

ANNUAL REPORT

2019-2020



SONARGAON TEXTILES LTD.
a member of khansons group

LETTER OF TRANSMITTAL

To
The Members

Bangladesh Securities and Exchange Commission
Register of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject : Annual Report for the year ended 30 June 2020

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report containing Directors' Report, Auditors' Report along with Audited Financial Statements including Statement of Financial Position as at 30 June 2020, Statement of Profit or Loss and other Comprehensive income, Changes in Equity and Cash Flows for the year ended 30 June 2020 along with notes thereon for your record and necessary measures.

Yours sincerely



Md. Monir Hossain
Company Secretary

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SONARGAON TEXTILES LIMITED

FINANCIAL CALENDAR

Thursday, 14 November 2019

Quarter One

Adoption of unaudited 1st quarter financial statements ended 30 September 2019

Wednesday, 29 January 2020

Quarter Two

Adoption of unaudited 2nd quarter financial statements ended 31 December 2019

Sunday, 28 June 2020

Quarter Three

Adoption of unaudited 3rd quarter financial statements ended 31st March 2020

Thursday, 29 October 2020

Audited Financial Statements

Adoption of audited financial statements for the year ended 30 June 2020

Wednesday, 25 November 2020

Record Date

Record date in lieu of Book Closure

Thursday, 29 October 2020

AGM Notice

Notice of 34th Annual General Meeting

Wednesday, 9 December 2020

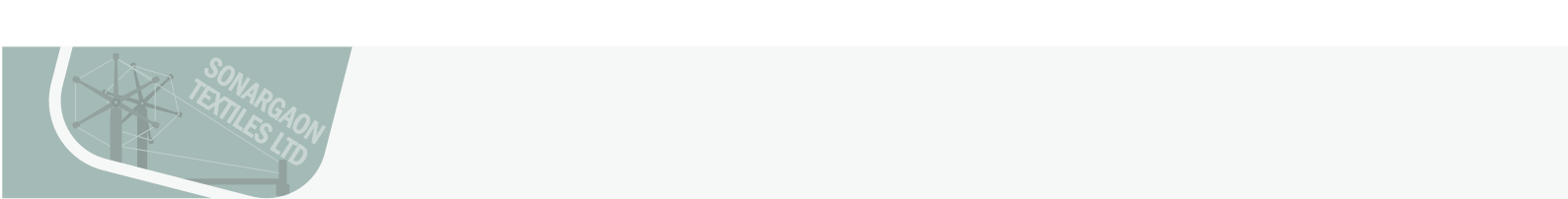
Annual Report

Issuance of Annual Report

Thursday, 24 December 2020

AGM Day

34th Annual General Meeting



Financial Year 2019-2020

FINANCIAL DATA

Gross Revenue	BDT 630.919 million
Net Revenue	BDT 630.919 million
Export	BDT 622.540 million
Gross Profit	BDT 71.635 million
Net Profit (After Tax)	BDT (98.563) million
EPS	BDT (3.72)
NET Asset Value	BDT 1,658.105 million
Net Asset Value Per Share (NAVPS)	BDT 24.43
Dividend Per Share	No Dividend

Photo Gallery of 33rd AGM



Photo Gallery of 33rd AGM



NOTICE OF THE 34th ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of Sonargaon Textiles Ltd. will be held on Thursday, 24 December 2020 at 11:00am. The Annual General Meeting will be held virtually by using digital platform to transact the following business:

AGENDA

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2020 together with the Reports of the Auditors' and Directors' thereon.
02. To elect/re-elect Directors in terms of the relevant provision of Articles of Association.
03. To appoint Auditors for the year 2020-2021 and fix their remuneration.
04. To appoint Compliance Auditors for the year 2020-2021 and fix their remuneration.
05. To transact any other business with permission of the Chair.

All shareholders of the company are requested kindly attend the meeting accordingly

Dated: 29 October 2020, Dhaka

By order of the Board



Md. Monir Hossain
Company Secretary

Notes:

1. The 'Record Date' of the Company shall be on Wednesday, 25 November 2020. The shareholders whose name will appear in the Share Register of the Company as on the 'Record Date' on Wednesday, 25 November 2020 shall be entitled to attend the AGM.
2. The Board recommended no dividend for the year ended 30 June 2020.
3. Pursuant to the Bangladesh Securities & Exchange Commission's order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be virtual meeting of the members, which be conducted via live webcast by using digital platform.
4. The member will be able to submit their question/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system, the members need to put their 16 digit Beneficial Owner(BO) ID number and other credential as proof of their identity by visiting the link given to the website of the company i.e., www.khansongroupbd.com. The link also sent/be sent to the e-mail addresses of the respective shareholders.
5. The detailed procedures to participate in the virtual meeting and Frequently Asked Questions (FAQs) have been published in the Company's website at www.khansongroupbd.com.
6. We encourage the members to log into the system prior to the meeting start time of 11.00am. Please contact +8801729718242 for technical difficulties in accessing the virtual meeting.
7. The shareholders entitled to attend and vote at AGM may appoint proxy on his/her behalf. The proxy form duly stamped valuing Tk. 20/- must be deposited at the registered office of the company not later than 48 (Forty eight) hours before the time fixed for the meeting.
8. Pursuant to the Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC / CMRRCD / 2006-158 / 208 /Admin / 81 dated 20 June 2018, the soft copy of the Annual Report-2020 is being sent to the email addresses of the members available in their Beneficiary Owner accounts maintained with Depository. The Members are requested to update their respective email address, mobile number & BO IDs with 12-Digit Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP).
9. The soft coy of the Annual Report will also be available on the company's website at www.khansongroupbd.com.

CORPORATE ACIVEMENT

1995	Listing with Dhaka Stock Exchange Ltd.	1995	Listing with Chattagram Stock Exchange Ltd.
1995	Initial Public offer(IPO) of Ordinary Shares	1995	Year of Incorporated as a Public Limited Company
1993	Year of Commercial Production	1985	Year of Commencement
1985	Year of Incorporation		



CORPORATE INFORMATION

Management Committee	Chairman Mr. Bazlur Rahman	
	Member Mr. Abrar Rahman Khan Mr. Anwar Hossain Mr. Md. Monir Hossain Mr. Md. Mostafa Mr. Ruhidas Karmakar Mr. Arjun Chandra Paul	
Audit Committee	Chairman Mrs. Nusrat Hafiz	
	Member Mrs. Rosy Rahman Mrs. Tahmina Akhter Mr. Md. Monir Hossain	
NRC Committee	Chairman Mrs. Nusrat Hafiz	
	Member Mrs. Rosy Rahman Mrs. Tahmina Akhter Mr. Md. Monir Hossain	
Managing Director	Mr. Bazlur Rahman	
Company Secretary & Head of Admin	Mr. Md. Monir Hossain	
Chief Financial Officer(CFO)	Mr. Md. Mostafa	
Head of Internal Audit & Compliance	Mr. Ruhidas Karmakar	
Management Team	Chairman Mr. Bazlur Rahman	Managing Director
	Member Mr. Abrar Rahman Khan Mr. Anwar Hossain Mr. Salauddin Ahmed Mr. Md. Monir Hossain Mr. Md. Mostafa Mr. Arjun Chandra Paul Mr. Soumen Kunddu Mr. Obaidul Gani	Director (Operation) Executive Director Project Director Company Secretary & Admin Chief Financial Officer AGM (Marketing & Fund) AGM (Production & Quality) Manager(Maintenance)
Statutory Auditors	M/S. G. Kibria & Company Chartered Accountants 33, Dilkusha C/A Dhaka-1000	
Compliance Auditors	M/S. Shafiq Basak & Co. Chartered Accountants	



Legal Advisor	Mr. Zainal Abedin Advocate, Supreme Court of Bangladesh, Dhaka		
Bankers	Bangladesh Development Bank Ltd. Rupali Bank Ltd. Mutual Trust bank Ltd.		
Insurance	Central Insurance Limited Golden Life Insurance Limited		
Registered Office	Rupatali, Barisal		
Corporate Office	Khansons Centre (8th & 9th Floor) 37, Kawran Bazar Commercial Area Dhaka-1215, Bangladesh		
Telephone(corporate office)	+880-2-55013501 +880-2-55013597 +880-2-55013498(Fax)		
Website	www.khansongroupbd.com		
E-mail	info@khansongroupbd.com		
Legal Status	A Public Limited Company incorporated in Bangladesh under the Companies Act, 1913(now the Companies Act, 1994)		
Authorized Capital	Tk. 5,000,00,000.00		
Paid up Capital	Tk. 264,670,560.00	Face Value	Tk. 10.00
Subsidiary Company	Not Applicable	Number of Shares	26,467,056
Listing	Dhaka Stock Exchange Ltd. Chattagram Stock Exchange Ltd		
FACTORY INFORMATION			
Factory Location	Rupatali, Barisal		
Telephone	+0431 71296 +0431 71219(Fax)		
Area of Land	10.25 Acre		
Nature of Product	100% Cotton Yarn		
Nature of Business	100% Cotton Yarn Exporter		
Installed Machinery	Spindles Rotors	71,136 672	
Running Machinery	Spindles Rotors	59,270 672	
Manpower	Staff & Officer Workers	116 1,622	

BOARD OF DIRECTORS



Mr. A.K.M Azizur Rahman
Chairman



Mr. Bazlur Rahman
Managing Director



Mrs. Rosy Rahman
Director



Mrs. Nusrat Hafiz
Independent Director



Mrs. Tahmina Akhter
Nominated Director by RBL

DIVIDEND HISTORY OF THE STL

Cash Dividend

1995	12.50%	1996	12.50%
1997	8.00%	1999	5.00%
2000	7.00%	2001	7.00%
2001	7.00%	2002	7.00%
2003	7.00%	2004	10.00%
2005	10.00%	2006	10.00%
2007	10.00%	2008	5.00%
2018-2019	3.00%		

Stock Dividend

2009	10.00%	2010	10.00%
2011	10.00%	2012	5.00%

No Dividend

1998	0.00%	2013	0.00%
2014	0.00%	2015	0.00%
2016-2017	0.00%	2017-2018	0.00%
2019-2020	0.00%		

Right Issue

2011	1:1
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TOP MANAGEMENT

Abrar Rahman Khan
Director (Operation)



Md. Anwar Hossain
Executive Director



Md. Salauddin Ahmed
Project Director



Md. Mostafa
Chief Financial Officer



Md. Monir Hossain
Company Secretary



Ruhidas Karmakar
Head of Internal Audit & Compliance

PROFILE OF DIRECTORS



Mr. A.K.M Azizur Rahman
Chairman

Chairman

Sonargaon Textiles Ltd.
Continental Insurance Ltd.
Golden Life Insurance Ltd.

Managing Director

Khansons Textiles Ltd.
Khansons Holdings Ltd.
Khansons Automobiles Ltd.
Khansons Group Ltd.

Member

Executive Committee
Bangladesh Insurance Association

Founder

Al-Haj B N Khan Degree College,
Uzirpur, Barisal
Mondopasha Anowara Begum
Girls High School

Other Activities

Former Chairman of the
Central Insurance Ltd.
Former Vice Chairman of the
Bangladesh Textiles Mills
Association(BTMA)
Former Vice Chairman of the
Bangladesh Association of Publicly
Listed Companies

Education

M.A(Sociology)
Dhaka University



Mr. Bazlur Rahman
Managing Director

Dy. Managing Director

Khansons Textiles Ltd.
Khansons Holdings Ltd.
Khansons Automobiles Ltd.
Khansons Group Ltd.

Education

M.A (Political Science)
Dhaka University



Mrs. Rosy Rahman
Director

Director

Central Insurance Ltd.
Khansons Textiles Ltd.
Khansons Holdings Ltd.
Khansons Automobiles Ltd.
Khansons Group Ltd.

Education

Higher Secondary School Certificate



Mrs. Nusrat Hafiz
Director (Independent)

Professional Activities

Lecturer, BRAC Business School
Jury Board Member
Business Plan Competition organization by
Center for Entrepreneurship Development

Academic Degrees

Doctoral Research Candidate, PhD on
Entrepreneurship, Management (to commence on 2019)
-Putra Business School, University of Putra, Malaysia.
Master of Business Administration, Finance and Marketing,
Bachelor in Business Administration, Finance and Marketing,
North South University, Bangladesh.

Awards Honors

Summa Cum Laude, Post-Graduate Academic Distinction of
North South University

Director (Independent)

Continental Insurance Limited



Mrs. Tahmina Akhter
Director (Nominated by RBL)

Professional Activities

General Manager
Rupali Bank Limited
Divisional Office, Barisal.

Academic Degrees

Master of Science (Psychology)
University of Dhaka.
Diplomaed Associate of the Institute of
Bankers, Bangladesh (DAIBB)
The Institute of Bankers, Bangladesh.

FINANCIAL HIGHLIGHTS ON FINANCIAL POSITION

(Five Years Comparative Statistics)

Amount in Taka

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015
Total Assets	1,658,105,948	1,792,618,262	1,699,463,390	1,662,394,071	1,596,292,245
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Number of Shares	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	646,469,895	752,973,131	754,673,816	769,655,870	805,611,599
Long Term Loan	888,740,741	523,858,156	520,933,135	245,283,675	456,169,338
Total Debts	1,011,636,053	1,039,645,130	918,140,860	608,258,200	790,680,646
Total Revenue	630,919,942	856,130,508	793,619,018	820,596,598	650,096,155
Gross Profit	71,635,477	154,393,931	133,132,991	115,703,149	87,584,148
Operating Profit	27,697,177	30,176,943	10,776,448	5,919,040	2,331,629
Profit before Tax	(99,335,070)	29,835,487	(9,802,500)	(19,190,770)	(26,420,450)
Profit after Tax	(98,563,119)	29,497,229	(14,981,474)	(24,608,750)	(22,42,866)

Liquidity Ratio

Current Ratio	52.70	2.58	2.69	1.51	1.84
Inventory Turnover Ratio	0.85	1.1	0.30	0.28	0.21

Profitability Ratio

Assets Turnover Ratio	0.37	0.50	0.12	0.12	0.10
Gross Margin Ratio	0.11	0.88	0.17	0.14	0.14
Operating Income Ratio	0.04	0.035	0.01	0.01	0.03
Return on Assets (ROA)	(0.06)	1.40	(0.0022)	(0.0037)	(0.0015)
Return on Equity (ROE)	(0.14)	3.19	(0.02)	(0.03)	(0.01)
Return on Investment (ROI)	(62.80)	9.26	(0.02)	(0.03)	(0.01)
Earnings Per Share (EPS)	(3.72)	0.93	(0.57)	(0.93)	(1.09)
Dividend	No Dividend	3%	No Dividend	No Dividend	No Dividend
Net Assets Value Per Share	24.43	29.44	28.51	29.08	30.44

Solvency Ratio

Debt Equity Ratio	59.41	42.58	43.57	28.72	33.67
Time Interest Earned Ratio	(4.09)	1.33	0.89	0.73	0.77

MESSAGE

From the Chairman



A.K.M Azizur Rahman
Chairman

"Bismillahir Rahmanir Rahim"

In the name of ALLAH, the most Merciful, the most Graceful

Dear Shareholders

Ladies and Gentlemen
Assalamu Alaikum,

We have the pleasure and pride of being able to extend a warm welcome to you at the 34th Annual General Meeting of Sonargaon Textiles Limited. It also gives me immense pleasure to place before you the Annual Report along with the Audited Financial Statements, Auditors' Report and Directors' Report thereon for the year ended on 30 June 2020.

I have appeared before you today with the help of digital platform with a very sad mind. Like people all over the world, today I am going through the days of fear and apprehension due to COVID-19. Although, I & the Managing Director of our company also suffered from Corona Virus, but by the Grace of Allah, we were able to recover from it. Over the years I have appeared before you about 26 times with the annual Report. Despite facing hundreds of adversities, every time you have put your trust in me, you have given me courage. After 26 years of operating the company, We have declared 19 years of Cash and Stock Dividend, of which 121% is Cash and 35% Stock dividend in 4 years. It has been possible only with your trust, faith and love.

As you are all aware, even though the company has been running at a loss for the last few years, we have declared a 3% cash dividend in the last 2018-2019 financial year and we were stable in the 2019-2020 financial year and we were moving forward well to the best of our ability until. Like the rest of the world, COVID-19 started attacking our country from the last week of March 2019. Our Government, declared a lockdown in our country, taking the well-being of the people. As a result, our factory was completely shut down for fourth quarter of the financial year 2019-2020 and the company's annual turnover decreased by about 26.31%. In addition, as one or more of our loan cases with Banks have been pending for a long time, we have decided on the recommendation and decision of the management of the company that we will not provision our accounts of Bank interest from this year. The Advance Income Tax of Taka 17,328,850/- shown in our accounts was written off as per the decision of the management of the company. In the meantime, we have rescheduled our Bank loan for 10 years by depositing 2% taka with Rupali and BDBL Bank. But MTBL Bank did not agree. Due to some improvement in the relationship with Rupali Bank, we were able to sell the 8-10 years old unusable cotton at loss which was laying in the warehouse as a pledge to Rupali Bank. The raw material value was Tk.118,723,320/-, which we sold as waste cotton at Tk. 77, 83,200/-, resulted at a loss of Tk. 110,940,120/-. As a result, the company could not make a Net profit after tax at the end of the year 30 June 2020.

Being an Optimistic Person, I believe that despite our many losses, we will able to manage the labour crisis and re-open the factory with a new initiative in early 2021, Insha'Allah.

Looking into the future, we see new conflicts and new challenges. We also see new hope and new opportunities. We firmly believe that challenges are everywhere; hence we should be prepared anytime anywhere, as opportunities always come hand in hand with challenges, and opportunities only favor those who are prepared. We are prepared and will continue to be even better prepared to face the challenges and make the best use of the opportunities.



I believe that our relentless and out-and-out service with enriched and quality products as well as the support of our competent workforce, sensible resources management process, better risk management capacity and corporate governance will bring sustainable growth that will maximize the value for the stakeholders in the year ahead.

We would like to extend our gratitude to our valued shareholders, Bangladesh Securities and Exchange Commission(BSEC), National Board of Revenue(NRB), Registrar of Joint Stock Companies and Firms(RJSC), Dhaka Stock Exchange Limited(DSE), Chittagong Stock Exchange Limited(CSE), Central Depository Bangladesh Limited(CDBL), the regulatory authority, Bangladesh Textiles Mills Association(BTMA) also other regulatory bodies and everyone in the STL family for their valuable guidance, support and co-operation.

I would also like to express my sincerest appreciation to my fellow Board Members for their generous assistance, advice and leadership, the management team and gratitude of our devoted employees who worked very hard to take the Company forward and brought tremendous success during this tough time.

Once again, I convey my heartiest thanks to all our shareholders and look forward to their continued support and co-operation in future.

May the Almighty Allah helps us and be with us always here and hereafter, Ameen,



A.K.M. Azizur Rahman
Chairman

Dated: 29 October 2020



Bazlur Rahman
Managing Director

MESSAGE

From the Managing Director

"Bismillahir Rahmanir Rahim"

In the name of ALLAH, the most Merciful, the most Graceful

Dear Shareholders

Ladies and Gentlemen
Assalamu Alaikum,

It is my great pleasure and honour to welcome you to the 34th Annual General Meeting of Sonargaon Textiles Limited and present the financial performance and achievements of the company for the year ended on 30 June 2020. On behalf of the Board of Directors, I convey my sincere gratitude for your continued support and encouragement towards the company. It is your kind support and constant assistance that has always resulted in the continuing success of this company. It definitely adds to our delight and dignity to note that we are now a three-decade old company. This fact reminds us about the promise of delivering services to our esteemed customers and satisfaction to our Stakeholders & the Shareholders as well.

You are all aware that the global COVID-19 epidemic has spread to our country since last week of March 2020. Fearing wide spread outbreaks, our government announced a nationwide shutdown in the last week of March 2020. According to the government's announcement, our company's business activities in the factory was also closed from the last week of March 2020. The factory has not been able to reopen till now due to various reasons. As a result, although the three quarters of 2019-2020 financial years continued as before, the company fell into losses in the fourth quarter & the company could not make a Net profit after tax at the end of the year 30 June 2020. Things that happened at the time were out of the control of the management of the company. The authorities, including me, believe that there was no lack of sincerity in running the company. I promise you, we will be careful in managing the company. I hope we will be back to production in the very near future. I wish you all good health with the hope that I will be able to return to the stream of profit by continuing production.

During the period from 01 July 2019 to 30 June 2020 the Company has produced 3,975.224 Lbs of 100% cotton yarn in various counts. Turnover has decreased 26.31%, compared to last year. This year we achieved gross profit of Taka 71,635,477.00 which has decreased 53.60 % and operating profit of Taka 27,697,177.00 which has decreased 8.22% compared to last year.

As you know due to lack of gas in Barisal, our factory is powered by electricity. Therefore, despite our sincere efforts we could not earn net profit because we have to pay more than two times the amount of electricity bills compared to the same nature and ranges of factories which are powered by gas. At the same time cotton prices are high and yarn prices are falling. Also we are charging a huge amount for financial expenses and writing off the Advance Income Tax & Loss of stock sale waste (Pledge) in our accounts

While concluding, I offer my gratitude to all the employees, Shareholders, Stakeholders, Government Agencies, Banks & Financial institutions, Customers, Consumers, Suppliers and other Services Agencies for their continuous cooperation and support.

Bazlur Rahman
Managing Director

Dated: 29 October 2020

DIRECTORS' REPORT

DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended 30 June 2020

"Bismillahir Rahmanir Rahim"

Honorable Shareholders,
Assalamu Alaikum,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987, BSEC Notification dated 3 June 2018 on Corporate Governance Code and IAS-1 (International Accounting Standards-1) & IFRS (International Financial Reporting Standards) codes as adopted by The Institute of Chartered Accountants of Bangladesh, it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 30 June 2020 in the following paragraphs:

Financial Result

For the year ended 30 June 2020, total revenue of STL was Taka 630.92 million which was Taka 856.13 million last comparative year. Total revenue has decreased 26.31% compared to the last financial year. The gross profit margin has decreased by 53.60% in the current year from last comparative year due to fall in production for closure of Mill in 3(three) consecutive months and adverse effect of COVID-19. EPS has been decreased 435.14% in the current year from the last comparative year due to write off Advance Income Tax, loss of stock sale and financial cost. NAV has been decreased 14.13% compared to the last financial year due to net loss after Tax, decrease in the company's Retained Earnings and Assets. NOCFPS has been decreased 241.81% compared to the last financial year due to lower sales & collection in the year under review.

