



Century Paper & Board Mills Limited



empowering **WOMEN**
INSPIRING progress

FIRST QUARTER REPORT
SEPTEMBER 2023

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Corporate Information

Board of Directors

Iqbal Ali Lakhani - Chairman
Amin Mohammed Lakhani
Babar Ali Lakhani
Anushka Lakhani
Asif Qadir
Ali Aamir
Aftab Ahmad - Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Ali Aamir - Chairman
Amin Mohammed Lakhani
Babar Ali Lakhani

Human Resource & Remuneration Committee

Asif Qadir - Chairman
Amin Mohammed Lakhani
Anushka Lakhani
Aftab Ahmad

Chief Financial Officer

Muhammad Rashid Dastagir
Email: rashid-dastagir@centurypaper.com.pk

Company Secretary

Mansoor Ahmed
Email: mansoor-ahmed@centurypaper.com.pk

External Auditors

BDO Ebrahim & Co.
Chartered Accountants
Email: info@bdoebrahim.com.pk

Shares Registrar

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S. Shahra-e-Faisal, Karachi.
Phone: (021) 34380101-5 Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Head Office and Registered Office

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.
Phone: (021) 38400000
Fax: (021) 35684336, 35683410
Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk

Lahore Office

14-Ali Block, New Garden Town, Lahore-54600, Pakistan.
Phone: (042) 35886801-4 Fax: (042) 35830338

Mills

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
Phone: (049) 4511464-5, 4510061-2 Fax: (049) 4510063



Directors' Review

On behalf of the Board of Directors, we are pleased to present the performance review of your Company together with the unaudited financial statements for the quarter that ended on September 30, 2023.

OPERATIONS AND SALES REVIEW

The Company produced 46,115 metric tons during the quarter under review (July 2023-September 2023) as compared to 61,040 metric tons for the corresponding quarter of last year. The reduced capacity utilization during the quarter was a consequence of the sluggish demand, increased competition of cheaper imported goods and outsourcing certain raw materials for corrugated boxes.

The sales volumes for the quarter under review (July 2023-September 2023) stood at 47,240 metric tons as compared to 59,000 metric tons for the corresponding quarter of last year. In terms of value, the net sales were recorded at Rs. 11,398 million as compared to Rs.12,287 million for the corresponding quarter of last year.

FINANCIAL PERFORMANCE

The Company posted a gross profit of Rs. 1,269 million for the quarter under review (July 2023-September 2023) as compared to Rs. 1,066 million for the corresponding quarter of last year. The enhancement in gross profit was a result of a mild easing in the costs of materials and energy. Similarly, the net operating profit for the quarter under review (July 2023-September 2023) was recorded at Rs. 968 million as compared to Rs.800 million for the corresponding quarter of last year.

The finance cost for the quarter under review (July 2023-September 2023) experienced a minor surge, rising to Rs. 477 million compared to Rs. 444 million during the corresponding quarter of last year. This was primarily due to the elevated interest rates prevalent throughout the quarter.

After taking into account financial charges, profit before tax for the quarter was Rs. 491 million as compared to Rs. 356 million in the corresponding quarter of last year and the net profit for the quarter under review was Rs. 300 million as compared to Rs. 239 million for the corresponding quarter of last year.

EARNINGS PER SHARE

The basic earnings per share for the quarter under review (July 2023-September 2023) is reported at Re. 0.75 as compared to Re. 0.59 for the corresponding quarter of last year. There is no dilution effect on the earnings per share for the period under review and the corresponding quarter of last year. The corresponding figures have been restated retrospectively to include the impact of the bonus shares issued last year 2023 as required by international accounting standards.

Directors' Review

NEAR TERM OUTLOOK

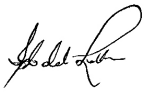
Recently, there have been noticeable signs of improvement in economic indicators. This is evident from the appreciation in the value of the local currency, easing inflationary pressures, and a well-managed current account balance. These positive shifts are likely to stimulate the currently subdued economic activity and boost local consumption.

The improving economic landscape is fostering optimism for improvement in demand for paper & paperboard after witnessing a decline since last year. Additionally, the stability in raw material and fuel prices is expected to mitigate cost escalations. If these conditions persist, it is likely that the company will improve sales volumes by making necessary price adjustments in line with prevailing market conditions. Furthermore, your company's management is proactively improving its working capital management to reduce reliance on short-term loans and control finance costs in the face of high interest rates. Considering the above, it is likely that the company's financial performance will show improvement in the forthcoming periods.

