



Century Paper & Board Mills Limited



Condensed Interim Financial Information

For the Nine months ended
March 31, 2021



Clean - Green - Sustainable

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Corporate Information

Board of Directors

Iqbal Ali Lakhani - Chairman
Amin Mohammed Lakhani
Anushka Lakhani
Tasleemuddin Ahmed Batlay
Shahid Ahmed Khan
Ali Aamir (From November 26, 2020)
Asif Qadir (From February 15, 2021)
Engr. M. Abdul Jabbar (Upto November 26, 2020)
Kemal Shoaib (Upto November 26, 2020)
Aftab Ahmad - Chief Executive Officer

Advisor

Sultan Ali Lakhani

Audit Committee

Ali Aamir - Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay

Human Resource & Remuneration Committee

Asif Qadir - Chairman
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
Aftab Ahmad - Chief Executive Officer

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) 35681163, 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 un-audited financial statements for the nine months ended March 31, 2021.

Operations and Sales Review

The Company produced 188,667 metric tons during the period under review (July 2020 - March 2021) as compared to 169,920 metric tons for the corresponding period of last year.

The Company sold 175,238 metric tons during the period under review (July 2020 - March 2021) as compared to 164,919 metric tons for the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July 2020 - March 2021) recorded at Rs. 21,074 million as compared to Rs.18,457 million for the corresponding period of last year.

Financial Performance

The Company posted a gross profit of Rs. 4,397 million for the period under review (July 2020 - March 2021) as compared to Rs. 2,736 million for the corresponding period of last year.

The net operating profit for the period under review (July 2020 - March 2021) recorded at Rs. 3,679 million as compared to Rs. 2,169 million for the corresponding period of last year.

Finance cost for the period under review (July 2020 - March 2021) of Rs. 325 million is significantly reduced as compared to Rs. 814 million for the corresponding period of last year owing to concessionary financing availed under SBP schemes, lower prevailing mark-up rates and lower utilization of short term borrowings during the period under review.

After taking into account financial charges, profit before tax for the period stood at Rs. 3,354 Million as compared to Rs. 1,355 million for the corresponding period of last year.

Accordingly, net profit for the period under review increased to Rs. 2,381 million as compared to Rs. 962 million for the corresponding period of last year.

Earnings per Share

The basic earnings per share is reported at Rs. 13.50 as compared to basic earnings per share of Rs.5.45 for the corresponding period of last year.

During the period under review (July 2020 - March 2021) 29,403,669 bonus shares were issued being the 20% bonus issue declared by the Board of Directors for the year ended June 30, 2020, thus increasing fully paid up number of ordinary shares to 176,422,014 shares. Weighted average number of shares for the current and corresponding periods included the impact of bonus shares for calculation of EPS as per requirement of International Financial Reporting Standards.

There is no dilution effect on the earnings per share for the period under review and corresponding period of the last year.

Directors' Review

Balancing, Modernization & Replacement (BMR) and Digitization

BMR done in last couple of years has already started yielding operational efficiencies, resource conservations and enhanced productivity enabling the Company to better serve the customers' requirements. The Company is further upgrading the production facilities through recently initiated BMR projects by availing State Bank of Pakistan Temporary Economic Refinance (TERF) loan facility from different banks. Moreover, to take advantage of technological developments for quicker and precise analysis, there has been increased focus on digitization through end-to-end integration of different processes with ERP.

Corporate Social Responsibility (CSR)

The Company's different CSR initiatives for education and welfare of surrounding communities continued during the period. Additionally in prevailing COVID-19 pandemic, Company is also providing assistance to the less privileged people in vicinity of the mills in the shape of food package and personal care products besides extending support to health care and schooling facilities in the area in coordination with local administration.

Near Term Outlook

In line with the recent growth trend in large scale manufacturing, Market has been witnessing improved activity and improving demand for the Paper & paperboard products in general and packing boards in particular. The improved demand is being met successfully by the company with the available range of well-developed and established products. This trend is expected to continue in ensuing quarter though there might be slight seasonal dip in sales volumes.

On the other side the most recent steep upward trend in prices of major raw materials (wood pulp and waste paper) is very challenging. Especially, Waste Paper prices, both imported as well as procured locally, have seen an unprecedented increase in the last few months. Management anticipates that this phenomenon of erratic price upsurge will stay for a while. Coal and RLNG prices are also on the rise. Management is cautiously reviewing the developing situation and to ensure sustainable performance, will continue with its strategy of volume maximization, which will get further support from completion of a few BMR projects recently. Adjustments in selling prices as per market conditions will be considered to ease pressure on margins on the backdrop of significant cost escalations coming from both raw materials and fuel prices.

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 Company's suppliers, customers and bankers for their continued confidence and support.

