

**Auditors' Report & Audited Financial Statements**

of

**Standard Ceramic Industries Limited**

**As at & for the Year Ended 30 June 2020**

## Table of Contents

Sl.	Particulars	Page No.
01	Independent Auditors' Report	01-06
02	Statement of Financial Position	07
03	Statement of Profit or Loss	08
04	Statement of Changes in Equity	09
05	Statement of Cash Flows	10
06	Notes to the Financial Statements	11-27
07	Schedule of Property, Plant & Equipment	28
08	Disclosures as per Requirement of the Companies Act 1994	29-30

# Independent Auditor's Report

## To the Shareholders of Standard Ceramic Industries Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of **Standard Ceramic Industries Limited (the Company)**, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, 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.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

#### Basis for Qualified Opinion

##### 1. Reference to the Note# 19

The company has a contributory Provident Fund recognized by tax authority. The employer's contribution along with employees' contribution are required to transfer to Provident Fund under the conditions of recognition and Rule 250 (2) of the Bangladesh Labor Rules 2015. The company did not transfer the employers and employees contribution totaling to Tk. 16,112,566 to the Provident Fund account. However, the company has made provision @ 8% interest of undisbursed amount of the contributions.

##### 2. Reference to the Note# 44

The Board of Directors of the company has recommended 1% cash dividend to the public shareholders only other than sponsor shareholders and Directors despite having negative retained earnings of Tk. 44,178,194 which does not conform to para 6(2) of the notification issued by the Bangladesh Securities and Exchange Commission no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 where it has been mentioned that no dividend shall be declared through doing anything so that the post dividend retained earnings become negative or a debit balance.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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 the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter-Effect of COVID-19 pandemic and Factory Lay Off**

We draw attention to Note no. 36, 42 and 43 which describe the reason for adverse effect on Earning Per Share (EPS), Net Operating Cash Flow Per Share (NOCFPS) and Gross Profit Margin. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to the Key Audit Matters to be communicated in our report. For each matter below our description of how our audit addressed the matters provided in that context.

Risk	Our response to the risk
<b>Valuation of Property, Plant and Equipment</b>	
<p>The carrying value of the PPE was Tk. 178,979,683 as at 30 June, 2020. Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management’s estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>See Note No. 3.00 to the financial statements</p>	<p>Our audit included the following procedure:</p> <ul style="list-style-type: none"> <li>• We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IAS and found them to be consistent.</li> <li>• We inspected a sample of invoices and L/C documents to determine whether the classification between capital and revenue expenditure was appropriate.</li> <li>• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> <li>• We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.</li> </ul>

<b>Valuation of Inventory</b>	
<p>The inventory of Tk. 97,110,298 as at 30 June, 2020 held in factory. Inventories are carried at the lower of cost and net realizable value.</p> <p>As a result, the management apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Since the value of Inventory is significant to the Financial Statements and there is significant measurement uncertainty involved in this valuation, the valuation of inventory was significant to our audit.</p> <p>See Note No. 4.00 to the financial statements</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>• evaluating the design and implementation of key inventory controls operating across the company;</li> <li>• attending in surprise inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>• comparing the net realizable value, obtained through a detailed review of sales subsequent 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;</li> <li>• reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year.</li> </ul>
<b>Measurement of Deferred Tax Liability</b>	
<p>The company reports net deferred tax liability to totaling Tk. 14,283,241 as at 30 June 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is probable that taxable profit will be reduced against which the taxable temporary differences can be recognized over a number of years.</p> <p>See Note No. 14.00 to the financial statements</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 DTAs and the assumptions used in estimating the company's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

<b>Impairment of PPE</b>	
<p>The economic climate and levels of competition remain challenging for the company. The company has completed a Strategic Review and as a result has decided to close or curtail some of its operations. Therefore there is a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p> <p>See Note No. 2.06 and 3.00 to the financial statements</p>	<p>Our audit procedure included, among others, considering the impairment risk associated with the following different type of assets:</p> <ul style="list-style-type: none"> <li>• We critically assessed and checked the company's impairment model. This included consideration of discounted cash flow forecast.</li> <li>• We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumptions involved.</li> </ul>

#### **Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, 1. The company did not transfer the both employers and employees contribution to the Provident Fund to the Provident Fund account; and 2. The board of Directors of the company has not been complied with the para 6(2) of the notification issued by the Bangladesh Securities and Exchange Commission no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 while recommending cash dividend. Accordingly, we are unable to conclude whether or not the other information are materially misstated with respect to these matters.

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

Management is responsible for the preparation of financial statements in accordance with IFRSs, the Companies Act 1994, the Security and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

### **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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 gives a true and fair view.

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 3 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The statement of financial position and statement of profit or loss with the report are in agreement with the books of account and returns; and
- d) The expenditure incurred was for the purpose of the Company's business.

**Dated: Dhaka, 28 October 2020**

*J C Biswas*

**J C Biswas FCA**

Partner

**MABS & J Partners**

Chartered Accountants



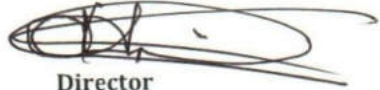
**Standard Ceramic Industries Limited**  
**Statement of Financial Position**  
As at 30 June 2020

Particulars	Notes	Amount in Taka	
		As on 30 June 2020	30 June 2019
<b>Assets:</b>			
<b>A. Non-current Assets</b>		<b>178,979,683</b>	<b>128,385,016</b>
Property, Plant and Equipment	3	178,979,683	128,385,016
<b>B. Current Assets</b>		<b>111,220,183</b>	<b>119,774,928</b>
Inventories	4	97,110,298	79,403,960
Advances, Deposits and Pre-payments	5	10,645,583	25,117,768
Accounts Receivable	6	430,775	464,749
Short Term Investment	7	504,659	6,753,031
Cash and Cash Equivalents	8	2,528,868	8,035,420
<b>Total Assets (A+B)</b>		<b>290,199,866</b>	<b>248,159,944</b>
<b>Equity &amp; Liabilities:</b>			
<b>C. Shareholders' equity</b>		<b>61,734,151</b>	<b>105,786,838</b>
Share Capital	9	64,606,500	64,606,500
Revaluation Reserve	10	25,592,345	25,592,345
Tax Holiday Reserve	11	-	1,063,500
General Reserve	11.a	1,063,500	-
Share Premium	12	14,650,000	14,650,000
Retained Earnings	13	(44,178,194)	(125,507)
<b>D. Non-current Liabilities</b>		<b>43,863,054</b>	<b>12,415,401</b>
Deferred Tax	14	14,283,241	12,415,401
Long Term Loan	15	29,579,813	-
<b>E. Current Liabilities</b>		<b>184,602,661</b>	<b>129,957,705</b>
Cash Credit (Secured)	16	49,474,646	25,665,411
Bank Overdraft	17	3,853,071	4,142,370
Unclaimed Dividend	18	10,081,873	9,188,145
Creditors, Accrued expenses and Others	19	60,395,674	43,114,632
Liabilities for other finance	20	60,797,397	47,847,147
<b>Total Shareholders' Equity and Liabilities (C+D+E)</b>		<b>290,199,866</b>	<b>248,159,944</b>
<b>Net Asset Value per share</b>	39	<b>9.56</b>	<b>16.37</b>

The annexed notes form an integral part of these financial statements. These financial statements were approved and authorized for issue by the Board of Directors on 28 October, 2020 and were signed on its behalf by:

  
Company Secretary

  
Managing Director

  
Director

As per our separate report of even date annexed.

