

# **Annual Report 2021**



**Pakistan Paper Products Ltd.**



## VISION STATEMENT

*To transform the company into a modern and dynamic paper converting company by utilizing experience of the team of professionals to play a meaningful role on sustainable basis in the economy of Pakistan.*

## MISSION STATEMENT

*To provide quality products to customers and explore new clients to promote sales of the company through good governance and encourage a sound and dynamic team, so as to achieve best prices of products of the company for sustainable growth and prosperity of the company.*





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## PAKISTAN PAPER PRODUCTS LIMITED

# CORPORATE PROFILE

### BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairman	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	- Chairman
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](http://www.pakpaper.com)



## PAKISTAN PAPER PRODUCTS LIMITED

### NOTICE OF MEETING

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held on **Monday, October 25, 2021 at 11:00 am** at the Registered Office of the Company at D/58, Estate Avenue, S.I.T.E., Karachi to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2021 together with the Directors' and Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend for the year ended June 30, 2021 @ 30% i.e. Rs.3.0 per share as recommended by the Board of Directors.
3. To appoint Auditors for the year 2021-22 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Karachi  
Dated: September 20, 2021

By Order of the Board  
Safia Khursheed  
Company Secretary

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#### NOTES:

1. The Share Transfer Books of the Company will remain closed from Saturday, October 16, 2021 to Monday, October 25, 2021 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. F.D. Registrar Services (Pvt) Ltd, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi 74000, at the close of business on Friday, October 15, 2021 will be treated in time for the above entitlement.
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote in his / her instead. The proxies to be effective must be in writing and must be received by the Company's Registered Office not less than 48 hours before the meeting.

#### A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
- ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

#### B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### C: Zakat Declaration Certificate

Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).



## PAKISTAN PAPER PRODUCTS LIMITED

### **D: Submission of CNIC Copy (MANDATORY)**

Pursuant to the directives of the Securities & Exchange Commission of Pakistan CNIC number is mandatory required to be mentioned on dividend warrants, Shareholders are therefore requested to submit copy of their valid CNIC (only Physical Shareholders) if not provided earlier to the M/s. F.D Registrar Services (Pvt) Ltd (The Share Registrar). The Corporate Entities are requested to provide their National Tax Number (NTN). Please quote Folio Number with the copy of CNIC/NTN details. In case of non-receipt of valid CNIC the Company would be unable to comply with SRO 831(I)/2012 dated July 5, 2012 of SECP read with SRO 19(1)/2014 January 10, 2014. Please note that no dividend will be payable unless CNIC number is printed on the dividend warrants, failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.

### **E. Payment of Cash Dividend Through Electronic Mode (Mandatory)**

Section 242 of the Companies Act, 2017 provides that in case of a listed company, any cash dividend declared by the company must be paid electronically directly into the bank accounts of entitled shareholders. Therefore, all shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.pakpaper.com> and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. F.D. Registrar Services (Pvt) Ltd in case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services. In case of non-submission of IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.

### **F. Change of Address and Quote Folio No. In Correspondence:**

Members are also requested to notify any change in address immediately. The shareholders are further requested to quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

### **G. Unclaimed Dividends and Shares (Important & Mandatory)**

Shareholders who could not collect their dividend/physical shares are advised to contact the Share Registrar of the Company to collect/inquire about their unclaimed dividend or shares, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

### **H. Circulation of Notice of Meeting & Annual Accounts:**

With reference to S.R.O. 787(I)/2014 dated September 8, 2014 issued by SECP; shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent to the Company's Registered Office to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if shareholders, in addition, request for hard copy of Audited Financial Statements, the same shall be provided free of cost within seven [7] days of receipt of such written request.

### **I. Placement of Financial Accounts on Website:**

Annual Audited Financial Statements of the Company for the year ended June 30, 2021 have been placed on Company's website at [www.pakpaper.com](http://www.pakpaper.com)

### **J. Deduction of Income Tax on Dividend**

Members are informed that the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, have been revised in case of person not appearing in Active Tax Payer List (ATL) which are as under:

- i. Rate of tax deduction for shareholders appearing in Active Taxpayer List (ATL) - 15%
- ii. Rate of tax deduction for shareholders not appearing in Active Taxpayer List (ATL) - 30%



## PAKISTAN PAPER PRODUCTS LIMITED

To enable the company to make tax deduction on the amount of the cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure that their names are entered into ATL. Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Company Name	Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or our Share Registrar M/s. F.D. Registrar Services (Pvt) Ltd. The shareholders while sending NTN or NTN certificate, as the case may be, must quote company name and their respective folio numbers.

### K: Requirement of Companies (Postal Ballot) Regulations 2018

Members can exercise their right to vote by means of postal ballot i.e., by post or through electronic mode subject to the requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

### L: Online Participation in AGM:

1. In view of the prevailing pandemic Covid-19 situation shareholders can also avail video conference facility in this regard. Video link details and login credentials will be shared with those who have shown their intent to attend the meeting.
2. Also, If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city. Please fill the following and submit to the Registered Office of the Company seven (7) days before holding of the Annual General Meeting.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of the Pakistan Paper Products Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register CDC/ Folio no. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

### M: Conversion of Physical shares into Book Entry form:-

Pursuant to Section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book entry form in the manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shares are encouraged to convert their physical shares into book entry form by depositing shares into Central Depository Company Pakistan Limited by opening CDC sub account with any broker or investor accounts directly with CDC.



## PAKISTAN PAPER PRODUCTS LIMITED

### OPERATING HIGHLIGHTS

Rupees in Thousand

2021	2020	2019	2018	2017	2016
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#### HISTORICAL TRENDS

##### Trading results

Turnover	1,224,655	1,021,263	969,748	868,871	724,393	676,554
Sales - Net	1,092,962	913,310	875,439	788,229	659,935	613,672
Gross Profit	160,813	96,911	99,271	129,719	124,258	125,342
Profit before tax	97,014	21,616	23,968	64,459	73,059	62,572
Taxation	26,449	6,045	5,994	14,391	12,227	24,206
Profit after tax	70,565	15,570	17,975	50,068	60,832	38,365

##### Dividend

Cash Dividend	50.0%	12.50%	10%	25%	55%	30%
Stock Dividend				33.33%		
Cash Dividend Value	40,000	10,000	8,000	15,000	33,000	18,000
Stock Dividend Value	-	-	-	20,000	-	-
Dividend Payout	56.69%	64.22%	44.51%	69.90%	54.25%	46.92%

##### Financial Position

Total Assets	1,397,162	1,376,352	1,234,181	870,670	843,795	723,186
Paid up Capital	80,000	80,000	80,000	60,000	60,000	60,000
Reserves (including Capital reserves from FY -Year 2017)	999,029	955,050	947,258	634,269	597,018	284,545
Working capital	322,419	207,876	247,273	247,727	223,235	225,123
Current Ratio	2.19	1.61	2.22	2.93	3.03	3.77

#### KEY INDICATORS

##### Operating

Gross Profit	14.71%	10.61%	11.34%	16.46%	18.83%	20.42%
Profit before tax	8.88%	2.37%	2.74%	8.18%	11.07%	10.20%
Profit after tax	6.46%	1.70%	2.05%	6.35%	9.22%	6.25%
Return on Equity	6.54%	1.50%	1.75%	7.21%	9.26%	11.13%
Return on Assets	5.05%	1.13%	1.46%	5.75%	7.21%	5.30%

##### Valuation

Earning per share (pre tax)	12.13	2.70	3.00	10.74	12.18	10.43
Earning per share (post tax)	8.82	1.95	2.25	8.34	10.14	6.39
Breakup value per share	134.88	129.38	128.41	115.71	109.50	57.42

##### Asset utilisation

Inventory turnover ratio	3.79	4.07	4.62	4.59	4.31	4.43
Total assets turnover ratio	0.78	0.66	0.71	0.91	0.78	0.85

##### Production

Exercise Books (Goose)	45,225	50,466	55,708	57,990	56,176	66,390
Amonia Paper (Rolls 10 yds)	17,875	17,093	26,939	32,461	33,187	36,856
Pro-Labels (Sq. Meter)	6,229,624	5,421,736	5,276,473	5,104,755	4,336,380	3,482,032



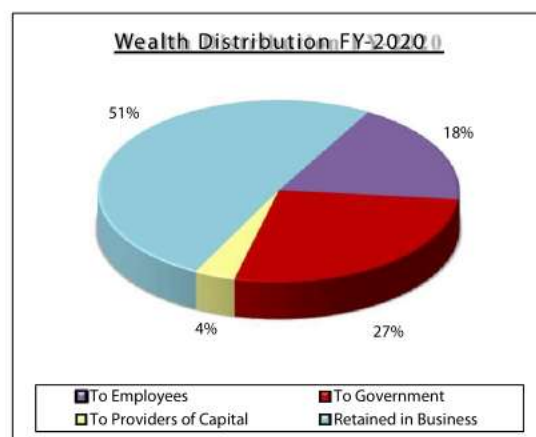
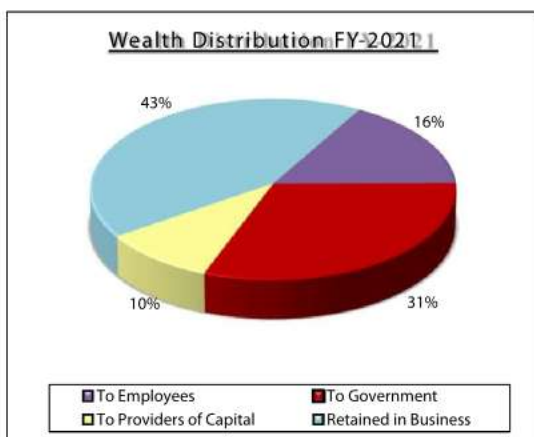


## PAKISTAN PAPER PRODUCTS LIMITED

### Statement of Value Added and its Distributions

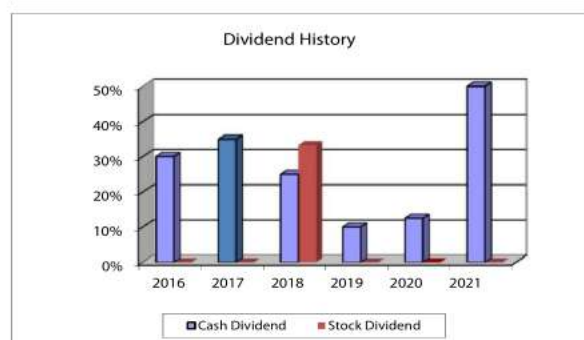
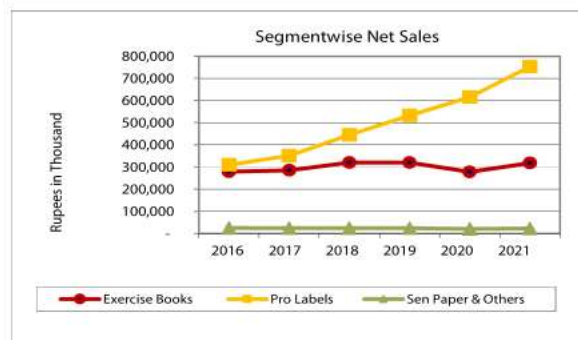
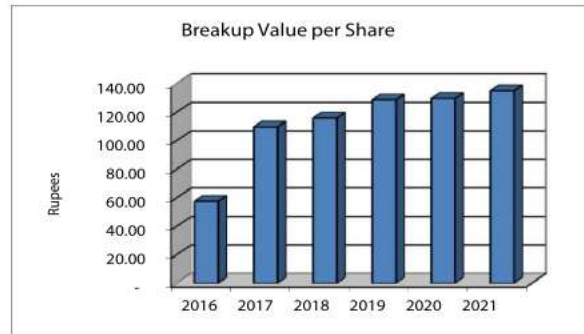
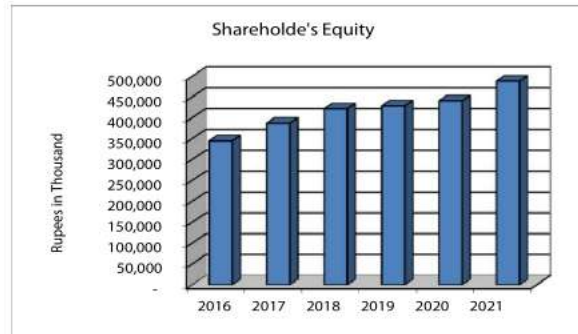
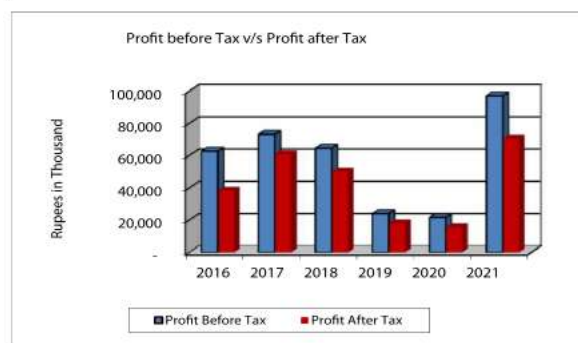
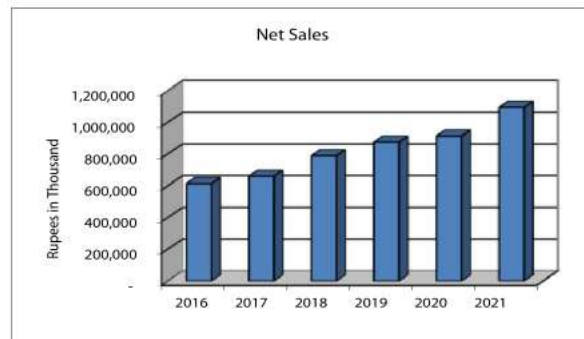
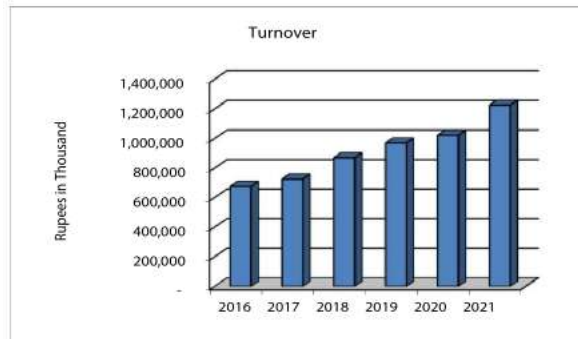
#### Statement of Value Added and its Distribution

	2021 Rupees in thousand	%	2020 Rupees in thousand	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax & other income	1,233,231		1,021,423	
Bought-in-material & services	736,045		574,558	
	<u>497,187</u>	<u>100.00%</u>	<u>446,866</u>	<u>100.00%</u>
<b>Wealth Distributed</b>				
To Employees				
Salaries, wages, benefits & related cost	82,283	16.55%	81,676	18.28%
To Government				
Income tax, sales tax & workers' fund	153,589	30.89%	122,118	27.33%
To Providers of Capital				
Dividend to share holders	40,000	8.05%	10,000	2.24%
Markup on borrowed funds	7,859	1.58%	6,203	1.39%
	<u>47,859</u>		<u>16,203</u>	
Retained in Business				
Depreciation, Amortization & retained profit	213,456	42.93%	226,868	50.77%
	<u>497,187</u>	<u>100.00%</u>	<u>446,866</u>	<u>100.00%</u>





## PAKISTAN PAPER PRODUCTS LIMITED





## Chairman Review

### Dear Shareholders

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2021 and share with you an update on the performance of our company.

