

Annual Report 2019-2020



SONALI PAPER & BOARD MILLS LTD.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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Transmittal Letter

All Shareholders,
Bangladesh Securities and Exchange Commission,
The Registrar of Joint Stock Companies & Firms,
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: Annual Report for the year ended 30 June 2020.

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, 2020, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2020 along with notes thereon for your record/necessary measures.

Yours sincerely,



Md. Rashedul Hossain
Company Secretary

Vision, Mission & Core Values

● Mission

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

● 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

Vision

Core Values

● Core Values

- Quality
- Creativity
- Trust
- Social Responsibility
- Team Work
- Growth

Corporate Information

Company Name: Sonali Paper & Board Mills Ltd.

Company Registration: C-5576/134

Tax Identification Number (TIN) : 123794615546

VAT Registration Number: 000914833-0303

Legal Form

Sonali Paper & Board Mills Limited (the “company”), was incorporated vide registration no C-5576/134 in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) as a Public Limited Company in the year 1978 under the Companies Act, 1913 & 1994. The Company was listed with Dhaka Stock Exchange Limited (DSE) in the year 1985 & Re-listed on 15 June 2020 and listed with Chittagong Stock Exchange Limited (CSE) on 21 December 1996 & Re-listed on 15 June 2020. It is one of the oldest paper manufacturing companies in the private sector of Bangladesh.

Board of Directors

Chairman

Mohammed Younus

Managing Director

Mahfuza Younus

Director

Mohammed Javed Noman

Independent Directors

Kazi Aslam Hossain

A.K.M. Nurul Fazal Bulbul

Ashim Kumar Roy

Chief Financial Officer

Mohammad Ziaul Haque

Company Secretary

Md. Rashedul Hossain

Head of Internal Audit & Compliance

Md. Mahabub Alam

Board Committees

Audit Committee

Chairman

Kazi Aslam Hossain

Members

Ashim Kumar Roy

Mohammed Javed Noman

Nomination & Remuneration Committee (NRC)

Chairman

Ashim Kumar Roy

Members

Kazi Aslam Hossain

Mohammed Javed Noman

Consultant (VAT)

Md. Farid Uddin

Statutory Auditors

MABS & J Partners

Chartered Accountants

Corporate Governance Compliance Auditor

Rahman Zasim & Co.

Cost & Management Accountants

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. | Mercantile Bank Ltd. | Pubali Bank Ltd.

Registered Office

51, Central Road, Dhanmondi, Dhaka-1205

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

Factory Address

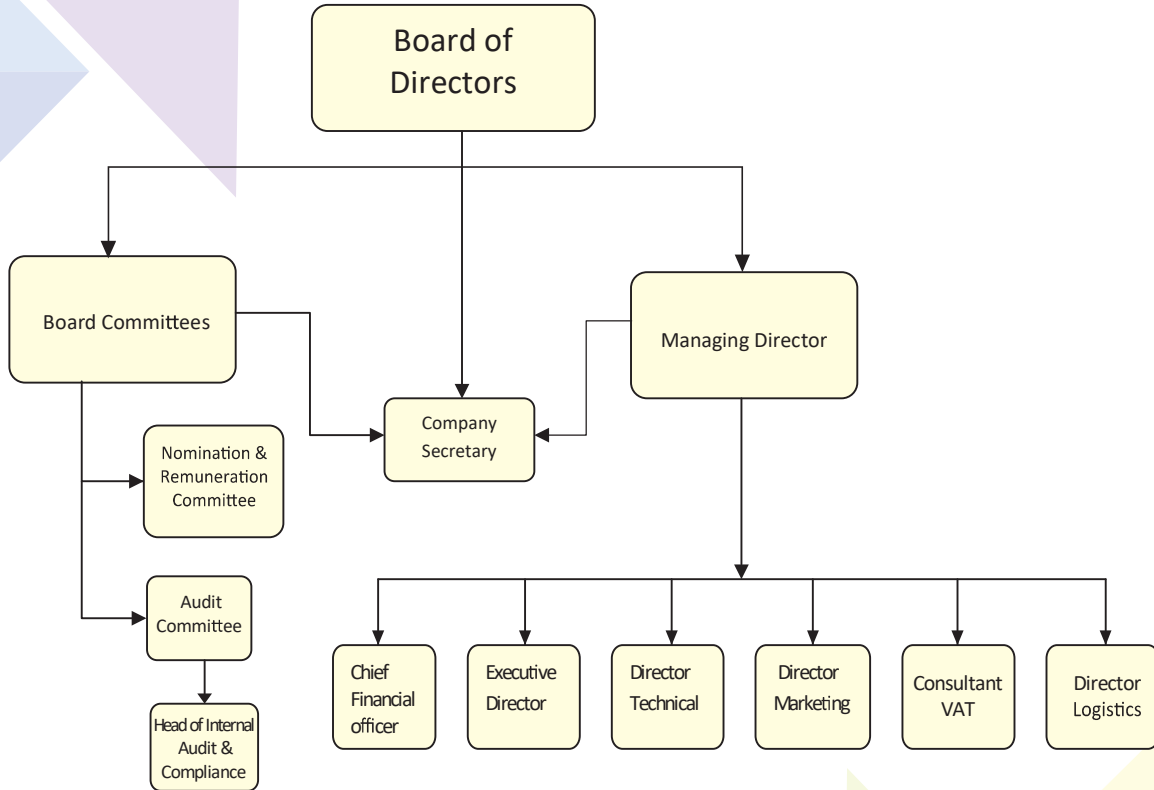
Jatramura, Tarabo, Rupgonj

Narayangonj.

E-mail: spshare@younusgroup.com

Website: www.spbmlbd.com

Organizational Structure



Operational Team

Shahudul Haque

Executive Director

Md. Kawsar Azizur Rahman

Director (Technical)

Golam Zilani Bhuiyan

Director (Marketing)

Md. Kamrul Islam

Director Logistics

Md. Ataur Rahman

Asst. Director (Administration)

Md. Al-Mamun Parvez

(GM Accounts)

Md.Sayed Hassan

(DGM Commercial)

Md. Hasanuzzaman

(DGM Sales & Marketing)

Md. Alamgir Miah

(AGM Accounts)

Md. Nazrul Islam

(AGM VAT)

Maruf Ahmed

(AGM Purchase & Procurement)

A.K.M Shahid Uddin Chowdhury

(Asst. Manager Income Tax)

Director's Profile



Mohammed Younus
Chairman

Mr. Mohammed Younus is the chairman of the Board of Directors of Sonali Paper & Board Mills Limited. He was born in a Muslim family at Tongibari, Munshigonj in the year 1958. Later He has brought up and educated himself at Govt. Titumir College, Dhaka. He is the Managing Director of 35 different types of Industrial Units and Sponsor Director of Shahjalal Islami Bank Ltd. He was a member of NCID (National Council for Industrial Development). Honorable Prime Minister was the Chairperson of the committee. He has been awarded "Deshbandhu Chittaranjan Das" Gold Medal for Industrialization in our country and this Medal was handed over 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 the SAARC Chamber of Commerce and Industry. He was elected as a 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 the Aviation Operators Association of Bangladesh. He is a Director of Athena Venture & Equities Limited and a member of the 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 the Lions Club of New Eskaton Garden, Dhaka. He was the President of Sarnagram R.N. High School, Tongibari, Munshigonj. Mr. Younus widely traveled around the world for business and as well as personal tour. On several occasions he also visited as a member of the Delegation of the Government of Bangladesh.



Mrs. Mahfuza Younus
Managing Director

Mrs. Mahfuza Younus was appointed as Managing Director of the Company in recent February 2020. She is the wife of Mr. Mohammed Younus. She was born on October 04, 1963. She is also Director in different concerns of Younus Group. She is a widely traveled woman and always engaged herself in the business arena and gathered enormous knowledge and experience.

Director's Profile

Mohammed Javed Noman, a Director of the Company is the eldest son of Mr. Mohammed Yunus. Mr. Noman has been a member of the Board of Directors since 2005 and is presently working full-time with the Company. Having obtained his Bachelor of Business in Accounting from Monash University, Australia in 2008, he returned to Bangladesh and joined the family business. He has played an important role in establishing Bikrampur Potato Flakes Industries Limited a sister concern of Yunus Group of Industries and playing the role of Managing Director there. He has been assigned to the role of DMD (Deputy Managing Director) of Yunus Group of Industries in recent April 2019.



Mohammed Javed Noman
Director

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 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, Kazi Aslam Hossain is the present Chairman of the Audit Committee of the company.



Kazi Aslam Hossain
Independent Director

Director's Profile



A.K.M Nurul Fazal Bulbul
Independent Director

A.K.M Nurul Fazal Bulbul is an Independent Director of the Company, He was born in 1960 at Wari in Dhaka is popularly known in Bangladeshi society as a social and corporate personality. He completed his Bachelor of Commerce (Honors) and Masters in Business Management from the University of Dhaka in 1985. Later on he obtained LLB and enrolled in the Supreme Court Bar. He started his career as a Management and Tax Consultant. Then he started supply & trading business in 1991 and established Meena Printers & Packaging in 1995. He is the Vice Chairman of Central Depository Bangladesh Limited (CDBL) and Director of Infrastructure Investment Facilitation Company. He is the Advisor of Japan-Bangladesh Hospital, Sunlife Insurance Co., AML Group and Doreen Power Generation Co. etc. He served as Founder Board Audit Chairman of EXIM Bank. He was the Director of FBCCI, SAARC Chamber, OIC Business Forum, Central Zakat Board and FBCCI Foundation. He is the Trustee of two reputed University of Bangladesh and Secretary of Research & Training, Bangladesh Association of Banks (An apex body of 38 private Banks of the country). He is working as Secretary-General of Gulshan Central Mosque & Eidgah Society. The Government appointed him as "chief of Bangladesh Mission to London Olympic, 2012" and Delhi Commonwealth Games, 2010. He is the President of the Bangladesh Handball Federation since 2008. He widely visited more or less one hundred countries and cities in the world.



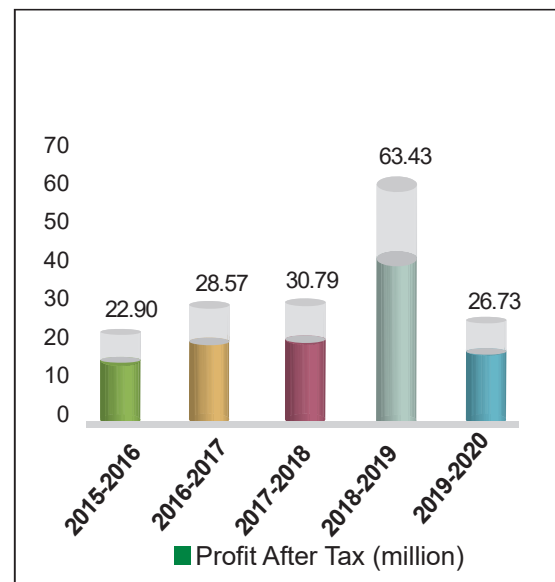
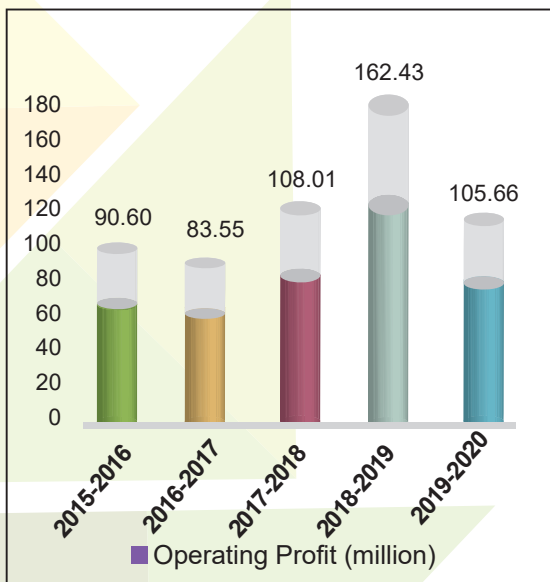
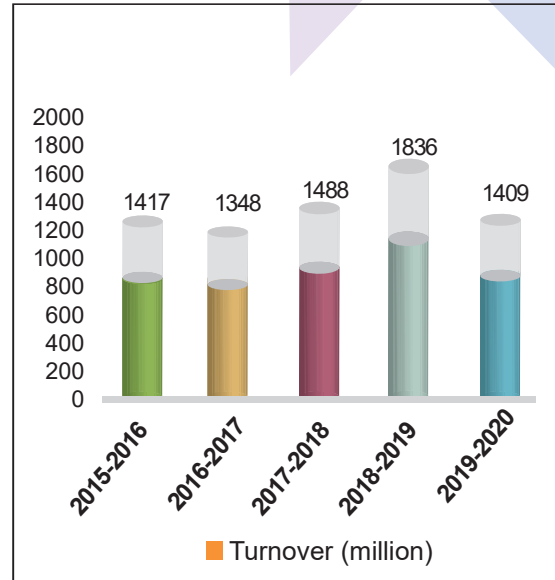
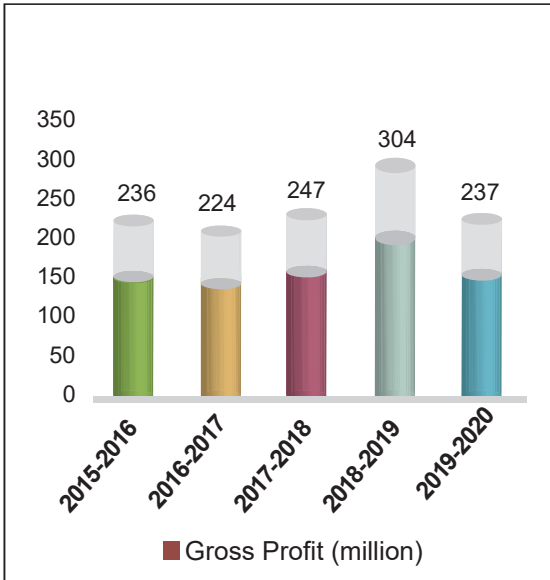
Ashim Kumar Roy
Independent Director

Ashim Kumar Roy is an Independent Director of the Company. He got his appointment on the 46th meeting of Board of Directors held on 27th October, 2016. He was born on April 10, 1947. He served in Agrani Bank as probationary officer from 1973 to 1976. After qualifying in Bangladesh Civil Service (BCS), he joined the Taxation Cadre in 1977 and served as Asstt. Commissioner, Deputy Commissioner, Joint Commissioner, Addl. Commissioner and Commissioner of Taxes. In 2003, he joined National Board of Revenue (The highest body of making tax policy in Bangladesh) as its' Member (Taxes). In 2004 after successful completion of tenure, he retired from Govt. Service. Later he established a tax Consultancy firm under the name "ADN Associated" in the year 2004 and rendering professional services as tax adviser of different financial institutions including Banks. Insurance Companies, NGO'S and large business houses. He is the present Chairman of the Nomination & Remuneration Committee of the Company

