

# ANNUAL REPORT

2016-2017



SONALI PAPER & BOARD MILLS LTD.



## *Table of Contents*

Letter of Transmittal	2
Vision, Mission & Principles	3
Notice of the 40th Annual General Meeting	4
Corporate Profile	5
Company Information	6
Organizational Structure	7
Chairperson's-welcome speech	8
A Note from the Managing Director & CEO	9
Profile of the Directors	10-12
Financial Highlights	13
Contribution to National Exchequer	14
Financial Performance at a Glance	15
Photo of 39th AGM , 2017	16-17
Directors' Report to the Shareholders	18-21
Shareholding Information	22-23
Audit Committee Report	24-25
Corporate Governance Compliance Status	26-31
Certificate on Corporate Governance	32
BAPLC Certificate of Membership	33
CEO & CFO's Declaration to the Board of Directors	34
Statutory Auditor's Report	35-36
Statement of Financial Position	37
Statement of Profit or Loss & Other Comprehensive Income	38
Statement of Changes in Equity	39
Statement of Cash Flows	40
Notes to the Financial Statements	41-62
Proxy Form & Attendance Slip	63

*Letter of Transmittal*

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

Annual Report for the year ended 30th June 2017

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report containing Director's Report, Auditors Report along with Audited Financial Statements including Statement of Financial Position as at 30th June 2017, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year ended 30th June 2017 along with notes thereon and all related Consolidated and Subsidiary Financial Statements for your record and necessary measures.

Thank You

Yours sincerely,



**Md. Rashedul Hossain**  
Company Secretary

Dated: December 25, 2017



## *Vision, Mission & Principles*



### *Vision*

To be a world class paper manufacturing company creating maximum value by providing quality papers.

### *Mission*

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

### *Principles*

Integrity  
Accountability  
Transperancy

**IMPORTANT**

## 40th Annual

### General Meeting Notice

Notice is hereby given to all Shareholders of Sonali Paper & Board Mills Ltd that the 40th Annual General Meeting (AGM) of the Shareholders of the Company will be held on 18th January 2018 at 11:30 AM at RAOWA Convention Hall-2 (Anchor Hall), VIP Road, Mohakhali DOHS, Dhaka-1206 to transact the following agenda:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June, 2017 together with Directors Report and the Auditors' Report on those Financial Statements.
2. To elect/re-elect Directors in terms of the relevant provision of Articles of Association.
3. To appoint the Auditors of the Company for the term until the next Annual General Meeting to fix up their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board



**(Md. Rashedul Hossain)**

Company Secretary

Dated: December 15, 2017

Notes:

1. The Record Date 28 November, 2017 (Tuesday)
2. A member eligible for the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
3. Forms of proxy must be stamped and should be deposited at the registered office of the Company not later than 48 hours before the time fixed for the meeting.
4. Annual Report, Shareholders attendance slip to be dispatched to all the members by courier service/post. The Shareholders may also collect the proxy from the registered office of the Company.
5. Members are requested to notify change of address, if any, to the Company.

## *CORPORATE PROFILE*

### *Board of Directors*

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

### *Audit Committee*

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

### *Auditors*

MAHFEL HUQ & CO  
Chartered Accountants  
34, Topkhana Road, Dhaka-1000.

### *Company Secretary*

Md. Rashedul Hossain

### *Head of Internal Audit*

Md. Mahabub Alam

### *Bankers*

Islami Bank Bangladesh Limited, Chawk Mugholtuly  
Sonali Bank Limited, Sonargaon Road  
Al- Arafah Islami Bank Limited, New Elephant Road  
Shahjalal Islami Bank Limited, Dhanmondi  
Dutch Bangla Bank Limited, Dhanmondi  
National Bank Limited, Elephant Road  
Modhumoti Bank Limited, Aganagar

### *Registered Office*

: 51 Central Road, Dhanmondi, Dhaka-1205

### *Factory Address*

: Jatramura, Tarabo, Rungang, Narayangonj

## *HISTORY OF THE COMPANY*

Date of Incorporation	: September 6 , 1977
Listed with Dhaka Stock Exchange Ltd.	: 1985
Status	: Public Limited Company
Business Lines	: Manufacturing & Marketing different grade of papers
Authorized Capital (Taka)	: 500 Million
Paid up Capital(Taka)	: 151.26 Million
Number of Employees	: 548

### *Operational Management Team*

Shahudul Haque	: Executive Director
Md. Kawser Azizur Raman	: Director (Technical)
Golam Zilani Bhuiyan	: Director ( Marketing)
Kh. Khalidur Raman	: Consultant & Head of HRD
Md. Kamrul Islam	: Additional Director
Md. Ataur Rahman	: Assistant Director

### *Accounts Department*

Al Mamun Parvez (GM)  
Alamgir Miah( AGM)

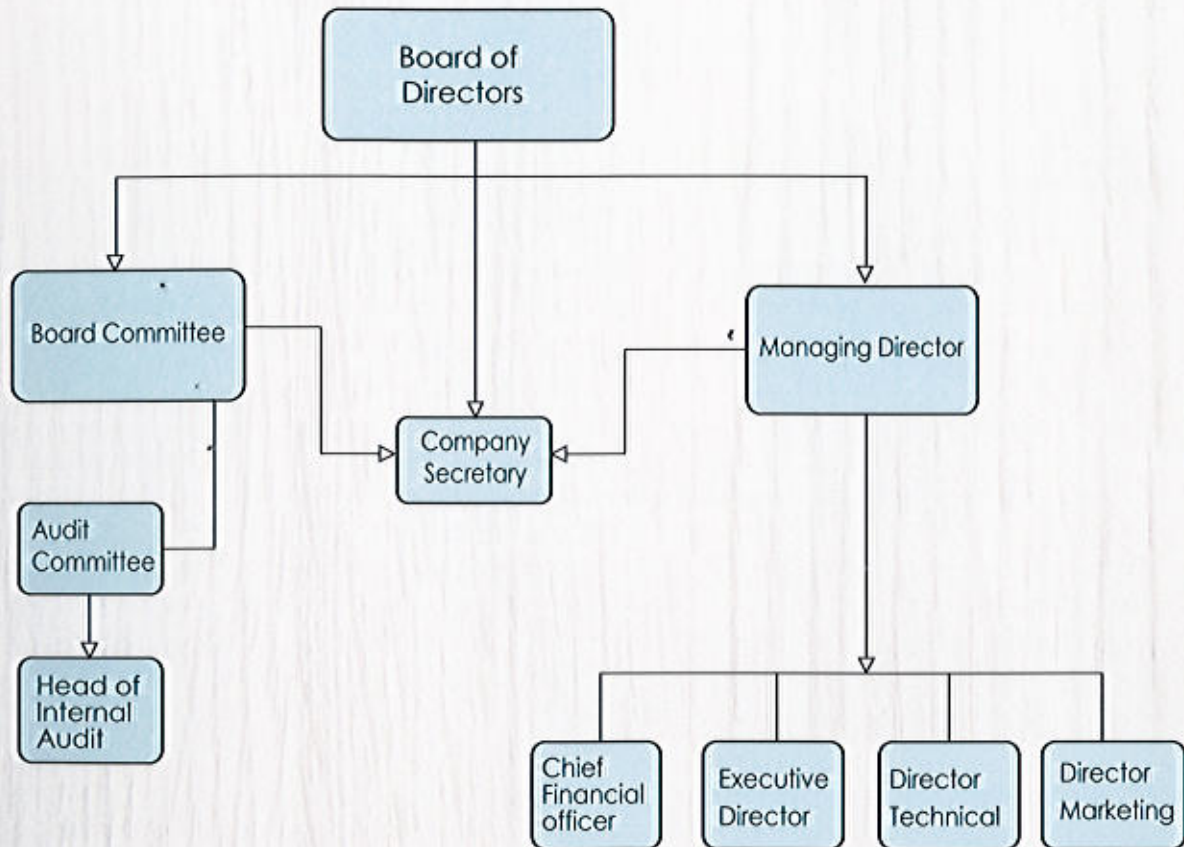
### *Commercial Department*

Md. Sayed Hassan (DGM)

### *Sales Department*

Akhlas Uddin Bhuiyan (GM)  
Hasanuzzaman(AGM)  
Mizanur Rahman(AGM)

### Organizational Structure





## চেয়ারপার্সনের শুভেচ্ছা বক্তব্য



বিসমিল্লাহির রাহমানির রাহিম  
প্রিয় শেয়ার হোল্ডার বৃন্দ  
আসসালামু আলাইকুম।

সোনালী পেপার এন্ড বোর্ড মিলস্‌ লিঃ এর ৪০ তম বার্ষিক সাধারণ সভায় উপস্থিত হয়ে কোম্পানীর পক্ষ হতে আগত সাধারণ শেয়ারহোল্ডারবৃন্দের প্রতি আমার আন্তরিক শুভেচ্ছা ও অভিনন্দন জানাচ্ছি। আমাদের উৎপাদিত কাগজের প্রতি ভোক্তাদের অবিচল আস্থা যাতে অটুট থাকে সেজন্য আমরা আমাদের কর্মকর্তাকে যথাযথভাবে প্রতিপালন করে যাচ্ছি। নানা প্রতিকূলতা থাকা স্বত্বেও আমরা কাগজের উৎপাদন কার্যক্রম ক্রমাগত বজায় রাখতে সক্ষম হয়েছি। গ্রাহক সন্তুষ্টি আমাদের কোম্পানীর অন্যতম প্রধান মূল্যবোধ যা কঠোর মান নিয়ন্ত্রণ ও দ্রুত বিক্রয়োত্তর সেবা নিশ্চিত করার মাধ্যমে অক্ষুণ্ন রাখতে আমরা অতীতের মতো সদা সচেষ্ট থাকবো।

