

The background features a repeating pattern of a stylized logo consisting of three vertical bars above a globe. A larger, 3D-rendered version of this logo is centered on the page. The entire design is set against a white background with a subtle wavy pattern, framed by green vertical bars on the left and right sides.

# **Annual Report 2019**

**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
Mr. 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 Ahmad Khan (NIT Nominee)	- Member

### CHIEF FINANCIAL OFFICER

Mr. Zia ur Rehman

### COMPANY SECRETARY

Mr. Abdul Quadir

### 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.pulpaper.com](http://www.pulpaper.com)



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## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTICE OF MEETING

Notice is hereby given that the 57<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at D/58 Estate Avenue SITE Karachi on **Wednesday, October 23, 2019 at 11:00 am** to transact the following businesses:

#### **ORDINARY BUSINESS**

1. To confirm the Minutes of the Annual General Meeting held on October 23, 2018.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of final cash dividend for the year ended June 30, 2019 @ 10% i.e. Rs.1/- per share as recommended by the Board of Directors.
4. To appoint Auditors for the year 2019-20 and to fix their remuneration.
5. To consider and any other business with the permission of the Chair.

#### **SPECIAL BUSINESS**

1. In compliance of the direction issued by Securities and Exchange Commission of Pakistan under S.R.O.470(I)/2016 dated 31-05-2016, it is proposed that the following resolution be passed as and by way of a Special Resolution:

*"Resolved that pursuant to compliance of S.R.O.470(I)/2016 dated 31-05-2016 and subject to the consent and approval of shareholders, the Board of Directors of the Company be and is hereby authorized to circulate the Annual Audited Accounts of the Company to its members through CD/DVD/USB; that the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all acts, deeds and things that may be necessary or required to give effect to this resolution".*

By Order of the Board  
Abdul Quadir  
Company Secretary

Karachi  
Dated: September 18, 2019

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#### **NOTES:**

1. The Share Transfer Books of the Company will remain closed from Wednesday, October 16, 2019 to Wednesday, October 23, 2019 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. F.D Registrar Services (SMC-Pvt) Ltd, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi 74000 at the close of business on Tuesday, October 15, 2019 will be treated in time for the above entitlement.
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote in his / her instead. The proxies 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.



## PAKISTAN PAPER PRODUCTS LIMITED

### 3. **Statement under section 134 (3) of the Companies Act, 2017**

Agenda Item No. 6: SECP SRO 470(I)/2016 dated 31-05-2016, Circulation of Annual Audited Accounts through CD/DVD/USB to the shareholders;

As per SRO 470 (I)/2016 dated 31-05-2016, the Securities and Exchange Commission of Pakistan allowed companies to circulate their annual balance sheet and profit and loss account, auditor's and director's reports thereon etc. (annual audited accounts) to its members through CD/DVD/USB at their registered addresses. However, the company shall furnish hardcopy of the annual report / annual audited accounts to the shareholders, on demand, at their registered address, free of cost, within one week of such demand.

For convenience of shareholders, the company shall place a "Standard Request Form" on its website to communicate their need of hard copies of the annual audited accounts instead of sending the same through CD/DVD/USB, along with postal and e-mail address of Company Secretary/Share Registrar to whom such requests shall be sent.

Directors have no interest, direct or indirect in the said special business.

#### A. For Attending the Meeting:

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

#### B. For Appointing Proxies:

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

#### C: Zakat Declaration Certificate

4. 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)**

5. 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 05-07-2012 of SECP read with SRO 19(1)/2014 dated 10-01-2014. Please note that no dividend will be payable unless CNIC number is printed on the dividend warrants, failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.

##### **E. Payment of Cash Dividend through Electronic Mode (Mandatory)**

6. 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: 32271905-6, Email: [fdregistrar@yahoo.com](mailto: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.**



## PAKISTAN PAPER PRODUCTS LIMITED

### **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](mailto: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: 10<sup>th</sup> July 2014 the financial statements of the Company have been placed on Company's website at [www.pakpaper.com](http://www.pakpaper.com)

### **J. Deduction of Withholding Tax on the amount of dividend (Mandatory):**

10. Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of Withholding Income Tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of Withholding Income Tax deduction for the persons whose names are appearing on ATL --- 15%.
2. Rate of Withholding Income Tax deduction for the persons whose names are not appearing on ATL - 30%.

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers' List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%. Persons not appearing in the Active Taxpayers' List: The rate of tax required to be deducted/collected, as the case may be, is increased by 100% (as specified in the First Schedule to the Income Tax Ordinance, 2001 (updated as per Finance Act, 2019).

11. Withholding Tax will be determined separately on 'persons names appearing on ATL/persons names not appearing on ATL' status of Principal Shareholder as well as joint-holder(s) based on their shareholding proportions. In case of joint accounts. In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

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

The required information must reach our Share Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by Principal Shareholder and joint-holder(s).

13. As per FBR Circulars No. 1 (29) WHT/2006 dated 30th June 2010 and No. 1 (43) DG (WHT)/2008- Vol. II -66417-R dated 12th May 2015, the valid exemption certificate is mandatory to claim exemption of Withholding Tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure; otherwise, tax will be deducted on dividend as per applicable rates.





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## PAKISTAN PAPER PRODUCTS LIMITED

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14. 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**

15. 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:**

16. 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

2019 2018 2017 2016 2015 2014

#### HISTORICAL TRENDS

##### Trading results

Turnover	<b>969,748</b>	868,871	724,393	676,554	631,584	527,020
Sales - Net	<b>875,439</b>	788,229	699,935	613,672	576,333	504,312
Gross Profit	<b>99,271</b>	129,719	124,258	125,342	116,911	110,076
Profit before tax	<b>23,968</b>	64,459	73,059	62,572	73,455	73,404
Taxation	<b>5,994</b>	14,391	12,227	24,206	16,276	25,164
Profit after tax	<b>17,975</b>	50,068	60,832	38,365	57,177	48,239

##### Dividend

Cash Dividend	<b>10%</b>	25%	55%	30%	40%	30%
Stock Dividend		33.33%				
Cash Dividend Value	<b>8,000</b>	15,000	33,000	18,000	24,000	18,000
Stock Dividend Value	-	20,000	-	-	-	-
Dividend Payout	<b>44.51%</b>	69.90%	54.25%	46.92%	41.97%	37.31%

##### Financial Position

Total Assets	<b>1,234,181</b>	870,670	843,795	723,186	723,766	637,770
Paid up Capital	<b>80,000</b>	60,000	60,000	60,000	60,000	60,000
Reserves (including Capital reserves from FY -Year 2017)	<b>947,258</b>	634,269	597,018	284,545	262,820	226,649
Working capital	<b>247,273</b>	247,727	223,235	225,123	188,694	181,396
Current Ratio	<b>2.22</b>	2.93	3.03	3.77	3.39	3.99

#### KEY INDICATORS

##### Operating

Gross Profit	<b>11.34%</b>	16.46%	18.83%	20.42%	20.29%	21.83%
Profit before tax	<b>2.74%</b>	8.18%	11.07%	10.20%	12.75%	14.56%
Profit after tax	<b>2.05%</b>	6.35%	9.22%	6.25%	9.92%	9.57%
Return on Equity	<b>1.75%</b>	7.21%	9.26%	11.13%	17.71%	16.83%
Return on Assets	<b>1.46%</b>	5.75%	7.21%	5.30%	7.90%	7.56%

##### Valuation

Earning per share (pre tax)	<b>3.00</b>	10.74	12.18	10.43	12.24	12.23
Earning per share (post tax)	<b>2.25</b>	8.34	10.14	6.39	9.53	8.04
Breakup value per share	<b>128.41</b>	115.71	109.50	57.42	53.80	47.77

##### Asset utilisation

Inventory turnover ratio	<b>4.62</b>	4.48	4.21	4.33	4.57	4.39
Total assets turnover ratio	<b>0.71</b>	0.91	0.78	0.85	0.80	0.79

##### Production

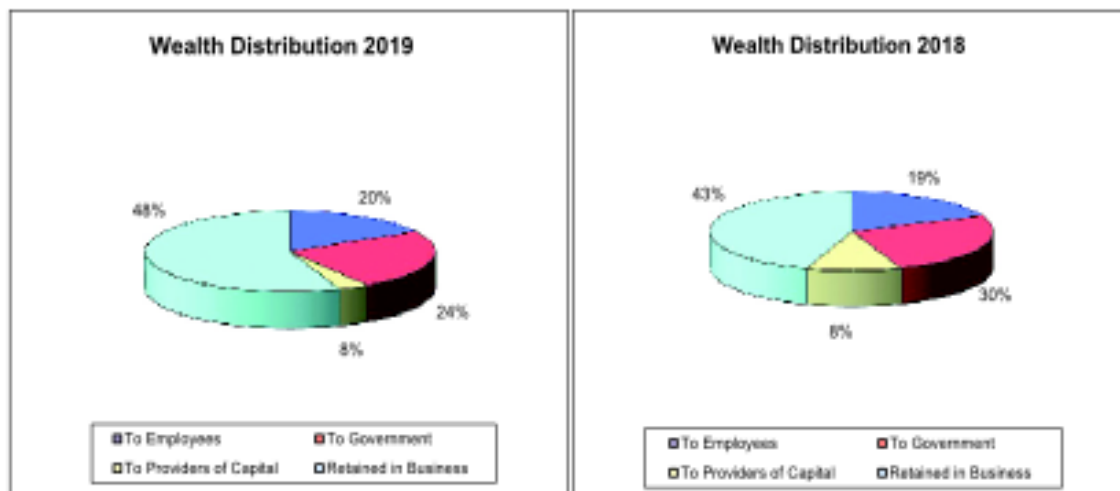
Exercise Books (Gross)	<b>55,708</b>	57,990	56,176	66,390	66,542	55,842
Artonia Paper (Rolls 10 yds)	<b>26,939</b>	32,461	33,187	36,856	56,486	48,989
Pro-Labels (Sq. Meter)	<b>5,276,473</b>	5,104,755	4,336,380	3,482,032	2,944,592	2,792,742



## PAKISTAN PAPER PRODUCTS LIMITED

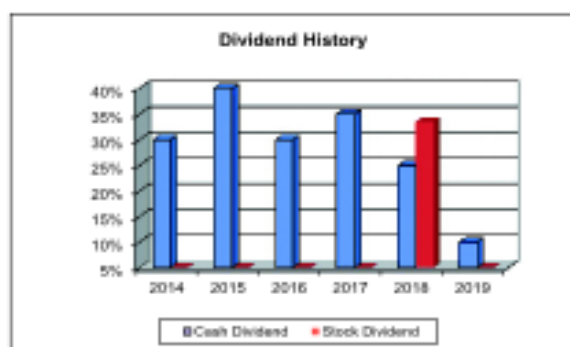
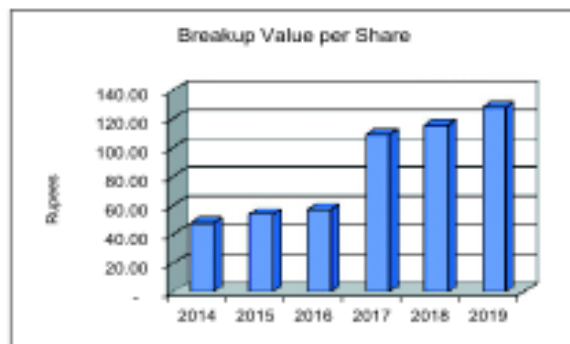
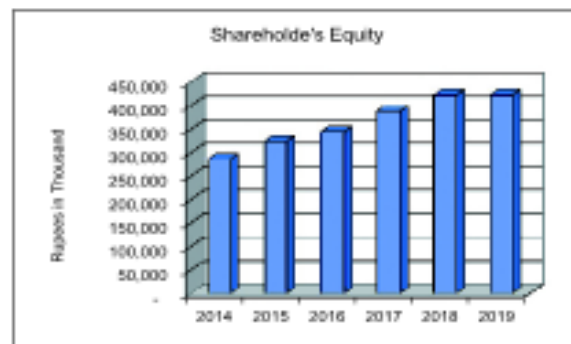
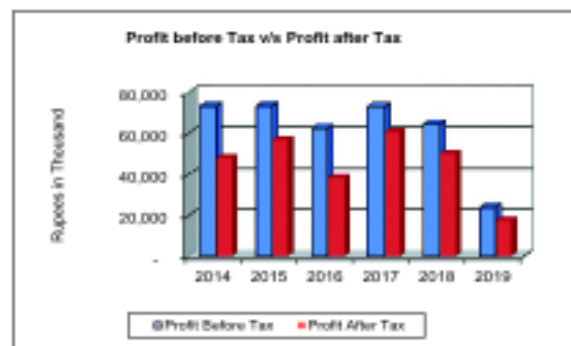
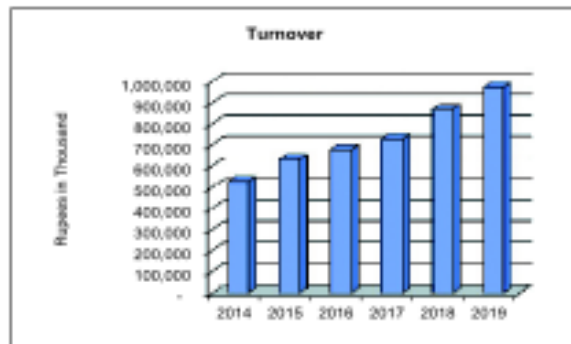
### Statement of Value Added and its Distribution

	2019		2018	
	Rupees in thousand	%	Rupees in thousand	%
<b>Wealth Generated</b>				
Total revenue inclusive of sales tax & other income	970,025		869,239	
Bought-in-material & services	534,368		475,588	
	<u>435,656</u>	<u>100.00%</u>	<u>393,652</u>	<u>100.00%</u>
<b>Wealth Distributed</b>				
To Employees				
Salaries, wages, benefits & related cost	72,894	16.73%	73,208	18.60%
To Government				
Income tax, sales tax & workers' fund	105,897	24.31%	101,539	25.79%
To Providers of Capital				
Dividend to share holders	8,000	1.84%	35,000	8.89%
Markup on borrowed funds	6,899	1.58%	7,244	1.84%
Retained in Business				
Depreciation & retained profit	241,966	55.54%	176,661	44.88%
	<u>435,656</u>	<u>100.00%</u>	<u>393,652</u>	<u>100.00%</u>





## PAKISTAN PAPER PRODUCTS LIMITED





## Chairman Review

### Dear Shareholders

It is a matter of great privilege for me to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2019 and share with you an update on the performance of our company.

