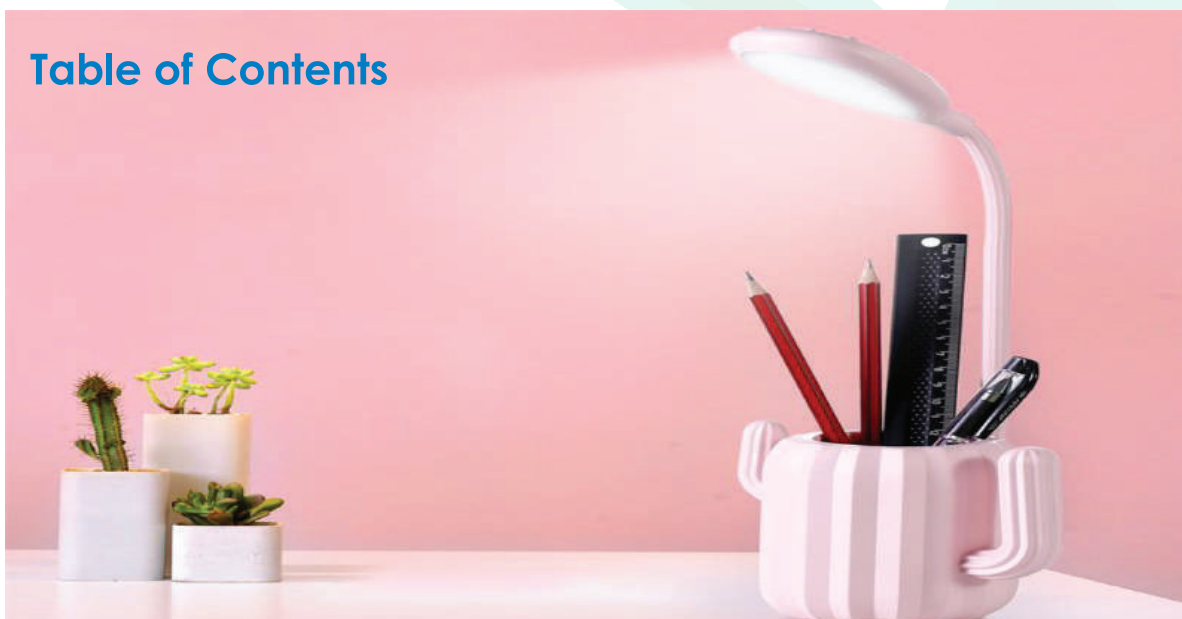


Table of Contents



Letter of Transmittal	2
Vision, Mission & Core Values	3
Corporate Information	4
Organizational Structure	5
Directors' Profile	6-8
Operational & Financial Highlights	9
Graphical Presentation of Financial Performances	10
Contribution to the National Exchequer	11
A message from the Chairperson	12
Speech of the Managing Director	13
Directors' Report to Shareholders	14-17
Declaration by MD & CFO	18
Corporate Governance Compliance Certificate	19
Corporate Governance Compliance Status	20-28
Directors' Meeting Attendance Schedule	29
Shareholding Information	30
Audit Committee	31
Audit Committee Report	32
Nomination & Remuneration Committee Report	33-34
Certificate of Membership of BAPLC	35
Snapshots from 41 st AGM	36-37
Directors Responsibilities for Financial Statements	38
Independent Auditor's Report	39-43
Statement of Financial Position	44
Statement of Profit or Loss	45
Statement of Changes in Equity	46
Statement of Cash Flows	47
Notes to the Financial Statements	48-69
Notice of 42 nd Annual General Meeting	70
Proxy Form & Attendance Slip	71

Letter of Transmittal

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 2019.

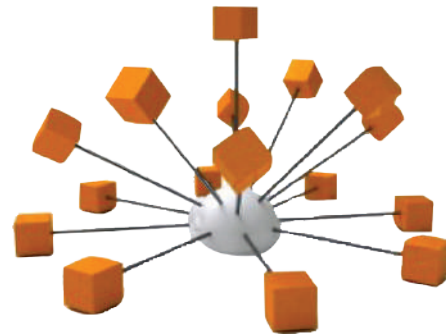
Dear Sir(s)

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, 2019, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2019 along with notes thereon for your record/necessary measures.

Yours sincerely,



Md. Rashedul Hossain
Company Secretary



Vision, Mission & Core Values



Vision

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



Mission

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





Corporate Information

Company Name: Sonali Paper & Board Mills Ltd.

Company Registration: C-5576/134

Tax Identification Number (TIN) : 123794615546

VAT Registration Number: 000914833-0303

Legal Form

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

Board of Directors

Chairperson

Mahfuza Younus

Directors

Mohammed Younus

Mohammed Javed Noman

Independent Directors

Kazi Aslam Hossain

A.K.M. Nurul Fazal Bulbul

Ashim Kumar Roy

Audit Committee

Chairman: Kazi Aslam Hossain

Member: Ashim Kumar Roy

Member: Mohammed Javed Noman

Nomination & Remuneration Committee (NRC)

Chairman: Ashim Kumar Roy

Member: Kazi Aslam Hossain

Member: Mohammed Javed Noman

Management Team

Managing Director

Mohammed Younus

Executive Director

Shahudul Haque

Director (Technical)

Md. Kawsar Azizur Rahman

Director (Marketing & Operation)

Golam Zilani Bhuiyan

Consultant (VAT)

Md. Farid Uddin

Director (Logistics)

Md. Kamrul Islam

Asst. Director (Administration)

Md. Ataur Rahman

Chief Financial Officer

Mohammad Ziaul Haque

Company Secretary

Md. Rashedul Hossain

Head of Internal Audit & Compliance

Md. Mahabub Alam

Statutory Auditors

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

Principal Bankers

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

Registered Office

51, Central Road, Dhanmondi, Dhaka-1205
Phone: 58610056-59, Fax: +88-02-58613965

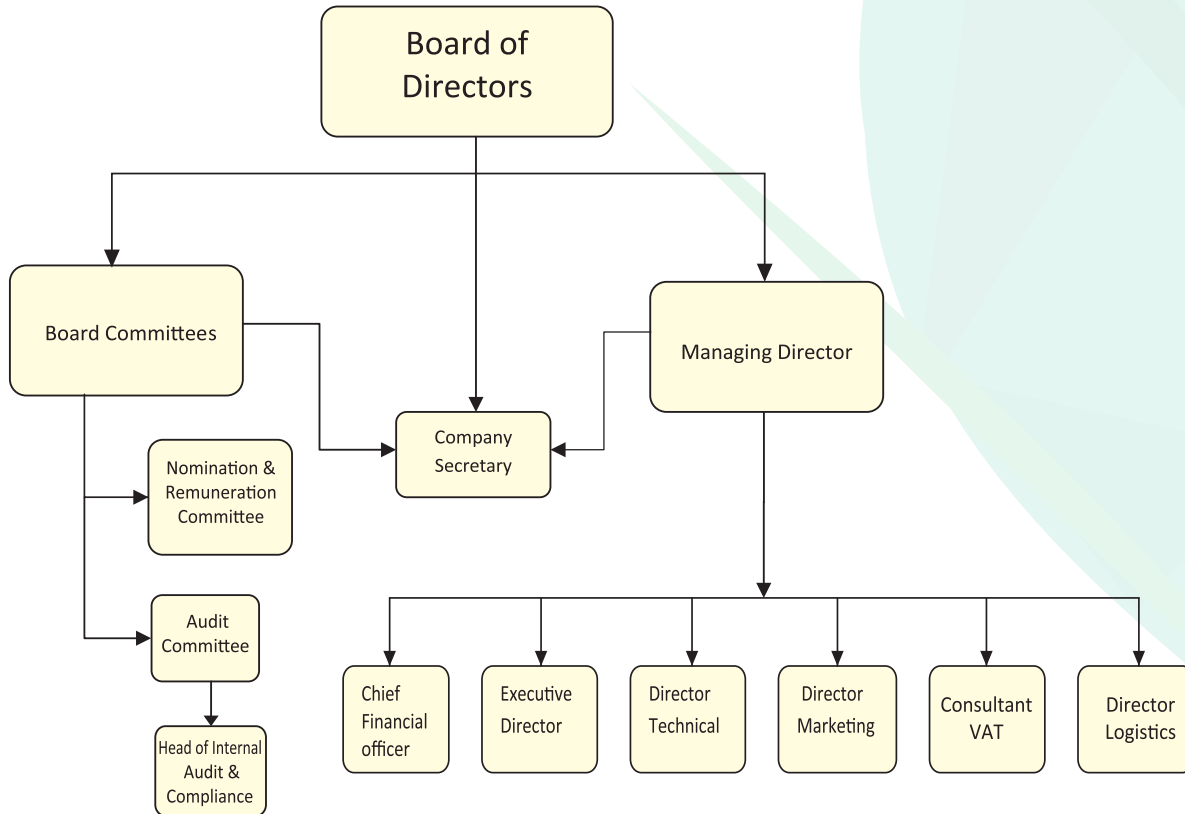
Factory Address

Jatramura, Tarabo, Rupgonj
Narayangonj.

E-mail: spshare@younusgroup.com

Website: www.spmlbd.com

Organizational Structure



Operational Team

Md. Al-Mamun Parvez

(GM Accounts)

Md.Sayed Hassan

(DGM Commercial)

Md. Alamgir Miah

(AGM Accounts)

Md. Nazrul Islam

(AGM VAT)

Md. Hasanuzzaman

(AGM Sales & Marketing)

Maruf Ahmed

(AGM Purchase & Procurement)

A.K.M Shahid Uddin Chowdhury

(Asst. Manager Income Tax)

Mahfuza Younus

Mrs. Mahfuza Younus is the wife of Mr. Mohammed Younus. She was born on October 04, 1963. She has been holding the position of Chairperson since 2005. She is also Director in different concerns of Younus Group. She is a widely traveled woman and always engaged herself in the business arena and gathered enormous knowledge and experience.



