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GPH ISPAT LIMITED
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2020

Corporate Office:

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INDEPENDENT AUDITORS' REPORT
to the Shareholders of
GPB ISPAT LIMITED

Opinion

We have audited the accompanying financial statements of **GPB Ispat Limited** (the Company), which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Profit or loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period from 1 July 2019 to 30 June 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to explanations given to us, the accompanying financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and cash flows for the period from 1 July 2019 to 30 June 2020 and comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

Basis of opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "Auditors responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2020. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



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SL	Key Audit Matter	How our audit addressed the key audit matter
1.	<p>Valuation of Inventories</p> <p>The Company has closing inventory BDT 7,006 million out of which 66% is raw materials to start its new project's trial production. Inventory is carried in the financial statements at the lower of cost and net realisable value. The exercise for the assessment of the net realisable value involves the use of judgement and assumptions that may vary depending on technological and socio-economical conditions and is therefore considered a significant key audit matter. Please refer to note 3.07 and 10 to the financial statements.</p>	<ul style="list-style-type: none"> • Verified a sample of inventory items to ensure that costs have been appropriately recorded. • Tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessing the reasonableness of any resulting write down of inventory items. • Assessed whether appropriate provisions have been recognised for aged, damaged, slow moving or obsolete inventories by reviewing the age of inventories held and evaluating management's basis for determining the usability of inventories. • Performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period. • Reviewed the historical accuracy of inventory provisions and the level of write-downs.
2.	<p>Revenue Recognition</p> <p>Appropriateness of revenue recognition and disclosures</p> <p>Revenue recognition has significant and wide influence on financial statements. As described in the accounting policy note 3.15 to the financial statements, the company recognises revenue upon transfer of control as per IFRS 15 – Revenue from Contracts with Customers. The company has reported total revenue of BDT 9,406 million. Refer to note 21 to the financial statements. This material item is subject to considerable inherent risk due to the complexity and identifying revenue and the high number of transactions from multiple locations from which revenue is being recognised. Against this background, the proper application of the accounting standards is considered to be complex and assumptions made by management.</p>	<ul style="list-style-type: none"> • Undertaken audit procedures over the accuracy of recording of revenue including procedures related to the changes in revenue recognition resulting from the adoption of IFRS 15. • Assessed the environment of the measurement as well as other relevant systems supporting the accounting of revenue. • Assessed manual as well as application controls supporting revenue recognition. • Assessed the invoicing and measurement systems up to entries in the general ledger. • Examined customer invoices and receipts of payment on a test basis. • Tested the revenue charging model against the regulatory guidelines, contractual provisions and accounting standards, on a sample basis. • Assessed the design of the processes set up to account for the transactions in accordance with the new standard. • Assessed whether the sufficiency of disclosures as required by the new standard have been met.



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Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements of the Company does not cover the other information and, accordingly, we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the information read and reviewed, we have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- (d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We determine those matters, from the matters communicated with those charged with governance, that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules, 1987, we also report the following;

- 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 and;
- iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.
- iv) the expenditure incurred was for the purposes of the Company's business.

Dated: Chattogram
28 October 2020



Hussain Farhad & Co.
Hussain Farhad & Co.
Chartered Accountants
HFC

GPH ISPAT LIMITED
Statement of Financial Position
As at 30 June 2020

	Note(s)	30 June 2020	30 June 2019
		Taka	Taka
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,103,436,862	2,975,385,321
Capital work-in-progress	5	23,876,898,898	19,760,860,267
Intangible assets	6	1,010,002	966,383
Investments	7	62,344,461	273,495,309
Total non-current assets		27,043,690,223	23,010,707,280
Current assets			
Short term investment	8	882,572,314	449,929,013
Advances, deposits and prepayments	9	2,396,784,998	2,452,963,101
Inventories	10	7,006,674,104	2,792,059,671
Trade and other receivables	11	2,621,012,146	2,505,592,013
Cash and cash equivalents	12	38,761,528	281,773,961
Total current assets		12,945,805,090	8,482,317,759
Total Assets		39,989,495,313	31,493,025,039
EQUITY AND LIABILITIES			
Equity			
Share capital	13	3,781,960,870	3,601,867,500
Share premium		1,136,440,000	1,136,440,000
Fair value reserve		(21,226,941)	96,161
Amount to be distributed as dividend	28	89,825,267	-
Retained earnings		1,446,359,318	1,596,953,769
		6,433,358,514	6,335,357,430
Liabilities			
Non-current liabilities			
Long term loan	14	19,676,693,426	16,202,635,324
Finance lease obligations	15	744,497,463	539,732,060
Defined benefit obligation - gratuity	16	41,460,605	35,919,462
Deferred tax liability	17	186,228,559	174,152,167
Total non-current liabilities		20,648,880,053	16,952,439,013
Current liabilities			
Current portion of long term loan	14	155,746,011	116,835,653
Current portion of finance lease obligations	15	162,855,400	125,783,827
Short term borrowings	18	11,697,581,384	7,120,943,855
Creditors and accruals	19	800,583,885	587,163,924
Current tax liability	20	90,490,066	254,501,337
Total current liabilities		12,907,256,746	8,205,228,596
Total liabilities		33,556,136,799	25,157,667,609
TOTAL EQUITY AND LIABILITIES		39,989,495,313	31,493,025,039
NET ASSET VALUE PER SHARE	29	17.01	17.59

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


Company Secretary

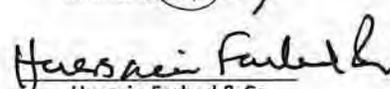

Director


Managing Director

Signed in terms of our annexed report of same date

Dated: Chattogram
28 October 2020




Hussain Farhad & Co.
Chartered Accountants
HFC

GPH ISPAT LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note(s)	01 July 2019	01 July 2018
		to 30 June 2020	to 30 June 2019
		Taka	Taka
Revenue	21	9,406,690,791	13,268,683,927
Cost of goods sold	22	(7,852,829,348)	(11,110,755,161)
Gross Profit		1,553,861,443	2,157,928,766
Administrative expenses	23	(214,690,454)	(189,100,564)
Selling and distribution expenses	24	(217,742,135)	(233,818,662)
Profit from operating activities		1,121,428,854	1,735,009,540
Finance Cost	25	(802,272,214)	(715,146,284)
Finance income	26	98,570,448	109,628,773
Profit before other income		417,727,088	1,129,492,029
Other income	27	1,836,002	2,220,346
Profit before income tax and distribution of WPPF and Welfare Fund		419,563,090	1,131,712,375
Contribution to WPPF and Welfare Fund	19.03	(20,978,155)	(56,585,619)
Profit before Income Tax		398,584,935	1,075,126,756
Income tax expenses			
-Current	20	(84,721,754)	(248,877,693)
-Deferred	17	(14,445,625)	(20,047,335)
Profit after tax		299,417,556	806,201,728
Minimum amount to be distributed as dividend	28	89,825,267	-
Maximum amount can be transferred to retained earnings	28	209,592,289	-
Profit after tax		299,417,556	-
Other comprehensive income			
Net change in fair value of investment in quoted shares	7.02.01	(23,692,335)	3,816,437
Deferred tax on unrealised gain/(loss)		2,369,233	(10,567)
Total other comprehensive income/(Loss)		(21,323,102)	3,805,870
Total comprehensive income		278,094,454	810,007,598
Earning Per Share (Basic)	30	0.79	2.24

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

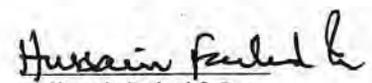

Company Secretary


Director


Managing Director

Signed in terms of our annexed report of same date

Dated: Chattogram
28 October 2020


Hussain Farhad & Co.
Chartered Accountants
HFC



GPH ISPAT LIMITED
Statement of Changes in Equity
For the year ended 30 June 2020

Amount in Taka

	Share Capital	Share Premium	Fair value reserve	Amount to be distributed as Dividend	Retained Earnings	Total Equity
Balance as on 01 July 2018	3,274,425,000	1,136,440,000	(3,709,709)	-	1,118,194,541	5,525,349,832
Bonus share for the year 2017-2018	327,442,500	-	-	-	(327,442,500)	-
Change in fair value of investment in quoted shares (net of tax)	-	-	3,805,870	-	-	3,805,870
Net profit after tax	-	-	-	-	806,201,728	806,201,728
Balance as at 30 June 2019	3,601,867,500	1,136,440,000	96,161	-	1,596,953,769	6,335,357,430
Balance as on 01 July 2019	3,601,867,500	1,136,440,000	96,161	-	1,596,953,769	6,335,357,430
Bonus share for the year 2018-2019	180,093,370	-	-	-	(180,093,370)	-
Cash dividend for the year 2018-2019	-	-	-	-	(180,093,370)	(180,093,370)
Change in fair value of investment in quoted shares (net of tax)	-	-	(21,323,102)	-	-	(21,323,102)
Minimum amount to be distributed as dividend u/s 16G of ITO 1984	-	-	-	89,825,267	-	89,825,267
Net profit after tax	-	-	-	-	209,592,289	209,592,289
Balance as at 30 June 2020	3,781,960,870	1,136,440,000	(21,226,941)	89,825,267	1,446,359,318	6,433,358,514



Company Secretary



Director



Managing Director



GPH ISPAT LIMITED
Statement of Cash Flows
For the year ended 30 June 2020

	Note(s)	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
a. Operating activities			
Receipts from customers against sales		9,331,321,533	12,478,295,095
Receipts against other income		190,945	-
Cash Paid to suppliers, operating and other expenses		(12,149,897,537)	(11,793,803,618)
Foreign currency exchange gain/(loss)		(35,225,865)	837,202
Income tax paid		(209,985,985)	(167,977,220)
Net cash flows generated by operating activities	33	(3,063,596,909)	517,351,459
b. Investing activities			
Acquisition of property, plant and equipment		(4,419,362,672)	(9,192,511,093)
Acquisition of intangible asset		(250,000)	-
Proceeds from sale of property, plant and equipment		1,400,000	-
Dividend received (net of tax)		1,490,368	1,776,325
Interest received from bank deposits and others		75,616,991	86,675,316
Other investments		(222,231,331)	1,271,590,967
Net cash flows used in investing activities		(4,563,336,644)	(7,832,468,485)
c. Financing activities			
Receipts from long term loans		3,512,968,460	7,679,578,445
(Repayment) / Receipt of finance lease obligation		241,836,976	564,171,653
(Repayment) / Receipt of short term borrowings		4,576,637,529	(133,547,441)
Dividend paid		(180,475,496)	(21,671,353)
Interest and bank charges paid		(767,046,210)	(715,983,556)
Net cash flows used in financing activities		7,383,921,259	7,372,547,748
d. Net increase in cash and cash equivalents (a+b+c)		(243,012,294)	57,430,722
e. Opening cash and cash equivalents		281,773,961	224,343,169
f. Effect of foreign exchange rate changes		(139)	70
g. Cash and cash equivalents at the end of the year (d+e+f)		38,761,528	281,773,961
Net operating cash flows per share	31	(8.10)	1.44



 Company Secretary



 Director



 Managing Director



GPH ISPAT LIMITED
Notes to the Financial Statements
As at and for the year ended 30 June 2020

1.00 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 at the Office of the Registrar of Joint Stock Companies & Firms, Chittagong vide registration no. CH-5853 of 2006 under the Companies Act 1994. The company, subsequently, was converted into a Public Limited company on 18 December 2009 along with the subdivision of face value of shares from Tk. 100 to Tk. 10 each and enhancement of Authorized Capital from Tk. 2,500,000,000 to Tk. 10,000,000,000.

