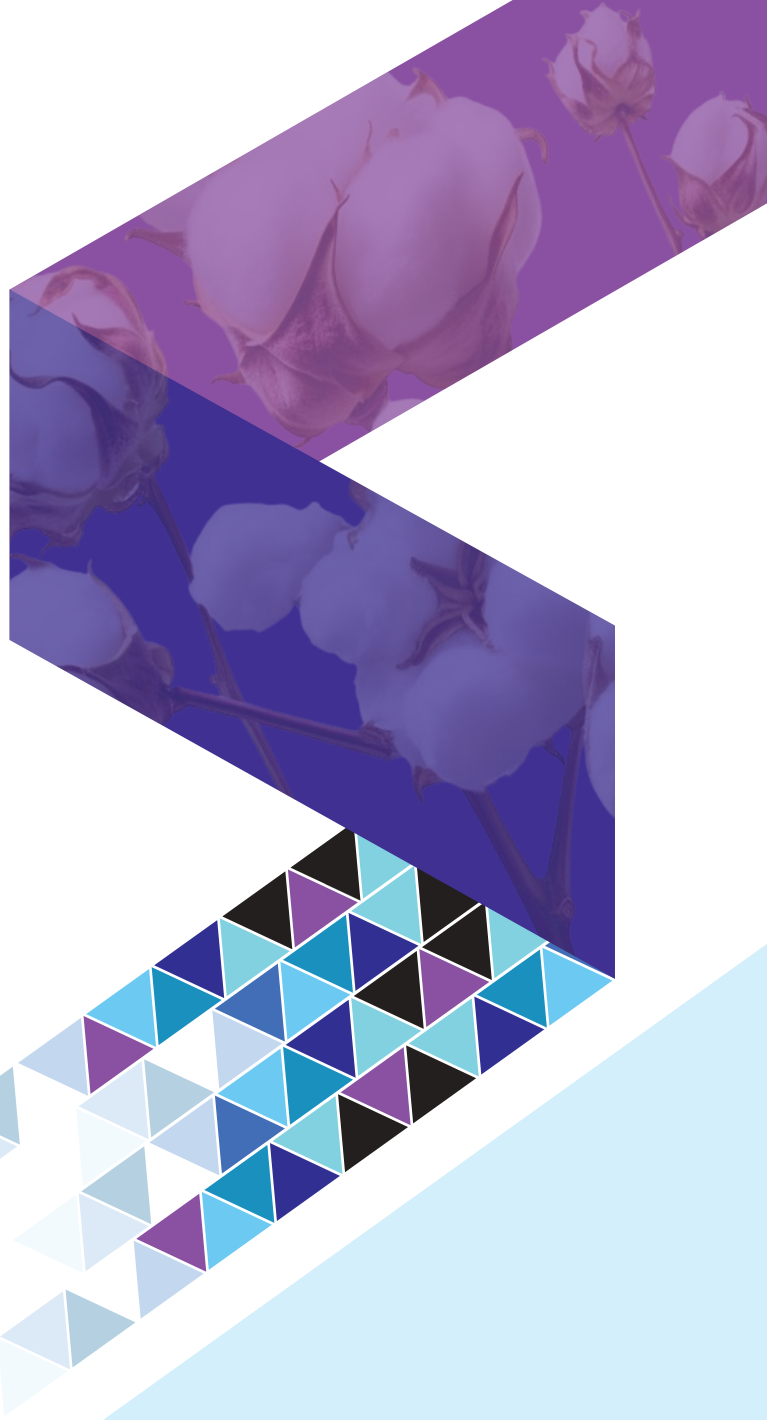


ANNUAL REPORT 2024-25



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 PLC.
Chittagong Stock Exchange PLC.
Registrar of Joint Stock Companies & Firms
National Board of Revenue
Central Depository Bangladesh Limited
Bangladesh Textiles Mills Association
Bangladesh Association of Publicly Listed Companies

ANNUAL REPORT 2024-25

Dear Sir (s)

We are pleased to present the Annual Report 2024-25 of Sonargaon Textiles Limited, which has been diligently enclosed with the Director's Report, Audited Financial Statements, Comprising Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended June, 2025 along with notes thereon.

Thank you
Sincerely yours,


Pintu Sikder ACS
Company Secretary

Sunday, 7 December 2025
Dhaka.

- **N.B:** The Annual report 2024-25 is also available on the Company's website at www.sonargaontextiles.com

39th ANNUAL REPORT 2024-25

OVER VIEW

LEADERSHIP TEAM

CORPORATE GOVERNANCE

RESOURCE MANAGEMENT AND CSR

AUDITED FINANCIAL STATEMENTS (AFS)

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The background of the slide is a photograph of a textile factory. On the left side, there are several large, white spools of thread, some in sharp focus and others blurred. On the right side, there is a close-up of a spinning machine with multiple spindles, each with a mass of white cotton wool being spun into thread. The overall scene is brightly lit, with a clean, industrial aesthetic.

OVERVIEW

COMPANY INFORMATION

| | |
|---------------------------------|---|
| Legal Form | A Public Limited Company incorporated in Bangladesh under the Companies Act, 1913 (now the Companies Act, 1994) |
| Registration Number | C-18256/85 |
| Tax Identification Number (TIN) | 476264417082 |
| VAT Registration Number (BIN) | 000087156-0804 |
| ERC Number | 47858689 |
| IRC Number | 907968756 |
| Registered Address | Rupatali, Barishal. |
| Corporate Address | 37, Kawran Bazar Road, Khansons Centre, Dhaka-1215. |
| Web Address | www.sonargaontextiles.com |
| E-mail Address | info@sonargaontextiles.com |
| Statutory Auditors | G. KIBRIA & CO. Chartered Accountants Sadharan Bima Sadan (5th Floor) 24-25, Dilkhusha Commercial Area, Dhaka-1000, Bangladesh. |
| Corporate Governance Auditors | SARashid & Associates, Chartered Secretaries Noakhali Tower (13-D), 12th Floor, 55/B, Purana Paltan Dhaka-1000. |
| Membership with | Bangladesh Textiles Mills Association (BTMA) Bangladesh Association of Publicly Listed Company (BAPLC) Barishal Chamber & Commerce Industry |
| Legal Advisor | Barrister Saira Yasin Senior Associates, AAZ & Partners Mr. Zainal Abedin Advocate, Supreme Court of Bangladesh, Dhaka. |
| Lead Bankers | Dutch Bangla Bank PLC. Trust Bank PLC. Pubali Bank PLC. Social Islami Bank PLC. Rupali Bank PLC. |
| Lead Insurer | Continental Insurance Limited Central Insurance Limited Golden Life Insurance Limited |
| Authorized Capital | Tk. 5, 000, 00,000.00 |
| Paid up Capital | Tk. 264,670,560.00 |
| Face Value of Shares | Tk. 10 |
| Number of Shares | 26,467,056 |
| Listing Stock Exchange | Dhaka Stock Exchange PLC. Chittagong Stock Exchange PLC. |

CORPORATE DIRECTORY

| BOARD OF DIRECTORS | | |
|---|----------------------|-----------------------|
| A.K.M Azizur Rahman | Chairman | |
| Bazlur Rahman | Managing Director | |
| Rosy Rahman | Director | |
| Md. Masum Syeed | Nominated Director | |
| Brig. Gen Md Abdul Halim (Retd) | Independent Director | |
| Israt Jahan Rimi FCS | Independent Director | |
| AUDIT COMMITTEE (AC) | | |
| Name | Position in the AC | Position in the Board |
| Brig. Gen Md Abdul Halim (Retd) | Chairman | Independent Director |
| Md. Masum Syeed | Member | Nominated Director |
| Rosy Rahman | Member | Director |
| Pintu Sikder ACS | Member Secretary | Company Secretary |
| NOMINATION & REMUNERATION COMMITTEE (NRC) | | |
| Name | Position in the AC | Position in the Board |
| Brig. Gen Md Abdul Halim (Retd) | Chairman | Independent Director |
| Md. Masum Syeed | Member | Nominated Director |
| Rosy Rahman | Member | Director |
| Pintu Sikder ACS | Member Secretary | Company Secretary |
| EXECUTIVE COMMITTEE | | |
| Name | Position in the EC | |
| Abrar Rahman Khan | Chairman | |
| Mohammad Monirul Islam Khan | Member | |
| Arjun Paul | Member | |
| Syada Rahana Parvin | Member | |
| Pintu Sikder ACS | Member Secretary | |

COMPANY SECRETARY

Pintu Sikder ACS

CHIEF FINANCIAL OFFICER

Md. Monirul Islam Khan

HEAD OF INTERNAL AUDIT & COMPLIANCE

Ismail Hoshen Bhuyian CA (CC)

MANAGEMENT TEAM

| | |
|-----------------------------------|--|
| Abrar Rahman Khan | Director, Operation |
| Sarita Rahman | Director, Finance |
| Md. Anwar Hossain | Executive Director |
| Mohammad Monirul Islam Khan | Chief Financial Officer |
| Pintu Sikder ACS | Company Secretary |
| Arjun Paul | DGM, Marketing & Fund Management |
| Syada Rahana Parvin | DGM, HRD |
| Ismail Hoshen Bhuiyan, CA CC (PL) | Head of Internal Audit & Compliance (HIAC) |
| Md. Alamghir Kabir | DGM, Production & Factory |

| Statutory Auditors | Corporate Governance Auditors |
|---|--|
| <p>G. KIBRIA & CO. CHARTERED ACCOUNTANTS</p> <p>Head Office: Sadharan Bima Sadan (5th floor) 24-25, Dilkusha Commercial Area, Dhaka-1000, Bangladesh Phone : +88 02 223388071, 223355324 E-Mail : kibia03@hotmail.com gkibria@gkibriaandco.com Web : www.gkibriaandco.com</p> | <p>SARASHID & ASSOCIATES CHARTERED SECRETARIES</p> <p>Noakhali Tower (13-D), 12th Floor 55/B, Purana Paltan, Dhaka-1000. Mobile: 01726-533655 E-Mail: sarashidnasso@gmail.com</p> |



FACTORY INFORMATION

| | | |
|---------------------|--------------------------------|--------|
| Factory Location | Rupatali, Barishal. | |
| Telephone | +043171296 +043171219 (Fax) | |
| Area of Land | 10.25 Acre | |
| Nature of Product | 100% Cotton Yarn | |
| Nature of Business | Manufactured of Yarn | |
| Installed Machinery | Spindles | 71,136 |
| | Rotors | 672 |
| Running Machinery | Spindles | 34,368 |
| | Rotors | 672 |
| Manpower | Head Office | 45 |
| | Factory | 645 |



EXECUTIVE SUMMARY

39 years “Fight-back”

at Non Gas Industrial Zone at Barishal :

‘ We are hopeful that the government will take the initiative on it to transport natural gas from the nearby Bhola gas fields via a pipeline. ’

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 been operated with appropriate guiding principles by its Board of Directors with excellent market reputation. Looking back its 39 year's our journey, STL has 16 years excellent records of paying cash dividend including 4 years stock dividend. The flagship company “Sonargaon Textile” has been 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 regulatory authorities seeking the solution of existing power problems but unfortunately could not set up own power plant even after 39 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 2,675,776,077 (approx) against the electricity bill which could reflect in the gross profit for 29 years. As a result, BDT 7,624,483 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, 9552368, 9551100, 9569239
FAX : 880-2-9564883
E-mail : khansons@bdmail.net



Khansons Group

SENA KALYAN BHABAN (19TH FLOOR)
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FAX : 880-2-9564883
E-mail : khansons@bdmail.net

April 02, 2012
CG/HO/237

President
Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)
Mottuheel C/A

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

1st April 2009

Subject: Appeal for your generous look towards renewable energy sources including the serious impact of power shortage on the financial constraint

Dear Sir:

জাতীয় শক্তি সচিব
জাতীয় শক্তি সচিব
জাতীয় শক্তি সচিব

Hon'ble State Minister
Ministry of Power & Energy
Govt. of the Peoples Republic of Bangladesh
Dhaka

Khansons Group
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E-mail : khansons@khansonsgroup.com
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12-15 MW Captive power plant at Bhola

Khansons Group
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FAX : 880-2-9564883
E-mail : khansons@khansonsgroup.com



কম্পানি পরিচালনা : জেলায় ১০ থেকে ১২ মেগাওয়াট ক্ষমতাসম্পন্ন গ্যাসভিত্তিক বিদ্যুৎকেন্দ্র স্থাপনের সুযোগ চেয়েছে দেশের বিখ্যাত পিঞ্জার প্রকৌশল প্রতিষ্ঠান খানসন গ্রুপ। দক্ষিণাঞ্চলীয় জেলা বরিশালে জামের বিজিরা পিঞ্জার প্রকৌশল প্রতিষ্ঠান এবং এ রাজ্যের বেশি কোম্পানি কর্মসংস্থান সৃষ্টিতে যথেষ্ট নিম্ন পর্যায়ের জন্য এই বিদ্যুৎকেন্দ্রটি নির্মাণ করা হবে। জরুরি পর্যায়ে এ ক্ষেত্রে আর্থিক সহায়তা প্রদান করা হবে। এ ক্ষেত্রে সরকারি মন্ত্রণালয় কর্তৃক প্রকল্পের সমস্ত ব্যয় পরিশোধ করা হবে।

resources
adesh



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

ability of competitive power for our Textile
Khansons Textiles Ltd.

portunity to express our interest to setup
Bangladesh Energy Regulatory Commission
Govt. of the Peoples Republic of Bangladesh
TCB Building (3rd Floor)
1, Karwanbazar
Dhaka-1215.

ইনকিলাব
THE DAILY INKILAB

বিপদে যুক্তরাষ্ট্রে
বিভিন্ন বিকল্পে বাংলাদেশ
স্বাক্ষরিত পৌঁছেছে
ইকোনোমিক ইউনিট
—আন্তর্জাতিক পুঁজি

দক্ষিণ পশ্চিমাঞ্চলে ২১টি জেলায় বন্ধ
হয়ে যাচ্ছে টেক্সটাইল ও স্পিনিং মিল

এসব মিলের বন্ধ হওয়ায় দেশে পাশাপাশি কর্মহীন
লোকের সংখ্যাও বাড়বে। এছাড়াও দেশের
উৎপাদন ক্ষমতা হ্রাস পাবে।

Reg. office & Factory:
Rupatali, Barisal.

Corporate office:
Khansons Center (8th & 9th floor)
37, Kawran Bazar C/A, Dhaka-1215
E-mail: info@sonargaontextiles.com
Website: www.sonargaontextiles.com

NOTICE OF 39TH ANNUAL GENERAL MEETING

Notice is hereby served upon all concerned to the effect that the **39TH Annual General Meeting** of Sonargaon Textiles Ltd. will be held on Monday, 29 December 2025 at 11:00 AM through Hybrid System in combination of Virtual/Digital platform using the Links: <https://sonargaon39.hybridagmbd.net> and physical presence at District Shilpokala Academy Auditorium at Barishal city to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 30 June 30 2025 along with Auditor's Report and Director's Report.
2. To consider Board's Recommendation regarding Dividend for the year ended on 30 June 2025.
3. To appoint / re-appoint / elect / re-elect Directors.
4. To consider appointment of one Independent Director.
5. To appoint Statutory Auditors for the next term and fix their remuneration.
6. To appoint Corporate Governance Auditors for the next year and fix their remuneration.

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

Dated: 05 December 2025
Dhaka.

By order of the Board

Sd/-
(Pintu Sikder ACS)
Company Secretary

Notes:

- i. The '**Record Date**' of the Company was on **18 November 2025 (Monday)**. The shareholders whose name will appear in the Share Register of the Company as on the shall be entitled to attend at the AGM.
- ii. **The Board recommended no dividend for the year ended 30 June 2025.**
- iii. The Shareholder members will be able to submit their question/comments and vote electronically to be kept open 24 hours before commencement of the AGM and during the AGM. For logging into the system, the members need to put their 16 digit Beneficial Owner(BO) ID number and other credential as proof of their identity by visiting the link given to the website of the company i.e. www.sonargaontextiles.com. The link also sent/be sent to the email addresses of the respective shareholders.
- iv. We encourage the members to log into the system prior to the meeting start time at 11.00 AM. Please contact +8801729718242 for any technical difficulties in accessing the hybrid system meeting.
- v. The shareholders entitled to attend and vote at AGM may appoint proxy on his/her behalf. The proxy form duly stamped must be deposited at the Registered Office of the company before 48 (Forty eight) hours of the time fixed for the meeting.
- vi. Pursuant to the Bangladesh Securities & Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the annual Report 2024-25 is being sent to the email addresses of the members available in their Beneficiary Owner accounts maintained with Depository. The members are requested to update their respective email address, mobile number & BO IDs with 12-Digit Taxpayer's Identification Number (e-TIN) and address through their Depository Participant (DP).
- vii. The soft copy of the Annual Report 2024-25 will also be available on the Company's website at www.sonargaontextiles.com

SNAPS OF 38th ANNUAL GENERAL MEETING

38th Annual General Meeting (AGM) was held on 29 December, 2024 at 12:00 P.M. Digitally



SNAPS

38th ANNUAL GENERAL MEETING



VISION

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.

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



MISSION

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.

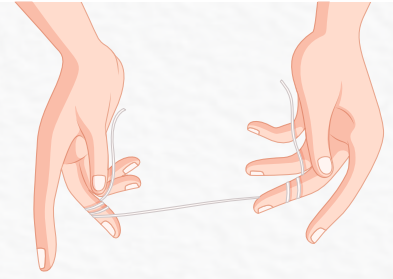
সামগ্রিক কোয়ালিটি ব্যবস্থাপনার মাধ্যমে পণ্যের গুণগত উৎকর্ষতার জন্য ক্রেতার সন্তুষ্টি অর্জনের লক্ষ্যে ব্যবহারকারী বান্ধব ও নিরাপদ পরিবেশ নিশ্চিত করে আমাদের অগ্রবর্তী প্রযুক্তি ও খরচ কার্যকারিতাকে প্রাধান্য দিয়ে যোগ্য ও প্রশিক্ষিত কর্মীর মাধ্যমে শিল্প বাজারে 'নেতৃত্বদানকারী' অবস্থান দখলের জন্য "এক দল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

CORE VALUES



- 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

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



OUR STRATEGIC Objectives

- We test our every single count ingredient as well as 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 | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Turnover | 325,288,124 | 199,200,723 | 284,168,891 | 454,935,378 | 109,038,473 |
| Gross profit | (10,865,826) | 28,264,824 | 17,494,430 | 70,287,517 | 16,795,877 |
| Net Profit before tax | (30,674,218) | 6,238,809 | (6,198,432) | 10,514,078 | (352,841,341) |
| Net Profit/(Loss) after Tax | (21,246,268) | 7,198,516 | (6,208,625) | 8,832,422 | (353,333,158) |
| Net Cash Generated from operating | 1,409,458 | 749,836 | 80,215,961 | 72,816 | 208,088,731 |
| | | | | | |
| FINANCIAL POSITION | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 |
| Paid up Capital | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 |
| Shareholders' Equity | 485,703,595 | 511,189,350 | 503,990,832 | 301,969,159 | 293,136,736 |
| Total Assets | 1,257,745,156 | 1,283,584,904 | 1,278,380,075 | 1,391,759,686 | 1,343,343,547 |
| Non-Current Assets | 684,487,647 | 720,425,932 | 758,979,269 | 798,833,354 | 843,248,573 |
| Inventory | 549,892,922 | 536,728,251 | 509,541,767 | 518,313,471 | 439,133,966 |
| Current Assets | 573,257,510 | 563,158,972 | 519,400,805 | 592,926,333 | 500,094,974 |
| Non-Current Liabilities | 730,181,062 | 743,412,352 | 746,072,271 | 1,065,308,826 | 1,030,192,545 |
| Current Liabilities | 41,860,499 | 28,983,202 | 28,316,970 | 24,481,701 | 20,014,266 |
| | | | | | |
| KEY FINANCIAL RATIO | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 |
| Ordinary Shares Outstanding | 26,467,056 | 26,467,056 | 26,467,056 | 26,467,056 | 26,467,056 |
| Current Ratio | 13.69 | 19.43 | 18.34 | 24.22 | 24.99 |
| Quick Ratio | 0.56 | 0.91 | 0.35 | 3.05 | 3.05 |
| Debt to Equity Ratio | 1.59 | 1.51 | 1.54 | | 76.24 |
| Return on Equity (In %) | (4.37%) | 1.41% | (1.23%) | 2.92% | (12.00%) |
| Return On Assets (In %) | (1.69%) | 0.56% | (0.49%) | 0.65% | (24%) |
| Gross Profit Margin (In %) | (3.34%) | 14.19% | 6.16% | 15.45% | 15% |
| Net Profit Margin (In %) | (6.53%) | 3.61 | (2.18) | 1.94% | (324%) |
| Face Value Per Share | 10 | 10 | 10 | 10 | 10 |
| Earnings Per Share (EPS) | (0.80) | 0.27 | (0.23) | 0.33 | (13.35) |
| Net operating Cash Flow Per Share | 0.05 | 0.03 | 3.03 | 0.003 | 7.86 |
| Net Assets Value Per Share | 18.35 | 19.31 | 19.04 | 11.41 | 11.08 |
| Number of Shares | 26,467,056 | 26,467,056 | 26,467,056 | 26,467,056 | 26,467,056 |
| Number of Employees | 801 | 1,145 | 1,225 | 1,281 | 1,316 |



A.K.M. Azizur Rahman
Chairman

“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

"Bismillahir Rahmanir Rahim"

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

Dear valued Shareholders,

Assalamu Alaikum,

It is a great pleasure to me that I could convey my heartiest thanks to you all on the eve of holding 39th Annual General Meeting of the company. I also feel great happiness and triumph that the company is at the brink of celebrating four decades of its existence in textiles spinning sector when 40th Annual General Meeting will be held next year Inshallah. Like every year-end I have again appeared before the company's 39th Annual General Meeting and as Chairman of the company, I welcome you all on this auspicious moment. In spite of socio-political turmoil that had been reeling the country during the period under review which almost resembled to that of our accounting year 01-07-2024 to 30-06-2025, our company was somehow able to swim ashore with moderate transaction facing so many hurdles in our path.

In this 39th Annual General Meeting, I shall now uphold in brief an account of annual business transaction of the company that rolled upto 30-06-25 from 01-07-2024. Since the business in all sectors of the economy including that of our textiles spinning sector, was badly affected due to socio-political change over, our textile spinning sectors also affected by way of less production, less sale and on the other hand mounting pressure was exerted by workers/ employees in all industrial sectors for wage hike creating a scene of lock down to achieve their demand and like other fellow mills, we had to increase wages at mid stage than usual annual increase. It resulted increase in sudden administrative operational cost which substantially lowered our projected profit for the accounting year under review. Besides the above home crisis, intra-regional and international crisis by way of persisting Middle East and Russia-Ukrain wars, natural/calamities also affected economy world over that also touched our economy some adversely.

In financial statement, you will see that the company's Net Assets Value per share (NAVPS) lowered at Tk. 18.35 as on 30th June, 2025 than what it was at Tk. 19.31 as on 30th June, 2024. Then again, in Profit/Loss statements, you will see the earnings per-share (EPS) bracketed at (Tk.0.80) as on 30th June, 2025 than, what it was plus at Tk. 0.27 as on the previous year 30th June, 2024. Since net profit/loss after tax has been bracketed at (Tk.21,246,268) as on 30th June, 2025 accounting year than what it was without bracket at Tk. 7,198,516 as on 30th June, 2024, this year the company is unable to declare any dividend for the valued shareholders. You will see the detail analysis of our performance in the report as on 30th June, 2025.

However, we hope all sorts of business status will again be, restored in right track with the forming of stable govt. through ensuing national election.

We hope that the company would march towards achieving prosperity in near future. I hope that since textiles sector is a priority and essential sector, it will surely go ahead to meet growing demand both at home and abroad.

Lastly, I would like to express my deep gratitude to the shareholders, regulatory authorities, being Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC. RJSC & Firms, CDBL, BTMA, Trade bodies and other stakeholders for their wholehearted support and cooperation in our venture to run the company in this competitive filed.

I would also extend my sincere thanks to the Board members, management team and all other Sr. Executive, staff members, technical personnel and workers of all level for their active support and cooperation from their respective arena for augmenting the company's name and fame as backward linkage industry of RMG sector of the country.

With best wishes to you all.



A.K.M. Azizur Rahman
Chairman



Bazlur Rahman
Managing Director

“Our focus will remain on strong cost management, enhancing product, and improving efficiency. We are committed to restoring profitability and enhancing shareholders' value in the next financial year.”