### Business Performance

By the Grace of Allah and the untiring performance of the management, the company has managed to turn around from 3 disappointing quarters to a strong performance in the 4<sup>th</sup> quarter to finish the year with record revenue of Rs 969.75 million and profit after tax of Rs 17.95 million. While the Profit after tax is 64.1% lower than last year, but at the same time you will appreciate the challenging environment in which the company has operated for the last one year and I commend the management for ending the year in a positive manner which did not look possible with the way things were progressing during the year.

During the year, we faced a number of challenges including rising commodity prices, higher inflation, and depreciation of the Rupee by almost 35%, and 89% increase in interest rates which continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular. The Board closely monitored the performance of the business with a focus to achieve continued improvement in productivity and efficiency while optimizing cost and processes to ensure sustained growth of the Company. The guidance and timely decisions of the Board contributed immensely in steering the Company in the right direction.

During the year under review, the production facilities of the Company were operated at optimum level to meet the continued and rising demand for its products. Pro Labels had another excellent year with sales rising by 19.79% which is no mean achievement given the overall downturn in the whole economy. This shows the immense confidence our customers have in our products. Exercise books had a tough year due to the change of the school starting date from April to July. This was a wrong decision of the Sindh government and has not been appreciated by school managements, parents or the students. In spite of this we managed to achieve the same level of sales as the previous year.

The PKR devaluation and the rise in interest rates have played havoc with our margins. In the last fiscal year our Financial charges increased by 77.4% to Rs 27.02 million out of which Rs 10.97 million was Exchange Loss. The rise in Pro Labels sales has also put further burden on our working capital requirement as the payment terms of the majority of the customers is 60-90 days and in addition, we have to carry raw material inventory. The delay in the Exercise Books season also added further to the financial burden, as we had to carry our inventory for a much longer period due to the delay in season sales. Due to the above-mentioned reasons our short term borrowing from the banks has increased heavily which has also contributed to the phenomenal rise in Financial charges.



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## PAKISTAN PAPER PRODUCTS LIMITED

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

### **Board Performance**

The Board performed its duties and responsibilities diligently by effectively guiding the Company in its strategic affairs. The Board also played an important role in overseeing the Management's performance and focusing on major risk areas. The Board was fully involved in the budgeting and strategic planning processes. The Board also remained committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value. All Directors, including Independent Directors, fully participated and contributed in the decision-making process of the Board.

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

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

### **Acknowledgement**

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

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**ABBAS SAYEED**

*Chairman*

September 18, 2019  
Karachi



## PAKISTAN PAPER PRODUCTS LIMITED

### ڈائریکٹرز رپورٹ

ہر ذوق ڈائریکٹرز کو کھلی کے آڈٹ شدہ اکاؤنٹس کے ساتھ 57 ویں سالانہ رپورٹ بہ سرت چٹائی کرتا ہے۔ رپورٹ 30 جون 2019 کو ختم شدہ سال کے لیے کھلی کی سرگرمیوں کا اعادہ کرتی ہے اور اس کی بائیاپی مابقی اور مابقیاتی کارگزاریوں کو بیان کرتی ہے۔

#### معمولی کارکردگی

آپ کی کھلی کو تیار ہونے والے سال کا سامنا ہر سال کا سامنا ہوتا ہے۔ ہم یہ ملک گیر مسئلہ تھا، جو کہ سب کو سامنا ہوا۔ گزشتہ ایک سال کے دوران، ملک کو جس سماجی بگاڑ نے گریزاں کیا، اس کا سامنا ہوا۔ ہم سب امید کرتے ہیں کہ جوں جوں بیٹے کے بعد ہم اس سے بچیں اور مشیوٹ ہو کر ٹھہریں گے۔ ان تمام تر مشکل حالات کے باوجود، آپ کی کھلی نے ہماری کارکردگی کو برقرار رکھا اور کاروبار کا حجم بڑھ کر 969.75 ملین روپے کی نئی بلکارڈ ایچ اور خاص فرہوش بڑھ کر 875.44 ملین روپے کی سطح پر پہنچی، جو کہ گزشتہ مالی سال کے مقابلے میں باختریب 11.61 لاکھ اور 11.06 لاکھ اضافہ ہے۔

فرہوش میں اضافے کی بنیادی وجہ یہ ہے کہ کمیشن کی ذمہ داری کا کردار کھلی اور فرہوش میں 19.79 لاکھ اضافہ ہوا۔ جیسا کہ ہم نے مابقی میں بھی ذکر کیا ہے کہ پاکستان کی Self-Adhesive ٹیکل انڈسٹری ابھی ترقی پزیری کے مرحلے میں ہے اور مسئلہ میں بھی مشیوٹ ہو کر ٹھہریں گے۔ یہی وجہ ہے کہ، ملک میں سماجی سہ روی کے باوجود، پمپنگ اور مشیوٹ کا سلسلہ جاری رہا۔ گزشتہ 2-3 برسوں میں شامل کی جانے والی اضافی استعداد سے مکمل طور پر استفادہ کیا جا چکا ہے اور اس سال کے دوران ہم آلات میں مزید سرمایہ کاری کا منصوبہ کر سکتے ہیں۔ ہمیں استعداد کے لحاظ سے بڑے مسائل کا سامنا ہے۔ ہم ملک میں غیر چینی صورت حال کے باعث سرمایہ کاری کے تمام منصوبے روکنے پر مجبور تھے اور یہ اندازہ لگانا مشکل تھا کہ پاکستانی روپے کے مقابلے میں امریکی ڈالری شرح چاروں کیوں جا کر گئی۔ اب معلوم ہوتا ہے کہ شرح چاروں کی مطلوبہ سطح حاصل کی جا چکی ہے اور ہم قبل سے استعداد میں اس میں استحکام دیکھیں گے۔ اس کے علاوہ شرح سود میں غیر معمولی اضافے کے بعد سرمایہ کاری کے کسی بھی منصوبے کے ساتھ آگے بڑھنا ایک بڑا چیلنج بن گیا ہے۔

دیگر مسائل جن کیلئے فرہوش کے لحاظ سے یہ ایک جھلم سال رہا اور فرہوش 320.15 ملین روپے کی سطح پر برقرار رہی، جو کہ اس بات کے قوی نظر ایک بڑی کامیابی ہے کہ سہولت کے اسکول بیزن کا آغاز اپریل سے چل کر جلائی کر دیا، اس کا مطلب یہ ہوا کہ بڑی بیزنس فرہوش بن جائے۔ اپریل میں ہوتی ہے اور آگے بڑھ کر جون۔ اگست میں چل گئی ہے۔ اس تہہ ملی کا مکمل اثرا اگلے سال دیکھا جا چکا کیونکہ حکومت کی جانب سے اس چانگ اور ایک اعلان کے باعث کئی اسکولوں نے اپنے آٹا ذمہ داریوں کو بند کر دیا۔ اگر اسکولوں کے آٹا کے ساتھ بیزنس کو بحال کیا گیا تو ہمیں آڈر پورے کر لے اور ڈانگ کھیل کی ضروریات کے لحاظ سے بڑے مسائل کا سامنا کرنا پڑے گا کیونکہ مابقی میں اس کے وہ بیزنس ہوا کرتے تھے، ایک میٹرک کے کمیشن کیلئے اور دوسرا کمیشن کے کمیشن کیلئے جن میں آپ دونوں کو ایک میں ضم کر دیا جا چکا۔

Sensitized بھی دیکھنے کے لیے یہ مابقی کن سال رہا اور اس کی فرہوش میں 14.15 لاکھ کی ہوئی، جس کی ایک بڑی وجہ یہ ہے کہ مابقی میں دوسری بڑی مابقی کی تھی، کیونکہ Base ہے حاصل کرنا بہت مشکل ہوتا ہے اور دیا نہیں تھا۔ یہاں سے پھر بھی پھر بھی ہی یہ کا نظر تیار کرتی ہیں کیونکہ یہ ایک ایسی پرائیوٹ آؤٹ ہے جو اپنے وجود کی آخری سانس لے رہی ہے۔ اور حقیقت، پاکستان دیکھنے کے چند ایک ان ممالک میں رہ گیا ہے جہاں پرائیوٹ اپ بھی استعمال ہوتا ہے کیونکہ قانون کے مطابق حکومتی اداروں کو سرکاری ٹیکس کے لیے برنت بھی میں مطلوب ہوتے ہیں۔ دوسری طرف، چارہ بھی کی فرہوش میں 12.44 لاکھ اضافہ ہوا۔ کیونکہ یہ Sensitized بھی کا تہا ہے اور اس کے لیے یہ کوڈ کی ٹریڈنگ اسٹیم ہے جس میں ہم کو کوئی دیکھنا پڑا نہیں کر سکتے۔ ماسوائے اس کے کہ جو بڑوں کو کات کر اس کے چھوٹے دل بٹائیں جو پائڈیشنوں پر چل سکیں۔

#### بائیاپی کارکردگی

مجموعی طور پر بھی اور اس انڈسٹری کی صورت حال کے باعث ہمیں سرمایہ میں کھسکتا ہے۔ بعد ازاں کی مابقی سے آپ کی کھلی نے چھٹی سرمایہ میں ذمہ داری کا سامنا کیا۔ اس کے باعث کھلی نقصان سے باہر آگئی اور ہم سب متاثرہ مابقی دینے میں کامیاب رہے۔ جیسا کہ ہم پورے سال اٹھا کرتے رہے کہ روپے کی قدر میں کمی نے ہمارے شرح مابقی پر بائیاپی کا مابقی گائی ہے اور پورا اثرا آگے منتقل کرنا تھا۔ جہاں آگے صاف مابقی کو منتقل کرنا پڑا ہے اور ہمیں اس کا اثر فوری طور پر ڈائل کر دے گی۔ اس کے علاوہ گزشتہ ایک سال کے دوران شرح سود ڈی ہوئی اور مجموعی اثرا کے نتیجے میں قاناس چارہ 15.23 ملین روپے سے بڑھ کر 27.01 ملین روپے ہوئی، یہ 77.4 لاکھ اضافہ ہے، جس میں 10.97 ملین روپے شرح چاروں کا نقصان ہے۔ ہم صرف امید اور دعا کر سکتے ہیں کہ کرنسی کی قدر میں کمی اور شرح سود میں اضافے کے بدترین اثرات کو کم دیکھنے چھوڑ آئے ہیں اور ہم استحکام کے ساتھ آگے بڑھ سکتے ہیں۔ مابقی کا مابقی مابقی مابقی مابقی پر ان دونوں صبر داروں کو رکھنا ہے کیونکہ 15 لاکھ سے زائد کی شرح سود کے مابقی میں کام کرنا کسی بھی انڈسٹری کیلئے تقریباً ناممکن ہے اور ملک ان شرحوں میں آگے نہیں بڑھ سکتا۔

تذکرہ پلان ای وی و جہاں کے باعث مل ڈانگس مابقی میں 62.82 لاکھ اور ہمارا ڈانگس مابقی میں 64.1 لاکھ کی ہوئی ہم آپ کو اس حقیقت کی تعریف کرتے ہیں کہ ہم ملک کی دیگر کئی کمپنیوں کی طرح



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تفصیل میں نہیں گئے۔ انشا اللہ ماگروہ پے کی قدر میں استحکام، باہر شرح سود گرا شروع ہو جائے تو آئندہ سال ہم بہتر اور مثبت نتائج کی توقع رکھ سکتے ہیں۔

2018 میں	2019 میں	
64,458,990 روپے	23,968,439 روپے	عملیاتی سیشن منافع
(14,391,388) روپے	(5,993,673) روپے	تعمیر سیشن
50,067,602 روپے	17,974,766 روپے	پورے سیشن منافع
8.34	2.25	فی شیئر آمدنی

منافع سروس کا اعلان:

پورا سیشن 10 اگست کی شرح سے جس منافع سروس کی سفارش کرتا ہے۔

مالیاتی رپورٹنگ:

ہم یہاں یہ بھی اظہار کرتے ہیں کہ کئی بڑا مالیاتی رپورٹنگ SECP کی جانب سے مطلع کردہ منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات کی بنیاد پر ہیں ان کی تازگی ایکٹ 2017 کی شرائط کی بھی تعمیل کرتی ہیں۔

میں جو پیکرنگ اور آپریشن:

میں جو پیکرنگ سہولیات سے حلقہ ہمارے تمام وسائل موثر طریقے سے درج عمل آئے جاتے ہیں اور کابینہ میں مثبت فوائد بھی کامیابی سے حاصل کیے جاتے ہیں۔ ہم سہولیات میں آگے سے آگے رہنے کے لیے اپنی تمام میں جو پیکرنگ سہولیات کو مستحکم بنا رہے ہیں اور اپ گریڈ کرتے رہتے ہیں۔

کارپوریٹ اور سماجی ذمہ داری:

پیکرنگ سہولیات کو بولنے کی بنا پر ہم یہ سمجھتے ہیں کہ ہم پر اس ملک اور سطح پر جانے پر اس کے تمام کی ذمہ داری ہے۔ اس ضمن میں ہم ضرورت مند اداروں کو مالی اعانت دیتے ہیں۔

صحت:

ادارہ ہم ہے کہ ہم اپنے آپ پر مشورہ و مصلحت کے ماحول پر اثرات کو کنٹرول کرنے کے ذریعے موثر ماحولیاتی کارگزاری کو لاہت کریں اور ملک میں آلودگی کو کنٹرول کرنے کے لیے عالمی معیارات کو اپنی قانون سازی قواعد و ضوابط اور ترتیب دینے کے معیارات کی تعمیل کے لیے حریص مستعدی سے کوشش کریں۔ ہماری کھلی نے پاکستان میں بہتر اور ماحول دوست مستقبل کے فروغ میں اپنا کردار ادا کرنے کا عزم کیا ہے۔

پروڈکٹ

پاکستان بھی پروڈکٹس لائن ایک اور رنگ اور باقیہ خان اور رنگ ڈائریکٹرز پر مشتمل ایک آزاد اور مستقل ادارہ ہے۔ ہنوز میں اور چیف ایگزیکٹو کے کردار ادا کرتے ہیں اور ہر ایک کی واضح طور پر رہی ہو وفاق کو ترجیح دے رہے ہیں۔

کارپوریٹ اور سماجی ذمہ داری:

- ہم سروس کے ساتھ یہ اطلاع دیتے ہیں کہ آپ کی کھلی نے پاکستان انٹیکسٹ کے فہرست کردہ شرائط میں شامل ہو کر کارپوریٹ گورننس کے کوڈ کی مشقوں کی تعمیل کرتے ہوئے ضروری اقدامات اٹھائیں ہیں۔
- کھلی کی انتظامیہ کی جانب سے پیار کر رہی مالیاتی گوشوارے اس کے ساتھ ساتھ آف انڈر ز، آپریشن کے نتائج، پیش گوئی اور ان کی بنی میں تبدیلیوں کو کچھ طریقے سے پیش کرتا ہے۔
- مزدوروں کا وظیفہ پالیسیاں مالیاتی گوشواروں کی تیاری میں مستقل طور پر اطلاق ہوں گی اور مناسب اور مستقل قیمت کی بنیاد پر ہیں۔
- اکاؤنٹس کے مزدوروں کو ہمیں کھلی کی جانب سے مین شیئرز کی جائیں گی۔
- مالیاتی گوشواروں میں بین الاقوامی اکاؤنٹنگ معیارات ہرگز پاکستان میں عالمی معیارات ہیں، ان کی تیاری میں سی بی کی جائیگی۔





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- کھٹی کے آگے بڑھتے رہنے کی قابلیت پر کوئی شبہ نہیں ہے۔
- ائمہ روئی اختیار کا سسٹم، ڈی جی این میں محدود ہے۔ سسٹم کی مسلسل طور پر اعزیز آڈٹ کے ذریعے اور دیگر ایسے نگرانی کے طریقوں سے نگرانی کی جا رہی ہے۔ ائمہ روئی اختیارات کی نگرانی کا عمل، کنٹرولڈ گورننس حکم کرنے اور سسٹم میں بہتری لانے کے مقصد کے ساتھ ایک جاری عمل کے طور پر جاری ہے۔
- منیسٹرز سے متعلق تفصیل اکاؤنٹ کے ڈوش میں دی گئی ہے۔

یورڈ اور اس کی کھٹی کے اجلاس

یورڈ آف ڈائریکٹرز (BoD) کے سال کے دوران چار (04) اجلاس، چار (04) آڈٹ کمیٹی (AC) میٹنگز اور ایک (01) ایچ آر ایڈ آڈٹ کمیٹی میٹنگ منعقد کیں۔ یورڈ ڈائریکٹرز کی جانب سے حاضری درج ذیل کے مطابق ہے:

ڈائریکٹرز کے نام	BoD میٹنگ	AC میٹنگ	ایچ آر ایڈ آڈٹ کمیٹی
جناب مہاس سعید	3	2	1
جناب مایہ سعید	4	-	-
ڈاکٹر اسد اللہ سعید	3	4	-
محترمہ طاہرہ سعید	3	-	-
جناب زاہد ادا	4	3	1
جناب شعیب احمد صاحب (NIT منور)	4	-	1
جناب سعید عمران	4	-	1

ایسے ڈائریکٹرز جو یورڈ اور کھٹی اجلاسوں میں حاضر نہیں ہوئے وہ قانون کی مطابقت میں یورڈ کمیٹیوں کی جانب سے غیر حاضری کی باقاعدہ رخصت سے منظور ہوئے۔

ڈائریکٹرز کا ریٹنگ پر گرام

کھٹی کے سات ڈائریکٹرز میں سے تین ڈائریکٹرز ایسے سرٹیفیکیشن سے مستثنیٰ ہیں جو کوڈ میں دیے گئے معیار مستثنیٰ پر پورا نہیں گئے۔ ایک ڈائریکٹر نے 2016 میں سرٹیفیکیشن ریٹنگ پر گرام کے تحت سرٹیفیکیشن حاصل کی، بلکہ نصف یورڈ یا DTP کے معیار پر پورا اترتا ہے، یا کوڈ کے مطابق معیار مستثنیٰ پر پورا اترتا ہے۔

تعمیل کا گوشوارا

یورڈ نے تعمیل کا گوشوارا اپنایا ہے۔ تمام ملازمین اس گوشوارے سے آگاہ ہیں۔

اہم تبدیلیاں

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

کاروباری پوسٹلو کے کوڈ

پاکستان بھر پر ہڈ کس متاز بھر کھٹی کے طور پر کاروباری کامیابی کے لئے اعلیٰ اخلاقی اقدار کی شہرت کھٹی ہے۔ بزنس پوسٹلو کے کوڈ کو پہلے ہی ذیاب کر لیا گیا ہے اور یہ کھٹی کے ہر ایک ڈائریکٹر اور ملازم کو ارسال کر دیا گیا اور ان کی جانب سے اس کا نالج کر لیا گیا ہے۔

حجبت کا خطرہ

انہی ذمہ داریوں کے ایک حصے کے طور پر یورڈ آف ڈائریکٹرز نے بیہوش معاشی ماحول اور اس کے نتیجے میں ائمہ روئی اور روئی خطرات پر کڑی نگاہ رکھی ہے جو کھٹی کی مخلوط اور ہمارا کاروبار انہیں پر اثر انداز ہو سکتی ہے اور سال بھر خطرات کی ناکہ بندی اور تخفیف میں پس رہتی ہے۔ یورڈ نے عملہ خطرات کی ناکہ بندی کی، کھٹی پر ان کے اثرات کا اندازہ کیا اور کاروبار میں ہونے والے کسی بھی عملہ خطرات کو کم کرنے کے لئے سخت عملی جاری کی۔ ان سخت عملوں کو آڈٹ کمیٹی کے ذریعے نافذ کیا گیا تھا تاکہ یہ یقینی بنایا جاسکے کہ کوئی خطرہ تخفیف میں نہیں رہے۔



## PAKISTAN PAPER PRODUCTS LIMITED

### خطرے کی تکمیل

کاروباری اداروں کو متعدد غیر پیشگی صورت حال کا سامنا کرنا پڑتا ہے جو اس کے مقاصد کے لئے خطرہ بن سکتے ہیں، اگر اس پر توجہ نہ دی گئی تو نقصانات کا سبب بن سکتے ہیں۔ بورڈ نے کئی کوریجنگ اور روٹی اور روٹی دونوں خطرات کا جائزہ اور عمل کا جائزہ لیا ہے۔ خام مال کی باہمی قیمت کئی کوریجنگ سب سے قریب ترین خطرہ ہے۔ پاکستانی روپے میں کمی نے اس خطرے کو اور واضح کر دیا ہے۔ اس کے عملی اثرات کو روکنے کے لئے، کئی نے اپنے اہم بین الاقوامی پلائرز کے ساتھ اسٹریٹجک تعلقات میں سرمایہ کاری کی ہے اور بدھت فرامی کو پیشی دیا ہے۔ کئی کوریجنگ ایک اور خطرہ خام مال کی دستیابی ہے۔

### مستقبل کے امکانات

پچھلے ایک سال میں کوریجنگ بہت سارے چیلنجز کے باوجود آپ کی کئی آگے بڑھنے اور حصول میں اضافہ کرنے میں کامیاب رہی۔ مستقبل کا خطرناک بھی اچھا دکھائی دیتا ہے، خاص طور پر پبلنگ کے حوالے سے زیادہ سے زیادہ کمپنیاں روایتی قیمت لینے لگیں۔ سیلیف ایڈیٹری میں اپنے کاروبار کو تھم لینے کی ضرورت ہے اور ان کی مانگ میں اضافہ ہو رہا ہے۔ نئے سائنسی ماحول میں کمپنیاں داخل نہیں ہیں کیونکہ کئی دیگر پبلنگ کمپنیاں اس کام میں سرمایہ کاری ہیں اور سابقہ بھی شروع ہو گئی ہے۔ پاکستان میں اس پر ڈسٹ کے سرنشیل ہونے کے باعث ہم اس شعبے میں اپنی توجہ مرکوز رکھنا چاہتے ہیں اور اس کی اضافی صلاحیت میں سرمایہ کاری کو جاری رکھنا چاہتے ہیں تاکہ ہم ترقی کے اس موقع سے فائدہ اٹھا سکیں اور روایتی کماؤ میں ترقی کو بھی مستحکم بنائیں۔

سندھ حکومت کی جانب سے اپریل سے جولائی سے سٹریک اسکولوں کے تعلیمی سیزن کے آغاز میں تھم لینے کی وجہ سے ایکسٹرنل ٹیسٹ کے لئے مستقبل کا خطرہ بہت بڑھ گیا ہے۔ اس کا سزا کار فیصلے کا جس کے حق میں اسکول اور طلبہ بھی نہیں ہیں، ہماری کئی کے لئے فروخت اور پورا ہار کے معاملے میں 11 اتر پڑے گا۔ اس کی بنیادی وجہ یہ ہے کہ گھبرن سٹج اور سٹریک سٹج کے دونوں اسکولوں کی فروخت اور پورا ہار ایک ہی وقت میں ہونے کی وجہ سے گھبرن سٹج اور پورا ہار کی فروخت کے لئے کافی وقت ہے اور اصل استعمال کے ذریعے زیادہ سے زیادہ فروخت کیلئے ایک مناسب قیمت ملتی ہے۔

### آڈٹ کمیٹی

آڈٹ کمیٹی بورڈ کے چیئرمین پر مشتمل ہے۔ وہ ان۔ ایگزیکٹو ڈائریکٹرز اور ایک آڈٹرز ایکٹرز کمیٹی کا ممبر ہیں۔ آڈٹرز ایکٹرز ہیں جیسا کہ سی سی آر گائیڈ لائنز 2017 میں درکار ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے شرائط وضع کر لیا ہے۔ آڈٹ کمیٹی سالانہ اور۔ ماہی مالیاتی گوشوارے، اعلان آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ اجلاس سے قبل اپنے اجلاس منعقد کرتی ہے۔ کمیٹی اعلان آڈٹ رپورٹس کے ذریعے اعلان کنٹرول کے سسٹم کا اطمینان بخش طریقے سے انجام کرتی ہے اور آڈٹ رپورٹس اور فیصلے کنٹرول کی سوز دیتے کا جائزہ لیتی ہے۔

### انجینئر ریسورس کمیٹی

کمیٹی بورڈ کے چیئرمین پر مشتمل ہے۔ وہ ان۔ ایگزیکٹو ڈائریکٹرز اور ایک آڈٹرز ایکٹرز کمیٹی کا ممبر ہیں۔ آڈٹرز ایکٹرز ہیں جیسا کہ سی سی آر گائیڈ لائنز 2017 میں درکار ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے شرائط وضع کر لیا ہے۔ آڈٹ کمیٹی سالانہ اور۔ ماہی مالیاتی گوشوارے، اعلان آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ اجلاس سے قبل اپنے اجلاس منعقد کرتی ہے۔ کمیٹی اعلان آڈٹ رپورٹس کے ذریعے اعلان کنٹرول کے سسٹم کا اطمینان بخش طریقے سے انجام کرتی ہے اور آڈٹ رپورٹس اور فیصلے کنٹرول کی سوز دیتے کا جائزہ لیتی ہے۔

### آپریٹنگ اور مینجمنٹ ڈان

آپریٹنگ اور مینجمنٹ ڈان اور کمیٹی کا کلیدی تناسب برائے گزشتہ چھ برس سے منسلک ہیں۔

### آڈٹرز

بورڈ نے اگلے مالی سال کے لیے بلورڈ ایگزیکٹو ڈائریکٹرز اور ایک آڈٹرز ایکٹرز کمیٹی کا ممبر ہیں۔ آڈٹرز ایکٹرز ہیں جیسا کہ سی سی آر گائیڈ لائنز 2017 میں درکار ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے شرائط وضع کر لیا ہے۔ آڈٹ کمیٹی سالانہ اور۔ ماہی مالیاتی گوشوارے، اعلان آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ اجلاس سے قبل اپنے اجلاس منعقد کرتی ہے۔ کمیٹی اعلان آڈٹ رپورٹس کے ذریعے اعلان کنٹرول کے سسٹم کا اطمینان بخش طریقے سے انجام کرتی ہے اور آڈٹ رپورٹس اور فیصلے کنٹرول کی سوز دیتے کا جائزہ لیتی ہے۔

