

"If you have any query about this document, you may consult issuer, issue manager and underwriters"

PROSPECTUS OF



FOR PUBLIC OFFERING OF 20,000,000 ORDINARY SHARES OF TK. 10.00 EACH AT AN ISSUE PRICE OF TK. 30.00 EACH INCLUDING A PREMIUM OF TK. 20.00 PER SHARE TOTALING TK. 600,000,000.00

OPENING DATE FOR SUBSCRIPTION: 02 FEBRUARY, 2012

CLOSING DATE FOR SUBSCRIPTION: 09 FEBRUARY, 2012

FOR NON-RESIDENT BANGLADESHI QUOTA, SUBSCRIPTION CLOSES ON: 18 FEBRUARY, 2012

CREDIT RATING STATUS

	Long Term	Short Term
Entity Rating	A-1	ST-2
Date of Rating	August 04, 2011	
RATING ASSIGNED BY: CREDIT RATING AGENCY OF BANGLADESH LTD. (CRAB)		

UNDERWRITERS

Trust Bank Investment Limited Peoples Insurance Bhaban (16 th Floor), 36 Dilkusha C/A, Dhaka-1000	Prime Finance Capital Management Limited 63 Dilkusha C/A (3 rd Floor), Dhaka-1000
Bay Leasing & Investment Limited Printers Building (7 th Floor), 5 Rajuk Avenue, Motijheel C/A, Dhaka-1000	Banco Finance And Investment Limited Baitul View Tower (11 th Floor), 56/1 Purana Paltan, Dhaka-1000
AB Bank Limited BCIC Bhaban, 30-31 Dilkusha C/A, Dhaka-1000	

BANKERS TO THE ISSUE

Investment Corporation of Bangladesh	National Credit and Commerce Bank Limited
Social Islami Bank Limited	National Bank Limited
Southeast Bank Limited	Dhaka Bank Limited
Jamuna Bank Limited	Trust Bank Limited
Bank Asia Limited	

The issue shall be placed in "N" Category

Issue date of the Prospectus: 13 December, 2011

MANAGER TO THE ISSUE



Amin Court (4th Floor), Suit # 403-405
31, Bir Uttam Shahid Ashfaqus Samad Road
(Previous 62-63 Motijheel C/A), Dhaka-1000
Phone: +88 02 9559602, +88 02 9567726, **Fax:** +88 02 9558330
Web-site: www.aaawebbd.com **E-mail:** info@aaawebbd.com

CO-MANAGER TO THE ISSUE



TRUST BANK INVESTMENT LIMITED
(A fully owned subsidiary of Trust Bank Limited)

Corporate Office:

Peoples Insurance Bhaban,
36 Dilkusha C/A, Dhaka-1000
Phone: (PABX) 9572012-3, 9570261, 9570263
Fax: 880-02-9572315, 880-2-9551714, 880-2-7161467
E-mail: tblmbank@trustbanklimited.com



Crown Chamber, 325 Asadgonj, Chittagong
Phone: 88-031-631460; 2854997, **Fax:** 88-031-610995
Web-site: www.gphispat.com.bd **E-mail:** gphacct@bbts.net

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGERS, UNDERWRITER AND/OR AUDITOR".

AVAILABILITY OF PROSPECTUS

Prospectus of the Company may be available at the following addresses:

NAME & ADDRESS	CONTACT PERSON	PHONE NUMBER
COMPANY		
GPH Ispat Limited Crown Chamber, 325 Asadgonj, Chittagong	Kamrul Islam, ACA Chief Financial Officer & Company Secretary	031 2854997 031 631460
ISSUE MANAGER		
AAA Consultants & Financial Advisers Ltd. Amin Court (4th Floor), Suit # 403-405, 62-63 Motijheel C/A, Dhaka-1000	Mohammad Hamdul Islam Senior Manager	02 9559602 02 9567726
CO-ISSUE MANAGER		
Trust Bank Investment Limited Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka-1000	Md. Mozakkerul Islam Senior Assistant Vice President	01713 014641
UNDERWRITERS		
Trust Bank Investment Ltd. Peoples Insurance Bhaban (16 th Floor), 36 Dilkusha C/A, Dhaka-1000	Syed Sharif Zamal Vice President	01730084024
Prime Finance Capital Management Limited 63 Dilkusha C/A (3 rd Floor), Dhaka-1000	M. Mosharraf Hossain PhD, FCA Managing Director & CEO	02 9563883
Bay Leasing & Investment Limited Printers Building (7 th Floor), 5 Rajuk Avenue, Motijheel C/A, Dhaka-1000	Mohammed Mofizul Islam Senior Assistant Vice President	02 9565026 02 9568599
Banco Finance And Investment Limited Baitul View Tower (11 th Floor), 56/1 Purana Paltan, Dhaka-1000	Kazi Saifur Rahman, FCA Managing Director & CEO	02 7125703 02 7124438
AB Bank Limited BCIC Bhaban, 30-31 Dilkusha C/A, Dhaka-1000	Shamim Ahmed Chaudhury Deputy Managing Director	02 9560312 Ext: 305
STOCK EXCHANGE		
Dhaka Stock Exchange 9/F, Motijheel C/A, Dhaka-1000	DSE Library	02 9564601-7 02 9666944-8
Chittagong Stock Exchange CSE Building, 1080, SK. Mujib Road, Agrabad C/A, Chittagong	CSE Library	031 714632-3 031 720871-3

The Prospectus is available on the web sites of SEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.csebd.com), Issue Manager (www.aaawebed.com), Issuer (www.gphispat.com.bd) and Public Reference Room of the Securities and Exchange Commission (SEC) for reading and study.

TABLE OF CONTENTS

SL. No.	PARTICULARS	PAGE NUMBER
1	Disclosure in Respect of Issuance of Security In Demat Form	1
2	Conditions Under Section 2CC of The Securities And Exchange Ordinance, 1969	1
3	Declaration about the Responsibility of Directors	5
4	Due Diligence Certificate of Manager to the Issue	7
5	Risk Factors	9
6	Use of Proceeds	11
7	Description of Business	12
8	Description of Property	17
9	Plan of Operation and Discussion of Financial Condition	18
10	Directors and Officers	23
11	Short Bio-data of Directors	24
12	Involvement of officers and Directors in Certain Legal Proceedings	26
13	Certain Relationship and Related Transactions	26
14	Executive Compensation	27
15	Option Granted to Officers, Directors and Employees	27
16	Transactions with Promoters	27
17	Net tangible Assets Per Share	28
18	Ownership of the Company's Securities	28
19	Determination of Offering Price	29
20	Market for the Securities Being Offered	30
21	Description of Securities Outstanding or Being Offered	30
22	Debt Securities	31
23	Financial Structure	31
24	Lock-in-Provision of Share	31
25	Availability of Securities	32
26	Application for Subscription	33
27	Corporate Information	34
28	Auditors' Reports & Accounts	35
29	Auditors' Reports in Pursuance of Section 135(1) and Paragraph 24(1) of Part-II of Third Schedule of the Companies Act, 1994	55
30	Ratio Analysis	58
31	Additional Disclosures by Auditors	60
32	Credit Rating Report	67
33	Application Form	82
34	Bankers' to the Issue	84
35	Application Form (NRB)	85

DEFINITION AND ELABORATION OF THE ABBREVIATED WORDS AND TECHNICAL TERMS USED IN THE PROSPECTUS

AAA	: AAA Consultants & Financial Advisers Ltd.
Allotment	: Letter of allotment for shares
BB	: Bangladesh Bank
BO A/C	: Beneficiary Owner Account or Depository Account
CDBL	: Central Depository Bangladesh Ltd.
Certificate	: Share Certificate
Commission	: Securities and Exchange Commission
Companies Act	: Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	: Chittagong Stock Exchange Limited
DSE	: Dhaka Stock Exchange Limited
ETP	: Effluent Treatment Plant
FC Account	: Foreign Currency Account
FI	: Financial Institution
GOB	: The Government of People's Republic of Bangladesh
GPH	: GPH Ispat Limited
IPO	: Initial Public Offering
Issue	: Public Issue
Issuer	: GPH Ispat Limited
NAV	: Net Asset Value of the Company
NBR	: National Board of Revenue
NRB	: Non Resident Bangladeshi
Offering Price	: Price of the securities of GPH Ispat Limited being offered
PSI	: Pre Shipment Inspection
PE	: Price Earnings
Registered Office	: Head Office of the Company
RJSC	: Registrar of Joint Stock Companies & Firms
SC	: Share Certificate
SEC	: Securities and Exchange Commission
Securities	: Shares of GPH Ispat Limited
Share Market	: Market of the Securities
Sponsors	: The sponsor shareholders of GPH Ispat Limited
SND Account	: Short Notice Deposit Account
Stockholders	: Shareholders
Subscription	: Application money
The Company	: GPH Ispat Limited
TBIL	: Trust Bank Investment Limited

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

"As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only and for this purpose the **GPH Ispat Limited** has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including rights/bonus) will also be issued in dematerialized form only."

CONDITIONS UNDER SECTION 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Part-A

1. The company shall go for Initial Public Offer (IPO) for **20,000,000** ordinary shares of **Tk. 10.00** each at an issue price of **Tk. 30.00** per share including a premium of **Tk. 20.00** per share totaling **Tk. 600,000,000** (Sixty Crore) following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (four) national daily newspapers (two in Bangla and two in English), within 03 (three) working days of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the websites of the Commission, Stock Exchanges, and the Issue Manager within 03 (three) working days from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the Stock Exchanges and the Issue Managers a diskette containing the text of the vetted prospectus in "**MS-Word**" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue manager shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **5 (five)** working days of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manager within **2 (two)** working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 3 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. **The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.**
8. **The issuer company shall apply to all the stock exchanges in Bangladesh for listing within 7(seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.**
9. The following declaration shall be made by the company in the prospectus, namely:-

DECLARATION ABOUT LISTING OF SHARES WITH THE STOCK EXCHANGE(S)

None of the stock exchange(s), if for any reason, grants listing within 75 (Seventy Five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within 15 (Fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (Fifteen) days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within 7 (Seven) days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced after **25 (twenty five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Chittagong, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". Application shall be sent by the NRB applicants to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue manager shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities the issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within **05 (five) working days**, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in 2 (Two) CDs and final status of subscription to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue manager). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 5(five) weeks from the date of the subscription closure) if any of the following events occur:
 - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.
17. **10%** of total public offering shall be reserved for non-resident Bangladeshi (NRB) and **10%** for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Tk. 15,000/-** (Fifteen Thousand only). If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
20. **The applicant shall provide the same bank account number in the application form as it is in the BO account of the application.**
21. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.**
22. Lottery (if applicable) shall be held within **4 (four) weeks** from closure of the subscription date.
23. The company shall issue share allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be, subject to condition no. 20 above.
 Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.
 A compliance report in this regard shall be submitted to the Commission within 7 (Seven) weeks from the date of closure of subscription.
24. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.
25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within 10 (Ten) days of the subscription closing date on full payment of the share money within 15 (Fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

26. All issued shares of the issuer at the time of according this consent shall be subject to a **lock- in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later:
Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a **lock-in of 01 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.
27. In respect of shares of Sponsor/ Directors/ Promoters (if in paper format) shall be handed over to security custodian bank registered with SEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchanges(s). Or they (shares of Sponsor/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by the Managing Director of the company along with lock-in confirmation to SEC within one week of listing of the shares with the stock exchanges(s). In respect of shares other than Sponsor/ Directors/ Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to SEC.
28. The company shall apply to the stock exchanges for listing within **7(seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
29. The company shall declare 40% stock dividend based on the financial statement for the year ended April 30, 2011. The Company shall not declare any other benefit except the mentioned above.
30. **The company shall deposit 3% tax to the Government Treasury on the share premium of the IPO and submit authenticated copy of 'Treasury Chalan' to the Commission, among others, to obtain consent for holding of lottery in line with the NBR's Order No. জরারো/আয়কর-বাজেট/২০১০/৯৭ dated 30.06.2010 and জরারো/কর-৪/অর্থসেক্স/১১(৪)/২০০০(অংশ)-১২২৬ dated 06.07.2010.**

PART -B

1. The issuer and the Issue Managers shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under "Due Diligence Certificates" provided with SEC.
3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of **each month** until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the Shareholders Meeting under intimation to SEC and stock exchange(s).
8. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.
9. The financial statements should be prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.
An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.
2. The company and the issue manager shall ensure due compliance of all above condition and the Securities & Exchange Commission (Public Issue) Rules, 2006.

GENERAL INFORMATION

AAA Consultants & Financial Advisers Ltd. has prepared this Prospectus from information supplied by GPH Ispat Limited (the Company) and also several discussions with Managing Director and related executives of the Company. The Directors of both GPH Ispat Limited and AAA Consultants & Financial Advisers Ltd. collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers Ltd.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus may be obtained from the Head Office of GPH Ispat Limited, AAA Consultants & Financial Advisers Ltd., the underwriters and the Stock Exchanges where the securities will be traded.

DECLARATION ABOUT THE RESPONSIBILITY OF THE DIRECTORS INCLUDING CEO OF THE COMPANY “GPH ISPAT LIMITED” IN RESPECT OF THE PROSPECTUS

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the Prospectus, documents, financial statements exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this Public Issue and Prospectus have been met, and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this Prospectus to enable the investors to make a well informed decision for investment.

Sd/-
Md. Jahangir Alam
Director & Managing Director

Sd/-
Md. Abdur Rouf
Director

Sd/-
Md. Alamgir Kabir
Director

Sd/-
Md. Almas Shimul
Director

Sd/-
Md. Asrafuzzaman
Director

Sd/-
Md. Salahuddin Roman
Director

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of GPH Ispat Limited and will continue to act as a Director(s) of the Company:

Sd/-
Md. Jahangir Alam
Director & Managing Director

Sd/-
Md. Abdur Rouf
Director

Sd/-
Md. Alamgir Kabir
Director

Sd/-
Md. Almas Shimul
Director

Sd/-
Md. Asrafuzzaman
Director

Sd/-
Md. Salahuddin Roman
Director

DECLARATION ABOUT FILING OF PROSPECTUS WITH THE REGISTRAR OF JOINT STOCK COMPANIES & FIRMS

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required by Section 138 (1) of the Companies Act, 1994 on or before Publication of the Prospectus.

DECLARATION BY THE ISSUER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF GPH ISPAT LIMITED

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

On Behalf of GPH Ispat Limited

Sd/-

Md. Jahangir Alam

Director & Managing Director

DECLARATION BY THE ISSUE MANAGER ABOUT THE APPROVAL FROM SEC FOR ANY MATERIAL CHANGES REGARDING PROSPECTUS OF GPH ISPAT LIMITED

In case of any material change(s) in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

Dated: August 24, 2011

For Manager to the Issue

Sd/-

Khwaja Arif Ahmed

Managing Director & CEO

AAA Consultants & Financial Advisers Ltd.

DUE DILIGENCE CERTIFICATE OF MANAGER TO THE ISSUE

Sub: Public Offer of 20,000,000 Ordinary Shares of Tk. 30.00 each including a premium of TK. 20.00 per share totaling Tk. 600,000,000.00 by GPH Ispat Limited

We, the under-noted Manager Issue to the above mentioned forthcoming Issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a) The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;
- b) All the legal requirements connected with the said Issue have been duly complied with; and
- c) The disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed Issue.

Dated: August 24, 2011

For Manager to the Issue
Sd/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers Ltd.

DUE DILIGENCE CERTIFICATE OF THE UNDERWRITER(S)

Sub: Public Offer of 20,000,000 Ordinary Shares of Tk. 30.00 each including a premium of TK. 20.00 per share totaling Tk. 600,000,000.00 by GPH Ispat Limited

We, the under-noted Underwriter(s) to the abovementioned forthcoming Issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned Issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company;-

WE CONFIRM THAT:

- a) All information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b) We shall subscribe and take up the un-subscribed securities against the abovementioned public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- c) This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-
President and Managing Director
AB Bank Limited

Sd/-
Managing Director
Trust Bank Investment Limited

Sd/-
Managing Director
Bay Leasing & Investment Limited

Sd/-
Managing Director & CEO
Banco Finance And Investment Ltd.

Sd/-
Managing Director & CEO
Prime Finance Capital Management Limited

RISK FACTORS & MANAGEMENT PERCEPTIONS ABOUT THE RISKS

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

1. Interest Rate Risk

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

Management Perception:

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

2. Exchange Rate Risk

Exchange rate risk occurs due to changes in foreign currency exchange rates. As the Company imports equipment from abroad and earns revenue in local currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. If exchange rate is decreased against local currency opportunity will be created for generating more profit.

Management Perception:

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

3. Industry Risks

I. Profitability may reduce

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

Management Perception:

The Company has successfully accessed the market till date and is working on offering new and better quality products at competitive terms. Moreover the group's track records of last 3 (three) years for operating in the low profit and highly market sensitive environment establishes its capability.

II. New Entrants may enhance competition

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

Management Perception

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

4. Market and Technology Related Risks

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

Management Perception

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

5. Potential or Existing Government Regulations

The Company operates under Companies Act 1994, Customs Act 1969, Labor Law 2006, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax (VAT) Act 1991, Value Added Tax (VAT) Rules 1991 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

Management Perception

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

6. Potential Changes in Global or National Policies

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

Management Perception

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

7. History of Non-Operation, if any

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

Management Perception

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

8. Operational Risks

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

Management Perception

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

9. Availability of Power and Gas

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

Management Perception

The Company has 24 MW power connections. 12 MW load connection through 132/33 KV substation with 33 KV H. T. line from PDB and 12 MW gas fired captive power plant named GPH Power Generation Limited which ensures uninterrupted power supply. Currently 16 MW power is used for its existing operation and rest 8 MW unused power will be used for it's under process expansion project. Furthermore, GPH gas connection is connected with main distribution line of Chittagong zone. So, GPH Ispat Limited is enjoying uninterrupted and sufficient electricity and gas supply at present and near future.

10. Sourcing of Raw Materials

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

Management Perception

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

11. Distribution Risks

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

Management perception

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

12. Risk associated with labor unrest

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

Management perception

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

USE OF IPO PROCEEDS & IMPLEMENTATION SCHEDULE

GPH Ispat Limited will raise paid-up capital through Initial Public Offering (IPO) in order to meet the present business needs for the purpose of business augmentation and repayment of its debt to enhance profitability in the following way:

Utilization of Fund	Amount in BDT (Crore)	Approximate date of utilization fund
A. Loan Repayment	58.80	
United Commercial Bank Limited, Khatungonj Branch	34.50	Within 15 (fifteen) working days after allotment
Janata Bank Limited, Khatunganj Branch	24.30	Within 15 (fifteen) working days after allotment
B. Payment of Tax @ 3% on Share Premium	1.20	Within 07 (seven) working days after receiving IPO fund
Total	60.00	

N.B. As per rule 8B4(C) of Securities and Exchange Commission (Public Issue) Rules, 2006 there is no contract covering any of the activities of the issuer Company for which the proceeds of sale of securities from IPO is to be used.

Sd/-
Kamrul Islam, ACA
 Chief Financial Officer &
 Company Secretary

Sd/-
Md. Jahangir Alam
 Director &
 Managing Director

DESCRIPTION OF BUSINESS

Company Background

GPH Ispat Limited is one of the leading integrated steel manufacturing companies in Bangladesh engaged in manufacturing of M. S. Billet & M. S. Rod. The Company was incorporated in Bangladesh on 17 May 2006 as a Private Company limited by shares under the Companies Act 1994. The principal activities of the Company are manufacturing and trading of iron products and steel materials of all kinds or other metallic or allied materials and marketing thereof. The commercial production of the factory commenced on 21 August 2008. The Company subsequently converted into a Public Limited Company.

Nature of Business

The Company is engaged in the manufacturing process of producing M.S. Billet from Steel Scrap & M.S. Rod from M.S. Billet and sales/export of the products and other business related thereto.

(1) Principal Products:

The principal products of the company are M. S. Billet & M. S. Rod.

Market of the Products:

Major customers are the Contractors, Property Developers, Export Processing Zone, Road and Bridge Construction Company etc.

(2) Relative Contribution of the Products Contributing More Than 10% of Total Revenues:

Sl. No.	Particulars	Amount (BDT) as on April 30, 2011	
		Amount (BDT)	Contribution (%)
1	M. S. Rod	3,687,523,987	98.47 %

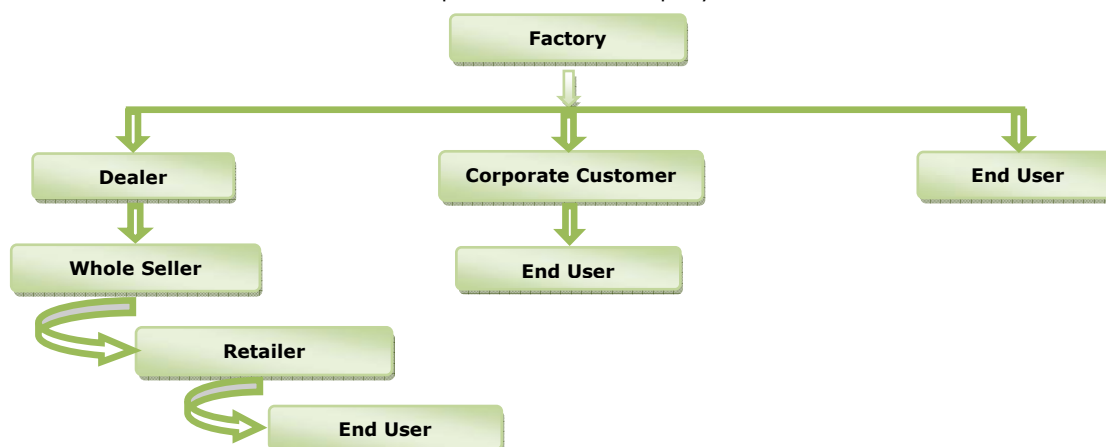
(3) Associates, Subsidiary/ Related Holding Company:

The Company has no Associates, Subsidiary/ Related Holding Company. However the Directors of the Company are involved in the following organizations:

Sl. No.	Name of the Company	Relationship	Nature of the business of the Company
1	M. I. Cement Factory Limited	Common Directorship	Cement Manufacturing
2	Jahangir and Others Ltd.	Common Directorship	Trading
3	GPH Power Generation Limited	Common Directorship	Power Generation
4	Chittagong Capital Limited	Common Directorship	Brokerage House & Dealer, Member of CSE
5	Indo Steel Re-rolling Industries Ltd.	Common Directorship	Steel Manufacturing
6	Premier Cement Mills Ltd.	Common Directorship	Cement Manufacturing
7	Crown Power Generation Limited	Common Directorship	Power Generation
8	Crown Mariners Limited	Common Directorship	Ship Building Industry
9	Crown Polymer Bagging Ltd.	Common Directorship	Bag Manufacturing
10	Premier Power Generation Ltd.	Common Directorship	Power Generation
11	Crown Transportation & Logistics Ltd.	Common Directorship	Logistics & Transport Service
12	Asia Insurance Limited	Common Directorship	Insurance Business
13	National Cement Mills Limited	Common Directorship	Cement Manufacturing

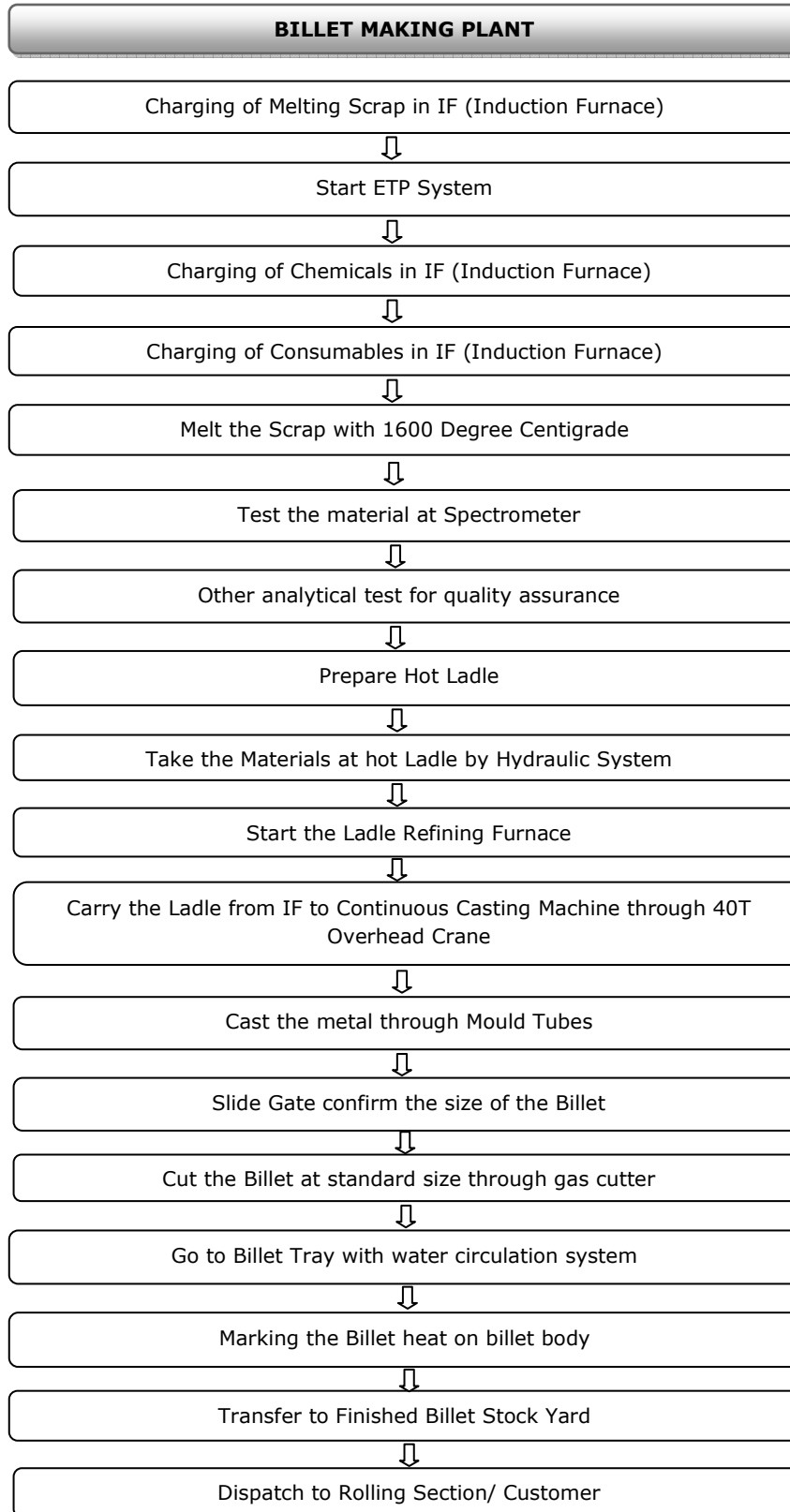
(4) Distribution of Products:

The Company has strong presence all over the country since 2008 with various construction materials trading and marketing. Sponsors/ Directors' experience of more than two decades in this sector is considered the key of GPH marketing and distribution network. In addition to that, the Company has several sales depots at Narayanganj, Sylhet, Gazipur and Dhaka Banasree etc. Distribution of products of the Company is as follows:



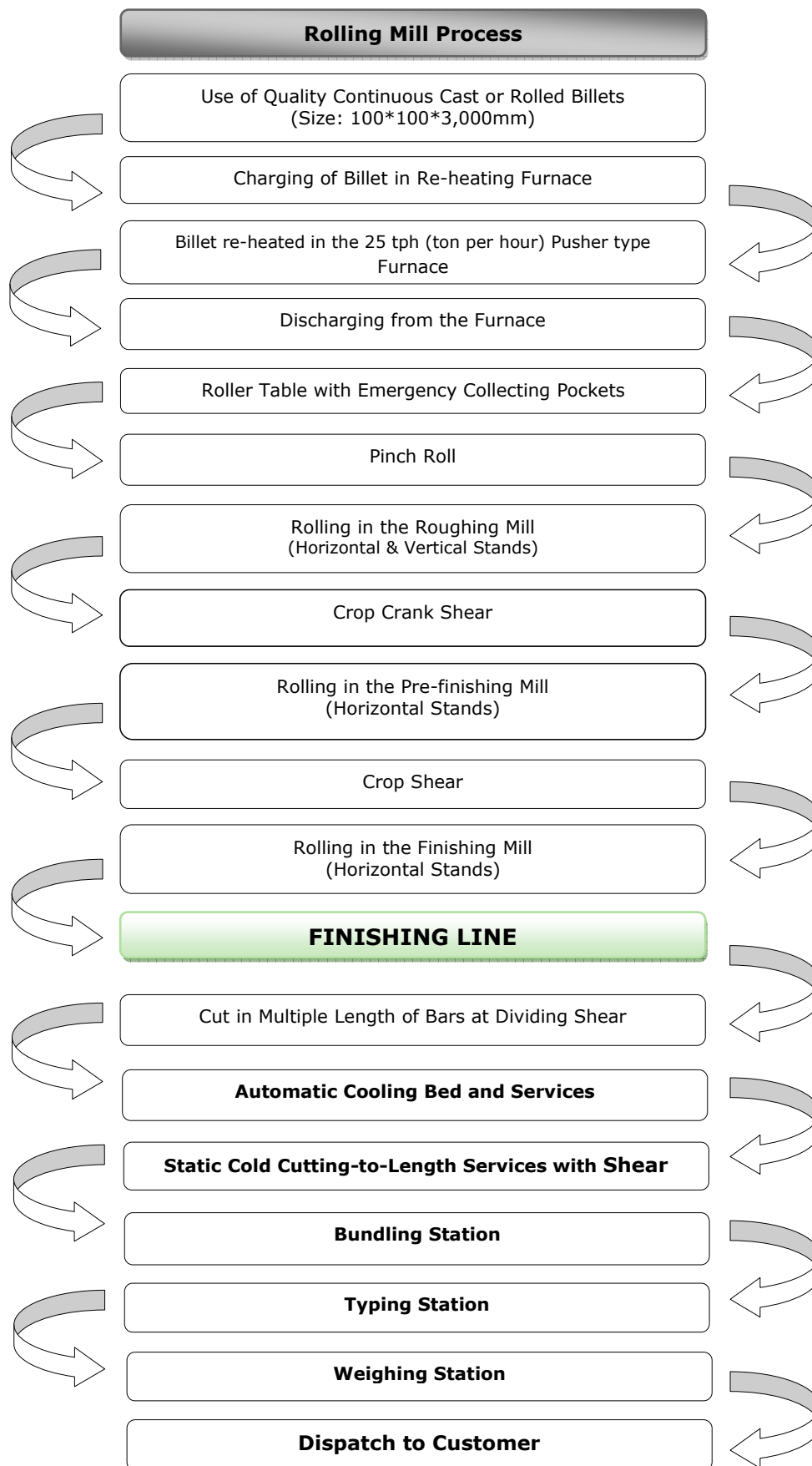
The Billet Making Process

The billet making process used by the factory may be presented as under:



The Rolling Mill Process

The rolling mill process used by the factory may be presented as under:



(5) Competitive Conditions in the Business:

GPH always has a solid reputation in the local steel market as one of the modern establishments producing the quality billets & rods available in the country. This has enabled GPH to command the premium prices and still retain the substantial market share in a highly fragmented industry with so many players. Following are the main competitors of GPH:

Sl. No.	Name of Competitors	Address
1	BSRM Steels Limited	Head Office: Ali Mansion, 1173/1207 Sadarghat Road, Chittagong; Project Site: 4 Fouzderhat Industrial Estates, Latifpur, Sitakunda, Chittagong.
2	Rahim Steel Mills Limited	Head Office: Nahar Mansion, 116, CDA Avenue, Muradpur, Chittagong. Dhaka office :Al Mansur Bhaban (2nd floor), 50/D, Inner Circular (VIP) Road, Nayapaltan, Dhaka.
3	Baizid Steel Mills Limited	Corporate Head Office: Rahima Center (4th floor), 1618 /1839 CDA Avenue, Nasirabad, Chittagong, Dhaka Office: Hosna Center (2nd floor), Suite 205, 106, Gulshan Avenue, Dhaka 1212
4	Abul Khair Steels Limited	Head office: D.T Road, Pahartali, Chittagong, Bangladesh
5	Kabir Steel Re rolling Mills Limited	Kabir Manjil, Sk. Mujib road, Chittagong.
6	Seema Steel Re rolling Mills Limited	Sadharan Bima Bhaban, Sk Mujib Road, Agrabad, Chittagong.

(6) Sources and Availability of Raw Materials and the Names of the Principal Suppliers:

Sources and Availability of Raw Materials and the Names of the Principal Suppliers of GPH Ispat Limited are as follows:

Sl. No.	Name of Suppliers	Category of Supply	Address
1	Steana Metal AB	Shredded Scrap	Sweden
2	Skrotfrag AB.	Shredded Scrap	Sweden
3	Rein International	Re-Bar Scrap HMS 1 mix	USA
4	Sims Group UK Ltd	Shredded Scrap	United Kingdom
5	Global Met Corp Ltd	Shredded Scrap	U. K.
6	D. B. Machine Tools Pvt. Ltd	Sponge Iron	INDIA
7	Refratech(India)	Quartz Powder	INDIA
8	Bunty Overseas Pvt. Ltd	Calcined Petroleum Coke	INDIA
9	Tata International Ltd	Sponge Iron	INDIA
10	Ferro Alloy Co. (Pvt.) Ltd.	Ferro Alloy	Kanchpur, Sonargoan, Narayanganj, Dhaka.
11	7 B Associates	Melting Scrap	College Road, Agrabad, Chittagong
12	M/s. Tania Enterprise (Unit-2)	Melting Scrap	Lalbeg, Shitalpur, Sitakunda, Chittagong
13	M/s. F & F Ship Recycling	Melting Scrap	Foyz Lake, Pahartali, Chittagong
14	M/s. Monsur & Brothers	Melting Scrap	Sholashahar, Muradpur, Chittagong
15	M/s. Sagorika Louha Bitan	Melting Scrap	Sagorika road, Fouzderhat, Chittagong

(7) Sources of, and Requirement for Power, Gas & Water:

Sl. No.	Description	Source	Current Requirement(Approx)
1	Electricity	BPDB, GPH Power Generation Ltd	16 mwh
2	GAS	Bakhrabad Gas Systems Ltd	As per production schedule
3	Water	Own deep tube well	As per production schedule

Alternative Water Source

Various natural Lake of Sitakunda Area.

ETP System (Effluent Treatment Plant)

GPH has already developed Effluent Treatment Plant (ETP) system to make pollution free environment, which facilitates company's existing production.

(8) Names of Customer(s) who purchase 10% or More of the Company products:

The company's products are sold to various customers. However, no single customer provides 10% or more of the Company's total revenue.

(9) Contract with Principal Suppliers/Customers:

The Company does not have any contract with any of its suppliers/customers except normal course of business.

(10) Description of Material Patent, Trademark, Licenses or Royalty Agreements:

The company has not acquired any Patent, Trademark, Licenses or Royalty Agreements.

(11) Employees' Position as on 30.04.2011:

(As per Audited Accounts)

Monthly Salary Range	Employees Position				Total Employee
	Permanent Basis		Contract Basis		
	Factory	Head Office	Factory	Head Office	
Below 3,000	-	-	-	-	-
Above 3,000	480	49	104	0	633
Total					633

(12) Production Capacity and Current Utilization:

Total production capacity and current utilization of capacity of the Company are as under:

(As per Audited Accounts)

Particulars	May 01, 2010 to April 30, 2011		
	M. S. Billet	M. S. Rod	Total
License Capacity in M. Ton	90,000	1,32,000	2,22,000
Production Capacity in M. Ton	84,000	1,20,000	2,04,000
Capacity Utilization in M. Ton	76,221	75,099	1,51,320
Capacity Utilization %	91 %	63 %	74 %

DESCRIPTION OF PROPERTY

- (a) The Company's registered office is situated at Crown Chamber, 325 Asadgonj, Chittagong at rented premises. The Company is situated at its own land and rented premises as under:

Particulars	Address	Status
Head Office	Crown Chamber, 325 Asadgonj, Chittagong-4000	On rented premises
Dhaka Office	Hamid Tower (3 rd Floor), 24 Gulshan C/A, Circle-2 Dhaka-1213	On rented premises
Factory	Sultana Mandir Road, Kumira, Masjidda, Sitakunda, Chittagong	On owned land

GPH owns the following fixed assets at written down value as given below:

(As per Audited Accounts)

Particulars	30.04.2011 (W.D.V)
Land & Land Development	142,627,636
Plant and Machinery	388,217,408
Factory Building	336,713,990
Furniture, Fixtures & Decoration	5,774,611
Computer & Accessories	1,599,629
Motor Vehicle	16,282,883
Logistic Vehicles	97,981,655
Electric & Gas Line Installation	104,917,151
Lab Equipment	15,146,185
Office Equipment	1,386,358
TOTAL	1,110,647,506

- (b) All the property is owned by Company except 46 logistics vehicles & motor vehicles which are taken on lease basis from Pubali Bank Limited, Khatungonj Branch, Chittagong (quantity: 39 vehicles) and Prime Bank Limited O. R. Nizam Road, IBB Branch, Chittagong (Quantity: 7 vehicles & motor vehicles).
- (c) The Company owns **532.71** Decimals of land located as under:

Location	Area in Decimal	Status
North Masjidda, Mouja- Masjidda, 7 no. Kumira, Sitakunda, Chittagong	47.00	Factory Building
North Masjidda, Mouja- Basbaria, 7 no. Kumira, Sitakunda, Chittagong	4.63	Factory Building
North Masjidda, Mouja- Basbaria, 7 no. Kumira, Sitakunda, Chittagong	481.08	Factory Building & Stock Yard
Total	532.71	

All the properties of the Company are mortgaged to the lending Institution namely AB Bank Limited, Khatungonj Branch, Chittagong as a syndication leader of project finance. All the machineries are purchased in brand new condition.

- (d) The date of expiration of the lease with the name of lessor is given as under:

(Amount in BDT)

Sl. No.	Name of Bank/NBFI	Type of loan	Total Amount (Lac)	Rate of interest	Sanction Date	Monthly Installment	Outstanding Balance as on 30.04.2011
1	Pubali Bank Limited	Lease # 07	11,000,000	14.00	25.01.09	326,637	6,052,619.00
2	Pubali Bank Limited	Lease # 08	2,170,000	14.00	24.08.09	61,374	1,588,846.00
3	Pubali Bank Limited	Lease # 09	11,480,000	13.50	01.10.09	337,534	8,553,921.00
4	Pubali Bank Limited	Lease # 10	10,000,000	13.50	21.12.09	294,019	7,864,546.00
5	Pubali Bank Limited	Lease # 12	9,000,000	13.00	02.05.10	241,447	7,165,896.00
6	Pubali Bank Limited	Lease # 13	756,000	14.00	30.08.10	20,659	657,331.00
7	Pubali Bank Limited	Lease # 16	1,268,000	12.50	03.01.11	32,747	1,347,250.00
8	Pubali Bank Limited	Lease # 17	11,400,000	12.50	03.01.11	294,411	12,112,500.00
9	Pubali Bank Limited	Lease # 18	3,040,000	12.50	21.01.11	78,510	3,230,000.00
10	Pubali Bank Limited	Lease # 19	5,401,000	12.50	18.01.11	139,484	5,738,563.00
11	Pubali Bank Limited	Lease # 20	3,705,000	12.50	24.03.11	95,684	3,936,563.00
12	Prime Bank Limited	Lease # 1029800004	780,000	12.50	09.11.10	20,000	798,040.00
13	Prime Bank Limited	Lease # 1030800004	12,000,000	12.50	09.11.10	308,000	12,232,750
14	Prime Bank Limited	Lease # 1031100006	720,000	12.50	09.11.10	19,000	733,230.00

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and External Sources of Cash:

(As per Audited Accounts)

Particulars	30.04.2011	30.04.2010	30.04.2009
Internal sources of Cash			
Share Capital	500,000,000	500,000,000	12,000,000
Tax Holiday Reserve	103,729,009	49,446,718	6,662,104
Retained earnings	8,015,768	79,387,934	11,922,950
Total	611,744,777	628,834,652	30,585,054
External Sources of Cash			
Long term portion of Term Loan	805,477,668	651,220,752	460,516,100
Long term portion of Lease Liabilities	54,546,064	24,059,928	-
Sub Total	860,023,732	675,280,680	460,516,100
Grand Total	1,471,768,509	1,304,115,332	491,101,154

(2) Material Commitment for Capital Expenditure:

The Company has not entered into any material commitment for capital expenditure for expansion of the project.

(3) Material Change from period to period:

(As per Audited Accounts)

Particulars	30.04.2011	30.04.2010	30.04.2009
Net Turnover	3,688,519,184	3,223,787,065	1,277,035,276
Cost of Sales	(3,044,732,767)	(2,817,640,942)	(1,166,847,178)
Gross Profit/(Loss) [A]	643,786,417	406,146,123	110,188,098
Operating Expenses:			
Administrative Expenses	(50,935,771)	(27,350,949)	(8,860,663)
Selling & Distribution Expenses	(66,399,399)	(53,078,588)	(5,220,927)
Total Operating Expenses [B]	(117,335,170)	(80,429,537)	(14,081,590)
Trading Profit [C=A-B]	526,451,247	325,716,586	96,106,508
Financial Expenses	(307,777,860)	(218,555,336)	(79,451,248)
Profit before Amortization	218,673,387	107,161,249	16,655,260
Amortization of Preliminary Expenses	-	(199,715)	-
Profit before Non-Operating Income	218,673,387	106,961,534	16,655,260
Non-operating Income	3,121,013	4,468,362	2,593,037
	221,794,400	111,429,896	19,248,297
Contribution to WPPF @ 5% after charging WPPF	(10,561,638)	-	-
Profit before Tax & Reserve	211,232,762	111,429,896	19,248,297
Provision for Tax:			
Current	(16,376,503)	(1,180,298)	(972,389)
Deferred	(11,946,135)	-	-
	(28,322,638)	(1,180,298)	(972,389)
Net Profit After Tax	182,910,124	110,249,598	18,275,908

The Company's turnover from 2009 to 2010 increased significantly. The reason behind this was that during the FY ended 30.04.2009 the Company was in operation for only eight months. Changes in turnover from 2010 to 2011 are mainly due to changes in price per MT and increase in capacity utilization. Reasons of change in Cost of Sales are also due to the aforesaid reasons.

(4) Seasonal Aspects:

There is no direct seasonal impact on the products of the Company. However, as the construction works largely hampered during rainy season, the sales and production of the Company also reduces at that time.

(5) Known Trends, Events or Uncertainties:

The business operation of the Company may be affected by some known events as follows:

- Political unrest
- Natural disaster
- Entrance of new technology
- Increase competition
- Up-trend price of billets in the international market
- Shortage of Gas or Power supply

(6) Change in the Assets of the Company used to pay off any Liabilities:

No asset of the Company has been used to pay off the liabilities.

(7) Loans taken from or given to Holding/Parent Company or Subsidiary Company:

No loan was received or has given from or to any holding/parent company or subsidiary company.

(8) Future Material Contractual Liabilities:

The Company neither has any future contractual liabilities nor any plan to enter into any contractual liabilities other than normal course of business within next one year.

(9) Future Capital Expenditure:

No capital expenditure has been planned to be incurred by the Company in near future for expansion of the project.

(10) VAT, Income Tax, Customs Duty or other Tax Liability:

- VAT:** The Company's VAT registration no. **2071032369/Area code: 20302** and it pays VAT in time and submits return accordingly. The company has no VAT liability as on **August 01, 2011**.
- Income Tax:** The Company has been enjoying tax holiday for 5 (five) years commencing from August 01, 2008 vide National Board of Revenue's circular ref. 11(10) ANU-1/2009 dated 30.03.2009. The benefit was, from 01 August 2008 to July 31, 2010 (first two years) @ 100%, from 01 August 2010 to 31 July 2012 (third & fourth year) @ 50%, from 01 August 2012 to 31 July 2013 (fifth year) @ 25%. The Company's TIN No. **306-200-4713/Circle-2**. Year wise income tax status of the Company is depicted below:

Accounting Year ended on	Assessment Year	Assessment Status	Status
30-04-2007	2007-2008	Assessment completed	-
30-04-2008	2008-2009	Assessment completed	1 st Appeal completed and Appeal Order received
30-04-2009	2009-2010	Assessment completed	1 st Appeal submitted & awaiting for hearing
30-04-2010	2010-2011	Assessment completed	1 st Appeal submitted & awaiting for hearing

- Customs Duty:** The Company's main raw material is various steel scrap, which current duty structure at a flat rate @ Tk. 1,500/ MT and 1 % PSI on invoice value. No other import duty applies for steel scrap. The second largest raw material is Sponge Iron which duty structure is 5% import duty and 1 % PSI. No other import duty applies for Sponge Iron. These two items cover more than 96% of material consumption. Custom duty is now manufacturer friendly and there have no reason to enhance the custom duty as govt. encourage the industry as it is the part of country's infrastructure development.

(11) Operating Lease during Last five years:

The Company has established its head office at Chittagong & another office at Dhaka as under:

Name of Office and Address	Area (sft.)	Period of Lease	Monthly Amount (BDT)
Head Office Crown Chamber, 325 Asadgonj Chittagong-4000	3,400	3 year	37,400.00
Dhaka Office Hamid Tower (3 rd Floor), 24 Gulshan C/A, Circle-2 Dhaka-1213	500	2 year	20,000.00

(12) Financial lease/Loan commitment:

The company has obtained following Financial lease/Loan facilities during last 05 (five) years.

(Amount in BDT)

Sl. No.	Name of Bank/NBFI	Type of loan	Total Amount (Lac)	Rate of interest	Sanction Date	Monthly Installment	Outstanding Balance as on 30.04.2011
1	Pubali Bank Limited	Lease # 07	11,000,000	14.00	25.01.09	326,637	6,052,619.00
2	Pubali Bank Limited	Lease # 08	2,170,000	14.00	24.08.09	61,374	1,588,846.00
3	Pubali Bank Limited	Lease # 09	11,480,000	13.50	01.10.09	337,534	8,553,921.00
4	Pubali Bank Limited	Lease # 10	10,000,000	13.50	21.12.09	294,019	7,864,546.00
5	Pubali Bank Limited	Lease # 12	9,000,000	13.00	02.05.10	241,447	7,165,896.00
6	Pubali Bank Limited	Lease # 13	756,000	14.00	30.08.10	20,659	657,331.00
7	Pubali Bank Limited	Lease # 16	1,268,000	12.50	03.01.11	32,747	1,347,250.00
8	Pubali Bank Limited	Lease # 17	11,400,000	12.50	03.01.11	294,411	12,112,500.00
9	Pubali Bank Limited	Lease # 18	3,040,000	12.50	21.01.11	78,510	3,230,000.00
10	Pubali Bank Limited	Lease # 19	5,401,000	12.50	18.01.11	139,484	5,738,563.00
11	Pubali Bank Limited	Lease # 20	3,705,000	12.50	24.03.11	95,684	3,936,563.00
12	Prime Bank Limited	Lease # 1029800004	780,000	12.50	09.11.10	20,000	798,040.00
13	Prime Bank Limited	Lease # 1030800004	12,000,000	12.50	09.11.10	308,000	12,232,750
14	Prime Bank Limited	Lease # 1031100006	720,000	12.50	09.11.10	19,000	733,230.00
15	AB Bank Limited	Term Loan	260,000,000	13.00	15.11.07	21,200,358 (Q)	132,768,822.00
16	AB Bank Limited	Term Loan	200,000,000	13.00	24.08.10	Not yet	181,327,816.00
17	AB Bank Limited	Time Loan	500,000,000	14.50	24.08.10	Periodical	373,456,512.00
18	Trust Bank Limited	Term Loan	180,000,000	13.00	21.11.07	14,267,318 (Q)	89,217,082.00
19	Trust Bank Limited	Time Loan	150,000,000	14.00	13.03.11	Periodical	148,382,836.00
20	One Bank Limited	Term Loan	3,300,000	14.50	10.05.09	137,500	637,195.00

* Q= Quarterly basis

(13) Personnel Related Scheme:

The company's remuneration packages include salary and allowances, incentive bonus, special incentives, festival bonus and performance bonus.

PROVIDENT FUND

The company creates a contributory provident fund for all its permanent employees.

WORKERS' PROFIT PARTICIPATION & WELFARE FUNDS

The Company Contributed 5% of net profit after charging the amount to the aforementioned fund in accordance with the requirement of section 15 of Labour Law 2006.

GRATUITY FUND

An unfunded gratuity scheme is also maintained for the employees, provision in respect of which is provided annually.

(14) Break Down of Estimated Expenses for IPO:

Detail of estimated Public Issue expenses are shown below:

Particulars	Basis of Calculation	Amount in BDT
SEC fee:		
Application Fee to Securities & Exchange Commission		10,000
Consent Fee to Securities & Exchange Commission	@ 0.15% on the IPO amount	900,000
Fees related to listing with the stock exchanges:		
Application fee		5,000
Annual Fee for DSE & CSE	@Tk. 90,000 each	180,000
Listing fee to DSE & CSE	@ 0.25% on Tk. 100 million and @ 0.15% on the rest of paid-up capital. But not more than 2 million each	2,900,000
CDBL fees and expenses:		
Security Fee		300,000
Documentation fee		2,500
Initial public offering fee	@0.025% on total IPO	150,000
Annual Fee		75,000
Connection Fee		6,000
Commissions & Expenses:		
Bankers to the Issue Commission	@ 0.10% on collected amount (Estimated; to be paid at actual)	10,000,000
Underwriting Commission	@.50% on 50% of IPO amount	1,500,000
Manager to the Issue fee	Lump sum	2,000,000
Co-Manager to the Issue fee		600,000
Expenses related to printing & publication:		
Abridged version of Prospectus and Notices	(Estimated; to be paid at actual)	250,000
Designs, Printing of Prospectus and Forms	(Estimated; to be paid at actual)	350,000
Distribution & Collection of forms and Data Processing	(Estimated; to be paid at actual)	8,000,000
Lottery related expenses including BUET fee	(Estimated; to be paid at actual)	300,000
Distribution of allotment letters and refund warrants	(Estimated; to be paid at Actual)	100,000
3 % Tax on Premium		12,000,000
Total		39,628,500

(15) Revaluation of Company's Assets & Summary thereof:

The Company has made no revaluation of any of its assets since inception.

(16) Transaction between Subsidiary/Holding Company and Associate Companies:

There are no transactions with the Subsidiary/Holding and Associate Companies; however the following related transaction shown in audited accounts on April 30, 2011 of the Company:

(As per Audited Accounts, Note-30)

Sl. No.	Name of the Party	Relation	Nature of Transaction	2010-2011	2009-2010
1	GPH Power Generation Ltd.	Common Directorship	Supply of Power at a flat rate	228,662,740	184,839,543

AUDITORS' CERTIFICATE REGARDING ANY ALLOTMENT OF SHARES TO DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION FOR ANY CONSIDERATION OTHERWISE THAN FOR CASH

This is to certify that GPH ISPAT LIMITED, Chittagong bearing Registration No.CH - 5853 of 2006, Date - 17.05.2006 has the following capital structure as on 30/04/2011.

Authorized Capital:

Amount in Taka

250,000,000 Ordinary Share of Taka 10 each

2,500,000,000

Issued, Subscribed and Paid up Capital:

Subscription as per Memorandum of Association & Articles of Association

Name of the Shareholders	Number of Shares	Amount in Taka		
		For Cash Consideration	Other than Cash	TOTAL
Mr. Mohammed Jahangir Alam	25,000,000	155,399,000	94,601,000	250,000,000
Mr. Md. Abdur Rouf	2,500,000	25,000,000	-	25,000,000
Mr. Md. Alamgir Kabir	4,000,000	40,000,000	-	40,000,000
Mr. Md. Almas Shimul	9,000,000	61,057,000	28,943,000	90,000,000
Mr. Md. Ashrafuzzaman	2,500,000	25,000,000	-	25,000,000
Mr. Md. Salahuddin Roman	2,500,000	25,000,000	-	25,000,000
Mr. Md. Abdul Ahad	2,000,000	20,000,000	-	20,000,000
Mr. Md. Azizul Haque Raju	1,500,000	15,000,000	-	15,000,000
Mr. Md. Iqbal Hussain	1,000,000	10,000,000	-	10,000,000
Total	50,000,000	376,456,000	123,544,000	500,000,000

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

- However the Company raised its capital by issuance of 20,000,000 bonus shares of Tk. 10.00 each with the approval of SEC, letter no. SEC/CI/CPLC-225/10/598 dated August 18, 2011. Now the paid-up capital of the Company is Tk. 700,000,000/- before Initial Public Offering (IPO).

DECLARATION REGARDING SUPPRESSION OF MATERIAL INFORMATION

This is to declare that to the best of our knowledge and belief no information, facts, circumstances, that are disclose-able have been suppressed that can change the terms and conditions under which the offer has been made to the public.

On Behalf of GPH Ispat Limited

Sd/-
Md. Jahangir Alam
Director & Managing Director

DIRECTORS AND OFFICERS

Information Regarding Directorship:

Name of Directors	Age	Position	Qualification	Date of Becoming director for the First Time	Date of Expiration of current term
Md. Jahangir Alam	49	Director & Managing Director	B.Com	On incorporation date	Next AGM
Md. Abdur Rouf	57	Director	Self Education	On incorporation date	Next AGM
Md. Alamgir Kabir	45	Director	MBA	On incorporation date	Next AGM
Md. Almas Shimul	43	Director	B.A	On incorporation date	Next AGM
Md. Asrafuzzaman	41	Director	Self Education	On incorporation date	Next AGM
Md. Salahuddin Roman	42	Director	Self Education	On incorporation date	Next AGM

Involvement of Directors' with Other Organizations:

Name of Directors	Age	Position with GPH	Entities where they have Interest	Position	Experience
Md. Jahangir Alam	49	Director & Managing Director	M. I. Cement Factory Ltd.	Chairman	30 Years
			Crown Power Generation Ltd.	Chairman	
			GPH Power Generation Ltd.	MD	
			Indo Steel Re-rolling Industries Ltd.	MD	
			Jahangir & Others Ltd.	MD	
			Chittagong Capital Ltd.	MD	
			Premier Cement Mills Ltd.	Director	
			Premier Power Generation Ltd.	Director	
			Asia Insurance Ltd.	Director	
			Crown Polymer Bagging Ltd.	Chairman	
			Crown Transportation & Logistics Ltd.	Chairman	
			Crown Mariner Ltd.	Chairman	
			National Cement Mills Ltd.	Director	
			Jahangir & Others Limited	Chairman	
Md. Abdur Rouf	57	Director	Indo Steel Re-Rolling Industries Limited	Director	27 Years
			GPH Power Generation Ltd.	Director	
			M/s. Brothers Corporation	Proprietor	
Md. Alamgir Kabir	45	Director	M. I. Cement Factory Ltd.	Director	25 Years
			Crown Power Generation Ltd.	Director	
			GPH Power Generation Ltd.	Director	
			Indo Steel Re-rolling Industries Ltd.	Director	
			Jahangir & Others Ltd.	Director	
			Chittagong Capital Ltd.	Director	
			Premier Cement Mills Ltd.	Director	
			National Cement Mills Ltd.	Director	
			Premier Power Generation Ltd.	Director	
			Crown Polymer Bagging Ltd.	Director	
			Crown Transportation & Logistics Ltd.	Director	
			Crown Mariners Ltd.	Director	
Md. Almas Shimul	43	Director	M. I. Cement Factory Ltd.	Director	25 Years
			Crown Power Generation Ltd.	Director	
			GPH Power Generation Ltd.	Director	
			Indo Steel Re-rolling Industries Ltd.	Chairman	
			Jahangir & Others Limited	Director	
			Chittagong Capital Limited	Director	
			Crown Polymer Bagging Ltd.	Director	
			Crown Transportation & Logistics Ltd.	Director	
			Crown Mariners Ltd.	Director	
Md. Asrafuzzaman	41	Director	GPH Power Generation Ltd.	Director	20 Years
			Indo Steel Re-Rolling Industries Limited	Director	
			Jahangir & Others Limited	Director	
Md. Salahuddin Roman	43	Director	GPH Power Generation Ltd.	Director	25 Years
			Indo Steel Re-Rolling Industries Limited	Director	
			Jahangir & Others Limited	Director	
			M/s. Salahuddin Trading Co.	Proprietor	
			Chittagong Capital Limited	Director	

Family Relation between Directors and top five Officers:

Name	Position in the Company	Relationship
Md. Jahangir Alam	Director & Managing Director	Self
Md. Alamgir Kabir	Director- Marketing & Sales	Brother of Managing Director
Md. Almas Shimul	Director- Factory	Brother of Managing Director
A B Siddique, FCMA	Executive Director & Head of HR	No relationship
Md. Mustaq Ahmed	Executive Director-Factory	Nephew of Managing Director

Family Relationship among the Directors:

Name of the Director	Position in the Company	Relationship
Md. Jahangir Alam	Director & Managing Director	Self
Md. Abdur Rouf	Director	Brother of Managing Director
Md. Alamgir Kabir	Director	Brother of Managing Director
Md. Almas Shimul	Director	Brother of Managing Director
Md. Asrafuzzaman	Director	Brother of Managing Director
Md. Salahuddin Roman	Director	Nephew of Managing Director

SHORT BIO-DATA OF THE DIRECTORS

Mr. Md. Jahangir Alam, Managing Director

Mr. Md. Jahangir Alam is a man of Wisdom and energetic businessman. After completing education from Government College of Commerce, Chittagong in 1980 he started his career by joining in a private service. He has derived vast proficiency in trading of Iron & Steel, Cement, Bitumen, CR Coil, Zinc Ingot, Agro-food, Industrial ventures etc & has been running these trading for the last 24 years. Initially he established business house named Jahangir & Others in 1987 which subsequently incorporated as Jahangir & Others Limited in 2003. Later he has set up M.I. Cement Factory Limited, Indo Steel Re-Rolling Industries Limited, Chittagong Capital Limited and involved with establishment of many other organizations. Mr. Jahangir Alam has established himself as one of the business leaders in Bangladesh. He is the Chairman of M. I. Cement Factory Limited, Crown Power Generation Ltd., Crown Polymer Bagging Ltd. Crown Mariners Ltd. Crown Transportation & Logistics Ltd., Managing Director of GPH Ispat Limited, GPH Power Generation Ltd., Indo Steel Re-Rolling Industries Limited, Jahangir & Others Limited, Chittagong Capital Limited, Director of Premier Cement Mills Ltd. Premier Power Generation Ltd., National Cement Mills Limited And Asia Insurance Ltd. He is also actively involved with the following social organizations:

- Founder Member of Independent University of Bangladesh (IUB), Chittagong, Bangladesh
- Advisor to Governor, Lions District 315-B4, Bangladesh
- Member of Bangladesh German Chamber of Commerce and Industry
- Member of Bangladesh Ex-Cadet Association

Mr. Jahangir Alam is a man of commitment which he strongly maintains during his day to day business operational activities. He leads a very simple life as everybody saw him.

