



শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

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Independent Auditor's Report Hakkani Pulp & Paper Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Hakkani Pulp & Paper Mills Limited** which comprise the Statement of Financial Position as at 30 June 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of **Hakkani Pulp & Paper Mills Limited** as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Matter of Emphasis

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

Disclosed in note 38 of the notes to the financial statements, Net Operating Cash Flow per Share (NOCFPS) has increased significantly and stood at **Tk. 0.21** for the year ended on **30 June 2021**, whereas it was **Tk. (0.75)** for the year ended on 30 June 2020. This is due to rearranged of financial Expenses from "Cash Flows from Operating Activities" to Cash Flows from Financial Activities" disclosed in note 4.06.

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

Disclosed in note 35 of the notes to the financial statements, Earnings per Share (EPS) has stood at **Tk. (1.28)** for the year ended on **30 June, 2021** whereas it was **Tk. 0.07** for the year ended on 30 June 2020 due to decrease in sales .

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

While the overall effect on the company's business in the post year relating to the COVID-19 global pandemic still evolving at this point. The company is regularly monitoring the potential future impact on the company's operations.



We have fulfilled the responsibilities described in the Auditors' Responsibilities of 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 risk of material misstatements 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.

Description of key audit matters	Our Response to the key audit matters
<p>1. Impairment of property, plant and equipment.</p> <p>Property, plant and equipment (PPE) represents about 55.38% 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. 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>
<p>2. Trade Receivable.</p> <p>Trade receivable BDT 170,159,452 being about 11.58% of the total assets of the Company is a material item to the financial statements. 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>
<p>3. 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. Impact of COVID-19 on Business:

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

The company has given disclosures in Note No. 4.02 related to the impact of the Covid-19 Pandemic.

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

Other Information

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

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

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

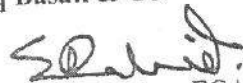
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) The statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Signed for and on behalf of
Shafiq Basak & Co.



Sheikh Zahidul Islam FCA, MBA
Partner

DVC NO: 2111141394AS464376

Place: Chattogram

Dated: November 13, 2021



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position

As at 30 June 2021

Particulars	Note(s)	Amount In BDT	
		30-06-2021	30-06-2020
ASSETS			
Non Current Assets :		828,686,944	861,537,841
Property, Plant and Equipment	05	813,545,328	847,319,717
Capital Work-In-Progress	06	15,141,616	14,218,124
Current Assets:		640,110,861	528,263,577
Investment in Shares	07	19,827,757	15,560,190
Inventories	08	215,186,758	192,320,943
Trade Receivables	09	170,159,452	148,744,551
Advances, Deposits & Prepayments	10	213,657,065	160,053,753
Cash & Cash equivalents	11	21,279,829	11,584,139
TOTAL ASSETS		1,468,797,805	1,389,801,418
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:		474,282,767	490,646,274
Share Capital	12	190,000,000	190,000,000
Dividend Equalization Reserve	13	13,279,866	13,279,866
Revaluation Reserve	14	268,030,025	278,034,601
Fair Value Reserve	7.02	3,214,203	(4,803,835)
Retained Earnings	15	(241,327)	14,135,642
Non Current Liabilities:		527,266,628	479,942,323
Unsecured Loan	16	45,999,990	44,999,990
Long Term Loan-non-current portions	17	378,680,044	329,851,787
Deferred Tax Liability	18	102,586,595	105,090,546
Current Liabilities:		467,248,409	419,212,821
Short Term Loan & Overdraft	19	218,487,266	258,859,442
Accrued Expenses	20	25,450,373	26,063,472
Workers Profit Participation and Welfare Fund	21	1,126,585	1,126,585
Long Term Loan-current Portion	17.01	79,033,739	54,975,298
Trade Payables	22	45,352,473	50,487,090
Current Tax Liabilities	23	15,173,822	12,805,342
Liabilities for Other Finance	24	30,600,000	478,063
Unclaimed Dividend	25	2,974,152	2,917,528
Directors Current Account	26	49,050,000	11,500,000
TOTAL EQUITY & LIABILITIES		1,468,797,805	1,389,801,417
Net Asset Value Per Share(with revaluation)	36	24.96	25.82
Net Asset Value Per Share(without revaluation)	37	10.86	11.19

The accounting policies and annexed notes form an integral part of the 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.

Sheikh Zahidul Islam FCA, MBA

Place: Chattogram

Date: November 13, 2021



NO: 2111141394AS464376

HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

*Rearranged

Particulars	Note(s)	Amount In BDT	
		2020-2021	2019-2020
Revenue	27	389,968,195	473,084,915
Cost of Goods Sold	28	(330,352,850)	(395,732,584)
Gross Profit / (Loss)		59,615,346	77,352,331
Operating Expenses:			
Administrative Expenses	29	(15,299,525)	(15,084,474)
Selling & Distribution Expenses	30	(12,311,475)	(7,740,119)
		(27,611,000)	(22,824,593)
Profit from Operation		32,004,346	54,527,738
Financial Expenses	31	(59,816,687)	(52,070,070)
Non-Operating Income	32	4,778,325	8,983,469
Loss on disposal of PPE	33	-	(169,262)
Net Profit Before WPPF & WWF		(23,034,016)	11,271,875
Contribution to WPPF & Welfare Funds	21.01	-	(536,756)
Net profit before Tax		(23,034,016)	10,735,119
Income Tax Expenses:			
Current Tax	23.01.2	(2,368,479)	(2,892,410)
Deferred Tax	34	1,095,571	(6,422,443)
		(1,272,908)	(9,314,853)
Net profit after Tax for the year		(24,306,924)	1,420,266
Other Comprehensive Income:			
Deferred Tax on Revaluation Reserve		1,765,513	1,886,560
Unrealized Gain/ (Loss) on Investment in Shares	7.02	8,375,172	(6,327,452)
Deferred tax on unrealized gain/(loss)	18.02	(357,134)	-
		9,783,551	(4,440,892)
Total Comprehensive Income		(14,523,373)	(3,020,626)
Earning Per Share - Basic	35	(1.28)	0.07

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


MANAGING DIRECTOR

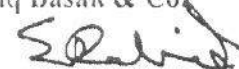

DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.

Signed for and on behalf of

Shafiq Basak & Co



Sheikh Zahidul Islam FCA, MBA
Partner

DVC NO: 2111141394AS464376

Place: Chattogram
Date: November 13, 2021



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Changes in Equity
For the year ended 30 June 2021

Particulars	(Amount in Taka)					
	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 unrealized gain/(loss)	-	-	-	(357,134)	-	(357,134)
Dividend for the period 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
For year ended 30 June 2020						
Balance as at 01 July 2019	190,000,000	15,000,000	288,725,108	1,523,617	138,309	495,387,035
Adjustment of depreciation on carrying amount of revalued assets	-	-	(12,577,067)	-	12,577,067	-
Deferred Tax on Revaluation Surplus	-	-	1,886,560	-	-	1,886,560
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(6,327,452)	-	(6,327,452)
Dividend for the period 2018-2019	-	(1,720,134)	-	-	-	(1,720,134)
Net Profit after Tax for the year	-	-	-	-	1,420,266	1,420,266
Balance as on 30 June 2020	190,000,000	13,279,866	278,034,601	(4,803,835)	14,135,642	490,646,274

