



**Annual Report**  
*2014*

**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

Mohammad Ali Sayeed	-Chairman	Non-Executive
Abid Sayeed	-Chief Executive	Executive
Abbas Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Dr. Asadullah Sayeed		Non-Executive
Zahid Dada		Independent Director
Shoaib Ahmad Khan	-NIT Nominee	Non-Executive

### AUDIT COMMITTEE

Abbas Sayeed	-Chairman
Zahid Dada	-Member
Dr. Asadullah Sayeed	-Member

### HR AND REMUNERATION COMMITTEE

Zahid Dada	-Chairman
Abbas Sayeed	-Member
Shoaib Ahmad Khan	-NIT Nominee

### CHIEF FINANCIAL OFFICER

Rizwan Ahmed Mughal

### COMPANY SECRETARY

Faisal Saeed Khan

### AUDITORS

Haider Shamsi & 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](http://www.pakpaper.com)



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## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTICE OF MEETING

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of the Shareholders of Pakistan Paper Products Ltd will be held at SITE Association of Industry Aiwan-e-Sanat H-16 Textile Avenue SITE Karachi on Wednesday 22<sup>nd</sup> October, 2014 at 11:30 am to transact the following business :-

1. To confirm the Minutes of the last Extra Ordinary General Meeting held on 10<sup>th</sup> May 2014.
2. To receive and adopt the audited accounts of the Company for the year ended on 30th June, 2014 together with the Directors' Report and Auditors' Report thereon.
3. To approve the payment of Interim Dividend @ of 3.00 per share (30%) as recommended by the Board of Directors.
4. To appoint Auditor for the year 2014-2015 and to fix their remuneration.

#### Special business

5. To authorize the Company, subject to the approval of Securities & Exchange Commission of Pakistan, to transmit its quarterly accounts (financial statements) by placing the same on the Company website, instead of sending the same to the members by post.

**“RESOLVED that subject to the approval of the Securities and Exchange Commission of Pakistan (SECP) and compliance of the requirements as laid down in SECP Circular No. 19 dated April 14, 2004, the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on the website of the Company.”**

[Statement under Section 160 (I) (b) of the Companies Ordinance 1984 in respect of the special business of the Agenda item numbers 5 to be considered at the meeting is being sent to the members along with a copy of this notice.]

By Order of the Board

(FAISAL SAEED KHAN)  
Company Secretary

Karachi  
15<sup>th</sup> September 2014  
NOTES:

1. The Share Transfer Book of the Company will remain closed from 13.10.2014 to 22.10.2014 (both days inclusive).
2. A members entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have to follow the under mentioned



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## PAKISTAN PAPER PRODUCTS LIMITED

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guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

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) In case of Corporate entity, the Board of Directors resolution of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

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.
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).
4. The members /shareholders having physical shares and have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the company to send the same at the earliest to the Share Registrar M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I Chundrigar Road Karachi 74000, Email: [fdregistrar@yahoo.com](mailto:fdregistrar@yahoo.com) or , Pakistan Paper Products Ltd, D/58, Estate Avenue, SITE-Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/NTN details.



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Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notification dated August 18, 2011 SRO 779 (I) 2011, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Please note that Dividend Warrants will not be sent to the registered members or their authorized persons, if their CNIC/NTN is not received prior to dispatch of the Dividend Warrants.

5. Members are also requested to notify any change in address immediately.
6. 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.
7. Number of share certificates and dividends warrants have been returned marked as “undelivered”. Any member affected by this is advised to write or call our Share Registrar M/s. FD Registrar Services (SMC) –Pvt), 17th Floor, Saima Trade Tower- A I.I Chundrigger Road, Karachi during working hours. Ph: 0092-21-35478192-93 Fax: 0092-21-3221233 Email: [fdregistrar@yahoo.com](mailto:fdregistrar@yahoo.com)

### **For item # 5 of the Agenda - Transmission of Quarterly Accounts through Website**

The Board of Directors have recommended for Shareholders’ approval that, the Quarterly Accounts (Financial Statements) of Pakistan Paper Products Limited be transmitted to the members / shareholders by placing the same on the Company’s Website in accordance with the requirements of Circular No.19 of 2004, dated 14th April 2004, issued by the Securities & Exchange Commission of Pakistan; which will be treated as compliance of Section 245 of the Companies Ordinance, 1984. The Company intends to use its website “[www.pakpaper.com](http://www.pakpaper.com)” for transmitting the Quarterly Accounts (financial statements) to its members / shareholders.

The transmitting of the Quarterly Accounts, subject to the approval of the Shareholders and Securities and Exchange Commission of Pakistan, will result in prompt disclosure and availability of financial information to the stakeholders including the Shareholders. It will also save compilation, printing and dispatch costs each quarter. However, the Company will continue to supply copies of Accounts to the Stock Exchange in accordance with the relevant listing regulations, SECP and on demand to shareholders / members at their registered address free of charge.

The resolution required for the above purpose is set forth in the Notice convening the Annual General Meeting and that Resolution will be proposed and passed as an ordinary resolution.





## PAKISTAN PAPER PRODUCTS LIMITED

### OPERATING HIGHLIGHTS

Rupees in Thousand

	2014	2013	2012	2011	2010	2009
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### HISTORICAL TRENDS

#### Trading results

Turnover	527,020	543,319	483,498	433,925	362,435	342,308
Sales - Net	504,312	501,239	433,308	382,683	322,025	312,028
Gross Profit	110,076	96,736	100,009	94,830	77,991	70,797
Profit before tax	73,404	60,024	64,544	62,554	52,021	46,280
Taxation	25,164	21,228	23,160	21,678	15,991	14,918
Profit after tax	48,239	38,795	41,383	40,876	36,030	31,362

#### Dividend

	*					
Cash Dividend	30%	30%	-	40%	25%	20%
Stock Dividend	-	-	20%	-	33.33%	-
Cash Dividend Value	18,000	18,000	-	20,000	9,375	7,500
Stock Dividend Value	-	-	10,000	-	12,500	-
Dividend Payout	37.31%	46.40%	24.16%	48.93%	60.71%	23.91%

#### Financial Position

Total Assets	637,770	522,456	535,907	440,856	380,573	352,434
Paid up Capital	60,000	60,000	50,000	50,000	37,500	37,500
Reserves	226,649	196,083	184,800	162,652	142,664	113,567
Working capital	181,396	153,940	132,845	128,839	114,419	102,818
Current Ratio	3.99	3.60	2.66	3.54	3.77	4.05

### KEY INDICATORS

#### Operating

Gross Profit	21.83%	19.30%	23.08%	24.78%	24.22%	22.69%
Profit before tax	14.56%	11.98%	14.90%	16.35%	16.15%	14.83%
Profit after tax	9.57%	7.74%	9.55%	10.68%	11.19%	10.05%
Return on Equity	16.83%	15.15%	17.62%	19.22%	20.00%	20.76%
Return on Assets	7.56%	7.43%	7.72%	9.27%	9.47%	8.90%

#### Valuation

Earning per share (pre tax)	12.23	10.00	12.91	12.51	10.40	12.34
Earning per share (post tax)	8.04	6.47	8.28	8.18	7.21	8.36
Breakup value per share	47.77	42.68	46.96	42.53	48.04	40.28

#### Asset utilisation

Inventory turnover ratio	4.39	4.08	3.44	3.57	3.37	3.44
Total assets turnover ratio	0.79	0.96	0.81	0.87	0.85	0.89

#### Production

Exercise Books (Goose)	55,842	57,887	53,230	45,690	45,122	54,419
Amonia Paper (Rolls 10 yds)	48,989	44,264	50,026	58,275	55,976	81,131
Pro-Labels (Sq. Meter)	2,792,742	2,930,907	2,636,652	2,423,480	2,091,423	1,665,778

\*30% Interim Cash dividend paid for the year 2014.

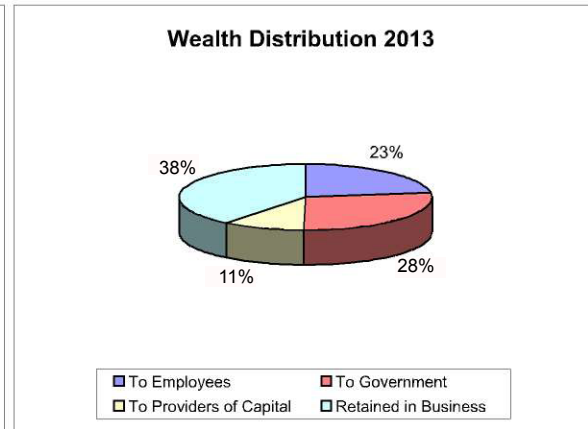
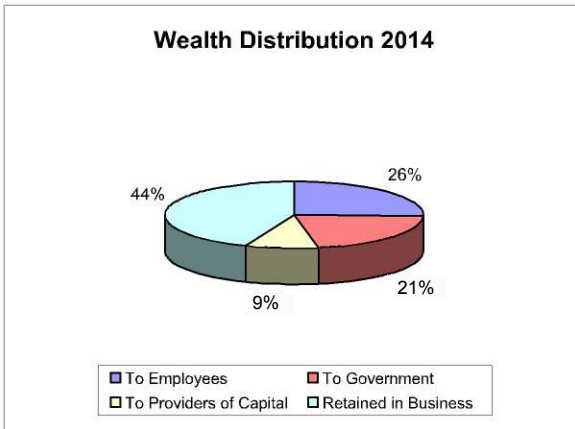