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

1.02 Nature of Business

The principal activities of the company are manufacturing and trading of iron products and steel materials of all kinds (except ferro alloy products) or other metallic or allied materials and marketing thereof. The commercial production of the factory commenced on 21 August 2008.

2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION

2.01 Statement of Compliance

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

2.02 Basis of Reporting

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

- a) A statement of Financial Position as at 30 June 2020;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020;
- c) A statement of Changes in Equity for the year ended 30 June 2020;
- d) A statement of Cash Flows for the year ended 30 June 2020; and
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

2.03 Regulatory Compliances

As required, GPH Ispat Limited complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984
- b) The Income Tax Rules 1984
- c) The Value Added Tax Act 2012
- d) The Value Added Tax Rules 2016
- e) The Securities and Exchange Ordinance 1969
- f) The Securities and Exchange Rules 1987
- g) Securities and Exchange Commission Act, 1993
- h) The Customs Act 1969
- i) The Labour Act 2006 (as amended in 2013)

2.04 Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 27 October 2020.

2.05 Basis of Measurement

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



2.06 Functional and Presentation Currency

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

2.07 Cash Flows Statement

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method. A reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals as per requirement of Securities and Exchange Rules 1987.

2.08 Going Concern

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

2.09 Reporting Period

The financial statements of the company covers one year from 01 July to 30 June and is followed consistently.

2.10 Application of Accounting Standards

The financial statements have been prepared in compliance with requirement of IASs (International Accounting Standards) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following IASs and IFRSs are applied to preparation of the financial statements for the year under report:

Accounting Standards

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flows
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IAS-16	Property, Plant and Equipment
IAS -19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rate
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-33	Earnings Per Share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-38	Intangible Assets
IFRS-7	Financial Instruments: Disclosures
IFRS-9	Financial Instruments
IFRS- 13	Fair Value Measurement
IFRS- 15	Revenue from Contract with Customers
IFRS- 16	Leases

2.11 Initial application of new standards

The entity has initially applied IFRS 16 (see 3.05) from 01 July 2019. This standard do not have a material effect on the financial statements.

Due to the transition methods chosen by the management in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

2.12 Use of Estimates and Judgements

The preparation of these financial statements is in conformity with IAS and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note: 4 Property, plant and equipment
- Note: 5 Capital work-in-progress
- Note: 6 Intangible assets
- Note: 10 Inventories
- Note: 11 Trade and other receivables
- Note: 16 Defined benefit obligation - gratuity
- Note: 17 Deferred tax liability
- Note: 20 Current tax liability

2.13 Classification of current and non-current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
 - Held primarily for the purpose of trading
 - Expected to be realised within twelve months after the reporting period
- Or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within twelve months after the reporting period
- Or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.14 Comparative Information and reclassification

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period financial statements. To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified wherever considered necessary to conform to current periods presentation.

3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- 3.01 Consistency
- 3.02 Property, Plant and Equipment
- 3.03 Intangible Assets
- 3.04 Capital Work-in-Progress
- 3.05 Leases
- 3.06 Investment
- 3.07 Inventories
- 3.08 Financial Instruments



- 3.09 Impairment
- 3.10 Share Capital
- 3.11 Employee Benefits
- 3.12 Taxation
- 3.13 Loans and Borrowings
- 3.14 Provisions, Contingent Liabilities and Contingent Assets
- 3.15 Revenue Recognition
- 3.16 Other Income
- 3.17 Finance Income and Cost
- 3.18 Earnings Per Share
- 3.19 Measurement of Fair Values
- 3.20 Events after the Reporting Period

3.01 Consistency

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30 June 2020 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2019.

3.02 Property, Plant and Equipment

i) Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation except land and land development.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

ii) Pre-Operating Expenses and Borrowing Costs

Interest and other incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities that are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of IAS-23 "Borrowing Costs".

iii) Subsequent Costs and Maintenance Activities

The company recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of property, plant and equipment, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All upgradation /enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

iv) Depreciation

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in the statement of profit or loss and other comprehensive income on diminishing balance method.

The depreciation rate(s) are as follows:

<u>Class of assets</u>	<u>Rate of Depreciation</u>
Land & Land development	-
Plant and Machinery	10%
Factory Building	5%
Furniture, Fixture and Decoration	10%
Computer and Accessories	20%
Motor Vehicles	10%
Logistic Vehicles	7.5%
Electric and Gas Line Installation	5%
Lab Equipment	10%
Office Equipment	20%



Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. After considering the useful life of assets as per IAS-16 "Property, plant and equipment", the annual depreciation have been applied equal allocation of total cost over useful life of assets which is considered reasonable by the management.

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

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss and other comprehensive income.

Total depreciation is distributed as under:

<u>Category</u>	<u>Rate</u>
Direct expenses	90%
Administrative expenses	5%
Selling and distribution expenses	5%

v) Impairment of Assets

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with IAS-36 "Impairment of Assets".

vi) Retirement and Disposals

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under non other income in the statement of profit or loss and other comprehensive income.

3.03 Intangible Assets

i) Recognition and Measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38 Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

ii) Amortization

Amortization is recognized in the statement of profit or loss and other comprehensive income on straight line method at the rate of 10% per annum. Amortization is charged on an asset when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization of an asset ceases at earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognised.

iii) Subsequent Costs

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

3.04 Capital Work-in-Progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of 30 June 2020 and these are stated at cost.

3.05 Leases

At inception of an arrangement, the company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the entity separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.



3.05.01 Finance Lease

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

3.05.02 Operating Lease

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

3.05.03 Leasehold Assets

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

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

3.06 Investment

- i. Investment in unquoted shares are initially recognized at cost. After initial recognition these are carried at cost less impairment losses, if any.
- ii. Investment in quoted shares are recognized at fair value through other comprehensive income. Changes in fair value are recognized under other comprehensive income in the financial statements. Fair values of investment in quoted shares are determined by reference to their quoted price less cost to sale in active market at the reporting date. Dividend and gain/(loss) from sale are recognised in the profit or loss.

3.07 Inventories

i) Nature of Inventories

Inventories comprise of Finished goods, Raw materials and Spares and other materials.

ii) Valuation of Inventories

Inventories are measured at lower of cost or net realizable value in accordance with the Para of 21 and 25 of IAS 2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

<u>Category</u>	<u>Valuation method</u>
i) Raw materials	Valued at Cost or Net Realisable Value whichever is lower.
ii) Finished goods	Valued at Cost or Net Realisable Value whichever is lower.
iii) Spares and other materials	Based on weighted average method.

3.08 Financial Instruments

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

3.08.01 Financial Assets

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

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

Financial assets include Trade Receivables, Advances, Deposits and Prepayments, Short Term Investments, and Cash and cash equivalents.



Loans and Receivables

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

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

a) Trade Receivables

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

b) Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

Deposits are measured at payment value.

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

c) Cash and Cash Equivalents

According to IAS-7 "Statement of Cash Flows" cash comprises cash in hand and bank deposit and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. IAS-1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of IAS 7 and IAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

Available-for-sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

3.08.02 Financial Liabilities

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

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

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

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

a) Trade and Other Payables

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

b) Interest-bearing borrowings

Interest-bearing borrowings comprise loans and operational overdraft.

3.09 Impairment

3.09.01 Financial Assets

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



3.09.02 Non-Financial Assets

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

3.10 Share Capital

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. 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 will be rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

3.11 Employee Benefits

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

3.11.01 Defined Contribution Plan

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

3.11.02 Defined Benefit Plan

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

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

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

3.11.03 Workers' Profit Participation and Welfare Funds

The company contributed 5% of net profit to the aforementioned fund in accordance with the requirement of Section 234 (Kha), Chapter 15 of Labour Law 2006 (as amended in 2013).

3.12 Taxation

3.12.01 Current Tax

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

3.12.02 Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the statement of financial position date. The impact of changes on the account in deferred tax assets and liabilities has also been recognized in the profit and loss account as per IAS-12 "Income taxes".

The deferred tax asset/income or liability/expense does not create a legal liability/recoverability to and from the income tax authority.

3.13 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount. Borrowings repayable within twelve months from the financial position date are classified as current liabilities whereas borrowings repayable after twelve months from the financial position date are classified as non-current liabilities. Accrued interest and other charges are classified as current liabilities.

Interest and other costs incurred by the company in connection with the borrowing of funds are recognised as expense in the year in which they are incurred, unless such borrowing cost relates to acquisition / construction of assets in progress that are capitalized as per IAS 23 "Borrowing Costs". Borrowing cost incurred against loan for BMRE project has been capitalised under effective interest rate method.



3.14 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.

3.15 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

Type of products	Nature and timing of satisfaction of performance obligations	Revenue recognition under IFRS 15
- Local sales	Customers obtain control of products when goods are shipped out at factory gate. Invoices raised as per management approved price list are generated at that point in time.	Revenue is recognized when (or as) the entity satisfies a performance obligation by transferring the promised good or service to a customer.
- Export sales		
- By Products		

The company is in the business of providing M.S. Billet and M.S. Rod. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT). Gross turnover comprises local sales of M. S. Billet, M.S. Rod, By-products, export of M.S. Rod and includes VAT paid to the Government of Bangladesh.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for local sales, the Company considers the effects of variable consideration payable to the customer.

The company has variable considerations included in the contracts with customers which are netted off against the revenue to determine the transaction price. The variable considerations are pre-determined. The effect of variable considerations on revenue is only from contracts with local customers.

