



PAKISTAN PAPER PRODUCTS LIMITED

QUARTERLY FINANCIAL STATEMENTS

**THIRD QUARTER
MARCH 31ST, 2023 (UN-AUDITED)**

To,

If undelivered please return to:
Pakistan Paper Products Ltd.
D-58, S.I.T.E., Estate Avenue,
Karachi - 75700



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PAKISTAN PAPER PRODUCTS LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Abbas Sayeed	- Chairperson	Non-Executive
Mr. Abid Sayeed	- Chief Executive	Executive
Dr. Asadullah Sayeed		Non-Executive
Mrs. Muleika Sayeed		Non-Executive
Mr. Sayeed Imran		Non-Executive
Ms. Aisha Fariel Salahuddin		Independent Director
Mr. Shoaib Ahmad Khan	- NIT Nominee	Independent Director

AUDIT COMMITTEE

Ms. Aisha Fariel Salahuddin	- Chairperson
Mr. Abbas Sayeed	- Member
Dr. Asadullah Sayeed	- Member
Mr. Shoaib Ahmad Khan	- Member

HR AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Zia Ur Rehman

COMPANY SECRETARY

Ms. Safia Khurshid

AUDITORS

Faruq Ali & Co
Chartered Accountants

SHARE REGISTRAR

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

BANKERS

Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan

REGISTERED OFFICE AND FACTORY

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



PAKISTAN PAPER PRODUCTS LIMITED

DIRECTORS' REVIEW

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2023.

Operating Performance

Your company's performance for the 3Q ended has been satisfactory. In spite of the severe economic crisis in the country, the turnover scaled to a new record level of Rs 1.23 Billion compared to Rs 918 million last year which is an increase of 39.77%. The operating profit also rose 60.3% to Rs 108.4 million but this could not translate to the bottom line due to the massive increase in Finance charges from Rs 15.8 million to Rs 66.2 million. This was due to heavy exchange losses that we had to book during the year due to the massive devaluation of the PKR along with doubling of the interest rates in the country. Profit after tax for the year fell to Rs 31.9 million compared to Rs 38.8 million last year. Given the current economic situation and huge increase in our financial charges the fact that we have still declared a profit is no small feat.

Overview

Exercise Books and Pro Labels continued their robust performance with sales rising by 69.21% and 27.29% respectively. This sales growth under such severe economic crisis is highly commendable as we also faced severe supply chain constraints due to the forex shortage in the country. In addition due to the constant devaluation of the PKR not only have we had to book massive exchange losses but our operating margins have also declined as we are unable to pass on the full impact of rising costs to our customers, especially in Pro Labels where all our raw materials are imported. Exercise Books continues its good performance in spite of the severe floods in Sindh last year and in spite of soaring paper prices we have been able to secure good institutional orders this year. Pro Labels sales continue to rise as there is no decline in consumption of FMCG goods in the country and demand for labels remain robust. Our biggest challenge in this respect is our supply chain due to forex shortage. In the last one month we have seen an improvement in this area and the banks are opening LC's for our raw materials allowing us to ramp up production. The overall inflation in the country especially in the fuel and energy sector have also affected our margins but we are trying to keep costs in check and increase efficiency to minimize the impact.

Future Outlook

The future outlook for the company is linked to the economic future of the country which at the present looks very grim, with massive devaluation of PKR, uncontrolled inflation leading to doubling of interest rates. All these factors along with forex shortage have crippled the industry. It is highly fortunate that in spite of the above problems your company has been profitable and we hope that in the next coming months also demand for our products will remain strong.

Rest assured that the management is well aware of all the challenges facing the company and we are striving hard to overcome them and come out with good results by the end of the year.

Acknowledgement

The management would like to thank all the customers, financial institutions, suppliers and staff members who have been associated with the company for their support and cooperation.

ABBAS SAYEED

Chairman

Karachi: April 27, 2023

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	(Un-audited) 31 March 2023	(Audited) 30 June 2022
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	870,788,962	893,264,648
Intangible assets	5	270,728	376,665
Long term deposits		1,285,258	1,135,258
		872,344,948	894,776,571
CURRENT ASSETS			
Stores and spares		8,214,208	8,442,309
Stock-in-trade		375,277,321	298,736,588
Trade debts - Unsecured, considered good		265,818,847	255,865,910
Advances and other receivables		142,088,326	118,237,943
Deposits, advances and short term prepayments		17,381,950	18,445,449
Cash and bank balances		4,774,871	6,141,564
		813,555,524	705,869,763
		1,685,900,471	1,600,646,334
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (June 2022: 15,000,000) Ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up share capital		80,000,000	80,000,000
Revenue reserves		462,262,129	429,167,189
Capital reserve			
Surplus on revaluation of property, plant and equipment		506,171,414	507,390,716
		1,048,433,543	1,016,557,905
NON-CURRENT LIABILITIES			
Deferred tax liability - Net		45,063,783	43,539,407
Deferred liability for staff gratuity		20,187,403	19,247,674
Long term loans - Secured		90,421,521	107,452,497
Liabilities against assets subject to musharakah financing		6,720,000	8,880,000
Deferred grant		6,369,504	7,227,187
		168,762,211	186,346,765
CURRENT LIABILITIES			
Current portion shown under current liabilities		26,561,175	33,579,591
Short term borrowings - Secured		178,783,891	163,316,050
Unclaimed dividend		10,007,169	10,036,413
Creditors, accrued and other liabilities		253,352,483	190,809,610
		468,704,718	397,741,664
CONTINGENCIES AND COMMITMENTS			
		1,685,900,471	1,600,646,334