Performance Review by our **MANAGING DIRECTOR**

"Bismillahir Rahmanir Rahim"

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

Dear Valued Shareholders,

Assalamualaikum,

On behalf of the Board and on my behalf I welcome you to all for Annual Report 2025 at the 39th Annual General Meeting of Sonargaon Textiles Ltd. As Managing Director of the company, I am presented with the financial performance for the fiscal year as of the close of business on June 30, 2025. During the year, production revenue was higher than last year, and margins remained under pressure. Although our sales revenue showed resilience, it was insufficient to offset increased input costs and reduced operating efficiencies. As a result, we closed the year with a net loss. Regardless, we had faced issues due to our location at the southern corner of the country without natural gas facility. Herein below I reproduce in brief the company's performance for the period ended as on 30th June, 2025 and also uploaded alongside the performance that achieved a year ago i.e. as on 30th June, 2024 to enable you to compare the position instantly.

| Particulars | Year ended as on June 30, 2025 | Year ended as on June 30, 2024 |
|--|-----------------------------------|-----------------------------------|
| Revenue | 325,288,124 | 199,200,723 |
| Net Profit after tax | (21,246,268) | 7198516 |
| Earnings per share (EPS) | (0.80) | 0.27 |
| Net Operating cash flow per share (NOCFPS) | 0.05 | 0.03 |
| Net asset value per share (NAV) | 18.35 | 19.31 |

As we gather at this stage to reflect on the past year and outline our strategic direction for the year ahead, I started with transparency and responsibility. The year has been exceptionally challenging for the spinning sector in Bangladesh, and our company is no exception. We recorded a net loss this year—an outcome none of us had hoped for. But it is also an outcome that provides a crucial moment for learning, recalibration, and renewed commitment.

The year ahead will be a time of strategic correction, innovation, and disciplined execution. We cannot control global markets, but we can control our response to them. We will implement a comprehensive cost-optimization program, targeting wastage reduction, energy efficiency, raw material risk management, and market diversification with value addition.

Lastly, I would like to express my deep gratitude to the shareholders, regulatory authorities, including the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, RJSC & Firms CDBL, BTMA, Trade bodies, and other stakeholders for their wholehearted support and cooperation in our venture to run the company in this competitive field.

I would like to thank all those who have rendered services and assistance to the company, including stakeholders, insurances, suppliers, creditors, buyers, and the community living around. We would also thank also extend my sincere thanks to the Board members, management team and all other for their active support and cooperation.

With best wishes to you all.



Bazlur Rahman
Managing Director

OUR JOURNEY

Sonargaon Textiles Limited established in the year 1985, is basically a spinning project in textile sector. It is the biggest textile concern in entire South Bengal. STL is 100% export oriented spinning industry. It has generated employment opportunity for more than 2,000 workers including the officials of different desks.

YEAR 1985

Sonnagaon Textiles Limited incorporation 1985.

YEAR 1985

Certificate in Commencement 1985.

YEAR 1993

Commercial Production started.

YEAR 1994

Increased the spindles capacity From 39,673 to 71,136 and 672 rotor.

YEAR 1995

Company Listed in Dhaka Stock Exchange PLC and Chittagong Stock Exchange PLC.

YEAR 2011

Right issue 1:1

Dividend Declaration

| Cash Dividend | | | | Stock Dividend | |
|---------------|----------|------|----------|----------------|----------|
| Year | Dividend | Year | Dividend | Year | Dividend |
| 1995 | 12.5% | 2005 | 10% | 2009 | 10% |
| 1996 | 12.5% | 2006 | 10% | 2010 | 10% |
| 1998 | 8% | 2007 | 10% | 2011 | 10% |
| 2000 | 5% | 2008 | 5% | 2012 | 5% |
| 2001 | 7% | 2019 | 3% | | |
| 2002 | 7% | 2022 | 1% | | |
| 2003 | 7% | 2024 | 1% | | |
| 2004 | 7% | | | | |



AWARD & RECOGNITION



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.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Renewed Certificate

This is to certify that

SONARGAON TEXTILES LIMITED

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

This certificate remains current until 31st December, 2025

Ref. No: **CM-2025/277**

Date of issue : **December 7, 2025**




Secretary General

LEADERSHIP TEAM



BOARD OF DIRECTORS



A.K.M. Azizur Rahman
Chairman



Bazlur Rahman
Managing Director



Rosy Rahman
Director



Brig Gen Mohammed Abdul Halim (Retd.)
Independent Director



Md. Masum Syeed
Nominee Director, BDB PLC.



Israt Jahan Rimi FCS
Independent Director

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 47 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 a Managing Director of Sonargaon Textiles Limited. He has 42 years vast and practical experience in corporate sector especially in textiles industry in Bangladesh. He obtained M.A. in Political Science from Dhaka University. 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.



Rosy Rahman
Director

Rosy Rahman is a sponsor Director of the Board of Sonargaon Textiles Limited. She is a business graduate who has 32 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 and Khansons Holding Limited. As the wife of A.K.M Azizur Rahman, Chairman of the Company, she has played an active role in the company's growth over the year. She widely traveled and attended all over the world for participating business conferences and seminars. Mrs. Rosy usually oversees 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 Defense 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.



Md. Masum Syeed

Nominee Director, BDB PLC.

Md. Masum Syeed is a nominee Director from 28th April 2025 on behalf of Bangladesh Development Bank PLC. He is a General Manager IT and Risk Management and ICC Division of Bangladesh Development Bank PLC. Having obtained B.com (Hons) M.com (Marketing) from Dhaka University. He has long experience in Banking and Industrial Operation in BDB PLC. Under his capacity he contributed in Investment Decision, Operational Decision and Financing Decision in Sonargaon Textiles Limited as a Director.



Israt Jahan Rimi FCS

Independent Director

Ms. Israt Jahan Rimi serves as an Independent Director of Sonargaon Textiles Limited. She is an accomplished HR & Corporate Governance professional with over 21 years of diversified leadership experience in multinational and corporate environments, specializing in strategic human resources, compliance, corporate governance, and organizational development. She has led major initiatives in HR policy formulation, HRIS and digital transformation, performance management, compensation governance, succession planning, training and development, supply chain security, and administrative operations. Her extensive corporate career includes progressive leadership roles at Expeditors (Bangladesh) Ltd., where she successfully implemented organization-wide policy frameworks, operational efficiency programs, governance-aligned HR systems, and capability-building structures. MS. Rimi holds an MBA and BBA from IBAIS University, an LLB from National University, and professional qualifications including Fellow Chartered Secretary (FCS), Project Management Professional (PMP), PGDHRM, and international certifications in supply chain, emotional intelligence, leadership, and HR compliance. She is actively involved in the professional community as a faculty member of the Institute of Chartered Secretaries of Bangladesh (ICSB) and a member of several industry and HR associations. Her expertise spans corporate governance, regulatory compliance, human capital strategy, operational excellence, and stakeholder engagement. MS. Rimi brings to the Board strong analytical ability, ethical leadership, and deep insight into governance practices, contributing to the sustainable growth and long-term strategic direction of the company.

MANAGEMENT TEAM



Abrar Rahman Khan
Director, Operation



Sarita Rahman
Director, Finance



Md. Anwar Hossain
Executive Director



M. Monirul Islam Khan
Chief Financial Officer



Pintu Sikder ACS
Company Secretary



Arjun Paul
DGM, Marketing & Fund Management



Syada Rahana Parvin
DGM, HRD



Ismail Hoshen Bhuiyan
Head of Internal Audit & Compliance



Md. Alamghir Kabir
DGM, 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 Khnasons 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 of 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.



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 languages 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 writing and Viva voice 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., Khartungong Br. Chittagong, Joint Custodian at Faridpur "A" grade branch; Branch In-charge of Madaripur Br. Regional office of at Rajshahi, Mymensingh, Chittagong North with portfolio of audit an inspection and administrative until September, 1996. Servicing Sonargaon Textiles Limited. since October 16, 1996 elevating to the post of Executive Director from 2015. Several year held the portfolio as Company Secretary: GM (Finance): administration, banking: Now holding the portfolio of banking foreign exchange, commercial, legal and overall.



Mohammad Monirul Islam Khan
Chief Financial Officer

Mr. Monirul joined Sonargaon Textiles Limited a member of Khansons Group as the Chief Financial Officer (CFO) on September 04, 2023. He is an M. Com 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 26 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. 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. 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, Effective Business Sales & Marketing Training, Compliance in Corporate Governance (CG) by Capital Market Intermediaries and ISSB: Applying the IFRS Sustainability Disclosure Standards. Mr. Monirul has multidimensional carrier grounds with different roles who worked in Human Resource, Administration, Compliance, Corporate Affairs and in Risk Management as the policy maker.



Pintu Sikder ACS
Company Secretary

Mr. Pintu Sikder joined Sonargaon Textiles Limited a member of Khansons Group as the Company Secretary on September 18, 2024. Pintu Sikder is a seasoned corporate professional with over 12 years of experience in the field of Board secretariat, corporate affairs, share management and corporate governance with corporate accounting and financial management and stakeholders relations, regulatory management and public communications etc. He is recognized for his dynamic leadership and entrepreneurial spirit, bringing extensive experience across diverse industries. He is an Associated Member of the Institute of Chartered Secretaries of Bangladesh (ICSB). Mr. Pintu Sikder is post graduate Masters Business Administration in Finance and also Masters in Accounting. He is Tax Practitioner with member of Dhaka Taxes Bar Association. He has participated in various compliance management training programs. His commitment to continuous learning is evident through his extensive travels to gain new ideas & innovations, additionally.



Arjun Paul
DGM, Marketing & Fund Management

Mr. Arjun Chandra Paul is rolling in Finance and Accounts department with dynamic personality here in this organization 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 Deputy General Manager with the portfolio of independently maintaining production costing of backward linkage export oriented 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.



Syada Rahana Parvin
DGM, HRD

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.



Ismail Hoshen Bhuiyan, CA CC (PL)
Head of Internal Audit & Compliance (HIAC)

Ismail Hoshen Bhuiyan, the Head of Internal Audit of Sonargaon Textiles Limited (a member of Khansons Group), He was born in 1998. He has served a wide range of leading companies in Bangladesh. Before joining Sonargaon Textiles Limited in 20th June 2024 he served at Mahfel Huq & Co. Chartered Accountants as Assistant Manager (Finance & Accounts and Audit). In the year of 20th May 2023 he completed the CA Article-ship Course CA CC (Chartered Accountancy Course Completion) along with four months provision period from Renowned Chartered Accountancy Firm from Mahfel Huq & Co. Chartered Accountants (est. 1974), an independent correspondent firm to AGN International, UK under the direct supervision of Mr. Howlader Mahfel Huq, FCA, of The Institute of Chartered Accountants of Bangladesh (ICAB). He has qualified CA Certificate Level and continuing study. He is endorsed by NBR as an Income Tax Practitioner (ITP). He has also completed BBA from renowned university the Asian University of Bangladesh. He has 5 years of vast professional experience in the fields of Finance, Accounts, and Audit & Tax.



Md. Alamghir Kabir
DGM, Production & Factory

Mr. Md. Alamghir Kabir has been working as DGM, Production and factory of Sonargaon Textiles Limited. He has 27 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.

CORPORATE GOVERNANCE



DIRECTOR'S REPORT TO THE SHAREHOLDERS

For the year ending 30 June 2025

Esteemed Shareholders

On behalf of the Board of Directors and we are I warmly welcome all of you to the 39th Annual General Meeting of the company. The Board of Directors is pleased to take the opportunity to present you to Directors Report for the year ended 30 June 2025 according to section 184 of the Companies Act, 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules, 1987, BSEC Order No. BSEC/CMRRCD/2006-158/207/Admin/ 80 dated June 03, 2018: The Board of Directors of Sonargaon Textiles Limited is pleased to present 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, of the financial year: 2024-2025 for your valued consideration.

Bangladesh Economy

Bangladesh has built impressive growth and development momentum over recent decades, and many of its fundamentals are in place. However, the short-term performance shows moderation and mounting headwinds: growth is slowing, inflation is high, investment is weak, external vulnerabilities are present. The After a fall in real Gross Domestic Product (GDP) growth to 7.2 percent in FY25 from 5.8 percent in FY25, economic activity slowed further in FY25. The economy continues to face significant challenges, including investment moderation, elevated inflation and vulnerabilities within the financial sector. However, external sector pressures have apparently eased, with robust growth in remittance inflows and exports bolstering the current account balance in FY25.

Spinning Industry in Bangladesh

The spinning industry in Bangladesh is still facing order challenges from all brands and retailers due to the worldwide political and financial crisis. As a result, Bangladesh's spinning industries are also facing order crisis demand from the export-oriented garments manufacturers. Due to the order crisis yarn price is downward. As the fuel price has also gone, the selling price does not meet even the production and overhead costs. Spinning mills are still facing 40 to 50 cents loss at each unit. All the spinning mills are struggling and some are already closed due to the continuous crisis for the last 2 years.

Industry Outlook and possible future developments in the industry

Bangladesh's spinning industry, a vital part of its textile and garment sector, has faced severe challenges over the past few years. Industrialization is a major reason for the economic development of a country. As a crucial supplier to the country's export-oriented garment industry, the survival of the spinning sector is essential for maintaining global competitiveness. The collapse of this industry would have serious repercussions, as garment manufactures rely on locally sourced yarn, which accounts for 60-70% of total production costs. Garment manufactures prefer sourcing yarn locally to benefit from smaller inventories, quicker quality control responses, and easier payment terms. However, the significant price gap between local and international spinners pushes many Bangladeshi garment manufactures to purchase yarn from abroad, weakling the domestic spinning sector.

The main reason for this price discrepancy is Bangladesh's total dependence on imported cotton. Unlike major textile-producing countries like China, India, and Pakistan, which have access to locally grown cotton, Bangladeshi spinners rely entirely on imported raw materials. This dependency not only increases production costs but also limits the industry's competitiveness globally. As a result, the spinning sector, instead of being a robust backward lineage industry, has become a financial liability.

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 been 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. 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.

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 and Concern

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 reduces 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. The risk may occur adverse effect 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. The Company has exposure to the following risks for its use of financial instruments: Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. As at 30 June, 2025 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 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 In extreme stressed conditions the Company may get support from the related Company in the form of short-term financing. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. 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 fluctuation of spot rate of BDT against USD is minimal also. 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.

Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin

| Particulars | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 |
|--------------------|--------------|-------------|-------------|-------------|---------------|
| Cost of Goods Sold | 336,153,950 | 170,935,899 | 266,674,461 | 384,467,861 | 92,242,596 |
| Gross Profit | (10,865,826) | 28,264,824 | 17,494,430 | 70,287,517 | 16,795,877 |
| Net Profit | (21,246,268) | 7,198,516 | (6,208,625) | 8,832,422 | (353,333,158) |

The Cost of Goods Sold increased by 96.65% compare to last year due to increase of production. Moreover, the Gross profit also has decreased by 138% due to increase of production cost as a result Net Profit after Tax has decreased by 395% to stood BDT (21,246,268).

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.

Quarterly and Annual Financial Performance statements

Amount in BDT

| Particulars | Quarter -1 | Quarter -2 | Quarter -3 | Quarter -4 | 2024-25 |
|--------------------|-------------|--------------|-------------|---------------|--------------|
| Total Revenue | 47,080,569 | 772,55,069 | 126,927,500 | 74,024,986 | 325,288,124 |
| Cost of Goods Sold | 41,188,356 | 73,835,380 | 113,379,848 | 107,750,366 | 336,153,950 |
| Gross Profit | 5,892,213 | 3,419,689 | 13,547,652 | (33,725,382) | (10,865,828) |
| Operating Profit | 219,852 | (6,073,785) | 5,159,985 | (31,034,884) | (31,728,796) |
| Profit after Tax | 472,796 | (5,994,755) | 5,779,400 | (21,503,709) | (21,246,268) |
| Total Equity | 511,662,145 | 505,657,548 | 509,069,445 | 485,703,595 | 485,703,595 |
| EPS | 0.02 | (0.23) | 0.22 | (0.81) | (0.80) |
| NAV Per Share | 19.33 | 19.11 | 19.23 | 18.35 | 18.35 |
| NOCFPS | 0.04 | 0.025 | 0.08 | 0.05 | 0.05 |

Total revenue increased in Q3 and Q4 compared to the Q1 & Q2. Net profit also decreased in last 2 quarters due to production cost & others expenses also market environment was unstable than Q1 and Q2.

Key Operating and Financial Data

The key operating and financial information for the year 2024-25 along with the preceding five years are presented below:

| Particulars | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|---------------------------|---------------|-------------|-------------|-------------|--------------|--------------|
| Net Turnover | 325,288,124 | 199,200,723 | 284,168,891 | 454,935,378 | 820,596,598 | 793,619,018 |
| Gross profit | (10,865,8260) | 28,264,824 | 17,494,430 | 70,287,517 | 155,703,149 | 133,132,991 |
| Net Profit before tax | (30,674,218) | 62,38,809 | (6,198,432) | 10,514,078 | (19,190,770) | (9,802,500) |
| Net Profit after Tax | (21,246,268) | 71,98,516 | (6,208,625) | 8,832,422 | (24,608,750) | (14,982,055) |
| Earnings Per Share | (0.80) | 0.27 | (0.23) | 0.33 | (0.93) | (0.57) |
| Paid up Capital | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 |
| Shareholders' Equity | 485,703,595 | 511,189,350 | 503,990,832 | 301,969,159 | 769,655,870 | 754,673,816 |
| Net asset value per share | 18.35 | 19.31 | 19.04 | 11.41 | 11.08 | 24.43 |

Fairness of Financial Statements

The Financial Statements together with the Notes Thereon of the Company present true and fair view of the Company's state of affairs result of its operation, cash flows and change in equity.

Proper Books of Accounts

The company has been maintaining proper books of accounts by the prevailing laws.

Appropriate Accounting Policies

The management of Sonargaon Textiles Limited confirms that the appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

Qualified Report by the Statutory Auditor and Management's Response against Qualified Report

The Company's Independent Auditors, after conducting the audit work of our Company's year ended on 30 June 2025, have drawn qualified opinion on some bases which are as follows:

1. We draw attention to the financial statements, the company reported inventories amounting of BDT 549,892,922 & BDT 684,487,647. At the year-end, the company was unable to facilitate our stock taking procedures. Consequently, we were unable to verify the inventory & PPE balance through physical verification or by operating alternative procedures after the year-end. As a result, we could not obtain sufficient appropriate audit evidence to independently confirm the amount of inventories & PPE stated in the financial statements.
2. During the year, the company reported Purchase of Raw Materials worth BDT 140,665,886 (see note 11.01). However, the company conducted a significant portion of transactions in cash. Due to unavailability of reliable information and the nature of these transactions, we were unable to verify their authenticity.
3. As disclosed in the note # 8.03 to the financial statements regarding Deferred Tax Liabilities, worth of BDT 57,776,842. We have observed that the management of the company did not considered the revalued amount of PPE at the time of calculation of Deferred Tax. Therefore, the Deferred Tax Liabilities figures reported may include some misstatement related to this balance.
4. As disclosed in the note # 9.01 of the financial statements regarding "Unclaimed /Unpaid Dividend" worth of BDT 1,560,103. As per Bangladesh Securities and Exchange Commission's notification BSEC/CMRRC/2021-391/20/ Admin/121 dated 01 June 2021 and BSEC/CMRRC/ 2021-386/03 dated 14 January 2021, If any cash dividend remains unpaid or unclaimed or unsettled or un distributed 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 of BDT 1,372,768 and 2022 of BDT 87,702 are lying unpaid during the year, also, we have observed that the total unpaid amount of liability was not covered by the related bank balance. So, it is non-compliance of the Bangladesh Labour Act, 2006.
5. As disclosed in note # 9.03 of the financial statements regarding "Workers Profit Participation and Welfare Fund", worth of BDT 1,001,817. In the course of the audit of the financial statements, we have observed that the company has not disbursed and utilized the funds as per the Bangladesh Labour Act, 2006. So, it is a noncompliance of the Bangladesh Labour Act, 2006.

The Management of the Company have keenly observed that the qualified opinions are required to be solved as soon as possible in the interest of running the Company as complaint as far as possible so that the regulators are satisfied. The Board shall take appropriate measures in this regard.

IAS/IFRS Application

The company has been following International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh in preparation of the financial statements and any departure there from has been adequately disclosed.

Internal Control

The Company's internal control system is designed at Board, Management and individual level to provide reasonable assurance regarding the achievement of Company's objectives in respect of effectiveness and efficiency of operations, reliability of financial reporting, risk management, compliances with applicable laws, rules, regulations and Company's policies. The company has strong Internal Audit Department to ensure effective internal control mechanism. The Audit Committee always give their suggestion and recommendation for efficiently accomplishment of their work and when required.

Minority Shareholders Protection

Sonargaon Textiles Limited believes that good governance involves open and trust-based cooperation 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.

Going Concern

As per the Paragraph 25 of IAS-1, 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.

Significant deviation from last year's operating result

The Turnover, Increased 63.30%, Gross Profit and Net Profit (After Tax) decreased by 138.44% and 395.14% respectively during the year of 2024-25 in comparison to previous year. Profit after Income Tax, other income and gains, resulting decreased in Earning per Share. Gross Profit and Net Profit decreased for due to production cost, unstable market operating & finance cost in the year under review. The Cost of Goods Sold has increased during the year of reporting due to raw material cost as well as labour cost, fuel/power and factory Overheads which were beyond the control of the management. The Cost of Goods Sold per unit has increased by 68.64% in the current year over previous year due to increase of production. Also, changes in turnover, cost of raw materials consumed, packing cost, Power Cost and Spare Cost in the reporting Year than previous year. The Company however earned Tk. 1,153,422 as non-operating income (stated in Note No. 14.) of audited accounts) during the year 2024-25 against dividend received from CDBL and Interest income and others gain.

Reason for not Declare Dividend

During the year 2024-25 due to net loss of BDT Tk. (21,246,268) and negative Retained earnings stood the Board of Directors recommended no dividend to the Shareholders.

Board statements regarding interim Dividend

The Directors state that no bonus share or stock dividend has been declared in the year 2024-25 or shall be declared in future as interim.

Composition of the Board

The Board of Directors consists of 6 (Six) members including 2 (Two) Independent Director that Brig. Gen Mohammad Abdul Halim (Retd) has been reappointment 2nd tenure and 1 (One) female Independent Director (which will be place for approval upcoming 39th Annual General Meeting) and 1 (One) Nominee Director from Bangladesh Development Bank PLC. The Independent Directors has diverse 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. Brief resume of the directors has been proved in the "Profile of Directors" section page no. 22.

Changes in the Board

Mr. Md. Masum Syeed, General Manager has been appointed Nominee Director in place Mr. Md. Kabir Ahmed as the Nominee director of Bangladesh Development Bank PLC. The decision was approved, based on the recommendation of NRC, in the 158th Board Meeting held on 28 April 2025.

Director's Retirement and Re-election

A.K.M Azizur Rahman, Chairman of the Company, shall retire as a part of retirement by rotation as per Articles 118 and 119 of the Articles of Association of the Company and being eligible offers herself for re-election.

Board Meetings and Attendance

During the year 2024-25, total 4 (four) Board Meetings were held. The attendance of the Directors is as stated below:

| Name of Directors | Position | No. of Meetings | |
|--------------------------------------|---|-----------------|----------|
| | | Held | Attended |
| A.K.M. Azizur Rahman | Chairman | 4 | 4 |
| Mr. Bazlur Rahman | Managing Director | 4 | 3 |
| Mrs. Rosy Rahman | Director | 4 | 4 |
| Brig Gen Mohammed Abdul Halim (Retd) | Independent Director | 4 | 4 |
| Mr. Kabir Ahmed | Director Nominated by BDB PLC (Till 24.04.2025) | 3 | 3 |
| Mr. Masum Syeed | Director Nominated by BDB PLC (Till 24.04.2025) | 1 | - |

Remuneration to Directors

The Directors including Managing Director and Independent Director are paid only meeting attendance fee as remuneration @ Tk. 7,500/- per Board Meeting. The amount of remuneration paid to the Directors during the year 2024-25 is stated below:

| Name of Directors | Designation | Amount (Tk.) |
|-------------------------------|--|--------------|
| Mr. A.K.M Azizur Rahman | Chairman | 30,000 |
| Mr. Bazlur Rahman | Managing Director | 22,500 |
| Mrs. Rosy Rahman | Director | 30,000 |
| Brig Gen Mohammad Abdul Halim | Independent Director | 30,000 |
| Mr. Kabir Ahmed | Director Nominated by BDB PLC (Till 23.04.2025) | 22,500 |
| Mr. Md. Masum Syeed | Director Nominated by BDB PLC (Since 24.04.2025) | - |

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise, in transacting with related parties as per the definitions of IAS & IFRS. A statement of related party transaction has been presented in Note 20.00 of the Financial Statements.

