



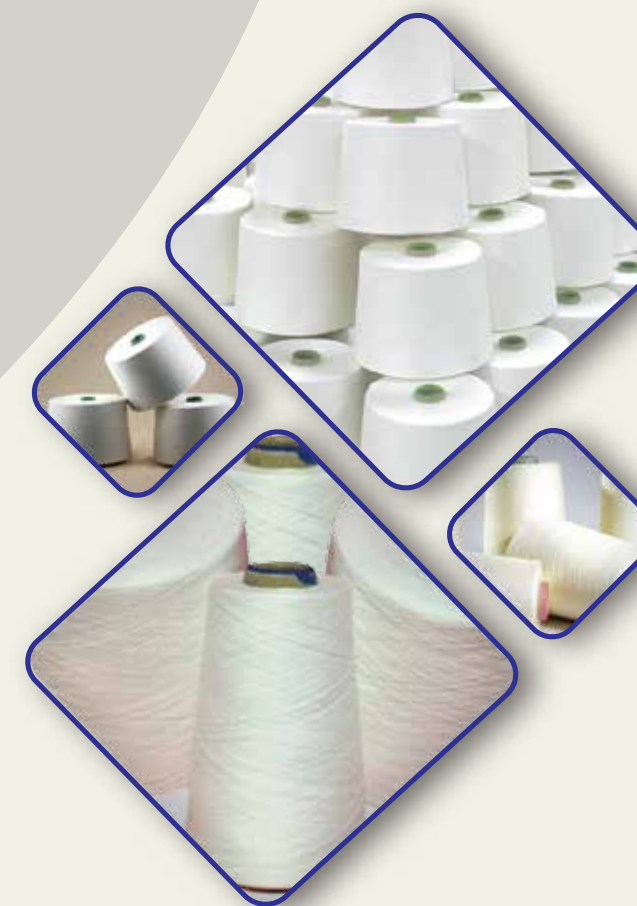
Corporate Office
SONARGAON TEXTILES LTD.
a member of khansons group

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ANNUAL REPORT

2017-2018



SONARGAON TEXTILES LTD.
a member of khansons group

Annual Report

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Photo Gallery of 31st AGM



Letter of Transmittal

To
All Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Subject: Annual Report for the period ended 30 June 2018.

Dear Sir(s)

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements and comprising of Financial position as at **30 June 2018** and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows the year ended 30 June 2018 along with notes thereon of Sonargaon Textiles Limited for your information and records.

Yours sincerely

sd/-

Md. Monir Hossain
Company Secretary

Management Apparatus

Board of Directors

Mr. A K M Azizur Rahman	Chairman
Mr. Bazlur Rahman	Managing Director
Mrs. Rosy Rahman	Director
Mr. Md. Aminul Quader Khan	Director (Nominated by ICB)
Mr. Mohammad A. Hafiz	Independent Director

Audit Committee

Mr. Mohammad A. Hafiz	Chairman
Mr. Bazlur Rahman	Member
Mr. Md. Aminul Quader Khan	Member

Management Committee

Mr. A K M Azizur Rahman	Chairman
Mr. Bazlur Rahman	Member
Mr. Abrar Rahman Khan	Member
Mr. Anwar Hossain	Member
Mr. Md. Monir Hossain	Member
Mr. Mostafa	Member
Mr. Arjun Chandra Paul	Member

Company Secretary

Mr. Md. Monir Hossain

Management Team

Mr. Abrar Rahman Khan	Director (Operation)
Mr. Anwar Hossain	Executive Director
Mr. Salahuddin Chowdhury	Project Director
Mr. Md. Monir Hossain	Company Secretary & Admin
Mr. Md. Mostafa	Chief Financial Officer
Mr. Arjun Chandra Paul	AGM (Marketing & Fund)
Mr. Soumen Kundu	AGM (Production & Quality)
Mr. Obaidul Gani	Manager (Maintenance)

Legal Advisor

Mr. Zainal Abedin
Advocate, Supreme Court of Bangladesh
Dhaka, Bangladesh

Key Information

Auditor

M/s. Ahmed & Akhtar.
Chartered Accountants
BCIC Bhaban(3rd Floor)
30-31, Dilkuska Commercial Area
Dhaka-1000, Bangladesh

Bankers

Bangladesh Development Bank Ltd.
Rupali Bank Ltd.
Mutual Trust Bank Ltd.

Insurance

Central Insurance Limited
Golden Life Insurance Limited

Nature of Product

100% Cotton Yarn

Registered Office

Rupatali, Barisal

Factory Location

Rupatali, Barisal

Corporate Office

Khansons Centre (8th & 9th Floor)
37, Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh

Telephone (Factory)

+0431 71296
+ 0431 71219(Fax)

Telephone (Corporate Office)

+880-2-55013501, 55013597(PABX)
+880-2-55013498(Fax)

e-mail

info@khansongroupbd.com

Website

www.khansongroupbd.com

Subsidiary Company

Not Applicable

Legal Status

A Public Limited Company incorporated in Bangladesh under the Companies Act, 1913(now the Companies Act 1994).

Listing

Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Book Value as on 30.06.2018

Taka. 28.51

Authorized Capital

Tk. 500,000,000.00

Paid up Capital

Tk. 264,670,560.00

Face Value Per Share

Tk. 10.00

Number of Share

26,467,056

Installed Machinery Capacity

Spindles 71,136
Rotors 672

Running Machinery

Spindles 59,270
Rotors 672

Corporate Achievements**1985**

Year of Incorporation
Year of Commencement

1995

Year of Incorporated as a Public Limited Company
Listing with Dhaka Stock Exchange Limited
Listing with Chittagong Stock Exchange Limited

Production Capacity

5,935 MTs

1993

Year of Commercial Production

Dividend History

Cash Dividend				
1995	1996	1997	1998	1999
12.50%	12.50%	8.00%	-----	5.00%
2000	2001	2002	2003	2004
7.00%	7.00%	7.00%	7.00%	10.00%
2005	2006	2007	2008	
10.00%	10.00%	10.00%	5.00%	

Stock Dividend			
2009	2010	2011	2012
10.00%	10.00%	10.00%	5.00%

No Dividend				
2013	2014	2015	2016-2017	2017-2018
-----	-----	-----	-----	-----

Board of Directors



A.K.M. Azizur Rahman
Chairman



Bazlur Rahman
Managing Director



Mrs. Rosy Rahman
Director



Mohammad A. Hafiz
Independent Director



Md. Aminul Quader Khan
Director Nominated by (ICB)

Key Personnel



Mr. Abrar Rahman Khan
Director (Operation)



Md. Salahuddin Ahmed
Project Director



Md. Anwar Hossain
Executive Director
(Commercial & Procurement)



Md. Monir Hossain
Company Secretary



Md. Mostafa
Head of Finance & Accounts

Profile of Directors



A.K.M. Azizur Rahman
Chairman

Chairman

- Continental Insurance Ltd.
- Golden Life Insurance Ltd.

Managing Director

- Khansong 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

Awards

- CIP
From the Government of Bangladesh
in 1989 for remarkable achievement in exports.
- Gold Medel
For extensive industrialization program.

Education

- M.A(Sociology)
Dhaka University



Bazlur Rahman
Managing Director

Dy. Managing Director

- Khansong 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.
- Khansong Textiles Ltd.
- Khansons Holdings Ltd.
- Khansons Automobiles Ltd.
- Khansons Group Ltd.

Education

- Higher Secondary School
Certificate



Mohammad A. Hafiz
Independent Director

Director

- AAA Finance & Investment Ltd.
- Stock & Bond Limited.

Other Activities

- Former Chairman,
Bangladesh Merchant Bankers'
Association(BMBA)
- Former Chairman,
FAS Finance & Investment Ltd.
- Past President, Rotary Club, Banani, Dhaka.
- Deputy District Governor, RI District 3282
- President, Centinnal President Forum 204205
- Life Member Banani Society
- Life Member Banani Club Limited

Education

- MBA in 6th Batch From IBA
Dhaka University.



Md. Aminul Quader Khan
Director (Nominated by ICB)

Present Position

- Deputy General Manager &
Branch Head (ICB)

Other Activities

- Former Chairman
Aziz Pipes Ltd.

Education

- B.Com(Hons)
Chattagram University
- M.Com(Management)
Chattagram University
- Banking Diploma
Institute of Bankers Bangladesh

Notice of the 32nd Annual General Meeting

Notice is hereby given that the **32nd Annual General Meeting** of the Shareholders of Sonargaon Textiles Ltd. will be held on Wednesday, 19 December 2018 at Barisal Club, Barisal at 11:00am to transact the following business:

A g e n d a

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2018 together with Reports of the Auditors and Directors.
2. To re-appoint the Managing Director.
3. To elect/re-elect Directors.
4. To appoint Auditors for the year 2018-2019 and fix their remuneration.
5. To transact any other business with permission of the Chair.

By order of the Board

Dated: Dhaka,
28 October 2018

Sd/-
Md. Monir Hossain
Company Secretary

Notes:

- i. The '**Record Date**' of the Company shall be on **20 November 2018**. The Shareholders, whose name will appear in the Share Register of the Company as on the '**Record Date**' on **Tuesday, 20 November 2018**, shall be entitled to attend the AGM.
- ii. **The Board recommended no dividend for the year ended 30 June 2018.**
- iii. 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.
- iv. Entry at the meeting venue will be subject to production of attendance slip
- v. No gift/gift coupon/Food Box etc. will be provided at the 32nd AGM in compliance with the Bangladesh Securities and Exchange Commission's circular no. SEC/CM RRCD/2009-193/154 dated 24 October 2013.
- vi. The Annual Report 2017-2018 will also be available at the Company's **Website: www.khansongroupbd.com**.

Sonargaon Textiles Limited

Corporate Operational Results (Comparative Statistics) Financial Highlights on Financial Position (5 Years Statistics)

Amount in millions except ratios and per share data

Particulars	2017-2018	2016-2017	2015	2014	2013
Total Assets	1,699.46	1,662.39	1,668.96	1,770.96	1,820.14
Paid up Capital	264.67	264.67	264.67	264.67	264.67
Number of Shares	26.47	26.47	26.47	26.47	26.47
Shareholders' Equity	754.67	769.66	794.26	834.39	891.77
Long Term Loan	520.93	245.28	349.55	251.46	441.45
Total Debts	1,346.60	1,085.74	1,214.41	1,290.24	1,450.20
Total Revenue	793.62	820.56	679.87	788.02	866.89
Gross Profit	133.13	115.70	94.69	88.69	102.18
Operating Profit	10.78	5.92	20.09	(26.07)	(20.65)
Profit before Tax	(9.80)	(19.19)	(7.20)	(54.79)	(17.88)
Profit after Tax	(14.98)	(24.61)	(9.99)	(57.39)	(21.44)
Net Asset Value Per Share	28.51	29.08	30.44	31.52	33.69
Liquidity Ratio					
Current Ratio	2.69	1.51	1.84	1.82	2.45
Debt Equity Ratio	43.57	28.72	33.67	31.69	34.66
Time Interest Earned Ratio	0.89	0.73	0.77	0.33	0.82
Operating Ratio					
Inventory Turnover Ratio	0.30	0.28	0.21	0.21	0.23
Assets Turnover Ratio	0.12	0.12	0.10	0.11	0.12
Profitability Ratio					
Gross Margin Ratio	0.17	0.14	0.14	0.11	0.12
Operating Income Ratio	0.11	0.01	0.03	(0.03)	(0.02)
Return on Assets(ROA)	(0.0022)	(0.0037)	(0.0015)	(0.0080)	(0.0029)
Return on Equity(ROE)	(0.02)	(0.03)	(0.01)	(0.07)	(0.02)
Return on Investment(ROI)	(0.02)	(0.03)	(0.01)	(0.07)	(0.02)
Earnings Per Share(EPS)	(0.57)	(0.93)	(1.09)	(2.17)	(0.81)
Dividend	No Dividend	No Dividend	No Dividend	No Dividend	No Dividend

MESSAGE

From the Chairman



A.K.M. Azizur Rahman
Chairman

“Bismillahir Rahmanir Rahim”

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

Distinguished Shareholders,
Assalamu Aalaikum,

It is a great pleasure and pride being able to extend a warm welcome to you at the 32nd Annual General Meeting of Sonargaon Textiles Ltd. (STL) and present the financial performance and achievements of the Company for the year ended on 30 June 2018.

