

# ANNUAL REPORT 2019 - 2020

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**31<sup>ST</sup> ANNUAL GENERAL MEETING**

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**PAPER PROCESSING AND PACKAGING LTD.**

**পেপার প্রসেসিং এন্ড প্যাকেজিং লিমিটেড**

**(মাগুরা গ্রুপের একটি প্রতিষ্ঠান)**

# Table of Contents

TOPICS	PAGE NO.
Company Profile	3
Our Vision, Mission, Objectives and Core Values	4
Letter of Transmittal	5
Notice of 31 <sup>st</sup> AGM	6
Corporate Information	7
Milestones	8
Message from the Chairman	9
Directors' Report	10-14
Key Operating & Financial Data	15
Shareholding Pattern	16
Brief Resume of Directors seeking Re-appointment	17
Report of the Audit Committee	18
Management's Discussion and Analysis	19-22
Annexure A: Declaration by CEO & CFO	23-24
BAPLC Certificate	25
Report On Compliance & Governance	26-31
Annexure B: Certificate on Corporate Governance	32
Annexure C: Corporate Governance Compliance Report	33-43
Boards Statements on Interim Dividend	44
Independent Auditor's Report	45-51
Statement of Financial Position	52
Statement of Profit or Loss and other Comprehensive Income	53
Statement of Changes in Equity	54
Statement of Cash Flows	55
Notes to the Financial Statements	56-78
Proxy form and Attendance slip	80



# Company Profile

Paper Processing and Packaging Ltd. is one of the largest paper Printing Publication and Packaging projects in Bangladesh having long experience in hi-tech printing and packaging in private sector. Inception of the company was in 1989. The company listed its securities with Dhaka Stock Exchange Ltd. in 1989. Over the years the company attained the status of market leader of country's paper Printing Publication and Packaging industries. The company is committed to customer's satisfaction which enabled to grow and expand its operations significantly.

The company prints wide range of products such as all kinds of Books, Stationery and Offset Printing, Dairy/Calendar/Magazine/Annual Reports. The company is now printing books of National Curriculum and Text Book Board in huge numbers.

The company has taken strategic steps to build on its market position through introduction of high quality products.

## Vision, Mission, Objectives & Core Values

<b>VISION</b>	We strive for excellence and make a mark of distinction in the paper processing and packaging industry through the delivery of excellent quality and value to the family which is our customers and stakeholders.
<b>MISSION</b>	We target to be the choice of quality for our customers in terms of offering them value for products in terms of excellent and state-of-the-art paper processing, printing and packaging. We practice business ethics both intra and inter firm with focus on our whole family of shareholders, management, customers and suppliers.
<b>OBJECTIVES</b>	Our aim is to conduct business operations effectively maintaining its transparency in the context of both legal and social framework on our way towards achieving our mission.
<b>CORE VALUES</b>	<ul style="list-style-type: none"> <li>➤ Long term relationship</li> <li>➤ Everlasting quality</li> <li>➤ Satisfaction</li> <li>➤ Transparency</li> <li>➤ Innovation</li> </ul>

## Transmittal Letter

December 15, 2020

To

All Shareholders of Paper Processing and Packaging Ltd.  
Bangladesh Securities and Exchange Commission,  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited

**Subject: Annual Report for the year ended 30 June, 2020**

Dear Sir(s)

We are pleased to enclose copy(ies) of the Annual Report containing Directors' Report, Auditors' Report along with Audited Financial Statements including Statement of Financial Position as on 30 June 2020, Statement of Comprehensive Income, Cash flows and Changes in Equity and other relevant Statements for the year ended 30 June 2020.

Yours sincerely,



Md. Mustafizur Rahman  
Company Secretary

## **Notice of the 31<sup>st</sup> Annual General Meeting**

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of **Paper Processing and Packaging Ltd.** will be held on Thursday, December 31, 2020 at 12:00 p.m. in Digital Platform to transact the following business:

### **ORDINARY BUSINESS:**

#### **1. DIRECTORS' REPORT & ACCOUNTS:**

To receive, consider and adopt the Audited Financial Statements for the year ended on June 30, 2020 together with the Directors' Report and Auditors' Report thereon.

#### **2. DIVIDEND:**

To declare dividend as recommended by the Board of Directors.

#### **3. ELECTION /RE-ELECTION OF DIRECTORS:**

To elect/re-elect Directors and to approve the appointment of Directors.

#### **4. POST FACTO APPROVAL ON APPOINTMENT OF MANAGING DIRECTOR:**

Post Facto approval on appointment of Mr. Md. Mobarok Hossain as Managing Director from 04-08-2020 to 03-08-2025.

#### **5. POST FACTO APPROVAL ON APPOINTMENT OF INDEPENDENT DIRECTOR:**

Post Facto approval on appointment of Advocate Md. Golam Kibria as Independent Director from 22-02-2020 to 21-02-2023 for 3 years.

#### **6. APPOINTMENT OF STATUTORY AUDITORS:**

To appoint Statutory Auditors for the year 2020-21 and fix their remuneration.

#### **7. APPOINTMENT OF COMPLIANCE AUDITORS:**

To Appoint Compliance Auditor for the year 2020-21 and fix their remuneration

### **SPECIAL BUSINESS:**

#### **8. RELATED PARTY TRANSACTION:**

To consider and approve related party transaction pursuant to the BSEC Notification No BSEC/CMMRRCD/2009-193/2/admin/103 dated February 05, 2020.

By Order of the Board of Directors

**SD/-**

Md. Mustafizur Rahman  
Company Secretary

Dated: Dhaka  
December 08, 2020

### **Notes:**

- (i) Members, whose names will appear in the share register of the company or in the Members/Depository Register on the record date i.e. December 29, 2020, will be eligible to attend and vote in the Annual General Meeting (AGM).
- (ii) The proxy form must be affixed with requisite revenue stamp and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- (iii) The AGM will be conducted through Digital Platform in accordance with the order no. SEC/SRMIC/94-231/25 dated July 08, 2020 of **Bangladesh Securities and Exchange Commission (BSEC)**.
- (iv) Link for Joining in AGM through Digital Platform is <https://pppl.com.bd> which will be opened before 72 hours from the time (31 December, 2020 at 12.00 p.m.) fixed for holding Annual General Meeting, Members can join the Virtual Annual General Meeting using their Laptop, PC, mobile or Tab providing their respective 16-Digit BO ID and No. of shares.
- (v) Pursuant to the BSEC Notification No. CMRRCD/2006-158/208/admin/81 dated June, 2018 Copy of Annual Report will be sent to the e-mail addresses of the members linked with their BO Accounts. In case of non-receipt of the Annual Report of FY 2019-2020 of the Company sent through e-mail, shareholders may collect the same from the Company Affairs Department of the Company by a written request. The Annual Report will be uploaded on the company's website at <https://pppl.com.bd> on stipulated date.