ACKNOWLEDGMENTS

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers and bankers for their continued confidence and support.

On behalf of the Board of Directors


IQBAL ALI LAKHANI
Chairman


AFTAB AHMAD
Chief Executive Officer

Karachi: October 24, 2023



ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2023ء کو ختم ہونے والی سہ ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا ہمارے لیے باعث مسرت ہے۔

کاروباری کارکردگی اور سیلرز کا جائزہ

کمپنی نے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) کے دوران 46,115 میٹرک ٹن کی پیداوار کی، جو کہ گذشتہ سال کی اسی سہ ماہی میں 61,040 میٹرک ٹن تھی۔

موجودہ سہ ماہی کے دوران پیداواری صلاحیت کے محدود استعمال کی وجہ، طلب میں کمی، سستی درآمدی مصنوعات کا بڑھتا ہوا استعمال اور کوریگیٹڈ باکس کے لئے مخصوص خام مال کی آؤٹ سورسنگ رہی۔

کمپنی نے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) کے دوران 47,240 میٹرک ٹن کی فروخت کی، جو کہ گذشتہ سال کی اسی سہ ماہی میں 59,000 میٹرک ٹن تھی۔

قدر کے اعتبار سے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں سیلرز ویلیو (Sales Value) 11,398 ملین روپے درج کی گئی، جو کہ گذشتہ سال اسی سہ ماہی میں 12,287 ملین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں کمپنی نے 1,269 ملین روپے کا مجموعی منافع کمایا جو گذشتہ سال اسی سہ ماہی میں 1,066 ملین روپے تھا۔

موجودہ سہ ماہی میں مجموعی منافع میں اضافہ ہوا جس کی وجہ خام مال اور توانائی کے اخراجات میں مثبت تبدیلیاں تھیں۔

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں خالص آپریٹنگ منافع 968 ملین روپے ریکارڈ کیا گیا جو گذشتہ سال اسی سہ ماہی میں 800 ملین روپے تھا۔

زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں مالیاتی اخراجات بڑھ کر 477 ملین روپے تک ہو گئے جو گذشتہ سال اسی سہ ماہی میں 444 ملین روپے تھے جس کی بنیادی وجہ موجودہ سہ ماہی میں بلند شرح سود رہی۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں قبل از ٹیکس منافع 491 ملین روپے رہا جو گذشتہ سال اسی سہ ماہی میں 356 ملین روپے تھا۔

کمپنی نے زیر جائزہ سہ ماہی (جولائی تا ستمبر 2023) میں 300 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو گذشتہ سال اسی سہ ماہی میں 239 ملین روپے تھا۔

ڈائریکٹرز کا جائزہ

فی شیئر آمدنی

زیر جائزہ سہ ماہی میں فی شیئر آمدنی 0.75 روپے رپورٹ کی گئی جو کہ گذشتہ سال اسی سہ ماہی میں 0.59 روپے تھی۔
زیر جائزہ سہ ماہی اور گزشتہ سہ ماہی کے لئے فی شیئر آمدنی کمزور پڑنے کے کوئی اثا نہیں ہیں۔ گزشتہ سال کے موجودہ سہ ماہی کے اعداد و شمار میں، بین الاقوامی اکاؤنٹنگ کے معیارات کے مطابق، سال 2023 میں جاری کیے گئے بونس حصص کے اثرات کو شامل کیا گیا ہے۔

قریب مدتی منظر نامہ

حال ہی میں ملکی معیشت میں بہتری کے نمایاں آثار نظر آئے ہیں جس کی بنیادی وجہ مقامی کرنسی کی قدر میں اضافہ، افراط زر کے دباؤ میں کمی اور ادائیگیوں کے توازن میں بہتری ہے۔ ان مثبت تبدیلیوں سے معاشی سرگرمیوں اور مقامی کھپت میں بہتری کے امکانات ہیں۔
پچھلے سال کی کمی دیکھنے کے بعد معاشی منظر نامے میں ہونے والی بہتری کاغذ اور پیپر بورڈ کی مصنوعات کی مانگ میں بھی بہتری کا باعث بن رہی ہے۔ مزید برآں خام مال اور ایندھن کی قیمتوں میں استحکام سے لاگت میں بھی کمی آنے کی امید ہے۔ اگر یہ حالات برقرار رہے تو امکان ہے کہ کمپنی مارکیٹ کے موجودہ حالات کے مطابق قیمتوں میں رد و بدل کر کے فروخت کے حجم کو بہتر بنائے گی۔ آپ کی کمپنی کی انتظامیہ قلیل مدتی قرضوں پر انحصار کم کرنے اور بلند شرح سود کے باوجود مالیاتی اخراجات کو کنٹرول کے لئے اپنے ورکنگ کپٹل مینجمنٹ کو بہتر بنا رہی ہے۔ مندرجہ بالا نکات کو مد نظر رکھتے ہوئے، امکان ہے کہ کمپنی کی مالی کارکردگی آنے والے وقت میں بہتری کی طرف گامزن ہوگی۔

