



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

**FIRST QUARTER
SEPTEMBER 30, 2020 (UN-AUDITED)**

To,

If undelivered please return to:
Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700



Contents

	Pages
Corporate Profile	1
Directors' Review to the Shareholders	2
Condensed Interim Statement of Financial Position	5
Condensed Interim Statement of Profit or Loss	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Statement of Cash Flow	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10



PAKISTAN PAPER PRODUCTS LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairperson	Non-Executive
Mr. Abid Sayeed	- Chief Executive	Executive
Dr. Asadullah Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Mr. Sayeed Imran		Non-Executive
Ms. Aisha Fariel Salahuddin		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Shoaib Ahmad Khan	- Member

HR AND REMUNERATION COMMITTEE

Mr. Shoaib Ahmad Khan	- Chairperson
Mr. Abbas Sayeed	- Member
Mr. Sayeed Imran	- Member
Mrs. Muleika Sayeed	- Member

CHIEF FINANCIAL OFFICER

Mr. Zia-ur-Rehman

COMPANY SECRETARY

Ms. Safia Khurshid

AUDITORS

Faruq Ali & Co
Chartered Accountants

SHARE REGISTRAR

F.D.Registrar Services (SMC-Pvt) Ltd

BANKERS

Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan

REGISTERED OFFICE AND FACTORY

D-58, Estate Avenue, S.I.T.E, Karachi.
Website : www.pakpaper.com



PAKISTAN PAPER PRODUCTS LIMITED

Directors' Review

On behalf of the Board of Directors, we have pleasure in presenting review of performance together with the unaudited accounts of the company for the first quarter ended September 30, 2020

The turnover during the quarter ended was Rs 323.012 million against Rs. 234.52 Million in the same period last year which is an increase of 37.73%. It is very pleasing to note that this is the highest turnover for the company ever in Q1, beating last year's quarter also which was also a record quarter in terms of sales. All segments of the company performed very well with Exercise Books leading the way with a massive 93.78% increase in sales and Pro Labels also did very well with an increase of 21.59% along with Sensitized paper which also saw a rise of 24.29% in sales. The main reason for this massive rise in Exercise Books sales was that schools opened finally in September after a 6 months closure creating very heavy and unprecedented demand for Ex Books and fortunately, we were one of the main suppliers who had the raw material and finished goods to cater to this heavy demand. While we were very pleased with this massive increase in sales which was due to this huge pent up demand but going forward, we are very unsure of how Ex Books sales will progress this year due to continuing Covid 19 uncertainty with many predicting schools' closure again. Pro Labels continues to see impressive growth and the expansion done in May 2020 is also fully booked now and we are again producing well above our installed capacity. It is extremely heartening to see the rebound in the economy from the Covid 19 shock and we hope to see this continued growth in the coming quarters.

The increase in the top line translated all the way down with Gross profit increasing by 150.35%, Net Profit before tax went up to Rs 22.7 million from Rs 0.758 million and NP after Tax went up to Rs 18.33 million from a loss of Rs 1.55 million in the comparable period last year. This massive increase in profits was recorded due to the rise in sales and better margins comparable to last year. Financial charges also decreased by 30.79% to Rs 2.12 million due to lowering interest rates and appreciation in the value of PKR against the USD which led to exchange gain. Overall, the company has performed exceedingly well in this Quarter but due to Covid uncertainty we are not sure how the performance will be in the upcoming Quarters, particularly in respect to Ex Books sales. We do not see very high sales of Ex Books in the next 2 Quarters. The management is striving its best to deal with the situation as it arises and Inshallah if there are no further external shocks then the company will continue with the good performance.

The Board would like to thank all our staff, stakeholders including the financial institutions for their continued support. In addition, the Directors also record their sincere appreciation for the cooperation received from the Regulators i.e. Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited.

IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2017

Composition of the Board.

There are seven Board members including 02 female and 05 male director, whereas the composition of the Board is as follow;

Executive Director	01
Non-Executive Director	04
Independent Director	02



PAKISTAN PAPER PRODUCTS LIMITED

Committees of the Board.