Mohammed Younus

Mr. Mohammed Younus 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 & CEO of Sonali Paper & Board Mills Limited since 2005. Now 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 “Desh-bandhu 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 Industries. 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 Operating Association of Bangladesh. He is a Director of Athena Venture & Equities Limited and a member of the Board of Trustee of Fareast International University. He was also the President of Bangladesh PVC Pipe Manufacturer’s Association and Bangladesh Nylon Yarn Manufacturer’s Association. He is a member of the Executive Committee of Bangladesh Cold Storage Association. He was the President of the Lions Club of New Eskaton Garden, Dhaka. He was the President of Sarnagram R.N. High School, Tongibari, Munshigonj. Mr. Younus widely traveled around the world for business and as well as personal tour. On several occasions he also visited as a member of the Delegation of the Government of Bangladesh.

Mohammed Javed Noman

Mohammed Javed Noman, a Director of the Company is the eldest son of Mr. Mohammed Yunus. Mr. Mohammed 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 with 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.



Kazi Aslam Hossain

Kazi Aslam Hossain is an Independent Director of the Company. He was born and raised, along with four siblings, in Dhaka. After completing his schooling and college education in Dhaka, he obtained his Master of Business Administration (M.B.A.) from the Institute of Business Administration (I.B.A.) and Diploma in Journalism, both from Dhaka University. After appearing in the competitive examination conducted by the Public Service Commission (P.S.C.), he joined the Taxation Cadre of the Bangladesh Civil Service [B.C.S. (Taxation)] in February, 1977. He worked as Assistant Commissioner of Taxes (A.C.T.) and Deputy Commissioner of Taxes (D.C.T.) in different taxes Circles, Joint Commissioner of Taxes (J.C.T.) and Additional Commissioner of Taxes (Addl.C.T.) in different Appeal and Inspecting and Ranges, Commissioner of Taxes (C.T.) in Rajshahi Zone, Taxes Zone - 7, Dhaka and Taxes Zone - 1 Dhaka and Member of the Taxes Appellate Tribunal (T.A.T.), Dhaka. Finally he worked at the apex body of Revenue Administration, the National Board of Revenue (N.B.R.), Dhaka as Member (Tax Administration & Monitoring) and retired from there in December, 2006..He is a widely traveled person and is associated with different socio-cultural organizations in different fields. With vast and rich experience in Taxation, Accounts, Audit, Business Administration and other financial matters, Kazi Aslam Hossain is the present Chairman of the Audit Committee of the company.

A.K.M Nurul Fazal Bulbul

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



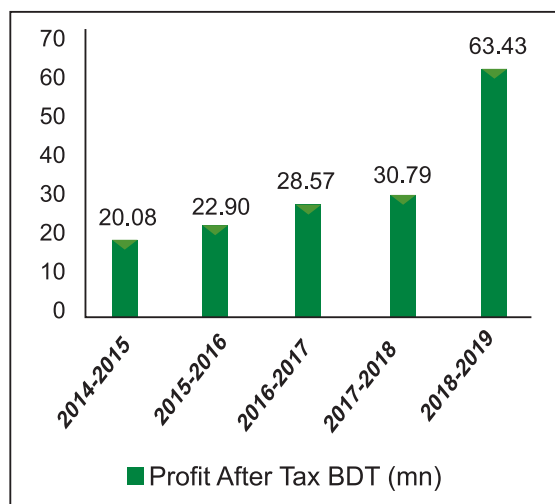
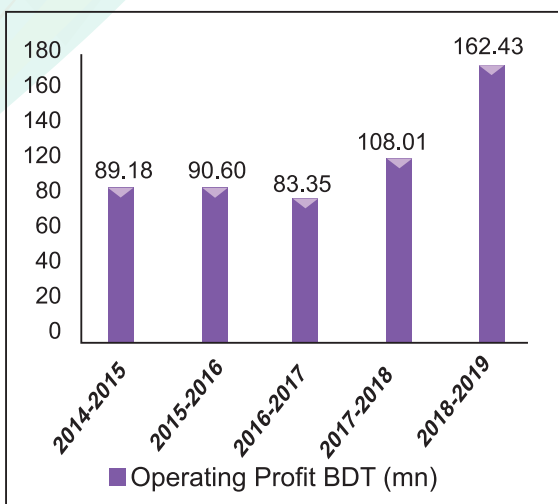
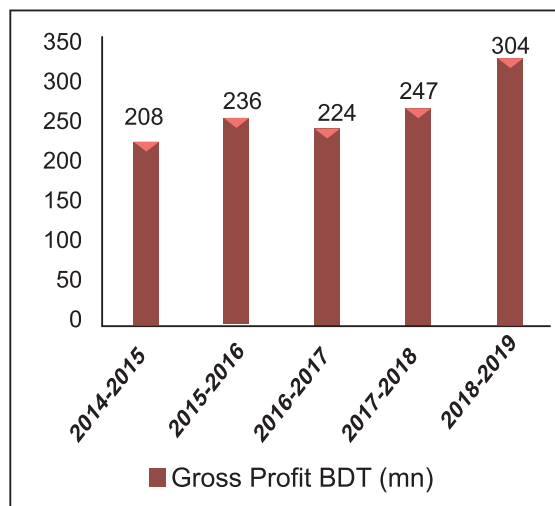
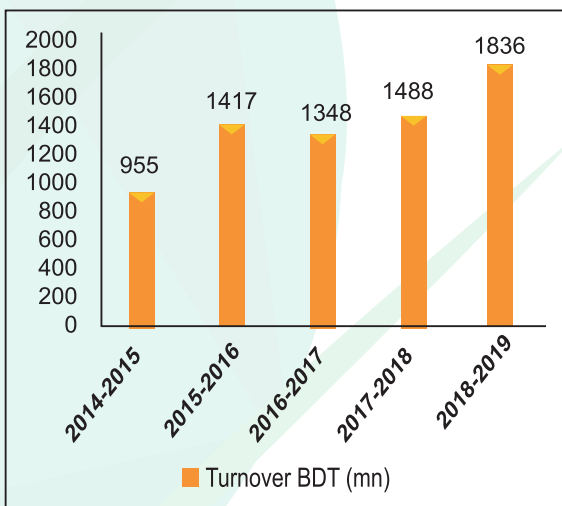
Ashim Kumar Roy

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

Operational & Financial Highlights

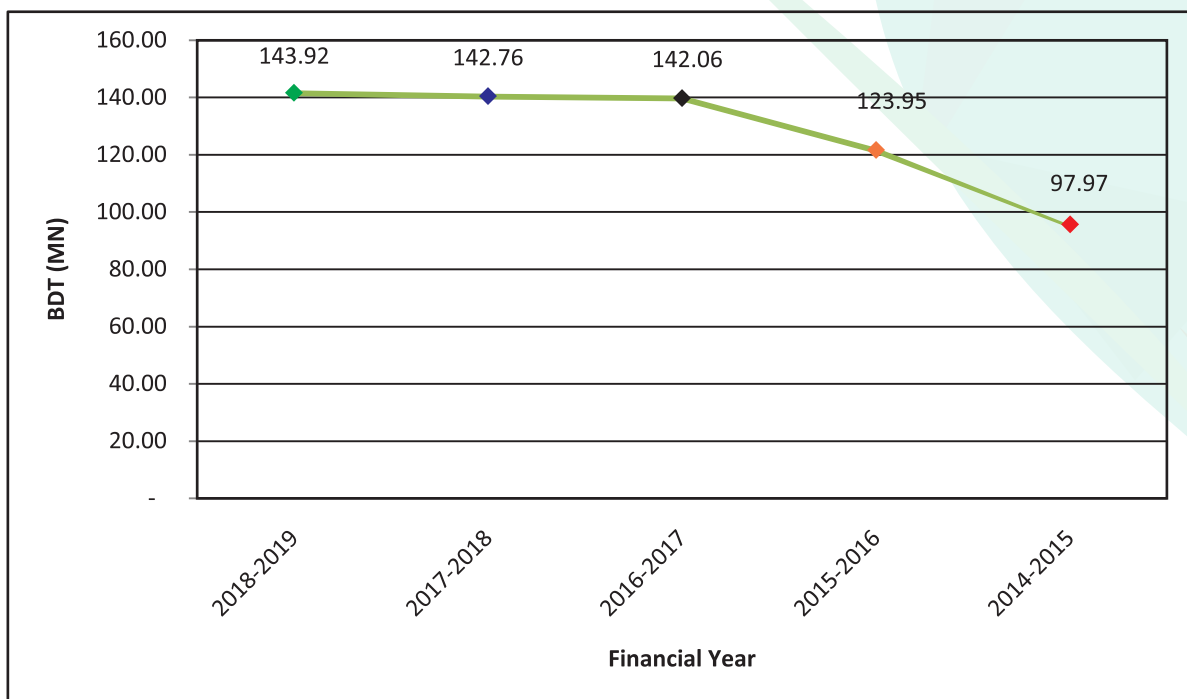
Operational Result	Amount in Taka				
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Revenue	1,836,468,625	1,488,570,023	1,347,786,898	1,417,564,851	955,170,713
Gross Profit	304,034,303	246,982,451	224,167,110	235,775,071	207,889,808
Profit from Operation	162,426,125	108,007,442	83,545,377	90,604,014	89,175,180
Net Profit Before Tax	84,572,595	41,827,836	38,088,339	30,527,787	26,773,836
Net Profit After Tax	63,429,447	30,786,789	28,566,254	22,895,841	20,080,377
Net Cash Generated from Operating activities	13,372,850	(23,430,096)	223,684,016	1,337,705	131,755,253
Financial Position					
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Non-Current Assets	5,791,474,979	5,786,966,859	5,787,160,382	5,798,466,328	7,648,034,142
Current Assets	596,860,331	413,239,266	243,439,942	335,162,299	130,859,987
Shareholder's Equity	5,096,137,536	5,032,708,089	5,001,921,300	4,973,355,046	6,949,854,566
Non-Current Liabilities	369,142,506	429,409,058	498,826,301	545,381,746	433,488,890
Key Financial Ratio					
	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Current Ratio	0.65	0.56	0.46	0.55	0.33
Quick Ratio	0.22	0.21	0.09	0.12	0.11
Debt to Equity Ratio	0.25	0.23	0.21	0.23	0.12
Net Income Ratio (%)	3.45%	2.07%	2.12%	1.62%	2.10%
Return on Equity (%)	1.25%	0.61	0.57%	0.46%	0.29%
Earnings Per Share (Basic)	4.19	2.04	1.89	1.67	1.61
Earnings Per Share (Adjusted)	3.81	2.04	1.89	1.51	1.46

Financial Performance at a glance



Contribution to the National Exchequer

Sonali Paper & Board Mills Ltd is one of the dignified corporate taxpayer in the paper sector of the country. Its contribution to the national treasure has been increasing significantly in the last few years. The contribution to the National Exchequer in 2018-19 is BDT 143.92 mn compared to BDT 142.76 mn of 2017-18.



