

Annual Report  
2012-2013



**GPH ispat ltd.**  
COMMITTED TO STRENGTH



# Annual Report 2012-2013



**GPH ispat ltd.**  
COMMITTED TO STRENGTH

**Registered Office:**

Crown Chamber, 325 Asadgonj, Chittagong  
Phone : 031-631460 (PABX), 031-2854997  
Fax : 880-31-610995  
Email : [info@gphispal.com.bd](mailto:info@gphispal.com.bd)

**Dhaka Office:**

Hamid Tower, 3rd Floor, 24 Gulshan C/A  
Circle-2, Dhaka 1212  
Phone : 02-9840177, Fax : 02-9880366  
Email : [salesdhk@gphispal.com.bd](mailto:salesdhk@gphispal.com.bd)

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# GOD FEARING PLAIN LIVING HIGH THINKING

**"In the beginning  
God Created man"**

and after thousand years of intelligence, precision, hard work and innovation, man created steel - one of the greatest innovations of all time. This super-strong carbonized and alloyed form of Iron is an element without which modern life is literally unimaginable. From skyscrapers and planes to syringes and forks, steel is an essential part of our everyday life.

## **GPH Ispat Ltd.**

one of the leaders of Bangladesh in manufacturing steel, promises a super strong future and economy with its world class products. Not only structural bar, but GPH Ispat Ltd is also one of the producers of low & medium carbon and low alloy steel billets in Bangladesh, the main Ingredients of manufacturing graded steel bar. As GPH is ensuring the highest quality products in Bangladesh as per various international and national standards, GPH steel billets and bars are getting exported to other countries after nourishing national demand. The introduction of GPH Ispat Ltd has all the potentials to take Bangladesh quite a few steps forward to a stronger, brighter tomorrow.



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## Transmittal Letter

October 10, 2013

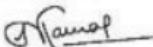
The Valued Shareholders of GPH Ispat Ltd  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Sub: Annual Report for the year ended April 30, 2013**

Dear Sir(s)

We are pleased to enclose the notice of 7th Annual General Meeting, a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at April 30, 2013, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended April 30, 2013 along with notes thereon of GPH Ispat Ltd for your kind information & record.

Yours sincerely



(Arifat Kamal, ACA)  
Company Secretary



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## Vision

"to enrich the steel sector of Bangladesh as a beacon of light for others and to help the country in upcoming infrastructural development with upgraded technologies."

## Mission

"to provide customers with excellent services and products resulting in constant improvement and innovation at the highest level of quality."



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## Our Values

We are committed to provide enjoyable work environment for our employees, our most important resources. We will continually promote teamwork, quality improvement and excellence in all phases of business for establishing good governance.

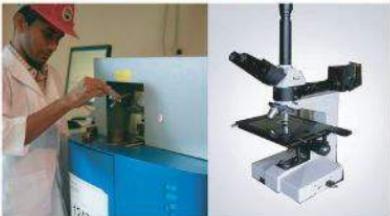
We will maintain a financially strong, growth-oriented company for the protection of our shareholders & employees through leadership & innovation.

We will provide products and services of highest quality and value by responding to our customers with promptness, sensitivity, respect & always with integrity.

We meet the challenges of Earthquake with our quality products in strong infrastructure development to secure the safety of country people.

We enrich stakeholders' interest where employees are our strength and customers are our Brand ambassador.

We ensure that our production process is free from environmental pollution.



## Notice of the 7th Annual General Meeting



### GPH ispat Ltd.

**Corporate Office:**  
Crown Chamber, 323 Asadgonj,  
Chittagong-8000 Bangladesh.  
Phone: +880-31-431462  
FAX: +880-31-438497  
Fax: +880-31-419955  
E-mail: info@gphi.com.bd

**Branch Office:**  
Habib Tower, 1st Floor  
246 Gulshan-e-Iqbal  
Circle 2, Dhaka 1212.  
Phone: +88-02-98401111  
Fax: +88-02-9833356  
E-mail: gphi@gphi.com.bd  
[www.gphi.com.bd](http://www.gphi.com.bd)

Notice is hereby given that the 7th ANNUAL GENERAL MEETING of the shareholders of GPH Ispat Limited will be held on Monday the 4th November, 2013 at 11.00 am at the GPH Ispat Ltd Factory premises, Kumira, Sitakunda, Chittagong to transact the following business:

**Agenda-1 :** To receive, consider and adopt the Audited Financial Statements of the company for the year ended April 30, 2013 together with the Auditors' Report & Directors' Report thereon.

**Agenda-2 :** To approve dividend for the year ended April 30, 2013

**Agenda-3 :** To elect Directors in terms of the relevant provision of Articles of Association.

**Agenda-4 :** To appoint Auditors and to fix their remuneration.

**Agenda-5 :** To Approve appointment of Independent Director.

By order of the Board

Dated: October 10, 2013

(Arafat Kamal, ACA)  
Company Secretary

#### Notes:

The shareholders, whose name appears in the Share Register of the company or in the Depository Register on the record date (12th September, 2013) will be entitled to attend the Annual General Meeting and to receive the Dividend.

A Shareholder entitled to attend & vote at the meeting may appoint a proxy to attend & vote in his/her stead. The Proxy Form duly stamped must be deposited to the Company's registered office, Crown Chamber, 325 Asadgonj, Chittagong not later than 48 hours before the time fixed for the meeting.

## Corporate Information

**Company Name** : **GPH Ispat Limited**  
**Company Registration No** : **CH-5853 of 2006**

**Legal Form:** The Company was incorporated in Bangladesh as a Private Limited Company on May 17, 2006 as a Company limited by shares under the Companies Act, 1994. The Company subsequently was converted into a Public limited Company along with the subdivision of face value of shares from Tk 100 to Tk 10 each and enhancement of Authorized Capital from Tk. 1,000 million to Tk.2,500 million dated December 18, 2009.

**Registered Office** : Crown Chamber, 325 Asadgonj, Chittagong-4000.  
**Factory** : Masjididdah, Kurnira, Sitakunda, Chittagong.  
**Dhaka Office** : Hamid Tower (3rd Floor), 24 Gulshan C/A, Circle-2, Dhaka-1212

**Board of Directors:**

Mr. Md. Alamgir Kabir	: Director & Chairman
Mr. Mohammed Jahangir Alam	: Director & Managing Director
Mr. Md. Abdur Rouf	: Director
Mr. Md. Almas Shimul	: Director & Additional Managing Director
Mr. Md. Ashrafuzzaman	: Director
Mr. Md. Salahuddin Roman	: Director
Mr. Md. Abdul Ahad	: Director
Mr. Md. Azizul Haque Raju	: Director
Professor Dr. Mohammad Saleh Jahur	: Independent Director
Mr. Md. Velayet Hossain	: Independent Director

**Audit Committee:**

Professor Dr. Mohammad Saleh Jahur	: Chairman
Mr. Mohammed Jahangir Alam	: Member
Mr. Md. Almas Shimul	: Member

**Chief Financial Officer** : Mr. Kamrul Islam, FCA

**Company Secretary** : Mr. Arafat Kamal, ACA

**Head of Internal Audit** : Mr. Atiqur Rahman

**Statutory Auditors** : M/S. Syful Shamsul Alam & Co.  
Chartered Accountants

**Advisor** : Mr. Sidhartha Barua, FCA

## Corporate Information

**Listing:**

Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Bankers:**

AB Bank Ltd.  
Trust Bank Ltd.  
Pubali Bank Ltd.  
Standard Chartered Bank  
Mercantile Bank Ltd.  
Islami Bank Bangladesh Ltd.  
United Commercial Bank Ltd.  
NCC Bank Ltd.  
One Bank Ltd.  
Janata Bank Ltd.  
Basic Bank Ltd.  
Prime Bank Ltd.

**Insurer:**

Green Delta Insurance Co. Ltd.  
Asia Insurance Ltd.  
Peoples Insurance Ltd.  
Federal Insurance Ltd.

**Credit Rating Agency:**

Credit Rating Agency of Bangladesh Ltd. (CRAB)

**E-mail:** info@gphispot.com.bd

**Website:** [www.gphispot.com.bd](http://www.gphispot.com.bd)

## Board of Directors



**Md. Alamgir Kabir**  
Director & Chairman



**Mohammed Jahangir Alam**  
Director & Managing Director



**Md. Abdur Rouf**  
Director



**Md. Alimas Shimul**  
Director & Additional Managing Director



**Md. Ashrafuzzaman**  
Director



**Md. Salahuddin Roman**  
Director



**Md. Abdul Ahad**  
Director



**Md. Azizul Haque Raju**  
Director



**Professor Dr. Mohammad Saleh Jahur**  
Independent Director



**Md. Velayet Hossain**  
Independent Director



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## Management Team

Mr. Mohammed Jahangir Alam	: Managing Director
Mr. Md. Almas Shihmul	: Additional Managing Director
Mr. Abu Salar Siddique, FCMA	: Executive Director
Mr. Md. Mustaq Ahmed	: Executive Director (Factory)
Engr. Borhan Uddin Ahmed	: Sr. GM (Research & Development)
Mr. Kamruul Islam, FCA	: Chief Financial Officer
Engr. Humayun Kabir	: General Manager (Factory)
Engr. Mahmudul Hossain	: Deputy General Manager (Factory)
Mr. Anafat Kamal, ACA	: Company Secretary
Mr. A.I.B.M. Shahedul Alam Al Masood	: AGM (HR & Admin)
Mr. Anamul Islam	: AGM (Marketing & Sales)
Mr. Iahed Al Asba	: AGM (Marketing & Sales)
Mr. Md. Hemidul Islam	: AGM (Finance & Accounts)
Mr. Mohammed Atiqur Rahman	: Head of Internal Audit





## Chairman's Message

**Bismillahir Rahmanir Rahim**  
**Dear Fellow Shareholders of GPH Ispat Limited,**  
**Assalamu Alaikum,**

I take the opportunity to welcome you all at our 7th Annual General Meeting. This is my pleasure to state the company's affairs in front of you regarding last financial year's performance of the company.

The year 2012-13 was another progressive year for the company. The net sales has been increased from Tk. 4,386 million (prior year) to Tk. 5,387 million in the year 2012-13. Hence, the growth in sales revenue stands 22%.

Your Company is also concerned about profit generation and distribution of profit among the shareholders. During the 2012-13 it has earned 250.12 million after tax profit. The Board of Directors decides to recommend 25% dividend (15% Cash and 10% Stock) for its Shareholders for the year 2012-13.

Bangladesh is a country of unlimited prospect due to its natural resources, geographical situation, Sea port and for some other reasons. But the progress of the country is often interrupted by political turmoil, scarcity of Electricity and Gas and some other reasons. Economic trend and unavailability of power & gas had an adverse effect on your company's performance during the year under review.

Steel is known as the backbone of the modern economy as well as a widely used material in society due to its unique combination of strength, formability and versatility. In a word, steel is everywhere in our day to day life. Steel is the key driver of the Industrial Revolution; steel is essential in transport, construction, power generation, machinery etc. Also steel is a key material that needed for industrialization and urbanization, hence strongly associated with the status of a nation's economy. Often times, steel industries work as a barometer of the economic health of a nation.

## Chairman's Message

Due to global warming and other reasons, the World's natural calamity has been changed. Natural disaster like flood, cyclone, earthquake etc. has been increased. Especially in our country natural disasters often take place. So, structural security has become a major concern for us at present. Without high quality graded steel structural security arrangement could not be possible. The necessity of concrete based road will also be increased in near future to develop sustainable infrastructure in the country.

With a view to capitalize the upcoming growth in the demand of graded rod, your Company has already decided to invest in Ordinary Shares of 'GPH Steels Limited', a newly established public ltd company. The objective of 'GPH Steels Ltd' is among others to set up an integrated steel plant for manufacturing of MS Billet and MS Rod.

During the year the Board met 4 times to consider and dispensed various business agenda and played precise roles in protecting your interest and keep continuation of the principles of the company. The Board appointed a new Independent Director named Mr. Md. Velayet Hossain in its last meeting during the reporting year. I feel pleasure that all members of the Board have made a useful and considerable contribution to the Board as well as to the company.

Bangladesh Securities and Exchange Commission (BSEC) has issued a mandatory Guideline on Corporate Governance. Your Board is committed to ensure good governance and exercise best practice in all respects. The compliance status of BSEC notification no: SEC/CMRRC/2006-158/129/Admin/43 dated 7th August, 2012 is fully complied as required and a certificate in this regard is issued by M/S. Syful Shamsul Alam & Co. (Chartered Accountants), a member of Urbach Hacker Young International Limited (UHY), an international network of Independent Accounting and Consulting firm.

The day to day operations of the business is being run and managed by a very competent and dedicated management team headed by Mr. Mohammed Jahangir Alam, the Managing Director of your company with his wisdom and business ethics. We believe that we are capable to continue our progress. The employees of our company are skilled, hardworking and dedicated to the achievement of company objective and hence they are the assets of our company.

Finally on behalf of the company and on my personal behalf I would like to offer my heartfelt thanks and gratitude to our valued shareholders, customers, suppliers, employees, distributors, various government authorities, BSEC, DSE, CSE, CDBL and others for their support to the company.



(Md. Alamgir Kabir)  
Chairman



**GPH ispat Ltd.**

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## Message from the desk of MANAGING DIRECTOR

**Dear Valued Shareholders,**  
**Assalamu Alaikum,**

I feel Privileged to welcome you all at the 7th Annual General Meeting of the company.

GPH Ispat Ltd was established in 2006 and started its commercial operation at August 2008. After commencement of commercial operation within a few days it became one of the leading Rod producers in our country. This success was possible due to maintaining the quality of GPH Products, its branding, confidence of the bankers, Company Management's hard work and sincerity, dedicated and committed human resources, Shareholders' confidence and above all by the grace of the Almighty.

The company's production and revenue has shown a steady upward trend from 2008-09 to 2012-13. Sales revenue was Tk. 1,277 million, 3,223 million, 3,668 million, 4,386 million and 5,387 million during the year 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 respectively.

During the year 2012-13, the company have successfully operated its new Billet plant (84,000 MT capacity per annum) which has increased the Company's billet manufacturing capacity up to 1,68,000 MT per annum. The Board of Directors of GPH Ispat Ltd has decided to modernize some equipments of its billet manufacturing plant including Continuous Casting Machine (CCM) to increase utilization of installed capacity (168,000 MT per annum). Utilization was 52% in the year 2012-13 and after modernization it is expected that the utilization would be increased.



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Message from the desk of  
**MANAGING DIRECTOR**

Quality is one of the major weapons of your company to become one of the leading Rod Manufacturer in the country. GPH is one of the best quality steel manufacturers which is proved through BUET test & CUET test. We always assure quality in every phase of our production through our full equipped laboratory including "Spectro Lab" and "UTM". Being committed to quality we have also obtained "ISO Certificate" and "BISI" Approval. Furthermore, recently we have obtained "BIS Certificate" issued by 'Bureau of Indian Standard'. With this BIS certificate, we can export our product all over India easily.

Cost reduction is another major concern of Company's management. To reduce cost, the Company is working continuously. Machineries are often modernized/modified/replaced, latest technologies in production are applied, weakness in the total production process, Sales & Delivery process are detected and remedial measures have been taken to remove such weakness. Effective Internal Control system has also been established in each stage of Company's operation.

Export of rods is taking place on a small scale, but is gradually increasing. GPH is the first time Billet exporter from Bangladesh on August 29, 2008 and continued till now. GPH also initiated export of TMT Bar first time from Bangladesh at November, 2011 at neighbouring countries after which some other companies also started export of their goods. We also have the opportunity to export our product to African countries and some other Asian countries.

At last, I believe that the confidence of shareholders, Financial Institutions, Suppliers and other related Organizations on the company's management, commitment of Employees, Co-operation of Govt. authorities, Stock Exchanges and other regulatory authorities are the key success factor for the company and I would like to express my gratitude to all those organizations/persons for their kind support.



**(Mohammed Jahangir Alam)**  
**Managing Director**



# Directors' Report to the Shareholders

For the year ended 30th April 2013



**GPH ispat Ltd.**  
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**Dear Shareholder(s),**

On behalf of Board of Directors, I welcome you all at the 7th Annual General Meeting of GPH Ispat Limited.

It is a matter of immense pleasure to present the Directors' Report together with the Annual Financial Statements of the Company for the year ended on April 30, 2013 to you to consider, adopt and approve of the same.

**Industry outlook & possible future developments:**

Over last few years construction sector has been considered as a most prospective sector in Bangladesh. The prospect of the sector is expected to continue also in future years due to a number of reasons. Firstly population of the country is increasing and people have their trend to come and live at urban areas where residential land is limited. Hence, the only possible solution is constructing multi-storied buildings for residential purpose. Secondly, infrastructural developments like flyover, bridge, culvert construction etc are the major concentration of the Government which would develop communication system and reduce traffic jam. Both residential buildings and infrastructures require construction materials like MS Rod.

It is matter of pleasure that your company has been able to supply its product to country's leading developers' sites as well as flyovers in both Dhaka and Chittagong. Furthermore, Government's mega infrastructure development projects like construction of Dhaka-Chittagong four lane roads are progressing, Padma multipurpose bridge construction will also hopefully be started soon which will require huge construction materials.

**Operational Review:**

We have been able to make progress from last year to current year in respect of Sales & Production. During the year under review, our Sales (Net) amount was Tk. 5,387.43 million which is 22% higher than the last year's (Tk. 4,386.32 Million). The year was also positive in respect of production as it has been reached to total 1,71,327 MT (both Rod & Billet) during the year under review while it was 1,65,315 MT during previous year.

During the year 2012-13 our business was affected by strike, political unrest etc very much. Political turmoil has a great adverse effect on the business of our country as a whole & particularly to construction sector. Moreover good trend in development sector was not seen during the year under review like the previous year due to a number of reasons like financial inability of people (especially middle income group) to invest in housing, banks unwillingness to finance in housing etc.