### شیئر ہولڈنگ کا طریقہ

30 جون 2019ء کے مطابق شیئر ہولڈرز کی چند نکات کی شیئر ہولڈنگ کے طریقہ کا اطلاق جس کاروبار کے لئے فریم ورک کے تحت انکشاف درکار ہے، پورے میں شامل ہے۔

متعلقہ کمپنیاں، ایگزیکٹو ڈائریکٹرز اور ایک آڈٹرز ایکٹرز کمیٹی کا ممبر ہیں۔ آڈٹرز ایکٹرز ہیں جیسا کہ سی سی آر گائیڈ لائنز 2017 میں درکار ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کے لئے شرائط وضع کر لیا ہے۔ آڈٹ کمیٹی سالانہ اور۔ ماہی مالیاتی گوشوارے، اعلان آڈٹ رپورٹس کا جائزہ لیتی ہے اور بورڈ اجلاس سے قبل اپنے اجلاس منعقد کرتی ہے۔ کمیٹی اعلان آڈٹ رپورٹس کے ذریعے اعلان کنٹرول کے سسٹم کا اطمینان بخش طریقے سے انجام کرتی ہے اور آڈٹ رپورٹس اور فیصلے کنٹرول کی سوز دیتے کا جائزہ لیتی ہے۔



## PAKISTAN PAPER PRODUCTS LIMITED

ڈائریکٹرز، CFO، کھٹی ٹیکراری، ہیڈ آف انٹرنل آڈٹ اور ان کے Spouse اور باقی بچوں نے سال کے دوران کھٹی کے شیئرز کی کوئی نیا ازا کیشن نہیں کی ہے اور اس بات کی بھی تصدیق کی جاتی ہے کہ ڈائریکٹرز، CEO اور ایگزیکٹوز کا کھٹی کے شیئرز میں کوئی ملاوٹیں ہے۔ اس کے علاوہ ہولڈنگ کے طریقہ میں جس کا انکشاف کیا گیا ہے۔

### کارپوریٹ گورننس ریگولیشن 2017 کے تحت جان کر وہ شرائط کی رو سے

یورڈ کی تفصیل:

یورڈ میں سات افراد شامل ہیں جس میں ایک خاتون اور چھ مرد ڈائریکٹرز ہیں جبکہ یورڈ کی تفصیل مندرجہ ذیل ہے:

01	ایگزیکٹوز ڈائریکٹر
05	جان ایگزیکٹوز ڈائریکٹر
01	آزاد ڈائریکٹر

یورڈ کی کمیٹیاں:

1۔ یورڈ کے کمیٹیاں تفصیل دی ہیں جو مندرجہ ذیل ممبران پر مشتمل ہیں:

(اے) آڈٹ کمیٹی

جناب زاہد واہ (ڈائریکٹر جنرل)

ڈاکٹر اسد مظہر

جناب میاں سمیع

(بی) IHR ایڈری میٹریشن کمیٹی

جناب زاہد واہ (ڈائریکٹر جنرل)

جناب میاں سمیع

جناب سمیع عمران

جناب شعیب احمد خان

ڈائریکٹرز کا مشاہرہ

کھٹی کی آرٹیکل کے ذریعے، یورڈ آف ڈائریکٹرز ہونا فریق ان ایگزیکٹوز اور ڈائریکٹرز کا معاوضہ ملنے کے ساتھ ہے۔ اس سلسلے میں، یورڈ آف ڈائریکٹرز نے کھٹی کے جان ایگزیکٹوز اور ڈائریکٹرز کے لئے معاوضے کی پالیسی جاری کی ہے۔

ادنی ٹیکس:

ڈائریکٹرز ان کے مسلسل جاری تعاون کیلئے اپنے معزز ساترہن کی بہت زیادہ شکر گزار ہے۔ وہ کھٹی کے فنکٹرز، شیئرز ہولڈرز اور گھاسٹک ہولڈرز سے حاصل شدہ تعاون کی بھی قدر اور حوصلہ افزائی کرتے ہیں جنہوں نے آپ کی کھٹی میں اپنے اہلکار کے جوش و خروش کو جاری رکھا ہوا ہے۔ علاوہ ازیں ڈائریکٹرز نے اس تعاون کیلئے ان کی گھاسٹک حوصلہ افزائی بھی رپورٹ کی ہے جو ریگولیشنز ٹیکس ایڈ آپٹیمائزیشن آف پاکستان (SECP) اور پاکستان انٹیکسٹ (PSX) سے موصول ہوئی تھی۔ کھٹی کے تمام ملازمین حقیقی کام کر رہے ہیں جس کے نتائج میاں ہیں۔ ڈائریکٹرز ان کی مسلسل جاری کارکردگی کیلئے تمام ملازمین کو مبارکبادیں کرتے ہیں۔

مناجیب یورڈ آف ڈائریکٹرز

مناجیب  
ڈائریکٹر جنرل

مناجیب  
ڈائریکٹر جنرل

تاریخ 18 جنوری 2019

کراچی



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## PAKISTAN PAPER PRODUCTS LIMITED

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### DIRECTORS' REPORT

The Board of Directors are pleased to present the 57<sup>th</sup> Annual Report along with the audited accounts of the company. The Report covers your company's activity for the year ended June 30, 2019 and describes its financial, social and environmental performances.

#### Operating Performance

This has probably been one of the toughest years your company has faced in a very long time, but the issue was country specific issue that everyone faced. The economic turmoil that the country has gone through in the last one year has been visible to everyone and we can all hope that there is a silver lining to all this and after the dust has settled, we will come out stronger and better. In spite of these tough challenges your company has continued good progress with Turnover climbing to another new record level of Rs 969.75 million and Net Sales climbing to Rs 875.44 million which is an increase of 11.61% and 11.06% respectively compared to last fiscal year.

This increase in sales was primarily driven by another robust performance of Pro Labels section which enjoyed another excellent year showing a rise of 19.79% 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. That is the main reason that in spite of such economic slowdown in the country, Pro Labels continued to enjoy healthy growth. The additional capacity added in the last 2-3 years is now once again fully utilized so we have plans for investing in additional equipment during this year. We continue to face a major capacity issue but all investment plans had to be put on hold due to the uncertain economic situation in the country and it was difficult to envisage where the PKR/USD parity would be and it appears to be that the desired parity has now been reached and we can expect some stability in the short to medium term. In addition, the phenomenal rise in interest rates has also become a major challenge to go ahead with any major investment.

Exercise Books had another consistent year with sales staying flat at Rs 320.15 million which is actually quite an achievement in light of the fact that the Sind Government changed the start of the school season to July instead of April which meant that the major seasonal sales that happen in March-April have moved to June-August. The full effect of this will be seen next year as many schools this year did not change their starting month due to the sudden and abrupt announcement by the government. If this season is not reverted to March-April as earlier then we will face a host of issues in terms of order deliveries and working capital requirement as in the past we used to have two seasons, one for the Matric section and one for the Cambridge section but now they will both be combined into one.

Sensitized paper had a very disappointing year with sales falling by 14.15% which was partly due to fall in demand and partly due to the shortage of raw material, i.e. base paper which is becoming very difficult to procure as only a handful of paper mills all over the world produce this paper as it is a completely dying product line. In fact, Pakistan is one of the few countries left in the world where this product is still being used because as per law all government organization require all official drawings in blue print paper. On the other hand, Plotter paper sales increased by 12.44% as this is the alternative to Sensitized paper and for us it is a commodity trading item as we cannot do any value addition to it other than slitting jumbo rolls into smaller rolls which can run on the plotter machines.

#### Financial Performance

After 3 quarters of losses, by the grace of Allah you company managed an excellent performance in the 4th Quarter which brought the company out of the red and we managed to post decent profits, given the overall situation in the country and the industry. As we have been warning all year the PKR Devaluation has played havoc with our margins and it has been nearly impossible to pass on the entire affect. Even if would manage to pass on a portion of the effect to our customer, it would immediately get negated by another round of devaluation. In addition, the interest rates doubled over the last one year so the combined effect led to an increase in Finance Charges from



## PAKISTAN PAPER PRODUCTS LIMITED

Rs 15.23 million to Rs 27.01 million which is a rise of 77.4%, and out of this Rs 10.97 million was Exchange Loss. One can only hope and pray that the worst effects of the devaluation and increase in interest rates are behind us and we can move forward with stability. The future outlook also depends completely on the above two factors as working with interest rates of above 15% is nearly impossible for any industry and the country cannot move forward in such severe conditions.

The Profit before Tax decreased by 62.82% and profit after tax decreased by 64.1% due to the above mentioned factors but you must appreciate the fact that we did not run into heavy losses like many other companies in the country. Inshallah, if things stabilize with the PKR and interest rates start falling we can expect much more positive results next year.

	<u>June, 2019</u>	<u>June, 2018</u>
Profit before taxation	23,968,439	64,458,990
Taxation	(5,993,673)	(14,391,388)
Profit after taxation	17,974,766	50,067,602
Earnings per share	2.25	8.34

### Declaration of Dividend

The Board is pleased to recommend a final cash dividend @ 10%.

### Financial Reporting

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

### Manufacturing and Operations

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

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

### Corporate Social Responsibility

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

### Health

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

### The Board

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

### Corporate and Financial Reporting Framework

We are pleased to report that your company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the listing regulations of the 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.



## PAKISTAN PAPER PRODUCTS LIMITED

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

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

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

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

### Board & its Committee meetings

During the year 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:

<b>Name of Directors</b>	<b>BOD Meetings</b>	<b>AC Meetings</b>	<b>HR&amp;R Meeting</b>
Mr. Abbas Sayeed	3	2	1
Mr. Abid Sayeed	4	-	-
Dr. Asadullah Sayeed	3	4	-
Mrs. Muleika Sayeed	3	-	-
Mr. Zahid Dada	4	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 Compliance

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

### Material Changes

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

### Code of Business Principles

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

### Risk of Management

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

### Risk Assessment

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



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## PAKISTAN PAPER PRODUCTS LIMITED

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relationships with its key international suppliers and ensured timely delivery. Availability of raw materials is another risk that is faced by the company.

### **Future Prospects**

In spite of the many challenges faced in the last one year, your company managed to forge ahead and increase revenue. The future outlook also looks very good, especially for Pro Labels as the demand for Self-adhesive labels in roll form is on the rise as more and more companies are shifting to from the conventional sheet fed glue labels. This is not going unnoticed in the industry as a lot of new competition has come up as other printing 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 in additional capacity so that we can gain from this growth opportunity, and also solidify our leadership position.

Future outlook for Exercise Books is very challenging due to the change in start of the academic season for Matric schools by the Sind Government to July from April. This ill advised decision which even the schools and students are not in favor of will have a major impact in terms of sales and production for our company. The main reason being that the sales and production of both Cambridge level and Matric level schools will happen at the same time which will lead to major constraints in terms of working Capital and production capacity. The management is well aware of these challenges and will take proper steps to work out a proper strategy to maximize sales through internal efficiencies.

### **Audit Committee**

Audit Committee comprises of three members from the Board, two are non-executive directors and one independent director. The Chairman of the Committee is an independent director 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 recommended appointment of M/s. Faruq Ali & Co as auditors for the next financial year. The present auditors, M/s. Faruq Ali & Co., Chartered Accountants, retire and being eligible, they have offered themselves for reappointment.

### **Pattern of Shareholding**

A statement of the pattern of shareholding of certain class of shareholders as at June 30, 2019 whose disclosure is required under the reporting framework is included in the report.

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

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



## PAKISTAN PAPER PRODUCTS LIMITED

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

### **DIRECTORS' REMUNERATION**

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

### **Acknowledgements**

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

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

On behalf of the Board of Directors

ABBAS SAYEED  
CHAIRMAN

ABID SAYEED  
CHIEF EXECUTIVE

September 18, 2019  
Karachi





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**PAKISTAN PAPER PRODUCTS LIMITED**

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**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

**For the year ended 30<sup>th</sup> June 2019**

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
- b) Female: one

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

<b>Category</b>	<b>Names</b>
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.



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## PAKISTAN PAPER PRODUCTS LIMITED

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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.
12. 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
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 were held during the financial year ended June 30, 2019.
  - b) HR and Remuneration Committee: One meeting was held during the financial year ended June 30 2019.
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.



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**PAKISTAN PAPER PRODUCTS LIMITED**

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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.

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**ABBAS SAYEED**  
*Chairman*

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**ABID SAYEED**  
*Chief Executive*

Karachi: September 18th, 2019



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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 2019 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 2019.

**CHARTERED ACCOUNTANTS**

**Place: Karachi**

**Dated:**

Engagement partner: Fasih-uz-Zaman



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## PAKISTAN PAPER PRODUCTS LIMITED

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**FARUQ ALI & CO.**  
CHARTERED ACCOUNTANTS

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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 2019, 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 2019 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
<b>1.</b>	<b>First time adoption of IFRS 9 – Financial Instruments</b>	
	<p>As referred to in note 3.3.1 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.</p> <p>We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.</p> <p>In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.</p>
<b>2.</b>	<b>Valuation of inventories</b>	
	<p>The Company is engaged in the manufacturing of exercise books, pro-labels and sensitized papers. The Company held inventory balances of Rs.175.364 million that constitute as 14.21% of the total assets at the year-end as disclosed in the accompanying financial statements. We focused our audit on this area as it is a material balance for the Company and it also requires management judgement in determining an appropriate costing basis and assessing its valuation. Valuation of raw materials are assessed on item-by-item basis. The Company</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>



PAKISTAN PAPER PRODUCTS LIMITED



S.No.	Key audit matters	How the matter was addressed in our audit
	<p>also reviews the inventory age listing to identify slow moving, obsolete raw material and stores and spare.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the Valuation of Inventories been identified as a Key Audit Matter.</p>	<p>We 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>
<b>3.</b>	<b>Revenue recognition</b>	
	<p>Refer notes 3.3.1, 4.15 and 20 to the financial statements relating to revenue recognition.</p> <p>The Company has reported revenues for the year of Rs.969.748 million. There is potential for material misstatement within revenue, particularly in relation to revenue being recorded in the wrong period, due to cut off errors or management bias.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of, assessed and tested the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;</li><li>• We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li><li>• We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;</li><li>• We inspected credit notes issued to record sales returns subsequent to year end, if any;</li><li>• We reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company; and</li><li>• We obtained an understanding of the nature of the revenue contracts entered into by the Company, tested a sample of sales contracts to confirm our understanding and assessed</li></ul>



## PAKISTAN PAPER PRODUCTS LIMITED



S.No.	Key audit matters	How the matter was addressed in our audit
		whether or not management's application of IFRS 15 requirements was in accordance with the standard.

