

Annual Report 2022



Pakistan Paper Products Ltd.



VISION STATEMENT

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

MISSION STATEMENT

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





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PAKISTAN PAPER PRODUCTS LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairman	Non-Executive
Mr. Abid Sayeed	- Chief Executive	Executive
Dr. Asadullah Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Mr. Sayeed Imran		Non-Executive
Ms. Aisha Fariel Salahuddin		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Shoaib Ahmad Khan	- Member

HR AND REMUNERATION COMMITTEE

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

MANAGEMENT COMMITTEE

Mr. Abbas Sayeed	- Chairman
Mr. Abid Sayeed	- Chief Executive
Mr. Zia Ur Rehman	- Chief Financial Officer

CHIEF FINANCIAL OFFICER

Mr. Zia ur Rehman

COMPANY SECRETARY

Ms. Safia Khurshid

AUDITORS

Faruq Ali & Co
Chartered Accountants

SHARE REGISTRAR

F.D.Registrar Services (SMC-Pvt) Ltd

BANKERS

Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan
Meezan Bank Limited

REGISTERED OFFICE AND FACTORY

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



PAKISTAN PAPER PRODUCTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **60th Annual General Meeting** of the Shareholders of the Company will be held on Tuesday, October 25, 2022 at 11: 30 am at the Registered Office of the Company at D/58, Estate Avenue, S.I.T.E., Karachi to transact the following businesses:

ORDINARY BUSINESS

1. To approve the minutes of last Annual General Meeting.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of Interim cash dividend, already paid to the shareholders for the year ended June 30, 2022 @ 25% i.e. Rs.2.5% (per ordinary share of Rs. 10 each) as recommended by the Board of Directors.
4. To appoint Auditors for the year 2022-23 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

Karachi
Dated: September 22, 2022

By Order of the Board
Safia Khursheed
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from Tuesday, October 18, 2022 to Tuesday, October 25, 2022 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. F.D. Registrar Services (Pvt) Ltd, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi 74000, at the close of business on Monday, October 17, 2022 will be treated in time for the above entitlement.
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote in his / her instead. The proxies to be effective must be in writing and must be received by the Company's Registered Office not less than 48 hours before the meeting.
3. For Attending the Meeting:
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
 - ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
 - iii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. For Appointing Proxies:
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. Zakat Declaration Certificate
Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).



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6. Submission of CNIC Copy (MANDATORY)

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

7. Payment of Cash Dividend Through Electronic Mode (Mandatory)

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

8. Change of Address and Quote Folio No. In Correspondence :

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

9. Unclaimed Dividends and Shares (Important & Mandatory)

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

10. Circulation of Notice of Meeting & Annual Accounts :

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

11. Placement of Financial Accounts on Website :

Annual Audited Financial Statements of the Company for the year ended June 30, 2021 have been placed on Company's website at www.pakpaper.com

12. Deduction of Income Tax on Dividend

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

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

To enable the company to make tax deduction on the amount of the cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure that their names are entered into ATL. Further,



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according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

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

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

13. Requirement of Companies (Postal Ballot) Regulations 2018

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

14. Consent for Video Conference Facility/ Online Participation in AGM :

Pursuant to Section 132 (2) of the Companies Act, 2017 If, the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city. Please fill the following and submit to the Registered Office of the Company seven (7) days before holding of the Annual General Meeting.

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

15. Conversion of Physical shares into Book Entry form :

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

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



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

	2022	2021	2020	2019	2018	2017
HISTORICAL TRENDS						
Trading results						
Turnover	1,365,460	1,224,655	1,021,263	969,748	868,871	724,393
Sales - Net	1,234,186	1,092,962	913,310	875,439	788,229	659,935
Gross Profit	189,157	160,813	96,911	99,271	129,719	124,258
Profit before tax	90,427	97,014	21,616	23,968	64,459	73,059
Taxation	28,683	26,449	6,045	5,994	14,391	12,227
Profit after tax	61,744	70,565	15,570	17,975	50,068	60,832
Dividend						
Cash Dividend	25.0%	50.0%	12.50%	10%	25%	55%
Stock Dividend					33.33%	
Cash Dividend Value	20,000	40,000	10,000	8,000	15,000	33,000
Stock Dividend Value	-	-	-	-	20,000	-
Dividend Payout	32.39%	56.69%	64.22%	44.51%	69.90%	54.25%
Financial Position						
Total Assets	1,600,646	1,398,431	1,376,352	1,234,181	870,670	843,795
Paid up Capital	80,000	80,000	80,000	80,000	60,000	60,000
Reserves	936,558	919,015	875,050	867,258	574,269	597,018
Working capital	308,128	322,419	207,876	247,273	247,727	223,235
Current Ratio	1.77	2.19	1.61	2.22	2.93	3.03
KEY INDICATORS						
Operating						
Gross Profit	15.33%	14.71%	10.61%	11.34%	16.46%	18.83%
Profit before tax	7.33%	8.88%	2.37%	2.74%	8.18%	11.07%
Profit after tax	5.00%	6.46%	1.70%	2.05%	6.35%	9.22%
Return on Equity	6.07%	7.06%	1.63%	1.75%	7.89%	9.26%
Return on Assets	3.86%	5.05%	1.13%	1.46%	5.75%	7.21%
Valuation						
Earning per share (pre tax)	11.30	12.13	2.70	3.00	10.74	12.18
Earning per share (post tax)	7.72	8.82	1.95	2.25	8.34	10.14
Breakup value per share	127.07	124.88	119.38	118.41	105.71	109.50
Asset utilisation						
Inventory turnover ratio	3.72	3.79	4.07	4.62	4.59	4.31
Total assets turnover ratio	0.77	0.78	0.66	0.71	0.91	0.78
Production						
Exercise Books (Goose)	59,455	45,225	50,466	55,708	57,990	56,176
Amonia Paper (Rolls 10 yds)	8,941	17,875	17,093	26,939	32,461	33,187
Pro-Labels (Sq. Meter)	5,591,118	6,229,624	5,421,736	5,276,473	5,104,755	4,336,380

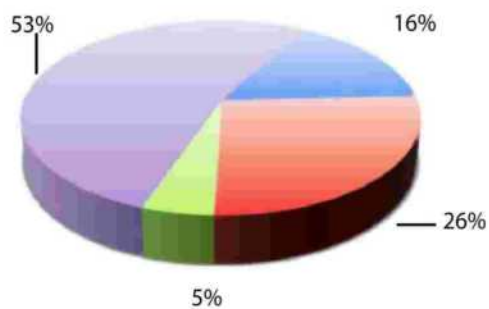


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Statement of Value Added and its Distribution

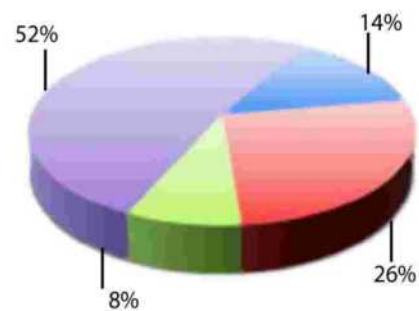
	2022 Rupees in thousand	%	2021 Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	1,368,993		1,233,231	
Bought-in-material & services	757,641		648,533	
	<u>611,352</u>	<u>100.00%</u>	<u>584,698</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	97,405	15.93%	82,283	14.07%
To Government				
Income tax, sales tax & workers' fund	160,283	26.22%	153,589	26.27%
To Providers of Capital				
Dividend to share holders	20,000	3.27%	40,000	6.84%
Markup on borrowed funds	10,240	1.68%	7,859	1.34%
	<u>30,240</u>		<u>47,859</u>	
Retained in Business				
Depreciation, Amortization & retained profit	323,425	52.90%	300,968	51.47%
	<u>611,352</u>	<u>100.00%</u>	<u>584,698</u>	<u>100.00%</u>

Wealth Distribution FY-2022



■ To Employees
■ To Government
■ To Providers of Capital
■ Retained in Business

Wealth Distribution FY-2021



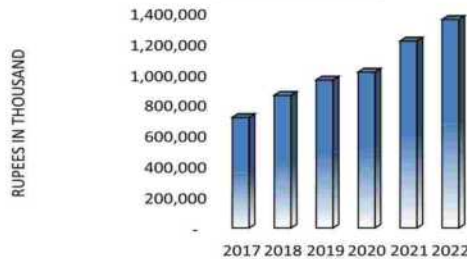
■ To Employees
■ To Government
■ To Providers of Capital
■ Retained in Business



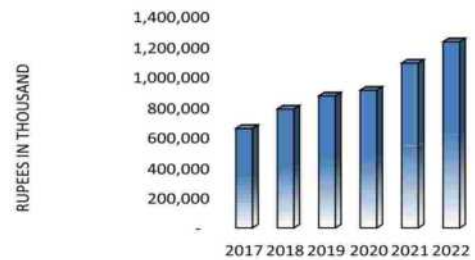
PAKISTAN PAPER PRODUCTS LIMITED

GRAPHICAL REPRESENTATION

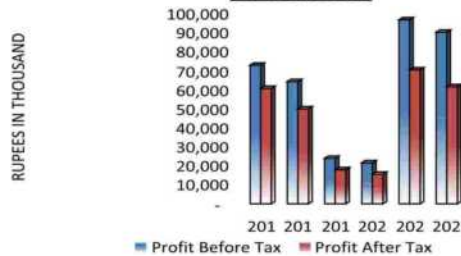
TURNOVER



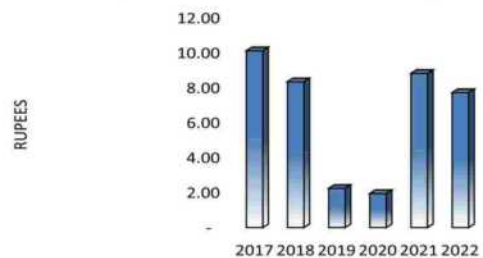
NET SALES



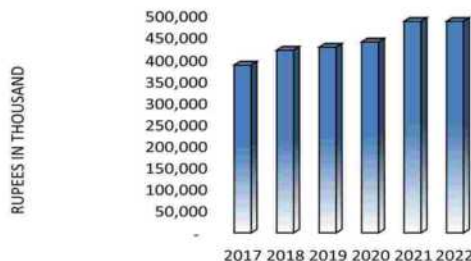
PROFIT BEFORE TAX V/S PROFIT AFTER TAX



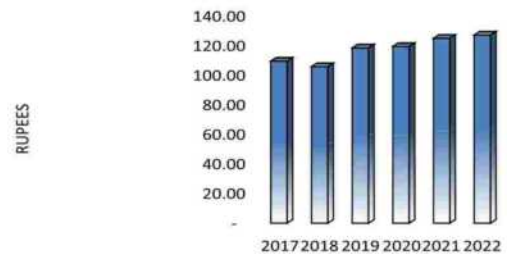
EARNING PER SHARE



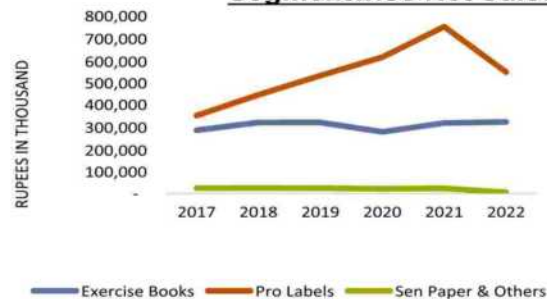
SHAREHOLDE'S EQUITY



BREAKUP VALUE PER SHARE



Segmentwise Net Sales



DIVIDEND HISTORY





Chairman Review

Dear Shareholders

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2022 and share with you an update on the performance of our company.