### Business Performance

By the grace of Almighty Allah, your Company has had an excellent year, both in terms of increase in sales and profitability. Turnover during the year ending June 2021 increased by 19.6%, crossing Rs. 1 billion mark, achieving total 1.092 billion in Sales. The profitability of your Company (PAT) was all time high at Rs. 70.565 million, which amount to an EPS of Rs. 8.82

I compliment the Chief Executive and his team for achieving these outstanding results, also for having made such an impressive turn around in the Company's profitability, in spite of the uncertainty, which prevailed through the year mainly due to the prevailing Covid-19 situation.

The current results are also a testimony of the fact that our economy has done exceptionally well, which lead to increase in local demand of FMCG, automotive, Pharmaceutical, textile and construction sectors. Growth in all these sectors clearly indicate that Pakistan has a robust economy and a growth driven local consumption, which help the economy to rebound to various uncertainties.

I am confident that your Company will strive par excellence in the coming year as well. I have full confidence in our Chief Executive and his team to maintain similar growth pattern in coming years as well. Having said that, external factors such as constant devaluation of PKR against all major foreign currencies, increase in interest rates or increase in local duties and taxes, can adversely impact our profitability in the current year

### Board Performance

The Board performed its duties and responsibilities diligently by effectively guiding the Company in its strategic affairs. The Board also played an important role in overseeing the Management's performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes. The Board also remained committed to





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## PAKISTAN PAPER PRODUCTS LIMITED

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ensure high standards of Corporate Governance to preserve and maintain stakeholder value. All Directors, including Independent Directors, fully participated and contributed in the decision-making process of the Board.

The Company has an independent Internal Audit department and internal audit reports are presented to the Board Audit Committee on a quarterly basis wherein areas for improvement are highlighted.

The Board carried out its self-evaluation and identified potential areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the Management

### **Acknowledgement**

I thank our CE, all the members of our Board and the employees of our Company who have worked as a team, to achieve this outstanding performance.

I look forward to continued innovation and all-round effort and vigilance during the current year and in all times to come, to ensure sustained growth and profitability.

I am also thankful to Shareholders, Customers, Bankers, Regulatory Authorities and other Stakeholders for their continued support.

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**Abbas Sayeed**  
**CHAIRMAN**

September 16, 2021  
Karachi



## PAKISTAN PAPER PRODUCTS LIMITED

### ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے آڈٹ شدہ اکاؤنٹس کے ساتھ 59 ویں سالانہ رپورٹ پیش کرنے پر خوش ہیں۔ اس رپورٹ میں 30 جون 2021 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی سرگرمی کا احاطہ کیا گیا ہے اور قریبی کی تفصیلات کے ساتھ اس کی آپریشنل اور مالی کارکردگی کو بھی بیان کیا گیا ہے۔

### آپریٹنگ کارکردگی

اللہ کے فضل سے آپ کی کمپنی نے اس سال غیر معمولی طور پر اچھی کارکردگی کا مظاہرہ کیا اور گزشتہ 3 سالوں کی طرح چوتھی سہ ماہی بھی بہترین کارکردگی برقرار رہی۔ سال کے دوران مجموعی اور خالص منافع نے بلندی کے نئے ریکارڈ قائم کیے۔ کمپنی کی مجموعی آمدنی 1,224.1 ارب روپے رہی جو کہ گزشتہ سال کے مقابلے میں 19.92 فی صد زیادہ ہے اور قبل از ٹیک خالص منافع بڑھ کر 97.014 ملین روپے ہو گیا جو کہ 348.81 فی صد زیادہ ہے، اور بعد از ٹیک منافع 70.57 ملین روپے رہا جو کہ 353.2 فی صد زیادہ ہے۔ اس قدر زبردست کارکردگی کی کئی وجوہات ہیں لیکن سب سے بڑی اور اہم وجہ ملک کی معیشت میں بہتری ہے۔ وبائی مرض سے جڑی بندشوں کے عرصے کی رکی ہوئی طلب دوبارہ بحال ہونے کے باعث بھی فروخت میں اضافہ ہوا، جب کہ پاکستانی روپے کی قدر میں اضافہ کے باعث منافع کی شرح میں بہتری آئی اور شرح سود کم ہونے کے باعث مالیاتی لاگت میں گراؤ آئی۔ تمام اشاریے موافق ہونے اور اچھی مارکیٹنگ اور سیلز اور پراڈکشن کے نتیجے میں ہم زبردست نتائج دینے میں کامیاب رہے۔

### پرویلو:

فروخت کے حجم میں اضافہ کی بنیادی وجہ پرویلو سیکشن کی شاندار کارکردگی رہی، جس کی فروخت میں 22.4 فی صد کا زبردست اضافہ ہوا۔ اس سیکشن میں کمپنی کی جانب سے کی جانے والی بروقت توسیع اور جدت لانے کے باعث ہم بڑھتی طلب کو پورا کرنے میں کامیاب رہے۔ گزشتہ سال کے اختتام پر کی جانے والی توسیع کے باعث ہم اپنی پیداواری استعداد میں اضافہ کرنے میں کامیاب رہے اور 2021 میں ہم نے 6.3 ملین کنورٹ کیا جو کہ پرویلو کیلئے ایک ریکارڈ ہے۔ اس توسیع کے باوجود ہمیں استعداد کے دباؤ کا سامنا ہے اور مکمل کردہ آرڈرز کا حجم بڑھ رہا ہے۔ اس کی وجہ اس سیکشن میں بڑے پیمانے پر آنے والی نمو ہے اور جیسا کہ میں نے ہمیشہ کہا ہے کہ اس پیکیجنگ کے سیکشن میں ہمارا ملک ابھی ابتدائی مراحل میں ہے اور آنے والے برسوں میں نمو کی شرح بلند رہے گی۔ اس کی روشنی میں ہم نے توسیع کو جاری رکھنے کا فیصلہ کیا ہے اور جنوری 2022 تک ایک اور جدید پرنٹنگ مشین شامل کرنے کا منصوبہ ہے۔ اس کی مدد سے ہمیں مزید جدید لیبل پرنٹ کرنے میں ٹیک حاصل ہو جائیگی جو کہ بہتر ویلیو ایڈیشن فراہم کرتی ہے۔ ہماری کمپنی اس سیکشن میں صحت اول پر ہے اور ہم نے پاکستان میں رول کی شکل میں سیلف ایڈجسٹنگ لیبلز بنانے والی سب سے بڑی کمپنی ہونے کے اعزاز کو برقرار رکھا ہے۔ مالی سال 2020-21 کے دوران پاکستانی روپے کی قدر میں اضافہ کے باعث کمپنی کے منافع میں بہتری آئی اور یہ کمپنی کے خالص منافع کے اعداد و شمار سے واضح ہے۔ البتہ، جون 2021 سے یہ صورتحال تبدیل ہو رہی ہے اور پاکستانی روپے کی قدر میں بڑی کمی آئی ہے جس کے باعث منافع پر دباؤ آ رہا ہے۔ مزید برآں، عالمی سطح پر کئی ملکوں میں وبائی مرض کی بندشوں کے نتیجے میں پیدا ہونے والی کمی کے باعث ہمارے کئی خام مال کی قیمتوں میں قابل ذکر اضافہ کے ساتھ کرایہ کی لاگت میں بھی ڈرامائی تیزی آئی ہے۔ اس کے نتیجے میں ہماری لاگت میں اضافہ ہو رہا ہے اور ہمیں امید ہے کہ اس کا کچھ ازالہ صارفین کیلئے قیمتوں میں اضافہ کے ذریعے پائیں گے۔

### ایکسٹرنل فیکٹرز:

کووڈ-19 وبائی مرض کے باعث ایکسٹرنل فیکٹرز کیلئے یہ ایک اور مشکل سال تھا۔ اسکول عموماً انداز میں کام کرنے سے قاصر رہے اور حکومت کی جانب سے کئی بار اسکول کھولنے اور پھر بند کرنے کے فیصلے آتے رہے، جس کی وجہ سے افراتفری کی صورتحال رہی۔ اس سال فروخت میں 14.5 فی صد اضافہ ہوا، جس کی وجہ گزشتہ سال میں ہونے والی کم فروخت تھی اور کئی اسکولوں نے اس سال اپنے نئے آرڈر منوخر کر دیے تھے۔ صورتحال کو مدبّر طور پر رکھتے ہوئے دیکھا جائے تو میرا خیال ہے کہ آپ کی کمپنی نے اس صورتحال کو اچھی طرح سنبھالا اور مارکیٹ میں فروخت کی صورتحال اور جب کبھی اسکولوں کے دوبارہ کھلنے کی صورت میں اچھی انوینٹری کے ذریعے فائدہ اٹھایا۔ دیگر اشیاء کے ساتھ کاغذ کی قیمتوں میں بھی اضافہ ہوا ہے لیکن ہم نے اسی مناسبت سے قیمتیں بڑھانے کی سخت پالیسی اختیار کئے ہوئی ہے تاکہ منافع پر بہت زیادہ منفی اثر نہ پڑے۔ بلاشبہ، یہ ایک مسلسل متنبی منڈی ہے، اس لیے قیمتوں کو بڑھاتے وقت ہمیں اس بات کو بھی مد نظر رکھنا ہوتا ہے لیکن وبائی مرض کے باعث ہمارے کئی چھوٹے حریف اپنا وجود تک برقرار نہیں رکھ پائے۔ ہم بہتر مارکیٹنگ کے ذریعے اپنی برانڈ ایکس کی فروخت بڑھانے میں بھی کامیاب رہے اور ہمارے ڈسٹری بیوٹرز نے دینی سندھ میں مزید رسائی حاصل کر لی ہے جہاں ہماری کاپیاں اچھی ساکھ رکھتی ہیں اور ان کی طلب بہت زیادہ ہے۔ مارکیٹ اور اسکولوں کی زیادہ طلب ایک ہی وقت آنے کے باعث اس طلب کو پورا کرنے میں ہیں مشکلات کا سامنا کرنا پڑا لیکن ہماری پراڈکشن ٹیم نے پیداوار میں اضافہ کر کے اضافی طلب کو بخوبی پورا کیا۔



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سینسیٹا نرڈ پیپر اور پلاٹر پیپر:

سینسیٹا نرڈ پیپر کی فروخت میں 11.92 فیصد اضافہ ہوا تاہم ہماری مجموعی فروخت میں اس کا حصہ محض 1.1 فیصد ہے۔ سب سے بڑا چیلنج اس کیلئے خام مال کا حصول ہے کیونکہ پاکستان دنیا کے ان چند ملکوں میں شامل ہے جہاں اب بھی قانون کے تحت تمام سرکاری ادارے آفیشل ڈرائنگز کیلئے بلیو پرنٹ پیپر استعمال کرتے ہیں۔ خام مال کی عدم موجودگی کے باعث گزشتہ چار ماہ سے اس کی پیداوار صفر ہے۔ البتہ، اب ہم نے خام مال حاصل کر لیا ہے اور دوسری سہ ماہی کے آغاز سے پیداوار شروع کر دیں گے۔ غالباً بہت جلد ہم اس لائن کو مکمل طور پر بند کر دیں گے کیونکہ سپلائرز نہ ہونے کے باعث اس کیلئے خام مال کا حصول ایک بڑا چیلنج بننا چاہا ہے۔ مارکیٹ میں زیادہ طلب کے باعث پلاٹر پیپر کی فروخت میں 8.73 فیصد اضافہ ہوا اور ساتھ ہی کاغذ کی عالمی قیمتوں میں اضافہ کے باعث اس کی قیمتیں بھی بڑھ گئیں۔ یہ سینسیٹا نرڈ پیپر کا متبادل ہے اور ہمارے لیے یہ ایک موڈ فی فریڈنگ آئٹم ہے، کیونکہ ہم اس میں کوئی ویلیو ایڈیشن نہیں کر سکتے اور محض جبور ولز کو چھوٹے رولز میں کاٹنا جاتا ہے جو پلاٹر مشینوں پر چل سکیں۔

### مالیاتی کارکردگی

جیسا کہ پہلے بھی ذکر کیا گیا کہ ہمارے مجموعی اور خالص منافعہ جات نئی بلند سطحوں پر پہنچ گئے اور اس کارکردگی کیلئے ہم اللہ تعالیٰ کے انتہائی شکر گزار ہیں۔ بہتر منافع کی وجوہات میں روپے کی قدر میں اضافہ، شرح سود میں کٹوتی اور ضیاع میں کمی کر کے پراڈکشن کارکردگی کو زیادہ موثر بنانا ہے۔

جون، 2020	جون، 2021	تکس لگانے سے پہلے منافع
21,615,673	97,013,786	تکس
(6,045,309)	(26,448,594)	تکس لگانے کے بعد منافع
15,570,364	70,565,192	
1.95	8.82	نی شیئر آمدنی

