

**Malek Siddiqui Wali**

CHARTERED ACCOUNTANTS

9-G, Motijheel C/A, 2<sup>nd</sup> Floor, Dhaka-1000, Bangladesh.

Extension Office: Property Heights, 1<sup>st</sup> Floor

12, R.K. Mission Road, Dhaka - 1000.

PHONE: 9513471, 9569867

PABX: 9576118-9, 9576128

FAX: +88-02-9516236

Email: [wali@satcombd.com](mailto:wali@satcombd.com)

Web: [www.msw-bd.com](http://www.msw-bd.com)

**AUDITORS' REPORT**  
**to the shareholders of**  
**Savar Refractories Limited**

We have audited the accompanying Statement of Financial Position of **Savar Refractories Limited** as at 30<sup>th</sup> June 2018 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Notes for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standards (BFRS), the companies Act 1994, Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulation and for such internal control as management determines, which is necessary to enable the preparation of financial statements that are free from material misstatement, where due to fraud or error.

**Auditor's 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 where 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 consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation 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.

**Basis of qualification:**

- 1) The company did not call AGM in respect of the financial year 2016-2017. As such, neither the company's financial statements were approved by shareholders through ordinary resolution, nor auditor's appointment for the year June 30, 2018 confirmed by the company's shareholders, though the board of directors has given their consent to approve the financial statement for the year 30, 2017 in the company's 294<sup>th</sup> board meeting held on October 29, 2017. The Board of directors have filled up the casual vacancy of statutory auditors by appointing current auditors for the financial year 2017-2018 in the company's 298<sup>th</sup> board meeting held on April 22, 2018 even though the current auditor has completed his consecutive three years as statutory auditor.
- 2) The accompanying financial statements have been prepared assuming that the company will continue as going concern. The company has been suffering from recurring operating losses & subsequent net loss since 2013-14, poor current ratio (stood 0.46:1) and deficiency of production capacity by 42.28% that raise doubt about its ability to continue as going concern.



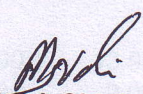
## Opinion:

In our opinion, except for the effects described in basis of qualification paragraph, the financial statements prepared in accordance with Bangladesh Accounting Standard/Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 30<sup>th</sup> June 2017 and of the results of its operations and its cash flows for the period then ended and comply with the Companies Act 1994, relevant schedule of Bangladesh Securities and Exchange Commission Rules 1987 and other applicable laws and regulations.

## We also report that:

- 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 ;
- 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 those books ;
- The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of accounts.
- The expenditures incurred and payments made were for the purpose of the company's business.

Dhaka  
October 30, 2018

  
**Malek Siddiqui Wali**  
Chartered Accountants



**SAVAR REFRACTORIES LIMITED**  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018

Particulars	Notes	As at 30 June 2018	As at 30 June 2017
		Taka	Taka
<b>Assets:</b>			
<b>Non-current asset</b>			
Property, Plant & Equipments	3	52,389,790	50,714,781
		<b>52,389,790</b>	<b>50,714,781</b>
<b>Current assets</b>			
Inventories	4	10,367,705	12,602,454
Trade Debtors	5	2,450,297	3,975,926
Advance, Deposits & Pre-payments	6	18,295,306	1,983,138
Cash & Cash equivalents	7	3,364,079	2,244,197
		<b>34,477,388</b>	<b>20,805,715</b>
<b>Total Assets</b>		<b>86,867,178</b>	<b>71,520,496</b>
<b>Equity &amp; Liabilities:</b>			
<b>Equity</b>			
Share Capital	16	13,928,000	13,928,000
Reserve Accounts	17	2,094,434	2,094,434
Retained Earning/(Loss)		(8,826,476)	(7,513,068)
		<b>7,195,958</b>	<b>8,509,366</b>
<b>Non-current liabilities</b>			
Deferred Tax	15	4,677,614	4,395,748
		<b>4,677,614</b>	<b>4,395,748</b>
<b>Current Liabilities</b>			
Working Capital Loan – Janata Bank	8	26,025,738	23,414,120
Loans & Advances	9	30,220,889	20,810,871
Accounts payable	10	13,583,404	10,621,922
Liability for expenses	11	2,431,620	1,391,124
Other liabilities	12	782,393	764,393
Workers Profit Participation Fund	13	729,503	729,503
Provision For Taxation	14	1,061,405	724,796
Unclaimed Dividend		158,654	158,654
		<b>74,993,606</b>	<b>58,615,383</b>
<b>Total Equity &amp; Liabilities</b>		<b>86,867,178</b>	<b>71,520,496</b>

Net Asset Value (NAV) per share

5.17

6.11

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

The financial statements were approved by the Board of directors on 30 October 2018 and were signed on its behalf by

