

ANNUAL REPORT 2020-2021



SONALI PAPER & BOARD MILLS LTD.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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Transmittal Letter

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

Subject: Annual Report for the year ended 30 June 2021.

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report of Sonali Paper & Board Mills Limited together with the Audited Accounts including Statement of Financial Position as at 30 June, 2021, Statement of Profit or Loss & other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June, 2021 along with notes thereon for your record/necessary measures.

Yours sincerely,



Md. Rashedul Hossain
Company Secretary

Vision, Mission & Core Values

01 Mission

Mission

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

Vision

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

02 Vision

03 Core Values

Core Values

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

Corporate Information

Company Name: Sonali Paper & Board Mills Ltd.

Company Registration: C-5576/134

Tax Identification Number (TIN) : 123794615546

VAT Registration Number: 000914833-0303

Legal Form

Sonali Paper & Board Mills Limited (the “company”), was incorporated vide registration no C-5576/134 in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) as a Private Limited Company in the year 1977 under the Companies Act, 1913. The Company was listed with Dhaka Stock Exchange Limited (DSE) in the year 1985 & Re-listed on 15 June 2020 and listed with Chittagong Stock Exchange Limited (CSE) on 21 December 1996 & Re-listed on 15 June 2020. It is one of the oldest paper manufacturing companies in the private sector of Bangladesh.

Board of Members

Mohammed Yunus

Chairman

Mahfuza Yunus

Managing Director

Mohammed Javed Noman

Director

A.K.M. Nurul Fazal Bulbul

Independent Director

Ashim Kumar Roy

Independent Director

Mohammad Ziaul Haque

Chief Financial Officer

Md. Rashedul Hossain

Company Secretary

Md. Mahabub Alam

Head of Internal Audit & Compliance

Board Committees

Audit Committee

Chairman

A.K.M. Nurul Fazal Bulbul

Members

Ashim Kumar Roy

Mohammed Javed Noman

Nomination & Remuneration Committee (NRC)

Chairman

Ashim Kumar Roy

Members

A.K.M. Nurul Fazal Bulbul

Mohammed Javed Noman

Consultant (VAT)

Md. Farid Uddin

Statutory Auditors

MABS & J Partners

Chartered Accountants

Corporate Governance Compliance Auditor

Rahman Zasim & Co.

Cost & Management Accountants

Bankers

Islami Bank Bangladesh Ltd. | Al-Arafah Islami Bank Ltd. | Sonali Bank Ltd.

Shahjalal Islami Bank Ltd. | National Bank Ltd. | Dutch Bangla Bank Ltd.

The Premier Bank Ltd. | Modhumoti Bank Ltd. | Mercantile Bank Ltd. | Pubali Bank Ltd.

Registered Office

51, Central Road, Dhanmondi, Dhaka-1205

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

Factory Address

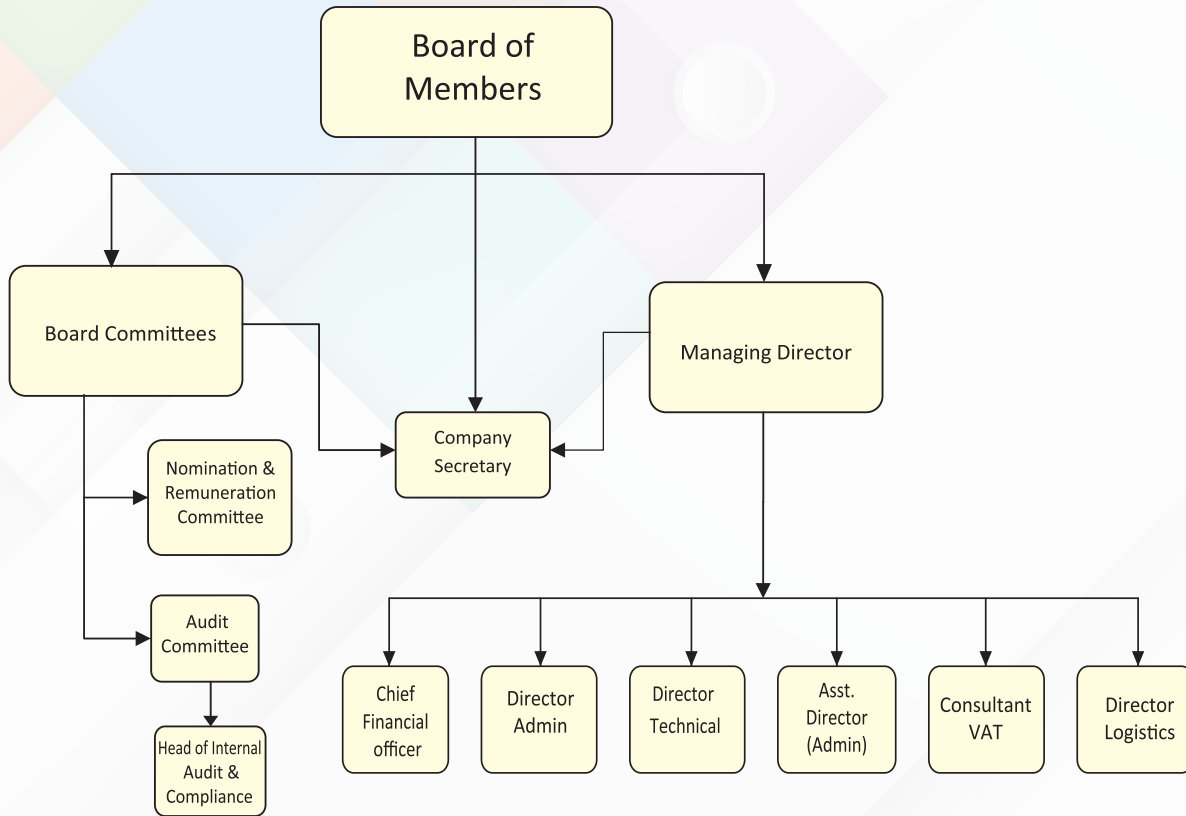
Jatramura, Tarabo, Rupgonj,

Narayangonj.

E-mail: spshare@younusgroup.com

Website: www.spbmlbd.com

Organizational Structure



Operational Team

Md. Kawsar Azizur Rahman
Director (Technical)

Md. Kamrul Islam
Director Logistics

Saifuddin Emon
Director (Admin)

Md. Ataur Rahman
Asst. Director (Admin)

Md. Al-Mamun Parvez
(GM Accounts)

Md. Sayed Hassan
(DGM Commercial)

Md. Hasanuzzaman
DGM Sales & Marketing

Md. Alamgir Miah
(AGM Accounts)

Md. Nazrul Islam
(AGM VAT)

Maruf Ahmed
AGM Purchase & Procurement

A.K.M. Shahid Uddin Chowdhury
Asst. Manager Income Tax

Director's Profile



Mohammed Younus
Chairman

Mr. Mohammed Younus is the chairman of the Board of Directors of Sonali Paper & Board Mills Limited. He was born in a Muslim family at Tongibari, Munshigonj in the year 1958. Later He has brought up and educated himself at Govt. Titumir College, Dhaka. He is the Managing Director of 35 different types of Industrial Units and Sponsor Director of Shahjalal Islami Bank Ltd. He was a member of NCID (National Council for Industrial Development). Honorable Prime Minister was the Chairperson of the committee. He has been awarded “Deshbandhu Chittaranjan Das” Gold Medal for Industrialization in our country and this Medal was handed over by the Honorable President of People’s Republic of Bangladesh in the year 1993. He is the Member of Kurmitola Golf Club, Dhaka. He is a life member of the SAARC Chamber of Commerce and Industry. He was elected as a member, Executive Committee of FBCCI (Federation of Bangladesh Chambers of Commerce and Industries) and Chairman, Standing Committee on Petro-Chemical & Pharmaceutical Industry. He is a member of the Aviation Operators Association of Bangladesh. He is a member of the Board of Trustee of Fareast International University. He was also the President of Bangladesh PVC Pipe Manufacturer’s Association and Bangladesh Nylon Yarn Manufacturer’s Association. He is a member of the Executive Committee of Bangladesh Cold Storage Association. He was the President of the Lions Club of New Eskaton Garden, Dhaka. He was the President of Sarnagram R.N. High School, Tongibari, Munshigonj. Mr. Younus widely traveled around the world for business and as well as personal tour. On several occasions he also visited as a member of the Delegation of the Government of Bangladesh.

Director's Profile



Mrs. Mahfuza Younus
Managing Director

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



Mohammed Javed Noman
Director

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

Director's Profile



A.K.M. Nurul Fazal Bulbul
Independent Director

A.K.M. Nurul Fazal Bulbul is an Independent Director of the Company. He was born in 1962 and is known in Bangladeshi society as a social and corporate personality. He completed his Bachelor of Commerce (Honors) and Masters in Business Management from the University of Dhaka in 1985. Later on he obtained LLB from the Supreme Court Bar. He started his career as a Management and Tax Consultant. He is the present Chairman of the Audit Committee of the Company. He is the Vice Chairman of Central Depository Bangladesh Limited (CDBL) and Director of Infrastructure Investment Facilitation Company. He is the Advisor of Japan-Bangladesh Friendship Hospital, Sunlife Insurance Co. Ltd. and some other reputed companies. He served as Founder Director of EXIM Bank Bangladesh Ltd. He was the Director of FBCCI, SAARC Chamber, OIC Business Forum, Central Zakat Board and FBCCI Foundation. He is the Trustee of two reputed University of Bangladesh and Secretary of Research & Training, Bangladesh Association of Banks (An apex body of 37 private Banks of the country). He is working as Secretary-General of Gulshan Central Mosque & Eidgah Society. The Government appointed him as "chief of Bangladesh Mission to London Olympic, 2012" and Delhi Commonwealth Games, 2010. He is the President of the Bangladesh Handball Federation since 2008. He widely visited more or less one hundred countries and cities in the world.

Independent Director of the Company at Wari in Dhaka is popularly known as a social and corporate personality. He completed his Bachelor of Commerce (Honors) and Masters in Business Management from the University of Dhaka in 1985. Later on he obtained LLB from the Supreme Court Bar. He started his career as a Management and Tax Consultant. He is the present Chairman of the Audit Committee of the Company. He is the Vice Chairman of Central Depository Bangladesh Limited (CDBL) and Director of Infrastructure Investment Facilitation Company. He is the Advisor of Japan-Bangladesh Friendship Hospital, Sunlife Insurance Co. Ltd. and some other reputed companies. He served as Founder Director of EXIM Bank Bangladesh Ltd. He was the Director of FBCCI, SAARC Chamber, OIC Business Forum, Central Zakat Board and FBCCI Foundation. He is the Trustee of two reputed University of Bangladesh and Secretary of Research & Training, Bangladesh Association of Banks (An apex body of 37 private Banks of the country). He is working as Secretary-General of Gulshan Central Mosque & Eidgah Society. The Government appointed him as "chief of Bangladesh Mission to London Olympic, 2012" and Delhi Commonwealth Games, 2010. He is the President of the Bangladesh Handball Federation since 2008. He widely visited more or less one hundred countries and cities in the world.



Ashim Kumar Roy
Independent Director

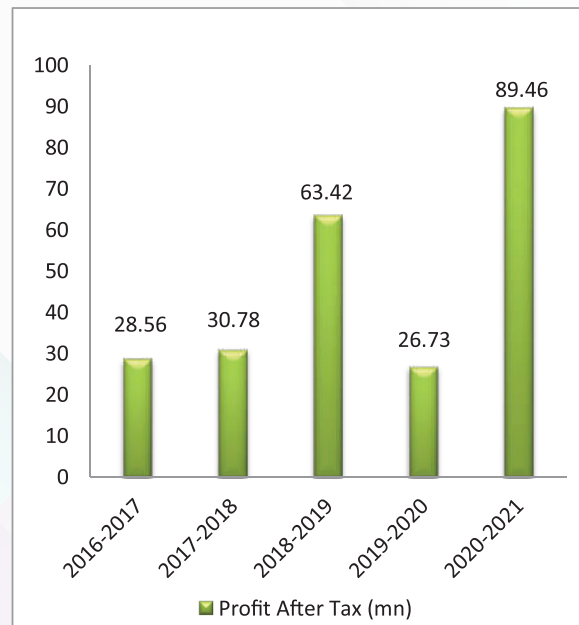
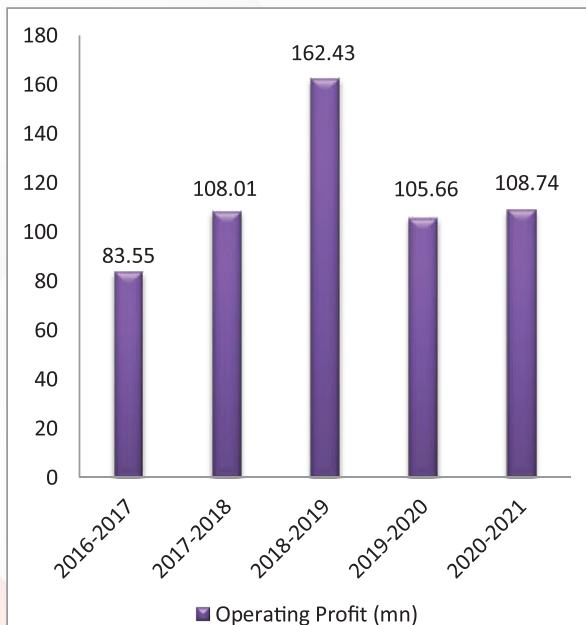
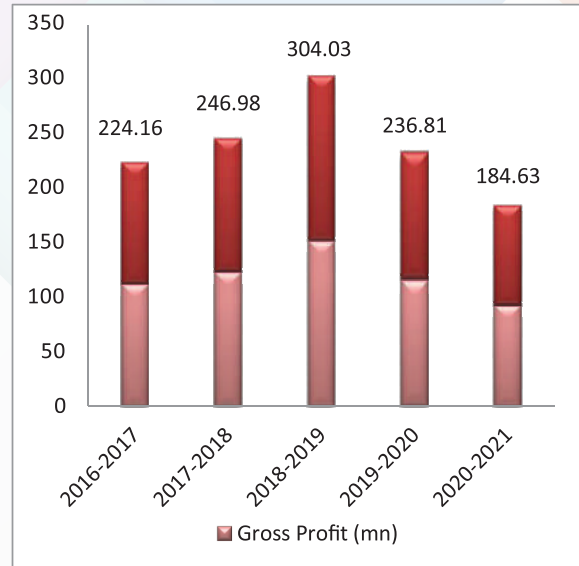
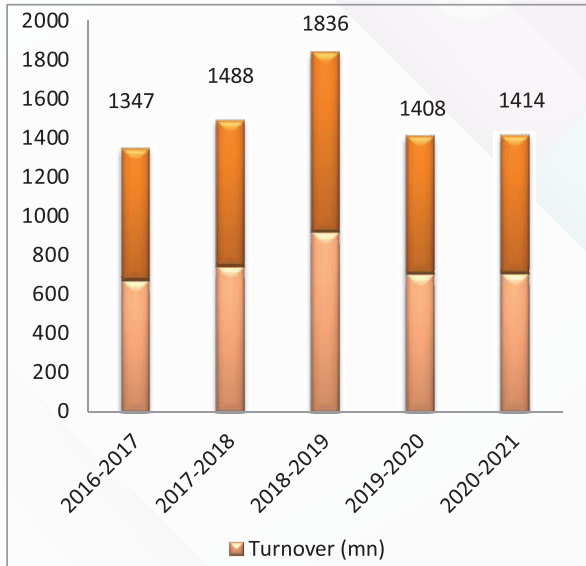
Ashim Kumar Roy is an Independent Director of the Company. He served in Agrani Bank from 1973 to 1976. After Service (BCS), he joined the Bank as probational officer qualifying in Bangladesh Civil Taxation Cadre in 1977 and served as Asstt. Commissioner, Deputy Commissioner, Addl. Commissioner and Commissioner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