## Corporate Information

<p><b>BOARD OF DIRECTORS</b></p> <p><b>Chairman</b> Mr. Mustafa Kamal Mohiuddin</p> <p><b>Managing Director</b> Mr. Md. Mobarok Hossain</p> <p><b>Directors</b> Mr. Mostafa Jamal Mohiuddin Mr. Md. Ali Hossain Munir</p> <p><b>Independent Director</b> Advocate Md. Golam Kibria</p> <p><b>AUDIT COMMITTEE</b></p> <p><b>Chairman</b> Advocate Md. Golam Kibria</p> <p><b>Members</b> Mr. Mostafa Jamal Mohiuddin Mr. Md. Ali Hossain Munir</p> <p><b>COMPANY SECRETARY</b> Mr. Md. Mustafizur Rahman</p> <p><b>CHIEF FINANCIAL OFFICER</b> Mr. Naimul Islam</p> <p><b>HEAD OF INTERNAL AUDIT</b> Mr. Md. Shakhawat Hossain</p>	<p><b>STATUTORY AUDITORS</b> M/S. Ahmed Zaker &amp; Co. , Chartered Accountants</p> <p><b>CORPORATE GOVERNANCE COMPLIANCE AUDITORS</b> M/S. Huda Hossain &amp; Co., Chartered Accountants.</p> <p><b>LEGAL ADVISOR</b> A Baset Majumder &amp; Associates House No.-23, Road No.- 15, Block-D, Banani, Dhaka-1213</p> <p><b>BANKER</b> Social Islami Bank Ltd. Principal Branch 15, Dilkusha C/A, Dhaka.</p> <p><b>REGISTERED OFFICE</b> Plot No.-314/A, Road No. 18, Block- E, Bashundhara R/A, Dhaka-1229.</p> <p><b>FACTORY</b> Sreerampur, Dhamrai, Dhaka</p>
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## Milestones

<b><i>Date of Incorporation</i></b>	06 February, 1989
<b><i>Incorporation / Registration No</i></b>	C-18233(87)/89
<b><i>Certificate of Commencement of Business</i></b>	06 February, 1989
<b><i>Listing with Dhaka Stock Exchange Ltd.</i></b>	18 July, 1989
<b><i>Shifting to New Registered Office</i></b>	1 September, 2013
<b><i>Last Declaration of Dividend</i></b>	10 June, 2015
<b><i>Initiating Dematerialization of Shares</i></b>	28 January, 2015

## Message from the Chairman

HONORABLE SHAREHOLDERS,

Assalamu Alikum,

On behalf of the Board of Directors it is our great pleasure and profound privilege to welcome you all in the 31<sup>st</sup> Annual General Meeting of **Paper Processing and Packaging Limited**. We would like to take the opportunity to express my sincere gratitude and heartfelt thanks for your trust, confidence, continued support and co-operation to the company throughout the year.

We are very happy to inform that our company has been able to keep strong position in all key areas covering sound management, good earning and market leadership in its field of business.

You would appreciate that the overall performance of the company was driven by positive revenue, satisfactory market shares, effective cost management and productivity initiative. This result was achieved due to hard work of our Staff/ Officers, guidance of our Board of Directors and leadership of the Management who led the business to deliver such results.

Even after effect of Covid-19 in the financial year 2019-2020 the company was successful in earning satisfactory amount of profit in the year 2019-2020. The company earned net profit after tax amounting to Tk. 2,38,40,082 in the year 2019-2020.

We are pleased to inform you that the company board recommended for declaration 22% Dividend (11% Cash and 11% Stock) in the 31<sup>st</sup> Annual General Meeting convened on 31-12-2020.

The company is well-respected for its transparency in corporate governance. To uphold the growing reputation, we note with pleasure that the Company has both regulatory and voluntary governance practices. A detailed report on the governance aspects of the Company has been reflected in the Annual Report, 2019-2020.

In this context, we would like to express our sincere thanks and gratitude to BSEC including other regulators, members of the Board, respectable shareholders, valued clients, employees and well wishers for reposing their trust and confidence in making the year 2019-2020 a success.

We also like to thank the members of the Board and Management Team for the commitment in expediting and implementing the company strategy and unwavering support that enabled the Company emerge as a financially sound enterprise. We would like to recognize the dedicated and unflinching services of all the members of the company with deep appreciation.



**Mustafa Kamal Mohiuddin**  
Chairman

# Directors' Report

## DEAR SHAREHOLDERS,

As per section no 184 of the Companies Act, 1994 and condition no. 5 of the Corporate Governance Code-2018 issued by the Bangladesh Securities and Exchange Commission (BSEC) as well as the BSEC rules 1987 along with other related sections of the Companies Act-1994, it is our immense pleasure on the part of the Board of Directors of **Paper Processing and Packaging Ltd. (PPP)** to present the Annual Report together with the audited accounts of the company for the year ended on 30<sup>th</sup> June 2020 in the 31<sup>st</sup> Annual General Meeting.

## INDUSTRY OUTLOOK & FUTURE DEVELOPMENT

Bangladesh is one of the fast developing countries of the world. Its aim is to achieve the status of middle income country by 2021 and developed country by 2041. National economy is progressing day by day with satisfactory growth in Gross Domestic Product (GDP). The demand of paper and paper products is increasing and this positive trend will remain ever increasing in the years to come.

Business activities of Paper Processing and Packaging Ltd. are operated, regulated and controlled to ensure the interest of the stakeholders. Strong performance of the business of the company is maintained for sustainable growth in the long term to gain continued confidence of the investors. The company understands the demand of the customers in the market and delivers satisfaction through its quality products. The outlook of the industry is such that there is an underlying demand of the products and services of the company in the prestigious institutions of the country like National Curriculum and Textbook Board (NCTB), different private Universities, renowned NGOs. The Company has been mostly contributing towards educating the nation through printing text books and different publications from primary education to higher education level.

We anticipate positive future prospects for the industry from the growing trend of business as the country is growing with its visions.

## BUSINESS PERFORMANCE

In the process of doing the business of paper processing and printing works the Company has followed modern business policies and adopted strategic moves to sustain in this competitive business environment. The company has been successful in maintaining satisfactory sales, turnover and profit. The different sectors had continued satisfactory business performance in the country during the year. Due to COVID-19 effect our company has faced a lot of problems and could not conduct the business activities smoothly in the last two (2) quarters of the financial year 2019-2020.



During the year 2019-2020 , the company's net sale was Tk. 20,01,63,768/- which was Tk. 38,98,83,210/- in the previous year. Net profit after tax stood at Tk. 2,38,40,082/- in the year ended on 30-06-2020 which was Tk. 5, 08,96,206/- in the previous year. During the year 2019-2020, Earning Per Share (EPS) of the company stood at Tk. 7.10 which was Tk. 15.15 in 2018-2019.