প্রিয় শেয়ার হোল্ডার বৃন্দ, আমাদের দেশের অর্থনৈতিক কর্মকাণ্ড খুব দ্রুততার সাথে অগ্রসর হচ্ছে। তাই এই সুযোগকে কাজে লাগাতে আমাদের পরিচালনা পর্ষদ বদ্ধপরিকর। আপনারা সঠিক ব্যবসায় বিনিয়োগ করেছেন এবং আমি নিশ্চিত তা দ্রুতহারে বৃদ্ধি পাবে। ব্যবসায়িক দূরদৃষ্টি সম্পন্ন ব্যবস্থাপনা পরিচালক ও তার অভিজ্ঞতাসম্পন্ন কর্মীদের সুদক্ষ ব্যবস্থাপনায় এই ব্যবসা প্রতিষ্ঠানটি পরিচালিত। পরিচালনা পর্ষদ তাঁদের এই অবদানকে স্বীকার করে এবং যথাসময়ে মূল্যায়ন করে থাকে। উৎপাদন ক্ষেত্রের দক্ষতা ও পারদর্শীতাও কোম্পানীর সফলতায় সমান ভূমিকা রাখে। পরিচালনা পর্ষদের পক্ষ থেকে এবং আমার নিজের তরফ থেকে সকল স্তরের কর্মকর্তা-কর্মচারীদের আমি জানাই ধন্যবাদ। তাদের সততা, নিষ্ঠা, কর্মদক্ষতা ও কঠোর পরিশ্রম আমাদের সামনে এগিয়ে নিয়ে যাওয়ার পথকে করবে আরো সুগম।

আমি আমাদের সম্মানিত গ্রাহক, বিধিবদ্ধ প্রতিষ্ঠান, ব্যাংকার, সরবরাহকারী সহ সকল প্রতিষ্ঠানকে এবং যারা আমাদের ব্যবসা পরিচালনার সাথে জড়িত তাঁদের সকলকে আন্তরিক ধন্যবাদ জানাচ্ছি। আমরা কোম্পানীর শেয়ারহোল্ডারবৃন্দের প্রতি কৃতজ্ঞ যাদের সার্বক্ষণিক মূল্যবোধ, সহযোগীতা এবং সমর্থন কোম্পানীকে আজকের এই অবস্থানে নিয়ে এসেছে। আমি দৃঢ়ভাবে বিশ্বাস করি যে সাফল্য আমরা অর্জন করেছি তা সকলের সম্মিলিত প্রচেষ্টারই সফল। আমি আবারো আমাদের সকল শুভাকাঙ্ক্ষীগণকে আন্তরিক ধন্যবাদ জানাই এবং ভবিষ্যতে তাঁদের অব্যাহত সমর্থন ও সহযোগীতা কামনা করি।

পরিশেষে আপনাদের সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

আপনাদের বিশ্বস্ত

Md. Masudul Karim

মাহফুজা ইউনুছ  
চেয়ারপার্সন

## ব্যবস্থাপনা পরিচালকের বক্তব্য



বিসমিল্লাহির রাহমানির রাহিম  
প্রিয় শেয়ারহোল্ডারবৃন্দ,  
আসসালামু আলাইকুম।

বছর ঘুরে আবারো আপনাদের মাঝে উপস্থিত হতে পেরে প্রথমেই মহান আল্লাহর কাছে কৃতজ্ঞতা জানাচ্ছি। সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেড এর ৪০ তম বার্ষিক সাধারণ সভায় উপস্থিত এবং অংশগ্রহণের জন্য আমি পরিচালনা পর্ষদ ও নিজের পক্ষ থেকে আপনাদের জানাচ্ছি আন্তরিক অভিনন্দন ও স্বাগতম। আপনাদের সম্মুখে আমি পরিচালনা পর্ষদের পক্ষ থেকে ২০১৭ সালের ৩০ শে জুন সমাপ্ত অর্থবছরের বার্ষিক প্রতিবেদন উপস্থাপন করছি।

আমি আনন্দের সাথে জানাচ্ছি যে, কোম্পানী তার ক্রমাগত উন্নয়নের ধারা এ বছরেও সফলভাবে বজায় রেখেছে। পরিচালকমন্ডলী ও ব্যবস্থাপনা পরিচালকের প্রতিবেদনে এ ব্যাপারে বিস্তারিত তথ্য প্রদান করা হয়েছে। বিক্রয়, মুনাফা এবং শেয়ার প্রতি আয় ইত্যাদি আর্থিক সূচকের প্রবৃদ্ধির পাশাপাশি কোম্পানীর সার্বিক কৌশলগত প্রতিটি ক্ষেত্রে আমরা কাঙ্ক্ষিত সাফল্য অর্জনে সমর্থ হয়েছি। কাগজের বর্তমান এবং ভবিষ্যত উৎপাদন চাহিদাকে সামনে রেখে উৎপাদন বৃদ্ধির জন্য আমরা ব্যাপক কার্যক্রম হাতে নিয়েছি যা পরিকল্পনা মাসিক এগিয়ে যাচ্ছে।

আলোচ্য বছরটি আমরা সাফল্যের সাথে সম্পন্ন করেছি। আমি আশাবাদী, আমাদের গৃহীত কার্যক্রম ভবিষ্যতে কোম্পানীর জন্য আরও উজ্জ্বলতর সাফল্য বয়ে আনবে। বাংলাদেশের বর্তমান বাজারে আমাদের অবস্থানকে সুদৃঢ় করার মাধ্যমে সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডকে একটি আধুনিক কোম্পানী হিসাবে প্রতিষ্ঠা করার লক্ষ্য নিয়ে আমরা কাজ করছি। আমি মনে করি আমাদের ব্যবসায়ের কৌশল এবং গৃহীত কর্মপন্থা প্রবৃদ্ধি অর্জনের লক্ষ্যের সাথে যথাযথভাবে সামঞ্জস্যপূর্ণ।

শেষতঃ আমাদের দক্ষ, আন্তরিক এবং নিবেদিত প্রান কর্মী বাহিনীর কথা অবশ্যই বলা প্রয়োজন। তাদের দক্ষতা এবং প্রতিভার কারনেই কোম্পানীর সার্বিক লক্ষ্য অর্জন সম্ভব হয়েছে। তাদের এই কঠোর পরিশ্রমের জন্য আমি সকলকে আন্তরিক ধন্যবাদ জানাচ্ছি। একইসাথে আপনারা শেয়ারহোল্ডারবৃন্দ সব সময়ই কোম্পানীর সকল উদ্যোগে আপনাদের সহযোগীতা অব্যাহত রেখেছেন, এ জন্য আমি আপনাদের সকলকে আবারো আন্তরিক ধন্যবাদ জানাচ্ছি। আপনাদের সার্বিক সহযোগীতার কারনেই কোম্পানী আজকের অবস্থানে পৌছাতে সক্ষম হয়েছে।

পরিশেষে আপনাদের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনা করছি।

ধন্যবাদান্তে  
আপনাদের বিশ্বস্ত

মোহাম্মদ ইউনুছ  
ব্যবস্থাপনা পরিচালক ও সিইও

### *Mahfuza Younus*

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

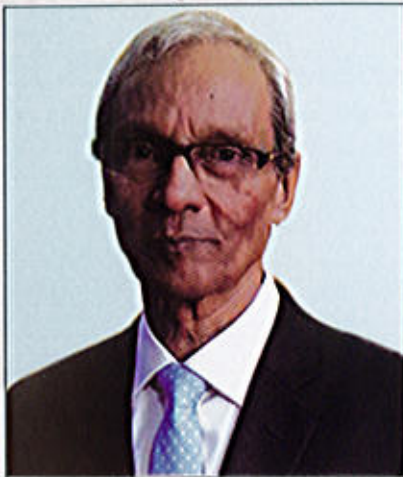


### *Mohammed Younus*

Mohammed Younus is the Managing Director & CEO of Sonali Paper & Board Mills Ltd. Mr. Younus was born in a muslim family at Tongibari, Munshigonj, in the year 1958. Later He has been brought up and educated at Govt. Titumir College, Dhaka. He is presently the Managing Director of 32 different Industrial Units and Sponsor Director of Shahjalal Islami Bank Ltd, Express Insurance Ltd, Director of Electronic Media (NTV). He is a member of NCID (National Council for Industrial Development) of which the honorable Prime Minister is the Chairperson. He has been awarded "Desh Bandhu Chittaranjan Das" Gold Medal for Industrialization in our country and this Medal was handed over by the honorable President of the People's Republic of Bangladesh in the year 1993. Mr. Mohammed Younus is a sponsor shareholder of Islami Bank Bangladesh Ltd. He is a Member of Kurmitola Golf Club, Dhaka. He is a life member of SAARC Chamber of Commerce and Industries. He was elected as member, Executive Committee of FBCCI (Federation of Bangladesh Chambers of Commerce and Industries) and Chairman, standing Committee on Petro-Chemical & Pharmaceutical Industry. He is a member of Aviation Operating Association of Bangladesh. He is a Director of Athena Venture & Equities Ltd. and member of Board of Trustee of Fareast International University. He was also the President of Bangladesh PVC Pipe Manufacturer's Association and Bangladesh Nylon Yarn Manufacturer's Association. He is a member of the Executive Committee of Bangladesh Cold Storage Association. He was the President of Lions Club of New Eskaton Garden, Dhaka. He was the President of Samagram R.N. High School, Tongibari, Munshigonj. Mr. Younus has widely traveled around the world for his business and on several occasions he also visited overseas 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 Younus. Mr. Javed has been a member of the Board of Directors since 2005 and is presently working full-time with the company. He obtained his Bachelor of Business in Accounting from Monash University, Melbourne, Australia in 2008. Mr. Noman played an important role in establishing Bikrampur Potato Flakes Industries Limited, a sister concern of Younus Group of Industries. Presently he is performing the role of Managing Director of Bikrampur Potato Flakes Industries Ltd. He is also in the Advising Committee of Younus Group on strategic issues and developing International business.