[Signature]
MANAGING DIRECTOR

[Signature]
DEPUTY MANAGING DIRECTOR

[Signature]
COMPANY SECRETARY

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

Place: Chattogram
Date: November 13, 2021



HAKKANI PULP & PAPER MILLS LIMITED

Statement of Cash Flows

For the year ended 30 June 2021

	Note(s)	2021 Taka	*Rearranged 2020 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		373,331,619	448,341,735
Payment for Material and Expenses		(368,932,719)	(460,114,810)
Income Tax Paid		(492,834)	(2,412,093)
Net Cash flows from Operating Activities	44	3,906,066	(14,185,168)
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(10,143,245)	(14,350,123)
Disposal of Property Plant & Equipment		-	2,742,864
Capital Work-In-Progress		(923,492)	-
Advanced for Machinery		(2,779,065)	(16,776,095)
Sale of shares		3,834,811	1,351,803
Net cash flows from Investing Activities		(10,010,991)	(27,031,551)
C. Cash flows from Financing Activities:			
Short Term Loan & Overdraft		(40,372,176)	12,720,795
Long Term Loan		48,828,257	82,714,674
Interest Paid		(59,816,687)	(52,070,070)
Unsecured Loan Received		1,000,000	-
Directors Current Account		37,550,000	6,000,000
Liabilities for other finance		30,121,937	(36,170)
Dividend Paid		(1,510,716)	(1,509,663)
Net Cash flows from Financing Activities		15,800,615	47,819,566
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		9,695,690	6,602,845
E. Opening Cash and Bank Balances		11,584,139	4,981,294
Closing Cash and Bank Balances (D+E)		21,279,829	11,584,139
F. Net Operating Cash Flows Per Share	38	0.21	(0.75)

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


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Place: Chattogram
Date: November 13, 2021



HAKKANI PULP & PAPER MILLS LIMITED

Notes to the Financial Statements

For the year ended 30 June 2021

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, IFRS format gives a better presentation to the Shareholders.

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

2.02 Other Regulatory Compliances:

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

The Income Tax Ordinance,1984

The Income Tax Rules , 1984

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

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

The Customs Act, 1969

Bangladesh Labor Act, 2006 as amended in 2013

The Securities and Exchange Ordinance, 1969

The Securities and Exchange Rules, 1987

The Corporate Governance code 2018



2.03 Application of International Accounting Standard (IAS):

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

IAS - 01	Presentation of Financial Statements
IAS - 02	Inventories
IAS - 07	Statement of Cash Flows
IAS - 08	Accounting Policies, Changes In Accounting Estimates and Errors
IAS - 10	Events after the Reporting 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 external users by the company in accordance with identified Financial reporting framework, presentation has been made in compliance with the requirements of IAS-I "Presentation of Financial Statements "

- a. A Statement of Financial Position as at 30 June 2021.
- b. A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2021.
- c. A Statement of changes in equity for the year ended 30 June 2021.
- d. A Statement of Cash flows for the year ended 30 June 2021.
- 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 13 November 2021 Unless otherwise stated, the accounting policies and methods of computation used in preparation of the financial statements as at and for the year ended 30 June 2021 are consistent with those policies and methods adopted in preparing the financial statements as at and for the year ended 30 June 2020.

2.06 Reporting Period:

The financial statements of the Company cover twelve months from 1 July 2020 to 30 June 2021.

2.07 Basis of Measurement :

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

2.08 Going Concern:

The Company have adequate resources to continue operation in foreseeable future (except otherwise stated). For this reason, Management continues to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the Company provide sufficient fund to meet the present requirements of existing business and operations.

2.09 Functional and presentation currency:

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



2.10 Current versus non-current classification

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

An asset is current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when

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

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

2.11 Use of Estimates and Judgments:

In preparing financial statements, management has made 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
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3.00 SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

- (a) Property, plant and equipment
- (b) Capital work-in-progress
- (c) Impairment of assets
- (d) Investment in shares:
- (e) Inventories
- (f) Advances, deposits and prepayments:
- (g) Cash and cash equivalents:
- (h) Employee benefits



- (l) Provisions, contingent liabilities and contingent assets
- (j) Financial income and Financial expenses:
- (k) Borrowing costs
- (l) Taxation
- (m) Revenue recognition
- (n) Earning per share (EPS):
- (o) Foreign Currency Transaction Policy:
- (p) Comparative Information:
- (q) Consistency
- (r) Cash flow statement
- (s) Other Operating income
- (t) Events after the reporting period
- (u) Share Capital
- (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 items 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. Building & 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 cases 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 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

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

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of Value Added Tax (VAT). Gross turnover comprises local sales of News print, M.G news print, 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 year attributable to ordinary shareholders. As there is no preference dividend or extra ordinary items, the net profit/(Loss) after tax for the year has been considered fully attributable to the ordinary share holders.

3.19.02 Basic earning Per share:

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



3.20 Foreign Currency Transaction Policy:

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

3.21 Comparative Information:

Comparative information has been disclosed in respect of 2020 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 year are consistent with those policies and methods adopted in preparing the Financial Statements for the previous year.

3.23 Events after the reporting period:

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

3.24 Share Capital:

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

3.25 Rearrangement of Statement of Cash Flows:

Figures in relation to "Interest paid" has been moved from "Cash flows from Operating Activities" to "Cash flows from Financial Activities" upon complying with paragraph 33 of IAS-7 "Statement of Cash Flows" as it has been identified as cost of obtaining financial resources.

3.26 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. (24,306,924) against previous year profit /(loss) of Tk. 1,420,266. The increase of loss is for less Sales Revenue. The basic Earnings Per Share for the year ended 30 June 2021 is Tk. (1.28) against Tk. 0.07 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 decreased as compared to previous year due to Covid-19 Pandemic. All dealer point, depot point, hotel and restaurant and corporate body was closed for lock down in the whole country during pandemic.

4.03 Cost of Goods Sold:

During the year under review Cost of goods Sold was decreased as compared to the previous year due to closing of production during Covid-19 pandemic. Due to pandemic, the company could not continue its operational activities for lock down in whole country.



4.04 **Financial Expenses :**

The Company's financial expenses was increased as compared to previous year for interest of Tk 7,746,617 on Bai-Muazzal Loan, UPAS Laon, Biam Wes Bills, LATR from 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 significantly due to decreasing of Sale Revenue and Increase of administrative expenses, selling expenses and financial expenses compared to previous year for Covid-19 pandemic. During the year under review, the Company recorded earnings per share (EPS) of Tk. (1.28) against previous year earnings per share (EPS) of Tk. 0.07

4.06 **Cash Flows from operating Activities (NOCFPS):**

The Company's net operating cash flows per share (NOCFPS) was increased as compared to the previous year significantly due to rearranged of financial expenses from "Cash flows from Operating Activities" to "Cash flows from Financial Activities".

5.00 **PROPERTY, PLANT & EQUIPMENT:**

	2021	2020
	<u>Taka</u>	<u>Taka</u>
Balance as on 01 July (including revaluation)	1,265,568,456	1,261,218,332
Add: Addition during the year	10,143,245	14,350,123
Less: Adjustment during the year	-	(10,000,000)
Balance as on 30 June	1,275,711,701	1,265,568,456
Less: Accumulated depreciation	462,166,373	418,248,739
Written down value as on 30 June	813,545,328	847,319,717

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



	2021 Taka	2020 Taka
6.00 CAPITAL WORK-IN-PROGRESS:		
Capital Work-In-Progress	15,141,616	14,218,124
Balance as on 30 June	<u>15,141,616</u>	<u>14,218,124</u>

6.01 Capital Work-In-Progress:

Particulars	Opening Balance	Addition during the Period	Capitalized during the Period	Closing Balance
Building & Other Construction	12,457,624	28,053	-	12,485,677
Plant & Machinery	793,820	773,000	-	1,566,820
Motor Vehicle	25,000	122,439	-	147,439
Electric Installation	941,680	-	-	941,680
Total	14,218,124	923,492	-	15,141,616

