

ANNUAL REPORT

2017-2018



SONALI PAPER & BOARD MILLS LTD.

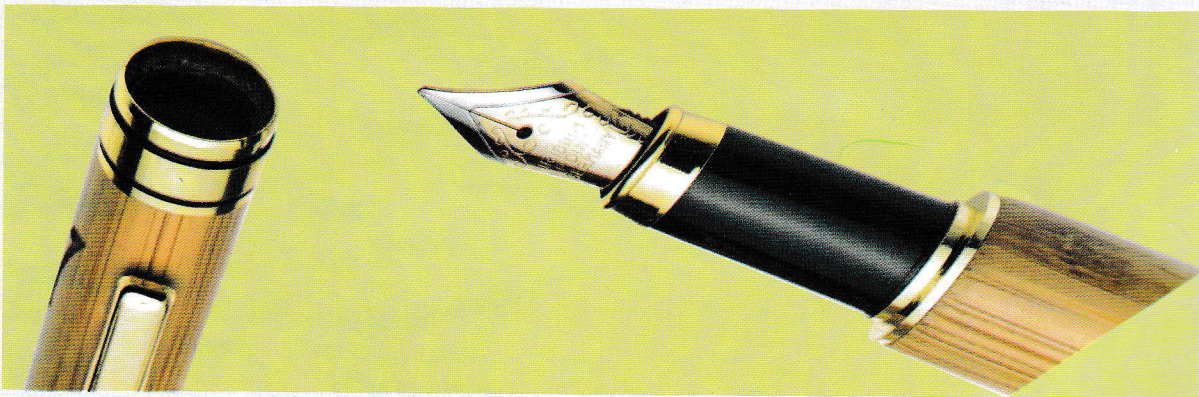


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Forwarding Letter

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

Subject: Annual Report for the year ended June 30, 2018.

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report of Sonali Paper & Board Mills Limited together with the Audited Accounts including Statement of Financial Position as at 30 June, 2018, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2018 along with notes thereon for your record/necessary measures.

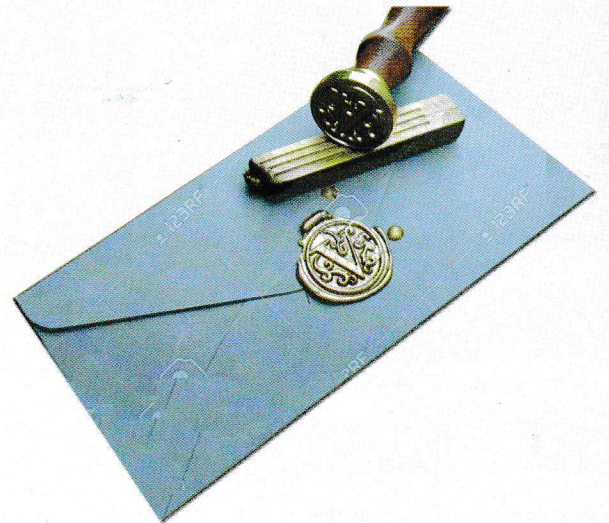
Thank You

Yours sincerely,



Md. Rashedul Hossain
Company Secretary

Dated: December 29, 2018



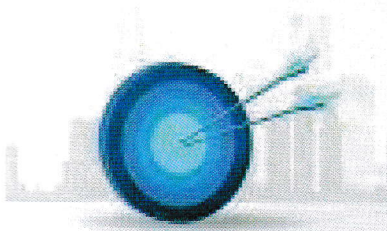
Vision, Mission & Principles



Vision

Vision

To be the market leader and an enduring force in the paper, board and packaging industry, positively influencing & providing value to stakeholders, society and our nation.



Mission

Mission

To strive continuously for excellence and sustain our position as a preferred supplier of quality paper, board and packaging material within a team environment and with a customer focused strategy.

Principles

Integrity
Accountability
Transparency

Corporate Information

Company Name: Sonali Paper & Board Mills Ltd.

Company Registration: C-5576/134

Tax Registration: 123794615546

VAT Registration: 000914833

Legal Form

Sonali Paper & Board Mills Limited (the "company"), was incorporated in 1977 as a Private Limited Company under the Companies Act, 1913. In 1978 the company was registered with the Registrar of Joint Stock Companies and Firms (RJSC) as a Public Limited Company which is one of the Primogenital paper manufacturing companies in the private sector of Bangladesh.

Board of Directors

Chairperson

Mahfuza Younus

Directors

Mohammed Younus

Mohammed Javed Noman

Independent Directors

Kazi Aslam Hossain

A.K.M. Nurul Fazal Bulbul

Ashim Kumar Roy

Audit Committee

Chairman: Kazi Aslam Hossain

Member: Mohammed Younus

Member: Mohammed Javed Noman

Management Team

Managing Director

Mohammed Younus

Executive Director

Shahudul Haque

Director (Technical)

Md. Kawsar Azizur Rahman

Director (Marketing)

Golam Zilani Bhuiyan

Consultant & Head of HRD

Kh. Khalidur Rahman

Director (Administration)

Md. Kamrul Islam

Assistant Director (Administration)

Md. Ataur Rahman

Chief Financial Officer

Mohammad Ziaul Haque

Company Secretary

Md. Rashedul Hossain

Head of Internal Audit & Compliance

Md. Mahabub Alam

Statutory Auditors

Fames & R, Chartered Accountants, House # 424 (4th floor), Road # 30,, Mohakhali DOHS, Dhaka-1206.

Principal Bankers

Islami Bank Bangladesh Ltd. | Al -Arafah Islami Bank Ltd. | Sonali Bank Ltd. | Shahjalal Islami Bank Ltd. | National Bank Ltd. | Dutch Bangla Bank Ltd. | The Premier Bank Ltd. | Modhumoti Bank Ltd.

Registered Office

51, Central Road, Dhanmondi, Dhaka-1205

Phone: 58610056-59, Fax: +88-02-58613965

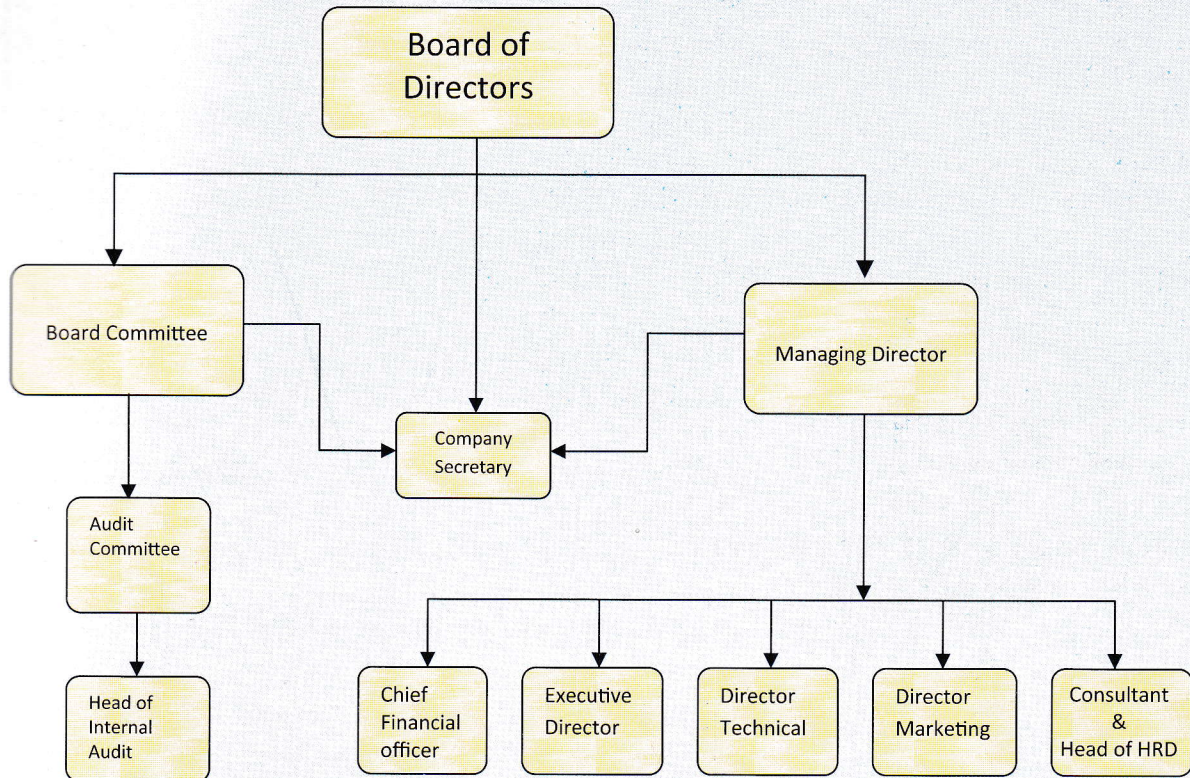
E-mail: information@younusgroup.com

Factory Address

Jatramura, Tarabo, Rupgonj

Narayangonj.

Organizational Structure



Operational Team

Md. Al-Mamun Parvez (GM Accounts)
 Md.Sayed Hassan (DGM Commercial)
 Md. Alamgir Miah (AGM Accounts)
 Md. Nazrul Islam (AGM Vat)

Md. Akhlas Uddin Bhuiyan (GM Sales)
 Md. Hasanuzzaman (AGM Sales)

Mahfuza Younus

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



Mohammed Younus

Mohammed Younus is the Director of Sonali Paper & Board Mills Ltd. since 2005 and has been appointed as Managing Director & CEO in the same. Mr. Younus, The Chairman of Younus Group of Industries and Managing Director of all it's concerns born in a muslim family at Tongibari, Munshigonj, Bangladesh in the year 1958. Later He has brought up and educated himself at Govt. Titumir College in Dhaka. He is the 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). Honorable Prime Minister is the Chairperson of this committee. He has been awarded "Desh Bandhu Chittaranjan Das" Gold Medal for Industrialization in our country and this Medal was handed over to him by the Honorable President of People's Republic of Bangladesh in the year 1993. He is the 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 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.



Mohammed Javed Noman

Director of SPBML was born in the year 1983 in a respectable Muslim family. He is the eldest son of Mr. Mohammed Younus & Mahfuza Younus. He has completed his Bachelor of Business in Accounting from Monash University, Melbourne, Australia in 2008. He is very much skilled in speaking English and Bengali. He has played an important role in establishing Bikrampur Potato Flakes Industries Ltd. a sister concern of Younus Group of Industries and playing the role of Managing Director there. He is also in the Advising Committee of Younus Group on strategic issues and developing international Business.



Kazi Aslam Hossain

Kazi Aslam Hossain is an Independent Director of the Company. He was born and raised along with four siblings in Dhaka. 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 from there 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 traveled 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, he is the present Chairman of the Audit Committee of the company.

A.K.M Nurul Fazal Bulbul

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 Member of Exim Bank Shariah Board. He is the Vice Chairman at the Board of Directors of CDBL. 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.