Independent Director of the Company at Wari in Dhaka is popularly known as a social and corporate personality. He completed his Bachelor of Commerce (Honors) and Masters in Business Management from the University of Dhaka in 1985. Later on he obtained LLB from the Supreme Court Bar. He started his career as a Management and Tax Consultant. He is the present Chairman of the Audit Committee of the Company. He is the Vice Chairman of Central Depository Bangladesh Limited (CDBL) and Director of Infrastructure Investment Facilitation Company. He is the Advisor of Japan-Bangladesh Friendship Hospital, Sunlife Insurance Co. Ltd. and some other reputed companies. He served as Founder Director of EXIM Bank Bangladesh Ltd. He was the Director of FBCCI, SAARC Chamber, OIC Business Forum, Central Zakat Board and FBCCI Foundation. He is the Trustee of two reputed University of Bangladesh and Secretary of Research & Training, Bangladesh Association of Banks (An apex body of 37 private Banks of the country). He is working as Secretary-General of Gulshan Central Mosque & Eidgah Society. The Government appointed him as "chief of Bangladesh Mission to London Olympic, 2012" and Delhi Commonwealth Games, 2010. He is the President of the Bangladesh Handball Federation since 2008. He widely visited more or less one hundred countries and cities in the world.

Five Years' Financial Summary

Balance Sheet	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17
Authorized Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued & Paid up Capital	183,028,830	166,389,850	151,263,500	151,263,500	151,263,500
Shareholders Equity	5,204,015,939	5,122,869,917	5,096,137,536	5,032,708,089	5,001,921,300
Total Assets	6,675,663,652	6,304,989,819	6,388,335,310	6,200,206,125	6,030,600,324
Current Assets	911,453,213	512,521,723	596,860,331	413,239,266	243,439,942
Profit & Loss Statement					
Turnover (Gross)	1,506,938,631	1,495,584,554	1,976,480,866	1,628,212,865	1,479,135,733
Value Added Tax	92,281,083	86,934,254	140,012,241	139,642,842	131,348,835
Turnover (Net)	1,414,657,548	1,408,650,300	1,836,468,625	1,488,570,023	1,347,786,898
Gross Profit	184,630,200	236,808,141	304,034,303	246,982,451	224,167,110
Operating Profit	108,736,358	105,655,279	162,426,125	108,007,442	83,545,377
Net Profit Before Tax	95,412,124	37,861,706	84,572,595	41,827,836	38,088,339
Net Profit After Tax	89,465,514	26,732,381	63,429,447	30,786,789	28,566,254
Ordinary Share Information					
Face Value Per Share	10	10	10	10	10
Number of Share Outstanding	18,302,883	16,638,985	15,126,350	15,126,350	15,126,350
Net Asset Value Per Share	284.33	307.88	336.90	332.71	330.68
Net Operating Cash Flow per Share	13.53	14.64	0.88	(1.55)	14.79
Earning Per Share (EPS)	4.89	1.61	4.19	2.04	1.89
Financial Ratios					
Gross Profit Margin	13.05%	16.81%	16.56%	16.59%	16.63%
Operating Profit Margin	7.69%	7.50%	8.84%	7.26%	6.20%
Net Profit Margin	6.32%	1.90%	3.45%	2.07%	2.12%
Current Ratio (Times)	1.07	0.59	0.65	0.56	0.46

Financial Performance at a glance





চেয়ারম্যান মহোদয়ের বক্তব্য

বিস্মিল্লাহির রহমানির রহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ

আসসালামুআলাইকুম ওয়া রহমাতুল্লাহ

মহান স্বাধীনতাযুদ্ধে যাদের আত্মত্যাগের বিনিময়ে আজ লাল সবুজের বাংলাদেশ সেই সব বীর শহীদদের প্রতি শ্রদ্ধা। আরো গভীরভাবে স্মরণ করছি আমাদের প্রিয় সেই সব শেয়ারহোল্ডারদের যারা আমাদের ছেড়ে চলে গেছেন না ফেরার দেশে। তাদের আত্মার মাগফেরাত ও পরিবারের প্রতি সমবেদনা জানাচ্ছি।

আমি আমাদের পরিচালনা পর্ষদের পক্ষ থেকে আপনাদের সকলকে সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪৪ তম বার্ষিক সাধারণ সভায় স্বাগত জানাচ্ছি। গত দুইটি বছর কোভিড-১৯ এর দরুন আমাদের জীবনযাত্রা, ব্যবসা-বানিজ্য, সামাজিক রীতিনীতি সবকিছুই বিভিন্ন প্রতিবন্ধকতার মধ্য দিয়ে অতিবাহিত হচ্ছে। বিশ্ব অর্থনীতি থেকে শুরু করে মানুষের জীবনের প্রতিটি ক্ষেত্রে আমরা এই মহামারির উপস্থিতি উপলব্ধি করছি। সেই উপলব্ধি থেকেই আমরা এবারও সকলের স্বাস্থ্য সুরক্ষা ও ঝুঁকি এড়াতে ভার্চুয়াল প্র্যাটফর্মের মাধ্যমে সভায় আপনাদের সাথে মিলিত হয়েছি। বিশ্ব অর্থনীতির পাশাপাশি দেশের অর্থনীতির কথা মাথায় রেখে আপনাদের দুঃসময়ের ভিতর আলোর বার্তা নিয়ে আমি ২০২০-২০২১ অর্থ বছরের আর্থিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি।

সম্মানিত শেয়ারহোল্ডারগণ, বিগত সময়গুলোতে ব্যবসা-বানিজ্য একটি অনিশ্চিত আর অস্বাভাবিক গতিতে অতিবাহিত হচ্ছে। তবে আমরা অর্থনীতির এই ভয়াল সময়ের মাঝেও কখনো নিরাশ হয়নি। আমাদের জন জীবনের এই অন্ধকার বিভীষিকা একদিন কেটে যাবে। আমরা আবারো আলোর মুখ দেখবো। পৃথিবী তার স্বাভাবিক রূপে ফিরে আসবে। আমাদের অর্থনীতির চাকা আবারো সচল হবে। মহামারির এই ধকল কাটিয়ে আমরা আবারো আপনাদের সাথে নিয়ে এগিয়ে যাবো আমাদের লক্ষ্যমাত্রার বাস্তবমুখী ঠিকানায়। এই প্রতিকূলতার মাঝেও আমরা প্রতিনিয়ত লড়াই করে যাচ্ছি অর্থনীতির চাকা সচল রাখতে। যার ফলশ্রুতিতে আমাদের পরিচালনা পর্ষদ ২০২০-২০২১ অর্থবছরের নীট মুনাফা থেকে ২০% নগদ এবং ২০% স্টক লভ্যাংশ ঘোষণা করতে সক্ষম হয়েছে।

আমি আমাদের পরিচালনা পর্ষদের পক্ষ থেকে প্রতিটি কর্মী এবং ব্যবস্থাপনায় দায়িত্বরত সকলের নিরলস পরিশ্রম ও অসামান্য অবদানের জন্য ধন্যবাদ জানাচ্ছি। আমরা আমাদের মূল্যবান শেয়ারহোল্ডার, গ্রাহক, সরবরাহকারী, আর্থিক প্রতিষ্ঠান, জাতীয় রাজস্ব বোর্ড, BSEC, DSE, CSE, RJSC, CDBL সহ অন্যান্য সকলের প্রতি তাদের অব্যাহত সমর্থন ও সহযোগিতার জন্য আন্তরিক কৃতজ্ঞতা জ্ঞাপন করছি।

পরিশেষে আসুন নিজে সুরক্ষিত থাকি, পরিবার, দেশ ও অন্যকে সুরক্ষিত রাখি। আপনাদের সকলের সু-স্বাস্থ্য ও দীর্ঘায়ু কামনায় -

ধন্যবাদান্তে
আপনাদের বিশ্বস্ত

মোহাম্মদ ইউনুছ
চেয়ারম্যান

ব্যবস্থাপনা পরিচালকের বক্তব্য

বিস্মিল্লাহির রহমানির রহিম

আসসালামুআলাইকুম ওয়া রহমাতুল্লাহ্

স্মরণ করছি সেই সব বীর শহীদদের যাদের আত্মত্যাগেই আজকের বাংলাদেশ। বিন্দু শ্রদ্ধা জানাই তাদের প্রতি, যাদেরকে আমরা হারিয়েছি সম্মানিত শেয়ারহোল্ডার হিসেবে। সোনালী পেপার এন্ড বোর্ড মিলস্ লিমিটেডের ৪৪ তম বার্ষিক সাধারণ সভায় আপনাদের সকলকে সু-স্বাগতম।

সারা বিশ্ব যখন ব্যবসা-বানিজ্যে একটা মন্থর সময় পার করছে ঠিক সেই সময় আমি কোম্পানীর গত অর্থবছরের সম্পাদিত আর্থিক প্রতিবেদন আপনাদের সমীপে তুলে ধরছি। গত অর্থ বছরের শেষ ত্রৈমাসিকে যে অর্থ সংকট আমরা মোকাবিলা করেছি তাতে উৎপাদিত পনের চাহিদা ও যোগানের উপর ব্যাপকভাবে প্রভাব ফেলেছে। এই সংকট নিরসনে আমাদের বিচক্ষণ ব্যবস্থাপনা পর্ষদ এবং বিশ্বস্ত ও পরিশ্রমী কর্মীদের দিন-রাত নিরলস আত্ম-নিয়োগেই আমরা এগিয়ে যেতে পেরেছি। উল্লেখ্য যে, গত আর্থিক বছর বিক্রয় অনেকাংশে হ্রাসের দিকে ছিল তারপরও আমরা থেমে থাকিনি। আমাদের দক্ষ পরিচালনা পর্ষদ কোভিড-১৯ এর ভয়াবহতার মাঝেও সকল স্বাস্থ্য সুরক্ষা বজায় রেখে এগিয়ে গেছি। যার প্রেক্ষাপটে আমরা আজ আবার মিলিত হতে পেরেছি। আমরা আমাদের সকল বিভাগ ও সার্বিক সব দিক বিবেচনা করে ব্যয়ের খাতা নিয়ন্ত্রন রাখার চেষ্টা করেছি। এই উদ্যোগের ফলে অপ্রয়োজনীয় ব্যয় নিরসন, রক্ষনাবেক্ষনের জন্য সংরক্ষিত অতিরিক্ত সম্পদের যথাযথ ব্যবহার সুনিশ্চিত করেছি।

আমাদের ব্যবস্থাপনা পর্ষদ ২০২০-২০২১ অর্থ বছরের জন্য নীট মুনাফা হতে শেয়ারহোল্ডারদের জন্য ২০% নগদ এবং ২০% স্টক লভ্যাংশ প্রদানের প্রস্তাবনা করেছেন।

পরিশেষে আমি আমার ব্যবস্থাপনা পর্ষদ ও সহকর্মীদের সহযোগিতার জন্য ধন্যবাদ জানাচ্ছি। পাশাপাশি কৃতজ্ঞতা জানাচ্ছি সকল ক্রেতা, বিক্রেতা এবং সম্মানিত শেয়ারহোল্ডারদেরকে যারা আমাদের প্রতি সব সময়ে আস্থা এবং বিশ্বাস অব্যাহত রেখেছেন। আরো কৃতজ্ঞতা জ্ঞাপন করছি সকল সরকারী ও বেসরকারী প্রতিষ্ঠানের প্রতি তাদের ধারাবাহিক সহযোগিতার জন্য।

এই অসময়ের ঘনঘটা কেটে যাবে আমাদের জীবন, ব্যবসা-বানিজ্যের গতিধারা থেকে। আমরা আবার ঘুড়ে দাঁড়াবো আগামীর সুন্দর ভবিষ্যৎ ও সাফল্যের গল্প গাঁথায়। সকলের সু-স্বাস্থ্য ও সুরক্ষিত জীবনের কামনায়।



ধন্যবাদান্তে
আপনাদের বিশ্বস্ত
Md. Faruque Islam
মাহফুজা ইউনুছ
ব্যবস্থাপনা পরিচালক

Director's Report

Dear Shareholders,

Assalamualaikum,

The directors have the pleasure in presenting to the shareholders their report together with the audited financial statements of the Company for the year ended June 30, 2021. This report has been prepared in compliance with section 184 of the Companies Act 1994 and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/207 Admin/80 dated 3 June 2018.

