

# ANNUAL REPORT

## 2015-2016



SONALI PAPER & BOARD MILLS LTD.



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## Table of Contents

Letter of Transmittal	2
Vision & Mission	3
Notice of the 39th Annual General Meeting	4 - 5
Corporate Profile	6
Company Information	7
Message from the Chairperson	8
A Note from the Managing Director & CEO	9
Profile of the Directors	10-12
Financial & Operational Highlights	13
Graphical presentation of operational performance	14-15
Photo of 38th AGM , 2016	16-17
Directors' Report to the Shareholders	18-22
Category wise Shareholding Position (Annexure- )	23-24
Corporate Governance Compliance Status	25-32
Certificate on Corporate Governance	33
Board of Directors Meeting Information	34
Audit Committee Report	35-36
CEO & CFO's Declaration to the Board of Directors	37
Auditor's Report	38-39
Statement of Financial Position	40
Statement of Profit or Loss & Other Comprehensive Income	41
Statement of Changes in Equity	42
Statement of Cash Flows	43
Notes to the Financial Statements	44-66
Proxy Form & Attendance Slip	67





## Letter of Transmittal

To  
The Members  
Bangladesh Securities and Exchange Commission  
The Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Ltd.

### Annual Report for the year ended 30th June 2016

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report containing Director's Report, Auditors Report along with Audited Financial Statements including Statement of Financial Position as at 30<sup>th</sup> June 2016, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year ended 30<sup>th</sup> June 2016 along with notes thereon and all related Consolidated and Subsidiary Financial Statements for your record and necessary measures.

Thank You

Yours sincerely,



**Md. Rashedul Hossain**  
Company Secretary

Dated: 15th December, 2016





### Vision

We view business as a means to the material and social well being of the investors, employees and the society at large, leading to accretion of wealth through financial and moral gains as a part of the process of the human civilization.

### Mission

To understand and satisfy customer's wants and needs, we always try to add value, reduce costs and provide innovative thinking for improvement of our product quality, with world class compliance and working standards.



### Values

#### To our customers we offer:

A commitment to provide best quality product and timely delivery Production of world-class quality paper, meet the requirements of customers with competitive price and up to date trends, quick response to the expectations of our valued customers in terms of quality and product development

#### To our employees we offer:

A desirable and rewarding place to work. Provide motivation for team work and career development.

#### To our shareholders we offer:

Attractive return with minimum risk of their investment A commitment to continuous improvement and adding value through all activities and managing resources.

### Objectives

- On time delivery of the services to our valued customers.
- 100% accuracy in documentation.
- 100% customers' acceptance of our services as valid and usable in accordance with their requirements.
- Overall reduction of cost every year.
- Reduction of customer complaints.



## 39<sup>th</sup> Annual General Meeting Notice



Notice is hereby given that the 39<sup>th</sup> Annual General Meeting (AGM) of Sonali Paper & Board Mills Ltd. will be held on 12<sup>th</sup> January 2017 at 11.30 a.m at Trust Milonayoton 545, Old Airport Road Dhaka Cantonment, Dhaka to transact the following agenda:

Agenda-1: To receive, consider and adopt the Audited Financial Statements for the year ended 30 June, 2016 together with the Report of the Directors' and the Auditors' thereon.

Agenda-2: To declare dividend for the year ended 30 June, 2016

Agenda-3: To elect/re-elect Directors in terms of the relevant provision of Articles of Association.

Agenda-4: To appoint Auditors for the year 2016-2017 and to fix their remuneration.

Agenda-5: Miscellaneous.

By order of the Board

**(Md. Rashedul Hossain)**

Company Secretary

Dated: 15<sup>th</sup> December 2016

### Notes:

- (i) The Shareholders whose names would appear in the CDS/member register of the company as on "record date" i.e. November 28, 2016 shall be entitled to attend the Annual General Meeting (AGM) and receive dividend.
- (ii) The proxy form must be affixed with requisite revenue stamp and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- (iii) Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy form.





## ৩৯তম বার্ষিক সাধারণ সভার বিজ্ঞপ্তি

এতদ্বারা সম্মানিত শেয়ারহোল্ডার এবং সংশ্লিষ্ট সকলের অবগতির জন্য জানানো যাচ্ছে যে, সোনালী পেপার এন্ড বোর্ড মিলস লিঃ এর ৩৯তম বার্ষিক সাধারণ সভা আগামী ২০১৭ সালের ১২ই জানুয়ারী বৃহস্পতিবার সকাল ১১.৩০ ঘটিকায় ট্রাস্ট মিলনায়তন, ৫৪৫ পুরাতন বিমানবন্দর সড়ক, ঢাকা সেনানিবাস এ অনুষ্ঠিত হবে।

### সভার আলোচ্য সূচী :

- ১) পরিচালকমন্ডলী এবং নিরীক্ষকদের প্রতিবেদনসহ ২০১৫-২০১৬ অর্থ বছরের স্থিতিপত্র এবং লাভ-ক্ষতির হিসাব গ্রহণ, বিবেচনা ও অনুমোদন;
- ২) ৩০শে জুন ২০১৬ সালে সমাপ্ত অর্থবছরের লভ্যাংশ ঘোষণা ও অনুমোদন;
- ৩) পরিচালকবৃন্দের মনোনয়ন/নির্বাচন;
- ৪) নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক অনুমোদন;
- ৫) বিবিধ

তারিখ : ১৫ ডিসেম্বর ২০১৬ ইং

পরিচালনা পর্ষদের নির্দেশক্রমে

(মোঃ রাশেদুল হোসাইন)  
কোম্পানী সচিব

### বিশেষ দ্রষ্টব্যঃ

- ১) নভেম্বর ২৮, ২০১৬ কার্য দিবস শেষে যে সকল সম্মানিত শেয়ারহোল্ডারের নাম কোম্পানীর শেয়ার রেজিস্টারে লিপিবদ্ধ ছিল, কেবল তাঁহারা ই উপরোক্ত বার্ষিক সাধারণ সভায় অংশ গ্রহণ করতে পারবেন।
- ২) বার্ষিক সাধারণ সভায় অংশ গ্রহণ ও ভোট প্রদানের যোগ্য কোম্পানীর যে কোন সদস্য/সদস্যা তার পক্ষে সাধারণ সভায় অংশ গ্রহণ ও ভোট প্রদানের জন্য প্রতিনিয়োগ করতে পারবেন।
- ৩) সংযুক্ত প্রত্নি ফরম যথাযথ মূল্যমানের রাজস্ব স্ট্যাম্প সহ সভার ৪৮ (আটচলিশ) ঘন্টা পূর্বে কোম্পানীর রেজিস্টার্ড অফিসে অবশ্যই জমা দিয়ে সত্যায়িত করানোর পর, মনোনীত ব্যক্তি অথবা এটর্নি অথবা কোম্পানী বা কর্পোরেশনের ক্ষেত্রে সার্বিকভাবে ক্ষমতাপ্রাপ্ত প্রতিনিধির মাধ্যমে ভোট প্রদান করা যাবে।



## CORPORATE PROFILE

### Board of Directors

Mahfuza Younus	: Chairperson
Mr. Mohammed Younus	: Managing Director
Mr. Mohammed. Javed Noman	: Director
Mr. Kazi Aslam Hossain	: Independent Director
Mr. A.K.M. Nurul Fazal Bulbul	: Independent Director
Mr. Ashim Kumar Roy	: Independent Director

### Audit Committee

Mr. Kazi Aslam Hossain	: Chairman
Mr. Mohammed Younus	: Member
Mr. Mohammed. Javed Noman	: Member

### Chief Financial Officer

Mr. Md. Ziaul Haque

### Company Secretary

Mr. Md. Rashedul Hossain

### Head of Internal Audit

Mr. Md. Mahabub Alam

### Statutory Auditors

Mahfel Huq & Co.  
Chartered Accountants  
Topkhana Road, Dhaka-1000

### Registered Office

51, Central Road, Dhanmondi,  
Dhaka-1205

### Bankers

Islami Bank Bangladesh Limited  
Sonali Bank Limited  
Al- Arafah Islami Bank Limited  
Shahjalal Islami Bank Limited  
Dutch Bangla Bank Limited  
National Bank Limited  
Modhumoti Bank Limited



## HISTORY OF THE COMPANY

Date of Incorporation	: September 6 , 1977
Listed with Dhaka Stock Exchange Ltd.	: 1985
Status	: Public Limited Company
Business Lines	: Manufacturing & Marketing of various kind of Papers
Authorized Capital (Taka)	: 2,00 million
Paid up Capital (Taka)	: 1,37.51 million
Number of Employees	: 548

### Operational Management Team

<b>Mr. Md. Shahudul Haque</b>	Executive Director
<b>Mr. Md. Kawser Azizur Rahman</b>	Director Technical
<b>Mr. Golam Zilani Bhuiyan</b>	Director Marketing
<b>Mr. Kh. Khalidur Rahman</b>	Consultant & Head of HRD
<b>Mr. Md. Kamrul Islam</b>	Additional Director
<b>Mr. Md. Ataur Rahman</b>	Assistant Director

### Accounts Department

**Mr. Al Mamun Parvez (DGM)**  
**Mr. Alamgir Miah (AGM)**

### Commercial Department

**Mr. Md. Sayed Hassan (DGM)**

### Sales Department

**Mr. Akhlas Uddin Bhuiyan (GM)**  
**Mr. Hasanuzzaman (AGM)**  
**Mr. Mizanur Rahman (AGM)**





বিস্মিল্লাহির রাহমানির রাহিম  
প্রিয় শেয়ারহোল্ডার বৃন্দ,  
আসসালামু আলাইকুম।

সোনালী পেপার এন্ড বোর্ড মিলস্ লিঃ এর ৩৯তম বার্ষিক সাধারণ সভায় উপস্থিত হয়ে কোম্পানীর পক্ষ হতে আগত সাধারণ শেয়ারহোল্ডারবৃন্দের প্রতি জ্ঞাপন করছি আমি আমার আন্তরিক শুভেচ্ছা ও অভিনন্দন। বিগত বছরের সাধারণ সভায় আপনাদের উপস্থিতি যেভাবে আমাদের উৎসাহ যুগিয়েছে এবারো আপনাদের সম্মিলন আমাদের করেছে আনন্দিত। স্থিরকৃত লক্ষ্য বাস্তবায়ন ও সুনির্দিষ্ট লক্ষ্যে পৌঁছানোর জন্য আমরা যে আকাঙ্ক্ষা ব্যক্ত করেছিলাম সেই আকাঙ্ক্ষাকে বাস্তবায়িত করার জন্য আমরা সব সময়ই পেয়েছি আপনাদের অকুণ্ঠ সমর্থন।

প্রতিযোগিতামূলক দেশীয় ও বৈশ্বিক অর্থনীতির ক্রমধারার সাথে সামঞ্জস্য রেখে আমরা যে লক্ষ্য স্থির করেছিলাম আপনাদের সাথে নিয়ে সেই অসীম লক্ষ্যে পৌঁছানোর জন্য নিরলস পরিশ্রম করে যাচ্ছি।

আমি অত্যন্ত দৃঢ়তার সাথে এই অঙ্গীকার ব্যক্ত করছি যে, কোম্পানী পরিচালনার ক্ষেত্রে সকল প্রকার নিয়ম-নীতি, আইন-কানুন ও বিধি-বিধানের যথাযথ প্রয়োগ পূর্বের মতোই অব্যাহত থাকবে এবং সচ্ছতা ও জবাবদিহিতার ক্ষেত্রে সর্বদা আপোষহীন মনোভাব বজায় রাখা হবে।

## চেয়ারপার্সনের শুভেচ্ছা বক্তব্য

আমি সোনালী পেপার মিলের সকল সং, যোগ্য কর্মকর্তা-কর্মচারীদেরকে তাদের অক্লান্ত শ্রম ও নিষ্ঠার জন্য আন্তরিক অভিবাদন জানাচ্ছি। পরিচালনা পর্ষদের সকল সদস্যকে বিভিন্ন সময়ে তাদের মূল্যবান পরামর্শ, সহযোগিতা ও বলিষ্ঠ নেতৃত্ব প্রদানের জন্য আন্তরিক ধন্যবাদ জানাচ্ছি। সরকারের বিভিন্ন সহযোগী প্রতিষ্ঠান বিশেষ করে B.S.E.C, D.S.E, R.J.S.C সহ সংশ্লিষ্ট সকল কর্তৃপক্ষের প্রতি তাদের সার্বিক সহযোগিতার জন্য আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি।

পরিশেষে সম্মানিত শেয়ারহোল্ডারবৃন্দের অব্যাহত সমর্থন ও সহযোগিতা কামনা করছি যাতে আমাদের কোম্পানী সুষ্ঠুভাবে পরিচালিত হয়ে আরও লাভজনক অবস্থানে পৌঁছাতে পারে এবং দিন দিন এর প্রসার লাভ হয়।

আমি আপনাদের সুস্বাস্থ্য, সুন্দর জীবন ও দীর্ঘায়ু কামনা করছি এবং ২০১৭ সাল আপনাদের সকলের জন্য সুখময় ও সাফল্যমণ্ডিত হোক।

ধন্যবাদান্তে।

আপনাদের বিশ্বস্ত,

Md. Faruque Islam

মাহফুজা ইউনুছ

চেয়ারপার্সন



## ব্যবস্থাপনা পরিচালকের বার্তা



সম্মানীত পরিচালকবৃন্দ, উপস্থিত শেয়ারহোল্ডারবৃন্দ ও আমার প্রিয় সহকারীবৃন্দ আসসালামু আলাইকুম।

সোনালী পেপার এন্ড বোর্ড মিলস লিঃ এর ৩৯ তম বার্ষিক সাধারণ সভায় উপস্থিত থাকার জন্য আপনাদের সবাইকে জানাচ্ছি আমার আন্তরিক শুভেচ্ছা ও অভিনন্দন। ৩০ শে জুন ২০১৬ তারিখে সমাপ্ত অর্থ বছরের বার্ষিক প্রতিবেদন পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সম্মুখে উপস্থাপন করতে পেরে নিজেকে অত্যন্ত ধন্য মনে করছি।

আমাদের শিল্প প্রতিষ্ঠানে কর্মরত কর্মকর্তা ও কর্মচারী তাদের নিরলস পরিশ্রম ও মেধা কাজে লাগিয়ে পণ্যের গুণগত মানকে সমুন্নত রাখতে অন্যতম লক্ষ্য হিসেবে স্থির করেছেন। এজন্য আমরা ভবিষ্যতে ব্যয় নিয়ন্ত্রণ ও কর্মরত জনবলের দক্ষতাকে সর্বোচ্চ পর্যায়ে কাজে লাগিয়ে এবং একই সাথে কঠোর তত্ত্বাবধানের মাধ্যমে উৎপাদনের ক্ষেত্রে ইতিবাচক ফলাফল অর্জনের জন্য প্রচেষ্টা চালিয়ে যাচ্ছি।

