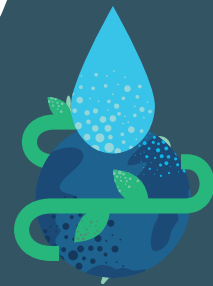




Century Paper & Board Mills Limited



# Sustainability for a better tomorrow

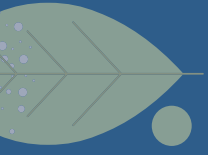


Annual Report **2022**



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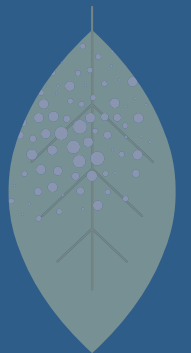
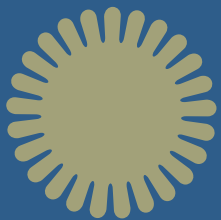


# Vision

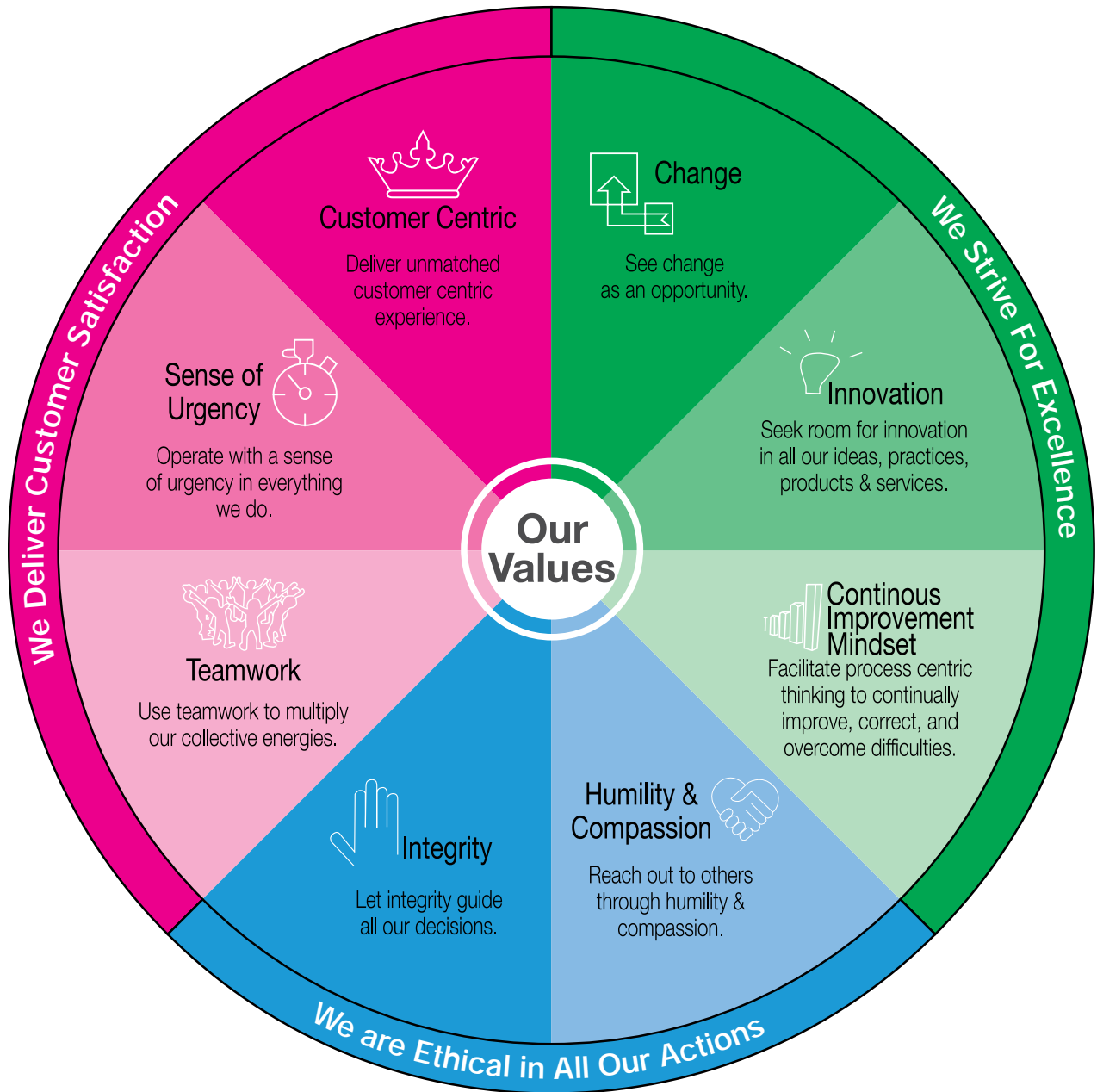
To be the market leader and an enduring force in the paper, board and packaging industry, positively influencing and providing value to our stakeholders, society and our nation.

# Mission

To strive incessantly for excellence and sustain our position as a preferred supplier of quality paper, board and packaging material within a team environment and with a customer focussed strategy.



# CORE VALUES



# CODE OF ETHICS

Our core business is to manufacture paper, paperboard and packaging products to provide local businesses and individuals quality products of international standard. We are very strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices.

## Corporate Governance

We as a responsible corporate citizen strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the Company's best interest while holding confidential information. We expect our employees to neither solicit internal information from others nor disclose Company's figures, data or any material information to any unauthorized persons/body.

## Human Resource Development

We believe in individual respect and growth. Our employment and Human Resource policies develop individuals without race, religion, gender or any other discriminative factors. We provide equal opportunities with a team based management style employing incessant training and development programs for employees. These continuous improvement policies enhance efficiencies and knowledge and create a constructive and affirmative environment.

## Transparent Financial Policies

We develop fair and transparent financial policies for conducting business. We ensure transparency and integrity and follow the principles of accounting and finance as approved by regulations and contemporary accounting codes. Any unsupportive or false entry, infringement of accounts for individual or company gain is strongly incoherent with our business codes and ethics.

## Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with

competitors to distort the pricing and availability is contradictory to our business code of conduct. Any anti-trust activity such as price fixing, monopolization or forming cartel of suppliers is prohibited. Our marketing policies are customer focussed, placing high values in satisfying their requirements with emphasis on quality, service and product development. As a long term marketing strategy we vision to diversify and add value to our products while maintaining close liaisons with markets, customers and their needs.

## Business Risk Management

Our risk management policies are geared to enhance shareholders worth, improve credit worthiness and minimize credit risk while diversifying income, supplier and customer bases and maintaining relationships with financial institutions.

## Social and Community Commitments

We believe in community development without political affiliations with any persons or group of persons working for gains. We contribute our resources for better environment with an unprejudiced approach. Our Safety, Health and Environment (SHE) policies are geared towards unbiased employees' betterment. Our positive contribution towards Community Related Services especially in health and education adds to economic development.

## Environmental Management System - EMS

We invest in environmental projects with environment friendly policies to improve Health and Safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understandings in Safety, Health and Environmental science. We are driving towards zero waste generation at the source and materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources and environment. We are working for the conservation of natural resources, energy and biodiversity by continuously improving our processes, practices and products.

# GEOGRAPHICAL PRESENCE



## Head Office

Lakson Square,  
Building No.2,  
Sarwar Shaheed  
Road, Karachi.

## Mills

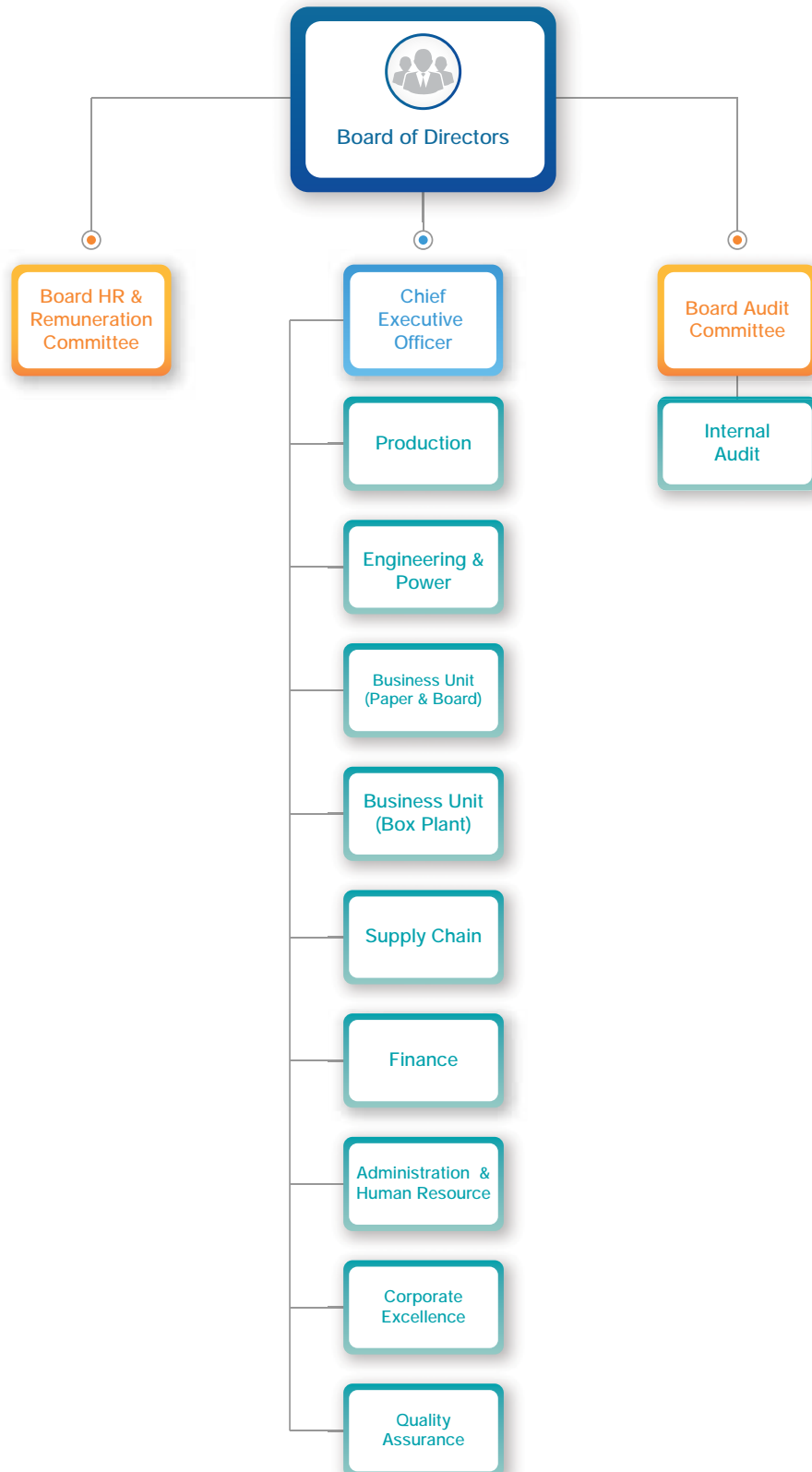
62 KM,  
Lahore-Multan  
Highway, N-5,  
District Kasur.

## Lahore Office

14-Ali Block,  
New Garden  
Town, Lahore.



# ORGANOGRAM







Century Paper & Board Mills Limited

# Energy Conservation

The world's dependence on energy from fossil fuels is considered the main cause of global warming and climate change. The company is thoughtful of the situation and understands that business as usual is not good enough and it is seriously exploring and investing in energy conservation opportunities like:-

- Improved Energy Metering,
- Installation of Waste Heat Recovery Systems,
- Repair of Energy Leaks, and
- Installation of energy-efficient equipment



# KEY FIGURES & RATIOS

Key Figures	Rupees in million	
	2022	2021
Gross sales	<b>45,561</b>	33,481
Net sales	<b>39,000</b>	28,660
EBITDA	<b>5,008</b>	5,765
Profit pre tax	<b>3,257</b>	4,246
Profit post tax	<b>2,212</b>	2,960
Share capital	<b>2,029</b>	1,764
Shareholders' equity	<b>12,226</b>	10,322
Total assets	<b>28,796</b>	21,408
Capital expenditure	<b>2,539</b>	1,574
Capital employed	<b>16,143</b>	14,785
Long-term financing (including current portion)	<b>2,892</b>	3,273
Key Ratios	2022	2021
Earnings per share - Rupees	<b>10.90</b>	14.59
Breakup value per share - Rupees	<b>60.26</b>	50.88
Price earning ratio	<b>5.67</b>	8.37
Debt equity ratio (including current portion)	<b>19 : 81</b>	30 : 70
Leverage ratio	<b>1.36 : 1</b>	1.07 : 1
Current ratio	<b>1.33 : 1</b>	1.60 : 1
Quick ratio	<b>0.40 : 1</b>	0.52 : 1
Asset coverage ratio	<b>1.59 : 1</b>	1.80 : 1
Interest coverage ratio	<b>5.82 : 1</b>	11.46 : 1
Debt servicing coverage ratio	<b>4.18 : 1</b>	4.05 : 1
Debtors days	<b>31</b>	34
Inventory days	<b>73</b>	71
Operating Cycle	<b>56</b>	50

# MILESTONES

## Production

**1990**

Commenced commercial production with three machines having capacity of 30,000 Metric Tons per annum.

**1997**

- Enhanced production capacity to 50,000 Metric Tons through addition of a three layers Board Machine (PM-4).
- Added an Offline Coating Machine (CM-2).

**2003**

- Enhanced production capacity to 80,000 Metric Tons per annum after installation of twin layer Board Machine (PM-5).
- Added a Corrugated Boxes Manufacturing Plant with capacity of 22,000 Metric Tons per annum.

**2005**

- Enhanced un-bleached and bleached pulp capacities.

**2006**

- Enhanced production capacity to 110,000 Metric Tons per annum after installation of Paper Machine (PM-6).
- Added Online Coating facility to three layers Board Machine (PM-4).

**2009**

Enhanced production capacity to 240,000 Metric Tons per annum as Coated Board Duplex Plant (PM-7) started its commercial operations.

**2010**

Added a new Corrugator with capacity of 24,000 Metric Tons per annum.

**2011**

Enhanced Box Making capacity to 30,000 Metric Tons per annum after a New Box Machine is added with capacity of 8,000 Metric Tons per annum.

**2021**

Enhance production capacity from 240,000 MT per year to 265,000 Mt per year through BMR projects.

## Power and Utilities

**1996**

Started 12.3 MW Captive Power Generation Plant as Century Power Generation Limited (a former subsidiary Company).

**2002**

Installed Dissolved Air Flootation Plant (DAF), the first of its kind in Pakistan for treatment of effluent in Paper and Board Sector.

**2005**

- Converted Power Generators to dual fired configuration i.e. oil and natural gas.
- Merged Century Power Generation Limited (a former subsidiary Company) with the Company.

**2008**

Enhanced Captive Power Generation capacity to 30 MW as new 18 MW Co-Generation Plant started commercial operations.

**2012**

Installed new Coal/Biomass Fired Boiler with capacity of 30 Ton per hour of steam.

**2014**

- Installed Solar Panel Capacity of 0.3 MW.
- Inked an agreement for installation of 18 MW Coal Based Co-Generation Power Plant.

**2016**

- Enhanced Captive Power Generation capacity to 48 MW as new 18 MW Coal Based Co-Generation Power Plant started commercial operations.
- Installed Secondary Waste Water Treatment Plant, the first of its kind in Pakistan for treatment of effluent, in line with compliance of National Environmental Standards (NEQ).

**2019**

Enhanced Solar panel capacity to 1.3 MW after installation of 1 MW solar panel completed during the year.

**2020**

- Enhanced Solar panel capacity to 3.6 MW after installation of 1.6 MW solar panel completed during the year.
- Installed new Coal Fired Boiler with capacity of 25 Ton per hour of steam.

# CERTIFICATIONS & AWARDS

2022

Awarded 10<sup>th</sup> position in Pakistan Stock Exchange (PSX) Award for Top 25 Companies for the year 2021.  
Awarded "Environment Excellence Award 2022" by National Forum for Environment & Health (NFEH).  
Awarded "Energy Performance Award for Industry 2022" by United Nations Industrial Development Organization (UNIDO).

2021

Awarded "Sustainability Initiative Award 2021" by National Forum for Environment & Health (NFEH).  
Awarded "Best Sustainable Packaging Award" by Future Forum.  
Awarded "Fire Safety Award" by National Forum for Environment & Health.

2020

Awarded "Environment Excellence Award 2020" by National Forum for Environment & Health (NFEH).

2019

Awarded "Environment Excellence Award 2019" by National Forum for Environment & Health (NFEH).

2018

Awarded "Environment Excellence Award 2018" by National Forum for Environment & Health (NFEH).

2015

Awarded "Environment Excellence Award 2015" by National Forum for Environment & Health (NFEH).

2012

Awarded "Best Corporate Award" on Annual Report for the year 2010.

2011

Awarded the certification on "Integrated Management System (IMS)" which consists of:

- Quality Management System (QMS) ISO 9001:2015;
- Environmental Management System (EMS) ISO 14001:2015 and
- Occupational Health and Safety Assessment Series (OHSAS) 18001:2007.

2008

Awarded "Best Corporate Award" on Annual Report for the year 2007.  
Awarded "Best Environmental Reporter" in ACCA-WWF Pakistan Environmental Reporting Awards 2007 in the Local Listed Company Category.

2007

Awarded "Best Corporate Award" on Annual Report for the year 2005.

2006

Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the year 2004.

2004

Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the years 2002 and 2003.

2003

Awarded "Best Corporate Award" on Annual Report for the year 2002.



# GROSS SALES REVENUE



# INTEGRATED MANAGEMENT SYSTEM POLICY



## Century is Committed to:

1. Continual customer satisfaction by providing quality Paper, Paperboard and Corrugated Boxes produced in environment-friendly, Healthy and Safe working conditions.
2. Maintain and update IMS for Quality, Environment and Safety by fulfilling the requirements of International Standards: (ISO 9001, ISO 14001, and OHSAS 18001).
3. Set the IMS objectives and targets for continuously improving the operational efficiencies, resources conservation and mitigation of risks.
4. Take lead in social role and responsibilities towards the surrounding community.
5. Follow and abide by all the applicable Laws and Legal requirements.
6. Implement Century Value System and to endeavour that its employees are the best citizens following ethical values and good practices in advancement and betterment of the Company and the Society.



## ENVIRONMENT POLICY

- Ensure environment friendly operations, products and services.
- Mitigate environmental impacts through effective implementation of ISO 14001 in order to achieving conformance to applicable laws and regulations.
- Promote environmental awareness to all employees and the community.
- Establish objectives and targets for continual improvement in resource conservation by waste control and safe operating practices.



## SAFETY POLICY

- Improve Occupational Health and Safety (OHS) performance continuously in all areas of operations.
- Implement necessary controls and measures for mitigation of accidents and associated risk by setting objectives and following applicable legal and other requirements.
- Promote OHS practices through training of employees for healthy and safe work environment.
- Communicate Safety Policy to all stakeholders and review it periodically for ensuring adequacy and compliance with OHSAS 18001 standards.



## QUALITY POLICY

- Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.
- Century, a customer focussed Company, is always ready to accept challenges for achieving its mission.
- Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.
- Century is committed to building Safe, Healthy and Environment friendly atmosphere.
- Century, with its professional and dedicated team, ensures continual improvement in quality and productivity through effective implementation of Quality Management System.
- Century values the social and economic well being of its partners and strives for a harmonious environment conducive to team performance.





Century Paper & Board Mills Limited

# Water Conservation

Water availability is the life or main artery of any pulp and paper manufacturing company. Given the worsening scenario of water scarcity in the country, water conservation is the foremost priority of the company and it has continuously been adopting water-efficient processes, equipment, and practices. The company is strictly following water recycling practices and at present is in the process of installing its third Wastewater Treatment Plant that will see an increase in the quality and quantity of treated wastewater for recycling. The Company's initiatives for water conservation are summarized as follows:-

- Installation of Waste Water Treatment Plants
- Use of Recycled water as a substitute for fresh water
- Groundwater Recharging of using Rain Water
- Water for Nation Drive for Awareness

# ENTITY RATING

by JCR-VIS Credit Rating Company Limited as on June 2022

## Long-Term A + (A Plus)

- Good credit quality.
- 'A' ratings denote expectations of low credit risk.
- Protection factors are adequate.
- Risk factors may vary with possible changes in the economy.

## Short-Term A-1 (A minus One)

- High certainty of timely payment.
- Liquidity factors are excellent and supported by good fundamental protection factors.
- Risk factors are minor.

# CORPORATE CALENDAR

- July 26, 2021**  
Audit Committee meeting to consider annual accounts of the Company for the year ended June 30, 2021
- July 27, 2021**  
Board of Directors meeting to consider annual accounts of the Company for the year ended June 30, 2021
- September 23, 2021**  
Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2021
- October 21, 2021**  
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2021
- October 25, 2021**  
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2021
- January 28, 2022**  
Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2021
- January 31, 2022**  
Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2021
- April 19, 2022**  
Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2022
- April 21, 2022**  
Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2022

# REVIEW REPORT BY THE CHAIRMAN

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Century Paper & Board Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the Board and its committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



**Iqbal Ali Lakhani**

Chairman

Dated: August 04, 2022



# BOARD OF DIRECTORS



Iqbal Ali Lakhani  
(Chairman)



Babar Ali  
Lakhani



Amin Mohammed  
Lakhani



Anushka  
Lakhani



Asif Qadir



Ali Aamir



Aftab Ahmad  
(Chief Executive Officer)

# CORPORATE INFORMATION

## Advisor

Sultan Ali Lakhani

## Board's Committees

### Audit Committee

Ali Aamir (Chairman)

Amin Mohammed Lakhani

Babar Ali Lakhani

### Human Resource & Remuneration Committee

Asif Qadir (Chairman)

Amin Mohammed Lakhani

Anushka Lakhani

Aftab Ahmad

## Officers

### Chief Financial Officer

Muhammad Rashid Dastagir

Email:  
rashid-dastagir@centurypaper.com.pk

### Company Secretary

Mansoor Ahmed

Email:  
mansoor-ahmed@centurypaper.com.pk

## External Auditors

BDO Ebrahim & Co.

Chartered Accountants

Email: info@bdoebrahim.com.pk

## Bankers

### Conventional

Allied Bank Limited  
Bank Al-Falah Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
Industrial & Commercial Bank of China  
United Bank Limited

### Islamic

Meezan Bank Limited  
Faysal Bank Limited  
Dubai Islamic Bank Limited  
MCB Islamic Bank Limited  
Bank Islami (Pakistan) Limited

## Offices & Mills

### Head Office and Registered Office

Lakson Square, Building No.2,  
Sarwar Shaheed Road,  
Karachi - 74200, Pakistan.  
Phone: (021) 38400000  
Fax: (021) 35681163, 35683410  
Email: info@centurypaper.com.pk  
Website: www.centurypaper.com.pk

### Lahore Office

14-Ali Block, New Garden Town,  
Lahore - 54600, Pakistan.  
Phone: (042) 35886801-4  
Fax: (042) 35830338

### Mills

62 KM, Lahore-Multan Highway,  
N-5, District Kasur, Pakistan.  
Phone: (049) 4511464-5, 4510061-2  
Fax: (049) 4510063

## Shares Registrar

FAMCO Associates (Private) Limited  
8-F, Near Hotel Faran, Nursery  
Block-6, P.E.C.H.S.  
Shahra-e-Faisal, Karachi.  
Phone: (021) 34380101-5  
Fax: (021) 34380106  
Email: info.shares@famco.com.pk  
Website: www.famco.com.pk

# SHAREHOLDERS' INFORMATION

## The Company

The Century Paper & Board Mills Limited ("the Company") is listed on Pakistan Stock Exchange Limited (PSX) and the stock code for dealing in equity shares of the Company at PSX is CEPB. The Registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. Phone: (021) 38400000 and Fax: (021) 35681163 and 35683410.

## Ownership

On June 30, 2022 the Company has 3,481 shareholders.

## Annual General Meeting

The annual shareholders meeting will be held on Wednesday, September 28, 2022 at 03:00 p.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi as well as through electronic means / video link facility managed by the Company.

## Date of Book Closer

The register of the members and shares transfer books of the Company will remain closed from September 22, 2022 to September 28, 2022 (both days inclusive).

## Dividend Announcement

The Board of Directors of the Company has proposed dividend by way of issue of fully paid bonus shares @ 10% in the proportion of One (1) share for every Ten shares (10) of Rs.10.00 each held by the members for the year ended June 30, 2022.

## Share Price Sensitivity Analysis

The overall stock market performance and Company's financial and operational performance impact the share price of the Company. The prevailing economic and political environment affects the Stock Market Performance. Major factors affecting Company performance are plant operations, costs of material and fuel items, and cost of capital etc. Uncertain economic conditions, global commodity super-cycle, high inflation, and expensive cost of borrowing affected both Stock Market Indices and the share price of the Company during the year ended June 30, 2022.



## Share Price and Trading Volumes

Period	Share Price (Rupees)			Daily Average of Trading Volume
	High	Low	Closing	
First Quarter (Jul-Sep, 2021)	130.35	71.50	74.93	253,952
Second Quarter (Oct-Dec, 2021)	83.95	66.50	79.10	102,334
Third Quarter (Jan-Mar, 2022)	81.00	66.01	70.35	73,778
Fourth Quarter (Apr-Jun, 2022)	72.30	59.16	61.80	84,958
For the Year	130.35	59.16	61.80	128,092

## Financial Results

The tentative timelines of the financial results for the year 2022-23 for approval in the Board of Directors meetings are as follows:

First Quarter ending on September 30, 2022	October 2022
Second Quarter ending on December 31, 2022	January 2023
Third Quarter ending on March 31, 2023	April 2023
For the year ending on June 30, 2023	July 2023

## Web Presence

Annual / Quarterly reports are regularly placed at the Company's website, [www.centurypaper.com.pk](http://www.centurypaper.com.pk).

## Change of Address

All registered shareholders should send information on changes of address to: FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 39<sup>th</sup> Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Wednesday, September 28, 2022 at 03:00 p.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi as well as through Electronic means / Video link facility to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon.
2. To declare dividend by way of issue of fully paid bonus shares @ 10% in the proportion of One (1) share for every Ten (10) shares of Rs.10.00 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

4. To consider to pass the following resolutions as special resolution:
  - a) "RESOLVED that the transactions carried out in normal course of business with associated companies / related parties during the year ended June 30, 2022 as disclosed in Note No.44 of the financial statements be and are hereby ratified and approved."
  - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course of business with associated companies/related parties during the ensuing year ending June 30, 2023 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matter mentioned in item No.4 is annexed.

By Order of the Board



**Mansoor Ahmed**  
Company Secretary

Karachi: August 29, 2022

## NOTES:

1. The share transfer books of the Company will remain closed from September 22, 2022 to September 28, 2022 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi upto the close of business on September 21, 2022 will be treated in time for entitlement of bonus shares.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. Participation in the AGM proceedings via physical presence or through video link facility.

The arrangement for attending the AGM through electronic means will be as under:

1. To facilitate our members who want to attend AGM through zoom application - a video link facility.
2. Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM (i.e. before 03.00 p.m. on September 26, 2022) through following means.
  - a. Mobile/WhatsApp: 0315 5008228.
  - b. E-mail: mansoor-ahmed@centurypaper.com.pk.

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

4. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company.
5. Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting excluding holidays.

# NOTICE OF ANNUAL GENERAL MEETING

6. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.centurypaper.com.pk](http://www.centurypaper.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.
8. The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

9. An updated list for unclaimed dividend/shares of the Company is available on the Company's website [www.centurypaper.com.pk](http://www.centurypaper.com.pk). These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claims Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
11. Form of Proxy is enclosed.



# STATEMENT OF MATERIAL FACTS

## **Concerning Special Business pursuant to Section 134 of the Companies Act, 2017**

The statement sets out the material facts concerning the Special Business given in agenda item No.4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

Agenda Item No. 4(a) of the Notice – Transactions carried out with associated companies/related parties during the year ended June 30, 2022 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies/related parties were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the Board meeting it was pointed out by the Directors that as some of Company Directors were interested in these transactions, the quorum of directors seemingly could not be formed for approval some of these transactions which have to be approved by the shareholders in the general meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2022 with associated companies/related parties shown in Note No.44 of the financial statements for the year ended June 30, 2022 are being placed before the shareholders for their consideration and approval/ratification.

Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2023 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies/related parties in the normal course of business. The majority of Directors are interested in these transactions, therefore, such transactions with associated companies/related parties have to be approved by the shareholders.

In order to comply with the provisions of Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2023.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.



$CO_2$



Century Paper & Board Mills Limited

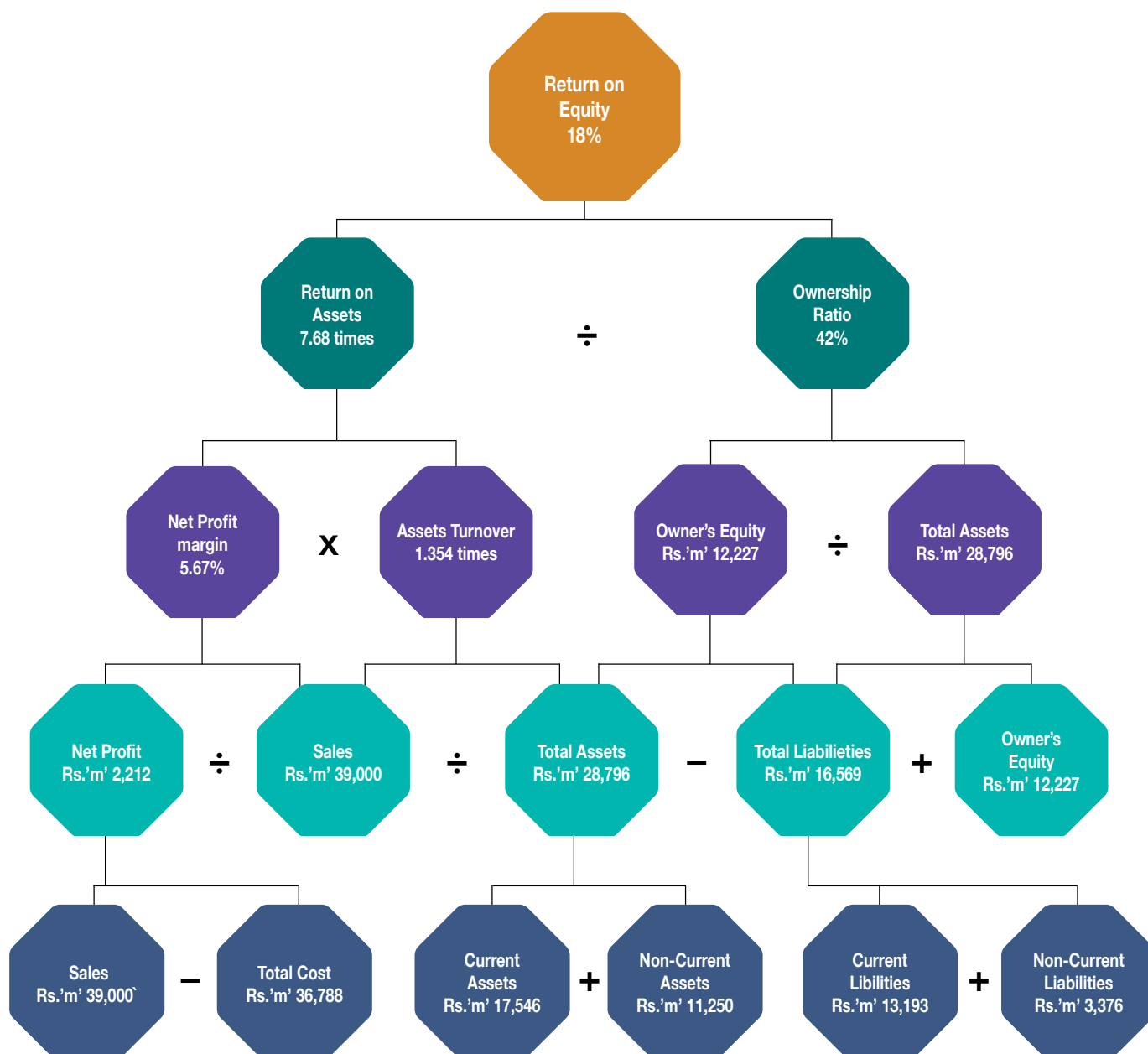
# Protecting Environment

The Company is always keen to take steps to promote conservation and safety of the environment by adopting the following measures:-

- Environment-friendly technologies,
- Plant & process modifications,
- Sustainable practices,
- Awareness campaigns, and
- Tree plantation.

Company follows Industrial Ecology to ensure that process waste is not waste but serves as a resource for ourselves or another company. To promote awareness of environmental issues, the company regularly celebrates World Environment Day, Earth Day, and Water Day every year.

# DUPONT ANALYSIS

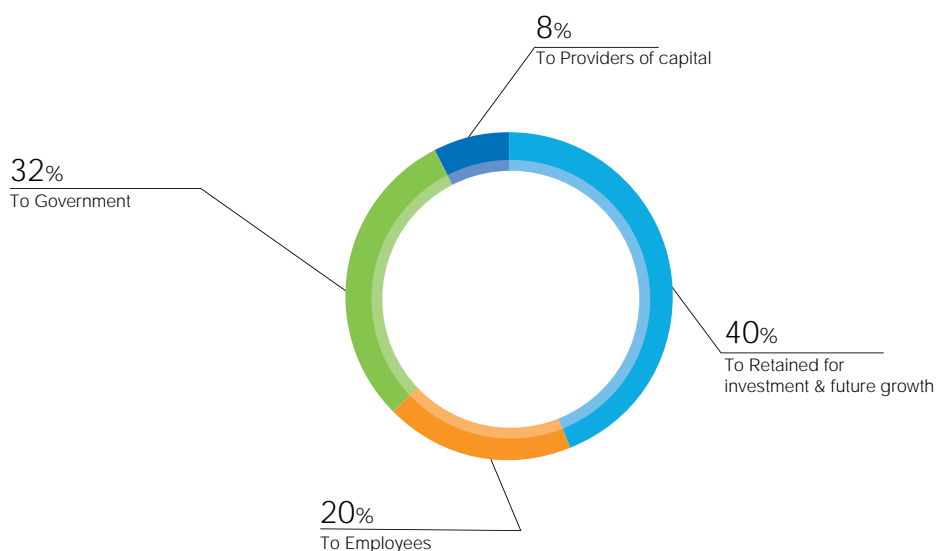


# STATEMENT OF VALUE ADDED

	2022	%age	2021	%age
----- Rupees in thousands -----				
<b><u>WEALTH GENERATED</u></b>				
Gross Turnover	<b>45,560,986</b>		33,480,973	
Purchased material and services	<b>(37,485,913)</b>		(24,316,171)	
<b>Value Added</b>	<b>8,075,073</b>		9,164,802	
Other Income	<b>187,393</b>		182,425	
<b>TOTAL</b>	<b>8,262,466</b>	100	9,347,227	100
<b><u>WEALTH DISTRIBUTED</u></b>				
<b>To Employees</b>				
Salaries, benefits and related costs	<b>1,680,639</b>	20	1,490,487	16
<b>To Government</b>				
Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund (Note 1)	<b>2,661,099</b>	32	3,378,341	36
<b>To providers of Capital</b>				
Dividend to Shareholders (Note 2)	-	-	264,633	3
Finance cost on borrowed funds	<b>676,315</b>	8	405,983	4
<b>Retained in Business</b>				
Depreciation, amortization and retained profit	<b>3,244,413</b>	40	3,807,783	41
<b>TOTAL</b>	<b>8,262,466</b>	100	9,347,227	100

Note 1: Income tax includes current and deferred tax expense as per statement of profit or loss.

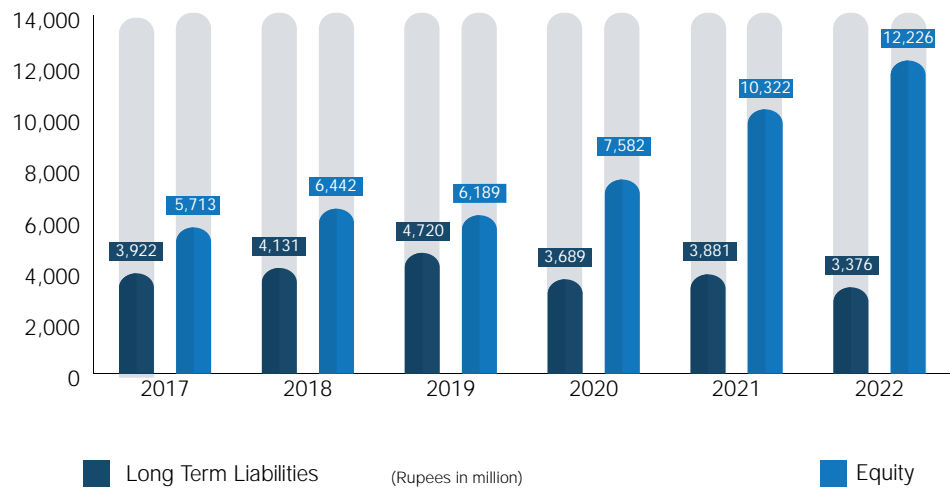
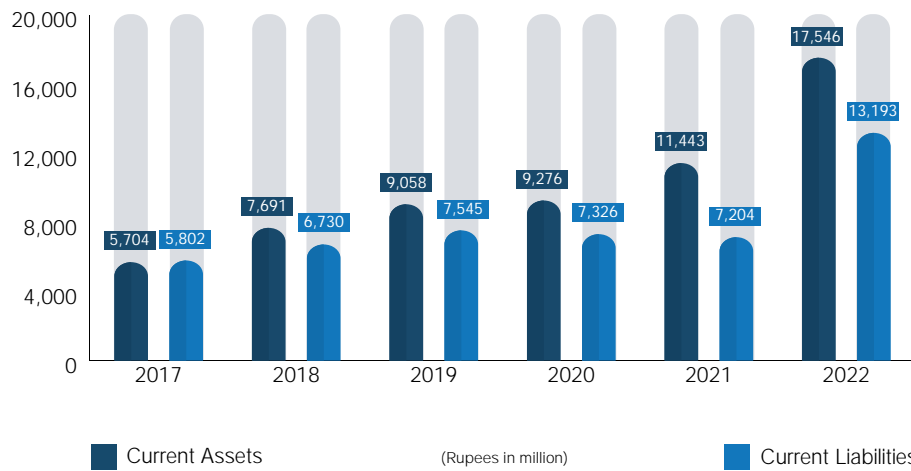
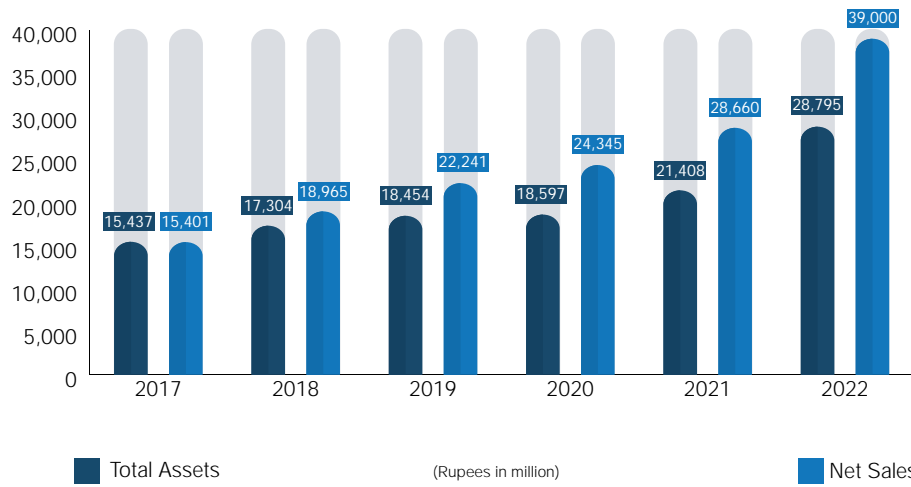
Note 2: It does not include the bonus shares of Rs. 202.885 million for the year (2021: Rs. 264.633 million) to be issued by appropriating from the Capital Redemption Reserve Fund.



# SUMMARIZED SIX YEAR DATA

Rupees in million

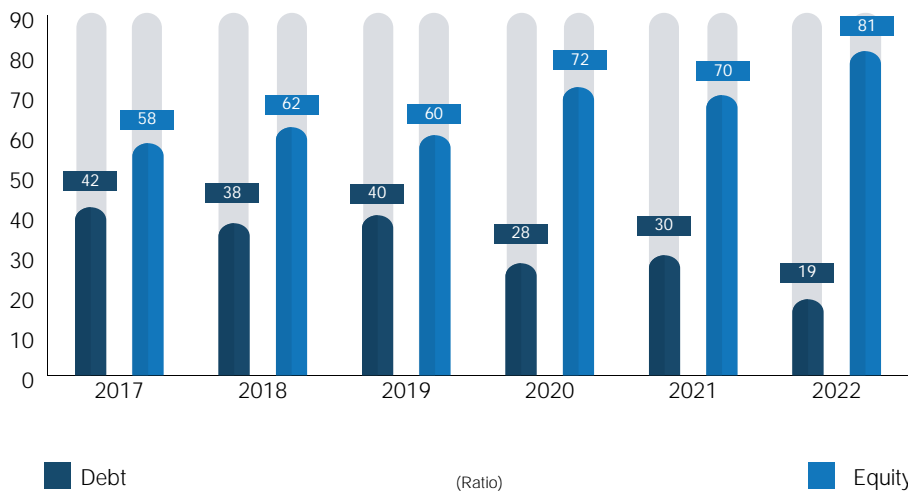
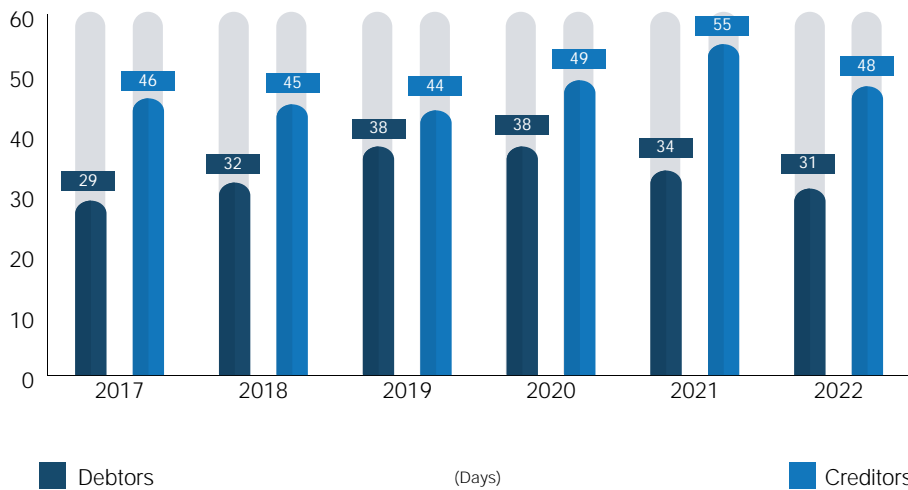
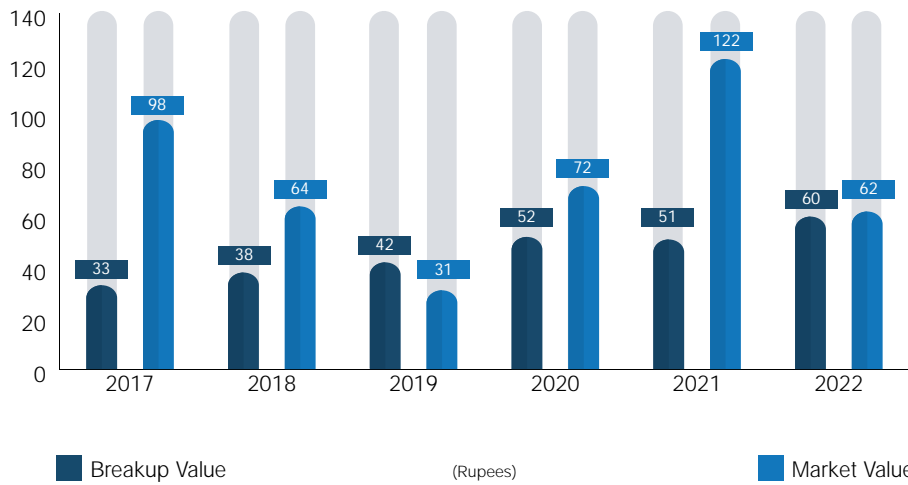
	2022	2021	2020	2019	2018	2017
<b>Balance Sheet</b>						
Share Capital						
Ordinary shares	2,028	1,764	1,470	1,470	1,470	1,470
Preference shares	-	-	-	-	901	901
Reserves	10,198	8,558	6,112	4,719	4,071	3,342
Shareholders' equity	12,226	10,322	7,582	6,189	6,442	5,713
Long-term financing (including current portion)	2,892	3,273	2,901	4,183	3,869	4,070
Deferred taxation – Liability	976	1,095	1,189	1,209	1,309	934
Capital employed	16,143	14,785	12,025	11,581	11,621	10,717
Property, plant and equipment	11,204	9,946	9,290	9,373	9,590	9,723
Other non-current assets	46	18	30	22	24	10
Net current assets / Working capital	4,353	4,291	1,950	1,514	961	(98)
<b>Profit or Loss</b>						
Sales – gross	45,561	33,481	28,440	25,993	22,191	18,021
Sales – net	39,000	28,660	24,345	22,241	18,965	15,401
Gross profit	4,973	5,695	3,936	2,662	2,506	1,792
Operating profit	3,933	4,652	3,143	2,001	1,892	1,311
Profit before tax	3,257	4,246	2,156	1,239	1,431	904
Profit after tax	2,212	2,960	1,522	884	992	602
EBITDA	5,008	5,765	4,231	2,985	2,880	2,223
<b>Cash Flows</b>						
Net cash flow from operating activities	(1,882)	3,060	2,895	862	727	1,302
Net cash flow from investing activities	(2,532)	(1,511)	(949)	(962)	(684)	(664)
Net cash flow from financing activities	(654)	145	(1,431)	(785)	(441)	(1,480)
Changes in cash and cash equivalents	(5,067)	1,694	516	(885)	(398)	(843)
Cash and cash equivalents – Year end	(6,753)	(1,686)	(3,380)	(3,896)	(3,011)	(2,614)
<b>Others</b>						
Number of Employees	1,666	1,646	1,640	1,652	1,646	1,548
Number of shares (million)						
Ordinary shares	203	176	147	147	147	147
Preference shares	-	-	-	-	90	90



# FINANCIAL PERFORMANCE

		2022	2021	2020	2019	2018	2017
<b>Profitability</b>							
Gross profit margin	%	<b>13</b>	20	16	12	13	12
EBITDA margin to sales	%	<b>13</b>	20	17	13	15	14
Profit before tax margin	%	<b>8</b>	15	9	6	8	6
Net profit margin	%	<b>6</b>	10	6	4	5	4
Return on equity	%	<b>18</b>	29	20	14	15	11
Return on capital employed	%	<b>21</b>	30	22	14	15	11
<b>Operating Performance / Liquidity</b>							
Total assets turnover (excl. CWIP)		<b>1.50 : 1</b>	1.42 : 1	1.32 : 1	1.22 : 1	1.13 : 1	1.02 : 1
Fixed assets turnover		<b>4.63 : 1</b>	3.29 : 1	2.66 : 1	2.44 : 1	2.08 : 1	1.58 : 1
Debtors turnover		<b>11.65 : 1</b>	10.86 : 1	9.55 : 1	9.60 : 1	11.23 : 1	12.64 : 1
Debtors days		<b>31</b>	34	38	38	32	29
Inventory turnover		<b>5.01 : 1</b>	5.15 : 1	5.66 : 1	6.14 : 1	6.77 : 1	7.37 : 1
Inventory days		<b>73</b>	71	65	59	54	50
Creditors turnover		<b>7.62 : 1</b>	6.64 : 1	7.53 : 1	8.25 : 1	8.11 : 1	7.95 : 1
Creditors days		<b>48</b>	55	49	44	45	46
Operating cycle days		<b>56</b>	50	54	53	41	33
Return on assets (excl. CWIP)	%	<b>8.50</b>	14.68	8.24	4.85	5.89	3.98
Current ratio		<b>1.33 : 1</b>	1.60 : 1	1.27 : 1	1.20 : 1	1.14 : 1	0.98 : 1
Quick / Acid test ratio		<b>0.40 : 1</b>	0.52 : 1	0.43 : 1	0.45 : 1	0.41 : 1	0.31 : 1
<b>Capital Market / Capital Structure Analysis</b>							
Market value per share	Rs	<b>61.80</b>	122.07	71.57	31.15	63.50	98.05
Breakup value / (Net assets/shares)	Rs	<b>60.26</b>	50.88	51.57	42.10	37.69	32.73
Earnings per share (pre tax)	Rs	<b>16.05</b>	24.07	12.22	7.02	8.11	5.12
Earnings per share (post tax)	Rs	<b>10.90</b>	14.59	8.63	5.01	5.62	3.41
Price earning ratio		<b>5.67 : 1</b>	8.37 : 1	8.30 : 1	6.22 : 1	11.29 : 1	28.73 : 1
Market price to breakup value		<b>1.03 : 1</b>	2.09 : 1	1.39 : 1	0.74 : 1	1.68 : 1	3.00 : 1
Debt equity ratio		<b>19 : 81</b>	30 : 70	28 : 72	40 : 60	38 : 62	42 : 58
Weighted average cost of debt	%	<b>8.97</b>	7.06	12.60	9.59	6.67	6.14
Interest coverage ratio		<b>5.82 : 1</b>	11.46 : 1	3.18 : 1	2.63 : 1	4.11 : 1	3.22 : 1





# HORIZONTAL ANALYSIS

Rupees in million

BALANCE SHEET	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment						
Operating fixed assets	8,432	97	8,702	95	9,162	100
Capital work in progress	2,772	223	1,244	972	128	53
Intangible assets	17	189	9	75	12	133
Long-term loans and advances	21	1050	2	18	11	183
Long-term deposits	8	114	7	100	7	100
<b>CURRENT ASSETS</b>						
Stores and spares	3,467	157	2,209	125	1,764	121
Stock in trade	8,400	162	5,189	139	3,728	107
Trade debts	4,561	140	3,259	112	2,908	95
Loans and advances	240	135	178	175	102	106
Trade deposits and short-term prepayments	20	143	14	15	92	101
Other receivables	-	-	6	18	34	283
Tax refunds due from Government	98	101	97	36	272	106
Taxation-net	-	-	-	-	140	53
Cash and bank balances	759	154	492	208	237	67
<b>TOTAL ASSETS</b>	<b>28,795</b>		<b>21,408</b>		<b>18,597</b>	
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
Issued, subscribed and paid-up capital						
Ordinary shares	2,029	115	1,764	120	1,470	100
Reserves	10,198	119	8,558	140	6,112	130
<b>NON-CURRENT LIABILITIES</b>						
Long-term financing	2,037	81	2,520	118	2,131	61
Lease liabilities	37	77	48	240	20	-
Deferred taxation	976	89	1,095	92	1,189	98
Deferred capital grant	326	182	179	2238	8	-
GIDC payable	-	-	38	12	329	-
<b>CURRENT LIABILITIES</b>						
Trade and other payables	4,913	122	4,023	139	2,894	114
Interest and mark-up accrued	185	561	33	55	60	62
Short-term borrowings	7,513	345	2,178	60	3,617	85
Taxation – net	40	10	387	-	-	-
Un-claimed dividend	2	100	2	200	1	76
Current portion of lease liabilities	11	123	9	291	3	-
Current portion of Government grant	115	166	69	627	11	-
Current portion of long-term financing	415	82	505	67	752	112
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,796</b>		<b>21,408</b>		<b>18,597</b>	
<b>STATEMENT OF PROFIT OR LOSS</b>						
Sales – net	39,000	136	28,660	118	24,345	109
Cost of sales	(34,027)	148	(22,965)	113	(20,409)	104
Gross profit	4,973	87	5,695	145	3,936	148
General and administrative expenses	(707)	118	(597)	111	(537)	113
Selling and distribution expenses	(240)	114	(210)	123	(171)	112
Other operating income	187	103	182	177	103	112
Other operating charges	(281)	67	(418)	222	(188)	149
Operating profit	3,933	85	4,652	148	3,143	157
Finance cost	(676)	167	(406)	41	(987)	130
Net profit before taxation	3,257	77	4,246	197	2,156	174
Taxation	(1,045)	81	(1,287)	203	(634)	179
Net profit after taxation	2,212	75	2,960	194	1,522	172

# VERTICAL ANALYSIS

	2022		2021		Rupees in million 2020	
	Amount	%	Amount	%	Amount	%
<b>BALANCE SHEET</b>						
<b>ASSETS</b>						
<b>NON CURRENT ASSETS</b>						
Property, plant and equipment	8,432	29.28	8,702	40.65	9,162	49.27
Operating fixed assets	2,772	9.63	1,244	5.81	128	0.69
Capital work in progress	17	0.06	9	0.04	12	0.06
Intangible assets	21	0.07	2	0.01	11	0.06
Long-term loans and advances	8	0.03	7	0.03	7	0.04
Long-term deposits						
<b>CURRENT ASSETS</b>						
Stores and spares	3,467	12.04	2,209	10.32	1,764	9.48
Stock in trade	8,400	29.17	5,189	24.24	3,728	20.05
Trade debts	4,561	15.84	3,259	15.22	2,908	15.64
Loans and advances	240	0.83	178	0.83	102	0.55
Trade deposits and short-term prepayments	20	0.07	14	0.07	92	0.49
Other receivables	-	0.00	6	0.03	34	0.18
Tax refunds due from Government	98	0.34	97	0.45	272	1.46
Taxation-net	-	-	-	-	140	0.75
Cash and bank balances	760	2.64	493	2.30	237	1.27
<b>TOTAL ASSETS</b>	<b>28,796</b>	<b>100</b>	<b>21,408</b>	<b>100</b>	<b>18,597</b>	<b>100</b>
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
Issued, subscribed and paid-up capital						
Ordinary shares	2,029	7.05	1,764	8.24	1,470	7.91
Reserves	10,198	35.41	8,558	39.98	6,112	32.87
<b>NON CURRENT LIABILITIES</b>						
Long-term financing	2,037	7.07	2,520	11.77	2,131	11.46
Lease liabilities	37	0.13	48	0.22	20	0.11
Deferred taxation	976	3.39	1,095	5.12	1,189	6.39
Deferred capital grant	326	1.13	179	0.84	8	0.10
GIDC payable	-	-	38	0.18	329	1.77
<b>CURRENT LIABILITIES</b>						
Trade and other payables	4,913	17.06	4,023	18.79	2,894	15.56
Interest and mark-up accrued	185	0.64	33	0.15	60	0.32
Short-term borrowings	7,513	26.09	2,178	10.17	3,617	19.45
Taxation – net	40	0.14	387	1.81	-	-
Un-claimed dividend	2	0.01	2	0.01	1	0.01
Current portion of lease liabilities	11	0.04	9	0.04	3	0.02
Current portion of Government grant	115	0.40	69	0.32	11	0.05
Current portion of long-term financing	415	1.44	505	2.36	752	4.04
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28,796</b>	<b>100</b>	<b>21,408</b>	<b>100</b>	<b>18,597</b>	<b>100</b>
<b>STATEMENT OF PROFIT OR LOSS</b>						
Sales – net	39,000	100.00	28,660	100.00	24,345	100.00
Cost of sales	(34,027)	87.25	(22,965)	80.13	(20,409)	83.83
Gross profit	4,973	12.75	5,695	19.87	3,936	16.17
General and administrative expenses	(707)	1.81	(597)	2.08	(537)	2.21
Selling and distribution expenses	(240)	0.62	(210)	0.73	(171)	0.70
Other operating income	187	0.48	182	0.64	103	0.42
Other operating charges	(281)	0.72	(418)	1.46	(188)	0.77
Operating profit	3,933	10.08	4,652	16.23	3,143	12.91
Finance cost	(676)	1.73	(406)	1.42	(987)	4.05
Net profit before taxation	3,257	8.35	4,246	14.82	2,156	8.86
Taxation	(1,045)	2.68	(1,287)	4.49	(634)	2.60
Net profit after taxation	2,212	5.67	2,960	10.33	1,522	6.25

# OUR BUSINESS MODEL

## Inputs

Customer Needs



Financial Capital



Human Capital



Manufacturing Capital



Natural Capital



Intellectual Capital



Social & Relational Capital

## Output

Customer Satisfaction Sustainability



value Addition



Processing



Safe Storage



Efficient Procurement

## Value Distribution

Sharing



Return to Shareholders



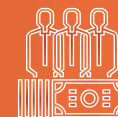
Duties & Taxes to Government



Payment to Suppliers



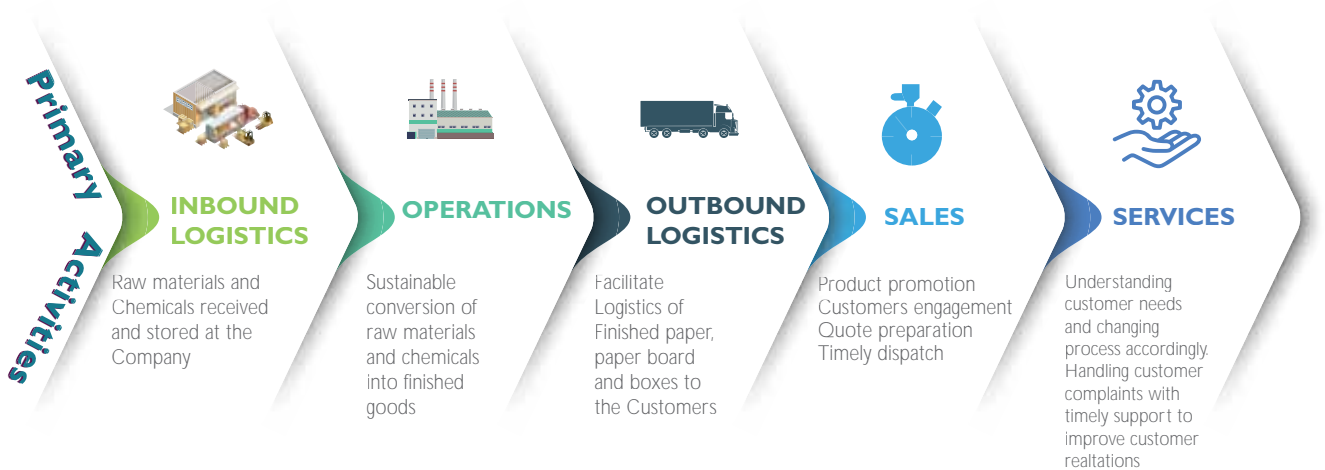
Community Investments



Salaries & Wages to Employees

Key Processes

# VALUE CHAIN ANALYSIS



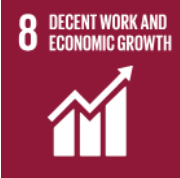


# SUSTAINABILITY REPORT

Sustainability adaptation and its reporting is a tool for organizations to build trust among customers and all stakeholders, which in turn directly impacts the bottom lines.