Principal activities:

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

Industry outlook and possible future development

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

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

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

Segment information:

The company operates in one segment, which is the business of different grades of papers. Total production capacity is 38,500 MT and the actual production is 32,738 MT. The company operated 85.03% capacity of its utilization in the year 2020-2021.

Risk and Concern:

Risk management is the prioritized process of analyzing exposure to risk and probability of risks occurring as well as determining how best to handle such exposures. This involves identifying and characterizing the risks involved, assessing the

threat from each, assessing mitigatory precautions and ways for cost-effectiveness and devising a comprehensive risk management strategy to reduce those risks. We have a separate Legal department and an Internal Control and Compliance department to identify different business risks. In the case of complexities, we consult outside expert/ legal adviser.

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

COGS of the company were Tk 1230.03 million in the current year compared to TK 1228.61 million in previous year. COGS to Sales Ratio was 86.95%. Gross profit stood at Tk 184.63 million compared to Tk 180.04 million of previous year. Net profit margin was 6.32% in 2020-2021 as compared to 1.90% of previous year.

Extraordinary Gain or Loss:

There was an extraordinary gain of the Company arising out from the investment in the Capital Market.

Related Party Transaction:

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

Utilization of Proceeds from Public Issue:

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

Financial Result Deterioration after Public Issue

This is not applicable for SPBML.

Variance within the Quarterly Financial Statement and Annual Financial Statements

The Earnings per Share for the period from 01 July 2020 to 31 March 2021 i.e. Quarter ended 31 March 2021 was Tk 2.29 and The Earnings per Share for the year ended 30 June 2021 was Tk 4.89. The reason behind this variance is the Company obtained a significant profit as realized gain due to investing in the Capital Market.

Remuneration to Directors including Independent Director:

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

Fairness of Financial Statements:

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

Proper Books of Accounts:

Proper books of accounts of the Company have been maintained.

Adaptation of Proper Accounting Policies and Estimates:

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

IAS/BAS/IFRS/BFRS Application:

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

Internal Control:

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

Minority Shareholders:

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

Going Concern:

Based on the available information on the future, the directors consider that the company has the plans and resources to manage its business risks successfully and remains financially strong. After

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

Significant deviation from last year's operating result:

There is no significant deviation from the last years operating result of the Company.

Key Operating and Financial Data:

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

Dividend:

The Board of Directors has recommended for declaration of payment of cash dividend @20% i.e. Tk 2.00 per share of Tk. 10.00 each and 20% Stock Dividend for the year ended June 30, 2021 to the Shareholders, subject to the approval in the forthcoming AGM. The dividend will only be entitled to the shareholders' names will be appeared in the share register of the company /Depository Register of CDBL on record date i.e. October 07, 2021.

Board and Committee Meetings and Attendance

During the year 2020-2021 total five Board meetings and four Audit Committee meetings were held. Details of the Board meetings and Audit Committee meetings are shown in Annexure-ii of the Annual Report. The Managing Director, Chief Financial Officer (CFO) and Company Secretary (CS) was present in all Board meetings.

The pattern of Shareholding and Name wise details:

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

Contribution to National Exchequer:

Sonali Paper & Board Mills Limited is one of the largest corporate taxpayers from the paper sector of the Country. Every year the Company is contributing significantly to the National Exchequer in the form of VAT and Taxes. During the year the Company contributed to the government exchequer a sum of Tk. 99.88 million.

Directors Election:

As per article 104 of the Articles of Association of the Company, one third to the Directors, for the time being, shall retire at every Annual General Meeting of the Company. In pursuance of article 105 of the Articles of Association of the Company those who have been longest in the office since their last re-election is to retire by rotation. Accordingly, Mr. Mohammed Younus and Mr. Mohammed Javed Noman will retire at this Annual General Meeting. Being eligible as per Article 106 they offer themselves for re-appointment. The brief profile of the Directors is given on page 8 to 10 of the Annual Report.

Appointment of Independent Director:

2nd Term of three years of Mr. Kazi Aslam Hossain as Independent Director expired on February 20, 2021. As per BSEC Notification he is not eligible for reappointment for next term. Mr. A.K.M. Nurul Fazal Bulbul and Mr. Ashim Kumar Roy will continue being the Independent Directors of the company for the financial year 2020-2021 per BSEC Notification.

Members of the Board gratefully acknowledged the valuable contributions of Mr. Kazi Aslam Hossain during the last six years in SPBML as Independent Director.

Management Discussion and Analysis:

Management's discussion and analysis of Company's affairs have been signed by the Managing Director are given on page 19 to 20 of this report. This statement is an integral part of the Directors Report.

Declaration by the CEO and the CFO:

Declaration by the Managing Director and CFO has been given on page 21.

Corporate Governance Compliance Report:

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

Further in compliance with the BSEC notification dated June 3, 2018, Rahman Zasim & Co., Cost & Management Accountants in Practice issued the Corporate Governance Compliance Certificate which is shown on page 22 of this report.

Appointment of Auditors:

As per section 210 of the Companies Act 1994, the Company's statutory Auditors MABS & J Partners, Chartered Accountants will retire at the 44th AGM of the Company. They carried out the audit for the year ended 30.06.2021 and submitted their report in time. They have done their job properly. They are eligible for reappointment. Meanwhile, they have expressed their interest for re-appointment as an Auditor of the Company for the year 2021-2020 in the existing fees.

The Audit Committee has recommended appointing MABS & J Partners, Chartered Accountants as the auditors of the Company for the year 2021-2022. The Board of Directors endorsed the recommendation of the Audit Committee for appointment of MABS & J Partners, Chartered Accountants as the auditors of the Company for the year 2021-2022 for a fee of Tk. 80,000 (Eighty Thousand) only subject to approval of the shareholders in the 44th Annual General Meeting.

Appointment of Corporate Governance Compliance Auditor

For the year ended June 30, 2021 M/S Rahman Zasim & Co. Cost & Management Accountants, conducted the Compliance audit of the Company as per Corporate Governance Code of BSEC and they have done their job properly.

For the year 2021-2022 M/S Rahman Zasim & Co. Cost & Management Accountants has expressed their interest to conduct the compliance audit of the Company.

The Board recommended appointment of M/S Rahman Zasim & Co. Cost & Management Accountants for compliance audit of Sonali Paper & Board Mills Limited for the year 2021-2022 and also recommending their fees at Tk. 46,000 (Forty Six Thousand) only for approval of the shareholders of the Company in the 44th Annual General Meeting.

Employees:

The total strength of SPBML employees stood 426 at the end of the year. SPBML believes that a strong, skilled and dedicated workforce is the key ingredient to success. SPBML has also implemented the Workers' Profit Participation Fund for its employees. The company provides 5% of profit before charging such expense to employees as Workers' Profit Participation Fund (WPPF) in accordance with the Bangladesh Labour Act 2006 (amended in 2013).

Health and Safety:

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

Ethical Code of Conduct:

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

Compliance with Laws and Regulations:

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

Environmental Protection:

The Company is committed to protecting the environmental issues. To the best of the Board's knowledge, the Company was not involved in any activity which might be harmful to the environment.

Corporate Social Responsibility:

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

Acknowledgment:

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

We promise that we will continue our journey towards a bright future. We look forward to your continued support in 2021-22 and the days ahead. For and on behalf of the Board of Directors of Sonali Paper & Board Mills Limited.



Mohammed Younus
Chairman

Management Discussion and Analysis

Global and national economy

The world economy is passing through the most unprecedented slowdown due to COVID-19 pandemic since the beginning of 2020. Many countries have experienced economic contraction. According to World Bank, the world economy contracted by 4.3% in 2020 and is expected to grow by 4% in 2021 if 2nd wave of COVID-19 does not create serious disruption. Overall global economic output is likely to remain more than 5% below its pre-pandemic trend, with slower expansion till 2025. A number of vaccines for COVID-19 were available within a year of the pandemic and a sufficient portion of the population has been vaccinated in the developed countries within a short time. Life is gradually coming to normal in those countries. With expansion of vaccination in developing countries including Bangladesh, COVID is likely to subside in near future. As a result, local and global demand will gradually reach to the level of pre-COVID period.

Bangladesh has been able to maintain 6.5% - 7% growth rate for a decade. According to the Budget speech for FY 2021-22, 5.2% GDP growth was achieved in 2020-21, as opposed to 8.2% target for the year. Prolonged lockdown throughout the country due to COVID-19 pandemic is the main reason for decline of GDP growth rate. The Government has set 7.2% target for the 2021-22 fiscal, which is challenging as COVID-19 pandemic return in 2021 and economic activities are limited during extended lockdown to reduce infection. The country's resilience shown through record growth in remittance receipts, foreign exchange reserve and sustained export growth of readymade garments and new export items are likely to fuel future economic growth.

Operations of Sonali Paper & Board Mills Limited

Sonali Paper & Board Mills Limited has been operating in the country for almost fifteen years under its' new management. For the last few years the company has strengthened its position to become a strong competitor in paper manufacturing industry of Bangladesh. Principal activities of the company are manufacturing and marketing of Media, Liner, Simplex, Duplex Board papers and quality writing and printing papers.

The company's performance in 2020-21

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

The company has consistently followed the accounting and financial reporting standards that are applicable to it. These financial statements presented for the approval have been prepared and the disclosures of information are made in accordance with the International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Bangladesh Securities and Exchange Rules 1987 as much as practicable. The statement of financial position and statement of profit or loss and other comprehensive income have been prepared according to International Accounting Standards (IAS) 1 Presentation of Financial Statements on accrual basis of accounting following going concern assumption under generally accepted accounting principles and practices in Bangladesh and statement of cash flows is prepared according to IAS 7 Statement of Cash Flows and has been presented under direct method as required by the Bangladesh Securities and Exchange Rules 1987.

The preparation of Financial Statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

b) Changes in accounting policies and estimation

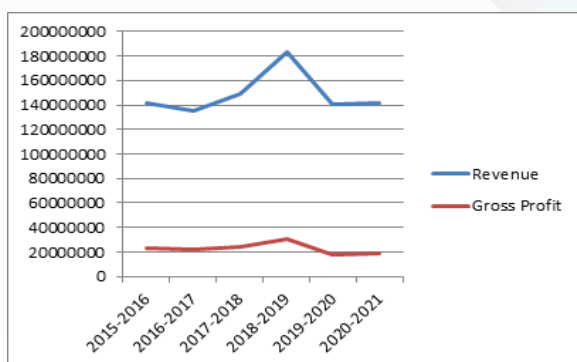
There was no change in accounting policies and estimation during the period. The financial statements have been prepared on a historical cost basis.

c) Comparative analysis of financial performance

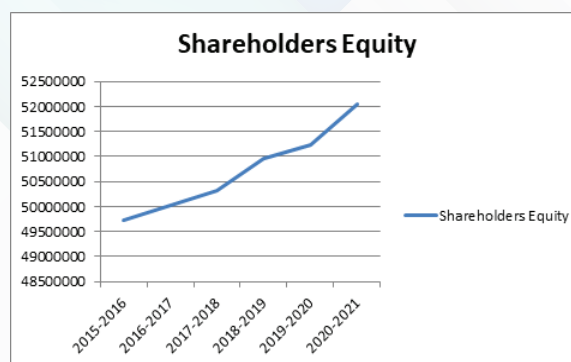
Sonali Paper & Board Mills Limited has shown consistent growth in revenue and profitability. The Key financial results of the company for current year along with preceding five years are presented below:

Particulars	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Revenue	14,14,658	14,08,650	18,36,469	14,88,570	13,47,787	14,17,565
Gross Profit	1,84,630	2,36,808	3,04,034	2,46,982	2,24,167	2,35,775
Income Before Tax	95,412	37,862	84,573	41,828	38,088	30,528
Net Profit for the year	89,466	26,732	63,429	30,787	28,566	22,896
Shareholders' Equity	52,04,016	51,22,870	50,96,138	50,32,708	50,01,921	49,73,355
Total Assets	66,75,664	63,04,990	63,88,335	62,00,206	60,30,600	61,33,629
Total Current Assets	9,11,453	5,12,522	5,96,860	4,13,239	2,43,440	3,35,162
Total Current Liability	8,49,445	8,66,583	9,23,055	7,38,089	5,29,853	6,14,892
Current Ratio (Times)	1.07	0.59	0.65	0.56	0.46	0.55

Revenue and Gross Profit Comparison:



Shareholders Equity:



The Company will continue with the best efforts to achieve better performance in coming years.

d) Risk and concerns related to the financial statements:

The company follows a number of accounting and financial reporting of standards and practices for addressing financial reporting risks. The Chief Financial Officer and the Managing Director are required to issue certificate about the accuracy of the financial statements. Moreover, the annual and quarterly financial statements are thoroughly reviewed by the Audit Committee before circulation to the shareholders and regulators. Thus the management has ensured sufficient internal control to mitigate addressing financial reporting risks.

Future Plan

As notified to the shareholders earlier, Sonali Paper & Board Mills Limited has signed a Memorandum of Understanding (MoU) Agreement with a Chinese company Zhangjiagang Fineness Aluminum Foil Co. Ltd. to set up a Machine in its' factory premises to produce aluminum foil paper box. The production capacity of the machine is to produce 1,00,000 (One Lac) pieces of box per day. The company strongly believes that on utilization of full capacity of the new machine, it will have significant impact on its competitive position in the market in addition to increasing its revenue.