In Bangladesh supply of electricity and gas has become limited. Old Industries are suffering from electricity and gas staggering while new industries are not getting gas & electricity connections. Failure to ensure electricity and gas supply for potential new industries industrialization adversely affected. This ultimately affects the construction material production sector. Moreover, Authorities' strategy not to provide household gas connection is a notable discouraging issue for potential flat buyers. As a result development sector was not expanding as expected in the year under review.



### Product wise Performance:

The Company produces two products: M.S. Rod & M.S. Billet. Product wise Sales amount, Sales quantity & production quantity along with previous year's comparison are tabulated below:

Particulars	MS Rod 2012-13	MS Rod 2011-12	MS Billet 2012-13	MS Billet 2011-12
Gross Sales amount(Taka)	5,270,408,692	4,350,905,635	183,724,926	90,863,210
Sales quantity(MT)	80,595	70,005	3,210	1,490
Production quantity(MT)	84,062	80,508	87,265	84,807
Production capacity(MT)	120,000	120,000	168,000	98,000
Utilized Capacity	70.05%	67.09%	51.94%	86.53%

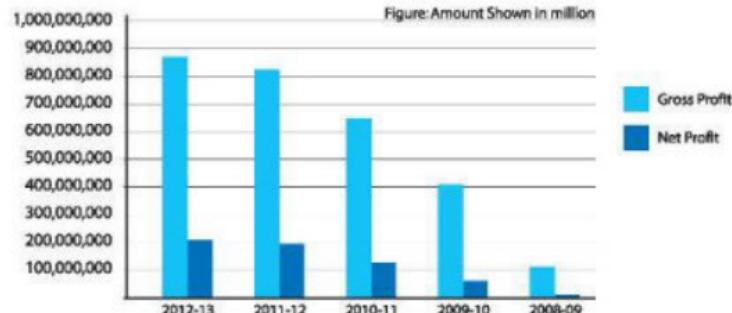
### Financial Review:

The Financial performance of the Company over last five years are tabulated below:

Name of Ratio	2012-13 Taka	2011-12 Taka	2010-11 Taka	2009-10 Taka	2008-09 Taka
Turnover(net)	5,387,428,105	4,386,316,699	3,688,519,184	3,223,787,065	1,277,035,276
Cost of Goods Sold	4,521,129,044	3,572,803,464	3,044,732,767	2,817,640,942	1,166,847,178
Gross Profit	866,299,061	813,513,235	643,786,417	406,146,123	110,188,098
Operating Profit	718,579,208	672,439,766	526,451,247	325,716,586	16,655,260
Profit before Tax & Reserve	339,171,840	298,976,669	211,232,762	111,429,896	19,248,297
Profit after Tax	250,124,897	254,245,051	182,910,124	110,249,598	18,275,908
Tax Holiday Reserve	42,881,781	55,743,574	54,282,291	42,784,614	6,662,104
Profit after Tax & Reserve	207,243,116	198,501,477	128,627,833	67,464,984	11,613,804

### Gross Profit & Net Profit:

The Co.'s Gross profit & Net profit increased from year to year in the following way:



The above profitability figure shows upward trend from year to year.

### **Quality Product:**

About a decade or more ago, people were used to use non-graded Rod in construction. In those days, Rolling Mills in Bangladesh were used to produce non-grade Rod through their manual operating system. These manual/non-grade Rods can't minimize the risk of Earthquake. Based on this risk of earthquake, technologies of Rolling Mills have been developed in recent years applying automation and others. At present out of many Rolling Mills in Bangladesh a few have set out automatic mills and producing graded steel products (60 grade, TMT 500W etc). You may feel happy to know that your company is one of the country's leading Rod producers in respect of Quality.

### **Export:**

Export is the main driver of country's economy. The management of GPH Ispat Limited has special attention to sell its product abroad and already it has created a market at the West India's seven sisters. During the year under review, the export stands 104.40 million (BDT).

### **Credit Rating:**

Credit Rating Agency of Bangladesh Ltd (CRAB) has performed our rating and assigned AA3 for long term & ST-2 for short term for the year 2012-13.

### **Contribution to National Exchequer**

During 2012-13, the company contributed Tk.151.67 million (approx.) to the National Exchequer in the form of Corporate Tax, Source Tax, Custom duty, VAT etc. This is equivalent to 2.81% of our net sales revenue for the year.

### **Profit & Dividend**

The Company earned Taka 250.12 Million only as Profit after Tax during the year ended 30th April, 2013 out of which Tk. 42.88 Million is transferred to Tax Holiday Reserve in conformity with Tax Holiday condition. The Board of Directors is pleased to recommend 25% dividend (15% Cash Dividend & 10% Stock Dividend) for its shareholders out of accumulated profit & Reserve held on April 30, 2013. The Bonus issue will raise the paid up capital up to Tk. 1,188 Million (Paid up Capital before Bonus is Taka 1,080 Million).

It's a matter of pleasure that our company has been placed in "A" category according to Dhaka Stock Exchange Ltd & Chittagong Stock Exchange Ltd categorization based on Dividend payment and other compliances.

### **Directors' Appointment, retirement & re-appointment**

Directors' appointment, retirement & re-appointment are governed by the Articles of Association of the Company & the Companies Act 1994.

In the forthcoming Annual General Meeting the following Directors will retire & will also be eligible for re-appointment

- A) Mr. Md. Abdur Rouf
- B) Mr. Md. Abdul Ahad
- C) Mr. Md. Azizul Haque Raju

### **Appointment of Chairman**

The board of directors of the company has nominated Mr. Md. Alamgir Kabir (Director) as the chairman of the board.

### **Appointment of Independent Director**

According to Corporate Governance Guidelines-2012 issued by Bangladesh Securities and Exchange Commission the Board of Directors of the Company has nominated Mr. Md. Velayet Hossain as the 2nd Independent Director of the Company. This appointment as Independent Director will be approved in the forthcoming AGM. His short resume is annexed herewith this report (Annex- F).

### **Auditors**

The Directors do hereby report that M/S Syful Shamsul Alam & Co., Chartered Accountants, Paramount Heights (Level-6) 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000 was appointed as Auditors of the Company for the Financial Year ended 30th April, 2013 in the last Annual General Meeting of the Company. The Auditor has carried out the audit for the year ended 30th April 2013 & submitted their Report thereof.

### **Compliance of Corporate Governance**

The Compliance status of SEC notification No: SEC/CMRRCD/2006-158/129/Admin/43 dated 7th August 2012 is annexed herewith along with Auditors' Certificate on the issue (Annex-B).

### **Risks & Concerns:**

Every equity investment is associated with risks. Among those risks some can be averted, others are beyond control. Before making any investment decision, Investors should take the risk factors into consideration. Major such risk factors along with concerns are described in brief as in the Annexure- E.

### **Transfer of Capital Work-In-Progress to PPE:**

The newly installed Billet Plant of 20MT was in fine tuning & test production stage during the previous year. During the year under review, the Billet Plant is considered fully ready for commercial production & hence the entire amount of capital work-in-progress (TK 508,244,739) has been added to Property Plant & Equipment under different heads.

### **Shareholding Information:**

The composition of shareholding as on 30th April, 2013 is set out in the Annexure-D.

### **Utilization of IPO Proceeds and financial results after IPO:**

There is no unutilized IPO Proceeds in Company's account as the proceeds was utilized fully during the year 2011-12 and no major financial deterioration took place after IPO.

### **Extra Ordinary Loss/Gain:**

During the year under review (2012-13) the company earned 4.12 million as interest income due to IPO fund against which no expense was incurred. During the previous year (2011-12) the company earned 18.20 million interest income from IPO Application money depositing to bank. Against this income, the company incurred expense of Tk. 18.90 million as IPO Issue expenses during the said year.

### **Internal Control:**

The company management has established an effective Internal Control System within the entity with a view to ensure financial transparency and to minimize the scope of fraud, defalcation, misuse etc. The company has a separate Internal Audit Department which is involved with checking the existence of control system and developing the system throughout the year.

Finally, I would like to offer heartfelt Thanks & gratitude to you all.

On behalf of the Board

**(MOHAMMED JAHANGIR ALAM)**

Managing Director

৩০ এপ্রিল, ২০১৩ ইং তারিখে সমাপ্ত বছরের জন্য  
শেয়ার হোজার গঙ্গের প্রতি

## পরিচালনা পর্ষদের প্রতিবেদন।

### স্বাক্ষরীকৃত শেয়ার হোস্টকব্যূহ,

জিপিইচ ইন্পার্ট লিপ এর দ্বয় বার্ষিক সাধারণ সভায় কোম্পানীর পরিচালনা পর্ষদ ও আমার পক্ষ থেকে আপনাদের স্বাক্ষর জানাই।  
কোম্পানীর ৩০শে এপ্রিল, ২০১৩ ইং তারিখের সমাপ্ত বছরের বার্ষিক বিবরণীসহ পরিচালনা পর্ষদের প্রতিবেদন আপনাদের বিবেচনা,  
অনুমোদন ও এবং জন্য উপস্থুতি করছি।

### শিল্পের সার্বিক অবস্থা ও সমাব্য অবিষ্যত উন্নয়ন।

গত কয়েক বছর বার্ষিক নির্মাণ খাত বাল্পানেশে একটি সহজব্যয় খাত বিলেবে বিবেচিত হয়ে আসছে। এই খাতের সহজবন্ধন ভবিষ্যতেও  
কল্পকল্প কারণে অব্যাহত রাখতে বলে আপনা করা যায়। অথবা, এই সেশের অন্তর্ভুক্ত বৃক্ষ পাতাজে এবং মানবের শহোরস্তুতী ইওয়ার জন্যেন্তা  
বাস্তবে যেখানে আবশিক জাহিন পরিমাণ সীমাবদ্ধ। অতএব, সেবাব্য একমাত্র সমাবাহ হচ্ছে ব্যক্তল বিশিষ্ট আবশিক তত্ত্ব নির্মাণ।  
বিভাগের, সরকারের মূল উন্নয়ন পরিকল্পনা হচ্ছে সেশের তোল অবকাঠামোগত উন্নয়ন, ঘোষণায়ের উন্নয়ন ও ঘোলবাহানের জীব কার্যদের  
জন্য প্রাইভেট, প্রেস, কালচার্ট ইত্যাদি নির্মাণ। অবসরিক তত্ত্ব ও তোল অবকাঠামো উভয়ই নির্মাণের জন্য এম.এস. ডক এর মত নির্মাণ  
উন্নয়ন প্রয়োজন।

ইয়া অতি আমাদের ব্যাপার যে, আপনাদের অতিকাং সেশের স্বেচ্ছান্বয়ী তত্ত্ব নির্মাণাদের নির্মাণাদের ভবন, চাকা ও চাঁচামে উভয় সেতু  
নির্মাণ নির্মাণ সামৰ্থ্য সুবৃহৎ সুবৃহৎ করতে সক্ষম হচ্ছে। এছাড়াও চাকা ও চাঁচাম চার সেইন রাস্তা বিশেষের মত সরকারের বড় অবকাঠামো  
উন্নয়ন একজন প্রতিকারী। আপনা করা যায় যে, পূর্ব বহুবৃত্তী সেতু নির্মাণ খুব সীমাই তব হবে যেখানে শাহু পরিমাণ নির্মাণ সামৰ্থ্য প্রয়োজন  
হবে।

### কার্যক্রম পর্যবেক্ষণ।

আমাদের উৎপাদন ও ক্লিয়েরে পরিবার গত বছরের তৃতীয় আমারা উভয়ি করতে সক্ষম হয়েছি। এই বছর পর্যবেক্ষণাদের দেখা করা যে,  
আমাদের নেট ক্লিয়েরে পরিমাণ ছিল ৫,৫৮৭,৪৩ (প্রেস হাজার তিনশত সাতাশি দশমিক চার টিকি) নির্মান টাকা যা গত বছরের তৃতীয়  
(৪,১৮৬,৩২ নির্মান টাকা) ২২% বেশী। উৎপাদনের ক্ষেত্রে এই বছর ছিল ইতিবাচক। উক্ত বছরে নেট উৎপাদন ছিল ১,১৩,০২৭ (এক  
শত একাশি হাজার তিনশত সাতাশি) মেট্রিক টন (বড় এবং বিলেট উভয় মিলে) যা আর পূর্ববৃত্তী বছর ছিল ১,১২,৩১৫ (একশত পঞ্চাশটি  
হাজার তিনশত পাঁচাশি) মেট্রিক টন।

২০১২-২০১৩ বছরে আমাদের ব্যবসা বৃত্তান্ত ও রাইটেন্টিক অভিযোগ আরা মার্গান্বুক ভাবে ফত্তিয়াহ হয়েছে। রাইটেন্টিক অভিযোগের বিষয়ে  
প্রত্যেক আমাদের সেশের ব্যবসা ব্যাপিকভাবে পড়ে, বিশেষ করে নির্মাণ খাতে। তাহাতে, পূর্ববৃত্তী বছরের তৃতীয় আই বছরের  
উন্নয়ন খাতে ভাল ব্যবসা দেখা যায় নি একাধিক কারণে; যেহেন- জলগমের অর্থিক কর্মসূল (বিশেষ করে যথব্য আছের মানুষের),  
ব্যাংকেরগুলি আবাসন খাতে বিনিয়োগের অভিযোগ ইত্যাদি।

বাহ্যিকদেশে বিদ্যুৎ ও গ্যাস সরবরাহ সীমিত হবে শেখে। পুরাতন শিল্প অতিকাংস সমূহ গ্যাস ও বিদ্যুতের সহযোগ পায়ে না। গ্যাস ও বিদ্যুৎ সরবরাহ নির্মিত করতে বৰ্ষ ইওয়ার কারণে নতুন শিল্পায়নে বিজ্ঞ  
ক্ষেত্র পড়েছে, যা শেষ পর্যবেক্ষণ সামৰ্থ্য প্রয়োগ সহযোগ না দেওয়ার কর্তৃপক্ষের  
সিদ্ধান্ত সহযোগ প্লাট ক্লেচাদের নির্মাণাদিত করছে। কলে আলোচনা বছরে উন্নয়নব্যাপ্ত ধ্র্যান্ডিত অর্থন করতে পারে নি।



### শৰ্ট অনুষ্ঠানী কলাবচৰ

আমাদেৱ একিটাম দুই ধৰনেৰ পথ উৎপাদন কৰে ১- এম.এস. রড এবং এম.এস. বিসেট। পথ অনুষ্ঠানী বিক্ৰয়ৰ পৰিমাণ, বিক্ৰয়ৰ মূল্য ও উৎপাদনৰ পৰিমাণ আলাদা হক আকাৰে নিয়ে দেখাবো হৈল:

বিবৰণ	এম.এস. রড ২০১২-১৩	এম.এস. বিসেট ২০১১-১২	এম.এস. রড ২০১২-১৩	এম.এস. বিসেট ২০১১-১২
মেট বিক্ৰয়ৰ অক্ষ (টকা)	৫,২৭০,৪০৮,৬৯২	৪,০২০,৯০২,৬০২	১৮৩,৭২৪,৯২৬	৯০,৬৩০,২১০
বিক্ৰয়ৰ পৰিমাণ (মে.টন)	৮০,২৯২	৭০,০০২	৩,২১০	১,৪৯০
উৎপাদনৰ পৰিমাণ (মে.টন)	৮৪,০৬২	৮০,৫০৮	৮৭,২৬২	৮৪,৮০৭
উৎপাদন কৃমতা (মে.টন)	১২০,০০০	১২০,০০০	১৬৮,০০০	১৬৮,০০০
উৎপাদন কৃমতাৰ বাধাৰ (%)	৭০.০৫%	৬৭.০৯%	৮১.৯৪%	৮৬.৯৩%

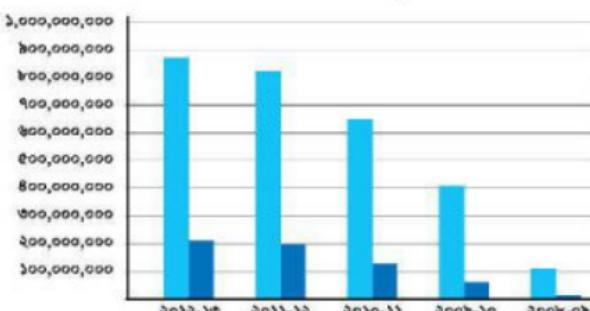
### আৰ্থিক পৰ্যালোচনা ১

বিশ্বত শৰ্ট বছৱেৰ কোম্পানীৰ আৰ্থিক ফলাফল নিয়ে হক আকাৰে দেখাবো হৈল :

অনুশৰেৰ সাম	২০১২-১৩ টাকা	২০১১-১২ টাকা	২০১০-১১ টাকা	২০০৯-১০ টাকা	২০০৮-০৯ টাকা
বিক্ৰ (টেক্ট)	৫,৩৮৯,৪২৪,১০০	৪,০৭০,৫১৮,৬৯৯	৩,৬৬৮,৬১৯,১৮৮	৩,২২৩,৭৩৭,০০২	১,২৭৯,০৫০,২৭৮
বিক্ৰ পথৰ বাহ	৪,৫২১,১২৯,০৮৮	৩,৭২২,৮০৫,৮৫৮	৩,০৪৪,৭০২,৪০৭	২,৮১৭,৬৬০,৬৪২	১,৩৬০,৪৪৪,১৭৮
মেট মূলক	৩৬৭০,২৯৯,০৯১	১৬০,৫১০,২০৫	৬৪০,৫১০,১১৭	৪০৬,১৪৬,১২০	১১০,১৮৮,০৯৮
পৰিচালন মূলক	১১৬,৪৭৯,২০৫	৬৭২,৪০৯,৭০৬	৬২৬,৪০৯,২৮৭	৫২৬,৪১০,৪৮৬	৩৬,৫৬০,২৬০
বক ও সৰিষ্ঠি শৰ্ট মূলক	৩০৯,১৭১,১৮০	২৯৪,৪৯৪,৬৬৫	২১১,৪০২,৭০২	১১১,৪২৩,১৯৫	১৪,৪৮৮,২০৭
বক পৰিবৰ্ত্তী মূলক	২৫০,১২৪,১৯৭	২৫৪,২৮৫,০১১	১৮২,৪১০,০২৮	১১০,৪৪৩,১১৮	১৪,২৭২,০০৮
বক অৰূপ সৰিষ্ঠি	৮২,৪৮১,৭১	৫৫,৪৮০,২৯৮	৩৪,৪৮২,২১১	৪২,৪৮০,১১৪	৫,৪৬২,০০৮
বক ও সৰিষ্ঠি পৰিবৰ্ত্তী মূলক	২০৬,২৪০,১১৬	১৬৮,৪০১,৮৭৭	১২৮,৪২১,৪০০	৭৫,৪৮৪,১১৮	১১,৪৩০,১০৮