Century Paper & Board Mills Limited has incorporated sustainability into its all operations. The organization also endorses and is practically working on Sustainable Development Goals (SDGs) set by the United Nations (UN) and as adopted by the Government of Pakistan.

The Company's contribution toward SDGs targets collectively in all three dimensions of Environment, Economy, and Society are as follows:-



## Economy

SDG Goal	Company Contribution
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p><b>Decent Work and Economic Growth</b></p> <p>Century aims to conduct business with integrity, openness, and respect for universal human rights and core labor principles throughout its operations. The Company aims to improve the lives of workers, their communities, and the environment.</p> <p>It endorses the UN Guiding Principles on Business and Human Rights and is embedding them throughout our operations.</p> <p>The Fundamental Principles are:</p> <ul style="list-style-type: none"> <li>• Business is conducted lawfully and with integrity</li> <li>• Work is conducted on the basis of freely agreed and documented terms of employment</li> <li>• All workers are treated equally and with respect and dignity</li> <li>• Work is conducted on a voluntary basis</li> <li>• All workers are of an appropriate age</li> <li>• All workers are paid fair wages</li> <li>• Working hours for all workers are reasonable</li> <li>• All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively</li> <li>• Workers' health and safety are protected at work</li> <li>• Workers have access to fair procedures and remedies</li> <li>• Land rights of communities, including indigenous peoples to be protected and promoted</li> <li>• Business is conducted in a manner that embraces sustainability and reduces environmental impact.</li> </ul> <p>(SDG Target 8.3, 8.5, and 8.8)</p>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p><b>Industry, Innovation and Infrastructure:</b></p> <p>Century has recently undertaken a resource efficiency assessment with the collaboration of International Finance Corporation-World Bank Group. The resources included water and energy. After an assessment, a number of interventions regarding water and energy efficiency have been undertaken.</p> <p>Water efficiency measures included:</p> <ul style="list-style-type: none"> <li>• Improved water metering</li> <li>• Filtration and recycling of wastewater</li> <li>• Installation of water-efficient equipment</li> <li>• Enhancing the quality and quantity of treated wastewater to make it available for enhanced recycling – Century is in process of installing its third wastewater treatment plant with a capacity of 600 m3/hr. The Plant will occupy around 2 Acres of land.</li> </ul> <p>Energy efficiency measures included:</p> <ul style="list-style-type: none"> <li>• Improved energy metering</li> <li>• Installation of waste heat recovery systems</li> <li>• Fixing of steams and compressed air leaks</li> </ul> <p>(SDG Target 9.4)</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>Responsible Consumption and Production:</b></p> <p>Century Paper has adopted the modern concept of Industrial Ecology and Circular Economy where it ensures that its process waste is actually not a waste but it should act as a resource for some other process.</p> <ul style="list-style-type: none"> <li>• Wheat straw fines and bagasse pith are supplied to others as a source of clean biofuel.</li> <li>• Reject fiber is utilized by neighboring board mills for use as raw material in the production of sun-dry paper boards.</li> <li>• Coal ash is supplied to a cement factory and some brick manufacturing units for use as raw material.</li> <li>• Organic-rich wastewater is being supplied to a chemical factory for the manufacture of organic fertilizer. (SDG Target 12.4, 12.5 and 12.6)</li> </ul> <p>Century Paper operates a state-of-the-art Wastewater Treatment Plant (Comprising Dissolved Air Flotation and Biological Treatments) that not only helps to prevent pollution load but treated water is also recycled back into the process to save an equivalent amount of freshwater.</p> <p>It is also ensured that all the releases into the air are strictly compliant with National and International standards of Human Health and the Environment.</p> <p>(SDG Target 12.4, 12.5 and 12.6)</p> <p>To encourage people to adopt sustainable practices and to integrate sustainability into their actions, Century has recently celebrated World Earth Day 2022 and World Environment Day 2022 with the participation of environmental experts and young environmental students.</p> <p>(SDG Target 12.6)</p>

## Environment

SDG Goal	Company Contribution
	<p><b>Clean Water and Sanitation</b></p> <p>Century understands that per capita surface water availability for Pakistan has been declining over the years. Through working on water use efficiency, Century is ensuring sustainable use of freshwater to address water scarcity in the country.</p> <p>Century ensures the provision of clean water for drinking and sanitation not only for its employees but also provides drinking water infrastructure in local schools.</p> <p>Century has, in collaboration with the Pakistan Council of Research in Water Resources (PCRWR), developed injection wells for underground water replenishment upto 60,000 cubic meters through rainwater.</p> <p>(SDG Target 6.4)</p>
	<p><b>Affordable and Clean Energy:</b></p> <p>Climate change is the defining crisis of our time. No corner of the globe is immune from the devastating consequences of climate change. Calls to cut greenhouse gas emissions and limit the average global temperature rise to 1.5C are growing.</p> <p>Energy from fossil fuels is the major source of anthropogenic greenhouse gas emissions. Without any exaggeration, the world has no other choice but to either pursue renewable energy use or cut the energy use from fossil fuels.</p> <p>Century is following the course both in the use of renewable energy and energy conservation. We are currently operating 3.67 MW Solar Power Plant to utilize renewable energy. The Company is also heavily exploring and investing in energy conservation opportunities. Some of the energy conservation measures undertaken are listed below;</p> <ul style="list-style-type: none"> <li>• Improved energy metering</li> <li>• Installation of waste heat recovery systems</li> <li>• Fixing of steams and compressed air leaks</li> <li>• Incorporation of energy-efficient equipment like modern, efficient air compressors and installation of VFDs</li> <li>• Upgradation of digital drives of paper machines</li> <li>• Upgradation of digital control systems</li> </ul> <p>(SDG Target 7.2 and 7b)</p>

## Society

SDG Goal	Company Contribution
	<p><b>Quality Education</b></p> <p>The Company has collaborated with local NGOs and established smart school on the concept of one-room classroom in very poor communities for non-school going children who are involved in child labor by way of garbage collection etc. So far 500 students, both Boys and Girls, are enrolled as follows:-</p> <ul style="list-style-type: none"> <li>• 5 Schools enrolling 150 Students in Lahore in collaboration with the Institute of Rural Management</li> <li>• 4 Schools enrolling 300 students in Jumber Khurd, Kasur in collaboration with Smile Foundation</li> <li>• 1 School enrolling 150 students with a Computer Lab at Katha Paran (Neelum Valley) in collaboration with Million Smiles Foundation.</li> </ul> <p>(SDG Target 4.1)</p>
	<p><b>Gender Equality</b></p> <p>In line with our Chairman's vision of women empowerment, Century has established a wastepaper sorting facility to engage local poor women. The aim is to provide them with some reasonable source of income. Century has engaged 40-45 local women for this activity and provides all necessary services to them.</p> <p>Necessary procedures are in place to ensure that all workers (males and females) are treated with respect and dignity. No worker is subject to any physical, sexual, psychological, or verbal harassment, abuse, or other forms of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline, termination, or retirement. Discrimination based on caste, national origin, ethnicity, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation, health, disability, or pregnancy is prevented.</p> <p>Women are provided with opportunities for leadership at all levels and in all functions like Production, Engineering, Management Systems, Supply Chain, etc.</p> <p>Women also have representation on the Board of Directors.</p> <p>(SDG Target 5.1, 5.2, and 5.5)</p>

The Company is determined to expand its footprint in all three dimensions for the prosperity and well-being of surrounding communities and to provide decent contribution towards the national targets of SDGs.







Century Paper & Board Mills Limited

# Serving Community

The Company aims to improve the lives of workers and their communities. We endorse the UN Guiding Principles on Business and Human Rights and are embedding them throughout our operations to ensure integrity, openness, and respect for everyone. Century Paper & Board Mills is playing a vital role in poverty alleviation for the local community by providing:-

- Direct and indirect employment
- Recruiting female workers from the vicinity of the Mills
- Clean Drinking Water Facilities
- Education opportunities for poor children
- Provision of food and medical assistance

# CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am pleased to present the Annual Report of your Company for the year ended June 30, 2022. All sectors of the economy including Agriculture, Industry and Services grew well yielding better economic growth for the year under review. The demand for Paper & paperboard products also showed impressive recovery in almost all the categories while availability and prices of key inputs remained a challenge during the year owing to the global commodity supercycle and logistic issues.

Your Company managed to post a 36% increase in gross sales that crossed the landmark of Rs 45 billion during the year under review (L.Y. Rs 33 billion). Net profit stood at Rs 2.212 million (L.Y Rs. 2.959 million) with resultant Earnings per Share (EPS) of Rs. 10.90 (L.Y. Rs. 14.59). The Board of Directors of your Company proposed a 10% Bonus share (1 share for every 10 shares) for its ordinary shareholders keeping in view the immediate cash needs of the Company and future business plans. Going forward, we are hopeful that after the completion of BMR projects, production will further increase which will enable the Company to maximize the shareholder's return as Management is continuously looking for capacity expansions through machine modifications and digitization.

The strategic intent of Your Company is focused on delivering quality products to customers under sustainable operating conditions; for that Company is committed to implement the ESG framework by using Policies, Risk analysis, and Reporting & Disclosures. Your Company is strongly committed to uplifting the surrounding communities through different initiatives like establishing Smart Schools for poor children, Induction of female workers from underprivileged areas and regularly providing medical and food assistance to local communities with the help of local administration. We are delighted to share that our efforts for Environment, Health

& Safety, CSR, and Energy & Resource conservation have been recognized and applauded at various independent forums.

A host of stabilization measures taken recently by the Government may result in contraction of the economy henceforth. This contraction of demand may take its toll on the Paper & paperboard Industry being an integral part of the supply chain of the FMCG sector. Moreover, the global economic slowdown may lead to imports at dumped prices into the domestic market. The fundamentals of our strategy to cope with this situation include: “Improving plant operations”, “Close liaison with customers to assess and satisfy their needs to keep on substituting imports” and “Maintaining a diverse vendors’ base to ensure an uninterrupted supply of material and fuel items at competitive prices”. Our motivated and cohesive human resource is always ready to face any challenging situation smartly. By the grace of God, we will float through this challenging time together.

The Board of Your Company is duly constituted as per the requirements of the Code of Corporate Governance ensuring representation of female and independent directors. Independent directors are appointed as chairman of the Board’s Committees. The Board is comprised of seasoned professionals equipped with diverse knowledge and practical experience, overseeing the affairs of the Company and providing strategic guidance and direction to the management of the Company. A separate review report is enclosed in Annual Report on Board’s Annual Performance Evaluation.

I am extremely thankful to dedicated employees, valued customers, reliable vendors, trustworthy bankers, esteemed shareholders and local administration for their valuable contribution extended to the Company.



**Iqbal Ali Lakhani**

Chairman

Dated: August 04, 2022

# DIRECTORS' REPORT

**On behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of Century Paper & Board Mills Limited (CPBM) for the year ended June 30th, 2022 along with the audited financial statements and Auditors' Report thereon.**

## **BUSINESS PERFORMANCE REVIEW**

Economic growth was slightly improved to 5.97% during the year (FY 2020-21: 5.74%) on the backdrop of 7.2% (L.Y. 7.8%) industrial growth coupled with agriculture and service sector growth of 4.40% (L.Y. 3.5%) and 6.2% (L.Y. 6%) respectively. The large-scale manufacturing sector posted impressive growth of 10.4% (L.Y. 4.2%). Improved economic activity positively impacted both the market size as well as indigenous production of paper & paperboard products. Market size stood fully recovered to the highest level witnessed before the outbreak of COVID-19. Demand for packaging boards and corrugated boxes remained robust during the year and impressive recovery has also been witnessed in the consumption of writing/printing papers.

However, external factors like the global commodity super-cycle coupled with supply-side shocks created by the Russia-Ukraine conflict exerted huge pressure on the current account deficit during the year leading to the rapid devaluation of currency and galloping inflation. To combat the imbalances in the economy, heavy fiscal and monetary policy adjustments were made during the year in the shape of an increase in electricity & fuel prices and hikes in SBP policy rates.

These factors not only significantly pushed up the prices of the material and fuel items during the year but the availability of some of the materials and fuels also became a real challenge. To combat this challenge, the Company created alternative channels, especially for imported coal, and maintained higher safety stocks of imported materials to ensure uninterrupted operations. Higher commodity prices coupled with substantial currency devaluation and high indigenous inflation considerably jacked up the Company's cost to make and sell its products. Resultantly, the Company had to take recourse to necessary price adjustments along with changes in product mix to lessen the impact of cost escalations.

Furthermore, Your Company initiated certain BMR projects last year by using the TERF facility offered by the government. Most of those BMR projects have been completed and some are still under execution. Machine downtime was taken for the commissioning of a few of these BMR projects during the year. 10% additional capacity will be available after the completion of all BMR projects.

Amid the above-stated challenges, Your Company was able to improve production volumes to 255,102 metric tons (2021: 252,038 metric tons), at 96% capacity utilization, thereby increasing the sales volume to 242,293 metric tons (2021: 232,051 metric tons) during the year under review. In terms of value, net sales of your Company stood at Rs. 39.00 billion for the year (2021: Rs. 28.66 billion).

## FINANCIAL PERFORMANCE ANALYSIS

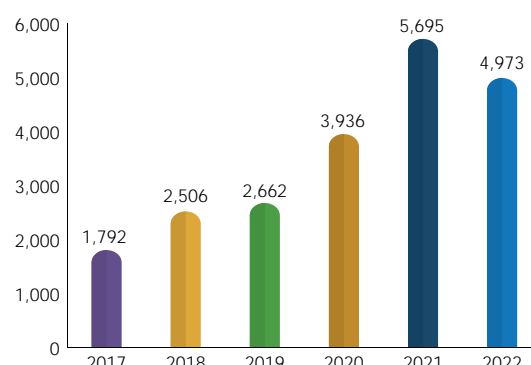
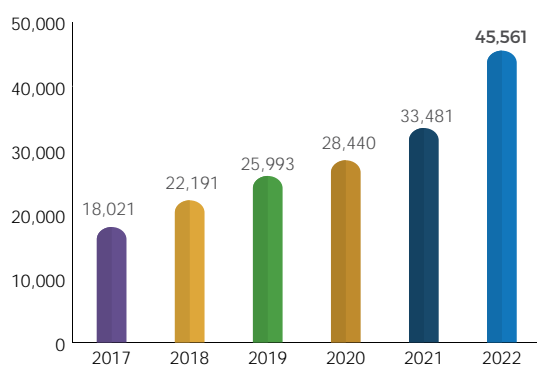
Summarized financial performance is as follows:

	Rupees in million		%
	2022	2021	Variance
Sales	<b>39,000</b>	28,660	36%
Cost of Sales	<b>(34,027)</b>	(22,965)	(49%)
<b>Gross profit</b>	<b>4,973</b>	5,695	(13%)
Admin, Selling and other Expenses	<b>(1,227)</b>	(1,225)	(0.2%)
Other Income	<b>187</b>	182	3%
<b>Operating profit</b>	<b>3,933</b>	4,652	(16%)
Financial Charges	<b>(676)</b>	(406)	(66%)
<b>Net profit before tax</b>	<b>3,257</b>	4,246	(23%)
Taxation	<b>(1,045)</b>	(1,287)	19%
<b>Net profit after tax</b>	<b>2,212</b>	2,959	(25%)
<b>Earnings per share - Rupees</b>	<b>10.90</b>	14.59	(25%)

Gross profit as a percentage of sales stood at 12.75% (L.Y. 19.87%). Cost of Sales was up by 49% as compared to last year while the increase in Net Sales was 36%. All necessary adjustments in selling prices were made in line with market conditions, though due to the exorbitant increase in fuel cost, all cost impacts could not be passed on to maintain the market share and stay competitive.

Resultantly, the current year's Operating profit (EBIT) stood at Rs. 3,933 million (10.03% of sales) while in 2021 it was Rs. 4,652 million (16.23% of sales). Finance cost has gone up by 62% from Rs. 406 million last year to Rs. 676 million for the current year under review owing to the combined impact of a big rise in working capital and gradual hikes in interest rates.

The Directors report that your Company has managed to achieve the best possible bottom line as profit before tax (PBT) for the year stood at Rs. 3,257 million (2021: Rs. 4,246 million) and profit after tax (PAT) stood at Rs. 2,212 million (2021: Rs. 2,959 million), despite all odds and challenging circumstances prevailed during the year under review.



■ Gross Sales (Rupees in million)

■ Gross Profit (Rupees in million)

# DIRECTORS' REPORT

## APPROPRIATION

The following is the summary of appropriations made during the year:

	Rupees in million
Total Comprehensive Income for the year	2,169.18
Unappropriated Profit brought forward	3,389.22
<b>Available for appropriation</b>	<b>5,558.40</b>
<b>Appropriation of Reserves</b>	
Transfer to general reserve	(3,000.00)
Transaction with Owners	
Final Cash dividend for FY 2021 @ Rs1.50 per share	(264.63)
<b>Total Appropriations</b>	<b>(3,264.63)</b>
<b>Balance carried forward</b>	<b>2,293.77</b>

For the Financial year, 2021-2022 Directors propose the issue of bonus shares in the proportion of one (1) share for every ten (10) shares held (i.e. 10%) amounting to Rs. 202.885 million by appropriating from Capital Redemption Reserve Fund. Due to the business plan forecasted and cash flow planning & budgeting, no cash dividend has been declared for the year.

Directors also propose a transfer of Rs. 2,000 million (L.Y. Rs. 3,000 million) from Unappropriated Profits to General Reserve. After the proposed transfer, General Reserve Balance will increase to Rs. 6,800 million.

## LIQUIDITY PROFILE AND FINANCE COST

The Company's working capital requirement inflated during the year on the backdrop of higher safety stocks and built-up of trade receivables in the wake of higher sales value. Therefore, the Company had used Rs. 1,882 million for operating activities during the year as against cash generation of Rs. 3,060 million last year. Net decrease in cash & cash equivalents stood at Rs. 5,067 million (2021: Net increase of Rs. 1,693 million) leading to a higher level of short-term borrowings (net of positive cash balances) i.e. Rs. 6.753 million. Additionally, the Company has made further drawdowns of Rs. 1,466 million against SBP TERF Facilities. Resultantly, total borrowing stood at Rs. 10,521 million (2021: Rs. 5,451 million).

The Company has aggregate short-term limits of 12,800 million with spreads ranging from 5BPS to 150BPS. During the year mark-up rates followed an upward trajectory in the wake of multiple policy rate hikes starting from November 2021 leading to a rise in policy rate from 7% to 15% towards the end of the year. The Company either used the low-priced running finance limits or money market loans offered at cheaper rates to arrest some increase in the finance cost. On top of that, the effective cost of SBP facilities ranging from 2.20% to 5% had a beneficial impact on finance cost, thereby containing the finance cost for the year under review at Rs. 676 million (2021: Rs. 406 million).

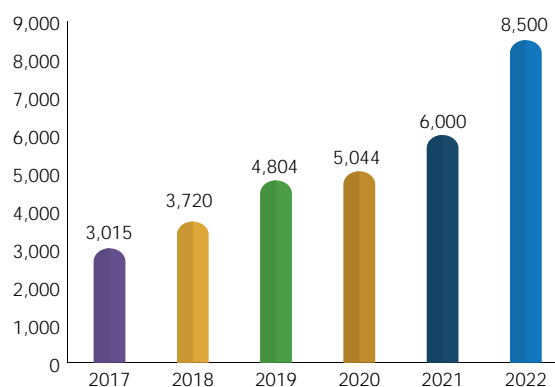
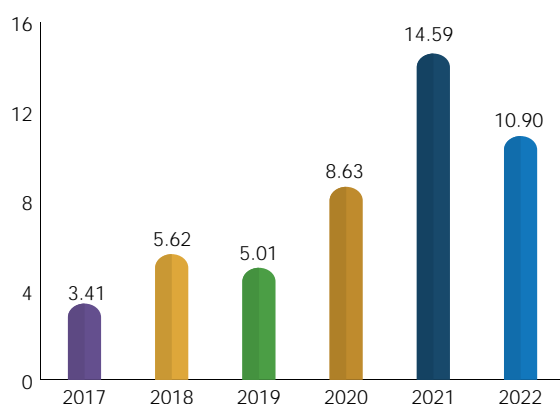
### EARNINGS PER SHARE (EPS)

The basic EPS for the year is reported at Rs. 10.90 (2021: Rs. 14.59). There is no dilution effect on EPS for the year under review and the corresponding year.

During the year, 26,463,302 bonus shares were issued representing the 15% bonus issue approved by the Board of Directors for the year ended June 30, 2021, thus increasing the fully paid up number of ordinary shares to 202,885,316. The weighted average number of shares for the current and corresponding year included the impact of bonus shares for the calculation of EPS as per the requirement of International Financial Reporting Standards.

### CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer for the year increased to Rs. 8,500 Million as compared to Rs. 6,000 million for the last year.



■ Earnings per share (Rupees)

■ Contribution To National Exchequer (Rupees in million)

## **BALANCING, MODERNIZATION & REPLACEMENT (BMR) AND DIGITIZATION**

Using the TERF facility offered by the government, Your Company undertook various BMR projects. Most of them are already completed and the remaining few will be completed during the current year. These projects include the BMR of Board Machines, increase in the Sheeting capacity, addition in the Box Making capacity, upgradation of the QCS/DCS & Drives of Machines, modification of the Recycling Plants, increase in the Steam Generation, and upsizing of the Grid Station. We are hoping for an approximately 10% increase in our capacity when all the projects are completed. As of June 30, 2022, Company has incurred Rs. 3,250 million for the above BMR Projects against an estimated outlay of Rs. 4,150 million.

Regarding Digitization, intensive tuning of operation control automation of the PM-7, as suggested by the Foreign Consultant, has been completed as a first step and it has positively impacted the consistency in quality and operation stability. Digitization of all manual process data is also in process.





# DIRECTORS' REPORT

## MARKET CAPITALIZATION

Pakistan stock market's performance has shown a boom-and-bust situation during FY 2022. The benchmark KSE 100 Index, after touching its peak in the first quarter of the year, declined to 41,541 points as of June 30, 2022 (L.Y. 47,356 points). The share price of your Company also followed the fluctuation in the stock market. It touched a high of Rs. 128.15 in July 2021 and a low of Rs. 59.89 in June 2022 and finally closed at Rs. 61.80 as of 30 June 2022 (2021: Rs. 122.07). Accordingly, market capitalization at the close of the year diluted to Rs. 12,538 million as compared to last year's value of Rs. 21,536 million.

## RISK MITIGATION

The Board of Directors, Board's Audit Committee, and Steering Committee comprising of the senior management team led by the Chief Executive Officer are responsible for oversight of your Company's operations and to evolve proactive strategies to mitigate any potential adverse impact of major risks duly categorized into Strategic Risk, Operation Risks and Financial Risks. The information about these risks and their mitigants is provided below:

Risk factors	Mitigants
<b>a) Strategic Risk</b>	
<ul style="list-style-type: none"> <li>• Changes in global and local economic trends and competition threats.</li> <li>• Technology and product innovations disrupting the acceptability of the Company's products.</li> </ul>	<p>Your Company regularly keeps track of the changing market trends and seeks feedback from its regular and prospective customers. Your Company also ensures that its products are best suited for the customers' current and future needs at competitive prices with the finest quality as a measure to counter the competition and to retain and improve its market share.</p>
<b>b) Operational Risks</b>	
<ul style="list-style-type: none"> <li>• Rising raw material/fuel and other operating costs.</li> <li>• Supply chain disruptions lead to increase lead time.</li> <li>• Scarcity of Materials / Fuels disrupting the production.</li> <li>• Dearth of Skilled human resources.</li> </ul>	<p>Your Company has a well-diversified supplier base for domestic and imported materials. Energy sufficiency is ensured by putting in place different power/steam generation facilities running on alternate fuels. Human resources are developed by providing appropriate in-house and external training opportunities.</p>
<b>c) Financial Risks</b>	
<ul style="list-style-type: none"> <li>• Credit Risk</li> <li>• Liquidity Risk</li> <li>• Interest rates Risk</li> <li>• Foreign Exchange Risk</li> </ul>	<p>These risks are explained in note 46 of the financial statements.</p>

## CAPITAL MANAGEMENT

Your Company's policy is to maintain a strong capital base to maintain investors, creditors, and market confidence to safeguard its ability to continue as a going concern. Your Company manages its capital structure and makes appropriate adjustments to move with economic changes and the risks associated with safeguarding its asset base. Your Company's management believes in maintaining an appropriate debt-equity ratio and optimal mix of long and short-term debts.

## PROVIDENT AND GRATUITY FUNDS

Your Company provides terminal benefits to its employees in the shape of a provident fund and a gratuity scheme. These funded benefits are maintained by two separate duly approved trusts. These trusts are managed by trustees who get the funds audited each year.