اظہار تشکر

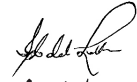
آپ کے ڈائریکٹرز کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا اعتراف کرتے ہیں۔ وہ مسلسل سرپرستی اور وابستگی پر اپنے سپلائرز، کسٹمرز اور بینکوں کو بھی خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



آفتاب احمد

چیف ایگزیکٹو آفیسر



اقبال علی لاکھانی

چیئر مین

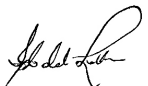
کراچی: اکتوبر 24، 2023

Condensed Interim Statement of Financial Position

as at September 30, 2023 (Un-audited)

		September 30, 2023	June 30, 2023 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	10,364,718	10,367,165
Operating fixed assets	8	1,260,934	1,350,556
Capital work in progress		11,625,652	11,717,721
Intangible assets		16,120	13,663
Long-term advances	9	48,106	11,809
Long-term deposits	10	192,191	19,181
		11,882,069	11,762,374
CURRENT ASSETS			
Stores and spares	11	3,303,192	2,758,473
Stock-in-trade	12	7,195,530	8,755,430
Trade debts		4,921,001	5,181,962
Advances	13	112,229	221,728
Trade deposits and short term prepayments	14	126,654	13,530
Other receivables		51,259	34,601
Tax refunds due from Government	15	204,598	204,598
Taxation - net		415,876	162,516
Cash and bank balances	16	961,061	800,991
		17,291,400	18,133,829
TOTAL ASSETS		29,173,469	29,896,203
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,000,000,000 (June 30, 2023: 1,000,000,000)		10,000,000	10,000,000
shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
401,712,926 (June 30, 2023: 401,712,926)		4,017,129	4,017,129
ordinary shares of Rs. 10 each		9,394,353	9,094,838
Reserves		13,411,482	13,111,967
NON - CURRENT LIABILITIES			
Long-term financing	17	4,863,801	5,134,796
Lease liabilities against right of use assets	18	19,572	23,445
Deferred taxation		791,725	791,725
Deferred capital grant	19	226,207	251,820
		5,901,305	6,201,786
CURRENT LIABILITIES			
Trade and other payables	20	4,970,395	4,608,574
Short-term borrowings	21	2,832,447	4,071,118
Interest and mark-up accrued	22	447,768	540,685
Unclaimed dividend		1,721	1,721
Current portion of long-term lease liabilities			
against right of use assets		14,509	13,764
Current portion of deferred capital grant	19	107,307	110,053
Current portion of long-term financing	17	1,486,535	1,236,535
		9,860,682	10,582,450
TOTAL EQUITY AND LIABILITIES		29,173,469	29,896,203
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
Chairman / Director


AFTAB AHMAD
Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED

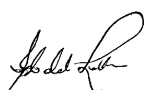


Condensed Interim Statement of Profit or Loss

for the quarter ended September 30, 2023 (Un-audited)

		Quarter ended	
	Note	September 30, 2023	September 30, 2022
		(Rupees in thousands)	
Turnover - net	24	11,397,574	12,286,670
Cost of sales	25	(10,128,674)	(11,220,256)
Gross profit		1,268,900	1,066,414
General and administrative expenses		(244,276)	(218,232)
Selling expenses		(24,254)	(22,257)
Distribution expenses		(47,176)	(47,922)
Other operating charges			
Workers' Profit Participation Fund		(26,369)	(19,123)
Workers' Welfare Fund		(10,020)	(7,267)
Others		(14,053)	(7,229)
		(50,442)	(33,619)
Other income	26	64,834	55,539
Operating profit		967,586	799,923
Finance cost	27	(476,581)	(443,854)
Profit before taxation		491,005	356,069
Taxation			
Current		(191,490)	(198,543)
Deferred		-	81,040
		(191,490)	(117,503)
Profit for the period		299,515	238,566
			(Restated)
Earnings per share - basic and diluted (Rupee)	28	0.75	0.59

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
 Chairman / Director


AFTAB AHMAD
 Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

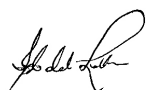


Condensed Interim Statement of Comprehensive Income

for the quarter ended September 30, 2023 (Un-audited)

	Quarter ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousands)	
Profit for the period	299,515	238,566
Other comprehensive income	-	-
Total comprehensive income for the period	<u>299,515</u>	<u>238,566</u>

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.