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 have always resulted in continuing success for 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.

OPERATIONS

During the period from 01 July 2017 to 30 June 2018 the Company has produced 2,537 MTs of 100% cotton yarn in various

counts. Turnover has decreased 3.29% compared to last year. This year we achieved gross profit of Taka 133,132,991.00 which is a increase of 15.06% and operating profit of Taka 10,776,448.00 which is a increase of 82.06 % 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 is 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 damage of raw cotton in our accounts.

GLOBAL ECONOMY

A recent World Economic Update by the International Monetary Fund (IMF) shows that global economic activity continues to strengthen, with global output estimated to grow by 3.7% in 2017 or 0.1% quicker than expected. This growth has been mainly due to a strong performance in the Euro zone, United States, Japan and China, which was beyond all expectation. Emerging markets & developing economies are expected to growth at 2.2%.

The growth forecast for 2018 and 2019 shows stronger growth in advanced economies of Asia, including the growth forecast for Japan being revised up. Emerging and developing Asia is estimated to grow at around 6.5% over 2018-2019, the Update says, highlighting that the region continues to account for over half of world growth. Developing is expected to moderate gradually in China, pick up in India and remain broadly stable in the ASEAN-5 region.

BANGLADESH ECONOMY

According to the report by Bangladesh Bureau of Statistics (BBS), Bangladesh economy in terms of GDP is expected to achieve a growth of 7.65% in the FY2017-2018, as opposed to the GDP growth 7.28% in FY2016-2017. This growth is observed to be broadly contributed by service and industrial sectors. This is the third consecutive year that the economic growth was above 7% after dwelling in the neighborhood of 6% for many years.

The highest impact to the growth was made by the services sector, which contributed 52.18% to the GDP in FY2017-2018.

The industrial sector contributed 33.71% to the GDP in FY2017-2018 while our agriculture sector contributed 14.10% to the GDP in 2017-2018.

Bangladesh's remittance earnings slumped down to a six-year low to 13.53 billion in 2017. Remittance inflows have been restrained recently due to fiscal consolidation and growth slowdowns in the Middle East, which represents roughly half of the remittances to South Asia.

The work of various mega projects including Padma Bridge and Metro-Rail have advanced rapidly and investment in both the public and private sectors rose during the year.

According to a World Bank report it is estimated that the economic growth of Bangladesh will increase in 2018-2020 fiscal year and the country will have a stronger export sector, Investment will also increase due to infrastructural development and low interest rates for loans.

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.

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 system, one Independent Directors have been included into the Board.

FUTURE POSITION

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.

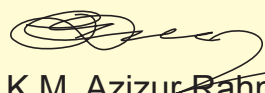
ACKNOWLEDGEMENT

I 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 all levels of our devoted employees who worked very hard to take the Company forward and accordingly brought 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
28 November 2018
Dhaka.

DIRECTORS' REPORT**DIRECTORS' REPORT
To the Shareholders****For the period ended 30 June 2018**

“ Bismillahir Rahmanir Rahim”

Honorable Shareholders,

Assalamu Alaikum,

On behalf of the Board of Directors and Management of Sonargaon Textiles Limited, I'm greatly pleased and honored to welcome you to the 32nd Annual General Meeting of the Company and present before you the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 30 June 2018, wherein a brief description of the Company's performance, future prospects and various aspects of world market trend with highlights of the performance of Bangladesh Economy have also been incorporated in compliance with the Companies Act 1994, BSEC's notification dated 3 June 2018 and listing regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and other applicable rules and regulations.

WORKING RESULTS

The Directors are pleased to report that the working results of the Company from **01 July 2017 to 30 June 2018** are as follows:

Particulars	For the year ended 30 June 2018	For the year ended 30 June 2017	Increase/ (Decrease) %
Revenue	793,619,018	820,596,598	(3.29)
Cost of Goods Sold	660,486,040	704,893,449	(6.30)
Gross Profit	133,132,991	115,703,149	15.06
Administrative Selling & General expenses	35,738,107	38,995,598	(8.35)
Net Profit before Tax	(9,802,500)	(19,190,770)	(48.92)
Net Profit after Tax	(14,982,055)	(24,608,750)	(39.12)
Earnings per Share	(0.57)	(0.93)	(38.71)

PROFITABILITY / LOSS

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 is 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 damage of raw cotton in our accounts.

EPS AND NAV PER SHARE

EPS comes to Tk. (0.57) per share for the period ended on 30 June 2018. NAV decreased to Tk. 28.51 per share as on 30 June 2018 from Tk. 29.08 per share as on 30 June 2017 due to negative EPS.

DIVIDEND

The Board of Directors of Sonargaon Textiles Ltd. in its 128th Board Meeting held on 28 October 2018 recommended no dividend for the period ended 30 June 2018 due to incurred loss and there are no available retained earnings for declaring dividend.

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

A recent World Economic Update by the International Monetary Fund (IMF) shows that global economic activity continues to strengthen, with global output estimated to grow by 3.7% in 2017 or 0.1% quicker than expected. This growth has been mainly due to a strong performance in the Euro zone, United States, Japan and China, which was beyond all expectation. Emerging markets & developing economies are expected to grow at 2.2%.

The growth forecast for 2018 and 2019 shows stronger growth in advanced economies of Asia, including the growth forecast for Japan being revised up. Emerging and developing Asia is estimated to grow at around 6.5% over 2018-2019, the Update says, highlighting that the region continues to account for over half of world growth. Developing is expected to moderate gradually in China, pick up in India, and remain broadly stable in the ASEAN-5 region.

BANGLADESH ECONOMY

According to the report by Bangladesh Bureau of Statistics (BBS), Bangladesh economy in terms of GDP is expected to achieve a growth of 7.65% in the FY2017-2018, as opposed to the GDP growth 7.28% in FY2016-2017. This growth is observed to be broadly contributed by service and industrial sectors. This is the third consecutive year that the economic growth was above 7% after dwelling in the neighborhood of 6% for many years.

The highest impact to the growth was made by the services sector, which contributed 52.18% to the GDP in FY2017-2018.

The industrial sector contributed 33.71% to the GDP in FY2017-2018 while our agriculture sector contributed 14.10% to the GDP in 2017-2018.

Bangladesh's remittance earnings slumped down to a six-year low to 13.53 billion in 2017. Remittance inflows have been restrained recently due to fiscal consolidation and growth slowdowns in the Middle East, which represents roughly half of the remittances to South Asia.

The work of various mega projects including Padma Bridge and Metro-Rail have advanced rapidly and investment in both the public and private sectors rose during the year.

According to a World Bank report it is estimated that the economic growth of Bangladesh will increase in 2018-2020 fiscal year and the country will have a stronger export sector, Investment will also increase due to infrastructural development and low interest rates for loans.

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.

In 2018, per-capita income was estimated as per IMF data at US\$4,561 (PPP) and US\$1,754 (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, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

INDUSTRY OUTLOOK

Bangladesh Textile Industry: Present Scenario, Future Prospects and Challenges

Bangladesh is the second largest readymade garment (RMG) exporter country in the world. The primary textile sector (PTS) is producing yarn and fabric needed for readymade garment sector (RMG). PTS is the backbone of clothing industries because it provides the backward linkage for both the woven and knit sector. This sector provides the yarn towards the clothing industries where yarn is the primary raw material of these industries to produce fabric. PTS is usually the factories under the leadership of Bangladesh Textile Mills Association (BTMA) comprises of spinning sector and weaving and woven processing sector of Bangladesh.

Strength of Bangladesh Spinning Sector:

- Bangladesh spinning factories mostly possess high-tech sophisticated machinery from Europe, Japan and US.
- Courageousness and resilience of local entrepreneur.
- Strong export oriented RMG sector- can supply yarn to the factories very fast; can provide great after sales services.
- Sufficient demand of woven and knit yarn.
- FDI (foreign direct investment) is legally permitted
- In-house demand is increasing every year- demand for yarn for the locally sold clothing items are also potentially increasing.

Weakness of Bangladesh Spinning Sector:

- Key raw materials for the sector is almost all imported- cotton, polyester, viscose most used fibers almost all imported.
- Lack of adequate research and development within the factories- not being able to reduce cost and make sure best value products out of the resources available.
- Not producing much of value added diversified yarn.
- Insufficient expertise of optimum use of existing machinery and technologies. Weak in proper adoption of new technologies.
- Lack of productive and efficient level management- Factory managements are not using modern effective concepts, techniques and tools.
- Lack of corporate culture.
- Lack of proper motivation towards employees.
- Communication gap between local personnel and foreign expertise.

- Lack of gas and power- utility supply is insufficient and not uninterrupted.
- Lack of land and infrastructure- land is scarce in Bangladesh and very costly.
- Lack of consistent and timely policy support- government policy is very important for a sector which is all dependent on foreign raw materials and also most products are sold for foreign buyers.
- Global and regional economic uncertainties- the sector suffer badly for price fluctuations raw materials and final products.
- WTO open market policy and recent changes in 'Rules of Origin' policies of European Union and US is putting Bangladeshi spinning mills under huge competition against the mills in India and Pakistan.
- Fall in consumer demand including closure of outlets of fashion house.
- Textile education system's curriculum is failed to meet up the demand of 21 century textile world.
- No development of new fiber spinning process and its application in business arena.
- With the increasing cost of utilities and cost of doing business in Bangladesh- new investor is not sufficient. Payback from this sector is becoming longer and higher risks are exposed.
- Negative attitude of investor about diversified product investment.
- No Capability of local textile machineries production as well as necessary spare parts.

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 d 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.

PRESENT SCENARIO OF SPINNING INDUSTRIES:

At present, 424 spinning mills are running and they still contribute in the spinning sector. It's a matter of great joy that number of spinning mill and spindle capacity is increasing every year with the time period.

As per the information provided by BTMA, "The growth in the export of clothing with the phasing out of MFA in 2005 has led to the setting up of 350 spinning mills. Since 2001 there has been a boost in investment. The private sector spinning mills can now meet around 100% demand of yarn at the domestic level as well as 95% of the demand for yarn for export oriented knit fabrics mills. In addition, almost 85% of cotton yarns, and 50% demand for synthetic and blended yarn of export-oriented fabric producing mills are being met by the private sector spinning mills."

Most spinning mills of Bangladesh produce low-grade yarn. Though there are some advanced factories currently producing a range of diversified value added products. The existing capacity is capable to produce & supply good quality combed yarn and polyester/cotton blended yarn for meeting the requirement of the clothing industry. The products of the spinning sub-sector are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton and polyester of different counts (mostly up 80s count). Yarns are being used by the weaving sub-sectors like specialized textiles, handlooms, and knitting and hosiery. The table 2 is given below shows Bangladesh's total yarn production as well as yarn consumption.

Bangladesh mainly imported their required yarn from India to fill the demand-supply gap. But the spinning sector of our country has been witnessing robust growth over the past decade due to growing demand for yarn from both the domestic textile market and the export-oriented ready-made garment (RMG) sector as a result import of yarn is reducing year on year which states a strong suggestion that our spinning sector is becoming self-sufficient and carryover of domestic yarns is becoming more strong. After the change recent change in the GSP rules, the yarn import may increase significantly in the following years.

According to BTMA officials "Bangladesh spinning industries can meet up 90% demand of knit wear garment industries. On the contrary we are able to meet 35-40% demand woven oriented demand. Maximum demand is fulfilled by India. As a result we take say that India is the main Competitor for Bangladeshi spinning Industries".

At present, RMG sector has achieved investments of different foreign countries and different fashion retailers in the world are setting up their sourcing and trading base and garments manufacturing units here. But, still now spinning sector cannot grab the huge foreign investment. All most all of the spinning sector is invested and run by local entrepreneurs. They contribute to the spinning sector for years and years.