Key Operating & Financial Information

The key operating and financial information for the year 2019-2020 along with the preceding five and half years are presented below:

Amount in Taka

Particulars	Financial year				
	2019-2020	2018-2019	2017-2018	2016-2017	2015
Net Turnover	630,919,942	856,130,508	793,619,018	820,596,598	650,096,155
Gross profit	71,635,477	154,393,931	133,132,991	155,703,149	87,584,148
Net Profit before tax	(99,333,070)	29,835,487	(9,802,500)	(19,190,770)	(26,420,450)
Net Profit after Tax	(98,563,119)	29,497,229	(14,982,055)	(24,608,750)	(28,774,301)
Earnings Per Share(Tk.)	(3.72)	1.11	(0.57)	(0.93)	(1.09)
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Shareholders' Equity	646,469,895	752,973,131	754,637,816	769,655,870	805,611,599
Net asset value per share(Tk.)	24.43	29.44	28.51	29.08	30.44

EPS and NAV per Share

EPS comes to Tk. (3.72) per share; NAV comes to Tk. 24.43 per share & NOCFPS comes to Tk. (0.78) per share for the period ended on 30 June 2020 against EPS Tk. 1.11 per share; NAV Tk. 28.45 & NOCFPS Tk. 0.55 per share as on 30 June 2019.

Significant deviation in EPS, NAV and NOCFPS:

Reason for significant deviation in EPS, NAV and NOCFPS as follows:

EPS has been decreased due to fall in production for closure of Mill in 3(three) consecutive months and adverse effect of COVID-19, Write off Advance Income Tax, loss of stock sale and financial cost. NAV has been decreased due to Net loss after Tax, decrease in the company's Retained Earnings and Assets. NOCFPS has been decreased due to lower sales & collection in the year under review.

Dividend

The Board of Directors of Sonargaon Textiles Ltd. in its 138th Board Meeting held on 29 October 2020 recommended to the shareholders dividend @ nil per share for the period ended 30 June 2020 due to incurred loss and there are no available retained earnings for declaring dividend. This will be considered for approval by the shareholders at the 34th Annual General Meeting (AGM) to hold on 24 December 2020.

Explanation of not declaring dividend

As you are all aware, even though the company has been running at a loss for the last few years, we have declared a 3% cash dividend in the last 2018-2019 financial year and we were stable in the 2019-2020 financial year and we were moving forward well to the best of our ability until. Like the rest of the world, COVID-19 started attacking our country from the last week of March 2020. Our Government, declared a lockdown in our country, taking the well-being of the people. As a result, our factory was completely shut down for fourth quarter of the financial year 2019-2020 and the company's annual turnover decreased by about 26.31%. In addition, as one or more of our loan cases with Banks have been pending for a long time, we have decided on the recommendation and decision of the management of the company that we will not provision our accounts of Bank interest from this year. The Advance Income Tax of Taka 17,328,850/- shown in our accounts was written off as per the decision of the management of the company. In the meantime, we have rescheduled our Bank loan for 10 years by depositing 2% taka with Rupali and BDBL Bank. But MTBL Bank did not agree. Due to some improvement in the relationship with Rupali Bank, we were able to sell the 8-10 years old unusable cotton at loss which was laying in the warehouse as a pledge to Rupali Bank. The raw material value was Tk. 118,723,320/-, which we sold as waste cotton at Tk. 77, 83,200/-, resulted at a loss of Tk. 110,940,120/-. As a result, the company could not make a Net profit after tax at the end of the year 30 June 2020.

The Board Members discussed the issues in detail and agreed at the meeting that, most of the issues that, arose were beyond our control. We had no shortage of sincerity in running the company.

As a result, the company could not earn the net profit after Tax for the financial year ended 30 June 2020, earning per share (EPS) came down also negative. After discussion the board agreed could not recommended no dividend to the shareholders of the company for the year ended 30 June 2020.

Principal Activity

The Company owns and operates a textile spinning mill comprising 3 units, viz, of unit-1, unit-2 and unit-3 and its principal activities and operations are manufacturing of 100% cotton yarn of different counts and sales thereof.

Analysis of Operating Performance

Business Outlook- a general overview

Global Economic Scenario

The COVID-19 pandemic has spread with astonishing speed to every part of the world and infected millions. The health and human toll is already large and continues to grow, with hundreds of thousands of deaths and many more suffering from diminished prospects and disrupted livelihoods. The pandemic represents the largest economic shock the world economy has witnessed in decades, causing a collapse in global activity. Various mitigation measure such as lockdowns, closure of schools and non-essential business, and travel restriction have been imposed by most countries to limit the spread of COVID-19 and ease the strain on health care systems. The pandemic and associated mitigation measures have sharply curbed consumption and investment, as well as restricted labor supply and production. The cross-border spillovers have disrupted financial and commodity markets, global trade, supply chains, travel, and tourism.

Financial markets have been extremely volatile, reflecting exceptionally high uncertainty and the worsening outlook. Flight to safety led to a sharp tightening of global and EMDE financial conditions. Equity markets around the world plunged, spreads on riskier categories of debt widened considerably, and EMDEs experienced large capital outflows in much of March and April that bottomed out only recently. Commodity prices have declined sharply as a result of falling global demand, with oil particularly affected.

Many countries have provided large-scale macroeconomic support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets. Central banks in advanced economies have cut policy

rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence. In many EMDEs, central banks have also eased monetary policy. The fiscal policy support that has been announced already far exceeds that enacted during the 2008-09 global financial crisis.

In all, the pandemic is expected to plunge a majority of countries into recession this year, with per capita output contracting in the largest fraction of countries since 1870 (Figure 1.1.F). Advanced economies are projected to shrink by 7 percent in 2020, as widespread social-distancing measures, a sharp tightening of financial conditions, and a collapse in external demand depress activity. Assuming that the outbreak remains under control and activity recovers later this year, China is projected to slow to 1 percent in 2020 by far the lowest growth it has registered in more than four decades.

Due to the negative spillovers from weakness in major economies, alongside the disruptions associated with their own domestic outbreaks, EMDE GDP is forecast to contract by 2.5 percent in 2020. This would be well below the previous trough in EMDE growth of 0.9 percent in 1982, and the lowest rate since at least 1960, the earliest year with available aggregate data. EMDEs with large domestic COVID-19 outbreaks and limited health care capacity; that are deeply integrated in global value chains; that are heavily dependent on foreign financing; and that rely extensively on international trade, commodity exports, and tourism will suffer disproportionately. Commodity-exporting EMDEs will be hard hit by adverse spillovers from sharply weaker growth in China, and by the collapse in global commodity demand, especially for oil. With more than 90 percent of EMDEs expected to experience contractions in per capita incomes this year, many millions are likely to fall back into poverty.

With advanced economies contracting, China experiencing record-low growth, and EMDE growth savaged by external and domestic headwinds, the global economy is expected to shrink by 5.2 percent this year in a baseline forecast. This would be the deepest global recession since World War II, and almost three times as steep as the 2009 global recession. The forecast assumes that the pandemic recedes in such a way that domestic mitigation measures can be lifted by mid-year, adverse global spillovers ease during the second half of the year, and dislocations in financial markets are not long-lasting. Although a moderate recovery is envisioned in 2021, with global growth reaching 4.2 percent, output is not expected to return to its previously expected levels.

Since uncertainty around the outlook remains exceptionally high, alternative scenarios help illustrate the range of plausible global growth outcomes in the near term. In particular, the baseline forecast for 2020 could prove optimistic. If COVID-19 outbreaks persist longer than expected, restrictions on movement and interactions may have to be maintained or reintroduced, prolonging the disruptions to domestic activity and further setting back confidence. Disruptions to activity would weaken businesses' ability to remain in operation and service their debt, while the increase in risk aversion could raise interest rates for higher-risk borrowers. With debt levels already at historic highs, this could lead to cascading defaults and financial crises across many economies. Under this downside scenario, global growth would shrink almost 8 percent in 2020. The recovery that follows would be markedly sluggish, hampered by severely impaired balance sheets, and heightened financial market stress and widespread bankruptcies in EMDEs. In 2021, global growth would barely begin to recover, increasing to just over 1 percent.

In contrast, in an upside scenario, a sharp economic rebound would begin promptly if pandemic-control measures could be largely lifted in the near term, and fiscal and monetary policy responses succeed in supporting consumer and investor confidence, leading to a prompt normalization of financial conditions and the unleashing of pent-up demand. However, even with these positive developments, the near-term contraction in global activity of more than 3 percent in 2020 would still be much larger than during the global recession of 2009, and EMDE growth would also be negative. Once pandemic control measures are fully lifted, global growth would rebound markedly in 2021, to above 5 percent.

Policymakers face formidable challenges as they seek to contain the devastating health, macroeconomic, and social effects of the pandemic. During the last global recession, in 2009, many EMDEs were able to implement large-scale fiscal and monetary responses. Today, however, many EMDEs are less prepared to weather a global downturn and must simultaneously grapple with a severe public health crisis with heavy human costs. Particularly vulnerable EMDEs include those that have weak health systems; those that rely heavily on global trade, tourism, and remittances; those that are prone to financial market disruptions; and those that depend on oil and other commodity exports. EMDEs where poverty and informality are widespread, including many low-income countries, are also vulnerable, since their poor have limited access to proper sanitation and adequate social safety nets, and often suffer greater food insecurity. An arsenal of macro prudential support policies has

been deployed in EMDEs to maintain financial sector resilience and promote lending during the crisis. These include relaxing capital and liquidity coverage requirements, allowing banks to draw down capital and liquidity buffers, and encouraging banks to offer temporary loan repayment holidays to distressed borrowers. Further, many countries have initiated debt moratoria and government guarantees on bank loans to strengthen bank balance sheets and support distressed borrowers. Policymakers would, however, need to carefully balance some of these actions against jeopardizing the future stability of the financial sector. Once economic activity begins to normalize, they will also need to prudently withdraw the large-scale policy stimulus provided during the crisis without endangering the recovery. Meanwhile, many EMDEs have introduced fiscal measures to expand social safety nets and protect those most vulnerable, including wage support to preserve jobs, increased access to unemployment benefits, and targeted cash transfers to low-income households. In EMDEs with wider fiscal space, the policy response has been markedly greater than in those more constrained by higher debt levels. For many energy-exporting EMDEs, fiscal balances are deteriorating as oil prices have fallen below fiscal break-even prices. Elevated debt burdens in some low- and middle-income countries also underscore the need for temporary debt relief. In this context, global coordination and cooperation—of the measures needed to slow the spread of the pandemic, and of the economic actions needed to alleviate the economic damage, including international support—provide the greatest chance of achieving public health goals and enabling a robust global recovery. In the near term, COVID-19 has underscored the need for governments to prioritize the timely and transparent dissemination of accurate information in order to stem the spread of the disease, and to build public trust. In the long term, the pandemic has laid bare the weaknesses of national health care and social safety nets in many countries. It has also exposed the severe consequences of widespread informality and financing constraints for small and medium enterprises (SMEs) in many EMDEs. There is a critical need to invest in resilient health care systems that prioritize national health security, in order to prevent and mitigate similar crises.

It is also necessary to put in place social benefit systems that can provide an effective, flexible, and efficient safety net during disasters. Such systems can be augmented by measures to deliver income support and emergency financing to vulnerable groups such as the poor, urban slum dwellers, migrants, and informal firms. In particular, digital technologies can enhance the provision of cash transfers and other critical support measures, as well as facilitate the flow of remittances.

In many countries, deep recessions triggered by COVID-19 will likely weigh on potential output for years to come. Governments can take steps to alleviate the adverse impact of the crisis on potential output by placing a renewed emphasis on reforms that can boost long-term growth prospects.

Bangladesh Economy

The economy of Bangladesh is a developing market economy.[It's the 35th largest in the world in nominal terms, and 30th largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a frontier market. In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth.[39] Dhaka and Chittagong are the principal financial centers of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The financial sector of Bangladesh is the second largest in the Indian subcontinent. Bangladesh is one of the world's fastest growing economies.

In the decade since 2004, Bangladesh averaged a GDP growth of 6.5%, that has been largely driven by its exports of readymade garments, remittances and the domestic agricultural sector. The country has pursued export-oriented industrialization, with its key export sectors include textiles, shipbuilding, fish and seafood, jute and leather goods. It has also developed self-sufficient industries in pharmaceuticals, steel and food processing. Bangladesh's telecommunication industry has witnessed rapid growth over the years, receiving high investment from foreign companies. Bangladesh also has substantial reserves of natural gas and is Asia's seventh largest gas producer. Offshore exploration activities are increasing in its maritime territory in the Bay of Bengal. It also has large deposits of limestone. The government promotes the Digital Bangladesh scheme as part of its efforts to develop the country's growing information technology sector.

Bangladesh is strategically important for the economies of Northeast India, Nepal and Bhutan, as Bangladeshi seaports provide maritime access for these landlocked regions and countries. China also views Bangladesh as a potential gateway for its landlocked southwest, including Tibet, Sichuan and Yunnan.

As of 2019, Bangladesh's GDP per capita income is estimated as per IMF data at US\$5,028 (PPP) and US\$1,906 (nominal). Bangladesh is a member of the D-8 Organization for Economic Cooperation, the South Asian Association for Regional Cooperation, the International Monetary Fund, the World Bank, the World Trade Organization and the Asian Infrastructure Investment Bank. The economy faces challenges of infrastructure bottlenecks, bureaucratic corruption, and youth unemployment.

Challenges

Bangladesh is both an inspiration and a challenge for policymakers and practitioners of development. While the country recorded strong performance in income growth and human development, Bangladesh faces daunting challenges with an increased level of vulnerability with about 39 million people still living below the national poverty line.

The COVID-19 pandemic will deepen the challenges including a decline in exports, lower private investment, and job losses. Investment and exports are likely to continue to suffer amid uncertainty about the recovery of global demand. The poor and vulnerable are more impacted with income loss and poverty may rise. The implementation of the government's COVID-19 response program will remain a paramount priority.

Creating more and better jobs for its youth remains a critical priority for Bangladesh to turn around and achieve its development vision. To do so, Bangladesh will need to remove the barriers to higher investment posed by low access to reliable and affordable power, poor transportation infrastructure, limited availability of serviced land, uncertain and complex business regulation, among others. Challenges related to COVID-19, rapid urbanization and climate change need to be addressed through long-term planning.

With the right policies and timely action, Bangladesh can accelerate its recovery from the economic downturn and continue to progress towards upper-middle income status.

Industry Outlook

(Current scenario of the textile industry in Bangladesh)

Industrialization is a major reason for the economic development of a country. It plays a significant role in transforming the monetary structure of developing nations. Textile industry of Bangladesh is more than 500 years old. It is one of the oldest and most successful industries with its rich history. Moreover, in recent years there has been a substantial development in yarn and fabric production.

There is a significant effect of globalization on international textile and apparel trade. Today, the developed countries are hugely dependent on the developing nations for textile and garment manufacturing. At present, Bangladesh ranks second in the world as the largest apparel producers with a \$20 billion business in which 80% is earned by exporting goods.

There are three fundamental factors which have boosted the growth of textile in Bangladesh. The country has plenty of resources, opportunities, and beneficial government policies. In Bangladesh large number of labor workers can be found. Also, natural gas and cost of energy is cheap. With huge population, labor is abundant, and Bangladesh has an advantage in producing labor intensive products.

The main reason for the development of the textile industry in Bangladesh is the hardworking labor force. They put in more working hours to complete the target. Therefore, in recent times the per capita income of the country and the standards of living of the people have improved. Secondly, the country acquired an advantageous opportunity to trade with America and the European countries in readymade garments segment.

These opportunities were supported by the government policies which sustained the growth of textile in Bangladesh. The liberal government policies promoted investments from foreign countries. The garment industry of Bangladesh is renowned and holds a major place in the world market today. The textile industry of the country has specialized textile goods, knitwear, and woven apparels. These products top in grabbing the export income for the country.

Moreover, the quota-free textile rule which has been introduced since 2005 has substantially improved the textile industry of Bangladesh. The government policies that supported textile included monetary advantages and institutional help. As mentioned earlier, labor and power are cheap and easily available here compared to India, Pakistan or China. This gives them a competitive advantage against their competitors.

The new textile policies which have been introduced almost have no tariffs for the spinning sector. However, the imported yarns and materials have high tax rates so as to encourage the use of local fabrics and yarn production. All these factors worked together in favor of the textile development in Bangladesh. Nevertheless, in the past ten years the country has witnessed the growth of spinning industry.

The spinning capacity has increased four times in ten years which is a commendable job. In current scenario, the textile industry employs almost 4 million people in Bangladesh. 45% of the industrial employment is the result of textile industry. According to the latest reports, Bangladesh exports apparels worth \$5 billion annually to the US, European countries, Canada and other nations.

Majority of its exports include polyester fabrics, fabrics made from man-made fibers, PV fabrics, viscose thread fabrics etc. Apparel exports mainly consist of knitted or woven shirts, tops, trousers, skirts, shorts, sweaters and sportswear garments. The handloom industry provides employment for large number of people and also produces fabrics required by the domestic market. In spite of being one of the growing and largest industries of Bangladesh, it faces some challenges.

It is a known fact the Bangladesh has a great future in textile and garment industries. In fact a major chunk of national income is earned from the foreign currency received from textile and readymade garment exports. The textile and garment sector contributes to 81.43% of the total exports of Bangladesh. In this situation, it is easy to understand what will happen if there is any exhaustion or problem in this sector.

Availability of abundant natural gas, cheap labor and energy has been the core reason due to which the textile industry has sustained in Bangladesh over the years. However, in the recent years all the abundant resources which have been the backbone of the textile industry have turned hostile. The basic raw materials needed in the spinning sector are raw cotton and synthetic fibers. Sadly, none of these are produced in Bangladesh.

The energy which was available in abundance has become insufficient. Water which was in ample quantity has become scarce as it is being used quickly and made dirty. Also the huge population which was available for the labor intensive industries have not being employed and looked upon properly. Hence, the core strengths of the textile industry are becoming a major setback for the industry. However, the government is looking forward to find solution to these problems.

In this situation, Bangladesh cannot afford to waste these valuable resources or it cannot compete in the international textile and garment market. The main agenda of the 2nd International conference on textile & apparel is proper and efficient use of the resources. In this conference, the actual scenario of the textile industry will be discussed. The main priority is to come up with apt solutions to tackle the sensitive issues, and implement strategies that will enhance the growth of textile industry in Bangladesh.

The recent collapse of the factory building near Dhaka; has questioned the safety standards in the factories of Bangladesh at a global platform. As per the reports more than 300 factories have been shut down in Ashulia after this fatal incident. Nearly 80% of the factory workers have demanded increase in the salary and safety measures to be followed.

In response to this deadly accident, Bangladesh has requested European Union not to take strict steps against them in this critical situation. If the EU or other buyers enforce any tough measures on trade with Bangladesh it will badly affect the economy of the country. Also, millions of workers will lose their jobs.

In conclusion, one can say that if Bangladesh is able to maintain its current growth in textile and readymade garment industry, it can reach the target of \$40 US dollar export by 2020. To achieve this position, it needs significant development in this sector and reasonable access to the US and the EU market.

Opportunities for Bangladesh Spinning Sector

- Possibility of producing high value diversified yarn.
- Yarn export possibility creation by means of diversified yarn production and exploring new market opportunities.
- Now a day, investors come forward to research and development sector that causes the possibility of increasing economic social and environmental sustainability of the companies.
- Quality cotton production that decreases the dependency to the overseas for quality cotton.
- The opportunity of low grade value added product production because china is falling back from this sector. Focusing more to the Public Relation buildup of the companies, doing branding, marketing and promotion of the companies. The companies can showcase their products and developments at global platforms.

Threats for Bangladesh Spinning Sector

- Shortage of skilled manpower and at a high cost.
- Absence of visionary government and political instability.
- Continuous Pressure from ILO (international labor organization) and other agencies to increase the salary of workers.
- Illegal action of accord and alliance towards RMG sector that paves way of many closure of garments industries. As a result, deficiency of yarn demand and supply is happened.
- Though India, China, Pakistan passes out from low value added product, it still produces huge amount of value added yarn.
- India, one of the big competitors of Bangladesh because India exports all types of less or high value and diversified products all over world.
- Vietnam is now becoming a new competitor because they start producing different types value added products.

Performance of STL in 2019-2020

The Company's operating financial results, as compared to the previous year are summarized hereunder:

Particulars	2019-2020	2018-2019	2017-2018
Turnover	630,919,942	856,130,508	793,619,018
Cost of Goods sold	559,284,464	701,736,577	660,486,040
Gross profit	71,635,477	154,393,931	133,132,991
Administration Expenses	23,053,822	30,550,588	33,707,057
Selling & Distribution Expenses	1,395,745	2,351,000	2,031,050
Operating Income	27,697,177	30,176,943	18,959,719
Finance Cost	19,488,377	91,315,400	78,435,165
Other Income	1,436,722	1,439,359	1,437,782
Net operating before WPPF	(99,135,070)	31,616,302	(9,602,500)
Contribution WPPF	-	1,580,815	-
Net Profit (Before Tax)	(99,335,070)	29,835,487	(9,802,500)
Provision for Income Tax	3,785,520	5,136,783	4,988,291
Provision for Deferred Tax	4,557,471	178,784	191,264
Net Profit(After Tax)	(98,563,119)	24,519,920	(14,982,055)
Gross Profit Margin	0.11	18.00	0.17
Net Profit Margin(AT)	(15.62)	2.86	(1.89)
EPS(Earning Per Share)	(3.72)	1.11	(0.57)

The Turnover, Gross Profit and Net Profit (After Tax) decreased by 26.31%, 53.60% and 435.14% respectively during the year of 2019-20 in comparison to previous year due to fall in production for closure of Mill in 3(three) consecutive months and adverse effect of COVID-19, Write off Advance Income Tax, loss of stock sale and financial cost, resulting in decrease in Earning Per Share (EPS) Tk. (3.72).