3.16 Other Income

Other income includes gain / (loss) on sale of property, plant and equipment, Gain on sale of investment in quoted shares, dividend and other miscellaneous.

3.17 Finance Income and Cost

3.17.01 Finance Income

Interest income on bank deposits and loan to related companies is recognised in the profit or loss in accrual basis following specific rate of interest in agreement with banks, financial institution and related companies.

3.17.02 Finance Cost

Interest expenses comprises interest expense on operational overdraft, LATR, term loan and short term borrowings incurred during the period are charged to Statement of Profit or Loss and Other Comprehensive Income.

3.17.03 Transactions in Foreign Currencies

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

3.18 Earnings Per Share

The company calculates its earnings per share in accordance with International Accounting Standard IAS-33 "Earnings per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.



3.18.01 Basis of Earnings

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

3.18.02 Basic Earnings Per Share

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

3.18.03 Diluted Earnings Per Share

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

3.18.04 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.

3.19 Measurement of Fair Values

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

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

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

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

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

Property, Plant and Equipment

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

Equity and Debt Securities

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

3.20 Events after the Reporting Period

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

4.00 Property, plant and equipment - at cost model

Amount in Taka

	Land & Land development	Plant and Machinery	Factory Building	Furniture, Fixture and Decoration	Computer and Accessories	Motor Vehicles	Logistic Vehicles	Electric and Gas Line Installation	Lab Equipment	Office Equipment	Total
At cost											
Balance as on 01 July 2018	336,130,845	1,522,123,764	844,483,533	20,462,953	12,396,764	117,681,683	292,707,720	191,584,716	22,490,518	8,885,518	3,368,948,014
Addition during the year	486,105,473	10,957,264	170,056,970	5,423,205	2,499,935	33,925,000	-	4,185,174	-	4,174,670	717,327,691
Balance as at 30 June 2019	822,236,318	1,533,081,028	1,014,540,503	25,886,158	14,896,699	151,606,683	292,707,720	195,769,890	22,490,518	13,060,188	4,086,275,705
Balance as on 01 July 2019	822,236,318	1,533,081,028	1,014,540,503	25,886,158	14,896,699	151,606,683	292,707,720	195,769,890	22,490,518	13,060,188	4,086,275,705
Addition during the year	194,002,362	45,417,557	19,621,370	1,249,920	2,688,480	11,758,012	24,433,090	2,512,000	-	1,641,250	303,324,041
Disposal/Adjustment during the year	-	-	-	-	-	(3,829,396)	-	-	-	-	(3,829,396)
Balance as at 30 June 2020	1,016,238,680	1,578,498,585	1,034,161,873	27,136,078	17,585,179	159,535,299	317,140,810	198,281,890	22,490,518	14,701,438	4,385,770,350
Accumulated depreciation											
Balance as on 01 July 2018	-	505,096,069	215,174,824	7,960,162	7,183,289	34,408,023	85,297,095	61,264,876	13,915,977	5,371,819	935,672,134
Charged for the year	-	101,893,075	36,466,339	1,495,966	1,253,226	9,819,699	15,555,797	6,653,082	857,454	1,223,612	175,218,250
Balance as at 30 June 2019	-	606,989,144	251,641,163	9,456,128	8,436,515	44,227,722	100,852,892	67,917,958	14,773,431	6,595,431	1,110,890,384
Balance as on 01 July 2019	-	606,989,144	251,641,163	9,456,128	8,436,515	44,227,722	100,852,892	67,917,958	14,773,431	6,595,431	1,110,890,384
Depreciation Rate	0.00%	10.00%	5.00%	10.00%	20.00%	10.00%	7.50%	5.00%	10.00%	20.00%	-
Charged for the year	-	96,167,608	38,887,414	1,737,668	1,556,320	11,407,409	15,263,857	6,413,530	771,709	1,449,082	173,654,597
Adjustment for disposal during the year	-	-	-	-	-	(2,211,493)	-	-	-	-	(2,211,493)
Balance as at 30 June 2020	-	703,156,752	290,528,577	11,193,796	9,992,835	53,423,638	116,116,749	74,331,488	15,545,140	8,044,513	1,282,333,488
Carrying amount											
As at 30 June 2019	822,236,318	926,091,884	762,899,340	16,430,030	6,460,184	107,378,961	191,854,828	127,851,932	7,717,087	6,464,757	2,975,385,321
As at 30 June 2020	1,016,238,680	875,341,833	743,633,296	15,942,282	7,592,344	106,111,661	201,024,061	123,950,402	6,945,378	6,656,925	3,103,436,862

Depreciation allocated to:

Note(s)	Allocation Basis	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
Direct expenses	22.02	156,289,137	157,696,424
Administrative expenses	23.00	8,682,730	8,760,913
Selling and distribution expenses	24.00	8,682,730	8,760,913
		173,654,597	175,218,250



	Note(s)	30 June 2020	30 June 2019
		Taka	Taka
5.00 Capital work-in-progress			
Opening balance		19,760,860,267	11,285,676,865
Add: Expenses incurred during the year		4,116,038,631	8,475,183,402
		23,876,898,898	19,760,860,267
Less: Capitalized during the year		-	-
Closing balance		23,876,898,898	19,760,860,267

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

6.00 Intangible assets			
Software	6.01	1,010,002	966,383
		1,010,002	966,383

6.01 Intangible assets schedule

Cost

Opening balance		1,980,475	1,980,475
Add: Addition during the year		250,000	-
Closing balance		2,230,475	1,980,475

Accumulated amortization

Opening balance		1,014,092	816,044
Add: Charged during the year		206,381	198,048
Closing balance		1,220,473	1,014,092
Carrying amount		1,010,002	966,383

7.00 Investments

Investment in Un-quoted equity-at cost	7.01	1,000,000	1,000,000
Investment in quoted shares - at fair value	7.02	61,344,461	85,036,796
Investments in Fixed Deposit Receipts (FDR)		-	187,458,513
		62,344,461	273,495,309

7.01 Investment in Un-quoted equity-at cost

GPH Steels Limited		1,000,000	1,000,000
		1,000,000	1,000,000

7.01.01 GPH Ispat Limited has acquired 10% equity of GPH Steels Limited i.e, 100,000 ordinary shares of Tk. 10 each. GPH Steels Limited has yet to start its commercial operation till the date of Statement of Financial Position.

7.02 Investment in quoted shares - at fair value

Opening balance		85,036,796	81,220,359
Sales during the year		-	-
Net change in fair value of investment in quoted shares	7.02.01	(23,692,335)	3,816,437
		61,344,461	85,036,796

7.02.01 Details of investment in quoted (tradeable securities) shares

Particulars	Cost	Number of shares	30 June 2020		30 June 2019
			Fair value	Gain/(Loss)	Fair value
Bank Asia Limited	7,334,873	664,993	10,867,714	(993,999)	11,861,713
Eastern Bank Limited	524,001	26,005	805,925	(178,806)	984,731
Envoy Textile Limited	40,855,472	927,269	19,589,300	(12,751,525)	32,340,825
Meghna Cement Limited	8,992,766	84,990	6,148,678	(1,005,837)	7,154,515
Peoples Insurance Co. Limited	9,523,726	303,400	4,565,305	(2,146,601)	6,711,906
Pubali Bank Limited	13,122,694	490,568	10,216,986	(2,639,796)	12,856,782
Square Pharmaceuticals Limited	4,577,590	53,233	9,150,553	(3,975,771)	13,126,324
	84,931,122	2,550,458	61,344,461	(23,692,335)	85,036,796



7.02.02 Investments in quoted shares are carried at fair value net of cost to sale as on 30 June 2020. Changes in fair value are recognized under other comprehensive income in the statement of profit or loss and other comprehensive income.

				30 June 2020	30 June 2019
				Taka	Taka
				Note(s)	Taka
8.00	Short term investment				
	Investments in Fixed Deposit Receipts (FDR)			8.01	882,572,314
				882,572,314	449,929,013
8.01	Name of the banks	Purpose	Tenure	Rate of interest	
	AB Bank Limited	L/C Margin	12 Months	10.00%	81,650,843
	Dutch Bangla Bank Limited	L/C Margin	3 - 6 Months	4.25% - 4.50%	25,953,405
	IPDC Finance Limited	Lien against Term Loan	12 Months	8.25%	11,532,523
	Mercantile Bank Limited	L/C Margin	6 Months	6.50%	34,474,878
	Midland Bank Limited	BG Margin	3 - 12 Months	8.50% - 10.00%	187,838
	NCC Bank Limited	L/C Margin	6 Months	6.00% - 8.00%	64,608,510
	One Bank Limited	L/C Margin	6 Months	6.00% - 8.00%	66,917,302
	Pubali Bank Limited	L/C Margin	6 Months	6.00% - 6.5%	56,359,767
	Southeast Bank Limited	L/C Margin	3 - 12 Months	6.00% - 7.50%	61,188,327
	State Bank of India	BG Margin	12 Months	7.50%	2,514,617
	Standard Chartered Bank	Lien against Overdraft	349 Days	6.00%	197,990,192
	The City Bank Limited	L/C Margin	3 - 6 Months	6.00%	37,660,843
	Trust Bank Limited	L/C Margin	6 Months	6.00%	82,454,319
	United Commercial Bank Limited	L/C Margin	6 Months	6.00% - 8.00%	159,078,950
				882,572,314	449,929,013
				30 June 2020	30 June 2019
				Taka	Taka
9.00	Advances, deposits and prepayments			Note(s)	Taka
	Advances			9.01	2,278,271,848
	Deposits			9.02	111,144,130
	Prepayments			9.03	7,369,020
				2,396,784,998	2,452,963,101
9.01	Advances				
	Against income tax			9.01.01	417,916,951
	Against VAT			9.01.02	168,938,908
	Against VAT current account				476,448
	For investment in Star Allied Venture Limited				62,500,000
	Against land				757,400,000
	Against LC				339,849,220
	Against other supply				527,330,144
	Against raw material supply				2,154,240
	Against employees				1,705,937
				2,278,271,848	2,382,575,264
9.01.01	Advance income tax				
	Opening balance				456,663,991
	Addition during the year				209,985,985
	Paid/adjusted during the year				(248,733,025)
				417,916,951	456,663,991
9.01.02	Advance VAT				
	Opening balance				-
	Addition during the year				478,756,596
	Paid/adjusted during the year				(309,817,688)
				168,938,908	-

