

Annual Report 2023



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

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. Matiuddin Siddiqui	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Matiuddin Siddiqui	- Member

HR AND REMUNERATION COMMITTEE

Mr. Matiuddin Siddiqui	- 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

CHIEF OPERATING OFFICER

Mr. Dawood Ahmed

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 **61st Annual General Meeting** of the Shareholders of the Company will be held on **Thursday, October 26, 2023, at 11:00 a.m.** at the Registered Office of the Company at D/58, Estate Avenue, S.I.T.E. Karachi, and also through video-conferencing, to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on 11th May 2023.
2. To receive, consider, and adopt the Audited Accounts of the Company for the year ended June 30, 2023, together with the Chairman Reviews, Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of the Final cash dividend, for the year ended June 30, 2023 @ 40% i.e. Rs.4.00/- (per ordinary share of Rs. 10 each) as recommended by the Board of Directors.
4. To appoint Statutory Auditors for the year 2023-24 and to fix their remuneration. The present Auditors-M/s. Faruq Ali, being eligible offered themselves for reappointment.

SPECIAL BUSINESS:

5. To approve transmission of Annual Audited Accounts of the company to the members via QR enabled Code and web link as allowed by the Security and Exchange Commission of Pakistan vide its Notification S.R.O. 389 (i)/2023 dated March 21, 2023. instead of transmission the same through CD/DVD/USB.

OTHER BUSINESS

6. To transact any other business with the permission of the Chair.

Karachi
Dated: October 3, 2023,

By Order of the Board
Safia Khurshid
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from Tuesday, October 24, 2023, to Thursday, October 26, 2023 (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. Chandigarh Road, Karachi 74000, at the close of business on Monday, October 23, 2023, 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 the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and whose 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 with CDC are also requested to bring their particulars, I.D. numbers, and account numbers in CDS.
- iii. In the case of the 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 the meeting.

4. For Appointing Proxies:

- i. In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and whose 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, addresses, 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 the case of the corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with a proxy form to the Company.



PAKISTAN PAPER PRODUCTS LIMITED

5. Zakat Declaration Certificate

Members who desire to stop the 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).

6. Submission of CNIC Copy (MANDATORY)

Under the directives of the Securities & Exchange Commission of Pakistan, a CNIC number is mandatory and required to be mentioned on dividend warrants, Shareholders are therefore requested to submit a 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 a 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 the 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 the 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 the Dividend Mandate Form available on the 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 the Dividend Mandate Form must be submitted directly to the shareholder's broker/ participant/CDC account services. In case of non-submission of IBAN, the Company will withhold the payment of dividends under the 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 dividends 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 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 meetings through email. However, if shareholders, in addition, request a 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, 2023, have been placed on the 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%



PAKISTAN PAPER PRODUCTS LIMITED

To enable the company to make tax deductions 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 although they are filers, are advised to make sure that their names are entered into ATL. Further, according to clarification received from FBR, withholding tax will be determined separately on the 'Filer/Non-filer' status of the principal 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 Principal 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 certificates, as the case may be, must quote the company name and their respective folio numbers.

13. Requirement of Companies (Postal Ballot) Regulations 2018

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

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

Under Section 132 (2) of the Companies Act, 2017, 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 before the 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 out the following and submit it to the Registered Office of the Company seven (7) days before holding the Annual General Meeting. Those members who wish to desire online participation in the AGM via video link, please send the required information to agm@pakpaper.com and cfo@pakpaper.com. with mention the subject "Registration for AGM"

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

15. Conversion of Physical shares into Book Entry form:

Under Section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with the 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 a CDC sub-account with any broker or investor accounts directly with CDC.



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

	2023	2022	2021	2020	2019	2018
HISTORICAL TRENDS						
Trading results						
Turnover	1,923,198	1,365,480	1,224,655	1,021,263	969,748	868,871
Sales - Net	1,745,901	1,234,186	1,092,962	913,310	875,439	788,229
Gross Profit	291,317	189,157	160,813	96,911	99,271	129,719
Profit before tax	132,617	90,427	97,014	21,616	23,968	64,459
Taxation	43,585	28,683	26,449	6,045	5,994	14,391
Profit after tax	89,032	61,744	70,565	15,570	17,975	50,068
Dividend						
Cash Dividend	40.00%	25.00%	50.00%	12.50%	10.00%	25.00%
Stock Dividend						33.33%
Cash Dividend Value	32,000	20,000	40,000	10,000	8,000	15,000
Stock Dividend Value	-	-	-	-	-	20,000
Dividend Payout	35.94%	32.39%	56.69%	64.22%	44.51%	69.90%
Financial Position						
Total Assets	1,757,357	1,600,646	1,398,431	1,376,352	1,234,181	870,670
Paid up Capital	80,000	80,000	80,000	80,000	80,000	60,000
Reserves	1,027,474	936,558	919,015	875,050	867,258	574,269
Working capital	404,805	308,128	322,419	207,876	247,273	247,727
Current Ratio	1.83	1.77	2.19	1.61	2.22	2.93
KEY INDICATORS						
Operating						
Gross Profit	16.69%	15.33%	14.71%	10.61%	11.34%	16.46%
Profit before tax	7.60%	7.33%	8.88%	2.37%	2.74%	8.18%
Profit after tax	5.10%	5.00%	6.46%	1.70%	2.05%	6.35%
Return on Equity	8.04%	6.07%	7.06%	1.63%	1.75%	7.89%
Return on Assets	5.07%	3.86%	5.05%	1.13%	1.46%	5.75%
Valuation						
Earning per share (pre tax)	16.58	11.30	12.13	2.70	3.00	10.74
Earning per share (post tax)	11.13	7.72	8.82	1.95	2.25	8.34
Breakup value per share	138.43	127.07	124.88	119.38	118.41	105.71
Asset utilisation						
Inventory turnover ratio	4.15	3.72	3.79	4.07	4.62	4.59
Total assets turnover ratio	0.99	0.77	0.78	0.66	0.71	0.91
Production						
Exercise Books (Goose)	58,686	59,455	45,225	50,466	55,708	57,990
Amonia Paper (Rolls 10 yds)	15,283	8,941	17,875	17,093	26,939	32,461
Pro-Labels (Sq. Meter)	5,667,013	5,591,118	6,229,624	5,421,736	5,276,473	5,104,755

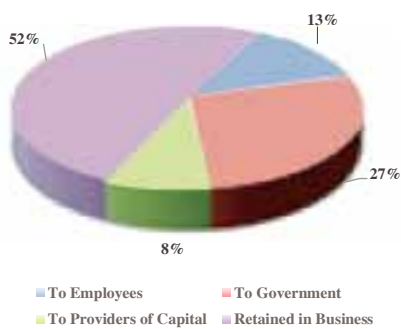


PAKISTAN PAPER PRODUCTS LIMITED

Statement of Value Added and its Distribution

	2023		2022	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	1,925,388		1,368,993	
Bought-in-material & services	1,108,596		758,561	
	<u>816,792</u>	<u>100.00%</u>	<u>610,432</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	104,888	12.84%	97,405	15.96%
To Government				
Income tax, sales tax & workers' fund	220,811	27.03%	160,283	26.26%
To Providers of Capital				
Dividend to share holders	32,000	3.92%	20,000	3.28%
Markup on borrowed funds	35,835	4.39%	9,320	1.53%
	<u>67,835</u>		<u>29,320</u>	
Retained in Business				
Depreciation, Amortization & retained profit	423,258	51.82%	323,425	52.98%
	<u>816,792</u>	<u>100.00%</u>	<u>610,432</u>	<u>100.00%</u>

Wealth Distribution FY-2023



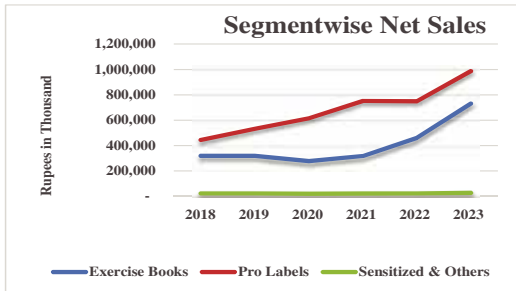
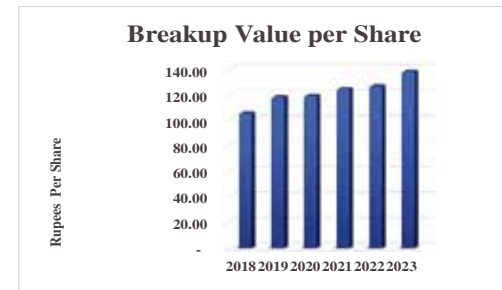
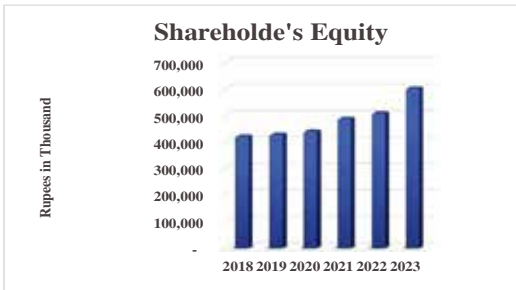
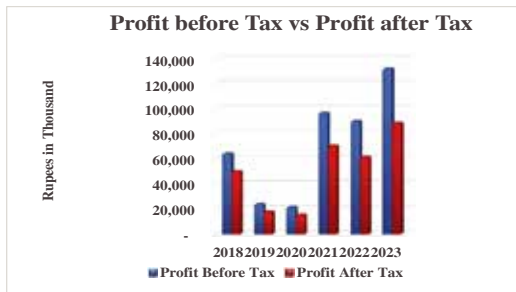
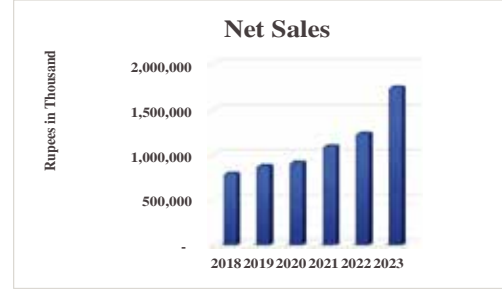
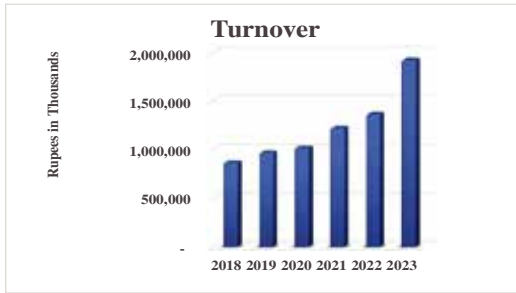
Wealth Distribution FY-2022





PAKISTAN PAPER PRODUCTS LIMITED

GRAPHICAL REPRESENTATION





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, 2023 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 and profit. Turnover during the year ending June 2023 increased by 41%. The profitability of your Company (PAT), also improved to Rs. 89 million, which amount to an EPS of Rs. 11.13 compared to an EPS of 7.72 last year.

