

ANNUAL REPORT 2020-2021



SONARGAON TEXTILES LTD.
a member of khansons group

LETTER OF TRANSMITTAL

To
The Members

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

Subject : Annual Report for the year ended 30 June 2021

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report containing Directors' Report, Auditors' Report along with Audited Financial Statements including Statement of Financial Position as at 30 June 2021, Statement of Profit or Loss and other Comprehensive income, Changes in Equity and Cash Flow for the year ended 30 June 2021 along with notes thereon for your record and necessary measure.

Yours sincerely



Md. Anwar Hossain
Executive Director
&
Company Secretary

ANNUAL REPORT 2020-2021

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CORPORATE COMPLIANCE

Financial Year 2020-2021

1st Quarter Financial Report

Adoption of unaudited 1st quarter financial Report
ended 30 September 2020
Thursday, 12 November 2020

2nd Quarter Financial Report

Adoption of unaudited 2nd quarter financial Report
ended 31 December 2020
Sunday, 31 January 2021

3rd Quarter Financial Report

Adoption of unaudited 3rd quarter financial Report
ended 31st March 2021
Monday, 24 May 2021

Audited Financial Report

Adoption of audited financial Report for the year
ended 30 June 2021
Sunday, 31 October 2021

Record Date for 35th AGM

Sunday, 28 November 2021

Notice of 35th AGM

Sunday, 31 October 2021

Audited Financial Report to BSEC, DSE & CSE

Issuance of Annual Report
Sunday, 14 November 2021

35th Annual General Meeting

Sunday, 26 December 2021

FINANCIAL DATA

Financial Year 2020-2021

Gross Revenue	BDT 109.03 million
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Net Revenue	BDT 109.03 million
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Export	BDT 59.62 million
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Gross Profit	BDT 16.80 million
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Net Profit (After Tax)	BDT (353.33) million
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EPS	BDT (13.35)
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NET Asset Value	BDT 293.14 million
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Net Asset Value Per Share (NAVPS)	BDT 11.08
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Dividend Per Share	No Dividend
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Photo Gallery of 34th AGM

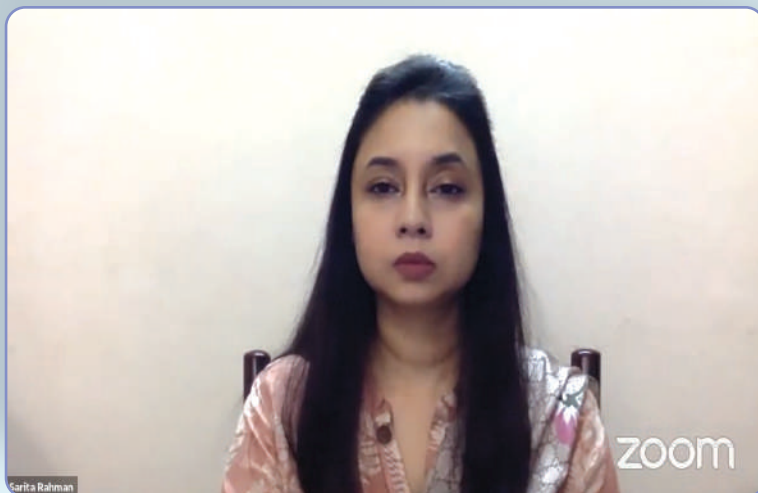
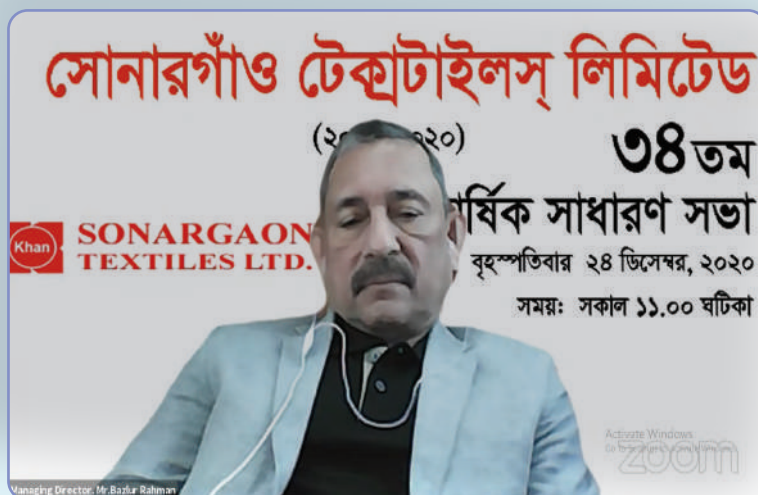
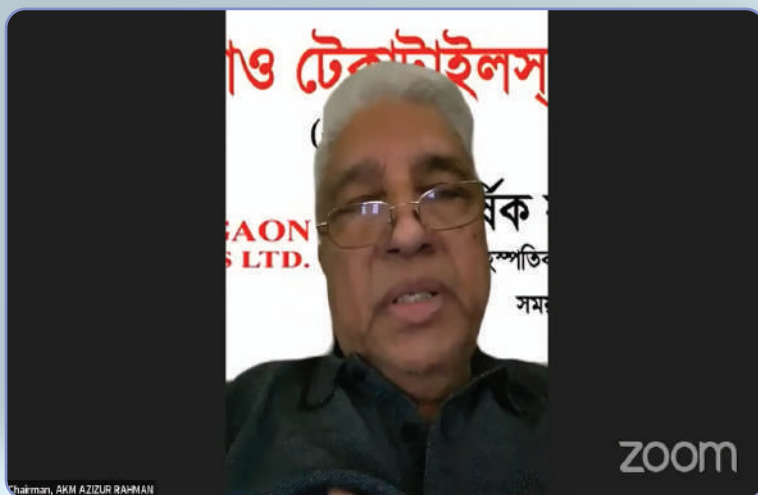


Photo Gallery of 34th AGM



NOTICE OF THE 35th ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting (AGM) of the Shareholders of Sonargaon Textiles Ltd. will be held on Sunday, 26 December 2021 at 11:00am. virtually by using digital platform through the link (in pursuance with Bangladesh Securities and Exchange Commission's order No. SEC/SRMIC/94-231/25 dt. 08/07/2020, BSEC/CMRRCD/2009-193/08 dt. 10 March, 2021 & SEC/SRMIC/94-231/91 dt. 31 March, 2021) to transact the following business and to adopt necessary resolutions:

AGENDA

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2021 along with Reports of the Directors and the Auditors thereon.
02. To elect/re-elect Directors by rotation.
03. To appoint External Auditors for the term until conclusion of next Annual General Meeting and to fix their remuneration.
04. To appoint Certification Auditor of the company as per Corporate Governance Code-2018. for the year 2021-2022 and to fix their remuneration.
05. To approve No dividend declaration for the year ended 30 June, 2021.
06. To transact any other business with permission of the Chair.

All honourable Shareholders of the company are requested to make it convenient to join the meeting in time through the link.

Dated: 31 October 2021
Dhaka

By order of the Board


(Md. Anwar Hossain)
Executive Director
&
Company Secretary

Notes:

- i. The 'Record Date' of the Company shall be on Sunday, 28 November, 2021. The shareholders whose name will appear in the Share Register of the Company as on the 'Record Date' on Sunday, 28 November, 2021 shall be entitled to attend the AGM.
- ii. The Board recommended no dividend for the year ended 30 June 2021.
- iii. Pursuant to the Bangladesh Securities & Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be virtual meeting of the members, which be conducted via live webcast by using digital platform.
- iv. The members will be able to submit their question/comments and vote electronically 24 hours before commencement of the AGM and during the AGM. For logging into the system, the members need to put their 16 digit Beneficiary Owner (BO) ID number and other credential as proof of their identity by visiting the link given to the website of the company i.e. www.khansongroupbd.com. The link also sent/be sent to the email address of the respective shareholders.
- v. The detailed procedures to participate in the virtual meeting and Frequently Asked Questions (FAQS) have been published in the Company's website at www.khansongroupbd.com.
- vi. We encourage the members to log into the system prior to the meeting start time of 11.00am. Please contact +8801729718242 to meet up technical difficulties, if any in accessing the virtual meeting.
- vii. 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 Corporate Head office of the company before 48 (Forty eight) hours of time fixed for the meeting.
- viii. Pursuant to the Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the annual Report-2021 is being sent to the email addresses of the members available in their Beneficiary Owner accounts maintained with CDBL. The members are requested to update their respective email address, mobile number & BO IDs with 12-Digit Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP).
- ix. The soft copy of the Annual Report 2020-2021 will also be available on the Company's website at www.khansongroupbd.com.

CORPORATE ACIVEMENT

1995 Listing with Dhaka Stock Exchange Ltd.

1995 Listing with Chattagram Stock Exchange Ltd.

1995 Initial Public offer (IPO) of Ordinary Shares

1995 Year of Incorporation as a Public Limited Company

1993 Year of Commercial Production

1985 Year of Commencement

1985 Year of Incorporation

Views of 34th Annual General Meeting



24 December 2020, Thursday at 11.00 AM (Digital Platform)

CORPORATE INFORMATION

Management Committee	Chairman Mr. Bazlur Rahman	
	Member Mr. Abrar Rahman Khan Mr. Anwar Hossain Mr. Md. Mostafa Mr. Ruhidas Karmakar Mr. Arjun Chandra Paul	
Audit Committee	Chairman Mrs. Nusrat Hafiz	
	Members Mrs. Rosy Rahman Mr. Iqbal Hossain Kha Mr. Md. Anwar Hossain	
NRC Committee	Chairman Mrs. Nusrat Hafiz	
	Members Mrs. Rosy Rahman Mr. Iqbal Hossain Kha Mr. Md. Anwar Hossain	
Managing Director	Mr. Bazlur Rahman	
Executive Director & Company Secretary	Mr. Md. Anwar Hossain	
Chief Financial Officer (CFO)	Mr. Md. Mostafa	
Head of Internal Audit & Compliance	Mr. Ruhidas Karmakar	
Management Team	Chairman Mr. Bazlur Rahman	Managing Director
	Members Mr. Abrar Rahman Khan Mr. Anwar Hossain Mr. Md. Mostafa Mr. Arjun Chandra Paul Mr. Ruhidas Karmakar Mr. Amit Nath Talukder Mr. Obaidul Gani	Director (Operation) Executive Director & Company Secretary Chief Financial Officer AGM (Marketing & Fund) HIAC Manager (Accounts & Finance) Manager (Maintenance)
Statutory Auditors	M/S. G. Kibria & Co. Chartered Accountants Head Office: Sadharan Bima Sadan (5th floor) 24, 25, Dilkusha C/A, Dhaka-100. Branch Office: Plot-51, Floor-2, Road-14, Block-G Niketon, Gulshan-1, Dhaka-1212.	
Compliance Auditors	M/S. FAMES & R Chartered Accountants	

Legal Advisor	Mr. Zainal Abedin Advocate, Supreme Court of Bangladesh, Dhaka		
Bankers	Bangladesh Development Bank Ltd. Rupali Bank Ltd. Mutual Trust Bank Ltd.		
Insurance	Central Insurance Co. Limited Golden Life Insurance Limited Continental Insurance Limited		
Registered Office	Rupatali, Barisal		
Corporate Head Office	Khansons Centre (8th & 9th Floor) 37, Kawran Bazar Commercial Area Dhaka-1215, Bangladesh		
Telephone (corporate office)	+88-02-55012652 (PABX) +88-02-55012656 (PABX) +88-02-55012653 (FAX)		
Website	www.khansongroupbd.com		
E-mail	info@khansongroupbd.com		
Legal Status	A Public Limited Company incorporated in Bangladesh under the Companies Act, 1913(now the Companies Act, 1994)		
Authorized Capital	Tk. 5,000,00,000.00		
Paid up Capital	Tk. 264,670,560.00	Face Value	Tk. 10.00
Subsidiary Company	Not Applicable	Number of Shares	26,467,056
Listing	Dhaka Stock Exchange Ltd. Chattagram Stock Exchange Ltd		
FACTORY INFORMATION			
Factory Location	Rupatali, Barisal		
Telephone	+0431 71296 +0431 71219(Fax)		
Area of Land	10.25 Acre		
Nature of Product	100% Cotton Yarn		
Nature of Business	Manufactures of Yarn		
Installed Machinery	Spindles Rotors	71,136 672	
Running Machinery	Spindles Rotors	34,368 672	
Manpower	Staff & Officer Workers	291 1,025	

— BOARD OF DIRECTORS —



Mr. A.K.M Azizur Rahman
Chairman



Mr. Bazlur Rahman
Managing Director



Mrs. Rosy Rahman
Director



Brg. Gen. Mohammed Abdul Halim (Retd.)
Independent Director



Patit Chandra Barik
Director (Nominated by BDBL)



Mr. Iqbal Hossain Kha
Director (Nominated by RBL)

— DIVIDEND HISTORY —

Cash Dividend

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

Stock Dividend

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

No Dividend

1998	0.00%	2013	0.00%
2014	0.00%	2015	0.00%
2016-2017	0.00%	2017-2018	0.00%
2019-2020	0.00%	2020-2021	0.00%

Right Issue

2011	1:1
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— **TOP MANAGEMENT** —



Abrar Rahman Khan
Director (Operation)



Md. Anwar Hossain
Executive Director
&
Company Secretary



Mrs. Sarita Rahman
Director (Finance)



Md. Mostafa
Chief Financial Officer



Ruhidas Karmakar
Head of Internal Audit & Compliance

PROFILE OF DIRECTORS



Mr. A.K.M Azizur Rahman
Chairman

Chairman

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

Managing Director

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

Member

Executive Committee
Bangladesh Insurance Association

Founder

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

Other Activities

Former Chairman of
Central Insurance Co. Ltd.
Former Vice Chairman of
Bangladesh Textile Mills
Association (BTMA)
Former Vice Chairman of
Bangladesh Association of Publicly
Listed Companies (BAPLC)

Education

Masters in Sociology
Dhaka University



Mr. Bazlur Rahman
Managing Director



Mrs. Rosy Rahman
Director

Dy. Managing Director

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

Education

M.A (Political Science)
Dhaka University

Director

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

Education

College Level



Brg. Gen. Mohammed Abdul Halim (Retd.)
Independent Director



Patit Chandra Barik
Director (Nominated by BDBL)



Mr. Iqbal Hossain Kha
Director (Nominated by RBL)

Professional Activities

Independent Director
Continental Insurance Limited

Education

Masters of Defense Studies
Masters of Science (1st Class)
Masters of Business Administration

Professional Activities

General Manager
Bangladesh Development Bank Ltd.
Principal Branch, Dhaka.

Education

Masters in Accounting

Professional Activities

General Manager
Rupali Bank Limited
Divisional Office, Barisal.

