

Annual Report 2018



Pakistan Paper Products Ltd.



VISION STATEMENT

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

MISSION STATEMENT

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





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CORPORATE PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HR AND REMUNERATION COMMITTEE

Mr. Zahid Dada	- Chairman
Mr. Abbas Sayeed	- Member
Mr. Sayeed Imran	- Member
Mr. Shoaib Ahmed Khan (NIT Nominee)	- Member

CHIEF FINANCIAL OFFICER

Mr. Khurram Idress

COMPANY SECRETARY

Mr. Faisal Saeed Khan

AUDITORS

Faruq Ali & Co
Chartered Accountants

SHARE REGISTRAR

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

BANKERS

Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan

REGISTERED OFFICE AND FACTORY

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



PAKISTAN PAPER PRODUCTS LIMITED

NOTICE OF MEETING

Notice is hereby given that the 56th Annual General Meeting of the Shareholders of Pakistan Paper Products Ltd will be held at the Head Office of the Company D/58 Estate Avenue SITE Karachi on **Tuesday 23rd October, 2018 at 11:00 am** to transact the following business :-

1. To confirm Minutes of the Annual General Meeting held on 26th October, 2017.
2. To receive, consider and adopt the audited accounts of the Company for the year ended on 30th June, 2018 together with the Directors' Report and Auditors' Report thereon.
3. To consider and approve the final cash dividend of Rs.2.5 per share (25%) for the year ended June 30, 2018, as recommended by the Board of Directors.
4. To appoint Auditor for the year 2018-2019 and to fix their remuneration. The present auditors M/s. Faruq Ali & Co., Chartered Accountants, retire and being eligible has offered themselves for reappointment.

B. SPECIAL BUSINESS:

5. ***To approve payment of Bonus shares (B-8) in the proportion of one share for every 3 shares held i.e 33.33% as recommended by the Board of Directors and if thought fit appropriate, pass the following resolutions with or without modification(s) for capitalization of profit as ordinary resolution:***
 - a) **RESOLVED** that subject to compliance with applicable laws and regulations' a sum of Rs.20,000,000/= (Rupees Twenty Million) out of the Company's current year profit be capitalized for issuing fully paid up ordinary share of Rs.10/= each to those Shareholders whose name appear in the Register of members on **16th October 2018** in proportion of one share for every 3 shares (33.33%).
 - b) **RESOLVED FURTHER THAT** the Bonus Shares shall rank pari passu in all respects with the existing shares of the Company. The Bonus Shares declared simultaneously will not be entitled for announced final cash dividend.
 - c) **RESOLVED FURTHER THAT** in the event of any shareholder entitled for fraction of Bonus Shares, the Directors/ Chief Executive / Company Secretary of the Company be and is hereby authorized to consolidate such fractional entitlements and sell in the stock market and the proceeds thereof, be distributed prorata to the members according to their entitlement.
 - d) **RESOLVED FURTHER THAT** the Directors / Chief Executive / Company Secretary be and are hereby authorized singly to do all acts deeds and make all arrangements and issue instructions for payment of final cash Dividend in electronic mode i.e' "e-Dividend" to all entitled shareholders and credit of bonus shares in Central Depository Company of Pakistan to all CDC shareholders System and printing and dispatching of the Bonus Share Certificates to those shareholders who holds shares in physical form.
 - e) **RESOLVED FURTHER THAT** the Share Transfer Books of the Company be closed from 17th



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6. *To consider and approve increase in Authorized Share Capital of the Company from the present Rs.80,000,000/= divided into 8,000,000 ordinary shares of Rs. 10/= each to Rs. 150,000,000/= divided into 15,000,000 ordinary shares of Rs. 10/= each and to approve amendments in the Memorandum of Association & Article of Association of the Company resulting from this increase in Authorized Share Capital and if thought fit, to pass the following resolutions as a Special Resolution:*

a) **RESOLVED THAT** the Authorized Share Capital of the Company be and is hereby increased from Rs.80,000,000/= (Rupees Eighty Million) divided into 8,000,000 (Eight Million) ordinary shares of Rs. 10/= each to Rs.150,000,000/=(One Hundred And Fifty Million) divided into 15,000,000 (Fifteen Million) ordinary shares of Rs. 10/- each by the creation of 7,000,000 (Seven Million) ordinary shares of Rs.10/- each. Such new shares, whenever issued, shall rank pari passu in all respect with the existing shares.

b) **FURTHER RESOLVED THAT** in view of the increase in Authorized Share Capital, Clause "V" of the *Memorandum of Association* be and is hereby amended to read as under:

"The Authorized Capital of the Company is Rs. 150,000,000 (Rupees One Hundred and Fifty Million) divided into 15,000,000 (Fifteen Million) ordinary shares of Rs.10/- (Rupees ten) the rights, privileges and conditions attaching thereto as are provided by the Regulations of the Company for the time being, with powers to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential deferred, qualified or special rights privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such right, privileges or conditions to such manner as may, for the time being, be provided by the regulations of the company".

c) **FURTHER RESOLVED** that in view of the increase in Authorized Share Capital, Article "4" of the Article of Association be and is hereby amended to read as under:

"The Authorized share Capital of the Company is Rs.150,000,000 (One Hundred and Fifty Million) divided into 15,000,000 (Fifteen Million) ordinary shares of Rs.10/- each."

FURTHER RESOLVED THAT the Directors / Chief Executive / Company Secretary be and is hereby authorized and empowered fulfill all legal, corporate and procedural formalities to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for alteration of the Company's Memorandum and Articles of Association of the Company.

ALSO RESOLVED that for the purpose of giving effect to the abovementioned resolutions, Directors/Chief Executive and Company Secretary be and are hereby singly authorized as permitted under the law in letter and spirit to give such directions as may be necessary and settle any questions or omission or mistake pointed by the Commission (SECP) or any competent authority in the aforesaid resolutions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions or issue of e-dividend or increase in Authorized share capital of the company .

(STATEMENTS AS REQUIRED BY SECTION 134(3) OF THE COMPANIES ACT 2017 IN RESPECT OF THE SPECIAL BUSINESS TO BE CONSIDERED AT THE MEETING IS BEING SENT TO THE MEMBERS WITH THE ANNUAL REPORT).

AGENDA ITEM NO. 5: REGARDING ISSUANCE OF BONUS SHARES

The Directors have recommended capitalization of the profit for issue of Bonus Shares of Rs. 20,000,000 (Rupees Twenty Million) in proportion of one share for every 3 shares (33.33%). The Directors are interested in this business only to the extent of their entitlement of Bonus Shares as ordinary shareholder, except this, directors have no interest directly or indirectly in the special business.



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AGENDA ITEM NO. 6: REGARDING INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY.

In order to provide for increase in authorized capital for issuance of bonus shares and further growth, the Board of Directors proposed that the present Authorized Share Capital be increased from Rs. 80,000,000/- (Rupees Eighty Million) divided into 8,000,000 (Eight Million) ordinary shares of Rs. 10/- each to **Rs. 150,000,000 (Rupees One Hundred and Fifty million) divided into 15,000,000 (Fifteen million) ordinary shares of Rs.10/- to have the flexibility to increase the Paid-up capital at any later stage without having to amend Memorandum and Article of Association.** The Board of Directors have also recommended to alter the Clause "V" of Memorandum of Association and Article "4" of the Article of Association of the company.

STATEMENT WITH RESPECT TO THE INTEREST OF ANY OF THE DIRECTORS OF THE COMPANY IN RELATION TO THE ABOVE MENTIONED MATTER.

Each Director of the Company has notified to the Board of Directors that they have no interest in the transaction being contemplated by the Company as discussed above and interested only to the extent of their entitlement of dividends and bonus shares as ordinary shareholders.

None of the directors of the Company have any direct or indirect interest in the special business except that mentioned therein.

By Order of the Board
Faisal Saeed Khan
Company Secretary

Karachi

Dated: 18 September 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from **Wednesday 17th October 2018 to Tuesday 23rd October 2018 (both days inclusive)**. Transferred received at the Share Registrar office M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor Salma Trade Tower -A LI Chudrigar Road Karachi 74000 at the close business on **Tuesday 16th October 2018** be treated in time for the purpose of payments of final Dividend and Bonus Shares to the transferees.

2. A member 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 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.



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- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C: Zakat Declaration Certificate

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

SPECIAL NOTES TO THE SHAREHOLDERS:

D: Submission of CNIC Copy (MANDATORY)

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

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

5. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website i.e. <http://www.pakpaper.com> and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. F.D Registrar Services (SMC) -Pvt. Ltd 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi during working hours. Ph: 0092-21-35478192-93 Fax: 0092-21-32621233 Email: fdregistrar@yahoo.com In case of physical shares. In case shares are held in CDC then Dividend Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

In case of non-submission of an IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.

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

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

G. Unclaimed Dividends And Shares (Important & Mandatory)

7. Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Share Registrar M/s. F.D Registrar Services (SMC) -Pvt. Ltd 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi during working hours. Ph: 0092-21-35478192-93 Fax: 0092-21-32621233 Email: fdregistrar@yahoo.com to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three (3) years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

H. Circulation of Annual Financial Statements through Email

8. SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their email address. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall, however, continue to provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

I. Placement of Financial Accounts on Website

9. Pursuant to the notification of the SECP (SRO 634(I)/2014) dated: 10th July 2014 the financial statements of the Company have been placed on Company's website at www.pakpaper.com



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L. Deduction of Withholding Tax on the amount of dividend (Mandatory):

10. Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. Tax rates are as under:

- i. For filers of income tax returns: 15%
- ii. For non-filers of income tax returns: 20.0%

To enable the Company to make tax deduction on the amount of the cash dividend @ 15% instead of 20.0% all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR despite the fact that they are filers, are advised to make sure their names are entered into ATL. Otherwise tax on the cash dividend will be deducted @ 20.0% instead of 15%. For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue withholding tax will be determined separately on 'Filer, Non-filer' status of Principle shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principle shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

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

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

K. E-VOTING

11. Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

L: For Video Conference:

12. Further to SECP S.R.O. No.1027/(I)2014 dated 13th November 2014 clause 1(b) "The company may provide video conference facility to its members for attending the general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members:

Provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting the company shall arrange video conference facility in that city subject to availability of such facility in that city".

The company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

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



PAKISTAN PAPER PRODUCTS LIMITED

OPERATING HIGHLIGHTS

Rupees in Thousand

2018 2017 2016 2015 2014 2013

HISTORICAL TRENDS

Trading results

Turnover	868,871	724,393	676,554	631,584	527,020	543,319
Sales - Net	788,229	659,935	613,672	576,333	504,312	501,239
Gross Profit	129,719	124,258	125,342	116,911	110,076	96,736
Profit before tax	64,459	73,059	62,572	73,455	73,404	60,024
Taxation	14,391	12,227	24,206	16,276	25,164	21,228
Profit after tax	50,068	60,832	38,365	57,177	48,239	38,795

Dividend

Cash Dividend	25%	55%	30%	40%	30%	30%
Stock Dividend	33.33%					
Cash Dividend Value	15,000	33,000	18,000	24,000	18,000	18,000
Stock Dividend Value	20,000	-	-	-	-	-
Dividend Payout	69.90%	54.25%	46.92%	41.97%	37.31%	46.40%

Financial Position

Total Assets	870,670	843,795	723,186	723,766	637,770	522,456
Paid up Capital	60,000	60,000	60,000	60,000	60,000	60,000
Reserves	361,793	327,481	284,545	262,820	226,649	196,083
Working capital	247,727	223,235	225,123	188,694	181,396	153,940
Current Ratio	2.93	3.03	3.77	3.39	3.99	3.60

KEY INDICATORS

Operating

Gross Profit	16.46%	18.83%	20.42%	20.29%	21.83%	19.30%
Profit before tax	8.18%	11.07%	10.20%	12.75%	14.56%	11.98%
Profit after tax	6.35%	9.22%	6.25%	9.92%	9.57%	7.74%
Return on Equity	11.87%	15.70%	11.13%	17.71%	16.83%	15.15%
Return on Assets	5.75%	7.21%	5.30%	7.90%	7.56%	7.43%

Valuation

Earning per share (pre tax)	10.74	12.18	10.43	12.24	12.23	10.00
Earning per share (post tax)	8.34	10.14	6.39	9.53	8.04	6.47
Breakup value per share	70.30	64.58	57.42	53.80	47.77	42.68

Asset utilisation

Inventory turnover ratio	4.48	4.22	4.34	4.57	4.39	4.08
Total assets turnover ratio	0.91	0.78	0.85	0.80	0.79	0.96

Production

Exercise Books (Gross)	57,990	56,176	66,390	66,542	55,842	57,887
Amonia Paper (Rolls 10 yds)	32,461	33,187	36,856	56,486	48,989	44,264
Pro-Labels (Sq. Meter)	5,104,755	4,336,380	3,482,032	2,944,592	2,792,742	2,930,907

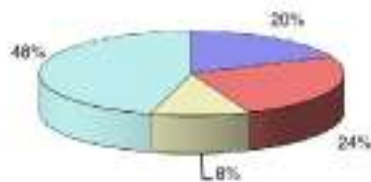


PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

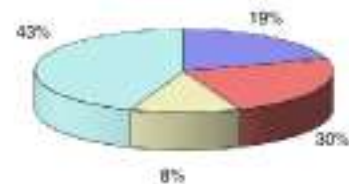
	2018		2017	
	Rupees in thousand	%	Rupees in thousand	%
Wealth Generated				
Total revenue inclusive of sales tax & other income	869,239		725,176	
Bought-in-material & services	470,269		416,302	
	<u>398,971</u>	<u>100.00%</u>	<u>308,873</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages, benefits & related cost	73,208	18.35%	62,320	20.18%
To Government				
Income tax, sales tax & workers' fund	101,539	25.45%	73,026	23.64%
To Providers of Capital				
Dividend to share holders	35,000	8.77%	33,000	10.68%
Markup on borrowed funds	7,244	1.82%	4,030	1.30%
Retained in Business				
Depreciation & retained profit	181,979	45.61%	136,497	44.19%
	<u>398,971</u>	<u>100.00%</u>	<u>308,873</u>	<u>100.00%</u>