Report on Pattern Shareholdings

Pattern of Shareholding as on 30 June 2025 as per Condition No. 1 (5) (xxiii) of the Corporate Governance Code is shown below:

| Name of Shareholders | Status | Share held | Percentage |
|--|---|------------|------------|
| I. Parent/Subsidiary/Associated Companies and other related parties | N/A | Nil | Nil |
| II. Directors | | | |
| Mr. A.K.M Azizur Rahman | Chairman | 5,200,851 | 19.65% |
| Mr. Bazlur Rahman | Managing Director (CEO) | 2,211,859 | 8.36% |
| Mrs. Rosy Rahman | Director | 3,256,561 | 12.30% |
| Brig Gen Mohammad Abul Halim (Retd.) | Independent Director | Nil | Nil |
| Mr. Md. Masum Syeed | Director Nominated by BDB PLC | Nil | Nil |
| III. CFO, CS and HIAC and their Spouse and Minor Children | | | |
| Mr. Mohammad Monirul Islam | Chief Financial Officer (CFO) | Nil | Nil |
| Mr. Pintu Sikder ACS | Company Secretary (CS) | Nil | Nil |
| Mr. Ismail Hosen Bhuiyan | Head of Internal Audit & Compliances (HIAC) | Nil | Nil |
| IV. 5 (Five) Top Salaried Executives other than CEO, CFO, CS and HIAC | | | |
| Mr. Abrar Rahman Khan | Director, Operation | Nil | Nil |
| Mrs. Sarita Rahman | Director, Finance | 620,315 | 2.34% |
| Md. Anwar Hossain | Executive Director | Nil | Nil |
| Mr. Argun Pal | DGM, Commercial | Nil | Nil |
| Md. Alamgir Kabir | DGM, Production | Nil | Nil |
| V. Shareholders holding 10% or more voting interest in the Company | | | |
| Mr. A.K.M Azizur Rahman | Sponsor | 5,200,851 | 19.65% |
| Mrs. Rosy Rahman | Director | 3,256,561 | 12.30% |

Directorship with other company and membership of committees of the Board:

| Name of Entity | A.K.M Azizur Rahman | Rosy Rahman | Bazlur Rahman |
|-------------------------------|---------------------|-------------|---------------|
| Continental Insurance Limited | Director | - | - |
| Khansons Textiles Limited | Managing Director | Director | Director |
| Khansons Holding Limited | Managing Director | Director | Director |
| Khansons Automobiles Limited | Managing Director | Director | Director |
| Khansons Corporation Limited | Managing Director | Director | Director |
| Khanson Jutex Limited | Managing Director | Director | Director |

Company's Website & Financial Information

Sonargaon Textiles Limited launched a new individual website www.sonargaontextiles.com from Khansons Group to enhance corporate engagement and provide updated information to Stakeholders. The website uploaded details on the Company activities.

Management's Discussion and Analysis report

A statement on Management's Discussion and Analysis, signed by the MD & CEO and presenting a detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code, is annexed.

Declaration of the CEO and CFO on the financial statements

Declaration of the CEO and CFO on the financial statements as required under the Corporate Governance Code, was made to the Board. The CEO and the CFO jointly 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 annexed.

Acknowledgements

We 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.



Bazlur Rahman
Managing Director



A.K.M Azizur Rahman
Chairman



Management Discussion and Analysis (MDA)

As per condition No 1.5 (XXV) of Corporate Governance Code dated on 3rd June, 2018: a Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others are given:

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

The company followed accounting policies and procedure for the preparation of Financial Statements with relevant International Accounting Standards (IAS), International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accounting of Bangladesh (ICAB) which has been disclosed in the notes to the Financial Statement.

b) Changes in accounting policies and estimation, if any, clearly describing the effect on financial performances or results and financial position as well as cash flows in absolute figure for such changes;

During the year under review there was no changes in accounting policies and estimation in Financial Statements for the year ended 2024-25.

c) Comparative analysis (Including effects of inflation) of Financial Performance results and Financial Position with the Immediate preceding 5 (five) years:

Financial Performance

Amount Tk.

| Particulars | Financial Year | | | | | |
|-------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|
| | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 | 2019-2020 |
| Revenue | 325,288,124 | 199,200,723 | 284,168,891 | 454,935,378 | 109,038,473 | 630,919,942 |
| Gross profit | (10,865,826) | 28,264,824 | 17,494,430 | 70,287,517 | 16,795,877 | 71,635,477 |
| Net Profit after Tax | (21,246,268) | 7,198,516 | (6,208,625) | 8,832,422 | (352,841,341) | (98,563,119) |
| Net Cash operating Activities | 1,409,458 | 749,836 | 80,215,961 | 72,816 | 208,088,731 | (20,513,278) |
| Shareholders' Equity | 485,703,595 | 511,189,350 | 503,990,832 | 301,969,159 | 293,136,737 | 646,469,895 |
| Total Assets | 1,257,745,156 | 1,283,584,904 | 1,278,380,075 | 1,391,759,686 | 1,343,343,547 | 1,658,105,948 |
| Total Liability | 772,041,560 | 772,395,554 | 774,389,241 | 1,089,790,527 | 1,050,206,811 | 1,011,636,053 |
| Net Assets | 573,257,510 | 563,158,972 | 519,400,805 | 592,926,333 | 500,094,974 | 980,228,253 |
| Current Liabilities | 41,860,499 | 28,983,202 | 28,316,970 | 24,481,701 | 20,014,266 | 18,601,875 |
| Debt to Equity Ratio | 1.59:1 | 1.51:1 | - | 76:24 | 76:24 | 59:41 |
| Current Ratio | 13.69 | 19.43 | 18.34 | 24.22 | 24.99 | 52.7 |

Comparative analysis of Financial Performance the Key operating and financial performance of the Company for the last five years are annexed on page 36.

Compare such financial performance or results and financial position as well as cash flows with peer industry scenario:

Amount Tk.

| Particulars | Sonargaon Textiles | APEX SPINN | RAHIMTEX | AMAN COTTON |
|---------------------------------------|--------------------|---------------|---------------|---------------|
| Revenue | 325,288,124 | 5,360,863,912 | 886,959,876 | 2,320,055,751 |
| Gross Profit | (10,865,826) | 339,097,272 | 137,803,580 | 179,784,514 |
| Net Profit Before Tax | (30,674,218) | 88,070,620 | 12,187,023 | 36,523,190 |
| Net Profit After Tax | (21,246,268) | 30,240,124 | 7,810,511 | 20,990,944 |
| Financial Position | | | | |
| Share Outstanding | 264,670,560 | 84,000,000 | 94,596,830 | 1,008,333,330 |
| Shareholders' Equity | 485,703,595 | 698,125,424 | 244,299,177 | 3,391,054,517 |
| Total Assets | 1,257,745,156 | 1,917,413,503 | 1,651,999,169 | 5,100,816,228 |
| Total Liabilities | 772,041,561 | 1,219,288,079 | 1,407,699,992 | 1,709,761,711 |
| Current Assets | 573,257,510 | 1,39,785,244 | 816,936,018 | 3,376,690,468 |
| Cash Flow | | | | |
| Net Cash from Operating Activities | 1,409,458 | 186,080,991 | 362,897,025 | 751,101,133 |
| Net Cash in Investment Activities | - | 73,724,711 | 212,637,798 | 7,153,886 |
| Net Cash Used in Financing Activities | 2,547,072 | 147,201,826 | 176,952,824 | 274,681,611 |

Amount Tk.

| Particulars | June 30, 2025 | Percentage | June 30, 2024 | Percentage |
|-------------------------|---------------|------------|---------------|------------|
| Cost of Goods Sold | 336,153,950 | 103% | 170,985,899 | 85.44% |
| Gross Profit | (10,865,826) | (3.34%) | 28,264,824 | 14.18% |
| Net Profit for the year | (21,246,268) | (7%) | 5,608,286 | 2.81% |

The Turnover, Increased 63.30%, Gross Profit and Net Profit (After Tax) decreased by 138.44% and 395.14% respectively during the year of 2024-25 in comparison to previous year. Profit after Income Tax, other income and gains, resulting decreased in Earning per Share. Gross Profit and Net Profit decreased for due to production cost, unstable market operating & finance cost in the year under review. The Cost of Goods Sold has increased during the year of reporting due to raw material cost as well as labour cost, fuel/power and factory Overheads which were beyond the control of the management. The Cost of Goods Sold per unit has increased by 68.64% in the current year over previous year due to increase of production. Also, changes in turnover, cost of raw materials consumed, packing cost, Power Cost and Spare Cost in the reporting Year than previous year. The Company however earned Tk. 1,153,422 as non-operating income (stated in Note No. 14.) of audited accounts) during the year 2024-25 against dividend received from CDBL and Interest income and others gain.

d) Briefly explain the financial and economic scenario of the country and the globe;

Bangladesh textile and apparel industry is still facing order challenges from all brands and retailers due to the worldwide political and financial crises. As a result, Bangladesh's spinning industries are also facing order crises demand from the export-oriented garments manufactures. Due to order crises yarn price is downward. As the fuel price has also gone, the selling price does not meet even the production and overhead costs. Spinning mills are still facing 40 to 50 cents less at each unit. All the spinning mills are struggling and some are already closed due to the continuous crises for the last 2 years. Bangladesh has 1,863 textiles mills, including 527 spinning mills, of which nearly 300 export their products. Industry insiders warn that if the textile sector falls crises, it could have negative ripple effect across the economy, including banks, insurance, and logistics.

e) Risks and concerns issue related to the financial statements, explaining such risk and concerns mitigation plan of the company;

Detailed discussion on the risks and concerns issues related to the financial statements, explaining such risks and concerns mitigation plan of the company has been shown in the Directors' report under Corporate Governance Code 2018 Condition 1.5 (iii).

f) Future Plan or Projection or Forecast or forecast for company's operation, performance and financial position, with justification thereof:

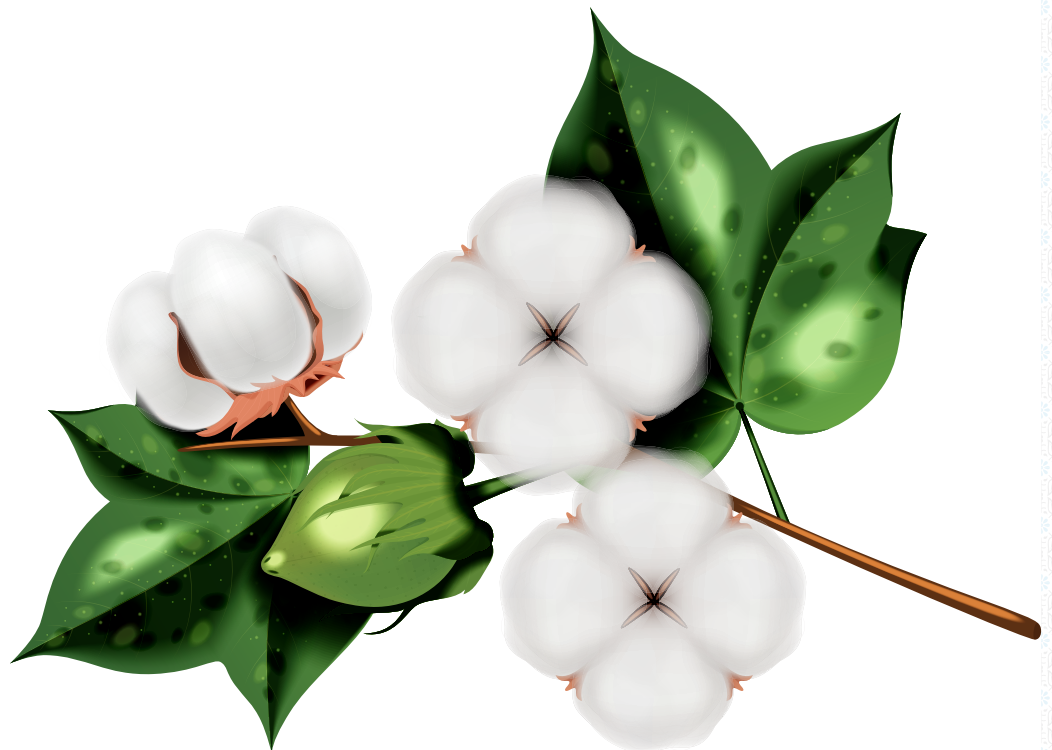
The Management of Sonargaon Textiles Limited is very sincere in adoption of necessary feasible plans and strategy in respect of sustainability in its performances & financial position and to continue the operations for foreseeable future. The management always envisioned for the steady growth and long term sustainability of the company. Therefore, the company operation its business by maintaining strong internal control, effective use of its inventories, machineries and human capital. The Company renovated its machinery and production procedure regularly to meet the market demand. The skilled making team always hunts for lucrative buyers at a competitive price. The company's always aware it's about risks internal and external risks with zero tolerance and tactfully the external risks and gong ahead to increase its profit margin for its shareholders and stepping ahead for terms sustainability.

Conclusion

I would like to express my gratitude and thanks to the members of the Board for their continued support and guidance during the year. My sincere thanks to my colleagues for their dedication and commitment which contributed immensely towards the development of the Company. I would like to thank our Employees, Workers, Government Agencies, Banks, Suppliers and other service for their support and my special thanks to you, our shareholders, for your continued trust in Sonargaon Textiles Limited. Finally, I must thank to our honorable Chairman whose guideline and instructions helped us to run the business activities of the Company Successfully even in the prevailing worldwide hard economic situation.



Bazlur Rahman
Managing Director



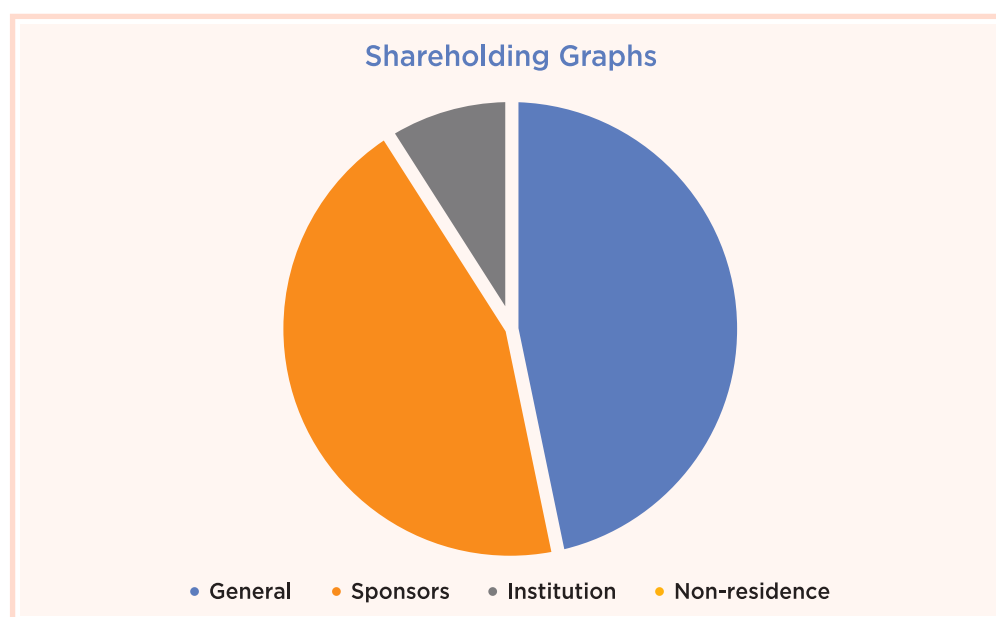
SHAREHOLDING STRUCTURE

As on 30 June 2025

| | |
|---|------------------------|
| Authorized Capital | 50,00,00,000.00 |
| 5,00,00,000 Nominal Shares of Tk. 10.00 each | 50,00,00,000.00 |
| Issued, Subscribed and Paid up Share Capital | 26,46,70,560.00 |
| 2,64,67,056 Ordinary Shares of Tk. 10.00 each | 26,46,70,560.00 |

| Particulars | Number of Share | Amount in Taka | Percentage |
|----------------------|-------------------|---------------------|------------|
| Sponsors/Directors | 11,764,497 | 1,17,644,970 | 44.45 |
| General Shareholders | 12,300,084 | 1,23,000,840 | 46.47 |
| Institution | 2,324,364 | 23,24,3640 | 8.78 |
| Non-Residence | 78,111 | 7,81,110 | 0.30 |
| TOTAL | 26,467,056 | 2,64,670,560 | 100 |

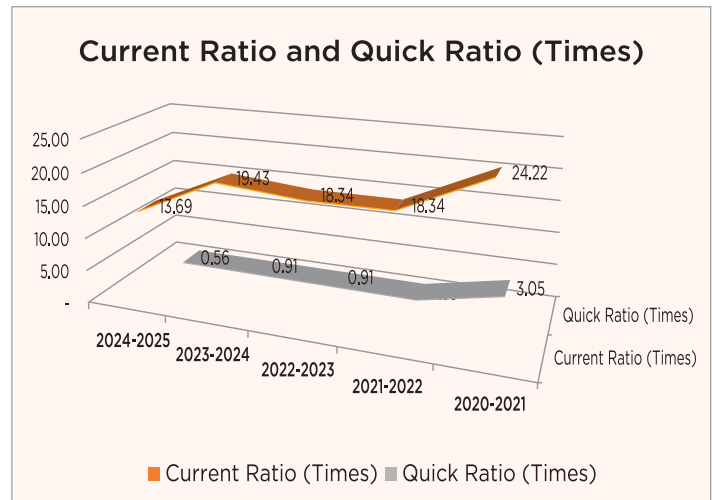
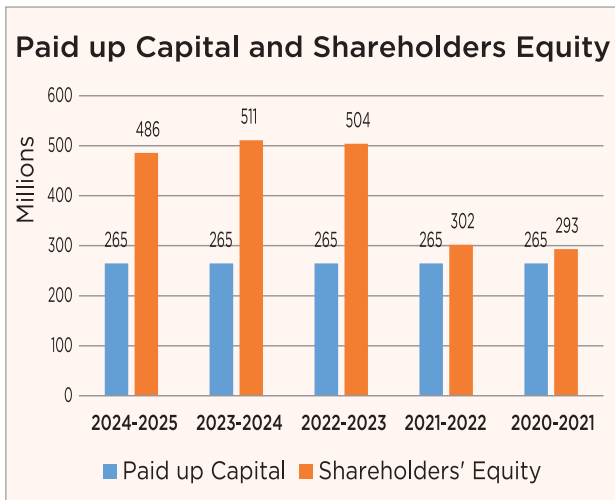
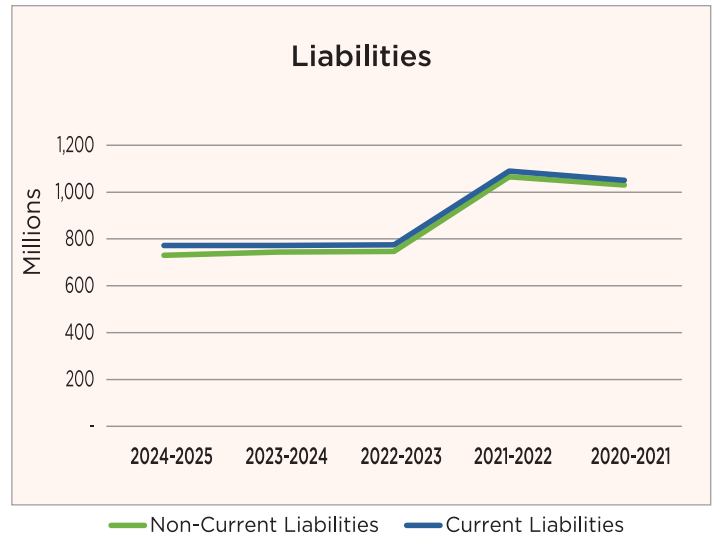
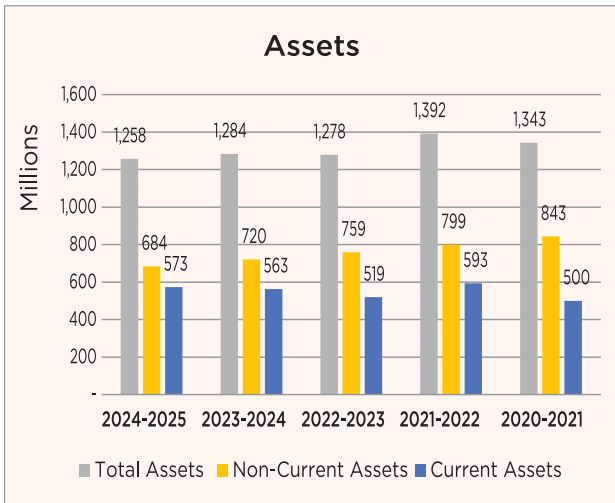
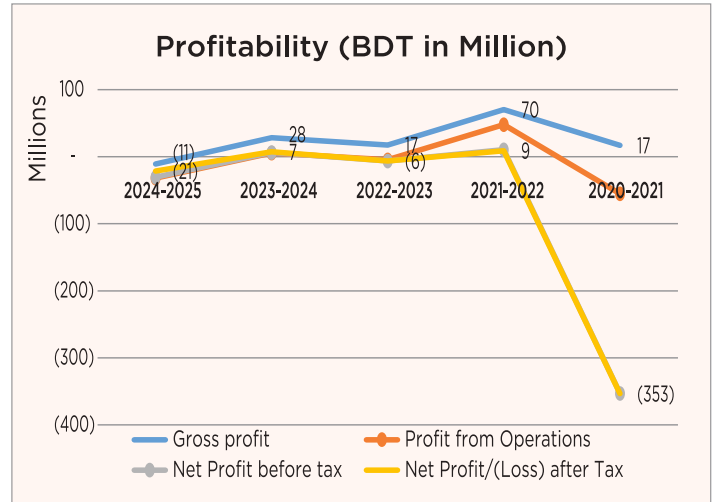
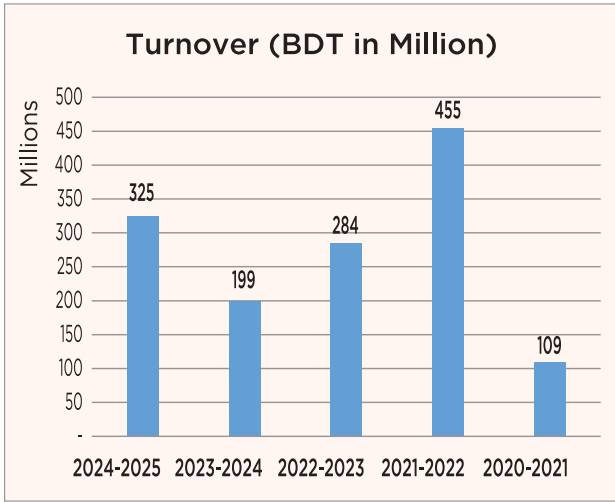
Shareholding structure in graph as on 30 June 2025

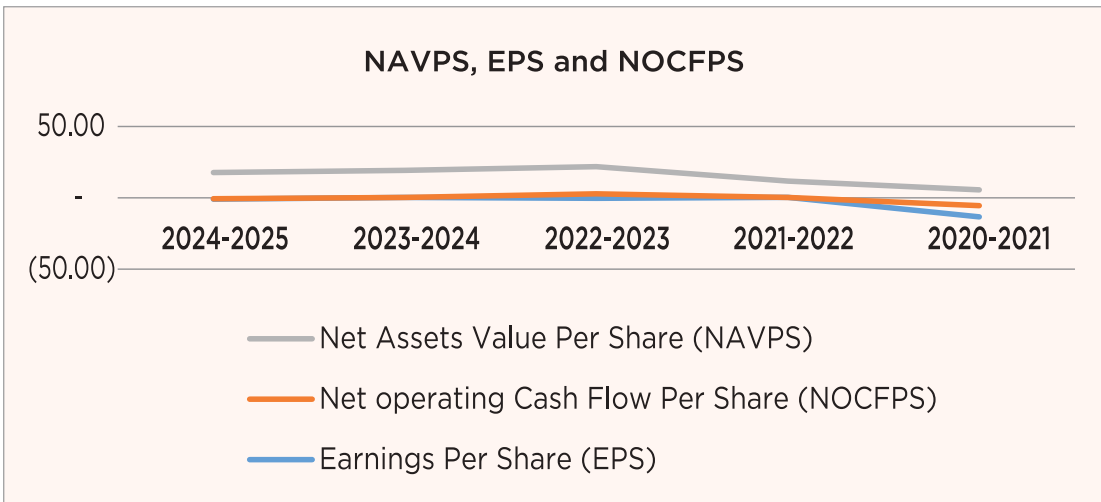
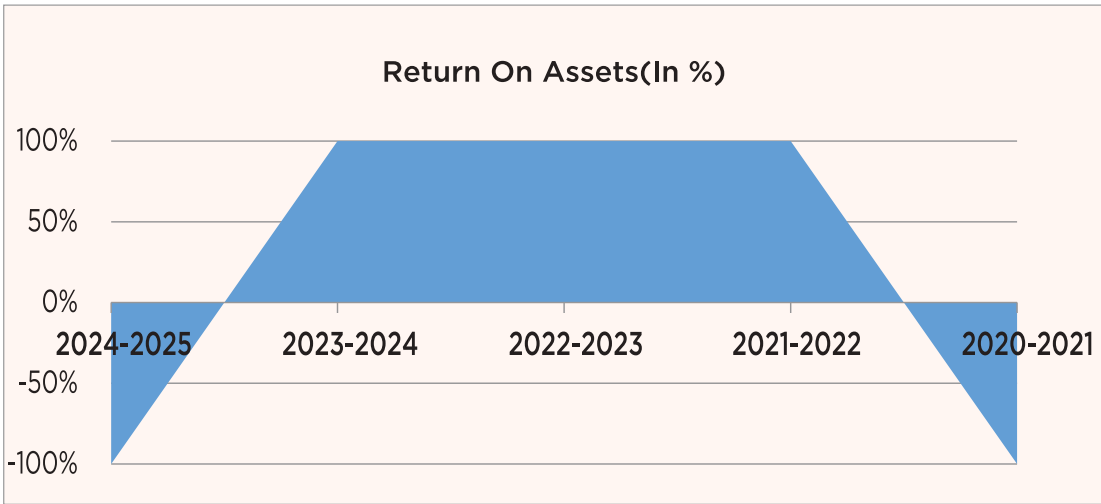
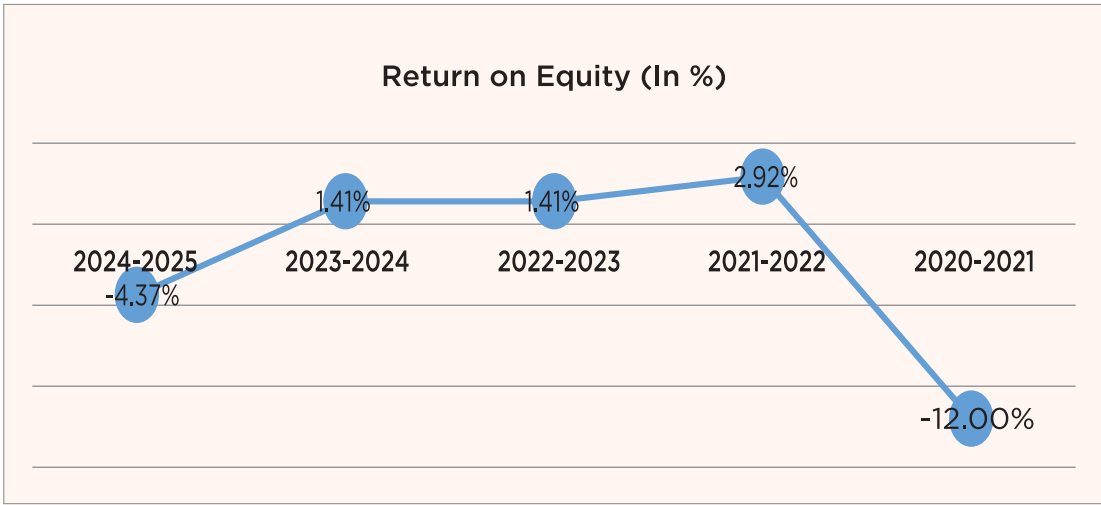


