
| | **1,633,664,201** | **1,799,922,366** |

HODA VASI CHOWDHURY & CO. CHATTOGRAM

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **12 CASH AND CASH EQUIVALENTS** | | |
| Cash in hand - note 12.1 | 1,298,946 | 1,540,950 |
| Cash at bank - note 12.2 | 72,056,854 | 246,670,335 |
| FDR Account - note 12.3 | 150,993,384 | 63,121,172 |
| | **224,349,184** | **311,332,457** |

**12.1 Cash In hand - note 12**

| | | |
|---|---|---|
| Dhaka office petty cash | 599,698 | 1,397,471 |
| Factory petty cash | 194,248 | 141,777 |
| Minimill Petty Cash | 505,000 | 1,702 |
| | **1,298,946** | **1,540,950** |

**12.2 Cash at Bank - note 12**

| Name of the Banks | Branch | A/C Type | | |
|---|---|---|---|---|
| AB Bank Limited | Gulshan | Current | 9,395 | 13,105 |
| AB Bank Limited | Sitakunda | Current | 89,230 | 199,704 |
| Agrani Bank Limited | Asadgonj | Current | 27,535 | 28,152 |
| Agrani Bank Limited | Principal | Current | 11,955 | - |
| Al-Arafah Islami Bank Limited | Jubilee Road | Current | 252,952 | - |
| Al-Arafah Islami Bank Limited | Khatungonj | Current | 25,842 | 127,735 |
| Bangladesh Development Bank Ltd | Khatungonj | Current | 3,301 | 3,301 |
| Bank Al Falah Limited | Agrabad | Current | 17,592 | 18,743 |
| Bank Asia Limited | Anderkilla | Current | 24,814 | 30,015 |
| Bank Asia Limited | Banani | Current | 681,184 | - |
| BASIC Bank Limited | Asadgonj | Current | 4,481,873 | 35,844 |
| BRAC Bank Limited | Agrabad | Current | 25,872 | 13,992 |
| Dhaka Bank Limited | Khatungonj | Current | 51,026,910 | 17,597 |
| Dutch Bangla Bank Limited | Khatungonj | Current | 37,033 | 16,986 |
| Dutch Bangla Bank Limited | Agrabad | Current | 113,501 | 48,894 |
| Eastern Bank Limited | Agrabad | Current | 10,528 | 34,984 |
| EXIM Bank Limited | Khatungonj | Current | 25,628 | 115,109 |
| First Security Islami Bank Limited | Khatungonj | Current | 3,943 | 244,210 |
| HSBC | Agrabad | Current | 2,970 | 12,265 |
| IFIC Bank Limited | Khatungonj | Current | 9,937 | 12,481 |
| Islami Bank Bangladesh Limited | Khatungonj | Current | 31,577 | 558,796 |
| Jamuna Bank Limited | Khatungonj | Current | 762,555 | 14,040 |
| Janata Bank Limited | Khatungonj | Current | 23,013 | 16,710 |
| Mercantile Bank Limited | Khatungonj | Current | - | 14,506 |
| Meghna Bank Limited | Agrabad | Current | 67,426 | 33,649 |
| Midland Bank Limited | Agrabad | Current | 2,210 | 12,274 |
| Modhumoti Bank Limited | Agrabad | Current | 1,086,005 | - |
| Mutual Trust Bank Limited | Khatungonj | Current | 2,205,391 | 44,920 |
| National Bank Limited | Anderkilla | Current | 26,762 | 13,576 |
| National Bank Limited | Jubilee Road | Current | 7,865 | - 8,440 |
| NCC Bank Limited | Khatungonj | Current | 620,866 | 12,527 |
| NRB Commercial Bank Limited | Agrabad | Current | 9,360 | 4,860 |
| One Bank Limited | Khatungonj | Current | 220,004 | 27,415 |
| Premier Bank Limited | O.R Nizam Road | Current | 17,168 | 111,583 |
| Prime Bank Limited | Khatungonj | Current | 24,920 | 16,996 |
| Prime Bank Limited | O.R Nizam Road | Current | 16,759 | 7,484 |
| Shahajalal Islami Bank Limited | Khatungonj | Current | 25,069 | 10,055 |
| Social Islami Bank Limited | Khatungonj | Current | 112,744 | 108,472 |
| Sonali Bank Limited | Khatungonj | Current | 273,437 | 1,371,054 |
| South Bangla Agricultural Bank Limited | Agrabad | Current | 335 | 1,525 |

HODA VASI CHOWDHURY & CO. CHATTOGRAM

| | | | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|---|---|
| **Name of the Banks** | **Branch** | **A/C Type** | | |
| Southeast Bank Limited | Khatungonj | Current | 528,579 | 29,350 |
| Standard Bank Limited | Khatungonj | Current | 13,703 | 14,565 |
| State Bank of India | Agrabad | Current | 71,579 | 254,822 |
| The City Bank Limited | Khatungonj | Current | 1,204,177 | 616,597 |
| Trust Bank Limited | Ashulia | Current | 23,054 | - |
| Trust Bank Limited | CDA Avenue | Current | 209,608 | 8,391 |
| United Commercial Bank Limited | Khatungonj | Current | 724,077 | 9,719 |
| United Commercial Bank Limited | Gulshan | Current | 826,126 | 142,387 |
| United Commercial Bank Limited | Khatungonj | Escrow | 1,910,264 | - |
| Union Bank Limited | Khatungonj | Current | 25,853 | 83,605 |
| Uttara Bank Limited | Khatungonj | Current | 525,915 | 262,983 |
| **Sub-total** | | | **68,478,396** | **4,784,418** |
| AB Bank Limited | Khatungonj | SND | 529,110 | 524,856 |
| AB Bank Limited | Khatungonj | GBP | 15,000 | 15,000 |
| AB Bank Limited | Khatungonj | USD | 49,748 | 49,748 |
| AB Bank Limited | Khatungonj | SND | - | 22 |
| Mutual Trust Bank Limited | Khatungonj | SND | 4,478 | 4,478 |
| Southeast Bank Limited | Khatungonj | SND | 1,535,213 | 240,366,672 |
| Standard Chartered Bank Limited | Agrabad | SND | 920,165 | 925,141 |
| Standard Chartered Bank Limited | Agrabad | SND | 524,744 | - |
| **Sub-total** | | | **3,578,458** | **241,885,917** |
| **Total** | | | **72,056,854** | **246,670,335** |