Education

B. Com (Hons), M. Com (Management)
D. U.

5 YEARS BUSINESS RESULTS ON FINANCIAL POSITION

(Five Years Comparative Statistics)

Amount in Taka

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Total Assets	1,343,343,547	1,658,105,948	1,792,618,262	1,699,463,390	1,662,394,071
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Number of Shares	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	293,136,737	646,469,895	779,193,736	754,673,816	769,655,870
Long Term Loan	925,966,529	888,740,741	523,858,156	520,933,135	245,283,675
Total Debts	1,050,206,811	1,011,636,053	1,039,645,130	918,140,860	608,258,200
Total Revenue	109,038,473	630,919,942	856,130,508	793,619,018	820,596,598
Gross Profit	16,795,877	71,635,477	154,393,931	133,132,991	115,703,149
Operating Profit	(55,280,215)	27,697,177	30,176,943	10,776,448	5,919,040
Profit before Tax	(352,841,341)	(99,335,070)	29,835,487	(9,802,500)	(19,190,770)
Profit after Tax	(353,333,158)	(98,563,119)	29,497,229	(14,982,055)	(24,608,750)

Liquidity Ratio

Current Ratio	24.99	52.70	2.58	2.69	1.51
Inventory Turnover Ratio	0.18	0.85	1.1	0.30	0.28

Profitability Ratio

Assets Turnover Ratio	0.07	0.37	0.50	0.12	0.12
Gross Margin Ratio	0.15	0.11	0.88	0.17	0.14
Operating Income Ratio	(0.51)	0.04	0.035	0.01	0.01
Return on Assets (ROA)	(0.24)	(0.06)	1.40	(0.0022)	(0.0037)
Return on Equity (ROE)	(1.20)	(0.14)	3.19	(0.02)	(0.03)
Return on Investment (ROI)	(225.13)	(62.80)	9.26	(0.02)	(0.03)
Earnings Per Share (EPS)	(13.35)	(3.72)	0.93	(0.57)	(0.93)
Dividend	No Dividend	No Dividend	3%	No Dividend	No Dividend
Net Assets Value Per Share	11.08	24.43	29.44	28.51	29.08

Solvency Ratio

Debt Equity Ratio	76.24	59.41	42.58	43.57	28.72
Time Interest Earned Ratio	(6.00)	(4.09)	1.33	0.89	0.73

CHAIRMAN'S MESSAGE



A.K.M Azizur Rahman
Chairman

"Bismillahir Rahmanir Rahim"

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

Dear fellow Shareholders

Ladies and Gentlemen

Assalamu Alaikum

I have the pleasure and proud of being able to extend a warm welcome to you at the advent of holding the 35th Annual General Meeting of Sonargaon Textiles Limited. It also gives me monumental pleasure to place before you the Annual Report along with the Audited Financial Statements, Auditors' Report and Directors' Report thereof for the year ended 30th June, 2021.

I have appeared before you today with the help of digital platform with a dismal mind for the fact that my fellow shareholder's physical presence is a far cry. It has nothing to do with any of us since the presence of corona virus COVID-19 has created such distance not only here in Bangladesh but world-wide.

My fellow shareholders, you might have been aware that the factory was closed as a sequel to lock-down declared by the Govt. at end March, 2020 due to corona virus COVID-19 rapidly engulfed over 200 countries including that of ourselves which continued almost throughout the year 2020 escalating to 3rd quarter of the year under review.

The company's economy suffered set-back severely due to closure of the mill. Although some mill factories gradually begun opening within 2/3 months of govt. declared gradual relaxation of lock-down, yet we could not follow suit until beginning April, 2021 mainly due to the fact that a sizeable number of skilled workforce and other essential hands deserted our mill immediately after lock-down closure elsewhere for their respective livelihood. Most of them were brought back and it took us a few months toiling/negotiation.

However by the grace of Almighty Allah the management have been able to re-open the mill last beginning of April, 2021, but by the time economic ruination of the mill cast a pall of gloom for the audited year 2020-2021. The corona virus affect of lock-down and subsequently remaining close of the mill for one year prompted the company to yield a low revenue of Tk.10,90,38,473.00 only compared to a sizeable revenue of Tk.63,09,19,942.00 depicted in the previous year 2019-2020.

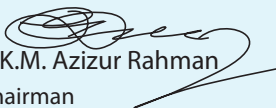
Hopefully, my fellow shareholders in the meantime received copy of the Annual Report for the year 2020-2021. I would impress upon you to deeply study and analyze the report and you may furnish your valuable comments.

Since the global economy is supposedly recovering from pandemic corona virus COVID-19, I believe that our country's economy would also recover and already signs and symptoms are there to take-off. Since our concern is predominantly a back-ward linkage industry for the apparel sector, I hope it is the right time to rise to the occasion due to showing a respite after onslaught of corona virus that faced by the world including that of our country. I hope by the grace of Almighty and sincere prayer by the honourable shareholders, we shall be able to reach the goal of attaining a sustainable level of production and thereby growth to show our worth within shortest possible time.

At the end I would like to express deep gratitude to our fellow shareholders, regulatory authorities like, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., RJSC and Firms and also to CDBL, BTMA and other stake-holders for their wholehearted support and cooperation in our bid to run the industry.

In another separate message, I would like to express my special thanks to the members of the Company's Board; management team; members of all levels of staff, officer factory workers for their untiring efforts for the company's growth and playing challenging role defying existence of highly contagious corona virus COVID-19 during the year under review.

With best wishes and for better tomorrow.


A.K.M. Azizur Rahman
Chairman

Dated, Dhaka
31st October, 2021

MANAGING DIRECTOR'S MESSAGE

Bazlur Rahman
Managing Director

"Bismillahir Rahmanir Rahim"

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

Dear Shareholders

Ladies and Gentlemen
Assalamu Alaikum

On the eve of holding the 35th Annual General Meeting, myself, being Managing Director of the company, extend heartiest welcome to the respectable shareholders and other stake-holders. I believe that your continued support enabled the company Board and the management to augment its venture and presence as a manufacturing entity in the industrial arena specially in the southern zone of Bangladesh for last 35 years uninterrupted . I think all commendations land to respectable shareholders.

Remembering Almighty Allah, I cannot but refer here that inspite of onslaught of corona virus COVID-19 since beginning of the year 2020 and its direct and indirect affect on all sectors of the economy including that of ourselves the company management kept the factory wheels moving in any way.

However, hopefully by the time you have got copy of Annual Report as at 30th June, 2021 and come to know that due to corona affect aggravated by closure of the mill for almost 12 months from April, 2020 the revenue earnings drastically decreased at Tk.10,90,38,473/- compared to earnings achieved at Tk.63,09,19,942/- on the corresponding previous year as on 30th June 2020 and thereby its after affect landed on Net Profit after tax at negative Tk.35,33,33,158/- compared to negative Tk.9,85,63,119/- on the corresponding previous year as on 30th June, 2020. Besides, the EPS,NAVPS all depicted downward compared to corresponding previous year as on 30th June, 2020.

In the backdrop of this year's somewhat gloomy Accounts as on 30 June, 2021, I hope, in future days ahead the company will surely rise to a strong footing with able leadership and all out efforts by the management team.

In fine, I would like to extend my sincere thanks to all the respectable shareholders for their continued support to the Board of Directors and the management team of the company. I would also like to extend my thanks to the regulatory authorities like BSEC,DSE,CSE,CDBL,RJSC and Firms and all employees and workers and other stake holders for their unalloyed support to the company.

Best Regards



Bazlur Rahman
Managing Director

Dated, Dhaka
31st October, 2021

DIRECTORS' REPORT

For the year ended 30 June 2021

DIRECTORS' REPORT TO THE SHAREHOLDERS**"Bismillahir Rahmanir Rahim"****Honorable Shareholders,**

Assalamu Alaikum,

While furnishing below details of Director's Report, I feel pleasure of submitting such report strictly following standard code comprising all accounting standards and all regulatory authorities directives and instruction. Hopefully, the authorities directives/instructions as issued from time to time by BSEC, DSE, CSE, CDBL, RJSC, NBR etc. have not been deviated while reporting to the honourable shareholders and other stake holders as on 30th June, 2021.

Financial Result

For the year ended 30 June 2021, total revenue of STL was Taka 109.03 million which was Taka 630.92 million last year. Total revenue has decreased 82.72% compared to the last financial year. The gross profit has decreased by 76.55% in the current year from last comparative year due to fall in production for closure of Mill and adverse affect of COVID-19. EPS has decreased 458.87% in the current year from the last comparative year due to write off Advance Income Tax, loss of stock sale and financial cost. NAV has decreased 54.65% compared to the last financial year due to net loss after Tax, decrease in the company's Retained Earnings and Assets. NOCFPS has been increased 907.69% compared to the last financial year due to higher collection in the year under review.

Key Operating & Financial Information

The key operating and financial information for the year 2020-2021 along with the preceeding five and half years are presented below:

Amount in Taka

Financial year					
Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Net Turnover	109,038,473	630,919,942	856,130,508	793,619,018	820,596,598
Gross profit	16,795,877	71,635,477	154,393,931	133,132,991	155,703,149
Net Profit before tax	(352,841,341)	(99,335,070)	29,835,487	(9,802,500)	(19,190,770)
Net Profit after Tax	(353,333,158)	(98,563,119)	29,497,229	(14,982,055)	(24,608,750)
Earnings Per Share(Tk.)	(13.35)	(3.72)	1.11	(0.57)	(0.93)
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Shareholders' Equity	293,136,737	646,469,895	779,193,736	754,673,816	769,655,870
Net asset value per share(Tk.)	11.08	24.43	29.44	28.51	29.08

EPS and NAV per Share

EPS comes Tk. (13.35) per share; NAV comes Tk. 11.08 per share & NOCFPS comes Tk. 7.86 per share for the period ended on 30 June 2021 against EPS Tk. (3.72) per share; NAV Tk. 24.43 & NOCFPS Tk. 0.78 per share as on 30 June 2020.

Significant deviation in EPS, NAV and NOCFPS:

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

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

Dividend

The Board of Directors of Sonargaon Textiles Ltd. in its 143rd Meeting held on 31 October 2021 recommended to the shareholders no dividend for the period ended 30 June 2021 due to incurring loss and there are no available retained earnings for declaring dividend. This will be considered for approval by the shareholders at the 35th Annual General Meeting (AGM) to be held on 26 December 2021.

Reasons for no dividend

1. The mill was closed from April 2020 to end March 2021 due to Govt. declared lock-down aggravated by leaving skilled and other essential staff elsewhere for their livelihood. It took us about a year to bring back skilled workers and other staff to gradually re-start the mill.
 2. Production on an average is 128351.00 Lbs per month equal to one year comes 1540210.00 Lbs. which average net sales value comes Tk. 323444000/- straight way this amount is revenue loss for the year under review.
 3. Another huge loss sustained due to turning about 8/10 years old cotton stock as rotten beyond use for standard yarn manufacturing. The stock value was Tk. 155296132.00. Its salvage value realized Tk. 6550500.00 only while rest amount of Tk. 148745632.00 sustained net loss.
 4. Yet another consignment of raw cotton worth Tk. 150050085/- turned completely damaged beyond use and its value totally written off due to loss.
 5. In spite of such huge loss and closure of factory for about one year, workers wages, staff salary had to be counted.
 6. As a result, net profit after tax surged to negative Tk. 353333158.00 as on 30-06-2021 compared to corresponding previous year as on 30-06-2020 when it was negative Tk. 98563119.00.
- Net Assets value stood at Tk. 293136737.00 as on 30-06-2021 while it was Tk. 646469895.00 a year back as on 30-06-2020.

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

As a result, the company could not earn the net profit after Tax for the financial year ended 30 June 2021, earning per share (EPS) came down also negative. After discussion the board could not but recommend 'no dividend' to the shareholders of the company for the year ended 30 June 2021.

Principal Activity

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

Analysis of Operating Performance

Business Outlook- a general overview

Global Economic Scenario

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

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

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

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

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

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

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

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

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

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

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

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

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

Bangladesh Economy

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

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

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

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

Challenges

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

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

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

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

Industry Outlook

(Current scenario of the textile industry in Bangladesh)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Opportunities for Bangladesh Spinning Sector

- Possibility of producing high value diversified yarn.
- Yarn export possibility creation by means of diversified yarn production and exploring new market opportunities.
- Quality cotton production that decreases the dependency on overseas countries for quality cotton.

Threats for Bangladesh Spinning Sector

- Shortage of skilled manpower as well as workers high wages.
- Raising of competitions in home and abroad.

Performance of STL in 2020-2021

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

Particulars	2020-2021	2019-2020	2018-2019
Turnover	109,038,473	630,919,942	856,130,508
Cost of Goods sold	92,242,596	559,284,464	701,736,577
Gross profit	16,795,877	71,635,477	154,393,931
Administration Expenses	20,674,561	23,053,822	30,550,588
Selling & Distribution Expenses	1,015,624	1,395,745	2,351,000
Operating Income	(55,280,215)	27,697,177	30,176,943
Finance Cost	50,385,907	19,488,733	91,315,400
Other Income	1,434,591	1,436,722	1,439,359
Net operating before WPPF	(352,641,341)	(99,135,070)	31,616,302
Contribution WPPF	-	-	1,580,815
Net Profit (Before Tax)	(352,841,341)	(99,335,070)	29,835,487
Provision for Income Tax	654,231	3,785,520	5,136,783
Provision for Deferred Tax	162,414	4,557,471	178,784
Net Profit(After Tax)	(353,333,158)	(98,563,119)	24,519,920
Gross Profit Margin	15.40	0.11	18.00
Net Profit Margin(AT)	(324)	(15.62)	2.86
EPS(Earning Per Share)	(13.35)	(3.72)	.93

The Turnover, Gross Profit and Net Profit (After Tax) decreased by 82.72%, 76.55% and 258.48% respectively during the year of 2020-21 in comparison to previous year due to fall in production for closure of Mill and adverse effect of COVID-19, Write off Advance Income Tax, loss of stock sale and financial cost, resulting decrease in Earning Per Share (EPS) Tk. (13.35).

Gross Profit decreased by 76.55% and Net Profit decreased by 258.48% due to increase in operating & finance cost in the year under review. The Cost of Goods Sold has increased during the year of reporting due to increase in cost of raw materials, fuel/power and factory Overheads which were beyond the control of the management.

The Cost of Goods Sold per unit has declined by 83.51% in the current year over previous year due to decrease of production, decreased by 82.72% turnover, changes in cost of raw materials consumed, packing cost, Power Cost and Spare Cost in the reporting Year than previous year.

The Company however earned an extra tk. 1,434,591 as non-operating income (stated in Note No. 26) of audited accounts) during the year 2020-2021 against dividend received from CDBL and Interest income.

Financial Data for Last Five Years

(Figure in taka)

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Totals Assets	1,343,343,547	1,658,105,948	1,792,618,262	1,699,463,390	1,662,394,071
Paid up Capital	264,670,560	264,670,560	264,670,560	264,670,560	264,670,560
Number of Shares	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	293,136,737	646,469,895	752,973,131	754,673,816	769,655,870
Long term Loan	925,966,529	888,740,741	523,858,156	520,933,135	245,283,675
Total Debts	1,050,206,811	1,011,636,053	1,039,645,130	918,140,860	608,258,200
Total Revenue	109,038,473	630,919,942	856,130,508	793,619,018	820,596,598
Gross Profit	16,795,877	71,635,477	154,393,931	113,132,991	115,703,149
Operating Profit	(55,280,215)	27,697,177	30,176,943	10,776,448	5,919,040
Profit before Tax	(352,841,341)	(99,335,070)	29,835,487	(9,802,500)	(19,190,770)
Profit after Tax	(353,333,158)	(98,563,119)	29,497,229	(14,981,474)	(24,608,750)

From the above, it is revealed that total assets and Shareholders' equity of the Company decreased during the reporting year. Total assets of the Company recorded BDT 1,343.34 million which was decreased 18.98% compared to the last year. On the other hand Shareholder's Equity decreased due to current year negative retained earnings as on 30 June 2021.

Key Performance Ratio

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Gross Margin Ratio	0.15	0.11	0.88	0.17	0.14
Operating Income Ratio	(0.51)	0.04	0.035	0.01	0.01
Return on Assets(ROA)	(0.24)	(0.06)	1.40	(0.0022)	(0.0037)
Return on Equity(ROE)	(1.20)	(0.14)	3.19	(0.02)	(0.03)
Earnings per Share	(13.35)	(3.72)	1.11	(0.57)	(0.93)
Net Assets Value Per Share	11.08	24.43	29.44	28.51	29.08

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

Capital Machinery

The company made a massive expenditure towards capital machinery's value addition.

Segment Information

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

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

Disclosure on Production Capacity & Utilization

Details of production capacity utilization

Particulars	License Capacity	Installed Capacity in MTs	Actual Production for the financial year 2020-2021	Capacity Utilization for the financial year 2020-2021
Annual production Capacity of Yarn in MTs	Not Mentioned in the License	5,953	699	11.74%

Production and Sales

During the reporting period, the company produced 699 MTs of 100% cotton yarn. Gross turnover was Tk. 109,038,473.

Disclosure on extra-Ordinary Gain or Loss

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

Capital Expenditure

There occurred huge capital expenditure during the year under review by way of massive overhauling.