Mr. Md. Abdur Rouf, Director

He was born in 1954, has been involved in business for last 27 years and gathered experience in trading of C.I sheet, Cement, M.S. Rod, Industrial Ventures, etc. Currently, he is the Chairman of Jahangir & Others Limited and also holding directorship in various companies; namely Indo Steel Re-Rolling Industries Limited, GPH Power Generation Limited, and GPH Ispat Limited. Moreover he is the proprietor of Brothers Corporation.

Mr. Md. Alamgir Kabir, Director

Mr. Md. Alamgir Kabir (45) having educational background in MBA in Marketing is the Director of M. I. Cement Factory Ltd., Premier Cement Mills Ltd., GPH Ispat Ltd., GPH Power Generation Ltd., Jahangir & Others Ltd., Chittagong Capital Limited, Indo Steel Re-Rolling Industries Limited, Crown Power Generation Ltd., Premier Power Generation Ltd., National Cement Mills Limited, Crown Polymer Bagging Ltd. Crown Mariners Ltd., Crown Transportation & Logistics Ltd. and actively participating in their management. He is also running his trading house, engaged in trading of cement and other construction materials.

Besides success in business Mr. Kabir has also been proving his commitment to the society by attaching himself in Social activities like:-

- Vice President, Bangladesh Cement Manufacturers Association,
- Member, Army Golf Club,
- President, Munshigonj Unnoyon Forum.

Mr. Md. Almas Shimul, Director

He is the Chairman of Indo Steel Re-Rolling Industries Limited, Director of M. I. Cement Factory Ltd., GPH Ispat Limited., Chittagong Capital Ltd., GPH Power Generation Ltd., Jahangir & Others Ltd. Crown Polymer Bagging Ltd. Crown Mariner Ltd., Crown Power Generation Ltd. and Crown Transportation & Logistics Ltd. Together with his brothers, he has been carrying out the trading of construction materials like Cement, MS Rod, CI Sheet etc. from their different trading houses from Chittagong Centre. As a part of social activities he holds various prestigious positions in a number of Social Welfare Organizations such as:

- Zone Chairperson, Lions District 315-B4, Bangladesh
- Joint Secretary, Chittagong Steel Merchant Association

Mr. Md. Asrafuzzaman, Director

He was born in 1970, graduated from commerce; has gathered 20 years of experience in trading of C.I. Sheet, Cement, M.S. Rod, Industrial Ventures, etc. Presently, he is holding directorship of Jahangir & Others Limited, Indo Steel Re-Rolling Industries Limited, GPH Ispat Limited and GPH Power Generation Limited.

Mr. Md. Salahuddin Roman, Director

He was born in 1967, has been involved in the business for 25 years in trading of C.I. Sheet, cement, M.S. Rod, Industrial Ventures, etc. Currently, he is holding directorship of Jahangir & Others Limited, Indo Steel Re-Rolling Industries Limited, Chittagong Capital Limited, GPH Ispat Limited and GPH Power Generation Limited and proprietor of a trading house named M/s. Salahuddin Trading Co.

Credit Information Bureau (CIB) Status:

Neither GPH Ispat Limited nor any of its Sponsors or Directors or shareholders who hold 5% or more shares in paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

PARTICULARS OF TOP EXECUTIVES/OFFICERS

Name of the Officers	Age	Educational Qualification	Position	Date of Joining	Experience (Years)	Last 5 years Job Experience (Name of Organization)
Mr. Md. Jahangir Alam	49	B.Com	Managing Director	2006	30 years	Own Business
Mr. Md. Alamgir Kabir	45	MBA	Director- Marketing & Sales	2006	25 years	Own Business
Mr. Md. Almas Shimul	43	B.A	Director- Factory	2006	25 years	Own Business
Mr. A B Siddique, FCMA	62	Cost Accountant, M. Com.	Executive Director & Head of HR	2010	35 years	Chittagong Stock Exchange GPH Group
Mr. Md. Mustaq Ahmed	32	Post Graduate	Executive Director-Factory	2006	5 Years	Jahangir & Others Limited GPH Ispat Limited
Mr. Kamrul Islam, ACA	34	Chartered Accountant, M. Com.	CFO & Company Secretary	2008	10 years	PHP Group, GPH Ispat Limited
Engr. Borhan Uddin Ahmed	58	M.Sc.- Mechanical	General Manager-Factory	2006	25 years	BSRM, GPH Ispat Limited
Mr. K. P. Parial	61	B.A	General Manager-Commercial	2006	35 years	Jahangir & Others Ltd. GPH Ispat Limited
Mr. Arafat Kamal, ACA	31	Chartered Accountant, M. Com.	AGM & Head of Accounts	2010	8 years	Mostafa Group GPH Ispat Limited
Mr. Md. Atiqur Rahman	38	M. Com	Sr. Manager & Head of Internal Audit	2010	15 years	Mostafa Group GPH Ispat Limited

INVOLVEMENT OF OFFICERS AND DIRECTORS IN CERTAIN LEGAL PROCEEDINGS

No Director or Officer of the Company was involved in any of the following types of legal proceedings in the past ten years:

- 1) Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filling the prospectus was a director, officer or partner at the time of the bankruptcy;
- 2) Any conviction of director, officer in criminal proceedings or any criminal proceedings pending against him.
- 3) Any order, judgment or decree of any Court of competent jurisdiction against any director, officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or Banking activities.
- 4) Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any director or officer in any type of business of securities or Banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The Company has not entered into any transaction during the last 02 (two) years or any proposed transactions, between the company and any of the following persons:

- (a) Any Director or Executive officer of the issuer.
- (b) Any director or officer.
- (c) Any person owning 5% or more of the outstanding share of the issuer.
- (d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
- (e) Managing Director Mr. Md. Jahangir Alam transferred 365.94 decimal land valuing Tk. 94,601,000.00 for consideration of 9,446,100 shares at an issue price of Tk. 10.00 per share & Director Mr. Md. Almas Shimul transferred 115.14 decimal land valuing Tk. 28,943,000.00 for consideration of 2,894,300 shares at an issue price of Tk. 10.00 per share through Vendors' Agreements dated March 24, 2010.
- (f) The company did not take or give any loan from or to any Director or any person connected with any Director nor did any Director or any person connected with any Director.
- (g) 3 Directors name in **Mr. Md. Jahangir Alam Mr. Md. Alamgir Kabir & Mr. Md. Almas Shimul** as a **Managing Director, Director- Marketing & Sales & Director- Factory** working in the Company.
- (h) Except the following transaction shown under note-31 of audited accounts the directors' did not take any other perquisites:

Sl. No.	Name of the Sponsor/Promoters	Position	Nature of Transaction	Amount in BDT
1	Md. Jahangir Alam	Managing Director	Remuneration	3,500,000
2	Md. Almas Shimul	Director- Factory	Remuneration	2,500,000

Directors' Facilities During Prospectus Publication

Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

EXECUTIVE COMPENSATION

Remuneration/Salary paid to top 5 (five) salaried officers of the Company in the last accounting Period:

SL. No.	Name	Designation	(As per Audited Accounts) Remuneration/Salary (BDT) May, 2010 to April, 2011
1	Md. Jahangir Alam*	Managing Director	3,500,000
2	Md. Almas Shimul*	Director- Factory	2,500,000
3	A B Siddique	Executive Director & Head of HR	1,200,000
4	Kamrul Islam	CFO & Company Secretary	720,000
5	Engr. Borhan Uddin	GM-Factory	720,000

* Also Shareholders of the Company

Aggregate Amount of Remuneration/Salary paid to Directors & Officers:

Sl. No.	Name	(As per Audited Accounts) Remuneration/Salary (BDT) May, 2010 to April, 2011
1	Managing Director's Remuneration	3,500,000
2	Directors' Remunerations: Md. Almas Shimul (Director) Sub Total	<u>2,500,000</u> 2,500,000
3	Remunerations/Salary paid to Executives & Employees	20,098,787
Total		26,098,787

- The Company does not pay any amount as Board Meeting attendance fee to its Directors.
- The Company did not pay any amount to any Director who was not an Officer of the Company during the last fiscal year except the above mentioned persons.
- There is no contract with any Director/Officer for future compensation.

Pay Increase Intention:

Besides normal increment, additional salary increment has also been made.

OPTION GRANTED TO OFFICERS, DIRECTORS AND EMPLOYEES

The company did not grant any option to any directors, officers and all other employees of the Company or to other person involved with the Company.

TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

Benefit from the Company

The Directors and subscribers to the Memorandum of the Company have not received any benefit except remuneration received by directors **Mr. Md. Jahangir Alam** & **Mr. Md. Almas Shimul** for their services rendered to the Company.

Promoters' Asset to Company

Managing Director Mr. Md. Jahangir Alam transferred 365.94 decimal land valuing Tk. 94,601,000.00 for consideration of 9,446,100 shares at an issue price of Tk. 10.00 per share & Director Mr. Md. Almas Shimul transferred 115.14 decimal land valuing Tk. 28,943,000.00 for consideration of 2,894,300 shares at a issue price of Tk. 10.00 per share through Vendors' Agreements dated March 24, 2010.

AUDITORS' CERTIFICATE REGARDING NET TANGIBLE ASSETS VALUE PER SHARE

The calculation of Net Tangible Assets Value per share is as under:

Particulars	Taka
NON CURRENT ASSET	1,427,022,724
Fixed Assets less Accumulated Depreciation	1,110,647,506
Capital Work In Progress	301,488,186
Investment	14,887,032
CURRENT ASSET	2,567,289,192
Advances and deposits	449,451,790
Cash and Bank Balances	63,947,648
Materials Inventory	1,591,242,389
Accounts Receivable	462,647,365
TOTAL ASSET	3,994,311,916
Less: Liabilities	3,182,567,139
NET TANGIBLE ASSETS	811,744,777
Number of ordinary shares outstanding (Denominator)	70,000,000
Net Tangible Assets Value per share/ Net Assets Value (NAV) per share	11.60

We have examined the above calculation of Net Tangible Assets Value per share of M/s GPH Ispat Limited as of 30 April, 2011 which is found correct.

Dated, Chittagong
20 August, 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

- The Company raised its capital by issuance of 20,000,000 bonus shares of Tk. 10.00 each with the approval of SEC, letter no. SEC/CI/CPLC-225/10/598 dated August 18, 2011. Now the paid-up capital of the Company is Tk. 700,000,000/- before Initial Public Offering (IPO).

OWNERSHIP OF THE COMPANY'S SECURITIES (As Per Schedule X)

Sl. No.	Shareholder Name	Permanent Address	Share Holdings	Percentage (%)
Directors:				
1	Md. Jahangir Alam	Uttar Islampur, Munshigonj, Bangladesh	35,000,000	50.00
2	Md. Abdur Rouf	Uttar Islampur, Munshigonj, Bangladesh	3,500,000	5.00
3	Md. Alamgir Kabir	Uttar Islampur, Munshigonj, Bangladesh	5,600,000	8.00
4	Md. Almas Shimul	Uttar Islampur, Munshigonj, Bangladesh	12,600,000	18.00
5	Md. Asrafuzzaman	Uttar Islampur, Munshigonj, Bangladesh	3,500,000	5.00
6	Md. Salehuddin Roman	Panchasha, Chourasta, Munshigonj, Bangladesh	3,500,000	5.00
Total			63,700,000	91.00
General Shareholders				
7	Md. Abdul Ahad	Uttar Islampur, Munshigonj, Bangladesh	2,800,000	4.00
8	Md. Azizul Hoque Raju	Uttar Islampur, Munshigonj, Bangladesh	2,100,000	3.00
9	Md. Iqbal Hossain	Panchasha, Chourasta, Munshigonj, Bangladesh	1,400,000	2.00
Total			6,300,000	9.00
Total			70,000,000	100.00

No officer/executive except the following holds any share of the Company individually or as a group as at 18.08.2011:

SHAREHOLDERS SHAREHOLDING 5% OR MORE

Name of Shareholders	Status	Class of Share	No of Shares Subscribed	Amount of Shares Owned in Taka	Percentage
Md. Jahangir Alam	Director & Managing Director	Ordinary	35,000,000	350,000,000	50.00
Md. Abdur Rouf	Director	Ordinary	3,500,000	35,000,000	5.00
Md. Alamgir Kabir	Director	Ordinary	5,600,000	56,000,000	8.00
Md. Almas Shimul	Director	Ordinary	12,600,000	126,000,000	18.00
Md. Asrafuzzaman	Director	Ordinary	3,500,000	35,000,000	5.00
Md. Salehuddin Roman	Director	Ordinary	3,500,000	35,000,000	5.00
Total			63,700,000	637,000,000	91.00

DETERMINATION OF OFFERING PRICE

Particulars	Amount (Tk.)
Method 1: Net Asset Value (NAV) per share	11.59
Method 2: Historical Earnings based value per share	33.65

Method-1: Equity Based Value (NAV) per share

SL. NO.	Particulars	Amount(BDT)
A	Share Capital As on April 30, 2011	500,000,000
	Bonus Issue as on August 18, 2011	<u>200,000,000</u>
	Tax holiday Reserve	103,729,009
	Retained Earnings (As on April 30, 2011)	8,015,768
	Total Shareholders' Equity (As on April 30, 2011)	811,744,777
B	Total Number of Shares	70,000,000
C	Equity Based Value per Share (A/B)	11.59

Method-2: Calculation of Weighted Average of Net Profit after tax (Diluted considering 40% bonus)

Year	No. of Share	Net Profit after tax	Weight of No. of Shares	Weighted Average of Net Profit after tax
2009	1,200,000	18,275,908	0.0099	180,949.58
2010	50,000,000	110,249,598	0.4125	45,482,507.43
2011	70,000,000	182,910,124	0.5776	105,641,160.73
	121,200,000	311,435,630	1	151,304,617.74
EPS based on Weighted Average of Net Profit after tax				2.16
Present Market PE (As per DSE Review September 29, 2011)				15.58
Earnings Based Value per Share (2.16x15.58)				33.65

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to all the stock exchanges in Bangladesh within 7 (seven) working days from the date of consent accorded by the Commission to issue prospectus.

The issuer will apply at:

Dhaka Stock Exchange Limited (DSE)

9/F, Motijheel C/A, Dhaka-1000

And

Chittagong Stock Exchange Limited (CSE)

CSE Building, 1080 Sk. Mujib Road,
Agrabad C/A, Chittagong

DECLARATION ABOUT LISTING OF SHARES WITH THE STOCK EXCHANGE (S):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, Voting, Preemption Right

The share capital of the Company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Right

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Dividend Policy

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net Profit of the Company shall be conclusive.
- c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) The Directors may, from time to time, pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- e) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- f) There is no limitation on the payment of dividend.

Other Rights of Stock Holders

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

GPH Ispat Limited has not issued any Debt Securities and has no plan to issue within next six months.

FINANCIAL STRUCTURE

(Amount in BDT)	
Particulars	Capital
Authorized Capital	
250,000,000 Shares @ Taka 10.00 each	2,500,000,000
Issued & Fully Paid Up capital	
First as per Memorandum	1,000,000
Ordinary Shares Issued on 28.09.2008	11,000,000
Ordinary Shares Issued on 24.01.2010	170,000
Ordinary Shares Issued on 28.04.2010	364,286,000
Ordinary Shares Issued on 28.04.2010 (Other than cash)	123,544,000
Bonus Issued (SEC/CI/CPLC-225/10/598, August 18, 2011)	200,000,000
Total	700,000,000
Initial Public Offer (IPO)	
20,000,000 ordinary shares of Tk. 10.00 each at an issue price of Taka 30.00 each including a premium of Tk. 20.00 per share	200,000,000
Total Paid Up Capital after IPO	900,000,000

LOCK-IN PROVISION OF SHARES

All issued shares of the issuer at the time of according consent to the public offering shall be subject to a lock- in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the Company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl. No.	Name of Shareholders	Position	Shareholdings	Percentage (%)	Date of Prospectus Publication	Expiry Date
Directors						
1	Md. Jahangir Alam	Managing Director	35,000,000	50.00	13-12-2011	13-12-2014
2	Md. Abdur Rouf	Director	3,500,000	5.00	13-12-2011	13-12-2014
3	Md. Alamgir Kabir	Director	5,600,000	8.00	13-12-2011	13-12-2014
4	Md. Almas Shimul	Director	12,600,000	18.00	13-12-2011	13-12-2014
5	Md. Asrafuzzaman	Director	3,500,000	5.00	13-12-2011	13-12-2014
6	Md. Salehuddin Roman	Director	3,500,000	5.00	13-12-2011	13-12-2014
General Shareholders						
7	Md. Abdul Ahad	Share Holder	2,800,000	4.00	13-12-2011	13-12-2014
8	Md. Azizul Hoque Raju	Share Holder	2,100,000	3.00	13-12-2011	13-12-2014
9	Md. Iqbal Hossain	Share Holder	1,400,000	2.00	13-12-2011	13-12-2014
Total			70,000,000	100.00		

As per condition of the 2CC of the consent letter of Securities And Exchange Commission above shares will be locked-in from 13 December, 2011 to 13 December, 2014.

Refund of Subscription Money

As per SEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicants of the public offer by any of the following manner based on the options given by the applicant in the application form:

(a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription;

or

(b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected."

Subscription By and Refund to Non-Resident Bangladeshi (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed Bank cheque marking "Account Payee only".
2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.
3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

Allotment

The company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.

AVAILABILITY OF SECURITIES

a)	10% of the Issue i.e. 2,000,000 ordinary shares @Tk.30.00 each including a premium of Tk. 20.00 per share shall be reserved for Non-resident Bangladeshis.	Tk. 60,000,000
b)	10% of the Issue i.e. 2,000,000 ordinary shares @Tk.30.00 each including a premium of Tk. 20.00 per share shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 60,000,000
c)	The remaining 80% i.e. 16,000,000 Ordinary Shares @Tk.30.00 each including a premium of Tk. 20.00 per share shall be open for subscription by the general public.	Tk. 480,000,000
Total		Tk. 600,000,000

- (1) 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.
- (2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.
- (3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- (4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
- (5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
- (6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

1. Application for shares may be made for a minimum lot of **500** (Five Hundred) ordinary shares to the value of Tk. **15,000.00** and should be made on the Company's printed Application Forms. Application Forms and the Prospectus may be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/ handwritten/ typed copies of the forms. Application must not be for less than **500** shares. Any application not meeting the criterion will not be considered for allotment purpose.
2. Joint application form for more than two persons will not be accepted. In the case of a joint application each party must sign the application form.
3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and Limited Companies must be accompanied by Memorandum and Articles of Association.
4. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
5. **The applicants who have applied for more than two applications using bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.**
6. Bangladeshi nationals (including non-resident Bangladeshis residing/working abroad) and foreign nationals shall be entitled to apply for shares.
7. Payment for subscription by investor other than Non-Resident Bangladeshi may be made to the said branches/office of the bank mentioned below in cash /cheque/pay order /Bank Draft. The Cheque or Pay order or Bank Draft shall be made payable to the bank to which it is sent and be marked "**GPH Ispat Limited**" and shall bear the crossing "Account Payee only" and must be drawn on a Bank the same town of the bank to which application form is deposited.
8. All completed Application forms, together with remittance for the full amount payable on Application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
9. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for.
The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web sites of the Company, Issue Manager, DSE, CSE and the SEC.
10. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's **Short Notice Deposit (SND) Account No. 4102-777522-430** with **AB Bank Limited, Khatungonj Branch, Chittagong** for the purpose.
11. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling shall be deposited to FC Account(s) opened by the Company for IPO as follows:

Sl. No.	Name of the Accounts	Accounts No.	Bank and Branch
1	FC A/C USD	4102-777522-040	AB Bank Limited Khatungonj Branch, Chittagong
2	FC A/C GBP	4102-777522-026	
3	FC A/C EURO	4102-777522-021	

12. In the case of over-subscription of securities to the NRB applicants, refund shall be made by **GPH ISPAT LIMITED** out of the "**FC Account for IPO**". **GPH ISPAT LIMITED** has already opened the aforesaid FC Accounts and shall close these FC Accounts after refund of over-subscription, if any.
13. Applications not in conformity with the above requirements and the instructions printed on the applicant form are liable to be rejected.

UNDERWRITERS OBLIGATION

As per Securities and Exchange Commission's guideline **50%** of the Public Offer of **20,000,000** ordinary share i.e., **10,000,000** ordinary shares of **TK. 30.00** each including a premium of **TK. 20.00** each share i.e., for **TK. 300,000,000** will be Underwritten at a rate of **0.30%** (underwriting commission) by the following Underwriters for the IPO of GPH Ispat Limited. No additional commission will be paid on the amount of shares required to be subscribed by the underwriter.

SL. No.	Name of Underwriter	Number of Share	Underwriting Amount @Tk. 30 per share
1	Trust Bank Investment Limited Peoples Insurance Bhaban (16 th Floor), 36 Dilkusha C/A, Dhaka-1000	2,000,000	60,000,000
2	Prime Finance Capital Management Limited 63 Dilkusha C/A (3 rd Floor), Dhaka-1000	2,000,000	60,000,000
3	Bay Leasing & Investment Limited Printers Building (7 th Floor), 5 Rajuk Avenue, Motijheel C/A, Dhaka-1000	2,000,000	60,000,000
4	Banco Finance And Investment Limited Baitul View Tower (11th Floor), 56/1 Purana Paltan, Dhaka-1000	2,000,000	60,000,000
5	AB Bank Limited BCIC Bhaban, 30-31 Dilkusha C/A, Dhaka-1000	2,000,000	60,000,000
TOTAL		10,000,000	300,000,000

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within **10 (ten)** days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within **15 (fifteen)** days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited. In any case within **7 (seven)** days after expiry of the aforesaid **15 (fifteen)** days, the Company shall send proof of subscription and payment by the underwriters, to the Commission. In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission

CORPORATE INFORMATION

ISSUER	GPH Ispat Limited Crown Chamber, 325 Asadgonj, Chittagong
ISSUE MANAGER	AAA Consultants & Financial Advisers LTD. Amin Court, 4th Floor (Suite # 404), 31 Bir Uttam Shahid Ashfaqus Samad Road, 62-63 Motijheel C/A Dhaka-1000
CO- ISSUE MANAGER	Trust Bank Investment Limited Peoples Insurance Bhaban, 36 Dilkusha C/A, Dhaka-1000
AUDITOR	Hoda Vasi Chowdhury & Co. Chartered Accountants Delwar Bhaban (4 th Floor), Agrabad C/A, Chittagong-4100
BANKER	AB Bank Limited Khatungonj Brannch, Chittagong
COMPLIANCE OFFICER OF MANAGER TO THE ISSUE	Tanvir Ul Alam Assistant Manager
COMPANY'S COMPLIANCE OFFICER	Kamrul Islam, ACA Chief Financial Officer & Company Secretary

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment /Share Certificates/Refund warrants/Cancelled Stock Investors, etc.

MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company:

- Underwriting Agreement between the Company and the Underwriters.
- Issue Management Agreement between the Company and the Manager to the Issue, AAA Consultants & Financial Advisers Ltd.
- Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

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

We have audited the accompanying financial statements of **GPH ISPAT LIMITED**, which comprises the Statement of Financial Position as at 30 April 2011 and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion:

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30 April 2011 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994, the **Securities and Exchange Rules 1987** and other applicable laws and regulations.

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by **GPH ISPAT LIMITED** so far as it appeared from our examination of those books;
- (iii) The Company's Statement of Financial Position, Statement of Comprehensive Income dealt with by the report are in agreement with the books of account and returns;
- (iv) The expenditure incurred was for the purpose of the Company's business.