## **DIVIDEND**

The Board of Directors recommended 22% dividend (11% cash and 11% Stock) for the year ended on June 30, 2020 for declaration in the 31<sup>st</sup> Annual General Meeting of the company.

## **ROTATION OF DIRECTORS**

There are 5 (Five) Directors in the Board of Paper Processing and Packaging Ltd. including one Independent Director. Mr. Md. Ali Hossain Munir, Director of the Company will retire by rotation in the 31<sup>st</sup> Annual General Meeting as per Article 83 and 84 of the Articles of Association and being eligible have offered himself for re-election.

## **BOARD COMPOSITION, ATTENDANCE AND FEES**

10 (Ten) Board of Directors Meeting were held during the 12 months tenure in the accounting year 2019-2020. The number of Board of Directors Meeting and the attendance of the Directors during the year 2019-2020 were as follows:

<b>Name of Directors</b>	<b>Position</b>	<b>Attended</b>
Mr. Mustafa Kamal Mohiuddin	Chairman	10
Mr. Md. Mobarok Hossain	Managing Director	10
Mr. Mostafa Jamal Mohiuddin	Director	10
Mr. Md. Ali Hossain Munir	Director	10
Mr. Golam Farook	Independent Director	05
Advocate Md. Golam Kibria	Independent Director	05

## **POST FACTO APPROVAL ON APPOINTMENT OF MANAGING DIRECTOR**

Mr. Md. Mobarok Hossain has been appointed as the Managing Director of the company for another term of 5(five) years from 04-08-2020 to 03-08-2025 by the Board of Directors subject to approval of the General Shareholders of the company in the 31<sup>st</sup> Annual General Meeting to be held on 31-12-2020 as per section 109 and 110 of the Companies Act-1994. The agenda has been placed in the 31<sup>st</sup> Annual General Meeting for post facto approval of the shareholders.

## **POST FACTO APPROVAL ON APPOINTMENT OF INDEPENDENT DIRECTOR**

Advocate Md. Golam Kibria is the Independent Director of the company since 22.02.2020 and he is still continuing in his position. He has been appointed as the Independent Director in place of Mr. Golam Faruk. The Board of Directors in its 144<sup>th</sup> meeting held on 11-12-2020 appointed Advocate Md. Mr. Golam Kibria as Independent

Director in place of Mr. Golam Farook for 3 years with effect from 22-02-2020 upto 21-02-2023. Post facto approval on appointment of Advocate Md. Golam Kibria as an Independent Director of the company with effect from 22.02.2020 for 3(three) years has been placed in the 31<sup>st</sup> Annual General Meeting of the company.

## **PATTERN OF SHAREHOLDING**

The pattern of shareholding is shown in a separate page of this Annual Report. Shareholding status is also disclosed in Note No. 10 of the Audited Financial Statements.

## **CORPORATE GOVERNANCE**

Paper Processing and Packaging Ltd. (PPP) is a company with transparency in corporate governance. Status of compliance with the corporate governance code (CGC) [as per condition no. 1(5) (xxvii)] status of compliance with the conditions imposed by the Commission's notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 (Report under condition no. 9) has been presented and annexed (Annexure-c) in this Annual Report. Besides, a note on Regulatory Compliances on several acts applicable for this industry is disclosed in the Note-2.01 of the Audited Financial Statements.

## **RISK AND CONTROL**

The management of the Company has established an effective Internal Control System within the entity with a view to ensuring financial transparency and to minimize the scope of fraud, defalcation, misuse etc. The Company has a separate Internal Audit Department which is engaged in checking the efficiency and effectiveness of control system and developing the system throughout the year. The company has no internal risk because we have quality manpower, experienced management and prudent board. However, it has external risk factors like other companies. All the Risk factors including internal and external risks and their mitigation strategies have been incorporated separately in Management Discussion and Analysis Chapter in this Annual Report as per CG Code-2018.

## **GOING CONCERN**

The company Board is in the opinion that the company is a going concern. This is recognized through appropriate enquiries and analyses. The resources are adequate to support the business operations and that sufficient business opportunities exist to justify the organization as a going concern and the board of directors analyses the financial statements accordingly to ensure it. The financial statements are prepared on a going concern basis. This accounting principle is also disclosed in the Note- 2.22 of the Audited Financial Statements.

## **KEY OPERATING AND FINANCIAL DATA**

The company's summarized key operating and financial data for the last five years are shown in a separate page in this Annual Report.

## **APPOINTMENT OF STATUTORY AUDITORS**

M/S. Ahmed Zaker & Co. Chartered Accountants performed the auditing of financial statements of the company for the year ended on 30-06-2020. Pursuant to the section 210 of Companies Act 1994, the statutory auditors were appointed and as per BSEC rules they are eligible for auditing the Financial Statements of the company for three consecutive years. This is their first year as the statutory auditors in the company. So, as per BSEC rules they are eligible for re-appointment and they have consent to be appointed as statutory auditors for the year 2020-2021. Therefore, they may be appointed in the ensuing Annual General Meeting after completion of due process and formalities.

The matter was placed to the audit committee who apprised the board of directors for placing the matter to the shareholders for approval in the 31<sup>st</sup> AGM.

## **APPOINTMENT OF COMPLIANCE AUDITORS**

M/S. Huda Hossain & Company, Chartered Accountants examined the compliance status to the Corporate Governance Code by company for the year ended on 30-06-2020 and provided us with Corporate Governance Certificate. M/S. Huda Hossain & Company, Chartered Accountants have offered themselves for re-appointment as Compliance Auditors of the company for the year 2020-2021. The matter was placed to the audit committee who apprised the board of directors for placing the matter to the shareholders for approval in the 31<sup>st</sup> AGM.

## **RELATED PARTY TRANSACTIONS**

All transactions with related parties are made on a commercial basis and the basis was the principle of "Arm's Length Transaction". Basis of related party transaction is discussed in the Note-3.15. In addition, details of related party transaction are disclosed in the Note-2.25 of the Audited Financial Statements. This is placed before the shareholders of the company for consideration and approval in the 31<sup>st</sup> AGM as per BSEC notifications.

## **CORPORATE & FINANCIAL REPORTING**

The Company has complied with the requirements of Corporate Governance Code-2018 as required by the Bangladesh Securities and Exchange Commission (BSEC):

Accordingly the Directors are pleased to confirm the following:

- (a) The financial statements together with the notes thereon have been drawn up in conformity with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) as applicable in the Bangladesh. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- (b) Proper books of accounts of the Company have been maintained.

- (c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.
- (d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of financial statements.
- (e) The systems of internal control are sound and have been effectively implemented and monitored.
- (f) The company has carried on transactions with different parties in the normal course of business.
- (g) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.
- (h) There are no significant doubts upon the Company's ability to continue as a going concern.
- (i) The key operating and financial data for last five years is annexed.

## **ACKNOWLEDGEMENTS**

The Board of Directors firmly believes that the company has the necessary strengths, resources and commitments to further propel the Company to newer heights.

