



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

**3RD QUARTER
MARCH 31, 2021 (UN-AUDITED)**

To,

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



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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

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2021.

Operating Performance

Your company has continued to perform very well in the Third Quarter also similarly to the first Two Quarters. Nine month sales scaled to a new record level of Rs 887 million compared to Rs 740.7 million which is an increase of 20%. This increase has translated all the way down with GP rising to Rs 113 million which is an increase of 95% YOY and Net Profit after Tax jumped to Rs 50.24 million compared to Rs 4.95 million YOY.

Overview

Pro Labels continued to be the best performer of the company with sales increasing by 22.01%, followed by Exercise Books and Sensitized paper which saw a rise of 13.84% and 15.42% respectively. As we have mentioned before that the appreciation of the PKR against the USD and the lower interest rates have helped improve our margins, especially in Pro Labels where all the inputs are imported. The overall improvement in sales and profitability is in line with the stellar economic revival in the country which has led to an increase in demand and consumption of FMCG goods of which Pro Labels is a direct beneficiary. Exercise Books performance has been a laggard due to the uncertain scenario caused by the Covid Pandemic and the continuous open and shut policy of the government with the educational sector.

Future Outlook

We expect the company's performance to continue to grow in the last quarter, especially in Exercise books where we have received large institutional orders which we hope to produce and deliver by June 30. Some of these orders might extend into the first quarter of next financial year but majority will be done in this final quarter. In Pro Labels also we are confident of rising demand but we are facing challenges in face of rising input prices due to higher commodity prices worldwide. In addition shipping costs have also increased tremendously which will put some pressure on our margins. Overall paper and pulp prices have been rising rapidly and even local paper prices have been increased by the paper mills and we are expecting another increase in the near future. This will put some pressure on our margins of Exercise Books but we hope to minimize this with an increase in our prices. Procurement of raw materials for Sensitized Paper continues to be a major challenge as there are very few chemical suppliers left for this dying product line. We are hoping to continue and keep this alive as long as we can manage as there is still a reasonable good demand for this in Pakistan.

The management is well aware of all the challenges facing the company and we are striving hard to overcome them and come out with good results by the end of the year.

Acknowledgement

The management would like to thank all the customers, financial institutions, suppliers and staff members who have been associated with the company for their support and cooperation.

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2021

	Notes	(Un-audited) 31 March 2021	(Audited) 30 June 2020
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	811,727,659	824,265,465
Long term deposits		957,258	954,008
		812,684,917	825,219,473
CURRENT ASSETS			
Stores and spares		8,058,686	6,732,240
Stock-in-trade		212,052,717	229,815,701
Trade debts - Unsecured, considered good		185,121,787	214,588,467
Advances and other receivables		101,284,482	90,161,696
Trade deposits and short term prepayments		4,075,860	5,424,364
Cash and bank balances		5,197,470	4,410,201
		515,791,002	551,132,669
		1,328,475,919	1,376,352,142
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		150,000,000	150,000,000
15,000,000 (2020: 15,000,000) Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		387,087,314	360,912,179
Capital reserve			
Revaluation surplus on property, plant and equipment		512,197,513	514,137,817
		979,284,827	955,049,996
NON-CURRENT LIABILITIES			
Deferred tax liability-Net		37,659,098	35,432,845
Deferred liability for staff gratuity		16,915,790	15,808,838
Long term loans - Secured		72,894,639	25,322,409
Deferred grant		1,803,373	1,481,229
		129,272,901	78,045,321
CURRENT LIABILITIES			
Current and overdue portion of long term loans		32,554,751	19,970,629
Short term borrowings - Secured		80,359,722	95,645,256
Unclaimed dividend/Proposed Dividend		10,795,323	7,494,384
Creditors, accrued and other liabilities		96,208,395	220,146,556
		219,918,191	343,256,825
CONTINGENCIES AND COMMITMENTS			
		1,328,475,919	1,376,352,142

The annexed notes form an integral part of these 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 PERIOD ENDED 31 MARCH 2021