## PAKISTAN PAPER PRODUCTS LIMITED

### Statement of Value Added and its Distribution

	2014		2013	
	Rupees in thousand	%	Rupees in thousand	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax & other income	528,285		545,013	
Bought-in-material & services	293,579		311,955	
	234,706	100.00%	233,058	100.00%
<b>Wealth Distributed</b>				
To Employees				
Salaries, wages, benefits & related cost	60,197	25.65%	52,788	22.65%
To Government				
Income tax, sales tax & workers' fund	49,819	21.23%	64,659	27.74%
To Providers of Capital				
Dividend to share holders	18,000	7.67%	18,000	7.72%
Markup on borrowed funds	3,883	1.65%	6,375	2.74%
Retained in Business				
Depreciation & retained profit	102,807	43.80%	91,237	39.15%
	234,706	100.00%	233,058	100.00%

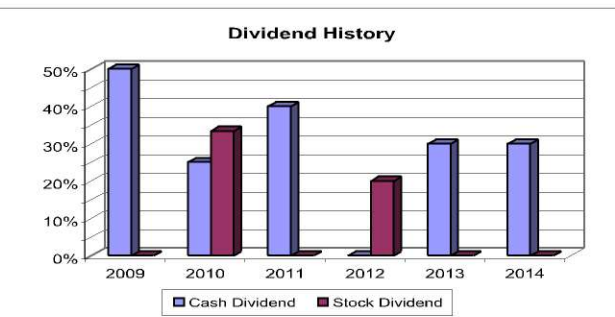
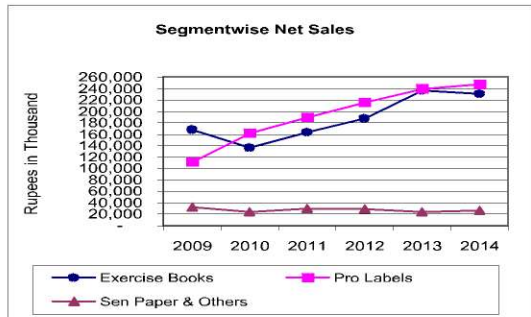
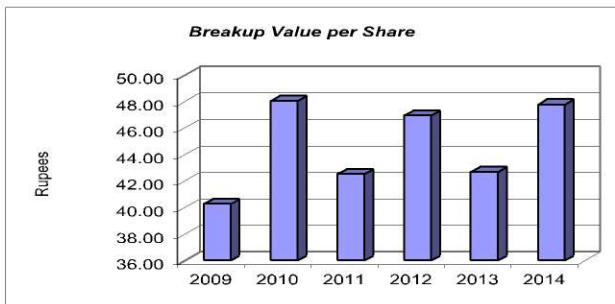
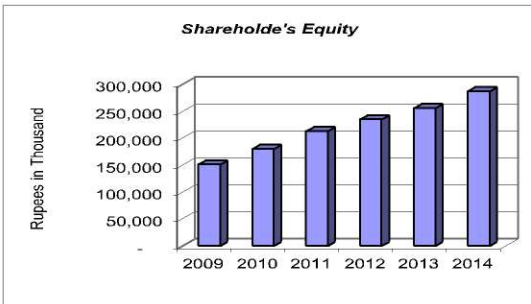
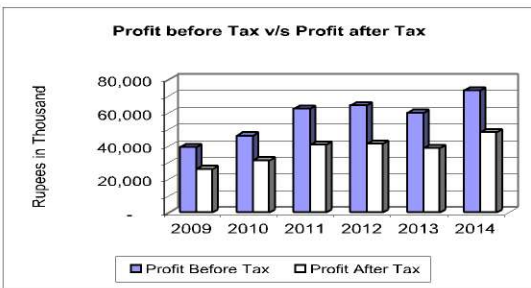
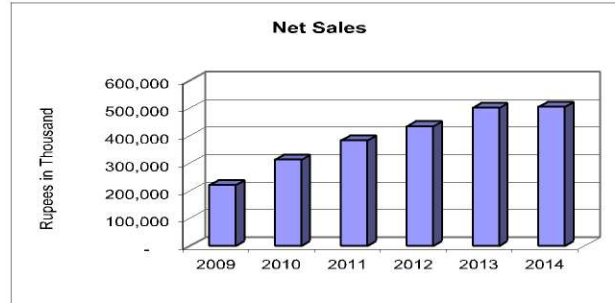
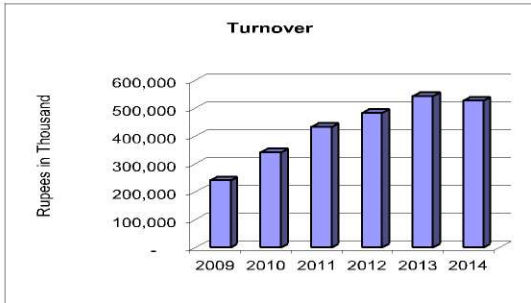
\* Interim dividend Paid in Year 2014.





# PAKISTAN PAPER PRODUCTS LIMITED

## GRAPHIC ILLUSTRATION



\* In 2014 Interim Cash Dividend is 30%.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### DIRECTORS' REPORT

The Board of Directors are pleased to present the 52<sup>nd</sup> Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2014 and describes its financial, social and environmental performances.

#### Operating Results

We are pleased to inform you that the company had another good year recording Turnover and Net Sales of Rs 527 million and Rs 504 million respectively. There was a slight reduction in the turnover of the company which was mainly caused by a marginal fall in Sales of Exercise books by 2.79%. Pro Labels, Sensitized Paper, and Photo Copy paper all showed growths of 3.08%, 8.29%, and 17.23% respectively.

Pro Labels section enjoyed another robust year of growth. The Pakistani market is continuing to grow in volume as even right now the per capita consumption of self adhesive material is negligible compared to the developed countries and even the emerging countries. The multinational companies involved in such FMCG goods are constantly upgrading their packaging to new and higher levels and we hope to capitalize on this growth when such an upgradation comes in the self-adhesive labels sector. However, increased competition is going to affect the margins in the coming years as new entrants are trying to grab our market share by offering lower prices. We are well aware of this issue and hope that our consistent quality, and higher efficiency in production will offset this to some extent.

Exercise Books had an excellent year in spite of reduction in sales by 2.79%. This was mainly due to the fact that last financial year we had recorded double seasonal sales for one of our major institutional client. We also managed to improve our margins this year by bringing in more efficiency in production and also managed to pass on a small increase in price based on quality and good service. Our sales could have improved further but we were extremely hampered by shortage of paper as the local paper mills were not able supply us material in a timely manner due to energy shortages on their end. We hope to overcome this problem this year by purchasing our full year requirement very early on so that we do not face any shortages during the season. This will of course lead to an increase in inventory cost and higher working capital requirement which will in turn increase our financial cost, but we are hopeful that higher sales and more efficient production will offset these costs.



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## PAKISTAN PAPER PRODUCTS LIMITED

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Sensitized paper and Photocopy paper had a positive year with sales rising by 8.29% and 17.23% respectively. While this is the smallest sector of the company but we have been able to improve our margins by trimming our overhead costs and increasing institutional sales which has higher margin compared to retail sale.

### Financial Results

In spite of the lower turnover the profitability of the company improved compared to last year. Gross Profit increased by 13.79% and Net Profit after taxation increased by 24.34%.

	<u>June, 2014</u>	<u>June, 2013</u>
Profit before taxation	73,404,202	60,023,541
Taxation	<u>(25,164,812)</u>	<u>(21,228,258)</u>
Profit after taxation	48,239,390	38,795,283

This was mainly achieved by bringing in more efficiency in our production and the appreciation of the Pak Rupee against the USD was also a major contributing factor.

### Dividend

The Board has already declared an interim dividend of 30% in the third quarter of this financial year which has been paid to the shareholders that were on the books as per the announced book closure.

### 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 Ordinance, 1984.

### Manufacturing and Operations

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

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

### Corporate and 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 will make donations to needy organizations.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### Health

We are committed to demonstrate sound environmental performance by controlling the impact of our operations and products on the environment and we further endeavour 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 Karachi 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 upon 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.
- ◆ During the year four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

<u>Name of Directors</u>	<u>Meetings Attended</u>
Mr. Mohammad Ali Sayeed	3
Mr. Abid Sayeed	4
Mr. Abbas Sayeed	3
Dr. Asadullah Sayeed	4
Mrs. Muleika Sayeed	4
Mr. Zahid Dada	2
Mr. Bashir Ahmed/Mr. Shoaib Ahmad Khan	3



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## PAKISTAN PAPER PRODUCTS LIMITED

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### **Statement of Code of Conduct**

The Board has adopted the statement of Code of Conduct. 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.

### **Future Outlook and Challenges**

Through constant BMR and addition to capacity in all areas of production, your company is well poised for the future and ready to take on additional market demand for its products as required. The packaging industry of Pakistan is continuing to grow and expand which is creating more opportunities for Pro Labels which is currently the fastest growing segment of the company. We are now facing a lot of unhealthy competition in this area where new entrants are reducing their prices drastically in order to gain market share which is of course a very unhealthy way of doing business as the whole industry in the end is on the losing end. The management is well aware of these issues and is trying to focus on areas of higher quality and better product mix in order to mitigate these problems.

The other main area of concern remains the unstable exchange rate as this has a huge impact on our margins as a major chunk of our raw materials are imported.