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 2021	Market Value as on 30 June 2021	Unrealized gain/ (loss)
Beximco Ltd.	18,925	668,197	1,686,218	1,018,021
Beximco Pharma Ltd.	3,500	138,855	620,550	481,695
Brac Bank Ltd.	12,109	158,299	594,552	436,253
DESCO Ltd.	5,000	238,287	170,500	(67,787)
Dhaka Bank Ltd.	27,240	210,234	375,912	165,678
Exim Bank Ltd.	53,401	1,080,863	608,771	(472,091)
Grameen Phone Ltd.	10,700	3,995,855	3,718,250	(277,605)
Islamic Finance and Invest. Ltd.	58,087	1,779,698	1,289,531	(490,167)
Islami Bank Bangladesh Ltd.	10,570	376,381	300,188	(76,193)
Jamuna Oil Ltd.	2,299	271,136	371,978	100,843
Lafarge Holcim Bangladesh Ltd.	10,000	805,409	583,000	(222,409)
Meghna Petroleum Ltd.	2,402	249,369	436,203	186,834
Mercantile Bank Ltd.	13,062	118,778	189,399	70,621
Mutual Trust Bank Ltd.	19,299	207,749	409,139	201,390
National Bank Ltd.	78,838	902,974	622,820	(280,153)
One Bank Ltd.	35,084	296,251	442,058	145,808
Premier Bank Ltd.	4,675	32,062	57,970	25,908
Rupali Bank Ltd.	34,785	-	1,276,610	1,276,610
Shahjalal Islami Bank Ltd.	38,036	249,341	764,524	515,183
Southeast Bank Ltd.	79,950	819,716	1,151,280	331,564
Square Pharma Ltd.	9,200	1,826,477	1,966,960	140,483
Standard Bank Ltd.	20,920	200,804	186,188	(14,616)
Titas Gas Ltd.	13,250	766,559	463,150	(303,409)
Trust Bank Ltd.	40,902	863,126	1,542,005	678,879
Total	602,234	16,256,420	19,827,757	3,571,337

	2021 Taka	2020 Taka
7.02 Gain/ (Loss) on Investment in Shares:		
Unrealized Gain/ (Loss) Closing	3,571,337	(4,803,835)
Unrealized Gain/ (Loss) Opening	(4,803,835)	1,523,617
Gain/ (Loss) on Investment in Shares during the year	<u>8,375,172</u>	<u>(6,327,452)</u>



	2021 <u>Taka</u>	2020 <u>Taka</u>
8.00 INVENTORIES:		
a) <u>Raw Materials</u>		
Wastage Paper	58,376,882	47,175,327
Chemicals	27,165,359	6,483,751
	85,542,241	53,659,078
b) <u>Finished Goods</u>		
Newsprint Paper	41,333,005	51,186,104
Medium Paper	6,956,797	8,729,159
Khata	4,108,978	4,538,038
Various Tissue Paper	30,200,049	27,196,813
	82,598,829	91,650,113
c) Work-In-Process	29,341,560	29,225,078
d) Consumable Spare & Store	9,707,097	14,824,005
e) Packing Material	7,997,031	2,962,669
Total (a+b+c+d+e)	215,186,758	192,320,943

(a) Value of raw materials, consumables spares parts and packing materials was made at weighted average method.

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

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

(d) Consumable store 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.

	2021	2020 <u>*Rearranged</u>
9.00 TRADE RECEIVABLES:		
A.H. Packaging & Accessories	2,090,472	2,090,472
Alamgir Traders	408,985	-
Chittagong Club Limited	547,711	561,630
Entimate Apparels Ltd	421,639	195,808
F K Packaging Mirshari	166,803	-
Handi Restaurant	189,874	148,420
Health Point Hospital	118,991	86,909
Hotel Zaman	117,799	117,799
M/S. Islam & Sons	200,000	-
Rana Enterprise	581,375	581,375
Royal Packaging	112,182	-
Shohid Enterprise-Tissue	102,655	102,655
Tuba Enterprise (Tissue)	476,844	476,844
Transcom Food Ltd	127,222	808,546
Yousuf Enterprise	2,616,042	-
Babul Store	41,815,949	64,395,867
Dainik Azadi (Shapon chy)	846,202	611,601
Elite Paper House	278,309	283,309
Interna Plastic (Pvt.) Ltd.	780,000	800,000
Modern Biponi	918,493	1,418,493
Sonargaon Paper House	428,031	434,031
Resimax Industries Ltd.	731,480	167,730
S.K Traders	995,759	-
A B Trading	642,120	976,245
ACI Logistics Ltd. (Showpno)	-	1,120,216
Amina Enterprise	120,212	120,211
Amir & Brothers	-	1,214,513



	2021	2020
	Taka	Taka
Arif Enterprise	617,254	617,254
Barcode Restaurant Group	306,570	327,070
Chandpur Paper House	1,539,283	5,580,059
Conpac Trading Ltd.	884,242	-
Eanan Enterprise	-	177,181
Ekota Enterprise-Teknaf	-	198,716
FM Trading	-	668,277
Foisal & Brothers	630,700	636,200
G. N. Enterprise	1,829,332	-
Garibe Newaj Traders (Sales)	666,495	666,495
Glory Tapes & Labels Ltd.	871,745	879,245
Habib Enterprise (Chokaria)	366,612	425,907
JBS Traders	-	403,025
Korotoa Paper Depot.	956,131	1,456,131
M I Trading	-	557,822
M/s Oishi Enterprise	336,350	343,850
Mahbub & Brothers	4,204,560	1,250,689
Mizan Store (Tissue)	2,137,368	2,137,368
Modhumoti Traders	237,649	242,149
MR Traders (Khulna Depo)	-	159,366
Mustafa Paper House	5,998,260	6,388,393
Nuha Enterprise / Three Star	220,229	220,229
Padma Media Center	-	1,305,171
Paperaj Traders	279,096	286,596
Parvin & Zalal Enterprise	-	55,930
Personal Tissue	630,135	633,635
Pran RFL	250,021	250,021
RFM Paper Mills Ltd.	482,373	482,373
RM Trade International	3,805,107	8,902,186
S Rahaman Trading/Enterprise	4,423,428	2,489,621
S.K Enterprise	360,633	320,000
S.R.Paper House	125,655	128,155
S.S.G Paper Ltd.	320,169	185,169
Sagorika Printers	1,405,074	1,705,074
Saif Trade & Supplies	-	71,003
Sajib Enterprise	2,667,276	2,314,554
Sha Jobbariya Enterprise	-	140,165
Shanto Enterprise	190,903	195,903
Siddique Enterprise-Cox's	-	957,479
Sifa/ Shefa Packages	885,000	900,000
Tasbhi & Brothers	-	271,597
Unique Accessories	826,936	826,936
Walton Hi-Tech Industry Ltd.	124,369	129,369
Watson Paper Mills Ltd.	129,510	134,010
Other Receivables	75,615,839	26,011,505
	170,159,452	148,744,551

a) Trade Receivables are occurred in the ordinary course of business.

b) Trade Receivables are unsecured but considered good by the management.

c) The amount of Tk. 62,287,862 has been collected from trade receivables till 27.10.2021. Which represent 36.59% of total trade receivables.



