

# ANNUAL REPORT 2022-2023



**SONARGAON TEXTILES LTD.**  
*a member of khansons group*

# LETTER OF TRANSMITTAL

All Shareholders of Sonargaon Textiles Limited  
Bangladesh Securities and Exchange Commission,  
Dhaka Stock Exchange Limited,  
Chittagong Stock Exchange Limited,  
Registrar of Joint Stock Companies & Firms,  
All other Stakeholders.

Dear Sir (s),

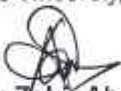
It is a pleasure to transmit the Annual Report for the year ended 30th June 2023 of **Sonargaon Textiles Limited** for all concerned.

The Annual Report 2022-23 includes statement from the Chairperson of the Board of Directors, statement of Managing Director, Directors' Report, Statement of Corporate Governance and Financial Statements with relevant notes.

I would like to convey my thanks and sincere gratitude to all concerned.

This is for your kind information and record please.

Yours Sincerely,

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

Dated: November 30, 2023  
Dhaka

- **N.B:** The Annual report 2022-23 is also available on the Company's website at [www.khansongroupbd.com](http://www.khansongroupbd.com)

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# OVERVIEW



## CORPORATE DIRECTORY

### Board of Directors

**A.K.M. Azizur Rahman**  
Chairman

**Bazlur Rahman**  
Managing Director

**Rosy Rahman**  
Director

**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director

**M Shafiqul Islam**  
Nominee Director, BDBL

**Abu Zakir Ahmed ACS**  
Company Secretary  
(Officer of the Board)

### Key Management Team

**Abrar Rahman Khan**  
Director, Operation

**Sarita Rahman**  
Director, Finance

**Md. Anwar Hossain**  
Executive Director

**Abu Zakir Ahmed ACS**  
Company Secretary & Head of Admin

**Mohammad Monirul Islam Khan**  
Chief Financial Officer (CFO)

**Arjun Paul**  
DGM, Marketing & Fund Management

**Ruhidas Karmakar, ITP**  
Head of Internal Audit & Compliance (HOIAC)

**Syada Rahana Parvin**  
Head of HR

**Md. Alamghir Kabir**  
DGM, Head of Production & Factory

# CORPORATE DIRECTORY

## Audit Committee

**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director

**Rosy Rahman**  
Director

**M Shafiqul Islam**  
Nominee Director, BDBL

**Abu Zakir Ahmed ACS**  
Company Secretary  
(Secretary to the Committee)

## Nomination & Remuneration Committee (NRC)

**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director

**Rosy Rahman**  
Director

**M Shafiqul Islam**  
Nominee Director, BDBL

**Abu Zakir Ahmed ACS**  
Company Secretary  
(Secretary to the Committee)



## Executive Committee

**Abrar Rahman Khan**  
Chairman

**Mohammad Monirul Islam Khan**  
Member

**Arjun Chandra Paul**  
Member

**Syada Rahana Parvin**  
Member

**Abu Zakir Ahmed ACS**  
Company Secretary  
(Secretary to the Committee)

### Statutory Auditors

**G. KIBRIA & CO.**  
CHARTERED ACCOUNTANTS

**Head Office:**  
Sadharan Bima Sadan (5th floor)  
24-25, Dilkusha Commercial Area,  
Dhaka-1000, Bangladesh  
Phone: +88 02 223388071, 223355324  
E-Mail: kibria03@hotmail.com  
gkibria@gkibriaandco.com  
Web: www.gkibriaandco.com

### Compliance Auditors

**M. MOHASHIN & CO.**  
CHARTERED SECRETARIES

56, Mouchak Road, Narayanganj, Dhaka.  
Mobile: 01815583682, 01700871806  
E-Mail: mmohashinn@gmail.com

# CORPORATE DIRECTORY

|                                     |                                                                                                                |                                                                          |                   |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------|
| <b>Legal Advisor</b>                | <b>Barrister Saira Yasin</b>                                                                                   | <b>Mr. Zainal Abedin</b><br>Advocate, Supreme Court of Bangladesh, Dhaka |                   |
| <b>Bankers</b>                      | Dutch Bangla Bank Ltd.<br>National Bank Ltd.<br>Social Islami Bank Ltd.                                        | Trust Bank Ltd.<br>Rupali Bank Ltd.<br>Basic Bank Ltd.                   |                   |
| <b>Insurance</b>                    | Central Insurance Co. Limited<br>Golden Life Insurance Limited<br>Continental Insurance Limited                |                                                                          |                   |
| <b>Registered Office</b>            | <b>Rupatali, Barisal</b>                                                                                       |                                                                          |                   |
| <b>Corporate Head Office</b>        | Khansons Centre (8th & 9th Floor)<br>37, Kawran Bazar Commercial Area<br>Dhaka-1215, Bangladesh                |                                                                          |                   |
| <b>Telephone (corporate office)</b> | +88-02-55012652 (PABX)<br>+88-02-55012656 (PABX)<br>+88-02-55012653 (FAX)                                      |                                                                          |                   |
| <b>Website</b>                      | <b>www.khansongroupbd.com</b>                                                                                  |                                                                          |                   |
| <b>E-mail</b>                       | <b>info@khansongroupbd.com</b>                                                                                 |                                                                          |                   |
| <b>Legal Status</b>                 | A Public Limited Company incorporated in Bangladesh under the Companies Act, 1913(now the Companies Act, 1994) |                                                                          |                   |
| <b>Authorized Capital</b>           | <b>Tk. 5,000,00,000.00</b>                                                                                     |                                                                          |                   |
| <b>Paid up Capital</b>              | <b>Tk. 264,670,560.00</b>                                                                                      | <b>Face Value</b>                                                        | <b>Tk. 10.00</b>  |
| <b>Subsidiary Company</b>           | Not Applicable                                                                                                 | <b>Number of Shares</b>                                                  | <b>26,467,056</b> |
| <b>Listing</b>                      | Dhaka Stock Exchange Ltd.<br>Chittagong Stock Exchange Ltd                                                     |                                                                          |                   |

## FACTORY INFORMATION

|                            |                                 |               |  |
|----------------------------|---------------------------------|---------------|--|
| <b>Factory Location</b>    | <b>Rupatali, Barisal</b>        |               |  |
| <b>Telephone</b>           | +0431 71296<br>+0431 71219(Fax) |               |  |
| <b>Area of Land</b>        | 10.25 Acre                      |               |  |
| <b>Nature of Product</b>   | 100% Cotton Yarn                |               |  |
| <b>Nature of Business</b>  | Manufacturers of Yarn           |               |  |
| <b>Installed Machinery</b> | Spindles<br>Rotors              | 71,136<br>672 |  |
| <b>Running Machinery</b>   | Spindles<br>Rotors              | 34,368<br>672 |  |
| <b>Manpower</b>            | Head office<br>Factory          | 98<br>1,127   |  |

## Executive Summary: 36 years “Fight-back” at Non Gas Industrial Zone & future after opening Padma Bridge:



**“ We are hopeful on the government’s initiative after opening Padma Bridge. If the gases transmit and supply over the bridge in Barisal; total industrial scenario of Southern Bengal will be changed overnight. ”**

The company was incorporated on 1st Day of December of 1985 and became listed with Stock Exchanges in the year of 1995. Since then, the company has being operated with appropriate guiding principles by its Board of Directors with excellent market reputation. Looking back its 36 year’s listing journey, STL has 16 years excellent records of paying cash dividend including 4 years stock dividend. The flagship company “Sonargaon Textile” has being operated with positive brand image of the Board of Directors and the guiding ethics of the chairperson. The factory set up of Sonargaon Textiles Limited (STL) is located in Barisal (non-gas area) for the greater interest of the people of Southern Bengal. This domestic set up of the industry became the major risk for the operation and profitability in the business. The Chairperson along with other Board members and management team communicated with the different regularity authorities seeking the solution of existing power problems but unfortunately could not set up own power plant even after 36 years long journey. Still, the production depends on only in the power of electricity whereas the ‘Gas’ supply could save the production expense massively. The nature of industrial locality is major barrier for large industry in ‘Barisal’

For a long time, many bureaucratic formal communications were conducted even addressing the Prime Minister’s office highlighting the probable solutions of power sector in Barisal. Furthermore, many other official correspondences were conducted with the Chambers of Commerce, BTMA, the Ministry of Power and Energy, the Ministry of Industry, Jessore Cantonment, Power Development Board (PDB), Managing Director of WZPDCL, Energy and Regularity Commission. The Management tried to bring ‘the power problem’ in to the attention of the high official and national leaders meeting press with the national daily newspapers for almost two decades. Currently, per unit production cost by electricity is BDT 8.9 whereas it would be BDT 4.1 per unit production by Gas Generator. From the listing year, the company paid BDT 2,461,410,713 (approx) against the electricity bill which could reflect in the gross profit for 27 years. As a result, BDT 7,296,000 could be saved per month (approx). This saving could reflect the operative result with profitability.

we still believe that the Government and the local government will look into the issue for setting Gas line or setting 12-15 MW captive power plant at Bhola to save the fastest growing industrial sector in Barisal.



**Khansons Group**

SENA KALYAN BHABAN (19TH FLOOR)  
195, MOTUHEEL C/A, DHAKA, BANGLADESH  
TEL : 9552337, 9552338, 9551100, 9558239  
FAX : 880-2-9564883  
E-mail : khansons@bdmail.net



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E-mail : khansons@bdmail.net

April 02, 2012  
F: KG/HO/237

President  
ederation of Bangladesh  
ce & Industry (FBCCI)  
heel C/A

The Hon'ble Prime Minister  
Govt. of the Peoples Republic of Bangladesh  
Prime Minister's Office  
Tejgaon  
Dhaka, Bangladesh.

1<sup>st</sup> April 2009

Subject: Appeal for your generous look towards renewable  
including the serious impact of P-  
financial constraint

Dear Sir

Jusik State Minister  
of Power & Energy  
le's Republic of Bangladesh  
ariat



**Khansons Group**  
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9551100, 9558239  
FAX : 880-2-9564883  
E-mail : khansons@khansongroup.com  
web : www.khansongroup.com

oped memorandum seeking  
sing our long suffer

**জাতির জনগণ**  
দাফা - বুধবার, ২০ জানুয়ারি ২০১২

ভোলায় গ্যাসভিত্তিক বিদ্যুৎকেন্দ্র করতে চায় খানসন  
প্রকল্প : সরকারি অনুমোদন ও গ্যাস সুবিধা দাবি

12-15 MW Captive power plant at Bhola



**Khansons Group**  
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195, MOTUHEEL C/A, DHAKA, BANGLADESH  
TEL : 9552337, 9552338, 9551100, 9558239  
FAX : 880-2-9564883  
E-mail : khansons@khansongroup.com



কমপক্ষে প্রতিবেশক : ভোলায় ১০ থেকে ১২  
মেগাওয়াট ক্ষমতাসম্পন্ন গ্যাসভিত্তিক বিদ্যুৎকেন্দ্র  
স্থাপনের সুযোগ চেয়েছে দেশের বিখ্যাত শিল্প  
প্রতিষ্ঠান খানসন গ্রুপ। দক্ষিণাঞ্চলীয় ভোগা  
বাঁচানো তামের বিভিন্ন শিল্প প্রতিষ্ঠানগুলো  
কর্মসম্পাদন এবং এ রাজ্যের বেশি ক্ষেত্রে  
এই বিদ্যুৎকেন্দ্রটি নির্মাণ করা খুবই জরুরি বলে  
তারা জানান। শিল্প হ্রাসটির কর্ণধার ও চেহারা  
এ কে এম আজিজুর রহমান খান সাহস (মৃত)  
সঙ্গে গতকাল মঙ্গলবার তার মতিঝিলে  
এক মতবিনিময় অনুষ্ঠানে  
বিদ্যুৎকেন্দ্রটি স্থাপনের সুযোগ  
প্রদেয় তারা তা দাবি  
করবেন। এক্ষেত্রে  
প্রকল্প অনুমোদন  
হলে গ্যাস

resources  
adesh

১/২/০৮

availability of power in our industries th  
establishment of 34.5 MW power plant on rental

availability of competitive power for our Textile  
Khansons Textiles Ltd.

opportunity to express our interest to setup 15 MW captive commercial gas based  
Bangladesh Energy Regulatory Commission  
Govt. of the People's Republic of Bangladesh  
TCB Building (3<sup>rd</sup> Floor)  
1, Karwanbazar  
Dhaka-1215.

**ইনকিলাব**  
THE DAILY INQILAB

ঢাকা সোমবার, ২৮ অক্টোবর ১৯৯৮, ১২ ডিসেম্বর ২০১১

বিপদে যুক্তরাষ্ট্র  
বিভিন্ন দিকের জাতির  
ঘটনাক্রমে পৌঁছেছে  
ইউরোপীয় ইউনিয়ন  
-আন্তর্জাতিক শৃঙ্খলা



দক্ষিণ-পশ্চিমাঞ্চলে ২১টি জেলায় বন্ধ  
হয়ে যাচ্ছে টেস্টাইল ও স্পিনিং মিল

...self, we like to ing...  
...ised as an industrial base...  
...total of about...  
...about 72000



# SONARGAON TEXTILES LTD.

*a member of khansons group*

**Reg. office & Factory:**  
Rupatali, Barisal.

**Corporate office:**  
Khansons Center (8th & 9th floor)  
37, Kawran Bazar C/A, Dhaka-1215  
E-mail: [sharedept@khansongroupbd.com](mailto:sharedept@khansongroupbd.com)  
Website: [www.khansongroupbd.com](http://www.khansongroupbd.com)

## NOTICE OF 37<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting (AGM) of the Shareholders of Sonargaon Textiles Ltd. will be held on Wednesday, 27 December 2023 at 11:30am. 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:

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2023 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 2023-2024 and to fix their remuneration.
05. To approve No dividend declaration for the year ended 30 June, 2023.
06. To transact any other business with permission of the Chair.

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

Dated: 30 November 2023  
Dhaka

By order of the Board

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

### Notes:

- i. The 'Record Date' of the Company shall be on Monday, 27 November, 2023. The shareholders whose name will appear in the Share Register of the Company as on the 'Record Date' on Monday, 27 November, 2023 shall be entitled to attend the AGM.
- ii. The Board recommended no dividend for the year ended 30 June 2023.
- 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](http://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](http://www.khansongroupbd.com).
- vi. We encourage the members to log into the system prior to the meeting start time of 11.30 a.m. 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/2006-153/208/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 2022-2023 will also be available on the Company's website at [www.khansongroupbd.com](http://www.khansongroupbd.com).

## SNAPS OF 36<sup>th</sup> ANNUAL GENERAL MEETING

36<sup>th</sup> Annual General Meeting (AGM) was held on  
26 December, 2022 at 11:00 A.M. Digitally



# SNAPS

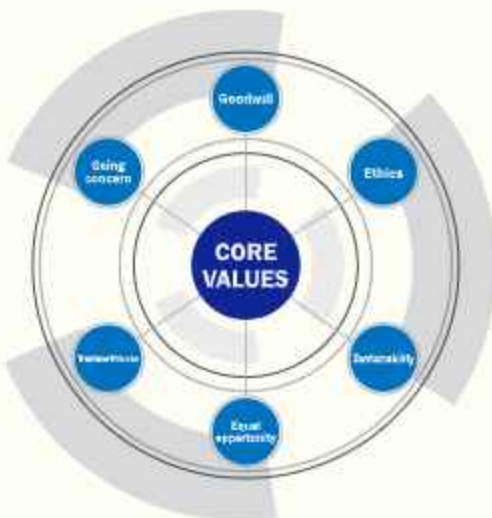
36<sup>th</sup> ANNUAL GENERAL MEETING



“We will establish KHANSONS as trusted Brand both in national and international markets satisfying our customers’ demand delivering the best export quality products and services.”



“Khansons Group is committed to perfection in product quality ensuring Total Quality Management (TQM), highlighting our flagship technology, focusing on cost effectiveness through competent and trained workforce for achieving customer’s satisfaction confirming user-friendly safety environment to conquer ‘Market Leading Position with an objective of single team with single goal.’”



- Establishing Brand image with Goodwill
- Integrity in business ethics
- Focusing on Customers for sustainability
- Providing equal opportunity
- Trustworthiness to all the stakeholder
- Growing with outlook as a going concern

## I O N



ক্রেতার প্রত্যাশিত চাহিদাকে সন্তুষ্ট করে রপ্তানি মানের গুণগত পণ্য ও সেবা প্রদানের মাধ্যমে জাতীয় ও আন্তর্জাতিক বাজারে খানসঙ্গকে একটি আস্থাভাজন ব্র্যান্ড হিসেবে প্রতিষ্ঠিত করা।

## S I O N

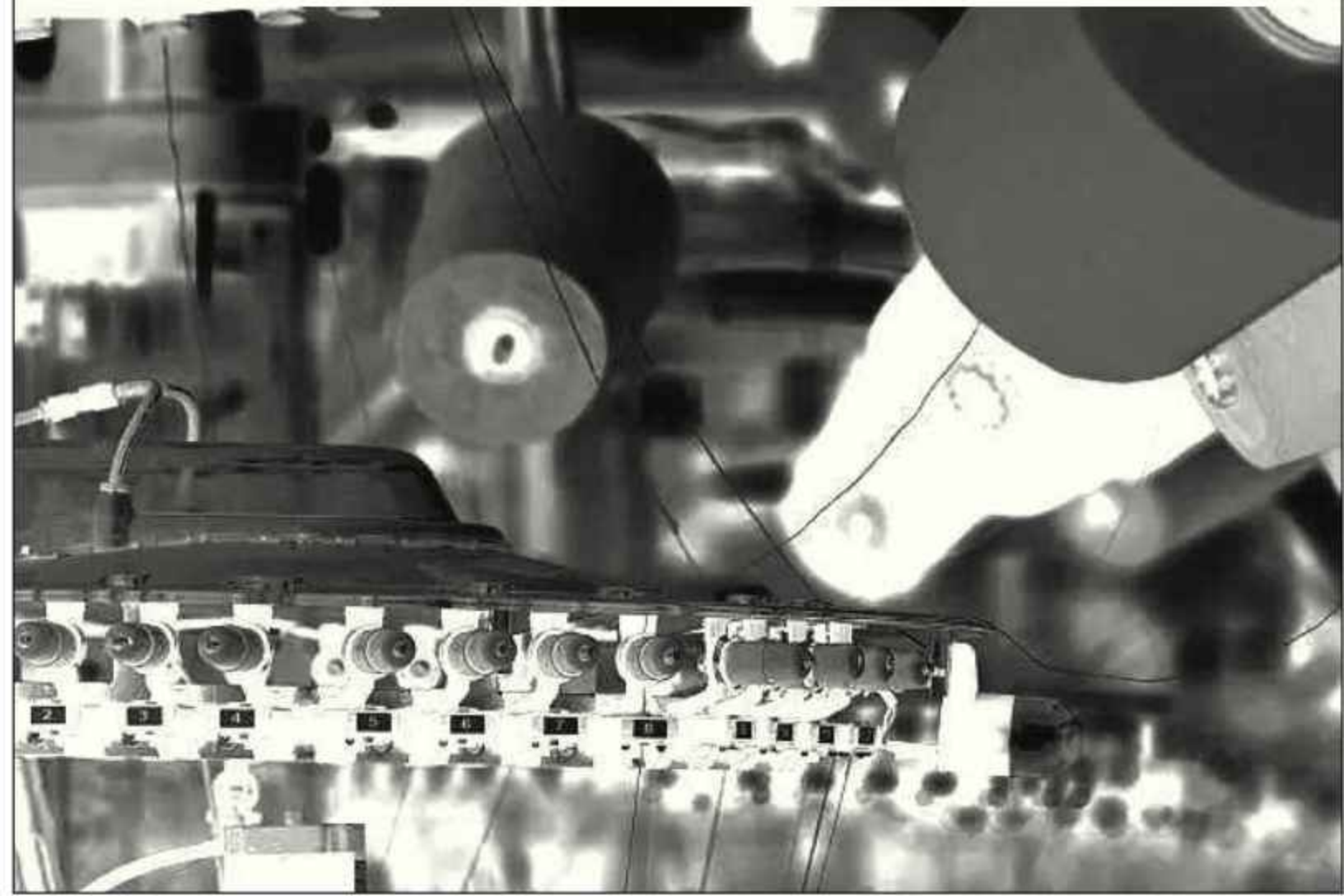
সামগ্রিক কোয়ালিটি ব্যবস্থাপনার মাধ্যমে পণ্যের গুণগত উৎকর্ষতার জন্য ক্রেতার সন্তুষ্টি অর্জনের লক্ষ্যে ব্যবহারকারী বান্ধব ও নিরাপদ পরিবেশ নিশ্চিত করে আমাদের অগ্রবর্তী প্রযুক্তি ও খরচ কার্যকারিতাকে প্রাধান্য দিয়ে যোগ্য ও প্রশিক্ষিত কর্মীর মাধ্যমে শিল্প বাজারে 'নেতৃত্বদানকারী' অবস্থান দখলের জন্য "এক দল এক উদ্দেশ্যে" কাজ করা।

## A L U E S

- সুনামের সাথে 'ব্র্যান্ড ভাবমূর্তি' প্রতিষ্ঠিত করা
- ব্যবসায়িক নৈতিকতায় সাধুতা
- ক্রেতা বহুমানতায় গুরুত্ব দেয়া
- সম-সুযোগ প্রদান
- সকল ষ্টেক হোল্ডারদের প্রতি বিশ্বাসযোগ্যতা
- অনন্তকাল ধরে চলতে থাকার দৃষ্টি নিয়ে বেড়ে উঠা

# OUR **STRATEGIC** OBJECTIVES

- We test our every single count ingredient as well as our finished products through our most advanced raw material from our Blower Machine to Auto cone Machine.
- We control our quality by plant wise individual line/production QC.
- We try to meet respective clause of all Industrial Acts of Bangladesh.
- We try to follow guidelines of world health organization (WHO).
- We are aligned and cooperative and supportive with BTMA.
- We maintain Total Quality Management System (TQM).



## FINANCIAL HIGHLIGHTS

| OPERATIONAL RESULTS                      | 2022-2023         | 2021-2022         | 2020-2021          | 2019-2020           | 2018-2019          |
|------------------------------------------|-------------------|-------------------|--------------------|---------------------|--------------------|
| Turnover                                 | 284,168,891       | 454,935,378       | 109,038,473        | 630,919,942         | 856,130,508        |
| Gross profit                             | 17,494,430        | 70,287,517        | 16,795,877         | 71,635,477          | 154,393,931        |
| Net Profit before tax                    | (6,198,432)       | 10,514,078        | (352,841,341)      | (99,335,070)        | 29,835,487         |
| Net Profit/(Loss) after Tax              | (6,208,625)       | 8,832,422         | (353,333,158)      | (98,563,119)        | 29,497,229         |
| <b>Net Cash Generated from operating</b> | <b>80,215,961</b> | <b>72,816</b>     | <b>208,088,731</b> | <b>(20,513,278)</b> | <b>14,668,783</b>  |
| FINANCIAL POSITION                       | 2022-2023         | 2021-2022         | 2020-2021          | 2019-2020           | 2018-2019          |
| Paid up Capital                          | 264,670,560       | 264,670,560       | 264,670,560        | 264,670,560         | 264,670,560        |
| Shareholders' Equity                     | 503,990,832       | 301,969,159       | 293,136,736        | 646,469,895         | 752,973,131        |
| Total Assets                             | 1,278,380,075     | 1,391,759,686     | 1,343,343,547      | 1,658,105,948       | 1,792,618,262      |
| Non-Current Assets                       | 758,979,269       | 798,833,354       | 843,248,573        | 677,877,695         | 711,574,383        |
| Inventory                                | 509,541,567       | 518,313,471       | 439,133,966        | 608,332,340         | 704,702,926        |
| Current Assets                           | 519,400,805       | 592,926,333       | 500,094,974        | 980,228,253         | 1,081,043,879      |
| Non-Current Liabilities                  | 746,072,271       | 1,065,308,826     | 1,030,192,545      | 993,034,178         | 621,253,597        |
| <b>Current Liabilities</b>               | <b>28,316,970</b> | <b>24,481,701</b> | <b>20,014,266</b>  | <b>18,601,875</b>   | <b>418,391,534</b> |
| KEY FINANCIAL RATIO                      | 2022-2023         | 2021-2022         | 2020-2021          | 2019-2020           | 2018-2019          |
| Ordinary Shares Outstanding              | 26,467,056        | 26,467,056        | 26,467,056         | 26,467,056          | 26,467,056         |
| Current Ratio                            | 18.34             | 24.22             | 24.99              | 52.70               | 2.58               |
| Quick Ratio                              | 34.82             | 3.05              | 3.05               | 19.99               | 0.90               |
| Gross Profit Margin (In %)               | 6.16%             | 15.45%            | 15.40%             | 11.35%              | 18%                |
| Net Profit Margin (In %)                 | (2.18)            | 1.94%             | -333%              | -15.62%             | 2.86%              |
| Face Value Per Share                     | 10                | 10                | 10                 | 10                  | 10                 |
| Earnings Per Share (EPS)                 | (0.23)            | 0.33              | -13.35             | -3.72               | 0.93               |
| Net operating Cash Flow Per Share        | 3.03              | 0.003             | 7.86               | -0.78               | 0.55               |
| Net Assets Value Per Share               | 19.04             | 11.41             | 11.08              | 24.43               | 28.45              |
| <b>Number of Employees</b>               | <b>1,225</b>      | <b>1,281</b>      | <b>1,316</b>       | <b>1,738</b>        | <b>1,829</b>       |



**“We are hopeful that power crisis will be resolved very soon by different government initiatives as a result large industry will overcome EBD and get back its full volume approach. We are hopeful and respect our honorable shareholders for keeping patience with our brand name.”**

## Message from the Desk of CHAIRMAN

Dear Valued Shareholders,

"Assalamualaikum"

I am gratified to have the amenities to welcome you all on behalf of the Board of Directors on this occasion of the 37th Annual General Meeting of your Company and to place herewith the Audited Financial Report for the year 2022-2023 and Directors Report thereon.

As we all know textile Industry is the most influential economic sector of Bangladesh. Because of labor intensiveness, technological improvements, resourceful workforce, and tremendous success, this sector going upper day by day which is playing a major role in converting the country to middle income from lower-middle one.

However, the textile industry of Bangladesh is currently under stress and facing the consequences of global recession and high inflation, high utility costs, and volatile foreign currency exchange rate apart from post-COVID-19 supply chain disruptions, and a decline in global demand. The global impact of the Russia-Ukraine war is also being felt in Bangladesh. Besides that, the recent unrest in the Middle East is adversely affecting economic growth in Bangladesh due to the disruption of the global supply chains.

As you know due to the lack of gas in Barishal, our factory is powered by electricity from its born. Therefore, despite our sincere efforts we could not earn a net profit because we have to pay more than two times the amount of electricity bills compared to the same nature and ranges of factories which are powered by gas.

At the same time, cotton prices are high and yarn prices are falling. The rate of electricity has increased three times during the year. The level of production efficiency was also affected for old aged machineries. High cost of fuel incurred during the electricity breakdown period which has incurred expenses.

However, we are confident that the adverse situation will not last long and we will overcome it for the betterment of the company and its shareholders in the coming days.

The Board members of Sonargaon Textiles Limited are highly cooperative, motivated, and efficient enough to cope with the prevailing risk and uncertainty by leading the company to a great extent.

### Acknowledgment

Lastly, I would like to thank all of our Shareholders, Business friends, well-wishers, and other Stakeholders for believing in us and staying with us. I would like to express my special thanks to the members of the Company's Board; management team; members of all levels of staff, officers, and factory workers for their untiring efforts for the company's growth.

With best wishes and for a better tomorrow.

  
**A.K.M. Azizur Rahman**  
Chairman



**“We are setting some strategic plans for the growth in sales volume for the next financial year. To do that, we will strive for re-structuring our plant and machineries, reshuffling our resources addressing the probable and upcoming financial risks.”**

## Performance Review by our MANAGING DIRECTOR

Dear Valued Shareholders,

"Assalamualaikum"

On behalf of the Board and on my behalf I welcome you all to the 37<sup>th</sup> Annual General Meeting of Sonargaon Textiles Limited. STL aims at delivering results that will ensure sustainable growth for the business and at the same time will deliver long term value to the shareholders and other stakeholders. As the industry leader, Sonargaon Textiles Limited looks towards continuous improvement of standards of corporate governance by incorporating global best practices.

### Reviewing The Financial Performance

As you know due to lack of gas in Barisal, our factory is powered by electricity. Therefore, despite our sincere efforts we could not earn net profit because we have to pay more than two times the amount of electricity bills compared to the same nature and ranges of factories which is powered by gas. At the same time cotton prices are high and yarn prices are falling. The working results of the Company from July 01, 2022 to June 30, 2023 are as follows:

| Particulars                                | Year ended as on<br>June 30, 2023 | Year ended as on<br>June 30, 2022 |
|--------------------------------------------|-----------------------------------|-----------------------------------|
| Revenue                                    | 284,168,891                       | 454,935,378                       |
| Net Profit after tax                       | (6,208,625)                       | 8,832,422                         |
| Earnings Per share (EPS)                   | (0.23)                            | 0.33                              |
| Net Operating Cash Flow Per Share (NOCFPS) | 3.03                              | 0.003                             |
| Net Asset Value Per Share (NAVPS)          | 19.04                             | 11.41                             |

### Sustainability

STL always concern and believe on the sustainable development of the Company. Upon the prudent guidance of the Board of Directors, the Management of the Company continuously carries out research and development (R&D) to keep pace with the global export oriented standard.

### Succession Planning & Strategic Plan

Succession planning is a strategy for identifying and developing future leaders at the Company at all levels. Succession plans are used to address the inevitable changes that occur when employees move on to new Opportunities, retire, fired, get sick, or die. They make sure the business is prepared for all contingencies by identifying and training high-potential workers for advancement into key roles. STL has succession planning Human Resource forecasting considering our Industry Nature. "We are setting some strategic plans for the growth in sales volume for the next financial year. To do that, we will strive for re-structuring our plant and machineries, reshuffling our resources addressing the probable and upcoming financial risks."

### Acknowledgment

I would like to take the opportunity to express my sincere gratitude and heartfelt thanks for your trust, faith, confidence, continued support and co-operation throughout the year. I am also grateful to our valued customers, honorable shareholders, clients, well-wishers and the regulators, especially Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms and Central Depository of Bangladesh Limited and other regulatory authorities and institutions for their prudent guidance and support. Once again I welcome you to the 37<sup>th</sup> Annual General Meeting of Sonargaon Textiles Limited and offer my heartiest compliments to all of you.

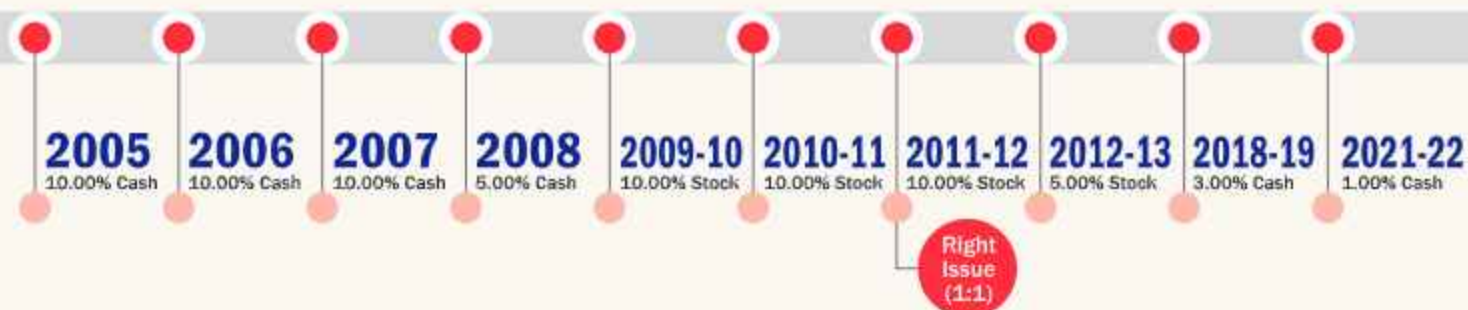
  
**Bazlur Rahman**  
Managing Director



# OUR JOURNEY



# OUR JOURNEY



# A W A R D S



The Chairperson A.K.M. Azizur Rahman was awarded "GOLD MEDAL in 1993-94 for extensive Industrialization Program in South Bengal for establishment of large spinning industry like Sonargaon Textiles Limited in Barisal.



The Chairperson A.K.M. Azizur Rahman was awarded with the C.R. DAS GOLD MEDAL in 1995-96 as a distinguished industrialist of the country for the contribution in the economic development of the nation setting a large scale employment opportunity by his excellent leadership capacity.

# RECOGNITION

## BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2022/094

**BAPLC**

Date of issue : February 2, 2022

### 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 31<sup>st</sup> December 2022.*



  
Secretary General



# LEADERSHIP TEAM



## BOARD OF DIRECTORS AT A GLANCE



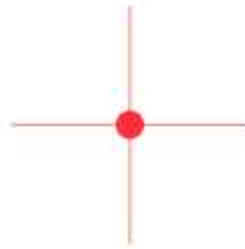
**A.K.M. Azizur Rahman**  
Chairman



**Bazlur Rahman**  
Managing Director



**Rosy Rahman**  
Director



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



**M Shafiqul Islam**  
Nominee Director, BDBL



**Abu Zakir Ahmed ACS**  
Company Secretary  
(Officer of the Board)

## PROFILE OF DIRECTORS



**A.K.M. Azizur Rahman**  
Chairman

A.K.M. Azizur Rahman is M.A. in Sociology from Dhaka University who started his business career in 1974. He has more than 45 years of decorated business experience, renowned as one of the pioneers of country building leaders since the liberation war in 1971. He is the epitome of the flagship brand image of "Khansons Group" a large conglomerate in Bangladesh. Mr. Rahman was awarded as one of Commercially Important Person (CIP) in 1989 and 1999 for his success stories around the country. Besides automobiles, insurance, properties, international trading and all other businesses, Mr. Rahman established Sonargaon Textiles and Khansons Textiles Limited at Barisal for the development and greater interest of Southern Bengal. As a result he was awarded "GOLD MEDAL in 1993-94 for extensive Industrialization program in South Bengal. Moreover, as a part of recognition, Mr. Rahman was awarded with the C.R. DAS GOLD MEDAL in 1995-96 as a distinguished industrialist of the Country. He contributed in the economic development of the nation setting a large scale employment opportunity by his excellent leadership capacity. Mr. Rahman was elected as the Vice President of Bangladesh Association of Publicly Listed Company for the period 2010-2011. He was Director of Bangladesh Textiles Mills Association (BTMA). He was the member of Standing Committee of Dhaka Chambers of Commerce and Industry (DCCI) until 2014. Mr Rahman also played the role of EC member of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in the year 1999. Presently he is Executive Member of Bangladesh Insurance Association (BIA). A.K.M. Azizur Rahman is involved with philanthropic and social activities who founded Al-Haj B.N. Khan Degree College and Anwara Begum Girls School both situated at Wazirpur in Barisal. He is actively associated with benevolent social works, extending regular support to poor, good students of his founded school and college as well as funding various Masjid and Orphanage.



**Bazlur Rahman**  
Managing Director

Bazlur Rahman is M.A. in Political Science from Dhaka University. He has 40 years vast and practical experience in corporate sector especially in textiles industry in Bangladesh. He has performed as the Managing Director for setting up textile plants and machineries and controlled production unit of Sonargaon Textiles Limited. He is involved setting strategic plans and organizational objectives. Being a versatile business personality with more than 3 decades of experience, he has successfully operated the following business enterprises namely, Khansons Textiles Limited, Khansons Jutex Limited, Khansons Corporation Limited and many other industries under the flag ship of "Khansons" group umbrella concept. Mr. Rahman performed the role in directorial capacity of Bangladesh Textile Mills Association (BTMA). He was the former Director of Bangladesh Jute Manufacturing Association (BJMA) and former Director of Bangladesh Jute Spinners Association (BJSA). He successfully played the role of Executive Member (EC) of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI). Mr. Rahman was former Finance Director of Abhwani Football Club Ltd. He was also former Director of Bangladesh Jute and Textile Industry. He is the General Secretary of Barisal Divisional Somitee, Uttara Thana Branch. He has attended many international business seminars and conferences. Besides long professional and corporate journey, he is philanthropic and social worker. He is Member of Gulshan North Club, Army Golf Club, Banani Club, Barisal club and Capital Recreation Club Ltd.

# PROFILE OF DIRECTORS



**Rosy Rahman**  
Director

Rosy Rahman is a sponsor Director of the Board of Sonargaon Textiles Limited. She is a business graduate who has 30 years business experience in different industrial categories. She worked for setting different industries as the Sponsor Director naming Khansons Textiles Limited, Khansons Automobiles Limited, Khansons Corporation Limited, Central Insurance Company Limited and many other companies. She widely traveled and attended all over the world for participating business conferences and seminars. Mrs. Rosy usually oversee the investment related decision and stakeholder's interest. She is pious and a great social worker. Besides her corporate involvement, she envisioned many institutional establishments like College, School, Madrsha and so on.



**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director

Brigadier General Mohammed Abdul Halim, psc, G (Retd) is a well-known retired military officer, graduated from Bangladesh Military Academy in 1981. He also graduated himself from Defence Service Command and Staff College, Dhaka and Artillery Center and School, Chittagong and achieved the symbol psc and G. Besides, he has two Master degree MDS and MSC from National University of Bangladesh and MBA from Royal Roads University, Canada. General Halim had his 34 years of cheered military service, where he had thorough experience of command, staff and instruction. He has the vast knowledge of Administration, Logistic, Budgeting, Human resource management, training and security management at different type of command. He had a detail exposé at Media handling, conducting Seminar, negotiation and Protocol management at home and abroad. After retirement from military service he had a very good exposé in civil business sector. He was Executive Director at SA Group, Chittagong, a renowned consumer good producing group, Consultant at United Nation World Food Program, CEO of Sena Paribar Kallayan Samity, Deputy Managing Director and Director of Fashion Globe Group, a RMG group, Adviser of Coders Trust Bangladesh Limited, an IT freelancing Training Institution and Independent Director at Continental Insurance Limited, Dhaka, Bangladesh. He visited number of foreign countries for international seminar, training and UN Peace keeping missions. Besides, he is an active member of Golf in Kurmitola, Dhaka Army, Chittagong and Comilla Golf Club.

# PROFILE OF DIRECTORS



**M Shafiqul Islam**

Nominee Director, BDBL

Mr. M Shafiqul Islam is a nominee Director from 16th April 2023 on behalf of Bangladesh Development Bank Ltd (BDBL). He is a General Manager and Chief Financial Officer (CFO) of BDBL. He has long experience in Banking and Industrial Operation in BDBL. Under his capacity he contributed in Investment Decision, Operational Decision and Financing Decision in STL as a Director.

## KEY MANAGEMENT TEAM AT A GLANCE



**Abrar Rahman Khan**  
Director, Operation



**Sarita Rahman**  
Director, Finance



**Md. Anwar Hossain**  
Executive Director



**Abu Zakir Ahmed ACS**  
Company Secretary & Head of Admin



**M Monirul Islam Khan**  
Chief Financial Officer



**Arjun Paul**  
DGM, Marketing & Fund Management



**Ruhidas Karmakar, ITP**  
Head of Internal Audit & Compliance



**Syada Rahana Parvin**  
Head of HR



**Md. Alamghir Kabir**  
DGM, Head of Production & Factory

## PROFILE OF KEY MANAGEMENT TEAM



**Abrar Rahman Khan**  
Director, Operation

Abrar Rahman Khan is an MBA in General Management with first class from Brunel University of London. He joined and served as Relationship Manager in HSBC (Hong Kong Shanghai Bank Corporation) Bank in Dhaka in 2006. Mr. Khan joined as the Director, Foreign Trade in Khansons Group in 2008 and furnished various strategies for planning and development of the textiles business. Since then, he has been directly involved in activities of governing Khansons Group specially Khansons Textiles Limited and Sonargaon Textiles Limited by providing calculations, analysis of yarn manufacturing, controlling production quality and following up with feedback to different queries from international buyers in line with their orders. Furthermore, he has been controlling the textile projects controlling supply chain demand, marketing, procurement, inventory and daily production process as the project CEO. Besides all of that multidimensional role play, Mr. Khan had experience working as Project Team Leader in Eshna Consulting Team Limited in 2009. He is working as the Public Director in Continental Insurance Limited since 2010 as the safe guard of the public interest. He is an active member of Dhaka chambers of commerce and industry (DCCI) since 2014. He performed diversified responsibilities with leadership approach and successfully led the team of "Texbangla Textile Fair" organized by Bangladesh Textiles Mills Association (BTMA) and won an award for Khansons Textiles as the top participant. Mr. Khan is currently designated as the Director, Operation in Sonargaon Textiles Limited.