I compliment the CE, COO and his team for achieving these results, considering the fact that 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 achieved higher profit. However, increase in overall financing cost is attributed due to high cost of financing and constant devaluation of PKR against the US\$, both factors contributed to high financing cost of over Rs.83.94 million this year, compared to Rs.32.498 million until June 2022.

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

Board Performance

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



PAKISTAN PAPER PRODUCTS LIMITED

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, COO and 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, 2023
Karachi



ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے آڈٹ شدہ گوشواروں کے ساتھ 61 ویں سالانہ رپورٹ پیش کرنے پر اظہارِ مسرت کرتے ہیں۔ رپورٹ 30 جون 2023 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی سرگرمی کا احاطہ کرتی اور تھیل کی تفصیلات کے ساتھ اس کی آپریشنل اور مالی کارکردگی کو بیان کرتی ہے۔

آپریٹنگ کارکردگی

اللہ تعالیٰ کے فضل و کرم سے ملک میں جاری معاشی بحران کے باوجود آپ کی کمپنی نے اچھی کارکردگی دکھائی۔ 40.85 فی صد اضافہ کے ساتھ مجموعی حجم 1.92 ارب روپے کی نئی ریکارڈ بلینڈرچ پر پہنچ گیا۔ ایکسرسائز کی کامیابیوں کی فروخت 58.68 فی صد اضافے کے ساتھ سرفہرست رہی، پریلبیلو کی فروخت میں بھی 31.61 فی صد کا زبردست اضافہ ریکارڈ کیا گیا، اور سینیپلا نرڈ پیپر میں 21.82 فی صد کی جب کہ فونو کا پی پیپر میں 33.86 اضافہ ہوا۔ زبردست مجموعی نمو کے باعث مجموعی منافع میں 54.01 فی صد قبلی ازگیس منافع میں 46.66 فی صد اور بعد ازگیس منافع میں 44.20 فی صد اضافہ ریکارڈ کیا گیا۔

پروپیلو:

کاروبار کے آغاز کے بعد سے گزشتہ سال کمپنی کے لیے غالباً سب سے زیادہ مشکل رہا۔ اس کی وجہ پاکستان میں غیر ملکی زرمبادلہ کے بحران کی وجہ سے مالی سال کی دوسری ششماہی میں بینکوں نے ہمیشہ کے برعکس اوپن ڈائریمنٹ درآمدات کو روکنا شروع کر دیا، جس کی وجہ سے پلائی چین میں شدید خلل پڑ گیا۔ خام مال کی کمی کی وجہ سے ہمیں ایک، دو ماہ تک پیداوار کو ڈرامائی طور پر سست کرنا پڑا۔ بڑی مشکل سے، آپ کی انتظامیہ نے بینکوں کے ساتھ 60 دن کے ڈی اے ایل سی پر گفت و شنید کر کے اس مسئلے پر قابو پایا، اور یہاں تک کہ اس کے لیے ہم نے خود کو لازمی اشیاء کے زمرے میں شامل کروا لیا کیونکہ ہم فارما اور تیل کی صنعت کے لیے لیبل فراہم کر رہے ہیں جو کہ لازمی اشیاء میں شامل ہیں۔ اس کوشش کی بدولت ہم اپنے کاروبار کو جاری رکھنے میں کامیاب رہے اور اپنے کلائنٹس کی پلائی چین میں کوئی خلل نہیں آنے دیا کیونکہ ہم جانتے ہیں کہ ہم ان کا اہم حصہ ہیں۔ فروخت میں 31.61 فی صد اضافہ نا صرف ہماری قیمتوں میں اضافے کی وجہ سے ہوا بلکہ ہم نے حجم میں قدرے اضافہ بھی کیا جو ہماری اپنی پلائی چین کی پابندیوں کو مد نظر رکھتے ہوئے کوئی معمولی کارنامہ نہیں ہے۔ اب سب کچھ کافی حد تک معمول پر آ گیا ہے اور بینک بفر کی مسئلے کے ہماری ایل سی کھول رہا ہے اور ہم مسابقت میں بھاری اضافے کے باوجود فروخت میں بہت اچھی نمو دیکھ رہے ہیں۔ صرف پچھلے ایک سال میں، ہم نے مارکیٹ میں 4-5 نئے حربوں کو آتے دیکھا ہے لیکن اللہ کا شکر ہے کہ ہمارے کاروبار کی رفتار مسلسل بڑھ رہی ہے۔ ہمیں اپنی تاریخ میں زرمبادلہ کے سب سے زیادہ نقصان کا بھی سامنا کرنا پڑا کیونکہ PKR سارا سال گرتا رہا۔ انتظامیہ نے بہت بھاری مالیاتی چارجز کے ساتھ اس پر قابو پایا اور اس کے باوجود اس سیکٹور میں بہترین منافع رپورٹ کیا۔

ایکسرسائز کامیابی:

ایکسرسائز کامیابیوں نے فروخت میں 58.68 فی صد اضافے کے ساتھ بہت اچھی کارکردگی کا مظاہرہ کیا، جس کی زیادہ تر وجہ قیمتوں میں اضافہ رہی کیونکہ اس عرصہ کے دوران حجم قدرے کم رہا۔ حجم میں کمی کی سب سے بڑی وجہ پچھلے سال سندھ میں آنے والا سیلاب تھا جس کی وجہ سے ہم نے اپنی سیزنل سٹور کا ایک بڑا حصہ کھو دیا۔ اس کے باوجود ہم نے اچھے اداروں کے آرڈرز کے ساتھ ساتھ سندھ میں سیلاب کے بعد سٹورز میں کچھ ریکوری کے ساتھ آگے بڑھنے کی کوشش جاری رکھی اور سال کے دوسرے نصف میں ہمارے زیادہ تر اسکول کلائنٹس کو سٹور بحال ہو چکی تھیں۔ ہمیں پیپر ملز کی جانب سے سال کی تین سہ ماہیوں میں قیمتوں میں بے تحاشہ اضافے کا سامنا کرنا پڑا جس کی وجہ سے ہمارے پاس اس اضافے کو اپنے صارفین کو منتقل کرنے پہنچانے کے سوا کوئی چارہ نہیں رہا۔ آخری سہ ماہی میں قیمتیں مستحکم ہوئیں اور اب اس کے بعد سے مستحکم ہیں۔ یہ بنیادی طور پر بین الاقوامی سطح پر گودے کی قیمتوں میں کمی کی وجہ سے ہوا ہے جس نے PKR کی قدر میں کمی کے اثر کو ختم کرنے میں کامیاب کیا ہے۔ کاغذ کی فراہمی میں بھی بہتری آئی ہے اور اب پچھلے چند مہینوں سے مستحکم ہے جس کی وجہ سے ہم سندھ میں اپنے برانڈ کی کامیابی بڑھا سکتے ہیں۔ انتہائی افراط زر کے اس دور میں ہماری برانڈ کی وفاداری اور کسٹمر سروس کا صحیح معنوں میں امتحان تھا لیکن ہمیں یہ کہتے ہوئے خوشی ہو رہی ہے کہ ماسوائے چند کے، ہمارے صارفین سستے آپشنز کی طرف نہیں گئے۔ مستقبل کا نقطہ نظر بھی بہت مثبت ہے کیونکہ ہمارے پاس خاص طور پر اندرون سندھ سے بہت زیادہ مانگ ہے۔

سینیپلا نرڈ پیپر اور پلاٹر پیپر:

سینیپلا نرڈ پیپر کی فروخت میں کمی کا سلسلہ جاری ہے اور اب ہم نے فیصلہ کیا ہے کہ جب ہم اپنی موجودہ خام مال کی انوینٹری استعمال کر لیں گے تو ہم آہستہ آہستہ اس ڈویژن کو بند کر دیں گے۔ ہم برسوں سے کہہ رہے ہیں کہ یہ ایک ختم ہونے والی مصنوعات کی لائن ہے کیونکہ اس کی جگہ کمپیوٹر اور پلاٹر پر پرنٹرز نے لے لی ہے۔ پلاٹر پیپر جو اس کا متبادل ہے اس کی فروخت میں 33.86 فی صد اضافہ ہوا جس کی وجہ زیادہ قیمتوں میں اضافہ تھا۔ یہ ایک اور سیکٹور ہے جہاں ہم کوئی ویلیو ایڈیشن نہیں کرتے بلکہ صرف جوہر ملز حاصل کرتے ہیں اور انہیں سائز کے مطابق کاٹ کر اپنے صارفین کو فراہم کرتے ہیں۔ یہ بنیادی طور پر ایک کموڈٹی آئٹم ہے جس کی بین الاقوامی مارکیٹ میں قیمت میں بہت زیادہ آسار چھاؤ ہوتا ہے۔