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD NINE MONTHS ENDED 31 MARCH 2023 (Un-audited)

Notes	Nine Months Ended - (Un-audited)		Quarter Ended- (Un-audited)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	----- (Rupees) -----		----- (Rupees) -----	
Sales - Net	1,161,975,152	823,918,442	423,448,458	286,784,230
Cost of sales	(1,001,349,736)	(706,573,958)	(347,029,593)	(259,987,909)
Gross profit	160,625,415	117,344,483	76,418,864	26,796,320
Administrative expenses	(33,700,417)	(29,922,175)	(11,542,987)	(10,016,983)
Selling and distribution expenses	(15,030,701)	(15,796,333)	(5,015,529)	(5,322,811)
Other operating expenses	(3,435,170)	(3,949,295)	(2,120,736)	(552,480)
	(52,166,288)	(49,667,803)	(18,679,252)	(15,892,274)
Operating profit	108,459,127	67,676,680	57,739,612	10,904,046
Other income	576,613	985,418	38,400	628,284
Finance cost	(66,198,515)	(15,783,810)	(32,263,578)	(4,419,685)
Profit before taxation	42,837,226	52,878,288	25,514,435	7,112,645
Taxation - Net	(10,961,588)	(14,075,463)	(7,271,404)	(1,788,209)
Profit for the period	31,875,638	38,802,826	18,243,031	5,324,437
Earnings per share - Basic and diluted	3.98	4.85	3.38	1.03

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD NINE MONTHS ENDED 31 MARCH 2023 (Un-audited)

Notes	Nine Months Ended - (Un-audited)		Quarter Ended- (Un-audited)	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	----- (Rupees) -----		----- (Rupees) -----	
Profit for the period	31,875,638	38,802,826	18,243,031	5,324,437
Other comprehensive income:	--	--	--	--
Total comprehensive income for the period	<u>31,875,638</u>	<u>38,802,826</u>	<u>18,243,031</u>	<u>5,324,437</u>

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD NINE MONTHS ENDED 31 MARCH 2023 (Un-audited)

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity
		General reserves	Unappropri- ated profit	Total revenue reserves		
(Rupees)						
Balance as at 1 July 2021	80,000,000	143,900,000	264,523,468	408,423,468	510,591,499	999,014,967
Profit for the period nine months ended 31 March 2022	--	--	38,802,826	38,802,826	--	38,802,826
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	38,802,826	38,802,826	--	38,802,826
Surplus on revaluation realized on disposal of fixed assets - Net of tax	--	--	--	--	--	--
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	--	--	--	--
Transactions with owners:						
Final cash dividend @ 30% related to the year ended 30 June 2021	--	--	(24,000,000)	(24,000,000)	--	(24,000,000)
Interim cash dividend @ 25% related to the period ended 31 December 2021	--	--	(20,000,000)	(20,000,000)	--	(20,000,000)
Balance as at 31 March 2022	80,000,000	143,900,000	259,326,294	403,226,294	510,591,499	993,817,793
Balance as at 1 July 2022	80,000,000	143,900,000	285,267,189	429,167,189	507,390,716	1,016,557,905
Profit for the period nine months ended 31 March 2023	--	--	31,875,638	31,875,638	--	31,875,638
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	--	--	31,875,638	31,875,638	--	31,875,638
Transfer to unappropriated profit on account of incremental depreciation - Net of tax	--	--	1,219,302	1,219,302	(1,219,302)	--
Balance as at 31 March 2023	80,000,000	143,900,000	318,362,129	462,262,129	506,171,414	1,048,433,543

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

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD NINE MONTHS ENDED 31 MARCH 2023 (Un-audited)