Month-end shareholding structure by category in percentage for the period from July 2024 to June 2025

| Types | Jul'24 | Aug'24 | Sep'24 | Oct'24 | Nov'24 | Dec'24 | Jan'25 | Feb'25 | Mar'25 | Apr'25 | May'25 | Jun'25 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Sponsor | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 | 44.45 |
| General | 52.20 | 52.72 | 52.59 | 52.23 | 48.02 | 49.79 | 48.52 | 49.40 | 50.67 | 51.81 | 44.13 | 46.47 |
| Institution | 3.22 | 2.70 | 2.83 | 3.18 | 7.40 | 5.63 | 6.91 | 6.00 | 4.74 | 3.60 | 11.13 | 8.78 |
| NRB | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.12 | 0.15 | 0.14 | 0.14 | 0.29 | 0.30 |

FINANCIAL INDICATORS





Disclosure of shares held by ten percent (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 | 3,282,468 |

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

Amount in Taka

| Particulars | Financial Year | | | | |
|---------------------------|----------------|-------------|-------------|-------------|---------------|
| | 2024-2025 | 2023-2024 | 2022-2023 | 2021-2022 | 2020-2021 |
| Net Turnover | 325,288,124 | 199,200,723 | 284,168,891 | 454,935,378 | 109,038,473 |
| Gross profit | (10,865,826) | 28,264,824 | 17,494,430 | 70,287,517 | 16,795,877 |
| Net Profit before tax | (30,674,218) | 6,238,809 | (6,198,432) | 10,514,078 | (352,841,341) |
| Net profit after tax | (21,246,268) | 7,198,516 | (6,208,625) | 8,832,422 | (353,333,158) |
| Earnings per Share | (0.80) | 0.27 | (0.23) | 0.33 | (13.35) |
| Paid up Capital | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 | 264,670,560 |
| Shareholder's Equity | 485,703,595 | 511,189,350 | 503,990,832 | 301,969,159 | 293,136,736 |
| Net asset value per share | 18.35 | 19.31 | 19.04 | 11.41 | 11.08 |

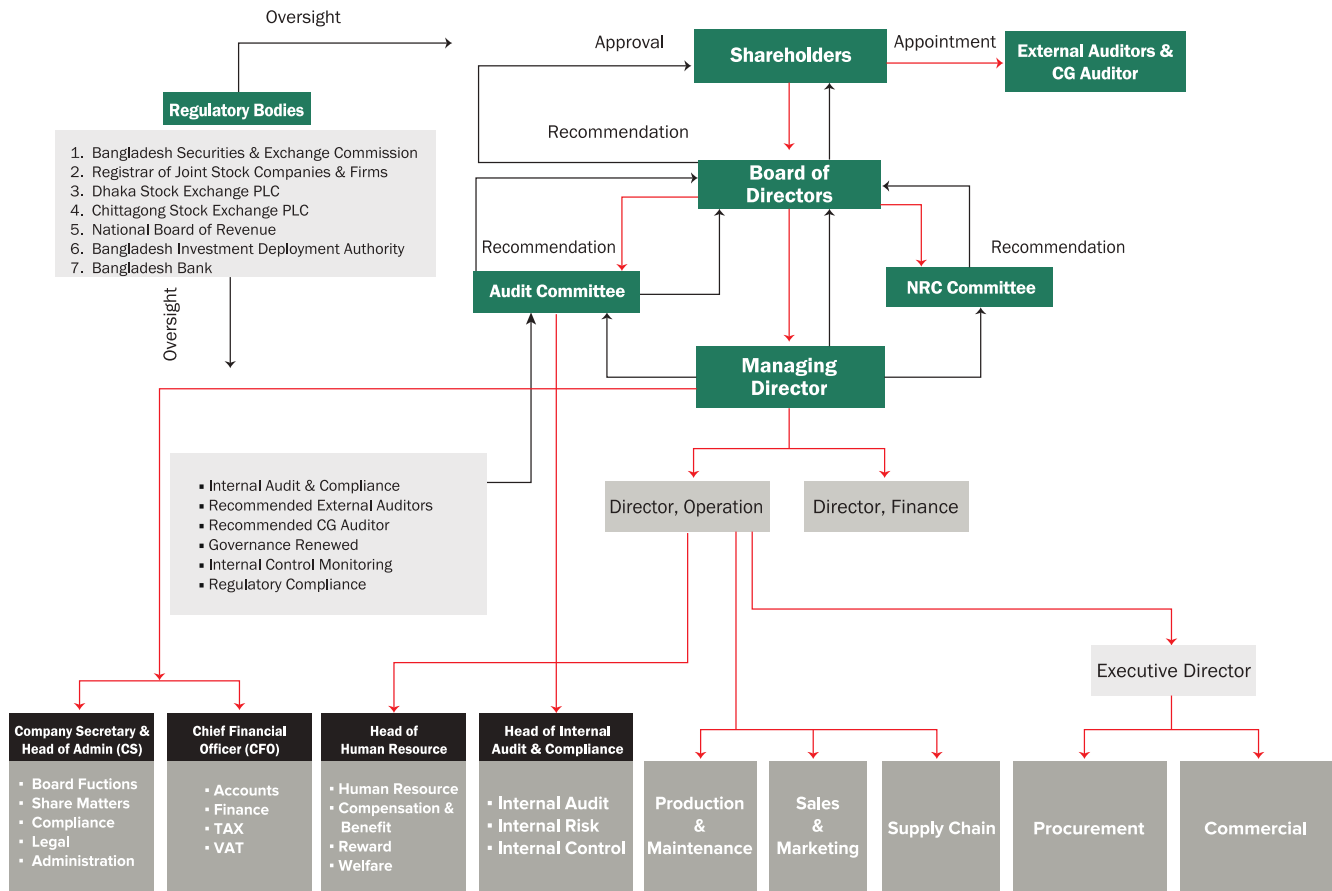
Cash or Stock Dividends paid in previous Five (5) financial years

| Year of Dividend | Record Date | AGM date | Nature of Dividend | Percentage of Dividend | Remarks or Status (Year wise Dividend list) |
|------------------|--------------|-------------|--------------------|------------------------|---|
| 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 |
| 2023-24 | 17 Nov 2024 | 29 Dec 2024 | Cash | 1.00% | 38th AGM on June Closing |
| 2024-25 | 18 Nov 2025v | 29 Dec 2025 | No dividend | - | 39th AGM on June Closing |



STATEMENT ON CORPORATE GOVERNANCE 2024-25

CORPORATE GOVERNANCE STRUCTURE



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 independents 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 Six (6) members including two Independent Director. There are a nominee Director by the Bangladesh Development Bank PLC 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 share-holders 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. | Director |
| 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 |

Md. 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 |
|---------------------------|----------|
| 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 three members including one 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 and 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 lead the Executive Committee which comprises of the following heads of the organizational functions:

- Chief Financial Officer (CFO)
- Head of Marketing & Fund Management
- 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 regal and regulatory affairs. He is the Officer of the Board and the Chief Compliance Officer of the Company. He is qualified associate 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 PLC (DSE), Chittagong Stock Exchange PLC (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-55.

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 of 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 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 minute's 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 PLC 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 on 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 sated 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 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.khansons-groupbd.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) will be www.sonargaontextiles.com.

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-55 of this Report.



SONARGAON TEXTILES LTD.

Declaration by Managing Director and Chief Financial Officer (MD and CFO)

26 October 2025

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 30 June 2025.

Dear Sir(s),

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

- (1) The Financial Statements of Sonargaon Textiles Limited for the year ended on 30 June 2025 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30 June 2025 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



M. Monirul Islam Khan
Chief Financial Officer

SARashid & Associates (Chartered Secretaries)

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Chartered Secretary in Practice
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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 2025. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place : Dhaka
Dated : 01 December 2025



For
SARashid & Associates


S. Abdur Rashid FCS
Chartered Secretary in Practice

STATUS OF CORPORATE GOVERNANCE (CHECKLIST)

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. | Board of Directors:- | | | |
| 1. (1) | Size of the Board of Directors: The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty). | ✓ | | |
| 1. (2) | Independent Directors (IDs): | | | |
| 1. (2) (a) | At least 2 (two) or one-fifth (1/5) of the total number of directors in the company's Board which is higher shall be ID; At least 1 (one) ID shall be female Independent Director. | ✓ | | |
| 1. (2) (b) | Without contravention of any provision of any other laws, for the purpose of this clause, an "independent director" means a director: | | | |
| 1. (2) (b)(i) | Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company; | ✓ | | |
| 1. (2) (b) (ii) | Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who hold one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above-mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members; | ✓ | | |
| 1.(2) (b)(iii) | Who has not been an executive of the company in immediately preceding 2 (two) Financial Years; | ✓ | | |
| 1 (2) (b) (iv) | who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | ✓ | | |
| 1 (2) (b) (v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | |
| 1 (2) (b)(vi) | Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of a stock exchange or an intermediary of the capital market; | ✓ | | |
| 1 (2) (b)(vii) | who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | ✓ | | |
| 1(2)(b)(viii) | who is not independent director in more than 5 (five) listed companies; | ✓ | | |
| 1 (2) (b) (ix) | who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for nonpayment of any loan or advance or obligation to a bank or a financial institution; | ✓ | | |
| 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); "Provided that the Board shall appoint the independent director, subject to prior consent of the commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company," | ✓ | | |
| 1 (2) (d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and | ✓ | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|-----------------|--|--|--------------|------------------|
| | | Complied | Not complied | |
| 1 (2) (e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the, (Companies Act, 1994). | ✓ | | |
| 1 (3) | Qualification of Independent Director: | | | |
| 1 (3) (a) | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make a meaningful contribution to the business; | ✓ | | |
| 1 (3) (b) | Independent Director shall have following qualifications: | | | |
| 1 (3) (b) (i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or | | | N/A |
| 1 (3) (b) (ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or | | | N/A |
| 1 (3) (b) (iii) | Former or existing 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 Provided that in case of appointment of existing of official as Independent director, it requires clearance from the organization where he or she is in service; 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; | ✓ | | |
| 1 (3) (c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | ✓ | | |
| 1 (3) (d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | | N/A |
| 1 (4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer: | | | |
| 1 (4) (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | ✓ | | |
| 1 (4) (b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | |
| 1 (4) (c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | ✓ | | |
| 1 (4) (d) | The Board shall clearly define the respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | ✓ | | |
| 1 (4) (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of the absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 1 (5) | The Directors' Report to Shareholders: | | | |
| | The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):- | | | |
| 1 (5) (i) | An industry outlook and possible future developments in the industry; | ✓ | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|------------------|---|--|--------------|------------------|
| | | Complied | Not complied | |
| 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); | | | N/A |
| 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; | | | N/A |
| 1 (5) (viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.; | | | N/A |
| 1 (5) (ix) | An explanation of any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements; | ✓ | | |
| 1 (5) (x) | A statement of remuneration paid to the directors including Independent Director | ✓ | | |
| 1 (5) (xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | |
| 1 (5) (xii) | A statement that proper books of account of the issuer company have been maintained; | ✓ | | |
| 1 (5) (xiii) | A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | ✓ | | |
| 1 (5) (xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | |
| 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; | ✓ | | |
| 1 (5) (xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | ✓ | | |
| 1 (5) (xxii) | The total number of Board meetings held during the year and attendance by each director; | ✓ | | |
| 1 (5) (xxiii) | A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: | | | |
| 1 (5)(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details); | | | N/A |
| 1 (5)(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details); | ✓ | | |
| 1(5)(xxiii)(c) | Executives; and | ✓ | | |
| 1(5) (xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details); | ✓ | | |
| 1(5) (xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: | | | |
| 1(5) (xxiv) (a) | a brief resume of the director; | ✓ | | |
| 1.5 (xxiv) (b) | nature of his or her expertise in specific functional areas; and | ✓ | | |
| 1 (5) (xxiv) (c) | names of companies in which the person also holds the directorship and the membership of committees of the Board;- | ✓ | | |

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

| 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: "Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;" | ✓ | | |
| 3 (1) (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | ✓ | | |
| 3 (1) (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without the approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | |
| 3 (2) | Requirement to attend the Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | ✓ | | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO): | | | |
| 3 (3) (a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | | | |
| 3 (3) (a) (i) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | ✓ | | |
| 3 (3) (a) (ii) | these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | ✓ | | |
| 3 (3) (b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4 | Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following sub-committees: | | | |
| 4 (i) | Audit Committee; and | ✓ | | |
| 4 (ii) | Nomination and Remuneration Committee. | ✓ | | |
| 5 | Audit Committee:- | | | |
| 5 (1) | Responsibility to the Board of Directors: | | | |
| 5(1)(a) | The company shall have an Audit Committee as a sub-committee of the Board; | ✓ | | |
| 5(1) (b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business; | ✓ | | |
| 5(1)(c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5 (2) | Constitution of the Audit Committee: | | | |
| 5(2)(a) | The Audit Committee shall be composed of at least 3 (three) members; | ✓ | | |
| 5(2)(b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |
| 5(2)(c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ✓ | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|------------------|
| | | Complied | Not complied | |
| 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 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;” | - | - | N/A |
| 5(2)(e) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 5(2)(f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | ✓ | | |
| 5 (3) | Chairperson of the Audit Committee: | | | |
| 5(3) (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | ✓ | | |
| 5(3) (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | N/A |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM); 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. | ✓ | | |
| 5 (4) | Meeting of the Audit Committee: | | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that an emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | ✓ | | |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| 5 (5) | Role of Audit Committee:- The Audit Committee shall: | | | |
| 5(5)(a) | oversee the financial reporting process; | ✓ | | |
| 5(5)(b) | monitor choice of accounting policies and principles; | ✓ | | |
| 5(5)(c) | monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | ✓ | | |
| 5(5)(d) | oversee hiring and performance of external auditors; | ✓ | | |
| 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; | | | N/A |
| 5(5) (l) | oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | ✓ | | |
| 5(5) (m) | oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major | | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|------------------|---|--|--------------|------------------|
| | | Complied | Not complied | |
| | category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee. | - | - | N/A |
| 5 (6) | Reporting of the Audit Committee:- | | | |
| 5 (6) (a) | Reporting to the Board of Directors: | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | ✓ | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the board on the following findings, if any:- | | | |
| 5(6)(a)(ii)(a) | report on conflicts of interests; | - | - | N/A |
| 5(6)(a)(ii) (b) | suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | - | - | N/A |
| 5(6) (a)(ii) (c) | suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and | - | - | N/A |
| 5(6)(a)(ii) (d) | any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | - | - | N/A |
| 5(6)(b) | Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been 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. | - | - | N/A |
| 5.7 | Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | ✓ | | |
| 6 | Nomination and Remuneration Committee (NRC):- | | | |
| 6(1) | Responsibility to the Board of Directors: | | | |
| 6(1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | ✓ | | |
| 6(1)(b) | The NRC shall assist the Board in the formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | ✓ | | |
| 6(1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at condition No. 6(5)(b). | ✓ | | |
| 6 (2) | Constitution of the NRC: | | | |
| 6(2) (a) | The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| 6(2)(b) | At least 2 (two) 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; | - | - | N/A |
| 6(2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | - | - | N/A |
| 6(2)(g) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 6(2) (h) | The quorum of the NRC meeting shall not constitute without the attendance of at least an independent director; | ✓ | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---------------------------------|
| | | Complied | Not complied | |
| 6(2) (i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | ✓ | | |
| 6 (3) | Chairperson of the NRC: | | | |
| 6(3) (a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | ✓ | | |
| 6(3) (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | - | - | N/A |
| 6(3) (c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | ✓ | | |
| 6 (4) | Meeting of the NRC: | | | |
| 6(4) (a) | The NRC shall conduct at least one meeting in a financial year; | ✓ | | |
| 6(4) (b) | The Chairperson of the NRC may 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) | Role of the NRC: | | | |
| 6(5) (a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | ✓ | | |
| 6(5) (b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| 6(5)(b)(i) | formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | TOR of NRC includes these roles |
| 6(5) (b)(i)(a) | the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | | | |
| 6(5)(b)(i)(b) | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | | | |
| 6(5)(b)(i)(c) | remuneration to directors, top-level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | | | |
| 6(5)(b) (ii) | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | | | |
| 6(5)(b) (iii) | identifying persons who are qualified to become directors and who may be appointed in a top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | | | |
| 6(5)(b) (iv) | formulating the criteria for evaluation of performance of independent directors and the Board; | | | |
| 6(5) (b) (v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and | | | |
| 6(5)(b) (vi) | developing, recommending and reviewing annually the company's human resources and training policies; | | | |
| 6(5) (c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| 7 | External or Statutory Auditors:- | | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: | | | |
| 7(1)(i) | appraisal or valuation services or fairness opinions; | ✓ | | |
| 7(1)(ii) | financial information systems design and implementation; | ✓ | | |
| 7(1)(iii) | Book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7(1)(iv) | broker-dealer services; | ✓ | | |

| Condition No. | Title | Compliance Status(Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|------------------|
| | | Complied | Not complied | |
| 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. | ✓ | | |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | ✓ | | |
| 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 | Maintaining a website by the Company: | | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange. | ✓ | | |
| 8(2) | The company shall keep the website functional from the date of listing. | ✓ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | ✓ | | |
| 9 | Reporting and Compliance of Corporate Governance: | | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | ✓ | | |
| 9(2) | The professional who will provide the certificate on 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 Annexure-C 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



Md. Masum Syeed
Nominee Director, BDB PLC.



Pintu Sikder ACS
Company Secretary

REPORT OF THE AUDIT COMMITTEE (AC)

Sonargaon Textiles Limited established an Audit Committee as a Sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the Financial Statements reflect true and fair view. The knowledge on business management and all of them are financially literate as per regulatory requirements and also able to analyze interpret, corporate laws, financial issues and financial statements.

Members of the Audit of the Audit Committee

Audit Committee is a sub-committee of the Board formed in terms of the Conditions of the Code comprising 3 (three) members of the Board of Directors. All the Members are Non-Executive Directors and the 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. | Kabir Ahmed (Till 24.04.2025) | Member |
| 4. | Md. Masum Syeed (Since 25.04.2025) | Member |

Pintu Sikder ACS, Company Secretary, act as the Secretary to the Committee.

Changes in Audit Committee

Audit Committee Member Kabir Ahmed retired on 24.04.2025 and Md. Masum Syeed was appointed in his place.

Meeting of the Audit Committee

| Name of the Members | Attendance | Percentage | |
|---------------------------------------|------------|------------|----------|
| | | Held | Attended |
| Brig Gen Mohammed Abdul Halim (Retd.) | 4/4 | 4 | 4 |
| Rosy Rahman | 4/4 | 4 | 4 |
| Kabir Ahmed (Till 24.04.2025) | 2/4 | 3 | 2 |
| Md. Masum Syeed (Since 25.04.2025) | 1/4 | 1 | 1 |

Role and Responsibilities of the Committee

Role of the Audit Committee shall be includes the following:

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Oversee hiring and performance of external auditors.
- Review the quarterly and annual financial statement before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review statement of related party transaction.
- Audit Committee shall submit their recommendation to the Board regarding the change or addition of any accounting principle if they think necessary.
- Propose best practice on disclosure in financial results and Annual Reports of the Company, in line with the principles set out in the Bangladesh Corporate Governance Code and other applicable laws, rules, directives and guidelines.
- The Audit Committee shall disclose to the Board immediately on any matter if deems necessary.
- Oversee the determination of audit fees on based on scope and magnitude, level of expertise deployed for effective audit and evaluate the performance of external auditors.

Activities Carried Out by the Committee

The Audit Committee of Sonargaon Textiles Limited carried out works during the reporting period for the year ended 30 June 2025 as follows :

- Reviewed the Financial Statements of Sonargaon Textiles Limited and found adequate arrangement to present a true and fair view of the financial statements of the Companies.

- Reviewed the procedure and task of the internal audit, financial report prepared by the external auditors on the financial statements of Sonargaon Textiles Limited for the year ended 30 June 2025 and forwarded the same to the meeting of the Board of Directors.
- Reviewed procedures to ensure compliance with regulatory and financial reporting requirements
- Reviewed the Auditors Certification on compliance with Corporate Governance Code for the year ended 30 June 2025.
- The Committee reviewed un-audited quarterly financial statements.
- Reviewed the adequacy of internal audit function and internal control system;
- Had overseen evaluation of performance of the external auditors and made recommendation to the Board for re-appointment of external auditors, and overseen the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit;
- Held meeting with the external/statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- Ensured, while reviewing the financial statements, that proper compliances and disclosures required under International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh and other rules and regulations applicable for this Corporation;
- Approval annual report to the shareholders from the Audit Committee.

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.

Report Authorization

This Audit Committee Report is made in accordance with the resolution of the Board of Directors on 26 October 2025.

On behalf of the Audit Committee



Brig Gen Mohammed Abdul Halim

Chairman of the Audit Committee

Dated: October 26, 2025

NOMINATION & REMUNERATION COMMITTEE (NRC)



Brig Gen Mohammed Abdul Halim (Retd.)
Independent Director



Rosy Rahman
Director



Md. Masum Syeed
Nominee Director, BDB PLC.



Pintu Sikder ACS
Company Secretary

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

For the year ended 30th 2025

The Company has formed Nomination and Remuneration Committee (NRC) is a sub-committee of the Board. The NRC assist the board in formulation of the nomination criteria or policy for determine qualifications, positive attributes, experiences and independence among others of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive. The NRC members nominated and appointed by the Board and also responsible to the Board of Directors for its role and responsibilities that are clearly set forth by the Company and time to time issued notifications by the regulators.

Composition of the Nomination and Remuneration Committee:

| Sl. | Name of the Members | Position of in the Committee |
|-----|---------------------------------------|------------------------------|
| 1. | Brig Gen Mohammed Abdul Halim (Retd.) | Chairman |
| 2. | Rosy Rahman | Member |
| 3. | Kabir Ahmed (Till 24.04.2025) | Member |
| 4. | Md. Masum Syeed (Since 25.04.2025) | Member |

Pintu Sikder ACS acts as the Secretary of the Committee.