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مالیاتی کارکردگی

ہمیں یہ بتاتے ہوئے بہت خوشی ہو رہی ہے کہ ملک میں جاری معاشی بحران کے باوجود، آپ کی کمپنی ریکارڈ مصنوعات فروخت کرنے میں کامیاب رہی، جس کی جھلک ریکارڈ منافع میں بھی دیکھی جاسکتی ہے۔ اس کے لیے انتظامیہ کو سراہا جانا پڑے گا کیونکہ سپلائی چین میں خلل، پاکستانی روپے قدر میں ریکارڈ کمی اور ملک میں اب تک کی بلند ترین شرح سود جیسی بڑی رکاوٹوں کے باوجود ہم یہ نتائج دینے میں کامیاب رہے۔ زرمبادلہ کے نقصان اور شرح سود کے دو گنا ہونے کی وجہ سے ہماری مالیاتی لاگت میں 158.1 فی صد اضافہ ہوا، اور یہ وہ تمام عوامل تھے جو ہمارے قایوم نہیں تھے۔ جو چیز ہمارے اختیار میں تھی، وہ ان غیر معمولی طور پر زیادہ اخراجات کو پورا کرنے کے لیے اپنے مارجن کو بڑھانا تھا جسے ہم فروخت میں کمی کے بغیر کامیابی کے ساتھ کرنے میں کامیاب رہے جو کہ ہماری ابتدائی توقع تھی۔ ہم اللہ کا شکر ادا کرتے ہیں کہ ہم اس مشکل وقت میں اتنے بہترین نتائج دینے میں کامیاب ہوئے۔

2022، جون	2023، جون	
90,426,949	132,617,246	ٹیکس لگانے سے پہلے منافع
(28,683,321)	(43,584,806)	ٹیکس
61,743,628	89,032,440	ٹیکس لگانے کے بعد منافع
7.72	11.13	فی شیئر آمدنی

منافع منقسمہ کا اعلان

نتائج کی روشنی میں، بورڈ 400 فی صد یعنی 4 روپے فی حصص نقد منافع منقسمہ دینے میں خوشی ہو رہی ہے۔

مالیاتی رپورٹنگ

ہم یہاں یہ ذکر کرنا ضروری سمجھتے ہیں کہ کمپنی کی مالیاتی رپورٹنگ سیکورٹیز اینڈ ایکس چینج کمیشن کے منظور کردہ بین الاقوامی اکاؤنٹنگ معیارات پر مبنی ہے اور کنٹریباٹ 2017 کے تقاضوں کی بھی تعمیل کرتی ہے۔

مینیجنگ اور آپریشنز

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

کارپوریٹ سماجی ذمہ داری

ایک پبلک لیئڈ 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۔ 200 kWh سٹی توانائی کے نظام کی تنصیب صاف توانائی کے مستقبل کی طرف ہمارا پہلا قدم ہے۔

بورڈ

پاکستان پیپر پروڈکٹس لمیٹڈ کا ایک آزاد اور اہم 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 پروفاکٹ ہیں۔



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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 متصفانہ حیثیت، کارروائیوں کا نتیجہ، کیش فلوز اور ایکویٹی میں منتقلی۔
- ☆ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور حسابہ معقول اور متبادل 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، پمٹل 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 کنٹرولز کی نگرانی کا عمل جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول کو مزید تقویت بخشنے اور نظام میں بہتری لانا ہے۔
- ☆ اکاؤنٹس کوٹ میں ٹیکس کے بارے میں تفصیل دی جاتی ہے۔

بورڈ اور اس کی کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز (بی او ڈی) کے سال پانچ (05) اجلاس کے دوران، چار (04) آڈٹ کمیٹی (اے سی) کے اجلاس اور دو (02) ایچ آر اینڈ آر کمیٹی اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	بورڈ میٹنگ	آڈٹ کمیٹی	ایچ آر اینڈ آر کمیٹی اور معاوضہ کمیٹی
جناب عباس سعید	5	3	2
جناب مہد سعید	5	4	2
مسز ملائکہ سعید	4	-	2
جناب سعید عمران	5	-	2
ڈاکٹر اسد اللہ سعید	4	4	0
محترمہ عائشہ فیروز صلاح الدین	4	4	0
جناب مطیع الدین (نئے اپائنٹمنٹ - NIT مزد)	1	0	0
جناب شعیب احمد خان (علیحدہ)	4	4	2

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 ترمیمی پروگرام

کمپنی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز کو ترمیمی سے متعلق 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 2021 میں ڈائریکٹرز کے سرٹیفیکیشن ٹریڈنگ پروگرام کے تحت سند حاصل کی ہے۔ لہذا، آدھے سے زیادہ بورڈ کو 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 کمیٹی ایکٹ، 2017 اور PSX رول بک کے ضوابط کے تحت ان کے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

تعمیل کا بیان

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



PAKISTAN PAPER PRODUCTS LIMITED

مادی تہدیلیاں

یہاں کوئی مادی تہدیلیاں 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۔

منجمنٹ کا خطرہ

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

خطرے کی تشخیص

کاروباری اداروں کو متعدد غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو ان کے اہداف کے لیے خطرات کا باعث بن سکتی ہیں اور اگر ان پر توجہ نہ دی جائے تو وہ قابل گزیر نقصانات کا سبب بن سکتی ہیں۔ بورڈ نے اندرونی اور بیرونی دونوں خطرات کا چوکس اور مکمل جائزہ لیا ہے جن کا کمپنی کو سامنا ہو سکتا ہے۔ خام مال کی بڑھتی ہوئی قیمت کمپنی کو درپیش سب سے بڑا خطرہ ہے۔ پاکستانی روپے کی قدر میں کمی نے خطرے کو مزید واضح کر دیا ہے۔ اس کے متعلق اثرات کو روکنے کے لیے، کمپنی نے اپنے اہم بین الاقوامی سپلائرز کے ساتھ اسٹریٹجک تعلقات میں سرمایہ کاری کی ہے اور بروقت فراہمی کو یقینی بنایا ہے۔ خام مال کی دستیابی ایک اور خطرہ ہے جس کا کمپنی کو سامنا ہے۔

مستقبل کی توقعات

ہماری کمپنی کے مستقبل کے امکانات ملک کی میکرو اکنامک کارکردگی سے گہرے طور پر جڑے ہوئے ہیں۔ چونکہ ہم ایک درآمدی پیداواری یونٹ ہیں، مستحکم زرمبادلہ کی شرح اور ملک کے غیر ملکی ذخائر میں اضافہ ہمارے لیے ایک شوق اور متوقع بخش کاروبار کو برقرار رکھنے کے لیے بہت ضروری ہے۔ مجموعی طور پر ہم ابھی بھی پروفیلوں کے کاروبار میں ترقی کے بہت زیادہ امکانات دیکھتے ہیں کیونکہ ہم محسوس کرتے ہیں کہ دیگر ترقی پذیر ممالک کے مقابلے میں یہ کاروباری شعبہ ملک میں اب بھی ابتدائی مرحلے میں ہے۔ ایکسر سائزنگ کے طلب کی ایک ٹھوس بنیاد اور نسبتاً غیر نچلے مارگٹ کا نمونہ جاری ہے۔ ہم نے اپنی موجودہ پراڈکٹ لائنوں میں بہتری کارکردگی کے ساتھ توانائی کی بچت کے لیے نئے مواقع میں سرمایہ کاری جاری رکھے ہوئی ہے۔

حساب کتاب کا گروہ یا لوگ

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

ہیومن ریسورس کمیٹی

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

آپریٹنگ اور مالیاتی ڈیٹا

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



PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز کا معاوضہ

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

اعترافات

ڈائریکٹرز قابل قدر صارفین کے لئے ان کی مسلسل مدد پر شکر گزار ہیں۔ وہ کمپنی کے بینکاروں، جھنڈے یا ڈنکان 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، ریگولیٹرز سیکورٹیز اینڈ ایکسچینج 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 تحریف 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

عہاب سعید
چیرمین

بتوسط بورڈ آف ڈائریکٹرز

22 ستمبر 2023

کراچی



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 61st Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2023, 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 severe economic crisis that the country is going through. The top line grew by 40.85% with total turnover reaching a new record high of Rs 1.92 billion. Exercise books led the way with a growth of 58.68% in sales, Pro Labels also had robust growth in sales of 31.61%, and Sensitized paper showed a decline of 21.82% and Photocopy Paper increased by 33.86%. The growth in the top line translated all the way down with GP increasing by 54.01%, NP before tax by 46.66%, and NP after tax by 44.20%.

Pro Labels:

This last year was probably the most challenging one faced by the company since the start of this business. This was due to the severe supply chain disruption caused in the second half of the financial year due to the forex crisis in Pakistan which led to banks not honoring open document imports which we had been doing all along. For 1-2 months we had to slow down production dramatically due to shortfall of raw material inventory. With great difficulty, your management managed to overcome this problem by negotiating with the banks on 60-day DA LCs, and even for this we got ourselves included in the essential goods category as we are supplying labels for the Pharma and Oil industry which are also essential goods. Thanks to this effort we managed to keep our business running and did not cause any disruption to our clients' supply chain as we know what a critical part we are. The increase in sales of 31.61% was not only due to increase in our prices but we also managed to increase the volume slightly which is no mean feat considering our own supply chain restrictions. Now everything has normalized to a great extent and the bank is opening our LCs without any issue and we are seeing very good momentum of sales going forward in spite of the heavy increase in competition. In the last one year alone, we have seen 4-5 new Competitors coming in the market but Thanks to Allah that our business momentum continues to grow. We were also hit by the hardest exchange loss we have faced in our history as the PKR continued to plummet all year round. The management managed to overcome this along with very heavy financial charges to still report an excellent profit for this segment.

Exercise Books:

Exercise Books continued to perform very well with sales rising by 58.68% which was mostly price driven as volumes fell slightly. The main reason for fall in volumes was the flooding in Sindh last year due to which we lost a large portion of our seasonal sales. In spite of this we continued to strive forward with good institution orders along with some recovery sales in Sindh post floods and in the second half of the year we secured most of our school clients. We faced unrelenting price hikes from Paper Mills in the three quarters of the year leaving us with no choice but to pass on these hikes to our customers. In the final quarter prices stabilized and have now been stable since then. This has mainly been due to the fall in Pulp prices internationally which have managed to offset the PKR devaluation. Supply of paper has also improved and is now stable for the last few months allowing us



PAKISTAN PAPER PRODUCTS LIMITED

to increase our own brand copies in Sindh. Our brand loyalty and customer service were truly tested in these hyperinflation times but we are glad to say that our customers did not switch to cheaper options barring a few. The future outlook is also very positive as we continue to have very high demand especially from interior Sindh.