Gross Profit Margin decreased by 53.60% and Net Profit Margin decreased by 234% due to increase in operating & finance cost in the year under review. The Cost of Goods Sold has increased during the year of reporting due to increase in cost of raw materials, fuel/power and factory Overheads which were beyond the control of the management.

The Cost of Goods Sold per unit has declined by 20.30% in the current year over previous year due to decreased of production, decreased by 26.31% turnover, changes in cost of raw materials consumed, packing cost, Power Cost and Spare Cost in the reporting Year than previous year.

The Company however earned an extra tk. 1,436,722 as non-operating income (stated in Note No. 26) of audited accounts) during the year 2019-2020 against dividend received from CDBL and Interest income.

Financial Data for Last Five Years

(Figure in taka)

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015
Totals Assets	1,658,105,948	1,792,618,262	1,699,463,390	1,662,394,071	1,596,292,245
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Number of Shares	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	646,469,895	752,973,131	754,673,816	769,655,870	805,611,599
Long term Loan	888,740,741	523,858,156	520,933,135	245,283,675	456,169,338
Total Debts	1,011,636,053	1,039,645,130	918,140,860	608,258,200	790,680,646
Total Revenue	630,919,942	856,130,508	793,619,018	820,596,598	650,096,155
Gross Profit	71,635,477	154,393,931	113,132,991	115,703,149	87,584,148
Operating Profit	27,697,177	30,176,943	10,776,448	5,919,040	2,331,629
Profit before Tax	(99,335,070)	29,835,487	(9,802,500)	(19,190,770)	(26,420,450)
Profit after Tax	(98,563,119)	29,497,229	(14,981,474)	(24,608,750)	(2,242,866)

From the above, it is revealed that total assets and Shareholders' equity of the Company decreased during the reporting year. Total assets of the Company recorded BDT 1,658.11 million which was decreased 7.50% compared to the last year. On the other hand Shareholder's Equity decreased due to current year negative to retained earnings as on 30 June 2020.

Key Performance Ratio

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015
Gross Margin Ratio	0.11	0.88	0.17	0.14	0.14
Operating Income Ratio	0.04	0.035	0.01	0.01	0.03
Return on Assets(ROA)	(0.06)	1.40	(0.0022)	(0.0037)	(0.0015)
Return on Equity(ROE)	(0.14)	3.19	(0.02)	(0.03)	(0.01)
Earnings per Share	(3.72)	1.11	(0.57)	(0.93)	(1.09)
Net Assets Value Per Share	24.43	29.44	28.51	29.08	30.44

Gross Margin Ratio and Operating Income Ratio decreased slightly due to increase of cost of production and operating expenses. Due to decrease financial income, EPS of the Company decreases and NAV of the Company decreased during the year.

Capital Machinery

The Company couldn't add any capital injection and capital machineries during the year.

Segment Information

Sonargaon Textiles Ltd. is operating single business and geographic segment within the company operates as such no segment reporting is felt necessary.

The company produces a single product "Cotton Yarn" of varied count and qualities. Hence, Company's 100% revenue is generated from its only product "Cotton Yarn". As per customers' requirements; on receiving the orders, STL manufactures the products and supplies those to the respective customers' destination.

Disclosure on Production Capacity & Utilization

Details of production capacity utilization

Particulars	License Capacity	Installed Capacity in MTs	Actual Production for the financial year 2019-2020	Capacity Utilization for the financial 2019-2020
Annual production Capacity of Yarn in MTs	Not Mentioned in the License	5,953	1,803	30.29%

Production and Sales

During the reporting period, the company produced 1,803 MTs of 100% cotton yarn in various counts. Gross turnover was Tk. 630,919,942.

Disclosure on extra-Ordinary Gain or Loss

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is no part of the Company's ordinary/day to day operations. There are no such a gains or losses during the year under reporting.

Capital Expenditure

There is no capital expenditure during the year under reporting.

Capital Infusion

During the year, there was no equity capital infusion in the Company. The existing Paid up capital of the Company is BDT 264.67056 million. The Company has declared no dividend in the last financial year; as a result, paid up capital of the Company stood at BDT 264.67056 million.

Disclosure Regarding Utilization of proceeds from Public Issues (IPO), Rights Issues

The collected money was invested in the time and the period declared in the prospectus.

Risk Management

Risk management refers to the practice of identifying potential risk in advance, analyzing those and taking precautionary steps to reduce/curb the risk. In the textiles industries, various risk are encompasses around it.

The risk may occur adverse affect to the Company's sales and profit etc. Mostly, the risk arises from falling demand for the product, shortage of power, shortage of worker, workers unrest and Raw material shortage along with other related risk such as Interest Rate Risk, Foreign Exchange Risk, Technology Risk, Market Risk, Political Risk and other regulatory Risk etc. The Company is aware of its risks concern and well prepared to meet those by systematic control.

Financial Risk Management

The management of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to effect changes in market conditions and the Company's activities. The Company has exposure to the following risks 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 and exposure to credit risk is monitored on an ongoing basis. As at 30 June, 2020 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to 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 equivalent to meet expected operational expenses including financial obligations 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. In extreme stressed conditions the company may get support from the related company in the form of short-term financing.

Market Risk

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

(a) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency

transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad. The company has received foreign currency against export of finished goods. The effect of gain or losses regarding currency risk will be minimal of the gain or loss will be offsetting through the foreign currency receivable & payable. Moreover, Bangladesh is a country where the fluctuations of spot rate of BDT against USD is minimal also.

(b) Interest rate risk:

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The company's exposure to the risk of changes market interest rate relates primarily to the company's short-term finance and term loan. The company's policy is to keep its short-term running finance at lowest level by effectively keeping the positive bank balances. The company made fixed interest rate borrowing from the financial institution under finance lease.

Risk Management Philosophy of STL's are

Creating maximum value for the shareholders' depositors and employees in the long term. Managing risk in a forward-looking manner and identifying & analyzing those risks from the beginning with help of steering risk strategies, models and parameters. Besides efficiently managing of inventories, proper sourcing & timing, economic order quantity with the most organized way reduce STL's cost of procurement. For power (electricity), STL is totally dependent on West Zone Power Distribution Company Ltd. (WZPDCL) Khulna. STL capable to meet up the current market's need by delivering the quality products to the valued clients.

Human Resources

STL considers its human resources as the most important asset. Always giving the maximum focus on the right placement of human resources, we strongly believe that the efficient management & skilled workers are our greatest assets and as such recognize them as Building Blocks of the Company for their priceless efforts & performances.

We continue investing to our people for the enhancement and up gradation of their skills sets through conducting research and development and on-the- job internal training programs.

We value the contributions of each employee exerts in the organization and adopt policy to reward them accordingly through providing various financial & non-financial benefits.

The breakdown of your company's human resources is

Period ended 30 June 2020

Worker	1,622
Staff and officer	116

Good Governance

I would like to restate that our Board maintains its effective role in policy formulation and discharging best possible Corporate Governance. The Board has always remained focused on maximizing shareholders' value through formulating policies and guidelines towards ensuring sustainable profitability, minimizing risks and establishing good governance in all spheres of Company's operations. And the Management of the Company highly prioritizes Corporate Governance. In Compliance with Bangladesh Securities and Exchange Commission (BSEC) regulations and to further strengthen our Corporate Governance. A separate report on Corporate Governance is attached with this Annual Report.

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definitions of IAS & IFRS. A statement of related party transaction has been presented in note 38 on this report.

Subsidiary Company

STL does not have any subsidiary company.

Management

The Management of STL tries to improve the production process and human resources by conducting R&D and internal training programs. STL's management is led by its Chairman who has achieved multi-dimensional experiences including business policy formulation and strategic management & been rewarded with several awards & recognitions for contributing tremendously in different business arena.

Managing Director keeps the track records in leading the team & of course the Company at this tenure from beginning till present and is responsible to oversee the day to day operations of the business.

Director (Operation) is the Head of the Factory & Head office, including day to day operations of the business; he also oversees Company's merchandising, procurement and production and directly reports to the managing Director.

The Company has different departments to perform different activities. All departments' head have significant experiences in related business areas and are liable to monitor respective operations of STL. The Company is managed by a team of qualified and experienced professionals.

The Company formed various committees to oversee different internal issues. STL has around 1,622 workers in the factory and 116 executive and staff in the head office & factory total 1,738 employees were working in Sonargaon Textiles Ltd. on 30 June 2020. Amongst different fringe benefits: the Company provides residential facility, festival bonus, and profit sharing, group insurances etc.

Appointment of Auditors

The Existing Auditors of the Company M/s. G. Kibria & Co., Chartered Accountants, retire at this Annual General Meeting on completion of their audit works for the year ended on 30 June 2020. They are, however, eligible for reappointment as per BSEC notification. M/s. G. Kibria & Co., Chartered Accountants, expressed their interest to be appointed as auditors of the Company for the Financial year 2020-2021 at a fee of Tk. 2,60,000/- (taka two lac sixty thousand) plus VAT. The Board requested the Shareholders to confirm the appointment at their 34th Annual General Meeting.

Appointment of Compliance Auditors

M/S. FAMES & R, Chartered Accountants, House no. 3/1 & 3/2, Flat no. 2/A, Bijoy Nagar, Dhaka-1000. express their interest to be appointed as Compliance Auditors of the company for the year 2020-2021 at a fee of Taka 25,000/- (taka twenty five thousand) only plus VAT. The Board requested the Shareholders to confirm the appointment at their 34th Annual General Meeting.

Composition of the Board of Directors

The Board comprised of five directors including Managing Director. Among the directors, Mrs. Tahmina Akhter is the nominated directors from Rupali Bank Ltd. (RBL). To comply with BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, Mrs. Nusrat Hafizis the independent Director of the Company for three years term. The Board of Directors embodies a range of talents, skills and expertise to provide prudent guidance with respect to the operations of the Company.

Directors

Retirement and Re-election

Mr. A. K. M. Azizur Rahman, Director of the Company retires by rotation as per Articles 118 and 119 of the Articles of Association of the Company and being eligible offers himself for re-election.

Appointment of Nominated Director from RBL

The Board of Directors of the Company has appointed Mrs. Tahmina Akhter, Division Head & General Manager, Divisional Office, Barisal, as Nominated Director represented by Rupali Bank Limited, Mrs. Tahmina Akhter has also been appointed as a Member of the Audit Committee & NRC Committee. The Board requested the Shareholders to confirm the appointment at their 34th Annual General Meeting.

Vacation of Office of Directors

Mr. Abul Kalam Azad, Nominated Director, Nominated by Rupali Bank Limited (withdraw)

Mr. Abul Kalam Azad, nominated by RBL, as nominated Director was included as the Directors of the Board of Directors of the Company.

Mr. Abul Kalam Azad has been relieved office post from nominated Director while Bank Proposed to include Mrs. Tahmina Akhter as the newly nominated Director of the Bank in the Board Members of the Company

Board Meetings, Audit Committee Meetings and NRC Meetings

Four meetings of the Board of Directors, four meetings of the Members Audit Committee and one meeting of the NRC committee were held during the year 2019-2020. Details are given below in comparison to last three years.

Name of the Meeting	2019-2020	2018-2019	2017-2018
Board of Director's	4	5	4
Audit Committee	4	4	4
NRC Committee	1	1	0

Director's Fees and Remuneration

The Director who engaged in the Company's day to day operations are not receiving remuneration and other benefits from the Company as disclosed in the Financial Statement at note 36(B) page. They are only receiving attendance fee of BDT 5,000/- (BDT five thousand) for attending per meeting. Non Executive Directors including Independent Directors and RBL nominated Directors are paid only attendance fee of BDT 5,000/- (BDT five thousand) for attending per meeting.

Board Meetings and Attendance

During the year 4 (four) Board Meetings were held. The attendance record of the Directors is as follows:

Name of Directors	Position	Meeting Held	Attended the Meeting	Remarks
Mr. A.K.M. Azizur Rahman	Chairman	4	4	
Mr. Bazlur Rahman	Managing Director	4	4	
Mrs. Rosy Rahman	Director	4	4	
Mrs. Nusrat Hafiz	Director (Independent)	4	4	
Mrs. Tahmina Akhter	Director (Nominated by RBL)	4	2	

The proposal would be placed in the upcoming AGM of the Company for the Shareholders' approval.

Board of Audit Committee

The Company had an Audit Committee, which constituted in terms of the provisions of Corporate Governance Guidelines dated 3rd June 2018 issued by Bangladesh Securities and Exchange Commission which as follows:

Mrs. Nusrat Hafiz Independent Director	- Chairperson
Mrs. Rosy Rahman Director	- Member
Mrs. Tahmina Akhter Nominated Director by RBL	- Member
Mr. Md. Monir Hossain Company Secretary	- Secretary

The details of the activities of the audit committee have been provided in "Audit Committee Report".

Nomination and Remuneration Committee (NRC)

In compliance with the Corporate Governance Code, the Board of Directors of the Company in its meeting has constituted a Nomination and Remuneration Committee as a sub-committee of the Board with the following three non-executives Directors:

Mrs. Nusrat Hafiz Independent Director	- Chairperson
Mrs. Rosy Rahman Director	- Member
Mrs. Tahmina Akhter Nominated Director by RBL	- Member
Mr. Md. Monir Hossain Company Secretary	- Secretary

The Company Secretary will act as the "Secretary" of the NRC. A detailed Terms of Reference (ToR) of the NRC has also been approved by the Board.

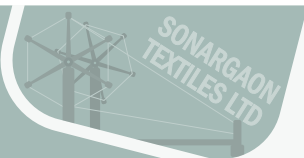
Terms of reference (ToR) of NRC committee in line with the corporate governance Condition no. 6(1) and other compliance as per 6(2) to 6(5) of BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 are as follows:

Statement of Directors on Financial Reports

The Directors in accordance with BSEC Notification NO.BSEC/CMMCD/2006-158/207/Admin/80 dated 3 June 2018 confirms compliance with the financial reporting framework for the following:

- (a) The financial statements together with notes thereon have been drawn up in conformity with the Companies Act 1994, Financial Institution Act 1993 and the Bangladesh Securities and Exchange Commission Rules 1987, the rules and regulations issued by the Bangladesh Bank from time to time and other applicable laws and regulations.

These statements present fairly the Company's state of affairs, the result of its operation, cash flows and statement of changes in shareholders/ equity.

- 
- (b) Proper books of accounts of the Company have been maintained.
 - (c) 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.
 - (d) The International Accounting Standards as applicable in Bangladesh have been followed in preparation of the financial statements.
 - (e) Internal Control System is sound in design and has been effectively implemented and monitored.
 - (f) There are no significant doubts upon the ability of the Company to continue as a going concern.
 - (g) There are no significant deviations in operating result compared to the last year.
 - (h) The summarized key operating financial data of last five preceding years on annexed as "Comparative Statistics" in the annual Report.
 - (i) The related party transaction has been disclosed in preparation of the financial statement.
 - (j) The Pattern of Shareholding

Auditor's Qualified Opinion, Emphasis of Matter & Material Uncertainty Related to going concern with Management Response

Auditor's Qualified Opinion, Emphasis of Matter & Material Uncertainty Related to going concern on financial statements for year ended 30 June 2020 (As per Independent Auditor's Report).

Management Response

The Company's Independent Auditor's, after conducting the audit work of our Company's year ended on 30 June 2020, they found that the Company's Trade & Other Receivables amounting to TK 358,537,069. In respect of amount of TK 115,908,494 which is seems to unrealizable and the management did not make provision on the doubtful receivable. So the financial statements are misstated by the overstatement of Trade & Other Receivables by the amount and the auditor's provided a qualified opinion on the issue, on-going legal proceedings with to of the company's financial Institutions:- Mutual Trust Bank Ltd. and Bangladesh Development Bank Ltd. and closing down and re-opening the company's production activities.

For Information, TK. 78,594,069 have already been realised mentioned in Trade and receivables. We hope that, the remaining TK. 37,314,425 will be realised in a very short time. For further information it was just because of Corona that everything including Banks across the country was shut down.

The Management authority of the Company has taken these matter very seriously and assures you that in future will be followed by appropriate method. We are built in relations with two Banks and at the same time we will fight a legal process with our lawyers, including us, hope that we will win.

We also announced the closure of our factory from the last week of March-2019 due to closure announced by Government for COVID-19. We have not been able to re-open the factory due to long shut down & terrible grip of the Corona, the labour crysis & unsatisfactory supply of Raw Materials. We hope to be able to re-open the factory as soon as possible, InshaAllah.

Announcing the Re-opening of the Factory

We also announced the closure of our factory from the last week of March-2020 due to closure announced by Government for COVID-19. We have not been able to re-open the factory due to long shut down & terrible grip of the Corona, the labour crysis & unsatisfactory supply of Raw Materials. We hope to be able to re-open the factory as soon as possible, InshaAllah.

The Pattern of Shareholding

The Shareholding pattern as on 30 June 2020 as per clause 1.4(k) of the Sec notification No. Sec/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 is shown at below:

Name wise details	Shares held
(i) Parent/Subsidiary/associate Companies and other related parties	Nil
(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children	
Mr. A.K.M Azizur Rahman, Chairman	5,200,851
Mr. Bazlur Rahman	2,211,859
Mrs. Rosy Rahman	3,282,468
Chief Executive Officer : Spouse and minor Children	Nil
Company Secretary : Spouse and minor Children	Nil
Chief Financial Officer : Spouse and minor Children	Nil
Head of Internal Audit : Spouse and minor Children	Nil
(iii) Executive	Nil
(iv) Shareholders holding ten percent(10%) or more voting interest in the Company	
Mr. A.K.M. Azizur Rahman, Chairman	5,200,851
Mrs. Rosy Rahman	3,282,468

Code of Conduct

STL has adopted Codes of Conduct for securing good business ethics and conduct in all aspects of the Company's activities. The Code of Conduct is properly communicated to and with all employees and other activities and is strictly required to abide by it.

Management Committee

The day-to-day Management of the Company is entrusted with the Managing Director and the Management Committee. The Management Committee service the interest of the Company. The members of the Management Committee are jointly accountable for the entire management of the Company and decided on the basic issues of business policy and corporate strategies.

Going Concern

This financial statement has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence it is assumed that despite of consecutive two years losses and changes of key management the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation. Though the production facility is not currently operational, but the management has the intention to start its production facility again as early as possible. With a bid to augment its revenue followed by its financial position the company has resorted to some measures which envisage company's ability to continue as a going concern.

Inventories- IAS-2

Inventories comprise of Raw Materials, Work in Process, Finished Goods, Packing Materials, Stores and Spares and Goods in Transit. Cost of inventory other than finished goods held is generally calculated and stated on the weighted average method on a consistent basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition. Finished goods are valued at lower of cost or net realizable value and include allocation of production overheads based on normal level of activity while work in process are valued at material cost plus proportionate allocation of production overheads based on estimated completion basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred for completion and disposal.

Financial Instruments:**Derivative**

According to IFRS 7: "Financial Instruments: Disclosures", the company was not a party to any derivative contract (financial instruments) at reporting date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

Non-Derivative

A non-derivative financial instrument comprises of accounts and other receivable, borrowings and other payables and is shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

Trade Debtors

These are carried at original invoice amount. This is considered good and collectible, and therefore, no amount was written off as bad debt and no debt was considered doubtful of recovery.

Creditors and Accrued Expenses

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

Assets Revaluation Reserve

When assets carrying amount is increased as a result of a revaluation, the increase amount should be credited directly to equity under the heading of revaluation surplus/reserve as per Bangladesh Accounting Standards IAS-16: Property, Plant and Equipment. The tax effects on revaluation gain are measured and recognized in the financial statements as per Bangladesh Accounting Standards IAS-12 "Income Taxes".

Taxation

IAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense respectively. Provision for income tax represents the sum of the current tax expenses and deferred tax expenses.

Current Tax expenses

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using Turnover Tax rates that have been enacted or substantively enacted on the reporting date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using reporting liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

Borrowing Cost

Borrowing costs are charged as expenses as shown under the head Financial Expenses (IAS-23).

Revenue Recognition

The revenue during the year represents revenue arising out of the sale of yarn (domestic sales and deemed export) net off excise duty and commission, which are recognized when invoices are made, satisfying all the conditions for revenue recognition as provided in IFRS-15 "Revenue from Contracts with Customers".

Earning Per Share (EPS)

Earning per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS-33) "Earning per Share".

"Earning per Share" has been calculated by dividing the earnings/ (Loss) incurred attributable to the shares (ordinary) held by the members during the year. No diluted EPS was required to be calculated for the year under review as there was no change in the paid up shares.

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS-21.

In respect of loss or gain on fluctuation of foreign currency the company adjusts the loss or gain in fluctuation of the foreign currency directly with the sales accounts, through credited the sales amount as and when the sales executed whenever the sales proceeds are realized. This policy consistently followed by the company.

Leases

In compliance with the IFRS 16: Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

VAT

The company's trading income is subject to VAT and these VAT liabilities are accounted for as per VAT Act 1991 having been maintaining a VAT Current Account.

Website

Company maintains a website namely www.khansongroupbd.com. All disclosures and financials are available in the website of the Company.

Disclosure Regarding Variance between Quarterly Financial Performance & Annual Financial Statements

Statement of Quarterly Financial Statement is given separately. There were some variance in the financial results from quarter to quarter. But they are not very significant or material in nature.

