



ANNUAL REPORT 2020

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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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 Farid Solahuddin		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Farid Solahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Shoaib Ahmad Khan	- Member

HR AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Zia-ur-Rehman

COMPANY SECRETARY

Ms. Safia Khurshed

AUDITORS

Farooq 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

REGISTERED OFFICE AND FACTORY

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



PAKISTAN PAPER PRODUCTS LIMITED

NOTICE OF MEETING

Notice is hereby given that the 58th Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at D/58, Estate Avenue, S.I.T.E., Karachi on **Thursday, October 22, 2020 at 11:00 am** to transact the following businesses:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon.
2. To consider and approve the payment of final cash dividend for the year ended June 30, 2020 @ 12.5% i.e. Rs.1.25 per share as recommended by the Board of Directors.
3. To appoint Auditors for the year 2020-21 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board
Safia Khursheed
Company Secretary

Karachi
Dated: September 18, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed from Thursday, October 15, 2020 to Thursday, October 22, 2020 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. F.D. Registrar Services (Pvt) Ltd, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi 74000, at the close of business on Wednesday, October 14, 2020 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.

A. For Attending the Meeting :-

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity card (CNIC) or original Passport at the time of attending the meeting.
- ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.



PAKISTAN PAPER PRODUCTS LIMITED

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C: Zakat Declaration Certificate

3. Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

D: Submission of CNIC Copy (MANDATORY)

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

E. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY)

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

F. Change of Address and quote folio No. in correspondence

6. 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.

G. Unclaimed Dividends and Shares (Important & Mandatory)

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



PAKISTAN PAPER PRODUCTS LIMITED

H. Circulation of Notice of Meeting & Annual Accounts

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

I. Placement of Financial Accounts on Website

9. Annual Audited Financial Statements of the Company for the year ended June 30, 2020 have been placed on Company's website at www.pakpaper.com

J. Deduction of Income Tax from Dividend

10. 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. For filers of income tax returns : 15%
- ii. For non-filers of income tax returns : 30%

To enable the Company to make tax deduction on the amount of the cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure that their names are entered into ATL. Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

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

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

K. E-VOTING

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

L. For Video Conference:

12. Members can also avail video conference facility, in this regard, please fill the following and submit to the Registered Office of the Company seven (7) days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city

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



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

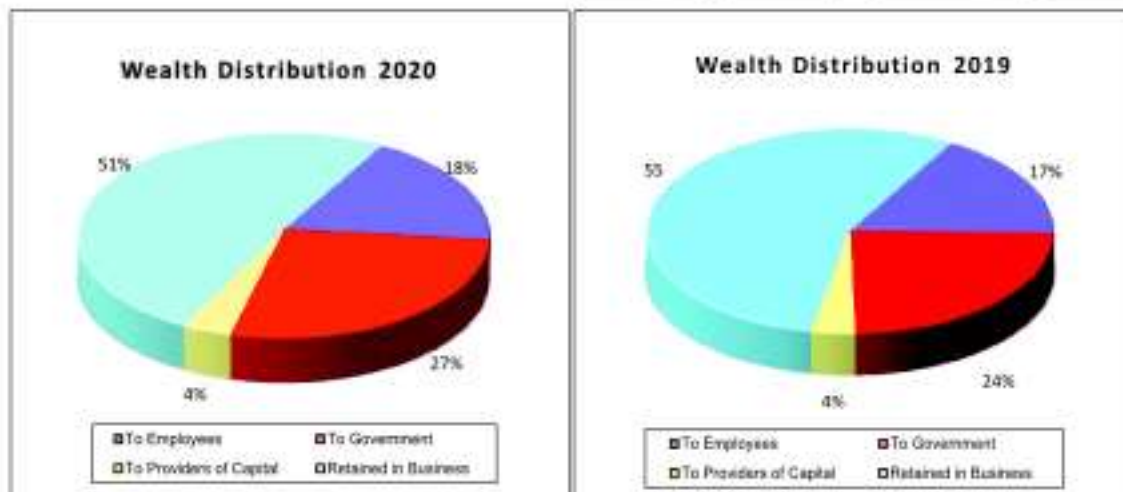
	2020	2019	2018	2017	2016	2015
HISTORICAL TRENDS						
Trading results						
Turnover	1,021,263	969,748	868,871	724,393	676,554	631,584
Sales - Net	913,310	875,439	788,229	659,935	613,672	576,333
Gross Profit	96,911	99,271	129,719	124,258	125,342	116,911
Profit before tax	21,616	23,968	64,459	73,059	62,572	73,455
Taxation	6,045	5,994	14,391	12,227	24,206	16,276
Profit after tax	15,570	17,975	50,068	60,832	38,365	57,177
Dividend						
Cash Dividend	12.5%	10%	25%	55%	30%	40%
Stock Dividend			33.33%			
Cash Dividend Value	10,000	8,000	15,000	33,000	18,000	24,000
Stock Dividend Value	-	-	20,000	-	-	-
Dividend Payout	64.22%	44.51%	69.90%	54.25%	46.92%	41.97%
Financial Position						
Total Assets	1,376,352	1,234,181	870,670	843,795	723,186	723,766
Paid up Capital	80,000	80,000	60,000	60,000	60,000	60,000
Reserves (including Capital reserves from FY -Year 2017)	955,050	947,258	634,269	597,018	284,545	262,820
Working capital	207,876	247,273	247,727	223,235	225,123	188,694
Current Ratio	1.61	2.22	2.93	3.03	3.77	3.39
KEY INDICATORS						
Operating						
Gross Profit	10.61%	11.34%	16.46%	18.83%	20.42%	20.29%
Profit before tax	2.37%	2.74%	8.18%	11.07%	10.20%	12.75%
Profit after tax	1.70%	2.05%	6.35%	9.22%	6.25%	9.92%
Return on Equity	1.50%	1.75%	7.21%	9.26%	11.13%	17.71%
Return on Assets	1.13%	1.46%	5.75%	7.21%	5.30%	7.90%
Valuation						
Earning per share (pre tax)	2.70	3.00	10.74	12.18	10.43	12.24
Earning per share (post tax)	1.95	2.25	8.34	10.14	6.39	9.53
Breakup value per share	129.38	128.41	115.71	109.50	57.42	53.80
Asset utilisation						
Inventory turnover ratio	3.96	4.62	4.48	4.21	4.33	4.57
Total assets turnover ratio	0.66	0.71	0.91	0.78	0.85	0.80
Production						
Exercise Books (Gross)	50,466	55,708	57,990	56,176	66,390	66,542
Amonia Paper (Rolls 10 yds)	17,093	26,939	32,461	33,187	36,856	56,486
Pro-Labels (Sq. Meter)	5,421,736	5,276,473	5,104,755	4,336,380	3,482,032	2,944,592



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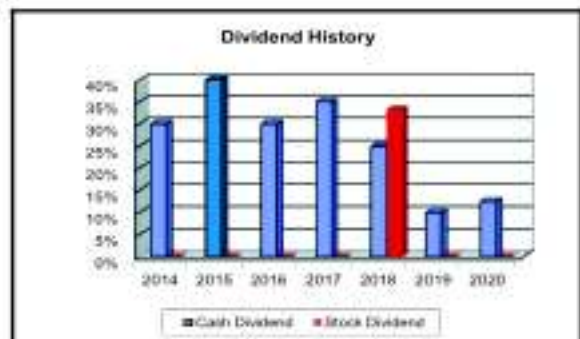
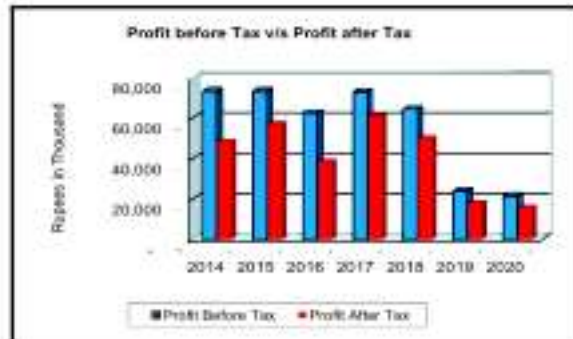
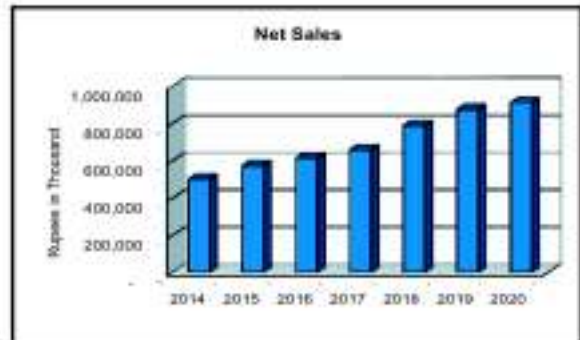
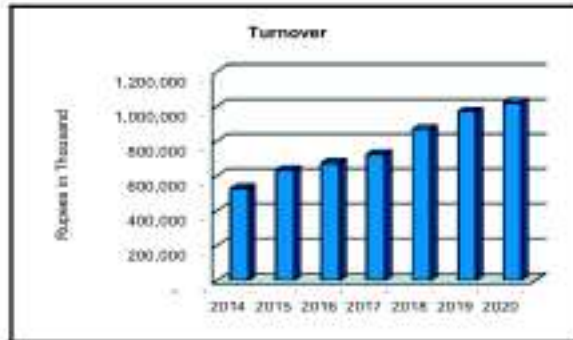
Statement of Value Added and its Distribution

	2020		2019	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	1,021,423		970,025	
Bought-in-material & services	574,558		532,392	
	<u>446,866</u>	<u>100.00%</u>	<u>437,633</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	81,676	18.28%	74,871	17.11%
To Government				
Income tax, sales tax & workers' fund	122,118	27.33%	105,897	24.20%
To Providers of Capital				
Dividend to share holders	10,000	2.24%	8,000	1.83%
Markup on borrowed funds	6,203	1.39%	6,899	1.58%
Retained in Business				
Depreciation & retained profit	226,868	50.77%	241,966	55.29%
	<u>446,866</u>	<u>100.00%</u>	<u>437,633</u>	<u>100.00%</u>





PAKISTAN PAPER PRODUCTS LIMITED





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, 2020 and share with you an update on the performance of our company.

Business Performance

In spite of the fact that the year under review witnessed lot of uncertainty, with currency fluctuation and the last quarter adversely affected due to the Covid-19 pandemic, your Company managed to earn a profit of Rs. 15.57 million.

Our Exercise book sales suffered with a decline of over 13% compared to year before, mainly due to the closure of educational institutions in Q4 of the current year, due to the Covid19 pandemic. Company invested heavily to continue production of Exercise books, targeting sales to materialize in May / June, which could not be done. Such a situation created a net loss in Exercise book section of Rs. 7.75 million during the year under review. We not only lost sales, but also had to bear the impact of high financial costs to carry forward inventory in finished goods and work in process.

During the year under review, sales of Pro label increased by 15%, however with decline in sale of exercise books, the overall increase in sale was 4.33% only.

I would like to assure the shareholders that the Board and the management are well aware of all the issues and are handling them in the best possible manner.

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.

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

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the Management, Staff Members and Workers in achieving the Company's objectives. I am also thankful to the Board of Directors, Shareholders, Customers, Bankers, Regulatory Authorities and other Stakeholders for their continued support.