Ashim Kumar Roy

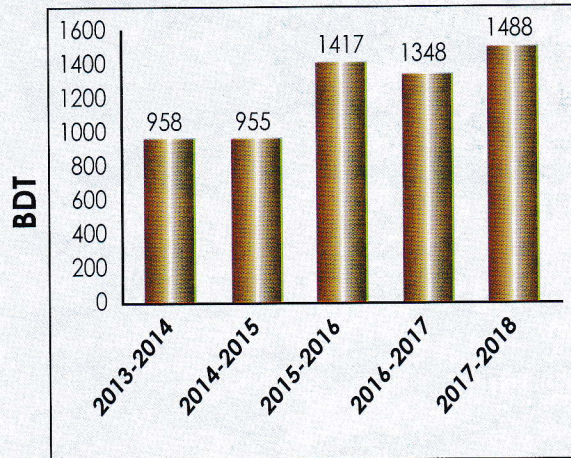
Ashim Kumar Roy is an Independent Director of Sonali Paper & Board Mills Ltd. He got his appointment on the 46th Meeting of Board of Directors held on 27th October, 2016. He was born on April 10, 1947. He served in Agrani Bank as Probationary officer from 1973 to 1976. After qualifying in Bangladesh Civil Service (BCS), he joined the Taxation Cadre in 1977 and served as asstt. Commissiner, Deputy Commissioner, joint Commissioner, Addl. Commissioner and Commissioner of taxes. In 2003, he joined National Board of Revenue (The highest body of making tax policy in Bangladesh) as it's 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.

Five Years' Financial Summary

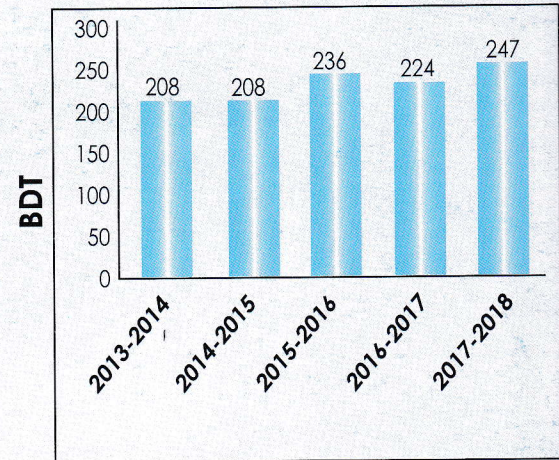
Particulars	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14
Turnover (Gross)	1,628,212,865	1,479,135,733	1,535,265,250	1,049,142,667	1,048,790,870
Value Added Tax	139,642,842	131,348,835	117,700,399	93,971,954	90,442,879
Turnover (Net)	1,488,570,023	1,347,786,898	1,417,564,851	955,170,713	958,347,991
Gross Profit	246,982,451	224,167,110	235,775,071	207,889,808	207,736,125
Net Profit Before Tax	44,029,301	38,088,339	30,527,787	26,773,836	25,561,987
Net Profit After Tax	30,786,789	28,566,254	22,895,841	20,080,377	18,173,073
Share Capital	151,263,500	151,263,500	137,512,280	125,011,170	113,646,520
Total Fixed Assets	5,786,966,859	5,787,160,382	5,798,466,328	7,648,034,142	7,632,294,582
Total Bank Borrowings	810,058,866	653,112,730	798,695,291	639,541,769	681,444,626
Total Current Assets	413,239,266	243,439,942	335,162,299	130,859,987	167,972,689
Total Current Liabilities	671,262,706	487,890,253	574,526,067	348,684,045	551,887,529
Earning Per Share (EPS)	2.04	1.89	1.67	1.61	1.60

Financial Performance at a Glance

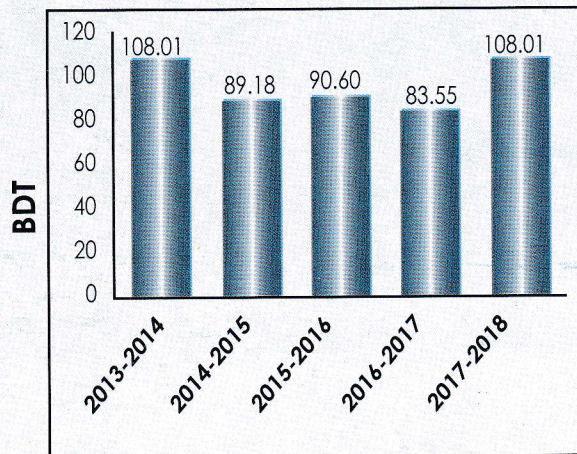
Turnover (mn)



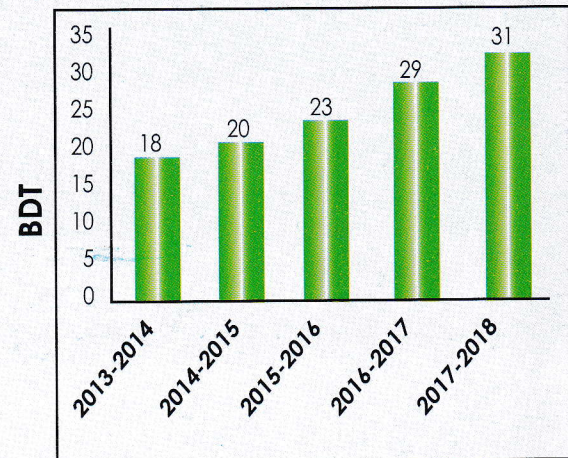
Gross Profit (mn)



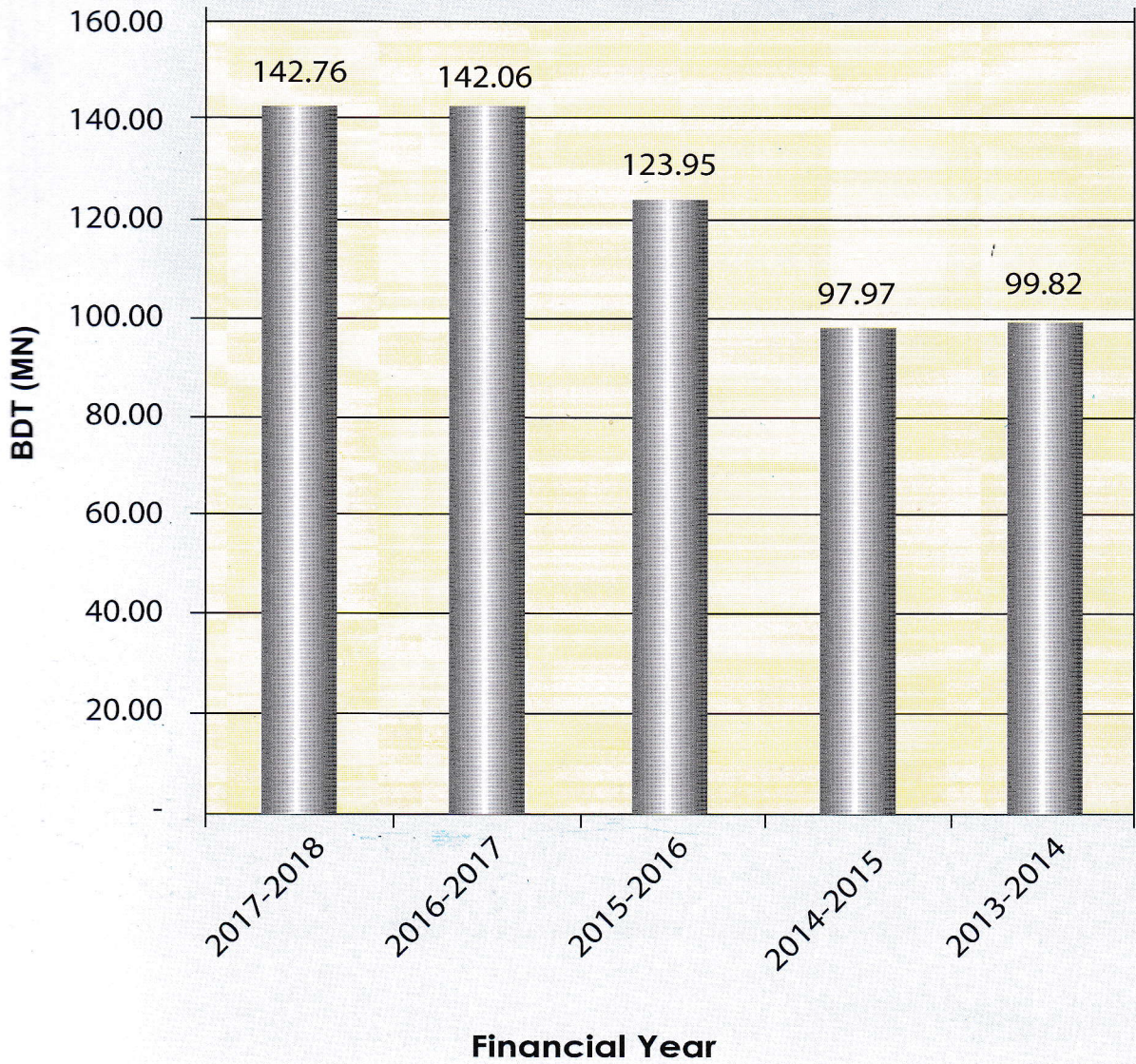
Operating Profit (mn)



Profit Ater Tax (mn)



Contribution to the National Exchequer





চেয়ারপার্সনের শুভেচ্ছা বক্তব্য

বিসমিল্লাহির রহমানির রহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামুআলাইকুম

আমি অত্যন্ত আনন্দের সাথে সোনালী পেপার এন্ড বোর্ড মিলস লিমিটেডের ৪১ তম বার্ষিক সাধারণ সভা অনুষ্ঠানে আগত সকল শেয়ারহোল্ডারদের প্রতি আমার কৃতজ্ঞতা ও আন্তরিক ধন্যবাদ জ্ঞাপন করছি। দীর্ঘদিন ধরে রাজনৈতিক স্থিতিশীলতা এবং অর্থনৈতিক সংস্কারের ফলশ্রুতিতে গত কয়েক বছরে বাংলাদেশের অর্থনীতিতে প্রবৃদ্ধির হার ৬ শতাংশের বেশি বৃদ্ধি পেয়েছে এবং ২০১৭-২০১৮ অর্থ বছরে তা উন্নীত হয়ে ৭.৮৬ শতাংশে দাড়িয়েছে। এদেশে ব্যবসা কার্যক্রম যেন নির্বিঘ্নে চলতে থাকে তা নিশ্চিত করার জন্য বেসরকারি খাতের উদ্যোক্তাগণ একাত্মচিত্তে চেষ্টা চালিয়ে যাচ্ছেন। তবে ২০১৭-২০১৮ অর্থ বছর বাংলাদেশের অর্থনীতিতে বেশির ভাগ শিল্পোদ্যোক্তাগণের জন্য ছিল একটি চ্যালেঞ্জিং অর্থনৈতিক বছর। এ বছরে আসন্ন নির্বাচনের প্রভাবে রাজনৈতিক অস্থিতিশীলতার কারণে সামগ্রিক অর্থনীতি কিছুটা বাধাগ্রস্ত হয়েছে। আলোচ্য বছরে যদিও দেশের সামগ্রিক অর্থনীতির বিপরীত চিত্র দেখা যায় তবে ভোক্তাদের সামগ্রিক ক্রয় ক্ষমতা প্রত্যাশা অনুযায়ী ছিল। গ্যাস ও বিদ্যুতের মত সম্পদের পর্যাপ্ত প্রাপ্যতা সম্পর্কিত সমস্যা এদেশে এখনও অব্যাহত রয়েছে তবে যোগাযোগ ও অবকাঠামোর ব্যাপক উন্নতি হয়েছে।

