

Annual Report
21-22



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



MOHAMMED ABDULLAH
THE FOUNDER
1947 - 2021



MOHAMMAD GOLAM HAIDER
VICE CHAIRMAN
1984 - 2022



WE MOURN DEEPLY

CONDOLENCE MEETING OF THE BOARD OF DIRECTORS

To pay condolence and tribute to the departed soul of the beloved and honorable Vice Chairman of the Company

Late Mr. Md. Golam Haider

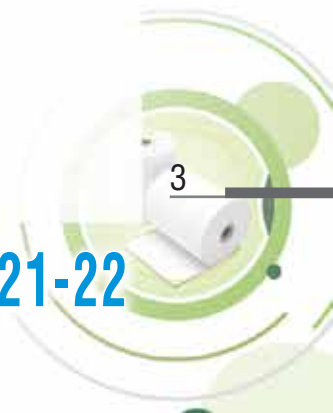
At the outset, Mr. Golam Kibria, with heavy heart and choked voice, informed to the Board of Directors of the saddest and shocking news of the sudden demise of the Vice Chairman Mr. Md. Golam Haider on 4th September, 2022 leaving his family members, colleagues, employees of the Hakkani Group, Business Community, Corporate Houses, in a state of shock and mourning. The bereaved family of the late Vice Chairman acknowledge with deep gratitude the heartfelt condolence offered by the people.

As proposed by Mr. Golam Kibria all the Board Members recited from the Holy Quran for the departed soul of the beloved and honorable Vice Chairman of the Company late Mr. Md. Golam Haider. Thereafter, Mr. Md. Golam Kibria, Managing Director of the Company apprised to the Board of the honest, devoted and righteousness of his life.

On the proposal by Mr. S.M. Nasrul Quadir, Independent Director of the Board passed the following resolutions:

The Board of Directors, being shocked and grieved at the sudden demise of the Vice Chairman Mr. Md. Golam Haider, deeply mourn and condole his death with heavy heart and pray for the salvation of his departed soul with rest in peace.

The Directorship as well as the Vice-Chairmanship of late Mr. Md. Golam Haider be and is hereby declared vacant until election of new Vice Chairman of the Company and necessary returns be filed with appropriate authorities as per prevailing law.





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

Annual Report **2021-2022**

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TRANSMITTAL LETTER

Date: 27th November, 2022

The Valued Shareholders of Hakkani Pulp and Paper Mills Limited
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject: Annual Report for the year ended June 30, 2022.

Dear Sir(s),

We are pleased to enclose the notice of 26th Annual General Meeting, a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended June 30, 2022 along with the notes thereon of Hakkani Pulp and Paper Mills Limited for your kind information and record.

It may be mentioned here that as per notification no. BSEC/CMRRCD/2006-158/208/ Admin/81, dated 20 June, 2018 issued by Bangladesh Securities and Exchange Commission, we are sending the Notice of Annual General Meeting and Annual Report along with Annual Audited Financial Statements to the valued Shareholders through e-mail addresses available in their Beneficial Owner (BO) accounts with the Central Depository System.

Moreover, soft copy of the Annual Report will also be available in the company's website at www.hakkanigroup.com.

With best regards.



Mohammad Musa
Company Secretary



NOTICE OF THE 26th ANNUAL GENERAL MEETING

This is hereby Noticed that the **26th ANNUAL GENERAL MEETING** of the shareholders of **Hakkani Pulp & Paper Mills Limited** will be held on Saturday, the 17th December, 2022 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://agmbd.live/hakkani2022> 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, 2022 together with the Reports of the Auditors' and the Directors thereon.
- Agenda-2 : To declare and approve dividend for the year ended 30th June, 2022 as recommended by the Board of Directors.
- Agenda-3 : To elect/re-elect Director(s) in terms of Articles 82 of Association of the Company.
- Agenda-4 : To appoint/re-appoint Independent Director of the Company.
- Agenda-5 : To appoint the Statutory Auditors for the year ended 30 June, 2023 and fix their remuneration.
- Agenda-6 : To appoint the Corporate Governance Compliance Auditors for the year ended 30th June, 2023 and fix their remuneration.
- Agenda-7 : To consider and approve of the Related Party Transactions (as disclosed in the Note 41 of the Audited Financial Statements) pursuant to the BSEC Notification No. BSEC/CMRRCD/2009-193/Admin/103 dated 5th February, 2020
- Agenda-8 : 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 03, 2022

Notes:

- (1) November **24, 2022 is scheduled as Record Date** for the 26th Annual General Meeting of the company. Shareholders whose name will appear on the Register of Members 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 <https://agmbd.live/hakkani2022> 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 password. The shareholders will be able to register 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 will be entitled to attend and vote at the 26th 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 sent at the share department of the Company at Hakkani Pulp & Paper Mills Limited, 2/10, D.T. Road, North Pahartali, Chattogram or through e-mail- companysecretary@hakkanigroup.com or 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 2021-22 and Proxy Form will also be available in the company's website at www.hakkanigroup.com. The shareholders may also collect the printed copy of Annual Report FY 2021-2022 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 **15 December, 2022**. If the shareholders failed to upload their e-Tin before **December 15, 2022** 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 **15 December, 2022** 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. 15 December, 2022. If any, within the 15 December, 2022 to the company through hard copy or e-mail at companysecretary@hakkanigroup.com or 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.
- (8) BSEC directives will be applicable in all respect.

২৬তম বার্ষিক সাধারণ সভার নোটিশ

এই মর্মে হাক্কানী পাল্প এন্ড পেপার মিলস লিঃ এর সম্মানিত শেয়ারহোল্ডারদের অবহিত করা হচ্ছে যে, কোম্পানির ২৬তম বার্ষিক সাধারণ সভা আগামী ১৭ ডিসেম্বর, ২০২২ রোজ শনিবার সকাল ১১.০০ ঘটিকায় ডিজিটাল প্ল্যাটফর্ম <https://agmbd.live/hakkani2022> এই লিংকের মাধ্যমে অনুষ্ঠিত হবে। উক্ত সভার আলোচ্য বিষয় নিম্নরূপ :

- আলোচ্যবিষয়-০১ : কোম্পানির ৩০ জুন, ২০২২ তারিখে সমাপ্ত বৎসরের নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষা প্রতিবেদন এবং পরিচালকমন্ডলীর প্রতিবেদন গ্রহণ, বিবেচনা ও অনুমোদন।
- আলোচ্যবিষয়-০২ : ৩০ জুন, ২০২২ তারিখে সমাপ্ত বৎসরের জন্য পরিচালক পর্ষদের সভায় সুপারিশকৃত লভ্যাংশ ঘোষণা।
- আলোচ্যবিষয়-০৩ : কোম্পানির সংঘবিধির ধারা ৮২ অনুযায়ী পরিচালক নির্বাচন।
- আলোচ্যবিষয়-০৪ : কোম্পানির স্বতন্ত্র পরিচালকের নিয়োগ/পুনঃ নিয়োগ অনুমোদন।
- আলোচ্যবিষয়-০৫ : ২০২২-২০২৩ সমাপ্ত বৎসরের জন্য নিরীক্ষক নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।
- আলোচ্যবিষয়-০৬ : ২০২২-২০২৩ অর্থ বৎসরের জন্য কমপ্লাইন্স অডিটর নিয়োগ এবং তাদের পারিশ্রমিক নির্ধারণ।
- আলোচ্যবিষয়-০৭ : কোম্পানির সাথে স্বার্থ সংশ্লিষ্ট পক্ষদ্বয়ের লেনদেন সমূহ (Related Party Transactions) বিবেচনা ও অনুমোদন। (BSEC Notification No- BSEC/CMRRCD/2009-193/Admin/103 dated 05/02/2020 এর আলোকে নিরীক্ষিত হিসাব বিবরণীর ৪১ নং নোটে প্রদর্শিত আছে)।
- আলোচ্যবিষয়-০৮ : সভাপতির অনুমতি সাপেক্ষে কোম্পানির অন্য কোন বিষয় আলোচনা।

পরিচালকমন্ডলীর আদেশক্রমে,

তারিখ : চট্টগ্রাম
নভেম্বর ০৩, ২০২২


(মোহাম্মদ মুসা)
কোম্পানী সচিব

টিকাঃ

- (১) রেকর্ড ডেট/শেয়ার হস্তান্তর বই বন্ধের তারিখ ২৪ নভেম্বর, ২০২২।
- (২) সম্মানিত শেয়ারহোল্ডারগণ বার্ষিক সাধারণ সভায় অংশ গ্রহন করার জন্য <https://agmbd.live/hakkani2022> 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 শুরুর ২৪ ঘন্টা পূর্বে ইলেকট্রনিক পদ্ধতি ব্যবহারের মাধ্যমে প্রদান করতে হবে। ভার্সুয়াল সভায় অংশগ্রহণের জন্য প্রযুক্তিগত 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 প্রক্সি ফরমে সংযোজনপূর্বক মিটিং শুরু হওয়ার কমপক্ষে ৪৮ ঘন্টা পূর্বে প্রক্সি নিযুক্ত করিতে পারিবেন।
- (৪) বার্ষিক প্রতিবেদন-২০২২ শেয়ারহোল্ডারগণের ই-মেইল ঠিকানায় প্রেরণ করা হবে। এছাড়া বার্ষিক প্রতিবেদন-২০২২ কোম্পানির www.hakkanigroup.com ওয়েবসাইটে পাওয়া যাবে এবং শেয়ার বিভাগ থেকে সংগ্রহ করা যাবে।
- (৫) মার্চেন্ট ব্যাংক এবং ডিপোজিটরি পার্টিসিপেন্টদের অবগতির জন্য জানানো যাচ্ছে যে, যারা হাক্কানী পাল্প এন্ড পেপার মিলস লিমিটেড এর শেয়ার মার্জিন লোন অধিভুক্ত তাদের বিবরণী আগামী ১৫ ডিসেম্বর, ২০২২ 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 six 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, stack 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, dealer, depot 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 is running its production of various quality Tissue papers and news print paper, writing paper and media paper from the tissue project as well as paper unit.

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 machineries 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.



HOSNE ARA BEGUM

Chairman

Mrs. Hosne Ara Begum was born in Chattogram, Bangladesh in 1952. She is the wife of the Late Mr. Md. Abdullah, former Chairman of the company. Mrs. Hosne Ara Begum was elected as Chairman of the company in its 147th board meeting held on 04 May, 2021. She was the Sponsor Director of Hakkani Pulp & Paper Mills Limited and one of the important fellows in planning policy maker and executer. She is actively involved with this group business for 33 years. She is regular in the Board of Directors meetings to play a vital role and to make decisions and ensure transparency in all assignments related to this Business group. She provided the necessary backup to strengthen this group of companies. She is involved with different corporate social responsibility activities.



MD. GOLAM KIBRIA

Managing Director

Mr. Mohammed Golam Kibria was born in a famous Muslim family in Chattogram, Bangladesh in 1980. He is the 2nd son of the Late Mr. Md. Abdullah. He joined the family business after the completion of his graduation. He has worked as Deputy Managing Director of Hakkani Pulp & Paper Mills Limited since its inception on 29th January, 2021. Mr. Kibria was appointed as Managing Director of the company in its 146th Board of Directors Meeting held on 30 January, 2021.

Mr. Kibria has gathered huge knowledge and experience in the management of the industrial and trading organization. He started his business career after the completion of his graduation. He has also gathered huge knowledge in industrial management and production technology through working at different levels of responsibilities with the inheritance of the group. He acquired computer-based education from NCC, UK and was involved in the related business for a long time with goodwill and success. He can individually manage the whole operational technological side of the industry. He has been also playing an important role in various aspects of management and corporate planning.

He has been in business the different arenas with his pragmatic and dynamic efforts. He has gathered immense experience in the paper manufacturing business, Trading business, packing industry, international trade, logistic management, fuel station etc. He had been playing a major role in planning, executing and controlling, financing and investing activities of Hakkani Pulp & Paper Mills Limited most productively.

Directors
Profile

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PROFESSOR S. M. NASRUL QUADIR
Independent Director

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

Professor Quadir started his teaching career as a Lecturer in the Department of Finance and Banking, the University of Chittagong in 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 his career as a 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 Madrasha, 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. He is also the Chairperson of Nomination and Remuneration Committee. 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.



MD. GOLAM MORSHED

Deputy Managing Director

Mr. Mohammed Golam Morshed was born in a famous Muslim family of Chattogram, Bangladesh in 1985. He is the 4th son of Late 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 completing post-graduation. He is active in the day to day operation of the company. 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.

Mr. Morshed was appointed as Deputy Managing Director of the company in its 146th board meeting held on 30 January 2021. He is also the member of audit committee and NRC 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 Late Mr. Md. Abdullah. He was appointed as the 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. He is the member of Audit Committee and Nomination and Remuneration (NRC) Committee.



Dr. RAFIUDDIN AHMED
Independent Director

Dr. Rafiuddin Ahmed was born on November 03, 1979. He completed his BBA (Hons.) in Marketing in 2001 and MBA in 2002 from University of Dhaka, Bangladesh. He did his Masters in International Business from University of Melbourne, Melbourne, Australia in 2009 funded by Melbourne University Graduate Merit Scholarship. He did his Ph.D. (Doctor of Philosophy) and got awarded with Ph.D. in 2019 from La Trobe University (LTU), Melbourne, Australia.

Dr. Rafiuddin Ahmed started his teaching career as a Lecturer in Marketing Department at University of Dhaka in December 2005. He was promoted as Assistant Professor in the Marketing Department at University of Dhaka on February 2010. He has been working as an Associate Professor and Student advisor since 29th October 2018 at Marketing Department, University of Dhaka, Bangladesh.

Dr. Rafiuddin Ahmed being an academic and researcher got published a good number of research-based articles at home and abroad in different areas like Marketing, Digital Marketing, Online Business, Microfinance, Management, Brand Management, Digital Transformation etc. Dr. Rafiuddin Ahmed has been working in the corporate sectors for many years in the capacities of advisor, consultant, and trainer in different reputed corporate firms in Bangladesh.

The Board of Directors of the Company has appointed him as an independent director of the Company in its 153rd Meeting dated 3rd August 2022. His excellent academic background, professional knowledge and analytical ability are expected to contribute to the growth and development of Hakkani Pulp & Paper Mills Limited.

Dr. Rafiuddin Ahmed is associated with many social organizations and activities. He is the Mentor and Juror of the Bangladesh Blockchain Olympiad, Co-founder of Marketing Watch Bangladesh (MWB), Founder of Brandz Hub, Project Member in the Business Transformation Committee of the Bangladesh Securities and Exchange Commission (BSEC), Founder and Director of DU Brac Bank Funded Entrepreneurship Development Program (DUEDC), Lead trainer in Thriving Skills on Digital Marketing, Digital Entrepreneurship and Blockchain for Business, Edupreneur, CEO and Founder of Innokids (A Kidspreneurship Training Services for Young Kids (Tweens), Moderator and Chief Patron, Dhaka University Entrepreneurship Development Club (DUEDC), Chief Advisor, Extra Mile Age Care (An elderly caregiver social enterprise) based in Dhaka, Bangladesh etc.



CORPORATE MANAGEMENT

■ Board of Directors:

Sl. No.	Name of the Directors	Position
01.	Mrs. Hosne Ara Begum	Chairman
02.	Mr. Md. Golam Kibria	Managing Director
03.	Mr.S.M Nasrul Quadir	Independent Director
04.	Dr. Rafiuddin Ahmed	Independent Director
05.	Mr. Md. Golam Haider	Vice Chairman
06.	Mr. Md. Golam Morshed	Deputy Managing Director
07.	Mr. Md. Golam Rasul Muktadir	Director

■ Audit Committee:

Sl. No.	Name of the Member	Status in the Company	Status in the Committee
01.	S.M. Nasrul Quadir	Independent Director	Chairperson
02.	Mr. Md. Golam Haider	Director	Member
03.	Mr. Md. Golam Morshed	Director	Member
04.	Mr. Mohammad Musa	Company Secretary	Secretary

■ Nomination and Remuneration Committee (NRC):

Sl. No.	Name of the Member	Status in the Company	Status in the Committee
01.	Mr. S.M Nasrul Quadir	Independent Director	Chairperson
02.	Mr. Md. Golam Haider	Director	Member
03.	Mr. Md. Golam Morshed	Director	Member
04.	Mr. Md. Golam Rasul Muktadir	Director	Member
05.	Mr. Mohammad Musa	Company Secretary	Secretary

■ Corporate Officials:

Sl. No.	Name of the Directors	Position
01.	Mr. Shah Javed Ahmed	Executive Director
02.	Mr. Mohammad Musa	Company Secretary
03.	Mr. Mohammad Moinul Abedin	Chief Financial Officer
04.	Mr. Saleh Ahmed	Head of Internal Audit

OTHER PARTICULARS

Bank and Other Financial Institution

Sl. No.	Name of the Bank	Sl. No.	Name of the Bank
01.	Social Islami Bank Ltd.	08.	Standard Bank Ltd.
02.	First Security Islami Bank Ltd.	09.	Islami Bank Bangladesh Ltd.
03.	National Bank Ltd.	10.	United Commercial Bank Ltd.
04.	Prime Bank Ltd.	11.	Eastern Bank Limited
05.	Premier Bank Ltd.	12.	Pubali Bank Limited
06.	Bangladesh Krishi Bank Ltd.	13.	Dutch Bangla Bank Limited
07.	Mercantile Bank Ltd.		