Sensitized Paper & Plotter Paper:

Sensitized paper sales continue to fall and we have now decided that we will slowly shut down this division once we have consumed our existing raw material inventory. We have been saying for years that this is a dying product line due to it being replaced by computers and plotter printers. Plotter paper which is its alternative had a good year with sales rising by 33.86% which was mostly price driven. This is another segment where we do not do any value addition but just get jumbo reels and slit them to size and supply to our customers. It is basically a commodity item with very heavy price fluctuation in the international market.

Financial Performance

We are very pleased to report that in spite of the economic crisis of the country, your company managed to post record sales which also translated to record profits. The management will have to be commended for this as despite major setbacks like supply chain disruption, record high devaluation of PKR and highest ever interest rates in the country we still managed to produce these results. Our Finance cost increased by 158.1% due to Exchange loss and doubling of interest rates which were all factors that were not in our control. What was in our control was to increase our margins to cover these abnormally high costs which we managed to do successfully without losing sales which was our initial expectation. We bow our heads in Thanks to Allah that we managed to come out with such excellent results in such trying times.

	<u>June, 2023</u>	<u>June, 2022</u>
Profit before taxation	132,617,246	90,426,949
Taxation	<u>(43,584,806)</u>	<u>(28,683,321)</u>
Profit after taxation	89,032,440	61,743,628
Earnings per share	11.13	7.72

Declaration of Dividend

In light of the results, the Board is pleased to announce a Cash Dividend @ 40%, i.e. Rs 4 per share.

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 complies with the requirements of the Companies Act 2017.



PAKISTAN PAPER PRODUCTS LIMITED

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 demonstrating 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. Installation of a 200 kWh Solar energy system is our first step towards a cleaner energy future.

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 the 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 the 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 the preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.

There is no significant doubt about the company's ability to continue as a going concern.

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

Detail about taxes is given in the notes to the accounts.



PAKISTAN PAPER PRODUCTS LIMITED

Board & its Committee meetings

During the year Five (05) meetings of the Board of Directors (BOD), four (04) Audit Committee (AC) meetings and Two (02) HR&R Committee meetings were held. Attendance by each Director are as under:

Name of Director	Number of meetings attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Abbas Sayeed	5	3	2
Mr. Abid Sayeed	5	4	2
Mrs. Muleika Sayeed	4	-	2
Mr. Sayeed Imran	5	-	2
Dr. Asadullah Sayeed	4	4	-
Ms. Aisha Fariel Salahuddin	4	4	-
Mr. Matiuddin Siddiqui (New appointment - NIT Nominee)	1	0	0
Mr. Shoaib Ahmed Khan (Detached)	4	4	2

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 the Directors' Certification Training Program in 2015, 2018 & 2021 respectively. Therefore, over half of the Board is qualified under the criteria of DTP and exemption criteria as per the 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.



PAKISTAN PAPER PRODUCTS LIMITED

Code of Business Principles

As a leading Paper converting company, a reputation for high ethical standards is central to business success. The Code of Business Principles is already developed 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 the 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 all foreseeable risks to the business. These strategies were enforced through the Audit Committee to ensure that no gaps remained in risk mitigation.

Risk Assessment

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

Future Prospects

The future prospects of our company are intricately linked with the Macroeconomic performance of the country. As we are an import intensive manufacturing unit, a stable Exchange rate and shoring up of the country's foreign reserves are very necessary for us to maintain a solid and profitable business. Overall we still see a lot of potential for growth in the Pro Labels business as we feel that this business sector is still in a nascent stage in the country compared to other developing countries. Ex Books continues to have a solid demand base and a relatively inelastic demand pattern. We continue to invest in new opportunities and in bringing more efficiency and energy saving in our existing product lines.

Audit Committee

The Audit Committee comprises 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, and internal audit reports and holds its meeting before the Board meetings. The committee manages adequately the system of internal control through the internal audit department and reviews the 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 the last six years are annexed.

Auditors

The Board recommended the 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 a certain class of shareholders as at June 30, 2023, 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 patterns 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 REQUIREMENTS 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 follows;

Executive Director	01
Non-Executive Director	04
Independent Director	02



PAKISTAN PAPER PRODUCTS LIMITED

Committees of the Board.

The board has formed committees comprising of members given below:

a) Audit Committee

Ms. Aisha Fariel Salahuddin – Chairperson
Mr. Abbas Sayeed
Dr. Asadullah Saeed
Mr. Matiuddin Siddiqui

b) Human Resource & Remuneration Committee

Mr. Matiuddin Siddiqui - 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 the 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.

Acknowledgments

The Directors are grateful to the valued customers for their continued support. They also appreciate the support received from the 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 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 22, 2023
Karachi

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

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

Name of the Company: Pakistan Paper Products Limited.
For the year ended: June 30, 2023.

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:

- The total number of directors are seven as per following:
 - Male: Five
 - Female: Two
- The composition of the Board of Directors (“the Board”) is as follows:

Category	Names
Independent Directors	Mr. Matiuddin Siddiqui (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

- The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 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.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval is maintained by the Company.



PAKISTAN PAPER PRODUCTS LIMITED

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 & 2021 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 11-05-2023:
 - a) **Audit Committee**
Ms. Aisha Fariel Salahuddin – Chairperson
Mr. Abbas Sayeed
Dr. Asadullah Saeed
Mr. Matiuddin Siddiqui
 - b) **Human Resource & Remuneration Committee**
Mr. Matiuddin Siddiqui - Chairman
Mr. Abbas Sayeed
Mr. Sayeed Imran
Mrs. Muleika Sayeed
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, 2023.
Human Resource & Remuneration Committee	Two meeting held during the financial year ended June 30, 2023.



PAKISTAN PAPER PRODUCTS LIMITED

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: July 26, 2023



PAKISTAN PAPER PRODUCTS LIMITED

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

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

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Pakistan Paper Products Limited** ('the Company') for the year ended 30 June 2023 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 2023.

Chartered Accountants

Place: Karachi

Dated: 27 SEP 2023

UDIN: CR202310178VgdQLzTAI

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 2023, 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 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



PAKISTAN PAPER PRODUCTS LIMITED



Following is the key audit matter:

S.no.	Key audit matter	How the matter was addressed in our audit
1.	Revenue from Contracts with Customers The Company is engaged in production and sale of exercise books, pro-labels and sensitized papers. Revenue recognition policy has been explained in note 3.16 to the financial statements, and the related amounts of revenue recognized during the year are disclosed in note 22 to the financial statements. The Company generates revenue from sale of goods to domestic customers. 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’. 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.	Our audit procedures to address the Key Audit Matter included the following: 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:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, 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;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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


Chartered Accountants
Place: Karachi
Dated: 27 SEP 2023
UDIN: AR202310178DPxtbkRAw



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

<u>ASSETS</u>	Notes	2023 ----- (Rupees) -----	2022 -----
NON-CURRENT ASSETS			
Property, plant and equipment	4	864,080,606	893,264,648
Intangible assets	5	235,415	376,665
Long term deposits		1,225,258	1,135,258
		865,541,279	894,776,571
CURRENT ASSETS			
Stores and spares		8,349,253	8,442,309
Stock-in-trade	6	401,935,917	298,736,588
Trade debts - Unsecured, considered good		340,095,787	255,865,910
Advances and other receivables	7	129,980,822	118,237,943
Deposits, advances and short term prepayments	8	6,302,806	18,445,449
Cash and bank balances	9	5,151,351	6,141,564
		891,815,936	705,869,763
		<u>1,757,357,215</u>	<u>1,600,646,334</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2022: 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		522,632,946	429,167,189
Capital reserve			
Surplus on revaluation of property, plant and equipment	11	504,841,334	507,390,716
		1,107,474,280	1,016,557,905
NON-CURRENT LIABILITIES			
Deferred tax liability - Net	12	47,376,752	43,539,407
Deferred liability for staff gratuity	13	18,624,529	19,247,674
Long term loans - Secured	14	85,226,417	107,452,497
Liabilities against assets subject to musharakah financing	15	6,000,000	8,880,000
Deferred grant	16	4,338,169	5,644,783
		161,565,867	184,764,361
CURRENT LIABILITIES			
Current portion shown under current liabilities	17	26,560,800	33,579,591
Current portion of deferred government grant	18	1,306,614	1,582,404
Short term borrowings - Secured	19	218,594,482	163,316,050
Creditors, accrued and other liabilities	20	231,848,003	190,809,610
Unclaimed dividend		10,007,169	10,036,413
		488,317,068	399,324,068
CONTINGENCIES AND COMMITMENTS			
	21	--	--
		<u>1,757,357,215</u>	<u>1,600,646,334</u>

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 2023

	Notes	2023 ----- (Rupees) -----	2022 ----- (Rupees) -----
Sales - Net	22	1,745,900,810	1,234,186,382
Cost of sales	23	<u>(1,454,583,434)</u>	<u>(1,045,029,690)</u>
Gross profit		291,317,376	189,156,692
Administrative expenses	24	<u>(44,869,954)</u>	<u>(39,692,808)</u>
Selling and distribution expenses	25	<u>(21,941,517)</u>	<u>(21,467,593)</u>
Other operating expenses	26	<u>(10,134,479)</u>	<u>(8,605,114)</u>
		(76,945,950)	(69,765,515)
Operating profit		<u>214,371,426</u>	<u>119,391,177</u>
Other income	27	2,189,750	3,533,557
Finance cost	28	(83,943,930)	(32,497,785)
Profit before taxation		<u>132,617,246</u>	<u>90,426,949</u>
Taxation - Net	29	(43,584,806)	(28,683,321)
Profit for the year		<u>89,032,440</u>	<u>61,743,628</u>
Earnings per share - Basic and diluted	30	<u>11.13</u>	<u>7.72</u>

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 2023**

	Notes	2023 ----- (Rupees) -----	2022 -----
Profit for the year		89,032,440	61,743,628
Other comprehensive income / (loss):			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Remeasurement of defined benefit liability	13	2,653,429	(282,662)
Related deferred tax		(769,494)	81,972
		1,883,935	(200,690)
Total comprehensive income for the year		90,916,375	61,542,938