Business Performance

By the grace of Allah, your Company has had a challenging, but profitable year, in terms of increase in sales. Turnover during the year ending June 2022 increased by 12.9%.. The profitability of your Company (PAT), however, was low compared to June 2021, at Rs. 61.744 million, which amount to an EPS of Rs. 7.72 compared to an EPS of 8.82 as of last year,

I compliment the Chief Executive and his team for achieving these results, considering the fact the business conditions have been extremely volatile and challenging, with constant increase in financing costs and unprecedented devaluation of PKR against the \$.

With increase in overall turnover, your Company could not achieve increase in net profit, reason being high cost of financing and constant devaluation of PKR against the US\$, both factors contributed to high financing cost of over Rs.32 million, compared to Rs.15.96 million until June 2021.

The Pro-labels business, which is the main profit center of the Company, could not achieve sale increase due to competition and low customer demand. However Exercise book sales achieved a healthy growth with an increase of 45% in sales turnover compared to last year.

The current year has lot of challenges to encounter, especially with the floods across the country, which may adversely affect our economy. The constant devaluation of PKR and high finance costs, are also of serious concern, these factors post serious challenges for the management of your Company to maintain Sales and profitability this year

Board Performance

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



PAKISTAN PAPER PRODUCTS LIMITED

in the budgeting and strategic planning processes. The Board also remained committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value. All Directors, including Independent Directors, fully participated and contributed in the decision-making process of the Board.

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

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

Acknowledgement

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

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

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

ABBAS SAYEED

Chairman

September 21, 2022
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے آڈٹ شدہ اکاؤنٹس کے ساتھ 60 ویں سالانہ رپورٹ پیش کرنے پر خوش ہیں۔ اس رپورٹ میں 30 جون 2022 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی سرگرمی کا احاطہ کیا گیا ہے اور قریل کی تفصیلات کے ساتھ اس کی آپریٹنگ اور مالی کارکردگی کو بھی بیان کیا گیا ہے۔

آپریٹنگ کارکردگی

اللہ تعالیٰ کے فضل و کرم سے ملک میں جاری معاشی بحران کے باوجود آپ کی کمپنی نے اچھی کارکردگی دکھائی۔ 11.5 فی صد اضافہ کے ساتھ مجموعی حجم 1,365.1 ارب روپے کی نئی ریکارڈ بلند سطح پر پہنچ گیا۔ ایکسرسائز بکس کی فروخت 45 فی صد اضافے کے ساتھ سرفہرست رہی، جب کہ پولیوڈ کی فروخت 0.35 فی صد کم ہوئی۔ تاہم حجم کے لحاظ سے یہ کی تقریباً 10.24 فی صد تھی۔ اس کی وجہ کچھ سیکٹس کی طلب میں اس حقیقت کے باعث کمی کا انا تھا کہ اس سے پیشتر بہت زیادہ فروخت ہوئی تھی جو کہ کووڈ لاک ڈاؤن سے ملک کے کھلنے کے بعد بڑھتی ہوئی مانگ کا نتیجہ تھی۔ بہت ساری نئی کمپنیوں کے اس سیکٹس میں آنے کے باوجود کمپنی نے اپنی قائدانہ پوزیشن برقرار رکھی۔ آگے جاتے ہوئے، ہمارے لیے سب سے بڑی یہ ہے کہ کھپت کی صورتحال کیسی رہے گی اور مہنگائی کی بلند شرح کے باعث اس میں کمی آئیگی یا نہیں۔ ایک اور تشویش یہ ہے کہ چونکہ پولیوڈ کیلئے تمام خام مال درآمد کیا جاتا ہے، یہ ملک کے غیر ملکی زرمبادلہ کی پوزیشن اور سخت درآمدی پالیسیوں کے لحاظ سے ایک بہت بڑا چیلنج ہے۔ اس کے علاوہ، پچھلے سال ہمیں لیبل اشاک اور دیگر خام مال کی درآمد کیلئے سلائی چین میں بڑے مسائل کا سامنا کرنا پڑا کیونکہ مال برداری کی لاگت ریکارڈ بلند سطح پر پہنچ گئی اور کووڈ کے بعد کی دنیا میں زیادہ طلب کی وجہ سے دنیا بھر میں مٹیریل کی قلت تھی۔ یہ صورتحال اب بہتر ہوگئی ہے اور مال برداری کے اخراجات بھی معمول کی سطح پر آگئے ہیں، لہذا ہم توقع رکھتے ہیں کہ یہ صورتحال اس سال مستحکم رہے گی۔ دوسری کیلکس مشین جو کہ ایک استعمال شدہ مشین تھی، مارچ 2022 میں پہنچی لیکن مشین اور بہت سی فراہمیوں کی وجہ سے جون تک مکمل پراڈکشن میں نہیں جاسکی لیکن ان سب کو پرنسپل کمپنی اور پاکستان ایجنٹ نے بغیر کسی اضافی قیمت کے درست کر دیا اور ہمیں یہ بتاتے ہوئے خوش ہو رہی ہے کہ اب یہ مشین ٹھیک چل رہی ہے۔ اس اضافے کے ساتھ اب ہم پاکستان میں میبلز کی اعلیٰ ترین مارکیٹ کی ضرورت کو پورا کرنے کیلئے تیار ہیں۔ ہمیں اندازہ ہے کہ پاکستان کی معیشت کیلئے مستقبل انتہائی چیلنجنگ ہے اور ہم امید کرتے ہیں کہ ملک کے حالات اور غیر ملکی زرمبادلہ کی شرح تبادلہ مستحکم ہوگی جو اس کا روبرو کیلئے بہت ضروری ہے۔

پروپیلز:

کرسی کی قدر میں مسلسل کمی نے شرح منافع پر انتہائی منفی اثر ڈالا جب کہ خام مال کی درآمد پر شرح تبادلہ کا نقصان قبل از ٹیکس منافع میں بڑی کمی کی وجہ بنا جس کی وجہ سے پروپیلز کیلئے یہ سال بہت مشکل ثابت ہوا۔ پاکستانی روپے میں فروخت تقریباً پراپی سطح پر برقرار رہی کیوں کہ یہ کی صرف 0.35 فی صد تھی، تاہم حجم کے لحاظ سے یہ کی تقریباً 10.24 فی صد تھی۔ اس کی وجہ کچھ سیکٹس کی طلب میں اس حقیقت کے باعث کمی کا انا تھا کہ اس سے پیشتر بہت زیادہ فروخت ہوئی تھی جو کہ کووڈ لاک ڈاؤن سے ملک کے کھلنے کے بعد بڑھتی ہوئی مانگ کا نتیجہ تھی۔ بہت ساری نئی کمپنیوں کے اس سیکٹس میں آنے کے باوجود کمپنی نے اپنی قائدانہ پوزیشن برقرار رکھی۔ آگے جاتے ہوئے، ہمارے لیے سب سے بڑی یہ ہے کہ کھپت کی صورتحال کیسی رہے گی اور مہنگائی کی بلند شرح کے باعث اس میں کمی آئیگی یا نہیں۔ ایک اور تشویش یہ ہے کہ چونکہ پولیوڈ کیلئے تمام خام مال درآمد کیا جاتا ہے، یہ ملک کے غیر ملکی زرمبادلہ کی پوزیشن اور سخت درآمدی پالیسیوں کے لحاظ سے ایک بہت بڑا چیلنج ہے۔ اس کے علاوہ، پچھلے سال ہمیں لیبل اشاک اور دیگر خام مال کی درآمد کیلئے سلائی چین میں بڑے مسائل کا سامنا کرنا پڑا کیونکہ مال برداری کی لاگت ریکارڈ بلند سطح پر پہنچ گئی اور کووڈ کے بعد کی دنیا میں زیادہ طلب کی وجہ سے دنیا بھر میں مٹیریل کی قلت تھی۔ یہ صورتحال اب بہتر ہوگئی ہے اور مال برداری کے اخراجات بھی معمول کی سطح پر آگئے ہیں، لہذا ہم توقع رکھتے ہیں کہ یہ صورتحال اس سال مستحکم رہے گی۔ دوسری کیلکس مشین جو کہ ایک استعمال شدہ مشین تھی، مارچ 2022 میں پہنچی لیکن مشین اور بہت سی فراہمیوں کی وجہ سے جون تک مکمل پراڈکشن میں نہیں جاسکی لیکن ان سب کو پرنسپل کمپنی اور پاکستان ایجنٹ نے بغیر کسی اضافی قیمت کے درست کر دیا اور ہمیں یہ بتاتے ہوئے خوش ہو رہی ہے کہ اب یہ مشین ٹھیک چل رہی ہے۔ اس اضافے کے ساتھ اب ہم پاکستان میں میبلز کی اعلیٰ ترین مارکیٹ کی ضرورت کو پورا کرنے کیلئے تیار ہیں۔ ہمیں اندازہ ہے کہ پاکستان کی معیشت کیلئے مستقبل انتہائی چیلنجنگ ہے اور ہم امید کرتے ہیں کہ ملک کے حالات اور غیر ملکی زرمبادلہ کی شرح تبادلہ مستحکم ہوگی جو اس کا روبرو کیلئے بہت ضروری ہے۔

ایکسرسائز بکس:

ایکسرسائز بکس کیلئے یہ سال بہت زبردست رہا، جن کی فروخت 45 فی صد اضافے کے ساتھ 461 ملین روپے تک پہنچ گئی۔ اس کی بنیادی وجہ یہ تھی کہ ہم نے ایک مالی سال میں 2 سیزن حاصل کیے، کیونکہ کووڈ لاک ڈاؤن کے بعد اگست 2021 میں اسکول مکمل طور پر کھل گئے تھے لہذا سال کی پہلی سہ ماہی میں فروخت بہت زبردست ہوئی جو سال بھر جاری رہی اور آخری سہ ماہی میں ہم نے تعلیمی سال 2022-23 کیلئے فروخت کی۔ پاکستانی روپے میں فروخت کے حجم میں اضافے کی ایک اور بڑی وجہ یہ ہے کہ سال بھر ہمیں کاغذ کی قیمتوں میں ہونے والے اضافے کے اثر کو ذل کرنے کیلئے اپنی کامیابیوں کی قیمتوں میں مسلسل اضافہ کرنا پڑا، جہاں دیگر تمام اشیاء کی طرح افراط زر کے بہت زیادہ دباؤ کا سامنا کرنا پڑا۔ ملک میں کاغذ کی شدید قلت کی وجہ سے زیادہ طلب کو پورا کرنا بھی ایک بڑا چیلنج تھا اور جب کہ ہم اپنے قابل بھروسہ سلائیئر پچھلے بورڈ طرز کی وجہ سے دوسروں سے بہتر پوزیشن میں رہے لیکن انہیں بھی گودے (Pulp) کی درآمد میں بڑے چیلنجز کا سامنا کرنا پڑا اور ان کی سلائی چین بھی بری طرح متاثر ہوئی۔ انسٹی ٹیوشنل سلائی کے علاوہ ہماری اپنے برانڈ کی کامیابیوں کی بھی بہت زیادہ طلب ہوگئی، کیوں کہ سندھ میں ہمارے ڈسٹری بیوٹرز نے پورے صوبے میں اپنا نیٹ ورک پھیلایا جس کے نتیجے میں کراچی سے جیم یارخان تک ہماری کامیابیوں کی بہت زیادہ مانگ بڑھی۔ ہماری کمپنی کے امکانات کا ملک کی مجموعی معاشی صورتحال سے گہرا تعلق ہے۔ ملک ایک مشکل وقت سے گزر رہا ہے۔ موجودہ معاشی اشاریے بہت بہتر ہو سکتے ہیں۔ حالیہ سیلاب نے بہت زیادہ نقصان پہنچایا ہے۔ منجمنٹ اس صورتحال پر نظر رکھے ہوئے ہے اور نقصان کو محدود رکھنے کیلئے تمام ممکنہ اقدامات پر غور کر رہی ہے۔ ہماری کمپنی کے امکانات کا ملک کی مجموعی معاشی صورتحال سے گہرا تعلق ہے۔ ملک ایک مشکل وقت سے گزر رہا ہے۔ معاشی اشاریے اس وقت کے مقابلے بہت بہتر ہو سکتے ہیں۔ حالیہ سیلاب نے بہت زیادہ نقصان پہنچایا ہے۔ اس صورت حال میں انتظامیہ تمام ممکنہ تخفیف کے اقدامات پر غور کر کے نقصان کو محدود کرنے کے لیے صورتحال پر نظر رکھے ہوئے ہے۔