Wealth Distribution 2018



To Employees
 To Government
 To Providers of Capital
 Retained in Business

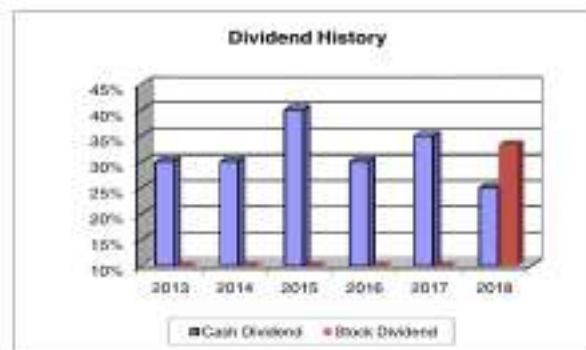
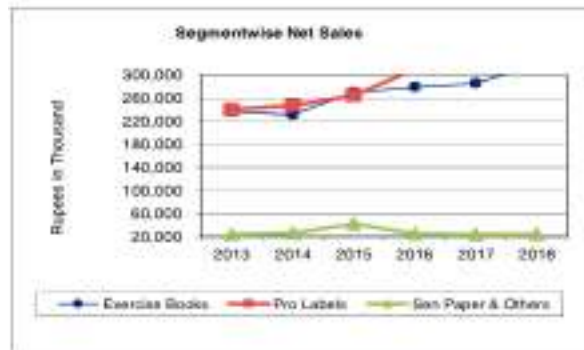
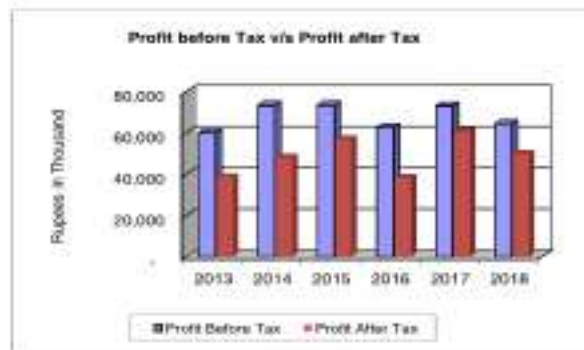
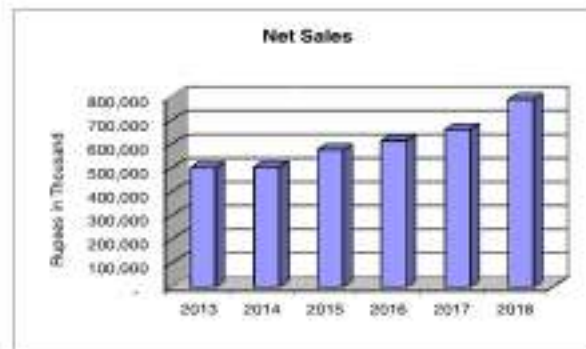
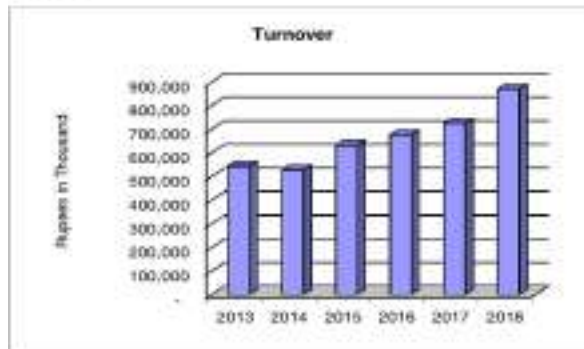
Wealth Distribution 2017



To Employees
 To Government
 To Providers of Capital
 Retained in Business



PAKISTAN PAPER PRODUCTS LIMITED





ڈائریکٹرز رپورٹ

پورڈ آف ڈائریکٹرز رپورٹ کے آڈٹ شدہ اکاؤنٹس کے ساتھ 56 ویں سالانہ رپورٹ یہ سرٹیفائی کرتا ہے۔ رپورٹ 30 جون 2018 کو ختم شدہ سال کے لیے کھلی کی سرگرمیوں کا احاطہ کرتی ہے اور اس کی مابینائی اجائی اور مابینائی کارگزاریوں کو جان کرتی ہے۔

مکمل نکتہ

آپ کی کھلی مسلسل عمدہ ترقی کر رہی ہے اس کا رکن اور 868.87 ملین روپے کے ایک اور نئے ریکارڈ کی سطح تک بڑھ گیا اور کل فروخت 788.23 ملین روپے تک پہنچی کی بڑھ کر تین مئی سال کے مقابلے میں پانچ فیصد 19.94% اور 19.44% کا اضافہ ہے۔ ایکسر سائز بکس تکلیف اور پریکٹو نے پانچ فیصد 12.30% اور 26.40% کا اضافہ کے ساتھ ایک نمایاں مقام پایا ہے جبکہ Sensitized ہے اور فوٹوکاپی کاغذ میں بھی 5.89% اور 10.16% کا اضافہ ہوا ہے۔

پریکٹو تکلیف نے فروخت میں 26.40% کے اضافے کو ظاہر کر کے ایک اور بھری سال پایا۔ جیسا کہ ہم نے ماضی میں بیان کیا تھا کہ Self-Adhesive تکلیف انڈسٹری پاکستان میں ابھی تک ترقی پذیر رہی کے سربط میں ہے اور مسلسل میں بھی پانچ بڑھتی ہوئی کو ظاہر کر کے کی گزشتہ ایک سال میں ہم نے دیکھا کہ ترقی کے علاوہ کے ساتھ ساتھ آئی ٹیکن پوجی، کیمیا کی کریمیں، ڈیٹ کھلچلوا استعمال کرنے والی تکلیف Self-Adhesive ترقی کی پیمائش میں بھرپور توجہ پاری ہے جیسا کہ نئے مقابلے درج ہیں۔ چونکہ اس انچیل ٹیکن کے لیے دیگر کھلچلوا کے لیے مسلسل سرمایہ کاری کر رہی اور مشین بڑھتی کر رہی ہیں۔ پاکستان میں اس مصنوعات کے حوالے سے ازیوت کے حامل ہونے کے باعث ہم اس شعبہ پر اپنی توجہ مستقل مرکز رکھنا اور مسلسل سرمایہ کاری کرنا چاہتے ہیں تاکہ فراہم کنندگان کے اس موقع سے فائدہ حاصل کیا جاسکے اور اپنے کارخانہ مقام کو بھی مستحکم کیا جاسکے۔ گزشتہ دو سالوں میں شامل کردہ اضافی کھپائش سے ایک وادہ بھر پور سے طور پر اختلاف کیا جاسکا ہے اور بنیادی منصوبہ ہے کہ اس سال کے دوران اضافی مشینری کے لیے سرمایہ کاری کی جائے لیکن ہم نئی حکومت کے معاشی منصوبوں کے سامنے آنے کے بعد کی صورت حال واضح ہونے کا انتظار کر رہے ہیں۔ پاکستانی روپے کی مسلسل ترقی ہوئی قدر ہمارے لیے ایک دشواری میں مسئلہ ہے کیونکہ روپے کی ترقی ہوئی اس قدر کے اعلیٰ اثرات ہم اپنے صارفین کو منتقل کرنے کے قابل نہیں ہیں اور اس کا مکمل طور پر اثر اپنے ذمہ لینے میں جس کی وجہ سے ہمارے صارفین کم ہو رہے ہیں۔

ایکسر سائز بکس کے حوالے سے پانچ اور عمدہ سال ہے کہ اس کی فروخت 12.30% سے بڑھ کر 320 ملین روپے تک ہوئی۔ یہ ہماری مصنوعات کی تھابتی بھر پور مارکیٹنگ اور مارکیٹنگ کے درست شیڈ میں خود کو مقرر کرنے کی وجہ سے ممکن ہوا جہاں ہم بھر پور نتائج حاصل کر سکے۔ گزشتہ بہت میں حکومت نے ایکسر سائز بکس کے لیے زہور پانچ بحال کی جس کی وجہ سے اس سال کارکردگی بھڑکنے میں مدد ملی۔ یہ نکتہ مقابلہ نکتہ سے نکتہ تر ہو جا رہا ہے کیونکہ مقامی بھی طے ایکسر سائز بکس ہمارے اپنے پائمنس سبب کر لیے ہیں اور ان سے مقابلہ کرنا نکتہ ایک بڑھتی ہے۔ گزشتہ ایک سال میں بین الاقوامی مارکیٹ میں کتنی کی قیمت بہت زیادہ رہی اور پاکستانی روپے کی قدر کے کم ہونے کی وجہ سے صورت حال مزید خراب ہوئی۔ ہمارے مرکزی پلاننگ چھری ہے پور اٹھنے گزشتہ ایک سال میں کتنی کی قیمت میں 25% ترقی کا اضافہ کیا اور پانچ ممکن ہے کہ قیمتوں میں اضافہ کر کے پورا ہوا ہے منتقلی کرنا چاہتے لیکن ہم نے مارکیٹ کی کھپائش کے مطابق اعلیٰ مصنوعات کی قیمتوں میں اضافہ کیا۔ Sensitized ہے اور فوٹوکاپی کے کتنی کی فروخت 5.89% اور 10.16% تک بڑھنے کے ساتھ یہ سال اطمینان بخش رہا۔ فوٹوکاپی کے کاغذ کے ضمن میں اب ہم صرف پانچ مارکیٹ پر توجہ دے رہے ہیں اور نکتہ قیمت مارکیٹ میں فروخت نہیں کر رہے جیسا کہ ہاں مقابلہ نکتہ سے نکتہ تر ہے اور نہایت ہی توجہ دلائی ہے۔ ہم پانچ مارکیٹ میں پانچ سالانہ میں سے ایک ہیں۔ یہ مارکیٹ بہت بڑی تو نہیں لیکن عمدہ کھپائش رکھتی ہے اس لیے ہم اپنی توجہ مرکوز کیے ہوئے ہیں۔

ماہانہ نتائج

یہ قسمی سے نکتہ ہاں میں نمایاں اضافہ، ہاں ہاں میں تبدیل نہیں ہو سکا اور نتائج کو ایک بڑی چٹ گئی۔ اعلیٰ گیس منافع 99.77% تک کم ہوا اور بعد گیس منافع 97.89% کم ہوا۔ اس اختلاف کی دو اہم وجوہات ہیں جن کو یہاں نمایاں کرنا ضروری ہے۔ پہلی یہ نئی ٹیکس گراؤنگ پر پانچ ہونے 2016 میں کرنٹ پر پورے ای ٹیکس کے باعث زیادہ کاغذ چار بڑھیں اور جس کے لیے مرکزی اور ایلیاں گزشتہ ماہانہ مئی سال میں کی گئیں۔ ایک اور وجہ یہ ہوئی کہ زیادہ فروخت کی وجہ سے کتنی کو زیادہ اور نکتہ کھولنے کی ضرورت تھی جس کے لیے ٹیکس سے قرض لیا گیا اس طرح پورے سال میں ہماری رنگ ٹیکس کی سہولت بہت زیادہ استعمال ہوئی اس طرح نکتہ سو کی اعلیٰ زیادہ رہی۔ نتائج میں کی ایک اور واضح وجہ پاکستانی روپے کی قدر میں 20% سے زائد کمی ہے جو ہمارے نتائج میں شدہ پانچ کا سبب بنا کیونکہ مارکیٹ میں نکتہ مقابلہ کی جارہی ہے ہم اپنی مصنوعات کی قیمتیں بڑھا کر کل اثرات کو اعلیٰ منتقل نہیں کر سکتے ہیں۔ اعلیٰ مابین مسائل سے بخوبی آگاہ ہے لیکن اس دوران کھلی کی فروخت بڑھنے سے ہمیں موصولہ اور آئندہ سال اگلیوں اور فراہم کنندگان کو کنٹرول کر کے بھرتی کی دینے کی امید ہے۔ یہ نکتہ زیادہ ڈیٹا مابین حکومت کی جانب سے ملک کی معاشی انتظام پر ہے اور اگر وہ اعلیٰ گیسوں کے قوانین کی کمی کو کنٹرول کرنے لگتی ہیں 2018 سالے میں کامیاب ہو جاتے ہیں تو کھلی کی چاہت سے بھی بھرتی کی توقع ہے۔



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2017	2018	
73,058,802 روپے	64,458,990 روپے	عملی کاروبار میں منافع
(12,226,541) روپے	(14,391,388) روپے	تجربہ منافع
60,832,260 روپے	50,067,602 روپے	بعد سے منافع

منافع محترم اور بونس شیئرز:

برآمدہ سے 33.33% یا 1:3 کی نسبت میں بونس شیئرز منظور کیا ہے۔ اس کے علاوہ 25% کا حق منافع محترم بھی ہم منظور کرتے ہیں۔

مالیاتی رپورٹنگ

ہم بین الاقوامی طور پر جانچ کر رہے ہیں کہ کتنی بڑا کی مالیاتی رپورٹنگ SECP کی جانب سے متعلق کردہ منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات کی بنیاد پر ہیں اور ایکٹو ایکٹ 2017 کی شرائط کی عملی کرنا ہے۔

