



মালেক সিদ্দিকী ওয়ালী, চার্টার্ড একাউন্টেন্টস

৯-জি, মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

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**Independent Auditor's Report**  
**To the Shareholders of Savar Refractories Ltd.**  
Report on the Audit of the Financial Statements

**Qualified Opinion**

We have audited the financial statements of **Savar Refractories Ltd.** which comprise the financial position as at June 30, 2020, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, except the effect described in the Basis for Qualified Opinion paragraph the financial statements present fairly, in all material respects, of the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the company act 1994, the Security and Exchange Rules 1987 and other applicable law and regulations.

**Basis for Qualified Opinion**

1. The company did not call AGM since financial year 2016-2017. AS Such, neither the company's financial statements were approved by shareholders through ordinary resolution, nor auditors' appointment for the year June 30, 2017, June 30, 2018, June 30, 2019 nor June 30, 2020 was confirmed by the company's shareholders. However, the board of directors has given their consent to approve the financial statements for the year June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 in the company's board meeting. The board of directors have filled up the casual vacancy of statutory auditors by appointing current auditors for the financial year 2019-2020 in the company's 310<sup>th</sup> board meeting held on June 11, 2020 even though the current auditors has completed his consecutive three years statutory auditor. The Securities Law and DSE listing regulation, 2015 requires to changes the statutory auditor after exceeding consecutive three years.
2. The accompanying financial statements have been prepared assuming that the company will continue as going concern. The company has been suffering from running operation losses & subsequent net loss since 2013-14 recurring losses from operations poor current ratio (stood 0.38:1) and deficiency of production capacity by 54.40% that raise doubt about its ability to continue as going concern.
3. As per labor act 2006, sec-234, the company must have to pay WPPF liability within 09 months form the accounting year end. The company is carrying forward WPPF liability of taka 729,503 at the year.
4. The advance income taxes of the company included of Tk. 2,477,158 which has previously been adjusted with prior year(s) tax liability, but still it is being carried as advance income tax asset. If such AIT is written off, then NAV of the company will be reduced by that amount and disclosed NAV per share would be Tk.1.10 instead of current disclosed NAV per share of Tk.2.88.



We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Opinion.

## Key Audit Matters

Risk	Our response
<b>Revenue recognition</b> <p>At the year ended, the company's reported total revenue of Tk. 37,978,689.</p> <p>Revenue is measured net of trade discount and VAT. Time of revenue recognition is matter. The revenue may overstated for the early recognition of revenue to achieve the desired result.</p>	
Please see the note 18 in this financial statements.	
<b>Valuation of inventory</b> <p>The balance of inventory of the Company at the year-end was Tk. 12,903,020 held in the company's warehouse.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p>	
	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory and related provisions by:</p> <ul style="list-style-type: none"> <li>• Policy of revenue recognition;</li> <li>• Issuance of VAT challan;</li> <li>• Segregation of duties in invoice creation and modification; and</li> <li>• Timing of revenue recognition.</li> </ul> <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> <li>• Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period;</li> <li>• VAT is correctly dealt with;</li> <li>• Critically assessing manual journals posted to revenue to identify unusual or irregular items; and</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting Standards.</li> </ul> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the Company in respect of inventory management;</li> <li>• to attend the physical inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• to review the inventory costing procedures and methodology.</li> <li>• comparing the net realizable value, obtained through a detailed review of sales subsequent</li> </ul>



Risk	Our response
	<p>to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;</p> <ul style="list-style-type: none"> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and</li> <li>• Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.</li> </ul>
Please see the note 4 in this financial statements.	
<b>Measurement and recognition of deferred tax</b>	
<p>The balance of reported deferred tax liability of the company was Tk. 4,571,541 as on June 30, 2020.</p> <p>The risk for the financial statements is that these provisions are not properly measured for all types of temporary difference as per IAs 12: Income Tax.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax.</p> <p>We have assessed the appropriateness of the carrying amounts of net asset value as per tax base and accounting base.</p> <p>We have also assessed the rate of deferred for each temporary difference.</p> <p>Also, we examined the accounting treatment of deferred tax.</p>
Please see the note 15 in this financial statements.	

## Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. We have not been provided the Director's report and other information contained within the annual report except the financial statements to the date of our auditor's report. We expect to obtain the remaining reports of the Annual report after the date of our auditor's report. Management is responsible for the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.



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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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




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

#### **Report on other Legal and Regulatory Requirements**

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
October 28, 2020

  
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**Md. Waliullah**  
Chartered Accountants




**SAVAR REFRACTORIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT JUNE 30, 2020



		As at 30 June 2020	As at 30 June 2019
Particulars	Notes	Taka	Taka
<b>Assets:</b>			
<b>Non-current asset</b>			
Property, Plant & Equipments	3.00	50,038,688	51,424,038
		<b>50,038,688</b>	<b>51,424,038</b>
<b>Current assets</b>			
Inventories	4.00	12,903,020	9,923,194
Trade Debtors	5.00	3,134,219	2,619,155
Advance, Deposits & Pre-payments	6.00	4,950,405	19,360,089
Cash & Cash equivalents	7.00	4,725,646	2,764,139
		<b>25,713,290</b>	<b>34,666,577</b>
		<b>75,751,978</b>	<b>86,090,616</b>
<b>Total Assets</b>			
<b>Equity &amp; Liabilities:</b>			
Equity			
Share Capital	16.00	13,928,000	13,928,000
Reserve Accounts	17.00	2,094,434	2,094,434
Retained Earning/(Loss)		(12,015,406)	(10,397,836)
		<b>4,007,028</b>	<b>5,624,598</b>
<b>Non-current liabilities</b>			
Deferred Tax	15.00	4,571,541	4,840,331
		<b>4,571,541</b>	<b>4,840,331</b>
<b>Current Liabilities</b>			
Working Capital Loan – Janata Bank	8.00	28,430,077	30,645,673
Loans & Advances	9.00	20,236,644	24,046,861
Accounts payable	10.00	10,050,498	12,552,395
Liability for expenses	11.00	1,930,575	2,313,917
Other liabilities	12.00	4,691,404	3,997,521
Workers Profit Participation Fund	13.00	729,503	729,503
Provision For Taxation	14.00	946,054	1,181,163
Unclaimed Dividend		158,654	158,654
		<b>67,173,409</b>	<b>75,625,687</b>
		<b>75,751,978</b>	<b>86,090,616</b>
<b>Total Equity &amp; Liabilities</b>			
Net Asset Value (NAV) per share	29.00	2.88	4.04

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 28 October 2020 and were signed on its behalf by:

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairperson

Signed in terms of our separate report the annexed date even.