Chittagong, 23 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

GPH ISPAT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2011

	Notes	2010-2011 Taka	2009-2010 Taka
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES		1,427,022,724	1,046,028,840
Property, Plant & Equipment	3	1,110,647,506	1,044,019,480
Capital work in progress	4	301,488,186	-
Investments	6	14,887,032	2,009,360
CURRENT ASSETS & PROPERTIES		2,567,289,192	1,407,377,944
Advances, Deposits & Prepayments	7	449,451,790	211,769,773
Inventory	8	1,591,242,389	861,211,826
Trade Receivables	9	462,647,365	298,485,583
Cash & Bank Balances	10	63,947,648	35,910,762
TOTAL ASSETS & PROPERTIES	Taka	3,994,311,916	2,453,406,783
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY		611,744,777	628,834,652
Share Capital	11.2	500,000,000	500,000,000
Tax Holiday Reserve	2.12	103,729,009	49,446,718
Retained Earnings		8,015,768	79,387,934
NON CURRENT LIABILITIES		860,023,732	675,280,680
Long term portion of Term Loan	12	805,477,668	651,220,752
Long term portion of Lease Liabilities	13	54,546,064	24,059,928
CURRENT LIABILITIES AND PROVISIONS		2,522,543,407	1,149,291,451
Current portion of Long Term Loan	12	120,312,595	105,187,880
Current portion of Lease Liabilities	13	17,465,991	8,318,316
Short Term Loan	14	2,115,349,096	994,491,263
Creditors & Accruals	15	38,734,303	38,935,208
Provision for Taxation	16	30,681,422	2,358,784
Proposed Dividend		200,000,000	-
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	Taka	3,994,311,916	2,453,406,783
CONTINGENT LIABILITIES AND COMMITMENTS	17		
NET ASSET VALUE PER SHARE	24	12.23	12.58

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 23 July 2011
and were signed on its behalf by :

Sd/-
COMPANY SECRETARY

Sd/-
DIRECTOR

Sd/-
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong , 23 July 2011

Sd/-
HODA VASI CHOWDHURY & CO.
CHARTERED ACCOUNTANTS

GPH ISPAT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2011

	Notes	100%Tax Holiday 01.05.10-31.07.10	50%Taxable 01.08.10-30.04.11	2010-2011 Total Taka	2009-2010 Taka
Net Turnover	18	817,015,591	2,871,503,593	3,688,519,184	3,223,787,065
Cost of Sales	19	(669,944,624)	(2,374,788,143)	(3,044,732,767)	(2,817,640,942)
Gross Profit/ (Loss)		147,070,967	496,715,450	643,786,417	406,146,123
Operating expenses					
Administrative Expenses	20	(7,560,249)	(43,375,522)	(50,935,771)	(27,350,949)
Selling & Distribution Expenses	21	(14,731,853)	(51,667,546)	(66,399,399)	(53,078,588)
		(22,292,102)	(95,043,068)	(117,335,170)	(80,429,537)
Trading profit		124,778,865	401,672,382	526,451,247	325,716,586
Financial Expenses	22	(58,314,175)	(249,463,685)	(307,777,860)	(218,555,336)
Profit before Amortization		66,464,690	152,208,697	218,673,387	107,161,249
Amortization of Preliminary Expenses	5	-	-	-	(199,715)
Profit before non-operating income		66,464,690	152,208,697	218,673,387	106,961,534
Non-operating income	23	-	3,121,013	3,121,013	4,468,362
		66,464,690	155,329,710	221,794,400	111,429,896
Contribution to WPPF @ 5% after charging WPPF		(3,164,985)	(7,396,653)	(10,561,638)	-
Profit before Tax & Reserve		63,299,705	147,933,057	211,232,762	111,429,896
Provision for Tax					
Current	16.1	-	(16,376,503)	(16,376,503)	(1,180,298)
Deferred	16.2	-	(11,946,135)	(11,946,135)	-
		-	(28,322,638)	(28,322,638)	(1,180,298)
Profit after Tax		63,299,705	119,610,419	182,910,124	110,249,598
Tax Holiday Reserves		(25,319,882)	(28,962,409)	(54,282,291)	(42,784,614)
Profit after Tax & Reserve		37,979,823	90,648,010	128,627,833	67,464,985
Unappropriated Profit, brought forward		79,387,935	117,367,758	79,387,935	11,922,950
Profit available for appropriation	Taka	117,367,758	208,015,768	208,015,768	79,387,935
Appropriations:					
Proposed dividend:					
Cash dividend @Nil (2010 - Nil)				-	-
Stock dividend @40% (2010 - Nil)				200,000,000	-
				200,000,000	-
Unappropriated Profit, carried forward				8,015,768	79,387,935
Taka				208,015,768	79,387,935
Earnings per share (Basic)	25			3.66	2.20

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 23 July 2011
and were signed on its behalf by :

Sd/-
COMPANY SECRETARY

Sd/-
DIRECTOR

Sd/-
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong , 23 July 2011

Sd/-
HODA VASI CHOWDHURY & CO.
CHARTERED ACCOUNTANTS

GPH ISPAT LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 APRIL 2011

	Notes	2010-2011 Taka	2009-2010 Taka
CASH FLOW FROM OPERATING ACTIVITIES			
Collection from sales and other income	9,18,23	3,526,637,462	3,018,368,192
Payment for cost and other expenses	7,8,15,19.1,19.2,20,21	(4,061,109,272)	(2,890,134,911)
Net cash inflow / (outflow) from Operating Activities		(534,471,810)	128,233,281
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	3	(447,319,922)	(244,038,547)
Investment in Shares	6	(12,275,597)	(2,009,360)
Intangible assets (Software expense)	7	-	(2,349,525)
Net cash inflow / (outflow) from Investing Activities		(459,595,519)	(248,397,432)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan	14	1,120,857,833	(215,387,366)
Long term loan	12	169,381,631	192,026,318
Lease Obligation	13	39,633,811	32,378,249
Proceeds of ordinary Share Capital	11	-	364,456,000
Interest & Bank Charge paid	22	(307,769,060)	(218,547,436)
Net cash inflow / (outflow) from Financing Activities		1,022,104,215	154,925,765
Net increase in cash & cash equivalents	Taka	28,036,886	34,761,614
Cash and cash equivalents at the beginning		35,910,762	1,149,148
Cash and cash equivalents at the end		63,947,648	35,910,762

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 23 July 2011
and were signed on its behalf by :

Sd/-
COMPANY SECRETARY

Sd/-
DIRECTOR

Sd/-
MANAGING DIRECTOR

Signed in terms of our separate report of even date annexed

Chittagong , 23 July 2011

Sd/-
HODA VASI CHOWDHURY & CO.
CHARTERED ACCOUNTANTS

GPH ISPAT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2011

Particulars	Amount in Taka				
	Share Capital	General Reserve	Tax Holiday Reserve	Unappropriated Profit/(Loss)	Total Equity
Balance as on 01 May 2009	12,000,000	-	6,662,104	11,922,950	30,585,054
Capital issued	488,000,000	-	-	-	488,000,000
Net profit (after tax) transferred from I/S	-	-	42,784,614	67,464,985	110,249,598
Proposed dividend	-	-	-	-	-
	488,000,000	-	42,784,614	67,464,985	598,249,598
Balance as at 30 April 2010	500,000,000	-	49,446,718	79,387,935	628,834,652
Balance as on 01 May 2010	500,000,000	-	49,446,718	79,387,935	628,834,652
Capital issued	-	-	-	-	-
Net profit (after tax) transferred from I/S	-	-	54,282,291	128,627,833	182,910,124
Proposed dividend:					
Stock dividend	-	-	-	(200,000,000)	(200,000,000)
	-	-	54,282,291	(71,372,167)	(17,089,876)
Balance as at 30 April 2011	500,000,000	-	103,729,009	8,015,768	611,744,777

These financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 23 July 2011
and were signed on its behalf by :

Sd/-
COMPANY SECRETARY

Sd/-
DIRECTOR

Sd/-
MANAGING DIRECTOR

GPH ISPAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2011

1 THE COMPANY & IT'S OPERATIONS

The Company was incorporated in Bangladesh as Private Limited Company on 17 May 2006 as Company limited by shares under the Companies Act 1994. The principal activities of the Company are setting up plants for manufacturing and trading of iron products and steel materials of all kinds or other metallic or allied materials and marketing thereof. The commercial production of the factory commenced on 21 August 2008. The Company subsequently was converted into a Public Limited Company along with the subdivision of face value of shares from Tk. 100 to Tk. 10 each and enhancement of Authorized Capital from Tk. 1,000,000,000 to Tk. 2,500,000,000 dated 18.12.2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION POLICIES

2.1 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987 and International Accounting Standard (IAS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as Bangladesh Accounting Standard (BAS) & Bangladesh Financial Reporting Standard (BFRS). The Board of Directors is responsible for preparing and presenting the financial statement including adequate disclosures, who approved and authorized for issue of these financial statements. The Statement of Financial Position and Statement of Comprehensive Income have been prepared according to BAS 1 "Presentation of Financial Statement" based on accrual basis of accounting following going concern assumption and statement of cash flow according to BAS 7 "Cash Flow Statement".

2.2 ACCOUNTING CONVENTION AND ASSUMPTION

The financial statements are prepared under the historical cost convention method.

2.3 PRINCIPAL ACCOUNTING POLICIES

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

However, due to the custom of the business, the commission on sales was recorded in the accounts on cash basis.

2.4 APPLICATION OF ACCOUNTING STANDARDS

The following BAS are applied to the financial statements for the year under review:

BAS 1	Presentation of Financial Statement
BAS 2	Inventories
BAS 7	Cash Flow Statements
BAS 8	Accounting policies, changes in accounting estimates and errors
BAS 10	Events after the Balance Sheet date
BAS 12	Income Taxes
BAS 16	Property, Plant & Equipment
BAS 17	Leases
BAS 18	Revenue Recognition
BAS 19	Employee Benefit
BAS 21	The effect of changes in foreign exchange rates
BAS 23	Borrowing Costs
BAS 24	Related Party Transaction
BAS 28	Investments in Associates
BAS 33	Earnings Per Share
BAS 37	Provisions, Contingent Liabilities and Contingent Assets

2.5 PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment are accounted for according to BAS 16 "Property, Plant and Equipment" at historical cost less cumulative depreciation and the capital work-in-progress (when arises) is stated at cost. All assets are depreciated/amortized according to the diminishing balance method. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and it is recognized as non-operating income/ loss.

2.6 DEPRECIATION OF THE PROPERTY, PLANT & EQUIPMENT

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

CATEGORY	RATE %
PLANT & MACHINERY	10
BUILDING & OTHER CONSTRUCTIONS	5
FURNITURE & FIXTURES	10
COMPUTER & ACCESSORIES	20
MOTOR VEHICLE	10
LOGISTIC VEHICLE	7.5
ELECTRICAL AND GAS LINE INSTALLATION	5
LAB EQUIPMENT	10
OFFICE EQUIPMENT	20

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

2.7 INVESTMENT

This is valued at cost. Market value or intrinsic value of shares was not considered.

2.8 VALUATION OF INVENTORIES

According to the requirement of BAS-2, Inventories are valued at the lower of cost or net realizable value.

CATEGORY	BASIS OF VALUATION
RAW & PACKING MATERIALS	AVERAGE COST
FINISHED GOODS	FIFO METHOD
GOODS-IN-TRANSIT	AT COST
STORES AND SPARES	AVERAGE COST

2.9 CASH AND CASH EQUIVALENTS

Cash in hand and cash at banks have been considered as the cash and cash equivalents for preparation of these financial statements as there was insignificant risk of changes in value of these current assets.

2.10 CREDITORS AND ACCRUALS

2.10.1 TRADE AND OTHER PAYABLE

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

2.10.2 PROVISION

The preparation of financial statements is in conformity with Bangladesh Accounting Standards (BAS) 37 "Provisions, contingent liabilities and contingent assets" requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities during and at the date of financial statements.

In accordance with the guidelines as prescribed by BAS 37 provisions were recognized in the following situation:

- when the company has a present obligation as a result of past events;
- When it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provisions in the statement of financial position at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represented the best estimate of the probable expenditure required to fulfill the current obligation on the statement of financial position date.

Other provisions are valued at in accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets. Other provisions comprise all realizable risks from uncertain liabilities and anticipated losses from pending transactions.

2.11 TAXATION

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

(i) CURRENT TAX

Provision for taxation is calculated on the basis of applicable current tax rate.

(ii) DEFERRED TAX

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

2.12 TAX HOLIDAY RESERVE

Tax Holiday reserve is Tk. 103,729,009 of 40% the estimated accumulated operating profit till 30 April 2011 pursuant to the requirement u/s 46B of ITO 1984.

2.13 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events, which are not within the control of the company. In accordance with BAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in note -17 of the financial statements.

2.14 FOREIGN CURRENCY TRANSLATION

2.14.1 The items in foreign currencies are translated & recorded in Taka currency at the rate of exchange ruling on the relevant date.

2.14.2 Monetary assets or liabilities in terms of foreign currency are translated into local currency at the rate ruling on the date of statement of financial position date.

2.15 REVENUE

In compliance with the requirements of BAS 18 "Revenue", revenue is recognized only when:

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

2.16 EMPLOYEE BENEFITS

2.16.1 PROVIDENT FUND

The company creates a contributory provident fund for all its permanent employees.

2.16.2 WORKERS' PROFIT PARTICIPATION & WELFARE FUNDS

The Company Contributed 5% of net profit after charging the amount to the aforementioned fund in accordance with the requirement of section 15 of Labour Law 2006.

2.16.3 GRATUITY FUND

An unfunded gratuity scheme is also maintained for the employees, provision in respect of which is provided annually.

2.17 STATEMENT OF CASH FLOW

Statement of Cash Flow is prepared principally in accordance with BAS 7 "Cash Flow Statement" and the cash flows from operating activities have been presented under direct method.

2.18 EARNINGS PER SHARE

The Company calculates Earning Per Share (EPS) in accordance with BAS 33 "Earning Per Share" which has been shown on the face of Statement of Comprehensive Income and the computation of EPS is stated in note - 25 of the financial statements.

2.18.1 BASIC EARNINGS

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

2.18.2 BASIC EARNINGS PER SHARE

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

2.18.3 DILUTED EARNINGS PER SHARE

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

2.19 CERTAIN ACCOUNTING PRACTICES

The following expenditures are charged out to revenue as and when incurred:

2.19.1 Cost of office supplies, publicity materials and services on procurement.

2.19.2 Charges on account of repairs and maintenance.

2.19.3 Applicable accrual in respect of creditors for supplies or services is considered only at the time of the year end closing of the Company's books of account.

2.20 REPORTING PERIOD

The financial period of the Company covers from 01 May 2010 to 30 April 2011.

3 **PROPERTY, PLANT & EQUIPMENT**

3.1 Operating Property, Plant & Equipment at Cost less Accumulated Depreciation - note2.6

Amount in Taka

Particulars	Cost				Dep. Rate	Depreciation				Written Down Value at 30.04.11
	Opening Balance as on 01.05.10	Addition during the year	Deletion/ Adjustment during the year	Closing Balance as on 30.04.11		Depreciation as on 01.05.10	Charged during the year	Disposed during the year	Depreciation as on 30.04.11	
Land & Land Development	134,496,013	8,131,623	-	142,627,636	0%	-	-	-	-	142,627,636
Plant and Machinery	449,889,181	45,838,442	-	495,727,623	10%	64,374,947	43,135,268	-	107,510,215	388,217,408
Factory Building	374,631,885	2,837,736	-	377,469,621	5%	23,033,842	17,721,789	-	40,755,631	336,713,990
Furniture, Fixtures & Decoration	4,073,213	2,840,822	-	6,914,035	10%	497,801	641,623	-	1,139,424	5,774,611
Computer & Accessories	2,036,052	491,450	-	2,527,502	20%	527,966	399,907	-	927,873	1,599,629
Motor Vehicle	12,211,517	7,541,028	-	19,752,545	10%	1,660,453	1,809,209	-	3,469,662	16,282,883
Logistic Vehicles	36,238,326	72,756,954	-	108,995,280	7.5%	3,069,166	7,944,459	-	11,013,625	97,981,655
Electric & Gas Line Installation	113,568,115	5,246,640	-	118,814,755	5%	8,375,649	5,521,955	-	13,897,604	104,917,151
Lab Equipment	19,683,150	-	-	19,683,150	10%	2,854,056	1,682,909	-	4,536,965	15,146,185
Office Equipment	2,167,544	147,040	-	2,314,584	20%	581,636	346,590	-	928,226	1,386,358
2010-2011 Total Taka	1,148,994,996	145,831,735	-	1,294,826,731		104,975,516	79,203,709	-	184,179,225	1,110,647,506
2009-2010 Total Taka	781,412,449	367,582,547	-	1,148,994,996		31,196,598	73,778,918	-	104,975,516	1,044,019,480

3.2 Allocation of Depreciation:

Direct Expenses (95 %) - note 19.2

Administrative Expenses (5 %) - note 20

Taka

2011
Taka
75,243,524
3,960,185
79,203,709

2010
Taka
70,089,973
3,688,946
73,778,918

		2010-2011	2009-2010
		Taka	Taka
4 CAPITAL WORK IN PROGRESS			
Opening balance		-	-
Expenses incurred during the year		301,488,186	-
Taka		301,488,186	-
Capital work-in-progress includes all the costs of the new projects of billet plant (20 MT) which is under construction.			
5 PRELIMINARY EXPENSES			
Preliminary Expenses		-	199,715
Amortization of Preliminary Expenses		-	(199,715)
Taka		-	-
6 INVESTMENT			
Investment in Shares are as follows:			
AB Bank Ltd. 4,625 Share @ 1,544.39		7,142,804	-
DESCO Ltd. 715 Share @ 2,558.08		1,829,027	-
One Bank Ltd. 1,550 Share @ 468.52		726,206	726,206
Prime Bank Ltd. 29,970 Share @ 42.81		1,283,015	1,283,154
SQPH Ltd. 500 Share @ 3,829.16		1,914,580	-
United Air Ltd. Share 30,000 @ 66.38		1,991,400	-
Taka		14,887,032	2,009,360
6.1 The market value of above Shares as on 10.07.11 was Tk. 10,729,458.			
7 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances - note 7.1		435,396,658	199,213,214
Deposits - note 7.2		12,202,332	9,690,793
Prepayments - note 7.3		1,852,800	2,865,766
Taka		449,451,790	211,769,773
7.1 Advances - note 7			
For Income Tax		16,184,301	7,250,388
For VAT Current Account		377,273	357,459
For LC		256,157,936	70,726,421
For Other Supply		35,804,446	30,937,442
For GPH Power Generation Ltd.		121,925,142	36,500,000
For Raw Material Supply		2,029,235	50,252,399
For Software Expenses		2,349,525	2,349,525
For Employees		568,800	839,580
Tk.		435,396,658	199,213,214
7.2 Deposits - note 7			
Bangladesh Power Development Board		7,200,000	7,200,000
Bakhrabad Gas Systems Limited		2,490,793	2,490,793
Security to Shipping Lines		2,164,539	-
Lease Deposit		347,000	-
Tk.		12,202,332	9,690,793
7.3 Prepayments - note 7			
Insurance		1,852,800	1,732,480
BSTI fees		-	1,133,286
Tk.		1,852,800	2,865,766
8 INVENTORY			
Finished Goods - note 8.1		775,241,079	272,644,033
Raw Material - note 8.2		745,975,539	465,731,966
Chemical - note 8.3		27,875,346	73,785,320
Spares & Other Materials - note 8.4		42,150,425	49,050,507
Taka		1,591,242,389	861,211,826
8.1 Finished Goods - note 8 & note 19			
M. S. Rod		616,770,000	258,922,500
M. S. Billet		158,471,079	13,721,533
Tk.		775,241,079	272,644,033
8.2 Raw Materials - note 8 & note 19.1			
Melting Scrap		697,325,328	444,322,452
Sponge Iron		48,650,211	21,409,514
Tk.		745,975,539	465,731,966
8.3 Chemicals - note 8 & note 19.1			
Ferro Manganese		18,232,924	28,866,379
Ferro Silicon		86,047	1,063,949
Silico Manganese		7,663,344	33,255,493
Quartz Powder		161,526	4,580,159
Pet Coke		1,731,505	6,019,340
Tk.		27,875,346	73,785,320

		2010-2011	2009-2010
		Taka	Taka
8.4	Spares & Other Materials - note 8 & note 19.1		
	Refractory Bricks	7,092,487	15,187,990
	Spares & Consumables	30,106,827	25,658,605
	Rolls	4,742,065	7,367,729
	Cooper Moulds Tube	209,046	836,183
	Tk.	42,150,425	49,050,507
9	TRADE RECEIVABLES	462,647,365	298,485,583
a)	Trade Receivable represents receivable from 140 Parties (2010:220 Parties) in 2011.		
b)	Receivables are unsecured but considered good.		
c)	There have been receivables outstanding for the following period:		
	Within 6 months	445,696,325	-
	6 months to 1 year	16,951,040	-
	Tk.	462,647,365	
d)	Out of the aforementioned amount Tk.419,585,447 has been realized till 15.07.2011		
10	CASH AND BANK BALANCE		
	Cash In Hand - note 10.1	395,418	464,288
	Cash at Bank - note 10.2	63,552,230	35,446,474
	Taka	63,947,648	35,910,762
10.1	Cash In Hand - note 10		
	Dhaka Office Petty Cash	150,840	114,921
	Factory Petty Cash	244,578	349,367
	Tk.	395,418	464,288
10.2	Cash at Bank - note 10		
	AB Bank Ltd, Khatungonj, CD # 4102-134295-000	-	3,711,851
	AB Bank Ltd , Gulshan, CD-4019-766672-000	44,426	50,013
	Agrani Bank Ltd, Asadgonj, CD-33005432	9,010	10,015
	Bank Asia, Anderkilla Ltd, CD-03033000168	30,478	6,425
	Bank Alfalah Ltd, Agarabad, CD-01700500	21,318	20,585
	Jamuna Bank Ltd, Khatungonj, CD-0015-0210003934	753,696	82,292
	Mutual Trust Bank Ltd, Khatungonj, CD-0013-0210004882	13,800	272,575
	Exim Bank Ltd, Khatungonj, CD-11100008165	324,181	8,040
	Shahjalal Islami Bank Ltd , Khatungonj, CD-11100003158	95,589	4,926
	Pubali Bank Ltd, Khatungonj, CD-642-901-80082	4,803	1,077,517
	Southeast Bank Ltd, Khatungonj, CD-004-11100009240	6,300,336	78,994
	S.C.B. Agrabad, CD-01-5926866-01	2,415	64,312
	State Bank of India, Agrabad, CD-05220043820001	119,798	134,369
	Trust Bank Ltd, CDA Avenue,CD-0020-0210000529	55,747	354,027
	Mercantile Bank Ltd, Khatungonj, CD-11100004231	31,962	887
	Uttara Bank Ltd, Khatungonj, CD-214203	5,514	8,240
	IFIC Bank Ltd, Khatungonj, CD-2031-266558-001	7,864	79,474
	UCBL, Gulshan, CD-005411100019329	4,235,278	745,632
	One Bank Ltd, Khatungonj, CD-0475069138	7,294	163,262
	Standard Bank Ltd, Khatungonj, CD-33010061	34,775	7,450
	National Bank Ltd, Anderkilla, CD-33001914	14,040	9,190
	Prime Bank Ltd, Khatungonj, CD-10511010005344	394,175	6,831
	Dutch Bangla Bank Ltd, Khatungonj, CD-155.110.2308	(127,158)	6,842
	Dhaka Bank Ltd, Khatungonj, CD-171006577	9,725	8,213
	Basic Bank Ltd, Asadgonj, CD-1610-01-0002360	69,009	8,770
	Janata Bank Ltd, Khatungonj, CD-33015073	20,105,783	94,420
	Mutual Trust Bank Ltd, Khatungonj, STD-0320002363	8,569	9,545
	AB Bank Ltd, Khatungonj, STD-4102-767211-430	8,206	9,339
	The City Bank Ltd, Khatungonj, CD-1101131487001	6,705	8,568
	NCC Bank Ltd, Khatungonj, CD-210007835	108,269	1,114
	AB Bank Ltd, Sitakunda, CD-4109-322643-430	1,545	5,000
	UCBL, Khatungonj, CD-62366	155,918	8,712
	Islami Bank Bangladesh Ltd , CD- 2965	31,248	-
	Prime Bank Ltd, O.R. Nizam Road, CD- 13658	5,409	-
	AB Bank Ltd , Khatungonj Branch (FDR)	30,662,503	28,389,044
	Tk.	63,552,230	35,446,474

		2010-2011		2009-2010
		Taka		Taka
11 SHARE CAPITAL				
11.1	Authorized			
	250,000,000 (2010: 250,000,000) Ordinary Shares of Tk. 10 (2010 Tk. 10) each	Taka	<u>2,500,000,000</u>	<u>2,500,000,000</u>
11.2	Issued, subscribed and paid-up			
	<u>Paid-up in cash</u>			
	37,645,600 Ordinary Shares of Tk. 10 (2010: Tk. 10) each		376,456,000	376,456,000
	<u>For consideration other than cash</u>			
	<u>12,354,400</u> Ordinary Shares of Tk. 10 each		<u>123,544,000</u>	<u>123,544,000</u>
	50,000,000 Ordinary Shares of Tk. 10 each	Taka	<u>500,000,000</u>	<u>500,000,000</u>
11.3	Position of share holding	2010-2011	2009-2010	
SHAREHOLDERS	Position of share holding (%)	Taka	Position of share holding (%)	Taka
Mr. Mohammed Jahangir Alam	50	250,000,000	50	250,000,000
Mr. Md. Abdur Rouf	5	25,000,000	5	25,000,000
Mr. Md. Alamgir Kabir	8	40,000,000	8	40,000,000
Mr. Md. Almas Shimul	18	90,000,000	18	90,000,000
Mr. Md. Ashrafuzzaman	5	25,000,000	5	25,000,000
Mr. Md. Salahuddin Roman	5	25,000,000	5	25,000,000
Mr. Md. Abdul Ahad	4	20,000,000	4	20,000,000
Mr. Md. Azizul Haque Raju	3	15,000,000	3	15,000,000
Mr. Md. Iqbal Hussain	2	10,000,000	2	10,000,000
TOTAL	100	<u>500,000,000</u>	100	<u>500,000,000</u>
12 LONG TERM BANK LOAN				
	Due within one year		120,312,595	105,187,880
	Due after one year		<u>805,477,668</u>	<u>651,220,752</u>
		Taka	<u>925,790,263</u>	<u>756,408,632</u>
Break up of Term Loan:				
12.1	AB Bank Limited, Khatungonj Branch, Term & Time Loan			
	Due within one year		71,712,240	62,042,269
	Due after one year		<u>615,840,910</u>	<u>490,822,676</u>
		Tk.	<u>687,553,150</u>	<u>552,864,945</u>
	Security:			
	Pari-Passu registered mortgage of industrial land measuring 284.38 decimal (Tk 42,657,000), charge by the way of hypothecation with RJSC on entire Fixed & Floating assets, personal guarantee of all the sponsor director were kept as security for Loan facilities from AB Bank Limited, Khatungonj Branch, Chittagong.			
	Rate of Interest:			
	At the rate of 13%			
12.2	Trust Bank Ltd, Term Loan & Time Loan			
	Due within one year		47,963,160	41,495,611
	Due after one year		<u>189,636,758</u>	<u>159,759,986</u>
		Tk.	<u>237,599,918</u>	<u>201,255,597</u>
	Security:			
	Pari-Passu 1st charge on entire Fixed & Floating assets, personal guarantee from all the directors, corporate guarantee from GPH Power Generation Ltd.(sister concern) were kept as security for Loan facilities from Trust Bank Limited, Khatungonj Branch, Chittagong.			
	Rate of Interest:			
	At the rate of 13%			
12.3	One Bank Ltd, Term Loan # 75069375			
	Due within one year		637,195	1,650,000
	Due after one year		-	<u>638,090</u>
		Tk.	<u>637,195</u>	<u>2,288,090</u>
	Security:			
	Demand Promissory note for Tk. 400,000,000, Pari-passu charge on Fixed & Floating assets, joint registration with BRTA on two vehicles, personal guarantee from all the directors were kept as security for Long term loan from One Bank Ltd., Khatungonj Branch, Chittagong.			
	Rate of Interest:			
	At the rate of 14.5%			

LEASE LIABILITIES

Due within one year
Due after one year

Taka

2010-2011
Taka
17,465,991
54,546,064
72,012,055

2009-2010
Taka
8,318,316
24,059,928
32,378,244

Break up of Lease Liabilities**Pubali Bank Ltd**

	<u>Current Portion</u>	<u>Long term portion</u>
Lease Financing Scheme # 0070	3,277,285	2,775,334
Lease Financing Scheme # 0008	548,350	1,040,496
Lease Financing Scheme # 00009/09	3,081,683	5,472,238
Lease Financing Scheme # 000107/09	2,624,998	5,239,548
Lease Financing Scheme # 12	2,087,268	5,078,628
Lease Financing Scheme # 13	166,280	491,051
Lease Financing Scheme # 16	196,149	1,151,101
Lease Financing Scheme # 17	1,763,484	10,349,016
Lease Financing Scheme # 18	470,262	2,759,738
Lease Financing Scheme # 19	835,489	4,903,074
Lease Financing Scheme # 20	453,706	3,482,857
Tk.	15,504,954	42,743,081

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

- i) Principal amount of finance: Tk 70,770,876 - Repaid till 30.04.2010: Tk 12,522,841
- ii) Repayment Term is 4 -5 years
- iii) Security :
 - a) Post dated cheques
 - b) Ownership of lease Assets
 - c) Corporate Guarantee from Jahangir & Others Limited and personal guarantee of Directors

Prime Bank Ltd

	<u>Current Portion</u>	<u>Long term portion</u>
Lease # 1030800004	1,722,076	10,510,674
Lease # 1029800004	129,035	669,005
Lease # 1031100006	109,926	623,304
Tk.	1,961,037	11,802,983

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

- i) Principal amount of finance: Tk 13,764,020 - Repayment has not yet commenced till the balance sheet date.
- ii) Repayment Term is 5 years
- iii) Security :
 - a) Post dated cheques
 - b) Ownership of lease Assets
 - c) Corporate Guarantee from Jahangir & Others Limited and personal guarantee of Directors

2010-2011	2009-2010
Taka	Taka

14 SHORT TERM LOAN

	AB Bank Ltd, Khatungonj Br. - note 14.1	437,515,112	70,672,164
	Trust Bank Ltd, CDA Br. - note 14.2	372,658,084	183,819,833
	Jamuna Bank Ltd., Khatungonj Br. - note 14.3	52,461,073	31,766,000
	State Bank of India, Agrabad Br. - note 14.4	111,448,854	91,406,563
	United Commercial Bank Ltd, Khatungonj Br. - note 14.5	344,403,248	145,890,317
	One Bank Ltd, Khatungonj Br. - note 14.6	78,838,898	89,723,380
	Dutch Bangla Bank Ltd., Khatungonj Br. - note 14.7	-	28,319,578
	Pubali Bank Ltd, Khatungonj Br. - note 14.8	247,464,993	255,095,574
	NCC Bank Ltd., Khatungonj Br. - note 14.9	137,219,702	97,797,854
	Islami Bank Bangladesh Ltd., Ktg Br. - note 14.10	7,547,764	-
	Basic Bank Ltd., Asadgonj Br. - note 14.11	48,185,821	-
	Janata Bank Ltd. Khatungonj Corporate Br. - note 14.12	277,605,547	-
	Taka	2,115,349,096	994,491,263
14.1	Pari-Passu Mortgage of land measuring 284.38 decimal industrial landed land (Tk 42,657,000), 2nd charge on entire Fixed & Floating assets for Short Term Loan facilities from AB Bank Limited, Khatungonj Branch, Chittagong.		
14.2	Pari-Passu 1st charge on entire Fixed & Floating assets for Short Term Loan facilities from Trust Bank Limited, Khatungonj Branch, Chittagong.		
14.3	Trust Receipt duly executed by the authorized directors of GPH Ispat Ltd., Personal Guarantee from all the directors of GPH Ispat Ltd., corporate guarantee of Jahangir & Others Ltd, post dated cheques covering LTR amount to be created for availing the facility for Short Term Loan facilities from Jamuna Bank, Khatungonj Branch, Chittagong.		
14.4	Loan agreement, D.P. Note & D.P Delivery Letter, Irrevocable Power of attorney, Deed of Hypothecation of Floating Assets for Short Term Loan facilities from State Bank of India, Chittagong.		
14.5	Postdated cheques for Tk 250,000,000 (Twenty Five Crore Taka) favouring the Bank for Short Term Loan facilities from United Commercial Bank Limited, Khatungonj Branch.		
14.6	Letter of Trust Receipt, Registered Charge with RJSC on entire present and future fixed and floating assets for Short Term Loan facilities from One Bank Limited, Khatungonj Branch.		
14.7	Undated cheques covering loan amount, Hypothecation of goods to be imported, personal guarantee of all Directors for Short Term Loan facilities from Dutch Bangla Bank Limited.		
14.8	Postdated cheques, Personal Guarantee of all the directors of GPH Ispat Ltd., Trust received and charge documents for Short Term Loan facilities from Pubali Bank Limited, Khatungonj Branch, Chittagong.		
14.9	Letter of Trust duly signed by all the directors of GPH Ispat Ltd. for Short Term Loan facilities from National Credit & Commerce Bank Limited, Khatungonj Branch, Chittagong.		
14.10	Personal guarantee of Directors, Corporate guarantee of Jahangir & Others Ltd. Has been provided for short term loan facilities form Islami Bank Bangladesh Ltd, Khatungonj Branch, Chittagong.		
14.11	Directors' personal guarantee, Corporate guarantee of GPH Group, DP note and other usual charge document & an undated cheque covering the loan amount. Has been provided for short term loan facilities from Basic Bank Ltd, Asadgonj Branch.		
14.12	Corporate guarantee, Directors' personal guarantee, undated cheques covering the entire loan amount, floating hypothecation on all tradeable stocks of the Company has been signed for short term loan facilities from Janata Bank Ltd, Khatungonj Corporate Branch , Chittagong.		

