

## Credit Rating Report (4<sup>th</sup> Surveillance) Hakkani Pulp & Paper Mills PLC

Particular	Rating	Remark
Hakkani Pulp & Paper Mills PLC	BBB <sub>1</sub>	-
BDT 765.4 million Long Term Outstanding	BBB <sub>1</sub> (Lr)	-
BDT 220.0 million Short term Funded limits	ST-4	Vide Appendix-1
BDT 187.0 million Short term Non funded limits	ST-4	-
Outlook	Stable	-

ST-Short Term; Lr - Loan Rating

**Date of Rating:** 30 April, 2026

**Validity:** 30 March, 2027

**Rating Based on:** Audited Financial Statement (FYE 30/06/2025, 30/06/2024, 30/06/2023) and other relevant quantitative & qualitative information up to the date of rating declaration.

**Methodology:** CRAB's Corporate Rating Methodology ([www.crab.com.bd](http://www.crab.com.bd))

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#### ■ RATIONALE

Credit Rating Agency of Bangladesh Limited (CRAB) has retained **BBB<sub>1</sub>** (Pronounced Triple B One) rating in the Long term to Hakkani Pulp & Paper Mills PLC (hereafter referred to as HPPMPLC or the Company) and **BBB<sub>1</sub>(Lr)** rating to BDT 765.4 million long term outstanding. CRAB has revised short term rating to **ST-4** to BDT 220.0 million aggregate Short terms Funded limits and BDT 187.0 million non funded limits.

The short-term rating of Hakkani Pulp & Paper Mills PLC has been placed under surveillance revision primarily reflecting emerging stress in near-term liquidity management, driven by significant bank-reported overdue against term loan obligations. Although the company has maintained a broadly stable operational footprint and marginal revenue growth in FY25, the profitability structure remains extremely thin, with earnings capacity insufficient to provide a meaningful buffer against elevated financial obligations. The surveillance action reflects heightened sensitivity of the liquidity profile to refinancing risk, rather than deterioration in core business fundamentals.

The FY25 performance demonstrates a constrained recovery trajectory, with revenue increasing modestly to BDT 1,041.5 million and gross margin improving to 15.3% from 14.4% supported by slight efficiency gains in production cost structure. However, the improvement at gross level failed to translate into earnings sustainability at the net level, as net profit remained marginal at BDT 1.4 million.

Financial Highlights	(Figure in Million BDT)	
Period	30/06/2025	30/06/2024
Revenue	1,041.5	1,005.3
EBITDA	132.2	112.2
EBITDA Margin (%)	12.7	11.2
Net Profit after tax	1.4	0.8
Net Profit Margin (%)	0.14	0.08
Operating Cycle (Days)	213	208
Equity	460.5	461.2
Total Liabilities	1,158.8	1,078.8
Borrowed Fund	770.3	703.8
Total Liabilities to Equity (x)	2.5	2.3
Borrowed Fund to Equity (x)	1.7	1.5
Borrowed Fund to EBITDA (x)	5.8	6.3
EBIT to Interest Expense (x)	1.3	1.1

#### ■ PROFILE

Name	Hakkani Pulp & Paper Mills PLC
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