ABBAS SAYEED

Chairman

September 11, 2020
Karachi



ڈائریکٹرز کی رپورٹ

یورڈ آف ڈائریکٹرز کی تقریر کے آدھے گھنٹہ کا خلاصہ کے ساتھ 58 ویں سالانہ رپورٹ پیش کرنے پر غور کیا گیا۔ اس رپورٹ میں 30 جون 2020 کو ختم ہونے والے سال کیلئے آپ کی کمپنی کی سرگرمی کا خلاصہ کیا گیا ہے اور قبضہ کی تفصیلات کے ساتھ اس کی آپریشن اور مالی کارکردگی کو بھی بیان کیا گیا ہے۔

آپریٹنگ کارکردگی

کمپنی کے لئے یہ ایک اور بہت ہی مشکل سال تھا۔ ہم گزشتہ سال ان مشکل اور تلخ معاشی صورتحال سے اپنے وہ 16 اور 17 سال کی توقع کر رہے تھے جن کا سامنا ہم نے گزشتہ سال کیا تھا اور ہم اس منصوبے کی تعمیری - مابھی تک اچھی طرح سے چل رہے تھے۔ ہب کو یوٹیلٹی 19 کی وجہ سے ملک ڈاک ڈاؤن میں چلا گیا۔ اگرچہ یہ لچک کے کاروبار کو باہل بھی تکلیف نہیں پہنچی لیکن ایک سرسبز بزنس بزنس لے پاکستان کے تمام قلمی ادارے بند ہونے کی وجہ سے فروخت میں کمی کے ساتھ عمل میں رہا اور ہوئے۔ اس صورتحال نے فروخت اور انونٹری کی بائی بلیٹ آپ کے معاملے میں ہمیں شدید چوٹ پہنچائی جو فروخت نہیں کیے جاسکے۔ آپ کو یہ جان کر خوشی ہوگی کہ آپ کی کمپنی نے ڈاک ڈاؤن کے دوران ایک بھی دن کے لئے اپنی پیداوار کو بند نہیں کیا کیونکہ ہمیں پیداوار جاری رکھنے کی اجازت دیکر ضروری خدمات کا فراہم کنندہ قرار دیا گیا۔ ہم نے اپنے عملے اور کارکنوں کی حفاظت کے لئے زیادہ سے زیادہ احتیاطی تدابیر اختیار کیں اور میں ان کارکنوں کا بے حد شکر یہ ادا کرتا ہوں جنہوں نے بڑی رکاوٹوں کے باوجود ہر روز کام کرنے کا مظاہرہ کیا۔ عملے نے باری باری بنیاد پر کام کیا لیکن کارکن نکلنے میں 14 دن یا قاعدہ واحد شفٹ پر کام کرتے رہے۔ یہ لچک کے لیے ضروری تھا، بالخصوص اس مرحلے کے دوران گھریلو گھبراہٹ اور روزمرہ سازی کیلئے کی جانگ میں جوڑی سے اضافہ ہوا لیکن ہم اب بھی پابند ہیں کیوں کہ ہم صرف ایک شفٹ چلا سکتے ہیں۔ گھواہوں اور سرمایہ اخراجات کے لئے مالی اعانت فراہم کرنے کے معاملے میں اسٹیٹ بینک آف پاکستان کی طرف سے بہت تعاون حاصل تھا۔ یہ ادارے لئے کامروندہ رپورٹ ہوا کیوں کہ ہم گواہوں کے لئے اس سستی مالی اعانت حاصل کرنے کے قائل تھے اور ہم اس لزمہ پر ناکام ہوئے۔ اس وقت اپنی نئی پروڈکٹ میں نئی مالی اعانت کے بھی قائل رہے۔ لہذا، میں اس پچھلے سال کو بہت سارے معاملات میں گواہوں کو آدھے نالی ہونے کے بجائے آدھا پر گواہوں کے معاملے کے طور پر دیکھ رہا ہوں۔ کو یوٹیلٹی 19 کی صورتحال سے ہم نے بڑے چیلنجوں کا سامنا کیا اور مجھے لگا ہے کہ ہم نے انہیں بہت اچھے انداز سے نفاذ کیا ہے اور ان کی لحاظ سے پہلے سے مشورہ ہو کر لگے ہیں۔ کمپنی کے مجموعی کاروبار نے ہماری تاریخ میں سبکی یا ایک ارب روپے کے وقف کو چھوڑا اور گزشتہ سال 969.75 ملین روپے کے ساتھ بے شہ 1.02 ملین روپے پر 31.31 فیصد اضافہ ہے۔

فروخت میں یہ اضافہ بنیادی طور پر یہ لچک کی کمپنی اور مشورہ کارکردگی سے ہوا ہے جس نے فروخت میں 15.57 فیصد مستند اضافہ کیا ہے۔ نیز جانگ جاری صلاحیت کو آگے بڑھانے کی اور آٹری - مابھی میں کو یوٹیلٹی 19 کے شروع چیلنجوں کے باوجود ہم اپنی پیداوار کو زیادہ سے زیادہ محدود تک پہنچانے میں کامیاب ہو گئے۔ جاری استعداد کار میں توسیع کا منصوبہ بھی جاری رہا جب نئی مشین کے آپریٹنگ 2020 کے اختتام پر چلنے لگی۔ غیر ملکی انجینئروں نے مشین انسٹال کرنے کے لئے پاکستان آنے سے انکار کر دیا لہذا ہم نے ایک مقامی کمپنی کی خدمات حاصل کیں جس نے ان کی آن لائن رہنمائی میں مشین نصب کی اور ہم نے نئی میں لارڈ پر ڈاکٹری شروع کر دی اور جون تک مشین نے عملے کو بڑھاتا شروع کر دیا۔ اس نے ہماری کھپائش و صلاحیت کو ایک ہی شفٹ کی بنیاد پر 500,000 مربع میٹر سے بڑھا کر 3.5 ملین مربع میٹر کر دیا ہے۔ اس توسیع کے باوجود ہم صلاحیتوں کو مزید بڑھانے کے باوجود سامنا کر رہے ہیں اور آواز کا ایک ڈاک بڑھ رہا ہے۔ اس کی وجہ یہ ہے کہ اس شعبے میں بہت زیادہ ترقی ہوئی ہے جیسا کہ میں نے پیش یہ دعویٰ کیا ہے کہ ہمارا ملک اب بھی اس چیلنج کی اٹن میں ایک انتہائی نوزائیدہ مرحلے میں ہے اور آئندہ برسوں میں اس کی شرح بہت زیادہ بڑھتی رہے گی۔ جاری کمپنی اپنی کامیابیوں کو جاری رکھے ہوئے ہے اور ہم پاکستان میں رول فارم میں جانگ اپنی صلاحیتیں بھل چکا کرنے والے سب سے بڑے پروڈیوسر کی حیثیت سے اپنا چیلنج برقرار رکھے ہوئے ہیں۔

ایکسرٹا بزنس کے ضمن میں یہ ایک بہت ہی مشکل سال تھا، جب 13.26% فروخت میں کمی واقع ہوئی، اس شعبے کے لئے بی بی ٹی اور این ٹی مارکنگ بازنس میں 14.14% اور 1.14% کمی کے ہوئے۔ مارچ سے اگست میں اسکول کا موسم تبدیل ہونے کی وجہ سے ہم نے جولائی سے اگست 2019 میں ریکارڈ زیادہ فروخت کے ساتھ ایک بہت ہی ذہین نوٹ پر سال کا آغاز کیا تھا۔ اس سال آگے پیچھے جانے کے بعد آخر کار مستند حکومت نے مارچ سے شروع ہونے والے پرالے اسکول بیزنس میں واپس جانے کا فیصلہ کیا لیکن اس سے پہلے ہی کو یوٹیلٹی 19 نے ملک کے تمام شہروں کو مارچ کے آغاز سے ہی بند کر دیا اور اس کے بعد سے اس کا آغاز نہیں ہوا۔ ہم نے بیزنس کے پہلے نصف حصے میں پروڈکٹ اور سٹیو کے لیے کچھ کاروبار جاری کیا اور آواز کا ایک ڈاک کے لئے کام کیا تھا لیکن یہ دو ترقی طور پر کم مارچن آواز رہیں جو معمول کے مطابق ہیں اور لچک اسکول بیزنس کے دوران بائی مارچن کے ادارہ جاری آواز اور اپن مارکیٹ کی فروخت ہو جاتی ہے۔ مؤخر الذکر عملی مارچن کی فروخت بھی عمل میں نہیں آئی اور ہم بھی بائی انونٹری کے ساتھ اس سبب میں کمی کے جس کے باعث بڑے نقصان سے دوچار ہوئے۔ خوش قسمتی سے اس نقصان کو پوری طرح سے پروڈیوسر میں ہونے والے نتائج سے چھڑا کیا گیا لیکن بنیادی مجموعی طور پر کافی کے نتائج میں کمی واقع ہوئی۔

سینٹرا لڈیجی کی فروخت میں ایک اور مابھی کن سال رہا جس کی فروخت میں 17.19 فیصد کمی واقع ہوئی جو جزوی طور پر طلب میں کمی کی وجہ سے تھی اور اس کا ایک سبب عام مال کی قیمت بھی تھی یعنی میں بھی جس کا حصول بہت مشکل ہوا تھا ہے۔ کیوں کہ پانچ مابھی مابھی مابھی مابھی اس کا نڈ کو مکمل ڈانگ پر ڈاکٹ اٹن ہے۔ درحقیقت، پاکستان رینا کمان چتر مالک میں سے ایک ہے جہاں اب بھی اس پروڈکٹ کا استعمال کیا جا رہا ہے کیونکہ قانون کے مطابق تمام سرکاری تنظیم کو یوٹیلٹی پر نڈ بھی میں تمام سرکاری ڈانگ کی ضرورت ہوتی ہے۔ بہت جلد میں اس ڈانگ کو مکمل طور پر بند کرنا چاہئے گا کیونکہ پچائی



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کرنے والوں کی کمی کی وجہ سے اس اٹن کے لئے خام مال کی خریداری ایک بہت بڑا چیلنج بن گیا ہے۔ چار بجے کی فروخت میں کم مارکیٹ کی طلب کی وجہ سے 3.99 فیصد کمی واقع ہوئی ہے اور ہم نے اپنی قیمتوں میں اضافہ کیا ہے۔ یہ اضافہ نرا اضافہ کا شمار ہے اور ہمارے لئے یہ ایک کوڈ فی آرڈر تک آگم ہے کیونکہ ہم عبور اس کو سامرا بلا میں تقسیم کرنے کے علاوہ اس میں کوئی قیمت نہیں بڑھاسکتے جو چارٹر شیپوں پر چل سکتے ہیں۔

مالیاتی کارکردگی

اس سال ان تمام چیزوں کے باوجود جن کا کھنی کو اس برس سامنا کرنا پڑا اور واقعی طور پر چھٹی۔ سہ ماہی ساہجہ کتابوں کی مشورہ فروخت کی وجہ سے سب سے زیادہ منافع پیدا کیا۔ وہ ہمارے اس سال ختم ہو چکے ہیں کے باوجود کھنی بھری منافع کمانے میں کامیاب رہی۔

پچھلے سال کے مقابلے میں قدرے کم مذکورہ عوامل کی وجہ سے لگس سے پہلے کے منافع میں 9.82 فیصد اور لگس کے بعد منافع میں 13.86 فیصد کمی واقع ہوئی ہے لیکن آپ کو اس حقیقت کی قدر کرنی ہوگی کہ ہم نے ملک کی بہت سی دیگر کمپنیوں کی طرح ہماری نقصان نہیں کیا۔

جن 2019	جن 2020	
23,968,439	21,615,673	لگس لگانے سے پہلے منافع
(5,993,673)	(6,045,309)	لگس
17,974,766	15,570,364	لگس لگانے کے بعد منافع
2.25	1.95	فی شیئر آمدنی

منافع کا اعلان

بورڈ کو 12.5 فیصد کے نرخ پر حق نقد منافع کی تلاش کرنے پر توفیق ہے۔

مالی پرہنگ

یہاں ہم یہ ذکر کریں کہ اس کھنی کی مالی پرہنگ ایس ای سی پی کی جانب سے منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات کی منظوری پہنچی ہے اور کینیڈا ایکٹ 2017 کی ضروریات کی تعمیل بھی کرتی ہے۔

میں پیپرنگ اور آپریشنز

میں پیپرنگ کی سہولیات سے حعلق ہمارے تمام مسائل نے عمدہ کارکردگی کا مظاہرہ کیا اور اگلا دوریت میں مثبت کامدہ حاصل کیا ہم مسابقت میں آگے رہنے کے لئے اپنی میں پیپرنگ سہولیات کو مسلسل ترقی دیا اور آپ کو یاد کر رہے ہیں۔