IQBAL ALI LAKHANI
Chairman / Director



AFTAB AHMAD
Chief Executive Officer



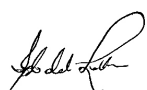
MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flows

for the quarter ended September 30, 2023 (Un-audited)

		Quarter ended	
		September 30, 2023	September 30, 2022
	Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	3,007,545	(4,375,100)
Finance cost paid		(569,498)	(260,581)
Taxes paid		(444,850)	(599,338)
Gratuity paid		(19,762)	(16,643)
Workers' Profit Participation Fund paid		(75,999)	(175,118)
Long-term advances		(36,297)	(705)
Long-term deposits		(173,010)	-
Net cash generated from / (used in) operating activities		1,688,129	(5,427,485)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(236,904)	(560,268)
Net cash used in investing activities		(236,904)	(560,268)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from banking companies		-	4,203,974
Repayment of long-term financing from banking companies		(49,356)	(86,360)
Principle paid on lease Liability		(3,128)	(2,491)
Net cash (used in) / generated from financing activities		(52,484)	4,115,123
Net increase / (decrease) in cash and cash equivalents		1,398,741	(1,872,630)
Cash and cash equivalents at the beginning of the period		(3,270,127)	(6,753,173)
Cash and cash equivalents at the end of the period		(1,871,386)	(8,625,803)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	961,061	861,310
Short-term borrowings	21	(2,832,447)	(9,487,113)
		(1,871,386)	(8,625,803)

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
Chairman / Director


AFTAB AHMAD
Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2023 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves						Total Reserves	Total	
		Capital			Revenue		Other Components of Equity			
		Share premium	Merger reserve	Redemption reserve	General reserve	Unappropriated profit				
							Actuarial gain / (loss) on defined benefit plan - net of deferred tax			
(Rupees in thousands)										
Balance as at July 1, 2022	2,028,854	1,822,122	7,925	1,273,798	4,800,000	2,148,239	145,524	10,197,608	12,226,462	
Appropriation of reserves										
Transfer to general reserve	-	-	-	-	2,000,000	(2,000,000)	-	-	-	
Total comprehensive income for the period ended September 30, 2022										
Profit for the period	-	-	-	-	-	238,566	-	238,566	238,566	
Transaction with owners										
26,463,302 bonus shares issued in the proportion of three (3) shares for every twenty (20) shares held	202,885	-	-	(202,885)	-	-	-	-	-	
Balance as at September 30, 2022	2,231,739	1,822,122	7,925	1,070,913	6,800,000	386,805	145,524	10,233,289	12,465,028	
Balance as at July 1, 2023	4,017,129	1,822,122	7,925	1,070,913	5,800,000	267,838	126,040	9,094,838	13,111,967	
Total comprehensive income for the period ended September 30, 2023										
Profit for the period	-	-	-	-	-	299,515	-	299,515	299,515	
Balance as at September 30, 2023	4,017,129	1,822,122	7,925	1,070,913	5,800,000	567,353	126,040	9,394,353	13,411,482	

The annexed notes from 1 to 36 form an integral part of these condensed interim financial statements.


IQBAL ALI LAKHANI
 Chairman / Director


AFTAB AHMAD
 Chief Executive Officer


MUHAMMAD RASHID DASTAGIR
 Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

1. STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 (now Companies Act 2017) and its ordinary shares are listed on Pakistan Stock Exchange (PSX). The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical Location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
- Registered office	Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.
- Mills (Plant)	62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan.
- Regional office	14-Ali Block, New Garden Town, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These condensed interim financial statements are unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the first quarter ended September 30, 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 as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and
- provisions of and directives issued under the Act.

Where the 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.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2023 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the first quarter ended September 30, 2022.

3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, except for the recognition of certain staff retirement benefits at present value. These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

4.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2023.