**12.3 FDR Account - note 12**

| | | |
|---|---|---|
| **Name of the banks** | | |
| Dutch Bangla Bank Limited | 17,468,858 | - |
| Southeast Bank Limited | 26,297,552 | 14,220,688 |
| Trust Bank Limited | 31,801,852 | 21,497,746 |
| United Commercial Bank Ltd | 75,425,122 | 27,402,738 |
| **Total** | **150,993,384** | **63,121,172** |

## 13 SHARE CAPITAL

**Authorized**

| | | | |
|---|---|---|---|
| 1,000,000,000 | Ordinary Shares of Tk 10 each | **10,000,000,000** | **10,000,000,000** |

**Issued, subscribed and paid-up**

| | | | |
|---|---|---|---|
| | Paid-up in cash | | |
| 57,645,600 | Ordinary Shares of Tk 10 each | 576,456,000 | 576,456,000 |
| | For consideration other than cash | | |
| 12,354,400 | Ordinary Shares of Tk 10 each as exchange of land | 123,544,000 | 123,544,000 |
| 70,000,000 | | 700,000,000 | 700,000,000 |
| 70,332,500 | Ordinary Shares of Tk 10 each as Bonus Share | 703,325,000 | 547,400,000 |
| 187,110,000 | Ordinary Shares of Tk 10 each as Rights Share | 1,871,100,000 | 1,871,100,000 |
| **327,442,500** | **Ordinary Shares of Tk 10 each** | **3,274,425,000** | **3,118,500,000** |

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**13.1 Position of share holding**

| Shareholders | 30 June 2018 | | 30 June 2017 | |
|---|---|---|---|---|
| | Position of share holding (%) | Taka | Position of share holding (%) | Taka |
| Mr. Mohammed Jahangir Alam | 29.99 | 982,012,500 | 29.99 | 935,250,000 |
| Mr. Md. Abdur Rouf | 3.00 | 98,232,750 | 3.00 | 93,555,000 |
| Mr. Md. Alamgir Kabir | 4.81 | 157,542,000 | 4.81 | 150,040,000 |
| Mr. Md. Almas Shimul | 10.83 | 354,469,500 | 10.83 | 337,590,000 |
| Mr. Md. Ashrafuzzaman | 3.00 | 98,232,750 | 3.00 | 93,555,000 |
| Mr. Md. Abdul Ahad | 2.40 | 78,586,200 | 2.40 | 74,844,000 |
| Mr. Md. Azizul Haque Raju | 2.00 | 65,488,500 | 2.00 | 62,370,000 |
| General Shareholders | 43.97 | 1,439,860,800 | 43.97 | 1,371,296,000 |
| | **100.00** | **3,274,425,000** | **100.00** | **3,118,500,000** |

**13.2** The distribution schedule showing the number of shareholders and their shareholding percentage as on 30 June 2018 is as follows:

| Class by number of shares | 30 June 2018 | | | 30 June 2017 |
|---|---|---|---|---|
| | No. of Holders | No. of Shares | (%) of Holdings | (%) of Holdings |
| Less than 500 | 1,963 | 314,326 | 0.10 | 0.11 |
| 500-5,000 | 5,000 | 8,302,470 | 2.54 | 3.55 |
| 5,001-10,000 | 683 | 4,728,484 | 1.45 | 2.00 |
| 10,001-20,000 | 455 | 6,257,040 | 1.91 | 2.09 |
| 20,001-30,000 | 177 | 4,261,772 | 1.30 | 1.46 |
| 30,001-40,000 | 65 | 2,237,858 | 0.68 | 0.82 |
| 40,001-50,000 | 34 | 1,522,174 | 0.46 | 0.96 |
| 50,001-100,000 | 99 | 6,649,268 | 2.03 | 2.97 |
| 100,001-1,000,000 | 105 | 25,221,125 | 7.70 | 7.79 |
| Above 1,000,000 | 34 | 267,947,983 | 81.83 | 78.25 |
| | **8,615** | **327,442,500** | **100.00** | **100.00** |

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **14 LONG TERM LOAN** | | |
| Term Loan - note 14.1 | 4,229,136,712 | 1,781,307,605 |
| Syndication Term Loan - note 14.2 | 4,410,755,820 | - |
| | **8,639,892,532** | **1,781,307,605** |
| **14.1 Term Loan - note 14** | | |
| Agrani Bank Ltd | 503,868,152 | - |
| Eastern Bank Ltd | 35,275,689 | - |
| NCC Bank Ltd | 201,098,093 | - |
| Pubali Bank Ltd | 651,648,133 | 222,390,134 |
| State Bank of India | 42,354,529 | 26,656,826 |
| United Commercial Bank Ltd | 2,221,070,496 | 1,297,260,645 |
| Loan from Directors - note 14.5 | 573,821,620 | 235,000,000 |
| | **4,229,136,712** | **1,781,307,605** |
| **14.2 Syndication Term Loan - note 14** | | |
| AB Bank Ltd | 91,679,637 | - |
| Basic Bank Ltd | 258,996,473 | - |
| Jamuna Bank Ltd | 93,308,906 | - |
| Mercantile Bank Ltd | 93,383,653 | - |
| Midland Bank Ltd | 93,311,467 | - |
| One Bank Ltd | 91,975,118 | - |
| Pubali Bank Ltd | 180,295,371 | - |
| Southeast Bank Ltd | 69,983,600 | - |
| The City Bank Ltd | 69,983,600 | - |
| United Commercial Bank Ltd | 186,623,888 | - |
| ODDO BHF Aktiengesellschaft, Germany | 3,181,214,107 | - |
| | **4,410,755,820** | **-** |

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| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **14.3 Aging of Long Term Loan** | | |
| Due within one year | 280,862,291 | 60,340,400 |
| Due after one year | 8,359,030,241 | 1,720,967,205 |
| | **8,639,892,532** | **1,781,307,605** |

**14.4 Terms of Long Term Loan Facility**

**Agrani Bank Ltd.**

**Security:**

Post dated Cheques, Personal Guarantee of all Directors, Charge created with RJSC, Charge document and Corporate Guarantee of the Group.

**Rate of Interest:**

Interest Rate is 9.00% per annum and will be calculated on quarterly basis.

**Eastern Bank Ltd.**

**Security:**

Post dated Cheques, Personal Guarantee of all Directors, Charge created with RJSC, Charge document and Corporate Guarantee of the Group.

**Rate of Interest:**

Interest Rate is 12.50% per annum and will be calculated on quarterly basis.

**NCC Bank Ltd.**

**Security:**

Post dated Cheques, Personal Guarantee of all Directors, Charge created with RJSC, Charge document and Corporate Guarantee of the Group.