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سینسیلائزڈ پیپر اور پلاٹریٹ پیپر:

سینسیلائزڈ پیپر کی فروخت بہت مایوس کن رہی اور اس میں 27.90 فیصد کمی واقع ہوئی اور اس کی ایک بڑی وجہ یہ رہی کہ سال کے پہلے 3 ماہ تک ہمارے پاس اس پروڈکٹ کو تیار کرنے کیلئے خام مال نہیں تھا۔ جیسا کہ ہم ماضی میں بھی نشاندہی کر چکے ہیں کہ یہ اب ایک فرسودہ پروڈکٹ ہے اور اس کے لیے خام مال فراہم کرنے والے بہت ہی کم رہ گئے ہیں، جس کے باعث اس کا حصول بہت مشکل ہے اور ہم سمجھتے ہیں کہ بہت کم طلب کے باعث ہمیں بہت جلد اس کی پیداوار بھی بند کرنی پڑے گی۔ فروخت میں 39.18 فیصد اضافہ کے ساتھ، پلاٹریٹ پیپر کیلئے یہ ایک مضبوط سال رہا جو کہ سینسیلائزڈ پیپر کا متبادل ہے۔ یہاں بھی ہمیں پاکستانی روپے کی شرح تبادلہ میں کمی کے ساتھ ساتھ گزشتہ ایک سال کے دوران کاغذ کی قیمتوں میں بڑے پیمانے پر اضافے کی وجہ سے شرح منافع میں کمی کا سامنا کرنا پڑا۔

مالیاتی کارکردگی

پوری دنیا میں اور خاص طور پر پاکستان میں مجموعی طور پر سخت معاشی حالات کا اثر ہماری کمپنی پر بھی پڑا، حالانکہ ہم محسوس کرتے ہیں کہ قبل از ٹیکس منافع میں صرف 6.79 فیصد کمی کے ساتھ ہم نے حالات پر کافی حد تک قابو پایا اور زیادہ ٹیکس کی وجہ سے ہمارا بعد از ٹیکس منافع 12.48 فیصد کم ہو گیا۔ یہ بنیادی طور پر کمپنی کے تمام وسائل کے بہتر اور زیادہ موثر استعمال کی وجہ سے حاصل ہوا ہے۔ ہمارے منافع میں کمی کی بڑی وجہ ہماری مالیات لاگت میں 103.5 فیصد کا شدید اضافہ تھا جس کا بڑا حصہ شرح تبادلہ میں ہونے والا نقصان تھا اور اس کے علاوہ گزشتہ ایک سال کے دوران ملک میں شرح سود بھی دوگنی ہو گئی۔

جون، 2022	جون، 2021	ٹیکس لگانے سے پہلے منافع
90,426,949	97,013,786	ٹیکس
(28,683,321)	(26,462,248)	ٹیکس لگانے کے بعد منافع
61,743,628	70,551,538	
7.72	8.82	فی شیئر آمدنی

منافع منقسمہ کا اعلان

بورڈ پہلے ہی 25 فیصد کے عبوری منافع منقسمہ اعلان کر چکا ہے اور اسے سال 2021-22 کیلئے کل منافع منقسمہ سمجھا جائیگا۔

مالی رپورٹنگ

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

میںویٹیکچرنگ اور آپریشنز

میںویٹیکچرنگ کی سہولیات سے متعلق ہمارے تمام وسائل نے عمدہ کارکردگی کا مظاہرہ کیا اور افادیت میں مثبت فائدہ حاصل کیا ہم مسابقت میں آگے رہنے کے لئے اپنی میںویٹیکچرنگ سہولیات کو مسلسل جدید اور اپ گریڈ کر رہے ہیں۔

کارپوریٹ سماجی ذمہ داری

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

صحت

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



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بورڈ

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

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

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

بورڈ اور اس کی کمیٹی کے اجلاس

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

ڈائریکٹر کا نام	بورڈ میٹنگ	آڈٹ کمیٹی	ہیومن ریسورس اور معاوضہ کمیٹی
مسٹر عباس سعید	4	3	1
جناب عابد سعید	4	4	1
ڈاکٹر اسد اللہ سعید	4	4	-
مسز ملانگہ سعید	4	-	1
جناب سعید عمران	4	-	1
جناب شعیب احمد خان (NIT نامزد)	4	4	1
محترمہ عائشہ فیصل صلاح الدین	4	4	-

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

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز کو توثیق سے مستثنیٰ قرار دیا گیا ہے کیونکہ وہ ضابطہ اخلاق میں دیئے گئے استثنیٰ کے معیار پر مکمل طور پر پورے اترتے ہیں۔ دو نے بالترتیب 2015، 2018 اور 2022 میں ڈائریکٹرز کے سرٹیفیکیشن ٹریننگ پروگرام کے تحت سند حاصل کی ہے۔ لہذا، آدھے سے زیادہ بورڈ کوڈ کے مطابق ڈی ٹی پی اور چھوٹ کے معیار کے تحت اہل ہیں۔

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



PAKISTAN PAPER PRODUCTS LIMITED

تفیل کا بیان

بورڈ نے تفیل کا بیان اپنا یا ہے۔ تمام ملازمین کو اس بیان سے آگاہ کیا جاتا ہے۔

مادی تبدیلیاں

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

کاروباری اصولوں کا کوڈ

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

منجمنت کا خطرہ

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

خطرے کی تشخیص

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

مستقبل کی توقعات

اس وقت مستقبل کے امکانات بہت تاریک نظر آتے ہیں کیونکہ ملک اپنی 75 سالہ تاریخ کے مشکل ترین معاشی دور سے گزر رہا ہے جس میں غیر ملکی ذخائر خطرناک حد تک گر رہے ہیں اور مجموعی طور پر عالمی پیر کموڈٹی سائیکل نے اس کے تاریک وسائل پر اضافی تباہی مچائی ہے۔ ملک میں حالیہ سیلاب نے بے پناہ نقصان کیا ہے اور اس سے ملک کے معاشی بحران میں مزید اضافہ ہوگا۔ ہماری کمپنی کے مستقبل کے امکانات قدرتی طور پر ملک کی مجموعی معاشی صورتحال سے بہت قریب سے جڑے ہوئے ہیں۔

آپ کو یقین دہانی کرانا چاہئے ہیں کہ منجمنت اس صورتحال سے اچھی طرح باخبر ہے اور بروقت اور متواتر انداز میں اس کا خیال رکھا جا رہا ہے۔

حساب کتاب کا گروہ یا لوگ

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

چیومن ریویورس کمپنی

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



PAKISTAN PAPER PRODUCTS LIMITED

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

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

شیئر ہولڈنگ کا نمونہ
30 جون 2021 تک کچھ سکیٹ کے حصص یافتگان کے حصص یافتگی کے انداز کے بیان کو رپورٹ میں شامل کیا گیا ہے۔

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

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

مطلوبہ درجہ بندی کے تحت شرائط
کارپورٹ گورنمنٹ ریگولیشن 2019

بورڈ کی تشکیل

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

01	ایگزیکٹو ڈائریکٹر
04	نان ایگزیکٹو ڈائریکٹر
02	آزاد ڈائریکٹر

بورڈ کی کمیٹیاں۔

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

(a) آڈٹ کمیٹی

محترمہ عائشہ فیصل صلاح الدین۔ چیئر پرسن

جناب عباس سعید

ڈاکٹر اسد اللہ سعید

جناب شعیب احمد خان

(b) ہیومن ریسورس اینڈ ریمونیشن کمیٹی

جناب شعیب احمد خان۔ چیئر مین

جناب عباس سعید

مسز ملائکہ سعید

جناب سعید عمران



PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز کا معاوضہ

کمپنی کے مضامین کے ذریعے، بورڈ آف ڈائریکٹرز کو فنانسنگ ایگزیکٹو، ٹران ایگزیکٹو اور ڈائریکٹرز کا معاوضہ ملنے کا حجاز ہے۔ اس سلسلے میں، بورڈ آف ڈائریکٹرز نے کمپنی کے ایگزیکٹو، ٹران ایگزیکٹو اور ڈائریکٹرز کے لئے معاوضے کی پالیسی تیار کی ہے۔

اعترافات

ڈائریکٹرز قابل قدر صارفین کے لئے ان کی مسلسل مدد پر شکریہ ادا کرتے ہیں۔ وہ کمپنی کے بینکاروں، جسٹس یا فنانسنگ اور دیگر اسٹیک ہولڈرز کی طرف سے موصول حمایت کی بھی تعریف کرتے ہیں جو آپ کی کمپنی میں اعتماد برقرار رکھنا جاری رکھے ہوئے ہیں۔ اس کے علاوہ، ریگولیٹریز، ایگزیکٹو ایجنسیز، اینڈ ایگزیکٹو کمیشن آف پاکستان (ایس ای سی پی) اور پاکستان اسٹاک ایکسچینج - پی ایس ایکس کی طرف سے موصول تعاون کے لئے بھی ڈائریکٹرز اپنی خلوص تعریف کو ریکارڈ کرتے ہیں۔

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

عابد سعید
چیف ایگزیکٹو

عباس سعید
چیرمین

بوسط بورڈ آف ڈائریکٹرز

21 ستمبر 2022

کراچی



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 60th Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2022 and describes its operational and financial performance along with compliance details.

Operating Performance

By the Grace of Allah your company performed well in spite of the economic crisis that the country is going through. The top line grew by 11.5% with total turnover reaching a new record high of Rs 1.365 billion. Exercise books led the way with a growth of 45% in sales, while Pro Labels was flat at -0.35%, and Sensitized paper showed a decline of 27.9% and Photocopy Paper increased by 39.8%. Our GP increased by 17.63% and operating profit also increased by 14.35% but due to a massive increase of Finance charges due to Exchange Loss our profit before and after tax fell by 6.79% and 12.48% respectively.

Pro Labels:

The year was a very challenging one for Pro Labels due to the constant devaluation of the currency which eroded the margins and in addition the exchange loss on import of raw materials led to a massive decline in Profit before Tax. Sales were relatively flat in terms of PKR as the decline was only 0.35% but fell by around 10.24% in terms of volume. This was due to decline in demand of some segments along with the fact that we had very high sales earlier which were a result of the pent-up demand after opening up of the country from Covid lockdown. The company continues to maintain its leadership position in this market segment in spite of many new players in the market. The major concern to us going forward is how the consumption pattern will be in the country and if it declines or not due to massive inflation. Another concern is that since all the raw materials for Pro Labels are imported it poses a very serious challenge in terms of the country's forex position and tough policies on imports. In addition, last year we faced major supply chain challenges in import of label stock and other raw material as freight prices climbed to record high levels and there was major shortage of material worldwide due to the high demand of the post Covid world. This situation has improved now and freight charges have also come back to normal levels so we are hoping that this situation will stay stable for this year. The second Gallus machine which was a used machine arrived to in March 2022 but could not go into full production till June due to many faults with the machine but they were all rectified by the principal company and Pakistan agent at no additional cost to us and we are pleased to report that now the machine is running well. With this addition we are now very well placed to cater to the high-end market of labels in Pakistan. We are aware that the future is extremely challenging for Pakistan's economy and we hope that things improve and the Forex rates stabilize which is very essential for this business.