Capital Infusion

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

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

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

Risk Management

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

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

Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 30 June, 2021 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

Liquidity risk

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

Market Risk

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

(a) Currency Risk

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

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

(b) Interest rate risk:

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

Risk Management Philosophy of STL's are

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

Human Resources

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

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

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

The breakdown of your company's human resources is

Period ended 30 June 2021

Worker	1025
Staff and officer	291

Good Governance

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

Related Party Transaction

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

Related party is the party who has significant power on the company's management affairs and cast a significant on the company's management Following are the parties who have made transactions with the company and have a significant power to influence the company's affairs:

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.2021	Balance as on 30.06.2020
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	2,17,00,000	2,17,00,000
Mrs. Rosy Rahaman	Director	Short term Loan	47,75,000	47,75,000
Mr. Bazlur Rahman	Managing Director	Short term Loan	12,45,197	12,45,197
		Total	2,77,20,197	2,77,20,197

Subsidiary Company

STL does not have any subsidiary company.

Management

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

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

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

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

The Company formed various committees to oversee different internal issues. STL has around 1,025 workers in the factory and 291 executive and staff in the head office & factory total 1,316 employees were working in Sonargaon Textiles Ltd. on 30 June 2021. Amongst different fringe benefits: the Company provides residential facility, festival bonus, and profit sharing, group insurances etc.

Appointment of Auditors

The Existing Auditors of the Company M/s. G. Kibria & Co., Chartered Accountants, retire at this Annual General Meeting on completion of their audit works for the year ended on 30 June 2021. They are, however, not eligible for reappointment as per BSEC notification. M/s. A. Haque & Co., Chartered Accountants, expressed their interest to be appointed as auditors of the Company for the Financial year 2021-2022 at a fee of Tk. 300,000/- (taka three lac) plus VAT. The Board requested the Shareholders to confirm the appointment at their 35th Annual General Meeting.

Appointment of Compliance Auditors

M/S. FAMES & R, Chartered Accountants, House no. 3/1 & 3/2, Flat no. 2/A, Bijoy Nagar, Dhaka-1000. express their interest to be appointed as Compliance Auditors of the company for the year 2021-2022 at a fee of Taka 50,000/- (Taka fifty thousand) only plus VAT. The Board requested the Shareholders to confirm the appointment at the 35th Annual General Meeting.

Composition of the Board of Directors

The Board comprised of five directors including Managing Director. Among the directors, Mr. Iqbal Hossain Kha is the nominated director from Rupali Bank Ltd. (RBL). and Mr. Patit Chandra Barik nominated by BDBL. To comply with BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, Mr. Brig. Gen. Mohammed Abdul Halim has been newly appointed independent Director of the Company for three years term. The Board of Directors embodies a term of talents, skills and expertise to provide prudent guidance with respect to the operations of the Company.

Directors

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 herself for re-election.

Appointment of Nominated Director from RBL & DBBL

The Board of Directors of the Company has appointed Mr. Iqbal Hossain Kha, Division Head & General Manager, Divisional Office, Barisal, as Nominated Director represented by Rupali Bank Limited and Mr. Patit Chandra Barik, General Manager of BDBL as nominated by BDBL. They have also been appointed as Member of the Audit Committee & NRC Committee. The Board requested the Shareholders to confirm the appointment at the 35th Annual General Meeting.

Vacation of Office of Directors

Mrs. Tahmina Akhter, Nominated Director, Nominated by Rupali Bank Limited (withdraw) has been relived and Mr. Iqbal Hossain Kha, nominated by RBL, as nominated Director was included as the Director of the Board of Directors of the Company.

Board Meetings, Audit Committee Meetings and NRC Meetings

Four meetings of the Board of Directors, four meetings of the Members Audit Committee and one meeting of the NRC committee were held during the year 2020-2021. Details are given below in comparison to last three years.

Name of the Meeting	2020-2021	2019-2020	2018-2019
Board of Director's	4	4	5
Audit Committee	4	4	4
NRC Committee	1	1	1

Director's Fees and Remuneration

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

Board Meetings and Attendance

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

Name of Directors	Position	Meeting Held	Attended the Meeting	Remarks
Mr. A.K.M. Azizur Rahman	Chairman	4	4	
Mr. Bazlur Rahman	Managing Director	4	4	
Mrs. Rosy Rahman	Director	4	4	
Nusrat Hafiz	Independent Director	4	3	
Mrs. Tahmina Akter	Director (Nominated by RBL)	4	-	
Mr. Iqbal Hossain Kha	Director (Nominated by RBL)	4	2	

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

Board of Audit Committee

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

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

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

Nomination and Remuneration Committee (NRC)

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

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

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

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

Statement of Directors on Financial Reports

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

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

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

- (b) Proper books of accounts of the Company have been maintained.
- (c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- (d) The International Accounting Standards as applicable in Bangladesh have been followed in preparation of the financial statements.

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

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

Auditor's Qualified Opinion, Emphasis of Matter & Material Uncertainty Related to going concern on financial statements for year ended 30 June 2021 (As per Independent Auditor's Report).

Management Response

The Company's Independent Auditor's, after conducting the audit work of our Company's year ended on 30 June 2021, they found that the company is under qualified opinion which are as follows:

1. The Company's bank accounts are currently attached by the National Board of Revenue of Bangladesh. There the management have decided to pay all employee salaries throughout the financial year by cash payments. However, as per the Income Tax Ordinance, 1984, Section 30(i), Any payment by way of salary or remuneration made otherwise than by crossed cheque or bank transfer by a person to any employee having gross monthly salary of taka fifteen thousand or more will be inadmissible. We have found that the company has made cash payments to several employees every month that is over Tk. 15,000.
2. The company have not paid its WPPF contribution for the year 2018-2019 and 2019-2020. This is a violation of the Bangladesh Labour Act 2006 Section 234, Subsection 2. Under the act, the company is supposed to pay, within 9 (nine) months of the close of every year, five percent (5%) of the net profit of the previous year at the proportion of 80:10:10 to respectively the Participatory Fund, Welfare Fund and Workers Welfare Foundation Fund established under section 14 of the Bangladesh Workers Welfare Foundation Act, 2006.
3. As disclosed in the note # 4.00 to the financial statements regarding Property Plant and Equipment, amounting to TK 842,742,314. During the year the company's addition to the Property, Plant and Equipment amounts to Tk. 213,071,827. In respect of the addition, the payment was made by cash, which is a violation of Income tax Ordinance 1984, section 30(m). which states that no entity is allowed to make payment exceeding taka fifty thousand or more in cash excluding: salary to an employee or any payment for government obligation or any payment on account of purchase of raw material

The Management authority of the Company has taken these matter very seriously and assure you that in future will be followed by appropriate method. The management of the company have keenly observed that the qualified opinion counts are required resolving as soon as possible in the interest of running the company compliant as far as possible so that the regulators are satisfied.

Immediately on coming into the knowledge the management have constituted a high powered special management team to redress the qualified opinion counts. We are assuring you that the qualified opinion counts of salary payment in cash will be in order of payment through bank accounts from next month.

We shall take steps of payment of WPPF contribution to the eligible workers/employees immediately.

Our management have stressed for no transaction henceforth in bulk cash. We shall take care of it very seriously.

Announcing the Re-opening of the Factory

We have been announcing with pleasure that by the grace of Almighty Allah, the mill has been reopened in the first week of April, 2021 and its production is gradually being increased and trying for achieving at a sustainable level.

The Pattern of Shareholding

The Shareholding pattern as on 30 June 2021 as per clause 1.4(k) of the SEC notification No. Sec/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006 is shown below:

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

Code of Conduct

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

Management Committee

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

Going Concern

This financial statement has been prepared on the assumption that the entity is a going concern and will continue its business for the foreseeable future. Hence it is assumed that despite of consecutive two years losses and changes of key management the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation. Though the production facility is currently operational, but the management has the intention to increase its production facility upto previous level as early as possible. With a bid to augment its revenue followed by its financial position the company has resorted to some measures which envisage company's ability to continue as a going concern.

Inventories- IAS-2

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

Financial Instruments:**Derivative**

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

Non-Derivative

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

Trade Debtors

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

Creditors and Accrued Expenses

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

Assets Revaluation Reserve

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

Taxation

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

Current Tax expenses

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

Deferred Tax

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

Borrowing Cost

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

Revenue Recognition

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

Earning Per Share (EPS)

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

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

Foreign Currency Transactions

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

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

Leases

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

VAT

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

Website

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

Disclosure Regarding Variance between Quarterly Financial Performance & Annual Financial Statements

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

Minority Interests

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

Brief Resume of Mr. Iqbal Hossain Kha, Nominated Director from RBL

Academic Degrees

Hon's & Masters in Management DU
Diplomaed Associate of the Institute of Bankers, Bangladesh(DAIBB)
The Institute of Bankers, Bangladesh.

Professional Activities

General Manager, Rupali Bank Limited
Divisional Office, Barishal.

Brief Resume of Patit Chandra Barik, Nominated Director from BDBL

Education

Masters in Accounting

Professional Activities

General Manager
Bangladesh Development Bank
Principal Branch.

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

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

Appreciation

I am grateful to the Almighty Allah for the business success of the Company since past years. The continued endeavors of the Board of Directors, management and staff of the Company have substantially contributed to reach the Company at a level playing field.

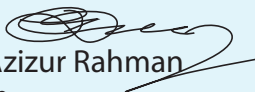
I express deep appreciation to the management and all members of staff for their dedication and efficient services, rendered for company's success.

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.

I conclude conveying sincere thanks and heartfelt felicitations to the regulatory authorities like BSEC, DSE, CSE, RJSC & Firms; CDBL; our respected Shareholders, valued customers/clients, well-wishers and external auditors for their support, assistance & patronage.

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

On behalf of the Board of Directors


A.K.M Azizur Rahman
Chairman

Dated: 31 October 2021, Dhaka

MANAGEMENT'S DISCUSSION & ANALYSIS

Pursuant to Condition No. 1 (5) (xxv) of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission, the Management's Discussion & Analysis for the year ended 30 June, 2021 are presented hereunder:

Accounting Policies and Estimation for Preparation of Financial Statements:

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

Changes in Accounting Policies and Estimation:

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

Comparative Analysis of Financial and Operational Performance:

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

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

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Financial Performance:					
Revenue	109,038,473	630,919,942	856,130,508	793,619,018	820,596,598
Gross Profit	16,795,877	71,635,477	154,393,931	133,132,991	115,703,149
Net Profit (Before Tax)	(352,841,341)	(99,335,070)	29,835,487	(9,802,500)	(22,839,525)
Net Profit (After Tax)	(353,333,158)	(98,563,119)	29,497,229	(14,981,474)	(28,257,505)
Financial Position:					
Shares Outstanding	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Shareholders' Equity	293,136,737	646,469,895	752,973,131	754,673,816	766,007,117
Total Assets	1,343,343,547	1,658,105,948	1,792,618,263	1,699,463,390	1,658,754,317
Total Liability	1,050,206,811	1,011,636,053	1,792,618,263	1,699,463,390	1,658,754,317
Current Assets	500,094,974	980,228,253	1,081,043,880	950,542,239	869,678,018
Current Liabilities	20,014,266	18,601,875	418,391,534	352,860,386	576,649,737
Cash Flow:					
Net Cash Generated from operating	208,088,731	-20,513,278	14,668,783	8,557,027	-904,165
Net Cash Used in investing Activities	213,071,827	-	-	-69,420	-880
Net cash Used in Financing Activities	4,177,691	8,160,730	-	-8,332,891	20,552
Financial Ratio:					
Current Ratio	24.99	52.70	2.58	2.69	1.51
Debt to Equity	76.24	59.41	42.58	43.57	28.72
Gross Profit Margin(In %)	15%	11.35%	18%	17%	14%
Net Profit Margin(In %)	(324)%	-15.62%	3.45%	-1.89%	-3.00%
Return on Equity (In %)	(120)%	-14.62%	3.19%	-2.00%	-3.00%
Return On Assets(In %)	(24)%	-6%	1.40%	-0.22%	-0.37%

Ordinary Shares Information

Shares Outstanding	26,467,056	26,467,056	26,467,056	26,467,056	26,467,056
Face Value Per Share	10	10	10	10	10
Net Assets Value Per Share	11.08	24.43	29.44	28.51	29.08
Net operating Cash Flow Per Share	7.86	-0.78	0.55	0.32	-0.03
Earnings Per Share (EPS)	(13.35)	-3.72	0.93	-0.57	-0.93

Comparison of Financial Performances with peer industry scenario:

A comparison of financial performances, financial position as well as cash flows of 5 (five) spinning companies which are listed in DSE & CSE as on 30 June, 2021 are presented below:

(Figures Tk. In "000")

Particulars	Sonargaon Tex	Squire Tex	Saiham Tex	Matin Spinning	Aman Cotton
Financial Performance:					
Revenue	109038	11924705	2570400	5021072	8665304
Gross Profit	16795	1335718	284500	1097111	1287445
Net Profit (Before Tax)	(352841)	733098	140684	842770	289968
Net Profit (After Tax)	(353333)	621634	100700	615479	947677
Financial Position:					
Shares Outstanding	26467	197252000	90562	97490	167734
Shareholders' Equity	293136	7305662	3885900	5248595	6338511
Total Assets	1343343	15418898	5836126	8276232	18649603
Total Liabilities	1050206	8113236	1950239	3027636	12311092
Current Assets	500094	8523673	2343685	3445062	8141718
Current Liabilities	20014	5207496	1502036	2770341	7333401
Cash Flow:					
Net Cash Generated from operating	208088	1112290	61692	38543	(376978)
Net Cash Used in investing Activities	(213071)	(584615)	(18730)	(324021)	(432311)
Net cash Used in Financing Activities	4177	448485	(123487)	373168	807805

Future Plan or Projection or Forecast:

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

CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTOR'S

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

Composition of the Board

The Board of Sonargaon Textiles Limited consists of 6 (six) Directors, comprising 3 (three) Non-Executive Directors, one Independent Director and one nominated Director from Rupali Bank Limited with varied education and experience which provided a balancing character in decision making process.

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

Director

Mr. A.K.M Azizur Rahman	- Chairman
Mr. Bazlur Rahman	- Managing Director
Mrs. Rosy Rahman	- Director
Brg. Gen. Mohammed Abdul Halim (Retd.)	- Independent Director
Mr. Iqbal Hossain Kha	- Nominated Director (RBL)
Mr. Patit Chandra Barik	- Nominated Director (BDBL)

Other Members

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

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

Role & Responsibilities of the Board

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

Functioning of the Board

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

AUDIT COMMITTEE

Composition of Audit Committee

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

The members of present Audit Committee is as follow:

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

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

NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

NRC Committee Members

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

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

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

Terms of Reference**1. Purpose**

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

2. Authority

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

3. Constriction**3.1 Chairperson**

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

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

3.2 Membership

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

- a. All members of the Committee shall be non executive directors;
- b. Members of the Committee shall be nominated and appointed by the Board;
- c. The Board Shall have authority to remove and appoint any member of the Committee;
- d. In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the Board shall fill the vacancy within 180 days of occurring such vacancy in the Committee;
- e. The Chairperson of the Committee may appoint or co-opt any external expert and / or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee.

3.3 Secretary

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

4. Proceedings of Meetings

4.1 Frequency of Meetings

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

4.2 Quorum

- a. The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher.
- b. The Quorum of the NRC meeting shall not constitute without attendance of at least an independent director.

4.3 Meeting Fees

No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

4.4 Minutes of Meeting

The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

5.0 Role of NRC

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

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

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

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

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

5.2.1.3 remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of

- a. devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- b. identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommended their appointment and removal to the Board;
- c. formulating the criteria for evaluation of performance of independent directors and the Board;
- d. identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- e. developing, recommending and reviewing annually the company's human resources and training policies.