Dated: Dhaka  
28 October 2020

  
Malek Siddiqui Wali  
Chartered Accountants







**SAVAR REFRACTORIES LIMITED**  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended June 30, 2020



Particulars	Notes	For the year ended June 30, 2020	For the year ended June 30, 2019
		Taka	Taka
Sales Revenue	18	37,978,689	55,870,026
Cost of goods sold	20	(29,652,651)	(44,401,252)
<b>Gross profit</b>		<b>8,326,038</b>	<b>11,468,774</b>
<b>Other income</b>	19	<b>149,999</b>	<b>-</b>
Administrative & Marketing Expenses	21	(6,337,484)	(9,240,412)
Financial Expenses	22	(2,583,075)	(3,064,478)
<b>Operating profit/Loss</b>		<b>(444,522)</b>	<b>(836,116)</b>
Provision for WPPF		-	-
<b>Profit/(Loss) before tax</b>		<b>(444,522)</b>	<b>(836,116)</b>
<b>Income tax expenses</b>			
Prior year Tax under provision		(1,027,073)	(237,307)
Provision for Income tax	23	(414,765)	(335,220)
Deferred Tax movement		268,791	(162,717)
<b>Profit/(Loss) after tax</b>		<b>(1,617,570)</b>	<b>(1,571,360)</b>
Earning Per Share (EPS)	28	(1.16)	(1.13)

The accompanying notes are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 28 October 2020 and were signed on its behalf by:

 Chief Financial Officer	 Director	 Managing Director	 Chairperson
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Signed in terms of our separate report the annexed date even.

Dated: Dhaka  
28 October 2020

  
Malek Siddiqui Wali  
Chartered Accountants



**SAVAR REFRACTORIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Particulars	Share Capital	Reserve	Retained earning	Total
Opening balance	13,928,000	2,094,434	(10,397,836)	5,624,598
Profit/(loss) for the year	-	-	(1,617,570)	(1,617,570)
Closing balance	<b>13,928,000</b>	<b>2,094,434</b>	<b>(12,015,406)</b>	<b>4,007,028</b>

**SAVAR REFRACTORIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Particulars	Share Capital	Reserve	Retained earning	Total
Opening balance	13,928,000	2,094,434	(8,826,476)	7,195,958
Profit/(loss) for the year	-	-	(1,571,360)	(1,571,360)
Closing balance	<b>13,928,000</b>	<b>2,094,434</b>	<b>(10,397,836)</b>	<b>5,624,598</b>

The financial statements were approved by the Board of directors on 28 October 2020 and were signed on its behalf by:

  
Chief Financial Officer

  
Director

  
Managing Director

  
Chairperson

Signed in terms of our separate report the annexed date even.

Dated: Dhaka  
28 October 2020

  
Malek Siddiqui Wali  
Chartered Accountants



**SAVAR REFRACTORIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**



	Notes	For the year ended June 30, 2020 Taka	For the year ended June 30, 2019 Taka
<b>Cash Flows From Operating Activities:</b>			
Collection from sale and other income		33,903,408	52,397,504
Payments against purchases, supplies, employees & others		(23,383,488)	(50,558,170)
Finance Cost paid		(2,583,075)	(3,064,478)
Tax paid		(1,007,837)	(705,752)
<b>Net cash generated/(used) in operation</b>		<b>6,929,008</b>	<b>(1,930,896)</b>
<b>Cash Flows From Investment Activities:</b>			
Acquisition of Property, Plant & Equipment		(2,651,905)	(3,188,979)
Disposal of Property, plant & Equipment		150,000	-
<b>Net cash generated/(used) in investing activity</b>		<b>(2,501,905)</b>	<b>(3,188,979)</b>
<b>Cash flows From Financing Activities:</b>			
Working capital Received/(Repaid)		(2,215,596)	4,619,935
Directors' loan received		(250,000)	(100,000)
<b>Net cash generated/(used) financing activity</b>		<b>(2,465,596)</b>	<b>4,519,935</b>
Net Cash Inflow / (Outflow)/for the period		1,961,507	(599,940)
Cash & Bank balance at opening		2,764,139	3,364,079
<b>Cash &amp; Bank balance at closing</b>		<b>4,725,646</b>	<b>2,764,139</b>
Net operating cash flow per share (NOCFPS)	30	4.97	(1.39)

The financial statements were approved by the Board of directors on 28 October 2020 and were signed on its behalf by:

  
Chief Financial Officer

  
Director

   
Managing Director Chairperson

Signed in terms of our separate report the annexed date even.

Dated: Dhaka  
28 October 2020

  
Malek Siddiqui Wali  
Chartered Accountants

**Savar Refractories Ltd.**  
**Notes to the Accounts**  
**For the year ended June 30, 2020**

**1. The Company and its Operation**

**1.01 Legal form of the Enterprise**

The Savar Refractories Ltd. is incorporated in Bangladesh as a Public Limited Company as on 14 August 1982 and listed with Dhaka Stock Exchange Ltd. at May 1988 with an Authorized Capital of Tk. 25,000,000/- divided into 250,000 ordinary shares of Tk. 100/= each under the Companies Act 1994. Subsequently the company increased its share capital to Tk. 300,000,000/- divided into 30,000,000 ordinary shares of Tk. 10/=

**1.02 Nature of Business activities**

Savar Refractories Ltd. is primarily engaged to produce very high quality of Fire Bricks, Fire Clay, Castable & Insulation Bricks for 100% local consumption. The company can carry out legitimate business activity in line with business object statement in company's Article of Association.

**1.03 Registered Address**

The Registered Office of the Company is situated at 108 Airport Road, Tejgaon, Dhaka-1215 while the factory of the company is located at Mirzanagar (Nayarhat), Savar, Dhaka-1344.

**2. Summary of significant accounting policies**

The accounts have been prepared according to integrated accounting principles adopted on a going concern basis under historical cost convention and are based on generally accepted accounting standard.

**2.01 Basis of Financial Statements preparation**

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with Generally Accepted Accounting Principles and practice in Bangladesh. And the relevant Schedules applicable to the company of the Companies Act 1994 are consistently applied while preparing the financial statements for the year June 30, 2020.

**2.02 Recognition of Property, Plant and Equipment**

2.02.01 Property, Plant and Equipment are recognized, when and only when the necessary recognitions criteria set out in applicable accounting standards in Bangladesh are met, means it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Gains and losses on disposal of an item of property, plant and equipment are taken into account in face of Income Statement by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. When revalued assets are sold, the relevant amount included in the revaluation reserve is transferred to retained earnings.



Depreciation is charged using reducing balance method. The following rate was used while calculating the depreciation.

Item	Rate
Land & Land Development	0%
Factory Building	5%
Plant & Machinery	10%
Klin Construction	10% to 20%
Motor Vehicles	15%
Furniture & Fixture	15%
Equipments	15%

### 2.03 Intangible Asset

Intangible assets are recognized in accordance with IAS 38 Intangible asset and depreciated using straight line method.