	Notes	(Un-audited) 31 March 2023	(Un-audited) 31 March 2022
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		42,837,226	52,878,288
Adjustments for non-cash and other items:			
Depreciation		33,199,549	27,600,874
Amortization		105,938	
Provision for gratuity		2,871,540	2,018,196
Provision for Sindh Workers' Profit Participation Fund		2,313,620	2,841,379
Provision for Sindh Workers' Welfare Fund		1,121,550	1,107,916
Government grant amortised		-	
Advances written off		-	
Finance cost		38,021,316	9,148,510
Exchange loss / (gain)		28,177,199	6,635,299
Gain on disposal of fixed assets		(303,486)	(927,731)
(Increase) / decrease in current assets			
Stores and spares		228,101	(3,805,203)
Stock-in-trade		(76,540,733)	7,201,015
Trade debts		(9,952,937)	(2,620,213)
Advances and other receivables		(4,549,483)	(1,132,012)
Deposits, advances and short term prepayments		1,063,499	(4,229,916)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		34,662,368	26,156,858
Cash generated from operations		93,255,267	122,873,261
Payments for:			
Income taxes net of refund received		(28,738,112)	(31,080,305)
Sindh Workers' Welfare Fund		(1,987,171)	(5,225,511)
Sindh Workers' Profit Participation Fund		(4,860,209)	(2,282,914)
Gratuity		(1,931,811)	(1,324,839)
Finance cost		(34,905,799)	(9,264,580)
Net cash inflows from operating activities		20,832,164	73,695,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to tangible assets		(11,220,976)	(38,586,465)
Addition to Capital Work in Progress			(84,998,551)
Addition to intangibles		-	-
Sale proceeds against disposal of fixed assets		800,600	2,685,560
Net cash outflows from investing activities		(10,420,376)	(120,899,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term deposits		(150,000)	(178,000)
Long-term finances obtained		-	95,304,000
Repayment of long-term finances		(27,067,078)	(16,590,838)
Dividend paid		(29,244)	(41,881,694)
Net cash used in financing activities		(27,246,322)	36,653,468
Net increase in cash and cash equivalents		(16,834,533)	(10,550,876)
Cash and cash equivalents at the beginning of the period		(157,174,486)	(86,723,464)
Cash and cash equivalents at the end of the period		(174,009,019)	(97,274,340)

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

ABBAS SAYEED

Chairman

ZIA UR REHMAN

Chief Financial Officer

ABID SAYEED

Chief Executive



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED 31 March , 2023

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Company for the quarter ended 31 March 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", 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 requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2022.
- 2.3 The figures included in the condensed interim profit and loss account for the quarters ended 31 March 2023 and 2022 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2022 and 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2022.



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED 31 March, 2023

	(Un-audited) 31-Mar 2023	(Audited) June 30 2022
	----- (Rupees) -----	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating asset	870,788,962	893,264,648
	<u>870,788,962</u>	<u>893,264,648</u>
4.1 Operating fixed asset		
Opening net book value (NBV)	893,264,648	802,714,130
Addition (at cost) during the period year	11,220,976	130,324,467
Surplus arising due to revaluation of property, plant and equipment	--	--
	<u>904,485,624</u>	<u>933,038,597</u>
4.1.1 Details of Addition		
- Factory	337,700	5,510,906
- Office	--	--
Plant and machinery	7,139,168	91,861,589
Furniture and fixture	--	1,082,680
Factory and other equipment	181,654	4,625,204
Electric equipment and fittings	--	--
Computers	91,800	219,700
Vehicles	3,470,654	10,448,917
Musharaka Assets		
- Solar power system	--	16,575,471
	<u>11,220,976</u>	<u>130,324,467</u>
4.1.2 Details of disposals (NBV) during the period / year are as follows:		
Factory and other equipment	(100,422)	(1,101)
Computers	--	(5,949)
Vehicles	(396,691)	(1,750,780)
	<u>(497,113)</u>	<u>(1,757,830)</u>



PAKISTAN PAPER PRODUCTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (Un-audited) FOR THE PERIOD ENDED 31 March, 2023

5 INTANGIBLE ASSETS

Software license	5.1	270,728	376,665
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5.1 Movement of intangible assets

Cost as at 1 July,	565,000	--
Additions during the year	--	565,000
Cost as at 30 June	565,000	565,000
Accumulated amortization as at 1 July,	188,335	47,085
Charge for the year	105,938	141,250
Accumulated amortization as at 30 June,	294,273	188,335
Net book value as at 30 June,	270,728	376,665
Useful life (in years)	4	4

(Un-audited) (Un-audited)
31-Mar 31-Mar
2023 2022
----- (Rupees) -----

6 CASH AND CASH EQUIVALENT

Cash and bank balance	4,774,871	5,335,903
Bank Al Habib Limited - Running finance utilized	(178,783,891)	(102,610,243)
	(174,009,019)	(97,274,340)

7 Contingent liabilities in respect of guarantees issued by bank on behalf of the company aggregating to Rs. Nil (March 2022: Nil-).

Commitments are outstanding in respect of letters of credit amounting to Rs. 98,381,966/- (March 2022: Rs. 58,701,103/-)

8 The condensed interim financial information was authorized for issue by the Board of Directors of the company on April 27, 2023.

ABBAS SAYEED
Chairman

ZIA UR REHMAN
Chief Financial Officer

ABID SAYEED
Chief Executive

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Development, & Quality Products.**



PRO LABELS



➤ Pro Labels - Self Adhesive labels in roll form.



➤ Exercise Books



➤ Photocopy Paper



➤ Plotter Paper



➤ Ammonia Sensitised Paper

Head Office & Factory:

Pakistan Paper Products Ltd.,

D/58, S.I.T.E. Estate Avenue, Karachi-75700