### منافع منقسمہ کا اعلان

بورڈ پریذیڈنٹ 20 فیصد عبوری منافع منقسمہ کا اعلان کر چکا ہے اور 30 فیصد حتمی نقد منافع منقسمہ کا اعلان کرتے ہوئے مسرت کا اظہار کرتا ہے، جس کے بعد مجموعی ادائیگی 50 فیصد یعنی 5 روپے فی حصص ہو گئی ہے۔

### مالی رپورٹنگ

یہاں ہم یہ ذکر کریں کہ اس کمپنی کی مالی رپورٹنگ ایس ای سی پی کی جانب سے منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات کی منظوری پر مبنی ہے اور کمپنیز ایکٹ 2017 کی ضروریات کی تعمیل بھی کرتی ہے۔

### مینیو فیکچرنگ اور آپریشنز

مینیو فیکچرنگ کی سہولیات سے متعلق ہمارے تمام وسائل نے عمدہ کارکردگی کا مظاہرہ کیا اور افاذیت میں مثبت فائدہ حاصل کیا

ہم مسابقت میں آگے رہنے کے لئے اپنی مینیو فیکچرنگ سہولیات کو مسلسل جدید اور اپ گریڈ کر رہے ہیں۔

### کارپوریٹ سماجی ذمہ داری

ایک پبلک لیمنڈ کمپنی ہونے کے ناطے، ہمیں یہ احساس ہے کہ ہم پراس ملک اور اس کے عوام کے لئے ذمہ داری عائد ہوتی ہے۔ اس ضمن میں ہم ضرورت مند تنظیموں کو چندہ دیتے ہیں۔



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صحت

ہم ماحولیات پر اپنی کاروائیوں اور مصنوعات کے اثرات کو کنٹرول کرتے ہوئے ماحولیات کی کارکردگی کا مظاہرہ کرنے کے لئے پرعزم ہیں اور ہم ملک میں آلودگی کے کنٹرول کے لئے وضع کردہ ماحولیات کی قانون، قواعد و ضوابط اور ان کے ساتھ عمل کرنے کی مزید کوشش کرتے ہیں۔ آپ کی کمپنی پاکستان میں ایک بہتر اور ماحولیات کی دوستی کے مستقبل کے فروغ میں اپنا کردار ادا کرنے کے لئے پرعزم ہے۔

بورڈ

پاکستان پیپر پروڈکٹس لمیٹڈ کا ایک آزاد اور ہدف بورڈ ہے، جس میں ایک ورکنگ اور دوسرے نان ورکنگ ڈائریکٹرز ہیں۔ چیئرمین اور چیف ایگزیکٹو کے کردار مختلف ہیں اور ہر ایک کے واضح طور پر بیان کردہ رول پروفاٹل ہیں۔

### کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

- ☆ ہمیں یہ اطلاع دیتے ہوئے خوشی ہے کہ آپ کی کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کے لئے ضروری اقدامات اٹھائے ہیں جیسا کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط میں شامل ہے۔
- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے، اس کی امور کی منصفانہ حیثیت، کارروائیوں کا نتیجہ، کیش فلو اور انکیوٹی میں منتقلی۔
- ☆ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ☆ کمپنی کے ڈیرہ اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- ☆ مالی گوشواروں کی تیاری میں، بین الاقوامی اکاؤنٹنگ معیارات، جس کا اطلاق پاکستان میں ہوتا ہے، عمل کیا گیا ہے۔
- ☆ کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شبہ نہیں ہے۔
- ☆ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے۔ اس نظام کی مسلسل نگرانی اندرونی آڈٹ اور اس طرح کے دوسرے نگرانی کے طریقہ کار کے ذریعے کی جارہی ہے۔ اندرونی کنٹرول کی نگرانی کا عمل جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول کو مزید تقویت بخشنے اور نظام میں بہتری لانا ہے۔
- ☆ اکاؤنٹس کو نوٹ میں ٹیکس کے بارے میں تفصیل دی جاتی ہے۔

### بورڈ اور اس کی کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز (بی او ڈی) کے سال (04) اجلاس کے دوران، چار (04) آڈٹ کمیٹی (ای سی) کے اجلاس اور ایک (01) ایچ آر اینڈ آر کمیٹی اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	بورڈ میٹنگ	آڈٹ کمیٹی	ای سی کے ریسورس اور معاون کمیٹی
مسٹر عباس سعید	4	4	1
جناب عابد سعید	4	4	1
ڈاکٹر اسد اللہ سعید	4	4	-
مسز ملالہ سعید	3	-	1
جناب سعید عمران	4	-	1
جناب شعیب احمد خان (NIT نامزد)	4	4	1
محترمہ عائشہ فریال صلاح الدین	4	4	-

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے اور چھٹی کی درخواست کرنے والے ڈائریکٹروں کو قانون کے مطابق بورڈ/کمیٹیوں کے ذریعے اجلاس سے غیر موجودگی کی مستقل منظوری دی جاتی ہے۔



## PAKISTAN PAPER PRODUCTS LIMITED

### ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز کو توثیق سے مستثنیٰ قرار دیا گیا ہے کیونکہ وہ ضابطہ اخلاق میں دیئے گئے معیار پر مکمل طور پر پورے اترتے ہیں۔ دو نے بالترتیب 2015 اور 2018 میں ڈائریکٹرز کے سرٹیفیکیشن ٹرینینگ پروگرام کے تحت سند حاصل کی ہے۔ لہذا، آدھے سے زیادہ بورڈ کوڈ کے مطابق ڈی ٹی پی اور چھوٹ کے معیار کے تحت اہل ہیں۔

کمپنی کے ڈائریکٹرز اپنے فرائض کی انجام دہی کے لئے مناسب طور پر تربیت یافتہ ہیں اور کمپنیز ایکٹ، 2017 (PSX) رول بک کے ضوابط کے تحت ان کے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

### تفصیل کا بیان

بورڈ نے تفصیل کا بیان اپنایا ہے۔ تمام ملازمین کو اس بیان سے آگاہ کیا جاتا ہے۔

### مادی تبدیلیاں

یہاں کوئی مادی تبدیلیاں نہیں کی گئیں اور کمپنی نے شعوری طور پر کسی بھی عزم اپنایا نہیں کیا ہوا ہے جس سے اس کی مالی حیثیت متاثر ہو۔

### کاروباری اصولوں کا کوڈ

ایک معروف کاغذ میں تبدیل ہونے والی کمپنی کے طور پر، اعلیٰ اخلاقی معیار کی ساتھ، اس کمپنی کے ہر ڈائریکٹر اور ملازم کی جانب سے بات چیت اور منظوری کے ساتھ پہلے ہی سے وضع کردہ کاروبار کا کوڈ کاروباری کامیابی میں مرکزی حیثیت رکھتی ہے۔

### منجست کا خطرہ

اپنی ذمہ داریوں کے ایک حصے کے طور پر، بورڈ آف ڈائریکٹرز نے ہمیشہ معاشرتی معاشی ماحول اور اس کے نتیجے میں ان اندرونی اور بیرونی خطرات پر کڑی نگاہ رکھی ہوئی ہے جو کمپنی کی محفوظ اور ہموار کارروائیوں پر اثر انداز ہو سکتے ہیں اور سال بھر خطرات کی نشاندہی اور تخفیف میں چوکس رہتے ہیں۔ بورڈ نے ممکنہ خطرات کی نشاندہی کی، کمپنی پر ان کے اثرات کا اندازہ کیا اور کاروبار میں ہونے والے کسی بھی اور ممکنہ خطرات کو کم کرنے کے لئے حکمت عملی تیار کی۔ ان حکمت عملیوں کو آڈٹ کمیٹی کے ذریعے نافذ کیا گیا تھا تاکہ یہ یقینی بنایا جاسکے کہ کسی خطرے کی تخفیف میں قاصر نہ ہو۔

### خطرے کی تشخیص

کاروباری اداروں کو متعدد غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ بن سکتے ہیں اور اگر اس پر توجہ نہ دی تو نہ رکنے والے نقصانات کا سبب بن سکتے ہیں۔ بورڈ نے اندرونی اور بیرونی دونوں خطرات کا خطاطہ اور مکمل جائزہ لیا ہے جس کا کمپنی کو سامنا کرنا پڑ سکتا ہے۔ خام مال کی بڑھتی قیمت کمپنی کو درپیش سب سے قریب خطرہ ہے۔ پاکستانی روپے کی قدر و قیمت میں کمی نے اس خطرے کو اور واضح کر دیا ہے۔ اس کے منفی اثرات کو روکنے کے لئے، کمپنی نے اپنے اہم بین الاقوامی سپلائرز کے ساتھ اسٹریٹجک تعلقات میں سرمایہ کاری کی ہے اور بروقت فراہمی کو یقینی بنایا ہے۔ کمپنی کو درپیش ایک اور خطرہ میں خام مال کی دستیابی۔

### مستقبل کی توقعات

کم منافع کے ساتھ چند مشکل سال گزارنے کے بعد کچھ اس سال بہترین نتائج دینے میں کامیاب رہی ہے یہ اچھے نتائج اس لیے حاصل ہوئے کیونکہ تمام اشاریے ہمارے لیے موافق رہے۔ بورڈ اختراع کرنا چاہے گا کہ اس سال ایک بار پھر ہم پاکستانی روپے کی قدر میں بڑے پیمانے پر کمی کے باعث مشکلات سے دوچار ہیں جس کے باعث کرنسی تبادلہ میں نقصانات ہوتے ہیں اور اس کے نتیجے میں شرح سود بھی دوبارہ بڑھنا پڑے گی۔ گریڈ کی بلند لاگت اور شپنگ کی کم دستیابی کے باعث سپلائی چین بری طرح متاثر ہو رہی ہے۔ مزید برآں، تنخواہوں اور دیگر پروڈکشن لاگت بڑھنے سے اس سال ملک میں افراط زر کی شرح بلند رہنے کے باعث ہماری مجموعی پیداواری لاگت میں اضافہ ہوگا۔

آپ کو یقین دہانی کرانا چاہتے ہیں کہ منجست اس صورتحال سے اچھی طرح باخبر ہے اور بروقت اور منوثر ترین انداز میں اس کا خیال رکھا جا رہا ہے۔



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### حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی میں بورڈ کے چار ممبران شامل ہیں، دو نان ایگزیکٹو ڈائریکٹر اور دو آڈٹرز ایکٹر ہیں۔ کمیٹی کا چیئر مین ایک آڈٹرز ایکٹر ہے جیسا کہ سی سی جی ریگولیشنز 2019 میں ضروری ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے حوالہ کی شرائط طے کی ہیں۔ آڈٹ کمیٹی سالانہ اور سہ ماہی کے مالی بیانات، اندرونی آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ کے اجلاسوں سے قبل اس کا اجلاس منعقد کرتی ہے۔ کمیٹی محکمہ داخلی آڈٹ کے ذریعہ داخلی کنٹرول کا مناسب انتظام کرتی ہے اور آپریشنل اور مالی کنٹرول کی تائید کا جائزہ لیتی ہے۔

### ہیومن ریسورس کمیٹی

کمیٹی بورڈ کے چار ممبروں پر مشتمل ہے۔ تین غیر ایگزیکٹو ڈائریکٹر ہیں اور ایک آڈٹرز ایکٹر۔ کمیٹی کا چیئر مین آڈٹرز ایکٹر ہوتا ہے۔ کمیٹی کمیٹی کی ایچ آر اینڈ مینجمنٹ پالیسیوں کا جائزہ لے اور تیار کرتی ہے۔ کمیٹی ملازمین کے معاوضے کے لئے بھی ذمہ دار ہے اور یہ یقینی بناتی ہے کہ اسے کمیٹی کی کاروباری حکمت عملی اور طویل مدتی مفادات سے ہم آہنگ کیا جائے۔

### آپریٹنگ اور مالیاتی ڈیٹا

آپریٹنگ اور مالیاتی اعداد و شمار اور کمیٹی کے پچھلے چھ سالوں سے اہم تناسب کو جوڑ لیا گیا ہے۔

### آڈیٹر

بورڈ نے میسرز فاروق علی اینڈ کوا گنگہ مالی سال کے بطور آڈیٹر کی تقرری کی سفارش کی ہے۔ موجودہ آڈیٹر میسرز فاروق علی اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے اور اہل ہونے کے باوصف، انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا۔

### شیئر ہولڈنگ کا نمونہ

30 جون 2021 تک کچھ سیکنڈ کے حصص یافتگان کے حصص یافتگی کے انداز کے بیان کو رپورٹ میں شامل کیا گیا ہے۔

ڈائریکٹرز اور ان کے شریک حیات اور تابع بچوں کے ساتھ وابستہ کمپنیوں، ایگزیکٹوز، افراد، پبلک سیکٹر کی کمپنیوں اور کارپوریشنوں، بینک، ڈی ایف آئی ایس، این بی ایف آئی ایس، انشورنس کمپنیاں، موڈر پاس جوائنٹ اسٹاک کمپنیز، باہمی فنڈز اور دیگر کے ساتھ شیئر ہولڈنگ کی تفصیلات شیئر ہولڈنگ کے نمونوں کے ساتھ منسلک ہیں۔

ڈائریکٹرز، ای ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرئل آڈٹ اور ان کے شریک حیات اور تابع بچوں نے سال کے دوران کمپنی کے حصص کا کوئی لین دین نہیں کیا ہے، اور یہ بھی تصدیق کی ہے کہ ڈائریکٹرز، سی ای او اور ایگزیکٹو کمپنی کے دوسرے حصص میں کوئی دلچسپی نہیں رکھتے ہیں۔ حصص یافتگی کے انداز میں یہ انکشاف کیا گیا ہے۔

### مطلوبہ درجہ بندی کے تحت شرائط

کارپوریٹ گورنمنٹ ریگولیشن 2019

### بورڈ کی تشکیل

بورڈ کے سات ممبران ہیں جن میں دو خواتین اور پانچ مرد ڈائریکٹر شامل ہیں، جبکہ بورڈ کی تشکیل مندرجہ ذیل ہے۔

01	ایگزیکٹو ڈائریکٹر
04	نان ایگزیکٹو ڈائریکٹر
02	آڈٹرز ایکٹر



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### بورڈ کی کمیٹیاں۔

بورڈ نے ذیل میں دیے گئے ممبروں پر مشتمل کمیٹیاں تشکیل دی ہیں:

#### (a) آڈٹ کمیٹی

محترمہ عائشہ فریال صلاح الدین۔ چیئر پرسن

جناب عباس سعید

ڈاکٹر اسد اللہ سعید

جناب شعیب احمد خان

#### (b) ہیومن ریسورس اینڈ ریمونیشن کمیٹی

جناب شعیب احمد خان۔ چیئر مین

جناب عباس سعید

مسز ملائکہ سعید

جناب سید عمران

### ڈائریکٹرز کا معاوضہ

کچنی کے مضامین کے ذریعے، بورڈ آف ڈائریکٹرز وقتاً فوقتاً ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کا معاوضہ طے کرنے کا مجاز ہے۔ اس سلسلے میں، بورڈ آف ڈائریکٹرز نے کچنی کے ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کے لئے معاوضے کی پالیسی تیار کی ہے۔

### اعترافات

ڈائریکٹرز قابل قدر صارفین کے لئے ان کی مسلسل مدد پر شکر گزار ہیں۔ وہ کچنی کے بینکاروں، حصص یافتگان اور دیگر اسٹیک ہولڈرز کی طرف سے موصولہ حمایت کی بھی تعریف کرتے ہیں جو آپ کی کچنی میں اعتماد، برقرار رکھنا جاری رکھے ہوئے ہیں۔ اس کے علاوہ، ریگولیٹریز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) اور پاکستان اسٹاک ایکسچینج۔ پی ایس ایکس کی طرف سے موصولہ تعاون کے لئے بھی ڈائریکٹرز اپنی خلوص تعریف کو ریکارڈ کرتے ہیں۔

کچنی کے تمام ملازمین نے ایک حقیقی ٹیم ورک تیار کیا ہے اور اس کے نتائج ظاہر ہیں۔ ڈائریکٹرز ان تمام ملازمین کو ان کی مسلسل کارکردگی پر مبارکباد پیش کرتے ہیں۔

بتوسط بورڈ آف ڈائریکٹرز

عباس سعید

چیئر مین

عابد سعید

چیف ایگزیکٹو

16 ستمبر 2021

کراچی



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## PAKISTAN PAPER PRODUCTS LIMITED

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### DIRECTORS' REPORT

The Board of Directors are pleased to present the 59<sup>th</sup> Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2021 and describes its operational and financial performance along with compliance details.

#### Operating Performance

By the Grace of Allah your company had an exceptionally good performance this year and in line with the last 3 quarters we had an excellent 4<sup>th</sup> quarter also. For the year the top line and the bottom line created new record highs. The company had a total turnover of Rs 1.224 Billion which is a 19.92% increase compared to last year and NP before tax rose to Rs 97.014 which is an increase of 348.81% and NP after tax increased to Rs 70.57 million which is also an increase of 353.2%. There were many reasons for this excellent performance but foremost being the turnaround in the country's economy. It was the pent-up demand from the pandemic which led to good sales and along with that the appreciating PKR improved our margins and the reduction in interest rates led to a fall in the Finance cost. All the stars aligned well and along with good marketing and sales and production we were able to produce these results.

#### Pro Labels:

The increase in sales was primarily driven by another robust performance of Pro Labels section which enjoyed a healthy rise of 22.4% increase in sales. It is the continuous and timely expansion and modernization that the company is doing in this segment which allows us to capture the rising demand. Our recent expansion at the end of last year allowed us to increase our production capacity and we managed to convert 6.3 million sqm in 2020-21 which is also a new production record for Pro Labels. In spite of this expansion, we are continuing to face capacity pressures and back log of orders is growing. This is due to the very high growth in this segment as I have always contended that our country is still in a very nascent stage in this line of packaging and it will continue to grow at a very high rate in the future years. In light of this we have decided to continue with the expansion and plan to add one more high-end printing machine by the beginning of January 2022. This will allow us more flexibility to print more of the high-end labels which have a better value addition. Our company continues to be the leader and we have maintained our position as the largest producer of self-adhesive labels in roll form in Pakistan. The PKR appreciation during 20-21 helped improve the profit margins of the company and this is evident in the bottom-line results. However, this situation has reversed since June 2021 and the PKR has had a major devaluation so we are facing pressure on margins. Along with this there has also been a major increase in the price of our raw materials due to worldwide shortage caused by shutdown in a lot of countries and coupled with this there has been a dramatic rise in freight costs. This is pushing our costs higher and we hope recoup some of this through increasing the prices with our customers.

#### Exercise Books:

Exercise Books had another challenging year due to the Covid-19 pandemic. Schools were not able to function normally and the government had to constantly shut them and then open them again which led to a very chaotic situation. Sales increased by 14.5% this year which was mainly due to a lower sales base of last year as many schools deferred their new orders to this year. Given the situation I think your company managed very well and we kept good inventory to take advantage of





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markets sales and demand whenever schools would open. Prices of paper have been rising along with all other commodities but we have kept a very strict policy of increasing our prices also so that margins are not affected too adversely. Of course, this is a very competitive market so we have to keep that in mind also while increasing our prices but due to the pandemic many small competitors have not survived. We have also managed to increase the sales of our Brand Ex Books through better marketing and our distributors have been able to penetrate further in rural Sind where our copies enjoy a very good reputation and are in high demand. As majority of the school orders and the market demand orders all came at the same time, we had a very challenging time meeting the demand but our production team did a very good job by ramping up production to meet the higher demand.

### Sensitized Paper & Plotter Paper:

Sensitized paper sales increased by 11.92% but it now constitutes only 1.1% of our total sales. The big challenge is procuring raw materials for this product as Pakistan is one of the few countries left in the world where this product is still being used because as per law all government organization require all official drawings in blue print paper. For the last 4 months there has been Zero production due to lack of raw material. However, we have managed to procure them now and plan to start production by the beginning of Q2. Very soon we will probably have to shut down this line completely as procuring raw materials for this line is becoming a major challenge due to lack of suppliers. Plotter paper sales increased by 8.73% due to higher market demand and also rise in prices as paper prices worldwide are going up. This is the alternative to Sensitized paper and for us it is a commodity trading item as we cannot do any value addition to it other than slitting jumbo rolls into smaller rolls which can run on the plotter machines.

### Financial Performance

As mentioned earlier both our top line and bottom line hit new record highs and we are highly grateful to Allah for this performance. The main reason behind better profits and higher margins has been the appreciation of the PKR, reduction in interest rates and a much more efficient and better managed effort in production by minimizing wastage and increasing efficiency.

	<u>June, 2021</u>	<u>June, 2020</u>
Profit before taxation	97,013,786	21,615,673
Taxation	(26,448,594)	(6,045,309)
Profit after taxation	70,565,192	15,570,364
Earnings per share	8.82	1.95

### Declaration of Dividend

The Board has already announced an interim dividend of 20% and are pleased to recommend a final cash dividend @ 30% this making the total payout at 50%, i.e. Rs 5 per share.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### Financial Reporting

Let us mention here that this Company's financial reporting is based on the approved International Accounting Standards notified by the SECP and also comply with the requirements of the Companies Act 2017.

### Manufacturing and Operations

All our resources relating to the manufacturing facilities performed well and achieved positive gains in efficiencies. We are constantly modernizing and upgrading all our manufacturing facilities to stay well ahead of the competition.

### Corporate Social Responsibility

Being a Public Limited Company, we realize that we have a responsibility to this country and its people at large. In this respect we make donations to needy organizations.

### Health

We are committed to demonstrate sound environmental performance by controlling the impact of our operations and products on the environment and we further endeavor to comply with the applicable environmental legislation, regulations and standards laid down for pollution control in the country. Your company is determined to play a role in promoting a better and ecologically friendly future in Pakistan.

### The Board

Pakistan Paper Products Limited has an independent and objective Board, consisting of one working and rest non-working Directors. The roles of the Chairman and the Chief Executive are different and each has a clearly defined role profile.

### Corporate and Financial Reporting Framework

- We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Pakistan Stock Exchange.
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of the operations, cash flows and changes in equity.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Proper books of accounts have been maintained by the Company.
- In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.
- There is no significant doubt about the company's ability to continue as a going concern.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- Detail about taxes is given in the notes to the accounts.



## PAKISTAN PAPER PRODUCTS LIMITED

### Board & its Committee meetings

During the year five (04) meetings of the Board of Directors (BOD), four (04) Audit Committee (AC) meetings and One (01) HR &R Committee meetings were held. Attendance by each Director are as under:

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Abbas Sayeed	4	4	1
Mr. Abid Sayeed	4	4	1
Dr. Asadullah Sayeed	4	4	-
Mrs. Muleika Sayeed	3	-	1
Mr. Sayeed Imran	4	-	1
Mr. Shoaib Ahmed Khan (NIT Nominee)	4	4	1
Ms. Aisha Fariel Salahuddin	4	4	-

The Directors who could not attend the Board & Committee Meetings and requested for leave were duly granted leave of absence from the meeting by the Board/Committees in accordance with the law.

### Directors' Training Program

Out of seven Directors of the Company, three Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. Three have obtained certification under Directors' Certification Training Program in 2015 & 2018 respectively. Therefore, over half of the Board is qualified under the criteria of DTP and exemption criteria as per Code.

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

### Statement of Compliance

The Board has adopted the statement of Compliance. All employees are informed of this statement.

### Material Changes

There have been no material changes and the company has not consciously entered into any commitment that will affect its financial position.

### Code of Business Principles

As a leading Paper converting company, reputation for high ethical standards is central to business success. Code of Business Principles already developed and communicated and acknowledged by each Director and employee of the company.



### **Risk Management**

As part of its responsibilities, the Board of Directors have always kept a close watch on socio economic environment and consequential internal and external risks that might impact the safe and smooth operations of the Company and remained vigilant in identifying and mitigating risks throughout the year. The Board identified potential risks, assessed their impact on the Company and formulated strategies to mitigate any and all foreseeable risks to the business. These strategies were enforced through Audit Committee to ensure that no gaps remained in risk mitigation.

### **Risk Assessment**

Businesses face numerous uncertainties that might pose threats to its objectives and if not addressed may cause preventable losses. The Board has carried out vigilant and thorough assessment of both internal and external risks that the company might face. Rising cost of raw materials is the most imminent risk facing the company. Devaluation of PKR has made the risk more pronounced. In order to curb negative impact of this, the company has invested in strategic relationships with its key international suppliers and ensured timely delivery. Availability of raw materials in another risk that is faced by the company.

### **Future Prospects**

After passing through a few tough years of low profits, the company managed to break through with excellent results this year. All the stars perfectly aligned for us to manage this good result. The Board would like to caution that this year we are facing very severe headwinds again in terms of massive devaluation of the PKR which leads to exchange losses and this will also cause the interest rates to rise again. Supply chain is being badly affected by high freight costs and lower availability of shipping space. In addition, our production costs are also bound to rise significantly this year due to the high inflation in the country in terms of higher wages and other production costs.

Rest assured that the management is well aware of the situation and is doing its best to tackle this in the most efficient and timely manner.

### **Audit Committee**

Audit Committee comprises of four members from the Board, two are non-executive directors and two are independent directors. The Chairman of the Committee is an independent director as required in the CCG Regulations 2019. The Board of Directors has set out terms of reference for the audit committee. The audit committee reviews the annual and quarterly financial statements, internal audit reports and holds its meeting prior to the Board meetings. The committee manages adequately the system of internal control through internal audit department and review effectiveness of operational and financial control.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### Human Resource Committee

The Committee consists of four members from the Board; three are non-executive directors and one is an independent director. The Chairman of the Committee is an independent director. The Committee reviews and formulates the HR & management policies of the company. The Committee is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests.

### Operating and Financial Data

Operating and financial data and key ratios of the company for last six years are annexed.

### Auditors

The Board recommended appointment of M/s. Faruq Ali & Co as auditors for the next financial year. The present auditors, M/s. Faruq Ali & Co., Chartered Accountants, retire and being eligible, they have offered themselves for reappointment.

### Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2021 whose disclosure is required under the reporting framework is included in the report.

The shareholding details of directors and their spouse and minor children along with associated companies, executives, individuals, public sector companies & corporations, Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds & others along with pattern of shareholding is annexed.

The Directors, CFO, Company Secretary, Head of Internal Audit and their spouse and minor children have made no transaction of company's shares during the year, and also confirm that directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

### IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2019

#### Composition of the Board

There are seven Board members including two female and five male directors, 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 committees comprising of members given below:

**a) Audit Committee**

Ms. Aisha Fariel Salahuddin – Chairperson  
Mr. Abbas Sayeed  
Dr. Asadullah Saeed  
Mr. Shoaib Ahmed Khan

**b) Human Resource & Remuneration Committee**

Mr. Shoaib Ahmed Khan - Chairman  
Mr. Abbas Sayeed  
Mrs. Muleika Sayeed  
Mr. Sayeed Imran

### **Directors' Remuneration**

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Executive, Non-Executive and Independent Directors from time to time. In this regard, the Board of Directors has developed a Remuneration policy for Executive, Non-executive and Independent Directors of the company.

### **Acknowledgements**

The Directors are grateful to the valued customers for their continued support. They also appreciate the support received from Company's bankers, shareholders and other stakeholders who continue to repose trust in your company. In addition to this, directors also record their sincere appreciation for the cooperation received from the Regulators Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange-PSX.

All the employees of the company have put in a real teamwork and the results are evident. Directors congratulate all the employees for their continued performance.

On behalf of the Board of Directors

ABBAS SAYEED  
CHAIRMAN

ABID SAYEED  
CHIEF EXECUTIVE

September 16, 2021  
Karachi



## PAKISTAN PAPER PRODUCTS LIMITED

### Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2021.

Pakistan Paper Products Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per following:

- a) Male: Five
- b) Female: Two

2. The composition of the Board of Directors ("the Board") is as follows:

Category	Names
Independent Directors	Mr. Shoaib Ahmad Khan (N.I.T Nominee) Ms. Aisha Fariel Salahuddin
Non-Executive Directors	Mrs. Muleika Sayeed Mr. Abbas Sayeed Dr. Asadullah Sayeed Mr. Sayeed Imran
Executive Director	Mr. Abid Sayeed
Female Directors	Mrs. Muleika Sayeed Ms. Aisha Fariel Salahuddin

- 3. Two independent directors were appointed and fraction of .33 was not rounded up as the appointment of female directors is fulfilled and restriction with reference to executive director is of no breach. Since the directors are seven and non-executive directors are rounded up therefore independent directors are rounded down to restrict total no. of directors to seven.
- 4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 5. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.