		2010-2011	2009-2010
		Taka	Taka
15 CREDITORS AND ACCRUALS			
For Revenue Expenses - note 15.1		13,972,663	4,453,079
For Other finance - note 15.2		1,194,184	700,578
For Supplies		13,005,818	27,997,327
Advance against Sales		-	5,784,224
Worker's Profit Participation Fund - note 15.3		10,561,638	-
	Taka	38,734,303	38,935,208
15.1 Revenue Expenses - note 15			
Salary Payable		6,176,555	4,303,079
Audit Fee payable		172,500	150,000
Utility bill payable		6,094,876	-
Provident fund		596,852	-
Gratuity payable		231,880	-
Directors' Remuneration Payable		700,000	-
	Tk.	13,972,663	4,453,079
15.2 Other finance - note 15			
AIT payable		323,434	692,928
VAT deducted at source		577,543	7,650
Compensation against vehicle repair		8,250	-
Chittagong Capital Limited		284,957	-
	Tk.	1,194,184	700,578
15.3 Worker's Profit Participation Fund - note-2.16.2 and note-15			
Opening Balance		-	-
Add: Addition during the year @ 5% of net profit after charging WPPF		10,561,638	-
		10,561,638	-
Less: Paid during the year		-	-
Closing balance	Tk.	10,561,638	-
16 PROVISION FOR TAX - note 2.11			
For Current Tax - note 16.1		18,735,287	2,358,784
For Deferred Tax - note 16.2		11,946,135	-
	Taka	30,681,422	2,358,784
16.1 Provision for current tax - note 16			
Opening Balance		2,358,784	1,178,486
Add: Provision made during the year		16,376,503	1,180,298
		18,735,287	-
Less: Adjusted during the year		-	-
Closing balance	Tk.	18,735,287	2,358,784
16.2 Provision for deferred tax - note 16			
Opening Balance		-	-
Add: Provision made during the year		11,946,135	-
		11,946,135	-
Less: Provision realized during the year		-	-
Closing balance	Tk.	11,946,135	-
17 CONTINGENT LIABILITIES AND COMMITMENTS			
17.1 There was no obligation for Capital Commitments as of the Statement of Financial Position date.			
17.2 As at the Statement of Financial Position date no amount was considered as doubtful debts.			
17.3 There were no claims legal or otherwise, not acknowledged as debt, outstanding as of the Statement of Financial Position date.			
17.4 There is bank guarantee for an amount of Tk. 4,445,700 (all lies with AB Bank Ltd) was provided to various authorities as of the Statement of Financial Position date.			

		100% Tax Holiday 01.05.10 - 31.07.10	50%Taxable 01.08.10 - 30.04.11	2010-2011 Total Taka	2009-2010 Taka
18 NET TURNOVER					
The make-up					
Gross Proceeds from sales:					
Local		822,859,199	2,891,639,604	3,714,498,803	3,256,478,235
Export		7,336,350	22,814,194	30,150,544	-
		<u>830,195,549</u>	<u>2,914,453,798</u>	<u>3,744,649,347</u>	<u>3,256,478,235</u>
Value Added Tax (VAT)		(13,179,958)	(42,950,205)	(56,130,163)	(32,691,170)
Taka		<u>817,015,591</u>	<u>2,871,503,593</u>	<u>3,688,519,184</u>	<u>3,223,787,065</u>
19 COST OF SALES					
Opening Finished Stock					
M.S. Rod		258,922,500	153,552,000	258,922,500	63,334,375
M.S. Billet		13,721,534	95,082,647	13,721,534	12,883,947
		<u>272,644,034</u>	<u>248,634,647</u>	<u>272,644,034</u>	<u>76,218,322</u>
Add: Cost of Production - note 19.1		<u>645,935,237</u>	<u>2,901,394,575</u>	<u>3,547,329,812</u>	<u>3,014,066,654</u>
		<u>918,579,271</u>	<u>3,150,029,222</u>	<u>3,819,973,846</u>	<u>3,090,284,976</u>
Less: Closing Finished Stock - note 8.1					
M.S. Rod		153,552,000	616,770,000	616,770,000	258,922,500
M.S. Billet		95,082,647	158,471,079	158,471,079	13,721,534
		<u>248,634,647</u>	<u>775,241,079</u>	<u>775,241,079</u>	<u>272,644,034</u>
Cost of Sales	Taka	<u>669,944,624</u>	<u>2,374,788,143</u>	<u>3,044,732,767</u>	<u>2,817,640,942</u>
19.1 Cost of Production					
Opening stock of:					
Raw Material		465,731,966	785,830,400	465,731,966	472,371,520
Raw Billet		-	-	-	143,622,745
Chemical		73,785,320	26,355,420	73,785,320	83,255,754
Spare & Other		49,050,507	30,000,210	49,050,507	49,775,335
		<u>588,567,793</u>	<u>842,186,030</u>	<u>588,567,793</u>	<u>749,025,354</u>
Add: Purchase					
Raw Material		707,041,913	2,121,125,739	2,828,167,652	2,246,237,453
Raw Billet		-	144,749,556	144,749,556	36,929,699
Chemical		55,111,957	165,335,870	220,447,827	106,277,606
Spare & Other		33,629,358	80,514,835	114,144,193	92,081,361
		<u>795,783,228</u>	<u>2,511,726,000</u>	<u>3,307,509,228</u>	<u>2,481,526,119</u>
Less Closing Stock of					
Raw Material - note 8.2		785,830,400	745,975,539	745,975,539	465,731,966
Raw Billet		-	-	-	-
Chemical - note 8.3		26,355,420	27,875,346	27,875,346	73,785,320
Spare & Other materials - note 8.4		30,000,210	42,150,425	42,150,425	49,050,507
		<u>842,186,030</u>	<u>816,001,310</u>	<u>816,001,310</u>	<u>588,567,793</u>
Raw and Other Materials Consumed		<u>542,164,991</u>	<u>2,537,910,720</u>	<u>3,080,075,711</u>	<u>2,641,983,680</u>
Add: Direct Expense - note-19.2		103,770,246	363,483,855	467,254,101	372,082,974
Cost of Production	Tk.	<u>645,935,237</u>	<u>2,901,394,575</u>	<u>3,547,329,812</u>	<u>3,014,066,654</u>
19.2 Direct Expenses - note 19.1					
Salaries, Wages & Allowances		9,992,188	37,638,467	47,630,655	35,021,357
Overtime Bill		1,647,950	5,630,152	7,278,102	6,526,556
Bonus		-	3,599,080	3,599,080	3,983,201
Electricity Bill		58,236,300	195,263,827	253,500,127	203,436,029
Gas Bill		5,041,502	16,808,743	21,850,245	19,150,581
Daily labour Bill		2,286,054	6,294,175	8,580,229	-
Carriage Inward		146,215	947,932	1,094,147	2,112,772
Fuel, Oil & Lubricant		1,253,707	8,424,310	9,678,017	3,161,401
Depreciation - note 3.2		18,810,881	56,432,643	75,243,524	70,089,973
Repair & Maintenance		84,816	2,656,196	2,741,012	216,931
Testing Expenses		5,080	143,200	148,280	105,910
Water Expenses		-	20,000	20,000	26,202
Oxygen & LP Gas Charges		2,881,923	7,317,231	10,199,154	10,004,321
Loading & Unloading Expenses		24,754	2,135,278	2,160,032	6,164,718
Staff Uniform		-	646,395	646,395	-
Factory house rent		61,500	220,000	281,500	-
Factory canteen		500,759	2,462,554	2,963,313	1,842,450
Vehicle fuel & maintenance		634,316	3,672,512	4,306,828	2,118,532
Lubricant Consumption		1,145,236	3,364,764	4,510,000	4,112,010
Land Rent		60,000	180,000	240,000	240,000
Medical Expenses		41,866	145,687	187,553	248,706
Logistic Vehicle Expenses		-	7,324,746	7,324,746	2,275,213
Internet Expenses		3,814	11,441	15,255	8,625
Insurance		911,385	2,144,522	3,055,907	1,237,486
Tk.		<u>103,770,246</u>	<u>363,483,855</u>	<u>467,254,101</u>	<u>372,082,974</u>

		100% Tax Holiday 01.05.10 - 31.07.10	50% Taxable 01.08.10 - 30.04.11	2010-2011 Total Taka	2009-2010 Taka
20 ADMINISTRATIVE EXPENSES					
Directors' Remuneration- note 31	600,000		5,400,000	6,000,000	-
Salary & Allowances	3,821,997		16,276,790	20,098,787	10,705,784
Entertainment	153,899		1,795,584	1,949,483	2,282,911
Office Maintenance	63,697		458,575	522,272	260,004
Mobile, Telephone & Internet Charges	265,488		915,695	1,181,183	901,397
Office Rent	37,400		374,000	411,400	224,400
Newspaper & Periodicals	2,934		8,072	11,006	11,667
Postage & Stamps	7,145		146,868	154,013	309,961
Stationery & Printing Charges	135,245		707,163	842,408	518,781
Canteen	353,065		1,412,260	1,765,325	1,121,619
Vehicle Expenses	54,954		798,560	853,514	406,475
Rent, Rate & Tax	60,000		587	60,587	130,281
Travelling & Conveyance	237,113		5,072,698	5,309,811	2,155,470
Audit Fee	-		172,500	172,500	177,650
Fees & Renewal	396,156		1,583,401	1,979,557	2,063,996
Legal & Professional Fee	-		17,250	17,250	115,000
Festival Bonus	-		1,335,540	1,335,540	731,150
Misc. Expenses	241,000		1,305,963	1,546,963	478,016
ISO certificate	-		-	-	280,000
RJSC fee	-		-	-	490,000
Electricity & other utility Expenses	95,110		427,778	522,888	260,517
Training Fee	-		-	-	36,925
Board Meeting Exp.	45,000		101,450	146,450	-
Seminar & Workshop	-		7,950	7,950	-
Picnic Exp.	-		1,305,699	1,305,699	-
Research and development cost	-		749,000	749,000	-
Website development cost	-		32,000	32,000	-
Depreciation - note 3.2	990,046		2,970,139	3,960,185	3,688,946
Taka		7,560,249	43,375,522	50,935,771	27,350,949
21 SELLING AND DISTRIBUTION EXPENSES					
Advertisement Expenses	1,592,918		15,642,507	17,235,425	21,424,155
Carriage Outward	5,942,145		30,449,116	36,391,261	26,736,082
Export Expenses	16,663		132,867	149,530	-
Commission on Sale	5,200,000		-	5,200,000	2,944,000
Dealer & Distributor	174,500		970,686	1,145,186	1,037,988
Travelling & Conveyance	159,007		662,935	821,942	936,363
Promotional expenses	1,646,620		3,452,915	5,099,535	-
Sales center maintenance	-		356,520	356,520	-
Taka		14,731,853	51,667,546	66,399,399	53,078,588
22 FINANCIAL EXPENSES					
Bank Interest	56,190,409		234,335,588	290,525,997	210,279,786
Bank Charge	2,123,766		14,611,097	16,734,863	7,492,653
Loan processing fee	-		517,000	517,000	782,897
Taka		58,314,175	249,463,685	307,777,860	218,555,336
23 NON-OPERATING INCOME					
Interest Earned from FDR	-		2,512,338	2,512,338	4,468,362
Gain on sale of Shares note-23.1	-		602,075	602,075	-
Dividend income	-		6,600	6,600	-
Taka		-	3,121,013	3,121,013	4,468,362

23.1 Breakup of gain on sale of shares:

Name of the Securities	Selling Price	Buying Price	Gross Profit/Loss	Brokerage and Interest Charge	Net Profit
Premier Bank Ltd	610,000	583,500	26,500	6,491	20,009
Peoples Leasing	2,729,540	2,238,200	491,340	17,387	473,953
Confidence Cement Ltd	969,420	844,000	125,420	17,307	108,113
Total	4,308,960	3,665,700	643,260	41,185	602,075

		2010-2011	2009-2010
		Taka	Taka
24	NET ASSETS VALUE PER SHARE		
	Net Assets Value per Share	12.23	12.58
	The Composition of Net Assets Value per share is given below :		
	a) Net Assets Value during the year Tk. 611,744,777[2010 : Tk. 628,834,652]		
	b) Number of Ordinary Shares at the close of business 50,000,000 Nos. [2010 : 50,000,000 Nos.]		
25	EARNING PER SHARE (EPS)		
	Earnings per share - basic	3.66	2.20
	The composition of Earning Per Share (EPS) is given below :		
	a) Earning attributed during the year to the ordinary shareholder Tk. 182,910,124 [2010 : Tk. 110,249,599]		
	b) Number of Ordinary Shares at the close of business 50,000,000 Nos. [2010: 50,000,000 Nos.]		
	c) EPS have been calculated after income tax provision but before Tax Holiday Reserve.		
26	OPERATING CASH FLOW PER SHARE		
	Operating cash inflow/(outflow) per share	(10.69)	2.00
	The Composition of Operating Cash Inflow/Outflow Value per share is given below :		
	a) Operating Cash Inflow/(Outflow) during the year Tk. (534,471,810) [2010 : Tk. 99,844,237]		
	b) Number of Ordinary Shares at the close of business 50,000,000 Nos. [2010 : 50,000,000 Nos.]		
27	AUDITOR'S REMUNERATION		
	Audit Fee - Statutory	150,000	150,000
		150,000	150,000
28	NUMBER OF EMPLOYEES		
	Employees drawing salary above Tk. 3,000 per month	529	462
	Employees drawing salary Tk. 3,000 or below per month	-	-
		529	462
29	CAPACITY & PRODUCTION		
	Production Capacity (In M. Ton) - note 29.1	204,000	204,000
	Actual Production (In M. Ton) - note 29.2	151,320	116,887
	Capacity Utilization (%)	74.18	57.30
	29.1 Production Capacity (In M. Ton) - note 29		
	MS Billet	84,000	84,000
	MS Rod	120,000	120,000
		204,000	204,000
	29.2 Actual Production (In M. Ton) - note 29		
	MS Billet	76,221	45,912
	MS Rod	75,099	70,975
		151,320	116,887

30 RELATED PARTY TRANSACTIONS

The Company carried out the following transaction with a sister concern in the normal course of business on arms length basis.

Sl. No	Name of the Party	Relation	Nature of Transaction	2010-2011 Taka	2009-2010 Taka
1	GPH Power Generation Ltd	Common Directorship	Supply of power at a flat rate	228,662,740	184,839,543

GPH Power Generation Ltd. Supplied 53,672,080 KWH Electricity throughout the year for total amount of Tk. 228,662,740 (Average rate per KWH=4.2604 approximately)

31 REMUNERATION OF DIRECTORS

<u>Particulars</u>	30 April 2011			30 April 2010		
	Managing Director	Other Directors	Total	Managing Director	Other Directors	Total
Salaries and allowances	3,500,000	2,500,000	6,000,000	-	-	-
Medical expenses	-	-	-	-	-	-
Taka	3,500,000	2,500,000	6,000,000	-	-	-

Managing Director & Directors are not provided with any other perquisites except remuneration.

32 POST BALANCE SHEET EVENTS

There were no events as such to occur after the Statement of Financial Position date.

33 GENERAL

- 33.1 Wherever considered necessary, previous year's figures & phrases have been re-arranged to conform to this year's presentation.
- 33.2 The amounts in these financial statements have been rounded off to the nearest Taka.
- 33.3 Bracket figure denotes negative.

Sd/-
COMPANY SECRETARY

Sd/-
DIRECTOR

Sd/-
MANAGING DIRECTOR

**Auditors' Report in pursuance of section 135(1) under para 24(1) of part II
of the Third Schedule of The Companies Act 1994**

We have audited the financial statements of GPH ISPAT LIMITED for the year (s) ended 30 April 2011 & 2010. The financial statements for the year ended 30 April 2009 was audited by M. A. Mallik & Co, Chartered Accountants. In pursuance of section 135(1) under para 24(1) of part II of the third schedule of The Companies Act 1994, we report that:

1.The Company was incorporated on 17 May 2006

2.The Statements of Financial Position, Operating Result & Cash Flows of GPH ISPAT LIMITED are as follows

A. Statement of Financial Position	30-04-2011	30-04-2010	30-04-2009
	Taka	Taka	Taka
ASSETS & PROPERTIES			
NON CURRENT ASSETS & PROPERTIES	1,427,022,724	1,046,028,840	775,408,900
Property, Plant & Equipment	1,110,647,506	1,044,019,480	750,215,851
Capital Work In Progress	301,488,186	-	-
Preliminary Expenses	-	-	199,715
Investments	14,887,032	2,009,360	24,993,334
CURRENT ASSETS & PROPERTIES	2,567,289,192	1,407,377,944	1,048,560,986
Advances, Deposits and Prepayments	449,451,790	211,769,773	163,274,616
Inventory	1,591,242,389	861,211,826	825,243,781
Trade Receivables	462,647,365	298,485,583	58,893,441
Cash and Bank Balances	63,947,648	35,910,762	1,149,148
TOTAL ASSETS & PROPERTIES	3,994,311,916	2,453,406,783	1,823,969,886
SHAREHOLDERS' EQUITY & LIABILITIES			
SHAREHOLDERS' EQUITY	611,744,777	628,834,652	30,585,054
Share Capital	500,000,000	500,000,000	12,000,000
Tax Holiday Reserve	103,729,009	49,446,718	6,662,104
Retained Earnings	8,015,768	79,387,934	11,922,950
NON CURRENT LIABILITIES	860,023,732	675,280,680	460,516,100
Long Term Portion of Term Loan	805,477,668	651,220,752	460,516,100
Long Term Portion of Lease Liabilities	54,546,064	24,059,928	-
CURRENT LIABILITIES & PROVISIONS	2,522,543,407	1,149,291,451	1,332,868,732
Current Portion of Long Term Loan	120,312,595	105,187,880	103,866,214
Current Portion of Lease Liabilities	17,465,991	8,318,316	-
Short Term Loan	2,115,349,096	994,491,263	1,209,878,629
Creditors & Accruals	38,734,303	38,935,208	17,945,403
Provision for Taxation	30,681,422	2,358,784	1,178,486
Proposed Dividend	200,000,000	-	-
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	3,994,311,916	2,453,406,783	1,823,969,886
NET ASSET VALUE PER SHARE	12.23	12.58	25.49

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

B. The Statement of Operating Result of GPH ISPAT LIMITED is as under:

	30-04-2011	30-04-2010	30-04-2009
	Taka	Taka	Taka
Net Turnover	3,688,519,184	3,223,787,065	1,277,035,276
Cost of Sales	(3,044,732,767)	(2,817,640,942)	(1,166,847,178)
Gross Profit/ (Loss)	643,786,417	406,146,123	110,188,098
Operating Expenses:			
Administrative Expenses	(50,935,771)	(27,350,949)	(8,860,663)
Selling & Distribution Expenses	(66,399,399)	(53,078,588)	(5,220,927)
	(117,335,170)	(80,429,537)	(14,081,590)
Trading Profit / (Loss)	526,451,247	325,716,586	96,106,508
Financial Expenses	(307,777,860)	(218,555,336)	(79,451,248)
Profit Before Amortization	218,673,387	107,161,249	16,655,260
Amortization of Preliminary Expenses	-	(199,715)	-
Profit Before Non Operating Income	218,673,387	106,961,534	16,655,260
Non- Operating Income	3,121,013	4,468,362	2,593,037
	221,794,400	111,429,896	19,248,297
Contribution to WPPF@ 5% After Charging WPPF	(10,561,638)	-	-
Profit Before Tax & Reserve	211,232,762	111,429,896	19,248,297
Provision For Income Tax			
Current	(16,376,503)	(1,180,298)	(972,389)
Deferred	(11,946,135)	-	-
	(28,322,638)	(1,180,298)	(972,389)
Profit After Tax	182,910,124	110,249,598	18,275,908
Tax Holiday Reserve	(54,282,291)	(42,784,614)	(6,662,104)
Profit After Tax & Reserve	128,627,833	67,464,985	11,613,804
Unappropriated Profit, Brought Forward	79,387,935	11,922,950	309,146
Profit available for appropriation	208,015,768	79,387,935	11,922,950
Appropriations:			
Dividend paid:			
Cash dividend	-	-	-
Stock dividend	200,000,000	-	-
	200,000,000	-	-
Unappropriated Profit, carried forward	8,015,768	79,387,935	11,922,950
	208,015,768	79,387,935	11,922,950
Earnings Per Share (Basic)	3.66	2.20	15.23

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

C. The Statement of Cash Flows of GPH ISPAT LIMITED is as under:

	30-04-2011	30-04-2010	30-04-2009
	Taka	Taka	Taka
CASH FLOW FROM OPERATING ACTIVITIES			
Collection From Sales & Other Income	3,526,637,462	3,018,368,192	1,218,141,835
Payment for Cost & Other Expenses	(4,061,109,272)	(2,890,134,911)	(2,103,350,496)
Net Cash Inflow/(Outflow) from Operating Activities	(534,471,810)	128,233,281	(885,208,661)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditures	(447,319,922)	(244,038,547)	(88,769,795)
Investment in Shares	(12,275,597)	(2,009,360)	-
Intangible Assets (Software Expenses)	-	(2,349,525)	-
Net Cash Inflow / (Outflow) from Investing Activities	(459,595,519)	(248,397,432)	(88,769,795)
CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Loan	1,120,857,833	(215,387,366)	810,259,647
Long Term Loan	169,381,631	192,026,318	231,563,629
Lease Obligation	39,633,811	32,378,249	-
Proceeds of Ordinary Share Capital	-	364,456,000	11,000,000
Interest & Bank Charge Paid	(307,769,060)	(218,547,436)	(79,451,248)
Net Cash Inflow/ (Outflow) from Financing Activities	1,022,104,215	154,925,765	973,372,028
Net Increase in Cash & Cash Equivalents	28,036,886	34,761,614	(606,428)
Cash & Cash Equivalents at The Beginning	35,910,762	1,149,148	1,755,576
Cash & Cash Equivalents at The End	63,947,648	35,910,762	1,149,148
D. Dividend Declared:			
Cash dividend	-	-	-
Stock dividend	40%	-	-

E. The company has no subsidiaries;

F. No proceeds or part of proceeds of the issue of shares were applied directly or indirectly by the company in the purchases of any other business.

G. The company did not prepare any financial statements for any period subsequent to 30 April 2011; and

H. Figures related to previous years have been rearranged wherever considered necessary.

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

GPH ISPAT LIMITED

Statement of Ratio Analysis

For the year (s) ended 30 April 2011, 2010, 2009

The following ratios have been computed from the audited financial statements of GPH ISPAT LIMITED for the year (s) ended 30 April 2011, 2010, 2009.