The trustees of the respective funds have informed the Company that the values of the investments of the two funds as of the year-end were as follows:

	Rupees in million	
	<b>2022</b>	2021
Provident Fund	<b>762.74</b>	722.39
Gratuity Fund	<b>750.10</b>	684.57

## AUDITORS

The present Auditors, BDO Ebrahim & Company, Chartered Accountants, are the retiring auditors of the Company and have offered their services for re-appointment. They 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 the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by ICAP. On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending June 30, 2023, at a fee to be mutually agreed upon.

## PATTERN OF SHAREHOLDING

The pattern of Shareholding of the Company as of June 30, 2022, along with the necessary information is annexed to this report. There were 3,481 shareholders on the record of the Company as of June 30, 2022. There was no purchase / sale of shares by Directors / Chief Executive Officer / Company Secretary / Chief Financial Officer / Executives and their minor children during the year.

The Board has determined a threshold in respect of trading of your Company's shares by executives and employees belonging to the manager and above categories irrespective of their salaries.

# DIRECTORS' REPORT

## CORPORATE INFORMATION

### Board of Directors

#### Composition of the Board

During the year, the Board consisted of seven (7) members. The composition of the Board during the year is given below:-

	During the year
Male	6
Female	1
Independent Directors	2
Non-Executive Directors	4
Executive Director	1

Mr. Iqbal Ali Lakhani held the position of Chairman of the Board and Mr. Aftab Ahmad is Chief Executive Officer of the Company.

#### Board Meetings

Four meetings of the Board of Directors were held during the year ended June 30, 2022. Attendance by each Director was as under:

Name of Directors	Meetings Attended
<b>Non-Executive Directors</b>	
Mr. Iqbal Ali Lakhani (Chairman)	4
Mr. Amin Mohammed Lakhani	4
Ms. Anushka Lakhani	4
Mr. Babar Ali Lakhani	4
<b>Independent Directors</b>	
Mr. Ali Aamir	4
Mr. Asif Qadir	4
<b>Executive Director</b>	
Mr. Aftab Ahmad (CEO)	4

#### Audit Committee

An Audit Committee was set up by the Board after the enforcement of the Code of Corporate Governance. An independent Director was its Chairman and two Non-Executives Directors were members during the year. Four meetings of the Committee were held during the year ended June 30, 2022. Attendance of each Director is as under:

<b>Name of Directors</b>	<b>Meetings Attended</b>
Mr. Ali Aamir (Chairman)	4
Mr. Amin Mohammed Lakhani	4
Mr. Babar Ali Lakhani	3

The terms of reference of the Audit Committee have been duly prescribed by the Board including those specified in the Code of Corporate Governance. In addition, the Audit Committee is free to ask for any information and explanation to satisfy itself regarding the financial statements and internal controls. The committee met at least once a quarter to review the financial statements and any major judgmental areas concerning the Company's business. The Audit Committee gives its recommendations to the Board for the approval of financial statements which are duly endorsed by the CEO and CFO.

### **Human Resource & Remuneration Committee**

The Board, following the Code of Corporate Governance, has also constituted a Human Resource and Remuneration Committee. It comprised of the following members during the year:

Mr. Asif Qadir	Chairman
Mr. Amin Mohammed Lakhani	Member
Mr. Babar Ali Lakhani	Member
Mr. Aftab Ahmad	Member

Two meetings of the Committee were held during the year which were attended by all the members. The terms of reference of the Committee include but are not limited to those mentioned in the Code of Corporate Governance

### **Directors' Remuneration**

The remuneration of the Board members is approved by the Board itself. However, in following the Code of Corporate Governance, it is ensured that no Director takes part in deciding his/her remuneration. Please refer to note 43 of the Financial Statements for information on the remuneration of the Chief Executive Officer and Directors for the year ended June 30, 2022.

### **Directors' Training Program**

All the Directors on the Board are fully aware of their duties and responsibilities as Directors of your Company. The majority of the Directors of your Company have completed or are exempted from the requirement of the Directors' Training program.

### **Directors' Evaluation**

The Board of Directors has put in place an effective mechanism to review its performance on a self-assessment basis. The Board duly provides valuable guidance and ensures effective corporate governance.

# DIRECTORS' REPORT

## CORPORATE AND FINANCIAL REPORTING

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of the Corporate and Financial Reporting Framework. The Directors confirm that:

- The Financial Statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows, and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations of the stock exchange.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act, 2017 have been followed in the preparation of the financial statements; and any departure thereof has been adequately disclosed and explained.
- Summary of key operational and financial data for the last six years is annexed to the annual report.
- Information about taxes and levies is given in the notes to, and forming part of, financial statements.

## RELATED PARTY TRANSACTIONS

In accordance with the relevant regulations, your Company has devised a Related Party Transactions Policy approved by the Board of Directors which governs how arm's length and non-arm's length transactions are dealt with. All related party transactions carried out during the year are disclosed in note 44 of the Financial Statements.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the Code of Corporate Governance is annexed to the report.

## MATERIAL CHANGES

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year and the date of this report.

## CUSTOMER FOCUS

Your Company believes that its valued customers are the foundation of its business success. The Company policies are fully customers' focused by putting them at the center of its Business decision-making. The Company is following a long-term strategy that develops loyalty and builds trust. Close liaison with the market and customers has always enabled your Company to best understand customers' needs to offer the best suitable products and service levels to make your Company the first choice.

## HUMAN RESOURCE

Human Resources are the most vital asset of your Company to maintain its sustainability as they are the source of Knowledge, Skills, and Competence. The vision of human resources has been determined based on the core value defined by the Company's Management.

Your Company believes that effective utilization of competitive human resources is the most important to survive in an ever-changing business environment and to achieve sustainable growth. The Company ensures that its employees, being the most important assets, will exercise their full potential in line with the business requirements of their respective business units and based on the Company's Management Strategy.

Systems are in place for all Human Resource functions, including recruitment, talent management, performance management, compensation and benefits, training and development, and employee engagement. We are now working on digitizing HR end-to-end, according to global standards. Smooth systems clubbed with competitive compensation and benefits attract the best talent and keep them engaged.

Your Company gives utmost importance to the ongoing development of its human resource for smooth operations. The Company uses a combination of on-job training and enhanced skill programs through subject specialists to promote the effective development of human resources.

## EMPLOYEE RELATIONS

The cordial relationship between the management and the employee remains as good as they have been for the last many years. The pleasant relationship is also reflected in our employee turnover rate, which is very low, whether compared to our sector or across other sectors.



# SAFETY, HEALTH, ENVIRONMENT, AND QUALITY (SHEQ)

Your Company, with a mindset for excellence, strives for continual improvement in all operations. The Company is not only certified for Integrated Management System (IMS) comprising OHSM ISO 45001:2018, EMS ISO 14001:2015, and QMS ISO 9001:2015 but also makes efforts to improve the triple bottom line relating to Economic, Social and Environmental dimensions.

Sustainability has become an important focus in your Company as it makes rigorous efforts to meet the present needs without compromising the needs of future generations. The 17 Sustainable Development Goals (SDGs) set by the UN, and adopted by the Government of Pakistan are practiced to improve health, education, and the environment. Moving forward from this level, the Company has achieved the Foreign Steward Council's Chain of Custody (FSC COC) certification this year as a commitment to forest preservation.

Resource conservation has remained a corporate concern in recent years and for this, your Company has focused on areas of Energy and Water efficiency. Through regular monitoring and best practices, we have been able to achieve overall improvements in the utilization of energy and water; leading to both sustainability and cleaner production practices. The Company has started reusing the treated effluent water by partially replacing the fresh water; thus saving underground water. The Company has also been utilizing renewable solar energy.

To advance further in resource conservation, your company has started implementing energy and water efficiency recommendations of the International Finance Corporation (IFC), a complementary organization of The World Bank Group.

Being an industry leader, your Company continues to excel as customer-focused and ensures safer and environment-friendly operations, products, and services. Qualifying in SEDEX audits against its 4 Pillar SEMETA Standards is evidence that your Company is an acceptable business partner for everyone.

Comprehensive risk assessment and related preventive measures are vigorously pursued to achieve zero accidents and mitigate the environmental impacts of the operations. Any incident of an accident or near miss is thoroughly investigated to eliminate the root causes and avoidance of recurrence. Training sessions are regularly conducted for both employees and contractors to enhance Safety and Environmental Awareness.

SHEQ framework is reviewed by the Company at regular intervals, followed by concrete steps for its improvement which include the continuous monitoring of product quality, resource & energy consumption, gaseous emission from boilers & power plants, and wastewater disposal.

Following awards are proof that your Company's efforts are well recognized.

- Awarded with Sustainability Initiative Award 2021 by National Forum for Environment & Health (NFEH)
- Awarded for Annual Environment Excellence Award (AEEA) 2020 by National Forum for Environment & Health (NFEH).
- Awarded for Annual Fire Safety Award 2019 by Fire Protection Association of Pakistan (FPAP) and National Forum for Environment & Health (NFEH).



# CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to the social and environmental cause of society and believes in building strong bonds with all segments of society. To cement these bonds, welfare activities are carried out to uplift the communities with special emphasis on child education and clean drinking water in the surrounding areas. The Company provides education aids to needy children with special emphasis on the education of Out of School Children. SOP for the COVID-19 pandemic and help to the surrounding area is in practice as last year.

Your Company was also awarded the Annual Corporate Social Responsibility Award 2020, in the appreciation of services and overall performance in “Community Affairs” in the 9th Int’l Annual CSR Summit by Professional Network and Ethical Business Update.

Your Company is a part of Lakson Group of Companies. The philanthropic activities on behalf of the Company are done by charitable arms of the group under the name of Hasanali & Gulbanoo Lakhani Foundation and Lakson Medical Trust.

A well-defined value system is in place in your Company. It is designed to ensure and inculcate the spirit of ethical behavior, develop a commitment to excellence and adopt a customer’s focused and responsible sourcing approach. The Directors consider it as a long-term investment in the collective development of your Company’s Human Resource in particular, and the society as a whole. Moreover, festivities like employee’s family fun fare, educational trips to historical places, summer camps for employee’s children, and interdepartmental sports activities have become a regular feature of the Company.



## **CHILD EDUCATION INITIATIVE**

Your Company has initiated a Joint Venture (JV) with the Institute of Rural Management (IRM) established on the concept of one-room classrooms in very poor communities. This initiative is focusing on such non-school-going children who are involved in child labor by way of garbage collection etc. Parents are being provided Individual counseling about the importance and necessity of education. Encouraging results are being witnessed as participation & attendance of such children are very healthy indicating their desire to get an education. Health checkups of students have also been performed.

A similar initiative was taken in the vicinity of Mill with the help of the SMILE Foundation where Out of School Children were encouraged in joining Schools. This effort is also producing excellent results. It is being progressed further with the admissions of more Out of School Children. During the year, joining hands with Million Smile Foundation, Century Paper adopted a high school in Neelum Valley, Azad Jammu & Kashmir. Since adoption in Oct 2021, the total number of enrolled students increased from 94 to 150 students, including 70 girls and 80 boys belonging to the lower middle and poor class.

During summer vacations every year, special arrangements are also made at Mills for employees' children to impart them Computer Training coupled with English Language courses. Completion Certificates are also awarded by the Company.



# DIRECTORS' REPORT

## OUTLOOK FOR THE YEAR 2023

The growth rate target was set at 5% for FY 2022-23 against the 5.97% growth achieved last year and the focus is now shifted towards containing the swelling current account deficit, stabilizing the exchange rate and curbing inflation. Most of the fiscal and monetary tightening measures have already been taken including lowering the subsidies on electricity and fuel, additional taxation, curb on imports, and policy rate hikes to name a few. The contractionary policies may slow down the economy and industrial output as well, but the management of your Company is optimistic that the paper and paperboard market size will remain intact and the Company will materialize the benefit of enhanced capacities by improving the sales volumes with the best possible product mix.

The trend of elevated raw materials and fuel prices is likely to persist during the year leading to a further swell in production costs. Resource conservation measures are an integral part of management strategy to bring in cost efficiencies. Furthermore, an equitable marketing strategy is in place to ensure an uninterrupted supply of quality products to its valued customers coupled with a review of selling prices to subside the impact of cost escalation on product margins as per need and market conditions.

The management team of seasoned professionals is fully conversant with the challenges ahead and will leave no stone unturned to achieve the best possible results under the circumstances with cohesive & coordinated efforts and proactive & timely interventions.

## ACKNOWLEDGMENT

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers, and bankers for their continued confidence and support.

On Behalf of the Board of Directors



**Iqbal Ali Lakhani**

Chairman

Karachi: August 04, 2022



**Aftab Ahmad**

Chief Executive Officer

# ڈائریکٹرز رپورٹ

سال 2023ء کا منظر نامہ

مالی سال 2022-23ء کے لیے شرح نمو کا ہدف گزشتہ سال کی 5.97 فیصد کے مقابلے میں 5 فیصد مقرر کیا گیا تھا۔ جبکہ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، شرح مبادلہ کو مستحکم کرنے اور مہنگائی کو روکنے کے لیے اب ساری توجہ مرکوز کر دی گئی ہے۔ جبکہ زیادہ تر سخت مالی اقدامات پہلے ہی اٹھائے جا چکے ہیں جن میں بجلی اور ایندھن پر دی جانے والی سبسڈی کو کم کرنا، اضافی ٹیکس لگانا، درآمدات پر قدغن لگانے کے ساتھ ساتھ پالیسی ریٹ میں اضافہ شامل ہیں۔ جبکہ اختصاری پالیسیاں معیشت اور صنعتی پیداوار کو بھی سست کر سکتی ہیں، لیکن آپ کی کمپنی کی انتظامیہ پر امید ہے کہ پیپرز اور پیپر بورڈ مارکیٹ کا سائز برقرار رہے گا اور کمپنی فروخت کے حجم کو ممکنہ مصنوعات کے موزوں امتزاج سے بہتر بنائے گی۔

خام مال اور ایندھن کی قیمتوں میں اضافے کا رجحان سال کے دوران برقرار رہنے کا امکان ہے جس کے باعث پیداواری لاگت میں مزید اضافہ ہوگا۔ وسائل کے تحفظ کے اقدامات، لاگت کو استعداد کار میں لانے کے لیے انتظامی حکمت عملی ایک اہم حصہ ہے۔ مزید برآں، ایک مساوی مارکیٹنگ کی حکمت عملی اپنے قابل قدر صارفین کو معیاری مصنوعات کی بلا تعلق فراہمی کو یقینی بنانے کے ساتھ ساتھ فروخت کی قیمتوں کا جائزہ لے کر ضرورت اور مارکیٹ کی صورتحال کے عین مطابق مصنوعات کے مارجن پر لاگت میں اضافے کے اثرات کو کم کرنے کے لیے موجود ہے۔

تجربہ کار پیشہ ور افراد کی انتظامی ٹیم آنے والے چیلنجز سے پوری طرح واقف ہے بنیادی ہم آہنگی اور مربوط کوششوں سے فعال اور بروقت اقدام کے ساتھ کسی بھی طرح کے حالات میں بہترین ممکنہ نتائج حاصل کرنے میں کوئی کسر نہیں چھوڑے گی۔

## اعتراف

ڈائریکٹرز ہر شعبے کے ملازمین کی اپنے کام سے لگن کا اعتراف کرتے ہیں اور ان کے تعاون اور ادارے کے ساتھ خلوص کو سراہتے ہیں۔ وہ کمپنی کے سپلائرز، صارفین اور بینکرز کو ان کے مسلسل اعتماد اور تعاون پر تہہ دل سے خراج تحسین پیش کرتے ہیں۔

بورڈ کی جانب سے



آفتاب احمد

چیف ایگزیکٹو آفیسر



اقبال علی لاکھانی

چیرمین

کراچی : 04 اگست 2022ء

ہر سال گرمیوں کی تعطیلات کے دوران ملز میں ملازمین کے بچوں کے لیے انگریزی زبان کے کورسز کے ساتھ کمپیوٹر کی تربیت کے لیے خصوصی انتظامات بھی کیے جاتے ہیں جس میں کمپنی کی جانب سے کورس کی تکمیل کے سرٹیفکیٹ بھی جاری کیے جاتے ہیں۔

## افرادى قوت

افرادى قوت آپ كى كمپنى كا سب سے اهم اثاثہ ہے۔ اس پائيدارى كو برقرار ركهنے كے ليے جيسا كه وه علم، مہارت اور قابليت كا ذريعہ ہيں، انساني وسائل كے نصب العين كا تعين كمپنى كى انتظاميہ كى طرف سے طے كردہ بنيادى اقدار كى بنياد پر كيا گيا ہے۔ آپ كى كمپنى يقين ركهتى ہے كه مسابقتى انساني وسائل كا موثر استعمال ہميشہ بدلتے ہوئے كاروبارى ماحول ميں زندہ رہنے اور پائيدار ترقى حاصل كرنے كے ليے سب سے اهم ہے۔ كمپنى اس بات كو يقينى بناتى ہے كه اس كا ہر ملازم، جو اس كا انتہائى اهم اثاثہ ہے، اپنى متعلقہ كاروبارى اكاؤنوں كى كاروبارى ضروريات كے مطابق اور كمپنى كى انتظامى حكمت عملى كى بنياد پر اپنى پورى صلاحيت استعمال كرے گا۔

انسانى وسائل كے تمام امور كے ليے ايك جامعہ نظام موجود ہے، جن ميں بھرتى، ٹيلنٹ مينجمنٹ، پرفارمنس مينجمنٹ، معاوضہ اور فوائد، تربيت اور ترقى اور ملازمين كى حاضرى شامل ہيں۔ اب ہم ايج آر كى عالمى معياريات كے مطابق مربوط ڈيجيٹائيزيشن پر كام كر رہے ہيں۔ مسابقتى معاوضے اور فوائد كے ساتھ منسلك ہموار نظام ہمارے ملازمين كو متحر ك ركهتے ہيں۔

آپ كى كمپنى كاروبارى امور كى ہموار انجام دہى كے ليے اپنے انسانى وسائل كى لگاتار ترقى كو انتہائى اہميت ديتى ہے۔ كمپنى انسانى وسائل كى موثر ترقى كو فروغ دینے كے ليے ماہرين كے ذريعے پيشہ ورانہ ٹريننگ اور ہنر و مہارت كے بہترين پروگراموں كا استعمال كرتى ہے۔

## صارفين پر توجہ

آپ كى كمپنى يقين ركهتى ہے كه اس كے قابل قدر گاہك اس كى كاروبارى كاميابى كى بنياد ہيں۔ كمپنى كى پاليسيائى كمل طور پر صارفين پر مركز ہيں۔ ماركيٹ اور صارفين كے ساتھ رابطے نے ہميشہ آپ كى كمپنى كو پہلا انتخاب بنانے كے ليے بہترين مصنوعات اور اعلیٰ خدمات پيش كرنے كے ليے كسٹمر كى ضروريات كو بہتر طور پر سمجھنے كے قابل بنايا ہے۔

## ملازمين سے تعلقات

ملازمين اور مينجمنٹ كے درميان برس ہا برس سے پُر خلوص تعلقات قائم ہيں۔ يہ خوشگوار تعلقات ملازمين كى تبديلى ملازمت كى شرح ميں بھی جھلكتے ہيں جو بہت كم ہے، خواہ ہمارے شعبے كے ساتھ تقابل ہو يا دوسرے شعبوں كے ساتھ۔

# ڈائریکٹرز رپورٹ

آپ کی کمپنی کو پروفیشنل نیٹ ورک اینڈ ہتھیار بزنس اپ ڈیٹ کی طرف سے 9 ویں انٹرنیشنل سالانہ سی ایس آر (CSR) سمٹ میں خدمات کی تعریف اور ”کیونٹی افیرز“ میں مجموعی کارکردگی کی بدولت سالانہ کارپوریٹ سوشل رسپانسبلیٹی ایوارڈ 2020ء سے بھی نوازا گیا۔

آپ کی کمپنی لیکن گروپ آف کمپنیز کا حصہ ہے۔ کمیٹی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گروپ کے خیراتی و فلاحی شعبے کے تحت کام کرنے والی حسن علی اینڈ گل بانو لاکھانی فاؤنڈیشن اور لیکن میڈیکل ٹرسٹ کے نام سے قائم ادارے سر انجام دیتے ہیں۔

کمپنی میں سماجی اور اچھے اخلاقی رویوں کے فروغ کے لیے اقدار کا ایک واضح نظام نافذ کیا گیا ہے تاکہ بہتر اخلاقی برتاؤ کا جذبہ، مہارت میں اضافے اور استعمال کی لگن کے ساتھ کسٹمر کی خدمات کے حوالے سے مثبت سوچ جیسے عوامل ہمیشہ ذہن نشین رہیں۔ اس اقدام کو ڈائریکٹرز خاص طور پر سینچری پیپرز کے ہیومن ریورس کی مجموعی اور پوری سوسائٹی کی ترقی کے لیے ایک طویل مدتی سرمایہ کاری سمجھتے ہیں۔ ساتھ ہی تفریحی سرگرمیاں جیسے ملازمین کی فیملیز کے لیے فن فیئر، تاریخی مقامات پر تعلیمی دورے، ملازمین کے بچوں کے لیے سرکیمپس اور ڈیپارٹمنٹس کے درمیان کھیلوں کی سرگرمیاں مستقل بنیادوں پر کمپنی کا معمول بن گئی ہیں۔

## بچوں کی تعلیم سے متعلق اقدامات

ہم نے انسٹی ٹیوٹ آف رورل مینجمنٹ (IRM) کے ساتھ ایک جوائنٹ ویئر کا آغاز کیا ہے جس کے تحت انتہائی غریب آبادیوں میں ایک کمرے والے کلاس روم کے نظریہ پر اسکول قائم کیے جا رہے ہیں۔ اس اقدام کے ذریعے ایسے اسکول نہ جانے والے بچوں کو توجہ کا مرکز بنایا گیا ہے جو کچرا جمع کرنے جیسے کاموں کے باعث چائلڈ لیبر کا نشانہ بنے ہوئے ہیں۔ والدین کو تعلیم کی اہمیت اور ضرورت کے بارے میں انفرادی مشاورت فراہم کی جا رہی ہے۔ یہ مشاورتی نشستیں تعلیم کی جانب ان کا جھکاؤ بڑھانے میں کارآمد ثابت ہو رہی ہے۔ اب تک کے نتائج نہایت حوصلہ افزا ہیں ایسے بچوں کی شمولیت اور حاضری ان کی تعلیم حاصل کرنے کی خواہش کی صحت مندانہ نشاندہی کرتی ہے۔ جبکہ اس کے ساتھ ساتھ طلباء کا طبی معائنہ بھی کرایا جاتا ہے۔

اسی طرح کا ایک اقدام سائل فاؤنڈیشن (SMILE) کے تعاون سے ملز کے مضافات میں اٹھایا گیا جہاں اسکول نہ جانے والے بچوں کو بھی اسکولوں میں داخلے کی ترغیب دی گئی۔ اس کوشش کے بھی بہترین نتائج برآمد ہو رہے ہیں۔ اسکول نہ جانے والے بچوں کے داخلوں کے ساتھ اسے مزید ترقی دی جا رہی ہے۔ سال کے دوران ملین سائل فاؤنڈیشن کے ساتھ قدم سے قدم ملائے ہوئے سپیری پیپر نے وادی نیلم، آزاد جموں و کشمیر میں ایک ہائی اسکول کا ذمہ اٹھایا۔ اکتوبر 2021 میں اسکول کی ذمہ داری اٹھانے کے بعد داخلہ لینے والے طلباء کی کل تعداد 94 سے بڑھ کر 150 تک پہنچ گئی، جن میں 70 طالبات اور 80 طلباء شامل ہیں جو انتہائی پسماندہ اور غریب طبقے سے تعلق رکھتے ہیں۔

زیرو ایکسیڈنٹ کے حصول اور کاروباری سرگرمیوں کے ماحولیاتی اثرات کو کم کرنے کے لیے خطرات کے جامع جائزہ اور متعلقہ حفاظتی تدابیر کی سرگرمی سے پیروی کی جا رہی ہے۔ ناگہانی حادثات کی اصل وجوہات کو ختم کرنے اور ان کے دوبارہ رونما ہونے سے بچنے کے مقصد کے ساتھ ان کی پوری طرح سے تفتیش کی جاتی ہے۔ سلامتی اور ماحولیاتی آگاہی کو بڑھانے کے لیے ملازمین اور ٹھیکیداروں، دونوں کے لیے باقاعدگی سے ٹریننگ سیشن منعقد کئے جاتے ہیں۔

کمپنی SHEQ فریم ورک کا بھی وقفے وقفے سے متواتر جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مزید بہتری کے لیے ٹھوس اقدامات کیے جاتے ہیں۔

درج ذیل ایوارڈز اس بات کا ثبوت ہیں کہ آپ کی کمپنی کی کاوشوں کا بخوبی اعتراف کیا جا رہا ہے:

- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے سالانہ سسٹینیبلیٹی انیشیٹیو (Sustainability Initiative) ایوارڈ 2021ء سے نوازا گیا۔
- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی جانب سے سالانہ انوائرنمنٹ ایکسیلنس ایوارڈ (AEEA) 2020ء نوازا گیا۔
- فار پروٹیکشن ایسوسی ایشن آف پاکستان (FPAP) اور نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے سالانہ فار سیفٹی ایوارڈ 2019ء سے نوازا گیا ہے۔

### کاروباری سماجی ذمہ داری

آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تکمیل کے لیے بھی پر عزم ہے اور اس بات پر یقین رکھتی ہے کہ معاشرے کے تمام طبقات میں باہمی تعاون اور آپس میں امداد کے لیے مستحکم تعلقات استوار ہوں۔ ان تعلقات کو مضبوط کرنے کے لیے مختلف سماجی سرگرمیاں کی جاتی ہیں تاکہ اپنے اطراف کے علاقوں میں کمیونٹیز کے معیار زندگی کو بلند کیا جائے جس کے لئے بچوں کی تعلیم اور پینے کے صاف پانی کی فراہمی خاص طور پر توجہ دی جاتی ہے۔ کمپنی اسکول سے باہر بچوں کی تعلیم پر خصوصی زور دینے کے ساتھ ضرورت مند بچوں کو تعلیم میں معاون اشیاء فراہم کرتی ہے۔ جبکہ عالمی وبا Covid-19 کے لیے SOP اور آس پاس کے علاقے کی مدد گزشتہ سال کی طرح جاری ہے۔



# ڈائریکٹرز رپورٹ

ڈائریکٹرز / چیف ایگزیکٹو آفیسر / کمپنی سیکرٹری / چیف فنانشل آفیسر / ایگزیکٹوز اور ان کے زیر کفالت بچوں کی طرف سے سال کے دوران میں شیئرز کی کوئی خرید و فروخت نہیں کی گئی۔

بورڈ نے ایگزیکٹوز اور منیجر اور اس سے زائد کیٹیگریز سے تعلق رکھنے والے ملازمین کی طرف سے، ان کی تنخواہوں سے قطع نظر، آپ کی کمپنی کے شیئرز کی لین دین کے حوالے سے ایک حد طے رکھی ہے۔

## سیفٹی، ہیلتھ، انوائرنمنٹ اور کوالٹی (SHEQ)

آپ کی کمپنی اعلیٰ سوچ کے ساتھ تمام کاروباری امور میں بہتری کے لیے کوشاں ہے۔ آپ کی کمپنی نہ صرف OHSM ISO 45001 : 2018 اور QMS ISO 9001 : 2015 پر مشتمل انٹیگریٹڈ مینجمنٹ سسٹم (IMS) کے معیارات سے سرٹیفائڈ ہے، بلکہ معاشی، سماجی اور ماحولیاتی تینوں جہتوں میں بہتری لانے کے لیے بھی کوششیں کر رہی ہے۔

پائیدار سماجی بہبود آپ کی کمپنی میں اہم توجہ کا مرکز بن گئی ہے جیسا کہ وہ آئندہ نسلوں کی ضروریات پر سمجھوتا کئے بغیر موجودہ ضروریات کو پورا کرنے کے لیے سخت کوششیں کرتی ہے۔ صحت، تعلیم اور ماحولیات کو بہتر بنانے کے لیے اقوام متحدہ کی طرف سے قائم کردہ 17 پائیدار ترقیاتی اہداف (SDGs) پر عمل کیا جاتا ہے، جو حکومت پاکستان کی جانب سے اپنائے گئے ہیں۔ اس سطح سے آگے بڑھتے ہوئے جنگلات کے تحفظ کے عزم کی حامل کمپنی کے طور پر FSC COC سرٹیفیکیشن حاصل کر گئی ہے۔

