



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

1ST QUARTER
SEPTEMBER 30, 2021 (UN-AUDITED)

To,

If undelivered please return to:

*Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700*



Contents

	Pages
Corporate Profile	1
Directors' Review to the Shareholders	2
Condensed Interim Balance Sheet	3
Condensed Interim Statement of Profit or Loss	4
Condensed Interim Statement of Comprehensive Income	5
Condensed Interim Statement of Cash Flow	6
Condensed Interim Statement of Changes in Equity	7
Notes to the Condensed Interim Financial Information	8



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. Shoaib Ahmad Khan	- Member
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member

HR AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Zia Ur Rehman

COMPANY SECRETARY

Ms. Safia Khursheed

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
Meezan Bank Limited

REGISTERED OFFICE AND FACTORY

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



PAKISTAN PAPER PRODUCTS LIMITED

Directors' Review

On behalf of the Board of Directors, we have pleasure in presenting review of performance together with the unaudited accounts of the company for the first quarter ended September 30, 2021

We are pleased to report that in spite of very serious challenges being faced by the economy your company managed to carry forward the good performance of last year into Q1. Net Sales increased by 5.88% to Rs 308.4 million which is again a new record of sales for Q1. Ex Books led the way with an increase of 19.19% while Pro Labels sales were flat with a decrease of 0.66%. Sales of Sensitized paper fell by nearly 50% as we did not have raw material to do any production and just sold some carry over stocks. We have now started production again from this month and hope that sales will pick up. Ex Books sales continued to perform well with Covid cases falling and reopening of schools. Due to a very volatile and uncertain paper market a lot of our competitors have either shut shop or moved to other businesses but of course the competition is still very much there but thanks to good supply of paper from Century Paper Mills we continue to be a dependable source for good quality Ex Books in the market. Due to its seasonal nature, we expect sales of Ex Books to slow down in the next quarter. Pro Labels sales were flat mainly due to the high trajectory of growth in the last few years and also due to certain raw material constraints as the supply chain has been highly disrupted due to rising raw material costs and exorbitant freight charges. On top of that shipping schedules are not dependable and consignments are constantly getting delayed.

The increase in the top line translated all the way down with Gross profit increasing by 52.27%, Net Profit before tax went up to Rs 34.45 million from Rs 22.70 million and NP after Tax went up to Rs 30.59 million from Rs 18.33 million in the comparable period last year. One of the main reasons for the increase in profits was the high sale of Ex Books from our finished goods of last year and also the raw material which we had purchased before the rise in prices. Financial charges increased by 223% to Rs 6.85 million and this was mainly due to the massive devaluation of the PKR so the company had to book huge Exchange losses. Overall, the cash flow position of the company has improved compared to last year as our running finance has come down significantly. We are pleased with the Q1 results but are facing severe headwinds in the form of rising paper prices, freight charges, devaluation of the PKR and the harsh measure of the Sind Government to increase the minimum wage to Rs 25,000 compared to Rs 20,000 fixed by the Federal Government. We expect the profitability of the company to deteriorate going forward due to the reasons highlighted above. Rest assured your management is taking all possible measures to protect the company's profits but the overall macro pressures are beyond our control. The installation of the 204 kwh Solar system has now been completed and we expect good savings in our energy costs going forward.

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

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

Karachi, October 27, 2021

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited) AS AT SEPTEMBER 30, 2021