গত আর্থিক বছরে বিদ্যুৎ ও গ্যাসের ক্রমবর্ধমান মূল্য, কাঁচামালের বর্ধিত মূল্য এবং দেশীয় ক্রেতাদের উন্নত মানের পণ্যের চাহিদা প্রভৃতি প্রেক্ষাপট পরিলক্ষিত হয়েছে। আলোচ্য বৎসরে কোম্পানীর মোট টার্নওভার ছিল ১৫৩ কোটি টাকার কিছু বেশী। যা থেকে পরিচালন ব্যয় বাদ দিয়ে পরিচালনা মুনাফা দাঁড়ায় ২৩ কোটি টাকা প্রায়। পরিচালনা পর্ষদ উক্ত মুনাফা থেকে আলোচ্য বছরে ১০% হারে স্টক লভ্যাংশ প্রদানের সুপারিশ করেছেন।

আমরা আমাদের মিলের বিদ্যমান মেশিনারিজের আধুনিকায়ন ও সম্প্রসারণের পরিকল্পনা গ্রহণ করেছি। এজন্য কোম্পানীর মূলধন

বৃদ্ধি করা প্রয়োজন। সেই লক্ষ্যকে বাস্তবায়নের জন্য অনুমোদিত মূলধন বৃদ্ধি করে আমরা আমাদের মিলের অবকাঠামোকে আরও সমৃদ্ধ করতে ইচ্ছুক। এতে আমাদের উৎপাদন সেই পর্যায়ে উন্নীত হবে যা দ্বারা আমরা আমাদের ব্যবসার যে বর্তমান অবস্থান তা আরো উন্নত করতে সক্ষম হব।

আমরা আমাদের সুদক্ষ জনবল এবং তাদের প্রয়োজনীয় প্রশিক্ষণ প্রদানের দ্বারা উৎপাদিত কাগজের গুণগত মান বৃদ্ধির প্রচেষ্টা অব্যাহত রেখেছি। আপনাদের গঠনমূলক পরামর্শ ও উপদেশ আমরা খুবই গুরুত্বের সাথে বিবেচনা করে থাকি। সে ক্ষেত্রে আমাদের ভবিষ্যৎ কর্মপন্থা নির্ধারণে আবেদন থাকবে যে আপনারা সব সময়ই আপনাদের সর্বাঙ্গিক সহযোগিতা ও সুচিন্তিত মতামত প্রদান করে আমাদের চলার পথকে আরও সহজ করবেন।

পরিশেষে কোম্পানীর সম্মানীত পরিচালনা পর্ষদ, কর্মকর্তা ও কর্মচারীবৃন্দ, শেয়ারহোল্ডারবৃন্দ, সরকারী সংস্থাসমূহ, ব্যাংক ও আর্থিক প্রতিষ্ঠানসমূহ, ক্রেতা, ভোক্তা, সরবরাহকারী সহ অন্যান্য সেবা প্রদানকারী সংস্থা প্রত্যেককে স্ব স্ব ক্ষেত্রে সম্মিলিতভাবে অবদান রাখার জন্য আমি আন্তরিক কৃতজ্ঞতা জানাচ্ছি।

ধন্যবাদান্তে।

আপনাদের বিশস্ত,

মোহাম্মদ ইউনুছ  
ব্যবস্থাপনা পরিচালক এবং সিইও





### **Mrs. Mahfuza Younus**

Mrs. Mahfuza Younus was born in October 04, 1963. She is one of the directors of Sonali Paper & Board Mills Ltd. since 2005 and has been appointed as Chairperson of the same. She is a widely travelled woman. She engaged herself in business for a long time and gathered much knowledge and experience. She is also the honorable director of Express Insurance Limited, Bikrampur Potato Flakes Industries Ltd. and 30 more concerns of Younus Group of Industries.



### **Mr. Mohammed Younus**

Mr. Mohammed Younus is one of the directors of Sonali Paper & Board Mills Ltd. since 2005, and has been appointed as Managing Director & CEO at the same time. Mr. Younus was born in a muslim family at Tongibari, Munshigonj, Bangladesh in the year 1958. Later He has been brought up and educated at Govt. Titumir College, Dhaka. He is presently the Managing Director of 25 different Industrial Units and Sponsor Director of Shahjalal Islami Bank Ltd, Express Insurance Ltd, Director of Electronic Media (NTV). He is a member of NCID (National Council for

Industrial Development) of which the honorable Prime Minister is the Chairperson. He has been awarded "Desh Bandhu Chittaranjan Das" Gold Medal for Industrialization in our country and this Medal was handed over by the honorable President of the People's Republic of Bangladesh in the year 1993. Mr. Mohammed Younus is a sponsor shareholder of Islami Bank Bangladesh Ltd. He is a Member of Kurmitola Golf Club, Dhaka. He is a life member of SAARC Chamber of Commerce and Industries. He was elected as member, Executive Committee of FBCCI (Federation of Bangladesh Chambers of Commerce and Industries) and Chairman, standing Committee on Petro-Chemical & Pharmaceutical Industry. He is a member of Aviation Operating Association of Bangladesh. He is a Director of Athena Venture & Equities Ltd. and member of Board of Trustee of Fareast International University. He was also the President of Bangladesh PVC Pipe Manufacturer's Association and Bangladesh Nylon Yarn Manufacturer's Association. He is a member of the Executive Committee of Bangladesh Cold Storage Association. He was the President of Lions Club of New Eskaton Garden, Dhaka. He was the President of Sarnagram R.N. High School, Tongibari, Munshigonj. Mr. Younus has widely travelled around the world for his business and personal tour. On several occasions, he also visited as a member of the delegation of the Government of Bangladesh.





### **Mr. Mohammed Javed Noman**

Mr. Mohammed Javed Noman, a Director of the Company is the eldest son of Mr. Mohammed Younus, the present Managing Director & CEO of Sonali Paper & Board Mills Ltd. Mr. Javed has been a member of the Board of Directors since 2005 and is presently working full-time with the company in a number of capacities. Having obtained his Bachelor of Business in Accounting from Monash University, Melbourne, Australia in 2008, Mr. Javed Noman played an important role in establishing Bikrampur Potato Flakes Industries Limited, a sister concern of Younus Group of Industries. Presently he is performing the role of Managing Director of Bikrampur Potato Flakes Industries Ltd. He is also in the Advising Committee of Younus Group on strategic issues and developing International business.



### **Mr. Kazi Aslam Hossain**

Kazi Aslam Hosain is an Independent Director of the Company. After completing his schooling and college education in Dhaka, he obtained his Master of Business Administration (M.B.A.) from the institute of Business Administration (I.B.A.) and Diploma in Journalism, both from Dhaka University. After appearing in the competitive examination conducted by the Public Service Commission (P.S.C.), he joined the Taxation Cadre of the Bangladesh Civil Service [B.C.S. (Taxation)] in February, 1977. He worked as Assistant Commissioner of Taxes (A.C.T.) and

Deputy Commissioner of Taxes (D.C.T.) in different taxes Circles, Joint Commissioner of Taxes (J.C.T.) and Additional Commissioner of Taxes (Addl.C.T.) in different Appeal and Inspecting and Ranges, Commissioner of Taxes (C.T.) in Rajshahi Zone, Taxes Zone - 7, Dhaka and Taxes Zone - 1 Dhaka and Member of the Taxes Appellate Tribunal (T.A.T.), Dhaka. Finally he worked at the apex body of Revenue Administration, the National Board of Revenue (N.B.R.), Dhaka as Member (Tax Administration & Monitoring) and retired there from in December, 2006. He is married and have a daughter, who is a doctor, and two sons, one is a Civil Engineer working in the U.S.A. and the other is a banker working in a foreign bank in Dhaka. He is a widely travelled person and is associated with different socio-cultural organizations in different fields. With vast and rich experience in Taxation, Accounts, Audit, Business Administration and other Financial matters. Kazi Aslam Hossain is the present Chairman of the Audit Committee of the company.





### Mr. A.K.M Nurul Fazal Bulbul

Mr. A.K.M Nurul Fazal Bulbul is an Independent Director of the company. He is a very well known personality of the country. A man of versatile qualities is currently carrying out his responsibility as the Chairman, Board of Audit, Exim Bank Ltd, a leading private Commercial Bank in Bangladesh. He is also an Honorable Director of Federation of Bangladesh Chamber of Commerce and Industry, FBCCI. He was born in a respectable Muslim Family at Tikatuli in the capital city of Dhaka in 1960. He is also carrying out his responsibility as the Secretary General of Exim Bank Foundation and alongside this, he is also involved in Sunlife Insurance Company Ltd, Islami University, Bangladesh Cancer Society, Anjuman Mufidul Islam, Japan-Bangladesh Friendship Hospital, Fazilatunnesa-Nur-Foundation and other socio-cultural organizations. Mr. Bulbul did his B.Com (Hon's), M.Com from University of Dhaka in 1985 and also obtained higher degree in Law Profession. He later on joined the Supreme Court Bar as a Law professional. Govt. gave him CIP status in the financial year 2008-2009. He is the Private Sector Representative to Central Jakat Board as well as representing Bangladesh to QIC Business forum and newly elected Director of SAARC Chamber of Commerce.



### Mr. Ashim Kumar Roy

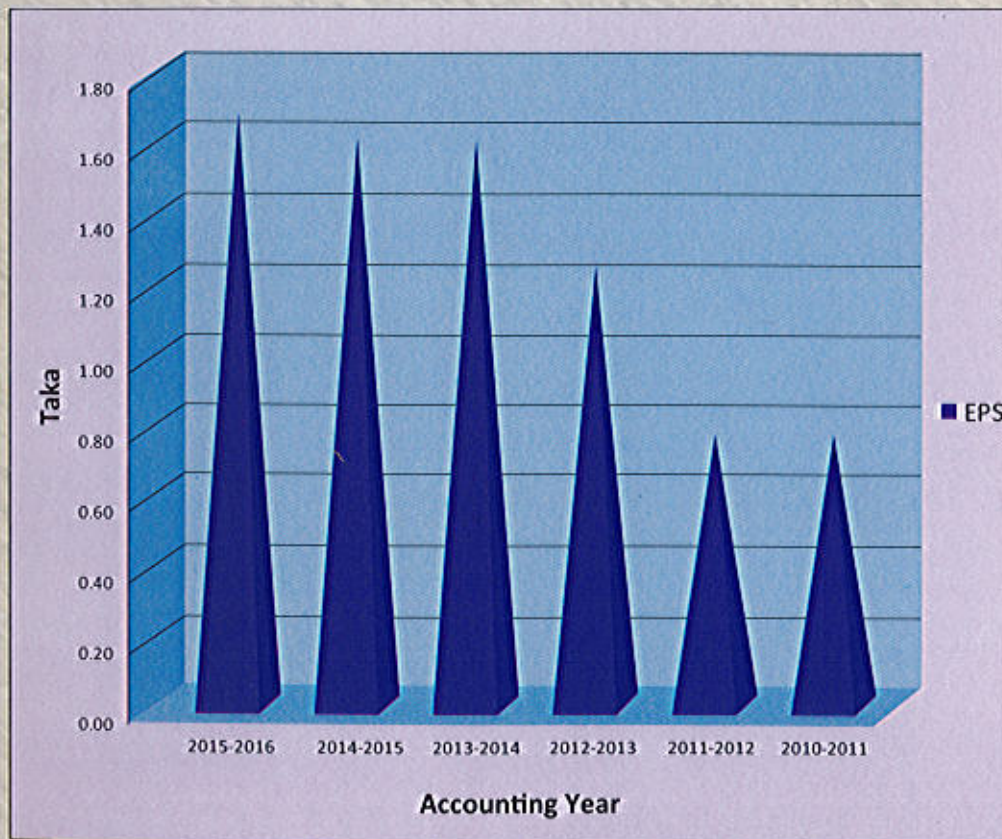
Mr. Ashim Kumar Roy is an Independent Director of Sonali Paper & Board Mills Ltd. he got his appointment on the 46th Meeting of Board of Directors held on 27th October, 2016. He was born on April 10, 1947. He served in Agrani Bank as Probationary officer from 1973 to 1976. After qualifying in Bangladesh Civil Service (BCS), he joined the Taxation Cadre in 1977 and served as asstt. Commissioner, Deputy Commissioner, joint Commissioner, Addl. Commissioner and Commissioner of taxes. In 2003, I joined National Board of Revenue (The highest body of making tax policy in Bangladesh) as its Member (Taxes). In 2004, after successful completion of his tenure, he retired from Govt. service. Later he established a tax Consultancy firm under the name "ADN Associates" in 2004 and rendering professional services as tax advisor of different financial institutions including Banks, Insurance companies, NGO's and big business houses.