*Kazi Aslam Hossain*

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

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

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



### *Ashim Kumar Roy*

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

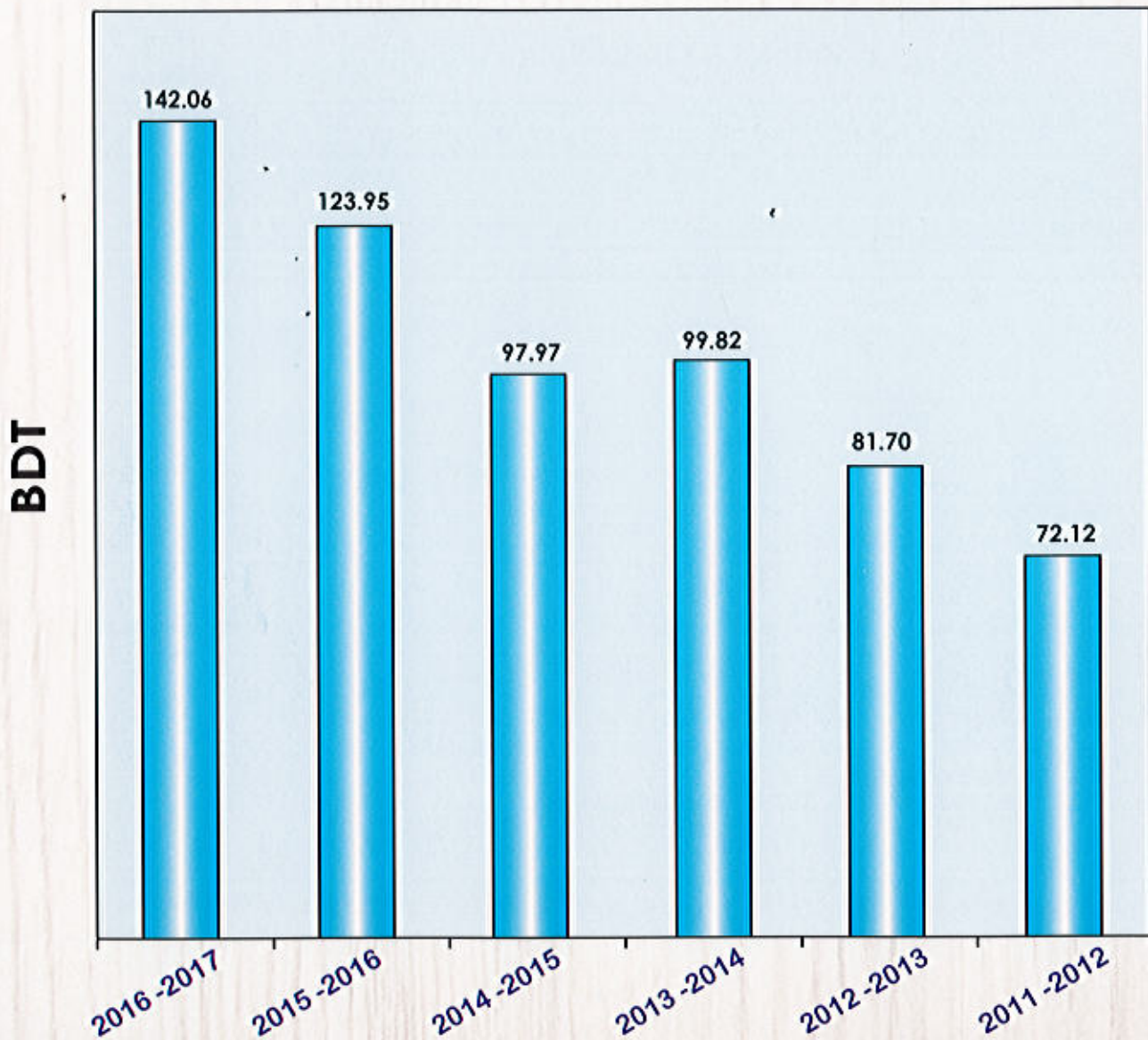
## Annexure - I

## Financial &amp; Operational Highlights

Particulars	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13
Turnover (Gross)	1,479,135,733	1,535,265,250	1,049,142,667	1,048,790,870	990,786,368
Value Added Tax	131,348,835	117,700,399	93,971,954	90,442,879	76,557,797
Turnover (Net)	1,347,786,898	1,417,564,851	955,170,713	958,347,991	914,228,571
Gross Profit	224,167,110	235,775,071	207,889,808	207,736,125	198,169,168
Net Profit Before Tax	38,088,339	30,527,787	26,773,836	25,561,987	18,561,245
Net Profit After Tax	28,566,254	22,895,841	20,080,377	18,173,073	12,872,719
Share Capital	151,263,500	137,512,280	125,011,170	113,646,520	103,315,020
Total Fixed Assets	5,787,160,382	5,798,466,328	7,648,034,142	7,632,294,582	7,598,941,107
Total Bank Borrowings	653,112,730	798,695,291	639,541,769	681,444,626	650,010,937
Total Current Assets	243,439,942	335,162,299	130,859,987	167,972,689	156,520,966
Total Current Liabilities	487,890,253	574,526,067	348,684,045	551,887,529	507,299,325
Earning Per Share (EPS)	1.89	1.67	1.61	1.60	1.25

### *Contribution to the National Exchequer*

Sonali Paper and Board Mills Ltd. is one of the regular Corporate taxpayer in 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 2016-2017 is BDT 142.06 (mn) compared to BDT 123.95 (mn) of 2015-2016



## Financial Performance at a Glance

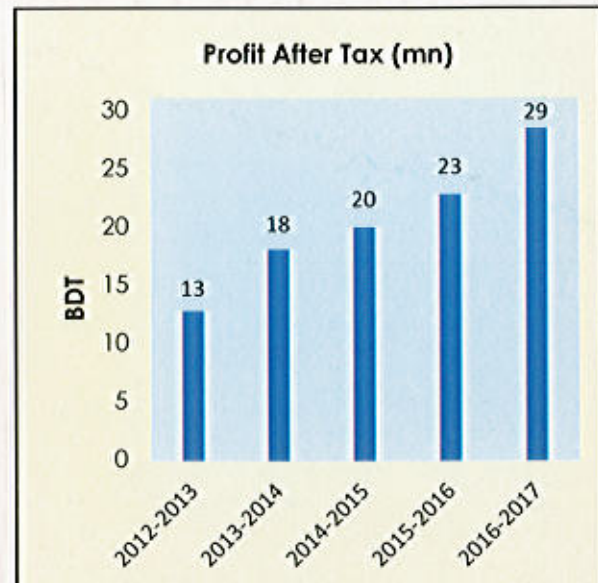
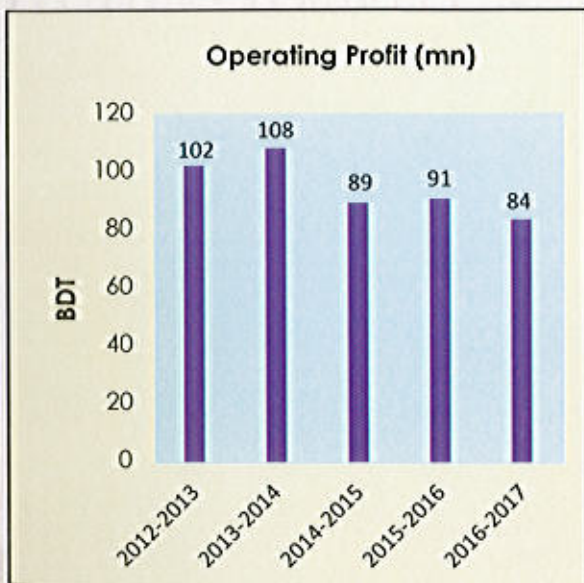
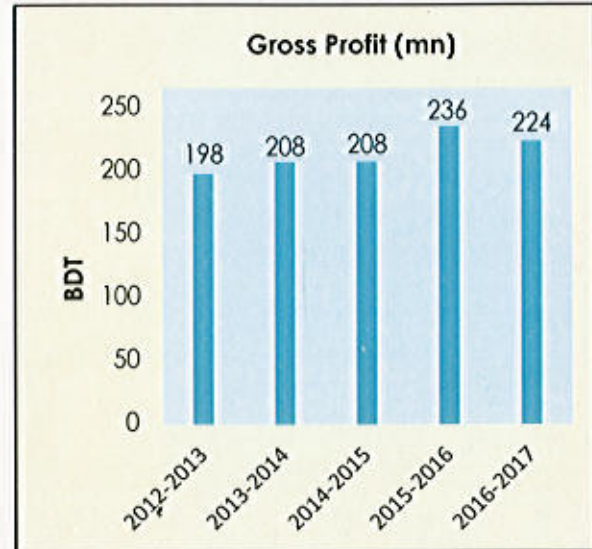
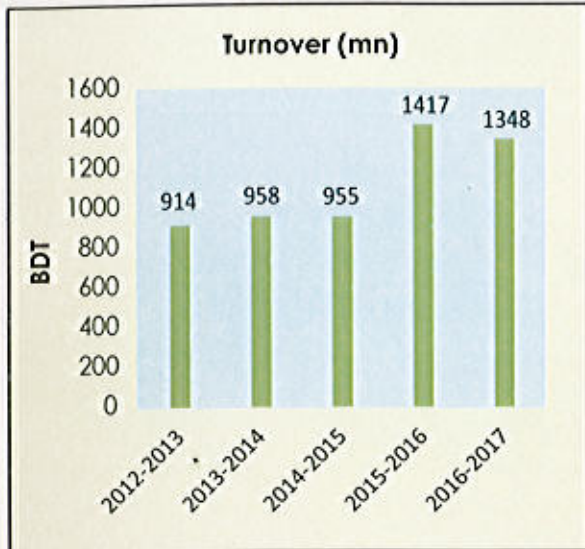






Photo of  
39th AGM





Photo of  
39th AGM



## *Director's Report*

Bismillahir Rahmanir Rahim

Dear Shareholders,

Assalamualaikum,

On behalf of the Board of Directors and on my own behalf I welcome you all to 40th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the year ended June 30, 2017, Auditors' report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies ACT 1994, International Accounting Standards, the guideline issued by Bangladesh Securities and Exchange Commission, listing regulations of Dhaka Stock Exchange Limited and other applicable rules and regulations.

### *Background*

Sonali Paper and Board Mills Ltd. (here in after referred to as "SPBML" or "the Company") was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) on September 6, 1977 and has been converted into Public Limited Company in 1985 under the Companies Act, 1994. The Authorized capital of the company is Tk. 500.00 million and paid up capital 1,51.26 million.