Minority Interests

In Compliance with condition number 1(5)(xvi) of the Corporate Governance code 2018 of BSEC, the Board hereby confirms that the interests of the Minority Shareholders have been duly protected in the company.



Brief Resume of Mrs. Tahmina Akhter, Nominated Director from RBL

Academic Degrees

Master of Science (Psychology), University of Dhaka.
Diplomaed Associate of the Institute of Bankers, Bangladesh(DAIBB)
The Institute of Bankers, Bangladesh.

Professional Activities

General Manager, Rupali Bank Limited
Divisional Office, Barishal.

Board's Statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend

The Board of Directors of the Company declares that, our Company has not declared any interim bonus shares or stock dividend for the financial year under review.

Appreciation

I am grateful to the Almighty Allah for the business success of the Company in the year 2019-2020. The continued endeavors of the management and staff of the Company as well as timely support of the Board of Directors have substantially contributed to reach the Company the newer height of success.

I express my deep appreciation to the management and all members of staff for their dedicated & efficient services, their loyalty and relentless efforts for the Company's improvement.

I also would like to express my gratitude to the Members of the Board for their continuous support and wisdom without which the Company would not have been in its present position.

Again I take the opportunity of expressing my heartfelt gratitude to the Ministry of Commerce, Government of the Peoples' Republic of Bangladesh, Bangladesh Securities & Exchange Commission(BSEC), National Board of Revenue (NRB), Registrar of Joint Stock Companies & Firms(RJSC), Dhaka Stock Exchange Ltd.(DSE), Chittagong Stock Exchange Ltd.(CSE), the regulatory authority -Bangladesh Textiles Mills Association(BTMA) also other regulatory bodies who have supported us and extended their valuable co-operation and some Commercial Bank of Bangladesh namely Bangladesh Development Bank Ltd.(BDBL), Rupali Bank Ltd.(RBL) and others for extending their co-operation and everyone in the STL family for their valuable guidance, support & co-operation.

The Board would like to put on record its appreciation of hard work and dedication of the employees to the Company that contributed to its growth over the year. We look forward to their continued support, co-operation and guidance that are our constant source of encouragement in the days ahead.

I conclude by conveying my very sincere and special thanks and heartfelt felicitations to our respected Shareholders, valued customers/clients, well-wishers and external auditors for their support, assistance & patronage to facilitate our path towards the glory achieved so far by the Company.

We renew to them our promise to remain disciplined, compliant and result-oriented in all our endeavors and in return seek their co-operation.

May Allah bless SWT (Subhanahuwata'ala) us all.

On behalf of the Board of Directors



A.K.M Azizur Rahman
Chairman

Dated: 29 October 2020, Dhaka

MANAGEMENT'S DISCUSSION & ANALYSIS

Pursuant to Condition No. 1 (5) (xxv) of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis for the year ended 30 June, 2020 are presented hereunder:

Accounting Policies and Estimation for Preparation of Financial Statements:

Sonargaon Textiles Ltd. follows International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with prevailing local rules and regulations applicable for preparation of financial statements. Detail description of accounting policies and estimation used for preparation of the financial statements of the Company are disclosed in the Notes No. 2 and 3 to the financial statements.

Changes in Accounting Policies and Estimation:

Sonargaon Textile Ltd. has been following consistent policies and estimation and there is no such changes in accounting policies or estimation which has material impact on financial statements.

Comparative Analysis of Financial and Operational Performance:

The Directors' Report provides the analysis of financial performance and position during the year under review and also a detail comparison of financial performance and position as well as cash flows are presented as part of the financial statements including notes.

However, major areas of financial performance, financial position as well as cash flows with immediate preceding five years are here in below:

Particulars	2019-2020	2018-2019	2017-2018	2016-2017	2015
Financial Performance					
Revenue	630,919,942	856,130,508	793,619,018	820,596,598	650,096,155
Gross Profit	71,635,477	154,393,931	133,132,991	115,703,149	87,584,148
Net Profit (Before Tax)	(99,335,070)	29,835,487	(9,802,500)	(22,839,525)	(26,420,450)
Net Profit (After Tax)	(98,563,119)	29,497,229	(14,981,474)	(28,257,505)	(28,774,301)
Financial Position					
Shares Outstanding	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	646,469,895	752,973,131	754,673,816	766,007,117	805,611,599
Total Assets	1,658,105,948	1,792,618,263	1,699,463,390	1,658,754,317	1,596,292,245
Total Liability	1,011,636,053	1,792,618,263	1,699,463,390	1,658,754,317	1,668,958,187
Current Assets	980,228,253	1,081,043,880	950,542,239	869,678,018	748,042,027
Current Liabilities	18,601,875	418,391,534	352,860,386	576,649,737	263,458,391
Cash Flow					
Net Cash Generated from operating	-20,513,278	14,668,783	8,557,027	-904,165	-70,680,649
Net Cash Used in investing Activities	-	-	-69,420	-880	-230,830
Net cash Used in Financing Activities	8,160,730	-	-8,332,891	20,552	68,345,208
Financial Ratio					
Current Ratio	52.70	2.58	2.69	1.51	1.84
Debt to Equity	59.41	42.58	43.57	28.72	33.67
Gross Profit Margin(In %)	11.35%	18%	17%	14%	14%
Net Profit Margin(In %)	-15.62%	3.45%	-1.89%	-3.00%	-4.43%
Return on Equity(In %)	-14.62%	3.19%	-2.00%	-3.00%	-1.00%
Return On Assets(In %)	-6%	1.40%	-0.22%	-0.37%	0.15%

Ordinary Shares Information

Shares Outstanding	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Face Value Per Share	10	10	10	10	10
Net Assets Value Per Share	24.43	29.44	28.51	29.08	30.44
Net operating Cash Flow Per Share	-0.78	0.55	0.32	-0.03	-2.67
Earnings Per Share(EPS)	-3.72	0.93	-0.57	-0.93	-1.09

Comparison of Financial Performances with peer industry scenario:

A comparison of financial performances, financial position as well as cash flows of 5 (five) spinning companies which are listed in DSE & CSE as on 30 June, 2020 are presented below:

(Figures Tk. In "000")

Particulars	Sonargaon Tex	Squire Tex	Saiham Tex	Matin Spinning	Aman Cotton
Financial Performance					
Revenue	630,919	6,367,125	2,178,120	4,050,914	1,606,936
Gross Profit	71,635	671,530	261,738	608,972	399,139
Net Profit(Before Tax)	(99,335)	348,045	136,110	355,748	302,961
Net Profit(After Tax)	(98,563)	290,914	109,176	302,605	257,278
Financial Position					
Shares Outstanding	26,467	187,859,048	90,562,500	97,490,000	80,000,000
Shareholders' Equity	646,469	5,386,034	2,443,445	4,253,199	3,386,614
Total Assets	1,658,105	9,425,480	4,964,752	6,722,247	4,628,917
Total Liabilities	1,658,105	4,039,447	2,521,307	2,469,048	1,242,003
Current Assets	980,228	4,430,793	3,032,529	2,488,439	2,854,217
Current Liabilities	18,601	3,910,867	2,268,171	1,906,173	1,100,038
Cash Flow					
Net Cash Generated from operating	(20,513)	(290,861)	13,306	549,442	143,942
Net Cash Used in investing Activities	-	(1,341,726)	172,528	(82,089)	55,092
Net cash Used in Financing Activities	8,160	1,696,880	(186,599)	(717,380)	(120,475)

Future Plan or Projection or Forecast:

The Management of Sonargaon Tex is very sincere in adoption of necessary feasible plans and strategy in respect of sustainability in its performances & financial position and to continue the operations for foreseeable future.

CORPORATE GOVERNANCE

Corporate Governance is the system by which Companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the Board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. Corporate governance is therefore about what the Board of a Company does and how it sets the values of the Company, and it is to be distinguished from the day to day operational management of the Company by full-time executives.

The Board of Directors of Sonargaon Textiles Limited believes that good corporate governance is vital to strengthen the Company's sustainability, organizational effectiveness and foster a high-performance culture within the organization. Corporate Governance is term that refers broadly to the rules, procedure and laws by which business are operated, regulated and controlled in order to ensure the interest of the stakeholders of a corporate body.

In accomplishment of the affairs of the company, the Board is guided by the Corporate Governance Principles as stipulated by BSEC notification No. BSEC/CMMRRCD/2006-158/2007/admin/80 dated 3 June 2018 and in compliance with the rules and regulations of the Companies Act 1994, Memorandum and Articles of Association of the Company and the service rules of the Company and other relevant applicable laws and regulations. The Board also remains responsible for efficient and effective implementation of the policies and strategies adopted from time to time.

BOARD OF DIRECTOR'S

In line with the concept of good corporate management practice and the provisions of Memorandum of Articles of Associations, the Board of Directors holds the supreme authority of the Company. The Board is collectively responsible to the Company's shareholders for the success of the Company. The Board of Directors is reconstituted every year by the shareholders through retirement / re-election / election by one third of its sponsor's Directors.

Composition of the Board

The Board of Sonargaon Textiles Limited consists of 5(five) Directors, comprising 3(three) Non-Executive Directors, one Independent Director and one nominated Director from Rupali Bank Limited with varied education and experience which provided a balancing character in decision making process.

The present members of the Board of Directors are as follows:

Director

Mr. A.K.M Azizur Rahman	- Chairman
Mr. Bazlur Rahman	- Managing Director
Mrs. Rosy Rahman	- Director
Mrs. Nusrat Hafiz	- Independent Director
Mrs. Tahmina Akhter	- Nominated Director (RBL)

Others Member

Mr. Monir Hossain	- Company Secretary
Mr. Md. Mostafa	- Chief Financial Officer
Mr. Ruhidas Karmakar	- Head of Internal Audit & Compliance

During the Year under review the Board held 4 (four) meeting to transact various agenda. The Board is re-constituted every year at each Annual General Meeting when one third of the sponsor's members retires and seeks re-election. A director is liable to be removed if the conditions of the Article of Association and the provisions of the Companies act 1994 are not fulfilled.

Role & Responsibilities of the Board

The Board is the supreme authority of the Company to oversee its operations through appropriate delegation, monitoring, control and reporting. The Directors hold the activities of the Company in accordance with law and in the interest of its shareowners and other stakeholders, keeping in view the long-term interest and aspirations of the Company, while also discharging Company's legal obligations to its shareowners.

Functioning of the Board

The Directors meet together for the dispatch of the business and regulate the meetings and proceedings according to the needs of the Company. Every Board Meeting is preceded by service of notice well ahead of scheduled time. Notice with agenda supported by working papers for every meeting of the Board are sent to all Directors well in advance so that they can come up with their considered views and can actively participate at the deliberations. During the meeting, the Board gets a thorough review of the performance of the Company by the Managing Director. All pertinent matters are discussed in details and decisions are taken based on thorough considerations. Questions arising at any meeting are decided by a majority of votes. However, there is a procedure supported by the Articles of Associations of the Company which allows taking care of any urgent matter through Resolution by Circulation. Such circular resolution is adopted by the Directors present in Bangladesh, without having to call a formal Board Meeting. To make it transparent, such resolutions passed by circulation are subsequently tabled at the immediate following Board meeting and included in the minute's accordingly.

AUDIT COMMITTEE

Composition of Audit Committee

The Board of Directors has constituted an Audit Committee of the Board consisting of three Members.

The members of present Audit Committee is as follow:

Mrs. Nusrat Hafiz Independent Director	- Chairperson
Mrs. Rosy Rahman Director	- Member
Mrs. Tahmina Akhter Nominated Director by RBL	- Member
Mr. Md. Monir Hossain Company Secretary	- Secretary

The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee shall also co-ordinate with the Internal and external Auditors as and when required. The Audit Committee ensures that adequate internal checks & balances supported by adequate MIS are in place for detection of errors frauds and other deficiencies. The other responsibilities include inter alia, not being limited to, the prevention of conflict of interest between the Company and its Director's officials, customers, suppliers, government and any other interest groups and detect or remove any scope of insider trading in the Company's compliance of requirements of BSEC and other agencies.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with the Corporate Governance Code, the Board of Directors of the Company in its meeting has constituted a Nomination and Remuneration Committee as a sub-committee of the Board with the following three non-executives Directors:

NRC Committee Members

Mrs. Nusrat Hafiz Independent Director	- Chairperson
Mrs. Rosy Rahman Director	- Member
Mrs. Tahmina Akhter Nominated Director by RBL	- Member
Mr. Md. Monir Hossain Company Secretary	- Secretary

The Company Secretary will act as the "Secretary" of the NRC. A detailed Terms of Reference (ToR) of the NRC has also been approved by the Board.

Terms of reference (ToR) of NRC committee in line with the corporate governance Condition no. 6(1) and other compliance as per 6(2) to 6(5) of BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 are as follows:

Terms of Reference

1. Purpose

- 1.1 The Committee assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of director and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

2. Authority

- 2.1 The Nomination and Remuneration Committee is a Committee of the Board of Sonargaon textiles Limited from which it derives its authority and to which it regularly reports.
- 2.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.

3. Constriction

3.1 Chairperson

- a. One member of the NRC to be Chairperson of the Committee appointed by the Board, who Shall be an Independent Director.
- b. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairpersons for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- c. The Chairperson of the NRC shall attend the Annual General Meeting to answer the queries of the Sareholders.

Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the Annual General Meeting for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

3.2 Membership

The Committee shall comprise of at least three members including an Independent Director:

- a. All members of the Committee shall be non executive directors;
- b. Members of the Committee shall be nominated and appointed by the Board;
- c. The Board Shall have authority to remove and appoint any member of the Committee;
- d. 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 days of occurring such vacancy in the Committee;
- e. 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.

3.3 Secretary

The Company Secretary shall act as the Secretary of the NRC.

4. Proceedings of Meetings

4.1 Frequency of Meetings

- a. The NRC shall conduct at least one meeting in a financial year.
- b. The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.

4.2 Quorum

- a. 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, whether is higher.
- b. The Quorum of the NRC meeting shall not constitute without attendance of at least an independent director.

4.3 Meeting Fees

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.

4.4 Minutes of Meeting

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.

5.0 Role of NRC

5.1 NRC shall be independent and responsible or accountable to the Board and to the shareholders;

5.2 NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

- a. formulating the criteria for determination qualifications, positive attributes and independence of a director and recommended a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:

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

5.2.1.2 the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

5.2.1.3 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

- a. devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- b. 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 recommended their appointment and removal to the Board;
- c. formulating the criteria for evaluation of performance of independent directors and the Board;
- d. identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- e. developing, recommending and reviewing annually the company's human resources and training policies.

5.3 The committee shall report to the Board and disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its Annual Report.

Relationship with shareholders & Public

The Shareholders as owners are required to be provided the material information on the company's operation every quarter and annually, the latter at the Annual General Meeting. They are also provided routine services by the Company affairs division in matters of their various queries, Shares transfer, dematerialization, rematerialization of shares, payment of dividends etc.

The Board is however responsible to the public for publication of any price sensitive information as per BSEC regulation. A qualified Secretary is in charge for all these responsibilities as Company Secretary.

Relationship with Government

In its role on accountability to the government, the Board of Directors ensure payment of all dues to government in the form of import duty, custom duty and port charges, VAT, corporate Taxes and other levels as and when the became due on the basis of actual operations and make sure to avoid corruption. This has enabled the Company to enhance its contribution to the National Exchequer on a progressive rate year after year.

Relationship with Suppliers

As the Company has to import plant, machinery and spare parts and almost all the raw materials from abroad, it maintains cordial and mutually beneficial interest with its international as well as local suppliers. This has enabled the Company to avoid any legal disputes in international / local courts and enhanced the Company's image as a good customer.



Corporate Social Responsibilities (CSR)

The Board of Directors is also a woken of the Corporate Social Responsibilities (CSR) especially in the areas of gender equality, race-religion, regionalequality, non-employment of child labor, human rights, environmental pollution, social-marketing, social activities (promotion of sports & culture, health care and participation in charitable activities etc.)

Separate role of the Chairman and Managing Director

The positions of the Chairman and Managing Director are held separate persons. Mr. A.K.M Azizur Rahman is the Chairman of the Company and responsible for the functions of the Board while Mr. Bazlur Rahman is the Managing Director serves as the Chief Executive officer of the Company.

Chief Financial Officer, Company Secretary and Head of Internal Audit and Compliance

The Company has appointed Mr. Md. Mostafa, MBA as Chief Financial Officer, Mr. Md. Monir Hossain as Company Secretary and Mr. Ruhidas Karmakar CA (CC), ITP as Head of Internal Audit and Compliance of the Company as per requirement of the Corporate Governance Code of Bangladesh Securities and Exchange Commission.

Role of Chief Financial officer

Sonargaon Textiles Limited has a Chief Financial Officer (CFO). He is a professional Accountant. He is responsible for accounting and financial activities of the Company. The Board of Directors clearly defined the roles, responsibilities and duties of the CFO. In compliance with the corporate governance code of the BSEC, the CFO attends meetings of the Board of Directors.

Role of Company Secretary

As part of statutory requirement the Board of Directors of Sonargaon Textiles Limited has appointed a Company Secretary. He is responsible for dealing with various corporate matters of the Sonargaon Textiles Limited and acts as officer of the Board, bridge in between Board and other Stakeholders, custodian of the Shareholders and also conducts the statutory functions pursuant to the applicable laws and regulations. The Board of Directors clearly defined the rules, responsibilities and duties of the Company Secretary.

Role of Head of Internal Audit & Compliance

Sonargaon Textiles Limited has a Head of Internal Audit and Compliance. He has completed his Chartered Accountant (CC) under the Institute of Chartered Accountants of Bangladesh (ICAB) and ITP. The Board of Directors clearly defined respective roles, responsibilities and duties of the Head of Internal Audit & Compliance. In compliance with the corporate governance code of the BSEC, he attends meetings of the Board of Directors.

Executive Management

The Executive Management is led by the Managing Director who is appointed by the Board of Directors for a term of five years (renewable) with the approval of shareholders in the Annual General Meeting.

The Managing Director is supported by professional, well educated, trained and experienced team consisting of Executive Directors, General Manager and a host of Senior Executives in the hierarchy of management. The Board has approved an organogram with the modern features ensuring clear lines of delegation of authority and reporting for accountability for effective decision making evaluation of performance on merit for both rewarding and disciplinary action.

The Executive Management is responsible for preparation of budgetary segment plans / sub-segment plans of every cost/profit cents and are held accountable for performance there for. The Executive Management is aided by committee(s)/sub-committee(s) in carrying out its functions.

Other Governance Apparatus

The Company, in its efforts for corporate Good Governance Practices, uses a series of top ranking professional service providers including Legal experts, bankers, Insurers and Technical experts who continuously assist the Board of Directors and the Executive management in properly discharging their duties to all the shareholders, stakeholders, the Government and the Public as highlighted below:

Independent Director

In Compliance of the BSEC Regulations on Good Governance, the Board of Directors as empowered by the Regulations, appointed Mrs. Nurat Hafiz, Lecturer, BRAC Business School as the non-shareholding Independent Director with an exception that their expertise would help contribute to the further disclosure and protect the interest of the stakeholders, investors in general and smaller investors in particular.

Legal Advisor

In order to avail the best legal service for Good Corporate Governance, the Company has empanelled the following top ranking legal professionals:

Mr. Zainal Abedin	- Advocate, Supreme Court of Bangladesh
Mr. Masudur Rahman	- Advocate, Supreme Court of Bangladesh

The expertises of the above named professionals have had long term fundamental support to the Company's Good Governance efforts.

Statutory Auditors

The role of the auditors in certification of the financial statement is the most significant aspect of Corporate Governance and protection of interest of investors. As evident from the Annual Reports, the company rigidly follows the code of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International of Auditing (ISA) with legally required disclosures of Accounts and Financial Statements. This has been possible due to the high level capability and integrity of M/s. G. Kibria & Co.; Chartered Accountants whose unchallenging performance has played a very trustworthy role in the protection of interest of the investors.

Internal Audit and Control

Sonargaon Textiles Limited considers that internal audit is one of the important regular functions of the Company. The Company has an independent internal audit department under control of the Audit Committee of the Board. This department gives effort to bring a methodical and disciplined approach to evaluate and improve the effectiveness of the organizations risk management process, system of internal control and governance.

Compliances

STL has established procedures to ensure compliance with all applicable statutory and regulatory requirements. Respective officers are responsible for ensuring proper compliance with applicable laws and regulations.

Dividend Policy

Moral principles is an ingredient of Good Governance and involves a determination of what is right and what is wrong and deals with things to be sought and things to be avoided with way of life and the end of life. Moral principles invokes the management of the environment within which we function from a perspective broader than, but obviously inclusive of, the current cohort. Since the corporate environment is in theory an infinitely lived entity owned by finitely lived shareholders, a governance ethic must represent a system that serves the needs of the current ownership while preserving the ability of the corporation to sustain it and benefit future

cohorts. The corporate ethic must necessarily promote efficiency in coexisting with the environment to generate the quality of life for a current cohort and yet also provide an equity that does not disadvantage a future cohort by the decision of a current cohort. As an environment ethic analogy, those living today naturally believe in dividend payouts today with less regard for the consequence tomorrow and those living tomorrow would prefer dividend payouts tomorrow without sacrifices we make today to allow their greater consumption tomorrow.

Based on the above concept, the Company is committed to show a stable policy of distribution (cash outlay) of the accretion wealth (profits) between the current and the future generation of shareholders. This would enable the company to enhance its capital wealth and sustain for perpetuity of existence, benefiting both the present cohorts and the progeny.

Shareholders' Relationship

Corporate Governance issues include how major policy decisions are made in business corporations, how various stakeholders can influence the process, who is held accountable for performance and what performance standards are applied. In a nutshell power and influence are crucial in corporate governance. As shareholders, ownership structure has an impact on the balance of power among shareholders. Though sponsors usually hold majority shares required for ordinary regulations, public shareholders have a definite role and influence in the passing of special regulations required for changes the business object, sale of business/productive assets, merger and amalgamation, winding up or dissolution and amendments to Memorandum and Articles of Association for protection of interest up to 55.45% shareholdings.