### 2.04 Current Assets

The company has recognized current assets when:

- It expects to realize the assets or intends to sell or consume it, in its normal operating cycle.
- It holds the asset primarily for the purpose of trading.
- It expects to realize asset within twelve months after the reporting period.

All other assets are classified as non-current asset.

### 2.05 Inventory Valuation

Inventory is valued lower of cost and net selling price in accordance with IAS 2 Inventory. Cost of inventory is used to compute the value of inventory this year as cost value is lower than current market value.

### 2.06 Turnover and Sales Revenue

Turnover is shown net off return in ward, discount and VAT. Sales revenue is recognized as per IFRS 15 "**Revenue from contracts with customers**" on accrual basis as and when meets the recognition criteria of related accounting standard.

### 2.07 Lease

Changes to the company's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS 16 Lease.

IFRS 16 supersedes IAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The company elected to use the transition practical expedient to not reassess whether a contract is, or

contains a lease at 1 January 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

The IFRS 16 requires to recognise the present value of minimum lease payment under the lease agreement as asset and Liability namely "Right to Use of Asset" and "Lease Liability" respectively. The Right to Use of Asset is added by the balance of advance payment at initial application of IFRS 16, which was July 01, 2019. However, IFRS 16 also allows the company to recognise the lease payment as expenses in respect of short term lease agreement. The company has just one lease arrangement which has fallen in second category. As such, lease (rental) payment was recognised as expenses in the Profit or Loss statement, when they incurred, for short term (temporary) lease and low value lease agreement.

## **2.08 Foreign Currencies Transactions**

The functional and presentation currency is Bangladeshi Taka. And foreign currency transactions are converted into Bangladeshi TAKA at the exchange rate ruling on the date of transaction and the yearend balance are converted into Bangladeshi TAKA at the exchange rate ruling on the date of Balance Sheet as per IAS 21 ***"The effects of changes in Foreign Currency Rates"***.

## **2.09 Earnings Per Share (EPS)**

### **Basic EPS**

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

## **2.10 Taxation**

The Company makes provision of current tax based on the taxable income as per the Income Tax Ordinance 1984. Taxable profits differs from profits as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other year or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the balance sheet date.

## **2.11 Cash and Cash Equivalents**

According to IAS 7 ***"Cash Flow statements"***, cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. IAS 1 ***"Presentation of Financial Statements"*** provides those cash and cash equivalents is not restricted in use. Considering the provisions of IAS 7 and IAS 1, cash in hand and at bank balances have been considered as cash and bank balance.

## **2.12 Reporting currency**

The figures in the financial statement represent Bangladeshi TAKA Currency, which have been rounded off to the nearest TAKA except where indicates otherwise.

## **2.13 Reporting Period**

Financial Statement of the company covers one calendar year from July 1, 2019 to June 30, 2020.

## **2.14 Comparative Information**

Comparative information have been disclosed in respect of the year ended June 30, 2020 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.



## 2.15 Components of Financial Statements

According to the International Accounting Standards (IAS) 1 "Preparation of Financial Statements" a complete set of Financial Statements includes the following components.

- a) Statement of Financial Position as at June 30, 2020.
- b) Statement of Comprehensive Income for the year ended June 30, 2020.
- c) Cash Flow Statement for the year ended June 30, 2020.
- d) Statement of Changes in Equity for the year ended June 30, 2020.
- e) Accounting Policies and Notes to the Financial Statements for the year ended June 30, 2020.

### 3.00 Property Plant & Equipment Assets (Annexure A)

#### Cost Value of Assets :

Add : Addition during the year  
Less: Adjustment during the year  
Closing balance

#### Accumulated Depreciation :

Opening balance  
Add : Addition during the year  
Less: Adjustment during the year  
Closing balance

Written Down Value

For the year ended June 30, 2020 Taka	For the year ended June 30, 2019 Taka
115,642,024	112,453,045
2,651,905	3,188,979
(795,000)	-
<b>117,498,929</b>	<b>115,642,024</b>
64,217,986	60,063,255
4,037,254	4,154,731
(794,999)	-
<b>67,460,241</b>	<b>64,217,986</b>
<b>50,038,688</b>	<b>51,424,038</b>

3.01 Please see the annexure A for more details.

### 4.00 Inventory

	Qty. (M.Tons)	Qty. (M.Tons)		
a) Spare Parts	-	-	69,341	213,254
b) Raw Materials (4.01)	594.57	536.59	3,766,553	1,823,717
c) Work-in-process (4.02)	71.74	82.52	704,354	615,725
d) Finished goods (4.03)	868.69	1,167.13	8,362,772	7,270,498
			<b>12,903,020</b>	<b>9,923,194</b>

- a) Physical counting of the stock was carried out by inventory counting team.  
b) Inventory at June 30, 2020 are valued at lower of average cost and net realizable value.  
c) The inventories are pledged as security for working capital loan from Janata Bank.

### 4.01 Raw Materials

Items	Qty. (M.Tons)	Qty. (M.Tons)		
<b>a. Imported:</b>				
i) Aluminium Ors & Concentrates (Bauxite)	71.42	14.42	1,768,418	443,717
ii) Indian Clay	120.00	0.00	762,974	-
	<b>191.42</b>	<b>14.42</b>	<b>2,531,392</b>	<b>443,717</b>
<b>b. Local:</b>				
i. Mymensingh Clay Grade-1	19.30	83.83	90,160	251,485
ii. Mymensingh Clay Grade-2	19.32	88.64	85,766	210,542
iii. Grog, Grade-1	115.16	55.62	430,875	222,485
v. Grog, Grade-2	65.83	82.56	162,188	208,195
vi. White Clay (Sylhet)	169.23	169.23	220,000	220,000
vii. Black Clays	9.41	37.51	51,981	75,023
viii. Portland Cement	1.37	1.25	21,942	20,020
ix. Alumina Cement	1.84	1.84	138,000	138,000
vii. Others	1.69	1.69	34,250	34,250
	<b>403.15</b>	<b>522.17</b>	<b>1,235,161</b>	<b>1,380,000</b>
Total	<b>594.57</b>	<b>536.59</b>	<b>3,766,553</b>	<b>1,823,717</b>

### 4.02 Work-in-Process

Name of items	Quality	Qty. (M.Tons)	Qty. (M.Tons)		
A.R.B-3	SHA	11.42	9.76	110,250	115,842
STD	HA	24.02	12.08	225,429	107,525
RLN - 2A	LADDLE	-	10	-	75,427
71- 0525	MD	6.25	14.89	85,285	104,520
S/A	RD	-	12	-	74,714
STD	SD	3.02	9.08	35,125	62,124
Runner/Pipe/Centre/Funnel Bricks		27.03	6.33	248,265	38,452
Laddle		-	5	-	25,105
STD, (C.F) L.F.B		-	4	-	12,016
		<b>71.74</b>	<b>82.52</b>	<b>704,354</b>	<b>615,725</b>