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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





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## PAKISTAN PAPER PRODUCTS LIMITED

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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



**Report on Other Legal and Regulatory Requirements**

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

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

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

**CHARTERED ACCOUNTANTS**

**Place: Karachi**

**Dated:**



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 ----- (Rupees) -----	2018 -----
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 15,000,000 (2018: 8,000,000) Ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>80,000,000</u>
Issued, subscribed and paid-up share capital	5	80,000,000	60,000,000
Revenue reserves		348,808,563	361,792,988
Capital reserve			
Revaluation surplus on property, plant and equipment	6	<u>518,449,354</u>	<u>212,475,945</u>
		<u>947,257,917</u>	<u>634,268,933</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability - Net	7	<u>42,996,620</u>	<u>41,404,916</u>
Deferred liability for staff gratuity	8	<u>13,440,488</u>	<u>13,852,394</u>
Long term loans - Secured	9	<u>27,850,700</u>	<u>53,088,500</u>
		<u>84,287,808</u>	<u>108,345,810</u>
<b>CURRENT LIABILITIES</b>			
Current and overdue portion of long term loans	9	<u>26,183,050</u>	<u>26,183,050</u>
Short term borrowings - Secured	10	<u>73,408,493</u>	<u>37,016,976</u>
Unclaimed dividend		7,254,499	6,695,736
Creditors, accrued and other liabilities	11	<u>95,789,029</u>	<u>58,159,499</u>
		<u>202,635,071</u>	<u>128,055,261</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	<u>--</u>	<u>--</u>
		<u>1,234,180,796</u>	<u>870,670,004</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<u>783,358,992</u>	<u>493,973,561</u>
Long term deposits	14	<u>913,872</u>	<u>913,872</u>
		<u>784,272,864</u>	<u>494,887,433</u>
<b>CURRENT ASSETS</b>			
Stores and spares		3,668,989	4,810,216
Stock-in-trade	15	<u>171,695,959</u>	<u>155,678,985</u>
Trade debts - Unsecured, considered good	16	<u>173,476,656</u>	<u>128,328,607</u>
Advances and other receivables	17	<u>88,616,017</u>	<u>80,776,256</u>
Trade deposits and short term prepayments	18	<u>6,738,339</u>	<u>678,159</u>
Cash and bank balances	19	<u>5,711,972</u>	<u>5,510,348</u>
		<u>449,907,932</u>	<u>375,782,571</u>
		<u>1,234,180,796</u>	<u>870,670,004</u>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 ----- (Rupees)	2018 -----
Turnover		969,747,926	868,870,842
Sales tax and sales return		(94,308,921)	(80,642,042)
Sales - Net	20	<u>875,439,005</u>	<u>788,228,800</u>
Cost of sales	21	<u>(776,168,009)</u>	<u>(658,509,450)</u>
		99,270,996	129,719,350
Other operating income	22	276,818	368,657
<b>Operating expenses</b>			
Administrative expenses	23	(33,438,918)	(30,692,732)
Selling and distribution expenses	24	(13,184,154)	(14,920,098)
Workers' Profit Participation Fund		(1,295,430)	(3,462,467)
Workers' Welfare Fund		(644,732)	(1,327,876)
		<u>(48,563,234)</u>	<u>(50,403,173)</u>
Operating profit		<u>50,984,580</u>	<u>79,684,834</u>
Finance cost	25	(27,016,141)	(15,225,844)
Profit before taxation		<u>23,968,439</u>	<u>64,458,990</u>
Taxation - Net	26	(5,993,673)	(14,391,388)
<b>Profit for the year</b>		<u><u>17,974,766</u></u>	<u><u>50,067,602</u></u>
Earnings per share - Basic and diluted	27	<u>2.25</u>	<u>8.34</u>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 ----- (Rupees) -----	2018 -----
Profit for the year		17,974,766	50,067,602
<b>Other comprehensive income / (loss):</b>			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
Surplus on revaluation of property, plant and equipment		314,992,413	--
Related deferred tax		(6,087,800)	--
		308,904,613	--
Remeasurement of defined benefit liability	8	1,562,824	(1,653,496)
Related deferred tax		(453,219)	479,514
		1,109,605	(1,173,982)
Effect of change in tax rates		--	357,800
<b>Total comprehensive income for the year</b>		<b>327,988,984</b>	<b>49,251,420</b>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	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 2017 - <i>As restated</i>	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 loss	--	--	(1,173,982)	(1,173,982)	357,800	(816,182)
Total comprehensive income for the year	--	--	48,893,620	48,893,620	357,800	49,251,420
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	3,283	3,283	(3,283)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,733,466	2,733,466	(2,733,466)	--
<b>Transactions with owners:</b>						
Final cash dividend @ 20% related to the year ended 30 June 2017	--	--	(12,000,000)	(12,000,000)	--	(12,000,000)
<b>Balance as at 30 June 2018</b>	<b>60,000,000</b>	<b>143,900,000</b>	<b>217,892,988</b>	<b>361,792,988</b>	<b>212,475,945</b>	<b>634,268,933</b>
Profit for the year ended 30 June 2019	--	--	17,974,766	17,974,766	--	17,974,766
Other comprehensive income	--	--	1,109,605	1,109,605	308,904,613	310,014,218
Total comprehensive income for the year	--	--	19,084,371	19,084,371	308,904,613	327,988,984
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	106,027	106,027	(106,027)	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	2,825,177	2,825,177	(2,825,177)	--
<b>Transactions with owners:</b>						
Bonus shares @ 33.3% related to the year ended 30 June 2018	20,000,000	--	(20,000,000)	(20,000,000)	--	--
Final cash dividend @ 25% related to the year ended 30 June 2018	--	--	(15,000,000)	(15,000,000)	--	(15,000,000)
<b>Balance as at 30 June 2019</b>	<b>80,000,000</b>	<b>143,900,000</b>	<b>204,908,563</b>	<b>348,808,563</b>	<b>518,449,354</b>	<b>947,257,917</b>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



## PAKISTAN PAPER PRODUCTS LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 ----- (Rupees) -----	2018 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	28	62,705,952	74,750,670
<b>Payments for:</b>			
Income taxes		(37,951,463)	(37,024,626)
Gratuity	8.1	(1,064,733)	(856,459)
Finance cost		(13,726,736)	(9,822,865)
Net cash inflows from operating activities		9,963,020	27,046,720
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure	13	(7,013,376)	(17,589,407)
Long term deposits	14	--	(5,640)
Sale proceeds against disposal of fixed assets		539,500	44,500
Income from deposit accounts	22	--	22,005
Net cash outflows from investing activities		(6,473,876)	(17,528,542)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net movements in long term loan		(25,237,800)	(24,292,550)
Dividend paid		(14,441,237)	(26,651,577)
Net cash (outflows) from financing activities		(39,679,037)	(50,944,127)
Net decrease in cash and cash equivalents		(36,189,893)	(41,425,949)
Cash and cash equivalents at the beginning of the year		(31,506,628)	9,919,321
<b>Cash and cash equivalents at the end of the year</b>		<b>(67,696,521)</b>	<b>(31,506,628)</b>

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

**ABBAS SAYEED**  
Chairman

**ZIA UR REHMAN**  
Chief Financial Officer

**ABID SAYEED**  
Chief Executive



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## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1 STATUS AND NATURE OF BUSINESS

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

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

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

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

The financial position and performance of the Company was affected by the following events and transactions during the year:

- The revaluation of property, plant and equipment was carried out during the year. The revaluation resulted in a surplus amounting to Rs.314.992 million which was incorporated in the books of the Company as at 30 June 2019.
- Due to devaluation of Pak Rupee during the year, the Company has suffered a net exchange loss of Rs.10.974 million in respect of its imports denominated in US Dollars.
- Other significant transactions and events have been adequately disclosed in these financial statements. For detailed performance review of the Company, refer 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.





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## PAKISTAN PAPER PRODUCTS LIMITED

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### 3.3 New standards, amendments to approved accounting standards and new interpretations

#### 3.3.1 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current year:

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company



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## PAKISTAN PAPER PRODUCTS LIMITED

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### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

#### ***Classification and measurement***

Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as AFS financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

#### ***Impairment***

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.



## PAKISTAN PAPER PRODUCTS LIMITED

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

### 3.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, 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:

Standards or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	1-Jan-20
IFRS 3	Business Combinations: Previously held interests in a joint operation	1-Jan-19
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	1-Jan-19
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 finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	1-Jan-19
IFRS 16	Leases	1-Jan-19
IAS 1/ IAS 8	Definition of Material (Amendments)	1-Jan-20
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	1-Jan-19
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1-Jan-19
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRIC 23	Uncertainty over Income Tax Treatments	1-Jan-19

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. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.



## PAKISTAN PAPER PRODUCTS LIMITED

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

<b>Standards or Interpretation</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 14 Regulatory Deferral Accounts	1-Jan-16
IFRS 17 Insurance Contracts	1-Jan-21

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

### 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.



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 3.5.2 Trade debts and amount due from related parties

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

### 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 the past.

### 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.

### 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 SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier period presented.

### 4.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:



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## PAKISTAN PAPER PRODUCTS LIMITED

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### 4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described below. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Control of the underlying goods could be transferred and revenue recognized when the product leaves the seller's location, based on legal title transfer, the entity's right to receive payment, or the customer's ability to redirect and sell the goods, but there might be additional performance obligations for shipping and in-transit risk of loss. The Company allocates the transaction price to each of the performance obligations, and recognize revenue when each performance obligation is satisfied, which might be at different times.

Revenue is measured based on the consideration specified in a contract with a customer, net of sales commission and excludes amounts collected on behalf of third parties.

The Company manufactures and contracts with customers for the sale of exercise books and proables, which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Invoices are usually payable within 30 days. No discounts, sales commission and return are offered. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of transaction prices for the time value of money. As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into primary geographical markets and major product lines.



## PAKISTAN PAPER PRODUCTS LIMITED

### 4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

#### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

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

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.



## PAKISTAN PAPER PRODUCTS LIMITED

The accounting policies that apply to financial instruments are stated in note 4.5 to the financial statements.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018:

As at 30 June 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
			(Rupees)	
Long term deposits	Loans and receivables	Amortized cost	913,872	913,872
Trade debts - considered good	Loans and receivables	Amortized cost	128,328,607	128,328,607
Advances, deposits and other receivable	Loans and receivables	Amortized cost	80,776,256	80,776,256
Trade deposits	Loans and receivables	Amortized cost	640,820	640,820
Cash and bank balances	Loans and receivables	Amortized cost	5,510,348	5,510,348
Total financial assets			216,169,903	216,169,903

### Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. Impairment losses related to trade debts are presented separately in the statement of profit or loss account. Trade debts are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

### 4.2 Property, plant and equipment

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

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





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## PAKISTAN PAPER PRODUCTS LIMITED

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

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

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

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in note 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.

### 4.3 Stores and spares

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

### 4.4 Stock in trade

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

Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to the present location and condition. 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.

### 4.5 Financial Instruments

#### 4.5.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

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



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

### Subsequent measurement

#### Debt Investments at FVOCI

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

#### Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.

#### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.

#### Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

### 4.5.2 Non-derivative financial assets

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

#### 4.5.2.1 Trade debts, advances and other receivables

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



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### 4.5.2.2 Cash and cash equivalents

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

### 4.5.3 Financial liabilities

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

#### 4.5.3.1 Mark-up bearing borrowings and borrowing costs

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

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

#### 4.5.3.2 Trade and other payables

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

### 4.5.4 Derivative financial instruments - other than hedging

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

### 4.5.5 Derivative financial instruments - cash flow hedges

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

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



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### 4.5.6 Offsetting of financial assets and financial liabilities

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

### 4.6 Trade debts

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

### 4.7 Cash and cash equivalents

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

### 4.8 Trade and other payables

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

### 4.9 Staff retirement benefits

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

#### *Defined contribution plan*

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

#### *Defined benefit plan*

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

### 4.10 Taxation

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



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

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

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

### 4.11 Provisions

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

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

### 4.12 Foreign currency translation

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

### 4.13 Impairment

#### 4.13.1 Financial assets

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

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

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

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



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

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

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

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

### 4.13.2 Non-financial assets

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

### 4.14 Dividend distribution

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

### 4.15 Revenue recognition

#### *Sale of goods*

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

#### *Interest income*

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



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### *Service income*

Service income is recognized when related services are rendered.

