



SONALI PAPER & BOARD MILLS LTD.



ANNUAL REPORT
2021-2022





Table of Contents

Transmittal Letter	4
Our Vision, Mission & Core Values	5
Corporate Information	6
Organizational Structure	7
Directors' Profile	8 - 10
Five Years Financial Summary	11
Financial Performance at a Glance	12
Our Chairman's Statement	13
Managing Directors' Speech	14
Directors' Report to Shareholders	15 - 20
Management's Discussion & Analysis	21-23
Declaration by CEO & CFO	24
Corporate Governance Compliance Certificate	25
Corporate Governance Statement	26-29
Corporate Governance Compliance Status	30-41
Directors Meeting & Attendance	42
The Pattern of Shareholding	43
Audit Committee Report	44-46
Report of the Nomination & Remuneration Committee	47-48
BAPLC Certificate of Membership	49
Screenshots from the 44th AGM	50
Auditor's Report & Financial Statements	51
Table of Content	52
Independent Auditor's Report	53-58
Statement of Financial Position	59
Statement of Profit or Loss and Other Comprehensive Income	60
Statement of Changes in Equity	61
Statement of Cash Flows	62
Notes to the Financial Statements	63-81
Schedule of Property, Plant & Equipment (Annexure – A)	82
Schedule of Inventories (Annexure – B)	83
Statement of Trade and Other Receivables (Annexure – C)	84
Statement of Trade and Other Payables (Annexure – D)	85
Statement of Investment in Shares (Annexure-E)	86
Notice of 45th AGM	87

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 2022.

Dear Sir(s)

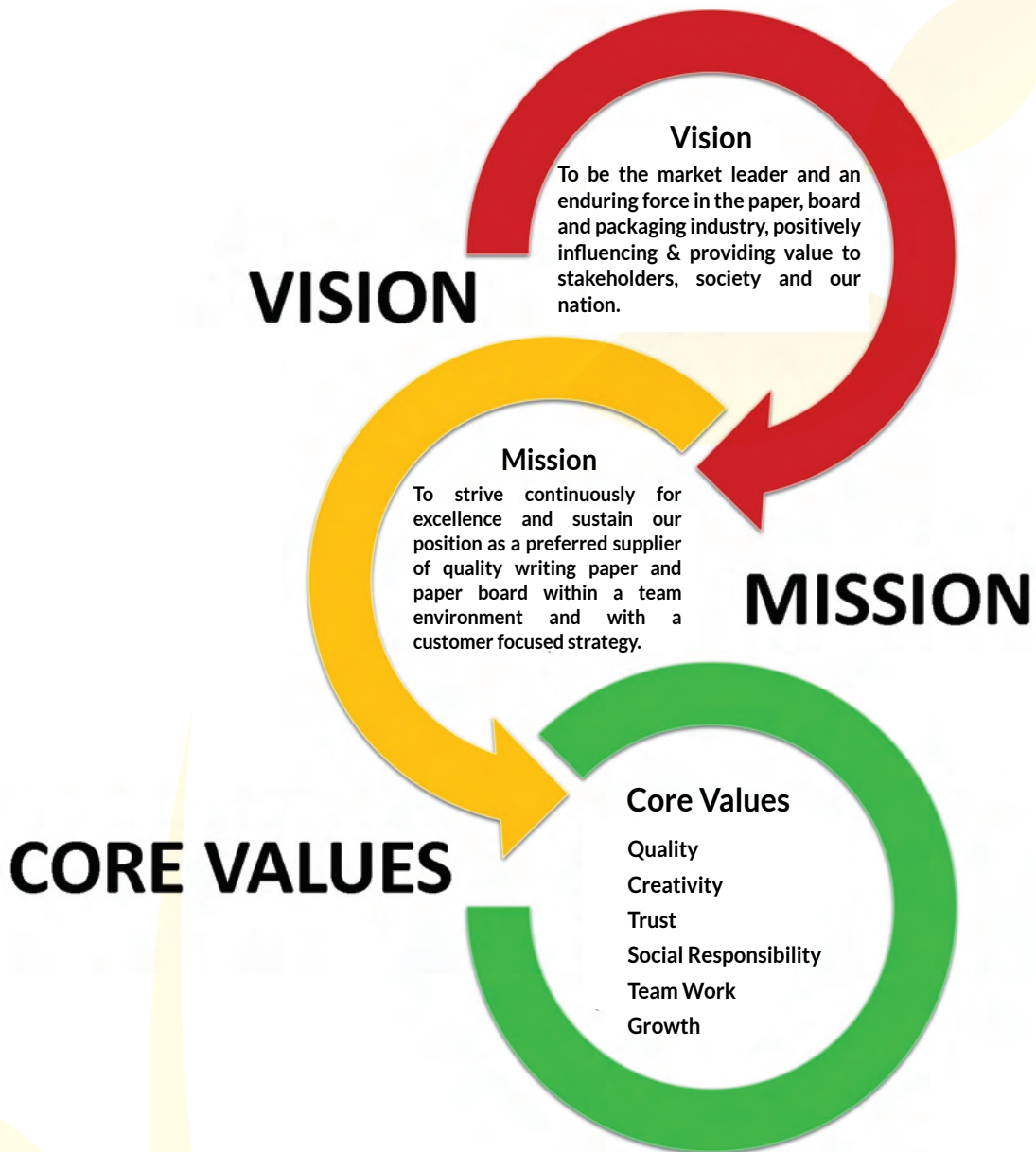
We are pleased to enclose a copy of the Annual Report of Sonali Paper & Board Mills Limited together with the Audited Accounts including Statement of Financial Position as at 30 June, 2022, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2022 along with notes thereon for your record/necessary measures.

Yours sincerely



Md. Rashedul Hossain
Company Secretary

Vision, Mission & Core Values



Corporate Information

Company Name: Sonali Paper & Board Mills Limited

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 Private 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 Members

Mohammed Younus

Chairman

Mahfuza Younus

Managing Director

Mohammed Javed Noman

Director

K.M. Ashaduzzaman

Independent Director

Khondaker Muhammad Aminur Rahman

Independent Director

Mohammad Ziaul Haque

Chief Financial Officer

Md. Rashedul Hossain

Company Secretary

Md. Mahabub Alam

Head of Internal Audit & Compliance

Board Committees

Audit Committee

Chairman

Khondaker Muhammad Aminur Rahman

Members

K.M. Ashaduzzaman

Mohammed Javed Noman

Nomination & Remuneration Committee (NRC)

Chairman

K.M. Ashaduzzaman

Members

Khondaker Muhammad Aminur Rahman

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

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

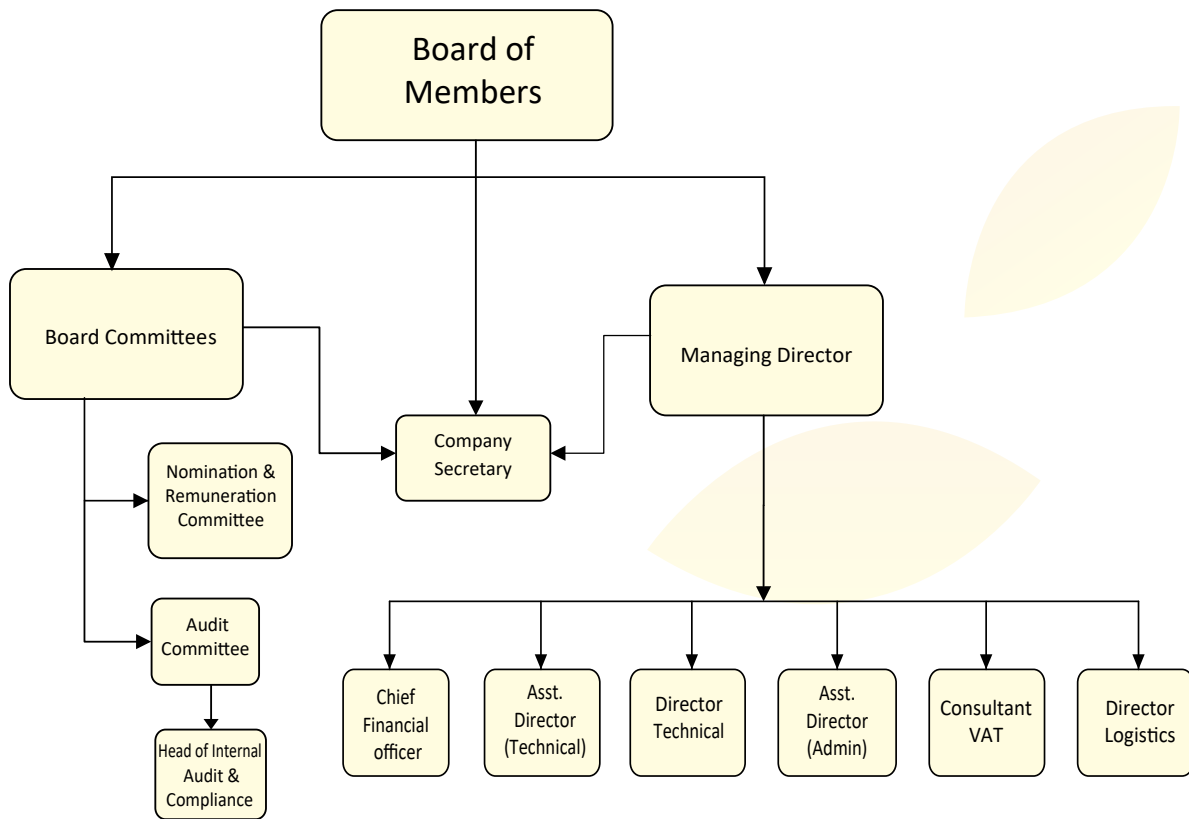
Jatramura, Tarabo, Rupgonj,

Narayangonj.

E-mail: spshare@younusgroup.com

Website: www.spmlbd.com

Organizational Structure



Operational Team

Md. Kawsar Azizur Rahman

Director (Technical)

Md. Kamrul Islam

Director Logistics

Md. Ataur Rahman

Asst. Director (Admin)

Md. Mafizul Islam

Asst. Director (Technical)

Md. Al- Mamun Parvez

(GM Accounts)

Md. Sayed Hassan

(DGM Commercial)

Md. Alamgir Miah

AGM (Accounts)

Md. Hasanuzzaman

DGM (Sales & Marketing)

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 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.

In addition to his success in trade and business, Mr. Younus is immensely reputed for his contribution to the field of education. He is a member of the board of Trustee of Fareast International University & Wordbridge School. He is the Managing Director of Galaxy Flying Academy Limited.

He is a man of pleasant personality & amiable disposition. He has also travelled different parts of the world in connection with business.

Director's Profile

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



Mohammed Javed Noman
Director

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. He is also a member of the Audit Committee.

Mr. K.M. Ashaduzzaman was appointed as Independent Director of Sonali Paper & Board Mills Limited on 23 April 2022. He is the chairman of the Nomination & Remuneration Committee of the Board. Mr. Zaman a freedom fighter of Bangladesh Liberation War, did his Masters in Economics with Honors from Chittagong University in 1975. He obtained training from Kasetsart University, Bangkok, Thailand on "Economics & Financial Aspects of Aquaculture". He served as Managing Director in several organizations namely Grameen Healthcare Service Limited, Social Islami Bank Limited, Agrani Bank Limited etc. He also worked as General Manager in Bangladesh Krishi Bank (BKB), Chittagong Division. Mr. Zaman also participated in various foreign workshops. During his 30 years long career he contributed over 7 years being Chief Executive in Islamic & Commercial Banking.



Mr. K.M. Ashaduzzaman
Independent Director



Khondaker Muhammad Aminur Rahman
Independent Director

Khondaker Muhammad Aminur Rahman obtained his Bachelor & Masters in English Literature from University of Dhaka. He also completed his Post Graduate Diploma & Masters in Financial Management from University of Ulster, UK. Addition to that he also completed MBA from International Management Institute, Brussels, Belgium.

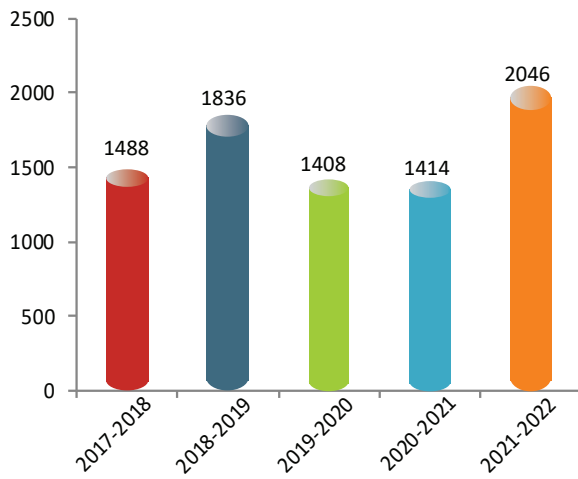
He joined World Customs Organisation, Brussels, Belgium as Minister (Customs) and Permanent Representative during 2007 to 2011. Later he joined Anti-Corruption Commission as Director General in 2011. He was the Member of VAT Intelligence & Audit, NBR, Dhaka during 2016 to 2017. He served as Member (Grade-1), Customs: Audit Modernisation and International Trade, NBR, Dhaka during 2017 to 2021. He joined the Board of Sonali Paper & Board Mills Limited on 23 April 2022.

Five Years' Financial Summary

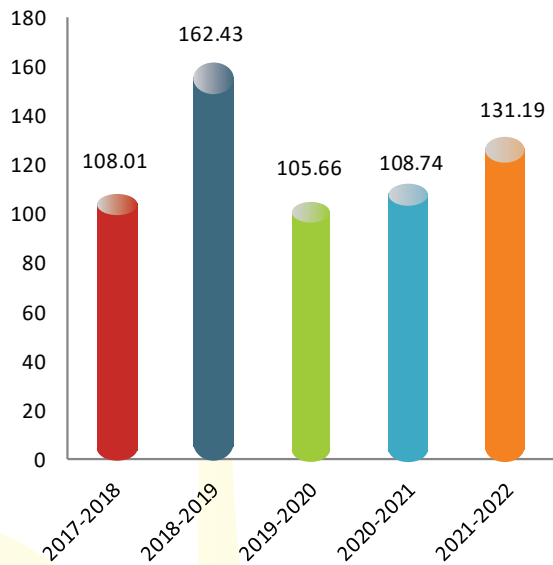
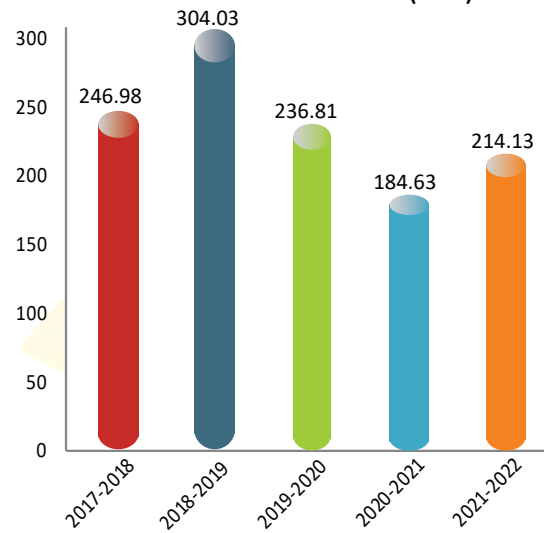
Balance Sheet	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18
Authorized Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued & Paid up Capital	219,634,590	183,028,830	166,389,850	151,263,500	151,263,500
Shareholders Equity	5,299,880,767	5,204,015,939	5,122,869,917	5,096,137,536	5,032,708,089
Total Assets	7,004,468,733	6,675,663,652	6,304,989,819	6,388,335,310	6,200,206,125
Current Assets	1,119,958,594	911,453,213	512,521,723	596,860,331	413,239,266
Profit & Loss Statement					
Turnover (Gross)	2,178,034,591	1,506,938,631	1,495,584,554	1,976,480,866	1,628,212,865
Value Added Tax	131,947,292	92,281,083	86,934,254	140,012,241	139,642,842
Turnover (Net)	2,046,087,300	1,414,657,548	1,408,650,300	1,836,468,625	1,488,570,023
Gross Profit	214,128,034	184,630,200	236,808,141	304,034,303	246,982,451
Operating Profit	131,193,652	108,736,358	105,655,279	162,426,125	108,007,442
Net Profit Before Tax	153,368,848	95,412,124	37,861,706	84,572,595	41,827,836
Net Profit After Tax	132,470,594	89,465,514	26,732,381	63,429,447	30,786,789
Ordinary Share Information					
Face Value Per Share	10	10	10	10	10
Number of Share Outstanding	219,634,590	18,302,883	16,638,985	15,126,350	15,126,350
Net Asset Value Per Share	241.3	284.33	307.88	336.90	332.71
Net Operating Cash Flow per Share	(0.15)	13.53	14.64	0.88	(1.55)
Earning Per Share (EPS)	6.03	4.89	1.61	4.19	2.04
Financial Ratios					
Gross Profit Margin	10.47%	13.05%	16.81%	16.56%	16.59%
Operating Profit Margin	6.41%	7.69%	7.50%	8.84%	7.26%
Net Profit Margin	6.47%	6.32%	1.90%	3.45%	2.07%
Current Ratio (Times)	0.94	1.07	0.59	0.65	0.56