### মেট মূলক ও সীট মূলক ১

একিটামৰ মেট মূলক এবং সীট মূলক নিয়োক্তহৰে বছৱ বছৱ বৃক্ষি প্ৰয়োজনী :



মূলকৰ হক বছৱ শৰ্ট উৎপন্নৰ শৰ্ট মিশনশন কৰে।

মেট সাম  
সীট সাম



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COMMITTED TO STRENGTH

### পণ্ডের বৃশ্চিক রাশি :

এয়ে এক দশক বা আরো আগে, নির্মাণে মানুষ মন আত বাত ব্যবহার করত : সেই সময় বাংলাদেশের বেলিং মিলে ম্যানুচার অপারেটিং প্রতিক্রিয়ে নম প্রেত বত উৎপাদিত হত : সেই নম প্রেত বত কুমিকলের কুকি প্রাস করতে পারে না। কুমিকলের এই কুকি কমানোর জন্য ব্যাকিতে প্রযুক্তি ও অন্যান্য প্রযুক্তি দ্রোগের মাধ্যমে সামুত্তিক বছর তালোতে বেলিং মিলের উৎপাদন প্রক্রিয়া উন্নত করা হয়েছে। বর্তমান বাংলাদেশে অনেক কলো বেলিং মিলের মধ্যে কেবলমাত্র অত সংখ্যক মিলে ব্যবহৃত্য প্রক্রিয়া স্থাপন করা হয়েছে, এবং সেগোৱে প্রেক্ষেত সীল প্রচ্ছ (৬০ মেট, ৫০০ W) উৎপাদন করা হচ্ছে। আগনোৱা জেনে শুশি হবেন যে, আমাদের প্রতিটোনে বাংলাদেশে কলগত মানের বত উৎপাদনের ক্ষেত্রে নেতৃত্বশীয় পর্যায়েই আছে।

### বাংলাদেশ :

বাংলাদেশ একটি দেশের অবস্থিতির ধারণ ঢালক : বিদেশে প্রশংসনীয়ত মিলিএইচ ইস্পাতের পরিচালনা পর্যবেক্ষণ বিশেষ মনোযোগ রয়েছে, ইতিবাহেই এটি পর্যবেক্ষণ ভারতের ৬টি ধারে এবং বাজার সৃষ্টি করেছে। ঢালতি পর্যালোচনারীন বছরে এই বজ্জনীর পরিমাণ ৩০৪.৪০ মিলিয়ন (টকা) সৈকিয়েছে।

### কলমান নির্মাণ :

জেনেটি রেটিং এবেলি অব বাংলাদেশ সিমিটেক (CRAB) আমাদের কলমান যাচাই সম্পত্তি করেছে, এবং ২০১২-২০১৩ অর্থ বছরে দীর্ঘ দেহাদের জন্য AA3 এবং বর্ত সেহাদের জন্য ST-2 নির্ধারণ করেছে।

### বাংলাদেশ বেলিংয়ের অবস্থা :

২০১২-২০১৩ অর্থ বছরে আমাদের প্রতিটোন প্রতিক্রিয়িক আয়কর, উৎস কর, মৃত্যু সংযোজন কর, কাটিম ও ইত্যাদি খাতে রাজীব তহবিলে দৈর্ঘ্য ১৫১.৬৭ মিলিয়ন (টকা) অবস্থান রেখেছে যা আমাদের সৈট বিকাশের ২.৮২% এর সমতুল্য।

### মূলাধুর এবং সজ্ঞাকাল :

আমাদের প্রতিটোন ৩০ প্রে এবিল, ২০১৩ ইং তারিখের সমাপ্ত বছরের জন্য কর পরিচালনা পরিবর্তী ২৫০.১২ মিলিয়ন টকা মূলাধুর অর্থন করেছে। বার মধ্যে ৪২.১৮ মিলিয়ন টকা কর অবকাশের পর্যালোচনারে কর অবকাশ সম্পত্তিকে স্থানান্তর করা হয়েছে। ৩০-০৪-২০১৩ ইং তারিখের মূলাধুর ও সক্রিয় দ্বিতীয় পেকে পেকের হোক্টরদের সজ্ঞাকাল হিসেবে ২৫% (১৫% নমদ ও ১০% বেনাস) সজ্ঞাকাল স্থানান্তর করাতে পেকে পরিচালনা পর্যবেক্ষণ সন্তুষ্টি। উক্ত বোনাস সজ্ঞাকাল পরিচালনিক মূলধনকে ১.১৮ মিলিয়ন উন্নীত করবে (বোনাস গূর্ধ পরিচালনিক মূলধন ১.০৮ মিলিয়ন)।

ইহা অতি আনন্দসূন্দর বিষয় যে, আমাদের প্রতিটোন জন্য টক একাত্তের লিঃ ও টাইয়া টক একাত্তের লিঃ এর প্রেরীবক করণ অনুযায়ী “এ” প্রেরীতে অবস্থান করছে।

### পরিচালক নিয়োগ, অবসর ও পুনর্নিয়োগ :

পরিচালক নিয়োগ, অবসর ও পুনর্নায় নিয়োগ প্রতিটোনের স্থানিকি এবং কোম্পানী আইন ১৯৯৪ এর বিধি অনুযায়ী নির্ধারিত হয় : আমন্ত্র বার্তিক স্থানীয় সংস্থার নিয়োগিত পরিচালকক অবসর প্রদান করাবেন এবং পুনরায় নিয়োগের যোগ্য বিধৈয় পুনর্নিয়োগের জন্য বিবেচিত হবেন।

- জনাব মোঃ আব্দুর রাজেক।
- জনাব মোঃ আব্দুল আহমদ।
- জনাব মোঃ আজিজুল হক রাজু।

### চোরায়াল নিয়োগ :

কোম্পানীর পরিচালনা পর্যবেক্ষণ জনাব মোঃ আলহামদীর করিয়া (পরিচালক) কে পরিচালনা পর্যবেক্ষণ চোরায়াল হিসেবে মনোনীত করেছেন।

### বক্তৃতা পরিচালক নিয়োগ :

বাংলাদেশ সক্রিয়তি এক একচেষ্ট কমিশন জারীকৃত কর্তৃপক্ষে সুশাসন নির্দেশনা- ২০১২ অনুযায়ী পরিচালনা পর্যবেক্ষণ কোম্পানীর বিটোর স্বত্ত্ব পরিচালক হিসেবে জনাব মোঃ বেলাহেত হোসেন-কে মনোনীত করেছেন। এই নিয়োগ আসন্ন বার্তিক স্থানীয় সভার অনুমোদিত হবে। তার সক্রিয়ত সীন সৃষ্টি একদমসূল সূচক করা হল (সহজুতি- এক)।

### নিরীক্ষক :

গত বার্ষিক সাধারণ সভায় কেসার্স সাইলস প্রামাণুল আলম এবং কো. চাটার্জ একাউন্টেন্টস, প্যারামাউন্ট হাইটস (লেভেল-৬) ৬৫/২/১ নং, বর্ষ বাদভার্ট হোটেল, পুরামা পার্টন, ঢাকা-১০০০ কে কোম্পানীর ২০১২-২০১৩ অর্থবছরের নিরীক্ষক হিসেবে নিয়োগ প্রদান করা হয়। নিরীক্ষককল ৩০ মে এতিল, ২০১৩ ইং তারিখে সমাপ্ত বছরের নিরীক্ষণ কার্য সম্পাদন করে এর অভিবেদন উপস্থাপন করেছেন।

### অপেরেট সু-শাসনের কর্মসূলিলে :

১ আগস্ট ২০১২ ইং তারিখের সিকিউরিটি এবং একাডেমি কমিশন এবং কমপ্লাইেন্স স্ট্যাটাস নোটিফিকেশন অ. SEC/CMRRCD/2006-158/129/Admin/43 এই অভিবেদন এর সাথে সম্মত করা হল (সম্মতি-১)।

### কৃতি ও ব্যবস্থাপনা :

অ্যালেক্স সাধারণ প্রেসারে বিনিয়োগ কৃতিকৃত। এ সহজ কৃতির মধ্যে কিছু এভানো যাব, অব্যাস্য খেলা নিয়ন্ত্রণ দোগ্য নহ। বে কোন বিনিয়োগে সিকিউর নেতৃত্ব পূর্বে বিনিয়োগকারীদের কৃতিক বিবরণের সেরা উচ্চি। বিনিয়োগ ইস্পত্ত সিঃ এ ধরনের সহজ অব্যাস কৃতিক কার্যকলি এবং সামো কৃতি করানোর উদ্দোগ ভলি সংক্ষিপ্ত তাৰে কৰ্মা কৰা হয়েছে (সম্মতি-২)।

### চলতি কার্য মূল্যবনকে হাতী সম্পত্তি হাতানোর :

পূর্ববর্তী বছরে হালিত ২০ মেট্রিক টন বিসেত প্রাট পরীক্ষা মূলক উৎপাদন পর্যায়ে হিল। আলোচ্য বছরে ইহা পুরোপুরি বালিজিক উৎপাদনের জন্ম অস্তিত। এ অব্যাহার সম্পর্ক চলতি কার্য মূল্যবনকে (টাকা ৫০৮,২৪৪,৭০) হাতী সম্পত্তির অধীনে যুক্ত কৰা হয়েছে।

### প্রেসার ধারণের তথ্য :

তুলনে এবিস ২০১৩ ইং তারিখে প্রেসার ধারণ সজ্ঞাক তথ্য এতদস্মৰে যুক্ত কৰা হল (সম্মতি- ৩)।

### গোষ্ঠীক গণপ্রজাত্ব যতে প্রাপ্ত অর্থৰ্থ ব্যবহার এবং প্রাথমিক গণপ্রজাত্ব এবং পুরোপুরি আর্থিক ফলাফল :

২০১১-১২ হিসাববর্তী প্রাথমিক গণপ্রজাত্ব হতে প্রাপ্ত অর্থ সম্পর্ক ব্যবহারের কলে কোম্পানীর নিকট এ উৎস হতে প্রাপ্ত আব কোন অর্থ অব্যাহত হিল না এবং প্রাথমিক গণপ্রজাত্ব পুরোপুরি কোম্পানীর বড় ধরণের কোন আর্থিক প্রতিক সম্বন্ধিত হয় নি।

### অর্থাত্বিক প্রতি / মুনাফা :

আলোচ্য বছরে (২০১২-১৩) কোম্পানী প্রাথমিক গণপ্রজাত্ব তহবিলের বিপরীতে ৪,১২ মিলিয়ন মুনাফা অর্জন কৰে যার বিপরীতে কোন বক্ত সম্ভবত হয়নি। কোম্পানী বিগত অর্থ বছরে (২০১১-১২) প্রাথমিক গণপ্রজাত্ব আবেদনের অর্থ ব্যাপকে জমা দেয়ে ১৮,২০ মিলিয়ন টাকা সুন্দ আব কৰে। এই আবেদ বিপরীতে কোম্পানী প্রাথমিক গণপ্রজাত্বের পর্যায় হিসেবে ১৮,৯০ মিলিয়ন টাকা এ বছর ব্যৱত কৰে।

### অভজ্ঞীন প্রেরণাঃ :

কৃত্যক কোম্পানীর ব্যবস্থাপনায় আর্থিক ব্যৱহাৰ নিশ্চিত কৰতে এবং আলিহাতি, তহবিল তহবল, অপব্যায় ইত্যাদি ত্রুটি একতি কাৰ্যকৰ অভজ্ঞীন প্রিভেট ব্যবহাৰ প্রতিক্রি কৰেছে। কোম্পানীৰ একটি আলাদা অভজ্ঞীন নিরীক্ষণ বিভাগ রয়েছে। যেটি কোম্পানীৰ নির্মাণ ব্যবস্থার কাৰ্যকৰিতা পরীক্ষা এবং নির্মাণ ব্যবহাৰ উন্নয়নের কাছে বছৰ বাণী নিয়োজিত থাকে।

পরিশেষে, আপনাদের সবাইকে আর্থিক ধন্যবাদ ও তত্ত্বজ্ঞ জানাই।

পরিচালনা পর্যবেক্ষণ পক্ষে



(মোহাম্মদ আহমেদীর আলম)

ব্যবস্থাপনা পরিচালক

**Annexure-A****The Directors also report that:****A) Related Party transactions:**

The Company carried out the following transactions with its sister concerns in the normal course of business on an arm's length basis:

Sl. No	Party name	Relation	Nature of transaction	2012-2013 (Taka)
1	GPH Power Generation Ltd	Common Directorship	Supply of Power at a flat rate	345,637,191
2	Chittagong Capital Ltd	Common Directorship	Share purchase & brokerage commission	12,425,772
3	Jahangir & Other Ltd	Common Directorship	Sales Commission	5,529,000
4	Jahangir & Other Ltd	Common Directorship	Head office rent	612,000

GPH Power Generation Ltd supplied 59,290,392 KWH electricity throughout the year for total amount of Tk. 345,637,191 (Average rate per KWH=4.7568 approximately)

**B) During the FY 2012-2013, the following Directors were remunerated:**

Sl. No	Name of Director	Designation	Annual Remuneration
1	Mr.Mohammed Jahangir Alam	Director & Managing Director	4,200,000
2	Mr. Md. Almas Shimul	Director & Additional Managing Director	3,000,000

The above Directors were provided with Company transport along with their remuneration. Except above no Director (including Independent Directors) was remunerated.

**C) Significant Deviations from the last year's operating result:** No significant variance found between quarterly financial performance and Annual Financial Statements during the year under review.**D) Ability to continue as a going concern:** There is no significant doubt about the ability of the company to continue as a going concern.**E) Financial Statements:**

- 1) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow and statement of changes in equity & comply in all material respect with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standard (BFRS).
- 2) Proper books of accounts of the company have been maintained.
- 3) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- 4) The International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements.



**Annexure-B**

Status of compliance with the conditions imposed by the Commission's Notification No: SEC/CMRRC/2006-158/134/Admin/43 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

**(Report under Condition No. 7.00)**

Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.1	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty):	✓		
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
1.2 (ii) a)	For the purpose of this clause "Independent director" means a director (a) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (ii) b)	b) Who is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company;	✓		
1.2 (ii) c)	c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	✓		
1.2 (ii) d)	d) who is not a member, director or officer of any stock exchange;	✓		
1.2 (ii) e)	e) who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2 (ii) f)	f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm;	✓		
1.2 (ii) g)	g) who shall not be an independent director in more than 3 (three) listed companies;	✓		
1.2 (ii) h)	h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) i)	i) Who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (iii)	(ii) the independent director(s) shall be nominated by the board of directors and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1.2 (iv)	(iv) The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1.2 (v)	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2 (vi)	(vi) the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		



Condition No.	Title	Compliance Status(Put ✓ in the appropriate column) Remarks(if any)	
		Complied	Not complied
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓	
1.3 (ii)	(ii) The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓	
1.3 (iii)	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	N/A	
1.4	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals.	✓	
1.5 (i)	The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994: (i) Industry outlook and possible future developments in the industry.	✓	
1.5 (ii)	(ii) Segment-wise or product-wise performance.	✓	
1.5 (iii)	(iii) Risks and concerns.	✓	
1.5 (iv)	(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓	
1.5 (v)	(v) Discussion on continuity of any Extra-Ordinary gain or loss.	✓	
1.5 (vi)	(vi) Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓	
1.5 (vii)	(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.	✓	
1.5 (viii)	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A	
1.5 (ix)	(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓	
1.5 (x)	(x) Remuneration to directors including independent directors.	✓	
1.5 (xi)	(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓	
1.5 (xii)	(xii) Proper books of account of the issuer company have been maintained.	✓	
1.5 (xiii)	(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓	
1.5 (xiv)	(xiv) International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓	

Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks(if any)
		Complied	Not complied	
1.5 (xv)	(xv) The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		
1.5 (xvii)	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	N/A		
1.5 (xviii)	(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	(xix) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5 (xx)	(xx) The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5 (xxi) a)	(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:- (a) Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		
1.5 (xxi) b)	b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxi) c)	c) Executives;	✓		
1.5 (xxi) d)	d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:- a) a brief resume of the director;	✓		
1.5 (xxii) b)	b) nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	c) Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS).	✓		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3 (i)	(i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	(ii) The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		

Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks(if any)
		Complied	Not complied	
3.1 (i)	(i) The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	(iii) All members of the audit committee should be 'financially literate' and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		
3.1 (v)	(v) The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	(vi) The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	(ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).			Will remain present at AGM.
3.3 (i)	Role of audit committee shall include the following:- (i) Oversee the financial reporting process.	✓		
3.3 (ii)	(ii) Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	(iii) Monitor Internal Control Risk management process.	✓		
3.3 (iv)	(iv) Oversee hiring and performance of external auditors.	✓		
3.3 (iv)	(iv) Oversee hiring and performance of external auditors.	✓		
3.3 (v)	(v) Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	(vii) Review the adequacy of internal audit function.	✓		
3.3 (viii)	(viii) Review statement of significant related party transactions submitted by the management.	✓		
3.3 (ix)	(ix) Review Management Letters/ Letter of internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	(x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/rights issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		

Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks(if any)
		Complied	Not complied	
3.4.1 (i)	(i) The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii) a)	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:- a) report on conflicts of interests;	✓		
3.4.1 (ii) b)	b) suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		
3.4.1 (ii) c)	c) suspected infringement of laws, including securities related laws, rules and regulations;	✓		
3.4.1 (ii) d)	d) Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		
3.5	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
4 (i)	The Issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:- (i) Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	(ii) Financial information systems design and implementation.	✓		
4 (iii)	(iii) Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	(iv) Broker-dealer services.	✓		
4 (v)	(v) Actuarial services.	✓		
4 (vi)	(vi) Internal audit services.	✓		
4 (vii)	(vii) Any other service that the Audit Committee determines.	✓		
4 (viii)	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
5 (i)	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		
5 (ii)	(ii) At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		
5 (iii)	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		

Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks(if any)
		Complied	Not complied	
5 (iv)	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A		
5 (v)	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		
6 (i) a)	The CEO and CFO shall certify to the Board that:- (i) They have reviewed financial statements for the year and that to the best of their knowledge and belief: a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7 (i)	(i) The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	(ii) The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

## Annexure-C

## Board Meeting &amp; Attendance during the year ended April 30, 2013

Name	Meeting held while a member	No of meetings attended in person or in alternative
Mr. Mohammed Jahangir Alam	4	4
Mr. Md. Abdur Rouf	4	4
Mr. Md. Alamgir Kabir	4	4
Mr. Md. Almas Shimul	4	4
Mr. Md. Salauddin Roman	4	4
Mr. Md. Ashrafuzzaman	4	4
Mr. Md. Abdul Ahad	4	4
Mr. Md. Azizul Haque Raju	3	3
Professor Dr. Mohammad Saleh Jahur	3	3

## Annexure-D

## The pattern of Shareholding as on 30 April, 2013

Name	Status/Position	No of Shares	% of Shareholding
<b>(a) Parent/Subsidiary/Associate Companies and other related parties:</b>	-	Nil	
<b>(b) Directors, CEO, CS, CFO, Head of Internal Audit and their spouses and minor children:</b>			
Mr. Md. Alamgir Kabir	Chairman	6,720,000	6.22%
Mr. Mohammed Jahangir Alam	Managing Director	42,000,000	38.89%
Mr. Md. Almas Shimul	Director & AMD	15,120,000	14%
Mr. Md. Abdur Rouf	Director	4,200,000	3.89%
Mr. Md. Ashrafuzzaman	Director	4,200,000	3.89%
Mr. Md. Salauddin Roman	Director	4,200,000	3.89%
Mr. Md. Abdul Ahad	Director	3,360,000	3.11%
Mr. Md. Azizul Haque Raju	Director	2,520,000	2.33%
Prof. Dr. Mohammad Saleh Jahur	Independent Director	Nil	0%
Mr. Md. Velayet Hossain	Independent Director	Nil	0%
Mr. Kamrul Islam, FCA	Chief Financial Officer	Nil	0%
Mr. Arifat Kamal, ACA	Company Secretary	Nil	0%
Mr. Mohammed Atiqur Rahman	Head of Internal Audit	Nil	0%
<b>(c) Executives</b>			
Mr. Abu Bakar Siddique, FCMA	Executive Director	Nil	0%
Mr. Mustaq Ahmed	Executive Director-Factory	Nil	0%
Eng. Borhan Uddin	Sr. GM (R & D)	Nil	0%
Eng. Humayan Kabir	GM-Factory	Nil	0%
Eng. Mahamudul Hossain	DGM-Factory	Nil	0%
<b>(d) Shareholders holding 10% or more voting interest in the Company</b>			
Mr. Mohammed Jahangir Alam	Managing Director	42,000,000	38.89%
Mr. Md. Almas Shimul	Director & AMD	15,120,000	14%

## Annexure-E

## RISKS &amp; CONCERNs

**a) Interest Rate Risk:**

Interest rate risk is the risk that Company faces due to unfavorable movement in the interest rates. Changes in the Government's monetary policy, along with increased demand for loans/investments trend to increase the interest rates. Such rises in interest rates mostly affect Companies having floating rate loans or Companies investing in debt securities.

**Management Concern:**

In order to manage this risk and overcome it, the Company shall exercise good management in its cash flows, coupled with continued strength in sales and marketing. GPH is very careful in forecasting the prices of International steels and manage its costs in an effective manner, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

**b) Exchange Rate Risk:**

Exchange rate risk occurs due to changes in exchange rates. As the Company imports equipments/raw materials from abroad and earns revenue in local currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company.

**Management Concern:**

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

**c) Profitability reduction risk:**

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

**Management Concern:**

The Company has successfully accessed the market till date and is working on offering new and better quality products at competitive terms. Moreover the group's track records of last 5 (five) years for operating in the low profit and highly market sensitive environment establishes its capability.

**d) Risk of new entrants:**

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

**Management Concern:**

Implementation of similar project generally have a lead time of 3 (three) years and before the earliest entrant the Company will be able to consolidate its both financial as well as market position. Furthermore, with the track record of GPH and its market reputation it will be very difficult for new comers to make inroads into the quality steels market. Moreover, Steel is a higher capital-intensive industry and therefore, barriers to entry are high. Hence, first-mover's advantage is big and GPH, with its past experience and performance, will hopefully enjoy this advantage.



**e) Market and Technology Related Risks:**

Technology always plays a vital role for each and every type of business. Better technology can increase productivity and reduce costs of production. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the company which may cause technological obsolescence and negative operational efficiency.

**Management Concern:**

The company is aware of technological changes and has adopted new technology according to its needs. Furthermore, routine and proper maintenance of the equipment carried out by the Company ensures longer service life for the existing equipment and facilities.

**f) Potential or Existing Government Regulations:**

The Company operates under Company's Act 1994, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

**Management Concern:**

Since The Company Operates in Steel sector, the Government regulations are mostly investment-friendly. However, unless any policy change that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected. As it is an emerging sector, it is highly expected that the Government will not frustrate the growth of the industry with adverse policy measures.

**g) Potential Changes in Global or National Policies:**

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to changes in policy in the international market might hamper the production and profitability. Furthermore, the performance of the company would also be hampered due to unavoidable circumstances both in Bangladesh and worldwide like political turmoil. Since the risk involved with the potential changes in global or national policies is a macro factor, it is beyond the capability of GPH to control.

**Management Concern:**

The management of GPH Ispat Limited is always concerned about the prevailing and upcoming future changes in the global or national policy and shall response appropriately and timely to safeguard its interest. Strong brand equity of the company in the local market and deep and profound knowledge of the sponsors will always endeavor to withstand the unexpected changes or any such potential threats. Nevertheless, political stability and a congenial business environment is definitely the best situation in which GPH will achieve its maximum potential. Political turmoil and disturbance are bad for the economy as a whole and also for the company. On the other hand, Government has special attention for the growth of the industry as it is related to infrastructure development of the country.

**h) History of Non-Operation, if any:**

Is there any history for the Company to become non-operative from its commercial operation?

**Management Concern:**

GPH Ispat Limited was incorporated in Bangladesh as a Private Limited Company with limited liability as on May 17, 2006 under the Companies Act 1994 and started commercial operation on August 21, 2008 and it has no history of non operation till now. The Company is an Independent entity which is operated by its Memorandum & Articles of Association and within the jurisdiction applicable laws implemented by the Government. Besides, the Company's financial strength is satisfactory. So, the chance of becoming non-operative for the Company is low.

**i) Operational Risks:**

Non-availabilities of materials/equipments/services may affect the smooth operational activities of the Company. On the other hand, the equipments may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

**Management Concern:**

The company is equipped with power backup and security system, which reduce operational risk. Besides, the equipments have insurance coverage in order to get reasonable compensation for any damages. Apart from these, routine security check and proper maintenance of the equipment also reduce/eliminate the operational risk.

**j) Availability of Power and Gas:**

Steel industries require huge and uninterrupted power supply. Any unfavorable change in power related regulations may affect the Company's business. The Company also requires Gas for heating billets and accordingly shortage of gas supply will affect the operation of the Company.

**Management Concern:**

The Company has 27 MW power connections. 15 MW load connection through 132/33 KV substation and 33 KV H. T. line from PDB and 12 MW gas fired captive power plant named GPH Power Generation Limited which ensures uninterrupted power supply. Furthermore, GPH's gas connection is connected with main distribution line of Chittagong zone. So GPH Ispat Limited is enjoying uninterrupted and sufficient electricity and gas supply at present except complying some Govt. special order and it is expected that this availability will remain same in the near future.

**k) Sourcing of Raw Materials:**

As steel market price is so variable, sourcing of raw material is important. Shortage or price hike of raw materials will affect the Company's operation.

**Management Concern:**

The main raw materials of the company are melting scrap, which is available both in international market and local market through ship breaking yard. The company has bilateral arrangement with a group of independent suppliers of raw materials. Therefore, it is expected that the company will have smooth flow of raw materials. In addition a new billet making plant has been successfully installed recently.

**l) Distribution Risks:**

For any company, the most crucial wing is the distribution channel. Wide distribution network and control over the network is essential to make the quality product available to the consumer at right time and price.

**Management concern:**

GPH Group has strong presence all over the country since 1987. Sponsors'/ Directors' experience of more than two decades in this sector is considered the key element of GPH marketing and distribution network.

**m) Risk associated with labor unrest:**

Smooth production is dependent on good relationship with the factory workers and their ability to provide high-quality services. In the event of disagreements with the workers, the company may experience adverse impact.

**Management concern:**

GPH Ispat Limited maintains good atmosphere at the work place and provides all sort of facilities to the workers as per law of the land. GPH employees/workers have been provided with all necessary facilities according to service rules. So, it is unlikely for them to create such unrest. The company has healthy salary and welfare policies for its human resources, which reduces the risk of labor unrest. Again, to meet unique situations, company has alternative ways to overcome such critical circumstances.



**Annexure-F****Short Bio-data of newly appointed Independent Director Mr. Md. Velayet Hossain**

Mr. Md. Velayet Hossain is a Master in Commerce from the University of Dhaka.

He started his career as a banker during 1968 with the then Mercantile Bank Ltd (at present Pubali Bank Ltd) in the East Pakistan & also obtained his "DAIBP (Diploma Associate)" degree from the Institute of Bankers in Pakistan.

During 1985 he left Pubali Bank Ltd & joined at Islami Bank Bangladesh Ltd. He has served for long 37 years in banking sector and has gathered extensive knowledge and experiences in both conventional banking and Islami banking. He was at Islami Bank Bangladesh Limited for 17 years and served at different capacity. In 2005, he got retired from Islami Bank when he was serving as Deputy Managing Director.

Mr. Hossain is a widely travelled person who visited USA, French, Germany, Japan, Thailand, Singapore, Indonesia, Malyashia, KSA in connection with attending workshop, seminar, conference, banking business etc.

## Annexure-G

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE GUIDELINES****To the members of the GPH ISPAT LIMITED**

We have examined the conditions of Corporate Governance complied by GPH ISPAT LIMITED ("the Company") for the year ended on 30 April 2013, as per requirement of Bangladesh Securities & Exchange Commission's Notification No: BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

Accordingly we do hereby certify that the Company has complied with all the conditions of Corporate Governance as required in the BSEC's notification No: BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

17 August 2013  
Chittagong

*Syful Shamul Alam*  
Syful Shamul Alam & Co.  
Chartered Accountants



**GPH Ispat Ltd.**  
COMMITTED TO STRENGTH

## Audit Committee Report

For the year 2012-2013

### The Audit Committee

The Audit Committee of GPH Ispat Limited consists of three members nominated by the Board of Directors as follows:

1. Professor Dr. Mohammad Saleh Jahur, Independent Director	Chairman
2. Mr. Mohammad Alamgir Kabir, Director	Member
3. Mr. Md. Almas Shimplu, Director	Member

### Governance

During the accounting year 2012-13, four meetings of the Audit committee were held. The Audit Committee met at the end each quarter of accounting year for reviewing quarterly report and finally annual report.

The Managing Director, Executive Director, Chief Financial Officer, Company Secretary and Head of Internal Audit Department attended all four meetings of audit committee on invitation of Chairman of the Audit Committee.

### Role of Audit Committee

Audit Committee has been playing a significant role in bringing transparency, enforcing good governance, and protecting the interest of all stakeholders in general and minority in particular. The Board of Directors of GPH Ispat Limited has recognized the magnitudes of the Audit Committee. The key role being played by the audit committee is to enable the Board in discharging its responsibilities for bringing financial discipline into different functional activities, financial reporting, and internal control, and thereby increasing the degree of regulatory compliance at all financial and operating levels of GPH Ispat Limited. The fundamental responsibilities of the Audit Committee are as follows:

1. To evaluate whether management is setting the ideal compliance culture of internal control in order to ensure that all employees have good understanding of their roles and responsibilities;
2. To review the existing risk management policies and process in order to ensure workings of effective internal check and control system for managing both systematic and unsystematic risk;
3. To review quarterly and annual financial reports, and find whether they have been prepared in line with the appropriate laws & regulations of relevant regulatory authority, and accounting standards adopted by ICAB for implementation in the accounting practices;
4. To review the effectiveness and productivity of internal audit function;
5. To review the findings and recommendations made by the internal auditors for bringing regularities and removing inconsistencies in the accounting and internal control practices; and
6. To review the audit performance of external auditors and their audit reports.

### Activities

During the accounting year 2012-13, the audit committee has specially focused on the following activities amongst activities performed:

1. Reviewed quarterly financial statements of the company in order to evaluate the operating, financing, and investing performance of the company;
2. Reviewed findings and recommendations of internal audit for making corrective measures on time, and thereby keeping the company on the right track of compliance; and
3. Reviewed and evaluated the audited Annual Financial Statements for 2012-13, and recommended to place the same before the Board Meetings of Directors for consideration.

### Acknowledgement

The Audit Committee would like to express its heartfelt thanks due to the members of the Board, key management executives, internal audit division, and all other employees for their utmost cooperation and dedication to discharge of responsibilities in the accounting year 2012-13.

*msalehjahur*

(Professor Dr. Mohammad Saleh Jahur)

Chairman

Audit Committee

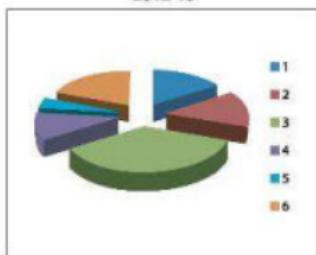


**GPH Ispat Ltd.**  
COMMITTED TO STRENGTH

## Value Added Statement

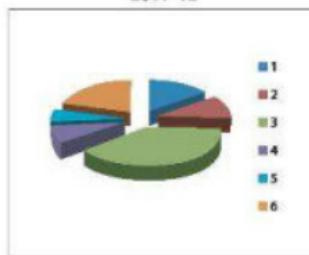
	2012-2013 Taka	%	2011-2012 Taka	%
<b>Value Added:</b>				
Revenue	5,454,133,618		4,441,768,846	
Other Income	23,616,399		23,301,493	
	<hr/>		<hr/>	
Less: Cost of materials & services	5,477,750,017		4,465,070,339	
	4,398,816,158		3,506,665,239	
	<hr/>		<hr/>	
	<b>1,078,933,859</b>	<b>100</b>	<b>958,405,101</b>	<b>100</b>
<b>Distribution:</b>				
Employee Cost	171,449,763	15.89	144,943,136	15.12
Govt.	155,752,456	14.44	100,183,764	10.45
Bank	385,172,618	35.70	377,826,139	39.42
	<hr/>		<hr/>	
	712,374,837	66.03	622,953,038	65.00
<b>Retained for distribution &amp; re-investment</b>				
Depreciation	116,434,125	10.79	78,164,315	8.16
Tax Holiday Reserve	42,881,781	3.97	55,743,575	5.82
Retained Earnings	207,243,116	19.21	201,544,173	21.03
	<hr/>		<hr/>	
	366,559,022	33.97	335,452,063	35.00
	<hr/>		<hr/>	
	<b>1,078,933,859</b>	<b>100</b>	<b>958,405,101</b>	<b>100</b>

2012-13



- 1 Employee Cost
- 2 Govt.
- 3 Bank
- 4 Depreciation
- 5 Tax Holiday Reserve
- 6 Retained Earnings

2011-12





**Auditors' report and  
Financial Statements of  
GPH ispat Ltd.**

For the period from 1 May 2012 to 30 April 2013



**GPH ispat Ltd.**  
COMMITTED TO STRENGTH

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF GPH ISPAT LIMITED

We have audited the accompanying financial statements of GPH Ispat Limited, which comprise the statement of financial position as at 30 April 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the period from 1 May 2012 to 30 April 2013, and a summary of significant accounting policies and other explanatory information.

The financial statements of the company for the year ended 30 April 2012 were audited by Hoda Vasi Chowdhury & Co, Chartered Accountants who issued unqualified opinion on 25 August 2012.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

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

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

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

#### **Opinion**

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the financial position of the company as at 30 April 2013 and of their financial performance and cash flows for the period from 1 May 2012 to 30 April 2013 and comply with the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### **We also report that:**

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;
- iii) the statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- iv) the expenditures incurred were for the purposes of the company's business.