STATUTORY AUDITORS

Shafiq Basak & Co. Chartered Accountants
National House, (First Floor), Commercial Area, Chattogram, 4100
E-mail: basak_sbc@yahoo.com, basak@shafiqbasak.com

CORPORATE GOVERNANCE COMPLIANCE AUDITORS

Khan Wahab Shafique Rahman & Co, Chartered Accountants
Faruk Chamber (10th Floor), 1403 SK Mujib Road,
Agrabad C/A, Double Mooring, Chattogram, Bangladesh
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FACTORY

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



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Fellow Shareholder(s),

It is my great pleasure to welcome you all at the 26th Annual General Meeting of **Hakkani Pulp and Paper Mills Limited** and on behalf of the Board of Directors I am presenting the Annual Report of the company which includes Directors' Report along with the Audited Financial Statements and Auditors' Report for the year ended 30 June, 2022 for your kind consideration, adoption and approval.

This Annual Report has been prepared under section 184 of the Companies Act, 1994 and in compliance with the Bangladesh Securities and Exchange Commission's (BSEC) Corporate Governance Code, Notification No.- BSEC/CMRRCD/2006-158 /207/ Admin/80 dated 03 June 2018.

01. Economic Scenario of Bangladesh:

Bangladesh has stepped into a new journey as it has qualified to graduate into a developing nation from a Least Developed Country (LDC). The country has met for the second time, all the three eligibility criteria for the graduation involving income per capita, human assets index and economic and environmental vulnerability index.

According to the World Economic League Table 2020, Bangladesh's economy is going to make one of the biggest jumps between 2020 and 2034 on the back of demographic dividend and rising per capita income, Bangladesh ranks 40th among 193 countries in the last year and will rise to 25th within 2034. Steady economic growth of Bangladesh and achievements in the social arena which has set examples for many countries of the world. Another transformation of the economy has been in the area of trade openness. The economy of Bangladesh has integrated into the global economy through exports, imports, remittances and foreign direct investment. More than 60 percent of the economy is globally integrated. This indicates the strength of the economy which is capable of taking part in global economic activities. As we are celebrating the achievements of the last 50 years of independence, we also have to work towards consolidating what has been achieved during this period, improve upon where there have been limitations and prepare for the new realities in an ever-changing global setting. The country has done so much, but so much is also left to be done. Among those, five issues like inequality, good governance, technological adoption, investment on human capital and tackling the impact of climate change will need special attention in its journey during the next decades. The cost of doing business in our country is very high and global competitiveness is very low. As per the "Ease of Doing Business Index" of the World Bank, Bangladesh has been consistently lagging behind some of the competing countries in the world market. In this regard, improvement in governance and institutional reforms can reduce corruption, and establish accountability and transparency in economic management. Developing countries will be more vulnerable to automation than developed countries. So, Bangladesh has to prepare itself as the fourth industrial revolution (4IR) which is already knocking at the door.

02. Outlook of Paper & Tissue Industry in Bangladesh Papers and allied products:

The paper as well as tissue industry has become a growing sector in Bangladesh and it has large potentiality of the country. Moreover, it will be a major foreign currency earner in Bangladesh very soon. After the readymade garments and leather industry, this sector is playing a vital role in our national economy. Private paper mills are producing export-oriented paper products. After meeting the local demand, they have started exporting to various countries, bringing in large amounts of foreign currency. Paper industry in Bangladesh has become a positive growth as the demand for paper rising on both the local and international markets. Only a few years before, imported paper met a large portion of domestic demand, but now the market share and the capacity of local manufacturers has grown significantly.

The number of paper mills has now increased to 100 over from around 55 years back, while 15 or 20 more units are under process to go into operation soon. These paper mills produce different grades of paper including writing, printing, liner, media, simplex, duplex, board, newsprint, packaging products etc.

We Hakkani Pulp and Paper Mills limited have always tried to maintain the best quality in our manufacturing activities. We are committed to provide the best quality of products at the most reasonable price. We hope that in the coming year our improvement will be continued.

03. The Segment wise or product wise Performances:

For the Management purpose, the company is organized into two business units based on its products and has two reportable segments as follows:

- 1) The Paper Unit Segment which produces different graded paper products and sell the same to several dealers.
- 2) The Tissue unit Segment which produces different kinds of tissue paper like facial tissue, napkin tissue, hand towel, toilet tissue, kitchen towel etc.

Detailed product wise performance is as follows:

Products	Production (M. Ton)		Sales (M. Ton)	
	2021-2022	2020-2021	2021-2022	2020-2021
News Print Paper	3126.05	873.31	3249.33	2611.56
Tissue Paper	1787.95	3044.69	1743.38	1532.38
Total	4914.00	3918.00	4992.71	4143.94

04. Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment if any:

Every business is associated with risks. Among those risks some can be averted, others are beyond control. On the other hand, risk assessment and mitigation plans are the integral part of any business. Our operating context is characterized by an environment in which the Paper and Tissue industry is subject to high level risks in availability of power, gas and raw materials. Hakkani Pulp and Paper Mills Limited aims to address all kind of risks including internal and external which threat to business sustainability and negative impact on environment by developing appropriate risk mitigation measures. Moreover, the Board of Directors and Management of the Company are regularly monitoring, assessing and identifying the possible risks and threats on portability and sustainable growth of the business. In spite of that, Investors should take the risk factors into consideration before making any investment decision. A detailed articulation of some of the major risk factors that impact our business and our adjoining strategy and response are described in the **Note No. 39 of the Financial Statements of the Company.**

05. A discussion on cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

Cost of Goods Sold (COGS) refers to the direct costs of producing the goods sold by the company. This cost includes the cost of direct materials, direct labor and production overheads used to producing the goods. During the year 2021-2022 Cost of Goods Sold was Tk. 48,32,39,879 while Tk. 31,69,85,562 in 2020-2021. Gross Profit Margin is a metric analyze used to assess a company's financial health by calculating the amount of money left over from product sales after subtracting the Cost of Goods Sold (COGS). During the year under review, it has seen that the Gross Profit Margin of the company was 10.21% while it was 18.72% in the previous year. Gross Profit Margin decreased due to increase in Cost of Goods Sold compared to increase in selling price. Net Profit Margin is the ratio of net profit to revenues from the business segment. Net Income is also called the bottom line of a company. The net profit margin for



the year 2021-22 was (4.57%) while it was (6.23%) in the previous year. Profits after tax for the financial year 2021-22 amounting (Tk.2,46,10,668) while it was (Tk. 243,06,924) in the previous year.

A summary of cost of Goods Sold, Gross Profit Margin, and Net Profit Margin provided below:

Particulars	2021-2022	2020-2021	Change in %
Cost of Goods Sold	483,239,789	316,985,562	52.44%
Gross Profit	54,998,211	72,982,633	(24.64%)
Net Profit	(24,610,668)	(24,306,924)	(1.25%)

06. Extra-Ordinary Activities and their Implications (Loss or Gain):

Extraordinary items are gains or losses in a company's financial statements that are infrequent and unusual. Moreover, an item is deemed extraordinary if it is not part of a company's day-to-day operations and it has a material impact on the company. The year under review, HPPML has not been engaged in any kind of extra-ordinary activities and as a result there was no extra-ordinary gain or loss.

07. Discussion on Related Party Transaction:

Hakkani Pulp and Paper Mills Limited carried out a number of transactions with its related parties during the year and all transactions have been made in the normal course of business. The details of related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions have been shown in the Audited Financial Statements **Note No-41**.

08. Utilization of Proceeds raised through Public Issues and Rights Issues:

There is no unutilized Public Issues Proceeds in Company's account as the proceeds were utilized fully during the year 2002-2003 and 2003-2004 respectively.

09. The Financial Results Deteriorate after the Company goes for Initial Public Offer (IPO) and Rights Share Offer:

No Financial results deteriorated or adverse situation has yet been arisen after the Company went for Initial Public Offering (IPO) Issue. Moreover, the Company was able to maintain a consistency earning consistent profitability since its inception.

10. Significant Variance between Quarterly Financial Performances and Annual Financial Statements:

In First Quarter (July-2021 to September-2021), the Earnings Per-Share of the company was (Tk.0.49), in Second Quarter (October-2021 to December-2021), the Earnings Per Share was (Tk.0.38), in Third Quarter (January-2022 to March-2022), the Earnings Per Share was (Tk.0.20) and the Annual Earning Per Share was (Tk. 1.30).

It has seen that the company has been shown a consistent financial performance during the year and there was no significant variation between quarterly financial performances and annual financial statements.

11. Remuneration paid to the Directors including Independent Directors:

Managing Director, Deputy Managing Director and Executive Director were remunerated as per the Nomination and Remuneration Policy of the company and the approval of the Board of Directors meeting. Directors including Independent Directors were received only the Board Meeting attendance fee which is also approved by Board of Directors meeting. A statement of the Directors' Remuneration has shown in the Audited Financial Statements **Note No. 29**.

12. A statement that the financial statements prepared by the management of the company present fairly its state of affairs the result of its operations, cash flows and changes in equity:

The Board is responsible to present a true and fair view of the Company's financial performance and position as a part of good governance. In compliance with the Bangladesh Securities and Exchange Commission's Corporate Governance Code, notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 the Board of Directors confirms to the best of their knowledge as follows:

- a) The Financial Statements prepared by the management of the Company presented fairly its state of affairs, the result of its operations, cash flows and change in equity.
- b) Proper books of account of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) 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 therefrom has been adequately disclosed.

13. System of Internal Control:

The Board of Directors of the Company ensures that the entity has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The Company has adopted Standard Operating Procedures for the betterment of internal control system. The Company has established a separate internal audit department to ensure internal control and compliance in place. On the other hand, Audit Committee regularly monitors and review the reports generated by the internal audit department and takes corrective measures.

As per the Corporate Governance Code, two sub-committees are in the Board of Directors; one is Audit Committee and another is Nomination and Remuneration Committee. Both Committees play an important role in overseeing the company's internal control processes. During the year under review, the Audit Committee of the Company met quarterly to review the quarterly Financial Statements as well as Annual Financial Statements. They discussed all significant audit observations and ascertain their views on the Financial Statements, including the Financial Reporting System, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls systems followed by the Company. The Audit Committee's observations and suggestions were acted upon by the Company's Management. The Nomination and Remuneration Committee of the company met once a year to formulate 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 and top level executives.

14. Protection of Minority Shareholders' Interest:

The Board of Directors of the Company is always concerned about the minority Shareholders' interest. The Board ensures that the minority Shareholders' interest have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and has effective means of redress.



15. Ability to Continue as a Going Concern:

The company has adequate resources to continue its operation for foreseeable future. For this reason, the directors continue to adopt going concern principle in preparing the financial statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operations. So, there is no doubt upon the company's ability to continue as a going concern.

16. Significant Deviations from the last year's Operating Results:

The operating result arising from the statement of profit or loss and other comprehensive Income shows what the company has earned from its core business activities. HPPML was able to maintain a consistent growth and remarkable performances in operational perspective since its inception.

During the year under review, HPPML reported Net Sales Revenues of Tk. 538,238,090 for FY 2021-22 with 27.57% growth and Profit/ (Loss) after taxes were Tk. (24,610,668). Earnings per share (EPS) for the year stood at Tk. (1.30).

17. Key Operating and Financial Data of Last Five Years:

A statement of key operating and financial data of last preceding 5 (five) year's has been tabulated below:

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

Particulars	Parameter	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Operation and Market:						
Production Capacity	MT	13,500.00	13,500.00	13,500.00	11,250.00	7,500.00
Actual Production	MT	4,914.00	3,918.00	5,175.00	4,872.00	4,419.20
Sales Quantity	MT	4,992.70	3,881.46	4,702.31	4,030.76	4,778.89
Financial Results:						
Turnover	TK	538,238,090	389,968,195	473,084,915	484,009,189	282,589,254
Gross Profit	TK	54,998,211	59,615,345	77,352,331	66,262,774	33,210,951
	%	10.22%	15.29%	16.35%	13.69%	11.75%
Operating Profit	TK	13,464,201	32,004,346	54,527,738	(7,750,761)	(15,919,172)
	%	2.50%	8.21%	11.53%	(1.60%)	(5.63%)
Net Profit before Tax	TK	(17,802,266)	(23,034,016)	10,735,119	(5,507,957)	(14,823,999)
	%	(3.31%)	(5.91%)	2.27%	(1.14%)	(5.25%)
Net Profit after Tax	TK	(24,610,688)	(24,306,924)	1,420,266	(21,135,213)	(18,219,722)
	%	(4.57%)	(6.23%)	0.30%	(4.37%)	(6.45%)
Earnings Per Share (EPS)	TK	(1.30)	(1.28)	0.07	(1.11)	(0.96)
Dividend (Cash)	%	1% Cash dividend to only general shareholders.	1% Cash dividend to only general shareholders.	2% Cash dividend to only general shareholders.	2% cash dividend on other than Sponsors	3% Cash dividend to all Sahreholders

Financial Position:						
Paid-up Capital	TK	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000
Current Ratio		1.46:1	1.37:1	1.26:1	0.97:1	0.84:1
Non-Current Assets with Revaluation	TK	795,495,275	81,35,45,328	84,73,19,717	88,24,94,770	62,91,15,458
Current Assets	TK	681,858,243	64,01,10,861	52,82,63,576	42,15,35,574	38,38,17,319
Current Liability	TK	465,532,422	46,72,48,409	41,92,12,821	43,01,69,669	45,55,96,815
Net Current Assets	TK	216,325,821	17,28,62,452	10,90,50,755	(86,34,095)	(7,17,79,496)
Net Assets Value with Revaluation	TK	447,546,925	47,42,82,768	49,06,46,274	49,53,87,034	52,12,45,690
Net Assets Value without Revaluation	TK	188,880,440	20,62,52,742	21,26,11,673	20,66,61,926	22,10,96,045
Net Assets Value Per Share with Revaluation	TK	23.56	24.96	25.82	26.07	27.43
Net Assets Value Per Share without Revaluation	TK	9.94	10.86	11.19	10.88	11.64
Net Operating Cash Flow Per Share	TK	(0.08)	0.21	(0.75)	4.35	1.20

18. Dividend:

During the year 2021-22, Hakkani Pulp and Paper Mills Limited (HPPML) earned Profit After Tax **Tk. (24,610,668)** and Earnings Per Share stands Tk. (1.30) The Board of Directors proposed **1% (One Percent) Cash Dividend** for its only on general shareholders (other than sponsor directors) out of Dividend Equalization Reserve for the year ended June 30, 2022.

The Board of Directors also confirmed that no bonus share or stock dividend has been or shall be declared as interim dividend.

19. Number of Board Meetings held and Attendance by Directors:

During 2021-22, the Board of Directors of the company has called upon total five board meetings to consider and discuss the various agenda related to company's operation and others.

The total numbers of Board Meeting and attendance of the Directors have been shown below:

Sl. No.	Name of Directors	Position	Total Number of Board of Directors Meeting	Attendances of Directors
1	Mrs. Hosne Ara Begum	Chairman	5	5
2	Md. Golam Kibria	Managing Director	5	5
3	Md. Golam Haider	Vice Chairman	5	5
4	Md. Golam Morshed	Deputy Managing Director	5	5
5	Md. Golam Rasul Muktadir	Director	5	5
6	Dr. Md. Saleh Jahur	Independent Director	5	2
7	S. M. Nasrul Quadir	Independent Director	5	5
8	Shah Javed Ahmed	Executive Director	5	4



20. Shareholding Information:

The shareholding information of the company as on June 30, 2022 has been set out in the **Annexure-ii** of the Annual Report of the company.