Meeting of the Committee

During the year ended on 30th June 2025, the Nomination and Remuneration Committee held one meeting. Proceeding of the Nomination and Remuneration Committee meetings were reported to the Board of Directors. The Details of attendance of the Nomination and Remuneration Committee members have been shown below:

Meeting of the Audit Committee

| Name of the Members | Description | No. of Meetings | |
|---------------------------------------|--------------------------------|-----------------|----------|
| | | Held | Attended |
| Brig Gen Mohammed Abdul Halim (Retd.) | Chairman | 2 | 2 |
| Rosy Rahman | Member | 2 | 2 |
| Kabir Ahmed (Till 24.04.2025) | Member (Till 24 April) 2025) | 2 | 1 |
| Md. Masum Syeed (Since 25.04.2025) | Member (Since 25 April))2025) | 0 | 0 |

Changes Occurred in the Committee

Brig Gen Mohammed Abdul Halim Independent Director who is current Chairman of the Audit Committee. The Audit Committee Member Kabir Ahmed has been retired dated on 24.04.2025 and Mr. Masum Syeed appointed based on the recommendation of the Committee and 158th board meeting dated on 28th April 2025.

Activities of NRC during the year:

A few number of Senior Officers of Head office as well as Factory were given promoters, increments after due appraisal conducted by competent authorities. Moreover, a few of senior's officials were recruited during the period following the NRC policies. Besides this, increments of factory production workers are being given on regular basis following internal policies as well as NRC policies.

Role of the Nomination and Remuneration Committee

Role of the Nomination and Remuneration Committee includes, but not limited to,

- Being independent and responsible or accountable to the Board and to the Shareholders.
- Devising a policy on Board diversity taking into consideration age, gender, experience and nationality.
- Identifying persons who are quaffed to became directors/top level executive and recommend their appointment/removal.
- Assess as to whether the level and composition of remuneration is reasonable and efficient to attract, retain and motive suitable Directors to run the Company successfully,ir appointment/removal.
- Evaluating as to whether remuneration of Directors, top level executive involved a balance between fixed and

incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goal.

- Developing, recommending, and reviewing annually the Company's human resources and training policies.
- Identifying the Company's need for employees at different level and determine their selection, transfer or replacement and promotion criteria.

Major Activities of the NRC :

During the year ended 30 June 2025, the NRC -

- conducted 2 (two) meeting for the purpose of discharging its duties and responsibilities;
- review the status of the Board composition along with their qualification, experience, attributes, independent of board members made recommendation thereof.;
- reviewed and recommended to the Board for re-appointment of Independent Director for 2nd tenure Brig. Gen Abdul Halim (Retd).
- reviewed and recommended to the Board for acceptance of appointment of Company Secretary ;

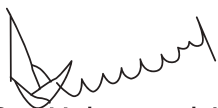
Acknowledgement

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).

Report Authorization

This NRC Committee regularly reports on its work to the Board and the report includes a summary of the matters addressed in the meeting. The NRC expressing its view to the Board that the nomination, retirement, re-election & remuneration of the directors & top level executives are adequate for presenting true and fair view of the Admiration & HR department and also expressed that the internal control of the company is quite well. Report is made in accordance with the resolution of the Board of Directors on 26 October 2025.

On behalf of the Remuneration Committee



Brig Gen Mohammed Abdul Halim

Chairman of the NRCt Committee & Independent Director

Dated: October 26, 2025

EXECUTIVE COMMITTEE (EC)



Abrar Rahman Khan
Director, Operation



M. Monirul Islam Khan
Chief Financial Officer



Pintu Sikder ACS
Company Secretary



Arjun Paul
DGM, Marketingt & Fund Management



Syada Rahana Parvin
DGM, HRD

REPORT OF THE EXECUTIVE COMMITTEE (EC)

Preface

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), DGM, Marketing and Fund Management & 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 Chanrda Paul | Member |
| 4. | Syada Rahana Parvin | Member |

Pintu Sikder ACS, Company Secretary is the Secretary to the Committee.

Objectives

The Executive Committee of Sonargaon Textiles Limited (STL) is to day to day complementation a comprehensive, strategic, and operational update on key matters that fall under the board's oversight. The committee emphasizes production, sales, compliance, cost management, and market conditions.

The executive acts as the organization's steering committee. The committee informs the Board of major developments, challenges, and strategic issues and provides support to the Board. The Executive Committee reports on production and highlights the build-up of performance capacity. The committee also reports on supply chain, inventory level, and the EC follows up on revenue trends, cost control, and cash flow matters with useful funding.

The executive committee update on compliance with local regulation with energy efficacy, waste management and labor best practice.

Frequency of Meeting

The Executive Committee shall meet at least once every quarter to review strategic objectives, assess organizational performance, and make time-sensitive decisions on behalf of the full board. Additional meetings may be called by the Chairperson as necessary to address urgent matters that require prompt attention.

Report of the EC Committee

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

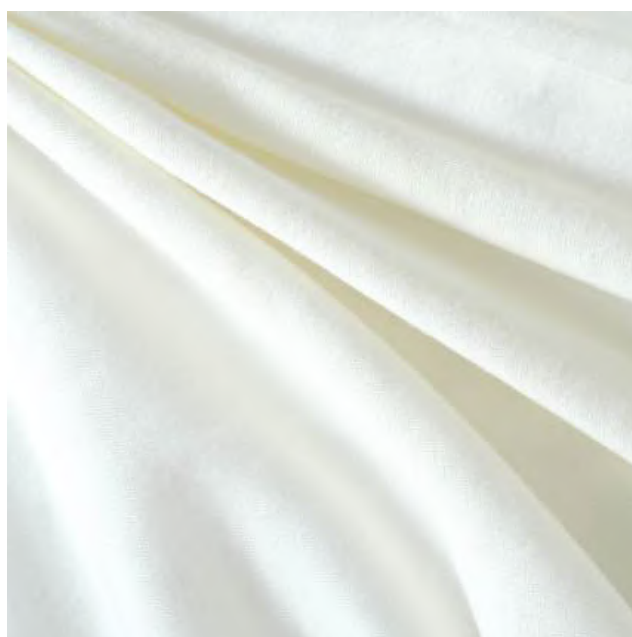
The EC highlighted the administrative control round the year for avoiding unexpected absenteeism of the workers for sustaining the continuous and break less production. The industrial non gas zone of Barisal suffers from labor unrest. The nature and behavioral attitude of labors of Southern Bengal frequently 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 Stakeholder

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 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-88 of this report.



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/CMRRC-D/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

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

2.00 Definitions

"the Act" means Companies Act 1994 "the Company" means Sonargaon Textiles Limited "AGM" means Annual General Meeting "Board" means Board of Directors of Sonargaon Textiles Limited "Shareholders" means Members whose name is registered in the Member Register of the Company. "Shares" means Ordinary Equity Shares.

3.00 Concept of Dividend

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

4.00 Types of Dividend

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

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

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

5.00 Declaration of Dividend

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

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

law and remaining undistributed.

- c. Out of a & b both portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

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

6.00 Factors Governing Declaration of Dividend

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

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

6.01 External Factors:

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

6.02 Internal Factors:

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

Apart from the above factors, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The

Board may additionally recommend special dividend in special circumstances.

7.00 Financial Parameters for Declaring Dividend

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

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

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

8.00 Utilization of Retained Earnings

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

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

9.00 Parameters for Various Classes of Shares

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

10.00 Circumstances Impacting Dividend Payment

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

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

11.00 Disclosure

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

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

12.00 Review/Amendment

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



Nomination and Remuneration policy

The Nomination and Remuneration Committee (NRC) serves as a subcommittee of the Board of Directors (“the Board”) of Sonargaon Textiles Limited (the “Company”). The policy is designed to precisely outline the authority delegated to the NRC by the Company’s Board. It delineates the responsibilities, membership and operations of the NRC in alignment with Corporate Governance Code, as notified by the Bangladesh Securities & Exchange Commission through a notification dated June 3, 2028 (the “CG Code”) The NRC is committed to maintaining independence and being accountable to both the Board and the Shareholders of the Company.

Responsibility to the Board of Directors

- a. The company will establish the NRC as a subcommittee of the Board;
- b. The NRC will assist the Board in formulating nomination criteria or policies to determine the qualifications, positive attributes, experiences and independence of directors and top-level executives. Additionally it will contribute to developing a policy for the formal process of considering remuneration for directors and top-level executives;
- c. The Terms of Reference (ToR) of the NRC align with condition No. 6(5) (b) of the CG code;

Constitution of the Nomination and Remuneration Committee NRC:

- a. Nomination and Remuneration Committee (NRC) shall be composed of at least 3 (three) members, who shall be directors of the company, including at least 1 (one) Independent Director;
- b. All members of the Nomination and Remuneration Committee (NRC) shall be non-executive directors in nature;
- c. The Members of the Nomination and Remuneration Committee (NRC) shall be nominated and appointed by the Board of the Directors of the Company;
- d. The Board of the Directors shall have authority to remove and appoint any member of the Nomination and Remuneration Committee (NRC);
- 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;
- f. The company secretary shall act as the secretary of the Committee;
- g. The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;

Role of the NRC:

- a. NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- b. NRC shall oversee, among others, the following matters and make report with recommendation to the Board: The Committee will be responsible for 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:
 1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;

2. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- c. NRC will be responsible for devising a policy on Board’s diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- d. NRC will perform the duties of identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- e. NRC will perform the duties for formulating the criteria for evaluation of performance of independent directors and the Board;
- f. NRC will be responsible for identifying the company’s needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- g. NRC will be responsible for developing, recommending and reviewing annually the company’s human resources and training policies;
- h. NRC will be responsible to disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report of the company;

Chairperson of the NRC:

- a. The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- b. In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- c. The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;
- d. 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;

Meeting of the NRC:

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



Human Resource

Classification of the Employees

Sonargaon Textiles Ltd. has designed its employee categories based on its business volumes and appropriate 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.

Calculate of 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 carrier 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, various benefits 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 bellow:

- 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.

Counting the Total Employees

| Sl. No | Particulars | No. of Employee |
|--------|-------------|-----------------|
| 01 | Head Office | 62 |
| 02 | STL Factory | 739 |

Comparative Employee turnover rate between 3 years :

| Year | No. of Employee | % of Turnover |
|---------|-----------------|---------------|
| 2024-25 | 801 | 30.04 |
| 2023-24 | 1145 | 6.53 |
| 2022-23 | 1225 | 4.37 |

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, 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'.

Performance Evaluation process of the Employees (Officers & Staffs)

Sonargaon Textiles Limited believes that appropriate forms of training educational contribution to employees development by the way of upgrading necessary job skills and potential to achieve organizational objects. T&D moves forward keeping the mission of materializing of vision with effective and efficient human resource in front. T&D prepares yearly training schedule maintaining standrd process.

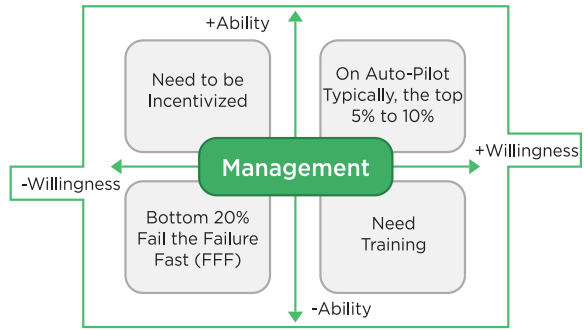
Work Life Balance

STL HR practice work life balance like reasonable office time, enjoy weekly holidays as well as government holidays .STL management values time for family and work place to be balanced so that every employees can give thier full concentration in work and maintain a peaceful relation with family.

TRAINING & DEVELOPMENT

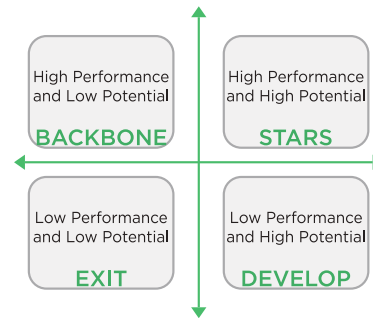
Training and Development Activities Round the year

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 the standard process.



Work Life Balance

STL HR practice work life balance like reasonable office time, enjoy weekly holidays as well as government holidays .STL management values time for family and work place to be balanced so that every employees can give thier full concentration in work and maintain a peaceful relation with family.



EMPLOYEE PARTICIPATION AT CORPORATE ACTIVITIES

STL maintains a good harmony maintaining a good relationship with all employees. 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, employee fairwell, new year celebration etc. Some snapshots of employee engagement work as stated below:



Employee Recognition 2024



Our New Website Launch Celebration 2025



Employee Farewell 2025



Get Together Ifter Party 2024



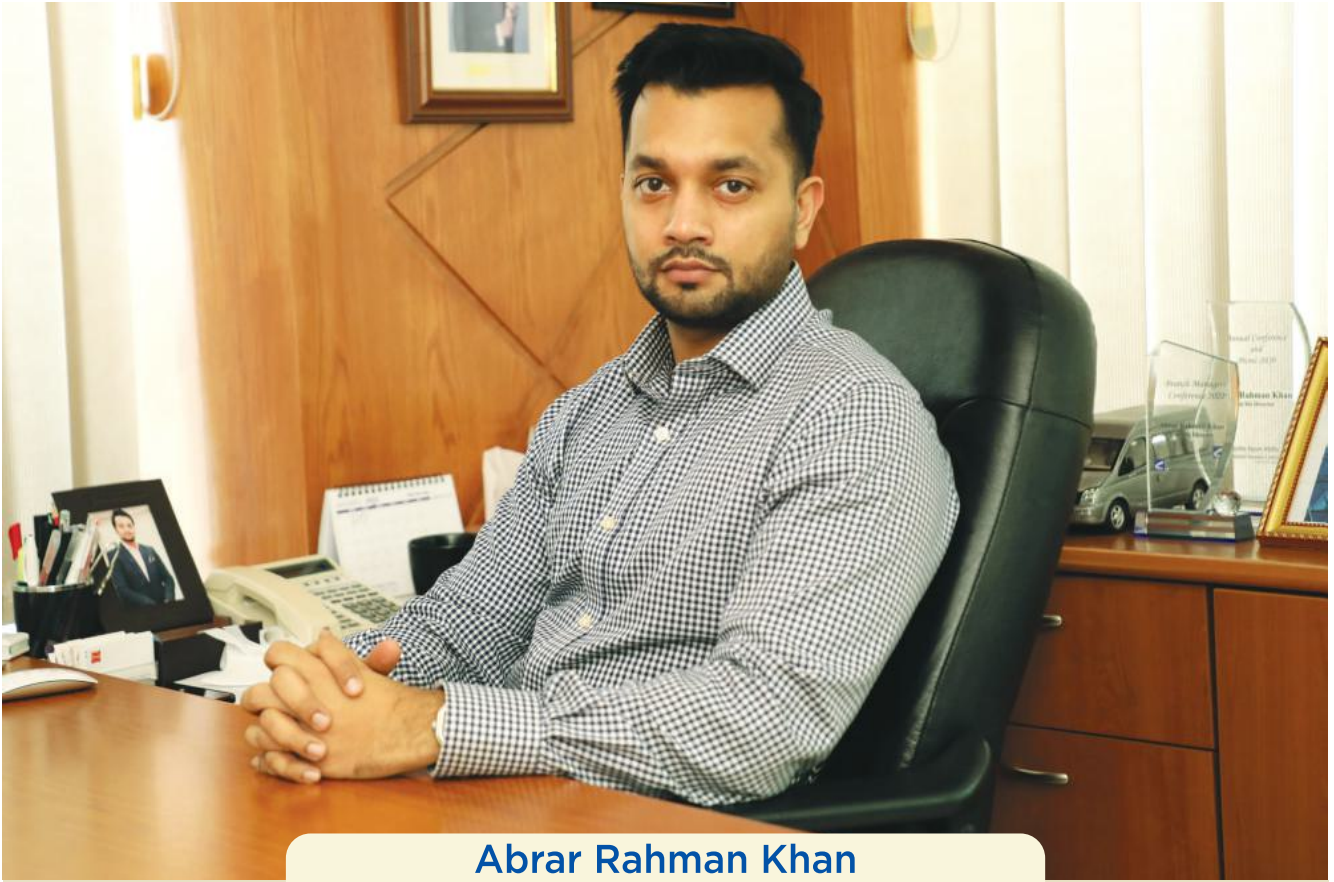
Khansons Group Cricket Tournament, December 2024



Victory Day Celebrate, 16 December 2024

Manufactured **Capital**





Abrar Rahman Khan
Director, Operation

“We focus on process efficiency to leverage our large production capacities effectively, and we also prioritize the continuous adoption of innovative measures to optimize manufacturing processes for quality, sustainability and efficiency.”

OUR MANUFACTURED CAPITAL

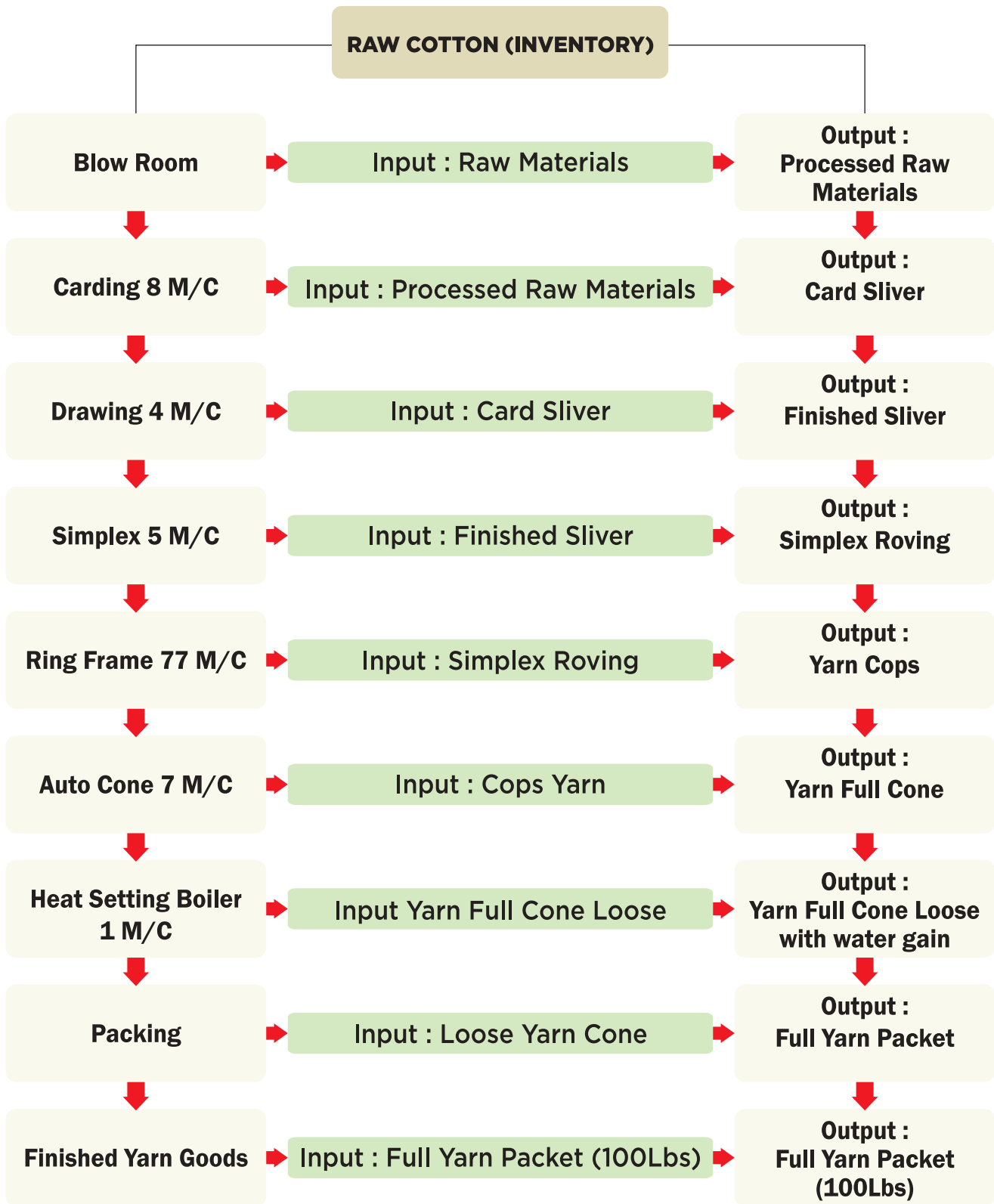
Statement on Manufacturing Excellence

“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 Sliver Hank CV% of Carding**
- 3 **Checking Sliver 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)**

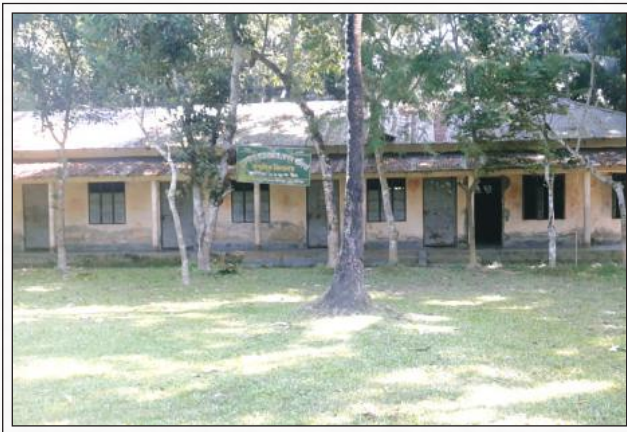
The Chairperson of Sonargaon Textiles Limited (STL) has established a degree college Uzirpur Alhazj Bonde Newaz Khan College in 1983. He has been continuously giving his best effort contributing financially which is located at Uzirpur, Barisal.

- **Educational Institution (School)**

The Chairperson of Sonargaon Textiles Limited (STL) has established also a Gilrs 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 LTD.** (“the Company”), which comprise the statement of financial position as at June 30, 2025, 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 material accounting policies Information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2025 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Qualified Opinion

1. We draw attention to the financial statements, the company reported inventories amounting of BDT 549,892,922 & PPE of BDT 684,487,647. At the year-end, the company was unable to facilitate our stock-taking procedures. Consequently, we were unable to verify the inventory & PPE balance through physical verification or by performing alternative procedures after the year-end. As a result, we could not obtain sufficient appropriate audit evidence to independently confirm the amount of inventories & PPE stated in the financial statements.
2. During the year, the company reported Purchase of Raw Materials worth BDT 140,665,886 (see note 11.01). However, the company conducted a significant portion of transactions in cash. Due to the unavailability of reliable information and the nature of these transactions, we were unable to verify their authenticity.
3. As disclosed in the note # 8.03 to the financial statements regarding Deferred Tax Liabilities, worth of BDT 57,776,842. We have observed that the management of the company did not considered the revalued amount of PPE at the time of calculation of Deferred Tax. Therefore, the Deferred Tax Liabilities figures reported may include some misstatement related to this balance.
4. As disclosed in the note # 9.01 of the financial statements regarding “Unclaimed /Unpaid Dividend” worth of BDT 1,560,103. 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 un distributed 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 of BDT 1,372,768 and 2022 of BDT 87,702 are lying unpaid during the year, also, we have observed that the total 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.
5. As disclosed in note # 9.03 of the financial statements regarding “Workers Profit Participation and Welfare Fund”, worth of BDT 1,001,817. In the course of the audit of the financial statements, we have observed that the company has not disbursed and utilized the funds 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 Financial Statements section of our report. We are independent of the Company in accordance with the International



Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 three of its financial institutions viz Bangladesh Development Bank Limited, Rupali Bank Limited and Mutual Trust Bank Ltd. (MTBL). A money suit was installed with the Artho Rin Adalat by BDBL, MTBL and Rupali Bank Limited has declared the loan as classified. 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.

1. We would like to draw your attention to note # 8.01, which describes the Company's on-going legal proceedings with three of its financial institutions, viz Bangladesh Development Bank Limited, Rupali Bank Limited, and Mutual Trust Bank Ltd. (MTBL). A money suit was installed with the Artho Rin Adalat by BDBL, MTBL, and Rupali Bank Limited has declared the loan as classified. 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. Our opinion is not modified on this regard.
2. We also draw attention to note # 8.01 of the financial statements in respect of Long-Term Loan (Non-Current Maturity), where the company explains the reasons for not making any interest provisions during the year. Our opinion is not modified on this regard.

Material Uncertainty Related to Going Concern

We draw attention to note # 2.06 to the financial statements as at June 30, 2025. The company has negative retained earnings of BDT 158,476,553, it also generated negative returns for its shareholders during the year. This situation raises concerns about the company's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

Key Audit Matters

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

| Key Audit Matter | How our audit addresses the Key Audit Matter |
|--|---|
| <p>Revenue Recognition</p> <p>Revenue of BDT 32.5 Crore (BDT 19.9 Crore for the year ended June 30, 2024) 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>Our audit procedures included:</p> <p>Understanding the process of estimating, recording, and reassessing going concern.</p> <ul style="list-style-type: none"> • 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. • Reviewing Invoices, and other supporting documentation to ensure revenue recognition is occurring appropriately. • Examine Payment documentation to ensure the completion of the revenue cycle is documented appropriately. |

Details of Revenue Recognition are included in Note 10.00 to the Financial Statements



Property, Plant & Equipment

The Company's PPE balance as of 30 June 2025 was BDT 68.45 Crore (BDT 71.99 Crore as of 30 June 2024). This represents 54.92% of the Total Assets of the Company (56% of the Company as of June 30, 2024). There is an estimation performed by management in regards to Asset useful life. Based on the requirement of estimates and the fact that this is a major asset category, this was determined to be a key audit matter.