চেয়ারপার্সনের শুভেচ্ছা বক্তব্য

বিসমিল্লাহির রহমানির রহিম
প্রিয় শেয়ারহোল্ডারবৃন্দ
আসসালামুআলাইকুম

সোনালী পেপার এন্ড বোর্ড মিল্‌স লিমিটেডের ৪২ তম বার্ষিক সাধারণ সভায় উপস্থিত থাকতে পারা আমার জন্য অত্যন্ত সুখকর ও আনন্দের বিষয়।

পরিচালনা পর্ষদের পক্ষ হতে আমি সম্মানিত শেয়ারহোল্ডারদের প্রতি গভীর কৃতজ্ঞতা প্রকাশ করছি এবং তাদের একচেটিয়া সমর্থন ও আস্থার জন্য আন্তরিক অভিনন্দন জানাচ্ছি। ১লা জুলাই ২০১৮ হতে ৩০ শে জুন ২০১৯ সমাপ্ত বছরের জন্য পরিচালনা পর্ষদের প্রতিবেদন, নিরীক্ষিত আর্থিক বিবরণী সম্বলিত বার্ষিক প্রতিবেদন আপনাদের বিবেচনা ও স্বীকৃতির জন্য উপস্থাপন করছি।

২০১৮-২০১৯ অর্থ বছরে সোনালী পেপার খুব ভাল ব্যবসায় করেছে। গত অর্থবছরে কোম্পানীর মোট আয় ছিল ৩০.৪০ কোটি টাকা। শেয়ার প্রতি আয় ছিল ৪.১৯ টাকা। পরিচালনা পর্ষদ ৩০ শে জুন ২০১৯ সালের জন্য ১০% স্টক ডিভিডেন্ড প্রদানের প্রস্তাবনা করেছেন।

আমরা ক্রমাগত আমাদের উৎপাদিত পণ্য বাজারজাত করার জন্য নতুন এবং সৃষ্টিশীল উপায়গুলির সন্ধান করছি এবং আশাবাদী যে এ প্রচেষ্টা শীঘ্রই ফলপ্রসূ হবে। আমরা সাফল্যের সাথে জানাচ্ছি যে, বিভিন্ন প্রতিকূলতা সত্ত্বেও প্রতিষ্ঠান বিদ্যমান ব্যবসায়িক পরিস্থিতির সাথে খাপ খাইয়ে নিতে সক্ষম হয়েছে। প্রতিযোগিতামূলক বাজারে শীর্ষে অবস্থানের জন্য আমাদের দক্ষ ব্যবস্থাপনা পর্ষদ সর্বদা নিরলসভাবে পরিশ্রম অব্যাহত রেখেছেন যাতে করে উৎপাদিত পণ্যের বাজার সর্বদা কাজিত মাত্রায় বিরাজমান থাকে। সুশাসন, উচ্চগুন সম্পন্ন মান ও সামাজিক দায়বদ্ধতা প্রতিষ্ঠার জন্য আপনাদের ব্যবস্থাপনা পর্ষদ সর্বদা প্রতিশ্রুতিবদ্ধ।



আমরা অত্যন্ত আশাবাদী যে আগামী বছরগুলোতে দক্ষ কর্মী বাহিনী ও শেয়ারহোল্ডারদের সম্মিলিত প্রচেষ্টার মাধ্যমে প্রতিষ্ঠান তার নির্ধারিত লক্ষ্য অর্জন করতে এবং দেশের অর্থনীতির ইতিবাচক অবস্থা থেকে উপকৃত হতে সমর্থ হবে। আমি পরিচালনা পর্ষদের পক্ষ হতে সকল শেয়ারহোল্ডারদের প্রতি সারা বছর ধরে তাদের সমর্থন প্রদান অব্যাহত রাখার জন্য আন্তরিকভাবে ধন্যবাদ জ্ঞাপন করছি। পরিশেষে সকলের উজ্জ্বল ভবিষ্যত ও সু-স্বাস্থ্য কামনা করছি।

আপনাদের বিশ্বস্ত

Molfuza yamin
মাহ্‌ফুজা ইউনুছ
চেয়ারপার্সন



ব্যবস্থাপনা পরিচালকের অভিভাষণ

প্রিয় শেয়ারহোল্ডারবৃন্দ

আসসালামুআলাইকুম

আপনাদের সবাইকে কোম্পানির ৪২তম বার্ষিক সাধারণ সভায় স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত।

শুরুতেই বলতে চাই, ২০১৮-১৯ অর্থবছরে, সোনালী পেপার এন্ড বোর্ড মিলস লিমিটেড এর কার্যক্রম অত্যন্ত সন্তোষজনক ছিলো। আমি আনন্দের সঙ্গে জানাতে চাই যে, আলোচ্য অর্থ বছরে কোম্পানি নীট ৬.৩৪ কোটি টাকা মুনাফা করেছে। সর্বমোট বিক্রয় হয়েছে ১৯৭.৬৫ কোটি টাকা। শেয়ার প্রতি আয় (ইপিএস) দাঁড়িয়েছে ৪.১৯ টাকায়।

নতুন অর্থনৈতিক অঞ্চল সৃষ্টির ফলে কাগজ ও তদ-সংশ্লিষ্ট দ্রব্যের ব্যাপক চাহিদা সৃষ্টি হচ্ছে। এই সুযোগগুলোকে কাজে লাগিয়ে আরও এগিয়ে যেতে আমাদের কোম্পানি পুরোপুরিভাবে প্রস্তুত।

অর্থনৈতিক অর্জনের দিক থেকে, এই বছর বাংলাদেশ বিশ্বব্যাপী তার সমকক্ষদের মধ্যে শীর্ষ অবস্থানে ছিল এবং ভবিষ্যতে অধিকতর প্রবৃদ্ধির প্রত্যাশা করা হচ্ছে।

ভবিষ্যতে আরও ব্যাপক প্রতিযোগিতায় টিকে থাকা নিশ্চিত করতে বিভিন্ন অবকাঠামোগত উন্নয়ন প্রয়োজন।

সম্মানিত শেয়ারহোল্ডার এবং স্টেকহোল্ডারদের আস্থা, বিশ্বাস ও সহযোগিতা আমাদের জন্য উৎসাহ হিসেবে কাজ করে।

আমি আমাদের সম্মানিত গ্রাহক, কর্মকর্তা-কর্মচারী, ফ্যাক্টরীর শ্রমিক, অংশীদার, শেয়ারহোল্ডার, সরবরাহকারী, ঋণদানকারী প্রতিষ্ঠান, নিয়ন্ত্রনকারী সংস্থা, ডিএসই, সিএসই, বিএসইসি এবং সমাজের সকলকে তাদের অব্যাহত সহযোগিতার জন্য বিনীতভাবে ধন্যবাদ জানাই।

পরিশেষে সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত

মোহাম্মদ ইউনুছ
ব্যবস্থাপনা পরিচালক ও সিইও

Director's Report

Dear Shareholders,
Assalamualaikum,

On behalf of the Board of Directors, it is our utmost pleasure to welcome you to the 42nd Annual General Meeting of Sonali Paper & Board Mills Limited and present you the Director's Report, Audited Accounts, Balance Sheets, Income Statements and Cash Flow Statements for the fiscal year of 2018-2019, for your valuable guidance, opinion, and consideration. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207 Admin/80 dated 3 June 2018.

Principal activities:

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

Industry Outlook:

Paper is an essential need in today's world. We can't think anything without paper. From school to the office, from bank to court Paper is needed everywhere with the present trend it is almost impossible to think life without paper. Paper is manufactured primarily by mainly two sources, by using waste paper and agro-based products. It is expected that the market for paper and paper board will continue to grow gradually. It will be due to considerable increases in population, literacy rates and improvement in the lifestyle of the people of Bangladesh.

We, the SPBML, have always tried to maintain the best quality in our manufacturing activities over the last few years. We are committed to provide the best possible product at the most reasonable price available in the market. Our principal raw material, as well as a change in our marketing leadership, affected our sales growth. Right now, we are focusing on maintaining cash flow by minimizing damages to allow us to compete on a bigger scale in the coming years. We hope that in the coming years our sustainable growth will be improved.

Segment information:

The company operates in one segment, which is the business of different grades of papers. Total production capacity is 38,500 MT and the actual production is 35,003 MT. The company operated 90.92% capacity of its utilization in the year 2018-2019.

Risk and Concern:

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

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

COGS of the Company were Tk. 1532.43 million in the current year compared to Tk. 1241.59 million in previous year. COGS to sales ratio were 83.44%. Gross profit stood at Tk. 304.03 million compared to Tk. 246.98 million of previous year. Net profit margin was 3.45% in 2018-2019 compared to 2.07% of previous year.

Extraordinary Gain or Loss:

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

Related Party Transaction:

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

Variance between the Quarterly Financial Performances and Annual Financial Statements:

There was no event of Significant variance between Quarterly Financial performances and Annual Financial Statements during the year under reporting.

Utilization of Proceeds from Public Issue:

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

Remuneration to Directors including Independent Director:

Directors Remuneration is highlighted on page no. 64 of the Annual Report. Independent Directors receive only Board Meeting attendance fees. The details are given in Annexure-ii of this report.

Fairness of Financial Statements:

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

Proper Books of Accounts:

Proper books of accounts of the Company have been maintained.

Adaptation of Proper Accounting Policies and Estimates:

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

IAS/BAS/IFRS/BFRS Application:

International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure, therefore, has been adequately disclosed.

Internal Control:

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

Minority Shareholders:

Minority shareholder's interest always looks after by the Board.

Going Concern:

Based on the available information 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 no significant deviation from last year's result.

Key Operating and Financial Data:

The summarized key operating and financial data for the last five years has been presented under the heading of Operational and Financial Highlights on the page no. 09 of this Annual Report.

Dividend:

The Board of Directors has recommended 10% Stock Dividend to the Shareholders for the year ended June 30, 2019, subject to the approval in the forthcoming AGM. The dividend will only be entitled to the shareholders' whose names will be appeared in the share register of the company /Depository Register of CDBL on record date i.e. November 28, 2019.