*Syful Shamsul Alam Ic*

**Syful Shamsul Alam & Co.**  
Chartered Accountants

Chittagong, 17 August 2013



**GPH Ispat Ltd.**  
COMMITTED TO STRENGTH

**GPH ispat ltd.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2013**

	Note(s)	2012-2013 Taka	2011-2012 Taka
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,655,865,208	1,170,043,551
Capital work-in-progress	5	-	471,738,276
Intangible asset	6	810,000	-
Investments	7	40,167,956	27,745,270
		<b>1,696,843,164</b>	<b>1,669,527,097</b>
<b>Current assets</b>			
Advances, deposits and prepayments	8	305,519,433	490,326,452
Inventory	9	1,920,270,684	2,152,511,414
Trade receivables	10	778,858,786	714,892,582
Cash and cash equivalents	11	205,785,767	172,380,655
		<b>3,210,434,670</b>	<b>3,530,111,103</b>
<b>TOTAL ASSETS</b>		<b>4,907,277,834</b>	<b>5,199,638,200</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	1,080,000,000	900,000,000
Share premium		388,000,000	388,000,000
Tax holiday reserve		112,354,364	159,472,583
Retained earnings		233,760,361	206,517,245
		<b>1,814,114,725</b>	<b>1,653,989,828</b>
<b>Non-current liabilities</b>			
Long term loan	13.02	146,795,759	281,968,836
Finance lease obligations	14	41,642,977	51,902,334
Deferred tax liability	17	61,472,103	18,708,205
		<b>249,910,839</b>	<b>352,579,375</b>
<b>Current liabilities</b>			
Current portion of long term loan	13.02	38,471,440	136,542,119
Current portion of finance lease obligations	14	19,713,535	25,183,293
Short term borrowings	15	2,655,646,109	2,847,965,965
Creditors and accruals	16	83,589,096	149,794,188
Provision for tax	17	45,832,090	33,583,432
		<b>2,843,252,270</b>	<b>3,193,068,997</b>
<b>Total liabilities</b>		<b>3,093,163,109</b>	<b>3,545,648,372</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,907,277,834</b>	<b>5,199,638,200</b>
<b>NET ASSET VALUE PER SHARE</b>	24	16.80	18.38

The annexed notes 1 to 35 form an integral part of these financial statements.

  
**Company Secretary**

  
**Director**  
As per our annexed report of same date.

  
**Managing Director**

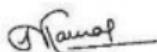
Syful Shamsul Islam, I.C.A.  
Syful Shamsul Islam & Co.  
Chartered Accountants

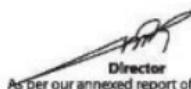
Chittagong, 17 August 2013

**GPH ispat ltd.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 APRIL 2013**

	Note(s)	50% Tax Holiday 01.05.12 - 31.07.12	25% Tax Holiday 01.08.12 - 30.04.13	2012-2013 Taka	2011-2012 Taka
Revenue	18	1,580,218,376	3,807,209,729	5,387,428,105	4,386,316,699
Cost of sales	19	(1,322,133,262)	(3,198,995,782)	(4,521,129,044)	(3,572,803,464)
<b>Gross Profit</b>		<b>258,085,114</b>	<b>608,213,947</b>	<b>866,299,061</b>	<b>813,513,235</b>
Administrative expenses	20	(15,984,669)	(54,437,939)	(70,422,608)	(74,388,621)
Selling and distribution expenses	21	(15,961,427)	(61,335,818)	(77,297,245)	(66,684,848)
<b>Profit from operating activities</b>		<b>226,139,018</b>	<b>492,440,190</b>	<b>718,579,208</b>	<b>672,439,766</b>
Financial expenses	22	(106,914,066)	(278,258,552)	(385,172,618)	(380,888,834)
Non-operating income	23	26,590	23,589,809	23,616,399	23,301,493
<b>Profit before WPPF</b>		<b>119,251,542</b>	<b>237,771,447</b>	<b>357,022,989</b>	<b>314,872,425</b>
Contribution to WPPF		(5,962,577)	(11,888,572)	(17,851,149)	(15,895,756)
<b>Profit before Income Tax</b>		<b>113,288,965</b>	<b>225,882,875</b>	<b>339,171,840</b>	<b>298,976,669</b>
Income tax expenses					
-Current 17.1.3		(12,397,619)	(33,885,426)	(46,283,045)	(37,969,548)
-Deferred 17.2		(10,690,974)	(32,072,924)	(42,763,898)	(6,762,070)
<b>Profit after Tax for the year</b>		<b>90,200,372</b>	<b>159,924,525</b>	<b>250,124,897</b>	<b>254,245,051</b>
Tax holiday reserves		(22,652,475)	(20,229,306)	(42,881,781)	(55,743,574)
<b>Total Comprehensive Income for the year</b>		<b>67,547,897</b>	<b>139,695,219</b>	<b>207,243,116</b>	<b>198,501,477</b>
<b>Earning Per Share (Basic)</b>	25			<b>2.32</b>	<b>3.53</b>
<b>Restated Earning Per Share (Basic)</b>	25				<b>2.80</b>

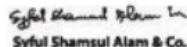
The annexed notes 1 to 35 form an integral part of these financial statements.

  
**Company Secretary**

  
**Director**  
As per our annexed report of same date.

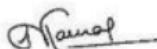
  
**Managing Director**

Chittagong, 17 August 2013

  
**Syful Shamsul Alam & Co.**  
Chartered Accountants

**GPH ispat ltd.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 APRIL 2013**

	<b>Share Capital</b>	<b>Tax Holiday Reserve</b>	<b>Share Premium</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
Balance as on 01 May 2011	500,000,000	103,729,009	-	8,015,768	611,744,777
Capital issued	400,000,000	-	-	-	400,000,000
Tax Holiday Reserve	-	55,743,574	-	-	55,743,574
Share premium	-	-	388,000,000	-	388,000,000
Net profit (after tax and reserve)	-	-	-	201,544,173	201,544,173
Prior period adjustment	-	-	-	(3,042,696)	(3,042,696)
<b>Balance as at 30 April 2012</b>	<b>900,000,000</b>	<b>159,472,583</b>	<b>388,000,000</b>	<b>206,517,245</b>	<b>1,653,989,828</b>
Balance as on 01 May 2012	900,000,000	159,472,583	388,000,000	206,517,245	1,653,989,828
Dividend (Stock)	180,000,000	-	-	(180,000,000)	-
Dividend (Cash)	-	(90,000,000)	-	-	(90,000,000)
Tax holiday reserve	-	42,881,781	-	-	42,881,78
Net profit (after tax and reserve)	-	-	-	207,243,116	207,243,116
<b>Balance as at 30 April 2013</b>	<b>1,080,000,000</b>	<b>112,354,364</b>	<b>388,000,000</b>	<b>233,760,361</b>	<b>1,814,114,725</b>

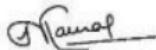
  
**Company Secretary**

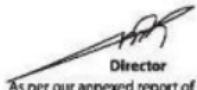
  
**Director**  
As per our annexed report of same date.

  
**Managing Director**

**GPH ispat ltd.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 APRIL 2013**

	2012-2013 Taka	2011-2012 Taka
<b>Cash Flows from Operating Activities</b>		
Collection from sales and other income	5,347,078,300	4,157,372,975
Payment for cost and other expenses	(4,220,233,264)	(4,142,692,175)
<b>Net cash generated from operating activities</b>	<b>1,126,845,036</b>	<b>14,680,800</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property, plant and equipment	(130,517,506)	(307,810,450)
Investment in shares	(12,422,686)	(12,858,238)
<b>Net cash used in investing activities</b>	<b>(142,940,192)</b>	<b>(320,668,688)</b>
<b>Cash Flows from Financing Activities</b>		
Short term loan	(192,319,856)	30,970,235
Repayment of Long term loan	(233,243,756)	192,010,221
Repayment of Lease obligation	15,729,115	4,387,980
Proceeds from issue of shares	-	200,000,000
Share Premium	-	388,000,000
Cash dividend paid	(90,000,000)	-
Finance costs	(385,172,618)	(377,826,138)
Income tax paid	(34,034,387)	(23,121,403)
<b>Net cash used in financing activities</b>	<b>(950,499,732)</b>	<b>414,420,895</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>33,405,112</b>	<b>108,433,007</b>
<b>Opening Cash and Cash Equivalents</b>	<b>172,380,655</b>	<b>63,947,648</b>
<b>Closing Cash and Cash Equivalents</b>	<b>205,785,76</b>	<b>172,380,655</b>

  
**Company Secretary**

  
**Director**  
As per our annexed report of same date.

  
**Managing Director**



**GPH ispat ltd.**  
COMMITTED TO STRENGTH

**GPH ISPAT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2013**

**1.00 THE REPORTING ENTITY**

**1.01 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 along with the subdivision of face value of shares from Tk 100 to Tk 10 each and enhancement of Authorized Capital from Tk 1,00,00,000 to Tk 2,50,00,00,000 dated 18.12.2009.

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, Chittagong, Bangladesh.

**1.02 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.

**2.00 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.01 Statement of compliance**

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement 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).

Financial statements comprise of the Statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements.

**2.02 Other regulatory compliances**

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

The Securities and Exchange Rules, 1987  
 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

**2.03 Basis of measurement**

These financial statements have been prepared on a historical cost basis.

**2.04 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.

**2.05 Use of estimates and judgment**

The Board of Directors is responsible for preparing and presenting the financial statement including adequate disclosures, which are then approved and authorized for issue.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of Assets, Liabilities, Income and Expenses.

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

Information about 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 9 Inventories
- Note 10 Trade Receivables
- Note 17 Deferred tax liabilities
- Note 16 Creditors and accruals (Defined benefit obligation)
- Note 17 Provision for tax
- Note 33 Contingent liabilities

#### **2.06 Going concern**

The company has adequate resources to continue in operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the Financial Statements. The current credit facilities and cash generated from business operations of the company provide sufficient fund to meet the present obligations of its existing businesses and operations.

#### **2.07 Applicable financial reporting standards**

- BAS 1 Presentation of Financial Statements
- BAS 2 Inventories
- BAS 7 Statement of cash flows
- BAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- BAS 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 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 39 Financial Instruments: Recognition and Measurement
- BFRS 7 Financial Instruments: Disclosures

#### **2.08 Reporting period**

The accounting period of the company covers one financial year from 1st May to 30th April consistently.

#### **3.00 PRINCIPAL ACCOUNTING POLICIES**

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the Framework for the Preparation and Presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with BAS 1 "Preparation of Financial Statements". The previous year's figures were prepared according to the same accounting principles.

#### **3.01 Consistency**

The accounting policies and methods of computation used in preparation of financial statements for the period ended 30 April 2013 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 April 2012.

### 3.02 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 charged off as revenue expenditure.

### 3.03 Property, plant and equipment

#### *Recognition and measurement*

Property, Plant and Equipment are accounted for according to BAS 15 "Property, Plant and Equipment" at historical cost less cumulative depreciation 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. The asset is carried at cost less accumulated depreciation and impairment.

#### *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 equipment	Rate
Land and land development	-
Plant and machinery	10%
Factory Building	5%
Furniture, fixture and decoration	10%
Computer and Accessories	20%
Motor Vehicle	10%
Logistic Vehicle	7.5%
Electrical and Gas Line Installation	5%
Lab Equipment	10%
Office Equipment	20%

Full year's depreciation is charged on the assets acquired during the year irrespective of the date of acquisition and no depreciation is charged in the year of disposal/deletion. 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 comprehensive income.

### 3.04 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 comprehensive income.

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

### 3.05 Intangible assets

#### *Recognition and measurement*

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*

The company uses cost model for measurement subsequent to initial recognition. The asset is carried at cost less accumulated amortization and impairment, if any.

#### *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 diminishing balance 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.

### 3.06 Financial Instruments

The company recognizes a financial asset or a financial liability when the entity becomes a party to the contractual provisions of the instrument, subject to the following provisions in respect of regular way purchases.

A regular way purchase or sale of financial assets is recognized and derecognized using either trade date or settlement date accounting.

Initially, financial assets and liabilities are measured at fair value of consideration given (including transaction costs, for assets and liabilities not measured at fair value through profit or loss).

#### 3.06.1 Investments

Investments in equity instruments are carried at cost. However, this is valued at cost rather than fair value. The said investment is made in order to comply with requirements u/s 46 (B) of Income Tax Ordinance 1984. The company is entitled to tax holiday under this section but the tax advantage is subject to condition of making investments of 10% of its exempted income each year before the expiry of three months from the end of the income year in the purchase of shares of a company listed with any stock exchange.

#### 3.06.2 Trade receivables

Trade receivables represent the amounts due from local customers only. These receivables are stated at gross.

#### 3.06.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same. Bank overdrafts are shown in current liabilities on the statement of financial position.

#### 3.06.4 Long term loans

Long term loans are measured at amortized cost using the effective interest method.

#### 3.06.5 Trade payables and accruals

These liabilities are recorded at the amount payable for settlement in respect of goods and services received/rendered by the Company, whether or not billed by the suppliers.

### 3.07 Valuation of Inventories

#### *Nature of Inventories*

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



### **Valuation of inventories**

Inventories are carried 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:

<b>Category</b>	<b>Basis of valuation</b>
Raw and packing materials	Average cost/Net realizable value
Finished goods	At cost/Net realizable value
Goods In transit	At cost
Stores and spares	Average cost

### **3.08 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.

### **3.09 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.

### **3.10 Taxation**

#### **3.10.1 Tax holiday**

The Company has 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%.

#### **3.10.2 Current tax**

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

#### **3.10.3 Deferred tax**

The Company recognizes deferred tax in accordance with the Bangladesh Accounting Standard 12 (BAS-12). Deferred tax is provided using the balance sheet approach for temporary difference between the carrying value of fixed assets as per accounts and the corresponding income tax written down value. Deferred tax is calculated at the effective Income Tax rate prevailing at the date of Statement of Financial Position.

#### **3.10.4 Tax holiday reserve**

Tax Holiday Reserve is made according to the requirement of section 46B of Income Tax Ordinance 1964 which requires companies to keep 40% of tax exempted income as Tax Holiday Reserve.

### **3.11 Revenue**

In compliance with the requirements of IAS 18 : Revenue from the sale of goods (MS Rod/ Billet) 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.

### 3.12 Employee Benefits

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

#### 3.12.1 Defined contribution plan

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

#### 3.12.2 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 Five (5) years	Nil amounts.
Above Five (5) years but below Ten (10) years	Half (0.5) times of last month basic salary x year(s) of service(s)
Above Ten (10) years but below Fifteen (15) years	One (1) times of last month basic salary x year(s) of service(s)
Above Fifteen (15) years	One and half(1.5) times of last month basic salary x year(s) of service(s)

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

#### 3.12.3 Workers' profit participation and welfare funds

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

### 3.13 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 Comprehensive Income and the computation of EPS is stated in note 25 of the financial statements.

#### 3.13.1 Basic earnings

The Company calculates earnings for the year attributable of the ordinary shareholders. As there is no preference dividend or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to ordinary shareholders.

#### 3.13.2 Basic earnings per share

This has been calculated by dividing the basic earnings by the total average number of ordinary shares outstanding during the year.

#### 3.13.3 Diluted earnings per share

No diluted EPS is required to be calculated for the year as there was no scope for dilution during the year under review.

#### 3.13.4 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.

### 3.14 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.

### 3.15 Events after reporting period

Events after the reporting period that provide additional information about the company's position at the balance sheet date are reflected in the financial statements, if any.

### 3.16 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 period's financial statements.

#### 4.00 Property, plant and equipment

	Land & Land development	Plant and Machinery	Factory Building	Furniture, Fixture & Decoration	Computer & Accessories	Motor Vehicles	Logistic Vehicles	Gas, Electric Line Installations	Lab Equipment	Office Equipment	Total
<b>Property, plant and equipment at cost</b>											
Balance as on 1 May 2011	142,627,676	495,727,673	377,469,521	6,914,035	2,527,502	19,752,545	108,095,280	118,814,755	19,683,150	2,314,584	1,294,826,731
Addition during 2011-12	66,452,933	116,838,770	17,561,914	2,573,611	754,950	20,151,244	5,891,968	12,163,550	471,440	137,560,360	
Disposal during 2011-12											
<b>Balance as 30 April 2012</b>	<b>209,080,229</b>	<b>307,166,893</b>	<b>395,081,585</b>	<b>9,437,646</b>	<b>3,262,452</b>	<b>36,902,789</b>	<b>114,887,268</b>	<b>130,978,405</b>	<b>19,683,150</b>	<b>2,736,024</b>	<b>1,482,887,091</b>
Balance as on 1 May 2012											
Addition during 2012-13	30,107,026	295,116,022	212,595,512	943,101	2,850,570	8,037,520	14,562,282	34,894,587	2,007,508	349,085	607,255,782
Disposal during 2012-13											
<b>Balance as at 30 April 2013</b>	<b>239,187,355</b>	<b>802,484,415</b>	<b>607,627,247</b>	<b>10,380,747</b>	<b>6,133,022</b>	<b>47,931,418</b>	<b>129,448,330</b>	<b>165,473,192</b>	<b>22,490,518</b>	<b>3,085,709</b>	<b>2,034,442,873</b>

#### Accumulated depreciation

	Balance as on 1 May 2011	102,510,215	40,755,631	1,179,424	927,873	3,461,662	11,013,625	13,897,404	4,516,965	928,226	184,179,225
Changed for the year 2011-12		39,985,618	17,713,795	879,822	470,916	3,643,113	7,790,523	5,854,250	1,514,618	361,560	78,164,315
Adjustment for disposal during 2011-12											
<b>Balance as on 30 April 2012</b>	<b>147,495,633</b>	<b>58,469,426</b>	<b>1,969,246</b>	<b>1,998,789</b>	<b>7,113,075</b>	<b>18,404,148</b>	<b>19,751,454</b>	<b>6,031,583</b>	<b>1,289,786</b>	<b>262,945,940</b>	
Balance as on 1 May 2012											
Balance as on the year 2012-13		147,495,333	58,469,426	1,969,246	1,998,789	7,113,075	18,404,148	19,751,454	6,031,583	1,289,786	262,945,940
Changed for the year 2012-13		65,498,658	27,457,691	841,150	946,847	4,081,834	8,298,390	7,306,077	1,643,694	359,185	116,454,125
Adjustment for disposal during 2012-13											
<b>Balance as at 30 April 2013</b>	<b>212,994,691</b>	<b>85,927,317</b>	<b>2,810,396</b>	<b>2,345,636</b>	<b>11,194,909</b>	<b>27,102,338</b>	<b>27,057,731</b>	<b>7,695,477</b>	<b>1,446,971</b>	<b>378,777,665</b>	

#### Carrying amount

	At 30 April, 2012	209,080,229	359,470,560	336,562,109	7,468,400	1,483,663	32,790,714	96,083,120	111,226,851	13,631,567	1,446,338
At 30 April, 2013		239,187,355	589,487,724	521,699,930	7,570,351	3,787,386	34,736,509	102,346,312	138,015,461	14,795,042	1,438,738

#### 4.01 Depreciation allocated to:

	2012-2013	2011-2012
Direct expenses (90%) - note 19.2	104,790,713	70,347,883
Administrative expenses (5%) - note 20	5,821,706	3,908,216
Selling and distribution expenses (5%) - note 21	5,821,706	3,908,216
	<b>116,434,125</b>	<b>78,164,315</b>

4.02 Capital work-in-progress has been transferred to Property, plant and equipment during the year as the construction is materially complete.

