

ANNUAL REPORT  
19-20



হাক্কানী পাল্প এন্ড পেপার মিলস লিঃ  
**HAKKANI PULP & PAPER MILLS LTD.**



হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ  
**HAKKANI PULP & PAPER MILLS LTD.**

Annual Report  
2019-2020

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## TRANSMITTAL LETTER

Date: 18<sup>th</sup> November, 2020

Valued Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies and Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

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

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report of Hakkani Pulp & Paper Mills Limited together with the Audited Financial Statements, Report of the Board of Directors and Auditors Report thereon for the year ended 30<sup>th</sup> June 2020 for your information and records.

Yours sincerely

  
**Mohammad Musa**  
Company Secretary



## NOTICE OF THE 24th ANNUAL GENERAL MEETING

This is hereby Noticed that the **24<sup>th</sup> ANNUAL GENERAL MEETING** of the shareholders of **Hakkani Pulp & Paper Mills Limited** will be held on Tuesday, the 29<sup>th</sup> December, 2020 at 11.00 a.m at virtually by using Digital Platform as per BSEC order SEC/SRM/04/231/25 July 08.2020 through the Link <https://tinyurl.com/hakkaniagm2020> to transact the following business:

- Agenda-1 : To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June 2020 together with the Reports of the Auditors' and the Directors' thereon.
- Agenda-2 : To declare and approve dividend for the year ended 30th June 2020 as recommended by the Board of Directors.
- Agenda-3 : To elect Directors in terms of the Articles 82 of Association of the Company.
- Agenda-4 : To approve the reappointment of independent Director.
- Agenda-5 : To appoint Auditors for the year ended 30th June, 2021 and fix their remuneration.
- Agenda-6 : To appoint professional for the Certification on Corporate Governance for the year ended 30th June, 2021 and fix their remuneration.
- Agenda-7 : To transact any other business of the company with the permission of the Chair.

By order of the Board

  
(Mohammad Musa)  
Company Secretary

Dated : Chattogram  
November 14, 2020

### Notes:

- (1) December **03, 2020 is scheduled as Record Date** for the 24<sup>th</sup> Annual General Meeting of the company. Shareholders whose name will appear on the Register of Members/CDS record on the Record Date will be eligible to attend the meeting and entitled for dividend.
- (2) The shareholders will join the Virtual AGM of Hakkani Pulp and Paper Mills Limited through the link prior to 24 hours of the meeting. BO ID will be as the user ID and number of shareholding on the record date will be as pass word. The shareholders will be able to registered and comments before commencement of the AGM and during the AGM. If any technical problems arise to join the virtual meeting requested to call at the mobile number +88-01714-087510. Written queries, if any, should reach at the share department of the company at least 24 hours before the meeting for the sake of convenience of appropriate explanation.
- (3) A member entitled to attend and vote at the 24<sup>th</sup> Annual General Meeting can appoint a proxy to attend the meeting and vote on his/her behalf. The proxy form duly stamped with revenue stamp of Taka 10.00 must be send at the share department of the Company at Hakkani Pulp and Paper Mills Limited, 2/10, D.T Road, North Pahartali, Chattogram or through e-mail- [companysecretary@hakkanigroup.com](mailto:companysecretary@hakkanigroup.com) or [compliancehppml@gmail.com](mailto:compliancehppml@gmail.com) not later than 48 hours before the appointed time of the meeting.
- (4) As per notification of BSEC, the soft copy of Annual Report will be sent to the shareholders' e-mail address available in their BO Accounts maintained by the Depository Participant (DP). The soft copy of Annual Report FY 2019-20 and Proxy Form will also be available in the company's website at [www.hakkanigroup.com](http://www.hakkanigroup.com). The shareholders may also collect the printed copy of Annual Report FY 2019-20 from the share department of the company.
- (5) Shareholders bearing BO ID are requested to update the particulars of Bank A/C, e-mail address, change of address and 12 digit Tax payers' identification number (e-Tin) through their depository participant (DP) before **December 03, 2020**. If the shareholders failed to upload their e-Tin before **December 03, 2020** income tax at source will be deducted from payable dividend @15% instead of @10% as per amendment Income Tax Ordinance, 1984 under section 54. The Shareholders who are maintaining folio no. are also requested to submit their e-Tin before **December 03, 2020** to the Share Department of Hakkani Pulp and Paper Mills Limited, 2/10, D. T. Road, North Pahartali, Chattogram.
- (6) Depository Participants/Stock Brokers are requested to send the list of margin account holders based on record date i.e. 03/12/2020. If any, within the December 15, 2020 to the company through hard copy or e-mail at [companysecretary@hakkanigroup.com](mailto:companysecretary@hakkanigroup.com) or [compliancehppml@gmail.com](mailto:compliancehppml@gmail.com), otherwise, the dividend will be paid to the shareholders whose names appeared in the Member/Depository Register on the "Record Date".
- (7) Election of Directors will be held in terms of Articles of Association of the Company and relevant Rules / Circulars in force.

## ২৪তম বার্ষিক সাধারণ সভার নোটিশ

এই মর্মে হাক্কানী পাল্প এন্ড পেপার মিলস লিঃ এর সম্মানিত শেয়ারহোল্ডারদের অবহিত করা হচ্ছে যে, কোম্পানির ২৪তম বার্ষিক সাধারণ সভা আগামী ২৯ ডিসেম্বর, ২০২০ রোজ মঙ্গলবার সকাল ১১.০০ ঘটিকায় ডিজিটাল প্ল্যাটফর্ম <https://tinyurl.com/hakkaniagm2020> এই লিংকের মাধ্যমে অনুষ্ঠিত হবে। উক্ত সভার আলোচ্য বিষয় নিম্নরূপ :

আলোচ্য বিষয়-০১ : কোম্পানির ৩০ জুন, ২০২০ তারিখে সমাপ্ত বৎসরের নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষা প্রতিবেদন এবং পরিচালকমন্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।

আলোচ্য বিষয়-০২ : ৩০ জুন, ২০২০ তারিখে সমাপ্ত বৎসরের জন্য পরিচালক পর্বদের সভায় সুপারিশকৃত লভ্যাংশ ঘোষণা এবং অনুমোদন।

আলোচ্য বিষয়-০৩ : কোম্পানির সংঘবিধির ধারা ৮২ অনুযায়ী পরিচালক নির্বাচন।

আলোচ্য বিষয়-০৪ : স্বতন্ত্র পরিচালকের পুনঃ নিয়োগ অনুমোদন।

আলোচ্য বিষয়-০৫ : ৩০ জুন, ২০২১ সমাপ্ত বৎসরের জন্য নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।

আলোচ্য বিষয়-০৬ : ৩০ জুন, ২০২১ অর্থ বৎসরের কর্পোরেট গার্নেন্স সার্টিফিকেটের জন্য পেশাদার নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।

আলোচ্য বিষয়-০৭ : সভাপতির অনুমতি সাপেক্ষে কোম্পানির অন্য কোন বিষয় আলোচনা।

পরিচালকমন্ডলীর আদেশক্রমে,

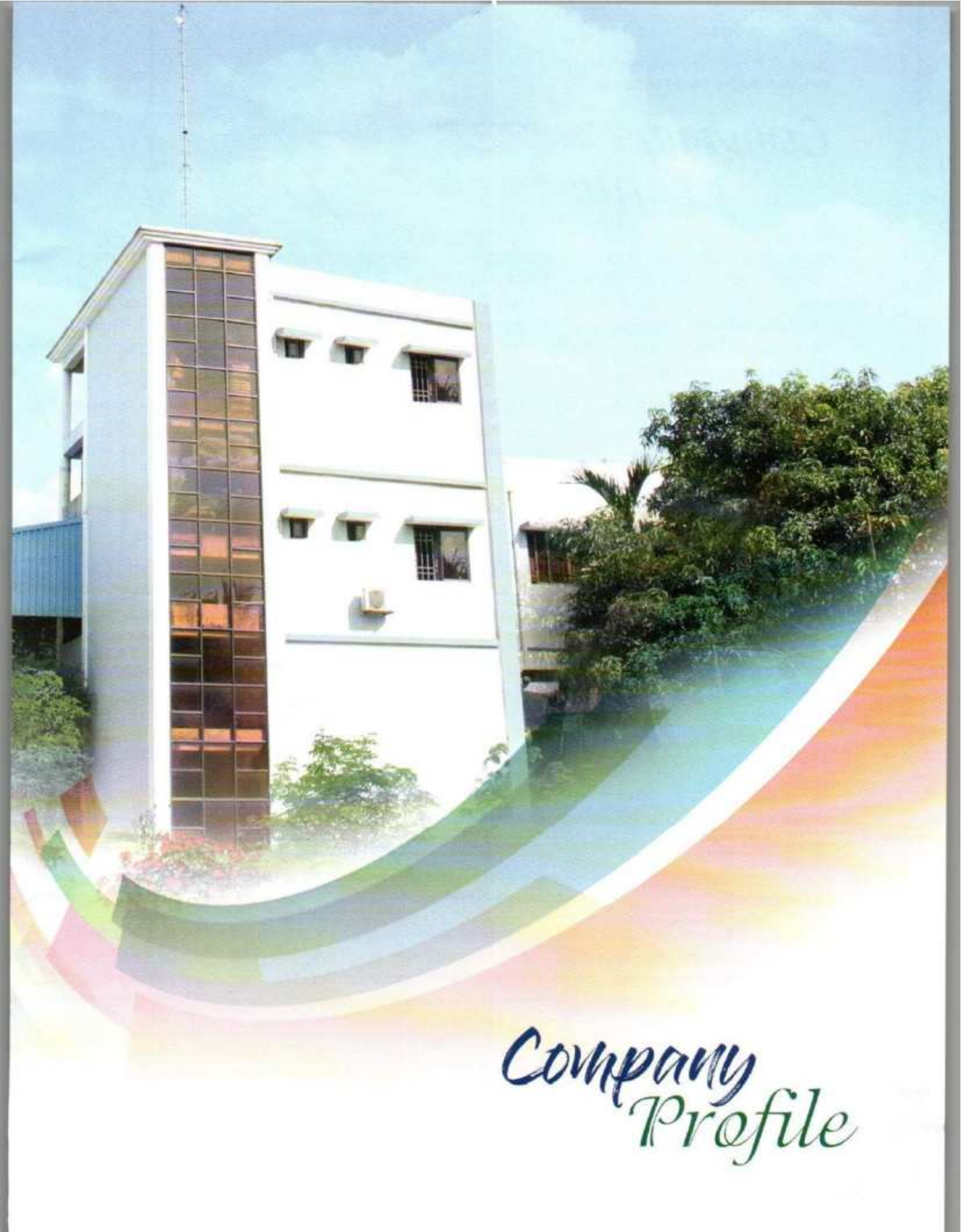
তারিখঃ চট্টগ্রাম

নভেম্বর ১৪, ২০২০

  
(মোহাম্মদ মুসা)  
কোম্পানী সচিব

### টিকা :

- (১) রেকর্ড ডেট/শেয়ার হস্তান্তর বই বন্ধের তারিখ ০৩ ডিসেম্বর, ২০২০।
- (২) সম্মানিত শেয়ারহোল্ডারগণ বার্ষিক সাধারণ সভায় অংশগ্রহণ করার জন্য <https://tinyurl.com/hakkaniagm2020> এই লিংকে প্রবেশ করতে হবে এবং ইউজার আইডি, বিও হিসাব নম্বর এবং পাসওয়ার্ড হিসাবে রেকর্ড ডেট এ ধারণকৃত শেয়ারের পরিমাণ প্রদান করতে হবে। শেয়ারহোল্ডারগণ তাদের প্রশ্ন ও মতামত সভা শুরু ২৪ ঘন্টা পূর্বে ইলেকট্রনিক পদ্ধতি ব্যবহারের মাধ্যমে প্রদান করতে হবে। ভার্যুয়াল সভায় অংশগ্রহণের জন্য প্রয়োজনীয় কোন সমস্যার সৃষ্টি হলে +৮৮-০১৭১৪-০৮৭৫১০ নম্বরে যোগাযোগ করার জন্য অনুরোধ রইল।
- (৩) বার্ষিক সাধারণ সভায় উপস্থিত থাকা এবং ভোটাধিকার প্রয়োগে যোগ্য শেয়ারহোল্ডার নিয়ম অনুযায়ী রাজস্ব স্ট্যাম্প প্রিন্সি ফরমে সংযোজনপূর্বক মিটিং শুরু হওয়ার কমপক্ষে ৪৮ ঘন্টা পূর্বে পঞ্জি নিযুক্ত করিতে পারিবেন।
- (৪) বার্ষিক প্রতিবেদন-২০২০ শেয়ারহোল্ডারগণের ই-মেইল ঠিকানা প্রেরণ করা হবে। এছাড়া বার্ষিক প্রতিবেদন-২০২০ কোম্পানির [www.hakkanigroup.com](http://www.hakkanigroup.com) ওয়েবসাইটে পাওয়া যাবে এবং শেয়ার বিভাগ থেকে সংগ্রহ করা যাবে।
- (৫) মার্চেন্ট ব্যাংক এবং ডিপোজিটরি পার্টসিপেন্টদের অবগতির জন্য জানানো যাচ্ছে যে, যারা হাক্কানী পাল্প এন্ড পেপার মিলস লিমিটেড এর শেয়ার মার্জিন লোন অধিকৃত তাদের বিবরণী আগামী ১৫ ডিসেম্বর, ২০২০ তারিখের মধ্যে কোম্পানি সচিব বরাবর পৌঁছানোর জন্য অনুরোধ করা হল।
- (৬) সম্মানিত শেয়ারহোল্ডারদের তাদের ঠিকানা, যদি দরকার হয়, হালনাগাদ করার জন্য অনুরোধ করা হল।
- (৭) পরিচালক নির্বাচনের ক্ষেত্রে কোম্পানির সংঘবিধিতে সন্নিবেশিত নীতি অনুসরণ করা হবে।
- (৮) সকল ক্ষেত্রে বিএসইসি এর নির্দেশনা প্রযোজ্য হবে।



*Company  
Profile*

## Company Profile

Hakkani Pulp & Paper Mills Ltd. is one of the pioneer, leading paper manufacturer in Bangladesh, located at patiya, Chittagong, Bangladesh a sister concern of Hakkani Group has been established and incorporated in Registrar of Joint Stock Companies and firms in 1996 as public limited company and has already been issued public share in 2001 being listed with two largest Stock Exchange of the country Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Authorized Capital of the company is 500 million and paid up capital is 190 million. The Company commenced commercial production at the end of 2003.

Under the guidance of nine members of Board of Directors of the company is run by a management team headed by the managing director with a view to running the company efficiently. The company involved in producing the best quality of news print paper, writing printing paper and medium paper and various Tissue Papers.

The vision and mission of the company is to conduct transparent business operation based on market mechanism within the legal and ethical frame work and to produce best quality paper to meet the required country's demand and also to ensuring benefit to the shareholders, stake holders and the society at large.

Company involved in the area of production of papers as well as tissue and marketing throughout the country with established agents and outlet in adequate supply chain to ensure effective smooth supply in time on terms. In the view of production of best quality paper and customer strength the company recognized for edge outstanding performance of product, quality manufacturing environment along with professional services.

The company places total emphasis on maintaining and improving of quality of its products at every levels of production and handling of the company. The customers are considered as prime focus as such implemented satisfactory customer's service as deemed suitable and has been acquainted space in paper market with a lion portion of share in quality papers. Finished products are produced by composition of wastage paper both local and imported which is fully favorable for environment and it is not harmful for environment which saves the global environment.

Considering the local as well as foreign demand, the Company running production of various quality Tissue papers from the tissue project. Present capacity of tissue project is 20TPD.

Since commercial production, the company has been achieving profitability by utilization of maximum capacity and improvement in all phases, resulting gradually increases net asset value of shareholders simultaneously.

The company is using most dependable machinery's equipment's and technology to produce compatible best quality paper and also keeping continuous effort to upgrade and adopt new technology in production, quality control, distribution and administration of its products. Since commencement of commercial operation company has been contributing a decent amount to the national exchequer in the form of import related taxes, duties, VAT and Income Tax.



**MD. ABDULLAH**  
Chairman

Mr. Mohammad Abdullah was born in a famous Muslim family of Chattogram, Bangladesh in 1947. He is one of the founders of Hakkani Group of Companies. He earns a treasure of experiences through doing business, setting different industrial units and leading the whole activities from the front for the last 37 years in Hakkani Group of Companies. He has been the key person of this group. He was appointed as Vice Chairman of the Company since its incorporation. After that, he was appointed as Chairman of Hakkani Pulp & Paper Mills Limited on 30th April, 2015. He has shown his immeasurable capacity as a successful entrepreneur in different sectors of economy for more than three decades. He has exploited his considerable talents and expertise to operate paper Industries, transport business and other business most successfully. He has already affiliated him with many foremost businesses. He always intends to add new dimension to his business portfolio. He is man of commitment prudent personality. He is involved in many social organizations and performing various social activities for the welfare of the societies.



**MD. GOLAM MOSTOFA**  
Managing Director

Mr. Mohammad Golam Mostofa was born in a famous Muslim family of Chattogram, Bangladesh in 1977. He is the 1st son of Mr. Md. Abdullah. He was appointed as Managing Director of the company since the incorporation of Hakkani Pulp & Paper Mills limited. He completed his Masters in Management from the Government College of Commerce, Chattogram. He is the dynamic Managing Director of Hakkani Pulp & Paper Mills Ltd. He has gathered huge knowledge and experience in the management of both industrial and trading organization. He started his business career after completion of his post graduation. Mr. Mostofa looks after the overall production of industrial concerns of Hakkani Group from the very beginning. He has been leading Business in different arena with his pragmatic and dynamic efforts. This is how, he has gathered immense experienced in paper manufacturing business, Trading business, packing industry, international trade, logistic management, fuel station etc.. He has been playing major role in planning, executing and controlling operating, financing and investing activities of Hakkani Pulp & Paper Mills Limited most productively.



**MD. GOLAM KIBRIA**  
Deputy Managing Director

Mr. Mohammad Golam Kibria was born in a famous Muslim family of Chattogram, Bangladesh in 1980. He is the 2nd son of Mr. Md. Abdullah. He joined the family business after completion of his graduation. He was appointed as Deputy Managing Director of Hakkani Pulp & Paper Mills Limited from its incorporation. He has gathered huge knowledge in industrial management and production technology through working at different level of responsibilities with the inheritance of the group. He acquired computer based education from NCC, UK and involved related business since long with goodwill and success. He can individually manage the whole operational technological side of the industry. He has been also playing an important role on various aspects of management and corporate planning. He is a member of Audit committee of Hakkani Pulp & Paper Mills Limited. Ensuring quality of the product and focusing on customer's satisfactions are his priority.





**HOSNE ARA BEGUM**  
Director

Mrs. Hosne Ara Begum was born in Chattogram, Bangladesh in 1952. She is the wife of Mr. Md. Abdullah. She is the Sponsor Director of Hakkani Pulp & Paper Mills Ltd. and one of the important fellows in planning policy maker and execute. She is actively involving with this group business since 32 years. She is regular in Board of Directors meeting to play vital role and to make decision and ensure transparency in all assignment related to this Business group. She provided necessary back up to strength this group of company. She involved with different corporate social responsibility activities.



**MD. GOLAM HAIDER**  
Director

Mr. Mohammad Golam Haider was born in a famous Muslim family of Chattogram, Bangladesh in 1984. He is the 3rd son of Mr. Md. Abdullah. He was appointed as Director of Hakkani Pulp & Paper Mills Ltd. from its incorporation. He has been started his business career after completion his graduation. As a Director, Operation he has proved himself as a dynamic one in the relevant field. He is a young, energetic and devotee to his duty assigned for. His analytical knowledge and experience helped to implement and run a number of industries and enterprise and holds the external ability to manage it in a up-to-date view.



**MD. GOLAM MORSHED**  
Director

Mr. Mohammad Golam Morshed was born in a famous Muslim family of Chattogram, Bangladesh in 1985. He is the 4th son of Mr. Md. Abdullah. He is an MBA. He was appointed as Director of Hakkani Pulp & Paper Mills Limited on 30th April, 2015. He engaged with the family business after completion of his post graduation. He is active in the day to day operation of the company as the Director. He is introducing modern management practices in the company and installing a team spirit to excel in the industry. He is also a member of the Audit Committee.



**MD. GOLAM RASUL MUKTADIR**

Director

Mr. Mohammad Golam Rasul Muktadir was born in a famous Muslim family of Chattogram, Bangladesh in 1991. He is the 5th son of Mr. Md. Abdullah. He was appointed as Director of Hakkani Pulp & Paper Mills Limited on 30th April, 2015. He completed his graduation in Business Administration. He is one of the youngest Director of Hakkani Pulp & Paper Mills Limited. He started his business career after completion of his graduation. He has gathered his immense experience in paper manufacturing industries and transport business.



**DR. MOHAMMAD SALEH JAHUR**

Independent Director

Dr. Mohammad Saleh Jahur was born on January 21, 1966 in Chattogram. He completed B.Com. (Hons.) in Accounting in 1986 and Masters in Accounting in 1987 from University of Chittagong, Bangladesh. He did his Ph. D. in Finance and got awarded with Ph.D. on January 18, 2003 from University Business School, Panjab University, Chandigarh, India. Dr. Saleh Jahur has also completed Certificate Course in International Financial Reporting Standards (IFRSs) from Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom in 2008; and Course on Green Productivity for Bangladesh (BDGP), Conducted by HIDA-The Overseas Human Resources and Industry Development Association and AOTs, Japan in January-February 2014.

Mr. Saleh Jahur started his teaching career as a Lecturer in Finance, Department of Finance and Banking, University of Chittagong from September 30, 1993. Currently, He is Professor of Accounting and Finance of the same university, Bangladesh. He was also acted as a Chairman of Department of Finance and Banking and Director of Bureau of Business Research, Faculty of Business Administration, University of Chittagong, Bangladesh. Before starting career as teacher, he joined BPC as executive officer in 1992 and worked there for almost 30 months, and completed 14th BCS Cadre successfully. He also works as adjunct faculty of reputed private universities and professional bodies in Chattogram. Dr. Saleh Jahur being academic and researcher got published a good number of research based articles at home and abroad in different areas like management accounting, corporate finance, investment in money and stock market, risk management, etc.

Dr. Saleh Jahur has been working in the corporate sectors for many years in the capacities of advisor, consultant, and independent directors in different reputed corporate firms in Bangladesh. He has also exposure to the capital market as stock market analyst and editor of stock market issue. Board of Directors has appointed him as an independent director of the Company in 2017. He is also the member of Audit Committee of the Company. His excellent academic background, professional knowledge, and analytical ability are expected to contribute to the growth and



**PROFESSOR S. M. NASRUL QUADIR**  
Independent Director

development of Hakkani Pulp & Paper Mills Limited. Dr. Saleh Jahur is associated with many social organization and activities. He is a member of Chittagong Club Limited, Chattogram; Director of Khulshi Club Limited, Life Member of Maa O Shishu Hospital Limited, Chattogram, and Life Member of Chittagong Diabetics Association, Khulshi, Chattogram.

Professor S. M. Nasrul Quadir was born on 26th November, 1964 in Chattogram. He completed Bachelor of Commerce with Honours in Finance in 1985 and Masters in Finance and Banking in 1986 from University of Dhaka, Bangladesh. He did his PGDPM from Bangladesh Institute of Management (formerly Bangladesh Management Development Centre-BMDC) in 1992. Professor Quadir has also obtained his MBA in International Business from Birmingham, United Kingdom in 2009.

Professor Quadir started his teaching career as a Lecturer in Finance, Department of Finance and Banking, University of Chittagong from May, 1996. He has been serving as a Professor of Department of Finance of the same university, Bangladesh since 2012. He was the syndicate member of University of Chittagong, and also the General Secretary, Joint Secretary and Treasurer of Chittagong University Teachers' Association. Before starting career as teacher, Professor Quadir worked as Regional Sales Manager with ICI Bangladesh Limited, Dhaka, a subsidiary of ICI plc UK from September, 1989 to February, 1994 and with Linkers (Far East) pte Limited, Singapore as Manager, Bangladesh Liaison office, Chittagong from March, 1994 to April, 1996. He also serves as adjunct faculty of reputed private universities and professional bodies in Chattogram. Professor Quadir has a good number of research articles published in recognized national and international journals and books in different areas like Micro Finance, Lease Finance, e-banking, Corporate Finance, Capital Market, Human Resource Management, Risk Management, etc.

Professor Quadir has been involved with the corporate sectors for many years in the capacities of advisor and consultant in different reputed corporate firms in Bangladesh. Professor Quadir is associated with many social organizations and activities. He is a member of Chittagong Club Limited, Chattogram; Director of Independent School and College, Chittagong, Member of Academy Of International Business (AIB), USA, Member of Islamabad Town Co-operative Bank, Chattogram, Life Member of Maa O Shishu Hospital Limited, Chattogram and Bangladesh Red Crescent Society, member of Governing Body of Maa O Shishu Nursing Institute, Chattogram and Majidia Islamia Alim Madrasa, Changaon, Chattogram and President of Baitullah Jam-e- Mosque, Bakalia, Chattogram. He has attended many seminars, symposiums and workshops at home and abroad.

Board of Directors of Hakkani Pulp and Paper Mills Ltd. has appointed him as an Independent Director of the Company in 2019. His befitting academic background, professional knowledge, polished communication skills and analytical ability are expected to contribute to the further growth and development of the company.



## CORPORATE MANAGEMENT

### Board of Directors:

Sl. No.	Name of the Directors	Position
01.	Mr. Md. Abdullah	Chairman
02.	Mr. Md. Golam Mostofa	Managing Director
03.	Mr. Md. Golam Kibria	Deputy Managing Director
04.	Dr. Mohammad Saleh Jahur	Independent Director
05.	Mr. S. M Nasrul Quadir	Independent Director
06.	Mr. Md. Golam Haider	Director
07.	Mr. Md. Golam Morshed	Director
08.	Mr. Md. Golam Rasul Muktadir	Director
09.	Mrs. Hosne Ara Begum	Director

### Audit Committee:

Sl. No.	Name of the Member	Status in the Company	Status in the Committee
01.	Dr. Mohammad Saleh Jahur	Independent Director	Chairperson
02.	Mr. Md. Golam Kibria	Deputy Managing Director	Member
03.	Mr. Md. Golam Morshed	Director	Member
04.	Mr. Mohammad Musa	Company Secretary	Secretary of the Committee

### Nomination and Remuneration Committee (NRC):

Sl. No.	Name of the Member	Status in the Company	Status in the Committee
01.	Dr. Mohammad Saleh Jahur	Independent Director	Chairperson
03.	Mr. Md. Golam Kibria	Deputy Managing Director	Member
04.	Mr. Md. Golam Haider	Director	Member
05.	Mr. Md. Golam Morshed	Director	Member
06.	Mr. Mohammad Musa	Company Secretary	Secretary of the Committee

### Company Secretary:

Mr. Mohammad Musa

**OTHER PARTICULARS**  
**Bank and other financial institution**

Sl. No.	Name of the Bank	Sl. No.	Name of the Bank
01.	Social Islami Bank Ltd.	11.	Mercantile Bank Ltd.
02.	AB Bank Ltd.	12.	Standard Bank Ltd.
03.	First Security Islami Bank Ltd.	13.	Union Bank Ltd.
04.	National Bank Ltd.	14.	Dhaka Bank Ltd.
05.	Prime Bank Ltd.	15.	Islami Bank Bangladesh Ltd.
06.	Premier Bank Ltd.	16.	United Commercial Bank Ltd.
07.	Southeast Bank Ltd.	17.	Modhumoti Bank Ltd.
08.	The City Bank Ltd.	18.	Eastern Bank Ltd.
09.	Bangladesh Krishi Bank Ltd.	19.	Pubali Bank Ltd.
10.	National Credit and Commerce Bank Ltd.	20.	DutchBangla Bank Ltd.