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

Relationship with shareholders & Public

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

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

Relationship with Government

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

Relationship with Suppliers

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

Corporate Social Responsibilities (CSR)

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

Separate role of the Chairman and Managing Director

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

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

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

Role of Chief Financial officer

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

Role of Company Secretary

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

Role of Head of Internal Audit & Compliance

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

Executive Management

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

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

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

Other Governance Apparatus

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

Independent Director

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

Legal Advisor

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

Mr. Zainal Abedin - Advocate, Supreme Court of Bangladesh

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

Statutory Auditors

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

Internal Audit and Control

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

Compliances

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

Dividend Policy

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

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

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

Shareholders' Relationship

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

This position of shareholders as on 30 June 2021 indicates that the sponsors of the company do not hold the required shareholding for passing special resolutions. This allows the public shareholders (individuals & institutions) to play an effective role in protecting their legal corporate rights.

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

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

Corporate Socialization

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

INVOLVEMENT OF DIRECTORS IN OTHER ORGANIZATION

	Particulars	Directorship	Position of the Company
1	Mr. A.K.M. Azizur Rahman Chairman	Continental Insurance Ltd. Golden Life Insurance Ltd. Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Chairman Chairman Managing Director Managing Director Managing Director Managing Director
2	Mrs. Rosy Rahman Director	Central Insurance Ltd. Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Director Director Director Director Director
3	Mr. Bazlur Rahman Managing Director	Khansons Group Ltd. Khansons Holdings Ltd. Khansons Textiles Ltd. Khansons Automobiles Ltd.	Dy. Managing Director Dy. Managing Director Dy. Managing Director Dy. Managing Director
4	Brg. Gen. Mohammed Abdul Halim (Retd.) Independent Director	Continental Insurance Ltd.	Independent Director
5	Mr. Patit Chandra Barik Director (Nominated by DBBL)	Rupali Bank Limited (DBBL)	General Manager
6	Mr. Iqbal Hossain Kha Director (Nominated by RBL)	Rupali Bank Limited (RBL)	General Manager

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2021/038



Date of issue : January 21, 2021

Renewed Certificate

This is to certify that

SONARGAON TEXTILES LIMITED

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

This certificate remains current until 31st December 2021.




Secretary-General

BTMA Form 0001



BANGLADESH TEXTILE MILLS ASSOCIATION (BTMA)

বাংলাদেশ টেক্সটাইল মিলস এসোসিয়েশন (বিটিএমএ)

Unique Trade Centre (Level 8), 8, Panthapath, Karwan Bazar, Dhaka-1215, Bangladesh, Phone: 9101508, 48116358, 58156619
Fax: +88 02 9125338, E-mail: btmasg@gmail.com, btma2@yahoo.com, Website: www.btmadhaka.com

MEMBERSHIP CERTIFICATE

Membership No : ...004-0003-0044

Date : 9-12-2021

We are pleased to admit *M.P.* Sonargaon Textiles Ltd.

of *Khansons Centre (8th & 9th floors) 37 Kawanbazar, Dhaka-1215.*

as a General/Associate member of this registered Trade Association in the category of *A-Yarn Manufacture*

The member-mill possesses *74136* spindles & *672* Rotors for yarn productions, *0* number of Shuttleless Loom,

0 No of Shuttle loom & *0* Knitting machines for fabric production. The annual capacity of the mill in

(i) Cotton/Polyester/Texturised Yarn/Wool/Acrylic wool manufacturing is *2172000* kgs.

(ii) Woven/ Knit / Towel / Garments/Fabric / Socks/ Sweater manufacturing is *0* metres

(iii) Dyeing printing finishing is *0* kgs, *0* Nos. *0* metres

This certificate shall remain valid up to *January-December 2021*



Additional Director & CEO (In Charge)

AUDIT COMMITTEE REPORT**For the year 2020-2021**

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

The Audit Committee comprised by following Members of the Board of Directors:

Mrs. Nusrat Hafiz, Independent Director - Chairman

Mrs. Rosy Rahman, Director - Member

Mr. Iqbal Hossain Kha, Nominated of RBL - Member

Mr. Monir Hossain, Company Secretary acts as the Secretary to the Committee.

The Audit Committee performs their responsibility in harmony with the Corporate Governance Code 2018 of the Bangladesh Securities and Exchange Commission and ensures compliance thereon.

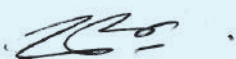
The scope of Audit Committee was defined as under:

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

Activities carried out during reporting year 2020-2021:

- Examined and reviewed the quarterly and annual financial statements and recommended to the Board for consideration.
- Overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.
- Reviewed and recommended Related Party Transactions, Loans, Guarantees and Investments.
- Considered and made recommendation to the Board on the appointment and remuneration of Statutory Auditors.

The Committee and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting.



Mrs. Nusrat Hafiz

Chairman, Audit Committee

Date: 31st October, 2021

1.0 Introduction

The Dividend Distribution Policy is adopted complying the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

The Board of Directors will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board, which takes into consideration all the relevant circumstances or other factors as may be decided by the Board.

2.00 Definitions

"the Act" means Companies Act 1994

"the Company" means Sonargaon Textiles Limited "AGM" means Annual General Meeting

"Board" means Board of Directors of Sonargaon Textiles Limited

"Shareholders" means Members whose name is registered in the Member Register of the Company.

"Shares" means Ordinary Equity Shares.

3.00 Concept of Dividend

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid-up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

4.00 Types of Dividend

The Act deals with two types of dividend -Interim and Final.

Interim dividend is the dividend declared by the Board between two AGMs as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

Final dividend is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company. Dividend recommended by the Board of Directors cannot be changed prior to holding the AGM.

5.00 Declaration of Dividend

Subject to the provisions of the Act, dividend shall be declared and paid out of:

- a. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);
- b. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- c. **Out of a & b both**

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

6.00 Factors Governing Declaration of Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business.

The circumstances for dividend pay-out decision depends on various external and internal factors which the Board of Directors shall consider while recommend/ declaring dividend including the following:

6.01 External Factors:

- The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of Adverse Economic Scenario.
- The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.
- The Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.
- Dividend distribution tax or any tax deduction at source as required by tax regulations, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.
- Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

6.02 Internal Factors:

- Profitability
- Availability and Liquidity of Funds
- Capital Expenditure needs for the existing businesses
- Expansion/Modernization of the business
- Additional investments in subsidiaries/associates of the Company
- Cost of raising funds from alternate sources
- Cost of servicing outstanding debts
- Funds for meeting contingent liabilities
- Mergers and Acquisitions
- Any other factor as deemed appropriate by the Board.

Apart from the above factors, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

7.00 Financial Parameters for Declaring Dividend

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board shall endeavor to maintain a dividend pay-out.

8.00 Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilized as under:

- Issue of fully paid-up bonus shares
- Declaration of dividend-Interim or Final
- Augmenting internal resources
- Funding for capital expenditure/expansion plans/acquisition;
- Repayment of debt
- Any other permitted use as may be decided by the Board.

9.00 Parameters for Various Classes of Shares

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity Shareholders of the Company with respect to dividend distribution.

10.00 Circumstances Impacting Dividend Payment

The Company has been paying dividend to its shareholders around three decades and shall endeavor to continue with the dividend payment.

Given here in below are some of the circumstances in which shareholders of the Company may or may not expect dividend pay-out:

11.00 Disclosure

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.Khansongroupbd.com

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12.00 Review/Amendment

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

UNCLAIMED/UNSETTLED DIVIDEND 2019

The unclaimed/unsettled cash dividend amount for the year 2019 has been revealed as under:

Name of Year	Amount in Taka
2019	1,523,156.00
Total	1,523,156.00

DECLARATION BY CEO AND CFO

Date: 31st October 2021

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

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

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

Dear Sirs,

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

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

In this regard, we also certify that:-

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

Sincerely yours,



Bazlur Rahman
Chief Executive Officer (CEO)/
Managing Director



Md. Mostafa
Chief Financial Officer (CFO)

CERTIFICATE OF COMPLIANCE

Annexure-B

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



Sharaqa Mac, H-3/1 & 3/2 (Flat-2A), Bijoy Nagar, Dhaka-1000
 Cell Mobile: +88 01819 207889, +88 01819 496565, +88 01783 294818
 E-mail: haque.fouzia@gmail.com, hoquezhc@yahoo.com, fmrashid@yahoo.com

Annexure-B

**REPORT TO THE SHAREHOLDERS OF SONARGAON TEXTILES LIMITED
 ON COMPLIANCE OF
 THE CORPORATE GOVERNANCE CODE**

We have examined the compliance status to the Corporate Governance Code of **SONARGAON TEXTILES LIMITED** for the year ended 30 June 2021.

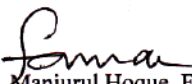
This Code relates to the Notification No. BSEC/CMMRRCD/2006-158/207/Admin/80 dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

This is a security and verification and independent audit on compliance of the condition 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 the Corporate Governance Code.

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

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


 A.S. Manjurul Hoque, FCA
 Partner
FAMES & R
 Chartered Accountants

Dated: 8 December, 2021
 Place: Dhaka



STATUS OF CORPORATE GOVERNANCE

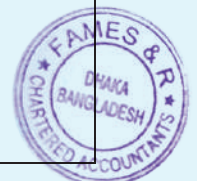
Status of Compliance Report on Corporate Governance of SONARGAON TEXTILES LIMITED

FAMES & R
Chartered Accountants

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is appended below:

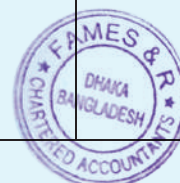
(Report Under Condition No: 09)

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 (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		Total numbers of directors on the board is 05 (Five).
1. (2)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes 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 directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		Total numbers of directors on the board is 05 (Five) out of them 01 (One) is independent director.
1. (2) (b)	For the purpose of this clause "independent director" means a director-			
1. (2) (b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1. (2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who hold one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above-mentioned shares in the company: 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;	✓		
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 a stock exchange or an intermediary of the capital market;	✓		
1 (2) (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		

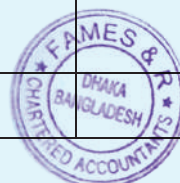


FAMES & R
Chartered Accountants

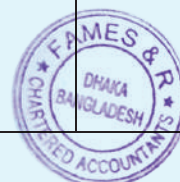
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (2) (b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of a stock exchange or an intermediary of the capital market;	✓		
1 (2) (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1 (2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); 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);	✓		Independent Directors has been appointed by the Board of Directors on January 28, 2019 and placed to the shareholders for approval in the 33 rd AGM held on December 18, 2019.
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: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the, (Companies Act, 1994).	✓		
(3)	Qualification of Independent Director.-			
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make a meaningful contribution to the business;	✓		



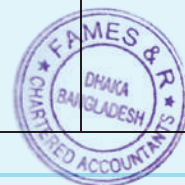
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (3) (b)	Independent Director shall have following qualifications:			
1 (3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or			N/A
1 (3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or			N/A
1 (3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1 (3) (b) (iv)	University Teacher who has an educational background in Economics or Commerce or Business Studies or Law; or	✓		
1 (3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant 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.			No such issue arose
4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		



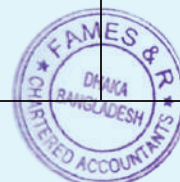
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (4) (d)	The Board shall clearly define the respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;		✓	
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of the absence of the regular Chairperson shall be duly recorded in the minutes.	✓		The chairperson was present in all the Board Meetings during the year
(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 the 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 the continuity of any extraordinary activities and their implications (gain or loss);			No such issue arose
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1 (5) (vii)	A statement of the utilization of proceeds raised through public issues, rights issues and/or any other instruments;			No such issue arose
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.;			No such issue arose
1 (5) (ix)	An explanation of any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;		✓	
1 (5) (x)	A statement of remuneration paid to the directors including Independent Director	✓		
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 the preparation of the financial statements and any departure there from has been adequately disclosed;	✓		



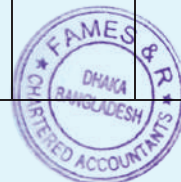
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5)(xxv)	A Management’s Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company’s position and operations along with a brief discussion of changes in the 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 the 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 concerns issues related to the financial statements, explaining such risk and a concerns mitigation plan of the company; and	✓		
1 (5)(xxv)(g)	future plan or projection or forecast for the company’s operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1 (5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	✓		
1 (5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	✓		
1 (6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1 (7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officers			
1 (7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;		✓	
1 (7) (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with the environment, employees, customers and suppliers; and independency.		✓	



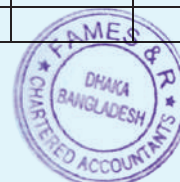
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2	Governance of Board of Directors of Subsidiary Company:-			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3 (1)	Appointment			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without the approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	Requirement to attend the Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		



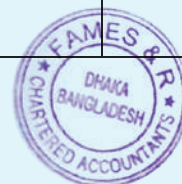
Condition No.	Title	Compliance Status(Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3(3)	Duties of Managing Director(MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3 (3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3 (3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee. - 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.	√		
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 Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;		√	
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	-	-	There was no such case



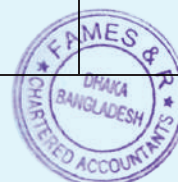
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5 (3)	Chairperson of the Audit Committee			
5(3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and the reason for the absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.			Was present in 34 th AGM
5 (4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that an emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
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;	✓		



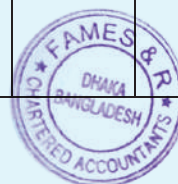
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5) (f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5) (g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5) (h)	review the adequacy of internal audit function;	✓		
5(5) (i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5) (j)	review statement of all related party transactions submitted by the management;	✓		
5(5) (k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
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 Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			N/A
5 (6)	Reporting of the Audit Committee			
5 (6) (a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the board on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;	-	-	There was no such case
5(6)(a)(ii) (b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-	-	There was no such case
5(6) (a)(ii) (c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	-	There was no such case



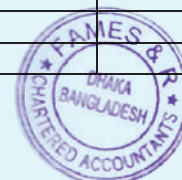
Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(6)(a)(ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	There was no such case
5(6)(b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-	-	There was no such case
5.7	Reporting to the Shareholders and General Investors Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.		-	N/A
6	Nomination and Remuneration Committee (NRC):-			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in the formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at condition No. 6(5)(b).	✓		
6 (2)	Constitution of the NRC			
6(2) (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-	-	There was no such case



Condition No.	Title	Compliance Status(Put $\checkmark$ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-	-	There was no such case
6(2)(g)	The company secretary shall act as the secretary of the Committee;	$\checkmark$		
6(2)(h)	The quorum of the NRC meeting shall not constitute without the attendance of at least an independent director;	$\checkmark$		
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.	$\checkmark$		
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;	$\checkmark$		
6(3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	-	-	No such incidence arose
6(3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	$\checkmark$		
6 (4)	Meeting of the NRC			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year;	$\checkmark$		
6(4) (b)	The Chairperson of the NRC may convene an emergency meeting upon request by any member of the NRC;	-	-	N/A
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	$\checkmark$		
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.	$\checkmark$		



Condition No.	Title	Compliance Status(Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6 (5)	Role of the NRC			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
6(5) (b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top-level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b) (iii)	identifying persons who are qualified to become directors and who may be appointed in a top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b) (iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5) (b) (v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b) (vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	External or Statutory Auditors:-			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		



Condition No.	Title	Compliance Status(Put $\checkmark$ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	$\checkmark$		
7(1) (ix)	Any other service that creates a conflict of interest.			No such incidence arose
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	$\checkmark$		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	$\checkmark$		
8	Maintaining a website by the Company. -			
8(1)	The company shall have an official website linked with the website of the stock exchange.	$\checkmark$		www.khansonsgroupbd.com
8(2)	The company shall keep the website functional from the date of listing.	$\checkmark$		
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).	$\checkmark$		
9	Reporting and Compliance of Corporate Governance:-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	$\checkmark$		
9(2)	The professional who will provide the certificate on the compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	$\checkmark$		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	$\checkmark$		



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

A. Nomination and Remuneration Policy

1.00 Introduction

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

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

2.00 Definitions

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

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

"Director" means Member of the Board.