Conclusion:

I would like to express my deep appreciation and thanks to the members of the Board for their continued support and guidance during the year. My sincere thanks to my colleagues for their dedication and commitment which contributed immensely towards the development of the Company. Finally, I must thank to our honorable Chairman whose guideline and instruction helped us to run the business activities of the Company successfully even in the hard situation of Covid-19 Pandemic.

Mahfuza Younus

Mahfuza Younus
Managing Director
September 20, 2021

Annexure-A

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

Sonali Paper & Board Mills Ltd.

Declaration by CEO and CFO

Date: September 16, 2021

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

Subject: Declaration on Financial Statements for the year ended on June 30, 2021.

Dear Sirs,

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

- 1) The Financial Statements of Sonali Paper & Board Mills Limited for the year ended on June 30, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on June 30, 2021 and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Mahfuza Younus

Mahfuza Younus
Managing Director

Zaid

Mohammad Ziaul Haque
Chief Financial Officer

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

We have examined the compliance status to the Corporate Governance Code of Sonali Paper & Board Mills Limited for the year ended on 30 June 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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



Principal
Rahman Zasim & Co.
Cost & Management Accountants



Dhaka, 15 October 2021

Sonali Paper & Board Mills Limited

Status of Compliance with the Corporate Governance Guideline (CGC)

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

(Report under Condition No. 9)

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

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

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;			N/A
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors	√		
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	Proper books of account of the issuer company have been maintained	√		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		Notes to Accounts 2.09
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized;	√		Page No. 11
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-	√		Annexure-iii Page No.33
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	√		

Condition no.	Title	Compliance status		Remarks
		Complied	Not Complied	
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:	√		Page No.19-20
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;			N/A
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors: The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A

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

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

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

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

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

Directors Meeting & Attendance

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

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

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

Annexure-ii

Sl. No	Name of Directors	Board Meeting		Audit Committee	NRT Committee	Total Fees Paid (Tk.)
		Attendance	Fees (Tk.)	Attendance	Attendance	
1	Mohammed Younus Chairman	5/5	48,000			48,000
2	Mahfuza Younus Managing Director	5/5	48,000			48,000
3	Mohammed Javed Noman Director	5/5	48,000	4/4	1/1	48,000
4	Kazi Aslam Hossain Independent Director	3/5	28,800	3/4	1/1	28,800
5	A.K.M. Nurul Fazal Bulbul Independent Director	5/5	48,000	1/4		48,000
6	Ashim Kumar Roy Independent Director	4/5	38,400	4/4	1/1	38,400
	Total		2,59,200			2,59,200

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

The Pattern of Shareholding

Annexure-iii

As on 30 June, 2021

(i) Shareholding Position of Sponsor:

Name	No. of Shares Held	Percent (%)
Mr. Alhaj Mohd. Eunoos Khan	4,970	.02

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

Name of the Directors	Status	No. of Shares Held	Percent (%)
Mr. Mohammed Younus	Chairman	25,23,501	13.79
Mr. Mohammed Javed Noman	Director	81,43,016	44.49
Mr. A.K.M. Nurul Fazal Bulbul	Independent Director	Nil	Nil
Mr. Ashim Kumar Roy	Independent Director	Nil	Nil

Name of the Executives	Status	No. of Shares Held	Percent (%)
Mrs. Mahfuza Younus	Managing Director	25,18,605	13.76
Mr. Mohammad Ziaul Haque	Chief Financial Officer	Nil	Nil
Mr. Md. Rashedul Hossain	Company Secretary	Nil	Nil
Mr. Md. Mahabub Alam	Head of Internal Audit	Nil	Nil

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

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

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

Name	No. of Shares Held	Percent (%)
Mr. Mohammed Javed Noman	81,43,016	44.49%
Mr. Mohammed Younus	25,23,501	13.79%
Mrs. Mahfuza Younus	25,18,605	13.76%

Audit Committee Report

The term of reference of the Audit Committee has been determined by the Board of Directors of the Company in accordance with the conditions of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC).

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

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

The Chief Financial Officer (CFO) and The Head of Internal Audit and Compliance (HIAC) attended the meetings by invitation.

During the financial year ended on June 30, 2021 four meetings of the Audit Committee were held. The details of attendance of the members have been shown in the Annexure-i of Directors' Report.

Activities carried out during the year:

1. Reviewed the quarterly, half yearly and Annual Financial Statements of the Company before submission to the Board for their approval.
2. Reviewed the effectiveness of the internal control and also reviewed audit objection of Head of Internal Audit and also reviewed points and suggestions and amendments by the Internal Auditor
3. Met with the members of the external auditors and had discussion on the audit of Financial Statements of the Company.
4. Reviewed the annual financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, provision of the Companies Act 1994, International Financial Reporting Standards (IFRS) as applicable in Bangladesh.
5. Recommended the appointment of MABS & J Partners, Chartered Accountants, as External Auditors of the Company for the year 2021-2022.
6. Recommended to the Board regarding the appointment of Rahman Zasim & Co., Cost & Management Accountants as Compliance Auditors of the Company for the year 2021-2022.

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

On behalf of the Audit Committee



A.K.M. Nurul Fazal Bulbul
Chairman
Audit Committee

Report of the Nomination & Remuneration Committee

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

Composition of the Committee

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

- | | |
|---|----------|
| 1. Mr. Ashim Kumar Roy
Independent Director | Chairman |
| 2. Mr. A.K.M. Nurul Fazal Bulbul
Independent Director | Member |
| 3. Mr. Mohammed Javed Noman
Director | Member |

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

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

Major Role and Responsibilities of the Committee

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

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

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

On behalf of the Committee



Ashim Kumar Roy

Chairman

Nomination and Remuneration Committee

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: **01-2021/212**

Date of issue : **June 24, 2021**



Renewed Certificate

This is to certify that

SONALI PAPER & BOARD MILLS LIMITED

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

This certificate remains current until 31st December 2021.




Secretary-General

Directors Statement of Responsibility for the Financial Statement

The Directors are:

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

The financial statements for the year ended 30 June 2021, comprising principal statements and supporting notes are set out in this report. The Directors confirm that suitable accounting policies have been consistently applied in the preparation of financial statements, supported by reasonable and prudent judgments and estimates as necessary, applicable accounting standards have been followed and the financial statements have been prepared on the going concern basis.

Going Concern

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

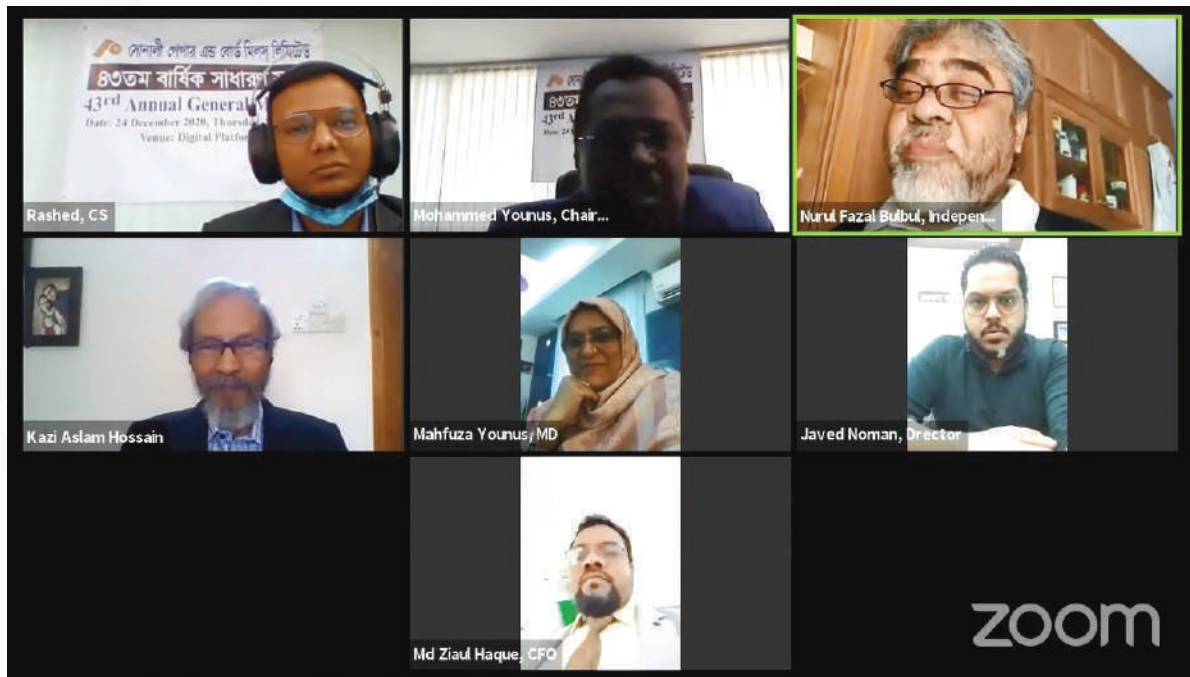
Internal Control

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

Annual Report

The Annual Report for the year ended 30 June 2021, comprising the Report of Directors and the Financial Statements, has been approved by the Board of Directors.

Screenshots from 43rd AGM held through Virtual Platform



SONALI PAPER & BOARD MILLS LTD.

MABS & J Partners

Chartered Accountants

Member firm of Nexia International, UK

Auditors' Report and Financial Statements of

Sonali Paper & Board Mills Limited

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

For the Year Ended 30 June 2021



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sonali Paper & Board Mills Limited, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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



Risk	Our response to the risk
Revenue Recognition	
<p>During this year, net sales revenue of Tk. 1,414,657,548.</p> <p>Revenue is measured net of discounts, commission and rebates earned by customers on the sales. Within a number of the markets, the estimation of discounts, commission and rebates recognized based on sales made during the year is material and considered to be complex and judgmental. Therefore, there is a risk of revenue being misstated as a result of faulty estimations over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period; • Within a number of the Company’s markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing. • Agreeing a sample of claims and rebate accruals to supporting documentation; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards; • Performing cut-off test by obtaining delivery challan for goods delivered during the beginning of the next accounting period and at the close of current accounting year to verify whether sales are recorded in the current accounting period; and • Inspecting VAT returns submitted to VAT authority to determine consistency of sales revenue recognized.
See note no 16.00 to The Financial Statements	

Valuation of Inventory	
<p>The Inventory of Tk. 182,278,876 as at 30 June 2021, held in warehouses and across multiple product lines.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, the directors apply judgement in determining the appropriate values for slow-moving or obsolete items.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> • evaluating the design and implementation of key inventory controls operating across the Company, including those at a sample of warehouses; • Testing, on a sample basis, the stock aging profile, expiry dates and the market price used in assessing the net realizable values of inventories to the related documents. • Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; • Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year; and • Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.
<p>See Note No 5.00 to the Financial Statements</p>	
Measurement of Deferred Tax Liabilities	
<p>Net Deferred Tax liabilities Tk. 289,324,596 as at 30 June 2021.</p> <p>Significant judgment is required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We additionally carried out the following substantive testing for this item:</p> <ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liabilities. • We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. • We involved tax specialists to assess key assumptions, controls, recognition and measurement of deferred tax liabilities. • We also assessed the appropriateness of presentation of disclosures against IAS 12 Income Tax.
<p>See Note No 12 to the Financial Statements</p>	

Valuation of Property, Plant & Equipment

The carrying value of the PPE amounted to Tk. 5,764,210,439 at 30 June 2021. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

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

Our audit included the following procedures:

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

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

See Note No 03 to the Financial Statements

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. But we have nothing to report in this regard.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



Jagadish Chandra Biswas, FCA
Partner
ICAB Enrollment No: 199
DVC No.: 2109210199AS970338

Place: Dhaka
Dated: 16 September 2021

Sonali Paper & Board Mills Limited
Statement of Financial Position
As at 30 June 2021

Particulars	Notes	Amount in Taka 30 June 2021	Amount in Taka 30 June 2020
ASSETS			
Non-Current Assets		5,764,210,439	5,792,468,096
Property, Plant and Equipments	3.00	5,764,210,439	5,792,468,096
Current Assets		911,453,213	512,521,723
Investment in Shares	4.00	439,281,269	-
Inventories	5.00	182,278,876	263,923,073
Trade and Other Receivables	6.00	154,778,171	191,240,291
Advances, Deposits & Prepayments	7.00	49,749,837	22,168,947
Cash and Cash Equivalents	8.00	85,365,060	35,189,412
TOTAL ASSETS		6,675,663,652	6,304,989,819
EQUITY AND LIABILITIES			
Share Holders' Equity		5,204,015,939	5,122,869,917
Share Capital	9.00	183,028,830	166,389,850
Revaluation Reserve	10.00	4,927,446,858	4,927,446,858
Retained Earnings		93,540,251	29,033,209
Non-Current Liabilities		622,202,256	315,537,053
Long Term Bank Loan (Secured)	11.00	332,877,660	15,476,709
Deferred Tax Liability	12.00	289,324,596	300,060,344
Current Liabilities		849,445,458	866,582,849
Short Term Bank Loan (Secured)	13.00	640,282,253	717,668,881
Current Portion of Long Term Loan	11.00	128,977,320	75,792,251
Trade and Other Payables	14.00	57,324,533	55,813,399
Provision for Income Tax	15.00	22,861,352	17,308,318
TOTAL EQUITY AND LIABILITIES		6,675,663,652	6,304,989,819
Net Asset Value (NAV) Per Share	23.00	284.33	307.88

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 16 September 2021 and were signed on its behalf by:

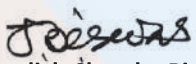
 **Chief Financial Officer**
 **Company Secretary**
 **Director**
 **Director**
 **Managing Director**