**Rate of Interest:**

Interest Rate is 12.00% per annum and will be calculated on quarterly basis.

**Pubali Bank Ltd**

**Security:**

Post dated cheques, Personal Guarantee of all Directors, Charge document and Corporate Guarantee of the Group.

**Rate of Interest:**

Interest rate is 11.00% per annum and will be calculated on quarterly basis.

**State Bank of India**

**Security:**

First Priority Fixed Floating Hypothecation Charge on the assets acquired out of bank finance to be created with RJSC and the vehicle will also be registered in the name of GPH Ispat Ltd. and hypothecated in favor of the bank with BRTA, Personal Guarantee of all Directors and Corporate Guarantee of Jahangir & Others Ltd.

**Rate of Interest:**

Interest rate is 9.00% per annum and will be calculated on quarterly basis.

**United Commercial Bank Ltd.**

**Security:**

Corporate Guarantee of GPH Power Generation Ltd. and personal Guarantee of all sponsor director of GPH Ispat Ltd.

**Rate of Interest:**

Interest rate is 11.50% per annum and will be calculated on quarterly basis.

**Syndication Term Loan**

**Name of the Bank**

AB Bank Ltd
Basic Bank Ltd
Jamuna Bank Ltd
Mercantile Bank Ltd
Midland Bank Ltd
One Bank Ltd
Pubali Bank Ltd
Southeast Bank Ltd
The City Bank Ltd
United Commercial Bank Ltd
ODDO BHF Aktiengesellschaft, Germany (Under ECA loan Adoption Agreement)

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**Security:**

Registered Mortgage Deed on 2,700 decimal land, post dated Cheque, Personal Guarantee of all Directors and Corporate Guarantee of the Group, Security Sharing Agreement and Fixed Floating assests.

**Rate of Interest:**

Interest rate is 11.00% per annum and will be calculated on quarterly basis.

**Rate of Interest (ODDO BHF Aktiengesellschaft, Germany)**

Interest rate is 2.05% + 6 months LIBOR per annum and will be calculated on quarterly basis.

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **14.5 Loan From Directors** | | |
| Mohammed Jahangir Alam | 273,525,125 | 95,000,000 |
| Md. Almas Shimul | 300,296,495 | 140,000,000 |
| | **573,821,620** | **235,000,000** |

## 15 FINANCE LEASE OBLIGATIONS

| | | |
|---|---|---|
| Due within one year | 25,931,192 | 22,001,232 |
| Due after one year | 75,413,042 | 101,164,102 |
| | **101,344,234** | **123,165,334** |

### 15.1 Pubali Bank Limited

| | Current Portion | Long term portion |
|---|---|---|
| Lease Financing Scheme # 26 | 3,200,503 | - |
| Lease Financing Scheme # 27 | 1,245,432 | - |
| Lease Financing Scheme # 29 | 807,302 | 1,600,650 |
| | **5,253,237** | **1,600,650** |

The Company has three separate lease agreements with Pubali Bank Ltd all of which are under Capital lease with following particulars:

i) Principal amount of finance: Tk. 35,599,300 - Repaid till 30 June 2018: Tk. 28,745,413.
ii) Repayment Term is 4.5 years

**Security :**

i) Post dated cheques
ii) Joint ownership of Lease Assets
iii) Charge documents
iv) Personal Guarantee of all Directors

### 15.2 United Commercial Bank Ltd

| | Current Portion | Long term Portion |
|---|---|---|
| HP # 160800002 | 555,772 | 1,121,126 |
| HP # 163080001 | 689,277 | 1,121,081 |
| HP # 163140001 | 513,679 | 832,639 |
| | **1,758,728** | **3,074,846** |

The Company has three separate lease agreements with United Commercial Bank Ltd all of which are under Capital lease with following particulars:

i) Principal amount of finance: Tk. 7,187,000 - Repaid till 30 June 2018: Tk. 2,353,426.
ii) Repayment Term is 4 years

**Security :**

i) Post dated cheques
ii) Joint ownership of Lease Assets
iii) Comprehensive insurance with SRCC
iv) Personal Guarantee of all Directors

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**15.3 Industrial and Infrastructure Development Finance Company Ltd**

| | Current Portion | Long term Portion |
|---|---|---|
| LF # 22442/2017 | 18,919,227 | 70,737,546 |
| | **18,919,227** | **70,737,546** |

i) Principal amount of finance: Tk. 100,000,000 - Repaid till 30 June 2018: Tk 10,343,227.
ii) Repayment Term is 4.5 years

**Security :**

i) Post dated cheques
ii) Joint ownership of Lease Assets
iii) Personal Guarantee of Directors

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **16 SHORT TERM BORROWINGS** | | |
| Loan against Trust Receipt (LTR) - note 16.1 | 647,847,786 | 643,996,032 |
| Time Loan - note 16.2 | 4,687,467,034 | 3,048,758,217 |
| Bank Overdraft and Cash Credit - note 16.3 | 1,919,176,476 | 1,278,668,877 |
| | **7,254,491,296** | **4,971,423,126** |
| **16.1 Loan against Trust Receipt (LTR) - note 16** | | |
| AB Bank Ltd | 25,446,924 | 28,885,277 |
| Islami Bank Bangladesh Ltd | 431,158,083 | 343,694,652 |
| Mercantile Bank Ltd | 71,116,290 | - |
| Pubali Bank Ltd | 1,024,426 | - |
| Trust Bank Ltd | 119,102,063 | 271,416,103 |
| | **647,847,786** | **643,996,032** |
| **16.2 Time Loan - note 16** | | |
| AB Bank Ltd | 342,674,168 | - |
| Bank Asia Ltd | 198,109,218 | 214,428,057 |
| Basic Bank Ltd | 51,377,834 | 26,042,569 |
| Dutch Bangla Bank Ltd | 220,172,131 | 288,343,052 |
| Eastern Bank Ltd | 255,015,052 | - |
| Meghna Bank Ltd | 87,321,031 | - |
| Mercantile Bank Ltd | 96,565,367 | - |
| Midland Bank Ltd | 174,700,346 | - |
| One Bank Ltd | 435,777,439 | 505,212,575 |
| Standard Chartered Bank | 636,168,076 | 793,696,149 |
| The City Bank Ltd | 570,935,011 | 547,505,795 |
| Trust Bank Ltd | 431,027,971 | 318,577,468 |
| United Commercial Bank Ltd | 410,964,433 | 354,952,552 |
| Non Funded Liabilities | 776,658,957 | - |
| | **4,687,467,034** | **3,048,758,217** |