وسائل کا تحفظ حالیہ برسوں میں کاروباری شعبے کے لیے اولین ترجیح بنا ہوا ہے اور اس کے لیے، آپ کی کمپنی نے توانائی اور پانی کی کفایت کے طریقوں پر توجہ دی ہے۔ مستقل نگرانی اور بہترین طریقہ کار کے ذریعے ہم توانائی اور پانی کے استعمال میں مجموعی طور پر بہتری لانے میں کامیاب رہے ہیں جو پائیداری اور زیادہ صاف ستھرے پیداواری طریقوں کا باعث بنا ہے۔ کمپنی نے جزوی طور پر تازہ پانی کی جگہ صاف شدہ پانی کا دوبارہ استعمال کرنا شروع کیا ہے اور اس طرح زیر زمین پانی کی بچت کی جا رہی ہے۔ کمپنی نے قابل تجدید شمسی توانائی کا استعمال بھی شروع کر دیا ہے۔

وسائل کے تحفظ میں مزید پیشرفت کے لیے آپ کی کمپنی نے ورلڈ بینک گروپ کی ایک معاون تنظیم، انٹرنیشنل فائنانس کارپوریشن (IFC) کی مشاورتی خدمات کا استعمال شروع کر دیا ہے۔

انڈسٹری لیڈر ہونے کے ناطے، آپ کی کمپنی صارفین پر توجہ مرکوز رکھنے والے ادارے کی حیثیت سے بدستور بہترین کارکردگی کا مظاہرہ کر رہی ہے اور محفوظ، ماحول دوست کاروباری سرگرمیوں، مصنوعات اور خدمات کو یقینی بناتی ہے۔ اس کے 4 ستونوں والے SEMETA معیار کے قابل SEDEX آڈٹ میں کوالیفائی کرنا اس بات کا ثبوت ہے کہ آپ کی کمپنی ہر ایک کے لیے قابل قبول بزنس پارٹنر ہے

- کمپنی کی کاروباری سرگرمیوں کو جاری رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کی موثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈز، جو پاکستان میں قابل اطلاق ہیں اور کمپنیز ایکٹ 2017 کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کی مناسب انداز میں وضاحت دی گئی ہے۔
- گزشتہ چھ سالوں کی اہم آپریشنل اور فنانشیل معلومات کا خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔
- ٹیکسوں اور محصولات کے بارے میں معلومات مالیاتی گوشواروں کا حصہ ہیں۔

### متعلقہ پارٹی سے لین دین

متعلقہ قواعد و ضوابط کے مطابق، آپ کی کمپنی کی متعلقہ پارٹی سے لین دین کی پالیسی ہے جو بورڈ آف ڈائریکٹرز کی جانب سے منظور کی گئی ہے جو کہ لین دین کے طریقہ کار کو کنٹرول کرتی ہے۔ سال کے دوران متعلقہ پارٹی سے کیے گئے تمام لین دین مالیاتی گوشواروں کے نوٹ 44 میں ظاہر کیے گئے ہیں۔

### کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل

کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

### نمایاں تبدیلیاں

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ایسی کوئی نمایاں تبدیلیاں یا معاہدے نہیں ہوئے جو آپ کی کمپنی کی مالیاتی پوزیشن پر اثر انداز ہو سکیں۔

### پیٹرن آف شیئر ہولڈنگ

30 جون 2022ء کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور بشمول اضافی معلومات کو ظاہر کرنے والا ایک گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔ 30 جون 2022ء کے مطابق 3,481 شیئر ہولڈرز کمپنی کے ریکارڈ پر موجود تھے۔

# ڈائریکٹرز رپورٹ

نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مندرجات کے مطابق ہیں ، تاہم صرف ان تک محدود نہیں ہیں۔

## ڈائریکٹرز کا مشاہرہ

بورڈ ممبران کے مشاہرے کی منظوری خود بورڈ کی جانب سے دی جاتی ہے۔ تاہم کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مطابق یہ یقینی بنایا جاتا ہے کہ کوئی ڈائریکٹر خود اپنے مشاہرے کا فیصلہ کرنے میں شریک نہ ہو۔ 30 جون 2022ء کو ختم ہونے والے سال کے لیے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے مشاہرے کے متعلق معلومات کے لئے براہ کرم مالیاتی گوشواروں کا نوٹ 43 ملاحظہ کریں۔

## ڈائریکٹرز ٹریننگ پروگرام

بورڈ کے تمام ڈائریکٹرز آپ کی کمپنی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔ آپ کی کمپنی کے زیادہ تر ڈائریکٹرز ٹریننگ مکمل کر چکے ہیں یا ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں۔

## ڈائریکٹرز کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز نے سیلف اسمٹ کی بنیاد پر اپنی کارکردگی کا جائزہ لینے کے لیے ایک موثر طریقہ کار قائم کیا ہے۔ بورڈ مناسب طریقے سے قیمتی رہنمائی فراہم کرتا ہے اور کارپوریٹ گورننس کو یقینی بناتا ہے۔

## کارپوریٹ اور فنانسئل رپورٹنگ

آپ کی کمپنی کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل کے عہد پر کاربند ہے۔ بورڈ کارپوریٹ اور فنانسئل رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری کا اقرار کرتا ہے۔ ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے ، اس کے معاملات کی کیفیت بشمول اس کی کاروباری سرگرمیوں، کیش فلوز (Cash Flows) اور لیکویٹی (Equity) میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

## آڈٹ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مطابق ایک آڈٹ کمیٹی تشکیل دی ہے۔ سال کے دوران ایک خود مختار ڈائریکٹر اس کا چیئرمین اور دو نان ایگزیکٹو ڈائریکٹر ممبران رہے۔ 30 جون 2022ء کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹرز کے نام	اجلاس میں شرکت
جناب علی عامر (چیئرمین)	4
جناب امین محمد لاکھانی	4
جناب بابر علی لاکھانی	3

آڈٹ کمیٹی کے قواعد و ضوابط وہی ہیں جو کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) میں طے کیے گئے ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرولز کے حوالے سے مطمئن ہونے کے لیے کوئی بھی معلومات یا وضاحت طلب کرنے کے لیے آزاد ہے۔ کمیٹی مالیاتی گوشواروں اور کمیٹی کے کاروبار کے حوالے سے کوئی بڑا فیصلہ صادر کرنے کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے۔ آڈٹ کمیٹی سے منظور شدہ مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات پیش کرتی ہے جو کہ چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر سے باضابطہ توثیق شدہ ہوتے ہیں۔

## افرادى وسائل و مشاہرہ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے کے مطابق افرادی وسائل و مشاہرہ کمیٹی بھی تشکیل دی ہے جو سال کے دوران درج ذیل ڈائریکٹرز پر مشتمل تھی:

جناب آصف قادر	چیئرمین
جناب امین محمد لاکھانی	ممبر
جناب بابر علی لاکھانی	ممبر
جناب آفتاب احمد	ممبر

سال کے دوران کمیٹی کے دو اجلاس ہوئے جن میں تمام ممبران نے شرکت کی۔ کمیٹی کی ٹرمز آف ریفرنس کمپنی کے کاروباری

# ڈائریکٹرز رپورٹ

کارپوریٹ انفارمیشن

بورڈ آف ڈائریکٹرز

بورڈ کی تشکیل

سال کے دوران بورڈ سات (7) ارکان پر مشتمل تھا۔ سال کے دوران بورڈ کی تشکیل ذیل میں دی گئی ہے:

6	مرد
1	خاتون
2	خود مختار ڈائریکٹرز
4	نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر

جناب اقبال علی لاکھانی بورڈ کے چیئرمین کے عہدے پر فائز ہیں اور جناب آفتاب احمد کمپنی کے چیف ایگزیکٹو آفیسر ہیں۔

بورڈ میٹنگز

30 جون 2022ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹرز کے نام	اجلاس میں شرکت
نان ایگزیکٹو ڈائریکٹرز	
جناب اقبال علی لاکھانی (چیئرمین)	4
جناب امین محمد لاکھانی	4
محترمہ انوشکا لاکھانی	4
جناب بابر علی لاکھانی	4
خود مختار ڈائریکٹرز	
جناب علی عامر	4
جناب آصف قادر	4
ایگزیکٹو ڈائریکٹر	
جناب آفتاب احمد (سی۔ ای۔ او)	4

## سرمائے کا انتظام و انصراف

آپ کی کمپنی کی پالیسی سرمایہ کاروں، قرض دہندگان اور مارکیٹ کے اعتماد کو برقرار رکھنے کے لیے ایک مضبوط سرمائے کی بنیاد کو مستحکم رکھنا ہے۔ آپ کی کمپنی اپنے سرمائے کی ساخت کو بہتر بنانے کا اہتمام کرتی ہے اور معاشی تبدیلیوں کے ساتھ اپنے اثاثے کی بنیادی حفاظت سے وابستہ خطرات کے سدباب کے لیے مناسب رد و بدل کرتی ہے۔ کمپنی قرضوں اور سرمائے کا موزوں تناسب برقرار رکھنے پر یقین رکھتی ہے۔

## پروویڈنٹ اور گریجویٹی فنڈز

آپ کی کمپنی نے اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹی فنڈ اسکیم کی سہولت فراہم کی ہے۔ ان فنڈز سینینیٹس کو دو الگ الگ منظور شدہ ٹرسٹ کے ذریعہ برقرار رکھا جاتا ہے۔ ان ٹرسٹس کا انتظام و انصراف ٹرسٹیز کرتے ہیں جو ہر سال فنڈز کا آڈٹ کرواتے ہیں۔ متعلقہ فنڈز کے ٹرسٹیز نے کمپنی کو مطلع کیا ہے کہ سال کے آخر تک دونوں فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہیں۔

ملین روپے

2021	2022	
722.39	762.74	پروویڈنٹ فنڈ
684.57	750.10	گریجویٹی فنڈ

## آڈیٹرز

موجودہ آڈیٹرز، BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کمپنی کے ریٹائر ہونے والے آڈیٹرز ہیں اور انہوں نے دوبارہ تقرری کے لیے اپنی خدمات پیش کی ہیں۔ انہوں نے اس بات کی تصدیق کی ہے کہ انہیں دی انسٹیٹوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی کوالٹی کنٹرول ریویو پروگرام کے تحت ایک تسلی بخش درجہ بندی دی گئی ہے اور یہ فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IIFAC) کے ضابطہ اخلاق سے متعلق رہنمائی اصولوں کی مکمل تعمیل کرتی ہے جیسا کہ ICAP کی جانب سے اپنایا گیا۔ بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ ڈائریکٹرز نے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے ان آڈیٹرز کی 30 جون 2023ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز کی پیش کی ہے جس پر باہمی رضامندی کا اظہار کیا جائے گا۔

# ڈائریکٹرز رپورٹ

سال کے دوران کی گئی تخفیفات کا خلاصہ درج ذیل ہے:

تخفیفات	خطرے کے عوامل
	<b>الف) اسٹریٹجک خطرات</b>
<p>آپ کی کمپنی باقاعدگی سے مارکیٹ کے بدلتے ہوئے رجحانات پر نظر رکھتی ہے اور اپنے باقاعدہ اور متوقع صارفین سے رائے طلب کرتی ہے۔ آپ کی کمپنی اس بات کو بھی یقینی بناتی ہے کہ اس کی مصنوعات مسابقتی قیمتوں پر صارفین کی موجودہ اور مستقبل کی ضروریات کے لیے بہترین معیار کے ساتھ مسابقت کا مقابلہ کرنے اور اپنے مارکیٹ شیئر کو برقرار رکھنے اور مستحکم بنانے کے لیے بہترین ہیں۔</p>	<ul style="list-style-type: none"> <li>• عالمی اور مقامی اقتصادی رجحانات اور مسابقت کے خطرات میں تبدیلیاں۔</li> <li>• ٹیکنالوجی اور مصنوعات کی اختراعات کی وجہ سے کمپنی کی مصنوعات کی طلب میں خلل۔</li> </ul>
	<b>ب) آپریشنل خطرات</b>
<p>آپ کی کمپنی کے پاس اندرونی و بیرونی درآمد شدہ مال کے لئے ایک متنوع سپلائی کی بنیاد ہے۔ متبادل ایندھن پر چلنے والی اور منفرد پاور / بھاپ پیدا کرنے والی سہولیات کے موزوں امتزاج سے توانائی کی کفایت کو یقینی بنایا جاتا ہے۔ انسانی وسائل کو اندرونی و بیرونی تربیت کے مناسب مواقع فراہم کر کے تیار کیا جاتا ہے۔</p>	<ul style="list-style-type: none"> <li>• خام مال / ایندھن اور دیگر آپریٹنگ اخراجات میں اضافہ۔</li> <li>• سپلائی چین میں روکاوٹیں خام مال کی دستیابی میں تاخیر کا سبب بنتی ہیں۔</li> <li>• پیداوار کے لیے ضروری خام مال / ایندھن کی کمی۔</li> <li>• ہنر مند انسانی وسائل کی کمی۔</li> </ul>
	<b>ج) مالیاتی خطرات</b>
<p>ان خطرات کی وضاحت مالی گوشوارے کے نوٹ 46 میں کی گئی ہے</p>	<ul style="list-style-type: none"> <li>• قرض کا خطرہ</li> <li>• لیکو یڈیٹی رسک</li> <li>• شرح سود کا خطرہ</li> <li>• غیر ملکی زرمبادلہ کا خطرہ</li> </ul>

## توازن / جدت / تبدیلی (BMR Balancing, Modernization & Replacement) اور ڈیجیٹائزیشن

حکومت کی جانب سے پیش کردہ TERF سہولت کا استعمال کرتے ہوئے، آپ کی کمپنی نے بی ایم آر (BMR) کے مختلف منصوبے شروع کیے ہیں۔ ان میں بیشتر مکمل ہو چکے ہیں اور باقی رواں سال کے دوران تکمیل پائیں گے۔ ان منصوبوں میں بورڈ مشینوں کی بی ایم آر، شیڈنگ کی صلاحیت میں اضافے، باکس میکنگ کی صلاحیت میں اضافے، مشینوں کی QCS/DCS اور ڈرائیوز کی اپگریڈیشن کے ساتھ ساتھ ری سائیکلنگ پلانٹس میں ترمیم، اسٹیم جزیشن اور گرڈ اسٹیشن میں اضافہ شامل ہے۔ تمام تر منصوبوں کے تکمیل پانے کے بعد ہم اپنی صلاحیت میں 10 فیصد اضافے کا امکان ظاہر کر رہے ہیں۔ 30 جون 2022ء تک، کمپنی نے مذکورہ بالا بی ایم آر (BMR) پروجیکٹس کے لیے 4,150 ملین روپے کے تخمینہ کے مقابلے میں 3,250 ملین روپے خرچ کیے ہیں۔

ڈیجیٹائزیشن کے حوالے سے، جیسا کہ بیرونی کنسلٹنٹ نے تجویز کیا تھا PM-7 کے آپریشن کنٹرول آٹومیشن کی بغور ٹیوننگ کو پہلے مرحلے میں مکمل کر لیا گیا ہے اور اس نے معیار اور آپریشن کے استحکام پر مثبت اثر ڈالا ہے۔ جبکہ تمام پروسس کے ڈیٹا کی ڈیجیٹائزیشن بھی جاری ہے۔

## مجموعی بازاری مالیت (Market Capitalization)

پاکستان کی اسٹاک مارکیٹ کی کارکردگی میں مالی سال 2022ء کے دوران اتار چڑھاؤ کی کیفیت رہی۔ KSE 100 انڈیکس سال کی پہلی سہ ماہی میں اپنے عروج کو چھونے کے بعد گزشتہ سال کے 47,356 پوائنٹس کے مقابلے میں 41,541 پوائنٹس تک گر گیا، جبکہ آپ کی کمپنی کے شیئرز کی قیمت بھی اسٹاک مارکیٹ میں اتار چڑھاؤ کا شکار رہی۔ اس نے جولائی 2021ء میں 128.15 روپے کی بلندی اور جون 2022ء میں 59.89 روپے کی نچلی سطح کو چھونے کے بعد 30 جون 2022ء کو گزشتہ سال کے 122.07 روپے کے مقابلے میں 61.80 روپے پر رکی۔ اس کے مطابق سال کے اختتام پر مارکیٹ کیپٹلائزیشن گزشتہ سال کے 21,536 ملین روپے کے مقابلے میں 12,538 ملین روپے تک گر گئی۔

## خطرات کی تخفیف

بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور کمپنی کے چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم پر مشتمل اسٹیرنگ کمیٹی کمپنی کے کاروباری امور کی نگرانی اور متوقع خطرات کے کسی ممکنہ منفی اثر کو کم کرنے کے لیے فعال حکمت عملی واضح کرنے کی ذمہ دار ہے۔ ان بڑے خطرات اور انہیں کم کرنے کے اقدامات کے بارے میں معلومات ذیل میں پیش کی گئی ہے۔



# ڈائریکٹرز رپورٹ

## لیکوئیڈٹی پروفاکل اور مالیاتی لاگت

سال کے دوران کمپنی کی ورکنگ کیپیٹل کی ضرورت میں اضافہ ہوا جس کی وجہ ضروری خام مال کی خریداری اور بڑھتی ہوئی فروخت کی مد میں قابل وصول سیلنس میں اضافہ ہے۔ لہذا، کمپنی نے سال کے دوران آپریٹنگ سرگرمیوں میں 1,882 ملین روپے استعمال کیے تھے جبکہ گزشتہ سال 3,060 ملین روپے پیدا کیے۔ نیٹ کیش میں کمی 5,067 ملین روپے رہی (جبکہ گزشتہ سال 1,693 ملین روپے کا اضافہ ہوا) جس کی وجہ سے قلیل مدتی قرضے بلند سطح یعنی 6.753 ملین روپے تک گئے۔ مزید برآں، کمپنی نے SBP TERF سہولیات کے تحت 1,466 ملین روپے حاصل کیے۔ نتیجتاً، گزشتہ سال کے 5,451 ملین روپے کے مقابلے میں کل قرضہ 10,521 ملین روپے رہا۔

کمپنی کے پاس 12,800 ملین کی قلیل مدتی مالیاتی سہولیات دستیاب ہیں جن پر بینکوں کے چارجز 5BPS سے 150BPS تک ہیں۔ سال کے دوران سود کی شرح نومبر 2021ء سے شروع ہونے والی پالیسی ریٹ کے باعث بلندی کی طرف گامزن ہوئی جس کے نتیجے میں سال کے آخر تک پالیسی ریٹ 7 فیصد سے 15 فیصد تک گئے۔ کمپنی نے بڑھتی ہوئی مالی لاگت کو کچھ کم کرنے کے لیے سستے قرضے کا استعمال کیا ہے۔ اس کے علاوہ، اسٹیٹ بینک آف پاکستان کی سستے قرضوں کی سہولیات نے مالیاتی لاگت پر تسلی بخش اثر ڈالا اس طرح زیر جائزہ سال کے لیے مالیاتی لاگت گزشتہ سال کے 406 ملین روپے کے مقابلے میں اس سال 676 ملین روپے رہی۔

## فی شیئر آمدنی (EPS)

گزشتہ سال کی بنیادی فی شیئر آمدنی 14.59 روپے کے مقابلے میں اس سال کے لیے 10.90 روپے رہی۔ زیر جائزہ مدت کے لیے فی شیئر آمدنی (EPS) پر کوئی تخفیفی اثر نہیں ہوا۔

سال کے دوران 26,463,302 بونس شیئرز جاری کیے گئے جو 30 جون 2021ء کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ 15 فیصد بونس کے اجراء کی نمائندگی کرتے ہیں اس طرح شیئرز کی تعداد بڑھ کر 202,885,316 ہو گئی۔ بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز کے مطابق فی شیئر آمدنی (EPS) کے حساب کے لیے بونس شیئرز کو شامل کیا گیا ہے۔

## قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت گزشتہ سال کے 6,000 ملین روپے کے مقابلے میں اس سال 8,500 ملین روپے تک بڑھ گئی۔

گزشتہ سال کے قبل از ٹیکس منافع (PBT) 4,246 ملین روپے اور بعد از ٹیکس 2,959 ملین روپے کے مقابلے میں اس سال 3,257 اور بعد از ٹیکس منافع 2,212 ملین روپے رہا۔ جبکہ تمام تر مشکلات کے باوجود بھی نتائج زیر جائزہ سال کے دوران مستحکم رہے۔

## تخصیص (Appropriation)

سال کے دوران کی گئی تخصیصات کا خلاصہ درج ذیل ہے:

ملین روپے	
2,169.18	سال کے لیے مجموعی جامع آمدنی
3,389.22	گزشتہ غیر مختص شدہ منافع
<u>5,558.40</u>	تخصیص کے لیے دستیاب رقم
	ذخائر (Reserves) کے لیے تخصیص
(3,000.00)	عام ذخیرے کو منتقلی
	مالکان کے ساتھ لین دین
(264.63)	مالی سال 2021ء کے لیے حتمی کیش ڈیویڈنڈ بحساب فی شیئر 1.50 روپے
<u>(3,264.63)</u>	مجموعی تخصیص
<u>2,293.77</u>	موجودہ بیلنس

مالی سال 2021-22 کے لیے ڈائریکٹرز کی جانب سے بونس شیئرز کا اجراء کیپیٹل ریڈیمیٹیشن سے مختص کیا جائے گا۔ ڈائریکٹرز ہر دس (10) شیئرز (یعنی 10 فیصد) کے لیے ایک (1) شیئر کے تناسب سے 202.885 ملین روپے کے بونس شیئرز جاری کرنے کی تجویز دیتے ہیں۔ ممکنہ مالی ضروریات اور کاروباری منصوبہ بندی کے باعث سال کے لیے کسی کیش ڈیویڈنڈ کا اعلان نہیں کیا گیا۔ ڈائریکٹرز نے گزشتہ سال کے 3,000 ملین روپے کے مقابلے میں اس سال 2,000 ملین روپے کے غیر مختص شدہ منافع سے جنرل ریزرو میں منتقلی کی تجویز بھی پیش کی ہے جبکہ مجوزہ منتقلی کے بعد جنرل ریزرو بیلنس بڑھ کر 6,800 ملین روپے ہو جائے گا۔

# ڈائریکٹرز رپورٹ

مندرجہ بالا بیان کردہ مسائل کے باوجود، آپ کی کمپنی نے پیداواری حجم کو گزشتہ سال کے 252,038 میٹرک ٹن کے مقابلے میں 255,102 میٹرک ٹن تک بڑھانے میں کامیابی حاصل کی۔ اسی طرح زیر جائزہ سال کے دوران فروخت کا حجم گزشتہ سال کے 232,051 میٹرک ٹن مقابلے میں 242,293 میٹرک ٹن تک بڑھ گیا ہے۔ قدر کے لحاظ سے آپ کی کمپنی کی خالص فروخت گزشتہ سال کے 28.66 بلین روپے کے مقابلے میں 39 بلین روپے تک ہو گئی ہے۔

## مالیاتی کارکردگی کا تجزیہ

مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

فرق %	ملین روپے		
	2021	2022	
36	28,660	39,000	سیلز
(49)	(22,965)	(34,027)	سیلز کی لاگت
(13)	5,695	4,973	کل منافع
(0.2)	(1,225)	(1,227)	انتظامی، فروخت اور دیگر مدوں میں اخراجات
3	182	187	دیگر آمدن
(16)	4,652	3,933	آپریٹنگ منافع
(66)	(406)	(676)	مالیاتی اخراجات
(23)	4,246	3,257	خالص قبل از ٹیکس منافع
19	(1,287)	(1,045)	ٹیکس
(25)	2,959	2,212	خالص بعد از ٹیکس منافع
(25)	14.59	10.90	آمدنی فی شیئر - روپے

فروخت کی شرح فیصد کے طور پر مجموعی منافع گزشتہ سال کے 19.87 فیصد کے مقابلے میں 12.75 فیصد رہا۔ فروخت کی لاگت میں گزشتہ سال کے مقابلے میں 49 فیصد کا اضافہ دیکھنے میں آیا جبکہ نیٹ سیلز میں 36 فیصد اضافہ ہوا ہے۔ مارکیٹ کے حالات کو دیکھتے ہوئے فروخت کی قیمتوں میں ضروری ایڈجسٹمنٹ کی گئیں، جبکہ ایندھن کی قیمتوں میں غیر معمولی اضافے کے باعث مارکیٹ شیئر کو برقرار اور مستحکم رکھنے کے لیے لاگت کے تمام اثرات کو منتقل نہیں کیا جا سکا۔

نتیجتاً، موجودہ سال کا آپریٹنگ منافع (EBIT) 3,933 ملین روپے (سیلز کا 10.03% فیصد) رہا جبکہ 2021ء میں یہ 4,652 ملین روپے (سیلز کا 16.23% فیصد) تھا۔ ورکنگ کیپیٹل میں بڑے اضافے کے ساتھ شرح سود میں بتدریج اضافے کے مشترکہ اثرات کی وجہ سے مالیاتی لاگت گزشتہ سال کے 406 ملین روپے سے 62 فیصد بڑھ کر رواں سال 676 ملین روپے ہو گئی ہے۔

# ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کی طرف سے 30 جون 2022ء کو ختم ہونے والے سال کے لیے سینچری پیپر اینڈ بورڈ ملز لمیٹڈ (CPBM) کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

## کاروباری کارکردگی کا جائزہ

معاشی نمو گزشتہ مالی سال (2020-21) کی 5.74 فیصد کی نسبت 5.97 فیصد تک مستحکم ہوئی۔ جس کی بنیادی وجہ 7.2 فیصد (گزشتہ سال کے 7.8 فیصد) کی صنعتی نمو جو کہ گزشتہ سال کے 3.5 فیصد کے مقابلے میں 4.40 فیصد ہے اور ساتھ ساتھ زراعت اور خدمات کے شعبے میں نمایاں کارکردگی بھی شامل ہے۔ بڑے پیمانے پر مینوفیکچرنگ سیکٹر نے گزشتہ سال کے 4.2 فیصد کے مقابلے میں 10.4 فیصد کی متاثر کن نمو دکھائی، بہتر معاشی سرگرمی نے مارکیٹ سائز اور پیپر بورڈ مصنوعات کی مقامی پیداوار پر مثبت اثر ڈالا۔ سال بھر کے دوران پیکیجنگ بورڈز کی مانگ مستحکم رہی اور پرنٹنگ پیپرز کی کھپت میں بھی متاثر کن بحالی دیکھنے میں آئی ہے۔

تاہم، بیرونی عوامل جیسے عالمی اجناس کی بڑھتی ہوئی قیمتیں اور روس-یوکرین تنازع کے باعث سپلائی سائڈ پر بڑھنے والے بوجھ نے سال کے دوران کرنٹ اکاؤنٹ خسارے پر دباؤ ڈالا ہے جس کے نتیجے میں پاکستانی روپے کی قدر میں کمی کے ساتھ ساتھ افراط زر میں بھی اضافہ ہوا ہے۔ معیشت کے عدم توازن سے نمٹنے کے لیے، سال کے دوران بجلی اور ایندھن کے نرخ اور SBP کی پالیسی ریٹ میں اضافہ کیا گیا۔

ان عوامل نے نہ صرف سال کے دوران خام مال اور ایندھن کی اشیاء کی قیمتوں میں نمایاں اضافہ کیا بلکہ دونوں اشیاء کی دستیابی بھی ایک حقیقی چیلنج بن گئی۔ اس چیلنج سے نمٹنے کے لیے، کمپنی نے متبادل چینلز بنائے، خاص طور پر درآمدی کونلے اور درآمد شدہ خام مال کے ذخیرے کو برقرار رکھا تاکہ بلا تعطل آپریشنز کو یقینی بنایا جاسکے۔ اجناس کی قیمتوں کی بلند سطح کے ساتھ ساتھ کرنسی کی قدر میں کمی اور افراط زر میں اضافے نے کمپنی کی مصنوعات کی لاگت کو کافی حد تک بڑھا دیا۔ نتیجتاً، کمپنی کو قیمتوں میں اضافے کے اثرات کو کم کرنے کے لیے پروڈکٹ کس میں تبدیلیوں کے ساتھ ساتھ قیمتوں میں ضروری ایڈجسٹمنٹ کا سہارا بھی لینا پڑا۔

مزید برآں، آپ کی کمپنی نے حکومت کی طرف سے پیش کردہ TERF سہولت کا استعمال کرتے ہوئے گزشتہ سال بی ایم آر (BMR) کے کچھ منصوبے شروع کیے تھے۔ ان میں سے زیادہ تر بی ایم آر (BMR) منصوبے مکمل ہو چکے ہیں اور کچھ ابھی تک زیر تکمیل ہیں۔ سال کے دوران ان میں سے چند بی ایم آر (BMR) پروجیکٹس پر کام کرنے کے لیے عارضی طور پر مشینیں بند رہیں۔ جبکہ تمام بی ایم آر (BMR) منصوبوں کی تکمیل کے بعد 10 فیصد تک اضافی صلاحیت دستیاب ہوگی۔

# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019  
For the Year Ended June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is seven as per the following.