This position of shareholders as on 30 June 2020 indicates that the sponsors of the company do not hold the required shareholding for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

The company holds regularly as per law the Annual General Meeting with adequate notice and disclosures in the Directors' Report and the Auditors' Report on Accounts/Notes and resolutions are passed with consensus and unanimity. All reasonable and practicable suggestions are implemented with good grace.

Special resolution is passed in General Meeting with due notice period. All enquiries are attended by the Company Secretary. Where necessary, Internal Audit Committee investigates matters of significant merit for consideration by the management Committee/Managing Director/Audit Committee of Board/Board of Directors as the case may be.

Corporate Socialization

In order to play a model role for Good Governance characteristics in the corporate sector, the Company has become members of country's leading Chamber Metropolitan Chamber of Commerce & Industries (MCCL), Bangladesh Association of Publicly Listed Companies (BAPLC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). These memberships have provided scope to the Company for improvement of Corporate Governance Practices for the benefit of the shareholders/Stakeholders.

INVOLVE OF DIRECTORS IN OTHER ORGANIZATION

	Particulars	Directorship	Position of the Company
1	Mr. A.K.M. Azizur Rahman Chairman	Continental Insurance Ltd. Golden Life Insurance Ltd. Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Chairman Chairman Managing Director Managing Director Managing Director Managing Director
2	Mrs. Rosy Rahman Director	Central Insurance Ltd. Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Director Director Director Director Director
3	Mr. Bazlur Rahman Managing Director	Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Dy. Managing Director Dy. Managing Director Dy. Managing Director Dy. Managing Director
4	Mrs. Nusrat Hafiz Independent Director	BRAC Business School Continental Insurance Ltd.	Lecturer Director (Independent)
5	Mrs. Tahmin Akhter Director (Nominated by RBL)	Rupali Bank Limited (RBL)	General Manager

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CI-2020/054

Date of issue : February 04, 2020

BAPLC

Renewed Certificate

This is to certify that

SONARGAON TEXTILES LIMITED

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

This certificate remains current until 31st December 2020.



[Signature]
Secretary-General

REPORT OF THE AUDIT COMMITTEE

For the year 2019-2020

The Audit Committee

Sonargaon Textiles Limited having an Audit Committee as a subcommittee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Name of the Members	Designation	Position
Mrs. Nusrat Hafiz	Independent Director	Chairperson
Mrs. Rosy Rahman	Director	Member
Mrs. Tahmina Akther	Nominated Director	Member
Mr. Md. Monir Hossain	Company Secretary	Secretary

The scope of Audit Committee was defined as under:

- Review and recommend to the Board to approve the quarterly and annual financial statements prepared for statutory purpose;
- Monitor and oversee choice of accounting policies and principles, internal control, risk management process, auditing matter, hiring and performance of external auditors;
- Review statement of significant related party transactions submitted by the management.
- Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors and
- Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Activities carried out during the year:

The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.

On behalf of the Committee



Mrs. Nusrat Hafiz
Independent Director

&

Chairperson of the Audit Committee

Dated: 29 October, 2020

DECLARATION BY CEO AND CFO

Date: 29 October 2020

The Board of Directors
Sonargaon Textiles Ltd.
Rupatali, Barisal.

Annexure-A
[As per condition No. 1(5) (xxvi) of CGC]

Subject : **Declaration on Financial Statements for the year ended on 30 June 2020**

Dear Sirs,

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

01. The Financial Statements of Sonargaon Textiles Limited for the year ended on 30 June 2020 have been prepared in compliance with International Accounting Standards(IAS) or International Financial Reporting Standards(IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
02. 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;
03. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
04. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
05. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed and
06. 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 30 June 2020 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain 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,


Bazlur Rahman
Chief Executive Officer (CEO)/
Managing Director


Md. Mostafa
Chief Financial Officer (CFO)

Compliance Certificate

Annexure-B

[Certificate as condition No. 1(5) (xxvii)]

CHATTOGRAM OFFICE: National House (1st Floor), 109, Agnashad Commercial Area, Chattogram - 4100, Bangladesh. Phone : 88-031-711561 Fax/Fax : 88-031-721688 Web : www.shafiqbasak.com E-mail : basak_sbc@yahoo.com basak@shafiqbasak.com	 শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO. CHARTERED ACCOUNTANTS Partners: Md. Shafiqul Islam, FCA Sampad Kumar Basak, FCA Sarwar Mahmood, FCA Sheikh Zahidul Islam, MBA, FCA	DHAKA OFFICE - (1): Statsheli Centre (6th & 4th Floor), 292, Inner Circular Road, Pakirpoot, Motijheel, Dhaka. Phone : 88-02-7194870 Fax/Fax : 88-02-7192098 Web : www.shafiqbasak.com E-mail : shafiq_basak@yahoo.com shafiq@shafiqbasak.com
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**CERTIFICATE OF COMPLIANCE ON CONDITIONS OF THE CORPORATE GOVERNANCE GUIDELINES TO
THE SHAREHOLDERS OF
SONARGAON TEXTILES LIMITED
(As required under the Bangladesh Securities and Exchange Commission (BSEC))**

We have examined the compliance status to the Corporate Governance Code by **Sonargaon Textiles Limited** for the year ended on 30 June 2020. This Code relates to the Notification No. BSEC/CMFRCD/2005-158/207/Admin/80, dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission; except Conditions No. 1(3)(c), 1(4)(c), 1(5)(vi), 1(5)(ix), 1(5)(xx), 1(7)(a), 1(7)(b), 3(2), 5(2)(c), 5(5)(i), 6(4)(d), 6(5)(c).
- (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.

Place: Dhaka
Dated: December 9, 2020


Md. Shafiqul Islam, FCA
Partner
SHAFIQ BASAK & CO.
Chartered Accountants



INDEPENDENT MEMBER OF
ABACUS

DHAKA OFFICE - (2): House - 42 (1st Floor), Road - 61, Block - A, Niketan, Gubshan - 61, Dhaka.
Phone : 88-02-9859602-3, 01819-285196, E-mail: mahmoodshd@gmail.com

STATEMENT OF CORPORATE GOVERNANCE

Annexure-C
[As per condition No. 1(5) (xxvii)]

STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE CODE

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 is presented bellow:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors The total number of members of a Company's Board of Directors (hereafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	Independent Directors			
	All companies shall have effective representation of Independent Directors on their Boards, so that the Board, as a group, include scorecompetencies considered relevant in the context of each Company, for this purpose, the Companies shall comply with the following:-			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of Independent Director(s);	√		
1(2)(b)	For the purpose of this clause 'Independent directors' means Director;			
1(2)(b)(i)	Who either dose not any 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, shareholder of the Company or any of its associates, sister concerns, subsidiaries and parents or holding entities who hold one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family members also shall not hold above mentioned shares in the Company; Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in law shall be considers as family members;	√		
1(2)(b)(iii)	Who has not been an executive of the Company in immediately preceding 2 (two) financial years;	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
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 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 Instituting (NBFI); and	√		
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; and	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1(one) tenure only;	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regularity requirements and corporate laws and can make meaningful contribution to the 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; or			N/A

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
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; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
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 Account or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10(ten) years of experiences in any field mentioned in clause(b);		√	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairpersons of the Board of Directors and Managing Director or Chief Executive Officer:			
1(4)(a)	The positions of the Chairpersons of the Board and the Managing Director(MD) 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 form among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairpersons and the Managing Director and / or Chief Executive Officer;		√	No Written SOP Otherwise to Define Such Roles
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		N/A The Chairman was Present in all the Board Meetings during the year
1(5)	The Directors' Report to Shareholders:			
	The Board of the Company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994)			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;			N/A
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 (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
1(5)(v)	A discussion on continuity of any extraordinary 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 transaction and basis of transactions of all related party transactions;		√	
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 performances and Annual Financial Statements;		√	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that 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)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that 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)	A statement that 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;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that 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)	A statement that 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)	A statement where key operating and financial data of at least preceding 5(five) years shall be summarized;	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		
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 meeting held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares(along with name-wise details where stated below) held by:	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties(name-wise details);	√		
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 her expertise in specific functional areas; and	√		
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)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on;	√		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
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 concern issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
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; and	√		
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; probation 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
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:	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
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 position of the 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 shall be filed 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' Meeting			
	The MD or CEO, Cs, CFO and HIAC of the company shall attend the meetings of the Board;		√	
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 statement 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 member;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee			
	For ensuring good governance in the company. The Board shall have at least following sub – committees;	√		
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
5	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3(three) members	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairpersons 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 Audit Committee			
5(3)(a)	The Board shall select 1(one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting(AGM);			Management will ensure
5(4)	Meeting of the Audit Committee			

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee			
	The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by the statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and		√	
5(5)(m)	Oversee whether the proceeds raised through Internal Public Offering (IPO) or Repeat Public Offering(RPO) or Rights Share Offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission.			N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			
5(6)(a)(ii)(a)	Report on conflicts of interests;			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			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 unreasonable 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 6(six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
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 sub-committee 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 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 (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/ or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and / or member(s) of staff shall be required or valuable for the Committee;			N/A
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be 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 event occurred
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		
6(4)	Meeting of NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convey any emergency meeting upon request by any member of the NRC;			N/A
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:			

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
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; and	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflection short and long-term performance objectives appropriate to the working of the company and its goal;	√		
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)	Identification 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 recommended 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)	Identification the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resource and training policies;	√		
6(5)(c)	The company shall disclose the nomination and remuneration police and the evaluation criteria and activities of NRC during the year at a glance in its annual report.		√	
7	External or Statutory Auditors:			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	Appraisal or valuation service 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 services that the Audit Committee determines;	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Non Complied	
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflicts 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(Annual general Meeting or Extraordinary General Meeting) to ensure 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 Corporation 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 condition or not.	√		

SONARGAON TEXTILES LTD.
Under Condition # 6(5)(c)

A. Nomination and Remuneration Policy

1.00 Introduction

The Nomination and Remuneration Policy is prepared and adopted in compliance with Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission in view to formulate and recommend proper, fair, transparent and non-discriminatory nomination and remuneration for the Directors and Top Level Executives of the Sonargaon Textiles Ltd.

The Nomination and Remuneration Policy of Directors and Top Level Executives has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of Sonargaon Textiles Ltd.

2.00 Definitions

"NRC or the Committee" means Nomination and Remuneration Committee
the Company" means Sonargaon Textiles Ltd.

"Board" means Board of Directors of Sonargaon Textiles Ltd.

"Director" means Member of the Board.

"Top Level Executive" means the Managing Director or Chief Executive Officer, Additional or Deputy Managing Director, Chief Operating Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and Compliance, Head of Administration, Project Director and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.

3.00 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted by the Board of Directors of the Company as a subcommittee to assist the Board under the Condition No. 6 of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission.

NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders of Company. The NRC consists of the following Non-Executive Director of the Board:

Name of the Members	Position in the Committee
Mrs. Nusrat Hafiz Independent Director	- Chairperson
Mrs. Rosy Rahman Director	- Member
Mrs. Tahmina Akhter Nominated Director by RBL	- Member
Mr. Md. Monir Hossain Company Secretary	- Secretary

The Terms of Reference of the NRC have been defined and adopted by the Board of Directors of the Company.

4.00 Objective

The objective of the NRC is to oversee, assist and guide the Board of Directors:-

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors and Top Level Executives.
- To devise policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.
- To the appointment, fixation of remuneration and removal of Directors and Top Level Executives.
- To formulate the criteria in respect to evaluate performance of the Independent Director and the Board.
- To identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
- To develop, recommend and review the company's human resources and training policies.
- To retain, motivate and promote talent and to ensure long term sustainability of talented Top Level Executive and create competitive advantage.
- To recommend Code of Conduct for the Chairman and other Members of the Board and Managing Director.
- To Implement and monitor policies and processes regarding principles of corporate governance.

5.00 Nomination and Appointment of Directors and Top Level Executives

The committee is responsible to ensure that the procedures for nomination and appointment of Directors and Top Level Executive are taken place in transparent, rigorous and non-discriminatory way. The committee also responsible to identify and ascertain the combination of age, gender, educational background, experience, knowledge, ethnicity, diversity, nationality and other relevant personal values & attributes for nomination and appointment of Director and Top Level Executives.

6.00 Remuneration for Directors and Top Level Executives

The committee shall oversee, review and make report with recommendation to the Board the level and composition of remuneration is reasonable and sufficient to attract, motivate and retain suitable, dependable and skilled Director and Top Level Executive. They also consider and review the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, remuneration to Director and 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.

7.00 Validation of the Policy

This policy on Nomination and Remuneration of Directors and Top Level Executives of the Company has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of SonargaonTextiles Ltd.

8.00 Amendments to the Policy

The Board preserve the rights to amend and review time to time the provisions of the policy depending on the legal and other requirements or for a bona fide purpose.

B. Evaluation of Performance

Evaluation of performance of Directors be carried out through completion of a preset confidential questionnaire and/or collective feedback or any other effective criteria adopted by the Board yearly or at such intervals of its work, function and performance as may be considered necessary in order to ascertain the effectiveness and to measure the contribution of the Directors as well as the Top Level Executives of the Company.

C. Activities of the NRC carried out during the reporting period

The NRC carried out the following activities in line with Committee's Terms of Reference during the reporting period:

- i. Reviewed the Company's existing policy relating to the remuneration of Directors and Top Level Executives.
- ii. Reviewed the Company's existing Human Resource and Training policies.

COMPOSITION OF SHARE HOLDING

The distributions schedule showing the number of shareholders and their shareholding in percentage is as follow:

Shareholding Range in Number of Shares	Number of Holders		% of Total Holders		Number of Shares		% of Total Shares	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1 to 5,000	3,115	2,846	84.62	85.16	3,046,045	2,602,301	9.83	11.51
5,001 to 50,000	517	447	14.05	13.37	7,528,740	6,404,404	24.20	28.45
50,001 to 100,000	33	26	0.90	0.81	2,312,296	1,773,132	6.70	8.74
100,001 to 200,000	7	14	0.18	0.39	816,225	1,891,568	7.15	3.08
200,001 to 400,000	5	3	0.14	0.12	1,383,093	702,351	2.65	5.23
400,001 to 500,000	-	-	-	-	-	-	-	-
500,001 to 1,000,000	1	2	0.03	0.03	685,479	1,320,315	4.99	2.59
Over 1,000,000	3	4	0.08	0.12	10,695,178	11,772,985	44.48	40.41
	3,681	3,342	100.00	100.00	26,467,056	26,467,056	100.00	100.00



Independent Auditor's Report

To the Shareholders of Sonargaon Textiles Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Sonargaon Textiles Limited ("the Company"), which comprise the statement of financial position as at June 30, 2020, 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 summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As disclosed in the note 6.00 of the financial statements regarding Trade & Other Receivables amounting to TK 358,537,069. In respect of amount of TK 115,908,494 which is seems to unrealizable and the management did not make provision on the doubtful receivable. So the financial statements are misstated by the overstatement of Trade & Other Receivables by the amount.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Emphasis of Matter

We would like to draw your attention to Note 14 which describes the Company's on-going legal proceedings with two of their financial institutions: Mutual Trust Bank Limited and Bangladesh Development Bank Limited. Our audit opinion is not qualified in respect to this matter emphasized.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.7.3 in the financial statements, which indicates that the Company incurred a net loss of BDT 98,563,119 during the year ended June 30, 2020 and, as of that date, the has negative retained earnings of BDT 55,453,156. As of the signing of this report, the Company's production facility is not operational. As stated in Note 2.7.3, these events or conditions, along with other matters as set forth in Note 2.7.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Key Audit Matter	How our audit addresses the Key Audit Matter
Revenue Recognition	
Revenue of BDT 63.09 Crore (BDT 85.61 Crore for the year ended June 30, 2019) is recognized in the Statement of Profit and Loss and Comprehensive Income of Sonargaon Textiles Limited. The Company's revenue recognition policies and procedures are not complex and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customer. However, Revenue is highly material to the financial statement users and is the primary driver of key investor metrics such as Earnings per Share etc. This account is also subject to some risk due to the risks such as management override and bias. Details of the Revenue Section are summarized in Note 17 to the Financial Statements	Our audit procedures included: Understanding the process of estimating, recording and reassessing going concern. ● Obtain an understanding of Company's internal controls specifically geared towards adoption of the new accounting standard. ● Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfer from Company to Customer. ● Reviewing Invoices, Shipping Documents and other supporting documentation to ensure revenue recognition is occurring appropriately ● Examine Payment documentation to ensure completion of revenue cycle is documented appropriately

Details of Revenue Recognition are included in Note 17.00 to the Financial Statements

Key Audit Matter	How our audit addresses the Key Audit Matter
Adoption and Implementation of IFRS 16 Leases	
With reference to Note 5.00 to the financial statements, IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing International Accounting Standard 17 Leases. Sonargaon Textiles Limited has implemented the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 July 2019 opening balance sheet, of right of use of asset and lease liability. The Company had a closing balance of BDT 1,012,518 of Right-of-Use Asset and Lease Liability of BDT 1,055,467 as at June 30, 2020. The impact of the adaptation of the new standard is disclosed in Note 5.00 of the notes to the financial statements.	We obtained an understanding of the management's process for implementing IFRS 16 Leases, including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including: ● Obtained and read the accounting policy for compliance with IFRS 16 Leases; ● Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16 Leases. In respect of the contracts selected for testing; ● Obtained and assess the borrowing rates; Tested the assumptions used in the calculation model for the sample contracts selected for testing; ● Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability;

Details of IFRS 16 Leases have been included in Note 5.00 to the Financial Statements

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 2020 Annual Report. The Annual Report comprises of the Director's Report, Corporate Governance Compliance Report and Management Discussion and Analysis.

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

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

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 judgement 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.
- 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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

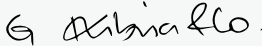
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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, the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- 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 returns;
- The expenditures incurred were for the purpose of the Company's business.

Date: 29th October, 2020
Dhaka, Bangladesh


A.K. Gulam Kibria, FCA
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants

SONARGAON TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	30 June, 2020 Taka	30 June, 2019 Taka
Assets			
Non-Current Assets :			
Property, Plant and Equipment	4.00	676,865,177	711,574,383
IFRS 16 - Right of Use Asset		1,012,518	-
		677,877,695	711,574,383
Current Assets :			
Inventories	5.00	608,332,340	704,702,926
Trade & Other Receivables	6.00	358,537,069	329,633,233
Advances, Deposits and Prepayments	7.00	1,939,405	24,414,673
Investment in Shares Central Depository BD. Ltd. (CDBL)	7.03	1,569,450	1,569,450
Cash and cash equivalent	8.00	9,849,989	20,723,598
		980,228,253	1,081,043,879
Total Assets		1,658,105,948	1,792,618,262
Equity and Liabilities :			
Shareholders' Equity			
Share Capital	9.00	264,670,560	264,670,560
Capital Reserve		5,373,570	5,373,570
Share Premium		54,560,000	54,560,000
Revaluation Reserve	13.00	377,318,921	391,419,048
Retained Earnings		(55,453,156)	36,949,953
		646,469,895	752,973,131
Non-Current Liabilities			
Long Term Loan	14.00	888,740,741	523,858,156
IFRS 16 - Lease Obligation Liability		1,055,467	-
Director's and Other Loans and Advances	15.00	27,720,197	17,320,197
Deferred Tax Liability	16.00	75,517,774	80,075,244
		993,034,178	621,253,597
Current Liabilities			
Short Term Loans	10.00	-	10,956,479
Current Portion of Long Term Loan	11.00	-	348,821,599
Trade & Other Payables	12.00	16,252,531	51,695,857
Workers Profit Participation and Welfare Fund		1,980,815	1,780,815
Provision for Income Tax	27.00	368,529	5,136,783
		18,601,875	418,391,533
Total Equity & Liabilities		1,658,105,948	1,792,618,262
Net Assets Value Per Share (NAVPS)			
	29.00	24.43	28.45

The accounting policies and other notes form an integral part of these financial statements.

As per report Annexed.


A.K.M Azizur Rahman
Chairman


Bazfar Rahman
Managing Director


Md. Monir Hossain
Company Secretary


G. KIBRIA & CO.
Chartered Accountants

Dated: Dhaka

SONARGAON TEXTILES LIMITED
Statement of Profit or Loss and other Comprehensive Income
For the Year Ended 30th June, 2020

	Notes	Amount in Taka			30 June, 2020	30 June, 2019
		Unit - 1	Unit - 2	Unit - 3	Taka	Taka
Turnover	17.00	88,328,792	227,131,179	315,459,971	630,919,942	856,130,508
Cost of Goods sold	18.00	(78,299,825)	(201,342,407)	(279,642,232)	(559,284,464)	(701,736,577)
Gross Profit		10,028,967	25,788,772	35,817,739	71,635,477	154,393,931
Operating Expenses :						
Administrative Expenses	21.00	(3,227,535)	(8,299,376)	(11,526,911)	(23,053,822)	(30,550,588)
Selling & Distribution Expenses	23.00	(195,404)	(502,468)	(697,873)	(1,395,745)	(2,351,000)
Financial Expenses	24.00	(2,728,423)	(7,015,944)	(9,744,367)	(19,488,733)	(91,315,400)
Total Expenses		(6,151,362)	(15,817,788)	(21,969,150)	(43,938,300)	(124,216,988)
Operating Profit/(Loss)		3,877,605	9,970,984	13,848,589	27,697,177	30,176,943
Write off Advance Income Tax	07.01	(2,426,039)	(6,238,386)	(8,664,425)	(17,328,850)	-
Loss of stock sale waste (Pledge)	19.00	(15,531,617)	(39,938,443)	(55,470,060)	(110,940,120)	-
Non Operating Income	26.00	201,141	517,220	718,361	1,436,722	1,439,359
Net Profit/(Loss)		(13,878,910)	(35,688,625)	(49,567,535)	(99,135,070)	31,616,302
Provision for WPPF	31.00	-	-	-	-	(1,580,815)
Provision for WWF		-	-	(200,000)	(200,000)	(200,000)
		-	-	(200,000)	(200,000)	(1,780,815)
Net Profit/(Loss) before tax (G-H)		(13,878,910)	(35,688,625)	(49,767,535)	(99,335,070)	29,835,487
Provision for Taxation						
Current Tax	27.00	(529,973)	(1,362,787)	(1,892,760)	(3,785,520)	(5,136,783)
Deferred Tax		638,046	1,640,689	2,278,735	4,557,471	4,798,525
Net Profit/Loss after tax		(13,770,837)	(35,410,723)	(49,381,560)	(98,563,119)	29,497,229
Other comprehensive income		-	-	-	-	-
Total comprehensive income		(13,770,837)	(35,410,723)	(49,381,560)	(98,563,119)	29,497,229
Earning Per Share (EPS)	28.00				(3.72)	1.11

The accounting policies and other notes form an integral part of these financial statements.