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| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **16.3 Bank Overdraft and Cash Credit - note 16** | | |
| AB Bank Ltd | 22,173,226 | 28,773,194 |
| Bank Asia Ltd | 50,790,664 | 32,641,871 |
| Basic Bank Ltd | 43,779,501 | 38,267,880 |
| Eastern Bank Ltd | 45,513,397 | - |
| Meghna Bank Ltd | 51,273,537 | 46,671,852 |
| Mercantile Bank Ltd | 124,022,889 | 130,067,248 |
| Midland Bank Ltd | 153,875,463 | 127,835,948 |
| Modhumoti Bank Ltd | 379,964,889 | 110,294,451 |
| Premier Bank Ltd | 306,739,914 | 705,729 |
| Standard Chartered Bank | 145,997,110 | 97,744,895 |
| State Bank of India | 510,396,698 | 507,834,890 |
| The City Bank Ltd | 34,288,353 | 24,864,589 |
| Trust Bank Ltd | 34,892,664 | 86,895,671 |
| United Commercial Bank Ltd | 15,468,171 | 46,070,659 |
| | **1,919,176,476** | **1,278,668,877** |

**16.4 Terms of Short Term Borrowings**

**Security:**

Post dated cheques
Personal guarantee of all the sponsor directors
Pari-passu mortgage of land
Pari-passu 1st charge on floating assets

**Rate of Interest:**

Interest rate is ranging from 9.00% - 14.00% per annum and will be calculated on quarterly basis.

**17 CREDITORS AND ACCRUALS**

| | | |
|---|---|---|
| Revenue Expenses - note 17.1 | 85,310,887 | 75,909,094 |
| Other Finance - note 17.2 | 35,575,385 | 8,084,911 |
| Supplies | 98,848,784 | 46,107,557 |
| GPH Power Generation Ltd. | 292,099,522 | 464,111,462 |
| Advance Against Sales | 267,824,174 | 10,537,446 |
| Workers' Profit Participation & Welfare Fund - note 17.3 | 61,928,607 | 40,095,644 |
| | **841,587,359** | **644,846,114** |

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| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **17.1 Revenue Expenses - note 17** | | |
| Salary Payable | 21,606,700 | 17,362,000 |
| Audit Fee Payable | 270,000 | 270,000 |
| Utility Bill Payable | 30,580,000 | 30,535,000 |
| Provident Fund - note 17.1.1 | 852,502 | 664,817 |
| Defined benefit obligations (Gratuity) - note 17.1.2 | 31,176,685 | 26,402,277 |
| Directors' Remuneration Payable | 825,000 | 675,000 |
| | **85,310,887** | **75,909,094** |
| **17.1.1 Provident Fund - note 17.1** | | |
| Opening Balance | 664,817 | 1,134,137 |
| Add: Addition during the year | 7,439,164 | 5,867,688 |
| | 8,103,981 | 7,001,825 |
| Less: Paid during the year | (7,251,479) | (6,337,008) |
| Closing balance | **852,502** | **664,817** |
| **17.1.2 Defined Benefit Obligation (Gratuity) - note 17.1** | | |
| Opening Balance | 26,402,277 | 18,224,137 |
| Add: Provision made during the year | 5,179,208 | 9,056,575 |
| | 31,581,485 | 27,280,712 |
| Less: Paid during the year | (404,800) | (878,435) |
| Closing balance | **31,176,685** | **26,402,277** |
| **17.2 Other finance - note 17** | | |
| AIT Payable | 3,695,594 | 1,473,749 |
| VAT Deducted at Source | 4,971,363 | 2,878,250 |
| Unpaid Refund Warrant | 453,670 | 453,670 |
| Unpaid Dividend | 26,454,758 | 3,279,242 |
| | **35,575,385** | **8,084,911** |
| **17.3 Workers' Profit Participation & Welfare Fund - note 17** | | |
| Opening Balance | 40,095,644 | 25,628,176 |
| Add: Addition during the year @ 5% | 44,152,871 | 40,095,644 |
| | 84,248,515 | 65,723,820 |
| Less: Paid during the year | (22,319,908) | (25,628,176) |
| Closing balance | **61,928,607** | **40,095,644** |
| **18 PROVISION FOR INCOME TAX** | | |
| Provision for Income Tax - note 18.1 | 173,897,307 | 183,382,931 |
| Deferred Tax Liabilities - note 18.2 | 154,094,265 | 126,478,102 |
| | **327,991,572** | **309,861,033** |
| **18.1 Provision for Current Tax - note 18** | | |
| Opening Balance | 183,382,931 | 111,031,009 |
| Add: Provision made during the year - note 18.1.2 | 167,700,951 | 179,191,873 |
| | 351,083,882 | 290,222,882 |
| Less: Adjusted during the year - note 18.1.1 | (177,186,575) | (106,839,951) |
| Closing balance | **173,897,307** | **183,382,931** |

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**18.1.1 Year wise income tax assessment status is as follows:**

| Accounting Year | Assessment Year | Provided during the year | Adjusted during the year | Balance | Remarks |
|---|---|---|---|---|---|
| Prior to 2009-2010 | | - | - | - | Assessment completed |
| 2010-2011 | 2011-2012 | 18,735,287 | - | 18,735,287 | Assessment completed |
| 2011-2012 | 2012-2013 | 37,969,548 | (23,121,403) | 33,583,432 | Assessment completed |
| 2012-2013 | 2013-2014 | 46,283,045 | (34,034,387) | 45,832,090 | Assessment completed |
| 2013-2014 | 2014-2015 | 89,422,793 | (43,786,141) | 91,468,742 | Assessment completed |
| 2014-2015 | 2015-2016 | 89,002,983 | (88,554,393) | 91,917,332 | Assessment in Appeal (First) |
| 2015-2016 | 2016-2017 | 108,336,506 | (89,222,829) | 111,031,009 | Assessment in Appeal (First) |
| 2016-2017 | 2017-2018 | 179,191,873 | (106,839,951) | 183,382,931 | Return submitted |
| 2017-2018 | 2018-2019 | 167,700,951 | (177,186,575) | 173,897,307 | Return to be submitted |

| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| **18.1.2 Provision for Income Tax during the year - note 18.1** | | |
| **Profit before tax** | 838,904,539 | 761,817,234 |
| **Items for separate consideration** | | |
| Dividend Income | (1,775,096) | (3,747,488) |
| Other Non-operating income | (171,630,019) | (197,180,254) |
| | (173,405,115) | (200,927,742) |
| | 665,499,424 | 560,889,492 |
| **Add: Other Inadmissible Allowances** | | |
| Accounting Depreciation | 112,042,984 | 100,945,724 |
| Amortization | 195,044 | 162,000 |
| Gratuity | 4,774,408 | 8,178,140 |
| | 117,012,436 | 109,285,864 |
| | **782,511,860** | **670,175,356** |
| Tax depreciation u/s 29 (1) (viii) of the ITO, | (282,021,375) | (151,763,617) |
| | 500,490,485 | 518,411,739 |
| 50% of Export Sales Income - as per Para: 28 of 6th Schedule (Part: A) of ITO 1984 | (2,736,779) | (1,822,493) |
| **Taxable Income from Operation** | **497,753,706** | **516,589,246** |
| Tax on Other Non-Operating Income | 42,907,505 | 49,295,064 |
| Tax on Dividend Income | 355,019 | 749,498 |
| Tax on Operational Income | 124,438,427 | 129,147,311 |
| **Tax on Total Taxable Income** | **167,700,951** | **179,191,873** |

