

PRIVATE & CONFIDENTIAL

HAKKANI PULP & PAPER MILLS LIMITED
INDEPENDENT AUDITOR'S REPORT AND AUDITED
FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 30 JUNE 2023

SHAFIQ BASAK & CO.
CHARTERED ACCOUNTANTS

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শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

CHARTERED ACCOUNTANTS

Partners:

Md. Shafiqul Islam, FCA
Sampad Kumar Basak, FCA
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Independent Auditor's Report
To the Shareholders of
Hakkani Pulp & Paper Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Hakkani Pulp & Paper Mills Limited** ("the Company"), which comprise The Statement of Financial Position as at June 30, 2023 and The Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at June 30, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Company Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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' (IESBAs) Code of Ethics for Professional Accountants, together with ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Revenue Recognition	
Revenue of BDT 1,085,427,111 is recognised in the statement of profit or loss and other comprehensive income for the year ended June 30, 2023 by the Company. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, and recording considering the application of revenue recognition, International Financial Reporting Standard 15 "Revenue from Contracts with Customers".	In light of the fact that the high degree of complexity and estimates and assumptions give rise to and increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Furthermore, in order to mitigate the inherent risk in this audit area, our audit approach included testing of the controls and substantive audit procedures, including: <ul style="list-style-type: none"> Assessing the environment of the measurement as well as other relevant



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<p>There is also a risk that revenue may be overstated due to wrong recognition.</p>	<p>systems supporting the accounting of revenue.</p> <ul style="list-style-type: none"> • Assessing controls for systems and procedures supporting revenue recognition. • Assessing the invoicing and measurement system up to entries in the general ledger. • Examining customer invoices and receipts of payment on a test basis in accordance with contract. We also examined bank deposit, and reconciled those deposits with accounts receivable to ascertain fairness of revenue so disclosed. • Testing the revenue recognition in line with contract and reporting standard. <p>We assured ourselves of the appropriateness of the systems, Processes, and Controls in place.</p>
<p>See note 27 to the financial statements.</p>	
<p>Inventories</p>	
<p>The company had inventory of BDT 320,603,684 as at June 30, 2023, held in factory. This material item is subject to considerable inherent risk due to the complexity of the system necessary for proper recognition, measurement, valuation and recording considering the application of IAS-2 "Inventories".</p> <p>Inventories can be over or undervalued due to valuation.</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> ▪ Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of distribution centers, warehouses and branches; ▪ Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; ▪ Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete; ▪ Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete inventories are valid and complete. ▪ Checking the cost of Raw materials purchase and valuation method applied for raw materials and work in process.
<p>See note 8.00 to the financial statements</p>	

Other Information included in the Company's 2023 Annual Report

Other information consists of the information included in the Company's 2022-23 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual Report is expected to be made available to us after the date of issue of this auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not and will 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. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Company Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Company Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- d) The expenditure incurred was for the purposes of the company business.

Place, Dhaka
November 5, 2023




Md. Shafiqul Islam FCA
Enrolment # 595
Partner
Shafiq Basak & Co.
Chartered Accountants
DVC: 2311050595AS694948

HAKKANI PULP & PAPER MILLS LIMITED

Statement of Financial Position

As at 30 June 2023

	Note(s)	30 June 2023 Taka	30 June 2022 Taka
ASSETS			
Non Current Assets :			
Property, Plant and Equipment	5	861,182,096	867,751,848
Capital Work-In-Progress	6	788,925,523	795,495,275
		72,256,573	72,256,573
Current Assets:			
Investment in Shares	7	663,371,090	609,601,670
Inventories	8	12,214,729	12,583,410
Trade Receivables	9	320,603,684	266,581,269
Advances, Deposits & Prepayments	10	185,906,649	191,863,413
Cash & Cash equivalents	11	122,236,614	113,797,185
		22,409,414	24,776,393
TOTAL ASSETS		1,524,553,186	1,477,353,518
SHARE HOLDERS EQUITY & LIABILITIES			
Shareholders Equity:			
Share Capital	12	464,607,789	447,546,925
Dividend Equalization Reserve	13	190,000,000	190,000,000
Revaluation Reserve	14	11,237,712	12,258,779
Fair Value Reserve	7.01	249,902,074	258,666,486
Retained Earnings	15	80,141	457,727
		13,387,862	(13,836,066)
Non Current Liabilities:			
Unsecured Loan	16	558,112,113	564,274,171
Long Term Loan Non Current Portion	17	57,699,990	58,299,990
Deferred Tax Liability	18	406,011,140	401,809,112
		94,400,983	104,165,069
Current Liabilities:			
Short Term Loan & Overdraft	19	501,833,284	465,532,422
Liability for Expenses	20	216,354,265	210,793,095
Workers Profit Participation and Welfare Fund	21	36,683,431	25,424,243
Long Term Loan-Current Portion	17.01	1,915,255	1,126,585
Trade Payables	22	82,931,334	82,826,333
Current Tax Liabilities	23	29,936,889	23,089,882
Liabilities for Other Finance	24	25,481,102	18,440,000
Unclaimed Dividend	25	52,048,815	47,422,115
Directors Current Account	26	3,082,193	3,010,168
		53,400,000	53,400,000
Total Liabilities		1,059,945,397	1,029,806,593
TOTAL EQUITY & LIABILITIES		1,524,553,186	1,477,353,518

Net Asset Value Per Share (with revaluation)	35	24.45	23.56
Net Asset Value Per Share (without revaluation)	36	11.30	9.94

The accounting policies and annexed notes from 1 to 46 an integral part of these financial statements.



MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.

Place: Chattogram
Date: November 04, 2023


Md. Shafiqul Islam, FCA

Enrolment #595

Partner

Shafiq Basak & Co.

Chartered Accountants

DVC2311050595AS694948

05 NOV 2023

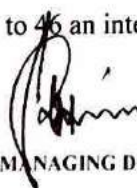


HAKKANI PULP & PAPER MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note(s)	2022-2023 Taka	2021-2022 Taka
Revenue	27	1,085,427,111	538,238,090
Cost of Sales	28	(947,983,786)	(483,282,489)
Gross Profit / (Loss)		137,443,325	54,955,601
Operating Expenses:			
Administrative Expenses	29	(23,239,850)	(15,058,932)
Selling & Distribution Expenses	30	(45,736,663)	(26,432,468)
		(68,976,513)	(41,491,400)
Profit from Operation		68,466,812	13,464,201
Financial Expenses	31	(54,547,435)	(37,391,494)
Non-Operating Income	32	2,642,694	6,125,027
Net Profit Before WPPF & WWF		16,562,071	(17,802,266)
Contribution to WPPF & Welfare Funds	21	(788,670)	-
Net profit before Tax		15,773,401	(17,802,266)
Income Tax Expenses:			
Current Tax	23.01.2	(7,041,101)	(3,266,179)
Deferred Tax	33	8,180,556	(3,542,224)
		1,139,455	(6,808,403)
Net profit after Tax		16,912,856	(24,610,668)
Other Comprehensive Income:			
Deferred Tax on Revaluation Reserve	14	1,546,661	1,652,389
Unrealized Gain/ (Loss) on Investment in Shares	7.02	(368,681)	(2,756,476)
Deferred tax on unrealized gain/(loss) in investment in share	18.02	(36,868)	(311,361)
		1,141,112	(1,415,448)
Total Comprehensive Income		18,053,968	(26,026,116)
Earnings Per Share - Basic	34	0.89	(1.30)

The accounting policies and annexed notes from 1 to 46 an integral part of these financial statements.


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Signed as per our annexed report of even date.