Board and Committee Meetings and Attendance

During the year 2018-19 total four Board meetings, four Audit Committee meetings and a NRC Committee meeting were held. Details of all meetings are shown in Annexure-ii of the Annual Report. The Chief Financial Officer, Company Secretary and the Head of Internal Audit & Compliance were present in all Meetings.

The pattern of Shareholding and Name wise details:

The shareholding information as of June 30, 2019 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 in the paper sector of the Country. Every year the Company is Contributing Significantly to the National Exchequer in the form of VAT and Taxes contributes a handsome amount to the national exchequer in the form of duties and taxes. During the year the Company contributed to the Government Exchequer a sum of Tk. 143.92 million.

Directors Election:

As per article 104 of the Articles of Association of the Company, one third to the Directors, for the time being, shall retire at every Annual General Meeting of the Company. In pursuance of article 105 of the Articles of Association of the Company those who have been longest in the office since their last re-election is to retire by rotation. Accordingly, Mrs. Mahfuza Yunus will retire at this Annual General Meeting. Being eligible as per Article 106 she offers herself for re-appointment. The brief profile of the Directors is given on-page 6 to 8 of the Annual Report.

Appointment of Statutory Auditor:

Fames & R Chartered Accountants completed their Audit performance for the financial year 2018-2019. They have not applied to the Company to be appointed as Statutory Auditor for the financial year 2019-2020. Shiraz Khan Bosak & Co. Chartered Accountants, MABS & J Partners, Chartered Accountants and S.K. Barua & Co., Chartered Accountants have sent their expression of interest to act as Auditor for the financial year 2019-2020. The Audit Committee reviewed the proposals for the appointment and conducted a formal assessment and recommended MABS & J Partners, Chartered Accountants as the statutory auditor to the board for the year 2019-2020.

Upon the recommendation of the Audit Committee, the Board of Directors is proposing the appointment of MABS & J Partners, Chartered Accountants as the Statutory Auditor to the shareholders in the 42nd AGM for approval and fix their fees.

Appointment of Independent Director:

Mr. Kazi Aslam Hossain, Mr. A.K.M. Nurul Fazal Bulbul, and Mr. Ashim Kumar Roy will continue being the Independent Directors of the company for the financial year 2019-2020 as per regulation of Bangladesh Securities & Exchange Commission.

Management Discussion and Analysis:

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

Declaration by the CEO and the CFO:

Declaration by the Managing Director and CFO has been given on page 18.

Report on Compliance of the Corporate Governance Code:

Sonali Paper & Board Mills Limited complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in Annexure-III of the Annual Report.

Further in compliance with the BSEC notification dated June 3, 2018, Rahman Zasim & Co., Cost & Management Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 19 of this report.

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

As per notification no. BSEC/ CMRRCD/2006-158/207/Admin/80: dated June 03, 2018, the Company shall obtain a certificate from Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report. In this regard, M/S. Rahman Zasim & Co., Cost and Management Accountants, House # 7 (5th Floor), Road # 18, Sector # 3, Uttara, Dhaka-1230 offered themselves for appointment to issue "Corporate Governance Compliance Certificate".

The Board recommended M/S. Rahman Zasim & Co., Cost and Management Accountants, to issue "Corporate Governance Compliance Certificate". Hence, the agenda for appointment of the above mentioned Professional Firm will be placed before the Shareholders for their approval.

Employees:

The total strength of SPBML employees stood 443 at the end of the year. SPBML believes that a strong, skilled and dedicated work force is the key ingredient to success. SPBML has also implemented the Workers' Profit Participation Fund for its employees. The company provides 5% of profit before charging such expense to employees as Workers' Profit Participation Fund(WPPF) in accordance with the Bangladesh Labour Act 2006 (amended in 2013).

Health and Safety:

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

Ethical Code of Conduct:

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

Compliance with Laws and Regulations:

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

Environmental Protection:

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

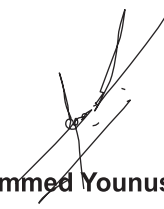
Corporate Social Responsibility:

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

Acknowledgment:

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

We promise that we will continue our journey towards a bright future. We look forward to your continued support in 2019-20 and the days ahead. For and on behalf of the Board of Directors of Sonali Paper & Board Mills Limited.



Mohammed Younus

Managing Director & CEO

Annexure-I

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

Sonali Paper & Board Mills Ltd.

Declaration by CEO and CFO

Date: October 20, 2019

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, 2019.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC//CMRRC/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, 2019 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, 2019 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


(Mohammed Younus)
Managing Director & CEO


Mohammad Ziaul Haque)
Chief Financial Officer

**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 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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



Principal
Rahman Zasim & Co.
Cost & Management Accountants



Dhaka, 26 December 2019

Sonali Paper & Board Mills Limited

Status of Compliance with the Corporate Governance Guideline (CGC)

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

(Report under Condition No. 9)

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

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

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);			N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;			N/A
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors	√		
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	Proper books of account of the issuer company have been maintained	√		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		Notes to Accounts 2.09
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			N/A
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;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		Annexure-iii Page No. 30
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	√		

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

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			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.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee:-			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
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.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management’s Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;			N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			N/A
5(6)(a)(ii)(a)	report on conflicts of interests;			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.			N/A
5(7)	Reporting to the Shareholders and General Investors:			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No.5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chair person of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such Incident arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			No such Incident arose
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC	√		
6(5)(a)	NRC shall be independent and responsible or 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	Compliance status		Remarks
		Complied	Not Complied	
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√		
7(1)(xi)	any other service that creates conflict of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.			N/A
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).	√		Under Process
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.	√		The Professional who will Provide the certificate for the year 2019-2020 will be placed for appointment in the next AGM
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 four Board Meetings were held and the attendance of the Directors is noted below:

Annexure-i

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

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

Annexure-ii

Sl. No.	Name of Directors	Board Meeting		Audit Committee		NRC		Total Fees Paid (Tk.)
		Attendance	Fees (Tk.)	Attendance	Fees (Tk.)	Attendance	Fees (Tk.)	
1	Mahfuza Younus Chairperson	4/4	40,000	-	-	-	-	40,000
2	Mohammed Younus Managing Director	4/4	40,000	-	-	-	-	40,000
3	Mohammed Javed Noman Director	4/4	40,000	4/4	-	1/1	-	40,000
4	Kazi Aslam Hossain Independent Director	4/4	40,000	4/4	-	1/1	-	40,000
5	A.K.M. Nurul Fazal Bulbul Independent Director	3/4	30,000	-	-	-	-	30,000
6	Ashim Kumar Roy Independent Director	3/4	30,000	4/4	-	1/1	-	30,000
	Total		220,000		-		-	220,000

The pattern of shareholding

a) Parent/Subsidiary/Associated Companies and other related parties (as explained in the BSEC/CM-RRCD/2006-158/207/Admin/80 dated 3 June, 2018)-Nil

b) The shareholding status of the Directors, Chief Executive Officer/Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit, and their spouses and minor children as on 30.06.2019 are as follows.

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

c) Executives (as explained in the BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018)-Nil

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

Name of the Shareholders	No. of Share	Percentage of Holding
Mahfuza Younus	20,81,494	13.76%
Mohammed Younus	20,85,540	13.79%
Mohammed Javed Noman	67,29,766	44.49%

Audit Committee

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

Membership and Meetings

The Audit Committee comprises of three members. The members of the Committee for 2018-19 were:

1. Kazi Aslam Hossain, Chairman,
2. Ashim Kumar Roy, Member
3. Mohammed Javed Noman, Member.

The committee met 4 times during the year 2018-19. The Audit Committee meetings are also attended by the CFO and Head of Internal Audit by invitation.

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

Responsibilities and Objectives

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

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

Audit Committee Report **for the Year ended June 30, 2019.**

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

Activities carried out during the year:

In 2018-2019 the committee worked on follows:

1. Reviewed the Quarterly, Half yearly and Annual Financial Statements of the Company along with the management before submission to the Board for their approval.
2. Reviewed the effectiveness of internal control and also reviewed audit objection of Head of Internal Audit and also reviewed points or suggestions and amendments by the Internal Auditor.
3. Met with the members of the external auditors and had discussion on the audit of financial statements of the Company.
4. Reviewed the annual financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, provision of the Companies Act 1994, International Financial Reporting Standards (IFRS) as applicable in Bangladesh.
5. The Audit Committee had been informed that the partnership of the existing external auditor Fames & R, Chartered Accountant had been dissolved and new external auditors has to be appointed in their place. The management upon scrutiny selected M/S MABS & J partners for appointment and the Audit Committee duly recommended them for Board approval. Their final approval as External Auditor of the Company for the year 2019-2020 will be granted upon permission by the shareholders at the 42nd Annual General Meeting of the Company.

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

On behalf of the Audit Committee.



Kazi Aslam Hossain
Chairman
Audit Committee

NOMINATION AND REMUNERATION COMMITTEE

As per the requirements of the BSEC Code of Corporate Governance the Board of Directors of Sonali Paper & Board Mills Limited has duly constituted a Nomination and Remuneration Committee (NRC). The 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. Nomination and Remuneration Policy has been formulated in compliance with condition no.6 of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). Nomination and Remuneration policy has been approved by the Board of Directors of Sonali Paper & Board Mills Limited.

Objective and purpose of the policy:

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management 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.

APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the Board of Directors.

EVALUATION

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

REMOVAL

The Committee may recommend with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the Companies Act, 1994, rules and regulations and the policy of the Company.

RETIREMENT

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing Director / Whole-time Directors:
 - a. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 1994 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
 - b. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
2. Remuneration to Non- Executive / Independent Directors:
 - a. The Non-Executive / Independent Directors may receive meeting fees and such other remuneration as permissible under the provisions of Companies Act, 1994. The amount of meeting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
 - b. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (a) above if the following conditions are satisfied:
 - i. The Services are rendered by such Director in his capacity as the professional; and
 - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
3. Remuneration to Key Managerial Personnel and Senior Management:

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay in accordance with the Company's Policy.

IMPLEMENTATION

- a. The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- b. The Committee may delegate any of its powers to one or more of its members.