		30 June 2020	30 June 2019
	Note(s)	Taka	Taka
9.02 Deposits			
Bangladesh Power Development Board		89,000,000	33,000,000
Karnaphuli Gas Distribution Company Limited		21,738,586	21,738,586
Security to Shipping Lines		305,544	14,328,567
Bangladesh Railway		100,000	100,000
		111,144,130	69,167,153
9.03 Prepayments			
Insurance premium		3,918,560	1,220,684
Bangladesh Standards and Testing Institution		3,450,460	-
		7,369,020	1,220,684
9.04	The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in kind or in cash and that no provision against those are required at this stage.		
10.00 Inventories			
Finished goods	10.01	2,181,449,041	1,664,014,256
Raw materials	10.02	4,629,873,049	912,274,607
Spares and other materials	10.03	195,352,014	215,770,808
		7,006,674,104	2,792,059,671
10.01 Finished Goods			
M. S. Rod		1,680,512,617	1,188,444,250
M. S. Billet		500,936,424	475,570,006
		2,181,449,041	1,664,014,256
10.02 Raw Materials			
Melting Scrap		4,555,979,587	799,667,784
Sponge Iron		30,618,287	73,871,534
Ferro Alloy		31,688,691	33,523,101
Quartz Powder		3,395,496	2,368,324
Pet Coke		8,190,988	2,843,864
		4,629,873,049	912,274,607
10.03 Spares and other materials			
Refractory Bricks		27,997,763	50,734,883
Spares and Consumables		141,139,272	153,579,446
Rolls		3,925,802	2,707,656
Graphite Electrode		22,112,964	8,174,362
Copper Mould Tube		176,213	574,461
		195,352,014	215,770,808
11.00 Trade and other receivables			
Trade receivables	11.01	2,248,595,150	2,176,118,871
Other receivable	11.03	372,416,996	329,473,142
		2,621,012,146	2,505,592,013
11.01 Ageing of trade receivables			
Dues within 6 Months		2,167,326,014	2,095,980,901
Dues over 6 months		81,269,136	80,137,970
		2,248,595,150	2,176,118,871
11.02	Trade Receivables represent receivable from 523 parties as on 30 June 2020 (591 Parties as on 30 June 2019). Receivables are unsecured but considered good and recoverable.		
11.03	Interest at 12% per annum has been charged on outstanding balance of other receivable from Arbee Textiles Limited.		
12.00 Cash and cash equivalents			
Cash in hand	12.01	2,551,177	1,792,953
Cash at bank	12.02	31,879,085	275,718,575
Fixed Deposit Receipts (FDR)	12.03	4,331,266	4,262,433
		38,761,528	281,773,961

	30 June 2020	30 June 2019
	Taka	Taka
12.01 Cash in hand		
Dhaka office petty cash	1,123,751	877,866
Factory petty cash	127,364	177,898
Minimill petty cash	1,300,062	737,189
	2,551,177	1,792,953

12.02 Cash at Bank				
<u>Name of the Banks</u>	<u>Branch</u>	<u>Account Type</u>		
AB Bank Limited	Gulshan	Current	47,555	48,245
AB Bank Limited	Sitakunda	Current	287,886	95,491
Agrani Bank Limited	Asadgonj	Current	729,684	17,304
Agrani Bank Limited	Principal	Current	2,215	8,305
Al-Arafah Islami Bank Limited	Jubilee Road	Current	5,506,984	629,694
Al-Arafah Islami Bank Limited	Khatungonj	Current	29,169	13,057
Bangladesh Development Bank Limited	Khatungonj	Current	1,231	1,921
Bank Al Falah Limited	Agrabad	Current	16,443	16,443
Bank Asia Limited	Anderkilla	Current	24,748	20,460
Bank Asia Limited	Banani	Current	9,189	147
BASIC Bank Limited	Asadgonj	Current	2,725,932	45,855
BRAC Bank Limited	Agrabad	Current	11,845	14,735
Community Bank Bangladesh Limited	Agrabad	Current	9,655	-
Dhaka Bank Limited	Khatungonj	Current	15,526	70,888
Dutch Bangla Bank Limited	Khatungonj	Current	2,080,908	1,636,896
Dutch Bangla Bank Limited	Agrabad	Current	306,747	785,925
Eastern Bank Limited	Agrabad	Current	345,465	113,380
EXIM Bank Limited	Khatungonj	Current	363,204	16,620
First Security Islami Bank Limited	Khatungonj	Current	27,958	11,153
HSBC	Agrabad	Current	2,970	2,970
IFIC Bank Limited	Khatungonj	Current	10,357	18,557
Islami Bank Bangladesh Limited	Khatungonj	Current	30,227	96,907
Jamuna Bank Limited	Khatungonj	Current	110,096	3,137,740
Janata Bank Limited	Khatungonj	Current	28,280	15,607
Mercantile Bank Limited	Khatungonj	Current	9,846	3,236
Meghna Bank Limited	Agrabad	Current	34,057	3,110
Midland Bank Limited	Agrabad	Current	453,334	90,838
Modhumoti Bank Limited	Agrabad	Current	8,775	10,555
Mutual Trust Bank Limited	Khatungonj	Current	745,661	951,665
National Bank Limited	Anderkilla	Current	1,243,484	17,450
National Bank Limited	Jubilee Road	Current	4,415	6,140
NCC Bank Limited	Khatungonj	Current	48,391	129,813
NRB Bank Limited	Agrabad	Current	22,562	68,295
NRB Commercial Bank Limited	Agrabad	Current	21,418	12,537
One Bank Limited	Khatungonj	Current	48,093	1,298,136
Premier Bank Limited	Khatungonj	Current	6,750	27,371
Premier Bank Limited	O.R Nizam Road	Current	23,050	13,928
Prime Bank Limited	Khatungonj	Current	6,017,710	11,142
Prime Bank Limited	O.R Nizam Road	Current	9,999	10,689
Shahajalal Islami Bank Limited	Gulshan	Current	8,850	-
Shahajalal Islami Bank Limited	Khatungonj	Current	23,355	18,252
Shimanto Bank Limited	Agrabad	Current	44,660	9,425
Social Islami Bank Limited	Khatungonj	Current	31,619	9,706
Sonali Bank Limited	Khatungonj	Current	261,863	250,720
Sonali Bank Limited	Motijheel F. Ex.	Current	98,735	99,425
South Bangla Agricultural Bank Limited	Agrabad	Current	16,585	15,685
Southeast Bank Limited	Khatungonj	Current	210,651	980,589
Standard Bank Limited	Khatungonj	Current	24,295	586,171
State Bank of India	Jubilee Road	Current	65,038	51,312
The City Bank Limited	Khatungonj	Current	330,452	3,096,760



Name of the Banks	Branch	Account Type	30 June 2020	30 June 2019
			Taka	Taka
Trust Bank Limited	Ashulia	Current	5,484	18,354
Trust Bank Limited	CDA Avenue	Current	106,465	724,011
United Commercial Bank Limited	Khatungonj	Current	25,529	-
United Commercial Bank Limited	Gulshan	Current	1,849,823	4,755,404
United Commercial Bank Limited	Khatungonj	Escrow	-	194,537,071
Union Bank Limited	Khatungonj	Current	835,967	37,014
Uttara Bank Limited	Khatungonj	Current	473,834	25,297
Uttara Bank Limited	Laldighi	Current	826,786	55,545,022
Sub-total			26,661,810	270,233,423
AB Bank Limited	Khatungonj	SND	487,777	546,018
AB Bank Limited	Khatungonj	GBP	11,825	12,157
AB Bank Limited	Khatungonj	USD	46,839	46,646
AB Bank Limited	Khatungonj	SND	104,243	297
Mutual Trust Bank Limited	Khatungonj	SND	2,000	2,028
Southeast Bank Limited	Khatungonj	SND	-	94,434
Standard Chartered Bank	Agrabad	SND	923,752	920,215
Standard Chartered Bank	Agrabad	SND	3,021,797	3,863,357
Standard Chartered Bank	Agrabad	SND	619,042	-
Sub-total			5,217,275	5,485,152
Total			31,879,085	275,718,575

12.03 Fixed Deposit Receipts (FDR)

Name of the banks	Tenure	Rate of Interest		
Trust Bank Limited	1 Month	2.00%	4,331,266	4,262,433
			4,331,266	4,262,433

Above FDR in Trust Bank Limited is lien against L/C margin.

13.00 Share capital

Authorized Capital

1,000,000,000 Ordinary Shares of Tk 10 each	10,000,000,000	10,000,000,000
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Issued, subscribed and paid-up Capital

100,000 Ordinary Shares of Tk. 10 each as at 17 May 2006	1,000,000	1,000,000
1,100,000 Ordinary Shares of Tk. 10 each as at 28 September 2008	11,000,000	11,000,000
17,000 Ordinary Shares of Tk. 10 each as at 24 January 2010	170,000	170,000
36,428,600 Ordinary Shares of Tk. 10 each as at 28 April 2010	364,286,000	364,286,000
12,354,400 Ordinary Shares of Tk. 10 each as at 28 April 2010	123,544,000	123,544,000
20,000,000 Ordinary Shares of Tk. 10 each as at 20 August 2011	200,000,000	200,000,000
20,000,000 Ordinary Shares of Tk.10 each issued through IPO 07 March 2012	200,000,000	200,000,000
18,000,000 Ordinary Shares of Tk. 10 each as at 13 November 2012	180,000,000	180,000,000
10,800,000 Ordinary Shares of Tk. 10 each as at 09 november 2013	108,000,000	108,000,000
5,940,000 Ordinary Shares of Tk. 10 each as at 10 November 2014	59,400,000	59,400,000
187,110,000 Rights Shares of Tk. 10 each as at 01 June 2016	1,871,100,000	1,871,100,000
15,592,500 Ordinary Shares of Tk. 10 each as at 10 December 2017	155,925,000	155,925,000
32,744,250 Ordinary Shares of Tk. 10 each as at 19 January 2019	327,442,500	327,442,500
18,009,337 Ordinary Shares of Tk. 10 each as at 26 December 2019	180,093,370	-
378,196,087 Ordinary Shares of Tk 10 each	3,781,960,870	3,601,867,500