Place: Chattogram
Date: November 04, 2023


Md. Shafiqul Islam, FCA
Enrolment #595
Partner
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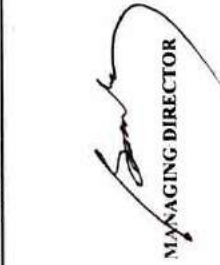
HAKKANI PULP & PAPER MILLS LIMITED

**Statement of Changes in Equity
For the year ended 30 June 2023**

Particulars	Share Capital	Dividend Equalization Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Balance as at 01 July 2022	190,000,000	12,258,779	258,666,486	457,727	(13,836,066)	447,546,925
Adjustment of depreciation on carrying amount of revalued assets	-	-	(10,311,072)	-	10,311,072	-
Deferred Tax on Revaluation Surplus	-	-	1,546,661	-	-	1,546,661
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(368,681)	-	(368,681)
Deferred Tax on Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(8,905)	-	(8,905)
Dividend for the year 2021-2022	-	(1,021,067)	-	-	-	(1,021,067)
Net Profit after Tax	-	-	-	-	16,912,856	16,912,856
Balance as on 30 June 2023	190,000,000	11,237,712	249,902,075	80,141	13,387,862	464,607,789

For the year ended 30 June 2022

Balance as at 01 July 2021	190,000,000	13,279,866	268,030,025	3,214,203	(241,327)	474,282,767
Adjustment of depreciation on carrying amount of revalued assets	-	-	(11,015,929)	-	11,015,929	-
Deferred Tax on Revaluation Surplus	-	-	1,652,389	-	-	1,652,389
Unrealized Gain/(Loss) on Investment in Shares	-	-	-	(2,756,476)	-	(2,756,476)
Dividend for the year 2020-2021	-	(1,021,087)	-	-	-	(1,021,087)
Net Profit after Tax	-	-	-	-	(24,610,668)	(24,610,668)
Balance as on 30 June 2022	190,000,000	12,258,779	258,666,485	457,727	(13,836,066)	447,546,925


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR



COMPANY SECRETARY

The accounting policies and annexed notes from 1 to 46 an integral part of these financial statements.

Place: Chattogram
Date: November 04, 2023



HAKKANI PULP & PAPER MILLS LIMITED
Statement of Cash Flows
For the year ended 30 June 2023

	Note(s)	2022-2023 Taka	2021-2022 Taka
A. Cash flows from Operating Activities:			
Cash Collection from Turnover & Others		1,094,026,568	522,659,156
Payment for Material and Expenses		(999,905,873)	(522,482,637)
Income Tax Paid		(6,059,110)	(1,676,271)
Net Cash flows from Operating Activities	43	88,061,586	(1,499,752)
B. Cash flows from Investing Activities:			
Acquisition of Property, Plant & Equipment		(34,329,634)	(23,709,574)
Capital Work-In-Progress		-	(57,114,957)
Advance for Machinery		(14,473,579)	71,113,889
Sale of shares		-	4,032,915
Net cash flows from Investing Activities		(48,803,213)	(5,677,728)
C. Cash flows from Financing Activities:			
Short Term Loan & Overdraft		5,561,170	(7,694,171)
Long Term Loan		4,202,028	23,129,069
Interest Paid		(54,547,435)	(37,391,494)
Unsecured Loan Received		(600,000)	12,300,000
Directors Current Account		-	4,350,000
Liabilities for Other Finance		4,626,700	16,822,115
Dividend Paid		(867,815)	(841,475)
Net Cash flows from Financing Activities		(41,625,352)	10,674,044
D. Net Increase/(Decrease) in Cash and Bank Balances (A+B+C)		(2,366,979)	3,496,564
E. Opening Cash and Bank Balances		24,776,393	21,279,829
Closing Cash and Bank Balances (D+E)		22,409,414	24,776,393
F. Net Operating Cash Flows Per Share	37	4.63	(0.08)

The accounting policies and annexed notes from 1 to 46 an integral part of these financial statements.


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR


COMPANY SECRETARY

Place: Chattogram
Date: November 04, 2023



HAKKANI PULP & PAPER MILLS LIMITED
Notes to the Financial Statements
For the year ended 30 June 2023

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 PLC.

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, Paper products & Tissue products.

2.00 BASIS OF PREPARATION, PRESENTATION AND DISCLOSURES OF FINANCIAL STATEMENTS:

2.01 Statement of compliance:

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

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

2.02 Other Regulatory Compliances:

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

The Income Tax Act, 2023

The Value Added Tax and Supplementary Duty Act, 2012

The Value Added Tax and Supplementary Duty Rules, 2016

The Customs Act, 1969

Bangladesh Labor Act, 2006 as amended in 2013

The Securities and Exchange Ordinance, 1969

The Securities and Exchange Rules, 2020

The Corporate Governance code 2018



2.03 Applicable Accounting Standards:

The following IASs and IFRSs are applicable for the Financial Statements for the year under review:

IAS - 01	Presentation of Financial Statements
IAS - 02	Inventories
IAS - 07	Statement of Cash Flows
IAS - 08	Accounting Policies, Changes In Accounting Estimates and Errors
IAS - 10	Events after the Reporting period
IAS - 12	Income Taxes, Deferred Taxes
IAS - 16	Property, Plant and Equipment
IAS - 19	Employee Benefits
IAS- 21	The Effects of Changes in Foreign Exchange Rates
IAS - 23	Borrowing Costs
IAS - 24	Related Party Disclosures
IAS - 32	Financial Instruments: Presentation
IAS - 33	Earnings per Share
IAS - 36	Impairment of Assets
IAS- 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS- 07	Financial Instruments: Disclosures
IFRS- 09	Financial Instruments
IFRS- 15	Revenue From Contract with Customers
IFRS- 16	Leases

2.04 Basis of Reporting :

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

- A Statement of Financial Position as at 30 June 2023.
- A Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023.
- A Statement of changes in equity for the year ended 30 June 2023.
- A Statement of Cash flows for the year ended 30 June 2023.
- Notes , comprising a summary of significant accounting policies and explanatory information.
- 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 04 November 2023.

2.06 Reporting Period:

The financial statements of the Company cover twelve months from 1 July 2022 to 30 June 2023.

2.07 Basis of Measurement :

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

2.08 Going Concern:

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

2.09 Functional and presentation currency:

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



2.10 Current versus non-current classification

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

An asset is current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when

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

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

2.11 Use of Estimates and Judgments:

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

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

2.11.01 Judgments, assumptions and estimation uncertainties:

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

- Note: 05 Property, Plant and Equipment
- Note: 09 Trade Receivables
- Note : 10 Advances, Deposits & Prepayments
- Note: 18 Deferred Tax Liability
- Note : 22 Trade Payables
- Note: 23 Current Tax Liabilities

3.00 SIGNIFICANT ACCOUNTING POLICIES:

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

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

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

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



- (h) Employee benefits
- (i) Provisions, contingent liabilities and contingent assets
- (j) Financial income and Financial expenses:
- (k) Borrowing costs
- (l) Taxation
- (m) Revenue recognition
- (n) Earnings per share (EPS):
- (o) Foreign Currency Transaction Policy:
- (p) Comparative Information:
- (q) Consistency
- (r) Cash flows statement
- (s) Other Operating income
- (t) Events after the reporting period
- (u) Share Capital
- (v) Leases

3.01 Property, plant and equipment:

3.01.01 Recognition and measurement:

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

3.01.02 Subsequent costs:

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

3.01.03 Depreciation:

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

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

Non Current Assets	Rate of Depreciation
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 measurement are recognized in the Statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

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

3.02 Capital Work In Progress :

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

The cost of capital work in progress comprises:

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

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

3.03 Impairment of Assets:

An impairment test is carried out by the Management at the end of each reporting year to ascertain whether there is any indication that an assets is impaired if any such indication exists, the impairment losses for an individual assets is measured and recognized in the financial statements in accordance with IAS-36 Impairment of asset.

3.04 Investment in Shares:

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

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

3.05 Inventories:

3.05.01 Nature of inventories

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

3.05.02 Valuation of the inventories

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

<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 Newsprint, M.G Newsprint, Medium Paper, Khata and Tissue paper. 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 Tissue paper 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 Earnings per share (EPS):

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

3.19.01 Basis of earning:

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

3.19.02 Basic Earnings Per share:

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



3.20 **Foreign Currency Transaction Policy:**

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

3.21 **Comparative Information:**

Comparative information has been disclosed in respect of 30 June 2022 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 **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. 16,912,856 against previous period profit /(loss) of Tk. (24,610,668). The basic Earnings Per Share for the year ended 30 June 2023 is Tk. 0.89 against Tk. (1.30) for the same previous year. The analysis of major items of the financial statements is given below:

4.02 **Revenue:**

During the year under review total revenue was increased as compared to previous year due to increase of sales. Sales revenue is increased by the amount of Taka 547,189,021 as compared to previous year.