بیورو رپورٹنگ اور آپریشنز

بیورو رپورٹنگ سہولیات سے متعلق ہمارے تمام وسائل عمدہ طریقے سے نگرانی میں لائے جاتے ہیں اور کتابت میں مثبت فوائد بھی کامیابی سے حاصل کیے جاتے ہیں۔ ہم نتائج میں آگے سے آگے رہنے کے لیے اپنی تمام بیورو رپورٹنگ سہولیات کا مستفاد بنانا سیکھ رہے ہیں اور آپ کو یہ سیکھنے دیتے ہیں۔

کارپوریٹ اور سماجی ذمہ داری

پبلک کمپنی ہونے کی بنا پر ہم یہ سمجھتے ہیں کہ ہم پر اس ملک اور دنیا بھر کے لیے اس کے عوام کی ذمہ داری ہے۔ اس ضمن میں ہم ضرورت مند اداروں کو مالی عطیات دیتے ہیں۔

صحت

ہمارا مقصد ہے کہ ہم اپنے آپ کو محفوظ اور محفوظات کے ماحول پر اثرات کو کنٹرول کرنے کے ذریعے ہم ماحولیاتی کارگزاری کو برقرار رکھیں اور ملک میں آلودگی کو کنٹرول کرنے کے لیے قابل اطلاق ماحولیاتی قانون سازی کو نافذ و نافذ اور ترقی دیں اور معیارات کی تعمیل کے لیے مزید مستعدی سے کوشش کریں۔ ہماری کھپائی نے پاکستان میں بیورو اور ماحول دوست ماحول کے فروغ میں اپنا کردار ادا کرنے کا عزم کیا ہے۔

برآمد

پاکستان میں یہ پورے آئس لوجسٹک ایک دن درنگ اور بجلی تان درنگ اور ایکٹو ایک آزاد اور معقول ادارہ ہے۔ چیئر مین اور چیف ایگزیکٹو کے کردار ادا کرتے ہیں اور ہر ایک کی واضح طور پر بول پڑھائی کو ترجیح دیتے ہیں۔

کارپوریٹ اور فیملی رپورٹنگ فریم ورک

• ہم سرحد کیساتھ یہ اطلاع دیتے ہیں کہ آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج اور ایس ای سی پی کے فرسٹ کروہ شرائط میں شامل ہو کر کارپوریٹ گورننس کے کوڈ کی تعمیل کرتے ہوئے ضروری اقدامات اٹھائے ہیں۔

• کمپنی کی انتظامیہ کی جانب سے تیار کردہ ماحولیاتی گوشوارے اس کے اسٹیٹ آف ایئر ڈیٹا پورٹل کے نتائج کی پیش کردہ اور اصلاح کی رو سے تیار کیے جانے والے ہیں۔

• سوزوں اور آلودگی پالیسیاں ماحولیاتی گوشواروں کی تیاری میں مستقل طور پر اطلاق ہونے اور سب اور مستقل شہت کی بنیاد پر ہیں۔

• اکاؤنٹس کے سوزوں کو اس میں کمپنی کی جانب سے میں نہیں کی جاتی ہیں۔

• ماحولیاتی گوشواروں میں بین الاقوامی اکاؤنٹنگ معیارات ہو کر پاکستان میں قابل اطلاق ہیں کی تیاری میں بھی وہی کی جاتی ہیں۔

• حلقہ برقرار رکھنے کیلئے کمپنی کی اہلیت پر کوئی شک نہیں ہے۔

• اندرونی اختیار کا سلسلہ، ڈی این ایم، سسٹم کی مسلسل طور پر ترقی آؤٹ کے ذریعے اور دیگر ایسے گرائی کے طریقوں سے گرائی کی جاری ہے۔ اندرونی اختیارات کی گرائی کا عمل آئس لوجسٹک کو بڑھ کر چلنے کے ذریعے اور سسٹم میں بہتری لانے کے مقصد کے ساتھ ساتھ ایک جاری عمل کے طور پر جاری ہے۔

• سیکورس سے متعلق تفصیلی اکاؤنٹ کے ڈس میں دی گئی ہے۔



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بورڈ اور اس کی کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز (BoD) کے سال کے دوران چار اجلاس (04)، چار آڈٹ کمیٹی (AC) کے اجلاس اور ایکس (01) آڈٹ آریبلز آریبلنگ منعقد کیے۔ بورڈ آف ڈائریکٹرز کی جانب سے ماہنامہ راج ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	BoD میٹنگ	AC میٹنگ	آڈٹ آریبلز آریبلنگ
جناب عباس سعید	4	4	1
جناب عامر سعید	4	-	-
ڈاکٹر اسد اللہ سعید	4	4	-
نختر مرزا لکھو سعید	3	-	-
جناب زاہد دادا	2	3	1
جناب شعیب احمد خان (NIT) (نور)	4	-	1
جناب سعید عمران	4	-	1

ایسے ڈائریکٹرز جو بورڈ آریبلنگ اجلاسوں میں حاضر نہیں ہوئے وہ قانون کی مطابقت میں بورڈ آریبلنگ کی کمیٹیوں کی جانب سے غیر ماہنامہ کی باقاعدہ درخواست سے منظور ہوئے۔

ڈائریکٹرز کی فریڈنگ پروگرام

کمیٹی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز ایسے سرٹیفکیشن سے مستثنیٰ ہیں جو کوڈ میں دیے گئے معیار مستثنیٰ پر پورا اترتے ہیں۔ ایک ڈائریکٹر نے 2016 میں سرٹیفکیشن فریڈنگ پروگرام کے تحت سرٹیفکیشن حاصل کی، ایذا اصف بورڈ آف ڈائریکٹرز (DTP) کے معیار پر پورا اترتا ہے، باکو کے مطابق معیار مستثنیٰ پر پورا اترتا نہیں ہے۔

ضابطہ علاقہ کارگوشوارا

بورڈ نے ضابطہ علاقہ کارگوشوارا اپنایا ہے۔ تمام ملازمین اس گوشوارے سے آگاہ ہیں۔

اہم تبدیلیاں

کوئی اہم تبدیلی نہیں ہوئی ہے اور کمیٹی دانستہ طور پر کسی بھی ایسے وعدہ میں شامل نہیں ہوئی ہے جس سے اس کی مالی حیثیت پر اثر پڑے۔

کاروباری پرفیکچر کے کوڈ

پاکستان پور پورڈس میں متاثرہ کمیٹی کے طور پر کاروباری کامیابی کے لئے اعلیٰ اخلاقی اقدار کی شہرت کمیٹی ہے۔ بزنس پرفیکچر کے کوڈ کو پہلے ہی ڈیپاپ کر لیا گیا ہے اور یہ کمیٹی کے ہر ایک ڈائریکٹر اور ملازم کو ارسال کر دیا گیا اور ان کی جانب سے اس کا بچ کر لیا گیا ہے۔

مستثنیٰ کے امکانات اور پیچھے

داغی BMR اور پروڈکشن کے تمام شعبوں میں کمیٹی کے اضافہ کے ذریعے آپ کی کمیٹی مستثنیٰ کے لئے اچھی طرح تیار ہے اور ضرورت پڑنے پر اپنی پروڈکشن کے لئے انسانی مہارت طلب کو پورا کرنے کے لئے بھی تیار ہے۔ پاکستان کی پیچھے لگنے والی سلسلہ ترقی کر رہی ہے اور دعوت اختیار کر رہی ہے جو پرفیکچر کے لئے مزید مواقع تخلیق کر رہی ہے جو فی الوقت کمیٹی کی تیز ترین باہمی ہوئی ہے۔ اس شب میں ہمیں بہت زیادہ غیر مستند منہ مذاہر کا سامنا ہے جہاں سے داخل ہونے والے اپنی قیمتوں کو تیزی کے ساتھ کم کر رہے ہیں تاکہ مارکیٹ میں وہ اپنا حصہ حاصل کر سکیں جو کہ بے لطف کاروبار کرنے کا ایک انتہائی غیر مستند منہ انداز ہے۔ چونکہ ہمارا آئین تمام تر صنعت کمالے میں اہم ہائے گی۔ انتظامیہ ان مسائل سے بخوبی آگاہ ہے اور وہ ان مسائل کو کم کرنے کے لئے اعلیٰ معیار اور بہترین پروڈکٹس کے اریاز پر فکس کرنے کی کوشش کر رہی ہے۔

تعمیر کاروں کا دورہ ہماری ایک بار پھر سرکاری ادارہ کے مقابلہ میں پاکستانی روپے کی کمزور حیثیت ہے چونکہ ہمارا زیادہ تر تمام مال درآمد شدہ ہے لہذا مارکیٹوں میں ملنے والے زیادہ تر سامان ہمارے لئے ہے۔



PAKISTAN PAPER PRODUCTS LIMITED

آڈٹ کھلی

آڈٹ کھلی بورڈ کے تین ممبران پر مشتمل ہے، دو ان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر۔ ایک آزاد ڈائریکٹر کو کھلی کے ممبرین کی حیثیت سے آڈٹ کھلی میں شامل کیا گیا ہے جیسا کہ CCG ریگولیشنز 2017 میں درکار ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کھلی کے لئے شرائط کو طے کیا ہے۔ آڈٹ کھلی سالانہ اور سہ ماہی کوٹھارے، انٹرنل آڈٹ ریس کا جائزہ لیتی ہے اور بورڈ اجلاسوں سے قبل اپنا اجلاس منعقد کرتی ہے۔ کھلی انٹرنل آڈٹ اپارٹمنٹ کے ذریعہ انٹرنل کنٹرول کے سسٹم کا مہینانہ عمل طریقہ سے انتظام کرتی ہے اور ہر چھ ماہ اور فائنل کنٹرول کی سوز ڈویژن کا جائزہ لیتی ہے۔

چوکن ریسیورس کھلی

کھلی بورڈ کے تین ممبران پر مشتمل ہے، دو ان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر۔ کھلی کا چوکن مین ایک آزاد ڈائریکٹر ہے۔ کھلی کھلی کی HRs جنہاں ایسیڈ کا جائزہ لیتی ہے اور اس کی تشکیل کرتی ہے۔ کھلی ملازمین کے مظاہروں کی بھی ذمہ دار ہے اور اس امر کو یقینی بناتی ہے کہ یہ کھلی کی کارروائی صحت منظم اور طویل المدتی اصلاحات سے ہم آہنگ رہے۔

آپ پیٹنگ اور فائلنگ ڈیپارٹمنٹ

آپ پیٹنگ اور فائلنگ ڈیپارٹمنٹ کھلی کا کلیدی کام ہے جس کا مشنک ہے۔

آڈٹرز

بورڈ نے آٹھ مالی سال کے لئے سمرز فاروق علی اینڈ کھلی کو بطور آڈٹرز تقریر کرنے کی صلاح کی ہے۔

شیئر ہولڈنگ کا طریقہ

30 جنوری 2018ء کے مطابق شیئر ہولڈرز کی پتہ کاس کی شیئر ہولڈنگ کے طریقہ کا اظہار جس کا راجہ رنگہ فریم ورک کے تحت انکشاف درکار ہے، رٹ میں شامل ہے۔

متعلقہ کمپنیاں، ایگزیکٹو، ایچ ایس، پبلک ٹیلیکمیونیکیشنز اور پبلیک سروسز، DFIS، OBFIS، انٹرنیشنل ٹیلیکمیونیکیشنز، ملٹری اور جوائنٹ اسٹاک ایکسچینج میں ملنے والا اور دیگر ان کے ساتھ ڈائریکٹرز اور ان کے Spouse اور فائلنگ پتوں کی شیئر ہولڈنگ کی تصدیق اور شیئر ہولڈنگ کا طریقہ مشنک ہے۔

1) ڈائریکٹرز، CFO، کھلی ٹیکرری، ہیڈ آف انٹرنل آڈٹ اور ان کے Spouse اور فائلنگ پتوں نے سال کے دوران کھلی کے شیئر ڈی کوئی ڈائریکشن نہیں کی ہے اور اس بات کی بھی تصدیق کی جاتی ہے کہ ڈائریکٹرز، CEO اور ایگزیکٹو ڈائریکٹرز کھلی کے شیئر میں کوئی مداخلت نہیں ہے، 2) شیئر ہولڈنگ کے طریقہ میں جس کا انکشاف کیا گیا ہے۔

کارپوریٹ گورننس ریگولیشن 2017 کے تحت جان کر اور شرٹنگ کی رو سے

بورڈ کی تشکیل

بورڈ ممبرز میں سات افراد شامل ہیں جس میں 01 خاتون اور 06 مرد ڈائریکٹرز ہیں جبکہ بورڈ کی تشکیل مندرجہ ذیل ہے:

1 ایگزیکٹو ڈائریکٹر 01

2 ان ایگزیکٹو ڈائریکٹر 05

3 آزاد ڈائریکٹر 01

بورڈ کی کمیٹیاں:

1- بورڈ نے کمیٹیاں تشکیل دی ہیں جو مندرجہ ذیل ممبران پر مشتمل ہیں:

(اے) آڈٹ کھلی

جناب زاہد دادا (چوکن مین)

ڈائریکٹر اسٹاف پیپر

جناب عباس سعید



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REPORT

The Board of Directors are pleased to present the 56th Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2018 and describes its financial, social and environmental performances.

Operating Results

Your company has continued good progress with Turnover climbing to another new record level of Rs 868.87 million and Net Sales climbing to Rs 788.23 million which is an increase of 19.94% and 19.44% respectively compared to last fiscal year. Exercise Books section and Pro Labels led the way with an increase of 12.30% and 26.40% respectively while Sensitized Paper and Photocopy Paper also showed a rise of 5.89% and 10.16%.