**Sarita Rahman**  
Director, Finance

Sarita Rahman completed MBA in Finance & Accounting from Independent University of Bangladesh (IUB). She has 20 years business experience with strategic financial management. Mrs. Sarita is one of the renowned woman entrepreneurs who has expertise of managing financial risks of the Industrial organization. She is a successful entrepreneur. She has been performing the role of the Director, Finance as group umbrella concept. Moreover, she is the Vice Chairman of the Executive Committee of Sonargaon Textiles Limited who is controlling the financial risks factors. She is currently supervising the corporate financial team and activities of the Chief Financial and Head of the internal Audit and Compliance. Her dynamic leadership capacity and competence enhancing the organizational growth matching with the visionary objectives, mission and vision. Besides leadership in business, she is involved with social work and socio economic activities.

# PROFILE OF KEY MANAGEMENT TEAM



**Md. Anwar Hossain**  
Executive Director

Having graduated in Economics from Dhaka University proper in 1970, served the Bangladesh Observer controlled by the then Board for the Management of Govt. owned Newspapers (BMGN), as Senior Staff Correspondent from August 10, 1972 to March 12, 1977. During 5 years journalism in English language covered many state functions and other sociopolitical functions and reported independently in Journalistic language and also reported special items. Also toured extensively with Ministers, foreign delegates for covering events as Reporter. Alongside journalism, appeared in Bangladesh Superior Service exam in 1973 and selected for 5 months pre-entry field and theoretical training in 1976 at the then Bagerhat C.O. (Dev.) and SDO office. At end level of training again appeared for written and viva voce conducted by PSC and selected for Financial Service at the then nationalized commercial bank (Pubali Bank) as class 1 officer in 1977. Served Pubali Bank in various capacities including in-charge of Panpacific Sonargaon Hotel branch Chawakbazar Br. Dhaka, Khatungonj Br., Chittagong, Joint Custodian at Faridpur "A" grade branch; Branch in-charge of Madaripur Br., Regional office at Rajshahi, Mymensingh, Chittagong North with portfolio of audit and inspection and administrative until September, 1996. Serving Sonargaon Textiles Ltd. since October 16, 1996 elevating to the post of Executive Director from 2015. Several years held the portfolio as Company Secretary: GM (Finance); administration, banking; Now holding the portfolio of banking, foreign exchange, commercial, legal and overall.



**Abu Zakir Ahmed ACS**  
General Manager  
Company Secretary and Head of Admin

Mr. Abu Zakir Ahmed joined Sonargaon Textile Limited (a member of Khansons Group) as the Company Secretary and Head of Admin on August 14, 2023. He is an Associate Member of Chartered Secretaries certified by the Institute of Chartered Secretaries of Bangladesh (ICSB). He did his graduation and post-graduation in Management at the National University. He obtained MBA in Marketing from Southeast University, a PGD in Financial Management from Bangladesh Institute of Management (BIM), and Masters in Public Affairs in HRM from the University of Dhaka. Prior to joining Sonargaon Textile, he worked at FedEx Bangladesh Ltd., Nitol- Niloy Group, and FAIR Group. Mr. Zakir has more than 25 years of professional experience in the field of corporate governance, listing regulations, corporate & general laws, internal audit, finance, secretarial standards, regulatory compliance of corporate affairs, secretarial practice, management reporting, and VAT & taxation. He has proven his leadership & managerial capabilities, building effective relationships among stakeholders, and statutory & regulatory activities.

# PROFILE OF KEY MANAGEMENT TEAM



**Mohammad Monirul Islam Khan**  
Chief Financial Officer

Mr. Monirul joined Sonargaon Textiles Limited (STL) a member of Khansons Group as the Chief Financial Officer on September 04, 2023. He is an M.Com in Management from Dhaka College. He is also a Professional Accountant. Governance Professional with expertise of managing and guiding the Finance and Accounts, Board's philosophy & ethics through the vision of professional relationship for establishing Good Governance and brand Impression. Mr. Monirul has more than 24 years of professional experience in the field of Finance and Accounts, Corporate Governance, Operations, Risk and Compliance and can lead any institution to its top to enhance stakeholder's interest by improving business results and efficiency in an enabling environment and culture. Mr. Monirul has extensive training on Financial Key Performance Indicators Training, Income TAX Return preparation & Submission Training, AML/CFT Training for Officials Training, Effective Business Communication Training, Finance & Accounting Management Training, and Effective Business Sales & Marketing Training. Mr. Monirul has multidimensional carrier grounds with different roles who worked in Human Resource, Administration, Compliance, and Corporate Affairs and in Risk Management as the policy maker. He started his career from Sandhani Life Insurance Co. Ltd. in 2000 in Finance & Accounts department. Later, he joined at Rupali Life Insurance Co. Ltd. in 2002 as Assistant Manager (Finance & Accounts). Mr. Monirul joined Golden Life Insurance Ltd. in 2002. In capacity of Assistant Managing Director (Finance & Accounts) as well as Head of HR & Admin Mr. Monirul successfully performed his job till August 2023 in GLIL.



**Arjun Paul**  
DGM, Marketing & Fund Management

Mr. Arjun Chandra Paul is rolling in Finance and Accounts department with dynamic personality here in this organisation since when he joined at later part of 2007. A tertiary level educated, Mr. Arjun Paul by dint of his maintaining professional sincerity elevated to the rank of Dy. General Manager with the portfolio of independently maintaining production costing of backward linkage export oriented spinning industry like Sonargaon Textiles Limited (STL). Alongwith maintaining the production accounts of this spinning industry Mr. Arjun Chandra Paul is also related with marketing of products for more than a decade and efficiently steering the wheels penetrating deep into the yarn market and developed a strong market network. His growth oriented activities have been highly acclaimed by the company management.

# PROFILE OF KEY MANAGEMENT TEAM



**Ruhidas Karmakar, ITP**  
Head of Internal Audit & Compliance (HOIAC)

Ruhidas Karmakar, the Head of Internal Audit of Sonargaon Textiles Limited (a member of Khansons Group), He was born in 1985. He has served a wide range of leading companies in Bangladesh. Before joining Sonargaon Textile Limited in 19 May 2014 he served at JMI Group as Sr. Manager (F & A). In the year of 19 March 2013 complete the CA Articleship course CA CC (Chartered Accountancy Course Completion) along with Five Months provision period from Renowned Chartered Accountancy Firm from MABS & J Partners (formerly known as Saha Mazumder & Co) is a firm of Chartered Accountants established through the merger of two separate firms, M/S B. B. Saha & Co, Chartered Accountants (est. 1979) and M/S Mazumder & Co, Chartered Accountants (est. 1981), an independent correspondent firm to Nexia International, UK since February 2013 under the direct supervision of Mr. C.R. Mazumder, FCA, of The Institute of Chartered Accountants of Bangladesh (ICAB). Partly Passed CA Certificate Level and continuing study. He has also completed BBS and MBS from the National University & ITP from the National Board of Revenue in the year of 2012. He has 15 years of vast professional experience in the fields of Finance, Accounts, Audit & Tax.



**Syada Rahana Parvin**  
Head of HR

Syada Rahana Parvin is Commerce Graduate working with Sonargaon Textile Limited (a member of Khansons Group) from July 2009. She started her job career from 2000 as an Accounts Officer in a construction & real estate company. She also worked with 2 multinational companies as Liaison Officer as well as Officer, Administration. She Joined Khansons Group as a Liaison Officer of Group CMD. After her joining she has proved herself as a competent employee to perform various works related to Business correspondences, Admin, HR, also managing day to day work of a Group Chairman. During last 13 years of her job tenure with STL, time to time she was promoted for her multitasking capability, responsible and honest personality and skill of various work. Recently basis of her 22 years of long work experiences as well as her duty she was performing with STL, during January 2022 management of STL has selected her as Head of HR along with her other previous assignment/responsibility. She got few training certification on HR, PGD HR and practical work experience of Admin and HR.



**Md. Alamghir Kabir**  
DGM, Head of Production & Factory

Mr. Md. Alamghir Kabir has been working as DGM, Production and factory of Sonargaon Textiles Limited. He has 26 years long experience in the spinning industry. He obtained a Diploma in Textile Engineering and technology with a major in yarn manufacture (Spinning). He served in the Samsuddin Spinning, Monno Fabrics, Pakija Cotton, Israaq Spinning, Eco Cotton & Jamuna Spinning Mill.

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

### Esteemed Shareholders

The Board of Directors of Sonargaon Textiles Limited is pleased to present the performance of your Company for the financial year ended 30 June 2023 (FY2022-23), together with the Auditor's Report, Audited Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity, for your valued consideration.

### Scope of Spinning Industry in Bangladesh

Spinning mills of Bangladesh are playing a vital role in the export-oriented garments industry and the local market as well, as the raw material of these mills are directly imported, the industry needs to be much more efficient to become competitive.

After covid 19 pandemic, the price of cotton went extremely high which was never seen before. The Garments manufacturer faced severe challenges to meet the price of different brands due to the high price of cotton and yarn as well. In Bangladesh, there are more than about 500 spinning mills. Many of them have already invested a huge amount to expand their capacities as they have observed a growth in the export volume of the garments industry. The textile and apparel industry has seen a 34.87% growth so far in the last year in terms of volume. Though the real growth in terms of order quantity is much less. On the other hand, due to Ukraine-Russia Crisis, the future market situation is very much unpredictable. Analyzing the above points spinning mills of Bangladesh need to be much more innovative and efficient to maintain a sustainable business for themselves and the whole textiles and garments industry as well. There are some areas where spinning mills can work and take initiatives to reach a global standard to become competitive:

### Opportunities of Spinning Sector in Bangladesh

- 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 Spinning Sector in Bangladesh

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

### Industry Trends and the Outlook:

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 the world is more than 500 years old. Bangladesh Textile industry has more than 40 years history. 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 81.81% 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 will be positively reflected in the national economy.

#### Segment wise performance is not applicable

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.

#### Risk Management Philosophy

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.

#### 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

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, 2023 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.

#### • 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.

#### • 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.

#### Cost of Goods Sold and Profit Margin

The overall cost of goods sold increased during the year, mainly due to increase electricity cost, production and regularity of sales or business operation, higher production, transportation cost and Covid-19 specific expenses incurred to abide by the health guidelines recommended by the government to ensure sustained production.

#### Related Party Transaction

| Related parties         | Relationship      | Nature of Transaction | Balance as on 30.06.2022 | Balance as on 30.06.2023 |
|-------------------------|-------------------|-----------------------|--------------------------|--------------------------|
| Mr. A.K.M Azizur Rahman | Chairman          | Short term Loan       | 2,17,00,000              | -                        |
| Mr. Bazlur Rahman       | Managing Director | Short term Loan       | 12,45,197                | -                        |
| Mrs. Rosy Rahaman       | Director          | Short term Loan       | 47,75,000                | -                        |
| <b>Total</b>            |                   |                       | <b>2,77,20,197</b>       | <b>-</b>                 |

#### Statement on Financial Result

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.

For the year ended 30 June 2023, total revenue of STL was Taka 284.17 million which was Taka 454.93 million last year. Total revenue has decreased 38% compared to the last financial year. The gross profit has decreased by 75% in the current year from last comparative year. EPS has decreased 170% in the current year from the last comparative year. NAV has increased 67% compared to the last financial year due to decrease in financial expenses and Assets. NOCFPS has increased significantly compared to the last financial year.

#### Dividend

Dividend is declared from the current year profit or undistributed profit, if any, based on audited financial statements. Since there is a Net Loss for the year ended on June 30, 2023 is Tk. 6.208

Total assets of the Company recorded BDT 1278.38 million which was decreased by 8% in 2023 compared to the last year 2022. On the other hand, Shareholder's Equity increased 67% due to decrease in financial expenses which reduce negative retained earnings as on 30 June 2023.

#### 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.

#### Significant deviation in EPS, NAV and NOCFPS:

No significance variance occurred in the following fiscal year.

#### 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 notes 20 on this report.

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:

mn instead of profit and accordingly the retained earnings of the Company have become negative Tk. (160.963) mn as on June 30, 2023 due to the Net Loss of this financial year, the Board of Directors recommended no (0%) dividend for the year ended on June 30, 2023 for its shareholders.

#### Board statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:

The Company has not declared any bonus share or stock dividend as interim dividend.

#### EPS and NAV per Share

EPS comes Tk. (0.23) per share, NAV comes Tk. 19.04 per share & NOCFPS comes Tk. 3.03 per share for the year ended on 30 June 2023 against EPS Tk. 0.33, NAV per share Tk. 11.41 & NOCFPS Tk. 0.003 per share as on 30 June 2022.

#### Production and Sales during last financial year

During the year, the company produced 1505 MTs of 100% cotton yarn. Gross turnover was Tk. 284,168,891.

### Key Operating Financial Data

The key operating and financial information for the year 2022-2023 along with the preceeding five and half years are presented below:

Amount in BDT

| Particulars               | Financial Year |             |               |              |             |
|---------------------------|----------------|-------------|---------------|--------------|-------------|
|                           | 2022-2023      | 2021-2022   | 2020-2021     | 2019-2020    | 2018-2019   |
| Net Turnover              | 284,168,891    | 454,935,378 | 109,038,473   | 630,919,942  | 856,130,508 |
| Gross profit              | 17,494,430     | 70,287,517  | 16,795,877    | 71,635,477   | 154,393,931 |
| Net Profit before tax     | (6,198,432)    | 10,514,078  | (352,841,341) | (99,335,070) | 29,835,487  |
| Net Profit after Tax      | (6,208,625)    | 8,832,422   | (353,333,158) | (98,563,119) | 29,497,229  |
| Earnings Per Share        | (0.23)         | 0.33        | (13.35)       | (3.72)       | 1.11        |
| Paid up Capital           | 264,670,560    | 264,670,560 | 264,670,560   | 264,670,560  | 264,670,560 |
| Shareholders' Equity      | 503,990,832    | 301,969,159 | 293,136,736   | 646,469,895  | 752,973,131 |
| Net asset value per share | 19.04          | 11.41       | 11.08         | 24.43        | 28.45       |

### Performance of STL in 2022-2023

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

Amount in BDT

| Particulars                       | Financial Year |             |
|-----------------------------------|----------------|-------------|
|                                   | 2022-2023      | 2021-2022   |
| Turnover                          | 284,168,891    | 454,935,378 |
| Cost of Goods sold                | 266,674,461    | 384,647,861 |
| Gross profit                      | 17,494,430     | 70,287,517  |
| Administration Expenses           | 21,984,398     | 21,884,311  |
| Selling & Distribution Expenses   | 161,800        | 580,662     |
| Operating Profit/(Loss)           | (4,651,769)    | 47,822,544  |
| Finance Cost                      | 2,780,484      | 38,005,888  |
| Other Income                      | 1,433,821      | 1,433,128   |
| Net Profit before WPPF            | (5,998,432)    | 11,249,782  |
| Contribution WPPF & WWF           | 200,000        | 735,704     |
| Net Profit / (Loss) Before Tax    | (6,198,432)    | 10,514,079  |
| Provision for Income Tax Expenses | 1,705,013      | 2,729,612   |
| Provision for Deferred Tax Income | 1,694,820      | 1,047,956   |
| Net Profit / (Loss) After Tax     | (6,208,625)    | 8,832,422   |
| Gross Profit Margin               | 6.16           | 15.45       |
| Net Profit Margin                 | (2.18%)        | 1.94        |
| EPS (Earnings Per Share)          | (0.23)         | 0.33        |

### Financial Data for Last Five Years

Amount in BDT

| Particulars                | Financial Year |               |               |               |               |
|----------------------------|----------------|---------------|---------------|---------------|---------------|
|                            | 2022-2023      | 2021-2022     | 2020-2021     | 2019-2020     | 2018-2019     |
| Total Assets               | 1,278,380,075  | 1,391,759,686 | 1,343,343,547 | 1,658,105,948 | 1,792,618,262 |
| Paid up Capital            | 264,670,560    | 264,670,560   | 264,670,560   | 264,670,560   | 264,670,560   |
| Number of Shares           | 264,670,56     | 26,467,056    | 26,467,056    | 26,467,056    | 26,467,056    |
| Shareholders' Equity       | 503,990,832    | 301,969,159   | 293,136,737   | 646,469,895   | 752,973,131   |
| Long term Loan             | 672,404,220    | 963,281,225   | 925,966,529   | 888,740,741   | 523,858,156   |
| Total Debts                | 774,389,241    | 1,089,790,527 | 1,050,206,811 | 1,011,636,053 | 1,039,645,130 |
| Total Revenue              | 284,168,891    | 454,935,378   | 109,038,473   | 630,919,942   | 856,130,508   |
| Gross Profit               | 17,494,430     | 70,287,517    | 16,795,877    | 71,635,477    | 154,393,931   |
| Profit / (Loss) before Tax | (6,198,432)    | 10,514,078    | (352,841,341) | (99,335,070)  | 29,835,487    |
| Profit / (Loss) after Tax  | (6,208,625)    | 8,832,422     | (353,333,158) | (98,563,119)  | 29,497,229    |

From the above, the total assets of the Company recorded BDT 1278.38 million which decreased by 8% in 2023 compared to the last year 2022. On the other hand, Shareholder's Equity increased 67% due to a decrease in financial expenses which reduced negative retained earnings as of 30 June 2023.

Amount in BDT

| Particulars                | Financial Year |           |           |           |           |
|----------------------------|----------------|-----------|-----------|-----------|-----------|
|                            | 2022-2023      | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 |
| Gross Margin Ratio         | 6.16           | 0.15      | 0.15      | 0.11      | 0.18      |
| Return on Assets (ROA)     | (0.005)        | 0.01      | (0.26)    | (0.06)    | 0.02      |
| Return on Equity (ROE)     | (0.012)        | 0.03      | (1.21)    | (0.14)    | 3.19      |
| Earnings per Share         | (0.23)         | 0.33      | (13.35)   | (3.72)    | 1.11      |
| Net Assets Value Per Share | 19.04          | 11.41     | 11.08     | 24.43     | 28.45     |

#### Board Meetings and Attendance

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

| Name of the Directors         | Position                 | Meeting Held | Meeting Attended |
|-------------------------------|--------------------------|--------------|------------------|
| A.K.M. Azizur Rahman          | Chairman                 | 4            | 4                |
| Mr. Bazlur Rahman             | Managing Director        | 4            | 4                |
| Mrs. Rosy Rahman              | Director                 | 4            | 4                |
| Brig Gen Mohammed Abdul Halim | Independent Director     | 4            | 4                |
| Mr. Iqbal Hossain Kha         | Nominee Director by RBL  | 4            | 1                |
| Mr. M Shafiqul Islam          | Nominee Director by BDBL | 4            | 3                |

#### 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 27(B) page. They are only receiving board meeting attendance honorarium of BDT 5,000 (Five thousand) only for attending per meeting. The Board increased Board Meeting attendance fee BDT 7500 from the 146th Meeting. The Non Executive Directors including Independent Directors and the Nominee Director of RBL and BDBL were paid only Board Meeting attendance fee.

#### Statement on Financial Reports

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. 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. The International Accounting Standards as applicable in Bangladesh have been followed in preparation of the financial statements. Internal Control System is sound in design and has been effectively implemented and

monitored. There are no significant doubts upon the ability of the Company to continue as a going concern. There are no significant deviations in operating result compared to the last year. The summarized key operating financial data of last five preceding years on annexed as "Comparative Statistics" in the Annual Report. The related party transaction and pattern of shareholding have been duly disclosed in the report.

#### Qualified Report by the Statutory Auditor

Auditor's Qualified Opinion, Emphasis of Matter & Material Uncertainty Related to going concern on financial statements for year ended 30 June 2023 (As per Independent Auditor's Report).

#### Management Response Against Qualifying Report

The Company's Independent Auditors, after conducting the audit work of our Company's year ended on 30 June 2023, they found that the company is under qualified opinion which is as follows:

#### Basis for Qualified Opinion

- As disclosed in the note # 6.01 to the financial statements regarding Inventories worth of BDT 509,541,767. As the notification date of the appointment was after the year-end, we were unable to verify the inventories physically and unable to conduct alternative procedures to verify the inventories physically after the year-end. As a result, we were unable to verify the amount disclosed in the financial statements, so the financial statements may be misstated by this amount.
- As disclosed in the note # 9.01 of the financial statements regarding "Unclaimed /Unpaid Dividend" worth of BDT 1,460,470. As per Bangladesh Securities and Exchange Commission's notification BSEC/CMRRCD/2021-391/20/ Admin/121 dated 01 June 2021 and BSEC/ CMRRCD/ 2021-386/03 dated 14 January 2021, If any cash dividend remains unpaid or unclaimed or unsettled or undistributed for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer to the bank account of the Capital Market Stabilization Fund within such time as directed by

the Commission. However, we have observed that unclaimed/unpaid dividends for the year 2019 lying unpaid during the year, also we have observed that the unpaid amount of liability was not covered by the related bank balance. So it is non-compliance of the above-mentioned guidelines of the BSEC.

- As disclosed in the note # 9.03 of the financial statements regarding "Workers Profit Participation and Welfare Fund" worth of BDT 2,116,519. In the course of the audit of the financial statements, we have observed that the company has not disbursed and utilized the Workers' Profit Participation and Welfare Fund as per the Bangladesh Labour Act, 2006. So it is a non-compliance of the Bangladesh Labour Act, 2006.

The Management of the company have keenly observed that the qualified opinions counts are required to solving as soon as possible in the interest of running the company complaint as far as possible so that the regulators are satisfied. The Board has taken appropriate measure.

#### Statement on Maintaining Statutory Registers and Proper Books & Accounts

Company strictly maintains proper various type of statutory registers like share register transfer register, and Director's register besides all other books of accounts.

#### Statement on Compliance

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

#### Composition of the Board

The Board of Directors consists of five (5) members excluding one Independent Director. Among these Directors, one Director is Nominee Directors from Bangladesh Development Bank Limited (BDBL). The Independent Director has diversified and professional expertise and experiences. The Directors are from varied businesses and other backgrounds and their experience enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making. They contribute to the Company's strategy and policy formulation in addition to maintaining its performance as well as its executive management.

#### Changes in the Board

Mr. M Shaqul Islam, General Manager and legal affairs & recovery division has been appointed in place of Mr. Patit Chandra Barik as the Nominee director of BDBL. The decision was approved based on the recommendation of NRC in the 150th Board of Directors' meeting held on 17th April 2023.

#### Director's Retirement and Re-election

Mr. A.K.M. Azizur Rahman, Chairman of the Company retired as

a part of rotation as per Articles 118 and 119 of the Articles of Association of the Company and being eligible offers herself for re-election.

#### Chairperson and Managing Director

The Chairperson is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and also for facilitating the productive contribution of all Directors. The Managing Director has overall responsibility for the performance of the Company's business. He provides leadership to the Company to ensure the successful planning and execution of the objectives and strategies. In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) guidelines, the roles of Chairman and Managing Director have been clearly defined by the Board of Directors.

#### Board Committees:

##### Audit Committee (AC)

The Audit committee is comprised of 03 (three) members of the Board of Directors. The Chairman of the Audit committee is an Independent Director. The Company Secretary of the Company acts as the Secretary of the Committee. The Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a congenial working method in the organization as per guidelines of the Regulators. In the financial year, 2022-23 the committee conducted 04 (four) meetings. The attendance record of the committee meetings held during the year is shown in the Audit Committee report 2022-23 in page-74 in that Report.

##### Nomination and Remuneration Committee (NRC)

In compliance with the section 6 (2) (a) (b) of the new Corporate Governance Code of the Commission-2018, the Board of Directors constituted the Nomination and Remuneration Committee. The Committee is comprised of 03 (three) members of the Board of Directors. The Chairperson of the committee is an Independent Director. Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee. The Committee has been constituted as the sub-committee of the Board to assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes etc. The Head of Human Resource is aligned directly to the committee to proceed yearly training and evaluation.

##### Executive Committee (EC)

The Executive Committee (EC) is entrusted with the day-to-day management of the Company. The Executive Committee is the Chaired by the Director, Operation on the other hand and Director, Finance is Vice Chairman. The Chief Financial Officer (CFO), the Head of HR and DGM, Marketing & Fund Management are the members of the Executive Committee. The Company Secretary is by default Secretary to the Committee. Officer and comprises the committee by the Managing Director and other key senior executives. The Executive Committee, as the Company's management body, is committed to serving the interests of the Company and achieving sustainable growth of the Company. The members of the Executive Committee are collectively accountable for the entire management of the

Company and decide on the basic issues of business policy and corporate strategy. The Committee meets in every week to review the business performance of the Company and take decisions as deemed appropriate. During the financial year the committee met three times.

#### **Financial Reporting and Transparency:**

Financial statements have been prepared in line with the International Financial Reporting Standards (IFRS) Bangladesh Financial Reporting Standards (BFRS). Financial data is circulated as appropriate within and outside the organization. The timely publication of quarterly, half yearly and annual financial statements with comprehensive details beyond the statutory requirements has been a salient feature of the financial reporting system. Chief Financial Officer and Company Secretary is responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. The Board ensures that the CFO and Company Secretary maintains full and effective control of all significant strategic, financial, and organizational and compliance issues.

#### **Communication with Shareholders & PR**

The Company encourages communications with shareholders throughout the year and welcomes their participation at shareholders' meeting. The Company Secretarial department is always standby to provide the service to the shareholders by strong publication relation team. Company Secretary works as the head of public relation and emphasizes on one stop service to all the shareholders and stakeholders.

#### **Company's Website & Financial Information**

Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. The quarterly results of the Company are published in the newspapers as well as in the website. Yearly results are generally published in the Annual Report and the soft copy of the report sent to the shareholders' through email. These reports are uploaded in the Company's website in due time and values, whereby the interests

#### **Corporate Social Responsibility (CSR)**

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It is represented by the contributions undertaken by companies to society through its business activities and its social investment. It is further defined as the integration of business operations of all stakeholders including investors, customers, employees, the community and the environment are reflected in the company's policies & actions. CSR is about how businesses align their values and behavior with the expectation of stakeholders, not just customers, and investors, but also employees, suppliers, communities, regulators, special interest groups, and society as a whole. The Management of Sonargaon Textiles Limited is interested on charity works like establishment of institution, school, college Madrasa, distribution of warm cloth, tree plantation etc.

#### **Sustainability**

Sonargaon Textiles Limited always concern and believe on the

sustainable development of the Company. Upon the prudent guidance of the Board of Directors, the Management of the Company continuously carries out research and development (R&D) to keep pace with the customer choices and fashions. It is emphasizing on volume based strategy for increasing room occupancy as well as enhancing the quality and portfolio of Textiles that will attract the customers and grab the market share at large. In addition, The Sonargaon Textiles Limited is leading as an elevated distinct up-scale textiles in Bangladesh exporting spinning products by talent management and employee retention policy.

#### **Environment, Health and Safety**

Sonargaon Textiles Limited is committed to ensure the sound health and safe work environment for the employee always. The Company also committed to ensure the minimization of the environmental impact. To keep the employees aware, the Company carried out various kinds of communications, workshop, training program, fire drill, and other awareness programs round the year.

#### **Code of Ethics and Compliances with the Laws:**

STL's ethical business conduct and compliance are related with applicable laws and regulations of Bangladesh Textile Mills Association (BTMA). To this end, the Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The respective officials are responsible for ensuring proper compliance with applicable laws and regulations and this is being followed by the Company. In order to ensure organizational independence of Internal Audit, the head of Internal Audit reports functionally to the Audit Committee and administratively to the Director. Internal Audit team regularly monitors whether the appropriate Accounting Policies have been consistently applied in preparation of the financial statements. Bangladesh

#### **Internal Control System**

Internal Audit Supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. In order to ensure organizational independence of Internal Audit, the head of Internal Audit reports functionally to Audit Committee and administratively to the Managing Director. Internal Audit team regularly monitors whether the appropriate Accounting Policies have been consistently applied in preparation of the financial statements. Bangladesh Accounting Standard and International Accounting Standards, as applicable in Bangladesh, have been followed and adequately disclosed.

#### **Statement on Compliance**

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

## Other Regulatory Compliance

- The Company is also required to comply with the following major laws and regulations in addition to the Companies Act 1994:
- The Securities & Exchange Rules 1987
- The Securities & Exchange Ordinance 1969
- The Regulation of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited
- The Income Tax Ordinance 1984,
- The Income Tax Rules 1984,
- The Value Added Tax Act 1991,
- The Value Added Tax Rules 1991,
- Bangladesh Labor Law, 2006 (Amendment 2013)
- The Customs Act 1969.

## Presentation of Financial Statements

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS/IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprises:

- Statement of Financial Position as at 30 June 2023
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023
- Statement of Changes in Equity for the year ended 30 June 2023
- Statement of Cash Flows for the year ended 30 June 2023
- Notes comprising a summary of significant accounting policies and other explanatory information to the financial statements for the year ended 30 June 2023.

## Going Concern

As per BAS/IAS 1 : para 25, a company is required to make assessment at the end of each year to assess its capability to continue as a going concern. Management of the Company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

## Statutory Auditor

The Companies Act 1994, the Bangladesh Securities and Exchange Commission Ordinance 1969, the Bangladesh Securities and Exchange Commission Rules 1987, and the Listing Regulations 2015 of DSE and CSE provides for appointment, scope of work, and retirement of Statutory Auditors. In the 36th AGM held in 2022, M/s G. Kibria & Co., Chartered Accounts, Head Office: Sadharan Bima Sadan (5th Floor), 24-25, Dilkusha Commercial Area, Dhaka-1000 was appointed as Statutory Auditors of the Company for the financial audit up to the year ended on 30th June 2023 and to continue till conclusion of the 37th AGM.

M/s G. Kibria & Co., Chartered Accounts, are eligible and are interested in continuing service for the next year. The Board of Directors has recommended in their meeting held on 25th October 2023 for the re-appointment of M/s G. Kibria & Co., Chartered Accounts, for the year 2023-24. The matter will be placed in the 37th AGM of the Company for approval of the

Honorable Shareholders.

## Corporate Governance Auditor

Corporate Governance Auditor is appointed in compliance with the conditions of the Corporate Governance Code issued by BSEC vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 & BSEC/ CMRRCD/2006-158/207/Admin/80 dated 03 June 2018. In order to obtain a certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of the said Corporate Governance Code. In this respect M/s M. Mohashin & Co., Chartered Secretaries, House no. 3/1 & 3/2, Flat no. 2/A, Bijoy Nagar, Dhaka-1000, was appointed as Corporate Governance/ Compliance Auditors of the Company for the year 2022-23.

The Board of Directors has recommended M/s SARASHID & Associates, Chartered Secretaries of Noakhali Tower (12th Floor, 13-D), 55/B Purana Paltan, Dhaka, for appointment as the as Corporate Governance / Compliance Auditors of the Company for the year 2023-24 in its Meeting held on 25 October 2023. The matter will be placed in the 37th AGM of the Company for approval of the Honorable Shareholders.

## Human Resource

Human resources at STL, we prioritize our human resources, aiming to provide our employees with opportunities to enable them to realize their professional aspirations through their work make social contributions and allow them to exercise their ability to think, create and take action. We are focused on enabling them to realize their self-worth and offer a career choice that is rooted in respect, collaboration and growth. To achieve this goal, a relationship of mutual trust and mutual responsibility between employees and the management is essential. In such a relationship, we place the highest priority on ensuring stable employment for all our employees, even as we proactively strive to improve working conditions by ensuring a safe and cordial workplace environment at all times. This philosophy is shared by all STL affiliates around our plant.

## Minority Interests

Sonargaon Textiles Limited believes that good governance involves open and trust-based co-operation between all stakeholders, including the owners of the Company-shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of minority shareholders, while promoting integrity, transparency and accountability. The Board of Directors shall always act in a manner that is in the best interest of the Company.

Declaration of the CEO and CFO on the financial statements as required under BSEC's Corporate Governance Code, a declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) on financial statements 2022-23 has to be made to the Board. The CEO and CFO have certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct. The signed declaration of CEO and CFO is attached in page-56 of this Report.

Management's Discussion and Analysis report Management's Discussion and Analysis report, signed by the MD & CEO and presenting a detailed analysis of the Company's position and operation along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code, is disclosed in this report in page-41 of this Report.

#### 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.

#### Report on Pattern of Shareholdings

Pattern of Shareholding as on 30 June 2023 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 of the Shareholders                                                                                                                    | Status                                        | Shares held | %      |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------|--------|
| <b>1. Parent/ Subsidiary/ Associated Companies and other related parties:</b>                                                               |                                               |             |        |
|                                                                                                                                             |                                               | Nill        |        |
| <b>2. Directors</b>                                                                                                                         |                                               |             |        |
| Mr. A.K.M. Azizur Rahman                                                                                                                    | Chairman                                      | 5,200,851   | 19.65% |
| Mr. Bazlur Rahman                                                                                                                           | Managing Director                             | 2,211,859   | 8.36%  |
| Mrs. Rosy Rahman                                                                                                                            | Director                                      | 3,256,561   | 12.30% |
| Brig Gen Mohammed Abdul Halim (Retd.)                                                                                                       | Independent Director                          | Nil         |        |
| Mr. M Shafiqul Islam                                                                                                                        | Nominee Director, BDBL                        | Nil         |        |
| <b>3. Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Children:</b> |                                               |             |        |
| Mr. Mohammad Monirul Islam                                                                                                                  | Chief Financial Officer (CFO)                 | Nil         |        |
| Mr. Abu Zakir Ahmed ACS                                                                                                                     | Company Secretary                             | Nil         |        |
| Mr. Ruhidas Karmakar                                                                                                                        | Head of Internal Audit and Compliance (HQIAC) | Nil         |        |
| <b>4. Executives:</b>                                                                                                                       |                                               |             |        |
| Mr. Abrar Rahman Khan                                                                                                                       | Director, Operation                           | Nil         |        |
| Mrs. Sarita Rahman                                                                                                                          | Director, Finance                             | 620,315     | 2.34%  |
| Mr. Anwar Hossain                                                                                                                           | Executive Director                            | Nil         |        |
| Ms. Syeda Rahana Parvin                                                                                                                     | Head of HR                                    | Nil         |        |
| Mr. Arjun Pal                                                                                                                               | DGM Accounts                                  | Nil         |        |
| <b>5. Shareholders holding 10% or more voting interest in the Company:</b>                                                                  |                                               |             |        |
| Mr. A.K.M. Azizur Rahman                                                                                                                    | Sponsor                                       | 5,200,851   | 19.65% |

#### Award and Achievement

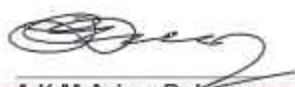
Mr. A.K.M. Azizur Rahman, chairperson of Sonargaon Textiles Limited established largest Industry in non-gas zone at Barisal for the development of the country especially for the greater interest of southern Bengal. As a result he was awarded "GOLD MEDAL in 1993-94 for extensive Industrialization Program in South Bengal and C.R. DAS GOLD MEDAL in 1995-96 as a distinguished Industrialist of the Country which are ultimately achievements of the Sonargaon Textiles Limited.

#### Acknowledgements

In conclusion the Board of Directors would like to thank all employees of the Company for their commitment, contribution, sincerity and hard work during the year. It has been a difficult period for the business due to the Covid-19 outbreak and the team showed tremendous resilience in managing the business during the turbulent times. The Board is confident that with the

indomitable spirit of the team to trump the odds and with a deep passion for excellence, the business will bounce-back soon. The Board also expresses their gratitude to valued shareholders and all other stakeholders of the Company for their continued support, active cooperation, assistance and valuable guidance. Your future support will be highly constructive as we focus on building long-term value for all those who are invested in us, work for us and depend upon us.

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.

  
A.K.M. Azizur Rahman  
Chairman

  
Bazlur Rahman  
Managing Director

## Management Discussion and Analysis (MDA)

### Statement on MDA and legal references

Pursuant to the condition no. 1 (5) (xxv) of the Corporate Governance Code, 2018, Issued by Bangladesh Securities and Exchange Commission (BSEC), the Management's Discussion & Analysis (MDA) report for our Financial year ended 30 June 2023 has been provided herewith. Our endeavor through this report is to enable our shareholders, stakeholders and others to get an insight into our broader operating conditions and environment within which we achieved our performance for the year under review. Bangladesh's economy is integrated with the global economy and hence an overview of the same has been articulated below. The company became able to sustain the positive reflection like 3 quarters during the annual accounts.

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), Bangladesh Securities & Exchange Commissions guidelines on Financial Reporting & Disclosures, the Companies Act 1994 and other applicable laws and regulations of the Country.

### Global Economic Impact on the Textile Industry

The last three years of the pandemic have affected all the industries worldwide including the Textile Industry. With the lockdown imposed and an unprecedented migration of the workers, the industry players had to face a major challenge in uplifting their business economy and creating demands for their products. There was a huge gap in the supply chain which had adverse effects on the textile industry at the global level.

But now when the virus is slowing down due to an increase in intake of the vaccines, the industries are witnessing smooth functioning and are getting back on track gradually. With other industries contributing significantly towards the emerging economy of the country, the Indian Textile Industry is also contributing consequently to the economic growth. The pre-Covid scenario witnessed the contribution of 7% to the industry output, 2% towards GDP, 12% towards export earnings and accounted for 5% of the global trade in textiles and apparel.

### Current Scenario of Textiles Industry

Bangladesh has come a long way since its inception and so has the textile and clothing industry which is the mainstay of the country's present economic success. About 84% of the country's total export earnings comes from the textile and clothing sector where the contribution of primary textile sector (PTS) is around 64%. Primary textiles are now considered as import-substitute industry which is helping the country retain foreign currency and enriching the foreign exchange reserves. Thence, at present the primary textile sector is standing on an investment footing of USD 15 billion. Bangladesh Textile Mills Association (BTMA) represents the primary textile sector which has the strength of 1700 mills including 500 spinning, 900 weaving (large and

small) and 300 dyeing-finishing units with an employment of around one million people. Beyond that, there are many mills which are not members of BTMA.

The Covid-19 pandemic has taken a heavy toll on the sector's progress. But the timely initiatives by the government such as stimulus packages, ensuring the utility facilities for the sector, keeping the textile and clothing factories open during the lockdown helped the textile and clothing industry to combat the challenges. The RMG industry now has a good number of export orders which are expected to increase further. BTMA member mills supply 95% of raw materials to export-oriented knitwear sector and 40% of raw materials to the woven sector. In financial year 2021-22, the country's total export earning was 38.35 billion USD of which textile and clothing export was 32.58 billion USD and PTS provided support of 21 billion USD through local input supply that means the contribution of PTS was 64%. I believe, Bangladesh's textile industry has a promising future and in the coming days will become the golden hub of RMG sourcing for the world.

### Accounting policies and preparation of financial statement

The financial statements are consistently prepared in compliance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) as adopted by ICAB, the Companies Act, 1994, and other applicable laws and regulations, and as per such internal controls as the management deems necessary to enable the preparation of financial statements that are free from material misstatement. The detailed description of accounting policies and estimation used in the preparation of the financial statements of the Company are disclosed in the notes from 1 to 4 to the financial statements.