کارپوریٹ سماجی ذمہ داری

ایک پبلک لیونڈ کمپنی ہونے کے ناطے ہمیں یا اس میں سے کہ ہم پر اس ملک اور اس کے تمام کے لئے ذمہ داری عائد ہوتی ہے۔ اس ضمن میں ہم ضرورت مند تنظیموں کو چتر دیتے ہیں۔



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صحت

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

پورڈ

پاکستان ہیرے پورڈ ٹیکسٹائلز کا ایک آزاد اور جہاد پورڈ ہے، جس میں ایک ورکنگ اور دوسرے نان ورکنگ ڈائریکٹرز ہیں۔ چیئرمین اور چیف ایگزیکٹو کے کردار عطف ہیں اور ہر ایک کے واضح طور پر بیان کردہ رول پروڈکٹ ہیں۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

- ☆ ہمیں بااطلاع رہنے ہوئے عوامی ہے کہ آپ کی کٹھی نے کارپوریٹ گورننس کے شاہد اخلاق کی قیام کے لئے ضروری اقدامات اٹھائے ہیں جیسا کہ پاکستان اسٹاک ایکسچینج کے سٹیک ہولڈرز میں شامل ہے۔
- ☆ کٹھی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے اس کی امور کی منصفانہ پیشیت، کارروائیوں کا نتیجہ، بخش فلو اور دیگر بنی میں منجلی۔
- ☆ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور مناسب معقول اور بلا تھیلے پالیسی ہوتی ہے۔
- ☆ کٹھی کے ذریعہ اکاؤنٹس کی مناسبتوں میں ہر قرار دہی گئی ہیں۔
- ☆ مالی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات، جس کا اطلاق پاکستان میں ہوتا ہے، پر عمل کیا گیا ہے۔
- ☆ کٹھی کو جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شبہ نہیں ہے۔
- ☆ اندرونی کنٹرول کا نظام (ICFR) میں منظم ہے۔ اس نظام کی مسلسل نگرانی اندرونی آڈٹ اور اس طرح کے دوسرے نگرانی کے طریقہ کار کے ذریعے کی جاتی ہے۔ اندرونی کنٹرول 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 کنول میں ٹیکس کے بارے میں تفصیلی دی جاتی ہے۔

پورڈ اور اس کی کٹھی کے اجلاس

پورڈ آف ڈائریکٹرز (ٹی او ڈی) کے سال (05) اجلاس کے دوران، چار (04) آڈٹ کمیٹی (ای سی) کے اجلاس اور دو (02) ایچ آر کمیٹی اجلاس ہوئے۔ پورڈ ایگزیکٹو کی ماہنامہ ورکنگ اجلاس

ڈائریکٹرز کا نام	پورڈ میٹنگ	آڈٹ کمیٹی	ای سی کے اجلاس اور ماہنامہ کمیٹی
مسٹر عباس سید	5	3	2
جناب جاوید سید	5	N/A	N/A
ڈاکٹر وسیم اللہ سید	4	4	N/A
مسٹر طاہر سید	3	N/A	N/A
جناب زاہد دادا	4	4	2
جناب شہباز محمد خان (NIT) (مخبر)	4	N/A	1
جناب سید عمران	4	N/A	2
مخبر - عائشہ فریال صلاح الدین	1	N/A	N/A

پورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے اور چٹھی کی درخواست کرنے والے ڈائریکٹروں کو قانون کے مطابق پورڈ انگیٹیوں کے ذریعے اجلاس سے غیر موجودگی کی مستقل منظوری دی جاتی ہے۔



PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز کا ترجیحی پروگرام

کمپنی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز کو تین سالوں سے مستقلی قرار دیا گیا ہے کیونکہ وہ مضابطہ اطلاق میں اپنے کئے اسٹاک کے معیار پر عمل طور پر سرشار تھے ہیں۔ انہوں نے ہائرسٹیپ 2015 اور 2018 میں ڈائریکٹرز کے سرٹیفیکیشن ٹریڈنگ پروگرام کے تحت سند حاصل کی ہے۔ لہذا آدھے سے زیادہ ورڈ کوڈ کے مطابق ڈی ٹی ٹی اور جھوٹ کے معیار کے تحت اہل ہیں۔ کمپنی کے ڈائریکٹرز نے فراہم کی انجام دہی کے لئے مناسب طور پر تربیت یافتہ ہیں اور کمپنی ایکٹ 2017 اور PSX رول بک کے ضوابط کے تحت ان کے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

قبیل کا بیان

پورے قبیل کا بیان اپنا ہے۔ تمام ملازمین کو اس بیان سے آگاہ کیا جا رہا ہے۔

مادی تبدیلیاں

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

کاروباری اصولوں کا کوڈ

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

منجھٹ کا خطرہ

اپنی آمد داریوں کے ایک حصے کے طور پر، پورڈ آف ڈائریکٹرز نے ہیڈ معاشی ماحول اور اس کے نتیجے میں ان آمد داریوں اور بروٹی خطرات پر کڑی نگاہ رکھی ہوئی ہے جو کمپنی کی منظوری اور سوار کارروائیوں پر اثر انداز ہو سکتے ہیں اور سال بھر خطرات کی لگائی اور تخفیف میں پورڈ آف رہتے ہیں۔ پورڈ آف نے ممکنہ خطرات کی لگائی کی، کمپنی پر ان کے اثرات کا اندازہ کیا اور کاروبار میں ہونے والے کسی بھی اور ممکنہ خطرات کو کم کرنے کے لئے سخت عملی تیاری۔ ان سخت عملیوں کا آڈٹ کمپنی کے ذریعہ نافذ کیا گیا تھا تاکہ یہ یقینی بنایا جاسکے کہ کسی خطرے کی تخفیف میں فاصلہ نہ ہو۔

خطرے کی تشخیص

کاروباری اداروں کو متعدد غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ بن سکتے ہیں اور اگر اس پر توجہ نہ دی تو روکنے والے نقصانات کا سبب بن سکتے ہیں۔ پورڈ آف نے آمد داریوں کو جانچا ہے۔

خطرے کی تشخیص

کاروباری اداروں کو متعدد غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ بن سکتے ہیں اور اگر اس پر توجہ نہ دی تو روکنے والے نقصانات کا سبب بن سکتے ہیں۔ پورڈ آف نے آمد داریوں اور بروٹی دونوں خطرات کا تہ اور عمل جانچا ہے جس کا کمپنی کو سامنا کرنا پڑ سکتا ہے۔ تمام مال کی باقی قیمت کمپنی کو درپیش سب سے قریب خطرہ ہے۔ پاکستانی روپے کی قدر و قیمت میں کمی نے اس خطرے کو اور واضح کر دیا ہے۔ اس کے ضمنی اثرات کو روکنے کے لئے کمپنی نے اپنے اہم بین الاقوامی پائڈرز کے ساتھ دسترس سبب تعلقات میں سرمایہ کاری کی ہے اور بروٹس فراہمی کو یقینی بنایا ہے۔ کمپنی کو درپیش ایک اور خطرہ میں تمام مال کی دستیابی۔



مشغلیں کے امکانات

عینہا کہ پہلے ذکر کیا گیا ہے، کھیتی نے بنے بنانے پر پاکستانی روپے کی قدر میں کمی، اعلیٰ شرح سود، اور پھر کوویڈ 19 کے معاملے میں بہت مشکل دو سال گزارے ہیں۔ امید ہے کہ اب ہم اسے ماضی میں پیش کر سکتے ہیں اور ایک روشن مستقبل کے تصور ہو سکتے ہیں اور امید ہے کہ ہمیں کسی اور بیرونی مسئلے کا سامنا نہ کرنا، شرح سود کو کم کرنا اور ایک مخلص پاکستانی روپے جتنی طور پر اس سال ہمارے مابین کو بہتر بنانے میں معاون ثابت ہوگا اور ہم فروخت میں خاص طور پر پبلنگز میں اچھے اطلاق کی پیش گوئی کرتے رہتے ہیں۔ ایک اور پریشانی مہینوں کا اضافہ کر کے ہماری موجودہ توسیع اچھائی رویت تھی اور ماشا اللہ اس مہینوں کی تیاری کے بعد ہی یہ عمل طور پر یکہ ہو چکی ہے۔ اس کا دوبارہ کے مستقبل کے امکانات بھی بہت روشن ہیں اور جب ہم کاروبار کے مواقع یہ انہوں کے ہم جہیز اور پہنچتے رہیں گے۔

سابقہ جس سیکٹ اس سال بھی حکومت کی نئی پالیسی کی وجہ سے چیلنجز کا سامنا کرے گا جہاں ہمیں اب CNIC کے بغیر فروخت کرنے کی اجازت نہیں ہے۔ اس سے ہم پر بہت اثر پڑے گا کیونکہ سابقہ جس کے بہت سے خریدار CNIC نہیں دے چکے اور انہیں فائلنگ نہیں ہیں۔ ویسے بھی، آپ کی انتظامیہ کھیتی کے بہترین مفاد میں تمام امور سے نمٹنے کے لئے پوری کوشش کر رہی ہے۔

حساب کتاب کا گروہ یا لوگ

آڈٹ کھیتی میں بورڈ کے چار ممبران شامل ہیں، دو ان انڈیکس اور دو آزاد انڈیکس ہیں۔ کھیتی کا فیڈر میں ایک آزاد انڈیکس ہے جیسا کہ سی سی جی ریگولیشنز 2019 میں ضروری ہے۔ بورڈ آف انڈیکسز نے آڈٹ کھیتی کے لئے حوالہ کی شرائط کی ہیں۔ آڈٹ کھیتی سالانہ اور سہ ماہی بیانات، امداد کی آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ کے اجلاسوں سے قبل اس کا اجلاس منعقد کرتی ہے۔ کھیتی ممبران اعلیٰ آڈٹ کے ذریعہ اعلیٰ کنٹرول کا مناسب نظام کرتی ہے اور آپریشن اور مالی کنٹرول کی تمام چیزیں جانچتا ہے۔

چوہدری ریسورس کھیتی

کھیتی بورڈ کے چار ممبران پر مشتمل ہے۔ جن میں انڈیکس اور ایک آزاد انڈیکس۔ کھیتی کا چوہدری میں آزاد انڈیکس ہوتا ہے۔ کھیتی کھیتی کی ایچ آر اینڈ جنٹ پالیسیوں کا جائزہ لے اور تیار کرتی ہے۔ کھیتی ممبران کے معاملے کے لئے بھی امداد ہے اور یہ جتنی ہوتی ہے کہ اسے کھیتی کی کاروباری حکمت عملی اور طویل مدتی مقاصد سے ہم آہنگ کیا جائے۔

آپریٹنگ اور مالیاتی ڈیپارٹمنٹ

آپریٹنگ اور مالیاتی امداد اور فراہم کرنے کے پچھلے چھ سالوں سے ہم کتاب کو جوڑ لیا گیا ہے۔

آڈیٹر

ہم نے سمرز فاروق علی اینڈ کوانٹے ہائی سال کے بطور آڈیٹر کی تعزیری کی سفارش کی ہے۔ موجودہ آڈیٹر سمرز فاروق علی اینڈ کھیتی، چارٹرڈ اکاؤنٹنٹس، راج کراچی اور اہل ہونے کے پروفیشنلس، انہوں نے خود کو 2019 اور تعزیری کے لئے پیش کیا۔

شیئر ہولڈنگز کا نمونہ

30 جن 2020 تک ہر سیکٹ کے حصص یافتگان کے حصص یا اعلیٰ کے انداز کے پان کو رپورٹ میں شامل کیا گیا ہے۔