Five Years' Financial Summary

| Balance Sheet | 30 - Jun-20 | 30 - Jun-19 | 30 - Jun-18 | 30 - Jun-17 | 30 - Jun-16 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Authorized Capital | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 200,000,000 |
| Issued & Paid up Capital | 166,389,850 | 151,263,500 | 151,263,500 | 151,263,500 | 137,512,280 |
| Shareholders Equity | 5,122,869,917 | 5,096,137,536 | 5,032,708,089 | 5,001,921,300 | 4,973,355,046 |
| Total Assets | 6,304,989,819 | 6,388,335,310 | 6,200,206,125 | 6,030,600,324 | 6,133,628,627 |
| Current Assets | 512,521,723 | 596,860,331 | 413,239,266 | 243,439,942 | 335,162,299 |
| Profit & Loss Statement | | | | | |
| Turnover (Gross) | 1,495,584,554 | 1,976,480,866 | 1,628,212,865 | 1,479,135,733 | 1,535,265,250 |
| Value Added Tax | 86,934,254 | 140,012,241 | 139,642,842 | 131,348,835 | 117,700,399 |
| Turnover (Net) | 1,408,650,300 | 1,836,468,625 | 1,488,570,023 | 1,347,786,898 | 1,417,564,851 |
| Gross Profit | 236,808,141 | 304,034,303 | 246,982,451 | 224,167,110 | 235,775,071 |
| Operating Profit | 105,655,279 | 162,426,125 | 108,007,442 | 83,545,377 | 90,604,014 |
| Net Profit Before Tax | 37,861,706 | 84,572,595 | 41,827,836 | 38,088,339 | 30,527,787 |
| Net Profit After Tax | 26,732,381 | 63,429,447 | 30,786,789 | 28,566,254 | 22,895,841 |
| Ordinary Share Information | | | | | |
| Face Valur Per Share | 10 | 10 | 10 | 10 | 10 |
| Number of Share Outstanding | 16,638,985 | 15,126,350 | 15,126,350 | 15,126,350 | 13,751,228 |
| Net Asset Value Per Share | 307.88 | 336.90 | 332.71 | 330.68 | 361.67 |
| Net Operating Cash Flow per share | 14.64 | 0.88 | (1.55) | 14.79 | 0.10 |
| Earning Per Share (EPS) | 1.61 | 4.19 | 2.04 | 1.89 | 1.67 |
| Financial Ratios | | | | | |
| Gross Profit Margin | 16.81% | 16.56% | 16.59% | 16.63% | 16.63% |
| Operating Profit Margin | 7.50% | 8.84% | 7.26% | 6.20% | 6.39% |
| Net Profit Margin | 1.90% | 3.45% | 2.07% | 2.12% | 1.62% |
| Current Ratio (Times) | 0.59 | 0.65 | 0.56 | 0.46 | 0.55 |

Financial Performance at a glance





চেয়ারম্যান মহোদয়ের বক্তব্য

বিসমিল্লাহির রহমানির রহিম্

সম্মানিত শেয়ারহোল্ডারবৃন্দ

আসসালামুআলাইকুম ওয়া রহমাতুল্লাহ্

মহান বিজয়ের মাস ডিসেম্বর। বিশ্ব মানচিত্রে স্বাধীন জাতি হিসেবে পরিচিতি অর্জনের পেছনে যাদের অবদান, আত্মত্যাগেই আমাদের স্বাধীনতা এনে দিয়েছে সেই সব বীর বাঙ্গালী মুক্তিযোদ্ধাদের প্রতি গভীর শ্রদ্ধাভরে স্মরণ করছি। আরো গভীরভাবে স্মরণ করছি, আমাদের সেই সব শেয়ারহোল্ডারদের যারা আমাদের ছেড়ে চলে গেছেন ওপারে। তাদের আত্মার মাগফেরাত কামনা করছি।

আমি আমার অন্তরের গভীর আন্তরিকতার সহিত তথা আমার পরিচালনা পর্ষদের পক্ষ হতে আপনাদের সবাইকে সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪৩ তম বার্ষিক সাধারণ সভায় সু-স্বাগতম জানাচ্ছি।

আজ বিশ্বজুড়ে কোভিড-১৯ ভয়াবহভাবে জাতীয় জীবনে ভয়ংকর ছোবল দিচ্ছে। অর্থনীতি থেকে শুরু করে মানুষের জীবনের প্রতিটি ক্ষেত্রে এই মহামারীর আঘাত আমরা হাড়ে হাড়ে উপলব্ধি করছি। সেই উপলব্ধি থেকেই আপনাদের সরাসরি উপস্থিতির গন্ডি থেকে বের হয়ে সকলের স্বাস্থ্য সুরক্ষা ও স্বাস্থ্য ঝুঁকি এড়াতে সামাজিক দূরত্ব বজায় রেখে ভার্চুয়াল প্ল্যাটফর্মের মাধ্যমে সাধারণ সভার আয়োজন করা ছাড়া এই মুহূর্তে অন্য কোন উপায় ছিল না। পৃথিবী ব্যাপী আজকের এই অসময়ের মাঝে সুসময়ের বার্তা নিয়ে আমি ২০১৯-২০২০ অর্থবছরের বার্ষিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি।

সম্মানিত সদস্যবৃন্দ, আমাদের বর্তমান সময়টা জীবনের একটি অনিশ্চিত ও অস্বাভাবিক পদযাত্রার মধ্য দিয়ে অতিবাহিত হচ্ছে। বিশ্বব্যাপী কোভিড-১৯ মহামারী আমাদের জাতীয় জীবনের প্রতিটি ক্ষেত্রে বিশেষ করে জাতির চালিকা শক্তি অর্থনীতির উপরে যেভাবে আঘাত হেনেছে, একজন ব্যবসায়ী হিসেবে ঘুড়ে দাঁড়াতে কয়েক বছর পেরিয়ে যাবে। ভয়াল এই দুঃসময়ে আমরা লক্ষ্য করছি আমাদের সরকার, বেসরকারী অধিদপ্তর, ব্যবসায়ী সমাজ, বিভিন্ন সেবাদানকারী সংস্থা, এনজিও, স্বাস্থ্য অধিদপ্তর এবং স্বাস্থ্যকর্মী, নার্স, ডাক্তার যাদেরকে আমরা সম্মুখসারীর যোদ্ধা বলি, সেই সব যোদ্ধাদের ঐকান্তিক ঐক্যবদ্ধভাবে এই মহামারীর মোকাবেলায় লড়াই অব্যাহত রাখায় আমরা এখনও সুরক্ষিত আছি।

কোভিড-১৯ এর কারণে আমরা যে প্রতিবন্ধকতার মুখোমুখি হয়েছি তারই প্রেক্ষাপটে আমাদের উৎপাদিত কাগজের বিক্রয় গত বছরের তুলনায় প্রায় ২৫% হ্রাস পেয়েছে। এই প্রতিকূল পরিবেশের সাথে যুদ্ধ করে অর্থনীতির অস্বাভাবিক পরিস্থিতির মাঝেও আমাদের পরিচালনা পর্ষদ কর্তৃক প্রস্তাবিত ৫% নগদ এবং ১০% স্টক লভ্যাংশ ঘোষণা এই সময়ে একটি সাহসী এবং টিকে থাকার সংগ্রামে যুগান্তকারী সিদ্ধান্ত। এতে সম্মানিত শেয়ারহোল্ডারদের স্বার্থ সংরক্ষনের পাশাপাশি তাদের অসময়ের ব্যবসাকে আরো বেগবান করার পদক্ষেপ নেয়া হয়েছে। আমরা জানি, এই মহামারীর কারণে মানব জীবনের ধারাবাহিক যাত্রায় সাময়িক সময়ের জন্য আমরা পিছিয়ে পড়ছি অর্থনৈতিকভাবে। তবে আমরা অগাদ বিশ্বাস করি, সর্বশক্তিমান আল্লাহর অশেষ রহমতে আমাদের এই দুঃসময়ের ঘনঘটা একদিন কেটে যাবে। আমরা সবাই আমাদের স্বাভাবিক পরিস্থিতিতে ফিরবো ইনশাআল্লাহ্।

আমি পরিচালনা পর্ষদের পক্ষ হতে প্রতিটি কর্মী এবং ব্যবস্থাপনায় দায়িত্বরত সকলকে তাদের নিরলস প্রচেষ্টা ও অসাধারণ অবদানের জন্য আন্তরিক কৃতজ্ঞতা জানাচ্ছি। আমরা আমাদের মূল্যবান শেয়ারহোল্ডার, গ্রাহক, সরবরাহকারী, আর্থিক প্রতিষ্ঠান, জাতীয় রাজস্ব বোর্ড, BSEC, DSE, CSE, RJSC, CDBL এবং অন্যান্য সরকারী ও বেসরকারী প্রতিষ্ঠান সহ সকলকে তাদের অব্যাহত সমর্থন ও সহযোগিতার জন্য আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি। পরিশেষে আসুন নিজে সুরক্ষিত থাকি, অন্যকে সুরক্ষিত রাখি। আপনাদের সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনায় -

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত
মোহাম্মদ ইউনুছ
চেয়ারম্যান

ব্যবস্থাপনা পরিচালকের বক্তব্য

বিসমিল্লাহির্ রহমানির্ রহিম্

প্রিয় শেয়ারহোল্ডারবৃন্দ

আসসালামুআলাইকুম ওয়া রহমাতুল্লাহ্

স্মরণ করছি সেই সব মুক্তিযোদ্ধাদের যাদের আত্মত্যাগেই অর্জিত হয়েছে লাল সবুজের বাংলাদেশ। বিজয়ের মাস ডিসেম্বরে তাদের প্রতি আমাদের বিনম্র শ্রদ্ধা।

সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪৩তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাচ্ছি। আমরা কোভিড-১৯ এর কারণে এমন একটা পরিস্থিতির মুখোমুখি হচ্ছি, যার ভয়াল থাবায় আমাদের অর্থনীতির চালিকা শক্তি ব্যবসা-বানিজ্যের প্রতিটি পদক্ষেপ আজ অনিশ্চিত অঙ্ককারের সম্মুখীন। অর্থনীতির এই অস্থির সময়ে আমি কোম্পানীর বিগত

অর্থবছরের সম্পাদিত আর্থিক প্রতিবেদন আপনাদের সামনে তুলে ধরছি। গত অর্থ বছরের শেষ ত্রৈমাসিকে যে আর্থিক সংকট আমরা পর্যবেক্ষণ করেছি তাতে আমাদের উৎপাদিত পণ্যের চাহিদা ও যোগানের উপর ব্যাপক হারে প্রভাব বিস্তার করেছিল। এই সংকট নিরসনের জন্য আমাদের অভিজ্ঞ ব্যবস্থাপনা পর্যদ এবং বিশ্বস্ত ও পরিশ্রমী কর্মীবাহিনী দিন-রাত নিরলসভাবে নিজেদের আত্মনিয়োগ করেছিলেন।

এখানে উল্লেখ্য যে, গত আর্থিক বছরের শেষ ত্রৈমাসিকে আমাদের বিক্রয় অনেকাংশে হ্রাস পেয়েছিল তারপরও আমরা থেমে থাকিনি। আমাদের ব্যবস্থাপনা পর্যদ কোভিড-১৯ এর ব্যাপকতা হতে ব্যবসার ধারাবাহিকতাকে সুরক্ষায় সময়ের সাথে নানাবিধ ব্যবস্থা গ্রহণ করেছিলেন। যার কারণে আজ আমরা আপনাদের সাথে এক হতে পেরেছি। আমরা আমাদের পুরো সংস্থা ও সকলকে নিয়ে ব্যয়ের খাতা নিয়ন্ত্রণ রাখার উদ্যোগ স্থায়ীকরণ করেছি। এই উদ্যোগের ফলে আমরা সবধরনের অপ্রয়োজনীয় ক্রিয়া-কলাপ নিরসন, রক্ষণাবেক্ষণের জন্য সংরক্ষিত অতিরিক্ত সম্পদের যথাযথ ব্যবহার সুনিশ্চিত করা এবং সামনের দিনগুলোতে নতুন উদ্যমে কাজ করার লক্ষ্যমাত্রা নির্ধারণ করেছি।

আমাদের ব্যবস্থাপনা পর্যদ ২০১৯-২০২০ অর্থবছরের জন্য নীট মুনাফা হতে শেয়ারহোল্ডারদের জন্য ৫% নগদ এবং ১০% স্টক লভ্যাংশ প্রদানের প্রস্তাবনা করেছেন যা অর্থনীতির অসময়ের প্রেক্ষাপটে একটি সময়োপযোগী সিদ্ধান্ত।

সবশেষে আমি ব্যবস্থাপনা পর্যদ এবং আমার সহকর্মীদের আন্তরিক সহযোগিতার জন্য ধন্যবাদ জানাচ্ছি। পাশাপাশি কৃতজ্ঞতা জানাচ্ছি সকল ক্রেতা, বিক্রেতা এবং সম্মানিত শেয়ারহোল্ডারদেরকে যারা আমাদের উপর অসম্ভব রকমের আস্থা ও বিশ্বাস অব্যাহত রেখেছেন। আরো কৃতজ্ঞতা জ্ঞাপন করছি জাতীয় রাজস্ব বোর্ড, BSEC, DSE, CSE, CDBL, RJSC ও আর্থিক প্রতিষ্ঠান সহ অন্যান্য সকল সরকারী ও বেসরকারী প্রতিষ্ঠানের প্রতি তাদের সার্বক্ষণিক সর্বাঙ্গিক সহযোগিতা জন্য।

পরিশেষে এই অসময়ের কালো মেঘ সরে যাবে আমাদের জীবন থেকে, আমরা আবার ঘুরে দাঁড়াব এই প্রত্যাশায় আপনাদের সকলের সুন্দর ভবিষ্যৎ, সাফল্য ও স্বাস্থ্য সুরক্ষা কামনা করছি।



ধন্যবাদান্তে

আপনাদের বিশ্বস্ত

Md. Faruque Jamun

মাহফুজা ইউনুছ

ব্যবস্থাপনা পরিচালক

Director's Report

Dear Shareholders,
Assalamualaikum,

The directors 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, 2020. 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 and possible future development

The outbreak of the Covid-19 pandemic created highly uncertain circumstances for paper making business in Bangladesh. The people in Bangladesh, like elsewhere are in an unprecedented situation where the economy is struggling to recover from the effect of the Covid-19.

From producers to importers, wholesalers to retailers, everyone in the paper industry takes a hit as schools and offices remain closed or have gone virtually to cope with the pandemic.

We, the SPBML, have always tried to maintain the best quality in our manufacturing activities over the last few years. We are committed to providing the best possible product at the most reasonable price available in the market. We hope that in the coming years our sustainable growth will be improved.

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 the actual production is 29,695 MT. The company operated 77.13% capacity of its utilization in the year 2019-2020.

Risk and Concern:

Risk management is the prioritized process of analyzing exposure to risk and probability of risks 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 mitigatory 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 the case of complexities, we consult outside expert/ legal adviser.