4.03 **Cost of Sales:**

During the year under review Cost of sales was increased as compared to the previous year due to increase of unit price raw materials, fluctuation of dollar rate, increase of rate of gas bill, electricity bill, increase of salaries, wages and allowances and others.

4.04 **Administrative Expenses**

During the year under review, administrative expenses was increased significantly as compared to the previous year due to increase of employee salaries, remuneration and other related expenses and inflation.

4.05 **Selling Expenses**

During the year under review, selling expenses was increased significantly as compared to the previous year due to increase of marketing employee's salaries, sales promotion expenses, Carriage Outward expenses and

4.06 **Financial Expenses :**

The Company's financial expenses was increased as compared to previous year for increase of Bank interest on Bai-Muazzal Loan, UPAS Loan, Biam Wes Bills, LATR of Social Islami Bank Limited and CC Hypo Loan of Mercantile Bank Limited.



4.07 **Earnings Per Share (EPS):**

During the year under review, the Company's Earnings Per Shares (EPS) was recorded Tk. 0.89 against previous year Tk. (1.30). Earnings Per Share (EPS) was increased due to increase of sales revenue.

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

The Company's net operating cash flows per share (NOCFPS) of the company was recorded Tk. 4.63 against Tk. (0.08) of previous year. The company's net operating cash flows per share (NOCFPS) was increased due to increase of collection from customers.

5.00 **PROPERTY, PLANT & EQUIPMENT:**

	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
Balance as on 01 July (including revaluation)	1,299,421,275	1,275,711,701
Add: Addition during the year	34,329,634	23,709,574
Less: Adjustment during the year	-	-
Balance as on 30 June	1,333,750,909	1,299,421,275
Less: Accumulated depreciation	544,825,385	503,926,000
Written down value as on 30 June	788,925,524	795,495,275

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



(Amount in Taka)

5.01 PROPERTY, PLANT & EQUIPMENT:

Particulars	C O S T			Rate of Dep.	D E P R E C I A T I O N			Written Down Value as on 30 June 2023
	Balance as on 01 July 2022	Addition during the year	Disposal/ Adjustment during the year		Balance as on 01 July 2022	Charged during the year	Disposal/ Adjustment during the year	
At Cost								
Land & Land Development	43,583,242	350,150	-	-	-	-	-	43,933,392
Building & Other Construction	173,805,760	9,427,448	-	5%	51,932,055	6,281,979	-	125,019,174
Plant & Machinery	553,967,984	13,591,971	-	7%	248,072,552	21,621,037	-	297,866,365
Furniture & Fixture	1,274,608	738,572	-	10%	739,489	68,696	-	1,204,995
Office Equipment	3,856,743	436,200	-	10%	2,177,946	182,647	-	1,932,351
Electric Installation	23,872,002	8,914,355	-	10%	14,059,182	1,266,823	-	17,460,353
Gas Line Installation	3,932,191	-	-	10%	3,084,683	84,751	-	762,758
Telephone Line Installation	132,263	-	-	10%	102,822	2,944	-	26,497
Water Line Installation	7,039,214	437,719	-	10%	4,642,553	272,991	-	2,561,389
Fire Extinguisher	111,870	-	-	20%	99,835	2,407	-	9,628
Office Decoration	1,945,265	21,764	-	10%	707,961	125,173	-	1,133,895
Vehicle Car	3,011,672	-	-	20%	2,492,558	103,823	-	415,291
Motor Vehicle	4,584,496	-	-	20%	2,629,257	391,048	-	1,564,192
Factory Equipment	1,242,445	411,455	-	20%	437,103	183,993	-	1,032,804
"A"	822,359,755	34,329,634	-		331,177,993	30,588,313	-	494,923,082
At Revaluation								
Land & Land Development	139,028,020	-	-	-	-	-	-	139,028,020
Building & Other Construction	110,663,849	-	-	5%	47,718,242	3,147,280	-	59,798,327
Plant & Machinery	227,369,650	-	-	7%	125,029,764	7,163,792	-	95,176,094
"B"	477,061,519	-	-		172,748,006	10,311,072	-	294,002,440
Grand total as on 30 June 2023 (A+B)	1,299,421,275	34,329,634	-		503,926,000	40,899,386	-	788,925,523
As on 30 June 2022	1,275,711,701	23,709,574	-		462,166,373	41,759,627	-	795,495,275

30 June 2022
Taka30 June 2023
Taka**Allocation of Depreciation:**

Administrative Expenses	483,283	490,457
Factory Overhead	40,416,103	41,269,169
Taka =	40,899,386	41,759,626



	30 June 2023 Taka	30 June 2022 Taka
6.00 CAPITAL WORK-IN-PROGRESS:		
Capital Work-In-Progress	72,256,573	72,256,573
Balance as on 30 June	72,256,573	72,256,573

6.01 Capital Work-In-Progress:

Particulars	Opening Balance	Addition/Transferred during the year	Capitalized during the year	Closing Balance
Plant & Machinery	72,256,573	-	-	72,256,573
Total	72,256,573	-	-	72,256,573

7.00 INVESTMENT IN SHARES:

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

Name of company	No. of Shares	Cost Value as on 30 June 2023	Market Value as on 30 June 2023	Unrealized gain/(loss)
Beximco Pharma Ltd.	3,500	138,855	511,700	372,845
Brac Bank Ltd.	13,993	158,299	500,949	342,650
DESCO Ltd.	5,000	238,287	183,000	(55,287)
Dhaka Bank Ltd.	27,240	210,234	360,925	150,691
Exim Bank Ltd.	53,401	1,080,863	555,370	(525,492)
Grameenphone Ltd.	10,700	3,995,855	3,066,620	(929,235)
Islami Bank Bangladesh Ltd.	10,570	376,381	344,582	(31,799)
Jamuna Oil Company Ltd.	2,299	271,136	413,590	142,454
Lafarge Holcim Bangladesh Ltd.	10,000	805,409	695,000	(110,409)
Meghna Petroleum Ltd.	2,402	249,369	488,086	238,717
Mercantile Bank Ltd.	13,989	118,778	186,054	67,275
Mutual Trust Bank Ltd.	23,350	207,749	366,595	158,846
National Bank Ltd.	82,779	902,974	687,066	(215,908)
One Bank Ltd.	36,838	296,251	367,451	71,200
Premier Bank Ltd.	5,527	32,062	70,746	38,683
Shahjalal Islami Bank Ltd.	41,135	249,341	752,771	503,430
Square Pharma Ltd.	9,200	1,826,477	1,930,160	103,683
Standard Bank Ltd.	21,547	200,804	192,140	(8,664)
Titas Gas Ltd.	13,250	766,559	541,925	(224,634)
Total	386,720	12,125,683	12,214,729	89,046

7.02 **Gain/ (Loss) on Investment in Shares:**

Unrealized Gain/ (Loss) Closing	89,046	457,727
Less: Unrealized Gain/ (Loss) Opening	457,727	3,571,337
Add: Deferred tax opening	-	357,134
Gain/ (Loss) on Investment in Shares during the year	(368,681)	(2,756,476)

8.00 INVENTORIES:

a) **Raw Materials**

Wastage Paper	75,801,267	34,988,159
Chemicals Items	17,792,740	25,051,059
	93,594,007	60,039,218

b) **Finished Goods**

Newsprint Paper	64,240,730	49,710,740
Medium Paper	1,085,643	3,360,543
Khata	4,627,749	4,823,700
Tissue Papers	106,850,757	89,324,160
	176,804,879	147,219,143

c) **Work-In-Process**

d) **Consumable Spare & Store**

e) **Packing Material**

Work-In-Process	34,991,121	51,618,780
Consumable Spare & Store	5,141,072	3,198,922
Packing Material	10,072,606	4,505,206
Total (a+b+c+d+e)	320,603,684	266,581,269