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

3.00 Nomination and Remuneration Committee

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

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

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

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

4.00 Objective

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

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

5.00 Nomination and Appointment of Directors and Top Level Executives

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

6.00 Remuneration for Directors and Top Level Executives

The committee shall oversee, review and make report with recommendation to the Board the level and composition of remuneration is reasonable and sufficient to attract, motivate and retain suitable, dependable and skilled Director and Top Level Executive. They also consider and review the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, remuneration to Director and Top Level Executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

7.00 Validation of the Policy

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

8.00 Amendments to the Policy

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

B. Evaluation of Performance

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

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

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

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

COMPOSITION OF SHARE HOLDING

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

Shareholding Range in Number of Shares	Number of Holders		% of Total Holders		Number of Shares		% of Total Shares	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1 to 5,000	3,349	3,115	84.27	84.62	7,620,676	3,046,045	28.79	11.51
5,001 to 50,000	580	517	14.59	14.05	8,098,772	7,528,740	30.60	28.45
50,001 to 100,000	32	33	0.81	0.90	2,339,853	2,312,296	8.84	8.74
100,001 to 200,000	9	7	0.23	0.19	1,155,092	816,225	4.36	3.08
200,001 to 400,000	1	5	0.03	0.14	387,815	1,383,093	1.47	5.23
400,001 to 500,000	-	-	-	-	-	-	-	-
500,001 to 1,000,000	-	1	-	0.03	-	685,479	-	2.59
Over 1,000,000	3	3	0.08	0.08	6,864,848	10,695,178	25.94	40.41
	3,974	3,681	100	100	26,467,056	26,467,056	100	100.00



G. KIBRIA & CO.
CHARTERED ACCOUNTANTS



Independent Auditor's Report

To the Shareholders of Sonargaon Textiles Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Sonargaon Textiles Limited ("the Company"), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

1. The Company's bank accounts are currently attached by the National Board of Revenue of Bangladesh. There the management have decided to pay all employee salaries throughout the financial year by cash payments. However, as per the Income Tax Ordinance, 1984, Section 30(i), Any payment by way of salary or remuneration made otherwise than by crossed cheque or bank transfer by a person to any employee having gross monthly salary of taka fifteen thousand or more will be inadmissible. We have found that the company has made cash payments to several employees every month that is over Tk. 15,000.
2. The company have not paid its WPPF contribution for the year 2018-2019 and 2019-2020. This is a violation of the Bangladesh Labour Act 2006 Section 234, Subsection 2. Under the act, the company is supposed to pay, within 9 (nine) months of the close of every year, five percent (5%) of the net profit of the previous year at the proportion of 80:10:10 to respectively the Participatory Fund, Welfare Fund and Workers Welfare Foundation Fund established under section 14 of the Bangladesh Workers Welfare Foundation Act, 2006.
3. As disclosed in the note # 4.00 to the financial statements regarding Property Plant and Equipment, amounting to TK 842,742,314. During the year the company's addition to the Property, Plant and Equipment amounts to Tk. 213,071,827. In respect of the addition, the payment was made by cash, which is a violation of Income tax Ordinance 1984, section 30(m). which states that no entity is allowed to make payment exceeding taka fifty thousand or more in cash excluding: salary to an employee or any payment for government obligation or any payment on account of purchase of raw material

Ref: GKC/20-21/A/047



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

Emphasis of Matter

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

Material Uncertainty Related to Going Concern

We draw attention to Statement of Profit and Loss and Other Comprehensive Income in the financial statements, which indicates that the Company incurred a Operating loss of BDT 55,280,215 during the year ended June 30, 2021 and, as of that date, the has negative retained earnings of BDT 395,615,498. As of the signing of this report, the Company's production facility is operational but it is to be noted that the company's facility was closed for 10 months out of 12 months in the June 30 2021 financial year. The facility of the company was also closed for significant period during the previous financial year. As stated in above, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Ref: GKC/20-21/A/047



Key Audit Matter	How our audit addresses the Key Audit Matter
Revenue Recognition	
Revenue of BDT 10.9 Crore (BDT 63.09 Crore for the year ended June 30, 2020) is recognized in the Statement of Profit and Loss and Comprehensive Income of Sonargaon Textiles Limited. The Company's revenue recognition policies and procedures are not complex and revenue is recognized at a point in time when the control of the manufactured goods is transferred to the customer. However, Revenue is highly material to the financial statement users and is the primary driver of key investor metrics such as Earnings per Share etc. This account is also subject to some risk due to the risks such as management override and bias. Details of the Revenue Section are summarized in Note 17 to the Financial Statements	Our audit procedures included: Understanding the process of estimating, recording and reassessing going concern. • Obtain an understanding of Company's internal controls specifically geared towards adoption of the new accounting standard. • Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfer from Company to Customer. • Reviewing Invoices, Shipping Documents and other supporting documentation to ensure revenue recognition is occurring appropriately • Examine Payment documentation to ensure completion of revenue cycle is documented appropriately
Details of Revenue Recognition are included in Note 17.00 to the Financial Statements	

Key Audit Matter	How our audit addresses the Key Audit Matter
Adoption and Implementation of IFRS 16 Leases	
IFRS 16 Leases becomes effective for annual reporting beginning on or after 01 January 2019 which replaces the existing International Accounting Standard 17 Leases. Sonargaon Textiles Limited has implemented the modified retrospective approach for the transition accounting. The application of the new lease standard resulted in the recognition, for the 01 July 2019 opening balance sheet, of right of use of asset and lease liability. The Company had a closing balance of BDT 506,259 of Right-of-Use Asset and Lease Liability of BDT 550,459 as at June 30, 2021. The impact of the adaptation of the new standard is disclosed in of the notes to the financial statements.	We obtained an understanding of the management's process for implementing IFRS 16 Leases, including financial controls designed by the management to mitigate the risks assessed by us independently. We tested those relevant controls and adopted a control rely strategy. Furthermore, to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including: • Obtained and read the accounting policy for compliance with IFRS 16 Leases; • Obtained listing of all contracts from the management and tested the contracts on a sample basis for impact under IFRS 16 Leases. In respect of the contracts selected for testing; • Obtained and assess the borrowing rates; Tested the assumptions used in the calculation model for the sample contracts selected for testing; • Performed test of details on a sample basis on different categories of lease for valuation of the right of use of asset and lease liability; Assessed the disclosures within the financial statements.
Details of IFRS 16 Leases have been included in Note 5.00 to the Financial Statements	

Ref: GKC/20-21/A/047



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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Ref: GKC/20-21/A/047



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other Legal and Regulatory Requirements

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

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

Date: 13th November 2021
DVC CODE: 2111130392AS166301
Dhaka, Bangladesh


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

Ref: GKC/20-21/A/047

Sadharan Bima Sadan (5th Floor) 24-25 Dilkusha Commercial Area, Dhaka - 1000, Bangladesh
Email: gkibria@gkibriaandco.com, kibria03@hotmail.com, Web: http://gkibriaandco.com
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SONARGAON TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

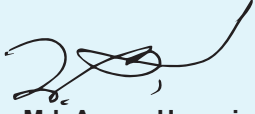
	Notes	30 June, 2021 Taka	30 June, 2020 Taka
Assets			
Non-Current Assets :			
Property, Plant and Equipment	4.00	842,742,314	676,865,177
IFRS 16 - Right of Use Asset		506,259	1,012,518
		843,248,573	677,877,695
Current Assets :			
Inventories	5.00	439,133,966	608,332,340
Trade & Other Receivables	6.00	53,433,670	358,537,069
Advances, Deposits and Prepayments	7.00	5,268,686	1,939,405
Investment in Shares Central Depository BD. Ltd. (CDBL)	7.03	1,569,450	1,569,450
Cash and cash equivalent	8.00	689,203	9,849,989
		500,094,974	980,228,253
Total Assets		1,343,343,547	1,658,105,948
Equity and Liabilities :			
Shareholders' Equity			
Share Capital	9.00	264,670,560	264,670,560
Capital Reserve		5,373,570	5,373,570
Share Premium		54,560,000	54,560,000
Revaluation Reserve	13.00	364,148,104	377,318,921
Retained Earnings		(395,615,498)	(55,453,156)
		293,136,737	646,469,895
Non-Current Liabilities			
Long Term Loan	14.00	925,966,529	888,740,741
IFRS 16 - Lease Obligation Liability		1,150,459	1,055,467
Director's and Other Loans and Advances	15.00	27,720,197	27,720,197
Deferred Tax Liability	16.00	75,355,360	75,517,774
		1,030,192,545	993,034,178
Current Liabilities			
Short Term Loans	10.00	-	-
Unclaimed/Unpaid Dividend from 2019		1,523,156	5,700,847
Current Portion of Long Term Loan	11.00	-	-
Trade & Other Payables	12.00	16,310,295	10,551,684
Workers Profit Participation and Welfare Fund		2,180,815	1,980,815
Provision for Income Tax	27.00	-	368,529
		20,014,266	18,601,875
Total Equity & Liabilities		1,343,343,547	1,658,105,948
Net Assets Value Per Share (NAVPS)			
	29.00	11.08	24.43

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


A.K.M Azizur Rahman
Chairman


Bazlur Rahman
Managing Director

Place: Dhaka
Date: 13th November 2021
DVC: 2111130392AS166301


Md. Anwar Hossain
Executive Director
&
Company Secretary



As per report Annexed.


A.K. Gulam Kibria, FCA, (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants.

SONARGAON TEXTILES LIMITED
Statement of Profit or Loss and other Comprehensive Income
For the Year Ended 30th June, 2021

	Notes	Amount in Taka			30 June, 2021	30 June, 2020
		Unit - 1	Unit - 2	Unit - 3	Taka	Taka
Turnover	17.00	15,265,386	39,253,850	54,519,237	109,038,473	630,919,942
Cost of Goods sold	18.00	(12,913,963)	(33,207,335)	(46,121,298)	(92,242,596)	(559,284,464)
Gross Profit		2,351,423	6,046,516	8,397,938	16,795,877	71,635,477
Operating Expenses :						
Administrative Expenses	21.00	(2,894,439)	(7,442,842)	(10,337,281)	(20,674,561)	(23,053,822)
Selling & Distribution Expenses	23.00	(142,187)	(365,625)	(507,812)	(1,015,624)	(1,395,745)
Financial Expenses	24.00	(7,054,027)	(18,138,927)	(25,192,954)	(50,385,907)	(19,488,733)
Total Expenses		(10,090,653)	(25,947,393)	(36,038,046)	(72,076,092)	(43,938,300)
Operating Profit/(Loss)		(7,739,230)	(19,900,877)	(27,640,108)	(55,280,215)	27,697,177
Write off damage raw cotton	19.00	(21,007,012)	(54,018,031)	(75,025,043)	(150,050,085)	(17,328,850)
Loss of stock sale waste	19.00	(20,824,388)	(53,548,428)	(74,372,816)	(148,745,632)	(110,940,120)
Non Operating Income	26.00	200,843	516,453	717,296	1,434,591	1,436,722
Net Profit/(Loss)		(49,369,788)	(126,950,883)	(176,320,671)	(352,641,341)	(99,135,070)
Provision for WPPF	31.00	-	-	-	-	-
Provision for WWF		-	-	(200,000)	(200,000)	(200,000)
		-	-	(200,000)	(200,000)	(200,000)
Net Profit/(Loss) before tax (G-H)		(49,369,788)	(126,950,883)	(176,520,671)	(352,841,341)	(99,335,070)
Provision for Taxation						
Current Tax	27.00	(91,592)	(235,523)	(327,115)	(654,231)	(3,785,520)
Deferred Tax		22,738	58,469	81,207	162,414	4,557,471
Net Profit/Loss after tax		(49,438,642)	(127,127,937)	(176,766,579)	(353,333,158)	(98,563,119)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		(49,438,642)	(127,127,937)	(176,766,579)	(353,333,158)	(98,563,119)
Earning Per Share (EPS)	28.00				(13.35)	(3.72)

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

A.K.M Azizur Rahman
Chairman

Bazfar Rahman
Managing Director

Md. Anwar Hossain
Executive Director
&
Company Secretary

As per report Annexed.

A.K. Gulam Kibria, FCA, (#392)
Engagement Partner
G. KIBRIA & CO.
Chartered Accountants.

Place: Dhaka
Date: 13th November 2021
DVC: 2111130392AS166301
Ref: GKC/20-21/A/047



SONARGAON TEXTILES LIMITED

Statement of Changes in Equity For the year ended 30th June, 2021

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
As at 1 July, 2020	264,670,560	54,560,000	5,373,570	377,318,921	(55,453,156)	646,469,895
Share Capital Increase (Bonus)	-	-	-	-	-	-
Adjustment in Revaluation Reserve	-	-	-	(13,170,817)	13,170,817	-
Net profit/Loss- 2021	-	-	-	-	(353,333,158)	(353,333,158)
Dividend 2020	-	-	-	-	-	-
As at 30th June, 2021	264,670,560	54,560,000	5,373,570	364,148,104	(395,615,498)	293,136,737

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

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


A.K.M Azizur Rahman
Chairman

Place: Dhaka
Date: 13th November 2021
DVC: 2111130392AS166301


Bazlur Rahman
Managing Director




Md. Anwar Hossain
Executive Director
&
Company Secretary

SONARGAON TEXTILES LIMITED**Statement of Cash Flows**
For the Year Ended 30th June, 2021

Particulars	Note	30 June, 2021 Taka	30 June, 2020 Taka
A. Cash Flows from Operating Activities :			
Collection from Turnover & Others		414,141,872	602,016,105
Payment to Suppliers and Employees		(197,342,492)	(610,169,731)
Cash Generated from Operation		216,799,380	(8,153,626)
Collection from Non-operation Income		1,434,591	1,436,722
Interest Paid		(7,783,200)	(10,379,383)
Income Tax paid		(2,362,040)	(3,416,991)
Net Cash Flows from Operating Activities		208,088,731	(20,513,278)
B. Cash Flows from Investing Activities :			
Acquisition of property Plant & Equipment		-	-
Acquisition of Long Term Assets		(213,071,827)	-
Sale Proceeds of Long Term Assets		-	-
Net Cash Flows from Investing Activities		(213,071,827)	-
C. Cash Flows from Financing Activities :			
Long Term Loan received		-	-
Short Term Loan Paid		-	-
Other Loans and Advances Received /(Paid)		-	10,400,000
Dividend Paid		(4,177,691)	(2,239,270)
Net cash flow from Financing Activities		(4,177,691)	8,160,730
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)		(9,160,786)	(12,352,548)
Cash and Cash Equivalent at Opening		9,849,989	20,723,598
Unrealized gain or (loss) on foreign exchange fluctuation		-	1,478,939
Cash and Cash Equivalent at Closing		689,203	9,849,989
Net Operating Cash Flow Per Share (NOCFPS)	30.00	7.86	(0.78)

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


A.K.M Azizur Rahman
Chairman


Bazlur Rahman
Managing Director


Md. Anwar Hossain
Executive Director
&
Company Secretary

Place: Dhaka
Date: 13th November 2021
DVC: 2111130392AS166301



SONARGAON TEXTILES LIMITED

Notes, Comprising a Summary of Significant Accounting Policies and
Other Explanatory Information
For the year ended 30 June 2021

1.0 Legal status and nature of the company**1.1 Domicile, Legal Form and Country of Incorporation**

Sonargaon Textiles Limited has been 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, 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 Corporate Head Office Khansons Centre, 37, Kawran Bazar, Dhaka-1215, Bangladesh and the Mill is located at Rupatali, Barisal and the Registered office is there .

1.4 Number of Employees

The number of employees was 1316 as on 30.06.2021.

2.0 Basis of Preparation of Financial Statements**2.1 Statement of Compliance**

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

Ref: GKC/20-21/A/047



2.02 Regulatory Compliances

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

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

2.03 Structure, content and presentation of financial statements

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

- i. Statement of financial position as at 30 June 2021;
- ii. Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2021;
- iii. Statement of cash flows for the financial year ended 30 June 2021;
- iv. Statement of changes in equity for the financial year ended 30 June 2021;
- v. Accounting policies and other explanatory notes for the financial year ended 30 June 2021.