Financial Performance at a glance

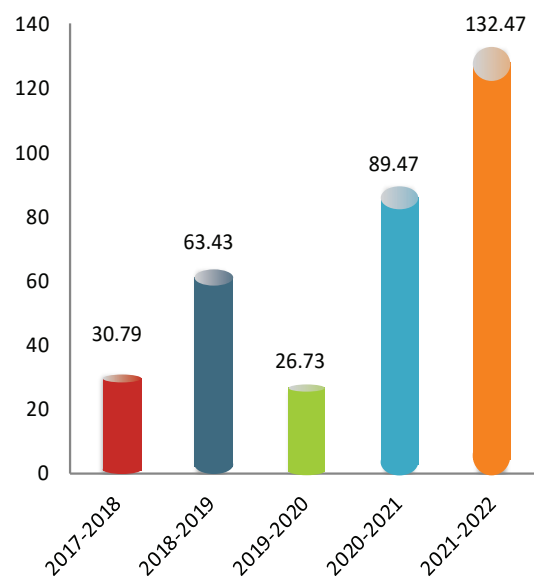
Turnover (mn)



Gross Profit (mn)



Operating Profit (mn)



Profit After Tax (mn)

চেয়ারম্যান মহোদয়ের বিবৃতি

বিস্মিল্লাহির রহমানির রহিম্
সম্মানিত শেয়ারহোল্ডারবৃন্দ
আসসালামুআলাইকুম ওয়া রহ্মাতুল্লাহ্ ।

সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪৫তম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে আন্তরিক অভিনন্দন ও শুভেচ্ছা জানাচ্ছি ।

আপনারা নিশ্চয়ই একমত হবেন যে, সারা বিশ্ব আজ ব্যাপক অস্থিরতার মধ্য দিয়ে অতিবাহিত হচ্ছে । রাশিয়া-ইউক্রেন যুদ্ধ, বৈশ্বিক অর্থনৈতিক মন্দা, মুদ্রাস্ফীতির ব্যাপক চাপ প্রভৃতি কারণে আজ মানুষের জীবন ও জীবিকা অত্যন্ত চ্যালেঞ্জ এর সম্মুখীন হচ্ছে যা আমাদের নিয়ন্ত্রনের বাহিরে । তবুও এটা বললে অতুক্তি হবে না যে, এত সব প্রতিকূলতা থাকা স্বত্তেও আমরা আমাদের দক্ষ ও কর্মঠ কর্মীবাহিনী এবং উদ্যমী ও সাহসী ব্যবস্থাপনা পর্ষদের বিচক্ষণতার দরুন একটি সফল বছর অতিবাহিত করতে সক্ষম হয়েছি । এজন্য আমি মহান আল্লাহর নিকট শুকরিয়া আদায় করছি । সেই সাথে আমি আমাদের সকল শেয়ারহোল্ডারদের প্রতি ধন্যবাদ জানাচ্ছি তাদের অনবরত আত্মবিশ্বাস ও আস্থার জন্য । আপনাদের সচেষ্ট সহযোগিতা ছাড়া আমরা এই কঠিন পথ সহসা অতিক্রম করতে পারতাম না ।

শিল্প ও বানিজ্যে ত্রমবর্ধমান প্রতিকূলতা থাকা স্বত্তেও আমরা ২০২১-২০২২ অর্থবছরে ব্যবসাকে আরোও বাড়াতে সক্ষম হয়েছি । কোম্পানীতে নতুন নতুন জেনারেটর, বয়লার ও মেশিনারিজ সংযোজন পূর্বক উৎপাদন বৃদ্ধি এবং একই সাথে ব্যয় সংকোচনের মাধ্যমে কোম্পানীর অর্থনৈতিক ভিত্তি সুদৃঢ়করণ এবং কোম্পানীর মুনাফা অর্জনের ধারাবাহিকতা অব্যাহত রাখতে আমরা আশ্রয় চেষ্টা চালিয়ে যাচ্ছি ।

আলোচ্য অর্থবছরে আমাদের প্রতিষ্ঠানের টার্নওভার ৪৪.৫৩% বৃদ্ধি পেয়েছে । নীট মুনাফা বৃদ্ধি পেয়েছে ৪৮% এবং শেয়ার প্রতি আয় ৪.০৭ টাকা থেকে উন্নীত হয়ে ৬.০৩ টাকায় দাড়িয়েছে । এরই ফলশ্রুতিতে কোম্পানীর পরিচালনা পর্ষদ ২০২১-২০২২ অর্থ-বছরের নীট মুনাফা হতে শেয়ার প্রতি ৪০% নগদ লভ্যাংশ ঘোষণা করতে সক্ষম হয়েছেন ।



আমি পরিচালনা পর্ষদের পক্ষ থেকে প্রতিটি কর্মী এবং ব্যবস্থাপনায় দায়িত্বরত সকলের নিরলস প্রচেষ্টা ও কঠোর পরিশ্রমের জন্য আন্তরিক ধন্যবাদ জানাচ্ছি । একই সাথে সম্মানিত শেয়ারহোল্ডারবৃন্দ সব সময়ই কোম্পানীর সকল উদ্যোগে সহযোগিতা অব্যাহত রাখায় আপনাদেরকে আবারো ধন্যবাদ জানাচ্ছি ।

আমাদের সকল গ্রাহক, সরবরাহকারী, আর্থিক প্রতিষ্ঠান, জাতীয় রাজস্ব বোর্ড, BSEC, DSE, CSE, RJSC, CDBL এবং অন্যান্য সরকারী ও বেসরকারী প্রতিষ্ঠানসহ সকলকে তাদের আন্তরিক সমর্থন ও সহযোগিতার জন্য বিনীতভাবে কৃতজ্ঞতা জ্ঞাপন করছি ।

আমি ব্যবস্থাপনা পর্ষদের পক্ষ থেকে মহান বিজয়ের মাস ডিসেম্বরে সকল শহীদদের প্রতি বিনম্র শ্রদ্ধা জ্ঞাপন করছি । পরিশেষে সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি ।

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত

মোহাম্মদ ইউনুছ
চেয়ারম্যান

ব্যবস্থাপনা পরিচালকের বক্তব্য

বিস্মিল্লাহির রহমানির রহিম্
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামুআলাইকুম

গুরুতে আমি সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের সম্মানিত শেয়ারহোল্ডার এবং সকল স্টেকহোল্ডারদেরকে ৪৫তম বার্ষিক সাধারণ সভায় শুভাগতম জানাচ্ছি।

আমাদের প্রতিষ্ঠানের মূল লক্ষ্যই হচ্ছে মুনাফা অর্জনের দ্বারা আমাদের সম্মানিত শেয়ারহোল্ডারদের সম্পদ বৃদ্ধি করার মাধ্যমে দেশের উন্নয়নে ভূমিকা রাখা। আমরা এই প্রতিষ্ঠানটির দায়িত্বভার গ্রহণের প্রথম দিন থেকেই টেকসই উন্নয়ন এবং স্থিতিশীল মুনাফা অর্জনকে সর্বাধিক গুরুত্ব দিয়ে আসছি।

আমি ২০২১-২০২২ অর্থবছরের পরিচালনা পর্ষদের প্রতিবেদন যথাযথ বিবেচনার জন্য আপনাদের সম্মুখে উপস্থাপন করছি।

বিশ্বজুড়ে প্রত্যাশিত ছিল যে ২০২০-২০২১ সালের করোনা মহামারীর অবসান ঘটলে পুরো বিশ্ব-ই তার স্বাভাবিক রূপে ফিরে আসবে। কিন্তু দূর্ভাগ্যবশতঃ বৈশ্বিক রাজনৈতিক ও অর্থনৈতিক প্রেক্ষাপটে বিশ্ব অর্থনীতি আজ আরও বড় চ্যালেঞ্জ এর মুখোমুখি। গত অর্থবছরের ফেব্রুয়ারী মাসে শুরু হওয়া রাশিয়া-ইউক্রেন যুদ্ধ সারা বিশ্বে প্রভাবিত করেছে। যার ফলে গ্লোবাল সাপ্লাই চেইনের ভারসাম্য ব্যাহত হয়েছে।

যুদ্ধ শুরু হওয়ার পর থেকে প্রত্যেকটি কাঁচামালের মূল্য যা আমরা আমদানী করি ১২০% পর্যন্ত বৃদ্ধি পেয়েছে। যার ফলশ্রুতিতে উৎপাদিত পণ্যের উৎপাদন খরচও বৃদ্ধি পেয়েছে। তবে আমরা বিকল্প বিভিন্ন উৎস হতে উৎপাদন সচল রাখার নিমিত্তে কাঁচামাল আমদানীর উদ্যোগ নিয়েছি। আলোচ্য অর্থবছরে আমাদের প্রতিষ্ঠানের টার্নওভার উল্লেখযোগ্য হারে বৃদ্ধি পেয়েছে। সেই সাথে নীট মুনাফাও বৃদ্ধি পেয়েছে। ২০২০-২০২১ অর্থ বছরের তুলনায় আলোচ্য অর্থ বছরে শেয়ার প্রতি আয় ৪৮.১৬% বৃদ্ধি পেয়েছে। ব্যবস্থাপনা পর্ষদ ২০২১-২০২২ অর্থবছরের জন্য নীট মুনাফা হতে শেয়ার প্রতি ৪০% নগদ লভ্যাংশ ঘোষণা করেছেন।



পণ্যের চাহিদা বৃদ্ধি ও নিরবিচ্ছিন্ন সরবরাহ নিশ্চিতকরণে আমাদের বিচক্ষণ ব্যবস্থাপনা পর্ষদ এবং বিশ্বস্ত ও পরিশ্রমী কর্মকর্তা-কর্মচারীবৃন্দ নিরলস কাজ করে যাচ্ছেন। অপ্রয়োজনীয় ব্যয় হ্রাস এবং সম্পদের যথাযথ ব্যবহার নিশ্চিতকরণে আমরা বদ্ধপরিকর। প্রতিযোগিতামূলক বাজারে শীর্ষে অবস্থানের জন্য আপনাদের দক্ষ ব্যবস্থাপনা পর্ষদ অক্লান্ত পরিশ্রম অব্যাহত রেখেছেন যাতে করে উৎপাদিত পণ্যের বাজার সর্বদা প্রত্যাশিত মাত্রায় বিরাজমান থাকে।

পরিশেষে, আমি আমাদের সম্মানিত গ্রাহক, বিধিবদ্ধ প্রতিষ্ঠান, ব্যাংকার, সরবরাহকারী সহ সকল প্রতিষ্ঠানকে এবং যারা আমাদের ব্যবসা পরিচালনার সাথে জড়িত তাঁদের সকলকে আন্তরিক ধন্যবাদ জানাচ্ছি। আমি কোম্পানীর শেয়ারহোল্ডারদের কাছে আমাদের উপর অব্যাহত আস্থা রাখার জন্য কৃতজ্ঞতা প্রকাশ করছি।

আমি আপনাদের সকলের সুন্দর জীবন, সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত
Mahfuza Yasmin
মাহফুজা ইউনুছ
ব্যবস্থাপনা পরিচালক

Director's Report

Bismillahir Rahmanir Rahim
Honorable Shareholders,

On behalf of the Board of Directors of your Company, I would like to welcome you all to the 45th Annual General Meeting of the company and take the opportunity to present the report of the Board of Directors together with the audited financial statements for the year ended on 30 June 2022 before all of you.

Our Business :

Principal activities of the Company are manufacturing and marketing of Media, Liner, Simplex, Duplex Board papers and quality writing & printing papers.

Overview 2021-2022 :

Let us present before you a short review on the total operational and financial performance of your Company from 01 July 2021 to 30 June 2022.

Industry Outlook: The future of paper industry is linked to the future of Bangladeshi economy. The paper industry is quiet diversify using different types of raw materials to produce different kinds of paper and paper based packaging material. Bangladesh has over 2.4% of the World's population yet only using about 0.02% of the total World's paper and paper board. This reflects the huge market of potential of paper industry in Bangladesh. The ban on single use plastic is also expected to fuel the demand for paper based alternatives. The stronger than anticipated growth in e-commerce sales due to increasing safety and hygiene consciousness and revival in consumer durable sales are driving demand for paper particularly packaging paper.

Possible Future Developments:

The Bangladeshi paper industry is estimated to be about 2 million tonnes per annum. Paper consumption is likely to witness 6- 7% annual growth and will reach about 2.5 million tonnes by financial year 2026-27, largely driven by emphasis on education and literacy coupled with growth in organized retail. It is an important and essential industry for any country and per capita paper consumption can be used to attract growth and advancement for areas such as economic progress and focus on education. The paper industry holds

immense potential for growth in Bangladesh as per capita consumption is globally one of the lowest. The emphasis on education and literacy coupled with growth for organized retail and demand for better quality paper are major drivers of the growth.

Opportunities And Threats:

Although the revenue growth in the paper industry plummeted owing to pandemic induced disruption in the form of factory lockdowns, curtailed demand due to closure of schools, colleges and offices working hybrid modes but now with the continued demand, the sector is expected to grow in the years to come. The reasons of growth of paper industry are continuous demand for education and literacy, growth in e-commerce, fast moving consumer goods (FMCG) , demand of quality package, ban on plastic (specially polythene bags) and incremental demand of eco-friendly paper bags. The demand drivers have come from a combination of factors such as rising income levels, creating per capita expenditure and larger operation of earning population which is expected to lead consumption and there is enormous potential for the paper industry in the Country. Covid-19 is one of the greatest challenges faced by the whole World and Bangladesh is no exception to that. The paper industry like all other industries has also been adversely affected due to Covid-19. High cost of raw material coupled with significant increase in fuel cost and other inputs has resulted in a substantial increase in the cost of domestic manufacture of paper and paper board Among others, the major areas, of our business in last year were:

Revenue:

During the year under review, revenue from operations was increased to 13.12 crore against 11.27 crore in the last financial year. In spite of corona virus pandemic that has affected business operations of the Company; your Company has improved its performance during the year under review. Your Directors are hopeful for the better performance in the coming year.

Cost & Price Impact :

Despite of increase in gross revenue substantially from last year, but net margin couldn't be increased in same trend. Existence of increasing trend of raw materials, higher exchange rate contributed to thin profit margin.

Development :

We maintain regular review to find development gap in our process to adjust with market competition and innovation. We ensure that we are well positioned for continued long-term growth.

Risk And Concerns :

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. A detailed report on Risk & Concerns are given in Page: 23

Analysis Cost Of Goods Sold, Gross Profit Margin And Net Profit Margin & Cost Of Goods Sold :

This year's cost of goods sold was Tk. 183.19 crore as compared to last year's cost of goods sold of Tk. 123.00 crore. During the current year 35,528 MT of writing paper & board paper have been produced as against last year's production of 32,738 MT. 92.28% production capacity has been utilized during this year compared to 85.03% capacity utilization of last year. The Cost of Goods Sold for the current year increased by 48.94% from the previous year.

Gross Profit :

Gross Profit of Tk. 21.41 crore has been earned during the current year as against of Tk. 18.46 crore of last year. The gross profit margin has increased from 2.55% of last year to 15.97% this year. The significant amount of change in gross profit margin indicates that the business environment has improved since last year.

Net Profit :

Net Profit (after tax) earned during the current year was TK 13.25 crore as compared to last year's net profit (after tax) of Tk. 8.95 crore. Increased sales revenue, decreasing operating expenses and

cheaper financing options contributed to the increase in the net profit for the organization.