The performance in 2019-2020 is indeed a tribute to the pledge, promise, energy and hard works of our Directors, Management and Employees together. The Members of the Board would like to place on record their high appreciation to the valued Shareholders and all other Stakeholders of the Company for their persistent support and guidance.

The Board also recognizes that its journey to accomplishments during the year was possible because of the cooperation, positive support and guidance that it had received from the Bangladesh Securities and Exchange Commission, Stock Exchanges and other stakeholders. The Board would like to appreciate the support received from the bankers, insurers of the company and all of our employees for their hard work and deep rooted commitment towards achieving the cherished goals.

### **For The Board of Directors**



Mostafa Jamal Mohiuddin  
Director



Md. Mobarok Hossain  
Managing Director

## KEY OPERATING AND FINANCIAL DATA

Particulars	2019-2020 (Tk.)	2018-2019 (Tk.)	2017-2018 (Tk.)	2016-2017 (Tk.)	2015-2016 (Tk.)
Authorized Capital	25,00,00,000	25,00,00,000	25,00,00,000	25,00,00,000	25,00,00,000
Paid up Capital	3,36,00,000	3,36,00,000	3,36,00,000	3,36,00,000	3,36,00,000
Revenue	20,01,63,768	38,98,83,210	34,83,23,244	27,50,20,053	24,00,63,761
Cost of Goods Sold	(11,32,86,646)	(27,07,50,718)	(22,28,16,156)	(20,38,49,075)	17,81,06,382
Gross Profit	8,68,77,122	11,91,32,492	12,55,07,088	7,11,70,978	6,19,57,379
Net Profit/(Loss) before Tax	3,69,77,217	67,861,608	8,17,55,050	3,52,39,545	3,25,93,063
Net Profit/(Loss) after Tax	2,38,40,082	50,896,206	6,13,16,287	2,59,23,495	2,44,70,157
Non-Current Assets	30,75,23,664	31,79,16,788	27,66,23,907	19,68,29,266	14,73,89,941
Current Assets	44,85,49,146	38,44,15,282	35,90,72,932	21,44,21,392	13,43,90,872
Total Assets	75,60,72,809	70,23,32,070	63,56,96,840	41,12,50,659	28,17,80,813
Shareholders' Equity	28,20,74,184	25,82,25,640	20,73,20,648	14,59,95,235	13,60,58,927
Current Liabilities	25,38,13,859	25,66,26,497	22,29,84,360	16,48,56,121	12,13,03,211
Total Liabilities	47,39,98,625	44,41,06,430	42,83,76,191	26,52,55,424	14,57,21,885
Earnings Per Share (EPS)	7.10	15.15	18.25	7.72	7.28

# SHAREHOLDING PATTERN

As per Condition No. 1(5) (xxiii) of CG Code-2018

Pattern of Shareholding as on 30 June 2020			
Name of the Shareholders	Status	Shares held	%
<b>Directors, MD/CEO, CFO, CS , HIAC, and their Spouse and minor Children :</b>			
Mr. Mustafa Kamal Mohiuddin	Chairman	4,53,600	13.50
Mr. Mostafa Jamal Mohiuddin	Director	95,200	2.83
<b>Bangladesh Development Group Ltd. Represented by:</b> Mr. Md. Ali Hossain Munir	Director	3,18,640	9.48
<b>Magura Group Ltd. Represented by:</b> Mr. Md. Mobarok Hossain	Managing Director	2,96,240	8.82
Advocate Md. Golam Kibria	Independent Director	-	-
<b>EXECUTIVES</b>			
Mr. Md. Mobarok Hossain	Managing Director	-	-
Mr. Md. Naimul Islam	Chief Financial Officer	-	-
Mr Md. Mustafizur Rahman	Company Secretary	-	-
Mr. Md. Shakhawat Hossain	Head of Internal Audit	-	-
Mr. Md. Ataur Rahman	General Manager (Sales & Mktg.)	-	-
Mr. Moniruzzaman Liton	Manager (Sales & Marketing)	-	-
Mr. Md. Murad Alam	AGM (Production)	-	-
Mr. Md. Sahidur Rahman	AGM (Tax & VAT)	-	-
<b>Total Share Holdings by Directors</b>		<b>11,63,680</b>	<b>34.63%</b>
<b>PARENT/SUBSIDIARY/ASSOCIATED COMPANIES AND OTHER RELATED PARTIES</b>			
Aribhab Multimedia Ltd.		2,800	00.08%
Investment Consultant and Share Management Ltd.		5,600	00.17%
Mr. Mohiuddin Ahmed		2,80,000	08.33%
Mr. Md. Abu Baker Siddique		25,200	00.75%
<b>Total Share Holdings by Directors, Sponsors</b>		<b>14,77,280</b>	<b>43.97%</b>
<b>Total Share Holdings by Others</b>		<b>18,82,720</b>	<b>56.03%</b>
<b>Grand Total</b>		<b>33,60,000</b>	<b>100%</b>
<b>Shareholders holding ten percent (10%) or more voting interest in the Company</b>			
Mr. Mustafa Kamal Mohiuddin	Chairman	4,53,600	13.50

The pattern of shareholding status in other aspects is also depicted in Note No. 10 of the Audited Financial Statements.



## **Resume of Directors seeking Re-appointment**

Bangladesh Development Company Ltd. is one of the corporate shareholders of the company. They nominated Mr. Ali Hossain Munir as Nominee Director of Bangladesh Development Company Ltd. in the Board of Directors of Paper Processing and Packaging Ltd. Mr. Md. Ali Hossain Munir has been serving as General Manager of Bangladesh Development Company Ltd. for more than 12 years. He is successful in his endeavor to increase business turnover of Paper Processing and Packaging Ltd. His contribution to business growth of the company is rewarding.

He will retire from the position of Director in the 31<sup>st</sup> Annual General Meeting and being eligible Bangladesh Development Company Ltd seeks his reappointment.

## REPORT OF THE AUDIT COMMITTEE

### For the year ended 30 June 2020

Under Condition No. 5(7) of the Corporate Governance Code as adopted on 03 June, 2018 by Bangladesh Securities and Exchange Commission (BSEC) Audit Committee in Paper Processing and Packaging Ltd. is a sub-committee of the Board of Directors, assists the board in fulfilling its oversight responsibilities.

The Audit Committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The Audit Committee is responsible to the Board of Directors. The jurisdiction of the Audit Committee extends over the Company covering risk management with special emphasis on ensuring compliance with all applicable legislation and regulation.

Chairman	:	Advocate Md. Golam Kibria, Independent Director
Member	:	Mr. Mostafa Jamal Mohiuddin, Director
Member	:	Mr. Md. Ali Hossain Munir, Director
Secretary	:	Mr. Md. Mustafizur Rahman, Company Secretary

A total of 4 (four) meetings of the Audit Committee were held during the year. Company Secretary functioned as the Secretary to the Committee as per regulatory guidelines.