30 June 2023

30 June 2022

TakaTaka

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

9.00 TRADE RECEIVABLES:

A B Trading Corporation	-	722,256
Al- Madina Paper House	2,973,273	1,975,186
Anupam Traders	29,244	111,097
Apex Pharma	-	253,585
AR Trading	40,893	1,133,917
Absar Store	183,672	-
Agrani Printing Press	1,740,122	1,040,122
Anik Traders	479,245	4,245
A.S. Enterprise	109,075	-
AG Paper House	481,435	-
Avoy Enterprise	2,484,038	1,333,453
Babul Store	41,615,949	41,815,949
Barcode Restaurant Group	47,426	325,505
Bhai Bhai Store	639,824	721,691
Bhai Bhai Traders	649,456	-
Bio Pharmaceutical Ltd.	100,968	1,299,333
Chandpur Paper House	159,228	569,940
CGT Tissue	645,638	583,695
Eastern Paper House	6,421,288	5,606,797
Epic Health Care	182,612	-
Fuluwang Limited	1,747,816	-
Garibe Newaj Traders	666,495	631,495
General Pharma	-	2,180,104
Habib Enterprise	2,205	87,669
Handi Restaurant	106,811	160,264
Hazrat Shahajan Shah Stationary House	430,335	-
Health Point Hospital	36,226	45,208
Hotel Zaman	100,412	102,799
Ibn Sina Hospital	147,029	-
Intimate Apparels Ltd	76,496	363,117
Jayson Pharmaceuticals	-	6,140
Jogonnata Store	108,427	-
J M I Group	77,193	107,848
Mollah Store	722,272	-
M/S. Helal Enterprise	376,906	-
M/S Nur Enterprise	988,271	19,839
M/S. Rafiq Library	1,300,853	-
M/S. Razzak Traders	163,667	-
M J Paper House	5,419,403	4,957,514
Molla Traders	199,707	98,200
New City Gold-Tissue	440,153	-
Nur Nahar Traders	184,052	-
Oniruddho Trading	269,907	-
Oriental Paper House	111,440	-
Rapid Pack Limited	5,104,218	3,459,312
Robin Enterprise	533,257	497,249
Rubel & Sons	3,394,861	1,718,613

Note: 9.04



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
Resimax Industries Ltd.	1,246,730	1,585,730
RM Trade International	3,771,947	3,740,107
Sajib Enterprise	3,380,826	3,316,899
Shahnaj Trading Corporation	182,793	-
Sikandar Para Banijik Songasta	924,814	-
S.K Traders	719,514	-
Sabbir Enterprise	202,342	-
Shapla Traders	111,667	-
Shohan Enterprise	1,536,800	-
Tanvir Enterprise	3,048,979	2,816,850
Transcom Food Ltd	162,862	86,172
Walton Hi-Tech Industries Ltd.	124,385	244,385
Other Receivables	88,801,193	108,141,128
	<u>185,906,649</u>	<u>191,863,413</u>
9.01 Ageing of Trade Receivables:		
Below-30 Days	26,026,931	32,616,780
Within 31- 60 Days	37,181,330	51,803,122
Within 61 - 90 Days	26,026,931	32,616,780
Within 90 - 180 Days	22,308,798	30,698,146
Above 180 Days	74,362,660	44,128,585
	<u>185,906,649</u>	<u>191,863,413</u>
9.02 Trade Receivables are occurred in the ordinary course of business.		
9.03 Trade Receivables are unsecured but considered good by the management.		
9.04 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 examination of witnesses against party and after examination of the witnesses is complete, the suit is kept for argument at the Metropolitan Session Judge Court, Chattogram.		
9.05 The amount of Tk. 95,085,259 has been collected from trade receivables till 17 October 2023.		
10.00 <u>ADVANCES, DEPOSITS & PREPAYMENTS:</u>		
Advance Against Income Tax (Note: 10.01)	38,847,673	32,788,564
Advance Against Salary & Wages (Note: 10.02)	196,207	47,248
Advance Against Expenditure (Note: 10.03)	26,446,879	13,723,290
Advance Against L/C (Note: 10.04)	38,735,814	37,103,918
Advance Against Purchase (Note: 10.05)	7,101,484	20,000,000
Deposits and Prepayments (Note: 10.06)	10,908,557	10,134,165
	<u>122,236,614</u>	<u>113,797,185</u>
10.01 <u>Advance Against Income Tax</u>		
Advance Income Tax Paid	11,686,440	6,296,490
Advance Income Tax - Import	1,709,741	1,531,643
Advance Income Tax - Export	482,661	398,386
Advance Income Tax Deducted at Source	23,652,043	23,373,201
Advance Income Tax Deducted at Source (Dividend Income)	1,311,974	1,184,029
Advance Income Tax Deducted at Source (Bank Deposits)	4,815	4,815
	<u>38,847,673</u>	<u>32,788,564</u>
10.02 <u>Advance Against Salary & Wages</u>	<u>196,207</u>	<u>47,248</u>
10.03 <u>Advance Against Expenditure</u>		
Anima Development Limited	7,785,549	7,785,549
VAT Current Account	14,358	982,000
Lanka Bangla Securities Ltd.	199	649
City Brokerage Ltd.	127,619	127,710
Bank Guarantee Margin	628,923	628,923
Advances for spares parts and other materials	17,890,232	4,198,459
	<u>26,446,879</u>	<u>13,723,290</u>
10.03.01 This represents advance to Anima Development Limited against purchase of office space for Dhaka Office which is yet to be registered		



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
10.04 <u>Advance Against L/C</u>	<u>38,735,814</u>	<u>37,103,918</u>
10.05 <u>Advance Against Purchase</u>		
Arif Traders	2,949,154	3,500,000
Bismillah Enterprise	-	3,500,000
Munna Enterprise	1,558,567	10,000,000
Shah Godi Enterprise	2,593,763	3,000,000
	<u>7,101,484</u>	<u>20,000,000</u>
10.06 <u>Deposits</u>		
Security Deposit (PBS-1)	3,321,100	3,321,100
Security Deposit (BGSL) Boiler	3,375,831	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 (Grameenphone)	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
	<u>10,908,557</u>	<u>10,134,165</u>

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

11.00 CASH & CASH EQUIVALENTS:

Cash In Hand

At Head Office
At Dhaka Office
At Factory

16,426,002	7,235,013
10,000	5,000
30,000	30,000
16,466,002	7,270,013

Cash at Banks

Al Arafah Islami Bank Ltd., Khulshi Branch, CD A/C-2091020000689
Bangladesh Krishi Bank Ltd., Agrabad Branch, CD A/C-2903-0210014807
First Security Islami Bank Ltd, Agrabad Branch, STD A/C - 010413100000463
Social Islami Bank Ltd, Agrabad Branch, STD Account-41300458
Social Islami Bank Ltd, Agrabad Branch, CD A/C - 0041330027978
Prime Bank Ltd., Laldighi East Branch, CD A/C -14511090025949 /5816
Premier Bank Ltd., Agrabad Branch, CD A/C No-010311100015243
Premier Bank Ltd., CEPZ Branch, CD A/C No-016711100000103
Islami Bank (BD.) PLC, Agrabad Branch, CD A/C No-20501030100588315
Mercantile Bank Ltd., A.K Khan Branch, CD A/C No-117511121143947
Trust Bank Ltd., CDA Avenue branch, CD A/C No-00200210009922
Standard Bank Ltd., Jubilee Road Branch, CD A/C No-01233005212
United Commercial Bank PLC, Pahartali Branch, CD A/C-No 01000000078
Eastern Bank Ltd., Agrabad Branch, CD A/C No-11071082755
Pubali Bank Ltd., Pahartali Branch, CD A/C No-825901027548
Dutch Bangla Bank Ltd., Agrabad Branch, CD A/C No- 1021100040340

8,323	-
1,340	318,136
57,311	57,574
81,180	87,399
21,074	7,211,742
-	731,700
222,442	73,282
90,001	140,001
812,765	-
-	463,041
9,653	-
63,336	1,315,916
140,717	311,739
787	1,109,189
371,267	441,066
173,830	74,697
2,054,025	12,335,481

Fixed Deposit With Banks

Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541322176882
Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541322894432
Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541325279666
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 2903033042265
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 2903033042274
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 29030330045646
Social Islami Bank Ltd., Agrabad Branch, A/C # 0045330035138
Pubali Bank Ltd., Pahartali Branch, A/C # 0825104032609

391,884	375,816
493,515	473,281
792,597	758,457
-	582,716
-	2,366,043
235,401	223,637
409,715	390,949
1,566,275	-
22,409,414	24,776,393



30 June 2023
Taka

30 June 2022
Taka

(a) Cash balance as on 30.06.2023 was certified by the management.