Extra-ordinary Gain / (Loss) :

There is no extraordinary gain or loss occurred during the reporting period.

Related Party Transactions :

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements in Note 18 & 29 and in Page: 76 & 79 in accordance with relevant International Accounting Standards (IAS)

Utilization Of Proceeds Raised Through Public Issues, Rights Issues Or Any Other Instrument

During the reporting year, the Company has raised Tk. 109,817,290.00 through issuance of rights shares on the basis of one right share against two existing shares held on the record date (10,981,729 ordinary shares of Tk. 10.00 each at an issue price of Tk. 10.00 per share). The said rights shares have been successfully subscribed by the shareholders and the fund collected from the rights issue is being utilized as per the implementation schedule mentioned in the Rights Share Offer Document and as per Condition No. 20 of the BSEC's Rights Issue approval letter dated April 20, 2022. The status of such utilization is being reported to the regulators as well as published the same in the website of the Company.

The status of Rights Issue Utilization as on September 30, 2022 is as follows:

Purpose	As per Rights share offer document (ROD) TK.	Disbursed Till date (Tk.)	Balance
To Procure brand new Caterpillar Gas Generator sets with complete standard accessories	109,817,290	109,817,290	Nil
Total	109,817,290	109,817,290	Nil

There was no such event that caused the deterioration of the financial results after the Company went for the rights share offer during the reporting year.

Variance between quarterly financial performance and Annual financial Statements

There was a significant variance between quarterly performance and Annual Financial Statements. 1st quarter EPS was Tk. 6.66, 2nd quarter EPS was Tk 11.67 and 3rd quarter EPS was Tk 14.72 respectively. In the fourth quarter i.e. 1st April 2022 to 30 June 2022, Unrealized Loss from sale of Shares was Tk.10.58 crore. Consequently EPS decreased to Tk 6.03 in the final quarter of the financial year 2021-2022.

Remuneration to Directors including Independent Director:

The details regarding Directors' remuneration is shown in Annexure- ii of the Annual Report.

Fairness of Financial Statements:

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

Proper Books of Accounts:

Proper books of accounts of the Company have been maintained.

Adaptation of Proper Accounting Policies and Estimates:

Appropriate accounting policies have been consistently applied in 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 has effective internal control systems in place, which ensures that all the assets

of the Company are safeguarded and protected against any loss from unauthorised use or disposition. Internal Auditors also periodically carries out review of the internal control systems and procedures. Your Company has also put in place adequate internal financial controls with reference to the financial statements commensurate with the size and nature of operations of the Company. Such controls were tested and no material discrepancy or weakness in the Company's financial controls with reference to financial statements was observed during the year.

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:

There was a significant deviation from the last years operating result of the Company. EPS for 2021-22 was Tk. 6.03 in comparison to an EPS of 4.07 for 2020-21. During the financial year our sales and other income have been increased as a result EPS also been increased compare to the financial year 2020-2021.

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

Board of Directors has approved the Dividend Distribution Policy as per directive of Bangladesh Securities and Exchange Commission and based on this, our policy is to offer consistent dividends that closely reflect business performance. As announced by the Company on 26 October 2022, the Board has recommended dividend for all shareholders 40% Cash in respect of the year ended on 30 June 2022 which will be paid after approval in the Annual General Meeting of the Company as per respective shareholding position

on record date i.e. on 17 November 2022.

Board of Directors confirmed that no bonus share or stock dividend has been declared as interim dividend.

Transfer Of Unclaimed Dividend To CMSF

In response of the Bangladesh Securities and Exchange (Capital Market Stabilization Fund) Rules, 2021, we have transferred the unclaimed or undistributed or unsettled cash dividend for the financial year 2008-2009 & 2009-2010 to CMSF in due time.

Unclaimed Dividend:

Particulars	Amount in Tk.	No. of Shareholder
Cash Dividend for the year 2019-2020	39,954	307
Cash Dividend for the year 2020-2021	145,816	352
Total at 30 June 2022	185,770	

Board and Committee Meetings and Attendance

During the year 2021-2022 total seven Board meetings, four Audit Committee meetings and a single NRC Committee meeting were held. Details of the Board meetings, Audit Committee meetings and NRC Committee meeting are shown in Annexure-i of the Annual Report. The Managing Director, Chief Financial Officer (CFO) and Company Secretary (CS) was present in all Board meetings.

The pattern of Shareholding and Name wise details:

The shareholding information as of June 30, 2021, and other related information are provided in Annexure iii of the Annual Report.

Contribution to National Exchequer:

Sonali Paper & Board Mills Limited is one of the largest corporate 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. 140.95 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 are 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 08 - 10 of the Annual Report.

Management Discussion And Analysis

The Board of Directors converse on the increase / decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required. A detailed report on discussion in the regard is comprised in Page: 21-23

Audit Committee

The Board has constituted the Audit Committee as follows :

Name	Position
Mr. Kh. Md. Aminur Rahman	Chairman
Mr. K. M. Ashaduzzaman	Member
Mr. Mohammed Javed Noman	Member
Mr. Md. Rashedul Hossain	Secretary

During the reporting period under review, the Committee held four meetings. A detailed of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee". Page: 44-46

Nomination And Remuneration Committee (NRC):

Sonali Paper & Board Mills Limited has formed a Nomination and Remuneration Committee (NRC) on 3rd December, 2018 as a sub-committee of the Board of Directors. This committee will assist the Board of Directors in formulation of the nomination criteria or policy to determine qualifications, experiences, remuneration and independence of directors and top level of executives. The NRC has three members including one Independent Director. A detailed roles and activities of the NRC has been provided in "The Report of The Nomination and Remuneration Committee (NRC)" Page: 47-48

Appointment of Independent Director:

As per provision of Corporate Governance Guidelines notification No.BSEC/CMRRCD/2006-58/207/Admin/ 80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), Mr. K. M. Ashaduzzaman & Mr. Khondaker Muhammad Aminur Rahman were appointed as Independent Director of the Company for a period of 3 (three) years.

Corporate Social Responsibility (CSR):

As a corporate citizen, Sonali Paper & Board Mills Limited endeavors to discharge its responsibilities

towards the society and the environment. Our social responsibilities includes our valued customers, employees, shareholders, business associates and other stakeholders. The Board of Directors is aware of the social development as part of the corporate social responsibility (CSR), especially in the areas of race-religion-regional equality, non-employment of child labor, donations to the educational and charitable institutions, prevention of environmental pollution etc. We believe that our business objectives are not only to maximize the profitability but also to contribute to the society.

Certification By The CEO & The CFO :

Declaration of certificate by the CEO & the CFO to the Board as required under condition no. 3(3) of Corporate Governacnce Code is included in Page: 24

Website :

Company maintains a website namely **www.spbmlbd.com** which is linked with the websites of the stock exchanges and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

Information In Compliance To The Condition No. 4 Of The Commission’s Notification No. Bsec/cmrr D/2009-193/10/ Admin/118, Dated 22 March 2021.

Lien or Pledge Information :

During the period from July,2021 to June,2022, the following directors of Sonali Paper & Board Mills Limited had not availed any loan or credit facility by lien or pledge of their shares to the lenders at the time of borrowings. They also had not availed any margin loan from the stockbroker or portfolio manager

Name of Director	Position in the Company	No. of Shareholding	Shareholding Percentage (%)
Mr. Mohammed Younus	Chairman	30,28,201	13.79%
Mrs. Mahfuza Younus	Managing Director	30,22,326	13.76%
Mr. Mohammed Javed Noman	Director	87,71,619	39.94%

Code Of Conduct

The underlying philosophy of Sonali Paper & Board Mills Limited’s Code is to conduct the business in an ethical manner as well as create a work environment that is conducive for members and associates alike, based on the Company’s values and beliefs. Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

Appointment Of Auditors & Professional

A. Appointment of External Auditors:

Present auditor MABS & J, Chartered Accountants having its office at SMC Tower (7th Floor), 33, Banani C/A, Road-17, Dhaka-1213, will retire in 45th AGM and they are not eligible for reappointment for the year 2022-2023 as they were the auditor of the company for last consecutive three years as mentioned in the order of Bangladesh Securities and Exchange Commission (BSEC) No: SEC/CMRRC-D/2009-193/104/Admin dated July27, 2011. Pursuant to BSEC’s order, a new auditor will be appointed for the year 2022-2023. After review the panel and recommendation of the Audit Committee, Board in their meeting held on 26 October, 2022 recommended FAMES & R, Chartered Accountants, having its office at Hossain Tower (11th Floor), 116 Naya Paltan, Box Culvert Road, Dhaka-1000,for appointment as auditor of the company for the period from 01 July, 2022 to 30 June, 2023 subject to the approval by the shareholders in the 45th AGM.

B. Appointment of Professional for Corporate Governance Certificate :

On the willingness to be re-appointed as professional to certify on the compliance of corporate governance as issued by the Bangladesh Securities and Exchange Commission, the Board of Directors in its meeting held on 26 October 2022, recommended the appointment of Rahman Zasim & Co., Cost & Management Accountants, having its office at House # 9, Road # 2, Sector # 7, Uttara, Dhaka-1230, for the year 2022-2023 subject to the approval by the shareholders in the 45th AGM.

Compliance Of Corporate Governance :

Pursuant to notification No:BSEC/CMRRC/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), the Corporate Governance Report and the

Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report and attached in Annexure-B & C, Page : 25-41 respectively.

Directors' Responsibilities Statement

Pursuant to the BSEC notification No. BSEC/CMR-RCD/2006-158/207/Admin/80 dated 03 June 2018 the Directors confirm that:


- i) The financial statements prepared by the management of Sonali Paper & Board Mills Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- ii) Proper books of Account of the company have been maintained.
- iii) 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.
- iv) International Accounting Standards (IAS)/ 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.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no doubts upon the Company's ability to continue as a going concern and the accounts have been prepared on going concern basis.
- vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.
- viii) The key operating and financial data of last 5 years is disclosed in Page: 11.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director is disclosed in this report in Page: 42.
- x) The pattern of shareholding is disclosed in Page: 43.
- xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in Annexure-C, Page: 30-41.
- xii) Directors' profile is attached in page no 8-10.

Appreciation

We thank our customers, vendors, investors, business associates and bankers for their continued support during the years. We place on record our appreciation of the contribution made by workers and employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

We thank the Government of Bangladesh, and Government Agencies and Regulatory Bodies-BSEC, DSE, CSE, CDBL, RJSC, NBR and others related parties for their support and look forward to their continued support in the future.

Stay safe and healthy!
on behalf of the Board



Mohammed Younus
Chairman

Management Discussion and Analysis

Management's Discussion and Analysis of the Company's position and operations along with a brief discussion of changes in the financial statements for the financial year 2021-2022 as per condition no. 1(5) (XXV) of Corporate Governance Code dated June 03, 2018 :

(a) Accounting policies and estimation for preparation of financial statements:

These financial statements have been prepared under the historical cost convention, Accrual and Going Concern basis in accordance with applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) in Bangladesh and the following IASs and IFRSs are applicable for the financial statements for the year under review.

- IAS-1 Preparation of financial statements
- IAS-2 Inventories
- IAS-7 Statement of Cash Flows
- IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS-10 Events after the Reporting Period
- IAS-12 Income Taxes
- IAS-16 Property, Plant & 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 Contingent Assets
- IFRS-7 Financial Instruments: Disclosures
- IFRS-9 Financial Instruments
- IFRS-15 Revenue from contracts with customers

(b) Changes in Accounting policies and estimation:

There was no change in accounting policies and estimation during the year under review.

(c) Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons:

This year's cost of goods sold was Tk. 183.19 crore as compared to last year's cost of goods sold of Tk. 123.00 crore. During the current year 35,528 MT of writing paper & board paper have been produced as against last year's production of 32,738 MT. 92.28% production capacity has been utilized during this year compared to 85.03% capacity utilization of last year. The Cost of Goods Sold for the current year increased by 48.94% from the previous year.

Gross Profit of Tk. 21.41 crore has been earned during the current year as against of Tk. 18.46 crore of last year. The gross profit margin has increased from 2.55% of last year to 15.97% this year. The significant amount of change in gross profit margin indicates that the business environment has improved since last year.

Net Profit (after tax) earned during the current year was TK 13.25 crore as compared to last year's net profit (after tax) of Tk. 8.95 crore. Increased sales revenue, decreasing operating expenses and cheaper financing options contributed to the increase in the net profit for the organization.

The Summarized operational and financial performances are presented below:

Particulars	01 July 2021 to 30 June 2022	1 July 2020 to 30 June 2021	1 July 2019 to 30 June 2020	1 July 2018 to 30 June 2019	1 July 2017 to 30 June 2018
Revenue	2,046,087,300	1,414,657,548	1,408,650,300	1,836,468,625	1,488,570,023
Gross Profit	214,128,034	184,630,200	236,808,141	304,034,303	246,982,451
Profit before WPPF & Taxes	161,037,291	100,182,731	39,754,792	89,023,784	44,029,301
Net Profit after WPPF & Taxes	132,470,594	89,465,514	26,732,381	63,429,447	30,786,789
Earnings per Share (EPS)	6.03	4.07	1.61	4.19	2.04
Shareholder's Equity	5,299,880,767	5,204,015,939	5,122,869,917	5,096,137,536	5,032,708,089
Current Liabilities	1,191,274,525	849,445,458	866,582,849	923,055,269	738,088,978
Non-current Liabilities	513,313,441	622,202,256	315,537,053	369,142,506	429,409,058
NAV Per Share	241.30	284.33	307.88	336.90	332.71
Net Operating Cash Flow Per Share (NOCFPS)	(0.15)	11.27	14.64	0.88	(1.55)

Comparative Financial Performance between Sonali Paper & Board Mills Limited & Peer Companies:

Particulars	Sonali Paper & Board Mills Limited (Audited till 30 June 2022)	Bashundhara Paper Mills Limited (Un-audited till 31 March 2022)	Hakkani Pulp & Paper Mills Limited (Un-audited till 31 March 2022)	Khulna Printing & Packaging Limited (Un-audited till 31 March 2022)
Revenue	2,046,087,300	8,472,188,017	355,545,162	1,427,174
Gross Profit (In Taka)	214,128,034	1,619,468,298	41,467,761	(23,263,998)
Gross Profit (In %)	10.46	19.12	11.66	(1,630.07)
Net Profit/(Loss) before WPPF & Taxes (In Taka)	161,037,291	420,497,405	(15,942,000)	(223,820,665)
Net Profit/(Loss) before WPPF & Taxes (In %)	7.87	4.96	(4.48)	(15,682.79)
Net Profit/(Loss) after WPPF & Taxes (In Taka)	132,470,594	258,755,700	(20,140,000)	(223,739,335)
Net Profit/(Loss) after WPPF & Taxes (In %)	6.47	3.05	(5.66)	(15,677.09)
EPS	6.03	1.49	(1.06)	(3.06)
NAV per Share	241.30	46.12	23.81	(1.83)
NOCFPS	(0.15)	12.49	(1.24)	(1.16)

** Financial information of peer companies are based on the data available in their website.

(d) The financial and economic scenario of the country and the globe:

While fiscal year 2021-2022 started on a somber note in Bangladesh with the aftermath of Omicron variant is still linger. War in Ukraine has destabilized energy markets and supply chain. The world over from the middle of the year and the rest of the year charted a path to being normalcy. On the raw material side production remained stable aided by Government's initiatives to support during the pandemic.

The Covid-19 pandemic since early 2020 caused a considerable drop in paper business. But the situation started to revert in the middle of the last year. In the financial year 2021-2022, this sector achieved growth after a significant struggle. The growth of Sonali Paper & Board Mills Limited was appreciable.

(e) Future Plan:

As per early declaration by the management, Sonali Paper & Board Mills Limited has already set up a Machine in its' factory premises to produce aluminum foil paper box. The production capacity of the machine is to produce 1,00,000 (One Lac) pieces of box per day. The company strongly believes that upon utilization of full capacity of the new machine, it will have significant impact on its competitive position in the market in addition to increasing its revenue.

We aim to passionately building value for our customers and Shareholders continuously. Our goal is to positioning the business in the changing business environment to maximize profit and credibility.