**AUDITORS**

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**FACTORY**

Halim Kharchar, P.S.: Patiya  
Chattogram, Bangladesh



# পরিচালনা পর্ষদের প্রতিবেদন

৩০ জুন, ২০২০ সমাপ্ত বৎসরের জন্য

বিসমিল্লাহির রাহমানির রাহিম

সন্মানিত শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম।

হাজ্ঞানী পাল্ল এন্ড পেপার মিলস্ লিঃ এর ২৪তম বার্ষিক সাধারণ সভায় কোম্পানির পরিচালক পর্ষদ ও আমার পক্ষ থেকে উপস্থিত সকলকে স্বাগত জানাচ্ছি। সভার শুরুতেই আমি বোর্ডের পরিচালকবৃন্দ, কোম্পানির সন্মানীত শেয়ারহোল্ডার এবং সংশ্লিষ্ট সকলকে আপনাদের একান্ত সহযোগিতা, প্রচেষ্টা এবং অনুপ্রেরণার জন্য জানাই আন্তরিক অভিনন্দন।

কোম্পানি আইন ১৯৯৪, সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন রুলস্ ১৯৮৭, আর্থিক হিসাব মান (আইএএস) এবং আর্থিক আর্থিক প্রতিবেদন মান (আইএফআরএস) অনুসারে প্রস্তুতকৃত কোম্পানির ৩০শে জুন, ২০২০ তারিখে সমাপ্ত আর্থিক বৎসরের নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষকের প্রতিবেদন এবং পরিচালকদের প্রতিবেদন আপনাদের সদয় বিবেচনা ও অনুমোদনের জন্য উপস্থাপন করছি।

## ১। আন্তর্জাতিক অর্থনৈতিক প্রেক্ষাপটঃ

বিশ্বব্যাংকের Global Economic Prospects শীর্ষক রিপোর্ট অনুযায়ী চলতি বৎসরে আন্তর্জাতিক প্রবৃদ্ধির হার হ্রাসিত হয়ে আসলেও তা ২০২০ সালের জুলাই পরবর্তী সময়ে অনেকটা পুনরুদ্ধার করতে সক্ষম হয়েছে। উন্নয়নশীল দেশগুলোতে কোভিড-১৯ এর কারণে বিনিয়োগ প্রবৃদ্ধি বাধাগ্রস্ত হয়ে বিনিয়োগ প্রবৃদ্ধির হার মারাত্মকভাবে হ্রাসিত হয়েছে। ২০২০ সালের প্রথম দিকে কোভিড-১৯ এর কারণে উন্নত, উন্নয়নশীল এবং অনুন্নত দেশগুলোতে সামগ্রিকভাবে লক ডাউনের আওতাভুক্ত হয়ে গেলে উৎপাদন এবং বিনিয়োগ মারাত্মকভাবে বাধাগ্রস্ত হয়। ফলে বিশ্বব্যাপি লোকজন কর্মহীন হয়ে পড়ে এবং বেকারত্বের মাত্রা চরমভাবে বৃদ্ধি পায়। ফলে বিশ্বের প্রধান অর্থনীতিগুলো প্রত্যাশার তুলনায় স্লথগতি এবং উন্নয়নশীল দেশগুলোতে নতুন আর্থিক চাপ সৃষ্টি হওয়ার কারণে আন্তর্জাতিক অর্থনীতিতে ঝুঁকির মাত্রা বেড়ে গেছে।

চীনে যদিও ২০১৯ সালের শেষের দিকে কোভিড-১৯ এর প্রাদুর্ভাব পরিলক্ষিত হয় কিন্তু তা বিশ্বব্যাপি ছড়িয়ে পড়ে ২০২০ সালের শুরু থেকে। মূলত ২০২০ সালের প্রথম দিক থেকে আন্তর্জাতিক অর্থনীতির কার্যক্রমে স্থবিরতা পরিলক্ষিত হয়। যদিও ২০১৮ ও ২০১৯ সালের প্রথম দিকে এই পরিস্থিতি ছিল সম্পূর্ণ বিপরীত। ক্রমবর্ধমান বাণিজ্য উত্তেজনার নেতিবাচক প্রভাব ব্যবসায়িক আস্থাকে বিনষ্ট করেছে ফলে আর্থিক বাজার পরিস্থিতি খারাপ হয়ে গেছে। ২০১৯ সালের মাঝামাঝি সময়ে আন্তর্জাতিক অর্থনীতিতে ধীরগতি পরিলক্ষিত হওয়ায়, বিনিয়োগে মন্দাভাব এবং কোভিড-১৯ এর প্রভাবের কারণে ২০২০ সালে বিশ্ব অর্থনৈতিক প্রবৃদ্ধি ৩.৩ শতাংশ প্রাক্কলন করা হয়েছিল।

## ২। বাংলাদেশের অর্থনৈতিক প্রেক্ষাপট এবং ২০১৯-২০২০ অর্থ বৎসরের সামগ্রিক কার্যক্রম পর্যালোচনা :

আন্তর্জাতিক মুদ্রা তহবিল (আইএমএফ) জিডিপি র্যাংকিং অনুযায়ী, বর্তমানে বাংলাদেশ বিশ্বের অন্যতম প্রবৃদ্ধির অর্থনীতি। ২০২০-২০২১ অর্থ বৎসরের বাজেটের বক্তব্য অনুযায়ী দক্ষিণ এশিয়ার দ্বিতীয় বৃহত্তম অর্থনৈতিক দেশ হচ্ছে বাংলাদেশ যা ভারতের পরেই অবস্থান করছে। বাংলাদেশ জাতীয় ও আন্তর্জাতিক পর্যায়ে বিভিন্ন চ্যালেঞ্জ এবং প্রতিবন্ধকতা উপেক্ষা করে অর্থনৈতিক উন্নয়ন এবং উচ্চ প্রবৃদ্ধি অর্জন করতে সক্ষম হয়েছে। বাজেটের বক্তব্য অনুযায়ী ২০১৮-২০১৯ অর্থ বৎসরে ৮.১৫ শতাংশ প্রবৃদ্ধি অর্জিত হয়েছে, চলতি অর্থবৎসরের প্রবৃদ্ধির লক্ষ্যমাত্রা অর্জনের গতিও ভাল ছিল। কিন্তু কোভিড-১৯ এর প্রভাবে বিশ্বব্যাপি দীর্ঘ সময় ধরে চলা লকডাউনের কারণে রপ্তানি কমেয় এবং প্রবাসি আয়ে কাঙ্ক্ষিত প্রবৃদ্ধির না হওয়ায় চলতি অর্থবৎসরে (২০১৯-২০২০) জিডিপি প্রবৃদ্ধি ৫.২ শতাংশ অর্জিত হয়েছে।

এশিয়া উন্নয়ন ব্যাংক এডিবি'র সাময়িক হিসাব অনুযায়ী কোভিড-১৯ মহামারীর কারণে গত কয়েক মাসে অপ্রতিষ্ঠানিক খাতে বহু মানুষ বেকার হয়ে পড়েছে, উৎপাদন কমেছে কৃষি ও শিল্প খাতে এবং সেবা খাতের বহু প্রতিষ্ঠান আয় হারিয়েছে। এই সব ক্ষতি কাটিয়ে উঠার জন্য সরকার বিভিন্ন খাতে বরাদ্দ বাড়িয়েছে এবং কর্ম পরিকল্পনা গ্রহণ করেছে। মহামারী মোকাবেলায় ১০ হাজার কোটি টাকা “থোক বরাদ্দ” প্রস্তাব করা হয়েছে। এ ছাড়া মহামারির প্রভাব মোকাবেলায় সরকার যে, কর্মপরিকল্পনা ঘোষণা করেছেন তার মধ্যে কর্ম সংস্থান সৃষ্টি, মুদ্রা সরবরাহ বাড়ানো, বৈদেশিক কর্ম সংস্থান থেকে আয় বাড়ানো এবং আত্মকর্ম সংস্থানের জন্য ঋণ দেওয়ার প্রস্তাব।

২০১৯-২০২০ অর্থ বৎসরে বাংলাদেশের জিডিপি প্রবৃদ্ধির হার ছিল ৮.০২ শতাংশ। গত বৎসর বাংলাদেশের জিডিপি প্রবৃদ্ধির হার ছিল ৮.১৩। আভ্যন্তরিন ও বৈদেশিক বিনিয়োগ বাড়তে বিনিয়োগ পরিবেশের সামগ্রিক উন্নয়নে বাংলাদেশ সরকার কাজ করে যাচ্ছে। অনুকূল আবহাওয়া, সহায়ক মুদ্রানীতি এবং বিনিয়োগবান্ধব পরিবেশের ফলে ২০১৯-২০২০ অর্থ বৎসরে মুদ্রাস্ফীতির পরিমাণ ৫.৭৭ শতাংশে দাঁড়িয়েছে। বিগত অর্থ বৎসরে মুদ্রাস্ফীতির পরিমাণ ছিল প্রায় গড়ে ৬.০০ শতাংশ। মুদ্রাস্ফীতি, সুদের হার এর মত সূচক সমূহ আভ্যন্তরীণ বিনিয়োগের জন্য এখন অনুকূল পর্যায়ে এগিয়ে যাচ্ছে।

২০১৮-২০১৯ অর্থ বৎসরে জিডিপিতে শিল্প খাতের অবদান প্রাঙ্কলন করা হয়েছিল প্রায় ৪৬.১২শতাংশ। শিল্পের উন্নয়নের জন্য জাতীয় শিল্পনীতি ২০১৯ অনুযায়ী বাংলাদেশ সরকার কাজ করে যাচ্ছে। গত এক দশকে বাংলাদেশ দারিদ্র্য দূরীকরণের ক্ষেত্রে অতীতকালের উন্নতি লাভ করেছে। দারিদ্র্যের হার ও ব্যাপ্তি উভয়ই ধীরে ধীরে কমে আসছে। সপ্তম পঞ্চবার্ষিক পরিকল্পনায় ২০২০ সালের মধ্যে দারিদ্র্যের হার ১৮ দশমিক ৬ শতাংশ হ্রাসের লক্ষ্য নির্ধারণ করা হয়েছিল, যা এরই মধ্যে ১৮ দশমিক ২ শতাংশ কমেছে। ন্যাশনাল সোশ্যাল সিকিউরিটি স্ট্র্যাটেজির (এনএসএসএস) আওতায় সামাজিক সুরক্ষা জাল কর্মসূচির সুযোগ ও বরাদ্দ সম্প্রসারিত করা হয়েছে। ২০১৮-১৯ অর্থ বৎসরে এ খাতে ৬৪ হাজার ১৭৬ কোটি ৪৮ লাখ টাকা বরাদ্দ দেয়া হয়েছে। বর্তমানে এসডিজির লক্ষ্যমাত্রা অর্জনের দিকে মনোযোগ দেয়া হচ্ছে। একই সঙ্গে ২০৩০ সালের মধ্যে দারিদ্র্যতা কমিয়ে ৯ দশমিক ৭ শতাংশ ও অপুষ্টির হার কমিয়ে ১০ শতাংশের নিচে নামিয়ে আনার লক্ষ্য ঠিক করা হয়েছে।

### ৩। কাগজ শিল্পের সার্বিক অবস্থা ও সম্ভাব্য ভবিষ্যৎ পরিস্থিতি :

২০১৯-২০২০ অর্থ বৎসরেও বাংলাদেশের কাগজ শিল্প মারাত্মক প্রতিবেদকতার সম্মুখীন হয় যা আলোচ্য বৎসরে এই শিল্পের প্রবৃদ্ধির ক্ষেত্রে বড় অন্তরায় হিসেবে কাজ করেছে। আলোচ্য অর্থ বৎসরের প্রথম দিকে আন্তর্জাতিক বাজারে এই শিল্পের প্রধান কাঁচামাল যেমন সফটউড পাল্প এবং হার্ডউড পাল্প, বিভিন্ন গ্রেডের রিসাইকেল্ড / রিকভার্ড পেপার এবং পেপার বোর্ড এর দাম কিছুটা বৃদ্ধি পায় সাথে সাথে দেশীয় বাজারেও এর প্রভাবে বিভিন্ন গ্রেডের রিসাইকেল্ড / রিকভার্ড পেপার এর দাম বৃদ্ধি পেয়েছিল। পাশাপাশি বিভিন্ন প্যাকিং মেটেরিয়াল যেমন, মিডিয়াম পেপার, বক্স বোর্ড, গাম টেপ, লাইনার পেপার এবং উৎপাদনে ব্যবহৃত কেমিক্যালের দামও অস্বাভাবিক হারে বৃদ্ধি পেয়েছে। ফলে বিক্রয় মূল্য এবং বিক্রিত প্রবোয়র ব্যয় এর মধ্যে সামঞ্জস্য রক্ষা করা সম্ভব হয়নি যা এই শিল্পের লাভজনকতা বৃদ্ধির ক্ষেত্রে বড় বাধা হিসাবে কাজ করেছে। তাছাড়া ইতোমধ্যে এই শিল্পের প্রচুর প্রতিযোগী বাজারে প্রবেশ করার ফলে চাহিদা অপেক্ষা সাবরাহ মারাত্মক হারে বৃদ্ধি পেয়েছে। প্রতিযোগিতা মূলক বাজারে ব্যবসার চলমান অবস্থা ধরে রাখার জন্য অধিকতর কম মূল্যে পণ্য বিক্রয় করতে বাধ্য হয়। ফলে এই শিল্প মারাত্মকভাবে ঝুঁকি এবং লোকসানের সম্মুখীন হয়।

কোভিড-১৯ এর কারণে ২০২০ সালের মার্চ মাস থেকে স্কুল, কলেজ ও মাদ্রাসা সহ যাবতীয় শিক্ষা প্রতিষ্ঠান লক ডাউনের আওতায় বন্ধ হয়ে যায়। ফলে বিভিন্ন ধরনের খাতা, গাইড বই, নোট বই সহ যাবতীয় শৈল্পিক শিল্পে ব্যবহৃত কাগজের চাহিদা মারাত্মকভাবে হ্রাস পায়। যার ফলে কাগজের উৎপাদনের সহিত সংশ্লিষ্ট শিল্প প্রতিষ্ঠানও মারাত্মক সংকটের মধ্যে পতিত হয়। অন্য দিকে বিভিন্ন সরকারী ও বেসরকারী অফিস সমূহ অনলাইন ভিত্তিক ডিজিটাল পদ্ধতিতে দাপ্তরিক কাজ কর্ম সম্পাদনের দিনে ঝুঁকি পড়ায় কাগজ এর ব্যবহার কমে যায়। অনুরূপভাবে লোকজন প্রিন্ট মিডিয়া এর পরিবর্তে বিভিন্ন সোশ্যাল মিডিয়া এবং অন লাইন পোর্টাল এর দিকে ঝুঁকি পড়ায় কাগজ এর চাহিদা দিন দিন হ্রাস পাচ্ছে। ফলে এই শিল্পের বিক্রয় রাজস্ব হ্রাস পাচ্ছে। পাশাপাশি কাগজের একক প্রতি বিক্রয় মূল্যও হ্রাস পাচ্ছে যা এই শিল্পের লোকসানের মূল কারণ।

### ৪। টিস্যু পণ্য উৎপাদন প্রকল্পের পর্যালোচনা :

২০১৫-২০১৬ অর্থ বৎসরে বর্তমান কাগজ উৎপাদন প্রকল্পকে আরো লাভজনক প্রকল্পে রূপান্তরের লক্ষ্যে টিস্যু পণ্য উৎপাদন প্রকল্প সংস্থাপন করার সিদ্ধান্ত নেওয়া হয়। পণ্য বহুমুখীকরণ, নতুন পণ্যের বাজার সৃষ্টি, ভোক্তার সন্তুষ্টি বিধান এবং সর্বোপরি মূল্য অর্জনের লক্ষ্যে মূলত টিস্যু পণ্য উৎপাদন প্রকল্পটি সংস্থাপন করা হয়। ২০১৬ সালের জানুয়ারি মাসে টিস্যু পণ্য উৎপাদন প্রকল্প সংস্থাপনের কাজ আরম্ভ হয়। প্রয়োজনীয় ট্রায়াল এবং আনুসঙ্গিক পরীক্ষা নিরীক্ষা সম্পন্ন করে ২০১৯ সালের জানুয়ারী মাসে আনুষ্ঠানিকভাবে উক্ত প্রকল্পের উৎপাদন কার্যক্রম আরম্ভ করা হয়। উক্ত প্রকল্পকে উৎপাদন উপযোগী করার লক্ষ্যে কোম্পানির আডভান্সড রিচার্চ এবং বাহ্যিক উৎস থেকে বিপুল পরিমাণ অর্থ ব্যয় করতে হয়েছে। নির্দিষ্ট সময়ে প্রকল্প সংস্থাপনের কাজ সম্পন্ন করে উৎপাদন শুরু করার জন্য আর্থিক প্রতিষ্ঠান থেকে যে পরিমাণ সাপোর্ট দরকার ছিল তা কোম্পানি পায়নি। ফলে প্রকল্পের সংস্থাপন কাজ সম্পন্ন করতে এবং উৎপাদন শুরু করতে বিলম্ব হয়। তাছাড়া উক্ত প্রকল্পের উৎপাদন ক্ষমতার পূর্ণ ব্যবহারের জন্য আরো অনেক নতুন যন্ত্রপাতি সংস্থাপন করতে হবে। পর্যাপ্ত অর্থায়নের অভাবে এই মুহূর্তে কোম্পানির পক্ষে নতুন যন্ত্রপাতিতে বিনিয়োগ করা সম্ভব হচ্ছে না। উক্ত প্রকল্পের উৎপাদন কার্যক্রম সুচারুরূপে পরিচালনার লক্ষ্যে চলতি মূলধনের জন্য কোন অর্থসংস্থান করা সম্ভব হয়নি।

এছাড়াও টিস্যুর মূল মেশিন থেকে উৎপাদিত পণ্যকে বিভিন্ন সাইজে, গ্রেডে এবং মানে রূপান্তরিত করার জন্য প্রয়োজনীয় কনভার্টিং মেশিনের সংকট থাকায় পূর্ণ উৎপাদন কার্যক্রম পরিচালনা করা সম্ভব হচ্ছে না। ফলে মূল মেশিনের পূর্ণ উৎপাদন ক্ষমতা ব্যবহার করতে হলে আরো নতুন কিছু কনভার্টিং মেশিন সংস্থাপন করতে হবে।

একদিকে মেকানিক্যাল, ইলেকট্রিক্যাল এবং অন্যান্য যান্ত্রিক ত্রুটি উপেক্ষা করে নিরবিচ্ছিন্ন উৎপাদন পরিচালনা করা যেমন চ্যালেঞ্জ অন্যদিকে পর্যাপ্ত অর্থায়নের অভাবে অন্যান্য যন্ত্রপাতি ক্রয় এবং সংস্থাপন, কাঁচামাল এবং উৎপাদনের অন্যান্য উপকরণের যোগান দেওয়া সম্ভব হচ্ছে না। ফলে কোন ভাবেই উৎপাদন ক্ষমতার পূর্ণ ব্যবহার সম্ভব হচ্ছে না। এমতাবস্থায় কোম্পানির আর্থিক ব্যয় এবং অন্যান্য উপরি ব্যয় মারাত্মকভাবে বৃদ্ধি পায়। তাছাড়া উক্ত পণ্যের প্রধান কাঁচামাল, ক্যামিকেল এবং অন্যান্য উপবিষয়ের হার তুলনামূলকভাবে বেশি।

অধিকন্তু, ইতোমধ্যে উক্ত পণ্যের প্রচুর প্রতিযোগী বাজারে প্রবেশ করেছে। বর্তমান প্রতিযোগীদের সাথে পাড়া দিয়ে উক্ত পণ্যের বাজার সৃষ্টি এবং বাজারে পণ্যের অবস্থান শক্ত করার লক্ষ্যে ডিলার / ক্রেতাকে নতুন নতুন সুযোগ সুবিধা দিয়ে পণ্য বিক্রয় করতে হচ্ছে। ফলে অন্যান্য পণ্যের চেয়ে উক্ত পণ্যের বিক্রয় ব্যয় বেশি। তাছাড়া গ্যাসের সংকট এবং প্রাকৃতিক বিদ্যুৎ বিহীনতার কারণেও উক্ত প্রকল্পের নিরবিচ্ছিন্ন উৎপাদন নিশ্চিত করা সম্ভব হচ্ছে না। ফলে বিক্রয় এবং বিক্রিত প্রবোয়র ব্যয়ের মধ্যে ঘাটতি সৃষ্টি হয়।



#### ৫। বিক্রয় কার্যক্রম ও পণ্যভিত্তিক ফলাফল :

২০১৯-২০২০ অর্থ বৎসরে কাগজের বাজারে পূর্ণ প্রতিযোগিতা বিরাজমান ছিল। ফলে বিপণন ব্যবস্থা ছিল সর্বোচ্চ চ্যালেঞ্জের সম্মুখীন। বিশেষ করে চাহিদা অপেক্ষা সরবরাহ বেশি থাকায় অপেক্ষাকৃত কম মূল্যে পণ্য সরবরাহ করতে হয়েছে। অন্যদিকে বিভিন্ন প্রতিবন্ধকতার কারণে টিস্যু ইউনিটের পণ্য বিক্রয়ও প্রত্যাশা অনুযায়ী অর্জন করা সম্ভব হয়নি। তবে আশার বিষয় এই যে টিস্যু ইউনিট এর বিভিন্ন প্রতিবন্ধকতা দূর করা সম্ভব হলে বিক্রয় তথা প্রতিষ্ঠানের মুনাফা বৃদ্ধি পাবে। অত্র প্রতিষ্ঠান ২টি প্রোডাক্ট লাইন থেকে বিভিন্ন গ্রেডের এবং বিভিন্ন পরিমাপের পণ্য উৎপাদন করে থাকে-

নিম্নে পণ্যভিত্তিক বিক্রয় রাজস্ব উল্লেখ করা হলঃ

টেবিল-১ : পণ্যভিত্তিক বিক্রয় কার্যক্রমের তথ্য

বিবরণ	২০১৯-২০২০	২০১৮-২০১৯	২০১৭-২০১৮	২০১৬-২০১৭	২০১৫-২০১৬
রাইটিং প্রিন্টিং বিক্রয়	-	১১,২১,০৪,৩৫৫	-	২২,৮৯,৯৪,৪৩৮	৯১,৮১২,০৪২
ব্রাইট নিউজপ্রিন্ট বিক্রয়	৩০,৫৫,১৯,২৬৬	২৭,৭৯,৮৪,৩৬২	২৪,৩০,৩৫,৭৫৮	৯,৮৫,০৬,২৮৭	১৮১,১৬৩,১৫৭
মিডিয়াম পেপার বিক্রয়	১৩,৯৪,০৯৯	৩২,৪৬,৮২১	৬৫,৯৭,১৩৫	১,১৩,৬১,০৪৫	-
বৈদেশিক বাজারে বিক্রয়	-	১,২৫,০৬,২১৭	৩,২৯,৫৬,৩৬১	২২,৭৬,৪০৩	-
এমজি নিউজপ্রিন্ট পেপার	৭,১২,৬০,৮৭৯	৪,০২,৩২,৪৭৬	-	-	-
বিভিন্ন গ্রেডের টিস্যু	১০,৪৯,২৬,১২৪	৪,৮৭,৬৮,১৪৯	-	-	-
মোট বিক্রয়	৪৮,৩১,০০,৩৬৮	৪৯,৪৮,৪২,৩৮০	২৮,২৫,৮৯,২৫৪	৩৪,১১,৩৮,১৭৩	২৭২,৯৭৫,১৯৯

আমাদের দৃঢ় বিশ্বাস ২০২০-২০২১ অর্থ বছরে বাজারে স্থিতিশীলতা আসবে এবং পণ্য বাজার আরো শক্তিশালী হবে। সকল প্রতিবন্ধকতা দূর করে বাজারে আমাদের পণ্যের চাহিদা বৃদ্ধি পাবে এবং বিক্রয়ের পরিমাণও বৃদ্ধি পাবে।

#### ৬। ঝুঁকি সমূহ :

কোম্পানির সাথে সংশ্লিষ্ট ঝুঁকি সমূহ নিম্নে তুলে ধরা হল :

##### (i) সামগ্রিক অর্থনৈতিক কর্মকাণ্ড :

সামগ্রিক অর্থনৈতিক কর্মকাণ্ড কোম্পানির জন্য অত্যন্ত গুরুত্বপূর্ণ কারণ এর দ্বারা কাগজ শিল্প ও শিল্পায়ন প্রভাবিত হয়। অর্থনৈতিক কর্মকাণ্ডের উপর ভিত্তি করে অত্র শিল্পের উৎপাদন, ক্রয় ও বিপণন কার্য পরিচালিত হয়। স্থির ও সুনির্দিষ্ট অর্থনৈতিক কর্মকাণ্ড শিল্পায়নের পূর্ব শর্ত।

##### (ii) বাহ্যিক বিষয়াবলী :

রাজনৈতিক অস্থিরতা, ধর্মঘট, গণ আন্দোলন ও সন্ত্রাসী কর্মকাণ্ড দ্বারা কোম্পানির আর্থিক ফলাফল প্রভাবিত হয়।

##### (iii) মুদ্রার বিনিময় হারের পরিবর্তন :

হাক্কানী পাঞ্জ এন্ড পেপার মিলের কাঁচামাল অধিকাংশই আমদানী নির্ভর, বৈদেশিক মুদ্রার বিনিময় হারের পরিবর্তনের কারণে কোম্পানির মুনাফা প্রভাবিত হয়।

##### (iv) অন্যান্য আর্থিক ঝুঁকিঃ

অন্যান্য আর্থিক ঝুঁকির মধ্যে যেমন তারল্য ঝুঁকি, অনাদায়ী দেনা সংক্রান্ত ঝুঁকি, বাজার ব্যবস্থার ঝুঁকি এবং সুদের হারের পরিবর্তন ঝুঁকি অন্যতম যা প্রতিষ্ঠানের মুনাফা অর্জন ক্ষমতাকে প্রভাবিত করতে পারে। হিসাব বিবরণীর নোট ৩৬.০০ এ এই ব্যাপারে বিস্তারিত উল্লেখ রয়েছে।

##### (v) ঝুঁকি বিষয়ে ব্যবস্থাপনা কর্তৃপক্ষের মূল্যায়নঃ

যদি ও বেশির ভাগ ঝুঁকি কোম্পানি বিশেষের আয়ত্বের বাইরে, এইরূপ প্রত্যেক ঝুঁকির বিষয়ে হাক্কানী পাঞ্জ এন্ড পেপার মিলস্ লিঃ সর্বদা সর্তক দৃষ্টি রাখে এবং পণ্যের বাজার বহুমুখীকরণ, দক্ষভাবে কাঁচামাল সংগ্রহ, সর্বাধুনিক প্রযুক্তি ব্যবহার এবং গবেষণা কার্যক্রমে বিনিয়োগের মাধ্যমে এই সকল ঝুঁকির মোকাবেলা ও কোম্পানির প্রতিযোগিতামূলক অবস্থান অর্জন করে। পরিবেশ বিধিমালার একনিষ্ঠ অনুসারী হিসেবে হাক্কানী পাঞ্জ এন্ড পেপার মিলস্ লিঃ ভাল মানের Effluent Treatment Plant (ETP) স্থাপন করে পরিবেশগত ঝুঁকি মোকাবেলায় গুরুত্বপূর্ণ ভূমিকা পালন করে আসছে। বর্তমানে কারখানায় ব্যবহৃত পানির ৮০-১০০ ভাগ পরিশোধন করে পুনরায় ব্যবহার উপযোগী করে তোলার জন্য উন্নতমানের Effluent Treatment Plant স্থাপন করেছে। আগুন, বন্যা, ভূমিকম্প ইত্যাদির সাথে মোকাবিলা করার জন্য নিয়মিতভাবে শ্রমিক