### **Audit Committee**

Comprises of three members from the Board, all are non-executive director including the chairman of the audit committee. 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 three members from the Board which all are non-executive directors including the Chairman. The Committee reviews and formulates the HR & management policies of the company. The Committee is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests



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## PAKISTAN PAPER PRODUCTS LIMITED

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### **Operating and Financial Data**

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

### **AUDITORS**

The present Auditors M/s Haider Shamsi & Co. offer themselves for reappointment.

### **Pattern of Shareholding**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2014 whose disclosure is required under the reporting framework is included in the report.

During the year Mrs. Muleika Sayeed Gifted =70000= ordinary shares to Dr. Asadullah Sayeed and Mrs. Nusser Abbas Sayeed w/o Mr. Abbas Sayeed received =55999= ordinary shares as Gift from Mr. Usman Abbas Sayeed.

Other than the above, the Directors, CFO, Company Secretary and their spouses and minor children have made no transactions of company's shares during the year.

### **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.

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

On behalf of the Board of Directors

**MOHAMMAD ALI SAYEED**

Chairman

**ABID SAYEED**

Chief Executive

Dated: September 15, 2014  
Karachi





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## PAKISTAN PAPER PRODUCTS LIMITED

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### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of Listing regulations of Karachi Stock Exchange (Guarantee) Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:-

Category	Names
Executive Director	Mr. Abid Sayeed
Non-Executive Directors	Mr. Mohammad Ali Sayeed Mrs. Muleika Sayeed Mr. Abbas Sayeed Dr. Asadullah Sayeed Mr. Zahid Dada Mr. Shoaib Ahmad Khan (N.I.T)

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy on the board arisen during the year ended June 30, 2014.

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.

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 material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.



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## PAKISTAN PAPER PRODUCTS LIMITED

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8. The meetings of the board were presided over by the Chairman and, in this absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were fully endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members of whom all are non-executive directors including Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members of whom all are non-executive directors including Chairman of the committee.
18. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Head of Internal Audit who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.



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**PAKISTAN PAPER PRODUCTS LIMITED**

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21. The closed period prior to the announcement of interim /final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

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**ABID SAYEED**  
Chief Executive

# **Haider Shamsi & Co.**

CHARTERED ACCOUNTANTS

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Paper Products Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.


The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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 risk.

Further sub regulation (xiii) of listing regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

Date: September 15, 2014  
Karachi

  
**HAIDER SHAMSI & CO.,**  
Chartered Accountants  
Mirza Hyder Hussain Baig

# **Haider Shamsi & Co.**

CHARTERED ACCOUNTANTS

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **PAKISTAN PAPER PRODUCTS LIMITED** as at **JUNE 30, 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.


It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements.

We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as disclosed in note 2.6 to the accompanying financial statements, with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the profit, its total comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted on 23rd June, 2014. The amount was deposited by the company in the Central Zakat Fund established under Section 7 of that Ordinance on August 08, 2014

Date: September 15, 2014  
Place: Karachi

  
**HAIDER SHAMSI & CO.,**  
**Chartered Accountants**  
Mirza Hyder Hussain Baig



## PAKISTAN PAPER PRODUCTS LIMITED

### BALANCE SHEET

	<i>Notes</i>	<b>2014</b> <b>Rupees</b>	2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Share Capital</i>			
<i>Authorized</i>			
8,000,000 ordinary shares of Rs. 10 each		<u>80,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up	4	60,000,000	60,000,000
Revenue reserves	5	<u>226,649,431</u>	<u>196,083,057</u>
		<b>286,649,431</b>	<b>256,083,057</b>
Surplus on revaluation of fixed assets	6	222,672,936	145,885,275
<b>Deferred liabilities</b>			
Deferred tax	7	42,699,448	27,869,202
Retirement benefit obligation	8	6,507,136	4,663,735
		<b>49,206,584</b>	<b>32,532,937</b>
Long term loan - <i>secured</i>	9	18,573,588	28,704,636
<b>Current liabilities</b>			
Current maturities	10	10,131,048	12,707,048
Short term borrowings - <i>secured</i>	11	-	2,434,752
Creditors, accrued and other liabilities	12	50,536,891	44,108,266
		<b>60,667,939</b>	<b>59,250,066</b>
Contingencies and commitments	13	-	-
		<u>637,770,478</u>	<u>522,455,971</u>

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

Date: September 15, 2014  
Karachi

**MOHAMMAD ALI SAYEED**  
Chairman



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**PAKISTAN PAPER PRODUCTS LIMITED**

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AS AT JUNE 30, 2014

	<i>Notes</i>	<b>2014</b> <b>Rupees</b>	2013 Rupees
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	14	<b>395,181,518</b>	308,739,943
Long term deposits	15	<b>525,090</b>	525,090
<b>Current assets</b>			
Stores and spares	16	<b>2,855,897</b>	2,029,334
Stock in trade	17	<b>93,159,334</b>	81,736,791
Trade debts-unsecured but considered good	18	<b>82,972,581</b>	70,345,979
Advances and other receivables	19	<b>22,361,939</b>	28,294,171
Deposits and prepayments	20	<b>1,617,137</b>	1,060,265
Investment- held for trading	21	<b>25,270,431</b>	-
Cash and bank balances	22	<b>13,826,551</b>	29,724,398
		<b>242,063,870</b>	213,190,938
		<hr/> <b>637,770,478</b> <hr/>	<hr/> 522,455,971 <hr/>

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**ABID SAYEED**  
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2014

		2014	2013
	Notes	Rupees	Rupees
Turnover		527,020,419	543,318,996
Sales tax, discounts and sales return		(22,707,565)	(42,079,826)
Sales	23	504,312,854	501,239,170
Cost of goods sold	24	394,236,310	404,503,002
Gross profit		110,076,544	96,736,168
Other operating income	25	1,264,091	1,694,428
<b>Operating expenses</b>			
Administrative expenses	26	20,435,582	17,733,452
Selling and distribution	27	9,216,840	8,766,506
Workers' Profit Participation Fund		3,759,627	3,230,209
Workers' Welfare Fund		253,128	1,350,434
		33,665,177	31,080,601
Operating profit		77,675,458	67,349,995
Financial charges	28	4,271,256	7,326,454
Net profit before taxation		73,404,202	60,023,541
Taxation	29	25,164,812	21,228,258
Net profit after taxation		48,239,390	38,795,283
Earning per share:			
- Basic	36	8.04	6.47
- Diluted	36	8.04	6.47

Appropriations have been dealt in the statement of changes in equity.  
The annexed notes form an integral part of these financial statements.

MOHAMMAD ALI SAYEED  
Chairman

ABID SAYEED  
Chief Executive

Date: September 15, 2014  
Karachi





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**PAKISTAN PAPER PRODUCTS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013 (Restated)
	Rupees	Rupees
Profit for the year	48,239,390	38,795,283
<b>Items that will never be reclassified to profit or loss</b>		
Remeasurements of defined benefit liability	(960,323)	(635,519)
Total other comprehensive income- net of tax	(960,323)	(635,519)
Total comprehensive income for the year	<u>47,279,067</u>	<u>38,159,764</u>

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

Date: September 15, 2014  
Karachi

**MOHAMMAD ALI SAYEED**  
Chairman

**ABID SAYEED**  
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED JUNE 30, 2014

	<i>Notes</i>	<b>2014</b> <b>Rupees</b>	<b>2013</b> <b>Rupees</b>
<b>Cash flow from operating activities</b>			
Cash generated from operations	30	<b>81,523,749</b>	82,332,464
Income taxes paid		<b>(27,402,991)</b>	(20,815,941)
Gratuity paid		<b>(91,602)</b>	(419,288)
Financial charges paid		<b>(4,600,772)</b>	(8,038,938)
<b>Net cash from operating activities</b>		<b>49,428,384</b>	53,058,297
<b>Cash flow from investing activities</b>			
Acquisition of fixed assets		<b>(10,560,728)</b>	(6,561,315)
Long term deposits		-	(51,400)
Investment - held for trading		<b>(25,000,000)</b>	-
Disposal of fixed assets		<b>137,000</b>	2,898,880
Income from financial assets		<b>835,363</b>	673,377
<b>Net cash used in investing activities</b>		<b>(34,588,365)</b>	(3,040,458)
<b>Cash flow from financing activities</b>			
Long term loan repaid		<b>(12,707,048)</b>	(17,859,048)
Dividend paid		<b>(15,596,066)</b>	(8,826,222)
<b>Net cash from / (used in) financing activities</b>		<b>(28,303,114)</b>	(26,685,270)
Net increase/(decrease) in cash and cash equivalent		<b>(13,463,095)</b>	23,332,569
Cash and cash equivalents - start of the year		<b>27,289,646</b>	3,957,077
Cash and cash equivalents - end of the year	31	<b>13,826,551</b>	27,289,646