**Male:** Six (6)  
**Female:** One (1)

2. The composition of the Board is as follows.

<b>Independent Directors</b>	Mr. Ali Aamir Mr. Asif Qadir
<b>Other Non-Executive Directors</b>	Mr. Iqbal Ali Lakhani – Chairman Mr. Amin Mohammed Lakhani Mr. Babar Ali Lakhani Ms. Anushka Lakhani
<b>Executive Director</b>	Mr. Aftab Ahmad
<b>Female Director</b>	Ms. Anushka Lakhani

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. 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.
5. The Board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or update is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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 the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company have completed or are exempted from the requirement of the Directors' Training program.
10. The Board has approved the appointment of Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

<b>Audit Committee</b>	Mr. Ali Aamir – Chairman Mr. Amin Mohammed Lakhani – Member Mr. Babar Ali Lakhani – Member
<b>HR and Remuneration Committee</b>	Mr. Asif Qadir – Chairman Mr. Amin Mohammad Lakhani – Member Ms. Anushka Lakhani - Member Mr. Aftab Ahmad – Member

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
14. The frequency of meetings of the committees was as per following:
  - a. Audit Committee 4 quarterly meetings
  - b. HR and Remuneration Committee 2 meetings
15. The board has set up an effective internal audit function comprising personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. 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 and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan 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.
17. 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.
18. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.
19. We confirm that the Company has complied with respect to all the material requirements of the Regulations.



**Iqbal Ali Lakhani**  
Chairman



**Aftab Ahmad**  
Chief Executive Officer

Karachi: August 04, 2022



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED 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 Century Paper & Board Mills Limited for the year ended June 30, 2022 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 June 30, 2022.

KARACHI  
DATED: August 04, 2022  
UDIN: CR2022101708Rto7Zxrv

  
**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Qasim E. Causer

# Financial Statements

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED**

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

#### **Opinion**

We have audited the annexed financial statements of CENTURY PAPER & BOARD MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2022, statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 June 30, 2022 and of the profit and other comprehensive income, its cash flows and the changes in equity 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.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Capital expenditures</b></p> <p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2022. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed by the Company, and the useful economic lives assigned by management are appropriate. For these reasons we considered it to be a key audit matter.</p> <p>Refer to notes 6 and 7 to the financial statements.</p>	<p>Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized including borrowing cost satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience, including assessing the level of fully depreciated assets held by the Company.</p> <p>We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.</p> <p>We visited the sites where significant capital projects are ongoing to understand the nature of the projects.</p> <p>The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>
2.	<p><b>Contingencies</b></p> <p>As disclosed in note 16.1, 16.2, 16.3, 16.4 and 29.1 to the annexed financial statements. The Company has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p>	<p>We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others:</p> <ul style="list-style-type: none"> <li>• We followed the progress of each case and the Company's estimate of the cost to be incurred;</li> <li>• We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates;</li> <li>• We considered the impact on future case costs from changes arising in the regulatory environment;</li> </ul>

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year.</li> <li>• Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements; and.</li> <li>• Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable.</li> </ul>
<b>3.</b>	<p><b>Control environment relating to the financial reporting process and related IT systems</b></p> <p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.</p>

### Information Other than the Financial Statements and Auditor's 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 auditor's 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 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:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Qasim E. Causer.

KARACHI  
DATED: August 04, 2022  
UDIN: AR202210170y5txQE8Cc



**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Qasim E. Causer

# STATEMENT OF FINANCIAL POSITION


As at June 30, 2022

	Note	2022 (Rupees in thousands)	Restated 2021
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	6	8,431,821	8,702,205
Capital work in progress	7	2,772,027	1,244,059
		<u>11,203,848</u>	<u>9,946,264</u>
Intangible assets	8	17,413	9,046
Long-term advances	9	20,879	1,841
Long-term deposits		7,881	7,291
		<u>11,250,021</u>	<u>9,964,442</u>
<b>CURRENT ASSETS</b>			
Stores and spares	10	3,467,063	2,208,603
Stock-in-trade	11	8,400,202	5,188,539
Trade debts	12	4,560,936	3,259,021
Advances	13	239,587	177,642
Trade deposits and short term prepayments	14	20,412	14,150
Other receivables	15	415	5,664
Tax refunds due from Government	16	97,591	96,991
Cash and bank balances	18	759,729	492,503
		<u>17,545,935</u>	<u>11,443,113</u>
		<u>28,795,956</u>	<u>21,407,555</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
410,000,000 (2021: 410,000,000) ordinary shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital	19	2,028,854	1,764,221
Reserves	20	10,197,608	8,557,694
		<u>12,226,462</u>	<u>10,321,915</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	21	2,036,774	2,520,149
Lease liabilities	22	37,209	48,251
Deferred taxation	23	976,531	1,094,964
Deferred capital grant	24	325,905	178,920
GIDC payable	25	-	38,494
		<u>3,376,419</u>	<u>3,880,778</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	4,912,842	4,022,723
Interest and mark-up accrued	27	185,207	33,221
Short-term borrowings	28	7,512,902	2,178,244
Taxation - net	17	39,774	386,732
Un-claimed dividend		1,753	1,607
Current portion of long-term lease liabilities	22	11,042	8,723
Current portion of deferred capital grant		114,862	68,664
Current portion of long-term financing	21	414,693	504,948
		<u>13,193,075</u>	<u>7,204,862</u>
		<u>28,795,956</u>	<u>21,407,555</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	29		

The annexed notes from 1 to 53 form an integral part of these financial statements.

  
Iqbal Ali Lakhani  
Chairman / Director

  
Aftab Ahmad  
Chief Executive Officer

  
Muhammad Rashid Dastagir  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
Turnover - net	30	39,000,247	28,659,905
Cost of sales	31	<u>(34,027,277)</u>	<u>(22,964,541)</u>
<b>Gross profit</b>		<b>4,972,970</b>	5,695,364
General and administrative expenses	32	(706,552)	(596,674)
Selling and distribution expenses	33	(240,254)	(210,447)
Other operating expenses	34	(280,502)	(418,396)
Other income	35	187,393	182,425
<b>Operating profit</b>		<b>3,933,055</b>	4,652,272
Finance cost	36	(676,315)	(405,983)
<b>Net profit before taxation</b>		<b>3,256,740</b>	4,246,289
Taxation	37	(1,044,819)	(1,286,628)
<b>Net profit for the year</b>		<b>2,211,921</b>	2,959,661
			Restated
Earnings per share - basic and diluted (Rupees)	38	<u>10.90</u>	<u>14.59</u>

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 53 form an integral part of these financial statements.



Iqbal Ali Lakhani  
Chairman / Director



Aftab Ahmad  
Chief Executive Officer



Muhammad Rashid Dastagir  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
Note	(Rupees in thousands)	
Net profit for the year	<b>2,211,921</b>	2,959,661
<b>Other comprehensive (loss) / income for the year</b>		
Items that will not be reclassified to statement of profit or loss subsequently		
(Loss) / gain on remeasurement of defined benefit liability	39.9 <b>(60,198)</b>	715
Tax impact	<b>17,457</b>	(207)
	<b>(42,741)</b>	508
Total comprehensive income for the year	<b>2,169,180</b>	2,960,169

The annexed notes from 1 to 53 form an integral part of these financial statements.



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Chairman / Director



Aftab Ahmad  
Chief Executive Officer



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Chief Financial Officer

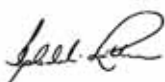


# STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	41	443,563	4,614,494
Finance cost paid		(487,789)	(413,080)
Taxes paid		(1,493,353)	(716,577)
Gratuity paid		(57,087)	(52,132)
Workers' Profit Participation Fund paid		(229,057)	(115,775)
GIDC payable		(38,494)	(266,104)
Long-term advances - net		(19,038)	9,522
Long-term deposits		(590)	(122)
Net cash (used in) / generated from operating activities		<b>(1,881,845)</b>	3,060,226
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,539,387)	(1,573,569)
Proceeds from sale of operating fixed assets		7,452	30,947
Proceeds from insurance claim of operating assets		-	31,720
Net cash used in investing activities		<b>(2,531,935)</b>	(1,510,902)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing from associated companies		(1,325,000)	(200,000)
Proceeds from long-term financing from banking companies		1,465,499	1,388,149
Repayment of long-term financing from banking companies		(520,941)	(816,872)
Principal paid on lease liabilities		(8,723)	(6,208)
Dividend paid on ordinary shares		(264,487)	(220,528)
Net cash (used in) / generated from financing activities		<b>(653,652)</b>	144,541
Net (decrease) / increase in cash and cash equivalents		<b>(5,067,432)</b>	1,693,865
Cash and cash equivalents at the beginning of the year		<b>(1,685,741)</b>	(3,379,606)
Cash and cash equivalents at the end of the year		<b>(6,753,173)</b>	(1,685,741)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	759,729	492,503
Short-term borrowings	28	(7,512,902)	(2,178,244)
		<b>(6,753,173)</b>	(1,685,741)

The annexed notes from 1 to 53 form an integral part of these financial statements.



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Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Reserves							Total		
	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserves		Sub total			
		Share premium	Merger reserve	Redemption reserve	Total	General reserve			Unappropriated profit	Total
<b>Balance as at July 01, 2020</b>	1,470,184	1,822,122	7,925	1,832,468	3,662,515	800,000	1,649,575	2,449,575	6,112,090	7,582,274
<b>Appropriation of reserves</b>	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	2,959,661	2,959,661	2,959,661	2,959,661
Gain on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	508	508	508	508
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-
29,403,669 bonus shares issued in the proportion of one (1) for every five (5) shares held	294,037	-	-	(294,037)	(294,037)	-	-	-	(294,037)	-
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
	294,037	-	-	(294,037)	(294,037)	-	(220,528)	(220,528)	(514,565)	(220,528)
<b>Balance as at June 30, 2021</b>	1,764,221	1,822,122	7,925	1,538,431	3,368,478	1,800,000	3,389,216	5,189,216	8,557,694	10,321,915
<b>Appropriation of reserves</b>	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	2,211,921	2,211,921	2,211,921	2,211,921
Loss on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(42,741)	(42,741)	(42,741)	(42,741)
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-
26,463,302 bonus shares issued in the proportion of three (3) shares for every twenty (20) shares held	264,633	-	-	(264,633)	(264,633)	-	-	-	(264,633)	-
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	(264,633)	(264,633)	(264,633)	(264,633)
	264,633	-	-	(264,633)	(264,633)	-	(264,633)	(264,633)	(529,266)	(264,633)
<b>Balance as at June 30, 2022</b>	2,028,854	1,822,122	7,925	1,273,798	3,103,845	4,800,000	2,293,763	7,093,763	10,197,608	12,226,462

The annexed notes from 1 to 53 form an integral part of these financial statements.



Iqbal Ali Lakhani  
Chairman / Director



Aftab Ahmad  
Chief Executive Officer



Muhammad Rashid Dastagir  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 1 STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited (“the Company”) was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 (now Companies Act 2017) and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mills (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

### 3.3 Use of estimates and judgements:

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.28.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 3.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

## 4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

### 4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

### 4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations 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.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Amendments to IAS 16 'Property, Plant and Equipment'  
- Proceeds before intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and  
Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

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

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

## 5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 5.1 Property, plant and equipment

#### a) Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs (refer note 5.12) and exchange differences recognized, for the acquisition of property, plant and equipment up to the commencement of commercial production. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs are included in an 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. The carrying amount of the replaced part is derecognized, if any. The cost of the day to day servicing of property, plant and equipment are recognized in statement of profit or loss during the financial year in which they are incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The spare parts, stand-by equipments and servicing equipments are capitalized as an asset when they meet the definition of property, plant and equipment.

Depreciation on operating fixed assets other than land is provided on a straight line basis and charged to profit or loss to write off the depreciable amount of each asset over its estimated useful life. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 6, are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The assets' residual values, depreciation method and useful lives of each part of property, plant and equipment are reviewed at each financial year end, and any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charges, if impact on depreciation is significant.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the statement of profit or loss.

## b) Capital work-in-progress

Capital work-in-progress and stores held for capital expenditures are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

## 5.2 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the Company. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Amortization is provided on a straight line basis at the rates disclosed in note 8 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets. Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

## 5.3 Impairment of non-financial assets

The carrying values of non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment and when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash or cash-generating units are tested for impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

## 5.4 Leases

### a) Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

### b) Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## 5.5 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence periodically on the basis of ageing analysis prepared on an item-by-item basis.

## 5.6 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realizable value. Cost of raw material is determined by using the monthly weighted average method.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

Work-in-process and finished goods consist of the direct materials costs, fuel and power cost and an appropriate proportion of manufacturing overheads including labour cost, depreciation and maintenance etc.

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

## 5.7 Trade debts

Trade debts are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 5.8 Trade deposits and other receivables

Trade deposits and other receivables are recognized at cost, which is the fair value of the consideration given. Based on historical experience and available securities, the Company assesses the expected credit loss associated with these financial assets and if it is significant, the Company applies the IFRS 9 simplified approach to measure the expected credit losses.

## 5.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is also recognized in other comprehensive income or directly in equity respectively.

### a) Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### b) Deferred

Deferred tax is accounted for using the Balance Sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the statement of financial position date and are expected to apply to the periods when the differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

- c) The Company takes into account decisions taken by the taxation authorities. For instance where the Company's view differs from the income tax department at the assessment stage, the disputed amounts are shown as contingent liabilities.

## 5.10 Deferred Capital Grant

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant as a separate line item in statement of financial position. Subsequently, the grant is recognized in the statement of profit or loss as other income, on a systematic basis over the periods in which the related finance cost for which the grant is intended to compensate is incurred.

## 5.11 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

## 5.12 Borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowing cost are subsequently carried at amortised cost. Any difference between the proceeds received (net of transaction cost) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Finance cost are accounted for on accrual basis and are shown as interest and markup is accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 5.13 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

## 5.14 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provision are not recognised for future operating losses. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

## 5.15 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability and where the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statement.

## 5.16 Financial instruments

### 5.16.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through statement of profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

#### Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through statement of profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### 5.16.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

### 5.16.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

### 5.16.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

### 5.17 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 a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

### 5.18 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to statement of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 5.19 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and translation thereof at year-end exchange rates are recognized in the statement of profit or loss.

## 5.20 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme, compensated absences and medical benefits for eligible employees.

### 5.20.1 Staff retirement benefits

#### a) Defined benefit plan (Gratuity Fund)

The Company has a gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Gratuity Fund is maintained by a trust created and duly approved. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2022 using the projected unit credit method (refer note 39). The remeasurement gains/losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the statement of profit or loss.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

#### b) Defined contribution plan (Provident Fund)

The Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 10% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the statement of profit or loss. Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.

### 5.20.2 Compensated absences

The Company accounts for compensated absences of its employees on the basis of unavailed earned leaves balance of each employee that accumulated up to three years at the statement of financial position date. The related expected cost thereof has been charged to statement of profit or loss.

### 5.20.3 Medical benefits

The Company maintains a health insurance policy for its entitled employees and their respective spouses. The Company contributes premium to the policy annually. Such premium is recognised as an expense in the statement of profit or loss in the period to which it relates.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 5.21 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

### Revenue from contracts with customers

#### Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

#### Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

#### Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

#### Others

- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- All other income is recognized on accrual basis.

## 5.22 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cheques in hand and balances with banks. Short-term borrowing facilities which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

## 5.23 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity.

## 5.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 5.25 Dividend and appropriation to reserves

Dividend is recognised as a liability in the period in which it is declared and approved by the Company's shareholders at the Annual General Meeting, while final / interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

## 5.26 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

## 5.27 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

## 5.28 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The management has exercised judgment in applying the Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 5.20, note 39 and 40) that have the most significant effects on the amounts recognized in the financial statements.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

### a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 5.9 of these financial statements.

### b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 39 to these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

### c) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in statement of profit or loss as provision / reversal.

## 5.29 Change in accounting policy

During the year, the Company has changed its accounting policy in respect of Islamic / Temporary Economic Refinance Facility (I/TERF), which were previously recorded at book value. These are now being carried at fair value in line with ICAP's opinion on Accounting Treatment of SBP's Temporary Economic Refinance Facility which states that loan obtained under the TERF scheme by a borrower from Participating Financial Institutions (PFI) should be:

a) Initially recognized at its fair value in accordance with IFRS 9. The fair value of the loan would be the present value of loan proceeds received, discounted using prevailing market rate of mark-up for a similar instrument.

The benefit of below market mark-up should be accounted for as deferred grant in accordance with IAS 20.

b) In subsequent periods, the loan amount would be accredited using the effective interest method. The accreditation would increase the carrying value of the loan with a corresponding effect on the interest expense for the year in the statement of profit or loss. As per IFRS 9, the loan liability and related mark-up shall be derecognised when it is extinguished i.e. these amounts are paid off.

While, the grant should be recognised in statement of profit or loss or adjusted against carrying amount of property, plant and equipment (in case of capitalization of borrowing cost), in line with the recognition of interest expense that the grant is compensating in accordance with IAS 20.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', and the Company has presented three columnar statement of financial position along with restated amounts as required by the said standard. The Company has not presented three column statement of financial position as there is no change on the information at the beginning of the comparative period of change in accounting policy.

Effects of retrospective application of the change in accounting policy are as follows:

	As at 30 June, 2021		
	As previously reported	Restated Amount	Re-statement effect
	(Rupees in thousands)		
<b>Effect on statement of financial position</b>			
Long term financing	2,749,025	2,520,149	(228,876)
Deferred capital grant	2,650	178,920	176,270
Current portion of deferred government grant	16,058	68,664	52,606

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 6 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land (note 6.1)	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 6.2 & 6.3)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Right of use asset	Total
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(Rupees in thousands)

### Year ended June 30, 2022

#### Net carrying value basis

Opening net book value (NBV)	282,570	1,685,823	4,492	6,454,769	7,226	172,766	25,383	18,703	50,472	8,702,204
Additions (at cost) (refer note 6.4)	165,351	29,824	-	513,922	1,236	48,121	15,157	30,707	-	804,317
Disposals (NBV)	-	-	-	-	-	(3,427)	-	-	-	(3,427)
Depreciation charge	-	(96,300)	(2,344)	(900,822)	(1,905)	(32,174)	(9,088)	(17,382)	(11,259)	(1,071,273)
Closing net book value (refer note 6.5)	447,921	1,619,347	2,148	6,067,869	6,557	185,286	31,452	32,028	39,213	8,431,821

#### Gross carrying value basis

Cost	447,921	2,595,332	18,714	18,271,288	29,667	292,804	90,916	164,846	65,246	21,976,734
Accumulated depreciation / impairment	-	(975,985)	(16,566)	(12,203,419)	(23,110)	(107,518)	(59,464)	(132,818)	(26,033)	(13,544,913)
Net book value	447,921	1,619,347	2,148	6,067,869	6,557	185,286	31,452	32,028	39,213	8,431,821

### Year ended June 30, 2021

#### Net carrying value basis

Opening net book value (NBV)	281,529	1,756,982	6,836	6,921,078	2,817	137,457	18,966	15,343	20,787	9,161,795
Additions (at cost) (refer note 6.4)	1,040	32,882	-	489,260	6,057	79,332	14,136	14,181	39,838	676,728
Disposals (NBV)	-	(9,536)	-	-	-	(17,897)	-	-	-	(27,433)
Depreciation charge	-	(94,505)	(2,344)	(955,569)	(1,649)	(26,126)	(7,719)	(10,821)	(10,153)	(1,108,885)
Closing net book value (refer note 6.5)	282,570	1,685,823	4,492	6,454,769	7,226	172,766	25,383	18,703	50,472	8,702,205

#### Gross carrying value basis

Cost	282,570	2,565,509	18,714	17,757,747	28,431	255,535	75,852	134,139	65,246	21,183,743
Accumulated depreciation / impairment	-	(879,685)	(14,222)	(11,302,977)	(21,205)	(82,769)	(50,469)	(115,436)	(14,774)	(12,481,537)
Net book value	282,570	1,685,823	4,492	6,454,769	7,226	172,766	25,383	18,703	50,472	8,702,205

#### Depreciation rate % per annum

-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33	-	-
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- 6.1** This freehold land of 170.9 acre (2021: 158.5 acre) is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur.
- 6.2** Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2021: Rs. 16.87 million (written down value: Nil)] that installed outside the premises of the factory but which are under the possession and control of the Sui Northern Gas Pipelines Limited. However, the economic benefits associated with these assets are flowing to the Company.
- 6.3** Plant and machinery includes capital spares amounting to Rs. 286.16 million (written down value Rs. 50.15 million) [2021: Rs. 286.16 million (written down value Rs. 66.03 million)].
- 6.4** This includes transfer from capital work-in-progress amounting to Rs. 508.14 million (2021: Rs. 494.97 million).
- 6.5** The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs. 6,002 million and written down value is Rs. 9.99 million (2021: Rs. 5,491 million and written down value is Rs. 6.92 million).



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>6.6</b>	The depreciation charge for the year has been allocated as follows:		
Cost of sales	31	1,009,515	1,063,202
General and administrative expenses	32	58,212	41,838
Selling and distribution expenses	33	3,546	3,845
		<u>1,071,273</u>	<u>1,108,885</u>

**6.7** The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
(Rupees in thousands)						
<b>Plant and Machinery</b>						
Items having book value upto						
Rs. five hundred thousand	380	380	-	650	Scrap	Muhammad Laraib
<b>Vehicle</b>						
Items having book value upto						
Rs. five hundred thousand	10,852	7,425	3,427	6,794	Various	Various (Note 6.7.2)
<b>Electrical &amp; Other Equipments</b>						
Items having book value upto						
Rs. five hundred thousand	92	92	-	8		Various
<b>Total - 2022</b>	<u>11,324</u>	<u>7,897</u>	<u>3,427</u>	<u>7,452</u>		
Total - 2021	105,094	77,661	27,433	62,667		

**6.7.1** Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

**6.7.2** The vehicles were transferred to employees at maturity of the Company car scheme.

	Note	2022 (Rupees in thousands)	2021
<b>7</b>	<b>CAPITAL WORK-IN-PROGRESS</b>		
This comprises of:			
Building		55,073	13,695
Plant and machinery	7.3	2,716,954	1,230,364
		<u>2,772,027</u>	<u>1,244,059</u>

**7.1** Movement of carrying amount

Note	Building	Plant and machinery	Total
(Rupees in thousands)			
<b>Year ended June 30, 2022</b>			
	13,695	1,230,364	1,244,059
Opening balance			
Additions (at cost)	52,352	1,983,758	2,036,110
Transferred to operating fixed assets	(10,974)	(497,168)	(508,142)
Closing balance	<u>55,073</u>	<u>2,716,954</u>	<u>2,772,027</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	Building	Plant and machinery	Total
(Rupees in thousands)				
<b>Year ended June 30, 2021</b>				
Opening balance		-	128,397	128,397
Additions (at cost)	7.2	46,577	1,564,061	1,610,638
Transferred to operating fixed assets		(32,882)	(462,094)	(494,976)
Closing balance		13,695	1,230,364	1,244,059

**7.2** This includes borrowing costs capitalized in plant and machinery amounting to Rs. 52.42 million (2021: Rs. 8.25 million). The effective interest rate used to determine the amount of borrowing cost was 2.64% (2021: 2.20%).

**7.3** This includes advances to supplier amounting to Rs. 50.20 million (2021: Rs. 22.43 million).

	Note	2022	2021
(Rupees in thousands)			
<b>8 INTANGIBLE ASSETS</b>			
Intangible assets	8.1	16,999	9,046
Software under development		414	-
		<u>17,413</u>	<u>9,046</u>

## 8.1 Net carrying value basis

Opening net book value		9,046	11,829
Additions (at cost)		11,915	580
Amortization charge	32	(3,962)	(3,363)
Closing net book value		<u>16,999</u>	<u>9,046</u>

## Gross carrying value basis

Cost		90,696	78,781
Accumulated amortization		(73,697)	(69,735)
Net book value		<u>16,999</u>	<u>9,046</u>

**Amortization rate % per annum** 20 – 33.33 20 – 33.33

## 9 LONG-TERM ADVANCES

(Unsecured - considered good)			
Long-term advance to supplier	9.1	<u>20,879</u>	<u>1,841</u>

**9.1** This represents advances to suppliers against purchase of vehicles in the normal course of business and does not carry any interest or mark-up.

**9.2** Chief Executive Officer and Directors have not taken any loans and advances from the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>10 STORES AND SPARES</b>			
In hand			
Stores		1,122,051	919,893
Spares		666,602	555,525
Fuel		1,466,750	239,461
		<u>3,255,403</u>	<u>1,714,879</u>
In transit			
Spares		270,470	58,669
Coal		-	493,865
		<u>270,470</u>	<u>552,534</u>
Provision for slow moving stores and spares	10.1	(58,810)	(58,810)
	10.2	<u>3,467,063</u>	<u>2,208,603</u>
<b>10.1 Provision for slow moving stores and spares</b>			
Balance at the beginning of the year		58,810	52,810
Provision recognized during the year	31	-	6,000
Balance at the end of the year		<u>58,810</u>	<u>58,810</u>

Provision for slow moving and obsolete stock, and any reversal of provision, is included in cost of sales.

**10.2** Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2022 (Rupees in thousands)	2021
<b>11 STOCK-IN-TRADE</b>			
Raw materials			
in hand		4,221,148	2,653,483
in transit		2,639,889	1,484,035
		<u>6,861,037</u>	<u>4,137,518</u>
Work-in-process		206,536	127,238
Finished goods		1,332,629	923,783
		<u>8,400,202</u>	<u>5,188,539</u>
<b>12 TRADE DEBTS</b>			
(Unsecured - considered good)			
Due from associated undertakings	12.1	800,554	505,086
Others		3,797,791	2,789,034
		<u>4,598,345</u>	<u>3,294,120</u>
Provision for expected credit losses	12.3	(37,409)	(35,099)
	12.4	<u>4,560,936</u>	<u>3,259,021</u>
<b>12.1</b> This comprises of amounts receivable from:			
Merit Packaging Limited		757,760	491,024
Colgate-Palmolive (Pakistan) Limited		42,794	14,062
	12.2.1	<u>800,554</u>	<u>505,086</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousands)	
<b>12.2.1</b> The aging of related party balances at the statement of financial position date is as follows:		
Not past due	446,443	446,443
Past due 1-30 days	354,111	58,643
	<u>800,554</u>	<u>505,086</u>

**12.2** The maximum amount due from related parties at the end of any month during the year was Rs. 847.93 million (2021: Rs. 605.67 million).

**12.3** This credit losses have been provided in accordance with the ECL model under IFRS 9. The movement in provision during the year are as follows:

	2022	2021
	(Rupees in thousands)	
	Note	
Opening balance	35,099	-
Charge during the year	34 2,310	35,099
Closing balance	<u>37,409</u>	<u>35,099</u>

**12.4** These are in the normal course of business and are interest free.

## 13 ADVANCES

Advances			
to employees	13.1	2,068	1,205
to suppliers	13.2	237,519	176,437
	13.3	<u>239,587</u>	<u>177,642</u>

**13.1** This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

**13.2** This represents advances paid to suppliers in the normal course of business against goods and services to be received in future and it does not carry any interest or mark-up.