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## PAKISTAN PAPER PRODUCTS LIMITED

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6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
8. The meetings of the board were presided over by the Chairman and in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
9. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
10. Out of seven, three Directors have obtained certification under Directors' Training Program in 2015 & 2018 respectively and three Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. Therefore, over half of the Board is qualified under the criteria of DTP and exemption criteria as per Code.
11. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the board.
13. The board has reconstituted the following committees after the Election of Directors held on 11-05-2020:

**a) Audit Committee**

Ms. Aisha Fariel Salahuddin – Chairperson  
Mr. Abbas Sayeed  
Dr. Asadullah Saeed  
Mr. Shoaib Ahmed Khan

**b) Human Resource & Remuneration Committee**

Mr. Shoaib Ahmed Khan - Chairman  
Mr. Abbas Sayeed  
Mr. Sayeed Imran  
Mrs. Muleika Sayeed





## PAKISTAN PAPER PRODUCTS LIMITED

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

15. The frequency of meetings of the committees were as per following:

Audit Committee	Four quarterly meetings held during the financial year ended June 30, 2021.
Human Resource & Remuneration Committee	One meeting held during the financial year ended June 30, 2021.

16. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**ABBAS SAYEED**

*Chairman*

**ABID SAYEED**

*Chief Executive*

Karachi: September 16, 2021



## PAKISTAN PAPER PRODUCTS LIMITED

**FARUQ ALI & CO.**  
CHARTERED ACCOUNTANTS

C-88, KDA Scheme No. 1, Telephone : (021) 34301966  
Main Karsaz Road, : (021) 34301967  
Opp: Maritime Museum, Karachi. : (021) 34301968  
Email: info@fac.com.pk : (021) 34301969  
Website: www.fac.com.pk Fax : (021) 34301965

### Independent Auditor's Review Report to the Members of Pakistan Paper Products Limited

#### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Pakistan Paper Products Limited** ('the Company') for the year ended 30 June 2021 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

Chartered Accountants

Place: Karachi

Dated:

Engagement partner: Muhammad Faisal Nini.



## PAKISTAN PAPER PRODUCTS LIMITED



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### INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Paper Products Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the annexed financial statements of Pakistan Paper Products Limited ('the Company'), which comprise the statement of financial position as at 30 June 2021, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. 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' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## PAKISTAN PAPER PRODUCTS LIMITED



Following is the key audit matter:

S.no.	Key audit matter	How the matter was addressed in our audit
i.	<b>Revenue from Contracts with Customers</b>	<b>Our audit procedures to address the Key Audit Matter included the following:</b>
	<p>The Company is engaged in production and sale of exercise books, pro-labels and sensitized papers. Revenue recognition policy has been explained in note 3.16 to the financial statements, and the related amounts of revenue recognized during the year are disclosed in note 22 to the financial statements.</p> <p>The Company generates revenue from sale of goods to domestic customers.</p> <p>Revenue from sales is recognized when performance obligation is satisfied as per the requirements of the International Financial Reporting Standard (IFRS) 15 — ‘Revenue from Contracts with Customers’.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<ul style="list-style-type: none"> <li>• Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards;</li> <li>• Obtained an understanding of revenue from customers and assessed the design, implementation and operating effectiveness of controls around recognition of revenue;</li> <li>• Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15;</li> <li>• Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checked significant credit notes issued after year-end; and</li> <li>• Evaluated the adequacy and appropriateness of disclosures made in the financial statements.</li> </ul>

### Information Other than the Financial Statements and Auditors’ Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information and we do 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, 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 Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) 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.

Board of directors 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 as applicable in Pakistan 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 as applicable in Pakistan, 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





## PAKISTAN PAPER PRODUCTS LIMITED

**J.A. & CO.**  
*Continuation Sheet*

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 the board of directors 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 the board of directors 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 the board of directors, 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

Based on our audit, we further report that in our opinion:

- Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- The statement of financial position, the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Faisal Nini.

*Muhammad Faisal Nini*

**Chartered Accountants**

**Place: Karachi**

**Dated:**



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2021 ----- (Rupees) -----	2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	802,714,130	824,265,465
Intangible assets	5	517,915	--
Long term deposits	6	957,258	954,008
		804,189,303	825,219,473
<b>CURRENT ASSETS</b>			
Stores and spares		5,548,216	6,732,240
Stock-in-trade	7	262,468,300	229,815,701
Trade debts - Unsecured, considered good	8	211,451,703	214,588,467
Advances and other receivables	9	106,113,015	90,161,696
Trade deposits and short term prepayments	10	2,661,824	5,424,364
Cash and bank balances	11	4,729,141	4,410,201
		592,972,199	551,132,669
		<b>1,397,161,502</b>	<b>1,376,352,142</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
15,000,000 (2020: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital	12	80,000,000	80,000,000
Revenue reserves		408,437,122	360,912,179
Capital reserve			
Revaluation surplus on property, plant and equipment	13	510,591,499	514,137,817
		999,028,621	955,049,996
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability - Net	14	42,016,804	35,432,845
Deferred liability for staff gratuity	15	17,726,668	15,808,838
Long term loans - Secured	16	58,180,863	25,322,409
Deferred grant	17	9,655,612	1,481,229
		127,579,947	78,045,321
<b>CURRENT LIABILITIES</b>			
Current and overdue portion shown under current liabilities	18	31,290,851	19,970,629
Short term borrowings - Secured	19	91,452,605	95,645,256
Unclaimed dividend		8,439,427	7,494,384
Creditors, accrued and other liabilities	20	139,370,051	220,146,556
		270,552,934	343,256,825
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21	--	--
		<b>1,397,161,502</b>	<b>1,376,352,142</b>

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

### STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 ----- (Rupees) -----	2020 ----- (Rupees) -----
Sales - Net	22	1,092,961,922	913,309,572
Cost of sales	23	(932,149,037)	(816,398,294)
Gross profit		160,812,885	96,911,278
Other operating income	24	8,576,433	159,926
Administrative expenses	25	(32,657,642)	(35,926,884)
Selling and distribution expenses	26	(16,252,147)	(15,076,312)
Sindh Workers' Profit Participation Fund		(5,225,511)	(1,162,133)
Sindh Workers' Welfare Fund		(2,270,917)	(464,853)
		(56,406,217)	(52,630,182)
Operating profit		112,983,101	44,441,022
Finance cost	27	(15,969,315)	(22,825,349)
Profit before taxation		97,013,786	21,615,673
Taxation - Net	28	(26,448,594)	(6,045,309)
<b>Profit for the year</b>		<b>70,565,192</b>	<b>15,570,364</b>
Earnings per share - Basic and diluted	29	8.82	1.95

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

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 ----- (Rupees) -----	2020 -----
Profit for the year		70,565,192	15,570,364
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Remeasurement of defined benefit liability	15	(826,151)	312,275
Related deferred tax		239,584	(90,560)
		(586,567)	221,715
<b>Total comprehensive income for the year</b>		<b>69,978,625</b>	<b>15,792,079</b>

*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

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 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 year ended 30 June 2020	--	--	15,570,364	15,570,364	--	15,570,364
Other comprehensive loss	--	--	221,715	221,715	--	221,715
Total comprehensive income for the year	--	--	15,792,079	15,792,079	--	15,792,079
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	581,677	581,677	(581,677)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	3,729,860	3,729,860	(3,729,860)	--
<b>Transactions with owners:</b>						
Final cash dividend @ 25% related to the year ended 30 June 2019	--	--	(8,000,000)	(8,000,000)	--	(8,000,000)
<b>Balance as at 30 June 2020</b>	<b>80,000,000</b>	<b>143,900,000</b>	<b>217,012,179</b>	<b>360,912,179</b>	<b>514,137,817</b>	<b>955,049,996</b>
Profit for the year ended 30 June 2021	--	--	70,565,192	70,565,192	--	70,565,192
Other comprehensive income	--	--	(586,567)	(586,567)	--	(586,567)
Total comprehensive income for the year	--	--	69,978,625	69,978,625	--	69,978,625
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	--	--	3,212,029	3,212,029	(3,212,029)	--
<b>Transactions with owners:</b>						
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 31 December 2020	--	--	(16,000,000)	(16,000,000)	--	(16,000,000)
<b>Balance as at 30 June 2021</b>	<b>80,000,000</b>	<b>143,900,000</b>	<b>264,537,122</b>	<b>408,437,122</b>	<b>510,591,499</b>	<b>999,028,621</b>

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

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 ----- (Rupees) -----	2020 ----- (Rupees) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	30	47,777,090	113,178,273
<i>Payments for:</i>			
Income taxes net of refund received		(38,190,041)	(31,302,179)
Sindh Workers' Profit Participation Fund	20.3	(1,162,133)	--
Gratuity	15.1	(1,567,776)	(352,258)
Finance cost		(14,349,727)	(17,252,593)
Net cash (outflows) / inflows from operating activities		(7,492,587)	64,271,243
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to tangible assets	4	(15,111,174)	(74,685,043)
Addition to intangibles		(565,000)	--
Sale proceeds against disposal of fixed assets		385,500	1,935,000
Net cash outflows from investing activities		(15,290,674)	(72,750,043)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term deposits	6	(3,250)	(40,136)
Long-term finances obtained		76,814,584	17,978,317
Repayment of long-term finances		(24,461,525)	(25,237,800)
Dividend paid		(25,054,957)	(7,760,115)
Net cash inflows / (outflows) from financing activities		27,294,852	(15,059,734)
Net increase / (decrease) in cash and cash equivalents		4,511,591	(23,538,534)
Cash and cash equivalents at the beginning of the year		(91,235,055)	(67,696,521)
<b>Cash and cash equivalents at the end of the year</b>		<b>(86,723,464)</b>	<b>(91,235,055)</b>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



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## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

##### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except the obligation in respect of gratuity fund which is measured at present value and items of property, plant and equipment which are carried at revalued amounts.

##### 2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

##### 2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:



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## PAKISTAN PAPER PRODUCTS LIMITED

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### **2.4.1 Operating fixed assets, revaluation and depreciation**

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### **2.4.2 Trade debts and amount due from related parties**

The Company reviews its doubtful debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

### **2.4.3 Income tax**

In making the estimates for income tax currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

### **2.4.4 Stock in trade**

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

### **2.4.5 Stores and spares**

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

### **2.4.6 Staff retirement benefits**

Certain actuarial assumptions have been used as disclosed in these financial statements (note 15) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

## **2.5 Changes in accounting standards, interpretations and pronouncements**

### **2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

The following amendments to accounting standards are effective for the year ended 30 June 2021. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.



## PAKISTAN PAPER PRODUCTS LIMITED

	Effective Date (Period beginning on or after)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

### 2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	01 January 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	01 January 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	01 June 2020

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts





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## PAKISTAN PAPER PRODUCTS LIMITED

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### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier period presented.

#### 3.1 Property, plant and equipment

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revalued assets to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Capital work in process is stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in note 4. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or up to the date of disposal of such assets respectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

#### 3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably.



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## PAKISTAN PAPER PRODUCTS LIMITED

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Generally costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any, thereon.

Intangible asset with a definite useful life is amortized on a straight line basis over its useful life. Amortization on all additions in intangibles is charged from the month in which the asset is available for use and on disposals upto the month of disposal. Amortisation charge is recognised in the statement of profit or loss and other comprehensive income. The rate of amortization is disclosed in note 5.

### 3.3 Stores and spares

These are valued at lower of cost and estimated net realizable value. Cost comprises cost of purchase and other costs incurred in bringing the stores and spares to their present location and condition. Cost signifies the weighted average cost. Average is calculated as each additional shipment is received.

### 3.4 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realizable value.

Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to the present location and condition. Cost is calculated using the weighted average method. Average is calculated as each additional shipment is received.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

### 3.5 Financial instruments

#### 3.5.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### Subsequent measurement

##### Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.



## PAKISTAN PAPER PRODUCTS LIMITED

Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

### 3.5.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

#### 3.5.2.1 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

#### 3.5.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

### 3.5.3 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### **3.5.3.1 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

### **3.5.3.2 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

### **3.5.4 Derivative financial instruments - Other than hedging**

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### **3.5.5 Derivative financial instruments - Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

### **3.5.6 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

## **3.6 Trade debts**

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and cheques in hand, balances with banks, term deposits with original maturity period of three months or less, short term running finances and temporary book overdrawn balances. Cash and cash equivalents are carried at cost.

### 3.8 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### 3.9 Staff retirement benefits

The Company's retirement benefit plans comprises of provident fund and gratuity scheme for eligible employees.

#### *Defined contribution plan*

The company operates an approved Provident Fund (defined contribution) scheme applicable to all employees. Monthly contributions are made by the company and the employees equally in accordance with the fund's rules. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

#### *Defined benefit plan*

The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

### 3.10 Taxation

#### *Current*

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessment framed / finalized during the year.

#### *Deferred*

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognized as interest expense.

### 3.12 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements.

### 3.13 Impairment

#### 3.13.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.





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## PAKISTAN PAPER PRODUCTS LIMITED

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The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### 3.13.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

### 3.14 Government grants and assistance

The benefit of interest rate lower than market rate on borrowings obtained under State Bank of Pakistan (SBP) under Refinance Schemes, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognised and presented in statement of financial position as deferred government grant.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The recognition of government grant in profit or loss will be made on a systematic basis over the term of related loan.

### 3.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

### 3.16 Revenue recognition

#### *Sale of goods*

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point of time, as the control has been transferred to the customers. The Company assesses its revenue arrangements against specific criteria that must be met before revenue is recognised.

#### *Interest income*

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.





## PAKISTAN PAPER PRODUCTS LIMITED

### Service income

Service income is recognized when related services are rendered.

### 3.17 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.18 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the accounting and reporting standards, is presented in note 35 to these financial statements.