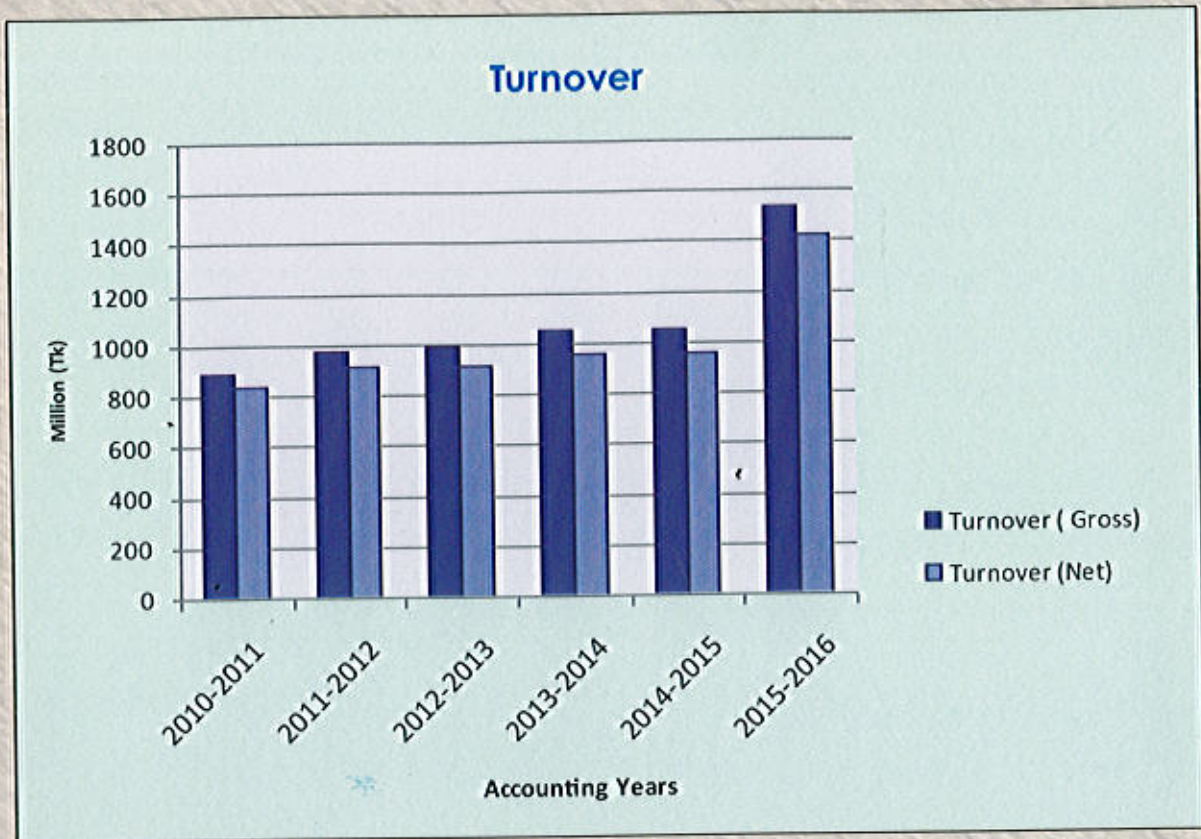
## Financial & Operational Highlights

Particulars	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11
Turnover (Gross)	1,535,265,250	1,049,142,667	1,048,790,870	990,786,368	975,546,380	883,836,862
Value Added Tax	117,700,399	93,971,954	90,442,879	76,557,797	61,939,194	49,002,698
Turnover (Net)	1,417,564,851	955,170,713	958,347,991	914,228,571	913,607,186	834,834,164
Gross Profit	235,775,071	207,889,808	207,736,125	198,169,168	195,096,918	176,747,501
Net Profit Before Tax	30,527,787	26,773,836	25,561,987	18,561,245	12,172,996	11,526,325
Net Profit After Tax	22,895,841	20,080,377	18,173,073	12,872,719	7,604,960	7,107,140
Share Capital	137,512,280	125,011,170	113,646,520	103,315,020	97,467,000	91,950,000
Total Fixed Assets	5,798,466,328	7,648,034,142	7,632,294,582	7,598,941,107	7,505,147,522	510,703,110
Total Bank Borrowings	798,695,291	639,541,769	681,444,626	650,010,937	679,460,565	775,946,745
Total Current Assets	335,162,299	130,859,987	167,972,689	156,520,966	261,239,263	401,435,110
Total Current Liabilities	574,526,067	348,684,045	551,887,529	507,299,325	566,069,875	678,990,542
Earning Per Share (EPS)	<b>1.67</b>	<b>1.61</b>	<b>1.6</b>	<b>1.25</b>	<b>0.78</b>	<b>0.77</b>

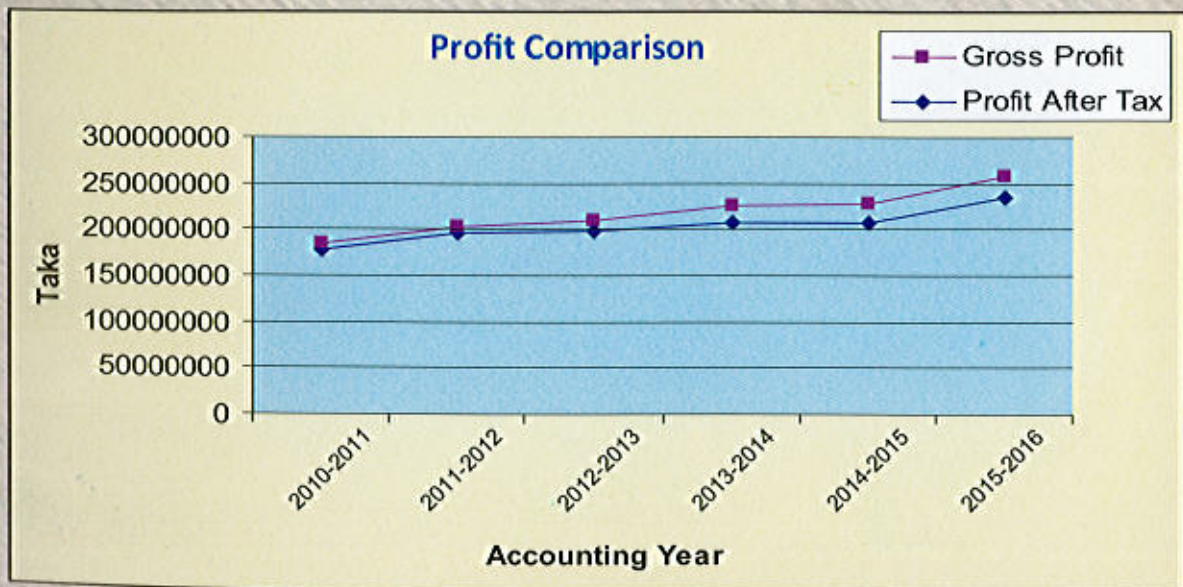
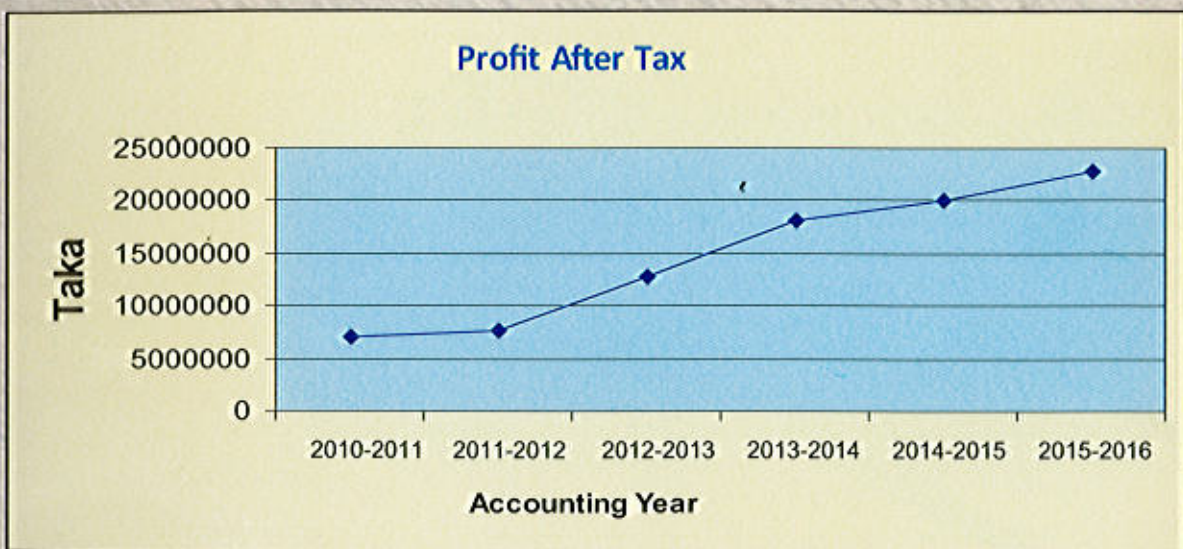
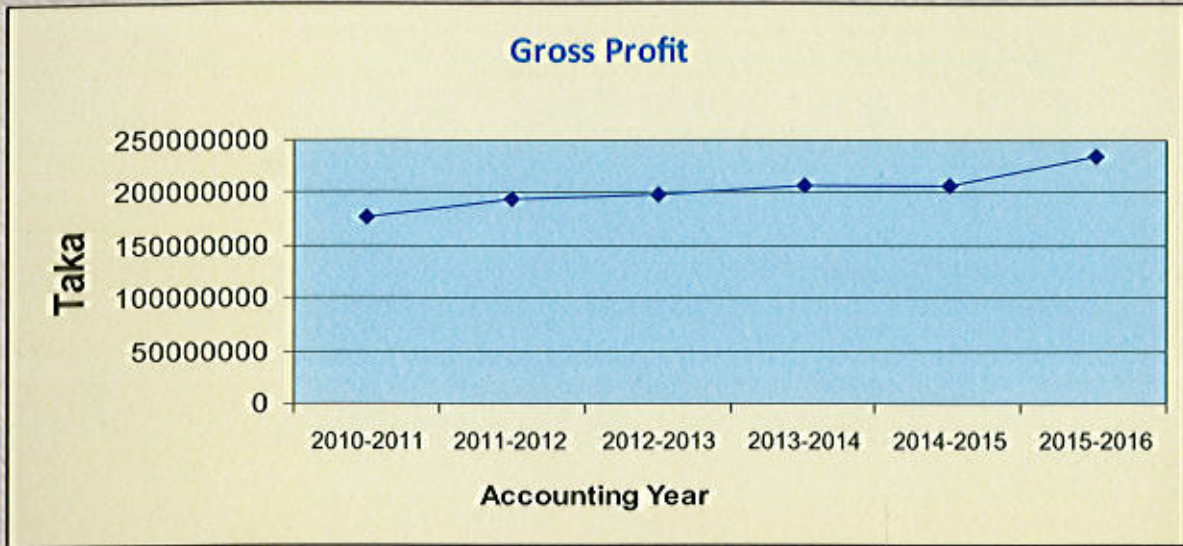
### Earning Per Share





















## Directors Report to the Shareholders

### Dear Shareholders,

Reference to the provisions of Section 184 of the Companies Act 1994, Rule 12 (and also the schedule there under) of the Securities Exchange Rule 1987, SEC Notification dated 7th August, 2012 and IAS -1 (International Accounting Standard -1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), your Directors have pleasure in submitting the Directors Report to the Shareholders together with the audited financial statements for the financial year ended June 30, 2016.

### GLOBAL SCENARIO

Today, it would be difficult to live without paper, paperboard and other paper-based products. Levels of paper consumption are also a reflection of relative wealth, as there is a clear correlation between gross domestic product and per capita paper consumption. In many developing countries, per capita paper consumption amounts to only a few kilograms. The largest consumers are the USA, Canada, many Western European countries, and Japan, with well in excess of 200 kg per person, compared with the global average of 60 kg per person. Paper and paperboard production has been expanding rapidly world-wide for over half a century and is expected to reach at a record level of 490 million tons by the end of 2020. Paper is now one of the most globalized commodities in the world.

### INDUSTRY OUTLOOK

The private sector has taken over the paper sector in the country. The financial sector of Bangladesh is the second largest in the subcontinent. Industrial Relations remained cordial through out the year under review.

Several industrial relation initiatives implemented by the Company have significantly helped in improving the work culture, enhancing productivity and enriching the quality of life of the workforce during the financial year 2015-16, your Company recorded a significant improvement in business performance through strong operational performance, better revenue management. We have planned to modernize and expand our existing machineries of our factory. To meet the above purpose we need to increase our capital of the company. We have to increase our authorized capital to enrich our capital machineries.

### Customer Satisfaction:

Customer Satisfaction is a major priority for SPBML. We ensure optimal customer satisfaction by practicing professionalism, maintaining excellent product quality and ensuring the best possible value for money for our products

### Information & Communication Technology:

In the Global market, as with SPBML Information Technology has been the driving force behind advancement. To keep in touch and also to show understanding of the latest technology SPBML has established a separate IT Department.



The IT Department focuses on faster communication, business transaction and sharing information within the company. This year we have significantly increased accessibility to computer amongst our employees and seen a significant growth in the business activities. It is our pleasure to inform you that all our production unit and sales office are under surveillance of Head Office through use of modern CCTV system.

### **Internal Control:**

We give strong emphases on internal control system to ensure strict corporate governance and accountability. The Board of Directors has formed an Audit Committee which is headed by an Independent Director in order to meet the requirements of Bangladesh Securities and Exchange Commission (BSEC). The Audit Committee monitors the effectiveness of the Internal Control function on regular basis. The committee then makes recommendations based on the policies and procedures adopted by the board for the Audit Committee. During the year, the Internal Audit Committee made recommendation on several issues to the board and management and these recommendations have been implemented effectively.

### **Quality Policy and Control:**

Improving and monitoring the quality of product is a huge issue of importance for SPBML and its Board of Directors. The company strictly controls the quality of all products by using and maintaining high standard laboratories, using modern equipment and hiring of competent,

qualified and dedicated personnel. It is the policy of SPBML to manufacture and market high quality papers to maximize customer satisfaction. TO achieve that SPBML has adopted ISO 9001:2008 Quality management systems model. Enhancement of knowledge and skill of company personnel through regular progress is one of top most priority. In fact all efforts to achieve high standards are directed to optimize the interest of the shareholder and stakeholder.

### **Human Resource Development:**

SPBML is committed to employing a high professional and competent staff seeking only those who have the education dedication and character to represent a company of our stature. As a result it is important for us to focus on a strong human resource department that is dedicated to fostering a competitive work environment for the hard working employees. In the past year we have arranged in house training program on Time Management for our employees as well as holding several workshops for our sales team to improve their performance in the market.

### **KEY OPERATING & FINANCIAL DATA:**

The summarized key operating and financial data for the last five years is set out in the annexure -i

### **COST OF GOODS SOLD:**

The overall costs of raw materials relative to net sales increased during the reporting year. A computation is given on cost of goods sold in the following table:



## Directors Report to the Shareholders

COGS	Value in BDT		% of Total Cost 30.06.2016	% of Total Cost 30.06.2015
	30.06.2016	30.06.2015		
<b>Manufacturing Cost :</b>				
Raw Material Consumed	1,047,849,627	604,980,166	83.74	80.81
Electricity, Gas etc.	128,407,307	78,584,205	10.26	10.50
Other Overhead	75,002,478	650,683,64	5.99	8.69
<b>Total Manufacturing Cost</b>	<b>1,251,259,412</b>	<b>748,632,735</b>	<b>100.00</b>	<b>100.00</b>
WIP (Opening-Closing)	(9,294,525)	(250,200)		
FG (Opening-Closing)	(60,175,107)	(1,101,630)		
<b>Total Cost of Goods Sold</b>	<b>1,181,789,780</b>	<b>747,280,905</b>		

Total Manufacturing Cost % of Net Sales 2015-2016    83.37%  
 Total Manufacturing Cost % of Net Sales in 2014-2015    78.24%

### CAPITAL EXPENDITURE

In order to continuously upgrade the productive facilities, the Company made additional capital expenditures of BDT 4, 95, 93,005 which is as follows:

	Amount in BDT	
Additional Investment	2015-2016	2014-2015
Building	6,44,496	6,05,379
Plant, Machinery & Boiler	4,27,29,559	3,20,34,799
Furniture & Fixture	38,950	1,38,010
Motor Vehicles	61,80,000	55,00,000
<b>Total</b>	<b>4,95,93,005</b>	<b>3,82,78,188</b>

### RISKS AND CONCERNS

The Company is always aware of that business is subject to variety of risks and uncertainties e.g. regulatory risks, Market Risks, Operational Risks, Legal Risks, Interest Rate Risks, Exchange Rate Risks and potential changes in Global or National Policies etc. In this respect, SPBML has well defined its risk Management policies and introduced periodic monitoring system that act as an effective tool in mitigating various risks to which our businesses are exposed to in the course of its day to day operations as well as in its strategic actions.