Dated: Dhaka, 28 October 2020

  
J C Biswas FCA  
Partner  
MABS & J Partners  
Chartered Accountants

**Standard Ceramic Industries Limited**  
**Statement of Profit or Loss**  
**For the year ended 30 June 2020**

Particulars	Notes	Amount in Taka	
		For the Year Ended	
		30 June 2020	30 June 2019
<b>Revenue</b>	21	233,738,372	323,854,117
Less: Cost of Goods Sold	22	217,529,750	255,600,803
<b>Gross Profit</b>		<b>16,208,622</b>	<b>68,253,314</b>
<b>Less: Operating Expenses</b>		<b>47,871,370</b>	<b>50,009,184</b>
Administrative Expenses	23	38,732,112	39,639,108
Selling and Distribution Expenses	24	9,139,258	10,370,076
<b>Operating Profit/(Loss)</b>		<b>(31,662,748)</b>	<b>18,244,130</b>
Add: Other Income	25	122,594	1,053,013
Less: Finance Cost	26	5,135,140	3,786,378
<b>Net Profit/(Loss) before WPPF</b>		<b>(36,675,294)</b>	<b>15,510,765</b>
Less: Workers Profit Participation Fund @ 5%		-	775,538
<b>Net Profit/(Loss) before Tax</b>		<b>(36,675,294)</b>	<b>14,735,227</b>
<b>Less: Income Tax Expense</b>		<b>(4,147,068)</b>	<b>(4,686,178)</b>
Current Tax	27	(2,279,228)	(3,877,691)
Deferred Tax (Expenses)/Income	28	(1,867,840)	(808,487)
<b>Net Profit/(Loss) after Tax</b>		<b>(40,822,362)</b>	<b>10,049,049</b>
<b>Earning Per Share(EPS)</b>	36	<b>(6.32)</b>	<b>1.56</b>

The annexed notes form an integral part of these financial statements. These financial statements were approved and authorized for issue by the Board of Directors on 28 October, 2020 and were signed on its behalf by:

  
Company Secretary

  
Managing Director

  
Director

As per our separate report of even date annexed.

Dated: Dhaka, 28 October 2020

  
J C Biswas FCA  
Partner  
MABS & J Partners  
Chartered Accountants

**Standard Ceramic Industries Limited**  
**Statement of Changes in Equity**  
For the year ended 30 June 2020

Amount in Taka

Particulars	Share Capital	Revaluation Reserve	General Reserve	Tax Holiday Reserve	Share Premium	Retained Earnings	Total Equity
As at 01 July 2019	64,606,500	25,592,345	-	1,063,500	14,650,000	(125,507)	105,786,838
Changes during the Year:							
Inter Transfer	-	-	1,063,500	(1,063,500)	-	-	-
Cash Dividend (2018-19)	-	-	-	-	-	(3,230,325)	(3,230,325)
Profit/(Loss) After Tax	-	-	-	-	-	(40,822,362)	(40,822,362)
As at 30 June 2020	64,606,500	25,592,345	1,063,500	-	14,650,000	(44,178,194)	61,734,151

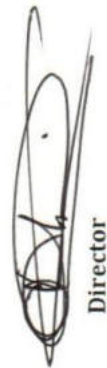
**For the year ended 30 June 2019**

Particulars	Share Capital	Revaluation Reserve	General Reserve	Tax Holiday Reserve	Share Premium	Retained Earnings	Total Equity
As at 01 July 2018	64,606,500	25,592,345	-	1,063,500	14,650,000	(9,250,640)	96,661,705
Changes during the Year:							
Cash Dividend (2017-18)	-	-	-	-	-	(923,916)	(923,916)
Profit After Tax	-	-	-	-	-	10,049,049	10,049,049
As at 30 June 2019	64,606,500	25,592,345	-	1,063,500	14,650,000	(125,507)	105,786,838

The annexed notes form an integral part of these financial statements. These financial statements were approved and authorized for issue by the Board of Directors on 28 October, 2020 and were signed on its behalf by:

  
Company Secretary

  
Managing Director

  
Director

As per our separate report of even date annexed.

Dated: Dhaka, 28 October 2020

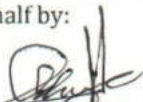
  
J C Biswas FCA  
Partner

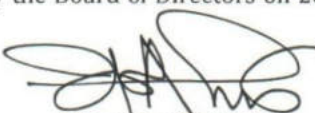
**MABS & J Partners**  
Chartered Accountants

**Standard Ceramic Industries Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

Particulars	Note	Amount in Taka	
		For the Year Ended	
		30 June 2020	30 June 2019
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and others		281,807,098	395,402,343
Paid to suppliers, employees & others		(271,196,833)	(378,273,541)
Finance cost paid		(5,135,140)	(3,786,378)
Income Tax paid and/or deducted at source etc.		(1,852,367)	(3,951,093)
<b>A. Net Cash Generated from Operating Activities</b>	37	<b>3,622,758</b>	<b>9,391,331</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant and Equipment		(66,263,429)	(17,441,695)
Interest Received		122,594	1,053,013
Short Term Investment		6,248,372	4,964,569
<b>B. Net Cash Used in Investing Activities</b>		<b>(59,892,463)</b>	<b>(11,424,113)</b>
<b>Cash Flows from Financing Activities</b>			
Cash Credit Loan (Paid)/Received		23,809,235	4,325,918
Long Term Loan		29,579,813	-
Dividend Paid		(2,336,596)	(798,523)
Bank overdraft (Paid)/Received		(289,299)	989,263
<b>C. Net Cash Generated from Financing Activities</b>		<b>50,763,153</b>	<b>4,516,658</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(5,506,552)</b>	<b>2,483,876</b>
Cash and Cash Equivalents at Beginning of the Year		8,035,420	5,551,544
<b>Cash and Cash Equivalents at End of the Year</b>	8	<b>2,528,868</b>	<b>8,035,420</b>
<b>Net Operating Cash Flow Per Share</b>	41	<b>0.56</b>	<b>1.45</b>

The annexed notes form an integral part of these financial statements. These financial statements were approved and authorized for issue by the Board of Directors on 28 October, 2020 and were signed on its behalf by:

  
Company Secretary

  
Managing Director

  
Director

As per our separate report of even date annexed.

Dated: Dhaka, 28 October 2020

  
J C Biswas FCA  
Partner  
MABS & J Partners  
Chartered Accountants

**Standard Ceramic Industries Limited**  
**Notes to the Financial Statements**  
For the year ended 30 June 2020

**1.0 Structure and Objects:**

The company is a public limited company registered on 13-08-84 with authorized Share capital of Tk. 10 crores divided into 1 crore ordinary shares of Tk.10.00 each for manufacturing of Ceramic Stone wares & Table wares. In addition to sponsors, the project was initially funded by BSB, IPDC & SABINCO. Production started in the later part of 1993. Approval of prospectus from the Bangladesh Securities & Exchange Commission (BSEC) had been obtained on 14th September 1996. The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited on 7th December, 1996 and on 4th December 1996 respectively.