21. Directors' Appointment, Retirement & Re-appointment:

Directors' appointment, retirement and re-appointment are governed by the Articles of Association of the Company and the Companies Act 1994. Accordingly, in the forthcoming Annual General Meeting the following Directors of the Board will retire and they will also be eligible for re-appointment-

1. Mr. Md. Golam Kibria
2. Mr. Md. Golam Morshed

A brief resume of the said Directors are set out in the Annual Report.

It is mentioned here that Mr. Md. Golam Haider, Vice Chairman of Hakkani Pulp and Paper Mills Limited died on 4th September, 2022. Due to death of Mr. Md. Golam Haider, the Board has been reconstituted by 4 (Four) Sponsor Directors and 2 Independent Directors in place of previous 5 (Five) Sponsor Directors and 2 (Two) Independent Directors.

22. Independent Director:

According to the Bangladesh Securities and Exchange Commission's Corporate Governance Code as issued under the Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018 every listed company has to appoint the Independent Directors, to be 1/5th of the Board of Directors size, as the members of the Board of Directors. It is prescribed in the said Notification that the independent directors shall be knowledgeable with integrity to ensure compliance with financial, regulatory and corporate laws and can make significant and meaningful contributions to business operations and shall have at least 12 (twelve) years of corporate management or professional experiences. The company has appointed two experienced person having proven professional experiences as its independent directors under the directives of the Corporate Governance Code of BSEC previously.

- **Re-Appointment of Independent Director:**

As Mr. S.M. Nasrul Quadir, Independent Director of Hakkani Pulp and Paper Mills Limited has completed 3 years tenure on 30 April 2022. According to the section 2(e) of corporate Governance code, the Board of Directors of the company has recommended to re-appoint Mr. S.M. Nasrul Quadir as the Independent Director of Hakkani Pulp and Paper Mills Limited for another term of 03 (Three) years in its Board Meeting held on 31st March 2022. The said re-appointment of Mr. S.M. Nasrul Quadir as Independent Director of the company consented by Bangladesh Securities and Exchange Commission on 26th July 2022 which will be placed for shareholders' approval in the forthcoming Annual General Meeting of the Company.

- **Appointment of Independent Director:**

The Board of Directors of Hakkani Pulp and Paper Mills Limited in its meeting held on 31st March, 2022 approved the appointment of Dr. Rafiuddin Ahmed as an independent Director. The said appointment of Dr. Rafiuddin Ahmed as Independent Director of the company consented by Bangladesh Securities and Exchange Commission on 13th September, 2022 which will also be placed for shareholders' approval in the forthcoming Annual General Meeting of the Company.

23. Credit Rating:

Credit Rating Agency of Bangladesh Limited has assigned our Credit Rating for the year 2021-2022 which as follows:

Long Term Rating	Short Term Rating
BBB1	ST-3

24. Management's Discussion and Analysis:

A detailed analysis presenting the Company's position and operations along with a brief discussion of changes in the Financial Statements and others for the year ended June 30, 2022 is attached in separate **Annexure-(iii)**.

25. Audit Committee:

In accordance with the directives of the Bangladesh Securities and Exchange Commission regarding the Corporate Governance Code by its Notification No.- BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018, the Board of Directors of the company has an Audit Committee as subcommittee of the Board with specific Terms of Reference.

The committee reviews the results of the audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards. The Audit Committee comprised by Mr. S.M. Nasrul quadir, Independent Directors and Mr. Md. Golam Morshed, Director and Mr. Md. Golam Rasul Muktadir, Director of the company during the period under review as the committee Members.

The Board designated Mr.S.M. Nasrul Quadir as the Chairman of the committee and Mr. Mohammad Musa, Company Secretary performed the responsibility as the Member Secretary of this committee. The Members of this committee of this Company have adequate experience and knowledge on business and trade, corporate laws, financially literacy, ability to analyze and interpret the financial statements for effective discharging of the duties and responsibilities as the members of the Audit Committee.

26. Nomination & Remuneration Committee:

In compliance with the Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03/06/2018 regarding the Corporate Governance Code of Bangladesh Securities and Exchange Commission, Hakkani Pulp and Paper Mills Limited has Nomination and Remuneration Committee as a subcommittee of the Board.

The Committee during the period under reviewed. The Nomination & Remuneration Committee's Terms of Reference has been determined by the board as follows:

The committee consists with the four non-executives Directors- Mr. S.M. Nasrul Quadir, Independent Director, Mr. Md. Golam Haider, Director, Mr. Md. Golam Morshed, Director and Mr. Md. Golam Rasul Muktadir, Director.

The Board of Directors has designated Mr. S.M. Nasrul Quadir as the Chairman of the committee and Mr. Mohammad Musa, Company Secretary performed the responsibility and act as the Member Secretary of the committee.

27. Statuary Auditors:

The existing statutory auditors - M/S. Shafiq Basak & Co, Chartered Accountants who were appointed in the 25th Annual General Meeting and have completed their responsibilities during the year under review. The Auditors have requested for their reappointment being they are eligible. The Board of Directors of Hakkani Pulp and Paper Mills Limited has recommended for the reappointment of M/S. Shafiq Basak & Co, Chartered Accountants for the Financial Year 2022-2023. In view of this, the Board of Directors has decided to place the matter of reappointment of the Statutory Auditors of the company for the Financial Year 2022-2023, at a fee of BDT 3,50,000/- (Three Lac Fifty Thousand) excluding VAT for its approval by the shareholders of this company in this 26th Annual General Meeting.



28. Appointment of Compliance Auditors:

The existing statutory auditors - M/S. Khan Wahab Shafique Rahman & Co., Chartered Accountants, who were appointed in the 25th Annual General Meeting and have completed their responsibilities during the year under reviewed. The Board of Directors of Hakkani Pulp and Paper Mills Limited has recommended for appointment of M/S. Khan Wahab Shafique Rahaman & Co, Chartered Accountants for the Financial Year 2022-2023 for issuance the corporate governance certification. In view of this, the Board of Directors has decided to place the matter of appointment of the Corporate Governance Compliance Auditors of the company for the Financial Year 2022-2023, with a fee of BDT 50,000/-(Fifty Thousand) excluding VAT for its approval by the shareholders of this company in this 26th Annual General Meeting.

29. Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements/conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 on corporate governance has been included in the Report in **Annexure-C**.

30. Explanation of Auditors Observation on the Financial Statements:

Auditors Observation-01:

As disclosed in **Note No. 9.01** to the financial statements, the company's trade receivable of **Tk. 191,863,413** includes a figure of **Tk. 41,415,949** receivable from Babul Store is being carry forward since long. Suits have been filed by the Company for recovering the amount from the Babul Store.

Clarification:

All efforts have been utilized by the company to realize the outstanding balance from Babul Store. No amount could have collected from the party.

Suits were filed against Babul Store to realise the outstanding balance amounting to Tk. 41,415,949 vide CR case No 172/22 to 182/22, dated on 10 January 2022 at the court of Chief Metropolitan Magistrate, Chattogram. Now, the suits are under process for framing charge against party at the Metropolitan Session Judge Court, Chattogram. All efforts are continuing to recover the outstanding balance. (Disclosure provided in the **Note No. 9.01** to the financial statements).

Auditors Observation-02:

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

Disclosed in **Note No. 4.06** to the financial statements, Net Operating Cash Flow per Share (NOCFPS) has decreased significantly and stood at **Tk. (0.08)** for the year ended on **30 June, 2022**, whereas it was **Tk. 0.21** for the year ended on 30 June, 2021.

Clarification:

The Company's net operating cash flows per share (NOCFPS) of the company is recorded Tk. (0.08) against Tk. 0.21 of previous year. The company's net operating cash flows per share (NOCFPS) was decreased due to increase in Trade Receivables and Inventories.

Auditors Observation-03:

Significant Deviation in Earnings per Share (EPS):

Disclosed in Note No-4.05 to the financial statements, Earnings per Share (EPS) has stood at **Tk. (1.30)** for the year ended on **30 June, 2022** whereas it was **Tk. (1.28)** for the year ended on 30 June, 2021.

Clarification:

The Company's Earnings Per Shares (EPS) has decreased due to increase of cost of goods sold compared to previous year. During the year under review, the Company recorded earnings per share (EPS) of Tk. (1.30) against previous year earnings per share (EPS) of Tk. (1.28).

31. Subsequent Events:

There are no subsequent events after the date of Financial Position and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

32. Declaration of the Board of Directors regarding financial statements:

- The statement that the Financial Statements prepared by the management of the company present fairly its state of affairs;
- The statement that proper books of account of the issuer company have been maintained;
- The 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;
- The statement that IAS or IFRS, as applicable in Bangladesh, have been followed in preparation of the FY and any departure there from has been adequately disclosed;
- The statement that the system of internal control is sound in design and has been effectively implemented and monitored;
- The 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;
- The 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;
- The statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;
- An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;
- No bonus shares or stock dividend has been or shall be declared as interim dividend;

33. Acknowledgements:

The Board would like to express its humble gratitude to all the employees, all investors/shareholders, bankers, financial institutions, insurance companies and all the Departments of Government of Bangladesh, related regulatory authorities i.e. BSEC, Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), NBR, Bangladesh Bank, our customers, dealers for their continued and consistent support to the company during the year.

Allah Hafiz.

Thank you very much.

On behalf of Board of Directors.

হোসনে আরা বেগম

Hosne Ara Begum

Chairman



HAKANI PULP AND PAPER MILLS LIMITED

Declaration by CEO and CFO

Date: 3rd November, 2022

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, 2022

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, 2022 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, 2022 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)



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 six 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 five 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 Three 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.

A member of

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KHAN WAHAB SHAFIQUE RAHMAN & CO.
CHARTERED ACCOUNTANTS

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Web : www.kwsrbd.com

KWSR Khan
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Rahman & Co.
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Web : www.kwsrbd.com

**Report to the Shareholders of
Hakkani Pulp & Paper Mills Limited
on Compliance of the Corporate Governance Code**

We have examined the compliance status of the Corporate Governance Code by **Hakkani Pulp & Paper Mills Limited** for the year ended on June 30, 2022. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 of the Bangladesh Security 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 by ensuring compliance to the conditions of the Corporate Governance Code.

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

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

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

Dated: 17th November, 2022
Chattogram




Mohammad Shaheed FCA (F-1016)
Senior Partner

Khan Wahab Shafique Rahman & Co.
Chartered Accountants



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

CORPORATE GOVERNANCE COMPLIANCE STATUS REPORT

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1	Board of Directors:			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board has been consisted of 6 (Six) Members.
1(2)	Independent Directors All companies shall have effective representation of independent directors on their Board, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:			
1(2)(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);		✓	Dr. Saleh Jahur has resigned from the post of independent director on 22/12/2021 and till the year end the office of the Independent Director vacant. However, Dr. Rafiuddin Ahmed has been appointed on 2nd August, 2022 in the vacant post.
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;	✓		The Independent Director has declared their position in this perspective.
1(2)(b)(ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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;	✓		The Independent Director has declared their position in this perspective.
1(2)(b)(viii)	who is not an 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);	✓		
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);	✓		Mr. S M Nasrul Quadir has been reappointed on 01/05/2022 and his appointment will be placed in AGM for approval.
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and		✓	Dr. Saleh Jahur has resigned from the post of independent director on 22/12/2021 and till the year end the office of the Independent Director vacant. However, Dr. Rafiuddin Ahmed has been appointed on 2nd August, 2022 in the vacant post.
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 competition 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 condition No. 18 of Companies Act, 1994.	✓		
1(3)	Qualification of Independent Director:			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)	Independent director shall have following qualifications:			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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	-	-	Not Applicable
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	-	-	Not Applicable
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5 th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	-	-	Not Applicable
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	Not Applicable
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.	-	-	Not Applicable
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer of the Company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in a minute.	-	-	Not Applicable as the Chairmen of the Board attended in all board meeting.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1(5)	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
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);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, right issues and/or any other instruments;	✓		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Share Offer, Direct Listing, etc.;	-	-	Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		



Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, If the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	-	-	Not applicable as the company declared 1% cash dividend.
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;	-	-	Not Applicable
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);	√		
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);	-	-	Not applicable as any of the shareholder are not holding more than 10% shares.
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;	-	-	The directors are not holding directorship & membership in another companies.
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;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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 each 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 jurisdiction thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
	Meetings of the Board of Directors			
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading, relationship with environment, employees, customers and suppliers; and independency.	✓		
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	Not Applicable
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;	-	-	Not Applicable
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;	-	-	Not Applicable



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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;	-	-	Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	Not Applicable
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
4	Board of Directors' Committee:			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	-	-	Not Applicable as the chairmen of the committee has been presided all the meetings of the committee.



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.	✓		Mr. Dr. Saleh Jahur was presented in the 25th AGM of the company held on 27th December, 2021.
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that 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)	Role of Audit Committee			
	The Audit Committee shall:			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;			
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
5(5)(m)	<p>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:</p> <p>Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:</p> <p>Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.</p>	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			Not Applicable
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;	-	-	Not Applicable
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-	-	Not Applicable
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-	-	Not Applicable
5(6)(b)	<p>Reporting to the Authorities</p> <p>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.</p>	-	-	Not Applicable
5(7)	<p>Reporting to the Shareholders and General Investors</p> <p>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.</p>	√		
6	Nomination and Remuneration Committee (NRC):			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
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)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall elect 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)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	Not Applicable as no such events has been occurred.
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in	✓		
	the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in 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.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	2	3	4	5
7	External or Statutory Auditors:			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		The statutory auditor M/S Shafiq Basak & Co. has declared their position.
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.	✓		
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.	✓		Statutory Auditor was present in 25th AGM held on 27th December, 2021.
8	Maintaining a website by the Company:			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance:			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

MANAGEMENT DISCUSSION AND ANALYSIS

The Management of this company is pleased to present the Management's Discussion and Analysis for the Financial Year 2021-2022 as per condition no. 1(5) (xxv) of the Corporate Governance Code-2018.

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

The Financial Statements of the company have been prepared in accordance with the International Financial Reporting Standards and Companies Act, 1994 with other applicable laws and provision of Bangladesh. Cash flows from operating activities are prepared under direct method as prescribed by the Securities and Exchange Rules, 2020.

This Financial Statements have been prepared on a historical cost basis, except for debt and equity financial assets and contingent consideration that have been measured at fair value. The financial statements provide comparative information in respect of the previous period. In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. The detail of the significant accounting policies is available in Note 3.00 of the Financial Statements.

b) Changes in accounting policies and estimation:

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.