কর্মচারীদেরকে দুর্ঘটনা ব্যবস্থাপনা প্রশিক্ষণ দেওয়া হচ্ছে। এছাড়া নিয়মিত নিরাপত্তা পরীক্ষা ও যন্ত্রপাতির রক্ষনাবেক্ষণ করা হচ্ছে যা পরিচালনগত ঝুঁকি হ্রাস করতে সক্ষম হবে।

৭। বিক্রীত পণ্যের ব্যয়, মোট মুনাফা ও নীট মুনাফার উপর সর্বাঙ্গীণ প্রতিবেদন :

আপনাদের সদয় অবগতির জন্য হাক্কানী পাল্প এন্ড পেপার মিলস লিঃ এর বিক্রীত পণ্যের ব্যয়, মোট মুনাফা ও নীট মুনাফার উপর কিছু উল্লেখযোগ্য তথ্য ও উপাত্ত সন্নিবেশ করছি।

টেবিল-২ : বিক্রীত পণ্যের ব্যয়, মোট মুনাফা ও নীট মুনাফা

বিবরণ	২০১৯-২০২০		২০১৮-২০১৯		২০১৭-২০১৮	
	টাকা	শতকরা হার	টাকা	শতকরা হার	টাকা	শতকরা হার
বিক্রয়	৪৭,৩০,৮৪,৯১৫	-	৪৮,৪০,০৯,১৮৯	-	২৮,২৫,৮৯,২৫৪	-
বিক্রীত পণ্যের ব্যয়	৩৯,৫৭,৩২,৫৮৪	৮৩.৬১	৪১,৭৭,৪৬,৪১৫	৮৬.৩০	২৪৯,৩৭৮,৩০৩	৮৮.২৫
মোট মুনাফা	৭,৭৩,৫২,৩৩১	১৬.৩১	৬,৬২,৬২,৭৭৪	১৩.৭৯	৩৩,২১০,৯৫১	১১.৭৫
নীট মুনাফা	১৪,২০,২৬৬	০.৩০১	(২,১১,৩৫,২১৩)	(৪.৩৬)	(১৮,২১৯,৭২২)	(৬.৪৫)

৮। উৎপাদন :

সঠিক ও বাস্তবভিত্তিক পরিকল্পনা প্রণয়ন, দিক নির্দেশনা, তদারকি সঠিক ব্যবস্থাপনা ও নিয়ন্ত্রণের মাধ্যমে উৎপাদন প্রক্রিয়ায় বিদ্যুৎ সরবরাহ সমস্যা বিরাজমান থাকার সত্ত্বেও চলমান মেশিনারী সংযোজন, বিয়োজন, রক্ষনাবেক্ষণ কার্যক্রম সচল রেখে উৎপাদনের ধারাকে অব্যাহত রাখার জন্য অত্র প্রতিষ্ঠান নিরলসভাবে কাজ করে যাচ্ছে।

প্রানোদনার মাধ্যমে জনশক্তি, জ্বালানী শক্তি ও কাঁচামালের সঠিক ব্যবহার এবং সর্বোপরি নিবিড় তদারকির মাধ্যমে পণ্যের মান সংরক্ষণ করে উৎপাদন ব্যয় যৌক্তিক স্তরে রাখার দিকে কোম্পানির ব্যবস্থাপনা মর্তৃপক্ষ সর্বদা সচেতন রয়েছে এবং ভবিষ্যতেও এর ধারাবাহিকতা বজায় থাকবে। উৎপাদনের সর্বস্তরে দক্ষতা বৃদ্ধির মাধ্যমে কাল্পিত মুনাফা অর্জন আমাদের একান্ত লক্ষ্য।

৯। উৎপাদন পর্যালোচনা :

টেবিল-৩ : উৎপাদন

বিবরণ	২০১৯-২০২০	২০১৮-২০১৯	২০১৭-২০১৮	২০১৬-২০১৭
উৎপাদন ক্ষমতা (মেট্রিক টন)	১৩,৫০০	১১,২৫০	৭৫০০	৬০০০
প্রকৃত উৎপাদন (মেট্রিক টন)	৫,১৭৫	৪,৮৭২	৪৪১৯	৩৫৮৬
উৎপাদন ক্ষমতার ব্যবহার (%)	৩৮.৩৩%	৪৩.৩১	৫৮.৯২	৬০.০০
বিক্রয় (মেট্রিক টন)	৪৭০২.৩১	৪০৩০.৭৬	৪৭৭৯	৪৯৬৫

বিভিন্ন প্রতিকূল পরিস্থিতি যেমন, বিদ্যুৎ বিস্ফট, গ্যাস সরবরাহে অপ্রতুলতা, ঘন ঘন মেশিনারী ব্রেকডাউন এবং মেশিন পুরাতন হওয়ায় উৎপাদনশীলতা হ্রাস পাওয়ায় চলতি বৎসরের উৎপাদন বিগত বৎসরের তুলনায় হ্রাস পেয়েছে। তবে আশা করি সংযোজিত মেশিনারীকে সঠিকভাবে ব্যবহারের মাধ্যমে আগামী বৎসর উৎপাদনশীলতা বৃদ্ধি করা সম্ভব হবে। উৎপাদন সংক্রান্ত বিস্তারিত আলোচনা হিসাব বিবরণীর নোট নম্বর ৪০ এ সংযুক্ত করা হয়েছে।

১০। অস্বাভাবিক মুনাফা/(ক্ষতি) :

২০১৯-২০২০ অর্থবছরে কোম্পানির শেয়ারে বিনিয়োগের উপর অনাদায়ী ক্ষতির পরিমাণ দাঁড়ায় ৬৩,২৭,৪৫২ টাকা, যা কোম্পানির শেয়ার প্রতি আয় নির্ধারণে বিবেচনায় আনা হয়নি। শেয়ারে বিনিয়োগের উপর অনাদায়ী ক্ষতি আয়-ব্যয় বিবরণীর অন্যান্য বিস্তৃত আয়/(ক্ষতি) হিসাবে দেখানো হয়েছে এবং এ সংক্রান্ত বিস্তারিত আলোচনা আর্থিক বিবরণীর নোট নং-৭.০২ এ উল্লেখ করা হয়েছে। এছাড়া কোম্পানির কোন রূপ অস্বাভাবিক মুনাফা / ক্ষতি (Extra ordinary gain or loss) ছিল না।

১১। সংশ্লিষ্ট অন্যান্য কোম্পানির সাথে আর্থিক লেনদেন :

সংযুক্ত অন্যান্য প্রতিষ্ঠান এবং সংশ্লিষ্ট পক্ষের লেনদেনের বিস্তারিত বিবরণ হিসাব বিবরণীর নোট ৪১.০০ এ বিস্তারিত আলোচনা রয়েছে।



**১২। ত্রৈমাসিক ও বার্ষিক ফলাফলের উল্লেখযোগ্য ব্যবধান :**

কোম্পানির ত্রৈমাসিক ও বার্ষিক ফলাফলের মধ্যে উল্লেখযোগ্য কোন ব্যবধান পরিলক্ষিত হয়নি। পরিচালনা পর্ষদের পূর্বানুমান ও সিদ্ধান্ত এবং নির্বাহীদের সঠিক কার্যক্রমের মাধ্যমে কোম্পানির বৎসরব্যাপি ফলাফলের মধ্যে সামঞ্জস্য রাখতে সক্ষম হয়েছে। ত্রৈমাসিক ও বার্ষিক ফলাফলের উল্লেখযোগ্য ব্যবধান সমূহ হিসাব বিবরণীতে প্রদর্শিত হয়েছে। ত্রৈমাসিক ও বার্ষিক ফলাফলের উল্লেখযোগ্য ব্যবধান সমূহ নিম্নে তুলে ধরা হল :

**১২(ক)। বার্ষিক আর্থিক ফলাফল পর্যালোচনাঃ**

২০১৯-২০২০ অর্থ বৎসরের বিক্রয়, ব্যয় ও অর্জিত মুনাফার চিত্র নিম্নে প্রদর্শিত হল :

**টেবিল-৪ : আর্থিক ফলাফল**

বিবরণ	২০১৯-২০২০ (টাকায়)	২০১৮-২০১৯ (টাকায়)	২০১৭-২০১৮ (টাকায়)
মোট বিক্রয়	৪৭,৩০,৮৪,৯১৫	৪৮,৪০,০৯,১৮৯	২৮,২৫,৮৯,২৫৪
মোট ব্যয়	৪৭,০৬,২৭,২৪৭	৫০,৭৩,৮৭,২০৬	২৯,৮৫,০৮,৪২৬
পরিচালন মুনাফা / (ক্ষতি)	২৪,৫৭,৬৬৮	(৭৭,৫০,৭৬১)	(১৫,৯১৯,১৭২)
অন্যান্য আয়	৮৯,৮৩,৪৬৯	২২,৪২,৮০৪	১০,৯৫,১৭৩
নীট মুনাফা / (ক্ষতি)	১৪,২০,২৬৬	(২,১১,৩৫,২১৩)	(১৮,২১৯,৭২২)

**১২(খ)। ত্রৈমাসিক আর্থিক ফলাফল পর্যালোচনাঃ**

২০১৯-২০২০ অর্থ বৎসরের ত্রৈমাসিক আর্থিক বিবরণীর বিক্রয়, ব্যয় ও অর্জিত মুনাফার চিত্র নিম্নে প্রদর্শিত হল :

**টেবিল-৫ : আর্থিক ফলাফল**

বিবরণ	২০১৯-২০২০ (টাকায়)			২০১৯-২০২০ (টাকায়)
	জুলাই ২০১৯ - সেপ্টেম্বর ২০১৯	অক্টোবর ২০১৯ - ডিসেম্বর ২০১৯	জানুয়ারি ২০২০ - মার্চ ২০২০	জুলাই ২০১৯ - জুন ২০২০
মোট বিক্রয়	১৪,৫৪,৮৩,৯২৯	২৮,২৩,৫৬,৯২৮	৪২,৭২,৮৫,৮৬৯	৪৭,৩০,৮৪,৯১৫
মোট ব্যয়	১৪,৭৫,৯৬,৪৫০	২৮,৬৯,০২,০১৬	৪৩,৭৬,২০,৪৮৩	৪৭,০৬,২৭,২৪৭
পরিচালন মুনাফা / (ক্ষতি)	(২১,১২,৫২১)	(৪৫,৪৫,০৮৮)	(১,০৩,৩৪,৬১৪)	২৪,৫৭,৬৬৮
অন্যান্য আয়	৪,৩৭,৫২৭	৭,১৫,৮৯৭	২৬,২২,৮৫৮	৮৯,৮৩,৪৬৯
নীট মুনাফা / (ক্ষতি)	(৪২,৪৮,৯১৮)	(৯০,৫৫,৪৭০)	(১,৫৫,৮৭,২৮৬)	১৪,২০,২৬৬

২০১৮-২০১৯ অর্থ বৎসরের ত্রৈমাসিক আর্থিক বিবরণীর বিক্রয়, ব্যয় ও অর্জিত মুনাফার চিত্র নিম্নে প্রদর্শিত হল :

**টেবিল-৬ : আর্থিক ফলাফল**

বিবরণ	২০১৮-২০১৯ (টাকায়)			২০১৮-২০১৯ (টাকায়)
	জুলাই ২০১৮ - সেপ্টেম্বর ২০১৮	অক্টোবর ২০১৮ - ডিসেম্বর ২০১৮	জানুয়ারি ২০১৯ - মার্চ ২০১৯	জুলাই ২০১৮ - জুন ২০১৯
মোট বিক্রয়	১২,৭২,২৩,৬৬৬	১২,০৩,৮২,৮৭৫	১২,০০,৮৫,৭১৪	৪৮,৪০,০৯,১৮৯
মোট ব্যয়	(১৩,১৩,৭৭,৯৫০)	(১২,৮৩,০৪,৮৯৯)	(১২,২৪,১৮,৫৭৬)	৫০,৭৩,৮৭,২০৬
পরিচালন মুনাফা / (ক্ষতি)	(৪১,৫৪,২৮৪)	(৭৯,২২,০২৫)	(২৩,৩২,৮৬২)	(৭৭,৫০,৭৬১)
অন্যান্য আয়	৩,০৩,৮০৮	১২,৮৭,৫৯৫	২,৪৯,১৭৩	২২,৪২,৮০৪
নীট মুনাফা / (ক্ষতি)	(৩৮,৫০,৪৭৬)	(৭৬,৩৪,৪৩০)	(২০,৮৩,৬৮৯)	(২,১১,৩৫,২১৩)

২০১৯-২০২০ অর্থ বৎসর এবং ২০১৮-২০১৯ অর্থ বৎসরের বার্ষিক এবং ত্রৈমাসিক আর্থিক ফলাফলের মধ্যে উল্লেখযোগ্য ব্যবধানের মূল কারণ সমূহ নিম্নোক্তঃ

- রিপোর্টিং পিরিয়ডে বিক্রয়ের মোট পরিমাণ এবং এক চ প্রতি বিক্রয় মূল্যের ব্যবধান।
- রিপোর্টিং পিরিয়ডে বিক্রিত দ্রব্যের ব্যয়ের ব্যবধান।
- রিপোর্টিং পিরিয়ডে আর্থিক ব্যয়ের ব্যবধান।
- রিপোর্টিং পিরিয়ডে কোভিড-১৯ এ প্রভাব।

**১৩। পরিচালক পর্ষদের সদস্যদের ভাতা / সম্মানী :**

কোম্পানির ব্যবস্থাপনা পরিচালক ব্যতীত পরিচালক পর্ষদের অন্য কোন সদস্যকে কোন ধরনের মাসিক সম্মানী, ভাতা এবং অন্যান্য সুবিধাদি কোম্পানি হতে প্রদান করা হয় না যা হিসাব বিবরণীর নোট নং-২ খ.১ এ বর্ণিত রয়েছে। আর্থিক বৎসরে ব্যবস্থাপনা পরিচালককে মোট প্রদত্ত সম্মানী নিচে উল্লেখ করা হলঃ

ক্রমিক নং	পরিচালকের নাম	পদবী	টাকা
০১	জনাব মোঃ আবদুল্লাহ	চেয়ারম্যান	----
০২	জনাব মোঃ গোলাম মোস্তফা	ব্যবস্থাপনা পরিচালক	৬,৩০,৬০০.০০
০৩	জনাব মোঃ গোলাম কিবরিয়া	পরিচালক	----
০৪	ড. মোহাম্মদ সাঈদ জাহর	স্বতন্ত্র পরিচালক	----
০৫	জনাব এস. এম. নজরুল কদির	স্বতন্ত্র পরিচালক	----
০৬	জনাব মোঃ গোলাম হায়দার	পরিচালক	----
০৭	জনাব মোঃ গোলাম মোরশেদ	পরিচালক	----
০৮	জনাব মোঃ গোলাম রসুল মুক্তাদির	পরিচালক	----
০৯	জনাবা হোসনে আরা বেগম	পরিচালক	----

**১৪। পরিচালক পর্ষদের সভার উপস্থিতিঃ**

আলোচ্য বৎসরে পরিচালনা পর্ষদের মোট ৫টি সভা অনুষ্ঠিত হয়। উক্ত সভার পর্ষদের সদস্যদের স্ব - স্ব উপস্থিতি নিম্নে উল্লেখ করা হলঃ

ক্রমিক নং	পরিচালকের নাম	পদবী	অনুষ্ঠিত মোট সভার সংখ্যা	উপস্থিতি সংখ্যা
০১	জনাব মোঃ আবদুল্লাহ	চেয়ারম্যান	০৫	০৫
০২	জনাব মোঃ গোলাম মোস্তফা	ব্যবস্থাপনা পরিচালক	০৫	০৫
০৩	জনাব মোঃ গোলাম কিবরিয়া	পরিচালক	০৫	০৪
০৪	ড. মোহাম্মদ সাঈদ জাহর	স্বতন্ত্র পরিচালক	০৫	০৫
০৫	জনাব এস. এম. নজরুল কদির	স্বতন্ত্র পরিচালক	০৫	০৪
০৬	জনাব মোঃ গোলাম হায়দার	পরিচালক	০৫	০৫
০৭	জনাব মোঃ গোলাম মোরশেদ	পরিচালক	০৫	০৫
০৮	জনাব মোঃ গোলাম রসুল মুক্তাদির	পরিচালক	০৫	০৫
০৯	জনাবা হোসনে আরা বেগম	পরিচালক	০৫	০৫



### ১৫। শেয়ারহোল্ডিং প্যাটার্ন :

কোম্পানির শেয়ারহোল্ডিং প্যাটার্ন Annexure (ii) এ বিস্তারিতভাবে প্রদর্শন করা হয়েছে।

### ১৬। লভ্যাংশ ঘোষণা :

আপনারা অবগত আছেন যে, টিসু পেপার প্রকল্পের উৎপাদন ২০১৯ সাল থেকে আনুষ্ঠানিকভাবে শুরু হয়েছে। উক্ত প্রকল্পের উৎপাদন ক্ষমতার পূর্ণ ব্যবহারের জন্য টিসু কনভার্টিং ইউনিটে আরো অনেক নতুন যন্ত্রপাতি সংস্থাপন করতে হবে। ইতোমধ্যে কোভিড-১৯ এর কারণে বিশ্বব্যাপি লকডাউন হওয়ায় সামগ্রিক কাগজ শিল্পের উৎপাদন এবং বাজারজাতকরণ বাধাগ্রস্ত হয়। তাছাড়া বাজারে পণ্যের চাহিদা হ্রাস পায় পাশাপাশি একক প্রতি বিক্রয় মূল্য হ্রাস পায়। এমতাবস্থায় অত্র প্রতিষ্ঠানে নগদ তহবিলের সংকট থাকার সত্ত্বেও শুধুমাত্র শেয়ারহোল্ডারদের স্বার্থ বিবেচনা করে পরিচালকমন্ডলী ৩০শে জুন, ২০২০ সমাপ্ত বৎসরের জন্য স্পন্দর শেয়ার ব্যতিত পাবলিক শেয়ারের উপর ২% নগদ লভ্যাংশ সুপারিশ করেছে যা ২৪তম বার্ষিক সাধারণ সভায় অনুমোদনের জন্য উপস্থাপন করা হবে।

### ১৭। ক্রেডিট রেটিং :

২০১৯-২০২০ অর্থ বৎসরের জন্য কোম্পানির ক্রেডিট রেটিং সম্পন্ন করা হয়। ক্রেডিট রেটিং ইনফরমেশন এন্ড সার্ভিসেস লিঃ নিম্নোক্ত প্রতিবেদন প্রদান করে।

Date of Declaration	Valid till	Long Term Rating	Short term Rating	Out look
November 09, 2020	November 08, 2021	BBB+	ST-3	Stable

### ১৮। পরিচালনা পর্ষদ:

কোম্পানির পরিচালনা পর্ষদ সর্বমোট ৯ জন সদস্য সমন্বয়ে গঠিত, যার মধ্যে ২ জন স্বতন্ত্র পরিচালক রয়েছেন। এদের মধ্যে ১ জন পর্ষদের সভাপতি, ১ জন ব্যবস্থাপনা পরিচালক, ১ জন উপ-ব্যবস্থাপনা পরিচালক, ৪ জন সাধারণ পরিচালক এবং ২ জন স্বতন্ত্র পরিচালক। পরিচালকদের পরিচয় প্রতিবেদনের "Directors Profile" শিরোনামে উল্লেখ করা হয়েছে।

### ১৯। অডিট কমিটি :

পরিচালনা পর্ষদের মনোনীত ৩ জন সদস্যের সমন্বয়ে অডিট কমিটি গঠিত এবং এর মধ্যে ১ জন স্বতন্ত্র পরিচালক এবং ২ জন অ-নির্বাহী পরিচালক রয়েছেন। নিরীক্ষা কমিটি যা বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের কর্পোরেট গভর্নেন্স কোর্ড অনুযায়ী নির্ধারিত নির্দেশনা মোতাবেক পরিচালিত হয়। অডিট কমিটির উদ্দেশ্য হল আন্তর্জাতিক আর্থিক নিয়ন্ত্রণ ব্যবস্থার উন্নয়ন, মজবুত এবং কোম্পানির ত্রৈমাসিক, স্মার্টিক এবং বার্ষিক আর্থিক প্রতিবেদন সমূহ পর্যালোচনা ও সুপারিশ প্রদান করা। কমিটির সভায় সদস্যদের স্ব - স্ব উপস্থিতি নিম্নে উল্লেখ করা হল:

ক্রমিক নং	সদস্যদের নাম	পদবী	অনুষ্ঠিত মেট সভার সংখ্যা	উপস্থিতি সংখ্যা
০১	ড. মোহাম্মদ সালেহ জহুর	সভাপতি	০৪	০৪
০২	জনাব মোঃ গোলাম কিবরিয়া	সদস্য	০৪	০৪
০৩	জনাব মোঃ গোলাম মোরশেদ	সদস্য	০৪	০৪

২০। মনোনয়ন ও বেতন কমিটি : বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক ইস্যুকৃত কর্পোরেট গভর্নেন্স কোর্ড নং-BSEC/CMRRCD/2006-158/207/Admin/80 তারিখ ০৩ জুন, ২০১৮ অনুযায়ী ০২/১১/২০১৯ তারিখে অনুষ্ঠিত বোর্ড সভায় ৪জন সদস্য সমন্বয়ে মনোনয়ন ও বেতন কমিটি গঠন করা হয়। বিগত ৩০/০১/২০২০ তারিখ রোজ বৃহস্পতিবার বিকাল ৩.৩০ ঘটিকায় কোম্পানির রেজিস্টার্ড কার্যালয়ে কমিটির প্রথম সভা অনুষ্ঠিত হয়। কমিটি সভায় কোম্পানির সাংগঠনিক কাঠামো, কর্মকর্তাদের দায়-দায়িত্ব, বেতন কাঠামো ইত্যাদি পর্যালোচনা করেন এবং এই বিষয়ে বোর্ডের নিকট প্রয়োজনীয় সুপারিশ করেন।

কমিটির সভায় সদস্যদের স্ব - স্ব উপস্থিতি নিম্নে উল্লেখ করা হল:

ক্রমিক নং	সদস্যদের নাম	পদবী	অনুষ্ঠিত মোট সভার সংখ্যা	উপস্থিতি সংখ্যা
০১	ড. মোহাম্মদ সালেহ জহুর	সভাপতি	০১	০১
০২	জনাব মোঃ গোলাম কিবরিয়া	সদস্য	০১	০১
০৩	জনাব মোঃ গোলাম হায়দার	সদস্য	০১	০১
০৪	জনাব মোঃ গোলাম মোরশেদ	সদস্য	০১	০১

### ২১। পরিচালকবৃন্দের নিয়োগ ও পুনঃ নিয়োগ :

কোম্পানির আর্টিকেলস্ অর এসোসিয়েশন এর ৮২ ধারা অনুযায়ী পরিচালক জনাব মোঃ আব্দুল্লাহ, জনাব মোঃ গোলাম কিবরিয়া, এবং জনাব মোঃ গোলাম হায়দার পরিচালনা পর্ষদ থেকে অবসর গ্রহণ করবেন এবং তাঁরা যোগ্য বিষয় পুনঃ নির্বাচনের আবেদন জানিয়েছেন তাদের নিয়োগ অনুমোদনের জন্য ২৪তম বার্ষিক সাধারণ সভায় উপস্থাপন করা হবে।

এখানে আরো উল্লেখ্য যে, অত্র প্রতিষ্ঠানের স্বতন্ত্র পরিচালক ড. মোহাম্মদ সালেহ জহুরের মেয়াদ ২৬/০৮/২০২০ তারিখে পূর্ণ হয়। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক ইস্যুকৃত কর্পোরেট গভর্নেন্স কোর্ড নং -BSEC/CMRRCD/2006-158/207/Admin/80 তারিখ ০৩ জুন, ২০১৮ এর নির্দেশনা পরিপালনের লক্ষ্যে ১৪/১১/২০২০ তারিখে অনুষ্ঠিত পরিচালক পর্ষদের সভায় ড. মোহাম্মদ সালেহ জহুরকে ঐ তারিখ থেকে পরবর্তী ৩ (তিন) বৎসরের জন্য স্বতন্ত্র পরিচালক হিসাবে পুনরায় নিয়োগ করা হয় যা ২৪তম বার্ষিক সাধারণ সভায় অনুমোদনের জন্য উপস্থাপন করা হবে।

### ২২। নিরীক্ষক :

২৪তম বার্ষিক সাধারণ সভায় কোম্পানির বর্তমান বিধিবদ্ধ নিরীক্ষক মেসার্স খান ওহাব শফিক রহমান এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস পরপর তিনবার নিয়োগপ্রাপ্ত হয়ে তাদের দায়িত্ব ও কর্তব্য সম্পন্ন করার পর অসর গ্রহণ করবে। কোম্পানির নিরীক্ষক হিসাবে পরপর তিন বৎসর পূর্ণ হওয়ায় অত্র প্রতিষ্ঠানে তাদের পুনঃ নিয়োগ আইনসিদ্ধ নয়। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশ নং BSEC/SMRRCD/2009-193/104/Admin dated July 27, 2011 এবং কোম্পানী আইন অনুযায়ী মেসার্স শফিক বসাক এন্ড কোং, চার্টার্ড একাউন্ট্যান্টস ২০২০-২০২১ অর্থ বৎসরের জন্য নিরীক্ষা কার্য সম্পাদনের যোগ্য হওয়ার তারা নিয়োগ প্রাপ্ত হওয়ার ইচ্ছা প্রকাশ করেছেন। পরিচালক পর্ষদের সভায় তাদের নিয়োগের জন্য সুপারিশ করা হয়েছে যা কোম্পানির ২৪তম বার্ষিক সাধারণ সভায় অনুমোদনের জন্য উপস্থাপন করা হবে।

### ২৩। কর্পোরেট সুশাসন :

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক নির্দেশিত কর্পোরেট সুশাসনের শর্তগুলো কোম্পানি যথাযথভাবে পরিপালন করছে। বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন কর্তৃক ইস্যুকৃত প্রজ্ঞাপন নং- বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৭/এডমিন/৮০ তারিখ ০৩ জুন, ২০১৮ এর নির্দেশনানুসারে প্রয়োজনীয় প্রতিবেদন (Corporate Governance Compliance Report) সম্মানিত শেয়ারহোল্ডারবৃন্দের অবগতির জন্য সংযুক্তি ১, ২, ৩ ও ৪ এর মাধ্যমে উপস্থাপন করা হয়েছে।

### ২৪। সরকারী কোষাগারে অর্থ জমাদান :

কোম্পানি সর্বদা সরকারী আইনকানুন, নিয়মনীতি সমূহ যথাযথভাবে অনুসরণ করছে। জাতীয় কোষাগারে অর্থ প্রদানের ক্ষেত্রে কোম্পানি সচেতন ও যত্নবান। ২০১৯-২০২০ অর্থ বছরে সরকারী কোষাগারে আর্থিক অবদানের পরিসংখ্যান নিম্নে দেয়া হলো :