Mahfuza Younus

Mahfuza Younus
Managing Director

Risk and Concerns:

An investment in equity carries risks. Investors should carefully consider all the information in this Annual Report including the risks and uncertainties described below, before making an investment in equity shares of Sonali Paper & Board Mills Limited. Any of the following risks as well as other risks and uncertainties discussed in the Annual Report could have a material adverse effect on business, financial condition and results of operations of SPBML and could cause the trading price of Equity Shares to decline, which could result in the loss of all or part of one's investment. In addition, the risks set out may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below. We are not in a position to specify or quantify the financial or other risks mentioned herein:

A. Interest Rate Risk

Change in interest rates and banking policies resulting in an increase in financial expenses may have an adverse effect in Company's profitability. The company is dependent on bank (s) for working Capital requirements. Therefore any change in the existing banking policies or increase in the interest rates may reduce profit of the company.

Management Perception

The Management of the Company is always aware of the interest rates at which the debts of the company are being financed. The company has been repaying borrowed funds on a continuous basis to reduce such interest risk.

B. Exchange Rate Risk

The company carries foreign exchange rate fluctuation risk as it imports raw materials against payment of foreign currency. Unfavorable volatility or currency fluctuation of foreign currency to BDT exchange rate may have negative impact on the cost structure and profitability of the company.

Management Perception

The risk of foreign exchange cannot be eliminated fully as we would have to import raw materials. However the management is always alert in minimizing the negative impact of currency fluctuation cost by identifying new sources of raw materials and constantly negotiating with suppliers for reducing price.

C. Labor Unrest

Smooth production is dependent on good relationship of the management with the factory workers and their ability to provide high-quality services. In the event of disagreements with the workers, the company may experience adverse impact.

Management Perception

SPBML maintains good atmosphere at the work place and provides all sort of facilities to the workers as per law of the land as well as Service Rules. Moreover the company has satisfactory compensation and welfare policies for its human resources, which reduces the risk of labor unrest.

D. Operational Risks

Rise in Input Costs may affect profitability. Costs of the products of the company may increase due to various reasons, such as increased cost of raw materials and other variable costs that adversely affect the input costs. In case the company is unable to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

Management Perception

The company constantly endeavors to procure raw materials at competitive prices using its long association with the suppliers and constant development of new sources for the same. Moreover it follows prudent pricing policy to keep the costs under check. Usually the burden of price fluctuation is reduced by increasing the prices of finished products. Profitability will depend upon the company's ability to pass on the burden of rise in the price of raw materials to the consumers.

Annexure-A

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

Sonali Paper & Board Mills Ltd.

Declaration by CEO and CFO

Date: October 26, 2022

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, 2022.

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, 2021 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, 2022 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
Managing Director

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 2022. 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:

- 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;
- 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;
- 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
- The Governance of the company is satisfactory.



Principal
Rahman Zasim & Co.
Cost & Management Accountants



Dhaka, 28 November 2022

Corporate Governance Statement

Report on Corporate Governance: The Board of Directors of SPBML is responsible for proper governance which includes setting out Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardships.

Sonali Paper & Board Mills Limited is committed to continually reviewing all corporate governance policies and practices to ensure the ongoing transparency of the company's practices and the delivery of high standards and quality information to stakeholders.

The maintenance of effective corporate governance remains a key priority of the Board of Sonali Paper & Board Mills Limited. To exercise clarity about directors' responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of the Company's management have been instituted.

Statement of Compliance

Bangladesh Securities and Exchange Commission's notification on Corporate Governance Code

As Sonali Paper & Board Mills Limited is listed with the Stock Exchanges in Bangladesh, we comply with the BSEC's notification No. BSEC/CMRRCD/2006- 158/207/Admin/80 dated 3 June 2018. For the year ended 30th June 2022, we have complied with the relevant provisions set out in Annexure-C of this report.

Board Practices

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the Shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled.

The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that SPBML Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

Roles and Responsibilities of the Board

The Board of Directors is responsible for protecting the rights and interests of all shareholders and also accountable for the overall management of the entity. Besides its usual legal and statutory responsibilities, the Board is responsible for the following:

- Reviewing and adopting a strategic plan for the company;
- Overseeing the conduct of the company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the company;
- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems, including systems for compliance with applicable laws, and regulations, rules, directives and guidelines;
- Approving the financial statements and accounting policies of the company;
- Approving changes in the policy;
- Recommending dividend for declaration in AGM;
- Establishing committees including the Audit Committee & Nomination and Remuneration Committee.
- Receiving and reviewing reports from committees of the Board;
- Establishing and monitoring compliance with the company's standards of business conduct and other policies of the company;
- Establishing appropriate systems of corporate governance in the company;
- Considering and approving other matters specially reserved for the attention of the Board; and
- Constantly guide and assist the company in external stakeholder management.

Board Composition

The Board in SPBML is comprised of five Directors, including the Chairman who is elected from amongst the members.

In compliance with the BSEC's Corporate Governance Code the Board of Directors has appointed two Independent Directors. We believe that our Board has the optimum level of knowledge, composure and technical understanding about Company's business which, combined with its diversity of culture and background stands as the perfect platform to perform and deliver.

Please refer to pages 09 to 15 for details of the Board of Directors and their profile.

Board Committees

The Board has established two Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee & Nomination and Remuneration Committee.

Audit Committee

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

The Audit Committee comprises of three members and out of them, two are independent directors. The Chairman of the Audit Committee is an Independent Director.

a) Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three Directors including two Independent Directors. One of the Independent Directors is the Chairman of the Nomination and Remuneration Committee. The Committee acts as per the terms and conditions of the Corporate Governance Code of BSEC.

Board Meetings

The meetings of the Board of Directors of SPBML are generally held at the Registered /Corporate Office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing to each director by the Company Secretary. The Board meets for both scheduled

meetings and on other occasions to deal with urgent and important matters that require attention.

The details of Board Meeting and attendance are given in Annexure - D of this report.

Role of the Chairman

The Chairman leads the Board in determination of its strategy and achievement of its objectives. The Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman facilitates the effective contribution of Independent Directors and ensures that constructive relations exist amongst the Directors. Minutes of Board meeting are signed by the Chairman.

Role of the Managing Director

The Managing Director is responsible for running the business and for formulating and implementing Board strategy and policy. He also has direct charge and overall control of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Company.

He is to certify to the board regarding financial statements and financial transactions of the company according to the corporate governance guidelines as issued by Bangladesh Securities and Exchange Commission (BSEC).

Role of Company Secretary

The Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) also require a listed company to appoint a Company Secretary, as distinct from other managers of the Company. In pursuance of the same, the Board of Directors has appointed Mr. Md. Rashedul Hossain as Company Secretary and defined his roles & responsibilities. In SPBML, among other functions, the Company Secretary;

- Advises and assists the members of the Board with respect to their duties and responsibilities as Directors and compliance with their obligations under the Companies Act, Stock Exchange requirements and issues on corporate governance.
- Acts as a channel of communication and information.

Ensures that the Board's decisions are properly implemented and communicated by assisting in the implementation of corporate strategies and policies.

- Ensures proper compliance with all relevant statutory and regulatory requirements.
- Communicates with the stakeholders of the company.

Role of Chief Financial Officer

The Chief Financial Officer is a versatile individual with the talent to meet a continually changing set of circumstances. He is responsible for accounts and treasury functions of the company. In addition he attends all board meetings and presents quarterly and periodical results.

He is to certify to the board regarding financial statements and financial transactions of the company according to the corporate governance guidelines as issued by Bangladesh Securities and Exchange Commission (BSEC).

Role of the Head of Internal Audit and Compliance

The Head of Internal Control and Compliance is responsible for reporting to the Board/ Audit Committee regarding any deviation from accounting and internal control systems of the Company. He is also responsible for ensuring regulatory compliance of the Company.

Secretarial Standards

The Company has complied with all the Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

Price Sensitive Information

The Board of SPBML through the company secretary always ensures to inform all price sensitive information within 30 minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges and also ensure immediate publication of such information/decision in two widely circulated daily newspapers, one in Bangla and the other in English and in one on-line news portal. The communication is done through E-mail/Fax and by special messenger, and through courier service in special cases.

Statutory Audit

Statutory Audit of the Company is governed by the Companies Act, 1994 and Securities and Exchange Rules 1987. As per these regulations, auditors are appointed at each Annual General Meeting (AGM) and their remuneration is also fixed by the Shareholders at the AGM. Appropriate structure is in place as per corporate governance best practices to ensure independence of statutory auditors.

Corporate Governance Compliance Audit

As per the BSEC's notification no. BSEC/CMRRC/2006-158/207/Admin/80 dated 3 June 2018 the compliance auditors are appointed at each Annual General Meeting (AGM) and their

remuneration is also fixed by the Shareholders at the AGM.

Internal Audit

The Internal Audit department is independent of business operations. It undertakes a program to address internal control and risk management processes with particular reference to the SPBML Audit Charter. It operates a risk-based methodology, ensuring that the Company's key risks receive appropriate regular examination. Its responsibilities include reviewing and reporting on the effectiveness of risk management systems and internal control with the Audit Committee and ultimately to the Board. Internal Audit facilitates oversight of risk and control systems across the company.

Workers' Profit Participation Fund (WPPF)

SPBML has also implemented Workers' Profit Participation Fund (WPPF) for their employees. The company provides 5% of profit before charging such expense to employees as Workers' Profit Participation Fund (WPPF) in accordance with Bangladesh Labour Act 2006 (amended in 2013).

Compliance with Bangladesh Labour Act

The Company has complied with the relevant conditions of Bangladesh Labour Act 2006 (as amended in 2013) in respect of Workers' Profit Participation Fund (WPPF), Provident Fund, and Gratuity etc.

Restriction on dealings in SPBML Shares by Insiders

The Company has established policy relating to trading of SPBML shares by Directors, Employees and other Insiders. The securities laws also impose restrictions on similar transactions. All the Insiders are prohibited from trading in the SPBML shares, while in possession of unpublished price sensitive information in relation to the Company during prescribed restricted trading period. Directors and Employees are also required to notify their intention to trade in the SPBML shares prior to initiating the same.

Communication with Shareholders

SPBML is continuously striving to improve relations with its shareholders. The Company encourages communications with shareholders throughout the year welcomes their participation in the shareholders meeting. The quarterly financial results and all other information are published in widely circulated dailies in both Bengali and English newspaper

and one in Online newspaper. The information is also made available in the company website. Annual Reports in PDF form are sent to shareholders by e-mail to their respective e-mail addresses which are available to us. PDF form of the Annual Reports are also made available in the Company's website.

All information provided to the BSEC and Stock Exchanges are immediately made available to the Shareholders on our Company **website: www.spbmlbd.com**

General Meeting

Annual General Meeting normally takes place within the first six months of each fiscal year. The members of the Board of Directors, Chairman of Audit Committee, Chairman of Nomination &

Remuneration Committee and the Auditors remain present at the Annual General Meeting (AGM) so as to be available to answer Shareholders queries, if any, on the results of the Company.

Website:

The Company has an official website linked with the websites of the stock exchanges. All financial results are posted on the Investor Relations section of the Company's website: www.spbmlbd.com

Shareholders Queries:

SPBML has set up a separate share division in the 4th floor of the registered office of SPBML at 51, Central Road, Dhanmondi, Dhaka-1205. In addition we have special queries telephone lines and an email address. Shareholders can contact +880 2-58610058 or mail to SPBML Share Office: spshare@younusgroup.com for any queries and/or grievances.



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	Complied	Not Complied	Remarks (IF ANY)
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 5 members including 2 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)	For the purpose of this clause '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);	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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;	√		
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.	√		
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;	√		Approved by BSEC
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;			N/A
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(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission;			
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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:			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
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;	√		
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;	√		
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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;	√		
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;			N/A
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:-	√		
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;	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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:	√		
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;	√		Code of Conduct duly recommended by the NRC and approved by the Board is in place.

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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.	√		The Code of Conduct is duly posted in the company's website.
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
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).			N/A
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.	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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:- For ensuring good governance in the company, the Board shall have at least following subcommittees:			
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.	√		
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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;	√		
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.			No such reportable incident arose
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: The Audit Committee shall:-			
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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;	√		
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:	√		
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:-			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
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;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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;	√		
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 Chairperson 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			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
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 accountable 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	Complied	Not Complied	Remarks (IF ANY)
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.	√		
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 seven Board Meetings were held and the attendance of the Directors is noted below:

SI No	Name of Directors	Designation	Total Meetings	Meetings Attended
1	Mr. Mohammed Younus	Chairman	7	7
2	Mrs. Mahfuza Younus	Managing Director	7	7
3	Mr. Mohammed Javed Noman	Director	7	7
4	Mr. A.K.M. Nurul Fazal Bulbul	Independent Director	7	4
5	Mr. Ashim Kumar Roy	Independent Director	7	4
6	Mr. K. M. Ashaduzzaman	Independent Director	7	3
7	Mr. Kh. Muhammad Aminur Rahman	Independent Director	7	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-ii

SI No	Name of Directors	Board Meeting		Audit Committee	NRC Committee	Total Fees Paid (Tk.)
		Attendance	Fees (Tk)	Attendance	Attendance	
1	Mohammed Younus Chairman	7/7	67,200			67,200
2	Mahfuza Younus Managing Director	7/7	67,200			67,200
3	Mohammed Javed Noman Director	7/7	67,200	4/4	1/1	67,200
4	A.K.M. Nurul Fazal Bulbul Independent Director	4/7	38,400	2/4		38,400
5	Ashim Kumar Roy Independent Director	4/7	38,400	2/4		38,400
6	K. M. Ashaduzzaman Independent Director	3/7	28,800	2/4	1/1	28,800
7	Kh. Md. Aminur Rahman Independent Director	3/7	28,800	2/4	1/1	28,800
Total			3,36,000			3,36,000

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

The Pattern of Shareholding

Annexure-iii

As on 30 June, 2022

(i) Shareholding Position of Sponsor:

Name	No. of Shares Held	Percent (%)
Mr. Alhaj Mohd. Eunoos Khan	5,964	.02

(ii) Shareholding status of The Directors/CEO/CS/CFO/HIAC & their spouses and minor children:

Name of the Directors	Status	No. of Shares Held	Percent (%)
Mr. Mohammed Younus	Chairman	30,28,201	13.79
Mr. Mohammed Javed Noman	Director	87,71,619	39.94
Mr. A.K.M. Nurul Fazal Bulbul	Independent Director	Nil	Nil
Mr. Ashim Kumar Roy	Independent Director	Nil	Nil

Name of the Executives	Status	No. of Shares Held	Percent (%)
Mrs. Mahfuza Younus	Managing Director	30,22,326	13.76
Mr. Mohammad Ziaul Haque	Chief Financial Officer	Nil	Nil
Mr. Md. Rashedul Hossain	Company Secretary	Nil	Nil
Mr. Md. Mahabub Alam	Head of Internal Audit	Nil	Nil

(iii) Top five salaried persons other than the Directors, CEO, CS, CFO & HIAC

Name of the Directors	Status	No. of Shares Held	Percent (%)
Mr. Kawsar Azizur Rahman	Head of Human Resources	Nil	Nil
Mr. Md. Kamrul Islam	Head of Operation	Nil	Nil
Mr. Md. Ataur Rahman	Asst. Director (Admin)	Nil	Nil
Mr. Al Mamun Parvez	GM, Accounts	Nil	Nil
Mr. Md. Sayed Hassan	DGM, Commercial	Nil	Nil

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

Name	No. of Shares Held	Percent (%)
Mr. Mohammed Javed Noman	87,71,619	39.49%
Mr. Mohammed Younus	30,28,201	13.79%
Mrs. Mahfuza Younus	30,22,326	13.76%

Audit Committee Report

In accordance to the best practices of Corporate Governance, the Board of Directors of Sonali Paper & Board Mills Limited established an Audit Committee and the status of compliance with the conditions imposed by the Commission's Notification no. BSEC/CMRRCD/2006-158/207/Admin/80, dated June 03, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The Audit Committee supports the Board in fulfilling its responsibilities as per standard practice.

Role of the Audit Committee

The Audit Committee assisted the Board of Directors in fulfilling its responsibilities regarding the Company's accounting and financial process by monitoring the following:

- The integrity of the Company's financial statements;
- The independence, qualifications of performance quality of its' external auditors;
- The Company's system of internal control;
- The performance of the Company's internal audit process;
- The Company's compliance with law, regulations and codes of conduct with a view to safeguard the interests of all stakeholders of the Company.