Pro Labels section enjoyed another excellent year showing a rise of 26.4% in sales. As we have stated in the past that the self-adhesive label industry in Pakistan is still in a very nascent stage and will continue to show solid growth in the future also. In the last one year we have seen the growth come from a lot of new labels but also seen that companies using sheet fed wet glue labels have moved to self-adhesive labels. This kind of growth is not going unnoticed in the industry as a lot of new competition has come up as other packaging companies continue to invest and put up machines for this application. As pioneers of this product in Pakistan we want to stay focused in this segment and continue to invest so that we can gain from this growth opportunity, and also solidify our leadership position. The additional capacity added in the last 2 years is now once again fully utilized so we have plans for investing in additional equipment during this year but are waiting to see how the situation unfolds with the new government's economic plans. The Pak Rs devaluation continues to be a highly problematic issue for us as we are not able to pass on the entire impact of this devaluation to our customers and end up absorbing some of it which erodes our margins.

Exercise Books had another good year with sales rising by 12.30% to Rs. 320 million. This is due to very aggressive marketing of our products and also positioning ourselves in the correct market segment where we can get better margins. In the last Budget the government has restored the Zero Rating for Exercise Books which will help us give an improved performance this year. Of course the competition continues to be very tough as local paper mills have installed their own Exercise Book Making plants and competing with them is of course very challenging. In the last one year paper prices have increased tremendously in the international market and with the Pak Rs devaluation it has further aggravated the situation. Our main supplier which is Century Paper Board mills has increased the price of paper upward of 25% in the last one year and it is impossible to pass on the entire burden in forms of higher prices but we have increased our prices as much as the market would allow.

Sensitized paper and Photocopy paper had a satisfactory year with sales rising by 5.89% and 10.16%. In the photocopy paper we are now only focusing on the plotter paper market and do not sell in the bulk sheet market as the competition there is highly tough and also very unscrupulous. We are one of the few suppliers in the plotter paper market which is not very large but has good margins so we just focus on that.



PAKISTAN PAPER PRODUCTS LIMITED

Financial Results

Unfortunately the stellar growth in the top line could not translate to the same in the bottom line with profitability taking a major hit. Profit before tax fell by 11.77% and profit after tax fell by 17.69%. There are a couple of main reasons for this decline which need to be highlighted. The number one reason has been higher financial charges due to the financing of the new Flexographic press that we purchased on credit in 2016 and for which the main payments fell in the past financial year. Another reason being that due to the higher sales the company also had the need for higher working capital which had to be borrowed from the banks so our running finance facility was utilized pretty much throughout the year so of course our interest payment on that was higher. The other significant reason for the decline in the profitability was the Pak Rs devaluation by more than 20% which caused a severe dent in our margins as we are not able to pass on the entire impact ahead in form of higher prices for our products due to stiff competition in the market. The management is well aware of these issues but at the same time we are also very encouraged with the rising sales of the company and hope to control the costs and expenses in the next year so that we can deliver better results. Of course a lot depends on the economic management of the country by the new government and if they can control the balance of payments deficit and bring stability to the currency.

	June, 2018	June, 2017
Profit before taxation	64,458,990	73,058,802
Taxation	(14,391,388)	(12,226,541)
Profit after taxation	50,067,602	60,832,260

Dividend & Bonus shares:

The Board is pleased to issue Bonus shares of 33.33% or in the ratio of 1:3. In addition we are also approved a final dividend of 25%.

Financial Reporting

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

Manufacturing and Operations

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

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

Corporate 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 make donations to needy organizations.

Health

We are committed to demonstrate sound environmental performance by controlling the impact of our operations and products on the environment and we further 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.



PAKISTAN PAPER PRODUCTS LIMITED

The Board

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

Corporate and Financial Reporting Framework

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

Board & its Committee meetings

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

<u>Name of Directors</u>	<u>BOD Meetings</u>	<u>AC Meetings</u>	<u>HR&R Meeting</u>
Mr. Abbas Sayeed	4	4	1
Mr. Abid Sayeed	4	-	-
Dr. Asadullah Sayeed	4	4	-
Mrs. Muleika Sayeed	3	-	-
Mr. Zahid Dada	2	3	1
Mr. Shoaib Ahmed Khan (NIT Nominee)	4	-	1
Mr. Sayeed Imran	4	-	1

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

Directors' Training Program

Out of seven Directors of the Company, three Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. One has obtained certification under Directors' Certification Training Program in 2016. Therefore, half of the Board is qualified either meet the criteria of DTP and or meet the exemption criteria as per Code.

Statement of Code of Conduct

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



PAKISTAN PAPER PRODUCTS LIMITED

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 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 is again the weakening of the Pak Rs against the US Dollar as a majority of our raw materials are imported; hence our margins are severely affected by this.

Audit Committee

Audit Committee comprises of three members from the Board, two are non-executive directors and one independent director. An independent director has been included in the Audit Committee as Chairman of the Committee as required in the CCG Regulations 2017. 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; two are non-executive directors and one independent director. The Chairman of the Committee is an independent director. The Committee reviews and formulates the HR & management policies of the company. The Committee is also responsible for the remuneration of employees and ensures that it is aligned with the Company's business strategy and long-term interests

Operating and Financial Data

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

Auditors

The Board recommends the appointment of M/s. Faruq Ali & Co as auditors for the next financial year.

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2018 whose disclosure is required under the reporting framework is included in the report.



PAKISTAN PAPER PRODUCTS LIMITED

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

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

IN TERMS OF THE REQUIREMENT STATED UNDER CORPORATE GOVERNANCE REGULATION 2017

Composition of the Board.

There are seven Board members including 01 female and 06 male director, whereas the composition of the Board is as follow;

Executive Director	01
Non-Executive Director	05
Independent Director	01

Committees of the Board.

1. The board has formed committees comprising of members given below:

- a) Audit Committee
Mr. Zahid Dada (Chairman)
Dr. Asadullah Sayeed
Mr. Abbas Sayeed
- b) HR and Remuneration Committee
Mr. Zahid Dada (Chairman)
Mr. Abbas Sayeed
Mr. Sayeed Imran
Mr. Shoaib Ahmed Khan

The Audit Committee has been reconstituted and effective September 07, 2018, Mr. Zahid Dada, an independent director, has been appointed Chairman of the Committee replacing Dr. Asadullah Sayeed.

REMUNERATION POLICY OF NON- EXECUTIVE & INDEPENDENT DIRECTORS

A. COMPANY POLICY:

- The Board of Directors of the Company lays great emphases on adding and practicing good Corporate Governance practices with a view to achieve transparency in its operations so as to boost stakeholders' confidence.

- The objective of the Policy is to ensure that the Non- Executive Directors and Independent Director(s) are governed by the criteria that are based on their valuable contribution made by them towards the success of the Company.

B. SIGNIFICANT FEATURES:

- The criteria of making payments to Non-Executive and Independent Directors are decided by the Board.



PAKISTAN PAPER PRODUCTS LIMITED

- No other remuneration whatsoever in any form apart from a director's meeting fee is paid to the Non-Executive and Independent Directors.
 - Non-Executive Directors and Independent Director(s) paid only meeting / sitting fee as decided by the Board of Directors for attending the Board or Committee meetings in accordance with the provisions of the article of the Company.
 - No retirement benefits in any form for Non-Executive and Independent Directors of the Company.
 - The Company has no stock options plans and no payment by way of pension, incentives in any form etc. to its Non- Executives and Independent Directors.
 - The Board has the flexibility to enhance the director's fee / sitting fees up to the maximum limit allowed in accordance with the provisions of the article of the Company and by the Act, 2017 and Rules thereunder.
 - Non- Executive Directors and Independent Directors reimbursed such sums which may be paid for attending Directors Training Programme, which is the mandatory requirement for the board of directors of listed companies to get certification under Directors' Training Program (DTP) from the institutes approved by SECP.
- C. AMENDMENTS:**
- The Board is responsible for the administration, interpretation, application and reviews of this policy and brings necessary changes in this policy, if required at any stage in compliance with the prevailing laws and provisions of the article of the Company.

Acknowledgements

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

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

On behalf of the Board of Directors

ABBAS SAYEED
CHAIRMAN

ABID SAYEED
CHIEF EXECUTIVE

September 18, 2018
Karachi



PAKISTAN PAPER PRODUCTS LIMITED

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017 For The Year Ended 30th June 2018

Pakistan Paper Products Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner:

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

- a) Male: six directors
- b) Female: one director

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

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of seven Directors of the Company, three Directors are exempt from such certification as they duly meet the exemption criteria given in the Code. One has obtained certification under Directors' Certification Training Program in 2016. Therefore, half of the Board is qualified either meet the criteria of DTP and or meet the exemption criteria as per Code.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.



PAKISTAN PAPER PRODUCTS LIMITED

12. The board has formed committees comprising of members given below:

- c) Audit Committee
Mr. Zahid Dada (Chairman)
Dr. Asadullah Sayeed
Mr. Abbas Sayeed
- d) HR and Remuneration Committee
Mr. Zahid Dada (Chairman)
Mr. Abbas Sayeed
Mr. Sayeed Imran
Mr. Shoaib Ahmed Khan

The Audit Committee has been reconstituted and effective September 07, 2018, Mr. Zahid Dada, an independent director, has been appointed Chairman of the Committee replacing Dr. Asadullah Sayeed.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
a) Audit Committee: Four quarterly meetings held during the financial year ended June 30, 2018.
b) HR and Remuneration Committee: One meeting held during the financial year ended June 30 2018.
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

ABBAS SAYEED
CHAIRMAN

Karachi: 18th September 2018

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED



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

Review Report to the Members on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies ('Code of Corporate Governance') Regulations, 2017 ('the Regulations') prepared by the Board of Directors of Pakistan Paper Products Limited ('the Company') for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight the status of compliance as mentioned in the paragraph 12 of the Statement of Compliance, which has been complied with subsequent to the year-end.

Dated:
Place: Karachi

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED



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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Paper Products Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Paper Products Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



PAKISTAN PAPER PRODUCTS LIMITED



Following are the key audit matters:

S.no.	Key audit matters	How the matter was addressed in our audit
1.	First time adoption of the third and fourth schedules to the Companies Act, 2017	
	<p>As referred to in note 3.3.2 to the accompanying financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 3.3.2 to the accompanying financial statements.</p> <p>The aforementioned changes and enhancement in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considering the management's process to identify the necessary amendments required in the Company's financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business. • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the accompanying financial statements based on the new requirements.
2.	Valuation of inventories	
	<p>The Company is engaged in the manufacturing of exercise books, pro-labels and sensitized papers. The Company held inventory balances of Rs.160.489 million which constitute as 18.43% of the total assets at the year-end as disclosed in the accompanying financial statements. We focused our audit on this area as it is a material balance for the Company and it also requires management judgement in determining an appropriate costing basis and assessing its</p>	<p>We performed a range of audit procedures with respect to inventory items including amongst others, physical observation of inventory count, test of valuation methods and their appropriateness in accordance with the applicable accounting standards, and an evaluation of the usability of the inventory items based on management reports for slow moving and obsolete items and the impact of the same on the net realizable value of the inventories.</p>



S. no.	Key audit matters	How the matter was addressed in our audit
	<p>valuation. Valuation of raw materials are assessed on item by item basis. The Company also reviews the inventory age listing to identify slow moving, obsolete raw material and stores and spare.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the Valuation of Inventories being identified as a Key Audit Matter.</p>	<p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.</p>
3.	Revenue recognition	
	<p>Refer to accounting policies note 4.11 to the Financial Statements. The Company has reported revenues for the year of Rs.868.871 million. There is potential for material misstatement within revenue, particularly in relation to revenue being recorded in the wrong period, due to cut off errors or management bias.</p>	<p>We performed the following procedures over this risk area:</p> <ul style="list-style-type: none"> • We performed walkthroughs to understand the key processes and identify key controls; • We tested key revenue controls; • We performed procedures to test the appropriateness of journal entries recorded in the general ledger by correlating sales postings with cash receipts throughout the year; • We assessed sales transactions taking place at either side of the year end as well as credit notes issued after the year end date to assess whether that revenue was recognised in the correct period; and • We validated any material manual journals to assess for any evidence of management bias by corroborating to supporting documentation.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



PAKISTAN PAPER PRODUCTS LIMITED



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Place: Karachi

Dated:

CHARTERED ACCOUNTANTS



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018	2017 <i>Restated</i>	1 Jul 2016 <i>Restated</i>
		(Rupees)		
<u>EQUITY AND LIABILITIES</u>				
SHARE CAPITAL AND RESERVES				
Authorised share capital 8,000,000 (2017: 8,000,000) Ordinary shares of Rs. 10/- each		80,000,000	80,000,000	80,000,000
Issued, subscribed and paid-up share capital	5	60,000,000	60,000,000	60,000,000
Revenue reserves		361,792,988	322,162,619	278,829,784
Capital reserve				
Revaluation surplus on property, plant and equipment	6	212,475,945	214,854,894	217,513,663
		634,268,933	597,017,513	556,343,447
NON-CURRENT LIABILITIES				
Deferred tax liability - Net	7	41,404,916	47,419,780	42,482,653
Deferred liability for staff gratuity	8	13,852,394	11,222,496	11,137,484
Long term loans - Secured	9	53,088,500	78,326,300	32,121,000
		108,345,810	136,968,576	85,741,137
CURRENT LIABILITIES				
Current and overdue portion of long term loans	9	26,183,050	25,237,800	19,149,540
Short term borrowings - Secured	10	37,016,976	256,090	963,441
Unclaimed dividend		6,695,736	21,347,313	16,355,631
Creditors, accrued and other liabilities	11	58,159,499	62,967,876	44,633,064
		128,055,261	109,809,079	81,101,676
CONTINGENCIES AND COMMITMENTS				
	12	-	-	-
		870,670,004	843,795,168	723,186,260
<u>ASSETS</u>				
NON-CURRENT ASSETS				
Property, plant and equipment	13	493,973,561	509,842,544	416,287,709
Long term deposits	14	913,872	908,232	673,054
		494,887,433	510,750,776	416,960,763
CURRENT ASSETS				
Stores and spares		4,810,216	2,598,546	3,405,040
Stock in trade	15	155,678,985	131,056,625	117,498,197
Trade debts - Unsecured, considered good	16	128,328,607	118,246,761	108,125,822
Advances and other receivables	17	80,776,256	68,357,657	37,629,088
Trade deposits and short term prepayments	18	678,159	2,609,392	733,652
Cash and bank balances	19	5,510,348	10,175,411	38,833,698
		375,782,571	333,044,392	306,225,497
		870,670,004	843,795,168	723,186,260