Company Secretary

Managing Director

Chairperson

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

Dated: Dhaka  
30-Oct-18

Malek Siddiqui Wali  
Chartered Accountants

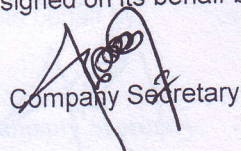


**SAVAR REFRACTORIES LIMITED**  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended June 30, 2018

Particulars	Notes	For the year ended June 30, 2018	For the year ended June 30, 2017
		Taka	Taka
Sales Revenue	18	56,101,406	40,658,043
Cost of goods sold	19	(45,519,211)	(33,256,221)
<b>Gross profit</b>		10,582,195	7,401,822
Administrative & Marketing Expenses	20	(8,043,773)	(5,233,399)
Financial Expenses	21	(3,233,355)	(3,373,935)
<b>Operating profit/Loss</b>		(694,933)	(1,205,512)
Provision for WPPF		-	-
<b>Profit/(Loss) before tax</b>		(694,933)	(1,205,512)
<b>Income tax expenses</b>			(105,277)
Prior year Tax under provision		-	(243,948)
Provision for Income tax		(336,608)	1,311,555
Deferred Tax movement		(281,867)	
<b>Profit/(Loss) after tax</b>		<u>(1,313,408)</u>	<u>(243,182)</u>
Earning Per Share (EPS)		(0.94)	(0.17)

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

The financial statements were approved by the Board of directors on 30 October 2018 and were signed on its behalf by:

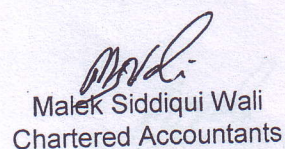
  
Company Secretary

  
Managing Director

  
Chairperson

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

Dated: Dhaka  
30-Oct-18

  
Malek Siddiqui Wali  
Chartered Accountants



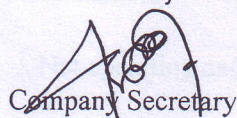
SAVAR REFRACTORIES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018

Particulars	Share Capital	Reserve	Retained earning	Total
Opening balance	13,928,000	2,094,434	(7,513,068)	8,509,366
Profit/(loss) for the year	-	-	(1,313,408)	(1,313,408)
Closing balance	<u>13,928,000</u>	<u>2,094,434</u>	<u>(8,826,476)</u>	<u>7,195,958</u>

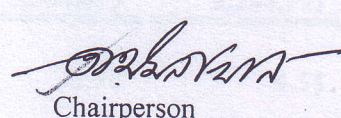
SAVAR REFRACTORIES LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017

Particulars	Share Capital	Reserve	Retained earning	Total
Opening balance	13,928,000	2,094,434	(7,269,886)	8,752,548
Profit/(loss) for the year	-	-	(243,182)	(243,182)
Closing balance	<u>13,928,000</u>	<u>2,094,434</u>	<u>(7,513,068)</u>	<u>8,509,366</u>

The financial statements were approved by the Board of directors on 30 October 2018 and were signed on its behalf by:

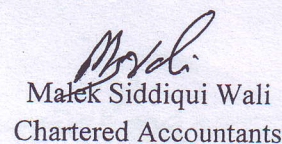
  
Company Secretary

  
Managing Director

  
Chairperson

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

Dated: Dhaka  
30-Oct-18

  
Malek Siddiqui Wali  
Chartered Accountants



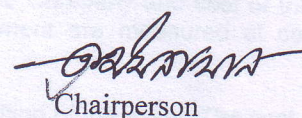
SAVAR REFRACTORIES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

	For the year ended June 30, 2018 <u>Taka</u>	For the year ended June 30, 2017 <u>Taka</u>
<b>Cash Flows From Operating Activities:</b>		
Collection from sale and other income	66,592,122	43,928,539
Payments against purchases, supplies, employees & others	(57,991,682)	(33,771,902)
Finance cost paid	(3,233,355)	(3,373,935)
Tax paid	(1,212,702)	(452,770)
<b>Net cash generated/(used) in operation</b>	<u>4,154,383</u>	<u>6,329,932</u>
<b>Cash Flows From Investment Activities:</b>		
Acquisition of Property, Plant & Equipment	(5,746,119)	(4,623,514)
Disposal of fixed asset		
<b>Net cash generated/(used) in investing activity</b>	<u>(5,746,119)</u>	<u>(4,623,514)</u>
<b>Cash flows From Financing Activities:</b>		
Working capital Received/(Repaid)	2,611,618	(1,376,270)
Directors' loan received	100,000	-
<b>Net cash generated/(used) financing activity</b>	<u>2,711,618</u>	<u>(1,376,270)</u>
<b>Net Cash Inflow / (Outflow)/for the period</b>	1,119,882	* 330,148
Cash & Bank balance at opening	2,244,197	1,914,049
<b>Cash &amp; Bank balance at closing</b>	<u>3,364,079</u>	<u>2,244,197</u>
<b>Net operating cash flow per share (NOCFPS)</b>	2.98	4.54

The financial statements were approved by the Board of directors on 30 October 2018 and were signed on its behalf by:

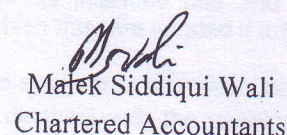
  
Company Secretary

  
Managing Director

  
Chairperson

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

Dated: Dhaka  
30-Oct-18

  
Marek Siddiqui Wali  
Chartered Accountants



**Savar Refractories Ltd.**  
**Notes to the Accounts**  
**For the year ended June 30, 2018**

**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 (Nayrhat), 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, 2018.