4.03 Property, plant and equipment are subsequently measured using cost model.

	Notes	2012-2013 Taka	2011-2012 Taka
<b>5.00 Capital work-in-progress</b>			
Opening balance		471,738,276	301,488,186
Addition during the year		36,506,463	170,250,090
		508,244,739	471,738,276
Transferred to property, plant and equipment	4.02	(508,244,739)	-
		-	471,738,276
<b>6.00 Intangible asset</b>			
<b>Software</b>			
At Cost			-
Opening balance		900,000	-
Addition during the year		900,000	-
Closing balance		900,000	-
<b>Accumulated amortization</b>			
Opening balance		-	-
Addition during the year		90,000	-
Closing balance		90,000	-
<b>Written down value</b>		810,000	-
<b>7.00 Investments</b>			
	Number of shares	Cost	2012-2013 Taka
			2011-2012 Taka
AB Bank Ltd	100,016	81.36	8,137,474
Bank Asia Ltd	247,500	16.52	4,089,342
Brac Bank Ltd	5,000	35.24	176,202
DESCO Ltd	10,278	177.97	1,829,027
Eastern Bank Ltd	240,000	26.75	6,421,042
Mercantile Bank Ltd	10,000	23.90	238,952
National Bank Ltd	8,500	38.40	326,400
One Bank Ltd	20,150	36.04	726,206
Prime Bank Ltd	54,685	33.15	1,813,052
Rupali Bank Ltd	11,640	125.44	1,460,097
Southeast Bank Ltd	60,000	15.29	917,606
SOPH Ltd	59,206	195.78	11,591,156
United Air Ltd	72,450	33.70	2,441,400
	899,425		40,167,956
			27,745,270

7.01 Market value of investments as on 30 April 2013 stood Tk. 29,596,191

7.02 Investments in equity instruments are carried at cost. The abovementioned investment is made in order to comply with requirements u/s 46 (B) of Income Tax Ordinance 1984. The company is entitled to tax holiday under this section but the tax advantage is subject to condition of making investments of 10% of its exempted income each year before the expiry of three months from the end of the income year in the purchase of shares of a company listed with any stock exchange.

	Notes	2012-2013 Taka	2011-2012 Taka
<b>8.00 Advances, deposits and prepayments</b>			
Advances	8.01	287,253,776	476,176,676
Deposits	8.02	16,453,027	11,983,045
Prepayments	8.03	1,812,630	2,166,731
		<b>305,519,433</b>	<b>490,326,452</b>
<b>8.01 Advances</b>			
For Income tax		62,779,078	23,786,385
For VAT current account		4,091,032	2,230,075
For LC		129,498,108	338,632,182
For Other supply		36,635,217	57,151,271
For Power purchase		42,232,783	49,356,482
For Raw material supply		9,630,245	826,300
For Software		-	3,249,525
For Employees		2,387,313	944,456
		<b>287,253,776</b>	<b>476,176,676</b>
<b>8.02 Deposits</b>			
Bangladesh Power Development Board		9,000,000	7,200,000
Bakhrabad Gas Systems Limited		2,490,793	2,490,793
Security to shipping lines		4,615,234	1,945,252
Lease deposit		347,000	347,000
		<b>16,453,027</b>	<b>11,983,045</b>
<b>8.03 Prepayments</b>			
Insurance premium		1,812,630	2,166,731
		<b>1,812,630</b>	<b>2,166,731</b>
a) All advances, deposits and prepayments are considered good and recoverable.			
<b>9.00 Inventory</b>			
Finished goods	9.01	1,633,889,215	1,616,910,278
Raw materials	9.02	161,963,617	405,202,051
Chemicals	9.03	22,383,030	49,600,388
Spares and other materials	9.04	102,034,822	80,798,697
		<b>1,920,270,684</b>	<b>2,152,511,414</b>
<b>9.01 Finished Goods</b>			
M.S. Rod		1,536,002,875	1,389,895,808
M.S. Billet		97,886,340	227,014,470
		<b>1,633,889,215</b>	<b>1,616,910,278</b>
<b>9.02 Raw Materials</b>			
Melting Scrap		153,058,534	358,498,704
Sponge Iron		8,905,083	46,703,347
		<b>161,963,617</b>	<b>405,202,051</b>
<b>9.03 Chemicals</b>			
Ferro Alloy		15,498,091	39,215,541
Quartz Powder		2,393,688	5,180,862
Pet Coke		4,491,251	5,203,985
		<b>22,383,030</b>	<b>49,600,388</b>
<b>9.04 Spares and Other Materials</b>			
Refractory Bricks		15,241,435	16,339,958
Spares and Consumables		80,624,548	55,902,731
Rolls		4,446,755	6,833,924
Copper Moulds Tube		1,722,084	1,722,084
		<b>102,034,822</b>	<b>80,798,697</b>



Notes	2012-2013 Taka	2011-2012 Taka
<b>10.00 Trade receivables</b>	<b>778,858,786</b>	<b>714,892,582</b>
a) Trade Receivables represent receivable from 301 Parties (2012: 234 Parties) in 2013.		
b) Receivables are unsecured but considered good and recoverable		
c) Ageing of trade receivables		
Upto 6 months	739,318,153	699,469,619
Over 6 months	39,540,633	15,422,963
	<b>778,858,786</b>	<b>714,892,582</b>
<b>11.00 Cash and cash equivalents</b>		
Cash in hand	11.01	884,711
Cash at bank	11.02	2,462,123
FDR Account	11.03	202,438,933
	<b>205,789,767</b>	<b>172,380,655</b>
<b>11.01 Cash in hand</b>		
Dhaka office petty cash		119,376
Factory petty cash		765,335
	<b>884,711</b>	<b>920,600</b>
<b>11.02 Cash at Bank</b>		
AB Bank Ltd , Gulshan, CD-4019-766672-000		50,000
AB Bank Ltd, Khatungonj, STD-4102-757211-430		4,795
AB Bank Ltd, Sitakunda, CD-4109-322643-430		3,511
Agrani Bank Ltd, Asadgonj, CD-33005432		360
Bank Al Falah Ltd, Agarabad, CD-01700500		17,613
Bank Asia, Anderkilla Ltd, CD-03033000168		10,732
Basic Bank Ltd, Asadgonj, CD-1610-01-0002360		4,355
Brac Bank Ltd, Agrabad, CD-2234082001		437,917
Dhaka Bank Ltd, Khatungonj, CD-171006577		61,085
Dutch Bangla Bank Ltd, Khatungonj, CD-155.110.2308		14,256
Eastern Bank Ltd, Agrabad, CD-00113607777373		14,653
Exim Bank Ltd, Khatungonj, CD-11100008165		8,124
First Security Islami Bank Ltd, Khatungonj, CD-10425		12,912
HSBC, Agrabad, CD-004-069076-011		50,000
IFIC Bank Ltd, Khatungonj, CD-2031-266558-001		14,637
Islami Bank Bangladesh Ltd, CD- 2965		12,724
Jamuna Bank Ltd, Khatungonj, CD-0015-0210003934		4,194
Janata Bank Ltd, Khatungonj, CD-33015073		18,057
Mercantile Bank Ltd, Khatungonj, CD-11100004231		9,799
Mutual Trust Bank Ltd, Khatungonj, CD-0013-0210004882		207,516
Mutual Trust Bank Ltd, Khatungonj, STD-0320002363		5,603
National Bank Ltd, Anderkilla, CD-33001914		44,852
NCC Bank Ltd, Khatungonj, CD-210007835		10,508
One Bank Ltd, Khatungonj, CD-0475069138		7,394
Premier Bank Ltd, O.R. Nizam Road, CD-11100008168		1,200
Prime Bank Ltd, Khatungonj, CD-10511010005344		12,512

Notes	2012-2013 Taka	2011-2012 Taka
Prime Bank Ltd, O.R. Nizam Road, CD- 13658	915	4,078
Pubali Bank Ltd, Khatungonj, CD-642-901-80082	-	600
Shahjalal Islami Bank Ltd, Khatungonj, CD-11100003158	12,893	6,965
Sonali Bank Ltd, Khatungonj, CD-33005052	2,480	-
Southeast Bank Ltd, Khatungonj, CD-004-11100009240	6,977	811,783
Standard Bank Ltd, Khatungonj, CD-33010061	3,335	10,675
State Bank of India, Agrabad, CD-05220043820001	2,408	123,477
The City Bank Ltd, Khatungonj, CD-1101131487001	14,011	58,946
Trust Bank Ltd, CDA Avenue, CD-0020-0210000529	111,696	684,467
UCBL, Gulshan, CD-005411100019329	27,621	4,406,652
UCBL, Khatungonj, CD-62366	2,523	13,203
Uttara Bank Ltd, Khatungonj, CD-214203	27,792	4,514
	<b>1,251,960</b>	<b>7,316,528</b>
<b>SCB and AB Bank</b>		
AB Bank Ltd, Khatungonj, STD-4102-777522-021 (EURO)	-	15,000
AB Bank Ltd, Khatungonj, STD-4102-777522-026 (GBP)	15,000	45,000
AB Bank Ltd, Khatungonj, STD-4102-777522-040 (USD)	109,748	499,828
AB Bank Ltd, Khatungonj, STD-4102-777522-430 (BDT)	488,105	2,954,311
Standard Chartered Bank, Agrabad, SND-02-5926866-01	597,310	-
	<b>1,210,163</b>	<b>3,514,139</b>
	<b>2,462,123</b>	<b>10,830,667</b>

#### 11.03 FDR Account

Name of the banks	Rate %	
AB Bank Ltd	12.50	37,379,627
Jamuna Bank Ltd	12.50	2,118,542
NCC Bank Ltd	13.00	4,065,166
Pubali Bank Ltd	9.00	9,581,106
Southeast Bank Ltd	12.50	403,199
Standard Chartered Bank	11.00	133,989,853
State Bank of India	12.00	850,850
Trust Bank Ltd	12 - 12.5	14,050,590
		<b>202,438,933</b>
		<b>160,629,388</b>

#### 12.00 Share capital

<b>Authorized</b>		
250,000,000 (2012: 250,000,000) Ordinary Shares		
of Tk 10 (2011 Tk 10) each	<b>2,500,000,000</b>	<b>2,500,000,000</b>

#### Issued, subscribed and paid-up

Paid-up in cash		
57,645,600 Ordinary Shares of Tk 10 (2012: 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
38,000,000 Ordinary Shares of Tk 10 each as Bonus Share	380,000,000	200,000,000
108,000,000 Ordinary Shares of Tk 10 each	<b>1,080,000,000</b>	<b>900,000,000</b>



**12.01 Position of share holding****Shareholders**

	2012-2013		2011-2012	
	"Position of share holding (%)"	Taka	"Position of share holding (%)"	Taka
Mr. Mohammed Jahangir Alam	38.89	420,000,000	38.89	350,000,000
Mr. Md. Abdur Rouf	3.89	42,000,000	3.89	35,000,000
Mr. Md. Alamgir Kabir	6.22	67,200,000	6.22	56,000,000
Mr. Md. Almas Shimul	14.00	151,200,000	14.00	126,000,000
Mr. Md. Ashrafuzzaman	3.89	42,000,000	3.89	35,000,000
Mr. Md. Salahuddin Roman	3.89	42,000,000	3.89	35,000,000
Mr. Md. Abdul Ahad	3.11	33,600,000	3.11	28,000,000
Mr. Md. Azizul Haque Raju	2.33	25,200,000	2.33	21,000,000
Mr. Md. Iqbal Hussain	1.56	16,800,000	1.56	14,000,000
General Shareholders	22.22	240,000,000	22.22	200,000,000
<b>TOTAL</b>	<b>100.00</b>	<b>1,080,000,000</b>	<b>100</b>	<b>900,000,000</b>

**12.02 Range of share holding****Shareholding Range**

	2012-2013		
	No of Shareholders	No of Shares	% of Shareholding
Less than 500	948	139,200	0.13
500-5,000	7056	6,598,100	6.11
5,001-10,000	209	1,561,100	1.45
10,001-20,000	113	1,627,100	1.51
20,001-30,000	42	1,083,000	1.00
30,001-40,000	14	483,900	0.45
40,001-50,000	15	682,400	0.63
50,001-100,000	23	1,595,400	1.48
100,001-1,000,000	15	4,755,400	4.40
Above 1,000,000	11	89,474,400	82.85
	<b>8446</b>	<b>108,000,000</b>	<b>100</b>

**13.00 Long term loan\***

AB Bank Ltd  
Trust Bank Ltd

2012-2013 Taka	2011-2012 Taka
185,267,199	243,336,133
-	175,174,822
<b>185,267,199</b>	<b>418,510,955</b>

\*Long term loan of previous year has been restated

**13.01 Details on Long term loan****AB Bank Ltd****Security:**

Pari-Passu registered mortgage of industrial land measuring 284.38 decimal (Tk 42,657,000), charge by the way of hypothecation with RJSC on entire Fixed and Floating assets, personal guarantee of all the sponsor director were kept as security for Loan facilities from AB Bank Limited, Khatungonj Branch, Chittagong.

**Rate of Interest:**

At the rate of 15.5%

**Trust Bank Ltd****Security:**

Pari-Passu 1st charge on entire Fixed and Floating assets, personal guarantee from all the directors, corporate guarantee from GPH Power Generation Ltd.(sister concern) were kept as security for Loan facilities from Trust Bank Limited, Khatungonj Branch, Chittagong.

**Rate of Interest:**

At the rate of 15%

**13.02 Aging of long term loan**

Due within one year  
Due after one year

38,471,440	136,542,119
146,795,759	281,968,836
<b>185,267,199</b>	<b>418,510,955</b>



Notes	2012-2013 Taka	2011-2012 Taka
14.00 Lease liabilities*		
Due within one year	19,713,535	25,183,293
Due after one year	41,642,977	51,902,334
	<b>61,356,512</b>	<b>77,085,627</b>

\*Lease liabilities of previous year has been restated

#### 14.01 Pubali Bank Ltd

	Current portion	Long term portion
Lease Financing Scheme # 0008	410,254	-
Lease Financing Scheme # 00009/09	1,947,793	-
Lease Financing Scheme # 00010/09	2,237,402	-
Lease Financing Scheme # 12	2,703,252	-
Lease Financing Scheme # 13	219,655	80,281
Lease Financing Scheme # 16	298,791	588,452
Lease Financing Scheme # 17	2,686,271	5,290,585
Lease Financing Scheme # 18	716,345	1,410,806
Lease Financing Scheme # 19	1,272,684	2,506,488
Lease Financing Scheme # 20	855,137	1,872,573
Lease Financing Scheme # 21	1,401,116	4,387,660
Lease Financing Scheme # 22	315,542	1,211,832
Lease Financing Scheme # 23	2,372,643	9,619,108
Lease Financing Scheme # 25	1,195,380	5,935,384
	<b>18,632,265</b>	<b>32,903,169</b>

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

- Principal amount of finance: Tk 100,784,555 - Repaid till 30.04.2013: Tk 49,249,121.
- Repayment Term is 4 - 5 years
- Security :
  - Post dated cheques
  - Ownership of Lease Assets
  - Corporate guarantee from Jahangir and Others Limited and personal guarantee of Directors

#### Prime Bank Ltd

	Current portion	Long term portion
Lease # 103080004	830,276	7,931,869
Lease # 102980004	193,495	354,510
Lease # 1031100006	57,499	453,429
	<b>1,081,270</b>	<b>8,739,808</b>

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

- Principal amount of finance: Tk 13,764,020 - Repaid till 30.04.2013: Tk 3,942,942.
- Repayment Term is 5 years
- Security :
  - Post dated cheques
  - Ownership of Lease Assets
  - Corporate guarantee from Jahangir and Others Limited and personal guarantee of Directors

	Notes	2012-2013 Taka	2011-2012 Taka
<b>15.00 Short term borrowings*</b>			
Loan against Trust Receipt (LTR)	15.0	151,624,920	1,710,679,757
Time loan	15.02	1,799,832,997	1,010,699,093
Bank overdraft and cash credit	15.03	704,188,192	126,587,115
		<b>2,655,646,109</b>	<b>2,847,965,965</b>
*Classification of Short term borrowings of previous year has been re-arranged			
<b>15.01 Loan against Trust Receipt (LTR)</b>			
AB Bank Ltd		10,193,568	64,133,663
BASIC Bank Ltd		-	50,382,030
Islami Bank Ltd		124,830,000	133,312,000
Janata Bank Ltd		-	76,027,415
Mercantile Bank Ltd		-	146,256,507
NCC Bank Ltd		-	243,575,186
Pubali Bank Ltd		-	258,999,151
Trust Bank Ltd		9,284,259	538,080,585
United Commercial Bank Ltd		7,317,093	199,913,220
		<b>151,624,920</b>	<b>1,710,679,757</b>
<b>15.02 Time loan</b>			
AB Bank Ltd		404,205,473	701,646,634
Mercantile Bank		-	47,693,259
One Bank Ltd		284,556,566	252,712,500
Standard Chartered Bank		393,080,550	8,646,700
Trust Bank Ltd		530,837,767	-
United Commercial Bank Ltd		187,152,641	-
		<b>1,799,832,997</b>	<b>1,010,699,093</b>
<b>15.03 Bank overdraft and cash credit</b>			
AB Bank Ltd		20,096,751	23,265,152
Janata Bank Ltd		99,426,772	7,639,137
Pubali Bank Ltd		442,066,958	-
Standard Chartered Bank		54,788,476	18,481,973
Trust Bank Ltd		33,052,287	26,470,083
United Commercial Bank Ltd		54,756,948	50,730,770
		<b>704,188,192</b>	<b>126,587,115</b>

**15.04 Description regarding mortgages on these borrowings are detailed below:**

**AB Bank Ltd**

Post dated cheques, Personal Guarantee off all the directors, Pari-Passu Mortgage of land measuring 284.38 decimal industrial landed land (Tk 42,657,000), Paripasu 1st charge on Floating assets for Short Term Loan facilities from AB Bank Ltd, Khatungonj Branch, Chittagong.