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 2023

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 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)	--
Transactions with owners:						
Final cash dividend @ 30% related to the year ended 30 June 2021	--	--	(24,000,000)	(24,000,000)	--	(24,000,000)
Interim cash dividend @ 25% related to the period ended 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
Profit for the year ended 30 June 2023	--	--	89,032,440	89,032,440	--	89,032,440
Other comprehensive income	--	--	1,883,935	1,883,935	--	1,883,935
Total comprehensive income for the year	--	--	90,916,375	90,916,375	--	90,916,375
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	138,471	138,471	(138,471)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,410,911	2,410,911	(2,410,911)	--
Balance as at 30 June 2023	80,000,000	143,900,000	378,732,946	522,632,946	504,841,334	1,107,474,280

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 2023

	Notes	2023 ----- (Rupees) -----	2022 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	102,714,649	88,502,969
Payments for:			
Income taxes net of refund received		(52,841,637)	(22,709,555)
Sindh Workers' Welfare Fund		(1,846,879)	(2,270,917)
Sindh Workers' Profit Participation Fund	20.3	(4,860,209)	(5,225,511)
Gratuity	13.1	(1,931,811)	(1,729,662)
Finance cost		(48,778,187)	(14,810,374)
Net cash (outflows) / inflows from operating activities		(7,544,074)	41,756,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to tangible assets	4	(15,823,652)	(130,324,467)
Sale proceeds against disposal of fixed assets		925,600	2,685,560
Net cash outflows from investing activities		(14,898,052)	(127,638,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits		(90,000)	(178,000)
Long-term finances obtained		--	95,304,000
Repayment of long-term finances		(33,707,275)	(37,292,051)
Dividend paid		(29,244)	(42,403,014)
Net cash (outflows) / inflows from financing activities		(33,826,519)	15,430,935
Net decrease in cash and cash equivalents		(56,268,645)	(70,451,022)
Cash and cash equivalents at the beginning of the year		(157,174,486)	(86,723,464)
Cash and cash equivalents at the end of the year		(213,443,131)	(157,174,486)

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 2023

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, 2023. 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)
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

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

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

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	1 January 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 12 'Income Taxes' - International Tax Reform — Pillar Two Model Rules	1 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	1 January 2024
Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' - Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid 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:



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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

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

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

Capital work in progress 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 progress, 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 month of acquisition or up to the month of disposal of such assets respectively.

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

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

3.2 Intangible assets

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



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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. The rate of amortization is disclosed in note 5.

3.3 Stores and spares

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

3.4 Stock in trade

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

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

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

3.5 Financial instruments

3.5.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

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

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

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.
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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 rates of taxation or based on turnover or accounting profit at the specified rates, whichever is higher, after taking into account tax credits and rebates available.

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



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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 36 to these financial statements.

4 PROPERTY, PLANT AND EQUIPMENT

		2023	2022
		----- (Rupees) -----	
Operating fixed assets	4.1	862,135,756	893,264,648
Capital work in progress - At cost	4.8	1,944,850	--
		<u>864,080,606</u>	<u>893,264,648</u>

4.1 Operating fixed assets

PARTICULARS	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2023	Rate %
	As at 1 July 2021	Additions during the year	(Disposal)	As at 30 June 2022	As at 1 July 2021	(On disposal)	Charge for the year	As at 30 June 2023		
	----- (Rupees) -----									
Tangible assets										
Leasehold land	484,000,000	--	--	484,000,000	--	--	--	--	484,000,000	-
Buildings on leasehold land										
- Factory	45,690,742	337,700	--	46,028,442	20,645,296	--	2,535,498	23,180,794	22,847,648	10
- Office	6,472,338	--	--	6,472,338	2,044,863	--	221,376	2,266,239	4,206,099	5
Plant and machinery	530,288,219	9,021,428	--	539,309,647	197,720,682	--	33,828,747	231,549,429	307,760,218	10
Furniture and fixture	3,538,106	--	--	3,538,106	836,958	--	270,120	1,107,078	2,431,028	10
Factory and other equipment	14,799,067	916,220	(145,000)	15,570,287	3,647,090	(44,578)	1,143,199	4,745,711	10,824,576	10
Electric equipment and fitting	6,530,816	--	--	6,530,816	3,804,889	--	401,436	4,206,325	2,324,491	15
Computers	2,215,453	132,800	--	2,348,253	1,643,068	--	199,802	1,842,870	505,383	30
Vehicles	27,861,730	3,470,654	(1,911,467)	29,420,917	12,320,531	(1,387,728)	3,604,935	14,537,738	14,883,179	20
Musharakah Assets										
Solar power system	16,575,471	--	--	16,575,471	2,043,917	--	2,178,420	4,222,337	12,353,134	15
	<u>1,137,971,942</u>	<u>13,878,802</u>	<u>(2,056,467)</u>	<u>1,149,794,277</u>	<u>244,707,294</u>	<u>(1,432,306)</u>	<u>44,383,533</u>	<u>287,658,521</u>	<u>862,135,756</u>	

PARTICULARS	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2022	Rate %
	As at 1 July 2021	Additions during the year	(Disposal)	As at 30 June 2022	As at 1 July 2021	(On disposal)	Charge for the year	As at 30 June 2022		
	----- (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	10
- Office	6,472,338	--	--	6,472,338	1,811,838	--	233,025	2,044,863	4,427,475	5
Plant and machinery	438,426,630	91,861,589	--	530,288,219	169,645,425	--	28,075,257	197,720,682	332,567,537	10
Furniture and fixture	2,455,426	1,082,680	--	3,538,106	607,062	--	229,896	836,958	2,701,148	10
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	10
Electric equipment and fitting	6,530,816	--	--	6,530,816	3,323,843	--	481,046	3,804,889	2,725,927	15
Computers	2,041,512	219,700	(45,759)	2,215,453	1,492,891	(39,810)	189,987	1,643,068	572,385	30
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	20
Musharakah Assets										
Solar power system	--	16,575,471	--	16,575,471	--	--	2,043,917	2,043,917	14,531,554	15
	<u>1,013,432,568</u>	<u>130,324,467</u>	<u>(5,785,093)</u>	<u>1,137,971,942</u>	<u>210,718,438</u>	<u>(4,027,263)</u>	<u>38,016,119</u>	<u>244,707,294</u>	<u>893,264,648</u>	

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

		2023	2022
		----- (Rupees) -----	
Cost of sales	23	39,670,192	33,424,424
Administrative expenses	24	2,681,309	2,610,345
Selling and distribution expenses	25	2,032,032	1,981,350
		<u>44,383,533</u>	<u>38,016,119</u>



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- 4.3 Assets disposed off during the year have aggregating net book value less than five million, and all the disposals were made in accordance with the Company's policy.
- 4.4 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.
- 4.5 Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

	2023	2022
	----- (Rupees) -----	
Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	20,243,252	22,151,673
- Office	2,802,595	2,950,102
Plant and machinery	284,502,815	306,725,979
Furniture and fixture	2,312,449	2,569,398
Factory and other equipment	10,022,416	10,264,159
Electric equipment and fittings	14,286,311	16,788,336
Computers	419,132	436,708
Vehicles	13,923,493	14,164,322
	<u>348,703,666</u>	<u>376,241,880</u>

- 4.6 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-58 with an accumulated area of 2.42 acres.
- 4.7 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs. 656.264 million.
- 4.8 This represents advances paid to contractor for construction of a meeting room in factory.

5 INTANGIBLE ASSETS

Software license	5.1	<u>235,415</u>	<u>376,665</u>
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5.1 Movement of intangible assets

Cost:

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

Amortization:

Accumulated amortization as at 1 July	188,335	47,085
Charge for the year	141,250	141,250
Accumulated amortization as at 30 June	<u>329,585</u>	<u>188,335</u>
Net book value as at 30 June	<u>235,415</u>	<u>376,665</u>

Useful life (in years)	24	<u>4</u>	<u>4</u>
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5.2 The amortization charge for the year has been allocated to administrative expenses.

	2023	2022
	----- (Rupees) -----	
6 STOCK-IN-TRADE		
Raw materials	332,162,037	239,350,710
Work-in-process	38,539,679	40,472,042
Finished goods	31,234,201	18,913,836
	<u>401,935,917</u>	<u>298,736,588</u>
7 ADVANCES AND OTHER RECEIVABLES		
<i>Considered good</i>		
Advance to suppliers	1,371,001	4,163,495
Advance to staff	7.1 679,956	258,538
Advance income tax - Net	15,836,702	25,557,966
Income tax refundable	87,134,816	65,088,870
Advance sales tax - Net	24,958,347	23,169,074
	<u>129,980,822</u>	<u>118,237,943</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	5,652,931	13,744,700
Trade deposits	224,418	1,124,418
Advance against letter of credit	328,179	3,409,635
Short term prepayments	97,278	166,696
	<u>6,302,806</u>	<u>18,445,449</u>
9 CASH AND BANK BALANCES		
Cash in hand	95,180	802,858
Factory imprest	125,000	100,000
Cash at banks - Current accounts	4,931,171	5,238,706
	<u>5,151,351</u>	<u>6,141,564</u>
10 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
578,000 (2022: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2022: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
7,250,000 (2022: 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 907,026 (2022: 907,026) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.	