**1.01 Nature of Business:**

The company is a ceramic industry for manufacturing of ceramic stone wares and table wares for local and foreign markets.

**2.00 Significant Accounting Policies:**

**2.01 Basis for Preparation, Presentation and Disclosure of the Financial Statements**

The financial statements have been prepared and the disclosures of information are made in accordance with the requirements of the Companies Act, 1994, International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS)). The Statement of Financial Position and Statement of profit or loss have been prepared according to IAS and IFRS. "Presentation of Financial Statements" based on accrual basis of accounting following going concern assumption under generally accepted accounting principles and practices in Bangladesh and Statement of Cash Flows according to IAS 7.

**2.02 Legal Compliance:**

The financial statements have been prepared and the disclosures of information were made in accordance with the requirements of the Companies Act, 1994, Securities and Exchange Rules 1987, Listing Regulations of Dhaka Stock Exchange Limited (DSE) and other laws and regulations applicable in Bangladesh. On the basis of these regulations, International Accounting Standards (IASs) & International Financial Reporting Standards (IFRSs) were applied with the applicable standards.

**2.03 Accounting Estimates, Assumptions & Judgments:**

The preparation of the financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

**2.04 Going Concern:**

The Company has adequate resources to continue its operation for the foreseeable future. For this reason going concern basis has been adopted in preparing the financial statements.



**2.05 Components of the Financial Statements:**

According to the International Accounting Standards (IAS) 1, the complete set of Financial Statements includes the following components:

1. Statement of Financial Position as at 30 June, 2020;
2. Statement of Profit or Loss for the year ended 30 June, 2020;
3. Statement of Changes in Equity for the year ended 30 June, 2020;
4. Statement of Cash Flows for the year ended 30 June, 2020 and
5. Notes, comprising a summary of significant Accounting Policies and Other Explanatory Information.

**2.06 Recognition of Property, Plant and Equipment and Depreciation:**

Property, Plant and Equipment are stated at cost less accumulated depreciation in accordance with IAS 16 "Property, Plant & Equipment". Cost represents cost of acquisition of construction and include purchase price and other directly attributable cost of bringing the assets to working conditions for its intended use, but do not include any capitalized borrowing cost. No depreciation is charged on land and land development. Depreciation on all other Property, Plant and Equipment are computed using the reducing balance method in amount sufficient to write off depreciable assets over their estimated useful life. Expenditure for maintenance and repairs are expenses; major replacements, renewals and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss or such disposal is reflected in operations for the year.

The annual depreciation rates applicable to the principal categories are:

• Building & Civil Construction	7.5%
• Plant & Machinery	10%
• Deep Tube well	05%
• Electric Equipment	10%
• Other Asset	20%
• Car and Vehicles	20%
• Tools	25%
• Furniture & Fittings	10%
• Office Equipment	15%

Depreciation is charged on Property, Plant and Equipment for full year on opening written down value and on addition during the year from the date of use. Depreciation has been charged to cost of goods sold & administrative expenses consistently.

**Impairment of Assets**

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

**2.07 Inventories:**

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process. Inventories are stated at the lower of cost or net realizable value in compliance to the requirements of IAS. Costs including an appropriate portion of fixed and variable overhead expenses are assigned to inventories by the method most appropriate to the particular class of inventory. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale.



**2.08 Cash and Cash Equivalents:**

Cash and cash equivalents include cash in hand and cash at banks of the Company. There is an insignificant risk of change in value of the same.

**2.09 Creditors & Accrued Expenses:****2.09.1 Trade & Other Payables:**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the Company. These include Advance against Sales, Security and Other Deposits and Other Current Liabilities.

**2.09.2 Provisions:**

Necessary provision for the current assets which are seems to be doubtful of recovery are made in the financial statements in conformity with Bangladesh Accounting Standards.

**2.10 Employee Benefits:**

The Company maintains defined contribution plan (provident fund) and Retirement benefits (Gratuity) for its eligible permanent employees as per applicable laws and regulations.

**2.10.1 Defined contribution plan (Provident fund):**

The Company operates a contributory Provident fund for its eligible permanent employees. The fund is approved by the National Board of Revenue (NBR). The fund is administered by a Board of Trustee and is funded by contribution partly from the employee and partly from the Company as predetermined rates. The contribution is invested separately from the Company's assets.

**2.10.1 Gratuity benefits:**

Gratuity benefits are incorporated when an employee is entitled to the benefits depending on the length of services and last drawn basic salary.

**2.11 Income Tax:****2.11.1 Current Tax:**

Provision for taxation has been made as per rates prescribed in the Finance Act, 2019, the Income Tax Ordinance, 1984 and as per IAS 12 Income Tax.

**2.11.2 Deferred Tax:**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

**2.12 Related Party Transactions:**

Company is not connected to any related party transaction except as mentioned in Note 39. Benefit of key management personnel includes officials in the ranks of Managing Director, Director, General Manager, Deputy General Manager, Company Secretary, CFO, Manager and Deputy Manager. The yearly salary involvement is Tk. 20,986,312 as sort-term employee's benefit. No post-employment benefits, other long term benefits and termination benefits were paid during the year.



**2.13 Contingent Liabilities & Contingent Assets:**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the Company. In accordance with IAS Provision, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

**2.14 Revenue Recognition:**

Revenue has been recognized as per IFRS 15: Revenue from contracts with customers under 05 (five) step approach of recognizing revenue. According to the core principal of IFRS 15, the entity has recognized revenue to depict the transfer of promise goods or service to custom in an amount that reflects the consideration (payment ) to which the entity expects to be entitled in exchanging for those goods or services. 05 (five) step approach applied are as follows:

- i. Identify the contract;
- ii. Identify the separate performance obligation;
- iii. Determine the transaction price;
- iv. Allocate the price to the performance obligations; and
- v. Recognize revenue.

**2.15 Statements of Cash Flows:**

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

**2.16 Earnings per Share:**

The Company calculates Earning per Share (EPS) in accordance with IAS 33: "Earning per Share", which has been shown on the face of Statement of Profit or Loss, and the computation of EPS is stated in the note. Earnings per Share has been calculated by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

**2.17 Segment Reporting:**

No segmental reporting is applicable for the company as required by IAS 14: "Segment Reporting" as the company operates in a single industry segment. Though the company has some export but this is very insignificant as such the geographical territory has also been considered single.

**2.18 Comparative:**

Financial statements are presented as IAS previous year's figures have been reclassified, re-arranged where found necessary to provide information that is reliable and more relevant and to conform to the current year's presentation.

**2.19 Reporting Period:**

The financial statements cover one year from 01 July 2019 to 30 June 2020.