### *Revenue*

The operating financial results of the Company for the year ended June 30, 2017 as compared to previous year are summarized hereunder:

Particular	June 30, 2017	June 30, 2016
Net Sales	1,347,786,898	1,417,564,851
Gross Profit	224,167,110	235,775,071
Net Profit Before Tax	38,088,339	30,527,787
Provision for Taxation	9,522,085	7,631,947
Net Profit After Tax	28,566,254	22,895,841
Gross Margin (Revenue)	16.63%	16.63%
Net Margin ( BT)	2.82%	2.15%
Net Margin ( AT)	2.12%	1.62%
<b>Earnings Per Share ( EPS) (Tk.)</b>	<b>1.89</b>	<b>1.67</b>

### *Industry outlook and possible future developments in the industry*

The year 2016-17 was very challenging for the paper industry of Bangladesh. Despite challenges like competitive market scenario your Company has been able to put forth a remarkable performance. During the year, various measures were undertaken by your Company to enhance product efficiency and reduce costs. To mitigate the risk of increase in the prices of raw material your Company went ahead to keep sufficient stock of waste paper & other raw material. Your Directors believe that these initiatives will be beneficial for the Company in the long-run. Your Directors believe that the performance of the Company has been satisfactory despite varied economic and industry challenges.

Like previous year, the overall business environment in the country was good and we expect this to continue in future years. The economy of Bangladesh is steadily growing to enter middle-income group. Most of the indicators like inflation, export and interest rate are favorable to encourage domestic investment. The World Bank estimates Bangladesh's economic growth at 6.80% in the current fiscal, while government's estimation is 7.24%. The country's investment as a percentage of GDP is very low. We should focus more to mobilize investment from internal sources. To provide hassle-free land and infrastructure for industrialization the government is establishing a number of private-owned and government-owned Economic Zones. To ease business startup process, the government has unified Board of Investment and Privatization Commission into Bangladesh Investment Development Authority. We strongly believe that Bangladesh will be able to sustain economic growth in upcoming years.

**Segment Reporting**

The company operates in one segment, which is the business of different grade of paper.

**Risk and concerns**

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any price hike of raw materials due to change in policy in the international market might hamper the product price and profitability. Moreover, the performance of the company may be affected by the political and economic instability both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general. Similarly, risks and concern of the industry depends on the upcoming Government policy as well. However, we hope that Government will give special attention in this sector to sustain the paper industry in the long run.

**A discussion on cost of goods sold, gross margin and net profit margin:**

Particular	June 30, 2017		June 30, 2016	
Cost of Goods Sold	1,123,619,788	(83.37%)	1,181,789,780	(78.31%)
Gross Profit	224,167,110	(16.63%)	235,775,071	(16.63%)
Net Profit for the year	28,566,254	(2.12%)	22,895,841	(1.62%)

**Discussion on continuity of extra-ordinary gain or loss**

There is no significant extra-ordinary gain or loss during the financial year.

**Related party transactions**

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

**Significant variance of financial statements**

There is no significant variance in the financial statements during the year ended on June 30, 2017. Compliance of Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

**1.1 Board Size:**

The number of members of the Board of Directors stands 6 (including three Independent Directors) as per direction given by BSEC.

**1.2 Independent Directors**

As per Bangladesh Securities and Exchange Commission notification No BSEC/CMRRCD /2006-158/134/Admin/44 dated 07 August 2012 the board of directors of SPBML appointed Mr. Ashim Kumar Roy on October 27, 2016 as Independent Directors for a three year term. Subsequently the appointment of Mr. Kazi Aslam Hossain and Mr. A.K.M. Nurul Fazal Bulbul confirmed in the 39th Annual General Meeting held on January 12, 2017 by the Shareholders.

**2.0 Chief Financial Officer, Head of Internal Audit and Company Secretary ,**

As per corporate governance of BSEC, the company has allocated the responsibilities as follows:

Chief Financial Officer	Mohammad Ziaul Haque
Company Secretary	Md. Rashedul Hossain
Head of Internal Audit	Md. Mahabub Alam

**3.0 Audit Committee**

The Audit Committee, as a subcommittee of the Board of Director has been constituted with three board of directors with one Independent director as chairman. The company Secretary acts as Secretary to the Audit Committee. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been stated in the annual audit committee report.

**4.0 External Statutory Auditors**

The BSEC guidelines are being strictly followed in engaging statutory Auditors.

**5.0 Subsidiary Company**

The company has no subsidiary company.

**6.0 Duties of Managing Director & CFO**

The provision of BSEC regulations has been complied.

**7.0 Reporting and Compliance of Corporate Governance**

Requirement of the above are being complied with and is shown as Annexure-I

**Directors' Appointment and Re-Appointment**

With regard to the appointment, retirement and reappointment of directors, the company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly, the following Directors of the Board will retire at the annual general meeting:

1. Mahfuza Younus (Chairperson) &
2. A.K.M. Nurul Fazal Bulbul (Independent Director)

Mahfuza Younus and A.K.M. Nurul Fazal Bulbul will be reappointed as Director and Independent Director respectively subject to the approval of the members at the 40th Annual General Meeting of the company.

**Shareholding of Directors**

The shareholding of directors at the end of 30th June, 2017 is shown as Annexure-II of this report.

**Board Meeting and Attendance**

4 (Four) Board Meetings were held during the year. The attendance record of the directors is as given below:

Name of Directors	Attendance
Mahfuza Younus	4
Mohammed Younus	4
Mohammed Javed Noman	4
Kazi Aslam Hossain	4
A.K.M. Nurul Fazal Bulbul	4
Ashim Kumar Roy	3

**Director's remuneration**

Director's remuneration is shown in the note no. 16.00 of the notes to the Financial Statements.

**Directors also report that:**

- i. Proper books and accounts of the company have been maintained.
- ii. Appropriate accounting policies have been applied consistently in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.
- iii. The International Financial Reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.
- iv. The Financial Statements prepared by the management of the issuer company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- v. Internal control system is sound and has been implemented and monitored effectively.
- vi. The key operating and financial data for the last five years are shown on page 13.
- vii. The pattern of shareholding is provided in Annexure-II of the annual report.

***Internal Control***

The Board has ultimate responsibilities to establish the effective system of internal control. To ensure internal control regarding risk management, financial control and compliance legislation, the company already has a strong internal audit department.

***Going Concern***

While approving the Financial Statements, the directors have analyzed the Financials Statements, business operation as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resources to continue its operation consistently for the foreseeable future.

***Dividend***

The Directors recommended no dividend for the year ended June 30, 2017 to adjust the negative retained earnings from the profit which was arisen due to calculation of deferred tax liabilities for the year 2016-2017

***Acknowledgment***

I would like to take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to the valued shareholders, clients, and well-wishers at home and aboard for their wholehearted co-operation and active support in discharging the responsibilities lies on me and the Board during the year.

I also would like to thank Bangladesh Securities and Exchange Commission ( BSEC), Dhaka Stock Exchange ( DSE), Registrar of Joint Stock Companies ( RJSC), Central Depository Bangladesh Ltd. (CDBL), Government and many others for their sincere support and wholehearted co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of all the Directors, Executives, officers, employees and workers of the company at all levels.

I now appeal to the valued shareholders to kindly accept and approve the Auditors' Report, Audited Financial statements 2016-2017 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Directors,



Mohammed Younus  
Managing Director

*Category wise report on Shareholding Position as on 30 June' 2017*

Particulars of Investors	No. of Investors	No. of Shares	Percentage of Share Holding 2016-2017	Percentage of Share Holding 2015-2016
Sponsor	1	2,809	0.02%	0.02%
Directors other than Sponsor	3	10,479,046	69.28%	70.11%
General Public	391	513,266	3.39%	3.66%
Investor's A/C	70	12,050	0.08%	0.09%
Suspense A/C	1	925,702	6.12%	8.68%
Financial Institutes	4	3,193,477	21.11%	17.45%
<b>Total</b>	<b>470</b>	<b>15,126,350</b>	<b>100%</b>	<b>100%</b>

**On the Basis of Share Holding:**

Range of Share Holdings	As per Folio		As per BO ID		Total Holdings	Total Shares	Percentage %
	Holders	Shares	Holders	Shares			
Less than 500	334	31,573	73	8,930	407	40,503	0.27
501 to 5000	27	31,866	22	43,357	49	75,223	0.50
5001 to 10000	0	-	2	13,729	2	13,729	0.09
10001 to 20000	0	-	1	19,178	1	19,178	0.13
20001 to 30000	0	-	0	-	0	-	-
30001 to 40000	0	-	0	-	0	-	-
40001 to 50000	0	-	1	49,026	1	49,026	0.32
50001 to 100000	3	210,270	0	-	3	210,270	1.39
100001 to 1000000	1	276,741	1	925,702	2	1,202,443	7.95
Above 1000001	1	1,110,123	4	12,405,855	5	13,515,978	89.35
<b>Total</b>	<b>366</b>	<b>1,660,573</b>	<b>104</b>	<b>13,465,777</b>	<b>470</b>	<b>15,126,350</b>	<b>100.00</b>

*The Pattern of Shareholding as on 30 June, 2017 is given below:*

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

Name of the Sponsor & other related parties	No. of shares held	Percentage of Holding
Al-haj Mohd. Eunoos Khan	4109	0.03
MTB Unit Fund	1688916	11.17
Alliance Capital Portfolio Account	1500000	9.92

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 30.06.2017 are as follows:

Name	Designation	No. of Share	Percentage of Holding
Mahfuza Yunus	Chairperson	2081494	13.76%
Mohammed Younus	Managing Director	2085540	13.79%
Mohammed Javed Noman	Director	6729766	44.49%
Kazi Aslam Hossain	Independent Director	Nil	Nil
A.K.M. Nurul Fazal Bulbul	Independent Director	Nil	Nil
Ashim Kumar Roy	Independent Director	Nil	Nil
Mohammad Ziaul Haque	Chief Financial Officer	Nil	Nil
Md. Rashedul Hossain	Company Secretary	Nil	Nil
Md. Mahabub Alam	Head of Internal Audit	Nil	Nil

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

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

Name of the Shareholder	No. of Share	Percentage of Holding
Mahfuza Yunus	2081494	13.76
Mohammed Younus	2085540	13.79
Mohammed Javed Noman	6729766	44.49
MTB Unit Fund	1688916	11.17



## Annexure-I

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

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

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

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

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

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

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

## *Certificate on Compliance of Corporate Governance Guidelines*

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

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by Sonali Paper & Board Mills Limited ("the Company") for the year ended 30 June 2017. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission ("BSEC").

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

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



Principal  
Rahman Zaim & Co.  
Cost & Management Accountants

Dhaka, 23 December 2017



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/228



Date of issue : 21<sup>st</sup> May 2017

## Renewed Certificate

*This is to certify that*

**SONALI PAPER & BOARD MILLS LIMITED**

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

*This certificate remains current until 31<sup>st</sup> December 2017.*



  
Secretary-General  
(Acting)



## *Certification on Financial Statements by MD & CFO*

October 28, 2017

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


The Financial Statements of SPBML for the year ended June 30, 2017 have been prepared in accordance with the Companies Act 1994, International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules and regulations.