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

**MOHAMMAD ALI SAYEED**  
Chairman

**ABID SAYEED**  
Chief Executive

Date: September 15, 2014  
Karachi



**PAKISTAN PAPER PRODUCTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Revenue reserve		Total
		General reserve	Unappropriated profit	
(Rupees)				
<b>Balance as at June 30, 2012- as previously reported</b>	50,000,000	93,900,000	90,899,880	234,799,880
<b>Effect of change in accounting policy</b>	-	-	(338,433)	(338,433)
<b>Balance as at June 30, 2012- restated</b>	50,000,000	93,900,000	90,561,447	234,461,447
Profit for the year	-	-	38,795,283	38,795,283
Total other comprehensive income for the year ended June 30, 2013	-	-	(635,519)	(635,519)
Total comprehensive income for the year - restated	-	-	38,159,764	38,159,764
<b>Appropriation:</b>				
Interim dividend	-	-	(18,000,000)	(18,000,000)
Issue of bonus shares	10,000,000	-	(10,000,000)	-
Incremental depreciation transferred from surplus on revaluation of fixed assets (net of tax)	-	-	976,298	976,298
Surplus on revaluation of fixed assets realized on disposal of fixed assets (net of tax)	-	-	485,548	485,548
	10,000,000	-	(26,538,154)	(16,538,154)
<b>Balance as at June 30, 2013- restated</b>	60,000,000	93,900,000	102,183,057	256,083,057
Profit for the year	-	-	48,239,390	48,239,390
Total other comprehensive income for the year ended June 30, 2013	-	-	(960,323)	(960,323)
Total comprehensive income for the year - restated	-	-	47,279,067	47,279,067
<b>Appropriation:</b>				
Interim dividend	-	-	(18,000,000)	(18,000,000)
Transfer from / (to) revenue reserves	-	50,000,000	(50,000,000)	-
Incremental depreciation transferred from surplus on revaluation of fixed assets (net of tax)	-	-	1,287,307	1,287,307
	-	50,000,000	(66,712,693)	(16,712,693)
<b>Balance as at June 30, 2014</b>	<b>60,000,000</b>	<b>143,900,000</b>	<b>82,749,431</b>	<b>286,649,431</b>

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

**MOHAMMAD ALI SAYEED**  
Chairman

**ABID SAYEED**  
Chief Executive

Date: September 15, 2014  
Karachi



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## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2014

#### 1. The company and its operations

Pakistan Paper Products Limited 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 in July 1964. The registered office of the company is situated at D-58, SITE, Estate Avenue, Karachi 75700. The main business activity of the Company is the production and sale of sensitized papers, pro-labels and exercise books.

#### 2. Summary of significant accounting policies

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

##### 2.1. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

##### 2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets and recognition and measurement of financial assets and financial liabilities, if any, in accordance with the criteria laid down in IAS - 39 (Financial Instruments: Recognition and measurement).

The preparation of financial statements in conformity with the applicable accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### 2.3. Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective. However, the adoption of such amendments, revisions, improvements to accounting standards and interpretation did not have any material effect on the financial statements of the Company except for IAS -19 – Employee Benefits – (Revised) which has been disclosed in note 2.6 to these financial statements.



**2.4. New/revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective**

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods Beginning on or after)
IAS 16 & 28 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 40 – Agriculture: Bearer Points	01 January 2016
IAS 19 – Employee Contributions	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities ( Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014
IFRIC 21 - Levies	01 January 2014

The above changes are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.



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## PAKISTAN PAPER PRODUCTS LIMITED

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Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Agreements	01 January 2013
IFRS 12 – Disclosure of Interest in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

### 2.5. 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.

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.



**2.6. Staff retirement benefits**

- a) 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. During the year Rs. 1,253,799 (2013: Rs. 846,352) has been recognized as an expense.
- b) The company also operates an unfunded defined benefit plan (gratuity scheme) covering all eligible employees which provides for benefits dependent on the length of service of the employee on terminal date, subject to a minimum qualifying period of service. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amount that would be determined at the balance sheet date. The unrecognized

actuarial gains or losses at each valuation date are charged to other comprehensive income.

During the period, the company has changed its accounting policy in respect of recognition of actuarial gains and losses, past service cost and expected return on plan assets, whereby with effect from the current period, the company has recognized actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting period exceeded 10% of the higher of present value of the defined benefit obligation and the fair value of plan assets at that date, and such gains or losses were amortized over the average remaining working lives of the employees.

The above change has been accounted for in accordance with the requirements of IAS 19 – Employee Benefits (Revised) as required under IAS 8, such a change to be applied retrospectively.

Had there been no change in accounting policy due to recognition of actuarial losses on defined benefit plan in accordance with IAS 19 (Revised), the following would have been the impacts as of June 30, 2012, 2013 and 2014:



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**PAKISTAN PAPER PRODUCTS LIMITED**

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	<b>2014</b>	<b>2013</b>	<b>2012</b>
	----- Rupees in '000 -----		
Employee benefit liability would have been higher by /(lower) by	960	635	358
Deferred taxation would have been higher/(lower) by	-	-	-
Retained earnings would have been (lower)/higher by	(960)	(635)	(358)

**2.7. Property, plant and equipment**

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

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

Any revaluation increase arising on the revaluation of such fixed assets is credited to Surplus on revaluation of fixed assets account, except to the extent that it reverses a

revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of fixed assets is charged as an expense to the extent that it exceeds the balance, if any, held in the surplus on revaluation of fixed assets account relating to same or other assets.

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.





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## PAKISTAN PAPER PRODUCTS LIMITED

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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 14. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or upto 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.

### **2.8. Obligation under finance lease**

Leases are classified at inception as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the company. At the commencement of the lease term finance leases are recognized as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognized as an asset. Minimum lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The interest element of the finance cost is charged to the income statement over the lease period.

### **2.9. Sale and lease back transaction**

When a sale and lease back transaction results in a finance lease, the transaction is treated as a mean whereby the lessor provides finance to the company, with the asset as security. In such case the excess of sales proceeds over the carrying amount of asset is deferred and amortized over the lease term.

### **2.10. 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.



## 2.11. Foreign currency translation

### (a) *Functional and presentation currency*

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

### (b) *Transactions and balances*

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.

## 2.12. Financial instruments

Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset have expired or transferred and the company has transferred substantially all risks and rewards of ownership. A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to income currently.

## 2.13. Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Regular purchases and sales of financial assets are recognized on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets, except those carried at fair value through profit or loss, are initially recognized at fair value plus transactions costs. Financial assets carried at fair value through profit and loss are initially recognized at fair value and the transaction costs are expensed in the income

statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortized cost using the effective interest method.



#### **2.14. Financial liabilities**

Financial liabilities are classified according to the substance of the contractual agreements entered into. All financial liabilities are initially recognized at fair value plus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the financial liability. After initial recognition financial liabilities at fair value through profit or loss are measured at fair value and all other financial liabilities are measured at amortized cost using the effective interest method.

#### **2.15. Investments**

Investments acquired principally for the purpose of generating a profit from short term fluctuation in price or dealer's margin are classified as held for trading. Such investments are initially recognized on a trade-date basis and are initially measured at cost being the fair value of the consideration given excluding income taxes imposed on such transactions. Transactions costs associated with the acquisition of held for trading investments is expensed in the income statement.

After initial recognition, investments held for trade are re-measured at each balance sheet date at fair value excluding the transaction cost that may be incurred on sale or other disposal. Gains and losses arising from changes in fair value of held-for-trading investment are included in net profit or loss for the period.

For investments in quoted marketable securities, fair value is determined with reference to Stock Exchange quoted market prices at the close of business on balance sheet date.

#### **2.16. 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.

#### **2.17. 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



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## PAKISTAN PAPER PRODUCTS LIMITED

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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.

### **2.18. Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognized as follows:

#### ***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.

### **2.19. Impairment of non-financial assets**

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Whenever an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **2.20. Dividend distribution**

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



### 3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Trade debtors*

The company reviews its receivable against provision required there against on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

##### *Income taxes*

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

##### *Employee benefits*

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for benefit include discount rate. Any change in these assumptions will impact the carrying amount of employee benefit obligation.

##### *Impairment of assets*

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

##### *Depreciable amount and useful lives of fixed assets*

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of fixed assets. The company seeks advice from the technical department in this regard.

#### 3.2. Critical judgments in applying the company's accounting policies

Management believes that business transactions are simple in nature and there is no area where application of accounting policies could involve higher degree of judgment or complexity.



## PAKISTAN PAPER PRODUCTS LIMITED

	2014	2013
	Rupees	Rupees
<b>04. Issued, subscribed and paid-up</b>		
578,000 Ordinary shares of Rs. 10/- each fully paid in cash	5,780,000	5,780,000
172,000 Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
5,250,000 Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	52,500,000	52,500,000
<u>6,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>

During the year Nil (2013: 1,000,000) ordinary shares of Rs. 10/- each were issued by the company as fully paid bonus shares. The company has one class of ordinary shares which carry no right to fixed income.

As at year end 680,270 (2013: 680,270) ordinary shares of the company were held by the associated undertaking M/s Management & Enterprises (Private) Limited.

	2014	2013
	Rupees	Rupees
<b>05. Revenue reserves</b>		
General reserve	143,900,000	93,900,000
Un-appropriated profit	82,749,431	102,183,057
	<u>226,649,431</u>	<u>196,083,057</u>
<b>06. Surplus on revaluation of fixed assets</b>		
Surplus on revaluation of leasehold land	188,617,362	142,617,362
Surplus on revaluation of items other than leasehold land	34,055,574	3,267,913
	<u>222,672,936</u>	<u>145,885,275</u>

Building on leasehold land and plant and machinery were revalued by J. B. Stevenson, ACII in June 1964 resulting an increase over book value of Rs. 99,690 and 216,900 respectively. The whole amount of surplus of Rs. 316,590 was transferred to accumulated profit on account of incremental depreciation charged on these assets in accordance with section 235 of the Companies Ordinance 1984.