2.04 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	Not Applicable
20	Accounting for Government Grants and Disclosure of Governments Assistance	Not Applicable
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied

Ref: GKC/20-21/A/047



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

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

Ref: GKC/20-21/A/047



2.05 Basis of Measurement of Elements of Financial Statements

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

2.06 Functional and presentation currency

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

2.07 Preparation and Presentation of Financial Statements of the Company

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

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

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

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

2.7.2 Statement of Cash Flows

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

According to IAS 7: "Cash Flow Statements", cash comprises cash in hand and demand deposits and cash equivalents are short term, highly liquid investments that are readily convertible to known amount 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 equivalent. 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 in the foreseeable future. Hence it is assumed that despite of consecutive two years losses, the entity has neither any intention nor any need to liquidate or curtail materially the scale of its operation. After pandemic covid-19 onslaught set back, the mill management has been able to re-start production from beginning of April, 2021 and till now maintaining the tempo with positivity. The current trend of production indicates further growth in near future. In a bid to augment its revenue followed by its financial position the company has resorted to some measures which envisage company's ability to continue as a going concern.

2.7.4 Property, Plant and Equipment:**Depreciation**

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

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

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

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".

Ref: GKC/20-21/A/047



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 amount to be paid in the future for goods and services received, whether or not billed by the supplier.

2.7.9 Assets Revaluation Reserve

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

2.7.10 Taxation

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

Current Tax expenses

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

Deferred Tax

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

2.7.11 Borrowing Cost

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

2.7.12 Revenue Recognition

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

2.7.13 Earning Per Share (EPS)

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

Ref: GKC/20-21/A/047

"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 crediting the sales amount as and when the sales executed whenever the sales proceeds are realized. This policy consistently followed by the company.

2.7.15 Leases

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

2.7.16 VAT

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

2.7.17 Events after the Reporting date:

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

3.0 Additional Information on Financial Statements

3.1 Approval of the financial statements

These financial statements were authorized for issue in accordance with a resolution of the company's Board of Directors on 31 October 2021.

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 as 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, 2020 to June 30, 2021.

3.4 Comparative Information

Figures of the year 2021 have been rearranged whenever considered necessary to ensure comparability with the Previous year.

Ref: GKC/20-21/A/047

4.00 Property, Plant and Equipment

This is made up as follows :

	30 June, 2021 Taka	30 June, 2020 Taka
Cost / Fair value as on 01.07.2020	1,262,472,671	1,262,472,671
Add: Addition during the year	213,071,827	-
	1,475,544,498	1,262,472,671
Less: Disposal during the year	-	-
	1,475,544,498	1,262,472,671
Less: Accumulated Depreciation as on 01.07 .2020	585,607,494	550,898,287
	889,937,004	711,574,384
Less: Depreciation during the period.	47,194,689	34,709,207
Balance as at 30.06.2021	842,742,314	676,865,177

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

5.00 Inventories:

This is made up as follows :

Raw Cotton (Note 19.00)	261,477,603	541,806,981
Finished Goods (Note 18)	139,685,323	27,203,418
Work in Process (Note 18)	6,218,005	3,267,570
Spare Parts	18,118,476	19,062,984
Packing Materials	3,644,902	5,644,902
Waste Cotton (Note 18)	9,989,657	11,346,485
	439,133,966	608,332,340

6.00 Trade & Other Receivables :

The above balances are made up as follows :

Details are Shown in the following schedule:

Name	Address	Amount	Amount
Tras Impex Co	Tanbazar, Narayangonj.	296,000	-
Sajib & Brothers	Madhobdi bazar, Narsindhi.	266,938	-
Mujib Enterprise	Tanbazar, Narayangonj.	267,900	-
Dolon Yarn Trading	Madhobdi bazar, Narsindhi.	135,331	-
RB Trade	Tanbazar, Narayangonj.	6,550,500	-
Arian Spinning Co.	Tanbazar, Narayangonj.	41,903,251	-
Regent Textile Limited		4,013,750	
KC Print Ltd.	Godnail, Narayangonj	-	15,265,364
Trasco Apparels Ltd	B.B Road , Narayangonj	-	61,092,000
Knit concern Ltd.	Godnail, Narayangonj	-	275,612,316
P.N Composite	Konabari, Gazipur	-	2,375,800
Silk International Ltd.	Gouripur, Ashulia	-	4,191,590
		53,433,670	358,537,069

Receivable Aging:

Above 180 days	14,067,168	259,946,216
Below 180 days	39,366,502	98,590,853
	53,433,670	358,537,069

7.00 Advance, Loan, Deposits & Prepayments:

This is made up as follows :

Advance Income Tax (7.01)	1,339,281	-
Security Deposit (Note: 7.02)	3,853,540	1,863,540
Advance against Salary	75,865	75,865
VAT/Excise duty paid in advance	-	-
	5,268,686	1,939,405

Ref: GKC/20-21/A/047

7.01 Advance Income Tax

		30 June, 2021 Taka	30 June, 2020 Taka
Opening Balance		-	22,465,633
Less : Previous year provision for Taxation		-	5,136,783
		-	17,328,850
Add: Current year Tax deducted at sources :			
Income Tax paid as advance			
On Export proceeds	2,075,685		3,130,384
On Bank Interest	764		1,016
On Dividend	285,591		285,591
		2,362,040	3,416,991
		2,362,040	20,745,841
Less : Write off Advance Income Tax		-	17,328,850
Less : Last year provision for Taxation		368,529	17,328,850
Less : During the year provision for Taxation		654,231	3,416,991
		1,339,281	-

7.02 Security Deposit

Security Deposit to Bangladesh Oxyzen Ltd.	4,000	4,000
Security Deposit to PDB(U-1)	1,061,393	409,800
Security Deposit to PDB(U-2)	621,607	240,000
Security Deposit to PDB(U-3)	1,942,000	985,200
Security Deposit to Telephone(BTTB)	125,500	125,500
BTME (Special fund)	99,040	99,040
	3,853,540	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, 2021 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:

This is made up as follows :

Cash in hand	101,985	25,351
Cash at Bank (Note-8.01)	587,218	9,824,638
	689,203	9,849,989

8.01	Name of the Bank	Branch	A/C No	Amount	Amount
	Dutch Bangla Bank Ltd.	Kawran Bazar Branch	107-120-2912	186,831	185,476
	National Bank Ltd.	Tanbazar Branch	0010-33009916	5,063	5,064
	Social Islami Bank Ltd.	Narayangonj Branch	0661330007288	5,306	9,267,883
	Social Islami Bank Ltd.	Karwan Bazar Branch	0871360000232	28,053	-
	Trust Bank Ltd.	SKB Br., Motijheel	3300-3143	-	793
	Basic Bank Ltd.	Main Branch	216010000398	11,562	12,407
	Rupali Bank Ltd.	Local Office	18024000171	28,857	28,857
	Dutch Bangla Bank Ltd.	Motijheel Foreign Exc	1051201231	115,267	116,201
	Rupali Bank Ltd.	Barisal Branch	20005021	-	1,678
	Dutch Bangla Bank Ltd.	Barisal Branch	127110855	206,280	206,280
				587,218	9,824,638



Ref: GKC/20-21/A/047

9.00 Share Capital:30 June, 2021
Taka30 June, 2020
Taka

The break up is as follows

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

10.00 Short Term Loan From Bank (Secured)

This is made up as follows :

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

11.00 Current Portion of Long Term Loan (Secured)

This is made up as follows :

Long Term Loan with BDBL	-	-
Long Term Loan with RBL	-	-
	-	-

12.00 Trade & Other Payables :

This is made up as follows :

Accrued Expenses payable (Note 12.01)	8,709,903	1,945,098
Outstanding Audit fees	345,000	345,000
Trade Payables (Note 12.02)	7,255,392	8,261,586
	16,310,295	10,551,684

12.01 Accrued Expenses payable

This is made up as follows :

Electricity bill (Factory) June, 21	5,040,348	605,976
Salary & Wages (Factory) for June, 21	2,096,709	398,207
Salary & Allowance employees	792,846	250,915
Office Rent	780,000	690,000
Barisal City Corporation Tax	-	-
	8,709,903	1,945,098

Ref: GKC/20-21/A/047



12.02 Schedule of Trade Payables

		30 June, 2021 Taka	30 June, 2020 Taka
Name	Address	Amount	Amount
P.N Enterprise (Raw cotton)	2, S.M Maleh Road, Tanbazar ,N.gonj	313,805	560,522
Ratan Enterprise (Raw cotton)	103 S.M Maleh Road, Tanbazar ,N.gonj	317,022	607,183
Master Yarn Trading (Raw cotton)	BB Road,Ukil Para ,N.gonj	169,160	65,648
Rashid Enterprise (Raw Cotton)		-	155,526
Salma Traders (Raw Cotton)	Kalibari Road,Narayangonj.	6,245	6,245
Hoq Yarn Ltd. (Raw Cotton)	Kalibari Road,Narayangonj.	178,701	178,701
Tex trade (Raw cotton)		156,414	156,414
The Cotbiz Trading (Raw cotton)		-	91,584
Adib Enterprise (Spare parts)	Plot # 16,Block# D,Mill Gate,Tongi,Dhaka	72,575	72,576
AD Media Printers	Panir tank Goli,Fakirapur ,Arambagh.	92,000	98,000
Airtech Compressor	Dhamrai,Manikgonj.	25,000	25,000
A.I.S Enterprise	Shop # 35,125, Iqble Road,M.pur , Dhaka	35,795	35,795
Axis Textiles engineering	H # 2, L # 13,B # A,Sec-10,Mirpur,Dhaka.	27,700	27,700
Azad Store	69, B.B. Road, Ukil para,Dhaka	84,983	84,983
Aziz Packaging Ltd.	Chasara,Narayangonj.	50,000	450,000
Bengal Roots	New Airport Road,Farmgate,Tejgaon ,Dhaka.	600	600
Cargo Control (BD) Pet Ltd	69 Dilkusha C/A , Dhaka.	143,084	143,084
C.H Graphics & Printers	75,Arambagh, Motijheel,Dhaka-1208	142,642	142,642
China Plastics BD. Ltd.	FaisalTower,Gulshan,AvenueCircle-02	-	200
Chittagong Fibre Board	125,Andor Killa,Chittagong	196,740	196,740
Dawood Sultan & Co.	Begun bari ,Tejgaon,Dhaka.	190,000	190,000
Euro Trade	Road#7Block#plot#52,Eastern Banasree,Dhaka	108,299	555,227
Forman Enterprise	Bangshal ,Dhaka.	81,000	81,000
Friends Electric House	Noor Electric Market,Nawabpur,Dhaka.	8,498	8,498
Fusia Electronics	Mirpur DOSH.	33,600	33,600
Gazi Tank	Sonir akhra,Jatrabari,Dhaka.	8,200	8,200
IC System & Service	Muscot Plaza,Azampur,Dhaka	23,000	23,000
IHS Inspection Serices(BD) Ltd.	66, Dilkusha C/A Dhaka	6,562	6,562
Jusna Enterprise	Narayangonj.	5,000	255,000
Lipika (Spare Importer)	Krishi market,Mohamadpur,Dhaka.	150,017	246,017
Mass Electors Ltd.	Jashimuddin.Uttara.	114,600	114,600
Madona Enterprise	Elephant road,Dhaka.	36,450	36,450
Mahin Enterprise	130, B.C Road,Nawabpur Road,Dhaka	92,999	213,899
Mask Engineering	Chasara,Narayangonj.	30,500	20,500
Musum Enterprise	Shop # 6,107, Nawabpur Road, Dhaka	25,745	25,745
M/S M Hossain Engineering Workshop	Zatrabari, Dhaka.	72,300	72,300
New Bangla Technical Support Centre	Madhapdi. Naranshindi.	157,000	157,000
New Diamond Plastic Traders	Shop # 9,218, Nawabpur Road, Dhaka	321,885	321,885
Nuhan Engineering Workshop	128,Bonogram Road,Dhaka	2,400	2,400
Pacific Trading	128 Nawabpur.Dhaka.	150,337	150,337
PN International	Chasara,Narayangonj.	110,000	110,000
Popular Trades(Narayangong)	46/1 Old Jimkhana, Narayangonj	206,341	206,341
Prime Power Solution	Darrushsalam.Dhaka.	9,400	9,400
Quality Traders	Nawabpur, Dhaka.	234,020	234,020
Ringtex Engineering	Kaligong.Dhaka.	22,800	22,800
Riyad Light House	128 Nawabpur.Dhaka.	91,440	91,440
Rumman Spring & Eng. Works	128,Bonogram, Nawabpur Road,Dhaka	9,639	218,384
Sail International	Gulshan-1	420,800	20,800
Satata Enterprise	Kakrail,Dhaka.	743,745	264,890
SD Tax Promoters Ltd.	Kakrail,Dhaka.	25,810	25,810
Sinobangla Industries Ltd.	C.R Datta Road,Panthapath ,Dhaka.	39,071	39,071
Solution Technology	Mirpur-1,Dhaka.	123,500	123,500
Simul Traders	63/A,Railway Commercial Plot,Shajahanpur,Dhaka	308,571	390,571
Southern multi Pack	BASIC,Barisal.	415,800	415,800
Square Informatix Ltd.		5,000	5,000
Standard Sprung Industries	78,Nawabpur Road, Dhaka	24,350	24,350
Suman Joint Store	Nawabpur, Dhaka.	50,500	50,500
Sutex International	Mowchak,Dhaka.	394,100	15,900
Texcoms Services	Azampur,Uttara,Dhaka.	37,500	19,500
Triad International		10,000	10,000
United Trade Centre	Jashimuddin.Uttara.	95,650	95,650
Yusuf Trader		3,290	3,290
ZSZ Engineering	Hat khula road ,Motijheel ,Dhaka.	215,890	215,890
Others Party (Factory)		27,317	27,317
		7,255,392	8,261,586

Ref: GKC/20-21/A/047

13.00 Revaluation Reserve: (Schedule-5)

	30 June, 2021 Taka	30 June, 2020 Taka
This is made up as follows :		
Opening balance	377,318,921	391,419,048
Prior Year Error Correction	-	-
Adjusted Opening Balance	377,318,921	391,419,048
Less : Adjustment for depreciation for this year	(13,170,817)	(14,100,128)
Closing balance	364,148,104	377,318,921

This amount represents as per last years accounts

14.00 Long Term Loan (Not due secured) ;

This is made up as follows

BDBL Term Loan # 00027	289,787,349	274,184,272
MTBL-Term loan-1	80,853,222	80,853,222
MTBL-Term loan-2	55,403,054	55,403,054
MTBL-Term loan-3	155,823,954	155,823,954
Rupali Bank Loan account (Principal)	344,098,950	322,476,239
Grand Total (Unit 1+2+3)	925,966,529	888,740,741

Note :

In respect of the loan facilities availed from Bangladesh Development Bank Ltd. (BDBL)(Former Bangladesh Shilpa Bank) for Unit No. 1,2 & 3, the loan amount presented in the statement of financial position equals Tk. 274,184,272. The bank performed a reschedule for the loan in the current year. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 346,291,000. The company is currently contesting this claim in the court. The loan balance presented in the statement of financial position represent the original principle amount plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due to the ongoing litigation with the courts, the loan balance is confirmed by a reschedule for the loan in the current year. We have discussed with BDBL Managing Director during June, 2021 and submitted a prayer for package settlement at Tk. 23.00 crore by December, 2021 irrespective of what was suit value and bank's ledger. Earlier in August, 2019, the bank re-scheduled our liability @2% down payment of Tk. 4709204.35 on the then liability of Tk. 235460217/24 less unapplied interest.

Accordingly, Bank re-scheduled for 10 years till 31-12-2029 vide BDBL's sanction letter No. 20.03.20(2)/17/544 dt. 19.03.2020. Quarterly installment begun from March, 21, 2021 but Bangladesh Bank decided to go slow in recovery of installments upto Dec. 2021 due to COVID-19 effect lowering installments upto 25% and to consider Unclassified upto 31-12-2021. Suit status is that hearing not yet begun.