	2021	2020
	Taka	Taka
Ageing of Trade Receivables:		
Below-30 Days	28,927,107	31,236,356
Within 31- 60 Days	45,943,052	46,110,811
Within 61 - 90 Days	28,927,107	29,748,910
Within 90 - 180 Days	27,225,512	26,774,019
Above 180 Days	39,136,674	14,874,455
	170,159,452	148,744,551
10.00 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>		
Advance Against Income Tax (Note: 10.01)	31,112,292	30,619,458
Advance Against Salary & Wages (Note: 10.02)	291,248	138,098
Advance Against Expenditure (Note: 10.03)	72,295,257	110,709,738
Advance Against L/C (Note: 10.04)	49,645,840	8,452,294
Advance Against Purchase (Note: 10.05)	50,178,263	-
Deposits and Prepayments (Note: 10.06)	10,134,165	10,134,165
	213,657,065	160,053,753
10.01 <u>Advance Against Income Tax</u>		
Advance Income Tax Paid	5,869,990	5,469,990
Advance Income Tax - Import	1,371,311	1,278,478
Advance Income Tax - Export	288,537	288,537
Advance Income Tax Deducted at Source	22,558,651	22,558,651
Advance Income Tax Deducted at Source (Dividend Income)	1,018,989	1,018,989
Advance Income Tax Deducted at Source (Bank Deposits)	4,815	4,815
	31,112,292	30,619,458
10.02 <u>Advance Against Salary & Wages</u>		
	291,248	138,098
10.03 <u>Advance Against Expenditure</u>		
Advance Against Purchase	-	172,439
Advance for Dhaka Office	259,700	259,700
Anima Development Limited	7,525,849	7,525,849
Advance for Machinery Purchase	59,825,815	100,311,494
VAT Current Account	443,029	6,193
Lanka Bangla Securities Ltd.	265,181	8,553
VAT Deducted at Source	534,584	-
I. T. Deducted at Source	33,655	-
City Brokerage Ltd.	1,073	4,517
Advances for spares parts and other materials	3,406,372	2,420,994
	72,295,257	110,709,738
10.04 <u>Advance Against L/C</u>		
	49,645,840	8,452,294
10.05 <u>Advance Against Purchase</u>		
Arif Traders	5,554,130	-
Bismillah Enterprise	8,376,959	-
Akram & Brothers	5,128,945	-
M/S Recyle and Waste Paper Suppliers	11,740,964	-
Munna Enterprise	15,307,325	-
Shah Godi Enterprise	4,069,940	-
	50,178,263	-



	2021 <u>Taka</u>	2020 <u>Taka</u>
10.06 Deposits		
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 (Gramcen Phone)	20,000	20,000
Security Deposit (BTCL)	6,000	6,000
Security Deposit (CDBL)	300,000	300,000
Security Deposit- Bank Guarantee Against Gas Generator	257,040	257,040
Security Deposit- Bank Guarantee Against Boiler	1,043,250	1,043,250
Security Deposit Container Purpose	1,110,464	1,110,464
	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	13,278,921	1,184,287
At Dhaka Office	505,685	5,000
At Factory	1,215,394	3,000
	15,000,000	1,192,287

Cash at Banks

Bangladesh Krishi Bank, Agrabad Branch, CD A/C-2903-0210014807	29,788	30,478
Social Islami Bank Ltd, Agrabad Branch-CD A/C - 0041330027978	-	6,211,657
First Security Islami Bank Ltd, Agrabad Branch. STD A/C - 010413100000463	57,624	57,669
Social Islami Bank Ltd, Agrabad Branch, STD Account-41300458	283,000	194,131
National Bank Ltd, Pahartali Branch- CD A/C-005533008427	-	-
AB Bank Ltd. PCR Branch, CD A/C-4127773938000	-	7,308
Prime Bank Ltd, Laldighi East Branch, CD A/C -14511090025949 /5816	147,431	90,896
Southeast Bank Ltd, Pahartali Branch, CD A/C-New # 005111100000671	17,389	18,079
City Bank Ltd, Agrabad Branch CD A/C No 1101497955001	-	5,415
Premier Bank Ltd, Agrabad Branch CD A/C No-010311100015243	74,294	61,633
Premier Bank Ltd, CEPZ Branch CD A/C No-016711100000103	140,001	144,629
NCC Bank Ltd. Panthapath Branch, CD A/C No- 0087-0210003867	-	48,141
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315	-	-
Mercantile Bank Ltd, A.K Khan Branch CD A/C No-117511121143947	4,794	275,000
Dhaka Bank Ltd, G.E.C (C.D.A) Branch CD A/C No-201009777	5,735	7,115
Standard Bank Ltd, Jubilee Road Branch CD A/C No-01233005212	11,446	55,639
United Commercial Bank Ltd, Pahartali Branch CD A/C-No 01000000078	278,198	1,178,360
Modhumoti Bank Ltd, Agrabad Branch CD A/C No-1109 11100000164	-	2,030
Eastern Bank Ltd, Agrabad Branch CD A/C No-11071082755	149,451	23,907
Pubali Bank Ltd, Pahartali Branch CD A/C No-825901027548	428,949	300,010
Dutch Bangla Bank CD A/C No- 1021100040340	112,212	256,292
	1,740,312	8,968,388
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882	356,704	332,746
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432	449,176	419,007
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	720,073	671,710
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042265	553,376	-
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042274	2,247,850	-
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 29030330045646	212,338	-
	21,279,829	11,584,139

11.01



2021
Taka

2020
Taka

(a) Cash balance as on 30.06.2021 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	2021	2020
				TK	TK
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322176882	One Year	Guarantee	6%	356,704	332,746
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541322894432	One Year	Guarantee	6%	449,176	419,007
Fixed Deposit with Mercantile Bank Ltd. FDR # 117541325279666	One Year	Guarantee	5%	720,073	671,710
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042265	One Year	Guarantee	6%	553,376	-
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 2903033042274	One Year	Guarantee	6%	2,247,850	-
Fixed Deposit with Bangladesh Krishi Bank Ltd. FDR # 29030330045646	One Year	Guarantee	6%	212,338	-
Total				4,539,517	1,423,463



	2021 Taka	2020 Taka
12.00 SHARE CAPITAL:		
12.01 Authorized:		
50,000,000 Ordinary shares of Tk. 10.00 each.	<u>500,000,000</u>	<u>500,000,000</u>
12.02 Issued, Subscribed and Paid-up:		
85,00,000 Ordinary shares of Tk. 10.00 each fully paid up in cash.	85,000,000	85,000,000
1,05,00,000 Ordinary shares of Tk. 10.00 each fully paid up other than cash.	105,000,000	105,000,000
	<u>190,000,000</u>	<u>190,000,000</u>

12.03 The break up of share holdings as on 30 June, 2021 is as follows:-

Description	No of shares 30 June 2021	% of shares holding 30 June 2021	No of shares 30 June 2020	% of shares holding 30 June 2020
Sponsors & Directors	8,789,330	46.25	9,799,330	51.56
Investment Corporation of Bangladesh.	4,500	0.02	33,500	0.18
Bangladesh Development Bank Ltd.	1,580,800	8.32	1,580,800	8.32
Other Institution and General Public	8,625,370	45.39	7,586,370	39.93
Total	19,000,000	100.0	19,000,000	100.0

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

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	2021	2020	2021	2020	2021	2020
Less than 500 shares	2,037	1,267	385,695	164,510	2.03	0.87
501 to 5000 Shares	1,531	639	2,723,355	1,173,826	14.33	6.18
5001 to 10000 Shares	185	77	1,339,800	610,787	7.05	3.21
10001 to 20000 Shares	77	58	1,092,576	872,092	5.75	4.59
20001 to 30000 Shares	21	15	504,008	369,329	2.65	1.94
30001 to 40000 Shares	10	10	358,051	349,068	1.88	1.84
40001 to 50000 Shares	5	5	221,345	235,450	1.16	1.24
50001 to 100,000 Shares	10	6	643,396	378,545	3.39	1.99
100001 to 1,000,000 Shares	13	18	5,918,142	7,039,261	31.15	37.05
Over 1,000,000 Shares	4	6	5,813,632	7,807,132	30.60	41.09
Total	3,893	2,101	19,000,000	19,000,000	100.00	100.00

12.05 Market price of Shares:

The shares are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd. and quoted at Tk. 67.60 on 30 June, 2021 (Face value Tk. 10.00) and Tk. 74.00 on 30 June, 2020 (Face value Tk. 10.00)