টেবিল-৭ : সরকারী কোষাগারে অনুদান

বিবরণ	২০১৯-২০২০ (টাকায়)	২০১৮-২০১৯ (টাকায়)	২০১৭-২০১৮ (টাকায়)	২০১৬-২০১৭ (টাকায়)	২০১৫-২০১৬ (টাকায়)
কর্পোরেট আয়কর বাবদ প্রদান	২৪,১২,০৯৩	১৭,০৩,২৯১	৪,৫৬,২১১	১,২১,৮২,৩৫০	৯,২৩২,৬৭৫
আমদানী শুল্ক ও মুসক পরিশোধ	১,০০,১৫,৪৫৩	১,০৮,৩৩,১৯০	৬২,০০,০০০	১,৬৪,৭৫,০০০	৭,৯০৭,৫১৫
লভ্যাংশের বিপরীতে কর কর্তন বাবদ	২,৬৬,৪৫৮	৩,৪৪,০২৭	১,৯৫,৫০৪	৬,৪১,১৮৮	১,০৯৬,৫৮৫
উৎস কর ও মুসক পরিশোধ	৭,৪৯,৫৮১	১৫,২৬,৩৯২	১১,৩৯,৮৫৬	১৪,২০,২৭৩	১,৫৮৫,১৮২
মোট	১,৩৪,৪৩,৮৮৫	১,৪৪,০৬,৯০০	৭৯,৯১,৫৭১	৩,০৭,১৮,৮১১	১৯,৮২১,৯৫৭



## ২৫। মানবসম্পদ উন্নয়ন :

কোম্পানির কর্মকর্তা কর্মচারীদের সর্বোচ্চ মেধা ও কর্ম ক্ষমতার উন্নয়নে সঠিক পরিচর্যা ও ব্যবহারের উদ্দেশ্যে কর্মকর্তা কর্মচারীদের কাজের ক্ষেত্র, পরিধি, দায়-দায়িত্ব, কর্তব্য ও ক্ষমতা নির্ধারণপূর্বক সময়ে সময়ে পুনঃ বিন্যাস করার ব্যবস্থা নিয়মিত ভাবে পরিচালিত হচ্ছে। উপরন্তু প্রণোদনার জন্য বিশেষ প্রণোদনা কার্যক্রম ব্যবস্থা গ্রহণ করা হয়েছে। ফলশ্রুতিতে সকলের কর্মশ্রেণা ও দক্ষতা উত্তরোত্তর বৃদ্ধি পাচ্ছে। কোম্পানির সামগ্রিক ব্যবস্থাপনায় তথ্য প্রযুক্তির ব্যবহার সম্প্রসারণ করে কার্যক্ষেত্রে আনয়ন করা হচ্ছে অধিকতর স্বচ্ছতা, দ্রুততা এবং নিশ্চিত করা হচ্ছে শ্রমশক্তির কাম্য ব্যবহার। কর্মরত সকল কর্মকর্তা কর্মচারীদের আর্থিক প্রণোদনাসহ সার্বিক উন্নয়নের লক্ষ্যে প্রতি বছর কোম্পানির নীট মুনাফার ৫% (পাঁচ শতাংশ) শ্রমিক কর্মচারী মুনাফা অংশীদারিত্ব তহবিলে নিয়মিতভাবে প্রদান করা হচ্ছে। প্রতি বছর দক্ষতা, যোগ্যতা, শৃংখলা ইত্যাদির বিবেচনায় নিয়মিত ভাবে পদোন্নতি, বেতন বৃদ্ধি সহ বিশেষ প্রণোদনা বোনাস এর মাধ্যমে সকল কর্মকর্তা কর্মচারীদের কর্মের মূল্যায়ন ও দক্ষতার উন্নয়ন সাধন করা হচ্ছে। আভ্যন্তরীণ নিরীক্ষায় প্রয়োজনীয় ট্রেনিং ও সঠিক দিক নির্দেশনার মাধ্যমে কর্মরত সকলের কর্মদক্ষতা বৃদ্ধি করা হচ্ছে এবং ভবিষ্যতে যুগোপযোগী মানব সম্পদ প্রস্তুতের যাবতীয় কার্যক্রম ও চলমান রাখা হয়েছে।

## ২৬। পরিবেশ ও নিরাপত্তাঃ

কোম্পানির কারখানার চতুর্দিকে পর্যাপ্ত সুপারিকলিত বৃক্ষ রোপনের মাধ্যমে সবুজ বেষ্টিত করা হয়েছে এবং বর্জ্য নিঃসরণের যথাযথ ব্যবস্থাও গৃহীত হয়েছে। স্বাস্থ্য ও নিরাপত্তার জন্য প্রয়োজনীয় ব্যবস্থা গ্রহণ করা হয়েছে এবং উত্তরোত্তর তা সম্প্রসারণ করা হচ্ছে। আভ্যন্তরীণ ও বাহ্যিক সংবেদনশীল পরিবেশ অত্যন্ত যত্নসহকারে রক্ষণাবেক্ষণ করা হয় এবং কারখানায় অবস্থিত সকল সম্পদের যথাযথ নিরাপত্তা ও সুরক্ষার যাবতীয় ব্যবস্থা সুদৃঢ় করা হয়েছে। প্রতি বছর প্রয়োজনীয় সকল ক্ষেত্রে প্রাক্ প্রস্তুতি গ্রহণ, তদারকি ও উন্নয়ন কার্যক্রম ধারাবাহিকভাবে পরিচালিত হচ্ছে। বিগত বছরের ন্যায় ২০১৯-২০২০ অর্থ বছরে ও সন্ধ্যা বৃষ্টি বিবেচনায় কোম্পানির কাঁচামাল গোডাউন, গ্যাস জেনারেটরের বীমা করা হয়েছে এবং যথারীতি এসিড, অগ্নিনির্বাপক ব্যবস্থা সংক্রান্ত পরিদর্শন ও তদন্ত প্রতিবেদন গ্রহণপূর্বক লাইসেন্স নবায়ন করা হয়েছে। কারখানার কাঁচামাল ও তৈরী পণ্যের মজুদাগার, মেশিনারিজসহ স্থাপনা সমূহে অগ্নিনির্বাপক যন্ত্র বৃদ্ধি করা হয়েছে এবং যথারীতি নবায়ন ও রক্ষণাবেক্ষণ করা হচ্ছে। তদুপরি কর্মরত কর্মচারীদের প্রয়োজনীয় যন্ত্র ব্যবহার প্রশিক্ষণও প্রদান করা হয়েছে।

কারখানায় নিঃসারিত প্রাকৃতিক ক্ষতিকর রাসায়নিক নিঃসরণের জন্য ইটিপি স্থাপন সম্পন্ন হয়েছে। কোম্পানির কারখানায় নিঃসারিত পানি উপযুক্ত রি-সাইক্লিং প্রক্রিয়ায় পুনঃ পুনঃ ব্যবহারপূর্বক ড্রেইনেজ সিস্টেমের মাধ্যমে নিষ্কাশন করা হয় যাতে পরিবেশ কোন ভাবে দূষিত না হয় কিংবা প্রাকৃতিক পরিবেশে কোন নেতিবাচক প্রভাব না পড়ে। কোম্পানির কারখানার অভ্যন্তরে স্থাপিত সকল বিপজ্জনক স্থাপনা সমূহ ও কেমিক্যাল মজুদাগারে যথাযথ উপায়ে সংরক্ষণ ও সতর্কতা অবলম্বন করা হয়। কোম্পানির কর্মরত সকল শ্রমিক কর্মচারীদের স্বাস্থ্য সুরক্ষা ও নিরাপত্তার জন্য প্রয়োজনীয় চিকিৎসার ব্যবস্থা গ্রহণ করা হয়েছে। কোম্পানির আভ্যন্তরীণ ও বাহ্যিক সর্বোপরি পরিবেশগত ক্ষতি এড়ানোর বিষয়ে এই সংক্রান্ত বিধিমালাও যথারীতি অনুসরণ করা হচ্ছে এবং সকল সরকারী নির্দেশনা যথারীতি অনুসরণ করা হচ্ছে। সম্পদের সুরক্ষা ও নিরাপত্তার জন্য সঠিক সংখ্যক প্রহরীর মাধ্যমে নিরাপত্তা বেস্টনী রাখা হয়েছে।

## ২৭। আর্থিক বিবরণীর ব্যাপারে পরিচালকমণ্ডলীর দায়িত্বঃ

বাংলাদেশ সিকিউরিটিস এন্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং- বিএসইসি/সিএমআরআরসি-ডি/২০০৬-১৫৮/ ২০৭/এডমিন/৮০ তারিখ ০৩ জুন, ২০১৮ অনুযায়ী পরিচালকমণ্ডলী নিশ্চিত করছে যে :

- কোম্পানির ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক প্রস্তুতকৃত আর্থিক বিবরণীতে এর কর্মকাণ্ড, কার্যক্রমের ফলাফল, নগদ প্রবাহ ও ইকুইটি পরিবর্তন সম্পর্কে যথার্থ চিত্র উপস্থাপিত হয়েছে;
- কোম্পানির হিসাবের বহিসমূহ যথাযথভাবে সংরক্ষণ করা হয়েছে;
- আর্থিক প্রতিবেদন প্রস্তুত করার সময় উপযুক্ত হিসাবনীতি সঙ্গতিপূর্ণভাবে প্রয়োগ করা হয়েছে এবং হিসাবের প্রাক্কলন যুক্তিসঙ্গত ও বিজ্ঞ বিচারবোধের ভিত্তিতে করা হয়েছে;
- আর্থিক প্রতিবেদন প্রস্তুত করার সময় আন্তর্জাতিক হিসাব মান অনুসরণ করা হয়েছে এবং তা থেকে যে কোন ব্যত্যয় পর্যাপ্তভাবে প্রকাশ করা হয়েছে;
- আভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি ছিল বলিষ্ঠ এবং তা কার্যকরভাবে বাস্তবায়ন ও মনিটরিং করা হয়েছে;
- একটি চলমান প্রতিষ্ঠান হিসেবে কার্যক্রম অব্যাহত রাখায় কোম্পানির সামর্থ্যের ব্যাপারে তেমন কোন দ্বিধা নেই;
- কোম্পানির কার্যক্রমের ফলাফলের ক্ষেত্রে বিগত বছরের তুলনায় উল্লেখযোগ্য যেসব ব্যত্যয় রয়েছে সেগুলো বর্ণনা করা হয়েছে এবং তার কারণ ব্যাখ্যা করা হয়েছে; এবং
- কার্যক্রম ও আর্থিক বিষয়ে পাঁচ বছরের উপাত্ত সংযোজন করা হয়েছে।

**২৮। স্বীকৃতি :**

সম্মানিত শেয়ারহোল্ডারবৃন্দ, আর্থিক প্রতিষ্ঠান, বাংলাদেশ সিটিইন্টিটিজ এন্ড এক্সচেঞ্জ কমিশন, চট্টগ্রাম স্টক একচেঞ্জ লিঃ, ঢাকা স্টক একচেঞ্জ লিঃ, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিঃ, সংশ্লিষ্ট সরকারি সংস্থা, নিরীক্ষক ও সরবরাহকারীসহ সকলের সার্বিক পরামর্শ ও সহযোগিতার জন্য আমরা সকলের প্রতি কৃতজ্ঞতা জ্ঞাপন করছি। সাথে সাথে ভবিষ্যতেও তাদের অনুরূপ সহযোগিতার হাত আমাদের প্রতি প্রশস্ত থাকবে এই কামনা করছি। ২০১৯-২০২০ অর্থ বৎসরে কোম্পানির সার্বিক কার্যক্রমে অংশগ্রহণ করে বিরূপ পরিস্থিতি ও প্রতিকূলতা উত্তরণে যারা সার্বিক ও সর্বাঙ্গিক সহযোগিতা করেছেন পরিচালকবৃন্দের পক্ষ থেকে সেই সকল কর্মকর্তা-কর্মচারীবৃন্দকে কৃতজ্ঞতা ও ধন্যবাদ জানাচ্ছি এবং ভবিষ্যতে অনুরূপ আন্তরিকতা, সহযোগিতা অব্যাহত থাকবে এই আশা করছি। মহান আল্লাহ আমাদের সহায় হউন।

চট্টগ্রাম

তারিখ : ১৪ নভেম্বর, ২০২০

পরিচালকমন্ডলীর পক্ষে,

  
মোঃ আবদুল্লাহ  
চোয়ারম্যান



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

**HAKANI PULP AND PAPER MILLS LIMITED**  
**Declaration by CEO and CFO**

Date: 14th November, 2020

The Board of Directors  
Hakkani Pulp & Paper Mills Limited  
2/10, D.T Road, North Pahartali,  
Chattogram, Bangladesh.

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

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 03 June 2018 under section 2CC of Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Hakkani Pulp & Paper Mills Limited for the year ended on 30th 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 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 30th 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. Golam Kibria**

Chief Executive Officer (CEO)-In-charge



**Md. Moinul Abedin**  
Chief Financial Officer (CFO)



## CORPORATE GOVERNANCE

Hakkani Pulp & Paper Mills Limited maintains a standard of corporate governance that stems right from the Board of Directors down to all employees. This translates into interacting with all our members with trust, confidence and transference. The company's corporate governance is based on full compliance to the laws of the country in which it operates, adhering to the principles of integrity and openness towards the community stakeholders and employees.

The company also ensures that it works in strict compliance with the accounting and reporting standards of Bangladesh Securities and Exchange Commission and other regulatory bodies of the Government.

### **Board of Directors:**

The Board of Directors is currently comprised of nine members. Well the Board is responsible of overall management and business of the company, it has entrusted the Chief Executive Officer of the company, also a director of the Board, to run the Management team. The Chief Executive Officer provides the link between the Board of Directors and the Management team of the company. It is the responsibility of the Board of Directors to see that prudent administration of business activities and effective control is maintained. The Board of Directors meets at least once a quarter and four meetings of the Board were held during the year.

### **Accountability and Audit:**

In compliance with the order of Bangladesh Securities and Exchange Commission, the Board of Directors formed an Audit Committee. The Audit Committee consists of four Directors of the Company including one independent director who is the Chairman of the Audit Committee.

As part of its core jobs, the Audit Committee ensures the assessment of the relevance and consistency of accounting methods adopted to prepare the Financial Statements and also reviews the Financial Statements. The report of the Audit Committee is also published in the Annual Report of the Company. The Audit Committee held four meeting during the year.

Moreover, In compliance with the order of Bangladesh Securities and Exchange Commission, the Board of Directors formed a Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of four Directors of the Company including one independent director who is the Chairman of the Committee.

### **Statutory Audit:**

Statutory Audit of the company is governed by the Companies Act, 1994 of Bangladesh. It provides clear guidelines for the appointment, scope of work and retirement of Auditors. The Auditors are appointed in the Annual General Meeting (AGM) by the shareholders.

### **Legal and Compliance:**

We strongly believed that compliance is the key to building shareholders' trust. The company strictly adheres to the applicable laws, rules and regulation of the country in which it operates, and this belief is core to its business. The regulatory bodies like Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue and Board of Investment closely monitor the company.

Throughout its year of operations, the company has been fully compliant with national laws, rules and regulation and paid all applicable taxes and duties. We scrutinize and review the legal papers and required legal permissions to conduct the business in Bangladesh.



শফিক বসাক এন্ড কোং  
SHAFIQ BASAK & CO.  
CHARTERED ACCOUNTANTS

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Md. Enayet Ullah, FCA  
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Annexure-B

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

REPORT TO THE SHAREHOLDERS  
OF  
HAKKANI PULP & PAPER MILLS LIMITED (HPPML)  
ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code by **Hakkani Pulp & Paper Mills Ltd. (HPPML)** for the year ended on 30 June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3rd 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.

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

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

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except conditions number 1(7)(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;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws;
- The governance of the company is satisfactory.

Place: Chittagong  
Dated: 12.11.2020

  
(Sampad Kumar Basak, FCA)  
Partner  
SHAFIQ BASAK & CO.  
CHARTERED ACCOUNTANTS

INDEPENDENT MEMBER OF  
ABACUS  
WORLDWIDE

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**ANNEXURE-C**  
[As per Condition No. 1(5) (xxvii)]

**HAKKANI PULP & PAPER MILLS LTD. (HPPML)**

**REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE CODE UNDER CONDITION NO. 9**

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1.	<b>BOARD OF DIRECTORS:</b>			
1(1)	<b>Size of the Board of Directors:</b> 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).	✓	-	The HPPML Board is comprised of 9 (Nine) Directors including 02 Independent Directors.
1(2)	<b>INDEPENDENT DIRECTORS:</b> All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:-			There are 2 (Two) Independent Directors in the HPPML Board
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)	For the purpose of this clause "independent director" means a director -			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓	-	Does not hold any share 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 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 stock exchange or an intermediary of the capital market;	-	-	N/A
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓	-	-
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓	-	-
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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);	√	-	Board of Director appointed 2 (Two) Independent Directors & were duly approved in the AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√	-	No vacancy occurred.
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 কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮শাং অধিকার) Companies Act, 1994). Explanation: For the purpose of counting tenure of term of independent Director, any partial term of tenure shall be deemed to be a full tenure.	√	-	-
1(3)	<b>Qualification of Independent Director. -</b>			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√	-	The qualifications and background of IDs justify their abilities as such.
1(3)(b)	Independent director shall have following qualifications:			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	-	-	N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or Explanation: Top level executive includes Managing Director (Md) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance(HIAC), Head of Administration and Human Resources or equivalent position and same level or ranked or salaried officials of the company.	-	-	N/A
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bache or 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	√	-	The two Independent Directors are professor of Department Finance of Chittagong University



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓	-	-
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	N/A
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filed by different individuals;	✓	-	-
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of 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 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 nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	-	-	N/A
1(5)	<b>The Directors' Report to Shareholders</b> The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓	-	-
1(5)(ii)	The segment-wise or product-wise performance;	✓	-	-
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on 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);	✓	-	A discussion has been given in the Note no 10 of the director's report .
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;	✓	-	A statement of all related party transaction are disclosed under Notes to the Financial Statements No:-41.00
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	-	-	There was no IPO/RPO/Rights share issued in -2019-2020
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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓	-	No significant variance have been occurred between quarterly financial performance and annual financial statements. A disclosure has been given in the Directors Report (SL No.12)
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓	-	A statement of Directors remuneration are disclosed under notes to the Financial Statements No. 28.01
1(5)(xi)	A statement that the financial statements prepared by the management of the Issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓	-	-
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓	-	-
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓	-	-
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓	-	-
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓	-	-
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓	-	-
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓	-	No Significant doubt has occurred.
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	✓	-	Company has declared 2% Cash Dividend only to general shareholders.
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



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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); Explanation: For the purpose of these clause, the expression "Executive" means top 5 (Five) salaried employees of the company, other than the directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	✓	-	-
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;	✓	-	-
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓	-	-
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓	-	-
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓	-	-
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓	-	-
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓	-	-
1(5)(xxv)(f)	risks and 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, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓	-	-
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ; and	✓	-	-
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per <b>Annexure-B</b> and <b>Annexure-C</b> .	✓	-	-
1(6)	<b>Meetings of the Board of Directors</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓	-	-
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive 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.	-	✓	Under Process



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
2.	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	HPPML does not have any subsidiary company.
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	-	-	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).</b>			
3(1)	<b>Appointment</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓	-	-
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓	-	-
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓	-	-
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓	-	-
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓	-	-
3(2)	<b>Requirement to attend Board of Directors' Meetings</b> 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)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓	-	CEO and CFO certified to the board during finalization of financial statements.
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	✓	-	-



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
4.	<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.	✓	-	-
5.	<b>Audit Committee</b>			
5(1)	<b>Responsibility to the Board of Directors.</b>			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓	-	-
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓	-	-
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓	-	-
5(2)	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓	-	-
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓	-	comprised of 3 (three) members.
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; <b>Explanation:</b> The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (Ten) years of corporate management or professional experiences.	✓	-	-
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓	-	The board has appointed members in due time and no vacancy occurred.
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓	-	-
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓	-	-
5(3)	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓	-	-
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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 reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓	-	-
5(4)	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least four meetings in a financial year; Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓	-	-
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓	-	-
5(5)	<b>Role of Audit Committee</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 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;	-	-	There was no IPO/RPO/Rights issued in 2019-2020 or in recent past.
5(6)	<b>Reporting of the Audit Committee</b>			
5(6)(a)	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		-
5(6)(a)(ii)	<b>The Audit Committee shall immediately report to the Board on the following findings, if any:</b>			
5(6)(a)(ii)(a)	Report on conflicts of interests;	-	-	There was no reportable case of conflict of interest in 2019-2020.



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-	-	There was no such case in the year.
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	-	Do
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	Do
5(6)(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 unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier	-	-	There was no such case in the year.
5(7)	<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.	✓	-	The Audit Committee Report is disclosed in the annual report and signed by the Chairman of the Audit Committee.
6.	<b>Nomination and Remuneration Committee (NRC)</b>			
6(1)	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓	-	-
6(1)(b)	The NRC shall assist the Board in 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).	✓	-	-
6(2)	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓	-	-
6(2)(b)	All members of the Committee shall be non-executive directors;	✓	-	-
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓	-	-
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓	-	-
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓	-	-
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;	✓	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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.	✓	-	-
6(3)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓	-	-
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; Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.	✓	-	-
6(4)	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓	-	-
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	No Such reportable incidence arose.
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓	-	-
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC	✓	-	-
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓	-	-
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓	-	-
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓	-	-
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓	-	-
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓	-	-
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓	-	-
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓	-	-



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
6(5)(b)(iii)	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;	√	-	-
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.	<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 services or fairness opinions;	√	-	The Statutory Auditor has declared their compliances.
7(1)(ii)	financial information systems design and implementation;	√	-	-
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√	-	-
7(1)(iv)	broker-dealer services;	√	-	-
7(1)(v)	actuarial services;	√	-	-
7(1)(vi)	internal audit services or special audit services;	√	-	-
7(1)(vii)	any service that the Audit Committee determines;	√	-	-
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√	-	-
7(1)(ix)	Any other service that creates 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.	<b>Maintaining a website by the Company.</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√	-	-
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).	√	-	-

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
9.	<b>Reporting and Compliance of Corporate Governance.</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓	-	Proper certification has been obtained from M/S Shafiq Basak & Co. Chartered Accountants for the financial year 2019-2020
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.	✓	-	Board recommended the professional for the due appointment by the shareholders in 24 <sup>th</sup> AGM
9(3)	The directors of the company shall state, in accordance with the Annexure-Attached, in the directors' report whether the company has complied with these conditions or not.	✓	-	Status of compliance will be published with the director's report as required



## Annexure-(i)

### Key operating and financial data of preceding 5 (Five) years:

Particulars	Parameter	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015 (Restated)
<b>Operation and Market:</b>							
Production Capacity	MT	13,500.00	11250	7500	6000	6000	6000
Actual Production	MT	5,175.00	4872	4419,200	3586.310	5171.630	4359.591
Sales Quantity	MT	4,702.31		4778.880	4965.185	3743.277	4566.841
<b>Financial Results:</b>							
Turnover	TK	473,084,915	484,009,189	28,25,89,254	34,11,38,173	27,29,75,199	30,02,23,218
Gross Profit	TK	77,352,331	66,262,774	33,210,951	25,414,055	17,987,201	16,654,993
	%	16.35%	13.69%	11.75%	7.45%	6.59%	5.55%
Operating Profit	TK	2,457,668	(7,750,761)	(15,919,172)	(18,690,630)	(14,376,588)	(8,592,515)
	%	0.52%	-1.60%	(5.63%)	(5.48%)	(5.27%)	(2.86%)
Net Profit before Tax	TK	10,735,119	(5,507,957)	(14,823,999)	(15,895,771)	(11,592,358)	(7,853,744)
	%	2.27%	-1.14%	(5.25%)	(4.66%)	(4.25%)	(2.62%)
Net Profit after Tax	TK	1,420,266	(21,135,213)	(18,219,722)	(18,101,520)	(13,746,851)	(10,783,406)
	%	0.30%	-4.37%	(6.45%)	(5.31%)	(5.04%)	(3.59%)
Earnings Per Share (EPS)	TK	0.07	(1.11)	(0.96)	(0.95)	(0.72)	(0.57)
Dividend (Cash)	%	2% cash dividend on other than Sponsors	2% cash dividend on other than Sponsors	3% cash dividend on all shares	No Dividend	5% cash dividend on other than Sponsors	5% cash dividend on all shares
<b>Financial Position:</b>							
Paid-up Capital	TK	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000
Current Ratio		1.26:1	0.97:1	0.84:1	0.95:1	0.77:1	1.12:1
Non-Current Assets with Revaluation	TK	847,319,717	882,494,770	62,91,15,458	61,42,65,985	63,16,51,793	65,29,82,392
Current Assets	TK	528,263,576	421,535,574	38,38,17,319	32,56,52,056	26,44,56,451	20,11,90,654
Current Liability	TK	419,212,821	430,169,669	45,55,96,815	34,12,96,443	34,19,43,875	17,87,93,847
Net Current Assets	TK	109,050,755	(8,634,095)	(7,17,79,496)	(1,56,44,387)	(7,74,87,424)	2,23,96,807
Net Assets Value with Revaluation	TK	490,646,274	495,387,034	52,12,45,690	53,66,62,814	55,14,34,934	57,44,31,842
Net Assets Value without Revaluation	TK	212,611,673	206,661,925	22,10,96,045	22,43,03,072	22,60,24,320	23,50,70,413
Net Assets Value Per Share with Revaluation	TK	25.82	26.07	27.43	28.25	29.02	30.23
Net Assets Value Per Share without Revaluation	TK	11.19	10.88	11.64	11.81	11.90	12.37
Net Operating Cash Flow Per Share	TK	(3.49)	4.35	1.20	(3.43)	(2.65)	1.30



**HAKKANI PULP AND PAPER MILLS LIMITED**  
**THE PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2020**

**1) Parent/Subsidiary/Associated Companies and other related parties:**

Name	Relation	Number of Share Holding	Percentage of Share	Remarks
Parent Company	N/A	Nil	Nil	The Company is not subsidiary of any Company
Subsidiary Company	N/A	Nil	Nil	The Company has no subsidiary Company
Other Related Parties	N/A	Nil	Nil	-

**2) Directors:**

Name	Position in the company	Number of Share Holding	Percentage of Share	Remarks
Mr. Md. Abdullah	Chairman	5,41,666	2.85%	-
Mr. Md. Golam Mostofa	Managing Director	10,66,666	5.61%	-
Mr. Md. Golam Kibria	Deputy Managing Director	13,55,000	7.13%	-
Mr. Md. Golam Haider	Director	16,66,666	8.77%	-
Mr. Md. Golam Morshed	Director	16,66,666	8.77%	-
Mr. Md. Golam Rasul Muktadir	Director	16,66,666	8.77%	-
Mrs. Hosne Ara Begum	Director	5,50,000	2.89%	-

**3) CEO/CFO/Head of Internal Audit and their spouses and minor children:**

Name	Position in the company	Number of Share Holding	Percentage of Share	Remarks
Mr. Md. Golam Mostafa	Chief Executive Officer	10,66,666	5.61%	Managing Director
Mr. Mohammad Musa	Company Secretary & Manager	Nil	Nil	-
Mr. Md. Moinul Abedin	Chief Financial Officer	Nil	Nil	-
Mr. Md. Saleh Ahmed Polash	Head of Internal Audit	Nil	Nil	-

**4) Shareholding Position of top 5 salaried employee other than CEO, CS, CFO & HIA:**

Name	Position in the company	Number of Share Holding	Percentage of Share	Remarks
Mr. Tanjil Mohammad Rajib	Head of Sales & Marketing	Nil	Nil	-
Md Nazrul Islam Khan	National Sales Manager	Nil	Nil	-
Bipul Podder	Manager (Corporate Sales)	Nil	Nil	-
Mr. Mohammad Younus Mia	Assistant General Manager	Nil	Nil	-
Mr. Md. Hasanul Karim	Mechanical Engineer	Nil	Nil	-

**5) Shareholders Holding 10% or more voting interest in the company:**

Shareholders Holding 10% or more voting interest in the company	-	Nil	Nil	-
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# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/265



Date of issue: November 9, 2020

## Renewed Certificate

*This is to certify that*

**HAKKANI PULF & PAPER MILLS 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.*



A handwritten signature in black ink, appearing to be 'S. M. M. M. M.', written over a light blue circular stamp.