6. TAXATION

The provisions for taxation for the first quarter ended September 30, 2023, have been made using the best estimated effective tax rate applicable to expected total annual earnings. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

		September 30, 2023	June 30, 2023 (Audited)
7. OPERATING FIXED ASSETS	Note	(Rupees in thousands)	
Fixed assets	7.1	10,339,578	10,339,211
Right-of-use assets	7.2	25,140	27,954
		10,364,718	10,367,165
7.1 Fixed Assets			
Opening net book value (NBV)		10,339,211	8,392,610
Additions during the period / year at cost	7.1.1	279,483	3,053,775
		10,618,694	11,446,385
Disposals during the period / year at NBV		-	(11,554)
Depreciation charge for the period / year		(279,116)	(1,095,620)
		(279,116)	(1,107,174)
Closing net book value (NBV)		10,339,578	10,339,211

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

	September 30, 2023	June 30, 2023 (Audited)
Note	(Rupees in thousands)	
7.1.1 Detail of additions (at cost) during the period / year are as follows:		
Buildings on freehold land	-	155,418
Plant and machinery	254,082	2,784,884
Furniture and fixtures	-	283
Vehicles	12,021	63,484
Electrical and other equipments	486	25,289
Computers	12,894	24,417
	<u>279,483</u>	<u>3,053,775</u>
7.1.2 This includes transfers from capital work in progress amounting to Rs. 253.76 million (June 30, 2023: Rs. 2,852.16 million).		
7.1.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 170.6 acres (June 30, 2023: 170.6 acres).		
7.2 Right-of-use assets		
Opening net book value (NBV)	27,954	39,213
Depreciation charge for the period / year	<u>(2,814)</u>	<u>(11,259)</u>
	<u>25,140</u>	<u>27,954</u>
8. CAPITAL WORK IN PROGRESS		
This comprises of:		
Building	16,961	17,163
Plant and machinery	1,240,544	1,311,870
Advances to suppliers	3,429	21,523
	<u>1,260,934</u>	<u>1,350,556</u>
8.1 Movement of carrying amount is as follows:		
Opening balance	1,350,556	2,772,027
Additions (at cost) during the period / year	<u>164,135</u>	<u>1,430,690</u>
	<u>1,514,691</u>	<u>4,202,717</u>
Transfer to operating fixed assets during the period / year	<u>(253,757)</u>	<u>(2,852,161)</u>
Closing balance	<u>1,260,934</u>	<u>1,350,556</u>
9. LONG-TERM ADVANCES		
(Unsecured - considered good)		
Long-term advances to suppliers	9.1 48,106	11,809
9.1 This represents advances to suppliers for purchases of vehicles in the normal course of business which does not carry any interest / mark-up. These advances are not carried at amortised cost as the impact of discounting is immaterial.		

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

	September 30, 2023	June 30, 2023 (Audited)
Note	(Rupees in thousands)	
10. LONG-TERM DEPOSIT	192,191	19,181
10.1 This includes an amount of Rs. 182.36 million paid during the period to Universal Gas Distribution Company (Pvt) limited as Security Deposit against contract for supply of gas at concessional rate.		
11. STORES AND SPARES		
In hand		
Stores	1,505,107	1,390,137
Spares	956,017	922,222
Fuel	707,637	446,652
	3,168,761	2,759,011
In transit - Spare	193,241	58,272
Provision for slow moving stores and spares	(58,810)	(58,810)
	3,303,192	2,758,473
12. STOCK-IN-TRADE		
Raw materials		
in hand	4,407,847	6,985,888
in transit	1,293,010	582,077
	5,700,857	7,567,965
Work-in-process	124,155	130,390
Finished goods	1,370,518	1,057,075
	7,195,530	8,755,430
13. ADVANCES		
Advances		
to employees	3,585	3,312
to suppliers	108,644	218,416
13.1	112,229	221,728
13.1 This represents advances in the normal course of the business against goods and services to be received in future and do not carry any interest / mark-up.		
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits	14.1 4,530	3,480
Prepayments	122,124	10,050
	126,654	13,530
14.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.		