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017 <i>Restated</i> -----
Turnover		868,870,842	724,393,700
Sales tax, discounts and sales return		(80,642,042)	(64,458,483)
Sales - Net	20	788,228,800	659,935,217
Cost of sales	21	(658,509,450)	(535,677,130)
		129,719,350	124,258,087
Other operating income	22	368,657	781,858
Operating expenses			
Administrative expenses	23	(30,692,732)	(27,601,384)
Selling and distribution expenses	24	(14,920,098)	(13,161,462)
Workers' Profit Participation Fund		(3,462,467)	(3,923,674)
Workers' Welfare Fund		(1,327,876)	(1,490,996)
		(50,403,173)	(46,177,516)
Operating profit		79,684,834	78,862,429
Finance cost	25	(15,225,844)	(5,803,628)
Profit before taxation		64,458,990	73,058,801
Taxation - Net	26	(14,391,388)	(12,226,541)
Profit for the year		<u>50,067,602</u>	<u>60,832,260</u>
Earnings per share - Basic and diluted	27	<u>8.34</u>	<u>10.14</u>

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2018 ----- (Rupees) -----	2017 <i>Restated</i> -----
Profit for the year		50,067,602	60,832,260
Other comprehensive (loss)/income:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Remeasurement of defined benefit liability	8	(1,653,496)	628,980
Related deferred tax		479,514	(188,694)
		(1,173,982)	440,286
Total comprehensive income for the year		<u>48,893,620</u>	<u>61,272,546</u>

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued, subscribed and paid-up share capital	REVENUE RESERVES			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropriated profit	Total revenue reserves		
(Rupees)						
Balance as on 1 July 2016 - <i>As reported</i>	60,000,000	143,900,000	140,645,944	284,545,944	-	344,545,944
Impact of change in accounting policy - Net of tax (Note 4.16)	-	-	(5,716,160)	(5,716,160)	217,513,663	211,797,503
Balance as on 1 July 2016 - <i>As restated</i>	60,000,000	143,900,000	134,929,784	278,829,784	217,513,663	556,343,447
Profit for the year ended 30 June 2017	-	-	60,832,260	60,832,260	-	60,832,260
Other comprehensive income	-	-	440,286	440,286	-	440,286
Total comprehensive income for the year	-	-	61,272,546	61,272,546	-	61,272,546
Surplus on revaluation realized on disposal of fixed assets - Net of tax	-	-	8,847	8,847	(8,847)	-
Change in tax rate	-	-	-	-	401,520	401,520
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	3,051,442	3,051,442	(3,051,442)	-
Transactions with owners						
Interim dividend @ Rs. 3.5/- per share	-	-	(21,000,000)	(21,000,000)	-	(21,000,000)
Balance as at 30 June 2017 - Restated	60,000,000	143,900,000	178,262,619	322,162,619	214,854,894	597,017,513
Profit for the year ended 30 June 2018	-	-	50,067,602	50,067,602	-	50,067,602
Other comprehensive income	-	-	(1,173,982)	(1,173,982)	-	(1,173,982)
Total comprehensive income for the year	-	-	48,893,620	48,893,620	-	48,893,620
Surplus on revaluation realized on disposal of fixed assets - Net of tax	-	-	3,283	3,283	(3,283)	-
Change in tax rate	-	-	-	-	357,800	357,800
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	-	-	2,733,466	2,733,466	(2,733,466)	-
Transactions with owners						
Final dividend @ Rs. 2/- per share	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Balance as at 30 June 2018	60,000,000	143,900,000	217,892,988	361,792,988	212,475,945	634,268,933

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	76,642,492	91,893,070
<i>Payments for:</i>			
Income taxes		(38,916,448)	(28,471,261)
Gratuity	8.1	(856,459)	(1,025,397)
Finance cost		(9,822,865)	(4,718,448)
Net cash inflows from operating activities		27,046,720	57,677,964
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	13	(17,589,407)	(122,474,823)
Long term deposits	14	(5,640)	(235,178)
Sale proceeds against disposal of fixed assets	13.4	44,500	39,000
Income from deposit accounts	22	22,005	756,859
Net cash (outflows) from investing activities		(17,528,542)	(121,914,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in long term loan		(24,292,550)	52,293,560
Dividend paid		(26,651,577)	(16,008,318)
Net cash (outflows) / inflows from financing activities		(50,944,127)	36,285,242
Net (decrease) in cash and cash equivalents		(41,425,949)	(27,950,936)
Cash and cash equivalents at the beginning of the year		9,919,321	37,870,257
Cash and cash equivalents at the end of the year		(31,506,628)	9,919,321

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 STATUS AND NATURE OF BUSINESS

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

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

- The registered office of the Company along with its plant is situated at D-58, SITE, Estate Avenue, Karachi, 75700.
- The Company also have a sales office in Lahore, Pakistan.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

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

3.3 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:



PAKISTAN PAPER PRODUCTS LIMITED

3.3.1 New standards, interpretations and amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows- Disclosure Initiative - (Amendment)
- IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

3.3.2 Amendments to approved accounting standards and interpretations which are effective during the year ended 30 June 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (note 13.5), treatment of surplus on revaluation of fixed assets (note 6), management assessment of sufficiency of tax provision in the financial statements (note 26.2), change in threshold for identification of executives (note 30), additional disclosure requirements for related parties (note 31) etc.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended 30 June 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.3.3 Standards, interpretations and amendments to approved accounting standards 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)
IFRS 2 - Share Based Payments- Classification and Measurement of Share Based Payment Transactions (Amendments)	1 January 2018
IFRS 9- Financial Instruments	1 July 2018
IFRS 9- Prepayment Features with Negative Compensation- (Amendments)	1 January 2018
IFRS 10- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized



PAKISTAN PAPER PRODUCTS LIMITED

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 15- Revenue from Contracts with Customers	1 July 2018
IFRS 16- Leases	1 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	1 January 2018
IAS 40- Investment Property: Transfers of Investment Property (Amendments)	1 January 2018
IAS 19- Plan Amendment, Curtailment or Settlement (Amendments)	1 January 2019
IAS 28- Long-term Interests in Associates and Joint Ventures - (Amendments)	1 January 2019
IFRIC 22- Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23- Uncertainty over Income Tax Treatments	1 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	1 January 2016
IFRS 17- Insurance Contracts	1 January 2021



3.4 Functional and presentation currency

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

3.5 Use of estimates and judgements

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

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

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

3.5.1 Operating fixed assets, revaluation and depreciation

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

3.5.2 Trade debts and amount due from related parties

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

3.5.3 Income tax

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

3.5.4 Stock in trade

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



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3.5.5 Stores and spares

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

3.5.6 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 8) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These accounting policies have been applied consistently except as stated in note 4.16.

4.1 Property, plant and equipment

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

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

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

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS prescribed accounting treatment and presentation of revaluation surplus. The detailed information and impact of this change in policy is provided in note 4.16 below.

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

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



Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in note 13. The depreciation for assets acquired or disposed of during the year is charged from the date of acquisition or up to the date of disposal of such assets respectively.

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

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

4.2 Stores and spares

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

4.3 Stock in trade

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

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

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

4.4 Trade debts

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

4.5 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.



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4.6 Cash and cash equivalents

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

4.7 Trade and other payables

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

4.8 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.
- b) The company operates a defined benefit plan comprising a funded gratuity scheme covering all permanent employees, under which benefits are paid on cessation of employment subject to a minimum qualifying period of service. An approved gratuity fund trust is established for the management of the gratuity obligation of the company. Annual contributions are made to the fund based on actuarial recommendations. The actuarial valuations are carried out using Projected Unit Credit Method. Remeasurement charge which comprises of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

4.9 Taxation

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

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.

4.10 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

4.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. 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, excluding discounts, rebates, sales tax or duty. 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.

4.12 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

4.13 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.



4.14 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.

4.15 Dividend distribution

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

4.16 Change in accounting policy

The Companies Act, 2017 has introduced changes to the accounting and reporting standards applicable to the listed companies, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policy relating to the revaluation surplus on property, plant and equipment. Accordingly, the accounting policy of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company. The changes in accounting policy had a net impact of Rs.211.80 million in total equity, as at 1 July 2016. The resulted impact of change in accounting policy is further explained below:

On 01 July 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in International Accounting Standard 16 - Property, Plant and Equipment are being followed by the Company. The new accounting policy is explained under note 4.1, above. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.



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Statement of financial position

	As at 1 July 2016			As at 30 June 2017		
	As previously reported on 30 June 2016	Adjustments Increase / (Decrease)	As restated on 1 July 2016	As previously reported on 30 June 2017	Adjustments Increase / (Decrease)	As restated on 30 June 2017
	(Rupees)					
Surplus on revaluation of property plant - and equipment (within the equity)	--	217,513,663	217,513,663	--	214,854,894	214,854,894
Un-appropriated profit	140,645,944	(5,716,160)	134,929,784	183,581,490	(5,318,871)	178,262,619
Net impact on equity	140,645,944	211,797,503	352,443,447	183,581,490	209,536,023	393,117,513
Surplus on revaluation of property plant - and equipment (below equity)	215,813,740	(215,813,740)	--	212,965,594	(212,965,594)	--
	215,813,740	(215,813,740)	--	212,965,594	(212,965,594)	--
Deferred tax liability - Net	38,466,416	4,016,237	42,482,653	43,990,209	3,429,571	47,419,780
	38,466,416	4,016,237	42,482,653	43,990,209	3,429,571	47,419,780

Impact of change in accounting policy - 30 June 2018

	--- (Rupees) ---
Surplus on revaluation of property plant - and equipment (within equity)	217,513,663
Un-appropriated profit	(5,716,160)
Surplus on revaluation of property plant - and equipment (below equity)	--
	<u>211,797,503</u>

Statement of profit or loss For the year ended 30 June 2017

	Impact of change in accounting policy		
	As previously reported	Adjustments (Decrease) in profit	2017 (Restated) Rupees
	(Rupees)		
Income tax expense	12,411,687	(185,146)	12,226,541
Profit for the year	12,411,687	(185,146)	12,226,541

Statement of comprehensive income For the year ended 30 June 2017

	Impact of change in accounting policy		
	As previously reported	Adjustments (Decrease) in profit	2017 (Restated) Rupees
	(Rupees)		
Other comprehensive income (net of tax)	3,288,432	(2,848,146)	440,286
Total comprehensive income for the year (net of tax)	3,288,432	(2,848,146)	440,286



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Statement of profit or loss For the year ended 30 June 2018

	— (Rupees) —
Decrease in tax expense	3,071,769
Increase in profit for the year	3,071,769

Statement of comprehensive income For the year ended 30 June 2018

Decrease in other comprehensive income - Net of tax	2,540,886
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	2018	2017
	————— (Rupees) —————	
5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
578,000 (2017: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2017: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
5,250,000 (2017: 5,250,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	52,500,000	52,500,000
	60,000,000	60,000,000

5.1 As at year end 680,270 (2017: 680,270) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The surplus revaluation is restated and now presented as a separate capital reserve in these financial statements (Note 4.16).

Gross surplus

Opening balance	225,588,936	229,960,777
Reversal of surplus on disposal of revalued assets	(4,624)	(12,639)
Transfer to unappropriated profit in respect of incremental depreciation charged during the current year	(3,849,953)	(4,359,202)
	221,734,359	225,588,936

Deferred tax liability

Opening balance	(10,734,042)	(12,447,114)
Reversal of surplus on disposal of revalued assets	1,341	3,792
Change in deferred tax liability due to change in tax rate	357,801	401,519
On incremental depreciation for the year	1,116,486	1,307,761
	(9,258,414)	(10,734,042)
	212,475,945	214,854,894

6.1 Property, plant and equipment owned by the Company were last revalued on 28 April 2014 by an independent valuer M/s. KG Traders (Private) Limited using the prevailing market value being the basis of revaluation. The surplus arising from revaluation was Rs.95.191 million. The entire closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders in accordance with section 241 of the Companies Act, 2017.