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

Place: Dhaka

Dated: 16 September 2021

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


Jagadish Chandra Biswas, FCA
 Partner
 ICAB Enrollment No : 199
 DVC No. : 2109210199AS970338

Sonali Paper & Board Mills Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

Particulars	Notes	Amount in Taka 2020-2021	Amount in Taka 2019-2020
Revenue	16.00	1,414,657,548	1,408,650,300
Less: Cost of Sales	17.00	(1,230,027,348)	(1,228,606,943)
Gross Profit		184,630,200	180,043,357
Less: Operating Expenses:		(75,893,842)	(74,388,078)
Administrative Expenses	18.00	(67,465,246)	(63,529,232)
Selling and Distribution Expenses	19.00	(8,428,596)	(10,858,846)
Profit from Operation		108,736,358	105,655,279
Less: Finance Cost	20.00	(61,221,079)	(66,168,778)
Add: Other Income	21.00	52,667,451	268,290
Profit before W.P.P.F		100,182,731	39,754,792
Less: Workers Profit Participation Fund @ 5%		(4,770,606)	(1,893,085)
Net Profit before Tax		95,412,124	37,861,706
Income Tax Expense		(5,946,611)	(11,129,325)
Less: Current Tax Expenses	22.00	(16,682,359)	(12,049,108)
Add: Deferred Tax Income	22.00	10,735,748	919,783
Net Profit after Tax		89,465,514	26,732,381
Earnings Per Share (EPS)	24.00	4.89	1.46

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 16 September 2021 and were signed on its behalf by:


Chief Financial Officer


Company Secretary



Director


Director


Managing Director

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

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


Jagadish Chandra Biswas, FCA
Partner
ICAB Enrollment No : 199
DVC No. : 2109210199AS970338

Place: Dhaka
Dated: 16 September 2021

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

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

Sonali Paper & Board Mills Limited
Statement of Changes in Equity
For the year ended 30 June 2020

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

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 16 September 2021 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

Place: Dhaka
Dated: 16 September 2021



Sonali Paper & Board Mills Limited
Statement of Cash Flows
As at and for the year ended 30 June 2021

Particulars	Notes	Amount in Taka 2020-2021	Amount in Taka 2019-2020
A. Cash Flows from Operating Activities			
Received from customers	6.01	1,544,926,695	1,469,484,010
Received from Bad Debt	21 (d)	377,625	-
Paid to suppliers, payables and other expenses		(1,103,550,806)	(1,006,899,518)
Paid for administrative expenses	18.00	(56,873,614)	(55,269,627)
Paid for Selling and distribution expenses	19.00	(8,428,596)	(10,514,583)
Advance, deposit & prepayments	7.00	(22,699,089)	(50,087,255)
VAT paid	14.01	(90,069,901)	(83,833,935)
Foreign Exchange Rate Loss		(35,420)	(69,835)
Income Tax paid		(16,011,126)	(19,224,154)
Net cash generated from operating activities		<u>247,635,768</u>	<u>243,585,103</u>
B. Cash Flows from Investing Activities			
Purchase of property, plant and equipment	3.00	(43,847,831)	(61,453,472)
Investment in Shares	Annex-E	(440,768,983)	-
Received from Bank Interest	6.02	141,384	268,290
Received from Sales of Shares (Realise Gain)	21 (b)	49,256,488	-
Received from Sales of Motor Vehicle	21 (e)	800,000	-
Received from Insurance Claim	18.01	13,300,000	-
Net cash used in investing activities		<u>(421,118,942)</u>	<u>(61,185,182)</u>
C. Cash Flows from Financing Activities			
Long term bank loan received/(refund)	11.00	370,586,020	(50,104,206)
Short term bank loan received/(refund)	13.00	(77,386,628)	(67,654,910)
Finance cost	20.00	(61,221,079)	(66,168,778)
Paid for Cash Dividend		(8,319,493)	-
Net cash from financing activities		<u>223,658,821</u>	<u>(183,927,894)</u>
D. Net cash inflow/(outflow) for the period (A+B+C)		50,175,648	(1,527,973)
E. Opening cash and cash equivalents		35,189,412	36,717,385
F. Closing Cash and Cash equivalents (D+E)		<u>85,365,060</u>	<u>35,189,412</u>
Net Operating Cash Flow Per Share	25.00	<u>13.53</u>	<u>13.31</u>

The annexed notes form an integral part of these Financial Statements. These Financial Statements were authorized for issue by the Board of Directors on 16 September 2021 and were signed on its behalf by:


Chief Financial Officer


Company Secretary


Director


Director


Managing Director

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

Place: Dhaka

Dated: 16 September 2021



Sonali Paper & Board Mills Limited
Notes to the Financial Statements
As at and for the year ended 30 June 2021

1.00 About the Company

1.01 Legal Form of the Company

Reporting Company : Sonali Paper & Board Mills Limited was incorporated vide registration no C-5576/134 in Bangladesh in the year 1978 under Companies Act, 1913 & 1994 as a Public Limited Company. The company listed with Dhaka Stock Exchange Limited (DSE) in the year 1985 & Re-listed on 15 June 2020 and listed with Chittagong Stock Exchange Limited (CSE) on 21 December 1996 & Re-listed on 15 June 2020. The shares of the company are traded in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited of Bangladesh.

1.02 Address of the Registered Office and Factory

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

1.03 Nature of Business Activities

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

2.00 Significant Accounting Policies and Other Material Information.

2.01 Basis of Preparation and Presentation of Financial Statement

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

2.02 Authorization for Issue

The financial statements were approved by the Board of Directors of the company on 16 September 2021.

2.03 Going Concern

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

2.04 Functional and Presentational Currency

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

2.05 Use of Estimates and Judgments:

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

2.06 Comparative Information and Re-arrangement thereof

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

2.07 Reporting Period

The Financial Statements covers twelve months from 1 July 2020 to 30 June 2021 consistently.

2.08 Principal Accounting Policies

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

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

2.09 Compliance with International Accounting Standards (IASs)

IAS 01 Presentation of Financial Statements

IAS 02 Inventories

IAS 07 Statement of Cash Flows

IAS 08 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10 Events After the Reporting Period

IAS 12 Income Taxes

IAS 16 Property, Plant and Equipment

IAS 19 Employee Benefits

IAS 21 The Effects of Changes in Foreign Exchange Rates

IAS 23 Borrowing Costs

IAS 24 Related Party Disclosures

IAS 33 Earnings Per Share

IAS 36 Impairment of Assets

IAS 37 Provisions, Contingent Liabilities and Assets

IFRS 7 Financial Instruments: Disclosures

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

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

2.10 Property, Plant and Equipment (PPE)**Recognition and Measurement :**

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

Subsequent Expenditure :

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

Disposal :

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

2.11 Depreciation

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

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

SI No.	Non-Current Assets	Rate of Depreciation.
01	Building & Godown	5%
02	Labour Shed	5%
03	Plant, Machinery & Boiler	10%
04	Electric Equipments & Others	10%
05	Generator & 5 M W Power Station	10%
06	Weighting & Road Scale	10%
07	Electric & Gas Installation	10%
08	Motor Vehicles	15%
09	Fax Machine	10%
10	PABX & Telephone Set	10%
11	Computer	10%
12	ETP	5%
13	Fire Fitting Equipments	5%
14	Crane, Trolley & Fork Lift	5%
15	Workshop & Loose Tools	5%
16	Furniture & Fixture	10%

2.12 Impairment of Assets

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

2.13 Inventories

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

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

2.14 Income Taxes

Current Tax:

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

Deferred Tax

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

2.15 Financial Instruments

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

2.15.1 Financial Assets

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

Cash and Cash Equivalents

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

Available for Sale of Financial Assets

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

Trade and other Receivables

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

2.15.2 Financial Liabilities

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

2.16 Employees Benefit Scheme**a) Provident Fund**

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

b) Defined benefit plan (Gratuity)

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

c) Medical Aid Benefit

The company provides medical aid benefit to all employees.

2.17 Workers Profit Participation Fund

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

2.18 Revenue Recognition

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

05 (five) step approach applied are as follows :

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

Interest Income

It is recognized on accrual basis.

2.19 Foreign Currency Transaction

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

2.20 Statement of Cash Flows

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

2.21 Earnings Per Share

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share has been calculated by the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

2.22 Related Party Transaction

There was no related party transaction during the year other than Director Remuneration and Meeting Fees as disclosed in Note-18 & 30.

2.23 Finance Cost

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



2.24 Provisions

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

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

2.25 Segment Reporting

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

2.26 Events After the Reporting Period

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

2.27 Contingent Liabilities

There are Contingent Liabilities as regards National Board of Revenue (NBR) case against Customs Duty of Tk. 190,914,362 since 1996 and Titas Gas case of Tk. 123,789,334 since 2006 Totaling Tk. 314,703,696 which are pending in the Courts and Tribunals.

2.28 Components of Financial Statements

The Financial Statements comprise the followings;

- Statement of Financial Position as at 30 June 2021;
 - Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021;
 - Statement of Change in Equity for the year ended 30 June 2021;
 - Statement of Cash Flows for the year ended 30 June 2021; and
- Accounting Policies and Explanatory Notes to the Financial Statements for the year ended 30 June 2021.

2.29 General

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



Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
3.00	Property, Plant and Equipment: Tk. 5,764,210,439		
	The break-up is as below:		
	Cost		
	Opening Balance	6,349,945,469	6,288,491,997
	Addition during the year	43,847,831	61,453,472
	Adjustment during the year	(32,956,681)	-
	Closing Balance	6,360,836,619	6,349,945,469
	Accumulated Depreciation		
	Opening Balance	557,477,373	497,017,018
	Charged during the year	58,342,409	60,460,355
	Adjustment during the year	(19,193,602)	-
	Closing Balance	596,626,180	557,477,373
	Written Down Value	5,764,210,439	5,792,468,096

Details of Property, Plant and Equipment along with depreciation charged thereon as on 30 June 2021 has been shown in **Annexure-"A"**.

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

4.00 Investment in Shares: Tk. 439,281,269

The break-up is as below:

Balance as per Portfolio of SBL Capital Management Limited	193,350,380	-
Balance as per Portfolio of EBL Securities Limited	245,930,889	-
Total	439,281,269	-

Details of investment in shares (company wise) as on 30 June 2021 has been shown in **Annexure-"E"**.

5.00 Inventories: Tk. 182,278,876

The break-up is as below:

Raw Materials	Note 5.01	89,255,395	190,514,169
Materials-In-Process	Note 5.02	14,764,056	12,579,822
Finished Goods	Note 5.03	78,034,994	60,712,492
Spare Parts	Note 5.04	224,432	116,590
Total		182,278,876	263,923,073

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

5.01 Raw Materials

	Quantity (KG)	Quantity (KG)
Opening Balance	3,966,286	9,422,868
Add: Purchase & Import during the year	37,784,907	31,487,608
Available for Use	41,751,193	40,910,476
Less: Consumption during the Year	40,105,282	36,944,190
Closing Balance	1,645,911	3,966,286

5.02 Materials-In- Process

	Quantity (KG)	Quantity (KG)
Opening Balance	182,740	143,387
Add: Input from Store during the year	40,105,282	36,944,190
Available for Production	40,288,022	37,087,577
Less: Production (Process Completed)	32,737,790	29,695,138
	7,550,232	7,392,439
Less: Closing Balance	206,058	182,740
Normal Process Loss	7,344,174	7,209,699
% of Normal Process Loss	22.43	24.28

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
5.03	Finished Goods		
		Quantity (KG)	Quantity (KG)
	Opening Balance	1,008,201	724,495
	Add: Production during the year	32,737,790	29,695,138
	Available for Sales	33,745,991	30,419,633
	Less: Sales during the year	32,842,728	29,411,432
	Closing Balance	903,263	1,008,201
5.04	Spare Parts: Tk. 224,432		
	The break-up is as below:	Amount in Taka	Amount in Taka
	Opening Balance	116,590	149,235
	Add: Purchase during the year	755,192	423,673
	Available for Use	871,782	572,908
	Less: Consumption (Machine Rep. & Maintenance)	647,350	456,318
	Closing Balance	224,432	116,590
6.00	Trade and Other Receivables: Tk. 154,778,171		
	(i) Trade and Other Receivables occurred in the ordinary course of business are insecure but considered good. This is arrived at as follows:		
	Trade Receivables	152,369,415	191,132,584
	Bank Interest Receivable	87,886	107,707
	Cash Dividend Receivable	2,320,870	-
	Total	154,778,171	191,240,291
6.01	Trade Receivables: Tk. 152,369,415		
	The break-up is as below:		
	Opening Balance	191,132,584	166,184,770
	Add: Sales during the year (Note # 16.00)	1,506,938,631	1,495,584,554
	Less: Realised during the year	1,698,071,215	1,661,769,324
	Less: Provision for Bad Debts	1,544,926,695	1,469,484,010
		775,105	1,152,730
	Closing Balance	152,369,415	191,132,584
6.02	Bank Interest Receivable: Tk. 87,886		
	The break-up is as below:		
	Opening Balance	107,707	-
	Add: Bank Interest Income during the year	121,563	268,290
	Less: Realised during the year	229,270	268,290
		141,384	160,583
	Closing Balance	87,886	107,707
6.03	Cash Dividend Receivable: Tk. 2,320,870		
	The break-up is as below:		
	Portfolio of SBL Capital Management Ltd.	1,060,874	-
	Portfolio of EBL Securities Limited	1,259,997	-
		2,320,870	-
	Aging of Trade Receivables		
	Below 30 days	42,458,520	62,608,485
	Within 31-60 days	21,700,880	12,627,571
	Within 61-90 days	11,474,616	1,776,293
	Above 90 days	77,510,504	115,272,965
	Provision for Bad Debts	(775,105)	(1,152,730)
	Total	152,369,415	191,132,584

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
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(ii) There was no amount due by the Directors (Including Managing Director), Managing Agents, Managers and other officers of the Company and any of them severally or jointly with any other person.