13.01	Position of share holding	30 June 2020		30 June 2019	
		Percentage of holding	Amount in Taka	Percentage of holding	Amount in Taka
	Shareholders				
	Mr. Mohammed Jahangir Alam	23.58%	891,674,430	23.58%	849,213,750
	Mr. Md. Abdur Rouf	3.00%	113,458,820	3.00%	108,056,020
	Mr. Md. Alamgir Kabir	4.81%	181,961,010	4.81%	173,296,200
	Mr. Md. Almas Shimul	10.83%	409,412,270	10.83%	389,916,450
	Mr. Md. Ashrafuzzaman	3.00%	113,458,820	3.00%	108,056,020
	Mr. Md. Abdul Ahad	2.40%	90,767,060	2.40%	86,444,820
	Mr. Md. Azizul Haque Raju	2.00%	75,639,210	2.00%	72,037,350
	General Shareholders	50.38%	1,905,589,250	50.38%	1,814,846,890
	TOTAL	100%	3,781,960,870	100%	3,601,867,500

13.02	Classification of shares by holding	30 June 2020			30 June 2019
		No. of Holders	No. of Shares	Holding(%)	Holding(%)
	Slab by number of shares				
	Less than 500	2,101	292,664	0.08%	0.08%
	500-5,000	3,876	6,632,858	1.75%	1.90%
	5,001-10,000	498	3,504,968	0.93%	1.02%
	10,001-20,000	352	4,838,430	1.28%	1.36%
	20,001-30,000	132	3,248,780	0.86%	1.00%
	30,001-40,000	66	2,245,884	0.59%	0.51%
	40,001-50,000	33	1,481,330	0.39%	0.50%
	50,001-100,000	76	5,266,161	1.39%	1.55%
	100,001-1,000,000	98	26,121,071	6.91%	6.78%
	Above 1,000,000	40	324,563,941	85.82%	85.30%
		7,272	378,196,087	100%	100%

14.00	Long Term Loan	Note(s)	30 June 2020	30 June 2019
			Taka	Taka
	Term Loan	14.01	1,992,809,735	3,770,134,034
	Long Term Financing Facility	14.02	3,563,635,055	1,742,500,000
	Syndication Term Loan	14.03	5,430,089,108	2,930,267,558
	ECA Backed Finance	14.04	7,772,083,919	6,802,747,765
	Loan From Directors	14.05	1,073,821,620	1,073,821,620
			19,832,439,437	16,319,470,977
14.01	Term Loan			
	Eastern Bank Limited		438,133,128	447,967,552
	Pubali Bank Limited		88,432,268	716,041,696
	State Bank of India		20,144,792	31,619,476
	United Commercial Bank Limited		1,446,099,547	1,698,707,563
	Trust Bank Limited		-	875,797,747
			1,992,809,735	3,770,134,034

14.01.01 Terms of Long Term Loan Facility

Eastern Bank Limited

Security:

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

Rate of Interest:

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

Pubali Bank Limited

Security:

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

Rate of Interest:

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



State Bank of India**Security:**

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

Rate of Interest:

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

United Commercial Bank Limited**Security:**

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

Rate of Interest:

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

	<u>30 June 2020</u>	<u>30 June 2019</u>
	Taka	Taka
14.02 Long Term Financing Facility		
Eastern Bank Limited	459,445,885	236,538,000
Mutual Trust Bank Limited	401,154,647	175,826,750
NCC Bank Limited	908,172,482	467,557,800
One Bank Limited	137,067,836	70,567,000
Pubali Bank Limited	683,809,183	352,047,900
Southeast Bank Limited	170,760,814	87,913,375
United Commercial Bank Limited	803,224,208	352,049,175
	<u>3,563,635,055</u>	<u>1,742,500,000</u>

14.02.01 Terms of Long Term Financing Facility**Lenders:**

The company entered into a long term financing facility to support the setting up a 840,000 M.Ton per annum M.S. Billet plant and 640,000 M. Ton per annum M.S. Rod plant at Masjiddah, Kumira, Sitakunda, Chattogram and managed its finance through this facility with United Commercial Bank Limited as "lead arranger" and 6 (Six) other local Banks.

Total loan facilities:

The long term financing facility comprises USD 44.2 million.

Interest rate:

Margin 4.25% + 6 months LIBOR

Interest payable:

Interest is payable quarterly (30th September, 31st December, 31st March and 30th June) from the date of 1st drawdown.

Disbursement:

First Disbursement of USD on 13 February 2019.

Repayments:

Principal amount under the USD term loan facility shall be repaid in 16 (sixteen) equal half yearly installments. Repayment from the end of 30th month of the date of 1st drawdown the facilities agreement and will end on the 120th month and the balance amount, if any shall be paid in last installment.

Securities:

First ranking pari-passu charge registered with RJSC over all fixed and floating assets of the Company.

Purpose:

To procure plant, machinery, equipment and prefabricated building and steel structures relating to the project and to meet civil construction and other expenses required for implementation of steel melting plant.



	30 June 2020	30 June 2019
	Taka	Taka
14.03 Syndication Term Loan		
AB Bank Limited	107,834,795	101,836,270
Agrani Bank Limited	1,109,709,445	300,650,000
Basic Bank Limited	303,907,508	290,594,002
Bangladesh Infrastructure Finance Fund Limited	850,584,210	-
Jamuna Bank Limited	109,676,118	104,699,969
Janata Bank Limited	1,098,063,634	683,271,359
Mercantile Bank Limited	108,179,912	104,757,311
Midland Bank Limited	109,681,444	104,702,799
One Bank Limited	105,908,723	101,660,946
Pubali Bank Limited	211,670,758	202,280,947
Sonali Bank Limited	926,674,719	569,392,799
Southeast Bank Limited	82,287,334	78,533,716
The City Bank Limited	83,477,258	78,533,764
United Commercial Bank Limited	222,433,250	209,353,676
	5,430,089,108	2,930,267,558

14.03.01 Terms of Syndicate term borrowings

Lenders:

The company entered into a syndicated loan agreement to set up a Billet plant (840,000 M.Ton per annum) and MS Rod plant (640,000 M. Ton per annum) at Masjiddah, Kumira, Sitakunda, Chattogram and managed its finance through a syndicate debt facility with United Commercial Bank Limited as "lead arranger" and 12 (twelve) other local banks and 01 (one) Financial Institution.

Total loan facilities:

The syndication financing comprises BDT. 5,594 million only for implementation of the steel melting plant.

Interest rate:

<u>BDT</u>	<u>30 June 2020</u>
Government Banking Institutions	9.00%
Non-government Banking Institutions	9.00%
Non-Banking Financial Institutions	9.00%

Interest payable:

Interest is payable quarterly (30th September, 31st December, 31st March and 30th June) from the date of 1st drawdown.

Disbursement:

First Disbursement of BDT made on 31 March 2018.

Repayments:

Principal amount under the BDT from government banking institutions shall be repaid in 32 (thirty two) equal quarterly installments and BDT from non-government banking institutions shall be repaid in 96 (Ninety six) monthly installments. For government banking institutions, repayment will be started from the end of 27th month of the date of 1st drawdown, for non-government banking institutions, repayment from the end of 25th month of the date of 1st drawdown and the balance amount, if any shall be paid in last installment.

Securities:

Registered Mortgage on 37 acres land along with personal guarantee and corporate guarantee, with first ranking pari passu basis and hypothecation of machineries.

Purpose:

To procure plant, machinery, equipment and prefabricated building and steel structures relating to the project and to meet civil construction and other expenses required for implementation of steel melting plant.

	30 June 2020	30 June 2019
Note(s)	Taka	Taka
14.04 ECA Backed Finance		
ODDO BHF Aktiengesellschaft, Germany	7,772,083,919	6,802,747,765
	7,772,083,919	6,802,747,765



Terms of ECA Backed Finance borrowings**Lenders:**

The company entered into a ECA backed loan agreement to set up a Billet plant (840,000 M.Ton per annum) and MS Rod plant (640,000 M. Ton per annum) at Masjiddah, Kumira, Sitakunda, Chattogram and managed an ECA banked finance from ODDO BHF Aktiengesellschaft, Germany.

Total loan facilities:

The syndication financing comprises of USD 94.84 million only.

Interest rate:

ODDO BHF Aktiengesellschaft, Germany Margin 2.65% + 6 months LIBOR

Interest payable:

Interest is payable half yearly (30th April and 31 October) from the date of 1st drawdown

Disbursement:

First Disbursement made on 09 August 2017

Repayments:

Principal amount shall be repaid in 16 (sixteen) equal half yearly installments from the end of 42nd month of 1st drawdown and the balance amount (if any) shall be paid in last installment.

Securities:

Registered Mortgage on 28 acres land, personal guarantee and corporate guarantee along with first ranking pari passu basis and hypothecation of machineries.

Purpose:

To procure plant, machinery, equipment and prefabricated building and steel structures relating to the project and to meet civil construction and other expenses required for implementation of steel melting plant.

14.05	Loan From Directors			
	Mr. Mohammed Jahangir Alam		723,525,125	723,525,125
	Mr. Md. Almas Shimul		350,296,495	350,296,495
			<u>1,073,821,620</u>	<u>1,073,821,620</u>
14.06	Long Term Loan - Maturity analysis			
	Due within one year		155,746,011	116,835,653
	Due after one year		19,676,693,426	16,202,635,324
			<u>19,832,439,437</u>	<u>16,319,470,977</u>
15.00	Finance lease obligations			
	Al- Arafah Islami Bank Limited	15.02	31,193,123	-
	Industrial and Infrastructure Development Finance Company Limited	15.03	49,691,090	70,810,462
	IPDC Finance Limited	15.04	354,772,250	418,380,422
	Pubali Bank Limited	15.05	10,396,939	12,835,656
	United Commercial Bank Limited	15.06	5,860,332	9,387,220
	United Finance Limited	15.07	197,001,629	154,102,127
	Uttara Finance and Investments Limited	15.08	258,437,500	-
			<u>907,352,863</u>	<u>665,515,887</u>
15.01	Finance Lease Obligation - Maturity analysis			
	Due within one year		162,855,400	125,783,827
	Due after one year		744,497,463	539,732,060
			<u>907,352,863</u>	<u>665,515,887</u>
15.02	Al- Arafah Islami Bank Limited			
	Due within one year		5,283,019	-
	Due after one year		25,910,104	-
			<u>31,193,123</u>	<u>-</u>



The Company has three separate lease agreements with Al-Arafah Islami Bank Limited all of which are under Capital lease with following particulars:

- i) Principal amount of finance: Tk. 32,474,720 - Repaid till 30 June 2020: Tk 1,281,597.
 - ii) Repayment Term is 5 years
- Security :**
- i) Post dated cheques
 - ii) Joint ownership of Lease Assets
 - iii) Personal Guarantee of Directors