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

		September 30, 2023	June 30, 2023 (Audited)
	Note	(Rupees in thousands)	
15. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	15.1	188,535	188,535
Sales tax		16,063	16,063
		<u>204,598</u>	<u>204,598</u>
15.1	There has been no significant change in the status as set out in note 16 to the annual financial statements of the Company for the year ended June 30, 2023.		
16. CASH AND BANK BALANCES			
Cash at bank in current account			
Conventional mode		486,902	351,183
Cash at bank - Term deposit	16.1	236,768	236,768
Cheques in hand		233,841	209,720
Cash in hand		3,550	3,320
		<u>961,061</u>	<u>800,991</u>
16.1	This represents term Deposits under lien with bank as security for bank guarantees (open-ended) as referred to note 23.1 (a) and carries profit at the rate 19.22% (June 30, 2023 19%) per annum.		
17. LONG TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Faysal Bank Limited - Musharaka	17.1	421,366	416,585
Bank Islami Pakistan Limited	17.1	197,404	193,290
Meezan Bank Limited - Musharaka	17.2	4,000,000	4,000,000
		<u>4,618,770</u>	<u>4,609,875</u>
Conventional mode			
Syndicated - Consortium of Banks	17.3	1,170,314	1,192,488
Habib Metropolitan Bank Limited	17.3	131,212	130,257
JS Bank limited	17.3	330,253	328,370
Allied Bank Limited - Term Loan	17.4	99,787	110,341
		<u>1,731,566</u>	<u>1,761,456</u>
		<u>6,350,336</u>	<u>6,371,331</u>
Current portion:			
Islamic mode			
		(1,118,484)	(868,484)
Conventional mode			
		(368,051)	(368,051)
		<u>(1,486,535)</u>	<u>(1,236,535)</u>
		<u>4,863,801</u>	<u>5,134,796</u>

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

Note	Borrowed Rs. in Million	Purpose	Rate of Mark-up	Tenor	Repayment Installments
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17.1 Islamic Temporary Economic Refinance Facility (ITERF) Schemes of the State Bank of Pakistan

500	Balancing, Modernization and	2.20%	7 Years	20 Quarterly
250	Replacement (BMR) of plant and machinery	3.05%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and / or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

17.2 Diminishing Musharakah Financing

4,000	To rationalize use of short term working capital limits.	3 months KIBOR + 0.15%	5 Years	16 Quarterly
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The finance facility is initially secured by way of ranking charge and will be upgraded to 1st Pari Passu Hypothecation Charge over all present and future movable fixed assets (including Plant & Machinery) of the Company with 25% margin. The effective markup rate was 23.05% (2023: 22.11%).

17.3 Temporary Economic Refinance Facility (TERF) Scheme of the State Bank of Pakistan

1500	Balancing, Modernization and	2.20%	7 Years	20 Quarterly
200	Replacement (BMR) of plant and	4.50%	10 Years	32 Quarterly
400	machinery	5%	10 Years	32 Quarterly

The finance facility is secured by way of mortgage of immovable properties and / or First Pari Passu Hypothecation Charge over the Fixed Assets of the Company along with 25% Margin.

17.4 Renewable energy finance facility scheme of the State Bank of Pakistan

400	Solar Grid Panels	2.75% to 4.50%	7 Years	28 Quarterly
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This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

Note	September 30, 2023		June 30, 2023	
	(Rupees in thousands)		(Audited)	
18. LEASE LIABILITIES				
Lease liabilities	18.1	34,081		37,209
Current portion		(14,509)		(13,764)
	18.2	19,572		23,445
18.1 Maturity analysis of contractual cashflow:				
Less than one year		14,509		13,764
One to five year		19,572		23,445
Net present value		34,081		37,209

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

18.2 These lease liabilities were recognised against right of use assets (Note 7.2). The Company discounted lease payments using its incremental borrowing rate which is 14% and 9% (June 30, 2023 : 14% and 9%) per annum.

	Note	September 30, 2023	June 30, 2023 (Audited)
19. DEFERRED CAPITAL GRANT			
Capital grant	19.1	333,514	361,873
Current portion shown under current liability		(107,307)	(110,053)
		226,207	251,820
19.1 Following is the movement in government grant during the period / year:			
Opening balance		361,873	440,767
Addition during the period / year		-	42,909
Amortized during the period / year		(28,359)	(121,803)
Closing balance		333,514	361,873

- This represents government grant recognized on long term financing facilities obtained under SBP Refinance Scheme from certain banks under "Temporary Economic Refinance Facility (TERF)" for Balancing, Modernization and Replacement (BMR) of Paper & Board Machine, Cogeneration plants and Auxiliaries relating thereto.
- These deferred capital grants have been recorded in accordance with IAS-20 Government Grants and are being amortized on a systematic basis over the respective tenor of loans.