আমরা বিশ্বাস করি সোনালী পেপার দেশের অনেক গুরুত্বপূর্ণ অর্থনৈতিক সূচককে আরও উর্ধ্বতর মাত্রায় নিয়ে যেতে মূল্যবান ভূমিকা রাখবে। ক্রেতার বাজার বজায় রাখার জন্য পণ্যে বৈচিত্র্য আনয়ন এবং প্রযুক্তিগত উন্নতি সাধন অত্যন্ত গুরুত্বপূর্ণ। সেই লক্ষ্যে আমাদের চৌকস কর্মী বাহিনী নিরলসভাবে তাদের দায়িত্ব পালন করে যাচ্ছেন। আপনাদের দক্ষ ব্যবস্থাপনা পর্ষদ বিভিন্ন কার্যকরী ব্যবসায়িক মতামত ও পরামর্শ প্রদানের মাধ্যমে প্রতিষ্ঠানের উৎপাদিত পণ্য যেন কাজিহিত অবস্থানে পৌঁছাতে সক্ষম হয় সেজন্য নিরলস পরিশ্রম চালিয়ে যাচ্ছেন। বিগত কয়েক বছরের অক্লান্ত শ্রমের বিনিময়ে আজ আমরা একটি শক্ত ও সফল অবস্থান নিশ্চিত করতে সমর্থ হয়েছি।

ভোক্তা বাজারে সুশাসন প্রতিষ্ঠা, পণ্যের গুণগত মান নিয়ন্ত্রন এবং সামাজিক দায়বদ্ধ ব্যবসায়িক চর্চা আমাদের অন্যতম গৃহীত অঙ্গীকার, যা আমাদের সামগ্রিক কর্মক্ষমতার উপর ইতিবাচক প্রভাব ফেলে।

আপনাদের কোম্পানী বিভিন্ন চ্যালেঞ্জের মুখোমুখি থাকা সত্ত্বেও, প্রতিষ্ঠানের বিজ্ঞ পরিচালনা পর্ষদ ব্যবসায় টেকসই প্রবৃদ্ধি নিশ্চিত করার লক্ষ্যে এবং সকল শেয়ারহোল্ডার ও স্টেকহোল্ডারদের প্রতি দীর্ঘ মেয়াদী মূল্য প্রতিষ্ঠার জন্য প্রতিশ্রুতিবদ্ধ। পরিশেষে সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

আপনাদের বিশ্বস্ত

Mahfuza Yamin
মাহফুজা ইউনুছ
চেয়ারপার্সন





ব্যবস্থাপনা পরিচালকের বক্তব্য

বিসমিল্লাহির রহমানির রহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামুআলাইকুম

সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪১ তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাতে পেরে আমি অত্যন্ত সম্মানিত এবং তৃপ্তি অনুভব করছি।

আমাদের কোম্পানীর প্রধান লক্ষ্য হল মুনাফা অর্জন করে শেয়ার হোল্ডারদের বিনিয়োগের বিপরীতে সর্বোচ্চ অর্থ প্রদান করা। কোম্পানী প্রতিষ্ঠার শুরু থেকেই আমাদের ব্যবস্থাপনা পর্যদ টেকসই বৃদ্ধি এবং স্থিতিশীল মুনাফা অর্জন বজায় রাখার জন্য প্রতিশ্রুতিবদ্ধ। বাংলাদেশ ২০১৭-২০১৮ অর্থ বছরে জিডিপিতে প্রবৃদ্ধি অর্জন করেছে ৭.৮৬ শতাংশ। সামাজিক বিকাশের অন্যান্য সূচকও উন্নত হয়েছে এবং আমাদের জাতীয় বাজেটের ক্রমবর্ধমান আকার এটা প্রস্তুতি করে যে অর্থনৈতিক প্রবৃদ্ধিকে চাঙ্গা করতে আমরা নিরলসভাবে কাজ করে যাচ্ছি।

দেশের সাধারণ মানুষের এবং প্রত্যেকটি ব্যবসা প্রতিষ্ঠানের জন্য ২০১৭-২০১৮ আর্থিক বছর তুলনামূলক অনমনীয় ছিল। জিডিপিতে উন্নতি এবং অর্থনীতির ক্রমবর্ধমান প্রেক্ষাপট অব্যাহত থাকলেও ব্যবসা পরিচালনার খরচ তুলনামূলক বৃদ্ধি পেয়েছে ফলে সকল কোম্পানীই মুনাফা বজায় রাখার জন্য ব্যাপক প্রতিযোগিতা করেছে। তাছাড়া আন্তর্জাতিক বাজারে ডলারের বিপরীতে টাকার অবমূল্যায়নের ফলে অধিক সংখ্যক আমদানীকারককে বিদেশ থেকে কাঁচামাল আমদানী করার বিপরীতে উচ্চ মূল্য পরিশোধ করতে হয়েছে। উপরন্তু, বিতরণ ও পরিবহন বাবদ ইউটিলিটি খরচ তুলনামূলকভাবে বৃদ্ধি পেয়েছে।

নানান প্রতিকূলতা থাকা সত্ত্বেও আপনাদের কোম্পানীর আর্থিক কর্মক্ষমতা গত বছরের তুলনায় সামান্য বৃদ্ধি পেয়েছে যা আলোচ্য বছরের আর্থিক বিবরণীতে প্রতিফলিত হয়েছে। তবে দুর্ভাগ্যবশতঃ কোম্পানীর কর্মক্ষম ব্যয়ের পরিমাণ বৃদ্ধির ফলে মুনাফা বৃদ্ধি কাল্পিত মাত্রায় অর্জন করা সম্ভব হয়নি। তবে, আমরা আশাবাদী আগামী অর্থ বছরে উক্ত আর্থিক সূচক সমূহের আরও উন্নতি হবে। প্রতি বছরের ন্যায় এ বছরেও আপনাদের কোম্পানীর কর, মূসক ও বিভিন্ন ধরনের সরকারী শুল্ক পরিশোধের পরিমাণ গত বছরের তুলনায় বৃদ্ধি পেয়েছে। ২০১৭-২০১৮ অর্থ বছরে আপনাদের কোম্পানীর সরকারী কোষাগারে এ ধরনের জমার পরিমাণ দাড়িয়েছে ১৪.২৮ কোটি টাকা যা গত বছরে ছিল ১৪.২০ কোটি টাকা।

প্রিয় শেয়ারহোল্ডারবৃন্দ, আমাদের উপর আপনাদের বিশ্বাস ও সহযোগীতার জন্য আমি আপনাদের ধন্যবাদ জানাই। আপনাদের মূল্যবান প্রস্তাবনা, উপদেশ ও সর্বাঙ্গিক সহযোগীতা কোম্পানীর উন্নয়নে সহায়ক ভূমিকা পালন করে। সেই সঙ্গে আমি ধন্যবাদ জানাতে চাই আমাদের সকল গ্রাহক, সরবরাহকারী, ব্যাংক, আর্থিক প্রতিষ্ঠান, সরকারী বিভাগ ও নিয়ন্ত্রনকারী সংস্থাসহ আমাদের কর্মকর্তাদের সাথে প্রত্যক্ষ ও পরোক্ষভাবে জড়িত সকলকে। আমি কোম্পানীর ব্যবস্থাপনার সাথে জড়িত সকলের প্রতি কৃতজ্ঞতা জ্ঞাপন করছি, কারণ ব্যবস্থাপনার সঠিক লক্ষ্য নির্ধারণ ও যথাযথ পদক্ষেপের ফলে কোম্পানীর উন্নতি সম্ভব হয়েছে। আমি কোম্পানীর সকল কর্মকর্তা ও কর্মচারীর প্রশংসা করতে চাই যাদের নিরলস পরিশ্রমের ফলে কোম্পানী সফলতার সাথে এগিয়ে চলেছে। পরিশেষে আমি কোম্পানীর ভবিষ্যত উত্তরোত্তর উন্নতি কামনা করছি।

অসীম করুণাময় আল্লাহ আমাদের সকলকে পরম সুখ ও শান্তি প্রদান করুন।

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত

মোহাম্মদ ইউনুছ

ব্যবস্থাপনা পরিচালক ও সিইও

Directors' Report

Dear Shareholders,

The Directors of Sonali paper & Board mills Ltd. (here in after referred to as "SPBML" or the Company) have the pleasure in presenting to the shareholders their Report together with the audited financial statements of the Company for the year ended June 30, 2018. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Principal activities:

The principal activities of Sonali Paper & Board Mills Limited are to manufacture and marketing of different grades of papers.

Industry Outlook:

The paper industry has become a successful sector in Bangladesh and it has a great potential to become one of the country's major foreign currency earners. After readymade garments (RMG) and leather industry, this sector is playing a vital role in our national economy. The industry, which is churning out around 1.5 million tons of paper a year, has generated 1.0 million direct and indirect employments. There is a huge demand for almost all types of paper, including packaging paper, art paper, newsprint and writing paper in the country. Recently, many factories in China and some European countries faced closure due to higher production cost and environmental concerns, which opened up opportunities for a country like Bangladesh. By implementing modern technology, new entrepreneurs are investing a huge amount of money in the sector, and foreign buyers are also coming to Bangladesh to import paper products because of the good quality.

Segment information:

The company operates in one segment, which is the business of different grades of papers. Total production capacity is 38,500 MT and actual production is 34,429 MT. The company operated 89.43% capacity of its utilization in the year 2017-2018.

Risk and Concern:

Risk management is the prioritized process of analyzing exposure to risk and probability of risk occurring as well as determining how best to handle such exposures. This involves identifying and characterizing the risks involved, assessing the threat from each, assessing mitigation precautions and ways for cost effectiveness and devising a comprehensive risk management strategy to reduce those risks. We have a separate Legal department and an Internal Control and Compliance department to identify different business risks. In case of complexities we consult outside expert/ legal adviser.

COGS, Gross/ Net Profit Margin Analysis:

COGS of the company were Tk. 1,241.59 million in the current year compared to Tk. 1,123.6 million in previous year. COGS to Sales ratio were 76.25%. Gross Profit stood at Tk. 246.98 million compared to Tk. 224.17 million of previous year. Net Profit margin was 2.07% in 2017-18 compared to 2.12 % of previous year.

Extraordinary Gain or Loss:

No events of extra ordinary gain or loss occurred during the reporting period requiring adjustment or disclosure in the financial statements.

Related Party Transaction:

There was no related party transaction during the year other than Director Remuneration and meeting fees.

Utilization of Proceeds from Public Issue:

This is not applicable for SPBML as no such event of collecting fund from public issues took place which would require adjustment or disclosure in the annual report.

Financial Result Deterioration after the Public Issue:

This is not applicable for SPBML. The Company went for Initial Public Offering (IPO) in 1985. Consequently SPBML did not go for any sort of offering since then.

Variance within the Quarterly Financial Statement and Annual Financial Statements:

There was no event of significant variance between quarterly financial performances and annual financial statements during the year under reporting.

Remuneration to Directors including Independent Director:

In the financial year 2017-2018 an amount of Tk 38,40,000 was paid as remuneration to three Directors. Independent Directors draw only Board Meeting attendance fees. The details are given in Annexure- ii of this report.