**18.2 Deferred Tax Liability - note 18**

| | Carrying amount | Tax base | Temporary difference |
|---|---|---|---|
| | Taka | Taka | Taka |
| **a) As at 30 June 2018** | | | |
| Property, Plant and Equipment | 2,097,145,035 | 1,450,755,719 | 646,389,316 |
| Intangible Asset | 1,164,431 | - | 1,164,431 |
| Provision for Gratuity | (31,176,685) | - | (31,176,685) |
| Net Taxable Temporary Difference | 2,067,132,781 | 1,450,755,719 | 616,377,062 |
| Applicable Tax Rate | | | 25% |
| **Deferred Tax Liability** | | | **154,094,265** |
| **As at 01 July 2017** | | | 126,478,102 |
| **Increase/(Decrease) in Deferred Tax Liability** | | | **27,616,163** |

| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| **19 REVENUE** | | |
| **Local Sales** | | |
| M.S. Rod | 9,744,261,210 | 7,844,921,699 |
| M.S. Billet | - | 110,400 |
| Cut Pieces | 6,925,850 | 9,741,750 |
| Miss Roll and Ovel | 63,692,720 | 45,005,001 |
| | **9,814,879,780** | **7,899,778,850** |
| **Export Sales** | | |
| M.S. Rod | 108,526,226 | 55,937,140 |
| | **108,526,226** | **55,937,140** |
| **Total Gross Revenue** | **9,923,406,006** | **7,955,715,990** |
| **20 COST OF GOODS SOLD** | | |
| **Opening Finished Goods** | | |
| M.S. Rod | 921,234,173 | 630,167,401 |
| M.S. Billet | 269,255,593 | 232,982,012 |
| | **1,190,489,766** | **863,149,413** |
| **Add: Cost of Production - note 20.1** | 8,515,945,556 | 6,793,186,055 |
| | **9,706,435,322** | **7,656,335,468** |
| **Less: Closing Finished Goods** | | |
| M.S. Rod - note 10.1 | 1,259,881,852 | 921,234,173 |
| M.S. Billet - note 10.1 | 234,996,891 | 269,255,593 |
| | **1,494,878,743** | **1,190,489,766** |
| | **8,211,556,579** | **6,465,845,702** |
| **20.1 Cost of Production - note 20** | | |
| **Opening Stock:** | | |
| Raw Material | 1,045,328,690 | 2,051,325,205 |
| Spare and Other | 218,778,006 | 149,011,364 |
| | **1,264,106,696** | **2,200,336,569** |
| **Add: Purchase** | | |
| Raw Material | 7,151,689,098 | 4,566,898,565 |
| Spare and Other | 348,911,823 | 243,951,284 |
| | **7,500,600,921** | **4,810,849,849** |
| **Less Closing Stock of** | | |
| Raw Material - note 10.2 | 1,023,133,141 | 1,045,328,690 |
| Spare and other materials - note 10.3 | 344,773,302 | 218,778,006 |
| | **1,367,906,443** | **1,264,106,696** |
| **Raw and Other Materials Consumed** | **7,396,801,174** | **5,747,079,722** |
| Add: Factory overhead - note 20.2 | 1,119,144,382 | 1,046,106,333 |
| **Cost of Production** | **8,515,945,556** | **6,793,186,055** |

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| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| **20.2 FACTORY OVERHEAD** | | |
| Salaries, Wages and Allowances | 185,915,529 | 166,031,497 |
| Overtime | 18,995,040 | 15,241,673 |
| Bonus | 7,717,753 | 7,551,593 |
| Electricity Bill | 645,015,744 | 620,130,825 |
| Gas Bill | 38,562,587 | 33,209,909 |
| Daily Labour Bill | 22,944,894 | 20,844,344 |
| Carriage Inward | 4,867,778 | 4,583,931 |
| Fuel, Oil and Lubricant | 35,279,580 | 30,535,100 |
| Depreciation - note 4.2 | 100,838,686 | 90,851,152 |
| Repair and Maintenance | 7,636,541 | 7,970,628 |
| Testing Expenses | 944,573 | 525,388 |
| Oxygen and LP Gas Charges | 17,529,539 | 13,411,542 |
| Loading and Unloading Expenses | 4,481,792 | 9,326,681 |
| Factory Canteen | 8,530,101 | 7,401,324 |
| Staff Uniform | 1,613,314 | 1,503,005 |
| Vehicle Fuel and Maintenance | 14,807,918 | 14,358,214 |
| Medical Expenses | 1,438,445 | 603,369 |
| Internet Expenses | 6,481 | 8,760 |
| Insurance | 2,018,087 | 2,017,398 |
| | **1,119,144,382** | **1,046,106,333** |
| **21 ADMINISTRATIVE EXPENSES** | | |
| Directors' Remuneration | 15,470,000 | 14,320,000 |
| Salary and Allowances | 83,442,767 | 63,461,163 |
| Entertainment | 2,799,838 | 2,926,761 |
| Office Maintenance | 2,129,308 | 2,054,904 |
| Mobile, Telephone and Internet Charges | 3,083,566 | 2,443,707 |
| Office Rent | 4,702,375 | 4,110,000 |
| Newspaper and Periodicals | 19,650 | 21,599 |
| Postage and Stamps | 305,727 | 236,317 |
| Stationery and Printing Charges | 2,542,775 | 1,966,802 |
| Vehicle Expenses | 5,711,725 | 4,823,699 |
| Travelling and Conveyance | 4,125,988 | 2,769,213 |
| Audit Fee | 345,000 | 345,000 |
| Fees and Renewal | 2,029,993 | 1,872,238 |
| Legal and Professional Fee | 603,000 | 262,500 |
| Bonus | 8,390,890 | 6,216,605 |
| Miscellaneous Expenses | 1,405,125 | 1,344,071 |
| Electricity and Other Utility Expenses | 1,668,442 | 1,848,136 |
| Training Fee | 286,959 | 209,440 |
| Board Meeting Expense | 305,650 | 350,536 |
| Depreciation - note 4.2 | 5,602,149 | 5,047,286 |
| Amortization of Software - note 6 | 195,044 | 162,000 |
| Recruitment Expenses | 121,008 | 133,620 |
| Share Management Expenses | 2,840,703 | 2,601,765 |
| BIS Certificate Expenses | 150,654 | 151,903 |