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	W.D.V. of assets before revaluation	Revalued amount (Rupees)	Revaluation surplus
Leasehold land	144,000,000	190,000,000	46,000,000
Factory buildings on leasehold land	19,537,371	25,896,000	6,358,629
Plant and machinery	119,941,935	155,382,500	35,440,565
Furniture and fixture	434,798	535,500	100,702
Electric equipment and fitting	530,786	840,000	309,214
Computers	267,386	686,500	419,114
Vehicles	3,237,163	9,800,000	6,562,837
	<u>287,949,439</u>	<u>383,140,500</u>	<u>95,191,061</u>
		2018	2017
		(Rupees)	
7 DEFERRED TAX LIABILITY - Net			
<i>Deferred tax liability arising due to:</i>			
- accelerated tax depreciation		36,197,547	40,087,506
- revaluation of assets		9,258,413	10,734,041
		45,455,960	50,821,547
<i>Deferred tax asset arising due to:</i>			
- provision against gratuity		(4,017,194)	(3,366,749)
- provisions stock in trade		(33,850)	(35,018)
		(4,051,044)	(3,401,767)
		41,404,916	47,419,780

7.1 Movement of deferred tax liabilities comprises of taxable / deductible temporary differences in respect of the following:

	Balance at 1 July 2017	Recognized in profit and loss		Recognized in equity	Recognized in other comprehensive income	Balance at 30 June 2018
		Relating to current period	Relating to changes in tax rates			
<i>Deferred tax liability arising due to:</i>						
- accelerated tax depreciation	40,087,506	(2,553,799)	(1,336,258)	--	--	36,197,547
- revaluation of land and building net of depreciation	10,734,041	(1,117,827)	--	(557,201)	--	9,258,413
<i>Deferred tax asset arising due to:</i>						
- provision against gratuity	(3,366,749)	(287,155)	132,225	--	(479,514)	(4,017,194)
- provisions against stock in trade	(35,018)	--	1,168	--	--	(33,850)
	<u>47,419,780</u>	<u>(3,954,892)</u>	<u>(1,212,887)</u>	<u>(557,201)</u>	<u>(479,514)</u>	<u>41,404,916</u>
				2018	2017	
				(Rupees)		

8 DEFERRED LIABILITY FOR STAFF GRATUITY

Defined benefit obligations	8.1	13,852,394	11,222,496
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The actuarial valuation of gratuity plan was carried out as at 30 June 2018 by M/s. SIR Consultants. Following are the relevant disclosures:



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		2018	(Rupees)	2017		
8.1 Changes in the present value of defined benefit obligations						
Balance as at 1 July		11,222,496		11,137,484		
Charge for the year	8.2	1,832,861		1,739,389		
Remeasurement (gain) / loss						
recognised in other comprehensive income		1,653,496		(628,980)		
Benefits paid		(856,459)		(1,025,397)		
Balance as at 30 June		13,852,394		11,222,496		
8.2 Charge for the year recognized in profit and loss account						
Current service cost		969,320		969,092		
Net interest		863,541		770,297		
	8.3	1,832,861		1,739,389		
8.3 Charge for the year has been allocated as follows:						
Cost of sales	21	1,159,018		1,023,029		
Administrative expenses	23	502,029		499,313		
Selling and distribution expenses	24	171,814		217,047		
		1,832,861		1,739,389		
		2018		2017		
8.4 Principal actuarial assumptions used are as follows:						
Valuation discount rate per annum		8.25%		8.00%		
Discount rate for profit and loss		8.00%		7.25%		
Expected rate of eligible salary increase in future years per annum		13.00%		10.00%		
Salaries increase rate per annum		8.25%		8.00%		
Normal retirement age		60 Years		60 Years		
Duration		8.16 Years		8.31 Years		
Withdrawal rate		High		High		
Mortality rate		Adjusted SLIC 2001-2005		Adjusted SLIC 2001-2005		
Effective salary increase date		01 July 2018		01 July 2017		
8.5 Experience adjustment						
Particulars		2018	2017	2016	2015	2014
		----- (Rupees) -----				
Defined benefit obligation		13,852,394	11,222,496	11,137,484	8,253,851	6,507,136
Fair value of plan assets		-	-	-	-	-
Net defined benefit liability		13,852,394	11,222,496	11,137,484	8,253,851	6,507,136
Remeasurement (gain)/ loss on obligation		1,653,496	(628,980)	1,826,150	439,592	960,323
Remeasurement (gain)/ loss on plan assets		-	-	-	-	-
		1,653,496	(628,980)	1,826,150	439,592	960,323



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8.6 Sensitivity analysis

Particulars	----- (2018) -----		----- (2017) -----	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	13,852,394		11,222,496	
+1% Discount rate	12,798,722	(7.61%)	10,355,188	(7.73%)
-1% Discount rate	15,059,522	8.71%	12,219,251	8.88%
+1 % Salary increase rate	15,111,220	9.09%	12,263,794	9.28%
-1% Salary increase rate	12,735,318	(8.06%)	10,301,357	(8.21%)
+10% Withdrawal rates	13,752,148	(0.72%)	11,131,267	(0.81%)
-10% Withdrawal rates	13,929,306	0.56%	11,290,585	0.61%
1 Year Mortality age set back	13,854,036	0.01%	11,223,783	0.01%
1 Year Mortality age set forward	13,850,755	(0.01%)	11,221,213	(0.01%)

8.7 Maturity profile

Particulars	Undiscounted payments	
	2018	2017
	----- (Rupees) -----	
Year 1	1,245,019	918,133
Year 2	1,267,238	1,026,293
Year 3	1,313,185	1,055,657
Year 4	850,177	1,101,485
Year 5	1,111,139	679,826
Year 6 to Year 10	6,957,634	5,407,469
Year 11 and above	19,774,024	15,821,090

8.8 Risks associated with defined benefit plans

Investment risk:

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk:

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

Salary increase risk:

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

Withdrawal risk:

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



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	2018	2017
	(Rupees)	
9 LONG TERM LOANS - Secured		
<i>Bank Al-Habib Limited - Term finance</i>		
Opening balance	103,564,100	51,270,540
Acquired during the year	—	72,654,000
	103,564,100	123,924,540
Repayments during the year	(24,292,550)	(20,360,440)
	79,271,550	103,564,100
Current and overdue portion shown under current liabilities	(26,183,050)	(25,237,800)
	53,088,500	78,326,300

The term finance facilities have been obtained from Bank Al-Habib Limited for acquiring machineries. The facilities carry mark-up at the rate of 6 months KIBOR plus 1.75% per annum (2017: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.240 million respectively. Further, these are secured by registered hypothecation charge over receivables and movable aggregating to Rs.154 million and equitable mortgage over industrial property bearing plot no. D-57 & D-58 at SITE, Karachi registered with SECP for Rs.200 millions

10 SHORT TERM BORROWINGS - Secured

Bank Al-Habib Limited - Running finance	37,016,976	256,090
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The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 85 million (2017: Rs.60 million). The running finance facility carries mark-up of 3 months KIBOR plus 2% per annum.

The Company has other finance facilities from Bank Al-Habib Limited comprising Letter of Credit (Sight-Foreign) for Rs.10 million (2017: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (2017: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (2017: Rs.10 million) and Letter of Guarantee for Rs.20 million (2017: Rs.5 million). These facilities carry mark-up as per bank's schedule of charges.

The above facilities are secured against registered hypothecation charge over receivables and movables of the Company aggregating to Rs.154 million, import documents consigned in the name of Bank Al-Habib Limited in case of sight LC, accepted drafts / trust receipts in case of usance LC, counter guarantee in case of LG's and equitable mortgage over industrial property bearing plot No. D-57 and D-58, SITE, Karachi registered with SECP for Rs.200 million. Further, a promissory note for Rs.144.617 million has been issued in favour of Bank Al-Habib against short term running finance.

11 CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	11.1	43,410,330	51,182,102
Advance from customers		1,394,395	451,325
Accrued expenses and other payables		6,490,853	3,881,220
Accrued mark up on running finance		433,415	61,524
Accrued mark up on long term loans		1,625,171	1,436,153
Workers' Profit Participation Fund	11.2	3,468,467	4,455,564
Workers' Welfare Fund		1,336,868	1,499,988
		58,159,499	62,967,876

11.1 Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.116 million (2017: Rs.0.227 million).



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	2018	2017
	(Rupees)	
11.2 Workers' Profit Participation Fund		
Balance at the beginning of the year	4,455,564	3,924,740
Amount paid to the Fund Trustees	(4,449,564)	(3,392,850)
	6,000	531,890
Allocation for the year	3,462,467	3,923,674
	3,468,467	4,455,564

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Bank guarantees issued on behalf of the Company	14,817,698	4,898,000
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12.2 Commitments

Commitments under letter of credits	—	210,000
Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	402,590	402,590

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	493,973,561	497,026,396
Capital work-in-progress (Plant and machinery)	13.7	—	12,816,148
		493,973,561	509,842,544

13.1 Operating fixed assets

PARTICULARS	2018								Written down value as at 30 June 2018	Rate %
	COST / REVALUATION			ACCUMULATED DEPRECIATION						
	As at 1 July 2017	Additions during the year	(Disposal)	As at 30 June 2018	As at 1 July 2017	(Adjustment)	Charge for the year	As at 30 June 2018		
	(Rupees)									
Landhold land	190,000,000	—	—	190,000,000	—	—	—	—	190,000,000	—
Buildings on leasehold land										
- Factory	34,699,834	2,138,980	—	37,228,814	7,822,636	—	2,751,487	18,374,151	26,634,760	18
- Office	5,611,120	258,310	—	5,869,430	927,334	—	244,337	5,871,873	4,797,759	5
Plant and machinery	103,750,507	16,150,161	—	119,900,670	61,339,801	—	27,252,049	88,762,630	256,337,848	18
Furniture and fixtures	877,872	—	—	877,872	218,344	—	76,440	292,584	685,288	18
Factory and other equipment	3,781,598	596,677	—	4,218,263	824,837	—	180,682	5,124,549	3,334,714	18
Electric equipment and fitting	3,496,871	47,925	—	3,544,796	803,828	—	786,227	5,172,581	4,834,215	15
Computers	1,261,134	155,180	—	1,417,414	688,878	—	157,628	865,986	531,528	20
Vehicles	35,270,207	954,080	(88,083)	35,376,207	7,351,834	(25,818)	1,866,137	8,164,750	7,907,612	28
TOTAL	576,943,818	18,483,388	(88,083)	595,339,123	76,996,832	(25,818)	35,988,086	113,519,001	493,973,561	

PARTICULARS	2017								Written down value as at 30 June 2017	Rate %
	COST / REVALUATION			ACCUMULATED DEPRECIATION						
	As at 1 July 2016	Additions during the year	(Disposal)	As at 30 June 2017	As at 1 July 2016	(Adjustment)	Charge for the year	As at 30 June 2017		
	(Rupees)									
Landhold land	190,000,000	—	—	190,000,000	—	—	—	—	190,000,000	—
Buildings on leasehold land										
- Factory	29,712,240	8,197,691	—	34,999,931	5,497,278	—	2,325,396	7,822,686	27,897,278	18
- Office	5,455,830	158,080	—	5,651,128	378,888	—	248,678	627,554	4,783,160	5
Plant and machinery	103,750,507	16,150,161	—	119,900,670	61,339,801	—	27,252,049	81,508,481	317,240,626	18
Furniture and fixtures	877,872	—	—	877,872	147,698	(1,865)	78,189	218,144	761,728	18
Factory and other equipment	3,868,956	613,630	—	4,482,586	944,811	—	279,946	833,857	2,878,120	18
Electric equipment and fitting	3,496,871	47,925	(25,088)	3,499,671	378,878	(5,518)	442,469	803,828	4,994,541	17
Computers	1,852,980	213,144	(84,088)	1,981,134	318,532	(21,465)	195,731	688,878	873,256	18
Vehicles	35,270,207	954,080	(88,083)	35,136,207	7,164,378	(25,818)	2,158,917	7,293,834	8,866,171	28
TOTAL	497,442,381	19,478,376	(128,088)	516,792,673	81,164,641	(19,499)	28,891,687	79,036,642	497,442,381	



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	2018	2017
	(Rupees)	
13.2	The depreciation charge for the year has been allocated as follows:	
Cost of sales	31,424,397	27,047,317
Administrative expenses	1,103,936	987,692
Selling and distribution expenses	869,673	816,478
	<u>33,398,006</u>	<u>28,851,487</u>
13.3	Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:	
Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	22,549,049	22,525,364
- Office	3,427,952	3,341,658
Plant and machinery	232,993,881	231,525,101
Furniture and fixture	641,024	712,249
Factory and other equipment	3,604,361	3,400,538
Electric equipment and fittings	3,902,923	4,540,390
Computers	442,247	445,238
Vehicles	6,124,398	6,669,420
	<u>273,877,038</u>	<u>273,351,161</u>
13.4	All operating fixed assets disposed off during the year had net book value less than Rs.500,000/-, and all the disposals were made in accordance with the Company's policy.	
13.5	Leasehold land of the Company and building thereon is situated at Estate Avenue, SITE, Karachi. This comprises of two plots of land bearing plot no. D-57 & D-58 with an accumulated area of 2.42 acres.	
13.6	The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.303.507 million.	
13.7	Capital work-in-progress pertained to the machinery being imported and was capitalised during the year.	
	2018	2017
	(Rupees)	
14 LONG TERM DEPOSITS		
Deposit with CDC	12,500	12,500
Security deposits against fuel	231,000	231,000
Utility deposits	670,372	664,732
	<u>913,872</u>	<u>908,232</u>
14.1	These deposits are interest free.	
15 STOCK IN TRADE		
Raw materials	120,092,444	102,241,352
Work in process	22,932,931	20,464,344
Finished goods	12,770,335	8,467,654
	<u>155,795,710</u>	<u>131,173,350</u>
Provision for dead stock	(116,725)	(116,725)
	<u>155,678,985</u>	<u>131,056,625</u>
	2018	2017
	(Rupees)	
16 TRADE DEBTS - Unsecured, considered good		
Due from customers	128,327,613	118,234,972
Due from associated concern - Sayeed International	-	11,400
Due from staff	994	389
	<u>128,328,607</u>	<u>118,246,761</u>



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17 ADVANCES AND OTHER RECEIVABLES

Unsecured, considered good			
Advance to suppliers		656,356	1,421,489
Advance to staff	17.1	198,902	184,421
Advance against letter of credit		—	1,921
Advance income tax - Net		20,103,380	33,393,263
Income tax refundable		57,987,274	25,349,880
Sales tax refundable - Net		1,830,344	8,006,683
		80,776,256	68,357,657

17.1 Advances to staff represent advance for business related expenses and is interest free.

18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	18.1	640,820	2,532,755
Prepayments		37,339	76,637
		678,159	2,609,392

18.1 This includes earnest money of Rs. Nil (2017: Rs.1.960 million). These are interest free.

19 CASH AND BANK BALANCES

Cash in hand		70,000	300,000
Factory imprest		75,000	75,000
Cash at banks:			
- Current accounts		5,365,348	6,618,367
- Deposit accounts	19.1	—	3,182,044
		5,510,348	10,175,411

19.1 Deposit accounts carry mark-up ranging between 3.45% to 3.75% (2017: 4.50% to 4.75%) per annum.

19.2 Bank balances in deposit accounts are placed under interest arrangements. The Company has conventional banking relationships with all the banks.