	2019	2018
	----- (Rupees) -----	
<b>5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
578,000 (2018: 578,000) Ordinary shares of Rs.10/- each fully paid in cash	5,780,000	5,780,000
172,000 (2018: 172,000) Ordinary shares of Rs. 10/- each issued for consideration (property) other than cash	1,720,000	1,720,000
7,250,000 (2018: 5,250,000) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	72,500,000	52,500,000
	<u>80,000,000</u>	<u>60,000,000</u>
<b>5.1</b> As at year-end 907,004 (2018: 680,270) ordinary shares of the Company are held by an associated undertaking M/s. Management & Enterprises (Private) Limited.		
<b>6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Gross surplus</i>		
Opening balance	221,734,359	225,588,936
Surplus arising due to revaluation of property, plant and equipment	314,992,413	--
Disposal of revalued assets	(149,334)	(4,624)
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the current year	(3,979,122)	(3,849,953)
	<u>532,598,316</u>	<u>221,734,359</u>
<i>Deferred tax liability</i>		
Opening balance	(9,258,414)	(10,734,042)
Related deferred tax liability of current revaluation	(6,087,800)	--
Tax effect on disposal of revalued assets	43,307	1,341
Effect of change in tax rates	--	357,801
On incremental depreciation for the year	1,153,945	1,116,486
	<u>(14,148,962)</u>	<u>(9,258,414)</u>
	<u>518,449,354</u>	<u>212,475,945</u>
<b>6.1</b> The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.		
<b>7 DEFERRED TAX LIABILITY - Net</b>		
<i>Deferred tax liability arising due to:</i>		
- accelerated tax depreciation	35,019,657	36,197,547
- surplus on revaluation of fixed assets	13,929,155	9,258,413
	<u>48,948,812</u>	<u>45,455,960</u>
<i>Deferred tax asset arising due to:</i>		
- provision against gratuity	(3,897,742)	(4,017,194)
- provisions for stock in trade	(33,850)	(33,850)
	<u>(3,931,592)</u>	<u>(4,051,044)</u>
	<u>45,017,220</u>	<u>41,404,916</u>
Available tax credits	(2,020,600)	--
	<u>42,996,620</u>	<u>41,404,916</u>



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	2019	2018
	(Rupees)	
<b>7.1 Movement of deferred tax liabilities</b>		
Balance as at beginning of the year	41,404,916	47,419,780
Tax charge recognised in statement of profit or loss	(4,949,315)	(5,177,549)
Tax charge recognised in other comprehensive income	453,219	(479,514)
Tax charge recognised in statement of changes in equity	6,087,800	(357,801)
Balance as at end of the year	<u>42,996,620</u>	<u>41,404,916</u>
<b>8 DEFERRED LIABILITY FOR STAFF GRATUITY</b>		
Present value of defined benefit obligations	8.1 <u>13,440,488</u>	<u>13,852,394</u>
The actuarial valuation of gratuity plan was carried out as at 30 June 2019 by M/s. <b>SIR Consultants</b> . Following are the relevant disclosures:		
<b>8.1 Movement in net liability</b>		
Opening net liability	13,852,394	11,222,496
Expense for the year	8.2 2,215,651	1,832,861
Other comprehensive income (OCI)	8.3 (1,562,824)	1,653,496
Benefits paid	(1,064,733)	(856,459)
Closing net liability	<u>13,440,488</u>	<u>13,852,394</u>
<b>8.2 Expense for the year recognized in profit and loss account</b>		
Current service cost	1,116,749	969,320
Net interest	1,098,902	863,541
	8.4 <u>2,215,651</u>	<u>1,832,861</u>
<b>8.3 Other comprehensive income (OCI)</b>		
Actuarial remeasurements: actuarial gain on obligations	<u>(1,562,824)</u>	<u>1,653,496</u>
<b>8.4 Expense for the year has been allocated as follows:</b>		
Cost of sales	21 1,509,852	1,159,018
Administrative expenses	23 483,588	502,029
Selling and distribution expenses	24 222,211	171,814
	<u>2,215,651</u>	<u>1,832,861</u>
<b>8.5 Principal actuarial assumptions used are as follows:</b>	2019	2018
Valuation discount rate per annum	14.25%	8.25%
Discount rate for profit and loss	8.25%	8.00%
Expected rate of eligible salary increase in future years per annum	10.00%	13.00%
Salaries increase rate per annum	14.25%	8.25%
Normal retirement age	60 Years	60 Years
Duration	7.51 Years	8.16 Years
Withdrawal rate	Moderate	Moderate
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Effective salary increase date	01 July 2019	01 July 2018





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### 8.6 Experience adjustment

Particulars	2019	2018	2017	2016	2015
	(Rupees)				
Defined benefit obligation	13,440,488	13,852,394	11,222,496	11,137,484	8,253,851
Fair value of plan assets	--	--	--	--	--
Net defined benefit liability	13,440,488	13,852,394	11,222,496	11,137,484	8,253,851
Remeasurement (gain) / loss on obligation	(1,562,824)	1,653,496	(628,980)	1,826,150	439,592
Remeasurement (gain) / loss on plan assets	--	--	--	--	--
	(1,562,824)	1,653,496	(628,980)	1,826,150	439,592

### 8.7 Sensitivity analysis

Particulars	(2019)		(2018)	
	PVDBO (Rupees)	Percentage change	PVDBO (Rupees)	Percentage change
Current liability	13,440,488		13,852,394	
+1% Discount rate	12,496,429	(7.02%)	12,798,722	(7.61%)
-1% Discount rate	14,513,564	7.98%	15,059,522	8.71%
+1 % Salary increase rate	14,571,854	8.42%	15,111,220	9.09%
-1% Salary increase rate	12,429,288	(7.52%)	12,735,318	(8.06%)
+10% Withdrawal rates	13,354,810	(0.64%)	13,752,148	(0.72%)
-10% Withdrawal rates	13,506,463	0.49%	13,929,306	0.56%
1 Year Mortality age set back	13,441,671	0.01%	13,854,036	0.01%
1 Year Mortality age set forward	13,439,308	(0.01%)	13,850,755	(0.01%)

### 8.8 Maturity profile

Particulars	Undiscounted payments	
	2019	2018
	(Rupees)	
Year 1	1,330,539	1,245,019
Year 2	1,474,868	1,267,238
Year 3	1,011,438	1,313,185
Year 4	1,353,015	850,177
Year 5	1,432,757	1,111,139
Year 6 to Year 10	9,284,709	6,957,634
Year 11 and above	52,145,525	19,774,024

### 8.9 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.



## PAKISTAN PAPER PRODUCTS LIMITED

### *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.

	2019	2018
	----- (Rupees) -----	
<b>9 LONG TERM LOANS - Secured</b>		
<i>Bank Al-Habib Limited - Term finance</i>		
Opening balance	79,271,550	103,564,100
Acquired during the year	--	--
	<u>79,271,550</u>	<u>103,564,100</u>
Repayments during the year	<u>(25,237,800)</u>	<u>(24,292,550)</u>
	<u>54,033,750</u>	<u>79,271,550</u>
Current and overdue portion shown under current liabilities	<u>(26,183,050)</u>	<u>(26,183,050)</u>
	<u><u>27,850,700</u></u>	<u><u>53,088,500</u></u>

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 (2018: 6 months KIBOR plus 1.75% per annum) payable monthly installments. The facilities availed are re-payable in 60 equal monthly instalments starting from the date of respective disbursements. These facilities are secured by way of first specific hypothecation charge over imported machinery for Rs. 59.48 million and Rs. 80.24 million respectively. Equitable mortgage over Industrial property bearing no D/58, S.I.T.E., measuring 2.42 acres, Karachi and import documents consigned to BAH.

### **10 SHORT TERM BORROWINGS - Secured**

Bank Al-Habib Limited - Running finance	<u>73,408,493</u>	<u>37,016,976</u>
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The Company obtained running finance facility from Bank Al-Habib Limited up to Rs. 120 million (2018: Rs.85 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 (2018: Rs.10 million), Letter of Credit (Usance-Foreign) for Rs.10 million (2018: Rs.10 million), acceptance - Sub limit of LC sight foreign for Rs.10 million (2018: Rs.10 million) and Letter of Guarantee for Rs.20 million (2018: Rs.20 million). These facilities carry mark-up as per bank's schedule of charges.

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

### **11 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Trade creditors	11.1	79,147,103	43,410,330
Advance from customers		1,212,119	1,394,395
Accrued expenses and other payables		9,100,697	6,490,853
Accrued mark up on running finance		2,605,176	433,415
Accrued mark up on long term loans		1,768,780	1,625,171
Workers' Profit Participation Fund	11.2	1,301,430	3,468,467
Workers' Welfare Fund		653,724	1,336,868
		<u>95,789,029</u>	<u>58,159,499</u>



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11.1 Trade creditors include payable to an associated concern M/s. Sayeed International amounting to Rs.0.168 million (2018: Rs.0.116 million).

	2019	2018
	----- (Rupees) -----	
<b>11.2 Workers' Profit Participation Fund</b>		
Balance at the beginning of the year	3,468,467	4,455,564
Amount paid to the Fund Trustees	(3,268,150)	(4,449,564)
Amount deposited with government	(194,317)	--
	<u>6,000</u>	<u>6,000</u>
Amount allocated for the year	1,295,430	3,462,467
	<u>1,301,430</u>	<u>3,468,467</u>

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

Bank guarantees issued on behalf of the Company	<u>9,802,204</u>	<u>14,817,698</u>
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### 12.2 Commitments

Post dated cheques issued in favour of Collector of Customs Collectorate, Karachi	<u>402,590</u>	<u>402,590</u>
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## 13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	13.1	<u>783,358,992</u>	<u>493,973,561</u>
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### 13.1 Operating fixed assets

PARTICULARS	2019										Rate %
	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2019		
	As at 1 July 2018	Additions during the year	(Disposal)	Revaluation	As at 30 June 2019	As at 1 July 2018	(On disposal)	Charge for the year			
(Rupees)											
Leasehold land	190,000,000	--	--	294,000,000	484,000,000	--	--	--	--	484,000,000	-
Buildings on leasehold land											
- Factory	37,228,911	1,361,155	--	281,485	38,871,471	10,574,151	--	2,752,617	13,326,768	25,544,703	10
- Office	5,869,630	--	--	427,158	6,296,788	1,071,871	--	243,406	1,315,277	4,981,511	5
Plant and machinery	344,900,670	2,911,622	--	15,022,710	362,835,002	88,762,830	--	26,117,825	114,880,655	248,954,347	10
Furniture and fixtures	977,872	10,000	--	144,508	1,132,380	292,584	--	73,342	365,726	766,654	10
Factory and other equipment	4,259,263	410,958	--	170,248	4,940,469	1,124,549	--	344,322	1,468,871	3,371,598	10
Electric equipment and fitting	5,546,596	125,000	--	662,893	6,334,489	1,512,381	--	633,418	2,145,799	4,188,690	15
Computers	1,417,434	53,500	(12,000)	339,427	1,798,361	885,906	(6,267)	217,618	1,097,257	701,104	30
Vehicles	17,102,207	1,141,141	(746,000)	3,944,064	21,441,412	9,104,750	(204,340)	1,090,617	10,991,027	10,890,385	20
<b>TOTAL</b>	<b>607,302,583</b>	<b>7,013,376</b>	<b>(758,000)</b>	<b>314,992,413</b>	<b>928,550,372</b>	<b>113,329,822</b>	<b>(218,607)</b>	<b>32,072,068</b>	<b>145,191,388</b>	<b>783,358,992</b>	

PARTICULARS	2018										Rate %
	Cost / revaluation				Accumulated depreciation				Written down value as at 30 June 2018		
	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)											
Leasehold land	190,000,000	--	--	190,000,000	--	--	--	--	190,000,000	--	-
Buildings on leasehold land											
- Factory	34,909,931	2,318,980	--	37,228,911	7,822,656	--	2,751,495	10,574,151	26,654,760	10	
- Office	5,611,120	258,510	--	5,869,630	827,554	--	244,317	1,071,871	4,797,759	5	
Plant and machinery	318,750,507	26,150,163	--	344,900,670	61,509,881	--	27,252,949	88,762,830	256,137,840	10	
Furniture and fixtures	977,872	--	--	977,872	216,144	--	76,440	292,584	685,288	10	
Factory and other equipment	5,702,586	556,677	--	4,259,263	823,857	--	300,692	1,124,549	5,154,714	10	
Electric equipment and fitting	5,498,671	47,925	--	5,546,596	805,828	--	708,553	1,512,381	4,054,215	15	
Computers	1,262,134	153,300	--	1,417,434	888,878	--	107,028	885,906	551,528	30	
Vehicles	16,270,207	918,000	(86,000)	17,102,207	7,265,824	(25,616)	1,866,532	9,104,750	7,967,457	20	
<b>TOTAL</b>	<b>576,983,828</b>	<b>30,405,555</b>	<b>(86,000)</b>	<b>607,302,583</b>	<b>79,956,632</b>	<b>(25,616)</b>	<b>33,398,006</b>	<b>113,329,822</b>	<b>493,973,561</b>		



## PAKISTAN PAPER PRODUCTS LIMITED

		2019	2018
		----- (Rupees) -----	
13.2	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	21	30,172,997
	Administrative expenses	23	31,424,397
	Selling and distribution expenses	24	1,103,936
		<u>769,473</u>	<u>869,673</u>
		<u>32,072,965</u>	<u>33,398,006</u>

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

13.4 Detail of disposals during the year is as follows:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
(Rupees)							
<i>Vehicles</i>							
Habib Motorcycle	25,000	16,569	8,431	8,500	69	Company policy	Nadeem Ahmed
Union Star Motorcycle	46,000	12,777	33,223	27,000	(6,223)	Insurance claim	Century insurance company
Suzuki Mangalla	250,000	160,827	89,173	150,000	60,827	Company policy	Taj Ali Khan
Suzuki Bolan	425,000	14,167	410,833	350,000	(60,833)		
<i>Computers</i>							
Printer	12,000	6,267	5,733	4,000	(1,733)	Company policy	Abdul Ikram
30 June 2019	<u>758,000</u>	<u>210,607</u>	<u>547,393</u>	<u>539,500</u>	<u>(7,893)</u>		
30 June 2018	<u>86,000</u>	<u>25,616</u>	<u>60,384</u>	<u>44,500</u>	<u>(15,884)</u>		

13.5 The revaluation of property, plant and equipment was carried out as of 01 April 2019 by M/s. Rizvi Associates (an independent valuer who is located in Karachi) on the basis of their professional assessment of prevailing market values. The revaluation resulted in a surplus amounting to Rs.314.992 million which was incorporated in the books of the Company as at 30 June 2019.