Exercise Books:

Exercise Books had an extremely robust year with sales rising by 45% to Rs 461 million. This was mainly because we experienced 2 seasons in one financial year as the schools opened up fully in August 2021 after Covid lockdown so there was very brisk sales in the first quarter of the year which continued throughout the year and in final quarter we did seasonal sales for the 2022-23 academic year. Another major reason for the increase in PKR value is that through the year we had to



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continuously raise prices of our copies to keep up with the increase in paper prices which like all commodities experienced very high inflationary pressure. Keeping up with the high demand was also

a major challenge due to major shortage of paper in the country and while we were still better off than others due to our dependable supplier Century Paper & Board Mills but they also faced major challenges in import of pulp and their supply chain was also severely affected. In addition to institution sales we also experienced very high sales of our own brand copies as our distributor in Sindh expanded his footprint all over the province and our copies enjoyed very high demand from Karachi to Rahim Yar Khan. The prospects of our company are closely linked to the overall macroeconomic situation of the country. The country is passing through a challenging time. The economic indicators can be much better than they presently are. The recent floods have done immense damage. In this situation, management is monitoring the situation to limit the damage by considering all possible mitigating measures.

Sensitized Paper & Plotter Paper:

Sensitized paper sales had a very disappointing year and decreased by 27.90% and one of the major reasons being that for the first 3 months of the year we did not have raw material to produce this product. As we have been pointing out in the past also that this is now a very obsolete product and there are hardly any suppliers left of raw material so it is very difficult to procure and we think that very shortly we will also have to cease production as now the demand is also very low. Plotter paper which is its alternative had a robust year with an increase in sales of 39.18%. Here also we faced a case of declining margins due to massive increase in price of paper over the last one year coupled with the PKR devaluation.

Financial Performance

The overall tough economic conditions all over the world and especially in Pakistan had an effect also on our company, although we feel that we still managed quite well with NP before tax falling by only 6.79% and due to higher tax our NP after tax fell by 12.48%. This was achieved mainly due to improved and more efficient utilization of all resources of the company. The major reason for decline in our profits was due to the massive increase of 103.5% in our Finance costs of which the major portion was the exchange loss and in addition the interest rate in the country also doubled in the last one year. If it had not been for this big hit the profits of the company would have been even higher than last year.

	<u>June, 20 22</u>	<u>June, 20 21</u>
Profit before taxation	90,426,949	97,013,786
Taxation	<u>(28,683,321)</u>	<u>(26,462,248)</u>
Profit after taxation	61,743,628	70,551,538
Earnings per share	7.72	8.82

Declaration of Dividend

The Board has already announced an interim dividend of 25% and that will be considered as total dividend for the year 2021-22.



PAKISTAN PAPER PRODUCTS LIMITED

Financial Reporting

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

Manufacturing and Operations

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

Corporate Social Responsibility

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

Health

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

The Board

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

Corporate and Financial Reporting Framework

- ◆ We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Pakistan Stock Exchange.
- ◆ The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of the operations, cash flows and changes in equity.
- ◆ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ◆ Proper books of accounts have been maintained by the Company.
- ◆ In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.
- ◆ There is no significant doubt about the company's ability to continue as a going concern.



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- ♦ The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- ♦ Detail about taxes is given in the notes to the accounts.

Board & its Committee meetings

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

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

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

Directors' Training Program

Out of seven Directors of the Company, three Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. Three have obtained certification under Directors' Certification Training Program in 2015, 2018 & 2022 respectively. Therefore, over half of the Board is qualified under the criteria of DTP and exemption criteria as per Code.

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

Statement of Compliance

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

Material Changes

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



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Code of Business Principles

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

Risk Management

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

Risk Assessment

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

Future Prospects

The future prospects at this time look very bleak as the country is passing through the toughest economic times in its 75-year history with foreign reserves plummeting at an alarming rate and the overall world super commodity cycle has played additional havoc on the bleak resources of the country. The recent floods in the country have done immense damage and will further aggravate the economic crisis of the country. The future prospects of our company are naturally very closely linked to the overall macroeconomic situation of the country.

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

Audit Committee

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



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Human Resource Committee

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

Operating and Financial Data

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

Auditors

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

Pattern of Shareholding

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

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

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

IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2019

Composition of the Board

There are seven Board members including two female and five male directors, whereas the composition of the Board is as follow;

Executive Director	01
Non-Executive Director	04
Independent Director	02



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Committees of the Board.

The board has formed committees comprising of members given below:

a) Audit Committee

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

b) Human Resource & Remuneration Committee

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

Directors' Remuneration

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

Acknowledgements

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

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

On behalf of the Board of Directors

ABBAS SAYEED

Chairman

September 21, 2022
Karachi

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

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

For the year ended June 30, 2022.

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

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

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

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

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

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



PAKISTAN PAPER PRODUCTS LIMITED

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

a) Audit Committee

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

b) Human Resource & Remuneration Committee

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



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

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

Audit Committee	Four quarterly meetings held during the financial year ended June 30, 2022.
Human Resource & Remuneration Committee	One meeting held during the financial year ended June 30, 2022.

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

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

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

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

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi: September 21, 2022



PAKISTAN PAPER PRODUCTS LIMITED



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Pakistan Paper Products Limited** ('the Company') for the year ended 30 June 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 30 June 2022.

Chartered Accountants

Place: Karachi

Dated:

UDIN: CR202210178YnzfdJuS3

Engagement partner: Muhammad Faisal Nini.



PAKISTAN PAPER PRODUCTS LIMITED



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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Paper Products Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Paper Products Limited ('the Company'), which comprise the statement of financial position as at 30 June 2022, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



PAKISTAN PAPER PRODUCTS LIMITED



Continuation Sheet

Following is the key audit matter:

S.no.	Key audit matter	How the matter was addressed in our audit
1.	Revenue from Contracts with Customers	Our audit procedures to address the Key Audit Matter included the following:
	<p>The Company is engaged in production and sale of exercise books, pro-labels and sensitized papers. Revenue recognition policy has been explained in note 3.16 to the financial statements, and the related amounts of revenue recognized during the year are disclosed in note 21 to the financial statements.</p> <p>The Company generates revenue from sale of goods to domestic customers.</p> <p>Revenue from sales is recognized when performance obligation is satisfied as per the requirements of the International Financial Reporting Standard (IFRS) 15 – ‘Revenue from Contracts with Customers’.</p> <p>We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<ul style="list-style-type: none"> ☑ Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards; ☑ Obtained an understanding of revenue from customers and assessed the design, implementation and operating effectiveness of controls around recognition of revenue; ☑ Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; ☑ Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checked significant credit notes issued after year-end; and ☑ Evaluated the adequacy and appropriateness of disclosures made in the financial statements.

Information Other than the Financial Statements and Auditors’ Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



PAKISTAN PAPER PRODUCTS LIMITED

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.



PAKISTAN PAPER PRODUCTS LIMITED

- ☑ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

Chartered Accountants

Place: Karachi

Dated:

UDIN: AR202210178v6I9oypqG



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	Notes	2022	2021
		(Rupees)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	893,264,648	802,714,130
Intangible assets	5	376,665	517,915
Long term deposits		1,135,258	957,258
		894,776,571	804,189,303
CURRENT ASSETS			
Stores and spares		8,442,309	5,548,216
Stock-in-trade	6	298,736,588	262,468,300
Trade debts - Unsecured, considered good		255,865,910	211,451,703
Advances and other receivables	7	118,237,943	107,382,879
Deposits, advances and short term prepayments	8	18,445,449	2,661,824
Cash and bank balances	9	6,141,564	4,729,141
		705,869,763	594,242,063
		1,600,646,334	1,398,431,366
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2021: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital	10	80,000,000	80,000,000
Revenue reserves		429,167,189	408,423,468
Capital reserve			
Surplus on revaluation of property, plant and equipment	11	507,390,716	510,591,499
		1,016,557,905	999,014,967
NON-CURRENT LIABILITIES			
Deferred tax liability - Net	12	43,539,407	42,030,458
Deferred liability for staff gratuity	13	19,247,674	17,726,668
Long term loans - Secured	14	107,452,497	58,180,863
Liabilities against assets subject to musharakah financing	15	8,880,000	--
Deferred grant	16	7,227,187	9,655,612
		186,346,765	127,593,601
CURRENT LIABILITIES			
Current portion shown under current liabilities	17	33,579,591	31,290,851
Short term borrowings - Secured	18	163,316,050	91,452,605
Unclaimed dividend		10,036,413	8,439,427
Creditors, accrued and other liabilities	19	190,809,610	140,639,915
		397,741,664	271,822,798
CONTINGENCIES AND COMMITMENTS	20	--	--
		1,600,646,334	1,398,431,366

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 ----- (Rupees) -----	2021 -----
Sales - Net	21	1,234,186,382	1,092,961,922
Cost of sales	22	(1,045,029,690)	(932,149,037)
Gross profit		189,156,692	160,812,885
Administrative expenses	23	(39,692,808)	(32,657,642)
Selling and distribution expenses	24	(21,467,593)	(16,252,147)
Other operating expenses	25	(8,605,114)	(7,496,428)
		(69,765,515)	(56,406,217)
Operating profit		119,391,177	104,406,668
Other income	26	3,533,557	8,576,433
Finance cost	27	(32,497,785)	(15,969,315)
Profit before taxation		90,426,949	97,013,786
Taxation - Net	28	(28,683,321)	(26,462,248)
Profit for the year		61,743,628	70,551,538
Earnings per share - Basic and diluted	29	7.72	8.82

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 ----- (Rupees) -----	2021 -----
Profit for the year		61,743,628	70,551,538
Other comprehensive loss:			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Remeasurement of defined benefit liability	13	(282,662)	(826,151)
Related deferred tax		81,972	239,584
		(200,690)	(586,567)
Total comprehensive income for the year		61,542,938	69,964,971

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total revenue reserves		
(Rupees)						
Balance as on 1 July 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996
Profit for the year ended 30 June 2021	--	--	70,551,538	70,551,538	--	70,551,538
Other comprehensive loss	--	--	(586,567)	(586,567)	--	(586,567)
Total comprehensive income for the year	--	--	69,964,971	69,964,971	--	69,964,971
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	334,289	334,289	(334,289)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	3,212,029	3,212,029	(3,212,029)	--
<i>Transactions with owners:</i>						
Final cash dividend @ 12.5% related to the year ended 30 June 2020	--	--	(10,000,000)	(10,000,000)	--	(10,000,000)
Interim cash dividend @ 20% related to the period ended 31 December 2020	--	--	(16,000,000)	(16,000,000)	--	(16,000,000)
Balance as at 30 June 2021	80,000,000	143,900,000	264,523,468	408,423,468	510,591,499	999,014,967
Profit for the year ended 30 June 2022	--	--	61,743,628	61,743,628	--	61,743,628
Other comprehensive loss	--	--	(200,690)	(200,690)	--	(200,690)
Total comprehensive income for the year	--	--	61,542,938	61,542,938	--	61,542,938
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	455,250	455,250	(455,250)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,745,533	2,745,533	(2,745,533)	--
<i>Transactions with owners:</i>						
Final cash dividend @ 30% related to the year ended 30 June 2021	--	--	(24,000,000)	(24,000,000)	--	(24,000,000)
Interim cash dividend @ 25% related to the period ended 31 December 2021	--	--	(20,000,000)	(20,000,000)	--	(20,000,000)
Balance as at 30 June 2022	80,000,000	143,900,000	285,267,189	429,167,189	507,390,716	1,016,557,905