Our audit procedures included:

- Obtain an understanding of the Company's internal controls, systems, and processes around PPE.
- We performed PPE addition procedures by obtaining supporting documentation, invoices, and payment support.
- We performed the reasonability of depreciation expenses charged by management to ensure accuracy and occurrence.
- Reviewed management's calculations to ensure it is free from no clerical errors.

Details of Property, Plant & Equipment have been included in Note 5.01 to the Financial Statements

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

Management is responsible for information other than financial statements and auditor's report. The other information comprises of the Director's Report, Corporate Governance Compliance Report, Business Responsibility & Sustainability Report and Management Discussion and Analysis. We expect to receive this other information after the date of our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, 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 of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), 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's 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 : 26 October, 2025
Place : Dhaka, Bangladesh
DVC: 2510260392AS742981

Ref: GKC/25-26/A/128



For and on behalf of
G. KIBRIA & CO.
Chartered Accountants
Firm's FRC Enlistment No. CAF-001-030


A.K. Gulam Kibria, FCA (# 392)
Partner

SONARGAON TEXTILES LIMITED
Statement of Financial Position
As at June 30, 2025

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | June 30, 2025 | June 30, 2024 |
| Property and Assets | | | |
| Non-Current Assets: | | | |
| Property, Plant and Equipment | 5.01 | 684,487,647 | 719,919,673 |
| Right of Use Asset | 5.02 | - | 506,259 |
| | 5.00 | 684,487,647 | 720,425,932 |
| Current Assets: | | | |
| Inventories | 6.01 | 549,892,922 | 536,728,251 |
| Advances, Deposits and Prepayments | 6.02 | 7,636,247 | 7,060,009 |
| Trade & Other Receivables | 6.03 | 13,568,689 | 16,073,446 |
| Investment in Shares | 6.04 | 1,569,450 | 1,569,450 |
| Cash and Cash Equivalent | 6.05 | 590,202 | 1,727,816 |
| | 6.00 | 573,257,510 | 563,158,972 |
| Total Property and Assets | | 1,257,745,156 | 1,283,584,904 |
| Shareholders' Equity and Liabilities | | | |
| Shareholders' Equity: | | | |
| 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 | 319,576,019 | 329,610,602 |
| Retained Earnings | 7.05 | (158,476,553) | (143,025,384) |
| | 7.00 | 485,703,595 | 511,189,348 |
| Non-Current Liabilities: | | | |
| Long Term Loan (Non -Current Maturity) | 8.01 | 672,404,220 | 672,404,220 |
| Lease Obligation Liability | 8.02 | - | 550,459 |
| Deferred Tax Liability | 8.03 | 57,776,842 | 70,457,673 |
| | 8.00 | 730,181,062 | 743,412,352 |
| Current Liabilities & Provisions: | | | |
| Unclaimed/Unpaid Dividend | 9.01 | 1,560,103 | 1,460,470 |
| Trade & Other Payables | 9.02 | 36,045,697 | 25,094,273 |
| Workers Profit Participation and Welfare Fund | 9.03 | 1,001,817 | 2,428,459 |
| Provision for Income Tax | 9.04 | 3,252,881 | - |
| | 9.00 | 41,860,499 | 28,983,202 |
| Total Shareholders' Equity & Liabilities | | 1,257,745,156 | 1,283,584,904 |
| Net Assets Value Per Share (NAVPS) | 16.00 | 18.35 | 19.31 |

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.


Pintu Sikder ACS
Company Secretary



Mohammad Monirul Islam Khan
Chief Financial Officer


(Bazlur Rahman)
Managing Director


(Rosy Rahman)
Director


(A.K.M Azizur Rahman)
Chairman

For and on behalf of
G. KIBRIA & CO.
Chartered Accountants
Firm's FRC Enlistment No. CAF-001-030


A.K. Gulam Kibria, FCA (# 392)
Partner

Dated : 26 October, 2025
Place : Dhaka, Bangladesh
DVC : 2510260392AS742981

Ref: GKC/25-26/A/128



SONARGAON TEXTILES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30th June, 2025

| Particulars | Notes | Amount in BDT | |
|---|-------|---------------------|---------------------|
| | | June 30, 2025 | June 30, 2024 |
| Sales (Revenue) | 10.00 | 325,288,124 | 199,200,723 |
| Less: Cost of Goods sold | 11.00 | (336,153,950) | (170,935,899) |
| Gross Profit /(Loss) | | (10,865,826) | 28,264,824 |
| Less: Operating Expenses : | | | |
| Administrative Expenses | 12.00 | (20,672,548) | (22,024,463) |
| Selling & Distribution Expenses | 13.00 | (190,422) | (632,075) |
| Total Operating Expenses | | (20,862,970) | (22,656,538) |
| Operating Profit/(Loss) | | (31,728,796) | 5,608,286 |
| Add: Non-Operating Income | | | |
| Other Income | 14.00 | 1,153,422 | 1,164,639 |
| Total Non-Operating Income | | 1,153,422 | 1,164,639 |
| Less: Non-Operating Expenses | | | |
| Financial Expenses | 15.00 | (98,844) | (222,176) |
| Total Non-Operating Expenses | | (98,844) | (222,176) |
| Net Profit/(Loss) before WPPF | | (30,674,218) | 6,550,749 |
| Less: Provision for WPPF & WWF | 9.03 | - | (311,940) |
| | | - | (311,940) |
| Net Profit/(Loss) before tax (G-H) | | (30,674,218) | 6,238,809 |
| Less: Provision for Income Tax | | | |
| Current Tax | 9.04 | (3,252,881) | (1,195,204) |
| Deferred Tax | 8.04 | 12,680,831 | 2,154,911 |
| Total Income Tax Expenses | | 9,427,950 | 959,707 |
| Net Profit/(Loss)after Tax | | (21,246,268) | 7,198,516 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | (21,246,268) | 7,198,516 |
| Earning Per Share (EPS) | 17.00 | (0.80) | 0.27 |

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


Pintu Sikder ACS
Company Secretary



Mohammad Monirul Islam Khan
Chief Financial Officer


(Bazlur Rahman)
Managing Director


(Rosy Rahman)
Director


(A.K.M Azizur Rahman)
Chairman

For and on behalf of
G. KIBRIA & CO.
Chartered Accountants
Firm's FRC Enlistment No. CAF-001-030


A.K. Gulam Kibria, FCA (# 392)
Partner

Dated : 26 October, 2025
Place : Dhaka, Bangladesh
DVC: 2510260392AS742981

Ref: GKC/25-26/A/128



SONARGAON TEXTILES LIMITED
Statement of Changes in Equity
For the year ended 30th June, 2025

Amount in BDT

| Particulars | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|--------------|
| As at 1 July, 2024 | 264,670,560 | 54,560,000 | 5,373,570 | 329,610,602 | (143,025,383) | 511,189,349 |
| Adjustment in Revaluation Reserve | - | - | - | (10,034,583) | 10,034,583 | - |
| Net profit/(Loss)- 2025 | - | - | - | - | (21,246,268) | (21,246,268) |
| Prior Year Tax Adjustment | - | - | - | - | (1,592,780) | (1,592,780) |
| Dividend 2024 | - | - | - | - | (2,646,705) | (2,646,705) |
| As at 30th June, 2025 | 264,670,560 | 54,560,000 | 5,373,570 | 319,576,019 | (158,476,553) | 485,703,596 |

SONARGAON TEXTILES LIMITED
Statement of Changes in Equity
For the year ended 30th June, 2024

Amount in BDT

| Particulars | Share Capital | Share Premium | Capital Reserve | Revaluation Reserve | Retained Earnings | Total |
|-----------------------------------|---------------|---------------|-----------------|---------------------|-------------------|-------------|
| As at 1 July, 2023 | 264,670,560 | 54,560,000 | 5,373,570 | 340,349,944 | (160,963,241) | 503,990,833 |
| Adjustment in Revaluation Reserve | - | - | - | (10,739,342) | 10,739,342 | - |
| Net profit/(Loss)- 2024 | - | - | - | - | 7,198,516 | 7,198,516 |
| As at 30th June, 2024 | 264,670,560 | 54,560,000 | 5,373,570 | 329,610,602 | (143,025,383) | 511,189,349 |

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


Pintu Sikder ACS
Company Secretary



Mohammad Monirul Islam Khan
Chief Financial Officer


(Bazlur Rahman)
Managing Director


(Rosy Rahman)
Director


(A.K.M Azizur Rahman)
Chairman

For and on behalf of
G. KIBRIA & CO.
Chartered Accountants
Firm's FRC Enlistment No. CAF-001-030


A.K. Gulam Kibria, FCA (# 392)
Partner

Dated : 26 October, 2025
Place : Dhaka, Bangladesh
DVC : 2510260392AS742981

Ref: GKC/25-26/A/128



SONARGAON TEXTILES LIMITED

Statement of Cash Flows

For the year ended 30th June, 2025

| Particulars | Amount in BDT | |
|---|--------------------|------------------|
| | June 30, 2025 | June 30, 2024 |
| A. Cash Flows from Operating Activities : | | |
| Collection from Turnover & Others | 327,792,881 | 183,127,277 |
| Payment to Suppliers and Employees | (325,330,649) | (183,050,769) |
| Cash Generated from Operation | 2,462,232 | 76,508 |
| Collection from Non-operation Income | 1,153,422 | 1,164,639 |
| Interest Paid | - | - |
| Income Tax paid | (2,206,197) | (491,311) |
| Net Cash Flows from Operating Activities | 1,409,458 | 749,836 |
| B. Cash Flows from Investing Activities : | | |
| Acquisition of property Plant & Equipment | - | - |
| Acquisition of Long Term Assets | - | - |
| Sale Proceeds of Long Term Assets | - | - |
| Net Cash Flows from Investing Activities | - | - |
| C. Cash Flows from Financing Activities : | | |
| Long Term Loan received | - | - |
| Short Term Loan Paid | - | - |
| Other Loans and Advances Received /(Paid) | - | - |
| Dividend Paid | (2,547,072) | - |
| Net cash flow from Financing Activities | (2,547,072) | - |
| Increase/(decrease) in Cash and Cash Equivalent (A+B+C) | (1,137,614) | 749,836 |
| Cash and Cash Equivalent at Opening | 1,727,816 | 977,980 |
| Unrealized gain or (loss) on foreign exchange fluctuation | - | - |
| Cash and Cash Equivalent at Closing | 590,202 | 1,727,816 |
| Net Operating Cash Flow Per Share (NOCFPS) | 18.00 | 0.05 |
| | | 0.03 |

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.


Pintu Sikder ACS
Company Secretary

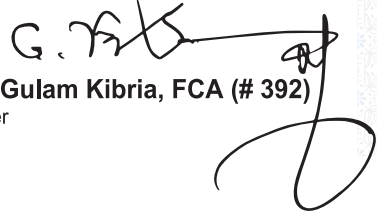

Mohammad Monirul Islam Khan
Chief Financial Officer


(Bazlur Rahman)
Managing Director


(Rosy Rahman)
Director


(A.K.M Azizur Rahman)
Chairman

For and on behalf of
G. KIBRIA & CO.
Chartered Accountants
Firm's FRC Enlistment No. CAF-001-030


A.K. Gulam Kibria, FCA (# 392)
Partner

Dated : 26 October, 2025
Place : Dhaka, Bangladesh
DVC: 2510260392AS742981

Ref: GKC/25-26/A/128



SONARGAON TEXTILES LIMITED

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

Notes to the Financial Statements for the year ended 30th June, 2025 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 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.

1.08 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, 2025;
- ◆ Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2025;
- ◆ Statement of Changes in Equity for the year ended 30th June, 2025;
- ◆ Statement of Cash Flows for the year ended 30th June, 2025;
- ◆ 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. | IFRS No. | IFRS 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.

2.09 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 2022-2023 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.

Ref: GKC/25-26/A/128

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, 2023 to 30th of June, 2024.

2.15 Approval of Financial Statements

The financial statements have been approved by the Board of Directors on the 26th day of October, 2024.

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 properly 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, 2024, 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 as 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

Cash flow statement is prepared in accordance with IAS 7: "Cash Flow Statement", as recommended by the Securities and Exchange Rules 1987. The cash flow statement shows the structure of and changes in cash and cash equivalents during the financial year. Cash and cash equivalents include notes and coins on hand, unrestricted 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 CNG 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.



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

5.00 Non-Current Assets

This is made up as follows:

5.01 Property, Plant & Equipment

5.02 Right of Use Asset

| | |
|--------------------|--------------------|
| 684,487,647 | 719,919,673 |
| - | 506,259 |
| 684,487,647 | 720,425,932 |

5.01 Property, Plant and Equipment

This is made up as follows :

At Cost:

Balance as 01.07.2024

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 .2024

Add: Charged during the year

| | |
|-------------|-------------|
| 755,624,824 | 717,577,747 |
| 35,432,027 | 38,047,078 |
| 791,056,851 | 755,624,825 |

Less: Disposal during the year

| | |
|-------------|-------------|
| - | - |
| 791,056,851 | 755,624,825 |

Written Down Value as on 30.06.2025

| | |
|--------------------|--------------------|
| 684,487,647 | 719,919,673 |
|--------------------|--------------------|

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 01.07.2024

Add: Addition during the year

| | |
|-----------|-----------|
| 1,518,777 | 1,518,777 |
| - | - |
| 1,518,777 | 1,518,777 |

Less: Disposal during the year

| | |
|------------------|------------------|
| - | - |
| 1,518,777 | 1,518,777 |

Less: Accumulated Depreciation :

Balance as on 01.07.2024

Add: Charged during the year

| | |
|-----------|-----------|
| 1,012,518 | 1,012,518 |
| 506,259 | 506,259 |
| 1,518,777 | 1,518,777 |

Less: Disposal during the year

| | |
|-----------|-----------|
| - | - |
| 1,518,777 | 1,012,518 |

Written Down Value as on 30.06.2025

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

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 Equivalentents

| | |
|--------------------|--------------------|
| 549,892,922 | 536,728,251 |
| 7,636,247 | 7,060,009 |
| 13,568,689 | 16,073,446 |
| 1,569,450 | 1,569,450 |
| 590,202 | 1,727,816 |
| 573,257,510 | 563,158,971 |

Ref: GKC/25-26/A/128



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

6.01 Inventories

This is made up as follows :

| | | |
|-------------------------------|--------------------|--------------------|
| Raw Cotton (Note No.11.01) | 145,965,500 | 148,087,143 |
| Finished Goods (Note No.11) | 398,467,411 | 384,011,367 |
| Work in Process (Note No. 11) | 2,090,000 | 1,923,540 |
| Waste Cotton (Note No.11) | 2,778,371 | 2,114,340 |
| Spare Parts | 377,890 | 375,985 |
| Packing Materials | 213,750 | 215,876 |
| | 549,892,922 | 536,728,251 |

- (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, 2025;
- (iii) The policy to keep provision for impairment of inventory has been obtained;
- (iv) There is no damage goods or slow moving item in the inventory;

6.02 Advance, Deposits & Prepayments

This is made up as follows :

| | | |
|---------------------------------|------------------|------------------|
| Advance Income Tax Note 6.2.1 | 3,251,907 | 2,638,490 |
| Security Deposit Note 6.2.2 | 3,853,540 | 3,853,540 |
| Advance against Salary | 530,800 | 567,979 |
| VAT/Excise duty paid in advance | - | - |
| | 7,636,247 | 7,060,009 |

6.2.1 Advance Income Tax

This is made up as follows:

| | | |
|---|------------------|------------------|
| Opening Balance | 2,638,490 | 3,342,384 |
| Less : Previous year provision for Taxation | - | - |
| | 2,638,490 | 3,342,384 |

Add: Current year Tax deducted at sources :

| | | |
|---|------------------|------------------|
| Income Tax paid as advance | | |
| On Export proceeds | 320,227 | 261,868 |
| On Bank Interest | 2,217 | 970 |
| On Car | 62,500 | - |
| On Dividend | 228,473 | 228,473 |
| | 3,251,907 | 3,833,694 |
| Less : During the year provision for Taxation | - | 1,195,204 |
| | 3,251,907 | 2,638,490 |

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 (BTTB) | 125,500 | 125,500 |
| BTME (Special Fund) | 99,040 | 99,040 |
| | 3,853,540 | 3,853,540 |

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

| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

6.03 Trade & Other Receivables

This is made up as follows :

| Name | Address | Amount in BDT | |
|-------------------|---------|-------------------|-------------------|
| R B Trade Link | | 12,968,689 | - |
| Ariyan Spinning | | - | 14,564,816 |
| Export Unrealized | | - | 1,508,630 |
| | | 12,968,689 | 16,073,446 |

- (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, 2025 are the Shares of Central Depository BD Ltd. (CDBL), held at cost:

| | |
|------------------|------------------|
| 1,569,450 | 1,569,450 |
| 1,569,450 | 1,569,450 |

The Company holds shares of Central Depository Bangladesh Ltd. (CDBL) which are measured at cost as on 30th June, 2025.

6.05 Cash and Cash Equivalent

This is made up as follows :

| | | |
|----------------------------|----------------|------------------|
| Cash in hand | 262,870 | 148,059 |
| Cash at Bank (Note-6.05.1) | 327,332 | 1,579,757 |
| | 590,202 | 1,727,816 |

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. | Kawran Bazar | 107-120-2912 | 4,281 | 190,633 |
| National Bank Ltd. | Narayangonj | 1010000642300 | 464 | 1,384 |
| Social Islami Bank Ltd. | Narayangonj | 0661330007288 | 396 | 929,886 |
| Social Islami Bank Ltd. | Karwan Bazar | 0871360000232 | 146 | 52,447 |
| Social Islami Bank Ltd. | Karwan Bazar | 0871330004209 | 23,204 | 34,405 |
| Social Islami Bank Ltd. | Barisal | 0731330006555 | 1,828 | 3,093 |
| Basic Bank Ltd. | Main Branch | 216010000398 | 8,009 | 8,924 |
| Rupali Bank Ltd. | Local Office | 18024000171 | 25,982 | 27,132 |
| Dutch Bangla Bank Ltd. | Motijheel Foreign Exc. | 1051201231 | 2,000 | 113,443 |
| Pubali Bank Ltd. | Barishal | 0374901060680 | 16,358 | 10,431 |
| Pubali Bank Ltd. | Karwan Bazar | 0557901051294 | 38,879 | 1,701 |
| Dutch Bangla Bank Ltd. | Barisal | 127110855 | 205,785 | 206,280 |
| | | | 327,332 | 1,579,757 |

7.01 Share Capital :

Authorized Share Capital:

50,000,000.00 Ordinary Shares of Tk. 10/- each.

| | |
|--------------------|--------------------|
| 500,000,000 | 500,000,000 |
| 500,000,000 | 500,000,000 |

Ref: GKC/25-26/A/128



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

Ordinary Shares Capital:

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

264,670,560

264,670,560

Sponsors Shares 11,764,497 of Tk. 10/- each

117,644,970

117,644,970

General Public Shares 12,300,084 of Tk. 10/- each

123,000,840

138,416,720

Institutions Shares 2,324,364 of Tk. 10/- each

23,243,640

8,256,250

Non Residence Shares 78,111 of Tk. 10/- each

781,110

352,620

264,670,560

264,670,560

The position of Ordinary Shareholders as on 30th June, 2025 was as follows:

| Particulars | No. of Share Holders | No. of Shares | Amount in BDT 2025 | Amount in BDT 2024 |
|--|----------------------|-------------------|--------------------|--------------------|
| a) 11,764,497 ordinary shares of Tk.10/- each Paid by sponsors | 7 | 11,764,497 | 117,644,970 | 117,644,970 |
| Sub Total | 7 | 11,764,497 | 117,644,970 | 117,644,970 |
| b) Group Summary of Other Shareholders Description of the Group : | | | | |
| i) Institutions (ICB & others) | 151 | 2,324,364 | 23,243,640 | 8,256,250 |
| ii) General Public | 3,519 | 12,300,084 | 123,000,840 | 138,416,720 |
| iii) Non residence NRB | 12 | 78,111 | 781,110 | 352,620 |
| Sub Total | 3,682 | 14,702,559 | 147,025,590 | 147,025,590 |
| Grand Total | 3,689 | 26,467,056 | 264,670,560 | 264,670,560 |

7.02 Capital Reserve

This is as per last account.

5,373,570

5,373,570

7.03 Share Premium

This is as per last account.

54,560,000

54,560,000

7.04 Revaluation Reserve

This is made up as follows :

Balance as on 01.07.2024

329,610,602

340,349,944

Prior Year Error Correction

-

-

Adjusted Opening Balance

329,610,602

340,349,944

Less: Adjustment for depreciation for this year

(10,034,583)

(10,739,342)

319,576,019

329,610,602

This amount represents as per last years accounts

7.05 Retained Earnings

This is made up as follows :

Balance as on 01.07.2024

(143,025,383)

(160,963,242)

Add: Revaluation Reserve

10,034,583

10,739,342

Add: Profit/(Loss) after Tax

(21,246,268)

7,198,516

(154,237,068)

(143,025,384)

Less : Adjustment during the year

(1,592,780)

-

Less : Dividend 2024

(2,646,705)

-

(158,476,553)

(143,025,384)

Ref: GKC/25-26/A/128



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

8.00 Non-Current Liabilities

This is made up as follows:

| | | |
|--|--------------------|--------------------|
| 8.01 Long Term Loan (Non-Current Maturity) | 672,404,220 | 672,404,220 |
| 8.02 Lease Obligation Liability | - | 550,459 |
| 8.03 Deferred Tax Liability | 57,776,842 | 70,457,673 |
| | 730,181,062 | 743,412,352 |

8.01 Long Term Loan (Non-Current Maturity)

This is made up as follows :

| | | |
|---------------------------------------|--------------------|--------------------|
| BDBL Term Loan # 00027 | 303,425,627 | 303,425,627 |
| MTBL-Term loan-3 | 1,203,225 | 1,203,225 |
| Rupali Bank Loan account (Principal) | 367,775,368 | 367,775,368 |
| Grand Total (Unit 1+2+3) | 672,404,220 | 672,404,220 |

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 exists.