	Notes	(Un-audited) 30 Sep 2021	(Audited) 30 June 2021
		----- (Rupees) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	818,936,629	802,714,130
Intangible assets		492,019	517,915
Long term deposit		957,258	957,258
		820,385,906	804,189,303
CURRENT ASSETS			
Stores and spares		6,712,345	5,548,216
Stock-in-trade		177,228,900	262,468,300
Trade debts - Unsecured, considered good		178,911,418	211,451,703
Advances and other receivables		94,622,172	106,113,015
Trade deposits and short term prepayment		7,838,980	2,661,824
Cash and bank balances		6,045,220	4,729,141
		471,359,034	592,972,199
		1,291,744,940	1,397,161,502
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		80,000,000	80,000,000
Revenue reserves		439,028,587	408,437,122
Capital reserve			
Revaluation surplus on property, plant and equipment		510,591,499	510,591,499
		1,029,620,086	999,028,621
NON-CURRENT LIABILITIES			
Deferred tax liability-Net		42,016,804	42,016,804
Deferred liability for staff gratuity		17,984,560	17,726,668
Long term loans - Secured		67,368,125	58,180,863
Deferred grant		9,655,612	9,655,612
		137,025,101	127,579,947
CURRENT LIABILITIES			
Current and overdue portion of long term loans		27,658,151	31,290,851
Short term borrowings - Secured		9,765,548	91,452,605
Unclaimed dividend/Proposed Dividend		8,439,427	8,439,427
Creditors, accrued and other liabilities		79,236,626	139,370,051
		125,099,753	270,552,934
CONTINGENCIES AND COMMITMENTS			
		--	--
		1,291,744,940	1,397,161,502

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Notes	(Un-audited) 30 Sep 2021	(Un-audited) 30 Sep 2020
		----- (Rupees) -----	
Turnover		339,683,054	323,012,245
Sales tax and sales return		(31,280,997)	(31,732,450)
Sales - Net		308,402,057	291,279,795
Cost of sales		(249,044,336)	(252,298,881)
Gross profit		59,357,721	38,980,914
Other operating income/ (expense)		346,574	8,977
Operating expenses			
Administrative expenses		(10,210,821)	(8,812,528)
Selling and distribution expenses		(5,607,242)	(3,654,568)
Sindh Workers' Profit Participation Fund		(1,851,962)	(1,220,129)
Sindh Workers' Welfare Fund		(740,785)	(488,052)
		(18,410,810)	(14,175,277)
Operating profit		41,293,485	24,814,614
Finance cost		(6,846,994)	(2,120,212)
Profit before taxation		34,446,491	22,694,402
Taxation - Net		(3,855,026)	(4,369,197)
Profit for the period		30,591,465	18,325,205
Earning per share - Basic and diluted		3.82	2.29

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	(Un-audited) 30 Sep 2021	(Un-audited) 30 Sep 2020
Notes	-----	-----
	(Rupees)	(Rupees)
Profit for the quarter	30,591,465	18,325,205
Other comprehensive income / (loss):	--	--
Total comprehensive income for the quarter	<u>30,591,465</u>	<u>18,325,205</u>

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	(Un-audited) 30 Sep 2021	(Un-audited) 30 Sep 2020
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	34,446,491	22,694,402
Adjustment for non-cash items and other adjustments:		
Depreciation	8,856,338	8,941,287
Gratuity provision	735,672	735,672
Gain on disposal of fixed assets	(336,734)	-
Financial charges	6,846,994	2,120,212
	16,102,270	11,797,171
(Increase)/decrease in current assets		
Store, spares and stock in trade	84,075,271	60,647,121
Trade debts	32,540,285	(16,321,546)
Advances, deposits, prepayments & other receivables	15,669,724	2,160,406
	132,285,281	46,485,982
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(54,724,928)	(122,448,697)
Cash (used in) / generated from operations	128,109,114	(41,471,142)
Income tax paid	(20,708,740)	(16,212,725)
Gratuity paid	(477,780)	(181,116)
Financial charges paid	(3,004,914)	(4,351,762)
Net cash generated / (used in) from operating activities	103,917,680	(62,216,745)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,681,207)	(7,654,905)
Long term deposits	(1,752,900)	-
Sales proceeds against disposal of fixed assets	1,965,000	-
Income from financial assets	-	-
Net cash outflows from investing activities	(26,469,107)	(7,654,905)
CASH FLOW FROM FINANCING ACTIVITIES		
Net movements in long term loan	5,554,562	66,534,108
Dividend Paid		(1,263)
Net cash inflows from financing activities	5,554,562	66,532,845
Net (decrease) / increase in cash and cash equivalents	83,003,136	(3,338,805)
Cash and cash equivalent at the beginning of the quarter	(86,723,464)	(91,235,055)
Cash and cash equivalent at the end of the quarter	(3,720,328)	(94,573,860)

