

Credit Rating Report (2nd Surveillance) Hakkani Pulp & Paper Mills Limited

Particular	Rating	Remark
Hakkani Pulp & Paper Mills Limited	BBB ₁	
BDT 648.5 million Long Term Outstanding	BBB ₁ (Lr)	
BDT 220.0 million Short term Funded limits	ST-3	Vide Appendix-1
BDT 187.0 million Short term Non funded limits	ST-3	
Outlook	Stable	

ST-Short Term; Lr - Loan Rating

Date of Rating: 20 March 2024

Validity: 30 March 2025

Rating Based on: Audit report as of FYE 30/06/2023, bank liability position as of 11/02/2024, and other relevant quantitative & qualitative information up to the date of rating declaration.

Methodology: CRAB's Corporate Rating Methodology (www.crab.com.bd)

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Financial Highlights (Figures in Mill BDT)

Particulars	30/06/2023	30/06/2022
Net Sales	1,085.4	538.2
EBITDA	111.2	61.3
EBITDA Margin	10.2%	11.4%
Net Profit	16.9	(24.6)
Net Profit Margin	1.6%	-4.6%
RAA	1.1%	-1.7%
Quick Ratio (x)	0.6	0.6
Debt to Equity (x)	1.8	1.8
Borrowed Fund to EBITDA (x)	7.3	13.2
CFO	22.6	50.6
EBIT/Interest (x)	1.3	0.5

PROFILE

Name	Hakkani Pulp & Paper Mills Limited
Company Type	Public Limited Company (Listed)
Incorporation Date	28 December, 1996
Commercial Operation	Paper: 2003; Tissue: 2018
Office Address	2/10 Dhaka Trunk Road North Pahartali Chattogram
Factory Address	Halim Kharchar, Patiya, Chattogram
Product	Newspaper, Tissue Paper
Group Affiliation	Hakkani Group
Managing Director	Mr. Md. Golam Kibria

RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has retained BBB₁ (Pronounced Triple B One) rating in the Long term to Hakkani Pulp & Paper Mills Limited (hereafter referred to as HPPML or the Company) and BBB₁(Lr) rating to BDT 648.5 million long term outstanding. CRAB has also assigned ST-3 rating to BDT 220.0 million aggregate Short terms Funded limits and BDT 187.0 million non funded limits.

The current rating assigned to the Company is based on the audited financials of FY23 and pertinent information, encompassing the Company's business profile, historical performance, balance sheet robustness, and repayment track record. Additionally, macroeconomic and microeconomic factors are considered, along with the management's proficiency in demand forecasting, marketing effectiveness, financial management, operational strategies, procurement, and pricing policies. Established in 1973, 'HAKKANI GROUP' commenced its operations with 'Hakkani Refuelling Station (Unit-1)' under the guidance of its founder, Mr. Md. Abdullah. Presently, the group operates four units engaged in paper mills, transportation, and filling stations. Following the passing of Mr. Abdullah on April 30, 2021, his son, Mr. Md. Golam Kibria, assumed the position of Managing Director of Hakkani Pulp & Paper Mills Limited.

Hakkani Pulp & Paper Mills Limited has navigated through a challenging period of declining turnover to achieve significant growth in recent fiscal years. Despite facing setbacks in FY20 and FY21, the company rebounded with impressive growth rates of 38.0% and 101.7% in FY22 and FY23, respectively.