Notes	Particulars	As at	
		30 June 2020	30 June 2019
<b>3.00</b>	<b>Property, Plant and Equipment: Tk. 178,979,683</b>		
	Details are as under:		
	Opening Balance	382,997,351	365,555,656
	Addition during the year	66,263,429	17,441,695
	Less: Adjustment	9,412,771	-
		<b>439,848,009</b>	<b>382,997,351</b>
	Less: Accumulated Depreciation	(260,868,326)	(254,612,335)
	<b>Net written down value as on 30 June 2020</b>	<b>178,979,683</b>	<b>128,385,016</b>

Details of Property, Plant and Equipment has been shown in schedule-1.

**4.00 Inventories: Tk. 97,110,298.**

Details are as follows:

	30 June 2020		30 June 2019	
	Qty in M.T	Value (Tk.)	Qty in M.T	Value (Tk.)
Raw Materials (4.01)		7,705,000		11,709,250
Work-in process	M.T 1248	65,755,288	953 M.T	50,022,426
Finished products	M.T 92	9,010,010	61 M.T	4,167,457
Stores & spares		14,334,400		12,994,047
Packing Materials	6,400 pcs	305,600	14,921 pcs	510,780
		<b>97,110,298</b>		<b>79,403,960</b>

The inventories were physically verified on 30 June 2020 and certified by the management. Raw materials have been valued at Weighted Average Cost. Work-in-process have been valued at cost of raw materials with proportion of electricity, gas and factory overhead absorbed in production. Finished products have been valued at cost and realizable price which is lower and spare parts have been valued at cost. Inventories were mortgaged to Rupali Bank Ltd, Ramna Corporate Branch as security of working capital loan.

**4.01 Raw Materials:**

	30 June 2020		30 June 2019	
	Body, Glaze and Auxiliary (M.T)	Decorative Sheet (pcs)	Body, Glaze and Auxiliary (M.T)	Decorative Sheet (pcs)
Opening Balance	164	65,000	468	19,808
Add: Purchased during the year	4,393	148,000	5,956	422,400
Available for use	<b>4,557</b>	<b>213,000</b>	<b>6,424</b>	<b>442,208</b>
Less: Issued for Production	4,445	210,850	6,260	377,208
<b>Closing Balance</b>	<b>112</b>	<b>2,150</b>	<b>164</b>	<b>65,000</b>



Notes	Particulars	As at	
		30 June 2020	30 June 2019
<b>5.00</b>	<b>Advance Deposits and Pre-payment: Tk. 10,645,583</b>		
	Details are as under:		
	i) Advances	323,896	2,449,830
	ii) Security deposits	3,561,902	3,561,902
	iii) Advance Income Tax	4,232,984	6,258,308
	iv) Bank Margins	2,249,200	11,625,700
	v) VAT(Value Added Tax)	277,601	1,222,028
		<b>10,645,583</b>	<b>25,117,768</b>
	<b>I) Advances: Tk. 323,896</b>		
	Details are as under:		
	Advance against works	296,493	2,422,427
	Other Advance	27,403	27,403
		<b>323,896</b>	<b>2,449,830</b>
	<b>ii) Security deposits: Tk.3,561,902</b>		
	Details are as under:		
	T&T Board	145,025	145,025
	PDB	253,800	253,800
	Bangladesh Oxygen Ltd.	8,000	8,000
	Amin Mohiuddin Foundation	811,800	811,800
	Titas Gas Transmission & Distribution Co. Ltd.	2,143,277	2,143,277
	CDBL	200,000	200,000
		<b>3,561,902</b>	<b>3,561,902</b>
	<b>iii) Advance Income Tax: Tk. 4,232,984.</b>		
	Details are as under:		
	Opening balance	6,258,308	6,073,920
	Addition during the year	1,852,367	3,951,093
		<b>8,110,675</b>	<b>10,025,013</b>
	Less: Adjustment against financial year 2018-2019	(3,877,691)	(3,766,705)
	<b>Closing Balance</b>	<b>4,232,984</b>	<b>6,258,308</b>
	<b>iv) Bank Margins: Tk. 2,249,200</b>		
	Details are as under:		
	L/C Margin	1,401,000	10,777,500
	Bank Guarantee Margin	848,200	848,200
		<b>2,249,200</b>	<b>11,625,700</b>



Notes	Particulars	As at	
		30 June 2020	30 June 2019

v) **VAT (Value Added Tax): Tk. 277,601**

Details are as under:

Opening Balance	1,222,028	1,640,521
Add: Cash Deposit and VAT on Raw materials etc.	34,116,319	51,595,067
	<u>35,338,347</u>	<u>53,235,588</u>
Less: Adjustment on local sales	(35,060,746)	(52,013,560)
<b>Closing Balance</b>	<b><u>277,601</u></b>	<b><u>1,222,028</u></b>

a) The Company has no advances which may be classified as doubtful/bad.

b) No amount was due by the Directors (including Managing Director) and officers of the Company or any of them severally or jointly with any other person.

c) No amount was due by the Associated under-taking.

**6.00 Accounts Receivable: Tk. 430,775**

The amount represents receivable against duty draw back. Age wise breakup is:

Exceeding six months	430,775	464,749
Below six months	-	-
<b>Total</b>	<b><u>430,775</u></b>	<b><u>464,749</u></b>

**7.00 Short Term Investment: Tk. 504,659**

Details are as under:

Investment in FDR# 24300067015 (Southeast Bank Ltd.)	<u>504,659</u>	<u>6,753,031</u>
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Notes	Particulars	As at	
		30 June 2020	30 June 2019
<b>8.00</b>	<b>Cash &amp; Cash Equivalents: Tk. 2,528,868.</b>		
	Details are as under:		
	Cash in hand	372,480	1,727,222
	<b>Cash at Bank</b>		
	NCC Bank CD A/C	-	-
	Al-Arafah Islami Bank CD A/C No.-11866	6,542	12,392
	Rupali Bank Ltd. CD A/C No.-1650	49,483	142,817
	Rupali Bank Ltd. CD A/C No.-1595	3,780	3,780
	Rupali Bank Ltd. CD A/C No.-7662	-	3,298,631
	United Commercial Bank CD A/C No.-330	451	451
	United Commercial Bank CD A/C No. 928	31,012	-
	City Bank Ltd. CD A/C No.1402077	1,195,922	600,728
	City Bank Ltd. CD A/C No.1102075735001	56,895	287,590
	Agrani Bank Ltd. CD A/C No.-33005504	9,732	9,732
	Agrani Bank Ltd. CD A/C No.-562	1,000	1,000
	Agrani Bank Ltd. CD A/C No.-22303	1,444	1,444
	Bangladesh Shilpa Bank CD A/C No.-113303653	1,743	1,743
	Sonali Bank Ltd. CD A/C No.15609	240	240
	Southeast Bank Ltd. CD A/C No.-47598	12,122	-
	Mutual Trust Bank CD A/C No.-	546,463	1,317,394
	Rupali Bank Ltd. CD A/C No.-158-7474	3,552	3,552
	IFIC Bank CD A/C No.-00083325016	950	950
	City Bank Ltd. STD A/C No.31000453/7001	13,576	18,106
	City Bank Ltd. STD A/C No.31000490/7002	13,571	13,572
	City Bank Ltd. STD A/C No.31000536/7003	15,085	15,085
	City Bank Ltd. STD A/C No.3102075735001	808	808
	City Bank Ltd. STD A/C No.7004	29,931	86,246
	IFIC Bank Ltd. STD A/C No.000836000701	6,657	6,657
	Rupali Bank Ltd. F/C A/C No.-95/05 (US\$ 3457 )	155,429	485,280
		<b>2,528,868</b>	<b>8,035,420</b>

Cash -in-hand has been verified and certified. Balances with Banks are confirmed by the bank certificates.