**13.3** Chief Executive Officer and Directors have not taken any loans and advances from the Company.

	2022	2021	
	(Rupees in thousands)		
<b>14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>	Note		
Deposits	14.1	4,480	3,271
Prepayments	14.2	15,932	10,879
		<u>20,412</u>	<u>14,150</u>

**14.1** This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

**14.2** This includes prepaid insurance premium of Rs. 15.02 million (2021: Rs. 10 million) to M/s Century Insurance Company limited, an associated undertaking.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

15 OTHER RECEIVABLES	Note	2022 (Rupees in thousands)	2021
(Unsecured - considered good)			
Due from associated undertakings	15.1 & 15.2	<u>415</u>	<u>5,664</u>
<b>15.1</b> This comprises of amounts receivable from:			
Century Insurance Company Limited		117	-
Cyber Internet Services (Private) Limited		298	-
Merit Packaging Limited		-	5,534
Colgate Palmolive (Pakistan) Limited		-	130
		<u>415</u>	<u>5,664</u>
<b>15.2</b> The aging of related party balances at the statement of financial position date is as follows:			
Not past due		<u>415</u>	<u>5,664</u>
<b>15.3</b> The maximum amount due from related parties at the end of any month during the year was Rs. 7.64 million (2021: Rs. 16.26 million).			
<b>15.4</b> These are in the normal course of business and are interest free.			

16 TAX REFUNDS DUE FROM GOVERNMENT	Note	2022 (Rupees in thousands)	2021
Income tax	16.1, 16.2 & 16.3	81,528	80,928
Sales tax	16.4	16,063	16,063
		<u>97,591</u>	<u>96,991</u>

**16.1** The above figure includes tax refund for tax years 2018 of Rs. 215.40 million and leftover refunds for the tax year 2009 to 2017 of Rs. 25.35 million, respectively. Moreover, tax payable for the tax year 2019 and 2020 as per assessment orders aggregating to Rs. 159.83 million, respectively is netted off with above tax refund. Year wise status of assessment is as follows:-

(a) For the tax year 2018, a refund of Rs. 215.40 million was claimed in the Income Tax return filed by the Company. In his order dated March 4, 2019 The Additional Commissioner of (Audit) Inland Revenue - LTU has determined the net tax payable of Rs. 67.74 million by disallowing the adjustment of minimum tax of Rs. 214.93 million for previous years and certain other expenses. The Company has paid the tax demand of Rs. 67.74 million. As a matter of prudence, Company accounted for prior year tax of Rs. 63.26 million in the financial statements.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

(b) For the tax year 2019, a refund of Rs. 364.92 million was claimed in the Income Tax return filed by the Company. In his order dated February 19, 2020, the Additional Commissioner of (Audit) Inland Revenue - LTU determined the net tax payable of Rs. 13.78 million by disallowing the adjustment of previous years' minimum tax of Rs. 293.11 million and added-back GIDC charges of prior years' amounting to Rs. 207 million and certain other expenses. The Company has paid the tax demand of Rs. 13.78 million.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and the Commissioner Inland Revenue (Appeals) in the order upheld the disallowances of minimum tax and add back of GIDC charge made by the Additional Commissioner. The Company has filed an appeal before ATIR against the order of Commissioner Appeals. However, as a matter of prudence, Company accounted for prior year tax of Rs. 34.74 million in the financial statements. Resultantly, net tax payable of Rs. 0.28 million is appearing as at balance sheet date in the financial statements.

The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

- (c) For the tax year 2020, a refund of Rs. 16.31 million was claimed in the Income Tax return filed by the Company. In his order dated March 31, 2021, Additional Commissioner of (Audit) Inland Revenue - LTU determined the net tax payable of Rs. 233.96 million by disallowing the adjustment of previous years' minimum tax /Alternative Corporate Tax of Rs. 137.82 million and added-back GIDC charges of prior years' of Rs. 191 million along with certain other expenses.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and has paid Rs. 23.40 million along with appeal as required under the law. However, as a matter of prudence, Company accounted for prior year tax of Rs. 71.03 million in the financial statements. Resultantly, net tax payable of Rs.159.56 million is appearing as at balance sheet date in the financial statements.

The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

- (d) Moreover, Income tax authorities have made certain disallowances for expenses for tax years 2009, 2011 to 2017 which resulted in reduction of tax losses available to the Company for respective years.

For the Tax Year 2009, 2011, 2012 Appellate Tribunal Inland Revenue has passed the orders confirming partial disallowances and granting certain reliefs by remanding back the issue. For Tax Year 2012, the Company has filed a reference application before High Court of Sindh against the order of Appellate Tribunal Inland Revenue which is pending hearing.

For Tax Year 2015, the tax department's appeal is pending before Appellate Tribunal Inland Revenue in respect of issues decided in favor of the Company by Commissioner Inland Revenue (Appeals) and for Tax Year 2016, the Company's appeal is pending before Commissioner Inland Revenue (Appeals).

- 16.2 Company has aggregate adjustable prior year turnover tax / ACT of Rs. 645.86 million for the years 2013 to 2017. Company has adjusted the prior year taxes in income tax returns of the Company for the year 2018, 2019 and 2020 amounting to Rs. 214.93 million, Rs. 293.11 million and Rs. 137.82 million respectively. However, as above mentioned, adjustment of these turnover taxes were disallowed by the tax department in the assessments made for respective year based on an anomaly in the tax laws; the matter was under litigation at Supreme Court. Vide Finance Act 2021, the anomaly was removed by inserting an explanation in Section 113. In view of the above, management of the Company is of strong view that adjustment for all prior year taxes earlier disallowed will be allowed to the Company in the tax assessment of respective tax years which will create refund for Tax Year 2018 and Tax year 2019 and will reduce the tax demand for tax year 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

**16.3** The Commissioner Inland Revenue has determined tax liability of Rs. 6.00 million against show cause issued U/S 176 for Tax year 2020. Company has filed appeal against the Order before the Commissioner Appeal Inland Revenue by paying 10 % of tax demand. The Commissioner Appeal Inland Revenue remanded back the case. The management of the Company is hopeful that the case will be decided in favor of the Company.

**16.4** This includes Rs. 10.02 million paid against demand raised by Assistant Commissioner -IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for tax year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.

For the period July 2018 to September 2018, the demand of Rs. 6.04 million was raised by Assistant Commissioner - IR (Audit) by disallowing certain sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - I) retained the decision of the Assistant Commissioner - IR (Audit). The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner (appeals) in respect of which decision is pending.

The Company believes that the above cases will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

## 17 TAXATION - NET

**17.1** The income tax assessments proceedings of the Company are in process for tax year 2011, 2012, 2015, 2016, 2018, 2019, 2020 and 2021.

For the tax year 2021, Company filed income tax return by declaring tax liability of Rs 1,283.15 million. Subsequently, B 277 Additional Commissioner of (Audit) Inland Revenue – LTU, through his order dated under Section 122(5A), determined tax liability of Rs 1,289.15 million and the net tax payable of Rs. 6.43 million by disallowing certain expenses. Company has paid the tax demand and recorded prior year tax.

The Company has made adequate provisions in these financial statements for the year ended June 30, 2022 (Tax year 2022).

## 18 CASH AND BANK BALANCES

Cash at bank in current account  
Conventional mode  
Cheques in hand  
Cash in hand

	<b>2022</b>	2021
	(Rupees in thousands)	
	<b>329,768</b>	195,739
	<b>427,608</b>	293,252
	<b>2,353</b>	3,512
	<b>759,729</b>	492,503

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 19 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each			2022	2021
2022	2021		(Rupees in thousands)	
77,678,857	77,678,857	Fully paid in cash	776,790	776,790
99,409,472	72,946,170	Issued as fully paid bonus shares	994,095	729,462
25,089,437	25,089,437	Issued due to conversion of preference shares	250,894	250,894
707,550	707,550	Issued under scheme of amalgamation	7,075	7,075
<b>202,885,316</b>	<b>176,422,014</b>		<b>2,028,854</b>	<b>1,764,221</b>
<b>139,463,131</b>	<b>121,277,430</b>	Shares held by associated companies and related parties	<b>1,394,631</b>	<b>1,212,774</b>

**19.1** Percentage of shares held by Directors, Chief Executive Officer and their spouses as at June 30, 2022 is 0.08 (2021: 0.07).

**19.2** The Shareholders' rights and privileges are governed through Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.

	Note	2022	2021
		(Rupees in thousands)	
<b>20 RESERVES</b>			
Capital			
Share premium	20.1	1,822,122	1,822,122
Capital redemption reserve	20.2	1,273,798	1,538,431
Merger reserve	20.3	7,925	7,925
		<b>3,103,845</b>	<b>3,368,478</b>
Revenue			
General reserve		4,800,000	1,800,000
Un-appropriated profit		2,293,763	3,389,216
		<b>7,093,763</b>	<b>5,189,216</b>
		<b>10,197,608</b>	<b>8,557,694</b>

**20.1** This reserve can be utilized by the Company only for the purposes specified in Section 81(3) of the Companies Act, 2017.

**20.2** This represents reserve created for preference shares redeemed through cash to comply with Section 85(c) of the repealed Companies Ordinance, 1984.

**20.3** This represents amount created under scheme of arrangement for amalgamation of former Century Power Generation Limited, a subsidiary, with the Company.

**20.4** Movement of reserves have been reflected in the statement of changes in equity.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

21	LONG-TERM FINANCING	Note	2022 (Rupees in thousands)	Restated 2021
	From banking companies - secured			
	Utilized under mark-up arrangements financed by:			
	Islamic mode			
	Meezan Bank Limited - Musharaka - 1	21.1	-	37,500
	Faysal Bank Limited - Musharaka - 2	21.2	392,566	149,212
	Bank Islami Pakistan Limited	21.3	182,433	61,531
			<u>574,999</u>	<u>248,243</u>
	Conventional mode			
	Syndicated - Consortium of Banks - 1	21.4	-	75,000
	Syndicated - Consortium of Banks - 2	21.5	1,274,118	625,476
	Allied Bank Limited - Term loan - 1	21.6	152,557	194,773
	Allied Bank Limited - Term loan - 2	21.7	70,350	227,150
	Allied Bank Limited - Term loan - 3	21.8	102,062	295,430
	Habib Metropolitan Bank Limited	21.9	124,286	34,025
	JS Bank Limited	21.10	153,095	-
			<u>1,876,468</u>	<u>1,451,854</u>
			<u>2,451,467</u>	<u>1,700,097</u>
	From associated undertaking - unsecured			
	SIZA Commodities (Private) Limited - 1	21.11	-	550,000
	SIZA Commodities (Private) Limited - 2	21.12	-	100,000
	SIZA (Private) Limited	21.12	-	425,000
	SIZA Services (Private) Limited	21.12	-	250,000
			<u>-</u>	<u>1,325,000</u>
			<u>2,451,467</u>	<u>3,025,097</u>
	Current portion shown under current liabilities			
	Islamic mode		(50,000)	(37,500)
	Conventional mode		(364,693)	(467,448)
			<u>(414,693)</u>	<u>(504,948)</u>
			<u>2,036,774</u>	<u>2,520,149</u>

**21.1** This term finance facility has been fully repaid during the year at its maturity date. The effective markup rate was 7.94 % ( 2021: 7.98% ).

**21.2** This represents Diminishing Musharaka Arrangement of Rs. 500 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto. The principle outstanding is Rs. 462.07 million (2021: Rs.185.80 million).

The tenor of the facility is seven years including two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is secured by way of mortgage of immovable properties and first pari passu hypothecation charge over the fixed assets of the Company along with 25% margin. The rate of markup is fixed at 2.20% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

**21.3** This represents Syndicated Term Financing Arrangement amounting to Rs. 250 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto. The principle outstanding is Rs. 246.53 million (2021: Rs.88.46 million).

The tenor of the facility is ten years including two years grace period. This finance facility is repayable in thirty two equal quarterly installments commencing from July 2023.

The finance facility is secured by first pari passu hypothecation charge over the fixed assets (excluding land and building) of the Company along with 25% margin. The rate of markup is fixed at 3.05% per annum.

**21.4** This term finance facility has been fully repaid during the year at its maturity date. The effective markup rate was 7.94 % ( 2021: 7.98% ).

**21.5** This represents Syndicated Term Financing Arrangement amounting to Rs. 1,500 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto. The principle outstanding is Rs. 1,500 million (2021: Rs.778.79 million).

The tenor of the facility is seven years including two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is secured by way of mortgage of immovable properties and first pari passu hypothecation charge over the fixed assets of the Company along with 25% margin. The rate of markup is fixed at 2.20% per annum.

**21.6** The Company has term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 400 million specifically for Solar Grid Panels. The Company has utilized Rs. 267.9 million out of sanctioned limit of the facility.

The tenor of the loan is seven years and are repayable in 28 equal monthly installments commencing from September 2018.

This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin. The rate of markup is fixed ranges from 2.75% to 4.5% for different drawdowns.

**21.7** This term finance facility has been sanctioned by Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The Company has utilized Rs. 444.5 million against sanctioned limit of the facility. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from December 2019 and October 2020.

This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective markup rate was 8.94% (2021: 7.58%).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

**21.8** The Company has term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 435 million specifically for paying salaries and wages to Company's employees. The Company has utilized Rs. 419 million out of sanctioned limit of the facility.

The rate of mark-up is fixed 1.50% and 0.75% for the financing of Rs. 200 million and Rs. 235 million respectively. The tenor of the financing is two and half year inclusive 6-months grace period and are repayable in 8 equal quarterly installments commencing from January 2021.

This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

**21.9** This represents Syndicated Term Financing Arrangement amounting to Rs. 200 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine. The principle outstanding is Rs.160.00 million (2021: Rs. 46.07 million).

The tenor of the facility is ten years including two years grace period. This finance facility is repayable in thirty two equal quarterly installments commencing from July 2023.

The finance facility is initially secured first pari passu hypothecation charge over the fixed assets (excluding land and building) of the Company along with 25% margin. The rate of markup is fixed at 4.50% per annum.

**21.10** This represent Term Finance Arrangement with JS Bank Limited amounting to Rs. 400 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines, cogeneration plants and auxiliaries relating thereto. The principle outstanding is Rs. 196.02 million (2021:Nil).

The tenor of the facility is ten years including two years grace period. This finance facility is repayable in thirty two equal quarterly installments commencing from July 2023.

The finance facility is initially secured by first pari passu hypothecation charge over the fixed assets of the Company along with 25% margin. The rate of markup is fixed at 5.00% per annum.

**21.11** This term finance facility has been fully repaid during the year at its maturity date. The effective markup rate was 8.37 % ( 2021: 7.95% ).

**21.12** This term finance facility has been fully repaid during the year at its maturity date. The effective markup rate was 8.02 % ( 2021: 7.95% ).

22	Note	2022 (Rupees in thousands)	2021
<b>LEASE LIABILITIES</b>			
Lease liabilities		48,251	56,974
Current portion		<u>(11,042)</u>	<u>(8,723)</u>
		<u>37,209</u>	<u>48,251</u>
Maturity analysis-contractual cash flow			
Less than one year		11,042	8,723
One to five year		<u>37,209</u>	<u>48,251</u>
Net present value		<u>48,251</u>	<u>56,974</u>

**22.1** When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 14% and 9% (2021: 14% and 9%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

		2022	2021
		(Rupees in thousands)	
23	DEFERRED TAXATION	Note	
	Deferred taxation	23.1	1,094,964
<b>23.1</b>	The net balance for deferred taxation in respect of following temporary differences:		
	<b>Deferred tax liabilities</b>		
	Accelerated tax depreciation allowance		1,304,752
	<b>Deferred tax assets</b>		
	Turnover tax / Alternative Corporate tax		(134,671)
	Provision for slow moving stores and spares		(17,054)
	Provision for compensated absences		(25,504)
	Others		(32,559)
			(209,788)
			<u>1,094,964</u>
<b>23.2</b>	The gross movement in the deferred tax liability during the year is as follow:		
	Balance as at July 1,		1,189,331
	Charged to statement of profit or loss	37	(94,574)
	Charge recognized in other comprehensive income	39.9	207
			<u>1,094,964</u>
			<u>1,094,964</u>
			Restated
			2021
			(Rupees in thousands)
24	DEFERRED CAPITAL GRANT	Note	
	Capital grant	24.1	247,584
	Current portion shown under current liability		(68,664)
			<u>178,920</u>
<b>24.1</b>	Following is the movement in government grant during the year:		
	Opening balance		18,989
	Additions during the year		256,204
	Amortized during the year	24.1.1	(27,609)
	Closing balance	24.2	247,584
<b>24.1.1</b>	It includes amortization charged to capital work in progress of Rs. 71.44 million (2021 : Rs. 10.36 million)		
<b>24.2</b>	This represents government grant recognized on followings long term financing facilities obtained under SBP Refinance Scheme:		
	- The long term financing facility obtained under SBP Refinance Scheme for payment of wages and salaries to workers and employees as disclosed in note 21.8 to the financial statements.		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- The term finance facility obtained under SBP Refinance Scheme from certain banks under “Islamic / Temporary Economic Refinance Facility (I/TERF)” for Balancing, Modernization and Replacement (BMR) of paper & board machine, cogeneration plants and auxiliaries relating thereto as disclosed in notes 21.2, 21.3, 21.5, 21.9 and 21.10.

These deferred capital grants have been recorded in accordance with the IAS-20 Government Grants and are being amortized on a systematic basis over the term of loans.

	Note	2022 (Rupees in thousands)	2021
<b>25 GIDC PAYABLE</b>			
GIDC payable	26.2	-	38,494
<b>26 TRADE AND OTHER PAYABLES</b>			
Creditors	26.1	1,156,076	831,810
Foreign bills payable		1,647,963	1,316,108
Accrued liabilities	26.2	1,175,680	1,093,862
Sales tax payable - net		29,085	64,003
Contract liabilities	26.3	242,619	57,159
Gratuity payable	39.4	118,363	70,676
Workers' Profit Participation Fund	26.4	175,118	229,057
Workers' Welfare Fund		139,150	159,275
Provident fund payable		10,132	9,157
Other liabilities		218,656	191,616
		<b>4,912,842</b>	<b>4,022,723</b>

**26.1** The aggregate amount of the outstanding balance due of associated undertakings at June 30, 2022 is Rs. 3.94 million (2021: Rs. 6.21 million).

**26.2** This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL). The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

**26.3** This represents the amount of consideration received from customers before the related goods are transferred.

	Note	2022 (Rupees in thousands)	2021
<b>26.4 Workers' Profit Participation Fund</b>			
Balance at July 01		229,057	115,775
Interest on funds utilized in Company's business	36	616	1,922
Allocation for the year	34	175,118	229,057
		<b>404,791</b>	<b>346,754</b>
Amount paid during the year		(229,673)	(117,697)
Balance at June 30		<b>175,118</b>	<b>229,057</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>27</b>	<b>INTEREST AND MARK-UP ACCRUED</b>		
	Interest and mark-up accrued on:		
	Long-term financing from Banks		
	Islamic mode	11,252	1,581
	Conventional mode	17,226	14,284
		<b>28,478</b>	15,865
	Short-term borrowings from Banks		
	Islamic mode	37,841	3,199
	Conventional mode	118,888	14,157
		<b>156,729</b>	17,356
		<b>185,207</b>	33,221
<b>28</b>	<b>SHORT TERM BORROWINGS</b>		
	From banking companies - secured		
	Running finances		
	Islamic mode	717,738	255,652
	Conventional mode	6,795,164	1,922,592
		<b>7,512,902</b>	2,178,244
<b>28.1</b>	The Company has available aggregate short term running finance facilities amounting to Rs. 12,800 million (2021: Rs. 8,200 million). Markup rates are linked with KIBOR from one to three months plus spreads ranging from 0.05% to 1.50% per annum (2021: 0.05% to 1.50% per annum).		
<b>28.2</b>	The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 8,930 million (2021: Rs. 7,130 million). No utilization of FE loan has been made during the year.		
<b>28.3</b>	These arrangements are secured by way of pari passu hypothecation charge created on stock-in-trade, stores and spares and trade debts of the Company.		
<b>28.4</b>	Aggregate facilities for opening of letters of credit and guarantees amounting to Rs. 11,306 million (2021: Rs. 10,156 million) are available to the Company.		
<b>29</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>29.1</b>	<b>Contingencies</b>		
<b>a)</b>	<b>Guarantees</b>		
	Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 941 million (2021: Rs. 841 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 400 million (2021: Rs. 300 million) furnished to Excise and Taxation Department.		

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## b) Sales tax

- 1) An appeal of Company is pending before Appellate Tribunal, Punjab Revenue Authority against the order no PRA 328/2018 dated November 06, 2019 passed by Commissioner (Appeal). Commissioner (Appeal), Punjab Revenue Authority through his order determined the liability of Rs. 30.021 million as against initial liability of Rs. 140 million determined by the Deputy Commissioner Enforcement vide his order dated November 2018. However, the Company preferred to file an appeal before the tribunal with the plea that order by Commissioner (Appeal) was passed without comprehensive concluding the evidence and explanation provided by the Company. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.
- 2) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

## 29.2 Commitments

29.2.1 The Company's commitments as at statement of financial position date are as follows:

- a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 7,038.07 million (2021: Rs. 2,965.22 million).
- b) Capital expenditure including letters of credit amounting to Rs. 354.78 million (2021: Rs. 1,503.77 million).

	Note	2022 (Rupees in thousands)	2021
<b>30 TURNOVER - NET</b>			
Gross turnover			
Local turnover		45,519,884	33,339,472
Export turnover	30.1	41,102	141,501
		<u>45,560,986</u>	<u>33,480,973</u>
Sales tax		(6,560,739)	(4,821,068)
		<u>39,000,247</u>	<u>28,659,905</u>
<b>30.1 Information by geographical area</b>			
Afghanistan		<u>41,102</u>	<u>141,501</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>31 COST OF SALES</b>			
Materials consumed		22,475,035	15,462,407
Fuel and power		7,649,346	3,978,831
Depreciation on property, plant and equipment	6.6	1,009,515	1,063,202
Salaries, wages and other benefits	31.1	1,174,629	1,077,138
Stores and spares consumption		1,061,650	967,181
Repairs and maintenance		188,854	142,973
Packing expenses		853,057	659,328
Insurance		98,918	86,092
Provision for slow moving stores and spares	10.1	-	6,000
Rent, rates and taxes		4,417	5,715
Manufacturing cost		<u>34,515,421</u>	<u>23,448,867</u>
Work-in-process			
Opening stock		127,238	103,498
Closing stock		(206,536)	(127,238)
		<u>(79,298)</u>	<u>(23,740)</u>
Cost of goods manufactured		<u>34,436,123</u>	<u>23,425,127</u>
Finished goods			
Opening stock		923,783	463,197
Closing stock		(1,332,629)	(923,783)
		<u>(408,846)</u>	<u>(460,586)</u>
		<u>34,027,277</u>	<u>22,964,541</u>

**31.1** Salaries, wages and other benefits include Rs. 74.52 million (2021: Rs. 67.26 million) in respect of staff retirement benefits.

	Note	2022 (Rupees in thousands)	2021
<b>32 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	32.1	428,329	392,700
Depreciation on property, plant and equipment	6.6	58,212	41,838
Information technology charges		49,582	39,486
Rent, rates and taxes		17,190	11,541
Amortization on intangible assets	8.1	3,962	3,363
Security service charges		64,985	47,015
Repairs and maintenance		15,512	12,947
Travelling and conveyance		10,704	2,945
Electricity		17,326	12,769
Printing, stationery and periodicals		14,580	11,401
Business promotion expenses		3,667	1,652
Fees and subscriptions		11,705	9,898
Telephone and postage		3,996	3,499
Insurance		5,636	4,604
Advertisement		1,166	1,016
		<u>706,552</u>	<u>596,674</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 32.1** Salaries and other benefits include Rs. 23.57 million (2021: Rs. 21.31 million) in respect of staff retirement benefits.

Note	2022 (Rupees in thousands)	2021
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## 33 SELLING AND DISTRIBUTION EXPENSES

### Selling expenses

Salaries and other benefits	33.1	71,348	69,033
Insurance		1,239	1,101
Electricity		220	229
Depreciation on property, plant and equipment	6.6	3,546	3,845
Export related expenses		1,183	616
Travelling and conveyance		918	362
Rent, rate and taxes		2,120	2,020
Telephone and postage		139	149
		<u>80,713</u>	<u>77,355</u>

### Distribution expenses

Outward freight		159,541	133,092
		<u>240,254</u>	<u>210,447</u>

- 33.1** Salaries and other benefits include Rs. 5.28 million (2021: Rs 4.75 million) in respect of staff retirement benefits.

Note	2022 (Rupees in thousands)	2021
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## 34 OTHER OPERATING EXPENSES

Legal and professional charges		13,710	6,341
Auditor's remuneration			
Statutory audit		1,650	1,250
Half yearly review		225	250
Fee for other certification		165	165
Reimbursement of expenses		170	170
		2,210	1,835
Workers' profit participation fund	26.4	175,118	229,057
Workers' welfare fund - current year		69,780	89,905
Workers' welfare fund - prior year		719	15,875
Net exchange loss		3,112	937
Donation	34.1	8,222	24,945
Provision for expected credit losses	12.3	2,310	35,099
Others		5,321	14,402
		<u>280,502</u>	<u>418,396</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

**34.1** The Company has paid donations to donees as mentioned below:

<b>Name of Donee</b>	<b>2022</b>	2021
	(Rupees in thousands)	
Patrons of Expo2020 Pakistan	-	10,000
Hassanali and Gulbanoo Lakhani Foundation	-	4,000
Million Smile Foundation	<b>1,650</b>	-
District Public School Kasur	<b>3,500</b>	3,500
Smile Foundation	<b>959</b>	1,794
Institute Of Rural Management	<b>1,693</b>	1,468
The Layton Rahmatulla Benevolent Trust	-	500
Others	<b>420</b>	3,683
	<b>8,222</b>	24,945

**34.1.1** None of the directors or their spouses had any interest in any of the donee during the year.

<b>35 OTHER INCOME</b>	Note	<b>2022</b>	2021
		(Rupees in thousands)	
Income from non-financial assets			
Sale of scrap		<b>146,713</b>	102,597
Gain on sale of operating fixed assets - net		<b>4,025</b>	13,050
Gain on insurance claim of operating fixed assets		-	22,184
Amortization of deferred income - Government grants		<b>36,540</b>	19,807
Gain on extinguishment of original GIDC liability		-	24,512
Others		<b>115</b>	275
		<b>187,393</b>	182,425
<b>36 FINANCE COST</b>			
Long term financing from banks			
Islamic mode		<b>3,340</b>	8,893
Conventional mode		<b>61,682</b>	75,391
		<b>65,022</b>	84,284
Long term loan from associated undertakings		<b>46,526</b>	115,507
Short term borrowings			
Islamic mode		<b>93,687</b>	30,772
Conventional mode		<b>441,105</b>	147,023
		<b>534,792</b>	177,795
Workers' Profit Participation Fund	26.4	<b>616</b>	1,922
		<b>646,956</b>	379,508
Bank charges and commission		<b>10,569</b>	8,782
Finance cost on leases		<b>6,033</b>	6,288
Finance cost on GIDC		<b>12,757</b>	11,405
		<b>676,315</b>	405,983

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 36.1** These include financial charges at commercial rate of Rs. 46.43 million (2021: Rs. 24.39 million) under State Bank of Pakistan schemes of Temporary Economic Refinance (TERF) scheme for Balancing, Modernization and Replacement (BMR) and for paying salaries and wages to Company's employees whereby differential of commercial rate and concessional rate is separately recorded as Government grant as per IAS 20 - Government Grants (refer note 35).