Name of Ratio		30-Apr-11	30-Apr-10	30-Apr-09
A. Liquidity Ratios				
1	Current Ratio (Times)	1.02	1.22	0.79
2	Quick Ratio (Times)	0.39	0.48	0.17
3	Times Interest Earned Ratio (Times)	1.81	1.55	1.21
4	Debt to Equity Ratio (Times)	5.53	2.90	58.64
B. Operating Ratios				
1	Accounts Receivable Turnover Ratio (Times)	9.69	18.04	21.68
2	Inventory Turnover Ratio (Times)	2.48	3.34	2.78
3	Fixed Assets Turnover Ratio (Times)	2.98	3.49	1.71
4	Assets Turnover Ratio (Times)	1.14	1.51	1.00
C. Profitability Ratios				
1	Gross Margin Ratio (%)	17.45	12.60	8.63
2	Operating Income Ratio (%)	14.27	10.10	7.53
3	Net Income Ratio (%)	4.96	3.42	1.43
4	Return on Assets Ratio (%)	5.67	5.16	1.43
5	Return on Equity Ratio (%)	29.90	17.53	59.75
6	Earnings Per Share	3.66	2.20	15.23

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Name of Ratio			Amount in Taka					
			30-04-2011		30-04-2010		30-04-2009	
			Calculation	Result	Calculation	Result	Calculation	Result
A. Liquidity Ratios								
1	Current Ratio (Times)	Current Assets	2,567,289,192	1.02	1,407,377,944	1.22	1,048,560,986	0.79
		Current Liability	2,522,543,407		1,149,291,451		1,332,868,732	
2	Quick Ratio (Times)	Current Assets- Inventory	976,046,803	0.39	546,166,118	0.48	223,317,205	0.17
		Current Liability	2,522,543,407		1,149,291,451		1,332,868,732	
3	Times Interest Earned Ratio (Times)	Operating Profit	526,451,247	1.81	325,716,586	1.55	96,106,508	1.21
		Net Interest Expenses	290,525,997		210,279,786		79,451,248	
4	Debt to Equity Ratio (Times)	Total Debt (Total Liabilities)	3,382,567,139	5.53	1,824,572,131	2.90	1,793,384,832	58.64
		Total Shareholders' Equity	611,744,777		628,834,652		30,585,054	
B. Operating Ratios								
1	Accounts Receivable Turnover Ratio (Times)	Sales	3,688,519,184	9.69	3,223,787,065	18.04	1,277,035,276	21.68
		Average Receivables	380,566,474		178,689,512		58,893,441	
2	Inventory Turnover Ratio (Times)	Cost of Sales	3,044,732,767	2.48	2,817,640,942	3.34	1,166,847,178	2.78
		Average Inventory	1,226,227,108		843,227,804		419,184,391	
3	Fixed Assets Turnover Ratio (Times)	Sales	3,688,519,184	2.98	3,223,787,065	3.49	1,277,035,276	1.71
		Average Fixed Assets	1,236,525,782		924,913,392		744,975,777	
4	Assets Turnover Ratio (Times)	Sales	3,688,519,184	1.14	3,223,787,065	1.51	1,277,035,276	1.00
		Average Total Assets	3,223,859,350		2,138,688,335		1,280,609,841	
C. Profitability Ratios								
1	Gross Margin Ratio (%)	Gross Profit	643,786,417	17.45	406,146,123	12.60	110,188,098	8.63
		Sales	3,688,519,184		3,223,787,065		1,277,035,276	
2	Operating Income Ratio (%)	Operating Profit	526,451,247	14.27	325,716,586	10.10	96,106,508	7.53
		Sales	3,688,519,184		3,223,787,065		1,277,035,276	
3	Net Income Ratio (%)	Profit After Tax	182,910,124	4.96	110,249,598	3.42	18,275,908	1.43
		Sales	3,688,519,184		3,223,787,065		1,277,035,276	
4	Return on Assets Ratio (%)	Profit After Tax	182,910,124	5.67	110,249,598	5.16	18,275,908	1.43
		Average Total Assets	3,223,859,350		2,138,688,335		1,280,509,983	
5	Return on Equity Ratio (%)	Profit After Tax	182,910,124	29.90	110,249,598	17.53	18,275,908	59.75
		Shareholders' Equity	611,744,777		628,834,652		30,585,054	
6	Earnings Per Share	Profit After Tax	182,910,124	3.66	110,249,598	2.20	18,275,908	15.23
		Number of Shares	50,000,000		50,000,000		1,200,000	

Chittagong, 30 July 2011

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Additional disclosures by Auditor

Sl. No.	Items	Status				
01.	Interest & Bank charge on Cash Flow from Financing Activates	Interest and dividends received and paid can be classified as operating, investing, or financing cash flows, provided that they are classified consistently from period to period [IAS 7, Para-31]. Accordingly Interest & Bank Charge has been treated as financing expenses in the cash flow consistently from year to year.				
02.	Quantity-wise schedule of inventories as per requirement of Schedule XI of the Companies Act, 1994	Particulars	Qty. (MT)	Rate (Per MT)	30.04.2011 Taka	30.04.2010 Taka
		2. INVENTORY				
		Finished Goods - note 2.1			775,241,079	272,644,033
		Raw Materials - note 2.2			745,975,539	465,731,966
		Chemicals - note 2.3			27,875,346	73,785,320
		Spares & Other Materials			42,150,425	49,050,507
					1,591,242,389	861,211,826
		2.1 Finished Goods				
		M. S. Rod	11,214.00	55,000	616,770,000	258,922,500
		M. S. Billet	3,495.96	45,330	158,471,079	13,721,533
					775,241,079	272,644,033
		2.2 Raw Materials				
		Melting Scrap	22,903.57	30,446	697,325,328	444,322,452
		Sponge Iron	1,450.82	33,533	48,650,211	21,409,514
					745,975,539	465,731,966
		2.3 Chemicals				
		Ferro Manganese	159.81	114,092	18,232,924	28,866,379
Ferro Silicon	0.78	110,286	86,047	1,063,949		
Silicon Manganese	74.03	103,517	7,663,344	33,255,493		
Quartz Powder	22.79	7,089	161,526	4,580,159		
Pet Coke	31.49	54,986	1,731,505	6,019,340		
			27,875,346	73,785,320		
03.	Advances, Deposits & Prepayment as per requirement of Schedule XI of the Companies Act, 1994	Disclosure as per Schedule-XI, Part-I, of The Companies Act, 1994 as on 30 June 2011				
		Advance, deposits and pre-payments exceeding 6 Months:		Tk. 12,202,332		
		Not exceeding 6 Months		Tk. 437,249,458		
		Other advance, deposits & pre-payments less provision				
		Advance, deposits and pre-payments considered Good & Secured :		Tk. 449,451,790		
		Advance, deposits and pre-payments considered Good without security:		Nil		
		Advance, deposits and pre-payments considered doubtful or Bad:		Nil		
		Advance, deposits and pre-payments due by Directors:		Nil		
		Other Officers (against salary):		Tk. 568,800		
		Advance, deposits and pre-payments due from companies under same management:		Tk. 121,925,142		
		Maximum Advance, deposits and pre-payments Due by Directors:		Nil		
		Officers at any time:		Tk. 568,800		
04.	Capital expenditures an item of the cash flow from investing activities Tk. 447,319,922	Capital expenditure under cash flow from investing activities includes cash involvement in acquisition of Property, Plant & Equipment and Capital Work in progress. The break-up is as follows:				
		Acquisition of property, plant & equipment (Note: 3 of F/S)		Tk. 145,831,736		
		Addition to Capital work in progress (Note: 4 of F/S)		Tk. 301,488,186		
				Taka 447,319,922		
05.	Unrealized loss against investment in shares	The said investment is made to comply with the requirements of Tax Holiday Approval. Section 46B of ITO 1984 requires the tax holiday enjoying organizations to mandatorily invest 10% of Operating Profit in the Shares of listed companies. Such shares cannot be disposed off before expiry of the tax holiday period (31.07.2013). Since the investment cannot be sold/disposed off prior to expiry of the tax holiday period, it is valued at cost on the cut off date of the Financial Statement.				

06.	Details information regarding addition of logistic vehicles during the period	Please see Annexure – A.																																		
07.	Disclose the computation of workers profit participation fund (WPPF)	WPPF provision has been made @ 5% of profit before tax & reserve after charging WPPF. Calculation is as follows: Profit before WPPF, Tax & Reserve : Tk. 221,794,400 Less: Reserve for WPPF (221,794,400*5/105) : Tk. 10,561,638 Profit before Tax & Reserve : Tk. 211,232,762																																		
08.	Comprehensive income tax Holiday Reserves of Tk.54,282,291	According to Tax holiday approval the Co will enjoy tax holiday @100% for the first two years (01.08.08 to 31.07.10), for next two years the rate of tax holiday will be 50%, i.e. 50% of operating income will be tax free & rest of the 50% will be taxed. Hence for the period of 01.05.10 to 31.07.10 tax holiday reserve is created @40% (100% of full Taxable income of *40% Tax Rate). For the next period (01.08.10 to 30.04.11) reserve for tax holiday is created @ 20% (50% of Taxable income *40% Tax Rate). Details calculation is as follows: <table><tr><th>Particulars</th><th>01.05.2010 to 31.07.2010</th><th>01.08.2010 to 30.04.2011</th><th>Total</th></tr><tr><td>Profit before Tax & Reserve</td><td>63,299,705</td><td>147,933,057</td><td>211,232,762</td></tr><tr><td>Less: Non-operating Income</td><td>-</td><td>(3,121,013)</td><td>(3,121,013)</td></tr><tr><td></td><td>63,299,705</td><td>144,812,044</td><td>208,111,749</td></tr><tr><td>Tax Holiday % on Income</td><td>100%</td><td>50%</td><td>-</td></tr><tr><td>Rate of Tax Holiday Reserve</td><td>40%</td><td>40%</td><td>-</td></tr><tr><td>So, applicable Rate of Tax Holiday Reserve</td><td>40%</td><td>20%</td><td></td></tr><tr><td>Amount of Tax Holiday Reserve</td><td>25,319,882</td><td>28,962,409</td><td>54,282,291</td></tr></table>			Particulars	01.05.2010 to 31.07.2010	01.08.2010 to 30.04.2011	Total	Profit before Tax & Reserve	63,299,705	147,933,057	211,232,762	Less: Non-operating Income	-	(3,121,013)	(3,121,013)		63,299,705	144,812,044	208,111,749	Tax Holiday % on Income	100%	50%	-	Rate of Tax Holiday Reserve	40%	40%	-	So, applicable Rate of Tax Holiday Reserve	40%	20%		Amount of Tax Holiday Reserve	25,319,882	28,962,409	54,282,291
Particulars	01.05.2010 to 31.07.2010	01.08.2010 to 30.04.2011	Total																																	
Profit before Tax & Reserve	63,299,705	147,933,057	211,232,762																																	
Less: Non-operating Income	-	(3,121,013)	(3,121,013)																																	
	63,299,705	144,812,044	208,111,749																																	
Tax Holiday % on Income	100%	50%	-																																	
Rate of Tax Holiday Reserve	40%	40%	-																																	
So, applicable Rate of Tax Holiday Reserve	40%	20%																																		
Amount of Tax Holiday Reserve	25,319,882	28,962,409	54,282,291																																	
09.	Details list of trade receivables	Please see Annexure – B.																																		
10.	Disclose details information of Capital work in progress on note no. 4	<table><tr><th>Particulars</th><th>Amount (Taka)</th><th>Amount (Taka)</th></tr><tr><td>Project Extension (20 MT) Factory Building & Construction Electric Line Installation Plant & Machinery 32 KVA sub-station (The Capital Work In Progress includes all the cost of a Billet Plant of 20 MT (280 MT per day). With a view to enhance capacity of billet production the company establishes a new 20 MT Billet Plant. The installation of the plant, civil construction, purchase of related machineries is almost complete & the plant is going through trial production. Accordingly no capital commitment, future contractual liability, future capital expenditure commitment exists related to the plant.)</td><td></td><td>54,258,499 17,285,281 225,174,313 4,770,093 301,488,186</td></tr></table>	Particulars	Amount (Taka)	Amount (Taka)	Project Extension (20 MT) Factory Building & Construction Electric Line Installation Plant & Machinery 32 KVA sub-station (The Capital Work In Progress includes all the cost of a Billet Plant of 20 MT (280 MT per day). With a view to enhance capacity of billet production the company establishes a new 20 MT Billet Plant. The installation of the plant, civil construction, purchase of related machineries is almost complete & the plant is going through trial production. Accordingly no capital commitment, future contractual liability, future capital expenditure commitment exists related to the plant.)		54,258,499 17,285,281 225,174,313 4,770,093 301,488,186																												
Particulars	Amount (Taka)	Amount (Taka)																																		
Project Extension (20 MT) Factory Building & Construction Electric Line Installation Plant & Machinery 32 KVA sub-station (The Capital Work In Progress includes all the cost of a Billet Plant of 20 MT (280 MT per day). With a view to enhance capacity of billet production the company establishes a new 20 MT Billet Plant. The installation of the plant, civil construction, purchase of related machineries is almost complete & the plant is going through trial production. Accordingly no capital commitment, future contractual liability, future capital expenditure commitment exists related to the plant.)		54,258,499 17,285,281 225,174,313 4,770,093 301,488,186																																		
11.	Details information regarding contributory provident fund for all permanent employees	The Company maintains a funded contributory provident fund for all of its permanent employees, where both the employees & employer contribute @ 5% of their salary. Recognition of the fund is under process.																																		

12.	It is mentioned in Note 32 that there is no post balance sheet events but the company declare stock dividend and submit application to go Initial Public Offering (IPO)	Stock Dividend is already accounted for in the Accounts. So, it is not treated as post balance sheet event. The Financial Statement was signed as on 23 July 2011 & the Company submits its application to The Securities & Exchange Commission for IPO purpose as on 25 August 2011. The events, in fact, happened after signing the Financial Statements. That's why it is not treated as post balance sheet events.
13.	Statement of Financial Position of section 135(I) under Para 24(I) of part II of the third schedule of the Companies Act 1994 disclosed Tk. 200,000,000 without any head	Relevant page is replaced & enclosed herewith.
14.	Profitability Ratios on statement of ratio analysis shows figures on percentage (%) which differs with Profitability Ratios of credit rating report on the page no 81 of prospectus.	Relevant page is replaced & enclosed herewith.

Sd/-

Chittagong, 31 October, 2011

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Annexure - A

**GPH ISPAT LIMITED
Addition to Logistic Vehicle**

Sl. No.	Party Name	Particulars	Name	Qty	Unit Price	Amount
1	Bandar Paribahan Sanhgstha	40 Feet Skeletal Tailor (Dutch Lanka) Model: DLST-40 40T/863b, Chassis No: 1)-DLT 4199 EX, Year of Manufacture: 03-2010	Trailer	1	860,000	860,000
2	Ifad Autos Limited & B. Sc. Trades	Brand New Ashok Leyland Tusker Super 185" (4700mm) WB MODEL-1613-H Truck Chassis fitted with Orginal sleeper cabin, Powered by 6 Cylinder AL 6DTI Diesel Engine, 5759 CC, 130 HP @ 2400 rpm, 6 Speed Synchromesh Gearbox. Power steering (RH), 12 X 2 Volt Batteries, 7 Nos 10.00 X 20-16 PR Nylon Tyres, Tools Kit, & Jack in CBU Condition with Complete open Truck. Capacity - 7 Ton.	Truck	5	2,641,500	13,207,500
3	Ifad Autos Limited & B. Sc. Trades	Brand New Ashok Leyland Road Tractor MODEL TUSKER TURBO TRACTOR 3516 , WB 3023 Turbo Charged Diesel Engine, 6 Speed Synchromesh Gearbox. RHD power Steering, 2 X 12 Volt Batteries, 10.00 X 20-16 PR Nylon Tyres 6Nos with 5th wheel coupling along with Completely Built up Iveco Drivers Cabin in CBS Condition (Prime Mover) on with Complete open Truck. Capacity - 7 Ton.	Prime Mover	3	2,108,188	6,324,564
4	Ifad Autos Limited & B. Sc. Trades	Brand New Ashok Leyland 2516 (6x4) 198"(5029mm)WB Truck Chassis with powered by AL412, 6 Cylinder Turbo Charged Diesel Engine developing 163 PS @2600 rpm, Engine Capacity 6540 CC, 6 Fowered + 1 Reserve speed SF Synchromesh Gearbox, 2 rear asle both driven, Hypoid Gear Reduction with differential looking arrangment, Air pressure operated with dual line brakes on all wheels, power Steeringt (RH), 24 volt electrical system, 02 nos. tyre in front axle and 04 Nos , tyre in each of 02 rear axle of 11 nos 10.00X20-16 PR Nylon Tyres, Tool Kit, Jack Lever and CBUCondition with complete open Truck.	Truck	5	2,902,294	14,511,470
5	Nitol Motors Limited	Model LPS 4018(Prime Mover), Chassis No: MAT 447206A3R03376, Engine No: 6B180HP01C62851972	Prime Mover	1	1,936,700	1,936,700
6	Nitol Motors Limited	Model LPKS 909/27, Chassis No: MAT 382402A8R00998, Engine No: 497TC93AZY801402	Pickup	1	1,747,555	1,747,555
7	Nitol Motors Limited	Model LPT 1615/48, Chassis No: MAT 395015H2R10560, Engine No: 6BT145HP01D62872869	Truck	1	2,027,200	2,027,200
8	Dutch Lanka Trailers (0205-10-01-0134)	40 foot Brand New Skeletal Trailer without chequred paltes C/W 18"X6"XX60kg/m mill rooled 'I'beam (BS 4360 standards) 2X orignal YORK square axles for the transport of goods SUPD, Spare wheel with tyre, Tool box 6"X3" side raves (Thickness 8 mm), 12 twist locks Orginal York suspensions & landing legs 10.00X20 CREAT (Indian) Tyres Color - Isuzu Marine Blue 890. All beams in the trilar are mill rolled, PAYLOAD-40T. As per attached specifications (Nodel: DLST 40/40T/213 Rev01)	Trailer	4	795,957	3,183,827
9	Ashok Leyland Ltd (0205-10-01-0135)	Brand New Ashok Leyland 2516(6X4) Dump Track, 3810mm Wheel Base, fitted with 412 TCAC Diesel Engine, 6 Powerad +1 reverse speed ZF gearbox. With PTO unite power steering exhaust brake, spare wheel carrier & rim,with factory built Tilttable cabin fitted with "Front End" Hydraulic Tippling system, toolkit hydraulic jack and 11 nos. 10.00X20-16 PR tyres [Both rear axles are live axle]	Dump Truck	1	3,958,138	3,958,138
10	Mazada Corporation	Recondition Dato Rough Terrain Crane, Model kr45hn-111, Serial Number:203129, Capacity: 45ton, Engine: Mitsubishi 6d22, Boom 5 Section & Length: 33.8 Meter and good working condition.	Crane	1	18,000,000	18,000,000
11	RYS Construction	Secondhand Dumptruck: Dumpers Designed for off - Highway Use, Brand : Hino, Chassis No. Fs2FKA - 14232	Dump Truck	2	3,500,000	7,000,000
Total						72,756,954

Annexure - B**GPH Ispat Limited**

Details of Trade Debtors.

Sl. No	Party Name	Balance		
		01-180 days	180-365 days	Total
A. Dhaka Corporate :				
1	ABC Real Estate Ltd.	649,000	-	649,000
2	Abul Monem Ltd.	4,589,325	-	4,589,325
3	Ashraf Construction,Pabna	356,000	-	356,000
4	Advanced Devlopment Ltd.,Dhaka	15,199,153	-	15,199,153
5	Al Amin Construction Ltd	1,894,750	-	1,894,750
6	Al Madina Traders /Khan Bhaban, Munshigonj	1,564,300	-	1,564,300
7	Asha Enterprise, Gazipur	1,210,000	-	1,210,000
8	Akter PropertiesLtd.	1,036,560	-	1,036,560
9	Akter Hossain Ltd,Tongi,Gazipur	5,118,800	-	5,118,800
10	Borak Real Estate Pvt. Ltd.Dhaka	2,625,900	-	2,625,900
11	Biswas Builders,New Market,Dhaka	4,482,200	-	4,482,200
12	BFL -ACL-JV	726,000	-	726,000
13	Butterfly Marketing Co.Ltd	921,100	-	921,100
14	Building Development & Design Ltd.	1,081,500	-	1,081,500
15	Brothers Syndicate ,Munshigonj	3,001,400	-	3,001,400
16	Citadel Properties Ltd.	4,596,000	-	4,596,000
17	Concord Real Estate & Builders Products Ltd	7,818,731	-	7,818,731
18	Capital Land Development Ltd	4,865,250	1,740,000	6,605,250
19	DBL Group, Gazipur	11,949,584	-	11,949,584
20	Dutch Bangla Power & Associates	484,000	-	484,000
21	ENA Propertise Ltd	-	2,497,920	2,497,920
22	Fresh Cement Ltd.	21,634,440	-	21,634,440
23	Gazipur Iron	1,414,000	-	1,414,000
24	GPH Trade Centre, Gazipur	1,030,173	-	1,030,173
25	Jalil Iron Store,Narayongonj	1,206,000	-	1,206,000
26	Jony Enterprise,	15,500	-	15,500
27	J.R Trading Limited	1,291,500	-	1,291,500
28	R.R Trading Ltd.	1,320,000	-	1,320,000
29	Khan & Sons Holdings Ltd.	1,814,750	-	1,814,750
30	Kushli Nirmata Ltd.Kawran Bazar,Dhaka	3,808,000	-	3,808,000
31	Latif Real Estate Ltd.	3,697,200	-	3,697,200
32	Lucky Builders Corporation	1,487,500	-	1,487,500
33	Makkah Enterprise, Munshigonj	2,130,950	-	2,130,950
34	Modina Cement Ind Ltd.	7,678,210	-	7,678,210
35	Metro Properties Ltd.	2,931,500	-	2,931,500
36	Meghna Seed Crushing Mills Ltd.	22,084,155	-	22,084,155
37	Mission Developers Ltd.	1,904,640	-	1,904,640
38	Mohanagar Steel Corporation	976,000	-	976,000
39	Monir & Brothers, Munshigonj	2,638,000	-	2,638,000
40	MONICO Limited	10,297,900	-	10,297,900
41	Norani Construction,Ltd.	2,099,800	-	2,099,800
42	Noman Group Of Industries	2,124,000	-	2,124,000
43	Nirman Trading, Narayangonj	256,000	-	256,000
44	Nirman Prakousholi, Rangpur	444,800	-	444,800
45	Navana Real Estate,Pantopath,Dhaka	1,525,000	-	1,525,000
46	Nirnoy Enterprise, Munshigonj	6,281,531	-	6,281,531
47	Office Home & Solution	442,500	-	442,500
48	Orion Knit Textiles Ltd.	-	447,400	447,400
49	Orion Pharma Ltd.	1,350,000	-	1,350,000
50	Popular Enterprise,Savar	1,410,000	-	1,410,000

51	Project Builders	20,599,000	-	20,599,000
52	Pran RFL Group	12,627,768	-	12,627,768
53	Prasad Nirman Ltd. Gulshan,Dhaka	-	780,164	780,164
54	Premier Cement Mills Ltd.	13,267,850	-	13,267,850
55	RMT Textiles Ltd.	1,800,000	-	1,800,000
56	Rina Enterprise, Gazipur	1,074,000	-	1,074,000
57	Sky Limit Ltd.	-	1,744,500	1,744,500
58	Sinha Properties	-	2,235,261	2,235,261
59	Sharish Composite Towel Ltd.	1,542,200	-	1,542,200
60	Shanta Propertise Ltd	12,628,421	-	12,628,421
61	Steel x Ltd, Pabna	6,018,750	-	6,018,750
62	Tanvir Paper Mills Ltd..	1,986,550	-	1,986,550
63	The Acme Laboratories,Dhamrai	775,438	778,000	1,553,438
64	The Acme Agrovet & Beverage Ltd	900,000	-	900,000
65	Walton Hi Tech Industries Ltd	2,100,200	-	2,100,200
66	Zaman Group Of Industries Ltd.	430,000	-	430,000
		255,213,779	10,223,245	265,437,024
B. Chittagong Corporate :				
1	Alam & Brothers, Patya	300,000	-	300,000
2	Al Modina Enterprise, Rangunia	41,000	-	41,000
3	Al Modina Traders, Raozan	172,000	-	172,000
4	Ali Traders, Mirshorai	1,203,000	-	1,203,000
5	Anamul Hoque	714,000	-	714,000
6	Ahmadia Enterprise, Rangunia	786,500	-	786,500
7	Aziz Store, Rangunia	276,600	-	276,600
8	Bagdad Trading Co.	2,164,500	-	2,164,500
9	Balaka Hradware & Machinery	95,000	-	95,000
10	Bismillah Steel Corp. Ctg	1,619,000	-	1,619,000
11	Bohemian Travel Gear Limited	2,920,000	-	2,920,000
12	Brothers Steel Enterprise, Boalkali	302,400	-	302,400
13	Cominpey Wood cemair Ltd.	150,000	-	150,000
14	DH Enterprise,	1,033,000	-	1,033,000
15	Dynamic Landmark Ltd,Ctg	3,904,000	-	3,904,000
16	Delicia Group,Ctg	540,000	-	540,000
17	Dhaka Bhaban Landmark	416,500	-	416,500
18	EPIC Propertise Ltd,Ctg	3,954,100	-	3,954,100
19	Equity Property Management Ltd	968,890	-	968,890
20	Ferdous Traders, Patya	169,000	-	169,000
21	Fazlay Traders,Sitakunda	1,199,950	-	1,199,950
22	Green Delta Housing & Development Ltd	-	2,160,000	2,160,000
23	Hero SB Heritage Air Express (Mr Manik)	-	630,500	630,500
24	Hossain Enterprise,	200,000	-	200,000
25	I.S Enterprise, Raozan	1,314,400	-	1,314,400
26	Jihos Enterprise,Chandanaish	626,000	-	626,000
27	Jhorna Enterprise,Rangunia	105,000	-	105,000
28	Jubaraj Trading	2,118,250	-	2,118,250
29	Jumairah Holding Ltd,Ctg	413,000	-	413,000
30	Jeshan Enterprise,Patya	-	223,000	223,000
31	Jahangir & Brothers,Mohra	450,500	-	450,500
32	Kaushali Engineering	1,534,480	-	1,534,480
33	Kabir & Brothers, Patya	1,000	-	1,000
34	Kaiser & Brothers , Mohara	600,000	-	600,000

35	Kamale Eshq e Mostafa (SM) Mosque	2,117,500	-	2,117,500
36	Khandaker Trading, Boalkali	1,434,000	-	1,434,000
37	Khaja Steel Corporation,Ctg	2,001	-	2,001
38	Knight Frank Development Ltd.,Ctg.	-	144,295	144,295
39	Kuddus Traders, Rangunia	360,400	-	360,400
40	Masuma Steel Corporation	1,180,000	-	1,180,000
41	M.D.C Port View,Ctg	2,338,300	-	2,338,300
42	Mezbauddin Uddin Chy,Ctg :	1,629,000	-	1,629,000
43	Metro Assets Ltd.	1,130,500	-	1,130,500
44	Makka Enterprise,Chittagong	2,115,714	-	2,115,714
45	M.I Cement Factory Ltd, Munshigonj	2,226,781	-	2,226,781
46	Mishmak Development,Ctg	568,600	-	568,600
47	Mozammel & Brothers, Rangunia	632,500	-	632,500
48	Nasirbad Properties Ltd	721,500	-	721,500
49	Nur Trading, Fatikchari	442,500	-	442,500
50	Ruma Holdings, Ltd	48,000	-	48,000
51	RF Builders Ltd	1,560,000	-	1,560,000
52	Peace Assets Ltd.	601,500	-	601,500
53	S.A Group Of Industries	1,500,000	-	1,500,000
54	Shahid & Brothers, Rangunia	601,000	-	601,000
55	Seven Properties Ltd.	889,990	-	889,990
56	S. K. Traders ,CTG	594,500	-	594,500
57	Structural Corporation Ltd	428,400	-	428,400
58	Safi & Co,Chittagong	2,012,000	-	2,012,000
59	Subashati Propertise Ltd,Ctg	1,106,750	-	1,106,750
60	Saber Enterprise,Ctg	705,000	-	705,000
61	Shah Amanat Enterprise Ltd.Ctg	1,800,000	-	1,800,000
62	ShahChanda Enterprise, Patya	1,507,500	-	1,507,500
63	Talukder Traders, Chandagona	709,100	-	709,100
64	Tajmahal Traders	841,600	-	841,600
65	Techno Builders, Ctg	943,500	-	943,500
66	T.K Food Products Ltd	420,000	-	420,000
67	Western Marine Shipyard Ltd.	1,785,000	-	1,785,000
		65,245,206	3,157,795	68,403,001
	C. I.A Corporation	52,731,192	-	52,731,192
	D. Jahangir & Others Associate	45,265,552	-	45,265,552
	E. Brothers Corporation	7,128,785	3,570,000	10,698,785
	F. A-Ahad Corporation	14,298,882	-	14,298,882
	G. Metal Trade International	5,812,928	-	5,812,928
				-
	Total (A+B+C+D+E+F+G)	445,696,324	16,951,040	462,647,364



Credit Rating Report (Surveillance) GPH Ispat Ltd.

Particulars	Ratings	Remarks
GPH Ispat Ltd.	A ₁	Entity
BDT 1,047.2 Million Long-Term Outstanding	A ₁ (Lr)	Details are in Appendix 1
BDT 200.0 Million Cash Credit Limits	A ₁ (Lr)	
BDT 2,704.1 Million Short-Term Fund Limits	ST-2	
BDT 2,940.0 Million Short-Term Non-Fund Limits	ST-2	

ST: Short-term, Lr: Loan Rating; (Refer Annexure 2 for Rating History)

* Due to its revolving nature, CRAB views Cash Credit (CC) as long term facility.