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

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

Receivable considered good in respect of which the company is fully secured	-	-
Receivable considered good in respect of which the company holds no security other than the debtor personal security	152,369,415	191,132,584
Receivables considered doubtful bad	775,105	1,152,730
Receivable to Directors	-	-
Receivables due by common management	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	153,144,520	192,285,314

7.00 Advances, Deposits & Prepayments: Tk. 49,749,837

The break-up is as below:

Fixed Security Deposits (Electric & Gas Line)	9,902,811	2,492,411
Advance Income Tax Note-7.01	7,603,623	2,721,822
L/C Margin & Goods In Transit Note-7.02	27,171,346	10,371,654
Advance VAT Deposit Note-7.03	626,004	626,004
Salaries & Allowances (Answer)	791,574	791,574
Security Deposits (CDBL)	200,000	200,000
Bank Guarantee Margin	-	1,005,919
MTDR (Lien with Islami Bank Bangladesh Ltd)	1,790,678	2,295,762
Prepaid Insurance Premium (Fire) Note-7.04	1,663,801	1,663,801
Total	49,749,837	22,168,947

7.01 Advance Income Tax: Tk. 7,603,623

The break-up is as below:

Opening Balance	2,721,822	4,640,817
Add: Addition for the year	7,603,623	2,721,822
	10,325,445	7,362,639
Less: Adjusted during the year	(2,721,822)	(4,640,817)
Total	7,603,623	2,721,822

Advance Income Tax amounting Tk. 27,21,822 has been adjusted during the year for the Assessment year 2020-2021 and the balance of Tk. 76,03,623 is carried forward for the Assessment year 2021-2022.

7.02 L/C Margin & Goods In Transit: Tk. 27,171,346

The entire amount was paid for Import of raw materials.

7.03 Advance VAT Deposit: Tk. 626,004

The break-up is as below:

Opening Balance	626,004	626,004
Add: Deposit during the Year	-	-
	626,004	626,004
Less: Adjusted during the Year	-	-
Total	626,004	626,004

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
7.04	Prepaid Insurance Premium (Fire): Tk. 1,663,801		
	The break-up is as below:		
	Opening Balance	1,663,801	-
	Add: Payment Insurance Premium (Fire)	2,852,230	2,852,230
		4,516,031	2,852,230
	Less: Adjusted during the year (Note: 18.00)	2,852,230	1,188,429
	Total	1,663,801	1,663,801

8.00 Cash & Cash Equivalents: Tk. 85,365,060

The break-up is as below:

a) Cash at Bank:

Bank Name	Branch Name	Account No	Amount in Taka	Amount in Taka
Islami Bank Bangladesh Ltd.	Chawk Mugoltolly	4766	3,851,112	1,387,301
Shahjalal Islami Bank Ltd.	Dhanmondi	8919	5,857,364	1,358,866
Al- Arafah Islami Bank Ltd.	New Elephant Road	2468	4,871,333	170,171
National Bank Ltd.	New Elephant Road	4464	1,315,656	882,511
Sonali Bank Ltd.	Sonargaon Road	6338	1,772,654	462,502
Shahjalal Islami Bank Ltd.	Dhanmondi	1347	110,831	70,982
Dutch Bangla Bank Ltd.	Dhanmondi	2978	14,316,804	3,116,435
The Premier Bank Ltd.	Bangshal	8497	1,017,499	1,021,189
Modhumoti Bank Ltd.	Aganagar	0004	1,879,332	7,418,759
Marcantile Bank Ltd	Noyabazar	5618	1,123,308	718,976
Pubali Bank Ltd.	Gulshan Corporate	1860	581,165	386,951
			36,697,057	16,994,642
			48,668,003	18,194,770
			Total	85,365,060
				35,189,412

b) Cash in Hand

The Bank Balances have been reconciled where necessary and were agreed with the balance as per bank statements as on 30-06-2021. Cash in hand balance was duly certified.

9.00 Share Capital: Tk. 183,028,830

The break-up is as below:

a) Authorized Capital:

 500,00,000 ordinary shares of Tk.10 each 500,000,000 500,000,000
b) Issued, Subscribed and Paid -up Capital:

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

 Add: 16,63,898 Bonus shares @ of Tk. 10 each 16,638,980 15,126,350
Total 1,83,02,883 shares of Tk. 10 each. Total 183,028,830 166,389,850

Distribution Schedule Disclosures Under the Listing Regulation of Stock Exchanges:

The position of shareholders as on 30 June 2021 is as follows:

Particulars of Investors	No of Investors	Number of Shares	Percentage of Share Holding 2020-2021	Percentage of Share Holding 2019-2020
Sponsor	1	2,809	0.02%	0.02%
Directors other than Sponsor	3	13,185,122	72.04%	72.04%
General Public	1293	4,483,418	24.49%	21.27%
Financial Institutes	5	582,567	3.18%	6.36%
Private Corporate Institute	1	13,169	0.07%	0.10%
Suspense A/C	1	35,798	0.20%	0.21%
Total	1,304	18,302,883	100%	100%

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
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The distribution schedule showing the number of share holders and their share holdings in percentage has been disclosed below:

Range of Share Holdings	As per Folio		As per BO ID		Total Holding	Total Share	Percentage (%)
	Holders	Shares	Holders	Shares			
Less than 500	184	15,860	738	111,475	922	127,335	0.70
501 to 5,000	12	16,207	300	501,683	312	517,890	2.83
5001 to 10,000	1	5,777	27	217,699	28	223,476	1.22
10,001 to 20,000	-		11	153,638	11	153,638	0.84
20,001 to 30,000	-		4	99,306	4	99,306	0.54
30,001 to 40,000	-		2	69,963	2	69,963	0.38
40,001 to 50,000	-		4	186,692	4	186,692	1.02
50,001 to 100,000	-		7	526,342	7	526,342	2.88
100,001 to 1,000,000	-		11	3,213,119	11	3,213,119	17.56
Over 1,000,000	-		3	13,185,122	3	13,185,122	72.04
Total	197	37,844	1,107	18,265,039	1,304	18,302,883	100

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

Total	4,927,446,858	4,927,446,858
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The company made revaluation of its fixed assets (only land) by an independent valuer M/S. S.H. Khan & Co, Chartered Accountants on 18 May 2016. Moreover the Board of Directors approved at 45th meeting held on 30 May 2016.

11.00 Long Term Bank Loan: Tk. 332,877,660

The break-up is as below:

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

Loan A/C NO # 00003	-	49,075,873
Loan A/C NO # 00004	-	1,935,894
Loan A/C NO # 00006	-	40,257,193
Loan A/C NO # 00009	20,272,583	-

Pubali Bank Limited.
(Gulshan Corporate Branch, Dhaka)

Loan A/C NO # 08361	441,582,397	-
	461,854,980	91,268,960
	(128,977,320)	(75,792,251)
Total	332,877,660	15,476,709

Less: Current portion of long term loan

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



Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
12.00	Deferred Tax Liability: Tk. 289,324,596		
	The break-up is as below:		
	Calculation of Deferred Tax :		
	A. Temporary Difference:		
	Written down value as per accounting base	5,764,210,439	5,792,468,096
	Written down value as per tax base	5,396,975,792	5,419,221,741
	Taxable temporary difference	367,234,647	373,246,356
	Deductible temporary difference (Gratuity)	(1,347,554)	(1,004,980)
		365,887,093	372,241,376
	Income Tax Rate	22.50%	25%
	Deferred Tax Liabilities at the end of the year	82,324,596	93,060,344
	B. Revaluation:		
	Carrying Value		
	Land	5,175,000,000	5,175,000,000
	Tax rate:		
	Land	4%	4%
	Deferred Tax Liabilities at the end of the year	207,000,000	207,000,000
	Closing Deferred Tax Liabilities	207,000,000	207,000,000
	Opening Deferred Tax Liabilities	207,000,000	207,000,000
	Deferred Tax asset / liability	-	-
	Deferred Tax Liabilities at the end of the year (A+B) Total	289,324,596	300,060,344
13.00	Short Term Bank Loan: Tk. 640,282,253		
	The break-up is as below:		
	Islami Bank Bangladesh Limited (Chawk Mugoltolly Branch, Dhaka.)		
	Foreign Cash Bills (UPAS LC)	-	300,241,039
	Murabaha TR	-	280,451,849
	Modhumoti Bank Limited. (Aganagar Branch, Keranigonj, Dhaka) (CC Hypo)	10,160,830	44,777,314
	Foreign Cash Bills (UPAS LC)	2,548,500	92,198,679
	Stimulus Loan	61,365,889	-
	Pubali Bank Limited. (Gulshan Corporate Branch, Dhaka)		
	Over Draft Loan	11,225,957	-
	Foreign Cash Bills (UPAS LC)	385,935,571	-
	SBL Capital Management Limited (2, D.I.T Avenue, Motijheel, Dhaka)		
	Loan against Investment in Shares	78,669,475	-
	EBL Securities Limited (Jibon Bima Bhaban, 10 Dilkusha, Dhaka)		
	Loan against Investment in Shares	90,376,032	-
	Total	640,282,253	717,668,881

The above balances were in agreement with the balances as per respective bank loan statement and Port Folio Statements as on 30 June 2021.

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
14.00	Trade and Other Payables: Tk. 57,324,533		
	The break-up is as below:		
	Trade Payables:		
	Raw Materials Supplier (Details are enclosed in Annexure "D")	225,650	125,630
	Other Payables:		
	Provision for Value Added Tax (VAT) Note-14.01	5,311,501	3,100,319
	Audit & Professional Fees	138,000	212,250
	Gas Bill	32,505,490	25,332,795
	Electricity Bill	2,763,677	1,919,983
	Internet Bill	37,750	41,086
	Wages & Salaries	4,530,696	3,652,306
	Salary & Allowances	3,142,780	3,406,639
	Overtime Bill	1,784,861	1,395,039
	Telephone & Mobile bill	33,335	38,793
	Provision for W.P.P.F	4,770,606	1,893,085
	Interest Payable on MTR	-	13,555,781
	Unclaimed Dividend up to F/Y: 2018-2019	64,878	64,878
	Unclaimed Dividend for the F/Y: 2019-2020	39,954	-
	Provision for Foreign Exchange Rate Loss	35,420	69,835
	Provision for Gratuity Note-14.02	1,347,554	1,004,980
	Registration, Rate & Renewal Fees Payable	592,381	-
	Total	57,324,533	55,813,399
14.01	Provision for Value Added Tax (VAT): Tk. 5,311,501		
	The break-up is as below:		
	Opening Balance	3,100,319	-
	Add: Collection with Sales during the Year	92,281,083	86,934,254
		95,381,402	86,934,254
	Less: Deposit during the Year	(90,069,901)	(83,833,935)
	Total	5,311,501	3,100,319
14.02	Provision for Gratuity: Tk. 1,347,554		
	The break-up is as below:		
	Opening Balance	1,004,980	-
	Add: Addition during the Year	718,098	1,004,980
		1,723,078	1,004,980
	Less: Payment during the Year	(375,524)	-
	Total	1,347,554	1,004,980
15.00	Provision for Income Tax: Tk. 22,861,352		
	The break-up is as below:		
	Opening Balance	17,308,318	26,402,359
	Add: Addition for the year (Note: 22.00)	16,682,359	10,385,210
	Add: Income Tax on Stock dividend	-	1,663,898
		33,990,677	38,451,467
	Less: Adjusted during the year	(2,721,822)	(4,640,817)
	Less: Payment during the year	(8,407,503)	(16,502,332)
	Total	22,861,352	17,308,318

Provision for Income Tax amounting Tk. 2,721,822 was adjusted from advance income tax and Tk. 8,407,503 was paid for the assessment year 2020-2021. Amounting Tk. 22,861,352 is remaining balance for Provision for Income Tax.