## 4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

4.1 802,714,130 824,265,465

### 4.1 Operating fixed assets

2021										
PARTICULARS	Cost / revaluation			Accumulated depreciation				Written down value as at 30 June 2021	Rate %	
	As at 1 July 2020	Additions during the year	(Disposal)	As at 30 June 2021	As at 1 July 2020	(On disposal)	Charge for the year			As at 30 June 2021
	(Rupees)									
Tangible assets										
Leasehold land	484,000,000	--	--	484,000,000	--	--	--	484,000,000	-	
Buildings on leasehold land										
- Factory	39,793,671	386,165	--	40,179,836	15,920,040	--	2,406,672	18,326,712	21,853,124	
- Office	6,472,338	--	--	6,472,338	1,566,546	--	245,292	1,811,838	4,660,500	
Plant and machinery	430,478,511	7,948,119	--	438,426,630	140,037,551	--	29,607,874	169,645,425	268,781,205	
Furniture and fixture	1,250,380	1,205,046	--	2,455,426	446,324	--	160,738	607,062	1,848,364	
Factory and other equipment	7,657,213	2,519,570	--	10,176,783	1,969,969	--	768,491	2,738,460	7,438,323	
Electric equipment and fitting	6,334,489	196,327	--	6,530,816	2,774,348	--	549,495	3,323,843	3,206,973	
Computers	2,019,161	101,000	(78,649)	2,041,512	1,333,389	(65,827)	225,329	1,492,891	548,621	
Vehicles	21,343,229	2,754,947	(948,949)	23,149,227	11,035,360	(696,283)	2,433,130	12,772,207	10,377,020	
	999,348,992	15,111,174	(1,027,598)	1,013,432,568	175,083,527	(762,110)	36,397,021	210,718,438	802,714,130	

2 0 2 0											
PARTICULARS	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2020	Rate %	
	As at 1 July 2019	Additions during the year	(Disposal)	Revaluation	As at 30 June 2020	As at 1 July 2019	(On disposal)	Charge for the year			As at 30 June 2020
	(Rupees) -										
<b>Tangible assets</b>											
Leasehold land	484,000,000	--	--	--	484,000,000	--	--	--	--	484,000,000	-
Buildings on leasehold land											
- Factory	38,871,471	922,200	--	--	39,793,671	13,326,768	--	2,593,272	15,920,040	23,873,631	10
- Office	6,296,788	175,550	--	--	6,472,338	1,315,277	--	251,269	1,566,546	4,905,792	5
Plant and machinery	363,835,002	66,930,235	(286,726)	--	430,478,511	114,880,655	(109,711)	25,266,607	140,037,551	290,440,960	10
Furniture and fixture	1,132,380	118,000	--	--	1,250,380	365,726	--	80,598	446,324	804,056	10
Factory and other equipment	4,840,469	2,907,333	(90,589)	--	7,657,213	1,468,871	(34,066)	535,164	1,969,969	5,687,244	10
Electric equipment and fitting	6,334,489	--	--	--	6,334,489	2,145,799	--	628,549	2,774,348	3,560,141	15
Computers	1,798,361	263,300	(42,500)	--	2,019,161	1,097,257	(6,378)	242,510	1,333,389	685,772	30
Vehicles	21,441,412	3,368,425	(3,466,608)	--	21,343,229	10,591,027	(1,917,364)	2,361,697	11,035,360	10,307,869	20
<b>TOTAL</b>	<b>928,550,372</b>	<b>74,685,043</b>	<b>(3,886,423)</b>	<b>--</b>	<b>999,348,992</b>	<b>145,191,380</b>	<b>(2,067,519)</b>	<b>31,959,666</b>	<b>175,083,527</b>	<b>824,265,465</b>	



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		----- (Rupees) -----	
4.2	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	23 34,242,674	29,774,297
	Administrative expenses	25 1,238,612	1,208,120
	Selling and distribution expenses	26 962,820	977,249
		<u>36,444,106</u>	<u>31,959,666</u>
4.3	Depreciation charge is inclusive of the incremental depreciation due to revaluation.		
4.4	The aggregate book value of all the disposals was less than five million rupees.		
4.5	The revaluation of property, plant and equipment was carried out as of 01 April 2019 by M/s. Rizvi Associates (an independent valuer who is located in Karachi) on the basis of there professional assessment of prevailing market values. The revaluation resulted a surplus amounting to Rs.314.992 million which was incorporated in these financial statement.		
4.6	The Company commissioned independent valuation of property, plant and equipment during the years ended 30 June 1964, 30 June 2005, 30 June 2014 and 30 June 2019.		
4.7	Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:		
	<b>Net book value</b>		
	Leasehold land	191,203	191,203
	Building on leasehold land		
	- Factory	18,637,821	18,775,170
	- Office	3,105,371	3,148,015
	Plant and machinery	240,068,362	259,411,099
	Furniture and fixture	1,701,970	599,211
	Factory and other equipment	6,445,240	5,713,739
	Electric equipment and fittings	2,665,363	2,550,414
	Computers	364,152	399,862
	Vehicles	8,003,735	6,951,023
		<u>281,183,217</u>	<u>297,739,736</u>
4.8	Leasehold land of the Company and building thereon is situated at Estate Avenue, SITE, Karachi. This comprises of two plots of land bearing plot no. D-57 & D-58 with an accumulated area of 2.42 acres.		
4.9	The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs. 656.264 million.		



## PAKISTAN PAPER PRODUCTS LIMITED

		2021 ----- (Rupees) -----	2020 -----
<b>5 INTANGIBLE ASSETS</b>			
Software license	5.1	517,915	--
<b>5.1 Movement of intangible assets</b>			
Cost as at 1 July,		--	--
Additions during the year		565,000	--
Cost as at 30 June		565,000	--
Accumulated amortization as at 1 July,		--	--
Charge for the year		47,085	--
Accumulated amortization as at 30 June,		47,085	--
Net book value as at 30 June,		517,915	--
Useful life (in years)		4	--
<b>6 LONG TERM DEPOSITS</b>			
Deposit with CDC		12,500	12,500
Security deposits against fuel		231,000	231,000
Utility deposits		713,758	710,508
	6.1	957,258	954,008
<b>6.1</b> These deposits are interest free.			
<b>7 STOCK-IN-TRADE</b>			
Raw materials		218,203,666	164,726,667
Work-in-process		24,833,837	39,512,097
Finished goods		19,547,522	25,693,662
		262,585,025	229,932,426
Provision for dead stock		(116,725)	(116,725)
		262,468,300	229,815,701
<b>8 TRADE DEBTS - Unsecured, considered good</b>			
Due from customers		211,451,703	214,575,207
Due from associated concern - Sayeed International	8.1	--	13,260
		211,451,703	214,588,467
<b>8.1</b> The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Nil (2020: Rs. 13,260).			



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		----- (Rupees) -----	
<b>9</b>	<b>ADVANCES AND OTHER RECEIVABLES</b>		
	<i>Considered good</i>		
	Advance to suppliers	2,182,617	2,255,906
	Advance to staff	9.1 540,738	399,832
	Advance income tax - Net	24,850,137	17,602,535
	Income tax refundable	72,007,424	61,154,889
	Advance sales tax - Net	6,532,099	8,748,534
		<u>106,113,015</u>	<u>90,161,696</u>
	<b>9.1</b> Advances to staff represent advance for business related expenses and is interest free.		
<b>10</b>	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
	Margin deposits	2,302,700	5,113,000
	Trade deposits	224,418	224,398
	Short term prepayments	134,706	86,966
		<u>2,661,824</u>	<u>5,424,364</u>
<b>11</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	70,000	70,000
	Factory imprest	100,000	100,000
	Cash at banks:		
	- Current accounts	4,559,141	4,240,201
		<u>4,729,141</u>	<u>4,410,201</u>
<b>12</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
	578,000 (2020: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
	172,000 (2020: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
	7,250,000 (2020: 7,250,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	72,500,000	72,500,000
		<u>80,000,000</u>	<u>80,000,000</u>
	<b>12.1</b> As at year-end 907,004 (2020: 907,004) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.		



## PAKISTAN PAPER PRODUCTS LIMITED

	2021	2020
	(Rupees)	
<b>13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Gross surplus</i>		
Opening balance	526,525,729	532,598,316
Release on disposal of revalued assets	(470,829)	(819,263)
Transfer to un-appropriated profit in respect of incremental depreciation charged during the current year	(4,523,987)	(5,253,324)
	521,530,913	526,525,729
<i>Deferred tax liability</i>		
Opening balance	(12,387,912)	(14,148,962)
Tax effect on disposal of revalued assets	136,540	237,586
On incremental depreciation for the year	1,311,958	1,523,464
	(10,939,414)	(12,387,912)
	510,591,499	514,137,817
<b>13.1</b> The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.		
<b>14 DEFERRED TAX LIABILITY - Net</b>		
<i>Deferred tax liability arising due to:</i>		
- accelerated tax depreciation	39,052,101	40,047,030
- surplus on revaluation of fixed assets	10,939,414	12,387,910
	49,991,515	52,434,940
<i>Deferred tax asset arising due to:</i>		
- provision against gratuity	(5,140,734)	(4,584,563)
- provisions for stock in trade	(33,850)	(33,850)
- deferred grant	(2,800,127)	--
	(7,974,711)	(4,618,413)
	42,016,804	47,816,527
Available tax credits	--	(12,383,682)
<b>14.1</b>	42,016,804	35,432,845
<b>14.1 Movement of deferred tax liabilities</b>		
Balance as at beginning of the year	35,432,845	42,996,620
Tax charge recognised in statement of profit or loss	6,823,543	(7,654,335)
Tax charge recognised in other comprehensive income	(239,584)	90,560
Balance as at end of the year	42,016,804	35,432,845
<b>15 DEFERRED LIABILITY FOR STAFF GRATUITY</b>		
Present value of defined benefit obligations	15.1 17,726,668	15,808,838

The actuarial valuation of gratuity plan was carried out as at June 30, 2021 by M/s. SIR Consultants. Following are the relevant disclosures:



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
<b>15.1 Movement in net liability</b>			
Opening net liability		15,808,838	13,440,488
Expense for the year	15.2	2,659,455	3,032,883
Other comprehensive income (OCI)	15.3	826,151	(312,275)
Benefits paid		(1,567,776)	(352,258)
Closing net liability		17,726,668	15,808,838
<b>15.2 Expense for the year recognized in profit and loss account</b>			
Current service cost		1,199,283	1,142,712
Net interest		1,256,815	1,890,171
Past service cost		203,357	--
	15.4	2,659,455	3,032,883
<b>15.3 Other comprehensive income (OCI)</b>			
Actuarial remeasurements: actuarial gain on obligations		826,151	(312,275)
<b>15.4 Expense for the year has been allocated as follows:</b>			
Cost of sales	23	1,818,317	2,073,636
Administrative expenses	25	582,388	664,164
Selling and distribution expenses	26	258,750	295,083
		2,659,455	3,032,883
<b>15.5 Principal actuarial assumptions used are as follows:</b>		2021	2020
Valuation discount rate per annum		10.00%	8.50%
Discount rate for profit and loss		8.50%	14.25%
Expected rate of eligible salary increase in future years per annum		12.00%	10.00%
Salaries increase rate per annum		10.00%	8.19%
Normal retirement age		60 Years	60 Years
Duration		7.71 Years	7.67 Years
Withdrawal rate		Moderate	Moderate
Mortality rate		SLIC 2001-2005	SLIC 2001-2005
Effective salary increase date		01 July 2021	01 July 2020
		2021	2020
		(Rupees)	
<b>15.6 Experience adjustment</b>			
Defined benefit obligation		17,248,888	15,808,838
Payables		47,780	--
Net defined benefit liability		17,296,668	15,808,838
Remeasurement loss / (gain) on obligation		826,151	(312,275)



## PAKISTAN PAPER PRODUCTS LIMITED

### 15.7 Sensitivity analysis

Particulars	(2021)		(2020)	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	17,726,668		15,808,838	
+1% Discount rate	16,499,754	(6.92%)	14,677,962	(7.15%)
-1% Discount rate	19,126,895	7.90%	17,102,501	8.18%
+1 % Salary increase rate	19,194,029	8.28%	17,166,297	8.59%
-1% Salary increase rate	16,419,772	(7.37%)	14,602,222	(7.63%)
+10% Withdrawal rates	17,717,589	(0.05%)	15,788,152	(0.13%)
-10% Withdrawal rates	17,735,884	0.05%	15,830,257	0.14%
1 Year Mortality age set back	17,727,095	0.00%	15,807,192	(0.01%)
1 Year Mortality age set forward	17,726,240	(0.00%)	15,810,488	0.01%

#### Undiscounted payments

2021 2020

----- (Rupees) -----

### 15.8 Maturity profile

#### Particulars

Year 1	1,995,262	2,211,426
Year 2	1,462,118	1,005,302
Year 3	1,510,621	1,249,382
Year 4	1,173,678	1,278,741
Year 5	2,943,617	946,808
Year 6 to Year 10	7,547,665	7,280,824
Year 11 and above	32,017,808	22,912,275

2021 2020

----- (Rupees) -----

### 15.9 Current and non-current liability breakup

Current liability		
the expected benefits payable within next one year	1,600,942	2,326,007
Non-current liability	16,125,726	13,482,831
	<u>17,726,668</u>	<u>15,808,838</u>

### 15.10 Ratios

- Termination liability vs the actuarial liability		
Termination liability	15,460,884	13,531,967
Actuarial liability	17,726,668	15,808,838
Ratio of discontinuance to actuarial	87.22%	85.60%
- Service cost vs the actuarial liability		
Service cost	1,284,853	1,199,283
Actuarial liability	17,726,668	15,808,838
Ratio of service cost to actuarial	7.25%	7.59%
Past service years	13.92	13.17





## PAKISTAN PAPER PRODUCTS LIMITED

### 15.11 Risks associated with defined benefit plans

#### *Longevity risk:*

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

#### *Salary increase risk:*

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### *Withdrawal risk:*

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

		2021	2020
		(Rupees)	
<b>16 LONG TERM LOANS - Secured</b>			
Temporary economic refinance facility	16.1	50,310,399	--
Term finance under refinance scheme	16.2	7,870,464	12,002,509
Long term loan	16.3	--	13,319,900
		<u>58,180,863</u>	<u>25,322,409</u>

#### 16.1 Temporary economic refinance facility

##### *At amortised cost*

Acquired during the year		58,851,000	--
Deferred grant	17.2	(9,548,034)	--
Finance cost		3,280,855	--
Finance cost paid during the year		(2,273,422)	--
		<u>50,310,399</u>	<u>--</u>

The Company has obtained loan under the State Bank of Pakistan's (SBP) 'Temporary Economic Refinance Facility' for purchase of imported plant and machinery. The facility carries mark-up at SBP refinance rate plus 3% per annum. The loan is to be repaid in ten years including grace period of two years in thirty two equal quarterly installments from the date of disbursement. In addition to the securities mentioned in note 16.3, the facility is secured by way of specific hypothecation charge over imported machinery of Rs.58.80 million.