On June 30, 2005 the items of property, plant and equipments were revalued by M/s Iqbal A. Nanji & Co., Valuation Consultants (independent valuer). The revaluation resulted in an increase over book value of Rs. 159,583,684 which has been taken to surplus on revaluation account. Revaluation of some other assets resulted in decrease of book value of Rs. 1,191,435. As on April 28, 2014 Property plant and equipment were revalued by K.G Traders (Pvt) Ltd (an independent valuer) which resulted in increase of Rs. 7,922,832. In accordance with section 235(2) the surplus on revaluation has been applied to set off the deficit arising from revaluation of other assets. The incremental depreciation charged on these assets has been transferred to accumulated profit in accordance with section 235 of the Companies Ordinance 1984. The balance in the surplus on revaluation of fixed assets account is not available for distribution amongst the shareholders neither as dividend nor as bonus under section 235 of the Companies Ordinance, 1984. Movement in the account of surplus on revaluation of fixed assets is as follows:



## PAKISTAN PAPER PRODUCTS LIMITED

	Surplus on revaluation of	
	Leasehold land	Items other than leasehold land
	Rupees	
Surplus on June 30, 2012	142,617,362	4,729,759
Realized on disposal of fixed assets	-	(976,298)
Incremental depreciation (net of tax) transferred to accumulated profit	-	(485,548)
Surplus on June 30, 2013	142,617,362	3,267,913
Effect of revaluation of April 2014	46,000,000	48,598,436
Transfer to deferred tax transferred to accumulated profit	-	(16,523,468)
	-	(1,287,307)
Surplus on June 30, 2014	188,617,362	34,055,574
	2014	2013
	Rupees	Rupees

### 07. Deferred taxation

These comprise of temporary differences due to:

Accelerated depreciation	27,020,880	27,129,942
Revaluation of fixed assets	17,890,994	2,030,684
Employees retirement benefits	(2,212,426)	(1,291,424)
	42,699,448	27,869,202

### 08. Provision for gratuity

Opening balance	4,663,735	3,601,152
Other comprehensive income	960,323	635,519
Expense recognized	974,680	846,352
	6,598,738	5,083,023
Payments during the year	91,602	419,288
Closing balance	6,507,136	4,663,735

As mention in note 2.6, the company operates an unfunded defined benefit plan for its qualifying employees. Under the plan, the employees are entitled to gratuity equal to 50% of final salary for each year of completed service subject to a minimum qualifying service.

The most recent actuarial valuations were carried out by M/s Sidat Hyder, Consulting Actuaries on August 04, 2014 of the present value of the defined benefit obligation at June 30, 2014. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2014	2013
Discount rate per annum	13.25%	10.5%
Expected rate of eligible salary increase in future years per annum	13.25%	9.5%
Average expected remaining working life time in years of employees	12	12



## PAKISTAN PAPER PRODUCTS LIMITED

Changes in the present value of the defined benefit obligation are as follows:

	2014 Rupees	2013 Rupees
Present value of defined benefit obligations - start of the year	4,663,735	3,601,152
Interest cost for the year	484,883	378,202
Current service cost for the year	489,797	468,150
Benefits paid during the year	(91,602)	(419,288)
Actuarial loss on present value of defined benefit plan	960,323	635,519
Present value of defined benefit obligations - end of the year	6,507,136	4,663,735

Changes in the actuarial gains/(losses) are as follows:

Actuarial losses arising during the year	(960,323)	(635,519)
	(960,323)	(635,519)

The amounts recognized in the balance sheet in respect of the company's defined retirement benefit plan is as follows:

	2014 Rupees	2013 Rupees
Present value of defined benefit obligation as on June 30	6,507,136	4,663,735
	6,507,136	3,689,783

The amounts recognized in the profit and loss account in respect of the company's defined retirement benefit plan is as follows:

	2014 Rupees	2013 Rupees
Current service cost	489,797	378,202
Interest cost	484,883	468,150
	974,680	846,352

The charge of Rs. 682,276 (2013: Rs. 467,865) is included in cost of sales in the income statement, Rs. 292,404 (2013: 253,906) is included in administrative expenses.

### *Experience Adjustment*

Particulars	2014	2013	2012	2011	2010
Defined benefit obligation	6,507,136	4,663,735	3,601,152	2,639,454	2,273,565
fair value of plan assets	-	-	-	-	-
<b>Net defined Benefit Liability</b>	6,507,136	4,663,735	3,601,152	2,639,454	2,273,565
Remeasurement (gain)/ loss on obligation	960,323	635,519	358,228	90,157	217,920
Remeasurement (gain)/ loss on plan assets	-	-	-	-	-
	960,323	635,519	358,228	90,157	217,920





## PAKISTAN PAPER PRODUCTS LIMITED

### Sensitivity Analysis

Particulars	PVDBO (amount in PKR)	Percentage change
Current liability	6,507,136	
+1% Discount rate	6,017,608	(7.52)%
-1% Discount rate	7,062,934	8.54%
+1% Salary Increase rate	7,088,784	8.94%
-1% Salary Increase rate	5,986,973	(7.99)%
+10% Withdrawal rates	6,527,984	0.32%
-10% Withdrawal rates	6,487,086	(0.31)%
1 Year Mortality age set back	6,505,659	(0.02)%
1 Year Mortality age set forward	6,508,615	0.02%

### Maturity Profile

Particulars	Undiscounted Payments
Year 1	214,021
Year 2	636,868
Year 3	545,820
Year 4	794,831
Year 5	915,918
Year 6 to Year 10	4,483,173
Year 11 and above	22,238,532

### Comparison for five years:

Year	PVDBO	(Gain) / Loss on PVDBO	Transitional Liability	Total
2014	6,507,136	960,323		7,467,459
2013	4,663,735	635,519	-	5,299,254
2012	3,601,152	358,228	-	3,959,380
2011	2,639,454	90,157	-	2,729,611
2010	2,273,565	217,920	-	2,491,485



## PAKISTAN PAPER PRODUCTS LIMITED

	2014 Rupees	2013 Rupees
<b>09. Long term loans - secured</b>		
<i>Bank Al Habib Limited - Term finance</i>		
Opening balance at start of the year	41,411,684	59,270,732
Repayment during the year	(12,707,048)	(17,859,048)
	<b>28,704,636</b>	41,411,684
Less: Current portion shown under current maturity	(10,131,048)	(12,707,048)
	<b>18,573,588</b>	28,704,636

The company has obtained term finance facilities to the extent of Rs. 23.20 million (TF-I) and Rs. 50.66 million (TF-II) from Bank Al Habib Limited for acquiring machinery. The facility TF-I has been fully settled during the year. The facility TF-II is secured by way of hypothecation charge over acquired imported machinery for Rs. 56.42 million and equitable mortgage over industrial property bearing plot No. D/57 & D/58 at SITE, Karachi registered with SECP for Rs. 169.40 million. The facilities is repayable in sixty equal monthly installments. The facilities carry mark-up 6 months KIBOR plus 1.75% respectively.

	2014 Rupees	2013 Rupees
<b>Current maturities</b>		
<b>10. Current portion - long term loan</b>	<b>10,131,048</b>	12,707,048
	<b>10,131,048</b>	12,707,048
<b>11. Short term borrowings - secured</b>		
Bank Al-Habib Limited - running finance	-	2,434,752

The company enjoys short term finance facilities from Bank Al Habib Limited comprising running finance up to Rs. 60.0 (2013: 60.0) million, Letter of Credit (Sight-Foreign) for Rs. 10.0 million (2013: 10.0) million, Letter of Credit (Usance-Foreign) for Rs. 10.0 (2012: 10.0) million, Acceptance - Sub limit of LC sight foreign for Rs. 10.0 (2013: 10.0) million at Nil margin and Letter of Guarantee for Rs. 5.0 (2013: 5.0) million. The finance is secured against registered hypothecation charge over moveables of the company each for Rs. 30.0 million, registered hypothecation charge over movables and receivables of the company for Rs. 70.0 million, import documents consigned in the name of Bank Al Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing No. D-57A & D-58, SITE, Karachi registered with SECP for Rs. 169.40 million. The running finance facility carries markup of 3 months KIBOR plus 2% while other facility carries markup as per bank's schedule of charges. As at June 30, 2014 the running finance facility was available to the company but unavailed. The balance under this account as at June 30, 2014 was debit Rs. 718,355 which was shown under cash and bank balances



## PAKISTAN PAPER PRODUCTS LIMITED

	2014	2013
	Rupees	Rupees
<b>12. Creditors, accrued and other liabilities</b>		
Trade creditors	22,696,979	18,748,086
Debtors credit balances	1,225,386	670,155
Accrued expenses and other payables	5,523,773	5,054,487
Accrued mark up on loans	889,058	1,218,574
Due to associated concern	-	51,315
Workers' Profit Participation Fund	12.1 3,765,627	3,236,209
Workers Welfare Fund	1,569,831	2,667,137
	<u>50,536,891</u>	<u>44,108,266</u>
<b>12.1 Workers' Profit Participation Fund</b>		
Balance at the beginning of the year	3,236,209	3,421,232
Amount paid to the Fund Trustees	2,232,000	2,583,740
Amount deposited with government	998,209	831,492
	<u>3,230,209</u>	<u>3,415,232</u>
	6,000	6,000
Allocation for the year	<u>3,759,627</u>	<u>3,230,209</u>
	<u>3,765,627</u>	<u>3,236,209</u>

### Contingencies and commitments

#### 13. Contingencies

In respect of performance guarantees in favor of customers issued by Bank Al Habib Limited, SITE Branch on behalf of the company aggregating to Rs. 5.2 million (2013: Rs. 4.3 million). Post dated cheque amounting to Rs. 306,011 issued in favour of Collector of Customs, Port Qasim, Karachi in accordance with SRO 727(I)/2011 dated 01-08-2011.