According different mill owners "Yarn price is constant is for one year but the raw materials price always fluctuates. It is not easy for new investor to set up new spinning industries because of being feared about attaining desired profit margin. Generally 400 million taka is needed to set up a medium size spinning industries. Its maintenance cost is also high. These are the reasons why much new investors are not to set up new industries"

According to BTMA officials "Necessity is the mother of invention .At present there is no need for new investment. We are capable to meet up the all demand. At present 100 spinning industries are prevailing idle that is the crucial issue for spinning sector."

The officials also added, "Generally 20, 30, 34 and 40 count yarn are mostly used but diversified yarn is needed for woven market. It is very easy to meet up the demand of the knit sector. On the contrary we have the ability to meet up the demand the woven market by our proper capacity utilization, market analysis, skilled man power creation and updated technology adaptation. Good this for us that many spinning industries have started different diversified yarn production. As a result our demand supply gap will be reduced within short time .It must reduce the lead time and foreign LC order complexity and paves the way of sustainable RMG business"

It's time for us to rethink our ability and focus on capacity utilization and diversified yarn production .Great news that every year new value added yarn is added in our market. When entrepreneur can realize about their better profit earning possibility from diversified yarn production and come forward to huge production, we can easily establish a sustainable spinning sector. As a fact of globalization, every day technology is changing and people are likely to more conscious to environmental issue. We must focus on different fiber and its production and spinning procedure development such as flax, ramie, modal etc. if we coordinate total task properly within time period, our spinning sector will be most prosperous industrial sector in our country.

PERFORMANCE OF SONARGAON TEXTILES LTD. IN 2017-2018

During the financial year, STL utilized its 42.62% capacity without compromising the uppermost quality and finest product.

Despite the challenges posed by internal and external economical and political environment, STL try to maintained sustainable business in its business during the year 2017-2018. Production and Revenue of STL were sustaining during mentioned audited year. Total Revenue of the Company recorded to BDT793.619 million in 2017-2018 from BDT 820.597 million in 2016-2017. It was registered slightly decreased compared to last year. Revenue decreased 3.29% during the year compared to last year.

Utilization of fund from IPO is done. The Company couldn't add any capital injection and capital machineries during the year. Cost of production of the Company registered at BDT 660.49 million in 2017-2018 as against BDT 704.893 million in 2016-2017.

This indicated that cost of production decreased by (6.30)% compared to the last year. During the year Administration & Selling Expenses decreased to BDT 2.99 million and BDT 0.27 million respectively in last year. Resulting the profit before tax stood at BDT (9.80) million in 2017-2018 from BDT (19.19) million in 2016-2017. Profit after tax stood at BDT (14.98) million in 2017-2018 which was BDT (24.60) million. Earnings per share recorded at BDT (0.57) during the financial year 2017-2018 which was BDT (0.93) in the last year.

ANALYSIS OF KEY OPERATING AND FINANCIAL DATA FOR LAST FIVE YEARS

Key operating and financial data for the last five years

Amount in millions except ratios and per share data

Particulars	2017-2018	2016-2017	2015	2014	2013
Total Assets	1,699.46	1,662.39	1,668.96	1,770.96	1,820.14
Paid up Capital	264.67	264.67	264.67	264.67	264.67
Number of Shares	26.47	26.47	26.47	26.47	26.47
Shareholders' Equity	754.67	769.66	794.26	834.39	891.77
Long Term Loan	520.93	245.28	349.55	251.46	441.45
Total Debts	1,346.60	1,085.74	1,214.41	1,290.24	1,450.20
Total Revenue	793.62	820.56	679.87	788.02	866.89
Gross Profit	133.13	115.70	94.69	88.69	102.18
Operating Profit	10.78	5.92	20.09	(26.07)	(20.65)
Profit before Tax	(9.80)	(19.19)	(7.20)	(54.79)	(17.88)
Profit after Tax	(14.98)	(24.61)	(9.99)	(57.39)	(21.44)
Net Asset Value Per Share	28.51	29.08	30.44	31.52	33.69

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From the above, it is revealed that total assets of the Company increased and Shareholders' equity of the Company slightly decreased during the reporting year. Total assets of the Company recorded BDT 1,699.46 million which was registered 2.23% growth over last year. On the other hand Shareholder's Equity decreased due to current year added negative figure to retained earnings as on 30 June 2018.

KEY PERFORMANCE RATIO

Particulars	2017-2018	2016-2017	2015	2014	2013
Gross Margin Ratio	0.17	0.14	0.14	0.11	0.12
Operating Income Ratio	0.11	0.01	0.03	(0.03)	(0.02)
Return on Assets(ROA)	(0.0022)	(0.0037)	(0.0015)	(0.0080)	(0.0029)
Return on Equity(ROE)	(0.02)	(0.03)	(0.01)	(0.07)	(0.02)
Earnings per Share	(0.57)	(0.93)	(1.09)	(2.17)	(0.81)

Gross Margin Ratio and Operating Income Ratio increased slightly due to decrease of cost of production. Therefore, EPS of the Company increases and NAV of the Company decreased during the year.

SEGMENT INFORMATION

Sonargaon Textiles Ltd. 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.

PRODUCTION AND SALES

During the reporting period, the company produced 2,537 MTs of 100% cotton yarn in various counts. Gross turn over was Tk. 793,619,018.

EXTRAORDINARY 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 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 not issued or declared any ordinary or stock dividend in the last financial year.

As a result, paid up capital of the Company stood at BDT 264.67056 million.

UTILIZATION OF IPO FUND

Sonargaon Textiles limited collected BDT 2.48 million through public offer (IPO) in 1995. 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, 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.

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 you company's human resources are:

	Period ended 30 June 2018
Worker	1,495
Staff and officers	362

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 polices 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.

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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 BAS & BFRS. A statement of related party transaction has been presented in note 37 on page no.- 73 with 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 on the job internal training programs. STL's management is led by its Chairman who has achieved multi-dimensional experiences including business policy formulation, strategic management & been rewarded with several awards, recognitions for contributing tremendously in different business arena.

Managing Director has been successfully leading his team since the beginning his tenure, also he is responsible to oversee day to day operations of the business.

Director (Operation) is the Head of the Factory. Including day to day operations of the business. He also oversees Company's merchandising, procurement and production and directly reports to the Chairman & Managing Director.

The Company has different departments to perform different activities. Departments' Head have significant experiences in related business areas and liable to monitor respective operations of STL. The Company is managed by a team of qualified and experienced professionals on consonance with the strategy of the Board of Directors.

The Company formed various committees to oversee the different internal issues. STL has around 1,495 workers in the factory and 362 executive & staff in the head office & factory total 1,857 employees were working in Sonargaon Textiles Ltd. on 30 June 2018. Amongst different fringe benefits: the Company provides residential facility, festival bonus and group insurances etc.

APPOINTMENTS OF AUDITORS

M/S Ahmad & Akhtar, Chartered Accountants, BCIC Bhaban(3rd floor), 30-31, Dilkusha C/A, Dhaka-1000, was appointed as External Auditors of the Company for the year 2017-2018 at the 31st Annual General Meeting. They have audited the books of accounts for the period covering 1 July 2017 to 30 June 2018. This is the 1st year that Ahmad & Akhtar has audited the Financial Statements of the Company.

M/S. Ahmad & Akhtar, Chartered Accountants have consented to continue in office and being eligible, automatically qualify for re-appointment under section 210(3) of the Companies Act, 1994. A resolution will be placed at the ensuing AGM for their re-appointment and fixation of their remuneration of Taka 150,000.00(Taka one fifty thousand only)(including VAT) . The matter is placed for the approval of the honorable shareholders in the AGM.

DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The Board comprised five directors including Managing Director. Among the directors, Mr. Md. Aminul Quader Khan is the nominated directors from ICB.

To comply with BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, Mr. Mohammad A. Hafiz as 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

Appointment of Board Members

The Directors of the Board are appointed by the shareholders in the Annual General Meeting who are accountable to the shareholders.

The Role of the Chairman and Managing Director

Position of the Chairman and Managing Director are clearly identified. The Chairman is responsible for leading the board and its effectiveness. The Managing Director serves as the Chief Executive of the Company.

Company Secretary

Md. Monir Hossain has been appointed as the company secretary of the company. He provides legal matters to the Board. Among other functions, the company secretary:

- Bridges between the Board of Directors and Shareholders on strategic and statutory decision.
- Acts as a quality assurance agent in all information towards the Shareholders and the Board is responsible for ensuring that the appropriate Board procedures are followed.
- Acts as the "Disclosure Officer" of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives etc, issued by the Bangladesh Securities and Exchange Commission, Stock Exchange (s) applicable to the conduct of the business activities of the company.

The Company Secretary keeps the records of the company's compliance/ noncompliance status of the conditions imposed by BSEC which has been shown in the compliance report on BSEC Notification.

Chief Financial Officer

Md. Mostafa has been appointed as the Chief Financial Officer of the Company. He looks after the overall financial affairs of the company. Among other functions, the Chief Financial Officer:

- Prepares quarterly and annual financial statements.
- Financial reporting procedures in line with the requirement of Bangladesh Accounting Standards.
- Reports financial position of the company in its Board Meeting.

RETIREMENT AND RE-ELECTION

Mrs. Rosy 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.

RE-APPOINTMENT OF THE MANAGING DIRECTOR

The working term of Mr. Bazlur Rahman, the Managing Director of Sonargaon Textiles Ltd. will expire in 32nd Annual General Meeting. Being eligible to be re-appointed; as per the Article of Association and Companies' Act 1994, the Board of Directors of Sonargaon Textiles Ltd. In its 128th Board Meeting held on 28 October 2018 has proposed him to be re-appointment as the Managing Director of the Company for another term of next five years with an effect from 20 December 2018.

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

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VACATION OF OFFICE OF DIRECTORS

Mr. Md. Enamul Hakim, nominated by Rupali Bank Ltd. (RBL) and Mr. Md. Shahinul Bari Chowdhury, nominated by Bangladesh Development Bank Ltd. (BDBL), was included as the Directors of the Board of Directors of the Company.

Due to the retirement from their own Banks, they have not joined any of the Company's Board Meetings as a Directors for a long time. The Banks did not nominate any Director of the Company's Board Meeting. Therefore, according to the Company's Articles of Association and Companies Act 1994(108)-(f), the post of two nominated directors was declared vacant in the Board of Directors Meeting, so the two post remain vacant.

The Subject has been presented in the 32nd Annual General Meeting for the information of the respected shareholders present in the meeting.

BOARD MEETINGS AND AUDIT COMMITTEE MEETINGS

Four meetings of the Board of Directors and four meetings of the Members Audit Committee were held during the year 2017-2018. Details are given below in comparison to last three years.

Name of Meeting	2017-2018	2016-2017	2015
Board of Director's	4	4	4
Director's Audit Committee	4	4	4

DIRECTORS' FEE AND REMUNERATION

The Director who engaged in the Company's day to day operations are receiving remuneration and other benefits from the Company as disclosed in the Financial Statement at note 35 (B) page no.- 70. Non Executive Directors including Independent Directors and ICB 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/Members	Position	Meetings attended
Mr. A.K.M. Azizur Rahman	Chairman	4
Mr. Bazlur Rahman	Managing Director	4
Mrs. Rosy Rahman	Director	4
Mr. Md. Aminul Quader Khan	Director(ICB Nominated)	4
Mr. Mohammad A. Hafiz	Director(Independent)	4
Mr. Md. Monir Hossain	Company Secretary	4

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 03.06.2018 issued by Bangladesh Securities and Exchange Commission which is as follows:

Mr. Mohammad A. Hafiz	Chairman
Mr. Bazlur Rahman	Member
Mr. Md. Aminul Quader Khan	Member
Mr. Md. Monir Hossain	Secretary

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

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 last year period.
- (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 is as followings:

THE PATTERN OF SHAREHOLDING

The shareholding pattern as on 30 June 2018 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 bellow:

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, Managing Director	2,211,859
Mrs. Rosy Rahman, Director	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

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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.