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 ----- (Rupees) -----	2021 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	88,502,969	47,777,090
<i>Payments for:</i>			
Income taxes net of refund received		(22,709,555)	(38,190,041)
Sindh Workers' Welfare Fund		(2,270,917)	--
Sindh Workers' Profit Participation Fund	19.3	(5,225,511)	(1,162,133)
Gratuity	13.1	(1,729,662)	(1,567,776)
Finance cost		(14,810,374)	(14,349,727)
Net cash inflows / (outflows) from operating activities		41,756,950	(7,492,587)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to tangible assets	4	(130,324,467)	(15,111,174)
Addition to intangibles	5	--	(565,000)
Sale proceeds against disposal of fixed assets		2,685,560	385,500
Net cash outflows from investing activities		(127,638,907)	(15,290,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits		(178,000)	(3,250)
Long-term finances obtained		95,304,000	76,814,584
Repayment of long-term finances		(37,292,051)	(24,461,525)
Dividend paid		(42,403,014)	(25,054,957)
Net cash inflows from financing activities		15,430,935	27,294,852
Net (decrease) / increase in cash and cash equivalents		(70,451,022)	4,511,591
Cash and cash equivalents at the beginning of the year		(86,723,464)	(91,235,055)
Cash and cash equivalents at the end of the year		(157,174,486)	(86,723,464)

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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



PAKISTAN PAPER PRODUCTS LIMITED

2.4.1 Operating fixed assets, revaluation and depreciation

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

2.4.2 Trade debts and amount due from related parties

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

2.4.3 Income tax

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

2.4.4 Stock in trade

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

2.4.5 Stores and spares

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

2.4.6 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 13) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

2.5 Changes in accounting standards, interpretations and pronouncements

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

The following 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 not expected to have significant impact on the company's financial statements other than certain additional disclosures.



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	Effective Date (Period beginning on or after)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Amendment to IFRS 16 "Leases" - Covid-19 related rent concessions extended beyond 30 June 2021	1 April 2021
2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective	
The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.	
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	1 January 2022
'Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	1 January 2023
Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	1 January 2023
Amendment to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendment to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Certain annual improvements have also been made to a number of IFRSs.	
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
<ul style="list-style-type: none">- IFRS 1 – First Time Adoption of International Financial Reporting Standards- IFRS 17 – Insurance Contracts	



PAKISTAN PAPER PRODUCTS LIMITED

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

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

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

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

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

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

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

3.2 Intangible assets

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



PAKISTAN PAPER PRODUCTS LIMITED

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

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

3.3 Stores and spares

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

3.4 Stock in trade

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

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

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

3.5 Financial instruments

3.5.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

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

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

Subsequent measurement

Debt Investments at FVOCI

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



PAKISTAN PAPER PRODUCTS LIMITED

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

3.5.2 Non-derivative financial assets

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

3.5.2.1 Trade debts, advances and other receivables

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

3.5.2.2 Cash and cash equivalents

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

3.5.3 Financial liabilities

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



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3.5.3.1 Mark-up bearing borrowings and borrowing costs

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

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

3.5.3.2 Trade and other payables

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

3.5.4 Derivative financial instruments - Other than hedging

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

3.5.5 Derivative financial instruments - Cash flow hedges

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

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

3.5.6 Offsetting of financial assets and financial liabilities

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

3.6 Trade debts

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



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3.7 Cash and cash equivalents

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

3.8 Trade and other payables

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

3.9 Staff retirement benefits

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

Defined contribution plan

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

Defined benefit plan

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

3.10 Taxation

Current

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

Deferred

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

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



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3.11 Provisions

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

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

3.12 Foreign currency translation

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

3.13 Impairment

3.13.1 Financial assets

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

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

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

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

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

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

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

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



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3.13.2 Non-financial assets

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

3.14 Government grants and assistance

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

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

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

3.15 Dividend distribution

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

3.16 Revenue recognition

Sale of goods

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

Interest income

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

Service income

Service income is recognized when related services are rendered.

3.17 Earnings per share

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



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3.18 Segment reporting

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

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

4.1 893,264,648 802,714,130

4.1 Operating fixed assets

2 0 2 2											
PARTICULARS	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2021	Rate %	
	As at 1 July 2020	Additions during the year	(Disposal)	As at 30 June 2021	As at 1 July 2020	(On disposal)	Charge for the year	As at 30 June 2021			
	(Rupees)										
Tangible assets											
Leasehold land	484,000,000	--	--	484,000,000	--	--	--	484,000,000	-		
Buildings on leasehold land											
- Factory	40,179,836	5,510,906	--	45,690,742	18,326,712	--	2,318,584	20,645,296	25,045,446		
- Office	6,472,338	--	--	6,472,338	1,811,838	--	233,025	2,044,863	4,427,475		
Plant and machinery	438,426,630	91,861,589	--	530,288,219	169,645,425	--	28,075,257	197,720,682	332,567,537		
Furniture and fixture	2,455,426	1,082,680	--	3,538,106	607,062	--	229,896	836,958	2,701,148		
Factory and other equipment	10,176,783	4,625,204	(2,920)	14,799,067	2,738,460	(1,819)	910,449	3,647,090	11,151,977		
Electric equipment and fitting	6,530,816	--	--	6,530,816	3,323,843	--	481,046	3,804,889	2,725,927		
Computers	2,041,512	219,700	(45,759)	2,215,453	1,492,891	(39,810)	189,987	1,643,068	572,385		
Vehicles	23,149,227	10,448,917	(5,736,414)	27,861,730	12,772,207	(3,985,634)	3,533,958	12,320,531	15,541,199		
Musharaka Assets											
Solar power system	--	16,575,471	--	16,575,471	--	--	2,043,917	2,043,917	14,531,554		
	1,013,432,568	130,324,467	(5,785,093)	1,137,971,942	210,718,438	(4,027,263)	38,016,119	244,707,294	893,264,648		

2021										
PARTICULARS	Cost / revaluation			Accumulated depreciation					Rate %	
	As at 1 July 2020	Additions during the year	(Disposal)	As at 30 June 2021	As at 1 July 2020	(On disposal)	Charge for the year	As at 30 June 2021		Written down value as at 30 June 2021
	(Rupees)									
Tangible assets										
Leasehold land	484,000,000	--	--	484,000,000	--	--	--	--	484,000,000	-
Buildings on leasehold land										
- Factory	39,793,671	386,165	--	40,179,836	15,920,040	--	2,406,672	18,326,712	21,853,124	10
- Office	6,472,338	--	--	6,472,338	1,566,546	--	245,292	1,811,838	4,660,500	5
Plant and machinery	430,478,511	7,948,119	--	438,426,630	140,037,551	--	29,607,874	169,645,425	268,781,205	10
Furniture and fixture	1,250,380	1,205,046	--	2,455,426	446,324	--	160,738	607,062	1,848,364	10
Factory and other equipment	7,657,213	2,519,570	--	10,176,783	1,969,969	--	768,491	2,738,460	7,438,323	10
Electric equipment and fitting	6,334,489	196,327	--	6,530,816	2,774,348	--	549,495	3,323,843	3,206,975	15
Computers	2,019,161	101,000	(78,649)	2,041,512	1,333,389	(65,827)	225,329	1,492,891	548,621	30
Vehicles	21,343,229	2,754,947	(948,949)	23,149,227	11,035,360	(696,283)	2,433,130	12,772,207	10,377,020	20
	999,348,992	15,111,174	(1,027,598)	1,013,432,568	175,083,527	(762,110)	36,397,021	210,718,438	802,714,130	

4.2 The depreciation charge for the year has been allocated as follows:

	2022	2021
Cost of sales	22	33,424,424
Administrative expenses	23	2,610,345
Selling and distribution expenses	24	1,981,350
	<u>38,016,119</u>	<u>36,397,021</u>



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- 4.3 Depreciation charge is inclusive of the incremental depreciation due to revaluation.
- 4.4 The aggregate book value of all the disposals was less than five million rupees.
- 4.5 The revaluation of property, plant and equipment was carried out as of 01 April 2019 by M/s. Rizvi Associates (an independent valuer who is located in Karachi) on the basis of there professional assessment of prevailing market values. The revaluation resulted a surplus amounting to Rs.314.992 million which was incorporated in these financial statement.
- 4.6 Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

	2022	2021
	(Rupees)	
Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	22,151,673	18,637,821
- Office	2,950,102	3,105,371
Plant and machinery	306,725,979	240,068,362
Furniture and fixture	2,569,398	1,701,970
Factory and other equipment	10,264,159	6,445,240
Electric equipment and fittings	16,788,336	2,665,363
Computers	436,708	364,152
Vehicles	14,164,322	8,003,735
	<u>376,241,880</u>	<u>281,183,217</u>

- 4.7 Leasehold land of the Company and building thereon is situated at Estate Avenue, SITE, Karachi. This comprises of two plots of land bearing plot no. D-57 and D-58 with an accumulated area of 2.42 acres.
- 4.8 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs. 656.264 million.

5 INTANGIBLE ASSETS

Software license	5.1	<u>376,665</u>	<u>517,915</u>
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5.1 Movement of intangible assets

Cost:

Cost as at 1 July	565,000	--
Additions during the year	--	565,000
Cost as at 30 June	<u>565,000</u>	<u>565,000</u>

Amortization:

Accumulated amortization as at 1 July	47,085	--
Charge for the year	141,250	47,085
Accumulated amortization as at 30 June	<u>188,335</u>	<u>47,085</u>
Net book value as at 30 June	<u>376,665</u>	<u>517,915</u>
Useful life (in years)	<u>4</u>	<u>4</u>

- 5.2 The amortization charge for the year has been allocated to administrative expenses.



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	2022	2021
	(Rupees)	
6 STOCK-IN-TRADE		
Raw materials	239,350,710	218,203,666
Work-in-process	40,472,042	24,833,837
Finished goods	18,913,836	19,547,522
	<u>298,736,588</u>	<u>262,585,025</u>
Provision for dead stock	--	(116,725)
	<u>298,736,588</u>	<u>262,468,300</u>
7 ADVANCES AND OTHER RECEIVABLES		
<i>Considered good</i>		
Advance to suppliers	4,163,495	2,182,617
Advance to staff	7.1 258,538	540,738
Advance income tax - Net	25,557,966	24,850,137
Income tax refundable	65,088,870	72,007,424
Advance sales tax - Net	23,169,074	7,801,963
	<u>118,237,943</u>	<u>107,382,879</u>
7.1	Advances to staff represent advance for business related expenses and is interest free.	
8 DEPOSITS, ADVANCES AND SHORT TERM PREPAYMENTS		
Margin deposits	13,744,700	2,302,700
Trade deposits	1,124,418	224,418
Advance against letter of credit	3,409,635	--
Short term prepayments	166,696	134,706
	<u>18,445,449</u>	<u>2,661,824</u>
9 CASH AND BANK BALANCES		
Cash in hand	802,858	70,000
Factory imprest	100,000	100,000
Cash at banks - Current accounts	5,238,706	4,559,141
	<u>6,141,564</u>	<u>4,729,141</u>
10 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
578,000 (2021: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2021: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
7,250,000 (2021: 7,250,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	72,500,000	72,500,000
	<u>80,000,000</u>	<u>80,000,000</u>
10.1	As at year-end 907,004 (2021: 907,004) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.	