**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 BAS 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 BAS 18 "**Revenue**" on accrual basis as and when meets the recognition criteria of related accounting standard.

### 2.07 Lease

The company's policy is to account for lease payment in accordance the requirement of BAS 17 Lease. The operating lease rental payment charged to the Statement of profit or loss when they arise. No asset is recognized in the financial statements asset acquired under operating lease.

Asset acquired under finance lease agreement is included in non current asset of the financial statement and depreciated over the economic life of asset. Present value of minimum lease payment is recognized as finance lease liability at the inception of the lease. Financial expense is charged to the statement of comprehensive income at the lessor's interest rate charged to this finance lease agreement. Lease rental payment is presented as current liability (that will be paid within twelve month period from the reporting date) and non-current liability (that will be paid after the twelve month period of the reporting date).



## 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 BAS 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 BAS 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. BAS 1 *"Presentation of Financial Statements"* provides those cash and cash equivalents is not restricted in use. Considering the provisions of BAS 7 and BAS 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, 2017 to June 30, 2018.

## 2.14 Comparative Information

Comparative information have been disclosed in respect of the year ended June 30, 2018 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 Bangladesh Accounting Standards (BAS) 1 *"Preparation of Financial Statements"* a complete set of Financial Statements includes the following components.

- Statement of Financial Position as at June 30, 2018.
- Statement of Comprehensive Income for the year ended June 30, 2018.
- Cash Flow Statement for the year ended June 30, 2018.
- Statement of Changes in Equity for the year ended June 30, 2018.
- Accounting Policies and Notes to the Financial Statements for the year ended June 30, 2018.



**Note: 03**

Property, Plant & Equipments  
For the year ended June 30, 2018

**These details of assets are as follows:**

Name of Assets	COST			Rate	DEPRECIATION				Written down Value as at 30-6-2017
	Balance as at July 01, 2017	Addition during the year	Adjust/Sold during the year		Balance as at June 30, 2018	Charged during the year	Adjust/Sold during the year	Balance as at June 30, 2018	
Land & Land Development	10,173,744	565,750	-	--	10,739,494	-	-	-	10,173,744
Factory Building	16,077,041	887,413	-	5%	16,964,454	359,080	-	9,597,903	6,838,218
Kiln Construction	45,172,365	2,215,847	-	10%-20%	47,388,212	2,441,036	-	24,320,108	23,293,293
Plant & Machinery	23,662,780	1,578,847	-	10%	25,241,627	678,263	-	17,734,754	6,606,289
Motor Vehicles	1,530,787	-	-	15%	1,530,787	44,835	-	1,276,721	298,901
Furniture & Fixtures	2,542,047	155,437	-	15%	2,697,484	114,212	-	1,894,847	761,412
Equipment	5,983,933	342,825	-	15%	6,326,758	377,383	-	3,993,738	2,367,578
Tundish Board	1,564,229	-	-	15%	1,564,229	56,302	-	1,245,185	375,346
<b>Total Tk.</b>	<b>106,706,926</b>	<b>5,746,119</b>	<b>-</b>		<b>112,453,045</b>	<b>4,071,110</b>	<b>-</b>	<b>60,063,255</b>	<b>50,714,781</b>

**Depreciation Charged to:**

Administrative Expenses  
Cost of Goods Sold

268,215  
3,802,895  
**Total 4,071,110**

**Depreciation on Kiln construction:**

Depreciation on previous balance: Tk (13697829-13134723) @ 20%  
New construction: Tk. (31474536-8744350) @ 10%  
Addition during the year: Tk. (2215847@10%\*3/12)

112,621  
2,273,019  
55,396  
**2,441,036**

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



#### 4.00 Inventory

For the year ended June 30, 2018      For the year ended June 30, 2017

		Taka	Taka
	<u>Qty. (M.Tons)</u>		
a) Spare Parts	0.00	204,275	218,680
b) Raw Materials (4.01)	778.07	2,065,745	3,221,497
c) Work-in-process (4.02)	105.34	785,138	864,923
d) Finished goods (4.03)	1,008.06	7,312,547	8,297,354
		<u>10,367,705</u>	<u>12,602,454</u>

#### 4.01 Raw Materials

##### Items

##### a. Imported:

i) Bauxite

##### b. Local:

i. Mymensingh Clay Grade-1  
 ii. Mymensingh Clay Grade-2  
 iii. Grog  
 iv. White Clay (Sylhet)  
 v. Black Clays  
 vi. Feldspar  
 vii. Portland Cement  
 viii. Others  
 ix. Coyer  
 x. Sager