The loan is recognised and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for and presented as deferred grant in accordance with IAS 20 - Government Grants (note 17).



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
16.2 Term finance under refinance scheme			
<i>At amortised cost</i>			
Opening balance		17,978,317	--
Acquired during the year		17,963,584	17,978,317
		<u>35,941,901</u>	<u>17,978,317</u>
Deferred grant	17.1	(2,781,650)	(1,481,229)
		<u>33,160,251</u>	<u>16,497,088</u>
Finance cost charged during the year		2,542,587	--
Finance cost paid during the year		(875,948)	--
Principal repayments during the year		(8,985,475)	--
		<u>25,841,415</u>	<u>16,497,088</u>
Current portion shown under current liabilities	18	(17,970,951)	(4,494,579)
		<u>7,870,464</u>	<u>12,002,509</u>

During the year, the Company has obtained loan under the State Bank of Pakistan's (SBP) 'Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concern'. The facility carries mark-up at 3% per annum. The loan is repayable in eight equal quarterly installments commencing from 01 January 2021.

The loan is recognised and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for and presented as deferred grant in accordance with IAS 20 - Government Grants (note 17).

### 16.3 Long term loan

Opening balance		28,795,950	54,033,750
Repayments during the year		(15,476,050)	(25,237,800)
		<u>13,319,900</u>	<u>28,795,950</u>
Current and overdue portion shown under current liabilities	18	(13,319,900)	(15,476,050)
		<u>--</u>	<u>13,319,900</u>

The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (June 2020: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.24 million respectively. Equitable mortgage over Industrial property bearing no D/58, S.I.T.E., measuring 2.42 acres, Karachi and import documents consigned to BAH.

### 17 DEFERRED GRANT

Loan under refinance scheme	17.1	1,115,011	1,481,229
Temporary economic refinance facility	17.2	8,540,601	--
	17.3	<u>9,655,612</u>	<u>1,481,229</u>



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
<b>17.1 Loan under refinance scheme</b>			
Opening balance		1,481,229	--
Deferred grant on loan under refinance scheme		1,300,421	1,481,229
	16.2	2,781,650	1,481,229
Amortised during the period		(1,666,639)	--
		<u>1,115,011</u>	<u>1,481,229</u>
<b>17.2 Loan under temporary economic refinance facility</b>			
Deferred grant on loan under refinance scheme	16.1	9,548,034	--
Amortised during the year		(1,007,433)	--
		<u>8,540,601</u>	<u>--</u>

**17.3** This represents the benefit of the below-market rate of interest calculated as the difference between the initial carrying value of the loan and the proceeds received (note 16.1 & 16.2).

### 18 CURRENT AND OVERDUE PORTION SHOWN UNDER CURRENT LIABILITIES

Term finance under refinance scheme	16.2	17,970,951	4,494,579
Long term loan	16.3	13,319,900	15,476,050
		<u>31,290,851</u>	<u>19,970,629</u>

### 19 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance		<u>91,452,605</u>	<u>95,645,256</u>
---	--	-------------------	-------------------

The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 150 million (June 2020: Rs.120 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.

The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (June 2020: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (June 2020: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (June 2020: Rs.10 million) and Letter of Guarantee for Rs.20 million (2020: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.

The above facilities are secured against registered hypothecation charge over receivables and movables of the Company aggregating to Rs.154 million, import documents consigned in the name of Bank Al-Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing No. D-57 and D-58, SITE, Karachi registered with SECP and a promissory note has been issued in favour of Bank Al-Habib against short term running finance.

### 20 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	20.1	110,563,066	137,606,549
Trade creditor for capital expenditure		--	59,825,756
Advance from customers		7,846,011	10,249,185
Accrued expenses and other payables		9,872,333	6,151,781
Payable to provident fund	20.2	664,628	704,230
Accrued mark-up		2,927,585	3,982,069
Sindh Workers' Profit Participation Fund	20.3	5,225,511	1,162,133
Sindh Workers' Welfare Fund		2,270,917	464,853
		<u>139,370,051</u>	<u>220,146,556</u>



## PAKISTAN PAPER PRODUCTS LIMITED

**20.1** Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.242 million (2020: Rs.0.142 million).

**20.2** The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

	2021	2020
	----- (Rupees) -----	
<b>20.3 Sindh Workers' Profit Participation Fund</b>		
Balance at the beginning of the year	1,162,133	1,301,430
Amount adjusted / paid to the Fund Trustees	(1,162,133)	(1,301,430)
Amount allocated for the year	5,225,511	1,162,133
	<u>5,225,511</u>	<u>1,162,133</u>

## 21 CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

Bank guarantees issued on behalf of the Company

--	--
----	----

### 21.2 Commitments

Commitments under letter of credits

69,988,122	59,139,000
------------	------------

Post dated cheques issued in favour of

Collector of Customs Collectorate, Karachi

402,590	402,590
---------	---------

## 22 SALES - Net

Gross sales

1,224,654,635	1,021,263,416
---------------	---------------

Sales tax

(131,692,713)	(107,953,844)
---------------	---------------

22.1	<u>1,092,961,922</u>	<u>913,309,572</u>
------	----------------------	--------------------

### 22.1 Segment wise breakup of net sales

Pro-labels	752,341,312	614,650,304
Exercise books	317,874,630	277,714,308
Ammonia paper	12,069,508	10,784,172
Plain paper	10,007,885	9,204,391
Printing	8,000	6,000
Sensitized machine parts	96,067	--
Waste paper	564,520	950,397
	<u>1,092,961,922</u>	<u>913,309,572</u>



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
<b>23 COST OF SALES</b>			
Opening stock of raw material		164,726,667	134,002,372
Purchases during the year		780,428,558	700,571,994
		945,155,225	834,574,366
Closing stock of raw material	7	(218,203,666)	(164,726,667)
Raw materials consumed		726,951,559	669,847,699
<b>Manufacturing overheads</b>			
Salaries, wages and other benefits	23.1	80,051,113	82,288,014
Stores and spares consumed	23.2	39,994,628	33,962,816
Depreciation	4.2	34,242,674	29,774,297
Fuel and power		15,034,577	12,628,485
Other manufacturing expenses		6,900,679	8,116,456
Repairs and maintenance		6,204,205	5,343,270
Insurance expenses		1,592,398	1,451,397
Rent, rates and taxes		193,779	217,278
Telephone charges		159,025	164,029
		184,373,078	173,946,042
Manufacturing cost		911,324,637	843,793,741
Work in process - Opening		39,512,097	22,748,617
Work in process - Closing	7	(24,833,837)	(39,512,097)
		14,678,260	(16,763,480)
Cost of goods manufactured		926,002,897	827,030,261
Finished goods - Opening		25,693,662	15,061,695
Finished goods - Closing	7	(19,547,522)	(25,693,662)
		6,146,140	(10,631,967)
		932,149,037	816,398,294
<b>23.1</b>	Staff salaries and benefits include Rs.1.818 million (2020: Rs.2.074 million) in respect of staff retirement gratuity and Rs.1.598 million (Rs.1.561 million) in respect of provident fund contribution.		
<b>23.2 Stores and spares consumed</b>			
Opening balance		6,732,240	3,668,989
Purchases during the year		38,810,604	37,026,067
		45,542,844	40,695,056
Closing balance		(5,548,216)	(6,732,240)
		39,994,628	33,962,816
<b>24 OTHER OPERATING INCOME</b>			
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		120,012	116,096
Other income		919,042	43,830
Amortization of deferred government grant		2,674,072	--
Exchange gain		4,863,307	--
		8,576,433	159,926



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
<b>25 ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	25.1	13,406,121	15,566,956
Chief executive's remuneration		6,418,154	7,988,141
Repairs and maintenance		2,079,889	1,725,857
Legal and professional fees		1,893,839	2,164,753
Electric charges		1,608,874	1,334,670
Depreciation	4.2	1,238,612	1,208,120
General expenses		1,239,833	788,343
Charity and donation	25.2	900,000	800,000
Auditor's remuneration	25.3	770,000	720,000
Traveling and conveyance		752,707	828,418
Insurance expense		547,509	571,002
Directors' fees		520,000	340,000
Postage and telegrams		481,103	399,399
Stationery and periodicals		255,295	276,789
Advertisement expenses		252,725	438,725
Telephone charges		190,415	170,969
Rent, rates and taxes		80,344	179,500
Website designing and development		22,222	425,242
		<u>32,657,642</u>	<u>35,926,884</u>

**25.1** Staff salaries and benefits include Rs.0.582 million (2020: Rs.0.664 million) in respect of staff retirement gratuity and Rs.0.807 million (Rs.0.861 million) in respect of provident fund contribution.

### 25.2 Charity and donation

Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	25.2.1	250,000	250,000
The Citizens Foundation		300,000	250,000
Rotary Metropolitan Trust		100,000	--
The Kidney Centre		250,000	300,000
		<u>900,000</u>	<u>800,000</u>

**25.2.1** Donations during the year include donation amounting to Rs. 0.25 million (2020: Rs.0.25 million) to Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College of Deaf). Mrs. Muleika Sayeed a Director of the Company is the Honorary Treasurer of ABSA School and College of Deaf. Except above, none of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

### 25.3 Auditor's remuneration

Audit of financial statements	632,500	575,000
Review of half-yearly financial statements	82,500	75,000
Review report on code of corporate governance	33,000	30,000
Provident fund audit fee	11,000	10,000
Sindh Workers' Profit Participation Fund audit fee	11,000	10,000
Others	--	20,000
	<u>770,000</u>	<u>720,000</u>



## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	
<b>26 SELLING AND DISTRIBUTION EXPENSES</b>			
Staff salaries and benefits	26.1	7,261,257	6,758,528
Cartage and forwarding		3,056,272	3,775,564
Sales promotion		1,948,565	492,700
Vehicle running expenses		1,672,272	2,178,307
Depreciation	4.2	962,820	977,249
Utilities		541,228	285,615
Advertisement and publicity		312,880	326,000
Insurance expenses		401,143	257,409
Other expenses		92,930	--
Printing and stationery		2,780	2,940
Tender fees		--	22,000
		<u>16,252,147</u>	<u>15,076,312</u>
<b>26.1</b> Staff salaries and benefits include Rs.0.259 million (2020: Rs.0.295 million) in respect of staff retirement gratuity and Rs.0.234 million (Rs.0.203 million) in respect of provident fund contribution.			
<b>27 FINANCE COST</b>			
Mark-up on long term loan		7,858,761	6,203,178
Mark-up on short term running finance		7,657,172	10,555,250
Exchange loss		--	5,964,643
Bank and other charges		453,382	102,278
		<u>15,969,315</u>	<u>22,825,349</u>
<b>28 TAXATION - Net</b>			
<i>Current tax</i>			
For the year		19,625,051	13,699,644
<i>Deferred tax</i>			
Relating to the origination and reversal of temporary differences		6,823,543	(7,654,335)
		<u>26,448,594</u>	<u>6,045,309</u>
<b>28.1 Reconciliation between tax expense and accounting profit</b>			
Profit for the year		<u>97,013,786</u>	<u>21,615,673</u>
Tax on accounting profit @ 29% (2020: @ 29%)		28,133,998	6,268,545
Difference between depreciation rates		1,488,182	1,259,933
Inadmissible expenses		1,336,037	290,076
Tax credit under section 61 and 65B of the Ordinance		12,122,682	(232,000)
Tax effect of permanent differences		(4,248,623)	(1,541,245)
Tax credit of prior years		(12,383,682)	--
		<u>26,448,594</u>	<u>6,045,309</u>
Average tax rate		<u>27%</u>	<u>28%</u>
<b>28.2</b> The income tax assessments of the Company deemed to have been finalized up to tax year 2020. The return of income of the Company for Tax Years 2017 has been selected for tax audit and the proceedings are in progress.			





## PAKISTAN PAPER PRODUCTS LIMITED

		2021	2020
		(Rupees)	(Rupees)
<b>29 EARNINGS PER SHARE - Basic and diluted</b>			
Profit after taxation		70,565,192	15,570,364
		(Number of shares)	(Number of shares)
Weighted average number of ordinary shares in issue during the year		8,000,000	8,000,000
		(Rupees)	(Rupees)
Earnings per share - Basic and diluted		8.82	1.95
<b>29.1</b>	There were no convertible dilutive potential ordinary shares in issue as at year end.		
<b>30 CASH GENERATED FROM OPERATIONS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		97,013,786	21,615,673
<i>Adjustments for non-cash and other items:</i>			
Depreciation	4.2	36,444,106	31,959,666
Provision for gratuity	15.1	2,659,455	3,032,883
Provision for Sindh Workers' Profit Participation Fund		5,225,511	1,162,133
Provision for Sindh Workers' Welfare Fund		2,270,917	464,853
Government grant amortised		(2,674,072)	--
Finance cost		15,969,315	16,860,706
Exchange (gain) / loss		(4,863,307)	5,964,643
Gain on disposal of fixed assets	24	(120,012)	(116,096)
<i>(Increase) / decrease in current assets</i>			
Stores and spares		1,184,024	(3,063,251)
Stock-in-trade		(32,652,599)	(58,119,742)
Trade debts		3,136,764	(41,111,811)
Advances and other receivables		2,148,818	16,056,856
Trade deposits and short term prepayments		2,762,540	1,313,975
<i>Increase / (decrease) in current liabilities</i>			
Creditors, accrued and other liabilities		(80,728,156)	117,157,785
Cash generated from operations		47,777,090	113,178,273
<b>31 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		4,729,141	4,410,201
Short term borrowings - Secured		(91,452,605)	(95,645,256)
		(86,723,464)	(91,235,055)



## PAKISTAN PAPER PRODUCTS LIMITED

### 32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Total	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Fee	--	--	520,000	340,000	520,000	340,000
Managerial remuneration and allowances	3,295,500	3,295,500	--	--	3,295,500	3,295,500
Provident fund	274,620	274,620	--	--	274,620	274,620
Medical expenses	380,319	143,360	--	--	380,319	143,360
House rent	1,482,972	1,482,972	--	--	1,482,972	1,482,972
Reimbursable expenses	1,259,363	3,067,064	--	--	1,259,363	3,067,064
	6,692,774	8,263,516	--	--	6,692,774	8,263,516
Number of persons	1	1	6	6	7	7

The Company has borne the telephone and utility charges of the Chief Executive's residence.