Summary of Activities

The Audit Committee carried out the following activities during the financial year ended June 30, 2022

Composition of the Audit Committee

The Audit Committee was composed with the following members:

Name	Position
Mr. Kh. Md. Aminur Rahman	Chairman
Mr. K. M. Ashaduzzaman	Member
Mr. Mohammed Javed Noman	Member

The Chief Financial Officer attends the meeting by invitation only as and when requires. The Company Secretary functions as the Secretary of the Audit Committee.

Meeting

The details of the record of meetings of the Audit Committee are shown in page no. 55 of the Annual Report 2021-2022.

Regulatory Compliance

The Committee examines whether the Company's procedures are in place to ensure compliance with

- the laws and regulations framed by the regulatory Authorities (BSEC, DSE, CSE and RJSC);
- Internal regulations approved by the Board of Directors.

The Company is duly following the rules and regulations of the Regulatory bodies and also strictly follows areas with conflict of interest. The Committee was satisfied that the Company substantially complied with these regulatory requirements.

Financial Reporting

The Committee assisted the Board of Directors and the management to carry out their responsibilities of preparing true and fair financial statements in accordance with the IAS & IFRS by:

- Reviewing the adequacy and effectiveness of the internal control system and procedures in order to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account;
- Reviewing the integrity of the process by which financial statements are prepared from the books of account;
- Reviewing the process by which compliance of provision of IAS & IFRS.

The Committee also reviewed:

- The quarterly and annual financial statements of the Company prior to recommending them for the approval by the Board;
- The annual audited financial statements of the Company with external auditors prior to submission to the Board for approval. The review focused particularly on changes of accounting policy and compliance with applicable accounting standards as adopted in Bangladesh and other legal & regulatory requirements.

The Committee reviewed:

- The Company's statement on internal control systems prior to approval by the Board.
- The policies and process for identifying and assessing business risks and the management of those risks by the Company.
- The adequacy of internal audit functions.
- Whether the management has set up the appropriate compliance culture across the Company in order to ensure that all employees have a clear understanding of their roles and responsibilities.
- The arrangements made by the management for building up a suitable management information system including computerized systems and its applications thereof.

Internal Audit

The Committee review and discussed the relevant reports of special investigations which were submitted by the internal Audit team. These are as follows:

- The annual audit plan for adequacy of scope and comprehensive coverage of these activities of the Company.
- Monitor and review the effectiveness of the Company's internal audit function in the context of Company's overall risk management system.
- Approve the appointment and removal of the head of the internal audit function.
- The audit programs, resources requirements for the year and assessed the performance of the internal audit functions.
- The internal audit reports, audit recommendations and management response to these recommendations and actions taken to improve the system of internal control and procedures.
- Exercise internal audit of Sonali Paper & Board Mills Limited reviewing the effectiveness of Internal Audit functions including performance and compliance with professional standards. Examine audit findings and material weakness and monitor implementation of audit action plans.
- Reviewed and monitored management's responsiveness of the findings and recommendation. The Committee advised the management to take effective steps for rectification of all the lapses and weaknesses identified by internal audit and to take utmost care, so that weaknesses and lapses shall not be repeated in future. Department heads attended the meetings when their reports were discussed.

External Audit:

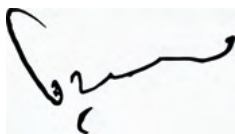
The Committee met with the external auditors at the conclusion of the annual audit and exchanged views on their Audit Report. The Committee reviewed the findings and recommendations made by the external auditors in order to remove the weaknesses as detected in the external auditing process. The Committee assessed statutory auditors' qualification, expertise and resource and the effectiveness of the audit process. They also reviewed the findings of the audit with the external auditor. In addition, the Committee reviewed the performance of the external auditors and recommended to the Board on their appointment and fees.

Deliberations of Audit Committee during the year in 2021-2022:

1. The Audit Committee reviewed the quarterly, half yearly and annual financial statements and recommended to the Board for consideration.
2. Committee had reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.
3. Committee has reviewed whether there is any related party transactions as per BSEC order.
4. The Committee has reviewed its' internal control policy & recommended to the Board of kind approval.
5. The Committee has reviewed its' risk management policy & recommended to the Board of kind approval.
6. Committee has kept their valuable suggestion for answering any queries asked by Regulators.
7. The Committee found necessary arrangement to present a true and fair view of the activities and the financial status of the company and address any significant material deviation, discrepancies or any adverse finding/ observation in the areas of reporting.

Acknowledgement

The Audit Committee expressed of sincere thanks to the Chairman and members of the Board, management and the Auditors for their support in carrying out its' duties and responsibilities effectively.
On behalf of the Audit Committee



Khondaker Muhammad Aminur Rahman
Chairman
Audit Committee

Report of the Nomination & Remuneration Committee

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRR D/ 2006-158/ 207/Admin /80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board.

The Nomination and Remuneration Committee (NRC) of SONALI PAPER & BOARD MILLS LIMITED is Comprised of the following members:

Name & Designation	Position
Mr. K. M. Ashaduzzaman Independent Director	Chairman
Mr. Khondaker Muhammad Aminur Rahman Independent Director	Member
Mr. Mohammed Javed Noman Director	Member

TERMS OF REFERENCE

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC 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 policy for formal process of considering remuneration of directors and top level executives.

ROLE OF THE NRC

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:

(i) Formulation the criteria for determining qualifications, positive attributes and independence relating to the remuneration of the directors, top level executive, considering the following:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;

(b) the relationship of remuneration to performance is clear and meets appropriate performance bench- marks; and

(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;

(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.

(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; of a director and recommend a policy to the Board,

(iv) formulating the criteria for evaluation of performance of independent directors and the Board;

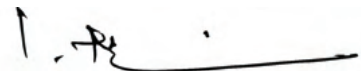
(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and

(vi) developing, recommending and reviewing annually the company's human resources and training policies;

The Activities of the NRC during the financial year were as follows:

i. During the year under review the Committee met once. The Managing Director, the Chief Financial Officer and the Head of Human Resources attended the meeting by invitation of the Committee. The Attendance record of the members is shown in Annexure I.

ii. Recommended the management's proposals for the annual increment/promotion/enhancement of salary and renewal of contract appointments of Senior Management of the Company.



K.M. Ashaduzzaman
Chairman
Nomination and Remuneration Committee

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2022/247

Date of issue : May 19, 2022



Renewed Certificate

This is to certify that

SONALI PAPER & BOARD MILLS LIMITED

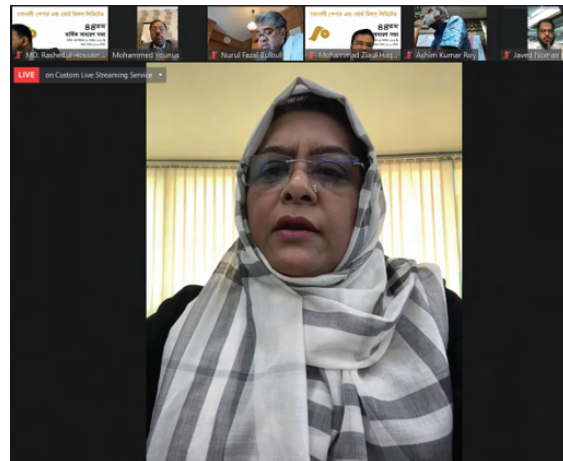
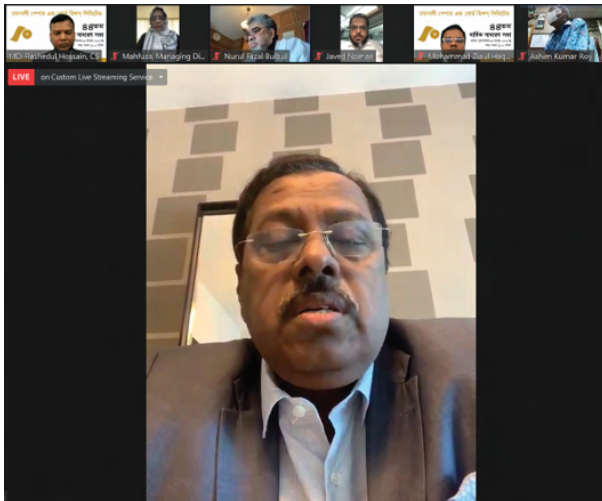
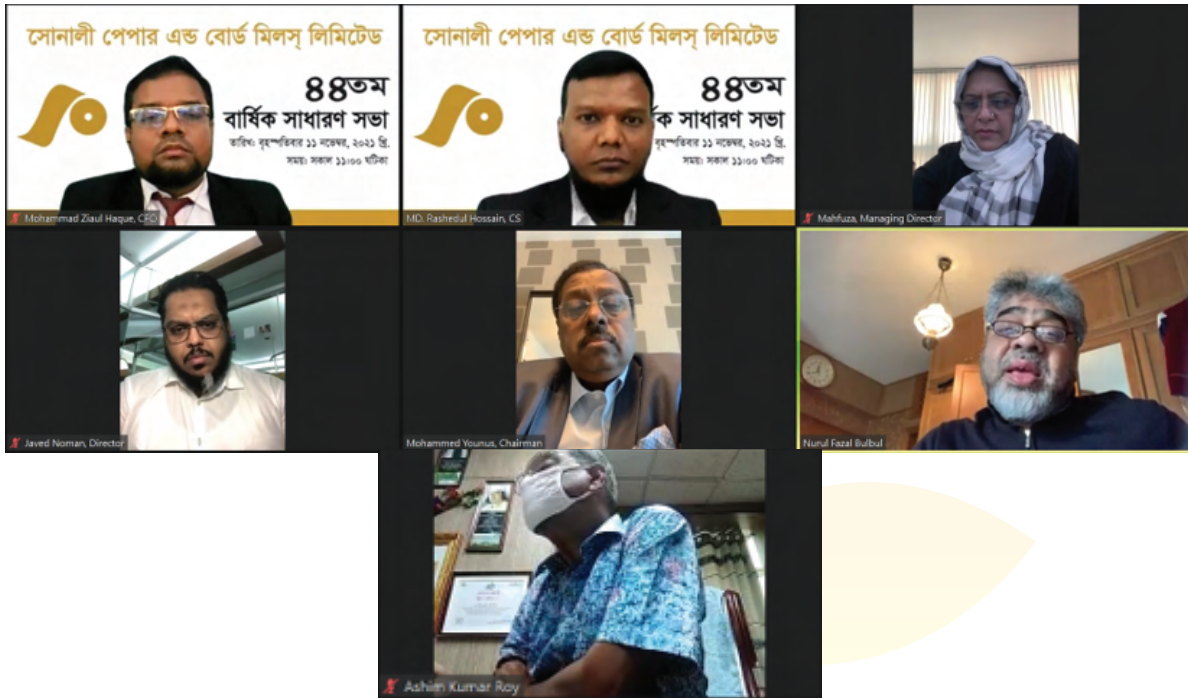
is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2022.




Secretary General

Screenshots from the 44thAGM held through Virtual Platform



SONALI PAPER & BOARD MILLS LTD.

MABS & J Partners

Chartered Accountants

Member firm of Nexia International, UK

Auditors' Report and Audited Financial Statements of

Sonali Paper & Board Mills Limited

51, Central Road, Dhanmondi, Dhaka-1205, Bangladesh

For the Year Ended 30 June 2022



Table of Contents

SL No.	Particulars	Page No.
01.	Independent Auditor's Report	53-58
02.	Statement of Financial Position	59
03.	Statement of Profit or Loss and Other Comprehensive Income	60
04.	Statement of Changes in Equity	61
05.	Statement of Cash Flows	62
06.	Notes to the Financial Statements	63-81
07.	Schedule of Property, Plant & Equipment's (Annexure-A)	82
08.	Schedule of Inventories (Annexure-B)	83
09.	Statement of Trade Receivables (Annexure-C)	84
10.	Statement of Trade and Other Payables (Annexure-D)	85
11.	Statement of Investment in Shares (Annexure-E)	86

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 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 was Tk. 2,046,087,300.</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 16.00 to The Financial Statements	



Valuation of Inventory	
<p>The Inventory of Tk. 326,607,733 as at 30 June 2022, 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 5.00 to the Financial Statements	
Measurement of Deferred Tax Liabilities	
<p>Net Deferred Tax liabilities Tk. 293,045,661 as at 30 June 2022.</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 12 to the Financial Statements	

Valuation of Property, Plant & Equipment	
<p>The carrying value of the PPE amounted to Tk. 5,884,510,138 at 30 June 2022. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>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.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
<p>See Note No 03 to the Financial Statements</p>	

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.

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

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 achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the mall relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report the following:

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

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



Jagadish Chandra Biswas, FCA
Partner
ICAB Enrollment No: 199
DVC: 2210260199AR725654

Place: Dhaka
Dated: 26 October, 2022

Sonali Paper & Board Mills Limited
Statement of Financial Position
As at 30 June 2022

Particulars	Notes	Amount in Taka 30 June 2022	Amount in Taka 30 June 2021
ASSETS			
Non-Current Assets		5,884,510,138	5,764,210,439
Property, Plant and Equipments	3.00	5,884,510,138	5,764,210,439
Current Assets		1,119,958,594	911,453,213
Investment in Shares	4.00	259,920,530	439,281,269
Inventories	5.00	326,607,733	182,278,876
Trade and Other Receivables	6.00	175,261,452	154,778,171
Advances, Deposits & Prepayments	7.00	43,143,447	49,749,837
Cash and Cash Equivalents	8.00	315,025,432	85,365,060
TOTAL ASSETS		7,004,468,733	6,675,663,652
EQUITY AND LIABILITIES			
Share Holders' Equity		5,299,880,767	5,204,015,939
Share Capital	9.00	219,634,590	183,028,830
Revaluation Reserve	10.00	4,927,446,858	4,927,446,858
Retained Earnings		152,799,319	93,540,251
Non-Current Liabilities		513,313,441	622,202,256
Long Term Bank Loan (Secured)	11.00	220,267,780	332,877,660
Deferred Tax Liability	12.00	293,045,661	289,324,596
Current Liabilities		1,191,274,525	849,445,458
Short Term Bank Loan (Secured)	13.00	986,992,890	640,282,253
Current Portion of Long Term Loan	11.00	128,977,320	128,977,320
Trade and Other Payables	14.00	51,948,133	57,324,533
Provision for Income Tax	15.00	23,356,182	22,861,352
TOTAL EQUITY AND LIABILITIES		7,004,468,733	6,675,663,652
Net Asset Value (NAV) Per Share	23.00	241.30	284.33

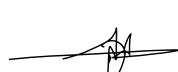
The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 26 October 2022 and were signed on its behalf by:



Chief Financial Officer



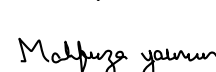
Company Secretary



Director



Director




Managing Director

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

Place: Dhaka

Dated: 26 October, 2022

Signed for & on behalf of
MABS & J Partners
Chartered Accountants



Jagadish Chandra Biswas, FCA
Partner

ICAB Enrollment No : 199

DVC: 2210260199AR725654

Sonali Paper & Board Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

Particulars	Notes	Amount in Taka 2021-2022	Amount in Taka 2020-2021
Revenue	16.00	2,046,087,300	1,414,657,548
Less: Cost of Sales	17.00	(1,831,959,266)	(1,230,027,348)
Gross Profit		214,128,034	184,630,200
Less: Operating Expenses:		(82,934,381)	(71,876,616)
Administrative Expenses	18.00	(63,095,917)	(63,448,020)
Selling and Distribution Expenses	19.00	(19,838,464)	(8,428,596)
Profit from Operation		131,193,652	112,753,584
Less: Finance Cost	20.00	(80,412,699)	(63,750,591)
Add: Other Income	21.00	110,256,337	51,179,737
Profit before W.P.P.F		161,037,291	100,182,731
Less: Workers Profit Participation Fund @ 5%		(7,668,442)	(4,770,606)
Net Profit before Tax		153,368,848	95,412,125
Income Tax Expense		(20,898,254)	(5,946,611)
Less: Current Tax Expenses	22.00	(17,177,189)	(16,682,359)
Add: Deferred Tax Income	22.00	(3,721,065)	10,735,748
Net Profit after Tax		132,470,594	89,465,514
Earnings Per Share (EPS)	24.00	6.03	4.07

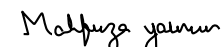
The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 26 October 2022 and were signed on its behalf by:


Chief Financial Officer


Company Secretary



Director


Director


Managing Director

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

Signed for & on behalf of
MABS & J Partners
Chartered Accountants


Jagadish Chandra Biswas, FCA
Partner
ICAB Enrollment No : 199
DVC: 2210260199AR725654