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
16.00	Revenue: Tk. 1,414,657,548		
	The break-up is as below:		
	Sales (Including VAT)	1,506,938,631	1,495,584,554
	Less : Value Added Tax (VAT)	(92,281,083)	(86,934,254)
	Total	1,414,657,548	1,408,650,300
	Sales Quantity:		
	Writing Paper & Board Paper (Note # 5.03)	32,843 MT	29,411 MT
17.00	Cost of Sales: Tk. 1,230,027,348		
	The break-up is as below:		
	Opening Stock of Raw Materials & Chemicals	190,514,169	252,581,863
	Add: Local Purchase of Raw Materials & Chemicals	357,031,170	212,005,599
	Add: Import of Raw Materials & Chemicals	477,454,904	667,674,976
	Goods Available for Consumed	1,025,000,243	1,132,262,437
	Less : Closing Stock of Raw Materials & Chemicals	(89,255,395)	(190,514,169)
	Raw Materials Used	935,744,848	941,748,268
	Add: Factory Overhead		
	Wages & Salaries	51,838,729	50,298,476
	Overtime Bill	21,157,685	19,299,447
	Festival Bonus	4,809,048	4,455,797
	Oil & Lubricant	5,291,622	4,936,640
	Gas Bill	144,395,877	136,647,477
	Electricity Bill	30,728,580	20,180,127
	Workers Tiffin	65,230	60,042
	Machine Repairs & Maintenance (Note 5.04)	647,350	456,318
	Depreciation Charges (Annexure- "A")	54,855,115	56,764,784
		1,249,534,084	1,234,847,376
	Add: Opening Stock of Material-In-Process	12,579,822	9,750,360
		1,262,113,906	1,244,597,736
	Less: Closing Stock of Material-In-Process	(14,764,056)	(12,579,822)
	Cost of Production	1,247,349,850	1,232,017,914
	Add : Opening Stock of Finished Goods	60,712,492	57,301,521
		1,308,062,342	1,289,319,435
	Less: Closing Stock of Finished Goods	(78,034,994)	(60,712,492)
	Cost of Sales	Total 1,230,027,348	1,228,606,943



Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
18.00	Administrative Expenses: Tk. 67,465,246		
	The break-up is as below:		
	Salaries & Allowances	39,691,061	37,885,876
	Festival Bonus	2,771,395	3,026,435
	Telephone & Mobile bill	421,623	469,052
	Office Rent	276,000	276,000
	Directors Meeting Attendance Fees	259,200	249,600
	Directors Remuneration	2,700,000	3,900,000
	Travelling & Conveyance	325,822	277,228
	AGM Expenses	289,000	431,700
	Annual Listing Fees	433,168	1,178,900
	Entertainment	484,761	384,809
	Spare Parts (Motor Car)	1,347,009	2,895,774
	Oil & Fuel (Motor Car)	815,395	915,881
	Insurance Premium (Fire) (Note:7.04)	2,852,230	1,188,429
	Loss on Fire (Note: 18.01)	253,984	-
	Staff Uniform	9,225	125,652
	Office Maintenance	424,608	563,596
	Internet Bill	454,690	318,567
	Electrical Expenses	34,080	92,675
	Stationeries	314,800	548,081
	News Paper & Periodicals	3,860	5,750
	Postage & Stamps	9,390	12,820
	Medical Aid Expenses	41,630	78,250
	Registration, Rate & Renewal Fees	2,704,655	1,411,652
	Allowance for Bad Debts	-	1,152,730
	Gratuity	718,098	1,004,980
	Foreign Exchange Rate Loss	35,420	69,835
	Unrealised Loss on Investment in Shares (Annexure- "E")	1,487,714	-
	Fees & Charges on Investment in Shares (Annexure- "E")	2,494,092	-
	Miscellaneous Expenses	467,474	584,726
	Audit & Professional Fees	254,000	212,250
	Legal Fees & Expenses	146,930	10,510
	Bank Charges	1,456,637	561,902
	Depreciation Charges (Annexure- "A")	3,487,295	3,695,572
	Total	67,465,246	63,529,232

Directors Meeting Attendance Fees: Tk. 259,200

Directors Meeting Attendance Fees amounting Tk. 259,200 was paid to six Directors from which a sum of Tk. 21,600 was deducted as VAT and Tk. 21,600 as Tax at source and were duly paid to Govt. Rev A/C vide challan.

Directors Remuneration: Tk. 2,700,000

During the year the above amount was paid as Director Remuneration to three Directors from which a sum of Tk. 2,32,265 was deducted at source as tax and duly paid.

Allocation of Depreciation

The total Depreciation allocated into Cost of Sales and Administrative Expenses during the year and subsequently the prior year comparative has been restated.

18.01 Loss on Fire: Tk. 253,984

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

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

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
19.00	Selling and Distribution Expenses: Tk. 8,428,596		
	The break-up is as below:		
	Salaries & Allowances	2,632,192	4,131,167
	Packing & Binding Expenses	2,812,526	2,039,878
	Repairs & Maintenance	337,527	430,750
	Business Promotion Expenses	377,500	903,126
	Advertisement	473,770	575,011
	Delivery, Load & Unload Expenses	1,010,990	815,270
	Sales Promotion Expenses	368,255	752,380
	Sample Expenses	415,836	1,211,264
	Total	8,428,596	10,858,846
20.00	Finance Cost: Tk. 61,221,079		
	The break-up is as below:		
	MTR (Islami Bank Bangladesh Ltd.)	7,016,590	14,114,382
	UPAS (Islami Bank Bangladesh Ltd.)	9,608,103	7,248,126
	CC Hypo (Modhumoti Bank Ltd.)	344,632	12,501,204
	Term Loan (Modhumoti Bank Ltd.)	2,672,251	15,473,894
	UPAS (Modhumoti Bank Ltd.)	2,219,288	16,831,172
	OD (Pubali Bank Ltd.)	506,076	-
	UPAS (Pubali Bank Ltd.)	363,936	-
	Term Loan (Pubali Bank Ltd.)	35,142,397	-
	Stimulus (Modhumoti Bank Ltd.)	3,347,806	-
	Total	61,221,079	66,168,778
21.00	Other Income: Tk. 52,667,451		
	The break-up is as below:		
	(a) Bank Interest Income:	121,563	268,290
	MTDR A/C No: 838089/2839 (IBBL)	82,001	212,561
	MTDR A/C No: 838341/3089 (IBBL)	29,585	53,731
	STD A/C No: 1347 (SJIBL)	1,263	1,998
	SND A/C No: 1860 (Pubali Bank Ltd.)	8,714	-
	(b) Income from Sales of Shares (Realise Gain):	49,256,488	-
	Portfolio of SBL Capital Management Ltd.	12,053,220	-
	Portfolio of EBL Securities Limited	37,203,268	-
	(c) Cash Dividend Income:	2,320,870	-
	Portfolio of SBL Capital Management Ltd.	1,060,874	-
	Portfolio of EBL Securities Limited	1,259,997	-
	(d) Bad Debts Recovery	377,625	-
	Opening Balance of Bad Debts	1,152,730	-
	Less: Closing Balance of Bad Debts (Note: 5.00)	(775,105)	-
	(e) Income from Sales of Motor Vehicle:	590,905	-
	Sales Value of Motor Vehicle	800,000	-
	Purchase Value of Motor Vehicle	1,470,000	-
	Less: Depreciation	(1,260,905)	-
	Written down Value of Motor Vehicle	209,095	-
	Total	52,667,451	268,290

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
22.00	Income Tax Expense: Tk. 5,946,611		
	The break-up is as below:		
	<u>Current Tax</u>		
	Net Profit before Tax	95,412,124	37,861,706
	Less: Income from Sales of Shares (Realise Gain)	49,256,488	-
	Less: Income from Cash Dividend	2,320,870	-
	Net Profit before Tax (without income from Sales of Share and Cash Dividend)	43,834,766	37,861,706
	Add: Accounting Depreciation	58,342,409	60,460,355
	Add: Provision for Gratuity (Net off payment of Tk. 375,524)	342,574	1,004,980
		102,519,749	99,327,042
	Less: Tax base Depreciation	52,330,700	57,786,203
	Taxable Income	50,189,049	41,540,839
	Tax Rate	22.50%	25%
		11,292,536	10,385,210
	Income Tax on Stock Dividend	-	1,663,898
	10% Income Tax on Realise Gain of Sales of Shares (Tk. 49,256,488*10%)	4,925,649	-
	20% Income Tax on Cash Dividend Income (Tk. 2,320,870*20%)	464,174	-
		16,682,359	12,049,108
	<u>Deferred Tax</u>		
	Closing Deferred Tax Liabilities (Note: 12.00)	289,324,596	300,060,344
	Opening Deferred Tax Liabilities	300,060,344	300,980,127
	Deferred Tax (Income)/ Expenses	(10,735,748)	(919,783)
	Total	5,946,611	11,129,325
23.00	Net Asset Value (NAV) Per Share with Revaluation		
	Net Asset Value	5,204,015,939	5,122,869,917
	Number of Shares	18,302,883	16,638,985
	Net Asset Value Per Share	284.33	307.88
24.00	Earnings Per Share (EPS)		
	Surplus for the year attributable to Shareholders (Net Income)	89,465,514	26,732,381
	Number of Shares	18,302,883	18,302,883
	Earnings Per Share (Restated)	4.89	1.46
	Previous year's EPS has been adjusted in accordance with IAS 33: Earnings Per Share. During the Financial Year Our Sales and Others Income have been increased as a result EPS has also been increased compare to the Financial Year 2019-2020.		
25.00	Cash Flows Per Share from Operating Activities		
	Operating Cash Inflow during the Period	247,635,768	243,585,103
	Number of Shares (Restated)	18,302,883	18,302,883
		13.53	13.31

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.

26.00 Implication of COVID-19 on Business

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

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
27.00	Reconciliation of Profit/(Loss) after Tax with Cash Flows from Operating Activities		
	Net Profit/(Loss) after Tax	Profit/Loss A/C 89,465,514	26,732,381
	Add: Depreciation	Annexure-"A" 58,342,409	60,460,355
	Add: Loss on Fire	Note-18.01 253,984	-
	Add: Disposal of Motor Vehicle	Note-21 209,095	-
	Add: Finance Cost	Note-20 61,221,079	66,168,778
	Add: Unrealised Loss on Investment in Shares	Note-18 1,487,714	-
	Less: Other Income	Note-21 (50,197,872)	(268,290)
	(Increase)/Decrease in Advance, Deposits and Prepayment	Note-07 (27,580,890)	52,006,250
	(Increase)/Decrease in Trade and Other Receivable	Note-06 36,462,120	(25,055,521)
	(Increase)/Decrease in Inventory	Note-05 81,644,197	55,859,906
	Increase/(Decrease) in Trade and Other Payables	Note-14 1,511,134	17,695,068
	Increase/(Decrease) in Provision for Income Tax	Note-15 5,553,034	(9,094,041)
	Increase/(Decrease) in Deferred Tax for Temporary Difference	Note-12 (10,735,748)	(919,783)
	Total	247,635,768	243,585,103

28.00 Tax Assessment Status

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

Income year	Assessment Year	Provision	Tax Liabilities	Remarks
2016-2017	2017-2018	9,522,085	9,522,085	Completed
2017-2018	2018-2019	11,041,047	11,041,047	Completed
2018-2019	2019-2020	21,143,149	21,143,149	Completed
2019-2020	2020-2021	11,129,325	11,129,325	Completed
2020-2021	2021-2022	16,682,359	16,682,359	Will be Submitted

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

SI	Salary Range	2020-2021	2019-2020
I	5,000 - 15,000	10 Person	12 Person
II	15,001 - 25,000	19 Person	16 Person
III	25,001- 50,000	12 Person	18 Person
IV	50,001-200,000	13 Person	12 Person
V	2,00,001-250,000	1 Person	-
	Total	55 person	58 person

30.00 Payment to Directors

Details in respect of payment to Directors are given below.

Name of Board of Directors	Designation	No. of Meeting	Meeting Attending Fees	Total Meeting Fees	Directors Remuneration	Total (Taka)
Mohammed Younus	Chairman	5	9,600	48,000	-	48,000
Mahfuz Younus	MD & CEO	5	9,600	48,000	1,200,000	1,248,000
Mohammed Javed Noman	Director	5	9,600	48,000	1,500,000	1,548,000
A.K.M Nurul Fazal Bulbul	Director	5	9,600	48,000	-	48,000
Kazi Aslam Hossain	Director	3	9,600	28,800	-	28,800
Ashim Kumar Roy	Director	4	9,600	38,400	-	38,400
	Total			259,200	2,700,000	2,959,200

(a) During the year total 5 board meetings were held, total meeting fee was Tk. 2,59,200 including VAT & Tax.

(b) During the Financial Year Mr. Mohammed Younus, Chairman of the Company did not receive any Remuneration, Mrs. Mahfuz Younus, Managing Director & CEO received (12 Month X 1,00,000) = Tk. 12,00,000 as Remuneration and Mr. Mohammed Javed Noman received (12 Month X 1,25,000)= Tk. 15,00,000 as Director Remuneration.

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

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

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
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31.00 Production Capacity and Utilization:

Major Products	Unit	Production Capacity	Actual Production	Capacity Utilization %
Writing Paper & Board Paper (2020-2021)	MT	38,500	32,738	85.03
Writing Paper & Board Paper (2019-2020)	MT	38,500	29,695	77.13

32.00 Event After the Reporting Period

- a) The Board of Directors of the Company in its meeting held on 16 September 2021 approved the financial statements of the Company for the year ended 30 June 2021 and authorized the same for issue. The Board of Directors also recommended 20% stock dividend and 20% cash dividend for all shareholders of the company for the year ended 30 June 2021 subject to approval in the next Annual General Meeting has not been considered as a liability in the financial statements which is in compliance with the Bangladesh Accounting Standard (IAS) 10 Para 12.
- b) There is no other significant event that has occurred between the Financial Position date and the date when the Financial Statements were authorized for issue by the Board of Directors.

33.00 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.

34.00 Claim Acknowledgement

There was no claim against the Company acknowledged as debt as on 30 June 2021.