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| | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|
| | Taka | Taka |
| General Meeting Expenses | 563,299 | 664,194 |
| Software & Data Connectivity Expenses | 741,432 | 637,720 |
| Rent, Rate & Taxes | 95,100 | 233,898 |
| BO Account Expenses | 900 | 3,889 |
| Right Share Issue Expenses | - | 1,128,908 |
| Group Insurance Premium | 955,319 | 732,142 |
| Corporate Social Responsibility | - | 4,800,000 |
| | **150,634,386** | **127,880,015** |

## 22 SELLING AND DISTRIBUTION EXPENSES

| | | |
|---|---|---|
| Advertisement Expenses | 40,951,083 | 25,950,612 |
| Carriage Outward | 101,545,852 | 92,877,005 |
| Travelling and Conveyance | 7,361,003 | 5,665,047 |
| Commission on Sales | 9,321,000 | 9,291,000 |
| Promotional Expenses | 9,772,648 | 11,482,701 |
| Depreciation - note 4.2 | 5,602,149 | 5,047,286 |
| Marketing Collection Expenses | 894,146 | 470,797 |
| Export Expenses | 42,600 | 119,469 |
| Sales LC Expenses | 59,000 | 93,659 |
| Postage and Stamps | 93,658 | 77,485 |
| | **175,643,139** | **151,075,061** |

## 23 FINANCIAL EXPENSES

| | | |
|---|---|---|
| Finance Costs | 520,612,847 | 480,035,454 |
| Bank Charge | 7,150,660 | 4,135,450 |
| Loan Processing Fee | 11,456,699 | 2,520,087 |
| Exchange (Gain)/Loss | 27,394,515 | 7,089,133 |
| | **566,614,721** | **493,780,124** |

## 24 NON OPERATING INCOME

| | | |
|---|---|---|
| Interest Earned from FDR | 125,684,447 | 136,442,348 |
| Interest Income from SND Account | 6,953,930 | 31,576,321 |
| Interest Income from Arbee Textiles Ltd. | 32,760,304 | 28,718,860 |
| Dividend Income | 1,775,096 | 3,747,488 |
| Miscellaneous Income for Good Borrower Incentive | 6,129,000 | - |
| Gain/(Loss) on Disposal of Long Term Asset- note 24.1 | 102,338 | 442,725 |
| | **173,405,115** | **200,927,742** |

**24.1** Gain/(Loss) on Disposal of Long Term Asset- note 24

| | | |
|---|---|---|
| Sales Value | 530,000 | 1,045,000 |
| Add : Accumulated Depreciation | 530,338 | 1,024,025 |
| | 1,060,338 | 2,069,025 |
| Less : Purchase value | 958,000 | 1,626,300 |
| | **102,338** | **442,725** |

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| | 30 June 2018<br>Taka | 30 June 2017<br>Taka |
|---|---|---|
| **25 NET ASSETS VALUE PER SHARE** | | |
| The computation of NAV Per Share is given below: | | |
| Total Assets | 22,694,244,413 | 12,866,206,824 |
| Less: Liabilities | 17,165,306,993 | 7,830,603,212 |
| Net Assets Value (NAV) | **5,528,937,420** | **5,035,603,612** |
| Number of ordinary shares outstanding during the year | 327,442,500 | 311,850,000 |
| **Net Assets Value (NAV) Per Share** | **16.89** | **16.15** |
| **26 EARNING PER SHARE (EPS)** | | |
| The Composition of Earnings Per Share (EPS) is given below : | | |
| a) Profit Attributed to Ordinary Shareholders during the year | 643,587,425 | 571,303,361 |
| b) Number of Ordinary Shares at the year end | 327,442,500 | 311,850,000 |

| | 01 July 2017 to 30 June 2018<br>Taka | 01 July 2016 to 30 June 2017<br>Taka |
|---|---|---|
| Attributable Profit | 643,587,425 | 571,303,361 |
| Number of Share Outstanding During the year | 327,442,500 | 311,850,000 |
| **Basic EPS*** | **1.97** | **1.83** |

*EPS for the year ended 30 June 2018 has been calculated based on the total number of ordinary shares in accordance with para 26, 27 of BAS 33.

**DILUTED EPS**

No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.

| | | |
|---|---|---|
| **27 OPERATING CASH FLOW PER SHARE** | | |
| The composition of operating cash inflow/outflow value per share is given below: | | |
| a) Operating cash inflow/(outflow) during the year | 365,484,140 | 1,193,038,078 |
| b) Number of Ordinary Shares Outstanding during the year | 327,442,500 | 311,850,000 |
| | **1.12** | **3.83** |
| **28 NUMBER OF EMPLOYEES - Para 3 of Schedule XI, Part II** | | |
| Employees drawing salary above Tk 3,000 per month | 965 | 870 |
| Employees drawing salary below Tk 3,000 per month | - | - |
| | **965** | **870** |

| **29 CAPACITY AND PRODUCTION** | M. Ton<br>12 Months | M. Ton<br>12 Months |
|---|---|---|
| Production Capacity | 288,000 | 288,000 |
| Actual Production * | 238,230 | 245,132 |
| Capacity Utilization (%) | 82.72 | 85.12 |
| **Production Capacity (In M. Ton)** | | |
| MS Billet | 168,000 | 168,000 |
| MS Rod | 120,000 | 120,000 |
| | **288,000** | **288,000** |
| **Actual Production (In M. Ton)** | | |
| MS Billet | 122,938 | 124,727 |
| MS Rod | 115,292 | 120,405 |
| | **238,230** | **245,132** |

* In addition to above 51,755.11 M.T tradeable finished goods were purchased from third party manufacturers to meet the customers demand.

