



# **PAKISTAN PAPER PRODUCTS LIMITED**

## **QUARTERLY FINANCIAL STATEMENTS**

**3rd QUARTER  
MARCH 31, 2022 (UN-AUDITED)**

*To,*

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



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## PAKISTAN PAPER PRODUCTS LIMITED

# CORPORATE PROFILE

### BOARD OF DIRECTORS

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



## PAKISTAN PAPER PRODUCTS LIMITED

### DIRECTORS' REVIEW

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2022.

### Operating Performance

Your company's performance for the 3Q ended has been satisfactory. Nine month turnover scaled to a new record level of Rs 917.92 million compared to Rs 887 million last year which is an increase of 3.48%. Unfortunately the increase in sales did not translate into higher profits which was mainly due to the massive exchange losses that we had to book in the last 3 quarters due to the constant devaluation of the PKR. Net Profit after tax for the year till Q3 is Rs 38.8 million compared to Rs 50.24 million last year.

### Overview

Exercise Books has shown the best performance this year with sales rising by 41% while Pro Labels faced a decline in sales of 6.64%. Due to the constant devaluation of the PKR not only have we had to book massive exchange losses but our operating margins have also declined as we are unable to pass on the full impact of rising costs to our customers, especially in Pro Labels where there is an influx of new printers in the market causing a major rise in competition. Exercise Books showed a major rebound from last year and in spite of soaring paper prices we have been able to secure good institutional orders this year along with a major increase in market share in interior of Sind especially. The overall inflation in the country has also affected our margins but we are trying to keep costs in check to improve company's profitability. The Solar system that we installed in Q1 has proved to be a very timely investment as we have been able to lower our electricity costs in spite of rising tariffs. In the last 5.5 months we have produced 150,000 units which has resulted in a saving of over Rs 4.3 million.

### Future Outlook

The future outlook for the company is linked to the economic future of the country which at the present looks very grim. Successive government changes are never good for business and industry as there is no continuity in policies which creates a very uncertain environment. In addition ill advised populist decisions are wreaking further havoc on our economy which was already under a lot of strain due to the global rise in prices of oil and other commodities. Our company is not insulated from any of these factors and we have to absorb a certain portion of these rising costs and can pass only a certain portion onwards to our customers. We see no real respite in the rising prices of our raw materials in the next quarter and expect further devaluation of the PKR which will put more pressure on our margins.

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

### Acknowledgement

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

**ABBAS SAYEED**

*Chairman*

Karachi : April 25, 2022

On behalf of the Board of Directors

**ABID SAYEED**

*Chief Executive*



# PAKISTAN PAPER PRODUCTS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited) AS AT 31 MARCH, 2022

	Notes	(Un-audited) 31 Mar 2022	(Audited) 30 June 2021
		(Rupees)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	896,940,443	802,714,130
Intangible assets	5	411,977	517,915
Long term deposits		1,135,258	957,258
		898,487,678	804,189,303
<b>CURRENT ASSETS</b>			
Stores and spares		9,353,419	5,548,216
Stock-in-trade		255,267,285	262,468,300
Trade debts - Unsecured, considered good		214,071,916	211,451,703
Advances and other receivables		113,699,795	106,113,015
Trade deposits and short term prepayments		6,891,740	2,661,824
Cash and bank balances	6	5,335,903	4,729,141
		604,620,057	592,972,199
		1,503,107,735	1,397,161,502
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 15,000,000 (2021: 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		403,239,948	408,437,122
Capital reserve			
Revaluation surplus on property, plant and equipment		510,591,499	510,591,499
		993,831,447	999,028,621
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability-Net		40,346,265	42,016,804
Deferred liability for staff gratuity		18,420,025	17,726,668
Long term loans - Secured		136,894,025	58,180,863
Deferred grant		9,655,612	9,655,612
		205,315,927	127,579,947
<b>CURRENT LIABILITIES</b>			
Current and overdue portion of long term loans		22,305,376	31,290,851
Short term borrowings - Secured	6	102,610,243	91,452,605
Unclaimed dividend/Proposed Dividend		10,557,733	8,439,427
Creditors, accrued and other liabilities		168,487,009	139,370,051
		303,960,361	270,552,934
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		1,503,107,735	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 HALF YEAR ENDED 31 MARCH 2022