##### Qty. (M.Tons)

11.02	278,636	1,785,425
<u>11.02</u>	<u>278,636</u>	<u>1,785,425</u>
214.36	650,250	334,590
198.62	395,212	313,223
115.02	365,872	285,687
165.15	220,000	220,000
63.42	78,213	165,324
-	-	21,658
6.24	12,510	10,596
4.24	65,052	59,324
-	-	25,349
-	-	321
<u>767.05</u>	<u>1,787,109</u>	<u>1,436,072</u>
<u>778.07</u>	<u>2,065,745</u>	<u>3,221,497</u>

Total

#### 4.02 Work-in-Process

##### Name of items

##### Quality

##### Qty. (M.Tons)

A.R.B-3	SHA-2	13.35	158,450	175,627
STD	HA-2	17.14	152,482	169,247
RLN - 2A	LADDLE	11.25	85,222	93,251
71- 0525	MD-1	18.25	128,025	122,798
S/A	MD-2	13.73	85,108	105,321
STD	MD-2	9.24	63,214	58,647
Runner Bricks		7.27	44,125	36,240
Laddle		9.68	50,036	64,217
STD, (C.F) L.F.B		5.43	18,476	39,575
		<u>105.34</u>	<u>785,138</u>	<u>864,923</u>

#### 4.03 Finished Goods

##### Items

##### Qty. (M.Tons)

Hydrometric Cone Equivalent SK-24	108.75	858,280	1,132,584
Hydrometric Cone Equivalent SK-26	116.83	1,089,834	1,354,682
Hydrometric Cone Equivalent SK-27	109.54	578,410	642,100
Hydrometric Cone Equivalent SK-28	82.75	796,424	932,548
Hydrometric Cone Equivalent SK-30	70.87	835,124	854,740
Hydrometric Cone Equivalent SK-32	49.93	268,562	256,821



	For the year ended June 30, 2018	For the year ended June 30, 2017
	Taka	Taka
Hydrometric Cone Equivalent SK-33	61.51	286,550
Hydrometric Cone Equivalent SK-34	58.73	325,466
Hydrometric Cone Equivalent SK-36	34.98	409,785
Ladle	19.84	365,247
STD, I.B	65.72	215,460
Runner Bricks	79.47	325,468
Light Fire Bricks	93.56	614,255
Others	55.58	343,682
	<b>1,008.06</b>	<b>7,312,547</b>
		<b>8,297,354</b>

#### 5.00 Trade debtors

Anwar Ispath		
Al-Abbas Enterprice	332,558	522,969
Bangla Millars Ltd (RFL)	92,875	-
Salam Steel Con-Cast Re-Rolling Mills Ltd.	183,600	183,600
Hamja Chemical Ind.	16,950	144,182
Salam Steel Re-Rolling Mills Ltd.	-	44,027
S.R Traders	-	144,182
Khurshed Metal Ind. Ltd.	45,794	-
Shakura Steel Mills Ltd.	7,693	62,145
Shahriar Steel Mills Ltd.	-	235,609
Modern Erection	172,230	172,230
Munnu Ceramic Ind. Ltd.	84,885	-
S.S. Steel Mills Ltd.	254,369	266,844
Square Drawing Formicate	255,719	684,613
Rahim Steel Mills Ltd	-	-
Rani Steel Mills (Pvt.) Ltd.	82,225	80,850
Bashundhra Steel Mills Ltd.	104,260	287,050
Chakda Re-Rolling Steel Mills Ltd.	44,180	44,180
Argus Metal (Pvt.) Ltd	-	-
Confidence Steel/Electric Ind. Ltd	173,000	575,339
Standard Ceramic Ind. Ltd.	319,247	228,394
Bandor Steel Mills Ltd	-	-
Nabila & Brothers	188,877	240,677
	91,835	59,035
	<b>2,450,297</b>	<b>3,975,926</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 BAS 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

#### 5.06 Receivable aging

Over 30 days due	2,135,874	3,275,334
Over but less than 90 days due	33,263	446,282
Over 90 days	281,160	254,310
	<b>2,450,297</b>	<b>3,975,926</b>



		For the year ended June 30, 2018	For the year ended June 30, 2017
		Taka	Taka
<b>6.00 Advance, Deposite &amp; Prepayments</b>			
Advance against Salary		48,524	53,214
Advance against goods supply		15,118,875	14,719
Earnest Money & Security Deposit		234,624	234,624
Advance Income Tax (AIT)	6.05	2,893,283	1,680,581
		<b>18,295,306</b>	<b>1,983,138</b>

- 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 realisable when the service from them are discontinued.
- 6.03 All advance, deposit & prepayment are considered good and recoverable within due course.

#### 6.04 Maturity Analysis

Adjustable/Realisable within one year	234,624	234,624
Adjustable/Realisable after one year	18,060,682	1,748,514
	<b>18,295,306</b>	<b>1,983,138</b>

#### 6.05 Advance Income Tax (AIT)

Opening Balance	1,680,581	1,395,581
Addition During the year	1,212,702	452,770
Adjustment/settled during the year	-	(167,770)
Closing Balance	<b>2,893,283</b>	<b>1,680,581</b>

The tax assessment for the year 1995-1996 is pending with honorable high court.