### No Changes in Accounting Policies

Sonargaon Textile Limited has been following consistent policies and estimation and there is no such change 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:



## Financial Performance

Amount in BDT

| Particulars                                  | Financial Year |               |               |               |               |
|----------------------------------------------|----------------|---------------|---------------|---------------|---------------|
|                                              | 2022-2023      | 2021-2022     | 2020-2021     | 2019-2020     | 2018-2019     |
| Revenue                                      | 284,168,891    | 454,935,378   | 109,038,473   | 630,919,942   | 856,130,508   |
| Gross profit                                 | 17,494,430     | 70,287,517    | 16,795,877    | 71,635,477    | 154,393,931   |
| Net Profit before tax                        | (6,198,432)    | 10,514,078    | (352,841,341) | (99,335,070)  | 29,835,487    |
| Net Profit after Tax                         | (6,208,625)    | 8,832,422     | (353,333,158) | (98,563,119)  | 29,497,229    |
| <b>Financial Position</b>                    |                |               |               |               |               |
| Shares Outstanding                           | 26,467,056     | 26,467,056    | 26,467,056    | 26,467,056    | 26,467,056    |
| Shareholders' Equity                         | 503,990,832    | 301,969,159   | 293,136,737   | 646,469,895   | 752,973,131   |
| Total Assets                                 | 1,278,380,075  | 1,391,759,686 | 1,343,343,547 | 1,658,105,948 | 1,792,618,262 |
| Total Liability                              | 774,389,241    | 1,089,790,527 | 1,050,206,811 | 1,011,636,053 | 1,039,645,130 |
| Current Assets                               | 519,400,805    | 592,926,333   | 500,094,974   | 980,228,253   | 1,081,043,879 |
| Current Liabilities                          | 28,316,970     | 24,481,701    | 20,014,266    | 18,601,875    | 418,391,534   |
| <b>Cash Flow Position</b>                    |                |               |               |               |               |
| Net Cash Generated from operating Activities | 80,215,961     | 72,816        | 208,088,731   | (20,513,278)  | 14,668,783    |
| Net Cash Used in Investment Activities       | -              | -             | 213,071,827   | -             | -             |
| Net cash Used in Financing Activities        | 80,000,000     | -             | 4,177,691     | 8,160,730     | -             |
| <b>Financial Ratio:</b>                      |                |               |               |               |               |
| Current Ratio                                | 18.34          | 24.22         | 24.99         | 52.7          | 2.58          |
| Debt to Equity                               | -              | 76:24         | 76:24         | 59:41         | 42:58         |
| Gross Profit Margin (%)                      | 6.16%          | 15.45%        | 15.40%        | 11.35%        | 18%           |
| Net Profit Margin (%)                        | -218%          | 1.94%         | -333%         | -15.62%       | 2.86%         |
| Return on Capital Employed (%)               | -0.01%         | 2.92%         | -121%         | -15.25%       | 3.92%         |
| Return On Assets (%)                         | -0.005%        | 0.63%         | -26.30%       | -5.94%        | 1.65%         |
| Assets Turnover                              | 0.22           | 0.33          | 0.08          | 0.38          | 0.48          |
| Net Assets Turnover                          | 0.56           | 1.51          | 0.37          | 0.98          | 1.14          |
| <b>Ordinary Shares Information</b>           |                |               |               |               |               |
| 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                   | 19.04          | 11.41         | 11.08         | 24.43         | 28.45         |
| Net operating Cash Flow Per Share            | 3.03           | 0.003         | 7.86          | (0.78)        | 0.55          |
| Earnings Per Share                           | (0.23)         | 0.33          | (13.35)       | (3.72)        | 1.11          |

### 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, 2023 are presented below:

### Financial Performance

Amount in BDT

| Particulars                                  | Sonargaon Tex | ASKML         | H.R. Textile  | Matin Spinning | Aman Cotton   |
|----------------------------------------------|---------------|---------------|---------------|----------------|---------------|
| Revenue                                      | 284,168,891   | 4,439,409,000 | 2,282,079,427 | 7,343,960,563  | 2,201,134,850 |
| Gross Profit                                 | 17,494,430    | 316,296,000   | 364,893,392   | 928,908,441    | 175,435,843   |
| Net Profit Before Tax                        | (6,198,342)   | 101,859,000   | 42,303,864    | 538,304,156    | (64,881,904)  |
| Net Profit After Tax                         | (6,208,625)   | 29,484,000    | 15,910,220    | 427,138,377    | (95,207,841)  |
| <b>Financial Position:</b>                   |               |               |               |                |               |
| Shares Outstanding                           | 26,467,056    | 84,000,000    | 29,221,500    | 97,490,000     | 100,833,333   |
| Shareholders' Equity                         | 503,990,832   | 540,696,000   | 1,207,596,650 | 5,852,975,450  | 3,478,705,461 |
| Total Assets                                 | 1,278,380,075 | 2,227,191,000 | 4,677,985,132 | 10,988,787,614 | 5,377,234,732 |
| Total Liabilities                            | 774,389,241   | 1,855,280,000 | 1,946,808,109 | 5,010,134,213  | 3,585,472,694 |
| Current Assets                               | 919,400,805   | 1,672,908,000 | 822,583,975   | 3,820,720,336  | 1,399,259,142 |
| <b>Cash Flow</b>                             |               |               |               |                |               |
| Net Cash Generated from operating Activities | 80,215,961    | 220,387,298   | (414,118,643) | 484,673,137    | -             |
| Net Cash Used in Investment Activities       | -             | (23,981,778)  | (419,524,764) | (731,127,999)  | -             |
| Net cash Used in Financing Activities        | (80,000,000)  | (121,132,627) | 879,595,847   | 72,053,483     | -             |

### 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.

### Operational Risks and Control

The common risk factors are discussed in the director's report in page-33 of this report, other than these factors there are some operational risks of breaking down of machineries, electrical breakdown, labor scarcity etc. STL controls all the operational risk by strategic plan under the instruction of Director Operation.

### Risk and Concerns Issues Related to the Financial Statements

The Company has a series of strategic policies, practices and controls in place in relation to the financial reporting and consolidation process which are designed to address key financial reporting risks, including risks arising from changes in the business of accounting standards. The Finance Director is required to confirm annually that all information relevant to the Company's Audit has been provided to the Board of Directors through the Audit Committee and that reasonable steps have been taken to ensure full disclosure in response to requests for information from the external auditor.

### Related party transaction

The detail of the related party transactions along with the nature

of the transactions is provided in note 20 (Related party disclosures) of the financial statements.

### Management Perception

The Company continuously carries out research and development (R&D) to keep pace with the customer choices and fashions. It is emphasizing on volume based strategy for increasing room occupancy as well as enhancing the quality that will attract the customers and grab the market share at large scale in international market.

### Strategic Scheme

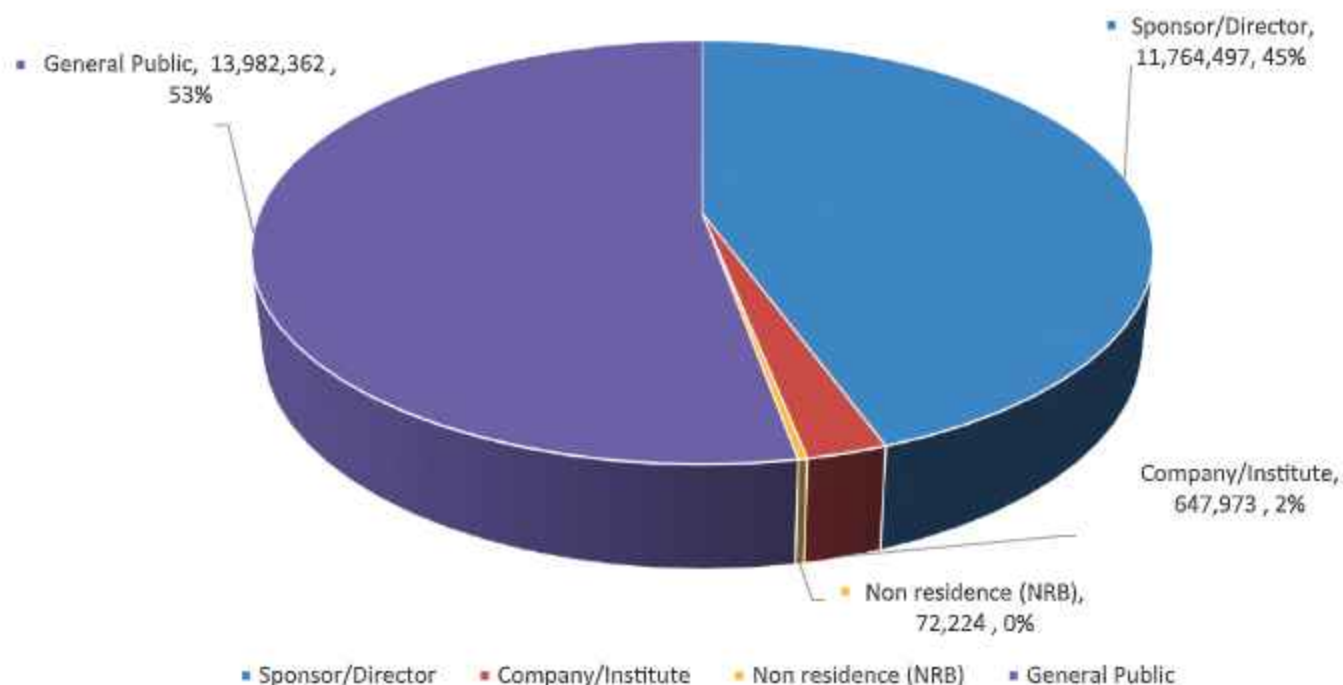
Sonargaon Textiles Limited has been providing flexibility for everyone, around the world by export quality products. This is our primary focus and all our initiatives are targeted at realizing this broad purpose. We are continuing to place emphasis on identifying evolving customer needs in the market and enabling us to all the gaps in our product portfolio. We are working with immense motivation and innovation to lead the Company to a new spectrum that will serve as an example for not only the Bangladeshi but also the international business sector. Our distinctive strength to achieve the vision is our dedicated and competent employees, which I always appreciate. I am also thankful to the Board of Directors for their visionary role and guidance.

  
Bazlur Rahman  
Managing Director

## REPORT ON PATTERN OF SHAREHOLDINGS

PATTERN OF SHAREHOLDING AS ON 30 JUNE 2023

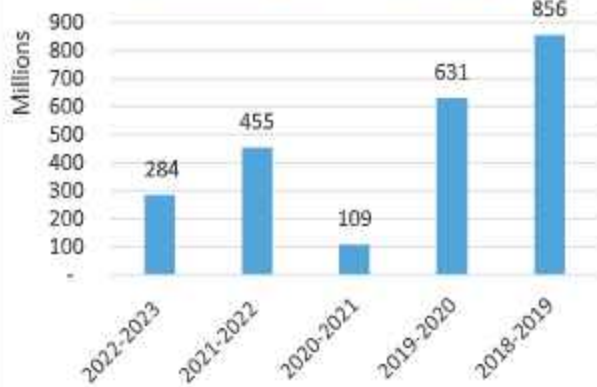
Percentage (%) of Shareholding



| Type of Shareholders | No. of Shares | Percentage (%) of Shareholding |
|----------------------|---------------|--------------------------------|
| Sponsor/Director     | 11,764,497    | 44.45%                         |
| Company/Institute    | 647,973       | 2.45%                          |
| Non residence (NRB)  | 72,224        | 0.27%                          |
| General Public       | 13,982,362    | 52.83%                         |
| Total                | 26,467,056    | 100.00%                        |

## FINANCIAL RESULT

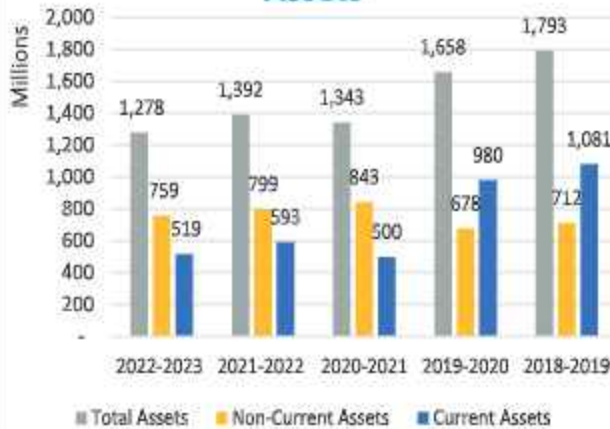
### Turnover (BDT in Million)



### Profitability (BDT in Million)



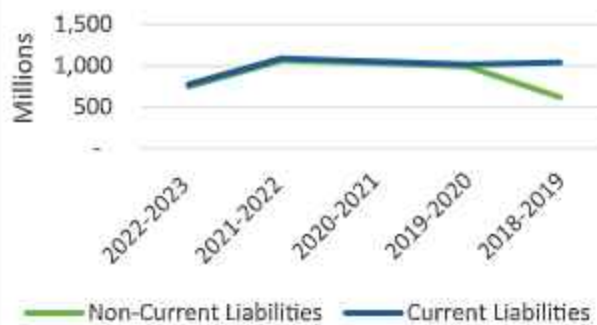
### Assets



### Paid up Capital and Shareholders Equity

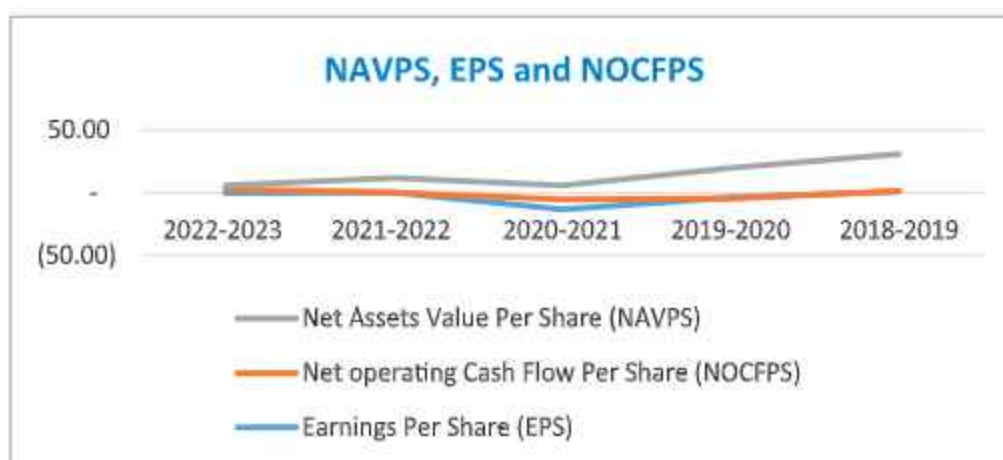


### Liabilities



### Current Ratio and Quick Ratio (Times)





#### Disclosure of Shares held by 10% or More Voting Interests in the Company

| Name of the Director    | Position | Shares held |
|-------------------------|----------|-------------|
| Mr. A K M Azizur Rahman | Chairman | 5,200,851   |
| Mrs. Rosy Rahman        | Director | 3,256,561   |

#### Positive growth in net worth of the company over the last Five (5) years

Amount in Taka

| Particulars               | Financial Year |             |               |              |             |
|---------------------------|----------------|-------------|---------------|--------------|-------------|
|                           | 2022-2023      | 2021-2022   | 2020-2021     | 2019-2020    | 2018-2019   |
| Net Turnover              | 284,168,891    | 454,935,378 | 109,038,473   | 630,919,942  | 856,130,508 |
| Gross profit              | 17,494,430     | 70,287,517  | 16,795,877    | 71,635,477   | 154,393,931 |
| Net Profit before tax     | (6,198,432)    | 10,514,078  | (352,841,341) | (99,335,070) | 29,835,487  |
| Net Profit after Tax      | (6,208,625)    | 8,832,422   | (353,333,158) | (98,563,119) | 29,497,229  |
| Earnings Per Share        | (0.23)         | 0.33        | (13.35)       | (3.72)       | 1.11        |
| Paid up Capital           | 264,670,560    | 264,670,560 | 264,670,560   | 264,670,560  | 264,670,560 |
| Shareholders' Equity      | 503,990,832    | 301,969,159 | 293,136,736   | 646,469,895  | 752,973,131 |
| Net asset value per share | 19.04          | 11.41       | 11.08         | 24.43        | 28.45       |

#### Cash or Stock Dividends paid in previous Five (5) financial years

| Year of Dividend | Record Date | AGM date    | Nature of Dividend | Percentage of Dividend | Remarks or Status (Year wise Dividend list)               |
|------------------|-------------|-------------|--------------------|------------------------|-----------------------------------------------------------|
| 2018-19          | 25 Nov 2019 | 18 Dec 2019 | Cash               | 3.00%                  | 33rd AGM on June Closing                                  |
| 2019-20          | 25 Nov 2020 | 24 Dec 2020 | No dividend        |                        | 34th AGM on June Closing (COVID Pandemic reflection)      |
| 2020-21          | 28 Nov 2021 | 26 Dec 2021 | No dividend        |                        | 35th AGM on June Closing (COVID Pandemic reflection)      |
| 2021-22          | 21 Nov 2022 | 26 Dec 2022 | Cash               | 1.00%                  | 36th AGM on June Closing (Post COVID Pandemic reflection) |
| 2022-23          | 27 Nov 2023 | 27 Dec 2023 | No dividend        |                        | 37th AGM on June Closing                                  |

#### Satisfactory EPS growth of the company over the last Five (5) years

Amount in Taka

| Particulars           | Financial Year |            |               |              |            |
|-----------------------|----------------|------------|---------------|--------------|------------|
|                       | 2022-2023      | 2021-2022  | 2020-2021     | 2019-2020    | 2018-2019  |
| Net Profit after Tax  | (6,208,625)    | 8,832,422  | (353,333,158) | (98,563,119) | 29,497,229 |
| Earnings Per Share    | (0.23)         | 0.33       | (13.35)       | (3.72)       | 1.11       |
| Total number of Share | 26,467,056     | 26,467,056 | 26,467,056    | 26,467,056   | 26,467,056 |

## REMUNERATION OF DIRECTORS

The aggregate amounts paid to / provided for the Directors of the Company for the year ended 30th June, 2023 is disclosed below:

| Name of Directors             | Designation                  | Remuneration | Festival Bonus | AIT Deducted | Net Amount |
|-------------------------------|------------------------------|--------------|----------------|--------------|------------|
| Mr. A.K.M Azizur Rahman       | Chairman                     | -            | -              | -            | -          |
| Mr. Baziur Rahman             | Managing Director            | -            | -              | -            | -          |
| Mrs. Rosy Rahman              | Director                     | -            | -              | -            | -          |
| Brig Gen Mohammed Abdul Halim | Independent Director         | -            | -              | -            | -          |
| Mr. Iqbal Hossain Kha         | Director (Nominated by RBL)  | -            | -              | -            | -          |
| Patit Chandra Barik           | Director (Nominated by BDBL) | -            | -              | -            | -          |
| Mr. M Shafiqul Islam          | Director (Nominated by BDBL) | -            | -              | -            | -          |
| <b>Total</b>                  |                              | -            | -              | -            | -          |

Period of payment to Directors is from 1st July, 2022 to 30th June, 2023

- The above Directors of the Company did not take salary from the Company other than Board Meeting Attendance Fee
- Expenses reimbursed to the managing agent: Nil.
- Commission or other remuneration payable separately to a managing agent or his associate: Nil.
- Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the company: Nil.
- 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.

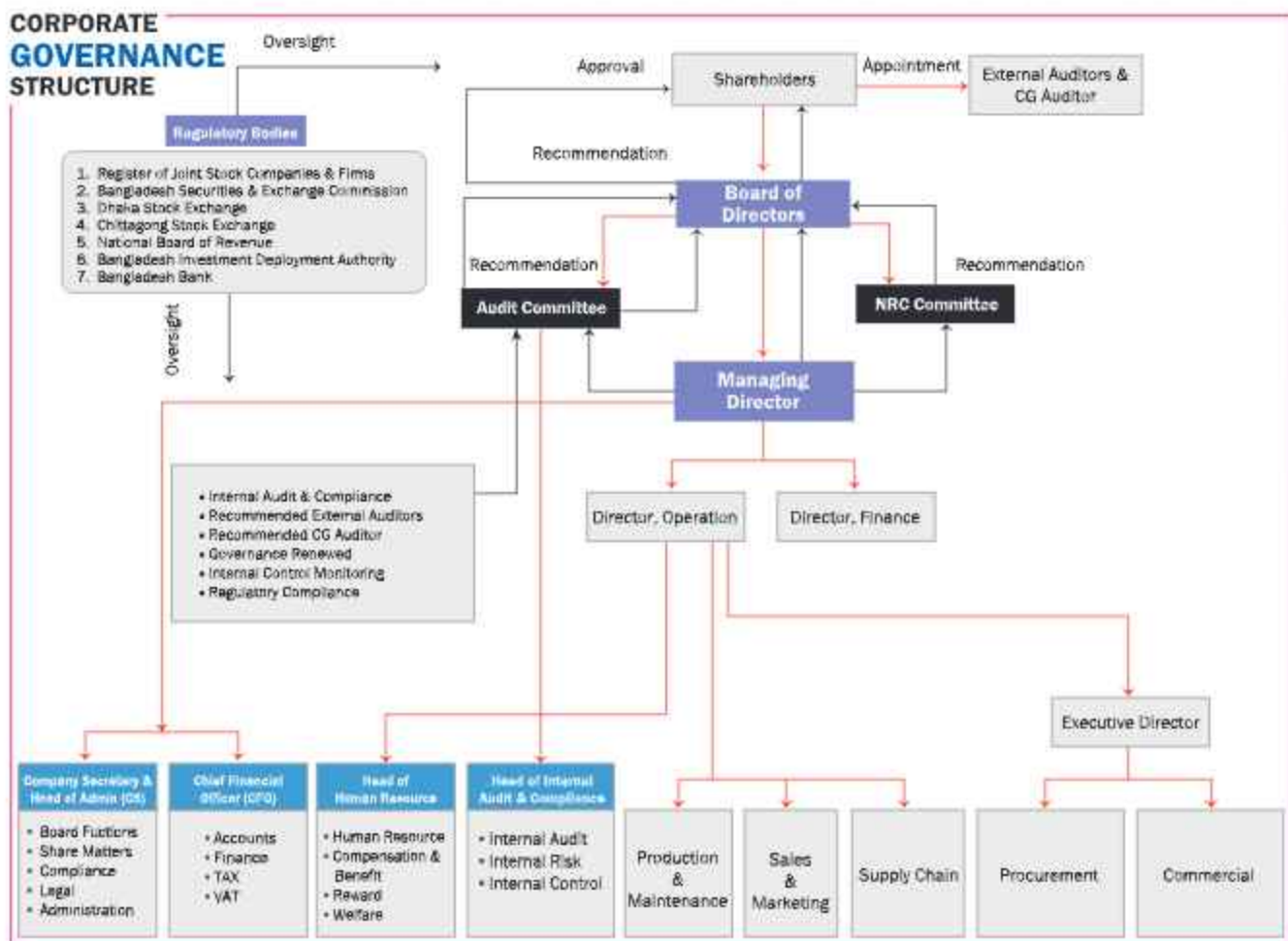




**STATEMENT**  
**ON CORPORATE**  
**GOVERNANCE**



## STATEMENT ON CORPORATE GOVERNANCE 2022-23



### The Philosophy of Corporate Governance

The corporate governance of Sonargaon Textiles Limited aims to achieve sustainable growth and establish reliance as a company that is highly evaluated by the customers, shareholders, clients and society in all aspects including products, service, technology, financial strength, quality of employees with good governance practice.

### Corporate Governance Framework

The Company's Corporate Governance practice is based on the principles of full compliance with the laws of Regulatory Bodies in which we operate and on open and transparent communication with all Shareholders. CG framework has been developed and enhanced based on the basic principles and best practices outlined in the following:

- Bangladesh Securities and Exchange Commission (BSEC) notifications no. BSEC/CMRRCD/2006158/207/Admin/ 80 dated 10 June 2018 on Corporate Governance known as Corporate Governance Code;
- The Companies Act 1994 and other applicable regulations of Bangladesh; Dhaka and Chittagong Stock Exchanges Listing Regulations;
- All relevant Laws of the Bangladesh Government;
- Standards of Business Conduct, Policies and Guidelines of

the Company; Statement of Risk Management and Internal Control policy of the Company;

- Bangladesh Labor law, 2006 (Amendment 2013)
- Statement of Delegated Authorities of the Company; and
- Local and global best practices.

The Board of STL continuously reviews its corporate governance frameworks to ensure its relevance, effectiveness and sustainability in addressing future business challenges.

### Governing Board

The board of Directors of Sonargaon Textiles Limited believes in ensuring the optimum Standard of corporate governance (CG) as it will ensure the company's sustainability. The Board of Directors constituted by a galaxy of talents from the business field and very resourceful persons. The Board also includes independent Directors who are most enlighten in respective business filed.

### Board Practices

A Board of Directors is a body of elected and/or appointed individuals who collectively oversee the activities of a company. Its activities are determined by the powers, duties and responsibilities delegated to it or conferred on it by an authority and these matters are typically detailed in the Articles of

Association. The Articles commonly also specify the number of members of the Board, how they are to be appointed, how frequently they are to meet and the manner/ procedure they should follow. In addition to that the Board may lay down a code of conduct for its members. The Board of Directors Play fundamental role in upholding and nurturing the principles of good governance.

The Board is responsible to the shareholders for overall success of the company, its strategic directions, its values, and its governance.

#### Board Composition

The Board of Directors consists of five (5) members including one Independent Director. There are a nominee Director by the Bangladesh Development Bank limited (BDBL) as per bank nomination and acceptance of the Board.

The Directors are from varied businesses and other backgrounds and their experience enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making. The Board is the highest body of the governance of the Company. A qualified person expert in legal framework is performing the role of the Company Secretary as the third eye and safeguarded of the board.

#### Responsibilities of the Board

- Formulating long term strategy and policy for the company.
- Reviewing entity's risk assessment and ensure existence of appropriate system to manage the risks.
- To establish visionary road map for greater interest.
- To review and flow up the financials for the greater interest of the company.
- The Board is collectively responsible to the Company's shareholders as laid down in its Articles of Association and the relevant laws and Regulations.
- The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

#### Disclosure of other Directorship:

A.K.M. Azizur Rahman is Chairperson of the Board who is a sponsor Director since 1985. His detail profile has been mentioned in Director's profile of this Annual Report. He has other Directorship in other company as stated below:

| Company Name               | Position          |
|----------------------------|-------------------|
| Golden Life Insurance      | Chairman          |
| Continental Insurance Ltd. | Chairman          |
| Millenium Holdings Limited | Chairman          |
| Khansons Textiles Limited  | Managing Director |
| Khansons Automobiles Ltd.  | Managing Director |
| Khansons Corporation Ltd.  | Managing Director |
| Khansons Jutex Ltd.        | Managing Director |
| Khansons Holdings Limited  | Managing Director |

Bazlur Rahman is the present Managing Director and sponsor since 1985. His detail profile has been mentioned in Director's profile of this Annual Report. He has other Directorship in other company as stated below:

| Company Name              | Position |
|---------------------------|----------|
| Khansons Textiles Limited | Director |
| Khansons Automobiles Ltd. | Director |
| Khansons Corporation Ltd. | Director |
| Khansons Jutex Ltd.       | Director |
| Khansons Holdings Limited | Director |

Mrs. Rosy Rahman is a sponsor Director in the Board since 1985. Her detail profile has been mentioned in Director's profile of this Annual Report. She has other Directorship in other company as stated below:

| Company Name               | Position |
|----------------------------|----------|
| Central Insurance Co. Ltd. | Director |
| Khansons Automobiles Ltd.  | Director |
| Khansons Corporation Ltd.  | Director |
| Khansons Jutex Ltd.        | Director |
| Khansons Holdings Limited  | Director |

#### Chairman & CEO

- The position of the Chairman and the CEO are filled by different individuals, as per the guidelines of BSEC. The Chairman is non-executive Director of the Board.
- The Chairman and the CEO are elected among the Directors of the Company. The roles of the Chairman and the CEO have been laid down by the Board.
- The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and also for facilitating the productive contribution of all Directors.
- The Managing Director has overall responsibility for the performance of the Company's business. He provides leadership to the Company to ensure the successful planning and execution of the objectives and strategies.
- The Chairman and CEO are not separate person with separate responsibility and do not play the dual role.

#### Board Committees

In order for quicker and efficient flow of information, The Board has established three Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee, Remuneration Committee and Executive Committee. Each Committee has its own terms of reference under which respective authority is delegated by the Board and is kept under review and updated regularly to ensure that they remain consistent with the best practice. The Company Secretary provides each of the Committees with secretarial services.

#### Audit Committee

The company's control mechanism is overseen by the Board's Audit Committee which comprises four Members including two

Independent Directors of the Company.

The Chairman of the Audit Committee is an Independent Director. Brig Gen Mohammed Abdul Halim (Retd.) is Independent Director and Chairman of the Audit committee. His long career with different organizations and companies and extensive experience ensure great benefit to the Company over the year. The Company Secretary acts as the Secretary of the Committee.

As required, all members of the audit committee are "financially erudite" and are able to analyze and interpret financial statements to efficiently discharge their duties and responsibilities. A report of the audit committee is enclosed as a part of the annual report.

#### **Nomination and Remuneration Committee (NRC)**

The Nomination and Remuneration Committee (NRC) discharges the responsibilities of the Board of Directors relating to compensation and nomination of the Company's executive directors and senior management. The Nomination and Remuneration Committee (NRC) consists of three members including one Independent Director.

#### **This committee:**

- Reviews the performance of the Chief Executive Officer, Executive Directors, Chief Financial Officer & Senior Management and continues to determine individual remuneration packages.
- Recommends to the Board on remuneration including salary and perquisites of the CEO, ED, CFO and Senior Management.
- To ensure CEO, ED, CFO & Senior Management remuneration is aligned with trends.

#### **Executive Committee (EC)**

In discharging the responsibilities and duties, the Board is duly assisted by the functional head of the company, namely the Executive Committee. The Director, Operation and Director Finance lead the Executive Committee which comprises of the following heads of the organizational functions:

- Company Secretary (CS)
- Chief Financial Officer (CFO)
- Head of Internal Audit and Compliance
- Head of Accounts & Finance
- Head of Supply Chain & Procurement
- Head of Human Resource
- Head of Commercial
- Head of Maintenance & Production

#### **Company Secretary**

The board has appointed a company secretary in order to maintain the necessary link and liaison with internal and external organs for legal and regulatory affairs. He is the Officer of the Board and the Chief Compliance Officer of the Company. He is qualified fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He has vast knowledge on corporate governance and guiding principles for governing the Board with whistle blower policy.

#### **Roles & Responsibility of Company Secretary**

- Company Secretary is administratively responsible to the Managing Director and functionally to the Chairperson of the Board.

- To organize board meetings, informing board of Directors about the impending meeting, formulating the agenda of the meeting with Chairman and/or Chief Executive, compiling the minutes of the meeting and maintaining minute books.
- To ensure that Annual General Meetings (AGM) are held as per the Companies Act and the companies' Article of Association.
- To maintain relations with Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), and the respective regulatory bodies. And he/she is responsible for relaying information regarding the company to the market.
- To maintain the statutory registers regarding the members, company charges, directors and secretary, directors' interests in shares and debentures, interests in voting shares and debenture holders.
- To file annual reports, amended Memorandum and Articles of Association, return of allotments, notices of appointments, removal and resignation of directors and the secretary, notices of removal or resignation of the auditors, change of registered office and resolutions in accordance with the Companies Act with the Registrar of Joint Stock Companies and Firms (RJSC).
- To publish of the company's annual report and accounts.
- To maintain the company's register of members, deal with questions of the shareholders and transfer of shareholding etc.

#### **Responsibility of Chief Financial Officer, Company Secretary and Head of Internal Audit:**

In line with the guideline of BSEC, the company has been appointed Chief Financial Officer, Company Secretary and Head of Internal Audit. They work as per respective roles, responsibilities and duties defined by the board. The Chief Financial Officer and the Company Secretary attend the meetings of the Directors. Review of Business and Financial Operation The business operations of the Company are regularly supervised, reviewed and guided by the Board. The purpose of business review is to ensure follow up the result based on strategic objective and control. Financial reviews ensure the follow up of quarterly results. The purpose also is to provide an analysis of the economic and financial conditions, which will be the source of basis for external reporting and presentations.

#### **Role and Responsibility of CFO jointly with Managing Director**

The Chief Financial Officer (CFO) provides both operational and programmatic support to the organization. The CFO supervises the finance unit and is the chief financial spokesperson for the organization. The CFO reports directly to the President/Chief Executive Officer (CEO) and directly assists the Chief Operating Officer (COO) on all strategic and tactical matters as they relate to budget management, cost benefit analysis, forecasting needs and the securing of new funding. The Chief Financial Officer (CFO) along with Managing Director/CEO jointly reviews financial statement from true and fair view which is declared in page-56.

#### **Credit Rating Report**

The Credit Rating Report of the Company is available in the website.

### Internal Control Process & Internal Audit Team

The Company has its own Internal audit Department and internal audit team who are accountable to the Audit Committee. The internal audit team time to time reports to the Board of the Directors as part of internal control process. The Company's internal control system is designed at Board and Management levels to provide reasonable assurance regarding the achievement of the Company's objectives in respect of effectiveness and efficiency of operations, reliability of financial reporting and management information, compliance with applicable laws, regulations and the Company's policies.

### Written Roles and Responsibility of Head of Internal Audit:

- Head of Internal Auditor maintain and develop a Strategic audit framework based on an understanding of the risks that the organization is exposed to and develop an audit plan incorporating risks identified via internal audit and risk workshops and to promote higher standards of risk management and value for money through the organization. The Internal Audit Team is governed by an internal audit charter approved by the Board in addition to ToR of the Audit Committee. The responsibility of Internal Audit team is as stated below:
- Plans and conducts operational, financial and compliance audits to evaluate the effectiveness of internal controls.
- Determine compliance with selected policies, procedures, and regulations.
- Make written recommendations to senior administrators to increase efficiency and/or effectiveness of the control systems of functions reviewed.
- Plan and conduct audits to assess controls, operational efficiencies and compliance with selected policies, procedures and regulations.
- Resolve audit problems that occur and develop modifications to coverage and schedule.
- Perform special investigations as requested by the Chairman or Managing Director.
- Consults with administrators and staff at all levels to promote good business practices.
- To take the lead in investigating reported misuse of funds.
- To promote improved standards of financial control and value-for-money.
- To enhance the quality and extent of the partner external audit and financial accompanier function.
- To co-ordinate the external audit approach of the agency, through liaison with the external auditors, to ensure the most efficient and effective use of audit resources.
- To report twice yearly on the results of the Internal Audit Department to the Finance and Audit Committee.
- Assist in developing annual audit plan and submit to Chairman, Managing Director for review and approval.

### Statement of Director's Responsibility on Internal Controls

The internal Audit team works under the instruction of the Chairperson and members of Audit Committee independently. The directors who are members of Audit Committee are responsible for controlling the risk factors discovered by the audit team by a systematic and well-disciplined audit methodology and internal Audit Charter.

### Standard for Measuring the Adequacy of Internal Control Systems:

The Audit Committee directly accountable to the Board. During each quarterly meeting, the members of the Audit Committee reviews the internal audit control system considering the applicable Laws, Rules, Regulation, Guidelines. The members of AC places and recommends to the Board for justify the adequacy of internal control process and recommend for necessary steps to be taken. The head of internal Audit submits regular reports on identified issues which is discovered during each quarter.

### Management Delegation & Strategic Business Units (SBU)

The Board of directors of STL believes on proper and exact delegation of the responsibilities for real time communication. The Board of STL has delegated adequate operational and financial authorities to the Managing Director which empowers him to set up the organizational configuration, recruit appropriate people, empower them to manage the Strategic Business Units and functional areas and provide them guidance for achievement of the desired outcomes.

### Empowerment and Supervisory Control

The Board of STL ensures that there is appropriate delegation of power of authority and clear the accountability of the management staff all the way down to the Supervisory level and that performance of the individual is judged on the basis of clearly set measurable goals and through objective assessment of their achievements.

### Standard of Business Conduct and Code of Conduct (COC)

Sonargaon Textiles Limited has been maintaining a Standards of Business Conduct since its incorporation. The board of the Directors of the Company also adopted a separate complete Code of Conduct which is especially playing the role of whistleblowing concept in a greater interest. This code of conduct includes behavior declaration of conflicts of interest, bribery and corruption, respect in the workplace, human rights and our operations, entertainment and gifts, charitable contributions, accurate accounting and record keeping, protection of corporate assets, confidentiality and information security, insider dealing and market abuse, competition and anti-trust laws, money laundering and anti-terrorism, illicit trade, trade in the company's products and sanctions.

### Other Internal Policies and Guidelines

The Company also has other internal policies, guidelines, procedures and codes in support of the Company's Corporate Governance Framework. The Company also adopted many other policies are as stated below:

- Human Resource Policy
- Policy on Environment, Health, Safety and Security.
- Risk Management policy (External & Internal Risks)
- Anti-Barbary Policy
- Insider Trading Policy
- Dividend policy
- Supply Chain Management policy
- Procurement Policy

### Statutory Auditor

Appointment of the Statutory Auditor is regulated by the Companies Act 1994 and by Securities & Exchange Rules 1987. On the basis of suggestion of the Audit Committee, the Board recommends appointment of an auditor, which is approved by the Shareholders at the Annual General Meeting. Along with the appointment, the Shareholders also fix the remuneration of the auditors. Under the BSEC order, a Statutory Auditor can continue in office for maximum three consecutive years. From a Corporate Governance perspective, Sonargaon Textiles Limited maintains complete and thorough independence of the Statutory Auditors. The Audit Committee meets with the statutory auditors to ensure that the auditors are acting independently and reviews the financial statements before submission to Board for approval.

### Disclosure of Subsidiary Company

STL doesn't have any investment in subsidiary company.

### Transparent Disclosure

Sonargaon Textiles Limited prepares financial statements with adequate disclosures in accordance with the Bangladesh Accounting Standards (BAS), International/ Bangladesh Financial Reporting Standards (I/BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. In order to prepare the financial statements, the management is responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying accounting policies and making accounting estimates that are reasonable in the circumstances. These financial statements, once prepared, are reviewed initially by CFO and CEO and then by the Audit Committee on a regular basis. The external auditors also attend the Audit Committee meetings to review the quarterly financial statements as prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Company policies.

### Bangladesh Secretarial Standard (BSS)

Sonargaon Textiles Limited strictly follows all Secretarial standards (BSS) and all its regulations set by the Institution of Chartered Secretaries of Bangladesh (ICSB). The Company Secretary & Share Department strictly maintains minutes books and statutory registers as advised by BSS.

### Shareholder's Right

The Board ensures through the Company Secretary that all the Shareholders of the company are treated equitably and ensures that the rights of all Shareholders are equally protected. The Board believes that the management of a successful and productive relationship with its Shareholders must be underpinned by the importance of maintaining transparency and accountability. The Company Secretary acts as a bridge between the Shareholders and the Board of Directors of the Company who delivers the standard services to its valued Shareholders ensuring the well-defined Shareholders' rights in accordance with applicable laws and the Articles of Association of the Company.

### Board Commitments

Sonargaon Textiles Limited has flourished and shall continue to

value its treasured relationship with the Government of Bangladesh, esteemed shareholders and other stakeholders of the Company by practicing the highest standards of corporate governance. The Company has demonstrated an unwavering dedication to the country and its people and this commitment is what sets the distinction apart from any other business entity.