	2021 <u>Taka</u>	2020 <u>Taka</u>
13.00		
<u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July	13,279,866	15,000,000
Less: Dividend for the year 2018-2019 approved in the AGM	-	(1,720,134)
Balance as on 30 June	<u>13,279,866</u>	<u>13,279,866</u>
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		
<u>REVALUATION RESERVE:</u>		
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 value and the surplus amount of these assets were transferred to Revaluation Reserve Account. Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	227,369,650	227,369,650
	<u>477,061,519</u>	<u>477,061,519</u>
Less: Depreciation on Revalued Assets till 30.06.2021 (Note-5.01)	161,732,078	149,961,988
	<u>315,329,441</u>	<u>327,099,531</u>
Less : Adjustments for Deferred Tax	47,299,416	49,064,930
Balance as on 30 June	<u>268,030,025</u>	<u>278,034,601</u>
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		
<u>RETAINED EARNINGS:</u>		
Balance as on 01 July	14,135,642	138,309
Less: Proposed Dividend for the period 2019-2020 as approved in the AGM	1,840,134	-
	<u>12,295,508</u>	<u>138,309</u>
Add: Net profit/(loss) after tax for the year	(24,306,924)	1,420,266
	<u>(12,011,416)</u>	<u>1,558,575</u>
Add: Revaluation Surplus Realized	11,770,089	12,577,067
Balance as on 30 June	<u>(241,327)</u>	<u>14,135,642</u>
16.00		
<u>UNSECURED LOAN:</u>		
Mr. Mohammad Abdullah, Chairman	19,448,060	18,448,060
Mr. Md. Golam Kibria, Managing Director	5,914,175	5,914,175
Mr. Md. Golam Mostafa, Director	4,464,830	4,464,830
Mrs. Hosne Ara Begum, Director	3,800,000	3,800,000
Mr. Md. Golam Haider, Director	5,957,975	5,957,975
Mr. Md. Golam Morshed, Director	3,207,475	3,207,475
Mr. Md. Golam Rasul Muktadir, Director	3,207,475	3,207,475
	<u>45,999,990</u>	<u>44,999,990</u>
The above loans from directors are interest free.		
17.00		
<u>LONG TERM LOAN:</u>		
HPSM Commercial Loan	181,607,082	3,941,714
Loan Under BMRE of Existing Projects	-	65,157,141
Loan Under Tissue Projects	227,492,477	315,728,230
Bai Muazzal Term loan	36,227,000	-
Term Loan	12,387,224	-
	<u>457,713,783</u>	<u>384,827,085</u>



	2021 <u>Taka</u>	2020 <u>Taka</u>
17.01 <u>LONG TERM LOAN- MATURITY ANALYSIS:</u>		
Due within the period- Current Portion	79,033,739	54,975,298
Due after more than the period- Non-Current Portion	378,680,044	329,851,787
	<u>457,713,783</u>	<u>384,827,085</u>

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. 311,622,320.76 against sanction amount of total long term loan Tk. 481,000,000.00

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.
- iii. Creation of charge with RJSC.
- iv. Personal Guarantee of Directors

Purpose:

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

18.00 **DEFERRED TAX LIABILITY:**

Balance as on 01 July	56,025,616	49,603,173
Deferred Tax (Income)/ Expenses for the period -(Note-18.01)	(1,095,571)	6,422,443
Investment in shares (Note-18.03)	357,134	-
	<u>55,287,178</u>	<u>56,025,616</u>
Add: Deferred Tax for Revaluation Surplus	47,299,416	49,064,930
Balance as on 30 June	<u>102,586,595</u>	<u>105,090,546</u>

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 30.06.2021 has been shown at Note-18.01.

18.01 **Calculation of Deferred Tax Liability**

(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 June	454,632,644	476,636,944
(b) Tax Based Property, Plant and Equipment	210,499,112	252,534,481
(c) Net Taxable Temporary Differences (a-b)	244,133,531	224,102,463
(d) Deferred Tax liability at effective Tax Rate 22.5%	54,930,045	56,025,616
(f) Deferred Tax expenses on Net Taxable Temporary differences @22.5%	(1,095,571)	6,422,443

Carrying amount of Property, Plant & Equipment represents net written down value of assets as on 30.06.2021

18.02 **Investment in Shares**

(a) Carrying Amount of Investment in Shares (Market value) as on 30 June	19,827,757	-
(b) Tax Based Investment in Shares (Cost Value) as 30 June	16,256,420	-
(c) Net Taxable Temporary Differences (a-b)	3,571,337	-
(d) Deferred Tax liability at effective Tax Rate 10%	357,134	-



	2021 <u>Taka</u>	2020 <u>Taka</u>
19.00		
<u>SHORT TERM LOAN AND OVERDRAFT:</u>		
Social Islami Bank Ltd, Agrabad Branch- Bai Muazzal Commercial-(CC)	133,438,201	163,413,698
Social Islami Bank Ltd, Agrabad Branch-CD A/C - 0041330027978	630,624	-
UPAS Loan from Social Islami Bank Ltd.	17,504,170	7,711,090
Mercantile Bank Ltd. A.K Khan Branch-Cash Credit (CC) Hypo	41,735,265	43,982,530
Biam Wes Bills, MBE & LATR Loan from Social Islami Bank Ltd.	3,367,576	4,878,453
National Bank Ltd, Pahartali Branch- CD A/C-005533008427/54103	1,406,853	2,106,487
Islami Bank (BD.) Ltd, Agrabad Branch CD A/C No-20501030100588315	165,677	34,239
UPAS Loan from Mercantile Bank Ltd.	-	8,943,502
LTR , Sight LC Loan From Mercantile Bank Ltd.	8,166,351	11,101,808
Other Short Term Loan	12,072,550	16,687,635
	218,487,266	258,859,442

19.01 **Short Term Browing:**

Particulars	Note	2021	2020
		TK	TK.
Short term loan and overdraft	19.00	218,487,266	258,859,442
Long term loan-current portion	17.01	79,033,739	54,975,298
Total		297,521,005	313,834,740

(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

20.00 **ACCRUED EXPENSES:**

Audit Fee	398,250	224,250
Directors Remuneration	400,000	200,000
Electricity Bill-(Factory)	1,422,615	1,989,311
Electricity Bill-(H/O)	-	2,819
Electricity Bill-(Dhaka Office)	-	12,593
Electricity Bill-(Tissue Unit)	1,256,794	569,778
Gas Bill Factory	8,936,985	15,677,957
Gas Bill Factory Canteen	12,762	11,409
Gas Bill (H/O)	739	31
Food Allowance	155,329	96,128
Mobile Bill	-	31,420
Office Rent	425,000	125,000
Overtime	3,137,260	2,557,891
Salary & Allowances (D/O)	64,000	61,800
Salaries, Wages and Allowances (H/O)	806,462	601,951
Staff Salary & Allowances Factory	1,584,677	281,119
Telephone Bill	-	2,617
Wages & Allowances	3,951,813	2,162,639
Staff Salary (Sales & Marketing)	2,869,097	1,454,759
Incentive Bonus (Factory)	28,590	-
	25,450,373	26,063,472



	2021 <u>Taka</u>	2020 <u>Taka</u>
21.00 <u>WORKERS PROFIT PARTICIPATION & WELFARE FUND:</u>		
Balance as on 01 July	1,126,585	589,829
Add: Provision made during the period	-	536,756
	<u>1,126,585</u>	<u>1,126,585</u>
Less: Payment made during the period	-	-
Balance as on 30 June	<u>1,126,585</u>	<u>1,126,585</u>
21.01 <u>Provision made during the year for WPPF and Welfare Fund:</u>		
Profit before tax and WPPF and Welfare Fund	-	11,271,875
Cash dividend received from investment	-	-
Profit applicable for WPPF and Welfare Fund	-	<u>11,271,875</u>
Contribution to WPPF and Welfare fund at 5%	-	<u>536,756</u>

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.