There were no significant changes in accounting policies and estimation during the preparation of financial statements for the year ended June 30, 2022.

c) Comparative analysis of financial performance:

The key indicators of the financial performance stated below:

Particulars	Amount in BDT				
	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Sales	53,82,38,090	389,968,195	473,084,915	484,009,189	282,589,254
Cost of Goods Sold	48,32,39,879	316,985,562	395,732,584	417,746,415	249,378,303
Gross Profit	5,49,98,211	72,982,633	77,352,331	66,262,774	33,210,951
Administrative Expenses	1,55,77,537	15,299,525	15,084,474	18,635,395	13,072,394
Selling Expenses	2,59,56,473	25,678,762	7,740,119	5,377,488	456,718
Financial Expenses	3,73,91,494	59,816,687	52,070,070	50,000,652	35,601,011
Net Profit after Tax	(2,46,10,668)	(2,43,06,924)	1,420,266	(21,135,213)	(18,219,722)
Earnings Per Share	(1.30)	(1.28)	0.07	(1.11)	(0.96)



Comparative analysis on financial position of the Company

Particulars	2021-2022 BDT	2020-2021 BDT	2019-2020 BDT	2018-2019 BDT	2017-2018 BDT
Paid Up Capital	190,000,000	190,000,000	190,000,000	190,000,000	190,000,000
Shareholders' Equity	447,546,925	474,282,767	490,646,274	495,387,034	521,245,689
Current Liabilities	465,532,422	467,248,409	419,212,821	430,169,669	455,596,815
Non-Current Liabilities	564,274,171	527,266,628	479,942,323	392,691,765	294,294,849
Net Assets Value Per Share (with revaluation)	23.56	24.96	25.82	26.07	27.43
Net Assets Value Per Share (without revaluation)	9.94	10.86	11.19	10.88	11.64

Comparative analysis on Cash Flow of the Company

Particulars	2021-2022 BDT	2020-2021 BDT	2019-2020 BDT	2018-2019 BDT	2017-2018 BDT
Cash Generated from the operating activities	522,659,156	373,331,619	448,341,735	503,198,889	250,351,702
Interest Paid	37,391,494	59,816,687	52,070,070	50,000,652	35,601,011
Income Tax Paid	1,676,271	492,834	2,412,093	1,703,291	642,779
Net Cash Flows from Operating activities	(1,499,752)	3,906,066	(66,255,238)	82,709,363	22,735,034
Net Cash Flows from Investing activities	(5,677,728)	(10,010,991)	(27,031,552)	(71,142,956)	(96,521,166)
Net Cash Flows from Financing activities	10,674,044	15,800,615	99,889,636	(16,276,988)	76,432,369
Net Increase/(Decrease in cash and cash equivalent)	3,496,564	9,695,690	6,602,846	(4,710,581)	2,646,237

d) Compare such financial performance with the peer industry scenario:

There are some Paper and Tissue paper product manufacturing company in the Bangladesh Such as Bashundhara Paper Mills Limited, Sonali Paper and Board Mills Limited, Bangladesh Monospool Paper Manufacturing Co. Ltd. and Paper Processing Packaging Limited etc. Annual production capacity, annual sales volume and other infrastructural facilities, fame and goodwill varies company to company. Therefore, the comparative analysis of peer industries is not always effective. However, a comparative analysis of peer industries has been shown below:

Financial Performance of Peer Industries:

HAKKANI PULP AND PAPER MILLS LIMITED

Operational Result	2021-2022	2020-2021	2019-2020	2018-2019
Revenue	538,238,090	389,968,195	473,084,915	484,009,189
Gross Profit	54,998,211	72,982,633	77,352,331	66,262,774
Profit after Tax	(24,610,668)	(24,306,924)	1,420,266	(21,135,212)
EPS (Tk.)	(1.30)	(1.28)	0.07	(1.11)
NAV (with Revaluation)	23.56	24.96	25.82	26.07
NAV (without Revaluation)	9.94	10.86	11.19	10.88

SONALI PAPER & BOARD MILLS LIMITED

Operational Result	2021-2022	2020-2021	2019-2020	2018-2019
Revenue	2,046,087,300	1,506,938,631	1,495,584,554	1,976,480,866
Gross Profit	-	184,630,200	236,808,141	304,034,303
Profit after Tax	132,470,594	89,465,514	26,732,381	63,429,447
EPS (Tk.)	6.03	4.07	1.61	4.19
NAV	241.30	284.33	307.88	336.90

e) Financial and economic scenario of the country and the globe:

Bangladesh Scenario:

Bangladesh economy was growing consistently high over a decade crossing 7.0 percent milestone in FY 2015-16 and 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22, 0.05 percentage points higher than the target rate and 0.31 percentage points higher than the previous fiscal year. According to provisional estimate of BBS, per capita GDP and per capita national income stood respectively at US\$ 2,723 and US\$ 2,824 in FY 2021-22 compared to US\$ 2,462 and US\$ 2,591 respectively in FY 2020-21. The consumption increased to 78.44 percent of GDP in FY 2021- 22 from 74.66 percent in FY 2020-21. The gross investment stood at 31.68 percent of GDP in FY 2021-22, where public investment and private investment accounted for 7.62 percent and 24.06 percent of GDP respectively. Medium-term forecasts for GDP growth rates are 7.5 percent in FY 2022-23, 7.8 percent in FY 2023-24 and 8.0 percent in FY 2024-25 of FY 2021-22 (up to February 2022) amounted to US\$ 5,899 million, up by 6.63 percent from the same period of the previous fiscal year. The country's external debt outstanding at the end of February 2022 was US\$ 55,826 million or 12.23 percent of GDP. The purpose of this policy stance is to outline monetary and credit program for FY 2021-22 based on the evolving internal and external macroeconomic and financial developments. The programmed growth of broad money (M2) was set at 15.0 percent and domestic credit growth 17.8 percent, which was consistent with the targeted GDP growth and CPI based average inflation. The broad money and domestic credit actually grew by 9.45 percent and 13.32 percent respectively in February 2022 compared to 13.35 percent and 9.06 percent respectively in the same month of the previous year.



However, the public and private sector credit experienced 28.1 percent and 10.9 percent growth respectively in February 2022 against the actual growth of 8.3 percent and 8.9 percent respectively in February 2021. The recent trends in weighted average lending and deposit rates show downward movement. The weighted average lending rate decreased to 7.10 percent at the end of February 2022 from 7.48 percent of end February 2021. Similarly, the deposit rate continuously decreased to 4.02 percent in February 2022 from 4.44 percent in February 2021. The reduction in market-based interest rates has been due to the increase in excess liquidity available to banks and the reduction in interest rates, bank rate and refinancing scheme policies adopted by Bangladesh Bank. In FY 2021-22, both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some volatility, however, both the price index and market capitalisation increased moderately. The market capitalization and the broad index of DSE increased by 4.41 percent and 6.59 percent respectively at the end of April decrease slightly. The foreign exchange reserve stood at US\$ 46 billion at the end of February 2022. At the latest on 18 May 2022, the foreign exchange reserve stood at US\$ 42.33 billion. During July-April, 2022, the exchange rate of Taka depreciated by 1.9 percent against US dollar.

Global Scenario:

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. International organizations revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication 'World Economic Situation and Prospect 2022', the global economy grew by 5.5 percent in 2021, the highest growth rate since 1976, after contracting 3.4 percent in 2020. Global economy is expected to grow by 4.0 percent in 2022 and 3.5 percent in 2023. In the World Bank's Global Economic Prospect, January 2022, the global economic growth is projected 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021. Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023. This growth rate will be sufficient to restore output and investment to their prepandemic trend in these economies. In emerging and developing economies, however, growth is expected to drop from 6.3 percent in 2021 to 4.6 percent in 2022 and 4.4 percent in 2023. The report stressed that by 2023, all advanced economies will have achieved a full output recovery; yet output in emerging and developing economies will remain 4 percent below its prepandemic trend. For many vulnerable economies, the setback is even larger: output of fragile and conflict-affected economies will be 7.5 percent. Inflation in FY 2020-21 stood at 5.56 percent, which is 0.09 percentage point lower than FY 2019-20. Of which food and non-food inflation accounted for 5.73 percent and 5.29 percent respectively. Like all other countries of the world, an upward trend of price level is being observed in Bangladesh as the economic damages created by COVID-19 pandemic which is triggered by war in Ukraine. The point-to-point inflation in March 2022, stood at 6.22 percent, compared to the inflation rate 5.47 percent in March 2021.

Risk and Mitigation:

Financial Risk:

The Company has been enjoying working capital loan as well as long term loan from bank, which occupied the significant portion of the total liability. This type of dependency creates financial cost burden that grabs a significant portion of the mark up. The company is faced substantiate losses in latest financial year due high financial cost burden.

Cost Inefficiency Risk:

Since Hakkani Pulp and Paper Mills Limited depends on overseas suppliers for raw materials, it has to bear higher procurement cost due to price volatility in the international market. Hakkani Pulp and Paper Mills Limited has been

experiencing higher cost involvement in latest financial year in producing the said products. The company is faced losses in latest financial year.

Operational Risk:

Being a manager of highly flammable product and wastage paper, Paper manufacturing operation is significantly exposed to operational risk. The company has taken substantial precautionary measures against incidental occurrence having insurance coverage with Pragati Insurance Company Limited with “A+” claim paying ability rating. Despite the fact, flammability of the product may bring such an operational loss which may not recover through insurance coverage or other proactive measures. The company’s operation has been affected in the recent past due to power outages, shortage of gas supply, frequent machinery breakdown. The company has taken measures against those issues which would reduce the operational risk to a great extent.

Raw Material Supply Risk:

HPPML is mostly dependent on overseas supply of quality Recycled paper. Import based supplies are likely to be affected by any uncontrollable event or country risk to transact the product. The industry experiences substantial ups and down in the sources of raw materials which ultimately affected the company’s profitability. However, having limited alternative arrangement – the company may face trouble in managing the substitute sources by a short notice.

Competition Risk:

Big numbers of corporate houses, Government organization in the Bangladesh are competing in the same industry which has made the market very competitive. The growth of paper industry is dependent on growth of whole economy. Existing producers are mostly capable of meeting this demand having easy entry barrier for new penetration; consequently market may suffer from excess supply of the product.

Under the above backdrop, HPPML needs firm concentration on ensuring quality in addition to extensive advertising, promotion and distribution effort to ensure profitable sustainability in the market.

Fire Risk:

It is a great threat for manufacturing rigid plastic products. Hakkani Pulp and Paper Mills Limited has large warehouses for raw materials and finished goods. For proper protection, the warehouses are to be equipped with the firefighting equipment and other related arrangement. HPPML maintains contract with Pragati Insurance Company Limited (100%) to mitigate this risk.

Mitigation Plan of the Risks:

Financial risk:

In order to manage this risk and overcome it, the management of the company closely monitor its cash flows, coupled with continued strength in sales and marketing. Hakkani Pulp and Paper Mills Limited is very careful in forecasting the international price and manages its costs in an effective manner, so as to ensure that the debt repayments are met on schedule, even if the interest rates were to rise.

Raw materials supply risk:

The main raw materials of the company are various pulp, recycled paper, wastage paper which is available both in international market and local market. The company has bilateral arrangement with a group of independent suppliers of raw materials. Therefore, it is expected that the company will have smooth flow of raw materials.



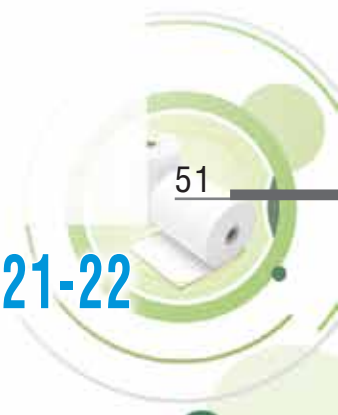
Operational Risk:

The Company is equipped with power backup and security system, which reduce operational risk. Besides, the equipment has insurance coverage in order to get reasonable compensation for any damages. Apart from these, routine security check and proper maintenance of the equipment also reduce/eliminate the operational risk.

Future Planning:

Hakkani Pulp and Paper Mills Limited is planning to utilize @100% capacity of the production of Tissue unit as well as paper unit. The company wants to produce and supply quality products for becoming one of the leading paper and tissue products manufacturers in Bangladesh. Adopting advance and efficient technology in the production, the company wants to achieve the sustainable growth for providing long term benefit to the shareholders and other related party of the company. The company has a plan to provide quality products, ensure satisfaction of the customers, cautiousness regarding environmental issue, and ensure advance technology.

Mohammed Golam Kibria
Managing Director



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

Particulars	Parameter	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Operation and Market:						
Production Capacity	MT	13,500.00	13,500.00	13,500.00	11,250.00	7,500.00
Actual Production	MT	4,914.00	3,918.00	5,175.00	4,872.00	4,419.20
Sales Quantity	MT	4,992.70	3,881.46	4,702.31	4,030.76	4,778.89
Financial Results:						
Turnover	TK	538,238,090	389,968,195	473,084,915	484,009,189	282,589,254
Gross Profit	TK	54,998,211	59,615,345	77,352,331	66,262,774	33,210,951
	%	10.22%	15.29%	16.35%	13.69%	11.75%
Operating Profit	TK	13,464,201	32,004,346	54,527,738	(7,750,761)	(15,919,172)
	%	2.50%	8.21%	11.53%	(1.60%)	(5.63%)
Net Profit before Tax	TK	(17,802,266)	(23,034,016)	10,735,119	(5,507,957)	(14,823,999)
	%	(3.31%)	(5.91%)	2.27%	(1.14%)	(5.25%)
Net Profit after Tax	TK	(24,610,668)	(24,306,924)	1,420,266	(21,135,213)	(18,219,722)
	%	(4.57%)	(6.23%)	0.30%	(4.37%)	(6.45%)
Earnings Per Share (EPS)	TK	(1.30)	(1.28)	0.07	(1.11)	(0.96)
Dividend (Cash)	%	1% Cash dividend to only general shareholders	1% Cash dividend to only general shareholders	2% Cash dividend to only general shareholders	2% cash dividend on other than Sponsors	3% Cash dividend to all Sahreholders
Financial Position:						
Paid-up Capital	TK	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000	19,00,00,000
Current Ratio		1.46:1	1.37:1	1.26:1	0.97:1	0.84:1
Non-Current Assets with Revaluation	TK	795,495,275	81,35,45,328	84,73,19,717	88,24,94,770	62,91,15,458
Current Assets	TK	681,858,243	64,01,10,861	52,82,63,576	42,15,35,574	38,38,17,319
Current Liability	TK	465,532,422	46,72,48,409	41,92,12,821	43,01,69,669	45,55,96,815
Net Current Assets	TK	216,325,821	17,28,62,452	10,90,50,755	(86,34,095)	(7,17,79,496)
Net Assets Value with Revaluation	TK	447,546,925	47,42,82,768	49,06,46,274	49,53,87,034	52,12,45,690
Net Assets Value without Revaluation	TK	188,880,440	20,62,52,742	21,26,11,673	20,66,61,926	22,10,96,045
Net Assets Value Per Share with Revaluation	TK	23.56	24.96	25.82	26.07	27.43
Net Assets Value Per Share without Revaluation	TK	9.94	10.86	11.19	10.88	11.64
Net Operating Cash Flow Per Share	TK	(0.08)	0.21	(0.75)	4.35	1.20



HAKKANI PULP AND PAPER MILLS LIMITED

THE PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2022

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
Mrs. Hosne Ara Begum	Chairman	1,091,666	5.74%	-
Mr. Md. Golam Haider	Vice Chairman	1,566,666	8.25%	-
Mr. Md. Golam Kibria	Managing Director	1,245,000	6.55%	-
Mr. Md. Golam Morshed	Deputy Managing Director	1,566,666	8.25%	-
Mr. Md. Golam Rasul Muktadir	Director	1,566,666	8.25%	-

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 Kibria	Chief Executive Officer	1,245,000	6.55%	Managing Director
Mr. Mohammad Musa	Company Secretary & Manager	Nil	Nil	-
Mr. Md. Moinul Abedin	Chief Financial Officer	Nil	Nil	-
Mr. Md. Saleh Ahmed	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. Shah Javed Ahmed	Executive Director	Nil	Nil	-
Mr. Md. Masud Rana	Manager (Production and Quality)	Nil	Nil	-
Mr. Md Nazrul Islam Khan	National Sales Manager	Nil	Nil	-
Mr. Mohammad Younus Mia	Assistant General Manager (Admin)	Nil	Nil	-
Mr. Md. Saidur Rahman	Divisional Sales Manager	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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Report of the Audit Committee

For the year ended 30th June, 2022

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 31st March 2022 with the following Directors:

Name of the Member	Status in the Company	Status in the Committee
Mr. S.M. Nasrul Quadir	Independent Director	Chairperson
Mr. Md. Golam Haider	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 2021-2022 on the following dates:

Number of Meetings	Date of Meetings
1st Meeting	26th August, 2021
2nd Meeting	11th November, 2021
3rd Meeting	27th January, 2022
4th Meeting	12th May, 2022

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 and compliance auditor.
- 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.

S. M. Nasrul Quadir

Chairperson

Audit Committee of the Board

Dated-November 3, 2022



NOMINATION & REMUNERATION COMMITTEE (NRC) REPORT FOR THE YEAR ENDED 30 JUNE, 2022

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 13 November 2021 with the following Directors:

Name of Members	Status in the Company	Status in the Committee
Mr. S. M. Nasrul Quadir	Independent Director	Chairperson
Mr. Md. Golam Haider	Director	Member
Mr. Md. Golam Morshed	Director	Member
Mr. Golam Rasul Muktadir	Director	Member

Company Secretary acts as the member secretary to the Committee. The Nomination and Remuneration Committee (NRC) held its meeting during the reporting year on 26th February 2022.