On behalf of the Board of Directors


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Karachi: April 26, 2021



THIRD QUARTER REPORT MARCH 2021

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2021ء کو ختم ہونے والی مدت 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 سیلز کا جائزہ

کمپنی نے زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) کے دوران 188,667 میٹرک ٹن کی پیداواری، جو کہ گزشتہ سال کی اسی مدت میں 169,920 میٹرک ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں 175,238 میٹرک ٹن کی فروخت کی، جو کہ گزشتہ سال کی اسی مدت میں 164,919 میٹرک ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں سیلز ویلیو 21,074 ملین روپے درج کی گئی، جو کہ گزشتہ سال اسی مدت میں 18,457 ملین روپے تھی۔

مالیاتی کارکردگی

زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں کمپنی نے 4,397 ملین روپے کا مجموعی منافع کمایا جو گزشتہ سال اسی مدت میں 2,736 ملین روپے تھا۔ زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں خالص آپریٹنگ منافع 3,679 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی مدت میں 2,169 ملین روپے تھا۔

زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں مالیاتی اخراجات نمایاں طور پر گھٹ کر 325 ملین روپے تک ہو گئے جو گزشتہ سال اسی مدت میں 814 ملین روپے تھے جسکی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی اسکیم کے تحت سستے قرضوں کا استعمال، قلیل مدتی قرضوں کا کم استعمال اور شرح سود میں کمی ہے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں قبل از ٹیکس منافع 3,354 ملین روپے رہا جو گزشتہ سال اسی مدت میں 1,355 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں 2,381 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو گزشتہ سال اسی مدت میں 962 ملین روپے تھا۔

فی شیئر آمدنی

زیر جائزہ مدت (جولائی 2020 تا مارچ 2021) میں فی شیئر آمدنی 13.50 روپے رپورٹ کی گئی جو کہ گزشتہ سال اسی مدت میں 5.45 روپے تھی۔

زیر جائزہ مدت کے دوران 20% بونس شیئرز (29,403,669) کے اجراء کی وجہ سے عمومی شیئرز کی تعداد 176,422,014 ہو گئی۔ موجودہ اور گزشتہ فی شیئر آمدنی کے تعین کے لئے اوسط عمومی شیئرز میں بونس شیئرز کو بین الاقوامی فنانشل رپوننگ اصولوں کے تحت شامل کیا گیا ہے۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

ڈائریکٹر کا جائزہ

پلانٹ اور مشینری کی استعداد کار میں بہتری کے اقدامات

گزشتہ دو سالوں میں کیے گئے بی ایم آر (BMR) نے آپریشنل افادیت، وسائل کا تحفظ اور پیداواری صلاحیت میں بہتری کی جس کی وجہ سے کمپنی کسٹمر کی توقعات/ضروریات کو بہتر طور پر پورا کرنے میں کامیاب رہی۔

اسٹیٹ بینک آف پاکستان کی عارضی معاشی قرض کی سہولت (Temporary Economic Refinance Facility) کا فائدہ اٹھاتے ہوئے نئے بی ایم آر منصوبوں کے ذریعے کمپنی اپنی پیداواری سہولیات میں مزید اضافہ کر رہی ہے۔ مزید برآں، کمپنی نے انفارمیشن ٹیکنالوجی کے نئے رجحانات کو بروئے کار لاتے ہوئے ڈیجیٹلائزیشن پر خاص توجہ مرکوز کی ہوئی ہے۔

کاروباری سماجی ذمہ داری

اس مدت کے دوران کمپنی کے کاروباری سماجی ذمہ داری کی مد میں تعلیم اور گردونواح کی فلاح و بہبود کے لئے مختلف اقدامات جاری رہے خصوصاً COVID-19 کی وباء کے دوران کمپنی نے اپنی ملز کے گردونواح کے مستحق افراد کے کھانے اور ذاتی نگہداشت کی مصنوعات کی صورت میں مدد جاری رکھے ہوئے ہے اور اس کے علاوہ مقامی انتظامیہ کے تعاون کے ساتھ صحت کے انتظامات کی دیکھ بھال اور اسکول سے متعلقہ سہولیات کی مد میں بھی مدد جاری رکھے ہوئے ہے۔

قریب مدتی منظر نامہ

بڑی صنعتوں کی پیداوار میں حالیہ نمو کے رجحان کے باعث مارکیٹ میں بڑھتی ہوئی سرگرمیاں پیپر اور پیپر بورڈ مصنوعات کی طلب میں عموماً اور خصوصاً پیکیجنگ بورڈ کی طلب میں اضافے کا سبب ہے۔ کمپنی اس بڑھتی ہوئی طلب کو اپنی مصنوعات کے ذریعے کامیابی سے پورا کر رہی ہے۔ توقع ہے کہ حالیہ رجحان آنے والی سہ ماہی میں بھی جاری رہے گا اگرچہ فروخت کے حجم میں وقتی اتار چڑھاؤ کی وجہ سے کمی ہو سکتی ہے۔

دوسری طرف اہم خام مال (وڈ پلپ [Wood Pulp] اور ویسٹ پیپر [Waste Paper]) کی قیمتوں کا حالیہ بڑھتا ہوا رجحان خصوصاً مقامی اور درآمد شدہ ویسٹ پیپر (Waste Paper) کی قیمتوں کا حالیہ مہینوں میں اضافہ کمپنی کے لئے بہت چیلنجنگ ہے۔ جبکہ قیمتوں کا حالیہ بڑھتا ہوا رجحان مزید کچھ عرصے تک جاری رہنے کا امکان ہے۔ کوئلہ اور آرائل این جی کی قیمتوں میں بھی اضافہ ہو رہا ہے۔ منجنت مستقل بنیادوں پر بدلتی ہوئی صورتحال کا جائزہ لیتے ہوئے کارکردگی کو موثر رکھنے کے لئے زیادہ سے زیادہ پیداواری حجم کے حصول کی حکمت عملی جاری رکھے گی جس کو مزید تقویت کچھ حالیہ تکمیل شدہ بی ایم آر (BMR) منصوبوں سے ملے گی۔ حالات کے مدنظر خام مال اور ایندھن کی قیمتوں میں اضافہ کی وجہ سے مارجن (Margin) پر پڑھنے والے اثرات کو کم کرنے کے لئے کمپنی اپنی مصنوعات کی قیمتوں میں مکمل رد و بدل بھی کر سکتی ہے۔