A.K.M Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Md. Monir Hossain
Company Secretary

As per report Annexed.


G. KIBRIA & CO.
Chartered Accountants

Dated: Dhaka

SONARGAON TEXTILES LIMITED

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

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2019	264,670,560	54,560,000	5,373,570	391,419,049	36,949,953	752,973,132
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(14,100,128)	14,100,128	-
Net profit/Loss- 2020	-	-	-	-	(98,563,119)	(98,563,119)
Dividend 2019	-	-	-	-	(7,940,117)	(7,940,117)
As at 30th June, 2020	264,670,560	54,560,000	5,373,570	377,318,921	(55,453,156)	646,469,895

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

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2018	264,670,560	54,560,000	5,373,570	453,000,955	(22,931,269)	754,673,816
Prior Year Error Correction	-	-	-	(46,485,785)	15,287,871	-
Adjusted Balance as at 1 July 2018	264,670,560	54,560,000	5,373,570	406,515,170	(7,643,398)	754,673,816
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(15,096,122)	15,096,122	-
Net profit/Loss- 2019	-	-	-	-	29,497,229	24,519,920
Previous year adjustment	-	-	-	-	-	-
Dividend 2018	-	-	-	-	-	-
As at 30th June, 2019	264,670,560	54,560,000	5,373,570	391,419,049	36,949,953	779,193,736


A.K.M Azizur Rahman
Chairman

Dated: Dhaka


Bazlur Rahman
Managing Director

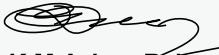

Md. Monir Hossain
Company Secretary

SONARGAON TEXTILES LIMITED

Statement of Cash Flows
For the Year Ended 30th June, 2020

Particulars	Note	30 June, 2020 Taka	30 June, 2019 Taka
A. Cash Flows from Operating Activities :			
Collection from Turnover & Others		602,016,105	919,978,927
Payment to Suppliers and Employees		(610,169,731)	(899,255,991)
Cash Generated from Operation		(8,153,626)	20,722,936
Collection from Non-operation Income		1,436,722	1,439,359
Interest Paid		(10,379,383)	(3,710,000)
Income Tax paid		(3,416,991)	(3,783,512)
Net Cash Flows from Operating Activities		(20,513,278)	14,668,783
B. Cash Flows from Investing Activities :			
Acquisition of property Plant & Equipment		-	-
Acquisition of Long Term Assets		-	-
Sale Proceeds of Long Term Assets		-	-
Net Cash Flows from Investing Activities		-	-
C. Cash Flows from Financing Activities :			
Long Term Loan received		-	-
Short Term Loan Paid		-	-
Other Loans and Advances Received /(Paid)		10,400,000	-
Dividend Paid		(2,239,270)	-
Net cash flow from Financing Activities		8,160,730	-
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)		(12,352,548)	14,668,782
Cash and Cash Equivalent at Opening		20,723,598	632,447
Unrealized gain or (loss) on foreign exchange fluctuation		1,478,939	5,422,369
Cash and Cash Equivalent at Closing		9,849,989	20,723,598
Net Operating Cash Flow Per Share (NOCFPS)	30.00	(0.78)	0.55

The accounting policies and other notes form an integral part of these Financial statements.


A.K.M Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Md. Monir Hossain
Company Secretary

Dated: Dhaka

SONARGAON TEXTILES LIMITED

Notes, Comprising a Summary of Significant Accounting Policies and
Other Explanatory Information
For the year ended 30 June 2020

1.0 Legal status and nature of the company

1.1 Domicile, Legal Form and Country of Incorporation

Sonargaon Textiles Limited was incorporated in Bangladesh as a Public Limited Company under the Companies Act 1913 currently 1994 in the year 1984. The shares of the Company are listed with the Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE).

1.2 Nature of Business Activities

The Company owns and operates a textile spinning mill comprising 3 Units, viz, of Unit-I, Unit-2 and Unit-3 and its principal activities and operations are manufacturing of cotton yarn of different counts and sales thereof.

1.3 Address of Registered Office and Mills

The principal place of business is situated at Khansons Centre, 37, Kawran Bazar, Dhaka-1215. Bangladesh and the Factory Mills is located at Rupatali, Barisal.

1.4 Number of Employees

number of employees 1738 in the year 30.06.2020

2.0 Basis of Preparation of Financial Statements

2.1 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987, the Listing Regulations of Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other relevant local laws as applicable and in accordance with the applicable International Financial Reporting Standards (IFRSs) including International Accounting Standards (IAS) as issued by International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Prior year financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) which were adopted accounting standards from IASB. Management has made an assessment of the difference between these IFRS and BFRS and concluded that there are no differences which would impact any numerical amounts or disclosures for the financial statements.

2.02 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- i. The Income Tax Ordinance 1984;
- ii. The Income Tax Rules 1984;
- iii. The Value Added Tax Act 1991;
- iv. The Value Added Tax Rules 1991;
- v. The Customs Act 1969;
- vi. Bangladesh Labour Law, 2006;
- vii. Listing Rules 2015;
- viii. The Securities and Exchange Ordinance 1969;
- ix. The Securities and Exchange Rules 1987; and
- x. Securities and Exchange Commission Act 1993.

2.03 Structure, content and presentation of financial statements

According to the International Accounting Standards (IAS)-1 adopted by ICAB "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- i. Statement of financial position as at 30 June 2020;
- ii. Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2020;
- iii. Statement of cash flows for the financial year ended 30 June 2020;
- iv. Statement of changes in equity for the financial year ended 30 June 2020;
- v. Accounting policies and other explanatory notes for the financial year ended 30 June 2020.

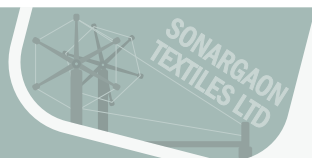
2.04 Applicable Accounting Standards & Financial Reporting Standards

The financial statements have been prepared accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB). The compliance status of these IASs/IFRSs is as follows:

IAS's no.	Name of the IAS	Compliance Status
1	Presentation of Financial Statements	Complied
2	Inventories	Complied
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
17	Leases	Complied
19	Employee Benefits	Not Applicable
20	Accounting for Government Grants and Disclosure of Governments Assistance	Not Applicable
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied

IAS's no.	Name of the IAS	Compliance Status
24	Related Party Disclosures	Complied
26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
27	Separate Financial Statements	Not Applicable
28	Investment in Associates and Joint Ventures	Not Applicable
29	Financial Reporting in Hyperinflationary Economies	Not Applicable
32	Financial Instruments: Presentation	Complied
33	Earnings Per Share	Complied
34	Interim Financial Reporting	Complied
36	Impairment of Assets	Complied
37	Provision, Contingent Liabilities and Contingent Assets	Complied
38	Intangible Assets	Complied
39	Financial Instruments: Recognition and Measurement	Complied
40	Investment Property	Not Applicable
41	Agriculture	Not Applicable

IFRS no.	Name of the IFRS	Compliance Status
1	First-time Adaption of International Financial Reporting Standards	Complied
2	Share-based Payment	Not Applicable
3	Business Combinations	Not Applicable
4	Insurance Contracts	Not Applicable
5	Non-current Assets held for Sale and Discontinued Operations	Not Applicable
6	Exploration for and Evaluation of Mineral Resources	Not Applicable
7	Financial Instruments: Disclosures	Complied
8	Operating Segments	Not Applicable
9	Financial Instruments	Complied
10	Consolidated Financial Statements	Not Applicable
11	Joint Arrangements	Not Applicable
12	Disclosure of Interests in Other Entities	Not Applicable
13	Fair Value Measurement	Complied
14	Regulatory Deferred Accounts	Not Applicable
15	Revenue from Contracts with Customers	Complied
16	Leases	Complied
17	Insurance Contracts	Not Applicable



2.05 **Basis of Measurement of Elements of Financial Statements**

The financial statements have been prepared on the historical cost basis, except for Investment in Shares which is measured in fair value, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.06 **Functional and presentation currency**

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.07 **Preparation and Presentation of Financial Statements of the Company**

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Sonargaon Textiles Limited.

Specific accounting policies selected and applied for significant transactions and events are depicted below:

2.7.1 **Recognition of Properties Plant and Equipment and Depreciation-IAS-16.**

Property, Plant and Equipment are stated at their cost less accumulated depreciation in accordance with IAS 16 "Property, Plant & Equipment". Cost represents cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction year, capitalized in compliance with the requirements of Companies Act 1994. Expenditure for repairs and maintenance are recognized as expenses major replacements renewals and betterment's are capitalized.

2.7.2 **Statement of Cash Flows**

Cash flow statement is prepared in accordance with IAS 7: "Cash Flow Statement" as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted balance held with the commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities.

According to IAS 7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS 7 and IAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents. In addition, management disclosed indirect method under IAS-7 statement of cash flows from audit activities as per circular no. Clause No. 5 (2) (e) of Notification No. BSEC/CMRRCD/2006-158/208/ Admin/81, dated: 20 June 2018: Reconciliation of Net operating cash flow under Indirect Method.

2.7.3 **Going Concern**

This financial statement has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence it is assumed that despite of consecutive two years losses and changes of key management the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation. Though the production facility is not currently operational, but the management has the intention to start its production facility again as early as possible. With a bid to augment its revenue followed by its financial position the company has resorted to some measures which envisage company's ability to continue as a going concern.

2.7.4 **Property, Plant and Equipment:**

Depreciation

No depreciation has been charged on Land and Land development. Full year's depreciation has been charged on additions irrespective of date when the related assets are put into use. Depreciation on Property, Plant and Equipment is computed using diminishing balance method which has been considered sufficient to write off depreciable assets over their estimated useful economic lives. The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

Building & Construction	5 %
Plant & Machinery	7 %
Furniture & Fixture	15 %
Motor Vehicles	20 %
Sundry Assets	20 %

Depreciation has been charged to cost of goods sold and administrative overheads proportionately on a consistent IAS is.

Impairment

In accordance with the provisions of IAS 36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss account. No such indication of impairment has been observed till the end of the year.

2.7.5 **Inventories- IAS-2**

Inventories comprise of Raw Materials, Work in Process, Finished Goods, Packing Materials, Stores and Spares and Goods in Transit. Cost of inventory other than finished goods held is generally calculated and stated on the weighted average method on a consistent basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition. Finished goods are valued at lower of cost or net realizable value and include allocation of production overheads based on normal level of activity while work in process are valued at material cost plus proportionate allocation of production overheads based on estimated completion basis. Net realizable value is based on estimated selling price less any further costs anticipated to be incurred for completion and disposal.

2.7.6 **Financial Instruments:**

Derivative

According to IFRS 7: "Financial Instruments: Disclosures", the company was not a party to any derivative contract (financial instruments) at reporting date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

Non-Derivative

A non-derivative financial instrument comprises of accounts and other receivable, borrowings and other payables and is shown at transaction cost as per IAS 39 "Financial Instruments: Recognition and Measurement".

2.7.7 Trade Debtors

These are carried at original invoice amount. This is considered good and collectible, and therefore, no amount was written off as bad debt and no debt was considered doubtful of recovery.

2.7.8 Creditors and Accrued Expenses

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

2.7.9 Assets Revaluation Reserve

When assets carrying amount is increased as a result of a revaluation, the increase amount should be credited directly to equity under the heading of revaluation surplus/reserve as per Bangladesh Accounting Standards IAS-16: Property, Plant and Equipment. The tax effects on revaluation gain are measured and recognized in the financial statements as per Bangladesh Accounting Standards IAS-12 "Income Taxes".

2.7.10 Taxation

IAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense respectively. Provision for income tax represents the sum of the current tax expenses and deferred tax expenses.

Current Tax expenses

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using Turnover Tax rates that have been enacted or substantively enacted on the reporting date.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using reporting liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized.

2.7.11 Borrowing Cost

Borrowing costs are charged as expenses as shown under the head Financial Expenses (IAS-23).

2.7.12 Revenue Recognition

The revenue during the year represents revenue arising out of the sale of yarn (domestic sales and deemed export) net off excise duty and commission, which are recognized when invoices are made, satisfying all the conditions for revenue recognition as provided in IFRS-15 "Revenue from Contracts with Customers".

2.7.13 Earning Per Share (EPS)

Earning per Share (EPS) is calculated in accordance with the International Accounting Standard (IAS-33) "Earning per Share".

"Earning per Share" has been calculated by dividing the earnings/ (Loss) incurred attributable to the shares (ordinary) held by the members during the year. No diluted EPS was required to be calculated for the year under review as there was no change in the paid up shares.

2.7.14 **Foreign Currency Transactions**

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS-21.

In respect of loss or gain on fluctuation of foreign currency the company adjusts the loss or gain in fluctuation of the foreign currency directly with the sales accounts, through credited the sales amount as and when the sales executed whenever the sales proceeds are realized. This policy consistently followed by the company.

2.7.15 **Leases**

In compliance with the IFRS 16: Leases, cost of assets acquired under finance lease along with related obligation has been accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses. Lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability.

2.7.16 **VAT**

The company's trading income is subject to VAT and these VAT liabilities are accounted for as per VAT Act 1991 having been maintaining a VAT Current Account.

2.7.17 **Events after the Reporting date:**

As per IAS-10 "Event after reporting Date" are those event favorable and unfavorable, that occur between the end of the reporting year and the date when the financial statements are authorized for issue. Two types of event can be identified: those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after balance sheet date); and those that are indicative of conditions that arose after the reporting year (Non-adjusting events after balance sheet date).

3.0 **Additional Information on Financial Statements**

3.1 **Approval of the financial statements**

These financial statements were authorized for issue in accordance with a resolution of the company's Board of Directors on 29 October 2020.

3.2 **Risk and Uncertainties for use of estimates in preparation of the Financial Statements.**

The preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the year reported. Actual results could differ from those estimates. Estimates are use for accounting of certain items such as long term contracts, provision for doubtful accounts, depreciation and amortization, employees, benefit plans, taxes, reserve and contingencies.

3.3 **Reporting Year**

Financial Statements of the Company cover one year from July 01, 2019 to June 30, 2020.

3.4 **Comparative Information**

Figures of the year 2020 have been rearranged whenever considered necessary to ensure comparability with the current year.

30 June, 2020 Taka	30 June, 2019 Taka
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4.00 Property, Plant and Equipment (Unit 1,2 & 3) : TK. 676,865,177

This is made up as follows :

Cost / Fair value as on 01.07.2019	1,262,472,671	1,262,472,671
Add: Addition during the year	-	-
	1,262,472,671	1,262,472,671
Less: Disposal during the year	-	-
	1,262,472,671	1,262,472,671
Less: Accumulated Depreciation as on 01.07 .2019	550,898,287	513,551,519
	711,574,384	748,921,152
Less: Depreciation during the period.	34,709,207	37,346,768
Balance as at 30.06.2020	676,865,177	711,574,383

Details are shown in the Schedule-1, 2, 3 & 4

5.00 Inventories: TK. 608,332,340

This is made up as follows :

Raw Cotton (Note 19.00)	541,806,981	568,484,433
Finished Goods (Note 18)	27,203,418	78,768,120
Work in Process (Note 18)	3,267,570	10,258,661
Spare Parts	19,062,984	18,717,866
Packing Materials	5,644,902	3,130,120
Waste Cotton (Note 18)	11,346,485	25,343,725
	608,332,340	704,702,926

6.00 Trade & Other Receivables : TK. 358,537,069

The above balances are made up as follows :

Details are Shown in the following schedule:

Name	Address	Amount	Amount
K.C Apparels Ltd	Godnail, Narayangonj	-	126,143,290
KC Print Ltd.	Godnail, Narayangonj	15,265,364	-
Trasco Apparels Ltd	B.B Road , Narayangonj	61,092,000	45,070,188
Knit concern Ltd.	Godnail, Narayangonj	275,612,316	-
P.N Composite	Konabari, Gazipur	2,375,800	-
Silk International Ltd.	Gouripur, Ashulia	4,191,590	158,419,755
		358,537,069	329,633,233

Receivable Aging:

Above 180 days	259,946,216	95,231,041
Below 180 days	98,590,853	234,402,192
	358,537,069	329,633,233

7.00 Advance, Loan, Deposits & Prepayments: TK. 1,939,405

This is made up as follows :

Advance Income Tax (7.01)	-	22,465,633
Security Deposit (Note: 7.02)	1,863,540	1,863,540
Advance against Salary	75,865	85,500
VAT/Excise duty paid in advance	-	-
	1,939,405	24,414,673

7.01 Advance Income Tax TK. -

Opening Balance		22,465,633	23,670,412
Less : Previous year provision for Taxation		5,136,783	4,988,291
		17,328,850	18,682,121
Add: Current year Tax deducted at sources :			
Income Tax paid as advance			
On Export proceeds	3,130,384		3,496,626
Income Tax paid as advance.			
On Bank Interest	1,016		1,295
On Dividend	285,591		285,591
		3,416,991	3,783,512
		20,745,841	22,465,633
Less : Write off Advance Income Tax		17,328,850	-
Less : During the year provision for Taxation		3,416,991	-
		-	22,465,633

7.02 Security Deposit TK. 1,863,540

Security Deposit to Bangladesh Oxyzen Ltd.	4,000	4,000
Security Deposit to PDB(U-1)	409,800	409,800
Security Deposit to PDB(U-2)	240,000	240,000
Security Deposit to PDB(U-3)	985,200	985,200
Security Deposit to Telephone(BTTB)	125,500	125,500
BTME (Special fund)	99,040	99,040
	1,863,540	1,863,540

7.03 Investment in Shares

এম্বি ব ঙ্গি ড় স চ ধ হ্ য ড় ফং ং য ধ বং ড় ড ঙ্গি ব হ ং ঙ্গি ব ঙ্গি ব চ ড় ড় ঙ্গি ড় ই উ ং ফ. (ঙ্গি উ ই ং) ি য় র প য ধ বং স ব ধ ং ব র ফ ধ ং প ড় ং ঙ্গি এম্বি ব ঙ্গি ড় ঙ্গি ধ ং ব ড়		
ং য ধ বং ধ ং ধ ং ঙ্গি হ ব ৩০, ২০২০ ধ ব ং ং য ধ বং ড় ড ঙ্গি ব হ ং ঙ্গি ব চ ড় ড় ঙ্গি ড় ই উ ং ফ. (ঙ্গি উ ই ং), য ব ফ ধ ং প ড় ং ঙ্গি	১,৫৬৯,৮৫০	১,৫৬৯,৮৫০
	1,569,450	1,569,450

8.00 Cash and Cash Equivalent: TK. 9,849,989

This is made up as follows :

Cash in hand	25,351	321,238
Cash at Bank (Note-8.01)	9,824,638	20,402,360
	9,849,989	20,723,598

Name of the Bank	Branch	A/C No	Amount	Amount
Dutch Bangla Bank Ltd.	Kawran Bazar Branch	107-120-2912	185,476	9,087
National Bank Ltd.	Tanbazar Branch	0010-33009916	5,064	20,226,653
Social Islami Bank Ltd.	Narayangonj Branch	0661330007288	9,267,883	-
Trust Bank Ltd.	SKB Br., Motijheel	3300-3143	793	793
Basic Bank Ltd.	Main Branch	216010000398	12,407	13,109
Rupali Bank Ltd.	Local Office	18024000171	28,857	28,857
Dutch Bangla Bank Ltd.	Motijheel Foreign Exc	1051201231	116,201	115,584
Rupali Bank Ltd.	Barisal Branch	20005021	1,678	1,678
Dutch Bangla Bank Ltd.	Barisal Branch	127110855	206,280	6,600
			9,824,638	20,402,360

9.00 Share Capital: TK. 264,670,560

The break up is as follows

Particulars	No. of Shares Holders	No. of Shares	Amount	Amount
a) 11,790,404 ordinary shares of Tk.10/- each	7	11,790,404	117,904,040	117,904,040
paid by sponsors				
b) Group summary of other shareholders				
Description of the group				
Financial Institutions (ICB & others)	33	869,036	8,690,360	10,660,520
General Public	3,459	13,725,529	137,255,290	99,954,890
ICB unit Fund	1	693	6,930	33,446,720
Investment Corporation of Bangladesh	1	184	1,840	-
Investment Account, ICB, Sylhet	-	-	-	811,270
ICB Suspension for fraction	1	83	830	131,560
ICB Securities Trading Co.	-	-	-	911,180
ICB Capital Management Ltd	1	81,127	811,270	850,380
Sub Total	3,496	14,676,652	146,766,520	146,766,520
Grand Total	3,503	26,467,056	264,670,560	264,670,560

10.00 Short Term Loan From Bank (Secured): TK. -

This is made up as follows :

	Loan Account and type	Nature of securities	Rate of Interest		
	Rupali Bank, CC Hypo, A/C # 52-9-0	Hypothecation of General	9.00%	-	10,956,479
	Rupali Bank, CC Pledge, A/C # 51-1-2	Pledge of Inventory (RM and	9.00%	-	-
				-	10,956,479

During the year the company no charged any interest on the cash credit facilities (CC Pledge & Hypo) availed from the Rupali Bank Ltd. due to Re-Schedule.