	2018	2017
	(Rupees)	
20 SALES - Net		
Pro-labels	443,973,374	351,259,366
Exercise books	320,061,942	285,692,260
Ammonia paper	15,175,370	14,323,816
Plain paper	8,525,919	7,727,494
Printing	3,150	12,500
Waste paper	489,045	1,595,655
	788,228,800	660,611,091
Sales discount	—	(675,874)
	788,228,800	659,935,217

The sales are net off with sales tax Rs.79.707 million (2017: Rs.63.783 million).



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21 COST OF SALES	2018	2017
	(Rupees)	
Opening stock of raw material	102,241,352	94,112,637
Purchases during the year	529,223,271	412,754,585
	<u>631,464,623</u>	<u>506,867,222</u>
Closing stock of raw material	(120,092,444)	(102,241,352)
Raw materials consumed	<u>511,372,179</u>	<u>404,625,870</u>
Manufacturing overheads		
Salaries, wages and other benefits	21.1 76,437,675	72,421,117
Depreciation	13.2 31,424,397	27,047,317
Stores and spares consumed	21.2 26,113,633	19,442,903
Fuel and power	8,192,875	7,881,089
Other manufacturing expenses	5,673,759	4,969,561
Repairs and maintenance	4,229,915	3,005,339
Insurance expenses	1,423,909	1,398,409
Rent, rates and taxes	211,272	216,192
Telephone and trunk calls	201,104	99,046
	<u>153,908,539</u>	<u>136,480,973</u>
Manufacturing cost	<u>665,280,718</u>	<u>541,106,843</u>
Work in process - Opening	20,464,344	15,335,994
Work in process - Closing	(22,932,931)	(20,464,344)
	<u>(2,468,587)</u>	<u>(5,128,350)</u>
Cost of goods manufactured	<u>662,812,131</u>	<u>535,978,493</u>
Finished goods - Opening	8,467,654	8,166,291
Finished goods - Closing	(12,770,335)	(8,467,654)
	<u>(4,302,681)</u>	<u>(301,363)</u>
	<u>658,509,450</u>	<u>535,677,130</u>
21.1 Salaries, wages and other benefits include a sum of Rs.2.477 million (2017: Rs.2.138 million) in respect of staff retirement benefits.		
	2018	2017
	(Rupees)	
21.2 Stores and spares consumed		
Opening balance	2,598,546	3,405,040
Purchases during the year	28,325,303	18,636,409
	<u>30,923,849</u>	<u>22,041,449</u>
Closing balance	(4,810,216)	(2,598,546)
	<u>26,113,633</u>	<u>19,442,903</u>



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22 OTHER OPERATING INCOME	2018	2017
	(Rupees)	
<i>Income from financial assets</i>		
Interest on deposit accounts	22,005	756,859
<i>Income from non-financial assets</i>		
Loss on disposal of property, plant and equipment	(15,884)	(29,501)
Service income	362,536	54,500
	368,657	781,858

22.1 This profit is earned from bank accounts under mark-up arrangements.

23 ADMINISTRATIVE EXPENSES		2018	2017
Staff salaries and benefits	23.1	13,756,092	12,008,838
Chief executive's remuneration		6,435,884	5,043,459
Legal and professional fees		2,329,586	1,769,382
Repairs and renewals		1,403,377	1,151,170
Traveling and conveyance		1,338,144	1,590,917
Depreciation	13.2	1,103,936	987,692
Charity and donation	23.2	830,000	571,692
Electric charges		687,475	180,266
General expenses		630,826	839,601
Insurance expense		511,941	531,601
Auditor's remuneration	23.3	465,000	375,000
Postage and telegrams		370,933	231,734
Stationery and periodicals		261,081	282,872
Advertisement expenses		157,250	270,000
Rent, rates and taxes		150,000	1,103,530
Telephone charges		118,756	269,999
Directors' fees		115,000	115,000
Website designing and development		27,451	76,465
Software expense		-	202,166
		30,692,732	27,601,384

23.1 Staff salaries and benefits include a sum of Rs.1.317 million (2017: Rs.1.171 million) in respect of staff retirement benefits.

	2018	2017
	(Rupees)	
23.2 Charity and donation		
Anjuman Behbood-e-Samat-e-Arfal (ABSA School and College for Deaf)	300,000	250,558
The Citizens Foundation	200,000	200,000
Rotary Club Karachi	80,000	80,000
The Kidney Centre	250,000	-
Syed Alfalah Literacy Centre	-	12,114
Al-Madad Welfare Society	-	8,042
Madrasa Arabia Zeenat-ul-Quran	-	10,397
Others	-	10,581
	830,000	571,692



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23.2.1 Donations during the year include donation amounting to Rs.0.3 million (2017: Rs.0.251 million) to Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College of Deaf). Mrs. Muleika Sayeed a Director of the Company is the Honorary Treasurer of ABSA School and College of Deaf.

Except above, none of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

23.3 Auditor's remuneration

Audit of financial statements	375,000	300,000
Review of half-yearly condensed interim financial statements	60,000	50,000
Review report on code of corporate governance	20,000	15,000
Provident fund audit fee	5,000	5,000
Workers' Profit Participation fund audit fee	5,000	5,000
	<u>465,000</u>	<u>375,000</u>

24 SELLING AND DISTRIBUTION EXPENSES

Staff salaries and benefits	24.1	6,104,131	6,130,334
Cartage and forwarding		2,923,799	3,029,074
Sales promotion		2,131,710	894,486
Vehicle running expenses		1,678,515	1,062,845
Depreciation	13.2	869,673	816,478
Advertisement and publicity		580,468	306,695
Utilities		418,017	124,841
Insurance expenses		211,085	249,223
Tender fees		2,700	2,900
Other expenses		—	516,346
Repairs and maintenance		—	28,240
		<u>14,920,098</u>	<u>13,161,462</u>

24.1 Staff salaries and benefits include a sum of Rs.0.365 million (2017: Rs.0.402 million) in respect of staff retirement benefits.

	2018	2017
	(Rupees)	
25 FINANCE COST		
Mark-up on long term loan	7,244,063	4,029,614
Mark-up on short term running finance	2,613,730	873,464
Exchange loss	4,842,070	737,708
Bank and other charges	525,981	162,842
	<u>15,225,844</u>	<u>5,803,628</u>



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	2018	2017
	----- (Rupees) -----	
26 TAXATION - Net		
<i>Current tax</i>		
Current year	16,921,246	6,949,681
Prior year	2,647,691	126,907
	19,568,937	7,076,588
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	(3,954,692)	6,575,951
Relating to changes in tax rates	(1,222,857)	(1,425,998)
	(5,177,549)	5,149,953
	14,391,388	12,226,541
26.1 Reconciliation between tax expense and accounting profit		
Profit for the year	64,458,990	73,058,801
Tax on accounting profit @ 30% (2017: @ 31%)	19,337,697	22,648,228
Difference between depreciation rates	(3,505,628)	(454,983)
Inadmissible expenses	1,208,637	1,539,418
Tax credit under section 61 and 65B of the Ordinance	(2,598,524)	(9,080,625)
Effect of reduction in tax rate	(1,222,857)	(1,425,998)
Tax effect of prior year	2,647,691	126,907
Tax effect of permanent differences	(1,475,628)	(1,126,406)
	14,391,388	12,226,541
Average tax rate	22%	17%
26.2 Management has provided sufficient tax provision in financial statements in accordance with Income Tax Ordinance, 2001. Following is comparison of tax provision as per accounts vis a vis tax assessment for last three years		
	Deemed assessment	Provision
2017	6,955,853	6,949,681
2016	29,219,409	29,092,502
2015	13,525,572	13,530,990
26.3 The income tax assessments of the Company deemed to have been finalized up to tax year 2017. The return of income of the Company for Tax Year 2014 has been selected for tax audit through computer balloting by Federal Board of Revenue on 14 September 2015 under section 214C of the Income Tax Ordinance, 2001. Certain details and documents have been sought by Assistant / Deputy Commissioner Inland Revenue, which have been duly submitted. The proceedings are in progress.		
	2018	2017
	----- (Rupees) -----	
27 EARNINGS PER SHARE - Basic and diluted		
Profit after taxation	50,067,602	60,832,260
	----- (Number of shares) -----	
Weighted average number of outstanding shares in issue during the year	6,000,000	6,000,000
	----- (Rupees) -----	
Earnings per share - Basic and diluted	8.34	10.14
27.1 There were no convertible dilutive potential ordinary shares in issue as at year end.		



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28 CASH GENERATED FROM OPERATIONS	2018	2017
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	64,458,990	73,058,801
<i>Adjustments for non-cash and other items:</i>		
Depreciation	13.2 33,398,006	28,851,487
Provision for gratuity	8.1 1,832,861	1,739,389
Interest income	(22,005)	(756,859)
Finance cost	10,383,774	5,065,920
Exchange loss	4,842,070	737,708
Loss on disposal of fixed assets	13.4 15,884	29,501
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(2,211,670)	806,494
Stock in trade	(24,622,360)	(13,558,428)
Trade debts	(10,081,846)	(10,120,939)
Advances and other receivables	6,928,912	(9,333,896)
Trade deposits and short term prepayments	1,931,233	(1,875,740)
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	(10,211,357)	17,249,632
Cash generated from operations	<u>76,642,492</u>	<u>91,893,070</u>
29 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,510,348	10,175,411
Short term borrowings - Secured	(37,016,976)	(256,090)
	<u>(31,506,628)</u>	<u>9,919,321</u>

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	----- (Rupees) -----							
Fee	-	-	115,000	115,000	-	-	115,000	115,000
Managerial remuneration and allowances	3,295,500	2,535,000	-	-	1,028,670	942,049	4,324,170	3,477,949
Provident fund	274,620	211,250	-	-	85,425	59,328	360,045	270,578
Medical expenses	238,820	100,798	-	-	102,477	92,938	341,297	193,736
House rent	1,482,972	1,140,744	-	-	410,028	371,876	1,893,000	1,512,620
Reimbursable expenses	1,418,592	1,266,917	-	-	-	-	1,418,592	1,266,917
	<u>6,710,504</u>	<u>5,254,709</u>	<u>-</u>	<u>-</u>	<u>1,626,600</u>	<u>1,467,091</u>	<u>8,337,104</u>	<u>6,721,800</u>
Number of persons	1	1	5	5	1	1	7	7



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Comparative figures of remuneration to executives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

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.

31 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

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

Name of the related party	Relationship and percentage shareholding	Transactions during the year	2018	2017
			(Rupees)	
M/s Sayeed International	Associate	Purchase	575,874	410,085
		Sale	3,686	109,681
Mrs. Muleika Sayeed	Director	Rent expense	—	180,000
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	4,653,152	3,942,658
			2018	2017
			(Numbers)	

32 NUMBER OF EMPLOYEES

Number of employees as at 30 June	120	114
Number of factory employees as at 30 June	75	69
Average number of employees during the year	119	115
Average number of factory employees during the year	74	69

33 OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

a) Exercise Books

This segment relates to the sale of exercise books.