#### 4.03 Finished Goods

Items	Qty. (M.Tons)	Qty. (M.Tons)		
Hydrometric Cone Equivalent SK-24 (SRL/RD)	-	99	-	784,204
Hydrometric Cone Equivalent SK-26 (SRL/MD)	131.24	109.93	393,732	1,025,478
Hydrometric Cone Equivalent SK-27 (SRL/MHD)	-	93	-	490,445
Hydrometric Cone Equivalent SK-28	-	96	-	775,640
Hydrometric Cone Equivalent SK-29 (SRL/SD)	49.88	0.00	251,530	-
Hydrometric Cone Equivalent SK-30 (SRL/SHD)	-	77	-	787,510
Hydrometric Cone Equivalent SK-32 (SRL/HA)	150.72	71.49	1,236,092	384,562
Hydrometric Cone Equivalent SK-33 (SRL/SHA)	143.84	61.08	1,315,996	284,570
Hydrometric Cone Equivalent SK-34 (SRL/SHA-2)	-	59	-	328,430
Hydrometric Cone Equivalent SK-36 (SRL/SHA-1)	64.76	74.29	812,812	577,510
Hydrometric Cone Equivalent SK-37 (SRL/Super-65)	33.90	0.00	589,372	-
Laddle & STD, I.B	25.48	143.84	637,000	576,533
Runner/Pipe/Centre/Funnel Bricks	102.00	153.80	1,846,846	425,148
Light Fire Bricks (Tali)	158.10	89.14	983,166	585,264
Others (Fire Cement, Castable (S-65, AH-90), Ram Mas)	8.77	39.65	296,226	245,204
	<b>868.69</b>	<b>1,167.13</b>	<b>8,362,772</b>	<b>7,270,498</b>

#### 5.00 Trade debtors

Anwar Ispath	550,807	379,482
Al-Abbas Enterprice	171,720	164,580
Bangla Millars Ltd (RFL)	191,100	191,100
Salam Steel Con-Cast Re-Rolling Mills Ltd.	383,220	346,115
Diamond Steel Product (Pvt.) Ltd.	-	439,740
BSRM Steel Mills Ltd.	145,632	143,930
S.R Traders	146,320	46,320
Arman Chemical Industries Ltd.	64,000	-
Modern Ereotion	120,435	-
Munnu Ceramic Ind. Ltd.	458,469	358,514
Aman Cement Industries Ltd.	14,400	-
Sonargaon Steel Re-Rolling Mills Ltd.	400	-
Rani Steel Mills (Pvt.) Ltd.	97,285	124,885
Bashundhra Steel Mills Ltd.	44,180	-
Chakda Re-Rolling Steel Mills Ltd.	5,820	5,820
Argus Metal (Pvt.) Ltd	33,000	33,000
Confidence Steel/Electric Ind. Ltd	378,054	296,792
Bandor Steel Mills Ltd	329,377	88,877
	<b>3,134,219</b>	<b>2,619,155</b>

5.01 This represents the amount receivable from various parties against credit sale of goods.

5.02 No other securities except personal securities were taken from any debtors.

5.03 No amount was due by the Director, (including Managing Director) Managers and other Officers of the company jointly or severally with any other person or related party define in IAS 24 Related Party Disclosure.

5.04 No amount was due by the associate undertakings.

5.05 The directors fell that the above balances are considered good and collectable in due course of business.

#### 5.06 Receivable aging

Invoiced at 30 days	927,545	924,540
Invoiced above 30 but less than 60 days	1,682,988	1,257,802
Invoiced above 60 but less than 90 days	523,686	436,813
Invoiced above 180 but less than 365 days	-	-
Invoiced over 365 days	-	-
	<b>3,134,219</b>	<b>2,619,155</b>

#### 6.00 Advance, Deposit & Prepayments

Advance against Salary	53,250	65,225
Advance against goods supply	524,554	15,441,254
Balance with VAT current account	595,463	472,720
Earnest Money & Security Deposit	1,299,980	234,624
Advance Income Tax (AIT)	2,477,158	3,146,266
	<b>4,950,405</b>	<b>19,360,089</b>

Note

6.06

For the year ended June 30, 2020 Taka	For the year ended June 30, 2019 Taka
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- 6.01 Advance against Salary are realizing regularly through the monthly salary bill. All advances to staff are Secured against the personal security of the respective staff.
- 6.02 Security Deposit are made to statutory Authorities, Titas Gas Transmission & Distribution Co Ltd and are realiseable when the service from them are discontinued.
- 6.03 All advance, deposit & prepayment are considered good and recoverable within due course.
- 6.04 No amount due by directors or associated undertakings.

#### 6.05 Maturity Analysis

Adjustable/Realisable within one year	1,299,980	234,624
Adjustable/Realisable after one year	3,650,425	19,125,465
	<b>4,950,405</b>	<b>19,360,089</b>

#### 6.06 Advance Income Tax (AIT)

Opening Balance	3,146,266	2,893,283
Addition During the year	1,007,837	705,752
Adjustment/settled during the year	(1,676,945)	(452,769)
Closing Balance	<b>2,477,158</b>	<b>3,146,266</b>

### 7.00 Cash & Cash equivalents

#### 7.01 Cash-in-hand

Head Office	557,169	1,046,019
Factory	218,538	418,866
Chittagong Branch	3,825	4,025
Petty Cash with Head Office	2,009	1,766
	<b>781,541</b>	<b>1,470,676</b>

#### 7.02 Cash at Banks

C.D A/c – 2840 Janata Bank (Savar)	205,125	913,542
" " 4751/33001125, Janata Bank (Dhaka)	3,735,079	362,883
" " 38645, Janata Bank (Chittagong)	3,901	17,038
	<b>3,944,105</b>	<b>1,293,463</b>

#### Total Cash & cash equivalents

<b>4,725,646</b>	<b>2,764,139</b>
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- 7.02.01 The physical cash counting was taken place at the year end.
- 7.02.02 All the Bank balances have been reconciled and found in order.
- 7.02.03 The cash and cash equivalent does not include any bank balance that maintain in foreign currency.

### 8.00 Working capital loan

Janata Bank, Farmgate Branch, under credit agreement financing the working capital of the Company.

CC (Hypo) A/c No. 35/37000511	28,430,077	30,645,673
	<b>28,430,077</b>	<b>30,645,673</b>

Apart from the above cash credit, the Company has availed no other credit facilities.

The company is utilizing Cash Credit loan facility from Janata Bank Ltd. with following terms:

Approved facility	8 Crore
Tenor	1 year from sanction
Rate of Interest	9%
Security	Factory Land & Building, machinery and Stock.
Classification Status:	Unclassified

### 9.00 Loans & Advances

Loan from Directors	325,000	575,000
Advance against Sales	19,911,644	23,471,861
	<b>20,236,644</b>	<b>24,046,861</b>

- 9.01 Interest free temporary loan received from Mrs. Lutful Tahmina Khan, Chairperson amounting to Tk.2,00,000/- & Mr. Safi Modassir Khan, Director amounting to Tk. 1,25,000/-.
- 9.02 Money received from buyers/dealer against sale that has regularly been adjusted.