11.00 Current Portion of Long Term Loan (Secured): Tk. -

This is made up as follows :

Long Term Loan with BDBL	-	291,678,689
Long Term Loan with RBL	-	57,142,910
	-	348,821,599

12.00 Trade & Other Payables : TK. 16,252,531

This is made up as follows :

Accrued Expenses payable (Note 12.01)	1,945,098	22,851,646
Outstanding Audit fees	345,000	230,000
Trade Payables (Note 12.02)	8,261,586	22,413,736
Outstanding claim for Raw cotton(Olam International)	-	6,200,475
Unpaid Dividend on 2019	5,700,847	-
	16,252,531	51,695,857

12.01 Accrued Expenses payable TK. 1,945,098

This is made up as follows :

Electricity bill (Factory) June,20	605,976	7,330,098
Salary & Wages (Factory) for June,20	398,207	3,398,207
Salary & Allowance employees	250,915	2,450,915
Office Rent	690,000	9,442,926
Barisal City Corporation Tax	-	229,500
	1,945,098	22,851,646

12.02 Schedule of Trade Payables

Tk. 8,261,586

Name	Address	Amount	Amount
P.N Enterprise (Raw cotton)	2, S.M Maleh Road, Tanbazar ,N.gonj	560,522	1,328,752
Ratan Enterprise (Raw cotton)	103 S.M Maleh Road, Tanbazar ,N.gonj	607,183	4,227,155
Master Yarn Trading (Raw cotton)		65,648	4,344,615
Rashid Enterprise (Raw Cotton)		155,526	3,390,329
Salma Traders (Raw Cotton)		6,245	6,245
Hoq Yarn Ltd. (Raw Cotton)		178,701	178,701
Tex trade (Raw cotton)		156,414	156,414
The Cotbiz Trading (Raw cotton)		91,584	91,584
Adib Enterprise (Spare parts)	Plot # 16,Block# D,Mill Gate,Tongi,Dhaka	72,576	-
AD Media Printers		98,000	32,000
Airtech Compressor		25,000	25,000
A.I.S Enterprise	Shop # 35,125, Iqble Road,M.pur , Dhaka	35,795	35,795
Axis Textiles engineering	H # 2, L # 13,B # A,Sec-10,Mirpur,Dhaka.	27,700	27,700
Azad Store	69, B.B. Road, Ukil para,Dhaka	84,983	84,983
Aziz Packaging Ltd.		450,000	-
Bengal Roots		600	47,200
Cargo Control (BD) Pet Ltd	69 Dilkusha C/A , Dhaka.	143,084	143,084
C.H Graphics & Printers	75,Arambagh, Motijheel,Dhaka-1208	142,642	197,542
China Plastics BD. Ltd.		200	62,200
Chittagong Fibre Board	125,Andor Killa,Chittagong	196,740	196,740
Dawood Sultan & Co.		190,000	-
Euro Trade	Road#7Block#plot#52,Eastern Banasree,Dhaka	555,227	249,737
Forman Enterprise		81,000	82,500
Friends Electric House		8,498	8,498
Fusia Electronics		33,600	-
Gazi Tank		8,200	8,200
IC System & Service		23,000	23,000
IHS Inspection Serices(BD) Ltd.	66, Dilkusha C/A Dhaka	6,562	6,562
Jusna Enterprise		255,000	-
Lipika (Spare Importer)		246,017	276,017
Mass Electors Ltd.		114,600	-
Madona Enterprise		36,450	55,000
Mahin Enterprise	130, B.C Road,Nawabpur Road,Dhaka	213,899	166,300
Mask Engineering		20,500	-
Musum Enterprise	Shop # 6,107, Nawabpur Road, Dhaka	25,745	25,745
M/S M Hossain Engineering Workshop		72,300	-
New Bangla Technical Support Centre		157,000	-
New Diamond Plastic Traders	Shop # 9,218, Nawabpur Road, Dhaka	321,885	321,885
NSR Enterprise		-	840,118
Nuhan Engineering Workshop	128,Bonogram Road,Dhaka	2,400	2,400
Pacific Trading		150,337	150,337
PN International		110,000	-
Popular Trades(Narayangong)	46/1 Old Jimkhana, Narayangonj	206,341	206,341
Prime Power Solution		9,400	-
Quality Tex		-	9,262
Quality Traders		234,020	234,020
Ringtex Engineering		22,800	-
Riyad Light House		91,440	91,440
Rumman Spring & Eng. Works	128,Bonogram, Nawabpur Road,Dhaka	218,384	2,798,438
Sail International		20,800	420,800
Satata Enterprise		264,890	497,995
SD Tax Promoters Ltd.		25,810	25,810
Sinobangla Industries Ltd.		39,071	39,071
Solution Technology		123,500	-
Spinning world		-	265,253
Simul Traders	63/A,Railway Commercial Plot,Shajahanpur,Dhaka	390,571	272,661
Southern multi Pack		415,800	-
Square Informatix Ltd.		5,000	5,000
Standard Sprung Industries	78,Nawabpur Road, Dhaka	24,350	24,350
Suman Joint Store		50,500	-
Sutex International		15,900	-
Texcoms Services		19,500	-
Triad International		10,000	-
United Trade Centre		95,650	-
Yusuf Trader		3,290	3,290
Yeasin Enterprise		-	482,250
ZSZ Engineering		215,890	218,100
Others Party (Factory)		27,317	27,317
		8,261,586	22,413,736

13.00 Revaluation Reserve: (Schedule-5)**TK. 377,318,921**

This is made up as follows :		
Opening balance	391,419,048	453,000,955
Prior Year Error Correction		(46,485,785)
Adjusted Opening Balance	391,419,048	406,515,170
Less : Adjustment for depreciation for this year	(14,100,128)	(15,096,122)
Closing balance	377,318,921	391,419,048

This amount represents as per last years accounts

14.00 Long Term Loan (Not due secured) ;**TK. 888,740,741**

This is made up as follows

BDBL Term Loan # 59/237/00105	274,184,272	-
MTBL-Term loan-1	80,853,222	80,853,222
MTBL-Term loan-2	55,403,054	55,403,054
MTBL-Term loan-3	155,823,954	155,823,954
Rupali Bank Loan account (Principal)	322,476,239	231,777,926
Grand Total (Unit 1+2+3)	888,740,741	523,858,156

Note :

In respect of the loan facilities availed from Bangladesh Development Bank Ltd. (BDBL)(Former Bangladesh Shilpa Bank) for Unit No. 1,2 & 3, the loan amount presented in the statement of financial position equals Tk. 274,184,272. The bank performed a reschedule for the loan in the current year. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 346,291,000. The company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due to the ongoing litigation with the courts, the loan balance is confirmed by a reschedule for the loan in the current year.

The Company availed loan from Rupali Bank Limited (RBL) for Unit 3 through mortgage of Company's Fixed Assets and personal guarantee of all sponsor Directors. The bank performed a reschedule for the loan in the current year. The bank charges interest on the loan facilities @ 9% of CC Hypo & 9% of the Term Loan. In the current year, the bank performed a reschedule for the loan due and the difference between the old and updated loan balance was accrued by the Company as interest expense to ensure the carrying value of the loan matches the amount confirmed by the bank.

Long Term Loan includes a classified loan availed from Mutual Trust Bank (MTB) with a loan balance representing taka 2,920,802,30. However, the bank made a suit through "Artha Rin Adalat" vide suit no. 878 of 2015 against the company for recovery of money with suit value taka 219,501,331 the company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due to the ongoing litigation with the courts, the loan balance is subject to confirmation. The Company's provisional outstanding balance on the balance sheet is over from litigation amount claimed by the bank. Therefore, the management have decided not make further interest expenses provision during this since the company have already provisioned a higher amount of thos this then the bank is claiming on the case. The management have also consulted with the company's lawyer and believe the case to be in company's favour. .

15.00 Director's and Other Loans and Advances:**TK. 27,720,197**

This is made up as follows

Opening balance	17,320,197	17,320,197
Add: Received during the year	10,400,000	-
Less: Paid during the year	-	-
Closing balance	27,720,197	17,320,197

These represent loan from directors which do not carry any interest.

16.00 Deferred Tax Liabilities:**TK. 75,517,774**

This is made up as follows

Opening balance	80,075,244	53,675,856
Prior Year Error Correction	-	31,197,914
Adjusted Opening Balance	80,075,244	84,873,770
Add: Addition during the year	(4,557,471)	(4,798,525)
	75,517,774	80,075,244
Less: Adjustment during the year	-	-
Closing balance	75,517,774	80,075,244

17.00 Turnover/Sales:**TK. 630,919,942**

This is made up as follows :

Particulars	30 June, 2020		30 June, 2019	
	Qty. In Lb.	Taka	Quantity Lbs	Taka
Local Sales of Yarn/Waste cotton/ Stock lot Sale	258,399	8,469,189	258,399	491,096
Less : Vat on Sales of Waste cotton	-	89,477	-	64,057
	258,399	8,379,712	258,399	427,039
Add : Export of Yarn	4,338,763	622,540,230	6,162,298	855,703,469
Total turnover (Net)	4,597,162	630,919,942	6,420,697	856,130,508

18.00 Cost of Goods Sold : TK. 559,284,464

This is made up as follows :

Particulars	Quantity Lbs	Amount in Taka			30 June, 2020 Taka	30 June, 2019 Taka
		Unit-1	Unit - 2	Unit - 3		
WIP as on 01.07.2019	100,935	1,436,213	3,693,118	5,129,331	10,258,661	7,676,763
Add: Raw cotton input (Note- 19)	4,121,145	43,422,820	62,032,601	204,707,582	310,163,003	505,734,372
	4,222,080	44,859,033	65,725,719	209,836,913	320,421,664	513,411,135
Less :WIP as on 30.06.2020	38,442	457,460	1,176,325	1,633,785	3,267,570	10,258,661
Wastage recovery	208,414	1,588,508	4,084,735	5,673,243	11,346,485	25,343,725
	246,856	2,045,968	5,261,060	7,307,028	14,614,055	35,602,386
Raw Material Consumed	3,975,224	42,813,065	60,464,659	202,529,885	305,807,609	477,808,749
Add: Factory Overhead (Note -25)		28,267,701	72,688,375	100,956,077	201,912,153	243,127,800
Cost of Production	3,975,224	71,080,767	133,153,034	303,485,962	507,719,762	720,936,549
Add : Stock of Yarn as on 01.07.2019	269,071	11,027,537	28,356,523	39,384,060	78,768,120	59,568,148
	4,244,295	82,108,304	161,509,557	342,870,022	586,487,882	780,504,696
Less: Stock of Yarn as on 30.06.2020 (Note-20)	123,237	(3,808,478)	(9,793,230)	(13,601,709)	(27,203,418)	(78,768,120)
Cost of Goods Sold	4,121,059	85,916,782	171,302,788	356,471,731	559,284,464	701,736,577

19.00 Raw Cotton Input : TK. 310,163,003

This amount comprises as follows :

Particulars	30 June , 2020		30 June , 2019	
	Quantity (lbs)	Value	Quantity (lbs)	Value
Stock of Raw cotton as on 01.07.2019	3,707,900	568,484,433	4,436,341	426,252,146
Add : Raw cotton purchased during the year	4,630,663	402,208,871	6,957,347	647,966,659
	8,338,563	970,693,304	11,393,688	1,074,218,805
Less : Stock of raw cotton	(4,217,418)	(660,530,301)	(3,707,900)	(568,484,433)
Stock of raw materials sales waste (Pledge)	(407,000)	(118,723,320)	-	-
Stock of raw cotton as on 30.06.2020	(3,810,418)	(541,806,981)	(3,707,900)	(568,484,433)
Input of Raw cotton during the year	4,121,145	310,163,003	7,685,788	505,734,372

The company had Tk 1,17,723,320 worth of raw cotton pledged to Rupali Bank Limited. During the year it was discovered that the cotton have lost its temper and become obsolete. The management decided in the Board Meeting held on 29.01.2020 to write off the raw cotton inventory by this amount. The absolute cotton was sold by sale value of Tk. 7,783,200, as per agreed by Rupali Bank Limited. As a result creating a net loss of TK 110,940,120

20.00 Stock : 123,237 Lbs.

This is made up as follows :

Particulars	30 June, 2020		30 June, 2019	
	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs
Opening balance	-	269,071	-	203,484
Add: Production during the year		4,192,929	-	6,227,885
		4,462,000	-	6,431,369
Less: Sales during the year :				
Local	-	-	-	-
Export	-	4,338,763	-	6,162,298
Closing balance		123,237		269,071

21.00 Administrative Expenses: TK. 23,053,822

This is made up as follows :

Particulars	Amount in Taka			30 June, 2020	30 June, 2019
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Directors' Remuneration	-	-	-	-	1,138,508
Salary & allowances (Note -22)	1,473,301	3,788,488	5,261,789	10,523,577	11,543,616
Overtime	265,396	682,447	947,843	1,895,685	2,483,667
Bonus (Note - 22)	525,514	1,351,321	1,876,835	3,753,669	2,688,370
Board Meeting fee	16,800	43,200	60,000	120,000	125,000
Notice pay	3,621	9,311	12,933	25,865	3,945
Traveling & conveyance	20,636	53,065	73,702	147,403	361,279
Printing & Stationery	10,984	28,245	39,229	78,458	146,391
Vehicle Maintenance	7,642	19,651	27,293	54,585	71,232
Cleaning expenses	11,690	30,060	41,750	83,500	208,500
Subscription (BTMA)	6,850	17,614	24,464	48,928	97,650
Subscription (BCI & BAPLC)	7,000	18,000	25,000	50,000	50,000
Newspaper & Periodicals	203	522	725	1,450	12,445
Uniform	2,444	6,286	8,730	17,460	135,756
Postage	1,068	2,747	3,815	7,630	10,422
Entertainment	12,189	31,342	43,531	87,061	30,945
Electricity	21,937	56,409	78,346	156,691	381,887
Employees Lunch	23,495	60,416	83,912	167,823	455,640
Fees & Renewal	37,787	97,166	134,953	269,905	15,945
Gardening	35	90	125	250	35,750
lfter bill	437	1,124	1,561	3,122	70,723
Telephone & Mobile Bill	7,162	18,417	25,579	51,157	81,338
License & renewals	3,146	8,088	11,234	22,468	70,048
Work Permit Fee	385	990	1,375	2,750	10,000
City Corporation Tax	-	-	-	-	226,535
Advertisement	8,134	20,915	29,049	58,098	166,177
WASA Bill/Water Bill	3,365	8,652	12,017	24,033	49,256
Internet connection (WiFi)	3,878	9,972	13,850	27,700	86,020
Ceremonial expenses	-	-	-	-	65,714
Carring & Handling	11,964	30,763	42,727	85,454	132,530
Miscellaneous Expenses	28,651	73,674	102,325	204,650	490,750
Office Rent - IFRS 16 - ROU Asset Amortization	70,876	182,253	253,129	506,259	-
Office Rent	-	-	-	-	3,199,336
Office Rent - VAT	-	-	-	90,000	479,900
Office expenses	238	611	849	1,698	8,500
Donation & others	26,250	67,500	93,750	187,500	4,520
Group Insurance	3,550	9,128	12,678	25,355	1,048,594
Repairs & maintenance (Building)	14,000	36,000	50,000	100,000	15,720
Repairs & maintenance (Others)	7,154	18,397	25,551	51,102	26,440
AGM Expenses	92,238	237,183	329,421	658,841	411,255
Audit fees	48,300	124,200	172,500	345,000	230,000
Leave benefits	4,184	10,758	14,942	29,884	154,290
Subscription for DSE,CSE& Others	10,920	28,080	39,000	78,000	238,335
Medical expenses	6,647	17,091	23,738	47,475	302
Training expenses	-	-	-	-	13,300
Welfare	88	225	313	625	71,615
Depreciation (Schedule-4/A)	388,743	999,625	1,388,368	2,776,737	2,987,741
Website maintenance	-	-	-	-	45,000
Sundry expenses	26,036	66,951	92,987	185,974	169,700
Total	3,214,935	8,266,976	11,481,911	23,053,822	30,550,588

22.00 Salaries ,Allowances & Bonus: TK. 14,277,246

This amount comprises as follows :

Particulars	30 June, 2020		30 June, 2019	
	Employees	Amount in Taka	Employees	Amount in Taka
a) Up to Tk. 3,000 Per Month	25	1,893,000	27	1,893,000
b) Above Tk. 3,000 Per Month	91	12,384,246	93	12,338,986
	116	14,277,246	120	14,231,986

23.00 Selling & Distribution Expenses: TK. 1,395,745

Particulars	Amount in Taka			30 June , 2020	30 June , 2019
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Carriage outward & Discount	195,404	502,468	697,873	1,395,745	2,351,000
Total	195,404	502,468	697,873	1,395,745	2,351,000

24.00 Financial Expenses: TK. 19,488,733

30 June, 2020 Taka	30 June, 2019 Taka
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This amount comprises as follows :

Particulars	Amount in Taka			30 June, 2020 Taka	30 June, 2019 Taka
	Unit-1	Unit-2	Unit - 3		
Interest on BDBL Term Loan	(1,789,930)	(4,602,676)	(6,392,606)	(12,785,212)	30,305,585
Interest on MTBL Term Loan	-	-	-	-	40,461,053
Interest on RBL Term Loan	3,886,263	9,993,247	13,879,510	27,759,019	20,735,523
Interest on CC Loan	71,412	183,630	255,042	510,083	966,945
Financial Expense - IFRS 16 Lease Obligation	19,137	49,208	68,345	136,690	-
Realized (gain) or Loss in foreign exchange	723,975	1,861,649	2,585,624	5,171,248	4,247,875
Un realized (gain) or Loss in foreign exchange	(207,051)	(532,418)	(739,469)	(1,478,939)	(5,422,369)
Bank charges & commission	24,618	63,304	87,923	175,845	20,788
Total	2,728,423	7,015,944	9,744,367	19,488,733	91,315,400

In respect of the loan facilities availed from Bangladesh Development Bank Ltd. (BDBL) (Former Bangladesh Shilpa Bank) for Unit No. 1, 2 & 3, the loan amount presented in the statement of financial position equals Tk. 274,184,272. The bank performed a reschedule for the loan in the current year. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 346,291,000. The company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due to the ongoing litigation with the courts, the loan balance is confirmed by a reschedule Tk.274,184,272 with one year grace period. During the year interest charge Tk.262,251,082 and Interest wave Tk.43,745,499 as a result interest expenses negative for the loan in the current year.

25.00 Factory Overhead: TK. 201,912,153

This amount comprises as follows :

Particulars	Amount in Taka			30 June, 2020 Taka	30 June, 2019 Taka
	Unit-1	Unit - 2	Unit - 3		
Salary & allowance and wages (Note : 25.01)	9,285,790	23,877,744	33,163,534	66,327,068	66,657,665
Bonus	752,934	1,936,117	2,689,052	5,378,103	4,803,015
Carriage Inward	7,767	19,971	27,738	55,475	94,008
Electricity	12,797,930	32,908,964	45,706,894	91,413,788	122,899,721
Stores & Spares	363,396	934,447	1,297,843	2,595,685	3,630,454
Packing Materials	311,097	799,963	1,111,060	2,222,120	6,723,667
Insurance (Fire policy of Machinery, Building, Raw cotton Godown)	46,811	120,370	167,181	334,362	1,048,594
Oil & lubricant	110,128	283,186	393,314	786,627	1,582,385
Overtime expenses	31,861	81,927	113,788	227,576	582,621
Repair & Maintenance	52,502	135,005	187,507	375,014	482,779
Leave benefits & gratuity	36,941	94,991	131,933	263,865	263,865
Depreciation (Schedule-4/A)	4,470,546	11,495,689	15,966,235	31,932,470	34,359,026
Total	28,267,701	72,688,375	100,956,077	201,912,153	243,127,800

25.01 Salary , Allowances and Wages : Tk. 66,327,068

This amount comprises as follows :

Particulars	30 June, 2020		30 June, 2019	
	Employees	Amount in Taka	Employees	Amount in Taka
a) Up to Tk. 3,000 Per Month	1,387	56,982,383	1,480	53,312,980
b) Above Tk. 3,000 Per Month	235	9,344,685	229	13,344,685
	1,622	66,327,068	1,709	66,657,665

26.00 Non-Operating Income TK. 1,436,722

30 June, 2020 Taka	30 June, 2019 Taka
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This amount comprises as follows :

Dividend Received from CDBL	1,427,955	1,427,955
Interest Income	8,767	11,404
	1,436,722	1,439,359

27.00 Provision for Income Tax TK. 368,529

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
Opening Balance	5,136,783	4,988,291
Add: during the year	3,785,520	5,136,783
Balance after addition	8,922,303	10,125,074
Less : Adjustment Previous year Advance Tax	5,136,783	4,988,291
Less : Adjustment During the year Advance Tax	3,416,991	-
Closing Balance	368,529	5,136,783

As per IAS 12, Paragraph 81, a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s) is provided below:

Net Income:	(99,335,070)	29,835,487
Tax: 15% of Net Income [A]	-	4,475,323
Minimum Tax as per Section 82/C: 0.6% of Revenue [B]:	3,785,520	5,136,783
Tax: Deducted at Source [C] Tax Provision: Greater of [A], [B] and [C]	3,416,991	3,496,626
Tax Provision : Greater of [A],[B] and [C]	3,785,520	5,136,783

28.00 Earning Per Share (EPS):

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
The computation of EPS is given below:		
(a) Earning attributable to the ordinary shareholders (Net Profit after income tax)	(98,563,119)	29,497,229
(b) Weighted average number of ordinary shares outstanding during the year	26,467,056	26,467,056
(c) Basic Earning Per Share	(3.72)	1.11

29.00 Net Assets Value Per Share (NAVPS)

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
a) Net assets value	646,469,895	752,973,131
b) Number of ordinary shares outstanding during the year	26,467,056	26,467,056
Net Assets Value Per Share (NAVPS)	24.43	28.45

30.00 Net Operating Cash Flow Per Share (NOCFPS)

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
A. Net Operating Cash Flow (Numerator)	(20,513,278)	14,668,783
B. No. of Shares Outstanding	26,467,056	26,467,056
Net Operating Cash Flow Per Shares (A/B)	(0.78)	0.55

31.00 Provision for WPPF & WWF

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
Opening balance	1,780,815	400,000
Add: during the year	200,000	1,580,815
Less: Paid during the year	-	200,000
Closing balance(WPPF & WWF)	1,980,815	1,780,815

WPPF amounting Tk.1,580,815.00 for the year ended 30.06.2019 could not be paid due to our fund crisis .It will be paid as soon as possible .