Fairness of Financial Statements:

The financial statements together with the notes thereon have been drawn up in conformity with the International Accounting Standards/ Financial Reporting Standards, Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity

Proper Books of Accounts:

Proper books of accounts of the Company have been maintained.

Adaptation of Proper Accounting Policies and Estimates:

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

IAS/BAS/IFRS/BFRS Application:

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 therefore has been adequately disclosed.

Internal Control:

The company maintains a sound internal control system which gives reasonable assurance against any material misstatement. The internal control system is regularly monitored by the Audit Committee in each meeting and by the company Executive committee on quarterly basis.

Minority Shareholders:

Minority shareholders interest always looks after by the Board.

Going Concern:

Based on the available information on the future, the directors consider that the company has the plans and resources to manage its business risks successfully and remains financially strong. After making enquiries, the directors have a reasonable expectation that the Company have adequate resources to continue their operations for the foreseeable future.

Significant deviation from last year's operating result:

There was no significant deviation from last year's result.

Key Operating and Financial Data:

The summarized key operating and financial data for the five years is set out in page 09 of the Annual Report.

Dividend:

The Directors recommended no dividend for the year ended June 30, 2018 to adjust the negative retained earnings from the profit which was arisen due to calculation of deferred tax liabilities for the year 2017-2018.

Interim Dividend:

No stock dividend was declared during the period under review as interim dividend.

Board and Committee Meetings and Attendance

During the year 2017-18 total four board meetings and four Audit Committee meetings were held. Details of the Board meetings and Audit Committee meetings are shown in annexure- of the Annual Report. The Managing Director, CFO and Company Secretary were present in all board meetings.

Pattern of Shareholding and Name wise details:

The shareholding information as at June 30, 2018 and other related information are provided in Annexure-iii of the Annual Report.

Contribution to National Exchequer:

Sonali Paper & Board Mills Limited is one of the largest corporate taxpayer in paper sector of the Country. Every year the Company contributes a handsome amount to the national exchequer in the form of duties and taxes. During the year the Company contributed to the government exchequer a sum of Tk 142.76 million.

Directors Election:

As per Article 104 of the Articles of Association of the Company one third of the Directors for the time being shall retire at the every Annual General Meeting of the company. In pursuance of Article 105 of the Articles of Association of the Company those who have been longest in the office since their last re-election are to retire by rotation. Accordingly Mr. Mohammed Younus and Mr. Mohammed Javed Noman will retire at this Annual General Meeting being longest in the office since their appointment. Being eligible as per Article 10 they offer themselves for re-appointment. The brief profile of the Directors is given on page 6-8 of the Annual Report.

Appointment of Independent Director:

Mr. Kazi Aslam Hossain, Mr. A.K.M Nurul Fazal Bulbul and Mr. Ashim Kumar Roy will continue being the Independent Directors of the company for the financial year 2018-2019 as per regulation of Bangladesh Securities & Exchange Commission.



Management Discussion and Analysis:

Management's discussion and analysis has been highlighted in the Managing Director's Statement and in Directors' Report.

Declaration by the CEO and the CFO:

Declaration by the Managing Director and CFO has been given on page 30.

Report on Compliance of the Corporate Governance Code:

Sonali Paper & Board Mills Limited complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in Annexure-I of the Annual Report. Further in compliance with the BSEC notification dated July 7, 2012 Rahman Zasim & Co., Cost & Management Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 31 of this report.

Re-Appointment of Statutory Auditor:

M/s Fames & R, Chartered Accountants, was appointed as the statutory auditor of the company at the 40th Annual General Meeting of the company held on January 18, 2018. The statutory auditor has completed its first year of service to the company and has expressed its willingness to be reappointed for the fiscal year ending June 30, 2019. The remuneration of the current statutory auditor was fixed at Tk 75,000/- only for approval of the Shareholders of the company in the 41st Annual General Meeting.

Appointment of a Professional (Chartered Accountants/ Chartered Secretaries) Firm for the certificate on compliance with the Corporate Governance Code of BSEC:

As per notification no. SEC/CMRRCD/2006 – 158/134/Admin/44 dated 7 July, 2012 the Company shall obtain a certificate from Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report. And the professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting. In this regard, M/S. Rahman Zasim & Co., Cost and Management Accountant, House # 7 (5th Floor), Road #18, Sector # 3, Uttara, Dhaka-1230 offered themselves for appointment to issue "Corporate Governance Compliance Certificate". The Board recommended the proposal for appointment of M/S. Rahman Zasim & Co., Cost and Management Accountant, to issue "Corporate Governance Compliance Certificate" of Sonali Paper & Board Mills Limited for the year 2018-2019 for approval of the shareholders of the company in the 41st Annual General Meeting.

Employees:

The total strength of SPBML employees stood 505 at the end of the year. SPBML believes that a strong, skilled and dedicated workforce is the key ingredient to success. SPBML has also implemented Workers' Profit Participation Fund for their employees. The company provides 5% of profit before charging such expense to employees as Workers' Profit Participation Fund (WPPF) in accordance with Bangladesh Labour Act 2006 (amended in 2013).

Health and Safety:

SPBML is committed to provide a healthy and risk-free environment for its employees. We have made it compulsory that various tools like fire extinguisher, oxygen cylinder mask, first aid box etc. should be available for the top most security of its employees and workers.

Ethical Code of Conduct:

Performance with integrity is central to operating at SPBML. The Board of Directors of the company has adopted a statement of ethical code of conduct which was circulated among the employees. All employees are required to abide by the ethical code of conduct in relation to business and regulations.

Compliance with Laws and Regulations:

The Company was not involved in any activities contravening the laws and regulations of the Country. The Company ensures compliance with the provisions of all concerned regulatory authorities.

Environmental Protection:

The Company is committed to protect the environmental issues. To the best of the Board's knowledge, the Company was not involved in any activity which might be harmful to environment. Plenty of trees have been planted around the factory so that the environment remains sustainable for the workers.

Corporate Social Responsibility:

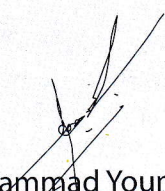
The Company continues to contribute to the welfare of the local communities through its CSR projects.

Acknowledgement:

The Company and its Board of Directors would like to extend its foremost regard and appreciation to the valued Shareholders and other stakeholders of the Company for their persistent support and guidance to the company that led to the cumulative achievements. The Board also expresses their gratitude to the Government of Peoples Republic of Bangladesh, National Board of Revenue (NBR), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange (DSE), the Company's bankers, and other business partners for their cooperation, positive support, and guidance. The Company also wishes to express its sincere appreciation to all employees of SPBML for their contribution towards the development of the Company.

We promise that we will continue our journey towards a bright future. We look forward to your continued support in 2018-19 and the days ahead.

For and on behalf of the Board of Directors of Sonali Paper & Board Mills Limited.



Mohammad Younus
Managing Director & CEO

Annexure-I

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
1.0	Board of Directors			
1.1	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√	-	-
1.2	Independent Director:			
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
1.3	Qualification of Independent Director (ID)			
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	√	-	-
1.5	Directors' Report to Shareholders			
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.	√	-	-
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√	-	-
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			-
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)	In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
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	Chief Financial Officer, Head of Internal Audit & Company Secretary			
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
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.	√	-	-
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√	-	-
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			-
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)	In case of appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
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	Chief Financial Officer, Head of Internal Audit & Company Secretary			
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
3	Audit Committee:			
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.	√	-	-
3.1	Constitution of the Audit Committee			
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.	√	-	-
3.2	Chairman of the Audit Committee			
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).	√	-	-
3.3	Role of Audit Committee			
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
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
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	√	-	-
4	External/Statutory Auditors:			
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.	√	-	-
5	Subsidiary Company			
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
6	Duties of Chief Executive Officer(CEO) and Chief Financial Officer (CFO):			
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.	√	-	-
7	Reporting and Compliance of Corporate Governance:			
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.	√	-	-

Directors Meeting & Attendance

During the financial year under reporting total four Board Meetings were held and the attendance of the directors are noted below:

Name of Directors	Total Meeting	Meeting Attended	Changes during 2017-2018	
			Date of Board Acceptance	
			Joining	Nomination Withdrawn/ Changed
Mahfuza Yunus Chairperson	4	4	-	-
Mohammed Yunus Director	4	4	-	-
Mohammed Javed Noman Director	4	4	-	-
Kazi Aslam Hossain Independent Director	4	4	-	-
AKM Nurul Fazal Bulbul Independent Director	4	3	-	-
Ashim Kumar Roy Independent Director	4	3	-	-



Directors Remuneration

Directors' Attendance and Remuneration during 2017-2018

The statement of remuneration paid to the Directors for attending meeting of the Board of Directors and Audit Committee during the financial year under reporting is noted below:

SL No.	Name of Directors	Board Meeting		Audit Committee		Total Fees Paid (Tk.)
		Attendance	Fees (Tk.)	Attendance	Fees (Tk.)	
1	Mahfuza Younus Chairperson	4/4	32,000/-	-	-	32,000/-
2	Mohammed Younus Director	4/4	32,000/-	4/4	-	32,000/-
3	Mohammed Javed Noman Director	4/4	32,000/-	4/4	-	32,000/-
4	Kazi Aslam Hossain Independent Director	4/4	32,000/-	4/4	-	32,000/-
5	AKM Nurul Fazal Bulbul Independent Director	3/4	24,000/-	-	-	24,000/-
6	Ashim Kumar Roy Independent Director	3/4	24,000/-	-	-	24,000/-
		-	1,76,000/-	-	-	1,76,000/-

In the financial year 2017-2018 an amount of Tk 38,40,000 was paid as remuneration to three Directors. Independent Directors draw only Board Meeting attendance fees.



The Pattern of Shareholding

a) Parent/Subsidiary/Associated Companies/Sponsor and other related parties:

Name of the Sponsor & other related parties	No. of shares held	Percentage of Holding
Al-haj Mohd. Eunoos Khan	4,109	0.03
Meghna Life Insurance Com. Ltd.	20,00,000	13.22

b) The Shareholding status of The Directors, Chief Executive Officer/Managing Director Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children as on 30.06.2018 are as follows:

Name	Designation	No. of Share	Percentage of Holding
Mahfuza Younus	Chairperson	20,81,494	13.76%
Mohammed Younus	Managing Director	20,85,540	13.79%
Mohammed Javed Noman	Director	67,29,766	44.49%
Kazi Aslam Hossain	Independent Director	Nil	Nil
A.K.M. Nurul Fazal Bulbul	Independent Director	Nil	Nil
Ashim Kumar Roy	Independent Director	Nil	Nil
Mohammad Ziaul Haque	Chief Financial Officer	Nil	Nil
Md. Rashedul Hossain	Company Secretary	Nil	Nil
Md. Mahabub Alam	Head of Internal Audit & Compliance	Nil	Nil

c) Executives (as explained in the SEC/CMRRCD/2006 – 158/134/Admin/44 dated 7 July, 2012) - Nil

d) Shareholders holding ten percent (10%) or more voting interest in the Company name wise details:

Name of the Shareholders	No. of Share	Percentage of Holding
Mohammed Younus	20,85,540	13.79
Mahfuza Younus	20,81,494	13.76
Mohammed Javed Noman	67,29,766	44.49
Meghna Life Insurance Com. Ltd.	20,00,000	13.22

Audit Committee

The Audit Committee of Sonali Paper & Board Mills Ltd. is a sub-committee of the Board of Directors and is appointed and authorized by the Board in pursuance of BSEC Circular to review the activities of business. The role of the Audit Committee is to monitor the integrity of the financial statements of the company and review when appropriate, make recommendations to the Board of Directors on business risks, internal controls, governance issues and compliance. The committee satisfies itself by means of suitable steps and appropriate information that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and prudent manner.