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## 30 RELATED PARTY TRANSACTIONS

During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

| Sl. No | Name of the Party | Relation | Nature of Transactions | Outstanding as on 30 June 2018 | Outstanding as on 30 June 2017 |
|---|---|---|---|---|---|
| 1 | GPH Power Generation Ltd | Common Directorship | Supply of power at a flat rate | (292,099,522) | (464,111,462) |
| 2 | Jahangir and Other Ltd | Common Directorship | Head office rent | (44,036) | (287,885) |
| 3 | GPH Steels Ltd | Common Directorship | Investment in equity shares | 1,000,000 | 1,000,000 |
| 4 | Asia Insurance Ltd | Common Directorship | Insurance policy against Letter of Credit | (98,041) | (305,793) |
| 5 | Arbee Textiles Ltd | Common Directorship | Payment against interest bearing loan | 291,142,158 | 255,560,476 |
| 6 | LIPD Industries Ltd | Common Directorship | Advance | 185,500 | 185,500 |

## 31 DIRECTORS' REMUNERATION

| Name | Designation | Monthly Remuneration | No. of Month | 01 July 2017 to 30 June 2018 | 01 July 2016 to 30 June 2017 |
|---|---|---|---|---|---|
| | | | | Taka | Taka |
| Mr. Mohammed Jahangir Alam | Managing Director | 350,000 | 12 | 4,200,000 | 4,200,000 |
| Mr. Md. Almas Shimul | Director | 625,000 | 12 | 7,500,000 | 7,225,000 |
| Mr. Md. Ashrafuzzaman | Director | 180,000 | 10 | 1,800,000 | 2,160,000 |
| | | 230,000 | 2 | 460,000 | |
| Mr. Md. Abdul Ahad | Director | 105,000 | 10 | 1,050,000 | 735,000 |
| | | 230,000 | 2 | 460,000 | |
| **Total** | | | | **15,470,000** | **14,320,000** |

Managing Director and Mr. Md. Almas Shimul, Director are provided with transport facilities along with their remuneration.

## 32 ATTENDANCE STATUS OF BOARD MEETING OF DIRECTORS

During the year ended 30 June 2018, there were 4 (Four) Board meetings held. The attendance status of all the meetings are as follows:

| Sl. | Name of the Directors | Position | Meeting held | Attendance |
|---|---|---|---|---|
| 1 | Mr. Md. Alamgir Kabir | Chairman | 4 | 4 |
| 2 | Mr. Mohammed Jahangir Alam | Managing Director | 4 | 4 |
| 3 | Mr. Md. Almas Shimul | Director | 4 | 4 |
| 4 | Mr. Md. Abdur Rouf | Director | 4 | 3 |
| 5 | Mr. Md. Ashrafuzzaman | Director | 4 | 4 |
| 6 | Mr. Md. Abdul Ahad | Director | 4 | 3 |
| 7 | Mr. Md. Azizul Haque | Director | 4 | 4 |
| 8 | Professor Dr. Mohammad Saleh Jahur | Independent Director | 4 | 4 |
| 9 | Mr. Velayet Hossain | Independent Director | 4 | 4 |

## 33 AUDITOR'S REMUNERATION - Para 6 of Schedule XI, Part II - note 21

| | | |
|---|---|---|
| Statutory Audit Fee - Hoda Vasi Chowdhury & Co | 300,000 | 300,000 |
| | **300,000** | **300,000** |

## 34 EVENT AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on 27.10.2018 recommended 10% **stock** dividend for the year ended **30 June 2018** which is subject to approval by the shareholders in the Annual General Meeting.

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| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| **35 CONTINGENT LIABILITIES AND COMMITMENTS** | | |
| **35.1 Contingent Liabilities** | | |
| Bank guarantee | 2,315,500 | 2,315,500 |
| L/C liabilities | 3,193,410,183 | 1,054,319,103 |
| | **3,195,725,683** | **1,056,634,603** |
| Contingent liabilities at the reporting date are as follows: | | |
| **35.1.1 Bank Guarantee** | | |
| AB Bank Limited | 535,500 | 535,500 |
| Southeast Bank Limited | 1,000,000 | 1,000,000 |
| State Bank of India | 780,000 | 780,000 |
| | **2,315,500** | **2,315,500** |
| **35.1.2 L/C, LCA Liabilities** | | |
| AB Bank Limited | 127,455,984 | 195,682,312 |
| Dutch Bangla Bank Limited | 311,683,736 | - |
| Mercantile Bank Limited | 207,267,749 | 73,478,017 |
| One Bank Limited | 238,179,168 | - |
| Pubali Bank Limited | 137,645,812 | 171,664,251 |
| Southeast Bank Limited | 270,589,885 | 43,092,143 |
| Standard Chartered Bank Limited | 79,797,332 | 5,721,194 |
| The City Bank Limited | 230,263,176 | 38,943,375 |
| Trust Bank Limited | 513,682,461 | 375,391,988 |
| United Commercial Bank Limited | 1,076,844,880 | 150,345,823 |
| | **3,193,410,183** | **1,054,319,103** |

There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the end of the reporting period. There was no unprovided committed expenditure as at 30 June 2018.

## 36 FINANCIAL RISK MANAGEMENT

Bangladesh Financial Reporting Standard (BFRS) 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk 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 limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and its management of capital. The company has exposure to the following risks from its use of financial instruments.

### 36.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from distributors, institutional and export customers etc.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of steels (MS Rod and allied products).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

**a) 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:

| | 30 June 2018 Taka | 30 June 2017 Taka |
|---|---|---|
| Trade Receivable-Local customer | 1,633,664,201 | 1,799,922,366 |
| Advance, Deposit and Prepayments | 1,993,941,113 | 1,110,464,916 |
| Cash and Cash Equivalents | 224,349,184 | 311,332,457 |
| | **3,851,954,498** | **3,221,719,739** |

**b) Ageing of Receivables**

| | | |
|---|---|---|
| Dues up to 6 months | 1,558,307,976 | 1,712,937,571 |
| Dues over 6 months | 75,356,225 | 86,984,795 |
| | **1,633,664,201** | **1,799,922,366** |