35.00 Credit Facility

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

36.00 Financial Risk Management

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

- Credit Risk
- Liquidity Risk
- Market Risk

Credit Risk

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

Note #	Particulars	Amount in Taka 2020-21	Amount in Taka 2019-20
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Liquidity Risk

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

Market Risk

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

a) Currency Risk

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

(b) Interest Rate Risk


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


Chief Financial Officer


Company Secretary


Director


Director


Managing Director



Sonali Paper & Board Mills Limited
Schedule of Property, Plant & Equipments
For the year ended 30 June 2021

Annexure-"A"

SL No.	Name of Assets	Cost			Rate	Depreciation				Written Down Value as on 30 June, 2021	Written Down Value as on 30 June, 2020	
		Balance as on 01 July 2020	Addition During the Year	Adjustment During the Year		Balance as on 30 June 2021	Charged During the Year	Adjustment During the Year	Balance as on 30 June, 2021			
1	Land & Land Development	5,175,047,500	-	-	0%	-	-	-	-	-	5,175,047,500	5,175,047,501
2	Building & Godown	91,115,440	871,840	-	5%	39,483,294	2,603,403	-	42,086,697	-	49,900,583	51,632,146
3	Labour Shed	2,323,952	-	-	5%	1,052,409	63,577	-	1,115,986	-	1,207,966	1,271,543
4	Plant, Machinery & Boiler	722,957,323	26,384,073	-	10%	331,181,293	40,496,807	-	371,678,100	-	377,663,296	391,776,029
5	Electric Equipments & Others	63,395,630	1,603,350	-	10%	34,455,741	2,974,156	-	37,429,897	-	27,569,083	28,939,889
6	Gene. & 5 MW Power Station	215,134,304	13,370,115	(31,486,681)	10%	106,539,765	8,379,292	(17,932,697)	96,986,360	-	100,031,378	108,594,538
7	Weighting & Road Scale	6,394,610	206,000	-	10%	3,889,795	260,782	-	4,150,577	-	2,450,034	2,504,815
8	Electric & Gas Installation	12,777,243	-	-	10%	8,762,676	401,457	-	9,164,133	-	3,613,110	4,014,567
9	Motor Vehicles	37,408,739	339,000	(1,470,000)	15%	21,776,214	2,149,804	(1,260,905)	22,665,113	-	13,612,626	15,632,525
10	Fax Machine	30,000	-	-	10%	22,374	763	-	23,137	-	6,863	7,626
11	PABX & Telephone Set	992,572	1,200	-	10%	647,148	34,662	-	681,810	-	311,962	345,425
12	Computer	7,649,776	301,153	-	10%	3,242,851	470,808	-	3,713,659	-	4,237,270	4,406,925
13	ETP	1,569,181	-	-	5%	763,654	40,276	-	803,930	-	765,251	805,527
14	Fire Fitting Equipments	1,601,353	10,600	-	5%	623,646	49,415	-	673,061	-	938,891	977,706
15	Crane, Trolley & Fork Lift	7,748,894	751,140	-	5%	2,548,872	297,558	-	2,846,430	-	5,653,604	5,200,022
16	Workshop & Loose Tools	483,799	-	-	5%	235,445	12,418	-	247,863	-	235,936	248,354
17	Furniture & Fixture	3,315,153	9,360	-	10%	2,252,195	107,232	-	2,359,427	-	965,086	1,062,958
	Balance as on 30 June 2021	6,349,945,469	43,847,831	(32,956,681)		557,477,373	58,342,409	(19,193,602)	596,626,180		5,764,210,439	5,792,468,096
	Balance as on 30 June 2020	6,288,491,997	61,453,472	-		497,017,018	60,460,355	-	557,477,373		5,792,468,096	

Note : Land and land development represents only land.

Allocation of Depreciation:

Amount

Cost of Sales 54,855,115

Administrative Expenses 3,487,295

Total Depreciation 58,342,409



Sonali Paper & Board Mills Limited
Schedule of Inventories
As on 30 June 2021

Annexure -"B"

Particulars	30 June 2021			30 June 2020		
	Qty (Kg)	Rate	Taka	Qty (Kg)	Rate	Taka
Raw Materials:						
Waste Paper (Fuka Board)	37,000	21.50	795,500	892,893	19.50	17,411,414
Waste Paper (KLT)	23,000	47.00	1,081,000	-	-	-
Waste Paper (O C C)	438,638	21.00	9,211,398	151,000	18.75	2,831,250
Waste Paper (Different Grade)	99,271	15.75	1,563,518	14,769	12.49	184,465
Pulp (Different Grade)	964,391	67.50	65,096,393	2,659,965	55.75	148,293,049
CoCa3	31,600	23.00	726,800	28,547	23.50	670,855
Sizing	308	57.00	17,556	17,845	52.00	927,940
OBA	14,533	185.00	2,688,605	30,195	210.00	6,340,950
Oxidise Modifide Starch	24,310	120.00	2,917,200	155,512	41.00	6,375,992
Fixing	150	450.00	67,500	4,927	250.00	1,231,750
Retention (Local)	-	-	-	1,433	500.00	716,500
Retention (Imported)	23	775.00	17,825	6,994	774.40	5,416,187
De-Foming	7,663	260.00	1,992,380	-	-	-
Paper Colour	869	140.00	121,660	224	340.00	76,160
5 B. F. N	3,267	900.00	2,940,300	-	-	-
Sodium Silicate	888	20.00	17,760	1,982	19.00	37,658
Total	1,645,911		89,255,395	3,966,286		190,514,169

Material-in-Process:

Paper of Different Grades	206,058	71.65	14,764,056	182,740	68.84	12,579,822
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Finished Goods:

Simplex (Different Grade)	121,596	42.50	5,167,830	-	-	-
Liner (Different Grade)	7,096	50.00	354,800	379,469	48.96	18,578,802
White Liner (Different Grade)	12,900	77.00	993,300			
Medium (Different Grade)	1,345	36.00	48,420	50,068	32.50	1,627,210
Writing Paper (Different Grade)	-	-	-	171,573	70.00	12,010,110
Printing Paper (Different Grade)	685,417	94.00	64,429,198	407,091	70.00	28,496,370
A-4 Paper (Different Grade)	74,909	94.00	7,041,446	-	-	-
Total	903,263		78,034,994	1,008,201		60,712,492

Spare Parts:

Particulars	Pcs	Rate	Taka	Pcs	Rate	Taka
a) Different Items	380	590.61	224,432	196	594.85	116,590
Total Taka			182,278,876	Total Taka		263,923,072

Sonali Paper & Board Mills Limited

Statement of Trade Receivables

As at 30 June 2021

Annexure -"C"

Sl. No	Name of the Party	Amount in Taka 30 June 2021	Amount in Taka 30 June 2020
1	A A Yearn Mills Ltd.	3,779,489	5,550,562
2	Asian Paper Converting Ind.	2,545,200	5,038,352
3	Badsha Textile Ltd.	5,757,038	5,059,050
4	B.N.N Packaging	-	5,675,917
5	Creative Paper Mills Ltd.	-	4,132,803
6	Dada Bobins Ltd.	3,595,172	5,356,308
7	G. C. Box Ltd.	-	2,324,183
8	EJ Paper & Packaging Pvt. Ltd.	6,294,154	-
9	Hasan Printing & Packaging Ind Ltd.	-	7,503,136
10	H. A. Sattar Printing & Packaging Ind.	4,623,004	4,631,533
11	Interna Plastic Ind.	-	3,632,018
12	Industrial Paper Products Enterprise	3,675,395	-
13	J. M. E Packaging	5,728,723	-
14	Kashpia Printing & Packaging Ind.	7,768,680	22,594,810
15	Motin Spinning	3,111,883	-
16	Modern Poly Industries	3,173,714	4,594,581
17	MSA Spinning	3,205,296	-
18	M/S. M.A.B Paper Products	3,058,481	4,480,672
19	MR Ali & Company	3,243,108	-
20	Platinum Print & Packaging Ltd.	7,686,236	5,659,780
21	Royel Box	-	2,302,660
22	Satata Printing & Packaging	3,933,611	-
23	Walton Hightec Ind. Ltd.	-	4,954,512
24	Wintech Core Pipe Ind.	4,152,700	-
25	Chandpur Paper House	-	9,238,649
26	Ever Green	-	9,652,433
27	Bashundhara Printing Zone	9,985,617	8,276,340
28	Razu Traders	-	7,484,165
29	Alam & Sons	9,652,316	9,760,138
30	Ananda Paper House	9,952,956	9,368,171
31	Intergraphic Ltd.	-	4,335,506
32	MJ Paper	7,578,889	8,493,942
33	M/S Akanda Traders	8,485,848	-
34	Rashedul Enterprise	7,673,862	6,930,838
35	Floral Printing & Binding	-	2,934,667
36	Neamot Enterprise	7,194,684	6,739,419
37	Saddam Paper	8,841,143	8,254,801
38	Sristi Printer	5,992,520	-
39	Dhaka Trade Center	2,454,800	-
40	Siddiq Printers	-	7,325,368
	Total Trade Receivables	153,144,520	192,285,314
	Less: Provision for Bad Debts	775,105	1,152,730
	Net Trade Receivables	152,369,415	191,132,584

Sonali Paper & Board Mills Limited
Statement of Trade and Other Payables
As at 30 June 2021

Annexure -"D"

Sl. No	Name of the Party	Amount in Taka 30 June 2021	Amount in Taka 30 June 2020
1	M/S. Babul Enterprise	225,650	125,630
	Total Taka	225,650	125,630



Sonali Paper & Board Mills Limited
Statement of Investment in Shares
As at 30 June 2021

Annexure -"E"

SL. No.	Name of Securities Company	Purchase Value of Shares as on 30 June 2021 Taka	Market Value of Shares as on 30 June 2021 Taka	Realised Gain for the FY 2020-21 Taka	Loan Balance as on 30 June 2021	Fees & Charges during the FY 2020-21	Dividend Receivables
1	SBL Capital Mangt. Ltd.	188,667,335	193,350,380	12,053,220	78,669,475	1,516,311	1,060,874
2	EBL Securities Ltd.	252,101,648	245,930,889	37,203,268	90,376,032	977,781	1,259,997
Total Taka		440,768,983	439,281,269	49,256,488	169,045,506	2,494,092	2,320,870

Investment in Shares: Tk. 439,281,269.00

The break-up is as below:

Sl. No.	Shares in Public Limited Company (Listed Company)	2020-2021				Balance as on 30 June 2020
		Number of Shares	Purchase Value as on 30 June 2021 Taka	Market Value as on 30 June 2021 Taka	Un-Realized Gain/(Loss)	
(a) Portfolio of SBL Capital Management Limited						
1	Asia Insurance Ltd.	199,728	20,117,883	20,631,902	514,019	-
2	BD National Ins Ltd.	484,518	64,444,664	61,727,593	(2,717,071)	-
3	Eastern Insurance Ltd.	309,155	39,671,498	37,284,093	(2,387,405)	-
4	Fortune Shoes Ltd.	1,394,994	51,631,254	62,356,232	10,724,978	-
5	NRB Commercial Bank Ltd.	353,600	12,802,036	11,350,560	(1,451,476)	-
Sub Total		2,741,995	188,667,335	193,350,380	4,683,045	
(b) Portfolio of EBL Securities Limited						
1	Asia Insurance Ltd.	300,000	31,895,400	30,990,000	(905,400)	-
2	BNICL	97,331	14,650,311	12,399,969	(2,250,342)	-
3	Eastern Insurance Ltd.	340,836	44,835,324	41,104,822	(3,730,502)	-
4	Fortune Shoes Ltd.	741,754	27,156,507	33,156,404	5,999,897	-
5	Genexil	1,300,000	119,306,850	115,570,000	(3,736,850)	-
6	Northern Insurance Ltd	200,000	13,821,340	12,320,000	(1,501,340)	-
7	NRB Commercial Bank Ltd.	12,140	435,916	389,694	(46,222)	-
Sub Total		2,992,061	252,101,648	245,930,889	(6,170,759)	
Grand Total		5,734,056	440,768,983	439,281,269	(1,487,714)	



Notice of the 44th Annual General Meeting

Notice is hereby given that the 44th Annual General Meeting (AGM) of Sonali Paper & Board Mills Limited will be held on **Thursday, November 11, 2021 at 11:00 a.m.** at virtually by using digital platform through the link <http://sonalipapr44.digitalagmbd.net> (Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Order No. BSEC/SRMIC/94-231/25 dated 08 July, 2020) to transact the following businesses:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 30 June, 2021 together with the Report of the Directors' and the Auditors' thereon.
2. To approve the dividend for the year ended 30 June, 2021 as recommended by the Board of Directors.
3. To elect/re-elect/resign Directors as per terms of the relevant provision of Articles of Association.
4. To appoint Statutory Auditors and to fix their remuneration.
5. To appoint Auditors/Professionals for Compliance of Corporate Governance Code.

By order of the Board
Sd/-



(Md. Rashedul Hossain)
Company Secretary

Dated: October 21, 2021

Notes:

- i. Shareholder's name appear in the Member/Depository Register of the company as on Record Date i.e. October 07, 2021 will be eligible to attend the 44th Annual General Meeting (AGM) and receive dividend.
- ii. Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin81 dated June 20, 2018, soft copy of the Annual Report-2020-2021 will be sent to shareholders respective email addresses as available in their Beneficiary Owner (BO) Accounts maintained with the CDBL. Soft copy of the Annual Report 2020-2021 will also be available at the Company's Website at: www.spbmlbd.com
- iii. A member entitled to attend and vote at the 44th Annual General Meeting can appoint a proxy to attend the meeting and vote on his/her behalf. The proxy form duly stamped with revenue stamp of Taka 20.00 must be sent at the share department of the company at 51, Central Road, Dhanmondi, Dhaka-1205 or through e-mail spshare@younusgroup.com not later than 48 hours before the appointed time of the meeting.
- iv. The shareholders will join the Virtual AGM of SPBML through the link prior of 24 hours of the meeting. The shareholders will be able to complete registration, comment and vote before commencement of the AGM and during the AGM.
- v. Shareholders bearing BO ID are requested to update the particulars of Bank A/C, e-mail address, change of address and 12 digit Tax payers' identification number (e-Tin) through their depository participant (DP) before **November 07, 2021**. If the shareholders fail to upload their e-Tin before **November 07, 2021** income tax at source will be deducted from payable dividend @ 15% instead of @ 10% as per amendment Income Tax Ordinance, 1984 under section 54. The Shareholders maintaining folio no. are also requested to submit their e-Tin before **November 07, 2021** to the Share Department of SPBML, 51, Central Road, Dhanmondi, Dhaka-1205.
- vi. Depository participants/ Stock Brokers are requested to send the list of margin account holders based on record date i.e. **October 07, 2021**, if any within November 15, 2021 to the company through hard copy or e-mail spshare@younusgroup.com, otherwise, the dividend will be paid to the shareholders whose names appeared in the Member/Depository Register on the "Record Date".
- vii. In case of non receipt of the Annual Report of FY 2020-2021 of the Company sent through the email, Shareholders may collect the same from the share office of the Company.



SONALI PAPER & BOARD MILLS LTD.

Corporate Office :

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Tel : 58610056-59, 9677781, Fax : +88-02-58613965, 58615683
E-mail : information@younusgroup.com