Secretary-General





**BANGLADESH**  
**PAPER MILLS ASSOCIATION [BPMA]**

Ref: BPMA/Certificate/2020(21)

November 16, 2020

**MEMBERSHIP CERTIFICATE**

This is to certify that Hakkani Pulp & Paper Mills Ltd, Office: 2/10, Dhaka Trunk Road, North Pahartali, Chattogram is General Member Organization of this Association. Their membership ID is GM-21/2009 and the membership shall remain valid up to December 31, 2020.

BPMA Management wishes continued success of Hakkani Pulp & Paper Mills Ltd.

On behalf of  
Bangladesh Paper Mills Association (BPMA)

*AKM. Nawsherul Alam*  
16/11/2020

**AKM. Nawsherul Alam**  
Secretary



## Report of the Audit Committee

For the year ended 30th June, 2020

### Constitution of the Audit Committee:

The audit committee of Hakkani Pulp and Paper Mills Limited was reconstituted by the Board of Directors in its meeting held on 27th April, 2019 with the following Directors:

Name of the Member	Status in the Company	Status in the Committee
Dr. Mohammad Saleh Jahur	Independent Director	Chairperson
Mr. Md. Golam Kibria	Director	Member
Mr. Md. Golam Morshed	Director	Member

Company Secretary acts as the Member Secretary to the Committee.

### Meeting of the Audit Committee:

The audit committee held 4 (four) meetings during the year 2019-2020 on the following dates:

Number of Meetings	Date of Meetings
1st Meeting	5th September, 2019
2nd Meeting	31st October, 2019
3rd Meeting	31st January, 2020
4th Meeting	20th July, 2020

### The Committee discharged its role as follows:

#### Internal Control:


- The Committee reviewed the procedure and task of the internal audit and financial report preparation.
- The Committee reviewed and considered the report of internal auditors and statutory auditors' observations on internal control.
- The Committee reviewed the internal control system prevailing in the company to introduce the appropriate compliance culture and also to ensure that all employees have clear understanding of their respective roles and responsibilities.
- The Committee reviewed the arrangements made by the management for developing a suitable Management Information System (MIS).
- The Committee reviewed statement of related party transactions submitted by the management.

#### External Audit:

- The Committee recommended the appointment of statutory auditors.
- The Committee reviewed the findings of external auditors and finalized the audit report and annual financial statements.

**Financial Statements Reporting:**

- The Committee reviewed quarterly and half yearly financial statements before submission to the Board for approval.
- The Committee reviewed the annual financial statements before submission to the Board for approval.

  
**Dr. Mohammad Saleh Jahur**  
Chairperson  
Audit Committee of the Board

Dated-November 14, 2020



## NOMINATION & REMUNERATION COMMITTEE (NRC) REPORT FOR THE YEAR ENDED 30 JUNE, 2020

The Nomination and Remuneration Committee (NRC) of **HAKKANI PULP AND PAPER MILLS LIMITED** was reconstituted by the Board of Directors in its meeting held on 27th April, 2019 with the following Directors:

Name of Members	Status in the Company	Status in the Committee
Dr. Mohammad Saleh jahur	Independent Director	Chairperson
Mr. Md. Golam Kibria	Director	Member
Mr. Md. Golam Haider	Director	Member
Mr. Md. Golam Morshed	Director	Member

Company Secretary acts as the member of secretary to the Committee. The Nomination and Remuneration Committee (NRC) had its last meeting on 30th January, 2020

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

- a) The Committee shall be independent and responsible or accountable to the Board and to the Shareholders;
- b) The Committee shall oversee, among others, the following matters and make report with recommendation to the Board:
  1. To formulate the criteria for determining qualifications, positive attributes and dependence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following"
    - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - 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;
  2. To devise policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
  3. To identify 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;
  4. To formulate the criteria for evaluation of performance of independent directors and the Board;
  5. To identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  6. To develop, recommend and review annually the company's human resource and training policies;

### Activities of the Nomination and Remuneration Committee (NRC) for the period under Report:

In the FIRST Meeting of the committee focused on the review to the specific areas of existing status, policies and processes and addressed the following-

হাককানী পাল্প এন্ড পেপার মিলস লিঃ  
**HAKKANI PULP & PAPER MILLS LTD.**

- The committee reviewed and recommended on organizational structure with Roles and Responsibilities of employees of the company;
- The Committee reviewed, developed and recommended a Service Rules for the employees of the Company.

  
**Dr. Mohammad Saleh Jahur**  
Chairperson  
NRC of the Board

Dated: November 14, 2020



A member of  
**mgeworldwide**

**KHAN WAHAB SHAFIQUE RAHMAN & CO.**  
CHARTERED ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**  
**To the Shareholders of Hakkani Pulp & Paper Mills Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the **Financial Statements** of "**Hakkani Pulp & Paper Mills Limited**" which comprise the **Statement of Financial Position** as at 30 June, 2020, and **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 a summary of significant accounting policies and explanatory information's.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the **Financial Position of Hakkani Pulp and Paper Mills Limited** as at 30 June 2020, and its **Financial Performance** and its **Cash Flows** for the year then ended in accordance with **International Financial Reporting Standards (IFRSs)**, **the Companies Act 1994, the Securities and Exchange Rules 1987** and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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' Code of Ethics for Professional Accountants (IESBA Code) and Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Without qualifying our opinion, we draw attention to the following issues:

**Matter of Emphasis**

**01. Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):**

Disclosed in note 43 of the notes to the financial statements, Net Operating Cash Flow per Share (NOCFPS) has decreased significantly and stood at **Tk. (3.49)** for the year ended on **30 June, 2020**, whereas it was **Tk. 4.35** for the year ended on 30 June, 2019.

**02. Significant Increase in Earnings per Share (EPS):**

Disclosed in note 34 of the notes to the financial statements, Earnings per Share (EPS) has stood at **Tk. 0.07** for the year ended on **30 June, 2020** whereas it was **Tk. (1.11)** for the year ended on 30 June, 2019 due to increase in sales of Tissue Unit.

**03. Tissue Unit:**

The Tissue unit has risen its Sales amount by 115.15% from **48,768,148/-** in FY 2018-2019 to **104,926,124/-** during FY 2019-2020. The company has disclosed the unit wise sales in note 26 of the notes to the financial statements.

**In Practice since 1968**



## 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

We have determined the following key audit matters to communicate in our report.

## Revenue Recognition

### *The key Audit Matter*

The company recognizes revenue from the sales of paper and tissue products when control over goods is transferred to a customer/dealers. The actual point in time when revenue is recognized varies depending on the specific terms and conditions of the sales contracts entered into with customers/dealers. The company has a number of customers operating in various geographies and sales contracts with customers/dealers have a different terms relating to the recognition of revenue, the right of return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue. We identified the recognition of revenue from sale of products as a key audit matter because;

- Revenue is a key performance indicator of the company and there is risk of revenue being overstated due to fraud resulting from pressure to achieve targets.

### *How the scope of our audit responded to the key audit matter*

- Assessing the appropriateness of the policies in respect of revenue recognition by comparing with applicable accounting standards;
- Evaluating the design, testing the implementation, and operating effectiveness of the company's internal controls over recognition of revenue and measurement of rebates, discounts, returns and chargebacks;
- Assessing manual journals posted to revenue to identify unusual items not already covered by our audit testing;
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments, and sensitivities.

## Property, Plant & Machinery:

### *The key Audit Matter*

The company has Tk. **847,319,717** as Written-Down-Value at Property Plant & Equipment which stands 60.97% of total assets with new acquisition of Tk. **14,350,123** made during the year.

Please refer to Note 5.00 "**Property, Plant & Machinery**" of the notes to the Financial Statements for relevant details.

### *How the scope of our audit responded to the key audit matter:*

- Our procedures in relation to property, plant and equipment included:
- Obtained an understanding of the management process for acquisition of fixed assets.
- Evaluate the appropriateness of acquisition process of non-current assets.



- Testing the key controls over the management's judgment in relation to the accounting estimates of property, plant, and equipment.

## **Taxation**

### ***The key Audit Matter***

Given the company's exposure to complex tax issues, the high level of management judgment in estimating the amounts of reserve and provision for tax and involvement with regulatory authorities, taxation was considered to be a key audit matter.

Please refer to Note 18.00 "**Deferred Tax Liability**" and Note 23.00 "**Current Tax Liability**" to the financial statements for relevant disclosures regarding calculation and disclosure of taxation.

### ***How the scope of our audit responded to the key audit matter:***

- We particularly focused on the impact of whether the tax provision was appropriately recognized; we conducted interviews with the company's tax personnel in order to assess the taxable income of the company. We re-performed the calculations made by the management regarding tax liabilities to ensure compliance with the provisions of Income Tax Ordinance, 1984 and checked the arithmetical accuracy of the calculations. We also carefully reviewed for any contingent liabilities to be included in the financial statements in this regard.
- We also obtained an understanding, evaluated the design, and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used thereon. We assessed key assumptions, controls, recognition and measurement of deferred tax assets. We also assessed the appropriateness of presentation of disclosures against "Income Tax".

## **Impact of COVID-19 on Business:**

### ***The key Audit Matter***

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to corona Virus related respiratory disease commonly called as COVID-19. It has a big impact on imports, other procurement, production, export, and other activities of the Global business. The government of Bangladesh has declared general holidays from 26.03.2020 to 30.05.2020 and majority of Company of our country was compelled to reduce their business at that period. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures all business and economic activities are adversely affected which would also impact the company as well. Although the business operation and profitability of the company are impacted due to COVID-19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID-19 related matters on the company's operation and financial results cannot be reasonably assessed.

The company has given disclosures in Note No. 47.00 related to the impact of the Covid-19 Pandemic.

### ***How the scope of our audit responded to the key audit matter:***

- Regarding COVID-19 pandemic effect on the business activities of Hakkani Pulp & Paper Mills Limited, we have discussed with the management of Hakkani Pulp & Paper Mills Limited on the potential impact of pandemic on the company.
- We also compared the previous year Financial Statements figures with the current year to find out the impact of COVID-19 Pandemic on the Business.

### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the Company.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate 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 but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- 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 company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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 auditors' 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 other applicable laws and regulations, we also report the following:

- a) we have obtained all the information and explanations (except the matter discussed in qualified opinion para) which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of these books;
- c) 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 accounts and returns; and
- d) the expenditure incurred, and payments made were for the purposes of the company's business.

Mohammad Shaheed FCA, FCMA

Senior Partner

Khan Wahab Shafique Rahman & Co.

Chartered Accountants



Date: November 14, 2020

Chattogram

## HAKKANI PULP & PAPER MILLS LIMITED

### Statement of Financial Position

As at 30th June, 2020

	Note(s)	2020 Taka	2019 Taka
<b>ASSETS</b>			
<b>Non Current Assets:</b>			
Property, Plant and Equipment	05	847,319,717	882,494,770
Capital Work-in-Progress	06	14,218,124	14,218,124
<b>Current Assets:</b>			
Investment in Shares (Fair Value)	07	15,560,190	23,449,916
Inventories	08	192,320,943	137,258,458
Trade Receivables	09	148,744,551	115,017,902
Advances, Deposits & Prepayments	10	160,053,753	140,828,005
Cash & Cash equivalents	11	11,584,139	4,981,294
<b>TOTAL ASSETS</b>		<b>1,389,801,417</b>	<b>1,318,248,468</b>
<b>SHARE HOLDERS EQUITY &amp; LIABILITIES</b>			
<b>Shareholders Equity:</b>			
Share Capital	12	190,000,000	190,000,000
Dividend Equalization Reserve	13	13,279,866	15,000,000
Revaluation Reserve	14	278,034,601	288,725,108
Fair Value Reserve	7.02	(4,803,835)	1,523,617
Retained Earnings	15	14,135,642	138,309
<b>Non Current Liabilities:</b>			
Unsecured Loan	16	44,999,990	44,999,990
Long Term Loan-non-current portions	17	329,851,787	247,137,113
Deferred Tax Liability	18	105,090,546	100,554,663
<b>Current Liabilities:</b>			
Short Term Loan & Overdraft	19	258,859,442	246,138,646
Accrued Expenses	20	26,063,472	19,854,915
Workers Profit Participation and Welfare Fund	21	1,126,585	589,829
Long Term Loan-current Portion	17.01	54,975,298	95,428,584
Trade Payables	22	50,487,090	49,313,000
Current Tax Liabilities	23	12,805,342	9,912,932
Liabilities for Other Finance	24	3,395,592	3,431,762
Directors Current Account	25	11,500,000	5,500,000
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,389,801,417</b>	<b>1,318,248,468</b>
<b>Net Asset Value Per Share(with revaluation)</b>	35	<b>25.82</b>	<b>26.07</b>
<b>Net Asset Value Per Share(without revaluation)</b>	36	<b>11.19</b>	<b>10.88</b>

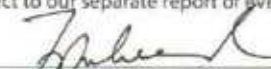
The annexed notes from 1 to 47 an integral part of these financial statements.

  
CHAIRMAN

  
MANAGING DIRECTOR (In-Charge)

  
COMPANY SECRETARY

Subject to our separate report of even date

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
CHARTERED ACCOUNTANTS



## হাক্কানী পাল্প এন্ড পেপার মিলস্ লিঃ

আর্থিক অবস্থার বিবরণী  
৩০শে জুন, ২০২০ইং তারিখে

	নেট	২০২০ টাকা	২০১৯ টাকা
<b>সম্পত্তি</b>			
দীর্ঘমেয়াদী সম্পত্তি :			
স্থায়ী সম্পত্তি	০৫	৮৪৭,৩১৯,৭১৭	৮৮২,৪৯৪,৭৭০
প্রতিরাস্থীন মূলধনী কার্য	০৬	১৪,২১৮,১২৪	১৪,২১৮,১২৪
<b>চলতি সম্পত্তি :</b>			
শেয়ারে বিনিয়োগ	০৭	১৫,৫৬০,১৯০	২৩,৪৪৯,৯১৬
মজুদ মালামাল	০৮	১৯২,৩২০,৯৪৩	১৩৭,২৫৮,৪৫৮
বিবিধ দেনাদার	০৯	১৪৮,৭৪৪,৫৫১	১১৫,০১৭,৯০২
অগ্রিম, জমা ও আগাম পরিশোধ	১০	১৬০,০৫৩,৭৫৩	১৪০,৮২৮,০০৫
নগদ এবং নগদ সমতুল্য	১১	১১,৫৮৪,১৩৯	৪,৯৮১,২৯৪
<b>মেট সম্পত্তি</b>		<b>১,৩৮৯,৮০১,৪১৭</b>	<b>১,৩১৮,২৪৮,৪৬৮</b>
<b>শেয়ারহোল্ডারদের মালিকানাধীন ও দায়</b>			
<b>শেয়ারহোল্ডারদের মালিকানাধীন :</b>			
শেয়ার মূলধন	১২	১৯০,০০০,০০০	১৯০,০০০,০০০
লভ্যাংশ সমতাকরণ তহবিল	১৩	১৩,২৭৯,৮৬৬	১৫,০০০,০০০
পূর্ণ মূল্যায়ন সঞ্চিত তহবিল	১৪	২৭৮,০৩৪,৬০১	২৮৮,৭২৫,১০৮
শেয়ারে বিনিয়োগের উপর ন্যায্য মূল্য সঞ্চিত	১৫	(৪,৮০৩,৮৩৫)	১,৫২৩,৬১৭
সংরক্ষিত মুনাফা তহবিল	১৬	১৪,১৩৫,৬৪২	১৩৮,৩০৯
<b>দীর্ঘমেয়াদী দায় :</b>			
জামানতবিহীন ঋণ	১৭	৪৪,৯৯৯,৯৯০	৪৪,৯৯৯,৯৯০
দীর্ঘমেয়াদী ঋণ	১৮	৩২৯,৮৫১,৭৮৭	২৪৭,১৩৭,১১৩
বিলাসিত কর দায়	১৯	১০৫,০৯০,৫৪৬	১০০,৫৫৪,৬৬৩
<b>চলতি দায় :</b>			
স্বল্পমেয়াদী ঋণ ও জামাতিরিক্ত	২০	২৫৮,৮৫৯,৪৪২	২৪৬,১৩৮,৬৪৬
বকেয়া খরচাবলী	২১	২৬,০৬৩,৪৭২	১৯,৮৫৪,৯১৫
শ্রমিকদের লাভের অংশীদারিত্ব ও কল্যাণ তহবিল	২২	১,১২৬,৫৮৫	৫৮৯,৮২৯
দীর্ঘমেয়াদী ঋণের চলতি দায়	২৩	৫৪,৯৭৫,২৯৮	৯৫,৪২৮,৫৮৪
বিবিধ পাওনাদার	২৪	৫০,৪৮৭,০৯০	৪৯,৩১৩,০০০
চলতি কর দায়	২৫	১২,৮০৫,৩৪২	৯,৯১২,৯৩২
অন্যান্য অর্থ সংস্থানজনিত দায়	২৬	৩,৩৯৫,৫৯২	৩,৪৩১,৭৬২
পরিচালকদের চলতি হিসাব	২৭	১১,৫০০,০০০	৫,৫০০,০০০
<b>মেট মালিকানাধীন ও দায়</b>		<b>১,৩৮৯,৮০১,৪১৭</b>	<b>১,৩১৮,২৪৮,৪৬৮</b>
পুনর্মূল্যায়িত শেয়ার প্রতি নেট সম্পদ মূল্য	৩৫	২৫.৮২	২৬.০৭
পুনর্মূল্যায়িত ছাড়া শেয়ার প্রতি নেট সম্পদ মূল্য	৩৬	১১.১৯	১০.৮৮

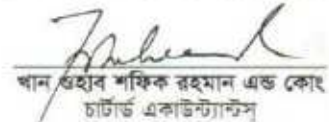
\* সংযোজিত নেট সমূহ আর্থিক বিবরণীর একটি অবিচ্ছেদ্য অংশ

  
চেয়ারম্যান

  
ব্যবস্থাপনা পরিচালক (ভারপ্রাপ্ত)

  
কোম্পানী সচিব

একই তারিখে স্বাক্ষরিত পৃথক নিরীক্ষা প্রতিবেদন সাপেক্ষে

  
শ্রীমান শফিক রহমান এন্ড কোং  
চার্টার্ড একাউন্ট্যান্টস

স্থান : ঢাকা  
তারিখ : নভেম্বর ১৪, ২০২০ইং

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**HAKKANI PULP & PAPER MILLS LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June, 2020

	Note(s)	2020 Taka	2019 Taka
<b>Revenue</b>	26	473,084,915	484,009,189
Less: Cost of Sales	27	395,732,584	417,746,415
<b>Gross Profit / (Loss)</b>		<b>77,352,331</b>	<b>66,262,774</b>
<b>Less: Operating Expenses:</b>			
Administrative Expenses	28	15,084,474	18,635,395
Financial Expenses	29	52,070,070	50,000,652
Selling & Distribution Expenses	30	7,740,119	5,377,488
		74,894,663	74,013,535
<b>Operating Profit</b>		<b>2,457,668</b>	<b>(7,750,761)</b>
Add: Non-Operating Income	31	8,983,469	2,242,804
Less: Loss on disposal of PPE	32	(169,262)	-
<b>Net Profit Before WPPF &amp; WWF</b>		<b>11,271,875</b>	<b>(5,507,957)</b>
Less: Contribution to Workers Profit Participation and Welfare Fund	21.01	536,756	-
<b>Net profit before Tax</b>		<b>10,735,119</b>	<b>(5,507,957)</b>
Less: Income Tax Provision:			
Current Tax		2,892,410	2,917,512
Deferred Tax	33	6,422,443	12,709,744
		9,314,853	15,627,256
<b>Net profit after Tax for the period</b>		<b>1,420,266</b>	<b>(21,135,212)</b>
<b>Other Comprehensive Income:</b>			
Deferred Tax on Revaluation Reserve		1,886,560	2,016,094
Unrealized Gain/ (Loss) on Investment in Shares	7.02	(6,327,452)	(1,039,535)
		(4,440,892)	976,559
<b>Total Comprehensive Income</b>		<b>(3,020,626)</b>	<b>(20,158,654)</b>
<b>Earning Per Share - Basic</b>	34	<b>0.07</b>	<b>(1.11)</b>

The annexed notes from 1 to 47 are an integral part of these financial statements.

  
CHAIRMAN

  
MANAGING DIRECTOR (In-Charge)

  
COMPANY SECRETARY

Subject to our separate report of even date

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
CHARTERED ACCOUNTANTS

Place: Chattogram  
Date: November 14, 2020



## হাকানী পাথর এন্ড পেপার মিলস্ লিঃ আয়-ব্যয় বিবরণী


৩০শে জুন, ২০২০ইং তারিখে সমাপ্ত বৎসরের জন্য

	নোট	২০২০ টাকা	২০১৯ টাকা
বিক্রয়	২৬	৪৭৩,০৮৪,৯১৫	৪৮৪,০০৯,১৮৯
বাদ : বিক্রিত পণ্যের ব্যয়	২৭	৩৯৫,৭৩২,৫৮৪	৪১৭,৭৪৬,৪১৫
মোট লাভ		৭৭,৩৫২,৩৩১	৬৬,২৬২,৭৭৪
বাদ : পরিচালন খরচাবলী			
প্রশাসনিক ব্যয়	২৮	১৫,০৮৪,৪৭৪	১৮,৬৩৫,৩৯৫
অর্থসংস্থানজনিত খরচ	২৯	৫২,০৭০,০৭০	৫০,০০০,৬৫২
বিক্রয় ও বন্টন খরচাবলী	৩০	৭,৭৪০,১১৯	৫,৩৭৭,৪৮৮
		৭৪,৮৯৪,৬৬৩	৭৪,০১৩,৫৩৫
পরিচালন মুনাফা		২,৪৫৭,৬৬৮	(৭,৭৫০,৭৬১)
যোগ : অন্যান্য আয়	৩১	৮,৯৮৩,৪৬৯	২,২৪২,৮০৪
বাদ : স্থায়ী সম্পত্তি বিক্রয় জনিত ক্ষতি	৩২	(১৬৯,২৬২)	-
ডব্লিউ.পি.পি.এফ এর পূর্বে নীট লাভ		১১,২৭১,৮৭৫	(৫,৫০৭,৯৫৭)
বাদ : শ্রমিকদের লাভের অংশীদারিত্ব তহবিলে প্রবেশ কর পূর্ব নীট লাভ	২১.০১	৫৩৬,৭৫৬.০০	-
		১০,৭৩৫,১১৯	(৫,৫০৭,৯৫৭)
বাদ : আয়কর সন্নিহিত চলতি কর		২,৮৯২,৪১০	২,৯১৭,৫১২
বিলম্বিত কর	৩৩	৬,৪২২,৪৪৩	১২,৭০৯,৭৪৪
		৯,৩১৪,৮৫৩	১৫,৬২৭,২৫৬
কর বাদ নীট লাভ-মালিকানা স্বত্ব পরিবর্তন বিবরণীতে স্থানান্তরিত		১,৪২০,২৬৬	(২১,১৩৫,২১৩)
অন্যান্য বিকৃত আয়/ক্ষতি			
পুনঃমূল্যায়িত মুনাফার বিলম্বিত কর		১,৮৮৬,৫৬০	২,০১৬,০৯৪
শেয়ারে বিনিয়োগের উপর লাভ/(ক্ষতি)	৭.০২	(৬,৩২৭,৪৫২)	(১,০৩৯,৫৩৫)
		(৪,৪৪০,৮৯২)	৯৭৬,৫৫৯
মোট বিকৃত আয়		(৩,০২০,৬২৬)	(২০,১৫৮,৬৫৪)
শেয়ার প্রতি আয়	৩৪	০.০৭	(১.১১)

\* সংযোজিত নোট সমূহ আর্থিক বিবরণীর একটি অবিচ্ছেদ্য অংশ

  
চেয়ারম্যান

  
ব্যবস্থাপনা পরিচালক (ভারপ্রাপ্ত)

  
কোম্পানী সচিব

একই তারিখে স্বাক্ষরিত পৃথক নিরীক্ষা প্রতিবেদন সাপেক্ষে

  
বান ওয়াব শফিক রহমান এন্ড কোং  
চার্টার্ড একাউন্ট্যান্টস্

স্থান : ঢক্কিহান  
তারিখ : নভেম্বর ১৪, ২০২০ইং



## HAKKANI PULP & PAPER MILLS LIMITED

### Statement of Cash Flows For the year ended 30 June, 2020

	Note(s)	2020 Taka	2019 Taka
<b>A. Cash flows from Operating Activities:</b>			
Cash Collection from Turnover & Others		448,341,735	503,198,889
Payment for Material and Expenses		(460,114,810)	(368,785,583)
Interest Paid		(52,070,070)	(50,000,652)
Income Tax Paid		(2,412,093)	(1,703,291)
<b>Net Cash flows from Operating Activities</b>	43	<b>(66,255,238)</b>	<b>82,709,364</b>
<b>B. Cash flows from Investing Activities:</b>			
Acquisition of Property, Plant & Equipment		(14,350,123)	(71,622,523)
Disposal of Property Plant And equipment		2,742,864	(2,166,815)
Advanced for Machinery		(16,776,095)	-
Sale of shares		1,351,803	2,646,382
<b>Net cash flows from Investing Activities</b>		<b>(27,031,552)</b>	<b>(71,142,956)</b>
<b>C. Cash flows from Financing Activities:</b>			
Short Term Loan & Overdraft		12,720,795	(99,932,478)
Long Term Loan		82,714,674	86,396,568
Unsecured Loan Received		-	1,306,700
Directors Current Account		6,000,000	-
Liabilities for other finance		(36,170)	752,222
Dividend Paid		(1,509,663)	(5,700,000)
<b>Net Cash flows from Financing Activities</b>		<b>99,889,636</b>	<b>(16,276,988)</b>
<b>D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)</b>			
		6,602,846	(4,710,581)
<b>E. Opening Cash and Bank Balances</b>			
		4,981,294	9,691,875
<b>Closing Cash and Bank Balances (D+E)</b>			
		<b>11,584,139</b>	<b>4,981,294</b>
<b>F. Net Operating Cash Flows Per Share</b>			
	37	(3.49)	4.35

The annexed notes from 1 to 47 an integral part of these financial statements.