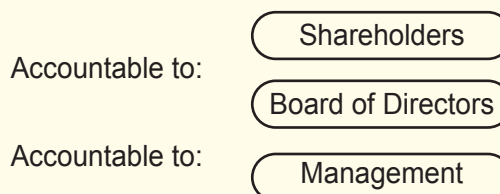
MANAGEMENT COMMITTEE

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

GOING CONCERN

The Company has adequate resources to continue operational existence for the future. For this reason, the company continues to adopt the going concern basis i preparing the financial statements.

COMMUNICATION WITH SHAREHOLDERS



The Company encourages communication with shareholders throughout the year and welcomes their participation at shareholders meeting. The Company is transparent with the stakeholders, including the owners of the Company. Four times each year, STL reports to its shareholders regarding its business, financial position and earnings. These include.

- Quarterly and annual financial statements.
- Annual General Meeting.
- Price sensitive disclosure and other disclosure to the BSEC and Stock Exchanges.

In additional information, the Company is under a legal and regulatory requirement to publish via the newspaper. STL believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance procedure.

WEBSITE

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

APPRECIATION

I am grateful to the Almighty Allah for the business success of the Company in the year 2017-2018. 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 (Subhanahu wa ta'ala) us all.

On behalf of the Board of Directors



A.K.M. Azizur Rahman
Chairman
28 October 2018
Dhaka

INVOLVE OF DIRECTORS IN OTHER ORGANIZATION

SL No.	Particulars	Directorship	Position of the Company
1	Mr. A.K.M. Azizur Rahman Chairman	Continental Insurance Ltd.	Chairman
		Golden Life Insurance Ltd.	Chairman
		Khansons Textiles Ltd.	Managing Director
		Khansons Holdings Ltd.	Managing Director
		Khansons Group Ltd.	Managing Director
		Khansons Automobiles Ltd.	Managing Director
2	Mrs. Rosy Rahman Director	Khansons Textiles Ltd.	Director
		Khansons Holdings Ltd.	Director
		Khansons Group Ltd.	Director
		Khansons Automobiles Ltd.	Director
3	Mr. Bazlur Rahman Managing Director	Khansons Textiles Ltd.	Dy. Managing Director
		Khansons Holdings Ltd.	Dy. Managing Director
		Khansons Group Ltd.	Dy. Managing Director
		Khansons Automobiles Ltd.	Dy. Managing Director
4	Mr. Mohammad A. Hafiz Independent Director	AAA Finance & Investment Ltd.	Director
		Stock & Bond Ltd.	Director
5	Mr. Md. Aminul Quader Khan Director (Nominated by ICB)	ICB	DGM

REPORT OF THE AUDIT COMMITTEE

The Audit Committee

The Board of Directors of STL has constituted an Audit committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) Guidelines. All Members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee. The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.

Audit Committee Comprises as follows:

Name of the Members	Designation	Position
Mr. Mohammad A. Hafiz	Independent Director	Chairman
Mr. Bazlur Rahman	Managing Director	Member
Mr. Md. Aminul Quader Khan	Nominated Director	Member
Mr. Md. Monir Hossain	Company Secretary	Secretary

Activities Of Audit Committee

The committee is reporting to the Board of Directors on performing of the clearly set forth responsibilities by the Board of Directors. Main activities of the audit committee are summarized below.

1. Overseeing and monitoring of financial reporting process adoption of reporting standards and control risk management process

Audit Committee is assisting in the oversight of the financial reporting process, including monitoring the adoption of reporting standards and internal control risks management process to ensure that appropriate financial reporting process and standards used and adequate activities/measures control to high risk areas are periodically evaluated and tested.

2. Review of Periodic Financial Statements

During the period, Audit Committee reviewed all periodical financial statements of the company.

This review was made along with the Management and other stakeholders. Their review ensured that the financial statements are prepared in compliance with legal and accounting standards requirements and that the financial statements were disclosed accurate, reliable and timely information of the company.

3. Review of Internal Control Assessment

During the period, the committee revised and reviewed the internal control system and internal audit plan with an emphasis on minimizing of defect, losses and fraud. The committee also reviewed that the internal control was both adequate and effective.

4. Review of Internal Audit Report

During the period, the committee reviewed the activities of Internal Audit Department and take necessary actions on the basis of internal audit report.

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5. Review the Related Party Transactions

The Committee also reviewed the related party's transactions submitted by management.

Meeting And Attendance

During the reporting period under review, the Committee held four meetings. The attendance of the members at these meeting is as under.

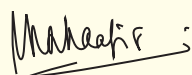
Name of the Members	No. of meeting held	Attended
Mr. Mohammad A. Hafiz	4	4
Mr. Bazlur Rahman	4	4
Mr. Md. Aminul Quader Khan	4	4
Mr. Md. Monir Hossain	4	4

Reporting Of The Committee

On discharging its responsibilities, the audit committee has ensured the followings:

- Financial statements have been prepared and presented in compliance with all laws, regulations & standards as applicable.
- Adequate risk controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is adequately managed.
- Observations, findings and suggestions of the committee were communicated to the Board of Directors and the Directors had taken appropriate measures on the report.

On behalf of the Committee



Mohammad A. Hafiz
Independent Director
&
Chairman of the Audit Committee



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DECLARATION BY CEO AND CFO

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

Sonargaon Textiles Ltd. Declaration by CEO and CFO

Date : 28 October 2018

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

Subject: Declaration on Financial Statements for the year ended on 30 June 2018.

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:

1. The Financial Statements of Sonargaon Textiles Limited for the year ended on 30 June 2018 have been prepared in compliance with International Accounting Standards(IAS) or International Financial Reporting Standards(IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed: and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

1. We have reviewed the financial statements for the year ended on 30 June 2018 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.
2. 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
Managing Director /
Chief Executive Officer (CEO)



Md. Mostafa
Chief Financial Officer(CFO)



Annexure -B

Certificate as per condition No. 1(5)(xxvii)

Report to the Shareholders of Sonargaon Textiles Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Sonargaon Textiles Limited for the year ended on 30 June 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006- 158/207/Admin/80 dated 03 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 Condition No. 1 (4) (b), 1(7), 3(1)(c), 4(ii), 6. This is also stated in the remarks column of the Statement on Status of Compliance prepared by the Directors of the Company.
- (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.

Dated: Dhaka
28 OCT 2018



Mohd. Ishaque Ali Miah, FCA
Partner
G. Kibria & Co.
Chartered Accountants

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Tel: +88-02-9568071, 9570717, 9575324, Fax: +88-02-9553630
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CORPORATE GOVERNANCE COMPLIANCE REPORT

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

(Report under condition No. 9)

Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not 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 core competencies 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 Director in the Company's Board shall be Independent Director "Independent Director" 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 does 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 considered as family members;	√		
1.2(b)(iii)	Who has not been an executive of the Company in immediately preceding 2 (two) financial years;	√		
1.2(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary or associated Companies;	√		



Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 qualification:			
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	√		
1(3)(b)(iii)	Former official of government or statutory or regulatory body in the position not below the national pay scale, who has at least background of bachelor degree in commerce or business or Law; or			N/A

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Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public 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;		√	Noted for comply
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;	√		
1(4)(e)	In the absence of the Chairpersons of the Board, the remaining members may elect one of themselves from non-executive directors as Chairpersons for that particular Board's meeting; the reason of absence of the regular Chairpersons shall be duly recorded in the minutes.			N/A
1(5)	The Directors' Report to Shareholders			
	The Board of the Company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994(Act No. XVIII of 1994)			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extra and their implications(gain or loss)	√		



Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;			N/A
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;	√		
1(5)(xx)	An explanation on the reasons if the issuer not declared dividend (cash or stock) for the			N/A

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Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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			N/A
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	√		
1(5)(xxv)(g)	Future plan or projection or forecast for operation, performance and financial justification thereof, i.e., actual position stated to the shareholders in the next AGM;	√		



Condition No	Title	Compliance Status (Put (✓) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;		✓	To be complied within 31 December 2018
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.		✓	To be complied within 31 December 2018
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 review the financial statements, in particular investments made by the subsidiary company.			N/A



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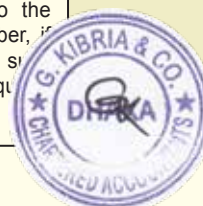
Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3	Managing Director(MD) or Chief Executive Officer(CEO), Chief Financial Officer(CFO), Head of Internal Audit and Compliance(HIAC) and Company Secretary:			
3(1)	Appointment			
3(1)(a)	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.		√	To be complied within 31 December 2018

Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not 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);	√		Chairperson of the Audit Committee will be present in the next AGM
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least in a financial year;	√		

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Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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;			N / A
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)	Report to the Board of Directors.			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any			
5(6)(a)(ii)(a)	Report on conflicts of interests;			N / A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity defect identified in the internal audit and compliance or in the financial statements;			N / A

Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not 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.			No such situation noticed
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC):			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;		√	Noted for comply
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;		√	Noted for comply
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).		√	Noted for comply
6(2)	Constitution of NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;		√	Noted for comply
6(2)(b)	All members of the Committee shall be non-executive directors;		√	Noted for comply
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		√	Noted for comply
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;		√	Noted for comply
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;		√	Noted for comply
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;		√	Noted for comply



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Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)(g)	The company secretary shall act as the secretary of the Committee;		√	Noted for comply
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		√	Noted for comply
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.		√	Noted for comply
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;		√	Noted for comply
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;		√	Noted for comply
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;		√	Noted for comply
6(4)	Meeting of NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;		√	Noted for comply
6(4)(b)	The Chairperson of the NRC may convey any emergency meeting upon request by any member of the NRC;		√	Noted for comply
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);		√	Noted for comply
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.		√	Noted for comply
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;		√	Noted for comply
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:		√	Noted for comply
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;		√	Noted for comply
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and		√	Noted for comply
6(5)(b)(i)(c)	Remuneration to directors, top level executive in balance between fixed and incentive pay reflection long-term performance objectives appropriate to the w the company and its goal;		√	Noted for comply



Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		√	Noted for comply
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;		√	Noted for comply
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;		√	Noted for comply
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		√	Noted for comply
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resource and training policies;		√	Noted for comply
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.		√	Noted for comply
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;	√		
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 company; his or her family members also shall not possess any shares in the said company;	√		

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Condition No	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
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.	√		Appointment will be confirmed in the next AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these condition or not.	√		



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
SONARGAON TEXTILES LIMITED.**

Report on the financial Statements

We have audited the accompanying Financial Statements of Sonargaon Textiles Limited which comprises the Statement of Financial Position as at 30 June 2018 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (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.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Sonargaon Textiles Limited** as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, and other applicable laws and regulations.

Annual Report

Emphasis of Matter

- i. As disclosed in the note 5.00 of the financial statements regarding inventories, the management should present the inventories in accordance with International Accounting Standard (IAS-2) Inventories and make proper consideration including recording in register, bin card etc and ascertain actual status and value of inventories also make provision to observe counting of physical inventories by the auditor at the closing of the period. Steps also to be taken to assess the actual quantity of damaged stock to make sure whether the provision for loss is enough or not.
- ii. As disclosed in the notes 10, 11 and 14 of the financial statements regarding short and long term loans. Due to unavailability of bank statements the loan balances are subject to confirmation. For the smooth operations of the company the management should make proper arrangement to pay the banks obligations and make the loans regular.
- iii. As disclosed in the note 16 and 27.00 of the Financial Statements regarding deferred tax liabilities and provision for income tax for the fair presentation of the financial statements, the management should assess the actual tax liability of the company immediately.

Other Matter

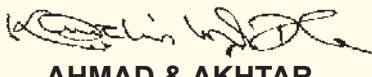
The financial statements of Sonargaon Textiles Limited for the year ended 30 June 2017 was audited by G.Kibria & Co., Chartered Accountants who expressed unqualified opinion on those statements on 28 October 2017.