The board has formed an Audit Committee. It comprises three members two are non-executive directors and one Independent director of the Committee:

Audit Committee	
Ms. Aisha Fariel Salahuddin	Chairperson
Dr. Asadullah Sayeed	Member
Mr. Abbas Sayeed	Member
Mr. Shoaib Ahmed Khan	Member

The board has also formed an HR and Remuneration Committee. It comprises four members, three are non-executive directors and the Chairman of the committee is an independent director.

Mr. Shoaib Ahmed Khan	Chairperson
Mrs. Muleika Sayeed	Member
Mr. Abbas Sayeed	Member
Mr. Sayeed Imran	Member

REMUNERATION POLICY OF NON- EXECUTIVE & INDEPENDENT DIRECTORS

A. COMPANY POLICY:

- ☒ The Board of Directors of the Company lays great emphases on adding and practicing good Corporate Governance practices with a view to achieve transparency in its operations so as to boost stakeholders' confidence.
- ☒ The objective of the Policy is to ensure that the Non- Executive Directors and Independent Director(s) are governed by the criteria that are based on their valuable contribution made by them towards the success of the Company.

B. SIGNIFICANT FEATURES:

- ☒ The criteria of making payments to Non-Executive and Independent Directors are decided by the Board.
- ☒ No other remuneration whatsoever in any form apart from a director 's meeting fee is paid to the Non-Executive and Independent Directors.
- ☒ Non-Executive Directors and Independent Director(s) paid only meeting / sitting fee as decided by the Board of Directors for attending the Board or Committee meetings in accordance with the provisions of the article of the Company.
- ☒ No retirement benefits in any form for Non-Executive and Independent Directors of the Company.
- ☒ The Company has no stock options plans and no payment by way of pension, incentives in any form etc. to its Non- Executives and Independent Directors.
- ☒ The Board has the flexibility to enhance the director's fee / sitting fees up to the maximum limit allowed in accordance with the provisions of the article of the Company and by the Act, 2017 and Rules thereunder.
- ☒ Non- Executive Directors and Independent Directors reimbursed such sums which may be paid for attending Directors Training Program, which is the mandatory requirement for the board of directors of listed companies to get certification under Directors' Training Program (DTP) from the institutes approved by SECP.



PAKISTAN PAPER PRODUCTS LIMITED

C. AMENDMENTS:

- ☒ The Board is responsible for the administration, interpretation, application and reviews of this policy and brings necessary changes in this policy, if required at any stage in compliance with the prevailing laws and provisions of the article of the Company.

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

October 26, 2020
Karachi.

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited) AS AT SEPTEMBER 30, 2020

	Notes	(Un-audited) September 30 2020	(Audited) June 30 2020
<u>EQUITY AND LIABILITIES</u>		----- (Rupees) -----	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2019: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		379,237,384	360,912,179
Capital reserve			
Revaluation surplus on property, plant and equipment		514,137,817	514,137,817
		973,375,201	955,049,996
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		35,432,845	35,432,845
Deferred liability for staff gratuity		16,363,394	15,808,838
Long term loans - Secured		82,151,201	25,322,409
Deferred income		3,095,160	1,481,229
		137,042,600	78,045,321
CURRENT LIABILITIES			
Current and overdue portion of long term loans		28,062,014	19,970,629
Short term borrowings - Secured		99,154,250	95,645,256
Unclaimed dividend		7,493,121	7,494,384
Creditors, accrued and other liabilities		95,466,309	220,146,556
		230,175,694	343,256,825
CONTINGENCIES AND COMMITMENTS		--	--
		1,340,593,495	1,376,352,142
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	822,979,083	824,265,465
Long term deposits		954,008	954,008
		823,933,091	825,219,473
CURRENT ASSETS			
Stores and spares		5,890,484	6,732,240
Stock-in-trade		170,010,336	229,815,701
Trade debts - Unsecured, considered good		230,910,013	214,588,467
Advances and other receivables		95,396,142	90,161,696
Trade deposits and short term prepayments		9,873,040	5,424,364
Cash and bank balances		4,580,390	4,410,201
		516,660,404	551,132,669
		1,340,593,495	1,376,352,142