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

- i. During the year the Committee met once. The Managing Director, Chief Financial Officer and Head of Internal Audit & Compliance attended the meeting by invitation of the Committee.
- ii. Reviewed the existing policy relating to the remuneration of the Managing Director, top level executives and employees of the Company.
- iii. Reviewed the criteria for determining the qualifications, positive attributes and independence of Directors.
- iv. Reviewed the criteria for recruitment, replacement and promotion at different levels of the Company.



Ashim Kumar Roy

Chairman

Nomination & Remuneration Committee



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 2019, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year the ended 30 June 2019, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

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

Going Concern

We draw attention to note # 2.03 to the financial statements describe the matters about Going Concern issue of the company where it has been mentioned that the credit facilities and resources of the company provides sufficient fund to meet the requirements of its business.



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 informing 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
Valuation of Inventory	
<p>Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by manual interfaces and inputs, there is a risk that inappropriate management override and/or error may occur.</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; ➤ attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; ➤ 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.
See note no 2.13 and 04 to the financial statements	



Impairment of Property, Plant and Equipment	
<p>The economic climate and levels of competition remain challenging for the Group. The Group has completed a Strategic Review and as a result has decided to close or curtail some of its operations. Therefore, there is a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cashflows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p>	<p>Our audit procedures included, among others, considering the impairment risk associated with the following different types of asset:</p> <ul style="list-style-type: none"> ➤ We critically assessed and challenged the company's impairment model. This included consideration of discounted cash flow forecast. ➤ We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumptions involved.
See note no 2.12 and 03 to the financial statements	
Measurement of Deferred Tax Liability	
<p>The company reports net deferred tax liability as at 30 June 2019. For which Significant judgment is required in relation to deferred tax liabilities as it is probable that taxable profit will be reduced against which the taxable temporary differences can be recognized over a number of years.</p>	<ul style="list-style-type: none"> ➤ We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group's future taxable income. ➤ We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. ➤ We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's. <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>
See note no 11 to the financial statements	



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.


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

Report on Other Legal and Regulatory Requirements

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

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

Dated: Dhaka
20 October, 2019


FAMES & R
Chartered Accountants



SONALI PAPER & BOARD MILLS LIMITED

Statement of Financial Position

As at 30 June, 2019

Particulars	Notes	Amount in Tk. 30 June 2019	Amount in Tk. 30 June 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipments	3	5,791,474,979	5,786,966,859
Current Assets			
Inventories	4	319,782,979	212,553,124
Trade and Other Receivables	5	166,184,770	80,202,987
Advances, Deposits & Prepayments	6	74,175,197	75,258,411
Cash and Cash Equivalents	7	36,717,385	45,224,744
TOTAL ASSETS		6,388,335,310	6,200,206,125
EQUITY AND LIABILITIES			
Share Holders' Equity			
Share Capital	8	151,263,500	151,263,500
Revaluation Reserve	9	4,927,446,858	4,927,446,858
Retained Earnings		17,427,178	(46,002,269)
Non-Current Liabilities			
Long Term Bank Loan (Secured)	10	68,162,379	127,411,335
Deferred Tax Liability	11	300,980,127	301,997,723
Current Liabilities			
Short Term Bank Loan (Secured)	12	785,323,792	615,821,259
Current Portion of Long Term Loan	10	73,210,788	66,826,272
Trade and Other Payables	13	64,520,689	55,441,447
TOTAL EQUITY AND LIABILITIES		6,388,335,310	6,200,206,125
Net Asset Value (NAV) Per Share	21	336.90	332.71

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 20 October, 2019 and were signed on its behalf by :


Chief Financial Officer


Company Secretary


Director


Managing Director

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

Dated: 20 October 2019

Place: Dhaka




FAMES & R

Chartered Accountants

ANNUAL REPORT 2018-2019

SONALI PAPER & BOARD MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended 30 June, 2019

Particulars	Notes	Amount in Tk. 2018-2019	Amount in Tk. 2017-2018
Revenue	14	1,836,468,625	1,488,570,023
Less: Cost of Goods Sold	15	(1,532,434,322)	(1,241,587,572)
Gross Profit		304,034,303	246,982,451
Less: Operating Expenses:		(141,608,178)	(138,975,009)
Administrative Expenses	16	(128,332,086)	(125,460,416)
Selling and Distribution Expenses	17	(13,276,092)	(13,514,593)
Profit from Operation		162,426,125	108,007,442
Less: Finance Cost	18	(73,541,349)	(64,106,634)
Add: Other Income	19	139,009	128,493
Profit before W.P.F		89,023,784	44,029,301
Less: Workers Profit Participation Fund @ 5%		(4,451,189)	(2,201,465)
Net Profit / (Loss) before Tax		84,572,595	41,827,836
Less: Provision for Income Tax	20	(21,143,149)	(11,041,047)
Net Profit after Tax		63,429,447	30,786,789
Earnings Per Share (EPS)	22	4.19	2.04

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 20 October, 2019 and were signed on its behalf by :


Chief Financial Officer


Company Secretary


Director


Managing Director

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

Dated: 20 October 2019

Place: Dhaka





FAMES & R
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

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

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

SONALI PAPER & BOARD MILLS LIMITED

Statement of Changes in Equity For the year ended 30 June, 2018

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

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 20 October, 2019 and were signed on its behalf by



Chief Financial Officer



Company Secretary



Director



Managing Director

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

Dated: 20 October 2019

Place: Dhaka



FAMES & R

Chartered Accountants



SONALI PAPER & BOARD MILLS LIMITED

Statement of Cash Flows

As at and for the year ended 30 June, 2019

Particulars	Notes	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
A. Cash Flows from Operating Activities			
Cash received from customers		1,890,499,083	1,558,203,608
Paid to suppliers, payables and other expenses		(1,646,739,913)	(1,295,749,268)
Paid for administrative expenses		(67,724,242)	(66,225,869)
Paid for selling expenses		(13,276,092)	(13,514,593)
Advance, deposit & prepayments		2,477,670	(55,497,457)
VAT paid		(139,283,900)	(140,243,299)
Income tax paid		(12,579,756)	(10,403,218)
Net cash generated from operating activities		13,372,850	(23,430,096)
B. Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(65,115,964)	(59,041,024)
Bank interest income		139,009	128,493
Net cash used in investing activities		(64,976,955)	(58,912,531)
C. Cash Flows from Financing Activities			
Long term bank loan received/(refund)		(52,864,439)	(43,308,099)
Short term bank loan received/(refund)		169,502,534	200,254,235
Finance cost		(73,541,349)	(64,106,634)
Net cash generated in financing activities		43,096,746	92,839,502
D. Net cash inflow/(outflow) for the period (A+B+C)		(8,507,359)	10,496,877
E. Opening cash and cash equivalents		45,224,744	34,727,867
F. Closing Cash and Cash equivalents (D+E)		36,717,385	45,224,744
Net Operating Cash Flow Per Share	23	0.88	(1.55)

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 20 October, 2019 and were signed on its behalf by


Chief Financial Officer


Company Secretary


Director


Managing Director

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

Dated: 20 October 2019

Place: Dhaka




FAMES & R
Chartered Accountants

SONALI PAPER & BOARD MILLS LIMITED

Notes to the financial Statement as at and for the year ended 30 June, 2019

1.00 About the Company

1.01 Legal Form of the Company

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

1.02 Address of the Registered Office and Factory

The registered office of the Company is Located at 51, Central Road, Dhanmondi, Dhaka-1205. The Industrial Unit is situated at Jatramura, Tarabo, Rupgonj, Narayanganj.

1.03 Nature of Business Activities

Principal activities of the company are manufacturing & marketing of Media, Liner, Simplex, Duplex Board and Quality Writing Papers.

2.00 Significant Accounting Policies and Other Material Information.

2.01 Basis of Preparation and Presentation of Financial Statements

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

2.02 Authorization for Issue

The financial statements were approved by the Board of Directors of the company on 20 October, 2019.

2.03 Going Concern

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

2.04 Functional and Presentational Currency

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

2.05 Use of Estimates and Judgments:

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

2.06 Comparative Information and Re-arrangement thereof

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

2.07 Reporting Period

The Financial Statements covers twelve months from 1st July, 2018 to 30 June, 2019 consistently.

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 time proportion basis.

2.19 Foreign Currency Transaction

Transactions in Foreign Currencies are translated into BDT at the rate of exchange ruling on date of transaction in accordance with 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-16 & 27.

2.23 Finance Cost

Finance cost (Borrowing Cost) incurred during the year was recognized as revenue expenses 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.

2.08 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 - 9 Financial Instruments

IFRS -15 Revenue from contract with customers

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

2.10 Property, Plant and Equipment (PPE)

Recognition and Measurement:

Property, Plant and 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 & Gooddown	5%
02	Labour Shed	5%
03	Plant, Machinery & Boiler	10%
04	Electric Equipments & Others	10%
05	Generator & 5 M W Power Station	10%
06	Weighing & Road Scale	10%
07	Electric & Gas Installation	10%
08	Motor Vehicles	15%
09	Fax Machine	10%
10	PABX & Telephone Set	10%
11	Computer	10%
12	ETP	5%
13	Fire Fitting Equipments	5%
14	Crane, Trolley & Fork Lift	5%
15	Workshop & Loose Tools	5%
16	Furniture & Fixture	10%

2.12 Impairment of Assets

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

2.13 Inventories

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

Nature of Inventories

Raw Materials

Work-in Progress

Finished Goods

Basis of valuation

FIFO Method

Material cost plus proportionate conversion cost based on percentage of completion.

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

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.

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

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

2.28 Components of Financial Statements

The Financial Statements comprise the followings;

- Statement of Financial Position as at 30 June, 2019;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June, 2019;
- Statement of Change in Equity for the year ended 30 June, 2019;
- Statement of Cash Flows for the year ended 30 June, 2019; and
- Accounting Policies and explanatory notes to the Financial Statements for the year ended 30 June, 2019.