Date of Rating: 04 August 2011

Validity: The Entity and term-loan rating are valid up to 31 July 2012 and the short-term loan rating is valid up to limit expiry date of respective credit facilities or 30 June 2012 whichever is earlier.

Rating based on audited financial statements up to 30 April 2011, Bank Liability position as on 30 June 2011 and other relevant quantitative as well as qualitative information up to the date of rating declaration.

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

Analysts

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Financial Performance Overview

	2011	2010
Sales	3,688.5	3,223.8
Profit for the Year	182.9	110.2
EBITDA	608.8	403.8
Total Assets	3,994.3	2,453.4
Cash From Operation	-870.0	-119.0
Free Cash Flow	-1,317.3	-363.1
Shareholders' Equity	611.7	628.8
Gross Profit Margin	17.5%	12.6%
Net Profit Margin	5.0%	3.4%
EBITDA Margin	16.5%	12.5%
Return on Assets	5.7%	5.2%
Return on Equity	29.5%	33.4%
Fixed Asset Turnover	3.0 X	3.6 X
EBITDA to Average Asset	18.9%	18.9%
Quick Ratio	0.4 X	0.5 X
Receivable Collection Period (Days)	38	20
Cash Conversion Cycle (Days)	180	126
Debt Ratio (Liability to Asset)	84.7%	74.4%
Borrowed Fund to Equity	5.1 X	2.8 X
Borrowed Fund to EBITDA	5.1 X	4.4 X
Capitalization Ratio	58.4%	51.8%
EBITDA Coverage Ratio	2.0 X	1.8 X
EBITDA - Capex Coverage Ratio	0.5 X	0.7 X
Debt Service Coverage Ratio	0.8 X	N/A
Earnings Per Share	36.6%	22.0%

Note: Amount in BDT Million

RATIONALE

Credit Rating Agency of Bangladesh Ltd. (CRAB) has upgraded the long term credit rating of GPH Ispat Ltd. to **A₁** (pronounced single A one). CRAB has assigned **A₁ (Lr)** rating to BDT 456.2 million long-term loan outstanding and BDT 200.0 million cash credit limit to the Company. CRAB has also assigned short term ratings **ST-2** to BDT 2,704.1 million short-term funded limits and BDT 2,940.0 million short-term non-funded limits.

Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions.

The rating considered GPH Ispat's recent performance expressed by increase in revenue which results in improvement in some financial performance. In 2010, the Company saw improvement in higher growth in sales, improved profitability position and sufficient external source of fund.

The rating reflects also increasing of production capacity utilization, strategic business plan, improvement in Management Information System, group strength, involvement of good number of professional people and timely repayment of loan.

However the ratings are constrained by the relatively high gearing of the Company, lengthy operating cycle, tightened coverage ratio and negative cash flow ratios.

PROFILE

GPH Ispat Ltd., incorporated in 2006, a public limited company, is a concern of GPH Group, promoted by Mr. Md. Jahangir Alam, engaged in producing MS billet & MS rod, located at Chittagong. As of April end 2011, the reported net profit of Company was BDT 182.9 million.



Rating Strength

- Experienced promoters
- Qualified and experienced professionals in top and mid management
- Strong Management Information System
- Sales growth over the periods
- In-house power back up
- Plan for enhancement of billet production
- Modest capacity utilization of billet production
- Good feedback from external borrowers

Rating Concerns

- Lengthy operating cycle
- Huge loan burden
- High gearing ratios
- Tightened coverage ratios
- Negative cash flows
- Moderate capacity utilization of rod production

■ BACKGROUND

GPH Ispat Ltd. was incorporated in 2006 as a private limited company aiming manufacturing, trading and marketing of iron products and steel material. It is a major concern of GPH Group. The Company was promoted by Md. Jahangir Alam alongwith his nephew and brothers. Mr. Alam holds 50% shares of the Company.

Since 1987, Jahangir & Others Associate, the first concern of GPH Group started its business of trading of CI sheet, cement, bitumen etc. In steel manufacturing, the promoters have gained experience and expertise by running a hand-rolling mill, Indo Steels Re-Rolling Industries Ltd. since 2000. In later time, the promoters established GPH Ispat Ltd. for greater perspective in steel manufacturing sector.

The corporate office of GPH Ispat Ltd. is located at Asadgonj, Chittagong and the plant is located at Sitakund, Chittagong. GPH Ispat plant consists of three units – steel melting, steel re-rolling and captive power plant. GPH has its own captive power plant of 12 MW and it also gets 12 MW electricity from national grid, which is sufficient for its present capacity.

The Company uses Enterprise Resource Planning (ERP) for its accounting and information system purpose. Hoda Vasi Chowdhury & Co. has been conducting external audit of the Company for last two years.

At the end of 2009 the Company was converted into a public Limited Company. At present, annual production capacity of MS billet and MS rod of the Company are 84,000 MT and 120,000 MT respectively. It is in planning stage to raise capital of BDT 600 million through IPO, which will be used to increase billet production capacity and pay off bank loans.

Table 1: Snapshot of the Company

Entity	GPH Ispat Ltd.
Constitution	Public Ltd. Company (Not-listed)
Incorporation	May 2006
Commercial operation	August 2008
Industry	Steel (MS billet and MS rod)
Finished product	MS Rod
Input materials	Scrap, billet
Group	GPH Group
Production capacity	MS Rod: 120,000 MT (yearly) MS Billet: 84,000 MT (yearly)
Capacity utilization	MS rod: 62% MS billet: 90%
Process loss	Billet section: 9.5% Rod section: 2.5%
Lead banker	AB Bank Ltd.
Auditor	Hoda Vasi Chowdhury & Co.
Employees	529 (permanent)
Corporate office	325 Asadgonj, Chittagong
Plant location	Sitakunda, Chittagong.
Chairman & Managing Director	Md. Jahangir Alam
Major distributors	IA Corporation Jahangir & Others Associate Jamal & Brothers
Major suppliers	Importers: -REIN International Group LLC -Cementhai SCT -Stena Metal International AB -Mukti Trade Link (UK) Ltd. -MGK International Inc. Local suppliers: -F J Elsner -Sagarica Louha Bitan -Rahamania Steel



Associated Companies

GPH group is an important business group in Chittagong, which consists of GPH Ispat Ltd., GPH Power Generation Ltd., MI Cement Factory Ltd., Jahangir and Others Associate, Chittagong Capital Ltd., Premier Cement Mills Ltd. and Premier Power Generation Ltd.

Mr. Jahangir Alam is the key promoter of GPH Group. Mr. Alam along with his six brothers started business by trading of construction materials. Gradually the business expanded and these concerns were soon converted into private limited companies. Other than GPH Ispat Ltd. the associated companies of GPH Group's short profile is given below. The external liability of all associated companies is annexed herewith.

Jahangir & Others Associate, the first company of the group, started its business in 1987 and got incorporated in 2003 as private limited company. It is engaged in trading of various construction materials like C.I Sheet, G.P. Sheet, M.S. Rod, M.S. Angle, M.S. Plate, M.S. Channel, Cement, Bitumen, etc.

Chittagong Capital Ltd., a Chittagong based brokerage house was incorporated in 1996.

MI Cement Factory Ltd., a cement manufacturing company, joint venture of Molla Group and GPH Group, was incorporated in 1998. It produces Ordinary Portland Cement and Portland Composite Cement under Crown Cement brand.

GPH Power Generation Ltd., a power generation company, was incorporated in 2006. The production capacity of the Company is 12 MW per hour. GPH Ispat uses the power generated by this company.

Premier Cement Mills Ltd., a cement manufacturing company was incorporated in 2001. Its factory is located at West Muktarpur, Munshigonj. Production capacity of the Company is 450,000 MT per annum.

Premier Power Generation Ltd., power generation company, was incorporated in 2006. Its installed capacity is 5.34 MW per hour and it is run by Natural Gas. Its purpose is to sell energy to its parent company Premier Cement Mills Ltd.

■ OPERATIONAL PERFORMANCE

GPH Ispat produces MS billet and MS rod with an integrated system of production. The production process phases in two stages. Firstly billet is produced from scrap, thereafter MS Rod is produced from billet. The Company has its own facility to produce billet. The major competitors of GPH Ispat are BSRM, KSRM, RSRM, Abul Khair Steel Industries Ltd., Rahim Steel etc. GPH Ispat sells its products in Dhaka, Chittagong, Bogra, Rangpur, Sylhet, Noakhali and Cox's Bazar.

Sales Performance

A major sale of GPH Ispat is done by distributors (40%) and the remaining is done through direct sales. IA Corporation and Jahangir & Others Associate are the top distributors of the Company, who jointly possess 30% of indirect sales. Month-wise sales of GPH Ispat increased significantly in last 8 months from February 2011. In first couple of the months of 2011, monthly sales of the Company crossed BDT 400 million.

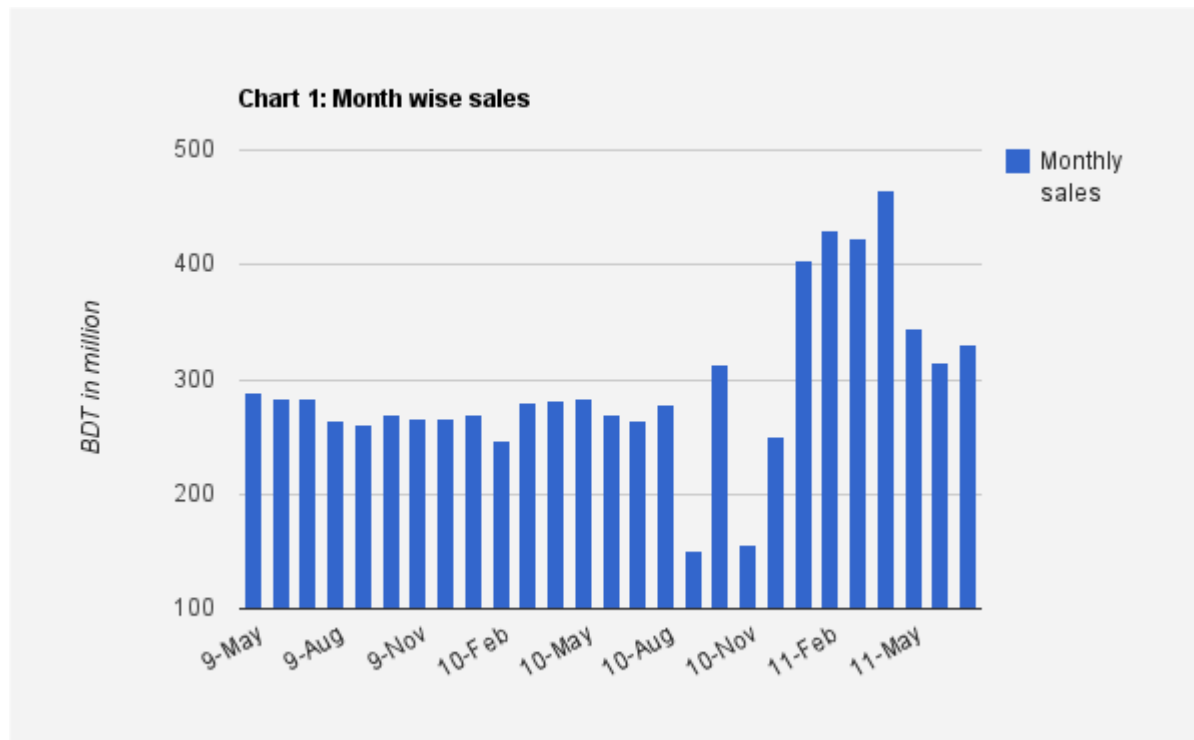




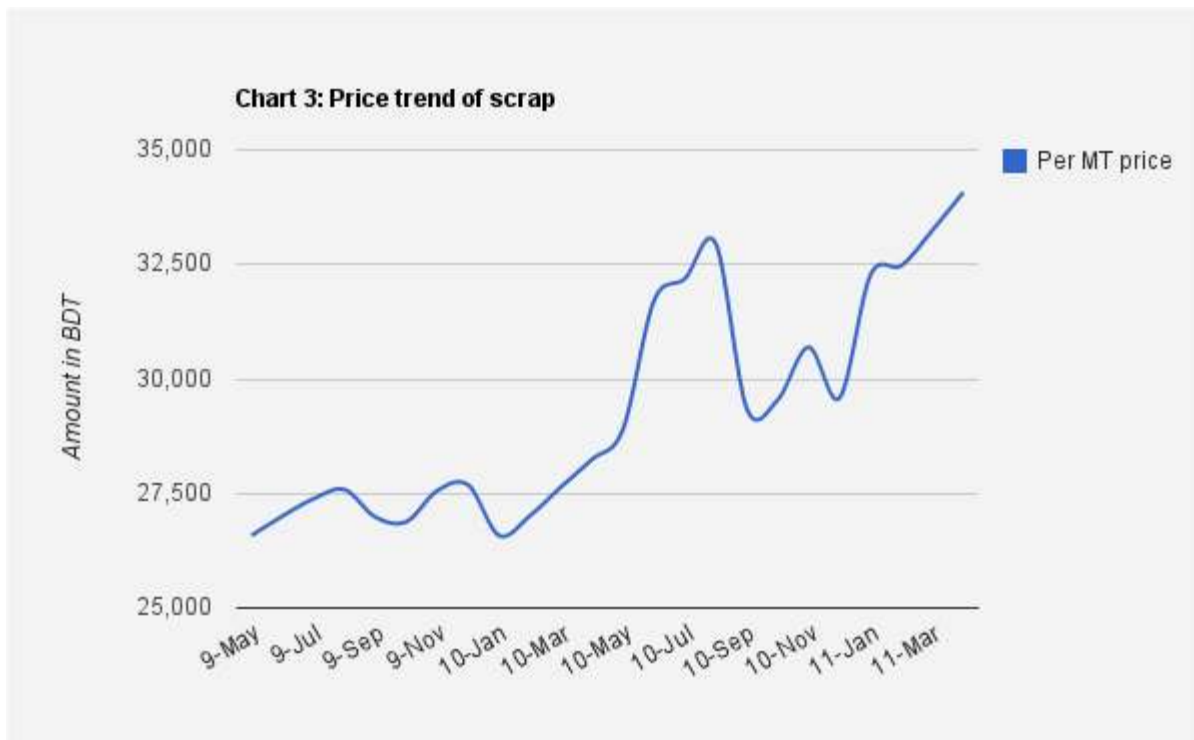
Chart 2 depicts the per MT MS rod price over the periods. The chart shows the sales price fluctuates heavily. It witnessed the lowest sales price from August 2009 to August 2010. Thereafter, the sales price of per unit rod rose dramatically. As of July 2011, per MT sales price was BDT 58,366 which grew 23% in last one year.



Raw Materials

The main raw material scraps are imported from USA, UK, Canada, Austria, Thailand and Singapore. Mostly 70% of scrap is imported and the remaining is procured locally.

Chart 3 shows that over the last couple of years scrap price has been increasing, with a sudden downfall in end 2010. In April 2011, per MT scrap price was BDT 34,054. In 24 months scrap price grew by 28.1%.





Production Capacity

As of 2011, annual MS billet capacity and MS Rod capacity was 84,000 MT and 120,000 MT respectively. For last three years the production capacity of MS billet and MS rod was stable however, the actual production significantly improved in this period.

Table 2

Year	MS Billet		MS Rod	
	Production Capacity	Actual Production	Production Capacity	Actual Production
2009	84,000	25,643	120,000	20,473
2010	84,000	45,912	120,000	70,975
2011	84,000	76,221	120,000	75,099

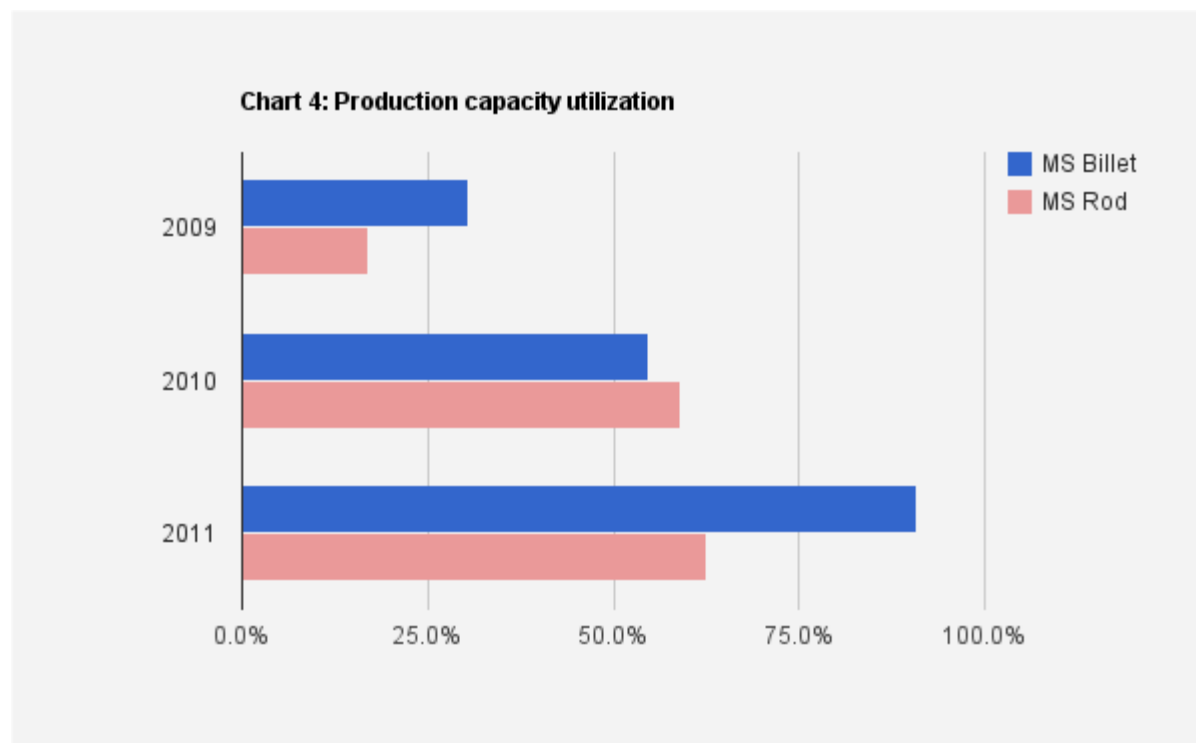


Chart 4 shows that in 2011, the MS billet production capacity utilization was 90.7% whereas MS rod was 62.6% for the same. There is a gap observed between billet production and rod production capacity. Therefore, the Company has to depend on billet import. On the contrary, when billet prices decreases, the Company opted for billet import. As of April 2011, per MT imported billet price was BDT 52,000 only. The Company experienced scarcity and price volatility of billet procurement.

Chart 5: Month-wise MS Rod production

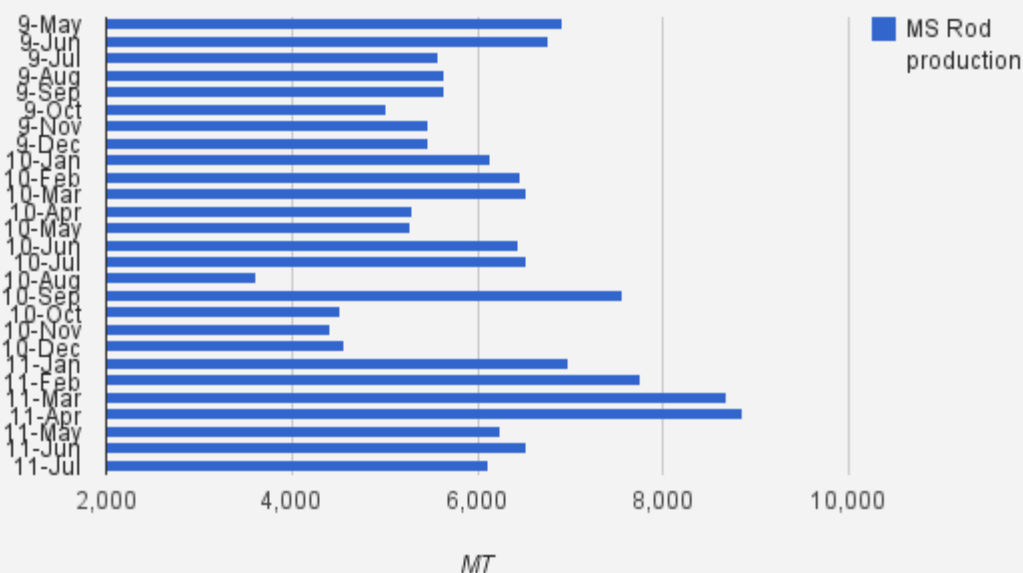


Chart-5 shows that, monthly production capacity of MS rod fluctuates from time to time. In last more than two years average month-wise MS Rod production was 6,116 MT. During 2011, GPH Ispat crossed its monthly production for the first time.

Cost Analysis

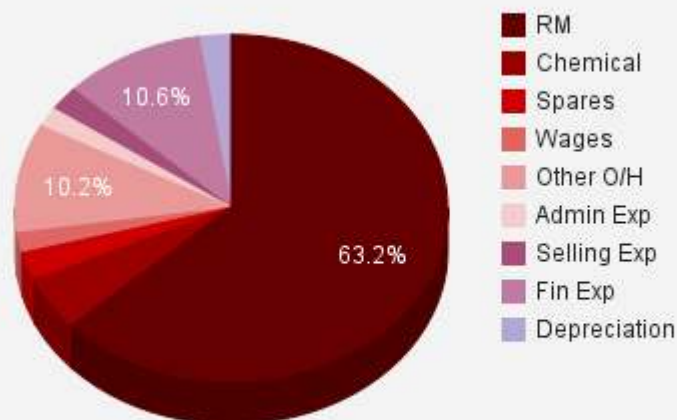
Table 3: Per MT Cost of MS Rod

Particulars	2011		2010		2009	
Raw material	35,244	63.2%	27,345	59.3%	26,970	54.4%
Chemicals	2,780	5.0%	2,544	5.5%	3,071	6.2%
Spares & Consumables	1,478	2.6%	1,653	3.6%	1,967	4.0%
Direct Wages	1,035	1.9%	856	1.9%	968	2.0%
Other Direct O/H	5,675	10.2%	5,383	11.7%	6,924	14.0%
Administrative expense	1,021	1.8%	803	1.7%	951	1.9%
Selling & Dist. expense	1,280	2.3%	875	1.9%	1,360	2.7%
Financial cost	5,918	10.6%	5,422	11.8%	6,107	12.3%
Depreciation	1,355	2.4%	1,224	2.7%	1,237	2.5%
Unit Cost of MS Rod	55,786	100.0%	46,105	100.0%	49,555	100.0%

Note: Amount in BDT

Table 4 sees that in last two years, per MT cost of MS Rod increased by 13% whereas, raw material costing increased by 31%. In total cost bucket of 2011 raw material cost consumes 63% of total cost, which was 54% in 2009. In 2011, other important cost components were financial cost (11%) and other direct overhead (10%).

Chart 6: Cost composition of MS Rod production- 2011



■ FINANCIAL ANALYSIS

Statement of Financial Position Analysis

As of 30 April 2011, total asset of the Company was BDT 3,994.3 million which was BDT 2,453.4 million on the same date of 2010 registering 63% sales growth. The dramatic growth of assets was mostly backed by 85% inventory growth, which belongs 40% of total assets. As of Balance Sheet date of 2011, proportion of non-current assets and current asset was 36:64. In 2011, the Company engaged BDT 301.5 million in capital work in progress. At the same date, account receivable was BDT 462.6 million which was BDT 298.5 million for the same of 2010. As of Balance Sheet date of 2011, the accounts receivable grew by 55% whereas sales grew by only 14%.

As of Balance Sheet date of 2011, the Company had investment in capital market of BDT 14.9 million however, the market price of invested shares was below of BDT 4.2 million than cost price.

As of Balance Sheet date of 2011 paid up capital was BDT 500 million. Shareholding equity decreased to BDT 611.7 million which was 3% lower than one year back as the Company declared 40% stock dividend from retained earnings of BDT 200 million. In April-end 2011, long term loan increased to BDT 860.0 million, having 27% growth whereas short-term loan increased to BDT 2,115.3 million which was more than double of that of previous year.

Statement of Financial Position Analysis

In 2011, total revenue increased to BDT 3,688.5 million which was BDT 3,223.8 million registering 14% growth. In 2011, cost of goods sold to sales proportion came down to 83% which was 87% in 2010, helping the Company have better shape of gross profit margin of 17.5%. In 2011, operating expense increased by BDT 36.9 million. In 2011, net operating profit was BDT 529.6 million which grew by 60% than that of 2010. In 2011, the dependence on external borrowing increased which impacted its financial expense. In 2011, interest expense was BDT 307.8 million which was 41% higher than that of previous year. In 2011, interest expense proportion of revenue increased to 8% which was 7% in 2010. Net profit of the year rose to BDT 182.9 million in 2011, which was BDT 110.2 million in 2010. In 2011, earning per share of the Company increased to BDT 3.7 which was BDT 2.2 in previous year of par share value of BDT 10.

Liquidity Analysis

In 2011, liquidity position slightly deteriorated. Over the period the Company faced liquidity crisis and was more dependent on short-term borrowing. As of Balance Sheet date of 2011, the current ratio, quick ratio and cash ratio was 1.1 times, 0.4 times and 0.2 times respectively.

Operating Performance Analysis

Operating cycle of GPH Ispat was substantially increased in 2011. As of Balance Sheet date cash conversion cycle of GPH Ispat was exactly 6 months (180 days) which was only 126 days a year back. The length of cash conversion was mostly due to increases of inventory conversation days. From the beginning of 2011, the Company started huge pile up of inventory which impacted on its cash conversation cycle.

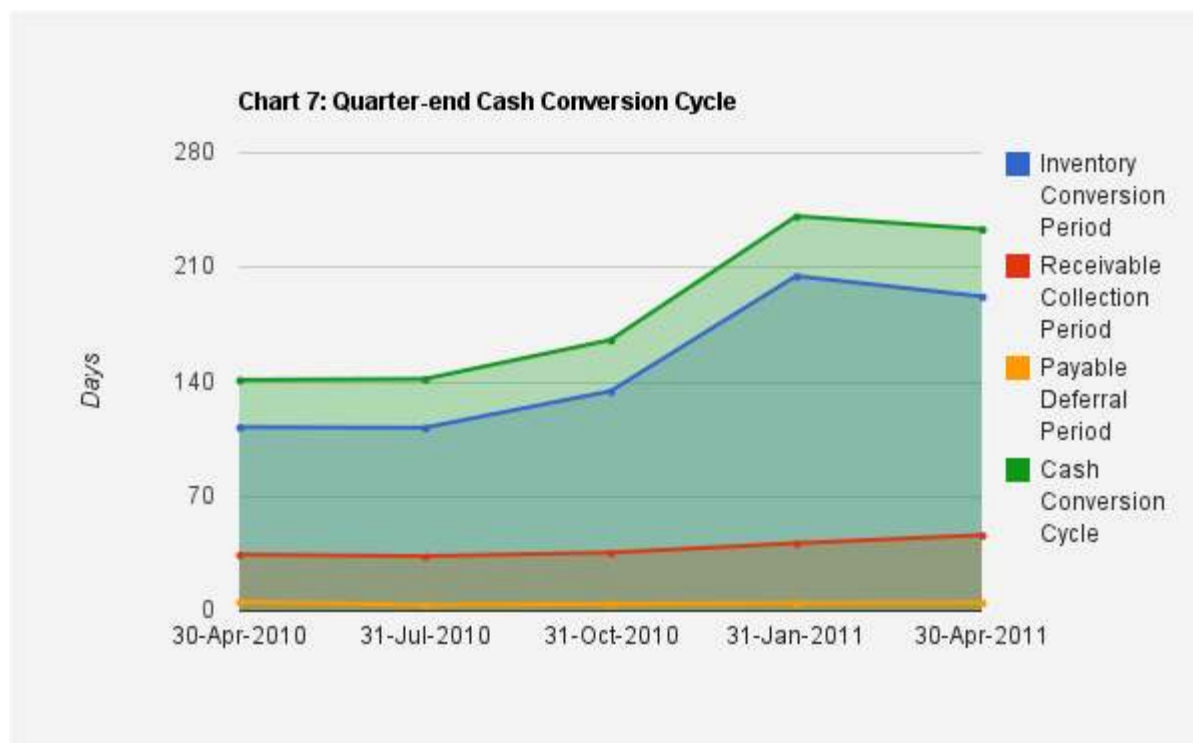


Chart 7 shows last five quarter end operating performance position of the Company. Receivable collection period and payable deferral period were stable over the time. However, inventory conversion period increased dramatically. Based on last five quarter-end the average inventory conversion period was 151 days, average receivable collection period was 38 days, average payable deferral period was 4 days which resulted average cash conversion cycle 184 days.