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE QUARTER ENDED SEPTEMBER 30, 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 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996
Profit for the first quarter ended September 30, 2021	-	-	18,325,205	18,325,205	-	18,325,205
Other comprehensive income	-	-	-	-	-	-
	-	-	18,325,205	18,325,205	-	18,325,205
Surplus on revaluation realized on disposal of fixed assets - net of tax	-	-	-	-	-	-
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	-	-	-	-
Balance as at 30 Sep, 2020	80,000,000	143,900,000	235,337,384	379,237,384	514,137,817	973,375,201
Profit for the nine month ended 30 June, 2021	-	-	52,239,987	52,239,987	-	52,239,987
Other comprehensive income	-	-	(586,567)	(586,567)	-	(586,567)
	-	-	51,653,420	51,653,420	-	51,653,420
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)	-
Transactions with owners:						
Final cash dividend @ 12.5% related to the year ended 30 June 2020	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Interim cash dividend @ 20% related to the period ended 31 Dec. 2020	-	-	(16,000,000)	(16,000,000)	-	(16,000,000)
Balance as at June 30, 2021	80,000,000	143,900,000	264,537,122	408,437,122	510,591,499	999,028,621
Total comprehensive income for the period	-	-	30,591,465	30,591,465	-	30,591,465
Profit for the first quarter ended September 30, 2021	-	-	-	-	-	-
Other comprehensive income net of tax	-	-	30,591,465	30,591,465	-	30,591,465
Surplus on revaluation realized on disposal of fixed assets - Net of tax	-	-	-	-	-	-
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	-	-	-	-
Balance as at September 30, 2021	80,000,000	143,900,000	295,128,587	439,028,587	510,591,499	1,029,620,086

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED SEPTEMBER 30, 2021

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This condensed financial information of the company for the quarter ended September 30, 2021 has been prepared in accordance with approved accounting standards as applicable in Pakistan for financial reporting. This condensed financial information does not include all of the information required for full annual financial statements, and should therefore be read in conjunction with the audited annual financial statements of the company as at and for the year ended June 30, 2021.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2021.

	(Un-audited) September 30 2021 ----- (Rupees) -----	(Audited) June 30 2021 -----
4 PROPERTY, PLANT AND EQUIPMENT		
Operating asset	818,936,629	802,714,130
Capital work-in-progress		
	<u>818,936,629</u>	<u>802,714,130</u>
4.1 Opening net book value (NBV)	802,714,130	824,265,465
Addition (at cost) during the period year	4.1.1 <u>26,681,207</u>	<u>15,111,174</u>
	829,395,337	839,376,639
Disposal (NBV) during the period	4.1.2 (1,628,266)	(265,488)
Depreciation charged for the period	(8,830,442)	(36,397,021)
Closing net book value (NBV)	<u>818,936,629</u>	<u>802,714,130</u>



PAKISTAN PAPER PRODUCTS LIMITED

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

Building on leasehold land		
- Factory	--	386,165
- Office	--	--
Plant and machinery	2,737,775	7,948,119
Furniture and fixture	57,000	1,205,046
Factory and other equipment	52,500	2,519,570
Electric equipment and fittings	16,289,406	196,327
Computers	--	101,000
Vehicles	7,544,526	2,754,947
	<u>26,681,207.00</u>	<u>15,111,174</u>

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

Plant and machinery	--	--
Factory and other equipment	--	--
Computers	--	(12,822)
Vehicles	(1,628,266)	(252,666)
	<u>(1,628,266)</u>	<u>(265,488)</u>

(Un-audited) September 30 2021 (Un-audited) September 30 2020

5 CASH AND CASH EQUIVALENT

Cash and bank balance	6,045,220	4,580,390
Short term borrowings - Secured	(9,765,548)	(99,154,250)
	<u>(3,720,328)</u>	<u>(94,573,860)</u>

6 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. Nil (September 2020: Rs. Nil)

Commitments are outstanding in respect of letters of credit amounting to Rs. 79,366,277/- (September 2020: Rs. 66,395,916/-)

7 The condensed interim financial information was authorized for issue by the Board of Directors of the company on 27th October 2021

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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PRO LABELS



➤ Pro Labels - Self Adhesive labels in roll form.



➤ Exercise Books



➤ Photocopy Paper



➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

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