### EXTRA ORDINARY GAIN OR LOSS

There is no extra ordinary gain or loss in the financial statements prepared for the financial year 2015-2016.

### RELATED PARTY TRANSACTION

There was no related party transaction during the year 2015-2016.

### REMUNERATION OF DIRECTORS

The Directors of Sonali Paper & Board Mills Ltd. received remuneration including independent directors during the year on which a disclosure is given in Annexure -iii.

### GOING CONCERN

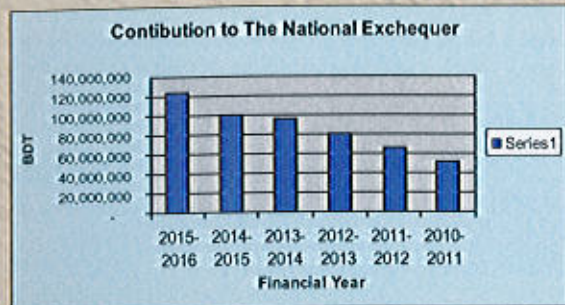
The Directors ensures that the company has the ability to continue its operation for a foreseeable future subsequent to the conduction of appropriate enquiries and analysis of the significant operating and financials. The Directors are satisfied that the Company has adequate resource to continue its operation without any major interruptions in the future. Therefore all these analysis qualify the company as a going concern and accordingly the financial statements are also prepared on the basis of going concern.



## Directors Report to the Shareholders

### Contribution to the National Exchequer

The total contribution to the National exchequer by SPBML in the year 2015-2016 was BDT 124,690,360 including VAT & Tax.



### DECLARATION OF DIVIDEND

The Board of Directors has recommended 10% Stock dividend i.e. 10 shares for every 100 shares for the shareholders for the year ended June 30, 2016 (subject to the approval in the forthcoming AGM) whose names will

appear in the share register of the company and/or Depository Register of CDBL as on Record date, i.e. November 28, 2016

### APPOINTMENT OF DIRECTORS

Mr. Mohammed Younus and Mr. Mohammed Javed Noman retires from the Board of Directors by rotation in accordance with the provision of article 128(a) of the Articles of Association of the company

### APPOINTMENT OF AUDITORS

Our existing Auditor, M/s MAHFEL HAQUE & CO, Chartered Accountants has completed their 2nd year they are eligible for reappointment as per condition No. (b) of the Securities and Exchange Commission's order

No.SEC/CMRRCD/2009-193/104/Admin/dated July 27, 2011. Therefore, they have offered for re-appointment and their remuneration will be fixed for the year 2016-2017 by the Shareholders in the 39th Annual General Meeting as per recommendation of the Audit Committee.

### DECLARATION FROM INDEPENDENT DIRECTOR

Mr. Abdur Razzak completed his period as Independent Director and decided to retire from the Board. Mr. Ashim Kumar Roy has been appointed in the 46th Board Meeting as Independent Director of the Company. His appointment will be finalized in the AGM. The other Independent Directors have submitted their disclosure to the Board confirming that they fulfill all the requirements as to qualify for their appointment as an Independent Director.

### The Director also report that:

- The Financial Statement of the Company present true and fair view of the company's state of affairs, result of its operation, cash flow and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been flowed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- The internal control system is sound in design and is effectively implemented and monitored.
- There is no significant deviation from the operating result of the last year.



## Directors Report to the Shareholders

### SHAREHOLDING INFORMATION

The shareholding positions of the company as on 30th June, 2016 with other related information are set out in Annexure-ii

### STATUS OF COMPLIANCE

Sonali Paper & Board Mills Ltd. has been committed to maintaining high standards of Corporate Governance. We have the pleasure to confirm herewith that the company has complied with all the necessary guidelines under the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 and Notification No. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 issued under section 2CC of the Securities and Exchange Ordinance 1969. A Certificate of Compliance required under the said Guidelines as provided by Rahman Zasim & Co, Cost and management Accountants, is also annexed to this report.

### ACKNOWLEDGEMENT

The Board of Directors deeply appreciated the gracious co-operation extended by the Customers, Creditors Suppliers Banks, Insurance Companies Utility Providers and

different Government Agencies. The Board also likes to put on record its appreciation for the services rendered by the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Registrar Joint Stock Companies & Firms and National Board of Revenue. The Board expresses its deep gratitude to respected shareholders of the Company for their support and guidance.

The Directors also put on record their thanks to all the workers and employees of the Company for their excellent work, with their sincere, dedicated and whole hearted devotion and committed efforts to the challenging duties and responsibilities and hope that they will look forward to achieve better results in the coming days.

On behalf of the Board



**Mohammed Younus**  
Managing Director



## Sonali Paper & Board Mills Ltd.

51, Central Road, Dhanmondi, Dhaka -1205

### Category Wise Report

Shareholding Position as on 30 June' 2016

#### The position of Shareholders as on 30 June,2016

Particulars of Investors	No. of Investors	No. of Shares	Percentage of Share Holding 2015-2016	Percentage of Share Holding 2014-2015
Sponsor	1	2,809	0.02%	0.02%
Directors other than Sponsor	3	9,641,144	70.11%	71.03%
General Public	385	502,760	3.65%	3.93%
Investor's A/C	70	12,050	0.09%	0.10%
Suspense A/C.	1	1,193,018	8.68%	5.73%
Financial Institutes	2	2,399,447	17.45%	19.19%
<b>Total</b>	<b>462</b>	<b>13,751,228</b>	<b>100%</b>	<b>100%</b>

#### On the Basis of Share Holding:

Range of Share Holdings	As per Folio		As per BO ID		Total Holdings	Total Shares	Percentage %
	Holders	Shares	Holders	Shares			
Less than 500	348	32,976	66	7,742	414	40,718	0.30
501 to 5000	27	32,465	20	38,890	47	71,355	0.52
5001 to 10000	0	-	1	6,803	1	6,803	0.05
10001 to 20000	0	-	1	19,178	1	19,178	0.14
20001 to 30000	0	-	0	-	0	-	-
30001 to 40000	0	-	0	-	0	-	-
40001 to 50000	0	-	1	44,343	1	44,343	0.32
50001 to 100000	3	210,670	0	-	3	210,670	1.53
100001 to 1000000	1	277,097	0	-	1	277,097	2.02
Above 1000001	2	3,509,009	3	9,572,055	5	13,081,064	95.13
<b>Total</b>	<b>381</b>	<b>4,062,217</b>	<b>92</b>	<b>9,689,011</b>	<b>473</b>	<b>13,751,228</b>	<b>100.00</b>



**ANNEXURE-II****Pattern of Shareholding as on 30 June 2016****(i) Shareholding status of Parent/Subsidiary/Associated Companies/Sponsor/Promoter**

Name of Sponsors	No. of shares held	Percent (%)
Al-haj Mohd. Eunoos Khan	3736	0.03
Islamic Development Bank	3192916	23.22

**(ii) Shareholding status of Directors/CEO/CS/CFO/Head of Internal Audit and their spouses and minor children**

Name of the Directors	No. of shares held	Percent (%)	Remarks
Mr. Mohammed Younus	1895946	13.79	
Mrs. Mahfuza Younus	1892268	13.76	
Mr. Javed Noman	6117970	44.49	
Mr. Kazi, Aslam Hossain	-	-	Independent Director
Mr. Abdur Razzak	-	-	Independent Director
Mr. A.K.M. Nurul Fazal Bulbul	-	-	Independent Director
Name of the Directors	No. of shares held	Percent (%)	Remarks
Chief Executive Officer (CEO) and his spouse and minor children	3788214	27.55	-
Chief Financial Officer (CFO)	-	-	-
Company Secretary (CS)	-	-	-
Head of Internal Audit (HIA)	-	-	-

**(iii) Executives (Top salaried persons other than CEO, CFO, CS & HIA)**

1. Mr. Shahudul Haque (Executive Director)	-	-	-
2. Mr. Kawser Azizur Rahman (Director Technical)	-	-	-
3. Mr. Md. Golam Zilani Bhuiyan (Director Marketing & Operation)	-	-	-
4. Mr. Kh. Khalidur Raman (Consultant & Head of HRD)	-	-	-
4. Mr. Md. Kamrul Islam (Additional Director Admin)	-	-	-

**(iv) Shareholders holding 10% or more voting interest in the Company**

Mr. Mohammed Younus	1895946	13.79	
Mrs. Mahfuza Younus	1892268	13.76	
Mr. Javed Noman	6117970	44.49	
Islamic Development Bank	3192916	23.22	



## REPORT ON CORPORATE GOVERNANCE

**Corporate Governance** clearly defines the rights and responsibilities of the Board of Directors, Management, Shareholders and other Stakeholders. The Board supports Management, Internal and External Auditors and other related parties including the Shareholders. A good corporate reputation is the most valuable and competitive asset of a company. SPBML believes in the continued improvement of corporate

governance. The Board of Directors and the Management Team of Sonali Paper & Board Mills Limited is committed to maintaining effective Corporate Governance through a culture of accountability and transparency.

### Board of Directors

The Board of Directors comprises of 05 (Five) members including two Independent Directors. All Directors, have sound knowledge in the area of Paper Industry, managerial expertise and sound academic and professional knowledge. They are well conversant with corporate governance.

### Code of Conduct

The Company had framed and adopted a code of conduct in accordance with the Condition No. 1.2(v) of the Bangladesh Securities and Exchange Commissions (BSEC) Corporate Governance Guidelines 2012, which was approved by the board of Directors in its 34th Meeting held on December \_\_, 2012. With the objective of enhancing the standards of governance, the Company also adopted separate codes for the members of management and executives of the Company.

For the year under review, all directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

### Appointment of Board Members

The Directors of the Board are appointed by the Shareholders in the Annual General Meeting who are accountable to the Shareholders.

### Appointment of Independent Director

The Board of Directors in its 38th Annual General Meeting held on September 23, 2014 appointed an Independent Director. In selecting Independent Director, the Company always looked for an individual who possesses experience; strong interpersonal skills and

independence. Independent Director is considered by the Board to be independent of the Company and free of any business or other relationship that could interfere with the exercise of his independent judgment. The Board believes that his experience and knowledge assists in providing both effective and constructive contribution to the Board.

### The Role of the Chairman and Managing Director

Position of the Chairman and Managing Director (CEO) are clearly identified. The Chairman is responsible for leading the Board and its effectiveness. The Managing Director serves as the Chief Executive of the Company.

### Audit Committee

The Audit Committee was established as a sub-committee of the Board and has jurisdiction over Sonali Paper & Board Mills Limited. The audit committee is comprised of three members of the Board including one Independent Director who is the Chairman of the Committee. The Audit Committee assists the Board.

### Company Secretary

Md. Rashedul Hossain has been appointed as the Company Secretary of the Company. He provides concerned legal matters to the Board. Among other functions, the Company Secretary also:

- Bridges between the Board of Directors and Shareholders on strategic and statutory decision
- Acts as a quality assurance agent in all information towards the Shareholders and Board
- Is responsible for ensuring that the appropriate Board procedures are followed
- Acts as the "Disclosure Officer" of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc. issued by the Bangladesh Securities and Exchange Commission, Stock Exchange (s) applicable to the conduct of the business activities of the Company

The Company Secretary keeps the records of the Company' compliance/ noncompliance status of the conditions imposed by BSEC which has been shown in the compliance report on BSEC Notification.



#### **Chief Financial Officer**

Md. Ziaul Haque has been appointed as the Chief Financial Officer of the Company. He looks after the overall financial affairs of the Company. Among other functions, the Chief Financial Officer:

- Prepares quarterly and annually
- Financial statements financial reporting procedures in line with the requirement of Bangladesh Accounting Standards
- Reports financial position of the Company in its Board meeting

#### **Financial Reporting and Transparency**

Financial Statements have been prepared in line with the International Accounting Standards, Bangladesh

Accounting Standards and other legislations as applicable in Bangladesh. Timely publication of quarterly and

annual financial statements with comprehensive details beyond the statutory requirement.

Compliance with Applicable Rules and Regulations

The Company's business activities are guided and supervised by local laws and regulations:

- The Companies Act 1994
- The Bangladesh Securities and Exchange Commission
- Listing rules of Dhaka Stock Exchange Limited
- Bangladesh Accounting Standards

#### **Purchase Committee**

A purchase committee is functioning with a group of executives, headed by a senior most executive to examine the purchase proposal of goods. Among others, the followings are the main responsibilities of the Committee:

- To evaluate the received proposal and find out the effectiveness of each proposal
- To prepare a report on the basis of evaluation of the purchase proposal with recommendation and sent to concerned departments for obtaining approval from the competent authority
- To supervise the entire activities of procurement

#### **Statutory Audit**

Statutory Audit of the Company is governed by the Companies Act 1994. The Company Act provides guidelines for the appointment, scope of work and retirement of auditors. Shareholders appoint auditors and fix their remuneration in the Annual General Meeting

#### **Internal Audit**

Internal Audit support the Company to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management and control. Internal Audit activity is governed by the Internal Team, which is approved by the Board.

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with laws and regulations

#### **Going Concern**

The Company has adequate resources to continue operational existence for the future. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements

Communication with Shareholders  
The Company encourages communication with shareholders throughout the year and welcomes their participation at shareholders meeting. The Company is transparent with the stakeholders of the Company. Four times each year, Sonali Paper & Board Mills Limited reports to its shareholders regarding its business, financial position and earnings. These include:

- Quarterly and Annual financial statements
- Annual General Meeting
- Price Sensitive Disclosures and other disclosures to the BSEC and Stock Exchanges

In additional information, the Company is under a legal and regulatory requirement to publish via the widely forecasted daily Bangla and English newspapers. Sonali Paper & Board Mills Limited believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance procedure.