Report on Other legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- (a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) Based on our examination of the Company's books and financial records, we believe proper books of accounts, as required by law, have been kept by the company;
- (c) The company's statement of financial position, statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns ; and
- (d) All expenditures incurred by the Company were for the purposes of the company's business and operations.

Date: 28 October 2018
Place- Dhaka


AHMAD & AKHTAR
Chartered Accountants.

SONARGAON TEXTILES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2018**

	Notes	Amount in Taka	
		30 June, 2018	30 June, 2017
Assets			
Non-Current Assets		748,921,151	789,067,298
Property, Plant and Equipment	4.00	748,921,151	789,067,298
Current Assets		950,542,239	873,326,773
Inventories	5.00	530,673,097	576,645,079
Trade & Other Receivables	6.00	392,042,293	267,354,230
Advances, Deposits and Prepayments	7.00	25,624,952	27,380,283
Investment in Shares Central Depository BD Ltd.(CDBL)	7.03	1,569,450	1,569,450
Cash and cash equivalent	8.00	632,447	377,731
Total Assets		1,699,463,390	1,662,394,071
Equity and Liabilities			
Shareholders' Equity		754,673,816	769,655,870
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	453,000,955	472,017,009
Retained Earnings		(22,931,269)	(26,965,269)
Non-Current Liabilities		591,929,188	316,088,464
Long Term Loan	14.00	520,933,135	245,283,675
Director's and Other Loans and Advances	15.00	17,320,197	17,320,197
Deferred Tax Liability	16.00	53,675,856	53,484,592
Current Liabilities		352,860,387	576,649,737
Short Term Loans	10.00	10,519,331	141,787,210
Current Portion of Long Term Loan	11.00	263,424,661	335,106,306
Trade & Other Payables	12.00	73,728,104	92,754,099
Workers Profit Participation and Welfare Fund		200,000	200,000
Provision for Income Tax	27.00	4,988,291	6,802,122
Total Equity & Liabilities		1,699,463,390	1,662,394,071
Net Assets Value Per Share (NAVPS)	29.00	28.51	29.08

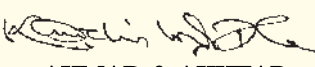
The accounting policies and other notes form an integral part of these financial statements.


Md. Monir Hossain
 Company Secretary


Bazlur Rahman
 Managing Director


A.K.M. Azizur Rahman
 Chairman
 As per report Annexed.

Dated: 28 October 2018
 Place: Dhaka


AHMAD & AKHTAR
 Chartered Accountants

Annual Report

SONARGAON TEXTILES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	AMOUNT IN TAKA			30 June, 2018	30 June, 2017
		UNIT - 1	UNIT - 2	UNIT - 3	Taka	Taka
Turnover	17.00	111,106,663	285,702,846	396,809,509	793,619,018	820,596,598
Cost of Goods sold	18.00	(97,199,586)	(248,502,198)	(314,784,256)	(660,486,040)	(704,893,449)
Gross Profit		13,907,077	37,200,648	82,025,253	133,132,991	115,703,149
Operating Expenses :						
Administrative Expenses	21.00	(4,718,988)	(12,134,541)	(16,853,529)	(33,707,057)	(36,695,712)
Selling & Distribution Expenses	23.00	(284,347)	(731,178)	(1,015,525)	(2,031,050)	(2,299,886)
Financial Expenses	24.00	(12,126,581)	(31,182,637)	(43,309,218)	(86,618,436)	(70,788,511)
Total Expenses		(17,129,916)	(44,048,356)	(61,178,272)	(122,356,543)	(109,784,109)
Operating Profit/(Loss)		(3,222,840)	(6,847,707)	20,846,981	10,776,448	5,919,040
Write off on damage Raw cotton	19.00	(4,200,000)	(10,800,000)	(15,000,000)	(30,000,000)	(30,000,000)
Non Operating Income	26.00	201,289	517,602	718,891	1,437,782	1,441,435
Gain in Foreign Exchange					8,183,271	3,648,755
		-	-	-	-	-
Net Profit/(Loss)		(7,221,550)	(17,130,106)	6,565,872	(9,602,500)	(18,990,770)
Provision for WPPF		-	-	-	-	-
Provision for WWF		-	-	-	(200,000)	(200,000)
		-	-	-	(200,000)	(200,000)
Net Profit/(Loss) before tax (G-H)		(7,221,550)	(17,130,106)	6,565,872	(9,802,500)	(19,190,770)
Provision for Taxation						
Current Tax		-	-	-	(4,988,291)	(5,213,889)
Deferred Tax		-	-	-	(191,264)	(204,092)
Net Profit/Loss after tax		(7,221,550)	(17,130,106)	6,565,872	(14,982,055)	(24,608,750)
Other comprehensive income					-	-
Total comprehensive income		(7,221,550)	(17,130,106)	6,565,872	(14,982,055)	(24,608,750)
Earning Per Share (EPS)	28.00				(0.57)	(0.93)

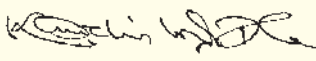
The accounting policies and other notes form an integral part of these financial statements.


Md. Monir Hossain
Company Secretary


Bazlur Rahman
Managing Director


A.K.M. Azizur Rahman
Chairman
As per report Annexed.

Dated: 28 October 2018
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants

SONARGAON TEXTILES LTD.
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June, 2018

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2017	264,670,560	54,560,000	5,373,570	472,017,009	(26,965,269)	769,655,870
Share Capital Increase(Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(19,016,054)	19,016,054	-
Net profit/Loss- 2018	-	-	-	-	(14,982,055)	(14,982,055)
Prior Year Adjustetment	-	-	-	-	-	-
Dividend 2017	-	-	-	-	-	-
As at 30th June, 2018	264,670,560	54,560,000	5,373,570	453,000,955	(22,931,269)	754,673,816

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June, 2017

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2016	264,670,560	54,560,000	5,373,570	492,379,249	(22,718,758)	794,264,621
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(20,362,239)	20,362,239	-
Net profit/(Loss)- 2017 as per prior year financial statement	-	-	-	-	(28,257,505)	(28,257,505)
Prior year adjustment - (Note 51)	-	-	-	-	3,648,755	
Dividend 2016	-	-	-	-	-	-
As at 30th June, 2017	264,670,560	54,560,000	5,373,570	472,017,009	(26,965,269)	769,655,870

Md. Monir Hossain
Company Secretary

Dated: 28 October 2018
Place: Dhaka


Bazlur Rahman
Managing Director


A. K. M. Azizur-Rahman
Chairman

SONARGAON TEXTILES LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 June, 2018

Particulars	Note	30 June, 2018 Taka	30 June, 2017 Taka
A. Cash Flows from Operating Activities			
Collection from Turnover & Others		673,465,471	693,312,758
Payment to Suppliers and Employees		(655,672,326)	(684,781,523)
Cash Generated from Operation		17,793,145	8,531,235
Collection from Non-operation Income		1,437,782	1,441,435
Interest Paid		(5,685,609)	(3,253,698)
Income Tax paid		(4,988,291)	(7,623,137)
Net Cash Flows from Operating Activities		8,557,027	(904,165)
B. Cash Flows from Investing Activities			
Acquisition of property Plant & Equipment		-	-
Acquisition of Long Term Assets		(69,420)	(880)
Sale Proceeds of Long Term Assets		-	-
Net Cash Flows from Investing Activities		(69,420)	(880)
C. Cash Flows from Financing Activities			
Long Term Loan received		(1,268,007)	-
Other Loans and Advances Received /(Paid)		-	-
Short Term Loan Paid		(6,964,884)	20,552
Net cash flow from Financing Activities		(8,232,891)	20,552
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)		254,716	(884,493)
Cash and Cash Equivalent at Opening		377,731	1,262,224
Cash and Cash Equivalent at Closing		632,447	377,731
Net Operating Cash Flow Per Share (NOCFPS)	30.00	0.32	(0.03)

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



Md. Monir Hossain
Company Secretary



Bazlur Rahman
Managing Director



A.K.M. Azizur Rahman
Chairman

Dated: 28 October 2018

Place: Dhaka

Sonargaon Textiles Limited

Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information For the year ended 30 June 2018

1.00 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:

The number of employees 1857 in the year 30.06.18.

2. 00 Basis of Presentation 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 (IFRS) 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.

2.2 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:

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- 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.

2.3 Structure, content and presentation of financial statements.

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

- i. Statement of financial position as at 30 June 2018;
- ii. Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2018;
- iii. Statement of cash flows for the financial year ended 30 June 2018;
- iv. Statement of changes in equity for the financial year ended 30 June 2018;
- v. Accounting policies and other explanatory notes for the financial year ended 30 June 2018

2.4 Applicable Accounting Standards & Financial Reporting Standards

The financial statements have been prepared in 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	Complied
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
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's 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

2.5 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.

2.6 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.

2.7 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

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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. With a bid to augment its revenue followed by its financial position the company has resorted to some measures which envisages 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 basis.

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.

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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 Bangladesh 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 IAS 17: 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).

3.00 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 28 October 2018.

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, 2017 to June 30, 2018.

3.4 Comparative Information

Figures of the year 2017 have been rearranged whenever considered necessary to ensure comparability with the current year.

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4.00 Property, Plant and Equipment (Unit 1,2 & 3) : TK. 748,921,151

Cost / Fair value as on 01.07.2017

Add: Addition during the year

Less: Disposal during the year

Less: Accumulated Depreciation as on 01.07 .2017

Less: Depreciation during the period.

Balance as at 30.06.2018

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

30 June, 2018 Taka	30 June, 2017 Taka
-----------------------	-----------------------

1,262,403,251	1,262,402,371
69,420	880
1,262,472,671	1,262,403,251
-	-
1,262,472,671	1,262,403,251
473,335,952	430,010,778
789,136,719	832,392,473
40,215,568	43,325,174
748,921,151	789,067,298

5.00 Inventories: TK. 530,673,097

Raw Cotton (19.00)

Finished Goods

Work in Process

Spare Parts

Packing Materials

Waste Cotton

426,252,146	489,400,081
59,568,148	41,508,715
7,676,763	8,187,650
12,669,282	12,032,500
2,699,921	3,733,520
21,806,837	21,782,613
530,673,097	576,645,079

5.01 During the year to accumulate the loss increased against slow moving raw materials the company has written off Tk.3.00 crore as loss of value in the accounts for the year ended 30th June, 2018. It was decided in the Board Meeting held on 15.12.2014 that total loss of Tk. 15.00 crore will provide in the accounts within five years from 2014 to 2018.

6.00 Trade & Other Receivables : TK. 392,042,292

The above balances are made up as follows :

Opening Balance

Add: Sales during the year

Balance after addition

Less Realization during the year

Add: Gain on foreign exchange for fluctuation of USD at year-end

Closing Balance

263,705,475	134,980,200
793,619,018	820,596,598
1,057,324,493	955,576,798
673,465,471	691,871,323
8,183,271	3,648,755
392,042,292	267,354,230

Receivable Aging:

Above 180 days

Below 180 days

278,781,273	190,115,593
113,261,018	77,238,637
392,042,292	267,354,230

Details are Shown in the following schedule:

K.C Apparels Ltd

KC Print Ltd.

Trasco Apparels Ltd

Knit concern Ltd.

Godnail, Narayangonj

Godnail, Narayangonj

B.B Road , Narayangonj

Godnail, Narayangonj

211,417,830	93,982,824
28,310,850	26,114,400
48,085,063	44,946,590
104,228,549	102,310,416
392,042,292	267,354,230

7.00 Advance, Loan, Deposits & Prepayments: TK. 25,624,952

Advance Income Tax (7.01)

Security Deposit (Note: 7.02)

Advance against Salary

23,670,412	25,484,243
1,863,540	1,863,540
91,000	32,500
25,624,952	27,380,283

7.01 Advance Income Tax TK. 23,670,412

Opening Balance

Less : Previous year provision for Taxation

25,484,243	17,861,106
6,802,122	-
18,682,121	17,861,106

Add: Current year Tax deducted at sources :

Income Tax paid as advance.