The detail responsibilities of Audit committee are well defined in the Terms of Reference (TOR). However, the major roles of the Audit Committee are mentioned below:

- (a) To review the quarterly and annual financial statements before submission to the Board for approval, adequacy of internal audit functions.
- (b) To oversee the financial reporting process, hiring and performance of external auditors;

The Audit Committee reports on its activities to the Board of Directors. Audit Committee also immediately reports to the Board of Directors on

- a) report on conflicts of interests,
- b) suspected or presumed fraud or irregularity or material defect in the internal control system,
- c) suspected infringement of laws, including securities related laws, rules and regulations,
- d) any other matter which shall be disclosed to the Board of Directors.

In connection with financial reporting, the Audit Committee reviewed the Company's financial statements. The Audit Committee concluded that all reported financial results have been presented in accordance with applicable rules.

On behalf of the Committee,



Advocate Md. Golam Kibria  
Chairman of the Committee



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

DEAR FELLOW SHAREHOLDERS,

Assalamu Alaikum,

It is a statutory requirement to apprise you about the business performance of the company with a brief discussion and analysis of financial statements.

As per condition No. 5 (xxv) of Corporate Governance Code dated 03 June, 2018 the Management Discussion and Analysis are being presented before you along with the company's position and operations together with a brief discussion of changes in the financial statements.

### **ACCOUNTING POLICIS AND ESTIMATIONS**

As is applicable, we adhere to the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh, for our reporting framework, except the circumstances where the local regulations differ and supersede the standards. The following IASs and IFRSs are applicable for the financial statements for the year under review:

IAS- 1 Presentation of Financial Statements

IAS- 2 Inventories

IAS- 7 Statements of Cash Flows

IAS- 8 Accounting Policies and Changes in Accounting Estimates

IAS- 10 Events After the Reporting Period.

IAS- 12 Income Taxes

IAS- 16 Properties, Plant & Equipment

IAS- 23 Borrowing Costs

IAS- 24 Related Party Disclosures

IAS -32 Financial Instrument: Presentation

IAS- 33 Earnings Per Share

IAS- 36 Impairment of Assets

IAS- 37 Provisions, Contingent Liabilities and Contingent Assets

IFRS -7 Financial Instruments: Disclosure

IFRS -13 Fair Value Measurement

IFRS - 15 Revenue from Contract with Customers

There are no changes in accounting policies and estimation, during the preparation of financial statement for the year ended on June 30, 2020.

## COMPARATIVE ANALYSIS OF FINANACIAL PERFORMAMACE

Particulars	01 July 2019 to 30 June 2020	01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016
Turnover	20,01,63,768	38,98,83,210	34,83,23,244	27,50,20,053	24,00,63,761
Gross Profit	8,68,77,122	11,91,32,492	12,55,07,088	7,11,70,978	6,19,57,379
Net Profit Before Tax	3,69,77,217	67,861,608	8,17,55,050	3,52,39,545	3,25,93,063
Net Profit After Tax	2,38,40,082	50,896,206	6,13,16,287	2,59,23,495	2,44,70,157
Total Asset	75,60,72,809	70,23,32,070	63,56,96,840	41,12,50,659	28,17,80,813
Total Current Assets	44,85,49,146	38,44,15,282	35,90,72,932	21,44,21,392	13,43,90,872
Shareholders' Equity	28,20,74,184	25,82,25,640	20,73,20,648	14,59,95,235	13,60,58,927
Total Current Liabilities	47,39,98,625	44,41,06,430	42,83,76,191	26,52,55,424	14,57,21,885
EPS	7.10	15.15	18.25	7.72	7.28
NAV per share	83.95	76.85	61.70	43.45	40.49
NOCFPS	9.51	30.93	12.20	1.99	2.20

Analysis of performance: The Company maintained positive performance in a good ratio in relation to turnover and profitability in the preceding five years.

### RISK AND RISK MANAGEMENT PLAN OF THE COMPANY

Risk is integral part of every business. The risk landscape of the Company encompasses risk arising from Business operations, financial risks and other risks provided in the following risk areas, including but not limited to:

1. Production & Operational Risk
2. Financial Risk
3. Strategic Risk
4. Business Risk
5. Marketing Risk
6. Credit Risk
7. Human Resources Risk
8. Reputation Risk
9. Regulatory Risk

The company uses Risk Management as a strategic tool to protect itself from various potential and existing risks pertaining to all the stakeholders in its business operations. Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company are furnished bellow:

RISK	MITIGATION STRATEGIES
PRODUCTION & OPERATIONAL RISK	<ul style="list-style-type: none"> <li>• Being a manufacturer the company has production risk always. Aiming so the management preserve one month's Raw Material at least as inventory to continue uninterrupted production. The management of the company also focuses on full production of the factory for high profit against lower production cost.</li> <li>• Production, marketing, Credit and liquidity risk are considered while operational strategies are set –               <ul style="list-style-type: none"> <li>- Mitigating rising labor cost</li> <li>- Planning for supply chain pricing shocks</li> <li>- Investing and applying business intelligence tools</li> </ul> </li> <li>• The company aims to create and sustain shareholder value to execute its business Strategies.</li> <li>• The company maintains a formal enterprise-wide operational risk management framework that emphasizes a strong risk management.</li> </ul>
FINANCIAL RISK	<ul style="list-style-type: none"> <li>• The risk of varies in inflation rates is, now, considered in assessment model of the company as it producing commodities and sells them in exchange currencies.</li> <li>• Interest rate risk is managed within company's asset vs. liability management process and controlled via interest rate sensitivity limits.</li> <li>• Inflation is related with raw material purchase as well</li> <li>• Following strategies are considered while taking decision of financing-               <ul style="list-style-type: none"> <li>- Evaluating debt options</li> <li>- Considering interest limitation and tax policy implications</li> <li>- Assessing traditional vs. non-traditional lenders</li> <li>- Interest rate</li> </ul> </li> </ul>
STRATEGIC RISK	<ul style="list-style-type: none"> <li>• Strategies and operating performance are assessed regularly by the Board along with MD and the top management.</li> <li>• Operating, financial and strategic business information are reviewed.</li> <li>• Business strategies and key initiatives and ensuring alignment between business-level and enterprise-level strategies are considered.</li> <li>• Once the strategy is set, it is implemented throughout the year.</li> </ul>
BUSINESS RISK	<ul style="list-style-type: none"> <li>• The company maintains a number of policies and practices to manage business risk.</li> <li>• Sound product design is considered as an essential element.</li> <li>• The Company also manages risk through effective business strategies, ongoing monitoring of experience, and stress-testing scenario analysis.</li> </ul>
MARKETING RISK	<ul style="list-style-type: none"> <li>• Following strategies are followed to meet this type of risk:               <ul style="list-style-type: none"> <li>- Assessing logistic cost and resources</li> <li>- Managing inventory</li> <li>- Monitor sales volume and marketing policies warehouse</li> </ul> </li> </ul>
CREDIT RISK	<ul style="list-style-type: none"> <li>• All receivables are reviewed on a monthly basis and recoveries made on time.</li> </ul>