#### 7.00 Cash & Cash equivalents

##### 7.01 Cash-in-hand

Head Office	906,798	290,495
Factory	205,771	347,325
Chittagong Branch	672	912
Petty Cash with Head Office	1,403	1,579
	<b>1,114,644</b>	<b>640,311</b>

##### 7.02 Cash at Banks

C.D A/c – 284 Janata Bank (Savar)	614,290	286,286
„ „ 4751/33001125, Janata Bank (Dhaka)	664,727	478,699
„ „ 3864, Janata Bank (Chittagong)	970,418	838,901
	<b>2,249,435</b>	<b>1,603,886</b>
<b>Total Cash &amp; cash equivalents</b>	<b>3,364,079</b>	<b>2,244,197</b>

The physical cash counting was taken place at the year end.  
All the Bank balances have been reconciled and found in order.



For the year ended June 30, 2018      For the year ended June 30, 2017

#### 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	26,025,738	23,414,120
	<u>26,025,738</u>	<u>23,414,120</u>

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	6 Crore
Tenor	1 year from sanction
Rate of Interest	13%
Security	Factory Land & Building and Stock.

#### 9.00 Loan & Advance

Loan from Directors	675,000	575,000
Advance against Sales	26,775,525	17,810,438
Workers & Employees P. F.	2,770,364	2,425,433
	<u>30,220,889</u>	<u>20,810,871</u>

Interest free temporary loan received from Mrs. Lutful Tahmina Khan, Chairperson amounting to Tk.3,50,000/- & Mr. Safi Modassir Khan, Director amounting to Tk. 3,25,000/-.

Security deposit & Advance money received from buyers against sale has subsequently been adjusted.

Workers & Employees Provident Fund has not yet been recognized by the National Board of Revenue (NBR) Government of the people's republic of Bangladesh.

#### 10.00 Accounts payable

Abdus Salam (Carrying)	318,354	112,725
Akbar Engineering Works	989,563	387,952
Angasia Enterprise	213,012	177,374
Bashundhara Timber Mart	168,420	153,886
M/s. Hossain & Co.	435,247	116,257
Shimul Art Press	296,452	179,841
M/s. Tutul Traders	985,125	276,731
M/s. S.M Enterprise	136,584	154,225
M/s. Bonik Bitan	221,450	1,035
Anowar Hossain Enterprise	112,574	83,805
Kaligonj Traders	134,850	136,784
M/s. Ashok Agarwala	94,284	83,247
M/s. Rashid Enterprise	183,472	163,861
Shahin Enterprise	135,487	116,487
Meri Traders	198,740	186,376
M/s. Sonali Agency	745,720	583,263
M/s. Pioneer Refractories & Tiles	1,415,949	1,548,463
M/s. Master Traders	426,752	386,936
M/s. Mita Traders	314,500	31,208
M/s. Titas Banijjik Protisthan	2,598,251	3,475,246
Khaled Enterprise	458,276	187,542
Khan Business Consortium	267,843	224,841



For the year ended June 30, 2018      For the year ended June 30, 2017

Lucky Enterprise  
Nazmul Enterprise  
Others

Taka	Taka
1,233,214	875,687
1,140,540	813,014
358,745	165,136
<b>13,583,404</b>	<b>10,621,922</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	484,548	440,499
Telephone & Trunk-call Charges	32,145	27,364
Gas Charges	727,197	649,043
Electric Charges	314,348	145,718
Office Rent	18,500	18,500
Audit Fees	115,000	100,000
Income Tax Consultant Fees	10,000	10,000
AIT & VAT deducted at source	729,882	-
	<b>2,431,620</b>	<b>1,391,124</b>

11.01 We note that except security most of the above creditors for expenses have subsequently been paid.

#### 12.00 Other liabilities

Mrs. Lutful Tahmina Khan	217,062	211,062
Shafia Tasnim Khan	145,765	139,765
Mrs. Nilufa Akhter	12,000	6,000
Safi Modassar Khan	405,566	405,566
Labours Security	-	-
Share Application money (Un-claim) 12.01	2,000	2,000
	<b>782,393</b>	<b>764,393</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 We observed that the above fund has not been paid to the beneficiaries/employees or invested out side the business for earning profit as specified in the companies WPPF & WF Act. 1968.

#### 14.00 Provision for income tax

Opening balance	724,796	543,340
Provision for the year	336,608	243,948
Prior year under provision	-	105,277
Adjustment during the year	-	(167,770)
Closing balance	<b>1,061,405</b>	<b>724,796</b>

Note: 14.01



	For the year ended June 30, 2018	For the year ended June 30, 2017
<b>14.01</b>	<b>Taka</b>	<b>Taka</b>
Tax for 2011/12	341,973	341,973
Tax for 2012/13	49,714	49,714
Tax provision for 2014/15	47,035	47,035
Tax provision for 2015/16	42,125	42,125
Tax provision for 2016/17	243,948	243,948
Tax provision for 2017/18	336,608	-
	<b>1,061,405</b>	<b>724,796</b>

**14.02** As per Income Tax ordinance provision for taxation has been provided @ 0.60% on sales during this year as taxable profit for this year is negative.