اظہار تشکر

آپ کے ڈائریکٹر 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

تسلیم الدین احمد باٹلے
ڈائریکٹر

آفتاب احمد

چیف ایکزیکٹو آفیسر

کراچی: 26 اپریل، 2021



Condensed Interim Statement of Financial Position

as at March 31, 2021 (Un-audited)

		March 31, 2021	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	8,540,552	9,161,796
Capital work in progress	8	762,506	128,397
		9,303,058	9,290,193
Intangible assets		9,860	11,829
Long-term advances	9	28,431	11,363
Long-term deposits		9,295	7,169
		9,350,644	9,320,554
CURRENT ASSETS			
Stores and spares	10	1,701,211	1,762,671
Stock-in-trade	11	4,002,456	3,727,784
Trade debts		3,402,952	2,907,929
Advances	12	50,642	102,192
Trade deposits and short term prepayments	13	34,430	92,086
Other receivables		14,389	33,953
Tax refunds due from Government	14	270,473	272,368
Taxation - net		-	140,292
Cash and bank balances	15	425,733	237,166
		9,902,286	9,276,441
TOTAL ASSETS		19,252,930	18,596,995
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (June 30, 2020: 410,000,000)		4,100,000	4,100,000
shares of Rs. 10 each			
Issued, subscribed and paid-up capital			
176,422,014 (June 30, 2020: 147,018,345)		1,764,221	1,470,184
ordinary shares of Rs. 10 each		7,978,693	6,112,090
Reserves		9,742,914	7,582,274
NON - CURRENT LIABILITIES			
Long-term financing	16	2,090,150	2,141,824
Lease liabilities	17	50,626	20,390
Deferred taxation		1,582,378	1,189,331
Deferred capital grant	18	2,564	7,895
GIDC payable	19	95,220	329,110
		3,820,938	3,688,550
CURRENT LIABILITIES			
Trade and other payables	20	3,424,312	2,893,270
Short-term borrowings	21	1,444,897	3,616,772
Interest and mark-up accrued	22	56,472	60,125
Taxation - net		99,016	-
Unclaimed dividend		1,677	1,361
Current portion of long-term lease liabilities		8,199	2,954
Current portion of Deferred capital grant	18	19,454	11,094
Current portion of long-term financing	16	635,051	740,595
		5,689,078	7,326,171
TOTAL EQUITY AND LIABILITIES		19,252,930	18,596,995
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Condensed Interim Statement of Profit or Loss

for the period ended March 31, 2021 (Un-audited)

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Note	(Rupees in thousands)			
Sales - net	24	21,074,284	18,457,294	7,612,026	6,280,020
Cost of sales	25	(16,677,157)	(15,720,990)	(6,029,473)	(5,325,731)
Gross profit		4,397,127	2,736,304	1,582,553	954,289
General and administrative expenses		(431,566)	(399,902)	(142,940)	(142,599)
Selling expenses		(53,564)	(51,339)	(17,988)	(17,717)
Distribution expenses		(97,212)	(79,942)	(34,476)	(29,097)
Other operating charges					
Workers' Profit Participation Fund		(180,116)	(72,768)	(65,807)	(27,870)
Workers' Welfare Fund		(68,444)	(27,652)	(25,007)	(10,591)
Others		(33,048)	(20,447)	(16,893)	(6,793)
		(281,608)	(120,867)	(107,707)	(45,254)
Other income	26	145,496	84,449	41,989	25,727
Operating profit		3,678,673	2,168,703	1,321,431	745,349
Finance cost	27	(324,915)	(813,756)	(96,114)	(226,411)
Profit before taxation		3,353,758	1,354,947	1,225,317	518,938
Taxation					
Current		(579,543)	(323,003)	(175,675)	(109,901)
Deferred		(393,047)	(69,928)	(179,669)	(40,588)
		(972,590)	(392,931)	(355,344)	(150,489)
Profit for the period		2,381,168	962,016	869,973	368,449
Earnings per share - basic and diluted (Rupees) (Restated)	28	13.50	5.45	4.93	2.09

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



Condensed Interim Statement of Comprehensive Income

for the period ended March 31, 2021 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in thousands)			
Profit for the period	2,381,168	962,016	869,973	368,449
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,381,168	962,016	869,973	368,449

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Cash Flows

for the period ended March 31, 2021 (Un-audited)