## Annexure - A

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition no.	Title	Compliance status	Not Complied	Remarks
<b>1.0</b>	<b>Board of Directors</b>			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√	-	-
<b>1.2</b>	<b>Independent Director:</b>			
1.2 (i)	Independent Director: At least 1/5th	√	-	-
1.2 (ii)	For the purpose of this clause "independent director" means a director-			
1.2(ii)a	Independent directors do not hold any share or hold less than one percent (1%) shares	√	-	-
1.2(ii) b	Independent directors do not connected with the company's sponsor or director or shareholder who holds 1% or more shares	√	-	-
1.2(ii) c	Independent directors do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated company	√	-	-
1.2(ii) d	Independent directors are not the members, directors or officers of any stock exchange	√	-	-
1.2(ii) e	Independent directors are not the members, directors or officers of any stock exchange or an intermediary of the capital market	√	-	-
1.2(ii) f	Independent directors are/were not the partners or executives during preceding 3 (three) years of any statutory audit firm	√	-	-
1.2(ii) g	They are not the Independent directors in more than 3 (three) listed companies			
1.2(ii) h	They are not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non bank financial institution (NBFI)	√	-	-
1.2(ii) i	They are not been convicted for a criminal offence involving moral turpitude	√	-	-
1.2(iii)	The independent directors shall be nominated by the board of directors and approved in the AGM	√	-	-
1.2(iv)	The post of independent directors cannot remain vacant for more than 90 days	√	-	-
1.2(v)	The board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√	-	-
1.2(vi)	The tenure of office of an independent directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	√	-	-



Condition no.	Title	Compliance status	Not Complied	Remarks
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
1.3(i)	Independent Director shall be knowledgeable individual with integrity	√	-	-
1.3(ii)	The independent director must have at least 12 (twelve) years of corporate management/ professional experience	√	-	
1.3(iii)	In special cases above qualification may be relaxed by the commission	-	-	N/A
1.4	Positions of Chairman of the Board and Chief Executive Officer shall be filled by different individuals	√	-	-
<b>1.5</b>	<b>Directors' Report to Shareholders</b>			
1.5(i)	Industry outlook and possible future developments in the industry	√	-	-
1.5(ii)	Segment-wise or product-wise performance	√	-	-
1.5(iii)	Risks and concerns			
1.5(iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	√	-	-
1.5(v)	* Discussion on continuity of any Extra-Ordinary gain or loss	-	-	N/A
1.5(vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	-	-	N/A
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	-	-	N/A
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	-	-	N/A
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report	-	-	N/A
1.5(x)	Remuneration to directors including independent directors	√	-	-
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity	√	-	-
1.5(xii)	Proper books of account of the issuer company have been maintained.	√	-	-
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√	-	-
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√	-	-



Condition no.	Title	Compliance status	Not Complied	Remarks
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√	-	-
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√	-	-
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	-	-	N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√	-	-
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	-	-	N/A
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√	-	-
1.5(xxi)	<b>The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:</b>			
1.5(xxi)a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	-	-	N/A
1.5(xxi) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√	-	-
1.5(xxi) c	Executives;	√	-	-
1.5(xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√	-	-
1.5(xxii)	<b>In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</b>			
1.5(xxii) a	a brief resume of the director;	√	-	-
1.5(xxii) b	nature of his/her expertise in specific functional areas;	√	-	-
1.5(xxii) c	names of companies in which the person also holds the directorship and the membership of committees of the board.	√	-	-
2.0	<b>Chief Financial Officer, Head of Internal Audit &amp; Company Secretary</b>			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and defining of their respective roles, responsibilities and duties	√	-	-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√	-	-



Condition no.	Title	Compliance status	Not Complied	Remarks
<b>3</b>	<b>Audit Committee:</b>			
3 (i)	Audit Committee shall be the sub-committee of the Board of Directors.	√	-	-
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√	-	-
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√	-	-
<b>3.1</b>	<b>Constitution of the Audit Committee</b>			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	√	-	-
3.1 (ii)	Constitution of Audit Committee with Board Members including one Independent Director	√	-	-
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√	-	-
3.1 (iv)	Filling of Casual Vacancy in Committee	√	-	-
3.1 (v)	The company secretary shall act as the secretary of the Committee.	√	-	-
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√	-	-
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director	√	-	-
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√	-	-
<b>3.3</b>	<b>Role of Audit Committee</b>			
3.3 (i)	Oversee the financial reporting process	√	-	-
3.3 (ii)	Monitor choice of accounting policies and principles.	√	-	-
3.3 (iii)	Monitor Internal Control Risk management process.	√	-	-
3.3 (iv)	Oversee hiring and performance of external auditors.	√	-	-



Condition no.	Title	Compliance status	Not Complied	Remarks
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√	-	-
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√	-	-
3.3 (vii)	Review the adequacy of internal audit function.	√	-	-
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	-	-	N/A
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√	-	-
3.3 (x)	When money is raised through Initial Public Offering (IPO /Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results.			N/A
<b>3.4</b>	<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>	<b>Reporting to the Board of Directors</b>			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√	-	-
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a	Report on conflicts of interests;	-	-	N/A
3.4.1 (ii) b	Suspected or presumed fraud or irregularity or material defect in the internal control system;	-	-	N/A
3.4.1 (ii) c	Suspected infringement of laws, including securities related laws, rules and regulations;	-	-	N/A
3.4.1 (ii) d	Any other matter which shall be disclosed to the Board of Directors immediately.	-	-	N/A
3.4.2	Reporting to the Authorities	-	-	N/A
3.5	Reporting to the Shareholders and General Investors	√	-	-
<b>4</b>	<b>External/Statutory Auditors:</b>			
4 (i)	Appraisal or valuation services or fairness opinions.	√	-	-
4 (ii)	Financial information systems design and implementation.	√	-	-
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√	-	-
4 (iv)	Broker-dealer services.	√	-	-
4 (v)	Actuarial services.	√	-	-
4 (vi)	Internal audit services.	√	-	-



Condition no.	Title	Compliance status	Not Complied	Remarks
4 (vii)	Any other service that the Audit Committee determines.	√	-	-
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√	-	-
<b>5</b>	<b>Subsidiary Company</b>			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	-	-	N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	-	-	N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	-	-	N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	-	-	N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A
<b>6</b>	<b>Duties of Chief Executive Officer(CEO) and Chief Financial Officer (CFO):</b>			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6 (i) a	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√	-	-
6 (i) b	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√	-	-
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√	-	-
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
7 (i)	The company shall obtain a certificate from a Professional Accountant/Secretary (Chartered Accountant/Cost & Management accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√	-	-
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√	-	-



## Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide  
Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by Sonali Paper & Board Mills Limited ("the Company") for the year ended 30 June 2016. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliance and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that the Company has complied with all the conditions of aforesaid Corporate Governance Guidelines of BSEC.



Principal  
Rahman Zasim & Co.  
Cost & Management Accountants

Dhaka, 10 December 2016





## Annexure- III

**SONALI PAPER & BOARD MILLS LIMITED**

Directors Meeting Attendance Record & Fees  
For the financial Year 01.07.2015 to 30.06.2016

Name of Directors	Board		Audit Committee		Total Fees Paid
	Attendance	Fees	Attendance	Fees	
Mrs. Mahfuza Younus	1	4000	-	-	4000
Mr. Mohammed Younus	5	20000	5	-	20000
Mr. Javed Noman	3	12000	5	-	12000
Mr. Kazi Aslam Hossain	5	20000	5	-	20000
Mr. Abdur Razzak	5	20000	-	-	20000
Mr. Nurul Fazal Bulbul	4	16000	-	-	16000
<b>Total</b>		<b>92000</b>			<b>92000</b>

Name of Directors	Meeting Held on Dates & Attendance				
	Aug 27, 2015	Oct 31, 2015	Jan 25, 2016	Apr 25, 2016	May 30, 2016
Mrs. Mahfuza Younus	-	✓	-	-	-
Mr. Mohammed Younus	✓	✓	✓	✓	✓
Mr. Javed Noman	✓	✓	✓	✓	✓
Mr. Kazi Aslam Hossain	✓	✓	✓	✓	✓
Mr. Abdur Razzak	✓	✓	✓	✓	✓
Mr. Nurul Fazal Bulbul	-	✓	✓	✓	✓

Note i: Directors Board Meeting Attendance fee is Tk. 4000/-

Note ii: Audit Committee members do not receive any payment from the Company



## Audit Committee Report

In compliance with the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission's notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated: 07 August 2012, the Audit Committee was constituted by the Board of Directors to assist the Board in ensuring a standard audit system for transparent financial reports & non financial corporate disclosures, effective internal control system and compliance of all rules and regulations of the country as well as in establishing a unique, strong and dependable system for all stakeholders especially for shareholders.

### Composition of Audit Committee:

In compliance with section 3.2 (i) of the Corporate Governance Guidelines of the Commission, the Chairman is an Independent Director. The audit committee of the Board of Directors consists of the following Members:

Sl No.	Name	Position in the Board	Position
01	Mr. Kazi Aslam Hossain	Independent Director	Chairman
02	Mr. Mohammed Younus	Director	Member
03	Mr. Md. Javed Noman	Director	Member

The Company Secretary acted as the Secretary of the Committee. The Committee submits its report directly to the Board of Directors.

The Committee conducted (04) meetings during the year 2014. Meeting dates are as follows:

Sl No.	Name of the meeting	Date of the meeting	Attendance
01	26th Audit Committee Meeting	24.08.2015	100%
02	27th Audit Committee Meeting	27.10.2015	100%
03	28th Audit Committee Meeting	23.01.2016	100%
04	29th Audit Committee Meeting	21.04.2016	100%
05	30th Audit Committee Meeting	26.05.2016	100%

Company Secretary who acts as the Secretary to the Committee was also present in the meeting.



### Activities of the Audit Committee:

- The Audit Committee reviewed the integrity of the financial statements of the Company to ensure that these reflect a true and fair picture of the Company's state of affairs for the year ended on 31st December 2014.
- The Audit Committee also reviewed the quarterly and half yearly financial statements for their proper presentation and accuracy.
- Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed the time frame for their implementation.
- The Committee had overseen, reviewed and approved the procedure and task of the internal Audit, financial report preparation & the external Audit Reports.
- The committee found adequate arrangement to present a true & fair view to the activities and the financial status of the company and 'didn't find any material deviation, discrepancies or any adverse finding /observation in the areas of reporting.

### Acknowledgement:

The members of the Audit Committee express their gratitude and thanks to the Board of Directors, Management and Auditors for their cooperation while performing their duties and responsibilities



-----  
**Mr. Kazi Aslam Hossain**

Chairman

Audit Committee



## CEO and CFO's Declaration to the Board

Date: 29 October, 2016

The Board of Directors  
**Sonali Paper & Board Mills Ltd.**  
51, Central Road, Dhanmondi  
Dhaka -1205.

Dear Board Members,

Certificate on Financial Statements per condition no. 06 of the Notification: SEC/CMRRCD/2006-158/134/Admin/44 issued by Bangladesh Securities and Exchange Commission dated 7th August 2012 on Corporate Governance

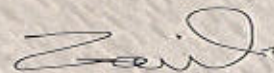
### This is to certify to the Board that:

- We have reviewed financial statements for the year ended 30th June, 2016 and that to the best of our knowledge and belief:
- The financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- The financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- There are, to the best of knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Thanking you  
Sincerely your,



**Mohammed Younus**  
Managing Director & CEO



**Md. Ziaul Haque**  
Chief Financial Officer



## **INDEPENDENT AUDITORS' REPORT**

### **To The shareholders of SONALI PAPER & BOARD MILLS LTD.**

We have audited the accompanying financial statements of SONALI PAPER & BOARD MILLS LTD, which comprise the Statement of Financial Position as at 30 June 2016 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other explanatory information for the year ended 30 June 2016.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), Bangladesh Accounting Standards (BASs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws & 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.

#### **Auditors' responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### Basis of Opinion:

We have conducted the audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we have obtained reasonable assurance about whether the Financial Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) give a true and fair view of the state of the affairs of the company as at 30 June 2016 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of the Companies Act 1994, Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations.

We further report that:

- (a) We have obtained all the information and explanation which to the best of our knowledge and believe 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 company's statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account; and
- (d) The expenditure incurred was for the purpose of the company's business.

Dated: Dhaka,  
27 October 2016



  
**Mahfel Huq & Co.**  
Chartered Accountants



**SONALI PAPER & BOARD MILLS LIMITED****Statement of Financial Position****As at 30 June, 2016**


Particulars	Notes	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015	Amount in Tk. 01 July 2014
<b>ASSETS</b>				
<b>Non-Current Assets:</b>		<b>5,798,466,328</b>	<b>7,648,034,142</b>	<b>7,632,294,582</b>
Property, Plant and Equipment	3.00	5,798,466,328	7,648,034,142	7,632,294,582
<b>Current Assets :</b>		<b>335,162,299</b>	<b>130,859,987</b>	<b>167,972,690</b>
Inventories	4.00	246,483,912	73,331,715	70,427,970
Trade and other Receivables	5.00	15,151,929	23,649,920	32,733,191
Advance , Deposit & Prepayments	6.00	17,356,388	15,977,685	15,757,524
Cash & Cash Equivalents	7.00	56,170,070	17,900,667	49,054,005
<b>TOTAL ASSETS</b>		<b>6,133,628,627</b>	<b>7,778,894,129</b>	<b>7,800,267,272</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Share Holders' Equity and Reserve</b>		<b>4,973,355,046</b>	<b>6,949,854,566</b>	<b>6,975,897,600</b>
Share Capital	8.00	137,512,280	125,011,170	113,646,520
Revaluation Reserve	9.00	4,927,446,858	6,926,486,322	6,979,743,710
Retained Earnings		(91,604,092)	(101,642,926)	(117,492,630)
<b>Non-Current Liabilities:</b>		<b>545,381,746</b>	<b>433,488,890</b>	<b>272,482,142</b>
Long Term Bank Loan (Secured)	10.00	239,142,408	277,656,015	162,772,678
Deferred Tax Liability	11.00	306,239,338	155,832,875	109,709,464
<b>Current Liabilities:</b>		<b>614,891,835</b>	<b>395,550,673</b>	<b>551,887,529</b>
Short Term Bank Loan (Secured)	12.00	519,187,115	315,019,126	518,671,948
Current portion of long term loan		40,365,768	46,866,628	-
Trade and other Payables	13.00	55,338,952	33,664,919	33,215,581
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>6,133,628,627</b>	<b>7,778,894,129</b>	<b>7,800,267,272</b>
<b>Net Assets Value (NAV) Per Share</b>	<b>19.00</b>	<b>361.67</b>	<b>555.94</b>	<b>613.82</b>
<b>Net Asset Value Per Share (Restated)</b>	<b>19.00</b>	<b>361.67</b>	<b>505.40</b>	

The annexed notes 1 to 28 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

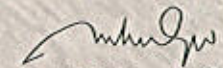
  
Director

  
Managing Director

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

Dated: Dhaka  
October 27, 2016



  
Mahfel Huq & Co.  
Chartered Accountants



**SONALI PAPER & BOARD MILLS LIMITED****Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 30 June, 2016

Particulars	Notes	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
Gross Sales	14.00	1,535,265,250	1,049,142,667
Less: Value Added Tax		(117,700,399)	(93,971,954)
<b>Net Sales</b>		<b>1,417,564,851</b>	<b>955,170,713</b>
Cost of Sales	15.00	(1,181,789,780)	(747,280,905)
<b>Gross Profit</b>		<b>235,775,071</b>	<b>207,889,808</b>
<b>Operating Expenses:</b>			
Administrative Expenses	16.00	(124,478,549)	(101,536,282)
Selling and Distribution Expenses	17.00	(20,692,508)	(17,178,346)
<b>Profit from operations</b>		<b>90,604,014</b>	<b>89,175,180</b>
Finance Cost	18.00	(60,076,227)	(62,401,344)
Profit before tax		<b>30,527,787</b>	<b>26,773,836</b>
<b>Income tax expense:</b>			
Current tax	13.01	(10,968,096)	(6,693,459)
Deferred tax	11.00	3,336,149	-
<b>Profit after Tax</b>		<b>22,895,841</b>	<b>20,080,377</b>
Profit/(Loss) for the year		<b>22,895,841</b>	<b>20,080,377</b>
Earnings Per Share	20.00	<b>1.67</b>	<b>1.61</b>
Earnings Per Share (Restated)	20.00	<b>1.67</b>	<b>1.46</b>

The annexed notes 1 to 28 form an integral part of these Financial Statements.