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

11.01 **INVESMENT IN FIXED DEPOSIT RECEIPT (FDR):**

Particulars	Tenure	Purpose	Rate of Interest	Taka	Taka
Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541322176882	One Year	Guarantee	6%	391,884	375,816
Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541322894432	One Year	Guarantee	6%	493,515	473,281
Mercantile Bank Ltd., A.K Khan Branch, A/C # 117541325279666	One Year	Guarantee	5%	792,597	758,457
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 2903033042265	One Year	Guarantee	6%	-	582,716
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 2903033042274	One Year	Guarantee	6%	-	2,366,043
Bangladesh Krishi Bank Ltd., Agrabad Branch, A/C # 29030330045646	One Year	Guarantee	6%	235,401	223,637
Social Islami Bank Ltd., Agrabad Branch, A/C # 0045330035138	One Year	Guarantee	9.5%	409,715	390,949
Pubali Bank Ltd., Pahartali Branch, A/C # 0825104032609	One Year	Guarantee	6%	1,566,275	-
Total				3,889,387	5,170,899



	30 June 2023 Taka	30 June 2022 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 2023 :-

Description	No of shares 30 June 2023	% of shares holding 30 June 2023	No of shares 30 June 2022	% of shares holding 30 June 2022
Sponsors & Directors	8,439,330	44.42	8,789,330	46.25
Institution and General Public	10,560,670	55.58	10,210,670	53.74
Total	19,000,000	100	19,000,000	100

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

Range of Holdings	No. of Shareholders		No. of Shares		Holding %	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Less than 500 shares	2,441	2,022	460,644	405,191	2.42	2.13
501 to 5,000 Shares	1,725	1,738	3,109,019	3,165,783	16.36	16.66
5,001 to 10,000 Shares	210	203	1,547,282	1,461,646	8.14	7.69
10,001 to 20,000 Shares	92	102	1,287,713	1,423,930	6.78	7.49
20,001 to 30,000 Shares	28	45	675,138	1,108,780	3.55	5.84
30,001 to 40,000 Shares	8	12	285,360	427,320	1.50	2.25
40,001 to 50,000 Shares	15	6	671,897	273,728	3.54	1.44
50,001 to 100,000 Shares	13	19	778,011	1,316,486	4.09	6.93
100,001 to 1,000,000 Shares	15	12	7,151,604	5,183,804	37.64	27.28
Over 1,000,000 Shares	2	3	3,033,332	4,233,332	15.96	22.28
Total	4,549	4,162	19,000,000	19,000,000	100	100

12.05 Market price of Shares:

The shares of the company are listed with Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange PLC and quoted at Tk. 66.20 on 30 June 2023 (Face value Tk. 10.00) and Tk. 61.04 on 30 June 2022 (Face value Tk. 10.00)



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
13.00		
<u>DIVIDEND EQUALIZATION RESERVE:</u>		
Dividend Equalization Reserve is made-up as follows:		
Balance as on 01 July	12,258,779	13,279,866
Less: Dividend declared for the year 2021-2022 approved in the AGM	1,021,067	1,021,087
Balance as on 30 June	<u>11,237,712</u>	<u>12,258,779</u>
Dividend equalization reserve was created in the earlier year(s) with the concurrence of Board of Directors Meeting. The objective of this reserve is to pay dividend to shareholders during bad time of the 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 valuer and the surplus amount of these assets were transferred to Revaluation Reserve Account. Breakup of such surplus is as follows:		
Land and land development	139,028,020	139,028,020
Factory Building & Other Civil Constructions	110,663,849	110,663,849
Plant & Machinery	<u>227,369,650</u>	<u>227,369,650</u>
	477,061,519	477,061,519
Less: Depreciation on Revalued Assets till 30.06.2023 (Note-5.01)	<u>183,059,079</u>	<u>172,748,006</u>
	294,002,440	304,313,513
Less : Adjustments for Deferred Tax @15%	<u>44,100,366</u>	<u>45,647,027</u>
Balance as on 30 June	<u>249,902,074</u>	<u>258,666,486</u>
Revaluation Reserve relates to the revaluation of Property, Plant & Equipment.		
i) Effective date of valuation 18th April, 2011		
ii) Initial reserve of revaluation amount of Tk. 477,061,519		
15.00		
<u>RETAINED EARNINGS:</u>		
Balance as on 01 July	(13,836,066)	(241,327)
Add: Net profit/(loss) after tax	<u>16,912,856</u>	<u>(24,610,668)</u>
	3,076,790	(24,851,995)
Add: Revaluation Surplus Realized (Note-5.01)	<u>10,311,072</u>	<u>11,015,929</u>
Balance as on 30 June	<u>13,387,862</u>	<u>(13,836,066)</u>
16.00		
<u>UNSECURED LOAN:</u>		
Mr. Mohammed Abdullah, Ex-Chairman	19,448,060	19,448,060
Mrs. Hosne Ara Begum, Chairman	3,800,000	3,800,000
Mr. Md. Golam Haider, Ex-Vice Chairman	7,457,975	7,457,975
Mr. Md. Golam Kibria, Managing Director	13,114,175	13,714,175
Mr. Md. Golam Morshed, Deputy Managing Director	4,707,475	4,707,475
Mr. Md. Golam Mostofa, Ex-Managing Director	4,464,830	4,464,830
Mr. Md. Golam Rasul Muktadir, Vice Chairman	4,707,475	4,707,475
	<u>57,699,990</u>	<u>58,299,990</u>
The above loans from directors are interest free.		
17.00		
<u>LONG TERM LOAN:</u>		
HPSM Commercial Loan	-	194,077,840
Loan Under BMRE of Existing Projects	197,823,602	-
Loan Under Tissue Projects	247,891,225	242,877,139
Bai Muazzal Term loan	34,083,000	36,227,000
Term Loan	<u>9,144,647</u>	<u>11,453,467</u>
	<u>488,942,474</u>	<u>484,635,445</u>



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
17.01 LONG TERM LOAN- MATURITY ANALYSIS:		
Due within the period- Current Portion	82,931,334	82,826,333
Due after more than the period- Non-Current Portion	406,011,140	401,809,112
	<u>488,942,474</u>	<u>484,635,445</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 was Tk. 311,176,404 against sanction amount of total long term loan Tk. 432,634,000.		
Rate of Interest:		
Interest rate is 10.10% 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 @ 10.10% 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 66 (Sixty Six) months.		
Securities:		
i. Hypothecation of machineries and stock.		
ii. Total 697.13 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	58,518,042	55,287,179
Deferred Tax (Income)/ Expenses for the year -(Note-18.01)	(8,180,556)	3,542,224
Investment in shares (Note-18.02)	(36,868)	(311,361)
	<u>50,300,617</u>	<u>58,518,042</u>
Add: Deferred Tax for Revaluation Surplus (Note-14.00)	44,100,366	45,647,027
Balance as on 30 June	<u>94,400,983</u>	<u>104,165,069</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 30.06.2023 has been shown at Note-18.01 & 18.02 .		
18.01 Calculation of Deferred Tax Liability		
(a) Carrying Amount of Property, Plant and Equipment (less revaluation and land value) as on 30 June	450,989,690	447,598,520
(b) Tax Based Property, Plant and Equipment	199,531,128	187,721,769
(c) Net Taxable Temporary Differences (a-b)	251,458,563	259,876,751
(d) Deferred Tax liability at effective Tax Rate 20%	50,291,713	58,472,269
(e) Deferred Tax expense/(income) on Net Taxable Temporary differences	(8,180,556)	3,542,224
Carrying amount of Property, Plant & Equipment represents net written down value of assets as on 30.06.2023		
18.02 Investment in Shares		
(a) Market value of Investment in Shares as on 30 June	12,214,729	12,583,410
(b) Cost value of Investment in Shares as 30 June	12,125,683	12,125,683
(c) Net Taxable Temporary Differences (a-b)	89,046	457,727
(d) Deferred Tax liability at effective Tax Rate 10%	8,905	45,773
(e) Deferred Tax expense/(income) on Net Taxable Temporary differences	(36,868)	(311,361)