انڈیکسز اور ان کے شریک حیات اور جہاں بچوں کے ساتھ وابستہ کمپنیوں، انڈیکسز، انڈیکسز، انڈیکسز، انڈیکسز اور کارپوریشنوں، بینک، ڈی ایف آئی ایس، امین بی ایف آئی ایس، انڈیکسز کمپنیوں، مولد ہاں جو اعلیٰ انڈیکسز ہاں بھی تھوڑے اور دیگر کے ساتھ شیئر ہولڈنگ کی کمپنیوں، شیئر ہولڈنگ کے نمونوں کے ساتھ منسلک ہیں۔



PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز ہی ایف او، کینیڈا، کینیڈا، ہینڈ آف انٹرنیشنل آؤٹ اور ان کے شریک حیات اور نایاب بچوں نے سال کے دوران کئی کے حصص کا کوئی لین دین نہیں کیا ہے اور یہ بھی تصدیق کی ہے کہ ڈائریکٹرز ہی ای او اور ایگزیکٹوز کئی کے دوسرے حصص میں کوئی دلچسپی نہیں رکھتے ہیں۔ حصص یافتگی کے اعزاز میں پابندیوں کا کیا گیا ہے۔

مطلوبہ درجہ بندی کے تحت شرائط

کارپوریٹ گورنمنٹ ریگولیشن 2019

بورڈ کی تشکیل

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

01	ایگزیکٹو ڈائریکٹر
04	جان ایگزیکٹو ڈائریکٹر
02	آڈیٹ ڈائریکٹر

بورڈ کی کمیٹیاں۔

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

(a) آؤٹ کمیٹی

محترمہ عائشہ فریال صلاح الدین۔ چیئر پرسن
جناب مہاس سید
ڈاکٹر اسد اللہ سعید
جناب شعیب احمد خان

(b) ہیومن ریسورس اینڈ ریٹینشن کمیٹی

جناب شعیب احمد خان۔ چیئر پرسن
جناب مہاس سید
مسز بلاگ سید
جناب سید عمران

ڈائریکٹرز کا معاوضہ

کمیٹی کے مضمین کے ذریعے، بورڈ آف ڈائریکٹرز وفاقاً جان ایگزیکٹو اور ڈائریکٹرز کا معاوضہ طے کرنے کا حجاز ہے۔ اس سلسلے میں، بورڈ آف ڈائریکٹرز نے کمیٹی کے جان ایگزیکٹو اور ڈائریکٹرز کے لئے معاوضے کی پالیسی تیار کی ہے۔

اعترافات

ڈائریکٹرز قابل قدر سہولتوں کے لئے ان کی مسلسل مدد پر شکر گزار ہیں۔ وہ کمیٹی کے دیگر اراکوں، حصص یافتگان اور دیگر اسٹیک ہولڈرز کی طرف سے موصواریت کی بھی تعریف کرتے ہیں جو آپ کی کمیٹی میں



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اجتہاد برقرار رکھنا جاری رکھے ہوئے ہیں۔ اس کے علاوہ، گولڈن سٹیٹ پاپر اینڈ پکچرنگ کمپنیز آف پاکستان (ایس ای سی پی) اور پاکستان اسٹاک ایکچینج - پی ایس ایکس کی طرف سے موصولہ ہون کے لئے بھی ڈائریکٹرز اپنی مجلس تعریف کو پکارا کرتے ہیں۔

کمپنی کے تمام ملازمین نے ایک حقیقی نمونہ دکھا کر کیا ہے اور اس کے نتائج ظاہر ہیں۔ ڈائریکٹرز ان تمام ملازمین کو ان کی مستقل کارکردگی پر مبارکباد پیش کرتے ہیں۔

ڈاکٹر پرواز آف ڈائریکٹرز

ماس سید
چیئرمین

ماس سید
ڈیف ایگزیکٹو

11 جنوری 2020

کراچی



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 58th Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2020 and describes its operational and financial performance along with compliance details.

Operating Performance

This was another very tough year for the company. We were expecting a good turnaround and revival from the difficult and tough economic situation that we faced last year and we were going well with this plan until the third quarter when the country went into lockdown due to Covid-19. While the Pro Labels business did not suffer at all but the Exercise Books Business hit a complete wall with sales plummeting due to shut down of all educational institutions in Pakistan. This hurt us severely in terms of sale and high buildup of inventory which could not be sold. You will be pleased to know that your company did not shut down for even one single day during the lockdown as we were declared 'supplier of essential services' allowing us to continue production. We took maximum safety precautions for the safety of our staff and workers and I owe a huge gratitude to the workers who showed up for work every day in spite of major hindrances. The staff worked on a rotation basis but the workers continued to work on a regular single shift 6 days a week. This was essential for Pro Labels especially as the demand for home care and pharmaceutical labels increased exponentially during this period but we were still restrained as we could only run a single shift. There was a lot of support from the State Bank of Pakistan in terms of providing funding for salaries and capital expenditure. This worked out beneficially for us as we were able to avail this cheaper financing for salaries and we were also able to finance our new Pro Labels Machine under this Term Refinance facility. Therefore, in many ways I see this last year as a case of a glass half full rather than half empty. The Covid-19 situation provided us with great challenges and I feel that we tackled them very well and have come out stronger in many ways. The turnover of the company hit the coveted Rs 1 Billion mark for the first time in our history as Turnover was recorded at Rs 1.02 Billion compared to Rs 969.75 million last year which is an increase of 5.31%.

This increase in sales was primarily driven by another robust performance of Pro Labels section which enjoyed a healthy rise of 15.57% increase in sales. The brisk demand continued to outpace our capacity and we were made to push our production to maximum limits in spite of the severe challenges of Covid-19 in the last quarter. Our Capacity expansion project also continued as plans with the new machine arriving end of April 2020. The foreign engineers declined to come to Pakistan to install the machine so we hired a local team which under their guidance installed the machine and we started trial production in May and by June the machine was fully operational. This has enhanced our capacity by 500,000 sqm to 3.5 million sqm on a single shift basis. In spite of this expansion we are continuing to face capacity pressures and back log of orders is growing. This is due to the very high growth in this segment as I have always contended that our country is still in a very nascent stage in this line of packaging and it will continue to grow at a very high rate in the future years. Our company continues to be the leader and we have maintained our position as the largest producer of self-adhesive labels in roll form in Pakistan.

Exercise Books had a very difficult year with sales falling by 13.26% and GP and NP Margins eroding to 8.14% and -1.14% for this segment. We had started off the year on a very promising note with record high sales in July-August 2019 due to the change of school season to August from March. This year after going back and forth the Sind government finally decided to revert to the old school season starting from March but before this could be implemented Covid 19 struck the country closing all schools from the start of March and they have not opened since. We had managed to book some institutional orders in the first half of the season which we managed to



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produce and sell but these are traditionally low margin orders which is normal course and they get offset by the high margin institutional orders and open market sales that we manage to during the regular school season. The latter high margin sales never materialized and we were also stuck with high inventory leading to a major loss in this segment. Fortunately, this loss was fully compensated by the profit in Pro Labels but of course dragged down the profitability of the company as a whole.

Sensitized paper had another disappointing year with sales falling by 17.19% which was partly due to fall in demand and partly due to the shortage of raw material, i.e. base paper which is becoming very difficult to procure as only a handful of paper mills all over the world produce this paper as it is a completely dying product line. In fact, Pakistan is one of the few countries left in the world where this product is still being used because as per law all government organization require all official drawings in blue print paper. Very soon we will probably have to shut down this line completely as procuring raw materials for this line is becoming a major challenge due to lack of suppliers. Plotter paper sales fell by 3.99% due lower market demand and we increased our prices. This is the alternative to Sensitized paper and for us it is a commodity trading item as we cannot do any value addition to it other than slitting jumbo rolls into smaller rolls which can run on the plotter machines.

Financial Performance

In spite of all the challenges that the company faced this year and considering that traditionally the 4th Quarter used to generate the highest profitability due to the robust sales of Ex Books which was all lost this year, the company still managed to make a profit, albeit slightly lower than last year.

The Profit before Tax decreased by 9.82% and profit after tax decreased by 13.86% due to the above mentioned factors but you must appreciate the fact that we did not run into heavy losses like many other companies in the country.

	<u>June, 2020</u>	<u>June, 2019</u>
Profit before taxation	21,615,673	23,968,439
Taxation	(6,045,309)	(5,993,673)
Profit after taxation	15,570,364	17,974,766
Earnings per share	1.95	2.25

Declaration of Dividend

The Board is pleased to recommend a final cash dividend @ 12.5%.

Financial Reporting

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

Manufacturing and Operations

All our resources relating to the manufacturing facilities performed well and achieved positive gains in efficiencies.



PAKISTAN PAPER PRODUCTS LIMITED

We are constantly modernizing and upgrading all our manufacturing facilities to stay well ahead of the competition.

Corporate Social Responsibility

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

Health

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

The Board

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

Corporate and Financial Reporting Framework

- We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the Pakistan Stock Exchange.
 - The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of the operations, cash flows and changes in equity.
 - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
 - Proper books of accounts have been maintained by the Company.
 - In preparation of financial statements, International Accounting Standards, as applicable in Pakistan, have been followed.
 - There is no significant doubt about the company's ability to continue as a going concern.
 - The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- ☒ Detail about taxes is given in the notes to the accounts.

Board & its Committee meetings

During the year 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:



PAKISTAN PAPER PRODUCTS LIMITED

Name of Director	Number of Meeting Attended		
	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr. Abbas Sayeed	5	3	2
Mr. Abid Sayeed	5	N/A	N/A
Dr. Asadullah Sayeed	4	4	N/A
Mrs. Muleika Sayeed	3	N/A	N/A
Mr. Zahid Dada	4	4	2
Mr. Shoaib Ahmed Khan (NIT Nominee)	4	N/A	1
Mr. Sayeed Imran	4	N/A	2
Ms. Aisha Fariel Salahuddin	1	N/A	N/A

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

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

Statement of Compliance

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

Material Changes

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

Code of Business Principles

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



PAKISTAN PAPER PRODUCTS LIMITED

Risk of Management

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

Risk Assessment

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

Future Prospects

As mentioned earlier also the company has passed through very tough two years in terms of massive PKR devaluation, higher interest rates, and then Covid 19. Hopefully we can now put this in the past and look forward to a brighter future and hope that we do not face any further external shocks. Lowering of Interest rates and a stable PKR will definitely help in improving our margins this year and we continue to foresee good increase in sales, especially in Pro Labels. Our current expansion by adding one more printing machine was extremely timely and mashallah this machine has also been fully booked since it came into production. The future prospects of this business are also very bright and we will continue to modernize and expand as the business opportunities arise.

Ex Books segment will continue to face challenges even in this year due to new policy of government where we are now not allowed to do sales without CNIC. This will impact us a lot as lot of Ex Books buyers do not want to give CNIC and are not Tax filers. Anyway, your management is doing the best to deal with all the issues in the best possible interest of the company.

Audit Committee

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

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



PAKISTAN PAPER PRODUCTS LIMITED

is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests.

Operating and Financial Data

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

Auditors

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

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2020 whose disclosure is required under the reporting framework is included in the report.

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

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

IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2019

Composition of the Board

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

Executive Director	01
Non-Executive Director	04
Independent Director	02

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. Shoaib Ahmed Khan



b) Human Resource & Remuneration Committee

Mr. Shoaib Ahmed Khan - Chairman

Mr. Abbas Sayeed

Mrs. Muleika Sayeed

Mr. Sayeed Imran

Directors' Remuneration

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

Acknowledgements

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

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

On behalf of the Board of Directors

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE

September 11, 2020
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2020.

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

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

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

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

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

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



PAKISTAN PAPER PRODUCTS LIMITED

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



PAKISTAN PAPER PRODUCTS LIMITED

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, 2020.
Human Resource & Remuneration Committee	Two meetings held during the financial year ended June 30, 2020.