### 33 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

Name of the related party	Relationship and percentage of shareholding	Transactions during the year	2021	2020
			(Rupees)	
M/s. Sayeed International	A director of the Company is the owner of the business.	Purchases	765,648	602,024
		Sales	9,360	13,260
		Purchase of machinery	--	111,150
		Other income (repairing service)	--	15,000
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	5,277,424	5,251,188

2021 2020  
----- (Numbers) -----

### 34 NUMBER OF EMPLOYEES

Number of employees as at 30 June	111	112
Number of factory employees as at 30 June	92	93
Average number of employees during the year	111	112
Average number of factory employees during the year	92	93



## PAKISTAN PAPER PRODUCTS LIMITED

### 35 OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**35.1** The management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

**a) Exercise books**

This segment relates to the sale of exercise books.

**b) Pro-labels**

This segment relates to the sale of pro-labels.

**c) Sensitized paper and others**

This segment relates to sensitized paper and others.

### 35.2 Segment information

	Exercise Books		Pro-labels		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	317,874,630	277,714,308	752,341,312	614,650,304	22,745,980	20,944,960	1,092,961,922	913,309,572
Cost of sales	(274,010,588)	(254,973,491)	(642,228,930)	(546,085,533)	(15,909,519)	(15,339,270)	(932,149,037)	(816,398,294)
Gross profit	43,864,042	22,740,817	110,112,382	68,564,771	6,836,461	5,605,690	160,812,885	96,911,278
<b>Segment expenses</b>								
Administrative expenses	(15,276,080)	(17,764,431)	(15,631,477)	(16,247,493)	(1,750,085)	(1,914,960)	(32,657,642)	(35,926,884)
Selling and distribution expenses	(8,461,414)	(7,640,784)	(5,396,750)	(5,115,013)	(2,393,983)	(2,320,515)	(16,252,147)	(15,076,312)
Finance cost	(3,896,113)	(4,592,406)	(11,733,660)	(17,807,117)	(339,542)	(425,826)	(15,969,315)	(22,825,349)
Sindh Workers' Profit Participation Fund	(1,519,776)	(353,375)	(3,596,985)	(782,107)	(108,750)	(26,651)	(5,225,511)	(1,162,133)
Sindh Workers' Welfare Fund	(660,468)	(141,351)	(1,563,188)	(312,842)	(47,261)	(10,660)	(2,270,917)	(464,853)
	(29,813,851)	(30,492,347)	(37,922,060)	(40,264,572)	(4,639,621)	(4,698,612)	(72,375,532)	(75,455,531)
Operating profit	14,050,191	(7,751,530)	72,190,322	28,300,199	2,196,840	907,078	88,437,353	21,455,747
Other operating income / (loss)							8,576,433	159,926
Profit before taxation							97,013,786	21,615,673
Taxation - Net							(26,448,594)	(6,045,309)
<b>Profit after taxation</b>							<b>70,565,192</b>	<b>15,570,364</b>

**35.3** Segment-wise assets and liabilities are not being reviewed by the Chief Operating Decision Maker.

### 36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### 36.1 Financial risk management

##### Overview

The Company has exposure to the following risks arising from

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.



## PAKISTAN PAPER PRODUCTS LIMITED

Based on past experience, consideration of financial position, past track records and other recoveries, the management believes that trade debts past due do not require any impairment.

### Cash and cash equivalents

The cash and cash equivalents are held with banks, which are rated as follows:

Name of banks	Rating agency	Rating	
		Short term	Long term
Bank Al Habib Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

None of the financial assets of the Company are secured.

### 36.3 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 another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
<b>2021</b>						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	99,127,326	105,622,614	18,088,366	29,105,285	19,126,028	39,302,935
Creditors, accrued and other liabilities	128,588,495	128,588,495	128,588,495	--	--	--
Short term borrowings	91,452,605	91,452,605	91,452,605	--	--	--
	319,168,426	325,663,714	238,129,466	29,105,285	19,126,028	39,302,935
<b>2020</b>						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	46,774,267	51,674,175	10,344,136	13,262,691	23,551,763	4,515,585
Creditors, accrued and other liabilities	148,902,532	148,902,532	148,902,532	--	--	--
Short term borrowings	95,645,256	95,645,256	95,645,256	--	--	--
	291,322,055	296,221,963	254,891,924	13,262,691	23,551,763	4,515,585

### 36.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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.



## PAKISTAN PAPER PRODUCTS LIMITED

### Fair value sensitivity analysis for fixed rate instruments

The impact of change in fair value due to a change in interest rate is not considered to be material to these financial statements.

### Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs.1.048 million (2020: Rs.1.244 million). This analysis assumes that all other variables remain constant.

### 36.4.3 Equity price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company does not have investments in listed equity securities and is not exposed to market price risk.

### 36.5 Fair value of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying value of all the financial instruments reported in the financial statements approximates their fair value as the items are short term in nature.

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3** - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company does not hold any such financial instrument in its portfolio that falls in the above criteria.

## 37 CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital employed, which the company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide adequate return.



## PAKISTAN PAPER PRODUCTS LIMITED

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

### 38 CAPACITY AND PRODUCTION

		Units	Capacity		Production		Remarks
			2021	2020	2021	2020	
a)	Exercise books	Groose	58,632	58,632	45,225	50,466	Due to lack of demand.
b)	Sensitized paper	Rolls	216,000	216,000	17,875	17,093	Due to lack of demand.
c)	Prolabels	Sq. Mater	3,500,000	3,500,000	6,229,624	5,421,736	Due to extra shifts.

**38.1** The capacity is determined on single shift basis.

### 39 IMPACT OF COVID 19 ON FINANCIAL STATEMENTS

In March 2020, the World Health Organization (WHO) declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

During the pandemic, the Company has continued its operations in accordance with the instructions of Government. Although impact on the Company's sales can not be precisely determined. However, the extent of the impact of the virus on different income streams of the Company are as follows:

#### *Exercise book*

Covid-19 has definitely hampered the sales of exercise books due the governments constant on and off policy with schools. However, this time we have focused more on institutional orders where exercise books are even supplied if students are working from home. Market sales have also picked up whenever the government announces opening of schools so we have made sure that we are carrying inventory to take advantage of brisk market sales. Overall, we have been able to maintain and slightly increase the sales from last year and hopefully by next year we expect to fully normalize our sales pattern.

#### *Pro-labels*

Sales of pro-labels have actually received a boost during the pandemic especially due to much higher volumes of home care products. In addition, pharma sales and personal care products have also shown very good volumes, therefore, overall sales of the Company have shown very positive growth and continue to see good growth in the following years also as the FMCG sector in Pakistan is growing at a rapid pace.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 40 SUBSEQUENT EVENT

The Board of Directors in its meeting held on 16th September, 2021 proposed to distribute to the shareholders of the Company a cash dividend at the rate of 30% percent i.e. Rs. 3 per ordinary share (2020: Rs. 1.25 per ordinary share). The dividend is subject to the approval by the shareholders of the Company in its forthcoming Annual General Meeting. These financial statements do not reflect the effect of such dividend which will be accounted for in the financial statements of the Company subsequent to the year end, when it is approved by the shareholders of the Company.

### 41 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation. However, there were no significant restatements or reclassifications.

### 42 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 16th September 2021 by the Board of Directors of the Company.

### 43 GENERAL

This financial statements is presented in rupees and figures have been rounded off to nearest rupee.

**ABBAS SAYEED**  
*Chairman*

**ZIA UR REHMAN**  
*Chief Financial Officer*

**ABID SAYEED**  
*Chief Executive*





## PAKISTAN PAPER PRODUCTS LIMITED

### Pattern Of Share Holding - Form "34" Shareholders Statistics As At June 30, 2021

Number Of Share Holders	From	Share Holding To	Total Shares Held
256	1	-	100
195	101	-	500
99	501	-	1000
174	1001	-	5000
34	5001	-	10000
12	10001	-	15000
1	15001	-	20000
2	20001	-	25000
3	25001	-	30000
1	30001	-	35000
1	35001	-	40000
1	40001	-	45000
2	45001	-	50000
1	55001	-	60000
1	90001	-	95000
3	110001	-	115000
1	130001	-	135000
2	135001	-	140000
1	155001	-	160000
1	190001	-	195000
1	235001	-	240000
1	245001	-	250000
1	265001	-	270000
1	415001	-	420000
1	425001	-	430000
1	610001	-	615000
1	615001	-	620000
1	765001	-	770000
1	905001	-	910000
1	1000001	-	1005000
801			8,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	779	5,516,570	68.96
2	Financial Institutions	2	1,867	0.02
3	Joint Stock Companies	10	1,015,430	12.69
4	Insurance Companies	2	427,845	5.35
5	Mutual Fund	6	979,790	12.25
6	Other	2	58,498	0.73
		801	8,000,000	100.00



## PAKISTAN PAPER PRODUCTS LIMITED

### Details of Pattern of Shareholdings as on June 30, 2021

S. No.	Categories Shareholders	Shares Held	% Age
1	<b>Associated Companies</b>	<b>907,026</b>	<b>11.34</b>
	Management & Enterprises (Pvt.) Limited	907,026	
2	<b>NIT &amp; ICP</b>	<b>626,458</b>	<b>7.83</b>
	National Bank of Pakistan-Trustee Department NI(U)T Fund	619,101	
	Investment Corporation of Paksitan	6,816	
	IDBL (ICP) Unit	541	
3	<b>Directors, CEO, their Spouses and Minor Childern</b>	<b>2,884,184</b>	<b>36.05</b>
	Mrs. Muleika Sayeed	429,661	
	Mr. Abbas Sayeed	611,057	
	Mr. Asadullah Sayeed	417,334	
	Mr. Abid Sayeed	1,135,107	
	Ms Aisha Fariel Salahuddin	2,500	
	Mr. Sayeed Imran	3,333	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	36,570	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	248,622	
4	<b>Executives</b>	<b>Nil</b>	
5	<b>Individuals</b>	<b>2,632,386</b>	<b>32.90</b>
6	<b>Public Sector Companies and Corporation</b>	<b>268,512</b>	<b>3.36</b>
7	<b>Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others</b>	<b>681,434</b>	<b>8.52</b>
<b>Total</b>		<b>8,000,000</b>	<b>100.00</b>

### Shareholders Holding Ten Percent or More In The Company

Mr. Abid Sayeed	1,135,108	14.19
Management & Enterprises (Pvt.) Limited	907,026	11.34



## PAKISTAN PAPER PRODUCTS LIMITED

### FORM OF PROXY

I / We \_\_\_\_\_  
of \_\_\_\_\_  
being a member(s) of Pakistan Paper Products Limited holder of \_\_\_\_\_  
ordinary Shares as per Share Registrar Folio/CDC Account No. \_\_\_\_\_  
hereby appoint Mr./Miss/Mrs. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_  
of \_\_\_\_\_ who is also a member of the Company as my / our proxy to attend, speak & vote for me /  
us and on my / our behalf at the at the 59<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on  
Monday, October 25, 2021 at 11:00 am and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Rs.5/=  
Revenue  
Stamp

(Signature should agree with  
the specimen signature registered  
with the Company)

Signature \_\_\_\_\_

#### Witnesses:

1: Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

2: Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

#### Important:

1. This form of Proxy, duly completed and signed, must be submitted at the Company's Registered Office not later than 48 hours.
2. For CDC Account Holder / Corporate Entities:  
In addition of the above following requirements have to be met;
  - i) The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
  - ii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iii) The proxy shall produce his/ her original CNIC or passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



پاکستان پیپر پروڈکٹس لمیٹڈ  
مختارنامہ

میں/ہم \_\_\_\_\_  
 کا/کے \_\_\_\_\_  
 بحیثیت رکن پاکستان پیپہ پروڈکٹس لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹر فلیو نمبر \_\_\_\_\_  
 اور/ایسی ڈی سی پارٹنیشنٹ (شرکت آئی ڈی نمبر \_\_\_\_\_  
 اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم/محترمہ \_\_\_\_\_  
 مورخہ 25 اکتوبر 2021ء پیر صبح 11 بجکر 00 منٹ \_\_\_\_\_  
 کو اپنے/ہمارے ایماء پر \_\_\_\_\_  
 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔  
 آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2021ء کو دستخط کئے گئے۔

گواہان:

	دستخط: نام: پتہ:  کمپیوٹر انٹرنیٹ شناختی کارڈ یا پاسپورٹ نمبر:
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: auto;"> <p>پانچ روپے مالیت کے رسید گٹ پر دستخط</p> </div>	دستخط: نام: پتہ:  کمپیوٹر انٹرنیٹ شناختی کارڈ یا پاسپورٹ نمبر:
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: auto;"> <p>دستخط کہنی کے نمونہ دستخط سے مماثل ہونے چاہئیں</p> </div>	دستخط: نام: پتہ:  کمپیوٹر انٹرنیٹ شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کر دے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
  - (الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایجو جس کی سکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پر کسی فارم جمع کرانا ہوگا۔
  - (ب) مختار نامے پر بطور گواہان وافر اڈ کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
  - (ج) بتیفیشیل اونرز (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامہ کے ہمراہ پیش کرے گا۔
  - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
  - (و) کارپورٹ ایٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، پورڈ آف ڈائریکٹرز قرار دار مع نامزد کردہ شخص انارنی کے نمونہ دستخط یا وافر اڈ انارنی (اگر پبلیک فرام نہ کئے گئے ہوں) پر کسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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