Membership and Meetings

The Audit Committee comprises of three members and out of them, one is independent director. The members of the Committee for 2017-18 were:

1. Mr. Kazi Aslam Hossain, Chairman,
2. Mr. Mohammed Younus, Member, and
3. Mr. Mohammed Javed Noman, Member.

The committee met 4 times during the year 2017-18. The Audit Committee meetings are also attended by the CFO and Head of Internal Audit by invitation.

The Company Secretary is also Secretary to the Audit Committee and prepares all meeting minutes and documents for circulation and is responsible to provide feedback on effective implementation of action plans arising from the meetings.

Responsibilities and Objectives

The operating procedure of the Audit Committee is governed by a Terms of Reference which is reviewed by the committee and ratified by the Board. The major responsibilities of the Audit Committee are:

1. Oversee the financial reporting process.
2. Oversee hiring and performance of external auditors.
3. Monitor the integrity of the financial statements of the company and any formal announcements relating to the company's performance, reviewing significant financial reporting judgments before their submission to the Board of Directors for approval.
4. Review the effectiveness of the accounting policies, internal control and business risk management systems of the company.
5. Monitor and review the effectiveness of the company's internal audit function.
6. Consider and discuss with the external auditors of the company the scope of their audit prior to its commencement and, subsequently the results, and review the effectiveness of the process, taking into consideration relevant professional and regulatory requirements;
7. Other matters as per terms of reference of the Audit Committee as per notification of the BSEC



Audit Committee Report

The terms of reference of the Audit Committee has been determined by the Board of Directors of the Company in accordance with the conditions of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC). The Committee is appointed by and responsible to the Board of Directors. Audit Committee consists of 3 members of the Board one of them is independent directors.

Activities carried out during the year:

In 2017-2018 the committee worked on follows:

1. Reviewed the Quarterly, Half yearly and Annual Financial Statements of the Company along with the management before submission to the Board for their approval.
2. Reviewed the effectiveness of internal control and also reviewed audit objection of Head of Internal Audit and also reviewed points or suggestions and amendments by the Internal Auditor.
3. Met with the members of the external auditors and had discussion on the audit of financial statements of the Company.
4. Reviewed the annual financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, provision of the Companies Act 1994, International Financial Reporting Standards (IFRS) as applicable in Bangladesh.
5. Recommended the appointment of Fames & R, Chartered Accountants, House # 424 (4th floor), Road # 30, Mohakhali DOHS, Dhaka - 1206 as External Auditors of the Company for the year 2018-2019 subject to the approval of the shareholders at the 41st Annual General Meeting of the Company.

The committee is of the opinion that adequate controls and procedures are there to provide reasonable assurance that the company's assets are safeguarded, the liabilities are properly accounted for and financial activities of the company is well managed.

On behalf of the Audit Committee.



Kazi Aslam Hossain
Chairman
Audit Committee

Declaration by CEO and CFO

Date: October 28, 2018

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

Subject: Declaration on Financial Statements for the year ended on June 30, 2018.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC//CMRRCD/2006-158/207/Admin/80 Dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of Sonali Paper & Board Mills Limited for the year ended on June 30, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on June 30, 2018 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


(Mohammed Younus)
Managing Director & CEO


Mohammad Ziaul Haque)
Chief Financial Officer

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 2018. 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, December 29, 2018



Snapshots of 40th AGM



Snapshots of 40th AGM



BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/207

BAPLC

Date of issue : June 7, 2018

Renewed Certificate


This is to certify that

SONALI PAPER & BOARD MILLS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2018.




Secretary-General
(Acting)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

SONALI PAPER & BOARD MILLS LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of SONALI PAPER & BOARD MILLS LIMITED, which comprises the Statement of Financial Position as at 30 June 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), The Company Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We further report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit made due verifications thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company **Sonali Paper & Board Mills Ltd.** so far as it appeared from our examination of these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purpose of the company's business.

Dated: 30 October 2018

Place: Dhaka



FAMES & R
FAMES & R

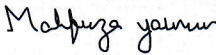
Chartered Accountants


SONALI PAPER & BOARD MILLS LIMITED**Statement of Financial Position****As at 30 June, 2018**

Particulars	Notes	Amount in Tk. 30 June 2018	Amount in Tk. 30 June 2017
ASSETS			
Non-Current Assets		5,786,966,859	5,787,160,382
Property, Plant and Equipment	3	5,786,966,859	5,787,160,382
Current Assets		413,239,266	243,439,942
Inventories	4	212,553,124	178,757,391
Trade and other Receivables	5	80,202,987	10,193,730
Advances, Deposits & Prepayments	6	75,258,411	19,760,954
Cash and Cash Equivalents	7	45,224,744	34,727,857
TOTAL ASSETS		6,200,206,125	6,030,600,324
EQUITY AND LIABILITIES			
Share Holders' Equity		5,032,708,089	5,001,921,300
Share Capital	8	151,263,500	151,263,500
Revaluation Reserve	9	4,927,446,858	4,927,446,858
Retained Earnings		(46,002,269)	(76,789,058)
Non-Current Liabilities		429,409,058	498,826,301
Long Term Bank Loan (Secured)	10	127,411,335	195,583,236
Deferred Tax Liability	11	301,997,723	303,243,065
Current Liabilities		738,088,978	529,852,723
Short Term Bank Loan (Secured)	12	615,821,259	415,567,024
Current portion of long term loan	10	66,826,272	41,962,470
Trade and other Payables	13	55,441,447	72,323,229
TOTAL EQUITY AND LIABILITIES		6,200,206,125	6,030,600,324
Net Asset Value (NAV) Per Share	21	332.71	330.68


Chief Financial Officer


Company Secretary


Director

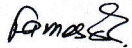

Managing Director

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

Dated: 30 October 2018

Place: Dhaka

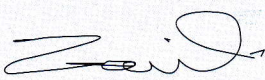



FAMES & R
Chartered Accountants

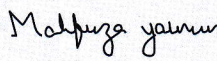
SONALI PAPER & BOARD MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June, 2018

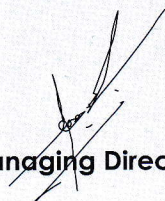
Particulars	Notes	Amount in Tk. 2017- 2018	Amount in Tk. 2016 - 2017
Gross Sales	14	1,628,212,865	1,479,135,733
Less: Value Added Tax		(139,642,842)	(131,348,835)
Net Sales		1,488,570,023	1,347,786,898
Cost of Sales	15	(1,241,587,572)	(1,123,619,788)
Gross Profit		246,982,451	224,167,110
Operating Expenses:		(138,975,009)	(140,621,733)
Administrative Expenses	16	(125,460,416)	(124,198,330)
Selling and Distribution Expenses	17	(13,514,593)	(16,423,403)
Profit from operations		108,007,442	83,545,377
Finance Cost	18	(64,106,634)	(45,855,987)
Other Income	19	128,493	398,949
Profit before W.P.P.F		44,029,301	38,088,339
Workers Profit Participation Fund @ 5%		(2,201,465)	-
Profit before tax		41,827,836	38,088,339
Provision for Income Tax	20	(11,041,047)	(9,522,085)
Net Profit for the Year		30,786,789	28,566,254
Earnings Per Share (EPS)	22	2.04	1.89

The annexed notes from 1 to 33 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary

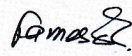

Director


Managing Director

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

Dated: 30 October 2018
Place: Dhaka




FAMES & R
Chartered Accountants

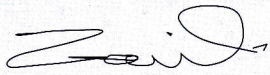
SONALI PAPER & BOARD MILLS LIMITED**Statement of Changes in Equity
For the year ended 30 June, 2018**

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 30 June, 2017	151,263,500	4,927,446,858	(76,789,058)	5,001,921,300
Profit/(Loss) for the year	-	-	30,786,789	30,786,789
Balance at 30 June, 2018	151,263,500	4,927,446,858	(46,002,269)	5,032,708,089

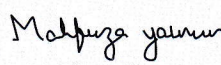
SONALI PAPER & BOARD MILLS LIMITED**Statement of Changes in Equity
For the year ended 30 June, 2017**

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 30 June, 2016	137,512,280	4,927,446,858	(91,604,092)	4,973,355,046
Profit/(Loss) for the year	-	-	28,566,254	28,566,254
Stock Dividend (2015-2016)	13,751,220	-	(13,751,220)	-
Balance at 30 June, 2017	151,263,500	4,927,446,858	(76,789,058)	5,001,921,300

The annexed notes from 1 to 33 form an integral part of these Financial Statements.


Chief Financial Officer


Company Secretary


Director

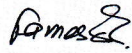

Managing Director

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

Dated: 30 October 2018

Place: Dhaka



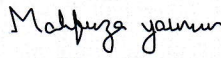

FAMES & R
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED**Statement of Cash Flows****As at and for the year ended 30 June, 2018**

Particulars	Notes	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
A. Cash Flows from Operating Activities			
Cash received from customers		1,558,203,608	1,484,093,932
Paid to suppliers and for other expenses		(1,295,749,268)	(1,039,722,951)
Paid for administrative expense		(66,225,869)	(58,805,760)
Paid for selling expenses		(13,514,593)	(16,423,403)
Advance, Deposit & Prepayments		(55,497,457)	(2,404,566)
VAT paid		(140,243,299)	(131,092,400)
Income Tax paid		(10,403,218)	(11,960,836)
Net cash flow from operating activities		(23,430,096)	223,684,016
B. Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(59,041,024)	(54,086,623)
Bank Interest Income		128,493	398,949
Net cash used in investing activities		(58,912,531)	(53,687,674)
C. Cash Flows from Financing Activities			
Long Term Bank Loan Received/(Refund)		(43,308,099)	(41,962,469)
Short Term Bank Loan Received/(Refund)		200,254,235	(103,620,091)
Finance Cost		(64,106,634)	(45,855,987)
Net cash used in financing activities		92,839,502	(191,438,547)
D. Net cash inflow/(outflow) for the period (A+B+C)		10,496,876	(21,442,205)
E. Opening cash and cash equivalents		34,727,867	56,170,070
F. Closing Cash and Cash equivalents (D+E)		45,224,744	34,727,867
Net Operating Cash Flows Per Share	23	(1.55)	14.79


Chief Financial Officer


Company Secretary


Director


Managing Director

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

Dated: 30 October 2018

Place: Dhaka




FAMES & R
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Notes to the Financial Statements as at and for the year ended 30 June 2018

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, Simplex, Duplex Board and quality Writing 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 30 October, 2018.

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 Judgements:

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. Previous year's figures 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 2017 to 30 June 2018 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

Raw Materials
Work-in Progress

Basis of valuation

FIFO Method
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.

2.15 Financial Instruments

A financial instrument is a 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

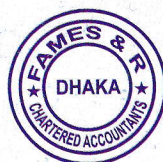
During the year the company had no financial asset for sale.