		Nine months ended		
		March 31, 2021	March 31, 2020	
		(Rupees in thousands)		
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash generated from operations	29	4,491,476	3,533,154
	Finance cost paid		(328,568)	(703,652)
	Taxes paid		(338,340)	(322,587)
	Gratuity paid		(39,016)	(43,739)
	Workers' Profit Participation Fund paid		(115,309)	(66,627)
	Long-term advances		(17,068)	(4,247)
	Long-term deposits		(2,126)	-
	GIDC payable		(209,378)	-
Net cash generated from operating activities			3,441,671	2,392,302
CASH FLOWS FROM INVESTING ACTIVITIES				
	Fixed capital expenditure		(742,361)	(736,832)
	Proceeds from sale of property, plant and equipment		8,479	9,051
	Proceeds from insurance claim of operating assets		31,720	-
Net cash used in investing activities			(702,162)	(727,781)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Proceeds of long-term financing from associated companies		-	650,000
	Repayment of long-term financing from associated companies		(200,000)	(650,000)
	Repayment of long-term financing from Director		-	(650,000)
	Proceeds from long-term financing from banking companies		642,829	245,674
	Repayment of long-term financing from banking companies		(597,011)	(498,334)
	Principle paid on lease Liability		(4,357)	(1,454)
	Dividend paid on ordinary shares		(220,528)	(146,811)
Net cash used in financing activities			(379,067)	(1,050,926)
Net increase in cash and cash equivalents			2,360,442	613,595
Cash and cash equivalents at the beginning of the period			(3,379,606)	(3,895,567)
Cash and cash equivalents at the end of the period			(1,019,164)	(3,281,972)
CASH AND CASH EQUIVALENTS				
	Cash and bank balances	15	425,733	127,964
	Short-term borrowings	21	(1,444,897)	(3,409,936)
			(1,019,164)	(3,281,972)

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director


MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the period ended March 31, 2021 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves								Total
		Capital				Revenue			Sub-total	
		Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total		
(Rupees in thousands)										
Balance as at July 1, 2019	1,470,184	1,822,122	7,925	1,832,468	3,662,515	200,000	856,235	1,056,235	4,718,750	6,188,934
Appropriation of reserve										
Transfer to reserve	-	-	-	-	-	600,000	(600,000)	-	-	-
Total comprehensive income for the period ended March 31, 2020										
Profit for the period	-	-	-	-	-	-	962,016	962,016	962,016	962,016
Transaction with owners										
Final dividend on ordinary shares @ Rs. 1.00 per share	-	-	-	-	-	-	(147,018)	(147,018)	(147,018)	(147,018)
Balance as at March 31, 2020	1,470,184	1,822,122	7,925	1,832,468	3,662,515	800,000	1,071,233	1,871,233	5,533,748	7,003,932
Balance as at July 1, 2020	1,470,184	1,822,122	7,925	1,832,468	3,662,515	800,000	1,649,575	2,449,575	6,112,090	7,582,274
Appropriation of reserve										
Transfer to reserve	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Total comprehensive income for the period ended March 31, 2021										
Profit for the period	-	-	-	-	-	-	2,381,168	2,381,168	2,381,168	2,381,168
Transaction with owners										
29,403,669 bonus shares issued in the proportion of one (1) for every five (5) shares held	294,037	-	-	(294,037)	(294,037)	-	-	-	(294,037)	-
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
Balance as at March 31, 2021	1,764,221	1,822,122	7,925	1,538,431	3,368,478	1,800,000	2,810,215	4,610,215	7,978,693	9,742,914

The annexed notes from 1 to 37 form an integral part of this condensed interim financial statements.

Aftab Ahmad

AFTAB AHMAD
Chief Executive Officer

Tasleemuddin Ahmed Batlay

TASLEEMUDDIN AHMED BATLAY
Director

Muhammad Rashid Dastagir

MUHAMMAD RASHID DASTAGIR
Chief Financial Officer

CENTURY PAPER & BOARD MILLS LIMITED



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (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 and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mills (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

This condensed interim financial statements of the Company for the nine months ended March 31, 2021 has 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 the following:

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 Companies Act, 2017.

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.

This condensed interim financial statements does 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, 2020 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 this condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, 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 nine months ended March 31, 2021.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2020.

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, 2020, 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, 2021, 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 JUDGEMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, 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 judgements 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, 2020.

6. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2021, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2021 is 29%.

	Note	March 31, 2021	June 30, 2020 (Audited)
		(Rupees in thousands)	
7. OPERATING FIXED ASSETS			
Fixed Assets	7.1	8,487,264	9,141,009
Right-of-use assets	7.2	53,288	20,787
		8,540,552	9,161,796
7.1 Fixed Assets			
Opening net book value (NBV)		9,141,009	9,131,201
Additions during the period / year at cost	7.1.1	193,363	1,097,540
		9,334,372	10,228,741
Disposals during the period / year at NBV	7.1.4	(14,337)	(7,026)
Depreciation charge for the period / year		(832,771)	(1,080,706)
		(847,108)	(1,087,732)
Closing net book value (NBV)		8,487,264	9,141,009

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

		March 31, 2021	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
7.1.1	Detail of additions (at cost) during the period / year are as follows:		
	Buildings on freehold land	12,781	16,587
	Plant and machinery	110,919	1,019,743
	Furniture and fixtures	5,259	-
	Vehicles	50,106	45,246
	Electrical and other equipments	4,757	8,144
	Computers	9,541	7,820
		<u>193,363</u>	<u>1,097,540</u>
7.1.2	This includes transfers from capital work in progress amounting to Rs. 117.26 million (June 30, 2020: Rs. 1,021.13 million).		
7.1.3	The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 158.5 acres.		
7.1.4	Detail of disposals (at NBV) during the period / year are as follows:		
	Plant and machinery	7.1.5 -	130
	Buildings on freehold land	7.1.5 9,536	-
	Vehicles	4,801	6,896
		<u>14,337</u>	<u>7,026</u>
7.1.5	This includes Steam Boiler (Biomass) and other assets, which were damaged and therefore, disposed off after settlement of insurance claim during the period. (refer note 26.1).		
7.2	Right-of-use assets		
	Opening net book value (NBV)	20,787	25,407
	Additions during the period	39,838	-
		<u>60,625</u>	<u>25,407</u>
	Depreciation charge for the period	(7,337)	(4,620)
		<u>53,288</u>	<u>20,787</u>
8.	CAPITAL WORK IN PROGRESS		
	This comprises of:		
	Building	27,601	-
	Plant and machinery	8.2 734,905	128,397
		<u>762,506</u>	<u>128,397</u>
8.1	Movement of carrying amount is as follows:		
	Opening balance	128,397	241,653
	Additions (at cost) during the period / year	751,366	907,877
		<u>879,763</u>	<u>1,149,530</u>
	Transfer to operating fixed assets during the period / year	(117,257)	(1,021,133)
	Closing balance	<u>762,506</u>	<u>128,397</u>
8.2	This includes advance to supplier amounting to Rs. 63.83 million (June 30, 2020: Rs. 2.93 million).		