22.00 <u>TRADE PAYABLES:</u>		
Abul Khair Steel Melting Ltd.	1,519,802	1,519,802
Aramit Cement Ltd.	-	176,660
Azad Engineering Workshop	527,150	782,300
Bismillah Electric and Cables	-	117,008
Bismillah Traders Ashique	-	137,347
Cartoon Nirman Ltd.	4,038,633	1,813,393
City Lub Oil Industries Ltd.	131,757	131,757
Garibe Newaz Traders	-	15,000
Gentech Energy	-	209,986
Instrumentation Co-operative	35,000	40,000
Munna Enterprize	-	4,377,070
International Bearing	198,083	81,905
Islam & Brothers	406,286	136,428
Khaja Garibe Newaj Five Star Enterprise	2,149	2,109
M/s. Dohar Chemicals	3,472,765	3,832,665
Mamun Hardware Store	1,100,176	59,713
Mohsin Enterprise	-	354,470
Noor Hardware Mart	59,781	59,000
Organic Bangladesh Corporation	149,000	153,000
Raj Bearing	44,130	104,130
S.R Packaging	8,528,720	5,636,589
Sakib Enterprise	175,670	15,000,000
Say Automation & Engineering	130,000	162,000
Hossain Box Industries	1,248,631	407,563
Indowater Solution	10	10
Arif Traders	-	1,272,225
Arman & Brothers	80,000	80,000
Baizid Newsprint Mills Ltd/ Chittagong Packages Ltd	371,153	912,305
Boiler Techno Crafts Engineering	25,000	80,000
Khaja Polythene Mart	36,556	1,200
Emu Enterprise	273,523	176,828
Ispahani Marshall Ltd.	81,380	91,380
RFL Plastic Ltd.	188,500	193,100
Shah Amanat Enterprise (Chemical)	753,435	532,685
Sheto Enterprise	3,026,963	3,236,860
Sion Enterprise (Chemical)	26,450	31,150



	2021	2020
	<u>Taka</u>	<u>Taka</u>
Taslina Enterprise	163,345	229,086
Unimax Chemicals	823,950	1,315,500
United Trading Agency	593,054	621,194
S K Trders	-	418,740
Other Payables	17,141,422	5,984,932
	<u>45,352,473</u>	<u>50,487,090</u>
23.00 <u>CURRENT TAX LIABILITIES:</u>		
Balance as on 01 July	12,805,342	9,912,932
Provided during the period:		
Against current year	2,368,479	2,892,410
	<u>2,368,479</u>	<u>2,892,410</u>
Total	15,173,822	12,805,342
Balance as on 30 June	<u>15,173,822</u>	<u>12,805,342</u>
23.01 <u>Computation of Provision for Income Tax:</u>		
23.01.1 Net profit before tax	(23,034,016)	(13,015,102)
Less: Other income to be considered separately		
Dividend Income	740,196	561,211
Profit on Sale of Shares	2,507,544	2,426,804
Interest on FDR	291,495	121,035
Commission Income- Insurance Premium	87,985	87,985
Miscellaneous Income	1,151,105	1,042,799
	<u>(27,812,341)</u>	<u>(17,254,936)</u>
Add: Accounting depreciation	43,917,634	40,762,714
	<u>16,105,293</u>	<u>23,507,779</u>
Add: Inadmissible expenses		
Entertainment expenses	528,498	345,297
Miscellaneous expenses	64,280	16,000
	<u>16,698,071</u>	<u>23,869,076</u>
Less: Tax depreciation u/s 29	52,178,614	37,779,579
Business Income/(Loss)	<u>(35,480,542)</u>	<u>(13,910,503)</u>
Add: Other income to be considered separately		
Dividend Income	740,196	561,211
Profit on Sale of Shares	2,507,544	2,426,804
Interest on FDR	291,495	121,035
Commission Income- Insurance Premium	87,985	87,985
Miscellaneous Income	1,151,105	1,042,799
Total Income/(Loss)	<u>(30,702,218)</u>	<u>(9,670,669)</u>
23.01.2 <u>Minimum Tax:</u>		
Total receipt against sales	389,968,195	473,084,915
Total receipt against other income	4,778,325	8,983,469
Total	<u>394,746,520</u>	<u>482,068,384</u>
Minimum Tax @ 0.60% on gross receipt of Tk. 394,746,520	<u>2,368,479</u>	<u>2,892,410</u>

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



	2021 <u>Taka</u>	2020 <u>Taka</u>
24.00		
<u>LIABILITIES FOR OTHER FINANCE:</u>		
I.T. Deducted at Source	-	438,077
VAT Deducted at Source	-	39,986
Loan From Farhana Ferdous	16,000,000	-
Loan From Farhana Tarannum	14,600,000	-
	30,600,000	478,063

25.00		
<u>UNCLAIMED DIVIDEND:</u>		
Balance as on 1st July	2,917,528	2,899,731
Add: Proposed Dividend for the year 2019-2020 approved in the AGM	1,567,340	1,453,415
	4,484,868	4,353,146
Less: Dividend Paid	1,510,716	1,435,618
Balance as on 30 June	2,974,152	2,917,528

25.01 **Summary of Unclaimed Dividend:**

The dividend declared at the annual general meeting is required to be paid within 30 days from the date of approval of the said dividend. Accordingly, the dividend amount is transferred to the shareholder's account through BFTN system within 30 days from the dated of approval of dividend. The company transfers the dividend amount to an unclaimed dividend account when the amount returns from the shareholders bank account due to invalid account, account frozen, unable to locate account, no accounts numbers are available etc.

The company send the dividend amount to its shareholders through " Dividend Warrant" by post (Registered Ad) those who are holding paper format shares. The company transfers the dividend amount to an unclaimed dividend account when the dividend warrant returns due to wrong address of shareholders. Any amount lying in the said account is termed as unclaimed dividend amount.

The details of unclaimed dividend as 30 June 2021 are as follows:

S.N.	Financial Year	Rate of Dividend Declared	Date of Approval of Dividend	Unclaimed Dividend as on 30 June 2021	Unclaimed Dividend as % of total dividend payable
01	2004-2005	5% on Public Shares	18/12/2005	37,000	0.93%
02	2005-2206	8% on Public Shares	24/12/2006	165,440	1.39%
		5% on Sponsors			
03	2006-2007	8% on Public Shares	13/12/2007	203,428	1.56%
		6% on Sponsors			
04	2007-2008	8% All Shareholders	21/12/2008	188,652	1.24%
05	2008-2009	10% All Shareholders	13/12/2009	269,078	1.42%
06	2009-2010	5% All Shareholders	15/12/2010	153,825	1.62%
07	2010-2011	5% All Shareholders	17/12/2011	254,350	2.68%
08	2011-2012	5% All Shareholders	29/12/2012	206,138	2.17%
09	2012-2013	5% All Shareholders	30/12/2013	231,120	2.43%
10	2013-2014	5% on Public Shares	7/12/2014	182,493	2.49%
		3% on Sponsors			
11	2014-2015	5% All Shareholders	6/12/2015	300,600	3.16%
12	2015-2016	5% on Public Shares	4/12/2016	298,029	7.35%
13	2016-2017	0%	24/12/2017	-	-
14	2017-2018	3% All Shareholders	27/12/2018	305,650	5.36%
15	2018-2019	2% on Public Shares	26/12/2019	95,700	5.56%
16	2019-2020	2% on Public Shares	29/12/2020	82,650	4.49%
Total Unclaimed Dividend Amount				2,974,152	

The company has circulated a notice to the shareholders regarding transfer of unclaimed dividend amount to the Capital Market Stabilization Fund (CMSF) as per directive of BSEC No-BSEC/CMRRC/2021-391/20/Admin/121 Dated 1st June 2021. As per circular published on the daily news paper, the last date of application for dividend was 31st August 2021. The dividend amount has already been paid those who has submitted the application for dividend amount as per circular.