	Note	2022 (Rupees in thousands)	2021
<b>37 TAXATION</b>			
For the year			
Current	37.1	1,128,342	1,277,555
Prior		17,453	103,648
Deferred		(100,976)	(94,575)
		<u>1,044,819</u>	<u>1,286,628</u>

- 37.1** The provision of current tax charge for the year contains normal tax at 29% of the taxable income for the year and final tax regime at 1% of export proceeds. It also includes super tax provided at 4% under Section 4(c) of Income Tax Ordinance, 2001 introduced through Finance Act 2022.

- 37.2** Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2022 %age	2021 %age
Applicable tax rate	29.00	29.00
Effect of prior year tax	0.53	2.44
Poverty Alleviation Levy	4.20	-
Others	(1.66)	(1.14)
	<u>3.07</u>	<u>1.30</u>
Average effective tax rate	<u>32.07</u>	<u>30.30</u>

## 38 EARNINGS PER SHARE - BASIC AND DILUTED

The earnings per share as required under IAS 33 "Earnings per share" is given below:

	2022 (Rupees in thousands)	2021
Profit for the year	<u>2,211,921</u>	<u>2,959,661</u>
Weighted average number of ordinary shares (in thousands)	<u>202,885</u>	Restated <u>202,885</u>
Earnings per share attributable to ordinary shareholders (Rupees)	<u>10.90</u>	Restated <u>14.59</u>

There is no dilutive effect on the basic earnings per share of the Company. The corresponding period figures have been restated retrospectively to include the impact of the bonus shares issued during the year as requirements by International Accounting Standard.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 39 DEFINED BENEFIT PLAN

### 39.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2022 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the Actuary.

### 39.2 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2022 %age	2021 %age
Discount rate	13.25	10.00
Expected rate of return on plan assets	10.00	8.50
Expected rate of increase in salary	13.25	10.00

### 39.3 Reconciliation of balance due to defined benefit plan

	2022 (Rupees in thousands)	2021
Present value of defined benefit obligation	868,466	755,244
Fair value of plan assets	(750,103)	(684,568)
Closing net liability	<u>118,363</u>	<u>70,676</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>39.4 Movement of the liability recognized in the statement of financial position</b>			
Opening net liability		70,676	82,930
Charge for the year	39.8	44,575	40,593
Remeasurement chargeable to other comprehensive income	39.9	60,198	(715)
Contribution made during the year		(57,086)	(52,132)
Closing net liability	26	<u>118,363</u>	<u>70,676</u>
<b>39.5 Fair value of plan assets at year end</b>			
Government securities		26,639	28,120
Term Deposit Receipt (TDR)		372,890	351,445
Term Finance Certificates / Certificates of Investment		31,762	1,885
Mutual funds / Shares		322,097	299,816
Cash at banks		5,196	6,920
Others		(8,481)	(3,618)
		<u>750,103</u>	<u>684,568</u>
<b>39.6 Movement in present value of defined benefit obligations</b>			
Opening present value of defined benefit obligations		755,244	661,721
Current service cost for the year		40,707	35,914
Interest cost for the year		74,093	55,116
Benefits due but not paid during the year		(6,911)	(3,643)
Benefits paid during the year		(21,722)	(22,954)
Remeasurement loss on obligation		27,055	29,089
Closing present value of defined benefit obligations		<u>868,466</u>	<u>755,244</u>
<b>39.7 Movement in fair value of plan assets</b>			
Opening fair value of plan assets		684,568	578,791
Remeasurement (loss) / gain on plan assets		(33,143)	29,804
Contributions during the year		57,086	52,132
Benefits paid during the year		(21,723)	(22,954)
Benefits due but not paid during the year		(6,910)	(3,643)
Expected return on plan assets		70,225	50,437
Closing fair value of plan assets		<u>750,103</u>	<u>684,568</u>
<b>39.8 Charge for the year</b>			
Current service cost		40,707	35,914
Interest cost		74,093	55,116
Expected return on plan assets		(70,225)	(50,437)
Charge for the year		<u>44,575</u>	<u>40,593</u>
<b>39.9 Remeasurement chargeable to other comprehensive income</b>			
Remeasurement loss on defined benefit obligation		27,055	29,089
Remeasurement loss / (gain) on plan assets		33,143	(29,804)
		<u>60,198</u>	<u>(715)</u>
Tax impact		(17,457)	207
		<u>42,741</u>	<u>(508)</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 39.10 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption	Decrease in assumption
Discount rate	(45,787)	51,762
Salary increase	52,247	(47,049)

## 39.11 Maturity Profile

Time in year	
1	229,904
2	58,468
3	63,479
4	107,504
5-10	816,540
Weighted average duration	6 years

**39.12** The charge in respect of defined benefit plan for the year ending June 30, 2023 is estimated to be Rs. 59.171 million.

## 40 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Century Paper & Board Mills Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

**40.1** The Trustees have intimated that the size of the Fund at year end was Rs. 821.08 million (2021: Rs. 748.90 million).

**40.2** As intimated by the Trustees, the cost of the investments made at year end was Rs. 757.44 million (2021: Rs. 698.81 million) which is equal to 92.25% of the total fund size. The fair value of the investments was Rs. 762.75 million (2021: Rs. 722.39 million) at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

	2022		2021	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Government securities	288,250	38	378,925	52
Listed Securities (Mutual funds)	463,784	61	329,216	46
Term Finance Certificates	-	-	1,500	-
Bank Term Deposit	10,714	1	12,753	2
	<u>762,748</u>	<u>100</u>	<u>722,394</u>	<u>100</u>

**40.3** According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules made there under.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Note	2022 (Rupees in thousands)	2021
<b>41 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		3,256,740	4,246,289
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		1,071,273	1,108,885
Amortization of intangible assets		3,962	3,363
Gain on sale of operating fixed assets		(4,025)	(13,050)
Gain on insurance claim of operating fixed assets		-	(22,184)
Provision for gratuity		44,576	40,593
Provision for slow moving / obsolete stores and spares		-	6,000
Provision for credit losses - ECL Model (IFRS-9)		2,310	35,099
Workers' Profit Participation Fund		175,118	229,057
Finance cost	36	676,315	405,983
Amortization of deferred income - Government grants		(36,540)	(19,807)
Gain on extinguishment of original GIDC liability		-	(24,512)
Working capital changes	41.1	(4,746,166)	(1,381,222)
		<u>443,563</u>	<u>4,614,494</u>
<b>41.1 Changes in working capital</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores and spares		(1,258,460)	(451,932)
Stock-in-trade		(3,211,663)	(1,460,755)
Trade debts		(1,304,225)	(386,191)
Loans and advances		(61,945)	(75,450)
Trade deposits and short term prepayments		(6,262)	77,936
Other receivables		5,249	28,289
Tax refunds due from Government		-	37,775
		<u>(5,837,306)</u>	<u>(2,230,328)</u>
<b>Increase in current liabilities:</b>			
Trade and other payables		1,091,140	849,106
		<u>(4,746,166)</u>	<u>(1,381,222)</u>

## 42 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Long term Financing	Government Grant	Lease Liabilities	Equity reserves	Total
	(Rupees in thousands)				
<b>Balance as at July 1, 2021</b>	3,025,097	247,584	56,974	8,557,694	11,887,349
Borrowings from Banking Companies	1,164,328	-	-	-	1,164,328
Repayment to Banking Companies	(412,958)	-	-	-	(412,958)
Repayment to Associated Companies	(1,325,000)	-	-	-	(1,325,000)
Deferred capital grant received	-	301,168	-	-	301,168
Amortized deferred capital grant	-	(107,985)	-	-	(107,985)
New lease addition	-	-	-	-	-
Repayment of lease	-	-	(8,723)	-	(8,723)
Dividend paid on ordinary shares	-	-	-	(264,633)	(264,633)
Bonus shares issued	-	-	-	(264,633)	(264,633)
Total comprehensive income for the year	-	-	-	2,169,180	2,169,180
<b>Balance as at June 30, 2022</b>	<u>2,451,467</u>	<u>440,767</u>	<u>48,251</u>	<u>10,197,608</u>	<u>13,138,093</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2022				2021			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	14,341	20,930	141,618	176,889	13,037	17,032	120,553	150,622
House rent	6,453	8,177	57,888	72,518	5,867	7,665	49,489	63,021
Fixed bonuses	5,982	-	52,286	58,268	3,060	-	26,676	29,736
Staff retirement benefits	3,811	-	25,972	29,783	3,466	-	23,173	26,639
Medical	1,434	2,093	14,162	17,689	1,304	1,703	12,056	15,063
Utilities	-	5,790	-	5,790	-	4,538	-	4,538
Others	8	-	6,320	6,328	8	-	5,634	5,642
Total	<b>32,029</b>	<b>36,990</b>	<b>298,246</b>	<b>367,265</b>	26,742	30,938	237,581	295,261
Number of persons	<b>1</b>	<b>1</b>	<b>61</b>	<b>63</b>	1	1	56	58

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board, Audit Committee and HR & Remuneration Committee meetings amounted to Rs. 320,000 (2021: Rs. 320,000) and Rs. 320,000 (2021: Rs. 300,000) and Rs. 120,000 (2021: Rs. 60,000) respectively. The Directors fee for attending Board, HR & Remuneration Committee and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.
- d) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Nature of Relation	Basis of Relation	2022	2021
			(Rupees in thousands)	
<b>Sale of goods, services and reimbursement of expenses</b>				
Merit Packaging Limited	Associated company	Common Director	2,502,087	1,662,635
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	1,071,769	901,562
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	8,457	45,690
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,444	1,533
<b>Purchase of goods, services and reimbursement of expenses</b>				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	210,964	81,429
Merit Packaging Limited	Associated company	Common Director	128,661	60,225
Lakson Business Solutions Limited	Associated company	Common Director	7,623	5,344
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	4,015	2,994
Princeton Travels (Private) Limited	Associated company	Common Director	6,908	912
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	3,502	3,031
Cyber Internet Services (Private) Limited	Associated company	Common Director	13,269	9,394
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	308	357
SIZA Foods (Private) Limited	Associated company	Common Director	44	-
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	109	31
Express Publications (Private) Limited	Associated company	Common Management	1,613	1,384
Sybird (Private) Limited	Associated company	Common Director	17,074	5,399
Pakistan Special Olympics	Related Party	Relative of Director Trustee	124	-
<b>Rent and other allied charges</b>				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	8,148	7,712
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	3,771	3,926
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	816	714
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	189	180
<b>Donation</b>				
The Layton Rahmatulla Benevolent Trust	Donee	Trustee	-	500
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	-	4,000
<b>Mark-up paid</b>				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	24,851	51,006
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	16,196	44,883
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	6,371	19,618
<b>Long term loan paid</b>				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	650,000	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	425,000	200,000
SIZA Services (Private) Limited	Director	Directorship	250,000	-
<b>Cash dividend</b>				
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	72,271	60,226
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	58,707	48,922
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	22,499	18,749

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

Nature of transaction	Nature of Relation	Basis of Relation	2022	2021
			(Rupees in thousands)	
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	23,740	19,783
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	3,336	2,780
Century Insurance Company Limited Directors , CEO & their Spouses	Associated company	Common Director and 0.43% shares held	1,133 223	944 190
<b>Stock dividend</b>				
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	72,271	80,301
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	58,707	65,230
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	22,499	24,999
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held	23,740	26,377
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	3,336	3,707
Century Insurance Company Limited Directors , CEO & their Spouses	Associated company	Common Director and 0.43% shares held	1,133 223	1,259 257
<b>Others</b>				
Contribution to Staff Retirement Benefit Plans	Employees Fund			
Remuneration and other benefits	Key Management Personnel		114,901	104,028
			44.2	367,265
<b>44.1 Year end balances</b>				
Receivable from related parties		12.1 & 15.1	800,969	510,750
Payable to related parties		26.1	3,938	6,206
Payable to Retirement Benefit Plan			128,495	79,833
Long-term financing from associated undertaking / Director			-	1,325,000

**44.2** The details of compensation paid to key management personnel are shown under the heading of “Remuneration of Chief Executive, Directors and Executive (note 43)”. There are no transactions with key management personnel other than under their terms of employment.

**44.3** All transactions with related parties have been carried out on commercial terms and conditions.

## 45 CAPACITY AND PRODUCTION - TONNES

		2022		2021	
		Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced	45.1	265,000	255,102	265,000	252,038
Paper and paper board conversion		35,000	32,800	35,000	35,035

**45.1** The capacity and production represent the output of the paper & paperboard machines.

**45.2** The Company has achieved full capacity utilization of its Packaging Board machines. However, the Company could not achieve installed capacity of its Paper and Uncoated Board Machines due to market conditions.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 46.1 Risk management policies

The Company's objective in managing risks is the creation and protection of shareholders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

### 46.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

#### Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures. Out of total financial assets of Rs. 5,370.85 million (2021: Rs. 3,809.77 million), the financial assets which are subject to credit risk amounted to Rs. 5,368.50 million (2021: Rs. 3,799.34 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2022	2021
	(Rupees in thousands)	
Loans and deposits	12,361	10,562
Trade debts	4,598,345	3,294,120
Other receivables	415	5,664
Bank balances	757,376	488,991
	<u>5,368,497</u>	<u>3,799,337</u>
The aging of trade receivable at the reporting date is:		
Not past due	3,407,386	3,026,855
Past due 1-30 days	778,069	184,781
Past due 30-90 days	346,720	39,752
Past due 90 days	66,170	42,732
	<u>4,598,345</u>	<u>3,294,120</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

## Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

### 46.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments, if any:

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
<b>2022</b>							
Long-term financing	2,892,246	3,145,185	210,338	275,221	568,563	1,069,922	1,021,141
Trade and other payables	3,484,847	3,484,847	3,484,847	-	-	-	-
Interest and mark-up accrued	185,207	185,207	185,207	-	-	-	-
Short-term borrowings	7,512,902	7,512,902	7,512,902	-	-	-	-
	<b>14,075,202</b>	<b>14,328,141</b>	<b>11,393,294</b>	<b>275,221</b>	<b>568,563</b>	<b>1,069,922</b>	<b>1,021,141</b>
<b>2021</b>							
Long-term financing	3,274,278	3,535,770	399,524	264,064	1,700,581	545,462	626,139
Trade and other payables	2,909,191	2,909,191	2,909,191	-	-	-	-
Interest and mark-up accrued	33,221	33,221	33,221	-	-	-	-
Short-term borrowings	2,178,244	2,184,002	2,184,002	-	-	-	-
	<b>8,394,934</b>	<b>8,662,184</b>	<b>5,525,938</b>	<b>264,064</b>	<b>1,700,581</b>	<b>545,462</b>	<b>626,139</b>

### 46.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

#### a) Currency risk

Foreign currency risk is the risk that the future cash flow of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	2022	2021
	(Rupees in thousands)	
Foreign bills payable	1,647,963	1,316,108
Outstanding letter of credits	7,392,854	4,468,990
Net exposure	<u>9,040,817</u>	<u>5,785,098</u>

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2022	2021	2022	2021
	Rupees			
USD to PKR	178.03	160.13	204.70	157.65

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

	(Rupees in thousands)			
Effect on profit	555,914	416,506	639,193	410,055

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post-tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

## b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the Statement of Financial Position date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	2022	2021	2022	2021
	Effective rate		Carrying amount	
	(In percent)		(Rupees in thousands)	
<b>Financial liabilities</b>				
Variable rate instruments				
Long term loans	0.75 to 8.74	0.75 to 7.93	2,451,467	3,253,973
Short term borrowings	10.00 to 11.25	7.41 to 7.71	7,512,902	2,178,244

## Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

	Profit or loss (post tax) 100 bps increase	100 bps decrease
	(Rupees in thousands)	
<b>As at June 30, 2022</b>		
Cash flow sensitivity - Variable rate financial liabilities	<u>(70,747)</u>	<u>70,747</u>
<b>As at June 30, 2021</b>		
Cash flow sensitivity - Variable rate financial liabilities	<u>(38,569)</u>	<u>38,569</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

	2022	2021
	(Rupees in thousands)	
<b>46.5 Financial instruments by category</b>		
<b>Financial assets at amortized cost</b>		
Loans and deposits	12,361	10,562
Trade debts	4,598,345	3,294,120
Other receivables	415	5,664
Cash and bank balances	<u>759,729</u>	<u>492,503</u>
	<u>5,370,850</u>	<u>3,802,849</u>
<b>Financial liabilities at amortized cost</b>		
Long term financing	2,451,467	3,253,973
Lease liabilities	48,251	56,974
Trade and other payables	3,484,847	2,909,191
Interest and mark-up accrued	185,207	33,221
Short-term borrowings	<u>7,512,902</u>	<u>2,178,244</u>
	<u>13,682,674</u>	<u>8,431,603</u>

## 47 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price 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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

- 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 either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data ( that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

## 48 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- 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
- to provide an adequate return to shareholders.

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.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	2022	2021
	(Rupees in thousands)	
The proportion of debt to equity at the year end was:		
Total borrowings (notes 21 & 28)	<b>9,964,369</b>	5,432,217
Balances with banks (note 18)	<b>(329,768)</b>	(195,739)
Net debt	<b>9,634,601</b>	5,236,478
Total equity	<b>12,226,462</b>	10,321,915
Total capital	<b>21,861,063</b>	15,558,393
Gearing ratio	<b>0.44</b>	0.34

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 49 IMPACT OF COVID-19

The COVID-19 pandemic has generally been in control during the year, with variations in its spread and intensity across the country. However, the Company has reviewed its exposure to business risks and has not identified any significant impact on the Company's operations or decline in revenue during the year ended June 30, 2022.

## 50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 04, 2022 by the Board of Directors of the Company.

## 51 NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in their meeting held on August 04, 2022 has proposed issue of Bonus shares of 10% in proportion of 1 share for every 10 shares held for its Ordinary Shareholders by appropriation from Capital Redemption Reserve and The Board further proposed a transfer of Rs. 2,000 million from Un-appropriated profits to General Reserve. All above proposals are subject to approval of members at Annual General Meeting to be held on September 28, 2022

## 52 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,666 (2021: 1,646) and average number of employees during the year was 1,657 (2021: 1,647).

## 53 GENERAL

**53.1** Amounts have been rounded off to the nearest thousands of rupees.

**53.2** Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.



Iqbal Ali Lakhani  
Chairman / Director



Aftab Ahmad  
Chief Executive Officer



Muhammad Rashid Dastagir  
Chief Financial Officer



# PATTERN OF SHAREHOLDING

As at June 30, 2022

Incorporation Number K-54/8182 of 1984

CUIN Registration No. 0012021

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
610	1	100	16,682
712	101	500	214,379
489	501	1,000	378,527
1,017	1,001	5,000	2,330,470
254	5,001	10,000	1,775,421
112	10,001	15,000	1,378,647
45	15,001	20,000	778,033
29	20,001	25,000	661,287
26	25,001	30,000	708,065
30	30,001	35,000	995,427
18	35,001	40,000	693,622
6	40,001	45,000	256,247
14	45,001	50,000	688,778
6	50,001	55,000	319,093
11	55,001	60,000	627,444
3	60,001	65,000	190,718
5	65,001	70,000	341,281
2	70,001	75,000	146,625
5	75,001	80,000	387,437
1	80,001	85,000	82,110
5	85,001	90,000	441,545
1	90,001	95,000	95,000
4	95,001	100,000	393,000
2	100,001	105,000	203,550
1	105,001	110,000	110,000
4	110,001	115,000	460,000
2	115,001	120,000	234,610
1	120,001	125,000	123,680
4	125,001	130,000	509,953
2	130,001	135,000	268,250
1	135,001	140,000	139,380
1	140,001	145,000	143,750
1	150,001	155,000	154,250
1	155,001	160,000	156,509
1	165,001	170,000	166,100
2	170,001	175,000	343,200
1	195,001	200,000	196,002
1	200,001	205,000	201,050

# PATTERN OF SHAREHOLDING

As at June 30, 2022

NO. OF SHAREHOLDERS	SHARES HOLDING		TOTAL SHARES HELD
	FROM	TO	
1	205,001	210,000	207,000
1	215,001	220,000	218,500
2	220,001	225,000	447,360
2	235,001	240,000	478,140
1	280,001	285,000	284,395
1	290,001	295,000	290,365
1	305,001	310,000	309,534
1	320,001	325,000	322,345
1	325,001	330,000	328,345
1	330,001	335,000	333,500
2	340,001	345,000	690,000
1	345,001	350,000	350,000
1	350,001	355,000	352,820
2	395,001	400,000	797,000
1	400,001	405,000	402,960
1	415,001	420,000	415,480
1	445,001	450,000	445,600
2	455,001	460,000	916,665
1	470,001	475,000	471,500
1	475,001	480,000	476,100
1	590,001	595,000	594,609
1	700,001	705,000	700,850
1	705,001	710,000	705,325
1	710,001	715,000	713,500
2	725,001	730,000	1,453,735
1	800,001	805,000	802,650
1	865,001	870,000	868,703
2	965,001	970,000	1,936,465
1	1,040,001	1,045,000	1,040,750
1	1,135,001	1,140,000	1,138,500
1	1,385,001	1,390,000	1,388,280
1	1,655,001	1,660,000	1,656,480
1	2,170,001	2,175,000	2,172,350
1	2,250,001	2,255,000	2,250,711
1	2,555,001	2,560,000	2,557,672
1	2,995,001	3,000,000	3,000,000
1	3,825,001	3,830,000	3,829,989
1	4,450,001	4,455,000	4,454,840
1	4,485,001	4,490,000	4,489,880
1	5,415,001	5,420,000	5,416,174
1	17,245,001	17,250,000	17,249,494
1	18,200,001	18,205,000	18,200,333
1	45,005,001	45,010,000	45,008,645
1	55,405,001	55,410,000	55,407,650
<u>3,481</u>			<u>202,885,316</u>

# CATEGORIES OF SHAREHOLDING

As at June 30, 2022

SHAREHOLDERS' CATEGORY	Shares Held	Percentage
Directors, CEO, and their spouse and minor children.	160,128	0.08
Associated Companies, undertakings and related parties.	139,303,003	68.66
NIT and ICP	5,416,588	2.67
Banks, Development Financial Institutions, Non Banking Financial Institutions.	6,934,740	3.42
Modarabas and Mutual Funds	9,008,083	4.44
Insurance Companies	5,606,530	2.76
Share holders holding 10% or more	100,416,295	49.49
General Public	27,217,395	13.42
Others	9,238,849	4.55

Note: Some of the Shareholders are reflected in more than one category.

# INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

As at June 30, 2022

SHAREHOLDERS' CATEGORY	SHARES HELD	
<b>ASSOCIATED COMPANIES/UNDERTAKINGS AND RELATED PARTIES</b>		
SIZA Services (Private) Limited	45,008,645	
SIZA (Private) Limited	55,407,650	
Premier Fashions (Private) Limited	18,200,333	
SIZA Commodities (Private) Limited	17,249,494	
Accuray Surgicals Limited	2,557,672	
Century Insurance Company Limited	868,703	
Sultan Ali Lakhani	2,438	
Shaista Sultan Ali Lakhani	417	
Fatima Lakhani	259	
Bilal Ali Lakhani	208	
Danish Ali Lakhani	3,933	
Natasha Lakhani	1,538	
Anika Amin Lakhani	1,713	
<b>MUTUAL FUNDS</b>		
CDC-Trustee ABL Stock Fund	4,500	
CDC-Trustee AKD Index Tracker Fund	16,790	
CDC-Trustee Al Ameen Islamic Dedicated Equity Fund	5,300	
CDC-Trustee Al-Habib Islamic Stock Fund	25,700	
CDC-Trustee Al-Meezan Mutual Fund	802,650	
CDC-Trustee Al-Ameen Islamic Asset Allocation Fund	58,200	
CDC-Trustee Al-Ameen Shariah Stock Fund	594,609	
CDC-Trustee Al-Hamra Islamic Stock Fund	35,000	
CDC-Trustee JS Islamic Dedicated Equity Fund (JSIDEF)	41	
CDC-Trustee MCB Pakistan Stock Market Fund	713,500	
CDC-Trustee Meezan Asset Allocation Fund	166,100	
CDC-Trustee Meezan Balanced Fund	328,345	
CDC-Trustee Meezan Islamic Fund	4,454,840	
CDC-Trustee Meezan Tahafuz Pension Fund-Equity Sub Fund	728,085	
CDC-Trustee National Investment (UNIT) Trust	5,416,174	
CDC-Trustee UBL Asset Allocation Fund	18,400	
CDC-Trustee UBL Dedicated Equity Fund	7,000	
CDC-Trustee UBL Retirement Savings Fund-Equity Sub Fund	223,200	
CDC-Trustee UBL Stock Advantage Fund	445,600	
CDC-Trustee Meezan Dedicated Equity Fund	126,500	
CDC-Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	239,400	
CDC-Trustee Al-Hamra Islamic Asset Allocation Fund	596	
M/S. First Capital Mutual Fund Limited	627	
MCBFSL-Trustee ABL Islamic Dedicated Stock Fund	100	
<b>DIRECTORS,CEO,THEIR SPOUSES AND MINOR CHILDREN</b>		
Iqbal Ali Lakhani	Chairman	2,988
Amin Mohammed Lakhani	Director	2,216
Babar Ali Lakhani	Director	26,083
Anushka Lakhani	Director	3,230
Aftab Ahmad	Director & CEO	58,950
Ali Aamir	Director	575
Asif Qadir	Director	1,150
Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani		259
Saira Amin Lakhani W/o Amin Mohammed Lakhani		259
Roohi Aftab W/o Aftab Ahmad		64,418
<b>EXECUTIVE</b>		27
<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>		4,489,880
<b>BANKS,DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS</b>		9,745,229
<b>SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS</b>		
SIZA Services (Private) Limited		45,008,645
SIZA (Private) Limited		55,407,650
Premier Fashions (Private) Limited		18,200,333
SIZA Commodities (Private) Limited		17,249,494

# FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
a member of **CENTURY PAPER & BOARD MILLS LIMITED**  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him/her \_\_\_\_\_  
of \_\_\_\_\_

to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on September 28, 2022 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature

Witness 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Witness 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

- Notes:
1. The Proxy must be a member of the Company.
  2. The signature must tally with the specimen signature/s registered with the Company.
  3. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
  4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not less than 48 hours before the time of the meeting excluding holidays.

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AFFIX  
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POSTAGE

TO,  
THE COMPANY SECRETARY  
CENTURY PAPER & BOARD MILLS LIMITED  
LAKSON SQUARE, BUILDING NO. 2,  
SARWAR SHAHEED ROAD,  
KARACHI-74200.

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## مختار نامہ (پراکسی فارم)

میں/ہم \_\_\_\_\_ ساکن  
 بحیثیت رکن (ممبر) سینجری پیپرائنڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسملی / مسماة \_\_\_\_\_ ساکن  
 کو یا ان کی غیر حاضری میں مسملی / مسماة \_\_\_\_\_ ساکن  
 کو جو خود بھی سینجری پیپرائنڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) سینجری پیپرائنڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام جو ۲۸ ستمبر ۲۰۲۲ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ \_\_\_\_\_ ۲۰۲۲ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱ \_\_\_\_\_ دستخط  
 نام \_\_\_\_\_  
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_  
 پتہ \_\_\_\_\_

گواہ نمبر ۲ \_\_\_\_\_ دستخط  
 نام \_\_\_\_\_  
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_  
 پتہ \_\_\_\_\_

### ہدایات:

- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۲۸ گھنٹے قبل علاوہ چھٹی کے دنوں کے جمع کرانا ضروری ہے۔

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AFFIX  
CORRECT  
POSTAGE

TO,  
THE COMPANY SECRETARY  
CENTURY PAPER & BOARD MILLS LIMITED  
LAKSON SQUARE, BUILDING NO. 2,  
SARWAR SHAHEED ROAD,  
KARACHI-74200.

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## CENTURY PAPER & BOARD MILLS LIMITED

**Head Office, Registered Office,  
Corporate/Shares Office & Regional Sales Office (South)**  
Lakson Square, Building No.2, Sarwar Shaheed Road,  
Karachi - 74200, Pakistan.  
Phone: (021) 38400000 Fax: (021) 35681163, 35683410

**Regional Sales Office (North)**  
14-Ali Block, New Garden Town, Lahore - 54600, Pakistan.  
Phone: (042) 35886801-4 Fax: (042) 35830338

### **Mills**

62 KM, Lahore-Multan Highway, N-5, District Kasur,  
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