Place: Dhaka
Dated: 26 October, 2022

Sonali Paper & Board Mills Limited
Statement of Changes in Equity
For the year ended 30 June 2022

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 30 June 2021	183,028,830	4,927,446,858	93,540,251	5,204,015,939
Profit for the year	-	-	132,470,594	132,470,594
Stock Dividend (2020-2021)	36,605,760	-	(36,605,760)	-
Cash Dividend (2020-2021)	-	-	(36,605,766)	(36,605,766)
Balance at 30 June 2022	219,634,590	4,927,446,858	152,799,319	5,299,880,767

Sonali Paper & Board Mills Limited
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Taka
As at 30 June 2020	166,389,850	4,927,446,858	29,033,209	5,122,869,917
Profit for the year	-	-	89,465,514	89,465,514
Stock Dividend (2019-2020)	16,638,980	-	(16,638,980)	-
Cash Dividend (2019-2020)	-	-	(8,319,493)	(8,319,493)
Balance at 30 June 2021	183,028,830	4,927,446,858	93,540,251	5,204,015,939

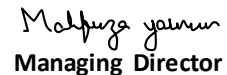
The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 26 October 2022 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Place: Dhaka
Dated: 26 October, 2022



Sonali Paper & Board Mills Limited

Statement of Cash Flows

As at and for the year ended 30 June 2022

Particulars	Notes	Amount in Taka 2021-2022	Amount in Taka 2020-2021
A. Cash Flows from Operating Activities			
Received from customers		2,155,143,450	1,544,926,695
Received from Bad Debt	21 (e)	18,280	377,625
Paid to suppliers, payables and other expenses		(1,942,411,144)	(1,103,586,226)
Paid for administrative expenses	18.00	(58,697,616)	(56,873,614)
Paid for Selling and distribution expenses	19.00	(19,838,464)	(8,428,596)
Advance, deposit & prepayments	7.00	8,000,599	(22,699,089)
VAT paid	14.01	(127,420,165)	(90,069,901)
Income Tax paid		(18,076,567)	(16,011,126)
Net cash generated from operating activities		<u>(3,281,628)</u>	<u>247,635,768</u>
B. Cash Flows from Investing Activities			
Purchase of property, plant and equipment	3.00	(180,681,118)	(43,847,831)
Investment in Shares	Annex-E	73,552,258	(440,768,983)
Received from Bank Interest	6.02	686,942	141,384
Received from Sales of Shares (Realise Gain)	21 (b)	214,354,400	49,256,488
Received from Cash Dividend	6.03	3,413,057	-
Received from Sales of Motor Vehicle	21 (f)	-	800,000
Received from Insurance Claim	18.01	-	13,300,000
Net cash used in investing activities		<u>111,325,539</u>	<u>(421,118,942)</u>
C. Cash Flows from Financing Activities			
Long term bank loan received/(refund)	11.00	(112,609,880)	370,586,020
Short term bank loan received/(refund)	13.00	346,710,638	(77,386,628)
Finance cost	20.00	(75,878,530)	(61,221,079)
Paid for Cash Dividend		(36,605,766)	(8,319,493)
Net cash from financing activities		<u>121,616,461</u>	<u>223,658,821</u>
D. Net cash inflow/(outflow) for the period (A+B+C)		229,660,372	50,175,648
E. Opening cash and cash equivalents		85,365,060	35,189,412
F. Closing Cash and Cash equivalents (D+E)		<u>315,025,432</u>	<u>85,365,060</u>
Net Operating Cash Flow Per Share	25.00	<u>(0.15)</u>	<u>11.27</u>

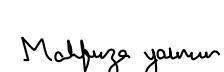
The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 26 October 2022 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

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

Place: Dhaka

Dated: 26 October, 2022



Sonali Paper & Board Mills Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2022

1.00 About the Company

1.01 Legal Form of the Company

Reporting Company : Sonali Paper & Board Mills Limited 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 Papers and Quality Writing, Printing Papers.

2.00 Significant Accounting Policies and Other Material Information.

2.01 Basis of Preparation and Presentation of Financial Statement

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 26 October 2022.

2.03 Going Concern

The company has adequate resources to continue its 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 2021 to 30 June 2022 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	Weighting & 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 Fighting 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.

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-18 & 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 2022;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022;
- Statement of Change in Equity for the year ended 30 June 2022;
- Statement of Cash Flows for the year ended 30 June 2022; and
- Accounting Policies and Explanatory Notes to the Financial Statements for the year ended 30 June 2022.

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 2021-22	Amount in Taka 2020-21
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3.00 Property, Plant and Equipment: Tk. 5,884,510,138

The break-up is as below:

Cost

Opening Balance	6,360,836,619	6,349,945,469
Addition during the year	180,681,118	43,847,831
Adjustment during the year	-	(32,956,681)
Closing Balance	6,541,517,737	6,360,836,619

Accumulated Depreciation

Opening Balance	596,626,180	557,477,373
Charged during the year	60,381,419	58,342,409
Adjustment during the year	-	(19,193,602)
Closing Balance	657,007,599	596,626,180

Written Down Value

5,884,510,138	5,764,210,439
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Details of Property, Plant and Equipment along with depreciation charged thereon as on 30 June 2022 has been shown in **Annexure-"A"**.

4.00 Investment in Shares: Tk. 259,920,530

The break-up is as below:

Balance as per Portfolio of SBL Capital Management Limited	125,397,053	193,350,380
Balance as per Portfolio of EBL Securities Limited	134,523,477	245,930,889
Total	259,920,530	439,281,269

Details of investment in shares (company wise) as on 30 June 2022 has been shown in **Annexure-"E"**.

Investment in shares is recognised and measured according to IFRS 9 as stated in note 3.7

5.00 Inventories: Tk. 326,607,733

The break-up is as below:

Raw Materials	Note 5.01	213,715,681	89,255,395
Materials-In-Process	Note 5.02	16,825,640	14,764,056
Finished Goods	Note 5.03	85,113,090	78,034,994
Spare Parts	Note 5.04	10,953,322	224,432
Total		326,607,733	182,278,876

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 Modhumoti Bank Limited, Aganagar Branch and Pubali Bank Limited, Gulshan Corporate Branch.

5.01 Raw Materials

	Quantity (KG)	Quantity (KG)
Opening Balance	1,645,911	3,966,286
Add: Purchase & Import during the year	45,617,411	37,784,907
Available for Use	47,263,322	41,751,193
Less: Consumption during the Year	43,486,266	40,105,282
Closing Balance	3,777,057	1,645,911

5.02 Materials-In- Process

	Quantity (KG)	Quantity (KG)
Opening Balance	206,058	182,740
Add: Input from Store during the year	43,486,266	40,105,282
Available for Production	43,692,324	40,288,022
Less: Production (Process Completed)	35,528,402	32,737,790
	8,163,922	7,550,232
Less: Closing Balance	238,350	206,058
Normal Process Loss	7,925,572	7,344,174
% of Normal Process Loss	22.31	22.43



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21	
5.03	Finished Goods			
		Quantity (KG)	Quantity (KG)	
	Opening Balance	903,263	1,008,201	
	Add: Production during the year	35,528,402	32,737,790	
	Available for Sales	36,431,665	33,745,991	
	Less: Sales during the year	35,423,831	32,842,728	
	Closing Balance	1,007,834	903,263	
5.04	Spare Parts: Tk. 10,953,322			
	The break-up is as below:	Amount in Taka	Amount in Taka	
	Opening Balance	224,432	116,590	
	Add: Purchase (Local)	939,262	755,192	
	Add: Purchase (Import)	11,919,084	-	
	Available for Use	13,082,778	871,782	
	Less: Consumption (Machine Rep. & Maintenance)	2,129,456	647,350	
	Closing Balance	10,953,322	224,432	
6.00	Trade and Other Receivables: Tk. 175,261,452			
	(i) Trade and Other Receivables occurred in the ordinary course of business are insecure but considered good. This is arrived at as follows:			
	Trade Receivables	Note 6.01	175,260,557	152,369,415
	Bank Interest Receivable	Note 6.02	-	87,886
	Cash Dividend Receivable	Note 6.03	895	2,320,870
	Total		175,261,452	154,778,171
6.01	Trade Receivables: Tk. 175,260,557			
	The break-up is as below:			
	Opening Balance	152,369,415	191,132,584	
	Add: Sales during the year (Note # 16.00)	2,178,034,592	1,506,938,631	
		2,330,404,007	1,698,071,215	
	Less: Realised during the year	2,154,386,625	1,544,926,695	
	Less: Provision for Bad Debts	756,825	775,105	
	Closing Balance	175,260,557	152,369,415	
6.02	Bank Interest Receivable: Tk. 0			
	The break-up is as below:			
	Opening Balance	87,886	107,707	
	Add: Bank Interest Income during the year (Note # 21.00)	599,056	121,563	
		686,942	229,270	
	Less: Realised during the year	686,942	141,384	
	Closing Balance	-	87,886	
6.03	Cash Dividend Receivable: Tk. 895			
	The break-up is as below:			
	Opening Balance	2,320,870	-	
	Add: Cash Dividend Income during the year (Note # 21.00)	1,093,082	2,320,870	
		3,413,952	2,320,870	
	Less: Realised during the year	3,413,057	-	
	Closing Balance (Annexure-"E")	895	2,320,870	
	Aging of Trade Receivables			
	Below 30 days	32,483,755	42,458,520	
	Within 31-60 days	32,545,210	21,700,880	
	Within 61-90 days	35,305,942	11,474,616	
	Above 90 days	75,682,475	77,510,504	
	Provision for Bad Debts	(756,825)	(775,105)	
	Total	175,260,557	152,369,415	



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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(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	175,260,557	152,369,415
Receivables considered doubtful bad	776,825	775,105
Receivable to Directors	-	-
Receivables due by common management	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	176,017,382	153,144,520

7.00 Advances, Deposits & Prepayments: Tk. 43,143,447

The break-up is as below:

Fixed Security Deposits (Electric & Gas Line)		9,902,811	9,902,811
Advance Income Tax	Note-7.01	8,997,832	7,603,623
L/C Margin & Goods In Transit	Note-7.02	16,655,866	27,171,346
Advance VAT Deposit	Note-7.03	5,132,737	626,004
Salaries & Allowances (Ansar)		590,400	791,574
Security Deposits (CDBL)		200,000	200,000
MTDR (Lien with Islami Bank Bangladesh Ltd)		-	1,790,678
Prepaid Insurance Premium (Fire)	Note-7.04	1,663,801	1,663,801
Total		43,143,447	49,749,837

7.01 Advance Income Tax: Tk. 8,997,832

The break-up is as below:

Opening Balance		7,603,624	2,721,822
Add: Addition for the year		8,997,832	7,603,624
		16,601,456	10,325,446
Less: Adjusted during the year		(7,603,624)	(2,721,822)
Total		8,997,832	7,603,624

Advance Income Tax amounting Tk. 76,03,624 has been adjusted during the year for the Assessment year 2021-2022 and the balance of Tk. 8,997,832 is carried forward for the Assessment year 2022-2023.

7.02 L/C Margin & Goods In Transit: Tk. 16,655,866

	16,655,866	27,171,346
Total	16,655,866	27,171,346

The entire amount was paid for Import of raw materials.

7.03 Advance VAT Deposit: Tk. 5,132,737

The break-up is as below:

Opening Balance		626,004	626,004
Add: Deposit during the Year		5,000,000	-
		5,626,004	626,004
Less: Adjusted during the Year		(493,267)	-
Total		5,132,737	626,004

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

The break-up is as below:

Opening Balance		1,663,801	1,663,801
Add: Payment Insurance Premium (Fire)		2,852,230	2,852,230
		4,516,031	4,516,031
Less: Adjusted during the year (Note: 18.00)		2,852,230	2,852,230
Total		1,663,801	1,663,801



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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8.00 Cash & Cash Equivalents: Tk. 315,025,432

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	1,845,054	3,851,112
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	3,514,653	5,857,364
Al- Arafah Islami Bank Ltd.	New Elephant Road	2468	1,487,152	4,871,333
National Bank Ltd.	New Elephant Road	4464	2,653,683	1,315,656
Sonali Bank Ltd.	New Elephant Road	6338	9,469,809	1,772,654
Shahjalal Islami Bank Ltd.	Dhanmondi	1347	448,682	110,831
Dutch Bangla Bank Ltd.	Dhanmondi	2978	15,318,458	14,316,804
The Premier Bank Ltd.	Bangshal	8497	1,013,809	1,017,499
Modhumoti Bank Ltd.	Aganagar	0004	120,612,767	1,879,332
Marcantile Bank Ltd	Noyabazar	5618	472,924	1,123,308
Pubali Bank Ltd.	Gulshan Corporate	1860	111,388,822	581,165
			268,225,812	36,697,057
			46,799,620	48,668,003
			Total	315,025,432
				85,365,060

b) Cash in Hand

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2022. Cash in hand balance was duly certified.

9.00 Share Capital: Tk. 219,634,590

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:

18,302,883 ordinary shares of Tk.10 each. 183,028,830 166,389,850

Add: 3,660,576 Bonus shares @ of Tk. 10 each 36,605,760 16,638,980

Total 21,963,459 shares of Tk. 10 each. **Total** **219,634,590** **183,028,830**

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June 2022 is as follows:

Particulars of Investors	No of Investors	Number of Shares	Percentage of Share Holding 2021-2022	Percentage of Share Holding 2020-2021
Sponsor	1	2,809	0.01%	0.02%
Directors other than Sponsor	3	14,822,146	67.49%	72.04%
General Public	2819	4,834,402	22.01%	24.49%
Financial Institutes	18	2,260,812	10.29%	3.18%
Private Corporate Institute	0	-	0.00%	0.07%
Capital Market Stabilization Fund	1	19,562	0.09%	0.00%
Suspense A/C	1	23,728	0.11%	0.20%
Total	2,843	21,963,459	100%	100%

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	152	12,918	1,944	228,589	2,096	241,507	1.10
501 to 5,000	10	14,258	548	845,937	558	860,195	3.92
5001 to 10,000	-	-	78	571,258	78	571,258	2.60
10,001 to 20,000	-	-	37	479,713	37	479,713	2.18
20,001 to 30,000	-	-	19	475,193	19	475,193	2.16
30,001 to 40,000	-	-	3	99,565	3	99,565	0.45
40,001 to 50,000	-	-	5	237,227	5	237,227	1.08
50,001 to 100,000	-	-	17	805,667	17	805,667	3.67
100,001 to 1,000,000	-	-	27	3,370,988	27	3,370,988	15.35
Over 1,000,000	-	-	3	14,822,146	3	14,822,146	67.49
Total	162	27,176	2,681	21,936,283	2,843	21,963,459	100

Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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10.00 Revaluation Reserve: Tk. 4,927,446,858

Total	4,927,446,858	4,927,446,858
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The company made revaluation of its Property, Plant and Equipment (only land) by an independent valuer M/S. S.H. Khan & Co, Chartered Accountants on 18 May 2016. The cost value of Land was taka 40,553,142 (Deed value of the land was Taka 11,370,100) which was revalued to taka 5,175,000,000 in 2016. Moreover the Board of Directors approved the above valuation in its 45th Board Meeting held on 30 May 2016.

11.00 Long Term Bank Loan: Tk. 220,267,780

The break-up is as below:

Modhumoti Bank Limited.
(Aganagar Branch, Keranigonj, Dhaka)

Loan A/C NO # 00009	17,845,321	20,272,583
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Pubali Bank Limited.
(Gulshan Corporate Branch, Dhaka)

Loan A/C NO # 08361	331,399,779	441,582,397
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Less: Current portion of long term loan	(128,977,320)	(128,977,320)
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Total	220,267,780	332,877,660
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The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka and Pubali Bank Limited, Gulshan Corporate Branch, Dhaka.