In this regard, we also certify to the board that:

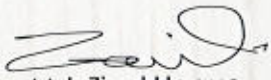
We have reviewed the Financial Statements for the year ended June 30, 2017 and to the best of our knowledge and belief:

- I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- II. These statements together present a true and fair view of the company's affair and are in compliance with the existing accounting standards and applicable laws.

There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.



Mohammed Younus  
Managing Director & CEO



Md. Ziaul Haque  
Chief Financial Officer

*INDEPENDENT AUDITOR'S REPORT***To the Shareholders of  
SONALI PAPER & BOARD MILLS LIMITED***Report on the Financial Statements*

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

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with the Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

### *Report on Other Legal and Regulatory Requirements*

We further report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 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 these books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purpose of the company's business.

Dated: Dhaka,  
October 26, 2017



  
**Mahfel Huq & Co.**  
Chartered Accountants

**SONALI PAPER & BOARD MILLS LIMITED****Statement of Financial Position****As at 30 June, 2017**

Particulars	Notes	Amount in Tk. 2016- 2017	Amount in Tk. 2015 - 2016
<b>ASSETS</b>			
Non-Current Assets		5,787,160,382	5,798,466,328
Property, Plant and Equipment	3.00	<b>5,787,160,382</b>	<b>5,798,466,328</b>
<b>Current Assets</b>		<b>243,439,942</b>	<b>335,162,299</b>
Inventories	4.00	178,757,391	246,483,912
Trade and other Receivables	5.00	10,193,730	15,151,929
Advances, Deposits & Prepayments	6.00	19,760,954	17,356,388
Cash & Cash Equivalents	7.00	34,727,867	56,170,070
<b>TOTAL ASSETS</b>		<b>6,030,600,324</b>	<b>6,133,628,627</b>
<b>EQUITY AND LIABILITIES</b>			
Share Holders' Equity		<b>5,001,921,300</b>	<b>4,973,355,046</b>
Share Capital	8.00	151,263,500	137,512,280
Revaluation Reserve	9.00	4,927,446,858	4,927,446,858
Retained Earnings		(76,789,058)	(91,604,092)
<b>Non-Current Liabilities</b>		<b>498,826,301</b>	<b>545,381,746</b>
Long Term Bank Loan (Secured)	10.00	195,583,236	239,142,408
Deferred Tax Liability	11.00	303,243,065	306,239,338
<b>Current Liabilities</b>		<b>529,852,723</b>	<b>614,891,835</b>
Short Term Bank Loan (Secured)	12.00	415,567,024	519,187,115
Current portion of long term loan	10.00	41,962,470	40,365,768
Trade and other Payables	13.00	72,323,229	55,338,952
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,030,600,324</b>	<b>6,133,628,627</b>
<b>Net Asset Value (NAV) Per Share</b>	<b>21.00</b>	<b>330.68</b>	<b>361.67</b>

The annexed notes 1 to 31 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

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

Dated: Dhaka  
October 26, 2017



  
Mahfel Huq & Co.  
Chartered Accountants

**SONALI PAPER & BOARD MILLS LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June, 2017**

Particulars	Notes	Amount in Tk. 2016- 2017	Amount in Tk. 2015 - 2016
Gross Sales	14.00	1,479,135,733	1,535,265,250
Less: Value Added Tax		(131,348,835)	(117,700,399)
Net Sales		<b>1,347,786,898</b>	<b>1,417,564,851</b>
Cost of Sales	15.00	(1,123,619,788)	(1,181,789,780)
<b>Gross Profit</b>		<b>224,167,110</b>	<b>235,775,071</b>
Operating Expenses:		<b>(140,621,733)</b>	<b>(145,171,057)</b>
Administrative Expenses	16.00	(124,198,330)	(124,478,549)
Selling and Distribution Expenses	17.00	(16,423,403)	(20,692,508)
Profit from operations		<b>83,545,377</b>	<b>90,604,014</b>
Finance Cost	18.00	(45,855,987)	(60,076,227)
Other Income	19.00	398,949	-
Profit before tax		<b>38,088,339</b>	<b>30,527,787</b>
Income tax expense:	20.00	(9,522,085)	(7,631,947)
Current tax	13.01	<b>(12,518,358)</b>	<b>(10,968,096)</b>
Net Profit for the year		<b>28,566,254</b>	<b>22,895,841</b>
<b>Basic Earnings Per Share (EPS)</b>	22.00	<b>1.89</b>	<b>1.51</b>

The annexed notes 1 to 31 form an integral part of these Financial Statements.

  
**Chief Financial Officer**

  
**Company Secretary**

  
**Director**

  
**Managing Director**

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

**Dated: Dhaka**  
**October 26, 2017**



  
**Mahfel Huq & Co.**  
**Chartered Accountants**

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

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


**For the year ended 30 June, 2016**

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

The annexed notes 1 to 31 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director

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

Dated: Dhaka  
October 26, 2017



  
Mahfel Huq & Co.  
Chartered Accountants

**SONALI PAPER & BOARD MILLS LIMITED****Statement of Cash Flows****As at and for the year ended 30 June, 2017**

Particulars	Notes	Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>A. Cash Flows from Operating Activities</b>			
Cash received from customers		1,484,093,932	1,543,763,241
Paid for Raw Materials, Direct & Indirect Expenses		(1,117,356,680)	(1,417,594,720)
Income Tax & VAT Paid		(143,053,236)	(124,830,816)
Net cash flow from operating activities		223,684,016	1,337,705
<b>B. Cash Flows from Investing Activities</b>			
Purchase of Property, Plant and Equipment		(54,086,623)	(62,145,598)
Bank Interest Income		398,949	-
Net cash used in investing activities		(53,687,674)	(62,145,598)
<b>C. Cash Flows from Financing Activities</b>			
Long Term Bank Loan Received/(Refund)		(41,962,469)	(45,014,467)
Short Term Bank Loan Received/(Refund)		(103,620,091)	204,167,989
Finance Cost		(45,855,987)	(60,076,227)
Net cash used in financing activities		(191,438,547)	99,077,295
D. Net cash inflow/(outflow) for the period (A+B+C)		(21,442,205)	38,269,403
E. Opening cash and cash equivalents		56,170,070	17,900,667
F. Closing Cash and Cash equivalents (D+E)		34,727,867	56,170,070
Cash Flows Per Share from Operating Activities	<b>23.00</b>	<b>14.79</b>	<b>0.09</b>

The annexed notes 1 to 31 form an integral part of these Financial Statements.

  
Chief Financial Officer

  
Company Secretary

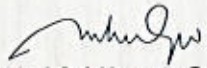
  
Director

  
Managing Director

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

Dated: Dhaka  
October 26, 2017



  
Mahfel Huq & Co.  
Chartered Accountants

**SONALI PAPER & BOARD MILLS LIMITED**

Notes to the Financial Statements as at and for the year ended 30 June 2017

**1.00 About the Company****1.01 Legal Form of the Company**

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

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

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

**1.03 Nature of Business Activities**

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

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

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

**2.02 Authorization for issue**

The financial statements were authorised by the Board of Directors of the company on October 26, 2017.

**2.03 Going Concern**

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

**2.04 Functional and presentational currency**

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

**2.05 Use of Estimates and Judgments:**

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

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

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





## 2.07 Reporting Period

The financial statements covers twelve months from 1st July 2016 to 30 June 2017.

## 2.08 Principal Accounting Policies

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

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

## 2.09 Compliance with Bangladesh Accounting Standards (BASs)

- BAS - 01 Presentation of Financial Statements
- BAS - 02 Inventories
- BAS - 07 Statement of Cash Flows
- BAS - 08 Accounting Policies, Changes in Accounting Estimates and Errors
- BAS - 10 Events After the Reporting Period
- BAS - 12 Income Taxes
- BAS - 16 Property, Plant and Equipment
- BAS - 18 Revenue
- BAS - 19 Employee Benefits
- BAS - 23 Borrowing Costs
- BAS - 24 Related Party Disclosures
- BAS - 33 Earnings Per Share
- BAS - 36 Impairment of Assets
- BAS - 37 Provisions, Contingent Liabilities and Assets
- BAS - 39 Financial Instruments: Recognition and Measurement
- BFRS - 7 Financial Instruments: Disclosures
- BFRS - 8 Operating Segments

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

## 2.10 Property, Plant and Equipment (PPE)

### Recognition and measurement:

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

### Subsequent expenditure:

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

### Disposal:

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

### 2.11 Depreciation

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

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

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

### 2.13 Inventories

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

#### Nature of Inventorie

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 any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 2.15.1 Financial Assets

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

### Cash and Cash Equivalents

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

### Available for Sale of Financial Assets

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

### Trade and other Receivables

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

### 2.15.2 Financial Liabilities

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

## 2.16 Employees Benefit Scheme

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

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

**2.17 Workers Profit Participation Fund**

The company yet to introduce workers profit participation fund in accordance with Labour Act 2006 as amended in 2013.

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

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

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

**Interest Income**

It is recognized on time proportion basis.

**2.19 Foreign Currency Transaction**

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

**2.20 Statement of Cash Flows**

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

**2.21 Earnings Per Share**

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

**2.22 Related Party Transaction**

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

**2.23 Finance Cost**

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

**2.24 Provisions**

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

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



**2.25 Segment Reporting**

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

**2.26 Events After the Reporting Period**

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

**2.27 Contingent Liabilities**

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

**2.28 Components of Financial Statements**

The financial statements comprise the followings;

- Statement of Financial Position as at 30 June, 2017;
- Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June, 2017;
- Statement of Change in Equity for the year ended 30 June, 2017;
- Statement of Cash Flows for the year ended 30 June, 2017; and
- Accounting Policies and explanatory notes to the Financial Statements as at and for the year ended 30 June, 2017.