Cost of Goods Sold, Gross Profit and Net Profit Margin:

COGS of the company were Tk 1171.84 million in the current year compared to TK 1532.43 million in previous year. COGS to Sales Ratio was 83.19%. Gross profit stood at Tk 236.81 million compared to Tk 304.03 million of previous year. Net profit margin was 1.90% in 2019-2020 as compared to 3.45% of previous year.

Extraordinary Gain or Loss:

No events of extraordinary 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 funds from public issues took place which would require adjustment or disclosure in the annual report.

Financial Result Deterioration after Public Issue
This is not applicable for SPBML.

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 review.

Remuneration to Directors including Independent Director:

Directors remuneration is shown in the note no. 17 of the notes of the financial statements.

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 the 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 the preparation of the financial statements and any departure, therefore has been adequately disclosed.

Internal Control:

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

Minority Shareholders:

Minority shareholder's 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 inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future.

Significant deviation from last year's operating result:

During the year under review, our sales decreased to Tk 149.56 crore from Tk 197.65 crore of the previous year registering a negative growth of 24.33%. As a consequence of Covid-19 pandemic the whole country was under lock down situation and we have experienced a considerable fall in the sales of our

paper during the last quarter of the financial year. Net Operating Cash Flow per Share (NOCFPS) was TK 14.64 during the year under review as compared to Tk 0.80 in the last year. The reason behind this positive variance was less spending on the inventory as compared to last year.

Key Operating and Financial Data:

The summarized key operating and financial data for the five years is set out on page 11 of the Annual Report.

Dividend:

The Board of Directors has recommended for declaration of payment of cash dividend @5% i.e. Tk 0.5 per share of Tk. 10 each and 10% Stock Dividend for the year ended June 30, 2020 to the Shareholders, subject to the approval in the forthcoming AGM. The dividend will only be entitled to the shareholders' names will be appeared in the share register of the company /Depository Register of CDBL on record date i.e. November 19, 2020.

Board and Committee Meetings and Attendance

During the year 2019-2020 total five Board meetings, four Audit Committee meetings and one Nomination & Remuneration Committee were held. Details of the Board meetings, Audit Committee meetings and Nomination & Remuneration Committee are shown in page-30 of the Annual Report. The Managing Director, Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit & Compliance (HIAC) were present in all Board meetings.

The pattern of Shareholding and Name wise details:

The shareholding information as of June 30, 2020, and other related information are provided in Annexure-ii of the Annual Report.

Contribution to National Exchequer:

Sonali Paper & Board Mills Limited is one of the largest corporate taxpayers from the paper sector of the Country. Every year the Company is contributing significantly to the National Exchequer in the form of VAT and Taxes. During the year the Company contributed to the government exchequer a sum of Tk. 89.66 million.

Directors Election:

As per article 104 of the Articles of Association of the Company, one third to the Directors, for the time being, shall retire at 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 is to retire by rotation. Accordingly, Mr. Mohammed Younus and Mr. Mohammed Javed Noman will retire at this Annual General Meeting. Being eligible as per Article 106 they offer themselves for re-appointment. The brief profile of the Directors is given on page 6-8 of the Annual Report.

Election of Chairman

Mr. Mohammed Younus was elected the Chairman of the Company in recent February 2020.

Appointment of Managing Director

Mrs. Mahfuza Younus was appointed as Managing Director of the Company in recent February 2020.

Independent Director:

The Company has complied with the notification of the Bangladesh Securities & Exchange Commission with regard to appointment of Independent Director to the Board. The Company has three Independent Directors namely Mr. Kazi Aslam Hossain, Mr. A. K. M. Nurul Fazal Bulbul and Mr. Ashim Kumar Roy.

Management Discussion and Analysis:

Management's discussion and analysis have 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 19.

Corporate Governance Compliance Report:

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-C of the Annual Report.

Further in compliance with the BSEC notification dated June 3, 2018, Rahman Zasim & Co., Cost & Management Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 20 of this report.

Appointment of Statutory Auditor:

As per section 210 of the Companies Act 1994, the Company's statutory auditors MABS & J Partners, Chartered Accountants retire at the 43rd Annual General Meeting as auditors of the Company.

As per Bangladesh Securities & Exchange Commission (BSEC) Order no. SEC/CMRRCD/2009-193/104/ Admin dated July 27, 2011, the retiring auditors MABS & J Partners, Chartered Accountants being eligible for reappointment expressed their willingness to be reappointed for the year 2020-2021.

The audit committee of the Company recommended to appoint MABS & J Partners, Chartered Accountants as the auditors of the Company for the year 2020-2021. The Board of Directors endorsed the recommendation of the Audit Committee for appointment of MABS & J Partners, Chartered Accountants as the statutory auditors of the Company for the year 2020-2021 for a fee of Tk 80,000 (Eighty thousand) only subject to approval of the shareholders in the 43rd 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. BSEC/CMRRCD/2006 158/207/Admin/80: dated June 03, 2018, 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. 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 the 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 2020-2021 subject to approval of the shareholders of the Company in the 43rd Annual General Meeting.



Employees:

The total strength of SPBML employees stood 440 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 the Workers' Profit Participation Fund for its employees. The company provides 5% of profit before charging such expense to employees as Workers' Profit Participation Fund (WPPF) in accordance with the Bangladesh Labour Act 2006 (amended in 2013).

Health and Safety:

SPBML is committed to providing a healthy and risk-free environment for its employees. We have made it compulsory that various tools like a fire extinguisher, oxygen cylinder, mask, first-aid box, etc. should be available for the topmost 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 that 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 protecting the environmental issues. To the best of the Board's knowledge, the Company was not involved in any activity which might be harmful to the environment.

Corporate Social Responsibility:


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

Acknowledgment:

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 Ltd. (DSE), Chittagong Stock Exchange Ltd. (CSE) 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 to 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 2020-21 and the days ahead.

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



Mohammed Younus
Chairman

Annexure-A

[As per condition No. 1(5) (xxvi)]

Sonali Paper & Board Mills Ltd.

Declaration by CEO and CFO

Date: October 22, 2020

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, 2020.

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, 2020 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, 2020 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,

Mahfuza Younus
Mahfuza Younus
Chief Executive Officer

Zaid
Mohammad Ziaul Haque
Chief Financial Officer

Annexure-B
[Certificate as per condition No. 1(5)(xxvii)]
REPORT TO THE SHAREHOLDERS
OF
SONALI PAPER & BOARD MILLS LIMITED
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code of Sonali Paper & Board Mills Limited for the year ended on 30 June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.


Principal
Rahman Zasim & Co.
Cost & Management Accountants



Dhaka, 30 November 2020

Sonali Paper & Board Mills Limited

Status of Compliance with the Corporate Governance Guideline (CGC)

"Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:"

(Report under Condition No. 9)

| Condition no. | Title | Compliance status | | Remarks |
|----------------|---|-------------------|--------------|---|
| | | Complied | Not Complied | |
| 1 | Board of Directors | | | |
| 1(1) | Size of the Board of Directors The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty) | √ | | Board comprises 6 Members including 3 Independent Directors |
| 1(2) | Independent Directors | | | |
| 1(2)(a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | √ | | |
| 1(2)(b) | 'independent director' means a director- | | | |
| 1(2)(b)(i) | Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company; | √ | | |
| 1(2)(b)(ii) | who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company; | √ | | |
| 1(2)(b)(iii) | who has not been an executive of the company in immediately preceding 2 (two) financial years; | √ | | |
| 1(2)(b)(iv) | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | √ | | |
| 1(2)(b)(v) | who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | √ | | |
| 1(2)(b)(vi) | who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | √ | | |
| 1(2)(b)(vii) | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | √ | | |
| 1(2)(b)(viii) | who is not independent director in more than 5 (five) listed companies; | √ | | |
| 1(2)(b)(ix) | who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFi); | √ | | |
| 1(2)(b)(x) | who has not been convicted for a criminal offence involving moral turpitude; | √ | | |
| 1(2)(c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | √ | | |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; | √ | | No vacancy occurred |
| 1(2)(e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. | √ | | |

| Condition no. | Title | Compliance status | | Remarks |
|----------------|--|-------------------|--------------|------------------------|
| | | Complied | Not Complied | |
| 1(3) | Qualification of Independent Director | | | |
| 1(3)(a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business; | √ | | |
| 1(3)(b) | Independent Director shall have following qualifications | | | |
| 1(3)(b)(i) | Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | | | N/A |
| 1(3)(b)(ii) | Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk.100.00 million or of a listed company; | √ | | |
| 1(3)(b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; | √ | | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; | | | N/A |
| 1(3)(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | √ | | |
| 1(3)(c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | √ | | |
| 1(3)(d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission; | | | No such incident arose |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1(4)(a) | The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | √ | | |
| 1(4)(b) | The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | √ | | |
| 1(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | √ | | |
| 1(4)(d) | The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer; | √ | | |
| 1(4)(e) | In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | No such incident arose |
| 1(5) | The Directors' Report to Shareholders: | | | |
| 1(5)(i) | An industry outlook and possible future developments in the industry; | √ | | |
| 1(5)(ii) | The Segment-wise or product-wise performance; | √ | | |
| 1(5)(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | √ | | |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | √ | | |

| Condition no. | Title | Compliance status | | Remarks |
|----------------|--|-------------------|--------------|----------------------------|
| | | Complied | Not Complied | |
| 1(5)(v) | A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss); | | | N/A |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | | | N/A |
| 1(5)(vii) | A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments; | | | N/A |
| 1(5)(viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc; | | | N/A |
| 1(5)(ix) | An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements; | √ | | |
| 1(5)(x) | A statement of remuneration paid to the 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 result of its operations, 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) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | √ | | Notes to Accounts 2.09 |
| 1(5)(xv) | The system of internal control is sound in design and has been effectively implemented and monitored; | √ | | |
| 1(5)(xvi) | Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | √ | | |
| 1(5)(xvii) | There is no significant doubt 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 there of shall be disclosed; | √ | | |
| 1(5)(xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained; | √ | | |
| 1(5)(xix) | Key operating and financial data of at least preceding 5 (five) years shall be summarized; | √ | | Page No. 11 |
| 1(5)(xx) | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year; | | | N/A |
| 1(5)(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | √ | | |
| 1(5)(xxii) | The total number of Board meetings held during the year and attendance by each director; | √ | | |
| 1(5)(xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:- | √ | | Annexure-ii Page No. 31 |
| 1(5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | | | N/A |
| 1(5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); | √ | | |
| 1(5)(xxiii)(c) | Executives; and | √ | | |
| 1(5)(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); | √ | | |
| 1(5)(xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:- | | | |
| 1(5)(xxiv)(a) | a brief resume of the director | √ | | |
| 1(5)(xxiv)(b) | nature of his or her expertise in specific functional areas; | √ | | |

| Condition no. | Title | Compliance status | | Remarks |
|---------------|--|-------------------|--------------|---------------|
| | | Complied | Not Complied | |
| 1(5)(xxiv)(c) | names of companies in which the person also holds the directorship and the membership of committees of the Board; | √ | | |
| 1(5)(xxv) | Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | √ | | Page No-18 |
| 1(5)(xxv)(a) | accounting policies and estimation for preparation of financial statements; | √ | | |
| 1(5)(xxv)(b) | changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | | | N/A |
| 1(5)(xxv)(c) | comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | √ | | |
| 1(5)(xxv)(d) | compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | √ | | |
| 1(5)(xxv)(e) | briefly explain the financial and economic scenario of the country and the globe; | √ | | |
| 1(5)(xxv)(f) | risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; | √ | | |
| 1(5)(xxv)(g) | future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | √ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; | √ | | |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | √ | | |
| 1(6) | Meetings of the Board of Directors: The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | √ | | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | √ | | |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | | | Under Process |
| 2 | Governance of Board of Directors of Subsidiary Company | | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | | | N/A |
| 2(b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | | | N/A |
| 2(c) | 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 |
| 2(d) | 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 |

| Condition no. | Title | Compliance status | | Remarks |
|---------------|---|-------------------|--------------|---------|
| | | Complied | Not Complied | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | | | N/A |
| 3 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | | |
| 3(1) | Appointment | | | |
| 3(1)(a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | √ | | |
| 3(1)(b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | √ | | |
| 3(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | √ | | |
| 3(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | √ | | |
| 3(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | √ | | |
| 3(2) | Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter. | √ | | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | √ | | |
| 3(3)(a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | √ | | |
| 3(3)(a)(i) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | √ | | |
| 3(3)(a)(ii) | 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; | √ | | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that 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 or its members | √ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | √ | | |
| 4 | Board of Directors' Committee:- | √ | | |
| 4(i) | Audit Committee | √ | | |
| 4(ii) | Nomination and Remuneration Committee | √ | | |
| 5 | Audit Committee | | | |
| 5(1) | Responsibility to the Board of Directors | | | |
| 5(1)(a) | The company shall have an Audit Committee as a sub-committee of the Board; | √ | | |
| 5(1)(b) | The Audit Committee shall assist the Board 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; | √ | | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | √ | | |

| Condition no. | Title | Compliance status | | Remarks |
|---------------|---|-------------------|--------------|---------|
| | | Complied | Not Complied | |
| 5(2) | Constitution of the Audit Committee | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members; | √ | | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | √ | | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | √ | | |
| 5(2)(d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | | | N/A |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee; | √ | | |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | | |
| 5(3) | Chairperson of the Audit Committee | | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | √ | | |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | N/A |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM); | √ | | |
| 5(4) | Meeting of the Audit Committee | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year | √ | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | √ | | |
| 5(5) | Role of Audit Committee: | | | |
| 5(5)(a) | Oversee the financial reporting process; | √ | | |
| 5(5)(b) | monitor choice of accounting policies and principles; | √ | | |
| 5(5)(c) | monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | √ | | |
| 5(5)(d) | oversee hiring and performance of external auditors; | √ | | |
| 5(5)(e) | hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | √ | | |
| 5(5)(f) | review along with the management, the annual financial statements before submission to the Board for approval; | √ | | |
| 5(5)(g) | review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval; | √ | | |
| 5(5)(h) | review the adequacy of internal audit function; | √ | | |
| 5(5)(i) | review the Management's Discussion and Analysis before disclosing in the Annual Report; | √ | | |
| 5(5)(j) | review statement of all related party transactions submitted by the management; | | | N/A |
| 5(5)(k) | review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | √ | | |

| Condition no. | Title | Compliance status | | Remarks |
|-----------------------|---|-------------------|--------------|-----------------------------------|
| | | Complied | Not Complied | |
| 5(5)(l) | oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; | √ | | |
| 5(5)(m) | oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: | | | N/A |
| 5(6) | Reporting of the Audit Committee | | | |
| 5(6)(a) | Reporting to the Board of Directors | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | √ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any:- | | | N/A |
| 5(6)(a)(ii)(a) | report on conflicts of interests; | | | |
| 5(6)(a)(ii)(b) | suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | N/A |
| 5(6)(a)(ii)(c) | suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; | | | N/A |
| 5(6)(a)(ii)(d) | any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | | | N/A |
| 5(6)(b) | Reporting to the Authorities: | | | |
| | If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier. | | | No such reportable incident arose |
| 5(7) | Reporting to the Shareholders and General Investors: | | | |
| | Report on activities carried out by the Audit Committee, including any report made to the Board under condition No.5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | √ | | |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6(1) | Responsibility to the Board of Directors | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board; | √ | | |
| 6(1)(b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | √ | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b). | √ | | |
| 6(2) | Constitution of the NRC | | | |
| 6(2)(a) | The Committee shall comprise of at least three members including an independent director; | √ | | |
| 6(2)(b) | All members of the Committee shall be non-executive directors; | √ | | |
| 6(2)(c) | Members of the Committee shall be nominated and appointed by the Board; | √ | | |
| 6(2)(d) | The Board shall have authority to remove and appoint any member of the Committee; | √ | | |
| 6(2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | | | N/A |

| Condition no. | Title | Compliance status | | Remarks |
|---------------|--|-------------------|--------------|------------------------|
| | | Complied | Not Complied | |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | | | N/A |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee; | √ | | |
| 6(2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | √ | | |
| 6(2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | √ | | |
| 6(3) | Chairperson of the NRC | | | |
| 6(3)(a) | The Board shall select 1 (one) member of the NRC to be Chair person of the Committee, who shall be an independent director; | √ | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | No such Incident arose |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders. | √ | | |
| 6(4) | Meeting of the NRC | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | √ | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | | | No such Incident arose |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | √ | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | √ | | |
| 6(5) | Role of the NRC | √ | | |
| 6(5)(a) | NRC shall be independent and responsible or account able to the Board and to the shareholders; | √ | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board; | | | |
| 6(5)(b)(i) | formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | √ | | |
| 6(5)(b)(i)(a) | the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | √ | | |
| 6(5)(b)(i)(b) | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; | √ | | |
| 6(5)(b)(i)(c) | remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | √ | | |
| 6(5)(b)(ii) | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | √ | | |
| 6(5)(b)(iii) | identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | √ | | |
| 6(5)(b)(iv) | formulating the criteria for evaluation of performance of independent directors and the Board; | √ | | |
| 6(5)(b)(v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; | √ | | |
| 6(5)(b)(vi) | developing, recommending and reviewing annually the company's human resources and training policies; | √ | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual Report. | √ | | |
| 7 | External or Statutory Auditors | | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | | | |

| Condition no. | Title | Compliance status | | Remarks |
|---------------|---|-------------------|--------------|-----------------------|
| | | Complied | Not Complied | |
| 7(1)(i) | appraisal or valuation services or fairness opinions; | √ | | |
| 7(1)(ii) | financial information systems design and implementation; | √ | | |
| 7(1)(iii) | book-keeping or other services related to the accounting records or financial statements; | √ | | |
| 7(1)(iv) | broker-dealer services; | √ | | |
| 7(1)(v) | actuarial services; | √ | | |
| 7(1)(vi) | internal audit services or special audit services; | √ | | |
| 7(1)(vii) | any service that the Audit Committee determines; | √ | | |
| 7(1)(viii) | audit or certification services on compliance of corporate governance as required under condition No. 9(1); | √ | | |
| 7(1)(xi) | any other service that creates conflict of interest. | √ | | |
| 7(2) | 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; his or her family members also shall not hold any shares in the said company | √ | | |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders. | √ | | |
| 8 | Maintaining a website by the Company | | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange. | | √ | Will be complied soon |
| 8(2) | The company shall keep the website functional from the date of listing. | √ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | √ | | |
| 9 | Reporting and Compliance of Corporate Governance | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | √ | | |
| 9(2) | 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. | √ | | |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | √ | | |

Directors Meeting & Attendance

During the financial year under reporting total five Board Meetings were held and the attendance of the Directors is noted below:

| Name of Directors | Designation | Total Meeting | Meeting Attended |
|---------------------------|----------------------|---------------|------------------|
| Mohammed Younus | Chairman | 5 | 5 |
| Mahfuza Younus | Managing Director | 5 | 5 |
| Mohammed Javed Noman | Director | 5 | 4 |
| Kazi Aslam Hossain | Independent Director | 5 | 5 |
| A.K.M. Nurul Fazal Bulbul | Independent Director | 5 | 4 |
| Ashim Kumar Roy | Independent Director | 5 | 3 |

The statement of remuneration paid to the Directors for attending meetings of the Board of Directors during the financial year under reporting are noted below:

Annexure-i

| Sl. No | Name of Directors | Board Meeting | | Audit Committee | NRT Committee | Total Fees Paid (Tk.) |
|--------|---|---------------|----------------|-----------------|---------------|-----------------------|
| | | Attendance | Fees (Tk.) | Attendance | Attendance | |
| 1 | Mohammed Younus Chairman | 5/5 | 48,000 | - | - | 48,000 |
| 2 | Mahfuza Younus Managing Director | 5/5 | 48,000 | - | - | 48,000 |
| 3 | Mohammed Javed Noman Director | 4/5 | 38,400 | 4/4 | 1/1 | 38,400 |
| 4 | Kazi Aslam Hossain Independent Director | 5/5 | 48,000 | 4/4 | 1/1 | 48,000 |
| 5 | A.K.M. Nurul Fazal Bulbul Independent Director | 4/5 | 38,400 | - | - | 38,400 |
| 6 | Ashim Kumar Roy Independent Director | 3/5 | 28,800 | 4/4 | 1/1 | 28,800 |
| | Total | | 249,600 | | | 249,600 |

** Audit Committee and Nomination & Remuneration Committee members do not receive any meeting fee.

The pattern of shareholding

Annexure-ii

The Pattern of Shareholding as on 30 June, 2018 is given below:

a) Parent/Subsidiary/Associated Companies and other related parties (as explained in the BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018) : Nil

b) The Shareholding status of The Directors, Chief Executive Officer/Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children as on June 30, 2020 are as follows:

| Name | Designation | No. of Share | Percentage of Holding |
|---------------------------|-------------------------------------|--------------|-----------------------|
| Mohammed Younus | Chairman | 22,94,092 | 13.79% |
| Mohammed Javed Noman | Director | 74,02,742 | 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 |
| Mahfuza Younus | Managing Director | 22,89,641 | 13.76% |
| Md. Rashedul Hossain | Company Secretary | Nil | Nil |
| Mohammad Ziaul Haque | Chief Financial Officer | Nil | Nil |
| Md. Mahabub Alam | Head of Internal Audit & Compliance | Nil | Nil |

c) Executives (as explained in the BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018) – 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 | 22,94,092 | 13.79% |
| Mahfuza Younus | 22,89,641 | 13.76% |
| Mohammed Javed Noman | 74,02,742 | 44.49% |

Audit Committee Report

The term 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 Code of Bangladesh Securities and Exchange Commission (BSEC).

The Committee is appointed by and responsible to the Board of Directors. At present the Audit Committee consists of three members of the Board and two of them are Independent Directors. They are Mr. Kazi Aslam Hossain, Independent Director and Chairman of the Audit Committee, Mr. Ashim Kumar Roy, (Independent Director) Member and Mr. Mohammed Javed Noman, Member.

Mr. Md. Rashedul Hossain, Company Secretary acts as Secretary of the Committee.

During the financial year ended on June 30, 2020 four meetings of the Audit Committee were held. The details of attendance of the members have been shown in the Annexure-i of Annual Report. The Chief Financial Officer (CFO), The Head of Internal Audit and Compliance (HIAC) attended the meetings by invitation.

Activities carried out during the year:

1. Reviewed the quarterly, half yearly and Annual Financial Statements of the Company before submission to the Board for their approval.
2. Reviewed the effectiveness of the internal control and also reviewed audit objection of Head of Internal Audit and also reviewed points and 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 MABS & J Partners, Chartered Accountants, as External Auditors of the Company for the year 2020-2021.
6. Recommended to the Board regarding the appointment of Rahman Zasim & Co., Cost & Management Accountants as Compliance Auditors of the Company for the year 2020-2021.

The committee is of the opinion that adequate controls and procedures are there to provide reasonable assurance that the company's assets are safe guarded, 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

Report of the Nomination & Remuneration Committee

As per the requirements of the BSEC Code of Corporate Governance the Board of Directors of Sonali Paper & Board Mills Limited has constituted a Nomination and Remuneration Committee (NRC). The NRC is a Sub-Committee of the Board.

Composition of the Committee

The Nomination and Remuneration Committee (NRC) consist of three Directors including two Independent Directors. One of Independent Directors is the Chairman of the Committee. The Committee acts as per the terms and conditions of the Corporate Governance Code of BSEC. The Committee members are:

- | | |
|--|----------|
| 1. Mr. Ashim Kumar Roy Independent Director | Chairman |
| 2. Mr. Kazi Aslam Hossain Independent Director | Member |
| 3. Mr. Mohammed Javed Noman Director | Member |

Company Secretary Md. Rashedul Hossain acts as the Secretary of the Committee.

The Managing Director, the Chief Financial Officer (CFO), Head of HR attend the meetings as and when required by invitation.

Major Role and Responsibilities of the Committee

- The Committee is an Independent sub-committee of the Board and responsible or accountable to the Board and to the Shareholders of the Company.
- The Committee discharges the responsibilities and acts as stipulated in the Terms of Reference (ToR) of the Nomination and Remuneration Committee adopted by the Board in line with the Corporate Governance Code 2018.

The activities of the NRC during the year were as follows:

- During the year under review the Committee met once. The Managing Director, the Chief Financial Officer and Head of Human Resources attended the meeting by the invitation of the Committee. The attendance record of the members is shown in Annexure-i of the Annual Report.
- Reviewed the management's proposals for the annual increment/ promotion/ enhancement of salary and renewal of contract appointments of Senior Management of the Company.

On behalf of the Committee



Ashim Kumar Roy

Chairman

Nomination and Remuneration Committee

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/185

BAPLC

Date of issue : June 25, 2020

Renewed Certificate

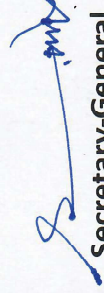
This is to certify that

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 2020.




Secretary-General

Directors' Statement of Responsibility for the financial Statements

The Directors are:

- Responsible for ensuring the maintenance of proper accounting records, which disclose with reasonable accuracy the financial position of the Company at any time and from which financial statements can be prepared to comply with the Companies act 1994, Securities and Exchange Rules 1987 and the Listing Regulations of the Exchanges.
- Required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period;
- Responsible also for ensuring the operation of systems of internal control and for taking reasonable steps to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities;

The financial statements for the year ended 30 June 2019, comprising principal statements and supporting notes are set out in this report. The Directors confirm that suitable accounting policies have been consistently applied in the preparation of financial statements, supported by reasonable and prudent judgements and estimates as necessary; applicable accounting standards have been followed, and the financial statements have been prepared on the going concern basis.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal control

The board, through the audit Committee, has reviewed the assessments of risks and internal control framework that operates in Sonali Paper & Board Mills Limited and has considered the effectiveness of the system of internal control in operation in the Company for the year covered by this report and up to the date of its approval by the Board of Directors.

Annual Report

The Annual Report for the year ended 30 June 2019, comprising the Report of Directors and the Financial Statements, has been approved by the Board of Directors.

Snapshots of 42nd AGM



Snapshots of 42nd AGM



Independent Auditor's Report To the Shareholders of Sonali Paper & Board Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sonali Paper & Board Mills Limited, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended 30 June 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matters provided in that context.



| Risk | Our response to the risk |
|---|--|
| Revenue Recognition | |
| <p>During this year, net sales revenue of Tk. 1,408,650,300.</p> <p>Revenue is measured net of discounts, commission and rebates earned by customers on the sales. Within a number of the markets, the estimation of discounts, commission and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p> | <p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period; • Within a number of the Company’s markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing. • Agreeing a sample of claims and rebate accruals to supporting documentation; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards; • Performing cut-off test by obtaining delivery challan for goods delivered during the beginning of the next accounting period and at the close of current accounting year to verify whether sales are recorded in the current accounting period; and • Inspecting VAT returns submitted to VAT authority to determine consistency of sales revenue recognized. |
| See note no 15.00 to The Financial Statements | |



| Valuation of Inventory | |
|---|--|
| <p>The inventory of Tk. 263,923,073 as at 30 June 2020, held in warehouses and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the directors apply judgement in determining the appropriate values for slow-moving or obsolete items.</p> | <p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of warehouses; • Testing, on a sample basis, the stock aging profile, expiry dates and the market price used in assessing the net realizable values of inventories to the related documents. • Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; • Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and • Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete. |
| See Note No 4.00 to the Financial Statements | |
| Measurement of Deferred Tax Liabilities | |
| <p>Net Deferred Tax liabilities Tk. 300,060,344 as at 30 June 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p> | <p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liabilities. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. • We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities. • We also assessed the appropriateness of presentation of disclosures against IAS 12 Income Tax. |
| See note no 11 to the financial statements | |



Valuation of Property, Plant & Equipment

The carrying value of the PPE amounted to Tk. 5,792,468,096 at 30 June 2020. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.

Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.

Our audit included the following procedures:

- We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.
- We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals.
- We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate.
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.

We checked whether the depreciation of PPE items was commenced namely, by comparing the date of the reclassification from capital in progress to ready for use, with the date of the act of completion of the work.

See Note No 03 to the Financial Statements

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The Company's statement of financial position and statement of profit or loss and other comprehensive income with the report are in agreement with the books of account.
- d) The expenditure incurred was for the purpose of the Company's business.

Dated: 22 October 2020
Place: Dhaka



J C Biswas, FCA
Partner
MABS & J Partners
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Statement of Financial Position

As at 30 June 2020

| Particulars | Notes | Amount in Taka 30 June 2020 | Amount in Taka 30 June 2019 |
|--|-----------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Non-Current Assets | | 5,792,468,096 | 5,791,474,979 |
| Property, Plant and Equipments | 3 | 5,792,468,096 | 5,791,474,979 |
| Current Assets | | 512,521,723 | 596,860,331 |
| Inventories | 4 | 263,923,073 | 319,782,979 |
| Trade and Other Receivables | 5 | 191,240,291 | 166,184,770 |
| Advances, Deposits & Prepayments | 6 | 22,168,947 | 74,175,197 |
| Cash and Cash Equivalents | 7 | 35,189,412 | 36,717,385 |
| TOTAL ASSETS | | 6,304,989,819 | 6,388,335,310 |
| EQUITY AND LIABILITIES | | | |
| Share Holders' Equity | | 5,122,869,917 | 5,096,137,536 |
| Share Capital | 8 | 166,389,850 | 151,263,500 |
| Revaluation Reserve | 9 | 4,927,446,858 | 4,927,446,858 |
| Retained Earnings | | 29,033,209 | 17,427,178 |
| Non-Current Liabilities | | 315,537,053 | 369,142,506 |
| Long Term Bank Loan (Secured) | 10 | 15,476,709 | 68,162,379 |
| Deferred Tax Liability | 11 | 300,060,344 | 300,980,127 |
| Current Liabilities | | 866,582,849 | 923,055,269 |
| Short Term Bank Loan (Secured) | 12 | 717,668,881 | 785,323,792 |
| Current Portion of Long Term Loan | 10 | 75,792,251 | 73,210,788 |
| Trade and Other Payables | 13 | 55,813,399 | 38,118,330 |
| Provision for Income Tax | 14 | 17,308,318 | 26,402,359 |
| TOTAL EQUITY AND LIABILITIES | | 6,304,989,819 | 6,388,335,310 |
| Net Asset Value (NAV) per Share | 22 | 307.88 | 336.90 |

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Managing Director

This is the Statement of Financial Position referred to in our separate report of even date.