### Independent Director: (Appointment Process and expertise on regularity Rules and compliance)

STL emphasizes on the qualification of the Independent Director advised in Corporate Governance Guideline of 2018. To do that NRC recommends the Board for scrutinizing the criteria of his academic qualification and business leadership capacity which passes through a systematic process until the approval of by the Shareholders in AGM. As per the condition no. 01, Sub condition no. 2(e) of Corporate Governance Code gazette on 03 June 2018 issued by BSEC, the tenure of the office of an Independent director shall be for a period 3 (three) years, which may be extended for 1 (one) tenure only. STL maintains 1/5th appropriate proportion of the Independent Director. Brig Gen Mohammed Abdul Halim has sufficient knowledge to meet all regularity compliances.

### Nomination Process of the Board

The members of Nomination and Remuneration Committee (NRC) follow nomination criteria for recommending new members of the Board. They consider the diversity as per nature of the company's Business. The main factors of election process for appointing the executive and non-executive Directors are settled by Board considering the expertise knowledge and technical knowhow based on the NRC's recommendation. The Board accept any Nominee Director considering investment relation as per recommendation of NRC.

### Qualification to be a Board Members

The NRC committee recommends to the Board for appointing a new Board Member considering the factors as stated below:

- Positive attributes
- Standard of Performance
- Business Age/year of Experience
- Educational background
- Nationality
- Professional Attachment
- Goodwill, Brand Value and Market Reputation
- Leadership Capacity

### Induction Policy of the Board of Directors

The NRC of STL follows a policy for induction approved by the Board of Directors. After confirmation of the Board the new Director has to follow joining formalities. He/she has to introduce the Code of Conduct of the Board Members and be aware of the respective well defined roles and responsibilities. The Head of HR is aligned to the Nomination and Remuneration (NRC) for developing, editing, and formulating this induction policy.

### Training and Performance Evaluation Process of the Board Members

The HR department prepares training schedule calendar for round the year and addresses the Training Needs to the Chairman, NRC. The Board usually accepts the recommendation

of NRC for arranging the training for the directors of the Board Members Inspecting Training Need Analysis (TNA). The Chairman NRC uses a prescribed format for evaluating the performance the Board members considering factors as stated below:

- Justifying qualitative difference before and after his contribution (common for all Directors);
- Counting values have been added by the Director/ Independent Director during last fiscal year;
- Calculating three areas of major changes during last financial year (yearly contribution);
- Calculating three areas of major changes during first tenure contribution (first 3 years means first tenure evaluation: only for the Independent Director);
- Calculating three areas of major changes during second tenure contribution (Consecutive 6 years means 2nd tenure evaluation: only for the Independent Director);
- Considering three factors for recommendation by NRC appointing him/her for the first/2nd time ;
- Considering the factors for recommendation by NRC appointing him/her for life time;

#### Public Relation (PR) and Feedback Process to the Shareholders

The Company Secretary acts as the Public Relation officer to the shareholders and all the stakeholders of the Company. The Company encourages communications with Shareholders throughout the year and welcomes their participation at shareholders' meeting. Four times each year, STL reports to its shareholders regarding its business, financial position and earnings. An Annual General Meeting normally takes place within the first six months of each fiscal year. Among other things, the Annual General Meeting decides on the appropriation of net income, election of the Board members and the appointment of the Auditors. Amendments to the Memorandum and Articles of Association and any change in the Company's paid up capital structure are approved exclusively at the Annual General Meeting and are implemented by the Board.

#### Disclosure of Whistle Blowing Policy

STL welcomes whistle-blower reports and encourages the staff and third parties to draw its attention to the instances of corporate wrong-doing within the company; provided that any deliberate victimization shall be strictly dealt with. It will be appropriately investigated and acted upon once such disclosures are received. STL regards the attempts to victimize or discriminate against a Whistle-blower as potentially gross misconduct.

The summary disclosure of the whistle blowing policies is stated below:

- The Board must give the choice of freedom to any level staff for alarming spontaneously ;
- The Board must check the risk factors by respective department with knowledge of respective expert;
- The Board must assigned responsible person for immediate and preventive action ;
- The Board must update and review the policy time to time.

#### Public Disclosure of Information

All information in reports and documents that the Company files with or submits to the Securities or Exchange Commission is

required to be full, fair accurate, timely, and understandable. This standard also applies to other public communication made by the company. All directors consider this requirement in carrying out his or her Board duties.

#### Website of the Company

The company has an official website [www.khansongroupbd.com](http://www.khansongroupbd.com) which is linked with the website of the stock exchanges. The company make available the detailed disclosures on its website immediately as required under the listing regulations of the concerned stock exchange(s)

#### Report on Compliance with Corporate Governance by the Board of Directors:

It is the Board's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of all Directors to adhere to the standards and restrictions imposed by those laws, rules and regulations. The Board of Directors reviews once a year and emphasizes on the Corporate Governance Code of 2018 which is attached as the checklist in page-58 of this Report.



## SONARGAON TEXTILES LTD.

### Declaration by MD and CFO

Date: 25 October 2023

#### The Board of Directors

Sonargaon Textiles Limited  
37 Kawran Bazar C/A (8th & 9th Floor)  
Dhaka-1215.

Subject: Declaration on Financial Statements for the year ended on 30th June 2023.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. SEC/CMRRCD/ 2006-158/207/ Admin/80. Dated 3rd June 2018 under section 200 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 30th June 2023 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 30th June 2023 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



(Bazlur Rahman)  
Managing Director (MD)



(M Monirul Islam Khan)  
Chief Financial Officer (CFO)

## CERTIFICATE OF COMPLIANCE

**M. MOHASHIN & CO.**

CHARTERED SECRETARIES IN PRACTICE

(In Bangladesh)

Registered under the Act of 1938

A leading Chartered Secretary firm rendering comprehensive professional services which include Corporate Laws, Secretarial Compliances, Secretarial Audit and Independent Scrutinizer.



49/A Sher-E-Bangla Road, (opposite Modina masjid), 4th floor, Zigatola, Dhaka-1209



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+8801990-616253



mmohashinn@gmail.com

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

We have examined the compliance status to the Corporate Governance Code by Sonargaon Textiles Limited for the year ended on 30 June 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except as otherwise stated in the remarks column of the Statement on Status of Compliance of the Code prepared by the Directors of the Company;
- 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;
- 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
- The Governance of the Company is satisfactory.

Place : Dhaka  
Dated : November 30, 2023



For  
M Mohashin & Co.

  
Md. Mohashin FCS  
Chartered Secretary in Practice

## STATUS OF CORPORATE GOVERNANCE

### Status of Compliance Report on Corporate Governance of SONARGAON TEXTILES LIMITED

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.              | <b>Board of Directors: -</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                    |              |                                                                                                    |
| 1. (1)          | <b>Size of the Board of Directors</b><br>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)          | <b>Independent Directors</b><br>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)      | <b>For the purpose of this clause "independent director" means a director-</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                    |              |                                                                                                    |
| 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:<br>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;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | ✓                                                  |              |                                                                                                    |

| 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);                                                                                                                                                                                                                                                                                                                                                                            | ✓                                                  |              |                  |
| 1 (2) (d)      | The post of independent director(s) cannot remain vacant for more than 90(ninety) days; and                                                                                                                                                                                                                                                                                                                                                                                                                  | -                                                  | -            | No such incident |
| 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:<br>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]:<br>Provided further that the independent director shall not be subject to retirement by rotation as per the, (Companies Act, 1994). |                                                    | -            | No such incident |
| (3)            | <b>Qualification of Independent Director.-</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                    |              |                  |
| 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;                                                                                                                                                                                                                                                                             |                                                    |              |                  |
| 1 (3) (b)      | <b>Independent Director shall have following qualifications:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                    |              |                  |
| 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              |

| Condition No.   | Title                                                                                                                                                                                                                                                                                                                                                                                                                                       | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any) |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------|
|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                             | Complied                                           | Not complied |                  |
| 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                                                                                                                                                                                       | ✓                                                  |              |                  |
| 1 (3) (b) (iv)  | University Teacher who has an educational background in Economics or Commerce or Business Studies or Law; or                                                                                                                                                                                                                                                                                                                                |                                                    |              | N/A              |
| 1 (3) (b) (v)   | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public 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);                                                                                                                                                                                                                                                                                                                            |                                                    |              | N/A              |
| 1 (3) (d)       | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.                                                                                                                                                                                                                                                                                                                       |                                                    |              |                  |
| 4               | <b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-</b>                                                                                                                                                                                                                                                                                                                                  |                                                    |              |                  |
| 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;                                                                                                                                                                                                                                                                                                                                        | ✓                                                  |              |                  |
| 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;                                                                                                                                                                                                                                                                                       | ✓                                                  |              |                  |

| Condition No. | Title                                                                                                                                                                                                                                                                          | Compliance Status (Put ✓ in the appropriate column) |              | Remarks (if any)                                                     |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------|----------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                | Complied                                            | Not complied |                                                                      |
| 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. |                                                     |              | N/A                                                                  |
| (5)           | <b>The Directors' Report to Shareholders:</b>                                                                                                                                                                                                                                  |                                                     |              |                                                                      |
|               | 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                                                                                                                                                                                               | ✓                                                   |              | No remuneration paid to the directors except board meeting allowance |
| 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;                                                                                                                                                                                           | ✓                                                   |              |                                                                      |

| Condition No.   | Title                                                                                                                                                                                                                                                                       | Compliance Status(Put √ in the appropriate column) |              | Remarks (if any)                                                                                                  |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------|
|                 |                                                                                                                                                                                                                                                                             | Complied                                           | Not complied |                                                                                                                   |
| 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; | √                                                  |              |                                                                                                                   |
| 1 (5) (xv)      | A statement that the system of internal control is sound in design and has been effectively implemented and monitored;                                                                                                                                                      | √                                                  |              |                                                                                                                   |
| 1 (5) (xvi)     | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;                                                               | √                                                  |              |                                                                                                                   |
| 1 (5) (xvii)    | A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;                                    | √                                                  |              |                                                                                                                   |
| 1 (5) (xviii)   | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;                                                                                                    | √                                                  |              |                                                                                                                   |
| 1 (5) (xix)     | A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;                                                                                                                                                                | √                                                  |              |                                                                                                                   |
| 1 (5) (xx)      | An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;                                                                                                                                                                 | √                                                  |              | The Board recommended no dividend for the year ended 30 June 2023. Explanation is available in the Annual Report. |
| 1 (5) (xxi)     | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;                                                                                                                                                    | √                                                  |              |                                                                                                                   |
| 1 (5) (xxii)    | The total number of Board meetings held during the year and attendance by each director;                                                                                                                                                                                    | √                                                  |              | 4(Four) Board meeting were held and all directors were present in the Board Meeting.                              |
| 1 (5) (xxiii)   | <b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:</b>                                                                                                                         |                                                    |              |                                                                                                                   |
| 1 (5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details);                                                                                                                                                                                 |                                                    |              | N/A                                                                                                               |

| Condition No.    | Title                                                                                                                                                                                                                                    | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any) |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------|
|                  |                                                                                                                                                                                                                                          | Complied                                           | Not complied |                  |
| 1 (5)(xxiii)(b)  | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);                                                          | ✓                                                  |              |                  |
| 1(5)(xxiii)(c)   | Executives; and                                                                                                                                                                                                                          | ✓                                                  |              |                  |
| 1(5) (xxiii)(d)  | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);                                                                                                                                       | ✓                                                  |              |                  |
| 1(5) (xxiv)      | <b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>                                                                                                         |                                                    |              |                  |
| 1(5) (xxiv) (a)  | a brief resume of the director;                                                                                                                                                                                                          | ✓                                                  |              |                  |
| 1.5 (xxiv) (b)   | nature of his or her expertise in specific functional areas; and                                                                                                                                                                         | ✓                                                  |              |                  |
| 1 (5) (xxiv) (c) | names of companies in which the person also holds the directorship and the membership of committees of the Board:-                                                                                                                       | ✓                                                  |              |                  |
| 1 (5)(xxv)       | <b>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:</b> |                                                    |              |                  |
| 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 <b>Annexure-A</b> ; and                                                                                  | ✓                                                  |              |                  |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                          | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any) |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                | Complied                                           | Not complied |                  |
| 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 <b>Annexure-B</b> and <b>Annexure-C</b> .                                                                                                                                                                                        | ✓                                                  |              |                  |
| 1 (6)         | <b>Meetings of the Board of Directors</b>                                                                                                                                                                                                                                                                                                                                      |                                                    |              |                  |
|               | 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)         | <b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officers</b>                                                                                                                                                                                                                                                                                   |                                                    |              |                  |
| 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.                 | ✓                                                  |              |                  |
| 2             | <b>Governance of Board of Directors of Subsidiary Company:-</b>                                                                                                                                                                                                                                                                                                                |                                                    |              |                  |
| 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             | <b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>                                                                                                                                                                                                         |                                                    |              |                  |
| 3 (1)         | <b>Appointment</b>                                                                                                                                                                                                                                                                                                                                                             |                                                    |              |                  |
| 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);                                                                                                                                                                               | ✓                                                  |              |                  |

| Condition No.  | Title                                                                                                                                                                                                                                                                       | Compliance Status(Put √ in the appropriate column) |              | Remarks (if any) |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------|
|                |                                                                                                                                                                                                                                                                             | Complied                                           | Not complied |                  |
| 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)          | <b>Requirement to attend the Board of Directors' Meetings</b>                                                                                                                                                                                                               |                                                    |              |                  |
|                | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:<br>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. | √                                                  |              |                  |
| 3(3)           | <b>Duties of Managing Director(MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>                                                                                                                                                                   |                                                    |              |                  |
| 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              | <b>Board of Directors' Committee. -</b><br>For ensuring good governance in the company, the Board shall have at least following sub-committees:                                                                                                                             |                                                    |              |                  |
| 4 (i)          | Audit Committee; and                                                                                                                                                                                                                                                        | √                                                  |              |                  |
| 4 (ii)         | Nomination and Remuneration Committee.                                                                                                                                                                                                                                      | √                                                  |              |                  |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)       |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Complied                                           | Not complied |                        |
| 5             | <b>Audit Committee.-</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                    |              |                        |
| 5 (1)         | <b>Responsibility to the Board of Directors.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                    |              |                        |
| 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)         | <b>Constitution of the Audit Committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                    |              |                        |
| 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 |
| 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)         | <b>Chairperson of the Audit Committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                    |              |                        |
| 5(3) (a)      | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;                                                                                                                                                                                                                                                                                                                                                                                                | √                                                  |              |                        |
| 5(3) (b)      | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.                                                                                                                                                                                 |                                                    |              | N/A                    |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                                   | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)        |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|-------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                         | Complied                                           | Not complied |                         |
| 5(3)(c)       | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):<br><br>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 36th AGM |
| 5 (4)         | <b>Meeting of the Audit Committee</b>                                                                                                                                                                                                                                                                                                                                                                   |                                                    |              |                         |
| 5(4)(a)       | The Audit Committee shall conduct at least its four meetings in a financial year:<br><br>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)         | <b>Role of Audit Committee:<br/>The Audit Committee shall:-</b>                                                                                                                                                                                                                                                                                                                                         |                                                    |              |                         |
| 5(5)(a)       | oversee the financial reporting process;                                                                                                                                                                                                                                                                                                                                                                | ✓                                                  |              |                         |
| 5(5)(b)       | monitor choice of accounting policies and principles;                                                                                                                                                                                                                                                                                                                                                   | ✓                                                  |              |                         |
| 5(5)(c)       | monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;                                                                                                                                                                                           | ✓                                                  |              |                         |
| 5(5)(d)       | oversee hiring and performance of external auditors;                                                                                                                                                                                                                                                                                                                                                    | ✓                                                  |              |                         |
| 5(5)(e)       | hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;                                                                                                                                                                                                                                             | ✓                                                  |              |                         |
| 5(5) (f)      | review along with the management, the annual financial statements before submission to the Board for approval;                                                                                                                                                                                                                                                                                          | ✓                                                  |              |                         |
| 5(5) (g)      | review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;                                                                                                                                                                                                                                                                       | ✓                                                  |              |                         |
| 5(5) (h)      | review the adequacy of internal audit function;                                                                                                                                                                                                                                                                                                                                                         | ✓                                                  |              |                         |
| 5(5) (i)      | review the Management's Discussion and Analysis before disclosing in the Annual Report;                                                                                                                                                                                                                                                                                                                 | ✓                                                  |              |                         |
| 5(5) (j)      | review statement of all related party transactions submitted by the management;                                                                                                                                                                                                                                                                                                                         | ✓                                                  |              |                         |
| 5(5) (k)      | review Management Letters or Letter of Internal Control weakness issued by 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                                                                                                                                                                                                          | ✓                                                  |              |                         |

| Condition No.    | Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)       |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------------|
|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Complied                                           | Not complied |                        |
| 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:<br><br>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)            | <b>Reporting of the Audit Committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                    |              |                        |
| 5 (6) (a)        | <b>Reporting to the Board of Directors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                    |              |                        |
| 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 |
| 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)          | <b>Reporting to the Authorities</b><br>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)            | <b>Reporting to the Shareholders and General Investors</b><br>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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ✓                                                  | -            |                        |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                    | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)       |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|------------------------|
|               |                                                                                                                                                                                                                                                                                                                          | Complied                                           | Not complied |                        |
| 6             | <b>Nomination and Remuneration Committee (NRC):-</b>                                                                                                                                                                                                                                                                     |                                                    |              |                        |
| 6(1)          | <b>Responsibility to the Board of Directors</b>                                                                                                                                                                                                                                                                          |                                                    |              |                        |
| 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)         | <b>Constitution of the NRC</b>                                                                                                                                                                                                                                                                                           |                                                    |              |                        |
| 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 |
| 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;                                                                                                                                                                                                                                                       | ✓                                                  |              |                        |
| 6(2) (h)      | The quorum of the NRC meeting shall not constitute without the attendance of at least an independent director;                                                                                                                                                                                                           | ✓                                                  |              |                        |
| 6(2) (i)      | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.                                                                                                                        | ✓                                                  |              |                        |
| 6 (3)         | <b>Chairperson of the NRC</b>                                                                                                                                                                                                                                                                                            |                                                    |              |                        |
| 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;                                                                                                                                                                                               | ✓                                                  |              |                        |

| Condition No.  | Title                                                                                                                                                                                                                                                                                                                                                                                                                  | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|-------------------------------|
|                |                                                                                                                                                                                                                                                                                                                                                                                                                        | Complied                                           | Not complied |                               |
| 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:<br>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. | ✓                                                  |              |                               |
| 6 (4)          | <b>Meeting of the NRC</b>                                                                                                                                                                                                                                                                                                                                                                                              |                                                    |              |                               |
| 6(4) (a)       | The NRC shall conduct at least one meeting in a financial year;                                                                                                                                                                                                                                                                                                                                                        | ✓                                                  |              |                               |
| 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);                                                                                                                                                              | ✓                                                  |              |                               |
| 6(4) (d)       | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.                                                                                                                                                                                                                                                                   | ✓                                                  |              |                               |
| 6 (5)          | <b>Role of the NRC</b>                                                                                                                                                                                                                                                                                                                                                                                                 |                                                    |              |                               |
| 6(5) (a)       | NRC shall be independent and responsible or accountable to the Board and to the shareholders;                                                                                                                                                                                                                                                                                                                          | ✓                                                  |              |                               |
| 6(5) (b)       | <b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>                                                                                                                                                                                                                                                                                                        |                                                    |              |                               |
| 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;                                                                                                                                                                                                                                                             | ✓                                                  |              | ToR of NRC includes this role |
| 6(5)(b)(i)(b)  | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and                                                                                                                                                                                                                                                                                                             | ✓                                                  |              | ToR of NRC includes this role |

| Condition No. | Title                                                                                                                                                                                                                     | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)                                |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|-------------------------------------------------|
|               |                                                                                                                                                                                                                           | Complied                                           | Not complied |                                                 |
| 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;          | ✓                                                  |              | ToR of NRC includes this role                   |
| 6(5)(b) (ii)  | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;                                                                              | ✓                                                  |              | ToR of NRC includes this role                   |
| 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; | ✓                                                  |              | ToR of NRC includes this role                   |
| 6(5)(b) (iv)  | formulating the criteria for evaluation of performance of independent directors and the Board;                                                                                                                            | ✓                                                  |              | ToR of NRC includes this role                   |
| 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                                                                      | ✓                                                  |              | ToR of NRC includes this role                   |
| 6(5)(b) (vi)  | developing, recommending and reviewing annually the company's human resources and training policies;                                                                                                                      | ✓                                                  |              | ToR of NRC includes this role                   |
| 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.                                                     | ✓                                                  |              | Report of NRC is disclosed in the Annual Report |
| 7             | <b>External or Statutory Auditors:-</b>                                                                                                                                                                                   |                                                    |              |                                                 |
| 7(1)          | <b>The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-</b>                                                                                  |                                                    |              |                                                 |
| 7(1)(i)       | appraisal or valuation services or fairness opinions;                                                                                                                                                                     | ✓                                                  |              |                                                 |
| 7(1)(ii)      | financial information systems design and implementation;                                                                                                                                                                  | ✓                                                  |              |                                                 |
| 7(1)(iii)     | Book-keeping or other services related to the accounting records or financial statements;                                                                                                                                 | ✓                                                  |              |                                                 |
| 7(1)(iv)      | broker-dealer services;                                                                                                                                                                                                   | ✓                                                  |              |                                                 |
| 7(1)(v)       | actuarial services;                                                                                                                                                                                                       | ✓                                                  |              |                                                 |
| 7(1)(vi)      | internal audit services or special audit services;                                                                                                                                                                        | ✓                                                  |              |                                                 |
| 7(1)(vii)     | any service that the Audit Committee determines;                                                                                                                                                                          | ✓                                                  |              |                                                 |
| 7(1)(viii)    | audit or certification services on compliance of corporate governance as required under condition No. 9(1); and                                                                                                           | ✓                                                  |              |                                                 |
| 7(1) (ix)     | Any other service that creates a conflict of interest.                                                                                                                                                                    | ✓                                                  |              |                                                 |

| Condition No. | Title                                                                                                                                                                                                                                                                                                                                                                                                    | Compliance Status(Put ✓ in the appropriate column) |              | Remarks (if any)        |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------|-------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                                                          | Complied                                           | Not complied |                         |
| 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:<br>Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | ✓                                                  |              |                         |
| 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.                                                                                                                                                                                                  | ✓                                                  |              |                         |
| 8             | <b>Maintaining a website by the Company. -</b>                                                                                                                                                                                                                                                                                                                                                           |                                                    |              |                         |
| 8(1)          | The company shall have an official website linked with the website of the stock exchange.                                                                                                                                                                                                                                                                                                                | ✓                                                  |              | www.khansonsgroupbd.com |
| 8(2)          | The company shall keep the website functional from the date of listing.                                                                                                                                                                                                                                                                                                                                  | ✓                                                  |              |                         |
| 8(3)          | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).                                                                                                                                                                                                                                                   | ✓                                                  |              |                         |
| 9             | <b>Reporting and Compliance of Corporate Governance:-</b>                                                                                                                                                                                                                                                                                                                                                |                                                    |              |                         |
| 9(1)          | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.      | ✓                                                  |              |                         |
| 9(2)          | The professional who will provide the certificate on the compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.                                                                                                                                                                                                                              | ✓                                                  |              |                         |
| 9(3)          | The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.                                                                                                                                                                                                                     | ✓                                                  |              |                         |

## AUDIT COMMITTEE



**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director



**Rosy Rahman**  
Director



**M Shafiqul Islam**  
Nominee Director, BDBL



**Abu Zakir Ahmed ACS**  
Company Secretary  
(Secretary to the Committee)

## Report of the Audit Committee (AC)

### The Honorable Board of Directors & Esteemed Shareholders

We pleased to present the Report of the Audit Committee for the year ended on 30 June 2023. The Audit Committee Report presented under condition No.5 (6) (a) of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code issued on 2018.

### Composition of the Audit Committee

Audit Committee is the sub-committee of the Board. As mentioned in the Compliance Statement, the Board has formed an Audit Committee in terms of the conditions of BSEC Code which is appended with the Compliance Report and also enclosed with the Directors' Report. The Committee is comprised of 03 (three) members of the Board of Directors. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors and Chairman of the Audit Committee is an Independent Director. The audit committee of the Board of Directors consists of the following Members:

| Sl. | Name of the Members                   | Position of In the Committee |
|-----|---------------------------------------|------------------------------|
| 1.  | Brig Gen Mohammed Abdul Halim (Retd.) | Chairman                     |
| 2.  | Rosy Rahman                           | Member                       |
| 3.  | M Shafiqul Islam                      | Member                       |

Abu Zakir Ahmed ACS, Company Secretary is by default, the Secretary to the Committee.

### Changes in Audit Committee

Brig Gen Mohammed Abdul Halim Independent Director who is current Chairman of the Audit Committee. The Board appointed Abu Zakir Ahmed ACS as the Company Secretary based on the recommendation of the Committee from 14 August 2023. Accordingly he is now by default the secretary to the Committee.

### Terms and Reference (TOR) of the Audit Committee

The role, duties and responsibilities of the Audit Committee are determined by the Terms of Reference (TOR) of the Audit Committee referred by condition no. 6 of the new Corporate Governance Code issued by BSEC dated on 3rd June 2018. According to terms of reference, the role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review when appropriate, make recommendations to the main Board on business risk, internal controls and compliance. The committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control system are in place to identify and contain business risk and that the Company's business is conducted in a proper and economically sound manner. The Audit Committee assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the company and ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors of the Company.

### The Role and Responsibilities of the Committee

The Role of the Audit Committee is determined by the Terms of Reference (ToR), and includes among others.

### Financial Responsibilities

- To oversee the financial reporting process.
- To monitor choice of accounting policies and principles.
- To conduct meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adaptation.
- To review along with the management, the annual financial statements before submission to the Board for approval.
- To review along with the management, the quarterly financial statements before submission to the Board for approval.
- To review the Management's Discussion and analysis before finalization of the Annual report.

### Statement on Financial activities

The following activities were carried out by the Audit Committee during the financial year ended 30th June 2023.

- Reviewed the quarterly, half yearly and interim financial result of the company.
- Reviewed the annual financial statements of the company prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures were in compliance with provisions of Companies Act 1994, Securities Laws, applicable accounting standard/ IFRS, BFRS, any conflict of interest and other relevant and regulatory requirements.

### Statement on Internal Audit activities

- Reviewed the annual audit plans including the audit methodology in accessing and rating risks of auditable areas to ensure adequate scope and comprehensive coverage on the audit activities of the company. Reviewed the effectiveness of the audit process, resource requirements for the year and the performance of the internal Audit.
- Reviewed the internal audit compliance reports which encompassed the audit issues, audit recommendations and management's response to these recommendations, improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditors were discussed together with management.
- Reviewed implementation for these recommendations through follow up audit reports to ensure all keys areas were addressed.
- Suggested additional improvement opportunities in the areas of internal control, system and efficiencies improvement.

### Statement on External Audit activities

- Met with external auditors at the conclusion of the annual audit in the absence of management and also reviewed their findings of observation and the Management's response thereto.
- Reviewed with the external auditors about their audit scopes, audit strategies and audit place for the year and their proposed fees for the statutory audit and review of the statement of internal control.
- Reviewed the external audit reports and areas of concern highlighted in the Management letter including the Management's responses to the findings of the external auditors.

- Reviewed the performance of the external auditors and made recommendation to the board on their appointment and fees.
- Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- Conducted a formal evaluation of the effectiveness of the external audit process.

#### Related Party Transactions

The Committee is responsible to review the statements of significant related party transactions and recommend to the Board for appropriate measures.

#### Internal Control System

The Committee reviews whether all the applicable Rules, Regulations, Guidelines, Notifications, Directives issued by the regulatory authorities have been complied or not complied. The committee emphasizes on other matters as per Terms of Reference (TOR) of the Audit Committee and also as directed by the Board, from time to time. Furthermore, Committee checks and recommends the board about the steps needed to improve the system of internal control derived from the findings of the internal and external auditors, and from the consultations of the Audit Committee itself. Based on review of the effectiveness of the internal controls and the procedures established for identifying, assessing and managing risks, the committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company's is adequately managed.

#### Responsibility to the Board of Directors

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. Furthermore, The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.

#### Activities Carried out by the Committee

The Audit Committee has three dimensional reporting responsibilities which stated below:

##### a. Reportable the Board

The Audit Committee reports on its activities to the Board of Directors. The Audit Committee immediately reports to the Board of Directors on the following findings:

- Report on conflicts of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities related laws, rules and regulations;
- Any other matter that it deems necessary and as may be directed by the Board.

##### b. Reportable 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.

##### c. Reportable the General Shareholders

Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) of the BSEC's Corporate Governance Code mentioned above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the Annual Report of the Company.

#### Legal Authority

In terms of Corporate Governance Code, the Audit Committee is authorized by the Board to review any activity within the business as per its Terms of Reference (ToR). It is authorized to seek any information it requires from and requires the attendance at any of its meeting of any Director or Member of Management, and all employees are expected to co-operate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The TOR of the Audit Committee may be amended from time to time as required for the business in line with BSEC Notifications, subject to approval by the Board of Directors of the Company. The quorum of the meeting of the Audit Committee be constituted in presence of the Independent Director quorum of the meeting was present round the meeting and all members were also present in all meeting.

#### Material information from true and fair view

The Audit Committee in its aforesaid meeting also had detailed discussion with the members of the accounts and finance department on various aspects of the financial statements and accounts. The Committee also reviewed the financial reporting process, discussed the adequacy of the internal control processes in place to prevent errors and fraudulent activities and thoroughly scrutinized the related party transactions carried out during the year. The committee was fully satisfied that the related party transactions were made on an arm length basis as part of normal course of business and the transactions have been adequately disclosed in the financial statements. The Independent Auditors' report also did not contain any material audit observation that warranted the Boards' attention. The Committee being satisfied authorized for onward submission of the Audited Financial Statements to the Board for consideration.

#### Internal Audit Charter

In addition of Terms of Reference of the Audit Committee, Internal audit team of Sonargaon Textiles Limited practices a management approved internal audit charter. This is an independent and objective assurance and consulting activity that is designed to add value and improve the operations of Sonargaon Textiles Limited (STL). STL internal audit charter is a formal document that defines internal audit's purpose, authority, responsibility and position within the company. This Charter adds the additional values to principles of the TOR of Audit Committee. The purpose of the internal audit charter is to assist

# AUDIT COMMITTEE

the Board on the following principles as stated below:

- Financial Reporting Process
- System of Internal Control
- Internal Auditing Process
- Organization's Processes for Monitoring Compliance
- Special Investigations and Whistleblower Mechanism, and
- Internal Audit Reporting Responsibilities.

## Meeting with attendance

Four audit Committee meetings were conducted during the financial year. The independent Director is the Chairman of the Committee who presided every meeting never remained absent. The Head of Internal Audit attends in the Board Meeting regularly. The attendance is stated below:

| Sl. | Name of the Members                   | Position                          | Meeting Held | Meeting Attended |
|-----|---------------------------------------|-----------------------------------|--------------|------------------|
| 1.  | Brig Gen Mohammed Abdul Halim (Retd.) | Chairman, AC Independent Director | 4            | 4                |
| 2.  | Rosy Rahman                           | Member                            | 4            | 4                |
| 3.  | M Shafiqui Islam                      | Member                            | 4            | 1                |

## Attendance of the Chairperson recorded in AGM

The attendance of the Chairman of the Audit Committee (Independent Director) was duly recorded in the 36th Annual General Meeting of Sonargaon Textiles Limited.

## Robust Assessment by the Board on internal major Risks

The members of the Audit Committee strongly recommended the measuring action against the major risks of the company. The Chairman, AC taken it to the attention of the Board which is ratified by Board as far as controlling the probable and existing risk are concerned. The Board may assigned any respective person forming urgent based risk management Committee.

## Board's Explanation based on the Recommendation of Audit Committee on the Principle Risks

The Board gives priority on the assessment of Audit observation. So taking in account is recorded by the Audit Committee and as well as in Board Meeting Minutes. The alarming risks are encountered setting the priority and nature of the risks especially financial and operational risks.

## Report Authorization

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 25 October 2023.

## Acknowledgement

The members of the Audit Committee express their gratitude and thanks to the Board of Directors for their prudent guidance and the Management for their cooperation in performing their duties & responsibilities and recommendations made during the financial year to improve the system of Internal control derived from the findings of the internal and external auditors, and from the consultations of the Audit Committee itself.



On behalf of the Audit Committee

**Brig Gen Mohammed Abdul Halim**  
Chairman

## NOMINATION & REMUNERATION COMMITTEE (NRC)



**Brig Gen Mohammed Abdul Halim (Retd.)**  
Independent Director



**Rosy Rahman**  
Director



**M Shafiqul Islam**  
Nominee Director, BDBL



**Abu Zakir Ahmed ACS**  
Company Secretary  
(Secretary to the Committee)

# Report of the Nomination and Remuneration Committee (NRC)

## Composition of the Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) is a subcommittee of the Board. It consists of three Directors, one of whom is independent Director. The Managing Director and Chief Financial Officer assist the committee by providing the relevant information and analysis. The Company Secretary functions as the Secretary of the Committee.

## Role of the Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee's (NRC) role is mainly determine and recommend to the Board the remuneration as well as nomination of the top Executive Directors. It also monitors the levels and structures of remuneration of senior management and seeks to ensure that the remuneration arrangements are designed to attract, retain and motivate the Executive Directors and senior Management needed to run the Company Successfully.

## Summary of the activities by the Committee during the year:

- Reviewed the Terms of Reference of the Committee;
- Reviewed the existing evaluation criteria and policy of the Committee;
- Reviewed the existing benefits of the top five executives and raining policies and recommended the observation to the Board;
- Formulated the criteria for determining qualifications, positive attributes and independence of a director;
- Formulated the criteria for evaluation of performance of Independent Directors and Board of the Directors
- Identified criteria for selection, transfer or placement and promotion at different levels of the company;
- Reviewed the Code of Conduct of Chairman, Board of the Directors and other top five executives of the Company.

## Existing Members of the Nomination and Remuneration Committee (NRC):

|    |                                       |          |
|----|---------------------------------------|----------|
| 1. | Brig Gen Mohammed Abdul Halim (Retd.) | Chairman |
| 2. | Rosy Rahman                           | Member   |
| 3. | M Shafiqul Islam                      | Member   |

Abu Zakir Ahmed ACS, Company Secretary is by default, Secretary to the Committee.

## Meetings of the Committee during the year

During the financial year 2022-23 one (1) meeting of the Nomination and Remuneration Committee (NRC) was conducted on 21st April 2023.

## Attendance of the Remuneration and Nomination Committee (NRC) Meetings:

| Sl. | Name of the Members                   | Position | Meeting Held | Meeting Attended |
|-----|---------------------------------------|----------|--------------|------------------|
| 1.  | Brig Gen Mohammed Abdul Halim (Retd.) | Chairman | 1            | 1                |
| 2.  | Rosy Rahman                           | Member   | 1            | 1                |
| 3.  | M Shafiqul Islam                      | Member   | 1            | 1                |

## Changes Occurred in the Committee

Brig Gen Mohammed Abdul Halim (Retd.) has been appointed as the Independent Director who is current Chairman of the Committee. The Board appointed Abu Zakir Ahmed ACS as the Company Secretary based on the recommendation of the Committee from 14 August 2023. Accordingly he is now by default the secretary to the Committee.

## Reviewed in the Evaluation Criteria and Policy

The members of the NRC Committee reviewed and recommended the qualification criteria for the selection of the Board of Directors and a Policy for the Remuneration of the Board of Directors as well top level executives of the company. The Board approved both of these criteria and policies based on the recommendation by NRC in the Board Meeting was held on 30th January 2021.

## Existing Evaluation Criteria

### 1. Non-Executive Directors:

The evaluation of the non-executive and independent directors are carried out at least once a year by the board considering the following areas;

- The contribution for improving governance practice to the
  - board
  - No. of participation in the Board and other statutory meetings and other Committee meetings in timely manner.
  - No attendance at the Board and other Committee meetings
  - Standard of performance contributing to the company
  - economically.

### 2. Independent Director

The NRC checks out the performance of the Independent Directors in each financial year. To evaluate the standard of performance, NRC considers three benchmarks.

- By values which have been added by the Independent
  - Directors during his tenure?
  - The areas of his contribution regarding the quantitative and qualitative difference in each year
  - How the organization becomes gainer by his/her contribution
  - combining the organizational objectives.

### 3. Executive Directors

The respective reporting authority of the Executives
 

- Director determine their performance considering respective jobs and roles through organizational HR appraisal process in each calendar year.

### 4. Top Five Executives

Based on the respective roles of the each top five executives and other employees the performance is measured Annual Performance Indicator (API).

## Scope of Works

In assistance of the top level executive or CEO, the Committee reviews and recommends on the following issues:

- I. The re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- II. The annual re-election by shareholders of any director having given due consideration to their performance and ability to continue to be effective and contribute to the Board in the light of the knowledge, skills and experience required and specific account being taken of the need for progressive refreshing of the Board particularly where a non-executive director has served for stipulated tenure.
- III. Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract
- IV. The appointment of any Director to an executive or other office, including the role of Senior Independent Director
- V. The Board's policy for the selection and appointment of senior management.
- VI. The Board's policy for the selection and appointment of the Company Secretary; and the Committee will also make recommendations to the material subsidiary Boards of the Group on the membership of their Board committees, where applicable, in consultation with the Chair of the relevant committees.

#### Evaluation Process of the Committee

- The Committee considers and sets the criteria for the performance review of each Non-Executive Director;
- The Committee ensures that annual assessments of the performance of the Chairman, the Chief Executive Officer, and the Chief Financial Officer are undertaken;
- The Committee ensures an annual performance evaluation is undertaken of the effectiveness of the Board, each Committee of the Board and the contribution of each Director, such evaluation to be externally facilitated at least once every three years;
- The Committee reviews the results of the board evaluation processes that relate to the Board composition are undertaken;
- The Committee ensures that the conclusions and recommendations arising out of the annual board evaluation and the individual performance evaluations are reported to the Board;
- The Committee agrees an action plan addressing the results of the board evaluation and monitor performance on a regular basis against the agreed plan.

#### Responsible for Reporting

The committee is primarily responsible to the Board of the Directors secondly to the shareholders and general investors. The is bound to disclose nomination and the evaluation criteria and all the activities especially reviewing the human resources and training policies of the organization. The Head of HR is aligned with committee to assist on the preparation of the reporting.

#### Statement on last year's Review Process

The Committee conducted an annual review of its performance and ensure that it is provided with sufficient resources to undertake its duties, and that sufficient training is provided to the members on appointment and on an on-going basis and recommend the changes that it considers necessary to the Board for approval.

#### Report Authorization

This NRC Committee Report is made in accordance with the resolution of the Board of Directors on 27 October 2022.

#### Acknowledgement

The members of the Nomination and Remuneration Committee express their gratitude and thanks to the Board of Directors for their judicious guidance and the Management for their cooperation in performing their duties and responsibilities expect to formulate the criteria and complete policies in the coming years. Last of all I wish to thank the other members of the Committee for their valuable contributions towards the functions of the Nomination and Remuneration Committee (NRC).

On behalf of the Remuneration Committee



**Brig Gen Mohammed Abdul Halim**  
Chairman

## EXECUTIVE COMMITTEE (EC)



**Abrar Rahman Khan**  
Director, Operation



**M Monirul Islam Khan**  
Chief Financial Officer



**Abu Zakir Ahmed ACS**  
Company Secretary & Head of Admin



**Arjun Paul**  
DGM, Marketing & Fund Management



**Syada Rahana Parvin**  
Head of HRD

## Report of the Executive Committee (EC)

### Preamble

The Executive Committee (EC) is Sub Committee of the Board for accelerating and facilitating company's few routine works such as commercial, accounts and financial, supply chain management, storage and inventory etc.