Notes	Nine Months Ended		Quarter Ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----	----- (Rupees) -----
Sales - Net	823,918,442	786,135,989	286,784,230	235,930,499
Cost of sales	(706,573,958)	(673,073,136)	(259,987,909)	(198,386,447)
Gross profit	117,344,483	113,062,853	26,796,320	37,544,052
Other operating income	985,418	153,171	628,284	18,326
Operating expenses				
Administrative expenses	(29,922,175)	(25,862,137)	(10,016,983)	(8,649,928)
Selling and distribution expenses	(15,796,333)	(11,438,922)	(5,322,811)	(3,930,867)
Sindh Workers' Profit Participation Fund	(2,841,379)	(3,594,329)	(383,256)	(1,219,515)
Sindh Workers' Welfare Fund	(1,107,916)	(1,390,236)	(169,224)	(487,807)
	(49,667,803)	(42,285,624)	(15,892,274)	(14,288,117)
Operating profit	68,662,098	70,930,400	11,532,330	23,274,261
Finance cost	(15,783,810)	(4,028,377)	(4,419,685)	(591,265)
Profit before taxation	52,878,288	66,902,023	7,112,645	22,682,996
Taxation - Net	(14,075,463)	(16,667,192)	(1,788,209)	(3,538,957)
Profit for the period	38,802,826	50,234,831	5,324,437	19,144,039
Earnings per share - Basic and diluted	4.85	6.28	0.67	2.39

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



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**PAKISTAN PAPER PRODUCTS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

	(Un-audited) 31 Mar 2022 Notes	(Audited) 31 Mar 2021
	(Rupees)	
Profit for the period	38,802,826	50,234,831
Other comprehensive income / (loss):		
Total comprehensive income for the year	<u>38,802,826</u>	<u>50,234,831</u>

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

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**ABBAS SAYEED**  
*Chairman*

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

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**ABID SAYEED**  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	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 period ended 31 March 2021	—	—	50,234,831	50,234,831	—	50,234,831
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	50,234,831	50,234,831	—	50,234,831
assets - Net of tax	—	—	334,289	334,289	(334,289)	—
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	—	—	1,606,015	1,606,015	(1,606,015)	—
Transactions with owners:						
Final cash dividend @ 12.5% related to the year ended 30 June 2020	—	—	(10,000,000)	(10,000,000)	—	(10,000,000)
ended Dec 31 2020	—	—	(16,000,000)	(16,000,000)	—	(16,000,000)
Balance as at 31 March 2021	80,000,000	143,900,000	243,187,314	387,087,314	512,197,513	979,284,827
Balance as on 1 July 2021	80,000,000	143,900,000	264,537,122	408,437,122	510,591,499	999,028,621
Profit for the period ended 31 March 2022	—	—	38,802,826	38,802,826	—	38,802,826
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income for the period	—	—	38,802,826	38,802,826	—	38,802,826
Surplus on revaluation realized on disposal of fixed assets - Net of tax	—	—	—	—	—	—
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	—	—	—	—	—	—
Transactions with owners:						
Final cash dividend @ 30% related to the year ended 30 June 2021	—	—	(24,000,000)	(24,000,000)	—	(24,000,000)
Interim cash dividend @ 25% related to the period ended Dec 31 2021	—	—	(20,000,000)	(20,000,000)	—	(20,000,000)
Balance as at 31 March 2022	80,000,000	143,900,000	259,339,948	403,239,948	510,591,499	993,831,447