**c) Credit Exposure by Credit Rating**

| | 30 June 2018 | | |
|---|---|---|---|
| | **Credit Rating** | **Amount** | **%** |
| Trade Receivable | NR | 1,633,664,201 | 42.41 |
| Advance, Deposit and Prepayments | NR | 1,993,941,113 | 51.76 |
| Cash and Cash Equivalents: | | | |
| Cash in Hand | NR | 1,298,946 | 0.03 |
| Cash at Bank | | 223,050,238 | 5.79 |
| AB Bank Limited | AA3 | 692,483 | 0.02 |
| Agrani Bank Limited | AAA | 39,490 | 0.00 |
| Al-Arafah Islami Bank Limited | A1 | 278,794 | 0.01 |
| Bangladesh Development Bank Ltd | AAA | 3,301 | 0.00 |
| Bank Al Falah Limited | AA2 | 17,592 | 0.00 |
| Bank Asia Limited | A3 | 705,998 | 0.02 |
| BASIC Bank Limited | AA2 | 4,481,873 | 0.12 |
| BRAC Bank Limited | AA3 | 25,872 | 0.00 |
| Dhaka Bank Limited | AA3 | 51,026,910 | 1.32 |
| Dutch Bangla Bank Limited | AA2 | 17,619,392 | 0.46 |
| Eastern Bank Limited | AA+ | 10,528 | 0.00 |
| EXIM Bank Limited | AA | 25,628 | 0.00 |
| First Security Islami Bank Limited | A+ | 3,943 | 0.00 |
| HSBC | AAA | 2,970 | 0.00 |
| IFIC Bank Limited | AA3 | 9,937 | 0.00 |
| Islami Bank Bangladesh Limited | AA+ | 31,577 | 0.00 |
| Jamuna Bank Limited | A1 | 762,555 | 0.02 |
| Janata Bank Limited | AAA | 23,013 | 0.00 |
| Meghna Bank Limited | A | 67,426 | 0.00 |
| Midland Bank Limited | A | 2,210 | 0.00 |
| Modhumoti Bank Limited | A3 | 1,086,005 | 0.03 |
| Mutual Trust Bank Limited | AA | 2,209,869 | 0.06 |
| National Bank Limited | AA2 | 34,627 | 0.00 |
| NCC Bank Limited | A1 | 620,866 | 0.02 |
| NRB Commercial Bank Limited | A | 9,360 | 0.00 |
| One Bank Limited | AA3 | 220,004 | 0.01 |
| Premier Bank Limited | AA+ | 17,168 | 0.00 |
| Prime Bank Limited | AA | 41,679 | 0.00 |
| Shahjalal Islami Bank Limited | AA3 | 25,069 | 0.00 |
| Social Islami Bank Limited | AA | 112,744 | 0.00 |
| Sonali Bank Limited | AAA | 273,437 | 0.01 |
| South Bangla Agricultural Bank Limited | BBB1 | 335 | 0.00 |
| Southeast Bank Limited | AA | 28,361,344 | 0.74 |
| Standard Bank Limited | A1 | 13,703 | 0.00 |
| State Bank of India | AAA | 71,579 | 0.00 |
| Standard Chartered Bank Limited | AAA | 1,444,909 | 0.04 |
| The City Bank Limited | A1 | 1,204,177 | 0.03 |
| Trust Bank Limited | A3 | 32,034,514 | 0.83 |
| United Commercial Bank Limited | AA | 78,885,589 | 2.05 |
| Union Bank Limited | A+ | 25,853 | 0.00 |
| Uttara Bank Limited | A1 | 525,915 | 0.01 |

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### 36.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) 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. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities:

| Category of Liabilities | Carrying Amount<br>Taka | Maturity year | Nominal Interest Rate | Contractual Cash Flows<br>Taka | Within 6 months or less<br>Taka | Within 6-12 months<br>Taka |
|---|---|---|---|---|---|---|
| Creditors and Accruals | 841,587,359 | December 2018 | - | 841,587,359 | 841,587,359 | - |
| Short Term Borrowings | 7,254,491,296 | December 2018 | 9.00-14.00% | 7,254,491,296 | 7,254,491,296 | - |
| Current portion of Finance Lease Obligations | 25,931,192 | June 2019 | 13.00-16.50% | 25,931,192 | 12,965,596 | 12,965,596 |
| Current portion of Long Term Loan | 280,862,291 | June 2019 | 9.00-12.50% | 280,862,291 | 140,431,146 | 140,431,145 |
| | **8,402,872,138** | | | **8,402,872,138** | **8,249,475,397** | **153,396,741** |

### 36.3 Market Risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

**a) Currency risk**

The company is exposed to currency risk on certain revenues and purchases such as melting scrap, chemical and acquisition of equipment. Majority of the company's foreign currency transactions are denominated in USD.

**(i) Exposure to currency risk**

The company does not have any foreign currency asset or liability at the year end for which an exchange gain/(loss) may arise at the time of settlement. Hence, it does not have a significant exposure to currency risk.

The following significant exchange rates are applied at the year end:

| | 30 June 2018<br>Taka | 30 June 2017<br>Taka |
|---|---|---|
| Exchange Rate of US Dollar | 83.75 | 79.05 |

**(ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures**

There being no current risk exposure, sensitivity analysis has not been presented.

**b) Interest rate risk**

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. Short term bank borrowings are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**(i) Profile**

As at 30 June 2018, the interest rate risk profile of the company's interest bearing financial instruments was:

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| | Carrying Amount 30 June 2018 |
|---|---|
| **Fixed Rate Instrument** | |
| Financial Asset | 2,037,018,420 |
| Financial Liability | 15,995,728,062 |
| **Variable Rate Instrument** | |
| Financial Asset | Nil |
| Financial Liability | Nil |

**(ii) Cash flow sensitivity analysis for variable rate instruments**

There being no variable rate instruments, sensitivity analysis has not presented.

**36.4 Accounting Classification and Fair Value**

Fair value of financial assets and liabilities together with carrying amount shown in the statement of financial position are as follows:

| | Carrying amount Taka | Fair value Taka |
|---|---|---|
| **Assets carried at fair value through profit and loss** | 81,220,359 | 81,220,359 |
| **Held to maturity assets** | | |
| FDR with Banks | 2,037,018,420 | 2,037,018,420 |
| **Loans on Receivables** | | |
| Trade Receivables | 1,633,664,201 | 1,633,664,201 |
| Security Deposit | 54,028,647 | 54,028,647 |
| Cash and Cash Equivalents | 224,349,184 | 224,349,184 |
| **Available for sale financial assets** | Nil | Nil |
| **Liabilities carried at fair value through profit and loss** | | |
| **Liabilities carried at amortized cost** | | |
| Accounts and other payables | Nil | Nil |
| Short term bank borrowing | 7,254,491,296 | N/A |
| Current portion of long term borrowing | 280,862,291 | N/A |

* As per the requirements of BFRS 7 (ref: Para 29), determination of fair value is not required for instruments for which fair value is not likely to be significantly different from the carrying amounts.

## 37 AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the company on 27.10.2018

## 38 GENERAL

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

**38.2** Figure in bracket denotes negative.

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 27.10.2018
and were signed on its behalf by:

Company Secretary | Director | Managing Director