### Composition of the Committee

The committee consists of four (4) members among Mr. Abrar Rahman Khan, Director (Operation) is the Chairman of the Committee. The Chief Financial Officer (CFO), Head of Finance and Accounts & Head of HR are Members of the Committee as stated below:

| Sl. | Name of the Members  | Position of in the Committee |
|-----|----------------------|------------------------------|
| 1.  | Abrar Rahman Khan    | Chairman                     |
| 2.  | M Monirul Islam Khan | Member                       |
| 3.  | Arjun Chandra Paul   | Member                       |
| 4.  | Syada Rahana Parvin  | Member                       |

Abu Zakir Ahmed ACS, Company Secretary is the Secretary to the Committee.

### Objectives

The Executive Committee of Sonargaon Textiles Limited (STL) is entrusted with the day-to-day management of the Company. The Executive Committee, as the Company's management body, is committed to serving the interests of the Company and achieving sustainable growth in Company value. This Committee may call meeting at any time due to resolve any serious issues working as the shadow of the Board.

The executive acts as the organization's steering committee. At any given time, various organizational issues require the board's attention. The executive committee will sift through these issues and present them to the board in order of priority. They direct which cases it should handle hierarchically in the board meeting's agenda. Additionally, the executive committee is mandated to research issues such as governance, investments, industry risk, and other relevant business matters. They compile their findings and present a report to the board for further action.

The executive committee also delegates power accordingly to ensure the organization achieves its goals and successfully executes the overall strategic plan. The executive committee is smaller than a board, and members might be in the same locality. The members can meet on short notice to deal with issues requiring immediate attention.

### Frequency of Meeting

The members of the Executive Committee are collectively accountable for the entire management of the Company and decide on the basic issues of business policy and corporate strategy. The Committee meets in every fortnight to review the business performance of the Company and take decisions as deemed appropriate.

### Report of the EC Committee

The Executive Committee (EC) of STL submits reports to the

Board while required. Furthermore, EC takes all emerging issues to the Board's account during each quarter end meeting.

### Report addressing the Board during the financial areas:

#### a. Report submitted on Financial Issues

The EC reported the financial issues addressing the inventory and raw materials which is related with supply chain management of the production. The major observation was to control the financial risks from cost effectiveness.

#### b. Report submitted on Administration

The EC highlighted the administrative control round the year for avoiding unexpected absenteeism of the workers for sustaining the continuous and break less production. The industrial non gas zone of Barisal suffers from labor unrest. The nature and behavioral attitude of labors of Southern Bengal frequently turns into unrest situation in every industry category. Besides nurturing the labors, industrial counseling to be strengthen enough.

#### c. Report submitted on Electricity Breakdown

The Electricity Breakdown (EBD) became major issue during last quarter which reflected the production scenario. The EC requested finding out the way of managing the power risk.

On behalf of the Executive Committee

  
Abrar Rahman Khan  
Chairman

## CODE OF CONDUCT & DIFFERENT POLICIES OF STL

### Preamble

STL Code of Conduct provides a broad guidance on ethical standards and business conduct. All the persons joining the Company must have to receive, read and understand the guidelines of Code of Conduct and Conflict of Interest guidelines. The Code of conduct for the Chairman, Other Board Members and MD/CEO are determined by approved Terms of Reference (ToR).

### Equal Employer Opportunity

STL is an equal opportunity employer and does not unlawfully discriminate against employees or applicants for employment on the basis of an individual's race, color, religion, creed, gender, ethnicity national origin, age, disability, marital status, veteran status or any other status protected by applicable law. This policy applies to all terms, conditions and privileges of employment, including recruitment, hiring, placement, compensation, promotion, discipline & termination. Whenever possible, we make reasonable accommodations for qualified individuals with disabilities to the extent required by law.

### Policy Against Sexual Harassment

STL confirm that no employee will experience harassment physical or verbal or emotional or in a combination of these carried out by an individual or a group of people. Under the terms of this policy, it shall be considered as an act of gross misconduct for any employee to engage in harassment of another employee. STL confirm that all employees have the right to be treated with dignity and respect. Forms of harassment may include:

- Verbal or written harassment in the form of offensive language, slander, sectarian songs, letters, jokes etc.
- Unwanted physical contact, ranging from touching to serious physical assault.
- Coercion, including pressure for sexual favors, or pressure to participate in political/religious groups.
- Intrusion by pestering or stalking.
- Conduct of a racial nature or other conduct based on racial grounds affecting the dignity of men and women at work.
- Offensive or intimidating behavior (unwanted verbal, non-verbal or physical conduct) relating to a person's disability. These guidelines and code of conducts are designed to make sure that we carry out our responsibilities, ethically and honestly.

We lay great emphasis on these guidelines and believe that these are critical in ensuring a constructive and positive work environment along with portraying a good image of STL to outside world. Each recruit shall sign the standard Code of Conduct and Conflict of Interest declaration forms and Refusal to sign shall not absolve the employee of the obligations, but shall be recorded in the employee's Personnel file, as deviation.

### Grievance Management Policy

STL is committed to provide the best possible working conditions for its employees and associated members. STL strives to ensure fair and honest treatment for all employees. The Head of the Divisions, Managers, Supervisors and Employees are expected to treat each other with mutual

respect. Part of this commitment, STL does encourage an open and frank atmosphere in which any grievance may be shared with management to get it resolved. STL does believe that most of the work related problems can be resolved through mutual understanding and discussion without initiating formal grievance procedure. Nonetheless, employees do get dissatisfied with various aspects of employment at workplace that may not be resolved through informal procedure. Hence, this policy is framed to ensure that employees can seek redress for any work related grievances from superior authority.

### Whistle Blowing Policy

STL welcomes whistle-blower reports and encourages the staff and third parties to draw its attention to the instances of corporate wrong-doing within the STL; provided that any deliberate victimization shall be strictly dealt with. It will be appropriately investigated and acted upon once such disclosures are received. STL regards the attempts to victimize or discriminate against a Whistle-blower as potentially gross misconduct.

### Health and Safety Policy

Health & Safety excellence is mandatory for long-term success. Health & Safety excellence requires the commitment and personal involvement of all levels of employees. Employees have the obligation and the ability to prevent accidents. All employees are responsible and accountable for understanding and complying with all regulations, company requirements and procedures relating to their job performance.

### Open Door Policy

An open door policy means, literally, that every manager's door is open to every employee. The purpose of an open door policy is to encourage open communication, feedback, and discussion about any matter of importance to an employee. STL adopts an open door policy to develop employee trust and to make certain that important information and feedback reach managers who can utilize the information to make changes in the workplace.

### Stakeholder's Engagement Policy

The goal of the stakeholder engagement plan is to provide transparent, two way communications with all the stakeholders audiences to build trust and credibility. It also serves to meet agreed-upon governance objectives that may be required by lenders, business partners or customers.

### Our Key Stakeholders

STL is always concern about needs and interests of stakeholders. Our approach to stakeholder engagement is to be perceived and experienced as a credible partner. Our stakeholders include:

- Investors
- Customers
- Creditors
- Government and Regulators
- Employees
- Suppliers & Vendors
- Media
- Society and Community

#### Vendor Agreement Policy

STL evaluates and encourages different categories vendors and suppliers by its Vendor Agreement Policy. The purpose of a vendor management policy is to identify which vendors put your organization at risk and then define controls to minimize third-party and fourth-party risk. It starts with due diligence and assessing whether a third-party vendor should have access to sensitive data. The vendors are classified the parameters set in our policy.

#### Insider Trading Policy

STL strictly maintains insider trading policy and prohibited any insider trading approaches by the TOP five CEO and for other common staff.

#### Policy on Communication with Shareholders and Other Stakeholders

The Board of Directors ensures that the company's shareholders are treated fairly and their rights are firmly protected in all circumstances through the Company Secretary. The Company Secretary is the primary link of communication between shareholders and the Board of Directors of the Company. The Shareholders of the company are informed of all material changes in business through communication as per the guidelines of BSEC, DSE, CSE and Companies Act.

- **Communications With Shareholders Through AGM**

To ensure the participation of all shareholders of the company in Annual General Meeting (AGM), the company delivers the Annual Report at least 21 days prior to the AGM date. Regarding the AGM date, time and venue, the information is communicated well in advance to shareholders. At the AGM, Board of Directors encouraged the shareholders to share their valuable opinions which is always taken into consideration for the development of the company.

- **Disclosure of all Material Information to Shareholders and Stakeholders**

The company tries to liaison with all shareholders and ensures that all stakeholders are informed about the company's activities and achievements on an ongoing basis. The company discloses quarterly and annual financial performance, price sensitive information and other reports in due course of time for the best interests of shareholders.

- **Communications Through Website**

The company published all relevant information as required by Regulators in its website [www.khansongroupbd.com](http://www.khansongroupbd.com) for meet up the shareholders need about the information of the company as a matter of transparency and openness in information disclosure for the benefit of all shareholders and stakeholders.

- **Investor complaint redress/Recompense**

When investor lodges any complaint relating to their investment in the company through a formal letter or official email address or via a phone call to the share department or Company Secretary, we try to solve the issue within three working days of complaint. The share

department officials review investor's complaints on a daily basis. We request the investors for updating their e-Tin number in the BO account, when cash dividend is declared. We requests for updating the bank account details in the BO account before sending cash dividend through the BEFTN system. We try to ensure all matters related to shareholders of the company efficiently.

#### Life Insurance Policy

STL Provides Life Insurance facility for the Employees including Head office & Factory Staff.

#### Supply Chain Management Policy

The Supply Chain Management Policy means to assess the risks and opportunities associated with the contracting, procurement, and provision of supplies and services on a corporate and project level, as well as the development of sustainable commercial relations. STL supply chain is under the Director, Operation. The process starts by supplying every necessary spare parts, inventory which are required urgent and regular basis. The every divisional wing of the production of Manufactured plant stated (see in page-94) is supervised by the supply management policy.

#### Dividend Distribution Policy

STL maintains a dividend distribution policy as regularity requirement. The dividend distribution policy is sated separately in page-85 of this report.

#### Risk Management Policy

The risk management policy aims to demonstrate that gain is acting appropriately to anticipate risks; to assess risks; to avoid excessive risk; to embrace necessary or desirable risks with appropriate safeguards. STL maintains Risks by management policy stated in page-84 of this report.



All 'Policies' are authenticated by  
Corporate Affairs Department &  
'Record' preserved by HR Department.

## RISK MANAGEMENT POLICY

### Preamble

STL has a strong base to identify the risk of future uncertainty with the change of local and global economy. The company always identifies the key business risks and ensures the mitigation plans of those risks. The management of the company reviewed and adopted the best practices of the industry that enable the company to achieve its ultimate objectives. Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including Credit Risk, Liquidity Risk, Interest Rate Risks, Exchange Rate Risks, Industry Risks, Market and Technology-related Risks, financial uncertainty, legal liabilities, accidents and natural disasters. Some of these risks and their mitigation are discussed elaborately as under:

### Credit Risk

This is the risk of default on a debt that may arise because of default by the borrower to pay the loan. In operating any business there is always credit risk lies in the business. As there are always lending and borrowing between parties in the form of money and goods.

### Management Perception

Credit Risk mainly lies with Financial Institutions. Since STL is involved in spinning industry and export oriented financial risks which is related with international money economical inflation and deflation besides domestic economy.

### Liquidity Risk

The risk that a company may be unable to meet short term financial demands. This usually occurs due to the inability to convert its current assets to cash without a loss of capital or income. Liquidity is a common phenomenon of the business.

### Management Perception

STL has been dealing with its working capital in efficient way.

### Market risks

STL is operating in a free market economy regime. The company might have to face stiff competition from its competitors.

### Management perception

Market risk is dealt with efficiently by the experienced management.

### Interest Rate Risks

STL is exposed to the volatility of interest rate as it has Long Term Bank Loan. Any higher trend in interest rate in future will definitely aggravate the adversity.

### Management Perception

In our country, right now, interest is in downtrend which is beneficial for debt-financing because cost of capital has been less expensive than that of earlier. Hence, interest rate risk is manageable.

### Potential or existing changes in global or national policies

Policies from govt. have a positive or negative impact on any company along with existing changes in globally.

### Management perception

Nowadays global and national policies do not change without prior notice. For potential changes in policies, local and global leaders consider different issues including industries opinion. We are optimistic that if any policies change unpredictably, we can improvise with new policies without hampering our smooth operation.

### Economic risks

This risk can be described as the likelihood that an investment will be affected by macroeconomic conditions such as government regulation, exchange rates, or political stability. In other words, while financing a project, the risk that the output of the project will not produce adequate revenues for covering operating costs and repaying the debt obligations. In a nutshell, economic risk refers to the risk that a venture will be economically unsustainable due to various reasons.

### Management Perception

Bangladesh economy is enjoying 6% plus economic growth and expected economic growth by the government is 7.5%. As a result, huge development work is underway by the govt. Hence, huge expensive infrastructure has been under construction which has been creating employment and per capita income is going up as well. As economy is expanding in Bangladesh considering spinning industry, our business viability and profitability is also growing with positive trend. In addition, we have product varieties which have huge demand because of its necessity in our daily life.

### Political risks

Bangladesh experienced political unrest over the years. Political instability hampers the smooth operation of business.

### Management Perception

Nowadays calm and serene atmosphere is prevailing in our country. There is no political chaos as was at the beginning of 2014. Government is industry friendly and trying to its level best to boost up economic activity in the country.

### Technology-related risks

Technology always plays a vital role for each and every type of business. Innovation of new and cost effective technology can increase productivity and reduce costs of production. On the other hand, obsolete technology may have a negative impact on the business.

### Management perception

STL applies the latest technology in spinning industry and remains aware the latest technology.

### Labor crisis Risk

Labor crisis is one of the major crisis of spinning industry in Barisal.

### Management perception

Management of STL manages the worker crisis appointing 50% prospective learner.

## DIVIDEND POLICY

### 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:

- 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);
- Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.
- 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. affecting 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

# DIVIDEND POLICY

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](http://www.Khansongroupbd.com)

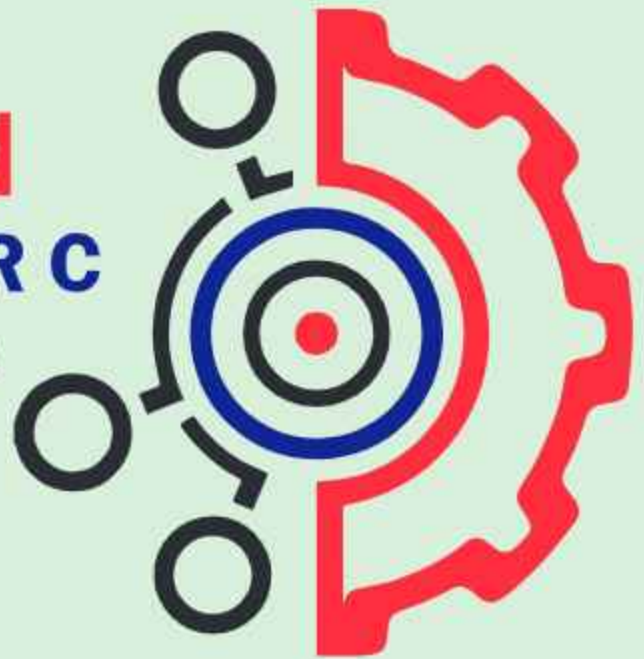
If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

## 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.



**HUMAN**  
**RESOURCE**  
**PLANNING**



## HUMAN CAPITAL

### The Essence of our Human Capital

Sonargoan Textiles Limited is one of the oldest and leading Textiles Industries of Bangladesh. STL is exporting its products in global market maintaining outstanding qualities of the product. We have trained and competent human resource department and talent Management team which works the vital role to make our people as our "Human Capital". Our Human capital is an intangible asset for our organization. It can be categorized as the economic value of the staffs and the workers' experience and skills. Human capital plays the significant role because of having gradual value increasing productivity which reflects at our year-end sales volume growth. We invest at our human capital by frequent training, counselling and motivating our staffs round the year by strategic HR policies and development program.

The essence of 'Human Capital' recognizes that the capacity of all labors is not equal. But the staff and the management can improve the quality of that capital 'workforce' by investing upon its employees in the area of education, experience, abilities, growing knowledge and skills by categorizing their merits, designation and job importance. Considering the fact of capital concept, all the labors and staffs have an economic value for the business enterprise. These qualities include higher education, technical or on-the-job training, health, and values such as punctuality. It is needed for companies to achieve the goals, develop and remain innovative with new products and environment.

*"We always value our workers and employees considering as our 'capital' growing them by improving their skills, knowledge and overall abilities in order to enhance both their personal growth and contributory achievement related with our organizational vision, mission, and core values. We unite different level efficiencies and convert it as one team one goal at the each day end."*

### How do we calculate Human Capital

Our human capital is based on our investment upon our employee skills and knowledge through education, these investments in human capital can be easily calculated. Our HR managers can calculate the total profits before and after any investments are made. Any return on investment (ROI) of human capital can be calculated by dividing the company's total profits by its overall investments in human capital. We recognize that our employees are an integral part of the Company and the most important resources of the organization. They bring values, skills, diversity and expertise to make up the market leader in the textile sector of the country. Our HR team considers the dedication, workforce though ensuring their best efforts towards the business development of the Company. Our HR team takes strategic initiatives including developing competencies, identifying and nurturing a strong pipeline of competent employees, continually engaging talent and helping employees with their career aspiration. HR remains concern about the improvement of our existing employees as routine work and hiring the most potential employees through our strong and efficient internal talent hunting team.

### Human Resource Accounting

Human Resource Accounting is the process of assigning, budgeting, and reporting the cost of human resources incurred

in an organization, including wages, salaries, training and various monetary facility to employees and other expenses. This process is used for identifying and measuring data about human resource and communicating this information to the interested parties and all the stakeholders. We usually follow recognized HR accounting techniques as stated below:

- Employee Category
- Quality of Staff and Workers
- Counting Employee Turnover;
- Employee Benefits;
- Performance Recognition;
- Counting Training Activities
- Counting Motivational Activities;
- Exit Hearing Management;
- Counseling Management;
- Counting Grievance Proceedings.

### Classification of the Employees

STL has designed its employee categories based on its business volumes and best industry practices. We stated total number of employees engaged in different categories. In Head Office, all the staffs are permanent in nature. Other hand in factory, there are various type of workers like learner, Badli, permanent, contractual, casual and master rolled.

### Counting the Total Employees

| Sl. No | Particulars | No. of Employee |
|--------|-------------|-----------------|
| 01     | Head Office | 98              |
| 02     | STL Factory | 1127            |

### Comparative Employee turnover rate between 3 years :

Total Number of Employee compare to last 3 years

| Year    | No. of Employee | % of Turnover |
|---------|-----------------|---------------|
| 2022-23 | 1225            | 4.37          |
| 2021-22 | 1281            | 2.65          |
| 2020-21 | 1316            | 24.27         |

### Focus on Employee Benefits

We take care our employees ensuring all common benefits hiring best potential staff, nurturing the talents by creating a learning environment. Our corporate culture and behavior retains our employees as part long time sustainability. We provide recognized WPPF and Well Fare, life insurance scheme, transport facilities, medical benefits, maternity leave benefit, and yearly leave encashment benefits.

### Performance Evaluation Process of the Directors and Top Five Executives

HR team is aligned with Nomination and Remuneration Committee (NRC). Under the direct supervision of NRC, the HR team practices management approved evaluation process and standard format for measuring the performance of the top five executives as well as the Board of STL following the 'Evaluation Criteria' and the 'Policy of the Remuneration'.

### Labor Act Compliance Statement

The company is respectful to all compliance issues of local government Labor Act 2006 and amendments. STL always be alert to maintain all the rules and regulation for employees as well as business operation.

## Training & Development

Sonargaon Textiles Limited believes that appropriate forms of training and education contribute to employee development by the way of upgrading job skills and potential to achieve organizational objectives. T&D moves forward keeping the mission of materializing the vision with effective and efficient human resource in front. T&D prepares yearly training schedule maintaining this process-



### Previous activities of T&D

To keep pace with the changing business scenario worldwide, T&D introduced developmental activities online and has come forward to enhance skills of the front-line team by imparting training, coaching, mentoring on sales, operation and finance and introduces two resource metrics in 2022-2023 based on ability & willingness and performance in order to clean up – exit box & bottom, development plan for top focus on OTJ training and structure.



### Training and Development Activities Round the year

STL HR practices work life balance as office time and coming back in work is balanced by particular office time form 09:30 A.M. to 05:30 P.M. The Management discourages over staying in office layout.



## Family Participation At Employee Engagement Work

STL maintains a good harmony maintaining a good relationship with family engagement. To do that, the Human Resource Division arranged many staff engagement events. STL emphasizes on the familial back by support to the staff who are main capital of the company. Human Resource Department always remains concerned to enhance welfare initiatives. Besides welfare initiatives the management of STL encourages cultural activities like playing, arranging official tour, musical show, raffle draw, office fare, celebrating victory day. Some snapshots of employee engagement work as stated below:





# Manufactured **Capital**





**Abrar Rahman Khan (Director, Operation)**

**We emphasis on core production people who uplifted our flagship business by hard work and continuous integrity. We have already overcome from severe global pandemic situation and targeted perpetual production and growth."**

## Our Manufactured Capital

### Statement on Manufacturing Excellence

"We have already proved manufacturing excellence in Textile Sector in Bangladesh as well as in international market. We focus on expectation and requirement from the Industry based on what we set our manufacturing objectives. Against expectation from the industry, we occupied one of the market leading positions. We believed on Management by Objectives (MBO) whereas we consider our workforce as our "Human Capital". We emphasis on core production people who uplifted our flagship business by hard work and continuous integrity. We have already overcome from severe global pandemic situation and targeted perpetual production and growth"

**Our workforce is our "Human capital"**



## Manufacturing Flow



## Quality Control

Like all standard manufacturing plant, we have Quality Testing Lab for measuring the standard of our product. We have standard testing equipment and apparatus for quality control of our product which occurs at different segments in our QC lab as stated below:

- 1 Checking Mixing Ratio of Blow Room
- 2 Checking Silver Hank CV% of Carding
- 3 Checking Silver Hank & CV% of Drawing
- 4 Checking Roving Hank & Breakage of Simplex
- 5 Checking Count, CSP, TPI & Breakage
- 6 Checking Cone WT, Sticker, Package
- 7 Checking Yarn Conditioning of Heat Setting
- 8 Checking Packing WT
- 9 Checking Finished Yarn Godown (Sale)



### Supply Chain management during Covid'19

We managed our manufacturing people in factory layout during covid'19 deadlock situation very efficiently. As work from home was not possible in production line, we properly managed national health and safety instruction. We distributed and confirmed sanitization including wearing masks, nominal distance, regular health checkup etc. for gearing up the factory staff.

# REPORT ON CORPORATE SOCIAL RESPONSIBILITY

## Overview

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It is represented by the contributions undertaken by Companies to society through its business activities and its social investment. Sonargaon Textiles Limited shows interests in CSR activities.

## Purpose

The responsible person of CSR Team is to ensure long term sustainability of the Company aspirations and management of the Company's CSR initiatives. CSR committee ensures that the businesses align it's values and behavior with the expectation of stakeholders, not just customers, and investors, but also employees, suppliers, communities, regulators, special interest groups, and society as a whole. It is the Company's commitment to being accountable to its stakeholders for the betterment around us.

## Summary of the CSR Activities

The management of Sonargaon Textiles Limited concern with various type of CSR activities like establishment of educational institution, helping the deprived people, distribution of warm cloth during winter season, tree plantation, distribution of food among the poor, etc.

### • Educational Institution (College)

The Chairperson of Sonargaon Textiles Limited (STL) has established a degree college Uzirpur Alhajj Bonde Newaz Khan College in 1983. He has been continuously giving his best effort contributing financially which is located at Uzirpur, Barisal.

### • Educational Institution (School)

The Chairperson of Sonargaon Textiles Limited (STL) has established also a Girls High School in 1987 named "Anwara Girls High School" situated at Barisal. He has been contributing for the educational development for that territory.

### • Tree Plantation

STL encourages tree plantation for better and future environment. Planting a tree is a lifelong investment. How well this investment grows depends on the type of tree selected and the planting location, the care provided during planting, and the follow-up care after planting. Getting your new tree off to a healthy start will help the tree mature to its full size and ensure it will provide environmental, economic, and social benefits throughout its lifetime. Tree plantation helps in increasing the Green Cover. Trees help in holding the soil. Trees are important for the planet, and for all the life forms that inhabit it.



# AUDITORS' REPORT



## INDEPENDENT AUDITORS' 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, 2023, 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, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### Basis for Qualified Opinion

As disclosed in the note # 6.01 to the financial statements regarding Inventories worth of BDT 509,541,767. As the notification date of the appointment was after the year-end, we were unable to verify the inventories physically and unable to conduct alternative procedures to verify the inventories physically after the year-end. As a result, we were unable to verify the amount disclosed in the financial statements, so the financial statements may be misstated by this amount.

As disclosed in the note # 9.01 of the financial statements regarding "Unclaimed /Unpaid Dividend" worth of BDT 1,460,470. As per Bangladesh Securities and Exchange Commission's notification BSEC/CMRRCD/2021-391/20/Admin/121 dated 01 June 2021 and BSEC/CMRRCD/2021-386/03 dated 14 January 2021, If any cash dividend remains unpaid or unclaimed or unsettled or undistributed for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the issuer to the bank account of the Capital Market Stabilization Fund within such time as directed by the Commission. However, we have observed that unclaimed/unpaid dividends for the year 2019 lying unpaid during the year, also we have observed that the unpaid amount of liability was not covered by the related bank balance. So it is non-compliance of the above-mentioned guidelines of the BSEC.

As disclosed in the note # 9.03 of the financial statements regarding "Workers Profit Participation and Welfare Fund" worth of BDT 2,116,519. In the course of the audit of the financial statements, we have observed that the company has not disbursed and utilized the Workers' Profit Participation and Welfare Fund as per the Bangladesh Labour Act, 2006. So it is a non-compliance of the Bangladesh Labour Act, 2006.

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 # 8.01 which describes the Company's on-going legal proceedings with two of its financial institutions viz Rupali Bank Limited and Bangladesh Development Bank Limited. A money suit was installed with the Artho Rin Adalat by BDBL and Rupali Bank Limited has declared the loan as classified. Both the banks are not charging interest on loans. Moreover, the company has on the process of negotiation for interest remission and the matter is under process. So the company reformed interest against loans.

The Company has received interest remission from Mutual Trust Bank. For these reasons, the Company does not keep any provision for the bank loan interest because will get the interest remission for the rest of the amount. Our audit opinion is not qualified in respect to this matter emphasized.

We also draw attention to note # 8.03 of the financial statements in respect of Director's and Other Loans and Advances, the company adjusted all the amount during this period. Our opinion is not modified on this regard.

## Material Uncertainty Related to Going Concern

We draw attention to the Statement of Profit and Loss and Other Comprehensive Income in the financial statements, which indicates that the Company incurred an Operating loss of BDT 4,651,769 during the year ended June 30, 2023 and, as of that date, the has negative retained earnings of BDT 160,963,242. Apparently, it appears that the status of the going concern is under in big challenge. On the particular issue, Management was in an optimistic view considering, the company will be getting the interest remission on the bank loan, and in the near future, the company's liabilities will be reduced, from these perspectives, it's able 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.

| Revenue Recognition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Our audit procedures included                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Revenue of BDT 28.4 Crore (BDT 45.49 Crore for the year ended June 30, 2022) 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 risks due to the risks such as management override and bias.</p> <p>Details of the Revenue Section are summarized in Note 10 to the Financial Statements</p>                    | <p>Understanding the process of estimating, recording, and reassessing going concern.</p> <ul style="list-style-type: none"> <li>Obtain an understanding of the Company's internal controls specifically geared toward the adoption of the new accounting standard.</li> <li>Examine customer contracts to determine key arrangements between the Customer and Company to understand when control of the goods manufactured transfers from the Company to the Customer.</li> <li>Reviewing Invoices, Shipping Documents, and other supporting documentation to ensure revenue recognition is occurring appropriately.</li> <li>Examine Payment documentation to ensure the completion of the revenue cycle is documented appropriately.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Details of Revenue Recognition are included in Note 10.00 to the Financial Statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Adoption and Implementation of IFRS 16 Leases</b></p> <p>FRS 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 the right of use of assets and lease liability. The Company had a closing balance of BDT 1,012,518 of Right-of-Use Asset and Lease Liability of BDT 1,055,467 as at June 30, 2023. The impact of the adaptation of the new standard is disclosed in of the notes to the financial statements.</p> | <p>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:</p> <ul style="list-style-type: none"> <li>Obtained and read the accounting policy for compliance with IFRS 16 Leases;</li> <li>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;</li> <li>Obtained and assess the borrowing rates;</li> <li>Tested the assumptions used in the calculation model for the sample contracts selected for testing;</li> <li>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;</li> </ul> <p>Assessed the disclosures within the financial statements.</p> |
| Details of IFRS 16 Leases have been included in Note 5.00 to the Financial Statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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

Management is responsible for the 2023 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

### Report on other Legal and Regulatory Requirements

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

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

Dated : 01.11.2023  
Place : Dhaka, Bangladesh  
DVC: 2311060392AS641399

Ref: GKC/23-24/A/155



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

# SONARGAON TEXTILES LIMITED

## Statement of Financial Position

As at June 30, 2023

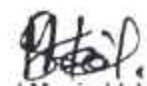
| Particulars                                         | Notes | Amount in BDT        |                      |
|-----------------------------------------------------|-------|----------------------|----------------------|
|                                                     |       | June 30, 2023        | June 30, 2022        |
| <b>Property and Assets</b>                          |       |                      |                      |
| <b>Non-Current Assets:</b>                          |       |                      |                      |
| Property, Plant and Equipment                       | 5.01  | 757,966,751          | 798,833,354          |
| Right of Use Asset                                  | 5.02  | 1,012,518            | -                    |
|                                                     | 5.00  | <b>758,979,269</b>   | <b>798,833,354</b>   |
| <b>Current Assets:</b>                              |       |                      |                      |
| Inventories                                         | 6.01  | 509,541,767          | 518,313,471          |
| Advances, Deposits and Prepayments                  | 6.02  | 7,311,609            | 5,181,420            |
| Trade & Other Receivables                           | 6.03  | -                    | 67,099,973           |
| Investment in Shares                                | 6.04  | 1,569,450            | 1,569,450            |
| Cash and Cash Equivalent                            | 6.05  | 977,980              | 762,019              |
|                                                     | 6.00  | <b>519,400,805</b>   | <b>592,926,332</b>   |
| <b>Total Property and Assets</b>                    |       | <b>1,278,380,075</b> | <b>1,391,759,686</b> |
| <b>Shareholders' Equity and Liabilities</b>         |       |                      |                      |
| <b>Shareholders' Equity:</b>                        |       |                      |                      |
| Share Capital                                       | 7.01  | 264,670,560          | 264,670,560          |
| Capital Reserve                                     | 7.02  | 5,373,570            | 5,373,570            |
| Share Premium                                       | 7.03  | 54,560,000           | 54,560,000           |
| Revaluation Reserve                                 | 7.04  | 340,349,944          | 351,844,432          |
| Retained Earnings                                   | 7.05  | (160,963,242)        | (374,479,403)        |
|                                                     | 7.00  | <b>503,990,832</b>   | <b>301,969,159</b>   |
| <b>Non-Current Liabilities:</b>                     |       |                      |                      |
| Long Term Loan (Non -Current Maturity)              | 8.01  | 672,404,220          | 963,281,225          |
| Lease Obligation Liability                          | 8.02  | 1,055,467            | -                    |
| Director's and Other Loans and Advances             | 8.03  | -                    | 27,720,197           |
| Deferred Tax Liability                              | 8.04  | 72,612,584           | 74,307,404           |
|                                                     | 8.00  | <b>746,072,271</b>   | <b>1,065,308,826</b> |
| <b>Current Liabilities &amp; Provisions:</b>        |       |                      |                      |
| Unclaimed/Unpaid Dividend from 2019 & 2022          | 9.01  | 1,460,470            | 1,523,156            |
| Trade & Other Payables                              | 9.02  | 24,739,981           | 20,842,026           |
| Workers Profit Participation and Welfare Fund       | 9.03  | 2,116,519            | 2,116,519            |
| Provision for Income Tax                            | 9.04  | -                    | -                    |
|                                                     | 9.00  | <b>28,316,970</b>    | <b>24,481,701</b>    |
| <b>Total Shareholders' Equity &amp; Liabilities</b> |       | <b>1,278,380,075</b> | <b>1,391,759,686</b> |
| <b>Net Assets Value Per Share (NAVPS)</b>           | 16.00 | <b>19.04</b>         | <b>11.41</b>         |

The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

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

  
(A.K.M Azizur Rahman)  
Chairman

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

  
Mohammad Monirul Islam Khan  
Chief Financial Officer

  
(Rosy Rahman)  
Director

  
(Bazlur Rahman)  
Managing Director

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

Dated : 25 OCT 2023  
Place : Dhaka, Bangladesh  
DVC: 2311060392AS641399

Ref: GKC/23-24/A/155



**SONARGAON TEXTILES LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30th June, 2023

| Particulars                               | Notes | Amount in BDT      |                    |                     |                     |                     |
|-------------------------------------------|-------|--------------------|--------------------|---------------------|---------------------|---------------------|
|                                           |       | Unit - 1           | Unit - 2           | Unit - 3            | Total               |                     |
|                                           |       |                    |                    |                     | June 30, 2023       | June 30, 2022       |
| Sales (Revenue)                           | 10.00 | 39,783,645         | 102,300,801        | 142,084,446         | 284,168,891         | 454,935,378         |
| Less: Cost of Goods sold                  | 11.00 | (37,334,425)       | (96,002,806)       | (133,337,231)       | (266,674,461)       | (384,647,861)       |
| <b>Gross Profit / (Loss)</b>              |       | <b>2,449,220</b>   | <b>6,297,995</b>   | <b>8,747,215</b>    | <b>17,494,430</b>   | <b>70,287,517</b>   |
| <b>Less: Operating Expenses :</b>         |       |                    |                    |                     |                     |                     |
| Administrative Expenses                   | 12.00 | (3,077,816)        | (7,914,383)        | (10,992,199)        | (21,984,398)        | (21,884,311)        |
| Selling & Distribution Expenses           | 13.00 | (22,652)           | (58,248)           | (80,900)            | (161,800)           | (580,662)           |
| <b>Total Operating Expenses</b>           |       | <b>(3,100,468)</b> | <b>(7,972,631)</b> | <b>(11,073,099)</b> | <b>(22,146,198)</b> | <b>(22,464,973)</b> |
| <b>Operating Profit/(Loss)</b>            |       | <b>(651,248)</b>   | <b>(1,674,637)</b> | <b>(2,325,884)</b>  | <b>(4,651,769)</b>  | <b>47,822,544</b>   |
| <b>Add: Non-Operating Income</b>          |       |                    |                    |                     |                     |                     |
| Other Income                              | 14.00 | 200,735            | 516,176            | 716,911             | 1,433,821           | 1,433,126           |
| <b>Total Non-Operating Income</b>         |       | <b>200,735</b>     | <b>516,176</b>     | <b>716,911</b>      | <b>1,433,821</b>    | <b>1,433,126</b>    |
| <b>Less: Non-Operating Expenses</b>       |       |                    |                    |                     |                     |                     |
| Financial Expenses                        | 15.00 | (389,268)          | (1,000,974)        | (1,390,242)         | (2,780,484)         | (38,005,888)        |
| <b>Total Non-Operating Expenses</b>       |       | <b>(389,268)</b>   | <b>(1,000,974)</b> | <b>(1,390,242)</b>  | <b>(2,780,484)</b>  | <b>(38,005,888)</b> |
| <b>Net Profit/(Loss) before WPPF</b>      |       | <b>(839,780)</b>   | <b>(2,159,436)</b> | <b>(2,999,216)</b>  | <b>(5,998,432)</b>  | <b>11,249,782</b>   |
| Less: Provision for WPPF                  | 9.03  | -                  | -                  | -                   | -                   | (535,704)           |
| Less: Provision for WWF                   | 9.03  | -                  | -                  | (200,000)           | (200,000)           | (200,000)           |
|                                           |       | -                  | -                  | (200,000)           | (200,000)           | (735,704)           |
| <b>Net Profit/(Loss) before tax (G-H)</b> |       | <b>(839,780)</b>   | <b>(2,159,436)</b> | <b>(3,199,216)</b>  | <b>(6,198,432)</b>  | <b>10,514,078</b>   |
| <b>Less: Provision for Income Tax</b>     |       |                    |                    |                     |                     |                     |
| Current Tax                               | 9.04  | (238,702)          | (613,805)          | (852,507)           | (1,705,013)         | (2,729,612)         |
| Deferred Tax                              | 8.04  | 146,714            | 377,264            | 523,978             | 1,694,820           | 1,047,956           |
| <b>Total Income Tax Expenses</b>          |       | <b>(91,988)</b>    | <b>(236,541)</b>   | <b>(328,529)</b>    | <b>(10,193)</b>     | <b>(1,681,656)</b>  |
| <b>Net Profit/(Loss) after Tax</b>        |       | <b>(931,768)</b>   | <b>(2,395,976)</b> | <b>(3,527,745)</b>  | <b>(6,208,625)</b>  | <b>8,832,422</b>    |
| <b>Other comprehensive income</b>         |       | <b>-</b>           | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Total comprehensive income</b>         |       | <b>(931,768)</b>   | <b>(2,395,976)</b> | <b>(3,527,745)</b>  | <b>(6,208,625)</b>  | <b>8,832,422</b>    |
| <b>Earning Per Share (EPS)</b>            | 17.00 |                    |                    |                     | <b>(0.23)</b>       | <b>0.33</b>         |

The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

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

  
(A.K.M Azizur Rahman)  
Chairman

  
(Rosy Rahman)  
Director

Dated : 25 OCT 2023  
Place : Dhaka, Bangladesh  
DVC: 2311060392AS641399

Ref: GKC/23-24/A/155

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

  
(Bazlur Rahman)  
Managing Director

  
Mohammad Monirul Islam Khan  
Chief Financial Officer

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



# SONARGAON TEXTILES LIMITED

## Statement of Changes in Equity

For the year ended 30th June, 2023

Amount in BDT

| Particulars                       | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total       |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------|
| As at 1 July, 2022                | 264,670,560   | 54,560,000    | 5,373,570       | 351,844,432         | #####             | 301,969,159 |
| Share Capital Increase (Bonus)    | -             | -             | -               | -                   | -                 | -           |
| Adjustment in Bank Interest       | -             | -             | -               | -                   | 210,877,005       | 210,877,005 |
| Adjustment in Revaluation Reserve | -             | -             | -               | (11,494,488)        | 11,494,488        | -           |
| Net profit/(Loss)- 2023           | -             | -             | -               | -                   | (6,208,625)       | (6,208,625) |
| Dividend 2022                     | -             | -             | -               | -                   | (2,646,706)       | (2,646,706) |
| As at 30th June, 2023             | 264,670,560   | 54,560,000    | 5,373,570       | 340,349,944         | #####             | 503,990,832 |

## Statement of Changes in Equity For the year ended 30th June, 2022

Amount in BDT

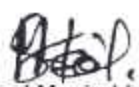
| Particulars                       | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total       |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------|
| As at 1 July, 2021                | 264,670,560   | 54,560,000    | 5,373,570       | 364,148,104         | #####             | 293,136,737 |
| Share Capital Increase (Bonus)    | -             | -             | -               | -                   | -                 | -           |
| Adjustment in Revaluation Reserve | -             | -             | -               | (12,303,672)        | 12,303,672        | -           |
| Net profit/(Loss)- 2022           | -             | -             | -               | -                   | 8,832,422         | 8,832,422   |
| Dividend 2021                     | -             | -             | -               | -                   | -                 | -           |
| As at 30th June, 2022             | 264,670,560   | 54,560,000    | 5,373,570       | 351,844,432         | #####             | 301,969,159 |

The annexed notes from 1 to 41 and Annexure-A form an integral part of these

This is the Statement of Changes in Equity referred to in our separate report of even date annexed.