**Trust Bank Ltd**

Post dated cheques, Personal Guarantee off all the directors, Pari-Passu 1st charge on Floating assets for Short Term Loan facilities from Trust Bank Ltd, CDA Branch, Chittagong.



**United Commercial Bank Ltd**

Pari-Passu 1st charge on Floating assets, Personal Guarantee off all the directors, post dated cheques for Tk 550,000,000 (Fifty Five Crore Taka) favouring the Bank for Short Term Loan facilities from United Commercial Bank Ltd, Khatungonj Branch, Chittagong.

**One Bank Ltd**

Pari-Passu 1st charge on Floating assets, Personal Guarantee off all the directors, post dated cheques for Tk 100,000,000 (Ten Crore Taka) Letter of Trust Receipt, Registered Charge with RUSC on entire present and future fixed and floating assets for Short Term Loan facilities from One Bank Ltd, Khatungonj Branch, Chittagong.

**Pubali Bank Ltd**

Post dated cheques, Personal Guarantee off all the directors, Trust received and charge documents for short Term Loan facilities from Pubali Bank Ltd, Khatungonj Branch, Chittagong.

**Islami Bank Bangladesh Ltd**

Post dated cheques, Personal guarantee of Directors, Corporate guarantee of Jahangir and Others Ltd has been provided for short term loan facilities from Islami Bank Bangladesh Ltd, Khatungonj Branch, Chittagong.

**Janata Bank Ltd**

Pari-Passu 1st charge on Floating assets, Corporate guarantee, Directors' personal guarantee, post dated cheques covering the entire loan amount, floating hypothecation on all tradeable stocks of the Company has been signed for short term loan facilities from Janata Bank Ltd, Khatungonj Corporate Branch, Chittagong.

**Standard Chartered Bank**

Pari-Passu 1st charge on Floating assets, Demand Promissory Note, post dated cheques covering loan amount, Hypothecation of goods to be imported, personal guarantee of all Directors for Short Term Loan facilities from Standard Chartered Bank Ltd, Agrabad Branch, Chittagong.

	Notes	2012-2013 Taka	2011-2012 Taka
<b>16.00 Creditors and accruals</b>			
For Revenue Expenses	16.1	28,096,741	20,574,884
For Other Finance	16.2	5,670,564	7,505,081
For Supplies		22,958,177	62,914,614
Advance Against Sales		9,262,465	42,903,853
Workers' Profit Participation Fund	16.3	17,601,149	15,895,756
		<b>83,589,096</b>	<b>149,794,188</b>
<b>16.1 Revenue Expenses</b>			
Salary Payable		8,255,841	7,789,592
Audit Fee Payable		200,000	200,000
Utility Bill Payable		15,105,500	9,829,252
Provident Fund	16.1.1	1,105,693	524,556
Defined benefit obligations (Gratuity)	16.1.2	2,829,707	1,631,484
Directors' Remuneration Payable		600,000	600,000
		<b>28,096,741</b>	<b>20,574,884</b>



	Notes	2012-2013 Taka	2011-2012 Taka
<b>16.1.1 Provident Fund</b>			
Opening Balance		524,556	596,852
Add: Addition during the year		3,325,310	2,658,458
		3,849,866	3,255,310
Less: Paid during the year		(2,744,173)	(2,730,754)
Closing balance		1,105,693	524,556
<b>16.1.2 Defined Benefit Obligation (Gratuity)</b>			
Opening Balance		1,631,484	231,880
Add: Provision made during the year		1,198,223	1,399,604
		2,829,707	1,631,484
Less: Paid during the year		-	-
Closing balance		2,829,707	1,631,484
<b>16.2 Other finance</b>			
AIT Payable		636,107	1,273,219
VAT Deducted at Source		2,638,066	649,860
Chittagong Capital Limited		1,251,271	671,002
Unpaid Refund Warrant		543,670	4,911,000
Unpaid Dividend		601,450	-
		5,670,564	7,505,081
<b>16.3 Workers' Profit Participation Fund</b>			
Opening Balance		15,895,756	10,561,638
Add: Addition during the year @ 5%		17,851,149	15,895,756
		33,746,905	26,457,394
Less: Paid during the year		(16,145,756)	(10,561,638)
Closing balance		17,601,149	15,895,756
<b>17.00 Income Tax</b>			
Provision for income tax	17.1	45,832,090	33,583,432
Deferred tax liabilities	17.2	61,472,103	18,708,205
		107,304,193	52,291,637
<b>17.1 Provision for Current Tax</b>			
Opening Balance		33,583,432	18,735,287
Add: Provision made during the year	17.1.3	46,283,045	37,969,548
		79,866,477	56,704,835
Less: Adjusted during the year	17.1.1	(34,034,387)	(23,121,403)
Closing balance		45,832,090	33,583,432
<b>17.1.1 Adjustment made during the year</b>			
Tax paid in cash		10,248,002	6,937,102
Adjusted with Advance Income Tax		23,786,385	16,184,301
		34,034,387	23,121,403

## 17.1.2 Year wise income tax assessment status is as follows:

Accounting Year	Assessment Year	Opening balance	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	
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	Return due by 30th October 2013
			102,987,880	(57,155,790)	45,832,090	

## 17.1.3 Provision for Income tax during the year

	50% Tax Holiday 01.05.12- 31.07.12	25% Tax Holiday 01.06.12- 30.04.13	Total
<b>Profit before tax</b>	<b>113,288,965</b>	<b>225,882,875</b>	<b>339,171,840</b>
<b>Add: Expenses for separate consideration</b>			
Accounting Depreciation	29,108,531	87,325,594	116,434,125
Amortization	22,500	67,500	90,000
Gratuity	299,556	898,667	1,198,223
	<b>29,430,587</b>	<b>88,291,761</b>	<b>117,722,348</b>
<b>Less: WDA</b>	<b>(52,581,643)</b>	<b>(157,744,930)</b>	<b>(210,326,573)</b>
<b>Less: Non operating income</b>	<b>(26,590)</b>	<b>(23,589,809)</b>	<b>(23,616,399)</b>
	<b>90,111,319</b>	<b>132,839,897</b>	<b>222,951,215</b>
<b>Tax Exemption (50%, 25%)</b>	<b>45,055,660</b>	<b>33,209,974</b>	<b>78,265,634</b>
<b>Taxable income from operation</b>	<b>45,055,659</b>	<b>99,629,923</b>	<b>144,685,582</b>
Tax on Non-operating income	7,313	6,487,197	6,494,510
Tax on Operational income	12,390,306	27,398,229	39,788,535
<b>Tax on Total Taxable Income</b>	<b>12,397,619</b>	<b>33,885,426</b>	<b>46,283,045</b>

## 17.2 Deferred tax liability

	Carrying amount	Tax base	Temporary difference
	Taka	Taka	Taka
a) As at 30 April 2013			
Property, plant and equipment	1,655,865,208	1,328,253,797	327,611,411
Intangible asset	810,000	450,000	360,000
Provision for gratuity	(2,829,707)	-	(2,829,707)
Net taxable temporary difference	1,653,845,501	1,328,703,797	325,141,704
Applicable tax rate			18.91%
<b>Deferred tax liability</b>			<b>61,472,103</b>
<b>As at 30 April 2012</b>			<b>18,708,205</b>
<b>Increase/(Decrease) in deferred tax liability</b>			<b>42,763,898</b>

	Notes	50% Tax Holiday 01.05.12 - 31.07.13	25% Tax Holiday 01.08.12 - 30.04.13	2012-2013 Total	2011-2012 Total
<b>18.00 Revenue</b>					
Local		1,518,052,797	3,831,680,461	5,349,733,258	4,377,740,695
Export		80,451,557	23,948,803	104,400,360	64,028,150
<b>Gross Proceeds from Sales</b>		<b>1,598,504,354</b>	<b>3,855,629,264</b>	<b>5,454,133,618</b>	<b>4,441,768,845</b>
Value added tax (VAT)		(18,285,978)	(48,419,535)	(66,705,513)	(55,452,146)
		<b>1,580,218,376</b>	<b>3,807,209,729</b>	<b>5,387,428,105</b>	<b>4,386,316,699</b>
<b>19.00 Cost of sales</b>					
Opening Finished goods					
M.S. Rod		1,389,895,808	1,206,358,997	1,389,895,808	616,770,000
M.S. Billet		227,014,470	389,702,340	227,014,470	158,471,079
		1,616,910,278	1,596,061,337	1,616,910,278	775,241,079
Add: Cost of Production	19.01	1,301,284,321	3,236,823,660	4,538,107,981	4,414,472,663
		<b>2,918,194,599</b>	<b>4,832,884,997</b>	<b>6,155,018,259</b>	<b>5,189,713,742</b>
Less: Closing Finished goods					
M.S. Rod		1,206,358,997	1,536,002,875	1,536,002,875	1,389,895,808
M.S. Billet		389,702,340	97,886,340	97,886,340	227,014,470
		1,596,061,337	1,633,889,215	1,633,889,215	1,616,910,278
		<b>1,322,133,262</b>	<b>3,198,993,782</b>	<b>4,521,129,044</b>	<b>3,572,803,464</b>
<b>19.01 Cost of Production</b>					
Opening Stock of:					
Raw Material		405,202,051	268,238,813	405,202,051	745,975,539
Chemical		49,600,388	37,770,174	49,600,388	27,875,346
Spare and Other		80,798,697	96,204,389	80,798,697	42,150,425
		<b>535,601,136</b>	<b>402,213,376</b>	<b>535,601,136</b>	<b>816,001,310</b>
Add: Purchase					
Raw Material		883,640,871	2,301,307,679	3,184,948,550	3,103,467,980
Chemical		32,394,859	89,677,678	122,072,537	220,585,119
Spare and Other		47,473,822	142,421,467	189,895,289	166,099,748
		<b>963,509,552</b>	<b>2,533,406,824</b>	<b>3,496,916,376</b>	<b>3,490,152,847</b>
Less: Closing Stock of:					
Raw Material	9.02	268,238,813	161,963,617	161,963,617	405,202,051
Chemical	9.03	37,770,174	22,383,030	22,383,030	49,600,388
Spare and Other materials	9.04	96,204,389	102,034,822	102,034,822	80,798,697
		<b>402,213,376</b>	<b>286,381,469</b>	<b>286,381,469</b>	<b>535,601,136</b>
<b>Raw and Other Materials Consumed</b>		<b>1,096,897,312</b>	<b>2,649,238,731</b>	<b>3,746,136,043</b>	<b>3,770,553,021</b>
Add: Factory overhead	19.02	204,387,009	587,584,929	791,971,987	643,919,642
<b>Cost of Production</b>		<b>1,301,284,321</b>	<b>3,236,823,660</b>	<b>4,538,107,981</b>	<b>4,414,472,663</b>
<b>19.02 Factory overhead</b>					
Salaries, Wages and Allowances		20,070,584	58,674,146	78,744,730	68,577,791
Overtime Bill		1,933,906	5,144,682	7,078,588	7,263,228
Bonus		2,067,445	6,202,335	8,269,780	6,842,505
Electricity Bill		115,312,201	345,626,132	460,938,333	384,947,641
Gas Bill		8,204,680	22,162,418	30,367,098	27,425,138
Daily Labour Bill		5,942,544	14,427,568	20,370,512	15,121,058
Carriage Inward		87,700	263,098	350,798	2,475,158
Fuel, Oil and Lubricant		5,549,900	12,606,025	18,155,925	14,230,626



Notes	50% Tax Holiday 01.05.12 - 31.07.12	25% Tax Holiday 01.06.12 - 30.04.13	2012-2013 Take	2011-2012 Take
Depreciation - note 4.01	25,197,678	78,593,035	104,790,713	70,347,883
Repair and Maintenance	4,145,884	5,287,563	9,433,447	4,190,919
Testing Expenses	40,288	120,664	161,152	42,636
Water Expenses	57,500	172,500	230,000	80,000
Oxygen and LP Gas Charges	5,092,617	13,021,466	18,114,083	12,216,358
Loading and Unloading Expenses	2,065,658	711,006	2,776,664	1,971,994
Staff Uniform	519,835	1,559,505	2,079,340	899,842
Factory House Rent	5,600	16,800	22,400	120,000
Factory Canteen	1,644,084	4,932,253	6,576,337	4,479,631
Vehicle Fuel and Maintenance	1,798,632	6,808,175	8,606,807	7,549,828
Land Rent	60,000	180,000	240,000	240,000
Medical Expenses	91,470	423,684	515,154	840,249
Logistic Vehicle Expenses	2,550,135	7,650,405	10,200,540	9,353,399
Internet Expenses	13,667	27,637	41,304	52,824
Insurance	865,367	2,596,100	3,461,467	3,400,465
Labour Compensation and Welfare	65,734	377,132	442,866	796,849
Guest House Maintenance	3,900	-	3,900	271,620
	<b>204,387,009</b>	<b>587,584,929</b>	<b>791,971,938</b>	<b>643,919,642</b>

## 20.00 Administrative expenses

Directors' Remuneration	31.00	1,800,000	5,400,000	7,200,000	7,200,000
Salary and Allowances		7,295,093	21,569,163	28,864,256	22,197,184
Entertainment		163,463	525,128	688,591	1,112,368
Office Maintenance		281,472	334,524	615,996	421,475
Mobile, Telephone and Internet Charges		338,634	905,404	1,244,038	1,087,527
Office Rent		153,000	2,466,000	2,619,000	823,000
Newspaper and Periodicals		2,016	4,330	6,346	13,091
Postage and Stamps		49,919	122,322	172,241	148,192
Stationery and Printing Charges		277,926	919,656	1,197,582	1,274,325
Canteen		66,641	199,922	266,563	2,432,532
Vehicle Expenses		475,145	1,754,646	2,229,793	1,619,015
Rent, Rate and Tax		-	251,589	251,589	-
Travelling and Conveyance		386,698	5,033,354	5,420,052	3,005,938
Audit Fee		57,500	172,500	230,000	230,000
Fees and Renewal		82,620	689,840	772,460	712,940
Legal and Professional Fee		148,500	15,000	163,500	638,625
Festival Bonus		-	3,070,748	3,070,748	1,845,613
Misc. Expenses		956,847	1,041,974	1,998,821	1,788,102
ISO Certificate		-	77,620	77,620	20,000
Electricity and Other Utility Expenses		356,329	577,131	933,460	663,251
Training Fee		59,200	16,600	75,800	28,300
Board Meeting Exp.		81,340	204,987	286,327	75,791
Picnic Exp.		-	1,696,239	1,696,239	2,333,294
iftar Party		1,188,900	-	1,188,900	1,828,968
Website Maintenance Cost		-	20,000	20,000	8,200
BO Account Maintenance Expense		-	3,098	3,098	51,795
Depreciation	4.01	1,455,426	4,366,280	5,821,706	3,908,216
Amortization of Software	6.00	22,500	67,500	90,000	-
IPO Issue Expense		-	-	-	18,920,879
Recruitment Expenses		-	37,802	37,802	-



Notes	50% Tax Holiday 01.05.12 - 31.07.12	25% Tax Holiday 01.06.12 - 30.04.13	2012-2013 Taka	2011-2012 Taka
Share Management Expenses	285,500	959,633	1,245,133	-
BIS Certificate Expenses	-	337,223	337,223	-
AGM Expenses	-	1,597,724	1,597,724	-
	<b>15,984,669</b>	<b>54,437,939</b>	<b>70,422,608</b>	<b>74,388,621</b>
<b>21.00 Selling and distribution expenses</b>				
Advertisement Expenses	1,963,850	30,296,692	32,260,542	16,934,700
Carriage Outward	8,387,840	12,674,265	21,062,105	30,936,941
Export Expenses	473,409	-	473,409	1,605,352
Dealer and Distributor	10,000	444,130	454,130	2,165,796
Travelling and Conveyance	272,723	645,612	918,335	786,150
Promotional Expenses	3,088,866	11,904,284	14,993,150	9,825,316
Depreciation	4.01	1,455,426	4,366,280	5,821,706
Sales Centre Maintenance	149,313	524,555	673,868	522,357
Warehouse Rent	160,000	480,000	640,000	-
	<b>15,961,427</b>	<b>61,335,818</b>	<b>77,297,245</b>	<b>66,684,848</b>
<b>22.00 Financial expenses</b>				
Finance Costs*	105,947,149	279,329,867	385,277,016	332,235,163
Bank Charge	139,254	6,657,021	6,796,275	20,483,678
Loan Processing Fee	827,663	9,010,759	9,838,422	3,464,673
Exchange Gain	-	(16,739,095)	(16,739,095)	24,685,320
	<b>106,914,066</b>	<b>278,258,552</b>	<b>385,172,618</b>	<b>380,868,834</b>
* Finance costs of previous year has been restated				
<b>23.00 Non-operating income</b>				
Interest Earned from FDR	-	19,305,799	19,305,799	4,959,765
Bank Interest Earned	-	4,119,585	4,119,585	18,231,457
Dividend Income	26,590	164,425	191,015	110,261
	<b>26,590</b>	<b>23,389,809</b>	<b>23,616,399</b>	<b>23,301,493</b>