Dated: 22 October 2020
Place: Dhaka


J C Biswas, FCA
Partner
MABS & J Partners
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended 30 June 2020

| Particulars | Notes | Amount in Taka 2019-2020 | Amount in Taka 2018-2019 |
|--|-----------|-----------------------------|-----------------------------|
| Revenue | 15 | 1,408,650,300 | 1,836,468,625 |
| Less: Cost of Goods Sold | 16 | (1,171,842,159) | (1,532,434,322) |
| Gross Profit | | 236,808,141 | 304,034,303 |
| Less: Operating Expenses: | | (131,152,861) | (141,608,178) |
| Administrative Expenses | 17 | (120,294,015) | (128,332,086) |
| Selling and Distribution Expenses | 18 | (10,858,846) | (13,276,092) |
| Profit from Operation | | 105,655,279 | 162,426,125 |
| Less: Finance Cost | 19 | (66,168,778) | (73,541,149) |
| Add: Other Income | 20 | 268,290 | 139,009 |
| Profit before W.P.P.F | | 39,754,792 | 89,023,784 |
| Less: Workers Profit Participation Fund @ 5% | | (1,893,085) | (4,451,189) |
| Net Profit / (Loss) before Tax | | 37,861,706 | 84,572,595 |
| Less: Income Tax Expense | 21 | (11,129,325) | (21,143,148) |
| Net Profit after Tax | | 26,732,381 | 63,429,447 |
| Earnings Per Share (EPS) | 23 | 1.61 | 3.81 |

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:


Chief Financial Officer

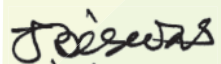

Company Secretary


Director


Managing Director

This is the Statement of Profit or Loss and other Comprehensive Income referred to in our separate report of even date.

Dated: 22 October 2020
Place: Dhaka


J C Biswas, FCA
 Partner
MABS & J Partners
 Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Statement of Changes in Equity For the year ended 30 June 2020

| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total Taka |
|--------------------------------|--------------------|----------------------|-------------------|----------------------|
| As at 30 June 2019 | 151,263,500 | 4,927,446,858 | 17,427,178 | 5,096,137,536 |
| Profit for the year | - | - | 26,732,381 | 26,732,381 |
| Stock Dividend (2018-2019) | 15,126,350 | - | (15,126,350) | - |
| Balance at 30 June 2020 | 166,389,850 | 4,927,446,858 | 29,033,209 | 5,122,869,917 |

SONALI PAPER & BOARD MILLS LIMITED

Statement of Changes in Equity For the year ended 30 June 2019

| Particulars | Share Capital | Revaluation Reserve | Retained Earnings | Total Taka |
|--------------------------------|--------------------|----------------------|-------------------|----------------------|
| As at 30 June 2018 | 151,263,500 | 4,927,446,858 | (46,002,269) | 5,032,708,089 |
| Profit for the year | - | - | 63,429,447 | 63,429,447 |
| Balance at 30 June 2019 | 151,263,500 | 4,927,446,858 | 17,427,178 | 5,096,137,536 |

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Managing Director

This is the Statement of Changes in Equity referred to in our separate report of even date.

Dated: 22 October 2020
Place: Dhaka


J C Biswas, FCA
Partner
MABS & J Partners
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Statement of Cash Flows

As at and for the year ended 30 June 2020

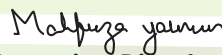
| Particulars | Notes | Amount in Taka 2019 - 2020 | Amount in Taka 2018 - 2019 |
|--|-------|-------------------------------|-------------------------------|
| A. Cash Flows from Operating Activities | | | |
| Cash received from customers | | 1,469,484,010 | 1,890,499,083 |
| Paid to suppliers, payables and other expenses | | (1,006,899,518) | (1,646,739,913) |
| Paid for administrative expenses | | (55,339,462) | (67,724,242) |
| Paid for Selling Expenses | | (10,514,583) | (13,276,092) |
| Advance, Deposit & Prepayments (Trading Purpose) | | (50,087,255) | 2,477,670 |
| VAT paid | | (83,833,935) | (139,283,900) |
| Income tax paid | | (19,224,154) | (12,579,756) |
| Net cash generated from operating activities | | 243,585,103 | 13,372,850 |
| B. Cash Flows from Investing Activities | | | |
| Purchase of property, plant and equipment | | (61,453,472) | (65,115,964) |
| Bank interest income | | 268,290 | 139,009 |
| Net cash used in investing activities | | (61,185,182) | (64,976,955) |
| C. Cash Flows from Financing Activities | | | |
| Long term bank loan received/(refund) | | (50,104,206) | (52,864,439) |
| Short term bank loan received/(refund) | | (67,654,910) | 169,502,534 |
| Finance cost | | (66,168,778) | (73,541,349) |
| Net cash from financing activities | | (183,927,894) | 43,096,746 |
| D. Net cash inflow/(outflow) for the period (A+B+C) | | (1,527,973) | (8,507,359) |
| E. Opening cash and cash equivalents | | 36,717,385 | 45,224,744 |
| F. Closing Cash and Cash equivalents (D+E) | | 35,189,412 | 36,717,385 |
| | | | |
| Net Operating Cash Flow Per Share | 24 | 14.64 | 0.80 |

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 22 October 2020 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Managing Director

This is the Statement of Cash Flows referred to in our separate report of even date.

Dated: 22 October 2020
Place: Dhaka


J C Biswas, FCA
Partner
MABS & J Partners
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Notes to the Financial Statements

As at and for the year ended 30 June 2020

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 company listed with Dhaka Stock Exchange Limited (DSE) in the year 1985 & Re-listed on 15 June 2020 and listed with Chittagong Stock Exchange Limited (CSE) on 21 December 1996 & Re-listed on 15 June 2020. The shares of the company are traded in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited of Bangladesh.

1.02 Address of the Registered Office and Factory

The registered office of the Company is Located at 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 International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) 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 22 October 2020.

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 Bangladeshi Taka (Taka/Tk.) which is the Company's functional currency. All financial information presented in Taka has been rounded off.

2.05 Use of Estimates and Judgments:

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Due to inherent uncertainties involved in making estimates actual results may differ from those estimates and under lying 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 IASs.



2.07 Reporting Period

The Financial Statements covers twelve months from 1 July 2019 to 30 June 2020 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 IAS-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 IAS-1.

2.09 Compliance with International Accounting Standards (IASs)

IAS - 01 Presentation of Financial Statements

IAS - 02 Inventories

IAS - 07 Statement of Cash Flows

IAS - 08 Accounting Policies, Changes in Accounting Estimates and Errors

IAS - 10 Events After the Reporting Period

IAS - 12 Income Taxes

IAS - 16 Property, Plant and Equipment

IAS - 19 Employee Benefits

IAS - 21 The Effects of Changes in Foreign Exchange Rates

IAS - 23 Borrowing Costs

IAS - 24 Related Party Disclosures

IAS - 33 Earnings Per Share

IAS - 36 Impairment of Assets

IAS - 37 Provisions, Contingent Liabilities and Assets

IFRS - 7 Financial Instruments: Disclosures

IFRS - 9 Financial Instruments

IFRS -15 Revenue from Contract with Customers

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

2.10 Property, Plant and Equipment (PPE)

Recognition and Measurement:

Property, Plant and Equipments 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 & Equipments 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 IAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

| SI No. | Non-Current Assets | Rate of Depreciation. |
|--------|---------------------------------|-----------------------|
| 01 | Building & Godown | 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 IAS 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 IAS-2. The cost of inventories is based on the FIFO method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate allocation of production overheads based on normal operation capacity.

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

2.14 Income Taxes

Current Tax:

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

Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

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 IAS 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. IAS 1 "Presentation of Financial Statements" provides that Cash and Cash Equivalents are not restricted in use. Considering the provision of IAS 7 & IAS 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

a) Provident Fund

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

b) Defined benefit plan (Gratuity)

The Company operates an unfunded gratuity scheme. Each employee who has completed five years of service is eligible to one month gratuity for each completed year. The Company has provided gratuity liability during the year.

c) Medical Aid Benefit

The company provides medical aid benefit to all employees.

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 Recognition

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

05 (five) step approach applied are as follows :

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

Interest Income

It is recognized on accrual 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 IAS-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 IAS 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 IAS 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-17 & 29.

2.23 Finance Cost

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

2.24 Provisions

In accordance with the guidelines as prescribed by IAS 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 IFRS 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 as regards National Board of Revenue (NBR) case against Customs Duty of Tk. 190,914,362 since 1996 and Titas Gas case of Tk. 123,789,334 since 2006 totaling Tk. 314,703,696 which are 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 2020;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020;
- Statement of Change in Equity for the year ended 30 June 2020;
- Statement of Cash Flows for the year ended 30 June 2020; and
- Accounting Policies and Explanatory Notes to the Financial Statements for the year ended 30 June 2020.

2.29 General

The Financial Statements are prepared and presented in Bangladeshi Currency (Taka) which is the Company's Functional currency. All financial information presented have been rounded off to nearest Taka.



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|--|-------------------------------|------------------------------|
| | 3.00 Property, Plant and Equipment: Tk. 5,792,468,096 | | |
| | The break-up is as below: | | |
| | Cost | | |
| | Opening Balance | 6,288,491,997 | 6,223,376,033 |
| | Addition during the year | 61,453,472 | 65,115,964 |
| | Adjustment during the year | - | - |
| | Closing Balance | 6,349,945,469 | 6,288,491,997 |
| | Accumulated Depreciation | | |
| | Opening Balance | 497,017,018 | 436,409,174 |
| | Charged during the year | 60,460,355 | 60,607,844 |
| | Adjustment during the year | - | - |
| | Closing Balance | 557,477,373 | 497,017,018 |
| | Written Down Value | 5,792,468,096 | 5,791,474,979 |

Details of Property, Plant and Equipment along with depreciation charged thereon as on 30 June 2020 has been shown in **Annexure-"A"**. Full amount of depreciation has been charged to administrative 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. 263,923,073

The break-up is as below:

| | | | |
|----------------------|--------------|--------------------|--------------------|
| Raw Materials | Note 4.01 | 190,514,169 | 252,581,863 |
| Materials-In-Process | Note 4.02 | 12,579,822 | 9,750,360 |
| Finished Goods | Note 4.03 | 60,712,492 | 57,301,521 |
| Spare Parts | Note 4.04 | 116,590 | 149,235 |
| | Total | 263,923,073 | 319,782,979 |

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

| | Quantity (KG) | Quantity (KG) |
|--|------------------|------------------|
| Opening Balance | 9,422,868 | 3,174,768 |
| Add: Purchase & Import during the year | 31,487,608 | 49,565,229 |
| Available for Use | 40,910,476 | 52,739,997 |
| Less: Consumption during the Year | 36,944,190 | 43,317,129 |
| Closing Balance | 3,966,286 | 9,422,868 |

4.02 Materials-In- Process

| | Quantity (KG) | Quantity (KG) |
|---------------------------------------|------------------|------------------|
| Opening Balance | 143,387 | 152,122 |
| Add: Input from Store during the year | 36,944,190 | 43,317,129 |
| Available for Production | 37,087,577 | 43,469,251 |
| Less: Production (Process Completed) | 29,695,138 | 35,002,709 |
| | 7,392,439 | 8,466,542 |
| Less: Closing Balance | 182,740 | 143,387 |
| Normal Process Loss | 7,209,699 | 8,323,155 |
| % of Normal Process Loss | 24.28 | 23.78 |

4.03 Finished Goods

| | Quantity (KG) | Quantity (KG) |
|---------------------------------|------------------|----------------|
| Opening Balance | 724,495 | 776,751 |
| Add: Production during the year | 29,695,138 | 35,002,709 |
| Available for Sales | 30,419,633 | 35,779,460 |
| Less: Sales during the year | 29,411,432 | 35,054,965 |
| Closing Balance | 1,008,201 | 724,495 |



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|-------------|-------------------------------|------------------------------|
|--------|-------------|-------------------------------|------------------------------|

4.04 Spare Parts: Tk. 116,590

The break-up is as below:

| | |
|--|--|
| Opening Balance | |
| Add: Purchase during the year | |
| Available for Use | |
| Less: Consumption (Machine Rep. & Maintenance) | |
| Closing Balance | |

| Amount in Taka | Amount in Taka |
|----------------|----------------|
| 149,235 | 152,760 |
| 423,673 | 581,010 |
| 572,908 | 733,770 |
| 456,318 | 584,535 |
| 116,590 | 149,235 |

5.00 Trade and Other Receivables: Tk. 191,240,291

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

| | | | |
|-------------------|-----------|--------------------|--------------------|
| Trade Receivable | Note 5.01 | 191,132,584 | 166,184,770 |
| Others Receivable | Note 5.02 | 107,707 | - |
| Total | | 191,240,291 | 166,184,770 |

5.01 Trade Receivable: Tk. 191,132,584

The break-up is as below:

| | |
|--------------------------------|--|
| Opening Balance | |
| Add: Sales during the year | |
| Less: Realised during the year | |
| Less: Provision for Bad Debts | |
| Closing Balance | |

| | |
|--------------------|--------------------|
| 166,184,770 | 80,202,987 |
| 1,495,584,554 | 1,976,480,866 |
| 1,661,769,324 | 2,056,683,853 |
| 1,469,484,010 | 1,890,499,083 |
| 1,152,730 | - |
| 191,132,584 | 166,184,770 |

5.02 Others Receivable: Tk. 107,707

The break-up is as below:

| | |
|---|--|
| Interest on MTDR A/C # 838089/2839 (IBBL) | |
| Interest on MTDR A/C # 838341/3089 (IBBL) | |

| | |
|----------------|----------|
| 94,068 | - |
| 13,639 | - |
| 107,707 | - |

Aging of Trade Receivables

| | | |
|-------------------------|--------------------|--------------------|
| Below 30 days | 62,608,485 | 88,847,950 |
| Within 31-60 days | 12,627,571 | 56,623,115 |
| Within 61-90 days | 1,776,292 | 11,525,480 |
| Above 90 days | 115,272,965 | 9,188,225 |
| Provision for Bad Debts | (1,152,730) | - |
| Total | 191,132,584 | 166,184,770 |

(ii) There was no amount due by the Directors (Including Managing Director), Managing Agents, Managers 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 | 191,132,583 | 166,184,770 |
| Receivables considered doubtful bad | 1,152,730 | - |
| Receivable to Directors | - | - |
| Receivables due by common management | - | - |
| The maximum amount of receivable due by any director or other officer of the company. | - | - |
| Total | 192,285,313 | 166,184,770 |



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|-------------|---|-------------------------------|------------------------------|
| 6.00 | Advances, Deposits & Prepayments: Tk. 22,168,947 | | |
| | The break-up is as below: | | |
| | Fixed Security Deposits (Electricity & Gas) | 2,492,411 | 2,492,411 |
| | Advance Income Tax Note-6.01 | 2,721,822 | 4,640,817 |
| | L/C Margin & Goods In Transit Note-6.02 | 10,371,654 | 62,254,470 |
| | Advance VAT Deposit Note-6.03 | 626,004 | 626,004 |
| | Salaries & Allowances | 791,574 | 791,612 |
| | Security Deposits (CDBL) | 200,000 | 200,000 |
| | Bank Guarantee Margin | 1,005,919 | 1,005,919 |
| | MTDR (Lien with Islami Bank Bangladesh Ltd) | 2,295,762 | 2,163,964 |
| | Prepaid Insurance Premium (Fire) Note-6.04 | 1,663,801 | - |
| | Total | 22,168,947 | 74,175,197 |
| 6.01 | Advance Income Tax: Tk. 2,721,822 | | |
| | The break-up is as below: | | |
| | Opening Balance | 4,640,817 | 2,518,020 |
| | Add: Addition for the year | 2,721,822 | 4,640,817 |
| | | 7,362,639 | 7,158,837 |
| | Less: Adjusted during the year | (4,640,817) | (2,518,020) |
| | Total | 2,721,822 | 4,640,817 |

Advance Income Tax amounting Tk. 46,40,817 has been adjusted during the year for the Assessment year 2019-2020 and the balance of Tk. 27,21,822 is carried forward for the Assessment year 2020-2021.