#### **15.00 Deferred Tax**

Deferred Tax has been calculated based on deduct able / 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 Bangladesh Accounting Standard (BAS)-12 "Income Taxes"

Carrying value of asset of accounting base	41,650,296	40,541,037
Tax base	22,939,840	22,958,047
Temporary difference	18,710,456	17,582,990
Tax rate	25.00%	25.00%
Closing balance	<b>4,677,614</b>	<b>4,395,748</b>
Deferred tax expenses/(income) during the year	281,867	(1,311,555)

#### **16.00 Share Capital**

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

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

<b>300,000,000</b>	<b>300,000,000</b>
--------------------	--------------------

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
<b>13,928,000</b>	<b>13,928,000</b>

#### **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	%
1,368	Less than & equal 50,000 shares	705,400	41.12 %
3	50,001 shares to 150,000 shares	400,340	38.27 %
1	250,001 shares to 350,000 shares	287,060	20.61 %
<b>1,372</b>		<b>1,392,800</b>	<b>100.00 %</b>



For the year ended June 30, 2018      For the year ended June 30, 2017

#### 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
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	"

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	<u>2,094,434</u>	<u>2,094,434</u>

Reserve for Re-Investment and purchases of Govt. Bond are as per last account and were created as per requirements of Income Tax Ordinance, 1984

#### 18.00 Sales Revenue

Name of the product	Qty (M.Tons)		
Refractory Items (Own Product)	3,910.88	52,891,464	36,508,533
Sales of Imported Finished goods	50.00	3,209,942	4,149,510
	<u>3,960.88</u>	<u>56,101,406</u>	<u>40,658,043</u>

#### 19.00 Cost of goods sold

	Qty (M.Tons)		
Opening Stock	1,224.60	8,297,354	7,814,637
Add: Cost of Production (19.01)	3,694.34	42,027,382	30,222,404
	<u>4,918.94</u>	<u>50,324,736</u>	<u>38,037,041</u>
Less: Closing Stock	(1,008.06)	(7,312,547)	(8,297,354)
	<u>3,910.88</u>	<u>43,012,189</u>	<u>29,739,687</u>
Add: Purchase of Finished product (19.04)	50.00	2,507,021	3,516,534
	<u>3,960.88</u>	<u>45,519,211</u>	<u>33,256,221</u>

#### 19.01 Cost of production

	Qty (M.Tons)		
Raw Material Consumed (19.02)	3,690.47	16,298,178	12,079,477
Direct Labour	-	3,751,946	2,162,369
Factory Overhead (19.03)	-	21,715,313	16,244,052
Insurance Premium	-	182,160	91,080
	<u>3,690.47</u>	<u>41,947,597</u>	<u>30,576,978</u>
Add : Opening Work-in-process	109.21	864,923	510,349
	<u>3,799.68</u>	<u>42,812,520</u>	<u>31,087,327</u>
Less : Closing Work-in-process	(105.34)	(785,138)	(864,923)
Total Cost of production	<u>3,694.34</u>	<u>42,027,382</u>	<u>30,222,404</u>



For the year ended June 30, 2018      For the year ended June 30, 2017

## 19.02 Raw Material Consumed

	<u>Taka</u>	<u>Taka</u>
<b>Qty (M.Tons)</b>		
Opening Stock	405.24	3,221,497
Add : Purchase this year [19.02(I)]	4,063.30	15,142,426
	4,468.54	18,363,923
Less : Closing Stock	(778.07)	(2,065,745)
	<u>3,690.47</u>	<u>16,298,178</u>
		<u>12,079,477</u>

## 19.02 Statement of Raw Materials Purchased

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

<u>Name of materials</u>	<u>Qty (M.Tons)</u>		
i) Aluminium Ors Concentrates (Bauxite)	-	-	-
	75.00	1,737,765	5,148,131
	<u>75.00</u>	<u>1,737,765</u>	<u>5,148,131</u>

### (b) Local :

<u>Name of materials</u>	<u>Qty (M.Tons)</u>		
i) Mymensingh Clay Grade-1	918.07	2,578,789	1,880,858
ii) Mymensingh Clay Grade-2	1,007.20	2,266,217	1,457,201
iii) Grog	949.72	4,748,620	2,235,710
iv) White Clay (Sylhet)	568.60	1,420,965	1,054,237
v) Black Clay	492.31	984,620	862,360
vi) Sager	-	-	148,627
vii) Feldspar	-	-	168,464
viii) Refractories Binder	27.23	443,610	152,350
ix) White Cement	19.50	536,410	427,689
x) Alumina Cement	5.67	425,430	303,385
xi) Plastic Clay	-	-	157,364
	<u>3,988.30</u>	<u>13,404,661</u>	<u>8,848,245</u>