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 fourth meeting of the committee focused on the review to the specific areas of existing status, policies and processes and addressed the following-



- Committee had one (1) meeting during the year. The Committee reviewed the implementation schedule of the decision of the last meeting;
- The committee reviewed and recommended the re-appointment of Independent Director as per corporate Governance Guide Code;
- The Committee reviewed and recommended the annual Increment of the employees;
- The committee reviewed and recommended the Code of Conduct for the Chairperson, Managing Director and other Board Members. with Roles and Responsibilities of employees of the company;
- The committee reviewed and recommended the roles and Responsibilities of Chairman, Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Audit of the company;
- The committee reviewed and recommended the Criteria for evaluation of performance of Independent Director and other Board Members of the company;

S. M. Nasrul Quadir
Chairperson
NRC of the Board

Dated-November 3, 2022

DIVIDEND DISTRIBUTION POLICY

This Policy shall become effective from the date of its adoption by the Board i.e. 03/08/2022.

1 Purpose, Objectives and Scope:

- 1.1 This policy is being adopted in compliance with the Directive of the Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2021-386/03 dated 14 January 2021. The Directive requires formulating a dividend distribution policy which shall be disclosed in the annual report and official website of the company.
- 1.2 The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking decisions of distribution or retention of profits, in the interest of providing transparency to the shareholders.
- 1.3 The Company shall pursue this Policy, to pay the dividend subject to the business & economic circumstances and external & internal factors enlisted, which shall be consistent with the performance of the Company over the years.

2 Definitions:

- 2.1 “Act” shall mean The Companies Act, 1994 including the Gazette Notification / Rules made thereunder, and as amended from time to time relating to the Act.
- 2.2 “Applicable Laws” shall mean the Companies Act, 1994 including the Gazette Notification / Rules made thereunder, as amended from time to time, and all other acts, rules, regulations, notifications, orders, circulars etc. of the Bangladesh Securities and Exchange Commission (BSEC), the Dhaka Stock Exchange Limited (DSE), the Chittagong Stock Exchange Limited (CSE) and such other act, rules or regulations which applicable to the Company.
- 2.3 “Company” shall mean HAKKANI PULP AND PAPER MILLS LIMITED.
- 2.4 “Board” or “Board of Directors” shall mean Board of Directors of the Company.
- 2.5 “Dividend” shall mean Dividend as defined under the Companies Act, 1994.
- 2.6 “CS, CFO, MD” shall mean Company Secretary, Chief Financial Officer and Managing Director of the Company
- 2.7 “Policy or this Policy” shall mean the Dividend Distribution Policy.

3 Parameters for declaration of dividend:

The Board shall consider the following circumstances for declaration and payment of dividend.

3.1 Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Liquidity position;
- (d) Business expansions, acquisitions, etc.;
- (e) Profit growth.



3.2 External factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Sectorial performance;
- (d) Future uncertainties and industrial downturn;
- (e) Government policy;

3.3 Internal factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernization of existing business;
- (d) Working capital;

3.4 Utilization of retained earnings

The decision of utilization of retained earnings of the Company shall be based on the following factors:

- (a) Acquisition/Diversification of business;
- (b) Long term strategic plan;
- (c) High cost of debt;
- (d) Market or product development/expansion plan;
- (e) Increase in production capacity;
- (f) Modernization Plan;

4 Dividend Consideration Factors:

Hakkani Pulp and Paper Mills Limited is committed to returning capital to shareholders via a sustainable dividend policy subject to consideration of factors such as the business outlook, capital requirements for growth opportunities, expansion plans, optimal leverage levels and healthy cash reserves in addition to regulatory approvals.

5 Circumstances under which the shareholders may or may not expect dividend:

- 5.1 Whenever it undertakes or proposes for a significant expansion project requiring higher allocation of capital;
- 5.2 Significantly higher working capital requirements adversely impacting free cash flow;
- 5.3 In the event of inadequacy of profits or whenever the Company has incurred losses.

The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the shareholders and the Company.

6 Procedure of Dividend Declaration:

- 6.1 The given below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations.

6.2 In case of final dividends.

- a. The Company Secretary and Chief Financial Officer in consultation with the MD / CEO of the Company shall prepare a proposal note to the Board for recommending the percentage of dividend, if any and that proposal shall be reviewed by the Board, and shall be recommended for shareholders consideration and approval.
- b. The dividend as recommended by the Board shall be approved/declared by the shareholders at the annual general meeting of the Company.
- c. The payment of dividend shall be made within 30 days from the date of declaration to the shareholders entitled to receive the dividend on the record date/book closure period as per the applicable law.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.

7 Classes of Shares:

The Company has issued only equity shares. There are no other class of shares issued or proposed to be issued by the Company. In case of issue of new class of shares in the future, the policy will be reviewed accordingly.

8 Applicability of the Policy:

This policy is applicable on equity shares of the Company

9 Compliance Responsibilities:

- 9.1 The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to Dividend declared by the Company.
- 9.2 Compliance of this Policy shall be the responsibility of the Company Secretary and Chief Financial Officer of the Company who shall act under the guidance of the management in this regard.

10 Review of the Policy:

- 10.1 This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by the National Board of Revenue, Bangladesh Securities and Exchange Commission or such other regulatory authority as may be authorized, from time to time, on the subject matter.
- 10.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 10.3 Such amended Policy shall be periodically placed before the Board for adoption immediately after such changes.

11 Publication of the Policy:

This Policy, as approved by the Board, shall be disclosed in the annual report and official website of the company.

12 Disclaimers:

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2022/213

BAPLC

Date of issue : April 18, 2022

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 31st December 2022.



Secretary-General



শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

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shafiq@shafiqbasak.com

Independent Auditors' Report To the Shareholders of Hakkani Pulp and Paper Mills Limited

Opinion

We have audited the accompanying financial statements of **Hakkani Pulp and Paper Mills Limited** (the Company), which comprise the Statement of Financial Position as at 30 June, 2022, Statements 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.

In our opinion and to the best of our information and according to explanations given to us, the accompanying financial statements, prepared in accordance with International Financial Reporting Standards (IFRSs), give a true and fair view of the financial position of the company as at 30 June, 2022 and of its financial performance and cash flows for the period from 1 July, 2021 to 30 June, 2022 and comply with the Companies Act, 1994, the Securities and Exchange Rules, 2020 and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Our responsibilities under those standards are further described in "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) that are relevant to our audit of the financial statements in Bangladesh and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matter of Emphasis

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

01. As disclosed in **Note No- 9.01** to the financial statements, the company's trade receivable of **Tk. 191,863,413** includes a figure of **Tk. 41,415,949** receivable from Babul Store is being carry forward since long. Suits have been filed by the Company for recovering the amount from the Babul Store.
02. **Significant Deviation in Net Operating Cash Flow per Share (NOCFPS):**
Disclosed in **Note No- 4.06** to the financial statements, Net Operating Cash Flow per Share (NOCFPS) has decreased significantly and stood at **Tk. (0.08)** for the year ended on 30 June 2022, whereas it was **Tk. 0.21** for the year ended on 30 June 2021.
03. **Significant Deviation in Earnings per Share (EPS):**
Disclosed in **Note No-4.05** to the financial statements, Earnings per Share (EPS) has stood at **Tk. (1.30)** for the year ended on 30 June, 2022 whereas it was **Tk. (1.28)** for the year ended on 30 June, 2021.





Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2022. These matters, and any comments we make on the results of our procedures thereon, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Sl.	Description of key audit matters	Our Response to the key audit matters
1	<p>Impairment of property, plant and equipment.</p> <p>Property, plant and equipment (PPE) represents about 53.85% of total assets of the Company which is thus a material item to the financial statements. PPE includes plant and machinery being of total PPE which are sophisticated in nature and most of them are custom made assets. Being different in nature, there is a risk whether market value of those assets could materially fall because of non-marketability and arise risk of impairment.</p> <p>Management's review regarding determination of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p>	<ul style="list-style-type: none">Reviewed the management's assessment of impairment taking consideration of the future economic benefits of the assets.Reviewed the internal control system implemented by management for safeguarding of those assets.Tested the operating effectiveness of key controls over assets, including observing the process of management's year-end physical count.Tested on sample basis the physical condition of the assets whether the assets become idle, obsolesces, damage and there is a plant to discontinue or restructure the operation to which the assets belongs. <p>Please refer to note 5.00 to the financial statements.</p>
2	<p>Trade Receivable.</p> <p>Trade receivable BDT 191,863,413 being about 12.99% of the total assets of the Company is a material item to the financial statements.</p> <p>There is a significant risk regarding recoverability of the amounts and misstatement of the items. As such, management is required to make judgments in determining whether accounts receivable are being appropriately valued and also need to make provision for aged accounts receivable, if required.</p>	<ul style="list-style-type: none">Tested the operating effectiveness of key controls over accounts receivable.Being a part of auditor's responsibility as regarding external confirmation as per ISA 505, we requested for external confirmation.Tested on a sample basis the value disclosed according to the reply obtained.Assessed whether appropriate provisions have been recognized for aged accounts receivable, if required and evaluating management's basis for determining the recoverability. <p>Please refer to note 9.00 to the financial statements.</p>

Sl.	Description of key audit matters	Our Response to the key audit matters
3	<p>Revenue Recognition</p> <p>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;</p> <p>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.</p>	<ul style="list-style-type: none"> • 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
4	<p>Inventories</p> <p>The Company has closing inventories BDT 266,581,269.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value.</p> <p>The exercise for the assessment of the net realizable value involves the use of judgment and assumptions that may vary depending on technological and socio-economic conditions and is therefore considered a significant key audit matter.</p>	<ul style="list-style-type: none"> • Verified a sample of inventory items to ensure that costs have been appropriately recorded. • Tested on a sample basis the net realisable value by comparing costs to recent selling prices and assessing the reasonableness of any resulting write down of inventory items. • Performed cut-off tests to determine that the purchases and sales of the inventories have been captured in the correct accounting period. • Confirmed physical existence and completeness by performing annual physical inventory on a sample basis. • Confirmed all necessary disclosures have been made and that the information is appropriately presented. <p>Please refer to note 3.05.02 and 8 to the financial statements.</p>



Reporting on other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The draft annual report is expected to be made available to us after the date of this auditor's report but before finalization of the annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance 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:

- (a) 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.
- (b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 auditors' 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 auditors' report However, future events or conditions may cause the Company to cease to continue as a going concern.

- (e) evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) 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 communicate with 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.

We determine those matters, from the matters communicated with those charged with governance, 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 and the Securities and Exchange Rules, 2020, we also report the following;

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- iii) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns and;
- iv) the expenditure incurred was for the purposes of the Company's business.

Place: Chattogram
Dated: November 03, 2022

Signed for and on behalf of
Shafiq Basak & Co.
Chartered Accountants



Sheikh Zahidul Islam FCA, MBA
Partner
DVC: 2211091394AS554112



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position

As at 30 June, 2022

	Note(s)	2022 Taka	2021 Taka
ASSETS			
Non Current Assets :		867,751,848	828,686,944
Property, Plant and Equipment	05	795,495,275	813,545,328
Capital Work-In-Progress	06	72,256,573	15,141,616
Current Assets:		609,601,670	640,110,861
Investment in Shares	07	12,583,410	19,827,757
Inventories	08	266,581,269	215,186,758
Trade Receivables	09	191,863,413	170,159,452
Advances, Deposits & Prepayments	10	113,797,185	213,657,065
Cash & Cash equivalents	11	24,776,393	21,279,829
TOTAL ASSETS		1,477,353,518	1,468,797,805
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:		447,546,925	474,282,767
Share Capital	12	190,000,000	190,000,000
Dividend Equalization Reserve	13	12,258,779	13,279,866
Revaluation Reserve	14	258,666,486	268,030,025
Fair Value Reserve	7.01	457,727	3,214,203
Retained Earnings	15	(13,836,066)	(241,327)
Non Current Liabilities:		564,274,171	527,266,628
Unsecured Loan	16	58,299,990	45,999,990
Long Term Loan-non-current portions	17	401,809,112	378,680,044
Deferred Tax Liability	18	104,165,069	102,586,595
Current Liabilities:		465,532,422	467,248,409
Short Term Loan & Overdraft	19	210,793,095	218,487,266
Accrued Expenses	20	25,424,243	25,450,373
Workers Profit Participation and Welfare Fund	21	1,126,585	1,126,585
Long Term Loan-current Portion	17.01	82,826,333	79,033,739
Trade Payables	22	23,089,882	45,352,473
Current Tax Liabilities	23	18,440,000	15,173,822
Liabilities for Other Finance	24	47,422,115	30,600,000
Unclaimed Dividend	25	3,010,168	2,974,152
Directors Current Account	26	53,400,000	49,050,000
Total Liabilities:		1,029,806,593	994,515,037
TOTAL EQUITY & LIABILITIES		1,477,353,518	1,468,797,805
Net Asset Value Per Share (with revaluation)	35	23.56	24.96
Net Asset Value Per Share (without revaluation)	36	9.94	10.86

The accounting policies and annexed notes from an integral part of these financial statements.


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.

Signed for and on behalf of
Shafiq Basak & Co.
Chartered Accountants


Sheikh Zahidul Islam FCA, MBA
Partner
DVC: 2211091394AS554112

Place: Chattogram
Date: November 03, 2022

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HAKKANI PULP & PAPER MILLS LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June, 2022

	Note(s)	2021 - 2022 Taka	2020 - 2021 Taka
Revenue	27	538,238,090	389,968,195
Cost of Goods Sold	28	(483,239,879)	(316,985,562)
Gross Profit / (Loss)		54,998,211	72,982,633
Operating Expenses:			
Administrative Expenses	29	(15,577,537)	(15,299,525)
Selling & Distribution Expenses	30	(25,956,473)	(25,678,762)
		(41,534,010)	(40,978,287)
Profit from Operation		13,464,201	32,004,346
Financial Expenses	31	(37,391,494)	(59,816,687)
Non-Operating Income	32	6,125,027	4,778,325
Net Profit Before WPPF & WWF		(17,802,266)	(23,034,016)
Contribution to WPPF & Welfare Funds	21	-	-
Net profit before Tax		(17,802,266)	(23,034,016)
Income Tax Expenses:			
Current Tax	23.01.2	(3,266,179)	(2,368,479)
Deferred Tax	33	(3,542,224)	1,095,571
		(6,808,403)	(1,272,908)
Net profit after Tax		(24,610,668)	(24,306,924)
Other Comprehensive Income:			
Deferred Tax on Revaluation Reserve		1,652,389	1,765,513
Unrealized Gain/ (Loss) on Investment in Shares	7.02	(2,756,476)	8,375,172
Deferred tax on unrealized gain/(loss)	18.02	(311,361)	(357,134)
		(1,415,448)	9,783,551
Total Comprehensive Income		(26,026,116)	(14,523,373)
Earning Per Share - Basic	34	(1.30)	(1.28)

The accounting policies and annexed notes from an integral part of these financial statements.

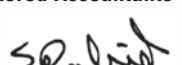

MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.

Signed for and on behalf of
Shafiq Basak & Co.
Chartered Accountants


Sheikh Zahidul Islam FCA, MBA
Partner
DVC: 2211091394AS554112

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Changes in Equity

For the year ended 30 June, 2022

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2021	190,000,000	13,279,866	268,030,025	3,214,203	(241,327)	474,282,767
Adjustment of depreciation on carrying amount of revalued assets	-	-	(11,015,928)	-	11,015,928	-
Deferred Tax on Revaluation Surplus	-	-	1,652,389	-	-	1,652,389
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(2,756,476)	-	(2,756,476)
Dividend for the year 2020-2021	-	(1,021,087)	-	-	-	(1,021,087)
Net Profit after Tax for the year	-	-	-	-	(24,610,668)	(24,610,668)
Balance as on 30 June, 2022	190,000,000	12,258,779	258,666,486	457,727	(13,836,067)	447,546,925

For the year ended 30 June, 2021

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July, 2020	190,000,000	13,279,866	278,034,601	(4,803,835)	14,135,642	490,646,274
Adjustment of depreciation on carrying amount of revalued assets	-	-	(11,770,089)	-	11,770,089	-
Deferred Tax on Revaluation Surplus	-	-	1,765,513	-	-	1,765,513
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	8,375,172	-	8,375,172
Deferred Tax on unrealised gain/(loss)	-	-	-	(357,134)	-	(357,134)
Dividend for the year 2019-2020	-	-	-	-	(1,840,134)	(1,840,134)
Net Profit after Tax for the year	-	-	-	-	(24,306,924)	(24,306,924)
Balance as on 30 June, 2021	190,000,000	13,279,866	268,030,025	3,214,203	(241,327)	474,282,767


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

The accounting policies and annexed notes from an integral part of these financial statements.