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

		March 31, 2021	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
9. LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advances to suppliers	9.1	<u>28,431</u>	<u>11,363</u>
9.1 This represents advances to suppliers against purchases of vehicles in the normal course of business which does not carry any interest / mark-up.			
10. STORES AND SPARES			
In hand			
Stores		933,441	769,296
Spares		477,829	433,529
Fuel		322,361	329,011
		<u>1,733,631</u>	<u>1,531,836</u>
In transit			
Spares		24,890	85,723
Coal		-	197,922
		<u>24,890</u>	<u>283,645</u>
Provision for slow moving stores and spares		<u>(57,310)</u>	<u>(52,810)</u>
		<u>1,701,211</u>	<u>1,762,671</u>
11. STOCK-IN-TRADE			
Raw materials			
in hand		2,185,959	2,270,077
in transit		1,064,921	891,012
		<u>3,250,880</u>	<u>3,161,089</u>
Work-in-process		80,404	103,498
Finished goods		671,172	463,197
		<u>4,002,456</u>	<u>3,727,784</u>
12. ADVANCES			
(Unsecured - considered good)			
Advances			
to employees		823	710
to suppliers		49,819	101,482
		<u>50,642</u>	<u>102,192</u>
12.1 This represents advances in the normal course of the business and do not carry any interest / mark-up.			

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

	Note	March 31, 2021 (Rupees in thousands)	June 30, 2020 (Audited)
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	13.1	2,736	2,380
Prepayments		31,694	89,706
		<u>34,430</u>	<u>92,086</u>

13.1 This represents short term deposits in the normal course of the business and do not carry any interest / mark-up.

14. TAX REFUNDS DUE FROM GOVERNMENT

Income tax	14.1 & 14.2	254,410	254,410
Sales tax	14.3	16,063	17,958
		<u>270,473</u>	<u>272,368</u>

14.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated February 19, 2020 in respect of tax year 2019 has determined the net tax payable of Rs. 13.78 million by disallowing the adjustment of minimum tax of Rs. 293.11 million for previous years, added-back GIDC charge 2015 of prior years' amounting to Rs. 207 million and certain other expenses.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and the Commissioner Inland Revenue (Appeals) in the order received during the period upheld the disallowances of minimum tax and add back of GIDC charge made by the Additional Commissioner. The Company has filed an appeal before ATIR and believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

14.2 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 in respect of Tax year 2018 has determined the net tax payable of Rs. 67.74 million by disallowing the adjustment of minimum tax of Rs. 214.93 million for previous years and certain other expenses.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

14.3 This includes Rs. 10.02 million paid against demand raised by Assistant Commissioner-IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for tax year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990. Management of the Company believes that the case will be decided in favor of the Company.

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

For the period July 2018 to September 2018, the demand of Rs. 6.04 million was raised by Assistant Commissioner-IR (Audit) by disallowing certain sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - I) retained the decision of the Assistant Commissioner - IR (Audit). The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner (appeals) in respect of which decision is pending. Management of the Company believes that the case will be decided in favor of the Company.

		March 31, 2021	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
15. CASH AND BANK BALANCES			
Cash at bank in current account			
Conventional mode		142,195	168,751
Cheques in hand		281,383	64,641
Cash in hand		2,155	3,774
		<u>425,733</u>	<u>237,166</u>
16. LONG TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	16.1	75,000	187,500
Faysal Bank Limited - Musharaka - 1	16.2	88,450	-
		<u>163,450</u>	<u>187,500</u>
Conventional mode			
Syndicated - Consortium of Banks - 1	16.3	150,000	375,000
Syndicated - Consortium of Banks - 2	16.4	265,348	-
Allied Bank Limited - Term Loan - 1	16.5	-	69,093
Allied Bank Limited - Term Loan - 2	16.6	205,327	163,315
Allied Bank Limited - Term Loan - 3	16.7	271,600	381,500
Allied Bank Limited - Term Loan - 4	16.8	344,476	181,011
		<u>1,236,751</u>	<u>1,169,919</u>
		<u>1,400,201</u>	<u>1,357,419</u>
From associated undertakings - unsecured			
SIZA Commodities (Private) Limited - 1	16.9	550,000	550,000
SIZA Commodities (Private) Limited - 2	16.10	100,000	100,000
SIZA (Private) Limited	16.10	425,000	625,000
SIZA Services (Private) Limited	16.10	250,000	250,000
		<u>1,325,000</u>	<u>1,525,000</u>
		<u>2,725,201</u>	<u>2,882,419</u>
Current portion:			
Islamic mode		(75,000)	(150,000)
Conventional mode		(560,051)	(590,595)
		<u>(635,051)</u>	<u>(740,595)</u>
		<u>2,090,150</u>	<u>2,141,824</u>

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

- 16.1 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2020: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 7.99% (June 30, 2020: 13.32%) per annum.