### Total purchased

<u>4,063.30</u>	<u>15,142,426</u>	<u>13,996,376</u>
-----------------	-------------------	-------------------

## 19.03 Factory Overhead

Factory Salary & Wages	2,916,546	2,205,237
Festival Bonus	532,500	-
Gas Charges	4,485,663	3,857,992
Electric Charges	2,176,966	2,179,843
Material Handling Cost	436,420	-
Lubricants	865,508	643,672
Quality Control Exp	426,975	-
Mould Expenses	285,813	123,875
Carriage Inward	230,673	153,782
Safety & Environmental Exp.	572,706	-
Repairs & Maintenance	1,052,178	1,034,785
Clearing, Forwarding & Others	916,045	877,363
Security Gard Expense	565,000	-
Other Factory Expenses	1,573,536	1,223,576
Laboratory Expenses	179,926	53,284
Research and Development Exp.	488,425	-
Medical Expenses	207,539	48,359
Depreciation	3,802,895	3,842,284
	<u>21,715,313</u>	<u>16,244,052</u>



		For the year ended June 30, 2018	For the year ended June 30, 2017
		Taka	Taka
<b>19.04 Purchase of finished product</b>			
	<b>Qty (M.Tons)</b>		
Refractory & allied Materials (Imported)	50.00	2,507,021	2,132,233
Procurement of Finished goods (Local)		-	1,384,301
	<b>50.00</b>	<b>2,507,021</b>	<b>3,516,534</b>

**20.00 Administrative & Marketing expense**

Salary & Allowances		2,582,502	2,152,484
Directors remuneration	22.00	396,000	396,000
Board meeting fee	22.00	18,000	18,000
Festival Bonus		399,766	333,138
T. A. & Conveyance		357,045	253,756
Entertainment		198,878	88,484
Printing & Stationery		118,168	76,367
Postage & Telegram		45,264	16,342
Telephone, Mobile & Trunk-call Charges		255,538	169,230
Electric Charges		271,440	334,719
Overseas Travels		561,014	-
Office Rent		222,000	222,000
Repairs & Maintenance		195,410	118,836
Fuel		95,834	72,667
Packing Charges		196,670	79,238
Carriage outward		179,323	107,769
Advertisement		67,483	39,864
Donation & Subscription		3,491	2,885
A. G. M Expenses		-	89,327
Fees & Fines		11,588	14,850
Other benefit for directors	22.00	134,000	134,000
Miscellaneous Expenses		4,920	4,278
Paper & Periodicals		11,975	9,176
Tender Document Purchases		46,203	21,238
Medical Expenses		95,265	64,762
Business Development		965,681	-
Rates & Taxes		11,721	11,580
Income Tax Consultant Fees		50,000	10,000
Enlistment Fees (D.S.E)		59,850	50,000
Uniform & Costume		66,017	13,237
Water Charges		39,515	31,867
Audit fee	23.00	115,000	100,000
Depreciation		268,215	197,305
		<b>8,043,773</b>	<b>5,233,399</b>

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

**21.00 Financial Expenses**

Interest on C.C. Loan from Janata Bank Farmgate Corp. Br.	3,184,429	3,354,351
Bank Charges	48,926	19,584
	<b>3,233,355</b>	<b>3,373,935</b>



## 22.00 Directors Remuneration

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

#### i) Remuneration

For the year ended June 30, 2018	For the year ended June 30, 2017
----------------------------------	----------------------------------

Taka	Taka
180,000	180,000
<b>180,000</b>	<b>180,000</b>

### c) Mr. Safi Modassar Khan, Managing Director:

#### i) Remuneration

#### ii) Other Allowances:

##### House Rent

##### Entertainment

216,000	216,000
116,000	116,000
18,000	18,000
<b>350,000</b>	<b>350,000</b>

#### Total remuneration

<b>530,000</b>	<b>530,000</b>
----------------	----------------

### d) Board meeting fees: Tk.18,000

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

Name	Designation	Amount	Remarks
2. Mrs. Nilufa Akhter	Ind. Director	6,000	—
3. Miss. Shafia Tasnim Khan	Director	6,000	—
4. Mr. Abu Taher	Ind. Director	6,000	—
		<b>18,000</b>	

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

## 23.00 AUDITORS' REMUNERATION

<b>115,000</b>	<b>100,000</b>
----------------	----------------

Auditor's Remuneration includes only audit fees as fixed by the shareholders in the 35 th Annual General Meeting of the Company.

## 24.00 Production Capacity

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

	2018		2017	
	In M. Tons	Percentage	In M. Ton	Percentage
Installed Capacity	6,400.00	100.00%	6,400.00	100.00%
Actual Production	3,694.34	57.72%	2,939.48	45.93%
Shortfall	<b>2,705.66</b>	<b>42.28%</b>	<b>3,460.52</b>	<b>54.07%</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.