Place: Chattogram

Date: November 03, 2022

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the year ended 30 June, 2022

	Note(s)	2021 - 2022 Taka	2020 - 2021 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		522,659,156	373,331,619
Payment for Material and Expenses		(522,482,637)	(368,932,719)
Income Tax Paid		(1,676,271)	(492,834)
Net Cash flows from Operating Activities	43	(1,499,752)	3,906,066
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(23,709,574)	(10,143,245)
Capital Work-In-Progress		(57,114,957)	(923,492)
Advance for Machinery		71,113,889	(2,779,065)
Sale of shares		4,032,915	3,834,811
Net cash flows from Investing Activities		(5,677,728)	(10,010,991)
C. Cash flows from Financing Activities:			
Short Term Loan & Overdraft		(7,694,171)	(40,372,176)
Long Term Loan		23,129,069	48,828,257
Interest Paid		(37,391,494)	(59,816,687)
Unsecured Loan Received		12,300,000	1,000,000
Directors Current Account		4,350,000	37,550,000
Liabilities for Other Finance		16,822,115	30,121,937
Dividend Paid		(841,475)	(1,510,716)
Net Cash flows from Financing Activities		10,674,044	15,800,615
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		3,496,564	9,695,690
E. Opening Cash and Bank Balances		21,279,829	11,584,139
Closing Cash and Bank Balances (D+E)		24,776,393	21,279,829
F. Net Operating Cash Flows Per Share	37	(0.08)	0.21

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


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.



HAKKANI PULP & PAPER MILLS LIMITED

Notes to the Financial Statements

For the year ended 30 June, 2022

1.00 LEGAL STATUS AND NATURE OF THE BUSINESS:

1.01 Status and Legal Form of the Company

Hakkani Pulp & Paper Mills Ltd. (hereinafter 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.

2.00 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, IFRSs 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 (IASs) and International Financial Reporting Standard (IFRSs) 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 and Supplementary Duty Act, 2012 (effective from 01 July 2019)

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

The Customs Act, 1969

Bangladesh Labor Act, 2006 as Amended in 2013

The Securities and Exchange Ordinance, 1969

The Securities and Exchange Rules, 2020

The Corporate Governance Code 2018

2.03 Applicable Accounting Standards:

The following IASs and IFRSs 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 period
- 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 of Assets
- IFRS- 07 Financial Instruments: Disclosures
- IFRS- 09 Financial Instruments
- IFRS- 15 Revenue From Contract with Customers
- IFRS- 16 Leases

2.04 Basis of Reporting :

The Financial Statements have been prepared and presented for general 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 2022
- b. A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2022.
- c. A Statement of changes in equity for the year ended 30 June 2022.
- d. A Statement of Cash flows for the year ended 30 June 2022.
- 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 03 November 2022.

2.06 Reporting Period:

The financial statements of the Company cover twelve months from 1 July 2021 to 30 June 2022.



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 (Taka/Tk/BDT), 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 judgments and estimates that affect the application of the company accounting policies and the 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 Judgments, assumptions and estimation uncertainties:

Information about judgments 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 : 22 Trade Payables
- Note: 23 Current Tax Liabilities

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 period and were also consistent with those used in earlier periods, 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 flows statement
- (s) Other Operating income
- (t) Events after the reporting period
- (u) Share Capital
- (v) Leases



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 labor 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:

<u>Name of Assets</u>	<u>Rate of Depreciation</u>
1. Buliding & Other Civil Construction	5%
2. Plant & Machinery	7%
3. Furniture & Fixtures	10%
4. Office Equipment	10%
5. Electric Installation	10%
6. Gas Line Installation	10%
7. Telephone Line Installation	10%
8. Water Line Installation	10%
9. Fire Extinguisher	20%
10. Office Decoration	10%
11. Vehicle	20%
12. Motor Vehicle	20%
13. 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 premeasured 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 indication that an assets is impaired if any such indication exists, the impairment losses for an individual assets is measured and recognized in the financial statements 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 spares & 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 labor and 50% cost of overhead.
Consumable stores	Based on weighted average method.
Packing materials	Based on weighted average method.

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 flows statement :

Statement of cash flows is prepared in accordance with IAS-7: Cash Flows Statement and the cash flows 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 Labor 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 recognizes 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.



The Company is in the business of providing Newsprint, M.G Newsprint, Medium Paper, Khata 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 its 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, Medium Paper and various Tissues. and includes VAT paid to the Government of Bangladesh. Major portion of the sales revenue has been realized through banking channel except in a few cases.

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 Basis of earning:

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

3.19.02 Basic Earning Per share:

This represents profit for the period 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 2021 in accordance with IAS-1: Presentation of Financial Statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current periods 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 period are consistent with those policies and methods adopted in preparing the Financial Statements for the previous period.

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.

3.25 Leases:

The Company treated office rent as cancelable short-term leases of low-value assets. Currently the Company has short-term lease of low value assets. The company will not recognize right of use (ROU) assets and lease liabilities for short-term leases.

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

4.01 The operating and financial review is intended to provide the Management's perspective on the financial and operating performance of the Company. During the year under review, the Company recorded a profit /(loss) after tax of Tk. (24,610,668) against previous year profit /(loss) of Tk. (24,306,924). The basic Earnings Per Share for the year ended 30 June 2022 is Tk. (1.30) against Tk. (1.28) for the same previous year. The analysis of major items of the financial statements is given below:

4.02 Revenue:

During the year under review total revenue was increased as compared to previous year due to increase of sales. Sales revenue is increased by the amount of Taka 148,269,895 as compared to previous year.

4.03 Cost of Goods Sold:

During the year under review Cost of goods Sold was increased as compared to the previous year due to increase of unit price raw materials.

4.04 Financial Expenses :

The Company's financial expenses was decreased as compared to previous year for decrease of expenses interest of Tk. (22,425,193) on Bai-Muazzal Loan, UPAS Loan, Biam Wes Bills, LATR of Social Islami Bank Limited and CC Hypo Loan of Mercantile Bank Limited

4.05 Earning Per Share (EPS):

The Company's Earnings Per Shares (EPS) has decreased due to increase of cost of goods sold compared to previous year. During the year under review, the Company recorded earnings per share (EPS) of Tk. (1.30) against previous year earnings per share (EPS) of Tk. (1.28)

4.06 Cash Flows from operating Activities (NOCFPS):

The Company's net operating cash flows per share (NOCFPS) of the company is recorded Tk. (0.08) against Tk. 0.21 of previous year. The company's net operating cash flows per share (NOCFPS) was decreased due to increase in Trade Receivables and Inventories.

5.00 PROPERTY, PLANT & EQUIPMENT:

	2022 Taka	2021 Taka
Balance as on 01 July (including revaluation)	1,275,711,701	1,265,568,456
Add: Addition during the year	23,709,574	10,143,245
Less: Adjustment during the year	-	-
Balance as on 30 June	1,299,421,275	1,275,711,701
Less: Accumulated depreciation	503,926,000	462,166,373
Written down value as on 30 June	795,495,275	813,545,328

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

	2022 Taka	2021 Taka
6.00 CAPITAL WORK-IN-PROGRESS:		
Capital Work-In-Progress	72,256,573	15,141,616
Balance as on 30 June	72,256,573	15,141,616

6.01 Capital Work-In-Progress:

Particulars	Opening Balance	Addition/Transferred during the year	Capitalized during the year	Closing Balance
Building & Other Construction	12,485,677	-	12,485,677	-
Plant & Machinery	1,566,820	72,256,573	1,566,820	72,256,573
Motor Vehicle	147,439	-	147,439	-
Electric Installation	941,680	-	941,680	-
Total	15,141,616	72,256,573	15,141,616	72,256,573

7.00 INVESTMENT IN SHARES:

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

Name of Company	No. of Shares	Cost Value as on 30 June, 2022	Market Value as on 30 June, 2022	Unrealized gain/(loss)
Beximco Pharma Ltd.	3,500	138,855	546,000	407,145
Brac Bank Ltd.	13,017	158,299	541,507	383,208
DESCO Ltd.	5,000	238,287	188,500	(49,787)
Dhaka Bank Ltd.	27,240	210,234	362,292	152,058
Exim Bank Ltd.	53,401	1,080,863	587,411	(493,452)
Grameen Phone Ltd.	10,700	3,995,855	3,211,070	(784,785)
Islami Bank Bangladesh Ltd.	10,570	376,381	347,753	(28,628)
Jamuna Oil Company Ltd.	2,299	271,136	403,704	132,569
Lafarge Holcim Bangladesh Ltd.	10,000	805,409	680,000	(125,409)
Meghna Petroleum Ltd.	2,402	249,369	489,528	240,158
Mercantile Bank Ltd.	13,715	118,778	194,753	75,975
Mutual Trust Bank Ltd.	21,228	207,749	371,490	163,741
National Bank Ltd.	82,779	902,974	662,232	(240,742)
One Bank Ltd.	35,084	296,251	394,167	97,916
Premier Bank Ltd.	5,142	32,062	67,360	35,298
Shahjalal Islami Bank Ltd.	39,937	249,341	782,765	533,424
Square Pharma Ltd.	9,200	1,826,477	2,005,600	179,123
Standard Bank Ltd.	20,920	200,804	196,078	(4,726)
Titas Gas Ltd.	13,250	766,559	551,200	(215,359)
Total	379,384	12,125,683	12,583,410	457,727



	2022 Taka	2021 Taka
7.02 Gain/ (Loss) on Investment in Shares:		
Unrealized Gain/ (Loss) Closing	457,727	3,571,337
Less: Unrealized Gain/ (Loss) Opening	3,571,337	(4,803,835)
Add: Deferred tax Opening	357,134	-
Gain/ (Loss) on Investment in Shares during the year	(2,756,476)	8,375,172
8.00 INVENTORIES:		
a) Raw Materials		
Wastage Paper	34,988,159	58,376,882
Chemicals	25,051,059	27,165,359
	60,039,218	85,542,241
b) Finished Goods		
Newsprint Paper	49,710,740	41,333,005
Medium Paper	3,360,543	6,956,797
Khata	4,823,700	4,108,978
Various Tissue Paper	89,324,160	30,200,049
	147,219,143	82,598,829
c) Work-In-Process	51,618,780	29,341,560
d) Consumable Spare & Store	3,198,922	9,707,097
e) Packing Material	4,505,206	7,997,031
Total (a+b+c+d+e)	266,581,269	215,186,758

(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 labor and 50% cost of overhead.

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

(d) Consumable store bases 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.

	2022 Taka	2021 Taka
9.00 TRADE RECEIVABLES:		
A B Trading	722,256	642,120
Al- Madina Paper House	1,975,186	1,953,235
Anupam Traders	111,097	-
Apex Pharma	253,585	-
AR Trading	1,133,917	-
Arif Enterprise	617,254	617,254
Avoy Enterprise	1,333,453	-

		2022 Taka	2021 Taka
Babul Store	Note: 9.01	41,815,949	41,815,949
Barcode Restaurant Group		325,505	306,570
Bio Pharmaceutical Ltd.		1,299,333	-
Bismillah Paper House		1,350,164	-
Chandpur Paper House		569,940	1,539,283
Chittagong Club Limited		517,711	547,711
Conpac Trading Ltd.		-	884,242
CGT Tissue		583,695	-
Elite Paper House		238,309	278,309
Garibe Newaj Traders		631,495	666,495
General Pharma		2,180,104	4,961
Habib Enterprise		87,669	366,612
Handi Restaurant		160,264	189,874
Health Point Hospital		45,208	118,991
Hotel Zaman		102,799	117,799
Interna Plastic (Pvt.) Ltd.		765,000	780,000
Intimate Apparels Ltd		363,117	421,639
Jayson Pharmaceuticals		6,140	-
J M I Group		107,848	7,005
Korotoa Paper Depot.		916,131	956,131
Mahbub & Brothers		5,929,407	4,204,560
M J Paper House		4,957,514	5,187,490
Modern Biponi		893,493	918,493
Modhumoti Traders		197,649	237,649
M/s Oishi Enterprise		311,350	336,350
Nuha Enterprise / Three Star		205,229	220,229
Rapid Pack Limited		3,459,312	4,609,312
Robin Enterprise		497,249	-
Rubel & sons		1,718,613	-
Resimax Industries Ltd.		1,585,730	731,480
RM Trade International		3,740,107	3,805,107
Royal Packaging		127,856	112,182
Sajib Enterprise		3,316,899	2,667,276
Shanto Enterprise		175,903	190,903
Shohid Enterprise		87,655	102,655
S.K Traders		-	995,759
Sonargaon Paper House		403,031	428,031
S Rahaman Trading/Enterprise		4,349,453	4,423,428
S.R.Paper House		103,655	125,655
S.S.G Paper Ltd.		320,169	320,169



	2022 Taka	2021 Taka
Tanvir Enterprise	2,816,850	1,592,734
Transcom Food Ltd	86,172	127,222
Tuba Enterprise	441,844	476,844
Walton Hi-Tech Industries Ltd.	244,385	124,369
Watson Paper Mills Ltd.	105,010	129,510
Yousuf Enterprise	2,491,042	2,616,042
Nuha Enterprise	-	220,229
Other Receivables	95,084,708	83,041,597
	191,863,413	170,159,452

9.01 Suits were filed against Babul Store to realise the outstanding balance amounting to Tk. 41,415,949 vide CR Case No. 172/22 to 182/22, dated on 10 January, 2022 at the court of Chief Metropolitan Magistrate, Chattogram. Now, the suits are under process for framing charge against party at the Metropolitan Session Judge Court. Chattogram.

9.02 Ageing of Trade Receivables:

Below-30 Days	32,616,780	28,927,107
Within 31- 60 Days	51,803,122	45,943,052
Within 61 - 90 Days	32,616,780	28,927,107
Within 90 - 180 Days	30,698,146	27,225,512
Above 180 Days	44,128,585	39,136,674
	191,863,413	170,159,452

9.03 Trade Receivables are occurred in the ordinary course of business.

9.04 Trade Receivables are unsecured but considered good by the management.

9.05 The amount of Tk. 60,074,166 has been collected subsequently from trade receivables till 26 October, 2022.

10.00 ADVANCES, DEPOSITS & PREPAYMENTS:

Advance Against Income Tax (Note: 10.01)	32,788,564	31,112,292
Advance Against Salary & Wages (Note: 10.02)	47,248	291,248
Advance Against Expenditure (Note: 10.03)	13,723,290	72,295,257
Advance Against L/C (Note: 10.04)	37,103,918	49,645,840
Advance Against Purchase (Note: 10.05)	20,000,000	50,178,263
Deposits and Prepayments (Note: 10.06)	10,134,165	10,134,165
	113,797,185	213,657,065

10.01 Advance Against Income Tax

Advance Income Tax Paid	6,296,490	5,869,990
Advance Income Tax - Import	1,531,643	1,371,311
Advance Income Tax - Export	398,386	288,537
Advance Income Tax Deducted at Source	23,373,201	22,558,651
Advance Income Tax Deducted at Source (Dividend Income)	1,184,029	1,018,989
Advance Income Tax Deducted at Source (Bank Deposits)	4,815	4,815
	32,788,564	31,112,292

		2022 Taka	2021 Taka
10.02	<u>Advance Against Salary & Wages</u>	47,248	291,248
10.03	<u>Advance Against Expenditure</u>		
	Advance for Dhaka Office	-	259,700
	Anima Development Limited	7,785,549	7,525,849
	Advance for Machinery Purchase	-	59,825,815
	VAT Current Account	982,000	443,029
	Lanka Bangla Securities Ltd.	649	265,181
	VAT Deducted at Source	-	534,584
	I. T. Deducted at Source	-	33,655
	City Brokerage Ltd.	127,710	1,073
	Bank Gaurantee Margin	628,923	-
	Advances for spares parts and other materials	4,198,459	3,406,372
		13,723,290	72,295,257

10.03.01 This represents advance to Anima Development Limited against purchase of Flat for Dhaka Office which is yet to be registered.

10.03.02 Balance of Advance for Machinery Purchase was transferred to Capital Work In Progress under the Head of Plant and Machinery.