2.29 General

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



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
3.00 Property Plant and Equipment	Tk. 5,791,474,979	
This is made up as follows:		
Cost		
Opening Balance	6,223,376,033	6,164,335,009
Addition during the year	65,115,964	59,041,024
Adjustment during the year	-	-
Closing Balance	<u>6,288,491,997</u>	<u>6,223,376,033</u>
Depreciation		
Opening Balance	436,409,174	377,174,627
Charged during the year	60,607,844	59,234,547
Adjustment during the year	-	-
Closing Balance	<u>497,017,018</u>	<u>436,409,174</u>
Written Down Value	<u>5,791,474,979</u>	<u>5,786,966,859</u>

Details of Property, Plant and Equipment alongwith depreciation charged thereon as on 30 June, 2019 has been shown in annexure -A. Full amount of depreciation has been charged to administrative expenses.

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

4.00 Inventories Tk. 319,782,979

The break-up is as below:

Raw Materials (Note 4.01)	252,581,863	157,548,066
Materials-In- Process (Note 4.02)	9,750,360	9,583,686
Finished Goods (Note 4.03)	57,301,521	45,268,612
Spare Parts (Note 4.04)	149,235	152,760
Total	<u>319,782,979</u>	<u>212,553,124</u>

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

The inventories of the company has been pledged as security against loan with Islami Bank, Bangladesh Limited, Chawk Mugoltolly Branch, and Modhumoti Bank Limited, Aganagar ranch.

4.01 Raw Materials

Particulars	Quantity (KG)	Quantity (KG)
Opening Balance	3,174,768	2,923,660
Add: Purchase & Import during the year	49,565,229	43,348,969
Available for use	52,739,997	46,272,629
Less: Consumption during the Year	43,317,129	43,097,861
Closing Balance	<u>9,422,868</u>	<u>3,174,768</u>

4.02 Materials-In- Process

Particulars	Quantity (KG)	Quantity (KG)
Opening Balance	152,122	179,479
Add: Input from Store during the year	43,317,129	43,097,861
Available for Production	43,469,251	43,277,340
Less: Production (Process Completed)	35,002,709	34,429,393
	8,466,542	8,847,947
Less: Closing Balance	143,387	152,122
Normal Process Loss	<u>8,323,155</u>	<u>8,695,825</u>
% of Normal Process Loss	<u>23.78</u>	<u>25.26</u>



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
4.03 Finished Goods		
Particulars	Quantity (KG)	Quantity (KG)
Opening Balance	776,751	597,102
Add: Production during the year	35,002,709	34,429,393
Available for Sales	35,779,460	35,026,495
Less: Sales during the year	35,054,965	34,249,744
Closing Balance	724,495	776,751

4.04 Spare Parts **Tk. 149,235**

Particulars	Amount in Taka	Amount in Taka
Opening Balance	152,760	163,325
Add: Purchase during the year	581,010	884,770
Available for use	733,770	1,048,095
Less: Consumption (Machine Rep.& Maintenance)	584,535	895,335
Closing Balance	149,235	152,760

5.00 Trade and Other Receivables **Tk.166,184,770**

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

Opening balance	80,202,987	10,193,730
Add: Sales during the year	1,976,480,866	1,628,212,865
	2,056,683,853	1,638,406,595
Less: Realised during the year	1,890,499,083	1,558,203,608
Closing balance	166,184,770	80,202,987
Aging of Trade and other Receivables		
Below 30 days	88,847,950	28,536,890
Within 31-60 days	56,623,115	39,218,714
Within 61-90 days	11,525,480	6,921,638
Above 90 days	9,188,225	5,525,745
Total	166,184,770	80,202,987

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

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

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

Receivable considered good in respect of which the company is fully secured.	-	-
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	166,184,770	80,202,987
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	166,184,770	80,202,987



		Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
6.00 Advances, Deposits & Prepayments Tk. 74,175,197			
Fixed Security Deposits (Electricity & Gas)		2,492,411	2,492,411
Advance Income Tax	Note-6.01	4,640,817	2,518,020
L/C Margin & Goods In Transit	Note-6.02	62,254,470	35,046,729
Advance VAT Deposit	Note-6.03	626,004	1,354,345
Salaries & Allowances		791,612	590,400
Security Deposits (CDBL)		200,000	200,000
Bank Guarantee Margin		1,005,919	1,005,919
MTDR (Lien with Islami Bank Bangladesh Ltd)		2,163,964	2,050,587
Fixed Deposit (Lien with Modhumoti Bank Ltd)		-	30,000,000
Total		74,175,197	75,258,411
6.01 Advance Income Tax:			
Opening Balance		2,518,020	2,220,976
Add: Addition for the year		4,640,817	2,518,020
		7,158,837	4,738,996
Less: Adjusted during the year		(2,518,020)	(2,220,976)
Total		4,640,817	2,518,020
Advance Income Tax amounting Tk 25,18,020 has been adjusted during the year for the Assessment year 2018-2019 and the balance of Tk. 46,40,817 is carried forward for the Assessment year 2019 - 2020.			
6.02 L/C Margin & Goods In Transit	Total	62,254,470	35,046,729
The entire amount was paid for Import of raw materials.			
6.03 Advance VAT Deposit			
This is made up as follows			
Opening Balance		1,354,345	753,888
Add: Deposit during the Year		139,283,900	140,243,299
		140,638,245	140,997,187
Less: Adjusted during the Year		(140,012,241)	(139,642,842)
Total		626,004	1,354,345
7.00 Cash & Cash Equivalents		Tk. 36,717,385	
a) <u>Cash at Bank</u>			
Bank Name	Branch Name	Account No	
Islami Bank Bangladesh Ltd.	Chawk Mugoltolly	4766	2,898,651
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	4,399,428
Al-Arafah Islami Bank Ltd.	New Elephant Road	2468	7,413,24
National Bank Ltd.	New Elephant Road	4464	5,207,852
Sonali Bank Ltd.	New Elephant Road	6338	4,973
Shahjalal Islami Bank Ltd.(Dev)	Dhanmondi	1347	5,456
Dutch Bangla Bank Ltd.	Dhanmondi	2978	5,877,101
The Premier Bank Ltd.	Bangshal	8497	1,024,378
Modhumoti Bank Ltd.	Aganagar	0004	10,343,310
Marcantaile Bank	Noyabazar	5618	2,092,752
			32,595,225
			4,122,160
			36,717,385
b) Cash in hand			8,015,122
			45,224,744

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2019. Cash in hand balance was duly certified.

		Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
8.00 Share Capital	Tk. 151,263,500		
a) Authorized Capital			
500,00,000 ordinary shares of Tk.10 each		500,000,000	500,000,000
b) Issued, Subscribed and Paid -up Capital			
1,51,26,350 ordinary shares of Tk.10 each.		151,263,500	151,263,500
Total 1,51,26,350 shares of Tk.10 each.	Total	151,263,500	151,263,500

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June, 2019 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2018- 2019	Percentage of Share Holding 2017-2018
Sponsor	1	2809	0.02%	0.02%
Directors other than Sponsor	3	10896797	72.04%	69.28%
General Public	483	3221544	21.30%	9.57%
Suspense A/c	1	31889	0.21%	0.83%
Financial Institutes	3	957811	6.33%	20.30%
Private Corporate Institute	1	15500	0.10%	0.00%
Total	492	15126350	100.00%	100.00%

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

Range of Share Holdings	As per Folio		As per BO ID		Total Holding	Total Share	Percentage (%)
	Holders	Shares	Holders	Shares			
Less than 500	314	30,421	92	12,188	406	42,609	0.28
501 to 5,000	27	30,654	31	60,627	58	91,281	0.60
5001 to 10,000	1	5752	4	30,950	5	36,702	0.24
10,001 to 20,000	-	-	2	34,678	2	34,678	0.23
20,001 to 30,000	-	-	-	-	-	-	-
30,001 to 40,000	-	-	1	31,889	1	31,889	0.21
40,001 to 50,000	-	-	-	-	-	-	-
50,001 to 100,000	-	-	-	-	-	-	-
100,001 to 1,000,000	-	-	12	3,992,394	12	3,992,394	26.39
Over 1,000,000	-	-	3	10,896,797	3	10,896,797	72.04
Total	342	66,827	145	15,059,523	487	15,126,350	100.00

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

Total = 4,927,446,858 4,927,446,858

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

	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
10.00 Long Term Bank Loan	Tk. 68,162,379	
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka) Loan A/c NO # 00003 Loan A/c NO # 00006	85,434,320 55,938,847 141,373,167	119,817,495 71,114,354 190,931,849
Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.) HPSM NO # 43309	 - 141,373,167	 3,305,758 194,237,607
Less: Current portion of long term loan	(73,210,788)	(66,826,272)
Total	68,162,379	127,411,335
The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka.		
11.00 Deferred Tax Liability	Tk. 300,980,127	
Calculation of Deferred Tax :		
A. Temporary Difference:		
Written down value as per accounting base	5,791,474,979	5,786,966,859
Written down value as per tax base	5,415,554,472	5,406,975,966
Taxable temporary difference	375,920,507	379,990,893
Income Tax rate	25%	25%
Deferred Tax Liabilities at the end of the year	93,980,127	94,997,723
B. Revaluation:		
Carrying Value		
Land	5,175,000,000	5,175,000,000
Tax rate:		
Land	4%	4%
Deferred Tax Liabilities at the end of the year	207,000,000	207,000,000
Closing Deferred Tax Liabilities	207,000,000	207,000,000
Opening Deferred Tax Liabilities	207,000,000	207,000,000
Deferred Tax asset / liability:	-	-
Deferred Tax Liabilities at the end of the year (A+B)	Total 300,980,127	301,997,723



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
12.00 Short Term Bank Loan	Tk. 785,323,792	
This is made up as follows:		
Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.)	162,169,213	321,411,028
Foreign Cash Bills (UPAS LC)	94,359,137	96,529,674
Murabaha TR		
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka)		
(CC Hypo)	18,679,925	147,594,107
Foreign Cash Bills (UPAS LC)	510,115,517	50,286,450
Total	785,323,792	615,821,259

The above balances were in agreement with the balances as per respective bank loan statement as on 30-06-2019. The above loan is secured against the Non-Current assets.