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 taka.301,774,886/- in 2019 for 10 years .The company is however continuing liaison with the bank authority for an amicable settlement within some Tk.20 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 Taka.8 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

| | | |
|-------------------------------|----------------|------------------|
| Opening Balance | 550,459 | 1,055,467 |
| Add: Addition during the year | - | - |
| | 550,459 | 1,055,467 |
| Add: Finance | 49,541 | 94,992 |
| Less: Payment | 600,000 | 600,000 |
| Closing Balance | - | 550,459 |
| Less: Transferred to current | - | - |
| | - | 550,459 |

8.03 Deferred Tax Liabilities

This is made up as follows:

| | | |
|----------------------------------|-------------------|-------------------|
| Balance as on 01.07.2024 | 70,457,673 | 72,612,584 |
| Add: Addition during the year | - | - |
| | 70,457,673 | 72,612,584 |
| Less: Adjustment during the year | (12,680,831) | (2,154,911) |
| | 57,776,842 | 70,457,673 |

Ref: GKC/25-26/A/128

| Note | Particulars | Amount in BDT | |
|---------------|--|-------------------|-------------------|
| | | June 30, 2025 | June 30, 2024 |
| 9.00 | Current Liabilities & Provisions | | |
| | This is made up as follows: | | |
| | 9.01 Unclaimed /Unpaid Dividend | 1,560,103 | 1,460,470 |
| | 9.02 Trade & Other Payables | 36,045,697 | 25,094,273 |
| | 9.03 Workers Profit Participation and Welfare Fund | 1,001,817 | 2,428,459 |
| | 9.04 Provision for Income Tax | 3,252,881 | - |
| | | 41,860,499 | 28,983,202 |
| 9.01 | Unclaimed /Unpaid Dividend | | |
| | This is made up as follows : | | |
| | Balance as on 01.07.2024 | 1,460,470 | 1,460,470 |
| | Add: Addition during the year | 2,646,705 | - |
| | | 4,107,175 | 1,460,470 |
| | Less: Adjustment during the year | 2,547,072 | - |
| | Balance as on 30.06.2025 | 1,560,103 | 1,460,470 |
| | Ageing: | | |
| | For 2019 | 1,372,768 | 1,372,768 |
| | For 2022 | 87,702 | 87,702 |
| | For 2024 | 99,633 | - |
| | | 1,560,103 | 1,460,470 |
| | Dividend 2024- | | |
| | Dividend Declared | 2,646,705 | |
| | Paid during the year | 2,547,072 | |
| | Unpaid Dividend | 99,633 | |
| 9.02 | Trade & Other Payables | | |
| | This is made up as follows : | | |
| | Accrued Expenses Payable Note 9.02.1 | 15,262,187 | 16,411,332 |
| | Payable to Intercompany Transaction (short time) | 10,820,000 | - |
| | Trade Payables Note 9.02.2 | 9,963,510 | 8,682,941 |
| | | 36,045,697 | 25,094,273 |
| 9.02.1 | Accrued Expenses Payable | | |
| | This is made up as follows : | | |
| | Electricity Bill | 7,963,140 | 11,783,394 |
| | Salary & Wages | 5,495,287 | 3,186,104 |
| | Salary & Allowance Employees | 808,760 | 1,046,834 |
| | Office Rent | 650,000 | 50,000 |
| | Audit fees | 345,000 | 345,000 |
| | | 15,262,187 | 16,411,332 |

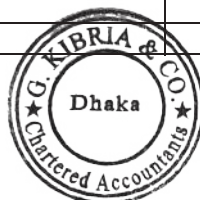


9.02.2 Schedule of Trade Payables

This is made up as follows :

| Name | Address | Amount in BDT | |
|--------------------------------------|---|---------------|---------|
| P.N Enterprise | 2, S.M Maleh Road, Tanbazar ,N.gonj | 44,752 | 44,752 |
| Ratan Enterprise | 103 S.M Maleh Road, Tanbazar ,N.gonj | 464,326 | 464,326 |
| Tex trade | Banasree, Rampura, Dhaka | 156,414 | 156,414 |
| 3 Star Technology | Banasree, Rampura, Dhaka | 28,750 | 28,750 |
| Adib Enterprise | Plot # 16, Block # D, Mill Gate, Tongi, Dhaka | 72,576 | 72,576 |
| AD Media Printers | Panir Tank Goli, Fakirapul, Arambag | 114,039 | 134,039 |
| Airtech Compressor | Dhamrai, Manikgonj | 207,000 | 207,000 |
| A.I.S. Enterprise | Shop # 35,125, Iqble Road,M.pur , | 35,795 | 35,795 |
| AR Tech Solution BD | Sector-3, Uttara, Dhaka | - | - |
| Axis Textile Engineering | H # 2, L # 13,B # A,Sec- | 27,700 | 27,700 |
| Azad Store | 69, B.B. Road, Ukil para,Dhaka | 84,983 | 84,983 |
| Aziz Packaging Ltd. | Vulta, Narayangonj | 270,000 | 270,000 |
| Babul Khan Enterprise | Madhobdi, Norosindhi | 30,000 | 55,000 |
| Bengal Roots | New Airport Road, Farmgate, | 5,450 | 5,450 |
| Bijoytex Engineering | Purana Palton, Dhaka | 34,750 | 34,750 |
| Best Technology | Uttara, Dhaka | 60,000 | 60,000 |
| China Plastics BD. LTD. | Gulshan 2, Dhaka | 86,200 | 200 |
| Dawood Sultan & Co | Begun Bari, Tejgaon, Dhaka | 140,000 | 140,000 |
| EnCon Engineering Limited | Elephant Road Dhaka | 65,850 | 105,850 |
| Energy Control & Eng. Ltd | Eskaton, Dhaka | 15,403 | 15,403 |
| Euro Trade | Road#7Block#plot#52,Eastern | 754,969 | 568,517 |
| Forman Enterprise | Bangshal, Dhaka | 81,000 | 81,000 |
| Friends Electric House | Noor Electric Market, Nawabpur, | 8,498 | 8,498 |
| Gazi Tanks | Sonir Adhra, Jatrabari, Dhaka | 8,200 | 8,200 |
| H.A Enterprise | Chasara, Narayangonj | 483,356 | 136,000 |
| Humayra Paper Cone & Packing | Faisal Tower, Gulshan Avenue, Dhaka | 1,208,196 | 774,764 |
| IC System & Service | Muscot Plaza, Azampur, Dhaka | 23,000 | 23,000 |
| ISRA Trade & Services Bangladesh | Motijheel Dhaka | 187,500 | 36,500 |
| Jusna Enterprise | Narayangonj | 80,000 | 80,000 |
| Khan Enterprise | Nawabpur, Dhaka | 253,250 | 253,250 |
| Lipika | Krishi Market, Mohammadpur, Dhaka | 259,017 | 259,017 |
| Lubricants Asia Ltd. | Rampura, Dhaka | 50,804 | 50,804 |
| Maas Erectors 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 | 105,363 | 121,563 |
| Mashud International | Shymoli, Dhaka | 139,000 | 139,000 |
| Mask Engineering | Chasara, Narayangonj | 30,500 | 30,500 |
| Masum Enterprise | Shop # 6,107, Nawabpur Road, Dhaka | 25,745 | 25,745 |
| Meem Enterprise | Madhobdi, Norosindhi | 97,875 | 97,875 |
| Minha Tex International | Basansree, Rampura, Dhaka | 53,400 | 53,400 |
| Motin Care Limited | Uttara, Dhaka | 97,800 | 97,800 |
| M.S Enterprise | Madhobdi, Norosindhi | 219,330 | 147,640 |
| M/S M Hossain Engineering Workshop | Zatrabari, Dhaka | 42,300 | 42,300 |
| M/s Sajib Enterprise | Madhobdi, Norosindhi | 329,210 | 302,210 |
| New Bangla Technical Support Center. | Madhobdi, Narshindi | 157,000 | 157,000 |
| Oishi Enterprise | Panthopoth, Dhaka | 212,600 | 212,600 |
| Pacific Trading | 128 Nawabpur, Dhaka | 150,337 | 150,337 |
| P.N. International | Chasara, Narayangonj | 110,000 | 110,000 |
| Popular Traders (N.Gonj) | 46/1 Old Jimkhana, Narayangonj | 206,341 | 206,341 |
| Power Tech Engineering Works | Uttara, Dhaka | 12,000 | 12,000 |
| Prime Power Solution | Darrushsalam, Dhaka | 9,400 | 9,400 |
| Quality Traders | Nawabpur, Dhaka | 234,020 | 234,020 |
| Ringtex Engineering | Kaligonj, Dhaka | 22,800 | 22,800 |

Ref: GKC/25-26/A/128



| | | | |
|---------------------------------|---|------------------|------------------|
| Riyad Light House | 128 Nawabpur, Dhaka | 91,440 | 91,440 |
| Rumman Spring & Eng. Works | 128, Bonogram, Nawabpur Road, Dhaka | 113,669 | 90,330 |
| Sail International Ltd | Gulshan 1, Dhaka | 420,800 | 420,800 |
| Sardar Corporation | Uttara, Dhaka | 1,375 | 1,375 |
| Satata Enterprise | Kakrail, Dhaka | 66,245 | 66,245 |
| Shabbir Automation Technologies | Hazicamp, Dhaka | 66,000 | 66,000 |
| Shahell Mechatronics Ltd. | Uttara, Dhaka | 20,295 | 20,295 |
| Sinobangla Industries Ltd. | CR Datta Road, Panthapath, Dhaka | 39,071 | 39,071 |
| S M Paper Cone | Tongi, Gazipur | 238,000 | 238,000 |
| S M Textech | Azampur, Uttara, Dhaka | 1,780 | 1,780 |
| Solution Technology | Mirpur 1, Dhaka | 123,500 | 123,500 |
| Simul Traders | 63/A, Railway Commercial Plot, Shajahanpur, Dhaka | 102,806 | 102,806 |
| Southern Multi Pack | BASIC, Barisal | 415,800 | 415,800 |
| Standard Spring Industries | 78, Nawabpur Road, Dhaka | 24,350 | 24,350 |
| Sumon Joint Store | Nawabpur, Dhaka | 50,500 | 50,500 |
| Sutex International | Mowchalk, Dhaka | 62,100 | 6,600 |
| Texmate Engineering | Jashimuddin, Uttara | 26,495 | 26,495 |
| Texlub Resource | Uttara, Dhaka | 118,900 | 118,900 |
| Trade Way International | Paltan, Dhaka | 35,400 | 35,400 |
| Triad International | Bijoy Nagar, Dhaka | 8,000 | 8,000 |
| United Trade Center | Jasimuddin, Uttara | 95,650 | 95,650 |
| Yousuf Traders | KB Road, Dhaka | 3,290 | 3,290 |
| Z3 Automation Engineering | Malibug, Dhaka | 37,000 | 37,000 |
| ZerOne BD Ltd. | Shymoli, Dhaka | 37,305 | 37,305 |
| ZSZ Engineering | Hat Khula Road, Motijheel, Dhaka | 15,890 | 15,890 |
| | | 9,963,510 | 8,682,941 |

9.03 Workers Profit Participation and Welfare Fund

This is made up as follows:

Balance as on 01.07.2024

Add: Addition during the year

Less: Adjustment during the year

| | |
|------------------|------------------|
| 2,428,459 | 2,116,519 |
| - | 311,940 |
| 2,428,459 | 2,428,459 |
| (1,426,642) | - |
| 1,001,817 | 2,428,459 |

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.

WPPF

Calculation:

Workers Profit Participation Fund (5% on Profit before WPPF)

-

Allocation of

WPPF (80:10:10):

Profit Participation

Welfare Fund

Bangladesh Workers Welfare Fund Foundation

-

-

-

-



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

9.04 Provision for Income Tax

This is made up as follows:

| | | |
|---|------------------|------------------|
| Balance as on 01.07.2024 | - | - |
| Add: during the year | 3,252,881 | 1,195,204 |
| Balance after addition | 3,252,881 | 1,195,204 |
| Less : Adjustment Previous year Advance Tax | - | - |
| Less : Adjustment During the year Advance Tax | - | (1,195,204) |
| | 3,252,881 | - |

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:

Current Year Tax Calculation

| | | |
|---|------------------|------------------|
| Tax on profit | (4,601,133) | 935,821 |
| Minimum Tax as per Section 82/C: 1% of Revenue [B]: | 3,252,881 | 1,195,204 |
| Tax: Deducted at Source [C] | 613,417 | 261,868 |
| Tax Provision | 3,252,881 | 1,195,204 |

| Income Year | Assessment Year | Status |
|-------------|-----------------|--|
| 2017-2018 | 2018-2019 | Income Tax Return Submitted Under Section 82BB of ITO 1984 |
| 2018-2019 | 2019-2020 | Income Tax Return Submitted Under Section 82BB of ITO 1984 |
| 2019-2020 | 2020-2021 | Income Tax Return Submitted Under Section 82BB of ITO 1984 |
| 2020-2021 | 2021-2022 | Income Tax Return Submitted Under Section 82BB of ITO 1984 |
| 2021-2022 | 2022-2023 | Income Tax Return Submitted Under Section 82BB of ITO 1984 |
| 2022-2023 | 2023-2024 | Income Tax Return Submitted Under Section 180 ITA 2023 |
| 2023-2024 | 2024-2025 | Income Tax Return Submitted Under Section 180 ITA 2023 |

10.00 Sales (Revenue)

This is made up as follows :

| Particulars | 30.06.2025 | | 30.06.2024 | |
|---|------------------|--------------------|------------------|--------------------|
| | Qty. Lbs | Taka | Qty. Lbs | Taka |
| Export of Yarn/Local Sales of Yarn/Waste cotton/Stock Lot | 1,845,590 | 326,298,604 | 1,578,195 | 199,217,241 |
| Less: VAT on Sales & Sales of Waste Cotton | | (1,010,480) | - | (16,518) |
| Total Turnover (Net) | 1,845,590 | 325,288,124 | 1,578,195 | 199,200,723 |



Ref: GKC/25-26/A/128



| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

11.00 Cost of Goods Sold

This is made up as follows :

| Particulars | Quantity | Amount in BDT | |
|--|------------------|--------------------|--------------------|
| | Lbs | 30.06.2025 | 30.06.2024 |
| WIP as on 01.07.2024 | 14,356 | 1,923,540 | 2,963,590 |
| Add: Raw Cotton Input (Note-11.01) | 1,607,241 | 142,787,529 | 33,761,896 |
| | 1,621,597 | 144,711,069 | 36,725,486 |
| Less :WIP as on 30.06.2025 | 19,420 | 2,090,000 | 1,923,540 |
| Wastage recovery | 35,844 | 2,778,371 | 2,114,340 |
| | 55,264 | 4,868,371 | 4,037,880 |
| Raw Material Consumed | 1,566,333 | 139,842,698 | 32,687,606 |
| Add: Factory Overhead (Note-11.02) | | 210,767,296 | 191,425,187 |
| Cost of Production | 1,566,333 | 350,609,994 | 224,112,793 |
| Add: Stock of Yarn as on 01.07.2024 | 3,183,549 | 384,011,367 | 330,834,473 |
| | 4,749,882 | 734,621,361 | 554,947,266 |
| Less: Stock of Yarn as on 30.06.2025 (Note-11.3) | 2,903,542 | 398,467,411 | 384,011,367 |
| Cost of Goods Sold | 1,846,340 | 336,153,950 | 170,935,899 |

11.01 Raw Cotton Input

This amount comprises as follows :

| Particulars | 30.06.2025 | | 30.06.2024 | |
|--|------------------|--------------------|------------------|--------------------|
| | Quantity (lbs) | Value | Quantity (lbs) | Value |
| Stock of Raw cotton as on 01.07.2024 | 1,041,809 | 148,087,143 | 981,024 | 170,633,716 |
| Add : Raw cotton purchased during the year | 1,299,061 | 140,665,886 | 244,510 | 11,215,323 |
| | 2,340,870 | 288,753,029 | 1,225,534 | 181,849,039 |
| Less : Closing Stock of raw cotton | 733,629 | 145,965,500 | 1,041,809 | 148,087,143 |
| Stock of slow moving raw materials written off | - | - | - | - |
| Stock of raw materials sales waste | - | - | - | - |
| Stock of raw cotton as on 30.06.2025 | 733,629 | 145,965,500 | 1,041,809 | 148,087,143 |
| Input of Raw cotton during the year | 1,607,241 | 142,787,529 | 183,725 | 33,761,896 |

11.02 Factory Overhead

This amount comprises as follows :

| Particulars | Amount in BDT | |
|---|--------------------|--------------------|
| | 30.06.2025 | 30.06.2024 |
| Salary & allowance and wages (Note: 11.02.1) | 55,216,687 | 48,396,514 |
| Bonus | 4,081,991 | 3,460,487 |
| Carriage Inward | 423,516 | 147,601 |
| Electricity | 113,949,489 | 100,415,875 |
| Spare Parts | 2,125,425 | 1,140,965 |
| Packing Materials | 694,321 | 932,835 |
| Oil & lubricant | 307,850 | 271,359 |
| Overtime expenses | 291,179 | 364,949 |
| Repair & Maintenance | 486,044 | 266,691 |
| Leave benefits & gratuity | 593,329 | 1,024,599 |
| Depreciation (Schedule-4/A) | 32,597,465 | 35,003,312 |
| Total | 210,767,296 | 191,425,187 |

| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

11.02.1 Salary, Allowances and Wages

This amount comprises as follows :

| Particulars | 30.06.2025 | | 30.06.2024 | |
|------------------------------|------------|-------------------|--------------|-------------------|
| | Employees | Taka | Employees | Taka |
| a) Up to Tk. 3,000 Per Month | - | - | - | - |
| b) Above Tk. 3,000 Per Month | 739 | 55,216,687 | 1,055 | 48,396,514 |
| | 739 | 55,216,687 | 1,055 | 48,396,514 |

11.03 Stock of Yarn

This is made up as follows :

| Particulars | 30.06.2025 | 30.06.2024 |
|---|------------------|------------------|
| | Quantity | Quantity |
| Opening balance | 3,183,549 | 3,103,997 |
| Add: Production during the | 1,490,000 | 1,655,552 |
| | 4,673,549 | 4,759,549 |
| Less: Sales during the year : | | - |
| Export of Yarn/Local Sales of Yarn/Waste cotton/ Stock lot Sale | 1,770,007 | 1,576,000 |
| Closing Stock | 2,903,542 | 3,183,549 |

12.00 Administrative Expenses

This is made up as follows:

| Particulars | Amount in BDT | |
|-------------------------------------|---------------|------------|
| | 30.06.2025 | 30.06.2024 |
| Salary & Allowances (Note-12.01) | 10,146,340 | 12,308,756 |
| Overtime | 10,302 | 7,867 |
| Bonus (Note - 12.01) | 817,620 | 853,640 |
| Board Meeting fee | 135,000 | 105,000 |
| Conveyance | 204,795 | 114,673 |
| Traveling & conveyance | 211,140 | 182,086 |
| Printing & Stationery | 205,353 | 46,383 |
| Vehicle Maintenance | 556,643 | 43,660 |
| Cleaning expenses | 149,190 | 78,700 |
| Subscription (BTMA) | 198,112 | 4,800 |
| Subscription (BCI & BAPLC) | 262,000 | - |
| Newspaper & Periodicals | - | 500 |
| Postage & Courier | 156,051 | 124,781 |
| Entertainment | 267,074 | 105,170 |
| Electricity | - | 180,874 |
| Legal Fees & Others | 743,027 | 380,000 |
| Gardening | 3,825 | 4,140 |
| Ifter bill | 240,375 | 242,180 |
| Telephone & Mobile Bill | 163,208 | 54,143 |
| License & renewals | 53,676 | 19,262 |
| Advertisement | 109,250 | 71,596 |
| WASA Bill/Water Bill | - | 4,233 |
| Internet connection (Wi-Fi) | 66,000 | 52,500 |
| Data Connectivity Solution (Telnet) | 22,000 | 24,000 |
| Caring & Handling | - | 148,837 |
| Miscellaneous Expenses | 207,850 | 170,188 |

Ref: GKC/25-26/A/128

| Note | Particulars | Amount in BDT | |
|------|--|-------------------|-------------------|
| | | June 30, 2025 | June 30, 2024 |
| | Office Rent - IFRS 16 - ROU Asset Amortization | 506,259 | 506,259 |
| | Office Rent - VAT | - | 90,000 |
| | Office expenses | 64,716 | 23,820 |
| | Donation & others | 67,963 | 44,000 |
| | Insurance Premium | 548,185 | - |
| | Group Insurance | 26,550 | 25,245 |
| | Repairs & maintenance (Building) | 106,067 | 591,994 |
| | Repairs & maintenance (Others) | 103,670 | 101,275 |
| | AGM Expenses | 486,240 | 416,855 |
| | Audit fees | 345,000 | 345,000 |
| | Leave benefits | 218,079 | 987,145 |
| | Subscription for DSE,CSE& Others | 264,672 | 397,005 |
| | E-mail expenses/IT | 27,000 | - |
| | Medical expenses | 53,002 | 34,960 |
| | Training expenses | 1,500 | 12,500 |
| | Welfare | 29,455 | 31,617 |
| | Depreciation (Schedule-4/A) | 2,834,562 | 3,043,766 |
| | Website Maintenance | 43,150 | - |
| | Yarn Test | 6,955 | 12,000 |
| | Sundry expenses | 10,692 | 33,053 |
| | Total | 20,672,548 | 22,024,463 |

12.01 Salaries, Allowances & Bonus

This amount comprises as follows :

| Particulars | 30.06.2025 | | 30.06.2024 | |
|------------------------------|------------|-------------------|------------|-------------------|
| | Employees | Taka | Employees | Taka |
| a) Up to Tk. 3,000 Per Month | - | - | - | - |
| b) Above Tk. 3,000 Per Month | 62 | 10,156,642 | 90 | 12,316,623 |
| | 62 | 10,156,642 | 90 | 12,316,623 |

13.00 Selling & Distribution Expenses

| Particulars | Amount in BDT | |
|--|----------------|----------------|
| | 30.06.2025 | 30.06.2024 |
| Carriage outward & Discount / VAT Excise duty & Yarn Loading | 190,422 | 632,075 |
| Total | 190,422 | 632,075 |

14.00 Non-Operating Income

This amount comprises as follows :

| | | |
|-----------------------------|------------------|------------------|
| Dividend Received from CDBL | 1,142,364 | 1,142,364 |
| Realised Gain | - | 15,981 |
| Interest Income | 11,058 | 6,294 |
| | 1,153,422 | 1,164,639 |

15.00 Financial Expenses

This amount comprises as follows :

| Particulars | Amount in BDT | |
|--|---------------|----------------|
| | 30.06.2025 | 30.06.2024 |
| Financial Expense - IFRS 16 Lease Obligation | 49,541 | 94,992 |
| Realized (gain) or Loss in foreign exchange | 2,235 | 66,363 |
| Bank charges, commission & others | 47,068 | 60,821 |
| Total | 98,844 | 222,176 |

| Note | Particulars | Amount in BDT | |
|------|-------------|---------------|---------------|
| | | June 30, 2025 | June 30, 2024 |

16.00 Net Assets Value Per Share (NAVPS)

| | | |
|-----------------------------|--------------|--------------|
| Net Assets | 485,703,595 | 511,189,348 |
| Number of Ordinary Shares | 26,467,056 | 26,467,056 |
| Net Assets Value Per | 18.35 | 19.31 |

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

17.00 Earning Per Share (EPS)

| | Profit Attributable to Shareholders | |
|--|-------------------------------------|-------------|
| | Number of Ordinary Shares | |
| Profit Attributable to Ordinary Shareholders | (21,246,268) | 7,198,516 |
| Number of Ordinary Shares | 26,467,056 | 26,467,056 |
| Earning Per Share (EPS) | (0.80) | 0.27 |

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 | 1,409,458 | 749,836 |
| Number of Ordinary Shares | 26,467,056 | 26,467,056 |
| Net Operating Cash Flow Per Share (NOCFPS) | 0.05 | 0.03 |

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:

| | | |
|--|------------------|-------------------|
| Net Income after Tax | (21,246,268) | 7,198,516 |
| Non-Cash Adjustments | | |
| Add: Depreciation | 35,432,027 | 38,047,079 |
| Less: Cash Rent Paid | - | - |
| Add: ROU Asset Depreciation | 506,259 | 506,259 |
| Add: ROU Liability Interest | (550,459) | (505,008) |
| Income Tax Paid | (1,592,780) | - |
| Income Tax Provision | 3,252,881 | - |
| Less: Def Tax Gain | (12,680,831) | (2,154,911) |
| | 3,120,830 | 43,091,934 |
| Working Capital Adjustments | | |
| Change in Inventory (excluding Inv. Write off) | (13,164,672) | (27,186,484) |
| Change in Trade AR | 2,504,757 | (16,073,446) |
| Change in Advance (Excluding AIT) | (576,238) | 251,600 |
| Change in Trade Payable | 10,951,424 | 354,292 |
| Change in WPPF | (1,426,642) | 311,940 |
| | 1,409,458 | 749,836 |
| Less: Unrealized gain on exchange rate fluctuation | - | - |
| Net Cash Flow from Operating Activities | 1,409,458 | 749,836 |

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) Related Party Disclosure:

During the year under review, the Company carried out a number of transactions with related parties in the normal course of business. The name of related parties, nature of these transactions and their value have been set out below in accordance with the provision of IAS 24 "Related Party Disclosure".

| Name of the Related Party | Nature of Relationship | Nature of Transaction | Balance as at 01 July, 2024 | Addition during the period | Balance as at 30 June, 2025 |
|---------------------------|------------------------|--------------------------|-----------------------------|----------------------------|-----------------------------|
| Khansons Textiles Ltd. | Sister Concern | Intercompany Transaction | - | 10,820,000 | 10,820,000 |

(ii) Parent and Ultimate Controlling Party

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

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

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

(iv) Subsidiaries

There are no subsidiary company of the entity (company)

(v) Associates

There are no associate company of the entity (company)

(vi) 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.