**2.29 General**

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



		Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>3.00 Property Plant and Equipment</b>	<b>Tk. 5,787,160,382</b>		
This is made up as follows:			
Cost			
Opening Balance		975,801,528	913,655,930
Addition during the year		54,086,623	62,145,598
Adjustment during the year		-	-
Closing Balance		<u>1,029,888,151</u>	<u>975,801,528</u>
Depreciation			
Opening Balance		311,782,057	245,365,498
Charged during the year		65,392,570	66,416,559
Adjustment during the year		-	-
Closing Balance		<u>377,174,626</u>	<u>311,782,057</u>
Written Down Value		652,713,524	664,019,470
Add: Revaluation of Non-Current Assets		5,134,446,858	5,134,446,858
<b>Total</b>		<b><u>5,787,160,382</u></b>	<b><u>5,798,466,328</u></b>

Details of Property, plant and equipment and Depreciation thereon as on June 30, 2017 are shown in annexure -A. Depreciation has been charged to Administration expenses. 665.50 Decimal Land under Mouza: Tarabo, SRO: Ruggonj, 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.

<b>4.00 Inventories</b>	<b>Tk. 178,757,391</b>		
The Break-up is as below:			
Raw Materials		142,663,899	147,485,450
Materials-In- Process		8,435,513	14,765,325
Finished Goods		27,494,654	83,857,287
Spare Parts (Note 4.01)		163,325	375,850
<b>Total</b>		<b><u>178,757,391</u></b>	<b><u>246,483,912</u></b>

The basis of valuation is stated in note 2.13 Details of Inventories have been shown in Annexure "B". The inventories of the company has been pledged as security against loan with Islami Bank, Bangladesh Limited, Chawk Mugoltolly Branch, and Modhumoti Bank Limited, Aganagar Branch.

<b>4.01 Spare Parts</b>			
Opening Balance		375,850	461,083
Purchase during the year		563,207	799,288
		<u>939,057</u>	<u>1,260,371</u>
Less: Consumption (Machine Repairs & Maintenance)		775,732	884,521
Closing Balance (at Cost)	<b>Total</b>	<b><u>163,325</u></b>	<b><u>375,850</u></b>



Amount in Tk.  
2016 - 2017Amount in Tk.  
2015 - 2016**5.00 Trade and other Receivables Tk. 10,193,730**

(i) Trade and other receivables occurred in the ordinary course of business are unsecured but considered good.

This is arrived at as follows:

Opening balance	15,151,929	23,649,920
Sales during the year	1,479,135,733	1,535,265,250
	<u>1,494,287,662</u>	<u>1,558,915,170</u>
Realised during the year	1,484,093,932	1,543,763,241
<b>Closing balance</b>	<b>10,193,730</b>	<b>15,151,929</b>
<b><u>Aging of Trade and other Receivables</u></b>		
Below 30 days	2,852,470	4,580,250
Within 31-60 days	2,625,890	4,486,024
Within 61-90 days	2,189,740	3,960,229
Above 90 days	2,525,630	2,125,426
<b>Total</b>	<b>10,193,730</b>	<b>15,151,929</b>

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

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

**The classification of receivables as required by the schedule XI of the Companies Act, 1994**  
**Receivable considered good in respect of which the company is fully secured.**

Receivable considered good in respect of which the company is fully secured	-	-
Receivable considered good respect of which the company holds no security other than the debtor personal security.	10,193,730	15,151,929
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company	-	-
<b>Total</b>	<b>10,193,730</b>	<b>15,151,929</b>



		Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>6.00 Advances, Deposits &amp; Prepayments</b>	<b>Tk. 19,760,954</b>		
Fixed security deposits (Electricity & Gas)		2,492,411	2,492,411
Advance Income Tax	<b>Note-6.01</b>	2,220,976	1,584,133
L/C Margin & Goods In Transit	<b>Note-6.02</b>	10,934,808	9,130,044
Advance VAT deposit	<b>Note-6.03</b>	753,888	1,010,323
Salaries & Allowance (Ansar)		201,173	127,558
Security deposits (CDBL)		200,000	200,000
Bank Guarantee Margin		1,005,919	1,005,919
MTDR		1,945,779	1,600,000
Salaries & Allowances		6,000	206,000
<b>Total</b>		<b>19,760,954</b>	<b>17,356,388</b>

**6.01 Advance Income Tax**

Opening Balance	1,584,133	403,176
Add: Addition for the year	2,220,976	1,584,133
	3,805,109	1,987,309
Less: Adjusted during the year	(1,584,133)	(403,176)
<b>Total</b>	<b>2,220,976</b>	<b>1,584,133</b>

Advance Income Tax amounting Tk 15,84,133 has been adjusted during the year for the Assessment year 2016-2017 and the balance of Tk. 22,20,976 is carried forward for the Assessment year 2017 - 2018.

**6.02 L/C Margin & Goods In Transit**

The entire amount was paid for Import of raw materials.

<b>10,934,808</b>	<b>9,130,044</b>
-------------------	------------------

**6.03 Advance VAT Deposit**

This is made up as follows;

Opening Balance	1,010,323	1,754,322
Add: Deposit during the Year	131,092,400	116,956,400
	<b>132,102,723</b>	<b>118,710,722</b>
Less: Adjusted during the Year	(131,348,835)	117,700,399
<b>Total</b>	<b>753,888</b>	<b>1,010,323</b>

**7.00 Cash & Cash Equivalents****Tk. 34,727,867****a) Cash at Bank**

Bank Name	BranchName	Account No		
Islami Bank Bangladesh Ltd.	Chawk Mugoltolly	4766	2,892,828	7,967,904
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	6,478,880	7,859,826
Al- Arafah Islami Bank Ltd.	New Elephant Road	2468	6,629,756	9,750,300
National Bank Ltd.	New Elephant Road	4464	4,245,845	1,508,423
Sonali Bank Ltd.	New Elephant Road	6338	2,189	3,621,168
Shahjalal Islami Bank Ltd.(Dev)	Dhanmondi	1347	4,007	3,560
Dutch Bangla Bank Ltd.	Dhanmondi	2978	11,379,508	6,212,126
The Premier Bank Ltd.	Bangshal	8497	1,032,254	1,035,479
Modhumoti Bank Ltd.	Aganagar	0004	560,625	12,531,748
			33,225,892	50,490,533
<b>b) Cash in hand</b>			1,501,975	5,679,537
<b>Total</b>			<b>34,727,867</b>	<b>56,170,070</b>

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2017. Cash in hand balance was duly certified by the management.





## 8.00 Share Capital

Tk. 151,263,500

## a) Authorized Capital

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

## b) Issued, Subscribed and Paid -up Capital

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

13,75,122 bonus shares @ Tk.10 (10% Stock Dividend 2015-16)

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

Total

	Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
a) Authorized Capital	500,000,000	200,000,000
b) Issued, Subscribed and Paid -up Capital	137,512,280	125,011,170
	13,751,220	12,501,110
<b>Total</b>	<b>151,263,500</b>	<b>137,512,280</b>

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June, 2017 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2015- 2016	Percentage of Share Holding 2014-2015
Sponsor	1	2809	0.02%	0.02%
Directors other than Sponsor	3	10479046	69.28%	70.11%
General Public	391	513266	3.39%	3.66%
Investor's A/c	70	12050	0.08%	0.09%
Suspense A/c	1	825702	6.12%	8.68%
Financial Institutes	4	3193477	21.11%	17.45%
<b>Total</b>	<b>470</b>	<b>15126350-</b>	<b>100.00%</b>	<b>100.00%</b>

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

Range of Share Holdings	As per Folio		As per BO ID		Total Holders	Share Share	Percentage (%)
	Holdes	Shares	Holdes	Shares			
Less than 500	324	31,573	73	8,930	407	40,503	0.27
501 to 5,000	27	31,866	22	43,357	49	75,223	0.50
5001 to 10,000	-	-	2	13,729	2	13,729	0.09
10,001 to 20,000	-	-	1	19,178	1	19,178	0.13
20,001 to 30,000	-	-	-	-	-	-	-
30,001 to 40,000	-	-	-	-	-	-	-
40,001 to 50,000	-	-	1	49,026	1	49,026	0.32
50,001 to 100,000	3	210,270	-	-	3	210,270	1.39
100,001 to 1,000,000	1	276,741	1	925,702	2	1,202,443	7.95
Over 1,000,000	1	1,110,123	4	12,405,855	5	13,515,978	89.35
<b>Total</b>	<b>366</b>	<b>1,660,573</b>	<b>104</b>	<b>13,465,777</b>	<b>470</b>	<b>15,126,350</b>	<b>100.00</b>



		Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>9.00 Revaluation Reserve</b>	<b>Tk. 4,927,446,858</b>		
Opening balance		4,927,446,858	6,926,486,322
Revaluation downward		-	(1,845,296,852)
Deferred Tax Liability		-	(153,742,612)
		<b>4,927,446,858</b>	<b>4,927,446,858</b>
<b>10.00 Long Term Bank Loan</b>	<b>Tk. 195,583,236</b>		
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka)			
Loan A/c NO # 00003		152,108,273	181,316,361
Loan A/c NO # 00006		85,437,433	98,191,815
		237,545,706	279,508,176
Less: Current portion of long term loan		41,962,470	40,365,768
	<b>Total</b>	<b>195,583,236</b>	<b>239,142,408</b>
The total long term bank loan is lying with Modhumoti Bank Limited, Aganagar Branch, Keranigonj, Dhaka.			
<b>11.00 Deferred Tax Liability</b>	<b>Tk. 303,243,065</b>		
Calculation of Deferred Tax			
<b>A. Temporary difference</b>			
Written down value as per accounting base		652,713,524	664,019,470
Written down value as per tax base		267,741,266	267,062,119
Taxable temporary difference		384,972,258	396,957,351
Income Tax rate		25%	25%
<b>Deferred Tax Liabilities at the end of the year</b>		<b>96,243,065</b>	<b>99,239,338</b>
<b>B. Revaluation:</b>			
Carrying Value			
Land		5,175,000,000	5,175,000,000
<b>Tax rate</b>			
Land		4%	4%
<b>Deferred Tax Liabilities at the end of the year</b>		<b>207,000,000</b>	<b>207,000,000</b>
Closing Deferred Tax Liabilities		207,000,000	207,000,000
Opening Deferred Tax Liabilities		207,000,000	53,257,388
D.Tax asset / liability:		-	153,742,612
<b>Deferred Tax Liabilities at the end of the year (A+B)</b>	<b>Total</b>	<b>303,243,065</b>	<b>306,239,338</b>



		Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>12.00 Short Term Bank Loan</b>	<b>Tk. 415,567,024</b>		
This is made up as follows			
Islami Bank Bangladesh Limited (Chawk Moghultoly Branch, Dhaka.)			
Foreign Cash Bills (IBBL UPAS LC)		278,821,611	400,586,852
Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka) (CC Hypo)			
Foreign Cash Bills (MMBL UPAS LC)		100,116,690	42,889,111
		36,628,723	75,711,152
<b>Total</b>		<b>415,567,024</b>	<b>519,187,115</b>

The above balances were in agreement with the balances as per respective bankstatement as on 30-06-2017. The above loan is secured against the Non-Current assets.