#### 10.00 Accounts payable

	For the year ended June 30, 2020 Taka	For the year ended June 30, 2019 Taka
Abdus Salam (Carrying)	305,275	275,850
Akbar Engineering Works	625,410	875,146
Amgasia Enterprise	225,015	213,012
Bashundhara Timber Mart	198,524	228,205
M/s. Hossain & Co.	325,470	521,457
Shimul Art Press	287,256	325,415
M/s. Tutul Traders	528,420	862,420
M/s. S.M Enterprise	342,510	325,154
M/s. Bonik Bitan	213,254	287,550
Anowar Hossain Enterprise	168,425	221,453
Kaligonj Traders	112,050	134,850
M/s. Ashok Agarwala	85,240	94,284
M/s. Rashid Enterprise	210,247	232,451
Shahin Enterprise	125,472	135,487
Meri Traders	185,625	198,740
M/s. Sonali Agency	297,254	402,545
M/s. Pioneer Refractories & Tiles	1,350,893	1,492,510
M/s. Master Traders	305,327	375,126
M/s. Mita Traders	286,204	312,050
M/s. Titas Banijjik Protisthan	2,038,466	1,825,746
Khaled Enterprise	345,281	375,412
Khan Business Consortium	245,284	267,843
Lucky Enterprise	434,228	1,234,447
Nazmul Enterprise	524,218	1,024,567
Others	285,150	310,675
	<b>10,050,498</b>	<b>12,552,395</b>

10.01 This represents the amount payable to various parties against supply of Raw Materials and other supplies. Most of the suppliers have subsequently been settled and no securities were given against the above creditors.

#### 11.00 Liability for expenses

Salary & Allowances	685,290	625,145
Telephone & Trunk-call Charges	28,514	28,514
Gas Charges	258,642	669,667
Electric Charges	243,313	367,209
Office Rent	18,500	18,500
Audit Fees	115,000	115,000
Income Tax Consultant Fees	10,000	10,000
AIT & VAT deducted at source	571,316	479,882
	<b>1,930,575</b>	<b>2,313,917</b>

#### 12.00 Other liabilities

Mrs. Lutful Tahmina Khan	201,062	217,062
Shafia Tasnim Khan	145,765	145,765
Mrs. Nilufa Akhter	-	12,000
Safi Modassar Khan	-	405,566
Share Application money (Un-claim)	2,000	2,000
Workers & Employees P. F.	4,342,577	3,215,128
	<b>4,691,404</b>	<b>3,997,521</b>

12.01 Share application money represents rest balance of the un-allotted share application money payable to the applicants but lied in the accounts due to non-claimant.

#### 13.00 Workers profit participation fund

Balance as per last account	729,503	729,503
Add : Provision for this year	-	-
	<b>729,503</b>	<b>729,503</b>
Less: This year Paid	-	-
Balance for this year	<b>729,503</b>	<b>729,503</b>

13.01 Based on the profitability the company made provision at a 5% on the basis of company's profit.

#### 14.00 Provision for income tax

Opening balance	1,181,163	1,061,405
Provision for the year	414,765	335,220
Prior year under provision (unpaid)	196,069	28,486
Adjustment during the year	(845,943)	(243,948)
Closing balance	<u>946,054</u>	<u>1,181,163</u>
Note: 14.01		
14.01 Year wise breakup of "Provision for Income Tax"		
Tax for 2011/12	-	341,973
Tax for 2012/13	-	49,714
Tax provision for 2014/15	-	47,035
Tax provision for 2015/16	-	42,125
Tax provision for 2016/17	-	28,486
Tax provision for 2017/18	196,069	336,608
Tax provision for 2018/19	335,220	335,220
Tax provision for 2019/20	414,765	-
	<u>946,054</u>	<u>1,181,161</u>

0.01 As per Income Tax ordinance provision for taxation has been provided @ 0.60% on gross received during this year as taxable profit for this year is negative, which is minimum tax as per para 82(c) of ITO 1984.

#### 15.00 Deferred Tax

Deferred Tax has been calculated based on deductable / taxable temporary difference arising due to difference in the carrying amount of net Assets on Accounting base and its tax based in accordance with the provision of International Accounting Standard (IAS)-12 "Income Taxes"

Carrying value of asset except land at accounting base	39,299,194	40,684,544
Tax base	21,013,033	21,323,219
Temporary difference	18,286,161	19,361,325
Tax rate	25.00%	25.00%
Closing balance	<u>4,571,541</u>	<u>4,840,331</u>
Deferred tax expenses/(income) during the year	(268,791)	162,717
For the prudence purposes, the company did not recognise deferred tax arising on unused tax losses.		

#### 16.00 Share Capital

i) Authorized Capital :30,00,00,000

30,00,000 Ordinary Shares of Tk.10/- each

300,000,000	300,000,000
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ii) Issued, Subscribed & Paid-up Capital :

Sponsors: 705830 Ordinary shares of Tk.10/- each  
Public: 686970 Ordinary shares of Tk.10/- each

7,058,300	7,058,300
6,869,700	6,869,700
<u>13,928,000</u>	<u>13,928,000</u>

##### Composition of shareholding:

Sponsors	50.68%	50.68%
Family & Friends	0.87%	0.87%
Public, ICB & Others Company	48.45%	48.45%
The Company has no Non – Resident Share holders	100.00%	100.00%

Distribution Schedule of each class of equity setting out the member of holders and percentage in the following categories:

Number of share holders	Holdings	Total Holdings	Total Holdings	Percentages (%)
1,628	Less then & equal 50,000 shares	705,400	705,400	50.65 %
3	50,001 shares to 150,000 shares	400,340	400,340	28.74 %
1	250,001 shares to 350,000 shares	287,060	287,060	20.61 %
<u>1,632</u>		<u>1,392,800</u>	<u>1,392,800</u>	<u>100.00 %</u>



For the year ended June 30, 2020  
Taka

For the year ended June 30, 2019  
Taka

#### 16.01 Detailed year wise break-up of share issue

Date of Allotment	Description	No. of Shares	Face Value	Amount	Basis of Allotment
1st on 29/10/1984	Cash issue	33,500	100	3,350,000	Banking Channel
During Incorporation					
2nd on 11/09/1987	Cash issue	11,500	100	1,150,000	"
3rd on 05/12/1988	Cash issue	45,000	100	4,500,000	"
4th on 18/05/1991	Right issue	24,640	100	2,464,000	"
5th on 30/09/1992	Right issue	24,640	100	2,464,000	"
<b>Total</b>		<b>139,280</b>		<b>13,928,000</b>	

As of September 24, 2014, the company's share face value split into Tk. 10 each from Tk. 100 to comply with the BSEC notification.