  
(A.K.M Azizur Rahman)  
Chairman

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

  
Mohammad Monirul Islam Khan  
Chief Financial Officer

  
(Rosy Rahman)  
Director

  
(Bazlur Rahman)  
Managing Director

Ref: GKQ/23-24/A/155



# SONARGAON TEXTILES LIMITED

## Statement of Cash Flows for the year ended 30th June, 2023

For the year ended 30th June, 2023

| Particulars                                                 | Note        | Amount in BDT       |                  |
|-------------------------------------------------------------|-------------|---------------------|------------------|
|                                                             |             | June 30, 2023       | June 30, 2022    |
| <b>A. Cash Flows from Operating Activities :</b>            |             |                     |                  |
| Collection from Turnover & Others                           |             | 352,702,685         | 442,702,201      |
| Payment to Suppliers and Employees                          |             | (270,143,171)       | (441,402,157)    |
| <b>Cash Generated from Operation</b>                        |             | <b>82,559,514</b>   | <b>1,300,044</b> |
| Collection from Non-operation Income                        |             | 1,433,821           | 1,433,126        |
| Interest Paid                                               |             | -                   | -                |
| Income Tax paid                                             |             | (3,777,374)         | (2,660,354)      |
| <b>Net Cash Flows from Operating Activities</b>             |             | <b>80,215,961</b>   | <b>72,816</b>    |
| <b>B. Cash Flows from Investing Activities :</b>            |             |                     |                  |
| Acquisition of property Plant & Equipment                   |             | -                   | -                |
| Acquisition of Long Term Assets                             |             | -                   | -                |
| Sale Proceeds of Long Term Assets                           |             | -                   | -                |
| <b>Net Cash Flows from Investing Activities</b>             |             | <b>-</b>            | <b>-</b>         |
| <b>C. Cash Flows from Financing Activities :</b>            |             |                     |                  |
| Long Term Loan received                                     |             | (80,000,000)        | -                |
| Short Term Loan Paid                                        |             | -                   | -                |
| Other Loans and Advances Received /(Paid)                   |             | -                   | -                |
| Dividend Paid                                               |             | -                   | -                |
| <b>Net cash flow from Financing Activities</b>              |             | <b>(80,000,000)</b> | <b>-</b>         |
| <br>Increase/(decrease) in Cash and Cash Equivalent (A B C) |             | 215,961             | 72,816           |
| Cash and Cash Equivalent at Opening                         |             | 762,019             | 689,203          |
| Unrealized gain or (loss) on foreign exchange fluctuation   |             | -                   | (68,051)         |
| <b>Cash and Cash Equivalent at Closing</b>                  |             | <b>977,980</b>      | <b>762,019</b>   |
| <br><b>Net Operating Cash Flow Per Share (NOCFPS)</b>       | <b>####</b> | <b>3.03</b>         | <b>0.003</b>     |

The annexed notes from 1 to 41 and Annexure-A form an integral part of these Financial Statements.

This is the Statement of Cash Flows referred to in our separate report of even date annexed.

  
(A.K.M Azizur Rahman)  
Chairman

  
(Abu Zakir Ahmed, ACS)  
Company Secretary

  
Mohammad Monirul Islam Khan  
Chief Financial Officer

  
(Rosy Rahman)  
Director



  
(Bazlur Rahman)  
Managing Director

## SONARGAON TEXTILES LIMITED

KHANSONS CENTRE, 37, KAWRAN BAZAR, DHAKA-1215, BANGLADESH.

### Notes to the Financial Statements for the year ended 30th June, 2023 Forming an Integral Part of the Financial Statements

#### 1.00 Reporting Entity

#### 1.01 Corporate Information – Domicile, Legal Formation, 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).

#### 1.02 Address of Corporate Head Office:

The Corporate Office of the Company is situated at Khansons Centre, 37, Kawran Bazar, Dhaka-1215, Bangladesh.

#### 1.03 Address Factory Office:

The Share Office of the Company is situated at Rupatali, Barisal and the Registered Office is there.

#### 1.04 Other Corporate Information

- (i) Trade License: TRAD/DNCC/064394/2022 date: 09/10/2023
- (ii) e-TIN No.: 476264417082 date: 18/12/2013
- (iii) BIN No.: 0000871560804 date: 14/08/2019

#### 1.05 Principal Activities and Nature of Business

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.

#### 1.06 Commencement of Business

The Company commenced its commercial operation on 21.12.1985 but the operation has stopped for some technical reason for 14 months and commercial operation has restarted from 30.05.2021.

#### 1.07 Number of Employees:

The number of employees was 1225 as on 30.06.2023.

#### 1.08 Operating Segments

No operating segment is applicable for the Company as required by IFRS 8: Operating Segments as the Company has only one operating segments and the operation of the Company is within the geographical territory in Bangladesh.

#### 1.09 Structure, Content and Presentation of Financial Statements

According to the International Accounting Standards (IAS-1) as adopted by the Institute of Chartered Accountants of Bangladesh as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- Statement of Financial Position as at 30th June, 2023;
- Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2023;
- Statement of Changes in Equity for the year ended 30th June, 2023;
- Statement of Cash Flows for the year ended 30th June, 2023;
- Notes comprising a summary of significant accounting policies and other explanatory information.



## 2.00 Basis of Preparation of Financial Statements

### 2.01 Statement of Compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities & Exchange Rules, 2020, the Listing Regulations of Dhaka Stock Exchange Limited (DSE) and the Chittagong Stock Exchange Limited (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).

Pursuant to the recent amendment to the Companies Act, 1994 incorporating amendments, among others, is to change of the word 'Limited' by the word 'PLC' in the case of Public Limited Companies including listed ones. Necessary formalities are in progress in implementing these changes.

### 2.02 Other Regulatory Compliances

The Company is also required to comply with the following major legal provisions in addition to the Companies Act, 1994 and other applicable laws and regulations:

The Income Tax Ordinance, 1984;  
The Income Tax Rules, 1984;  
The Value Added Tax and Supplementary Duty Act, 2012;  
The Value Added Tax Rules, 2016;  
The Stamp Act, 1899;  
The Customs Act, 1969;  
The Bangladesh Securities and Exchange Commission Act, 1993;  
The Securities and Exchange Rules, 2020;  
The Securities and Exchange Ordinance, 1969;  
Bangladesh Labour Act, 2006 (as amended to 2018)  
DSE/CSE Rules;  
Listing Regulations, 2015;

### 2.03 Compliance with the Financial Reporting Standards as applicable in Bangladesh

As per para-14(2) of the Securities and Exchange Rule, 2020, the company has followed the International Accounting Standards (IAS's) and International Financial Reporting Standards (IFRS's) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements.

| Sl. No. | IAS No. | IAS Title                                                       | Compliance Status |
|---------|---------|-----------------------------------------------------------------|-------------------|
| 1       | 1       | Presentation of Financial Statements                            | Complied          |
| 2       | 2       | Inventories                                                     | Complied          |
| 3       | 7       | Statement of Cash Flows                                         | Complied          |
| 4       | 8       | Accounting Policies, Changes in Accounting Estimates and Errors | Complied          |
| 5       | 10      | Events after the Reporting Period                               | Complied          |
| 6       | 11      | Construction Contracts                                          | N/A               |
| 7       | 12      | Income Taxes                                                    | Complied          |
| 8       | 16      | Property, Plant and Equipment                                   | Complied          |
| 9       | 19      | Employee Benefits                                               | N/A               |
| 10      | 20      | Accounting for Govt. Grants and Disclosure of Govt. Assistance  | N/A               |
| 11      | 21      | The Effects of Changes in Foreign Exchange Rates                | Complied          |
| 12      | 23      | Borrowing Costs                                                 | Complied          |
| 13      | 24      | Related Party Disclosures                                       | Complied          |
| 14      | 26      | Accounting and Reporting by Retirement Benefit Plan             | N/A               |
| 15      | 27      | Separate Financial Statements                                   | N/A               |
| 16      | 28      | Investment in Associated and Joint Venture                      | N/A               |



| SI. No. | IAS No. | IAS Title                                                | Compliance Status |
|---------|---------|----------------------------------------------------------|-------------------|
| 17      | 29      | Financial Reporting in Hyperinflationary Economics       | N/A               |
| 18      | 31      | Interest in Joint Ventures                               | N/A               |
| 19      | 32      | Financial Instruments : Presentation                     | Complied          |
| 20      | 33      | Earnings per Share                                       | Complied          |
| 21      | 34      | Interim Financial Reporting                              | Complied          |
| 22      | 36      | Impairment of Assets                                     | Complied          |
| 23      | 37      | Provisions, Contingent Liabilities and Contingent Assets | Complied          |
| 24      | 38      | Intangible Assets                                        | Complied          |
| 25      | 40      | Investment Property                                      | N/A               |
| 26      | 41      | Agriculture                                              | N/A               |

| SI. No. | IAS No. | IAS Title                                                          | Compliance Status |
|---------|---------|--------------------------------------------------------------------|-------------------|
| 1       | 1       | First-time adoption of International Financial Reporting Standards | Complied          |
| 2       | 2       | Share based Payment                                                | N/A               |
| 3       | 3       | Business Combinations                                              | N/A               |
| 4       | 4       | Insurance Contracts                                                | N/A               |
| 5       | 5       | Non-current Assets held for Sale and Discontinued Operations       | N/A               |
| 6       | 6       | Exploration for and Evaluation of Mineral Resources                | N/A               |
| 7       | 7       | Financial Instruments : Disclosures                                | Complied          |
| 8       | 8       | Operating Segments                                                 | N/A               |
| 9       | 9       | Financial Instrument                                               | Complied          |
| 10      | 10      | Consolidated Financial Statements                                  | N/A               |
| 11      | 11      | Joint Arrangements                                                 | N/A               |
| 12      | 12      | Disclosure of Interests in Other Entities                          | N/A               |
| 13      | 13      | Fair Value Measurement                                             | Complied          |
| 14      | 14      | Regulatory Deferral Accounts                                       | N/A               |
| 15      | 15      | Revenue from Contracts with Customers                              | Complied          |
| 16      | 16      | Leases                                                             | Complied          |

#### 2.04 Basis of Measurement of Elements of Financial Statements

The financial statements have been prepared based on the accrual basis of accounting and prepare under the historical cost convention except for the revaluation of certain non-current assets which are stated either at revaluated amount or fair market value as explained in the accompanying notes. The accompanying policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of previous years.

#### 2.05 Accrual basis of Accounting

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income, and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the IFRS Conceptual Framework.

#### 2.06 Going Concern Assumption

The financial statements have been prepared on the assumption that the entity is a going concern and will continue its business in the foreseeable future. The current trend of production indicates further growth in the near future in a bid to augment its revenue and the company has resorted to some measures like support of the company's bank and shareholders and on the basis of these the management of the company is however confident the entity will continue as going concern.



## 2.07 Functional and Presentation Currency

Functional and presentation currency items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except otherwise indicated.

## 2.08 Key Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards including IAS's requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses and for contingent assets and liabilities that require disclosure during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

In particular, the key areas of estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include accrued expenses, inventory valuation, and other payables.

## 2.06 Materiality, Aggregation and Off Setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Company has the legal right to set off the amounts and intends to settle on a net basis.

Income and expenses are presented on a net basis only when permitted by the relevant accounting standards. The values of assets or liabilities as shown in the statement of financial position are not off-set by way of deduction from another liability or asset unless there exists a legal right; therefore no such incident existed during the year.

## 2.10 Changes in Accounting Policies

There have been no changes in accounting policies. All policies were consistent with the practices of the previous years.

## 2.11 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency (BDT) at exchange rates ruling at the dates of transactions in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates." Exchange rate differences at the statement of financial position date are charged/credited to the statement of profit or loss and other comprehensive income, to the extent that this treatment does not contradict with the Schedule XI of the Companies Act, 1994. This Schedule requires all exchange gains and losses arising from foreign currency borrowings, taken to finance the acquisition of construction of fixed assets, to be credited/charged to the cost/value of such assets.

The financial statements are presented in BDT, which is the company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into (BDT) at the exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into (BDT) at the exchange rate ruling at the date of transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss.

## 2.12 Comparative Information

Comparative information has been disclosed in respect of 2020-2021 in accordance with IAS-1 "Presentation of Financial Statements" for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods of financial statements. The prior year's figure has been re-arranged wherever considered necessary to ensure comparability with the current period.

## 2.13 Responsibility for Preparation and Presentation of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements as per requirements of the Companies Act, 1994.

## 2.14 Reporting Period

The reporting period of the Company covers one year from the 1st day of July, 2022 to 30th of June, 2023.

## 2.15 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 25th day of October, 2023.

## 3.00 Significant Accounting Principles and Policies selected and applied for significant transactions and events are depicted below:

For significant transactions and events that have a material effect, the Company's Directors selected and applied significant accounting principles and policies within the framework of IAS1: Presentation of Financial Statements in preparation and presentation of financial statements that have been consistently applied throughout the year and were also consistent with those use in earlier years.

For proper understanding of the financial statements, accounting policies set out below in one place as prescribed by the IAS1: Presentation of Financial Statements:

## 3.01 Assets and Basis of their Valuation Property, Plant and Equipment

### 3.01.1 Recognition and Measurements of Tangible Fixed Assets

These are capitalized at the cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant, and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties, and non-refundable taxes.

In a situation where it can clearly be demonstrated that expenditure has resulted in an increase in future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets.

Expenses as capitalized included applicable "Borrowing Costs" in compliance with the provisions of Companies Act, 1994 and IAS 23: Borrowing Costs.

Cost also includes an initial estimate of the costs of dismantling, removing the item, and restoring this site (generally called asset retirement obligation) are recognized and measured in accordance with IAS 37: Provision, Contingent Liabilities, and Contingent Assets.

On retirement or otherwise disposal of fixed assets, the cost, and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the statement of comprehensive income which is determined with reference to the net book value of assets and the net sales proceeds.

### 3.01.2 Maintenance Activities

Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the year in which it is incurred.

### 3.01.3 Subsequent Cost

The Cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is possible that the future economic benefits embodied within the part will flow to the company and its cost measured reliably. The cost of the day-to-day servicing of property and equipment are recognized in the Statement of Profit or Loss and Other Comprehensive Income as repairs and maintenance where it is incurred.



### 3.01.4 Depreciation on Tangible Fixed Assets

As required in Paragraph 43 of IAS-16 Property and Equipment, depreciation in respect of all fixed assets is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment".

Depreciation on all other fixed assets except land and land development and pond excavation is computed using the diminishing balance method in an amount sufficient to write-off depreciable assets over their estimated useful life. Depreciation has been charged on additions and when it is used. Expenditures for maintenance and repairs are expenses; major replacements, renewals, and betterment are capitalized.

The cost and accumulated depreciation of depreciable assets retired or otherwise disposed off are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in the Statement of Profit or Loss Account for the year ended. The annual depreciation rates applicable to the principal categories are:

| Category of Fixed Assets | Rate of Depreciation |
|--------------------------|----------------------|
| Land & Land Development  | –                    |
| Building & Construction  | 5%                   |
| Plant & Machinery        | 7%                   |
| Furniture & Fixture      | 15%                  |
| Motor Vehicles           | 20%                  |
| Sundry Assets            | 20%                  |

The Company's policy is to transfer excess depreciation of revalued assets are transferred from revaluation surplus to retained earnings.

### 3.01.5 Disposal of Property, Plant and Equipment

An item of Property, Plant, and Equipment is removed from the statement of financial position when it is disposed off or when no future economic benefits are expected from its use or disposal. The gain or loss on the disposal of an item of Property, Plant, and Equipment is included in the statement of profit or loss and other comprehensive income of the period in which the de-recognition occurs.

### 3.01.6 Impairment

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

An impairment loss is recognized through the statement of profit or loss and other comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is calculated as the present value of estimated future cash flows, that will be generated using that asset, discounted at an appropriate rate.

Impairment indicators comprise:

- reduced earnings compared to expected future outcome;
- material negative development trends in the sector or the economy in which the company operates;
- damage to the asset or changed use of asset;

### 3.03 Sundry Debtors (Including Advance, Deposits and Pre-Payments)

These are carried at original invoice amounts, which represent net realizable value.

### 3.04 Other Current Assets

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

### 3.05 Inventories

Inventories are measured at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories consist of raw cotton, finished goods, work-in-process, spare parts, packing materials, and wastage cotton. The cost of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

### 3.06 Revenue Recognition

In compliance with the requirements of IFRS 15, the Company recognizes revenue when control of the goods or services has been transferred to the customer and the performance obligation has been completed. Revenue is measured at the fair value of the amount of consideration received or receivable excluding VAT, discounts, commission, rebates, and other sales taxes where applicable.

IFRS 15 requires the company to determine variable factors such as sales returns when calculating the fair value of the consideration to be received. The magnitude and quantity of sales returns as a percentage of sales have been historically very low. As a result, the Company does not make a sales return allowance at the end of the year. The Company does not however monitor the activity of sales returns during the year and the behaviour of customers to determine if a sales return allowance is required. As of 30th June, 2022, no sales return allowance was deemed to be required.

The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five-step model, the company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised goods to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates, and Value Added Tax (VAT).

#### (a) Sale of Goods

Revenue from the sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The company has generally concluded that it is the principle in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### (b) Profit on Bank Deposits

Profit on bank deposits have been accounted for on an accrual basis.

#### (c) Other Revenues

Other revenues are recognized when services are rendered and bank interests are earned.

### 3.07 Financial Instruments

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



### 3.07.1 Financial Assets

The company initially recognizes a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights or probabilities of receiving the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

An entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) on the basis of both in pursuance of provision 4.1 classification of financial assets under IFRS 9:

- (a) the entity's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial assets.

#### 3.07.1.1 Financial Assets measured at amortized cost

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

#### 3.07.1.2 Financial Assets measured at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows solely payments of principal and interest on the principal amount outstanding.

#### 3.07.1.3 Financial Assets measured at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

Financial assets include trade and other receivables, advances, deposits & prepayments, and cash & cash equivalents.

##### (i) Trade and Other Receivables

Trade receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses due to non-collectability of any amount so recognized.

##### (ii) Advance, Deposits & Prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments, or charges to other account heads. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to the profit & loss account.



(iii) **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank, and fixed deposits having maturity of less than three months which are available for use by the company without any restriction.

3.07.2 **Financial Liabilities**

A financial liability is recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability.

The company derecognizes a financial liability when its contractual obligations are discharged or canceled or expired.

Non-derivative financial liabilities comprise interest-bearing borrowings, trade, and other payables and provisions.

(i) **Interest bearing borrowings**

Principal amounts of the loans and borrowings are stated at their amortized amount. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest, and other charges are classified as current liabilities.

(ii) **Trade and Other Payables**

Trade and other payables are recognized at the amount payable for settlement in respect of goods and services received by the Company.

(iii) **Provisions**

A provision is recognized on the statement of financial position date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.08 **Equity Instruments**

Ordinary shares are classified as equity. Investment costs directly attributable to the issue of ordinary shares are recognized as expenses. Paid-up share capital represents the total amount contributed by the shareholders and bonus shares issued by the Company.

3.09 **Impairment**

(i) **Non-derivative Financial Assets**

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- (a) default or delinquency by a debtor;
- (b) restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- (c) indications that a debtor or issuer will enter bankruptcy;
- (d) adverse changes in the payment status of borrowers or issuers;
- (e) observable data indicating that there is a measurable decrease in expected cash flows from a Company of financial assets.



(ii) **Financial Assets measured at amortized cost**

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(iii) **Non-Financial Assets**

The carrying amounts of the Company's non-financial assets (other than biological assets, investment property, inventories, and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized.

3.10 **Derivatives**

The company is not a party to any derivative contract at the statement of financial position date, such as a forward exchange contract, currency swap agreement, or interest rate option contract to hedge currency exposure related to the import of raw materials and others or principal and interest obligations of foreign currency loans.

3.11 **Investment in Shares (IAS-39): Financial Instruments-Recognition and Measurement)**

Investment in marketable ordinary shares has been shown at cost price and classified as available-for-sale financial instruments as per IAS-39. Any adjustment for diminution in the value of shares as on closing of the period on an individual investment basis is made in the financial statement which is reflected in the other comprehensive statement.

3.12 **Leases**

**IFRS 16** provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset is a low value. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The Company applied IFRS 16 Lease for the first time on 1st July, 2019. The nature and effect of the changes as a result of the adoption of this new accounting standard is described below.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the company used to charge the consideration paid in its books as revenue expenses. IFRS 16 introduced a single, on-balance-sheet accounting model for leases. As a result, the Company, as a lessee, has recognized the right of use assets representing its rights to use underlying assets and lease liabilities representing its obligation to make lease payments. The Company applied IFRS 16 on 1st January, 2019 for the existing lease contracts.

The Company has only an office rent agreement, which is classified as operating leases, which under IFRS 16 are required to be recognized on the Company's statement of financial position. The nature and timing of expenses related to those leases has changed as IFRS 16 replaced the straight-line operating lease expenses (as per IAS-17) with an amortization charge for the right-of-use assets and interest expense on lease liabilities.

The Company applied the practical expedient to the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1st January, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Company's all contractual payments to the lessor contains only fixed amounts of lease payment and no variable lease payments are embedded with the lease payments. The rental agreements do not include any automatic renewals, nor do they include any guaranteed residual values of the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

#### **Subsequent Measurement:**

##### **The Lease Liability:**

Upon initial recognition, the lease liability is being accounted for using amortized cost. Meaning that the initial liability is added by finance charge at the company's incremental borrowing cost less subsequent rental payment on a monthly basis.

##### **Right of Use Assets:**

The leased assets (Right to Use Asset) are depreciated over its useful life on a monthly basis using the straight-line depreciation method.

### **3.13 Taxation**

Income Tax expense comprises current and deferred taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity in accordance with IAS 12: Income Tax.

#### **(a) Current Tax:**

Current Tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rate used for the reporting period was 15% as a reduce rate by SRO.159/AIN/Income tax/2022 Valid up to June 2025 and 30% was on non-operating income.

#### **(b) Deferred Tax:**

The company has recognized deferred tax using the balance sheet method in compliance with the provisions of IAS 12: Income Taxes. The Company's policy of recognition of deferred tax assets/liabilities is based on temporary differences (Taxable or Deductible) between the carrying amount (Book Value) of assets and liabilities for financial reporting purposes and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).



A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available, against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(c) **Value Added Tax:**

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax except:

Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivable and payables that are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, taxation authority is included as part of receivables or payables in the statement of financial position.

3.14 **Proposed Dividend**

The amount of the proposed dividend has not been accounted for but disclosed in the notes to the accounts in accordance with the requirements of the International Accounting Standard (IAS) 1: Presentation of Financial Statements. Also, the proposed dividend is not considered as liability in accordance with the requirement of International Accounting Standard (IAS) 10: Events after the Reporting Period, because no obligation exists at the time of approval of accounts and recommendation of dividend by the Board of Directors.

3.15 **Cost of Post-Employment Benefits**

The company has not maintained a defined contribution plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds. The Company does not have any defined benefit plans and therefore does not record any provisions or expenses in this regard.

3.16 **Capitalization of Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds as per IAS 23: Borrowing Costs.

3.17 **Accruals, Provisions and Contingencies**

(a) **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

(b) **Provisions**

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. During the reporting year, the company has made sufficient provisions where applicable.

(c) **Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. At the reporting date, the company does not have any contingent assets.

Contingent liabilities and assets are not recognized in the statement of financial position of the company.

**3.18 Cash and Cash Equivalents**

For the purposes of the Statement of Financial Position and Cash Flows, cash in hand and bank balances represent cash and cash equivalents considering the IAS 1 "Presentation of Financial Statements" and IAS 7 "Cash Flow Statement" which provide, that cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risks of changes in value and are not restricted as to use.

**3.19 Statement of Cash Flows**

Dash 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 balances 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 the 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 an indirect method under the 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.

**3.20 Earnings per Share (EPS)**

This has been calculated in compliance with the requirements of IAS 33: Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

**Basic EPS**

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

**Diluted Earnings Per Share**

For the purpose of calculating diluted earnings per share, an entity adjusts the profit or loss attributable to each ordinary equity holder of the entity, and weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Diluted EPS is only calculated where the company has a commitment to issue ordinary shares in the future at the reporting date. No such commitment is held by the company at the reporting date.



### 3.21 Risk Exposure

#### Interest Rate Risk

Interest rate risk is the risk that a company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating-rate loans or companies investing in debt securities.

#### Management Perception

The management of the company prefers procuring the long-term fund with a minimum fixed interest rate and the short-term fund with a reasonable competitive rate. The company maintains a low debt/equity ratio; and accordingly, the adverse impact of interest rate fluctuation is insignificant.

#### Exchange Rate Risk

Exchange rate risk occurs due to changes in exchange rates. As the company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the company. If the exchange rate increases against local currency, an opportunity arises for generating more profit.

#### Management Perception

The products of the company are sold mostly in foreign currency. Therefore, the volatility of the exchange rate will have an impact on the profitability of the company.

#### Industry Risks

Industry risk refers to the risk of increased competition by entries of new competitors from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition, and results of operation.

#### Management Perception

Management is optimistic about growth opportunities in the textile sector in Bangladesh.

#### Market Risk

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase its customer base.

#### Management Perception

Management is fully aware of the market risk and acts accordingly. The market for the ONG sector in Bangladesh is growing at an exponential rate. Moreover, the company has a strong marketing and brand management to increase the customer base and customer loyalty.

#### Operational Risks

Non-availabilities of materials/equipment/services may affect the smooth operational activities of the company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision, and negligence, leading to severe accidents and losses.

#### Management Perception

The company perceives that the allocation of its resources properly can reduce this risk factor to a great extent. The company hedges such risks in costs and prices and also takes preventive measures, therefore.

### **Liquidity Risk**

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at a reasonable price.

### **Management Perception**

The company's approach to managing liquidity 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, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of the financial obligation through the preparation of the cash forecast, prepared based on a timeline of payment of the financial obligation and accordingly arranges for sufficient liquidity/fund to make the expected payment within due date.

### **Labour Unrest Risk**

Smooth production is dependent on good relationships with factory workers and their ability to provide high-quality services. In the event of disagreement with workers, the company may face adverse impacts.

### **Management Perception**

The management personnel both in the head office and production premises maintain a good atmosphere at the workplace and provide with all necessary facilities to the workers like healthy remuneration, employee leave entitlement, termination benefits, and worker's profit participation fund for its employees which reduces the risk of labour unrest.

## **3.22 Events after the Reporting Period**

As per IAS-10 "Events after reporting Date" are those events 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 events can be identified: those that provide evidence of conditions that existed at the end of the reporting year (adjusting events after the balance sheet date); and those that are indicative of conditions that arose after the reporting year (Non-adjusting events after the balance sheet date).

## **3.23 Related Party Disclosure**

As per International Accounting Standard, IAS-24: 'Related Party Disclosures', parties are considered to be related if one of the parties has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with its related parties. Related party disclosures have been given in Note 20.

## **4.00 General**

- (a) All shares have been fully called and paid up;
- (b) There is no preference shares issued by the company;
- (c) (The company has not incurred any expenditure in foreign currency against royalties and technical fees;
- (d) Auditors are paid only the statutory audit fees;
- (e) No foreign currency was remitted to the shareholders during the year under audit;
- (f) No money was spent by the company for compensating any member of the board for rendering special services;
- (g) No brokerage was paid against sales during the year under audit;
- (h) No bank guarantee was issued by the company on behalf of its directors.



| Amount in BDT |               |
|---------------|---------------|
| June 30, 2023 | June 30, 2022 |

## 5.00 Non-Current Assets

This is made up as follows:

5.01 Property, Plant & Equipment

5.02 Right of Use Asset

|                    |                    |
|--------------------|--------------------|
| 757,966,751        | 798,833,354        |
| 1,012,518          | -                  |
| <b>758,979,269</b> | <b>798,833,354</b> |

## 5.01 Property, Plant and Equipment

This is made up as follows :

**At Cost:**

Balance as 01.07.2022

Add: Addition during the year

|               |               |
|---------------|---------------|
| 1,475,544,498 | 1,475,544,498 |
| -             | -             |
| 1,475,544,498 | 1,475,544,498 |

Less: Disposal during the year

|               |               |
|---------------|---------------|
| -             | -             |
| 1,475,544,498 | 1,475,544,498 |

**Less: Accumulated Depreciation :**

Balance as on 01.07.2022

Add: Charged during the year

|             |             |
|-------------|-------------|
| 676,711,145 | 632,802,185 |
| 40,866,602  | 43,908,959  |
| 717,577,747 | 676,711,144 |

Less: Disposal during the year

|             |             |
|-------------|-------------|
| -           | -           |
| 717,577,747 | 676,711,144 |

**Written Down Value as on 30.06.2023**

|                    |                    |
|--------------------|--------------------|
| <b>757,966,751</b> | <b>798,833,354</b> |
|--------------------|--------------------|

We have obtained the General Ledger balance of Property, Plant & Equipment and we have compared the previous year's balance with the audited financial statements of the previous year's. We have also checked the current year's balance with the balance as per nominal ledger and matched the result found during the audit with the amount shown in Financial Statements/ General Ledger and similarly matched the prior year closing balance with the current year opening balance.

The details of which have been shown in Annexure-1, 2, 3 & 4.

## 5.02 Right Use of Asset

This is made up as follows :

**At Cost:**

Balance as 01.07.2022

Add: Addition during the year

|           |         |
|-----------|---------|
| -         | 506,259 |
| 1,518,777 | -       |
| 1,518,777 | 506,259 |

Less: Disposal during the year

|           |         |
|-----------|---------|
| -         | 506,259 |
| 1,518,777 | -       |

**Less: Accumulated Depreciation :**

Balance as on 01.07.2022

Add: Charged during the year

|         |         |
|---------|---------|
| -       | 506,259 |
| 506,259 | -       |
| 506,259 | 506,259 |

Less: Disposal during the year

|         |         |
|---------|---------|
| -       | 506,259 |
| 506,259 | -       |

**Written Down Value as on 30.06.2023**

|                  |          |
|------------------|----------|
| <b>1,012,518</b> | <b>-</b> |
|------------------|----------|

## 6.00 Current Assets

This is made up as follows:

6.01 Inventories

6.02 Advances, Deposits & Prepayments

6.03 Trade & Other Receivables

6.04 Investment in Shares

6.05 Cash and Cash Equivalents

|                    |                    |
|--------------------|--------------------|
| 509,541,767        | 518,313,471        |
| 7,311,609          | 5,181,420          |
| -                  | 67,099,973         |
| 1,569,450          | 1,569,450          |
| 977,980            | 762,019            |
| <b>519,400,805</b> | <b>592,926,332</b> |



## 6.01 Inventories

This is made up as follows :

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Raw Cotton (Note No.11.01)    | 170,633,716        | 156,963,814        |
| Finished Goods (Note No.11)   | 330,834,473        | 321,554,047        |
| Work in Process (Note No. 11) | 2,963,590          | 6,585,755          |
| Waste Cotton (Note No.11)     | 4,305,530          | 9,567,845          |
| Spare Parts                   | 350,883            | 19,587,635         |
| Packing Materials             | 453,575            | 4,054,375          |
|                               | <b>509,541,767</b> | <b>518,313,471</b> |

- (i) The valuation method has been applied consistently as supported by IAS;
- (ii) The total schedule of closing inventory for each items as at 30th June, 2023;
- (iii) The policy to keep provision for impairment of inventory has been obtained;
- (iv) There is no damage goods or slowmoving item in the inventory;

## 6.02 Advance, Deposits & Prepayments

This is made up as follows :

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Advance Income Tax Note 6.2.1   | 3,342,384        | 1,270,023        |
| Security Deposit Note 6.2.2     | 3,853,540        | 3,853,540        |
| Advance against Salary          | 115,685          | 57,857           |
| VAT/Excise duty paid in advance | -                | -                |
|                                 | <b>7,311,609</b> | <b>5,181,420</b> |

### 6.2.1 Advance Income Tax

This is made up as follows:

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| Opening Balance                             | 1,270,023        | 1,339,281        |
| Less : Previous year provision for Taxation | -                | -                |
|                                             | <b>1,270,023</b> | <b>1,339,281</b> |

**Add: Current year Tax deducted at sources :**

|                                               |                  |                  |
|-----------------------------------------------|------------------|------------------|
| Income Tax paid as advance                    |                  |                  |
| On Export proceeds                            | 3,490,464        | 2,374,168        |
| On Bank Interest                              | 1,319            | 595              |
| On Dividend                                   | 285,591          | 285,591          |
|                                               | <b>5,047,397</b> | <b>3,999,635</b> |
| Less : Write off Advance Income Tax           | -                | -                |
| Less : Last year provision for Taxation       | -                | -                |
| Less : During the year provision for Taxation | 1,705,013        | 2,729,612        |
|                                               | <b>3,342,384</b> | <b>1,270,023</b> |

### 6.2.2 Security Deposit

This is made up as follows:

|                                            |                  |                  |
|--------------------------------------------|------------------|------------------|
| Security Deposit to Bangladesh Oxygen Ltd. | 4,000            | 4,000            |
| Security Deposit to PDB (U-1)              | 1,061,393        | 1,061,393        |
| Security Deposit to PDB (U-2)              | 621,607          | 621,607          |
| Security Deposit to PDB (U-3)              | 1,942,000        | 1,942,000        |
| Security Deposit to Telephone (BTIB)       | 125,500          | 125,500          |
| BTME (Special Fund)                        | 99,040           | 99,040           |
|                                            | <b>3,853,540</b> | <b>3,853,540</b> |

Advance to employees against salary which is adjustable against monthly salary is considered good. Security deposits consist utility deposits is considered good.

### 6.03 Trade & Other Receivables

This is made up as follows :

| Name                       | Address                    | Amount in BDT |                   |
|----------------------------|----------------------------|---------------|-------------------|
| Knit concern Ltd.          | Tanbazar, Narayanganj.     | -             | 49,596,840        |
| Tasrian weaving Mills Ltd. | Madhobdi bazar, Narsindhi. | -             | 12,822,008        |
| Radowan Knite Composite    | Tanbazar, Narayanganj.     | -             | 4,681,125         |
|                            |                            | -             | <b>67,099,973</b> |

#### Ageing Schedule of Trade & Other Receivable:

##### Duration:

|               |   |                   |
|---------------|---|-------------------|
| 1-30 Days     | - | 17,503,133        |
| 31-60 Days    | - | 8,426,880         |
| 61-90 Days    | - | -                 |
| 91-180 Days   | - | 41,169,960        |
| 181-365 Days  | - | -                 |
| Over 365 Days | - | -                 |
|               | - | <b>67,099,973</b> |

- (i) Net receivables are considered good. The company holds no security other than debtors' personal security in the form of work orders etc.
- (ii) No amount was due by the directors (including the Managing Director and Chairman), managers and other officers of the Company or any of them either severally or jointly with any other person.

### 6.04 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 30th June, 2022 are the Shares of Central Depository BD Ltd. (CDBL), held at cost:

|                  |                  |
|------------------|------------------|
| 1,569,450        | 1,569,450        |
| <b>1,569,450</b> | <b>1,569,450</b> |

The Company holds shares of Central Depository Bangladesh Ltd. (CDBL) which are measured at cost as on 30th June, 2023.

### 6.05 Cash and Cash Equivalent

This is made up as follows :

|                            |                |                |
|----------------------------|----------------|----------------|
| Cash in hand               | 316,055        | 48,632         |
| Cash at Bank (Note-6.05.1) | 661,924        | 713,387        |
|                            | <b>977,980</b> | <b>762,019</b> |

#### 6.05.1 Cash at Bank

This is made up as follows :

| Name of the Bank        | Branch                | A/C No.       | Amount in BDT  |                |
|-------------------------|-----------------------|---------------|----------------|----------------|
| Dutch Bangla Bank Ltd.  | Karwan Bazar          | 107-120-2912  | 187,850        | 187,236        |
| National Bank Ltd.      | Tanbazar              | 0010-33009916 | 3,224          | 3,224          |
| Social Islami Bank Ltd. | Narayanganj           | 0661330007288 | 48,144         | 96,780         |
| Social Islami Bank Ltd. | Karwan Bazar          | 0871360000232 | 56,219         | 46,344         |
| Social Islami Bank Ltd. | Karwan Bazar          | 0871330004209 | 1,580          | 11,140         |
| Social Islami Bank Ltd. | Barisal               | 0731330006555 | 4,358          | 8,623          |
| Trust Bank Ltd.         | SKB Br., Motijheel    | 3300-3143     | -              | -              |
| Basic Bank Ltd.         | Main Branch           | 216010000398  | 9,782          | 10,637         |
| Rupali Bank Ltd.        | Local Office          | 18024000171   | 28,857         | 28,857         |
| Dutch Bangla Bank Ltd.  | Motijheel Foreign Ex. | 1051201231    | 113,292        | 114,266        |
| Rupali Bank Ltd.        | Barisal               | 20005021      | -              | -              |
| Pubali Bank Ltd.        | Barishal              | 0374901060680 | 2,340          | -              |
| Dutch Bangla Bank Ltd.  | Barisal               | 127110855     | 206,280        | 206,280        |
|                         |                       |               | <b>661,924</b> | <b>713,387</b> |

## 7.01 Share Capital :

### Authorized Share Capital:

5,000,000.00 Ordinary Shares of Tk. 10/- each

|                    |                    |
|--------------------|--------------------|
| 500,000,000        | 500,000,000        |
| <b>500,000,000</b> | <b>500,000,000</b> |

### Ordinary Shares Capital:

Issued, Subscribed and Paid up 26,467,056 Ordinary Shares @ Tk. 10/- each

|                                                        |                    |                    |
|--------------------------------------------------------|--------------------|--------------------|
| Sponsors Shares 11,764,497 of Tk. 10/- each            | 117,644,970        | 117,904,040        |
| General Public Shares 138,52,093 of Tk. 10/- each      | 138,520,930        | 115,531,590        |
| Financial Institutions Shares 771,342 of Tk. 10/- each | 7,713,420          | 30,174,490         |
| Non Residence Shares 79,124 of Tk. 10/- each           | 791,240            | -                  |
| ICB Securities Trading Co. 24,917 Tk. 10/- each        | -                  | 249,170            |
| ICB & Other Shares 81,127 of Tk. 10/- each             | -                  | 811,270            |
|                                                        | <b>264,670,560</b> | <b>264,670,560</b> |

The position of Ordinary Shareholders as on 30th June, 2023 was as follows:

| Particulars                                                    | No. of Share Holders | Amount in BDT      |                    |
|----------------------------------------------------------------|----------------------|--------------------|--------------------|
| a) 11,790,404 ordinary shares of Tk.10/- each paid by sponsors | 7                    | 117,644,970        | 117,904,040        |
| Sub Total                                                      | 7                    | 117,644,970        | 117,904,040        |
| b) Group Summary of Other Shareholders                         |                      |                    | -                  |
| Description of the Group :                                     |                      |                    |                    |
| i) Financial Institutions (ICB & others)                       | 52                   | 7,713,420          | 30,174,490         |
| ii) General Public                                             | 4,206                | 138,520,930        | 115,531,590        |
| iii) Non residence NRB                                         | 21                   | 791,240            | -                  |
| iv) ICB Securities Trading Co.                                 | -                    | -                  | 249,170            |
| v) ICB Capital Management Ltd                                  | -                    | -                  | 811,270            |
| Sub Total                                                      | 4,279                | 147,025,590        | 146,766,520        |
| <b>Grand Total</b>                                             | <b>4,286</b>         | <b>264,670,560</b> | <b>264,670,560</b> |

## 7.02 Capital Reserve

This is as per last account.

|                  |                  |
|------------------|------------------|
| <b>5,373,570</b> | <b>5,373,570</b> |
|------------------|------------------|

## 7.03 Share Premium

This is as per last account.

|                   |                   |
|-------------------|-------------------|
| <b>54,560,000</b> | <b>54,560,000</b> |
|-------------------|-------------------|

## 7.04 Revaluation Reserve

This is made up as follows :

Balance as on 01.07.2022

Prior Year Error Correction

Adjusted Opening Balance

Less: Adjustment for depreciation for this year

|                    |                    |
|--------------------|--------------------|
| 351,844,432        | 364,148,104        |
| -                  | -                  |
| 351,844,432        | 364,148,104        |
| (11,494,488)       | (12,303,672)       |
| <b>340,349,944</b> | <b>351,844,432</b> |

This amount represents as per last years accounts

## 7.05 Retained Earnings

This is made up as follows :

Balance as on 01.07.2022

Add: Revaluation Reserve

Add: Profit/(Loss) after Tax

Less : Adjustment during the year

Less : Dividend 2022

|                      |                      |
|----------------------|----------------------|
| (374,479,403)        | (395,615,498)        |
| 11,494,488           | 12,303,672           |
| (6,208,625)          | 8,832,422            |
| (369,193,540)        | (374,479,403)        |
| 210,877,005          | -                    |
| (2,646,706)          | -                    |
| <b>(160,963,242)</b> | <b>(374,479,403)</b> |



## 8.00 Non-Current Liabilities

This is made up as follows:

|                                              |
|----------------------------------------------|
| 8.01 Long Term Loan (Non-Current Maturity)   |
| 8.02 Lease Obligation Liability              |
| 8.03 Director's and Other Loans and Advances |
| 8.04 Deferred Tax Liability                  |

|                    |                      |
|--------------------|----------------------|
| 672,404,220        | 963,281,225          |
| 1,055,467          | -                    |
| -                  | 27,720,197           |
| 72,612,584         | 74,307,404           |
| <b>746,072,271</b> | <b>1,065,308,826</b> |

## 8.01 Long Term Loan (Non-Current Maturity)

This is made up as follows :

|                                       |
|---------------------------------------|
| BDBL Term Loan # 00027                |
| MTBL-Term loan-1                      |
| MTBL-Term loan-2                      |
| MTBL-Term loan-3                      |
| Rupali Bank Loan account (Principal ) |
| <b>Grand Total (Unit 1 2 3)</b>       |

|                    |                    |
|--------------------|--------------------|
| 303,425,627        | 303,425,627        |
| -                  | 80,853,222         |
| -                  | 55,403,054         |
| 1,203,225          | 155,823,954        |
| 367,775,368        | 367,775,368        |
| <b>672,404,220</b> | <b>963,281,225</b> |

Note :

In respect of the loan facilities availed from Bangladesh Development Bank Ltd. (BDBL) (Former Bangladesh Shilpa Bank) for Unit No. 1,2, the bank rescheduled loan amount at 303,425,627/- in the year 2019 for 10 years term. Meanwhile the bank earlier filed suit in "Artha Rin Adalat" for suit value of Tk.346,291,000. The company is contesting the suit. Deposition not yet begun. The company is also continuing liaison with the bank authority for an amicable settlement within an amount of Taka 20 Crore to Taka 24 Crore irrespective of whatever suit value exit.