RISK	MITIGATION STRATEGIES
HUMAN RESOURCES RISK	<p style="text-align: center;"><b>For High Turnover Ratio</b></p> <ul style="list-style-type: none"> <li>• Analysis on worker and staff turnover is reviewed by the Management and the Board.</li> <li>• Employee surveys are carried out on a periodic basis.</li> </ul> <p style="text-align: center;"><b>For Retaining skilled worker and talented staff</b></p> <ul style="list-style-type: none"> <li>• Addressing Labor issues</li> <li>• Accommodating flexible work arrangement</li> <li>• Wages and remuneration packages are aimed to attract skilled worker and qualified &amp; talented staff.</li> <li>• Wages and Salary surveys are conducted periodically to ensure competitive salaries.</li> <li>• Regular Management meetings and distribution management meetings are conducted to convey the key decisions taken at the top management level and to communicate what is happening in the Company to all members of the Management Team.</li> </ul>
	<ul style="list-style-type: none"> <li>• Company's Reputational Risk Management Policy is approved by the respective committee of the Board.</li> <li>• The Company also has defined and documented processes to approve new products and new business. These processes involve committees with representation from the businesses and control functions, and include consideration of all aspects of a new product, including reputational risk.</li> </ul>
REGULATORY RISK	<ul style="list-style-type: none"> <li>• The Company Secretary works as the Chief Compliance Officer provides an annual compliance and governance report to the Audit Committee of the Board stating the results of the annual process and setting out an opinion on the strength of the governance framework and regulatory risk management at the company.</li> <li>• Communicating and advising on compliances by the Board and top management of the Company.</li> <li>• Legal requirements and emerging compliance are analyzed by the Corporate Affairs Department.</li> <li>• Reporting significant issues and findings to senior management and the Board.</li> </ul>

## FUTURE PLAN

It is expected that with the valued suggestions of the Board of Directors, the Shareholders and relentless efforts and dedicated services of the employees, the Company will be able to upgrade the position during the remaining period of the year. Prudent and Judicious financial management combined with stringent austerity measures by all concerned is also warranted to improve the profitability and viability of the company.

We also like to thank the members of the Board and Management Team for the commitment in expediting and implementing the company strategy and unwavering support that enabled the Company emerge as a financially sound enterprise. We would like to recognize the dedicated and unflinching services of all the members of the company with deep appreciation.

Thanking you

One behalf of the Management



**Md. Mobarak Hossain**  
Managing Director

**Annexure-IV**  
**[As per condition No. 1(5) (xxvi)]**  
**DECLARATION BY CEO AND CFO**

**December 08, 2020**

**The Board of Directors**  
**Paper Processing and Packaging Ltd.**

Plot No.-314/A, Road No. 18,  
 Block- E, Bashundhara R/A,  
 Dhaka-1229.

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

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/ 2006-158/207/Admin/80 dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Paper Processing and Packaging Ltd. . for the year ended on 30 June, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (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 2020 and that to the best of our knowledge and belief:

- (a) these statements do not contain any materially untrue statement or omit any material fact or contain 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,



Md. Mobarok Hossain  
**Managing Director**



Naimul Islam  
**Chief Financial Officer (CFO)**



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/261

**BAPLC**

Date of issue : November 2, 2020

## Renewed Certificate

*This is to certify that*

**PAPER PROCESSING & PACKAGING LIMITED**

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

*This certificate remains current until 31<sup>st</sup> December 2020.*



Secretary-General

## **REPORT ON COMPLIANCE & GOVERNANCE**

HONORABLE SHAREHOLDERS,

ASSALAMUALIKUM.

On behalf of the Management, I am pleased to report to you about the compliance and governance of the company and welcome you all at the 31st Annual General Meeting of Paper Processing and Packaging Ltd.

Bangladesh Securities and Exchange Commission (BSEC) streamlined the corporate governance code and repealed the existing corporate governance guideline on June 10, 2018 in order to enhance the corporate governance in the interest of the investors and the capital market. Listed Companies shall comply in accordance with the condition stipulated in the code. The management of the company is always aware to ensure a continued commitment for getting the essence of sound corporate governance. Corporate Governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following:

- The Companies Act-1994
- Corporate Governance Code of BSEC-2018
- Listing Regulations -2015 of both DSE and CSE
- BSEC Rules 1969 and 1987
- Other applicable rules and regulations issued by BSEC, DSE and CSE
- Standards of Business Conduct,
- Policies and Guidelines of the Company
- Statement of Risk Management and Internal Control of the Company
- Statement of Delegated Authorities of the Company
- Laws of the land and
- Local and global best practices.

Corporate Governance clearly defines the rights and responsibilities of the Board of Directors, Management, Shareholders and other Stakeholders. A good corporate reputation is the most valuable and competitive asset of a company. Paper Processing and Packaging Ltd. believes in the continued improvement of corporate governance. The Board of Directors and the Management Team of Paper Processing and Packaging Ltd. is committed to maintaining effective Corporate Governance through accountability, fairness, transparency and responsibility.

### **Board of Directors**

The Board of Directors comprises of 05 (Five) members including 01 (one) Independent Director. All Directors have sound knowledge in the area of paper manufacturing industry, managerial expertise and sound academic and professional knowledge. They are well conversant with corporate governance. The Board of



Directors is appointed by the Shareholders in the Annual General Meetings who are accountable to the Shareholders.

### **Appointment of Independent Director**

The Board of Directors of the company appointed Independent Directors in compliance with the Corporate Governance Code -2018. In selecting Independent Director, the Company always looked for individuals who possess experience, strong inter personal skills and independence. An Independent Director is considered by the Board to be independent of the Company and free of any business or other relationship that could interfere with the exercise of his independent judgment. The Board believes that their experience and knowledge assists in providing both effective and constructive contribution to the Board.

Advocate Md. Golam Kibria has been appointed as Independent Director in the Board of Directors of Paper Processing and Packaging Ltd. on February 22, 2020 . He also acts as the Chairman of the Audit Committee of Paper Processing and Packaging Ltd. He was born in the district of Mymensingh on November 10 , 1968 . He has a high academic career and commendable experience in the field of Law as well as capital market. He also acted as an Independent Director and member of the Audit Committee of Bangladesh Monospool Paper Manufacturing Co. Ltd.

### **The Role of the Chairman and Managing Director**

Position of the Chairman and Managing Director/CEO are clearly defined. The Chairman is responsible for leading the Board and its effectiveness. The Managing Director serves as the Chief Executive officer of the Company under the guidance of the board.