#### 17.00 Reserve

Opening Balance	2,094,434	2,094,434
Addition during the year	-	-
Closing balance	<b>2,094,434</b>	<b>2,094,434</b>

Reserve for Re-Investment and purchases of Govt. Bond are as per last account and were created as per requirements of

#### 17.01 Income Tax Ordinance, 1984

#### 18.00 Sales Revenue

Name of the product	Qty (M.Tons)	Qty (M.Tons)		
Refractory Items (Own Product)	3,154.97	3,074.29	33,590,764	49,920,964
Sales of Imported Finished goods	61.87	92.58	4,387,925	5,949,062
	<b>3,216.84</b>	<b>3,166.87</b>	<b>37,978,689</b>	<b>55,870,026</b>

During the year, the company has sold low value items more and sales value per ton has also been decreased. As such average sale value per metric ton was decreased during the year in compare with last year

#### 19.00 Other Income

Cost of Asset (Generator)	795,000	-
Less: Accumulated depreciation at disposal date	(794,999)	-
WDV	1	-
Value of Part exchange	150,000	-
Gain on Disposal	<b>149,999</b>	<b>-</b>

#### 20.00 Cost of goods sold

	Qty (M.Tons)	Qty (M.Tons)		
Opening finished Stock	1,167.13	1,224.60	7,270,498	7,312,547
Add: Cost of Production (20.01)	2,918.40	3,109.39	30,744,925	44,359,203
	<b>4,085.53</b>	<b>4,333.99</b>	<b>38,015,423</b>	<b>51,671,750</b>
Less: Closing finished Stock	(868.69)	(1,167.13)	(8,362,772)	(7,270,498)
	<b>3,216.84</b>	<b>3,166.86</b>	<b>29,652,651</b>	<b>44,401,252</b>

#### 20.01 Cost of production

	Qty (M.Tons)	Qty (M.Tons)		
Raw Material Consumed (20.02)	2,907.62	3,086.57	10,444,540	16,291,768
Direct Labour	-	-	3,825,484	4,823,547
Factory Overhead (20.03)	-	-	16,381,370	22,892,315
Insurance Premium	-	-	182,160	182,160
	<b>2,907.62</b>	<b>3,086.57</b>	<b>30,833,554</b>	<b>44,189,790</b>
Add : Opening Work-in-process	82.52	105.34	615,725	785,138
	<b>2,990.14</b>	<b>3,191.91</b>	<b>31,449,279</b>	<b>44,974,928</b>
Less : Closing Work-in-process	(71.74)	(82.52)	(704,354)	(615,725)
Total Cost of production	<b>2,918.40</b>	<b>3,109.39</b>	<b>30,744,925</b>	<b>44,359,203</b>

## 20.02 Raw Material Consumed

	Qty (M.Tons)	Qty (M.Tons)		
Opening Stock	536.59	778.07	1,823,717	2,065,745
Add : Purchase this year [20.02.1]	2,925.60	2,748.09	11,077,160	11,173,460
Add:Purchase of Finished product	40.00	97.00	1,310,216	4,876,280
	<b>3,502.19</b>	<b>3,623.16</b>	<b>14,211,093</b>	<b>18,115,485</b>
Less : Closing Stock	(594.57)	(536.59)	(3,766,553)	(1,823,717)
	<b>2,907.62</b>	<b>3,086.57</b>	<b>10,444,540</b>	<b>16,291,768</b>

## 20.02.1 Statement of Raw Materials Purchased

### (a) Imported (on C & F basis):

Name of materials	Qty (M.Tons)	Qty (M.Tons)		
i) Aluminium Ors Concentrates (Bauxite)	163.00	95.00	4,485,504	2,164,460
ii) Indian Clay	120.00	0.00	762,974	-
	<b>283.00</b>	<b>95.00</b>	<b>5,248,478</b>	<b>2,164,460</b>

### (b) Local :

	Qty (M.Tons)	Qty (M.Tons)		
i) Mymensingh Clay, Grade-1	120.00	580.00	300,000	1,740,000
ii) Mymensingh Clay, Grade-2	640.00	702.00	1,152,000	1,755,000
iii) Grog, Grade-1	570.00	494.00	1,995,000	1,976,000
iv) Grog, Grade-2	660.60	585.00	1,816,650	1,755,000
v) Black Clay	650.00	241.61	533,000	426,600
vi) Portland Cement	2.00	-	32,032	425,145
vii) White Cement	-	26.57	-	585,475
viii) Alumina Cement	-	23.91	-	345,780
	<b>2,642.60</b>	<b>2,653.09</b>	<b>5,828,682</b>	<b>9,009,000</b>

### Total purchased

<b>2,925.60</b>	<b>2,748.09</b>	<b>11,077,160</b>	<b>11,173,460</b>
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## 20.03 Factory Overhead

Factory Salary & Wages	2,702,388	3,442,373
Festival Bonus	662,500	687,500
Gas Charges	3,950,357	3,757,793
Electric Charges	2,415,305	2,148,834
Material Handling Cost	165,441	721,708
Lubricants	212,822	905,144
Quality Control Exp	121,722	667,210
Mould Expenses	89,296	325,105
Carriage Inward	86,004	252,364
Safety & Environmental Exp.	125,400	727,512
Repairs & Maintenance	475,221	1,125,570
Clearing, Forwarding & Others	265,220	945,214
Security Gard Expense	744,000	944,000
Other Factory Expenses	248,525	1,124,570
Laboratory Expenses	50,104	184,265
Research and Development Exp.	85,363	701,240
Medical Expenses	201,240	345,370
Depreciation (AnnexureA)	3,780,462	3,886,543
	<b>16,381,370</b>	<b>22,892,315</b>

## 21.00 Administrative & Marketing expense

	Notes	Notes		
Salary & Allowances			2,829,577	2,961,502
Directors remuneration	24.00	24.00	620,000	620,000
Board meeting fee	24.00	24.00	12,000	12,000
Other benefit for directors	24.00	24.00	420,000	420,000
Festival Bonus			184,766	524,766
T. A. & Conveyance			105,275	418,475
Entertainment			80,584	211,542
Printing & Stationery			32,842	125,487
Postage & Telegram			21,452	56,782
Telephone, Mobile & Trunk-call Charges			173,540	311,354
Electric Charges			225,244	282,450
Overseas Travels			-	686,420
Office Rent			222,000	222,000



	2020	2019
Repairs & Maintenance	115,254	255,140
Fuel	64,250	97,514
Packing Charges	68,520	193,240
Carriage outward	82,140	177,652
Advertisement	55,240	75,240
Donation & Subscription	2,050	3,670
Fees & Fines	8,950	12,120
Miscellaneous Expenses	2,675	4,945
Paper & Periodicals	8,225	12,015
Tender Document Purchases	42,570	64,230
Medical Expenses	130,172	148,240
Business Development	245,205	729,178
Rates & Taxes	12,752	12,752
Income Tax Consultant Fees	50,000	50,000
Enlistment Fees (D.S.E)	59,850	59,850
Uniform & Costume	55,284	68,510
Water Charges	35,275	40,150
Audit fee	115,000	115,000
Depreciation (Annexure A)	256,792	268,188
	<b>6,337,484</b>	<b>9,240,412</b>