10.04	<u>Advance Against L/C</u>	37,103,918	49,645,840
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10.05	<u>Advance Against Purchase</u>		
	Arif Traders	3,500,000	5,554,130
	Bismillah Enterprise	3,500,000	8,376,959
	Akram & Brothers	-	5,128,945
	M/S Recycle and Waste Paper Suppliers	-	11,740,964
	Munna Enterprise	10,000,000	15,307,325
	Shah Godi Enterprise	3,000,000	4,069,940
		20,000,000	50,178,263

10.06	<u>Deposits</u>		
	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



	2022 Taka	2021 Taka
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
	10,134,165	10,134,165

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	7,235,013	13,278,921
At Dhaka Office	5,000	505,685
At Factory	30,000	1,215,394
	7,270,013	15,000,000

Cash at Banks

Bangladesh Krishi Bank Ltd., Agrabad Branch, CD A/C-2903-0210014807	318,136	29,788
First Security Islami Bank Ltd, Agrabad Branch. STD A/C - 010413100000463	57,574	57,624
Social Islami Bank Ltd, Agrabad Branch, STD Account-41300458	87,399	283,000
Social Islami Bank Ltd, Agrabad Branch-CD A/C - 0041330027978	7,211,742	-
Prime Bank Ltd, Laldighi East Branch, CD A/C -14511090025949 /5816	731,700	147,431
Southeast Bank Ltd, Pahartali Branch,CD A/C-New # 005111100000671	-	17,389
Premier Bank Ltd, Agrabad Branch CD A/C No-010311100015243	73,282	74,294
Premier Bank Ltd, CEPZ Branch CD A/C No-016711100000103	140,001	140,001
Mercantile Bank Ltd, A.K Khan Branch CD A/C No-117511121143947	463,041	4,794
Dhaka Bank Ltd, G.E.C (C.D.A) Branch CD A/C No-201009777	-	5,735
Standard Bank Ltd, Jubilee Road Branch CD A/C No-01233005212	1,315,916	11,446
United Commercial Bank Ltd, Pahartali Branch CD A/C-No 01000000078	311,739	278,198
Eastern Bank Ltd, Agrabad Branch CD A/C No-11071082755	1,109,189	149,451
Pubali Bank Ltd, Pahartali Branch CD A/C No-825901027548	441,066	428,949
Dutch Bangla Bank Ltd. CD A/C No- 1021100040340	74,697	112,212
	12,335,481	1,740,312

Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882	375,816	356,704
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432	473,281	449,176
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	758,457	720,073
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042265	582,716	553,376

	2022 Taka	2021 Taka
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042274	2,366,043	2,247,850
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 29030330045646	223,637	212,338
Fixed Deposit with Social Islami Bank Ltd. FDR # 0045330035138	390,949	-
	24,776,393	21,279,829

(a) Cash balance as on 30.06.2022 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	2022	2021
				Taka	Taka
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882	One Year	Guarantee	6%	375,816	356,704
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	One Year	Guarantee	6%	473,281	449,176
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	One Year	Guarantee	5%	758,457	720,073
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042265	One Year	Guarantee	6%	582,716	553,376
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042274	One Year	Guarantee	6%	2,366,043	2,247,850
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 29030330045646	One Year	Guarantee	6%	223,637	212,338
Fixed Deposit with Social Islami Bank Ltd. FDR # 0045330035138	One Year	Guarantee	9.5%	390,949	-
TOTAL				5,170,899	4,539,517

12.00 SHARE CAPITAL:

12.01 Authorized:

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

2022 Taka	2021 Taka
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.

2022 Taka	2021 Taka
85,000,000	85,000,000

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

2022 Taka	2021 Taka
105,000,000	105,000,000

2022 Taka	2021 Taka
190,000,000	190,000,000



12.03 **The break up of share holdings as on 30 June 2022 is as follows:-**

Description	No. of Shares 30 June, 2022	% of Share Holding 30 June, 2022	No. of Shares 30 June, 2021	% of Share Holding 30 June, 2021
Sponsors & Directors	8,789,330	46.25	8,789,330	46.25
Investment Corporation of Bangladesh	4,500	0.02	4,500	0.02
Bangladesh Development Bank Ltd.	1,000	0.01	1,580,800	8.32
Other Institution and General Public	10,205,170	53.71	8,625,370	45.39
TOTAL	19,000,000	100	19,000,000	100

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

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	2022	2021	2022	2021	2022	2021
Less than 500 Shares	2,022	2,037	405,191	385,695	2.13	2.03
501 to 5000 Shares	1,738	1,531	3,165,783	2,723,355	16.66	14.33
5001 to 10000 Shares	203	185	1,461,646	1,339,800	7.69	7.05
10001 to 20000 Shares	102	77	1,423,930	1,092,576	7.49	5.75
20001 to 30000 Shares	45	21	1,108,780	504,008	5.84	2.65
30001 to 40000 Shares	12	10	427,320	358,051	2.25	1.88
40001 to 50000 Shares	6	5	273,728	221,345	1.44	1.16
50001 to 100,000 Shares	19	10	1,316,486	643,396	6.93	3.39
100001 to 1,000,000 Shares	12	13	5,183,804	5,918,142	27.28	31.15
Over 1,000,000 Shares	3	4	4,233,332	5,813,632	22.28	30.60
Total	4,162	3,893	19,000,000	19,000,000	100	100

12.05 **Market price of Shares:**

The shares are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. and quoted at Tk. 61.04 on 30 June 2022 (Face value Tk. 10.00) and Tk. 67.60 on 30 June 2021 (Face value Tk. 10.00)

13.00 **DIVIDEND EQUALIZATION RESERVE:**

Dividend Equalization Reserve is made-up as follows:

	2022 Taka	2021 Taka
Balance as on 01 July	13,279,866	13,279,866
Less: Dividend declared for the year 2020-2021 approved in the AGM	1,021,087	-
Balance as on 30, June	12,258,779	13,279,866

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.

14.00 REVALUATION RESERVE:

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:

	2022 Taka	2021 Taka
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 30.06.2022 (Note-5.01)	172,748,006	161,732,078
	304,313,513	315,329,441
Less : Adjustments for Deferred Tax @15%	45,647,027	47,299,416
Balance as on 30, June	258,666,486	268,030,025

Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.

- i) Effective date of valuation 18th April, 2011
- ii) Intial reserve of revaluation amount of Tk. 477,061,519

15.00 RETAINED EARNINGS:

Balance as on 01 July	(241,327)	14,135,642
Less: Dividend declared for the year 2020-2021 as approved in the AGM		1,840,134
	(241,327)	12,295,508
Add: Net profit/(loss) after tax	(24,610,668)	(24,306,924)
	(24,851,995)	(12,011,416)
Add: Revaluation Surplus Realized (Note-5.01)	11,015,929	11,770,089
Balance as on 30 June	(13,836,066)	(241,327)

16.00 UNSECURED LOAN:

Mr. Mohammed Abdullah, Ex-Chairman	19,448,060	19,448,060
Mrs. Hosne Ara Begum, Chairman	3,800,000	3,800,000
Mr. Md. Golam Haider, Vice Chairman	7,457,975	5,957,975
Mr. Md. Golam Kibria, Managing Director	13,714,175	5,914,175
Mr. Md. Golam Morshed, Deputy Managing Director	4,707,475	3,207,475
Mr. Md. Golam Mostofa, Director	4,464,830	4,464,830
Mr. Md. Golam Rasul Muktadir, Director	4,707,475	3,207,475
	58,299,990	45,999,990

The above loans from directors are interest free.

17.00 LONG TERM LOAN:

HPSM Commercial Loan	194,077,840	181,607,082
Loan Under Tissue Projects	242,877,139	227,492,477
Bai Muazzal Term loan	36,227,000	36,227,000
Term Loan	11,453,467	12,387,224
	484,635,445	457,713,783



	2022 Taka	2021 Taka
17.01 <u>LONG TERM LOAN- MATURITY ANALYSIS:</u>		
Due within the period- Current Portion	82,826,333	79,033,739
Due after more than the period- Non-Current Portion	401,809,112	378,680,044
	484,635,445	457,713,783

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. 311,622,321 against sanction amount of total long term loan Tk. 481,000,000.

Rate of Interest:

Interest rate is 9% 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 @ 9% 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.
- iv. Personal Guarantee of Directors
- iii. Creation of charge with RJSC.

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	55,287,179	56,025,616
Deferred Tax (Income)/ Expenses for the year -(Note-18.01)	3,542,224	(1,095,571)
Investment in shares (Note-18.02)	(311,361)	357,134
	58,518,042	55,287,179
Add: Deferred Tax for Revaluation Surplus (Note-14.00)	45,647,027	47,299,416
Balance as on 30 June	104,165,069	102,586,595

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 30.06.2022 has been shown at **Note-18.01 & 18.02.**

	2022 Taka	2021 Taka
18.01 Calculation of Deferred Tax Liability		
(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 June	447,598,520	454,632,644
(b) Tax Based Property, Plant and Equipment	187,721,769	210,499,112
(c) Net Taxable Temporary Differences (a-b)	259,876,751	244,133,532
(d) Deferred Tax liability at effective Tax Rate 22.5%	58,472,269	54,930,045
(e) Deferred Tax expenses on Net Taxable Temporary differences	3,542,224	(1,095,571)

Carrying amount of Property, Plant & Equipment represents net written down value of assets as on 30.06.2022

18.02 Investment in Shares		
(a) Carrying Amount of Investment in Shares (Market value) as on 30 June	12,583,410	19,827,757
(b) Tax Based Investment in Shares (Cost Value) as 30 June	12,125,683	16,256,420
(c) Net Taxable Temporary Differences (a-b)	457,727	3,571,337
(d) Deferred Tax liability at effective Tax Rate 10%	45,773	357,134
(e) Deferred Tax expenses on Net Taxable Temporary differences	(311,361)	-

19.00 SHORT TERM LOAN AND OVERDRAFT:

Social Islami Bank Ltd, Agrabad Branch- Bai Muazzal Commercial-(CC)	147,400,383	133,438,201
Social Islami Bank Ltd, Agrabad Branch-CD A/C - 0041330027978	-	630,624
UPAS Loan from Social Islami Bank Ltd.	6,417,478	17,504,170
Mercantile Bank Ltd. A.K Khan Branch-Cash Credit (CC) Hypo A/C:117577521729167	40,786,185	41,735,265
Biam Wes Bills, MBE & LATR Loan from Social Islami Bank Ltd.	13,259,936	3,367,576
National Bank Ltd, Pahartali Branch- CD A/C-005533008427/54103	650,461	1,406,853
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315	896,857	165,677
LATR , Sight LC Loan From Mercantile Bank Ltd.	-	8,166,351
Other Short Term Loan	1,381,795	12,072,550
	210,793,095	218,487,266

19.01 Short Term Browing:

Particulars	Note	30 June, 2022	30 June, 2021
		Taka	Taka
Short term loan and overdraft	19.00	210,793,095	218,487,266
Long term loan-current portion	17.01	82,826,333	79,033,739
TOTAL		293,619,428	297,521,005



- (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 @ 9% and Mercantile Bank Ltd. Loan bears interest @ 9% p.a. respectively
- (f) Land, Building and Machinery has been placed as prime securities against the Loan.
- (g) Personal Guarantee of Directors.

	2022 Taka	2021 Taka
20.00 ACCRUED EXPENSES:		
Audit Fee	410,750	398,250
Directors Remuneration	300,000	400,000
Directors Remuneration (Executive Director)	483,000	-
Electricity Bill-(Factory)	1,375,659	1,422,615
Electricity Bill-(Tissue Unit)	1,539,253	1,256,794
Gas Bill Factory	7,373,848	8,936,985
Gas Bill Factory Canteen	23,346	12,762
Gas Bill (H/O)	1,145	739
Food Allowance (Head Office)	155,329	155,329
Office Rent	725,000	425,000
Overtime	3,405,944	3,137,260
Salary & Allowances (Dhaka Office)	66,250	64,000
Salaries, Wages and Allowances (H/O)	758,002	806,462
Staff Salary & Allowances Factory	815,745	1,584,677
Wages & Allowances	5,135,075	3,951,813
Staff Salary (Sales & Marketing)	2,826,097	2,869,097
Food Allowance (Factory)	29,800	28,590
	25,424,243	25,450,373
21.00 WORKERS PROFIT PARTICIPATION & WELFARE FUND:		
Balance as on 01 July	1,126,585	1,126,585
Add: Provision made during the year	-	-
	1,126,585	1,126,585
Less: Payment made during the year	-	-
	1,126,585	1,126,585
Balance as on 30 June	1,126,585	1,126,585

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 Labor Welfare Foundation, the amount shall be transferred.

	2022 Taka	2021 Taka
22.00 TRADE PAYABLES:		
Abul Khair Steel Melting Ltd.	1,119,802	1,519,802
Azad Engineering Workshop	376,150	527,150
Cartoon Nirman Ltd.	2,109,353	4,038,633
City Lub Oil Industries Ltd.	111,757	131,757
Gentech Energy	139,986	-
Instrumentation Co-operative	-	35,000
International Bearing Center	445,053	1 98,083
Islam & Brothers	115,264	406,286
Khaja Garibe Newaj Five Star Enterprise	2,164	2,149
M/S. Dohar Chemicals	2,490,815	3,472,765
Mamun Hardware Store	1,231,885	1,100,176
Noor Hardware Mart	59,091	59,781
Organic Bangladesh Corporation	134,096	149,000
Raj Bearing	2,650	44,130
S.R Packaging	7,493,974	8,528,720
Sakib Enterprise	145,670	175,670
Say Automation & Engineering	110,000	130,000
Hossain Box Industries	1,113,631	1,248,631
Arman & Brothers	-	80,000
Baizid Newsprint Mills Ltd/ Chittagong Packages Ltd	292,978	371,153
Boiler Techno Crafts Engineering	-	25,000
Khaja Polythene Mart	45,275	36,556
Emu Enterprise	284,370	273,523
Ispahani Marshall Ltd.	-	81,380
RFL Plastic Ltd.	88,985	188,500
Shah Amanat Enterprise	753,435	753,435
Sheto Enterprise	-	3,026,963
Sion Enterprise	26,520	26,450
Taslima Enterprise	154,853	163,345
Unimax Chemicals	855,200	823,950
United Trading Agency	951,812	593,054
Other Payables	2,435,113	17,141,432
	23,089,882	45,352,473



		2022 Taka	2021 Taka
23.00 CURRENT TAX LIABILITIES:			
Balance as on 01 July		15,173,822	12,805,342
Provided during the year:			
Against current year		3,266,179	2,368,479
Against previous year		-	-
		<u>3,266,179</u>	<u>2,368,479</u>
		18,440,000	15,173,821
Adjusted with advance income tax paid		-	-
Balance as on 30 June		<u>18,440,000</u>	<u>15,173,822</u>
23.01 Computation of Provision for Income Tax:			
23.01.1 Net profit before tax		(17,802,266)	(23,034,016)
Less: Other income to be considered separately			
Dividend Income	825,254		740,196
Profit on Sale of Shares	4,029,920		2,507,544
Interest on FDR	399,248		291,495
Commission Income- Insurance Premium	-		87,985
Miscellaneous Income	870,605	6,125,027	1,151,105
		<u>(23,927,293)</u>	<u>(27,812,341)</u>
Add: Accounting depreciation		41,759,627	43,917,634
Add: Inadmissible expenses		17,832,334	16,105,293
Entertainment expenses	352,720		528,498
Miscellaneous expenses	4,750.00	357,470	64,280
		18,189,804	16,698,071
Less: Tax depreciation u/s 29		46,486,917	52,178,614
Business Income/(loss)		<u>(28,297,113)</u>	<u>(35,480,542)</u>
Add: Other income to be considered separately			
Dividend Income	825,254		740,196
Profit on Sale of Shares	4,029,920		2,507,544
Interest on FDR	399,248		291,495
Commission Income- Insurance Premium	-		87,985
Miscellaneous Income	870,605	6,125,027	1,151,105
Total Business Income/(loss)		<u>(22,172,086)</u>	<u>(30,702,218)</u>
23.01.2 Minimum Tax:			
Total receipt against sales		538,238,090	389,968,195
Total receipt against other income		6,125,027	4,778,325
Total		<u>544,363,117</u>	<u>394,746,520</u>
Minimum Tax @ 0.60% on gross receipt of Tk. 544,363,117.		<u>3,266,179</u>	<u>2,368,479</u>

Compared with tax on business income and minimum tax higher one has been made provision for income tax.