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

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

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

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

ABBAS SAYEED

Chairman

ABID SAYEED

Chief Executive

Karachi : September 11, 2020



PAKISTAN PAPER PRODUCTS LIMITED



C-88, KDA Scheme No. 1, Telephone : (021) 34301966
Main Korson 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 to the Members 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 2020 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 2020.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated:

Engagement partner: Fasih-uz-Zaman



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 2020, the statement of profit or loss and other 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, statement of profit or loss and other 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 2020 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 are the key audit matters:

Continuation Sheet

S.no.	Key audit matters	How the matter was addressed in our audit
1.	Valuation of inventories	
	<p>The Company is engaged in the manufacturing of exercise books, pro-labels and sensitized papers. The Company held inventory balances of Rs.229.816 million that constitute as 16.70% of the total assets at the year-end as disclosed in the accompanying financial statements. We focused our audit on this area as it is a material balance for the Company and it also requires management judgement in determining an appropriate costing basis and assessing its valuation. Valuation of raw materials are assessed on item-by-item basis. The Company also reviews the inventory age listing to identify slow moving, obsolete raw material and stores and spare.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the Valuation of Inventories been identified as a Key Audit Matter.</p>	<p>We performed a range of audit procedures with respect to inventory items including amongst others, physical observation of inventory count, test of valuation methods and their appropriateness in accordance with the applicable accounting standards, and an evaluation of the usability of the inventory items based on management reports for slow moving and obsolete items and the impact of the same on the net realizable value of the inventories.</p> <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year-end.</p>
2.	Revenue recognition	
	<p>Refer notes 3.15 and 20 to the financial statements relating to revenue recognition.</p> <p>The Company has reported revenues for the year of Rs.1,021.263 million. There is potential for material misstatement within revenue, particularly in relation to revenue being recorded in the wrong period, due to cut off errors or management bias.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained an understanding of, assessed and tested the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; • We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has



PAKISTAN PAPER PRODUCTS LIMITED

J.A.
& CO.
Continuation Sheet

S.no.	Key audit matters	How the matter was addressed in our audit
		<p>been recognized in the appropriate accounting period;</p> <ul style="list-style-type: none">• We inspected credit notes issued to record sales returns subsequent to year end, if any;• We reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company; and• We obtained an understanding of the nature of the revenue contracts entered into by the Company, tested a sample of sales contracts to confirm our understanding and assessed whether or not management's application of IFRS 15 requirements was in accordance with the standard.

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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ☒ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ☒ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ☒ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ☒ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ☒ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss and other 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Fasih uz Zaman.

CHARTERED ACCOUNTANTS

Place: Karachi

Dated:



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020	2019
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	824,265,465	783,358,992
Long term deposits	5	954,008	913,872
		825,219,473	784,272,864
CURRENT ASSETS			
Stores and spares		6,732,240	3,668,989
Stock-in-trade	6	229,815,701	171,695,959
Trade debts - Unsecured, considered good	7	214,588,467	173,476,656
Advances and other receivables	8	90,161,696	88,616,017
Trade deposits and short term prepayments	9	5,424,364	6,738,339
Cash and bank balances	10	4,410,201	5,711,972
		551,132,669	449,907,932
		<u>1,376,352,142</u>	<u>1,234,180,796</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2019: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital	11	80,000,000	80,000,000
Revenue reserves		360,912,179	348,808,563
Capital reserve			
Revaluation surplus on property, plant and equipment	12	514,137,817	518,449,354
		955,049,996	947,257,917
NON-CURRENT LIABILITIES			
Deferred tax liability - Net	13	35,432,845	42,996,620
Deferred liability for staff gratuity	14	15,808,838	13,440,488
Long term loans - Secured	15	25,322,409	27,850,700
Deferred grant	16	1,481,229	-
		78,045,321	84,287,808
CURRENT LIABILITIES			
Current and overdue portion of long term loans	15	19,970,629	26,183,050
Short term borrowings - Secured	17	95,645,256	73,408,493
Unclaimed dividend		7,494,384	7,254,499
Creditors, accrued and other liabilities	18	220,146,556	95,789,029
		343,256,825	202,635,071
CONTINGENCIES AND COMMITMENTS			
	19	-	-
		<u>1,376,352,142</u>	<u>1,234,180,796</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 2020

	Notes	2020 ----- (Rupees)	2019 -----
Sales - Net	20	913,309,572	875,439,005
Cost of sales	21	(816,398,294)	(776,168,009)
Gross profit		96,911,278	99,270,996
Other operating income	22	159,926	276,818
Operating expenses			
Administrative expenses	23	(35,926,884)	(33,438,918)
Selling and distribution expenses	24	(15,076,312)	(13,184,154)
Workers' Profit Participation Fund		(1,162,133)	(1,295,430)
Workers' Welfare Fund		(464,853)	(644,732)
		(52,630,182)	(48,563,234)
Operating profit		44,441,022	50,984,580
Finance cost	25	(22,825,349)	(27,016,141)
Profit before taxation		21,615,673	23,968,439
Taxation - Net	26	(6,045,309)	(5,993,673)
Profit for the year		15,570,364	17,974,766
Earnings per share - Basic and diluted	27	1.95	2.25

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 2020

	Notes	2020 ----- (Rupees)	2019 -----
Profit for the year		15,570,364	17,974,766
Other comprehensive income:			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Surplus on revaluation of property, plant and equipment		--	314,992,413
Related deferred tax		--	(6,087,800)
		--	308,904,613
Remeasurement of defined benefit liability	14	312,275	1,562,824
Related deferred tax		(90,560)	(453,219)
		221,715	1,109,605
Total comprehensive income for the year		15,792,079	327,988,984

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 2020

	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 2018	60,000,000	143,900,000	217,802,988	361,792,988	212,475,945	634,208,933
Profit for the year ended 30 June 2019	–	–	17,974,766	17,974,766	–	17,974,766
Other comprehensive loss	–	–	1,109,605	1,109,605	308,904,613	310,014,218
Total comprehensive income for the year	–	–	19,084,371	19,084,371	308,904,613	327,988,964
Surplus on revaluation realized on disposal of fixed assets - Net of tax	–	–	106,027	106,027	(106,027)	–
Transfer to unappropriated profit on account of incremental depreciations - Net of tax	–	–	2,825,177	2,825,177	(2,825,177)	–
Transactions with owners:						
Bonus shares (₹ 33.3% related to the year ended 30 June 2018)	20,000,000	–	(20,000,000)	(20,000,000)	–	–
Final cash dividend (₹ 25% related to the year ended 30 June 2018)	–	–	(15,000,000)	(15,000,000)	–	(15,000,000)
Balance as at 30 June 2019	80,000,000	143,900,000	204,908,563	348,808,563	519,449,354	947,257,917
Profit for the year ended 30 June 2020	–	–	15,570,364	15,570,364	–	15,570,364
Other comprehensive income	–	–	221,715	221,715	–	221,715
Total comprehensive income for the year	–	–	15,792,079	15,792,079	–	15,792,079
Surplus on revaluation realized on disposal of fixed assets - Net of tax	–	–	581,677	581,677	(581,677)	–
Transfer to unappropriated profit on account of incremental depreciations - Net of tax	–	–	3,729,860	3,729,860	(3,729,860)	–
Transactions with owners:						
Final cash dividend (₹ 10% related to the year ended 30 June 2019)	–	–	(8,000,000)	(8,000,000)	–	(8,000,000)
Balance as at 30 June 2020	80,000,000	143,900,000	217,012,179	360,912,179	514,137,817	955,049,996

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 2020

	Notes	2020 ----- (Rupees) -----	2019 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	113,178,273	62,705,952
Payments for:			
Income taxes		(31,302,179)	(37,951,463)
Gratuity	14.1	(352,258)	(1,064,733)
Finance cost		(17,252,593)	(13,726,736)
Net cash inflows from operating activities		64,271,243	9,963,020
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	4	(74,685,043)	(7,013,376)
Long term deposits	5	(40,136)	--
Sale proceeds against disposal of fixed assets		1,935,000	539,500
Net cash outflows from investing activities		(72,790,179)	(6,473,876)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		(7,259,483)	(25,237,800)
Dividend paid		(7,760,115)	(14,441,237)
Net cash outflows from financing activities		(15,019,598)	(39,679,037)
Net decrease in cash and cash equivalents		(23,538,534)	(36,189,893)
Cash and cash equivalents at the beginning of the year		(67,696,521)	(31,506,628)
Cash and cash equivalents at the end of the year		(91,235,055)	(67,696,521)

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 2020

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 14) 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 amendments to existing standards and interpretations have been published and are mandatory for the year ended 30 June 2020 and are considered to be relevant to the Company's financial statements:



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	Effective Date (Period beginning on or after)
IFRS 9 Financial Instruments [Amendments]	01 January 2019
IAS 23 Borrowing costs [Amendments]	01 January 2019
IFRS 16 Leases	01 January 2019
Annual improvements to IFRSs (2015-2017 Cycle)	01 January 2019

The following standards, amendments and interpretations thereto as notified under the Companies Act, 2017 are either not relevant to the Company's operations or are not likely to have significant impact on the Company's financial statements:

IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 Investments in Associates and Joint Ventures [Amendments]	01 January 2019
IAS 19 Employee Benefits [Amendments]	01 January 2019
IFRS 3 Business Combinations [Amendments]	01 January 2019
IFRS 11 Joint Arrangement [Amendments]	01 January 2019

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

Conceptual Framework in IFRS Standards [Amendments]	01 January 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	01 January 2020
IFRS 9 Financial Instruments [Amendments]	01 January 2020
IAS 16 Property, Plant and Equipment [Amendments]	01 January 2020
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	01 January 2020
IFRS 16 Leases [Amendments]	01 June 2020
IAS 1 Presentation of Financial Statements [Amendments]	01 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	01 January 2020
Annual improvements to IFRS Standards 2018-2020	01 January 2020

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.



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

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

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

3.3 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. It excludes borrowing costs. 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.

3.4 Financial Instruments

3.4.1 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.



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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.
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.

3.4.2 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.

3.4.2.1 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.



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3.4.2.2 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.

3.4.3 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.

3.4.3.1 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.

3.4.3.2 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.

3.4.4 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.

3.4.5 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.



3.4.6 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. It also includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.



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The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the financial statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3.10 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.

3.11 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.

3.12 Impairment

3.12.1 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.



PAKISTAN PAPER PRODUCTS LIMITED

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.

3.12.2 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.

3.13 Government grants and assistance

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

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

3.14 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.



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3.15 Revenue recognition

Sale of goods

Revenue from sale of goods is recognized upon passing of title to the customers, which generally coincides with physical delivery.

Interest income

Interest income is recognized on a time-proportionate basis using the effective interest method.

Service income

Service income is recognized when related services are rendered.