The Company commissioned independent valuation of property, plant and equipment during the years ended 30 June 1964, 30 June 2005, 30 June 2014 and 30 June 2019.

13.6 Had there been no revaluation, the net book value of the items of property, plant and equipment would have been as follows:

<i>Net book value</i>		
Leasehold land	191,203	191,203
Building on leasehold land		
- Factory	19,377,377	22,549,049
- Office	3,091,585	3,427,952
Plant and machinery	191,722,950	232,993,881
Furniture and fixture	525,227	641,024
Factory and other equipment	3,254,654	3,604,361
Electric equipment and fittings	2,883,585	3,902,923
Computers	224,298	442,247
Vehicles	4,771,649	6,124,398
	<u>226,042,528</u>	<u>273,877,038</u>

13.7 Leasehold land of the Company and building thereon is situated at Estate Avenue, SITE, Karachi. This comprises of two plots of land bearing plot no. D-57 & D-58 with an accumulated area of 2.42 acres.

13.8 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.656.264 million.



## PAKISTAN PAPER PRODUCTS LIMITED

	2019	2018
	----- (Rupees) -----	
<b>14 LONG TERM DEPOSITS</b>		
Deposit with CDC	12,500	12,500
Security deposits against fuel	231,000	231,000
Utility deposits	670,372	670,372
	<u>913,872</u>	<u>913,872</u>
<b>14.1</b> These deposits are interest free.		
<b>15 STOCK-IN-TRADE</b>		
Raw materials	134,002,372	120,092,444
Work-in-process	22,748,617	22,932,931
Finished goods	15,061,695	12,770,335
	<u>171,812,684</u>	<u>155,795,710</u>
Provision for dead stock	(116,725)	(116,725)
	<u>171,695,959</u>	<u>155,678,985</u>
<b>16 TRADE DEBTS - Unsecured, considered good</b>		
Due from customers	173,473,904	128,327,613
Due from staff	2,752	994
	<u>173,476,656</u>	<u>128,328,607</u>
<b>17 ADVANCES AND OTHER RECEIVABLES</b>		
<i>Considered good</i>		
Advance to suppliers	397,280	656,356
Advance to staff	17.1 157,176	198,902
Advance income tax - Net	27,008,475	20,103,380
Income tax refundable	58,426,654	57,987,274
Sales tax refundable - Net	2,626,432	1,830,344
	<u>88,616,017</u>	<u>80,776,256</u>
<b>17.1</b> Advances to staff represent advance for business related expenses and is interest free.		
<b>18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Margin deposits	6,474,100	--
Trade deposits	224,884	640,820
Short term prepayments	39,355	37,339
	<u>6,738,339</u>	<u>678,159</u>
<b>19 CASH AND BANK BALANCES</b>		
Cash in hand	83,360	70,000
Factory imprest	75,000	75,000
Cash at banks:		
- Current accounts	5,553,612	5,365,348
	<u>5,711,972</u>	<u>5,510,348</u>



## PAKISTAN PAPER PRODUCTS LIMITED

	2019	2018
	----- (Rupees) -----	
<b>20 SALES - Net</b>		
Pro-labels	531,820,480	443,973,374
Exercise books	320,151,294	320,061,942
Ammonia paper	13,022,325	15,175,370
Plain paper	9,586,489	8,525,919
Printing	--	3,150
Sensitized machine parts	37,608	--
Waste paper	820,809	489,045
	<u>875,439,005</u>	<u>788,228,800</u>

The sales are net off with sales tax amounted to Rs.94.309 million (2018: Rs.80.642 million).

### 21 COST OF SALES

Opening stock of raw material		120,092,444	102,241,352
Purchases during the year		<u>630,093,863</u>	<u>529,223,271</u>
		750,186,307	631,464,623
Closing stock of raw material	15	<u>(134,002,372)</u>	<u>(120,092,444)</u>
Raw materials consumed		616,183,935	511,372,179
<b>Manufacturing overheads</b>			
Salaries, wages and other benefits	21.1	74,829,122	76,437,675
Depreciation	13.2	30,172,997	31,424,397
Stores and spares consumed	21.3	33,193,644	26,113,633
Fuel and power		8,930,695	8,192,875
Other manufacturing expenses		7,146,130	5,673,759
Repairs and maintenance		5,883,797	4,229,915
Insurance expenses		1,543,745	1,423,909
Rent, rates and taxes		213,072	211,272
Telephone and trunk calls		177,918	201,104
		<u>162,091,120</u>	<u>153,908,539</u>
Manufacturing cost		<u>778,275,055</u>	<u>665,280,718</u>
Work in process - Opening		22,932,931	20,464,344
Work in process - Closing	15	<u>(22,748,617)</u>	<u>(22,932,931)</u>
		184,314	(2,468,587)
Cost of goods manufactured		<u>778,459,369</u>	<u>662,812,131</u>
Finished goods - Opening		12,770,335	8,467,654
Finished goods - Closing	15	<u>(15,061,695)</u>	<u>(12,770,335)</u>
		(2,291,360)	(4,302,681)
		<u>776,168,009</u>	<u>658,509,450</u>

21.1 Salaries, wages and other benefits include a sum of Rs.2.958 million (2018: Rs.2.477 million) in respect of staff retirement benefits.



## PAKISTAN PAPER PRODUCTS LIMITED

21.2 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.

	2019	2018
	----- (Rupees) -----	
<b>21.3 Stores and spares consumed</b>		
Opening balance	4,810,216	2,598,546
Purchases during the year	<u>32,052,417</u>	<u>28,325,303</u>
	36,862,633	30,923,849
Closing balance	<u>(3,668,989)</u>	<u>(4,810,216)</u>
	<u>33,193,644</u>	<u>26,113,633</u>

## 22 OTHER OPERATING INCOME

### *Income from financial assets*

Interest on deposit accounts	--	22,005
------------------------------	----	--------

### *Income from non-financial assets*

Gain / (loss) on disposal of property, plant and equipment	(7,893)	(15,884)
Service income	284,711	362,536
	<u>276,818</u>	<u>368,657</u>

## 23 ADMINISTRATIVE EXPENSES

Staff salaries and benefits	23.1	14,765,619	13,756,092
Chief executive's remuneration		6,462,180	6,435,884
Legal and professional fees		2,936,119	2,329,586
Repairs and renewals		1,586,867	1,403,377
Traveling and conveyance		1,402,206	1,338,144
Depreciation	13.2	1,130,495	1,103,936
Electric charges		938,374	687,475
Charity and donation	23.2	825,000	830,000
General expenses		685,742	630,826
Insurance expense		500,836	511,941
Auditor's remuneration	23.3	570,000	465,000
Postage and telegrams		394,724	370,933
Advertisement expenses		373,875	157,250
Stationery and periodicals		312,413	261,081
Directors' fees		230,000	115,000
Rent, rates and taxes		150,000	150,000
Telephone charges		113,354	118,756
Website designing and development		61,114	27,451
		<u>33,438,918</u>	<u>30,692,732</u>

23.1 Staff salaries and benefits include a sum of Rs.1.275 million (2018: Rs.1.317 million) in respect of staff retirement benefits.



## PAKISTAN PAPER PRODUCTS LIMITED

	2019	2018
	----- (Rupees) -----	
<b>23.2 Charity and donation</b>		
Anjuman Behbood-e-Samat-e-Atfal (ABSA School and College for Deaf)	250,000	300,000
The Citizens Foundation	200,000	200,000
Rotary Club Karachi	75,000	80,000
The Kidney Centre	300,000	250,000
	<u>825,000</u>	<u>830,000</u>
<b>23.2.1</b> Donations during the year include donation amounting to Rs.0.25 million (2018: Rs.0.3 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.		
<b>23.3 Auditor's remuneration</b>		
Audit of financial statements	425,000	375,000
Review of half-yearly financial statements	75,000	60,000
Review report on code of corporate governance	30,000	20,000
Provident fund audit fee	10,000	5,000
Workers' Profit Participation Fund audit fee	10,000	5,000
Other certificates	20,000	--
	<u>570,000</u>	<u>465,000</u>
<b>24 SELLING AND DISTRIBUTION EXPENSES</b>		
Staff salaries and benefits	24.1 6,276,241	6,104,131
Cartage and forwarding	2,992,951	2,923,799
Vehicle running expenses	1,611,343	1,678,515
Sales promotion	796,939	2,131,710
Depreciation	13.2 769,473	869,673
Advertisement and publicity	301,624	580,468
Utilities	218,757	418,017
Insurance expenses	212,546	211,085
Tender fees	2,700	2,700
Printing and stationery	1,580	--
	<u>13,184,154</u>	<u>14,920,098</u>
<b>24.1</b> Staff salaries and benefits include a sum of Rs.0.411 million (2018: Rs.0.365 million) in respect of staff retirement benefits.		
<b>25 FINANCE COST</b>		
Mark-up on long term loan	6,899,412	7,244,063
Mark-up on short term running finance	8,824,511	2,613,730
Exchange loss	10,974,035	4,842,070
Bank and other charges	318,183	525,981
	<u>27,016,141</u>	<u>15,225,844</u>





## PAKISTAN PAPER PRODUCTS LIMITED

	2019	2018
	----- (Rupees) -----	
<b>26 TAXATION - Net</b>		
<i>Current tax</i>		
For the year	10,942,988	16,921,246
For prior year	--	2,647,691
	<b>10,942,988</b>	<b>19,568,937</b>
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	(4,949,315)	(3,954,692)
Relating to changes in tax rates	--	(1,222,857)
	<b>(4,949,315)</b>	<b>(5,177,549)</b>
	<b>5,993,673</b>	<b>14,391,388</b>
<b>26.1 Reconciliation between tax expense and accounting profit</b>		
Profit for the year	<b>23,968,439</b>	<b>64,458,990</b>
Tax on accounting profit @ 29% (2018: @ 30%)	6,950,847	19,337,697
Difference between depreciation rates	1,332,838	(3,505,628)
Inadmissible expenses	(6,721,504)	1,208,637
Tax credit under section 61 and 65B of the Ordinance	(239,250)	(2,598,524)
Effect of reduction in tax rate	--	(1,222,857)
Tax effect of prior year	--	2,647,691
Tax effect of permanent differences	4,670,742	(1,475,628)
	<b>5,993,673</b>	<b>14,391,388</b>
Average tax rate	<b>25%</b>	<b>22%</b>

**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
2018	16,921,246	16,921,246
2017	6,955,853	6,949,681
2016	29,219,409	29,209,409

**26.3** The income tax assessments of the Company deemed to have been finalized up to tax year 2018. The return of income of the Company for Tax Years 2014 and 2017 have been selected for tax audit and the proceedings are in progress. The monitoring of withholding taxes for the Tax Year 2015 is under process.



## PAKISTAN PAPER PRODUCTS LIMITED

	2019	2018
	----- (Rupees) -----	
<b>27 EARNINGS PER SHARE - Basic and diluted</b>		
Profit after taxation	<u>17,974,766</u>	<u>50,067,602</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the year	<u>8,000,000</u>	<u>6,000,000</u>
	----- (Rupees) -----	
Earnings per share - Basic and diluted	<u>2.25</u>	<u>8.34</u>
<b>27.1</b>	There were no convertible dilutive potential ordinary shares in issue as at year end.	
<b>28 CASH GENERATED FROM OPERATIONS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,968,439	64,458,990
<i>Adjustments for non-cash and other items:</i>		
Depreciation	13.2 32,072,965	33,398,006
Provision for gratuity	8.1 2,215,651	1,832,861
Interest on deposit accounts	22 --	(22,005)
Finance cost	16,042,106	10,383,774
Exchange loss	25 10,974,035	4,842,070
Loss on disposal of fixed assets	22 7,893	15,884
<i>(Increase) / decrease in current assets</i>		
Stores and spares	1,141,227	(2,211,670)
Stock-in-trade	(16,016,974)	(24,622,360)
Trade debts	(45,148,049)	(10,081,846)
Advances and other receivables	19,168,714	5,037,090
Trade deposits and short term prepayments	(6,060,180)	1,931,233
<i>Increase / (decrease) in current liabilities</i>		
Creditors, accrued and other liabilities	24,340,125	(10,211,357)
Cash generated from operations	<u>62,705,952</u>	<u>74,750,670</u>
<b>29 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	5,711,972	5,510,348
Short term borrowings - Secured	(73,408,493)	(37,016,976)
	<u>(67,696,521)</u>	<u>(31,506,628)</u>



## PAKISTAN PAPER PRODUCTS LIMITED

### 30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees)							
Fee	--	--	230,000	115,000	--	--	230,000	115,000
Managerial remuneration and allowances	3,295,500	3,295,500	--	--	--	1,028,670	3,295,500	4,324,170
Provident fund	274,620	274,620	--	--	--	85,425	274,620	360,045
Medical expenses	91,054	238,820	--	--	--	102,477	91,054	341,297
House rent	1,482,972	1,482,972	--	--	--	410,028	1,482,972	1,893,000
Reimbursable expenses	1,578,878	1,418,592	--	--	--	--	1,578,878	1,418,592
	<b>6,723,024</b>	6,710,504	--	--	--	1,626,600	<b>6,723,024</b>	8,337,104
Number of persons	1	1	5	5	--	1	6	7

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

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

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 of shareholding	Transactions during the year	2019	2018
			(Rupees)	
M/s. Sayeed International	A director of the Company is the owner of the	Purchase	1,271,381	575,874
		Sale	--	3,686
Pakistan Paper Products Limited Employees' Provident Fund Trust	Employees Fund	Expense in relation to provident fund	4,857,610	4,653,152

### 32 NUMBER OF EMPLOYEES

	2019	2018
	(Numbers)	
Number of employees as at 30 June	115	120
Number of factory employees as at 30 June	85	75
Average number of employees during the year	112	119
Average number of factory employees during the year	82	74



## PAKISTAN PAPER PRODUCTS LIMITED

### 33 OPERATING SEGMENTS

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

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

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

**a) Exercise books**

This segment relates to the sale of exercise books.

