



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Fellow Shareholder(s),

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

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

01. Economic Scenario of Bangladesh:

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

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

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

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

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

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

03. The Segment wise or product wise Performances:

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

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

Detailed product wise performance is as follows:

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

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

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

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

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



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

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

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

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

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

07. Discussion on Related Party Transaction:

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

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

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

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

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

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

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

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

11. Remuneration paid to the Directors including Independent Directors:

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

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

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

- a) The Financial Statements prepared by the management of the Company presented fairly its state of affairs, the result of its operations, cash flows and change in equity.
- b) Proper books of account of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure therefrom has been adequately disclosed.

13. System of Internal Control:

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

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

14. Protection of Minority Shareholders' Interest:

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



15. Ability to Continue as a Going Concern:

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

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

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

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

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

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

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

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

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

18. Dividend:

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

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

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

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

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

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



20. Shareholding Information:

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

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

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

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

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

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

22. Independent Director:

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

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

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

- **Appointment of Independent Director:**

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

23. Credit Rating:

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

Long Term Rating	Short Term Rating
BBB1	ST-3

24. Management's Discussion and Analysis:

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

25. Audit Committee:

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

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

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

26. Nomination & Remuneration Committee:

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

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

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

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

27. Statuary Auditors:

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



28. Appointment of Compliance Auditors:

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

29. Reporting and Compliance of Corporate Governance:

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

30. Explanation of Auditors Observation on the Financial Statements:

Auditors Observation-01:

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

Clarification:

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

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

Auditors Observation-02:

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

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

Clarification:

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

Auditors Observation-03:

Significant Deviation in Earnings per Share (EPS):

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

Clarification:

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

31. Subsequent Events:

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

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

- The statement that the Financial Statements prepared by the management of the company present fairly its state of affairs;
- The statement that proper books of account of the issuer company have been maintained;
- The statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
- The statement that IAS or IFRS, as applicable in Bangladesh, have been followed in preparation of the FY and any departure there from has been adequately disclosed;
- The statement that the system of internal control is sound in design and has been effectively implemented and monitored;
- The statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- The statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;
- The statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;
- An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;
- No bonus shares or stock dividend has been or shall be declared as interim dividend;

33. Acknowledgements:

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

Allah Hafiz.

Thank you very much.

On behalf of Board of Directors.

হোসনে আরা বেগম

Hosne Ara Begum

Chairman