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive





# PAKISTAN PAPER PRODUCTS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2022

Notes	(Un-audited) 31 March 2022	(Un-audited) 31 March 2021
	(Rupees)	
<b>CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	52,878,288	66,902,023
Adjustments for non-cash and other items:		
Depreciation	27,600,874	27,209,426
Provision for gratuity	2,018,196	2,207,016
Provision for Sindh Workers' Profit Participation Fund	2,841,379	3,594,329.00
Provision for Sindh Workers' Welfare Fund	1,107,916	1,390,235.60
Finance cost	9,148,510	10,378,564
Exchange (gain) / loss	6,635,299	(6,350,187)
Gain on disposal of fixed assets	(927,731)	(120,012)
(Increase) / decrease in current assets		
Stores and spares	(3,805,203)	(1,326,446)
Stock-in-trade	7,201,015	17,762,984
Trade debts	(2,620,213)	29,466,680
Advances and other receivables	(1,132,012)	(11,122,786)
Trade deposits and short term prepayments	(4,229,916)	1,348,504
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	26,156,857	(119,148,893)
Cash generated from operations	122,873,260	22,191,438
Payments for:		
Income taxes	(31,080,305)	(20,238,357)
Gratuity	(1,324,839)	(1,100,064)
Sindh Workers' Profit Participation Fund	(5,225,511)	(1,161,700)
Sindh Workers' Welfare Fund	(2,282,914)	--
Finance cost	(9,264,580)	(11,339,080)
Net cash inflows/ (outflows) from operating activities	73,695,110	(11,647,762)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(38,586,465)	(14,937,108)
Addition to Capital Work in Progress	(84,998,551)	--
Sale proceeds against disposal of fixed assets	2,685,560	385,500
Net cash (outflows) from investing activities	(120,899,456)	(14,551,608)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term deposit	(178,000)	--
Net movements in long term loan	78,713,162	64,971,234
Dividend paid	(41,881,694)	(22,699,061)
Net cash inflows from financing activities	36,653,468	42,272,173
Net increase / (decrease) in cash and cash equivalents	(10,550,877)	16,072,803
Cash and cash equivalents at the beginning of the period	(86,723,464)	(91,235,055)
Cash and cash equivalents at the end of the period	6 (97,274,341)	(75,162,252)

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

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED 31 March , 2022

#### 1 STATUS AND NATURE OF BUSINESS

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

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

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

#### 2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the quarter ended 31 March 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2021.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 March 2022 and 2021 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2021 and 2020.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

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

#### 4 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) 31-Mar 2022	(Audited) June 30 2021
	----- (Rupees) -----	
Operating assets	811,941,892	802,714,130
Capital work-in-progress	84,998,551	--
	<u>896,940,443</u>	<u>802,714,130</u>
4.1 Operating fixed assets		
Opening net book value (NBV)	802,714,129	824,265,465
Addition (at cost) during the period year	38,586,465	15,111,174
Surplus arising due to revaluation of property, plant and equipment	--	--
	<u>841,300,594</u>	<u>839,376,639</u>
Disposal (NBV) during the period	(1,757,830)	(265,488)
Depreciation charged for the period	(27,600,874)	(36,397,021)
Closing net book value (NBV)	<u>811,941,890</u>	<u>802,714,130</u>



## PAKISTAN PAPER PRODUCTS LIMITED

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

Building on leasehold land		
- Factory	1,986,405	386,165
- Office	--	--
Plant and machinery	6,603,238	7,948,119
Furniture and fixture	641,980	1,205,046
Factory and other equipment	2,197,254	2,519,570
Electric equipment and fittings	16,548,971	196,327
Computers	159,700	101,000
Vehicles	10,448,917	2,754,947
	<u>38,586,465</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	(5,949)	(12,822)
Vehicles	(1,750,780)	(252,666)
	<u>(1,756,729)</u>	<u>(265,488)</u>

## 5 INTANGIBLE ASSETS

Software license	5.1	<u>411,977</u>	<u>517,915</u>
5.1 Movement of intangible assets			
Cost as at 1 July,		565,000	--
Additions during the year		--	565,000
Cost as at 30 June		<u>565,000</u>	<u>565,000</u>
Accumulated amortization as at 1 July,		47,085	--
Charge for the year		105,938	47,085
Accumulated amortization as at 30 June,		<u>153,023</u>	<u>47,085</u>
Net book value as at 30 June,		<u>411,977</u>	<u>517,915</u>
Useful life (in years)		<u>4</u>	<u>4</u>

## 6 CASH AND CASH EQUIVALENT

Cash and bank balance	5,335,903	4,729,141
Bank Al Habib Limited - Running finance utilized	(102,610,243)	(91,452,605)
	<u>(97,274,340)</u>	<u>(86,723,464)</u>

## 7 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. Nil (March 2020: Nil-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 58,701,103/- (March 2021: Rs. 65,033,304/-)

## 8 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 25, 2022.

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive

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Development, & Quality Products.**



### **PRO LABELS**



➤ Pro Labels - Self Adhesive labels in roll form.



➤ Exercise Books



➤ Photocopy Paper



➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

**Pakistan Paper Products Ltd.,**

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