On Export proceeds

On Bank Interest

On Dividend

-	2,500,000
4,701,429	4,835,578
1,112	1,968
285,750	285,591
4,988,291	7,623,137
23,670,412	25,484,243

Sonargaon Textiles Ltd.

			30 June, 2018 Taka	30 June, 2017 Taka
7.02	Security Deposit	TK. 1,863,540		
	Security Deposit to Bangladesh Oxygen 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			
	The Company holds shares of Central Depository BD Ltd.(CDBL) which are measured at cost. The total value of shares as at June 30, 2018 are Shares of Central Depository BD Ltd. (CDBL), held at cost:			
			1,569,450	1,569,450
			1,569,450	1,569,450
8.00	Cash and Cash Equivalent	TK. 632,447		
	This is made up as follows :			
	Cash in hand		37,184	68,033
	Cash at Bank (Note-8.01)		595,264	309,698
			632,447	377,731
8.01	Name of the Bank	Branch	A/C No	
	Dutch Bangla Bank Ltd.	Kawran Bazar Branch	107-120-2912	402,812
	National Bank Ltd.	Tanbazar Branch	0010-33009916	6,309
	Trust Bank Ltd.	SKB Br., Motijheel	3300-3143	1,943
	Basic Bank Ltd.	Main Branch	216010000398	13,790
	Rupali Bank Ltd.	Local Office	18024000171	30,007
	Dutch Bangla Bank Ltd.	Motijheel Foreign Exc	1051201231	115,418
	Rupali Bank Ltd.	Barisal Branch	20005021	14,391
	Dutch Bangla Bank Ltd.	Barisal Branch	127110855	10,595
			595,264	309,698
9.00	Share Capital:	TK. 264,670,560		
		%	Holders	Shares
a)	11,790,404 ordinary shares of Tk.10/- each paid by sponsors	0.15	7	11,790,404
b)	Group summary of other shareholders			
	Description of the group			
	Financial Institutions (ICB & others)	1.94	91	1,066,052
	General Public	97.80	4,586	9,995,489
	ICB unit Fund	0.02	1	3,344,672
	Investment Corporation of Bangladesh	-	-	-
	Investment Account, ICB, Sylhet	0.02	1	81,127
	ICB Suspension for fraction	0.02	1	13,156
	ICB Securities Trading Co.	0.02	1	91,118
	Investment Account,ICB,Barisal	-	-	-
	6 th ICB Mutual Fund	-	-	-
	7 th ICB Mutual Fund	-	-	-
	ICB Capital Management Ltd	0.02	1	85,038
	ICB ACML Unit Fund	-	-	-
	Sub Total		4,682	14,676,652
	Grand Total		4,689	26,467,056
			146,766,520	146,766,520
			264,670,560	264,670,560
10.00	Short Term Loan From Bank (Secured):	TK. 10,519,331		
	Loan Account and type	Nature of securities	Rate of Interest	
	Rupali Bank, CC Hypo, A/C # 52-9-0	Hypothecation of General stores.	13.00%	127,858
	Rupali Bank, CC Pledge, A/C # 51-1-2	Pledge of Raw Materials and Finished Goods.	16.00%	10,391,473
				11,986,112
				129,801,098
				10,519,331
				141,787,210

During the year the company charged any interest on the cash credit facilities (CC Pledge) availed from the Rupali Bank Ltd. due to Re-Scheduled .

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		30 June, 2018 Taka	30 June, 2017 Taka
11.00	Current Portion of Long Term Loan (Secured): Tk.	263,424,661	
	Long Term Loan with BDBL	261,373,103	234,216,306
	Long Term Loan with RBL	2,051,558	100,890,000
		263,424,661	335,106,306
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. 261,373,103. 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 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.			
12.00	Trade & Other Payables	TK. 73,728,104	
	Accrued Expenses payable (Note 12.01)	20,648,443	18,468,745
	Audit fees	201,250	143,750
	Trade Payables (Note 12.02)	46,677,936	67,441,129
	Outstanding claim for Raw cotton(Olam International)	6,200,475	6,700,475
		73,728,104	92,754,099
12.01	Accrued Expenses payable	TK. 20,648,443	
	Electricity bill (Factory) June,18	9,032,383	7,823,248
	Salary & Wages (Factory) for June,18	4,607,492	3,951,461
	Salary & Allowance employees	1,015,378	1,192,946
	Nitol Motors	-	87,065
	Office Rent	5,763,690	5,184,525
	Barisal City Corporation Tax	229,500	229,500
		20,648,443	18,468,745
12.02	Schedule of Trade Payables	Tk. 46,677,936	
	Name	Address	
	P.N Enterprise (Raw cotton)	2, S.M Maleh Road, Tanbazar ,N.gonj	14,652,773
	Ratan Enterprise (Raw cotton)	103 S.M Maleh Road, Tanbazar ,N.gonj	19,046,301
	Master Yarn Trading (Raw cotton)		3,065,648
	Rashid Enterprise (Raw Cotton)		3,390,329
	Salma Traders (Raw Cotton)		6,245
	Adiba Trading (Raw cotton)		-
	Hoq Yarn Ltd. (Raw cotton)		178,701
	Shohan Store (Raw cotton)		-
	Tex trade (Raw cotton)		156,414
	The Cotbiz Trading (Raw cotton)		91,584
	Adib Enterprise (Spare parts)	Plot # 16,Block# D,Mill Gate,Tongi,Dhaka	-
	AD Media Printers		32,000
	Airtech Compressor		25,000
	A.I.S Enterprise	Shop # 35,125, Iqble Road,M.pur , Dhaka	35,795
	Axis Textiles engineering	H # 2, L # 13,B # A,Sec-10,Mirpur,Dhaka.	27,700
	Azad Store	69, B.B. Road, Ukil para,Dhaka	84,983
	Bengal Roots		47,200
	Bikrampur Builders		-
	Cargo Control (BD) Pet Ltd	69 Dilkusha C/A , Dhaka.	143,084
	C.H Graphics	75,Arambagh, Motijheel,Dhaka-1208	197,542
	China Plastics BD. Ltd.		62,200
	Chittagong Fibre Board	125,Andor Killa,Chittagong	196,740
	Euro Trade	Road#7Block#plot#52,Eastern Banasree,Dhaka	249,737
	Forman Enterprise		82,500
	Friends Electric House		8,498
	Gazi Tank		8,200
	IC System & Service		23,000
	IHS Inspection Serices(BD) Ltd.	66, Dilkusha C/A Dhaka	6,562
	Lipika (Spare Importer)		276,017
	Lipika	365, Jatrabad, Mohammadpur,Dhaka-1207	-
	Madona Enterprise		55,000
	Mahin Enterprise	130, B.C Road,Nawabpur Road,Dhaka	166,300
	Musum Enterprise	Shop # 6,107, Nawabpur Road, Dhaka	25,745
	Micro Electronic Ltd.		-
	New Diamond Plastic	Shop # 9,218, Nawabpur Road, Dhaka	321,885
	NSR Enterprise		840,118
	NSR Enterprise (HDPE Bags)		-

Sonargaon Textiles Ltd.

		30 June, 2018 Taka	30 June, 2017 Taka
Nuhan Engineering	128,Bonogram Road,Dhaka	2,400	2,400
Pacific Trading		150,337	97,837
PN International		-	19,836
Popular Spring&Engineering	4,Juriatuli, Nababpur,Dhaka	-	-
Popular Trades(Narayangong)	46/1 Old Jimkhana, Narayangonj	206,341	306,341
Quality Tex		9,262	-
Quality Traders		234,020	234,020
Riyad Light House		91,440	33,390
Rumman Spring & Eng. Works	128,Bonogram, Nawabpur Road,Dhaka	198,438	871,400
Sail International		420,800	537,800
Satata Enterprise		497,995	464,765
SD Tax Promoters Ltd.		25,810	12,710
Sinobangla Industries Ltd.		39,071	39,071
Spinning world		265,253	248,253
Simul Traders	63/A,Railway Commercial Plot,Shajahanpur,Dh	272,661	163,161
Square Informatix Ltd.		5,000	5,000
Standard Sprung Industries	78,Nawabpur Road, Dhaka	24,350	24,350
Trust Trade		-	29,598
Yusuf Trader		3,290	3,290
Yeasin Enterprise		482,250	-
ZSZ Engineering		218,100	218,100
Others Party (Factory)		27,317	5,949
		46,677,936	67,441,129
13.00 Revaluation Reserve:	TK. 453,000,955		
Opening balance		472,017,009	492,379,250
Less : Adjustment for depreciation for this year		19,016,054	20,362,239
Closing balance		453,000,955	472,017,009
This amount represents as per last years accounts			
14.00 Long Term Loan (Not due secured) :	Tk. 520,933,135		
BDBL Term Loan # 59/237/00105		-	-
MTBL-Term loan-1		68,329,218	57,797,483
MTBL-Term loan-2		46,370,060	38,846,966
MTBL-Term loan-3		136,919,899	120,393,392
Rupali Bank Loan account (Principal)		269,313,958	28,245,834
Grand Total (Unit 1+2+3)		520,933,135	245,283,675
Note :			
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 @ 13% of CC Hypo & 15% 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 2,516,191,77. 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.			
15.00 Director's and Other Loans and Advances:	TK. 17,320,197		
Opening balance		17,320,197	17,320,197
Add: Received during the year		-	-
Less: Paid during the year		-	-
Closing balance		17,320,197	17,320,197
These represent loan from directors which do not carry any interest.			
16.00 Deferred Tax Liabilities:	TK. 53,675,856		
Opening balance		53,484,592	53,280,500
Add: Addition during the year		191,264	204,092
		53,675,856	53,484,592
Less: Adjustment during the year		-	-
Closing balance		53,675,856	53,484,592

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17.00 **Turnover/Sales:** TK. 793,619,018

This is made up as follows :

Particulars	30 June, 2018		30 June, 2017	
	Qty. In Lb.	Taka	Quantity Lbs	Taka
Local Sales of Yarn/Waste cotton	108,412	421,474	302,881	708,099
Less : Vat on Sales of Waste cotton	-	63,221	-	92,361
	108,412	358,253	302,881	615,738
Add : Export of Yarn	5,814,677	793,260,765	6,270,544	819,980,860
Total turnover (Net)	5,923,089	793,619,018	6,573,425	820,596,598

18.00 **Cost of Goods Sold :** TK. 660,486,040

This is made up as follows :

Particulars	Quantity	AMOUNT IN TAKA			30 June, 2018	30 June, 2017
	Lbs	Unit-1	Unit - 2	Unit - 3	Taka	Taka
WIP as on 01.07.2017	231,608	1,146,271	2,947,554	4,093,825	8,187,650	15,250,730
Add: Raw cotton input (Note- 19)	7,147,575	63,921,581	91,316,544	301,344,595	456,582,720	311,704,284
	7,379,183	65,067,852	94,264,098	305,438,420	464,770,370	326,955,014
Less :WIP as on 30.06.2018	75,532	1,074,747	2,763,635	3,838,382	7,676,763	8,187,650
Wastage	1,654,540	3,052,957	7,850,461	10,903,419	21,806,837	21,782,613
	1,730,072	4,127,704	10,614,096	14,741,800	29,483,600	29,970,263
Raw Material Consumed	5,649,111	60,940,148	83,650,002	290,696,620	435,286,770	296,984,751
Add: Factory Overhead (Note -25)	-	34,056,219	87,573,133	121,629,352	243,258,704	232,328,637
Cost of Production	5,649,111	94,996,366	171,223,135	412,325,972	678,545,473	529,313,388
Add : Stock of Yarn as on 01.07.2017	286,267	5,811,220	14,943,137	20,754,358	41,508,715	217,088,776
	5,935,378	100,807,586	186,166,273	433,080,329	720,054,188	746,402,164
Less: Stock of Yarn as on 30.06.2018 (Note-20)	203,484	(8,339,541)	(21,444,533)	(29,784,074)	(59,568,148)	(41,508,715)
Cost of Goods Sold	5,731,894	109,147,127	207,610,806	462,864,403	660,486,040	704,893,449