  
CHAIRMAN

  
MANAGING DIRECTOR (In-Charge)

  
COMPANY SECRETARY

Subject to our separate report of even date

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.  
CHARTERED ACCOUNTANTS

Place: Chattogram  
Date: November 14, 2020



হাক্কানী পাল্প এন্ড পেপার মিলস্ লিঃ  
নগদ অর্থ প্রবাহ বিবরণী  
৩০শে জুন, ২০২০ইং তারিখে সমাপ্ত বৎসরের জন্য

	নেট	২০২০ টাকা	২০১৯ টাকা
<b>ক পরিচালন কার্যক্রম খাতে নগদ অর্থ প্রবাহঃ</b>			
বিক্রয় ও অন্যান্য হতে নগদ প্রাপ্তি		৪৪৮,৩৪১,৭৩৫	৫০৩,১৯৮,৮৮৯
কাঁচামাল ক্রয় এবং অন্যান্য খরচের বিপরীতে নগদ প্রদান		(৪৬০,১১৪,৮১০)	(৩৬৮,৭৮৫,৫৮৩)
সুদ প্রদান		(৫,২০৭,০৭০)	(৫০,০০০,৬৫২)
আয়কর প্রদান		(২,৪১২,০৯৩)	(১,৭০৩,২৯১)
পরিচালন কার্য খাতে নীট নগদ অর্থ প্রবাহ	৪৩	(৬৬,২৫৫,২৩৮)	৮২,৭০৯,৩৬৩
<b>খ বিনিয়োগ কার্যক্রম খাতে নগদ অর্থ প্রবাহঃ</b>			
সম্পত্তি, যন্ত্রপাতি ও সরঞ্জাম ক্রয়		(১৪,৩৫০,১২৩)	(৭১,৬২২,৫২৩)
সম্পত্তি, যন্ত্রপাতি ও সরঞ্জাম বিক্রয়		২,৭৪২,৮৬৪	-
সম্পত্তি, যন্ত্রপাতি ও সরঞ্জাম ক্রয় বাবদ অগ্রিম প্রদান		(১৬,৭৭৬,০৯৫)	-
শেয়ার ক্রয় বাবদ নগদ প্রদান		-	(২,১৬৬,৮১৫)
শেয়ার বিক্রয় বাবদ নগদ প্রাপ্তি		১,৩৫১,৮০৩	২,৬৪৬,৩৮২
বিনিয়োগ কার্য খাতে নীট নগদ অর্থ প্রবাহ		(২৭,০৩১,৫৫১)	(৭১,১৪২,৯৫৬)
<b>গ আর্থিক কার্যক্রম খাতে নগদ অর্থ প্রবাহঃ</b>			
সঞ্চয়ময়াদী ঋণ ও ব্যাংক জমাতিরিক্ত		১২,৭২০,৭৯৫	(৯৯,৯৩২,৪৭৮)
দীর্ঘমেয়াদী ঋণ গ্রহণ		৮২,৭১৪,৬৭৪	৮৬,৩৯৬,৫৬৮
জামানতবিহীন ঋণ গ্রহণ		-	১,৩০৬,৭০০
পরিচালকদের চলতি হিসাব		৬,০০০,০০০	-
অন্যান্য অর্থ সংস্থানজনিত ব্যয়		(৩৬,১৭০)	৭৫২,২২২
লভ্যাংশ প্রদান		(১,৫০৯,৬৬৩)	(৫,৭০০,০০০)
আর্থিক কার্য খাতে নীট নগদ অর্থ প্রবাহ		৯৯,৮৮৯,৬৩৬	(১৬,২৭৬,৯৮৮)
<b>ঘ নীট নগদ অর্থ ও ব্যাংক জমা বৃদ্ধি/(হ্রাস)- (ক+খ+গ)</b>		৬,৬০২,৮৪৬	(৪,৭১০,৫৮০)
<b>জ বছরের প্রারম্ভিক নগদ অর্থ ও ব্যাংক জমা</b>		৪,৯৮১,২৯৪	৯,৬৯১,৮৭৫
<b>বছরের সমাপনী নগদ অর্থ ও ব্যাংক জমা (ঘ+জ)</b>		১১,৫৮৪,১৩৯	৪,৯৮১,২৯৪
<b>চ শেয়ার প্রতি পরিচালন কার্যক্রম খাতে নগদ অর্থ প্রবাহ</b>	৩৭	(৩.৪৯)	৪.৩৫

\* সংযোজিত নোট সমূহ আর্থিক বিবরণীর একটি অবিচ্ছেদ্য অংশ

  
চেয়ারম্যান

  
ব্যবস্থাপনা পরিচালক (অতিরিক্ত)

  
কোম্পানী সচিব

একই তারিখে স্বাক্ষরিত পৃথক নিরীক্ষা প্রতিবেদন সাপেক্ষে

  
খান জহাৎ শফিক রহমান এন্ড কোং  
চার্টার্ড একাউন্ট্যান্টস

স্থান : চট্টগ্রাম।  
তারিখ : নভেম্বর ১৪, ২০২০ইং

**HAKKANI PULP & PAPER MILLS LIMITED**  
**Statement of Changes in Equity**

For the year ended 30 June, 2020

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2019	190,000,000	15,000,000	288,725,108	1,523,617	138,309	495,387,034
Adjustment of depreciation on carrying amount of revalued assets	-	-	(12,577,067)	-	12,577,067	-
Deferred Tax on Revaluation Surplus	-	-	1,886,560	-	-	1,886,560
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(6,327,452)	-	(6,327,452)
Dividend for the period 2018-2019	-	(1,720,134)	-	-	-	(1,720,134)
Net Profit after Tax for the year	-	-	-	-	1,420,266	1,420,266
<b>Balance as on 30 June, 2020</b>	<b>190,000,000</b>	<b>13,279,866</b>	<b>278,034,601</b>	<b>(4,803,835)</b>	<b>14,135,642</b>	<b>490,646,274</b>

For the year ended 30 June, 2019

Particulars	(Amount in Taka)					
	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2018	190,000,000	15,000,000	300,149,645	2,563,152	13,532,891	521,245,689
Adjustment of depreciation on carrying amount of revalued assets	-	-	(13,440,631)	-	13,440,631	-
Deferred Tax on Revaluation Surplus	-	-	2,016,094	-	-	2,016,094
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(1,039,535)	-	(1,039,535)
Dividend for the period 2017-2018	-	-	-	-	(5,700,000)	(5,700,000)
Net Profit after Tax for the year	-	-	-	-	(21,135,213)	(21,135,213)
<b>Balance as on 30 June, 2019</b>	<b>190,000,000</b>	<b>15,000,000</b>	<b>288,725,108</b>	<b>1,523,617</b>	<b>138,309</b>	<b>495,387,034</b>

  
CHAIRMAN

  
MANAGING DIRECTOR (In-Charge)

  
COMPANY SECRETARY

The annexed notes from 1 to 47 are an integral part of these financial statements.

Place: Chattogram

Date: November 14, 2020

  
KHAN WAHAB SHAFIQUE RAHMAN & CO.

CHARTERED ACCOUNTANTS

## হাক্কানী পাল্ল এন্ড পেপার মিলস্ লিঃ

শেয়ারহোল্ডারদের মালিকানাধ্বতের পরিবর্তন বিবরণী


৩০শে জুন, ২০২০ইং তারিখে সমাপ্ত বৎসরের জন্য

বিবরণ	শেয়ার মূলধন	লভ্যাংশ সমতাকরণ তহবিল	পুনর্মূল্যায়ন সঞ্চিতি	ন্যায্য মূল্য সঞ্চিতি	সংরক্ষিত মুনাফা তহবিল	মোট
১ জুলাই, ২০১৯ - এ স্থিতি	১৯০,০০০,০০০	১৫,০০০,০০০	২৮৮,৭২৫,১০৮	১,৫২৩,৬১৭	১৩৮,৩০৯	৪৯৫,৩৮৭,০৫৪
পুনর্মূল্যায়িত সম্পত্তির অবচয় সমন্বয়	-	-	(১২,৫৭৭,০৬৭)	-	১২,৫৭৭,০৬৭	-
পুনর্মূল্যায়িত মুনাফার উপর কিলিফিত কর সমন্বয়	-	-	১,৮৮৬,৫৬০	-	-	১,৮৮৬,৫৬০
শেয়ারে বিনিয়োগের উপর অনানুষ্ঠানিক লাভ/(ক্ষতি)	-	-	-	(৬,৩২৭,৪৫২)	-	(৬,৩২৭,৪৫২)
লভ্যাংশ প্রদান (২০১৮-২০১৯)	-	(১,৭২০,১৩৪)	-	-	-	(১,৭২০,১৩৪)
কর পরবর্তী নীট মুনাফা	-	-	-	-	১,৪২০,২৬৬	১,৪২০,২৬৬
৩০ জুন, ২০২০ - এ স্থিতি	১৯০,০০০,০০০	১৩,২৭৯,৮৬৬	২৭৮,০৩৪,৬০১	(৪,৮০৩,৮৩৫)	১৪,১৩৫,৬৪২	৪৯০,৬৪৬,২৭৪

৩০শে জুন, ২০১৯ইং তারিখে সমাপ্ত বৎসরের জন্য

বিবরণ	শেয়ার মূলধন	লভ্যাংশ সমতাকরণ তহবিল	পুনর্মূল্যায়ন সঞ্চিতি	ন্যায্য মূল্য সঞ্চিতি	সংরক্ষিত মুনাফা তহবিল	মোট
১ জুলাই, ২০১৮ - এ স্থিতি	১৯০,০০০,০০০	১৫,০০০,০০০	৩০০,১৪৯,৬৪৫	২,৫৬৩,১৫২	১৩,৫৩২,৮৯১	৫২১,২৪৫,৬৮৯
পুনর্মূল্যায়িত সম্পত্তির অবচয় সমন্বয়	-	-	(১৩,৪৪০,৬৩১)	-	১৩,৪৪০,৬৩১	-
পুনর্মূল্যায়িত মুনাফার উপর বিলম্বিত কর সমন্বয়	-	-	২,০১৬,০৯৪	-	-	২,০১৬,০৯৪
শেয়ারে বিনিয়োগের উপর অনানুষ্ঠানিক লাভ/(ক্ষতি)	-	-	-	(১,০৩৯,৫৩৫)	-	(১,০৩৯,৫৩৫)
লভ্যাংশ প্রদান (২০১৭-২০১৮)	-	-	-	-	(৫,৭০০,০০০)	(৫,৭০০,০০০)
কর পরবর্তী নীট মুনাফা	-	-	-	-	(২১,১৩৫,২১৩)	(২১,১৩৫,২১৩)
৩০ জুন, ২০১৯ - এ স্থিতি	১৯০,০০০,০০০	১৫,০০০,০০০	২৮৮,৭২৫,১০৮	১,৫২৩,৬১৭	১৩৮,৩০৯	৪৯৫,৩৮৭,০৫৪

\* সংশ্লিষ্ট নোট সমূহ আর্থিক বিবরণীর একটি অবিচ্ছেদ্য অংশ

  
চেয়ারম্যান

  
ব্যবস্থাপনা পরিচালক (ভারপ্রাপ্ত)

  
কোম্পানী সচিব

স্থান : চট্টগ্রাম  
তারিখ : নভেম্বর ১৪, ২০২০ইং

  
খান ওহাব শমিক রহমান এডভ কোঃ  
চাটাইং একাউন্ট্যান্টস

## HAKKANI PULP & PAPER MILLS LIMITED

### Notes to the Financial Statements

For the year ended 30 June, 2020

#### 1 LEGAL STATUS AND NATURE OF THE BUSINESS:

##### 1.01 Status and Legal Form of the Company

Hakkani Pulp & Paper Mills Ltd. (herein after referred to as the "Company") has been incorporated in Bangladesh as a public company limited by shares under the Companies Act, 1994 vide Registration No. CHC-2462/1996 with the Registrar of Joint Stock Companies and Firms on December 28, 1996. The Company issued shares to the general public in 2001 and got listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

The registered office of the Company is situated at 2/10, D.T. Road, North Pahartali, Chattogram. The factory is located at Mouza: Halimkhar Char, P.S: Potiya, Dist: Chattogram on Chattogram -Cox's Bazar Highway.

##### 1.02 Nature of Business:

The principal objects of the company is to manufacture different kinds of Pulp, Papers & Tissue products.

#### 2 BASIS OF PREPARATION, PRESENTATION AND DISCLOSURES OF FINANCIAL STATEMENTS:

##### 2.01 Statement of compliance:

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under FRA has been formed in 2017. As per the provision of FRA (section-69), the Financial Statement have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies act the title and format of these financial statements follow the requirements of IFRSs which are to some different from requirement of the Companies Act 1994. However, such differences are not material and view of management, IFRS format gives a better presentation to the Shareholders.

Moreover, these Financial Statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with the International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh (ICAB).

##### 2.02 Other Regulatory Compliances:

The entities are also required to comply with the following major laws and regulation along with the Companies Act, 1994.

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act and Supplementary Act, 2012 (effective from 01 July, 2019)

The Value Added Tax Act and Supplementary Rules, 2016 (effective from 01 July, 2019)

The Customs Act, 1969

Bangladesh Labour Act, 2006 as amended in 2013

The Securities and Exchange Ordinance, 1969

The Securities and Exchange Rules, 1987

The Corporate Governance Code 2018



### 2.03 Application of International Accounting Standard (IAS):

The following IAS are applicable for the Financial Statements for the year under review:

IAS - 01	Presentation of Financial Statements
IAS - 02	Inventories
IAS - 07	Statement of Cash Flows
IAS - 08	Accounting Policies, Changes In Accounting Estimates and Errors
IAS - 10	Events after the Reporting year
IAS - 12	Income Taxes, Deferred Taxes
IAS - 16	Property, Plant and Equipment
IAS - 19	Employee Benefits
IAS - 23	Borrowing Costs
IAS - 24	Related Party Disclosures
IAS - 32	Financial Instruments: Presentation
IAS - 33	Earning per Share
IAS - 36	Impairment Test
IFRS- 07	Financial Instruments: Disclosure
IFRS- 09	Financial Instruments
IFRS- 15	Revenue From Contract With Customers

### 2.04 Basis of Reporting:

The Financial Statements have been prepared and presented for external users by the company in accordance with identified Financial reporting framework, presentation has been made in compliance with the requirements of IAS-1 "Presentation of Financial Statements".

- a. A Statement of Financial Position as at 30 June, 2020.
- b. A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June, 2020.
- c. A Statement of changes in equity for the year ended 30 June, 2020.
- d. A Statement of Cash flows for the year ended 30 June, 2020.
- e. Notes , comprising a summary of significant accounting policies and explanatory information.
- f. Comparative information prescribed by the Standard.

### 2.05 Authorization for issue:

These financial statements have been authorized for issue by the Board of Directors on 14 November 2020 Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the year ended 30 June 2020 are consistent with those policies and methods adopted in preparing the financial statements as at and for the year ended 30 June 2019.

### 2.06 Reporting Period:

The financial statements of the Company cover twelve months from 1 July 2019 to 30 June, 2020.

### 2.07 Basis of Measurement:

The Financial Statement have been prepared on going concern basis under the historical cost convention except for revaluation of non-current assets.

### 2.08 Going Concern:

The Company have adequate resources to continue operation in foreseeable future (except otherwise stated). For

this reason, Management continues to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the Company provide sufficient fund to meet the present requirements of existing business and operations.

**2.09 Functional and presentation currency :**

These financial statements are prepared in Bangladesh Taka, which is the functional currency of the Company. All financial information presented in Taka has been rounded off to the nearest integer except when otherwise indicated.

**2.10 Current versus non-current classification:**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- (I) Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- (II) Held primarily for the purpose of trading,
- (III) Expected to be realized within twelve months after the reporting period, and
- (IV) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- (I) It is expected to be settled in the normal operating cycle,
- (II) It is held primarily for the purpose of trading,
- (III) It is due to be settled within twelve months after the reporting period, and
- (IV) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

**2.11 Use of Estimates and Judgments:**

In preparing financial statements, management has made judgements and estimates that affect the application of the company accounting policies and thus reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**2.11.01 Judgements, assumptions and estimation uncertainties:**

Information about judgements made in applying accounting policies and assumptions and estimation uncertainties that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note: 05 Property, Plant and Equipment

Note: 08 Inventories

Note: 09 Trade Receivables

Note: 10 Advances, Deposits & Prepayments

Note: 18 Deferred Tax Liability

Note: 23 Current Tax Liability

Note: 22 Trade Payables



### 3.00 SIGNIFICANT ACCOUNTING POLICIES:

The specific accounting policies selected and applied by the company management for significant transactions and events that have material effect within the framework of IAS 1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years, except otherwise stated.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS 1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

- (a) Property, plant and equipment
- (b) Capital work-in-progress
- (c) Impairment of assets
- (d) Investment in shares
- (e) Inventories
- (f) Advances, deposits and prepayments
- (g) Cash and cash equivalents
- (h) Employee benefits
- (i) Provisions, contingent liabilities and contingent assets
- (j) Financial income and Financial expenses
- (k) Borrowing costs
- (l) Taxation
- (m) Revenue recognition
- (n) Earning per share (EPS)
- (o) Foreign Currency Transaction Policy
- (p) Comparative Information
- (q) Consistency
- (r) Cash flow statement
- (s) Other Operating income
- (t) Events after the reporting period
- (u) Share Capital

#### 3.01 Property, plant and equipment:

##### 3.01.01 Recognition and measurement:

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self constructed/ installed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located. when parts of an item property plant and equipment have different useful lives, they are accounted separate items ( major components) of property, plant and equipment.

##### 3.01.02 Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the



item if it is probable that the future benefit embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss and other comprehensive income as incurred.

**3.01.03 Depreciation:**

Depreciation is recognized in Statement of Profit or Loss and other Comprehensive Income on diminishing balance method over the estimated useful lives of Property, Plant and Equipment. Depreciation is charged on Property, Plant and Equipment from the usable date i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management and no depreciation is charged in the year of disposal.

No depreciation is charged on land and capital work-in-progress. Depreciation is charged on all other fixed assets on a diminishing balance method. Depreciation of an assets is charged by the rates depending on the nature and estimated useful life of assets are given below:

<b>Assets</b>	<b>Rate</b>
Building & Other Civil Construction	5%
Plant & Machinery	7%
Furniture & Fixtures	10%
Office Equipment	10%
Electric Installation	10%
Gas Line Installation	10%
Telephone Line Installation	10%
Water Line Installation	10%
Fire Extinguisher	20%
Office Decoration	10%
Vehicle	20%
Motor Vehicle	20%
Factory Equipment	20%

Upon retirement of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to statement of profit or loss.

**3.01.04 Non- Current asset held for Sales**

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are remeasured in accordance with the companies accounting policies. There after, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are recognized to revaluation reserve to the extent of revaluation surplus, in excess of revaluation surplus and subsequent gains or losses on remeasurement are recognized in the Statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

If criteria for an asset to be classified as held for sale are no longer met, then the asset or disposal company ceases to be held for sale.

In this case, the asset or disposal company should be valued at the lower of the carrying amount before the asset or disposal company was classified as held for sale (as adjusted for any subsequent depreciation, amortization, or revaluation) and its recoverable amount at the date of the decision not to sell.



### 3.02 Capital Work In Progress :

Property, plant and equipment under construction/acquisition is accounted for and measured at cost as capital work-in-progress until construction/acquisition is completed and it is ready for use.

The cost of capital work in progress comprises:

- 1) Purchase price includes import duties.
- 2) Any cost directly attributable to bringing the assets to be capable of operating in the manner intended by the Management.

The cost of capital working progress shall be recognized as property plant and equipment when it is probable that the economic benefits associated with its intended use will follow to the entity as per paragraph 7 of IAS 16 property plant and equipment.

### 3.03 Impairment of Assets:

An impairment test is carried out by the Management at the end of each reporting year to ascertain whether there is any internal or external indication as per 12 of IAS 36 that an assets is impaired if any such indication exists. Impairment loss / gain has not been recognised to the reporting date due to no such interna & externa indication arise in accordance with IAS 36 Impairment of asset.

### 3.04 Investment in Shares:

This investment in shares is initially recognized and measured at transaction costs that are directly attributable to the acquisition of the said financial asset. The management considered investment in shares as available for sale financial assets to present its subsequent changes in fair value through other compressive income in accordance with paragraph 5.7.5 of IFRS 9.

The cumulative gain or loss that was recognized in fair value adjustment reserve will be recognized in profit or loss when this investment will be sold.

### 3.05 Inventories:

#### 3.05.01 Nature of inventories:

Inventories comprise Raw Materials, Packing Materials, Consumable Stores, Work-in -Process and Finished Goods etc.

#### 3.05.02 Valuation of the inventories:

Inventories are measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition in accordance with IAS-2

#### Category

#### Basis of Valuation

Finished Goods

Finished goods are valued at cost or NRV whichever is lower.

Raw materials

Raw materials are valued at weighted average method.

Work in Process

Work in process is valued at 100% cost of raw materials,75% cost of labour and 50% cost of overhead.

Consumable stores

Based on weighted average method.

Packing materials

Based on weighted average method.SS

### 3.06 Trade and Other Receivables:

Trade and other receivables are recognized at cost which is the fair value of the consideration given in return.

### 3.07 Advances, deposits and prepayments:

Advances are measured at cost. After recognition, advances are carried at cost less deductions, adjustments or

charges to other account heads such as property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost.

**3.08 Cash and cash equivalents:**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term fixed deposits with banks.

**3.09 Trade and other payable:**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

**3.10 Other liabilities:**

Other liabilities represents the amounts due to various parties for receiving services. These are initially recognize date cost which is the fair value.

**3.11 Cash flow statement:**

Statement of cash flows is prepared in accordance with IAS 7: Cash Flow Statement and the cash flow from operating activities have been presented under direct method.

**3.12 Employee benefit schemes:**

The company maintains Workers' Profit Participation Fund and Workers' Welfare Fund @ 5% profit before tax as per Labour Act, 2006 as amended in 2013 and accordingly provision is made in the financial statements.

**3.13 Provisions, contingent liabilities and contingent assets:**

A provision is recognized in the Statement of financial position when the company has a legal or contractual 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. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognized in the financial statements.

**3.14 Financial Income and Financial Expenses:**

**3.14.01 Financial Income:**

Interest income from bank deposits companies is recognized in the statement of profit or loss on accrual basis following specific rate of interest in agreement with banks.

**3.14.02 Financial Expenses:**

Interest expenses incurred during the period have been charged to statement of profit or loss and other comprehensive income.

**3.15 Non-Operating income:**

Non- operating income includes interest income on delayed receipts from customers, gain/(loss) on sale of fixed assets and miscellaneous receipts. Other operating income is recognized as revenue income as and when realized.

**3.16 Borrowing Cost:**

Interest and other costs incurred by the company in connection with the borrowing of funds are recognized as expense in the period in which they are incurred, unless such borrowing cost progress that are capitalized as per IAS 23:

Other borrowing costs are recognized as an expenses in the year in which its incurred as per paragraph 8 of IAS 23 Borrowing Cost.



### 3.17 Taxation:

#### 3.17.01 Current Tax:

The Company are maintaining provision for taxation using rates enacted at the reporting date. The Company complies with the applicable tax laws in Bangladesh.

#### 3.17.02 Deferred tax:

Deferred Tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying value of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date. The impact on the account of changes in the deferred tax assets or liabilities has been recognized in the Statement of Profit or Loss and Other Comprehensive Income as per IAS-12.

### 3.18 Revenue recognition:

Revenue is measured based on the consideration specified in a contract with a customer. The companies recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Types of Sale	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Local Sales	Customers obtain control of products when goods are shipped out at factory gate. Invoices raised as per management approves price list are generated at that point in time.	Revenue is recognized when the entity satisfies a performance obligation by transferring the promised good or service to a customer.
Export Sales		

The Company is in the business of providing News print ,M.G news print,Midum Paper and Tissues.Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any.Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods (IFRS-15).The Company has generally concluded that it is the principal in it is revenue arrangements, because it typically controls the goods before transferring them to the customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT). Gross turnover comprises local sales of News print ,M.G news print,Midum Paper and various Tissues.and includes VAT paid to the Government of Bangladesh.

### 3.19 Earning per share (EPS):

The company calculates its earnings per share in accordance with IAS 33: Earnings per Share which has been reported on the face of statement of profit or loss and other comprehensive income.

#### 3.19.01 Basic of earning:

This represents Profit/ (Loss) for the year attributable to ordinary shareholders. As there is no preference dividend or extra ordinary items, the net profit/ (Loss) after tax for the year has been considered fully attributable to the ordinary share holders.

#### 3.19.02 Basic earning Per share:

This represents profit for the year attributable to ordinary shareholder. As there were no preference shares requiring returns or dividends, the net fully attributable to the ordinary shareholders.

**3.20 Foreign Currency Transaction Policy:**

The foreign currency transaction in respect of imported raw materials, machineries and other spares parts have been recognized by applying exchange rate prevailing on the date of transaction.

**3.21 Comparative Information:**

Comparative information has been disclosed in respect of 2019 in accordance with IAS1: 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 financial statements. Prior year's figures have been rearranged wherever considered necessary to ensure comparability with the current year.

**3.22 Consistency:**

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year are consistent with those policies and methods adopted in preparing the Financial Statements for the previous year.

**3.23 Events after the reporting period:**

Events after the reporting period that provide additional information about the company's position at the date of Statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

**3.24 Share Capital:**

Paid-up capital represents total amount contributed by the shareholders. Holders of ordinary shares are entitled to receive dividends as declared to time and are entitled to vote at shareholders meetings.

**4.00 Comparative Analysis on Financial performance and position of the Company and reason of significant deviation with previous period:**

**5.00 PROPERTY, PLANT & EQUIPMENT:**

Balance as on 01 July (including revaluation)

Add: Addition during the year

Less: Adjustment during the year

**Balance as on 30 June**

Less: Accumulated depreciation

**Written down value as on 30 June**

	<b>2020 Taka</b>	<b>2019 Taka</b>
Balance as on 01 July (including revaluation)	1,261,218,332	970,580,617
Add: Addition during the year	14,350,123	290,637,715
Less: Adjustment during the year	(10,000,000)	-
<b>Balance as on 30 June</b>	<b>1,265,568,456</b>	<b>1,261,218,332</b>
Less: Accumulated depreciation	418,248,739	378,723,562
<b>Written down value as on 30 June</b>	<b>847,319,717</b>	<b>882,494,770</b>

(a) Details of Group Wise Property, Plant & Equipment with cost, addition and adjustment during the period, depreciation and written down value are shown at Note-5.01 & 5.02.