	2012-2013 Taka	2011-2012 Taka
<b>24.00 Net Assets Value per share*</b>	<b>16.80</b>	<b>18.38</b>
The Composition of Net Assets Value (NAV) per share is given below :		
a) Net Assets Value as on 30 April 2013	1,814,114,725	1,653,989,828
b) Number of Ordinary Shares at the close of business	108,000,000	90,000,000
* Net assets value per share of previous year has been restated		
<b>25.00 Earnings per share (EPS)</b>		
<b>Basic EPS</b>	<b>2.32</b>	<b>3.53</b>
The composition of Earnings per share (EPS) is given below :		
a) Earnings attributed to ordinary shareholders during the year	250,124,897	257,287,747
b) Number of ordinary shares at the year end	108,000,000	90,000,000
c) Weighted average number of outstanding ordinary shares.	108,000,000	72,958,904
<b>Restated EPS</b>		<b>2.80</b>
Restated earnings attributable to the ordinary shareholders*		254,245,051
Weighted average number of ordinary shares outstanding during the year		90,958,904
* Earnings attributable to ordinary shareholders of previous year has been restated		
<b>Diluted EPS</b>		
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.		
<b>26.00 Operating cash flow per share</b>	<b>10.43</b>	<b>0.16</b>
The composition of operating cash inflow/outflow value per share is given below		
a) Operating cash inflow/(outflow) during the year	1,126,845,036	14,680,800
b) Number of ordinary shares at the close of business	108,000,000	90,000,000
<b>27.00 Auditors' remuneration</b>		
Audit Fee - Statutory	200,000	200,000
	200,000	200,000
<b>28.00 Number of employees</b>		
Employees drawing salary above Tk 3,000 per month	604	564
Employees drawing salary Tk 3,000 or below per month	-	-
	604	564

**29.00 Capacity and production**

Notes	2012-2013 M.Ton	2011-2012 M.Ton
Production Capacity (In M.Ton)	29.01	218,000
Actual Production (In M.Ton)	29.02	165,315
Capacity Utilization (%)		75.83
<b>29.01 Production Capacity (In M.Ton)</b>		
MS Billet	168,000	98,000
MS Rod	120,000	120,000
	<b>288,000</b>	<b>218,000</b>

The Company has installed a new Billet Plant (84,000 MT per year) which was under trial production during the prior year. During the reporting year it is assumed that the plant is fully ready for commercial operation and hence, the full capacity of the said Billet Plant has been added as Company's production capacity.

**29.02 Actual Production (In M.Ton)**

MS Billet	87,265	84,807
MS Rod	84,062	80,508
	<b>171,327</b>	<b>165,315</b>

**30.00 RELATED PARTY TRANSACTIONS**

The Company carried out the following transactions with its sister concerns in the normal course of business on arms length basis.

Sl.No	Name of the Party	Relation	Nature of Transaction	2012-2013 Taka
1	GPH Power Generation Ltd	Common Directorship	Supply of power at a flat rate	345,637,191
2	Chittagong Capital Ltd	Common Directorship	Share brokerage	12,425,772
3	Jahangir and Other Ltd	Common Directorship	Sales commission	5,529,000
4	Jahangir and Other Ltd	Common Directorship	Head office rent	612,000

\*GPH Power Generation Ltd supplied 59,290,392 KWH electricity throughout the year for total amount of Tk. 345,637,191 ( Average rate per KWH=4.7568 approximately)

**31.00 Directors' Remuneration**

	30 April 2013			30 April 2012
	Managing Director	Other Directors	Total	
Salaries and Allowances	4,200,000	3,000,000	7,200,000	7,200,000
Medical Expenses	<b>4,200,000</b>	<b>3,000,000</b>	<b>7,200,000</b>	<b>7,200,000</b>

Managing Director and Directors are provided with transport facilities along with their remuneration.

**32.00 Events after reporting period**

The Board of Directors in their meeting held on 17 August 2013 recommended 15% cash and 10% stock dividend for the year 2012-2013.

	2012-2013 Taka
<b>33.00 Contingent liabilities</b>	<b>803,689,222</b>
Contingent liabilities at the balance sheet date are as follows:	
<b>33.01 Bank guarantee</b>	
AB Bank Limited	1,108,500
Southeast Bank Ltd.	3,872,700
State Bank of India	850,000
	<b>5,831,200</b>
<b>33.02 L/C liabilities</b>	
United Commercial Bank Limited	19,982,274
Trust Bank Limited	360,223,032
AB Bank Limited	142,624,716
Standard Chartered Bank Limited	88,062,000
Pubali Bank Limited	186,966,000
	<b>797,858,022</b>

There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the end of the reporting period.

#### 34.00 Financial risk management

International Financial Reporting Standard (IFRS) 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 analyze 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.

	Notes
a) Credit risk	34.01
b) Liquidity risk	34.02
c) Market risk	34.03

#### 34.01 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:

	Amount in Taka 30-Apr-13	Amount in Taka 30-Apr-12
Trade receivable-Local customer	778,858,786	714,892,582
Advance, deposit and prepayments	305,519,433	490,326,452
Cash and bank balance	205,785,767	172,380,655
	<b>1,290,163,986</b>	<b>1,377,599,689</b>
Dues upto 6 months	739,318,153	699,469,619
Dues over 6 months	39,540,633	15,422,963
	<b>778,858,786</b>	<b>714,892,582</b>

**c) Credit exposure by credit rating**

	As on 30 April 2013		
	Credit rating	Amount	(%)
<b>Trade receivable</b>	NR	778,858,786	60.37%
<b>Advance, deposit and prepayments</b>	NR	305,519,433	23.68%
<b>Cash and bank balances</b>			
Cash in hand	NR	684,711	0.07%
Cash at bank		204,901,056	15.88%
AB Bank Ltd	AA3	38,050,786	2.95%
Agrani Bank Ltd	AAA	360	0.00%
Bank Alfalah Ltd	AA	17,613	0.00%
Bank Asia Ltd	AA2	10,732	0.00%
Basic Bank Ltd	AA2	4,355	0.00%
Brac Bank Ltd	AA3	437,917	0.03%
Dhaka Bank Ltd	AA3	61,085	0.00%
Dutch Bangla Bank Ltd	AA1	14,256	0.00%
Eastern Bank Ltd	AA	14,653	0.00%
Edm Bank Ltd	AA-	8,124	0.00%
First Security Islami Bank Ltd	BBB2	12,912	0.00%
HSBC	AAA	50,000	0.00%
IFIC Bank Ltd	AA2	14,637	0.00%
Islami Bank Bangladesh Ltd	AA+	12,724	0.00%
Janmuna Bank Ltd	AA3	2,122,736	0.16%
Janata Bank Ltd	AAA	18,057	0.00%
Mercantile Bank Ltd	AA-	9,799	0.00%
Mutual Trust Bank Ltd	AA-	213,119	0.02%
National Bank Ltd	AA2	44,852	0.00%
NCC Bank Ltd	AA3	4,075,674	0.32%
One Bank Ltd	AA3	7,394	0.00%
Premier Bank Ltd	A	1,200	0.00%
Prime Bank Ltd	AA+	13,427	0.00%
Pubali Bank Ltd	AA3	14,050,590	1.09%
Standard Chartered Bank Ltd	AAA	10,178,416	0.79%
Shahjalal Islami Bank Ltd	AA	12,893	0.00%
Sonali Bank Ltd A1	2,480	0.00%	
Southeast Bank Ltd	AA-	410,176	0.03%
Standard Bank Ltd	AAA	3,335	0.00%
State Bank of India	AA3	853,258	0.07%
The City Bank Ltd	AA3	14,011	0.00%
Trust Bank Ltd	AA-	134,101,549	10.39%
UCBL	AA-	30,144	0.00%
Uttara Bank Ltd	AA3	27,792	0.00%

#### 24.02 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 Taka	Maturity period Taka	Nominal Interest rate	Contractual cash flows Taka	Within 6 months or less Taka	Within 6-12 months Taka
Creditors and accruals						
Short term borrowings	83,589,096	Oct. 2013	N/A	83,589,096	83,589,096	-
Current portion of finance lease obligations	2,655,646,109	Oct. 2013	15 ~ 17%	2,655,646,109	2,655,646,109	-
Current portion of long term loan	19,713,535	Apr. 2014	13 ~ 17%	19,713,535	9,856,767	9,856,768
	38,471,440	Apr. 2014	15.50%	38,471,440	19,235,720	19,235,720
	<b>2,797,420,180</b>			<b>2,797,420,180</b>	<b>2,768,327,692</b>	<b>29,092,488</b>

### 34.03 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:

	2012-2013	2011-2012
Exchange rate of US Dollar	77.95	81.88

##### (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 April, the interest rate risk profile of the company's interest bearing financial instruments was:

	Carrying amount	30-Apr-13
Fixed rate instrument		
Financial asset	202,438,933	
Financial liability	2,902,269,820	
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.

### 34.04 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)
<b>Assets carried at fair value through profit and loss</b>	<b>Nil</b>	<b>Nil</b>
<b>Held to maturity assets</b>		
FDR with banks	202,438,933	202,438,933
<b>Loans on Receivables</b>		
Trade Receivables	778,858,786	778,858,786
Security deposit	16,453,027	16,453,027
Cash and bank balances	205,785,767	205,785,767
<b>Available for sale financial assets</b>	<b>Nil</b>	<b>Nil</b>
Liabilities carried at fair value through profit and loss	Nil	Nil
<b>Liabilities carried at amortized cost</b>		
Accounts and other payables	Nil	Nil
Short term bank borrowing	2,655,646,109	*N/A
Current portion of long term borrowing	38,471,440	*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.

### 35.00 GENERAL

35.1 Wherever considered necessary, previous year's figures & phrases have been re-arranged to conform to this year's presentation.

35.2 Bracket figure denotes negative.



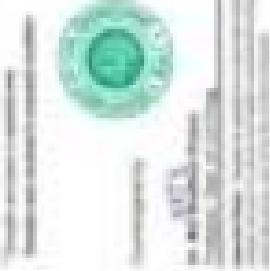
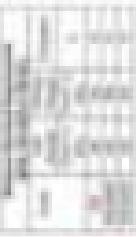
卷之三

It is the author's opinion that the best way to approach the study of the history of the United States is to study the history of the people.



卷之三

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18	18	18	18
19	19	19	19
20	20	20	20



## ISO Certificate



### *Certificate of Registration*

This certificate has been awarded to

#### **GPH Ispat Limited**

Masjiddah, Kumira, Sitakunda, Chittagong-4000, Bangladesh

In recognition of the organization's Quality Management System which complies with

**ISO 9001:2008**

The scope of activities covered by this certificate is defined below

#### **Manufacture and Marketing of Structural Steel**

<b>Certificate Number:</b>	<b>Date of Issue: (Original)</b>	<b>Date of Issue:</b>
57823A/0001/UK/E	06 May 2013	06 May 2013
<b>Issue No:</b>	<b>Expiry Date:</b>	
1	06 May 2016	

Issued by:

On behalf of the Scheme Manager



Cert IJL 0408



**GPH Ispat Ltd.**  
COMMITTED TO STRENGTH

## News

Chairman of GPH Ispat Ltd Mohammed Jahangir Alam presiding over the 6th annual-general meeting of the company in Chittagong Tuesday.

GPH Ispat holds AGM, approves 20pc stock, 10pc cash dividends

The 6th annual general meeting (AGM) of GPH Ispat Ltd was held at the Institution of Engineers in Chittagong Tuesday. The meeting was attended by a large number of shareholders. The AGM unanimously approved 20 per cent stock and 10 per cent cash dividend for the financial year 2011-2012, said a press release.

The meeting was presided over by Chairman Mohammed Jahangir Alam while Additional Managing Directors Md Alamgir Kabir and Md Almas Shimul other directors were present in the meeting.

The chairman outlined the future plans and programmes of the company. He

informed the meeting that total revenue of company stands at Tk 4,386 million in 2011-2012 as against Tk 3,688 million in 2010-2011. Net profit of the company stands at Tk 257.29 million in 2011-2012 as against Tk 182.91 million in 2010-2011 showing 41 per cent growth over the last year.

Being a leading steel manufacturing company in Bangladesh GPH has been manufacturing MS Billet, 60 grade and grade 500W TMT bar. GPH assures of quality in every step of production process through "Spectro Lab" and "UTM". GPH have also obtained "ISO" certificate and "RSI" approval.

ISO certificate and BS 17025 approval. In case of Billet and MS Rod export, GPH is the pioneer in Bangladesh. During the year under review, the export stands for Tk 64.03 million.

প্রথম আলো মদনবার, ৫ মার্চ ২০১৩  
বাণিজ্য সংবাদ  
TECHNICAL CONFERENCE ON DURABLE CONCRETE STRUCTURES

## ANSWER



## জিপিএইচ ইন্স্পার্ট ও এমআই সিমেন্টের সেমিনার

ଟ୍ରେନିଙ୍ଗର ନିଯମରେ ଅଳ ଟିକ୍ଟରେଲ କହିଛି ଶ୍ରୀମଦ୍ ଶୀର୍ଷ ଏବଂ ମେଲିନ୍ଦା ଗାଁ ଶ୍ରୀନାରାମଙ୍କ ନିଯମରେ ହେଲେବେ ଅନିତ ହେଲେ । କିମିନ୍ଦିଟ ଇନ୍ଦ୍ରିୟ ଏବଂ ଏମ ଆଇ ନିଯମିତ କାର୍ଯ୍ୟ ଲିଖିତ କରେ ଯେ ଅନ୍ୟାନ୍ୟ ଏ ବୋଲିନ ଅନୁଷ୍ଠାନିକ ହୁଏ । ଏହ ଆଇ ନିଯମରେ ବରାହନାନ୍ଦ ପାତ୍ରମଙ୍କ ଏବଂ ଉତ୍ସନ୍ମ ମୋହର ସଂଗ୍ରହିତ ମେଲିନ୍ଦରେ ସାହାତ ବଜନ ଲେ ଲିଖିତ କରିଛନ୍ତି ।

ଅମ୍ବାଲ

ନିମ୍ନ ଲିଖନ୍ତର ଦ୍ୱାରା ଲାଗୁ ହେଲା ହାତର ପାଇଁ



জিপিএইচ ইন্সোর্য মা এ শিশু হাসপাতাল চাঁকি

ବାର୍ଷିକାଲିକ ଡିପାର୍ଟ୍ମେଣ୍ଟର ବାର୍ଷିକାଲିକ ଅଭିଧିକାରୀ

## ରାଜେନ୍ଦ୍ର ପୁରେ ଜିପିଏଇୟେ କୁଳକୁର୍ବି ଅନ୍ତିମ

## ଶେରୁରୁ ଜିପିଆଇସ୍ ଗଲକ୍ ଟର୍ନାମେନ୍ଟ୍ ସମ୍ପାଦନ



## Events Album

### AGM-2012



### GPH Golf Tournament



## Events Album

Technical Conference



GPH Utshab



TECHNICAL CONFERENCE ON DURABLE CONCRETE STRENGTH

Jointly organized by



**GPH ispat ltd.**  
COMMITTED TO STRENGTH



**GPH ispat ltd.**

Registered Office: Crown Chamber, 325 Asadgonj, Chittagong.

**PROXY FORM**

I/We.....  
of.....

Mr/Mrs/Miss.....  
Of.....

as my/ our proxy to attend and vote for me / us on my / our behalf at the 7th Annual General Meeting of the Company to be held on Monday the 4th November 2013 at 11.00 am. at the GPH Ispat Ltd. Factory premises, Mosjidah, Kurnira, Sitakunda, Chittagong and at any adjournment thereof.

As witness my hand this..... day of..... 2013.

Affix Revenue  
Stamp of  
Tk. 10

(Signature of the Proxy)

Shareholders BO ID No:

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

(Signature of Shareholder)

Note: The proxy form duly filled up should reach to the Registered Office of the company not less than 48 hours before the time fixed for the meeting.

.....  
Authorized Signatory  
GPH Ispat Ltd.

.....  
Signature Verified



**GPH ispat ltd.**

Registered Office: Crown Chamber, 325 Asadgonj, Chittagong.

**SHAREHOLDERS' ATTENDENCE SLIP**

I/We hereby record my/our presence at the 7th Annual General Meeting of the Company on 4th November, 2013 at the GPH Ispat Ltd. Factory premises, Mosjidah, Kurnira, Sitakunda, Chittagong.  
Name of the Shareholder/Proxy:.....

Shareholders BO ID No:

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

N.B: Please present this slip at the reception desk on the AGM date.

.....  
Signature of Shareholder (S)



## Where GPH Rebar used



Kuril Flyover, Dhaka



Dapapia Bridge, Barisal



Gulistan-Jatrabari Flyover, Dhaka



SPL Garden, Dhaka



Orion Pharma Ltd. Narayanganj



Maa O Shisu Hospital, Chittagong



## **GPH ispat ltd.**

COMMITTED TO STRENGTH

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Fax : +88-02-9880366

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[www.gphispat.com.bd](http://www.gphispat.com.bd)

# **GPH ispat ltd.**