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
15.03 Industrial and Infrastructure Development Finance Company Limited		
Due within one year	24,273,386	21,119,372
Due after one year	25,417,704	49,691,090
	<u>49,691,090</u>	<u>70,810,462</u>

The Company has one lease agreement with Industrial and Infrastructure Development Finance Company Limited which is under Capital lease with following particulars:

- i) Principal amount of finance: Tk. 100,000,000 - Repaid till 30 June 2020: Tk 50,308,910.
 - ii) Repayment Term is 4.5 years
- Security :**
- i) Post dated cheques
 - ii) Joint ownership of Lease Assets
 - iii) Personal Guarantee of Directors

15.04 IPDC Finance Limited		
Due within one year	83,211,964	73,213,495
Due after one year	271,560,286	345,166,927
	<u>354,772,250</u>	<u>418,380,422</u>

The Company has two separate lease agreements with IPDC Finance Limited all of which are under Capital lease with following particulars:

- i) Principal amount of finance: Tk. 450,000,000 - Repaid till 30 June 2020: Tk 95,227,750.
 - ii) Repayment Term is 5 years
- Security :**
- i) Post dated cheques
 - ii) Joint ownership of Lease Assets
 - iii) Personal Guarantee of Directors

15.05 Pubali Bank Limited		
Due within one year	2,933,070	2,459,729
Due after one year	7,463,869	10,375,927
	<u>10,396,939</u>	<u>12,835,656</u>

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

- i) Principal amount of finance: Tk. 14,120,000 - Repaid till 30 June 2020: Tk 3,723,061.
 - ii) Repayment Term is 4.5 years
- Security :**
- i) Post dated cheques
 - ii) Joint ownership of Lease Assets
 - iii) Charge documents
 - iv) Personal Guarantee of all Directors

15.06 United Commercial Bank Limited		
Due within one year	3,008,847	3,517,679
Due after one year	2,851,485	5,869,541
	<u>5,860,332</u>	<u>9,387,220</u>



***HP-Hire purchase**

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

- i) Principal amount of finance: Tk. 14,303,000 - Repaid till 30 June 2020: Tk 8,442,668
- ii) Repayment Term is 4 - 4.5 years

Security:

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

15.07 United Finance Limited

Due within one year	44,145,113	25,473,552
Due after one year	152,856,516	128,628,575
	<u>197,001,629</u>	<u>154,102,127</u>

The Company has three separate lease agreements with United Finance Limited all of which are under Capital lease with following particulars:

- i) Principal amount of finance: Tk. 233,000,000 - Repaid till 30 June 2020: Tk 35,998,371.
- ii) Repayment Term is 4 years

Security :

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

15.08 Uttara Finance and Investments Limited

Due within one year	-	-
Due after one year	258,437,500	-
	<u>258,437,500</u>	<u>-</u>

The Company has one lease agreement with Uttara Finance and Investments Limited which is under Capital lease with following particulars:

- i) Principal amount of finance: Tk. 250,000,000 - no repayment has been started till 30 June 2020.
- ii) Repayment Term is 4 years

Security :

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

16.00 Defined Benefit Obligation (Gratuity)

	<u>30 June 2020</u>	<u>30 June 2019</u>
	<u>Taka</u>	<u>Taka</u>
Opening Balance	35,919,462	31,176,685
Add: Provision made during the year	5,885,053	5,354,720
	41,804,515	36,531,405
Less: Paid during the year	(343,910)	(611,943)
Closing balance	<u>41,460,605</u>	<u>35,919,462</u>

17.00 Deferred tax liability

Deferred tax liability has been calculated below at the applicable tax rate on the temporary difference between the carrying value and tax base.

Opening Balance	174,152,167	154,094,265
Add: Provided/(adjusted) during the year		
Taxable/(deductible) temporary difference of PPE (excluding land)	15,820,005	21,282,542
Intangible asset	10,905	(49,512)
Provision for Gratuity	(1,385,285)	(1,185,695)
Investment in quoted shares	(2,369,233)	10,567
	<u>12,076,392</u>	<u>20,057,902</u>
Closing Balance	<u>186,228,559</u>	<u>174,152,167</u>



17.01 Reconciliation of deferred tax liabilities /(assets) are as follows :

	Carrying amount	Tax base	Rate Applied	Temporary difference	Deferred tax liability /(asset)
As on 30 June 2020	Taka	Taka	(%)	Taka	Taka
Property, plant and equipment	2,087,198,182	1,292,398,683	25%	794,799,499	198,699,875
Intangible asset	1,010,002	-	25%	1,010,002	252,501
Provision for gratuity	(41,460,605)	-	25%	(41,460,605)	(10,365,151)
Investment in quoted shares	61,344,461	84,931,122	10%	(23,586,661)	(2,358,666)
					186,228,559

	Carrying amount	Tax base	Rate Applied	Temporary difference	Deferred tax liability /(asset)
As on 30 June 2019	Taka	Taka	(%)	Taka	Taka
Property, plant and equipment	2,153,149,003	1,421,629,524	25%	731,519,479	182,879,870
Intangible asset	966,383	-	25%	966,383	241,596
Provision for gratuity	(35,919,462)	-	25%	(35,919,462)	(8,979,866)
Investment in quoted shares	85,036,796	84,931,122	10%	105,674	10,567
					174,152,167

	Notes	30 June 2020	30 June 2019
		Taka	Taka
18.00 Short term borrowings			
Loan against Trust Receipt (LATR)	18.01	705,240,112	743,925,522
Time loan	18.02	4,768,472,786	3,217,866,039
Bank overdraft and cash credit	18.03	4,259,228,158	2,560,552,992
Accepted Bill for Payment	18.04	1,964,640,328	598,599,302
		11,697,581,384	7,120,943,855
18.01 Loan against Trust Receipt (LATR)			
AB Bank Limited		35,374,871	65,320,992
Islami Bank Bangladesh Limited		446,291,500	402,561,010
Mercantile Bank Limited		86,030,514	72,959,443
Premier Bank Limited		53,144,275	-
Pubali Bank Limited		3,688,178	2,787,788
Trust Bank Limited		80,710,774	200,296,289
		705,240,112	743,925,522
18.02 Time loan			
AB Bank Limited		274,610,466	225,545,971
Al-Arafah Islami Bank Limited		208,464,450	-
Bank Asia Limited		205,659,442	202,638,540
Basic Bank Limited		-	51,099,898
Dutch Bangla Bank Limited		312,513,105	302,013,442
Eastern Bank Limited		287,958,693	-
Meghna Bank Limited		202,177,959	203,423,892
Mercantile Bank Limited		384,363,914	127,237,796
One Bank Limited		491,279,006	449,121,706
Standard Chartered Bank		817,901,587	714,769,273
The City Bank Limited		571,822,269	294,009,241
Trust Bank Limited		444,518,441	339,113,182
United Commercial Bank Limited		567,203,454	308,893,098
		4,768,472,786	3,217,866,039
18.03 Bank overdraft and cash credit			
AB Bank Limited		57,895,143	22,027,601
Agrani Bank Limited		1,021,698,300	498,753,971
Bank Asia Limited		50,024,941	49,057,344
Basic Bank Limited		47,505,310	46,874,481
Eastern Bank Limited		51,131,067	42,349,350
Meghna Bank Limited		48,690,874	35,990,655
Mercantile Bank Limited		201,300,707	83,349,703
Midland Bank Limited		154,813,729	149,457,707



		30 June 2020	30 June 2019
	Notes	Taka	Taka
Modhumoti Bank Limited		408,807,474	371,749,208
NCC Bank Limited		199,424,704	193,990,961
Premier Bank Limited		306,664,527	304,239,081
Pubali Bank Limited		834,027,898	-
Standard Chartered Bank		152,540,602	130,409,771
State Bank of India		510,377,928	498,148,695
The City Bank Limited		39,565,281	-
Trust Bank Limited		94,281,284	90,374,970
United Commercial Bank Limited		80,478,389	43,779,494
		4,259,228,158	2,560,552,992
18.04 Accepted Bill for Payment			
AB Bank Limited		155,533,934	50,693,683
Al Arafah Islami Bank Limited		78,612,041	-
Bank Asia Limited		21,150,739	-
Dutch Bangla Bank Limited		122,379,813	14,264,347
Mercantile Bank Limited		228,326,737	34,885,894
NCC Bank Limited		73,266,597	67,239,924
One Bank Limited		265,420,817	40,862,548
Pubali Bank Limited		200,978,821	46,134,811
Southeast Bank Limited		302,363,855	77,354,913
Premier Bank Limited		5,092,950	-
The City Bank Limited		127,034,961	48,052,825
Trust Bank Limited		289,395,422	47,244,214
United Commercial Bank Limited		95,083,641	171,866,143
		1,964,640,328	598,599,302
18.05 Terms of Short term borrowings			
Security			
i) Post dated cheques			
ii) Personal guarantee of all the sponsor directors			
iii) Registered mortgage of land			
iv) Pari-passu 1st charge on floating assets			
Rate of Interest:			
Interest rate is 9.00% per annum and will be calculated on quarterly basis.			
		30 June 2020	30 June 2019
	Note(s)	Taka	Taka
19.00 Creditors and accruals			
For Revenue Expenses	19.01	63,650,863	61,851,749
For Other Finance	19.02	75,514,788	36,685,362
For Supplies		112,802,460	91,728,754
GPH Power Generation Limited		510,640,586	319,119,710
Advance Against Sales		16,997,033	19,890,012
Workers' Profit Participation Fund	19.03	20,978,155	57,888,337
		800,583,885	587,163,924
19.01 Revenue Expenses			
Salary Payable		30,017,000	25,900,000
Audit Fee Payable		360,000	270,000
Utility Bill Payable		30,923,890	33,200,000
Provident Fund	19.01.01	1,174,973	1,656,749
Directors' Remuneration Payable		1,175,000	825,000
		63,650,863	61,851,749
19.01.01 Provident Fund			
Opening Balance		1,656,749	852,502
Add: Addition during the year		9,700,070	8,567,550
		11,356,819	9,420,052
Less: Paid during the year		(10,181,846)	(7,763,303)
Closing balance		1,174,973	1,656,749