In 2011, asset turnover, fixed asset turnover slightly decreased. The ratios were 1.1 times and 3.4 times respectively. Revenue per employee was BDT 7.4 million in 2011 which was BDT 9.5 million in 2010.

Profitability Analysis

Profitability position improved in 2011. Most of the profitability had improved shape in 2011. Gross profit margin increased to 17.5% which was 12.6% in 2010. In 2011, net profit margin and EBITDA margin were 5.0% and 14.4% respectively. Return on asset slightly increased to 5.7% however, return on equity came down to 25.4% from 33.4% in 2010.

Leverage Analysis

In 2011, the debt dependence was more acute of GPH Ispat. Debt ratio (liability to asset) increased to 80% which was 74% in 2010. Debt to equity ratio was 3.9 times in 2011 which was 2.9 times in the year past. Borrowed fund to equity ratio and borrowed fund to EBITDA were also increased slightly; the ratios were 3.8 times and 5.1 times respectively.

Coverage Position Analysis

Coverage position was found tightened in 2011. In 2011, the capitalization ratio slightly decreased to 51.4% which is still considered a higher level of leverage. Debt service coverage ratio was below one (0.8 times) and the Company did not have enough operating cash fund to covers its short-term debt and capital expenditure. In 2011, interest coverage ratio and EBITDA coverage ratio were 1.7 times and 2 times respectively.

Cash Flow Analysis

In 2011, GPH Ispat experienced a much constrained cash flow performance. Operating cash flow and free cash flow were negative in 2011. Major cash flow ratios were also found negative in last two years. The Company was forced to increase its inventory in recent times as price hiking of scrap, which impacted on its cash flow performance.

■ BANK PERFORMANCE

GPH Ispat Ltd. has been conducting banking relationship with ten commercial banks. The lead banker of the Company is AB Bank, followed by Trust Bank, One Bank, Pubali Bank, State Bank of India, Southeast Bank, NCC Bank, United Commercial Bank, Janata Bank, Prime Bank and Islami Bank. The loan details are annexed of the report.

Long-Term Loan Performance

As of 30 June 2011, GPH Ispat Ltd. had four term loan facilities with three Banks. Two term loans were with AB Bank and other two were with Trust Bank and One Bank.

Table 4: Long-Term Loan Status

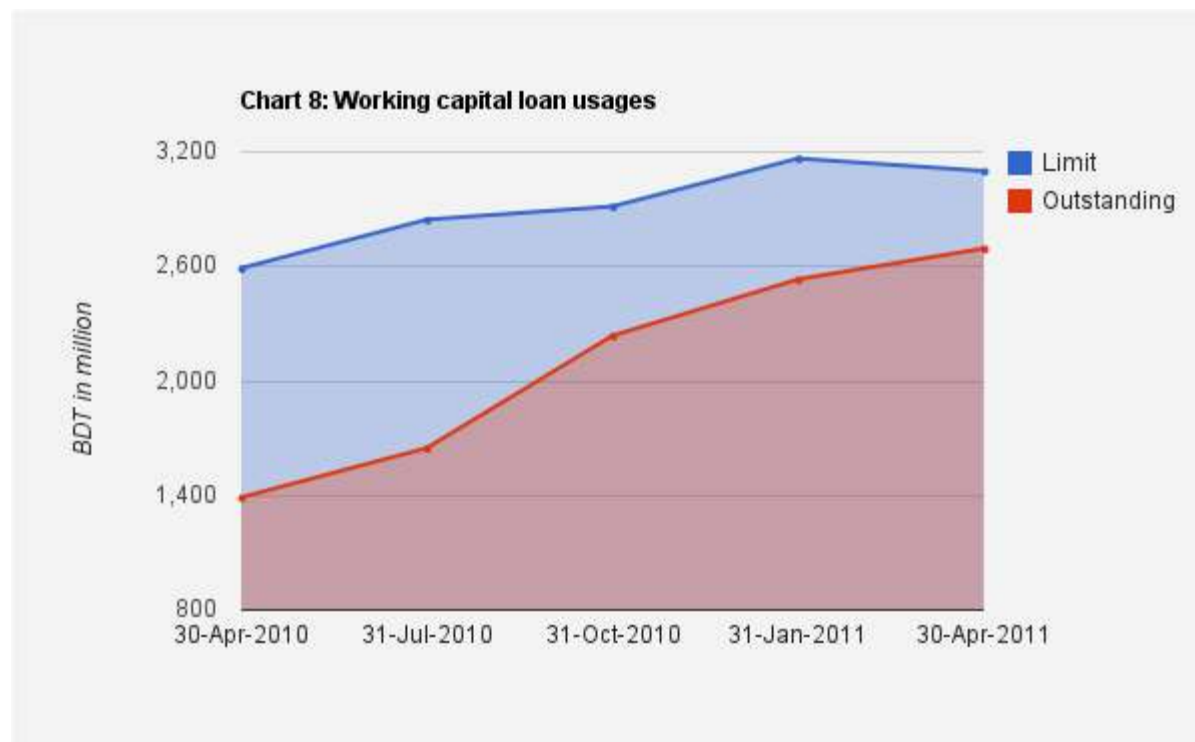
Particulars	Loan-1 (AB Bank)	Loan-2 (AB Bank)	Loan-3 (Trust Bank)	Loan-4 (One Bank)	Total
Outstanding (30-Apr-2010)	196.8		131.8	2.3	330.9
Additional loan (May 10 to Apr 11)		181.3			181.3
Repayment of loan Principal (May 10 to Apr 11)	64.0		42.6	1.7	108.3
Interest Paid (May 10 to Apr 11)	20.8		14.5	0.2	35.5
Outstanding (30-Apr-11)	132.8	181.3	89.2	0.6	403.9
Repayment to be paid (May 10 to Apr 11)	64.0		42.6	1.7	108.3
Variance in amount	0	0	0	0	0

Note: Amount in BDT Million

Table 5 shows that, as of 30 April 2010, the Company had total outstanding figure of term loan of BDT 330.9 million. During May 2010 to April 2011, the Company took additional loan of BDT 181.3 million from AB Bank. In that period, it paid off BDT 108.3 million of principal and BDT 35.5 million as interest expense of term loan, which was equal to the banks' due.

Short-Term Loan Performance

As of 30 April 2011, total working capital limit facility of GPH Ispat was BDT 3,096 million which was BDT 2,586 million in one year past.



Based on chart 8 it is depicted that the tendency of usage of working capital increased over the period in last one year. The difference between limit and outstanding got acute in last one year. Still the Company had scope of usage working capital loan over its limit capacity.

[End of the report]



Annexure 1: Bank Loan Position of GPH Ispat Ltd. (30-Jun-2011)

Name of Bank	Facility	Term Status	Fund Status	Limit/ Disbursed	Outstanding	Expiry Date
AB Bank	Term Loan	Long-term	Funded	280.0	115.5	N/A
AB Bank	Term Loan	Long-term	Funded	200.0	193.1	N/A
AB Bank	Loan against Trust Receipt	Short-term	Funded	200.0	340.2	31-Aug-2011
AB Bank	Revolving Time Loan	Long-term	Funded	500.0	439.9	31-Aug-2011
AB Bank	Revolving Time Loan (Duty)	Short-term	Funded	70.0	67.5	31-Aug-2011
AB Bank	Over Draft	Short-term	Funded	40.0	38.4	31-Aug-2011
AB Bank	Letter of Credit	Short-term	Non-funded	800.0	62.3	31-Aug-2011
AB Bank	Bank Guarantee	Short-term	Non-funded	20.0	5.0	31-Aug-2011
Trust Bank	Term Loan	Long-term	Funded	180.0	77.7	N/A
Trust Bank	Payment Against Document	Short-term	Funded	500.0	61.5	31-Oct-2011
Trust Bank	Letter of Credit	Short-term	Non-funded	500.0	233.0	31-Oct-2011
Trust Bank	Loan against Trust Receipt	Short-term	Funded	450.0	404.7	31-Oct-2011
Trust Bank	Time Loan	Long-term	Funded	150.0	151.1	31-Oct-2011
Trust Bank	Over Draft	Short-term	Funded	50.0	48.1	31-Oct-2011
One Bank	Term Loan	Long-term	Funded	3.3	0.4	N/A
One Bank	Letter of Credit	Short-term	Non-funded	400.0	0.0	31-May-2012
One Bank	Loan against Trust Receipt	Short-term	Funded	150.0	61.5	31-May-2012
Pubali Bank	Loan against Trust Receipt	Short-term	Funded	252.4	252.4	12-Sep-2011
Pubali Bank	Lease Finance	Long-term	Funded	56.4	56.4	N/A
State Bank of India	Loan against Trust Receipt	Short-term	Funded	150.0	96.2	23-Mar-2012
State Bank of India	Letter of Credit	Short-term	Non-funded	150.0	0.0	23-Mar-2012
Southeast Bank	Loan against Trust Receipt	Short-term	Funded	5.7	5.7	25-Oct-2011
NCC Bank	Loan against Trust Receipt	Short-term	Funded	200.0	134.1	30-Nov-2011
NCC Bank	Letter of Credit	Short-term	Non-funded	250.0	0.0	30-Nov-2011
United Commercial Bank	Loan against Trust Receipt	Short-term	Funded	250.0	178.6	30-Nov-2011
United Commercial Bank	Cash Credit (Hypo)	Short-term	Funded	100.0	95.3	30-Nov-2011
United Commercial Bank	Letter of Credit	Short-term	Non-funded	450.0	67.9	30-Nov-2011
Janata Bank	Cash Credit (Hypo)	Short-term	Funded	100.0	102.8	31-Dec-2011
Janata Bank	Loan against Trust Receipt	Short-term	Funded	250.0	102.3	31-Dec-2011
Janata Bank	Letter of Credit	Short-term	Non-funded	300.0	0.0	31-Dec-2011
Prime Bank	Lease Finance	Long-term	Funded	13.5	13.1	N/A
Islami Bank	Murabaha Packing Credit	Short-term	Funded	86.0	7.6	18-Jul-2012
Basic Bank	Loan against Trust Receipt	Short-term	Funded	50.0	50.0	30-Apr-2012
Basic Bank	Letter of Credit	Short-term	Non-funded	70.0	0.0	30-Apr-2012

Note: Amount in BDT Million

BDT 1,047.2 Million Long-Term Outstanding
 BDT 200.0 Million Cash Credit Limits
 BDT 2,704.1 Million Short-Term Fund Limits
 BDT 2,940.0 Million Short-Term Non-Fund Limits

Annexure 2: Rating History of 2010

GPH Ispat Ltd.	A ₂
BDT 386.68 Million Long-Term Outstanding	A ₂ (Lr)
BDT 150.00 Million Cash Credit Limit	A ₂ (Lr)
BDT 2,240.06 Million Short-Term Fund Limits	ST-2
BDT 2,447.56 Million Short-Term Non-Fund Limits	ST-2

Annexure 3 Shareholding position of GPH Ispat Ltd. (30-Jun-2011)

Shareholders	Designation	Shares in BDT million	In percentage
Md. Jahangir Alam	Director & Managing Director	250	50%
Md. Abdur Rouf	Director	25	5%
Md. Alamgir Kabir	Director	40	8%
Md. Almas Shimul	Director	90	18%
Md. Ashrafuzzaman	Director	25	5%
Md. Salahuddin Roman	Director	25	5%
Md. Abdul Ahad	Shareholder	20	4%
Md. Azizul Haque Raju	Shareholder	15	3%
Md. Iqbal Hussain	Shareholder	10	2%
Total		500	100%

Note: Per share value BDT 10



Annexure 4: Statement of Financial Position

	2011	2010	2009
		30 April	
Assets:			
Property, Plant and Equipment, Net	1,110.6	1,044.0	750.2
Capital Work in Progress	301.5		
Investment- Long-term	14.9	30.4	25.0
Preliminary Expenses			0.2
Non-current Assets	1,427.0	1,074.4	775.4
Inventories	1,591.2	861.2	825.2
Accounts Receivable	462.6	298.5	58.9
Advance, Deposit and Prepayments	449.5	211.8	163.3
Cash and Cash Equivalents	63.9	7.5	1.1
Current Assets	2,567.3	1,379.0	1,048.6
Total Assets	3,994.3	2,453.4	1,824.0
Equity and Liabilities:			
Paid-up Capital	500.0	500.0	12.0
Tax Holiday Reserve	103.7	49.4	6.7
Retained Earnings	8.0	79.4	11.9
Revaluation Reserve			
Shareholders' Equity	611.7	628.8	30.6
Long Term Loan	860.0	675.3	460.5
Non-Current Liabilities	860.0	675.3	460.5
Short-term Loan	2,115.3	994.5	1,209.9
Long-term Loan- current portion	137.8	113.5	103.9
Accounts Payables	38.7	38.9	17.9
Provision for Expense	30.7	2.4	1.2
Proposed Dividend	200.0		
Current Liabilities	2,522.5	1,149.3	1,332.9
Total Equity and Liabilities	3,994.3	2,453.4	1,824.0

Note: Amount in BDT Million

Annexure 5: Statement of Comprehensive Income

	2011	2010	2009
Months	12	12	12
	-Year ended April-		
Revenue	3,688.5	3,223.8	1,277.0
Cost of Goods Sold or Cost of Sales	3,044.7	2,817.6	1,166.8
Gross Profit/ (Loss)	643.8	406.1	110.2
-General and Administrative Expense	50.9	27.4	8.9
-Selling and Distribution Expense	66.4	53.1	5.2
Operating Expense	117.3	80.4	14.1
Other Income		-0.2	
Amortization of Preliminary Expenses	526.5	325.5	96.1
Non-operating Income	3.1	4.5	2.6
Net Operating Profit	529.6	330.0	98.7
Interest Expenses	307.8	218.6	79.5
Contribution to WPP Fund	10.6		
Profit before Income Tax	211.2	111.4	19.2
Income Tax Expenses or Provision	28.3	1.2	1.0
Profit for the Year after Tax	182.9	110.2	18.3
Tax Holiday Reserve	54.3	42.8	6.7
Profit after Tax and Reserve	128.6	67.5	11.6
Earnings Per Share (par value of BDT 10 each)	3.7	2.2	15.2

Note: Amount in BDT Million



Annexure 6: Financial Ratios

	2011	2010	2009
Liquidity Ratios			
Current Ratio	1.0 X	1.2 X	0.8 X
Quick Ratio	0.4 X	0.5 X	0.2 X
Cash Ratio	0.2 X	0.3 X	0.0 X
Operating Performance Ratios			
Inventory Conversion Period	147	109	118
Receivable Collection Period	38	20	8
Payable Deferral Period	5	4	3
Cash Conversion Cycle (CCC)	180	126	124
Asset Turnover	1.1 X	1.5 X	1.4 X
Fixed Asset Turnover	3.0 X	3.6 X	3.4 X
Operating Working Capital to Sales	0.5 X	0.3 X	0.6 X
Revenue per Employee (BDT million)	7.4	9.5	5.9
Profitability Ratios			
Gross Profit Margin	17.5%	12.6%	8.6%
Operating Profit Margin	14.3%	10.1%	7.5%
Pretax Profit Margin	5.7%	3.5%	1.5%
Net Profit Margin	5.0%	3.4%	1.4%
Return on Assets	5.7%	5.2%	2.0%
EBIT Margin	14.4%	10.2%	7.7%
EBITDA Margin	16.5%	12.5%	10.2%
Return on Equity	29.5%	33.4%	119.5%
EBITDA to Average Asset	18.9%	18.9%	14.2%
Leverage Ratios			
Debt Ratio (Liability to Asset)	84.7%	74.4%	98.3%
Debt to Equity Ratio	5.5 X	2.9 X	58.6 X
Borrowed Fund to Equity Ratio	5.1 X	2.8 X	51.0 X
Borrowed Fund to EBITDA	5.1 X	4.4 X	12.0 X
Coverage Ratios			
Capitalization Ratio	58.4%	51.8%	93.8%
Debt Service Coverage Ratio	0.8 X	N/A	N/A
Short-term Debt Coverage Ratio	-0.4 X	-0.1 X	N/A
Times Interest Earned or Interest Coverage Ratio	1.7 X	1.5 X	1.2 X
CAPEX + Cash Dividend Coverage Ratio	-1.9 X	-0.5 X	N/A
EBITDA Coverage Ratio	2.0 X	1.8 X	1.6 X
EBITDA - Capex Coverage Ratio	0.5 X	0.7 X	0.5 X
Cash Flow Indicator Ratios			
FFO to Borrowed Fund	8.4%	10.3%	N/A
OCF to Borrowed Fund	-27.9%	-6.7%	N/A
RCF to Borrowed Fund	-27.9%	-6.7%	N/A
FCF to Borrowed Fund	-42.3%	-20.4%	N/A
OCF to Sales Ratio	-23.6%	-3.7%	N/A
FCF to OCF Ratio	151.4%	305.0%	N/A



Annexure 7: Bank Liability of associated companies (30-Jun-2011)

Name of Bank	Type of Credit	Funded Limit	Outstanding
GPH Power Generation Ltd.			
Pubali Bank	Loan against Trust Receipt	23.7	23.7
Pubali Bank	Lease Finance	119.2	119.2
Total		142.9	142.9
Jahangir & Others Ltd.			
Standard Bank	Cash Credit (Hypo)	10.0	9.0
Standard Bank	Loan against Trust Receipt	150.0	55.1
Mutual Trust Bank	Loan against Trust Receipt	80.0	97.4
Mutual Trust Bank	Cash Credit (Hypo)	50.0	54.2
National Bank	Cash Credit (Hypo)	20.0	18.5
Eastern Bank	Demand Loan	40.0	39.2
Total		350.0	273.4
Chittagong Capital Ltd.			
One Bank	Over Draft	30.0	30.7
Pubali Bank	Lease Finance	5.8	5.8
Total		35.8	36.5
MI Cement Factory Ltd.			
One Bank	Loan against Trust Receipt	29.4	29.4
One Bank	Time Loan	10.3	10.3
One Bank	Cash Credit	50.0	19.2
One Bank	Syndicated loan	1,158.5	473.3
Prime Bank	Loan against Trust Receipt	550.0	493.4
Prime Bank	Hire Purchase	5.4	5.4
Prime Bank	Cash Credit	50.0	5.7
Total		1,853.5	1,036.6
Crown Polymer Bagging Ltd.			
Dutch-Banlga Bank	Trust Receipt	1.9	1.9
Prime Bank	Term Loan	575.6	313.2
Total		577.5	315.1
Crown Mariners Ltd.			
Prime Bank	Term Loan	450.0	204.5
Prime Bank	Loan against Trust Receipt	425.0	6.9
Total		875.0	211.4
Premier Cement Mills Ltd.			
Standard Bank.	Loan against Trust Receipt	280.0	124.5
Standard Bank	Cash Credit (Hypo)	30.0	31.1
Dutch Bangla Bank	Loan against Trust Receipt	250.0	271.3
Dutch Bangla Bank	Over Draft	30.0	21.8
Standard Chartered	Loan against Trust Receipt	300.0	103.5
City Bank	Loan against Trust Receipt	200.0	50.8
Prime Bank	Over Draft	200.0	29.8
HSBC	Loan against Trust Receipt	10.0	5.2
Total		1,300.0	637.9

Note: Amount in BDT Million



CRAB RATING SCALES AND DEFINITIONS –Long Term (Corporate)

Long Term Rating	Definition
AAA Triple A	Companies rated in this category have extremely strong capacity to meet financial commitments. These companies are judged to be of the highest quality, with minimal credit risk.
AA₁, AA₂, AA₃* Double A	Companies rated in this category have very strong capacity to meet financial commitments. These companies are judged to be of very high quality, subject to very low credit risk.
A₁, A₂, A₃ Single A	Companies rated in this category have strong capacity to meet financial commitments, but are susceptible to the adverse effects of changes in circumstances and economic conditions. These companies are judged to be of high quality, subject to low credit risk.
BBB₁, BBB₂, BBB₃ Triple B	Companies rated in this category have adequate capacity to meet financial commitments but more susceptible to adverse economic conditions or changing circumstances. These companies are subject to moderate credit risk. Such companies possess certain speculative characteristics.
BB₁, BB₂, BB₃ Double B	Companies rated in this category have inadequate capacity to meet financial commitments. Have major ongoing uncertainties and exposure to adverse business, financial, or economic conditions. These companies have speculative elements, subject to substantial credit risk.
B₁, B₂, B₃ Single B	Companies rated in this category have weak capacity to meet financial commitments. These companies have speculative elements, subject to high credit risk.
CCC₁, CCC₂, CCC₃ Triple C	Companies rated in this category have very weak capacity to meet financial obligations. These companies have very weak standing and are subject to very high credit risk.
CC Double C	Companies rated in this category have extremely weak capacity to meet financial obligations. These companies are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C Single C	Companies rated in this category are highly vulnerable to non-payment, have payment arrearages allowed by the terms of the documents, or subject of bankruptcy petition, but have not experienced a payment default. Payments may have been suspended in accordance with the instrument's terms. These companies are typically in default, with little prospect for recovery of principal or interest.
D (Default)	D rating will also be used upon the filing of a bankruptcy petition or similar action if payments on an obligation are jeopardized.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.



LONG-TERM RATING: LOANS/FACILITIES FROM BANKS/FIS

(All loans/facilities with original maturity exceeding one year)

RATINGS	DEFINITION
AAA (Lr) (Triple A) Highest Safety	Loans/facilities rated AAA (Lr) are judged to offer the highest degree of safety, with regard to timely payment of financial obligations. Any adverse changes in circumstances are unlikely to affect the payments on the loan facility.
AA (Lr)* (Double A) High Safety	Loans/facilities rated AA (Lr) are judged to offer a high degree of safety, with regard to timely payment of financial obligations. They differ only marginally in safety from AAA (Lr) rated facilities.
A (Lr) Adequate Safety	Loans/facilities rated A (Lr) are judged to offer an adequate degree of safety, with regard to timely payment of financial obligations. However, changes in circumstances can adversely affect such issues more than those in the higher rating categories.
BBB (Lr) (Triple B) Moderate Safety	Loans/facilities rated BBB (Lr) are judged to offer moderate safety, with regard to timely payment of financial obligations for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for issues in higher rating categories.
BB (Lr) (Double B) Inadequate Safety	Loans/facilities rated BB (Lr) are judged to carry inadequate safety, with regard to timely payment of financial obligations; they are less likely to default in the immediate future than instruments in lower rating categories, but an adverse change in circumstances could lead to inadequate capacity to make payment on financial obligations.
B (Lr) High Risk	Loans/facilities rated B (Lr) are judged to have high risk of default; while currently financial obligations are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
CCC (Lr) Very High Risk	Loans/facilities rated CCC (Lr) are judged to have factors present that make them very highly vulnerable to default; timely payment of financial obligations is possible only if favorable circumstances continue.
CC (Lr) Extremely High Risk	Loans/facilities rated CC (Lr) are judged to be extremely vulnerable to default; timely payment of financial obligations is possible only through external support.
C (Lr) Near to Default	Loans/facilities rated C (Lr) are currently highly vulnerable to non-payment, having obligations with payment arrearages allowed by the terms of the documents, or obligations that are subject of a bankruptcy petition or similar action but have not experienced a payment default. C is typically in default, with little prospect for recovery of principal or interest. C (Lr) are typically in default, with little prospect for recovery of principal or interest.
D (Lr) Default	Loans/facilities rated D (Lr) are in default or are expected to default on scheduled payment dates.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

SHORT-TERM CREDIT RATING: LOANS/FACILITIES OF BANKS/FIS

(All loans/facilities with original maturity within one year)

	DEFINITION
ST-1 Highest Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is very strong.
ST-2 High Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is strong; however, the relative degree of safety is lower than that for issues rated higher.
ST-3 Adequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is adequate; however, the issues are more vulnerable to the adverse effects of changing circumstances than issues rated in the two higher categories.
ST-4 Marginal	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is marginal; and the issues are quite vulnerable to the adverse effects of changing circumstances.
ST-5 Inadequate Grade	This rating indicates that the degree of safety regarding timely payment on the loans/facilities is minimal, and it is likely to be adversely affected by short-term adversity or less favorable conditions.
ST-6 Lowest Grade	This rating indicates that the loans/facilities are expected to be in default on maturity or is in default.

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WARNING: Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected.

1st Applicant: Name (in Block Letters)	Signature:
2nd Applicant: Name (in Block Letters)	Signature:

82

INSTRUCTIONS

- 1** As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
- 2** All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
- 3** Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- 4** Application must not be for less than **500** ordinary shares and must be for a multiple of **500** ordinary shares. Any application not meeting these criterions will not be considered for allotment purpose.
- 5** Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers' to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers' to the Issue favoring "**GPH ISPAT LIMITED**" and crossed "**A/C Payee only**" and must be drawn on a bank in the same town as the bank to which the application form has been sent.
- 6** In the case of a joint application form, the Allotment letter will be dispatched to the person whose name appears first on this application form and where any amount each refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this application form in the manner prescribed in the prospectus.
- 7** Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
- 8** Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Associations and Certificate of Incorporation.
- 9** **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
- 10** **The applicants who have applied for more than two applications using bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.**
- 11** No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
- 12** In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- 13** Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission.
- 14** Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
- 15** Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
- 16** The Bankers' to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
- 17** **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

BANKERS TO THE ISSUE

[illegible]



WARNING: Please read the instructions at the back of this form. Incorrectly filled applications or applications failing to comply with any of the instructions therein may be rejected.

Crown Chamber, 325 Asadgonj, Chittagong

[illegible]

6. Particulars of Applicant(s):

Name: Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mothers Name:	
Mailing Address :	
Occupation :	Nationality:
Passport No:	Valid Up to:
Date of Birth	Tel No. (if any):
For refund warrant: Please write the correct and full name of bank and branch (Application will not be treated as valid if any one uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank).	
For Refund: Applicant's Bank A/C No:	
Name of the Bank :	Branch :

Name: Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mothers Name:	
Mailing Address :	
Occupation:	Nationality:
Passport No. :	Valid Up to:
Date of Birth:	Tel No. (if any):

Name:
Mailing Address:

1st Applicant: Name (in Block Letters)	Signature
2nd Applicant: Name (in Block Letters)	Signature
Nominee Name (in Block Letters)	Signature

85

INSTRUCTIONS

- 1 As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
- 2 All information must be written or typed in block letters in English and must not be abbreviated.
- 3 An application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
- 4 An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"GPH ISPAT LIMITED"** and crossed **"Account Payee only"**.
- 5 Application shall be sent by the applicant directly to the Company within **09 February, 2012** so as to reach the Company within **18 February, 2012**. Any applications sent after **09 February, 2012** or received by the Company after **18 February, 2012** will not be considered for allotment purpose.
- 6 Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant through A/C Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.
- 7 In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions of the Securities and Exchange Commission.
- 8 Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
- 9 Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made to the first applicant. Note that a Non-Resident Bangladeshi (NRB) applicant cannot submit more than two applications. One in his/her own name and another jointly with another person by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate). More than two applications by one cheque/DD/PO by USD/GBP/EURO/BDT (supported by a foreign currency encashment certificate) will not be allowed.
- 10 Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
- 11 Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and / or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
- 12 The intending NRB applicants shall deposit share money by US\$/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
- 13 The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
- 14 **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
- 15 In case of joint NRB application joint applicant shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).
- 16 **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
- 17 **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus have been published.**
- 18 In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- 19 **The applicants who have applied for more than two applications using bank account, their application will not be considered for lottery and the Commission may forfeit whole or part of their application too.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.