26.00 **DIRECTORS CURRENT ACCOUNT:**

Mr. Mohammad Abdullah, Chairman	20,800.000	6,000,000.00
Mr. Md. Golam Kibria	6,200.000	-
Mr. Md. Golam Mostafa	3,000.000	2,750.000
Mr. Md Golam Haider	4,500.000	-
Mr. Md. Golam Murshed	7,300.000	-
Mr. Md. Golam Rasul Muktedir	7,250.000	2,750.000
	49,050,000	11,500,000

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



	<u>2021</u> <u>Taka</u>	<u>2020</u> <u>Taka</u>
27.00 REVENUE:		
News Print Paper	170,986,800	305,519,266
M.G. Newsprint	79,700,956	71,260,879
Medium Paper	14,676,803	1,394,099
Tissues Paper	134,126,157	104,926,124
Khata	842,860	-
Gross Revenue	400,333,576	483,100,368
Less: Value Added Tax (VAT)	10,365,381	10,015,453
Net Revenue	389,968,195	473,084,915
28.00 COST OF SALES:		
Opening Stock of Raw Materials	53,659,078	40,784,052
Add: Purchase during the period	170,143,633	253,821,494
	223,802,711	294,605,546
Less: Closing Stock of Raw Materials	85,542,241	53,659,078
Raw Materials Consumed	138,260,470	240,946,468
Add: Factory overhead:		
Salaries, Wages and Allowances	30,288,705	32,989,149
Overtime -Factory Worker	2,496,741	3,246,774
Food Allowance- Factory Staff	386,109	441,595
Labor Charge	32,000	50,847
Carriage Inward	876,205	796,365
Gas Bill (Boiler & Gas Generator)	42,056,394	29,303,376
Electric Bill	29,834,319	53,166,716
Consumable Spare & Store	3,327,808	3,996,136
Packing Material Consumed	2,268,960	-
Factory Maintenance	9,529,631	5,684,801
Loading Unloading Charge	13,447,953	16,125,973
Paper/Tissue/Khata Cutting Exp.	3,546,397	3,921,709
Fuel (Generator)	-	758,160
Fuel (Machine)	-	616,265
Fuel (Vehicle)	492,194	504,186
Medical & Medicine	61,583	102,746
Gas Generator Upkeep	76,655	133,529
Boiler Upkeep	30,000	10,000
Insurance Premium (Factory)	710,045	1,137,021
Laboratory Expenses	9,000	-
Canteen Expenses-Factory	142,589	104,874
Gas Bill (Factory Canteen)	103,517	83,286
Staff Tea, Tiffin (Factory)	72,060	-
Export Related Expenses	2,804	-
Depreciation	43,365,908	45,977,628
	321,418,048	440,097,604
Add: Opening Work-in-Process	29,225,078	12,964,838
	350,643,126	453,062,442
Less: Closing Work-in-Process	29,341,560	29,225,078
Cost of Production	321,301,566	423,837,364
Add: Opening Stock of Finished Goods	91,650,113	63,545,333
	412,951,679	487,382,697
Less: Closing Stock of Finished Goods	82,598,829	91,650,113
Cost of Goods Sold	330,352,850	395,732,584



	<u>2021</u>	<u>2020</u>
	<u>Taka</u>	<u>Taka</u>
29.00 ADMINISTRATIVE EXPENSES:		
Managing Director Remuneration	258,500	615,300
Staff Salary & Allowances & Bonus	7,435,504	7,234,562
Office Rent	375,000	340,000
Telephone Bill	694,392	458,527
Entertainment	528,498	395,597
Staff Tea, Tiffin	12,452	19,870
Travelling Expenses	209,638	354,211
Dhaka Office Expenses	128,268	30,005
Canteen Expenses	7,690	5,520
Postage & Courier	28,878	137,690
Forms, Stamp & Legal Documents	3,645	13,898
Fees, Renewal & Subscription	827,294	446,464
Printing & Stationery	101,734	86,701
Gas Bill H/O	86,150	6,865
Board Meeting Attendance Fees	440,000	329,100
Audit Committee Meeting Attendance Fees	169,000	83,000
NRC Meeting Attendance Fees	12,500	-
Board Meeting Expenses	2,546	22,328
B.O Maintenance Fees	952	2,768
Office Maintenance	328,925	395,884
Telephone, Fax, E-mail	-	500
Intranet Bill (BBTSL)	58,150	71,550
Internet Bill (BBTSL)	77,650	77,000
BRAC Net Limited	2,100	-
Audit Fee	427,050	224,250
Conveyance	342,007	1,130,154
Miscellaneous Expenses	64,280	3,000
Legal & Professional Fee	66,000	45,000
AGM Expenses	307,838	249,825
Annual Subscription Fee of CSE, DSE	190,000	-
Annual Subscription Fee of CDBL	112,000	-
Electric Bill- Head Office	210,000	280,000
Electric Bill- Dhaka Office	26,190	-
Fuel (Vehicle)	524,201	872,632
Vehicle Upkeep	570,829	454,003
Insurance Premium	-	23,197
Water Bill- Dhaka Office	5,340	-
Website Expenses	27,728	2,000
Rent, Rates, Taxes	84,869	37,650
Depreciation	551,726	635,423
	15,299,525	15,084,474

Notes-29.01

29.01 Audit fees include VAT for the audit of financial statements of the company for the year 2020-2021.

29.02 **Key Management Personal Compensation:**

Short term employee benefits	258,500	615,300
Long term employee benefits	-	-
Post employee benefits	-	-
Termination benefits	-	-
Share -based payments expenses	-	-
Total	258,500	615,300

(a) The above short term employee benefits includes only remuneration amounting Tk. 258,500 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.



	<u>2021</u> <u>Taka</u>	<u>2020</u> <u>Taka</u>
30.00 <u>SELLING & DISTRIBUTION EXPENSES:</u>		
Sales Promotion Expenses	268,218	61,068
Staff Salary (Sales & Marketing)	10,357,038	7,493,263
Festival Bonus (Sales & Marketing)	288,473	-
Conveyance-Tissue	1,191,766	-
Sales discount	-	-
Advertisement	205,980	185,788
	<u>12,311,475</u>	<u>7,740,119</u>
31.00 <u>FINANCIAL EXPENSES:</u>		
Bank Charges	562,474	418,440
Interest Expenses on Cash Credit	8,569,623	1,920,929
Interest on Short Term Loan	657,260	19,620,850
Interest on Long Term Loan	49,550,071	30,022,511
Loan Processing Fee	434,198	-
Foreign currency exchange gain/(loss) Note-31.01	43,061	87,341
	<u>59,816,687</u>	<u>52,070,070</u>
31.01 <u>Foreign currency exchange (gain)/loss:</u>		
Realized foreign currency transaction (gain)/loss	16,119,218	15,981,382
Unrealized foreign currency transaction (gain)/loss	16,076,156	15,894,041
Realized foreign currency exchange loss made during the year	<u>43,061</u>	<u>87,341</u>
32.00 <u>NON-OPERATING INCOME:</u>		
Dividend Income	740,196	931,533
Profit on Sale of Shares	2,507,544	456,673
Interest on FDR	291,495	105,180
Commission Income Insurance premium	87,985	-
Miscellaneous Income	1,151,105	7,490,083
	<u>4,778,325</u>	<u>8,983,469</u>
33.00 <u>DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT</u>		
Gas Generator at cost	-	10,000,000
Accumulated depreciation	-	(7,087,874)
Written down value at the time of disposal	-	<u>2,912,126</u>
Insurance claimed receipt	-	(2,742,864)
Loss on disposal	-	<u>169,262</u>
34.00 <u>DEFERRED TAX EXPENSES:</u>		
(a) Deferred Tax Liability on 30 June	54,930,045	56,025,616
(b) Deferred Tax Liability on 01 July	56,025,616	49,603,173
Deferred Tax Expenses for the year (a-b)	<u>(1,095,571)</u>	<u>6,422,443</u>
35.00 <u>EARNING PER SHARE:</u>		
Calculation is shown below:		
<u>Net Profit after tax</u>	(24,306,924)	1,420,266
Number of shares outstanding	19,000,000	19,000,000
EPS	(1.28)	0.07
36.00 <u>NET ASSET VALUE PER SHARE WITH REVALUATION:</u>		
Calculation is shown below:		
<u>Net Asset with Revaluation</u>	474,282,767	490,646,274
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	24.96	25.82
37.00 <u>NET ASSET VALUE PER SHARE WITHOUT REVALUATION:</u>		
Calculation is shown below:		
<u>Net Asset without revaluation</u>	206,252,742	212,611,673
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	10.86	11.19



	<u>2021</u> <u>Taka</u>	<u>2020</u> <u>Taka</u>
38.00 NET OPERATING CASH FLOW:		
Calculation is shown below:		
Net cash flow from operation	3,906,066	(14,185,168)
Number of shares outstanding	19,000,000	19,000,000
Net operating cash generated by per share	0.21	(0.75)

39.00 Number of Employees:

The total employees of the company as on June 30, 2021 stood at 295 nos comprising Head office staff 48 nos, Factory office staff 11 nos, Security 03 nos, Driver And helper 04 nos, Permanent worker 51 nos and Temporary worker 178 nos.

Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	295	158

40.00 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

40.01 a) Credit Risk:

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

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

a) Exposure of Credit risk:

Trade receivables	170,208,902	148,744,552
Advance, Deposit and Prepayments excluding Deposit & Prepayments.	72,278,281	110,709,738
Bank Balances	3,266,265	10,391,852
	245,753,448	269,846,141

b) Ageing of Trade Receivables are as follows:

Below-30 Days	35,743,869	31,236,356
Within 31-60 Days	52,764,759	46,110,811
Within 61-90 Days	34,041,780	29,748,910
Within 90 - 180 Days	30,637,602	26,774,019
Above 180 Days	17,020,890	14,874,455
	170,208,902	148,744,551

40.02 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.



2021
Taka

2020
Taka

40.02.01 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	45,999,990	-	-	45,999,990
Long Term Loan-non-current portions	378,680,044	79,033,739	-	457,713,783
Short Term Loan & Overdraft	218,487,266	218,487,266	-	218,487,266
Accrued Expenses	25,450,373	25,450,373	-	25,450,373
Workers Profit Participation and Welfare Fund	1,126,585	1,126,585	-	1,126,585
Trade Payables	45,352,473	45,352,473	-	45,352,473
Current Tax Liabilities	15,173,822	15,173,822	-	15,173,822
Liabilities for Other Finance	30,600,000	30,600,000	-	30,600,000
Directors Current Account	49,050,000	49,050,000	-	49,050,000
Total	809,920,552	464,274,257	-	888,954,291

40.03 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.

40.04 Pandemic Risk:

After being hit by 2nd wave of COVID-19 pandemic, all the schools, colleges and universities have stopped and offices work slowed down. With schools, colleges and universities shut, and government and private offices running on a limited scale in the midst of the deadly corona virus pandemic, people are mostly working from home online. The demand for paper and tissues has gone down. So both production, as well as sales, are facing fall. Besides, raw materials of paper are imported from abroad and because of this pandemic situation all the imports are hampered and most of the companies could not release the raw materials that reached in the port during lockdown. Thus, not only the company but also the industry as a whole is exposed to all the risks created by this pandemic.

41.00 CAPACITY UTILIZATION:

Particulars	2021	2020
Installed Capacity (in M.T) p.a	13,500	13,500
Actual Production (in M.T) p.a	3,918	5,175
% of Capacity Utilization p.a	29.03%	38.33%

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

- (i) Covid-19 Pandemic
- (ii) Shut down of boiler as well as generator for annual maintenance
- (iii) Shut down of generator for maintenance of turbo charger
- (iv) Schedule maintenance of running plant etc.



2021
Taka

2020
Taka

42.00 **RELATED PARTY TRANSACTION:**

42.01	Name of the Parties	Relationship	Nature of Transactions	Balance as on July 1 2020	Transaction during the year	Balance as on June 30 2021
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UNSECURED LOAN:

Mr. Mohammad Abdullah	Chairman	Loan Received	18,448,060	(1,000,000)	19,448,060
Mr. Md. Golam Kibria	Managing Director	Loan Received	5,914,175	-	5,914,175
Mr. Md. Golam Mostofa	Director	Loan Received	4,464,830	-	4,464,830
Mrs. Hosne Ara Begum	Director	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Director	Loan Received	5,957,975	-	5,957,975
Mr. Md. Golam Morshed	Director	Loan Received	3,207,475	-	3,207,475
Mr. Md. Golam Rasul Muktadir	Director	Loan Received	3,207,475	-	3,207,475

DIRECTORS CURRENT ACCOUNT:

Mr. Mohammad Abdullah	Chairman	Loan Received	6,000,000	(14,800,000)	20,800,000
Mr. Md. Golam Kibria	Managing Director	Loan Received	-	(6,200,000)	6,200,000
Mr. Md. Golam Mostafa	Director	Loan Received	2,750,000	(250,000)	3,000,000
Mr. Md Golam Haider	Director	Loan Received	-	(4,500,000)	4,500,000
Mr. Md. Golam Murshed	Director	Loan Received	-	(7,300,000)	7,300,000
Mr. Md. Golam Rasul Muktadir	Director	Loan Received	2,750,000	(4,500,000)	7,250,000

43.00 **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.



	<u>2021</u> <u>Taka</u>	<u>2020</u> <u>Taka</u>
44.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:		*Rearranged
Profit after Provision for Income Tax	(24,306,924)	1,420,266
Adjustment to Reconcile Profit before Tax provided by operating activities:		
Add : Depreciation	43,917,634	46,613,051
Add: Provision for Deferred Tax Expenses	(1,095,571)	6,422,443
Add: (Gain)/ Loss on disposal PPE	-	169,262
Add: Financial Expenses	59,816,687	52,070,070
A	78,331,825	106,695,092
Changes in Working Capital		
(Increase)/Decrease in Stock	(22,865,815)	(55,062,485)
(Increase)/Decrease in Trade Receivables	(21,414,901)	(33,726,649)
(Increase)/Decrease in Advance, Deposits & Prepayments	(50,824,247)	(2,449,653)
Increase/(Decrease) in Accrued Expenses	(613,099)	6,208,557
Increase/(Decrease) in Current portion of Long Term Loan	24,058,441	(40,453,286)
Increase/(Decrease) in Trade Payables	(5,134,617)	1,174,090
Increase/(Decrease) in Current Tax Liabilities	2,368,479	2,892,410
Increase/(Decrease) in Workers Profit Participation Fund	-	536,756
B	(74,425,759)	(120,880,260)
*Rearranged Net cash inflows/(out flows) from operating activities (A+B)	3,906,066	(14,185,168)

45.00 OTHER RELEVANT INFORMATION:

- 45.01 During the year 5 (Five) Board Meetings were held.
- 45.02 During the year 5 (Five) Audit Committee Meetings were held.
- 45.03 During the year 1 (One) Nomination and Remuneration Committee (NRC) Meetings was held.
- 45.04 The audit fee of Tk. 350,000 along with imposed VAT has been provided in the accounts as per decision taken in the 24th Annual General Meeting of the Company held on 29 December 2020.
- 45.05 The Compliance audit fee of Tk. 35,000 along with imposed VAT has been provided in the accounts as per decision taken in the 24th Annual General Meeting of the Company held on 29 December 2020.
- 45.06 There was no claim against the company not acknowledged as debt at the reporting date.
- 45.07 No amount of money was spent by the company for compensation to member of the board for special service rendered.

46.00 CONTINGENT LIABILITIES:

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

A person obligation that 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;
- 2) the amount of the obligation can not be measured with sufficient reliability .

47.00 EVENTS AFTER REPORTING PERIOD:

- 47.01 The Board of Directors in its meeting held on November 13, 2021 approved the Audited Financial Statements and recommended dividend @..... (XXX Percent) only on general shareholders for the year 2020-2021 which is subject to approval of the shareholders in the next AGM. Thus total involvement comes to taka (XXXX) which is subject to approval of the shareholders in the next AGM
- 47.02 Except above, no other significant event had occurred till date of signing the Financial Statements.