**9.00 Share Capital: Tk. 64,606,500**

Details are as under:

(a) **Authorized Capital: Tk. 100,000,000**

10,000,000 Ordinary share of Taka 10.00 each

**100,000,000**      **100,000,000**

(b) **Issued, Subscribed & Paid-up Capital:**

6,460,650 Ordinary shares of Tk. 10/= each fully paid up:

1) 5,860,000 (2,930,000 ordinary shares before public issue i.e. before 4.11.1996 and 2,930,000 ordinary shares public issue i.e. 4.11.1996) ordinary shares of Tk.10/= each fully paid up in cash.

58,600,000      58,600,000

2) 600,650 (293,000 ordinary shares in 2010 and 307,650 ordinary share in 2011) ordinary shares of Tk. 10 each issued as fully paid as Bonus Shares.

6,006,500      6,006,500

**64,606,500**      **64,606,500**

(c) The position of Shareholders as on 30th June, 2020 is as follows :

Description	30 June 2020			30 June 2019		
	No. of Share holders	No. of Shares	Share holding in %	No. of Share holders	No. of Shares	Share holding in %
Sponsors and directors	7	1,841,072	28.50	7	1,841,072	28.50
Financial Institutions (Bank & Insurance)	11	10,102	0.47	10	30,210	0.47
Financial Institutions (Others)	61	229,067	1.79	86	115,601	1.79
BSRS 1st Mutual Fund	1	1,000	0.02	1	1,000	0.02
ICB investor's A/c	189	12,840	0.20	193	13,190	0.20
IFIC investor's A/c	10	820	0.01	10	820	0.01
ICB Mutual Fund	2	2,020	0.03	2	2,020	0.03
ICB Capital Management	4	440	0.01	4	440	0.01
ICB Unit Fund	1	13,000	0.25	1	16,286	0.25
Others Mutual Fund and Unit Fund	1	270	0.00	1	270	0.00
General Public	9136	4,350,019	68.72	7440	4,439,741	68.72
	<b>9,423</b>	<b>6,460,650</b>	<b>100</b>	<b>7,755</b>	<b>6,460,650</b>	<b>100</b>

(d) The Shareholding pattern is as below :

Description	30 June 2020			30 June 2019		
	No. of Share holders	No. of Shares	Share holding in %	No. of Share holders	No. of Shares	Share holding in %
Upto 500 Shares	8119	673,689	10.43	6755	406,452	6.29
501 to 5000 Shares	1161	1,555,149	24.08	858	902,803	13.97
5001 to 10000 Shares	72	435,252	6.74	48	327,429	5.07
10001 to 20000 Shares	29	377,235	5.84	38	508,470	7.87
20001 to 30000 Shares	15	422,836	6.54	22	559,120	8.65
30001 to 40000 Shares	9	213,491	3.30	6	215,030	3.33
40001 to 50000 Shares	2	95,000	1.47	5	230,095	3.56
50001 to 100000 Shares	8	609,406	9.43	13	988,755	15.31
100001 to above Shares	8	2,078,592	32.17	10	2,322,496	35.95
	<b>9,423</b>	<b>6,460,650</b>	<b>100</b>	<b>7,755</b>	<b>6,460,650</b>	<b>100</b>

(e) Preference Share:

There was no preference share issued by the company.

(f) Market Price:

The shares of the company are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Quoted market price was Tk. 307.90 at Dhaka Stock Exchange Limited and Tk. 307.90 at Chittagong Stock Exchange Limited as on 30 June 2020.



Notes	Particulars	As at	
		30 June 2020	30 June 2019
<b>10.00</b>	<b>Revaluation Reserve: Tk. 25,592,345</b>		
	Details is as follows:		
	Opening Balance	25,592,345	26,383,861
	Less: Provision for Deferred Tax on Revaluation Reserve	-	791,516
		<u>25,592,345</u>	<u>25,592,345</u>
	Revaluation Reserve represents revaluation surplus arising out of revaluation of land & land development of the company as of 29 Feb, 1996 by M/s. Golam Mostafa & Associates (professional valuers) following market rate.		
<b>11.00</b>	<b>Tax holiday Reserve: Tk. Nil</b>		
	Details are as under:		
	Balance carried forward since 1994-95	1,063,500	1,063,500
	Less: Transferred to General Reserve	1,063,500	-
		<u>-</u>	<u>1,063,500</u>
<b>11.a</b>	<b>General Reserve: Tk. 1,063,500</b>		
	Details are as under:		
	Opening Balance	-	-
	Add: Transferred from Tax Holiday Reserve	1,063,500	-
		<u>1,063,500</u>	<u>-</u>
<b>12.00</b>	<b>Share Premium: Tk. 14,650,000</b>		
	Details are as under:		
	Represents Share Premium	<u>14,650,000</u>	<u>14,650,000</u>
<b>13.00</b>	<b>Retained Earnings: Tk. (44,178,194)</b>		
	Details are as under:		
	Opening Balance	(125,507)	(9,250,640)
	Cash Dividend (2018-19)	(3,230,325)	(923,916)
	Profit/(Loss) After Tax for the Year	(40,822,362)	10,049,049
	<b>Closing Balance</b>	<u>(44,178,194)</u>	<u>(125,507)</u>
<b>14.00</b>	<b>Deferred Tax: Tk. 14,283,241</b>		
	Details are as under:		
	Deferred Tax Liabilities (Note-14.01)	<u>14,283,241</u>	<u>12,415,401</u>
<b>14.01</b>	<b>Deferred Tax</b>		
	Book Value of Depreciated Assets	148,424,082	97,829,415
	Tax Base of Depreciated Assets	(88,661,179)	(46,538,372)
		<u>59,762,903</u>	<u>51,291,043</u>
	Provision for Retirement benefits (Gratuity) (note-20.01)	(2,629,939)	(1,629,439)
	<b>Net Taxable Temporary Difference</b>	<u>57,132,964</u>	<u>49,661,604</u>
	Effective Rate	25%	25%
	<b>Deferred Tax Liability at Closing</b>	<u>14,283,241</u>	<u>12,415,401</u>
	Deferred Tax Liability at Opening	(12,415,401)	(11,606,914)
	<b>Deferred Tax Expenses/(Income)</b>	<u>1,867,840</u>	<u>808,487</u>

592,345

25,592,345

Notes	Particulars	As at	
		30 June 2020	30 June 2019

**15.00 Long Term Loan (Secured): Tk. 29,579,813**

Details are as under:

Rupali Bank Ltd. 29,579,813

The Long Term Loan has been taken for rebuilding of old Glost Kiln. The Loan is secured by land, building and machineries of the factory as collateral security and the personal guarantee of all the Directors other than the independent Directors.