2020 2019
----- (Rupees) -----

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets 4.1 824,265,465 783,358,992

4.1 Operating fixed assets

PARTICULARS	Cost / revaluation				Accumulated Depreciation				Written down value as at 30 June 2019	Net %
	As at 1 July 2019	Additions during the year	(Disposal)	As at 30 June 2020	As at 1 July 2019	(Disposal)	Charge for the year	As at 30 June 2020		
	(Rupees)									
Leasehold land	454,000,000	—	—	454,000,000	—	—	—	—	454,000,000	-
Buildings on leasehold land										
- Factory	16,871,471	925,200	—	18,796,671	13,226,298	—	2,391,272	15,617,570	23,473,811	10
- Office	6,736,768	179,950	—	6,916,718	1,513,777	—	791,709	1,705,486	4,991,707	7
Plant and machinery	867,871,802	66,998,235	(236,729)	938,233,308	114,480,849	(189,711)	23,266,907	143,877,045	294,356,263	33
Furniture and fixtures	1,112,299	118,800	—	1,231,099	704,726	—	81,094	885,820	345,279	28
Factory and office equipment	4,536,409	2,087,335	(98,349)	6,525,395	5,485,875	(34,806)	133,148	5,584,217	9,077,244	39
Electric equipment and fitting	6,754,489	—	—	6,754,489	2,141,708	—	(29,589)	2,724,500	3,985,161	58
Computers	1,798,264	284,300	(42,288)	2,040,276	1,097,247	(6,378)	242,319	1,333,188	683,772	30
Vehicle	22,331,812	2,348,822	(15,456,881)	9,223,753	18,381,822	(1,027,800)	2,361,887	11,715,909	18,187,808	20
TOTAL	976,596,271	70,665,417	(15,695,421)	931,566,267	146,141,408	(1,094,579)	23,999,869	175,046,707	814,524,465	

PARTICULARS	Cost / revaluation				Accumulated Depreciation				Written down value as at 30 June 2019	Net %	
	As at 1 July 2019	Additions during the year	(Disposal)	Revaluation	As at 30 June 2019	As at 1 July 2019	(Disposal)	Charge for the year			As at 30 June 2019
	(Rupees)										
Leasehold land	454,000,000	—	—	244,000,000	494,000,000	—	—	—	494,000,000	-	
Buildings on leasehold land											
- Factory	16,228,811	2,141,119	—	21,491	18,871,675	18,316,121	—	3,792,617	15,079,058	23,544,790	34
- Office	5,990,678	—	—	477,139	6,286,794	1,871,871	—	741,348	1,215,277	4,091,111	1
Plant and machinery	466,880,676	1,811,822	—	15,821,730	363,871,982	48,562,840	—	263,27,425	116,396,653	249,294,547	34
Furniture and fixtures	877,371	19,800	—	344,389	1,131,538	292,284	—	71,142	381,756	749,784	23
Factory and office equipment	4,276,284	418,819	—	752,081	6,046,449	1,134,289	—	494,322	1,668,271	1,275,196	19
Electric equipment and fitting	5,546,596	125,800	—	602,081	6,734,469	1,512,291	—	813,638	2,041,794	4,149,698	15
Computers	1,417,834	35,000	(12,000)	219,427	1,793,781	849,286	(6,307)	271,618	1,891,227	791,104	34
Vehicle	17,365,381	1,141,141	(26,000)	5,441,864	31,441,412	9,848,759	(194,148)	1,896,617	33,991,027	36,528,135	33
TOTAL	977,861,781	5,613,716	(26,000)	114,991,421	916,996,779	115,119,631	(118,455)	31,271,768	125,971,348	815,524,430	

2020 2019
----- (Rupees) -----

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

Cost of sales	21	29,774,297	30,172,997
Administrative expenses	23	1,208,120	1,130,495
Selling and distribution expenses	24	977,249	769,473
		<u>31,959,666</u>	<u>32,072,965</u>

4.3 Depreciation charge is inclusive of the incremental depreciation due to revaluation.



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- 4.4 The aggregate book value of all the disposals was less than five million rupees.
- 4.5 The revaluation of property, plant and equipment was carried out as of 01 April 2019 by M/s. Rizvi Associates (an independent valuer who is located in Karachi) on the basis of their professional assessment of prevailing market values. The revaluation resulted a surplus amounting to Rs.314.992 million which was incorporated in the books of the Company as at 30 June 2019.
- 4.6 Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

	2020	2019
	----- (Rupees) -----	
Net book value		
Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	18,775,170	19,377,377
- Office	3,148,015	3,091,585
Plant and machinery	243,246,296	191,722,950
Furniture and fixture	599,211	525,227
Factory and other equipment	5,713,739	3,254,654
Electric equipment and fittings	2,550,414	2,883,585
Computers	399,862	224,298
Vehicles	6,951,023	4,771,649
	<u>281,574,934</u>	<u>226,042,528</u>

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

5 LONG TERM DEPOSITS

Deposit with CDC	12,500	12,500
Security deposits against fuel	231,000	231,000
Utility deposits	710,508	670,372
	<u>954,008</u>	<u>913,872</u>

- 5.1 These deposits are interest free.

6 STOCK-IN-TRADE

Raw materials	164,726,667	134,002,372
Work-in-process	39,512,097	22,748,617
Finished goods	25,693,662	15,061,695
	<u>229,932,426</u>	<u>171,812,684</u>
Provision for dead stock	(116,725)	(116,725)
	<u>229,815,701</u>	<u>171,695,959</u>



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	2020	2019
	(Rupees)	
7 TRADE DEBTS - Unsecured, considered good		
Due from customers	214,575,207	173,473,904
Due from associated concern - Sayeed International	13,260	-
Due from staff	-	2,752
	<u>214,588,467</u>	<u>173,476,656</u>
7.1 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs.13,260/-.		
8 ADVANCES AND OTHER RECEIVABLES		
<i>Considered good</i>		
Advance to suppliers	2,255,906	397,280
Advance to staff	8.1 399,832	157,176
Advance income tax - Net	17,602,535	27,008,475
Income tax refundable	61,154,889	58,426,654
Sales tax refundable - Net	8,748,534	2,626,432
	<u>90,161,696</u>	<u>88,616,017</u>
8.1 Advances to staff represent advance for business related expenses and is interest free.		
9 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Margin deposits	5,113,000	6,474,100
Trade deposits	224,398	224,884
Short term prepayments	86,966	39,355
	<u>5,424,364</u>	<u>6,738,339</u>
10 CASH AND BANK BALANCES		
Cash in hand	70,000	83,360
Factory imprest	100,000	75,000
Cash at banks:-		
- Current accounts	4,240,201	5,553,612
	<u>4,410,201</u>	<u>5,711,972</u>
11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
578,000 (2019: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2019: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
7,250,000 (2019: 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>
11.1 As at year-end 907,004 (2019: 907,004) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.		



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	2020	2019
	----- (Rupees) -----	
12 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
<i>Gross surplus</i>		
Opening balance	532,598,316	221,734,359
Surplus arising due to revaluation of property, plant and equipment	-	314,992,413
Disposal of revalued assets	(819,263)	(149,334)
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the current year	(5,253,324)	(3,979,122)
	526,525,729	532,598,316
<i>Deferred tax liability</i>		
Opening balance	(14,148,962)	(9,258,414)
Related deferred tax liability of current revaluation	-	(6,087,800)
Tax effect on disposal of revalued assets	237,586	43,307
On incremental depreciation for the year	1,523,464	1,153,945
	(12,387,912)	(14,148,962)
	514,137,817	518,449,354
12.1 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.		
13 DEFERRED TAX LIABILITY - Net		
<i>Deferred tax liability arising due to:</i>		
- accelerated tax depreciation	40,047,030	35,019,657
- surplus on revaluation of fixed assets	12,387,910	13,929,155
	52,434,940	48,948,812
<i>Deferred tax asset arising due to:</i>		
- provision against gratuity	(4,584,563)	(3,897,742)
- provisions for stock in trade	(33,850)	(33,850)
	(4,618,413)	(3,931,592)
	47,816,527	45,017,220
Available tax credits	(12,383,682)	(2,020,600)
	35,432,845	42,996,620
13.1 Movement of deferred tax liabilities		
Balance as at beginning of the year	42,996,620	41,404,916
Tax charge recognised in statement of profit or loss	(7,654,335)	(4,949,315)
Tax charge recognised in other comprehensive income	90,560	453,219
Tax charge recognised in statement of changes in equity	-	6,087,800
Balance as at end of the year	35,432,845	42,996,620



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		2020	2019
		(Rupees)	
14 DEFERRED LIABILITY FOR STAFF GRATUITY			
Present value of defined benefit obligations	14.1	<u>15,808,838</u>	<u>13,440,488</u>
The actuarial valuation of gratuity plan was carried out as at 30 June 2020 by M/s. SIR Consultants. Following are the relevant disclosures:			
14.1 Movement in net liability			
Opening net liability		13,440,488	13,852,394
Expense for the year	14.2	3,032,883	2,215,651
Other comprehensive income (OCI)	14.3	(312,275)	(1,562,824)
Benefits paid		(352,258)	(1,064,733)
Closing net liability		<u>15,808,838</u>	<u>13,440,488</u>
14.2 Expense for the year recognized in profit and loss account			
Current service cost		1,142,712	1,116,749
Net interest		1,890,171	1,098,902
	14.4	<u>3,032,883</u>	<u>2,215,651</u>
14.3 Other comprehensive income (OCI)			
Actuarial remeasurements: actuarial gain on obligations		<u>(312,275)</u>	<u>(1,562,824)</u>
14.4 Expense for the year has been allocated as follows:			
Cost of sales	21	2,073,636	1,509,852
Administrative expenses	23	664,164	483,588
Selling and distribution expenses	24	295,083	222,211
		<u>3,032,883</u>	<u>2,215,651</u>
14.5 Principal actuarial assumptions used are as follows:			
Valuation discount rate per annum		8.50%	14.25%
Discount rate for profit and loss		14.25%	8.25%
Expected rate of eligible salary increase in future years per annum		10.00%	10.00%
Salaries increase rate per annum		8.19%	14.25%
Normal retirement age		60 Years	60 Years
Duration		7.67 Years	7.51 Years
Withdrawal rate		Moderate	Moderate
Mortality rate		SLIC 2001-2005	SLIC 2001-2005
Effective salary increase date		01 July 2020	01 July 2019



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	2020	2019
	----- (Rupees) -----	
14.6 Experience adjustment		
Defined benefit obligation	15,808,838	13,440,488
Fair value of plan assets	-	-
Net defined benefit liability	15,808,838	13,440,488
Remeasurement (gain) / loss on obligation	(312,275)	(1,562,824)
Remeasurement (gain) / loss on plan assets	-	-
	(312,275)	(1,562,824)

14.7 Sensitivity analysis

Particulars	----- (2020) -----		----- (2019) -----	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	15,808,838		13,440,488	
+1% Discount rate	14,677,962	(7.15%)	12,496,429	(7.02%)
-1% Discount rate	17,102,501	8.18%	14,513,564	7.98%
+1 % Salary increase rate	17,166,297	8.59%	14,571,854	8.42%
-1% Salary increase rate	14,602,222	(7.63%)	12,429,288	(7.52%)
+10% Withdrawal rates	15,788,152	(0.13%)	13,354,810	(0.64%)
-10% Withdrawal rates	15,830,257	0.14%	13,506,463	0.49%
1 Year Mortality age set back	15,807,192	(0.01%)	13,441,671	0.01%
1 Year Mortality age set forward	15,810,488	0.01%	13,439,308	(0.01%)

14.8 Maturity profile

Particulars	Undiscounted payments	
	2020	2019
	----- (Rupees) -----	
Year 1	2,211,426	1,330,539
Year 2	1,005,302	1,474,868
Year 3	1,249,382	1,011,438
Year 4	1,278,741	1,353,015
Year 5	946,808	1,432,757
Year 6 to Year 10	7,280,824	9,284,709
Year 11 and above	22,912,275	52,145,525
	2020	2019
	----- (Rupees) -----	

14.9 Current and non-current liability breakup

Current liability		
the expected benefits payable within next one year	2,326,007	1,404,395
Non-current liability	13,482,831	12,036,093
	15,808,838	13,440,488



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	2020	2019
	----- (Rupees) -----	
14.10 Ratios		
- Termination liability vs the actuarial liability		
Termination liability	13,531,967	11,948,768
Actuarial liability	15,808,838	13,440,488
Ratio of discontinuance to actuarial	85.60%	88.90%
- Service cost vs the actuarial liability		
Service cost	1,199,283	1,142,712
Actuarial liability	15,808,838	13,440,488
Ratio of service cost to actuarial	7.59%	8.50%
Past service years	13.17	12.32

14.11 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.

15 LONG TERM LOANS - Secured

Long term loan	15.1	13,319,900	27,850,700
Term finance under refinance scheme	15.2	12,002,509	--
		<u>25,322,409</u>	<u>27,850,700</u>
15.1 Long term loan			
Opening balance		54,033,750	79,271,550
Repayments during the year		<u>(25,237,800)</u>	<u>(25,237,800)</u>
		28,795,950	54,033,750
Current and overdue portion shown under current liabilities		<u>(15,476,050)</u>	<u>(26,183,050)</u>
		<u>13,319,900</u>	<u>27,850,700</u>



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The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (2019: 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 machinery for Rs. 59.48 million and Rs. 80.24 million respectively. Equitable mortgage over Industrial property bearing no D/58, S.I.T.E., measuring 2.42 acres, Karachi and import documents consigned to BAH.