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 has introduced workers profit participation fund in accordance with chapter 15 under Labour Act 2006 as amended in 2013.

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.

2.22 Related Party Transaction

There was no related party transaction during the year other than Director Remuneration and Meeting Fees as disclosed in note-26.



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 as at 30 June 2018;
- Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2018;
- Statement of Change in Equity for the year ended 30 June 2018;
- Statement of Cash Flows for the year ended 30 June 2018; and
- Accounting Policies and explanatory notes to the Financial Statements for the year ended 30 June 2018.

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.



		Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
3.00 Property Plant and Equipment	Tk. 5,786,966,859		
This is made up as follows:			
Cost			
Opening Balance		6,164,335,009	6,110,248,386
Addition during the year		59,041,024	54,086,623
Adjustment during the year		-	-
Closing Balance		<u>6,223,376,033</u>	<u>6,164,335,009</u>
Depreciation			
Opening Balance		377,174,627	311,782,057
Charged during the year		59,234,547	65,392,570
Adjustment during the year		-	-
Closing Balance		<u>436,409,174</u>	<u>377,174,627</u>
Written Down Value		<u>5,786,966,859</u>	<u>5,787,160,382</u>

Details of Property, plant and equipment alongwith Depreciation charged thereon as on 30 June, 2018 has been shown in annexure -A. Full amount of depreciation has been charged to Administration 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. 212,553,124

The Break-up is as below:

Raw Materials	(Note 4.01)	157,548,066	142,663,899
Materials-In- Process	(Note 4.02)	9,583,686	8,435,513
Finished Goods	(Note 4.03)	45,268,612	27,494,654
Spare Parts	(Note 4.04)	152,760	163,325
Total		<u>212,553,124</u>	<u>178,757,391</u>

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.

4.01 Raw Materials

Particulars	Quantity (KG)	Quantity (KG)
Opening Balance	2,923,660	4,223,744
Purchase & Import during the year	43,348,969	39,738,816
Available for use	46,272,629	43,962,560
Less: Consumption during the Year	43,097,861	41,038,900
Closing Balance	<u>3,174,768</u>	<u>2,923,660</u>

4.02 Materials-In- Process

Particulars	Quantity (KG)	Quantity (KG)
Opening Balance	179,479	301,333
Input from Store during the year	43,097,861	41,038,900
Available for Production	43,277,340	41,340,233
Less: Production (Process Completed)	34,429,393	31,101,804
Closing Balance	8,847,947	10,238,429
Normal Process Loss	152,122	179,479
	<u>8,695,825</u>	<u>10,058,950</u>
% of Normal Process Loss	<u>25.26</u>	<u>32.34</u>



4.03 Finished Goods

Particulars	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
	Quantity (KG)	Quantity (KG)
Opening Balance	597,102	1,552,913
Add: Production during the year	34,429,393	31,101,804
Available for Sales	35,026,495	32,654,717
Less: Sales during the year	34,249,744	32,057,615
Closing Balance	776,751	597,102

4.04 Spare Parts**Tk. 152,760**

Particulars	Amount in	Tk Amount in Tk
Opening Balance	163,325	375,850
Purchase during the year	884,770	563,207
Available for use	1,048,095	939,057
Less: Consumption (Machine Rep.& Maint)	895,335	775,732
Closing Balance	152,760	163,325

5.00 Trade and other Receivables**Tk. 80,202,987**

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

Opening balance	10,193,730	15,151,929
Sales during the year	1,628,212,865	1,479,135,733
	1,638,406,595	1,494,287,662
Realised during the year	1,558,203,608	1,484,093,932
Closing balance	80,202,987	10,193,730
Aging of Trade and other Receivables		
Below 30 days	28,536,890	2,852,470
Within 31-60 days	39,218,714	2,625,890
Within 61-90 days	6,921,638	2,189,740
Above 90 days	5,525,745	2,525,630
Total	80,202,987	10,193,730

(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.	80,202,987	10,193,730
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.	-	-
Total	80,202,987	10,193,730



6.00 Advances, Deposits & Prepayments Tk. 75,258,411

	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
Fixed security deposits (Electricity & Gas)	2,492,411	2,492,411
Advance Income Tax	Note-6.01 2,518,020	2,220,976
L/C Margin & Goods In Transit	Note-6.02 35,046,729	10,934,808
Advance VAT deposit	Note-6.03 1,354,345	753,888
Salaries & Allowance (Ansar)	590,400	201,173
Security deposits (CDBL)	200,000	200,000
Bank Guarantee Margin	1,005,919	1,005,919
MTDR (Lien with Islami Bank Bangladesh Ltd)	2,050,587	1,945,779
Fixed Deposit (Lien with Modhumoti Bank Ltd)	30,000,000	-
Salaries & Allowances	-	6,000
Total	75,258,411	19,760,954

6.01 Advance Income Tax:

Opening Balance	2,220,976	1,584,133
Add: Addition for the year	2,518,020	2,220,976
	4,738,996	3,805,109
Less: Adjusted during the year	(2,220,976)	(1,584,133)
Total	2,518,020	2,220,976

Advance Income Tax amounting Tk 22,20,976 has been adjusted during the year for the Assessment year 2017-2018 and the balance of Tk. 25,18,020 is carried forward for the Assessment year 2018 - 2019.

6.02 L/C Margin & Goods In Transit

The entire amount was paid for Import of raw materials.

6.03 Advance VAT Deposit

This is made up as follows:

Opening Balance	753,888	1,010,323
Add: Deposit during the Year	140,243,299	131,092,400
	140,997,187	132,102,723
Less: Adjusted during the Year	(139,642,842)	(131,348,835)
Total	1,354,345	753,888

7.00 Cash & Cash Equivalents

Tk. 45,224,744

a) Cash at Bank

Bank Name	BranchName	Account No		
Islami Bank Bangladesh Ltd.	Chawk Mugoltolly	4766	7,497,661	2,892,828
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	1,427,474	6,478,880
Al- Arafah Islami Bank Ltd.	New Elephant Road	2468	156,201	6,629,756
National Bank Ltd.	New Elephant Road	4464	2,896,562	4,245,845
Sonali Bank Ltd.	New Elephant Road	6338	2,404,724	2,189
Shahjalal Islami Bank Ltd.(Dev)	Dhanmondi	1347 (Dev)	4,722	4,007
Dutch Bangla Bank Ltd.	Dhanmondi	2978	16,270,551	11,379,508
The Premier Bank Ltd.	Bangshal	8497	1,028,029	1,032,254
Modhumoti Bank Ltd.	Aganagar	0004	5,523,680	560,625
			37,209,622	33,225,892

b) Cash in hand

Total	45,224,744	34,727,867
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The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2018. Cash in hand balance was duly certified



8.00 Share Capital**Tk. 151,263,500****Amount in Tk.
2017 - 2018****Amount in Tk.
2016 - 2017****a) Authorized Capital**

500,00,000 ordinary shares of Tk.10 each

500,000,000**500,000,000****b) Issued, Subscribed and Paid -up Capital**1,51,263,50 ordinary shares of Tk.10 each.
bonus shares @ Tk.10

151,263,500

1,37,512,280

-

13,751,220

Total 1,51,26,350 shares of Tk.10 each.

Total**151,263,500****151,263,500**

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June, 2018 s as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2017- 2018	Percentage of Share Holding 2016-2017
Sponsor	1	2809	0.02%	0.02%
Directors other than Sponsor	3	10479046	69.28%	69.28%
General Public	395	1436174	9.49%	3.39%
Investor's A/c	70	12050	0.08%	0.08%
Suspense A/c	1	125210	0.83%	6.12%
Financial Institutes	5	3071061	20.30%	21.11%
Total	475	15126350	100.00%	100.00%

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 Share	Percentage (%)
	Holder	Shares	Holder	Shares			
Less than 500	324	31,430	80	9,998	404	41,428	0.27
501 to 5,000	27	31,855	27	53,925	54	85,780	0.57
5001 to 10,000	-	-	3	23,729	3	23,729	0.16
10,001 to 20,000	-	-	1	19,178	1	19,178	0.13
20,001 to 30,000	-	-	-	-	-	-	-
30,001 to 40,000	-	-	-	-	-	-	-
40,001 to 50,000	-	-	1	49,026	1	49,026	0.32
50,001 to 100,000	2	151,984	1	100,00	3	251,984	1.67
100,001 to 1,000,000	1	334,353	3	1,993,810	4	2,328,163	15.39
Over 1,000,000	1	1,110,123	4	11,216,939	5	12,327,062	81.49
Total	355	1,659,745	120	13,466,605	475	15,126,350	100.00

9.00 Revaluation Reserve**Tk. 4,927,446,858****4,927,446,858****4,927,446,858**

The company made Revaluation of its fixed assets (only land) by an independent valuer M/s. S.H. Khan & Co., Chartered Accountants on 18 May 2016. Moreover the board of Director approved at 45th meeting held on 30 May 2016.



	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
10.00 Long Term Bank Loan	Tk. 127,411,335	
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka)		
Loan A/c NO # 00003	119,817,495	152,108,273
Loan A/c NO # 00006	71,114,354	85,437,433
	<u>190,931,849</u>	<u>237,545,706</u>
Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.) HPSM NO # 43309	3,305,758	-
	<u>194,237,607</u>	<u>237,545,706</u>
Less: Current portion of long term loan	<u>(66,826,272)</u>	<u>(41,962,470)</u>
Total	<u>127,411,335</u>	<u>195,583,236</u>

The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka and Islami Bank Bangladesh Limited, Chawk Moghultoly Branch, Dhaka.

11.00 Deferred Tax Liability	Tk. 301,997,723	
Calculation of Deferred Tax :		
A. Temporary difference:		
Written down value as per accounting base	5,786,966,859	652,713,524
Written down value as per tax base	5,406,975,966	267,741,266
Taxable temporary difference	<u>379,990,892</u>	<u>384,972,258</u>
Income Tax rate	25%	25%
Deferred Tax Liabilities at the end of the year	<u>94,997,723</u>	<u>96,243,065</u>
B. Revaluation:		
Carrying Value		
Land	5,175,000,000	5,175,000,000
Tax rate:		
Land	4%	4%
Deferred Tax Liabilities at the end of the year	<u>207,000,000</u>	<u>207,000,000</u>
Closing Deferred Tax Liabilities	207,000,000	207,000,000
Opening Deferred Tax Liabilities	207,000,000	207,000,000
Deferred Tax asset / liability:	-	-
Deferred Tax Liabilities at the end of the year (A+B) Total	<u>301,997,723</u>	<u>303,243,065</u>



12.00 Short Term Bank Loan Tk. 615,821,259

This is made up as follows:

Islami Bank Bangladesh Limited
(Chawk Moghultoly Branch, Dhaka.)
Foreign Cash Bills (UPAS LC)
Murabaha TR
Modhumoti Bank Limited.
(Aganagar Branch, Keranigonj, Dhaka)
(CC Hypo)
Foreign Cash Bills (UPAS LC)

	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
	321,411,028	278,821,611
	96,529,674	-
	147,594,107	100,116,690
	50,286,450	36,628,723
Total	615,821,259	415,567,024

The above balances were in agreement with the balances as per respective bank loan statement as on 30-06-2018. The above loan is secured against the Non-Current assets.