- 16.2 This represents Diminishing Musharaka Arrangement of Rs. 500 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines, cogeneration plants and auxiliaries relating thereto.

The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is initially secured by ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

- 16.3 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (June 30, 2020: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective mark up rate was 7.99% (June 30, 2020: 13.32%) per annum.

- 16.4 This represents Syndicated Term Financing Arrangement amounting to Rs. 1,500 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machines, cogeneration plants and auxiliaries relating thereto.

The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is initially secured by way of mortgage of immovable properties and ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

- 16.5 This term finance facility has been fully repaid during the period at its maturity date, the effective markup rate was 7.45% (June 30, 2020: 13.32%) per annum.

- 16.6 The Company has utilized Rs. 267.90 million out of term finance facilities sanctioned by Allied Bank Limited under Financing Schemes of the State Bank of Pakistan for Renewal Energy amounting to Rs. 400 million specifically for Solar Grid Panels.

The tenor of the loans ranges from five to seven years and are repayable in equal monthly installments. The rate of markup ranges from 2.75% to 4.5% for different drawdowns.

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

This term loan is secured by way of ranking hypothecation charge on all present and future plant and machinery of the Company with 25% margin.

- 16.7 The Company has utilized Rs. 444.50 million against term finance facility sanctioned by Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from December 2019 and October 2020.

This term loan is secured by way of ranking hypothecation charge on all present and future plant and machinery of the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 7.53% (June 30, 2020: 13.11%).

- 16.8 The Company has approved term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan of Rs. 435 million specifically for paying salaries and wages to Company's employees. The Company has made drawdowns of Rs. 419 million against this facility.

The rate of mark-up is fixed 1.50% and 0.75% for the financing of Rs. 200 million and Rs. 235 million respectively. The tenor of the financing is two and half year inclusive 6-Months grace period and are repayable in 8 equal monthly installments commencing from January 2021.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

- 16.9 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company. The loan is repayable in July 2022.

The rate of markup is 0.50% (June 30, 2020: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate was 7.77% (June 30, 2020: 13.41%) per annum.

- 16.10 These loans are repayable in July 2022. The rate of markup on these loans is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the period, the effective markup rate on these loans was 7.77% (June 30, 2020: 13.52%) per annum.

		March 31, 2021	June 30, 2020 (Audited)
	Note	(Rupees in thousands)	
17. LEASE LIABILITIES			
Lease liabilities		58,825	23,344
Current portion		(8,199)	(2,954)
	17.2	50,626	20,390
17.1 Maturity analysis of contractual cashflow:			
Less than one year		8,199	2,954
One to five year		50,626	20,390
Net present value		58,825	23,344

- 17.2 The rate of return used as the discounting factor is 9% and 14% (June 2020: 14%) per annum.

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

		March 31, 2021	June 30, 2020 (Audited)
		(Rupees in thousands)	
18. DEFERRED CAPITAL GRANT	Note		
Capital grant	18.1	22,018	18,989
Current portion shown under current liability		(19,454)	(11,094)
		<u>2,564</u>	<u>7,895</u>
18.1 Following is the movement in government grant during the period / year:			
Opening balance		18,989	18,989
Addition during the period		16,828	-
Amortized during the period		(13,799)	-
Closing balance		<u>22,018</u>	<u>18,989</u>
19. GIDC PAYABLE			
GIDC payable	20.2	<u>95,220</u>	<u>329,110</u>
20. TRADE AND OTHER PAYABLES			
Creditors	20.1	853,144	885,549
Foreign bills payable		701,365	552,067
Accrued liabilities	20.2	917,732	816,166
Sales tax payable - net		207,037	67,227
Customers' balances		113,186	108,871
Gratuity payable		74,263	82,930
Workers' Profit Participation Fund		180,582	115,775
Workers' Welfare Fund		157,819	89,376
Provident fund payable		9,151	8,329
Other liabilities		210,033	166,980
		<u>3,424,312</u>	<u>2,893,270</u>
20.1 The aggregate amount of the outstanding balance from associated undertakings is Rs. 35.8 million (June 30, 2020: Rs. 77.60 million).			
20.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter is under litigation in High Court of Sindh. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.			
21. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances			
Islamic mode		161,573	324,971
Conventional mode		1,283,324	3,291,801
	21.1	<u>1,444,897</u>	<u>3,616,772</u>

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

21.1 The Company has available aggregate short term running finance facilities amounting to Rs. 8,200 million (June 30, 2020: Rs. 7,825 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% per annum (June 30, 2020: from 0.20% to 1.50% per annum). During the period, effective cost of borrowing is 7.49% (June 30, 2020: 11.87%).

21.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs.7,130 million (June 30, 2020: Rs. 6,770 million).

March 31,
2021

June 30,
2020
(Audited)
(Rupees in thousands)

22. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

Islamic mode

Conventional mode

759	5,387
10,731	9,534
11,490	14,921
29,164	-
40,654	14,921

From associated undertakings - Conventional mode

Short-term borrowings from Banks

Islamic mode

Conventional mode

2,901	7,806
12,917	37,398
15,818	45,204
56,472	60,125

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. 791 million (June 30, 2020: Rs. 741 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 250 million (June 30, 2020: Rs. 200 million) furnished to Excise and Taxation Department during the period.

b) Sales tax

- 1) The Additional Commissioner Enforcement - I, Punjab Revenue Authority issued a show cause notice bearing No. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vide his order No. PRA/ST/WH/008 dated November 02, 2018 has determined the liability of Rs. 140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017. The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement - I.