Notes	Nine Months Ended- (Un-audited)		Quarter Ended - (Un-audited)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	----- (Rupees) -----		----- (Rupees) -----	
Turnover	887,027,161	740,406,585	267,650,590	286,226,185
Sales tax, discount and returns	(100,891,172)	(82,966,908)	(31,720,091)	(27,873,922)
Sales - Net	786,135,989	657,439,677	235,930,499	258,352,263
Cost of sales	(673,073,136)	(599,490,893)	(198,386,447)	(225,290,065)
Gross profit	113,062,853	57,948,784	37,544,052	33,062,198
Other operating income/ (expense)	153,171	179,218	18,326	(20,490)
Operating expenses				
Administrative expenses	(25,862,137)	(26,464,981)	(8,649,928)	(9,508,788)
Selling and distribution expenses	(11,438,922)	(11,402,493)	(3,930,867)	(4,355,325)
Workers' Profit Participation Fund	(3,594,329)	(343,905)	(1,219,515)	(303,175)
Workers' Welfare Fund	(1,390,236)	(137,562)	(487,807)	(121,270)
	(42,285,624)	(38,348,941)	(14,288,117)	(14,288,558)
Operating profit	70,930,400	19,779,060	23,274,261	18,753,150
Finance cost	(4,028,377)	(14,197,020)	(591,265)	(7,662,328)
Profit before taxation	66,902,023	5,582,041	22,682,996	11,090,822
Taxation - Net	(16,667,192)	(629,614.30)	(3,538,957)	(3,289,034)
Profit for the period	50,234,831	4,952,426	19,144,039	7,801,788
Earning per share - Basic and diluted	6.28	0.62	2.39	0.98

The annexed notes form an integral part of these 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 PERIOD ENDED MARCH 31, 2021

	Nine Months Ended- (Un-audited)		Quarter Ended - (Un-audited)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	50,234,831	4,952,426	19,144,039	7,801,787
Other comprehensive income:	--	--	--	--
Total comprehensive income	<u>50,234,831</u>	<u>4,952,426</u>	<u>19,144,039</u>	<u>7,801,787</u>

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 CASH FLOWS - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2021

	Notes	(Un-audited) 31 March 2021	(Un-audited) 31 March 2020
		----- (Rupees) -----	
CASH GENERATED FROM OPERATIONS			
Profit before taxation		66,902,023	5,582,040
Adjustments for non-cash and other items:			
Depreciation		27,209,426	23,568,607
Provision for gratuity		2,207,016	2,207,016
Finance cost		10,378,564	12,784,486
Exchange (gain) / loss		(6,350,187)	1,412,534
Gain on disposal of fixed assets		(120,012)	(152,218)
(Increase) / decrease in current assets			
Stores and spares		(1,326,446)	(2,410,543)
Stock-in-trade		17,762,984	(24,465,921)
Trade debts		29,466,680	(19,811,917)
Advances and other receivables		(11,122,786)	16,056,153
Trade deposits and short term prepayments		1,348,504	788,369
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		(114,164,328)	48,324,536
Cash generated from operations		22,191,438	63,883,143
Payments for:			
Income taxes		(20,238,357)	(25,002,059)
Gratuity		(1,100,064)	(352,258)
Workers' Profit Participation Fund		(1,161,700)	(1,295,430)
Finance cost		(11,339,080)	(13,486,272)
Net cash (outflows)/ inflows from operating activities		(11,647,762)	23,747,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(14,937,108)	(8,227,211)
Long term deposits		--	(40,136)
Sale proceeds against disposal of fixed assets		385,500	1,935,000
Net cash (outflows) from investing activities		(14,551,608)	(6,332,347)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		64,971,234	(19,873,600)
Dividend paid		(22,699,061)	(7,755,781)
Net cash inflows/ (outflows) from financing activities		42,272,173	(27,629,381)
Net increase / (decrease) in cash and cash equivalents		16,072,803	(10,214,604)
Cash and cash equivalents at the beginning of the period		(91,235,055)	(67,696,521)
Cash and cash equivalents at the end of the period	5	(75,162,252)	(77,911,125)