(Amount in Taka)

## 5.01 PROPERTY, PLANT &amp; EQUIPMENT (PAPER UNIT):

Particulars	C O S T			Rate of Dep.	D E P R E C I A T I O N				Written Down Value as on 30 June, 2020
	Balance as on 01 July, 2019	Addition during the year	Disposal / Adjustment during the year		Balance as on 30 June, 2020	Charged during the year	Disposal / Adjustment during the year	Balance as on 30 June, 2020	
<b>At Cost</b>									
Land & Land Development	43,583,242	-	-	43,583,242	-	-	-	-	43,583,242
Building & Other Construction	86,919,124	2,902,443	-	89,821,567	5%	2,783,351	-	35,696,461	54,125,107
Plant & Machinery	323,464,539	7,781,500	10,000,000	321,246,039	7%	10,566,402	7,087,874	180,462,034	140,784,006
Furniture & Fixture	1,201,719	14,450	-	1,216,169	10%	65,564	-	624,866	591,303
Office Equipment	3,611,543	-	-	3,611,543	10%	197,484	-	1,834,188	1,777,355
Electric Installation	19,542,572	1,785,750	-	21,328,322	10%	963,726	-	12,204,681	9,123,641
Gas Line Installation	3,932,191	-	-	3,932,191	10%	116,256	-	2,885,885	1,046,306
Telephone Line Installation	132,263	-	-	132,263	10%	4,039	-	95,916	36,347
Water Line Installation	6,860,204	161,010	-	7,021,214	10%	310,831	-	4,080,543	2,940,671
Fire Extinguisher	111,870	-	-	111,870	20%	4,701	-	93,065	18,805
Office Decoration	1,913,087	-	-	1,913,087	10%	165,558	-	423,065	1,490,022
Vehicle Car	3,011,672	-	-	3,011,672	20%	202,779	-	2,200,558	811,114
Motor Vehicle	2,923,247	-	-	2,923,247	20%	312,404	-	1,673,630	1,249,617
Factory Equipment	355,370	435,000	-	790,370	20%	74,385	-	132,273	658,097
<b>"A"</b>	<b>497,562,643</b>	<b>13,080,153</b>	<b>10,000,000</b>	<b>500,642,797</b>		<b>15,767,479</b>	<b>7,087,874</b>	<b>242,407,164</b>	<b>258,235,633</b>
<b>At Revaluation</b>									
Land & Land Development	139,028,020	-	-	139,028,020	-	-	-	-	139,028,020
Building & Other Construction	110,663,849	-	-	110,663,849	5%	3,670,833	-	40,918,024	69,745,825
Plant & Machinery	227,369,650	-	-	227,369,650	7%	8,906,234	-	109,043,964	118,325,686
<b>"B"</b>	<b>477,061,519</b>	<b>-</b>	<b>-</b>	<b>477,061,519</b>		<b>12,577,067</b>	<b>-</b>	<b>149,961,988</b>	<b>327,099,531</b>

5.02 PROPERTY, PLANT & EQUIPMENT (TISSUE UNIT):

(Amount in Taka)

Particulars	C O S T			Balance as on 30 June, 2020	Rate of Dep.	D E P R E C I A T I O N			Balance as on 30 June, 2020	Written Down Value as on 30 June, 2020
	Balance as on 01 July, 2019	Addition during the year	Disposal/ Adjustment during the year			Balance as on 01 July, 2019	Charged during the year	Disposal/ Adjustment during the year		
Building & Other Construction	67,775,536	-	-	67,775,536	5%	1,392,309	3,319,161	-	4,711,470	63,064,066
Plant & Machinery	218,714,824	1,269,970	-	219,984,794	7%	6,210,241	14,930,288	-	21,140,529	198,844,265
Motor Vehicle	103,810	-	-	103,810	20%	8,532	19,056	-	27,588	76,222
"C"	286,594,170	1,269,970	-	287,864,140		7,611,082	18,268,505	-	25,879,587	261,984,553
<b>Grand total as on</b>										
<b>30 June, 2020 (A+B+C)</b>	<b>1,261,218,332</b>	<b>14,350,123</b>	<b>10,000,000</b>	<b>1,265,568,456</b>		<b>378,723,561</b>	<b>46,613,051</b>	<b>7,087,874</b>	<b>418,248,739</b>	<b>847,319,717</b>
<b>As on 30 June, 2019</b>	<b>970,580,617</b>	<b>290,637,715</b>	<b>-</b>	<b>1,261,218,332</b>		<b>341,465,160</b>	<b>37,258,402</b>	<b>-</b>	<b>378,723,562</b>	<b>882,494,770</b>

Allocation of Depreciation :

Nominative Expenses Factory Expenses	2020 Taka		2019 Taka	
		035,423	556,429	45,977,628
<b>TAKA =</b>	<b>46,613,051</b>	<b>37,258,402</b>		



	2020 Taka	2019 Taka
<b>6.00 CAPITAL WORK-IN-PROGRESS:</b>		
Capital Work-In-Progress Existing Unit	14,218,124	14,218,124
Balance as on 30 June	<b>14,218,124</b>	<b>14,218,124</b>
<b>6.01 Capital Work-In-Progress- Existing Unit:</b>		
Building & Other Construction	12,457,624	12,457,624
Plant & Machinery	793,820	793,820
Motor Vehicle	25,000	25,000
Electric Installation	941,680	941,680
<b>Total for Existing Unit</b>	<b>14,218,124</b>	<b>14,218,124</b>

**7.00 INVESTMENT IN SHARES:**

7.01 Company wise investment position at market value are shown below:

Name of company	No. of Shares	Cost	Market Value as on 30 June, 2020	Unrealized gain/(loss)
Bank Asia Ltd.	6,615	65,326	108,486	43,160
Beximco Ltd.	43,925	1,550,887	571,025	(979,862)
Beximco Pharma Ltd.	5,000	218,200	385,000	166,800
Brac Bank Ltd.	11,533	158,299	367,903	209,604
DESCO Ltd.	5,000	238,287	174,000	(64,287)
Dhaka Bank Ltd.	38,761	332,944	387,610	54,666
Exim Bank Ltd.	52,099	1,080,862	448,051	(632,811)
Grameen Phone Ltd.	10,700	3,995,855	2,555,160	(1,440,695)
Islamic Finance and Invest. Ltd.	58,087	1,779,698	708,661	(1,071,037)
Islami Bank Bangladesh Ltd.	10,570	376,381	183,918	(192,463)
Jamuna Oil Ltd.	2,299	271,136	317,722	46,586
Lafarge Holcim Bangladesh Ltd.	10,000	805,409	359,000	(446,409)
Meghna Petroleum Ltd.	2,402	249,369	379,035	129,666
Mercantile Bank Ltd.	31,964	305,193	338,818	33,626
Mutual Trust Bank Ltd.	50,043	622,182	1,231,058	608,876
National Bank Ltd.	75,084	902,974	525,588	(377,386)
One Bank Ltd.	41,196	385,336	374,884	(10,452)
Premier Bank Ltd.	27,096	209,752	268,250	58,498
Rupali Bank Ltd.	34,785	1,724,186	891,185	(833,001)
Shahjalal Islami Bank Ltd.	34,500	249,340	695,520	446,180
Southeast Bank Ltd.	78,000	819,716	881,400	61,684
Square Pharma Ltd.	8,762	1,826,477	1,511,445	(315,032)
Standard Bank Ltd.	25,410	249,996	200,739	(49,257)
Titas Gas Ltd.	13,250	766,559	396,675	(369,884)
Trust Bank Ltd.	53,240	1,179,661	1,299,056	119,395
<b>TOTAL</b>	<b>730,321</b>	<b>20,364,024</b>	<b>15,560,190</b>	<b>(4,803,835)</b>



	2020 Taka	2019 Taka
<b>7.02 Gain/ (Loss) on Investment in Shares:</b>		
Unrealized Gain/ (Loss) Closing	(4,803,835)	1,523,617
Unrealized Gain/ (Loss) Opening	1,523,617	2,563,152
<b>Gain/ (Loss) on Investment in Shares during the year</b>	<b>(6,327,452)</b>	<b>(1,039,535)</b>

**8.00 INVENTORIES:**

**a) Raw Materials**

Wastage Paper	47,175,327	36,569,608
Chemicals	6,483,751	4,214,444
	<b>53,659,078</b>	<b>40,784,052</b>

**b) Finished Goods**

Newsprint Paper	51,186,104	38,908,676
Medium Paper	8,729,159	5,213,015
Writing Printing Paper	-	4,786,985
Khata	4,538,038	1,191,947
Various Tissue Paper	27,196,813	13,444,710
	<b>91,650,113</b>	<b>63,545,333</b>

**c) Work-In-Process**

	29,225,078	12,964,838
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**d) Consumable Store**

	14,824,005	18,286,250
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**e) Packing Material**

	2,962,669	1,677,985
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**Total (a+b+c+d+e)**

	<b>192,320,943</b>	<b>137,258,458</b>
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- (a) Value of raw materials, consumables spares parts and packing materials was made at weighted average method.
- (b) Work in process is valued at 100% cost of raw materials, 75% cost of labour and 50% cost of overhead.
- (c) Finished goods are valued at cost or NRV whichever is lower.
- (d) Consumable store based on weighted average method.
- (e) Packing materials based on weighted average method.
- (f) Physical inventory was taken jointly by the representative of management and auditors at the year end.
- (g) Inventory consists of a huge number of items for which the quantity could not be disclosed.

**9.00 TRADE RECEIVABLES:**

	2020 Taka	2019 Taka
A. H Packaging & Accessories	2,090,472	3,090,472
Al-Amin Book Depot	10,592	10,592
Babul Store	64,395,867	30,248,596
Bangladesh Marine Hoist & House	13,000	13,000
Bismillah Enterprise	-	2,010,987
Bismillah Enterprise-Lalkhan Bazar	45,251	50,726
Dainik Azadi (Shapon chy)	611,601	611,601
Elite Paper House	283,309	283,309
Interna Plastic (Pvt.) Ltd.	800,000	800,000



	2020 Taka	2019 Taka
Modern Biponi	1,418,493	1,418,493
Siam Paper House	65,920	65,920
Sonargaon Paper House	434,031	434,031
Munna Enterprise	-	2,159,481
Resimax Industries Ltd.	167,730	1,574,230
S.K Traders	-	11,133,352
A B Trading	976,245	4,639,252
ACI Logistics Ltd. (Showpno)	1,120,216	160,836
Akter Store (Depo) Rajbari	31,614	31,614
Alviraj-Tissue	132,795	89,925
Amina Enterprise	120,211	43,735
Amir & Brothers	1,214,513	899,767
Arafat Vhat Ghor	80,512	22,928
Arif Enterprise	617,254	337,254
Ariosto Restaurant	37,082	29,632
Barcode Restaurant Group	327,070	200,930
Bismillah Departmental Store	23,189	23,189
Bismillah Enterprise- Chowdhagram	38,756	55,906
CFC Restaurant	23,994	23,994
Chandpur Paper House	5,580,059	10,131,561
Compac Trading Ltd.	-	166,422
Eanan Enterprise	177,181	55,371
Ekota Enterprise-Teknaf	198,716	182,870
Flat Steel Operating Unit	8,505	45,902
Flavors Premium Sweets, Ctg	20,790	20,790
FM Trading	668,277	670,329
Foisal & Brothers	636,200	636,200
G. N. Enterprise	-	51,008
Garibe Newaj Traders (Sales)	666,495	118,289
Glory Tapes & Labels Ltd.	879,245	879,245
Habib Enterprise (Chokaria)	425,907	103,125
Halishahar Mart	24,869	39,607
Hamim Group-Dhaka Corporate	1,581	38,621
JBS Traders	403,025	495,455
Korotoa Paper Depot.	1,456,131	1,456,131
MI Trading	557,822	154,118
M/S Nur Enterprise	27,396	27,396
M/s Oishi Enterprise	343,850	343,850
M/S. Safiq & Brothers-Whay Kong	39,633	39,633
Mahbub & Brothers	1,250,689	1,638,576
Mahmud Enterprise-Noakali	8,791	28,791
Mamun Enterprise-Companiganj	26,653	26,653
Mizan Store (Tissue)	2,137,368	574,201
Modhumoti Traders	242,149	242,149
Mojim Traders	59,985	59,985
MR Traders (Khulna Depo)	159,366	112,919

	2020 Taka	2019 Taka
Mustafa Paper House	6,388,393	2,225,846
Nuha Enterprise / Three Star	220,229	190,229
Orcid Enterprise	45,469	54,169
Padma Accessories Ltd.	66,671	87,847
Padma Media Center	1,305,171	743,727
Paperaj Traders	286,596	286,596
Parvin & Zalal Enterprise	55,930	55,930
Personal	633,635	537,595
Pran RFL	250,021	602,201
RFM Paper Mills Ltd.	482,373	499,691
RM Trade International	8,902,186	6,838,145
Roshidul Enterprise	12,193	77,193
S. Rahaman Trading/Enterprise	2,489,621	120,695
S. K. Enterprise	320,000	320,000
S. R. Paper House	128,155	128,155
S. S. G Paper Ltd.	185,169	185,169
Sadia Enterprise	15,339	140,876
Safe Corporation	80,000	80,000
Sagorika Printers	1,705,074	275,407
Saif Trade & Supplies	71,003	162,258
Sajib Enterprise	2,314,554	490,567
Sha Jobbariya Enterprise	140,165	46,081
Shahid Enterprise	96,911	96,911
Shanto Enterprise	195,903	195,903
Siddique Enterprise-Cox's	957,479	232,415
Sifa/ Shefa Packages	900,000	900,000
Soinik Traders	40,221	40,221
Sojib Enterprise	-	191,823
Tanha Enterprise	-	53,167
Tasbi & Brothers	271,597	97,798
Unique Accessories	826,936	36,944
Walton Hi-Tech Industry Ltd.	129,369	129,369
Watson Paper Mills Ltd.	134,010	134,010
Zidan Enterprise	90,627	90,627
Other Receivables	27,923,151	19,867,389
	<b>148,744,551</b>	<b>115,017,902</b>

- (a) Trade Receivables are occurred in the ordinary course of business.  
 (b) Trade Receivables are unsecured but considered good by the management.  
 (c) The amount of Tk. 36,020,591 has been collected from trade receivables till 09.11.2020. which represent 24.22% of total trade receivables.

**Ageing of Trade Receivables:**

Below-30 Days	31,236,356	24,153,759
Within 31- 60 Days	46,110,811	35,655,550
Within 61 - 90 Days	29,748,910	23,003,580
Within 90 - 180 Days	26,774,019	20,703,222
Above 180 Days	14,874,455	11,501,790
	<b>148,744,551</b>	<b>115,017,902</b>



	2020 Taka	2019 Taka
<b>10.00 ADVANCES, DEPOSITS &amp; PREPAYMENTS:</b>		
Advance Against Income Tax (Note: 10.01)	30,619,458	28,207,365
Advance Against Salary & Wages (Note: 10.02)	138,098	100,538
Advance Against Expenditure (Note: 10.03)	110,709,738	59,753,126
Advance Against L/C (Note: 10.04)	8,452,294	42,632,811
Deposits and Prepayments (Note: 10.05)	10,134,165	10,134,165
	<b>160,053,753</b>	<b>140,828,005</b>
<b>10.01 Advance Against Income Tax</b>		
Advance Income Tax Paid	5,469,990	23,915,173
Advance Income Tax - Import	1,278,478	630,532
Advance Income Tax - Export	288,537	288,536
Advance Income Tax Deducted at Source	22,558,651	2,730,266
Advance Income Tax Deducted at Source (Dividend Income)	1,018,989	638,544
Advance Income Tax Deducted at Source (Bank Deposits)	4,815	4,315
	<b>30,619,458</b>	<b>28,207,365</b>
<b>10.02 Advance Against Salary &amp; Wages</b>	<b>138,098</b>	<b>100,538</b>
<b>10.03 Advance Against Expenditure</b>		
Advance Against Purchase	172,439	116,370
Advance for Dhaka Office	259,700	259,700
Anima Development Limited	7,525,849	7,525,849
Advance for Machinery Purchase	100,311,494	49,975,460
VAT Current Account	6,193	103,951
Lanka Bangla Securities Ltd.	8,553	9,003
North West Securities Ltd.	-	853
City Brokerage Ltd.	4,517	18,341
Advances for spares parts and other materials	2,420,994	1,743,600
	<b>110,709,738</b>	<b>59,753,126</b>
<b>10.04 Advance Against L/C</b>	<b>8,452,294</b>	<b>42,632,811</b>
<b>10.05 Deposits</b>		
Security Deposit (PBS-1)	3,321,100	3,321,100
Security Deposit (BGSL) Boiler	2,601,439	2,601,439
Security Deposit (BGSL) Generator	1,441,672	1,441,672
Security Deposit (PDB)	25,200	25,200
Security Deposit (GEP Holdings Ltd)	8,000	8,000
Security Deposit (Grameen Phone)	20,000	20,000
Security Deposit (BTCL)	6,000	6,000
Security Deposit (CDBL)	300,000	300,000
Security Deposit- Bank Guarantee Against Gas Generator	257,040	257,040
Security Deposit- Bank Guarantee Against Boiler	1,043,250	1,043,250
Security Deposit Container Purpose	1,110,464	1,110,464
	<b>10,134,165</b>	<b>10,134,165</b>

The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and that no provision against these are required at this stage.

**11.00 CASH & CASH EQUIVALENTS:**

**Cash In Hand**

At Head Office

At Dhaka Office

At Factory

**2020  
Taka**

**2019  
Taka**

1,184,287	854,029
5,000	5,000
3,000	35,000
<b>1,192,287</b>	<b>894,029</b>

**Cash at Banks**

Bangladesh Krishi Bank, Agrabad Branch, CD A/C No. 2903-0210014807

Social Islami Bank Ltd, Agrabad Branch, CD A/C No. 0041330027978

First Security Islami Bank Ltd, Agrabad Branch, STD A/C No. 010413100000463

Social Islami Bank Ltd, Agrabad Branch, STD A/C No. 41300458

National Bank Ltd, Pahartali Branch- CD A/C No. 005533008427

AB Bank Ltd. PCR Branch, CD A/C No. 4127773938000

Prime Bank Ltd, Laldighi East Branch, CD A/C No. 14511090025949 /5816

Southeast Bank Ltd, Pahartali Branch, CD A/C No. New # 005111100000671

City Bank Ltd, Agrabad Branch, CD A/C No. 1101497955001

Premier Bank Ltd, Agrabad Branch, CD A/C No. 010311100015243

Premier Bank Ltd, CEPZ Branch, CD A/C No. 016711100000103

NCC Bank Ltd, Panthapath Branch, CD A/C No. 0087-0210003867

Standard Bank Ltd, Sadarghat Branch, CD A/C No. 04933000571

Dhaka Bank Ltd, Jubilee Road Branch, CD A/C No. 181000000012482

Islami Bank (BD.) Ltd, Agrabad Branch, CD A/C No. 20501030100588315

Mercantile Bank Ltd, A.K Khan Branch, CD A/C No. 117511121143947

Union Bank Ltd, Laldighi Branch, CD A/C No. 0611010000054

Dhaka Bank Ltd, G.E.C (C.D.A) Branch, CD A/C No. 201009777

Standard Bank Ltd, Jubilee Road Branch, CD A/C No. 01233005212

United Commercial Bank Ltd, Pahartali Branch, CD A/C No. 01000000078

Modhumoti Bank Ltd, Agrabad Branch, CD A/C No.1109 11100000164

Eastern Bank Ltd, Agrabad Branch, CD A/C No.11071082755

Pubali Bank Ltd, Pahartali Branch, CD A/C No.825901027548

Dutch Bangla Bank, CD A/C No. 1021100040340

30,478	32,893
6,211,657	113,339
57,669	56,794
194,131	125,158
-	90,559
7,308	7,999
90,896	262,172
18,079	18,769
5,415	207,980
61,633	16,610
144,629	148,648
48,141	48,400
-	6,235
-	6,320
-	579,591
275,000	69
-	83,349
7,115	7,460
55,639	92,460
1,178,360	207,940
2,030	2,720
23,907	170,208
300,010	448,117
256,292	-

**8,968,388**      **2,733,790**

Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882

Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432

Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666

332,746	320,966
419,007	400,608
671,710	631,900

**11,584,139**      **4,981,294**

(a) Cash balance as on 30.06.2020 was certified by the management.

(b) All bank balances were duly reconciled with bank statements of respective bank account.



**11.01 INVESTMENT IN FIXED DEPOSIT**

Particulars	Tenure	Purpose	Rate of Interest	2020	2019
				TK.	TK.
<i>Fixed Deposit with</i> Mercantile Bank Ltd. FDR # 117541322176882	One Year	Guaranty	8%	332,740	320,900
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432	One Year	Guaranty	8%	419,007	400,608
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	One Year	Guaranty	8%	671,710	631,900
<b>TOTAL</b>				<b>1,423,463</b>	<b>1,353,475</b>

**2020 Taka      2019 Taka**

**12.00 SHARE CAPITAL:**

**12.01 Authorized**

50,000,000 Ordinary shares of Tk. 10.00 each.

**500,000,000      500,000,000**

**12.02 Issued, Subscribed and Paid-up**

85,00,000 Ordinary shares of Tk. 10.00 each fully paid up in cash.

85,000,000      85,000,000

1,05,00,000 Ordinary shares of Tk. 10.00 each fully paid up other than cash.

105,000,000      105,000,000

**190,000,000      190,000,000**

**12.03 The break up of share holdings as on 30 June, 2020 is as follows**

Description	No. of shares 30 June, 2020	% of share holding 30 June, 2020	No. of shares 30 June, 2019	% of share holding 30 June, 2019
Sponsors & Directors	9,799,330	51.56	10,399,330	54.73
Investment Corporation of Bangladesh	33,500	0.18	33,500	0.18
Bangladesh Development Bank Ltd.	1,580,800	8.32	1,580,800	8.32
Other Institution and General Public	7,586,370	39.93	6,986,370	36.77
<b>Total</b>	<b>19,000,000</b>	<b>100.00</b>	<b>19,000,000</b>	<b>100.00</b>

**12.04 Number of shareholders & their share holdings in percentage are as follows**

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	2020	2019	2020	2019	2020	2019
Less than 500 shares	1,267	1,391	164,510	231,795	0.87	1.22
501 to 5000 Shares	639	916	1,173,826	1,632,659	6.18	8.59
5001 to 10000 Shares	77	131	610,787	988,210	3.21	5.20
10001 to 20000 Shares	58	56	872,092	765,648	4.59	4.03
20001 to 30000 Shares	15	20	369,329	509,429	1.94	2.68
30001 to 40000 Shares	10	5	349,068	179,381	1.84	0.94
40001 to 50000 Shares	5	1	235,450	45,260	1.24	0.24
50001 to 100,000 Shares	6	6	378,545	395,052	1.99	2.08
100001 to 1,000,000 Shares	18	15	7,039,261	6,605,600	37.05	34.77
Over 1,000,000 Shares	6	6	7,807,132	7,646,966	41.09	40.25
<b>Total</b>	<b>2,101</b>	<b>2,547</b>	<b>19,000,000</b>	<b>19,000,000</b>	<b>100.00</b>	<b>100.00</b>

	2020 Taka	2019 Taka
<b>12.05 Market Price of Shares:</b>		
The shares are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. and quoted at Tk. 74.00 on 30 June, 2020 (Face value Tk. 10.00) and Tk. 62.40 on 30 June 2019 (Face value Tk. 10.00).		
<b>13.00 DIVIDEND EQUALIZATION RESERVE:</b>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July	15,000,000	15,000,000
Add: Transferred from Retained Earnings	-	-
Less: Dividend for the year 2018-2019 approved in the AGM	(1,720,134)	-
Balance as on 30 June	<b>13,279,866</b>	<b>15,000,000</b>
Dividend equalization reserve was created in the earlier year(s) with the concurrence of Board of Directors. The objective of this reserve is to pay dividend to shareholders during bad time of company.		
<b>14.00 REVALUATION RESERVE:</b>		
A revaluation of Land, Buildings and Plant and Machinery has been made during the financial year 2010-2011 by M/S. G. K. Adjusters, a professional valuer and the surplus amount of these assets were transferred to Revaluation Reserve Account. Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	477,061,519	477,061,519
Less: Depreciation on Revalued Assets till 30.06.2020 (Note-5.01)	149,961,988	137,384,921
	327,099,531	339,676,598
Less : Adjustments for Deferred Tax	49,064,930	50,951,490
Balance as on 30 June	<b>278,034,601</b>	<b>288,725,108</b>
Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
i) Effective date of valuation 18th April, 2011		
ii) Intial reserv of revaluation amount of Tk. 477,061,519		
<b>15.00 RETAINED EARNINGS:</b>		
Balance as on 01 July	138,309	13,532,891
Less: Dividend for the period 2018-2019 as approved in the AGM	-	5,700,000
	138,309	7,832,891
Add: Net profit/(loss) after tax for the year	1,420,266	(21,135,213)
	1,558,575	(13,302,322)
Add: Revaluation Surplus Realized	12,577,067	13,440,631
Balance as on 30 June	<b>14,135,642</b>	<b>138,309</b>
<b>16.00 UNSECURED LOAN:</b>		
Mr. Mohammad Abdullah, Chairman	18,448,060	18,448,060
Mr. Md. Golam Mostafa, Managing Director	4,464,830	4,464,830
Mr. Md. Golam Kibria, Director	5,914,175	5,914,175
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. Md. Golam Haider, Director	5,957,975	5,957,975
Mr. Md. Golam Morshed, Director	3,207,475	3,207,475
Mr. Md. Golam Rasul Muktadir, Director	3,207,475	3,207,475
	<b>44,999,990</b>	<b>44,999,990</b>

The above loans from directors are interest free.



	2020 Taka	2019 Taka
<b>17.00 LONG TERM LOAN:</b>		
HPSM Commercial Loan	3,941,714	3,672,639
Loan Under BMRE of Existing Projects	65,157,141	59,792,660
Loan Under Tissue Projects	315,728,230	279,100,398
	<b>384,827,085</b>	<b>342,565,697</b>
<b>17.01 LONG TERM LOAN- MATURITY ANALYSIS:</b>		
Due within the period- Current Portion	54,975,298	95,428,584
Due after more than the period- Non-Current Portion	329,851,787	247,137,113
	<b>384,827,085</b>	<b>342,565,697</b>

**17.02 TERMS OF LONG TERM LOAN:**

**Lenders:**

The company entered into a secured long term loan agreement with Social Islami Bank Limited, Agrabad Branch, Chattogram.

**Total Long Term Loan Facilities:**

Total disbursement amount is Tk. 333,893,440 against sanction amount of total long term loan Tk.585,000,000.

**Rate of Interest:**

Interest rate is 13% per annum subject to change as per decision of the management of the Bank and variable depending on the situation of money market. The company currently enjoying the loan @ 13% interest.

**Disbursement:**

The disbursement of Hire Purchase under Shirkatul Melk (HPSM) Commercial Loan was made on November 24, 2015 for Balancing, Modernization, Replacement and Expansion (BMRE) of existing unit and Tissue Unit on January 01, 2017 and May 17, 2017 respectively.

**Repayments:**

This secured long term loan is repayable in 84 (eighty four) months.

**Securities:**

- i. Hypothecation of machineries and stock.
- ii. Total 642.30 decimal land has been placed as prime securities against the loan.
- iii. Creation of charge with RJSC.
- iv. Personal Guarantee of Directors.

**Purpose:**

The loan has been taken for business expansion of existing project and establishment of (Tissue Project).