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		2022	2021
		(Rupees)	
11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
<i>Gross surplus</i>			
Opening balance		521,530,913	526,525,729
Release on disposal of revalued assets		(641,197)	(470,829)
Transfer to un-appropriated profit in respect of incremental depreciation charged during the current year		(3,866,948)	(4,523,987)
		517,022,768	521,530,913
<i>Deferred tax liability</i>			
Opening balance		(10,939,414)	(12,387,912)
Tax effect on disposal of revalued assets		185,947	136,540
On incremental depreciation for the year		1,121,415	1,311,958
		(9,632,052)	(10,939,414)
		507,390,716	510,591,499
11.1	The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.		
12 DEFERRED TAX LIABILITY - Net			
<i>Deferred tax liability arising due to:</i>			
- accelerated tax depreciation		39,489,180	39,065,755
- surplus on revaluation of fixed assets		9,632,052	10,939,414
		49,121,232	50,005,169
<i>Deferred tax asset arising due to:</i>			
- provision against gratuity		(5,581,825)	(5,140,734)
- provisions for stock in trade		--	(33,850)
- long term loan		2,095,884	--
- deferred grant		(2,095,884)	(2,800,127)
		(5,581,825)	(7,974,711)
12.1		43,539,407	42,030,458
12.1 Movement of deferred tax liabilities			
Balance as at beginning of the year		42,030,458	35,432,845
Tax charge recognised in statement of profit or loss		1,590,921	6,837,197
Tax charge recognised in other comprehensive income		(81,972)	(239,584)
Balance as at end of the year		43,539,407	42,030,458
13 DEFERRED LIABILITY FOR STAFF GRATUITY			
Present value of defined benefit obligations	13.1	19,247,674	17,726,668
The actuarial valuation of gratuity plan was carried out as at June 30, 2022 by M/s. SIR Consultants. Following are the relevant disclosures:			
13.1 Movement in net liability			
Opening net liability		17,726,668	15,808,838
Expense for the year	13.2	2,968,006	2,659,455
Other comprehensive income (OCI)	13.3	282,662	826,151
Benefits paid		(1,729,662)	(1,567,776)
Closing net liability		19,247,674	17,726,668



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		2022	2021
		----- (Rupees) -----	
13.2 Expense for the year recognized in profit and loss account			
Current service cost		1,305,711	1,199,283
Net interest		1,662,295	1,256,815
Past service cost		--	203,357
	13.4	<u>2,968,006</u>	<u>2,659,455</u>
13.3 Other comprehensive income (OCI)			
Actuarial remeasurements: actuarial gain on obligations		<u>282,662</u>	<u>826,151</u>
13.4 Expense for the year has been allocated as follows:			
Cost of sales	22	2,029,279	1,818,317
Administrative expenses	23	649,957	582,388
Selling and distribution expenses	24	288,770	258,750
		<u>2,968,006</u>	<u>2,659,455</u>
		2022	2021
13.5 Principal actuarial assumptions used are as follows:			
Valuation discount rate per annum		13.25%	10.00%
Discount rate for profit and loss		10.00%	8.50%
Expected rate of eligible salary increase in future years per annum		15.00%	12.00%
Salaries increase rate per annum		13.25%	10.00%
Normal retirement age		60 Years	60 Years
Duration		7.26 Years	7.71 Years
Withdrawal rate		Moderate	Moderate
Mortality rate		SLIC 2001-2005	SLIC 2001-2005
Effective salary increase date		01 July 2022	01 July 2021

13.6 Sensitivity analysis

Particulars	----- (2022) -----		----- (2021) -----	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	19,247,674		17,726,668	
+1% Discount rate	17,938,961	(6.80%)	16,499,754	(6.92%)
-1% Discount rate	20,733,575	7.72%	19,126,895	7.90%
+1 % Salary increase rate	20,808,217	8.11%	19,194,029	8.28%
-1% Salary increase rate	17,851,106	(7.26%)	16,419,772	(7.37%)
+10% Withdrawal rates	19,242,110	(0.03%)	17,717,589	(0.05%)
-10% Withdrawal rates	19,253,323	0.03%	17,735,884	0.05%
1 Year Mortality age set back	19,248,025	0.002%	17,727,095	0.002%
1 Year Mortality age set forward	19,247,322	(0.002%)	17,726,240	(0.002%)



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	Undiscounted payments	
	2022	2021
	(Rupees)	
13.7 Maturity profile		
Particulars		
Year 1	2,036,986	1,995,262
Year 2	1,716,807	1,462,118
Year 3	1,418,356	1,510,621
Year 4	3,606,506	1,173,678
Year 5	2,530,443	2,943,617
Year 6 to Year 10	14,559,215	7,547,665
Year 11 and above	54,397,896	32,017,808
	2022	2021
	(Rupees)	
13.8 Current and non-current liability breakup		
Current liability the expected benefits payable within next one year	2,150,144	1,600,942
Non-current liability	17,097,530	16,125,726
	<u>19,247,674</u>	<u>17,726,668</u>
13.9 Ratios		
Termination liability vs the actuarial liability		
Termination liability	16,457,568	15,460,884
Actuarial liability	19,247,674	17,726,668
Ratio of discontinuance to actuarial	85.50%	87.22%
Service cost vs the actuarial liability		
Service cost	1,420,854	1,284,853
Actuarial liability	19,247,674	17,726,668
Ratio of service cost to actuarial	7.38%	7.25%
Past service years	14.45	13.92

13.10 Risks associated with defined benefit plans

Longevity risk:

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

Salary increase risk:

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

Withdrawal risk:

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



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		2022	2021
		(Rupees)	
14 LONG TERM LOANS - Secured			
Temporary economic refinance facility	14.1	46,234,497	50,310,399
Term finance under refinance scheme	14.2	--	7,870,464
Long term loan	14.3	61,218,000	--
		<u>107,452,497</u>	<u>58,180,863</u>

14.1 Temporary economic refinance facility

At amortised cost

Opening balance		58,851,000	--
Acquired during the year		--	58,851,000
		<u>58,851,000</u>	<u>58,851,000</u>
Deferred grant	16.1	(7,099,221)	(8,540,601)
Current portion shown under current liabilities	17	(5,517,282)	--
		<u>46,234,497</u>	<u>50,310,399</u>

The Company has obtained loan under the State Bank of Pakistan's (SBP) 'Temporary Economic Refinance Facility' for purchase of imported plant and machinery. The facility carries mark-up at SBP refinance rate plus 3% per annum. The loan is to be repaid in ten years including grace period of two years in thirty two equal quarterly installments from the date of disbursement. In addition to the securities mentioned in note 14.3, the facility is secured by way of specific hypothecation charge over imported machinery.

The loan is recognised and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for and presented as deferred grant in accordance with IAS 20 - Government Grants (note 16).

14.2 Term finance under refinance scheme

At amortised cost

Opening balance		26,956,426	17,978,317
Acquired during the year		--	17,963,584
		<u>26,956,426</u>	<u>35,941,901</u>
Repayments during the year		(17,970,951)	(8,985,475)
		<u>8,985,475</u>	<u>26,956,426</u>
Deferred grant	16.2	(127,966)	(1,115,011)
		<u>8,857,509</u>	<u>25,841,415</u>
Current portion shown under current liabilities	17	(8,857,509)	(17,970,951)
		<u>--</u>	<u>7,870,464</u>

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

The loan is recognised and measured in accordance with IFRS 9 - Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for and presented as deferred grant in accordance with IAS 20 - Government Grants (note 16).



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		2022	2021
		(Rupees)	
14.3 Long term loan			
Opening balance		13,319,900	28,795,950
Acquired during the year		81,624,000	--
		<u>94,943,900</u>	<u>28,795,950</u>
Repayments during the year		(17,401,100)	(15,476,050)
		<u>77,542,800</u>	<u>13,319,900</u>
Current portion shown under current liabilities	17	(16,324,800)	(13,319,900)
		<u>61,218,000</u>	<u>--</u>

The term finance facilities have been obtained from Bank Al-Habib Limited (BAH) for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (June 2021: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machineries. Equitable mortgage over Industrial property bearing no D/58, S.I.T.E., measuring 2.42 acres, Karachi and import documents consigned to BAH.

15 LIABILITIES AGAINST ASSETS SUBJECT TO MUSHARAKAH FINANCING

Acquired during the year		13,680,000	--
Repayments during the year		(1,920,000)	--
		<u>11,760,000</u>	<u>--</u>
Current portion shown under current liabilities	17	(2,880,000)	--
		<u>8,880,000</u>	<u>--</u>

15.1 It represents obligation in respect of assets acquired under musharakah arrangements from Meezan Bank Limited (MBL) for a period of five years at an applicable rate of IFRE base rate plus 2% which have been used as a discounting factor. Rentals are payable in monthly installments. Repairs and insurance costs are to be borne by the Company. Overdue payments are subject to additional charge upto 20 percent per annum. The facility is secured by way of first exclusive ownership of the asset in the name of MBL, personal guarantee of all directors and pari Passu Charge amounting to Rs.18.66 million over Industrial Land bearing No. D/58, measuring 1.5 Acres, SITE.

16 DEFERRED GRANT

Temporary economic refinance facility	16.1	7,099,221	8,540,601
Loan under refinance scheme	16.2	127,966	1,115,011
	16.3	<u>7,227,187</u>	<u>9,655,612</u>



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		2022	2021	
		(Rupees)		
16.1	Loan under temporary economic refinance facility			
	Deferred grant on loan under refinance scheme	8,540,601	9,548,034	
	Amortised during the year	(1,441,380)	(1,007,433)	
	14.1	<u>7,099,221</u>	<u>8,540,601</u>	
16.2	Loan under refinance scheme			
	Opening balance	1,115,011	1,481,229	
	Deferred grant on loan under refinance scheme	--	1,300,421	
		<u>1,115,011</u>	<u>2,781,650</u>	
	Amortised during the period	(987,045)	(1,666,639)	
	14.2	<u>127,966</u>	<u>1,115,011</u>	
16.3	This represents benefit of the below-market rate of interest calculated as the difference between the initial carrying value of the loan and the proceeds received (note 14.1 and 14.2).			
17	CURRENT PORTION SHOWN UNDER CURRENT LIABILITIES			
	Temporary economic refinance facility	14.1	5,517,282	--
	Term finance under refinance scheme	14.2	8,857,509	17,970,951
	Long term loan	14.3	16,324,800	13,319,900
	Liabilities against assets subject to musharakah financing	15	2,880,000	--
			<u>33,579,591</u>	<u>31,290,851</u>

18 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance	163,316,050	91,452,605
---	-------------	------------

The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 250 million (June 2021: Rs.150 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.

The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (June 2021: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (June 2021: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (June 2021: Rs.10 million) and Letter of Guarantee for Rs.20 million (2021: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.