21.01 Miscellaneous Expenses includes cost of Gunny bags, Basket, Ropes and other petty expenses.

## 22.00 Financial Expenses

Interest on C.C. Loan from Janata Bank Farmgate Corp. Br.	2,512,094	3,005,153
Bank Charges	70,981	59,325
	<b>2,583,075</b>	<b>3,064,478</b>

## 23.00 Provision for Income tax Calculation

The company attracts minimum tax due to incurred loss during the year. The calculation of minimum tax is as following:

Tax on sales on which TDS applicable	194,393	-
Other sales @ 0.6%	167,872	-
On other income @ 35%	52,500	-
<b>Total</b>	<b>414,765</b>	

## 23.01 Calculation of effective tax rate calculation

Particulars	Based Amount	Effective Tax Rate	30.06.2020	30.06.2019
Business Income	(594,521)	25%	(148,630)	
Other income	149,999	35%	52,500	-
	(444,522)	22%	(96,131)	
Deductable temporary difference		60%	(268,790)	
Prior Year adjustment		231%	(1,027,073)	
Effect of Minimum Tax		-109%	485,895	
		204%	(906,099)	-

## 24.00 Directors Remuneration

### a) Mrs. Lutful Tahmina Khan, Chairperson:

i) Remuneration	140,000	140,000
ii) Other Allowances:		
House Rent	70,000	70,000
Medical Allowance	15,000	15,000
Entertainment	15,000	15,000
	<b>240,000</b>	<b>240,000</b>

For the year ended June 30, 2020 For the year ended June 30, 2019

**b) Mr. Safi Modassar Khan, Managing Director:**

- i) Remuneration  
ii) Other Allowances:  
House Rent  
Medical Allowance  
Entertainment

2020	2019
Taka	Taka
300,000	300,000
150,000	150,000
25,000	25,000
25,000	25,000
<b>500,000</b>	<b>500,000</b>

**c) Mrs. Shafia Tasnim Khan, Director:**

- i) Remuneration  
ii) Other Allowances:  
House Rent  
Medical Allowance  
Entertainment

180,000	180,000
90,000	90,000
15,000	15,000
15,000	15,000
<b>300,000</b>	<b>300,000</b>
<b>1,040,000</b>	<b>1,040,000</b>

**Total remuneration**

d) Board meeting fees: Tk.12,000

During the period, Board Meetings were held and the following fees were paid:

Name	Designation	No of Board meeting held	Attended by concerned directors	Attended by concerned directors	Amount	Remarks
Mrs. Nilufa Akhter	Ind. Director	6	6	6	6,000	
Miss. Shafia Tasnim Khan	Director	6	0	0		
Mr. Abu Taher	Ind. Director	6	6	6	6,000	
			12	12	12,000	

- 24.01 Remuneration, Entertainment Allowances & Board Meeting fees paid to the Director have been charged to the Profit & Loss Account under head "Administrative Expenses"
- 24.02 Managing Director does not receive any Board Meeting fees.
- 24.03 House Rent paid to Managing Director has been charged as "House Rent" & Entertainment in the Administrative & Marketing Expenses.
- 24.04 The Chairperson now holding full time office
- 24.05 The directors of the company considered as key management employees.

**25.00 AUDITORS' REMUNERATION**

115,000	115,000
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Auditor's Remuneration includes only audit fees as fixed by the shareholders. Both the appointment and fixation of remuneration of auditor was made by the board of directors in 310th meeting held on June 11, 2020, due to nonholding of AGM. The shareholders approval were not confirmed in AGM.

**26.00 Production Capacity**

Capacity of the Industrial Unit, actual production, Shortfall and achievement are as follows:

	2020		2019	
	In M. Tons	Percentage	In M. Ton	Percentage
Installed Capacity	6400.00	100.00%	6,400.00	100.00%
Actual Production	2918.40	45.60%	3,109.39	48.58%
Shortfall	<b>3481.60</b>	<b>54.40%</b>	<b>3,290.61</b>	<b>51.42%</b>

Reason of Shortfall: The above shortfall is mainly due to insufficient selling orders, load shedding on electric supply, shortfall of gas supply as well as fall down sale of real-estate business and other connected business in Bangladesh. As such the company is made net loss during the year.

**27.00 Related Party Disclosure**

During the year, the company, in normal course of business, has carried out following transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: "Related Party Disclosures".

Name	Relationship	Nature of Tran.	Transaction			Closing outstanding liability	
			Dr. (-)	Cr. (+)	Cr. (+)	2020	2019
Mrs. Lutful Tahmina Khan	Chairman	Loan	50,000	50,000	-	200,000	250,000
Mr. Safi Modassar Khan	MD	Loan	200,000	200,000	-	125,000	325,000
Mrs. Lutful Tahmina Khan	Chairman	Remuneration	50,000	16,000	-	201,062	217,062
Mrs. Nilufa Akhter	Ind. Director	Meting Free	-	12,000	-		12,000
Mr. Safi Modassar Khan	MD	Remuneration	200,000	405,566	-	-	405,566



2020						2019	
Shafia Tasnim Khan	Ind. Director	Remuneratio	200,000	-	-	145,765	145,765
M/s. Titas Banijjik Protisthan	Under common management	Rent	222,000	222,000	(222,000)	18,500	18,500
M/s. Titas Banijjik Protisthan		Purchase	572,505	572,505	(359,785)	2,038,466	1,825,746
Total			1,494,505	1,478,071	(581,785)	2,728,793	3,199,639

27.01 Please note that no interest is charged or paid against the directors loan.

**28.00 Basic Earning Per Share (EPS) :**

Basic Earning Per Share (EPS)-Disclosure under IAS 33 :

Earnings attributable to Ordinary Shareholder	(1,617,570)	(1,571,360)
Weighted average numbers of shares outstanding	1,392,800	1,392,800
<b>Earning Per Share (EPS) -</b>	<b>(1.16)</b>	<b>(1.13)</b>

28.01 Due to fallen of production capacity utilization, sales for the year and adverse effect of prior year tax under provision performance for the year and EPS has been detrioted during the year.