	Note(s)	30 June 2020 Taka	30 June 2019 Taka
19.02 Other Finance			
Advance Income Tax Payable		53,678,190	10,877,487
VAT Deducted at Source		16,981,649	20,570,800
Unpaid Refund Warrant		453,670	453,670
Unclaimed Dividend		4,401,279	4,783,405
		75,514,788	36,685,362
19.03 Workers' Profit Participation Fund			
Opening Balance		57,888,337	63,231,325
Add: Addition during the year		20,978,155	56,585,619
		78,866,492	119,816,944
Less: Paid during the year		(57,888,337)	(61,928,607)
Closing balance		20,978,155	57,888,337
20.00 Current tax liability			
Opening Balance		254,501,337	176,176,162
Add: Provision made during the year	20.02	84,721,754	248,877,693
		339,223,091	425,053,855
Less: Paid/adjusted during the year	9.01.01	(248,733,025)	(170,552,518)
Closing balance		90,490,066	254,501,337

20.01 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 2015-2016			-	-	-	Assessment completed
2016-2017	2017-2018	111,031,009	179,191,873	(106,839,951)	183,382,931	Assessment in Appeal (Second)
2017-2018	2018-2019	183,382,931	169,979,806	(177,186,575)	176,176,162	Assessment in Appeal (First)
2018-2019	2019-2020	176,176,162	248,877,693	(170,552,518)	254,501,337	Return submitted
2019-2020	2020-2021	254,501,337	84,721,754	(248,733,025)	90,490,066	Return to be submitted

20.02 Reconciliation of effective tax rate

	30 June 2020		30 June 2019	
	Rate	Taka	Rate	Taka
Profit before tax		398,584,935		1,075,126,756
Total income tax expense	21.26%	84,721,754	23.15%	248,877,693

Factors affecting the tax charge:

		30 June 2020		30 June 2019
	Rate	Taka	Rate	Taka
Tax using the applicable rate	25.00%	99,646,234	25.00%	268,781,689
Difference between accounting and fiscal depreciation	-3.81%	(15,190,678)	-1.97%	(21,233,028)
Inadmissible expenses	0.01%	54,476	0.07%	740,000
Difference between gratuity provision and payment	0.35%	1,385,286	0.11%	1,185,694
Unrealised foreign currency translation gain	-0.31%	(1,238,011)	0.00%	-
Revenue gain on disposal of motor vehicles	0.04%	157,595	-	-
Rebate on export sales	0.00%	-	-0.05%	(485,644)
Adjustment for reduced rated taxable income	-0.02%	(93,148)	-0.01%	(111,018)
	21.26%	84,721,754	23.15%	248,877,693

21.00 Revenue

	Note(s)	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
Local Sales	21.01	9,716,508,479	13,362,207,615
Export Sales	21.02	-	58,848,748
		9,716,508,479	13,421,056,423
Value Added Tax		(309,817,688)	(152,372,496)
		9,406,690,791	13,268,683,927



	Note(s)	01 July 2019	01 July 2018
		to 30 June 2020	to 30 June 2019
		Taka	Taka
Loading and Unloading Expenses		7,935,205	5,977,721
Medical Expenses		664,412	740,295
Oxygen and LP Gas Charges		20,064,673	20,679,917
Repair and Maintenance		4,622,082	7,774,843
Staff Uniform		2,464,620	1,490,217
Testing Expenses		1,424,041	1,020,650
Vehicle Fuel and Maintenance		12,911,881	13,590,004
		1,470,446,602	1,305,938,713
23.00 Administrative expenses			
Directors' Remuneration	38.00	17,220,000	17,220,000
Salary and Allowances		134,727,832	108,117,093
Depreciation	4.00	8,682,730	8,760,913
Amortization of Software	6.01	206,381	198,048
Audit Fee		460,000	345,000
BIS Certificate Expenses		93,148	371,822
BO Account Expenses		900	2,000
Board Meeting Expenses		630,060	721,340
Bonus		11,825,306	9,437,434
Corporate Social Responsibility		-	2,960,000
Electricity and Other Utility Expenses		1,555,812	2,266,809
Entertainment		4,054,063	3,833,281
Fees and Renewal		2,620,932	2,022,217
General Meeting Expenses		1,324,870	926,664
Group Insurance Premium		127,271	842,532
Legal and Professional Fee		298,500	825,000
Miscellaneous Expenses		1,352,516	1,452,100
Mobile, Telephone and Internet Charges		4,482,745	3,631,377
Newspaper and Periodicals		51,291	38,260
Office Maintenance		3,080,085	2,811,331
Office Rent		4,076,324	4,217,000
Postage and Stamps		464,304	524,277
Recruitment Expenses		725,250	104,775
Rent, Rate & Taxes		125,000	321,850
Share Management Expenses		2,559,075	3,189,055
Software & Data Connectivity Expenses		565,232	526,500
Stationery and Printing Charges		3,096,177	2,667,905
Training Fee		881,005	46,765
Travelling and Conveyance		2,267,749	4,709,760
Vehicle Expenses		7,135,896	6,009,456
		214,690,454	189,100,564
24.00 Selling and distribution expenses			
Advertisement Expenses		27,196,725	42,281,926
Carriage Outward		145,211,397	149,040,466
Travelling and Conveyance		10,591,035	7,622,109
Commission on Sales		8,594,000	9,741,300
Promotional Expenses		16,228,853	14,818,228
Depreciation	4.00	8,682,730	8,760,913
Marketing Collection Expenses		1,213,600	1,477,580
Postage and Stamps		23,795	76,140
		217,742,135	233,818,662



	Note(s)	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
25.00 Finance Cost			
Interest on Bank Loan		746,422,953	698,400,926
Bank Charge		12,819,758	10,856,748
Loan Processing Fee		7,803,499	6,725,882
Foreign Currency Exchange (Gain)/Loss		35,226,004	(837,272)
		802,272,214	715,146,284
26.00 Finance income			
Interest Earned from FDR		56,393,073	72,344,876
Interest Income from SND Account		59,925	237,023
Interest Income from Arbee Textiles Limited		42,117,450	37,046,874
		98,570,448	109,628,773
27.00 Other income			
Dividend Income		1,862,960	2,220,346
PF Forfeited		190,945	-
Gain on Disposal of property, plant and equipment		(217,903)	-
		1,836,002	2,220,346
28.00 Minimum amount to be distributed as dividend			
As per section 16G of Income Tax Ordinance 1984, as a listed company, GPH Ispat shall declare and distribute at least 30% of the net profit after tax as dividend (as per section 16F stock and cash) to its shareholders otherwise 10% tax shall be imposed on the total amount of retained earnings, fund, reserve or surplus.			
Profit after tax		299,417,556	-
Maximum amount can be transferred to retained earnings (70% of net profit after tax)		(209,592,289)	-
Minimum amount to be distributed as dividend (30% of net profit after tax)		89,825,267	-
		30 June 2020	30 June 2019
		Taka	Taka
29.00 Net Asset Value Per Share (NAV)			
Total Assets		39,989,495,313	31,493,025,039
Less: Liabilities		33,556,136,799	25,157,667,609
Net Asset Value (NAV)		6,433,358,514	6,335,357,430
Number of ordinary shares outstanding during the year		378,196,087	360,186,750
Net Assets Value (NAV) per share		17.01	17.59
		01 July 2019	01 July 2018
		to 30 June 2020	to 30 June 2019
		Taka	Taka
30.00 Earnings per share (EPS)			
30.01 Basic Earnings per share			
The composition of Earnings per share (EPS) is given below :			
Total earnings attributable to the ordinary shareholders		299,417,556	806,201,728
Number of ordinary shares outstanding during the year		378,196,087	360,186,750
Weighted average number of ordinary shares outstanding during the year		378,196,087	360,186,750
Basic Earnings Per Share		0.79	2.24
30.02 Diluted EPS			
No diluted EPS was required to be calculated for the period since there was no scope for dilution of share during the period under review.			
30.03	Due to decrease in sales volume, revenue has been decreased consequently this has affected EPS and reduced it with compared to previous year.		



	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	Taka	Taka
31.00 Net operating cash flow per share		
Net operating cash flows (from statement of cash flows)	(3,063,596,909)	517,351,459
Number of ordinary shares outstanding during the year	378,196,087	360,186,750
Net operating cash flow per share	(8.10)	1.44

Payment to supplier and others is more than collection against sales proceeds. As a result, the opening cash flow has been negative in this year.

	30 June 2020	30 June 2019
	Person	Person
32.00 Number of employees		
Employees drawing salary Tk 3,000 or below per month	-	-
Employees drawing salary above Tk 3,000 per month	1650	1081
	1650	1081

	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	Taka	Taka
33.00 Reconciliation of cash flows from operating activities		
Profit before income tax	398,584,935	1,075,126,756
Adjustment for		
Depreciation charged	173,654,597	175,218,250
Amortization charged	206,381	198,048
Finance Cost	767,046,210	715,983,556
Finance income	(98,570,448)	(109,628,773)
Loss on sale of property, plant and equipment	217,903	-
Dividend Income (net of tax)	(1,490,368)	(1,776,325)
	1,239,649,210	1,855,121,512
(Increase)/decrease in Current Assets		
Advances, deposits and prepayments	17,431,063	(461,597,286)
Inventories	(4,214,614,433)	70,725,515
Trade and other receivables	(115,420,133)	(580,785,654)
Increase/(decrease) in Current Assets		
Defined benefit obligation - gratuity	5,541,143	4,742,777
Creditors and accruals	213,802,226	(202,878,185)
	(2,853,610,924)	685,328,679
Income tax paid	(209,985,985)	(167,977,220)
Net cash flows generated by operating activities	(3,063,596,909)	517,351,459

34.00 Revenue
Due to effect of pandemic COVID-19 and new VAT act which was enacted from 01 July 2019, average sales price per ton and volume decreased by 2% and 26% respectively. As a result sales did not reach the projected level. Consequently revenue did not increase as expected.