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
19.00 <u>SHORT TERM LOAN AND OVERDRAFT:</u>		
Social Islami Bank Ltd, Agrabad Branch- Bai Muazzal Commercial-(CC)	160,872,236	147,400,383
UPAS Loan from Social Islami Bank Ltd.	-	6,417,478
Mercantile Bank Ltd. A.K Khan Branch-Cash Credit (CC) Hypo	39,292,941	40,786,185
Biam Wes Bills, MBE & LATR Loan from Social Islami Bank Ltd.	14,648,701	13,259,936
National Bank Ltd, Pahartali Branch- CD A/C-005533008427/54103	91,207	650,461
Islami Bank (BD.) PLC, Agrabad Branch CD A/C No-20501030100588315	-	896,857
Prime Bank Ltd, Laldighi East Branch, CD A/C -14511090025949 /5816	67,385	-
Other Short Term Loan	1,381,795	1,381,795
	216,354,265	210,793,095

19.01 Short Term Borrowing:

Particulars	Note	30 June 2023	30 June 2022
		<u>Taka</u>	<u>Taka</u>
Short term loan and overdraft	19.00	216,354,265	210,793,095
Long term loan-current portion	17.01	82,931,334	82,826,333
Total		299,285,599	293,619,428

(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 Loans.

(g) Personal Guarantee of Directors

(h) Total 135.55 decimal land has been placed as prime securities against Mercantile Bank Limited.

20.00 LIABILITY FOR EXPENSES:

Audit Fee	411,750	410,750
Directors Remuneration	1,492,800	300,000
Electricity Bill	6,567,971	2,914,912
Gas Bill-Boiler & Gas Generator	14,135,791	7,373,848
Gas Bill-Factory Canteen	19,306	23,346
Gas Bill-Head Office	1,124	1,145
Food Expenses-Head Office	120,649	155,329
Office Rent	825,000	725,000
Overtime	2,251,473	3,405,944
Salaries & Allowances-Dhaka Office	95,500	66,250
Salaries & Allowances-Head Office	951,882	1,241,002
Salaries & Allowances-Factory	977,527	815,745
Wages & Allowances	4,540,849	5,135,075
Salaries & Allowances-Sales & Marketing	3,371,707	2,826,097
Food Allowance	469,952	29,800
Conveyance-Tissue Unit	450,150	-
	36,683,431	25,424,243



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
21.00 <u>WORKERS PROFIT PARTICIPATION & WELFARE FUND:</u>		
Balance as on 01 July	1,126,585	1,126,585
Add: Provision made during the year	788,670	-
	1,915,255	1,126,585
Less: Payment made during the year	-	-
Balance as on 30 June	<u>1,915,255</u>	<u>1,126,585</u>
22.00 <u>TRADE PAYABLES:</u>		
Abul Khair Steel Melting Ltd.	969,690	1,119,802
Al Raji Chemical	662,875	361,395
Anjum Traders	3,862,003	1,583,510
Azad Engineering Workshop	535,350	376,150
Baizid Newsprint Mills Ltd	127,726	292,978
Cartoon Nirman Ltd.	2,558,442	2,109,353
City Lub Oil Industries Ltd.	261,869	111,757
Emu Enterprise	433,852	284,370
Gentech Energy	190,197	139,986
Hossain Box Industries	1,882,013	1,113,631
International Bearing Center	314,133	445,053
Islam & Brothers	1,343,382	115,264
Khaja Garibe Newaj	-	2,164
Khaja Polythene Mart	56,165	45,275
Mamun Hardware Store	854,259	1,231,885
M/s. Dohar Chemicals	3,134,615	2,490,815
Noor Hardware Mart	49,091	59,091
Organic Bangladesh Corporation	161,560	134,096
Raj Bearing	-	2,650
RFL Plastic Ltd.	-	88,985
Sakib Enterprise	130,670	145,670
Shah Amanat Enterprise	722,224	753,435
Sion Enterprise	17,520	26,520
S.R Packaging	7,441,198	7,493,974
Say Automation & Engineering	100,000	110,000
Taslima Enterprise	313,543	154,853
Unimax Chemicals	2,484,300	855,200
United Trading Agency	1,330,212	951,812
Other Payables	-	490,208
	<u>29,936,889</u>	<u>23,089,882</u>



			30 June 2023	30 June 2022
			<u>Taka</u>	<u>Taka</u>
23.00	<u>CURRENT TAX LIABILITIES:</u>			
	Balance as on 01 July		18,440,000	15,173,822
	Provision during the year:			
	Add: Against current year		7,041,101	3,266,179
			<u>25,481,102</u>	<u>18,440,000</u>
	Less: Adjusted with advance income tax paid		-	-
	Balance as on 30 June		<u>25,481,102</u>	<u>18,440,000</u>
23.01	<u>Computation of Provision for Income Tax:</u>			
23.01.1	Net profit before tax		15,773,401	(17,802,266)
	Less: Other income to be considered separately			
	Dividend Income		639,737	825,254
	Profit on Sale of Shares		-	4,029,920
	Interest on FDR		228,600	399,248
	Miscellaneous Income		1,774,357	870,605
			<u>13,130,707</u>	<u>(23,927,293)</u>
	Add: Accounting depreciation		40,899,386	41,759,627
			54,030,094	17,832,334
	Add: Inadmissible expenses			
	Entertainment expenses		681,688	352,720
	Miscellaneous expenses		-	4,750
			<u>54,711,782</u>	<u>18,189,804</u>
	Less: Tax depreciation u/s 29		22,170,125	46,486,917
	Taxable Business Income/(loss)		<u>32,541,656</u>	<u>(28,297,113)</u>
	Add: Other income to be considered separately			
	Dividend Income		639,737	825,254
	Profit on Sale of Shares		-	4,029,920
	Interest on FDR		228,600	399,248
	Miscellaneous Income		1,774,357	870,605
	Total taxable business Income/(loss)		<u>35,184,350</u>	<u>(22,172,086)</u>
	Current tax @ 20%		<u>7,036,870</u>	<u>-</u>
23.01.2	<u>Minimum Tax:</u>			
	Revenue	1,085,427,111	@ 0.60%	6,512,563
	Non-Operating Income	2,642,694	@ 20%	528,539
	Income tax provision during the year			<u>7,041,101</u>
				<u>3,266,179</u>

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



	30 June 2023	30 June 2022
	<u>Taka</u>	<u>Taka</u>
24.00		
<u>LIABILITIES FOR OTHER FINANCE:</u>		
I.T. Deducted at Source	534,821	308,880
VAT Deducted at Source	213,994	113,235
Loan From Farhana Ferdous	27,000,000	25,200,000
Loan From Farhana Tarannum	24,300,000	21,800,000
	<u>52,048,815</u>	<u>47,422,115</u>
The above loans are interest free.		
25.00		
<u>UNCLAIMED DIVIDEND:</u>		
Balance as on 1st July	3,010,168	2,974,152
Add: Dividend declared for the year 2021-2022 approved in the AGM	939,839	877,491
	<u>3,950,008</u>	<u>3,851,643</u>
Less: Dividend Paid during the year	867,815	841,475
Balance as on 30 June	<u>3,082,193</u>	<u>3,010,168</u>
25.01		
<u>Dividend Unclaimed for the years:</u>		
The year wise breakup of unclaimed dividend as 30 June 2023 are as follows:		
2004-2005 to 2016-2017	2,490,152	2,490,152
2017-2018	305,650	305,650
2018-2019	95,700	95,700
2019-2020	82,650	82,650
2020-2021	36,016	36,016
2021-2022	72,024	-
	<u>3,082,193</u>	<u>3,010,168</u>
26.00		
<u>DIRECTORS CURRENT ACCOUNT:</u>		
Mr. Mohammed Abdullah, Ex-Chairman	20,800,000	20,800,000
Mr. Md. Golam Kibria, Managing Director	10,050,000	10,050,000
Mr. Md. Golam Mostofa, Ex-Managing Director	3,500,000	3,500,000
Mr. Md Golam Haider, Ex-Vice Chairman	4,500,000	4,500,000
Mr. Md. Golam Morshed, Deputy Managing Director	7,300,000	7,300,000
Mr. Md. Golam Rasul Muktadir, Vice Chairman	7,250,000	7,250,000
	<u>53,400,000</u>	<u>53,400,000</u>