<b>13.00 Trade and other Payables</b>	<b>Tk. 72,323,229</b>		
<b>Trade Payables</b>			
Raw Materials Supplier (Details are enclosed in Annexure "D")			
		21,046,252	8,819,054
<b>Other Payables:</b>			
Provision for Income Tax	<b>Note-13.01</b>	12,518,358	11,323,993
Audit Fees		86,250	69,000
Gas Bill		28,315,839	31,093,691
Electricity Bill		1,981,986	2,176,633
Internet Bill		67,000	109,069
Wages & Salaries		3,674,086	9,994
Salary & Allowances		3,013,392	43,435
Overtime Bill		1,579,845	1,651,857
Telephone & Fax Charges		40,221	42,227
<b>Total</b>		<b>72,323,229</b>	<b>55,338,952</b>
<b>13.01 Provision for Income Tax:</b>			
Opening Balance		11,323,993	6,693,459
Add: Addition for the year		12,518,358	10,968,096
Add: Addition for previous year		-	355,897
		<b>23,842,351</b>	<b>18,017,452</b>
Less: Adjusted during the year.		(1,584,133)	(403,176)
Less: Payment during the year.		(9,739,860)	(6,290,283)
<b>Total</b>		<b>12,518,358</b>	<b>11,323,993</b>

Income tax provision for the Assessment year 2016-2017 amounting Tk 1,13,23,993 was adjusted and paid during the year. A new provision for income tax for 1,25,18,358 was made for the Assessment year 2017-2018.



		Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>14.00 Sales ( Including VAT)</b>	<b>Total</b>	<b>1,479,135,733</b>	<b>1,535,265,250</b>
<b>Sales Represents:</b>			
Writing Paper & Board Paper		32,058 MT	35,212 MT
<b>15.00 Cost of Sales</b>	<b>Tk. 1,123,619,788</b>		
Opening Stock of Raw Materials & Chemicals		147,485,450	43,717,652
Add: Local Purchase of Raw Materials & Chemicals		152,011,703	139,695,219
Add: Import of Raw Materials & Chemicals		701,690,603	1,011,922,206
Goods available for consumed		1,001,187,756	1,195,335,077
Less : Closing Stock of Raw Materials & Chemicals		(142,663,899)	(147,485,450)
<b>Raw Materials Used</b>		<b>858,523,857</b>	<b>1,047,849,627</b>
<b>Add: Factory Overhead</b>			
Wages & salaries		42,401,875	40,480,613
Overtime Bill		20,829,104	20,440,561
Festival Bonus		4,024,493	5,872,691
Oil & Lubricant		6,003,258	7,167,961
Gas Bill		106,349,670	106,285,221
Electricity Bill		21,888,234	22,122,086
Workers Tiffin		131,120	156,131
Machine Repairs & Maintenance ( Note 4.01)		775,732	884,521
		1,060,927,343	1,251,259,412
Add: Opening Stock of Material-In-Process		14,765,325	5,470,800
		1,075,692,668	1,256,730,212
Less: Closing stock of Material -In- Process		(8,435,513)	(14,765,325)
<b>Cost of production</b>		<b>1,067,257,155</b>	<b>1,241,964,887</b>
Add : Opening Stock of Finished Goods		83,857,287	23,682,180
		1,151,114,442	1,265,647,067
Less: Closing Stock of Finished Goods		(27,494,654)	(83,857,287)
<b>Cost of Sales</b>	<b>Total</b>	<b>1,123,619,788</b>	<b>1,181,789,780</b>

During the year the company has deducted Tk. 2,69,424 as tax at source from wages and salaries while making payment to employees and duly paid.



	Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>16.00 Administrative Expenses</b>	<b>Tk. 124,198,330</b>	
Salaries & Allowances	34,270,122	32,889,464
Festival Bonus	2,554,219	3,357,313
Telephone & Fax Charges	472,199	475,451
Office Rent	240,000	240,000
Directors Meeting Attendance fees	140,000	92,000
Directors Remuneration	3,840,000	3,600,000
travelling & Conveyance	479,010	593,410
AGM Expenses	450,780	383,475
Annual Listing fees	225,213	178,981
Entertainment	571,062	653,204
Spare parts for Motor Car	3,720,497	4,205,678
Oil & Fuel	1,886,810	2,575,755
Insurance premium (Fire)	2,392,000	2,392,000
Staff Uniform	94,610	117,500
Office Maintenance	381,046	482,065
Internet Bill	759,130	663,029
Electrical Expenses	425,822	543,194
Stationeries	519,168	677,477
News Paper & Periodicals	7,235	9,282
Postage & Stamps	18,233	5,690
Medical Aid Expenses	85,906	73,578
Cafeteria Expenses	1,687,823	1,598,452
Rent, Rate & Renewal Fees	2,209,458	617,956
Miscellaneous Expenses	654,325	660,289
Audit Fees	86,250	69,000
Legal Fees & Expenses	135,500	500,426
Bank Charges	499,342	407,321
Depreciation Charges (Annexure - "A")	65,392,570	66,416,559
<b>Total</b>	<b><u>124,198,330</u></b>	<b><u>124,478,549</u></b>

**Directors Meeting Attendance fees Tk. 1,40,000**

Directors Meeting Attendance fees amounting Tk. 1,40,000 was paid to five Directors from where a sum of Tk. 21,000 was deducted at source as VAT and duly paid.

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

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



	Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>17.00 Selling and Distribution Expenses</b>	<b>Tk. 16,423,403</b>	
This is made up of the followings:		
Salaries & Allowances	4,033,196	3,306,717
Packing & Binding Expenses	3,206,255	3,380,255
Repairs & Maintenance	630,937	616,483
Business Promotion Expenses	846,500	790,000
Advertisement	435,350	414,574
Delivery, Load & Unload Expenses	2,519,467	2,653,328
Sales Promotion Expenses	3,118,998	3,228,650
Sample Expenses	1,632,700	6,302,501
<b>Total</b>	<b>16,423,403</b>	<b>20,692,508</b>

**Salaries & Allowances Tk. (3,42,70,122+40,33,196) = 3,83,03,318**

During the year the company has deducted Tk. 13,20,914 as tax at source from salaries and allowances while making payment to employees and duly paid.

<b>18.00 Finance Cost</b>	<b>Tk. 45,855,987</b>	
MTR IBBL	111,947	-
HPSM IBBL	8,843,611	8,630,819
UPAS IBBL	8,662,421	19,450,099
CA SJIBL	-	(2,349)
CC Hypo MMBL	4,129,279	2,971,307
Term Loan MMBL	20,850,549	26,463,959
UPAS MMBL	3,258,180	2,562,391
<b>Total</b>	<b>45,855,987</b>	<b>60,076,227</b>

<b>19.00 Other Income</b>	<b>TK. 398,949</b>	
Bank Interest Income:		
IBBL MTDR A/C No: 838089/2839	303,779	-
IBBL MTDR A/C No: 838341/3089	93,115	-
SJIBL STD A/C No: 1347	2,055	-
<b>Total</b>	<b>398,949</b>	

<b>20.00 Income tax expense</b>	<b>TK. 9,522,085</b>	
<u>Current Tax</u>		
Profit before tax	38,088,339	30,527,787
Add: Accounting depreciatoin	65,392,570	66,416,559
	103,480,909	96,944,346
Less: Tax base depreciation	53,407,476	53,071,963
Taxable income	50,073,433	43,872,383
Tax rate	25%	25%
	<b>12,518,358</b>	<b>10,968,096</b>
<u>Deferred Tax</u>		
Closing Deferred Tax Liabilities	96,243,065	99,239,338
Opening Deferred Tax Liabilities	99,239,338	102,575,487
D.Tax (income) / expenses:	<b>(2,996,273)</b>	<b>(3,336,149)</b>
<b>Total</b>	<b>9,522,085</b>	<b>7,631,947</b>



	Amount in Tk. 2016 - 2017	Amount in Tk. 2015 - 2016
<b>21.00 Net Asset Value (NAV) Per Share</b>		
Net Asset Value	5,001,921,300	4,973,355,046
Number of Shares	15,126,350	13,751,228
<b>Net Asset Value Per Share</b>	<b>330.68</b>	<b>361.67</b>
<b>22.00 Earnings Per Share (EPS)</b>		
Surplus for the year attributable to Shareholders (Net Income)	28,566,254	22,895,841
Number of shares	15,126,350	15,126,350
<b>Earnings Per Share</b>	<b>1.89</b>	<b>1.51</b>
Previous year's EPS has been adjusted in accordance with BAS 33: Earnings Per Share.		
<b>23.00 Cash Flows Per Share from Operating Activities</b>		
Operating cash inflow during the period	223,684,016	1,337,705
Number of shares	15,126,350	15,126,350
	<b>14.79</b>	<b>0.09</b>

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

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

I 5,000 - 15,000	19 Person	24 Person
II 15,001 -25,000	16 Person	11 Person
III 25001- 50,000	19 Person	17 Person
IV 50,001-2,00,000	10 Person	11 Person
<b>Total</b>	<b>64 person</b>	<b>63 person</b>

**25.00 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)
Mahfuza Younus	Chairperson	4	-	-	600,000	600,000
Mohammed Younus	MD & CEO	4	8,000	28,000	2,400,000	2,428,000
Md. Javed Noman	Director	4	8,000	28,000	840,000	868,000
Abdur Razzak	Director	1	4,000	4,000	-	4,000
Nurul Fazal Bulbul	Director	4	8,000	28,000	-	28,000
Kazi Aslam Hossain	Director	4	8,000	28,000	-	28,000
Ashim Kumar Roy	Director	3	8,000	24,000	-	24,000
<b>Total</b>				<b>140,000</b>	<b>3,840,000</b>	<b>3,980,000</b>

During the year total 4 board meetings were held, the first board meeting fee was Tk 4,000 which was later increased to Tk. 8,000.