13.00 Trade and other Payables	Tk. 64,520,689	
Trade Payables:		
Raw Materials Supplier (Details are enclosed in Annexure "D")	4,339,456	2,216,261
Other Payables:		
Provision for Income Tax Note-13.01	26,402,359	14,698,573
Audit Fees	86,250	86,250
Gas Bill	16,592,531	28,982,659
Electricity Bill	965,279	-
Internet Bill	79,252	134,000
Wages & Salaries	3,957,502	3,849,230
Salary & Allowances	3,734,922	1,447,934
Overtime Bill	3,871,432	1,661,693
Telephone & Fax Charges	40,517	36,132
Festival Bonus	-	127,250
Provision for W.P.P.F	4,451,189	2,201,465
Total	64,520,689	55,441,447

13.01 Provision for Income Tax:		
Opening Balance	14,698,573	12,518,358
Add: Addition for the year (Note: 20.00)	22,160,745	11,702,300
Add: Short provision for the assessment year 2018-2019	-	584,089
	36,859,318	24,804,747
Less: Adjusted during the year	(2,518,020)	(2,220,976)
Less: Payment during the year	(7,938,939)	(7,885,198)
Total	26,402,359	14,698,573

Provision for Income Tax amounting Tk. 25,18,020 was adjusted from advance income tax and Tk. 79,38,939 was paid for the assessment year 2018-2019. Tk. 2,21,60,745 was made new provision during the year for the assessment year 2019-2020.



		Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
14.00 Revenue (Including VAT) :	Total	1,976,480,866	1,628,212,865
Less : VAT		(140,012,241)	(139,642,842)
		1,836,468,625	1,488,570,023
Sales quantity:			
Writing Paper & Board Paper		35,055 MT	34,250 MT
15.00 Cost of Sales	Tk. 1,532,434,322		
Opening Stock of Raw Materials & Chemicals		157,548,066	142,663,899
Add: Local Purchase of Raw Materials & Chemicals		70,745,960	328,747,313
Add: Import of Raw Materials & Chemicals		1,349,868,695	724,779,989
Goods available for consumed		1,578,162,721	1,196,191,201
Less : Closing Stock of Raw Materials & Chemicals		(252,581,863)	(157,548,066)
Raw Materials Used		1,325,580,858	1,038,643,135
Add: Factory Overhead			
Wages & Salaries		45,832,013	45,184,621
Overtime Bill		22,523,962	22,404,453
Festival Bonus		4,550,406	4,446,928
Oil & Lubricant		5,959,923	4,409,184
Gas Bill		116,928,674	117,718,444
Electricity Bill		22,546,788	26,671,229
Workers Tiffin		126,746	136,374
Machine Repairs & Maintenance (Note 4.04)		584,535	895,335
		1,544,633,905	1,260,509,703
Add: Opening Stock of Material-In-Process		9,583,686	8,435,513
		1,554,217,591	1,268,945,216
Less: Closing stock of Material -In- Process		(9,750,360)	(9,583,686)
Cost of production		1,544,467,231	1,259,361,530
Add : Opening Stock of Finished Goods		45,268,612	27,494,654
		1,589,735,843	1,286,856,184
Less: Closing Stock of Finished Goods		(57,301,521)	(45,268,612)
Cost of Sales	Total	1,532,434,322	1,241,587,572

During the year the company has deducted Tk. 4,21,119 as tax at source from wages and salaries while making payment to employees and duly paid.



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
16.00 Administrative Expenses:	Tk. 128,332,086	
Salaries & Allowances	42,159,858	41,589,835
Festival Bonus	3,038,251	2,893,806
Telephone & Fax Charges	550,855	484,650
Office Rent	240,000	240,000
Directors Meeting Attendance fees	220,000	176,000
Directors Remuneration	3,840,000	3,840,000
Travelling & Conveyance	1,188,110	769,029
AGM Expenses	474,750	485,750
Annual Listing fees	75,632	146,632
Entertainment	423,553	419,524
Spare parts for Motor Car	4,254,327	4,186,390
Oil & Fuel	2,274,423	2,187,449
Insurance Premium (Fire)	2,392,000	2,392,000
Staff Uniform	151,585	129,840
Office Maintenance	371,417	397,538
Internet Bill	664,608	804,000
Electrical Expenses	156,570	148,708
Stationeries	637,979	426,865
News Paper & Periodicals	7,780	9,885
Postage & Stamps	6,385	4,334
Medical Aid Expenses	37,590	74,119
Cafeteria Expenses	2,044,176	1,989,387
Rent, Rate & Renewal Fees	788,250	954,582
Miscellaneous Expenses	823,895	758,310
Audit Fees	150,490	86,250
Legal Fees & Expenses	15,250	92,000
Bank Charges	736,508	538,986
Depreciation Charges (Annexure - "A")	60,607,844	59,234,547
Total	128,332,086	125,460,416

Directors Meeting Attendance Fees Tk. 2,20,000

Directors Meeting Attendance fees amounting Tk. 2,20,000 was paid to six Directors from which a sum of Tk. 26,400 was deducted as VAT and Tk. 17,600 as Tax at source and was duly paid.

Directors Remuneration Tk. 38,40,000

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



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
17.00 Selling and Distribution Expenses	Tk. 13,276,092	
This is made up of the followings:		
Salaries & Allowances	4,368,017	4,063,613
Packing & Binding Expenses	2,051,360	2,913,200
Repairs & Maintenance	720,625	296,224
Business Promotion Expenses	1,183,000	661,500
Advertisement	172,242	318,813
Delivery, Load & Unload Expenses	1,856,320	2,772,664
Sales Promotion Expenses	1,506,168	1,236,250
Sample Expenses	1,418,360	1,252,329
Total	13,276,092	13,514,593
Salaries & Allowances Tk. (4,21,59,858+43,68,017) = 4,65,27,875		
During the year the company has deducted Tk. 19,83,881 as tax at source from salaries and allowances while making payment to employees and duly paid.		
18.00 Finance Cost	Tk. 73,541,349	
MTR (Islami Bank Bangladesh Ltd.)	15,398,039	17,307,517
HPSM (Islami Bank Bangladesh Ltd.)	40,758	473,758
UPAS (Islami Bank Bangladesh Ltd.)	13,879,578	10,436,428
CC Hypo (Modhumoti Bank Ltd.)	9,295,347	11,806,010
Term Loan (Modhumoti Bank Ltd.)	20,913,726	21,500,898
UPAS (Modhumoti Bank Ltd.)	14,013,901	2,582,023
Total	73,541,349	64,106,634
19.00 Other Income	Tk. 139,009	
Bank Interest Income:		
MTDR A/C No: 838089/2839 (Islami Bank Bangladesh Ltd.)	102,642	94,696
MTDR A/C No: 838341/3089 (Islami Bank Bangladesh Ltd.)	34,273	31,724
STD A/C No: 1347 (Shahjalal Islami Bank Ltd.)	2,093	2,073
Total	139,009	128,493
20.00 Income Tax Expense	Tk. 21,143,149	
Current Tax		
Net Profit / (Loss) before Tax	84,572,595	41,827,836
Add: Accounting depreciaiton	60,607,844	59,234,547
	145,180,440	101,062,383
Less: Tax base depreciation	56,537,458	54,253,184
Taxable income`	88,642,981	46,809,199
Tax rate	25%	25%
	22,160,745	11,702,300
Short provision for the assessment year 2018-2019	-	584,089
	22,160,745	12,286,389
Deferred Tax		
Closing Deferred Tax Liabilities (Note: 11.00)	93,980,126	94,997,723
Opening Deferred Tax Liabilities	94,997,723	96,243,065
Deferred Tax (income) / expenses:	(1,017,597)	(1,245,341)
Total	21,143,149	11,041,047



	Amount in Tk. 2018 - 2019	Amount in Tk. 2017 - 2018
21.00 Net Asset Value (NAV) Per Share with Revaluation		
Net Asset Value	5,096,137,536	5,032,708,089
Number of Shares	15,126,350	15,126,350
Net Asset Value Per Share	336.90	332.71
22.00 Earnings Per Share (EPS)		
Surplus for the year attributable to Shareholders (Net Income)	63,429,447	30,786,789
Number of shares	15,126,350	15,126,350
Earnings Per Share	4.19	2.04
23.00 Cash Flows Per Share from Operating Activities		
Operating cash inflow during the period	13,372,850	(23,430,096)
Number of shares	15,126,350	15,126,350
	0.88	(1.55)
24.00 Reconciliation of Profit/(Loss) after Tax with Cash Flows from Operating Activities		
Net Profit/(Loss) after Tax	63,429,447	30,786,789
Add: Depreciation	60,607,844	59,234,547
Add: Finance Cost	73,541,349	64,106,634
Less: Non Operating Income	(139,009)	(128,493)
(Increase)/Decrease in Advance, Deposits and Prepayment	1,083,214	(55,497,457)
(Increase)/Decrease in Trade and Other Receivable	(85,981,783)	(70,009,257)
(Increase)/Decrease in Inventory	(107,229,856)	(33,795,733)
Increase/(Decrease) in Trade and Other Payables	9,079,242	(16,881,782)
Increase/(Decrease) in Deferred Tax for Temporary Difference	(1,017,597)	(1,245,341)
Total	13,372,850	(23,430,096)

25.00 Tax Assessment Status

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

Income year	Assessment Year	Provision	Tax Liabilities	Remarks
2014-2015	2015-2016	7,700,874	7,700,874	Completed
2015-2016	2016-2017	7,631,947	7,631,947	Completed
2016-2017	2017-2018	9,522,085	9,522,085	Completed
2017-2018	2018-2019	11,041,047	11,041,047	Completed
2018-2019	2019-2020	21,143,149	-	Under Process



Amount in Tk.
2018 - 2019

Amount in Tk.
2017 - 2018

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

I 5,000 - 15,000	15 Person	18 Person
II 15,001 - 25,000	15 Person	15 Person
III 25,001 - 50,000	21 Person	21 Person
IV 50,001 - 2,00,000	13 Person	12 Person
Total	64 person	66 person

27.00 Payment to Directors

Details in respect of payment to directors are given below.

Name of Board of Directors	Designation	No. of Meeting	Meeting Attending Fees	Total Meeting Fees	Directors Remuneration	Total (Taka)
Mohammed Younus	MD & CEO	4	10,000	40,000	2,400,000	2,440,000
Mahfuza Younus	Director	4	10,000	40,000	600,000	640,000
Mohammed Javed Noman	Director	4	10,000	40,000	840,000	880,000
A.K.M Nurul Fazal Bulbul	Director	3	10,000	30,000	-	30,000
Kazi Aslam Hossain	Director	4	10,000	40,000	-	40,000
Ashim Kumar Roy	Director	3	10,000	30,000	-	30,000
Total				220,000	3,840,000	4,060,000

During the year total 4 board meetings were held, the board meeting fee was Tk 10,000

(a) No compensation was made to the Managing Director & CEO of the company except as stated above.