#### Commitments

In respect of letter of credit for import of raw material Rs. 9.18 million (2013: Rs. 6.66 million)

PAKISTAN PAPER PRODUCTS LIMITED



14. Property, Plant and equipment

----- Rupees -----

PARTICULARS	COST/REVALUATION						DEPRECIATION				W. D. V. as at 30-06-14 if no revaluation carried out			
	As at 1-7-2013	Revaluation (+/-)	Additions	*Transfers/ (disposal)	As at 30-6-2014	At cost	Rate %	As at 1-7-2013	For the year	Realized on revaluation		*Transfers/ (disposal)	As at 30-6-2014	W. D. V. as at 30-06-2014
<b>Owned assets</b>														
Leasehold land	144,000,000	46,000,000	-	-	190,000,000	-	-	-	-	-	-	-	190,000,000	19,203
Building on leasehold land														
- Factory	32,200,877	(6,365,377)	-	-	25,895,500	25,895,500	10	8,754,619	2,404,937	(10,570,719)	-	588,857	23,306,643	19,046,017
- Office	3,795,629	1,447,871	-	-	5,243,500	5,243,500	5	581,244	183,790	(705,416)	-	59,618	5,183,882	3,302,971
Plant and machinery	185,695,168	(30,312,668)	6,929,021	-	162,311,521	6,929,021	10	55,710,589	13,994,074	(65,753,233)	-	3,951,430	158,360,091	120,966,866
Furniture and fixture	704,511	(169,011)	89,500	-	625,000	89,500	10	233,308	51,176	(269,113)	-	14,771	610,229	538,446
Factory and other equipments	3,432,621	(1,750,621)	605,425	-	2,287,425	605,425	10	967,543	246,546	(1,157,996)	-	56,093	2,231,332	2,975,747
Electric equipments and fittings	1,165,616	(308,616)	154,100	(15,000)	994,100	154,100	15	537,980	127,707	(617,830)	(10,844)	37,013	957,087	681,308
Computers	844,270	(152,790)	129,925	(15,480)	815,925	129,925	30	477,450	178,121	(571,904)	(10,326)	73,341	742,584	340,430
Vehicles	10,61,679	(465,956)	2,657,757	(405,723)	12,457,757	2,657,757	20	6,575,695	1,437,715	(7,028,793)	(321,530)	663,087	11,789,670	5,249,254
<b>Total 2014</b>	<b>382,578,371</b>	<b>7,927,832</b>	<b>10,560,728</b>	<b>(436,203)</b>	<b>400,625,728</b>	<b>10,560,728</b>		<b>73,538,428</b>	<b>18,624,086</b>	<b>(86,675,604)</b>	<b>(342,700)</b>	<b>5,444,210</b>	<b>395,181,518</b>	<b>151,492,242</b>



## PAKISTAN PAPER PRODUCTS LIMITED

PARTICULARS	COST/REVALUATION						DEPRECIATION							
	As at 1-7-2012	Revaluation (+/-)	Additions	*Transfers/ (disposed)	As at 30-6-2013		Rate %	As at 1-7-2012	For the year	Realized on revaluation	*Transfers/ (disposed)	As at 30-6-2013	W. D. V as at 30-06-2013	W. D. V. as at 30-06-13 if no revaluation carried out
					At cost	At valuation 2013								
<b>Owned assets</b>														
Leasehold land	144,000,000	-	-	-	144,000,000	-	-	-	-	-	-	-	144,000,000	191,203
Building on leasehold land														
- Factory	27,322,549	4,938,328	-	-	32,260,877	25,292,273	10	6,313,758	2,440,861	-	-	8,754,619	23,506,258	21,162,241
- Office	3,795,629	-	-	-	3,795,629	-	5	412,066	169,178	-	-	581,244	3,214,385	3,687,338
Plant and machinery	184,820,887	4,645,991	-	(3,771,710)	185,695,168	127,012,211	10	43,576,063	14,155,706	(2,021,180)	55,710,589	129,984,579	127,209,801	127,209,801
Furniture and fixture	677,511	27,000	-	-	704,511	527,061	10	181,905	51,403	-	233,308	471,203	499,364	499,364
Factory and other equipments	2,911,921	520,700	-	-	3,432,621	3,095,194	10	704,528	263,015	-	967,543	2,465,078	2,633,334	2,633,334
Electric equipments and fittings	1,047,116	116,500	-	-	1,163,616	1,087,816	15	438,649	99,331	-	537,980	625,636	634,971	634,971
Computers	776,481	149,350	-	(71,561)	854,270	856,575	30	401,507	131,625	(55,682)	477,450	376,820	346,406	346,406
Vehicles	11,129,149	-	-	(457,470)	10,671,679	9,771,929	20	5,874,448	1,026,162	(324,915)	6,575,695	4,095,984	3,331,980	3,331,980
Laboratory apparatus	-	-	-	-	-	-	15	-	-	-	-	-	-	-
<b>Total 2013</b>	<b>376,481,243</b>	<b>-</b>	<b>10,397,869</b>	<b>(4,300,741)</b>	<b>382,578,371</b>	<b>167,623,059</b>		<b>57,902,924</b>	<b>18,337,281</b>	<b>-</b>	<b>(2,401,777)</b>	<b>73,838,428</b>	<b>308,739,943</b>	<b>159,698,638</b>

14.1 Depreciation charge for the year has been allocated as follows:

Manufacturing  
 Administration  
 Selling and distribution

	2014	2013
	----- Rupees -----	
Manufacturing	17,508,206	17,475,279
Administration	612,019	476,155
Selling and distribution	503,861	385,847
	18,624,086	18,337,281



## PAKISTAN PAPER PRODUCTS LIMITED

### 14.2 Revaluation of fixed assets

During June 1964, company's properties comprising building on leasehold land and plant and machinery were revalued by M/s J. B. Stevenson, ACII (an independent valuer). These revaluations had resulted in surplus of Rs. 99,690 and 216,900 which was included in the book value of building on leasehold land and plant and machinery respectively and credited to a surplus on revaluation account. Consequent upon change in section 235 of the Companies Ordinance, 1984 the whole amount of surplus on revaluation of Rs. 316,590 was transferred by the company during the year 2003 to the accumulated profit on account of incremental depreciation.

As on June 30, 2005, company's property, plant and equipments have been revalued on market value basis assuming the continued use of the same. The revaluation has been carried out by M/s. Iqbal A. Nanji & Co., Valuation Consultants (an independent valuer). These revaluation has resulted in a surplus of Rs. 159,702,623 and deficit of Rs. 1,191,435.

As at April 08, 2014 the properties were revalued by K.G Traders (Pvt) Ltd (an independent valuer) on market value basis as previously used. The revaluation has resulted in a further surplus of Rs. 7,922,832 which has been included in the book value of fixed assets and credited (net of deferred tax) to surplus on revaluation of fixed assets. The incremental depreciation net of deferred has been charged to the surplus on revaluation of fixed asset account.

The whole amount of surplus has been included in the book value of related items of property, plant and equipments and credited (net of deferred tax) to a surplus on revaluation of fixed assets account Part of

### 14.3 The following fixed assets were disposed of during the year:

	Cost Rupees	Accumulated Depreciation Rupees	Book Value Rupees	Sale Proceeds Rupees	Particulars of Buyer
Vehicle	405,723	321,530	84,193	130,000	Mr. Arshad Ali Khan
<b>By negotiation</b>					
Electric equipment and fittings	47,500	36,657	10,843	4,000	Thermal Engg.
<b>By negotiation</b>					
Computers	15,480	10,326	5,154	3,000	Graphics Mansion
<b>By negotiation</b>					
<b>Total 2014</b>	<b>468,703</b>	<b>368,513</b>	<b>100,190</b>	<b>137,000</b>	
Total 2013	4,300,741	2,401,777	1,898,964	2,898,880	

### 15. Long term deposits

	2014 Rupees	2013 Rupees
Deposit with CDC	12,500	12,500
Shell Pakistan Limited	200,000	200,000
Utility deposits	312,590	312,590
	<b>525,090</b>	<b>525,090</b>



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	2014 Rupees	2013 Rupees
<b>16. Stores and spares</b>		
Stores and spares	2,855,897	2,029,334
	<u>2,855,897</u>	<u>2,029,334</u>
<b>17. Stock in trade</b>		
Raw materials	73,588,245	63,191,986
Work in process	12,553,940	14,297,090
Finished product	7,017,149	4,247,715
	<u>93,159,334</u>	<u>81,736,791</u>
<b>18. Trade debts-unsecured but considered good</b>		
Due from customers	82,954,773	70,333,577
Due from associated concerns - Sayeed International	16,843	11,642
Due from staff	965	760
	<u>82,972,581</u>	<u>70,345,979</u>
<b>19. Advances and other receivables - considered good</b>		
Advances to suppliers	125,819	346,210
Advance against letter of credit	22,331	9,447
Advance against expenses	-	7,000
Advance to staff	444,936	55,053
Advance income tax (net of tax liability)	12,561,060	12,016,103
Income tax refundable	676,504	676,504
Sales tax refundable	8,428,028	15,111,392
Excise duty refundable	103,261	72,462
	<u>22,361,939</u>	<u>28,294,171</u>
<b>20. Deposits and prepayments</b>		
Other deposit	1,553,477	997,867
Prepayments	63,660	62,398
	<u>1,617,137</u>	<u>1,060,265</u>
<b>21. Investment - held for trading</b>		
ABL - Cash Fund	<u>25,270,431</u>	-

Represented amount invested by the company in ABL Cash Fund which is an open-end, money market fund managed by the ABL Asset Management Company Limited. The company has acquired 2,445,466.1058 units at a cost of Rs.25 million. The Fund has awarded 71,208.3044 units as Bonus to the company making the total holdings as at June 30,2014 to 2,516,674.4102 units. These are stated at a value of the units as at June 30,2014 announced by the Fund Management on the basis of their NAV.