	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019
	M. Ton	M. Ton
35.00 Capacity and production		
Production Capacity (In M. Ton)	360,000	360,000



36.00 Related Party Transactions

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

Sl. No	Name of the Party	Relation	Nature of Transactions	Outstanding as on 30 June 2020	Outstanding as on 30 June 2019
1	GPH Power Generation Ltd.	Common Directorship	Supply of power at a flat rate	Cr. 510,640,586	Cr. 319,119,710
2	Jahangir and Other Ltd.	Common Directorship	Head office rent	Dr. 919,639	Cr. 377,550
3	GPH Steels Ltd.	Investee	Investment in equity shares	Dr. 1,000,000	Dr. 1,000,000
4	Asia Insurance Ltd.	Common Directorship	Insurance Policy against Letter of Credit	Dr. 4,420,165	Cr. 2,201,836
5	Arbee Textiles Ltd.	Common Directorship	Payment against interest bearing loan	Dr. 372,416,996	Dr. 329,473,142
6	LIPD Industries Ltd.	Common Directorship	Advance	Dr. 185,500	Dr. 185,500
7	GPH Ship Builders Ltd.	Common Directorship	Advance	Dr. 1,200,000	Dr. 500,000

37.00 Key management personnel compensation

In accordance with para 17 of IAS 24 related party disclosure: during the year the amount of compensation paid to key management personnel including Board of Directors is as follows;

	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
Short term employee benefits	78,213,300	53,474,430
Post Employment Benefits	3,155,438	1,677,221
Other long Term benefit	-	-
Termination Benefit	-	-
Share-based Payment	-	-
	<u>81,368,738</u>	<u>55,151,651</u>

38.00 Directors' Remuneration

Details of directors' remuneration paid during the period are as follows:

Name	Designation	01 July 2019 to 30 June 2020 Taka	01 July 2018 to 30 June 2019 Taka
Mr. Mohammed Jahangir Alam	Managing Director	4,200,000	4,200,000
Mr. Md. Almas Shimul	Director	7,500,000	7,500,000
Mr. Md. Ashrafuzzaman	Director	2,760,000	2,760,000
Mr. Md. Abdul Ahad	Director	2,760,000	2,760,000
		<u>17,220,000</u>	<u>17,220,000</u>

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



39.00 Attendance status of Directors in Board Meetings

During the year ended 30 June 2020, 06 (Six) board meetings were held. The attendance status of all the meetings are as follows:

Name of the Director	Designation	Meetings Held	Attendance
Mr. Md. Alamgir Kabir	Chairman	6	6
Mr. Mohammed Jahangir Alam	Managing Director	6	6
Mr. Md. Almas Shimul	Director	6	5
Mr. Md. Abdur Rouf	Director	6	3
Mr. Md. Ashrafuzzaman	Director	6	4
Mr. Md. Abdul Ahad	Director	6	5
Mr. Md. Azizul Haque	Director	6	6
Mr. M. A. Malek	Independent Director	6	3
Mr. Muktar Ahmed	Independent Director	6	4

	Note(s)	30 June 2020 Taka	30 June 2019 Taka
40.00 Contingent liabilities			
Bank guarantee	40.01	520,131,579	520,131,579
L/C liabilities	40.02	4,950,752,552	4,456,086,855
		5,470,884,131	4,976,218,434
40.01 Bank guarantee			
AB Bank Limited		38,415,980	38,415,980
Southeast Bank Limited		1,000,000	1,000,000
State Bank of India		1,690,000	1,690,000
United Commercial Bank Limited		479,025,599	479,025,599
		520,131,579	520,131,579
40.02 L/C liabilities			
AB Bank Limited		-	77,220,869
Agrani Bank Limited		931,550,235	-
Bank Asia Limited		-	215,875,428
Dutch Bangla Bank Limited		124,126,059	201,583,602
Islami Bank Bangladesh Limited		-	125,242,954
Mercantile Bank Limited		590,662,113	34,201,859
Midland Bank Limited		3,910,753	-
NCC Bank Limited		270,628,445	333,532,182
One Bank Limited		595,200,000	277,100,000
Premier Bank Limited		49,088,000	-
Pubali Bank Limited		558,900,000	628,800,000
Southeast Bank Limited		-	212,526,735
Standard Chartered Bank		-	-
The City Bank Limited		173,479,957	360,093,825
Trust Bank Limited		549,792,642	388,663,523
United Commercial Bank Limited		1,103,414,348	1,601,245,878
		4,950,752,552	4,456,086,855
40.03 Capital expenditure commitment			
There is no capital expenditure commitment as at 30 June 2020.			
41.00 Events after reporting date			
The Board of Directors at the meeting held on 27 October 2020 has recommended 5% stock dividend and 5% cash dividend for the year ended 30 June 2020 which is subject to approval by the shareholders in the Annual General Meeting.			

42.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2020 other than trade credit available in the ordinary course of business.

43.00 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 analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and its management of capital. The company has exposure to the following risks from its use of financial instruments.

	Note(s)
a) Credit risk	43.01
b) Liquidity risk	43.02
c) Market risk	43.03

43.01 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 (M.S. 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:

	Note(s)	Amount in Taka 30 June 2020	Amount in Taka 30 June 2019
Trade and other receivables	11	2,621,012,146	2,505,592,013
Advance and deposits	9.01 & 9.02	2,389,415,978	2,451,742,417
Investment in FDRs (long term and short term)	7, 8 & 12.03	886,903,580	641,649,959
Investment in Un-quoted equity	7.00	1,000,000	1,000,000
Investment in quoted shares	7.00	61,344,461	85,036,796
Cash at bank	12.02	31,879,085	275,718,575
		5,991,555,250	5,960,739,760
b) Ageing of receivables			
Dues within 6 months		2,167,326,014	2,095,980,901
Dues over 6 months		81,269,136	80,137,970
		2,248,595,150	2,176,118,871

43.02 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	Nominal interest rate	Contractual cash flows		
			Within 12 months or less Taka	Over 12 months Taka	Total Taka
Defined Benefit Obligation - Gratuity	41,460,605	N/A	-	41,460,605	41,460,605
Long term loan	19,832,439,437	4.62% - 9.00%	155,746,011	19,676,693,426	19,832,439,437
Short term borrowings	11,697,581,384	9.00%	11,697,581,384	-	11,697,581,384
Finance lease obligations	907,352,863	9.00% - 14.50%	162,855,400	744,497,463	907,352,863
Creditors and accruals	800,583,885	N/A	800,583,885	-	800,583,885
	33,279,418,174		12,816,766,680	20,462,651,494	33,279,418,174

43.03 Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

As at 30 June 2020

Foreign currency denominated assets

Cash and cash equivalents

	Euro	GBP	USD	Taka
	-	113.30	552.02	58,664
	-	113.30	552.02	58,664

Foreign currency denominated liabilities

ECA Backed Finance

Long Term Financing Facility

Liability for Accepted Bills for Payment (ABP)

	-	-	91,597,924.80	7,772,083,919
	-	-	41,999,234.59	3,563,635,055
	918,005.07	-	22,122,438.40	1,964,640,328
	918,005.07	-	155,719,597.78	13,300,359,302

Net exposure

	(918,005.07)	113.30	(155,719,045.76)	(13,300,300,638)
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As at 30 June 2019

Liquidity risk is the risk that the

Foreign currency denominated assets

Cash and cash equivalents

Trade receivables

	Euro	GBP	USD	Taka
	-	113.34	552.02	-
	-	113.34	552.02	-

Foreign currency denominated liabilities

ECA Backed Finance

Long Term Financing Facility

Liability for Accepted Bills for Payment (ABP)

	-	-	80,505,890.71	6,802,747,765
	-	-	20,621,301.78	1,742,500,000
	-	-	7,084,015.41	598,599,302
	-	-	108,211,207.89	9,143,847,067

Net exposure

	-	113.34	(108,210,655.87)	(9,143,847,067)
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The company has translated all of its monetary items in foreign currency at the end of its accounting period by using two different rates since the bank offering two different rates for settling its assets and liabilities in foreign currency.

The following significant exchange rate is applied during the year:

	30 June 2020	30 June 2019
	Taka	Taka
Exchange rate of US Dollar	84.85	84.50
Exchange rate of GBP	104.37	107.26
Exchange rate of Euro	95.37	-

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

A reasonably possible strengthening (weakening) of the US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

		30 June 2020		30 June 2019	
		Profit or loss		Profit or loss	
		Strengthening	Weakening	Strengthening	Weakening
		Taka	Taka	Taka	Taka
USD	(2% movement)	(264,255,221)	264,255,221	(182,876,008)	182,876,008
GBP	(2% movement)	236.50	(237)	243	(243)
Euro	(2% movement)	(1,751,028.58)	1,751,029	-	-

(b) Transaction risk

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

(c) Economic risk

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

(d) 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.

Exposure to interest rate risk

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	30 June 2020	30 June 2019
	Taka	Taka
Fixed- rate instruments		
Fixed rate instrument		
Financial assets	5,991,555,250	5,960,739,760
Financial liabilities	32,437,373,684	24,105,930,719
	38,428,928,934	30,066,670,479
Variable- rate instruments		
Financial assets	Nil	Nil
Financial liabilities	Nil	Nil
	-	-

Cash flow sensitivity analysis for variable rate instruments

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



44.00 Financial Instruments- Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Note ref.	Carrying amount					Total
	Fair value through OCI	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities	
	Taka	Taka	Taka	Taka	Taka	Taka
30 June 2020						
Financial Assets measured at fair value						
Investment in quoted shares	61,344,461	-	-	-	-	61,344,461
Financial Assets not measured at fair value						
Trade and other receivables	-	-	2,621,012,146	-	-	2,621,012,146
Deposits	-	-	111,144,130	-	-	111,144,130
Investments in FDR	-	-	-	886,903,580	-	886,903,580
Cash at banks	-	-	31,879,085	-	-	31,879,085
	-	-	2,764,035,361	886,903,580	-	3,650,938,941
Financial Liabilities not measured at fair value						
Long term borrowings	-	-	-	-	19,832,439,437	19,832,439,437
Finance lease obligations	-	-	-	-	907,352,863	907,352,863
Short term borrowings	-	-	-	-	11,697,581,384	11,697,581,384
Creditors and accruals	-	-	-	-	800,583,885	800,583,885
	-	-	-	-	33,237,957,569	33,237,957,569
30 June 2019						
Financial Assets measured at fair value						
Investment in quoted shares	85,036,796	-	-	-	-	85,036,796
Financial Assets not measured at fair value						
Trade and other receivables	-	-	2,505,592,013	-	-	2,505,592,013
Deposits	-	-	69,167,153	-	-	69,167,153
Investments in FDR	-	-	-	641,649,959	-	641,649,959
Cash at banks	-	-	275,718,575	-	-	275,718,575
	-	-	2,850,477,741	641,649,959	-	3,492,127,700
Financial Liabilities not measured at fair value						
Long term borrowings	-	-	-	-	16,319,470,977	16,319,470,977
Finance lease obligations	-	-	-	-	665,515,887	665,515,887
Short term borrowings	-	-	-	-	7,120,943,855	7,120,943,855
Creditors and accruals	-	-	-	-	587,163,924	587,163,924
	-	-	-	-	24,693,094,643	24,693,094,643


Company Secretary




Director


Managing Director