### **Audit Committee**

The Audit Committee was established as a sub-committee of the Board and has jurisdiction over Paper Processing and Packaging Ltd. . The Audit Committee assists the Board. The audit committee is comprised of three members of the Board including an Independent Director who is the Chairman of the Committee.

### **Nomination and Remuneration Committee**

Nomination and Remuneration Committee (NRC) was established as a sub-committee of the Board. The NRC assists the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executives.

The Terms of Reference (TOR) of the NRC clearly sets forth in writing covering the areas stated at the condition No. 6(5) (b) i.e. Role of the NRC as prescribed in the Corporate Governance Code-2018.

The nomination and remuneration policy and the evaluation criteria of the committee are adopted by the Committee. The activities of NRC during the year at a glance are as follows:

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

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

The Company has appointed Mr. Naimul Islam as Chief Financial Officer, Mr. Md. Mustafizur Rahman as Company Secretary and Mr. Md Shakhawat Hossain as Head of Internal Audit of the company as per requirement of Bangladesh Securities and Exchange Commission (BSEC).

#### **Role of the Company Secretary**

The Company Secretary is responsible for ensuring proper information flow within the Board and its Committees and between the Senior Management and Non-executive Directors. He is also responsible for advising the Board through the Chairman on all governance matters. He fulfills the regulatory requirements of the Company. He keeps the records of compliance status imposed by the BSEC, which has been shown in the compliance report on BSEC Corporate Governance Code -2018. The authority of both the appointment and removal of the Company Secretary is vested on the Board as a whole.

#### **Role of the Head of Audit & Internal Control**

The Head of Audit & Internal Control is responsible for reporting to the Board Audit Committee regarding any deviation from standard accounting and internal control

system of the Company. He is also responsible for ensuring regulatory compliances of the Company. The authority of the appointment of the Head of Audit and Internal Control is vested on the Board.

### **Communication with Shareholders and Stakeholders**

The Company provides a balanced level of communication between the Company and its Stakeholders. The Company has Corporate Affairs Department to communicate with the Stakeholders. Shareholders may communicate with this Department at any time for any sort of information and query. The Company disseminates its all Price Sensitive Information (PSI) within 30 minutes of the decision to the BSEC and the Stock Exchanges under the signature of Managing Director or Company Secretary through fax/e-mail and by special messenger, and through courier services in special cases and immediately publishes the same in 2 newspapers. The shareholders are provided routine services by the Company Secretary in the matters of transfer of shares, replacement in case of damage of share certificates, payment of dividend, reissue of dividend warrant when warrants expires in the hand of shareholders, issue of certificates on tax deduction from dividend etc.

### **Financial Reporting and Transparency**

Financial Statements have been prepared in line with the International Accounting Standards, Securities of Exchange Rules-1987 and relevant Rules and Regulation as applicable in Bangladesh. The Company keeps constant supervision on submission of Quarterly, half yearly and annual financial statements with comprehensive details to the respective authorities.

As per BSES Corporate Governance Code dated 3 June 2018 and International Accounting Standard (IAS 34) the interim financial reports are intended to provide an update on the quarterly financial statements audited or unaudited.

### **Statutory Auditors**

M/S Ahmed Zaker & Co., Chartered Accountants was the external/ statutory auditor of the Company for the year 2019-20. They carry out systematic examination of books and records of the Company and ascertain, verify and report upon the facts regarding the financial operation and the results of the Company. To comply with the corporate governance properly; the Company did not engage its statutory auditors to perform the following services:

- (i) Appraisal or valuation services or fairness opinions;
- (ii) Financial information systems design and implementation;
- (iii) Book-keeping or other services related to the accounting records or financial statements;

- (iv) Internal audit services;
- (v) Any other service that the Audit Committee determines;
- (vi) No partner or employees of the auditors are holding any shares of Paper Processing and Packaging Ltd. during the tenure of their audit assignment;
- (vii) Audit/certification services on compliance of corporate governance. External/ Statutory auditors are appointed by the shareholders in the Annual General Meeting and fix their remuneration thereof;

### **Internal Audit and Control**

Paper Processing and Packaging Ltd. considers that internal audit is one of the “four pillars” of corporate governance, the other pillars being the Board of Directors, Management and the External Auditors. Internal auditing of Paper Processing and Packaging Ltd. assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management, control and governance processes. It helps the Audit Committee of the Board of Directors to perform their responsibilities effectively. This includes reporting critical internal control problems, informing the committee on the material issues or findings, suggesting questions or topics for the Audit Committee’s meeting agenda and coordinating carefully with the committee to receive effective information.

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization’s governance, risk management process, system of internal control structure and the quality of performance to achieve the organization’s stated goals and objectives. Major elements of the Company’s control environment are as follows:

- Regular Board Meeting with comprehensive agendas dealing with all major aspects of business.
- An established organogram and delegation of authorities with job descriptions for each division and section.
- Defined operating guidelines and procedures with authorization limits at appropriate levels.
- The Internal Audit Department directly reporting to the Audit Committee of the Board in compliance with procedures and limits of authority.
- A comprehensive annual budgetary system with ultimate approval of the Board.
- A comprehensive financial reporting system including actual performance with budget.

- Review and analysis of fund position on daily basis.
- Accounting and operation manuals.

### **Compliances**

To ensure the spirit of the corporate governance with accountability for inspiring confidence of investors, regulators, financiers and other stakeholders, Paper Processing and Packaging Ltd. is committed to comply with all the requirements of corporate governance as required by the Bangladesh Securities and Exchange Commission (BSEC). The certificate on compliance of conditions of corporate governance of the Company is attached herewith in this annual report.

Before concluding, I convey my sincere gratitude and profound thanks to the honorable Chairman and the respectable Directors of the Board for their judicious guidance, pragmatic vision, valuable input, patronage round the year regarding compliance issues and I look forward to receive the same in future. In this connection, I also like to thank the prudent Management Team for their commitment in expediting and implementing compliance and governance strategy of the Company.

With best regards,



Md. Mustafizur Rahman  
Company Secretary





## HUDA HOSSAIN & CO. CHARTERED ACCOUNTANTS

Ref: 12/20/121/1

+88 02 4712 0593  
+88 0967 8800438  
info@hudahossain.com  
www.hudahossain.com



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

### Report to the Shareholders of Paper Processing and Packaging Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Paper Processing and Packaging Ltd. for the year ended on 30<sup>th</sup> June, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Dhaka,  
December 08, 2020



For HUDA HOSSAIN & CO,  
Chartered Accountants

  
Md. Aminul Islam FCA  
Partner

House # 27/5/A-4, Level-2, Topkhana Road  
Segunbagicha, Dhaka-1000.