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



PAKISTAN PAPER PRODUCTS LIMITED

		2022	2021
		(Rupees)	
19 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors	19.1	152,743,782	110,563,066
Advance from customers		10,929,632	7,846,011
Accrued expenses and other payables		9,999,670	9,872,333
Payable to provident fund	19.2	610,706	664,628
Accrued mark-up		8,172,160	2,927,585
Sindh Workers' Profit Participation Fund	19.3	4,860,209	5,225,511
Sindh Workers' Welfare Fund		1,917,025	2,270,917
Sales tax payable		1,576,426	1,269,864
		<u>190,809,610</u>	<u>140,639,915</u>
19.1	Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.931 million (2021: Rs.0.242 million).		
19.2	The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.		
19.3 Sindh Workers' Profit Participation Fund			
Balance at the beginning of the year		5,225,511	1,162,133
Amount allocated for the year		4,860,209	5,225,511
Amount adjusted / paid to the Fund Trustees		(4,997,000)	(1,162,133)
Amount deposited with government		<u>(228,511)</u>	<u>--</u>
		<u>4,860,209</u>	<u>5,225,511</u>
20 CONTINGENCIES AND COMMITMENTS			
20.1 Commitments			
Commitments under letter of credits		<u>78,958,284</u>	<u>69,988,122</u>
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi		<u>402,590</u>	<u>402,590</u>
21 SALES - Net			
Gross sales		1,365,459,810	1,224,654,635
Less: Sales tax		<u>(131,273,428)</u>	<u>(131,692,713)</u>
	21.1	<u>1,234,186,382</u>	<u>1,092,961,922</u>
21.1 Segment wise breakup of net sales			
Pro-labels		749,706,746	752,341,312
Exercise books		461,069,876	317,874,630
Ammonia paper		8,701,918	12,069,508
Plain paper		13,929,112	10,007,885
Printing		10,000	8,000
Sensitized machine parts		69,000	96,067
Waste paper		699,730	564,520
		<u>1,234,186,382</u>	<u>1,092,961,922</u>



PAKISTAN PAPER PRODUCTS LIMITED

		2022	2021
		(Rupees)	
22 COST OF SALES			
Opening stock of raw material		218,203,666	164,726,667
Purchases during the year		873,338,697	780,428,558
		<u>1,091,542,363</u>	<u>945,155,225</u>
Closing stock of raw material	6	(239,350,710)	(218,203,666)
Raw materials consumed		<u>852,191,653</u>	<u>726,951,559</u>
Manufacturing overheads			
Salaries, wages and other benefits	22.1	96,024,393	80,051,113
Stores and spares consumed	22.2	40,405,733	39,994,628
Depreciation	4.2	33,424,424	34,242,674
Fuel and power		14,879,953	15,034,577
Other manufacturing expenses		10,940,656	6,900,679
Repairs and maintenance		9,837,435	6,204,205
Insurance expenses		1,883,524	1,592,398
Rent, rates and taxes		223,590	193,779
Telephone charges		222,848	159,025
		<u>207,842,556</u>	<u>184,373,078</u>
Manufacturing cost		<u>1,060,034,209</u>	<u>911,324,637</u>
Work in process - Opening		24,833,837	39,512,097
Work in process - Closing	6	(40,472,042)	(24,833,837)
		<u>(15,638,205)</u>	<u>14,678,260</u>
Cost of goods manufactured		<u>1,044,396,004</u>	<u>926,002,897</u>
Finished goods - Opening		19,547,522	25,693,662
Finished goods - Closing	6	(18,913,836)	(19,547,522)
		<u>633,686</u>	<u>6,146,140</u>
		<u>1,045,029,690</u>	<u>932,149,037</u>
22.1 Staff salaries and benefits include Rs.2.029 million (2021: Rs.1.818 million) in respect of staff retirement gratuity and Rs.1.241 million (2021: Rs.1.598 million) in respect of provident fund contribution.			
22.2 Stores and spares consumed			
Opening balance		5,548,216	6,732,240
Purchases during the year		43,299,826	38,810,604
		<u>48,848,042</u>	<u>45,542,844</u>
Closing balance		(8,442,309)	(5,548,216)
		<u>40,405,733</u>	<u>39,994,628</u>



PAKISTAN PAPER PRODUCTS LIMITED

		2022	2021
		(Rupees)	
23 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	23.1	24,565,970	19,824,275
Repairs and maintenance		2,631,346	2,079,889
Depreciation	4.2	2,610,345	1,191,527
Legal and professional fees		2,113,931	1,893,839
Electric charges		1,565,134	1,608,874
Traveling and conveyance		1,318,965	752,707
Charity and donation	23.2	1,100,000	900,000
Auditor's remuneration	23.3	770,000	770,000
Directors' fees		640,000	520,000
General expenses		569,742	1,239,833
Insurance expense		559,156	547,509
Postage and telegrams		441,756	481,103
Stationery and periodicals		284,921	255,295
Advertisement expenses		149,250	252,725
Amortization	5.2	141,250	47,085
Telephone charges		109,545	190,415
Rent, rates and taxes		121,497	80,344
Website designing and development		--	22,222
		<u>39,692,808</u>	<u>32,657,642</u>

23.1 Staff salaries and benefits include Rs.0.650 million (2021: Rs.0.582 million) in respect of staff retirement gratuity and Rs.0.846 million (2021: Rs.0.807 million) in respect of provident fund contribution.

23.2 Charity and donation

Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	23.2.1	250,000	250,000
The Citizens Foundation		250,000	300,000
Rotary Metropolitan Trust		100,000	100,000
The Kidney Centre		500,000	250,000
		<u>1,100,000</u>	<u>900,000</u>

23.2.1 Donations during the year include donation amounting to Rs.0.25 million (2021: Rs.0.25 million) to Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College of Deaf). Mrs. Muleika Sayeed a Director of the Company is the Honorary Treasurer of ABSA School and College of Deaf. Except above, none of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

23.3 Auditor's remuneration

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



PAKISTAN PAPER PRODUCTS LIMITED

		2022	2021
		(Rupees)	
24 SELLING AND DISTRIBUTION EXPENSES			
Staff salaries and benefits	24.1	7,999,583	7,261,257
Cartage and forwarding		5,201,759	3,056,272
Sales promotion		3,018,324	1,948,565
Depreciation	4.2	1,981,350	962,820
Vehicle running expenses		1,661,193	1,672,272
Utilities		747,444	541,228
Insurance expenses		435,929	401,143
Advertisement and publicity		378,144	312,880
Printing and stationery		39,867	2,780
Other expenses		4,000	92,930
		<u>21,467,593</u>	<u>16,252,147</u>
24.1 Staff salaries and benefits include Rs.0.289 million (2021: Rs.0.259 million) in respect of staff retirement gratuity and Rs.0.193 million (2021: Rs.0.234 million) in respect of provident fund contribution.			
25 OTHER OPERATING EXPENSES			
Sindh Workers' Profit Participation Fund	19.3	4,860,209	5,225,511
Sindh Workers' Welfare Fund		1,917,025	2,270,917
Advances written off		1,827,880	--
		<u>8,605,114</u>	<u>7,496,428</u>
26 OTHER INCOME			
Gain on disposal of property, plant and equipment		927,731	120,012
Other income		177,401	919,042
Amortization of deferred government grant		2,428,425	2,674,072
Exchange gain		--	4,863,307
		<u>3,533,557</u>	<u>8,576,433</u>
27 FINANCE COST			
Mark-up on long term loans		9,738,238	7,858,761
Mark-up on musharakah financing		502,075	--
Mark-up on short term running finance		9,320,365	7,657,172
Exchange loss		12,442,835	--
Bank and other charges		494,272	453,382
		<u>32,497,785</u>	<u>15,969,315</u>



PAKISTAN PAPER PRODUCTS LIMITED

	2022	2021
	(Rupees)	
28 TAXATION - Net		
<i>Current tax</i>		
For the year	26,921,926	19,625,051
For prior year	170,474	--
	27,092,400	19,625,051
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	1,590,921	6,837,197
	28,683,321	26,462,248
28.1 Reconciliation between tax expense and accounting profit		
Profit for the year	90,426,949	97,013,786
Tax on accounting profit @ 29% (2021: @ 29%)	26,223,815	28,133,998
Difference between depreciation rates	1,005,013	1,501,836
Inadmissible expenses	2,910,381	1,336,037
Tax credits	(319,000)	12,122,682
Tax effect of prior year	170,474	--
Tax effect of permanent differences	(1,307,362)	(4,248,623)
Tax credit of prior years	--	(12,383,682)
	28,683,321	26,462,248
Average tax rate	32%	27%
28.2 Assessment for the tax year 2021 stands finalized as per section 120 of the Income Tax Ordinance. Proceedings under section 161/205 for the tax year 2015 to 2020 are still pending wherein proceedings have been initiated.		
29 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	61,743,628	70,551,538
	(Number of shares)	
Weighted average number of ordinary shares in issue during the year	8,000,000	8,000,000
	(Rupees)	
Earnings per share - Basic and diluted	7.72	8.82
29.1 There were no convertible dilutive potential ordinary shares in issue as at year end.		



PAKISTAN PAPER PRODUCTS LIMITED

		2022	2021
		(Rupees)	
30 CASH GENERATED FROM OPERATIONS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		90,426,949	97,013,786
<i>Adjustments for non-cash and other items:</i>			
Depreciation	4.2	38,016,119	36,397,021
Amortization	5.2	141,250	47,085
Provision for gratuity	13.1	2,968,006	2,659,455
Provision for Sindh Workers' Profit Participation Fund	19.3	4,860,209	5,225,511
Provision for Sindh Workers' Welfare Fund		1,917,025	2,270,917
Government grant amortised		--	(2,674,072)
Advances written off	25	1,827,880	--
Finance cost		20,054,950	15,969,315
Exchange loss / (gain)		12,442,835	(4,863,307)
Gain on disposal of fixed assets	26	(927,731)	(120,012)
<i>(Increase) / decrease in current assets</i>			
Stores and spares		(2,894,093)	1,184,024
Stock-in-trade		(36,268,288)	(32,652,599)
Trade debts		(44,414,207)	3,136,764
Advances and other receivables		(17,065,789)	2,148,818
Deposits, advances and short term prepayments		(15,783,625)	2,762,540
<i>Increase / (decrease) in current liabilities</i>			
Creditors, accrued and other liabilities		33,201,479	(80,728,156)
Cash generated from operations		<u>88,502,969</u>	<u>47,777,090</u>
31 CASH AND CASH EQUIVALENTS			
Cash and bank balances		6,141,564	4,729,141
Short term borrowings - Secured		(163,316,050)	(91,452,605)
		<u>(157,174,486)</u>	<u>(86,723,464)</u>

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees)							
Fees	--	--	640,000	520,000	--	--	640,000	520,000
Managerial remuneration and allowances	3,894,155	3,295,500	--	--	1,404,617	--	5,298,772	3,295,500
Provident fund	274,620	274,620	--	--	109,246	--	383,866	274,620
Medical expenses	321,931	380,319	--	--	131,066	--	452,997	380,319
House rent	1,482,972	1,482,972	--	--	524,274	--	2,007,246	1,482,972
Reimbursable expenses	1,281,780	1,259,363	--	--	--	--	1,281,780	1,259,363
	<u>7,255,458</u>	<u>6,692,774</u>	<u>640,000</u>	<u>520,000</u>	<u>2,169,204</u>	<u>--</u>	<u>10,064,662</u>	<u>7,212,774</u>
Number of persons	1	1	6	6	1	--	8	7



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The Chief Executive and certain employees of the Company are provided with Company maintained cars.

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

33 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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

Name of the related party	Relationship and percentage of shareholding	Transactions during the year	2022	2021
			(Rupees)	
M/s. Sayeed International	A director of the Company is the owner of the business.	Purchases	1,815,548	765,648
		Sales	11,700	9,360
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Contribution	5,495,510	5,277,424
			2022	2021
			(Numbers)	

34 NUMBER OF EMPLOYEES

Number of employees as at 30 June	118	111
Number of factory employees as at 30 June	87	92
Average number of employees during the year	116	111
Average number of factory employees during the year	86	92

35 OPERATING SEGMENTS

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

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

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

a) Exercise books

This segment relates to the sale of exercise books.

b) Pro-labels

This segment relates to the sale of pro-labels.

c) Sensitized paper and others

This segment relates to sensitized paper and others.