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



	2022-2023 <u>Taka</u>	2021-2022 <u>Taka</u>
27.00 REVENUE FROM CONTRACTS WITH CUSTOMERS:		
Newsprint Paper	643,854,038	272,428,155
M.G. Newsprint	303,907,522	123,811,165
Medium Paper	-	1,131,379
Tissues Paper	138,921,557	147,553,458
Khata	14,151,388	5,550,398
Gross Revenue	1,100,834,505	550,474,555
Less: Value Added Tax (VAT)	15,407,394	12,236,465
Net Revenue	1,085,427,111	538,238,090
28.00 COST OF SALES:		
Opening Stock of Raw Materials	60,039,218	85,542,241
Add: Purchase during the year	717,281,842	363,052,523
	777,321,060	448,594,764
Less: Closing Stock of Raw Materials	93,594,007	60,039,218
Raw Materials Consumed	683,727,053	388,555,546
Add: Factory overhead:		
Salaries, Wages and Allowances	56,027,381	36,084,666
Carriage Inward	729,440	400,515
Gas Bill-Boiler & Gas Generator	83,698,369	42,016,598
Electric Bill	52,413,041	35,304,787
Consumable Spare & Store	8,206,748	5,116,765
Packing Material Consumed	9,191,558	6,887,953
Factory Maintenance	15,428,687	7,675,147
Loading Unloading Charge	267,006	239,137
Cutting Expense	8,235,566	4,389,549
Mobile bill	60,250	42,610
Fuel-Vehicle	504,083	458,317
Medical & Medicine	295,486	243,025
Gas Generator Upkeep	64,100	653,000
Boiler Upkeep	339,500	-
Insurance Premium	410,637	-
Canteen Expenses	287,824	201,786
Gas Bill- Canteen	154,234	93,857
Tea, Tiffin Expenses	484,796	547,596
Depreciation	40,416,103	41,269,169
	960,941,863	570,180,023
Add: Opening Work-in-Process	51,618,780	29,341,560
	1,012,560,643	599,521,583
Less: Closing Work-in-Process	34,991,121	51,618,780
Cost of Production	977,569,522	547,902,803
Add: Opening Stock of Finished Goods	147,219,143	82,598,829
	1,124,788,665	630,501,632
Less: Closing Stock of Finished Goods	176,804,879	147,219,143
Cost of Sales	947,983,786	483,282,489
** Mobile charge of previous year has been re-arranged from administrative expenses to Factory overhead being related expenses.		
29.00 ADMINISTRATIVE EXPENSES:		
Director Remuneration	Notes-29.01	6,000,000
Salaries & Allowances		1,860,400
Office Rent		8,821,373
Telephone & Mobile Bill		360,000
Entertainment		216,370
Tiffin and Refreshment		1,017,156
Travelling Expenses		352,720
Dhaka Office Expenses		214,512
Canteen Expenses		6,220
Postage & Courier		1,044,905
Forms, Stamp & Legal Documents		794,997
		91,868
		101,474
		75,950
		14,340
		49,868
		31,969
		21,575
		2,130



	2022-2023	2021-2022
	<u>Taka</u>	<u>Taka</u>
Fees, Renewal & Subscription	450,650	430,148
Printing & Stationery	123,396	92,075
Gas Bill-Head Office	12,938	8,442
Meeting Expenses	283,433	245,236
Meeting Attendance Fees	638,800	488,500
Office Maintenance	804,707	648,470
Internet Bill	117,450	114,400
Audit Fee	468,500	477,750
Legal & Professional Fee	547,500	171,610
Annual Subscription Fee of CDBL	56,000	56,000
Annual Subscription Fee of CSE, DSE	190,000	190,000
Electric Bill- Head Office	263,202	205,000
Electric Bill- Dhaka Office	20,072	30,479
Fuel (Vehicle)	350,860	263,484
Vehicle Upkeep	423,407	267,748
Website Expenses	20,000	5,836
Rent, Rates & Taxes	72,074	7,640
Miscellaneous Expenses	-	6,850
Depreciation	483,283	490,457
	23,239,850	15,058,932

29.01 Key Management Personnel Compensation:

Short term employee benefits	6,000,000	1,860,400
Long term employee benefits	-	-
Post employee benefits	-	-
Termination benefits	-	-
Share -based payments expenses	-	-
Total	6,000,000	1,860,400

(a) The above short term employee benefits includes remuneration amounting to Tk. 2,400,000 paid to The Managing Director, Tk. 1,200,000 paid to The Deputy Managing Director & Tk. 2,400,000 paid to The Executive Director.

(b) No remuneration is paid to any other director of the board other than meeting attendance fees which has been separately reported.

(c) No amount was spent by the company for compensating any other member of the Board of Directors for special services rendered.

(d) In addition to remuneration, Managing Directors avail company vehicles for transportation purposes. These key management personnel are not entitled to any other benefits. No amount is lying as receivable from the directors.

29.02 (e) Audit fees includes VAT for the audit of financial statements of the company for the year 2022-2023.

30.00 SELLING & DISTRIBUTION EXPENSES:

Sales Promotion Expenses	1,361,315	715,939
Salaries & Allowances	18,530,673	9,713,805
Conveyance	1,890,611	1,584,925
Carriage Outward	21,398,677	13,392,220
C&F Bill-Export	92,390	26,992
Mobile bill	757,170	475,995
Entertainment	1,309,164	247,760
Advertisement	396,662	274,832
	45,736,663	26,432,468

** Mobile charge of previous year has been re-arranged from admin. Exp to selling expenses being related expenses.

31.00 FINANCIAL EXPENSES:

Bank Charges	499,846	303,089
Bank Guarantee Commission	530,581	463,290
Interest Expenses on Cash Credit	17,816,129	17,753,900
Interest Expenses on Short Term Loan	1,658,491	1,396,083
Interest Expenses on Long Term Loan	29,402,355	17,351,684
Loan Processing Fee	99,800	101,200
Interest Expenses on UPAS Loan	4,540,233	-
Foreign currency exchange gain/(loss)	-	22,248
	54,547,435	37,391,494

Note: 31.01



	2022-2023	2021-2022
	<u>Taka</u>	<u>Taka</u>
31.01 Foreign currency exchange (gain)/loss:		
Realized foreign currency transaction (gain)/loss	-	1,815,325
Unrealized foreign currency transaction (gain)/loss	-	1,793,077
Realized foreign currency exchange loss made during the year	<u>-</u>	<u>22,248</u>
32.00 NON-OPERATING INCOME:		
Dividend Income	639,737	825,254
Profit on Sale of Shares	-	4,029,920
Interest Income	228,600	399,248
Miscellaneous Income	1,774,357	870,605
	<u>2,642,694</u>	<u>6,125,027</u>
33.00 DEFERRED TAX EXPENSES:		
(a) Deferred Tax Liability on 30 June	50,337,486	58,829,403
(b) Deferred Tax Liability on 01 July	58,518,042	55,287,179
Deferred Tax Expenses for the year (a-b)	<u>(8,180,556)</u>	<u>3,542,224</u>
34.00 EARNINGS PER SHARE:		
Calculation is shown below:		
<u>Net Profit after tax</u>	16,912,856	(24,610,668)
Number of shares outstanding	19,000,000	19,000,000
EPS	0.89	(1.30)
35.00 NET ASSET VALUE PER SHARE WITH REVALUATION:		
Calculation is shown below:		
<u>Net Asset with Revaluation</u>	464,607,790	447,546,925
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	24.45	23.56
36.00 NET ASSET VALUE PER SHARE WITHOUT REVALUATION:		
Calculation is shown below:		
<u>Net Asset without revaluation</u>	214,705,715	188,880,440
Number of shares outstanding	19,000,000	19,000,000
Net asset value per share	11.30	9.94
37.00 NET OPERATING CASH FLOW PER SHARE:		
Calculation is shown below:		
<u>Net cash flow from operation</u>	88,061,586	(1,499,752)
Number of shares outstanding	19,000,000	19,000,000
Net operating cash generated by per share	4.63	(0.08)
38.00 Number of Employees:		
The total employees of the company as on 30 June 2023 stood at 408 nos. comprising Head office staff 73 nos, Factory office staff 24 nos, Security 21 nos, Driver and helper 02 nos, Permanent worker 95 nos and Temporary worker 193 nos.		
Number of employees whose monthly salary was below Tk. 3,000	-	-
Number of employees whose monthly salary was above Tk. 3,000	408	376