	2020	2019
	(Rupees)	
15.2 Term finance under refinance scheme		
<i>At amortised cost</i>		
Acquired during the year	17,978,317	--
Deferred grant	16 (1,481,229)	--
	16,497,088	--
Current portion shown under current liabilities	(4,494,579)	--
	<u>12,002,509</u>	<u>--</u>

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

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

16 DEFERRED GRANT

Deferred grant on loan under refinance scheme	<u>1,481,229</u>	<u>--</u>
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16.1 This represents the 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 15.2).

17 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance	<u>95,645,256</u>	<u>73,408,493</u>
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The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 120 million (2019: Rs.120 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.

The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (2019: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (2019: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (2019: Rs.10 million) and Letter of Guarantee for Rs.10 million (2019: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.

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



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		2020	2019
		----- (Rupees) -----	
18 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors	18.1	137,606,549	79,147,103
Trade creditor for capital expenditure		59,825,756	--
Advance from customers		10,249,185	1,212,119
Accrued expenses and other payables		6,151,781	8,543,604
Payable to provident fund		704,230	557,093
Accrued mark-up		3,982,069	4,373,956
Workers' Profit Participation Fund	18.2	1,162,133	1,301,430
Workers' Welfare Fund		464,853	653,724
		220,146,556	95,789,029
18.1 Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.142 million (2019: Rs.0.168 million).			
18.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		1,301,430	3,468,467
Amount adjusted / paid to the Fund Trustees		(1,301,430)	(3,268,150)
Amount deposited with government		--	(194,317)
		--	6,000
Amount allocated for the year		1,162,133	1,295,430
		1,162,133	1,301,430
19 CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
Bank guarantees issued on behalf of the Company		--	9,802,204
19.2 Commitments			
Commitments under letter of credits		59,139,000	--
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi		402,590	402,590
20 SALES - Net			
Gross sales		1,021,263,416	969,747,926
Sales tax		(107,953,844)	(94,308,921)
	20.1	913,309,572	875,439,005



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	2020	2019
	(Rupees)	
20.1 Segment wise breakup of net sales		
Pro-labels	614,650,304	531,820,480
Exercise books	277,714,308	320,151,294
Ammonia paper	10,784,172	13,022,325
Plain paper	9,204,391	9,586,489
Printing	6,000	--
Sensitized machine parts	--	37,608
Waste paper	950,397	820,809
	913,309,572	875,439,005
21 COST OF SALES		
Opening stock of raw material	134,002,372	120,092,444
Purchases during the year	700,571,994	630,093,863
	834,574,366	750,186,307
Closing stock of raw material	6	6
Raw materials consumed	(164,726,667)	(134,002,372)
	669,847,699	616,183,935
Manufacturing overheads		
Salaries, wages and other benefits	21.1	82,288,014
Stores and spares consumed	21.2	33,962,816
Depreciation	4.2	29,774,297
Fuel and power		12,628,485
Other manufacturing expenses		8,116,456
Repairs and maintenance		5,343,270
Insurance expenses		1,451,397
Rent, rates and taxes		217,278
Telephone and trunk calls		164,029
		173,946,042
Manufacturing cost		843,793,741
Work in process - Opening		22,748,617
Work in process - Closing	6	(39,512,097)
		(16,763,480)
Cost of goods manufactured		827,030,261
Finished goods - Opening		15,061,695
Finished goods - Closing	6	(25,693,662)
		(10,631,967)
		816,398,294
		776,168,009
21.1 Salaries, wages and other benefits include a sum of Rs.3.635 million (2019: Rs.2.958 million) in respect of staff retirement benefits.		



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		2020	2019
		(Rupees)	
21.2	Stores and spares consumed		
	Opening balance	3,668,989	4,810,216
	Purchases during the year	37,026,067	32,052,417
		<u>40,695,056</u>	<u>36,862,633</u>
	Closing balance	(6,732,240)	(3,668,989)
		<u>33,962,816</u>	<u>33,193,644</u>
21.3	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.		
22	OTHER OPERATING INCOME		
	<i>Income from non-financial assets</i>		
	Gain / (loss) on disposal of property, plant and equipment	116,096	(7,893)
	Other income	43,830	284,711
		<u>159,926</u>	<u>276,818</u>
23	ADMINISTRATIVE EXPENSES		
	Staff salaries and benefits	23.1 15,566,956	14,765,619
	Chief executive's remuneration	7,988,141	6,462,180
	Legal and professional fees	2,164,753	2,936,119
	Repairs and renewals	1,725,857	1,586,867
	Electric charges	1,334,670	938,374
	Depreciation	4.2 1,208,120	1,130,495
	Traveling and conveyance	828,418	1,402,206
	Charity and donation	23.2 800,000	825,000
	General expenses	788,343	685,742
	Auditor's remuneration	23.3 720,000	570,000
	Insurance expense	571,002	500,836
	Advertisement expenses	438,725	373,875
	Website designing and development	425,242	61,114
	Postage and telegrams	399,399	394,724
	Directors' fees	340,000	230,000
	Stationery and periodicals	276,789	312,413
	Rent, rates and taxes	179,500	150,000
	Telephone charges	170,969	113,354
		<u>35,926,884</u>	<u>33,438,918</u>
23.1	Staff salaries and benefits include a sum of Rs.1,525 million (2019: Rs.1,275 million) in respect of staff retirement benefits.		



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	2020	2019	
	(Rupees)		
23.2 Charity and donation			
Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	250,000	250,000	
The Citizens Foundation	250,000	200,000	
Rotary Club Karachi	--	75,000	
The Kidney Centre	300,000	300,000	
	<u>800,000</u>	<u>825,000</u>	
23.2.1 Donations during the year include donation amounting to Rs.0.25 million (2019: Rs.0.25 million) to Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College of Deaf). Mrs. Muleika Sayeed a Director of the Company is the Honorary Treasurer of ABSA School and College of Deaf. Except above, none of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.			
23.3 Auditor's remuneration			
Audit of financial statements	575,000	425,000	
Review of half-yearly financial statements	75,000	75,000	
Review report on code of corporate governance	30,000	30,000	
Provident fund audit fee	10,000	10,000	
Workers' Profit Participation Fund audit fee	10,000	10,000	
Other certificates	20,000	20,000	
	<u>720,000</u>	<u>570,000</u>	
24 SELLING AND DISTRIBUTION EXPENSES			
Staff salaries and benefits	24.1	6,758,528	6,276,241
Cartage and forwarding		3,775,564	2,992,951
Vehicle running expenses		2,178,307	1,611,343
Depreciation	4.2	977,249	769,473
Sales promotion		492,700	796,939
Advertisement and publicity		326,000	301,624
Utilities		285,615	218,757
Insurance expenses		257,409	212,546
Tender fees		22,000	2,700
Printing and stationery		2,940	1,580
		<u>15,076,312</u>	<u>13,184,154</u>
24.1 Staff salaries and benefits include a sum of Rs.0.498 million (2019: Rs.0.411 million) in respect of staff retirement benefits.			
25 FINANCE COST			
Mark-up on long term loan		6,203,178	6,899,412
Mark-up on short term running finance		10,555,250	8,824,511
Exchange loss		5,964,643	10,974,035
Bank and other charges		102,278	318,183
		<u>22,825,349</u>	<u>27,016,141</u>



PAKISTAN PAPER PRODUCTS LIMITED

	2020	2019
	(Rupees)	
26 TAXATION - Net		
<i>Current tax</i>		
For the year	13,699,644	10,942,988
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	(7,654,335)	(4,949,315)
	<u>6,045,309</u>	<u>5,993,673</u>
26.1 Reconciliation between tax expense and accounting profit		
Profit for the year	<u>21,615,673</u>	<u>23,968,439</u>
Tax on accounting profit @ 29% (2019: @ 29%)	6,268,545	6,950,847
Difference between depreciation rates	1,259,933	1,332,838
Inadmissible expenses	290,076	(6,721,504)
Tax credit under section 61 and 65B of the Ordinance	(232,000)	(239,250)
Tax effect of permanent differences	(1,541,245)	4,670,742
	<u>6,045,309</u>	<u>5,993,673</u>
Average tax rate	<u>28%</u>	<u>25%</u>
26.2 The income tax assessments of the Company deemed to have been finalized up to tax year 2018. The return of income of the Company for Tax Years 2017 has been selected for tax audit and the proceedings are in progress. The monitoring of withholding taxes for the Tax Year 2015 is under process.		
27 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	<u>15,570,364</u>	<u>17,974,766</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>1.95</u>	<u>2.25</u>

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



PAKISTAN PAPER PRODUCTS LIMITED

	2020	2019
	(Rupees)	
28 CASH GENERATED FROM OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,615,673	23,968,439
<i>Adjustments for non-cash and other items:</i>		
Depreciation	4.2 31,959,666	32,072,965
Provision for gratuity	14.1 3,032,883	2,215,651
Provision for Workers' Profit Participation Fund	1,162,133	1,295,430
Provision for Workers' Welfare Fund	464,853	644,732
Finance cost	16,860,706	16,042,106
Exchange loss	25 5,964,643	10,974,035
Loss on disposal of fixed assets	22 (116,096)	7,893
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(3,063,251)	1,141,227
Stock-in-trade	(58,119,742)	(16,016,974)
Trade debts	(41,111,811)	(45,148,049)
Advances and other receivables	16,056,856	19,168,714
Trade deposits and short term prepayments	1,313,975	(6,060,180)
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	117,157,785	22,399,963
Cash generated from operations	<u>113,178,271</u>	<u>62,705,952</u>
29 CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,410,201	5,711,972
Short term borrowings - Secured	(95,645,256)	(73,408,493)
	<u>(91,235,055)</u>	<u>(67,696,521)</u>

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees)							
Fee	—	—	340,000	230,000	—	—	340,000	230,000
Managerial remuneration and allowances	3,295,500	3,295,500	—	—	—	—	3,295,500	3,295,500
Provident fund	274,620	274,620	—	—	—	—	274,620	274,620
Medical expenses	143,360	91,054	—	—	—	—	143,360	91,054
House rent	1,482,972	1,482,972	—	—	—	—	1,482,972	1,482,972
Reimbursable expenses	3,067,064	1,578,878	—	—	—	—	3,067,064	1,578,878
	<u>8,263,516</u>	<u>6,723,024</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,263,516</u>	<u>6,723,024</u>
Number of persons:	<u>1</u>	<u>1</u>	<u>6</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>7</u>	<u>6</u>

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.



PAKISTAN PAPER PRODUCTS LIMITED

31 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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

Name of the related party	Relationship and percentage of shareholding	Transactions during the year	2020	2019
			(Rupees)	
M/s. Sayeed International	A director of the Company is the owner of the business.	Purchases	602,024	1,271,381
		Sales	13,260	—
		Purchase of machinery	111,150	—
		Other income (repairing service)	15,000	—
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	5,251,188	4,857,610
			2020	2019
			(Numbers)	

32 NUMBER OF EMPLOYEES

Number of employees as at 30 June	112	115
Number of factory employees as at 30 June	93	85
Average number of employees during the year	112	112
Average number of factory employees during the year	93	82

33 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.

33.1 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.