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

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 PERIOD ENDED MARCH 31, 2021

	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 on 1 July 2019	80,000,000	143,900,000	204,908,563	348,808,563	518,449,354	947,257,917
Profit for the period ended 31 March 2020	--	--	4,952,426	4,952,426	--	4,952,426
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	4,952,426	4,952,426	--	4,952,426
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	820,951	820,951	(820,951)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,766,094	2,766,094	(2,766,094)	--
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 31 March 2020	80,000,000	143,900,000	205,448,034	349,348,034	514,862,309	944,210,343
Balance as on 1 July 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996
Profit for the period ended 31 March 2021	--	--	50,234,831	50,234,831	--	50,234,831
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	50,234,831	50,234,831	--	50,234,831
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	334,289	334,289	(334,289)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,606,015	1,606,015	(1,606,015)	--
Transactions with owners:						
Final cash dividend @ 12.5% related to the year ended 30 June 2020	--	--	(10,000,000)	(10,000,000)	--	(10,000,000)
Interim cash dividend @ 20% related to the period ended Dec 31 2020	--	--	(16,000,000)	(16,000,000)	--	(16,000,000)
Balance as at 31 March 2021	80,000,000	143,900,000	243,187,314	387,087,314	512,197,513	979,284,827

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2021

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated and domiciled in Pakistan as a private limited company in July 1962. It was converted into public company and listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) in July 1964. The main business activity of the Company is the production and sale of exercise books, pro-labels and sensitized papers.

The geographical location and address of Company's business units including plant is as under:

- The registered office of the Company along with its plant is situated at D-58, SITE, Estate Avenue, Karachi.
- The Company also have a sales office in Lahore, Pakistan.

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the quarter ended 31 March 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 March 2021 and 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2020 and 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

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



PAKISTAN PAPER PRODUCTS LIMITED

		(Un-audited) March 31 2021	(Audited) June 30 2020
		----- (Rupees) -----	
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets	4.1 811,727,659	824,265,465
	Capital work-in-progress	--	--
		<u>811,727,659</u>	<u>824,265,465</u>
		--	--
	4.1 Operating fixed assets		
	Opening net book value (NBV)	824,265,465	783,358,992
	Addition (at cost) during the period year	4.1.1 14,937,108	74,685,043
	Surplus arising due to revaluation of property, plant and equipment	--	--
		<u>839,202,573</u>	<u>858,044,035</u>
	Disposal (NBV) during the period	4.1.2 (265,488)	(1,818,904)
	Depreciation charged for the period	(27,209,426)	(31,959,666)
		<u>811,727,659</u>	<u>824,265,465</u>
		-	--
	4.1.1 Details of additions (at cost) during the period / year are as follows:		
	Building on leasehold land		
	- Factory	386,165	922,200
	- Office	--	175,550
	Plant and machinery	7,503,769	66,930,235
	Furniture and fixture	1,205,046	118,000
	Factory and other equipment	2,519,570	2,907,333
	Electric equipment and fittings	91,611	--
	Software	565,000	--
	Computers	101,000	263,300
	Vehicles	2,564,947	3,368,425
		<u>14,937,108</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	(12,822)	(36,122)
	Vehicles	(252,666)	(1,549,244)
		<u>(265,488)</u>	<u>(1,818,904)</u>
5	CASH AND CASH EQUIVALENT		
	Cash and bank balance	5,197,470	4,410,201
	Bank Al Habib Limited - Running finance utilized	(80,359,722)	(95,645,256)
		<u>(75,162,252)</u>	<u>(91,235,055)</u>



PAKISTAN PAPER PRODUCTS LIMITED

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

Commitments are outstanding in respect of letters of credit amounting to Rs. 65,033,304/- (March 2020: Rs. 142,467,537/-)

- 7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 22, 2020.

ABBAS SAYEED

Chairman

ZIA UR REHMAN

Chief Financial Officer

ABID SAYEED

Chief Executive

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**Promoting Education,
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