6.02 L/C Margin & Goods In Transit: Tk. 10,371,654

The entire amount was paid for Import of raw materials.

| | | |
|--------------|-------------------|-------------------|
| Total | 10,371,654 | 62,254,470 |
|--------------|-------------------|-------------------|

6.03 Advance VAT Deposit: Tk. 626,004

The break-up is as below:

| | | |
|--------------------------------|---------|---------------|
| Opening Balance | 626,004 | 1,354,345 |
| Add: Deposit during the Year | - | 139,283,900 |
| | 626,004 | 140,638,245 |
| Less: Adjusted during the Year | - | (140,012,241) |

| | | |
|--------------|----------------|----------------|
| Total | 626,004 | 626,004 |
|--------------|----------------|----------------|

6.04 Prepaid Insurance Premium (Fire): Tk. 1,663,801

The break-up is as below:

| | | |
|--------------------------------|-----------|---|
| Insurance Premium (Fire) | 2,852,230 | - |
| Less: Adjusted during the year | 1,188,429 | - |

| | | |
|--------------|------------------|----------|
| Total | 1,663,801 | - |
|--------------|------------------|----------|



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|-------------|-------------------------------|------------------------------|
|--------|-------------|-------------------------------|------------------------------|

7.00 Cash & Cash Equivalents: Tk. 35,189,412

The break-up is as below:

a) Cash at Bank:

| Bank Name | Branch Name | Account No | Amount in Taka | Amount in Taka |
|-----------------------------|-------------------|------------|----------------|----------------|
| Islami Bank Bangladesh Ltd. | Chawk Mugoltolly | 4766 | 1,387,301 | 2,898,651 |
| Shahjalal Islami Bank Ltd. | Dhanmondi | 8919 | 1,358,866 | 4,399,428 |
| Al- Arafah Islami Bank Ltd. | New Elephant Road | 2468 | 170,171 | 741,324 |
| National Bank Ltd. | New Elephant Road | 4464 | 882,511 | 5,207,852 |
| Sonali Bank Ltd. | New Elephant Road | 6338 | 462,502 | 4,973 |
| Shahjalal Islami Bank Ltd. | Dhanmondi | 1347 | 70,982 | 5,456 |
| Dutch Bangla Bank Ltd. | Dhanmondi | 2978 | 3,116,435 | 5,877,101 |
| The Premier Bank Ltd. | Bangshal | 8497 | 1,021,189 | 1,024,378 |
| Modhumoti Bank Ltd. | Aganagar | 0004 | 7,418,759 | 10,343,310 |
| Marcantile Bank Ltd | Noyabazar | 5618 | 718,976 | 2,092,752 |
| Pubali Bank Ltd. | Gulshan | 1083 | 386,951 | - |

16,994,642 **32,595,225**

18,194,770 **4,122,160**

Total **35,189,412** **36,717,385**

b) Cash in Hand

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2020. Cash in hand balance was duly certified.

8.00 Share Capital: Tk. 166,389,850

The break-up is as below:

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:

1,51,26,350 ordinary shares of Tk.10 each. 151,263,500 151,263,500

Add: 15,12,635 Bonus shares @ of Tk. 10 each 15,126,350 -

Total 1,66,38,985 shares of Tk. 10 each. **Total** **166,389,850** **151,263,500**

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:
The position of shareholders as on 30 June 2020 is as follows:

| Particulars of Investors | Number of Investors | Number of Shares | Percentage of Share Holding 2019- 2020 | Percentage of Share Holding 2018-2019 |
|------------------------------|---------------------|-------------------|---|--|
| Sponsor | 1 | 2,809 | 0.02% | 0.02% |
| Directors other than Sponsor | 3 | 11,986,475 | 72.04% | 72.04% |
| General Public | 474 | 3,539,120 | 21.27% | 21.30% |
| Financial Institutes | 2 | 1,058,782 | 6.36% | 6.33% |
| Private Corporate Institute | 1 | 17,050 | 0.10% | 0.10% |
| Suspense A/c | 1 | 34,749 | 0.21% | 0.21% |
| Total | 482 | 16,638,985 | 100% | 100% |



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|-------------|-------------------------------|------------------------------|
|--------|-------------|-------------------------------|------------------------------|

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 Holding | Total Share | Percentage (%) |
|-------------------------|--------------|---------------|--------------|-------------------|---------------|-------------------|----------------|
| | Holders | Shares | Holders | Shares | | | |
| Less than 500 | 300 | 20,014 | 105 | 17,689 | 405 | 37,703 | 0.23 |
| 501 to 5,000 | 15 | 20,370 | 37 | 66,181 | 52 | 86,551 | 0.52 |
| 5001 to 10,000 | 1 | 5,252 | 4 | 26,211 | 5 | 31,463 | 0.19 |
| 10,001 to 20,000 | - | - | 2 | 28,050 | 2 | 28,050 | 0.17 |
| 20,001 to 30,000 | - | - | 1 | 23,032 | 1 | 23,032 | 0.14 |
| 30,001 to 40,000 | - | - | 1 | 34,749 | 1 | 34,749 | 0.21 |
| 40,001 to 50,000 | - | - | - | - | - | - | - |
| 50,001 to 100,000 | - | - | 1 | 53,928 | 1 | 53,928 | 0.32 |
| 100,001 to 1,000,000 | - | - | 12 | 4,357,034 | 12 | 4,357,034 | 26.19 |
| Over 1,000,000 | - | - | 3 | 11,986,475 | 3 | 11,986,475 | 72.04 |
| Total | 316 | 45,636 | 166 | 16,593,349 | 482 | 16,638,985 | 100 |

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

Total 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 Directors approved at 45th meeting held on 30 May 2016.

10.00 Long Term Bank Loan: Tk. 15,476,709

The break-up is as below:

Modhumoti Bank Limited.

(Aganagar Branch, Keranigonj, Dhaka)

Loan A/C NO # 00003

Loan A/C NO # 00004

Loan A/C NO # 00006

Less: Current portion of long term loan

| | |
|--------------|-------------------|
| 49,075,873 | 85,434,320 |
| 1,935,894 | - |
| 40,257,193 | 55,938,847 |
| 91,268,960 | 141,373,167 |
| (75,792,251) | (73,210,788) |
| Total | 68,162,379 |

The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka.

11.00 Deferred Tax Liability: Tk. 300,060,344

The break-up is as below:

Calculation of Deferred Tax :

A. Temporary Difference:

Written down value as per accounting base

Written down value as per tax base

Taxable temporary difference

Deductible temporary difference (Gratuity)

Income Tax Rate

Deferred Tax Liabilities at the end of the year

B. Revaluation:

Carrying Value

Land

Tax rate:

Land

Deferred Tax Liabilities at the end of the year

Closing Deferred Tax Liabilities

Opening Deferred Tax Liabilities

Deferred Tax asset / liability

Deferred Tax Liabilities at the end of the year (A+B) Total

| | |
|--------------------|--------------------|
| 5,792,468,096 | 5,791,474,979 |
| 5,419,221,741 | 5,415,554,472 |
| 373,246,356 | 375,920,507 |
| (1,004,980) | - |
| 372,241,376 | 375,920,507 |
| 25% | 25% |
| 93,060,344 | 93,980,127 |
| 5,175,000,000 | 5,175,000,000 |
| 4% | 4% |
| 207,000,000 | 207,000,000 |
| 207,000,000 | 207,000,000 |
| 207,000,000 | 207,000,000 |
| - | - |
| 300,060,344 | 300,980,127 |

| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------------|--|-------------------------------|------------------------------|
| 12.00 | Short Term Bank Loan: Tk. 717,668,881 | | |
| | The break-up is as below: | | |
| | Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.) | | |
| | Foreign Cash Bills (UPAS LC) | 300,241,039 | 162,169,213 |
| | Murabaha TR | 280,451,849 | 94,359,137 |
| | Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka) | | |
| | (CC Hypo) | 44,777,314 | 18,679,925 |
| | Foreign Cash Bills (UPAS LC) | 92,198,679 | 510,115,517 |
| | Total | 717,668,881 | 785,323,792 |
| | The above balances were in agreement with the balances as per respective bank loan statement as on 30 June 2020. | | |
| 13.00 | Trade and Other Payables: Tk. 55,813,399 | | |
| | The break-up is as below: | | |
| | Trade Payables: | | |
| | Raw Materials Supplier (Details are enclosed in Annexure "D") | 125,630 | 4,339,456 |
| | Other Payables: | | |
| | Provision for Value Added Tax (VAT) Note-13.01 | 3,100,319 | - |
| | Audit Fees | 212,250 | 86,250 |
| | Gas Bill | 25,332,795 | 16,592,531 |
| | Electricity Bill | 1,919,983 | 965,279 |
| | Internet Bill | 41,086 | 79,252 |
| | Wages & Salaries | 3,652,306 | 3,957,502 |
| | Salary & Allowances | 3,406,639 | 3,734,922 |
| | Overtime Bill | 1,395,039 | 3,871,432 |
| | Telephone & Fax Charges | 38,793 | 40,517 |
| | Provision for W.P.P.F | 1,893,085 | 4,451,189 |
| | Interest Payable on MTR | 13,555,781 | - |
| | Unclaimed Dividend | 64,878 | - |
| | Provision for Foreign Exchange Rate Loss | 69,835 | - |
| | Provision for Gratuity | 1,004,980 | - |
| | Total | 55,813,399 | 38,118,330 |
| 13.01 | Provision for Value Added Tax (VAT): Tk. 3,100,319 | | |
| | The break-up is as below: | | |
| | Opening Balance | - | - |
| | Add: Adjusted with Sales during the Year | 86,934,254 | - |
| | | 86,934,254 | - |
| | Less: Deposit during the Year | (83,833,935) | - |
| | Total | 3,100,319 | - |
| 14.00 | Provision for Income Tax: Tk. 17,308,318 | | |
| | The break-up is as below: | | |
| | Opening Balance | 26,402,359 | 14,698,573 |
| | Add: Addition for the year (Note: 21.00) | 10,385,210 | 22,160,745 |
| | Add: Income Tax on Stock dividend | 1,663,898 | - |
| | | 38,451,467 | 36,859,318 |
| | Less: Adjusted during the year | (4,640,817) | (2,518,020) |
| | Less: Payment during the year | (16,502,332) | (7,938,939) |
| | Total | 17,308,318 | 26,402,359 |

Provision for Income Tax amounting Tk. 4,640,817 was adjusted from advance income tax and Tk. 16,502,332 was paid for the assessment year 2019-2020. Tk. 12,049,108 was made new provision during the year for the assessment year 2020-2021.



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------------|---|-------------------------------|------------------------------|
| 15.00 | Revenue: Tk. 1,408,650,300 | | |
| | The break-up is as below: | | |
| | Sales (Including VAT) | 1,495,584,554 | 1,976,480,866 |
| | Less : Value Added Tax (VAT) | (86,934,254) | (140,012,241) |
| | Total | 1,408,650,300 | 1,836,468,625 |
| | Sales Quantity: | | |
| | Writing Paper & Board Paper (Note # 4.03) | 29,411 MT | 35,055 MT |
| 16.00 | Cost of Sales: Tk. 1,171,842,159 | | |
| | The break-up is as below: | | |
| | Opening Stock of Raw Materials & Chemicals | 252,581,863 | 157,548,066 |
| | Add: Local Purchase of Raw Materials & Chemicals | 212,005,599 | 70,745,960 |
| | Add: Import of Raw Materials & Chemicals | 667,674,976 | 1,349,868,695 |
| | Goods Available for Consumed | 1,132,262,437 | 1,578,162,721 |
| | Less : Closing Stock of Raw Materials & Chemicals | (190,514,169) | (252,581,863) |
| | Raw Materials Used | 941,748,268 | 1,325,580,858 |
| | Add: Factory Overhead | | |
| | Wages & Salaries | 50,298,476 | 45,832,013 |
| | Overtime Bill | 19,299,447 | 22,523,962 |
| | Festival Bonus | 4,455,797 | 4,550,406 |
| | Oil & Lubricant | 4,936,640 | 5,959,923 |
| | Gas Bill | 136,647,477 | 116,928,674 |
| | Electricity Bill | 20,180,127 | 22,546,788 |
| | Workers Tiffin | 60,042 | 126,746 |
| | Machine Repairs & Maintenance (Note 4.04) | 456,318 | 584,535 |
| | | 1,178,082,592 | 1,544,633,905 |
| | Add: Opening Stock of Material-In-Process | 9,750,360 | 9,583,686 |
| | | 1,187,832,952 | 1,554,217,591 |
| | Less: Closing Stock of Material-In-Process | (12,579,822) | (9,750,360) |
| | Cost of Production | 1,175,253,130 | 1,544,467,231 |
| | Add : Opening Stock of Finished Goods | 57,301,521 | 45,268,612 |
| | | 1,232,554,651 | 1,589,735,843 |
| | Less: Closing Stock of Finished Goods | (60,712,492) | (57,301,521) |
| | Cost of Sales | 1,171,842,159 | 1,532,434,322 |
| 17.00 | Administrative Expenses: Tk. 120,294,015 | | |
| | The break-up is as below: | | |
| | Salaries & Allowances | 37,885,876 | 42,159,858 |
| | Festival Bonus | 3,026,435 | 3,038,251 |
| | Telephone & Fax Charges | 469,052 | 550,855 |
| | Office Rent | 276,000 | 240,000 |
| | Directors Meeting Attendance Fees | 249,600 | 220,000 |
| | Directors Remuneration | 3,900,000 | 3,840,000 |
| | Travelling & Conveyance | 277,228 | 1,188,110 |
| | AGM Expenses | 431,700 | 474,750 |
| | Annual Listing Fees | 1,178,900 | 75,632 |
| | Entertainment | 384,809 | 423,553 |
| | Spare parts for Motor Car | 2,895,774 | 4,254,327 |
| | Oil & Fuel | 915,881 | 2,274,423 |