PAKISTAN PAPER PRODUCTS LIMITED

33.2 Segment information

	Exercise Books		Prestalife		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	277,714,384	324,131,294	614,658,304	531,820,440	20,944,590	23,687,231	913,304,372	879,639,005
Cost of sales	(254,975,481)	(277,539,905)	(544,955,513)	(482,330,006)	(13,230,230)	(16,280,298)	(813,196,244)	(776,168,009)
Gross profit	22,738,903	46,591,389	69,702,791	49,490,434	7,714,360	7,406,933	100,108,128	103,471,006
Segment expenses								
Administrative expenses	(17,784,431)	(16,283,942)	(18,217,493)	(15,336,996)	(1,954,960)	(1,690,089)	(37,351,864)	(31,618,518)
Selling and distribution expenses	(7,680,786)	(6,733,962)	(5,115,813)	(4,248,449)	(2,220,325)	(2,131,343)	(15,376,312)	(12,364,194)
Finance cost	(4,582,486)	(5,811,792)	(17,807,117)	(22,850,301)	(425,826)	(584,947)	(22,823,348)	(27,814,341)
Workers' profit participation fund	(351,375)	(557,815)	(782,107)	(886,379)	(26,651)	(31,617)	(1,162,132)	(1,295,436)
Workers' welfare fund	(141,351)	(177,515)	(312,843)	(241,389)	(10,689)	(25,784)	(464,552)	(484,732)
	(30,482,347)	(27,571,767)	(41,225,373)	(43,763,412)	(4,698,612)	(4,243,777)	(75,483,531)	(75,476,379)
Operating profit	(7,743,444)	19,019,622	28,477,418	5,726,922	3,015,748	3,163,156	24,624,597	27,994,627
Other operating income / (loss)							139,828	(276,818)
Profit before taxation							24,764,425	27,717,809
Taxation - Net							(8,845,389)	(3,901,671)
Profit after taxation							15,919,036	23,816,138

33.3 Segment-wise assets and liabilities are not being reviewed by the Chief Operating Decision Maker.

34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 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.



PAKISTAN PAPER PRODUCTS LIMITED

34.2 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 2020 and 30 June 2019 was as follows:

	2020		2019	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees)		(Rupees)	
Long term deposits	954,008	954,008	913,872	913,872
Trade debts	214,588,467	214,588,467	173,476,656	173,476,656
Advances and other receivables	7,568,906	7,568,906	6,871,380	6,871,380
Trade deposits	224,398	224,398	224,884	224,884
Cash and bank balances (excluding cash in hand)	4,240,201	4,240,201	5,555,612	5,555,612
	<u>227,378,980</u>	<u>227,378,980</u>	<u>187,040,404</u>	<u>187,040,404</u>

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:

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees)		(Rupees)	
Neither past due nor impaired	—	—	—	—
Past due 0-30 days	140,098,522	—	90,745,385	—
Past due 31-60 days	42,627,837	—	45,778,809	—
Past due 61-90 days	20,554,245	—	24,032,482	—
Past due 91-120 days	6,187,200	—	9,553,156	—
Past due more than 120 days	5,140,275	—	3,366,824	—
	<u>214,608,079</u>	<u>—</u>	<u>173,476,656</u>	<u>—</u>

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+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Habib Bank Limited	VIS	A-1+	AAA

None of the financial assets of the Company are secured.



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34.3 Liquidity risk

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

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

Exposure to liquidity risk

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

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
2020						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	46,774,267	51,674,175	10,344,136	13,262,691	23,551,763	4,515,585
Creditors, accrued and other liabilities	148,902,532	148,902,532	148,902,532	--	--	--
Short term borrowings	93,645,256	--	--	--	--	--
	291,322,055	200,576,707	159,246,668	13,262,691	23,551,763	4,515,585
	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
2019						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	54,033,750	58,518,724	28,493,059	16,224,650	13,801,015	--
Creditors, accrued and other liabilities	93,366,093	93,366,093	93,366,093	--	--	--
Short term borrowings	73,408,493	78,811,358	78,811,338	--	--	--
	220,808,336	230,696,175	200,670,490	16,224,650	13,801,015	--

34.4 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.

34.4.1 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 exports its products, accordingly it is exposed to currency risk, primarily with respect to trade debts denominated in US Dollars (USD).



PAKISTAN PAPER PRODUCTS LIMITED

Exposure to currency risk

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

		2020	2019
Spot rate as at 30 June	USD	<u>168.60</u>	<u>164.50</u>
Trade creditors	USD	<u>720,289</u>	<u>305,299</u>
Trade creditors	Rupees	<u>121,440,725</u>	<u>50,221,759</u>

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2020 would have increased / (decreased) equity and profit and loss account by Rs.6.072 million (2019: Rs.2.511 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.

34.4.2 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:

	2020	2019
	----- (Rupees) -----	
Fixed rate instruments		
<i>Financial liabilities</i>		
Long term loans	<u>17,978,317</u>	<u>--</u>
Variable rate instruments		
<i>Financial liabilities</i>		
Long term loans	28,795,950	54,033,750
Short term borrowings	<u>95,645,256</u>	<u>73,408,493</u>
	<u>124,441,206</u>	<u>127,442,243</u>

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.

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.1.244 million (2019: Rs.1.274 million). This analysis assumes that all other variables remain constant.



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34.4.3 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.

34.5 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 values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instrument in its portfolio.

35 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.

36 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks
		2020	2019	2020	2019	
a) Exercise books	Groose	58,632	58,632	50,466	55,708	Due to lack of demand.
b) Sensitized paper	Rolls	216,000	216,000	17,093	26,939	Due to lack of demand.
c) Prolabels	Sq. Mater	3,500,000	3,000,000	5,421,736	5,276,473	Due to extra shifts.

36.1 The capacity is determined on single shift basis.



PAKISTAN PAPER PRODUCTS LIMITED

37 IMPACT OF COVID 19 ON FINANCIAL STATEMENTS

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

38 SUBSEQUENT EVENT

The Board of Directors in its meeting held on 11 September 2020 proposed final cash dividend of Rs.1.25 per ordinary share for the year ended 30 June 2020 amounting to Rs.10.00 million for approval of the members at the upcoming Annual General Meeting. These financial statements do not reflect this appropriation and the proposed dividend payable.

39 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.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 11 September 2020 by the Board of Directors of the Company.

41 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, 2020

Number Of Share Holders	From	Share Holding To	Total Shares Held
248	1	- 100	6,982
188	101	- 500	51,795
97	501	- 1000	65,999
170	1001	- 5000	342,096
27	5001	- 10000	184,362
11	10001	- 15000	125,410
2	15001	- 20000	36,315
1	20001	- 25000	21,938
4	25001	- 30000	108,091
1	35001	- 40000	36,570
1	40001	- 45000	42,657
1	45001	- 50000	49,057
3	50001	- 55000	157,301
1	55001	- 60000	56,516
3	110001	- 115000	339,331
1	130001	- 135000	130,833
2	135001	- 140000	275,200
1	155001	- 160000	159,333
1	175001	- 180000	179,661
1	235001	- 240000	238,666
2	245001	- 250000	498,622
1	265001	- 270000	268,512
1	345001	- 350000	347,000
1	415001	- 420000	417,334
1	560001	- 565000	561,057
1	615001	- 620000	619,101
1	765001	- 770000	768,961
1	905001	- 910000	907,026
1	1000001	- 1005000	1,004,274
774			8,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	754	5,573,270	69.67
2	Financial Institutions	2	1,867	0.02
3	Joint Stock Companies	7	953,930	11.92
4	Insurance Companies	2	427,845	5.35
5	Mutual Fund	6	983,290	12.29
6	Modaraba	1	1,300	0.02
7	Other	2	58,498	0.73
		774	8,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2020

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	907,026	11.34
	Management & Enterprises (Pvt.) Limited	907,026	
2	NIT & ICP	629,958	7.87
	National Bank of Pakistan-Trustee Department NI(U)T Fund	619,101	
	Investment Corporation of Paksitan	6,816	
	IDBL (ICP) Unit	4,041	
3	Directors, CEO, their Spouses and Minor Children	2,884,184	36.05
	Mrs. Muleika Sayeed	429,661	
	Mr. Abbas Sayeed	611,057	
	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	2,689,086	33.61
6	Public Sector Companies and Corporation	268,512	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	621,234	7.77
	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 _____ or failing whom _____ Folio/CDC Account No. _____ of
_____ who is also a member of the Company as my/our proxy to attend and vote for me/us
and on my / our behalf at the 58th ANNUAL GENERAL MEETING of the Company to be held on Thursday 22nd
October 2020 at 11:00 am and at any adjournment thereof.

Signed this _____ day of _____ 2020

Rs. 5/-
Revenue
Stamp

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

Signature _____

Witnesses:

1: Signature _____

Name: _____

Address: _____

CNIC: _____

2: Signature _____

Name: _____

Address: _____

CNIC: _____

Important:

1. This form of Proxy, duly completed and signed, must be deposited at the Company's Registered Office not later than 48 hours.
2. This form should be affixed by the Member or by his / her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member is entitled to attend and vote at the meeting may appoint any other Member as his/ her proxy to attend and vote on his/ her behalf except that a corporation may appoint a person who is not a Member.

For CDC Account Holder / Corporate Entities:

In addition of the above following requirements have to be met:

- I. The proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.
- II. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- III. The proxy shall produce his/ her original CNIC or passport at the time of the meeting.
- IV. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



PAKISTAN PAPER PRODUCTS LIMITED

پاکستان پیپر پروڈکٹس لمیٹڈ مختار نامہ

میں اہم _____
 کار کے _____
 بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور اس کے حصص، برطانیہ شیئر رجسٹرڈ نمبر _____
 اور ایسی ڈی سی پارٹنرس (شرکت آئی ڈی نمبر _____)
 اور سب اکاؤنٹ (زی بی کمان) نمبر _____
 محترم اجلاس _____
 کو اپنے اجلاس کے تاریخ _____ مورخہ 22 اکتوبر 2020ء جمعرات صبح 11 بجے 00 منٹ
 کو متفقہ ہونے والے کئی کے مسائل اجلاس عام میں حل کرنے کے لیے کسی بھی اجلاس کی صورت میں اپنا اہلکار اور نمائندہ (پراسی) مقرر کرتے ہیں۔

آج رات _____ تاریخ _____ 2020ء کو دیکھا گیا ہے۔

گواہان:

<p>دیکھا گیا</p> <p>م: _____</p> <p>ب: _____</p> <p>کیپولٹراڈ شہادت کارڈ یا سپورٹ نمبر _____</p>	<p>_____</p> <p>_____</p> <p>_____</p>
	<p>_____</p> <p>_____</p> <p>_____</p>
	<p>_____</p> <p>_____</p> <p>_____</p>
<p>دیکھا گیا</p> <p>م: _____</p> <p>ب: _____</p> <p>کیپولٹراڈ شہادت کارڈ یا سپورٹ نمبر _____</p>	<p>_____</p> <p>_____</p> <p>_____</p>
	<p>_____</p> <p>_____</p> <p>_____</p>
	<p>_____</p> <p>_____</p> <p>_____</p>

نوٹ:

- 1- ایک نمبر (رکن) جو اجلاس میں شرکت نہیں کر سکا، اس کا نام کو عمل کرنے اور دیکھا کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کرے۔
 - 2- ای ڈی سی شیئر ہولڈر ہونے کی صورت میں، رکن 11 کے علاوہ اہل میں درج کیا جاتا ہے۔ یہ بھی عمل کرنا ہوگا۔
- (الف) فری ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور اپنا وہ جس کی کلیج رجسٹرڈ روپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی گھنٹوں سے قواعد و ضوابط کے مطابق اپنا وہ ہوں انہیں کھلی کی جانب سے ای ڈی سی کی حیثیت میں فراہم کیا جائے گا۔
- (ب) متواتر سے پانچ سالوں کے دوران کے نام سے اور کیپولٹراڈ شہادت کارڈ یا سپورٹ نمبر پر درج ہوں۔
- (ج) تنظیم (مستند ہونے والے فرم) کیپولٹراڈ شہادت کارڈ یا سپورٹ کی صورت میں کوئی شکوکہ نہ ہوگی جسے نائب مقرر کے سربراہوں کے پاس۔
- (د) اجلاس کے وقت نائب کو اپنا اصل کیپولٹراڈ شہادت کارڈ یا سپورٹ پیش کرنا ہوگا۔
- (ه) کاروبار ہونے کی صورت میں بحیثیت نمبر (رکن) اپنا آف ڈائریکٹرز قرار دے اور اسے نمبر 11 کے تحت دیکھا جاوے گا اور ای ڈی سی فراہم نہ کئے گئے ہوں یا کسی کا نام (مقررہ) کے سربراہوں میں فراہم کرنا ہوگا۔

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