20. TRADE AND OTHER PAYABLES

Creditors 20.1		1,672,833	1,292,966
Foreign bills payable		998,232	1,022,934
Accrued liabilities		1,333,975	936,106
Sales tax payable - net		181,197	233,033
Contract liabilities	20.2	120,122	486,143
Gratuity payable		132,771	134,786
Employee leave encashments		107,909	108,667
Workers' Profit Participation Fund		26,369	75,999
Workers' Welfare Fund		101,955	91,935
Provident fund payable		13,013	11,046
Other liabilities		282,019	214,959
		4,970,395	4,608,574

20.1 The aggregate amount of the outstanding balance of associated undertakings is Rs. 96.93 million (June 30, 2023: Rs. 1.43 million).

20.2 This represents the amount of consideration received from customers before the related goods are transferred.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

	Note	September 30, 2023	June 30, 2023 (Audited)
21. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances			
Islamic mode		934,800	1,160,235
Conventional mode		1,897,647	2,910,883
	21.1	<u>2,832,447</u>	<u>4,071,118</u>

21.1 The Company has available aggregate short term running finance facilities amounting to Rs. 15,800 million (June 30, 2023: Rs. 15,800 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% (June 30, 2023: from 0.05% to 1.50%) per annum.

21.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.10,230 million (June 30, 2023: Rs. 10,230 million). No utilization of FE loan has been made during the period.

22. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

 Islamic mode

 Conventional mode

261,413

13,731

249,936

13,443

275,144

263,379

Short-term borrowings from Banks

 Islamic mode

 Conventional mode

69,527

103,097

105,803

171,503

172,624

277,306

447,768

540,685

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 1,287.19 million (June 30, 2023: Rs. 1,237.19 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 550 million (June 30, 2023: Rs. 500 million) furnished to Excise and Taxation Department and a guarantee of Rs. 136.77 million issued in favor of "The Nazir High Court of Sindh" in accordance with the order of the Honorable High Court of Sindh on the matter of super tax (Refer note no.16.1)

b) Sales tax

- 1) The Appellate Tribunal, Punjab Revenue Authority has issued an Order No. PRA 10/2023 dated February 14, 2023 upholding the demand of Rs. 30 million as previously determined by the Commissioner (Appeals) vide his Order No. PRA 328/2018 dated November 06, 2019. However, the Company has filed a reference application before the Honorable Lahore High Court against the decision with the plea that order by the Appellate Tribunal was passed without comprehensive concluding the evidence and explanation provided by the Company. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

- 2) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

23.2 Commitments

The Company's commitments as at statement of financial position date are as follows:

- Letters of credit other than for capital expenditure at the end of the period amounted to Rs. 2,322.60 million (June 30, 2023: Rs. 2,304.45 million).
- Capital expenditure including letters of credit amounted to Rs. 195.97 million (June 30, 2023: Rs. 60.39 million).

24. TURNOVER

	Quarter ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousands)	
Local turnover	13,430,581	14,207,654
Export turnover	-	134,595
	<u>13,430,581</u>	<u>14,342,249</u>
Sales tax	(2,033,007)	(2,055,579)
Net turnover	<u>11,397,574</u>	<u>12,286,670</u>

25. COST OF SALES

Materials consumed	7,184,986	7,603,327
Fuel and power	2,041,720	2,869,838
Depreciation on property, plant and equipment	258,852	250,853
Salaries, wages and other benefits	370,306	335,118
Stores and spare consumption	258,767	252,639
Repairs and maintenance	43,648	51,540
Packing expenses	245,013	252,418
Insurance	30,383	26,682
Rent rates and taxes	2,207	1,379
Manufacturing cost	<u>10,435,882</u>	<u>11,643,794</u>
Work-in-process		
Opening stock	130,390	206,536
Closing stock	(124,155)	(207,976)
	<u>6,235</u>	<u>(1,440)</u>
Cost of goods manufactured	<u>10,442,117</u>	<u>11,642,354</u>
Finished goods		
Opening stock	1,057,075	1,332,629
Closing stock	(1,370,518)	(1,754,727)
	<u>(313,443)</u>	<u>(422,098)</u>
	<u>10,128,674</u>	<u>11,220,256</u>



Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

		Quarter ended	
		September 30, 2023	September 30, 2022
		(Rupees in thousands)	
26.	OTHER INCOME		
	Sale of scrap	34,073	44,948
	Government grants	18,058	8,603
	Profit on Bank Deposits	12,686	-
	Others	17	1,988
		64,834	55,539
27.	FINANCE COST		
	Long-term financing - banks		
	Islamic mode	238,961	6,599
	Conventional mode	22,170	13,839
		261,131	20,438
	Short term borrowings		
	Islamic mode	69,148	76,577
	Conventional mode	137,766	337,377
		206,914	413,954
	Workers' Profit Participation Fund	4,183	6,767
	Bank charges and commission	3,329	999
	Finance cost on Leases	1,024	1,346
	Finance cost on GIDC	-	350
		476,581	443,854
28.	EARNINGS PER SHARE - BASIC AND DILUTED		
The basic earnings per share as required under "IAS 33 Earnings per share" is given below:-			
	Profit for the period	299,515	238,566
			(Restated)
	Weighted average number of ordinary shares (in thousands)	401,713	401,713
	Basic earnings per share (Rupee)	0.75	0.59
28.1 There is no dilutive effect on the basic earnings per shares of the Company. The Corresponding figures have been restated retrospectively to include the impact of the bonus shares issued last year 2023 as required by international accounting standard.			
29.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	491,005	356,069
	Adjustment for non cash charges and other items:		
	Depreciation on property, plant and equipment	281,954	267,612
	Amortization of intangible assets	1,601	1,406
	Provision for gratuity	17,747	14,793
	Workers' Profit Participation Fund	26,369	19,123
	Finance cost	476,581	443,854
	Working capital changes	1,712,288	(5,477,957)
		2,516,540	(4,731,169)
		3,007,545	(4,375,100)

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

	Quarter ended	
	September 30, 2023	September 30, 2022
	(Rupees in thousands)	
29.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(544,719)	155,176
Stock-in-trade	1,559,900	(4,852,770)
Trade debts	260,961	(892,682)
Advances	109,499	(75,287)
Trade deposits and short-term prepayments	(113,124)	(90,798)
Other receivables	(16,658)	(12,624)
Tax Refunds due from Government	-	(435,297)
	1,255,859	(6,204,282)
Increase in current liabilities		
Trade and other payables	456,429	726,325
	1,712,288	(5,477,957)

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30, 2023	September 30, 2022
			(Rupees in thousands)	
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	878,664	877,073
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	203,967	211,039
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	1,060	468
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,120	1,266
Sybrid (Private) Limited	Associated company	Common Director	184	241
Purchase of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	177,056	172,580
Merit Packaging Limited	Associated company	Common Director	50,257	41,287
Lakson Business Solutions Limited	Associated company	Common Director	3,747	2,315
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,484	1,456
Princeton Travels (Private) Limited	Associated company	Common Director	725	1,676
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	1,388	949
Cyber Internet Services (Private) Limited	Associated company	Common Director	5,998	4,729
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	109	90
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	49	31
Express Publications (Private) Limited	Associated company	Common Management	541	660
Sybrid (Private) Limited	Associated company	Common Director	893	1,730

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Quarter ended	
			September 30, 2023 (Rupees in thousands)	September 30, 2022
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,249	2,093
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,368	1,037
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	223	213
SIZA Commodities (Private) Limited	Associated company	Common Director and 9.76% shares held	52	49
Donation				
The Layton Rahmatullah Benevolent Trust	Related Party	Trustee	1,000	-
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		36,150	31,736
Remuneration and other benefits	Key Management Personnel		94,068	88,263
			September 30, 2023	June 30, 2023 (Audited)
(Rupees in thousands)				

30.1 Period / year end balances

Receivable from related parties	1,136,382	1,026,086
Payable to related parties	96,925	1,430
Prepayment to related parties	-	10,050
Payable to retirement benefit plan	145,784	145,832

31. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2023.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset either directly or derived from prices.

Level 3: inputs for the asset or liability that are not based on observable market data (unadjusted) inputs.

Notes to the Condensed Interim Financial Statements

for the quarter ended September 30, 2023 (Un-audited)

Transfers during the period

During the period ended September 30, 2023, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

33. NUMBER OF EMPLOYEES

The number of employees as at period ended September 30, 2023 was 1,648 (June 30, 2023: 1,661) and average number of employees during the period was 1,650 (June 30, 2023: 1,662).

34. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 24, 2023 by the Board of Directors of the Company.

35. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

36. GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



IQBAL ALI LAKHANI
Chairman / Director



AFTAB AHMAD
Chief Executive Officer



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer





CENTURY PAPER & BOARD MILLS LIMITED

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