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b) Pro-labels

This segment relates to the sale of pro-labels.

c) Sensitized paper and others

This segment relates to sensitized paper and others

33.2 Segment information

	Executive Order		Pro-labels		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	328,861,241	299,318,382	443,973,274	391,229,306	24,153,485	23,879,466	796,988,000	694,427,154
Cost of sales	(248,162,996)	(233,740,236)	(374,865,387)	(321,131,848)	(13,481,069)	(17,734,872)	(656,509,632)	(573,607,138)
Gross profit	80,698,245	65,578,146	69,107,887	69,097,458	10,672,416	6,144,594	138,178,368	120,820,016
Segment expenses								
Administration expenses	(14,896,132)	(13,218,559)	(14,128,364)	(11,722,817)	(1,584,242)	(1,248,897)	(26,617,135)	(26,200,033)
Selling and distribution expenses	(6,546,459)	(6,201,627)	(6,025,276)	(5,382,899)	(2,338,499)	(1,917,742)	(14,938,956)	(13,963,862)
Finance cost	(1,292,194)	(1,192,942)	(13,811,480)	(6,556,812)	(130,166)	(154,874)	(15,225,846)	(13,903,629)
Workers' profit participation fund	(1,488,860)	(1,808,154)	(1,838,100)	(2,076,904)	(138,499)	(136,874)	(3,463,463)	(3,423,679)
Workers' welfare fund	(179,087)	(158,711)	(793,774)	(527,888)	(23,133)	(87,772)	(1,023,874)	(719,899)
	(24,371,736)	(22,584,849)	(36,596,994)	(22,987,321)	(4,084,629)	(648,794)	(65,025,317)	(51,891,144)
Operating profit	56,326,509	42,993,297	32,510,893	46,110,137	6,587,787	(504,202)	73,153,051	68,928,872
Other operating income / (cost)							308,657	761,358
Profit before taxation							74,461,708	69,690,230
Taxation - Net							(14,391,288)	(13,226,541)
Profit after taxation							60,070,420	56,463,689

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

	2018	2017
	Un-audited	Audited
	----- (Rupees) -----	

34 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on financial statements of the Fund:

Size of the fund - Total assets	73,281,398	69,823,541
Percentage of investments made	97.45%	97.09%
Fair value of investments	71,414,986	67,790,544

34.1 The cost of above investments amounted to Rs. 63,246 million (2017: Rs.31,317 million).

34.2 The break-up of fair value of investments is:

	2018	2017	2018	2017
	----- (Percentage) -----		----- (Rupees) -----	
Defense saving certificates	7.94%	7.27%	5,673,890	4,930,652
Certificates of investments	49.98%	77.80%	35,695,560	52,743,358
Short term investments	40.83%	13.57%	29,158,387	9,199,260
Saving account	1.24%	1.35%	887,149	917,274
	100%	100%	71,414,986	67,790,544

34.3 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.



35 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

35.1 Financial risk management

Overview

The Company has exposure to the following risks arising from

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

35.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2018 and 30 June 2017 was as follows:

	2018		2017	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees)		(Rupees)	
Long term deposits	913,872	913,872	908,232	908,232
Trade debts	128,328,607	128,328,607	118,246,761	118,246,761
Advances and other receivables	656,356	656,356	1,423,410	1,423,410
Trade deposits and short term prepayments	640,820	640,820	2,532,755	2,532,755
Cash and bank balances (excluding cash in hand)	5,365,348	5,365,348	9,800,411	9,800,411
	135,905,003	135,905,003	132,911,569	132,911,569



PAKISTAN PAPER PRODUCTS LIMITED

Trade debts

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

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

	2018		2017	
	Gross	Impairment	Gross	Impairment
	(Rupees)		(Rupees)	
Past due 0-30 days	64,500,536	--	53,928,541	--
Past due 31-60 days	36,715,182	--	42,071,941	--
Past due 61-90 days	19,305,905	--	15,263,312	--
Past due 91-120 days	3,614,455	--	4,403,685	--
Past due more than 120 days	4,192,529	--	2,579,282	--
	<u>128,328,607</u>	<u>--</u>	<u>118,246,761</u>	<u>--</u>

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

Cash and cash equivalents

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

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

None of the financial assets of the Company are secured.

35.3 Liquidity risk

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

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

Exposure to liquidity risk

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

	Carrying amounts	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees)					
2018						
<i>Non-derivative financial liabilities</i>						
Long term loans - Secured	79,271,550	90,120,235	16,627,431	14,974,080	28,493,099	30,025,665
Creditors, accrued and other liabilities	55,428,236	55,428,236	55,428,236	--	--	--
Short term borrowings	37,016,976	37,016,976	37,016,976	--	--	--
	<u>171,716,762</u>	<u>182,565,447</u>	<u>109,072,643</u>	<u>14,974,080</u>	<u>28,493,099</u>	<u>30,025,665</u>



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2017

Non-derivative financial liabilities

Long term loans - Secured	103,564,100	121,285,169	16,581,359	15,908,239	30,454,669	58,417,902
Creditors, accrued and other liabilities	41,016,563	41,016,563	41,016,563	--	--	--
Short term borrowings	256,090	256,090	256,090	--	--	--
	<u>144,836,753</u>	<u>142,557,822</u>	<u>77,776,012</u>	<u>15,908,239</u>	<u>30,454,669</u>	<u>58,417,902</u>

35.4 Market risk

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

35.4.1 Currency risk

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

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than Pak Rupees (PKR). As the Company exports its products, accordingly it is exposed to currency risk, primarily with respect to trade debts denominated in US Dollars (USD).

Exposure to currency risk

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

		2018	2017
Spot rate as at 30 June	USD	<u>121.60</u>	<u>104.80</u>
Trade creditors	USD	<u>268,977</u>	<u>293,267</u>
Trade creditors	Rupees	<u>32,707,617</u>	<u>30,734,380</u>

Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2018 would have increased / (decreased) equity and profit and loss account by Rs.1.635 million (2017: Rs.1.537 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.

35.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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



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	2018	2017
	(Rupees)	
Variable rate instruments		
<i>Financial assets</i>		
Cash at bank - deposit accounts	—	3,182,044
<i>Financial liabilities</i>		
Long term loans	79,271,550	103,564,100
Short term borrowings	37,016,976	256,090
	<u>116,288,526</u>	<u>103,820,190</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flows sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased / (decreased) equity by Rs.1.163 million (2017: Rs.1.006 million). This analysis assumes that all other variables remain constant.

35.4.3 Equity price risk

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

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

35.5 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to shareholders.

The Company is not exposed to externally imposed capital requirement.

36 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



PAKISTAN PAPER PRODUCTS LIMITED

37 CAPACITY AND PRODUCTION

	Units	Capacity		Production		Remarks
		2018	2017	2018	2017	
a) Exercise books	Groose	58,632	58,632	57,990	56,176	Due to lack of demand.
b) Sensitized paper	Rolls	216,000	216,000	32,461	33,187	Due to lack of demand.
c) Prolabels	Sq. Mater	3,000,000	2,750,000	5,104,755	4,336,380	Due to extra shift.

37.1 The capacity is determined on single shift basis.

38 SUBSEQUENT EVENT

38.1 The Board of Directors in its meeting held on 18 September 2018 proposed bonus dividend of 33.33% (one share on each 3 shares) and final dividend of Rs.2.5 per ordinary share for the year ended 30 June 2018 amounting to Rs.15 million for approval of the members at the upcoming Annual General Meeting. These financial statements do not reflect this appropriation and the proposed dividend payable.

38.2 Under Section 5A of the Income Tax Ordinance, 2001 every public company is obligated to pay tax at the rate of 5% of its accounting profit before tax for the year if it derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year, through cash.

Based on the above fact, the Board of Directors of the Company has proposed cash dividend amounting to Rs. 15 million for the financial and tax year 2018 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further provision has been recorded under section 5A of the Income Tax Ordinance, 2001.

39 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, significant restatements are disclosed in note 4.16 to the financial statements and significant reclassification comprise of presentation of unclaimed dividend on the face of statement of financial position which was previously disclosed in creditors, accrued and other liabilities.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 18th September 2018 by the Board of Directors of the Company.

41 GENERAL

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

ABBAS SAYEED
CHAIRMAN

KHURRAM IDREES ESSANI
CHIEF FINANCIAL OFFICER

ABID SAYEED
CHIEF EXECUTIVE



PAKISTAN PAPER PRODUCTS LIMITED

Pattern Of Share Holding - Form "34" Shareholders Statistics As At June 30, 2018

Number Of Share Holders	From	Share Holding To	Total Shares Held	
278	1	-	100	7998
213	101	-	500	63867
98	501	-	1000	78449
131	1001	-	5000	301659
18	5001	-	10000	130480
1	10001	-	15000	12000
4	15001	-	20000	76433
1	25001	-	30000	27428
1	30001	-	35000	31993
3	35001	-	40000	116393
1	40001	-	45000	42387
1	50001	-	55000	52600
2	80001	-	85000	168999
1	85001	-	90000	85500
1	95001	-	100000	100000
1	100001	-	105000	103200
1	115001	-	120000	119500
1	130001	-	135000	134746
1	175001	-	180000	179000
1	185001	-	190000	186467
1	200001	-	205000	201384
1	415001	-	420000	416201
1	420001	-	425000	420793
1	460001	-	465000	464326
1	465001	-	470000	468000
1	575001	-	580000	576721
1	680001	-	685000	680270
1	750001	-	755000	753206
767				6,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	748	4,178,159	69.64
2	Financial Institutions	2	3,299	0.05
3	Investment Companies	2	685,382	11.42
4	Joint Stock Companies	6	39,576	0.66
5	Insurance Companies	2	320,884	5.35
6	Mutual Fund	4	729,326	12.16
7	Modaraba	1	500	0.01
8	Other	2	42,874	0.71
		767	6,000,000	100.00



PAKISTAN PAPER PRODUCTS LIMITED

Details of Pattern of Shareholdings as on June 30, 2018

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	680,270	11.34
	Management & Enterprises (Pvt.) Limited	680,270	
2	NIT & ICP	472,469	7.87
	National Bank of Pakistan-Trustee Department NI(U)T Fund	464,326	
	Investment Corporation of Paksitan	5,112	
	IDBL (ICP) Unit	3,031	
3	Directors, CEO, their Spouses and Minor Childern	2,044,341	34.07
	Mrs. Muleika Sayeed	134,746	
	Mr. Abbas Sayeed	420,793	
	Dr. Asadullah Sayeed	416,201	
	Mr. Abid Sayeed	853,206	
	Mr. Zahid Dada	3,000	
	Mr. Sayeed Imran	2,500	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	27,428	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	186,467	
4	Executives	Nil	
5	Individuals	2,133,818	35.56
6	Public Sector Companies and Corporation	201,384	3.36
7	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	467,718	7.80
	Total	6,000,000	100.00

Shareholders Holding Five Percent or More In The Company

Mr. Abid Sayeed	853,206	14.22
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	576,721	9.61
Mr. Abbas Sayeed	420,793	7.01
Mr. Munaf Ibrahim	468,000	7.80
Mr. Asadullah Sayeed	416,201	6.94



PAKISTAN PAPER PRODUCTS LIMITED

FORM OF PROXY

I/We _____
of _____
being a member(s) of Pakistan Paper Products Limited holder of _____
ordinary Shares as per Share Registrar Folio/CDC Account No. _____
hereby appoint Mr./Miss/Mrs. _____ Folio/CDC Account No. _____
of _____ or failing whom _____ Folio/CDC Account No. _____ of
_____ who is also a member of the Company as my / our proxy to attend and vote for me/us
and on my / our behalf at the 56th ANNUAL GENERAL MEETING of the Company to be held on Tuesday 23rd
October 2018 at 11:00 am and at any adjournment thereof.

Signed this _____ day of _____ 2018

Rs. 5/=
Revenue
Stamp

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

Signature _____

Witnesses:

1: Signature _____

Name: _____

Address: _____

CNIC: _____

2: Signature _____

Name: _____

Address: _____

CNIC: _____

Important:

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

For CDC Account Holder / Corporate Entities:

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

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



پاکستان پیپر پروڈکٹس لمیٹڈ

مختار نامہ

_____ میں اسم
 _____ کا کے
 _____ بحیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور سالِ محترمہ، برطانیہ شیئر ہولڈر نمبر _____
 اور ایسی ڈی سی پارٹنرسٹ (شرکت آئی ڈی نمبر _____)
 اور سب اکاؤنٹ (ذیلی اکاؤنٹ) نمبر _____
 _____ کو اپنے امانت دار کے طور پر
 مورخہ 23 اکتوبر 2018ء تک

کو متعلقہ ہونے والے کھلی کے ساتھ ساتھ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی صورت اپنا نام اپنا نام (پرائیسی) مقرر کرتے ہیں۔

آج رات _____ تاریخ _____ 2018ء کو دیکھا گئے۔

گواہان:

ڈاکٹر، بے مالیت کے دستخط پر دیکھا	_____

_____ کیپٹول اور ذمہ داری کا کارڈ یا سپورٹ نمبر _____	
دیکھا گئی کے نمونہ دیکھا ہے نمائش ہونے چاہئیں	_____

_____ کیپٹول اور ذمہ داری کا کارڈ یا سپورٹ نمبر _____	

نوٹ:

- 1- ایک نمبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دیکھا کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل روزِ آئس کے پتے پر ارسال کرے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں اورنگ پالا کے علاوہ ذیل میں درج دیالیت پر بھی عمل کرنا ہوگا
 (الف) فرز ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایوانس کی تکلیف سے متعلقہ گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپنا نام اپنا نام
 کھلی کی جانب سے دی گئی دیالیت کی روشنی میں پرائیسی فارم جمع کرانا ہوگا۔
 (ب) غیر نام سے پر ہونے گواہان اور فرز کے دیکھا ہونے چاہئیں اور ان کے نام سے جمع اور کیپٹول اور ذمہ داری کا کارڈ نمبر فارم پر درج ہوں۔
 (ج) تنظیمات ہولڈر (مستند ہونے والے فرز) کیپٹول اور ذمہ داری کا کارڈ یا سپورٹ کی تصدیق و توثیق بھی منسلک کرنی ہوگی جسے نائب کارڈ کے سربراہ پیش کرے گا۔
 (د) اجلاس کے وقت جب کو اپنا اصل کیپٹول اور ذمہ داری کا کارڈ یا اصل سپورٹ پیش کرنا ہوگا۔
 (ه) کارڈ پر ہونے والا ہونے کی صورت میں بحیثیت نمبر (رکن)، بھروسہ آف انڈیکسڈ فرار اور تاریخ نامہ اور نمونہ ایوانس کی تصدیق و توثیق پارٹ آف انڈیکسڈ فرار کے لئے ہوں پرائیسی فارم
 (مقررہ نامے) کے سربراہ کھلی میں جمع کرنا ہوگا۔








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


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-  Jamapunji application for mobile device
-  Online Quizzes



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