12.00 Deferred Tax Liability: Tk. 293,045,661

The break-up is as below:

Calculation of Deferred Tax :

A. Temporary Difference:

Written down value as per accounting base	5,884,510,138	5,764,210,439
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Written down value as per tax base	5,499,938,779	5,396,975,792
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Taxable temporary difference	384,571,360	367,234,648
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Deductible temporary difference (Gratuity)	(2,146,198)	(1,347,554)
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	382,425,161	365,887,094
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Income Tax Rate	22.50%	22.50%
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Deferred Tax Liabilities at the end of the year	86,045,661	82,324,596
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B. Revaluation:

Carrying Value		
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Land	5,175,000,000	5,175,000,000
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Tax rate:		
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Land	4%	4%
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Deferred Tax Liabilities at the end of the year	207,000,000	207,000,000
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Closing Deferred Tax Liabilities	207,000,000	207,000,000
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Opening Deferred Tax Liabilities	207,000,000	207,000,000
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Deferred Tax asset / liability	-	-
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Deferred Tax Liabilities at the end of the year (A+B) Total	293,045,661	289,324,596
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Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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13.00 Short Term Bank Loan: Tk. 986,992,890

The break-up is as below:

Modhumoti Bank Limited
(Aganagar Branch, Keranigonj, Dhaka.)

(CC Hypo)	5,023,801	10,160,830
Foreign Cash Bills (UPAS LC)	-	2,548,500
Stimulus Loan	-	61,365,889

Pubali Bank Limited.
(Gulshan Corporate Branch, Dhaka)

Over Draft Loan	16,294,509	11,225,957
Stimulus Loan	30,341,313	-
Foreign Cash Bills (UPAS LC)	818,700,166	385,935,571

SBL Capital Management Limited
(2, D.I.T Avenue, Motijheel, Dhaka)

Loan against Investment in Shares	67,098,408	78,669,475
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EBL Securities Limited
(Jibon Bima Bhaban, 10 Dilkusha, Dhaka)

Loan against Investment in Shares	49,534,693	90,376,032
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Total **986,992,890** **640,282,253**

The above balances were in agreement with the balances as per respective bank loan statement and Port Folio Statements as on 30 June 2022.

14.00 Trade and Other Payables: Tk. 51,948,133

The break-up is as below:

Trade Payables:

Raw Materials Supplier (Details are enclosed in Annexure "D")	175,210	225,650
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Other Payables:

Provision for Value Added Tax (VAT) Note-14.01	9,838,628	5,311,501
Audit & Professional Fees	241,000	138,000
Gas Bill	15,040,850	32,505,490
Electricity Bill	1,265,710	2,763,677
Internet Bill	79,274	37,750
Wages & Salaries	4,926,304	4,530,696
Salary & Allowances	3,732,812	3,142,780
Overtime	2,051,830	1,784,861
Telephone & Mobile bill	26,515	33,335
Provision for W.P.P.F	7,668,442	4,770,606
Unclaimed Dividend Note-14.02	185,770	104,832
Provision for Foreign Exchange Rate Loss	4,569,589	35,420
Provision for Gratuity Note-14.03	2,146,198	1,347,554
Registration, Rate & Renewal Fees Payable	-	592,381

Total **51,948,133** **57,324,533**

14.01 Provision for Value Added Tax (VAT): Tk. 9,838,628

The break-up is as below:

Opening Balance	5,311,501	3,100,319
Add: Collection with Sales during the Year	131,947,292	92,281,083

	137,258,793	95,381,402
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Less: Deposit during the Year	(127,420,165)	(90,069,901)
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Total **9,838,628** **5,311,501**

14.02 Unclaimed Dividend: Tk. 185,770

The break-up is as below:

Unclaimed Dividend up to F/Y: 2018-2019	-	64,878
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Unclaimed Dividend for the F/Y: 2019-2020	39,954	39,954
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Unclaimed Dividend for the F/Y: 2020-2021	145,816	-
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Total **185,770** **104,832**

Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
14.03	Provision for Gratuity: Tk. 2,146,198		
	The break-up is as below:		
	Opening Balance	1,347,554	1,004,980
	Add: Addition during the Year	798,644	718,098
		2,146,198	1,723,078
	Less: Payment during the Year	-	(375,524)
	Total	2,146,198	1,347,554
15.00	Provision for Income Tax: Tk. 23,356,182		
	The break-up is as below:		
	Opening Balance	22,861,352	17,308,318
	Add: Addition for the year (Note: 22.00)	17,177,189	16,682,359
		40,038,541	33,990,677
	Less: Adjusted during the year	(7,603,624)	(2,721,822)
	Less: Payment during the year	(9,078,735)	(8,407,503)
	Total	22,356,182	22,861,352
	Provision for Income Tax amounting Tk. 7,603,624 was adjusted from advance income tax and Tk. 9,078,735 was paid for the assessment year 2021-2022. An Amount of Tk. 23,356,182 has been remaining as balance for Provision for Income Tax.		
16.00	Revenue: Tk. 2,046,087,300		
	The break-up is as below:		
	Sales (Including VAT)	2,178,034,592	1,506,938,631
	Less : Value Added Tax (VAT)	(131,947,292)	(92,281,083)
	Total	2,046,087,300	1,414,657,548
	Sales Quantity:		
	Writing Paper & Board Paper (Note # 5.03)	35,528 MT	32,843 MT
17.00	Cost of Sales: Tk. 1,230,027,348		
	The break-up is as below:		
	Opening Stock of Raw Materials & Chemicals	89,255,395	190,514,169
	Add: Local Purchase of Raw Materials & Chemicals	787,203,308	357,031,170
	Add: Import of Raw Materials & Chemicals	821,114,294	477,454,904
	Goods Available for Consumed	1,697,572,997	1,025,000,243
	Less : Closing Stock of Raw Materials & Chemicals	(213,715,681)	(89,255,395)
	Raw Materials Used	1,483,857,316	935,744,848
	Add: Factory Overhead		
	Wages & Salaries	55,915,524	51,838,729
	Overtime Bill	23,609,908	21,157,685
	Festival Bonus	7,886,922	4,809,048
	Oil & Lubricant	4,706,492	5,291,622
	Gas Bill	154,671,665	144,395,877
	Electricity Bill	51,125,293	30,728,580
	Workers Tiffin	279,254	65,230
	Machine Repairs & Maintenance (Note 5.04)	2,129,456	647,350
	Depreciation Charges (Annexure- "A")	56,917,116	54,855,115
		1,841,098,946	1,249,534,084
	Add: Opening Stock of Material-In-Process	14,764,056	12,579,822
		1,855,863,002	1,262,113,906
	Less: Closing Stock of Material-In-Process	(16,825,640)	(14,764,056)
	Cost of Production	1,839,037,362	1,247,349,850
	Add : Opening Stock of Finished Goods	78,034,994	60,712,492
		1,917,072,356	1,308,062,342
	Less: Closing Stock of Finished Goods	(85,113,090)	(78,034,994)
	Cost of Sales	1,831,959,266	1,230,027,348



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
18.00	Administrative Expenses: Tk. 63,095,917		
	The break-up is as below:		
	Salaries & Allowances	40,645,846	39,691,061
	Festival Bonus	4,103,327	2,771,395
	Telephone & Mobile bill	322,234	421,623
	Office Rent	276,000	276,000
	Directors Meeting Attendance Fees	336,000	259,200
	Directors Remuneration	600,000	2,700,000
	Travelling & Conveyance	125,237	325,822
	AGM Expenses	234,700	289,000
	Annual Listing Fees	423,770	433,168
	Entertainment	171,223	484,761
	Spare Parts (Motor Car)	851,730	1,347,009
	Oil & Fuel (Motor Car)	1,344,608	815,395
	Insurance Premium (Fire) (Note:7.04)	2,852,230	2,852,230
	Loss on Fire (Note: 18.01)	-	253,984
	Staff Uniform	-	9,225
	Office Supplies	433,813	424,608
	Internet Bill	477,532	454,690
	Electrical spare parts	95,080	34,080
	Stationeries	529,385	314,800
	News Paper & Periodicals	5,140	3,860
	Postage & Stamps	5,520	9,390
	Medical Aid Expenses	23,714	41,630
	Caffeteria Expenses	694,661	-
	Registration, Rate & Renewal Fees	2,428,122	2,704,655
	Gratuity	798,644	718,098
	Miscellaneous Expenses	386,318	467,474
	Audit & Professional Fees	241,000	254,000
	Legal Fees & Expenses	674,100	146,930
	Bank Charges	551,681	1,456,637
	Depreciation Charges (Annexure- "A")	3,464,302	3,487,295
	Total	63,095,917	63,448,020

Directors Meeting Attendance Fees: Tk. 336,000

Directors Meeting Attendance Fees amounting Tk. 336,000 was paid to seven Directors from which a sum of Tk. 28,000 was deducted as VAT and Tk. 28,000 as Tax at source and were duly paid to Govt. Rev A/C vide challan.

Directors Remuneration: Tk. 600,000

During the year the above amount was paid as Director Remuneration to three Directors from which a sum of Tk. 46,668 was deducted at source as tax and duly paid.

Allocation of Depreciation

The total Depreciation allocated into Cost of Sales and Administrative Expenses.

18.01 Loss on Fire: Tk. 0

A fire occurred in the factory building during the financial year and damaged Generators. The above loss is arrived at as follows:

Total Loss on Fire	-	13,553,984
Less : Insurance Claim Received	-	13,300,000
Loss on Fire	Total	253,984

19.00 Selling and Distribution Expenses: Tk. 19,838,464

The break-up is as below:

Salaries & Allowances	1,566,518	2,632,192
Packing & Binding Expenses	2,994,927	2,812,526
Delivery Vehicle Spare Parts	383,330	337,527
Business Promotion Expenses	426,000	377,500
Advertisement	10,978,536	473,770
Delivery, Load & Unload Expenses	282,164	232,825
Oil & Fuel (Delivery Vehicle)	2,312,609	778,165
Sales Promotion Expenses	471,130	368,255
Sample Expenses	423,250	415,836
Total	19,838,464	8,428,596



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
20.00	Finance Cost: Tk. 80,412,699		
	The break-up is as below:		
	MTR (Islami Bank Bangladesh Ltd.)	-	7,016,590
	UPAS (Islami Bank Bangladesh Ltd.)	-	9,608,103
	CC Hypo (Modhumoti Bank Ltd.)	1,799,942	344,632
	Term Loan (Modhumoti Bank Ltd.)	1,735,057	2,672,251
	UPAS (Modhumoti Bank Ltd.)	6000	2,219,288
	Stimulus (Modhumoti Bank Ltd.)	-	3,347,806
	OD (Pubali Bank Ltd.)	1,147,314	506,076
	UPAS (Pubali Bank Ltd.)	12,315,394	363,936
	Term Loan (Pubali Bank Ltd.)	35,377,382	35,142,397
	Stimulus (Pubali Bank Ltd.)	592,962	-
	Foreign Exchange Rate Loss	4,569,589	35,420
	Fees and Charges on investment in Shares (Annexure- "E")	22,869,059	2,494,092
	Total	80,412,699	63,750,591
21.00	Other Income: Tk. 110,256,337		
	The break-up is as below:		
	(a) Bank Interest Income:	599,056	121,563
	MTDR A/C No: 838089/2839 (IBBL)	-	82,001
	MTDR A/C No: 838341/3089 (IBBL)	-	29,585
	STD A/C No: 1347 (SJBIL)	3,414	1,263
	SND A/C No: 1860 (Pubali Bank Ltd.)	595,642	8,714
	(b) Realise Gain from Sales of Shares, (Annexure- "E")	214,354,400	49,256,488
	Portfolio of SBL Capital Management Ltd.	91,742,065	12,053,220
	Portfolio of EBL Securities Limited	122,612,335	37,203,268
	(c) Unrealise Loss from Sales of Shares, (Annexure- "E")	(105,808,481)	(1,487,714)
	Portfolio of SBL Capital Management Ltd.	(60,270,703)	4,683,045
	Portfolio of EBL Securities Limited	(45,537,777)	(6,170,759)
	(d) Cash Dividend Income	1,093,082	2,320,870
	Portfolio of SBL Capital Management Ltd.	576,515	1,060,874
	Portfolio of EBL Securities Limited	516,567	1,259,997
	(e) Bad Debts Recovery	18,280	377,625
	Opening Balance of Bad Debts	775,105	1,152,730
	Less: Closing Balance of Bad Debts (Note: 6.01)	(756,825)	(775,105)
	(f) Income from Sales of Motor Vehicle:	-	590,905
	Sales Value of Motor Vehicle	-	800,000
	Purchase Value of Motor Vehicle	-	1,470,000
	Less: Depreciation	-	(1,260,905)
	Written down Value of Motor Vehicle	-	209,095
	Total	110,256,337	51,179,737



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
22.00	Income Tax Expense: Tk. 20,898,254		
	The break-up is as below:		
	<u>Current Tax</u>		
	Net Profit before Tax	153,368,848	95,412,124
	Less: Income from Sales of Shares (Realise Gain)	108,545,919	49,256,488
	Less: Income from Cash Dividend	1,093,082	2,320,870
	Net Profit before Tax (without income from Sales of Share and Cash Dividend)	43,729,847	43,834,766
	Add: Accounting Depreciation	60,381,419	58,342,409
	Add: Provision for Gratuity	798,644	342,574
		104,909,910	102,519,750
	Less: Tax base Depreciation	77,781,105	52,330,700
	Taxable Income	27,128,804	50,189,050
	Tax Rate	22.50%	22.50%
		6,103,981	11,292,536
	10% Income Tax on Realise Gain of Sales of Shares (Tk. 108,545,919*10%)	10,854,592	4,925,649
	20% Income Tax on Cash Dividend Income (Tk. 1,093,082*20%)	218,616	464,174
		17,177,189	16,682,359
	<u>Deferred Tax</u>		
	Closing Deferred Tax Liabilities (Note: 12.00)	293,045,661	289,324,596
	Opening Deferred Tax Liabilities	289,324,596	300,060,344
	Deferred Tax (Income)/ Expenses	3,721,065	(10,735,748)
	Total	20,898,254	5,946,611
23.00	Net Asset Value (NAV) Per Share with Revaluation		
	Net Asset Value	5,299,880,767	5,204,015,939
	Number of Shares	21,963,459	18,302,883
	Net Asset Value Per Share	241.30	284.33
24.00	Earnings Per Share (EPS)		
	Surplus for the year attributable to Shareholders (Net Income)	132,470,594	89,465,514
	Number of Shares	21,963,459	21,963,459
	Earnings Per Share (Restated)	6.03	4.07
	Previous year's EPS has been adjusted in accordance with IAS 33: Earnings Per Share.		
	During the Financial Year Our Sales and Others Income have been increased as a result EPS has also been increased compare to the Financial Year 2020-2021.		
25.00	Cash Flows Per Share from Operating Activities		
	Operating Cash Inflow during the Period	(3,281,628)	247,635,768
	Number of Shares (Restated)	21,963,459	21,963,459
		(0.15)	11.27

During the year the company purchased more quantity of raw materials for production of finished goods . For this reason during the year operating cash flows decreased in comparison with previous year.



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
26.00	Reconciliation of Profit/(Loss) after Tax with Cash Flows from Operating Activities		
	Net Profit/(Loss) after Tax	Profit/Loss A/C 132,470,594	89,465,514
	Add: Depreciation	Annexure-"A" 60,381,419	58,342,409
	Add: Loss on Fire	Note-18.01 -	253,984
	Add: Disposal of Motor Vehicle	Note-21 -	209,095
	Add: Finance Cost	Note-20 75,878,530	61,221,079
	Add: Unrealised Loss on Investment in Shares	Note-21 105,808,481	1,487,714
	Less: Other Income	Profit/Loss A/C (216,046,538)	(50,197,872)
	(Increase)/Decrease in Advance, Deposits and Prepayment	Note-07 6,606,390	(27,580,890)
	(Increase)/Decrease in Trade and Other Receivable	Note-06 (22,891,142)	36,462,120
	(Increase)/Decrease in Inventory	Note-05 (144,328,857)	81,644,197
	Increase/(Decrease) in Trade and Other Payables	Note-14 (5,376,400)	1,511,134
	Increase/(Decrease) in Provision for Income Tax	Note-15 494,830	5,553,034
	Increase/(Decrease) in Deferred Tax for Temporary Difference	Note-12 3,721,065	(10,735,748)
	Total	(3,281,628)	247,635,768

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
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	Completed
2020-2021	2021-2022	16,683,359	16,683,359	Completed
2021-2021	2022-2023	17,177,189	17,177,189	Will be Submitted

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

SI	Salary Range	2021-2022	2020-2021
I	5,000 - 15,000	7 Persons	10 Persons
II	15,001 - 25,000	22 Persons	19 Persons
III	25,001- 50,000	10 Persons	12 Persons
IV	50,001-200,000	16 Persons	13 Persons
V	2,00,001-250,000	2 Persons	1 Person
	Total	57 persons	55 persons

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 Younus	Chairman	7	9,600	67,200	-	67,200
Mahfuza Younus	MD & CEO	7	9,600	67,200	600,000	667,200
Mohammed Javed Noman	Director	7	9,600	67,200	-	67,200
A.K.M Nurul Fazal Bulbul	Independent Director	4	9,600	38,400	-	38,400
Ashim Kumar Roy	Independent Director	4	9,600	38,400	-	38,400
K. M. Ashaduzzaman	Independent Director	3	9,600	28,800	-	28,800
Khon. Md. Aminur Rahman	Independent Director	3	9,600	28,800	-	28,800
Total	Independent Director			336,000	600,000	936,000

- During the year total 7 board meetings were held, total meeting fee was Tk. 336,000 including VAT & Tax.
- During the Financial Year Mr. Mohammed Younus, Chairman of the Company did not receive any Remuneration, Mrs. Mahfuza Younus, Managing Director & CEO received (12 Month X 50,000) = Tk. 600,000 as Remuneration.
- No compensation was made to the Managing Director & CEO of the company except as stated above.
- No amount was spent by the company for compensating any member of the Board of Directors except as stated above.