19.00 **Raw Cotton Input :** TK. 456,582,720

This amount comprises as follows :

Particulars	30 June , 2018		30 June , 2017	
	Quantity (lbs)	Value	Quantity (lbs)	Value
Stock of Raw cotton as on 01.07.2017	4,597,612	489,400,081	4,823,744	431,483,901
Add : Raw cotton purchased during the year	7,337,181	423,434,785	5,499,456	399,620,464
	11,934,793	912,834,866	10,323,200	831,104,365
Less : Stock of raw cotton	(4,787,218)	(456,252,146)	(4,948,489)	(519,400,081)
Stock of slow moving raw materials written off	(350,877)	(30,000,000)	(350,877)	(30,000,000)
Stock of raw cotton as on 30.06.2018	(4,436,341)	(426,252,146)	(4,597,612)	(489,400,081)
Input of Raw cotton during the year	7,147,575	456,582,720	5,374,711	311,704,284

20.00 **Stock : 203,484 Lbs.**

This is made up as follows :

Particulars	30 June, 2018		30 June, 2017	
	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs
Opening balance	-	286,267	-	1,596,241
Add: Production during the year	-	5,731,894	-	4,960,570
		6,018,161	-	6,556,811
Less: Sales during the year :				
Local	-	-	-	-
Export	-	5,814,677	6,270,544	6,270,544
Closing balance		203,484		286,267

21.00 **Administrative Expenses:** TK. 33,707,057

This is made up as follows :

Particulars	AMOUNT IN TAKA			30 June, 2018	30 June, 2017
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Directors' Remuneration	159,391	409,863	569,254	1,138,508	1,138,508
Salary & allowances (Note -22)	1,817,238	4,672,897	6,490,135	12,980,270	13,583,669
Overtime	347,713	894,120	1,241,834	2,483,667	2,517,688
Bonus (Note - 22)	423,213	1,088,262	1,511,475	3,022,950	3,386,875
Board Meeting fee	20,300	52,200	72,500	145,000	-
Notice pay	552	1,420	1,973	3,945	-
Traveling & conveyance	98,915	254,353	353,268	706,535	686,428
Printing & Stationery	16,576	42,625	59,201	118,402	132,930
Vehicle Maintenance	38,650	99,384	138,034	276,068	191,589
Cleaning expenses	29,278	75,287	104,565	209,130	-
Subscription (BTMA)	13,700	35,228	48,928	97,856	222,530
Subscription (BCI & BAPLC)	4,200	10,800	15,000	30,000	733,215
Newspaper & Periodicals	-	-	-	-	30,000
Uniform	21,582	55,498	77,080	154,160	3,860
Postage	2,569	6,605	9,174	18,348	51,310
Entertainment	11,290	29,031	40,321	80,641	17,988
Electricity	49,303	126,780	176,083	352,166	147,897
Employees Lunch	69,891	179,720	249,612	499,223	-
Fees & Renewal	63,207	162,531	225,738	451,476	-
Gardening	3,105	7,984	11,089	22,178	-
Ifter bill	10,302	26,490	36,792	73,584	7,520
Telephone & Mobile Bill	22,057	56,718	78,776	157,551	-
License & renewals	12,350	31,758	44,108	88,216	167,056
Work Permit Fee	1,400	3,600	5,000	10,000	117,591
City Corporation Tax	33,692	86,636	120,328	240,656	643,906
Advertisement	23,457	60,318	83,775	167,550	134,383
WASA Bill/Water Bill	34,050	87,556	121,606	243,212	233,849
Internet connection (Wi-Fi)	19,424	49,946	69,370	138,740	98,000
Photocopy expenses	-	-	-	-	40,334
Ceremonial expenses	9,769	25,122	34,891	69,782	226,275
Carrying & Handling	19,340	49,730	69,070	138,140	-
Miscellaneous Expenses	49,272	126,698	175,970	351,940	2,657,120
Office Rent	515,093	1,324,525	1,839,618	3,679,236	3,512,145
Office expenses	963	2,478	3,441	6,882	-
Donation & others	46,074	118,476	164,550	329,100	723,200
Group Insurance	81,083	208,499	289,583	579,165	-
Repairs & maintenance (Vehicles)	-	-	-	-	67,097
Repairs & maintenance (Building)	724	1,862	2,586	5,172	80,125
Repairs & maintenance (Others)	42,010	108,027	150,037	300,074	177,469
Directors meeting expenses	-	-	-	-	120,000
AGM Expenses	28,175	72,450	100,625	201,250	281,920
Audit fees with 15% Vat	28,175	72,450	100,625	201,250	143,750
Leave benefits	14,099	36,255	50,355	100,709	115,307
Business Development expenses	-	-	-	-	82,735
Subscription for DSE,CSE& Others	18,527	47,641	66,168	132,335	486,550
E-mail expenses/IT	588	1,512	2,100	4,200	133,113
Medical expenses	19,647	50,520	70,167	140,334	61,790
Training expenses	1,750	4,500	6,250	12,500	51,310
Welfare	9,888	25,427	35,315	70,630	226,666
Depreciation (Schedule-4/A)	450,414	1,158,208	1,608,623	3,217,245	3,466,014
Website maintenance	12,600	32,400	45,000	90,000	-
Sundry expenses	23,391	60,149	83,541	167,081	-
Total	4,718,988	12,134,541	16,853,529	33,707,057	36,695,712

22.00 **Salaries ,Allowances & Bonus:** TK. 16,003,220

This amount comprises as follows :

Particulars	30 June, 2018		30 June, 2017	
	Employees	Taka	Employees	Taka
a) Up to Tk. 3,000 Per Month	29	1,641,728	36	1,883,132
b) Above Tk. 3,000 Per Month	102	14,361,492	115	15,087,412
	131	16,003,220	151	16,970,544

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23.00 **Selling & Distribution Expenses:** TK. 2,031,050

Particulars	AMOUNT IN TAKA			30 June , 2018	30 June , 2017
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Carriage outward & Discount	284,347	731,178	1,015,525	2,031,050	2,299,886
Total	284,347	731,178	1,015,525	2,031,050	2,299,886

24.00 **Financial Expenses:** TK. 86,618,436

This amount comprises as follows :

Particulars	AMOUNT IN TAKA			30 June , 2018	30 June , 2017
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Interest on BDBL Term Loan	3,801,952	9,776,447	13,578,399	27,156,797	23,210,625
Interest on MTBL Term Loan	4,841,387	12,449,281	17,290,668	34,581,336	28,174,301
Interest on RBL Term Loan	3,281,085	8,437,075	11,718,160	23,436,320	17,905,667
Interest on RBL CC Loan	196,009	504,022	700,031	1,400,061	1,453,996
Bank charges & commission	6,149	15,812	21,961	43,922	43,922
Total	12,126,581	31,182,637	43,309,218	86,618,436	70,788,511

25.00 **Factory Overhead:** TK. 243,258,704

This amount comprises as follows :

Particulars	AMOUNT IN TAKA			30 June, 2018	30 June , 2017
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Salary & allowance and wages (Note : 25.01)	9,398,359	24,167,210	33,565,569	67,131,139	60,854,011
Bonus	618,521	1,590,484	2,209,005	4,418,010	6,715,529
Carriage Inward	14,374	36,960	51,334	102,668	82,587
Electricity	17,402,187	44,748,481	62,150,668	124,301,335	109,170,276
Stores & Spares	404,395	1,039,874	1,444,269	2,888,538	4,771,989
Packing Materials	685,709	1,763,253	2,448,962	4,897,924	5,421,873
Insurance (Fire policy of Machinery, Building, Raw cotton Godown)	53,052	136,420	189,472	378,944	3,751,845
Oil & lubricant	202,372	520,386	722,758	1,445,516	1,152,111
Overtime expenses	46,890	120,575	167,466	334,931	121,679
Repair & Maintenance	36,494	93,840	130,334	260,668	312,270
Leave benefits & gratuity	14,099	36,255	50,355	100,709	115,307
Depreciation (Schedule-4/A)	5,179,765	13,319,396	18,499,161	36,998,322	39,859,160
Total	34,056,219	87,573,133	121,629,352	243,258,704	232,328,637

25.01 **Salary , Allowances and Wages :** Tk. 67,131,139

This amount comprises as follows :

Particulars	30 June, 2018		30 June , 2017	
	Employees	Taka	Employees	Taka
a) Up to Tk. 3,000 Per Month	1,495	52,592,261	1,462	42,048,389
b) Above Tk. 3,000 Per Month	231	14,538,878	276	18,805,622
Total	1,726	67,131,139	1,738	60,854,011

			Amount in Taka	
			30 June, 2018	30 June, 2017
26.00	Non-Operating Income	TK. 1,437,782		
	Dividend Received from CDBL		1,427,955	1,427,955
	Interest Income		9,827	13,480
			1,437,782	1,441,435
27.00	Provision for Income Tax	TK. 4,988,291		
	Opening Balance		6,802,122	1,588,233
	Add: during the year		4,988,291	5,213,889
			11,790,413	6,802,122
	Less : Adjustment during the year		6,802,122	-
	Closing Balance		4,988,291	6,802,122
28.00	Earning Per Share (EPS):			
	The computation of EPS is given below:			
	(a) Earning attributable to the ordinary shareholders (Net Profit after income tax)		(14,982,055)	(24,608,750)
	(b) Weighted average number of ordinary shares outstanding during the year		26,467,056	26,467,056
	(c) Basic Earning Per Share		(0.57)	(0.93)
29.00	Net Assets Value Per Share (NAVPS)			
	a) Net assets value		754,673,816	766,007,117
	b) Number of ordinary shares outstanding during the year		26,467,056	26,467,056
	Net Assets Value Per Share (NAVPS) -Restated		28.51	28.94
30.00	Net Operating Cash Flow Per Share (NOCFPS)			
	A. Net Operating Cash Flow (Numerator)		8,557,027	(904,165)
	B. No. of Shares Outstanding		26,467,056	26,467,056
	Net Operating Cash Flow Per Shares (A/B)		0.32	(0.03)

31.00 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:

Net Income after Tax

Particulars	30 June, 2018	30 June, 2017
	Taka	Taka
Net Income after tax	(14,982,055)	(24,608,750)
Add: Current tax	4,988,291	5,213,889
Add: Deferred tax	191,264	204,092
Net Income before tax	(9,802,500)	(19,190,770)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation	40,215,568	43,325,174
Income tax paid	(4,988,291)	(7,623,137)
Interest paid	(5,685,609)	(3,253,698)
Inventory write-off	30,000,000	30,000,000
Interest expenses	86,618,436	74,322,712
Impact of fluctuation in USD for accounts receivable	(8,183,271)	(3,648,756)
Working capital adjustments		
Increase in Trade & Other Receivables	(120,153,547)	(128,725,275)
Decrease in Inventory (excluding the inventory write-off)	15,971,982	72,280,005
Decrease in Advances, Deposits and Prepayments	(58,500)	(72,489)
Decrease in Trade & Other Payables	(15,377,240)	(58,317,932)
Decrease in Provision for Income Tax	-	-
Change in Financial Expense Liability	-	-
Net cash flow from Operating activities	8,557,027	(904,165)
Net Operating cash flow per Share	0.32	(0.03)

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32 Credit Facility Not Availed

There was no credit facility available to the company under any contract, but not availed as on 30th June 2018 other than trade credit available in the ordinary course of business.

33 Segment Reporting

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

34 Attendance Status of Board Meeting of Directors

During the year from 01.07.2017 to 30.06.2018 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
Mr. A.K.M Azizur Rahman	Chairman	4	4
Mr. Bazlur Rahman	Managing Director	4	4
Mrs. Rosy Rahaman	Director	4	4
Mr. Md. Aminul Quader Khan	Director (Nominated by ICB)	4	4
Mr. Mohammed A. Hafiz	Director (Independent)	4	4
For Board Meeting, attendance fees were not paid to the Directors of the Company.			