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|--------------------------------------|-------------------------------|------------------------------|
| | Insurance Premium (Fire) | 1,188,429 | 2,392,000 |
| | Staff Uniform | 125,652 | 151,585 |
| | Office Maintenance | 563,596 | 371,417 |
| | Internet Bill | 318,567 | 664,608 |
| | Electrical Expenses | 92,675 | 156,570 |
| | Stationeries | 548,081 | 637,979 |
| | News Paper & Periodicals | 5,750 | 7,780 |
| | Postage & Stamps | 12,820 | 6,385 |
| | Medical Aid Expenses | 78,250 | 37,590 |
| | Cafeteria Expenses | - | 2,044,176 |
| | Rent, Rate & Renewal Fees | 1,411,652 | 788,250 |
| | Allowance for Bad Debts | 1,152,730 | - |
| | Gratuity | 1,004,980 | - |
| | Foreign Exchange Rate Loss | 69,835 | - |
| | Miscellaneous Expenses | 584,726 | 823,895 |
| | Audit Fees | 212,250 | 150,490 |
| | Legal Fees & Expenses | 10,510 | 15,250 |
| | Bank Charges | 561,902 | 736,508 |
| | Depreciation Charges (Annexure- "A") | 60,460,355 | 60,607,844 |
| | Total | 120,294,015 | 128,332,086 |

Directors Meeting Attendance Fees: Tk. 249,600

Directors Meeting Attendance Fees amounting Tk. 249,600 was paid to six Directors from which a sum of Tk. 20,800 was deducted as VAT and Tk. 20,800 as Tax at source and were duly paid to Govt. Rev A/C vide challan.

Directors Remuneration: Tk. 3,900,000

During the year the above amount was paid as Director Remuneration to three Directors from which a sum of Tk. 397,412 was deducted at source as tax and duly paid.

18.00 Selling and Distribution Expenses: Tk. 10,858,846

The break-up is as below:

| | | |
|----------------------------------|-------------------|-------------------|
| Salaries & Allowances | 4,131,167 | 4,368,017 |
| Packing & Binding Expenses | 2,039,878 | 2,051,360 |
| Repairs & Maintenance | 430,750 | 720,625 |
| Business Promotion Expenses | 903,126 | 1,183,000 |
| Advertisement | 575,011 | 172,242 |
| Delivery, Load & Unload Expenses | 815,270 | 1,856,320 |
| Sales Promotion Expenses | 752,380 | 1,506,168 |
| Sample Expenses | 1,211,264 | 1,418,360 |
| VTTotal | 10,858,846 | 13,276,092 |

19.00 Finance Cost: Tk. 66,168,778

The break-up is as below:

| | | |
|------------------------------------|-------------------|-------------------|
| MTR (Islami Bank Bangladesh Ltd.) | 14,114,382 | 15,398,039 |
| HPSM (Islami Bank Bangladesh Ltd.) | - | 40,758 |
| UPAS (Islami Bank Bangladesh Ltd.) | 7,248,126 | 13,879,578 |
| CC Hypo (Modhumoti Bank Ltd.) | 12,501,204 | 9,295,347 |
| Term Loan (Modhumoti Bank Ltd.) | 15,473,894 | 20,913,726 |
| UPAS (Modhumoti Bank Ltd.) | 16,831,172 | 14,013,901 |
| Total | 66,168,778 | 73,541,349 |

20.00 Other Income: Tk. 268,290

The break-up is as below:

| | | |
|--|----------------|----------------|
| Bank Interest Income: | | |
| MTDR A/C No: 838089/2839 (Islami Bank Bangladesh Ltd.) | 212,561 | 102,642 |
| MTDR A/C No: 838341/3089 (Islami Bank Bangladesh Ltd.) | 53,731 | 34,273 |
| STD A/C No: 1347 (Shahjalal Islami Bank Ltd.) | 1,998 | 2,093 |
| Total | 268,290 | 139,009 |



| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|---|--|-------------------------------|------------------------------|
| 21.00 Income Tax Expense: Tk. 11,129,325 | | | |
| The break-up is as below: | | | |
| <u>Current Tax</u> | | | |
| | Net Profit before Tax | 37,861,706 | 84,572,595 |
| | Add: Accounting Depreciation | 60,460,355 | 60,607,844 |
| | Add: Provision for Gratuity | 1,004,980 | - |
| | | 99,327,042 | 145,180,439 |
| | Less: Tax base Depreciation | 57,786,203 | 56,537,458 |
| | Taxable Income | 41,540,838 | 88,642,981 |
| | Tax Rate | 25% | 25% |
| | | 10,385,210 | 22,160,745 |
| | Income Tax on Stock Dividend*** | 1,663,898 | - |
| <u>Deferred Tax</u> | | | |
| | Closing Deferred Tax Liabilities (Note: 11.00) | 300,060,344 | 300,980,127 |
| | Opening Deferred Tax Liabilities | 300,980,127 | 301,997,723 |
| | Deferred Tax (Income)/ Expenses: | (919,783) | (1,017,597) |
| | Total | 11,129,325 | 21,143,148 |

***As per Section-16F of The Income Tax Ordinance 1984, additional tax at the rate of ten percent on the whole amount of stock dividend declared for the income year has been duly accounted for; as the amount of stock dividend declared exceeds the amount of cash dividend declared for the same period.

22.00 Net Asset Value (NAV) Per Share with Revaluation

| | | |
|---|---------------|---------------|
| Net Asset Value | 5,122,869,917 | 5,096,137,536 |
| Number of Shares | 16,638,985 | 15,126,350 |
| Net Asset Value Per Share | 307.88 | 336.90 |
| Net Asset Value | 5,122,869,917 | 5,096,137,536 |
| Number of Shares | 16,638,985 | 16,638,985 |
| Net Asset Value Per Share (Restated) | 307.88 | 306.28 |

23.00 Earnings Per Share (EPS)

| | | |
|--|-------------|-------------|
| Surplus for the year attributable to Shareholders (Net Income) | 26,732,381 | 63,429,447 |
| Number of shares | 16,638,985 | 15,126,350 |
| Earnings Per Share | 1.61 | 4.19 |
| Surplus for the year attributable to Shareholders (Net Income) | 26,732,381 | 63,429,447 |
| Number of Shares | 16,638,985 | 16,638,985 |
| Earnings Per Share (Restated) | 1.61 | 3.81 |

Previous year's EPS has been adjusted in accordance with IAS 33: Earnings Per Share.

Due to COVID 19 during the year sales and net profit has been decreased as a result EPS has been decreased also compare to the FY 2018-19

24.00 Cash Flows Per Share from Operating Activities

| | | |
|---|--------------|-------------|
| Operating Cash Inflow during the Period | 243,585,103 | 13,372,850 |
| Number of Shares | 16,638,985 | 16,638,985 |
| | 14.64 | 0.80 |

During the year the company purchased less quantity of raw materials and used a significant portion of the raw materials held in godown as inventory for production of finished goods. For this reason during the year operating cash flows increased in comparison with previous year.

| Note # | Particulars | Amount in Taka 2019 - 2020 | Amount in Taka 2018- 2019 |
|--------|-------------|-------------------------------|------------------------------|
|--------|-------------|-------------------------------|------------------------------|

25.00 Implication of COVID-19 on Business

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures all business and economic activities are adversely affected which also impacted our business. During the financial year 2019-2020 our Sales and Net Profit has been decreased compare to the previous financial year 2018-2019 due to Pandemic of COVID-19. Resultant EPS has been decreased compare to same of the previous financial year 2018-2019.

26.00 Reconciliation of Profit/(Loss) after Tax with Cash Flows from Operating Activities

| | | | |
|--|-----------------|--------------------|-------------------|
| Net Profit/(Loss) after Tax | Profit/Loss A/C | 26,732,381 | 63,429,447 |
| Add: Depreciation | Annexure-"A" | 60,460,355 | 60,607,844 |
| Add: Finance Cost | Note-19 | 66,168,778 | 73,541,349 |
| Less: Other Income | Note-20 | (268,290) | (139,009) |
| (Increase)/Decrease in Advance, Deposits and Prepayment | Note-06 | 52,006,250 | 1,083,214 |
| (Increase)/Decrease in Trade and Other Receivable | Note-05 | (25,055,521) | (85,981,783) |
| (Increase)/Decrease in Inventory | Note-04 | 55,859,906 | (107,229,856) |
| Increase/(Decrease) in Trade and Other Payables | Note-13 | 17,695,068 | (2,624,544) |
| Increase/(Decrease) in Provision for Income Tax | Note-14 | (9,094,041) | 11,703,786 |
| Increase/(Decrease) in Deferred Tax for Temporary Difference | Note-11 | (919,783) | (1,017,597) |
| Total | | 243,585,103 | 13,372,850 |

27.00 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 |
|-------------|-----------------|------------|-----------------|---------------|
| 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 | 11,041,047 | Completed |
| 2018-2019 | 2019-2020 | 21,143,149 | 21,143,149 | Completed |
| 2019-2020 | 2020-2021 | 11,129,325 | 11,129,325 | Under Process |

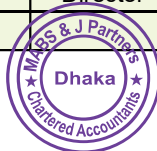
28.00 Salary Range: Salary range of the employees are given below

| SI | Salary Range | 2019-2020 | 2018-2019 |
|--------------|----------------|------------------|------------------|
| I | 5,000 - 15,000 | 12 Person | 15 Person |
| II | 15,001 -25,000 | 16 Person | 15 Person |
| III | 25,001- 50,000 | 18 Person | 21 Person |
| IV | 50,001-200,000 | 12 Person | 13 Person |
| Total | | 58 person | 64 person |

29.00 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 Yunus | Chairman | 5 | 9,600 | 48,000 | 1,400,000 | 1,448,000 |
| Mahfuza Yunus | MD & CEO | 5 | 9,600 | 48,000 | 1,000,000 | 1,048,000 |
| Mohammed Javed Noman | Director | 4 | 9,600 | 38,400 | 1,500,000 | 1,538,400 |
| A.K.M Nurul Fazal Bulbul | Director | 4 | 9,600 | 38,400 | - | 38,400 |
| Kazi Aslam Hossain | Director | 5 | 9,600 | 48,000 | - | 48,000 |
| Ashim Kumar Roy | Director | 3 | 9,600 | 28,800 | - | 28,800 |
| Total | | | | 249,600 | 3,900,000 | 4,149,600 |



- (a) During the year total 5 board meetings were held, total meeting fee was Tk. 2,49,600 including VAT & Tax.
- (b) As per decision of the Board of Directors meeting held as on 28 January 2020 Mr. Mohammed Younus was appointed as Chairman and Mrs. Mahfuza Younus was appointed as Managing Director of the company which has been effective from 1st February 2020.
- (c) During the Financial Year Mr. Mohammed Younus received (7 Months X Tk. 2,00,000)= Tk. 14,00,000, Mrs. Mahfuza Younus received (5 Months X Tk. 2,00,000)= Tk. 10,00,000 and Mr. Mohammed Javed Noman received (12 Month X 1,25,000)= Tk. 15,00,000 as Director Remuneration.
- (d) No compensation was made to the Managing Director & CEO of the company except as stated above.
- (e) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

30.00 Production Capacity and Utilization:

| Major products | Unit | Production Capacity | Actual production | Capacity Utilization % |
|---|------|---------------------|-------------------|------------------------|
| Writing Paper & Board Paper (2019-2020) | MT | 38,500 | 29,695 | 77.13 |
| Writing Paper & Board Paper (2018-2019) | MT | 38,500 | 35,003 | 90.92 |

31.00 Event After the Reporting Period

- a) The Board of Directors of the Company in its meeting held on 22 October 2020 approved the financial statements of the Company for the year ended 30 June 2020 and authorized the same for issue. The Board of Directors also recommended 10% stock dividend and 5% cash dividend for all shareholders only for the year ended 30 June 2020 subject to approval in the next Annual General Meeting has not been considered as a liability in the financial statements which is in compliance with the Bangladesh Accounting Standard (IAS) 10 Para 12.
- b) There is no other significant event that has occurred between the Financial Position date and the date when the Financial Statements were authorized for issue by the Board of Directors.

32.00 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.

33.00 Claim Acknowledgement

There was no claim against the Company not acknowledged as debt as on 30 June 2020.

34.00 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.

35.00 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 is 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, Simplex, Duplex Board and Quality Writing 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 2020

Annexure-"A"

| Sl. No. | Name of Assets | COST | | | | DEPRECIATION | | | | Written Down Value as on 30 June 2020 |
|---------|-----------------------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|----------------------------------|----------------------------------|---|
| | | Balance as on 01 July 2019 | Addition During the Year | Adjustment During the Year | Balance as on 30 June 2020 | Balance as on 01 July 2019 | Charged During the Year | Adjustment During the Year | Balance as on 30 June 2020 | |
| 1 | Land & Land Development | 5,175,047,500 | - | - | 5,175,047,500 | - | - | - | - | 5,175,047,501 |
| 2 | Building & Godown | 90,545,440 | 570,000 | - | 91,115,440 | 36,790,813 | 2,692,481 | - | 39,483,294 | 51,632,146 |
| 3 | Labour Shed | 2,323,952 | - | - | 2,323,952 | 985,486 | 66,923 | - | 1,052,409 | 1,271,543 |
| 4 | Plant, Machinery & Boiler | 673,904,407 | 49,052,916 | - | 722,957,323 | 292,192,561 | 38,988,733 | - | 331,181,294 | 391,776,029 |
| 5 | Electric Equipments & Others | 61,894,530 | 1,501,100 | - | 63,395,630 | 31,365,289 | 3,090,452 | - | 34,455,741 | 28,939,889 |
| 6 | Gene. & 5 MW Power Station | 208,906,239 | 6,228,065 | - | 215,134,304 | 94,992,712 | 11,547,054 | - | 106,539,766 | 108,594,538 |
| 7 | Weighting & Road Scdle | 6,253,610 | 141,000 | - | 6,394,610 | 3,623,233 | 266,563 | - | 3,889,795 | 2,504,815 |
| 8 | Electric & Gass Installation | 12,777,243 | - | - | 12,777,243 | 8,316,613 | 446,063 | - | 8,762,676 | 4,014,567 |
| 9 | Motor Vehicles | 35,248,739 | 2,160,000 | - | 37,408,739 | 19,303,416 | 2,472,799 | - | 21,776,214 | 15,632,525 |
| 10 | Fax Machine | 30,000 | - | - | 30,000 | 21,527 | 847 | - | 22,374 | 7,626 |
| 11 | PABX & Telephone set | 992,572 | - | - | 992,572 | 608,767 | 38,381 | - | 647,148 | 345,425 |
| 12 | Computer | 6,116,516 | 1,533,260 | - | 7,649,776 | 2,880,964 | 361,887 | - | 3,242,851 | 4,406,925 |
| 13 | ETP | 1,569,181 | - | - | 1,569,181 | 721,258 | 42,396 | - | 763,654 | 805,527 |
| 14 | Fire Fitting Equipments | 1,549,953 | 51,400 | - | 1,601,353 | 574,217 | 49,429 | - | 623,646 | 977,706 |
| 15 | Crane, Trolly & Fork Lift | 7,533,163 | 215,731 | - | 7,748,894 | 2,283,702 | 265,170 | - | 2,548,872 | 5,200,022 |
| 16 | Workshop & Loose Tools | 483,799 | - | - | 483,799 | 222,374 | 13,071 | - | 235,445 | 248,354 |
| 17 | Furniture & Fixture | 3,315,153 | - | - | 3,315,153 | 2,134,089 | 118,106 | - | 2,252,195 | 1,062,958 |
| | Balance as on 30 June 2020 | 6,288,491,997 | 61,453,472 | - | 6,349,945,469 | 497,017,018 | 60,460,355 | - | 557,477,373 | 5,792,468,096 |
| | Balance as on 30 June 2019 | 6,223,376,033 | 65,115,984 | - | 6,288,491,997 | 436,409,174 | 60,807,844 | - | 497,017,018 | 5,791,474,979 |

Note: Land and land development represents only land.