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 2020	September 2019
Notes	(Rupees)	
Turnover	323,012,245	234,520,431
Sales tax and sales return	(31,732,450)	(26,240,623)
Sales - Net	291,279,795	208,279,808
Cost of sales	(252,298,881)	(192,727,560)
Gross profit	38,980,914	15,552,248
Other operating income	8,977	48,268
Operating expenses		
Administrative expenses	(8,812,528)	(8,157,680)
Selling and distribution expenses	(3,654,568)	(3,564,897)
Workers' Profit Participation Fund	(1,220,129)	(40,730)
Workers' Welfare Fund	(488,052)	(16,292)
	(14,175,277)	(11,779,599)
Operating profit	24,814,614	3,820,917
Finance cost	(2,120,212)	(3,063,344)
Profit/(Loss) before taxation	22,694,402	757,572
Taxation - Net	(4,369,197)	(2,310,648)
Profit/(Loss) after taxation	18,325,205	(1,553,076)
Earnings per share - Basic and diluted	2.29	(0.19)

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Notes	September 2020 ----- (Rupees) -----	September 2019 -----
Profit/ (loss) for the quarter		18,325,205	(1,553,076)
Other comprehensive income / (loss):		--	--
Total comprehensive income / (Loss) for the quarter		<u>18,325,205</u>	<u>(1,553,076)</u>

The annexed notes form an integral part of these condensed interim financial statements.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 2020	September 2019
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	22,694,402	757,573
Adjustment for non-cash items and other adjustments:		
Depreciation	8,941,287	7,787,803
Gratuity provision	735,672	735,672
Gain on disposal of fixed assets	-	(48,268)
Financial charges	2,120,212	3,063,344
	11,797,171	11,538,551
(Increase)/decrease in current assets		
Store, spares and stock in trade	60,647,121	19,330,206
Trade debts	(16,321,546)	8,394,068
Advances, deposits, prepayments & other receivables	2,160,406	(2,047,783)
	46,485,982	25,676,491
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(122,448,697)	14,537,359
Cash (used in) / generated from operations	(41,471,142)	52,509,974
Income tax paid	(16,212,725)	(25,480,395)
Gratuity paid	(181,116)	-
Financial charges paid	(4,351,762)	(4,373,956)
Net cash (used in)/generated from operating activities	(62,216,745)	22,655,623
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,654,905)	(1,783,033)
Sales proceeds against disposal of fixed assets	-	655,000
Net cash outflows from investing activities	(7,654,905)	(1,128,033)
CASH FLOW FROM FINANCING ACTIVITIES		
Net movements in long term loan	66,534,108	(7,254,700)
Dividend Paid	(1,263)	(482)
Net cash inflows / (outflows) from financing activities	66,532,845	(7,255,182)
Net (decrease) / increase in cash and cash equivalents	(3,338,805)	14,272,408
Cash and cash equivalent at the beginning of the quarter	(91,235,055)	(67,696,521)
Cash and cash equivalent at the end of the quarter	(94,573,860)	(53,424,113)

The annexed notes form an integral part of the condensed interim financial information.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total revenue reserves		
----- (Rupees) -----						
Balance as at July 01, 2019	80,000,000	143,900,000	204,908,563	348,808,563	518,449,354	947,257,917
Total comprehensive income for the period						
Loss for the first quarter ended September 30, 2019	-	-	(1,553,076)	(1,553,076)	-	(1,553,076)
Other comprehensive income net of tax	-	-	-	-	-	-
	-	-	(1,553,076)	(1,553,076)	-	(1,553,076)
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	570,869	570,869	(570,869)	-
Balance as at September 30, 2019	80,000,000	143,900,000	203,926,356	347,826,356	517,878,485	945,704,841
Total comprehensive income for the period						
Profit for the nine month ended June 30, 2019	-	-	17,123,439	17,123,439	-	17,123,439
Other comprehensive income net of tax	-	-	221,715	221,715	-	221,715
	-	-	17,345,154	17,345,154	-	17,345,154
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	581,677	581,677	(581,677)	-
Transfer of unappropriated profit on account of incremental depreciation - net of tax	-	-	3,158,991	3,158,991	(3,158,991)	-
of incremental depreciation - Net of tax						
Transactions with owners:						
Final cash dividend @ 10% related to the year ended 30 June 2019	-	-	(8,000,000)	(8,000,000)	-	(8,000,000)
Balance as at June 30, 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996
Profit for the period ended 30 September 2020	--	--	18,325,205	18,325,205	--	18,325,205
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	--	--	18,325,205	18,325,205	--	18,325,205
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	--	--	--	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	--	--	--	--
Balance as at 30 Sep 2020	80,000,000	143,900,000	235,337,384	379,237,384	514,137,817	973,375,201