**b) Pro-labels**

This segment relates to the sale of pro-labels.

**c) Sensitized paper and others**

This segment relates to sensitized paper and others.

### 33.2 Segment information

	Exercise Books		Pro-labels		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Segment revenue	320,151,294	320,061,941	531,820,480	443,973,374	23,467,231	24,193,485	875,439,005	788,228,800
Cost of sales	(277,356,905)	(268,162,994)	(482,530,806)	(374,865,387)	(16,280,298)	(15,481,069)	(776,168,009)	(658,509,450)
Gross profit	42,794,389	51,898,947	49,289,674	69,107,987	7,186,933	8,712,416	99,270,996	129,719,350
<b>Segment expenses</b>								
Administrative expenses	(16,203,842)	(14,980,126)	(15,536,996)	(14,128,364)	(1,698,000)	(1,584,242)	(33,438,918)	(30,692,732)
Selling and distribution expenses	(6,723,862)	(6,544,419)	(4,348,449)	(6,025,270)	(2,111,843)	(2,350,409)	(13,184,154)	(14,920,098)
Finance cost	(3,811,793)	(1,292,194)	(22,850,301)	(13,813,486)	(354,047)	(120,164)	(27,016,141)	(15,225,844)
Workers' profit participation fund	(357,035)	(1,488,860)	(686,578)	(1,835,108)	(51,817)	(138,499)	(1,295,430)	(3,462,467)
Workers' welfare fund	(277,235)	(570,987)	(341,708)	(703,774)	(25,789)	(53,115)	(644,732)	(1,327,876)
	(277,573,767)	(248,876,586)	(43,764,032)	(36,506,002)	(4,241,576)	(4,246,429)	(75,579,375)	(65,629,017)
Operating profit	15,220,622	27,022,361	5,525,642	32,601,985	2,945,357	4,465,987	23,691,621	64,090,333
Other operating income / (loss)							276,818	368,657
Profit before taxation							23,968,439	64,458,990
Taxation - Net							(5,993,673)	(14,391,388)
Profit after taxation							17,974,766	50,067,602

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



## PAKISTAN PAPER PRODUCTS LIMITED

### 34 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### 34.1 Financial risk management

##### Overview

The Company has exposure to the following risks arising from

- Credit risk
- Liquidity risk
- Market risk

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

##### Risk management framework

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

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

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

#### 34.2 Credit risk

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

##### Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2019 and 30 June 2018 was as follows:

	2019		2018	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	(Rupees)		(Rupees)	
Long term deposits	913,872	913,872	913,872	913,872
Trade debts	173,476,656	173,476,656	128,328,607	128,328,607
Advances and other receivables	6,871,380	6,871,380	656,356	656,356
Trade deposits	224,884	224,884	640,820	640,820
Cash and bank balances (excluding cash in hand)	5,553,612	5,553,612	5,365,348	5,365,348
	<u>187,040,404</u>	<u>187,040,404</u>	<u>135,905,003</u>	<u>135,905,003</u>



## 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:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	(Rupees)		(Rupees)	
Past due 0-30 days	90,745,385	--	64,500,536	--
Past due 31-60 days	45,778,809	--	36,715,182	--
Past due 61-90 days	24,032,482	--	19,305,905	--
Past due 91-120 days	9,553,156	--	3,614,455	--
Past due more than 120 days	3,366,824	--	4,192,529	--
	<u>173,476,656</u>	<u>--</u>	<u>128,328,607</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	A 1+	AA+
National Bank of Pakistan	PACRA	A 1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA

None of the financial assets of the Company are secured.

### 34.3 Liquidity risk

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

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



## PAKISTAN PAPER PRODUCTS LIMITED

### 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)						
<b>2019</b>						
<i>Non-derivative financial liabilities</i>						
Long term loan - Secured	54,033,750	58,518,724	28,493,059	16,224,650	13,801,015	--
Creditors, accrued and other liabilities	93,923,186	93,923,186	93,923,186	--	--	--
Short term borrowings	73,408,493	78,811,358	78,811,358	--	--	--
	<u>221,365,429</u>	<u>231,253,268</u>	<u>201,227,603</u>	<u>16,224,650</u>	<u>13,801,015</u>	<u>--</u>
(Rupees)						
<b>2018</b>						
<i>Non-derivative financial liabilities</i>						
Long term loan - Secured	79,271,550	90,120,235	16,627,431	14,974,080	28,493,059	30,025,665
Creditors, accrued and other liabilities	55,428,236	55,428,236	55,428,236	--	--	--
Short term borrowings	37,016,976	38,621,662	38,621,662	--	--	--
	<u>171,716,762</u>	<u>184,170,133</u>	<u>110,677,329</u>	<u>14,974,080</u>	<u>28,493,059</u>	<u>30,025,665</u>

### 34.4 Market risk

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

#### 34.4.1 Currency risk

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

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

#### Exposure to currency risk

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

		2019	2018
<b>Spot rate as at 30 June</b>	USD	<u>164.50</u>	<u>121.60</u>
Trade creditors	USD	<u>305,299</u>	<u>242,679</u>
Trade creditors	Rupees	<u>50,221,759</u>	<u>29,509,823</u>

#### Sensitivity analysis

A five percent strengthening / (weakening) of the Rupee against foreign currency as at 30 June 2019 would have increased / (decreased) equity and profit and loss account by Rs.2.511 million (2018: Rs.1.475 million). This analysis assumes that all other variables, in particular interest rates, remaining constant.



## PAKISTAN PAPER PRODUCTS LIMITED

### 34.4.2 Interest rate risk

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

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

	2019	2018
	----- (Rupees) -----	
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Long term loans	54,033,750	79,271,550
Short term borrowings	<u>73,408,493</u>	<u>37,016,976</u>
	<u>127,442,243</u>	<u>116,288,526</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.1.274 million (2018: Rs.1.163 million). This analysis assumes that all other variables remain constant.

### 34.4.3 Equity price risk

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

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

## 35 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

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





## PAKISTAN PAPER PRODUCTS LIMITED

### 36 CAPACITY AND PRODUCTION

Units	Capacity		Production		Remarks	
	2019	2018	2019	2018		
a) Exercise books	Groose	58,632	58,632	55,708	57,990	Due to lack of demand.
b) Sensitized paper	Rolls	216,000	216,000	26,939	32,461	Due to lack of demand.
c) Prolabels	Sq. Mater	3,000,000	3,000,000	5,276,473	5,104,755	Due to extra shifts.

36.1 The capacity is determined on single shift basis.

### 37 SUBSEQUENT EVENT

The Board of Directors in its meeting held on 18 September 2019 proposed final cash dividend of Rs.1 per ordinary share for the year ended 30 June 2019 amounting to Rs.8 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 CORRESPONDING FIGURES

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

### 39 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 18th Sept, 2019 by the Board of Directors of the Company.

### 40 GENERAL

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

**ABBAS SAYEED**  
*Chairman*

**ZIA UR REHMAN**  
*Chief Financial Officer*

**ABID SAYEED**  
*Chief Executive*



## PAKISTAN PAPER PRODUCTS LIMITED

### Pattern Of Share Holding - Form "34" Shareholders Statistics As At June 30, 2019

Number Of Share Holders	From	Share Holding To	Total Shares Held
252	1	- 100	6,826
176	101	- 500	46,307
94	501	- 1000	63,465
171	1001	- 5000	342,608
26	5001	- 10000	173,895
12	10001	- 15000	136,043
2	15001	- 20000	36,315
1	20001	- 25000	21,938
4	25001	- 30000	108,091
1	35001	- 40000	36,570
1	40001	- 45000	42,657
1	45001	- 50000	49,057
2	50001	- 55000	105,301
1	55001	- 60000	56,516
3	110001	- 115000	339,331
1	130001	- 135000	133,333
1	135001	- 140000	137,600
1	155001	- 160000	159,333
1	175001	- 180000	179,661
1	235001	- 240000	238,666
1	245001	- 250000	248,622
1	265001	- 270000	268,512
1	555001	- 555000	554,934
1	560001	- 565000	561,057
1	615001	- 620000	619,101
1	650001	- 655000	654,000
1	765001	- 770000	768,961
1	905001	- 910000	907,026
1	1000001	- 1005000	1,004,274
<b>761</b>			<b>8,000,000</b>

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	742	5,578,821	69.74
2	Financial Institutions	2	357	0.00
3	Investment Companies	2	913,842	11.42
4	Joint Stock Companies	6	46,904	0.59
5	Insurance Companies	2	427,845	5.35
6	Mutual Fund	4	972,433	12.16
7	Modaraba	1	1,300	0.02
8	Other	2	58,498	0.73
		<b>761</b>	<b>8,000,000</b>	<b>100.00</b>



## PAKISTAN PAPER PRODUCTS LIMITED

### Details of Pattern of Shareholdings as on June 30, 2019

S. No.	Categories Shareholders	Shares Held	% Age
1	<b>Associated Companies</b>	<b>907,026</b>	<b>11.34</b>
	Management & Enterprises (Pvt.) Limited	907,026	
2	<b>NIT &amp; ICP</b>	<b>629,958</b>	<b>7.87</b>
	National Bank of Pakistan-Trustee Department NI(U)T Fund	619,101	
	Investment Corporation of Paksitan	6,816	
	IDBL (ICP) Unit	4,041	
3	<b>Directors, CEO, their Spouses and Minor Childern</b>	<b>2,725,785</b>	<b>34.07</b>
	Mrs. Muleika Sayeed	179,661	
	Mr. Abbas Sayeed	561,057	
	Mr. Asadullah Sayeed	554,934	
	Mr. Abid Sayeed	1,137,608	
	Mr. Zahid Dada	4,000	
	Mr. Sayeed Imran	3,333	
	Mrs. Nadia Sayeed W/o. Abid Sayeed	36,570	
	Mrs. Nusser Sayeed W/o. Abbas Sayeed	248,622	
4	<b>Executives</b>	<b>Nil</b>	
5	<b>Individuals</b>	<b>2,853,036</b>	<b>35.66</b>
6	<b>Public Sector Companies and Corporation</b>	<b>268,512</b>	<b>3.36</b>
7	<b>Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others</b>	<b>615,683</b>	<b>7.70</b>
	<b>Total</b>	<b>8,000,000</b>	<b>100.00</b>

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

Mr. Abid Sayeed	1,137,608	14.22
Management & Enterprises (Pvt.) Limited	907,026	11.34
Ms. Aliya Rehman	768,961	9.61
Mr. Munaf Ibrahim	654,000	8.18
National Bank of Pakistan-Trustee Department Ni(U)T Fund	619,101	7.74
Mr. Abbas Sayeed	561,057	7.01
Mr. Asadullah Sayeed	554,934	6.94



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## PAKISTAN PAPER PRODUCTS LIMITED

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### FORM OF PROXY

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member(s) of Pakistan Paper Products Limited holder of \_\_\_\_\_  
ordinary Shares as per Share Registrar Folio/CDC Account No. \_\_\_\_\_  
hereby appoint 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 57<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday  
23<sup>rd</sup> October 2019 at 11:30 am and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Rs.5/=  
Revenue  
Stamp

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

Signature \_\_\_\_\_

#### Witnesses:

1: Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

CNIC: \_\_\_\_\_

2: Signature \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

CNIC: \_\_\_\_\_

#### Important:

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

#### For CDC Account Holder / Corporate Entities:

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

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



## PAKISTAN PAPER PRODUCTS LIMITED

### پاکستان پیپر پروڈکٹس لمیٹڈ مختار نامہ

میں ام \_\_\_\_\_  
کا کے \_\_\_\_\_  
بھیثیت رکن پاکستان پیپر پروڈکٹس لمیٹڈ اور حاصل حصص، بمطابق شیئر رجسٹرڈ فیو نمبر \_\_\_\_\_  
اور لیا سی ڈی سی پارٹیسپٹ (شرکت آئی ڈی نمبر) \_\_\_\_\_  
اور سب اکاؤنٹ (زبلی کھاتہ) نمبر \_\_\_\_\_  
محترم المحترمہ \_\_\_\_\_  
کو اپنے اہلکار سے ایما پر مورخہ 23 اکتوبر 2019ء بدھ صبح 11 بجکر 30 منٹ  
کو منقذ ہونے والے کھتی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا ہمارا بطور حقار (پراکسی) مقرر کرتا ہوں کرتے ہیں۔  
آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2019ء کو دیکھنے کے لئے۔

### گواہان:

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_  
دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

### نوٹ:

- 1- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل رجسٹرڈ آفس کے پتے پر ارسال کر دے۔
- 2- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:  
(الف) فرد ہونے کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جس کی سکیورٹی ریجسٹرڈ گروپ کا اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں انہیں کھتی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔  
(ب) حقار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔  
(ج) تنظیمی امور (مستفید ہونے والے فرد) کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب حقار نامہ کے ہمراہ پیش کرے گا۔  
(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔  
(و) کارپوریت ادارہ ہونے کی صورت میں بھیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز قرار دار امین نامزد کردہ شخص 11 امارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (حقار نامے) کے ہمراہ کھتی میں جمع کرانا ہوگا۔

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