For the year ended June 30, 2018      For the year ended June 30, 2017

## 25.00 Related Party Disclosure

Taka      Taka

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 Bangladesh Accounting Standard 24: "Related Party Disclosures".

Name	Relations hip	Nature of Tran.	Transaction		Closing outstanding	
			Dr. (-)	Cr. (+)	2018	2017
Mrs. Lutful Tahmina Khan	Chairman	Remuneratio	180,000	180,000	217,062	217,062
Mr. Safi Modassar Khan	MD	Remuneratio	350,000	350,000	405,566	405,566
Mrs. Shafia Tasnim Khan	Director	Loan & Meeting Fee	-	6,000	145,765	139,765
Mrs. Nilufa Akhter	Director	Meeting Fee	-	6,000	12,000	6,000
Mrs. Lutful Tahmina Khan	Chairman	Loan		25,000	350,000	325,000
Mr. Safi Modassar Khan	MD	Loan		75,000	325,000	250,000
Total			530,000	642,000	1,455,393	1,343,393

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

The directors of the company considered as key management employees and details of benefit given to them is provided in Note 22.

## 26.00 Basic Earning Per Share (EPS)

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

Earnings attributable to Ordinary Shareholder	(1,313,408)	(243,182)
Weighted average numbers of shares outstanding during the year 2017-2018	1,392,800	1,392,800

## 27.00 Net Asset Value Per Share (NAV)

(0.94)      (0.17)

Net Asset Value Per Share (NAV) :

Total Asset - Total Laibilities	7,195,958	8,509,366
No. of ordinary share	1,392,800	1,392,800

## 28.00 Net operating cash flow per share (NOCFPS)

5.17      6.11

Net operating cash flow per share :

Net cash generated/(used) in operation	4,154,383	6,329,932
No. of ordinary share	1,392,800	1,392,800

2.98      4.54

## 29.00 Event after reporting period

The Board of Directors of Savar Refractories Ltd. has approved the financial statements as on October 30, 2018 and recommended ..0.% cash and ..0.% stock dividend for the financial year June 30, 2018. 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.



	For the year ended June 30, 2018	For the year ended June 30, 2017
	Taka	Taka
<b>30.00 Reconciliation between Net profit to Net operating cash flow</b>		
Profit/(loss) before tax	(694,933)	
Finance cost	3,233,355	
Operating profit	<u>2,538,422</u>	
<b>Adjustment:</b>		
Depreciation	4,071,110	
<b>Changes in Working capital:</b>		
(Increase)/Decrease of inventory	2,234,749	
(Increase)/Decrease of Trade debt	1,525,629	
(Increase)/Decrease of Advance, deposit & Prepayment except AIT	(15,099,466)	
Increase/(Decrease) of Accounts payable	2,961,482	
Increase/(Decrease) of Advance against sales	8,965,087	
Increase/(Decrease) of Liability for expenses	1,040,496	
Increase/(Decrease) of Other payable	18,000	
Increase/(Decrease) of PF balance	344,931	
	<u>8,600,440</u>	
Interest paid	(3,233,355)	
Tax paid	(1,212,702)	
	<u><u>4,154,383</u></u>	

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

- All Shares have been fully called and paid up.
- There were no preference shares issued by the Company.
- There was no Bank Guarantee issued by the Company on behalf of their Directors or the Company itself except Bank loans.
- No commission was paid to sales Agent.
- No expenses were paid as Royalty and Salary to Technical Experts etc. [As Para – 8 (KHA) of Part II in foreign currencies.
- No brokerage was paid against sales during the year under Audit.
- There was no sum for which the Company was contingently liable as on 30-06-2018.
- During the year, there was six Nos of Board Meeting.
- Auditors are paid only statutory audit fee approved by the Shareholders in the last Annual General Meeting.
- The Company earns no foreign currency.
- There is no non-resident shareholder of the company.
- There was no foreign exchange remitted to the relevant shareholders during the year under audit.
- The value and percentage of consumption of imported local Raw Materials & stores are given below: -

	Value	%
a) Imported Raw-materials for production	1,737,765	9.85 %
b) Imported Raw-materials for trading	2,507,021	14.20 %
c) Local Raw-materials	13,404,661	75.95 %
d) Procurement of Finished goods (Local & Technical s	0	0.00 %
	<u>17,649,448</u>	<u>100.00 %</u>

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

	BDT	USD
a) Imported Raw-materials for production	1,737,765	20,475.00
b) Imported Finished goods for trading	2,507,021	29,539.00
	<u>4,244,787</u>	<u>50,014.00</u>

- There is no claim against the Company not acknowledge as debt except claim which may be Arisen on insurance claim.
- No amount of Money was expended by the Company for compensating any member of the Board for special service rendered.
- There is a sum of Tk. 4,920/- as miscellaneous expenses in Accounts.
- Category of Employees:
  - Drawing salary up to Tk.8,000 per month = 28 Persons
  - Drawing salary above Tk.10,00 per month = 12 Persons