**16.00 Cash Credit (secured): Tk. 49,474,646.**

Details are as under:

Cash Credit (Hypo)	24,901,691	7,618,874
Cash Credit (Pledge)	24,572,955	16,718,429
Loan against Imported Merchandise (LIM)	-	1,328,108
	<u>49,474,646</u>	<u>25,665,411</u>

The Company is enjoying cash credit facilities from Rupali Bank Ltd., Ramna Corporate Branch, Dhaka. Interest charged on all credit @ 9.00% to 13.00%. All the Property, Plant and Equipment (both present and future) furnished as collateral and floating assets and book debts (both present and future) charged out as primary securities.

**17.00 Bank Overdraft: Tk.3,853,071**

This represents temporary overdrawn from current account 3,853,071 4,142,370

**18.00 Unclaimed Dividend: Tk.10,081,873**

Year wise break up of the above is as follows:

**Year**

1996-97 to 2010-11	5,020,207	5,020,207
2011-12	721,316	721,316
2012-13	762,267	762,267
2013-14	690,702	690,702
2014-15	816,567	816,567
2015-16	1,036,803	1,036,803
2017-18	132,259	140,283
2018-19	901,752	-
	<u>10,081,873</u>	<u>9,188,145</u>



Notes	Particulars	As at	
		30 June 2020	30 June 2019

**19.00 Creditors, Accrued Expenses and Others: Tk. 60,395,674**

Details are as under:

Directors' remuneration	5,087,500	2,180,000
Salary & O.T	19,884,818	11,103,512
Gas bill	9,048,454	7,313,550
Electric bill	1,180,582	1,310,041
Audit fees	225,000	225,000
Workers Profit Participation Fund	955,555	1,528,879
Provident Fund	16,112,566	13,167,182
Other payables	7,901,199	6,286,468
	<b>60,395,674</b>	<b>43,114,632</b>

The amount of WPPF was paid subsequently. The portion of Bangladesh Workers Welfare Foundation amount also paid.

**20.00 Liabilities for other finance: Tk. 60,131,699**

Details are as under:

Security money employees	1,138,479	1,010,187
Security money (Agency) and advance etc.	54,378,167	41,086,683
Provision for Income Tax	2,279,228	3,877,691
Provision for Retirement benefits ( Gratuity ) (note-20.01)	2,629,939	1,629,439
Other Provisions	371,584	243,147
	<b>60,797,397</b>	<b>47,847,147</b>

Income Tax finalized upto Assessment year 2016-17. Assessment for the year 2017-2018, 2018-2019 and 2019-2020 are under process of finalization.

**20.01 Provision for Retirement benefits (Gratuity): Tk. 2,629,939**

Details are as under:

<b>Opening balance</b>	1,629,439	4,834,772
Provision during the year*	1,000,500	1,615,355
Less: Payment during the year	-	(4,820,688)
<b>Closing balance</b>	<b>2,629,939</b>	<b>1,629,439</b>

\* Gratuity fund is not recognised by the NBR. Provision during the year was made on lump sum basis.





Notes	Particulars	For the Year Ended	
		30 June 2020	30 June 2019
<b>21.00</b>	<b>Revenue: Tk. 233,738,372</b>		
	Break-up as follows		
		<b>Quantity</b>	<b>Value</b>
		<b>Quantity</b>	<b>Value</b>
	Net Local Sales	M.T 3,086	233,738,372
	Export Sales	-	4,460.18 M.T
	Duty Draw Back	-	3.82 M.T
	<b>Total</b>	<b>233,738,372</b>	<b>323,854,117</b>

Notes	Particulars	For the Year Ended	
		30 June 2020	30 June 2019
<b>22.00</b>	<b>Cost of Goods Sold: Tk. 217,529,750</b>		
	Details are as under:		
	<b>Materials Consumed:</b>		
	Opening Stock	11,709,250	20,079,297
	Purchase during the year	91,680,796	115,709,810
		<b>103,390,046</b>	<b>135,789,107</b>
	Less: Closing stock	7,705,000	11,709,250
		95,685,046	124,079,857
	Add: Opening Work-in-process	50,022,426	8,250,823
		<b>145,707,472</b>	<b>132,330,680</b>
	Less: Closing Work-in-process	65,755,288	50,022,426
		<b>79,952,184</b>	<b>82,308,254</b>
	<b>Factory Overhead:</b>		
	Wages, Salaries, O.T & Bonus	64,722,915	63,508,290
	P.F Contribution.	913,927	1,021,409
	Packing Materials	10,216,146	20,677,428
	Power, Water & Gas	35,036,849	43,021,799
	Insurance	107,082	81,388
	Consumable stores	8,343,978	5,059,147
	Miscellaneous factory expenses	2,013,920	2,552,353
	Repairs & Maintenance	8,396,271	8,359,834
	Depreciation	13,494,774	8,960,735
		<b>143,245,862</b>	<b>153,242,383</b>
		<b>223,198,046</b>	<b>235,550,637</b>
	Add: Opening Stock of finished goods	4,167,457	24,425,420
		<b>227,365,503</b>	<b>259,976,057</b>
	Less: Closing Stock of finished goods	9,010,010	4,167,457
		<b>218,355,493</b>	<b>255,808,600</b>
	Add: Opening stock of Mould & Sagger	5,888,157	5,680,360
		<b>224,243,650</b>	<b>261,488,960</b>
	Less: Closing stock of Mould & Sagger	6,713,900	5,888,157
		<b>217,529,750</b>	<b>255,600,803</b>
	<b>Total production</b>	<b>3,117 M.T</b>	<b>4,224 M.T</b>

Repairs & Maintenance includes factory machineries repairs Tk.4,124,225, fuel vehicles Tk. 967,828 generator fuel Tk. 2,802,400 and vehicles maintenance Tk. 501,818 etc.



Notes	Particulars	For the Year Ended	
		30 June 2020	30 June 2019
<b>23.00</b>	<b>Administrative expenses: Tk. 38,732,112</b>		
	Details are as under:		
	Director's Emolument	12,051,900	10,010,000
	Rent, Rates & Taxes	78,000	2,087,760
	Postage, Telegram & Telephone	354,228	529,197
	Office Salaries	19,779,400	19,577,564
	P.F Contribution	196,505	211,390
	Printing & Stationery	168,598	157,692
	Religious & Festival Expenses	475,026	929,140
	Legal & Professional and Other fees	162,100	258,000
	Audit fees	258,750	258,750
	Forms & Fees	686,409	2,236,745
	Utility bill	271,570	302,619
	Motor Vehicles maintenance	162,043	498,235
	Petrol, Oil & Lubricant	225,390	633,631
	Office Maintenance etc.	81,395	66,958
	AGM & Other meeting Expenses etc.	715,789	1,006,376
	Entertainment expenses	433,972	431,939
	Miscellaneous expenses	457,050	352,600
	Depreciation	2,173,987	90,512
		<b>38,732,112</b>	<b>39,639,108</b>
<b>24.00</b>	<b>Selling and Distribution Expenses: Tk. 9,139,258.</b>		
	Details are as under:		
	Office Salaries	4,890,519	4,762,545
	P.F. Contribution.	76,380	73,860
	Travelling & Conveyance	473,320	614,507
	Business Promotional expenses	763,338	1,389,754
	Trade Fair expenses	1,149,551	973,005
	Transport exp.	1,786,150	2,556,405
		<b>9,139,258</b>	<b>10,370,076</b>
<b>25.00</b>	<b>Other Income: Tk. 122,594</b>		
	Details are as under:		
	Interest on STD Account	906	10,730
	Interest on FDR	121,688	1,042,283
		<b>122,594</b>	<b>1,053,013</b>
<b>26.00</b>	<b>Finance cost: Tk. 5,135,140,</b>		
	Details are as under:		
	Bank interest	3,403,297	2,129,446
	Bank charges etc.	1,731,843	1,656,932
		<b>5,135,140</b>	<b>3,786,378</b>