Keari Plaza (5th Floor), House-83  
Road-8/A, Dhanmondi, Dhaka-1209

1557 Agrabad Access Road,  
Agrabad C/A, Chattogram.



# ANNEXURE – C

[As per condition No. 1(5)(xxvii)] of CGC-2018

## Paper Processing and Packaging Ltd. Corporate Governance Compliance Report For the year ended 30<sup>th</sup> June, 2020

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

### REPORT UNDER CONDITION NO. 9

Condition No.	Title	Compliance Status		Remarks (if any)
		Complie d	Not Complie d	
<b>1</b>	<b>Board of Directors</b>			
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).	√		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating number of Independent Director(s);	√		
1(2)(b)(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 holds 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 also shall not hold above mentioned shares in the Company.	√		
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 Stock Exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Who is not independent director in more than 5(five) listed companies;	√		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	as a defaulter in payment of any loan or any advance to a bank or a Non- Bank financial Institution (NBFI); and			
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		
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;	√		
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regularity requirements and corporate laws and can make meaningful contribution to the business;	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted Company having minimum paid-up-capital of Tk. 100.00 million or any listed Company or a member of any national or international chamber of commerce or business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted Company having minimum paid-up-capital of Tk. 100.00 million or of a listed Company; or			N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			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.	-	-	No such deviation occurred
<b>1(4)</b>	<b>Duality of Chairpersons of the Board of Directors and Managing Director or Chief Executive Officer:</b>			
1(4)(a)	The positions of the Chairpersons of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) of the Company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and / or Chief Executive Officer (CEO) of a listed Company shall not hold the same position in another listed Company;	√		



Condition No.	Title	Compliance Status		Remarks (if any)
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 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 absence of the regular Chairperson shall be duly recorded in the minutes.			No such event occurred
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications(gain or loss);			No such event occurred;
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 utilization of proceeds raised through public issues, rights issues and / or any other instruments;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the Company goes for initial Public Offering(IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			No such event occurred;
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	A statement that proper books of account of the issuer Company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards(IAS) or International Financial Reporting Standards(IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	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 meeting held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares(along with name-wise details where stated below) held by:	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties(name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children(name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his her expertise in specific functional areas; and	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	-	-	N/A
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 concerns mitigation plan of the Company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for Company's operation,	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	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.	√		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
	The Company shall conduct its Board Meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC) at condition No. 6, for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the Company including, among others, prudent conduct and behavior; confidentiality; conflict of interest, compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			Under Process
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company:</b>			
2(a)	Provisions relating to the composition of the Board of the holding Company shall be made applicable to the composition of the Board of the subsidiary Company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding Company shall be a director on the Board of the subsidiary Company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company;			N/A
2(d)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also;			N/A
2(e)	The Audit Committee of the holding Company shall also review the financial statements, in particular the investments made by the subsidiary Company.			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary.-</b>			
<b>3(1)</b>	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO), and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The position 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	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	be filed by different individuals;			
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed Company shall not hold any executive position in any other Company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3(3)(a)(i)	these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee:</b>			
	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.	√		
<b>5</b>	<b>Audit Committee:</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The Company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3(three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the Company excepting Chairpersons of the Board and shall include at least 1(one) independent director;	√		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1(one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any committee member to be unable to hold office before expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3(three) persons, the Board shall	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	appoint the new Committee member to fill up the vacancy immediately or not later than 1(one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			
5(2)(e)	The Company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director.	√		
<b>5(3)</b>	<b>Chairperson of Audit Committee</b>			
5(3)(a)	The Board shall select 1(one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting(AGM);	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year;	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
	The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	Review the adequacy of internal audit function;	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by the statutory auditors;	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external	√		



Condition No.	Title	Compliance Status		Remarks (if any)
	auditors; and			
5(5)(m)	Oversee whether the proceeds raised through Internal Public Offering (IPO) or Repeat Public Offering(RPO) or Rights Share Offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission.	-	-	N/A
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests;	-	-	No such event occurred
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;	-	-	No such event occurred
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	-	No such event occurred
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	No such event occurred
<b>5(6)(b)</b>	<b>Reporting to the Authorities</b>			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonable ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period 6(six) months from the date of first reporting to the Board, whichever is earlier.	-		No such event occurred
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors</b>			
	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.	-		No such event occurred
<b>6</b>	<b>Nomination and Remuneration Committee (NRC):</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	√		
<b>6(2)</b>	<b>Constitution of NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any	√		



Condition No.	Title	Compliance Status		Remarks (if 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;	√		
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;	√		
6(2)(g)	The Company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.	√		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
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;	√		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		
<b>6(4)</b>	<b>Meeting of NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convey any emergency meeting upon request by any member of the NRC;	√		
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.	√		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	√		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	√		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the Company successfully;	√		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance	√		

Condition No.	Title	Compliance Status		Remarks (if any)
	between fixed and incentive pay reflection short and long-term performance objectives appropriate to the working of the Company and its goal;			
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	Identification persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommended their appointment and removal to the Board;	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	Identification the Company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		
6(5)(b)(vi)	Developing, recommending and reviewing annually the Company's human resource and training policies;	√		
6(5)(c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
<b>7</b>	<b>External or Statutory Auditors:</b>			
7(1)	The issuer Company shall not engage its external or statutory auditors to perform the following services of the Company, namely:	√		
7(1)(i)	Appraisal or valuation service or fairness opinions;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	Broker-dealer services;	√		
7(1)(v)	Actuarial services;			N/A
7(1)(vi)	Internal audit services or special audit services;	√		
7(1)(vii)	Any services that the Audit Committee determines;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflicts of interest.	√		
7(2)	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company; his or her family members also shall not hold any shares in the said Company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual general Meeting or Extraordinary General Meeting) to ensure the queries of the shareholders.	√		
<b>8</b>	<b>Maintaining a website by the Company:</b>			<a href="https://www.pppl.com.bd">https://www.pppl.com.bd</a> And <a href="https://www.bdg-magura.com">https://www.bdg-magura.com</a>
8(1)	The Company shall have an official website linked with the website of the stock exchange.			Under Process
8(2)	The Company shall keep the website functional from the date of listing.			Under Process
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).			Under Process
<b>9</b>	<b>Reporting and Compliance of Corporation Governance:</b>			
9(1)	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or			

Condition No.	Title	Compliance Status		Remarks (if any)
	Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the Company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the Company has complied with these condition or not.	√		

Date: December 08, 2020

**Boards' Statements on Interim Dividend**

Clause 1(5) (xxi)

No Bonus Share or Stock Dividend has been declared as interim dividend by Paper Processing and Packaging Ltd. during the year ended on 30-06-2020.



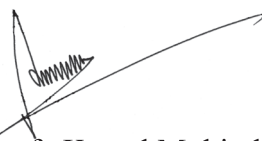
Md. Ali Hossain Munir  
Director



Mostafa Jamal Mohiuddin  
Director



Md. Mobarok Hossain  
Managing Director



Mustafa Kamal Mohiuddin  
Chairman