PAKISTAN PAPER PRODUCTS LIMITED

	2023	2022
	----- (Rupees) -----	
11 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
<i>Gross surplus</i>		
Opening balance	517,022,768	521,530,913
Release on disposal of revalued assets	(195,029)	(641,197)
Transfer to un-appropriated profit in respect of incremental depreciation charged during the current year	(3,395,649)	(3,866,948)
	513,432,090	517,022,768
<i>Deferred tax liability</i>		
Opening balance	(9,632,052)	(10,939,414)
Tax effect on disposal of revalued assets	56,558	185,947
On incremental depreciation for the year	984,738	1,121,415
	(8,590,756)	(9,632,052)
	<u>504,841,334</u>	<u>507,390,716</u>
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	44,187,110	39,489,180
- surplus on revaluation of fixed assets	8,590,755	9,632,052
	52,777,865	49,121,232
<i>Deferred tax asset arising due to:</i>		
- provision against gratuity	(5,401,113)	(5,581,825)
- long term loan	1,258,069	2,095,884
- deferred grant	(1,258,069)	(2,095,884)
	(5,401,113)	(5,581,825)
	<u>47,376,752</u>	<u>43,539,407</u>
12.1 Movement of deferred tax liabilities		
Balance as at beginning of the year	43,539,407	42,030,458
Tax charge recognised in statement of profit or loss	3,067,851	1,590,921
Tax charge recognised in other comprehensive income	769,494	(81,972)
	<u>47,376,752</u>	<u>43,539,407</u>
13 DEFERRED LIABILITY FOR STAFF GRATUITY		
Present value of defined benefit obligations	13.1 <u>18,624,529</u>	<u>19,247,674</u>

The actuarial valuation of gratuity plan was carried out as at 30 June 2023 by M/s. SIR Consultants. Following are the relevant disclosures:



PAKISTAN PAPER PRODUCTS LIMITED

	2023	2022
	----- (Rupees) -----	
13.1 Movement in net liability		
Opening net liability	19,247,674	17,726,668
Expense for the year	13.2 3,962,095	2,968,006
Other comprehensive income (OCI)	13.3 (2,653,429)	282,662
Benefits paid	<u>(1,931,811)</u>	<u>(1,729,662)</u>
Closing net liability	<u>18,624,529</u>	<u>19,247,674</u>
13.2 Expense for the year recognized in profit and loss account		
Current service cost	1,539,761	1,305,711
Net interest	2,422,334	1,662,295
	13.4 <u>3,962,095</u>	<u>2,968,006</u>
13.3 Other comprehensive income (OCI)		
Actuarial remeasurements: actuarial (gain) / loss on obligations	<u>(2,653,429)</u>	<u>282,662</u>
13.4 Expense for the year has been allocated as follows:		
Cost of sales	23 2,694,227	2,029,279
Administrative expenses	24 871,658	649,957
Selling and distribution expenses	25 396,210	288,770
	<u>3,962,095</u>	<u>2,968,006</u>
13.5 Principal actuarial assumptions used are as follows:	2023	2022
Valuation discount rate per annum	16.25%	13.25%
Discount rate for profit and loss	13.25%	10.00%
Expected rate of eligible salary increase in future years per annum	18.00%	15.00%
Salaries increase rate per annum	14.25%	13.25%
Normal retirement age	60 Years	60 Years
Duration	6.36 Years	7.26 Years
Withdrawal rate	Moderate	Moderate
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Effective salary increase date	01 July 2023	01 July 2022

13.6 Sensitivity analysis

Particulars	----- (2023) -----		----- (2022) -----	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	18,624,529		19,247,674	
+1% Discount rate	17,510,593	(5.98%)	17,938,961	(6.80%)
-1% Discount rate	19,878,592	6.73%	20,733,575	7.72%
+1 % Salary increase rate	19,971,502	7.23%	20,808,217	8.11%
-1% Salary increase rate	17,411,002	(6.52%)	17,851,106	(7.26%)
+10% Withdrawal rates	18,660,922	0.20%	19,242,110	(0.03%)
-10% Withdrawal rates	18,586,661	(0.20%)	19,253,323	0.03%
1 Year Mortality age set back	18,616,016	(0.05%)	19,248,025	0.002%
1 Year Mortality age set forward	18,632,995	0.05%	19,247,322	(0.002%)



PAKISTAN PAPER PRODUCTS LIMITED

	Undiscounted payments	
	2023	2022
	----- (Rupees) -----	
13.7 Maturity profile		
Particulars		
Year 1	2,446,752	2,036,986
Year 2	1,555,056	1,716,807
Year 3	3,935,464	1,418,356
Year 4	2,733,837	3,606,506
Year 5	2,197,547	2,530,443
Year 6 to Year 10	14,689,232	14,559,215
Year 11 and above	74,815,005	54,397,896
	2023	2022
	----- (Rupees) -----	
13.8 Current and non-current liability breakup		
Current liability the expected benefits payable within next one year	2,568,915	2,150,144
Non-current liability	16,055,614	17,097,530
	<u>18,624,529</u>	<u>19,247,674</u>
13.9 Ratios		
Termination liability vs the actuarial liability		
Termination liability	17,747,114	16,457,568
Actuarial liability	18,624,529	19,247,674
Ratio of discontinuance to actuarial	95.29%	85.50%
Service cost vs the actuarial liability		
Service cost	1,456,433	1,420,854
Actuarial liability	18,624,529	19,247,674
Ratio of service cost to actuarial	7.82%	7.38%
Past service years	13.41	14.45
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.		



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022
		----- (Rupees) -----	
14 LONG TERM LOANS - Secured			
Temporary economic refinance facility	14.1	40,333,217	46,234,497
Term finance under refinance scheme	14.2	--	--
Long term loan	14.3	44,893,200	61,218,000
		<u>85,226,417</u>	<u>107,452,497</u>
14.1 Temporary economic refinance facility			
<i>At amortised cost</i>			
Opening balance		58,851,000	58,851,000
Repayments during the year		(5,517,000)	--
		<u>53,334,000</u>	<u>58,851,000</u>
Deferred grant	16.1	(5,644,783)	(7,099,221)
Current portion shown under current liabilities	17	(7,356,000)	(5,517,282)
		<u>40,333,217</u>	<u>46,234,497</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

<i>At amortised cost</i>			
Opening balance		8,985,475	26,956,426
Repayments during the year		(8,985,475)	(17,970,951)
		<u>--</u>	<u>8,985,475</u>
Deferred grant	16.2	--	(127,966)
		<u>--</u>	<u>8,857,509</u>
Current portion shown under current liabilities	17	--	(8,857,509)
		<u>--</u>	<u>--</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. During the year the entire loan has been repaid.

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).



PAKISTAN PAPER PRODUCTS LIMITED

	2023	2022
	----- (Rupees) -----	
14.3 Long term loan		
Opening balance	77,542,800	13,319,900
Acquired during the year	--	81,624,000
	<u>77,542,800</u>	<u>94,943,900</u>
Repayments during the year	(16,324,800)	(17,401,100)
	<u>61,218,000</u>	<u>77,542,800</u>
Current portion shown under current liabilities	17 (16,324,800)	(16,324,800)
	<u>44,893,200</u>	<u>61,218,000</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 (2022: 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

Opening balance	11,760,000	--
Acquired during the year	--	13,680,000
Repayments during the year	(2,880,000)	(1,920,000)
	<u>8,880,000</u>	<u>11,760,000</u>
Current portion shown under current liabilities	17 (2,880,000)	(2,880,000)
	<u>6,000,000</u>	<u>8,880,000</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	4,338,169	5,644,783
Term finance under refinance scheme	16.2	--	--
	16.3	<u>4,338,169</u>	<u>5,644,783</u>

16.1 Deferred grant under temporary economic refinance facility

Opening balance	7,099,221	8,540,601	
Amortised during the year	(1,454,438)	(1,441,380)	
	<u>5,644,783</u>	<u>7,099,221</u>	
Current portion of deferred government grant shown under current liabilities	14.1	5,644,783	
	18	(1,306,614)	
		<u>4,338,169</u>	<u>5,644,783</u>



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022
		----- (Rupees) -----	
16.2	Deferred grant under term finance under refinance scheme		
	Opening balance	127,966	1,115,011
	Amortised during the year	(127,966)	(987,045)
		<u>14.2</u> --	<u>127,966</u>
	Current portion of deferred government grant shown under current liabilities	18 --	(127,966)
		<u> --</u>	<u> --</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 7,356,000	5,517,282
	Term finance under refinance scheme	14.2 --	8,857,509
	Long term loan	14.3 16,324,800	16,324,800
	Liabilities against assets subject to musharakah financing	15 2,880,000	2,880,000
		<u>26,560,800</u>	<u>33,579,591</u>
18	CURRENT PORTION OF DEFERRED GOVERNMENT GRANT		
	Deferred grant under temporary economic refinance facility	16.1 1,306,614	1,454,438
	Deferred grant under term finance under refinance scheme	16.2 --	127,966
		<u>1,306,614</u>	<u>1,582,404</u>
19	SHORT TERM BORROWINGS - Secured		
	Bank Al-Habib Limited - Running finance	<u>218,594,482</u>	<u>163,316,050</u>

The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 250 million (2022: Rs.250 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% (2022: 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.100 million (2022: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.100 million (2022: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.100 million (2022: Rs.10 million) and Letter of Guarantee for Rs.20 million (2022: 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 stocks, equitable mortgage over industrial property bearing No. D-58, SITE, Karachi, import documents and a promissory note has been issued in favour of Bank Al-Habib against short term running finance.



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022
		----- (Rupees) -----	
20 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors	20.1	183,671,607	152,743,782
Advance from customers		10,072,388	10,929,632
Accrued expenses and other payables		11,519,013	9,999,670
Payable to provident fund	20.2	836,439	610,706
Accrued mark-up		13,879,938	8,172,160
Sindh Workers' Profit Participation Fund	20.3	7,137,586	4,860,209
Sindh Workers' Welfare Fund		2,996,893	1,917,025
Sales tax payable		1,734,139	1,576,426
		<u>231,848,003</u>	<u>190,809,610</u>
20.1	Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs. 0.584 million (2022: Rs.0.931 million).		
20.2	The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.		
20.3 Sindh Workers' Profit Participation Fund			
Balance at the beginning of the year		4,860,209	5,225,511
Amount allocated for the year		7,137,586	4,860,209
Amount adjusted / paid to the Fund Trustees		(4,345,760)	(4,997,000)
Amount deposited with government		(514,449)	(228,511)
		<u>7,137,586</u>	<u>4,860,209</u>
21 CONTINGENCIES AND COMMITMENTS			
21.1 Contingencies			
Bank guarantees issued on behalf of the Company		<u>1,121,742</u>	<u>--</u>
21.2 Commitments			
Commitments under letter of credits		<u>195,345,223</u>	<u>78,958,284</u>
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi		<u>402,590</u>	<u>402,590</u>
22 SALES - Net			
Gross sales		1,923,198,124	1,365,459,810
Less: Sales tax		(177,297,314)	(131,273,428)
	22.1	<u>1,745,900,810</u>	<u>1,234,186,382</u>