35 Disclosure as per requirement of Schedule XI, Part II of the Company Act. 1994

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

Employee Position for Sonargaon Textiles Limited (As at 30th June 2018)

Salary Office (Monthly)	Office & Staff		Worker	Total Employee
	Factory	Head Office		
Below Tk 3,000/-		29	1495	1,524
Above Tk 3,000/-	231	102		333
Total	231	131	1,495	1,857

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

Name of Directors	Designation	Remuneration	Festival Bonus	Total Payment
Mr. A.K.M Azizur Rahman	Chairman	600,000	67,500	667,500
Mr. Bazlur Rahman	Managing Director	360,000	29,008	389,008
Mrs. Rosy Rahaman	Director	82,000	-	82,000
Mr. Md. Aminul Quader Khan	Director (Nominated by ICB)	-	-	-
Mr. Mohammed A. Hafiz	Director (Independent)	-	-	-
Total		1,042,000	96,508	1,138,508

Period of payment to Directors is from 1st July 2017 to 30th June 2018.

The above Directors of the company did not take any benefit from the company other than the remuneration and

- Expense reimbursed to the managing agent – Nil
- Commission or other remuneration payable separately to a managing agent or his associate – Nil
- 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 XI, Part II, Para 7

Details of production capacity utilization

Particulars	License Capacity	Installed Capacity in MTs	Actual Production from 1st July 2017 to 30th June 2018	Capacity utilization from 1st July 2017 to 30th June 2018
Annual Production Capacity of Yarn in Lbs.	Not mentioned in the License	5,953	2,537	42.62%

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	-	45,48,12,062	45,48,12,062	43,52,86,770	94.18%
Spare Parts	-	35,25,320	35,25,320	28,88,538	0.62%
Packing Materials	-	38,64,325	38,64,325	48,97,924	1.06%
Capital Machinery	-	-	-	-	-
Total	-	46,22,01,707	46,22,01,707	44,30,73,232	95.86%

Value of Export

Particulars	In Foreign Currency (US\$)	In BDT
Export	9,615,282	793,260,765

- 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 1st July 2017 to 30th June 2018 on account of royalty, know-how, professional fee, consultancy fees and interest.
- iii) Foreign exchange earning USD 9,615,282.00 equivalent of BDT 793,260,765.00 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 1st July 2017 to 30th June 2018.

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E. Disclosure as per requirement of Schedule XI, Part II, Para 3

SL No.	Requirements under condition No.	Compliance status of Disclosure Schedule XI, Part II, 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 stocks	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:

	30.06.2018	30.06.2017
Advance, Deposit and Prepayments exceeding 6 months	Nil	Nil
Advance, Deposit and Prepayments not exceeding 6 months	27,103,402	28,917,233
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)	91,000	32,500
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

36 Subsequent Disclosure of Events after the Balance Sheet Date - Under IAS 10

There is no non-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.

37 Disclosure on Related Party Transaction as per IAS-24 "Related Party Disclosure"

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.2018	Balance as on 30.06.2017
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	11,300,000	11,300,000
Mrs. Rosy Rahaman	Director	Short term Loan	4,775,000	4,775,000
Mr.Bazlur Rahman	Managing Director	Short term Loan	1,245,197	1,245,197
			17,320,197	17,320,197

38 Details of Lease Agreement

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

39 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:-

I. 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:

Customer Name	Amount (BDT)
K.C Apparels Ltd.	211,417,830
KC Print Ltd.	28,310,850
Trasco Apparels Ltd.	48,085,063
Knit concern Ltd.	104,228,549
Total	392,042,292

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 30th June, 2018.

ii. Debt considered doubtful or bad

The company does not make any provision for doubtful debts as on 30th June, 2018, 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 30th June, 2018.

iv. Debt due by Common Management

There are no amount due from sister company under common management as on 30th June, 2018.

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

There are no such debt in this respect as on 30th June, 2018.

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40 Presentation currency

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

41 Events after the Balance Sheet date:

There are no events after the Balance Sheet date.

42 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 of 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.

43 Contingent Liability

There is no contingent liabilities of the Company for the year ended on 30th June, 2018

44 Capital Expenditure Commitment

There was no contingent liabilities as on 30.06.2018 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 of as on 30.06.18.

45 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 .

46 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.

47 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.

48 General Comments and Observations

- a. All shares have been fully called and paid up.
- b. Auditor's 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.

49 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

49.1 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 30th June, 2018 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."

49.2 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."

49.3 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. "

50 Changes in presentation and error correction from prior year to match current year presentation

Presentation

The Company has presented "Investment in shares" as a separate line item in the financial statements instead of including the asset as part of "security deposit" within Advances, Deposits and Prepayments. As a result, the prior year statement has been adjusted to match with current year presentation.

Prior-year adjustment

Accounts Receivable: In prior years, Management did not perform a calculation at year-end to ensure receivables denominated in foreign current get translated to the year-end rate. This has been corrected in the current year and the impacts on prior year's statement of financial position and income statement have also been corrected.

Particulars	Amount (BDT)
Accounts Receivable balance as prior year financial statement	263,705,475
Add: Unrealized foreign exchange gain for USD fluctuation at year-end	3,648,755
Adjusted Accounts Receivable balance	267,354,230

SONARGAON TEXTILES LTD.**SCHEDULE OF PROPERTY PLANT AND EQUIPMENT**As at 30th June 2018.

UNIT - 1

Schedule - 1

Amount in Taka

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2017	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2018	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2018	As on 30-06-2018	As on 30-06-2017
1	Land & Land Development	103,803,963	-	-	-	-	-	-	-	103,803,963	103,803,963
2	Building & Construction	64,478,714	-	-	5%	18,406,358	2,303,618	-	20,709,976	43,768,738	46,072,356
3	Plant & Machinery	240,978,096	-	-	7%	106,174,411	9,436,258	-	115,610,669	125,367,427	134,803,685
4	Furniture & Fixture	1,152,613	-	-	15%	1,108,318	6,644	-	1,114,962	37,651	44,295
5	Motor Vehicles	5,019,620	-	-	20%	3,661,733	271,577	-	3,933,310	1,086,310	1,357,887
6	Sundry Assets	6,218,436	-	-	20%	5,964,034	50,880	-	6,014,915	203,521	254,402
	Total	421,651,442	-	-		135,314,854	12,068,978	-	147,383,832	274,267,610	286,336,588

Unit- 2

Schedule - 2

SONARGAON TEXTILES LTD.**SCHEDULE OF PROPERTY PLANT AND EQUIPMENT**As at 30th June 2018.

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2017	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2018	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2018	As on 30-06-2018	As on 30-06-2017
1	Land & Land Development	29,806,774	-	-	0	-	-	-	-	29,806,774	29,806,774
2	Building & Construction	43,972,124	-	-	5%	12,771,691	1,560,022	-	14,331,713	29,640,411	31,200,433
3	Plant & Machinery	215,104,404	-	-	7%	98,794,814	8,141,671	-	106,936,485	108,167,919	116,309,590
4	Furniture & Fixture	5,377,188	-	-	15%	5,026,409	52,617	-	5,079,026	298,162	350,779
5	Motor Vehicles	12,813,366	-	-	20%	8,629,084	836,856	-	9,465,940	3,347,426	4,184,282
6	Sundry Assets	7,025,344	38,420	-	20%	6,732,834	66,186	-	6,799,020	264,744	292,510
	Total	314,099,200	38,420	-		131,954,832	10,657,352	-	142,612,184	171,525,436	182,144,368

SONARGAON TEXTILES LTD.

SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

As at 30th June 2018.

UNIT - 3

Schedule - 3

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2017	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2018	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2018	As on 30-06-2018	As on 30-06-2017
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	2,802,340	-	24,473,008	53,244,454	56,046,794
3	Plant & Machinery	384,562,189		-	7%	384,562,189	14,502,492	-	191,886,222	192,675,967	207,178,459
4	Furniture & Fixture	817,966		-	15%	817,966	19,978	-	704,757	113,209	133,187
5	Sundry Assets	7,118,229	31,000	-	20%	7,149,229	164,428	-	6,491,519	657,710	791,138
	Total	526,652,609	31,000	-		526,683,609	17,489,238	-	223,555,504	303,128,105	320,586,342

SONARGAON TEXTILES LTD.

CONSOLIDATED SCHEDULE OF PROPERTY PLANT AND EQUIPMENT

As at 30th June 2018.

Schedule - 4

SL. No.	PARTICULARS	COST				As on 30-06-2018	DEPRECIATION				Written Down Value	
		As on 01-07-2017	Additions during the year	Disposal/ Adjustment during the year			As on 01-07-2017	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2018	As on 30-06-2018	As on 30-06-2017
1	Unit 1 (Sch-1)	421,651,442				421,651,442	135,314,854	12,068,978	-	147,383,832	274,267,610	286,336,588
2	Unit 2 (Sch-2)	314,099,200	38,420			314,137,620	131,954,832	10,657,352	-	142,612,184	171,525,436	182,144,368
3	Unit 3 (Sch-3)	526,652,609	31,000			526,683,609	206,066,267	17,489,238	-	223,555,504	303,128,105	320,586,342
	Grand Total	1,262,403,251	69,420	-		1,262,472,671	473,335,952	40,215,568	-	513,551,520	748,921,151	789,067,298

Apportionment of Depreciation :

Schedule-4/A

SL. No.	Unit/Division	30 June, 2018			30 June, 2017	
		Factory	Head Office	Total	Taka	
1	Unit -1	11,103,460	965,518	12,068,978	12,982,264	
2	Unit -2	9,804,764	852,588	10,657,352	11,577,713	
3	Unit -3	16,090,099	1,399,139	17,489,238	18,765,197	
	Total	36,998,322	3,217,245	40,215,568	43,325,174	

Schedule of Revaluation Reserve :

SL. No.	PARTICULARS	Revaluation Reserve				RATE OF DEP.	Adjustment				Caring Value as on 30.06.2018	Caring Value as on 30.06.2017
		Balance as on 01-07-2017	Revaluation surplus during the year	Deletion during the year	Balance as on 30.06.2018		Balance as on 01-07-2017	During the year	Adjustment/Transfer	Balance as on 30.06.2018		
1	Land & Land Development	178,869,655	-	-	178,869,655	-	-	-	-	-	178,869,655	178,869,655
2	Building & Construction	100,525,034	-	-	100,525,034	5%	25,312,003	3,760,652	-	29,072,655	71,452,379	75,213,031
3	Plant & Machinery	328,425,585	-	-	328,425,585	7%	110,491,262	15,255,403	-	125,746,665	202,678,920	217,934,323
	Total	607,820,274	-	-	607,820,274		135,803,265	19,016,054	-	154,819,319	453,000,955	472,017,009

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:

SL. No.	Name of the party	Designation	Nature of transaction	Amount in Taka
1	Md. A. K. M. Azizur Rahman	Chairman	Loan paid to company	11,300,000
2	Mr. Bazlur Rahman	Managing Directo	Loan paid to company	1,224,197
3	Mrs. Rozy Rahman	Director	Loan paid to company	4,775,000

Composition of share holdings

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

Shareholding Range in Number of Shares	Number of Holders		% of Total Holders		Number of Shares		% of Total shares	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
1 to 5,000	4,241	5,287	90.45	92.85	30,60,946	3,223,817	11.57	12.18
5,001 to 50,000	414	371	8.84	6.52	58,96,670	5,681,746	22.28	21.47
50,001 to 100,000	18	20	0.38	0.32	13,22,674	14,49,363	4.99	5.47
100,001 to 200,000	9	9	0.19	0.16	12,18,421	1,266,742	4.60	4.79
200,001 to 400,000	3	3	0.06	0.05	8,70,593	747,636	3.29	2.82
400,001 to 500,000	-	-	-	-	-	-	-	-
500,001 to 1,000,000	-	-	-	-	-	-	-	-
Over 1,000,000	4	4	0.08	0.07	14,097,752	14,097,752	53.27	53.27
Total	4,689	5,694	100	100	26,467,056	26,467,056	100	100