Notes	Particulars	For the Year Ended	
		30 June 2020	30 June 2019
<b>27.00 Income Tax Expenses: Tk.2,279,228</b>			
	Details are as under:		
	Current year's tax	1,613,530	3,877,691
	Prior year's tax (Asst. Year -2016-17)	665,698	-
		<u>2,279,228</u>	<u>3,877,691</u>
<b>28.00 Deferred Tax Expenses/Income: Tk. 1,867,840</b>			
	Details are as under:		
	Deferred Tax Expenses/(Income) (note-14.01)	<u>1,867,840</u>	<u>808,487</u>
<b>29.00 Credit Facilities:</b>			
	There was no credit facilities that has not been availed of at the date of Statement of Financial Position.		
<b>30.00 Trade Debtors Statement:</b>			
	The company does not have credit sales. As such usual classification of debtors (good, bad, doubtful, secured/unsecured etc.) was not needed.		
<b>31.00 Aggregate amount due by Directors &amp; Officers:</b>			
	There was no such amount in the Statement of Financial Position.		
<b>32.00 Sales - Item-wise:</b>			
	The company sales Stonewares approx. 123 different items with different shapes and different prices under the brand name Classic Stone.		
<b>33.00 Number of employees drawing more than Tk. 3000 &amp; less than Tk. 3000 per month:</b>			
	The factory is labor intensive. There are permanent labors as well as daily labors. The daily labor frequently changes and as such it is not possible to keep correct track by name to count the number annually. However on an average the following is number of workers/employees (permanent and/or daily):		
	i) Workers/Employees drawings Tk. 3,000 or more per month 755 Nos.		
	ii) Workers & Employees drawing less than Tk. 3,000 per month nil.		
<b>34.00 Claims against the company not acknowledgement as debt:</b>			
	There was no contractual claim against the company not acknowledged as debt.		
<b>35.00 Aggregate amount of contracts for capital expenditure:</b>			
	There was no contract for capital expenditure on 30-06-2020.		



Notes	Particulars	As at	
		30 June 2020	30 June 2019

**36.00 Basic Earnings per Share (EPS): Tk. (6.32)**

Basic earnings per shares has been calculated as follows:

Earnings attributable to the Ordinary Shareholders: Net Profit/(Loss) after tax	(40,822,362)	10,049,049
Number of Ordinary Shares outstanding during the year	6,460,650	6,460,650
<b>Basic EPS</b>	<b>(6.32)</b>	<b>1.56</b>

The Factory has been partially laid off since 14.08.2019 for more or less two months for rebuilding old Glost Kiln and another 20 days were required for commercial production. After this again our factory was closed down for two months plus (from 26/3/2020 to 31/5/2020) in line of Govt. decision due to Novel Corona Virus COVID -19. On the other hand Gas price has increased from July 2019 and Salaries & Wages are raising. For above reasons, EPS has been adversely affected.

**37.00 Reconciliation of Net Operating Cash Flow:**

<b>Net Profit /(Loss) after tax</b>	<b>(40,822,362)</b>	<b>10,049,049</b>
Depreciation	15,668,762	9,051,247
Deferred Tax Expenses/(Income )	1,867,840	808,487
Other income	(122,594)	(1,053,013)
	<b>17,414,008</b>	<b>8,806,721</b>
(Increase)/Decrease in inventories	(17,706,338)	(13,172,343)
(Increase)/Decrease in Accounts Receivable	33,974	318,070
(Increase)/Decrease in Advance Deposits Prepayment	14,472,185	(10,373,329)
Increase/(Decrease) in Creditors Accrued Expense and Others	17,281,042	(2,359,086)
Increase/(Decrease) in Liabilities for Others Finance	12,950,250	16,122,249
	<b>27,031,113</b>	<b>(9,464,439)</b>
<b>Net cash inflow from operating activities</b>	<b>3,622,759</b>	<b>9,391,331</b>

**38.00 Board Meeting Fee:**

During the year under review 6 (six) board meeting and four audit committee meeting were held and each Director present was paid Tk. 8,000/= per meeting as Board Meeting Fee.

**39.00 Related party transactions**

a)Key management personnel compensation  
Short term employee benefits (Salary and allowances etc.)

Particulars	30.06.2020		30.06.2019	
	Directors	All managers	Directors	All managers
Remuneration & allowances	10,821,900	8,273,426	8,940,000	7,802,280
Bonus	1,230,000	660,986	1,070,000	603,355
	<b>12,051,900</b>	<b>8,934,412</b>	<b>10,010,000</b>	<b>8,405,635</b>

Notes	Particulars	As at	
		30 June 2020	30 June 2019
<b>40.00</b>	<b>Net Asset Value Per Share: Tk. 9.56</b>		
	Details are as under:		
	Net Asset (40.1)	61,734,151	105,786,838
	Number of Ordinary shares outstanding during the year	6,460,650	6,460,650
	<b>Net Asset Value Per Share</b>	<b>9.56</b>	<b>16.37</b>

**40.01 Net Asset: Tk. 61,734,151**

Details are as under:

Total assets	290,199,866	248,159,944
Less: Total liabilities	228,465,715	142,373,106
<b>Net Asset</b>	<b>61,734,151</b>	<b>105,786,838</b>

**41.00 Net Operating Cash Flow Per Share: Tk. 0.56**

Details are as under:

Net cash generated from operating activities	3,622,759	9,391,331
Number of ordinary share outstanding during the year.	6,460,650	6,460,650
<b>Net Operating cash flow per share</b>	<b>0.56</b>	<b>1.45</b>

**42.00** Decrease in Net Operating Cash Flow per share (NOCFPS) for the year (2019-20) under review compared to that in the preceding year (2018-19) is due to the fact that the collection against sales has decreased due to covid-19 and factory lay off.

**43.00 Explanation for GP reduction:**


The Factory has been partially laid off since 14.08.2019 for more or less two months for rebuilding old Glost Kiln and another 20 days were required for commercial production. After this again our factory was closed down for two months plus (from 26/3/2020 to 31/5/2020) in line of Govt. decision due to Novel Corona Virus COVID -19. On the other hand Gas price has increased from July 2019 and Salaries & Wages are raising. For above reasons, Gross Profit has been adversely affected.