13.00 Trade and other Payables Tk. 55,441,447**Trade Payables:**

Raw Materials Supplier (Details are enclosed in Annexure "D")

2,216,261	21,046,252
-----------	------------

Other Payables:

Provision for Income Tax

Note-13.01

14,698,573	12,518,358
------------	------------

Audit Fees

86,250	86,250
--------	--------

Gas Bill

28,982,659	28,315,839
------------	------------

Electricity Bill

-	1,981,986
---	-----------

Internet Bill

134,000	67,000
---------	--------

Wages & Salaries

3,849,230	3,674,086
-----------	-----------

Salary & Allowances

1,447,934	3,013,392
-----------	-----------

Overtime Bill

1,661,693	1,579,845
-----------	-----------

Telephone & Fax Charges

36,132	40,221
--------	--------

Festival Bonus

127,250	-
---------	---

Provision for W.P.P.F

2,201,465	-
-----------	---

Total	55,441,447	72,323,229
--------------	-------------------	-------------------

13.01 Provision for Income Tax:

Opening Balance

12,518,358	11,323,993
------------	------------

Add: Addition for the year **(Note: 20.00)**

11,702,300	12,518,358
------------	------------

Add: Short provision for the assessment year 2017-2018

584,089	-
---------	---

24,804,747	23,842,351
-------------------	-------------------

Less: Adjusted during the year

(2,220,976)	(1,584,133)
-------------	-------------

Less: Payment during the year

(7,885,198)	(9,739,860)
-------------	-------------

Total	14,698,573	12,518,358
--------------	-------------------	-------------------

Provision for Income Tax amounting Tk. 22,20,976 was adjusted from advance income tax and Tk. 78,85,198 was paid during the year for the assessment year 2017-2018. A new provision for income tax Tk. 5,84,089 for short provision for the assessment year 2017-2018 and Tk. 1,17,02,300 for the assessment year 2018-2019 was made during the year.



12.00 Short Term Bank Loan Tk. 615,821,259

This is made up as follows:

Islami Bank Bangladesh Limited
(Chawk Moghultoly Branch, Dhaka.)
Foreign Cash Bills (UPAS LC)
Murabaha TR
Modhumoti Bank Limited.
(Aganagar Branch, Keranigonj, Dhaka)
(CC Hypo)
Foreign Cash Bills (UPAS LC)

	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
	321,411,028	278,821,611
	96,529,674	-
	147,594,107	100,116,690
	50,286,450	36,628,723
Total	615,821,259	415,567,024

The above balances were in agreement with the balances as per respective bank loan statement as on 30-06-2018. The above loan is secured against the Non-Current assets.

13.00 Trade and other Payables Tk. 55,441,447**Trade Payables:**

Raw Materials Supplier (Details are enclosed in Annexure "D")

2,216,261	21,046,252
-----------	------------

Other Payables:

Provision for Income Tax **Note-13.01**
Audit Fees
Gas Bill
Electricity Bill
Internet Bill
Wages & Salaries
Salary & Allowances
Overtime Bill
Telephone & Fax Charges
Festival Bonus
Provision for W.P.P.F

14,698,573	12,518,358
86,250	86,250
28,982,659	28,315,839
-	1,981,986
134,000	67,000
3,849,230	3,674,086
1,447,934	3,013,392
1,661,693	1,579,845
36,132	40,221
127,250	-
2,201,465	-
Total	72,323,229

13.01 Provision for Income Tax:

Opening Balance
Add: Addition for the year **(Note: 20.00)**
Add: Short provision for the assessment year 2017-2018

12,518,358	11,323,993
11,702,300	12,518,358
584,089	-
24,804,747	23,842,351

Less: Adjusted during the year
Less: Payment during the year

(2,220,976)	(1,584,133)
(7,885,198)	(9,739,860)
Total	12,518,358

Provision for Income Tax amounting Tk. 22,20,976 was adjusted from advance income tax and Tk. 78,85,198 was paid during the year for the assessment year 2017-2018. A new provision for income tax Tk. 5,84,089 for short provision for the assessment year 2017-2018 and Tk. 1,17,02,300 for the assessment year 2018-2019 was made during the year.



		Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
14.00 Sales (Including VAT) :	Total	1,628,212,865	1,479,135,733
Sales quantity:			
Writing Paper & Board Paper		34,250 MT	32,058 MT
15.00 Cost of Sales	Tk.1,241,587,572		
Opening Stock of Raw Materials & Chemicals		142,663,899	147,485,450
Add: Local Purchase of Raw Materials & Chemicals		328,747,313	152,011,703
Add: Import of Raw Materials & Chemicals		724,779,989	701,690,603
Goods available for consumed		1,196,191,201	1,001,187,756
Less : Closing Stock of Raw Materials & Chemicals		(157,548,066)	(142,663,899)
Raw Materials Used		1,038,643,135	858,523,857
Add: Factory Overhead			
Wages & Salaries		45,184,621	42,401,875
Overtime Bill		22,404,453	20,829,104
Festival Bonus		4,446,928	4,024,493
Oil & Lubricant		4,409,184	6,003,258
Gas Bill		117,718,444	106,349,670
Electricity Bill		26,671,229	21,888,234
Workers Tiffin		136,374	131,120
Machine Repairs & Maintenance (Note 4.04)		895,335	775,732
		1,260,509,703	1,060,927,343
Add: Opening Stock of Material-In-Process		8,435,513	14,765,325
		1,268,945,216	1,075,692,668
Less: Closing stock of Material -In- Process		(9,583,686)	(8,435,513)
Cost of production		1,259,361,530	1,067,257,155
Add : Opening Stock of Finished Goods		27,494,654	83,857,287
		1,286,856,184	1,151,114,442
Less: Closing Stock of Finished Goods		(45,268,612)	(27,494,654)
Cost of Sales	Total	1,241,587,572	1,123,619,788

During the year the company has deducted Tk. 3,59,823 as tax at source from wages and salaries while making payment to employees and duly paid.



	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
16.00 Administrative Expenses:	Tk. 125,460,416	
Salaries & Allowances	41,589,835	34,270,122
Festival Bonus	2,893,806	2,554,219
Telephone & Fax Charges	484,650	472,199
Office Rent	240,000	240,000
Directors Meeting Attendance fees	176,000	140,000
Directors Remuneration	3,840,000	3,840,000
Travelling & Conveyance	769,029	479,010
AGM Expenses	485,750	450,780
Annual Listing fees	146,632	225,213
Entertainment	419,524	571,062
Spare parts for Motor Car	4,186,390	3,720,497
Oil & Fuel	2,187,449	1,886,810
Insurance premium (Fire)	2,392,000	2,392,000
Staff Uniform	129,840	94,610
Office Maintenance	397,538	381,046
Internet Bill	804,000	759,130
Electrical Expenses	148,708	425,822
Stationeries	426,865	519,168
News Paper & Periodicals	9,885	7,235
Postage & Stamps	4,334	18,233
Medical Aid Expenses	74,119	85,906
Cafeteria Expenses	1,989,387	1,687,823
Rent, Rate & Renewal Fees	954,582	2,209,458
Miscellaneous Expenses	758,310	654,325
Audit Fees	86,250	86,250
Legal Fees & Expenses	92,000	135,500
Bank Charges	538,986	499,342
Depreciation Charges (Annexure - "A")	59,234,547	65,392,570
Total	125,460,416	124,198,330

Directors Meeting Attendance fees **Tk. 1,76,000**

Directors Meeting Attendance fees amounting Tk. 1,76,000 was paid to Six Directors from where a sum of Tk. 26,400 was deducted at source as VAT and duly paid.

Directors Remuneration **Tk. 38,40,000**

During the year the above amount was paid as remuneration to three Directors from where a sum of Tk. 3,81,352 was deducted at source as tax and duly paid.



		Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
17.00 Selling and Distribution Expenses	Tk.13,514,593		
This is made up of the followings:			
Salaries & Allowances		4,063,613	4,033,196
Packing & Binding Expenses		2,913,200	3,206,255
Repairs & Maintenance		296,224	630,937
Business Promotion Expenses		661,500	846,500
Advertisement		318,813	435,350
Delivery, Load & Unload Expenses		2,772,664	2,519,467
Sales Promotion Expenses		1,236,250	3,118,998
Sample Expenses		1,252,329	1,632,700
Total		13,514,593	16,423,403
Salaries & Allowances Tk. (4,15,89,835+40,63,613) = 4,56,53,448			
During the year the company has deducted Tk. 18,86,512 as tax at source from salaries and allownces while making payment to employees and duly paid.			
18.00 Finance Cost	Tk. 64,106,634		
MTR (Islami Bank Bangladesh Ltd.)		17,307,517	111,947
HPSM (Islami Bank Bangladesh Ltd.)		473,758	8,843,611
UPAS (Islami Bank Bangladesh Ltd.)		10,436,428	8,662,421
CC Hypo (Modhumoti Bank Ltd.)		11,806,010	4,129,279
Term Loan (Modhumoti Bank Ltd.)		21,500,898	20,850,549
UPAS (Modhumoti Bank Ltd.)		2,582,023	3,258,180
Total		64,106,634	45,855,987
19.00 Other Income	TK. 128,493		
Bank Interest Income:			
MTDR A/C No: 838089/2839 (Islami Bank Bangladesh Ltd.)		94,696	303,779
MTDR A/C No: 838341/3089 (Islami Bank Bangladesh Ltd.)		31,724	93,115
STD A/C No: 1347 (Shahjalal Islami Bank Ltd.)		2,073	2,055
Total		128,493	398,949
20.00 Income tax expense	TK. 11,041,047		
Current Tax			
Profit before tax		41,827,836	38,088,339
Add: Accounting depreciaiton		59,234,547	65,392,570
		101,062,383	103,480,909
Less: Tax base depreciation		54,253,184	53,407,476
Taxable income		46,809,200	50,073,433
Tax rate		25%	25%
		11,702,300	12,518,358
Short provision for the assessment year 2017-2018		584,089	-
		12,286,389	12,518,358
Deferred Tax			
Closing Deferred Tax Liabilities	(Note: 11.00)	94,997,723	96,243,065
Opening Deferred Tax Liabilities		96,243,065	99,239,338
Deferred Tax (income) / expenses:		(1,245,341)	(2,996,273)
Total		11,041,047	9,522,085



	Amount in Tk. 2017 - 2018	Amount in Tk. 2016 - 2017
21.00 Net Asset Value (NAV) Per Share with revaluation		
Net Asset Value	5,032,708,089	5,001,921,300
Number of Shares	15,126,350	15,126,350
Net Asset Value Per Share	332.71	330.68
22.00 Earnings Per Share (EPS)		
Surplus for the year attributable to Shareholders (Net Income)	30,786,789	28,566,254
Number of shares	15,126,350	15,126,350
Earnings Per Share	2.04	1.89
23.00 Cash Flows Per Share from Operating Activities		
Operating cash inflow during the period	(23,430,096)	223,684,016
Number of shares	15,126,350	15,126,350
	(1.55)	14.79

During the year more quantity of raw materials purchased, inventories, trade & other receivables increased and Trade and other Payables decreased for these reason cash flows per share from operating activities decreased than last financial year.