32.00 Reconciliation of cash flows from operating activities through Indirect method

As per Clause No. 5(2) (e) of Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, Dated: 20 June 2018: A reconciliation of Net operating cash flow under Indirect Method is provided below:

Particulars	30 June, 2020 Taka	30 June, 2019 Taka
Net Income after Tax	(98,563,119)	24,519,920
Non-Cash Adjustments		
Less: Cash Rent Paid	(9,352,926)	-
Add: Depreciation	34,709,207	37,346,768
Add: ROU Asset Depreciation	506,259	-
Add: ROU Liability Interest	136,690	-
Add: Inventory Write Off	110,940,120	-
Add: AIT Write Off	17,328,850	-
Less: Def Tax Gain	(4,557,471)	178,784
	51,147,609	62,045,472
Working capital adjustments		
Change in Inventory (excluding Inv. Write off)	(14,569,534)	(174,029,829)
Change in Trade AR	(28,903,837)	62,409,060
Change in interest expenses	(10,379,383)	-
Change in Advance Deposit & Prepayment	9,635	1,210,279
Change in AP (excluding Dividend and Rent)	(32,391,247)	(22,032,246)
Change in WPPF	200,000	1,580,815
Add : Increase in interest payable	15,483,890	88,759,109
Income Tax paid	(3,416,991)	-
Income Tax provision	3,785,520	148,492
	(19,034,338)	19,942,660
Less : Unrealized gain on exchange rate fluctuation	(1,478,939)	(5,422,369)
Net cash flow form operating activities	(20,513,277)	14,520,291
Net operating cash flow per share	(0.78)	0.55

33. **Credit Facility Not Availed**

There was no credit facility available to the company under any contract, but not availed as on 30 June 2020 other than trade credit available in the ordinary course of business.

34. **Segment Reporting**

As there is single business and geographic segment within the company operates as such no segment reporting is felt necessary.

35. **Attendance Status of Board Meeting of Directors**

During the year from 01.07.2019 to 30.06.2020 there were 4 (Four) Board Meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended	Remarks
Mr. A.K.M Azizur Rahman	Chairman	4	4	
Mr. Bazlur Rahman	Managing Director	4	4	
Mrs. Rosy Rahaman	Director	4	4	
Mrs. Nusrat Hafiz	Director (Independent)	4	4	
Mrs. Tahmina Akter	Director (Nominated by RBL)	4	2	

For Board Meeting, attendance fees were paid to the Directors of the Company.

36. **Disclosure as per requirement of Schedule XI, Part 11 of the Company Act 1994**

A. Disclosure as per requirement of Schedule XI, Part 11, Note 5 of Para 3

Employee Position for Sonargaon Textiles Limited (As at 30 June 2020)

Salary Office (Monthly)	Office & Staff		Worker	Total
	Factory	Head Office		Employee
Below Tk 3,000/-	-	25	1387	1412
Above Tk 3,000/-	235	91	-	326
Total	235	116	1387	1738

B. Disclosure as per requirement of Schedule XI, Part 11, Para 4

Name of Directors	Designation	Remuneration	Festival Bonus	Total Payment
Mr. A.K.M Azizur Rahman	Chairman	-	-	-
Mr. Bazlur Rahman	Managing Director	-	-	-
Mrs. Rosy Rahaman	Director	-	-	-
Mrs. Nusrat Hafiz	Director (Independent)	-	-	-
Mr. Abul Kalam Azad	Director (Nominated by RBL)	-	-	-
Total		-	-	-

Period of payment to Directors is from 1st July 2019 to 30th June 2020.

The above Directors of the company did not take any benefit from the company:

- a) Expense reimbursed to the managing agent - Nil
- b) Commission or other remuneration payable separately to a managing agent or his associate - Nil
- c) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the company - Nil
- d) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year.
- e) Any other perquisites or benefit in cash or in kind stating - Nil
- f) Other allowances and commission including guarantee commission - Nil.

Pensions, etc.

- 1) Pensions - Nil
- 2) Gratuities - Nil
- 3) Payment from Provident Fund - Nil
- 4) Compensation for loss of office - Nil
- 5) Consideration in connection with retirement from office - Nil.

C. Disclosure as per requirement of Schedule X1, Part 11, Para 7

Details of production capacity utilization

Particulars	License Capacity	Installed Capacity in MTs	Actual Production from July 2019 to 30 June 2020	Capacity utilization from July 2019 to June 2020
Annual Production Capacity of Yarn in Lbs	Not Mentioned in the License	5,953	1,803	30.29%

D. Disclosure as per requirement of Schedule XI, Part II, Para 8

Raw Materials, Spare Parts, Packing Materials and Capital Machinery

Items	Purchase (BDT)			Consumption (BDT)	% of Consumption Of Total Purchase
	Import	Local	Total		
Raw Materials	-	40,22,08,871	40,22,08,871	305,807,609	76.03%
Spare Parts	-	20,469,038	20,469,038	2,595,685	12.687%
Packing Materials	-	4,736,902	4,736,902	2,222,120	46.91%
Capital Machinery	-	-	-	-	-
		43,04,37,168	43,04,37,168	31,06,25,414	28.63%

Value of Export

Particulars	In Foreign Currency (US \$)	In BDT
Export	73,67,340	63,09,19,942

- i. The value of imported raw materials is calculated on CIF basis.
- ii. The Company has not incurred any expenditure in foreign currency for the period from July 2019 to 30th June 2020 on account of royalty, know-how, professional fee, consultancy fees and interest.
- iii. Foreign exchange earning USD 73, 67,340 equivalent of BDT 63, 09, 19,942 in respect of export has been calculated on FOB basis.
- iv. The Company has not earned any foreign exchanges for royalty, know how, professional fees and consultancy fees
- v. The value of export from the period from 1 July 2019 to 30June 2020.

E. Disclosure as Per Requirement of Schedule XI, Part II, Para 3

Sl.	Requirements under condition No.	Compliance status of Disclosure Schedule XI Part 11, Para 3
3(i)(a)	The turnover	Complied
3(i)(b)	Commission paid to selling agents	Not Applicable
3(i)(c)	Brokerage and discount of sales, other than the usual trade discount	Not Applicable
3(i)(d)(i)	The value of the raw materials consumed, giving item-wise as possible	Complied
3(i) (d)(ii)	The opening and Closing stocks of goods produced	Complied
3(i)(e)	In the case of trading companies, the purchase made and the opening and closing stock	Not Applicable
3(i)(f)	In the case of Companies rendering or supplying services, the gross income derived from services rendered or supplied	Not Applicable
3(i)(g)	Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity breakup for the Company, which falls under one or more categories i.e. manufacturing and/or trading	Complied
3(i)(h)	In the case of other companies, the gross income derived under different heads	Not Applicable
3(i)(i)	Work-in-progress, which have been completed at the commencement and at the end of the accounting period	Complied
3(i)(j)	Provision for depreciation, renewals or diminution in value of fixed assets	Complied
3(i)(k)	Interest on the debenture paid or payable to the Managing Director, Managing Agent and the Manager	Not Applicable
3(i)(l)	Charge for income tax and other taxation on profits	Complied
3(i)(m)	Reserved for repayment of share capital and repayment of loans	Not Applicable
3(i)(n)(i)	Amount set aside or proposed to be set aside, to reserves, but not including provisions made to meet any specific liability, contingency or commitment, know to exist at the date as at which the balance sheet is made up.	Not Applicable
3(i)(n)(ii)	Amount withdrawn from above mentioned reserve	Not Applicable
3(i)(o)(i)	Amount set aside to provisions made for meeting specific liabilities, contingencies of commitments.	Not Applicable
3(i)(o)(ii)	Amount withdrawn from above mentioned provisions as no longer required.	Not Applicable
3(i)(p)	Expenditure incurred on each of the following items, separately for each item: (i) Consumption of stores and spare Parts (ii) Power and Fuel (iii) Rent (iv) Repairs of Buildings (v) Repairs of Machinery (vi) (1) Salaries, wages and bonus (2) Contribution to provident and other funds (3) Workmen and staff welfare expenses to the ext	Complied

F. Disclosure of Advance, Deposit and Prepayment of Schedule XI of Companies Act. 1994

The details breakup of Advance, Deposit and Prepayments as per requirement of Schedule XI of the Companies Act 1994 stated below:

	30.06.2020	31.12.2019
Advance, Deposit and Prepayments exceeding 6 months	Nil	Nil
Advance, Deposit and Prepayments not exceeding 6 months	1,863,540	27,103,402
Other Advance, Deposits & Prepayments less provision	Nil	Nil
Advance, Deposits and Prepayments considered Good and Secured	Nil	Nil
Advance, Deposits and Prepayments considered Good without Security	Nil	Nil
Advance, Deposits and Prepayments considered Doubtful or Bad	Nil	Nil
Advance, Deposits and Prepayments due by Directors	Nil	Nil
Advance, Deposits and Prepayments due by Other Officers (against Salary)	75,865	91,000
Advance, Deposits and Prepayments due from Companies under same management	Nil	Nil
Maximum Advance, Deposits & Prepayments due by Directors	Nil	Nil
Maximum Advance, Deposits & Prepayments due by Officers at any time	Nil	Nil

37. Subsequent Disclosure of Events after the Balance Sheet Date Under IAS 10

There is no adjusting post balance sheet event of such importance, non disclosure of which would affect the ability to the users of the financial statements to proper evaluation and decision.

38. Disclosure on Related Party Transaction as per IAS 24 "Related Party Disclosure"

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.20	Balance as on 31.12.19
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	2,17,00,000	1,13,00,000
Mrs. Rosy Rahaman	Director	Short term Loan	47,75,000	47,75,000
Mr. Bazlur Rahman	Managing Director	Short term Loan	12,45,197	12,45,197
		Total	2,77,20,197	1,73,20,197

39. Details of Lease Agreement

Product Name	Lease From	Finance Amount	Lease Term	Monthly Rental	Rental Paid	Future Payment
Capital Machinery	-	-	-	-	-	-

40. **Disclosure as per requirement of schedule XI, Part I (A. Horizontal Form) of Companies Act 1994 Accounts Receivable.**

In regard to sundry debtors the following particulars shall be given separately:

1. Debt considered good in respect of which the company is fully secured:

The debtors occurred in the ordinary course of business are considered good and secured against confirmed L/C. The details of Accounts Receivable are given below:

Customers Name	Amount (BDT)
KC Print Ltd.	15,265,364
Trasco Apparels Ltd.	61,092,000
Knit concern Ltd.	275,612,316
P.N Composite	2,375,800
Silk International Ltd.	4,191,590
Total	358,537,069

i. **Debt considered good for which the company hold no security other than the debtors personal security**

There is no such debt in this respect as on 30 June 2020.

ii. **Debt considered doubtful or bad**

The company does not make any provision for doubtful debts as on 30 June 2020 because of the fact that sales/export are being made on 100% confirmed L/C basis with fixed maturity dates.

iii. **Debt due by directors or other officers of the company**

There is no such debt in this respect as on 30 June 2020.

iv. **Debt due by Common Management**

There are no amount due from sister company under common management as on 30 June 2020.

v. **The maximum amount due by directors or other officers of the company**

There are no such debts in this respect as on 30 June 2020.

41. **Presentation currency**

The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.

42. **Events after the Balance Sheet date**

The Board of Directors at the Board Meeting held on 29 October 2020, has recommended to the shareholders dividend @ nil per share. This will be considered for approval by the shareholders at the 34th Annual General Meeting (AGM) to be held on December 24, 2020.

43. **Internal Control**

The following steps have been taken for implementation of an effective internal control procedure of the Company:

- a) A strong internal control and compliance division has been formed with a view to establish a well designated system of internal control.
- b) Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect if internal control technique.
- c) To establish an effective management system that includes planning, organizing and supervising culture in the factory as well as at Head Office.

44. **Contingent liability**

There is no contingent liability of the Company for the year ended on 30 June 2020.

45. **Capital Expenditure Commitment**

There was no contingent liability as on 30.06.2020 except L/C liabilities.

There was no credit facility available to the company under any contract, other than trade credit available in the ordinary courses of business and not availed as on 30.06.20

46. **Payment of Foreign Currency**

Import of Machinery & Spare parts of the Machinery, Import of Raw Materials. No other expense included consultancy fee, royalty, technical expert and professional advisory fee, interest etc. was incurred or paid in foreign currencies except as started above.

47. **Foreign Exchange Earned**

Exported in USD. No other expense included consultancy fee, royalty, technical expert and professional advisory fee, interest etc. was incurred or paid in foreign currencies except as started above.

48. **Commission, Brokerage or Discount against sales**

No commission was incurred or paid to distributors, agents or any brokerage or discount was incurred or paid against sales.

49. **General Comments and Observations**

- a) All shares have been fully called and paid up.
- b) Auditors are paid only statutory audit fees.
- c) No foreign exchange remitted to the relevant shareholders during the period under audit.
- d) No amount of money was expended by the company for compensating any members of the Board for special service rendered.
- e) There was no bank guarantee issued by the company on behalf of Directors.

50. **Financial Risk Management**

The management of company has overall responsibility 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 risks for its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

50.01 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 and exposure to credit risk is monitored on an ongoing basis. As at 30 June, 2020 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

50.02 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 to 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 equivalent to meet expected operational expenses including financial obligations 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. In extreme stressed conditions the company may get support from the related company in the form of short-term financing.

50.03 Market Risk

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

(a) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad. The company has received foreign currency against export of finished goods. The effect of gain or losses regarding currency risk will be minimal of the gain or loss will be offsetting through the foreign currency receivable & payable. Moreover, Bangladesh is a country where the fluctuations of spot rate of BDT against USD is minimal also.

(b) Interest rate risk:

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. The company's exposure to the risk of changes market interest rate relates primarily to the company's short-term finance and term loan. The company's policy is to keep its short-term running finance at lowest level by effectively keeping the positive bank balances. The company made fixed interest rate borrowing from the financial institution under finance lease.

SONARGAON TEXTILES LIMITED
Schedule of Property Plant and Equipment
As at 30th June, 2020

UNIT - 1

Schedule - 1
Amount in Taka

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2019	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2020	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2020	As on 30-06-2020	As on 30-06-2019
1	Land & Land Development	103,803,963	-	-	-	103,803,963	-	-	-	103,803,963	103,803,963
2	Building & Construction	64,478,714	-	-	5%	64,478,714	2,079,015	-	24,977,428	39,501,286	41,580,301
3	Plant & Machinery	240,978,096	-	-	7%	240,978,096	8,161,419	-	132,547,808	108,430,288	116,591,707
4	Furniture & Fixture	1,152,613	-	-	15%	1,152,613	4,801	-	1,125,410	27,203	32,003
5	Motor Vehicles	5,019,620	-	-	20%	5,019,620	173,810	-	4,324,382	695,238	869,048
6	Sundry Assets	6,218,436	-	-	20%	6,218,436	32,563	-	6,088,183	130,253	162,817
	Total	421,651,442	-	-		421,651,442	10,451,608	-	169,063,211	252,588,231	263,039,839

UNIT - 2

Schedule - 2

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2019	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2020	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2020	As on 30-06-2020	As on 30-06-2019
1	Land & Land Development	29,806,774	-	-	-	29,806,774	-	-	-	29,806,774	29,806,774
2	Building & Construction	43,972,124	-	-	5%	43,972,124	1,407,920	-	17,221,653	26,750,471	28,158,390
3	Plant & Machinery	215,104,404	-	-	7%	215,104,404	7,041,732	-	121,549,971	93,554,433	100,596,165
4	Furniture & Fixture	5,377,188	-	-	15%	5,377,188	38,016	-	5,161,766	215,422	253,438
5	Motor Vehicles	12,813,366	-	-	20%	12,813,366	535,588	-	10,671,013	2,142,353	2,677,941
6	Sundry Assets	7,063,764	-	-	20%	7,063,764	42,359	-	6,894,328	169,436	211,795
	Total	314,137,620	-	-		314,137,620	9,065,614	-	161,498,731	152,638,889	161,704,503

SONARGAON TEXTILES LIMITED

Schedule of Property Plant and Equipment As at 30th June, 2020

UNIT - 3

Schedule - 3

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2019	Additions during the year	Disposal/Adjustment during the year		As on 30-06-2020	Charged During the year	Disposal/Adjustment during the year	As on 30-06-2020	As on 30-06-2020	As on 30-06-2019
1	Land & Land Development	56,436,763	-	-	-	56,436,763	-	-	-	56,436,763	56,436,763
2	Building & Construction	77,717,462	-	-	5%	77,717,462	2,529,112	-	29,664,342	48,053,120	50,582,231
3	Plant & Machinery	384,562,189	-	-	7%	384,562,189	12,543,205	-	217,916,745	166,645,444	179,188,649
4	Furniture & Fixture	817,966	-	-	15%	817,966	14,434	-	736,172	81,794	96,228
5	Sundry Assets	7,149,229	-	-	20%	7,149,229	105,234	-	6,728,295	420,934	526,168
	Total	526,683,609	-	-		526,683,609	15,191,985	-	255,045,553	271,638,056	286,830,041

SONARGAON TEXTILES LIMITED

Consolidated Schedule of Property Plant and Equipment As at 30th June, 2020

Schedule - 4

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2019	Additions during the year	Disposal/Adjustment during the year		As on 30-06-2020	Charged During the year	Disposal/Adjustment during the year	As on 30-06-2020	As on 30-06-2020	As on 30-06-2019
1	Unit 1 (Sch-1)	421,651,442	-	-	-	421,651,442	10,451,608	-	169,063,211	252,588,231	263,039,839
2	Unit 2 (Sch-2)	314,137,620	-	-	-	314,137,620	9,065,614	-	161,498,731	152,638,889	161,704,503
3	Unit 3 (Sch-3)	526,683,609	-	-	-	526,683,609	15,191,985	-	255,045,553	271,638,056	286,830,041
	Grand Total	1,262,472,671	-	-		1,262,472,671	34,709,207	-	585,607,494	676,865,177	711,574,383

Apportionment of Depreciation :

Schedule-4/A

SL. No.	Unit/Division	30 June, 2020			30 June, 2019
		Factory	Head Office	Total	Taka
1	Unit -1	9,615,479	836,129	10,451,608	11,227,771
2	Unit -2	8,340,365	725,249	9,065,614	9,820,933
3	Unit -3	13,976,626	1,215,359	15,191,985	16,298,064
		31,932,470	2,776,737	34,709,207	37,346,768

Schedule of Revaluation Reserve :

SL. No.	PARTICULARS	Revaluation Reserve			RATE OF DEP.	Adjustment			Carring Value as on 30.06.2020	Carring Value as on 30.06.2019
		Balance as on 01.07.2019	Revaluation surplus during the year	Deletion during the year		Balance as on 01-07-2019	During the year	Adjustment/Transfer		
1	Land & Land Development	178,869,655	-	-	-	-	-	-	178,869,655	178,869,655
2	Building & Construction	100,525,034	-	-	5%	32,645,273	3,393,988	-	64,485,772	67,879,761
3	Plant & Machinery	328,425,585	-	-	7%	139,934,189	13,194,398	-	175,296,998	188,491,396
	Total	607,820,274	-	-		172,579,462	16,588,386	-	418,652,425	435,240,811

RELATED PARTY DISCLOSER

Related party is the party who has significant power on the company's management affairs and cast a significant on the company's management

Following are the parties who have made transactions with the company and have a significant power to influence the company's affairs:

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.2020	Balance as on 30.06.2019
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	2,17,00,000	1,13,00,000
Mrs. Rosy Rahaman	Director	Short term Loan	47,75,000	47,75,000
Mr. Bazlur Rahman	Managing Director	Short term Loan	12,45,197	12,45,197
		Total	2,77,20,197	1,73,20,197

Sonargaon Textiles Ltd.

Khansons Centre (8th & 9th floor), 37, Kawran Bazar, Dhaka-1215.
34th Annual General Meeting

PROXY FORM

I/We _____
of _____

being a Member of Sonargaon Textiles Ltd. do hereby appoint

Mr./Ms: _____
of _____

as my/our proxy, to attend and vote on me/us on my/our behalf at the 34th Annual General Meeting of the company to be held on Thursday, 24 December 2020 and at any adjournment thereof.

As witness I put my hand this _____ day of _____ 2020

(Signature of proxy)

(Signature of Shareholder)

BO ID NO.																	
Folio NO.																	

No. of shares _____

Revenue
Stamp
Tk. 20.00

Important:

- (1) This proxy form, duly stamped, must be deposited at the Corporate Office of the Company at least 48 (Forty Eight) hours before the time fixed for holding the meeting and in default, the instrument appointing the proxy shall not be treated as valid.
- (2) Signature of the shareholder the proxy must conform to specimen signature recorded with the company.

Signature Verified

Authorized Signature

Sonargaon Textiles Ltd.

Khansons Centre (8th & 9th floor), 37, Kawran Bazar, Dhaka-1215.
34th Annual General Meeting

ATTENDANCE SLIP

I do hereby confirm my attendance at the 34th Annual General Meeting of the Company.

Name of the shareholder/proxy _____

BO ID No.																	
Folio No.																	

Date:

Signature

Note: Shareholder attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.



Corporate Office

SONARGAON TEXTILES LTD.

a member of khansons group

Khansons Centre (8th & 9th Floor), 37 Kawran bazar, Dhaka-1215
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