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022
		----- (Rupees) -----	
22.1 Segment wise breakup of net sales			
Pro-labels		986,658,381	749,706,746
Exercise books		731,639,416	461,069,876
Ammonia paper		6,803,446	8,701,918
Plain paper		18,645,668	13,929,112
Printing		--	10,000
Sensitized machine parts		23,000	69,000
Waste paper		2,130,899	699,730
		<u>1,745,900,810</u>	<u>1,234,186,382</u>
23 COST OF SALES			
Raw material consumed	23.1	1,220,222,342	852,191,653
Salaries, wages and other benefits	23.2	109,685,507	96,024,393
Stores and spares consumed	23.3	47,064,945	40,405,733
Depreciation	4.2	39,670,192	33,424,424
Fuel and power		19,599,909	14,879,953
Other manufacturing expenses		12,360,711	10,940,656
Repairs and maintenance		14,094,061	9,837,435
Insurance expenses		1,869,689	1,883,524
Rent, rates and taxes		222,177	223,590
Telephone charges		181,903	222,848
Manufacturing cost		<u>1,464,971,436</u>	<u>1,060,034,209</u>
Work in process - Opening		40,472,042	24,833,837
Work in process - Closing	6	(38,539,679)	(40,472,042)
		1,932,363	(15,638,205)
Cost of goods manufactured		<u>1,466,903,799</u>	<u>1,044,396,004</u>
Finished goods - Opening		18,913,836	19,547,522
Finished goods - Closing	6	(31,234,201)	(18,913,836)
		(12,320,365)	633,686
		<u>1,454,583,434</u>	<u>1,045,029,690</u>
23.1 Raw material consumed			
Opening stock of raw material		239,350,710	218,203,666
Purchases during the year		1,313,033,669	873,338,697
		<u>1,552,384,379</u>	<u>1,091,542,363</u>
Closing stock of raw material	6	(332,162,037)	(239,350,710)
Raw materials consumed		<u>1,220,222,342</u>	<u>852,191,653</u>
23.2 Staff salaries and benefits include Rs.2.694 million (2022: Rs.2.029 million) in respect of staff retirement gratuity and Rs.1.799 million (2022: Rs.1.241 million) in respect of provident fund contribution.			



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022	
		----- (Rupees) -----		
23.3 Stores and spares consumed				
Opening balance		8,442,309	5,548,216	
Purchases during the year		46,971,889	43,299,826	
		<u>55,414,198</u>	<u>48,848,042</u>	
Closing balance		<u>(8,349,253)</u>	<u>(8,442,309)</u>	
		<u>47,064,945</u>	<u>40,405,733</u>	
24 ADMINISTRATIVE EXPENSES				
Staff salaries and benefits	24.1	26,793,164	24,565,970	
Repairs and maintenance		3,000,331	2,631,346	
Depreciation	4.2	2,681,309	2,610,345	
Legal and professional fees		2,139,492	2,113,931	
Electric charges		2,016,379	1,565,134	
Traveling and conveyance		1,879,501	1,318,965	
Charity and donation	24.2	1,258,100	1,100,000	
General expenses		989,557	446,201	
Auditor's remuneration	24.3	900,000	770,000	
Directors' fees		800,000	640,000	
Insurance expense		586,056	559,156	
Software and website maintenance		542,822	123,541	
Postage and telegrams		457,341	441,756	
Stationery and periodicals		335,231	284,921	
Advertisement expenses		219,625	149,250	
Amortization	5.2	141,250	141,250	
Telephone charges		129,796	109,545	
Rent, rates and taxes		--	121,497	
		<u>44,869,954</u>	<u>39,692,808</u>	
24.1	Staff salaries and benefits include Rs.0.872 million (2022: Rs.0.650 million) in respect of staff retirement gratuity and Rs.0.918 million (2022: Rs.0.846 million) in respect of provident fund contribution.			
24.2	Charity and donation			
	Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	24.2.1	250,000	250,000
	The Citizens Foundation		250,000	250,000
	Rotary Metropolitan Trust		100,000	100,000
	The Kidney Centre		500,000	500,000
	Karachi Down Syndrome Program		150,000	--
	Bilal Toys-Toys Distribution Child Life		8,100	--
			<u>1,258,100</u>	<u>1,100,000</u>
24.2.1	Donations during the year include donation amounting to Rs.0.25 million (2022: 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.			



PAKISTAN PAPER PRODUCTS LIMITED

		2023	2022
		----- (Rupees) -----	
24.3 Auditor's remuneration			
Audit of financial statements		650,000	632,500
Review of half-yearly financial statements		150,000	82,500
Review report on code of corporate governance		50,000	33,000
Provident fund audit fee		25,000	11,000
Sindh Workers' Profit Participation Fund audit fee		25,000	11,000
		<u>900,000</u>	<u>770,000</u>
25 SELLING AND DISTRIBUTION EXPENSES			
Staff salaries and benefits	25.1	8,514,663	7,999,583
Cartage and forwarding		5,964,169	5,201,759
Vehicle running expenses		2,683,073	1,661,193
Depreciation	4.2	2,032,032	1,981,350
Sales promotion		1,215,371	3,018,324
Utilities		583,962	747,444
Insurance expenses		422,982	435,929
Advertisement and publicity		406,309	378,144
Printing and stationery		80,470	39,867
Other expenses		38,486	4,000
		<u>21,941,517</u>	<u>21,467,593</u>
25.1			
Staff salaries and benefits include Rs.0.396 million (2022: Rs.0.289 million) in respect of staff retirement gratuity and Rs.0.256 million (2022: Rs.0.193 million) in respect of provident fund contribution.			
26 OTHER OPERATING EXPENSES			
Sindh Workers' Profit Participation Fund	20.3	7,137,586	4,860,209
Sindh Workers' Welfare Fund		2,996,893	1,917,025
Advances written off		--	1,827,880
		<u>10,134,479</u>	<u>8,605,114</u>
27 OTHER INCOME			
Gain on disposal of property, plant and equipment		301,439	927,731
Other income		305,907	177,401
Amortization of deferred government grant		1,582,404	2,428,425
		<u>2,189,750</u>	<u>3,533,557</u>
28 FINANCE COST			
Mark-up on long term loans		16,919,650	9,738,238
Mark-up on musharakah financing		417,692	502,075
Mark-up on short term running finance		35,835,092	9,320,365
Exchange loss		29,457,965	12,442,835
Bank and other charges		1,313,531	494,272
		<u>83,943,930</u>	<u>32,497,785</u>



PAKISTAN PAPER PRODUCTS LIMITED

	2023	2022
	----- (Rupees) -----	
29 TAXATION - Net		
<i>Current tax</i>		
For the year	46,581,977	26,921,926
For prior year	(6,065,022)	170,474
	40,516,955	27,092,400
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	3,067,851	1,590,921
	<u>43,584,806</u>	<u>28,683,321</u>
29.1 Reconciliation between tax expense and accounting profit		
Profit for the year	<u>132,617,246</u>	<u>90,426,949</u>
Tax on accounting profit @ 29% (2022: @ 29%)	38,459,001	26,223,815
Effect of amounts subject to minimum tax	4,360,974	--
Difference between depreciation rates	7,087,485	1,005,013
Inadmissible expenses	1,148,514	2,910,381
Tax credits	(364,849)	(319,000)
Tax effect of prior year	(6,065,022)	170,474
Tax effect of permanent differences	(1,041,297)	(1,307,362)
	<u>43,584,806</u>	<u>28,683,321</u>
Average tax rate	<u>33%</u>	<u>32%</u>

29.2 Assessment for the tax year 2022 stands finalized as per section 120 of the Income Tax Ordinance. Proceedings under section 161/205 for the tax year 2018 to 2019 are still pending wherein proceedings have been initiated. Proceedings under section 177/72B of second schedule for the year 2019 is underway.

30 EARNINGS PER SHARE - Basic and diluted

Profit after taxation	<u>89,032,440</u>	<u>61,743,628</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the year	<u>8,000,000</u>	<u>8,000,000</u>
	----- (Rupees) -----	
Earnings per share - Basic and diluted	<u>11.13</u>	<u>7.72</u>

30.1 There were no convertible dilutive potential ordinary shares in issue as at year end.



PAKISTAN PAPER PRODUCTS LIMITED

	2023	2022
	----- (Rupees) -----	
31 CASH GENERATED FROM OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	132,617,246	90,426,949
<i>Adjustments for non-cash and other items:</i>		
Depreciation	4.2 44,383,533	38,016,119
Amortization	5.2 141,250	141,250
Provision for gratuity	13.1 3,962,095	2,968,006
Provision for Sindh Workers' Profit Participation Fund	20.3 7,137,586	4,860,209
Provision for Sindh Workers' Welfare Fund	2,996,893	1,917,025
Advances written off	26 --	1,827,880
Finance cost	54,485,965	20,054,950
Exchange loss	29,457,965	12,442,835
Gain on disposal of fixed assets	27 (301,439)	(927,731)
<i>(Increase) / decrease in current assets</i>		
Stores and spares	93,056	(2,894,093)
Stock-in-trade	(103,199,329)	(36,268,288)
Trade debts	(84,229,877)	(44,414,207)
Advances and other receivables	581,803	(17,065,789)
Deposits, advances and short term prepayments	12,142,643	(15,783,625)
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	2,445,259	33,201,479
Cash generated from operations	102,714,649	88,502,969
32 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,151,351	6,141,564
Short term borrowings - Secured	(218,594,482)	(163,316,050)
	(213,443,131)	(157,174,486)
33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		

	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	----- (Rupees) -----							
Fees	--	--	800,000	640,000	--	--	800,000	640,000
Managerial remuneration and allowances	4,225,056	3,894,155	--	--	1,583,088	1,404,618	5,808,144	5,298,773
Provident fund	274,620	274,620	--	--	120,435	109,246	395,055	383,866
Medical expenses	293,980	321,931	--	--	144,500	131,066	438,480	452,997
House rent	1,482,972	1,482,972	--	--	578,012	524,274	2,060,984	2,007,246
Reimbursable expenses	1,478,595	1,281,780	--	--	--	--	1,478,595	1,281,780
	7,755,223	7,255,458	800,000	640,000	2,426,035	2,169,204	10,981,258	10,064,662
Number of persons	1	1	6	6	1	1	8	8

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.