**44 Disclosure under IAS-10: Events after Reporting Period:**

The Board of Directors of the Company has approved the Financial Statements as on 28.10.2020 recommended Cash Dividend @ 1% ( Tk. 0.10 per share of Tk. 10 each ) for the year ended on June 30, 2020 to the shareholders except Sponsors & Directors. Except the fact stated above, neither any 'Non -adjusting Events' nor any 'Adjusting Events' took place after the reporting period.

  
Company Secretary

  
Managing Director

  
Director

Dated: Dhaka, 28 October 2020



**Standard Ceramic Industries Limited**  
**Schedule of Property, Plant & Equipment**  
As at & for the Year Ended 30 June 2020

Schedule-1  
Amount in Taka

Particulars	COST				Rate of Dep.	DEPRECIATION				Written down value on 30-06-2020
	Balance as at 01-07-2019	Addition during the year	Sales/ Adjustment	Total as at 30-06-20		Balance as at 01-07-2019	Addition during the year	Sales/ Adjustment	Total as at 30-06-2020	
Land and Land development	30,555,601	-	-	30,555,601	0%	-	-	-	-	30,555,601
Building & Civil constructions	96,502,796	3,093,340	-	99,596,136	7.5%	2,696,419	-	64,721,712	64,721,712	34,874,424
Plant & Machinerics	223,512,550	60,648,417	9,412,771	274,748,196	10%	9,753,116	9,412,771	169,775,672	169,775,672	104,972,524
Deep Tube Well	1,105,519	-	-	1,105,519	5%	603,477	-	628,579	628,579	476,940
Electric & Security Equipment	11,038,221	378,950	-	11,417,171	10%	5,422,290	-	6,009,112	6,009,112	5,408,059
Car & other vehicles	15,617,549	-	-	15,617,549	20%	13,364,102	-	450,689	13,814,791	1,802,758
Tools	338,065	-	-	338,065	25%	337,949	-	29	337,978	87
Office Equipment	2,291,157	64,085	-	2,355,242	15%	1,854,396	-	69,934	1,924,330	430,912
Furniture & Fixture	1,991,421	40,960	-	2,032,381	10%	1,525,236	-	48,901	1,574,137	458,244
Right -of- use asset	-	2,037,677	-	2,037,677	100%	-	-	2,037,677	2,037,677	-
Other Assets	44,472	-	-	44,472	20%	44,265	-	73	44,338	134
<b>Total as on 30 June 2020</b>	<b>382,997,351</b>	<b>66,263,429</b>	<b>9,412,771</b>	<b>439,848,009</b>		<b>15,668,762</b>	<b>9,412,771</b>	<b>260,868,326</b>	<b>260,868,326</b>	<b>178,979,683</b>
<b>Total as on 30 June 2019</b>	<b>365,555,656</b>	<b>17,441,695</b>	<b>-</b>	<b>382,997,351</b>		<b>9,051,247</b>	<b>-</b>	<b>254,612,335</b>	<b>254,612,335</b>	<b>128,385,016</b>

**Notes:**

Depreciation is charged on fixed assets for full year on opening written down value and on addition during the year from the date of use. Depreciation is charged Tk. 13,494,774 & Tk. 2,173,987 to Cost of Goods Sold & Administrative Expenses respectively.



**Annexure-1**

**Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994:**

**A. Disclosure as per requirement of Schedule XI, Part II, Para-3, Note 4 (i) and (ii)**

Employees position of the company as at 30 June 2020:

Complied -Disclosed in Note No-33

**Disclosure as per requirement of Schedule XI, Part II, Para 3:**

Para	Details	Compliance status of disclosure of Schedule XI, Part II, Para 3
3(i)(a)	The turnover	Complied -Disclosed in Note No. 21
3 (i)(b) t	Commission paid to the selling agent	Not Applicable
3(i)(c)	Brokerage and discount on sales, other than the usual trade discount.	Not Applicable
3(i)(d)(i)	The value of the raw materials consumed, giving item wise breakup as possible.	Complied -Disclosed in Note No-4.01 and 22
3(i)(d)(ii)	The opening and closing stocks of goods produced.	Complied - Disclosed in Note No-22
3(i)(e)	In the case of trading companies, the purchase made and the opening and closing stocks.	Not applicable
3(i)(f)	In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied.	Not Applicable
3(i)(g)	Opening and closing stocks, purchases and sales and consumption of raw materials with value and quantity break-up for the company, which falls under one or more categories i.e. manufacturing and/or trading.	Complied -Disclosed in Note No- 4.01 and 22
3(i)(h)	In the case of other companies, the gross income derived under different heads.	Not Applicable
3(i)(i)	Work-in-progress, which have been completed at the commencement and at the end of the accounting period.	Complied- Disclosed in Note No-22
3(i)(j)	Provision for depreciation, renewals or diminution in value of fixed assets.	Complied -Disclosed in Schedule of Property, Plant & Equipment (Schedule-1)
3(i)(k)	Interest on the debenture paid or payable to the Managing Director, Managing Agent and Manager.	Not Applicable
3(i)(l)	Charge of income tax and other taxation on profits.	Complied -Disclosed in Note No- 27 & 28
3(i)(m)	Revised for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i)	Amount set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up.	Not Applicable
3(i)(n)(ii)	Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i)	Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(ii)	Amount withdrawn from above mentioned provisions, as no longer required.	Not Applicable

3(i)(p)	Expenditure incurred on each of the following items, separately for each item: (i) Consumption of stores and spare parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the extent not adjusted from any previous provision or reserve.	Complied -Disclosed in Note From 22, 23, 24 and in the Statement of Profit or Loss
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**B. Disclosure as per requirement of Schedule XI, Part II, Para 4:  
Payment/Perquisites to Directors & Managers**

Complied and Disclosed in Note- 39

**C. Disclosure as per requirement of Schedule XI, Part II, Para 7:**

Details of production capacity utilization:

Particulars		Installed Capacity (In MT)	Actual Production (In MT)	Capacity Utilization
2019-2020	Annual Production capacity	6,200	3,117	50.27%
2018-2019	Annual Production capacity	6,200	4,224	68.13%

**D. Disclosure as per requirement of Schedule XI, Part II, Para 8 (C) :**

Raw materials:

Items	Total Purchase (BDT)		Consumption (BDT)		% of consumption of total purchase	
	2019-2020	2018-2019	2019-2020	2018-19	2019-2020	2018-2019
Raw materials	91,680,796	115,709,810	95,685,046	124,079,857	104.37%	107.23%
Spare parts	8,858,587	4,939,440	8,343,978	5,059,147	94.19%	102.42%
Packing materials	10,010,966	20,618,088	10,216,146	20,677,428	102.05%	100.29%
<b>Total</b>	<b>110,550,349</b>	<b>141,267,338</b>	<b>114,245,170</b>	<b>149,816,432</b>		

i) The company has incurred expenditure in foreign currencies for the period from 01 July 2019 to 30 June 2020 on account of professional fees amounting to JPY 6,240,000;

ii) The company has not earned any foreign exchanges for royalty, know-how, professional fees, consultancy fees and interest;

iii) The Company has not remitted any foreign currencies on account of dividend.