  
 Chief Financial Officer

  
 Company Secretary

  
 Director

  
 Managing Director

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

Dated: Dhaka  
October 27, 2016
  
 Mahfel Huq & Co.  
 Chartered Accountants



**SONALI PAPER & BOARD MILLS LIMITED****Statement of Changes in Equity  
For the year ended 30 June, 2016**

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 30 June, 2015	125,011,170	6,926,486,322	(101,642,926)	6,949,854,566
Adjustment for short income tax provision for A/Y 2015-2016			(355,897)	(355,897)
Profit/(Loss) for the year	-	-	22,895,841	22,895,841
Revaluation downward		(1,845,296,852)		(1,845,296,852)
Deferred tax liability		(153,742,612)		(153,742,612)
Stock Dividend (2014-2015)	12,501,110	-	(12,501,110)	-
<b>Balance at 30 June, 2016</b>	<b>137,512,280</b>	<b>4,927,446,858</b>	<b>(91,604,092)</b>	<b>4,973,355,046</b>

**For the year ended 30 June, 2015**

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 01 July 2014	113,646,520	6,979,743,710	(7,783,166)	7,085,607,064
Adjustment for deferred tax liability			(109,709,464)	(109,709,464)
<b>Restated balance at 01 July 2014</b>	<b>113,646,520</b>	<b>6,979,743,710</b>	<b>(117,492,630)</b>	<b>6,975,897,600</b>
Profit/(Loss) for the year	-	-	20,080,377	20,080,377
Adjustment for deferred tax asset			7,133,977	7,133,977
Deferred tax liability		(53,257,388)		(53,257,388)
Stock Dividend (2013-2014)	11,364,650	-	(11,364,650)	-
<b>Balance at 30 June, 2015</b>	<b>125,011,170</b>	<b>6,926,486,322</b>	<b>(101,642,926)</b>	<b>6,949,854,566</b>

The annexed notes 1 to 28 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

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

Dated: Dhaka  
October 27, 2016



  
Mahfel Huq & Co.  
Chartered Accountants



**SONALI PAPER & BOARD MILLS LIMITED****Statement of Cash Flows****As at and for the year ended 30 June, 2016**

Particulars	Notes	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>A. Cash Flows from Operating Activities</b>			
Cash received from customers		1,543,763,241	1,058,225,938
Paid for Raw Materials, Direct & Indirect Expenses		(1,417,594,720)	(828,886,892)
Income Tax & Vat		(124,830,816)	(97,583,793)
Net cash flow from operating activities		1,337,705	131,755,253
<b>B. Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and Equipment		(62,145,598)	(58,604,389)
Net cash used in investing activities		(62,145,598)	(58,604,389)
<b>C. Cash Flows from Financing Activities</b>			
Loan Received/(Refunded)		159,153,522	(41,902,857)
Finance Cost		(60,076,227)	(62,401,344)
Net cash used in financing activities		99,077,295	(104,304,201)
D. Net cash inflow/(outflow) for the period (A+B+C)		38,269,403	(31,153,338)
E. Opening cash and cash equivalents		17,900,667	49,054,005
F. Closing Cash and Cash equivalents (D+E)		<b>56,170,070</b>	<b>17,900,667</b>
Cash Flows Per Share from Operating Activities	<b>21.00</b>	<b>0.10</b>	<b>10.54</b>
Cash Flows Per Share from Operating Activities (Restated)	<b>21.00</b>	<b>0.10</b>	<b>9.58</b>

The annexed notes 1 to 28 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

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

Dated: Dhaka  
October 27, 2016



  
Mahfel Huq & Co.  
Chartered Accountants



**SONALI PAPER & BOARD MILLS LIMITED****Notes to the Financial Statements as at and for the year ended 30 June 2016****1.00 About the Company****1.01 Legal Form of the Company**

Reporting Company: Sonali Paper & Board Mills Ltd. was incorporated vide registration no C-5576/134 in Bangladesh in the year 1978 under Companies Act, 1913 & 1994 as a Public Limited Company. The shares of the company are traded in Dhaka Stock Exchange of Bangladesh.

**1.02 Address of the Registered Office and Factory**

The registered office of the Company is located at House No # 51, Central Road, Dhanmondi, Dhaka-1205. The Industrial Unit is situated at Jatramura, Tarabo, Rupgonj, Narayanganj.

**1.03 Nature of Business Activities:**

Principal activities of the company are Manufacturing & Marketing of Media, Liner, Duplex Board and quality Papers.

**2.00 Significant accounting policies and other material information.****2.01 Basis of preparation and Presentation of Financial Statements**

The financial statements have been prepared on going concern concept, historical cost convention and on accrual basis in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) and in compliance with the companies Act 1994, the Securities and Exchanges Rules 1987 and listing regulations of Dhaka Stock Exchange Ltd (DSE).

**2.02 Authorization for Issue**

The financial statements were approved by the Board of Directors of the company on October 27, 2016.

**2.03 Going Concern**

The company has adequate resources to continue in operation for the foreseeable future. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business. For this reason the directors continue to adopt going concern assumption in preparing the Financial Statements.

**2.04 Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka (Taka/Tk.) which is the Company's functional currency. All financial information presented in Taka has been rounded off.

**2.05 Use of Estimates and Judgments:**

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Due to inherent uncertainties involved in making estimates actual results may differ from those estimates and underlying assumptions are reviewed on a going concern basis.

**2.06 Comparative information and Re-arrangement thereof**

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements. Certain figures for previous year have been rearranged wherever considered necessary, to ensure better comparability with the current year's financial statements and to comply with relevant BAS.





**2.07 Reporting Period**

The financial statements covers twelve months from 1st July to 30 June consistently.

**2.08 Principal Accounting Policies**

Specific accounting policies were selected and applied by the company's management for significant transaction and events that have material effect within the framework of BAS-1 ("Presentation of Financial Statements") in preparation and presentation of financial statements. The previous years figures were presented according to the same accounting principles. Changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per BAS-1.

**2.09 Compliance with Bangladesh Accounting Standards (BASs)**

- BAS - 01 Presentation of Financial Statements
- BAS - 02 Inventories
- BAS - 07 Statement of Cash Flows
- BAS - 08 Accounting Policies, Changes in Accounting Estimates and Errors
- BAS - 10 Events After the Reporting Period
- BAS - 12 Income Taxes
- BAS - 16 Property, Plant and Equipment
- BAS - 18 Revenue
- BAS - 19 Employee Benefits
- BAS - 21 The effects of Changes in Foreign Exchange Rates
- BAS - 23 Borrowing Costs
- BAS - 24 Related Party Disclosures
- BAS - 33 Earnings Per Share
- BAS - 36 Impairment of Assets
- BAS - 37 Provisions, Contingent Liabilities and Assets
- BAS - 39 Financial Instruments: Recognition and Measurement

The related BFRSs are also complied for the preparation of these financial statements.





**2.10 Property, Plant and Equipment (PPE)****Recognition and measurement:**

Property, plant and equipment have been stated at cost and subsequent revaluation (only land) amount less accumulated depreciation. Accumulated historical cost and depreciation have been shown in the Financial Statements. The cost of acquisition comprises of purchase price, including import duties and non-refundable Taxes and any directly attributable cost of bringing the assets to its state of intended use.

**Subsequent expenditure:**

Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an addition to cost of the assets.

**Disposal:**

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as non operating income and reflected in the Statement of Profit or Loss and other Comprehensive Income.

**2.11 Depreciation**

Depreciation on Property, Plant & Equipment other than Land and land development has been computed during the year using the reducing balance method so as to write off the assets over their expected useful life. Depreciation has been charged on additions on the basis of when it is available for use.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

Sl No.	Non-Current Assets	Rate of Depreciation.
01	Building & Goodown	5%
02	Labour Shed	5%
03	Plant, Machinery & Boiler	10%
04	Electric Equipments & Others	10%
05	Generator & 5 M W Power Station	10%
06	Weighing & Road Scale	10%
07	Electric & Gas Installation	10%
08	Motor Vehicles	15%
09	Fax Machine	10%
10	PABX & Telephone Set	10%
11	Computer	10%
12	ETP	5%
13	Fire Fitting Equipments	5%
14	Crane, Trolley & Fork Lift	5%
15	Workshop & Loose Tools	5%
16	Furniture & Fixture	10%





## 2.12 Impairment of assets

All assets have been reviewed according to BAS 36 and it was confirmed that no such assets have been impaired during the year and for this reason no provision has been made for Impairment of assets.

**2.13 Inventories:** Inventories are measured at the lower of cost and net realizable value as prescribed by BAS-2. The cost of inventories is based on the FIFO method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the Case of manufactured inventories and work-in-progress, cost includes an appropriate allocation of production overheads based on normal operation capacity.

Nature of Inventories	Basis of valuation
Raw Materials	FIFO Method
Work-in Progress	Material cost Plus Proportionate conversion cost based on percentage of completion.
Finished Goods	Valued at cost or net realizable value whichever is lower.

## 2.14 Income Taxes

### Current Tax:

Current income tax expense represents the sum of the tax currently payable.

### Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date. The company has introduced Deferred Tax as per provision of BAS-12 (Income Taxes) during the year and comparative information has been re-stated accordingly.





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

**2.15.1 Financial Assets**

Financial assets of the company include cash and cash equivalents, equity instrument of another entity, trade receivable and other receivables. The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which a contractual right is created to receive cash or another financial asset from another company. The company derecognizes a financial asset when and only when contractual rights or probabilities of receiving the cash flows from the assets expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and reward of ownership of the financial assets are transferred.

**Cash and Cash Equivalents:**

According to BAS 7 'Statement of Cash Flows' cash comprises of cash in hand, demand deposits and cash equivalents which are short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. BAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of BAS 7 & BAS 1, Cash in Hand & Bank Balances including FDR have been treated as Cash & Cash Equivalents.

**Available for Sale of Financial Assets**

During the year the company had no financial asset for sale.

**Trade and other Receivables**

Trade receivable are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amount at the period end.

**2.15.2 Financial Liabilities**

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognises a financial liability when it's contractual obligations are discharged or cancelled or expired. Financial liabilities are recognised initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

**2.16 Employees Benefit Scheme**

The Company has established an contributory provident fund scheme in accordance with BAS-19. A Board of trustees administers the fund. No part of the fund is included in the asset of the Company.

The Company has two group insurance schemes for its permanent employees, premium for which is being charged to Statement of Profit or Loss and other comprehensive Income.

**2.17 Workers Profit Participation Fund**

The company yet to introduce workers profit participation fund in accordance with chapter 15 under Labour Act 2006.





**2.18 Revenue****Sale of Goods:**

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Income  
It is recognized on time proportion basis.

**2.19 Foreign Currency Transaction**

Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction in accordance with BAS-21. Monetary assets and liabilities expressed in foreign currencies are translated into BDT at the rate of exchange ruling at the Statement of Financial Position date. Gains or losses resulting from foreign currency transactions are taken to the Statement of Profit or Loss and other comprehensive Income.

**2.20 Statement of Cash Flows**

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

**2.21 Earnings Per Share**

This has been calculated in compliance with the requirements of BAS 33: Earnings Per Share has been calculated by the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period and retrospective effect has also been given for calculation of previous years earnings as well to conform the current years presentation.

**2.22 Related Party Transaction**

There was no related party transaction during the year.

**2.23 Finance Cost**

Finance cost (Borrowing Cost) incurred during the year was recognized as revenue expenses in accordance with BAS-23 "Borrowing Cost." Finance cost comprises interest on borrowings and bank commission & charges.

**2.24 Provisions**

In accordance with the guidelines as prescribed by BAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a) when the company has an obligation ( legal or constructive) as a result of past events;
- b) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) Reliable estimates can be made of the amount of the obligation.





### 2.25 Segment Reporting

No segmental reporting is applicable for the company as required by BFRS 8: "Segment Reporting" as the company operates in a single industry segment and within a single geographical territory.

### 2.26 Events After the Reporting Period

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

### 2.27 Contingent Liabilities

There are contingent Liabilities of Income Tax and with other departments of the Government estimated at Tk. 32,67,39,704 for cases pending in the courts and tribunals.

### 2.28 Components of Financial Statements

The financial statements comprise the followings:

- Statement of Financial Position;
- Statement of Profit or Loss and other Comprehensive Income;
- Statement of Change in Equity;
- Statement of Cash Flows; and
- Accounting Policies and explanatory notes to the Financial Statements.

### 2.29 General

(a) The Financial Statements are prepared and presented in Bangladesh Currency (Taka) which is the Companies Functional currency. All financial information presented have been rounded off to nearest Taka.

(b) Previous year's figures have been rearranged for comparison purposes whenever considered necessary.





**3.00 Property Plant and Equipment Tk. 5,798,466,328**

This is made up as follows:

**Cost**

	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
Opening Balance	913,655,930	855,051,541
Addition during the year	62,145,598	58,604,389
Adjustment during the year	-	-
Closing Balance	<u>975,801,528</u>	<u>913,655,930</u>

**Depreciation**

Opening Balance	245,365,498	202,500,669
Charged during the year	66,416,559	42,864,829
Adjustment during the year	-	-
Closing Balance	<u>311,782,057</u>	<u>245,365,498</u>
Written Down Value	664,019,470	668,290,432
Add: Revaluation of Non-Current Assets	5,134,446,858	6,979,743,710

**Total**

<b>5,798,466,328</b>	<b>7,648,034,142</b>
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Details of Non-Current Assets and Depreciation as on June 30, 2016 are shown in the annexed -A. Depreciation has been charged to Selling, Administration and General expenses.

665.50 Decimal Land under Mouza: Tarabo, SRO: Rupgonj, District: Narayanganj and the property, plant and equipment of the company has been pledged as security against loan with Islami Bank Bangladesh Limited, Chawk Mugoltolly Branch, Dhaka.