The annexed notes form an integral part of the condensed interim financial information.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1 THE COMPANY AND ITS OPERATIONS

The company was incorporated in July 1962 as a private limited company and was converted into public limited company and listed on the Karachi Stock Exchange in July 1964. The registered office of the Company is situated at D/58, S.I.T.E., Estate Avenue, Karachi. The Company is principally engaged in the production and sale of sensitized papers, pro-labels and exercise books.

2 BASIS OF PREPARATION

This condensed financial information of the company for the quarter ended September 30, 2020 has been prepared in accordance with approved accounting standards as applicable in Pakistan for financial reporting. This condensed financial information does not include all of the information required for full annual financial statements, and should therefore be read in conjunction with the audited annual financial statements of the company as at and for the year ended June 30, 2020.

This condensed financial information is unaudited and is required to be presented to the shareholders under section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2020.

	(Un-audited) September 30 2020	(Audited) June 30 2020
	----- (Rupees) -----	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	822,087,063	824,265,465
Capital work-in-progress	892,020	--
	<u>822,979,083</u>	<u>824,265,465</u>
4.1 Opening net book value (NBV)	824,265,465	783,358,992
Addition (at cost) during the period year	4.1.1 <u>6,762,885</u>	<u>74,685,043</u>
	831,028,350	858,044,035
Disposal (NBV) during the period	4.1.2 --	(1,818,904)
Depreciation charged for the period	(8,941,287)	(31,959,666)
Closing net book value (NBV)	<u>822,087,063</u>	<u>824,265,465</u>



PAKISTAN PAPER PRODUCTS LIMITED

4.1.1 Details of additions (at cost) during the period / year are as follows:

Building on leasehold land		
- Factory	--	922,200
- Office	--	175,550
Plant and machinery	3,684,464	66,930,235
Furniture and fixture	--	118,000
Factory and other equipment	1,778,310	2,907,333
Electric equipment and fittings	91,611	--
Computers	--	263,300
Vehicles	1,208,500	3,368,425
	<u>6,762,885</u>	<u>74,685,043</u>

4.1.2 Details of disposals (NBV) during the period / year are as follows:

Plant and machinery	--	177,015
Factory and other equipment	--	56,523
Computers	--	36,122
Vehicles	--	1,549,244
	<u>--</u>	<u>1,818,904</u>

4.2 Capital work in progress

These represent additions during the period / year

Civil works	892,020	--
Plant and machinery	--	--
	<u>892,020</u>	<u>--</u>

5 CASH AND CASH EQUIVALENT

Cash and bank balance	4,580,390	4,410,201
Short term borrowings - Secured	(99,154,250)	(95,645,256)
	<u>(94,573,860)</u>	<u>(91,235,055)</u>

- 6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. Nil (September 2019: 9,802,204/-)

Commitments are outstanding in respect of letters of credit amounting to Rs. 66,395,916/- (September 2019: Rs. 44,361,094/-)

- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on

ABBAS SAYEED

Chairman

ZIA UR REHMAN

Chief Financial Officer

ABID SAYEED

Chief Executive

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Development, & Quality Products.**



PRO LABELS



➤ Pro Labels - Self Adhesive labels in roll form.



➤ Exercise Books



➤ Photocopy Paper



➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

D/58, S.I.T.E. Estate Avenue, Karachi-75700