24.00 Reconciliation of Profit/(Loss) after tax with cash flows from operating activities

Net Profit/(Loss) after Tax	30,786,789	28,566,254
Add: Depreciation	59,234,547	65,392,570
Add: Finance Cost	64,106,634	45,855,987
Less: Non Operating Income	(128,493)	(398,949)
(Increase)/Decrease in Advance, Deposits and Prepayment	(55,497,457)	(2,404,566)
(Increase)/Decrease in Trade and other Receivable	(70,009,257)	4,958,199
(Increase)/Decrease in Inventory	(33,795,733)	67,726,521
Increase/(Decrease) in Trade and other Payables	(16,881,782)	16,984,277
Increase/(Decrease) in Deferred Tax for Temporary Difference	(1,245,341)	(2,996,273)
Total	(23,430,096)	223,684,016

25.00 Tax Assessment Status

Income tax return submitted by the company under income tax ordinance 1984. Income tax paid under section -74 basic of return.

Income year	Assessment Year	Provision	Tax Liabilities	Remarks
2014-2015	2015-2016	7,700,874	7,700,874	Completed
2015-2016	2016-2017	7,631,947	7,631,947	Completed
2016-2017	2017-2018	9,522,085	9,522,085	Completed
2017-2018	2018-2019	11,041,047	-	Under Process



Amount in Tk.
2017 - 2018Amount in Tk.
2016 - 2017**26.00 Salary Range: Salary range of the employees are given below**

I	5,000 - 15,000	18 Person	19 Person
II	15,001 -25,000	15 Person	16 Person
III	25001- 50,000	21 Person	19 Person
IV	50,001-2,00,000	12 Person	10 Person
Total		66 person	64 person

27.00 Payment to Directors

Details in respect of payment to directors are given below.

Name of Board of Directors	Designation	No. of Meeting	Meeting Attending Fees	Total Meeting Fees	Directors Remuneration	Total (Taka)
Mohammed Younus	MD & CEO	4	8,000	32,000	2,400,000	2,432,000
Mahfuza Younus	Director	4	8,000	32,000	600,000	632,000
Md. Javed Noman	Director	4	8,000	32,000	840,000	872,000
Nurul Fazal Bulbul	Director	3	8,000	24,000	-	24,000
Kazi Aslam Hossain	Director	4	8,000	32,000	-	32,000
Ashim Kumar Roy	Director	3	8,000	24,000	-	24,000
Total				176,000	3,840,000	4,016,000

During the year total 4 board meetings was held, the board meeting fee was Tk 8,000 (a) No compensation was made to the Managing Director & CEO of the company except as stated above.

(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

28.00 Production Capacity and Utilization :

Major products	Unit	Production Capacity	Actual production	Capacity Utilization %
Writing Paper & Board Paper (2017-2018)	MT	38,500	34,429	89.43
Writing Paper & Board Paper (2016-2017)	MT	38,500	32,367	84.07

29.00 Event After the Reporting Period

There was no significant event between the cut of date and report signing date which would require adjustments to, disclosure in, the financial statements or notes thereto.

30.00 Capital Expenditure Commitment

Contract for capital expenditure are being executed by the Contractors and the running bill are accounted for but the unfinished contracts has not been reflected in this Financial Statements. There was no material capital expenditure authorized by the board.



31.00 Claim Acknowledgement

There was no claim against the Company not acknowledged as debt as on 30 June, 2018.

32.00 Credit Facility

There was no credit facility available to the Company under any contract other than bank credit facility and trade credit available in the ordinary course of business.

33.00 Financial Risk Management

The management of company has overall for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risk for its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Trade receivables are related to sale of Media, Liner, Duplex Board and quality Papers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Risk exposures from other financial assets, i.e. Cash at bank and other receivables are nominal.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses including financial obligation through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

Market Risk

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

(a) Currency risk

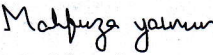
Currency risk is the risk that arises due to changes in currency exchange rate. The company procures major part of raw materials from local markets and sells finished products in domestic markets which are not affected by changes in currency exchange rates. The company only procures machineries and immaterial part of raw materials from abroad which are not significantly affected changes in currency exchange rate.

(b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. Local loans are, however, not significantly affected by fluctuations in interest rate risk. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.


Chief Financial Officer


Company Secretary


Director


Managing Director



SONALI PAPER & BOARD MILLS LIMITED

Schedule of Property, Plant & Equipment

For the year ended 30 June, 2018

SL. No.	Name of Assets	COST				Rate	DEPRECIATION				Written Down Value as on 30 June, 2018
		Balance as on 01 July, 2017	Addition During the Year	Adjustment During the Year	Balance as on 30 June, 2018		Balance as on 01 July, 2017	Charged During the Year	Adjustment During the Year	Balance as on 30 June, 2018	
1	Land & Land Development	5,175,000,000	-	-	5,175,000,000		-	-	-	-	5,175,000,000
2	Building & Godown	86,992,540	1,155,900	-	88,148,440	5%	2,816,539	-	34,056,240	31,239,701	54,092,200
3	Labour Shed	2,323,952	-	-	2,323,952	5%	74,153	-	915,040	840,887	1,408,912
4	Plant, Machinery & Boiler	603,154,068	39,375,537	-	642,529,605	10%	39,051,094	-	252,394,700	213,343,606	390,134,905
5	Electric Equipments & Others	54,494,897	5,761,683	-	60,256,580	10%	3,251,788	-	28,109,647	24,857,859	32,146,933
6	Gene. & 5 MW Power Station	171,459,387	8,658,970	-	180,118,357	10%	10,117,137	-	84,734,644	74,617,507	95,383,713
7	Weighing & Road Scale	5,858,410	343,200	-	6,201,610	10%	299,572	-	3,333,858	3,034,286	2,867,752
8	Electric & Gass Installation	12,777,243	-	-	12,777,243	10%	550,695	-	7,820,987	7,270,292	4,956,256
9	Motor Vehicles	32,062,739	3,186,000	-	35,248,739	15%	2,159,977	-	16,489,536	14,329,559	18,759,203
10	Fax Machine	30,000	-	-	30,000	10%	1,046	-	20,585	19,539	9,415
11	PABX & Telephone Set	971,082	-	-	971,082	10%	44,863	-	567,316	522,453	403,766
12	Computer	5,423,664	509,502	-	5,933,166	10%	349,641	-	2,531,644	2,182,003	3,401,522
13	ETP	1,569,181	-	-	1,569,181	5%	46,976	-	676,630	629,654	892,551
14	Fire Filling Equipments	1,505,643	-	-	1,505,643	5%	51,664	-	524,028	472,364	981,615
15	Crane, Trolly & Fork Lift	6,973,983	4,500	-	6,978,483	5%	260,867	-	2,022,011	1,761,144	4,956,472
16	Workshop & Loose Tools	483,799	-	-	483,799	5%	14,483	-	208,614	194,131	275,185
17	Furniture & Fixture	3,254,421	45,732	-	3,300,153	10%	144,051	-	2,003,693	1,859,642	1,296,460
	Balance as on 30 June 2018	6,164,335,009	59,041,024	-	6,223,376,033		59,234,547	-	436,409,174	377,174,627	5,786,966,859
	Balance as on 30 June 2017	6,110,248,386	54,086,623	-	6,164,335,009		65,392,570	-	377,174,627	311,782,057	5,787,160,382

Note : Land and land development represents only land.



SONALI PAPER & BOARD MILLS LIMITED**Schedule of Inventories****As on 30 June, 2018****Raw Materials:**

Particulars	2017-2018			2016-2017		
	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Chemicals	180,587	82.00	14,808,134	219,060	73.75	16,155,675
b) Waste Paper	285,652	20.75	5,927,279	90,226	18.50	1,669,181
c) Waste Paper	128,953	16.80	2,166,410	19,588	14.77	289,315
d) Waste Paper	2,579,576	52.20	134,646,243	2,594,786	48.00	124,549,728
Total	3,174,768		157,548,066	2,923,660		142,663,899

Material - in - Process:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	152,122	63.00	9,583,686	179,479	47.00	8,435,513

Finished Goods:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	478,379	36.00	17,221,644	499,655	39.15	19,561,493
b) Paper of Different Grades	298,372	94.00	28,046,968	97,447	81.41	7,933,160
Total	776,751		45,268,612	597,102		27,494,654

Spare Parts:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Different Items	228	670.00	152,760	235	695	163,325
Total Taka			212,553,124			178,757,391



SONALI PAPER & BOARD MILLS LIMITED
STATEMENT OF TRADE AND OTHER RECEIVABLES
AS AT 30 JUNE, 2018

Sl. No	Name of the Party	Amount in Tk. 2017-2018	Amount in Tk. 2016-2017
1	B.N.N Packaging	3,315,930	2,547,902
2	Chittagong Mohanagar Packaging Ltd	2,736,072	-
3	H. A. Sattar Printing & Packaging Ind.	3,317,549	-
4	Interna Plastic Ind.	3,029,686	-
5	Kashpia Printing & Packaging Ind.	2,729,571	526,967
6	Platinum Print & Packaging Ltd.	3,516,412	-
7	Royel Box	3,276,696	-
8	Chandpur Paper House	6,777,849	1,112,204
9	Ever Green	6,720,954	-
10	Mostafa Enterprise	6,510,000	-
11	Razu Traders	6,703,117	2,171,737
12	Asian Spoon Industries Ltd.	-	3,834,921
13	Alam & Sons	6,165,910	-
14	Ananda Paper House	6,236,585	-
15	MJ Paper	5,563,000	-
16	Rashedul Enterprise	6,896,855	-
17	Shahabuddin Enterprise	6,706,800	-
	Total Taka	80,202,987	10,193,730



Annexure -"D"

SONALI PAPER & BOARD MILLS LIMITED
STATEMENT OF TRADE AND OTHER RECEIVABLES
AS AT 30 JUNE, 2018

Sl. No	Name of the Party	Amount in Tk. 2017-2018	Amount in Tk. 2016-2017
1	Al Modina Enterprise	620,318	3,145,350
2	Fatema Enterprise	-	3,832,723
3	Howlader Enterprise	530,180	1,413,895
4	Jakir Enterprise	-	2,500,000
5	Javed Paper House	327,653	1,491,395
6	M/S. Babul Enterprise	317,510	1,498,430
7	Bismillah Enterprises	420,600	1,766,245
8	Polock Enterprise	-	2,500,000
9	Ria Enterprise	-	1,454,700
10	Robin Enterprise	-	1,443,514
	Total Taka	2,216,261	21,046,252



41st Annual General Meeting Notice



Notice is hereby given to all Shareholders of Sonali Paper & Board Mills Ltd that the 41st Annual General Meeting (AGM) of the Shareholders of the Company will be held on 17th January 2019 at 11:30 AM at Trust Milanayaton, VIP Road, Mohakhali DOHS, Dhaka-1206 to transact the following agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June, 2018 together with Directors Report and the Auditors' Report on those Financial Statements.
2. To elect/re-elect Directors in terms of the relevant provision of Articles of Association.
3. To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix up their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

(Md. Rashedul Hossain)

Company Secretary

Dated: December 29, 2018

Notes:

1. The Record Date 29 November, 2018 (Thursday)
2. A member eligible for the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
3. Forms of proxy must be stamped and should be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
4. Annual Report, Shareholders attendance slip to be dispatched to all the members by courier service/post. The Shareholders may also collect the proxy from the registered office of the Company.
5. Members are requested to notify change of address, if any, to the Company.