The Company availed loan from Rupali Bank Limited (RBL) for Unit 3 through mortgage of Company's Fixed Assets and personal guarantee of all sponsor Directors. The bank performed a reschedule for the loan in the current year. The bank charges interest on the loan facilities @ 9% of CC Hypo & 9% of the Term Loan. In the current year, the bank performed a reschedule for the loan due and the difference between the old and updated loan balance was accrued by the Company as interest expense to ensure the carrying value of the loan matches the amount confirmed by the bank. The Company availed Term loan for unit-3 & working capital facility from Rupali Bank Ltd. against Balance security arrangement with original financier BDBL for unit-1 & 2. Once huge transaction and repayment of loan made with RBL. Term loan availed Tk. 11.00 crore but repaid about Tk. 22.00 crore.

The company availed 10- years re-schedule of loan liability depositing 2% down payment of Tk. 5778922/- on the then liability of Tk. 288946127/-. The bank's sanction approval No. HO/ICD/RES/2019/11 dt. 11/12/2019 for 10- years re-schedule amount Tk. 276355296.42.

Installment not yet deposited due to go slow by Bangladesh Bank upto 31-12-2021 for COVID-19 effect. Bangladesh liability to remain unclassified upto 31-12-2021.

Meanwhile, the company discussed with Rupali Bank Managing Director sometimes in October, 2021 and submitted a prayer for one time exit at Tk. 20.00 crore package payment by Dec. 31, 2021. irrespective of whatever liability remaining in bank's ledger.

Long Term Loan includes a classified loan availed from Mutual Trust Bank (MTB) with a loan balance representing taka 2,920,802,30. However, the bank made a suit through "Artha Rin Adalat" vide suit no. 878 of 2015 against the company for recovery of money with suit value taka 219,501,331 the company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due the ongoing litigation with the courts, the loan balance is subject to confirmation. The Company's provisional outstanding balance on the balance sheet is over from litigation amount claimed by the bank. Therefore, the management have decided not make further interest expenses provision during this since the company have already provisioned a higher amount of thos this then the bank is claiming on the case. The management have also consulted with the company's lawyer and believe the case to be in company's favour. The Company availed working capital facility from MTBL and made huge transaction. Although money suit filed by bank, yet the company discussed with the bank management and settled liability as exit at Tk. 8.00 crore as full and final to pay within 31-12-2021 irrespective of whatever suit value.

15.00 Director's and Other Loans and Advances:

This is made up as follows

	30 June, 2021 Taka	30 June, 2020 Taka
Opening balance	27,720,197	17,320,197
Add: Received during the year	-	10,400,000
Less: Paid during the year	-	-
Closing balance	27,720,197	27,720,197

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

16.00 Deferred Tax Liabilities:

This is made up as follows

Opening balance	75,517,774	80,075,244
Adjusted Opening Balance	-	80,075,244
Add: Addition during the year	(162,414)	(4,557,471)
	75,355,360	75,517,774
Less: Adjustment during the year	-	-
Closing balance	75,355,360	75,517,774

17.00 Turnover/Sales:

This is made up as follows :

Particulars	30 June, 2021		30 June, 2020	
	Qty. In Lb.	Taka	Quantity Lbs	Taka
Export of Yarn/Local Sales of Yarn/Waste cotton/ Stock lot Sale	1,437,722	109,038,473	4,597,162	630,919,942
Less : Vat on Sales of Waste cotton	-	-	-	89,477
	1,437,722	109,038,473	4,597,162	630,919,942
Total turnover (Net)	1,437,722	109,038,473	4,597,162	630,919,942

18.00 Cost of Goods Sold :

This is made up as follows :

Particulars	Quantity Lbs	Amount in Taka			30 June, 2021 Taka	30 June, 2020 Taka
		Unit-1	Unit - 2	Unit - 3		
WIP as on 01.07.2020	38,442	457,460	1,176,325	1,633,785	3,267,570	10,258,661
Add: Raw cotton input (Note- 19)	1,722,332	18,929,786	27,042,551	89,240,419	135,212,756	310,163,003
	1,760,774	19,387,246	28,218,876	90,874,204	138,480,326	320,421,664
Less :WIP as on 30.06.2021	54,070	870,521	2,238,482	3,109,003	6,218,005	3,267,570
Wastage recovery	166,494	1,398,552	3,596,277	4,994,829	9,989,657	11,346,485
	220,564	2,269,073	5,834,758	8,103,831	16,207,662	14,614,055
Raw Material Consumed	1,540,210	17,118,173	22,384,118	82,770,373	122,272,664	305,807,609
Add: Factory Overhead (Note -25)		11,543,257	29,682,661	41,225,918	82,451,837	201,912,153
Cost of Production	1,540,210	28,661,430	52,066,779	123,996,291	204,724,501	507,719,762
Add : Stock of Yarn as on 01.07.2020	123,237	3,808,479	9,793,230	13,601,709	27,203,418	78,768,120
	1,663,447	32,469,909	61,860,010	137,598,000	231,927,919	586,487,882
Less: Stock of Yarn as on 30.06.2021 (Note-20)	1,015,095	(19,555,945)	(50,286,716)	(69,842,661)	(139,685,323)	(27,203,418)
Cost of Goods Sold	648,352	52,025,854	112,146,726	207,440,662	92,242,596	559,284,464

19.00 Raw Cotton Input :

This amount comprises as follows :

Particulars	30 June , 2021		30 June , 2020	
	Quantity (lbs)	Value	Quantity (lbs)	Value
Stock of Raw cotton as on 01.07.2020	3,810,418	541,806,981	3,707,900	568,484,433
Add : Raw cotton purchased during the year	1,643,380	160,229,595	4,630,663	402,208,871
	5,453,798	702,036,576	8,338,563	970,693,304
Less : Stock of raw cotton	(3,731,466)	(566,823,820)	(4,217,418)	(660,530,301)
Stock of slow moving raw materials written off	(759,580)	(150,050,085)	-	-
Stock of raw materials sales waste	(789,370)	(155,296,132)	(407,000)	(118,723,320)
Stock of raw cotton as on 30.06.2021	(2,182,516)	(261,477,603)	(3,810,418)	(541,806,981)
Input of Raw cotton during the year	1,722,332	135,212,756	4,121,145	310,163,003

Ref: GKC/20-21/A/047

1. Since the factory was closed for one year April, 2020 to March, 2021 due to COVID-19 lock down and other reasons, we subsequently detected that the company's raw cotton stock worth Tk. 155,296,132.00 became unusable, some already rotten beyond use for standard yarn manufacture. The matter was placed before the Board's meeting held on 24-05-2021.

The Board discussed the matter and decided to sell out the matter cotton as waste as far as possible and the cotton inventory amount worth Tk. 148,745,632.00 as net loss during the period under review. Subsequently the management informed the Board that those rotten raw cotton was sold at Tk. 65,50,500.00 as recovery.

2. The management placed to the Board another matter of sustaining loss to the company management by Tk. 150,050,085 being raw cotton stock value which was detected as massive damage and rotten beyond use.

The Board discussed the matter and resolved that since it would not be possible to use, the stock be declared written-off from book value worth Tk. 150050085.

20.00 Stock : 1,015,095 Lbs.

This is made up as follows :

Particulars	30 June, 2021		30 June, 2020	
	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs	Quantity in Lbs
Opening balance	-	123,237	-	269,071
Add: Production during the year		1,540,210	-	4,192,929
		1,663,447	-	4,462,000
Less: Sales during the year :				
	-	-	-	-
Export of Yarn/Local Sales of Yarn/Waste cotton/ Stock lot Sale	-	648,352	-	4,338,763
Closing balance		1,015,095		123,237

21.00 Administrative Expenses:

This is made up as follows :

Particulars	Amount in Taka			30 June, 2021	30 June, 2020
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Salary & allowances (Note -22)	1,391,861	3,579,071	4,970,932	9,941,864	10,523,577
Overtime	14,700	37,800	52,500	105,000	1,895,685
Bonus (Note - 22)	423,596	1,089,247	1,512,843	3,025,685	3,753,669
Board Meeting fee	14,000	36,000	50,000	100,000	120,000
Notice pay	-	-	-	-	25,865
Traveling & conveyance	7,698	19,795	27,493	54,985	147,403
Printing & Stationery	11,740	30,190	41,930	83,860	78,458
Vehicle Maintenance	3,068	7,889	10,957	21,913	54,585
Cleaning expenses	3,261	8,386	11,648	23,295	83,500
Subscription (BTMA)	13,700	35,228	48,928	97,856	48,928
Subscription (BCI & BAPLC)	7,000	18,000	25,000	50,000	50,000
Newspaper & Periodicals	46	119	165	330	1,450
Uniform	1,724	4,433	6,158	12,315	17,460
Postage	3,811	9,800	13,611	27,221	7,630
Entertainment	6,582	16,924	23,506	47,011	87,061
Electricity	40,369	103,805	144,174	288,347	156,691
Employees Lunch	3,377	8,683	12,060	24,120	167,823
Fees & Renewal	1,749	4,496	6,245	12,490	269,905
Gardening	178	457	635	1,270	250
Ifter bill	543	1,395	1,938	3,875	3,122
Telephone & Mobile Bill	8,358	21,492	29,850	59,699	51,157
License & renewals	13,579	34,917	48,497	96,993	22,468
Work Permit Fee	-	-	-	-	2,750
Advertisement	18,900	48,600	67,500	135,000	58,098
WASA Bill/Water Bill	4,976	12,795	17,771	35,541	24,033
Internet connection (WiFi)	11,200	28,800	40,000	80,000	27,700
Carring & Handling	7,557	19,431	26,988	53,975	85,454
Miscellaneous Expenses	39,760	102,240	142,000	284,000	204,650
Office Rent - IFRS 16 - ROU Asset Amortization	70,876	182,253	253,129	506,259	506,259
Office Rent - VAT	12,600	32,400	45,000	90,000	90,000
Office expenses	539	1,387	1,927	3,853	1,698
Donation & others	700	1,800	2,500	5,000	187,500
Group Insurance	62,350	160,329	222,679	445,357	25,355
Repairs & maintenance (Building)	-	-	-	-	100,000
Repairs & maintenance (Others)	776	1,996	2,773	5,545	51,102
AGM Expenses	91,354	234,909	326,263	652,525	658,841
Audit fees	48,300	124,200	172,500	345,000	345,000
Leave benefits	4,810	12,370	17,180	34,360	29,884
Subscription for DSE,CSE& Others	-	-	-	-	78,000
Medical expenses	8,277	21,285	29,562	59,124	47,475
Training expenses	2,135	5,491	7,627	15,253	-
Welfare	2,571	6,611	9,183	18,365	625
Depreciation (Schedule-4/A)	528,581	1,359,207	1,887,788	3,775,575	2,776,737
Sundry expenses	7,238	18,612	25,850	51,700	185,974
Total	2,894,439	7,442,842	10,337,281	20,674,561	23,053,822

22.00 Salaries ,Allowances & Bonus:

This amount comprises as follows :

Particulars	30 June, 2021		30 June, 2020	
	Employees	Amount in Taka	Employees	Amount in Taka
a) Up to Tk. 3,000 Per Month	21	1,625,375	25	1,893,000
b) Above Tk. 3,000 Per Month	85	11,342,174	91	12,384,246
Total	106	12,967,549	116	14,277,246

23.00 Selling & Distribution Expenses:

Particulars	Amount in Taka			30 June , 2021	30 June , 2020
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Carriage outward & Discount	142,187	365,625	507,812	1,015,624	1,395,745
Total	142,187	365,625	507,812	1,015,624	1,395,745

24.00 Financial Expenses:

This amount comprises as follows :

Particulars	Amount in Taka			30 June , 2021	30 June , 2020
	Unit-1	Unit-2	Unit - 3	Taka	Taka
Interest on BDBL Term Loan	2,184,431	5,617,108	7,801,539	15,603,077	(12,785,212)
Interest on MTBL Term Loan	-	-	-	-	-
Interest on RBL Term Loan	4,116,828	10,586,128	14,702,956	29,405,911	27,759,019
Interest on CC Loan	-	-	-	-	510,083
Financial Expense - IFRS 16 Lease Obligation	13,299	34,197	47,496	94,992	136,690
Realized (gain) or Loss in foreign exchange	715,952	1,841,020	2,556,972	5,113,944	5,171,248
Un realized (gain) or Loss in foreign exchange	-	-	-	-	(1,478,939)
Bank charges & commission	23,518	60,474	83,992	167,983	175,845
Total	7,054,027	18,138,927	25,192,954	50,385,907	19,488,733

The Company availed working capital facility from MTBL and made huge transaction. Although money suit filed by bank, yet the company discussed with the bank management and settled liability as exit at Tk. 8.00 crore as full and final to pay within 31-12-2021 irrespective of whatever suit value.

25.00 Factory Overhead:

This amount comprises as follows :

Particulars	Amount in Taka			30 June, 2021	30 June , 2020
	Unit-1	Unit - 2	Unit - 3	Taka	Taka
Salary & allowance and wages (Note : 25.01)	1,354,858	3,483,920	4,838,778	9,677,556	66,327,068
Bonus	-	-	-	-	5,378,103
Carriage Inward	466	1,198	1,664	3,328	55,475
Electricity	3,219,464	8,278,623	11,498,087	22,996,174	91,413,788
Stores & Spares	363,396	934,447	1,297,843	2,595,685	2,595,685
Packing Materials	311,097	799,963	1,111,060	2,222,120	2,222,120
Insurance (Fire policy of Machinery, Building, Raw cotton Godown)	46,811	120,370	167,181	334,362	334,362
Oil & lubricant	110,128	283,186	393,314	786,627	786,627
Overtime expenses	31,177	80,171	111,348	222,696	227,576
Repair & Maintenance	24,385	62,703	87,088	174,175	375,014
Leave benefits & gratuity	2,800	7,200	10,000	20,000	263,865
Depreciation (Schedule-4/A)	6,078,676	15,630,881	21,709,557	43,419,114	31,932,470
Total	11,543,257	29,682,661	41,225,918	82,451,837	201,912,153

25.01 Salary , Allowances and Wages :

This amount comprises as follows :

Particulars	30 June , 2021		30 June , 2020	
	Employees	Amount in Taka	Employees	Amount in Taka
a) Up to Tk. 3,000 Per Month	1,025	8,314,105	1,387	56,982,383
b) Above Tk. 3,000 Per Month	185	1,363,451	235	9,344,685
Total	1,210	9,677,556	1,622	66,327,068

26.00 Non-Operating Income

This amount comprises as follows :

	30 June, 2021	30 June , 2020
Taka	Taka	Taka
Dividend Received from CDBL	1,427,955	1,427,955
Interest Income	6,636	8,767
Total	1,434,591	1,436,722

27.00 Provision for Income Tax

Particulars	30 June , 2021	30 June , 2020
Taka	Taka	Taka
Opening Balance	368,529	5,136,783
Add: during the year	654,231	3,785,520
Balance after addition	1,022,759	8,922,303
Less : Adjustment Previous year Advance Tax	-	5,136,783
Less : Adjustment During the year Advance Tax	(1,022,759)	3,416,991
Closing Balance	-	368,529

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

Net Income:

(352,841,341) (99,335,070)

Tax: 15% of Net Income [A]

- -

Minimum Tax as per Section 82/C: 0.6% of Revenue [B]:

654,231 3,785,520

Tax: Deducted at Source [C]

2,075,685 3,416,991

Tax Provision :

654,231 3,785,520

Ref: GKC/20-21/A/047



28.00 Earning Per Share (EPS):

Particulars	30 June, 2021 Taka	30 June, 2020 Taka
The computation of EPS is given below:		
(a) Earning attributable to the ordinary shareholders (Net Profit after income tax)	(353,333,158)	(98,563,119)
(b) Weighted average number of ordinary shares outstanding during the year	26,467,056	26,467,056
(c) Basic Earning Per Share	(13.35)	(3.72)

29.00 Net Assets Value Per Share (NAVPS)

Particulars	30 June, 2021 Taka	30 June, 2020 Taka
a) Net assets value	293,136,737	646,469,895
b) Number of ordinary shares outstanding during the year	26,467,056	26,467,056
Net Assets Value Per Share (NAVPS)	11.08	24.43

30.00 Net Operating Cash Flow Per Share (NOCFPS)

Particulars	30 June, 2021 Taka	30 June, 2020 Taka
A. Net Operating Cash Flow (Numerator)	208,088,731	(20,513,278)
B. No. of Shares Outstanding	26,467,056	26,467,056
Net Operating Cash Flow Per Shares (A/B)	7.86	(0.78)

31.00 Provision for WPPF & WWF

Particulars	30 June, 2021 Taka	30 June, 2020 Taka
Opening balance	1,980,815	1,780,815
Add: during the year	200,000	200,000
Less: Paid during the year	-	-
Closing balance(WPPF & WWF)	2,180,815	1,980,815

32.00 Reconciliation of cash flows from operating activities through Indirect method

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

Particulars	30 June, 2021 Taka	30 June, 2020 Taka
Net Income after Tax	(353,333,158)	(98,563,119)
Non-Cash Adjustments		
Less: Cash Rent Paid	-	(9,352,926)
Add: Depreciation	47,194,689	34,709,207
Add: ROU Asset Depreciation	506,259	506,259
Add: ROU Liability Interest	94,992	136,690
Add: Damage of Stock	150,050,085	110,940,120
Add: Increase in Interest Payable	37,225,788	15,483,890
Income Tax Paid	(2,362,040)	(3,416,991)
Income Tax Provision	654,231	3,785,520
Add: Loss on Sale of Waste Stock	148,745,632	17,328,850
Less: Def Tax Gain	(162,414)	(4,557,471)
	28,614,064	67,000,028
Working capital adjustments		
Change in Inventory (excluding Inv. Write off)	(129,597,343)	(14,569,534)
Change in Trade AR	305,103,399	(28,903,837)
Interest expenses	-	(10,379,383)
Change in Advance Deposit & Prepayment	(1,990,000)	9,635
Change in AP	5,758,611	(32,391,247)
Change in WPPF	200,000	200,000
Less: Unrealized gain on exchange rate fluctuation	-	(1,478,939)
Net cash flow from Operating activities	208,088,731	(20,513,277)
Net Operating cash flow per Share	7.86	(0.78)

33. **Credit Facility Not Availed**

There was no credit facility available to the company under any contract, but not availed as on 30 June 2021 other than trade credit available in the ordinary course of business.