The Company availed loan from Rupali Bank Limited (RBL) for working capital of Unit -1,2 & Unit 3 and BMRE for its Unit -3 secured by mortgage of Plant land, building and machinery and personal guarantee of sponsor Directors. The Bank re-scheduled its liability at taka301,774,886/- in 2019 for 10 years. The company is however continuing liaison with the bank authority for an amicable settlement within some Tk.22 Crore irrespective of whatever outstanding exits.

The Company availed working capital / term loan from Mutual Trust Bank Ltd.(MTBL). Although bank filed suit in "Artha Rin Adalat" at suit value taka 219,501,331 yet the company negotiated with the Bank Authority and settled liabilities at Taka8 Crore once for all and paid and settled finally. The Bank authority sympathically allowed substantial amount of remission of interest.

## 8.02 Lease Obligation Liability

At Cost:

This is made up as follows:

|                                       |
|---------------------------------------|
| Opening Balance                       |
| Add: Addition during the year         |
| Add: Finance Charge                   |
| Less: Payment during the year         |
| <b>Closing Balance</b>                |
| Less: Transferred to current maturity |

|                  |           |
|------------------|-----------|
| -                | 1,150,459 |
| 1,518,777        | -         |
| 1,518,777        | 1,150,459 |
| 136,690          | 94,992    |
| 600,000          | 1,245,451 |
| 1,055,467        | -         |
| -                | -         |
| <b>1,055,467</b> | <b>-</b>  |

## 8.03 Director's and Other Loans and Advances

This is made up as follows:

|                               |
|-------------------------------|
| Opening balance               |
| Add: Received during the year |
| Less: Paid during the year    |

|   |                   |
|---|-------------------|
| - | 27,720,197        |
| - | -                 |
| - | 27,720,197        |
| - | -                 |
| - | <b>27,720,197</b> |

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

#### 8.04 Deferred Tax Liabilities

This is made up as follows:

Balance as on 01.07.2022

Add: Addition during the year

Less: Adjustment during the year

|                   |                   |
|-------------------|-------------------|
| 74,307,404        | 75,355,360        |
| (1,694,820)       | (1,047,956)       |
| 72,612,584        | 74,307,404        |
| -                 | -                 |
| <b>72,612,584</b> | <b>74,307,404</b> |

#### 9.00 Current Liabilities & Provisions

This is made up as follows:

9.01 Unclaimed /Unpaid Dividend from 2019 &2022

9.02 Trade & Other Payables

9.03 Workers Profit Participation and Welfare Fund

9.04 Provision for Income Tax

|                   |                   |
|-------------------|-------------------|
| 1,460,470         | 1,523,156         |
| 24,739,981        | 20,842,026        |
| 2,116,519         | 2,116,519         |
| -                 | -                 |
| <b>28,316,970</b> | <b>24,481,701</b> |

#### 9.01 Unclaimed /Unpaid Dividend from 2019 & 2022

This is made up as follows :

Balance as on 01.07.2022

Add: Addition during the year

Less: Adjustment during the year

Ageing:

For 2019

For 2022

|                  |                  |
|------------------|------------------|
| 1,523,156        | 1,523,156        |
| 2,646,706        | -                |
| 4,169,862        | 1,523,156        |
| 2,709,392        | -                |
| <b>1,460,470</b> | <b>1,523,156</b> |
| 1,372,768        | 1,523,156        |
| 87,702           | -                |
| <b>1,460,470</b> | <b>1,523,156</b> |

#### 9.02 Trade & Other Payables

This is made up as follows :

Accrued Expenses Payable Note 9.02.1

Outstanding Audit Fees

Trade Payables Note 9.02.2

|                   |                   |
|-------------------|-------------------|
| 13,430,289        | 12,675,698        |
| 402,500           | 402,500           |
| 10,907,192        | 7,763,828         |
| <b>24,739,981</b> | <b>20,842,026</b> |

#### 9.02.1 Accrued Expenses Payable

This is made up as follows :

Electricity Bill (Factory) for June, 2023

Salary & Wages (Factory) for June, 2023

Salary & Allowance Employees

Subscription for DSE,CSE& Others

Office Rent - VAT for June, 2023

Audit fees- 2023

Barisal City Corporation Tax

|                   |                   |
|-------------------|-------------------|
| 5,363,285         | 8,241,844         |
| 6,609,352         | 4,007,879         |
| 485,357           | 425,975           |
| 535,295           | -                 |
| 57,500            | -                 |
| 379,500           | -                 |
| -                 | -                 |
| <b>13,430,289</b> | <b>12,675,698</b> |



### 9.02.2 Schedule of Trade Payables

This is made up as follows :

| Name                                | Address                                     | Amount in BDT |           |
|-------------------------------------|---------------------------------------------|---------------|-----------|
| P.N Enterprise ( Raw cotton)        | 2, S.M Maleh Road, Tanbazar, N.gonj         | 5,808,445     | 1,109,412 |
| Ratan Enterprise ( Raw cotton)      | 103 S.M Maleh Road, Tanbazar, N.gonj        | 555,479       | 555,479   |
| Master Yarn Trading (Raw cotton)    | BB Road,Ukil Para, N.gonj                   | 169,160       | 169,160   |
| Salma Traders ( Raw Cotton )        | Kalibari Road, Narayanganj.                 | 6,245         | 6,245     |
| Hoq Yarn Ltd. ( Raw Cotton )        | Kalibari Road, Narayanganj.                 | 108,701       | 178,701   |
| Tex trade ( Raw cotton )            | Banasree, Rampura, Dhaka                    | 156,414       | 156,414   |
| 3star tecnology                     | Banasree, Rampura, Dhaka                    | 46,750        | 46,750    |
| Adib Enterprise ( Spare parts)      | Plot # 16,Block# D,Mill Gate,Tongi, Dhaka   | 72,575        | 72,575    |
| AD Media Printers                   | Panir tank Goli, Fakirapur, Arambagh.       | 133,539       | 133,539   |
| Airtech Compressor                  | Dhamrai, Manikgonj.                         | 25,000        | 25,000    |
| A.I.S Enterprise                    | Shop # 35,125, Iqble Road,M.pur, Dhaka      | 35,795        | 35,795    |
| AR Tech Solution BD                 | Sector-3, Uttara, Dhaka                     | 28,500        | 28,500    |
| 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    |
| Bijoytex Engineering                | Purana Paltan, Dhaka                        | 34,750        | 34,750    |
| 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   |
| Chittagong Fibre Board              | 125,Andor Killa,Chittagong                  | 196,740       | 196,740   |
| City Lube Oil Industries Ltd        | Dilkusha, Motijheel, Dhaka                  | 30,600        | 30,600    |
| Dawood Sultan & Co.                 | Begun bari, Tejgaon, Dhaka                  | 160,000       | 160,000   |
| Energy Control And Eng.Ltd          | Eskaton, Dhaka                              | 15,403        | 15,403    |
| Euro Trade                          | Road#7Block#plot#52,Eastern Banasree, Dhaka | 55,857        | 55,857    |
| 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                    | Narayanganj.                                | 105,000       | 105,000   |
| Lipika ( Spare Importer )           | Krishni market,Mohamadpur,Dhaka.            | 259,017       | 259,017   |
| 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           | 187,103       | 187,103   |
| Mask Engineering                    | Chas ara,Narayanganj.                       | 30,500        | 30,500    |
| Musum Enterprise                    | Shop # 6,107, Nawabpur Road, Dhaka.         | 25,745        | 25,745    |
| Minha Tex International             | Basansree, Rampura, Dhaka                   | 73,400        | 73,400    |
| 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          | 21,885        | 21,885    |
| Nuhan Engineering Workshop          | 128,Bonogram Road, Dhaka                    | 2,400         | 2,400     |
| Pacific Trading                     | 128 Nawabpur. Dhaka.                        | 150,337       | 150,337   |
| PN International                    | Chas ara,Narayanganj.                       | 110,000       | 110,000   |
| Popular Trades(Narayanganj)         | 46/1 Old Jimkhana, Narayanganj              | 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          | 43,129        | 1,528,798 |
| Sail International                  | Gulshan-1                                   | 20,800        | 20,800    |
| Satata Enterprise                   | Kakrail, Dhaka.                             | 30,245        | 30,245    |
| SD Tax Promoters Ltd.               | Kakrail, Dhaka.                             | 28,210        | 28,210    |
| Sinobangla Industries Ltd.          | C.R Datta Road,Panthapath, Dhaka.           | 39,071        | 39,071    |
| S M Paper Cone                      | Tongi, Gazipur                              | 88,000        | 88,000    |
| S M Textech                         | Azampur, Uttara, Dhaka.                     | 31,780        | 31,780    |
| Solution Technology                 | Mirpur-1, Dhaka.                            | 123,500       | 123,500   |



| Name                       | Address                                        | Amount in BDT     |                  |
|----------------------------|------------------------------------------------|-------------------|------------------|
| Simul Traders              | 63/A,Railway Commercial Plot,Shajahanpur,Dhaka | 99,821            | 99,821           |
| Southern multi Pack        | BASIC, Barisal.                                | 15,800            | 15,800           |
| 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.                                | 12,200            | 12,200           |
| Texcoms Services           | Azampur, Uttara, Dhaka.                        | 37,500            | 37,500           |
| Texmate Engineering        | Jatrabari, Dhaka                               | 26,495            | 26,495           |
| Triad International        | Bijoy Nagar, Dhaka                             | 6,400             | 6,400            |
| United Trade Centre        | Jashimuddin, Uttara.                           | 95,650            | 95,650           |
| Yusuf Trader               |                                                | 3,290             | 3,290            |
| ZSZ Engineering            | Hat khula Road, Motijheel, Dhaka.              | 15,890            | 15,890           |
|                            |                                                | <b>10,907,192</b> | <b>7,763,828</b> |

### 9.03 Workers Profit Participation and Welfare Fund

This is made up as follows:

Balance as on 01.07.2022  
Add: Addition during the year

|                  |                  |
|------------------|------------------|
| 2,116,519        | 2,180,815        |
| 200,000          | 735,704          |
| 2,316,519        | 2,916,519        |
| 200,000          | 800,000          |
| <b>2,116,519</b> | <b>2,116,519</b> |

Less: Adjustment during the year

As per Section 234 of the Bangladesh Labour Act, 2006, 5% of Net Profit has been provided in proportion to 80:10:10 in order to contribute to Workers Profit Participation Fund, Welfare Fund and Bangladesh Workers Welfare Fund Foundation respectively.

### 9.04 Provision for Income Tax

This is made up as follows:

Balance as on 01.07.2022

Add: during the year

Balance after addition

Less : Adjustment Previous year Advance Tax

Less : Adjustment During the year Advance Tax

|             |             |
|-------------|-------------|
| -           | -           |
| 1,705,013   | 2,729,612   |
| 1,705,013   | 2,729,612   |
| -           | -           |
| (1,705,013) | (2,729,612) |
| -           | -           |

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:**

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

Tax: Deducted at Source [C]

**Tax Provision**

|                  |                  |
|------------------|------------------|
| (6,208,625)      | 10,514,078       |
| 1,705,013        | 2,729,612        |
| 3,490,464        | 2,660,354        |
| <b>1,705,013</b> | <b>2,729,612</b> |

**10.00 Sales (Revenue)**

This is made up as follows :

| Particulars                                                    | 30.06.2023       |                    | 30.06.2022       |                    |
|----------------------------------------------------------------|------------------|--------------------|------------------|--------------------|
|                                                                | Qty. Lbs         | Taka               | Qty. Lbs         | Taka               |
| Export of Yarn/Local Sales of Yarn/Waste cotton/Stock Lot Sale | 1,505,742        | 284,198,026        | 1,322,149        | 454,999,115        |
| Less: VAT on Sales of Waste Cotton                             | -                | 29,135             | -                | 63,737             |
| <b>Total Turnover (Net)</b>                                    | <b>1,505,742</b> | <b>284,168,891</b> | <b>1,322,149</b> | <b>454,935,378</b> |

**11.00 Cost of Goods Sold**

This is made up as follows :

| Particulars                                      | Quantity Lbs     | Amount in BDT     |                    |                    |                    |                    |
|--------------------------------------------------|------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|                                                  |                  | Unit-1            | Unit - 2           | Unit - 3           | 30.06.2023         | 30.06.2022         |
| WIP as on 01.07.2022                             | 57,385           | 922,006           | 2,370,872          | 3,292,878          | 6,585,755          | 6,218,005          |
| Add: Raw Cotton Input (Note-11.01)               | 2,334,194        | 12,039,224        | 30,958,005         | 42,997,229         | 85,994,457         | 391,284,048        |
|                                                  | <b>2,391,579</b> | <b>12,961,230</b> | <b>33,328,876</b>  | <b>46,290,106</b>  | <b>92,580,212</b>  | <b>397,502,053</b> |
| Less: WIP as on 30.06.2023                       | 23,823           | 414,903           | 1,066,892          | 1,481,795          | 2,963,590          | 6,585,755          |
| Wastage recovery                                 | 74,689           | 602,774           | 1,549,991          | 2,152,765          | 4,305,530          | 9,567,845          |
|                                                  | <b>98,512</b>    | <b>1,017,677</b>  | <b>2,616,883</b>   | <b>3,634,560</b>   | <b>7,269,120</b>   | <b>16,153,600</b>  |
| Raw Material Consumed                            | <b>2,293,067</b> | <b>11,943,553</b> | <b>30,711,993</b>  | <b>42,655,546</b>  | <b>85,311,092</b>  | <b>381,348,453</b> |
| Add: Factory Overhead (Note-11.02)               |                  | 26,690,131        | 68,631,766         | 95,321,897         | 190,643,794        | 185,168,131        |
| Cost of Production                               | <b>2,293,067</b> | <b>38,633,685</b> | <b>99,343,759</b>  | <b>137,977,443</b> | <b>275,954,887</b> | <b>566,516,586</b> |
| Add: Stock of Yarn as on 01.07.2022              | 2,316,672        | 45,017,567        | 115,759,457        | 160,777,024        | 321,554,047        | 139,685,322        |
|                                                  | <b>4,609,739</b> | <b>83,651,252</b> | <b>215,103,216</b> | <b>298,754,467</b> | <b>597,508,934</b> | <b>706,201,908</b> |
| Less: Stock of Yarn as on 30.06.2023 (Note-11.3) | 3,103,997        | 46,316,826        | 119,100,410        | 165,417,237        | 330,834,473        | 321,554,047        |
| <b>Cost of Goods Sold</b>                        | <b>1,505,742</b> | <b>37,334,425</b> | <b>96,002,806</b>  | <b>133,337,230</b> | <b>266,674,461</b> | <b>384,647,861</b> |

**11.01 Raw Cotton Input**

This amount comprises as follows :

| Particulars                                    | 30.06.2023       |                    | 30.06.2022       |                    |
|------------------------------------------------|------------------|--------------------|------------------|--------------------|
|                                                | Quantity (lbs)   | Value              | Quantity (lbs)   | Value              |
| Stock of Raw cotton as on 01.07.2022           | 2,173,213        | 153,963,814        | 2,182,516        | 261,477,603        |
| Add : Raw cotton purchased during the year     | 1,142,005        | 102,664,359        | 2,544,194        | 286,770,259        |
|                                                | <b>3,315,218</b> | <b>256,628,173</b> | <b>4,726,710</b> | <b>548,247,862</b> |
| Less : Stock of raw cotton                     | 981,024          | 170,633,716        | 2,173,213        | 156,963,814        |
| Stock of slow moving raw materials written off | -                | -                  | -                | -                  |
| Stock of raw materials sales waste             | -                | -                  | -                | -                  |
| Stock of raw cotton as on 30.06.2023           | 981,024          | 170,633,716        | 2,173,213        | 156,963,814        |
| <b>Input of Raw cotton during the year</b>     | <b>2,334,194</b> | <b>85,994,457</b>  | <b>2,553,497</b> | <b>391,284,048</b> |

**11.02 Factory Overhead**

This amount comprises as follows :

| Particulars                                  | Amount in BDT |            |            |            |            |
|----------------------------------------------|---------------|------------|------------|------------|------------|
|                                              | Unit-1        | Unit - 2   | Unit - 3   | 30.06.2023 | 30.06.2022 |
| Salary & allowance and wages (Note: 11.02.1) | 6,632,731     | 17,055,594 | 23,688,326 | 47,376,651 | 45,570,078 |
| Bonus                                        | 133,483       | 343,241    | 476,724    | 953,447    | 340,994    |
| Carriage Inward                              | 4,008         | 10,305     | 14,313     | 28,625     | 63,611     |
| Electricity                                  | 13,650,940    | 35,102,417 | 48,753,357 | 97,506,713 | 91,449,257 |
| Stores & Spares                              | 328,373       | 844,388    | 1,172,761  | 2,345,521  | 2,835,985  |
| Packing Materials                            | 512,672       | 1,318,298  | 1,830,970  | 3,661,940  | 3,275,645  |



|                                                                   |                   |                   |                   |                    |                    |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Insurance (Fire policy of Machinery, Building, Raw cotton Godown) | 14,396            | 37,018            | 51,414            | 102,828            | -                  |
| Oil & lubricant                                                   | 54,515            | 140,183           | 194,698           | 389,396            | 865,325            |
| Overtime expenses                                                 | 68,326            | 175,694           | 244,020           | 488,040            | 195,642            |
| Repair & Maintenance                                              | 11,047            | 28,407            | 39,454            | 78,908             | 175,352            |
| Leave benefits & gratuity                                         | 16,023            | 41,202            | 57,226            | 114,451            | -                  |
| Depreciation (Schedule-4/A)                                       | 5,263,618         | 13,535,018        | 18,798,637        | 37,597,274         | 40,396,242         |
| <b>Total</b>                                                      | <b>26,690,131</b> | <b>68,631,766</b> | <b>95,321,897</b> | <b>190,643,794</b> | <b>185,168,131</b> |

#### 11.02.1 Salary, Allowances and Wages

This amount comprises as follows :

| Particulars                  | 30.06.2023   |                   | 30.06.2022   |                   |
|------------------------------|--------------|-------------------|--------------|-------------------|
|                              | Employees    | Taka              | Employees    | Taka              |
| a) Up to Tk. 3,000 Per Month | 177          | 1,895,066         | 172          | 3,985,755         |
| b) Above Tk. 3,000 Per Month | 950          | 45,481,585        | 1,001        | 41,584,323        |
|                              | <b>1,127</b> | <b>47,376,651</b> | <b>1,173</b> | <b>45,570,078</b> |

#### 11.03 Stock of Yarn

This is made up as follows :

| Particulars                                                        | 30.06.2023      |                  | 30.06.2022      |                  |
|--------------------------------------------------------------------|-----------------|------------------|-----------------|------------------|
|                                                                    | Quantity in Lbs | Quantity in Lbs  | Quantity in Lbs | Quantity in Lbs  |
| Opening balance                                                    | -               | 2,316,672        | -               | 1,015,095        |
| Add: Production during the year                                    |                 | 2,293,067        | -               | 2,384,207        |
|                                                                    |                 | 4,609,739        | -               | 3,399,302        |
| Less: Sales during the year :                                      |                 |                  |                 |                  |
|                                                                    | -               | -                | -               | -                |
| Export of Yarn/Local Sales of Yarn/Waste cotton/<br>Stock lot Sale | -               | 1,505,742        | -               | 1,082,630        |
|                                                                    |                 | <b>3,103,997</b> |                 | <b>2,316,672</b> |

#### 12.00 Administrative Expenses

This is made up as follows:

| Particulars                      | Amount in BDT |           |           |            |            |
|----------------------------------|---------------|-----------|-----------|------------|------------|
|                                  | Unit-1        | Unit - 2  | Unit - 3  | 30.06.2023 | 30.06.2022 |
| Salary & Allowances (Note-12.01) | 1,456,071     | 3,744,183 | 5,200,255 | 10,400,509 | 10,991,108 |
| Overtime                         | 281           | 724       | 1,005     | 2,010      | 2,160      |
| Bonus (Note - 12.01)             | 645,842       | 1,660,737 | 2,306,580 | 4,613,159  | 1,165,872  |
| Board Meeting fee                | 20,300        | 52,200    | 72,500    | 145,000    | 145,000    |
| Traveling & conveyance           | 23,753        | 61,079    | 84,832    | 169,664    | 377,032    |
| Printing & Stationery            | 8,566         | 22,028    | 30,595    | 61,189     | 135,976    |
| Vehicle Maintenance              | 2,196         | 5,648     | 7,844     | 15,688     | 34,863     |
| Cleaning expenses                | 1,869         | 4,805     | 6,674     | 13,347     | 29,660     |
| Subscription (BTMA)              | 14,036        | 36,092    | 50,128    | 100,256    | 195,712    |
| Subscription (BCI & BAPLC)       | 7,000         | 18,000    | 25,000    | 50,000     | 50,000     |
| Newspaper & Periodicals          | 35            | 90        | 125       | 250        | 330        |
| Uniform                          | 5,428         | 13,956    | 19,384    | 38,768     | 86,152     |
| Postage                          | 9,222         | 23,713    | 32,935    | 65,870     | 146,377    |
| Entertainment                    | 15,327        | 39,412    | 54,739    | 109,479    | 243,286    |
| Electricity                      | 34,818        | 89,533    | 124,352   | 248,703    | 357,060    |
| Employees Lunch                  | 326           | 838       | 1,164     | 2,329      | 5,176      |
| Fees & Renewal                   | 23,528        | 60,500    | 84,028    | 168,056    | 373,459    |
| Gardening                        | 11            | 28        | 38        | 77         | 170        |
| Ifter bill                       | 11,883        | 30,556    | 42,438    | 84,877     | 188,615    |
| Telephone & Mobile Bill          | 4,649         | 11,954    | 16,602    | 33,204     | 73,788     |
| License & renewals               | 1,164         | 2,992     | 4,155     | 8,311      | 18,468     |
| Advertisement                    | 9,187         | 23,623    | 32,810    | 65,621     | 145,824    |
| WASA Bill/Water Bill             | 2,322         | 5,972     | 8,255     | 16,588     | 36,862     |



|                                                |                  |                  |                   |                   |                   |
|------------------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Internet connection ( Wi-Fi )                  | 3,465            | 8,910            | 12,375            | 24,750            | 55,000            |
| Caring & Handling                              | 5,304            | 13,638           | 18,942            | 37,884            | 84,187            |
| Miscellaneous Expenses                         | 22,667           | 58,288           | 80,955            | 161,910           | 359,801           |
| 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                                | 552              | 1,419            | 1,970             | 3,941             | 8,757             |
| Donation & others                              | 9,135            | 23,490           | 32,625            | 65,250            | 145,000           |
| Group Insurance                                | 3,534            | 9,088            | 12,623            | 25,245            | 25,245            |
| Repairs & maintenance (Building)               | 4,776            | 12,281           | 17,057            | 34,114            | 75,809            |
| Repairs & maintenance (Others)                 | 2,302            | 5,919            | 8,221             | 16,442            | 36,539            |
| AGM Expenses                                   | 34,650           | 89,100           | 123,750           | 247,500           | 550,000           |
| Audit fees                                     | 53,130           | 136,620          | 189,750           | 379,500           | 402,500           |
| Leave benefits                                 | 44,447           | 114,293          | 158,741           | 317,481           | 705,514           |
| Boiler Certificate                             | 403              | 1,035            | 1,438             | 2,876             | 2,876             |
| Subscription for DSE,CSE& Others               | 37,888           | 97,425           | 135,313           | 270,625           | 258,185           |
| Medical expenses                               | 3,832            | 9,853            | 13,684            | 27,369            | 60,819            |
| Training expenses                              | 198              | 510              | 709               | 1,418             | 3,150             |
| Welfare                                        | 847              | 2,178            | 3,025             | 6,050             | 13,445            |
| Depreciation (Schedule-4/A)                    | 457,706          | 1,176,958        | 1,634,664         | 3,269,328         | 3,512,717         |
| Website Maintenance                            | 4,568            | 11,745           | 16,313            | 32,625            | 72,500            |
| Data Connectivity Solution(Telnet)             | 2,016            | 5,184            | 7,200             | 14,400            | 32,000            |
| Yarn Test                                      | 63               | 162              | 225               | 450               | 1,000             |
| Sundry expenses                                | 5,044            | 12,970           | 18,014            | 36,028            | 80,062            |
| <b>Total</b>                                   | <b>3,077,816</b> | <b>7,914,383</b> | <b>10,992,199</b> | <b>21,984,398</b> | <b>21,884,311</b> |

#### 12.01 Salaries, Allowances & Bonus

This amount comprises as follows :

| Particulars                  | 30.06.2023 |                   | 30.06.2022 |                   |
|------------------------------|------------|-------------------|------------|-------------------|
|                              | Employees  | Taka              | Employees  | Taka              |
| a) Up to Tk. 3,000 Per Month | 18.00      | 1,501,367         | 19         | 1,585,725         |
| b) Above Tk. 3,000 Per Month | 80.00      | 13,512,301        | 89         | 10,571,254        |
|                              | <b>98</b>  | <b>15,013,668</b> | <b>108</b> | <b>12,156,979</b> |

#### 13.00 Selling & Distribution Expenses

| Particulars                 | Amount in BDT |               |               |                |                |
|-----------------------------|---------------|---------------|---------------|----------------|----------------|
|                             | Unit-1        | Unit - 2      | Unit - 3      | 30.06.2023     | 30.06.2022     |
| Carriage outward & Discount | 22,652        | 58,248        | 80,900        | 161,800        | 580,662        |
| <b>Total</b>                | <b>22,652</b> | <b>58,248</b> | <b>80,900</b> | <b>161,800</b> | <b>580,662</b> |

#### 14.00 Non-Operating Income

This amount comprises as follows :

Dividend Received from CDBL

Interest Income

|                  |                  |
|------------------|------------------|
| 1,427,955        | 1,427,955        |
| 5,866            | 5,171            |
| <b>1,433,821</b> | <b>1,433,126</b> |

#### 15.00 Financial Expenses

This amount comprises as follows :

| Particulars                                  | Amount in BDT |        |          |            |            |
|----------------------------------------------|---------------|--------|----------|------------|------------|
|                                              | Unit-1        | Unit-2 | Unit - 3 | 30.06.2023 | 30.06.2022 |
| Interest on BDBL Term Loan                   | -             | -      | -        | -          | 13,638,278 |
| Interest on MTBL Term Loan                   | -             | -      | -        | -          | -          |
| Interest on RBL Term Loan                    | -             | -      | -        | -          | 23,676,418 |
| Interest on CC Loan                          | -             | -      | -        | -          | -          |
| Financial Expense - IFRS 16 Lease Obligation | 19,137        | 49,208 | 68,345   | 136,690    | 94,992     |

|                                                |                |                  |                  |                  |                   |
|------------------------------------------------|----------------|------------------|------------------|------------------|-------------------|
| Realized (gain) or Loss in foreign exchange    | 358,816        | 922,670          | 1,281,486        | 2,562,971        | 366,146           |
| Un realized (gain) or Loss in foreign exchange | -              | -                | -                | -                | 68,051            |
| Bank charges & commission                      | 11,315         | 29,096           | 40,412           | 80,823           | 162,003           |
| <b>Total</b>                                   | <b>389,268</b> | <b>1,000,974</b> | <b>1,390,242</b> | <b>2,780,484</b> | <b>38,005,888</b> |

#### 16.00 Net Assets Value Per Share (NAVPS)

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| Net Assets                        | 503,990,832  | 301,969,159  |
| Number of Ordinary Shares         | 26,467,056   | 26,467,056   |
| <b>Net Assets Value Per Share</b> | <b>19.04</b> | <b>11.41</b> |

Note: Net Assets Value per share (NAVPS) has been increased due to impact of increase in total assets.

#### 17.00 Earning Per Share (EPS)

|                                              | Profit Attributable to Shareholders |             |
|----------------------------------------------|-------------------------------------|-------------|
|                                              | Number of Ordinary Shares           |             |
| Profit Attributable to Ordinary Shareholders | (6,208,625)                         | 8,832,422   |
| Number of Ordinary Shares                    | 26,467,056                          | 26,467,056  |
| <b>Earning Per Share (EPS)</b>               | <b>(0.23)</b>                       | <b>0.33</b> |

Note: Earning per Share (EPS) has decreased compared with that of the previous year because of an increase in production and sales amount.

#### 18.00 Net Operating Cash Flow Per Share (NOCFPS)

|                                                    |             |              |
|----------------------------------------------------|-------------|--------------|
| Net Cash Generated /(Used) by operating Activities | 80,215,961  | 72,816       |
| Number of Ordinary Shares                          | 26,467,056  | 26,467,056   |
| <b>Net Operating Cash Flow Per Share (NOCFPS)</b>  | <b>3.03</b> | <b>0.003</b> |

Note: During the year Net Operating Cash Flows per share (NOCFPS) has been increase due to a huge amount paid in respect of Suppliers, income tax & others paid.

#### 19.00 Reconciliation of Cash Flows from Operating Activities through Indirect Method

Reconciliation of Cash Flows from Operating Activities through indirect method (As per Clause No. 5(2)(e) of Notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June, 2018: A Reconciliation of Net Operating Cash Flows under indirect Method provided below:

|                                                    |                   |                   |
|----------------------------------------------------|-------------------|-------------------|
| <b>Net Income after Tax</b>                        | (6,208,625)       | 8,832,422         |
| <b>Non-Cash Adjustments</b>                        |                   |                   |
| Add: Depreciation                                  | 40,866,602        | 43,908,959        |
| Less: Cash Rent Paid                               | -                 | -                 |
| Add: ROU Asset Depreciation                        | 506,259           | 506,259           |
| Add: ROU Liability Interest                        | (136,690)         | (1,150,459)       |
| Add: Damage of Stock                               | -                 | -                 |
| Add: Increase in Interest Payable                  | -                 | 37,419,971        |
| Income Tax Paid                                    | (3,777,374)       | (2,660,354)       |
| Income Tax Provision                               | 1,705,013         | 2,729,612         |
| Add: Loss on Sale of Waste Stock                   | -                 | -                 |
| Less: Def Tax Gain                                 | (1,694,820)       | (1,047,956)       |
|                                                    | <b>31,260,365</b> | <b>88,538,454</b> |
| <b>Working Capital Adjustments</b>                 |                   |                   |
| Change in Inventory (excluding Inv. Write off)     | -                 | (79,179,505)      |
| Change in Trade AR                                 | 46,269,836        | (13,666,303)      |
| Interest expenses                                  | -                 | -                 |
| Change in Advance (Excluding AIT)                  | (1,212,195)       | (87,266)          |
| Change in Trade Payable                            | 3,897,955         | 4,531,732         |
| Change in WPPF                                     | -                 | -                 |
|                                                    | <b>80,215,961</b> | <b>137,112</b>    |
| Less: Unrealized gain on exchange rate fluctuation | -                 | (64,296)          |
| <b>Net Cash Flow from Operating Activities</b>     | <b>80,215,961</b> | <b>72,816</b>     |

Ref: GKQ/23-24/A/155



**20.00 Related Party Transaction-Disclosures under IAS 24 "Related Party Disclosure"**

In accordance with paragraph 19 of IAS 24 Related Party Disclosures, the following matters has been disclosed in the following sequential order:

**(i) Parent and Ultimate Controlling Party**

There is no such parent company as well as ultimate holding company / controlling party of the company.

**(ii) Entities with joint control of, or significant influence over**

There is no joint control of, or significant influence over the company.

**(iii) Subsidiaries**

There are no subsidiary company of the entity (company)

**(iv) Associates**

There are no associate company of the entity (company)

**(v) Joint Venture in which the Entity is a Joint Venture**

The Company has not entered into Joint Venture Agreement in which the Company is a Joint Venture.

**(vi) Transactions with Key Management Personnel and their Compensation****(a) Loans to Director**

During the year, no loan was given to the directors of Company

**(b) Key Management Personnel and their Compensation**

There is no compensation for Chairman, Director and Managing Director except Board Meeting fee but there are following categories of compensation in accordance with the paragraph 17 of IAS 24: Related Party Disclosures:

| Particulars                  | Amount in BDT     |                   |
|------------------------------|-------------------|-------------------|
|                              | 30.06.2023        | 30.06.2022        |
| Salary and Allowances        | 57,777,160        | 56,561,186        |
| Bonus                        | 5,566,606         | 1,506,866         |
| Overtime                     | 490,050           | 197,802           |
| Board Meeting Attendance Fee | 145,000           | 145,000           |
| Leave Pay & Gratuity         | 114,451           | 705,514           |
| <b>Total</b>                 | <b>64,093,267</b> | <b>59,116,367</b> |

Company's key management personnel includes the Company's directors. Compensation includes salary and allowance leave pay gratuity bonus and overtime.

**(vii) Other Related Party Transactions**

The Company carried out a number of transactions with related parties/associates undertakings in the normal course of business and on arms length basis. The nature of transaction and their total value are in below:

| Name                                                | Total Transaction for the year | Balance as on 30.06.2023 | Balance as on 30.06.2022 |
|-----------------------------------------------------|--------------------------------|--------------------------|--------------------------|
| <b>A. Advance &amp; Short Term Loan Paid</b>        |                                |                          |                          |
| Mr.A K Azizur Rahman                                | -                              | -                        | 21,700,000               |
| Mrs. Rosy Rahman                                    | -                              | -                        | 4,775,000                |
| Mr.Bazlur Rahman                                    | -                              | -                        | 1,245,197                |
| <b>Total for Advance &amp; Short Term Loan Paid</b> | <b>-</b>                       | <b>-</b>                 | <b>27,720,197</b>        |
| <b>B. Supplier/Creditors (Payable)</b>              |                                |                          |                          |
| P.N Enterprise ( Raw cotton)                        | -                              | 4,760,489                | 1,107,412                |
| Ratan Enterprise ( Raw cotton)                      | -                              | 555,479                  | 555,479                  |
| Master Yarn Trading (Raw cotton )                   | -                              | 169,160                  | 169,160                  |

|                                     |   |         |           |
|-------------------------------------|---|---------|-----------|
| Salma Traders ( Raw Cotton )        | - | 6,245   | 6,245     |
| Hoq Yarn Ltd. ( Raw Cotton )        | - | 108,701 | 178,701   |
| Textrade ( Raw cotton )             | - | 156,414 | 156,414   |
| 3star tecnologia                    | - | 46,750  | 46,750    |
| Adib Enterprise ( Spare parts)      | - | 72,575  | 72,575    |
| AD Media Printers                   | - | 133,539 | 133,539   |
| Airtech Compressor                  | - | 25,000  | 25,000    |
| A.I.S Enterprise                    | - | 35,795  | 35,795    |
| AR Tech Solution BD                 | - | 28,500  | 28,500    |
| Axis Textiles engineering           | - | 27,700  | 27,700    |
| Azad Store                          | - | 84,983  | 84,983    |
| Bijoytex Engineering                | - | 34,750  | 34,750    |
| Bengal Roots                        | - | 600     | 600       |
| Cargo Control (BD) Pet Ltd          | - | 143,084 | 143,084   |
| C.H Graphics & Printers             | - | 142,642 | 142,642   |
| Chittagong Fibre Board              | - | 196,740 | 196,740   |
| City Lube Oil Industries Ltd        | - | 30,600  | 30,600    |
| Dawood Sultan & Co.                 | - | 160,000 | 160,000   |
| Energy Control And Eng Ltd          | - | 15,403  | 15,403    |
| Euro Trade                          | - | 55,857  | 55,857    |
| Forman Enterprise                   | - | 81,000  | 81,000    |
| Friends Electric House              | - | 8,498   | 8,498     |
| Fusia Electronics                   | - | 33,600  | 33,600    |
| Gazi Tank                           | - | 8,200   | 8,200     |
| IC System & Service                 | - | 23,000  | 23,000    |
| IHS Inspection Serices(BD) ltd.     | - | 6,562   | 6,562     |
| Jusna Enterprise                    | - | 105,000 | 105,000   |
| Lipika ( Spare Importer )           | - | 259,017 | 259,017   |
| Mass Electors Ltd.                  | - | 114,600 | 114,600   |
| Madona Enterprise                   | - | 36,450  | 36,450    |
| Mahin Enterprise                    | - | 187,103 | 187,103   |
| Mask Engineering                    | - | 30,500  | 30,500    |
| Musum Enterprise                    | - | 25,745  | 25,745    |
| Minha Tex International             | - | 73,400  | 73,400    |
| M/S M Hossain Engineering Workshop  | - | 72,300  | 72,300    |
| New Bangla Technical Support Centre | - | 157,000 | 157,000   |
| New Diamond Plastic Traders         | - | 21,885  | 21,885    |
| Nuhan Engineering Workshop          | - | 2,400   | 2,400     |
| Pacific Trading                     | - | 150,337 | 150,337   |
| PN International                    | - | 110,000 | 110,000   |
| Popular Trades(Narayangong)         | - | 206,341 | 206,341   |
| Prime Power Solution                | - | 9,400   | 9,400     |
| Quality Traders                     | - | 234,020 | 234,020   |
| Ringtex Engineering                 | - | 22,800  | 22,800    |
| Riyad Light House                   | - | 91,440  | 91,440    |
| Rumman Spring & Eng. Works          | - | 43,129  | 1,528,798 |
| Sail International                  | - | 20,800  | 20,800    |
| Satata Enterprise                   | - | 30,245  | 30,245    |

| Name                                                  | Total Transaction for the year | Balance as on 30.06.2023 | Balance as on 30.06.2022 |
|-------------------------------------------------------|--------------------------------|--------------------------|--------------------------|
| SD Tax Promoters Ltd.                                 | -                              | 28,210                   | 28,210                   |
| Sinobangla Industries Ltd.                            | -                              | 39,071                   | 39,072                   |
| S M Paper Cone                                        | -                              | 88,000                   | 88,000                   |
| S M Textech                                           | -                              | 31,780                   | 31,780                   |
| Solution Technology                                   | -                              | 123,500                  | 123,500                  |
| Simul Traders                                         | -                              | 99,821                   | 99,821                   |
| Southern multi Pack                                   | -                              | 15,800                   | 15,800                   |
| Square Informatix Ltd.                                | -                              | 5,000                    | 5,000                    |
| Standard Sprung Industries                            | -                              | 24,350                   | 24,350                   |
| Suman Joint Store                                     | -                              | 50,500                   | 50,500                   |
| Sutex International                                   | -                              | 12,200                   | 12,200                   |
| Texcoms Services                                      | -                              | 37,500                   | 37,500                   |
| Texmate Engineering                                   | -                              | 26,495                   | 26,495                   |
| Triad International                                   | -                              | 6,400                    | 6,400                    |
| United Trade Centre                                   | -                              | 95,650                   | 95,650                   |
| Yusuf Trader                                          | -                              | 3,290                    | 3,290                    |
| ZSZ Engineering                                       | -                              | 15,890                   | 15,890                   |
| <b>Total for Supplier / Creditors</b>                 | <b>-</b>                       | <b>9,859,235</b>         | <b>7,761,828</b>         |
| <b>C. Sundry Debtors (Product Sales) (Receivable)</b> |                                |                          |                          |
| Knit concern Ltd.                                     | -                              | -                        | 49,596,840.00            |
| Tasrian weaving Mills Ltd.                            | -                              | -                        | 12,822,008.00            |
| Radowan Knite Composite                               | -                              | -                        | 4,681,125.00             |
| Tras Impex Co                                         | -                              | -                        | -                        |
| Sajib & Brothers                                      | -                              | -                        | -                        |
| Mujib Enterprise                                      | -                              | -                        | -                        |
| Dolon Yarn Trading                                    | -                              | -                        | -                        |
| RB Trade                                              | -                              | -                        | -                        |
| Arian Spinning Co.                                    | -                              | -                        | -                        |
| Regent Textile Limited                                | -                              | -                        | -                        |
| <b>Total for Sundry Debtors (Products Sales)</b>      |                                | <b>-</b>                 | <b>67,099,973</b>        |
| <b>Grand Total</b>                                    | <b>-</b>                       | <b>9,859,235</b>         | <b>102,581,998</b>       |

#### 21.00 Capital Expenditure Commitment

There was no capital expenditure commitment as on 30.06.2023

#### 22.00 Payment in Foreign Currency

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

During the year ended at 30th June, 2023 the Company has not made payment in foreign currency in respect of the following:

Import of Raw Materials & Finished Goods

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

Import of Machinery, Spare Parts & Other Assets

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

|  |   |   |
|--|---|---|
|  | - | - |
|--|---|---|

#### 23.00 Foreign Exchange Earned

The Company has earned foreign currency during the year: US\$ 3,489,593.