The Company received order No. PRA 328/2018 dated November 06, 2019 from the Commissioner (Appeal), Punjab Revenue Authority in which determined liability has been reduced Rs. 30.021 million. However, the Company has filed an appeal before the Appellate Tribunal, Punjab Revenue Authority against the order passed by Commissioner (Appeal) with the plea that this order was passed adversely 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 period ended March 31, 2021 (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. 2,303.89 million (June 30, 2020: Rs. 1,638.98 million).
- Capital expenditure including letters of credit amounted to Rs. 1,327.17 million (June 30, 2020: Rs. 22.37 million).

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in thousands)			
24. SALES				
Local sales	24,514,773	21,492,926	8,873,257	7,296,128
Export sales	110,498	72,897	22,189	33,169
	<u>24,625,271</u>	<u>21,565,823</u>	<u>8,895,446</u>	<u>7,329,297</u>
Sales tax	(3,550,987)	(3,108,529)	(1,283,420)	(1,049,277)
	<u>21,074,284</u>	<u>18,457,294</u>	<u>7,612,026</u>	<u>6,280,020</u>
25. COST OF SALES				
Materials consumed	11,155,241	9,571,173	3,893,673	3,120,991
Fuel and power	2,829,071	3,037,555	987,577	1,021,962
Depreciation on property, plant and equipment	807,096	774,923	259,501	260,683
Salaries, wages and other benefits	771,922	727,141	259,517	247,046
Stores and spare consumption	643,175	573,740	199,467	205,024
Repairs and maintenance	109,996	93,041	43,090	29,594
Packing expenses	472,355	406,685	170,162	135,466
Insurance	64,060	68,858	21,171	24,182
Provision for slow moving stores and spares	4,500	4,500	1,500	1,500
Rent rates and taxes	4,622	8,198	1,093	2,791
Manufacturing cost	<u>16,862,038</u>	<u>15,265,814</u>	<u>5,836,751</u>	<u>5,049,239</u>
Work-in-process				
Opening stock	103,498	87,584	127,627	89,537
Closing stock	(80,404)	(80,649)	(80,404)	(80,649)
	<u>23,094</u>	<u>6,935</u>	<u>47,223</u>	<u>8,888</u>
Cost of goods manufactured	<u>16,885,132</u>	<u>15,272,749</u>	<u>5,883,974</u>	<u>5,058,127</u>
Finished goods				
Opening stock	463,197	762,346	816,671	581,709
Closing stock	(671,172)	(314,105)	(671,172)	(314,105)
	<u>(207,975)</u>	<u>448,241</u>	<u>145,499</u>	<u>267,604</u>
	<u>16,677,157</u>	<u>15,720,990</u>	<u>6,029,473</u>	<u>5,325,731</u>

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

Note	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in thousands)				
26. OTHER INCOME				
Sale of scrap	79,421	65,853	30,464	19,469
Insurance agency commission from associated company	-	11,326	-	4,126
Net exchange gain / (loss)				
- Conventional mode	-	2,851	-	(125)
Gain on sale of operating fixed assets – net	3,678	4,304	7	2,603
Gain on Insurance claim of operating fixed assets	26.1 22,184	-	-	-
Government grants	13,799	-	9,616	-
Gain on extinguishment of Original GIDC Liability	24,512	-	-	-
Others	1,902	115	1,902	(346)
	<u>145,496</u>	<u>84,449</u>	<u>41,989</u>	<u>25,727</u>

26.1 This represents gain on insurance claim for the damaged Steam Boilers and other assets caused by breakdown incident which occurred on February 29, 2020 (refer note 7.1.5).

27. FINANCE COST

Long-term financing - banks				
Islamic mode	7,823	29,046	1,791	8,492
Conventional mode	59,433	97,983	21,493	28,772
	67,256	127,029	23,284	37,264
Long term loan from associated undertakings / Director	88,782	251,717	29,164	69,181
	156,038	378,746	52,448	106,445
Short term borrowings				
Islamic mode	12,287	22,964	11,390	8,442
Conventional mode	139,046	389,905	23,694	92,614
	151,333	412,869	35,084	101,056
Workers' Profit Participation Fund	1,922	1,750	-	-
Bank charges and commission	5,504	5,623	1,400	1,147
Finance charges on Leases	4,637	2,606	1,701	852
Finance charges on GIDC	5,481	-	5,481	-
Exchange (gain) / loss	-	12,162	-	16,911
	<u>324,915</u>	<u>813,756</u>	<u>96,114</u>	<u>226,411</u>

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	2,381,168	962,016	869,973	368,449
Weighted average number of ordinary shares (in thousands)	176,422	176,422	176,422	176,422
Basic earnings per share (Rupees)	28.1 13.50	5.45	4.93	2.09

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28.1 There is no dilutive effect on the basic earnings per shares of the Company. The corresponding period figures are also restated to include the impact of 29,403,669 bonus shares issued during the period as per requirements of International Accounting Standard.