34. **Segment Reporting**

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

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

During the year from 01.07.2020 to 30.06.2021 there were 4 (Four) Board Meetings were held. The attendance status of all the meetings is as follows:

Name of Directors	Position	Meeting Held	Attended	Remarks
Mr. A.K.M Azizur Rahman	Chairman	4	4	
Mr. Bazlur Rahman	Managing Director	4	3	
Mrs. Rosy Rahaman	Director	4	4	
Mrs. Nusrat Hafiz	Director (Independent)	4	3	
Mrs. Tahmina Akter	Director (Nominated by RBL)	4	-	
Mr. Iqbal Hossain Kha	Director (Nominated by RBL)	4	2	

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

36. **Disclosure as per requirement of Schedule XI, Part 11 of the Company Act 1994****A. Disclosure as per requirement of Schedule XI, Part 11, Note 5 of Para 3**

Employee Position for Sonargaon Textiles Limited (As at 30 June 2021)

Salary Office (Monthly)	Office & Staff		Worker	Total Employee
	Factory	Head Office		
Below Tk 3,000/-	-	21	1025	1046
Above Tk 3,000/-	185	85	-	270
Total	185	106	1025	1316

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

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

Period of payment to Directors is from 1st July 2020 to 30th June 2021.

Ref: GKC/20-21/A/047

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

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

Pensions, etc.

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

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

Details of production capacity utilization

Particulars	License Capacity	Installed Capacity in MTs	Actual Production from July 2020 to 30 June 2021	Capacity utilization from July 2020 to June 2021
Annual Production Capacity of Yarn in Lbs	Not Mentioned in the License	5,953	699	11.74%

Ref: GKC/20-21/A/047

D. Disclosure as per requirement of Schedule XI, Part 11, 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	-	160,229,595	160,229,595	135,212,756	84.37%
Spare Parts	-	1,056,000	1,056,000	1,403,734	132.93%
Packing Materials	-	1,277,387	1,277,387	3,277,387	256.57%
Capital Machinery	-	-	-	-	-
		162,562,982	162,562,982	139,893,877	86.06%

Value of Export

Particulars	In Foreign Currency (US \$)	In BDT
Export	6,58,045	55,604,803

- The value of imported raw materials is calculated on CRF basis.
- The Company has not incurred any expenditure in foreign currency for the period from July 2020 to 30th June 2021 on account of royalty, know-how, professional fee, consultancy fees and interest.
- Foreign exchange earning USD 6,58,045 equivalent of BDT 55,604,803 in respect of export has been calculated on FOB basis.
- The Company has not earned any foreign exchanges for royalty, know how, professional fees and consultancy fees
- The value of export is from the period from 1 July 2020 to 30 June 2021.

Ref: GKC/20-21/A/047



E. Disclosure as Per Requirement of Schedule XI, Part 11, Para 3

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



Ref: GKC/20-21/A/047

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:

	30.06.2021	30.06.2020
Advance, Deposit and Prepayments exceeding 6 months	Nil	Nil
Advance, Deposit and Prepayments not exceeding 6 months	5,192,821	1,863,540
Other Advance, Deposits & Prepayments less provision	Nil	Nil
Advance, Deposits and Prepayments considered Good and Secured	Nil	Nil
Advance, Deposits and Prepayments considered Good without Security	Nil	Nil
Advance, Deposits and Prepayments considered Doubtful or Bad	Nil	Nil
Advance, Deposits and Prepayments due by Directors	Nil	Nil
Advance, Deposits and Prepayments due by Other Officers (against Salary)	75,865	75,865
Advance, Deposits and Prepayments due from Companies under same management	Nil	Nil
Maximum Advance, Deposits & Prepayments due by Directors	Nil	Nil
Maximum Advance, Deposits & Prepayments due by Officers at any time	Nil	Nil

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

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

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

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.21	Balance as on 30.06.20
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	2,17,00,000	2,17,00,000
Mrs. Rosy Rahaman	Director	Short term Loan	47,75,000	47,75,000
Mr. Bazlur Rahman	Managing Director	Short term Loan	12,45,197	12,45,197
		Total	2,77,20,197	2,77,20,197

39. Details of Lease Agreement

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

Ref: GKC/20-21/A/047



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

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

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

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

Customers Name	Amount (BDT)
Tras Impex Co	296,000
Sajib & Brothers	266,938
Mujib Enterprise	267,900
Dolon Yarn Trading	135,331
RB Trade	6,550,500
Arian Spinning Co.	41,903,251
Regent Textiles Limited	4,013,750
Total	53,433,670

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

There is no such debt in this respect as on 30 June 2021.

ii. **Debt considered doubtful or bad**

The company does not make any provision for doubtful debts as on 30 June 2021 because of the fact that sales/export are being made on 100% confirmed L/C basis with fixed maturity dates.

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

There is no such debt in this respect as on 30 June 2021.

iv. **Debt due by Common Management**

There are no amount due form sister company under common management as on 30 June 2021.

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

There are no such debts in this respect as on 30 June 2021.

41. **Presentation currency**

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

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

The Board of Directors at the Board Meeting held on 31 October 2021, has recommended to the shareholders dividend @ nil per share. This will be considered for approval by the shareholders at the 35th Annual General Meeting (AGM) to be held on December 26, 2021.

43. **Internal Control**

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

Ref: GKC/20-21/A/047

- 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.

44. **Contingent liability**

There is no contingent liability of the Company for the year ended on 30 June 2021.

45. **Capital Expenditure Commitment**

There was no contingent liability as on 30.06.2021.

There was no credit facility available to the company under any contract, other than trade credit available in the ordinary courses of business and not availed as on 30.06.21.

46. **Payment of Foreign Currency**

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

47. **Foreign Exchange Earned**

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

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

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

49. **General Comments and Observations**

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

50. **Financial Risk Management**

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

- Credit risk
- Liquidity risk
- Market risk



Ref: GKC/20-21/A/047

50.01 Credit risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 30 June, 2021 substantial part of the receivables are those from its related company and subject to insignificant credit risk. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

50.02 Liquidity risk

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

50.03 Market Risk

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

(a) Currency Risk

The company is exposed to currency risk on certain revenues and purchases such as revenue from foreign customers and import of raw materials, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relate to procurement of raw materials, machineries and equipment from abroad. The 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.

Ref: GKC/20-21/A/047



SONARGAON TEXTILES LIMITED
Schedule of Property Plant and Equipment
As at 30th June, 2021

UNIT - 1

Schedule - 1
Amount in Taka

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2020	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2021	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2021	As on 30-06-2021	As on 30-06-2020
1	Land & Land Development	103,803,963	-	-	-	103,803,963	-	-	-	103,803,963	103,803,963
2	Building & Construction	64,478,714	-	-	5%	64,478,714	1,975,064	-	26,952,492	37,526,222	39,501,286
3	Plant & Machinery	240,978,096	-	-	7%	240,978,096	7,590,120	-	140,137,929	100,840,167	108,430,288
4	Furniture & Fixture	1,152,613	-	-	15%	1,152,613	4,080	-	1,129,491	23,122	27,203
5	Motor Vehicles	5,019,620	-	-	20%	5,019,620	139,048	-	4,463,429	556,191	695,238
6	Sundry Assets	6,218,436	-	-	20%	6,218,436	26,051	-	6,114,233	104,203	130,253
	Total	421,651,442	-	-		421,651,442	9,734,363	-	178,797,574	242,853,868	252,588,231

SONARGAON TEXTILES LIMITED
Schedule of Property Plant and Equipment
As at 30th June, 2021

UNIT - 2

Schedule - 2

SL. No.	PARTICULARS	COST			RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2020	Additions during the year	Disposal/ Adjustment during the year		As on 30-06-2021	Charged During the year	Disposal/ Adjustment during the year	As on 30-06-2021	As on 30-06-2021	As on 30-06-2020
1	Land & Land Development	29,806,774	-	-	-	29,806,774	-	-	-	29,806,774	29,806,774
2	Building & Construction	43,972,124	-	-	5%	43,972,124	1,337,524	-	18,559,177	25,412,947	26,750,471
3	Plant & Machinery	215,104,404	-	-	7%	215,104,404	6,548,810	-	128,098,781	87,005,623	93,554,433
4	Furniture & Fixture	5,377,188	-	-	15%	5,377,188	32,313	-	5,194,079	183,109	215,422
5	Motor Vehicles	12,813,366	-	-	20%	12,813,366	428,471	-	11,099,484	1,713,882	2,142,353
6	Sundry Assets	7,063,764	-	-	20%	7,063,764	33,887	-	6,928,215	135,549	169,436
	Total	314,137,620	-	-		314,137,620	8,381,005	-	169,879,736	144,257,884	152,638,889



SONARGAON TEXTILES LIMITED

Schedule of Property Plant and Equipment

As at 30th June, 2021

UNIT- 3

Schedule - 3

SL. No.	PARTICULARS	COST		RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2020	Additions during the year		As on 30-06-2021	Disposal/Adjustment during the year	Charged During the year	As on 30-06-2021	As on 30-06-2021	As on 30-06-2020
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	-	2,402,556	32,066,998	45,650,464	48,053,120
3	Plant & Machinery	384,562,189	213,071,827	7%	597,634,016	-	26,580,209	244,496,954	353,137,062	166,645,444
4	Furniture & Fixture	817,966	-	15%	817,966	-	12,269	748,442	69,524	81,794
5	Sundry Assets	7,149,229	-	20%	7,149,229	-	84,187	6,812,481	336,748	420,934
	Total	526,683,609	213,071,827		739,755,436		29,079,321	284,124,875	455,630,561	271,638,056

Consolidated Schedule of Property Plant and Equipment

As at 30th June, 2021

Schedule - 4

SL. No.	PARTICULARS	COST		RATE OF DEP.	DEPRECIATION				Written Down Value	
		As on 01-07-2020	Additions during the year		As on 30-06-2021	Disposal/Adjustment during the year	Charged During the year	As on 30-06-2021	As on 30-06-2021	As on 30-06-2020
1	Unit 1 (Sch-1)	421,651,442	-	-	421,651,442	-	9,734,363	178,797,574	242,853,868	252,588,231
2	Unit 2 (Sch-2)	314,137,620	-	-	314,137,620	-	8,381,005	169,879,736	144,257,884	152,638,889
3	Unit 3 (Sch-3)	526,683,609	213,071,827	-	739,755,436	-	29,079,321	284,124,873	455,630,563	271,638,056
	Grand Total	1,262,472,671	213,071,827		1,475,544,498		47,194,689	632,802,183	842,742,315	676,865,177

Apportionment of Depreciation :

Schedule-4/A

SL. No.	Unit/Division	30 June, 2021		
		Factory	Head Office	Total
1	Unit -1	8,955,614	778,749	9,734,363
2	Unit -2	7,710,525	670,480	8,381,005
3	Unit -3	26,752,975	2,326,346	29,079,321
		43,419,114	3,775,575	47,194,689

Schedule of Revaluation Reserve :

SL. No.	PARTICULARS	Revaluation Reserve		RATE OF DEP.	Adjustment			Carring Value as on 30.06.2021	Carring Value as on 30.06.2020
		Balance as on 01.07.2020	Revaluation surplus during the year		Balance as on 01-07-2020	During the year	Adjustment/T ransfer		
1	Land & Land Development	178,869,655	-	-	-	-	-	178,869,655	178,869,655
2	Building & Construction	100,525,034	-	5%	36,039,262	3,224,289	-	61,261,483	64,485,772
3	Plant & Machinery	328,425,585	-	7%	153,128,587	12,270,790	-	165,399,377	175,296,998
	Total	607,820,274	-		189,167,849	15,495,078	-	403,157,347	418,652,425



— RELATED PARTY DISCLOSER —

Related party is the party who has significant power on the company's management affairs and cast a significant on the company's management Following are the parties who have made transactions with the company and have a significant power to influence the company's affairs:

Related parties	Relationship	Nature of Transaction	Balance as on 30.06.2021	Balance as on 30.06.2020
Mr. A.K.M Azizur Rahman	Chairman	Short term Loan	2,17,00,000	2,17,00,000
Mrs. Rosy Rahaman	Director	Short term Loan	47,75,000	47,75,000
Mr. Bazlur Rahman	Managing Director	Short term Loan	12,45,197	12,45,197
		Total	2,77,20,197	2,77,20,197

Notes:

Notes:

SONARGAON TEXTILES LTD.

Khansons Centre (8th & 9th floor), 37, Kawran Bazar, Dhaka-1215.
35th Annual General Meeting

PROXY FORM

I/We _____

of _____

being a Member of Sonargaon Textiles Ltd. do hereby appoint

Mr./Ms: _____

of _____

as my/our proxy, to attend and vote on me/us on my/our behalf at the 35th Annual General Meeting of the company to be held on Sunday, 26 December 2021 and at any adjournment thereof.

As witness I put my hand this _____ day of _____ 2021

(Signature of proxy)

(Signature of Shareholder)

BO ID NO.																	
Folio NO.																	

No. of shares _____

Revenue
Stamp
Tk. 20.00

Important:

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

Signature Verified

Authorized Signature

SONARGAON TEXTILES LTD.

Khansons Centre (8th & 9th floor), 37, Kawran Bazar, Dhaka-1215.
35th Annual General Meeting

ATTENDANCE SLIP

I do hereby confirm my attendance at the 35th Annual General Meeting of the Company.

Name of the shareholder/proxy _____

BO ID No.																	
Folio No.																	

Date:

Signature

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



Corporate Office

SONARGAON TEXTILES LTD.

a member of khansons group

Khansons Centre (8th & 9th Floor), 37 Kawran bazar, Dhaka-1215
 Tel: +88-02-55012652, 55012656, Fax: +88-02-55012653
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