SONALI PAPER & BOARD MILLS LIMITED

Schedule of Inventories

As on 30 June 2020

Annexure -"B"

Raw Materials:

| Particulars | 30 June 2020 | | | 30 June 2019 | | |
|----------------|------------------|-------|--------------------|------------------|-------|--------------------|
| | Qty (Kg) | Rate | Taka | Qty (Kg) | Rate | Taka |
| a) Chemicals | 247,659 | 88.00 | 21,793,992 | 314,949 | 75.11 | 23,654,900 |
| b) Waste Paper | 892,893 | 19.50 | 17,411,414 | 4,444,761 | 20.00 | 88,895,220 |
| c) Waste Paper | 151,000 | 18.75 | 2,831,250 | 2,539,724 | 17.00 | 43,175,308 |
| d) Waste Paper | 2,659,965 | 55.75 | 148,293,049 | 1,659,889 | 55.00 | 91,293,895 |
| e) Waste Paper | 14,769 | 12.49 | 184,465 | 463,545 | 12.00 | 5,562,540 |
| Total | 3,966,286 | | 190,514,169 | 9,422,868 | | 252,581,863 |

Material - in - Process:

| Particulars | Qty (Kg) | Rate | Taka | Qty (Kg) | Rate | Taka |
|------------------------------|----------|-------|------------|----------|-------|-----------|
| a) Paper of Different Grades | 182,740 | 68.84 | 12,579,822 | 143,387 | 68.00 | 9,750,360 |

Finished Goods:

| Particulars | Qty (Kg) | Rate | Taka | Qty (Kg) | Rate | Taka |
|------------------------------|------------------|-------|-------------------|----------------|--------|-------------------|
| a) Paper of Different Grades | 379,469 | 48.96 | 18,578,802 | 302,647 | 41.91 | 12,682,940 |
| b) Paper of Different Grades | 578,664 | 70.00 | 40,506,480 | 421,848 | 105.77 | 44,618,581 |
| c) Paper of Different Grades | 50,068 | 32.50 | 1,627,210 | - | - | - |
| Total | 1,008,201 | | 60,712,492 | 724,495 | | 57,301,521 |

Spare Parts:

| Particulars | Qty (Kg) | Rate | Taka | Qty (Kg) | Rate | Taka |
|--------------------|----------|--------|--------------------|----------|------|--------------------|
| a) Different Items | 196 | 594.85 | 116,590 | 218 | 685 | 149,235 |
| Total Taka | | | 263,923,073 | | | 319,782,979 |



SONALI PAPER & BOARD MILLS LIMITED

Statement Of Trade And Other Receivables

As at 30 June 2020

Annexure -"C"

| Sl. No | Name of the Party | Amount in Taka 30 June 2020 | Amount in Taka 30 June 2019 |
|--------------------------------|--|--------------------------------|--------------------------------|
| 1 | B.N.N Packaging | - | 3,023,981 |
| 2 | AA Yearn Mills Ltd. | 5,550,562 | - |
| 3 | Asian Paper Converting Ind. | 5,038,352 | - |
| 4 | Badsha Textile Ltd. | 5,059,050 | - |
| 5 | B.N.N Packaging | 5,675,917 | - |
| 6 | Chittagong Mohanagar Packaging Ltd. | - | 1,181,325 |
| 7 | Creative Paper Mills Ltd. | 4,132,803 | 4,132,453 |
| 8 | Dada Bobins Ltd. | 5,356,308 | 3,262,296 |
| 9 | G. C. Box Ltd. | 2,324,183 | 2,367,276 |
| 10 | Hasan Printing & Packaging Ind Ltd. | 7,503,136 | 2,270,035 |
| 11 | H. A. Sattar Printing & Packaging Ind. | 4,631,533 | 2,621,435 |
| 12 | Interna Plastic Ind. | 3,632,018 | 3,967,200 |
| 13 | Kashpia Printing & Packaging Ind. | 22,594,810 | 6,663,517 |
| 14 | Modern Poly Industries | 4,594,581 | 1,945,497 |
| 15 | M/S. M.A.B Paper Products | 4,480,672 | 3,642,165 |
| 16 | Platinum Print & Packaging Ltd. | 5,659,780 | 2,635,824 |
| 17 | Royal Box | 2,302,660 | 1,999,681 |
| 18 | R.R Print & Packaging Ltd. | - | 1,928,520 |
| 19 | Walton Hightec Ltd. | 4,954,512 | - |
| 20 | Vision Carton Accessories Ind Ltd. | - | 5,123,725 |
| 21 | Chandpur Paper House | 9,238,649 | 13,662,371 |
| 22 | Ever Green | 9,652,433 | 14,929,441 |
| 23 | Bashundhara Printing Zone | 8,276,340 | - |
| 24 | Razu Traders | 7,484,165 | 22,198,221 |
| 25 | Alam & Sons | 9,760,138 | 17,837,409 |
| 26 | Ananda Paper House | 9,368,171 | 16,260,494 |
| 27 | Intergraphic Ltd. | 4,335,506 | 11,411,792 |
| 28 | MJ Paper | 8,493,942 | - |
| 29 | Rashedul Enterprise | 6,930,838 | 23,097,912 |
| 30 | Floral Printing & Binding | 2,934,667 | - |
| 31 | Udvash Academy | - | 22,200 |
| 32 | Neamot Enterprise | 6,739,419 | - |
| 33 | Saddam Paper | 8,254,801 | - |
| 34 | Siddiq Printers | 7,325,368 | - |
| Total Trade Receivables | | 192,285,314 | 166,184,770 |
| Less: Provision for Bad Debts | | 1,152,730 | - |
| Net Trade Receivables | | 191,132,584 | 166,184,770 |



SONALI PAPER & BOARD MILLS LIMITED

Statement Of Trade And Other Payables As at 30 June 2020

Annexure -"D"

| Sl. No | Name of the Party | Amount in Taka 30 June 2020 | Amount in Taka 30 June 2019 |
|--------|-----------------------|--------------------------------|--------------------------------|
| 1 | Al Modina Enterprise | - | 3,109,456 |
| 2 | Howlader Enterprise | - | 815,240 |
| 3 | M/S. Babul Enterprise | 125,630 | 414,760 |
| | Total Taka | 125,630 | 4,339,456 |



43rd Annual General Meeting Notice

IMPORTANT

Notice is hereby given that the 43rd Annual General Meeting (AGM) of Sonali Paper & Board Mills Limited will be held on Thursday, December 24, 2020 at 11:00 a.m. at virtually by using digital platform through the link <http://sonalipapr43rdagm.digitalagmbd.net> (Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Order No. BSEC/SRMIC/94-231/25 dated July, 2020) to transact the following businesses:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June, 2020 together with the Report of the Directors' and the Auditors' thereon.
2. To approve the dividend for the year ended 30 June, 2020 as recommended by the Board of Directors.
3. To elect/re-elect/resign Directors as per terms of the relevant provision of Articles of Association.
4. To appoint Statutory Auditors and to fix their remuneration.
5. To appoint Auditors/Professionals for Compliance of Corporate Governance Code.

By order of the Board



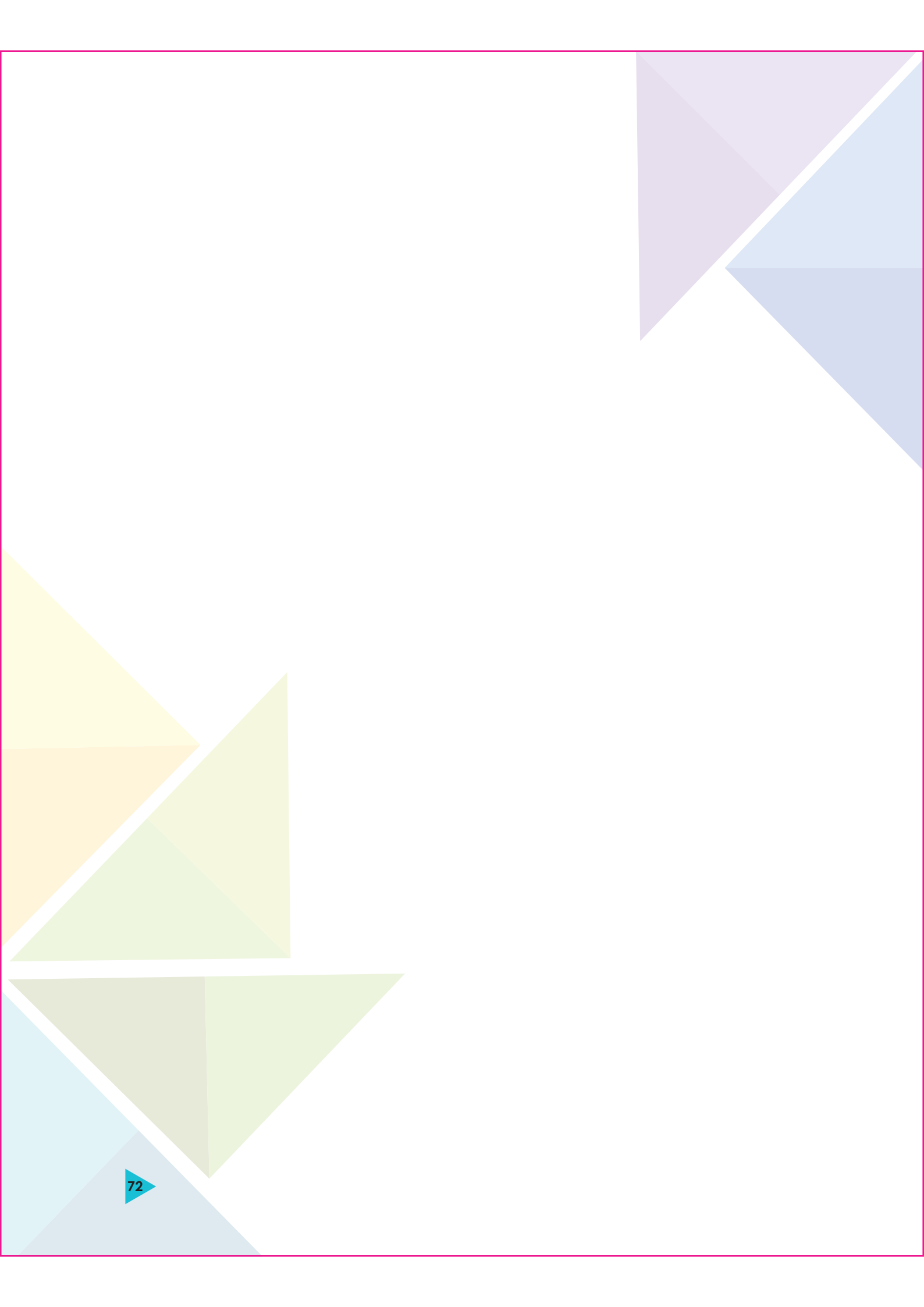
(Md. Rashedul Hossain)

Company Secretary

Dated: December 07 2020

Notes:

- i. Shareholder's name appearing in the Member/Depository Register of the company as on Record Date i.e. November 19, 2020 will be eligible to attend the 43rd Annual General Meeting (AGM) and receive dividend.
- ii. Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin81 dated June 20, 2018, soft copy of the Annual Report-2019-2020 will be sent to shareholders respective email addresses as available in their Beneficiary Owner (BO) Accounts maintained with the CDBL. Soft copy of the Annual Report 2019-2020 will also be available at the Company's Website at: www.spbmlbd.com
- iii. A member entitled to attend and vote at the 43rd Annual General Meeting can appoint a proxy to attend the meeting and vote on his/her behalf. The proxy form duly stamped with revenue stamp of Taka 10.00 must be sent at the share department of the company at 51, Central Road, Dhanmondi, Dhaka-1205 or through e-mail spshare@younusgroup.com not later than 48 hours before the appointed time of the meeting.
- iv. The shareholders will join the Virtual AGM of SPBML through the link prior of 24 hours of the meeting. The shareholders will be able to complete registration, comment and vote before commencement of the AGM and during the AGM.
- v. Shareholders bearing BO ID are requested to update the particulars of Bank A/C, e-mail address, change of address and 12 digit Tax payers' identification number (e-Tin) through their depository participant (DP) before December 20, 2020. If the shareholders fail to upload their e-Tin before December 20, 2020 income tax at source will be deducted from payable dividend @ 15% instead of @ 10% as per amendment Income Tax Ordinance, 1984 under section 54. The Shareholders maintaining folio no. are also requested to submit their e-Tin before December 20, 2020 to the Share Department of SPBML, 51, Central Road, Dhanmondi, Dhaka-1205.
- vi. Depository participants/ Stock Brokers are requested to send the list of margin account holders based on record date i.e. November 19, 2020, if any within December 30, 2020 to the company through hard copy or e-mail spshare@younusgroup.com, otherwise, the dividend will be paid to the shareholders whose names appeared in the Member/Depository Register on the "Record Date".
- vii. In case of non receipt of the Annual Report of FY 2019-2020 of the Company sent through the email, Shareholders may collect the same from the share office of the Company.





SONALI PAPER & BOARD MILLS LTD.

Corporate Office :

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E-mail : information@younusgroup.com