- (a) No compensation was made to the Managing Director & CEO of the company except as stated above.  
 (b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.



**26.00 Production Capacity and Utilization :**

Major products	Unit	Production Capacity	Actual production	Capacity Utilization %
Writing Paper & Board P-aper (2016-2017)	MT	38,500	32,367	84.07
Writing Paper & Board P-aper (2015-2016)	MT	38,500	34,500	89.61

**27.00 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.

**28.00 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.

**29.00 Claim Acknowledgement**

There was no claim against the Company not acknowledged as debt as on June 30, 2017.

**30.00 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.

**31.00 Financial Risk Management**

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

Credit Risk

Liquidity Risk

Market Risk

**Credit Risk**

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

**Liquidity Risk**

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





*Market Risk*

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

a) Currency risk

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

(b) Interest rate risk

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

  
Chief Financial Officer

  
Company Secretary

  
Director

  
Managing Director



**SONALI PAPER & BOARD MILLS LIMITED**  
**Schedule of Property, Plant & Equipment**  
**For the year ended 30 June, 2017**

Annexure-"A"

SL No.	Name of Assets	Cost				Rate	Depreciation				Written Down		Revaluation			Total Assets as on June 30, 2017		
		Balance as on 01 July, 2016	Addition During the Year	Adjustment During the Year	Balance as on 30 June, 2017		Balance as on 01 July, 2016	Charged During the Year	Adjustment During the Year	Balance as on 30 June, 2017	Value as on 30 June, 2017	Balance as on 01 July, 2016	Increase	Decrease	Balance as on 30 June, 2017			
1	Land & Land Development	40,553,142	-	-	40,553,142												5,134,446,858	5,175,000,000
2	Building & Godown	85,818,299	1,174,241	-	86,992,540	5%	2,934,360	-	31,239,701	28,305,341	2,934,360	-	31,239,701	55,752,839	-	-	-	55,752,839
3	Labour Shed	2,323,952	-	-	2,323,952	5%	78,056	-	840,887	762,831	78,056	-	840,887	1,483,065	-	-	-	1,483,065
4	Plant, Machinery & Boiler	572,309,229	30,844,839	-	603,154,068	10%	43,312,274	-	213,343,606	170,031,332	43,312,274	-	213,343,606	589,810,462	-	-	-	389,810,462
5	Electric Equipments & Others	52,729,667	1,765,230	-	54,494,897	10%	3,293,004	-	24,857,859	21,564,855	3,293,004	-	24,857,859	29,637,038	-	-	-	29,637,038
6	Gen. & 5 MW Power Station	157,108,263	14,351,124	-	171,459,387	10%	10,760,209	-	74,617,507	63,857,298	10,760,209	-	74,617,507	96,841,880	-	-	-	96,841,880
7	Weighting & Road Scale	5,637,710	220,700	-	5,858,410	10%	313,792	-	3,034,286	2,720,494	313,792	-	3,034,286	2,824,124	-	-	-	2,824,124
8	Electric & Gass Installation	12,777,243	-	-	12,777,243	10%	611,883	-	7,270,292	6,658,409	611,883	-	7,270,292	5,506,951	-	-	-	5,506,951
9	Motor Vehicles	27,124,500	4,938,239	-	32,062,739	15%	3,129,385	-	14,329,559	11,200,174	3,129,385	-	14,329,559	17,733,180	-	-	-	17,733,180
10	Fax Machine	30,000	-	-	30,000	10%	1,162	-	19,539	18,377	1,162	-	19,539	10,461	-	-	-	10,461
11	PABX & Telephone Set	971,082	-	-	971,082	10%	49,848	-	522,453	472,605	49,848	-	522,453	448,629	-	-	-	448,629
12	Computer	4,932,104	491,560	-	5,423,664	10%	360,185	-	2,182,003	1,821,818	360,185	-	2,182,003	3,241,661	-	-	-	3,241,661
13	ETP	1,569,181	-	-	1,569,181	5%	49,449	-	629,654	580,205	49,449	-	629,654	939,527	-	-	-	939,527
14	Fire Fitting Equipments	1,481,243	24,400	-	1,505,643	5%	54,383	-	472,364	417,981	54,383	-	472,364	1,033,279	-	-	-	1,033,279
15	Crane, Trolley & Fork Lift	6,716,193	257,790	-	6,973,983	5%	274,360	-	1,761,144	1,486,784	274,360	-	1,761,144	5,212,839	-	-	-	5,212,839
16	Workshop & Loose Tools	483,799	-	-	483,799	5%	15,246	-	194,131	178,885	15,246	-	194,131	289,668	-	-	-	289,668
17	Furniture & Fixture	3,235,921	18,500	-	3,254,421	10%	154,976	-	1,859,642	1,704,666	154,976	-	1,859,642	1,394,780	-	-	-	1,394,780
	Balance as on 30 June 2017	975,801,528	54,086,623	-	1,029,888,151		65,392,570	-	377,174,627	311,782,057	65,392,570	-	377,174,627	662,713,524	-	-	5,134,446,858	5,787,160,382
	Balance as on 30 June 2016	913,655,930	62,145,598	-	975,801,528		46,416,559	-	311,782,057	245,365,498	46,416,559	-	311,782,057	664,019,470	-	-	6,979,743,710	5,798,466,328



Note: Land and land development represents only land.

**SONALI PAPER & BOARD MILLS LIMITED**

Annexure -"B"

**Schedule of Inventories****As on 30 June, 2017****Raw Materials:**

Particulars	2016-2017			2015-2016		
	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Chemicals	219,060	73.75	16,155,675	86,394	420	36,285,750
b) Waste Paper	90,226	18.50	1,669,181	2,180,124	18.20	39,678,250
c) Waste Paper	19,588	14.77	289,315	668,697	14.50	9,696,105
d) Waste Paper	2,594,786	48.00	124,549,728	1,288,028	48.00	61,825,345
<b>Total</b>	<b>2,923,660</b>		<b>142,663,899</b>	<b>4,223,744</b>		<b>147,485,450</b>

**Material - in - Process:**

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	179,479	47.00	8,435,513	301,333	49	14,765,325

**Finished Goods:**

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Paper of Different Grades	499,655	39.15	19,561,493	926,350	38.20	35,386,570
b) Paper of Different Grades	97,447	81.41	7,933,160	626,563	77.36	48,470,717
<b>Total</b>	<b>597,102</b>		<b>27,494,654</b>	<b>1,552,913</b>		<b>83,857,287</b>

**Spare Parts:**

Particulars	Qty/Kg	Rate	Taka	Qty/Kg	Rate	Taka
a) Different Items	235	695.00	163,325	630	597	375,850
<b>Total Taka</b>			<b>178,757,391</b>			<b>246,483,912</b>



**SONALI PAPER & BOARD MILLS LIMITED**  
**STATEMENT OF TRADE AND OTHER RECEIVABLES**  
**AS AT 30 JUNE, 2017**

Sl. No	Name of the Party	2016-2017 Taka	2015-2016 Taka
1	B.N.N Packaging	2,547,902	1,082,000
2	Chittagong Mohanagar Packages Ltd.	-	1,078,902
3	H. A. Sattar Printing & Packaging Ind.	-	1,040,498
4	International Plastic Ind.	-	1,199,408
5	Kashpia Printing & Packaging Ind.	526,967	1,046,922
6	Platinum Print & Packaging Ltd.	-	1,373,650
7	Royal Box	-	1,061,129
8	Al Modina Paper	-	1,000,000
9	Chandpur Paper House	1,112,204	1,224,955
10	Ever Green	-	1,267,648
11	Mostafa Enterprise	-	1,000,000
12	Razu Traders	2,171,737	1,402,742
13	Saddam Paper	-	1,374,075
14	Asian Spoon Industries Ltd.	3,834,921	-
	<b>Total Taka</b>	<b>10,193,730</b>	<b>15,151,929</b>



Annexure -"D"

**SONALI PAPER & BOARD MILLS LIMITED**  
**STATEMENT OF TRADE AND OTHER PAYABLES**  
**AS on 30 JUNE, 2017**

Sl. No	Name of the Party	2016-2017 Taka	2015-2016 Taka
1	Al Modina Enterprise	3,145,350	2,446,419
2	Fatema Enterprise	3,832,723	1,181,705
3	Howlader Enterprise	1,413,895	1,280,204
4	Jakir Enterprise	2,500,000	1,143,419
5	Javed Paper House	1,491,395	1,239,352
6	M/S Babul Enterprise	1,498,430	1,527,955
7	Bismillah Enterprise	1,766,245	-
8	Polock Enterprise	2,500,000	-
9	Ria Enterprise	1,454,700	-
10	Robin Enterprise	1,443,514	-
	<b>Total Taka</b>	<b>21,046,252</b>	<b>8,819,054</b>



 **SONALI PAPER & BOARD MILLS LTD.**

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

**PROXY FORM**

I/We .....  
of .....  
being a member of Sonali Paper & Board Mills Ltd. and entitled to vote hereby appoint  
Mr/Mrs/Miss .....as my/our proxy to attend and vote for me/us  
on my/our behalf at the 40<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday the 18<sup>th</sup> January 2018 at 11:30 AM at RAOVA Convention Hall-2 (Anchor Hall),VIP  
Road, Mohakhali DOHS,Dhaka-1206 and at any adjournment thereof.  
As witness my hand this..... day of ..... 2018.

Revenue  
Stamp

Signature

 **SONALI PAPER & BOARD MILLS LTD.**

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

**ATTENDANCE SLIP**

I hereby record my attendance at the 40<sup>th</sup> Annual General Meeting of Sonali Paper & Board  
Mills Ltd. at RAOVA Convention Hall-2 (Anchor Hall),VIP Road, Mohakhali DOHS,Dhaka-1206  
on January 18, 2018 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 40<sup>th</sup> SPBML,AGM Venue.
- No person shall be appointed proxy who is not member of the company.
- Children and non-members will not be allowed at the Meeting.



## SONALI PAPER & BOARD MILLS LTD.

**Corporate Office :**

51, Central Road, Dhanmondi, Dhaka- 1205, Bangladesh  
Tel : 58610056-59, 9677781, Fax : +88-02-58613965, 58615683  
E-mail : [information@younusgroup.com](mailto:information@younusgroup.com)