## PAKISTAN PAPER PRODUCTS LIMITED

	2014 Rupees	2013 Rupees
<b>22. Cash and bank balances</b>		
Cash at banks (in current accounts)	5,303,330	10,769,523
Cash at banks (in deposit accounts)	8,383,221	18,829,875
Factory imprest	75,000	75,000
Cash in hand	65,000	50,000
	<u>13,826,551</u>	<u>29,724,398</u>
<b>23. Sales</b>		
Exercise books	230,782,871	237,269,773
Ammonia paper	17,127,441	15,816,403
Prolables	247,399,209	240,006,514
Plain paper	7,778,736	6,635,394
Printing charges	3,500	7,488
Sensitized Machine Parts	45,746	479,660
Waste paper	1,298,388	1,023,938
	<u>504,435,891</u>	<u>501,239,170</u>
Commision on slaes	(123,037)	-
	<u>504,312,854</u>	<u>501,239,170</u>
The sales are net of sales tax Rs.22,707,565 (2013: Rs. 42,079,826).		
<b>24. Cost of sales</b>		
Raw material consumed		
Opening stock	63,191,986	64,101,757
Purchases	322,914,298	300,592,144
Closing stock	(73,588,245)	(63,191,986)
	<u>312,518,039</u>	<u>301,501,915</u>
Salaries, wages and other benefits	40,275,169	34,672,492
Fuel and power	6,728,292	4,398,436
Spares and stores consumed	11,264,528	9,666,158
Insurance	1,080,067	1,075,277
Repairs and maintenance	1,759,572	1,906,397
Rent, rates and taxes	194,204	169,041
Telephone and trunk calls	77,637	101,539
Other manufacturing expenses	3,856,880	4,471,865
Depreciation	17,508,206	17,475,279
	<u>395,262,594</u>	<u>375,438,399</u>
<b>Cost of production</b>		
Work in process - opening	14,297,090	27,379,025
Work in process - closing	(12,553,940)	(14,297,090)
	<u>1,743,150</u>	<u>13,081,935</u>
<b>Cost of goods manufactured</b>	<u>397,005,744</u>	<u>388,520,334</u>
Finished goods - opening	4,247,715	20,230,383
Finished goods - closing	(7,017,149)	(4,247,715)
	<u>(2,769,434)</u>	<u>15,982,668</u>
	<u>394,236,310</u>	<u>404,503,002</u>





## PAKISTAN PAPER PRODUCTS LIMITED

		2014 Rupees	2013 Rupees
<b>24.1 Stores and spares consumed</b>			
Opening balance		2,029,334	3,041,446
Purchases		12,091,091	8,654,046
Closing balance		(2,855,897)	(2,029,334)
		<u>11,264,528</u>	<u>9,666,158</u>
<b>25. Other income</b>			
Interest on deposit account		1,105,794	673,377
Gain on disposal of fixed assets	25.1	43,497	999,916
Other income		114,800	21,135
		<u>1,264,091</u>	<u>1,694,428</u>
<b>25.1 Gain on disposal of fixed assets</b>			
Sale proceeds		137,000	2,898,880
Revalued amount of fixed assets		436,203	4,300,741
Less: Accumulated depreciation		342,700	2,401,777
Net book value		93,503	1,898,964
Gain on disposal		43,497	999,916
<b>26. Administrative expenses</b>			
Directors' fees		130,000	130,000
Directors' remuneration		3,861,926	3,899,700
Staff salaries and benefits		8,114,190	7,118,330
Rent, rates and taxes		332,942	419,452
Insurance		741,455	621,701
Traveling and conveyance		1,467,650	741,035
Postage and telegrams		118,378	70,068
Telephone		350,431	277,199
Electric charges		173,956	196,531
Stationery and periodicals		196,982	208,175
Repairs and renewals		1,169,616	1,196,987
Legal and professional fees		1,589,514	839,087
Auditors' remuneration	26.1	300,000	275,000
General		633,776	740,032
Charity and donation	26.2	642,747	524,000
Depreciation	14.1	612,019	476,155
		<u>20,435,582</u>	<u>17,733,452</u>



## PAKISTAN PAPER PRODUCTS LIMITED

### 26.1 Auditors' remuneration

Audit fee	290,000	265,000
Provident fund audit fee	5,000	5,000
Workers' Profit Participation Fund audit fee	5,000	5,000
	<u>300,000</u>	<u>275,000</u>

### 26.2 Charity and donation

The Citizen Foundation	250,000	200,000
Anjuman Behbood-E-Samat-E-Atfal (ABSAs School and College for Deaf)	350,000	324,000
Shoukat Khanum Memorial Trust	30,000	-
Others	12,747	-
	<u>642,747</u>	<u>524,000</u>

Mrs. Muleika Sayeed, one of the director of the company is interested in Anjman Behbood-E-Samat-None of the E-Atfal, 26-C, DHA Phase-II Ext, Karachi being its Honorary Treasurer. Except this none of the directors or his spouse is interested in the funds of donees.

	2014 Rupees	2013 Rupees
<b>27. Selling and distribution expenses</b>		
Staff salaries and benefits	4,185,972	3,866,774
Advertisement and publicity	329,526	-
Cartage and forwarding	1,123,195	873,284
Vehicle expenses	1,846,668	1,788,086
Tender fees	10,570	7,300
Sales promotion	861,558	691,357
Insurance	158,635	168,211
Depreciation	503,861	385,847
Utilities	-	51,920
Rent, rates and taxes	-	19,131
Repair and maintenance	-	2,770
Others	196,855	911,826
	<u>9,216,840</u>	<u>8,766,506</u>
<b>28. Financial expenses</b>		
Mark-up on short term running finance	233,761	830,112
Mark-up on long term loan	3,882,691	6,374,773
Bank and other charges	154,804	121,569
	<u>4,271,256</u>	<u>7,326,454</u>
<b>29. Taxation</b>		
Current year	25,973,463	22,091,968
Prior year	884,571	179,345
Deferred	(1,693,222)	(1,043,055)
	<u>25,164,812</u>	<u>21,228,258</u>



## PAKISTAN PAPER PRODUCTS LIMITED

### 29.1 Aggregate current and deferred tax relating to items charged or credited to equity

Deferred tax relating to revaluation of fixed assets	<u>16,523,468</u>	<u>-</u>
--	-------------------	----------

In addition, deferred tax of Rs. 663,158 (2013: 746,997) was transferred from retained earnings to revaluation surplus. This relates to the difference between the depreciation on the revalued fixed assets and equivalent depreciation based on the cost of the assets revalued.

### 29.2 Tax charge reconciliation

	2014	2013
	%	%
Applicable tax rate as per Income Tax Laws	34.000%	35.000%
Tax effect of expenses that are not deductible for tax purpose	0.068%	0.068%
Effect of change in prior years' tax	0.299%	0.299%
	<u>34.367%</u>	<u>35.367%</u>

### 30. Cash generated from operation

	2014	2013
	Rupees	Rupees
Profit before taxation	73,404,202	60,023,541
<b>Adjustment for non cash items and other adjustments:</b>		
Depreciation	18,624,086	18,337,281
Gratuity provision	974,680	846,352
Income from financial assets	(1,105,794)	(673,377)
Financial expenses	4,271,256	7,326,454
Gain on disposal of fixed assets	(43,497)	(999,916)
	22,720,731	24,836,794
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(826,563)	1,012,112
Stock in trade	(11,422,543)	29,974,374
Trade debts	(12,626,602)	(9,686,115)
Advances and other receivables	6,477,189	2,797,539
Deposits and prepayments	(556,872)	(318,442)
	(18,955,391)	23,779,468
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	4,354,207	(26,307,339)
	<u>81,523,749</u>	<u>82,332,464</u>
<b>31. Cash and cash equivalent</b>		
Cash and bank balance	13,826,551	29,724,398
Short term borrowings - secured	-	(2,434,752)
	<u>13,826,551</u>	<u>27,289,646</u>



## PAKISTAN PAPER PRODUCTS LIMITED

### 32. Remuneration of Chief Executive and Director

	2014			2013		
	Chairman Rs.	Chief Executive Rs.	Directors Rs.	Chairman Rs.	Chief Executive Rs.	Directors Rs.
Fees	-	-	130,000	-	-	130,000
Number of persons	1	1	5	1	1	5
Managerial remuneration and allowances	-	1,950,000	-	-	1,950,000	-
Provident fund	-	162,500	-	-	162,500	-
Medical expenses	-	104,527	-	-	9,259	-
House rent	-	877,500	-	-	877,500	-
Reimbursable expenses	-	536,527	-	-	640,741	-
	-	3,631,054	-	-	3,640,000	-
Number of persons	1	1	-	1	1	-

The Chief Executive of the company is provided with company maintained car.