#### 24.00 Commission, Brokerage or Discount against Sales

No commission was incurred or paid to distributors, agents nor any brokerage or discount was incurred or paid against sales.

**25.00 Credit Facility Not Availed**

There was no credit facility available by the company under any contract, but not availed as on 30.06.2023 other than trade credit available in the ordinary course of business.

**26.00 Segment Reporting**

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

**Attendance Status of Board Meeting of Directors**

During the period from 01.07.2022 to 30.06.2023 there was 4 Board Meetings and 1 AGM were held. The attendance status of all the meetings is as follows:

| Name of Director              | Position Held                | Meeting Held |      | Attended |      |
|-------------------------------|------------------------------|--------------|------|----------|------|
|                               |                              | 2023         | 2022 | 2023     | 2022 |
| Mr. A.K.M. Azizur Rahman      | Chairman                     | 4            | 5    | 4        | 5    |
| Mr. Baziur Rahman             | Managing Director            | 4            | 5    | 4        | 5    |
| Mrs. Rosy Rahman              | Director                     | 4            | 5    | 4        | 5    |
| Brig Gen Mohammed Abdul Halim | Independent Director         | 4            | 5    | 4        | 3    |
| Mr. M. Shafiqul Islam         | Director (Nominated by BDBL) | 4            | 5    | 3        | 2    |
| Patit Chandra Barik           | Director (Nominated by BDBL) | 4            | 5    | -        | 2    |
| Mr. Iqbal Hossain Kha         | Director (Nominated by RBL)  | 4            | 5    | 1        | 4    |

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

**27.00 Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994****A. Disclosure as per requirement of Schedule XI, Part II Note 5 of Para 3.**

A(i) Employee Position as at 30th June, 2023

| Salary Range (Monthly) | Office & Staff |            | Worker     | Total Employee |
|------------------------|----------------|------------|------------|----------------|
|                        | Head Office    | Factory    |            |                |
| Below Tk. 3000         | 18             | 177        | -          | 195            |
| Above Tk. 3000         | 80             | -          | 950        | 1,030          |
| <b>Total</b>           | <b>98</b>      | <b>177</b> | <b>950</b> | <b>1,225</b>   |

**B. Disclosure as per requirement of Schedule XI, Part II, Para 4****Payment/Perquisites to Directors**

The aggregate amounts paid to / provided for the Directors of the Company for the year ended 30th June, 2023 is disclosed below:



| Name of Directors             | Designation                  | Remuneration | Festival | AIT | Net Amount |
|-------------------------------|------------------------------|--------------|----------|-----|------------|
| Mr. A.K.M. Azizur Rahman      | Chairman                     | -            | -        | -   | -          |
| Mr. Bazlur Rahman             | Managing Director            | -            | -        | -   | -          |
| Mrs. Rosy Rahman              | Director                     | -            | -        | -   | -          |
| Brig Gen Mohammed Abdul Halim | Independent Director         | -            | -        | -   | -          |
| Mrs. Nusrat Hafiz             | Retired Independent Director | -            | -        | -   | -          |
| Patit Chandra Barik           | Director (Nominated by RBL)  | -            | -        | -   | -          |
| Mr. Iqbal Hossain Kha         | Director (Nominated by RBL)  | -            | -        | -   | -          |
| <b>Total</b>                  |                              | -            | -        | -   | -          |

**Period of payment to Directors is from 1st July, 2022 to 30th June, 2023**

The above Directors of the Company did not take any benefit from the Company other than the remuneration and festival bonus.

- Expenses reimbursed to the managing agent: Nil.
- Commission or other remuneration payable separately to a managing agent or his associate: Nil.
- Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the company: Nil.
- 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.
- Any other perquisites or benefit in cash or in kind stating: Nil.
- Other allowances and commission including guarantee commission: Nil.
- Provisions etc.:
  - a) Pensions: Nil.
  - b) Gratuities: Nil.
  - c) Payments from Provident Fund: Nil.
  - d) Compensating for Loss of Office: Nil.
  - e) Consideration in connection with retirement from office: Nil.



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

| Requirements under Condition No.                                                                                                                                                                                                       | Compliance status of Disclosure of Schedule XI, Part II, Para 3 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 3(i)(a) The Turnover                                                                                                                                                                                                                   | 284,168,891                                                     |
| 3(i)(b) Commission Paid to Selling Agents (Incentive)                                                                                                                                                                                  | 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                                                                                                                                                       | 85,994,457                                                      |
| 3(i)(d)(ii) The opening and closing stocks of goods produced                                                                                                                                                                           | 321,554,047 and 330,834,473                                     |
| 3(i)(e) In the case of companies, the purchase made and the opening and closing stocks                                                                                                                                                 | Not Applicable                                                  |
| 3(i)(f) In the case of companies rendering or supplying services, the gross income derived from services rendered or supplied                                                                                                          | Not Applicable                                                  |
| 3(i)(g) Opening and closing stocks, purchases, sales and consumption of raw materials with value and quantity break up 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                                                                                                                        | 2,963,590                                                       |
| 3(i)(j) Provision for depreciation, renewals or diminution in value of fixed assets                                                                                                                                                    | 40,866,602                                                      |
| 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                                                                                                                                                                            | 1,705,013                                                       |
| 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, known 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)(i) 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:                                                                                                                                                 | Complied                                                        |
| (i) Consumption of stores and spare parts                                                                                                                                                                                              | 2,345,521                                                       |
| (ii) Power and Fuel                                                                                                                                                                                                                    | 389,396                                                         |
| (iii) Rent                                                                                                                                                                                                                             | 506,258                                                         |
| (iv) Repairs of Buildings                                                                                                                                                                                                              | Not Applicable                                                  |
| (v) Repairs of Machinery                                                                                                                                                                                                               | 78,908                                                          |
| (vi) Other include:                                                                                                                                                                                                                    |                                                                 |
| (1) Salaries, wages and bonus                                                                                                                                                                                                          | 63,343,766                                                      |
| (2) Contribution to provident and other funds                                                                                                                                                                                          | Not Applicable                                                  |
| (3) Workmen and staff welfare expenses to the extent not adjusted any previous provision or reserve.                                                                                                                                   | Not Applicable                                                  |



**29.00 Information regarding Accounts Receivables, Advance in line with Schedule XI****i. Disclosure in line with 4(a) of Part I of Schedule XI**

The details of trade receivable are given below:

| Sl. No. | Particulars         | Amount in BDT |            |
|---------|---------------------|---------------|------------|
|         |                     | 30.06.2023    | 30.06.2022 |
| 1       | Within 3 Months     | -             | 25,930,013 |
| 2       | Within 6 Months     | -             | 41,169,960 |
| 3       | Within 12 Months    | -             | -          |
| 4       | More than 12 Months | -             | 67,099,973 |

**ii. Disclosure in line with 4(b) of Part I of Schedule XI**

There are no debts outstanding in this respect.

**30.00 Disclosure in line with Instruction of Part I of Schedule XI**

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

**(I) Debt considered good in respect of which the company is fully secured**

Within six months trade debtors occurred in the ordinary course of business are considered goods but no security given by the debtors.

The debtors occurred in the ordinary course of business are considered goods and secured against confirmed L/C. The details of accounts receivable are given below:

| Customers Name             | Amount (BDT) |
|----------------------------|--------------|
| Knit Concern Ltd           | -            |
| Tazrian Weaving Mills Ltd. | -            |
| Radowan Knit Composite     | -            |
| <b>Total</b>               | -            |

**(II) Debt considered good for which the company holds no security other than the debtors' personal security**

Within six months trade debtors have arisen in the ordinary course of business in good faith as well as market reputation of the company for the above mentioned reasons no personal security taken from debtors.

**(III) Debt considered doubtful or bad**

The company considered more than one year debts are doubtful and provision is created for Tk. Nil.

**(IV) Debt due by directors or other officers of the Company**

There is no debt due by directors or other officers of the company.

**(V) Debt due by common management**

There is no debt under common management.

**(VI) The maximum amount due by directors or other officers of the Company**

There is no such debt in this respect.

**31.00 Disclosure as per requirement of Schedule XI, Part II, Para 7**

Details of Production capacity utilization.

| Particulars                               | License Capacity             | Installed Capacity in MT (Per Year) | Actual Production in MT from 1st July, 2022 to 30th June, 2023 | Capacity Utilization from 1 <sup>st</sup> July, 2022 to 30 <sup>th</sup> June, 2023 |
|-------------------------------------------|------------------------------|-------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Annual Production Capacity of Yarn in Lbs | Not mentioned in the License | 5953.00                             | 1,040                                                          | 17.47                                                                               |

**32.00 Disclosure as per requirement of Schedule XI, Part II, Para 8(b) during the year under audit.**

Details of import on CIF basis

**i. Raw Materials, Spare Parts, Packing Materials**

| Items             | Purchase (BDT)     |                    |                    | Consumption (BDT)  | % of Consumption of Total Purchase |
|-------------------|--------------------|--------------------|--------------------|--------------------|------------------------------------|
| Import            | Local              | Total              |                    |                    |                                    |
| Raw Materials     | -                  | 102,664,359        | 102,664,359        | 102,664,359        | 100                                |
| Spare Parts       | -                  | 4,305,144          | 4,305,144          | 4,305,144          | 100                                |
| Packing Materials | -                  | 61,140             | 61,140             | 61,140             | 100                                |
| <b>Total</b>      | <b>107,030,643</b> | <b>107,030,643</b> | <b>107,030,643</b> | <b>107,030,643</b> | <b>300</b>                         |

**Value of Export**

| Particulars | In Foreign Currency (US \$) | In BDT      |
|-------------|-----------------------------|-------------|
| Export      | 2,704,798                   | 284,003,790 |

- ii. The Company has not incurred any expenditure in foreign currency for the period from 1st July, 2022 to 30th June, 2023 on account of royalty, know-how, professional fee, consultancy fees and interest.
- iii. The Company has not earned any foreign exchanges for royalty, know-how, professional fees and consultancy fees.
- iv. The value of export from the period from 1st July, 2022 to 30th June, 2023 is tax Tk. 284,003,790.

**33.00 Disclosure of Advances, Deposit and Prepayment of Schedule XI of Companies Act, 1994**

The details break up of Advances, Deposit and Prepayments as per requirement of Schedule XI of the Companies Act, 1994 are stated below:

| Particulars                                                                | 30.06.2023 | 30.06.2022 |
|----------------------------------------------------------------------------|------------|------------|
| Advance, Deposit and Prepayments exceeding 6 months                        | -          | -          |
| Advance, Deposit and Prepayments not exceeding 6 months                    | -          | -          |
| Other Advance, Deposit and Prepayments less provision                      | -          | -          |
| Advance, Deposits and Prepayments considered Good and Secured              | -          | -          |
| Advance, Deposits and Prepayments considered Good without Security         | -          | -          |
| Advance, Deposits and Prepayments considered Doubtful or Bad               | -          | -          |
| Advance, Deposits and Prepayments due by Directors                         | -          | -          |
| Advance, Deposits and Prepayments due by Other Officers (against Salary)   | 115,685    | 57,857     |
| Advance, Deposits and prepayments due from Companies under same management | -          | -          |
| Maximum Advance, Deposits & Prepayments due by Directors                   | -          | -          |
| Maximum Advance, Deposits & Prepayments due by Officers at any time        | -          | -          |

**Disclosure in line with 8(b) of Part II of Schedule XI**

During the year under review the company did not remit any amount as dividend, technical know how, royalty, professional consultation fees, interest and other matters either shareholders or others.



### 34.00 Disclosure for purchase in foreign currency during the year

Disclosure as per Para 8 of Schedule XI (GA) of the Companies Act, 1994 regarding purchase made in foreign currency during the year are as follows:

| Type of Expenditure                               | Amount in Foreign Currency | Amount in BDT. |
|---------------------------------------------------|----------------------------|----------------|
| Import of Raw Material (Hino Bus Chassis CKD)     |                            | -              |
| Import of Raw Material (Mahindra Motor Cycle SKD) | -                          | -              |
| <b>Total</b>                                      |                            | -              |

### 35.00 Financial Instrument-Fair Values and Risk Management

#### 35.01 Accounting Classifications and Fair Values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| Reconciliation of Carrying Amount                        | Carrying Amount in BDT '000 |                                |                            |                        |                          |                                    |                             | Total Amount     |
|----------------------------------------------------------|-----------------------------|--------------------------------|----------------------------|------------------------|--------------------------|------------------------------------|-----------------------------|------------------|
|                                                          | Note                        | Fair Value-hedging instruments | Mantarray at FVTPL- Others | FVOCI-debt instruments | FVOCI-equity instruments | Financial assets at amortized cost | Other Financial Liabilities |                  |
| <b>30.06.2023</b>                                        |                             |                                |                            |                        |                          |                                    |                             |                  |
| <b>Financial Assets not measured at Fair Value</b>       |                             |                                |                            |                        |                          |                                    |                             |                  |
| Advance, Deposits & Prepayments                          | 6.02                        | -                              | -                          | -                      | -                        | 7,312                              | -                           | 7,312            |
| Trade & Receivables                                      | 6.03                        | -                              | -                          | -                      | -                        | -                                  | -                           | -                |
| Investment in Shares                                     | 6.04                        | -                              | -                          | -                      | -                        | 1,569                              | -                           | 1,569            |
| Cash and Cash Equivalents                                | 6.05                        | -                              | -                          | -                      | -                        | 978                                | -                           | 978              |
| <b>Total</b>                                             |                             | -                              | -                          | -                      | -                        | <b>9,858</b>                       | -                           | <b>9,858</b>     |
| <b>Financial Liabilities not measured at fair value:</b> |                             |                                |                            |                        |                          |                                    |                             |                  |
| Long Term Loan (Non-Current Maturity)                    | 8.01                        | -                              | -                          | -                      | -                        | -                                  | 672,404                     | 672,404          |
| Lease Obligation Liability                               | 8.02                        | -                              | -                          | -                      | -                        | -                                  | 1,055                       | 1,055            |
| Director's & Other Loans and Advances                    | 8.03                        | -                              | -                          | -                      | -                        | -                                  | -                           | -                |
| Deferred Tax Liability                                   | 8.04                        | -                              | -                          | -                      | -                        | -                                  | 72,613                      | 72,613           |
| Unclaimed/Unpaid Dividend from 2019                      | 9.01                        | -                              | -                          | -                      | -                        | -                                  | 1,460                       | 1,460            |
| Trade & Other Payables                                   | 9.02                        | -                              | -                          | -                      | -                        | -                                  | 24,740                      | 24,740           |
| Workers Profit Participation and Welfare Fund            | 9.03                        | -                              | -                          | -                      | -                        | -                                  | 2,117                       | 2,117            |
| Provision for Income Tax                                 | 9.04                        | -                              | -                          | -                      | -                        | -                                  | -                           | -                |
| <b>Total</b>                                             |                             | -                              | -                          | -                      | -                        | -                                  | <b>774,389</b>              | <b>774,389</b>   |
| <b>30.06.2022</b>                                        |                             |                                |                            |                        |                          |                                    |                             |                  |
| <b>Financial Assets not measured at Fair Value:</b>      |                             |                                |                            |                        |                          |                                    |                             |                  |
| Advance, Deposits & Prepayments                          | 6.02                        | -                              | -                          | -                      | -                        | 5,269                              | -                           | 5,269            |
| Trade & Receivables                                      | 6.03                        | -                              | -                          | -                      | -                        | 53,434                             | -                           | 53,434           |
| Investment in Shares                                     | 6.04                        | -                              | -                          | -                      | -                        | 1,569                              | -                           | 1,569            |
| Cash and Cash Equivalents                                | 6.05                        | -                              | -                          | -                      | -                        | 689                                | -                           | 689              |
| <b>Total</b>                                             |                             | -                              | -                          | -                      | -                        | <b>60,961</b>                      | -                           | <b>60,961</b>    |
| <b>Financial Liabilities not measured at fair value:</b> |                             |                                |                            |                        |                          |                                    |                             |                  |
| Long Term Loan (Non-Current Maturity)                    | 8.01                        | -                              | -                          | -                      | -                        | -                                  | 925,967                     | 925,967          |
| Lease Obligation Liability                               | 8.02                        | -                              | -                          | -                      | -                        | -                                  | 1,150                       | 1,150            |
| Director's & Other Loans and Advances                    | 8.03                        | -                              | -                          | -                      | -                        | -                                  | 27,720                      | 27,720           |
| Deferred Tax Liability                                   | 8.04                        | -                              | -                          | -                      | -                        | -                                  | 75,355                      | 75,355           |
| Unclaimed/Unpaid Dividend from 2019                      | 9.01                        | -                              | -                          | -                      | -                        | -                                  | 1,523                       | 1,523            |
| Trade & Other Payables                                   | 9.02                        | -                              | -                          | -                      | -                        | -                                  | 16,310                      | 16,310           |
| Workers Profit Participation and Welfare Fund            | 9.03                        | -                              | -                          | -                      | -                        | -                                  | 2,181                       | 2,181            |
| Provision for Income Tax                                 | 9.04                        | -                              | -                          | -                      | -                        | -                                  | -                           | -                |
| <b>Total</b>                                             |                             | -                              | -                          | -                      | -                        | -                                  | <b>1,050,207</b>            | <b>1,050,207</b> |

The Company has not disclosed the fair values for financial instruments such as trade and other receivables, cash and cash equivalents, liabilities for expenses, trade and other payables, because their carrying amounts are a reasonable approximation of fair value.

## 35.02 Financial Risk Management Framework

International Financial Reporting Standards (IFRS) 9-Financial instruments: Disclosure - requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information-the Company's policies for controlling risks and exposures.

The Company's management has overall responsibility for the establishment and oversight of the company's risk management framework. The Company's Risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company has exposure to the following risks from its use of financial instruments:

33.02.1 Credit Risk; 35.02.2 Liquidity Risk; 35.02.3 Market Risk

### 35.02.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of customer, including the default risk of the industry and financial strength of the customer, as these factors may have an influence on credit risk. Geographically there is no concentration of credit risk.

The debtors management review committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount of credit sale without requiring approval from the committee; these limits are reviewed as per guideline of Sonargaon Textiles Limited in each quarter. Customers that fail to meet the company's benchmark creditworthiness may transact with the company only on a cash / deposit scheme basis.

Management has a credit policy in place and the exposure to credit risk is monitor on an ongoing basis. As at 30th June, 2022, substantial part of the receivables are as follows and subject to insignificant credit risk. Risk exposure from other financial assets, i.e. Cash at bank and other external receivables are also nominal.

#### (i) Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting data was:

|                                         | Amount in BDT    |                   |
|-----------------------------------------|------------------|-------------------|
|                                         | June 30, 2023    | June 30, 2022     |
| <b>Non-Derivative Financial Assets:</b> |                  |                   |
| Advances, Deposits and Prepayments      | 7,311,609        | 5,181,420         |
| Trade & Other Receivables               | -                | 67,099,973        |
| Advance against Employees               | 115,685          | 57,857            |
| Investment in Shares                    | 1,569,450        | 1,569,450         |
| Cash at bank                            | 316,055          | 713,387           |
| Cash in Hand                            | 661,924          | 48,632            |
|                                         | <b>9,974,724</b> | <b>74,670,719</b> |

Ref. GKC/23-24/A/155



At 30th June, 2023 the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

|                    |   |                   |
|--------------------|---|-------------------|
| Domestic           | - | -                 |
| Foreign Receivable | - | 67,099,973        |
|                    | - | <b>67,099,973</b> |

The ageing of Trade Receivable at the reporting date is as follows:

|                                 |   |                   |
|---------------------------------|---|-------------------|
| 0 to 1 Month                    | - | 17,503,133        |
| More than 1 Month to 3 Months   | - | 8,426,880         |
| More than 3 Months to 6 Months  | - | 41,169,960        |
| More than 6 Months to 9 Months  | - | -                 |
| More than 9 Months to 12 Months | - | -                 |
| Above 12 Months                 | - | 3,830,796         |
|                                 | - | <b>67,099,973</b> |

To mitigate the credit risk against accounts receivables, the company has a system of specific credit line period to the customers. This outstanding period and amount are regularly monitored. The company endeavors to cover the credit risks on all other receivables, where possible, by restricting credit facility and stringent monitoring.

### 35.02.2 Liquidity Risk

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

### 35.02.3 Market Risk

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

#### (i) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Exposure to fair value movement relates to fixed rate instrument subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate management for the Sonargaon Textiles Limited is to reduce financial cost and ensure predictability.

#### (ii) Currency Risk

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

### 36.00 Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing company's internal capital adequacy to ensure company's operation as a going concern. Capital consists of share capital, general reserve and revaluation reserve. All major investment and operational decisions with exposure to certain amount are evaluated and approval by the board. The board of directors monitors the level of dividends to ordinary shareholders.

### 37.00 Contingent Liability

There are no contingent liabilities of the Company for the year ended 30th June, 2023.

### 38.00 Details of Lease Agreement

There are Lease assets. Therefore, Lease agreement was required or signed by lease Law.

### 39.00 Internal Control

The following steps have been taken for implementation of an effective internal control procedure of the company: Regular review of internal audit reports with view to implement the suggestion of internal auditors in respect of internal control technique to establish an effective management system that includes planning, organizing culture in the factory as well as at Head Office.

### 40.00 Subsequent Events-Disclosures under IAS 10 "Events after Reporting Period"

The directors recommended no dividend for the year ended 30th June, 2023. The dividend proposal is subject to shareholders' approval in the forthcoming 37th Annual General Meeting to be held on 27.12.2023.

### 41.00 General Comments and Observations

- Comparative amount: Previous period's figure have been regrouped/reclassified wherever considered necessary to confirmed to current period's presentation. Figures have been rounded off to the nearest taka, as the currency represented in this financial statement.
- A.
- B. Presentation currency: The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.
- C. All shares have been fully called and paid up.
- D. Auditors are paid only statutory audit fees.
- E. No foreign exchange remitted to the relevant shareholders during the period under audit.
- F. No amount of money was expended by the company for compensating any members of the Board for special service rendered.
- G. There was no bank guarantee issued by the company on behalf of Directors.

Ref: GKQ/23-24/A/155



### Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements. The carrying amount of financial liabilities represent the maximum exposure to liquidity risk. The maximum exposure to liquidity risk as at 30th June, 2023

#### 30th June, 2023

| Amount in BDT                                 | Note | Carrying Amount    | Total              | Contractual Cash Flows |                   |                    |                    |
|-----------------------------------------------|------|--------------------|--------------------|------------------------|-------------------|--------------------|--------------------|
|                                               |      |                    |                    | 2 months or less       | 2-12 months       | 1-5 years          | More than 5 years  |
| <b>Non-derivative Financial Liabilities:</b>  |      |                    |                    |                        |                   |                    |                    |
| Long Term Loan (Non-Current Maturity)         | 8.01 | 672,404,220        | 672,404,220        | -                      | 37,314,696        | 274,533,926        | 651,432,603        |
| Lease Obligation Liability                    | 8.02 | 1,055,467          | 1,055,467          | 284,976                | 770,491           | -                  | -                  |
| Directors and Other Loans and Advances        | 8.03 | -                  | -                  | -                      | -                 | -                  | -                  |
| Deferred Tax Liability                        | 8.04 | 72,612,584         | 72,612,584         | -                      | 1,047,956         | -                  | 71,564,628         |
| Unclaimed/Unpaid Dividend from 2019 & 2022    | 9.01 | 1,460,470          | 1,460,470          | 128,000                | 1,395,156         | -                  | (62,686)           |
| Trade and Other Payables                      | 9.02 | 24,739,981         | 24,739,981         | 1,000,000              | 2,000,000         | 3,000,000          | 18,739,981         |
| Workers Profit Participation and Welfare Fund | 9.03 | 2,116,519          | 2,116,519          | -                      | 535,704           | 1,580,815          | -                  |
|                                               |      | <b>774,389,241</b> | <b>774,389,241</b> | <b>1,412,976</b>       | <b>43,064,003</b> | <b>279,114,741</b> | <b>741,674,526</b> |
| <b>Derivative Financial Liabilities</b>       |      |                    |                    |                        |                   |                    |                    |
|                                               |      | <b>774,389,241</b> | <b>774,389,241</b> | <b>1,412,976</b>       | <b>43,064,003</b> | <b>279,114,741</b> | <b>741,674,526</b> |

#### 30th June, 2022

| Amount in BDT                                 | Contractual Cash Flows |                      |                      |                  |                   |                    |                    |
|-----------------------------------------------|------------------------|----------------------|----------------------|------------------|-------------------|--------------------|--------------------|
|                                               | Note                   | Carrying Amount      | Total                | 2 months or less | 2-12 months       | 1-5 years          | More than 5 years  |
| <b>Non-derivative Financial Liabilities:</b>  |                        |                      |                      |                  |                   |                    |                    |
| Long Term Loan (Non-Current Maturity)         | 8.01                   | 963,281,225          | 963,281,225          | -                | 37,314,696        | 274,533,926        | 651,432,603        |
| Lease Obligation Liability                    | 8.02                   | -                    | -                    | -                | -                 | -                  | -                  |
| Directors and Other Loans and Advances        | 8.03                   | 27,720,197           | 27,720,197           | -                | -                 | 27,720,197         | -                  |
| Deferred Tax Liability                        | 8.04                   | 74,307,404           | 74,307,404           | -                | 1,047,956         | -                  | 73,259,448         |
| Unclaimed/Unpaid Dividend from 2019           | 9.01                   | 1,523,156            | 1,523,156            | 128,000          | 1,395,156         | -                  | -                  |
| Trade and Other Payables                      | 9.02                   | 20,842,026           | 20,842,026           | 1,000,000        | 2,000,000         | 3,000,000          | 14,842,026         |
| Workers Profit Participation and Welfare Fund | 9.03                   | 2,116,519            | 2,116,519            | -                | 535,704           | 1,580,815          | -                  |
|                                               |                        | <b>1,089,790,527</b> | <b>1,089,790,527</b> | <b>1,128,000</b> | <b>42,293,512</b> | <b>306,834,938</b> | <b>739,534,077</b> |
| <b>Derivative Financial Liabilities</b>       |                        | -                    | -                    | -                | -                 | -                  | -                  |
|                                               |                        | <b>1,089,790,527</b> | <b>1,089,790,527</b> | <b>1,128,000</b> | <b>42,293,512</b> | <b>306,834,938</b> | <b>739,534,077</b> |

Ref: GRC/23-24/N/155



**SONARGAON TEXTILES LIMITED**  
Schedule of Property Plant and Equipment  
as at 30th June, 2023

**UNIT - 1**

Annexure - 01

Amount in BDT

| Particulars             | COST               |                          |                  |                    | Rate of Dep. | DEPRECIATION       |                         |                         |                    | Written Down Value |                    |
|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------|--------------------|-------------------------|-------------------------|--------------------|--------------------|--------------------|
|                         | As on 01.07.2022   | Addition during the year | Revaluation gain | As on 30.06.2023   |              | As on 01.07.2022   | Charged During the year | Adjustment/ Transferred | As on 30.06.2023   | As on 30.06.2023   | As on 30.06.2022   |
| Land & Land Development | 103,803,963        | -                        | -                | 103,803,963        | -            | -                  | -                       | -                       | -                  | 103,803,963        | 103,803,963        |
| Building & Construction | 64,478,714         | -                        | -                | 64,478,714         | 5%           | 28,828,803         | 1,782,496               | -                       | 30,611,299         | 33,867,415         | 35,649,911         |
| Plant & Machinery       | 240,978,096        | -                        | -                | 240,978,096        | 7%           | 147,196,741        | 6,564,695               | -                       | 153,761,436        | 87,216,660         | 93,781,355         |
| Furniture & Fixture     | 1,152,613          | -                        | -                | 1,152,613          | 15%          | 1,132,959          | 2,948                   | -                       | 1,135,907          | 16,706             | 19,654             |
| Motor Vehicles          | 5,019,620          | -                        | -                | 5,019,620          | 20%          | 4,574,667          | 88,991                  | -                       | 4,663,658          | 355,962            | 444,953            |
| Sundry Assets           | 6,218,436          | -                        | -                | 6,218,436          | 20%          | 6,135,074          | 16,672                  | -                       | 6,151,746          | 66,690             | 83,362             |
|                         | <b>421,651,442</b> | <b>-</b>                 | <b>-</b>         | <b>421,651,442</b> |              | <b>187,868,244</b> | <b>8,455,802</b>        | <b>-</b>                | <b>196,324,045</b> | <b>225,327,397</b> | <b>233,783,198</b> |

**UNIT - 2**

Annexure - 02

| Particulars             | COST               |                          |                  |                    | Rate of Dep. | DEPRECIATION       |                         |                         |                    | Written Down Value |                    |
|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------|--------------------|-------------------------|-------------------------|--------------------|--------------------|--------------------|
|                         | As on 01.07.2022   | Addition during the year | Revaluation gain | As on 30.06.2023   |              | As on 01.07.2022   | Charged During the year | Adjustment/ Transferred | As on 30.06.2023   | As on 30.06.2023   | As on 30.06.2022   |
| Land & Land Development | 29,806,774         | -                        | -                | 29,806,774         | -            | -                  | -                       | -                       | -                  | 29,806,774         | 29,806,774         |
| Building & Construction | 43,972,124         | -                        | -                | 43,972,124         | 5%           | 19,829,824         | 1,207,115               | -                       | 21,036,939         | 22,935,185         | 24,142,300         |
| Plant & Machinery       | 215,104,404        | -                        | -                | 215,104,404        | 7%           | 134,189,175        | 5,664,066               | -                       | 139,853,241        | 75,251,163         | 80,915,229         |
| Furniture & Fixture     | 5,377,188          | -                        | -                | 5,377,188          | 15%          | 5,221,545          | 23,346                  | -                       | 5,244,892          | 132,296            | 155,643            |
| Motor Vehicles          | 12,813,366         | -                        | -                | 12,813,366         | 20%          | 11,442,360         | 274,221                 | -                       | 11,716,582         | 1,096,884          | 1,371,106          |
| Sundry Assets           | 7,063,764          | -                        | -                | 7,063,764          | 20%          | 6,955,325          | 21,688                  | -                       | 6,977,013          | 85,751             | 108,439            |
|                         | <b>314,137,620</b> | <b>-</b>                 | <b>-</b>         | <b>314,137,620</b> |              | <b>177,638,130</b> | <b>7,190,436</b>        | <b>-</b>                | <b>184,828,566</b> | <b>129,309,054</b> | <b>136,499,490</b> |

Ref: GKC/23-24/W/155



**SONARGAON TEXTILES LIMITED**  
Schedule of Property Plant and Equipment  
as at 30th June, 2023

UNIT: 3

Annexure - 03

Amount in BDT

| Particulars             | COST               |                           |                    | Rate of Dep. | DEPRECIATION       |                         |                                     |                    | Written Down Value |                    |
|-------------------------|--------------------|---------------------------|--------------------|--------------|--------------------|-------------------------|-------------------------------------|--------------------|--------------------|--------------------|
|                         | As on 01.07.2022   | Additions during the year | As on 30.06.2023   |              | As on 01.07.2022   | Charged during the year | Disposal/Adjustment during the year | As on 30.06.2023   | As on 30.06.2023   | As on 30.06.2022   |
| Land & Land Development | 56,436,763         | -                         | 56,436,763         | -            | -                  | -                       | -                                   | -                  | 56,436,763         | 56,436,763         |
| Building & Construction | 77,717,462         | -                         | 77,717,462         | 5%           | 34,340,521         | 2,168,397               | -                                   | 36,517,918         | 41,199,544         | 43,367,941         |
| Plant & Machinery       | 597,634,016        | -                         | 597,634,016        | 7%           | 269,216,548        | 22,989,223              | -                                   | 292,205,771        | 305,428,245        | 328,417,468        |
| Furniture & Fixture     | 817,966            | -                         | 817,966            | 15%          | 758,871            | 8,864                   | -                                   | 767,735            | 50,231             | 59,095             |
| Sundry Assets           | 7,149,229          | -                         | 7,149,229          | 20%          | 6,879,831          | 53,880                  | -                                   | 6,933,710          | 215,519            | 269,398            |
| <b>Total</b>            | <b>739,755,436</b> | <b>-</b>                  | <b>739,755,436</b> |              | <b>311,204,771</b> | <b>25,220,364</b>       | <b>-</b>                            | <b>336,425,135</b> | <b>403,330,301</b> | <b>428,550,665</b> |

**Consolidated Schedule of Property, Plant and Equipment as on 30th June, 2023**

Annexure -04

| Particulars        | COST                 |                           |                      | As on 30.06.2023 | DEPRECIATION       |                         |                                     |                    | Written Down Value |                    |
|--------------------|----------------------|---------------------------|----------------------|------------------|--------------------|-------------------------|-------------------------------------|--------------------|--------------------|--------------------|
|                    | As on 01.07.2022     | Additions during the year | As on 30.06.2023     |                  | As on 01.07.2022   | Charged During the year | Disposal/Adjustment during the year | As on 30.06.2023   | As on 30.06.2023   | As on 30.06.2022   |
| Unit 1 (Sch-1)     | 421,651,442          | -                         | 421,651,442          |                  | 187,868,244        | 8,455,802               | -                                   | 196,324,046        | 225,327,396        | 233,783,198        |
| Unit 2 (Sch-2)     | 314,137,620          | -                         | 314,137,620          |                  | 177,638,130        | 7,190,436               | -                                   | 184,828,566        | 129,309,054        | 136,499,490        |
| Unit 3 (Sch-3)     | 739,755,436          | -                         | 739,755,436          |                  | 311,204,771        | 25,220,364              | -                                   | 336,425,135        | 403,330,301        | 428,550,665        |
| <b>Grand Total</b> | <b>1,475,544,498</b> | <b>-</b>                  | <b>1,475,544,498</b> |                  | <b>676,711,145</b> | <b>40,866,602</b>       | <b>-</b>                            | <b>717,577,747</b> | <b>757,966,751</b> | <b>798,833,353</b> |



Ref: GKC/23-24/N/155

**SONARGAON TEXTILES LIMITED**  
Schedule of Property Plant and Equipment  
as at 30th June, 2023

Apportionment of Depreciation :

Annexure-4/A

| Unit/Division | 30.06.2023 |             |            | 30.06.2022   |
|---------------|------------|-------------|------------|--------------|
|               | Factory    | Head Office | Total      | Amount (Tk.) |
| Unit-1        | 7,779,337  | 676,464     | 8,455,802  | 9,070,670    |
| Unit-2        | 6,615,201  | 575,235     | 7,190,436  | 7,758,394    |
| Unit-3        | 23,202,735 | 2,017,629   | 25,220,364 | 27,079,896   |
| Total         | 37,597,274 | 3,269,328   | 40,866,602 | 43,908,959   |

Schedule of Revaluation Reserve :

| Particulars             | Revaluation Reserve      |                                     |                          | Rate of Dep. | Adjustment               |                 |                     | Carrying Value as on 30.06.2023 | Carrying Value as on 30.06.2022 |
|-------------------------|--------------------------|-------------------------------------|--------------------------|--------------|--------------------------|-----------------|---------------------|---------------------------------|---------------------------------|
|                         | Balance as on 01.07.2022 | Revaluation surplus during the year | Balance as on 30.06.2023 |              | Balance as on 01.07.2022 | During the year | Adjustment/Transfer |                                 |                                 |
| Land & Land Development | 178,869,655              | -                                   | 178,869,655              | -            | -                        | -               | -                   | 178,869,655                     | 178,869,655                     |
| Building & Construction | 100,525,034              | -                                   | 100,525,034              | 5%           | 2,909,920                | -               | -                   | 55,288,488                      | 58,198,409                      |
| Plant & Machinery       | 328,425,585              | -                                   | 328,425,585              | 7%           | 176,811,212              | 10,613,006      | -                   | 141,001,367                     | 151,614,373                     |
| Total                   | 607,820,274              | -                                   | 607,820,274              |              | 219,137,836              | 13,522,927      | -                   | 375,159,511                     | 388,682,437                     |

Ref: GKC/23-24/W/155



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

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member of Sonargaon Textiles Limited do hereby appoint  
Mr./Ms. \_\_\_\_\_  
of \_\_\_\_\_

As witness I put my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023

(Signature of Shareholder)

[illegible]

No. of shares



- (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.

Authorized Signature

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

I do hereby confirm my attendance at the 37<sup>th</sup> Annual General Meeting of the Company.

Name of the shareholder/proxy \_\_\_\_\_

[illegible]

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*

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