**18.00 DEFERRED TAX LIABILITY:**

Balance as on 01 July	49,603,173	36,893,429
Deferred Tax (Income)/ Expenses for the period -(Note-31)	6,422,443	12,709,744
	56,025,616	49,603,173
Add: Deferred Tax for Revaluation Surplus	49,064,930	50,951,490
	<b>105,090,546</b>	<b>100,554,663</b>

This represents provision made for deferred income tax to pay future income tax liability for temporary differences of Property, plant and equipment value. Calculation of Deferred Tax Liability as on 30.06.2020 has been shown at **Note-18.01.**



	2020 Taka	2019 Taka
<b>18.01 Calculation of Deferred Tax Liability:</b>		
(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 June	476,636,944	499,234,930
(b) Tax Based Property, Plant and Equipment	252,534,481	300,822,240
(c) Net Taxable Temporary Differences (a-b)	224,102,463	198,412,690
(d) Deferred Tax liability at effective Tax Rate	56,025,616	49,603,173
(e) Deferred Tax expenses on Net Taxable Temporary differences	<b>6,422,443</b>	<b>12,709,744</b>

**19.00 SHORT TERM LOAN AND OVERDRAFT:**

Social Islami Bank Ltd, Agrabad Branch, CC A/C No. 0041330027978	163,413,698	148,775,920
UPAS Loan from Social Islami Bank Ltd.	7,711,090	7,711,090
Mercantile Bank Ltd. A.K Khan Branch, Cash Credit (CC) Hypo	43,982,530	40,940,480
Biam Wes Bills, MBE & LATR Loan from Social Islami Bank Ltd.	4,878,453	-
National Bank Ltd, Pahartali Branch, CD A/C No. 005533008427	2,106,487	-
Islami Bank (BD.) Ltd, Agrabad Branch, CD A/C No. 20501030100588315	34,239	-
UPAS Loan from Mercantile Bank Ltd.	8,943,502	14,957,800
LTR, Sight LC Loan From Mercantile Bank Ltd.	11,101,808	10,299,682
Other Short Term Loan	16,687,635	23,453,675
	<b>258,859,442</b>	<b>246,138,646</b>

**19.01 Sort Term Browing:**

Particulars	Note	2020	2019
		TK.	TK.
Short term loan and overdraft	19.00	258,859,442	246,138,646
Long term loan-current portion	17.01	54,975,298	95,428,584
<b>TOTAL</b>		<b>313,834,739</b>	<b>341,567,230</b>

- (a) Bai-Muazzal (Commercial Trading)-CC Loan was sanctioned by the Social Islami Bank Limited, Agrabad Branch on the date of 5th May, 2015. It is renewable.
- (b) Cash Credit (Hypo) was sanctioned by the Mercantile Bank Limited, A. K. Khan Moor Branch on the date of 28th May, 2017. It is renewable.
- (c) Limit of Bai-Muazzal (Commercial Trading)-CC A/C: 0041330027978 Loan was Tk. 13 (Thirteen) crore.
- (d) Limit of Cash Credit (CC) Hypo A/C:117577521729167 was Tk. 04 (Four) crore.
- (e) SIBL Loan bears interest @ 13% and Mercantile Bank Ltd. Loan bears interest @ 12.5% p.a. respectively.
- (f) Land, Building and Machinery has been placed as prime securities against the Loan.
- (g) Personal Guarantee of Directors.



	<b>2020 Taka</b>	<b>2019 Taka</b>
<b>20.00 ACCRUED EXPENSES:</b>		
Audit Fee	224,250	172,500
Directors Remuneration	200,000	50,000
Electricity Bill-(Factory)	1,989,311	1,669,726
Electricity Bill-(H/O)	2,819	2,819
Electricity Bill-(Dhaka Office)	12,593	16,301
Electricity Bill-(Tissue Unit)	569,778	1,322,751
Gas Bill Factory	15,677,957	9,619,278
Gas Bill Factory Canteen	11,409	10,474
Gas Bill (H/O)	31	588
Food Allowance	96,128	102,808
Mobile Bill	31,420	31,420
Office Rent	125,000	25,000
Overtime	2,557,891	1,715,537
Salary & Allowances (D/O)	61,800	62,500
Salaries, Wages and Allowances (H/O)	601,951	370,105
Staff Salary & Allowances Factory	281,119	737,278
Telephone Bill	2,617	2,617
Wages & Allowances	2,162,639	2,571,322
Staff Salary (Sales & Marketing)	1,454,759	1,371,891
	<b>26,063,472</b>	<b>19,854,915</b>
<b>21.00 WORKERS PROFIT PARTICIPATION &amp; WELFARE FUND:</b>		
Balance as on 01 July	589,829	589,829
Add: Provision made during the period	536,756	-
	<b>1,126,585</b>	<b>589,829</b>
Less: Payment made during the period	-	-
Balance as in 30 June	<b>1,126,585</b>	<b>589,829</b>
<b>21.01 Provision made during the year for WPPF and Welfare Fund:</b>		
Profit before tax and WPPF and Welfare Fund	11,271,875	(5,507,957)
Cash dividend received from investment	-	-
Profit applicable for WPPF and Welfare Fund	<b>11,271,875</b>	<b>(5,507,957)</b>
Contribution to WPPF and Welfare fund at 5%	<b>536,756</b>	-

The above amount lies as the 10% payable to Bangladesh Workers' Welfare Foundation Fund. As specific directive as to on which account it should be deposited is not available. This amount has been kept as provision. Upon clear guidance from Labour Welfare Foundation, the amount shall be transferred.

	2020 Taka	2019 Taka
<b>22.00 TRADE PAYABLES:</b>		
Abul Khair Steel Melting Ltd.	1,519,802	-
Aramit Cement Ltd.	176,660	176,660
Azad Engineering Workshop	782,300	67,800
Bismillah Electric and Cables	117,008	547,068
Bismillah Traders Ashique	137,347	137,347
Cartoon Nirman Ltd.	1,813,393	547,954
City Lub Oil Industries Ltd.	131,757	-
Garibe Newaz Traders	15,000	1,115,000
Gentech Energy	209,986	494,986
Instrumentation Co-operative	40,000	40,000
Munna Enterprize	4,377,070	-
International Bearing	81,905	247,595
Islam & Brothers	136,428	94,034
Khaja Garibe Newaj Five Star Enterprise	2,109	25,441
M/S. Dohar Chemicals	3,832,665	1,619,980
Mamun Hardware Store	59,713	115,643
Mohsin Enterprise	354,470	1,730,420
Noor Hardware Mart	59,000	72,985
Organic Bangladesh Corporation	153,000	153,000
Raj Bearing	104,130	143,310
S. R. Packaging	5,636,589	912,205
Sahaba Corporation	-	693,730
Sakib Enterprise	15,000,000	238,471
Say Automation & Engineering	162,000	90,000
Hakkani Paper & Board Mills (Pvt) Ltd.	407,563	78,430
Hossain Box Industries	10	156,720
Indowater Solution	-	54,810
All Rubber Industries	1,272,225	57,500
Arif Traders	80,000	3,969,386
Arman & Brothers	912,305	80,000
Baizid Newsprint Mills Ltd/ Chittagong Packages Ltd	80,000	451,135
Boiler Techno Crafts Engineering	1,200	87,000
Khaja Polythene Mart	176,828	24,952
Emo Enterprise	91,380	33,280
Ispahani Marshall Ltd.	193,100	113,770
RFL Plastic Ltd.	532,685	193,100
Shah Amanat Enterprise (Chemical)	-	184,815
Shah Godi Enterprise	-	47,896
Sheikh Ahmed & Mijan	-	107,600
Sheto Enterprise	3,236,860	11,394,370
Sion Enterprise (Chemical)	31,150	31,150



	2020 Taka	2019 Taka
Sohel Engineering Workshop	-	50,000
Taslina Enterprise	229,086	237,820
Unimax Chemicals	1,315,500	505,000
United Trading Agency	621,194	143,591
S. K. Trders	418,740	-
Other Payables	5,984,932	22,047,047
	<b>50,487,090</b>	<b>49,313,000</b>
<b>23.00 CURRENT TAX LIABILITIES:</b>		
Balance as on 01 July	9,912,932	6,995,420
<b>Provided during the period:</b>		
Against current year	2,892,410	2,917,512
Against previous years	-	-
	2,892,410	2,917,512
	12,805,342	9,912,932
Adjusted with advance income tax paid	-	-
Balance as on 30 June	<b>12,805,342</b>	<b>9,912,932</b>
<b>23.01 Computaion of Provision for Income Tax:</b>		
<b>Minimum Tax:</b>		
Total receipt against sales	473,084,915	-
Total receipt against other income	8,983,469	-
<b>Total</b>	<b>482,068,384</b>	-
Minimum Tax @ 0.60% on gross receipt of Tk. 48,20,68,384	<b>2,892,410</b>	-
Compared with tax on business income and minimum tax higher one has been made provision.		
<b>24.00 LIABILITIES FOR OTHER FINANCE:</b>		
I.T. Deducted at Source	438,077	430,745
VAT Deducted at Source	39,986	101,286
Unclaimed Dividend	2,917,528	2,899,731
Advance against sales	-	-
	<b>3,395,592</b>	<b>3,431,762</b>
<b>25.00 DIRECTORS CURRENT ACCOUNT:</b>		
Mr. Mohammad Abdullah, Chairman	6,000,000	-
Mr. Md. Golam Morshed	2,750,000	2,750,000
Mr. Md. Golam Rasul Muktadir	2,750,000	2,750,000
	<b>11,500,000</b>	<b>5,500,000</b>

These balances represent short term financial arrangement availed from directors as and when required to meet working capital. All transactions were made through account payee cheques.

	2020 Taka	2019 Taka
<b>26.00 REVENUE:</b>		
News Print Paper	305,519,266	277,984,362
M.G.Newsprint	71,260,879	40,232,476
Medium Paper	1,394,099	3,246,821
Tissues Paper	104,926,124	-
News Print Paper - Export	-	12,506,217
Writing Printing Paper	-	112,104,355
Clinical Bed Sheet Tissue	-	29,492
Facial Tissue	-	3,020,378
Kitchen Towel Tissue	-	540,246
Napkin Tissue	-	31,735,720
Pocket Tissue	-	3,046,474
Toilet Tissue	-	10,395,839
<b>Gross Revenue</b>	<b>483,100,368</b>	<b>494,842,380</b>
<b>Less: Value Added Tax (VAT)</b>	<b>10,015,453</b>	<b>10,833,190</b>
<b>Net Revenue</b>	<b>473,084,915</b>	<b>484,009,189</b>
<b>27.00 COST OF SALES:</b>		
Opening Stock of Raw Materials	40,784,052	27,586,687
Add: Purchase during the period	253,821,494	287,195,977
	<b>294,605,546</b>	<b>314,782,664</b>
Less: Closing Stock of Raw Materials	53,659,078	40,784,052
Raw Materials Consumed	<b>240,946,468</b>	<b>273,998,612</b>
<b>Add: Factory overhead:</b>		
Salaries, Wages and Allowances	32,989,149	30,333,773
Overtime -Factory Worker	3,246,774	3,635,195
Food Allowance- Factory Staff	441,595	380,786
Labour Charge	50,847	1,830,138
Carriage Inward	796,365	711,056
Gas Bill (Boiler & Gas Generator)	29,303,376	30,744,803
Electric Bill	53,166,716	29,215,214
Consumable Spare & Store	3,996,136	5,505,751
Factory Maintenance	5,684,801	8,555,820
Loading Unloading Charge	16,125,973	11,889,113
Paper/Tissue/Khata Cutting Exp.	3,921,709	3,617,369
Fuel (Generator)	758,160	839,530
Fuel (Machine)	616,265	347,380
Fuel (Vehicle)	504,186	474,227
Medical & Medicine	102,746	65,007



	<b>2020 Taka</b>	<b>2019 Taka</b>
Gas Generator Upkeep	133,529	1,056,570
Boiler Upkeep	10,000	517,200
Insurance Premium (Factory)	1,137,021	1,790,001
Laboratory Expenses	-	36,260
Canteen Expenses-Factory	104,874	283,021
Gas Bill (Factory Canteen)	83,286	55,521
Export Related Expenses	-	2,495,697
Depreciation	45,977,628	36,701,973
	<b>440,097,604</b>	<b>445,080,016</b>
Add: Opening Work-in-Process	12,964,838	16,211,881
	<b>453,062,442</b>	<b>461,291,897</b>
Less: Closing Work-in-Process	29,225,078	12,964,838
Cost of Production	<b>423,837,364</b>	<b>448,327,059</b>
Add: Opening Stock of Finished Goods	63,545,333	32,964,689
	<b>487,382,697</b>	<b>481,291,748</b>
Less: Closing Stock of Finished Goods	91,650,113	63,545,333
<b>Cost of Sales</b>	<b>395,732,584</b>	<b>417,746,415</b>

**28.00 ADMINISTRATIVE EXPENSES:**

Managing Director Remuneration	615,300	620,400
Staff Salary & Allowances & Bonus	7,234,562	7,490,253
Office Rent	340,000	264,000
Telephone Bill	458,527	346,743
Entertainment	395,597	1,028,622
Staff Tea, Tiffin	19,870	33,528
Travelling Expenses	354,211	1,175,167
Dhaka Office Expenses	30,005	950
Canteen Expenses	5,520	71,060
Postage & Courier	137,690	136,073
Forms, Stamp & Legal Documents	13,898	5,540
Fees, Renewal & Subscription	446,464	761,514
Printing & Stationery	86,701	147,571
Gas Bill H/O	6,865	11,670
Board Meeting Attendance Fees	329,100	742,000
Audit Committee Meeting Attendance Fees	83,000	180,000
NRC Meeting Attendance Fees	-	55,000
Board Meeting Expenses	22,328	61,920
B.O Maintenance Fees	2,768	2,228
Office Maintenance	395,884	570,671
Telephone, Fax, E-mail	500	30,143
Intranet Bill (BBTSL)	71,550	56,300
Internet Bill (BBTSL)	77,000	70,000
Audit Fee	224,250	172,500
Conveyance	1,130,154	1,159,340

	2020 Taka	2019 Taka
Miscellaneous Expenses	3,000	17,680
Legal & Professional Fee	45,000	208,250
AGM Expenses	249,825	200,140
Annual Fee of Stock Exchange	-	190,000
Electric Bill- Head Office	280,000	250,125
Electric Bill- Dhaka Office	-	16,207
Fuel (Vehicle)	872,632	810,202
Vehicle Upkeep	454,003	531,721
Insurance Premium	23,197	49,167
Water Bill- Dhaka Office	-	10,137
Website Expenses	2,000	12,400
Share Purpose Expenses	-	25,500
Rent, Rates , Taxes	37,650	80,820
Commission on Export Sales	-	421,724
Computer Accessories	-	61,700
Depreciation	635,423	556,429
	<b>15,084,474</b>	<b>18,635,395</b>
<b>28.01 Managing Director Remuneration:</b>		
Gross remunertaion	630,600	-
Tax deducted on source	15,300	-
<b>Net remuneration</b>	<b>615,300</b>	<b>-</b>
(a) No remuneration was paid to any director except Managing Director.		
(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.		
(c) Audit fees include VAT for the audit of the financial statements of the company for the year 2019-2020.		
(d) In addition to remuneration, Managing Directors avail company vehicles for transportation purposes. These key management personal are not entitled to any other benefits. No amount is lying as receivable from the directors.		
<b>29.00 FINANCIAL EXPENSES:</b>		
Bank Charges	418,440	456,714
Interest Expenses on Cash Credit	1,920,929	3,660,990
Interest on Short Term Loan	19,620,850	20,536,167
Interest on Long Term Loan	30,022,511	24,986,944
Loan Processing Fee	-	359,836
Foreign currency exchange loss/(gain) <b>Note - 29.01</b>	87,341	-
	<b>52,070,070</b>	<b>50,000,652</b>
<b>29.01 Foreign currency exchange loss/(gain):</b>		
Subsequently Paid (For foreign currency transaction)	15,981,382	-
Initially recognized (For foreign currency transaction)	15,894,041	-
<b>Realized Foreign currency exchange loss made during the year</b>	<b>87,341</b>	<b>-</b>



	2020 Taka	2019 Taka
<b>30.00 SELLING &amp; DISTRIBUTION EXPENSES:</b>		
Sales Promotion Expenses	61,068	51,570
Staff Salary (Sales & Marketing)	7,493,263	4,902,755
Cash Incentive-Tissue	-	18,971
Advertisement	185,788	404,192
	<b>7,740,119</b>	<b>5,377,488</b>
<b>31.00 NON-OPERATING INCOME:</b>		
Dividend Income	931,533	656,561
Profit on Sale of Shares	456,673	1,346,844
Interest Income	105,180	43,149
Miscellaneous Income	7,490,083	196,250
	<b>8,983,469</b>	<b>2,242,804</b>
<b>32.00 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</b>		
Gas Generator at cost	10,000,000	-
Accumulated depreciation	(7,087,874)	-
<b>Written down value at the time of disposal</b>	<b>2,912,126</b>	-
Insurance claim receipt	(2,742,864)	-
Loss on disposal	<b>169,262</b>	-
<b>33.00 DEFERRED TAX EXPENSES:</b>		
(a) Deferred Tax Liability on 30 June	56,025,616	49,603,173
(b) Deferred Tax Liability on 01 July	49,603,173	36,893,429
Deferred Tax Expenses for the year (a - b)	<b>6,422,443</b>	<b>12,709,744</b>
<b>34.00 EARNING PER SHARE:</b>		
Calculation is shown below:		
<u>Net Profit after tax</u>	1,420,266	(21,135,212)
Number of shares outstanding	19,000,000	19,000,000
<b>EPS</b>	0.07	(1.11)
<b>35.00 NET ASSET VALUE PER SHARE WITH REVALUATION:</b>		
Calculation is shown below:		
<u>Net Asset with Revaluation</u>	490,646,274	495,387,034
Number of shares outstanding	19,000,000	19,000,000
<b>Net asset value per share</b>	25.82	26.07
<b>36.00 NET ASSET VALUE PER SHARE WITHOUT REVALUATION:</b>		
Calculation is shown below:		
<u>Net Asset without revaluation</u>	212,611,673	206,661,926
Number of shares outstanding	19,000,000	19,000,000
<b>Net asset value per share</b>	11.19	10.88



	2020 Taka	2019 Taka
<b>37.00 NET OPERATING CASH FLOW:</b>		
Calculation is shown below:		
Net cash flow from operation	(66,255,238)	82,709,364
Number of shares outstanding	19,000,000	19,000,000
<b>Net operating cash generated by per share</b>	(3.49)	4.35

**38.00 Number of Employees:**

The total employees of the company as on June 30, 2020 stood at 158 nos comprising Head office staff 41 nos, Factory office staff 11 nos, Security 05 nos, Driver And helper 5 nos, Permanent worker 26 nos and Temporary worker 70 nos.

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	158	259

**39.00 RISK MANAGERMENTS**

The 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 risk faced by the company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks from its use of financial instruments.

- Credit Risk
- Liquidity Risk
- Market Risk

**39.01 a) Credit Risk:**

Credit risk is the risk of a financial loss to the company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivable from Trade Receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, Trade Receivables are grouped according to their risk profiles, i.e. their legal status, financial condition ageing etc. Trade receivable are related to sale of News Print Paper, M.G News print, Medium Paper and Tissues paper.

Maximum exposure to credit risk of the company at reporting date are as follows:

**a) Exposure of Credit risk:**

Trade receivables	148,744,551	115,017,902
Advance, Deposit and Prepayments excluding Deposit & Prepayments.	110,709,738	59,753,126
Bank Balances	10,391,852	3,054,756
	<b>269,846,141</b>	<b>177,825,784</b>

**b) Ageing of Trade Receivables are as follows:**

Below 30 Days	31,236,356	24,153,759
Within 31 - 60 Days	46,110,811	35,655,550
Within 61 - 90 Days	29,748,910	23,003,580
Within 90 - 180 Days	26,774,019	20,703,222
Above 180 Days	14,874,455	11,501,790
	<b>148,744,551</b>	<b>115,017,902</b>



### 39.02 b) Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage 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, 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, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

#### 39.02.01 Exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Within 12 month	More than 12 month	Total
Unsecured Loan	44,999,990	-	-	44,999,990
Long Term Loan-non-current portions	329,851,787	54,975,298	-	384,827,085
Short Term Loan & Overdraft	258,859,442	258,859,442	-	258,859,442
Accrued Expenses	26,063,472	26,063,472	-	26,063,472
Workers Profit Participation and Welfare Fund	1,126,585	1,126,585	-	1,126,585
Trade Payables	50,487,090	50,487,090	-	50,487,090
Current Tax Liabilities	12,805,342	12,805,342	-	12,805,342
Liabilities for Other Finance	3,395,592	3,395,592	-	3,395,592
Directors Current Account	11,500,000	11,500,000	-	11,500,000
<b>TOTAL</b>	<b>739,089,300</b>	<b>419,212,821</b>	-	<b>794,064,598</b>

### 39.03 c) Market Risk:

Market risk is the risk that changes in market prices such as foreign exchange 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, while optimizing the return.

#### i) Currency Risk

The company is not exposed to foreign currency risk.

#### ii) Interest Rate Risk:

Interest Rate Risk is the risk that arises from the changes in interest rates on borrowings. The company's Local Loans are not significantly affected by fluctuations in interest rates. The company has not entered in to any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**40.00 CAPACITY UTILIZATION:**

Particulars	2020	2019
Installed Capacity (in M.T) p.a	13,500	11,250
Actual Production (in M.T) p.a	5,175	4,872
% of Capacity Utilization p.a	38.33%	43.31%

Installed capacity could not be utilized due to following reason(s):

- (i) Commercial Production of Tissue unit has been started from 1st January, 2019.
- (ii) Shut down of boiler as well as generator for annual maintenance
- (iii) Shut down of generator for maintenance of turbo charger
- (iv) Schedule maintenance of running plant etc.

**41.00 RELATED PARTY TRANSACTION:**

41.01	Name of the Parties	Relationship	Nature of Transactions	Balance as on July 1, 2019	Transaction value during the year	Outstanding as on 30 June, 2020
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**UNSECURED LOAN:**

Mr. Mohammad Abdullah	Chairman	Loan Received	18,448,060	-	18,448,060
Mr. Md. Golam Mostofa	Managing Director	Loan Received	4,464,830	-	4,464,830
Mr. Md. Golam Kibria	Deputy Managing Director	Loan Received	5,914,175	-	5,914,175
Mrs. Hosne Ara Begum	Director	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Director	Loan Received	5,957,975	-	5,957,975
Mr. Md. Golam Morshed	Director	Loan Received	3,207,475	-	3,207,475
Mr. Md. Golam Rasul Muktadir	Director	Loan Received	3,207,475	-	3,207,475

**DIRECTORS CURRENT ACCOUNT:**

Mr. Mohammad Abdullah	Chairman	Loan Received	-	6,000,000	6,000,000
Mr. Md. Golam Morshed	Director	Loan Received	2,750,000	-	2,750,000
Mr. Md. Golam Rasula Muktadir	Director	Loan Received	2,750,000	-	2,750,000

**42.00 CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND:**

This represents 5% (five percent) of net profit before tax after charging the contribution as per provision of the Labour Act, 2006 as amended in 2013 and is payable to workers as defined in the said Act. Workers profit participation fund has been calculated before charging of depreciation on revalued amount of non current assets.

**43.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:**

	2020 Taka	2019 Taka
Profit after Provision for Income Tax	1,420,266	(21,135,212)
Add: Non Cash Charges		
Depreciation	46,613,051	37,258,402
Provision for Deferred Tax Expenses	6,422,443	12,709,744
(Gain)/ Loss on disposal PPE	169,262	-
<b>A</b>	<b>54,625,022</b>	<b>28,832,933</b>



	2020 Taka	2019 Taka
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Stock	(55,062,485)	(49,399,372)
(Increase)/Decrease in Trade Receivables	(33,726,649)	16,946,895
(Increase)/Decrease in Advance, Deposits & Prepayments	(2,449,653)	13,473,557
Increase/(Decrease) in Accrued Expenses	6,208,557	5,299,138
Increase/(Decrease) in Current portion of Long Term Loan	(40,453,286)	84,796,584
Increase/(Decrease) in Trade Payables	1,174,090	(20,157,884)
Increase/(Decrease) in Current Tax Liabilities	2,892,410	2,917,512
Increase/(Decrease) in Work Profit Participation Fund	536,756	-
	<b>B</b>	
<b>Net cash inflows/(out flows) from operating activities (A+B)</b>	<b>(120,880,261)</b>	<b>53,876,430</b>
	<b>(66,255,238)</b>	<b>82,709,363</b>

#### 44.00 **OTHER RELEVANT INFORMATION:**

- 44.01 During the year 5 (Five) Board Meetings were held.
- 44.02 During the year 4 (Four) Audit Committee Meetings were held.
- 44.03 During the year 1 (One) Nomination and Remuneration Committee (NRC) Meetings was held.
- 44.04 The audit fee of Tk. 180,000 along with imposed VAT has been provided in the accounts as per decision taken in the 24th Annual General Meeting of the Company held on 29 December, 2020.
- 44.05 There was no claim against the company not acknowledged as debt at the reporting date.
- 44.06 No amount of money was spent by the company for compensation to member of the board for special service rendered.

#### 45.00 **EVENTS AFTER REPORTING PERIOD:**

- 45.01 The Board of Directors in its meeting held on November 14, 2020 approved the Audited Financial Statements and recommended cash dividend @ 2% only on general shareholders for the year 2019-2020 which is subject to approval of the shareholders in the next AGM. Thus total involvement comes to taka 1,840,134 which is subject to approval of the shareholders in the next AGM.
- 45.02 Except above, no other significant event had occurred till date of signing the Financial Statements.

#### 46.00 **CONTINGENT LIABILITIES:**

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or;

A person obligation that arises from past event but is not recognised because:

- 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- 2) the amount of the obligation can not be measured with sufficient reliability.

Tax assesment of Hakkani Pulp and Paper Mills Limited for the assesment year 2017-2018 and 2018-2019 has been completed by DCT and additional tax liability assessed at Tk 472,843 and 661,757 respectively as per demand note and the company appealed to commissioner of taxes (Appeal) which is yet to be settled. The return for assesment year 2019-2020 has been submitted to DCT.

**47.00 IMPORT AND SALE INTERRRUPTION FOR COVID-19:**

On 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, Social distancing etc. As a result of these measures all business and economic activities are adversely affected which has also impacted the company as well. The management cannot be reasonably assessed the impact of COVID-19.







## HAKKANI PULP & PAPER MILLS LTD.

2/10, D. T. Road, North Pahartali, Chattogram

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of **Hakkani Pulp & Paper Mills Ltd.** hereby appoint Mr./Mrs. \_\_\_\_\_ of \_\_\_\_\_ as my proxy to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Thursday the 29th December, 2020 at 11.00 a.m at virtually by using Digital Platform as per BSEC order SEC/SRM/04/231/25 July 08, 2020 through the Link <https://tinyurl.com/hakkaniagm2020> and at any adjournment thereof.

As witness my/our hand \_\_\_\_\_ this day of \_\_\_\_\_ 2020 signed by the said in presence of \_\_\_\_\_

Revenue  
Stamp

(Signature of the Proxy)

Signature of the Shareholder(s)  
Register Folio No. \_\_\_\_\_  
Dated \_\_\_\_\_

Signature of Witness

#### Note :

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Signature Verified

Authorised Signatory

## HAKKANI PULP & PAPER MILLS LTD.

### SHAREHOLDER'S ATTENDANCE SLIP

I/We hereby record my attendance the 24th Annual General Meeting of the Company to be held on Thursday the 29th December, 2020 at 11.00 a.m at virtually by using Digital Platform as per BSEC order SEC/SRM/04/231/25 July 08, 2020 through the Link <https://tinyurl.com/hakkaniagm2020>

Name of Member(s) \_\_\_\_\_ Register Folio No. \_\_\_\_\_  
holding of \_\_\_\_\_ Ordinary Shares of **Hakkani Pulp & Paper Mills Limited.**

Signature of the Shareholder(s)

#### N.B.

1. Please note that AGM can only be attended by the honourable shareholder or properly constituted proxy. Therefore, any friend or children accompanying with honourable shareholder or proxy cannot be allowed into the meeting.
2. No person shall be appointed proxy who is not member of the company.



# হাক্কানী টিস্যু



## হাক্কানীর পণ্য .. সবার জন্য ..

জীবনের প্রতিটি মুহূর্তে সতেজ  
থাকতে সবাই চায়।  
প্রয়োজন জীবনের  
প্রতিটি মুহূর্তে পরিচ্ছন্নতা,  
তাইতো ঘরে বাইরে সবখানে  
হাক্কানী টিস্যু সর্বক্ষণ সবার সঙ্গে।

কারণ বিশ্ব সেরা ইউরোপিয়ান প্রযুক্তিতে  
সর্বোৎকৃষ্ট কাঁচামাল দিয়ে সম্পূর্ণ  
অটোমেশিনে তৈরি হয়

## হাক্কানী টিস্যু

হাক্কানী গ্রুপের একটি পণ্য

ডিলার নিয়োগ চলছে

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### Factoty

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