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35.2 Segment information

	Exercise Books		Protabels		Others		Total	
	2022 (Rupees)	2021 (Rupees)	2022 (Rupees)	2021 (Rupees)	2022 (Rupees)	2021 (Rupees)	2022 (Rupees)	2021 (Rupees)
Segment revenue	461,069,876	317,874,630	749,706,746	752,341,312	23,409,760	22,745,980	1,234,186,382	1,092,961,922
Cost of sales	(379,462,133)	(274,010,588)	(646,979,284)	(642,228,930)	(18,588,273)	(15,909,519)	(1,045,029,690)	(932,149,037)
Gross profit	81,607,743	43,864,042	102,727,462	110,112,382	4,821,487	6,836,461	189,156,692	160,812,885
Segment expenses								
Administrative expenses	(18,847,304)	(15,276,080)	(18,847,295)	(15,631,477)	(1,998,209)	(1,750,085)	(39,692,808)	(32,657,642)
Selling and distribution expenses	(12,608,422)	(8,461,414)	(6,226,912)	(5,396,750)	(2,632,259)	(2,393,983)	(21,467,593)	(16,252,147)
Finance cost	(4,776,088)	(3,896,113)	(26,761,027)	(11,733,660)	(960,670)	(339,542)	(32,497,785)	(15,969,315)
Sindh Workers' Profit Participation Fund	(1,815,687)	(1,519,776)	(2,952,335)	(3,596,985)	(92,187)	(108,750)	(4,860,209)	(5,225,511)
Sindh Workers' Welfare Fund	(716,166)	(660,468)	(1,164,497)	(1,563,188)	(36,362)	(47,261)	(1,917,035)	(2,270,917)
	(38,763,667)	(29,813,851)	(55,952,066)	(37,922,060)	(5,719,687)	(4,639,621)	(100,435,420)	(72,375,532)
Operating profit	42,844,076	14,050,191	46,775,396	72,190,322	(898,200)	2,196,840	88,721,272	88,437,353
Other operating expenses							(1,827,880)	—
Other income							3,533,557	8,576,433
Profit before taxation							90,426,949	97,013,786
Taxation - Net							(28,683,321)	(26,462,248)
Profit after taxation							61,743,628	70,551,538

35.3 Segment-wise assets and liabilities are not being reviewed by the Chief Operating Decision Maker. All non-current assets of the Company as at reporting date are located in Pakistan.

35.4 Revenue from Unilever Pakistan Limited represents 12.36% (2021: 14.63%) of the total revenue of the Company.

36 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

36.1 Financial risk management

Overview

The Company has exposure to the following risks arising from

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.



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36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2022 and 30 June 2021 was as follows:

	2022		2021	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees)		(Rupees)	
Long term deposits	1,135,258	1,135,258	957,258	957,258
Trade debts	255,865,910	255,865,910	211,451,703	211,451,703
Advances and other receivables	4,422,033	4,422,033	2,723,355	2,723,355
Deposits and advances	18,278,753	18,278,753	2,527,118	2,527,118
Cash and bank balances (excluding cash in hand)	5,238,706	5,238,706	4,559,141	4,559,141
	284,940,660	284,940,660	222,218,575	222,218,575

Trade debts

The Company evaluates customer's credit worthiness with reference to their historical performance and market reputation.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. At 30 June, the ageing of trade debts was as follows:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	(Rupees)		(Rupees)	
Neither past due nor impaired	--	--	--	--
Past due 0-30 days	161,292,154	--	145,228,376	--
Past due 31-60 days	60,290,696	--	38,570,259	--
Past due 61-90 days	28,056,536	--	15,346,062	--
Past due 91-120 days	795,196	--	9,202,777	--
Past due more than 120 days	5,431,328	--	3,104,229	--
	255,865,910	--	211,451,703	--

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

Cash and cash equivalents

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

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

None of the financial assets of the Company are secured.



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36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Exposure to liquidity risk

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

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
2022						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	138,152,088	190,244,458	26,910,650	36,993,231	64,442,524	61,898,053
Liabilities against assets subject to musharka financing	11,760,000	11,760,000	1,440,000	2,880,000	5,760,000	1,680,000
Unclaimed dividend	10,036,413	10,036,413	10,036,413	--	--	--
Creditors, accrued and other liabilities	176,386,527	176,386,527	176,386,527	--	--	--
Short term borrowings	163,316,050	163,316,050	163,316,050	--	--	--
	499,651,078	551,743,448	378,089,640	39,873,231	70,202,524	63,578,053
	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
2021						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	89,471,714	116,298,941	18,525,393	29,216,865	19,879,207	48,677,476
Unclaimed dividend	8,439,427	8,439,427	8,439,427	--	--	--
Creditors, accrued and other liabilities	129,253,123	129,253,123	129,253,123	--	--	--
Short term borrowings	91,452,605	91,452,605	91,452,605	--	--	--
	318,616,869	345,444,096	247,670,548	29,216,865	19,879,207	48,677,476

36.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

36.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than Pak Rupees (PKR). As the Company import certain raw material, accordingly it is exposed to currency risk, primarily with respect to trade creditors denominated in foreign currencies.



PAKISTAN PAPER PRODUCTS LIMITED

Exposure to currency risk

The summary of the quantitative data about the Company's exposure to foreign currency risk is as follows:

		2022	2021
Spot rate as at 30 June	EUR	215.75	--
Trade creditors	EUR	340	--
Spot rate as at 30 June	USD	206.00	158.80
Trade creditors	USD	280,916	349,127
Spot rate as at 30 June	AED	--	43.27
Trade creditors	AED	--	68,425
Trade creditors	Rupees	57,942,008	58,402,170

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2022 would have increased / (decreased) equity and profit and loss account by Rs. 2.897 million (2021: Rs.2.920 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.

36.4.2 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.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2022	2021
	----- (Rupees) -----	
Fixed rate instruments		
<i>Financial liabilities</i>		
Long term loans	67,836,475	85,807,426
Variable rate instruments		
<i>Financial liabilities</i>		
Long term loans	77,542,800	13,319,900
Liabilities against assets subject to musharakah financing	11,760,000	--
Short term borrowings	163,316,050	91,452,605
	252,618,850	104,772,505

Fair value sensitivity analysis for fixed rate instruments

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



PAKISTAN PAPER PRODUCTS LIMITED

Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs.2.526 million (2021: Rs.1.048 million). This analysis assumes that all other variables remain constant.

36.4.3 Equity price risk

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

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

36.5 Fair value of financial instruments

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

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

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

- Level 1 -** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 -** Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 -** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

37 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

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



PAKISTAN PAPER PRODUCTS LIMITED

38 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks
		2022	2021	2022	2021	
a) Exercise books	Groose	58,632	58,632	59,455	45,225	Due to extra shifts.
b) Sensitized paper	Rolls	216,000	216,000	8,941	17,875	Due to lack of demand.
c) Prolabels	Sq. Mater	4,000,000	3,500,000	5,591,118	6,229,624	Due to extra shifts.

38.1 The capacity is determined on single shift basis.

39 IMPACT OF COVID 19 ON FINANCIAL STATEMENTS

The spread of Covid - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. However, as a result of steps taken by the Authorities, the businesses have substantially resumed with corresponding positive impact on demand of paper products. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

40 CORRESPONDING FIGURES

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

41 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 21st September 2022 by the Board of Directors of the

42 GENERAL

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

Pattern Of Share Holding - Form "34" Shareholders Statistics As At June 30, 2022

Number Of Share Holders	From	Share Holding To	Total Shares Held	%	
268	1	-	100	7,638	0.10
199	101	-	500	60,588	0.76
107	501	-	1000	80,496	1.01
177	1001	-	5000	372,668	4.66
28	5001	-	10000	199,316	2.49
10	10001	-	15000	112,532	1.41
3	15001	-	20000	53,344	0.67
2	20001	-	25000	46,735	0.58
3	25001	-	30000	79,971	1.00
1	30001	-	35000	33,500	0.42
2	35001	-	40000	72,571	0.91
1	40001	-	45000	42,657	0.53
2	45001	-	50000	99,057	1.24
1	55001	-	60000	56,516	0.71
3	110001	-	115000	339,331	4.24
1	130001	-	135000	130,833	1.64
2	135001	-	140000	275,200	3.44
1	155001	-	160000	159,333	1.99
1	185001	-	190000	190,000	2.38
1	235001	-	240000	238,666	2.98
1	245001	-	250000	248,622	3.11
1	265001	-	270000	268,512	3.36
1	415001	-	420000	417,334	5.22
1	500001	-	505000	502,161	6.28
1	610001	-	615000	613,057	7.66
1	615001	-	620000	619,101	7.74
1	765001	-	770000	768,961	9.61
1	905001	-	910000	907,026	11.34
1	1000001	-	1005000	1,004,274	12.55
822			8,000,000	100.00	

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	799	5,552,070	69.40
2	Financial Institutions	2	1,867	0.02
3	Joint Stock Companies	11	979,930	12.25
4	Insurance Companies	2	427,845	5.35
5	Mutual Fund	6	979,790	12.25
6	Other	2	58,498	0.73
		822	8,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2022

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	907,026	11.34
	Management & Enterprises (Pvt.) Limited	907,026	
2	NIT & ICP	626,458	7.83
	National Bank of Pakistan-Trustee Department NI(U)T Fund	619,101	
	Investment Corporation of Paksitan	6,816	
	IDBL (ICP) Unit	541	
3	Directors, CEO, their Spouses and Minor Children	2,958,684	36.98
	Mrs. Muleika Sayeed	502,161	
	Mr. Abbas Sayeed	613,057	
	Mr. Asadullah Sayeed	417,334	
	Mr. Abid Sayeed	1,135,107	
	Ms Aisha Fariel Salahuddin	2,500	
	Mr. Sayeed Imran	3,333	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	36,570	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	248,622	
4	Executives	Nil	
5	Individuals	2,593,386	32.42
6	Public Sector Companies and Corporation	268,512	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	645,934	8.07
Total		8,000,000	100.00

Shareholders Holding Ten Percent or More In The Company

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



PAKISTAN PAPER PRODUCTS LIMITED

FORM OF PROXY

I / We _____
of _____
being a member(s) of Pakistan Paper Products Limited holder of _____
ordinary Shares as per Share Registrar Folio/CDC Account No. _____
hereby appoint Mr./Miss/Mrs. _____ Folio/CDC Account No. _____
of _____ who is also a member of the Company as my / our proxy to attend, speak & vote for me / us
and on my / our behalf at the at the 60th ANNUAL GENERAL MEETING of the Company to be held on Tuesday,
October 25, 2022 at 11:30 am and at any adjournment thereof.

Signed this _____ day of _____ 2022

Rs.5/=
Revenue
Stamp

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

Signature _____

Witnesses:

1: Signature _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

2: Signature _____

Name: _____

Address: _____

CNIC or _____

Passport No. _____

Important:

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



PAKISTAN PAPER PRODUCTS LIMITED

پاکستان پیپر پروڈکٹس لمیٹڈ مختار نامہ

میں / ہم _____
کا / کے _____
بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور حامل حصص، بمطابق شیئر رجسٹرڈ فیو نمبر _____
اور / یا سی ڈی سی پارٹیشنڈ (شرکت آئی ڈی نمبر) _____
اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
محترم / محترمہ _____
کو اپنے / ہمارے ایما پر _____ مورخہ 25 اکتوبر 2022ء منگل صبح 11 بجکر 30 منٹ
کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا بطور مختار (پراکسی) مقرر کرنا ہوں / کرتے ہیں۔
آج بروز _____ بتاریخ _____ 2022ء کو دستخط کئے گئے۔

گواہان:

پانچ روپے مالیت کے رسید گنٹ پر دستخط	دستخط: _____
	نام: _____
	پتہ: _____
دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں	کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____
	دستخط: _____
	نام: _____
دستخط	پتہ: _____
	کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: _____
	نوٹ:

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



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