Note	Nine months ended	
	March 31, 2021	March 31, 2020
	(Rupees in thousands)	
29. CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,353,758	1,354,947
Adjustment for non cash charges and other items:		
Depreciation on property, plant and equipment	840,109	805,210
Amortization of intangible assets	2,550	2,363
Gain on disposal of operating fixed assets	(3,678)	(4,304)
Gain on insurance claim of operating fixed assets	(22,184)	-
Provision for gratuity	30,349	36,193
Provision for slow moving stores and spares	4,500	4,500
Workers' Profit Participation Fund	180,116	72,768
Finance cost	324,915	813,756
Gain on extinguishment of Original GIDC Liability	(24,512)	-
Working capital changes 29.1	(194,447)	447,721
	1,137,718	2,178,207
	4,491,476	3,533,154
29.1 Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	56,960	(322,398)
Stock-in-trade	(274,672)	780,769
Trade debts	(495,023)	(459,696)
Loans & advances	51,550	58,272
Trade deposits and short-term prepayments	57,656	55,912
Other receivables	19,564	(8,527)
	(583,965)	104,332
Increase in current liabilities		
Trade and other payables	389,518	343,389
	(194,447)	447,721

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	Nine months ended		Quarter ended	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
			(Rupees in thousands)			
Sale of goods, services and Reimbursement of expenses						
Merit Packaging Limited	Associated company	Common Director	1,220,498	1,116,720	469,382	360,129
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	647,822	498,258	222,473	179,671
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	45,464	10,067	112	9,584
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,296	1,430	500	276



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for the period ended March 31, 2021 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in thousands)						
Purchase of goods, services and Reimbursement of expenses						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	61,710	56,227	14,288	8,486
Merit Packaging Limited Lakson Business Solutions Limited	Associated company	Common Director	48,998	34,335	23,541	16,047
Hassanali and Gulbanoo Lakhani Foundation	Associated company	Common Director	3,908	4,175	1,222	1,386
Princeton Travels (Private) Limited	Associated undertaking	Trustee	2,100	2,224	480	520
SIZA Services (Private) Limited	Associated company	Common Director	862	9,072	418	2,736
Cyber Internet Services (Private) Limited	Associated company	Common Director and 22.81% shares held	2,273	2,584	758	860
SIZA (Private) Limited	Associated company	Common Director	7,099	3,276	2,369	1,274
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director and 27.31% shares held	280	175	57	82
Express Publications (Private) Limited	Associated company	Common Director	23	253	5	39
Sybrid (Private) Limited	Associated company	Common Management	1,384	1,891	633	15
SIZA Foods (Private) Limited	Associated company	Common Director	1,899	5,621	-	4,339
			-	386	-	153
Rent and other allied charges						
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	5,742	5,168	1,958	1,803
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	2,644	2,710	994	987
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	520	490	182	163
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	134	127	46	44
Insurance Agency Commission						
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	-	11,325	-	4,125
Donation						
The Layton Rahmatulla Benevolent Trust	Related Party	Trustee	500	500	-	-
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,500	-	-	-
Mark-up accrued						
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	37,896	115,665	12,485	38,532
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	36,311	106,167	11,877	21,893
SIZA Services (Private) Limited	Associated company	Common Director and 22.18% shares held	14,575	26,288	4,802	8,757
Mr. Iqbal Ali Lakhani	Director	Directorship	-	3,598	-	-

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for the period ended March 31, 2021 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Nine months ended		Quarter ended	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(Rupees in thousands)						
Long term loan Obtained						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	650,000	-	-
Long term loan Paid						
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	200,000	650,000	200,000	-
Mr. Iqbal Ali Lakhani	Director	Directorship	-	650,000	-	-
Dividend on Ordinary Shares						
Premier Fashions (Private) Ltd	Associated company	Common Director and 8.97% shares held	16,816	13,189	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	51,192	40,150	-	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.5% shares held	15,937	12,500	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	41,584	32,615	-	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	803	629	-	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	2,363	1,853	-	-
Directors, CEO & their Spouses	Related Parties	-	161	127	-	-
Contribution to Staff Retirement Benefit Plans	Employees Fund		77,773	79,350	26,310	27,077
Remuneration and other benefits	Key Management Personnel	-	215,374	178,909	65,573	59,612
			March 31, 2021		June 30, 2020 (Audited)	
(Rupees in thousands)						

30.1 Period / year end balances

Receivable from related parties	541,025	500,723
Payable to related parties	35,784	77,601
Payable to retirement benefit plan	83,414	91,259
Markup accrued – Long Term Finance from Associated Companies	29,164	-
Long-term financing from associated undertaking / Director	1,325,000	1,525,000

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

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, 2020.

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.

Transfers during the period

During period ended March 31, 2021, 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 March 31, 2021 was 1,653 (June 30, 2020: 1,640) and average number of employees during the period was 1,647 (June 30, 2020: 1,646).

34. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue on April 26, 2021 by the Board of Directors of the Company.

35. IMPACT OF COVID-19

There was no significant impact of COVID-19 pandemic on the Company's operations or decline in revenue during the period ended March 31, 2021.

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2021 (Un-audited)

36. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. Following reclassification made during the period:

- Long term financing and deferred capital grant amounting to Rs. 11.09 million, previously classified under non-current liabilities, has now been classified as current portion in current liability under respective heads (refer note 16 & 18) for the purpose of better presentation.

- Stores and spares consumed amounting to Rs. 573.70 million, previously classified under head of "Repairs, maintenance and stores consumption", has now been classified under the separate head "Stores and spares consumption" (refer note 23) for the purpose of better presentation.

37. GENERAL

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



AFTAB AHMAD
Chief Executive Officer



TASLEEMUDDIN AHMED BATLAY
Director



MUHAMMAD RASHID DASTAGIR
Chief Financial Officer



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