**29.00 Net Asset Value Per Share (NAV) :**

Net Asset Value Per Share (NAV) :

Total Asset - Total Laibilities	4,007,028	5,624,598
No. of ordinary share	1,392,800	1,392,800
<b>Net Asset Value Per Share (NAV) -</b>	<b>2.88</b>	<b>4.04</b>

29.01 Due to the adjustment of loss for the year.

**30.00 Net operating cash flow per share (NOCFPS) :**

Net operating cash flow per share :

Net cash generated/(used) in operation	6,929,008	(1,930,896)
No. of ordinary share	1,392,800	1,392,800
<b>Net operating cash flow per share (NOCFPS) -</b>	<b>4.97</b>	<b>(1.39)</b>

Due to significant decrease of advance against purchase the NOCF per share during the year has been increased.

**31.00 Key management benefits:**

The directors of the company considered as key management employees and details of benefit given to them is provided below:

	2020		2019	
	Directors	Executives	Directors	Executives
Remuneration	620,000	-	620,000	-
House rent	310,000	-	310,000	-
Medical Allowance	55,000	-	55,000	-
Entertainment	55,000	-	55,000	-
	<b>1,040,000</b>		<b>1,040,000</b>	
Total Number of Directors	5	0	5	0

**32.00 Event after reporting period**

The Board of Directors of Savar Refractories Ltd. has approved the financial statements as on October 28, 2020 and no dividend is recommended for the financial year June 30, 2020. Except the fact stated above, no circumstances have arisen since the balance sheet date, which would require adjustment to or disclosure in the financial statement or notes thereto.

**33.00 Reconciliation between Net profit to Net operating cash flow**

Profit/(loss) before tax	(444,522)	(836,116)
Gain on Disposal of Fixed Asset	(150,000)	-
Finance cost	2,583,075	3,064,478
Operating profit	<b>1,988,552</b>	<b>2,228,362</b>
<b>Adjustment:</b>		
Depreciation	4,037,254	4,154,731

**Changes in Working capital:**

	2020 Taka	2019 Taka
(Increase)/Decrease of inventory	(2,979,826)	444,511
(Increase)/Decrease of Trade debt	(515,064)	(168,858)
(Increase)/Decrease of Advance, deposit & Prepayment except AIT	13,740,576	(811,800)
Increase/(Decrease) of Accounts payable	(2,501,897)	(1,031,009)
Increase/(Decrease) of Advance against sales	(3,560,217)	(3,303,664)
Increase/(Decrease) of Liability for expenses	(383,342)	(117,703)
Increase/(Decrease) of Other payable	693,883	-
Increase/(Decrease) of PF balance		444,764
	<b>10,519,920</b>	<b>1,839,334</b>
Interest paid	(2,583,075)	-3,064,478
Tax paid	(1,007,837)	-705,752
<b>Net operating cash flow</b>	<b>6,929,008</b>	<b>-1,930,896</b>

**34.00 Bord Meeting fee**

During the year 06 board meeting was held

**35.00 Employees minimum pay:**

- a) Drawing salary below Tk.8,000 per month = 00 Persons
- b) Drawing salary up to Tk.8,000 per month = 20 Persons
- c) Drawing salary above Tk.10,00 per month = 19 Persons

**36.00 Contingent Liabilities :**

The company don't have any liability which fall in the definition of contingent liability according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

**37.00 Financial Instrument and related disclosure**

**37.01 Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility also includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

**37.02 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**37.03 Market risk**

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

**38.00 General for compliance with Securities Exchange Rule 1987.**

- a) All Shares have been fully called and paid up.
- b) There were no preference shares issued by the Company.
- c) There was no Bank Guarantee issued by the Company on behalf of their Directors or the Company itself except Bank loans.
- d) No commission was paid to sales Agent.
- e) No expenses were paid as Royalty and Salary to Technical Experts etc. [As Para – 8 (KHA) of Part II in foreign currencies.
- f) No brokerage was paid against sales during the year under Audit.



- i) The Company earns no foreign currency.  
 j) There is no non-resident shareholder of the company.  
 k) There was no foreign exchange remitted to the relevant shareholders during the year under audit.  
 l) The value and percentage of consumption of imported local Raw Materials & stores are given below: -

	Value	%
a) Imported Raw-materials for production	5,248,478	42.37%
b) Imported Finished Goods for trading	1,310,216	10.58%
c) Local Raw-materials	5,828,682	47.05%
d) Procurement of Finished goods (Local & Technical service)		
	<b>12,387,376</b>	<b>100.00%</b>

- n) Goods imported on C & F basis the details are given below:

	BDT	USD
1) Imported Raw-materials for production	5,248,478	63,602.50
2) Imported Finished goods for trading	1,310,216	15,866.90
	<b>6,558,694</b>	<b>79,469.40</b>

- o) There is no claim against the Company not acknowledge as debt except claim which may be Arisen on insurance claim.  
 p) No amount of Money was expended by the Company for compensating any member of the Board for special service rendered.

**SAVAR REFRACTORIES LIMITED**

Property, Plant & Equipments

as at June 30, 2020

These details of assets are as follows:

Name of Assets	COST			Rate	DEPRECIATION				Written down Value as at June 30, 2020	Written down Value as at June 30, 2019
	Balance as at July 01, 2019	Addition during the year	Adjust/Sold during the year		Balance as at July 01, 2019	Charged during the year	Adjust/Sold during the year	Balance as at June 30, 2020		
Land & Land Development	10,739,494	-	-	-	-	-	-	-	10,739,494	10,739,494
Factory Building	*18,001,092	153,925	-	5%	9,996,814	404,173	-	10,400,987	7,754,030	8,004,277
Kiln Construction	47,621,212	474,200	-	10%-20%	26,695,267	2,145,209	-	28,840,476	19,254,936	20,925,945
Plant & Machinery	26,821,287	1,785,910	795,000	10%	18,531,183	933,609	794,999	18,669,793	9,142,404	8,290,104
Motor Vehicles	1,530,787	-	-	15%	1,314,831	32,393	-	1,347,224	183,563	215,956
Furniture & Fixtures	2,809,284	62,000	-	15%	2,025,060	126,191	-	2,151,251	720,033	784,224
Equipment	6,554,639	175,870	-	15%	4,361,790	355,000	-	4,716,790	2,013,719	2,192,849
Tundish Board	1,564,229	-	-	15%	1,293,041	40,678	-	1,333,719	230,510	271,188
<b>Total Tk.</b>	<b>115,642,024</b>	<b>2,651,905</b>	<b>795,000</b>		<b>64,217,986</b>	<b>4,037,254</b>	<b>794,999</b>	<b>67,460,241</b>	<b>50,038,688</b>	<b>51,424,038</b>

**Depreciation Charged to:**

Administrative Expenses

Cost of Goods Sold

256,792

3,780,462

**Total 4,037,254**

**Depreciation on Kiln construction:**

Depreciation on previous balance: Tk. (13,697,829-13,337,441) @ 20%

New construction: Tk. (33,923,383-13,357,827) @ 10%

Depreciation on addition during the year: @ 10% tk.

72,078

2,056,556

16,575

**2,145,209**

\*\* The land has been placed as security for working capital loan from Janata Bank Ltd.