**4.00 Inventories****Tk. 246,483,912**

The Break-up is as below:

Raw Materials	147,485,450	43,717,652
Materials-In- Process	14,765,325	5,470,800
Finished Goods	83,857,287	23,682,180
Spare Parts (Note 4.01)	375,850	461,083
<b>Total</b>	<b><u>246,483,912</u></b>	<b><u>73,331,715</u></b>

The basis of valuation is stated in note 2.13 Details of Inventories have been shown in Annexure "B".

The inventories of the company has been pledged as security against loan with Islami Bank, Bangladesh Limited, Chawk Mugoltolly Branch, and Modhumoti Bank Limited, Aganagar Branch. Charge on all Fixed & Floating Assets with RJSC & Firms favouring Modhumoti Bank Limited, Aganagar Branch.

**4.01 Spare Parts**

Opening Balance	461,083	591,970
Purchase during the year	799,288	788,562
	<u>1,260,371</u>	<u>1,380,532</u>
Less: Consumption (Machine Repairs & Maintenance)	884,521	919,449
Closing Balance (at Cost)	<b><u>375,850</u></b>	<b><u>461,083</u></b>





Amount in Tk.  
2015 - 2016Amount in Tk.  
2014 - 2015**5.00 Trade and other Receivables Tk. 15,151,929**

(i) Trade and other receivables occurred in the ordinary course of business are insecured but considered good. This is arrived at as follows:

Opening balance	23,649,920	32,733,191
Sales during the year	1,535,265,250	1,049,142,667
	1,558,915,170	1,081,875,858
Realised during the year	1,543,763,241	1,058,225,938
<b>Closing balance</b>	<b>15,151,929</b>	<b>23,649,920</b>
Aging of Trade and other Receivables		
Below 30 days	4,580,250	6,376,618
Within 31-60 days	4,486,024	8,525,428
Within 61-90 days	3,960,229	3,678,550
Above 90 days	2,125,426	5,069,324
<b>Total</b>	<b>15,151,929</b>	<b>23,649,920</b>

(ii) There was no amount due by the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

Party wise schedule has been enclosed in Annexure-"C".

**The classification of receivables as required by the schedule XI of the Companies Act, 1994 are given below:**

Receivable considered good in respect of which the company is fully secured.	-	-
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	15,151,929	23,649,920
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
<b>Total</b>	<b>15,151,929</b>	<b>23,649,920</b>





	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>6.00 Advance, Deposit &amp; Prepayments Tk. 17,356,388</b>		
Fixed security deposits (Electricity & Gas)	2,492,411	2,492,411
Advance Income Tax Note-6.01	1,584,133	403,176
L/C Margin & Goods In Transit Note-6.02	9,130,044	8,017,299
Advance VAT deposit Note-6.03	1,010,323	1,754,322
Salaries & Allowance (Ansar)	127,558	504,558
Security deposits (CDBL)	200,000	200,000
Bank Guarantee Margin	1,005,919	1,005,919
MTDR	1,600,000	1,600,000
Salaries & Allowances	206,000	-
<b>Total</b>	<b>17,356,388</b>	<b>15,977,685</b>
<b>6.01 Advance Income Tax:</b>		
Opening Balance	403,176	715,929
Add: Addition for the year	1,584,133	403,176
	<b>1,987,309</b>	<b>1,119,105</b>
Less: Adjusted during the year	(403,176)	(715,929)
<b>Total</b>	<b>1,584,133</b>	<b>403,176</b>

Advance Income Tax a sum of Tk 4,03,176 was adjusted during the year and the balance of Tk. 15,84,133 for the Assessment year 2016 - 2017.

**6.02 L/C Margin & Goods In Transit:** A sum of Tk. 91,30,044 was paid for Import purpose.

**6.03 Advance VAT Deposit:** The balance included in Advance VAT Deposit has been arrived at in the following manner:

Opening Balance	1,754,322	4,859,27
Add: Deposit during the Year	116,956,400	90,867,000
	<b>118,710,722</b>	<b>95,726,276</b>
Less: Adjusted during the Year	117,700,399	93,971,954
<b>Total</b>	<b>1,010,323</b>	<b>1,754,322</b>

**7.00 Cash & Cash Equivalents Tk. 6,170,070**

**a) Cash at Bank:**

Bank Name	BranchName	Account No		
Islami Bank Bangladesh Ltd.	Chawk Mugoltolly	4766	7,967,904	2,094,203
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	7,859,826	1,573,354
IFIC Bank Ltd.	Rupgonj	0.019	-	69,208
Al-Arafah Islami Bank Ltd.	New Elephant Road	2468	9,750,300	3,131,451
National Bank Ltd.	New Elephant Road	4464	1,508,423	486,426
Sonali Bank Ltd.	New Elephant Road	6338	3,621,168	459,807
Shahjalal Islami Bank Ltd.(Dev)	Dhanmondi	1347	3,560	2,939
Dutch Bangla Bank Ltd.	Dhanmondi	2978	6,212,126	1,840,256
The Premier Bank Ltd.	Bangshal	8497	1,035,479	1,038,243
Modhumoli Bank Ltd.	Aganagar	0004	12,531,748	672,617
			50,490,533	11,368,504
			5,679,537	6,532,163
<b>b) Cash in hand</b>				
<b>Total</b>			<b>56,170,070</b>	<b>17,900,667</b>

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2016. Cash in hand balance was duly certified by the management.





**8.00 Share Capital****a) Authorized Capital:**

200,00,000 ordinary shares of Tk.10 each

**b) Issued, Subscribed and Paid -up Capital:**

1,25,01,117 ordinary shares of Tk.10 each,

12,50,111 bonus shares @ Tk.10 (10% Stock Dividend 2014-15)

Total 1,37,51,228 shares of Tk.10 each.

**Total**

	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
a) Authorized Capital:	200,000,000	200,000,000
b) Issued, Subscribed and Paid -up Capital:	125,011,170	113,646,520
	12,501,110	11,364,650
<b>Total</b>	<b>137,512,280</b>	<b>125,011,170</b>

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June, 2016 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2015- 2016	Percentage of Share Holding 2014-2015
Sponsor	1	2809	0.02%	0.02%
Directors other than Sponsor	3	9641144	70.11%	71.03%
General Public	385	502760	3.66%	3.93%
Investor's A/c	70	12050	0.09%	0.10%
Suspense A/c	1	1193018	8.68%	5.73%
Financial Institutes	2	2399447	17.45%	19.19%
<b>Total</b>	<b>462</b>	<b>13751228</b>	<b>100.00%</b>	<b>100.00%</b>

The distribution schedule showing the Number of share holders and their share holdings in percentage has been disclosed below:

Range of Share Holdings	As per Folio		As per BO ID		Total Holders	Share Holding	Total Percentage (%)
	Holders	Shares	Holders	Shares			
Less than 500	348	32,976	66	7,742	414	40,718	0.30
501 to 5,000	27	32,465	20	38,890	47	71,355	0.52
5001 to 10,000	-	-	1	6,803	1	6,803	0.05
10,001 to 20,000	-	-	1	19,178	1	19,178	0.14
20,001 to 30,000	-	-	-	-	-	-	-
30,001 to 40,000	-	-	-	-	-	-	-
40,001 to 50,000	-	-	1	44,343	1	44,343	0.32
50,001 to 100,000	3	210,670	-	-	3	210,670	1.53
100,001 to 1,000,000	1	277,097	-	-	1	277,097	2.02
Over 1,000,000	2	3,509,009	3	9,572,055	5	13,081,064	95.13
<b>Total</b>	<b>381</b>	<b>4,062,217</b>	<b>92</b>	<b>9,689,011</b>	<b>473</b>	<b>13,751,228</b>	<b>100.00</b>





<b>9.00 Revaluation Reserve Tk.</b>	<b>49,274,46,858</b>
Opening balance	
Revaluation downward	
Deferred Tax Liability	

Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
6,926,486,322	6,979,743,710
(1,845,296,852)	-
(153,742,612)	(53,257,388)
<b>4,927,446,858</b>	<b>6,926,486,322</b>

The company made valuation of its fixed assets for first time in 2012 by an independent valuer, Commodity Inspection Services (BD) Ltd and again for second time by an independent valuation specialist, M/s. S.H. Khan & Co., Chartered Accountants on 18 May 2016. Moreover the board decided to write back the revaluation surplus arising from valuation of fixed assets other than land at 45th meeting held on 30 May 2016 that results in revaluation downward of fixed assets other than land for Tk. 184,52,96,852. Details of revaluation has been shown in Annexure - A.

### 10.00 Long Term Bank Loan (Secured) Tk.

**239,142,408**

Islami Bank Bangladesh Limited  
(Chawk Moghultoly Branch, Dhaka.)

HPSM NO # 14913

HPSM NO # 18109

HPSM NO # 26411

HPSM NO # 27008

HPSM NO # 27109

HPSM NO # 27513

HPSM NO # 27715

HPSM NO # 28817

HPSM NO # 31205

HPSM NO # 31811

HPSM NO # 32711

HPSM NO # 32812

HPSM NO # 33510

HPSM NO # 32813

HPSM NO # 34309

-	55,742,252
-	8,651,167
-	970,983
-	3,961,262
-	1,301,743
-	23,353,614
-	5,870,717
-	11,301,967
-	2,062,492
-	801,962
-	5,439,195
-	1,440,541
-	2,037,557
-	4,925,693
-	2,593,050
-	<b>130,454,195</b>

Modhumoti Bank Limited.

(Aganagar Branch, Keranigonj, Dhaka)

Loan A/c NO # 00003

Loan A/c NO # 00006

181,316,361	194,068,448
98,191,815	-
279,508,176	324,522,643
40,365,768	46,866,628
<b>239,142,408</b>	<b>277,656,015</b>

Less: Current portion of long term loan

**Total**

The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka. Currently the rate of interest applied to the loan @ 11.50% per annum.





**11.00 Deferred Tax Liability Tk. 30,62,39,338**

Calculation of Deferred Tax :

**A. Temporary difference:**

Written down value as per accounting base

Written down value as per tax base

Taxable temporary difference

Income Tax rate

Deferred Tax Liabilities at the end of the year

Closing Deferred Tax Liabilities

Opening Deferred Tax Liabilities

D.Tax (income) / expenses:

**B. Revaluation:**

Carrying Value

Land

**Tax rate:**

Land

Deferred Tax Liabilities at the end of the year

Closing Deferred Tax Liabilities

Opening Deferred Tax Liabilities

D.Tax asset / liability:

**Deferred Tax Liabilities at the end of the year (A+B)****12.00 Short Term Bank Loan (Secured) Tk.519,187,115**

This is made up as follows:

Islami Bank Bangladesh Limited

(Chawk Moghultoly Branch, Dhaka.)

Foreign Cash Bills (IBBL UPAS LC)

Modhumoti Bank Limited.

(Aganagar Branch, Keranigonj, Dhaka)

(CC Hypo)

Foreign Cash Bills (MMBL UPAS LC)

**Total**

	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
Written down value as per accounting base	664,019,470	668,290,432
Written down value as per tax base	267,062,119	257,988,484
Taxable temporary difference	396,957,351	410,301,948
Income Tax rate	25%	25%
Deferred Tax Liabilities at the end of the year	99,239,338	102,575,487
Closing Deferred Tax Liabilities	99,239,338	102,575,487
Opening Deferred Tax Liabilities	102,575,487	109,709,464
D.Tax (income) / expenses:	(3,336,149)	(7,133,977)
<b>B. Revaluation:</b>		
Carrying Value		
Land	5,175,000,000	1,331,434,700
<b>Tax rate:</b>		
Land	4%	4%
Deferred Tax Liabilities at the end of the year	207,000,000	53,257,388
Closing Deferred Tax Liabilities	207,000,000	53,257,388
Opening Deferred Tax Liabilities	53,257,388	-
D.Tax asset / liability:	153,742,612	53,257,388
<b>Deferred Tax Liabilities at the end of the year (A+B)</b>	<b>306,239,338</b>	<b>155,832,875</b>

400,586,852

314,402,682

(Aganagar Branch, Keranigonj, Dhaka)

(CC Hypo)

Foreign Cash Bills (MMBL UPAS LC)

42,889,111

616,444

75,711,152

519,187,115

315,019,126

The above balances were in agreement with the balance as per respective bank statement as on 30-06-2016. The above loan is secured against the Non-Current assets.





		Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>13.00 Trade and other Payables</b>	<b>Tk. 55,338,952</b>		
Trade Payables:			
Raw Materials Supplier (Details are enclosed in Annexure "D")		8,819,054	1,787,629
<b>Other Payables:</b>			
Provision for Income Tax	<b>Note- 13.01</b>	11,323,993	6,693,459
Audit Fees		69,000	69,000
Gas Bill		31,093,691	18,654,015
Electricity Bill		2,176,633	726,267
Internet Bill		109,069	-
Wages		9,994	3,270,469
Salary & Allowances		43,435	723,076
Overtime Bill		1,651,857	1,697,998
Telephone & Fax Charges		42,227	43,006
	<b>Total</b>	<b>55,338,952</b>	<b>33,664,919</b>

**13.01 Provision for Income Tax:**

Opening Balance	6,693,459	7,029,546
Add: Addition for the year (A/Y 2016-2017)	10,968,096	6,693,459
Add: Addition for previous year (A/Y 2015-2016)	355,897	-
	<b>18,017,452</b>	<b>13,723,005</b>
Less: Adjusted during the year.	(403,176)	(7,029,546)
Less: Payment during the year.	(6,290,283)	
	<b>Total</b>	<b>6,693,459</b>

For the Assessment year 2015-2016 the amount of Tk 66,93,459 was provision for Income Tax and a sum of Tk 3,55,897 was addition at the time of Assessment. Total amount of Tk. 66,93,459 was adjusted during the year. For the Assessment year 2016-2017 Tk 1,09,68,096 was provision for income Tax.





		Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>14.00 Sales ( Including VAT) :</b>	<b>Total</b>	<b>1,535,265,250</b>	<b>1,049,142,667</b>
<b>15.00 Cost of Sales</b>	<b>Tk. 1,181,789,780</b>		
Opening Stock of Raw Materials & Chemicals		43,717,652	42,034,850
Add: Local Purchase of Raw Materials & Chemicals		139,695,219	97,094,872
Add: Import of Raw Materials & Chemicals		1,011,922,206	509,568,096
Goods available for consumed		1,195,335,077	648,697,818
Less : Closing Stock of Raw Materials & Chemicals		(147,485,450)	(43,717,652)
<b>Raw Materials Used</b>		<b>1,047,849,627</b>	<b>604,980,166</b>
<b>Add: Factory Over head</b>			
Salaries & Wages		40,480,613	34,715,334
Overtime Bill		20,440,561	19,186,189
Festival Bonus		5,872,691	3,600,361
Oil & Lubricant		7,167,961	6,254,294
Gas Bill		106,285,221	65,427,161
Electricity Bill		22,122,086	13,157,044
Workers Tiffin		156,131	329,257
Machine Repairs & Maintenance	<b>( Note 4.01)</b>	884,521	919,449
Labour charges		-	63,480
		1,251,259,412	748,632,735
Add: Opening Stock of Material-In-Process		5,470,800	5,220,600
		1,256,730,212	753,853,335
Less: Closing stock of Material -In- Process		(14,765,325)	(5,470,800)
Cost of production		<b>1,241,964,887</b>	<b>748,382,535</b>
Add : Opening Stock of Finished Goods		23,682,180	22,580,550
		1,265,647,067	770,963,085
Less: Closing Stock of Finished Goods		(83,857,287)	(23,682,180)
<b>Cost of Sales</b>	<b>Total</b>	<b>1,181,789,780</b>	<b>747,280,905</b>

**Salaries & Wages Tk. 4,04,80,613**

This Includes the payment of Salaries & Wages amounting to Tk. 4,04,80,613 from where a sum of Tk. 2,09,084 was Tax deducted at source.





	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>16.00 Administrative Expenses:</b>	<b>Tk. 124,478,549</b>	
Salaries & Allowances	32,889,464	35,668,272
Festival Bonus	3,357,313	1,862,738
Telephone & Fax Charges	475,451	513,451
Office Rent	240,000	240,000
Directors Meeting Attendance fees	92,000	92,000
Directors Remuneration	3,600,000	3,600,000
Travelling & Conveyance	593,410	276,531
AGM Expenses	383,475	387,920
Annual Listing fees	178,981	78,412
Entertainment	653,204	253,826
Spare parts for Motor Car	4,205,678	4,048,979
Oil & Fuel	2,575,755	3,348,180
Insurance premium (Fire)	2,392,000	2,392,230
Staff Uniform	117,500	185,620
Office Maintenance	482,065	694,370
Internet Bill	663,029	662,893
Electrical Expenses	543,194	767,592
Stationeries	677,477	574,314
News Paper & Periodicals	9,282	7,680
Postage & Stamps	5,690	16,350
Medical Aid Expenses	73,578	31,695
Cafeteria Expenses	1,598,452	1,426,022
Rent, Rate & Renewal Fees	617,956	510,672
Miscellaneous Expenses	660,289	619,320
Audit Fees	69,000	69,000
Legal Fees & Expenses	500,426	41,176
Bank Charges	407,321	302,210
Depreciation Charges (Annexure - "A")	66,416,559	42,864,829
<b>Total</b>	<b>124,478,549</b>	<b>101,536,282</b>

**Directors Meeting Attendance fees. Tk. 92,000**

Directors Meeting Attendance fees amounting to Tk. 92,000 was paid to five Directors from where a sum of Tk. 13,800 was deducted as VAT at source.

**Directors Remuneration Tk. 3,600,000**

This Includes the payment of Three Directors Remuneration paid amounting to Tk. 3,600,000 from which a sum of Tk. 3,65,824 was tax deducted at source.





Amount in Tk.  
2015 - 2016Amount in Tk.  
2014 - 2015**17.00 Selling and Distribution Expenses Tk.20,692,508**

This is made up of the followings:

	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
Salaries & Allowances	3,306,717	2,865,075
Packing & Binding Expenses	3,380,255	3,231,845
Repairs & Maintenance	616,483	566,849
Business Promotion Expenses	790,000	897,500
Advertisement	414,574	295,541
Delivery, Load & Unload Expenses	2,653,328	2,327,375
Sales Promotion Expenses	3,228,650	2,303,961
Sample Expenses	6,302,501	4,690,200
<b>Total</b>	<b>20,692,508</b>	<b>17,178,346</b>

**Salaries & Allowances Tk. (3,28,89,464+33,06,717) = 3,61,96,181**

This Includes the payment of Salaries & Allowances (Administrative Tk 3,28,89,464 + Selling and Distribution Tk. 33,06,717) total paid amounting to Tk. 3,61,96,181 from where a sum of Tk. 11,26,622 was Tax deducted at source.

**18.00 Finance Cost Tk. 60,076,227**

MPI IBBL	-	508,132
MTR IBBL	-	37,656,004
HPSM IBBL	8,630,819	15,904,170
UPAS IBBL	19,450,099	6,868,380
CC Hypo NBL	-	4
CA SJIBL	(2,349)	(2,464)
CC Hypo MMBL	2,971,307	614,964
Term Loan MMBL	26,463,959	852,154
UPAS MMBL	2,562,391	-
<b>Total</b>	<b>60,076,227</b>	<b>62,401,344</b>





	Amount in Tk. 2015 - 2016	Amount in Tk. 2014 - 2015
<b>19.00 Net Asset Value (NAV) Per Share</b>		
Net Asset Value	4,973,355,046	6,949,854,566
Number of Shares	13,751,228	12,501,117
<b>Net Asset Value Per Share</b>	<b>361.67</b>	<b>555.94</b>
Net Asset Value	4,973,355,046	6,949,854,566
Number of Shares	13,751,228	13,751,228
<b>Net Asset Value Per Share (Restated)</b>	<b>361.67</b>	<b>505.40</b>
<b>20.00 Earnings Per Share (EPS)</b>		
Surplus for the year attributable to Shareholders (Net Income)	22,895,841	20,080,377
Number of shares	13,751,228	12,501,117
<b>Earnings Per Share</b>	<b>1.67</b>	<b>1.61</b>
<b>Earnings Per Share (Restated)</b>		
Surplus for the year attributable to Shareholders (Net Income)	22,895,841	20,080,377
Number of shares	13,751,228	13,751,228
<b>Earnings Per Share (Restated)</b>	<b>1.67</b>	<b>1.46</b>
<b>21.00 Cash Flows Per Share from Operating Activities</b>		
Operating cash inflow/(outflow) during the period	1,337,705	131,755,253
Number of shares	13,751,228	12,501,117
	<b>0.10</b>	<b>10.54</b>
Cash Flows Per Share from Operating Activities (Restated)		
Operating cash inflow/(outflow) during the period	1,337,705	131,755,253
Number of shares	13,751,228	13,751,228
	<b>0.10</b>	<b>9.58</b>

**22.00 Salary Range: Salary range of the employees are given below**

I	5,000 - 15,000	24 Person	21 Person
II	15,001 - 25,000	11 Person	14 Person
III	25001 - 50,000	17 Person	12 Person
IV	50,001 - 2,00,000	11 Person	11 Person
	<b>Total</b>	<b>63 person</b>	<b>58 person</b>









**SONALI PAPER & BOARD MILLS LIMITED**  
**Schedule of Property, Plant & Equipment**  
**For the year ended 30 June, 2016**

Annexure-"A"

Sl. No.	Name of Assets	COST				Rate	DEPRECIATION				Written Down Value as on June 30, 2016	Revaluation			Total Assets as on June 30, 2016	
		Balance as on July 01, 2015	Addition During the Year	Adjustment During the Year	Balance as on June 30, 2016		Balance as on July 01, 2015	Charged During the Year	Adjustment During the Year	Balance as on June 30, 2016		01.07.2015	Increase	Decrease		30.06.2016
1	Land & Land Development	40,553,142	-	-	40,553,142						40,553,142	1,290,881,558	3,843,565,300	-	5,134,446,858	5,175,000,000
2	Building & Godown	85,173,803	644,496	-	85,818,299	5%	25,278,343	3,026,998	-	28,305,341	57,512,958	1,249,717,687	-	1,249,717,687	-	57,512,958
3	Labour Shed	2,323,952	-	-	2,323,952	5%	680,667	82,164	-	762,831	1,561,121	-	-	-	-	1,561,121
4	Plant, Machinery & Boiler	529,579,670	42,729,559	-	572,309,229	10%	123,333,788	44,697,544	-	170,031,332	402,277,897	4,106,157,394	-	4,106,157,394	-	402,277,897
5	Electric Equipments & Others	48,771,364	3,958,303	-	52,729,667	10%	18,102,098	3,462,757	-	21,564,855	31,164,812	-	-	-	-	31,164,812
6	Gene. & 5 MW Power Station	149,297,268	7,810,995	-	157,108,263	10%	53,496,080	10,361,218	-	63,857,298	93,250,965	304,657,883	-	304,657,883	-	93,250,965
7	Weighting & Road Scale	5,400,810	236,900	-	5,637,710	10%	2,396,359	324,135	-	2,720,494	2,917,216	-	-	-	-	2,917,216
8	Electric & Goss Installation	12,777,243	-	-	12,777,243	10%	5,978,539	679,870	-	6,658,409	6,118,834	24,989,312	-	24,989,312	-	6,118,834
9	Motor Vehicles	20,944,500	6,180,000	-	27,124,500	15%	8,389,999	2,810,175	-	11,200,174	15,924,326	3,339,876	-	3,339,876	-	15,924,326
10	Fax Machine	30,000	-	-	30,000	10%	17,086	1,291	-	18,377	11,623	-	-	-	-	11,623
11	PABX & Telephone Set	959,392	11,690	-	971,082	10%	417,219	55,366	-	472,605	498,477	-	-	-	-	498,477
12	Computer	4,424,104	508,000	-	4,932,104	10%	1,476,231	345,587	-	1,821,818	3,110,286	-	-	-	-	3,110,286
13	ETP	1,569,181	-	-	1,569,181	5%	528,154	52,051	-	580,205	988,976	-	-	-	-	988,976
14	Fire Fitting Equipments	1,454,538	26,705	-	1,481,243	5%	362,020	55,961	-	417,981	1,063,261	-	-	-	-	1,063,261
15	Crane, Trolley & Fork Lift	6,716,193	-	-	6,716,193	5%	1,211,552	275,232	-	1,486,784	5,229,409	-	-	-	-	5,229,409
16	Workshop & Loose Tools	483,799	-	-	483,799	5%	162,837	16,048	-	178,885	304,914	-	-	-	-	304,914
17	Furniture & Fixture	3,196,971	38,950	-	3,235,921	10%	1,534,527	170,139	-	1,704,666	1,531,255	-	-	-	-	1,531,255
	Balance as on 30 June 2016	913,655,930	62,145,598	-	975,801,528		245,345,498	66,416,559	-	311,762,057	644,019,470	6,979,743,710	3,843,565,300	5,688,862,152	5,134,446,858	5,798,466,328
	Balance as on 30 June 2015	855,051,541	58,604,989	-	913,656,530		202,500,649	42,864,829	-	245,365,498	648,290,432	6,979,743,710	-	-	6,979,743,710	7,648,034,142

**Note:** Land and land development represents only land.





**SONALI PAPER & BOARD MILLS LIMITED**

Annexure - "B"

**Schedule of Inventories****As on 30 June, 2016****Raw Materials:**

Particulars	Quantity/ Kg	Rate	Amount in Taka
a) Chemicals	86,394	420.00	36,285,750
b) Waste Paper	2,180,124	18.20	39,678,250
c) Waste Paper	668,697	14.50	9,696,105
d) Waste Paper	1,288,028	48.00	61,825,345
<b>Total</b>	<b>4,223,243</b>		<b>147,485,450</b>

**Material - In - Process:**

Particulars	Quantity/ Kg	Rate	Amount in Taka
a) Paper of Different Grades	301,333	49.00	14,765,325

**Finished Goods:**

Particulars	Quantity/ Kg	Rate	Amount in Taka
a) Paper of Different Grades	1,552,913	54.00	83,857,287

**Spare Parts:**

Particulars	Quantity/ Pcs	Rate	Amount in Taka
a) Different Items	630	596.59	375,850
<b>Total Taka</b>			<b>246,483,912</b>





**SONALI PAPER & BOARD MILLS LIMITED**  
**STATEMENT OF TRADE AND OTHER RECEIVABLES**  
**AS AT 30 JUNE, 2016**

Sl. No	Name of the Party	Amount
1	B.N.N Packaging	1,082,000
2	Chittagong Mohanagar Packes Ltd	1,078,902
3	H. A. Sattar Printing & Packaging Ind.	1,040,498
4	Interna Plastic Ind.	1,199,408
5	Kashpia Printing & Packaging Ind.	1,046,922
6	Platinum Print & Packaging Ltd.	1,373,650
7	Royel Box	1,061,129
8	Al Monida Paper	1,000,000
9	Chandpur Paper Hosue	1,224,955
10	Ever Green	1,267,648
11	Mostafa Enterprise	1,000,000
12	Razu Traders	1,402,742
13	Saddam Paper	1,374,075
	<b>Total Taka</b>	<b>15,151,929</b>



**SONALI PAPER & BOARD MILLS LIMITED**  
**STATEMENT OF TRADE AND OTHER PAYABLES**  
**AS AT 30 JUNE, 2016**

Sl. No	Name of the Party	Amount
1	Al Modina Enterprise	2,446,419
2	Fatama Enterprise	1,181,705
3	Howlader Enterprise	1,280,204
4	Jakir Enterprise	1,143,419
5	Javed Paper House	1,239,352
6	M/S. Babul Enterprise	1,527,955
	Total Taka	8,819,054



 **SONALI PAPER & BOARD MILLS LTD.**

Registered Office: 51, Central Road, Dhanmondi, Dhaka-1205

**PROXY FORM**

I/We .....  
of .....  
being a member of Sonali Paper & Board Mills Ltd. and entitled to vote hereby appoint  
Mr/Mrs/Miss .....as my/our proxy to attend and vote for me/us  
on my/our behalf at the 39th Annual General Meeting of the Company to be held on  
Thursday the 12th January 2017 at 11:30 a.m. at Trust Milonayatan, 545, Old Air Port Road,  
Dhaka Cantonment, Dhaka-1206 and at any adjournment thereof.  
As witness my hand this..... day of ..... 2017.

Revenue  
Stamp

Signature

 **SONALI PAPER & BOARD MILLS LTD.**

Registered Office: 51, Central Road, Dhanmondi, Dhaka-1205

**ATTENDANCE SLIP**

I hereby record my attendance at the 39th Annual General Meeting of Sonali Paper & Board  
Mills Ltd. at Trust Milonayatan, 545, Old Air Port Road, Dhaka Cantonment, Dhaka-1206 on  
January 12, 2017 at 11:30 AM.

Full Name(s) of the Shareholder(s) BO ID No. \_\_\_\_\_  
(In block letters) \_\_\_\_\_ Folio No. \_\_\_\_\_

Signature

Full Name(s) of Proxy BO ID No. \_\_\_\_\_  
(In block letters) \_\_\_\_\_ Folio No. \_\_\_\_\_

Signature

- Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over to the reception of 39th SPBML, AGM Venue
- No person shall be appointed proxy who is not member of the company
- Children and non-members will not be allowed at the Meeting.





## SONALI PAPER & BOARD MILLS LTD.

**Corporate Office :**

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