	2022 Taka	2021 Taka
24.00 LIABILITIES FOR OTHER FINANCE:		
I.T. Deducted at Source	308,880	-
VAT Deducted at Source	113,235	-
Loan From Farhana Ferdous	25,200,000	16,000,000
Loan From Farhana Tarannum	21,800,000	14,600,000
	47,422,115	30,600,000
25.00 UNCLAIMED DIVIDEND:		
Balance as on 1st July	2,974,152	2,917,528
Add: Dividend declared for the year 2020-2021 approved in the AGM	877,491	1,567,340
	3,851,643	4,484,868
Less: Dividend Paid during the year	841,475	1,510,716
Balance as on 30 June	3,010,168	2,974,152
25.01 Dividend Unclaimed for the years:		
The details of unclaimed dividend as 30 June 2022 are as follows:		
2004-2005 to 2016-2017	2,490,152	2,490,152
2017-2018	305,650	305,650
2018-2019	95,700	95,700
2019-2020	82,650	82,650
2020-2021	36,016	-
	3,010,168	2,974,152
26.00 DIRECTORS CURRENT ACCOUNT:		
Mr. Mohammed Abdullah, Ex-Chairman	20,800,000	20,800,000
Mr. Md. Golam Kibria	10,050,000	6,200,000
Mr. Md. Golam Mostofa	3,500,000	3,000,000
Mr. Md Golam Haider	4,500,000	4,500,000
Mr. Md. Golam Morshed	7,300,000	7,300,000
Mr. Md. Golam Rasul Muktadir	7,250,000	7,250,000
	53,400,000	49,050,000

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.



	2022 Taka	2021 Taka
27.00 REVENUE:		
News Print Paper	272,428,155	170,986,800
M.G.Newsprint	123,811,165	79,700,956
Medium Paper	1,131,379	14,676,803
Tissues Paper	147,553,458	134,126,157
Khata	5,550,398	842,860
	<hr/>	<hr/>
Gross Revenue	550,474,555	400,333,576
Less: Value Added Tax (VAT)	12,236,465	10,365,381
Net Revenue	538,238,090	389,968,195
	<hr/>	<hr/>
28.00 COST OF GOODS SOLD:		
Opening Stock of Raw Materials	85,542,241	53,659,078
Add: Purchase during the year	363,052,523	170,143,633
	<hr/>	<hr/>
	448,594,764	223,802,711
Less: Closing Stock of Raw Materials	60,039,218	85,542,241
Raw Materials Consumed	388,555,546	138,260,470
Add: Factory Overhead:		
Salaries, Wages and Allowances	33,028,057	30,288,705
Overtime -Factory Worker	3,056,609	2,496,741
Food Allowance	336,691	386,109
Labour Charge	9,642	32,000
Carriage Inward	400,515	876,205
Gas Bill (Boiler & Gas Generator)	42,016,598	42,056,394
Electric Bill	35,304,787	29,834,319
Consumable Spare & Store	5,116,765	3,327,808
Packing Material Consumed	6,887,953	2,268,960
Factory Maintenance	7,675,147	9,529,631
Loading Unloading Charge	229,495	83,470
Paper/Tissue/Khata Cutting Exp.	4,389,549	3,546,397
Fuel (Vehicle)	458,317	492,194
Medical & Medicine	243,025	61,583
Gas Generator Upkeep	653,000	76,655
Boiler Upkeep	-	30,000
Insurance Premium (Factory)	-	710,045
Laboratory Expenses	-	9,000
Canteen Expenses-Factory	201,786	142,589
Gas Bill (Factory Canteen)	93,857	103,517
Staff Tea, Tiffin (Factory)	210,905	72,060
Depreciation	41,269,169	43,365,908
	<hr/>	<hr/>
	570,137,413	308,050,760

	2022 Taka	2021 Taka
Add: Opening Work-in-Process	29,341,560	29,225,078
	599,478,973	337,275,838
Less: Closing Work-in-Process	51,618,780	29,341,560
Cost of Production	547,860,193	307,934,278
Add: Opening Stock of Finished Goods	82,598,829	91,650,113
	630,459,022	399,584,391
Less: Closing Stock of Finished Goods	147,219,143	82,598,829
Cost of Goods Sold	483,239,879	316,985,562

29.00 ADMINISTRATIVE EXPENSES:

Managing Director Remuneration	Notes-29.01	670,400	258,500
Executive Director Remuneration		1,190,000	-
Staff Salary & Allowances & Bonus		7,184,397	7,435,504
Office Rent		360,000	375,000
Telephone Bill		668,765	694,392
Entertainment		352,720	528,498
Staff Tea, Tiffin		6,220	12,452
Travelling Expenses		526,525	209,638
Dhaka Office Expenses		101,474	128,268
Canteen Expenses		14,340	7,690
Postage & Courier		31,969	28,878
Forms, Stamp & Legal Documents		2,130	3,645
Fees, Renewal & Subscription		430,148	827,294
Printing & Stationery		92,075	101,734
Gas Bill H/O		8,442	86,150
A. G. M Expenses		225,830	307,838
Board Meeting Attendance Fees		377,500	440,000
B. D. M. Expenses		19,406	2,546
Audit Committee Meeting Attendance Fees		111,000	169,000
NRC Meeting Attendance Fees		-	12,500
B.O Maintenance Fees		900	952
Office Maintenance		647,570	328,925
Intranet Bill (BBTSL)		51,500	58,150
Internet Bill (BBTSL)		62,900	77,650
BRAC Net Limited		2,100	2,100
Audit Fee	Notes-29.02	477,750	427,050
Conveyance		268,472	342,007
Miscellaneous Expenses		4,750	64,280



	2022 Taka	2021 Taka
Legal & Professional Fee	171,610	66,000
Annual Subscription Fee of CDBL	56,000	112,000
Annual Subscription Fee of CSE, DSE	190,000	190,000
Electric Bill- Head Office	205,000	210,000
Electric Bill- Dhaka Office	30,479	26,190
Fuel (Vehicle)	263,484	524,201
Vehicle Upkeep	267,748	570,829
Water Bill- Dhaka Office	-	5,340
Website Expenses	5,836	27,728
Rent, Rates & Taxes	7,640	84,869
Depreciation	490,457	551,726
	15,577,537	15,299,525

29.01 Key Management Personal Compensation:

Short term employee benefits	670,400	258,500
Long term employee benefits	-	-
Post employee benefits	-	-
Termination benefits	-	-
Share-based payments expenses	-	-
TOTAL	670,400	258,500

- (a) The above short term employee benefits includes only remuneration amounting Tk. 670,400 paid to The Managing Director.
- (b) No remuneration is paid to any other director of the board other than meeting attendance fees which has been separately reported.
- (c) No amount was spent by the company for compensating any other member of the Board of Directors for special services rendered.
- (d) In addition to remuneration, Managing Directors avail company vehicles for transportation purposes. These key management personnel are not entitled to any other benefits. No amount is lying as receivable from the directors.

29.02 Audit fees include VAT for the audit of financial statements of the company for the year 2021-2022.

	2022 Taka	2021 Taka
30.00 SELLING & DISTRIBUTION EXPENSES:		
Sales Promotion Expenses	715,939	268,218
Staff Salary	9,478,117	10,357,038
Festival Bonus	235,688	288,473
Conveyance-Tissue	1,584,925	1,191,766
Carriage Outward	13,392,220	13,364,483
C&F Bill-Export	26,992	2,804
Entertainment-Tissue	247,760	-
Advertisement	274,832	205,980
	25,956,473	25,678,762
31.00 FINANCIAL EXPENSES:		
Bank Charges	303,089	562,474
Bank Guarantee Commission	463,290	-
Interest Expenses on Cash Credit	17,753,900	8,569,623
Interest on Short Term Loan	1,396,083	657,260
Interest on Long Term Loan	17,351,684	49,550,071
Loan Processing Fee	101,200	434,198
Foreign currency exchange gain/(loss)	22,248	43,061
	37,391,494	59,816,687
31.01 Foreign currency exchange (gain)/loss:		
Realized foreign currency transaction (gain)/loss	1,815,325	16,119,218
Unrealized foreign currency transaction (gain)/loss	1,793,077	16,076,156
Realized foreign currency exchange loss made during the year	22,248	43,061
32.00 NON-OPERATING INCOME:		
Dividend Income	825,254	740,196
Profit on Sale of Shares	4,029,920	2,507,544
Interest Income	399,248	291,495
Commission Income- Insurance Premium	-	87,985
Miscellaneous Income	870,605	1,151,105
	6,125,027	4,778,325
33.00 DEFERRED TAX EXPENSES:		
(a) Deferred Tax Liability on 30 June	58,829,403	54,930,045
(b) Deferred Tax Liability on 01 July	55,287,179	56,025,616
Deferred Tax Expenses for the year (a-b)	3,542,224	(1,095,571)



	<u>2022</u> Taka	<u>2021</u> Taka
34.00 EARNING PER SHARE:		
Calculation is shown below:		
<u>Net Profit after Tax</u>	(24,610,668)	(24,306,924)
Number of shares outstanding	19,000,000	19,000,000
EPS	(1.30)	(1.28)
35.00 NET ASSET VALUE PER SHARE WITH REVALUATION:		
Calculation is shown below:		
<u>Net Asset with Revaluation</u>	447,546,925	474,282,767
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	23.56	24.96
36.00 NET ASSET VALUE PER SHARE WITHOUT REVALUATION:		
Calculation is shown below:		
<u>Net Asset without Revaluation</u>	188,880,440	206,252,742
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	9.94	10.86
37.00 NET OPERATING CASH FLOW:		
Calculation is shown below:		
<u>Net cash flow from operation</u>	(1,499,752)	3,906,066
Number of shares outstanding	19,000,000	19,000,000
Net operating cash generated by per share	(0.08)	0.21

38.00 Number of Employees:

The total employees of the company as on June 30, 2022 stood at 376 nos. comprising Head Office Staff 45 nos., Factory Sffice Staff 15 nos., Security 05 nos., Driver and Helper 02 nos., Permanent Worker 87 nos. and Temporary Worker 222 nos.

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	376	295

39.00 RISK MANAGERMENTS

International Financial Reporting Standard IFRS-7 Financial Instruments: Disclosures - requires of disclosure of Information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information - the Company's policies for controlling risk and exposures.

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.

- a) **Credit Risk**
- b) **Liquidity Risk**
- c) **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

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

	2022 Taka	2021 Taka
a) Exposure of Credit risk:		
Trade receivables	191,863,413	170,159,452
Advance, Deposit and Prepayments excluding Deposit & Prepayments.	103,663,020	72,295,257
Bank Balances	24,776,393	6,279,829
	320,302,826	248,734,538
b) Ageing of Trade Receivables are as follows:		
Below-30 Days	32,616,780	28,927,107
Within 31-60 Days	51,803,122	45,943,052
Within 61-90 Days	32,616,780	28,927,107
Within 90 - 180 Days	30,698,146	27,225,512
Above 180 Days	44,128,585	39,136,674
	191,863,413	170,159,452

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	58,299,990	-	-	58,299,990
Long Term Loan-non-current portions	401,809,112	82,826,333	-	484,635,445
Short Term Loan & Overdraft	210,793,095	210,793,095	-	210,793,095
Accrued Expenses	25,424,243	25,424,243	-	25,424,243
Workers Profit Participation and Welfare Fund	1,126,585	1,126,585	-	1,126,585
Trade Payables	23,089,882	23,089,882	-	23,089,882
Current Tax Liabilities	18,440,000	18,440,000	-	18,440,000
Liabilities for Other Finance	47,422,115	47,422,115	-	47,422,115
Directors Current Account	53,400,000	53,400,000	-	53,400,000
TOTAL	839,805,022	462,522,253	-	922,631,356

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	2021	2020
Installed Capacity (in M.T)	13,500	13,500
Actual Production (in M.T)	4,914	3,918
% of Capacity Utilization	36%	29%

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

- (i) Break down of boiler as well as generator
- (ii) Break down of Production Machinery
- (iii) Load shading and deficiency of electricity supply
- (iv) Schedule maintenance of running plant etc.
- (v) Utilization of production capacity was increased compared to previous year due to reducing covid virus pandemic, increased market demand etc.

41.00 RELATED PARTY TRANSACTION:

41.01	Name of the Parties	Relationship	Nature of Transactions	Balance as on July 1, 2021	Transaction during the year	Outstanding as on 30 June, 2022
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UNSECURED LOAN:

Mr. Mohammed Abdullah	Ex-Chairman	Loan Received	19,448,060	-	19,448,060
Mrs. Hosne Ara Begum	Chairman	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Vice Chairman	Loan Received	5,957,975	1,500,000	7,457,975
Mr. Md. Golam Kibria	Managing Director	Loan Received	5,914,175	7,800,000	13,714,175
Mr. Md. Golam Morshed	Deputy Managing Director	Loan Received	3,207,475	1,500,000	4,707,475
Mr. Md. Golam Mostofa	Director	Loan Received	4,464,830	-	4,464,830
Mr. Md. Golam Rasul Muktedir	Director	Loan Received	3,207,475	1,500,000	4,707,475

DIRECTORS CURRENT ACCOUNT:

Mr. Mohammed Abdullah	Ex-Chairman	Loan Received	20,800,000	-	20,800,000
Mr. Md. Golam Haider	Vice Chairman	Loan Received	4,500,000	-	4,500,000
Mr. Md. Golam Kibria	Managing Director	Loan Received	6,200,000	3,850,000	10,050,000
Mr. Md. Golam Morshed	Deputy Managing Director	Loan Received	7,300,000	-	7,300,000
Mr. Md. Golam Mostofa	Director	Loan Received	3,000,000	500,000	3,500,000
Mr. Md. Golam Rasul Muktedir	Director	Loan Received	7,250,000	-	7,250,000

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 Labor 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.

No Provision for workers profit participation fund has been made in the Financial Statements, Since the Company made loss during the year.

43.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:

	2022 Taka	2021 Taka
Profit after Provision for Income Tax	(24,610,668)	(24,306,924)
Adjustment to Reconcile Profit before Tax provided by operating activities:		
Add : Depreciation	41,759,627	43,917,634
Add: Provision for Deferred Tax Expenses	3,542,224	(1,095,571)
Add: Financial Expenses	37,391,494	59,816,687
A	58,082,676	78,331,825



	2022 Taka	2021 Taka
<u>Changes in Working Capital</u>		
(Increase)/Decrease in Stock	(51,394,511)	(22,865,815)
(Increase)/Decrease in Trade Receivables	(21,703,961)	(21,414,901)
(Increase)/Decrease in Advance, Deposits & Prepayments	28,745,992	(50,824,247)
Increase/(Decrease) in Accrued Expenses	(26,130)	(613,099)
Increase/(Decrease) in Current portion of Long Term Loan	3,792,594	24,058,441
Increase/(Decrease) in Trade Payables	(22,262,591)	(5,134,617)
Increase/(Decrease) in Current Tax Liabilities	3,266,179	2,368,479
B	(59,582,428)	(74,425,759)
Net cash inflows/(out flows) from operating activities (A+B)	(1,499,752)	3,906,066

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 BDT 402,500 along with imposed VAT has been provided in the accounts as per decision taken in the 25th Annual General Meeting of the Company held on 27 December, 2021.
- 44.05 The compliance audit fee of Tk. 40,250 along with imposed VAT has been provided in the accounts as per decision taken in the 25th Annual General Meeting of the company held on 27 December, 2021.
- 44.06 There was no claim against the company not acknowledged as debt at the reporting date.
- 44.07 No amount of money was spent by the company for compensation to member of the board for special service rendered.

45.00 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 arise from past event but is not recognized 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.

46.00 EVENTS AFTER REPORTING PERIOD:

- 46.01 The Board of Directors in its meeting held on November 03, 2022 and approved the Audited Financial Statements and recommended cash dividend @ 1% only on general shareholders for the year 2021-2022 which is subject to approval of the shareholders in the next AGM. Thus total involvement comes to Taka 1,021,067 which is subject to approval of the shareholders in the next AGM.
- 46.02 Total Number of Sponsor Shares is 8,789,330 out of total 19,000,000 shares of the company. The company declared cash dividend only to the general shareholders from Dividend Equalization Reserve.
- 46.03 Except above, no other significant event had occurred till date of signing the Financial Statements.



Glimpse of
25th
Annual General Meeting 2021



 *Glimpse of*
25th
Annual General Meeting 2021





HAKKANI PULP & PAPER MILLS LTD.

2/10 D. T. Road, North Pahartoli, 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 26th Annual General Meeting of the Company to be held Saturday the 17th December, 2022 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://agmbd.live/hakkani2022> and at any adjournment thereof.

As witness my/our hand _____ this day of _____ 2022 signed by the said in presence of _____



(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 26th Annual General Meeting of the Company to be held on Saturday the 17th December, 2022 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://agmbd.live/hakkani2022>.

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

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