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

28.00 Production Capacity and Utilization :

Major products	Unit	Production Capacity	Actual production	Capacity Utilization %
Writing Paper & Board Paper (2018-2019)	MT	38,500	35,003	90.92
Writing Paper & Board Paper (2017-2018)	MT	38,500	34,429	89.43

29.00 Event After the Reporting Period

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

30.00 Capital Expenditure Commitment

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



31.00 Claim Acknowledgement

There was no claim against the Company not acknowledged as debt as on 30 June, 2019.

32.00 Credit Facility

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

33.00 Financial Risk Management

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

Credit Risk
Liquidity Risk
Market Risk

Credit Risk

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

Liquidity Risk

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

Market Risk

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

(a) Currency Risk

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

(b) Interest Rate Risk

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


Chief Financial Officer


Company Secretary




Director


Managing Director

SONALI PAPER & BOARD MILLS LIMITED

Schedule of Property, Plant & Equipment
For the year ended 30 June, 2019

SL. No.	Name of Assets	COST				Rate	DEPRECIATION				Written Down Value as on 30 June, 2019
		Balance as on 01 July, 2018	Addition During the Year	Adjustment During the Year	Balance as on 30 June, 2019		Balance as on 01 July, 2018	Charged During the Year	Adjustment During the Year	Balance as on 30 June, 2019	
1	Land & Land Development	5,175,000,000	47,500	-	5,175,047,500	-	-	-	-	-	5,175,047,501
2	Building & Godown	88,148,440	2,397,000	-	90,545,440	5%	2,734,573	-	36,790,813	-	53,754,628
3	Labour Shed	2,323,952	-	-	2,323,952	5%	70,446	-	985,486	-	1,338,466
4	Plant, Machinery & Boiler	642,529,605	31,374,802	-	673,904,407	10%	39,797,861	-	292,192,561	-	381,711,846
5	Electric Equipments & Others	60,256,580	1,637,950	-	61,894,530	10%	3,255,642	-	31,365,289	-	30,529,241
6	Gene. & 5 MW Power Station	180,118,357	28,787,882	-	208,906,239	10%	10,258,068	-	94,992,712	-	113,913,527
7	Weighting & Road Scale	6,201,610	52,000	-	6,253,610	10%	289,375	-	3,623,233	-	2,630,377
8	Electric & Gass Installation	12,777,243	-	-	12,777,243	10%	495,626	-	8,316,613	-	4,460,630
9	Motor Vehicles	35,248,739	-	-	35,248,739	15%	2,813,880	-	19,303,416	-	15,945,323
10	Fox Machine	30,000	-	-	30,000	10%	942	-	21,527	-	8,474
11	PABX & Telephone Set	971,082	21,490	-	992,572	10%	41,451	-	608,767	-	383,805
12	Computer	5,933,166	183,350	-	6,116,516	10%	349,320	-	2,880,964	-	3,235,552
13	EIP	1,569,181	-	-	1,569,181	5%	44,628	-	721,258	-	847,923
14	Fire Fitting Equipments	1,505,643	44,310	-	1,549,953	5%	50,188	-	574,217	-	975,736
15	Crane, Trolley & Fork Lift	6,978,483	554,680	-	7,533,163	5%	261,691	-	2,283,702	-	5,249,461
16	Workshop & Loose Tools	483,799	-	-	483,799	5%	13,759	-	222,374	-	261,425
17	Furniture & Fixture	3,300,153	15,000	-	3,315,153	10%	130,396	-	2,134,089	-	1,181,064
	Balance as on 30 June, 2019	6,223,376,033	65,115,964	-	6,288,491,997		60,607,844	-	497,017,018	-	5,791,474,979
	Balance as on 30 June, 2018	6,164,335,009	59,041,024	-	6,223,376,033		59,234,547	-	436,409,174	-	5,786,966,859



Note : Land and land development represents only land.

SONALI PAPER & BOARD MILLS LIMITED

Schedule of Inventories As on 30 June, 2019

Annexure -"B"

Raw Materials:

Particulars	30 June 2019			30 June 2018		
	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Chemicals	314,949	75.11	23,654,900	180,587	82.00	14,808,134
b) Waste Paper	4,444,761	20.00	88,895,220	285,652	20.75	5,927,279
c) Waste Paper	2,539,724	17.00	43,175,308	128,953	16.80	2,166,410
d) Waste Paper	1,659,889	55.00	91,293,895	2,579,576	52.20	134,646,243
e) Waste Paper	463,545	12.00	5,562,540	-	-	-
Total	9,422,868		252,581,863	3,174,768		157,548,066

Material - in - Process:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	143,387	68.00	9,750,360	152,122	63.00	9,583,686

Finished Goods:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	302,647	41.91	12,682,940	478,379	36.00	17,221,644
b) Paper of Different Grades	421,848	105.77	44,618,581	298,372	94.00	28,046,968
Total	724,495		57,301,521	776,751		45,268,612

Spare Parts:

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Different Items	218	684.56	149,235	228	670	152,760
Total Taka			319,782,979			212,553,124



SONALI PAPER & BOARD MILLS LIMITED

Statement Of Trade And Other Receivables AS AT 30 JUNE, 2019

Annexure - "C"

Sl. No	Name of the Party	Amount in Tk. 30 June 2019	Amount in Tk. 30 June 2018
1	B.N.N Packaging	3,023,981	3,315,930
2	Chittagong Mohanagar Packaging Ltd	1,181,325	2,736,072
3	Creative Paper Mills Ltd.	4,132,453	-
4	Dada Bobins Ltd.	3,262,296	-
5	G. C. Box Ltd.	2,367,276	-
6	Hasan Printing & Packaging Ind Ltd	2,270,035	-
7	H. A. Sattar Printing & Packaging Ind.	2,621,435	3,317,549
8	Interna Plastic Ind.	3,967,200	3,029,686
9	Kashpia Printing & Packaging Ind.	6,663,517	2,729,571
10	Modern Poly Industries	1,945,497	-
11	M/S. M.A.B Paper Products	3,642,165	-
12	Platinum Print & Packaging Ltd.	2,635,824	3,516,412
13	Royal Box	1,999,681	3,276,696
14	R.R Print & Packaging Ltd.	1,928,520	-
15	Vision Carton Accessories Ind Ltd	5,123,725	-
16	Chandpur Paper House	13,662,371	6,777,849
17	Ever Green	14,929,441	6,720,954
18	Mostafa Enterprise	-	6,510,000
19	Razu Traders	22,198,221	6,703,117
20	Alam & Sons	17,837,409	6,165,910
21	Ananda Paper House	16,260,494	6,236,585
22	Intergraphic Ltd.	11,411,792	-
23	MJ Paper	-	5,563,000
24	Rashedul Enterprise	23,097,912	6,896,855
25	Shahabuddin Enterprise	-	6,706,800
26	Udvash Academy	22,200	-
	Total Taka	166,184,770	80,202,987



SONALI PAPER & BOARD MILLS LIMITED

Statement Of Trade And Other Payables AS AT 30 JUNE, 2019

Annexure -"D"

Sl. No	Name of the Party	Amount in Tk. 30 June 2019	Amount in Tk. 30 June 2018
1	Al Modina Enterprise	3,109,456	620,318
2	Howlader Enterprise	815,240	530,180
3	Javed Paper House	-	327,653
4	M/S. Babul Enterprise	414,760	317,510
5	Bismillah Enterprises	-	420,600
	Total Taka	4,339,456	2,216,261



42nd Annual General Meeting Notice

IMPORTANT

Notice is hereby given that the 42nd Annual General Meeting (AGM) of Sonali Paper & Board Mills Ltd. will be held on 16 January 2020 at 11:30 AM at Trust Milonayaton 545, Old Airport Road, Dhaka Cantonment, Dhaka to transact the following agenda:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June 2019 together with the Report of the Directors' and the Auditors' thereon.
2. To approve the dividend for the year ended 30 June 2019 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 of the company and fix their remuneration for the year 2019-2020.
5. To appoint Auditors/Professionals for Compliance of Corporate Governance Code.
6. To transact any other business with the permission of the chair.

By order of the Board



(Md. Rashedul Hossain)
Company Secretary

Dated: 28th December 2019

Notes:

- i. The Shareholders whose names would appear in the CDS/member register of the company as on "record date" i.e. November 28, 2019 shall be entitled to attend the Annual General Meeting (AGM) and receive dividend.
- ii. The proxy form must be affixed with requisite revenue stamp and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- iii. Members are requested to notify the changes of their address including email address (if any), through their respective Depository Participants (DP) well in time.
- iv. Admission into the AGM venue will be allowed on production of the Attendance Slip attached with the Proxy form. No children will be allowed in the AGM Venue.
- v. In compliance with the BSEC's Notification No. SEC/SRMI/2000-953/1950 dated 24 October 2000 "(c) no benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of equity securities." for attending the AGM of the Company.
- vi. In case of non receipt of the Annual Report of FY 2018-2019 of this Company sent through the email, Shareholders may collect the same from the share office of the Company by submitting written request. The Annual Report is uploaded on the Company's website at www.spmlbd.com



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

PROXY FORM

I/We
of
being a member of Sonali Paper & Board Mills Ltd. and entitled to vote hereby appoint
Mr/Mrs/Missas my/our proxy to attend and vote for me/us
on my/our behalf at the 42nd Annual General Meeting of the Company to be held on
Thursday the 16 January 2020 at 11:30 AM at Trust Milonayaton 545, Old Airport Road, Dhaka
Cantonment, Dhaka-1216 and at any adjournment thereof.
As witness my hand this..... day of 2020.

Revenue
Stamp

Signature



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

ATTENDANCE SLIP

I hereby record my attendance at the 42nd Annual General Meeting of Sonali Paper & Board
Mills Ltd. at Trust Milonayaton 545, Old Airport Road, Dhaka Cantonment, Dhaka-1216 on
January 16, 2020 at 11:30 AM.

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

Signature

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

Signature

- Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over to the reception of 42nd SPBML,AGM Venue.
- No person shall be appointed proxy who is not member of the company.
- Children and non-members will not be allowed at the Meeting.