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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30.00 Production Capacity and Utilization:

Major Products	Unit	Production Capacity	Actual Production	Capacity Utilization %
Writing Paper & Board Paper (2021-2022)	MT	38,500	35,528	92.28
Writing Paper & Board Paper (2020-2021)	MT	38,500	32,738	85.03

31.00 Event after the Reporting Period

- The Board of Directors of the Company in its meeting held on 26 October 2022 approved the financial statements of the Company for the year ended 30 June 2022 and authorized the same for issue. The Board of Directors also recommended 40% cash dividend on the paid-up capital equivalent to Taka 87,853,836 for all shareholders of the company for the year ended 30 June 2022 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.
- Foreign exchange loss includes loss arising from the translation of foreign currency liabilities, mainly comprised of UPAS loan liabilities. Under IAS 21, closing rate has to be used to convert foreign currency assets and liabilities. Consistent with past practice, the BC selling rate of Tk. 93.50/USD as on 30.6.2022 has been used as the closing rate. Subsequently, up to 30 September 2022, the average settlement rate with different banks was BDT 102.15/USD. Had this rate been used for the translation of the total liabilities the additional translation loss would have been Tk. 90.00 Lac.
- 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 acknowledged as debt as on 30 June 2022.

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.

36.00 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.



Note #	Particulars	Amount in Taka 2021-22	Amount in Taka 2020-21
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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, interest rate and investment in freely traded share of stock exchange 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

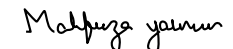
Interest rate risk is the risk that arises due to changes in interest rates on borrowing. Local loans are, however, not significantly affected by fluctuations in interest rate risk . The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting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


Chief Financial Officer


Company Secretary


Director


Director


Managing Director



Sonali Paper & Board Mills Limited
Schedule of Property, Plant & Equipments
For the year ended 30 June 2022

Annexure-"A"

SL No.	Name of Assets	Cost				Rate	Depreciation			Written Down Value as on 30 June, 2022	Written Down Value as on 30 June, 2021
		Balance as on 01 July 2021	Addition During the Year	Adjustment During the Year	Balance as on 30 June 2022		Charged During the Year	Adjustment During the Year	Balance as on 30 June, 2022		
1	Land & Land Development	5,175,047,500	-	-	5,175,047,500	0%	-	-	-	5,175,047,500	5,175,047,500
2	Building & Godown	91,987,280	5,317,131	-	97,304,411	5%	42,086,697	2,627,957	-	52,589,757	49,900,583
3	Labour Shed	2,323,952	25,000	-	2,348,952	5%	1,115,986	61,648	-	1,177,634	1,207,966
4	Plant, Machinery & Boiler	749,341,396	42,614,152	-	791,955,548	10%	371,678,100	39,897,037	-	411,575,137	377,663,296
5	Electric Equipments & Others	64,998,980	4,738,539	-	69,737,519	10%	37,429,897	2,993,835	-	40,423,732	27,569,083
6	Gene. & 5 MW Power Station	197,017,738	124,060,516	-	321,078,254	10%	96,986,360	11,036,975	-	108,023,335	100,031,378
7	Weighting & Road Scale	6,600,610	354,500	-	6,955,110	10%	4,150,577	262,728	-	4,413,305	2,450,034
8	Electric & Gas Installation	12,777,243	-	-	12,777,243	10%	9,164,133	361,311	-	9,525,444	3,613,110
9	Motor Vehicles	36,277,739	408,044	-	36,685,783	15%	22,665,113	2,072,497	-	24,737,610	13,612,626
10	Fax Machine	30,000	-	-	30,000	10%	23,137	686	-	23,823	6,863
11	PABX & Telephone Set	993,772	117,660	-	1,111,432	10%	681,810	42,962	-	724,772	311,962
12	Computer	7,950,929	553,610	-	8,504,539	10%	3,713,659	479,088	-	4,192,747	4,237,270
13	ETP	1,569,181	-	-	1,569,181	5%	803,930	38,263	-	842,193	765,251
14	Fire Fighting Equipments	1,611,953	248,000	-	1,859,953	5%	673,061	59,345	-	732,406	938,891
15	Crane, Trolley & Fork Lift	8,500,034	2,243,966	-	10,744,000	5%	2,846,430	338,779	-	3,185,209	5,653,604
16	Workshop & Loose Tools	483,799	-	-	483,799	5%	247,863	11,797	-	259,660	235,936
17	Furniture & Fixture	3,324,513	-	-	3,324,513	10%	2,359,427	96,509	-	2,455,936	965,086
	Balance as on 30 June 2022	6,360,836,619	180,681,118	-	6,541,517,737		596,626,180	60,381,419	-	657,007,599	5,764,210,439
	Balance as on 30 June 2021	6,349,945,469	43,847,831	(32,956,681)	6,360,836,619		557,477,373	58,342,409	(19,193,602)	596,626,180	5,764,210,439

Note: Land and land development represents only land.

Allocation of Depreciation:	Amount
Cost of Sales	56,917,116
Administrative Expenses	3,464,302
Total Depreciation	60,381,419



Sonali Paper & Board Mills Limited
Schedule of Inventories
As on 30 June 2022

Annexure -"B"

Particulars	30 June 2022			30 June 2021		
	Qty (Kg)	Rate	Taka	Qty (Kg)	Rate	Taka

Raw Materials:

Waste Paper (Fuka Board)	85,000	29.50	2,507,500	37,000	21.50	795,500
Waste Paper (KLT)	213,375	47.50	10,135,313	23,000	47.00	1,081,000
Waste Paper (O C C)	2,016,780	35.00	70,587,300	438,638	21.00	9,211,398
Waste Paper (Different Grade)	23,997	30.00	719,910	99,271	15.75	1,563,518
Pulp (Different Grade)	1,220,197	85.00	103,716,745	964,391	67.50	65,096,393
Packing Materials	668	139.97	93,503	-	-	-
Aluminium Foil	16,248	561.00	9,115,128	-	-	-
Aluminium Foil Packed	3,560	620.00	2,207,200	-	-	-
CaCO3	114,795	16.00	1,836,720	31,600	23.00	726,800
Sizing	18,669	72.00	1,344,168	308	57.00	17,556
OBA	9,686	205.00	1,985,630	14,533	185.00	2,688,605
Oxidise Modifide Starch	25,255	112.00	2,828,560	24,310	120.00	2,917,200
Fixing	3,293	480.00	1,580,640	150	450.00	67,500
Retention (Imported)	1,945	925.00	1,799,125	23	775.00	17,825
De-Foaming	3,850	260.00	1,001,000	7,663	260.00	1,992,380
Paper Colour	4,177	410.00	1,712,570	869	140.00	121,660
5 B. F. N	-	-	-	3,267	900.00	2,940,300
Sodium Silicate	15,562	35.00	544,670	888	20.00	17,760
Total	3,777,057		213,715,681	1,645,911		89,255,395

Material-in-Process:

Paper of Different Grades	238,350	70.59	16,825,640	206,058	71.65	14,764,056
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Finished Goods:

Simplex (Different Grade)	418,687	54.00	22,609,098	121,596	42.50	5,167,830
Liner (Different Grade)	5,650	65.00	367,250	7,096	50.00	354,800
White Liner (Different Grade)	97,000	75.00	7,275,000	12,900	77.00	993,300
Medium (Different Grade)	-		-	1,345	36.00	48,420
Writing Paper (Different Grade)	19,300	110.00	2,123,000	-	-	-
Printing Paper (Different Grade)	408,260	112.00	45,725,120	685,417	94.00	64,429,198
A-4 Paper (Different Grade)	58,938	119.00	7,013,622	74,909	94.00	7,041,446
Total	1,007,835		85,113,090	903,263		78,034,994

Spare Parts:

Particulars	Pcs	Rate	Taka	Pcs	Rate	Taka
a) Different Items	621	17,638	10,953,322	380	590.61	224,431
Total Taka			326,607,733	Total Taka		182,278,876



Sonali Paper & Board Mills Limited
Statement of Trade Receivables
As at 30 June 2022

Annexure -"C"

Sl. No	Name of the Party	Amount in Taka 30 June 2022	Amount in Taka 30 June 2021
1	A A Yearn Mills Ltd.	8,217,302	3,779,489
2	Asian Paper Converting Ind.	-	2,545,200
3	Badsha Textile Ltd.	7,603,075	5,757,038
4	Dada Bobins Ltd.	-	3,595,172
5	EJ Paper & Packaging Pvt. Ltd.	9,790,890	6,294,154
6	Faisal Spinning Mills Ltd.	7,461,026	-
7	H. A. Sattar Printing & Packaging Ind.	9,605,688	4,623,004
8	Industrial Paper Products Enterprise	-	3,675,395
9	J. M. E Packaging	6,110,567	5,728,723
10	Kashpia Printing & Packaging Ind.	8,303,205	7,768,680
11	M. A. Motin Spinning	3,753,920	3,111,883
12	Modern Poly Industries	7,690,824	3,173,714
13	MSA Spinning	8,764,711	3,205,296
14	M/S. M.A.B Paper Products	-	3,058,481
15	MR Ali & Company	-	3,243,108
16	Platinum Print & Packaging Ltd.	8,526,330	7,686,236
17	Satata Printing & Packaging	-	3,933,611
18	Wintech Core Pipe Ind.	-	4,152,700
19	Bashundhara Printing Zone	10,535,264	9,985,617
20	Alam & Sons	10,505,210	9,652,316
21	Ananda Paper House	10,049,500	9,952,956
22	Fuluwang Ltd.	7,572,456	-
23	MJ Paper	10,509,843	7,578,889
24	M/S Akanda Traders	8,325,992	8,485,848
25	Rashedul Enterprise	-	7,673,862
26	Neamot Enterprise	10,591,824	7,194,684
27	Saddam Paper	9,710,324	8,841,143
28	Sristi Printer	-	5,992,520
29	Dhaka Trade Center	3,755,792	2,454,800
30	M/S Stationery	4,116,128	-
31	New Madani Paper House	4,517,511	-
Total Trade Receivables		176,017,382	153,144,520
Less: Provision for Bad Debts		756,825	775,105
Net Trade Receivables		175,260,557	152,369,415



Sonali Paper & Board Mills Limited
Statement of Trade and Other Payables
As at 30 June 2022

Annexure -"D"

Sl. No	Name of the Party	Amount in Taka 30 June 2022	Amount in Taka 30 June 2021
1	M/S. Babul Enterprise	175,210	225,650
Total Taka		175,210	225,650



Sonali Paper & Board Mills Limited
Statement of Investment in Shares
As at 30 June 2022

Annexure -"E"

SL. No.	Name of Securities Company	Purchase Value of Shares as on 30 June 2022 Taka	Market Value of Shares as on 30 June 2022 Taka	Realised Gain for the FY 2021-22 Taka	Loan Balance as on 30 June 2022	Fees & Charges during the FY 2021-22	Dividend Receivables
1	SBL Capital Mangt. Ltd.	180,984,711	125,397,053	91,742,065	67,098,408	9,910,635	895
2	EBL Securities Ltd.	186,232,013	134,523,477	122,612,335	49,534,693	12,958,424	-
Total Taka		367,216,725	259,920,530	214,354,400	116,633,101	22,869,059	895

Investment in Shares: Tk. 259,920,530.00

The break-up is as below:

Sl. No.	Shares in Public Limited Company (Listed Company)	2021-2022				Balance as on 30 June 2021
		Number of Shares	Purchase Value as on 30 June 2022 Taka	Market Value as on 30 June 2022 Taka	Un-Realized Gain/(Loss) as on 30 June 2022 Taka	

(a) Portfolio of SBL Capital Management Limited

	Opening Balance				4,683,045	-
1	Asia Insurance Ltd.	746	81,978	41,552	(40,426)	514,019
2	BD National Ins Ltd.	-	-	-	-	(2,717,071)
3	Eastern Insurance Ltd.	-	-	-	-	(2,387,405)
4	Fortune Shoes Ltd.	1,343,574	180,902,625	125,355,440	(55,547,185)	10,724,978
5	NRB Commercial Bank Ltd.	-	-	-	-	(1,451,476)
6	Genexil	1	109	61	(48)	-
	Closing Balance	1,344,321	180,984,711	125,397,053	(55,587,658)	4,683,045
	Un-Realise Gain/(Loss) during the year				(60,270,703)	4,683,045

(b) Portfolio of EBL Securities Limited

	Opening Balance				(6,170,759)	
1	Asia Insurance Ltd.	-	-	-	-	(905,400)
2	BNICL	-	-	-	-	(2,250,342)
3	Eastern Insurance Ltd.	-	-	-	-	(3,730,502)
4	Fortune Shoes Ltd.	697,099	85,412,703	65,039,337	(20,373,366)	5,999,897
5	Genexil	914,265	100,819,311	69,484,140	(31,335,171)	(3,736,850)
6	Northern Insurance Ltd	-	-	-	-	(1,501,340)
7	NRB Commercial Bank Ltd.	-	-	-	-	(46,222)
	Closing Balance	1,611,364	186,232,013	134,523,477	(51,708,536)	(6,170,759)
	Un-Realise Gain/(Loss) during the year				(45,537,777)	(6,170,759)

Grand Total		2,955,685	367,216,725	259,920,530	(105,808,481)	(1,487,714)
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Notice of the 45th Annual General Meeting (AGM) (Virtual Meeting Through Digital Platform)

Notice is hereby given that the 45th Annual General Meeting (AGM) of Sonali Paper & Board Mills Limited will be held on Thursday, December 15, 2022 at 11:00 AM at virtually by using digital platform through the link <https://sonalipapr45.digitalagmbd.net> to transact the following businesses:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June, 2022 together with the Report of the Directors' and the Auditors' thereon.
2. To approve the dividend for the year ended 30 June, 2022 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
Sd/-



(Md. Rashedul Hossain)
Company Secretary

Dated: November 30, 2022

Notes:

- i. Shareholder's name appear in the Member/Depository Register of the company as on Record Date i.e. November 17, 2022 will be eligible to attend the 45th Virtual Annual General Meeting (AGM) and receive dividend.
- ii. We encourage the Members to login to the system prior to 11:00 A.M. (Dhaka time) on December 15, 2022. Please allow ample time to login and establish your connectivity. The webcast will start at 11:00 A.M. (Dhaka Time). Please connect on the appropriate time i.e. 5 minutes before commencement of the Meeting for avoiding any technical difficulties in accessing the Virtual Meeting.
- iii. Shareholders are eligible to attend the Annual General Meeting (AGM) is entitled to appoint a Proxy to attend and vote on his/her behalf (through digital platform). The "Proxy Form" must be affixed with requisite Revenue Stamp and deposited it at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting;
- iv. Depository participants/ Stock Brokers are requested to send the list of margin account holders based on record date i.e. **November 17, 2022**, if any within **December 20, 2022** 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".
- v. As per condition no. 9(1) & (2) of the BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June 2018, the soft copy of the Annual Report for 2021-2022 of the Company will be sent to the Shareholders respective e-mail address. However, in case of non-receipt of Annual Report 2021-22 of the Company, Shareholders may collect the same from the Company's website at: www.spbmlbd.com
- vi. The Annual Report can be availed in the Company's website at www.spbmlbd.com



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E-mail : information@younusgroup.com