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34 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:

<u>Name of the related party</u>	<u>Relationship and percentage of shareholding</u>	<u>Transactions during the year</u>	<u>2023</u> ----- (Rupees) -----	<u>2022</u> ----- (Rupees) -----
M/s. Sayeed International	A director of the Company is the owner of the business.	Purchases	<u>1,930,353</u>	<u>1,815,548</u>
		Sales	<u>--</u>	<u>11,700</u>
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Contribution	<u>5,945,600</u>	<u>5,495,510</u>

2023
----- (Numbers) -----

35 NUMBER OF EMPLOYEES

Number of employees as at 30 June	<u>110</u>	<u>118</u>
Number of factory employees as at 30 June	<u>80</u>	<u>87</u>
Average number of employees during the year	<u>111</u>	<u>116</u>
Average number of factory employees during the year	<u>82</u>	<u>86</u>

36 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.

36.1 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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36.2 Segment information

	Exercise Books		Prolabels		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	731,639,416	461,069,876	986,658,381	749,706,746	27,603,013	23,409,760	1,745,900,810	1,234,186,382
Cost of sales	(586,517,819)	(379,462,133)	(846,352,266)	(646,979,284)	(21,713,349)	(18,588,273)	(1,454,583,434)	(1,045,029,690)
Gross profit	145,121,597	81,607,743	140,306,115	102,727,462	5,889,664	4,821,487	291,317,376	189,156,692
Segment expenses								
Administrative expenses	(23,177,409)	(18,847,304)	(19,440,040)	(18,847,295)	(2,252,505)	(1,998,209)	(44,869,954)	(39,692,808)
Selling and distribution expenses	(12,471,124)	(12,608,422)	(6,503,747)	(6,226,912)	(2,966,646)	(2,632,259)	(21,941,517)	(21,467,593)
Finance cost	(20,820,261)	(4,776,088)	(59,518,693)	(26,761,027)	(3,604,976)	(960,670)	(83,943,930)	(32,497,785)
Sindh Workers' Profit Participation Fund	(4,389,357)	(1,815,687)	(2,748,229)	(2,952,335)	--	(92,187)	(7,137,586)	(4,860,209)
Sindh Workers' Welfare Fund	(1,842,981)	(716,166)	(1,153,912)	(1,164,497)	--	(36,362)	(2,996,893)	(1,917,025)
	(62,701,132)	(38,763,667)	(89,364,621)	(55,952,066)	(8,824,127)	(5,719,687)	(160,889,880)	(100,435,420)
Operating profit	82,420,465	42,844,076	50,941,494	46,775,396	(2,934,463)	(898,200)	130,427,496	88,721,272
Other operating expenses							--	(1,827,880)
Other income							2,189,750	3,533,557
Profit before taxation							132,617,246	90,426,949
Taxation - Net							(43,584,806)	(28,683,321)
Profit after taxation							89,032,440	61,743,628

36.3 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.

36.4 Revenue from Unilever Pakistan Limited represents 10.84% (2022: 12.36%) of the total revenue of the Company.

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 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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37.2 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 2023 and 30 June 2022 was as follows:

	2023		2022	
	Financial assets (Rupees)	Maximum exposure	Financial assets (Rupees)	Maximum exposure
Long term deposits	1,225,258	1,225,258	1,135,258	1,135,258
Trade debts	340,095,787	340,095,787	255,865,910	255,865,910
Advances and other receivables	2,050,957	2,050,957	4,422,033	4,422,033
Deposits and advances	6,205,528	6,205,528	18,278,753	18,278,753
Cash and bank balances (excluding cash in hand)	4,931,171	4,931,171	5,238,706	5,238,706
	354,508,701	354,508,701	284,940,660	284,940,660

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:

	2023		2022	
	Gross (Rupees)	Impairment	Gross (Rupees)	Impairment
Neither past due nor impaired	--	--	--	--
Past due 0-30 days	197,180,435	--	161,292,154	--
Past due 31-60 days	109,667,920	--	60,290,696	--
Past due 61-90 days	25,374,141	--	28,056,536	--
Past due 91-120 days	5,020,549	--	795,196	--
Past due more than 120 days	2,852,742	--	5,431,328	--
	340,095,787	--	255,865,910	--

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
Meezan Bank Limited	VIS	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

None of the financial assets of the Company are secured.



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37.3 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	More than two years
(Rupees)						
2023						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	108,907,217	145,985,868	18,568,830	17,635,258	32,737,625	77,044,155
Liabilities against assets subject to musharka financing	8,880,000	9,443,428	1,606,067	1,577,188	3,067,292	3,192,881
Unclaimed dividend	10,007,169	10,007,169	10,007,169	--	--	--
Creditors, accrued and other liabilities	217,044,583	217,044,583	217,044,583	--	--	--
Short term borrowings	218,594,482	218,594,482	218,594,482	--	--	--
	<u>563,433,451</u>	<u>601,075,530</u>	<u>465,821,131</u>	<u>19,212,446</u>	<u>35,804,917</u>	<u>80,237,036</u>
(Rupees)						
	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	More than two years
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	12,741,146	1,664,982	1,632,736	3,183,255	6,260,173
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	--	--	--
	<u>499,651,078</u>	<u>552,724,594</u>	<u>378,314,622</u>	<u>38,625,967</u>	<u>67,625,779</u>	<u>68,158,226</u>

37.4 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.

37.4.1 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.



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Exposure to currency risk

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

		2023	2022
Spot rate as at 30 June	EUR	--	215.75
Trade creditors	EUR	--	340
Spot rate as at 30 June	GBP	365.40	--
Trade creditors	GBP	1,863	--
Spot rate as at 30 June	USD	287.10	206.00
Trade creditors	USD	373,894	280,916
Spot rate as at 30 June	AED	78.80	--
Trade creditors	AED	8,400	--
Trade creditors	Rupees	108,687,574	57,942,008

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2023 would have increased / (decreased) equity and profit and loss account by Rs. 5.434 million (2022: Rs.2.897 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.

37.4.2 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:

	2023	2022
	----- (Rupees) -----	
Fixed rate instruments		
<i>Financial liabilities</i>		
Long term loans	53,334,000	67,836,475
Variable rate instruments		
<i>Financial liabilities</i>		
Long term loans	61,218,000	77,542,800
Liabilities against assets subject to musharakah financing	8,880,000	11,760,000
Short term borrowings	218,594,482	163,316,050
	288,692,482	252,618,850

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.



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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.2.887 million (2022: Rs.2.526 million). This analysis assumes that all other variables remain constant.

37.4.3 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.

37.5 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.

38 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.



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39 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks
		2023	2022	2023	2022	
a) Exercise books	Groose	58,632	58,632	58,686	59,455	Due to extra shifts.
b) Sensitized paper	Rolls	216,000	216,000	15,283	8,941	Due to lack of demand.
c) Prolabels	Sq. Mater	4,000,000	4,000,000	5,667,013	5,591,118	Due to extra shifts.

39.1 The capacity is determined on single shift basis.

40 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, shariah compliant companies and companies listed on the Islamic Index shall disclose the following:

	2023	2022
	----- (Rupees) -----	
Loan obtained as per Islamic mode	8,880,000	11,760,000
Shariah compliant bank deposits/bank balances	87,917	85,526
Mark up paid on Islamic mode of financing	417,692	502,075
	<u>9,385,609</u>	<u>12,347,601</u>

The Company maintains bank account with Meezan Bank Limited.

41 SUBSEQUENT EVENT

Subsequent to year ended June 30, 2023, the Board of Directors in its meeting held on 22 September 2023 has proposed final cash dividend @ Rs.4 per share amounting Rs.32 million for approval of the members at the Annual General Meeting. These financial statements do not reflect the effect of such dividend which will be accounted for in the financial statements of the Company subsequent to the year end, when it is approved by the shareholders of the Company.

42 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.

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 22 September 2023 by the Board of Directors of the Company.

44 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, 2023

Number Of Share Holders	From	Share Holding To	Total Shares Held	%	
278	1	-	100	7,449	0.09
187	101	-	500	55,702	0.70
102	501	-	1000	78,986	0.99
177	1001	-	5000	383,976	4.80
31	5001	-	10000	221,390	2.77
10	10001	-	15000	115,032	1.44
3	15001	-	20000	52,344	0.65
1	20001	-	25000	21,938	0.27
3	25001	-	30000	79,971	1.00
2	30001	-	35000	66,001	0.83
1	35001	-	40000	36,570	0.46
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
3	255001	-	260000	768,961	9.61
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	905001	-	910000	907,026	11.34
1	1000001	-	1005000	1,004,274	12.55
819				8,000,000	100.00

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	798	5,559,227	69.49
2	Financial Institutions	2	1,867	0.02
3	Joint Stock Companies	9	972,773	12.16
4	Insurance Companies	2	427,845	5.35
5	Mutual Fund	6	979,790	12.25
6	Other	2	58,498	0.73
		819	8,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2023

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 Childern	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	2,589,183	32.36
6	Public Sector Companies and Corporation	279,872	3.50
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	638,777	7.98
	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 61st ANNUAL GENERAL MEETING of the Company to be held on Thursday,
October 26, 2023 at 11:00 am and at any adjournment thereof.

Signed this _____ day of _____ 2023.

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
 - v) 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 اہم
کا کے
بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور حامل حصص، برطانیہ شیئر رجسٹرڈ لیڈیو نمبر
اور ایسی ڈی سی پارٹنر شپ (شرکت آئی ڈی سی نمبر
اور سب اکاؤنٹ (زیلی کھاتہ) نمبر
محترم / محترمہ
کو اپنے اہارے ایما پر
مورخہ 26 اکتوبر 2023ء جمعرات صبح 11:00 بجے
کو منعقد ہونے والے کینی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت اپنا ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔
آج بروز _____ تاریخ _____ 2023ء کو دستخط کئے گئے۔

گواہان:

دستخط:
نام:
پتہ:
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:
دستخط:
نام:
پتہ:
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:
دستخط:
نام:
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 ایما جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کینی 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 نمبر فارم پر درج ہوں۔
(ج) تین فیصل اوزر (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 قرارداد راجع حاضر کردہ شخص / انٹرنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کینی میں جمع کرانا ہوگا۔



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PAKISTAN PAPER PRODUCTS LIMITED

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