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

Remuneration of Chief Executive does not include amounts paid or provided for, if any, by associated undertakings.

### 33. Transactions with associated undertakings

The related parties and associated undertakings comprise local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

	2014 Rupees	2013 Rupees
Sales	61,534	46,177
Purchases	283,900	599,900
Rent paid	128,040	128,040

The company continues to have a policy whereby all transactions with related parties and associated undertakings are entered into at arm's length determined in accordance with comparable uncontrolled price method.

### 34. Financial instruments

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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



## PAKISTAN PAPER PRODUCTS LIMITED

### 34.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from long term deposits, trade receivables and security deposits. Out of the total financial assets of Rs. 132,657 million (2013: Rs. 116,777 million), financial assets which are subject to credit risk amount to Rs. 123,985 million (2013: Rs. 101,468 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking in to account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 to 60 days to reduce the credit risk.

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

- Others

	2014 Rupees	2013 Rupees
Long term deposits	525,090	525,090
Trade debts	82,972,581	70,345,979
Advances, deposits, prepayments and other receivables	1,553,477	997,867
Investment - held for trade	25,270,431	-
Bank balances	13,686,551	29,599,398
	<u>124,008,130</u>	<u>101,468,334</u>

The ageing of trade receivables at the reporting date is:

Past due	0-30	days	52,468,967	49,144,503
Past due	31 - 60	days	20,066,305	17,003,832
Past due	61 - 90	days	8,444,670	3,929,752
Past due	91 - 120	days	1,570,101	138,456
Past due 120 days			422,538	129,436
			<u>82,972,581</u>	<u>70,345,979</u>

Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

### 34.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. In addition, the Company has obtained running finance facility from a commercial bank to meet any deficit, if required to meet the short term liquidity commitments. The following are the contractual maturities of financial liabilities, including estimated interest payments:



## PAKISTAN PAPER PRODUCTS LIMITED

30 June 2014

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----						
<b>Financial liabilities</b>						
Long term loan - secured	28,704,636	28,704,636	5,065,524	5,065,524	10,131,048	8,442,540
Trade and other payables	28,220,752	28,220,752	28,220,752	-	-	-
Short term borrowings	-	-	-	-	-	-
<b>2014</b>	<b>56,925,388</b>	<b>56,925,388</b>	<b>33,286,276</b>	<b>5,065,524</b>	<b>10,131,048</b>	<b>8,442,540</b>

30 June 2013

	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
----- (Rupees) -----						
<b>Financial liabilities</b>						
Long term loan - secured	41,411,684	41,411,684	7,641,524	5,065,524	10,131,048	18,573,588
Trade and other payables	23,853,888	23,853,888	23,853,888	-	-	-
Short term borrowings	2,434,752	2,434,752	2,434,752	-	-	-
<b>2013</b>	<b>67,700,324</b>	<b>67,700,324</b>	<b>33,930,164</b>	<b>5,065,524</b>	<b>10,131,048</b>	<b>18,573,588</b>

### 34.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

#### 34.3.1 Currency risk

The company is exposed to currency risk on import of raw materials and stores and spares. The company's exposure to foreign currency risk relates to outstanding letter of credits amounting to Rs. 9.18 million (2013: Rs. 6.66 million).

#### 34.3.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect value of financial instruments. The company is not exposed to interest rate risk.

#### 34.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk except for the investments - held for trading at the reporting date that are sensitive to price fluctuations.

### 34.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.



## PAKISTAN PAPER PRODUCTS LIMITED

### 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.

	2014 Rupees	2013 Rupees
<b>36. Earning per share</b>		
Net profit after taxation	<u>48,239,390</u>	<u>38,795,283</u>
Weighted average number of ordinary shares	<u>6,000,000</u>	<u>6,000,000</u>
Basic earning per share	<u>8.04</u>	<u>6.47</u>
Diluted earning per share	<u>8.04</u>	<u>6.47</u>

### 37. Non-adjusting events after the balance sheet date

In the meeting held on September 15, 2014 the Board of Directors of the company recommended a final cash dividend of Rs. NIL (2013: Nil) per share, in addition to 30% interim cash dividend already paid, and bonus shares in the ratio of NIL (2013: Nil) for the year ended June 30, 2014, amounting to Rs. NIL million and Rs. NIL million (2013: Rs. Nil and Nil million) respectively. In addition, the directors have also announced appropriation of Rs. NIL million (2013: Nil) to revenue reserves. These appropriations are subject to approval by the shareholders at the Annual General Meeting. The financial statements for the year ended June 30, 2014 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

### 38. Capacity and production

	Units	Capacity		Production		Remarks
		2014	2013	2014	2013	
a) Exercise books	Groose	58,632	58,632	55,842	57,887	
b) Sensitized paper	Rolls	216,000	216,000	48,989	44,264	Due to lack of demand
c) Prolabels	Sq. Meter	2,000,000	2,000,000	2,792,742	2,930,907	Due to extra shift.

**38.1** The capacity is determined on single shift basis.



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**PAKISTAN PAPER PRODUCTS LIMITED**

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**39. Date of authorization for issue**

These financial statements were authorized for issue on September 15, 2014 by the Board of Directors of the Company.

**40. Figures**

Figures have been rounded off to the nearest rupee.

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**MOHAMMAD ALI SAYEED**  
Chairman

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**ABID SAYEED**  
Chief Executive

Date: September 15, 2014  
Karachi





## PAKISTAN PAPER PRODUCTS LIMITED

### PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS ON 30TH JUNE 2014

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
270	1	-	7,636
224	101	-	68,379
121	501	-	97,116
161	1,001	-	366,371
24	5,001	-	172,454
4	10,001	-	54,000
14	15,001	-	259,033
1	20,001	-	25,000
2	25,001	-	56,428
1	30,001	-	31,993
3	35,001	-	115,793
1	40,001	-	42,387
2	50,001	-	101,881
2	55,001	-	113,599
1	60,001	-	63,000
1	75,001	-	78,272
1	100,001	-	103,200
1	115,001	-	120,000
1	120,001	-	124,569
1	125,001	-	127,225
1	165,001	-	167,467
1	200,001	-	201,384
1	405,001	-	406,025
1	460,001	-	464,326
1	540,001	-	542,617
1	565,001	-	566,545
1	680,001	-	680,270
1	840,001	-	843,030
<b>844</b>			<b>6,000,000</b>

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	819	4,179,962	69.67
2	Financial Institutions	4	85,047	1.42
3	Investment Companies	3	717,375	11.96
4	Joint Stock Companies	9	30,806	0.51
5	Insurance Companies	2	321,384	5.36
6	Mutual Fund	3	494,326	8.24
7	Other	4	171,100	2.85
		<b>844</b>	<b>6,000,000</b>	<b>100.00</b>



## PAKISTAN PAPER PRODUCTS LIMITED

### DETAILS OF PATTERN OF SHAREHOLDING AS ON JUNE 30, 2014 (AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE)

S. No.	Categories Shareholders	Shares Held	% Age
1	<b>Associated Companies</b>	<b>680,270</b>	<b>11.34</b>
	Management & Enterprises (Pvt.) Limited	680,270	
2	<b>NIT &amp; ICP</b>	<b>474,612</b>	<b>7.91</b>
	National Bank of Pakistan-Trustee Department Ni(U)T Fund	464,326	
	Investment Corporation of Paksitan	5,112	
	IDBL (ICP) Unit	5,174	
3	<b>Directors, CEO, their Spouses and Minor Childern</b>	<b>2,225,856</b>	<b>37.10</b>
	Mrs. Muleika Sayeed	124,569	
	Mr. Muhammed Ali Sayeed	8,520	
	Mr. Abbas Sayeed	542,617	
	Mr. Asadullah Sayeed	406,025	
	Mr. Abid Sayeed	843,030	
	Mr. Zahid Dada	3,000	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	27,428	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	167,467	
	Mrs. Faiza Sayeed W/o. Asadullah Sayeed	103,200	
4	<b>Executives</b>	<b>Nil</b>	
5	<b>Individuals</b>	<b>1,954,106</b>	<b>32.57</b>
6	<b>Public Sector Companies and Corporation</b>	<b>201,384</b>	<b>3.36</b>
7	<b>Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies and Mutual Funds</b>	<b>463,772</b>	<b>7.73</b>
	<b>Total</b>	<b>6,000,000</b>	<b>100.00</b>

#### Shareholders Holding Five Percent or More In The Company

Mr. Abid Sayeed	843,030	14.05
Management & Enterprises (Pvt.) Limited	680,270	11.34
National Bank of Pakistan-Trustee Department Ni(U)T Fund	464,326	7.74
Ms. Aliya Rehman	566,545	9.44
Mr. Abbas Sayeed	542,617	9.04
Mr. Asadullah Sayeed	406,025	6.77



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**PAKISTAN PAPER PRODUCTS LIMITED**

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**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 \_\_\_\_\_ 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 52<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday 22<sup>nd</sup>  
October 2014 at 11:30 am and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Rs.5/=  
Revenue  
Stamp

Witnesses:

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

1: Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC: \_\_\_\_\_

2: Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC: \_\_\_\_\_

Signature \_\_\_\_\_

**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.



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