39.00 RISK MANAGERMENTS

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

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

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



39.01 a) Credit Risk:

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

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

a) Exposure of Credit risk:

Trade receivables	185,906,649	191,863,413
Advance, Deposit and Prepayments (excluding Deposit & Prepayments.)	111,328,057	103,663,020
Bank Balances	22,409,414	24,776,393
	319,644,120	320,302,826

b) Ageing of Trade Receivables are as follows:

Below-30 Days	26,026,931	32,616,780
Within 31-60 Days	37,181,330	51,803,122
Within 61-90 Days	26,026,931	32,616,780
Within 90 - 180 Days	22,308,798	30,698,146
Above 180 Days	74,362,660	44,128,585
	185,906,649	191,863,413

39.02 b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of financial obligations and accordingly arrange for sufficient liquidity/fund to make the expected payments within due dates. Moreover, the Company has short term credit facilities with scheduled commercial banks to ensure payment of obligation in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

39.02.01 Exposure to Liquidity risk

The followings are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Within 12 month	More than 12 month	Total
Unsecured Loan	57,699,990	-	57,699,990	57,699,990
Long Term Loan	488,942,474	82,931,334	406,011,140	488,942,474
Short Term Loan & Overdraft	216,354,265	216,354,265	-	216,354,265
Liability for Expenses	36,683,431	36,683,431	-	36,683,431
Workers Profit Participation and Welfare Fund	1,915,255	1,915,255	-	1,915,255
Trade Payables	29,936,889	29,936,889	-	29,936,889
Current Tax Liabilities	25,481,102	25,481,102	-	25,481,102
Liabilities for Other Finance	52,048,815	52,048,815	-	52,048,815
Unclaimed Dividend	3,082,193	3,082,193	-	3,082,193
Directors Current Account	53,400,000	53,400,000	-	53,400,000
Total	965,544,413	501,833,283	463,711,130	965,544,413

39.03 c) Market Risk:

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Currency Risk

The company is not exposed to foreign currency risk .

ii) Interest Rate Risk:

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



40.00 CAPACITY UTILIZATION:

Particulars	30 June 2023	30 June 2022
Installed Capacity (in M.T)	13,500	13,500
Actual Production (in M.T)	6,770	4,914
% of Capacity Utilization	50%	36%

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

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

41.00 RELATED PARTY TRANSACTION:

Name of the Parties	Relationship	Nature of Transactions	Balance as on 1st July 2022	Transaction during the year	Balance as on 30 June 2023
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41.01 UNSECURED LOAN:

Mr. Mohammed Abdullah	Ex-Chairman	Loan Received	19,448,060	-	19,448,060
Mrs. Hosne Ara Begum	Chairman	Loan Received	3,800,000	-	3,800,000
Mr. Md. Golam Haider	Ex-Vice Chairman	Loan Received	7,457,975	-	7,457,975
Mr. Md. Golam Kibria	Managing Director	Loan Received	13,714,175	(600,000)	13,114,175
Mr. Md. Golam Morshed	Deputy Managing Director	Loan Received	4,707,475	-	4,707,475
Mr. Md. Golam Mostofa	Ex- Managing Director	Loan Received	4,464,830	-	4,464,830
Mr. Md. Golam Rasul Muktadir	Vice Chairman	Loan Received	4,707,475	-	4,707,475

41.02 DIRECTORS CURRENT ACCOUNT:

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

41.03 LIABILITIES FOR OTHER FINANCE:

Mrs. Farhana Ferdous	Close Family Member	Loan Received	25,200,000	1,800,000	27,000,000
Mrs. Farhana Tarannum	Close Family Member	Loan Received	21,800,000	2,500,000	24,300,000

42.00 CONTRIBUTION TO WORKERS PROFIT PARTICIPATION FUND:

This represents 5% (five percent) of net profit before tax after charging the contribution as per provision of the Labor Act, 2006 as amended in 2013 and is payable to workers as defined in the said Act.



43.00 CASH FLOWS FROM OPERATING ACTIVITIES UNDER INDIRECT METHOD:

	2022-2023	2021-2022
	<u>Taka</u>	<u>Taka</u>
Profit after Provision for Income Tax	16,912,856	(24,610,668)
Adjustment to Reconcile Profit before Tax provided by operating activities:		
Add : Depreciation	40,899,386	41,759,626
Add: Provision for Deferred Tax Expenses	(8,180,556)	3,542,224
Add: Financial Expenses	54,547,435	37,391,494
Add: Deferred tax on unrealized gain/(loss) in investment in share	(8,905)	-
A	<u>104,170,216</u>	<u>58,082,676</u>
Changes in Working Capital		
(Increase)/Decrease in Inventories	(54,022,415)	(51,394,511)
(Increase)/Decrease in Trade Receivables	5,956,764	(21,703,961)
(Increase)/Decrease in Advance, Deposits & Prepayments	5,916,055	28,745,992
Increase/(Decrease) in Liability for Expenses	11,259,188	(26,130)
Increase/(Decrease) in Current portion of Long Term Loan	105,001	3,792,594
Increase/(Decrease) in Trade Payables	6,847,006	(22,262,591)
Increase/(Decrease) in Current Tax Liabilities	7,041,101	3,266,179
Increase/(Decrease) in Work Profit Participation Fund	788,670	-
B	<u>(16,108,630)</u>	<u>(59,582,428)</u>
Net cash inflows/(out flows) from operating activities (A+B)	<u>88,061,586</u>	<u>(1,499,752)</u>

44.00 **OTHER RELEVANT INFORMATION:**

- 44.01 During the year 6 (Six) Board Meetings were held.
- 44.02 During the year 4 (Four) Audit Committee Meetings were held.
- 44.03 During the year 1 (One) Nomination and Remuneration Committee (NRC) Meetings was held.
- 44.04 The audit fee of BDT 402,500 along with imposed VAT has been provided in the accounts as per decision taken in the 26th Annual General Meeting of the Company held on 17 December 2022.
- 44.05 The compliance audit fee of Tk. 40,250 along with imposed VAT has been provided in the accounts as per decision taken in the 26th Annual General Meeting of the company held on 17 December 2022.
- 44.06 There was no claim against the company not acknowledged as debt at the reporting date.
- 44.07 No amount of money was spent by the company for compensation to member of the board for special service rendered.

45.00 **CONTINGENT LIABILITIES:**

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

A person obligation that arise from past event but is not recognized because:

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

Contingent Liabilities and assets as on the date of Statement of Financial Statements were as under

	2022-2023	2021-2022
	<u>Taka</u>	<u>Taka</u>
45.01 Bank Guarantee:		
Social Islami Bank Ltd	5,348,870	5,348,870
Bangladesh Krishi Bank Ltd.	109,200	109,200
Pubali Bank Ltd.	1,548,554	-
Mercantile Bank Ltd.	7,002,998	7,002,998
	<u>14,009,622</u>	<u>12,461,068</u>

Guarantees issued by the Company's scheduled bank to third parties on counter indemnities given by the Company.

46.00 **EVENTS AFTER REPORTING PERIOD:**

- 46.01 The Board of Directors in its meeting held on November 04, 2023 approved the Audited Financial Statements and recommended cash dividend 2% on all shareholders for the year 2022-2023 which is subject to approval of the shareholders in the 27th AGM. Thus total involvement comes to taka 38,00,000.
- 46.02 Except above, no other significant event had occurred till date of signing the Financial Statements.