(vii) 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 | |
|------------------------------|------------------|-------------------|
| | 30.06.2025 | 30.06.2024 |
| Salary and Allowances | 5,496,756 | 60,705,270 |
| Bonus | 467,063 | 4,314,127 |
| Overtime | - | 372,816 |
| Board Meeting Attendance Fee | - | 142,500 |
| Leave Pay & Gratuity | - | 1,024,599 |
| Total | 5,963,819 | 66,559,312 |

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 30.06.2025 | Balance as on 30.06.2024 |
|---|--------------------------------|--------------------------|--------------------------|
| A. Average & Short Term Loan Paid | | | |
| Mr.A.K.Azizur Rahman | - | - | - |
| Mrs. Rosy Rahman | - | - | - |
| Mr.Bazlur Rahman | - | - | - |
| Total for Advance & Short Term Loan Paid | - | - | - |

| B. Supplier/Creditors (Payable) | Balance as on 30.06.2025 | Balance as on 30.06.2024 |
|--|---------------------------------|---------------------------------|
| P.N Enterprise | 44,752 | 44,752 |
| Ratan Enterprise | 464,326 | 464,326 |
| Tex trade | 156,414 | 156,414 |
| 3 Star Technology | 28,750 | 28,750 |
| Adib Enterprise | 72,576 | 72,576 |
| AD Media Printers | 114,039 | 134,039 |
| Airtech Compressor | 207,000 | 207,000 |
| A.I.S. Enterprise | 35,795 | 35,795 |
| Axis Textile Engineering | 27,700 | 27,700 |
| Azad Store | 84,983 | 84,983 |
| Aziz Packaging Ltd. | 270,000 | 270,000 |
| Babul Khan Enterprise | 30,000 | 55,000 |
| Bengal Roots | 5,450 | 5,450 |
| Bijoytex Engineering | 34,750 | 34,750 |
| Best Technology | 60,000 | 60,000 |
| China Plastics BD. LTD. | 86,200 | 200 |
| Dawood Sultan & Co | 140,000 | 140,000 |
| EnCon Engineering Limited | 65,850 | 105,850 |
| Energy Control & Eng. Ltd | 15,403 | 15,403 |
| Euro Trade | 754,969 | 568,517 |
| Forman Enterprise | 81,000 | 81,000 |
| Friends Electric House | 8,498 | 8,498 |
| Gazi Tanks | 8,200 | 8,200 |
| H.A Enterprise | 483,356 | 136,000 |
| Humayra Paper Cone & Packing | 1,208,196 | 774,764 |
| IC System & Service | 23,000 | 23,000 |
| ISRA Trade & Services Bangladesh | 187,500 | 36,500 |
| Jusna Enterprise | 80,000 | 80,000 |
| Khan Enterprise | 253,250 | 253,250 |
| Lipika | 259,017 | 259,017 |
| Lubricants Asia Ltd. | 50,804 | 50,804 |
| Maas Erectors Ltd | 114,600 | 114,600 |
| Madona Enterprise | 36,450 | 36,450 |
| Mahin Enterprise | 105,363 | 121,563 |
| Mashud International | 139,000 | 139,000 |
| Mask Engineering | 30,500 | 30,500 |
| Masum Enterprise | 25,745 | 25,745 |
| Meem Enterprise | 97,875 | 97,875 |
| Minha Tex International | 53,400 | 53,400 |

Ref: GKC/25-26/A/128



| | | |
|---|-------------------|-------------------|
| Motin Care Limited | 97,800 | 97,800 |
| M.S Enterprise | 219,330 | 147,640 |
| M/S M Hossain Engineering Workshop | 42,300 | 42,300 |
| M/s Sajib Enterprise | 329,210 | 302,210 |
| New Bangla Technical Support Center. | 157,000 | 157,000 |
| Oishi Enterprise | 212,600 | 212,600 |
| Pacific Trading | 150,337 | 150,337 |
| P.N. International | 110,000 | 110,000 |
| Popular Traders (N.Gonj) | 206,341 | 206,341 |
| Power Tech Engineering Works | 12,000 | 12,000 |
| 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 | 113,669 | 90,330 |
| Sail International Ltd | 420,800 | 420,800 |
| Sardar Corporation | 1,375 | 1,375 |
| Satata Enterprise | 66,245 | 66,245 |
| Shabbir Automation Technologies | 66,000 | 66,000 |
| Shahell Mechatronics Ltd. | 20,295 | 20,295 |
| Sinobangla Industries Ltd | 39,071 | 39,071 |
| S M Paper Cone | 238,000 | 238,000 |
| S M Textech | 1,780 | 1,780 |
| Solution Technology | 123,500 | 123,500 |
| Simul Traders | 102,806 | 102,806 |
| Southern Multi Pack | 415,800 | 415,800 |
| Standard Spring Industries | 24,350 | 24,350 |
| Sumon Joint Store | 50,500 | 50,500 |
| Sutex International | 62,100 | 6,600 |
| Texmate Engineering | 26,495 | 26,495 |
| Texlub Resource | 118,900 | 118,900 |
| Trade Way International | 35,400 | 35,400 |
| Triad International | 8,000 | 8,000 |
| United Trade Center | 95,650 | 95,650 |
| Yousuf Traders | 3,290 | 3,290 |
| Z3 Automation Engineering | 37,000 | 37,000 |
| ZerOne BD Ltd. | 37,305 | 37,305 |
| ZSZ Engineering | 15,890 | 15,890 |
| Total for Supplier / Creditors | 9,963,510 | 8,682,941 |
| C. Sundry Debtors (Product Sales) (Receivable) | | |
| R B Trade Link | 12,968,689 | - |
| Ariyan Spinning Co. | - | 14,564,816 |
| Export Unrealized | - | 1,508,630 |
| Total for Sundry Debtors (Products Sales) | 12,968,689 | 16,073,446 |
| Grand Total | 22,932,199 | 24,756,387 |

21.00 Capital Expenditure Commitment

There was no capital expenditure commitment as on 30.06.2025

22.00 Payment in Foreign Currency

| | |
|---|---|
| - | - |
|---|---|

During the year ended at 30th June, 2025 the Company has not

Import of Raw Materials & Finished Goods

| | |
|---|---|
| - | - |
|---|---|

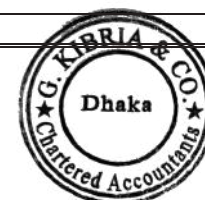
Import of Machinery, Spare Parts & Other Assets

| | |
|---|---|
| - | - |
|---|---|

| | |
|---|---|
| - | - |
|---|---|

23.00 Foreign Exchange Earned

The Company has earned foreign currency during the year: US\$ 252,750



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 30.06.2025 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 01.07.2024 to 30.06.2025 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 |
|-------------------------------|------------------------------|--------------|------|----------|
| | | 2025 | 2024 | 2024 |
| Mr. A.K.M Azizur Rahman | Chairman | 4 | 4 | 4 |
| Mr. Bazlur Rahman | Managing Director | 4 | 4 | 4 |
| Mrs. Rosy Rahman | Director | 4 | 4 | 4 |
| Brig Gen Mohammed Abdul Halim | Independent Director | 4 | 4 | 4 |
| Md. Masum Sayeed | Director (Nominated by BDBL) | 4 | 4 | 0 |
| Mr. Kabir Ahmed | Director (Nominated by BDBL) | 4 | 4 | 3 |

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, 2025

| Salary Range (Monthly) | Office & Staff | | Worker | Total Employee |
|------------------------|----------------|----------|------------|----------------|
| | Head Office | Factory | | |
| Below Tk. 3000 | - | - | - | - |
| Above Tk. 3000 | 62 | - | 739 | 801 |
| Total | 62 | - | 739 | 801 |

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, 2025 is disclosed below:

| Name of Director | Designation | Remuneration | Festival Bonus | AIT Deducted |
|-------------------------------|------------------------------|--------------|----------------|--------------|
| 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) | - | - | - |
| Total | | - | - | - |

Period of payment to Directors is from 1st July, 2024 to 30th June, 2025

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.

Ref: GKC/25-26/A/128



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 | 325,288,124 |
| 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 | 142,787,529 |
| 3(i)(d)(ii) The opening and closing stocks of goods produced | 330,834,473 and 384,011,367 |
| 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 | 2,090,000 |
| 3(i)(i) Provision for depreciation, renewals or diminution in value of fixed assets | 35,432,027 |
| 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 | 3,252,881 |
| 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 | 2,125,425 |
| (ii) Power and Fuel | 307,850 |
| (iii) Rent | 506,258 |
| (iv) Repairs of Buildings | Not Applicable |
| (v) Repairs of Machinery | 486,044 |
| (vi) Other include: | |
| (1) Salaries, wages and bonus | 5,963,819 |
| (2) Contribution to provident and other funds | Not Applicable |
| (3) Workmen and staff welfare expenses to the extent not adjusted from 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 | |
|---------|---------------------|---------------|------------|
| | | 30.06.2025 | 30.06.2024 |
| 1 | Within 3 Months | 3,392,172 | 4,082,898 |
| 2 | Within 6 Months | 4,070,607 | 4,899,478 |
| 3 | Within 12 Months | 4,749,041 | 5,716,057 |
| 4 | More than 12 Months | 1,356,869 | 1,633,159 |

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 |
|----------------|--------|
| | - |
| | - |
| Total | - |

(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

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, 2024 to 30th June, 2025 | Capacity Utilization from 1st July, 2024 to 30th June, 2025 |
|---|------------------------------|-------------------------------------|--|---|
| Annual Production Capacity of Yarn in Lbs | Not mentioned in the License | 5,953.0 | 1,040 | 17.47 |



32.00 Disclosure as per requirement of Schedule XI, Part II, Para 8(b) during the year under Details of import on CIF basis

i. Raw Materials, Spare Parts, Packing Materials

| Items | Purchase (BDT) | | Consumption (BDT) | % of Consumption of Total Purchase |
|-------------------|--------------------|--------------------|--------------------|------------------------------------|
| | Local | Total | | |
| Import | | | | |
| Raw Materials | 140,665,886 | 140,665,886 | 140,665,886 | 100 |
| Spare Parts | 1,166,067 | 1,166,067 | 1,140,965 | 98 |
| Packing Materials | 695,136 | 695,136 | 932,835 | 100 |
| Total | 142,527,089 | 285,267,073 | 142,739,984 | 298 |

Value of Export

| Particulars | In Foreign Currency | In BDT |
|---------------|---------------------|-------------------|
| Export | 252,750 | 30,516,250 |

- ii. The Company has not incurred any expenditure in foreign currency for the period from 1st July, 2024 to 30th June, 2025 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, 2024 to 30th June, 2025 is Tk. 30,516250.

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 | 30.06.2025 | 30.06.2024 |
|---|------------|------------|
| 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 | 530,800 | 567,979 |
| Advance, Deposits and Prepayments due from Companies under same | | - |
| 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 | |
|-------------------------------|----------------------------|----------------|
| | Amount in Foreign Currency | Amount in BDT. |
| Import of Raw Material (Hino) | | - |
| Import of Raw Material | | - |
| Total | | - |

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 | Note | Carrying Amount in BDT '000 | | | | | | | Total Amount |
|--|------|--------------------------------|-------------------------|------------------------|--------------------------|------------------------------------|-----------------------------|-------------------|--------------|
| | | Fair Value-hedging instruments | Mantary at FVTPL-Others | FVOCI+debt instruments | FVOCI+equity instruments | Financial assets at amortized cost | Other Financial Liabilities | | |
| 30.06.2025 | | | | | | | | | |
| Financial Assets not measured at Fair Value | | | | | | | | | |
| Advance, Deposits & Prepayments | 6.02 | - | - | - | - | 7,636 | - | 7,636 | |
| Trade & Receivables | 6.03 | - | - | - | - | 13,569 | - | 13,569 | |
| Investment in Shares | 6.04 | - | - | - | - | 1,569 | - | 1,569 | |
| Cash and Cash Equivalents | 6.05 | - | - | - | - | 590 | - | 590 | |
| Total | | - | - | - | - | 23,364 | - | 23,364 | |
| Financial Liabilities not measured at fair value: | | | | | | | | | |
| Long Term Loan (Non-Current Maturity) | 8.01 | - | - | - | - | - | 672,404 | 672,404 | |
| Lease Obligation Liability | 8.02 | - | - | - | - | - | - | - | |
| Deferred Tax Liability | 8.03 | - | - | - | - | - | 57,777 | 57,777 | |
| Unclaimed/Unpaid Dividend | 9.01 | - | - | - | - | - | 1,560 | 1,560 | |
| Trade & Other Payables | 9.02 | - | - | - | - | - | 36,046 | 36,046 | |
| Workers Profit Participation and Welfare Fund | 9.03 | - | - | - | - | - | 1,002 | 1,002 | |
| Provision for Income Tax | 9.04 | - | - | - | - | - | - | - | |
| Total | | - | - | - | - | - | 768,789 | 768,789 | |
| 30.06.2024 | | | | | | | | | |
| Financial Assets not measured at Fair Value: | | | | | | | | | |
| Advance, Deposits & Prepayments | 6.02 | - | - | - | - | 7,060 | - | 7,060 | |
| Trade & Receivables | 6.03 | - | - | - | - | 16,073,446 | - | 16,073,446 | |
| Investment in Shares | 6.04 | - | - | - | - | 1,569 | - | 1,569 | |
| Cash and Cash Equivalents | 6.05 | - | - | - | - | 1,728 | - | 1,728 | |
| Total | | - | - | - | - | 16,083,802 | - | 16,083,802 | |
| Financial Liabilities not measured at fair value: | | | | | | | | | |
| Long Term Loan (Non-Current Maturity) | 8.01 | - | - | - | - | - | 672,404 | 672,404 | |
| Lease Obligation Liability | 8.02 | - | - | - | - | - | 550 | 550 | |
| Deferred Tax Liability | 8.03 | - | - | - | - | - | 70,458 | 70,458 | |
| Unclaimed/Unpaid Dividend | 9.01 | - | - | - | - | - | 1,460 | 1,460 | |
| Trade & Other Payables | 9.02 | - | - | - | - | - | 25,094 | 25,094 | |
| Workers Profit Participation and Welfare Fund | 9.03 | - | - | - | - | - | 2,428 | 2,428 | |
| Provision for Income Tax | 9.04 | - | - | - | - | - | - | - | |
| Total | | - | - | - | - | - | 772,396 | 772,396 | |

We are 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

Non-Derivative Financial Assets:

Advances, Deposits and Prepayments
Trade & Other Receivables
Advance against Employees
Investment in Shares
Cash at bank
Cash in Hand

| Amount in BDT | |
|-------------------|-------------------|
| June 30, 2025 | June 30, 2024 |
| 7,636,247 | 7,060,009 |
| 13,568,689 | 16,073,446 |
| 530,800 | 567,979 |
| 1,569,450 | 1,569,450 |
| 327,332 | 1,579,757 |
| 262,870 | 148,059 |
| 23,895,388 | 26,998,700 |



Ref: GKC/25-26/A/128

At 30th June, 2025 the maximum exposure to credit risk for trade and other receivables by geographic regions was as follows:

| | | |
|--------------------|---|---|
| Domestic | - | - |
| Foreign Receivable | - | - |
| | - | - |

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. 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. Contingent Liability

There are no contingent liabilities of the Company for the year ended 30th June, 2025.

Ref: GKC/25-26/A/128



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 if 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, 2025. The dividend proposal is subject to shareholders' approval in the forthcoming 38th Annual General Meeting to be held on 29.12.2024.

41.00 General Comments and Observations

- A. 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.
- 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: GKC/25-26/A/128



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, 2025

30th June, 2025

| Amount in BDT | Note | Carrying Amount | Total | Contractual Cash Flows | | | | |
|---|------|--------------------|--------------------|------------------------|-------------------|--------------------|--------------------|--|
| | | | | 2 months or less | 2-12 months | 1-5 years | More than 5 years | |
| Non-derivative Financial Liabilities: | | | | | | | | |
| Long Term Loan (Non-Current Maturity) | 8.01 | 672,404,220 | 672,404,220 | - | 26,896,169 | 188,273,182 | 457,234,870 | |
| Lease Obligation Liability | 8.02 | - | - | - | - | - | - | |
| Deferred Tax Liability | 8.03 | 57,776,842 | 57,776,842 | - | 12,680,831 | 50,723,323.65 | (5,627,313) | |
| Unclaimed/Unpaid Dividend from 2019 & 2022 | 9.01 | 1,560,103 | 1,560,103 | 124,808 | 1,435,295 | - | - | |
| Trade and Other Payables | 9.02 | 36,045,697 | 36,045,697 | 1,000,000 | 2,000,000 | 3,000,000 | 30,045,697 | |
| Workers Profit Participation and Welfare Fund | 9.03 | 1,001,817 | 1,001,817 | - | 535,704 | 466,113 | - | |
| | | 768,788,679 | 768,788,679 | 1,124,808 | 43,547,998 | 242,462,619 | 481,653,254 | |
| Derivative Financial Liabilities | | | | | | | | |
| | | 768,788,679 | 768,788,679 | 1,124,808 | 43,547,998 | 242,462,619 | 481,653,254 | |

30th June, 2024

| Amount in BDT | Note | Carrying Amount | Total | Contractual Cash Flows | | | | |
|---|------|--------------------|--------------------|------------------------|-------------------|--------------------|--------------------|--|
| | | | | 2 months or less | 2-12 months | 1-5 years | More than 5 years | |
| Non-derivative Financial Liabilities: | | | | | | | | |
| Long Term Loan (Non-Current Maturity) | 8.01 | 672,404,220 | 672,404,220 | - | 26,896,169 | 188,273,182 | 457,234,870 | |
| Lease Obligation Liability | 8.02 | 550,459 | 550,459 | - | - | 550,459 | - | |
| Deferred Tax Liability | 8.04 | 70,457,673 | 70,457,673 | - | 2,154,911 | 8,619,644 | 59,683,117 | |
| Unclaimed/Unpaid Dividend from 2019 & 2022 | 9.01 | 1,460,470 | 1,460,470 | 128,000 | 1,332,470 | - | - | |
| Trade and Other Payables | 9.02 | 25,094,273 | 25,094,273 | 1,000,000 | 2,000,000 | 3,000,000 | 19,094,273 | |
| Workers Profit Participation and Welfare Fund | 9.03 | 2,428,459 | 2,428,459 | - | 535,704 | 1,892,755 | - | |
| | | 772,395,554 | 772,395,554 | 1,128,000 | 32,919,254 | 202,336,040 | 536,012,259 | |
| Derivative Financial Liabilities | | | | | | | | |
| | | 772,395,554 | 772,395,554 | 1,128,000 | 32,919,254 | 202,336,040 | 536,012,259 | |

Ref: GKC/25-26/A/128



SONARGAON TEXTILES LIMITED

Schedule of Property Plant and Equipment

as at 30th June, 2025

UNIT - 1

Annexure - 01
Amount in BDT

| Particulars | COST | | | Rate of Dep. | DEPRECIATION | | | | Written Down Value | |
|-------------------------|-------------------------|--------------------------|------------------|--------------------|------------------|------------------|-------------------------|------------------------|--------------------|--------------------|
| | As on 01.07.2024 | Addition during the year | Revaluation gain | | As on 30.06.2025 | As on 01.07.2024 | Charged During the year | Adjustment/Transferred | As on 30.06.2025 | As on 30.06.2024 |
| | Land & Land Development | 103,803,963 | - | | - | 103,803,963 | - | - | - | - |
| Building & Construction | 64,478,714 | - | - | 64,478,714 | 5% | 1,608,702 | - | 33,913,372 | 30,565,342 | 32,174,045 |
| Plant & Machinery | 240,978,096 | - | - | 240,978,096 | 7% | 5,677,805 | - | 165,544,406 | 75,433,690 | 81,111,494 |
| Furniture & Fixture | 1,152,613 | - | - | 1,152,613 | 15% | 2,130 | - | 1,140,543 | 12,070 | 14,200 |
| Motor Vehicles | 5,019,620 | - | - | 5,019,620 | 20% | 56,954 | - | 4,791,804 | 227,816 | 284,770 |
| Sundry Assets | 6,218,436 | - | - | 6,218,436 | 20% | 10,670 | - | 6,175,754 | 42,682 | 53,352 |
| | 421,651,442 | - | - | 421,651,442 | | 7,356,261 | - | 211,565,880 | 210,085,562 | 217,441,823 |

UNIT - 2

Annexure - 02

| Particulars | COST | | | Rate of Dep. | DEPRECIATION | | | | Written Down Value | |
|-------------------------|-------------------------|--------------------------|------------------|--------------------|------------------|------------------|-------------------------|------------------------|--------------------|--------------------|
| | As on 01.07.2024 | Addition during the year | Revaluation gain | | As on 30.06.2025 | As on 01.07.2024 | Charged During the year | Adjustment/Transferred | As on 30.06.2025 | As on 30.06.2024 |
| | Land & Land Development | 29,806,774 | - | | - | 29,806,774 | - | - | - | - |
| Building & Construction | 43,972,124 | - | - | 43,972,124 | 5% | 1,089,421 | - | 23,273,120 | 20,699,004 | 21,788,425 |
| Plant & Machinery | 215,104,404 | - | - | 215,104,404 | 7% | 4,898,851 | - | 150,019,673 | 65,084,731 | 69,983,582 |
| Furniture & Fixture | 5,377,188 | - | - | 5,377,188 | 15% | 16,868 | - | 5,281,604 | 95,584 | 112,452 |
| Motor Vehicles | 12,813,366 | - | - | 12,813,366 | 20% | 175,502 | - | 12,111,360 | 702,006 | 877,508 |
| Sundry Assets | 7,063,764 | - | - | 7,063,764 | 20% | 13,880 | - | 7,008,243 | 55,521 | 69,401 |
| | 314,137,620 | - | - | 314,137,620 | | 6,194,522 | - | 197,694,000 | 116,443,620 | 122,638,142 |



SONARGAON TEXTILES LIMITED
Schedule of Property Plant and Equipment
as at 30th June, 2025

UNIT - 3

Annexure - 03
Amount in BDT

| Particulars | COST | | | | Rate of Dep. | DEPRECIATION | | | | Written Down Value | |
|-------------------------|--------------------|---------------------------|---------------------------------------|--------------------|--------------|-------------------|-------------------------|--------------------------------------|--------------------|--------------------|------------------|
| | As on 01.07.2024 | Additions during the year | Disposal / Adjustment during the year | As on 30.06.2025 | | As on 01.07.2024 | Charged during the year | Disposal/ Adjustment during the year | As on 30.06.2025 | As on 30.06.2025 | As on 30.06.2024 |
| | | | | | | | | | | | |
| Land & Land Development | 56,436,763 | - | - | 56,436,763 | - | - | - | - | 56,436,763 | 56,436,763 | |
| Building & Construction | 77,717,462 | - | - | 77,717,462 | 5% | 1,956,978 | - | 40,534,874 | 37,182,588 | 39,139,567 | |
| Plant & Machinery | 597,634,016 | - | - | 597,634,016 | 7% | 19,883,379 | - | 333,469,127 | 264,164,889 | 284,048,268 | |
| Furniture & Fixture | 817,966 | - | - | 817,966 | 15% | 6,404 | - | 781,674 | 36,292 | 42,696 | |
| Sundry Assets | 7,149,229 | - | - | 7,149,229 | 20% | 34,483 | - | 7,011,297 | 137,932 | 172,415 | |
| Total | 739,755,436 | - | - | 739,755,436 | | 21,881,245 | - | 381,796,972 | 357,958,464 | 379,839,709 | |

Consolidated Schedule of Property, Plant and Equipment as on 30th June, 2025

Annexure - 04

| Particulars | COST | | | As on 30.06.2025 | DEPRECIATION | | | Written Down Value | | |
|--------------------|----------------------|---------------------------|---------------------------------------|----------------------|--------------------|-------------------------|--------------------------------------|--------------------|--------------------|--------------------|
| | As on 01.07.2024 | Additions during the year | Disposal / Adjustment during the year | | As on 01.07.2024 | Charged During the year | Disposal/ Adjustment during the year | As on 30.06.2025 | As on 30.06.2025 | As on 30.06.2024 |
| | | | | | | | | | | |
| Unit 1 (Sch-1) | 421,651,442 | - | - | 421,651,442 | 204,209,619 | 7,356,261 | - | 211,565,880 | 210,085,562 | 217,441,823 |
| Unit 2 (Sch-2) | 314,137,620 | - | - | 314,137,620 | 191,499,478 | 6,194,522 | - | 197,694,000 | 116,443,620 | 122,638,142 |
| Unit 3 (Sch-3) | 739,755,436 | - | - | 739,755,436 | 359,915,727 | 21,881,245 | - | 381,796,972 | 357,958,464 | 379,839,709 |
| Grand Total | 1,475,544,498 | - | - | 1,475,544,498 | 755,624,824 | 35,432,027 | - | 791,056,851 | 684,487,647 | 719,919,674 |



Ref: GKC/25-26/A/128

SONARGAON TEXTILES LIMITED

Schedule of Property Plant and Equipment

as at 30th June, 2025

Apportionment of Depreciation :

Annexure-4/A

| Unit/Division | 30.06.2025 | | |
|---------------|-------------------|------------------|-------------------|
| | Factory | Head Office | Total |
| Unit -1 | 6,767,760 | 588,501 | 7,356,261 |
| Unit -2 | 5,698,960 | 495,562 | 6,194,522 |
| Unit -3 | 20,130,745 | 1,750,500 | 21,881,245 |
| Total | 32,597,465 | 2,834,562 | 35,432,027 |

Schedule of Revaluation Reserve :

| Particulars | Revaluation Reserve | | | Rate of Dep. | Adjustment | | | Carring Value as on 30.06.2025 | Carring Value as on 30.06.2024 |
|-------------------------|--------------------------|-------------------------------------|--------------------------|--------------|--------------------------|-------------------|---------------------|--------------------------------|--------------------------------|
| | Balance as on 01.07.2024 | Revaluation surplus during the year | Deletion during the year | | Balance as on 30.06.2025 | During the year | Adjustment/Transfer | | |
| Land & Land Development | 178,869,655 | - | - | - | - | - | - | 178,869,655 | - |
| Building & Construction | 100,525,034 | - | - | 5% | 48,000,970 | 2,626,203 | 50,627,174 | 49,897,860 | 49,897,860 |
| Plant & Machinery | 328,425,585 | - | - | 7% | 197,294,314 | 9,179,189 | 206,473,503 | 121,952,082 | 121,952,082 |
| Total | 607,820,274 | - | - | | 245,295,283 | 11,805,392 | 257,100,676 | 171,849,943 | 350,719,598 |





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